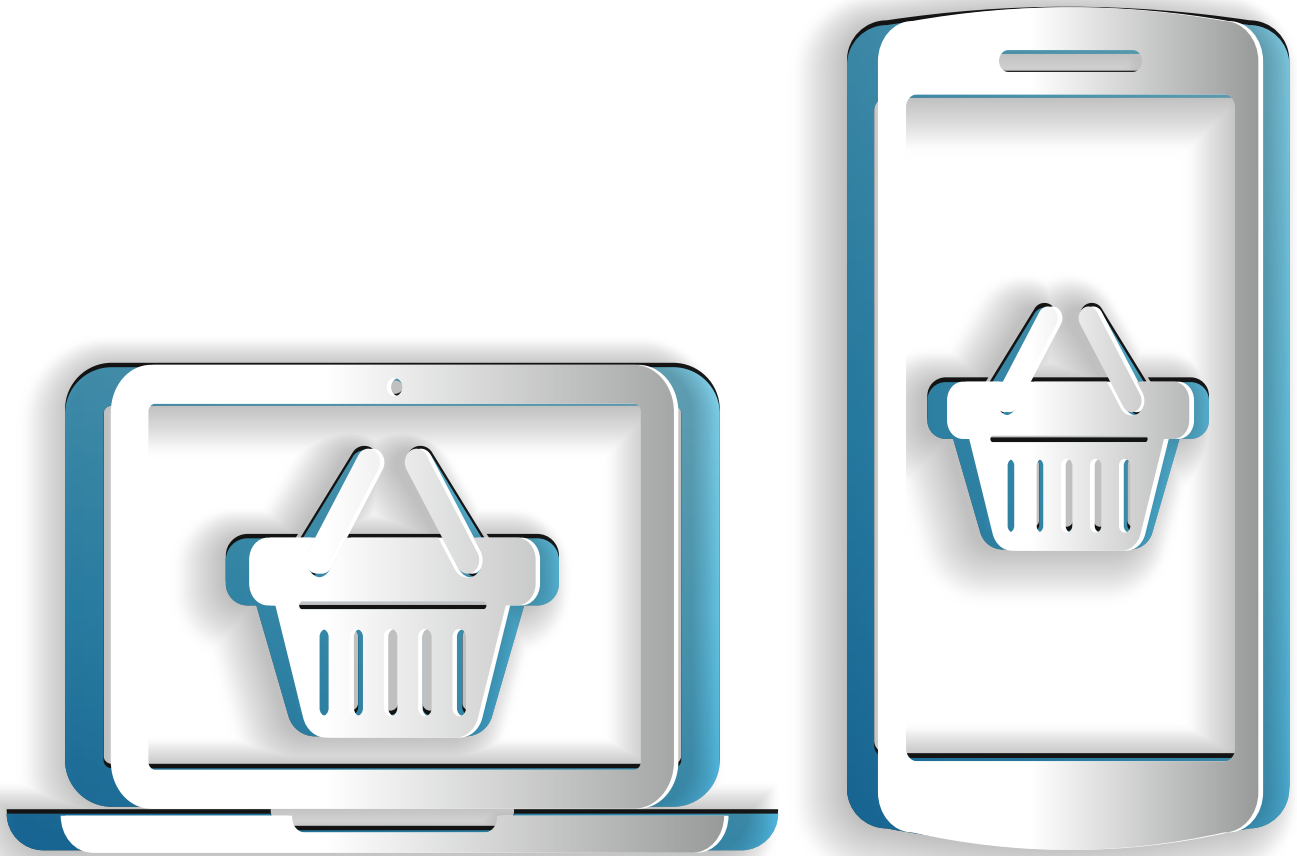


GO INSPIRE.



