



# LOOK

FORWARD

Volume 2

## Scale conversion

With contributions from our partners

# LOOK FORWARD

Most companies think that conversion for ecommerce is all about making sales.

This is what helps you meet revenue targets after all. But, today, conversion is about much more than that. There's a reason why Apple and Nike have such an avid following. They create experiences that encourage repeat engagement and don't push hard for sales.

Conversion is one of the most important metrics to watch as you scale your business. But, conversions don't happen by chance. You need to work hard and optimize for them.

By adding engagement actions that occur across the customer journey (such as referrals, newsletter signups and social follows) to your conversion targets, you'll form relationships that last.

Ultimately, ensuring repeat purchases, increased revenue, and a high volume of loyal customers that stay with you as you scale.

With it being such an integral part of business success, it's important to consider what may impact your conversion rates. And, the actions you can take to optimize your store for conversions now and into the future.



## Your user experience (UX) is glitchy

With so many conversion points to juggle, you may find that you can get traffic to your store, but these visitors fail to act. This results in a truckload of abandoned carts, no contact details to re-engage consumers and high churn rates.

The first reason for this could be friction on your site. ▶ **85% of UK adults** said loading time impacts whether they shop with a business.

And, Adobe found that ▶ **38% of online shoppers** will leave a website if they find the design unattractive. A high price to pay no matter how big or small your store is.

Poor UX could mean that your pages load slowly or shoppers have to dig around to find what they want.

Remember: your ecommerce site is your digital storefront. Much like with a brick-and-mortar store, if a customer can't find what they're looking for, or a sales assistant to help, they'll probably leave and go elsewhere to get their expectations met.

If your users find your site challenging, you're going to fail at converting them into shoppers that you can nurture into long-term brand fans as you scale.



## Nothing caught them when they got there

Another common reason for low ecommerce conversion rates is that people don't like what they see when they land on your site.

▶ According to conversionXL, the average bounce rate for an ecommerce site is between 20-45%.

To fight off this conversion rate killer, you need to make your site exciting and engaging.

You can achieve this by adding features that are visually engaging and resonate with your audience – nudging them to interact with your store and to buy what's in their cart.

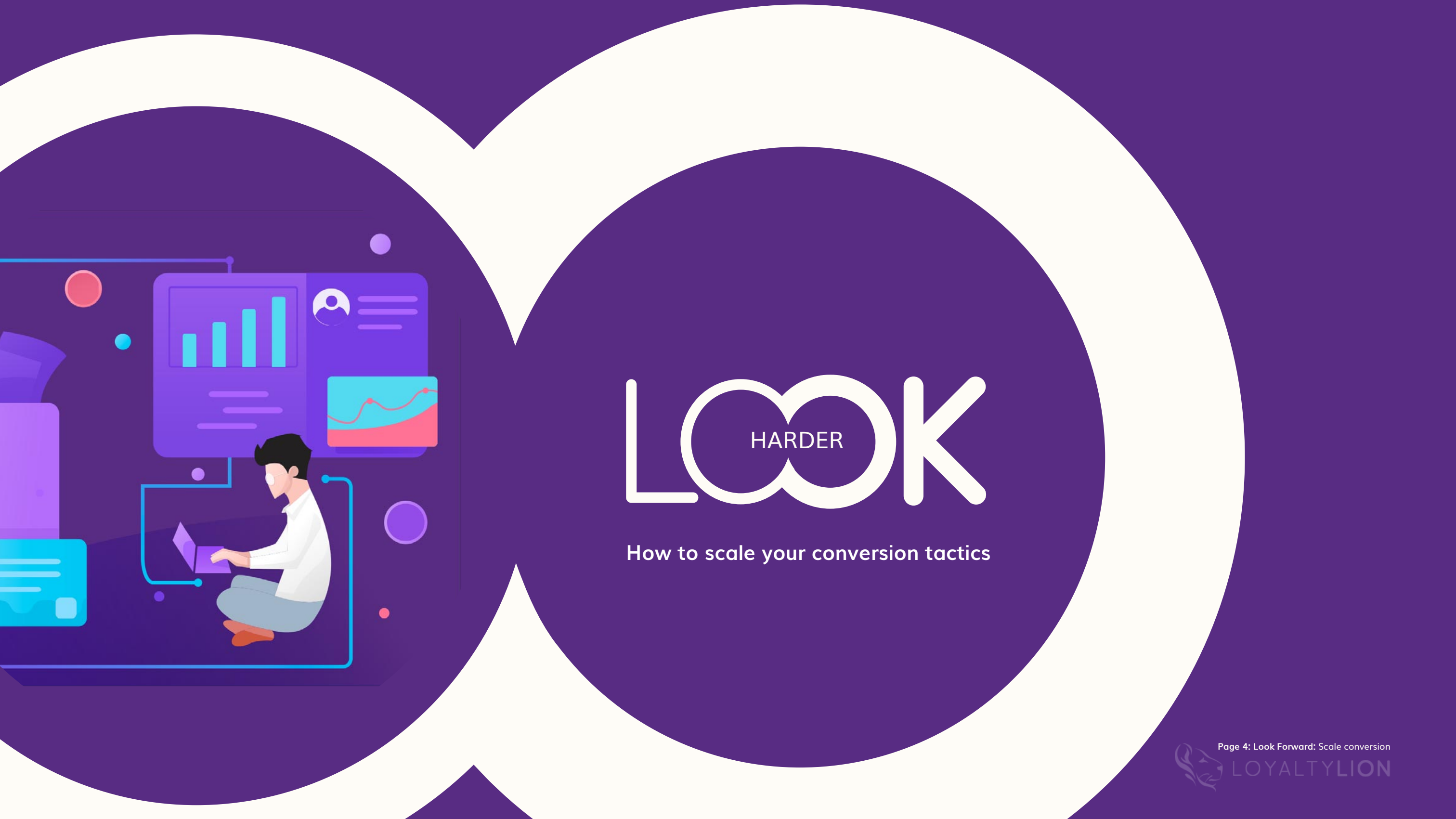
You also need to make your site easy to navigate with effective signposting.

Conversion will drop if your customers get stuck in a maze of links, buttons, and webpages. It's your job to get them where they want to go.

One gateway to long-term ecommerce success is to optimize your store for conversions. This is about more than getting a sale – it's about boosting engagement so your customers return and convert at your store in different ways.

This could be any action from making a sale to signing up to your email newsletter and, even, referring a friend. Over time, new customers and conversions will snowball, giving you more opportunities to grow.





# LOOK

HARDER

How to scale your conversion tactics



## **Make sure you grow** into your user experience (UX)

I'm sure you didn't launch your store with the goal of only ever selling a handful of items per week.

Yet, the way you set up your business in the early days could be holding you back from achieving long-term growth.

