

Discount Retailer Demonstrates the Power of Soft Incentives to Rev Up Conversion Rates

Presenting campaigns that focus on the qualitative aspects of the buying experience proves to be a powerful way to incite online visitors to buy

discountdance.com

→ Specialized multi-channel discount retailer

Location

4 store locations across California, US

DISCOUNT DANCE SUPPLY

www.discountdance.com

Key challenges:

- Inciting more online visitors to buy without resorting to deeper discounts
- Large population of visitors who did not convert into sales
- Inability to test and measure the effectiveness of different online messages

Solution:

- Analysis of web traffic trends and patterns to identify opportunities for soft incentives
- Soft incentives focused on helpful suggestions and the availability of online help
- Ability to easily mount, track and measure the effectiveness of different campaigns

Results:

- First-month ROI paid for the next four months (a return in excess of 4 to 1)
- 5% to 20% lift on revenue depending on the type of campaign and visitor segment targeted
- Average 5% conversion rate lift coupled with an increase in the average order value of approximately 2%

The name “Discount Dance” sums up the value proposition of this multichannel retailer nicely: great dancewear at great prices. The company started out as a family run business with two stores and a mail order business roughly twenty years ago. Although the company now has four storefront locations in different cities across California, eCommerce is where the action is. Today the website gets roughly 325,000 unique visitors a month – significantly more than its brick and mortar stores combined – and eCommerce has grown from 10% of revenues to over 80% in less than a decade.

Using fast delivery and great customer service to differentiate

Discount Dance uses excellent customer service and fast delivery to distinguish itself from competitors. The company has bucked a major trend in the service industry by not outsourcing its customer service activities. “We have very knowledgeable phone people so that when someone calls with a question about a product, they’re not dealing with a remote telephone representative who is simply reciting what’s in the catalog or on the website,” says John Miller, the IT Director who oversees Discount Dance’s eCommerce operations. “We try to work with every caller to address their individual needs and provide premium service,” adds Miller.

Key driver: creating a superior onsite experience

The focus on excellent customer service was the business catalyst that motivated Discount Dance to look at Sitebrand – a web marketing solution that enables eTailers to automatically change the message and website experience for every visitor in real-time while they are on their site. Miller explains: “Our web messaging was fixed and immovable. We didn’t change the message very often, nor did we change it for specific visitor segments.” Although Discount Dance was not experiencing problems with its e-marketing program, Miller immediately saw

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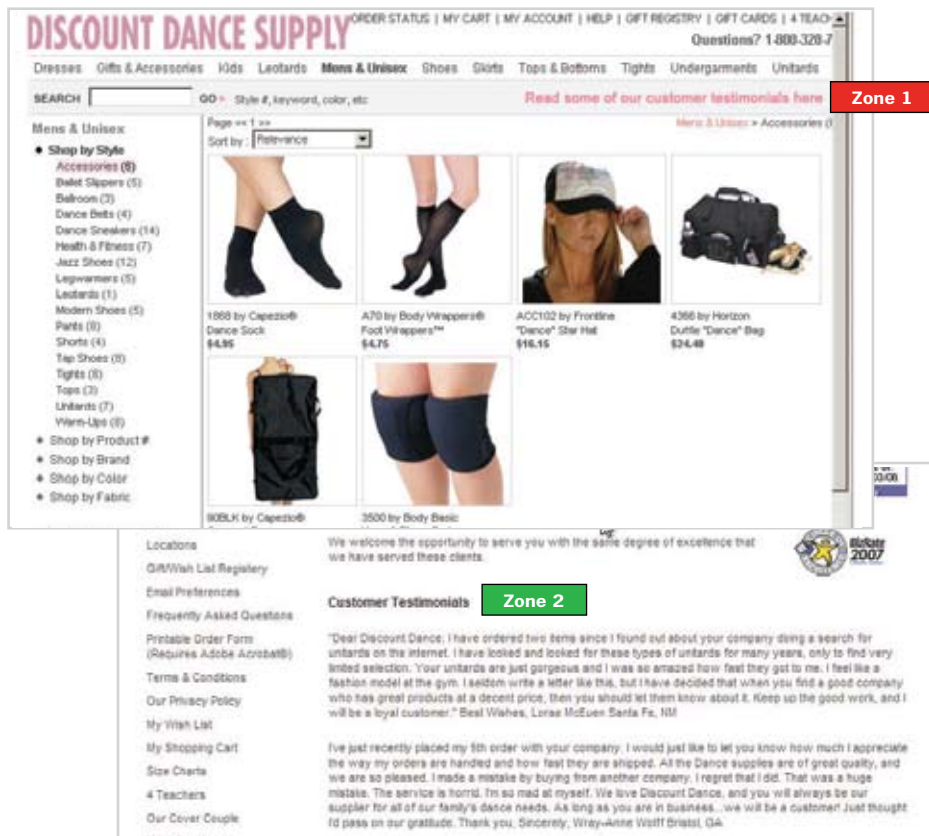
*John Miller, IT Director,
Discount Dance*