The abandoned basket reactivation gap

Control test shows hundreds of millions of revenue being left on the table because of lack of postal mail basket reactivation activity

A Go Inspire Group Research Note

Summary

- **70%** of online shopping baskets are abandoned
- This is losing online retailers (pure play and traditional) collectively billions of pounds in revenue
- Email triggered campaigns to reactivate abandoned baskets are well-established and achieve a typical conversion rate of **5-7%**
- However, too many organisations fail to add triggered postal mail reactivation to email non-respondents
- A control test conducted by media-neutral Go inspire Group has found that such postal mail reactivation activity produces substantial further abandoned basket conversion
- The control test revealed conversion rates from postal mail performed in excess of email reactivation activity
- This means that by combining triggered email and postal mail, reactivation of abandoned baskets can be doubled compared to using email reactivation activity alone
- This research note has applied the results of the Go Inspire control test to a range of online retail market categories to estimate the additional revenue to be gained from triggered postal mail reactivation follow-up
- For instance, the Fashion Sector alone is leaving **£1.26 billion** in revenue on the table by not implementing postal mail basket reactivation

The problem of abandoned baskets

In a world where e-commerce has become a massively important channel to market, it remains extraordinary that seven in every ten online shopping baskets is abandoned by the shopper . This is especially important for today's retailers, in a sector where most participants – traditional and pure play - have an online sales channel that delivers a significant proportion of their total transactions.

One major study of abandoned baskets estimates that e-commerce in the United Kingdom is “losing” retailers £18 billion every year in retrievable revenue. Properly put, this sum is better defined as the amount at risk of loss if e-commerce makes no effort to retrieve these partially completed transactions.

The same study offers a raft of findings that indicate a lack of granular knowledge amongst many retailers of the reasons and motivations behind basket abandonment. For instance, despite these high abandonment rates, six in 10 retailers (59%) do not know how many people abandon their shopping baskets online and only 27% analyse the browsing behaviour of customers who don't complete their purchase . Interestingly, the lack of customer behaviour insight among many retailers goes deeper than not knowing why browsers fail to become buyers. Three in 10 retailers (31%) would find it difficult to pinpoint when their website sees the highest level of basket abandonment. A similar number (37%) cannot identify which time of day basket abandonments reach their peak, 45% don't know whether they are losing more sales to men or women, and 41% are unable to pinpoint lost sales by age group .

Improving the situation

Clearly, the first step in reducing shopping cart abandonment is to analyse your e-commerce website and improve its functionality and simplicity. Then firms can introduce on-site incentives not to abandon. These include: lowest price promise (if the customer can find a lower price elsewhere); 'only x number left' messages; discount vouchers for future purchases; product combination offers; and many more techniques. Largely speaking, most e-commerce players (or traditional players with an e-commerce channel) have optimised their site functionality and in-purchase incentives.

Next comes the introduction of triggered email campaigns to re-activate abandoned baskets. Again, this is already a well ploughed furrow, with the majority of key players all having implemented follow-up emails to try and retrieve abandoned carts. Much is written on the subject, with sources largely agreeing on a typical conversion rate for abandoned cart retrieval emails in the 5-7% range, although there are individual examples reporting conversion results of around 10-11% .

A omnichannel approach

The key question, then, is why – in an omnichannel world – are abandoned basket reactivation techniques only focusing on online and electronic communications?

Media-neutral Go Inspire Group has previously published control test research on the dangerous myopia of only using electronic media to reach a consumer audience. There will always be a proportion of any given audience that will not respond to a proposition or campaign through any one of the available channels. Therefore expert players in consumer markets recognise the need to use multiple channels in order to achieve an optimum commercial result. Someone who does not respond to on-site incentives may well respond to a follow-up email. Yet those who respond to neither may very well respond when contacted through the mail.

In the current climate, where email is regarded as cheap and postal mail often (and often mistakenly) thought of as not offering a good enough return-on-investment, marketers desperately need hard, objective data to guide their media decisions. In order to provide such evidence, Go Inspire Group conducted a media-neutral control test to compare email and postal mail response and conversion rates when aiming to re-activate abandoned baskets.