When you first created your store, money, time and expertise may have been in short supply.

But, to make sure your store effectively scales, your on-site experience needs to be fresh and exciting to motivate customers to convert.

A full-page loyalty program is a creative way to add eye-catching components to your site to convert shoppers.

With one, your brand identity has a space to breathe, as it lives on its own page. And, because the page is interactive, customers can convert right then and there. On the page, they can follow you on social, refer a friend, or input their birthday without straying away.

They'll then earn loyalty points that they can redeem for attractive rewards; such as, free products, money-off, or an entry into a giveaway.

And, it works too. ▶ **One accessory brand banked an extra £86K** in revenue after they launched their integrated loyalty page.

The page attracted new shoppers as it teased the perks they would get for converting.



**"The program helped improve our site's user experience and our customers find it easy to use."**

*Sarah Dawson, Head of Online, Astrid and Miyu*





Another way to make sure your customers continue to convert as you expand is to make it pain-free to pay.

Baymard's research shows that two-thirds of purchases get abandoned. And, ▶ **27% of people cite complicated checkouts as the reason.**


To make the checkout seamless, embed loyalty components across your site. ▶ **In-Cart Rewards** let customers claim loyalty rewards against free products within the check-out.

By seeing that they'll get loyalty points on top of what they intended to buy, a conversion is more likely.

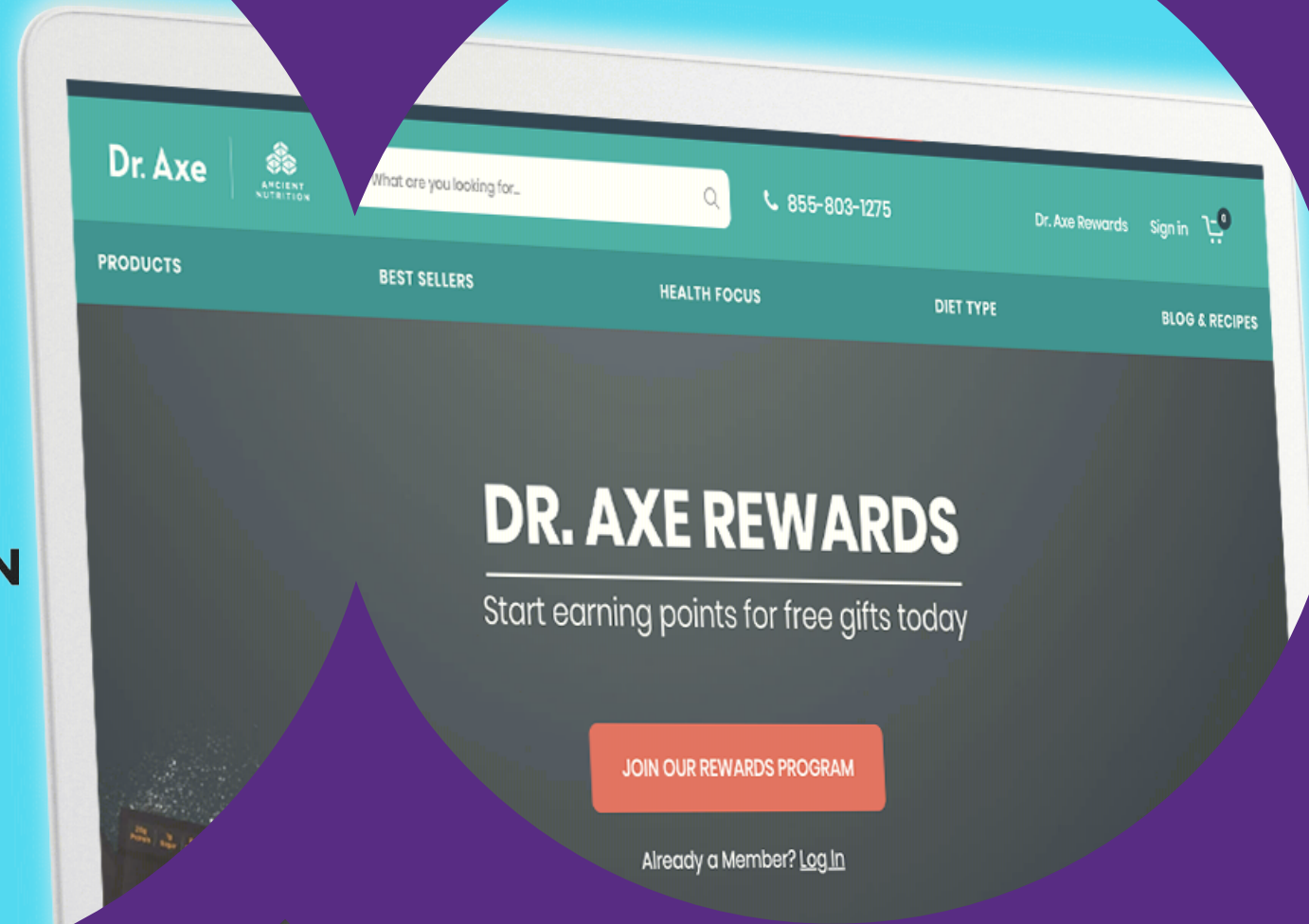
Optimizing your conversion rates by paying attention to the on-site experience will ensure you don't outgrow your store.

Meanwhile, you'll secure impressed shoppers who recognize your attention to detail and thank you for giving them extra perks for shopping.

Over time, these shoppers will return and give you a larger share of their wallets.

- 
- An illustration of a person with dark skin, wearing a grey long-sleeved shirt and a purple skirt, holding a blue megaphone. They are standing on a light blue circular base. In the background, there are colorful abstract shapes: a large purple wave-like shape, a light blue circle, and a pink diamond. The entire illustration is set against a light purple background that features a large, stylized circular graphic with concentric rings in shades of purple and white.
- Incorporate eye-catching elements on-site that encourage engagement
  - Make it pain-free to pay with check-out features and add-ons

