

Specialty Retailer Achieves \$17.7M in Annualized New Revenue with AI

In summary

A leading speciality retailer in health and wellness embarked on an initiative to increase conversion. By focusing on anonymous traffic, the retailer discovered a way to increase conversion rates while protecting margins. With Session AI's in-session marketing technology, this retailer not only increased its total sitewide conversion rate over 4%, but also added meaningful new margin-positive revenue.

The challenges

This well-known speciality retailer had a passionate fan base both in store and online, yet faced substantial margin pressure in a post-pandemic marketplace.

The VP of Ecommerce realized traditional discount strategies, while effective in driving sales, were adversely affecting the company's profitability. The challenge was to devise a strategy that could increase conversions without resorting to deep, margin-eroding discounts.

Selection of Session AI

The VP of Ecommerce and their team selected Session AI because its in-session marketing technology uniquely offered a way to convert anonymous visitors in real time without relying on personally identifiable information. Despite using many kinds of marketing technologies and techniques previously, this approach was not one the retailer had used before.

The team was convinced of the potential for in-session marketing because they understood most of their site traffic was anonymous. With the added ability to target the anonymous, the team began to view anonymity as a challenge that could be addressed directly, using AI, rather than indirectly using tools that attempt to de-anonymize or gather sign-ups.

Challenges

- 75% of site visitors anonymous
- Too much use of sitewide promotions
- Eroding margins

Solution

- Session AI In-Session Marketing platform
- Session AI premium support

Success highlights

- \$17.7M in added revenue on a 52-week basis
- 4.3% sitewide conversion rate lift
- 48% redemption rate for offers delivered using in-session marketing

The results: Conversion rate & margin growth

Conversion rate optimization

By segmenting all traffic based on their likelihood to purchase, the retailer could target each segment with tailored offers. This segmentation by high, medium and low propensity led to a significant uplift in conversion rates, with real-time offers increasing the total sitewide conversion by 4.34% on traffic of 300 million annual unique visits.

Margin maximization

Through strategic discounting and the introduction of non-discount incentives such as gifts with purchase, subscriptions, and rewards programs, the retailer achieved an additional \$17.7 million in annualized margin-positive revenue.

Strategic expansion

Initial tests revealed insights into the balance between sitewide and real-time offers, as well as the effectiveness of various incentive types. The initiatives achieved a 48% redemption rate for targeted offers, indicating high engagement and acceptance of the promotions by the shoppers.

Plans for future expansion include refining segmentation, optimizing offers, and exploring new promotional strategies that do not impact margin.

Key takeaways and future directions

The partnership with Session AI has set the stage for a brighter future for this speciality retailer. With plans to explore a variety of non-promotional incentives and a refined approach to offer optimization, the retailer is well-positioned to continue its trajectory of growth. The success of this initiative demonstrates the power of strategic segmentation and targeted engagement in converting anonymous traffic into loyal customers.

"Our deep understanding of our customers ensures that tailored incentives like free shipping and gifts with purchase will significantly resonate."

- VP of Ecommerce

Session AI is the pioneer of in-session marketing, the critical capability that leading online retailers need to convert site visitors in a privacy-first world. Using patented artificial intelligence, Session AI predicts purchase intent in five clicks, enabling online retailers to provide each visitor with the right incentive in real time. Major brands rely on Session AI to increase conversion and margin without the need for personally identifiable information or third-party cookies. Learn more about the future of ecommerce marketing at www.sessionai.com.