Figure 1: Testimonial campaign and customer service message

One of the soft incentive campaigns launched by Discount Dance focused on customer satisfaction. The campaign was launched from second level pages after a specified length of time on site or number of pages visited without making a purchase.

- Zone 1 shows a campaign prompting a stuck shopper to read what other customers say about their experience with Discount Dance.

- Zone 2 features the page with customer testimonials that a visitor will see if they click on the Sitebrand enabled soft incentive.



opportunities to create a superior customer experience and take its overall web marketing strategy to the next level using Sitebrand.

“ Even though Sitebrand seemed very straightforward and easy to use, I liked the fact that it wasn't a typical 'here you go, now leave us alone and go and run it' type situation...a lot of people promise a lot of different things. Sitebrand actually delivers.”

John Miller, IT Director, Discount Dance

Razor thin profit margins

Although creating a more relevant and personal website experience was consistent with Discount Dance's customer service philosophy, Miller had concerns. Specifically, could Discount Dance use Sitebrand to achieve superior conversion without having to further discount a product offering that already benefited from deep price incentives?

eTailers use Sitebrand to easily present special offers or campaigns to specific customer segments. These can be triggered by a host of variables including time on site, referring URL, first time visitor, geo location, depth of page, previous purchases, and more. Further, these variables can be combined to create very specific segments to target. Not surprisingly many campaigns focus on hard financial incentives such as “10% OFF if you order NOW.” In the case of Discount Dance, all products were already heavily “discounted” and had razor thin profit margins – a common reality for many online merchants. Further discounting, such as “10% off,” would be financially unattractive if not unprofitable for Discount Dance.

Using soft incentives to generate lift

Effectively this meant using Sitebrand to launch *soft incentives* to boost conversion rates. Examples of soft incentives include helpful product suggestions, testimonials from customers, and gift card reminders. The focus on intangible incentives like these caused Miller to have modest expectations of Sitebrand's abilities to convert more visitors into buyers. “We didn't really have any direct marketing experiences to compare Sitebrand against,” Miller admits.



“After the first full month I calculated that Sitebrand had paid for their service for the next four months!”

John Miller, IT Director, Discount Dance

This underscored the importance of being able to easily measure the lift from any campaign generated by Sitebrand. Specifically, Discount Dance wanted answers to these types of questions:

- Would soft incentives measurably improve lift?
- What type of soft campaigns would be most effective?
- Where and when should soft campaigns be used on the site to enhance each visitor's experience?

Tracking the ROI from any Sitebrand campaign is actually very easy, as is setting up and running any number of campaigns. Sitebrand's solution comes standard with an intuitive dashboard style tool that enables e-marketers to simply 'point and click' to calculate the conversion lift from any campaign. All campaigns are compared to control content to ensure that the lift realized can be attributed solely to dynamic content generated by Sitebrand.