LOOK  
AT THIS



Case study



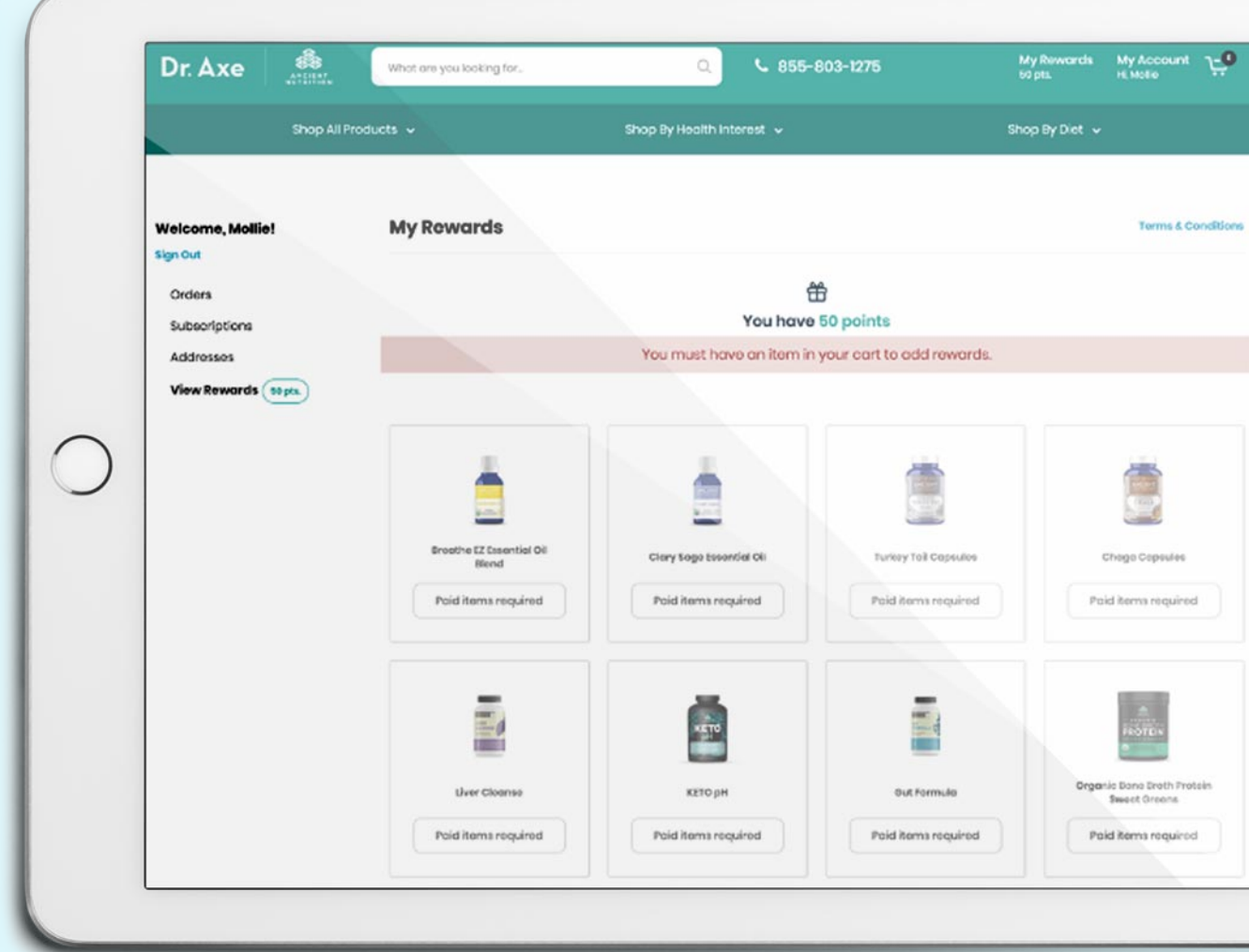
# LOOK AT THIS



As the second most visited health and wellness website – boasting 10 million monthly visits – Ancient Nutrition needed to convert their browsers into customers.

To achieve this, they launched an integrated loyalty page that was on brand and interactive.

It acts as a destination for shoppers to explore the rewards they can claim if they complete a purchase.

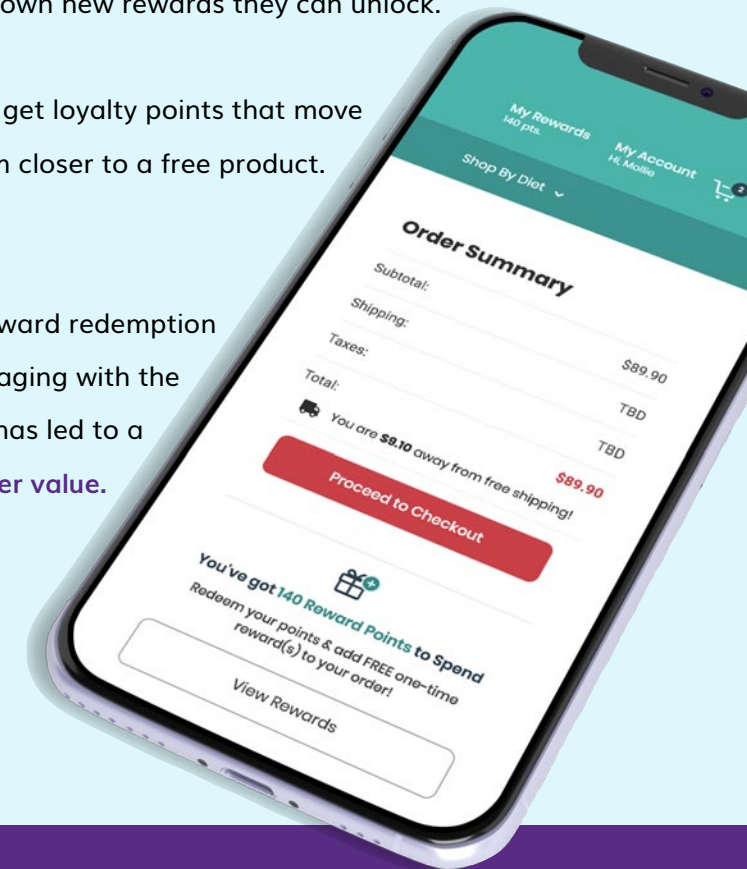


To navigate new users to the program (in the hopes of turning them into long-term spenders) Ancient Nutrition signposts the page in the main header.

To encourage more web visitors to convert, Ancient Nutrition implemented Instant Points and In-cart Rewards. These features let customers view and claim their rewards in the shopping cart. And, when they add more products to their basket, they're immediately shown new rewards they can unlock.

This encourages them to go ahead with the sale as they see they'll get loyalty points that move them closer to a free product.

As a result, **Ancient Nutrition has seen a 300% uplift** in reward redemption – signaling that there are more customers converting and engaging with the program. At the same time, In-Cart Rewards has led to a **36% uplift in average order value.**



- Ancient Nutrition saw a **300% uplift** in reward redemption by adding In-Cart Rewards to their loyalty program
- Instant Points improved their average **order value by 38%**



## Limit cart abandonment with average order value (AOV) incentives

As with everything in ecommerce: improve one thing and you'll positively impact something else.

Conversion success and average order value (the average a customer spends on an order) work in harmony. You can't look at them in isolation as they're both vital for scale.

This is because you need both to calculate your revenue and to see where to improve as a business scales. There's no use boosting conversions if your customers have a small basket size. And, if a smaller amount of shoppers convert, but spend a lot, you have a smaller pool of customers to re-engage.

