Session AI

eBook

Three steps to increase conversion rates through real-time offers

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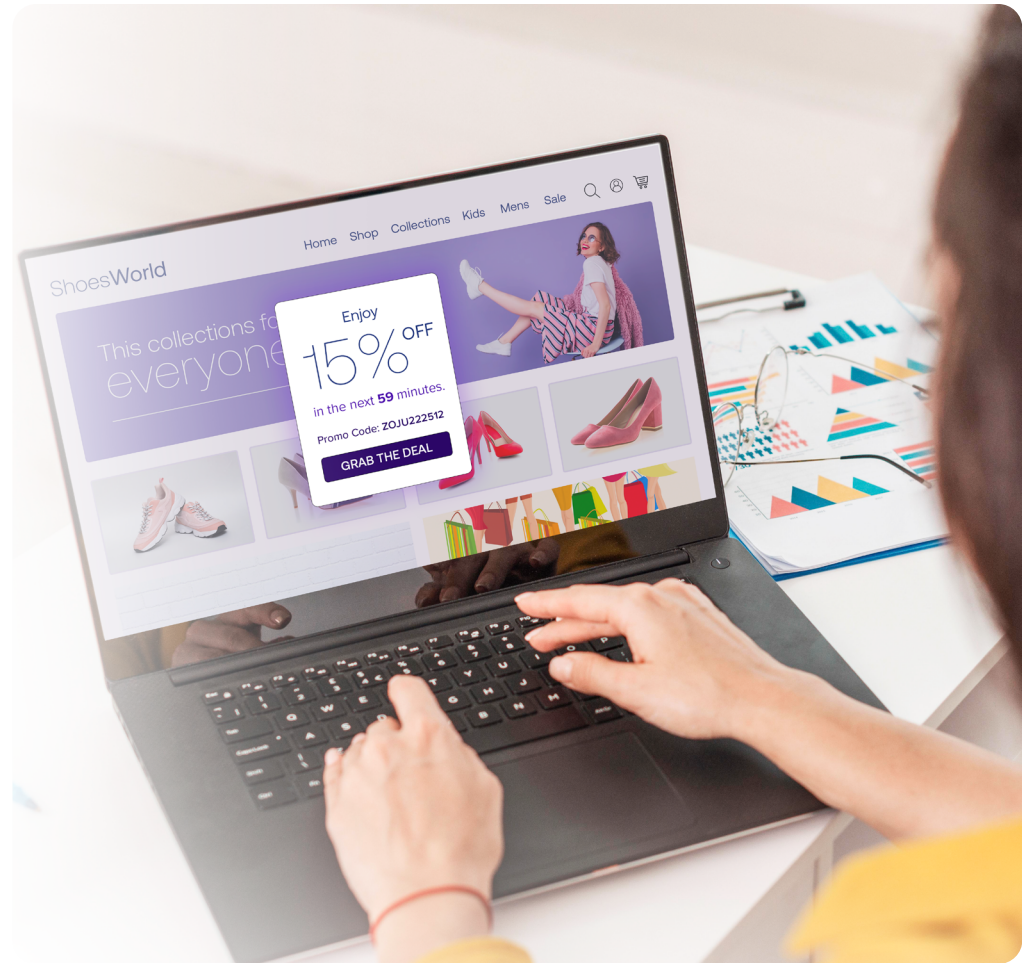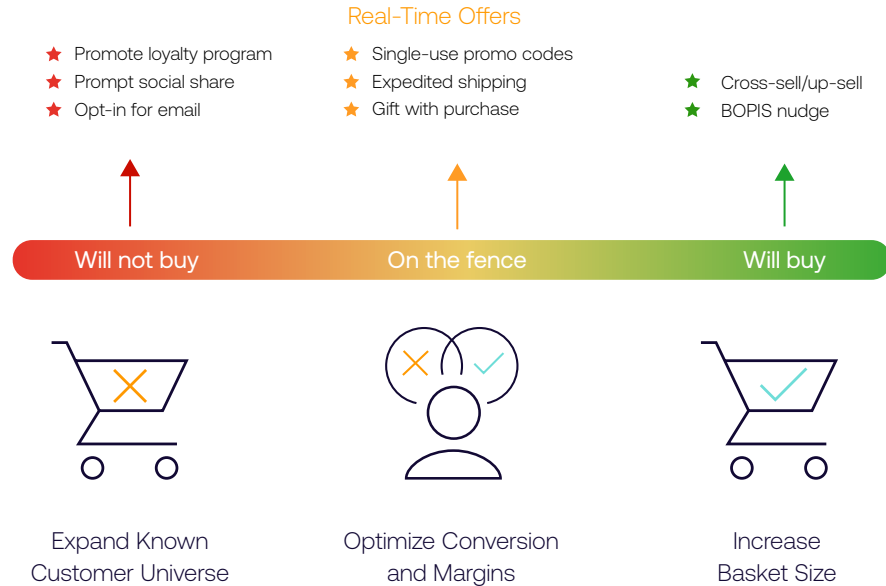
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Introduction