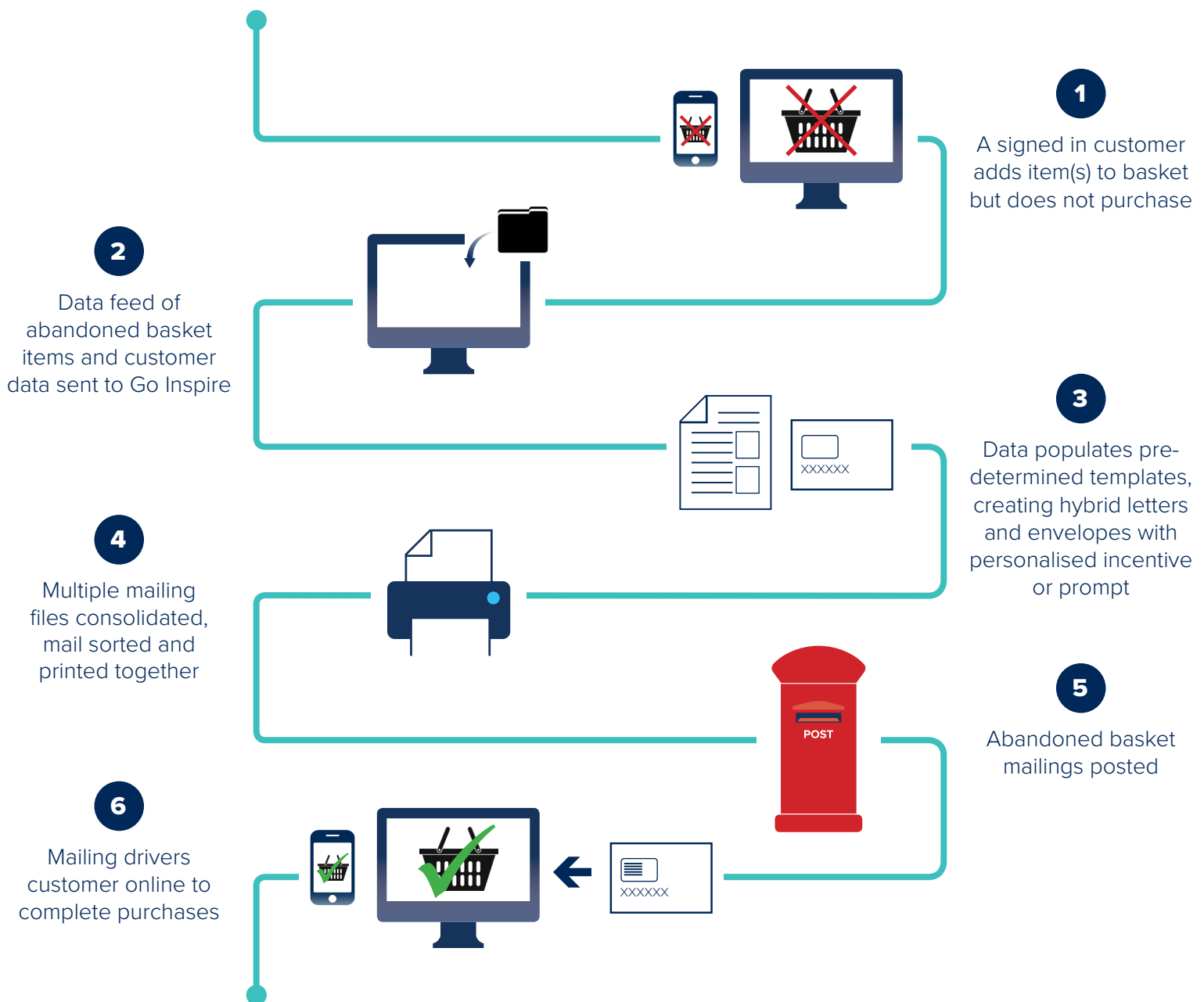
Objective control trial evidence

The Go Inspire control test collaborated with a major retailer over a period of 3 months and a customer base of over 200,000 customers. The retailer already had a highly successful re-activation triggered email system in place which was achieving a conversion rate in the typical 5-7% range. This control was then compared with a test cell of recipients where re-activation emails were followed with a triggered **postal mail** follow-up to non-responders to the email activity.

Operationally, a highly personalised mailing was sent to each email-non-responding customer, acting as an additional prompt to encourage them to complete their orders. Timing was critical, with the mailing touching down within a week of the product abandonment. The postal mailing took the form of an automated daily send-out, using digital print, to present a visual reminder of the abandoned products, as well as using online behavioural data to dynamically show personalised 'most browsed' product categories and added further value by including a cross-department push also featuring relevant imagery. The process was completely automated.

Hybrid mail – how it works

Mailing costs were minimised by using a technique known as ‘hybrid mail’. Normally, deep postal discounts are only available to high volume mailings. The greater the volume, the deeper the discount. However, triggered daily mailings – such as those in the control test – are by definition small volume. Hybrid mail overcomes this challenge by aggregating – or ingesting – many organisations’ small daily mail volumes into a high-volume whole. Dynamic data ingestion interfaces make the receipt of small mailing volumes fully automated. Digital print means that multiple document variations can be printed at high-speed ‘on the fly’. The daily aggregated high-volume output attracts the mailing discounts traditionally associated with mass mailings.