To improve AOV show that you're worth converting with in the first place and that adding more to their cart is worth their while.

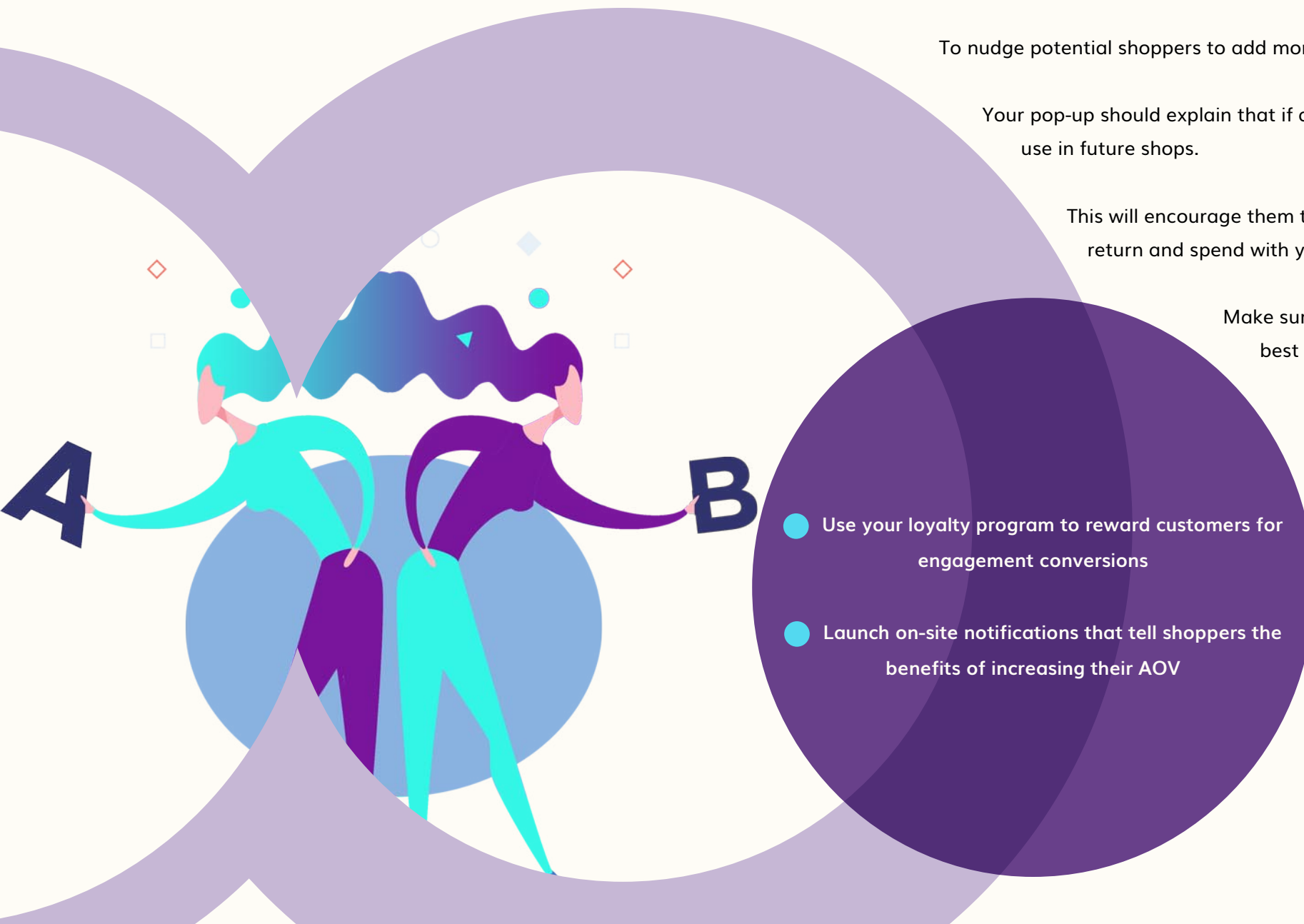
● Customers who use a loyalty reward alongside a purchase have a 39% higher than average basket size

We have found that a customer who uses a loyalty reward alongside a purchase has a **39% higher than average basket size**.

A loyalty program allows you to reward customers with loyalty points for on-site conversions – such as a social follow.

Over time, they'll gain enough points to redeem a discount, meaning they'll add more to their carts as a result.





To nudge potential shoppers to add more to their baskets, use on-site notifications.

Your pop-up should explain that if a customer spends over your AOV they'll earn bonus points that they can use in future shops.

This will encourage them to convert, meanwhile, you've provided them with an incentive to return and spend with you later.

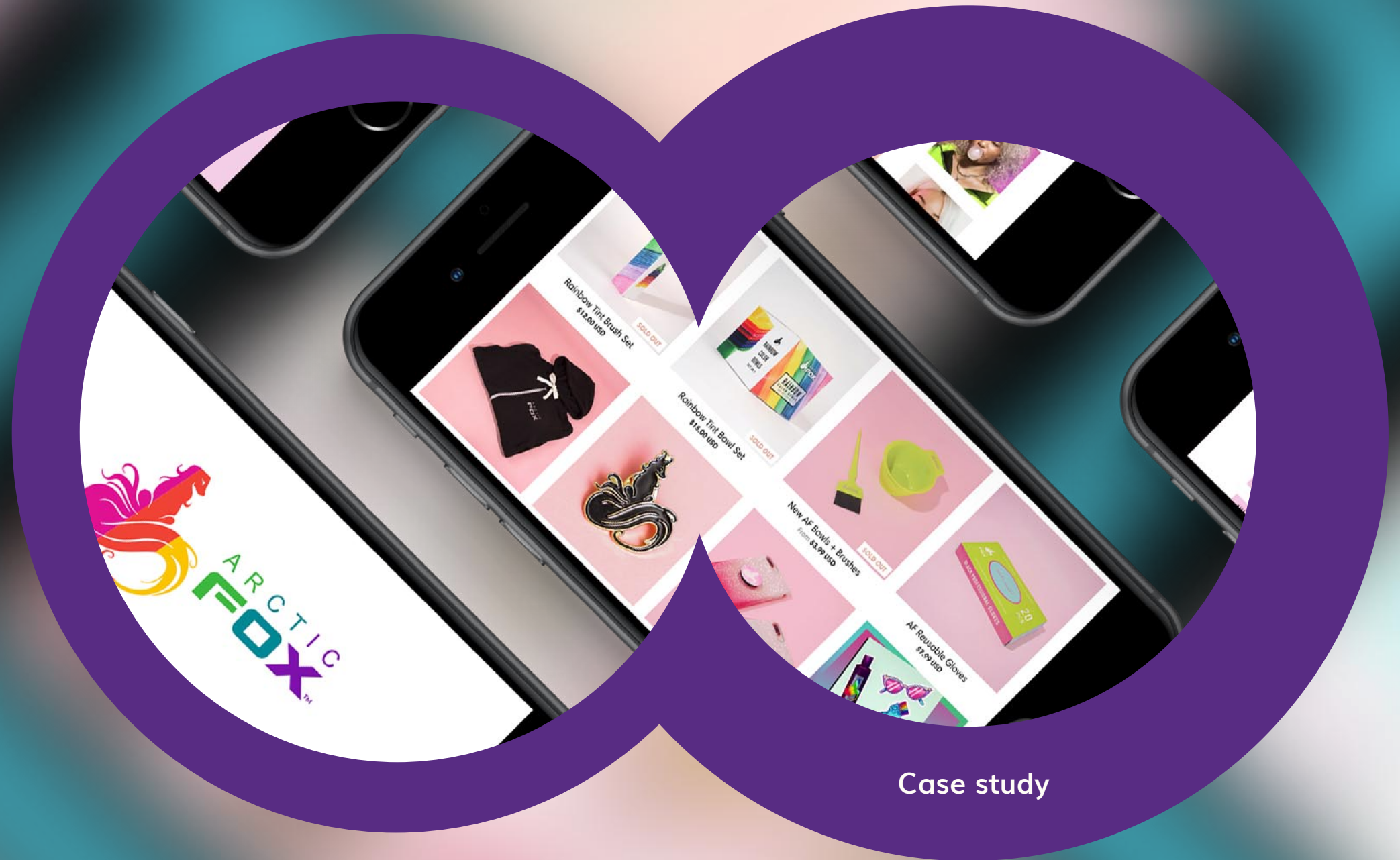
Make sure you **A/B test different messages** to learn what your customers respond best to. This is important to make sure you completely optimize this point of conversion.