Ecommerce is addicted to sitewide offers. At least it seems that way after our dozens of conversations with top-tier ecommerce brands. They're looking for the quickest lever to pull when revenue numbers are soft. This tends to have a positive impact in the short term, but the long-term consequences include reduced margin and brand value image. Sitewide offers may even be inadvertently training your customers to wait for discounts.

This can be difficult to unwind, because efforts to reduce promos can have a negative impact on short-term revenue. However, if you could segment your site visitors by their likelihood to purchase, you would find that **each buyer group reacts differently to sitewide offers**.

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Segmenting consumers by purchase intent

Session AI in-session marketing identifies three segments of shoppers early enough in their visit to tailor offer deployment or suppression — helping to maximize conversion rate and margin.

Real-Time Offers

★ Promote loyalty program
★ Prompt social share
★ Opt-in for email

★ Single-use promo codes
★ Expedited shipping
★ Gift with purchase

★ Cross-sell/up-sell
★ BOPIS nudge

Will not buy   On the fence   Will buy

Expand Known Customer Universe

Optimize Conversion and Margins

Increase Basket Size

Likely buyers: This is a group of motivated buyers who would buy from you regardless of being offered a discount. While sitewide offers have a minimal impact on this group, our data shows that many brands spend as much as 75% of their coupon budget on such transactions..

Unlikely buyers: This group is not on your site to shop, and they will most likely not buy regardless of a promotion. Exposing sitewide offers to this group can dilute your brand image and even train these site visitors to come looking for discounts next time.

Influenceable buyers (on-the-fence shoppers): This is a group of visitors who are considering a purchase, but may need some convincing. Offers are effective for this group, but they should be presented much more strategically. Using real-time offers with single-use promo codes (SUPCs) and a short-term expiration so that the shopper knows they are getting a good deal provides urgency to purchase. Once we have segmented a visitor,

Once we have segmented a visitor, how do we know that real-time offers will be more effective for them than sitewide offers? Isn't it true that if you give anyone an offer, they will be more likely to buy?

We have tested this question on billions of sessions for top-tier ecommerce sites, and the answer is "Not necessarily."

In fact, it is counterproductive to give offers to some visitors!

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Testing real-time vs sitewide offers

We used our early purchase prediction (EPP) model to assign a purchase propensity score for each session. We gave the same offer to all visitors in a test group, regardless of their propensity score. This test was used to measure lift over the control for each propensity group to determine the effectiveness of real-time offers. We have done this for several of our customers and the results are consistent.

In Summary:

- Conversion rate lift for on-the-fence shoppers is significantly higher than for all other groups

- The increase in conversion rate for some groups was barely worth the impact on margin

- The conversion rate for some groups is actually reduced(!) by showing offers

Great, real-time offers work. But your promo calendar is completely saturated with other offers. How can you roll that back to introduce real-time offers instead?

Here are three steps to transition from sitewide to real-time offers.