Valuable professional support services

The Discount Dance implementation began with *Sitebrand's Blueprint for Success*. This is a comprehensive, 90-day program that included:

- A rigorous analysis of Discount Dance's web stats, generated in part by *Google Analytics*, to identify where people were abandoning their search, hit rates per page, bounce rates from the home page, and other notable stats
- Recommendations on best campaign practices to run for quick time to ROI
- Ongoing training from Sitebrand's knowledgeable customer services representatives who have in-depth experience with analytics

Miller comments on the value of the consultative professional services provided by Sitebrand: "Even though Sitebrand seemed very straightforward and easy to use, I liked the fact that it wasn't a typical 'here you go, now leave us alone and go and run it' type situation. They were very clear from the beginning: there was always going to be an experienced account manager who was going to help us with the implementation and give us best practices from other industry sectors." He adds, "It's definitely more [support] than I was expecting. A lot of people promise a lot of different things. Sitebrand actually delivers."

Generating new lift and revenue from "dead space"

The actual technical integration of Sitebrand into the Discount Dance website was easy and took no more than five hours. Miller was able to allocate existing space on the navigation bar of second level pages. Effectively this meant converting unused "dead space" into potential lift enhancing, revenue boosting dynamic content generated by Sitebrand. "It worked out perfectly," admits Miller. "It was just dead space sitting on our site!" The space utilized by Sitebrand is illustrated in figures 1 and 2.

Analysis reveals opportunities

The initial analysis conducted by Sitebrand revealed that roughly 40% of site traffic came from first time visitors. In addition, many visitors did a lot of browsing but never actually converted. This was a prime opportunity to test whether soft incentives generated by Sitebrand would drive up conversions. Miller calls these "comfort campaigns." Figure 1 illustrates a comfort campaign that uses testimonials to promote superior customer satisfaction.



About Sitebrand

Retail focus

Eight-year track record of helping eTailers and multi-channel retailers convert more visitors into online or in-store buyers.

Unique real-time technology

Solutions use advanced predictive technology to personalize the website experience of every visitor in real-time.

Comprehensive services

Solutions are backed by professional services to ensure fast time to ROI.

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A second type of comfort campaign promoted the availability of gift cards. Miller comments on this strategy: "If people were looking at a large number of pages without buying, the possibility existed that they simply didn't know what they were looking for and were buying a gift for someone else." See a screen capture of the gift card campaign in figure 2.

Figure 2: Gift card campaign

Testing revealed that superior lift is achieved when the triggering rules for a gift card campaign are based on time on site rather than depth of visit (14.58% lift vs. 3.07%).



Campaign	Time on site	Depth of visit (14 pages or more)	First time visitor
Testimonial or Gift Card	14.58% lift	14.58% lift	2.27%

All testimonial and gift card campaigns were triggered by one of three things: time on site, depth of visit or first time visitor. Testing revealed that triggering a campaign based on time on site yielded the best lift. Results of these tests are summarized above.

The power of soft incentives

Within the first month Discount was live with Sitebrand – and measuring the effectiveness of comfort campaigns throughout that period. The ROI from these campaigns was immediate and significant. "After the first full month I calculated that Sitebrand had paid for their service for the next four months," exclaims Miller. "So an ROI in excess of 400 percent," he confirms.

On the strength of these results Miller has plans to significantly expand the use of Sitebrand throughout the site starting with the home page.

The power of soft incentives

Discount Dance is testimony to the power of soft incentives to measurably improve lift. Miller comments on the impressive statistics for these campaigns over a 30 day period: "Depending on the type of visitor, and the campaign they are triggering, we are seeing between a 5% and 20% lift on revenue." He adds: "On average, we've experienced a 5% conversion rate lift. Plus, our average order value has gone up about 2%."

Innovative eTailers like Discount Dance are helping to reset the definition of what constitutes a sufficient soft incentive to motivate visitors: one that does not involve any financial reward to the buyer, but simply the provision of attentive customer service and a helpful online brand persona.

More than anything, Discount Dance offers measurable proof that other retailers and eTailers don't have to give away the farm with heavy discounts to get web visitors to buy.