Initiatives to boost AOV encourage your customers to spend more with you for the first transaction and in subsequent shops.

Over time, this increases their customer lifetime value and the money they invest in your brand.

- Use your loyalty program to reward customers for engagement conversions
- Launch on-site notifications that tell shoppers the benefits of increasing their AOV





Case study

# LOOK AT THIS



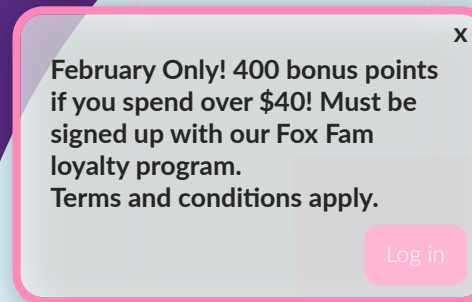
Hair dye brand, Arctic Fox, saw the opportunity up-selling would have on their conversion rates. They use on-site notifications to show prospective customers that if they spend over the brand's AOV of \$40, they'll get 400 loyalty points.

Across 90 days, Arctic Fox ran three AOV Bonus Point campaigns to test what messaging resulted in the highest conversion rates. By testing and pinpointing the right message, the brand saw an extra \$18K in revenue generated.

Getting customers to convert this way, means that Arctic Fox can gain and secure more loyalty program members.

These shoppers can then be re-engaged and encouraged to return to spend more with Arctic Fox over time.

In fact, their loyalty program members now have a 20% higher repeat purchase rate than regular customers.



- Arctic Fox generated \$18K in additional revenue over 90 days by encouraging larger basket sizes
- Their loyalty program members have a 20% higher repeat purchase rate than their guest shoppers





## Showcase attractive long-term offers that make shoppers want to buy in

As customer expectations rise, you need to show shoppers that they'll get something for converting with you that another brand can't give them. Subscriptions could be your competitive advantage here.

In ecommerce, consumers have surrendered the hassles of shopping online when they need to replenish items. Instead, they have welcomed in subscriptions to do the job for them. Back in 2017, monthly members to ▶ **US subscription box sites surpassed 40 million.**

Use this need for convenience to your advantage and as a way to convert new customers who have landed on your site.

▶ **Subscription box site membership surpassed 40 million in 2017**



Let's say you're a beauty brand. There will be a segment of new customers who haven't quite decided if your products are right for them.

By offering a subscription box with miniature samples of your best sellers, they'll be able to try your products before committing to the full-size version.

Meanwhile, you've hooked them in with a recurring offer.

The lure of your subscription products can also create loyal followers of your brand.

By wrapping your subscription model up with a loyalty program, you can tempt browsers to opt-in using the promise of special rewards.

This could be exclusive member perks when they sign up for a subscription product (such as access to a private Facebook group or educational resources).

With every ongoing repeat order, show them that they'll get loyalty points redeemable for discounts moving forwards. This way, they'll return more often and spend more when they arrive.

These approaches mean you can nurture these converted members and retain them as you continue to grow.