Real time score Likelihood to buy while in session	Test Conversion rate with offer	Control Conversion rate offer suppressed	Relative Lift
0.00 - 0.14	0.19%	0.32%	NA
0.15 - 0.20	9.61%	6.19%	55%
0.21 - 0.30	12.58%	8.62%	46%
0.31 - 0.40	19.11%	13.78%	38%
0.41 - 0.50	22.25%	17.22%	29%
0.51 - 0.60	26.22%	20.28%	29%
0.61 - 0.70	32.55%	26.77%	22%
0.71 - 0.80	39.26%	32.77%	20%
0.81 - 0.90	31.60%	45.13%	NA

LOST CAUSES

DRIVE CONVERSION

PERSUADABLES

OPTIMIZE MARGIN

DO NOT DISTURB

Table: Desktop and mobile purchase conversions for high-volume online retailers.

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Three steps to move beyond sitewide promotions

Offers as sweeteners

Offers as sweeteners can be the fastest way forward as they do not require coordination with other promos. Rather, you simply come up with a new offer that can stack on top of your existing promos. Follow this with an offer to your on-the-fence shoppers and measure the lift over a control group

Here are some example offers that might work for your organization:

- If your offer system does not support multiple promo codes (stacked promos), then you offer an alternative, more appealing promo for the on-the-fence shoppers. For example, if you are running a seasonal 10% sitewide offer, you could show a message like this: "Take 10% 15% off in the next 30 minutes with offer code SummerDeals 123456" (where 123456 is the single-use promo code (SUPC)).

- If you can stack offers but are concerned that an additional discount will be too noisy, you could use a non-monetary offer such as Free Expedited Shipping on top of existing discounts. This could be particularly effective if you don't normally do free shipping.

- If you have a GWP (Gift With Purchase) program and available gift inventory, then you could try running it only for the on-the-fence shoppers

Pros of this step: Does not require significant coordination with other teams. Typically provides net incremental profit compared to the control group. Does not require fixed scheduling.

Cons of this step: Requires incremental offer budget. Temporarily increases offer exposure to a small group.

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Use a pre-promo (or post-promo) to test

Suppose you have an event on your promo calendar that starts next week. Your finance team has already analyzed margins and given you the go-ahead. You have a coupon code and your ad creative is ready. You can test real-time offers by silently starting early for on-the-fence shoppers. This is a nice, clean way to test real-time offers without disrupting your promo calendar. Afterward, you can conduct a holistic analysis to compare the two techniques.

Note: If your upcoming promo does not use single-use promo codes, then we would recommend creating a batch of SUPCs that has the same discount value as the upcoming promotion in order to avoid exposing a code (which could be shared online).

Pros of this step: Does not disrupt your promo calendar. Piggybacks on existing margin analysis.

Cons of this step: Inflexible timing constraints (must be attached to a scheduled promo). May require more promo budget or you might need to borrow some from the scheduled promo.
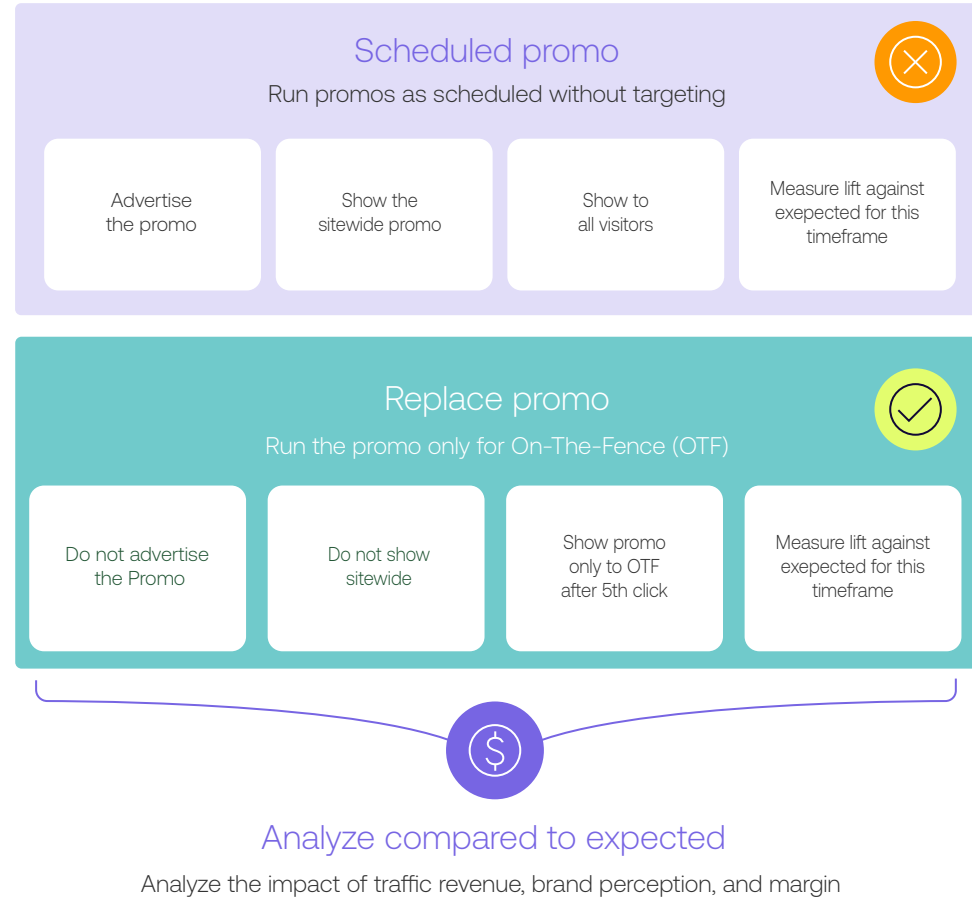
Replace existing promo