Trial results and financial implications

The results of the test were revealing for marketers. Average order value for reactivated abandoned baskets from postal mail respondents was almost exactly the same as that from the initial reactivation emails (£100+). Conversion rates from the postal mail activity was 113.5% of the email activity conversion rate. However, respondents to the postal mail were (by definition) not responsive to the initial email activity, therefore the results of **both** reactivation activities in combination amounted to **more than double** the commercial result (measured as additional sales from retrieved baskets) of reactivation emails alone.

The model resulting from this Go Inspire control test was then applied to online sales figures for different retail categories in the UK. For each category, an estimate can be seen in the accompanying table for the value of potential sales which the addition of hybrid (postal) mail activity to email reactivation can capture.

It should be stressed that these values are not **additional net revenue** for the sector to earn. Shoppers are not suddenly going to spend more on any product category. These sums instead represent the **sales revenue at risk** for players in each sector. By reactivating a greater proportion of abandoned baskets, users of hybrid mail stand to **win** a higher proportion of consumer spend in their categories. Conversely, those who do not use hybrid mail in addition to their email reactivation activities, stand to **lose** these sales volumes to their smarter competitors.

Abandoned Basket Value Retrievable through use of hybrid mail	
Sector	Incremental Value (hybrid mail) – £million
Clothes	850.19
Shoes	226.42
Bags & Accessories	183.57
Consumer Electronics	657.97
Books/Films/Music/Games	177.28
Toys & Babywear	217.08
Sports & Outdoor	214.48
Hobby & Stationery	156.87
DIY, Gardening & Pets	241.76
Furniture & Homewares	419.33
Household Appliances	204.16
Food & Beverage	450.82
Personal Care	267.08

i Sources: Smart Insights, Abandonment Rates by Sector, 2017-18; Salescycle, Client data, FY 2018

ii Statista, E-commerce revenue forecast in United Kingdom from 2017 to 2023, by segment (in billion U.S. dollars), 22 Aug 2019

iii Barclaycard, Basket abandonment is costing retailers £18bn a year, 17 Apr 2018

iv ibid

v ibid

vi Such as: Salescycle, 6 Ways to Nail Your Abandoned Cart Emails, 10 Jul 2018; Omnisend, Shopify Abandoned Cart, 11 Feb 2016; E-Consultancy, Nine case studies and infographics on cart abandonment and email retargeting, 24 Sep 2013; Fresh Relevance, The complete guide to cart abandonment, 2019; Kinsta, How to Decrease Shopping Cart Abandonment, 26 June 2019

vii Such as - Barilliance, S.Serrano, Complete List of Cart Abandonment Statistics, 28 May 2019

viii Such as: Go Inspire, Balancing Act, 2018

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Value from Customer Data?

In today's age of Big Data analytics, customer data management has become an integral part of any company's marketing efforts.

However, the reality is that many businesses don't know how to make sense of available customer data, nor are they equipped to merge cross-channel data, making it difficult to draw meaningful insights on how to better optimise revenues.

In our latest study, there are five crucial questions which (institutional) investors can pose to corporations to better understand how well a business is managing customer data and whether or not their investment is well placed.

Optimal Lift

With the purpose of offering objective evidence we embarked upon a series of randomised control trials (RCTs), conducted in collaboration with our clients.

The current RCT described in this short paper is designed to provide objective evidence about the results which can be achieved by optimising the direct mail channel – specifically through personalised and segmented variants which are now possible (and affordable) thanks to digital printing technology.



Balancing Act

Received wisdom claims that over time online shopping is inevitably dominating the traditional in-store purchasing. However, further study into this belief illustrates that the relationship between online and offline UK purchasing depends upon the product category.

Therefore, this Go Inspire Group study explores how imperative it is for retailers to research their customers expected habits before planning any radical shake-up of their channels to the market.



Hobson's Choice

Much is published on the relative performance of direct email versus direct postal mail. However, the raft of published statistics do not examine consistently comparable measurements of performance.

Go Inspire therefore constructed a randomized control trial (RCT) that explores the validity of comparing postal mail and email channels as marketing media.



LET'S TALK



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