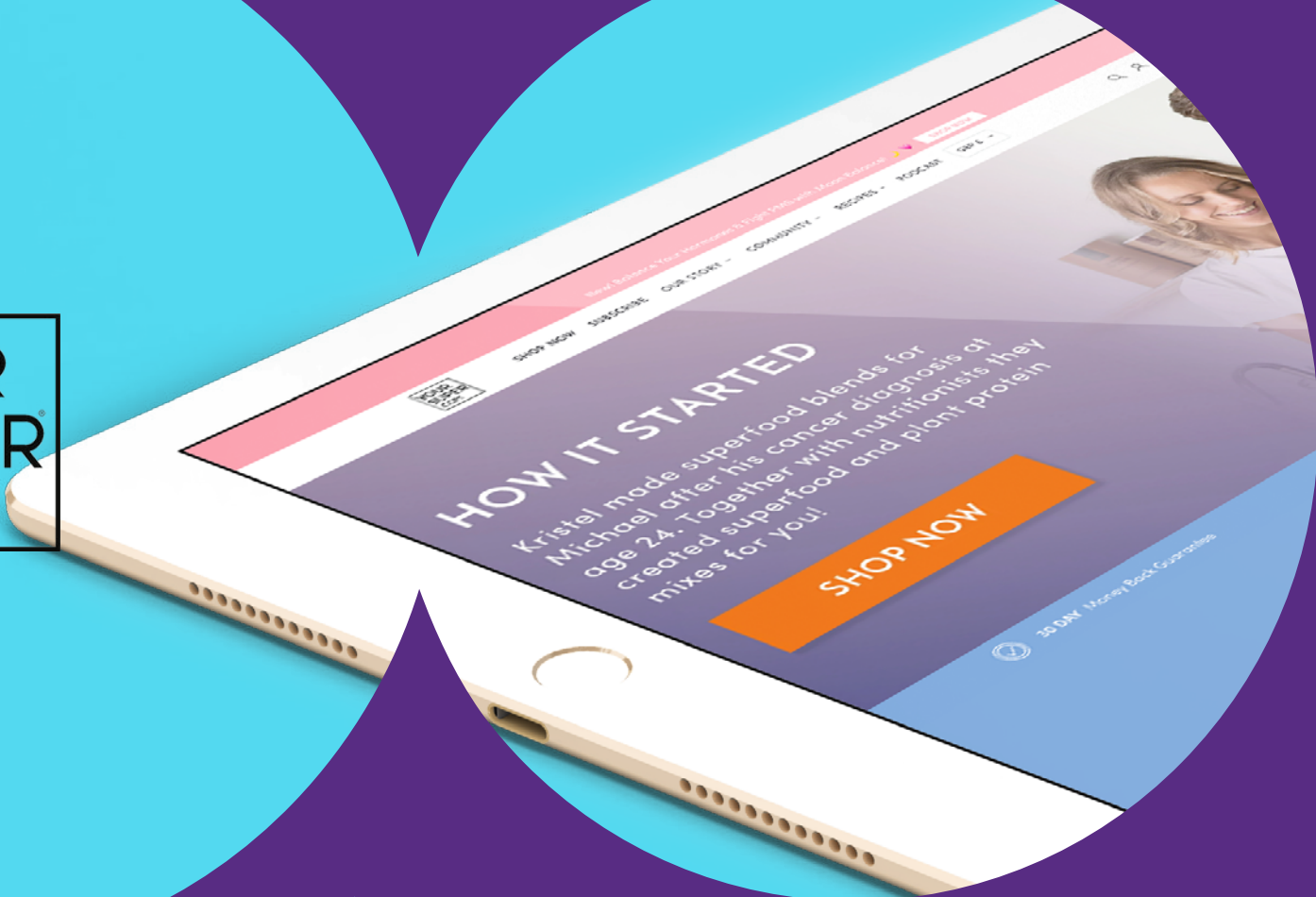
Plus, you'll transform long-term customers who buy rarely into frequent shoppers that have a recurring part to play in your cash flow.

- Offer miniature versions of your products to get shoppers to become a member of your store
- Give subscribers exclusive perks through your loyalty program
- Gift members loyalty points for every recurring order



Case study

YOUR  
SUPER<sup>®</sup>  
.COM



# LOOK AT THIS



As a quick to scale brand, Your Super realized that they needed to optimize their conversion rates to keep momentum up.

To do this, the healthcare brand added a subscriber tier to its loyalty program.

Here, subscribers unlock 20% off everything on-site and get early access to new products.

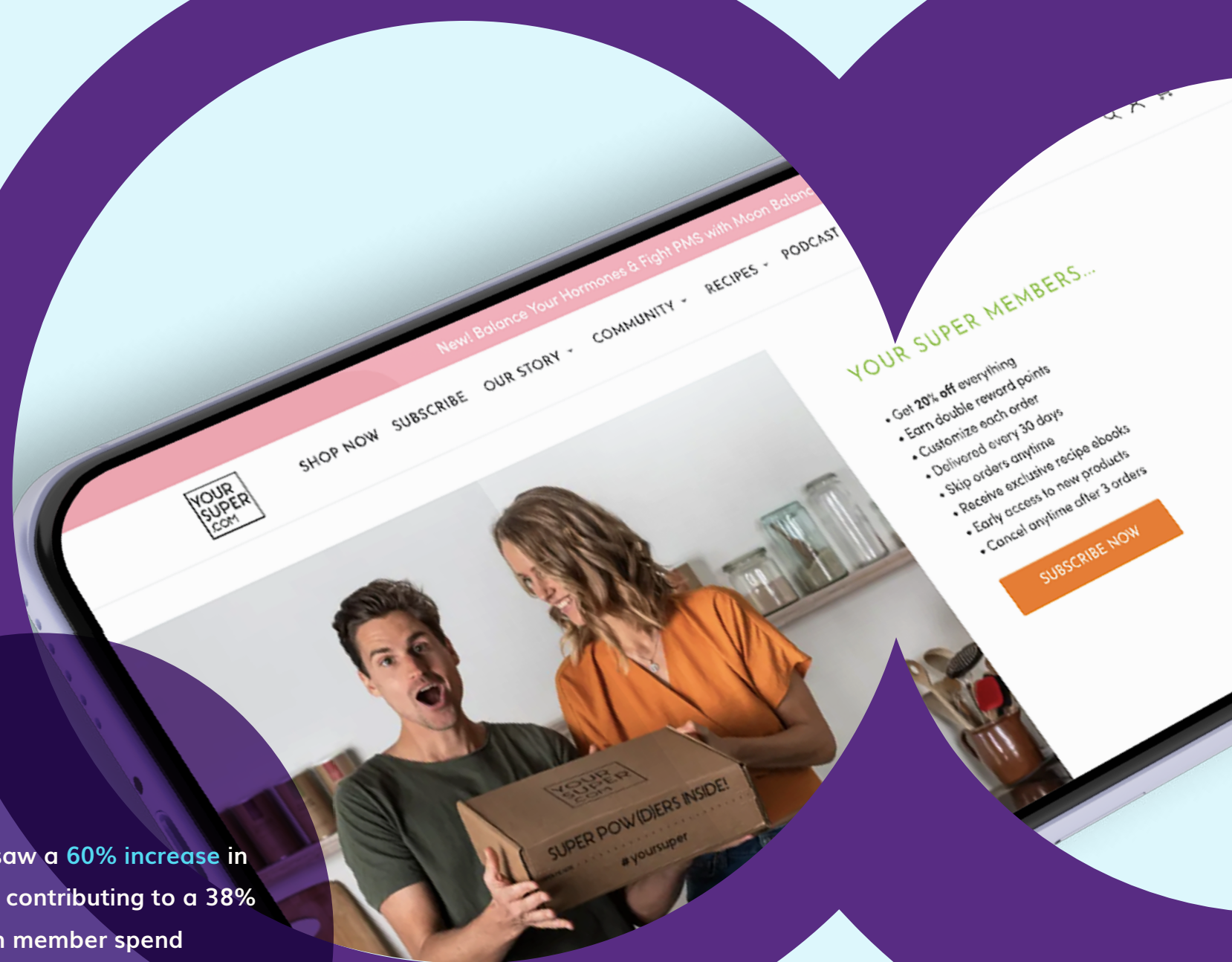
By seeing that they can get more bang for their buck each time they make a recurring order, more shoppers have become subscribers.

This method brought about a 60% increase in subscribers, who then contributed to a 38% increase in member spend.