This step is most similar to the long-term strategy that you will want to execute. In this step, you remove an upcoming promo from your calendar. Don't advertise the promo and avoid showing it sitewide. Instead, use the entire offer budget on visitors when they are identified as on-the-fence shoppers.

This will drive a higher conversion rate lift and increase margins. Since you are not advertising this promo, it frees up advertising dollars for branding or retargeting. Then you can conduct a holistic profitability analysis.

As you discover that this approach is financially effective, you will gain better control over your promotions, improve your brand image, and provide a better customer experience.

Pros of this step: Improves margin by suppressing offers to those who don't need it. Boosts brand value image by reducing offer exposure. Increases conversion rates for on-the-fence shoppers. Frees up ad dollars for other, unrelated campaigns. May enhance the quality of your inbound site traffic (fewer deal seekers).

Cons of this step: Requires changes to your promo calendar. May impact inbound site traffic volume. You might need to convince stakeholders in your organization.

Scheduled promo
Run promos as scheduled without targeting

| Advertise the promo | Show the sitewide promo | Show to all visitors | Measure lift against expected for this timeframe |

Replace promo
Run the promo only for On-The-Fence (OTF)

| Do not advertise the Promo | Do not show sitewide | Show promo only to OTF after 5th click | Measure lift against expected for this timeframe |

Analyze compared to expected
Analyze the impact of traffic revenue, brand perception, and margin

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Session AI real-time offers

Session AI's patented Customer DNA™ consumes clickstream data from your ecommerce site to predict whether each session will result in a purchase — within five clicks. We do not require third-party or historical data, so the solution works for anonymous and known sessions.

Discover intent within 5 clicks

Session AI customer DNA™

When our prediction indicates that a shopper is on-the-fence, we trigger real-time offers before the visitor leaves the site — deploying a well-timed nudge that encourages influenceable consumers to complete their purchase.

Contact us to learn how you can make the switch from margin-draining sitewide promotions to real-time offers.

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Session AI

About Session AI

Session AI is a revolutionary in-session marketing platform, made to overcome one key challenge – that 90% of today's ecommerce sessions are anonymous. Our advanced machine learning models have the power to understand any consumer's micro-behaviors, at scale, and deliver personalized experiences that convert, in real-time. All without the need for any personal information or historical data. Leading brands like KOHL's, Men's Wearhouse, KEEN and Advance Auto Parts have worked with Session AI to achieve remarkable results – seeing over 30% conversion rate lifts on targeted segments, and millions in attributed revenue. Additionally, we are proud to partner with top industry players like Adobe, Salesforce Commerce Cloud, HCL Software, Pega, and AWS. Visit sessionai.com to find out more.