

ACTIVATION: CONVERTING FIRST-TIME BUYERS

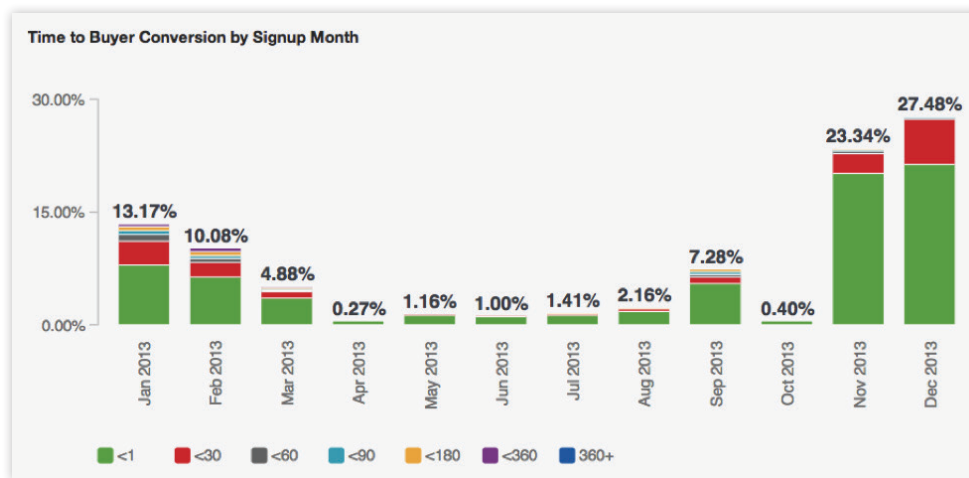
Browser-to-buyer conversion is a challenge for any retail company, and that challenge is particularly difficult when we talk about converting first-time buyers. You should always be testing new levers for not only improving this conversion, but also accelerating the time to first purchase. The strategies below can help get you started.

Welcome Series

Implementing a welcome series is the first step toward improving customer activation. The idea behind a welcome stream is that instead of throwing your customers right into your regular message cadence, you take a bit of time to tell them a bit more about your brand. Many retailers deploy a single (and usually effective) welcome email, but new user onboarding should extend well beyond just one day. Strong welcome streams span 7-14 days, with users falling out of

the cadence once they have gone on to make a purchase. The best welcome streams continue on with an occasional “drip” as far out as 4-6 weeks post signup.

The Sailthru Advanced Analytics chart below indicates that many retailers convert users on day 1, but the volume of conversions that occur between day 2 and day 30 fall off significantly. This is most often due to a lackluster welcome stream.



Welcome Series Tips and Tricks

Focus on products and categories that convert. When thinking about which products or categories to feature in your early messages, make sure to showcase those most likely to convert non-buyers into buyers rather than just your top sellers. Advanced Analytics has an out-of-the-box report to highlight which products are most likely to drive those conversions (at both the product level as well as for more general attributes such as category and price point).

Capture data upfront and make use of it. Try to capture information about your users during the signup process (e.g. age, gender) and then leverage that data for a more

targeted welcome series. Ultimately Sailthru’s Horizon algorithm will deliver personalized emails, but while you build out the interest profile of new users, you can use this more explicit data to make emails that are much more relevant. Many Sailthru clients will also go so far as to tailor the welcome stream for different acquisition sources; for instance, a subscriber coming in via a sweepstakes will receive a very different welcome stream than one coming in from a branded keyword search on Google.

Address misconceptions - Every brand has its own set of rules (return policy, referral programs, etc.) and if your

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business is something other than pure-play commerce, you likely have many of those rules. Providing your subscribers with some kind of “how-to” (an infographic, a 30-60 second video, FAQs – test them all!) can go a long way. You can source these misconceptions directly from your customer base through feedback sessions and surveys. Any even if your business is pretty traditional/easy to understand, try to tell your new subscribers how you’re differentiated from the rest of the pack!