These members were then nurtured into loyal customers who have a higher lifetime value; giving Your Super a 79% increase in repeat purchases.

● Your Super saw a **60% increase** in new subscribers, contributing to a **38% increase in member spend**

● The method also caused a **79% increase** in repeat purchases







As you scale, conversion has an important part to play in your long-term success. By focussing on the on-site experience, you'll establish stronger bonds with shoppers that strengthen their loyalty to you. At the same time, they'll return to convert in more ways and ultimately spend more with you. In the end, your store will be more robust and prepared for ongoing growth.

For the rest of this ebook, you're going to hear from players in the ecommerce space who are helping merchants scale their conversion efforts. Dynamic Yield and Klarna will impart vital knowledge on personalization and payment solutions. Enjoy.

**Klarna.**





## How personalization helps

merchants scale their conversion tactics and foster loyalty

Drivers of well-curated shopping experiences are a merchandiser's strong understanding of the trends and styles shaping a brand's various customer groups and what makes for high-impact campaigns. Trouble is, with lots of products and even more visitors, pairing the right items with the right individual is a large undertaking.

This is why making data-driven decisions is so crucial to maximizing revenue. Merchandisers should combine their vast knowledge of spotting trends and forecasting demand with the power of machine learning-based optimization to improve product discovery among thousands of SKUs and increase their bottom line.

For example, algorithmically-driven merchandising allows for automation and optimization of recommendation strategies at scale.

Meanwhile, manual merchandising rules – such as pinning a specific item, including or excluding products from the automated recommendation results, assigning different strategies and rules per slot, configuring priority, and more – provide merchandisers the flexibility and control to override the system and create unique targeting rules to maximize performance.

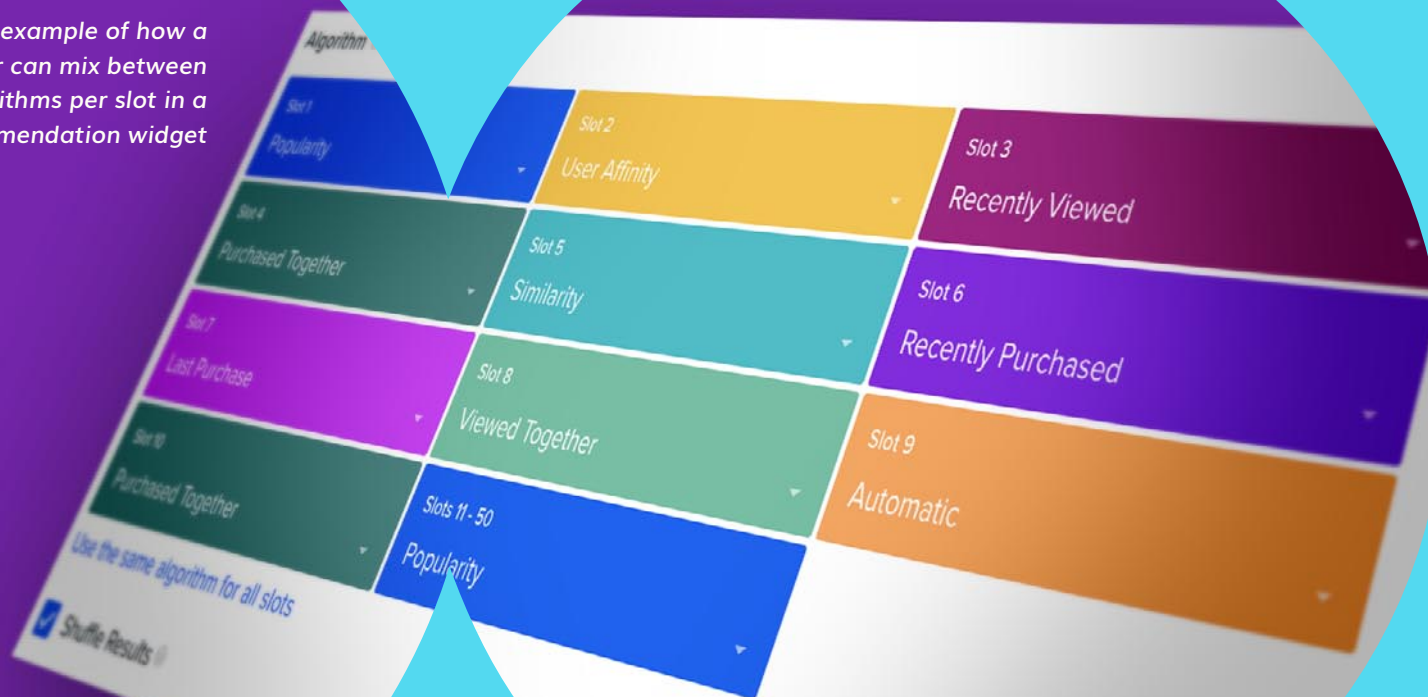
▶ **Dynamic Yield** is an AI-powered Personalization Anywhere™ platform that delivers individualized experiences at every customer touchpoint: web, apps, email, kiosks, IoT, and call centers.



An example of how a merchandiser can filter items based on price, category, type, etc in a recommendation widget



An example of how a merchandiser can mix between algorithms per slot in a recommendation widget



## Adjusting your marketing budget and store layout

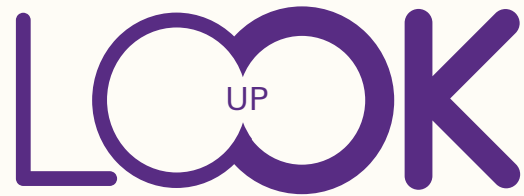
Additionally, numerous tactical decisions that on-site creatives to use (such as web banners), the order of products being merchandised, what emails to send at certain customers – all these can be driven by algorithms with far superior results compared to humans.

These intelligent systems augment the capabilities of merchandisers and create new possibilities for retailers.

They increase the most important aspect of commerce: relevance.

The more relevant and appealing an offer or a set of products is to an individual, the higher the likelihood they will purchase, enjoy their purchase, and increase their engagement with the brand.





## Fast retail recovery:

Disrupting customer conversion for 2020 and beyond

It's no secret that retailers want to gain and retain more business, especially now.

The paradox is how to do this while keeping customer acquisition costs (CACs) low, lifting customer lifetime value (CLTV) and boosting propensity to buy.


Historic CLTV perspectives are holding modern retailers back from realizing their full potential.

This is why Klarna has looked at new models for success which can stimulate a re-investment loop and ROI.

Our latest report, "**Fast-track upturn**", deep dives into how to do this and includes the attitudes of over 2,000 UK shoppers.

It reveals how they engage with retail brands, where their loyalty lies and what would persuade them to try a new brand.