Be cautious with discounts - Promotion will always move product (read: discounts work!), but it’s mission-critical to understand the downstream impact of discounting. Understand which offers are most likely to convert for your brand (e.g. \$X off of \$Y or more vs. a blanket X% discount) and more importantly, monitor what promotion takers do after they redeem the discount; do they buy as frequently as non-discount shoppers? What is the lifetime value differential? Before you rush to offer up a discount in the welcome email, we suggest conducting a longitudinal study to understand the quantity/quality trade-off for the

customers who activate on that particular offer. More often than not, you are better off walking your customer down the willingness to pay curve by giving them a little time to pay full price, then offer a modest discount to those who still have not converted and wait even a bit longer to offer the deep discount.

Urgency - Urgency is always powerful for driving purchases. For this reason, when you do offer discounts, we suggest having a tight expiry window on those offers (no more than three days). If you do not wish to discount, you can also drive urgency with scarcity tactics, e.g. “Only 1 left!”

New inventory/features - When a new subscriber goes 30+ days without converting, it could be that she simply could not find what she is looking for. Make sure that you regularly revisit older cohorts of non-buyers and showcase new inventory available as well as new features that might resonate (new mobile app, etc.) See the example of a new feature announcement below:

The image shows a screenshot of a Banana Republic email campaign. At the top, the brand name 'BANANA REPUBLIC' is displayed in a serif font, with 'EST. 1978 | SAN FRANCISCO' underneath. Below this is a navigation bar with three tabs: 'MEN', 'WOMEN', and 'PETITES'. A promotional banner follows, featuring three offers: 'FREE SHIPPING ON ALL ORDERS OVER \$50.', 'ORDER BY 12/19 FOR A 12/24 DELIVERY' (with a gift icon), and 'FREE RETURNS ON ALL ORDERS' (with a gift icon). The main content area is divided into three vertical panels. The left panel shows a male model in a grey cardigan. The middle panel features a bottle of 'RESERVE' fragrance and the text 'Introducing RESERVE IN STORE' in a mix of serif and sans-serif fonts. Below this, it says 'In a hurry? Reserve your items online and they'll be waiting for you in the store.' and 'SHOP NOW: MEN'. The right panel shows a female model in a blue dress.

After the Initial Welcome

Very often we hear “if a user doesn’t convert in 30 days, we know we’ve lost them” Oftentimes this is a Catch-22 situation; if you stop trying to convert the user after day 30, of course there is going to be a lower propensity that she ultimately converts. The takeaway? Don’t throw in the activation towel after 30 days! We recommend that once every 4-8 weeks you revisit your 60-day+ non-buyers and try one-off tactics to engage them (including the aforementioned new inventory/new features approach).

EXAMPLES

Consider these two example welcome series options below for both an ecommerce and media company. While non-subscription media properties do not have a purchase conversion to optimize towards, it’s still just as important to build engagement as quickly as possible. You are always most likely to lose new subscribers in their first 30 days.

Sample Welcome Series (Commerce)

Note: During this initial welcome stream, new users should be suppressed from your “business as usual” sends until they convert; at that point in time, they should fall out of the welcome stream.

- **Immediate** – welcome email
- **Day 2** – top products (think beyond best sellers - focus on products most likely to convert first-time buyers)
- **Day 5** – FAQ/message addressing customer misconceptions
- **Day 8** – modest discount offer
- **Day 10** – prompt to download app if the user has not already done so (app shoppers are often more valuable, but run your numbers!)
- **Day 10** – roll the user into the normal email cadence
- **Day 30** – deeper discount than Day 8
- **Day 45** – non-buyer activation survey (ask users why they have not yet purchased)

Sample Welcome Series (Media)

Note: Welcome streams for non-subscription media are much more simplistic.

- **Immediate** – welcome email
- **Day 2** – prompts to download app (“access our content anywhere!”) if the user has not already done so
- **Day 3** – roll the user into the normal email cadence
- **Day 10** – top evergreen content; if user has not engaged (opened or visited) since the initial signup, send a note to show her what type of content she is missing