# Klarna.

We make shopping smooth. With  Klarna consumers can buy now and pay later, so they can get what they love today. Klarna's offering to consumers and retailers include payments, social shopping, and personal finances. Over 200,000 merchants, including H&M, IKEA, Expedia Group, Samsung, ASOS, Peloton, Abercrombie & Fitch, Nike and AliExpress have enabled Klarna's innovative shopping experience online and in-store. Klarna is the most highly valued private fintech in Europe with a valuation of \$5.5bn and one of the largest private fintechs globally.



# LOOK UP



## Top tips:

Based on our report, here are our top tips when it comes to optimizing consumer engagement to convert shoppers and realize their lifetime value.



## Tip #1:

Friction causes frustration

Invest in services that empower customers and allows for frictionless UX on-site; such as “one click to buy” and pre-filled fields.

Price proves to be a sticking point for many. **58% of consumers** said lower prices make them consider shopping somewhere they haven’t previously bought from. **35% said** that promotions would encourage them to make a purchase, while **46% are motivated** by good value for money.

When it comes to conversion, convenience is as important as cost.

# Klarna.



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LOYALTYLION



## Tip #2:

Social endorsement is vital

With so much choice, people are turning to other users to help them make decisions.

**26% of consumers** said positive reviews encourage them to make a purchase.

Plus, the most trusted recommendation sources are loved ones (65%) and online review sites (38%).

Spending more on your website and integrations with social sites (such as offering buttons for users to share) is an easy win.



## Tip #3:

Build partnerships that empower your audience and lock in the love

Two-thirds of pay later customers are actually existing users who have shopped with other retailers within the Klarna network. This shows that conversion tools, like Klarna, act as a driver of acquisition, bringing back a cohort of shoppers already seeking flexible payment solutions.

What's more, almost half of users say that they would not have completed a purchase if a flexible payment solution wasn't available. You can't become complacent with your existing customers. Remind them why they chose you in the first place and why they put you above anyone else.

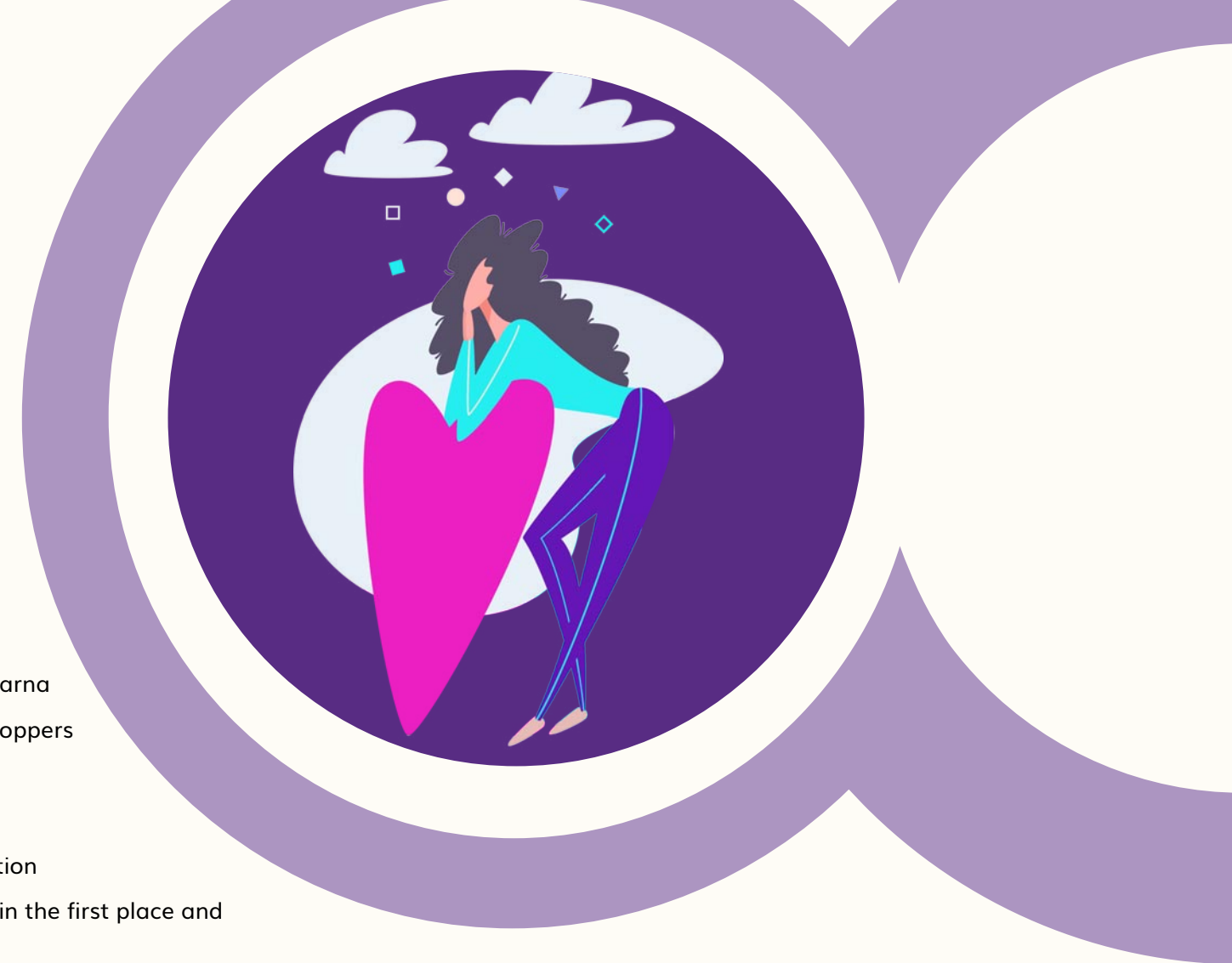
Retention and loyalty are extremely important: **40% of consumers** said they are loyal to a couple of "loved" brands they shop with.

**Only 3%** say they are completely loyal to retailers and wouldn't shop anywhere else.



## Finally...

With existing and potential customers at risk of migrating elsewhere, you can't become complacent. Digital interactions need to be the best they can be, delivering frictionless UX and experiences that delight and resonate with your audience.



# Klarna.



## About LoyaltyLion

► **LoyaltyLion** is a data-driven loyalty and engagement platform that powers ecommerce growth. A loyalty program is about more than points and rewards. It's about unlocking real insights to increase customer lifetime value. With LoyaltyLion, you can build a better understanding of what drives longer-lasting customer relationships, and use those insights to connect and accelerate your existing marketing efforts. Proven to increase retention and spend, LoyaltyLion is trusted by thousands of fast-growth ecommerce merchants worldwide.

Ready to start implementing the conversion tactics that will bring in the customers who will stick around and scale with your store?

► **Book in** a conversation with a member of our team.

