

Improve your fashion campaigns **instantly**

15 Inspiring Tips from
Online Fashion Retailers



What are you going to learn?

1

Exponea's Role in the Current State of Fashion Online Retail

2

5 Ideas for Actionable Analyses

3

5 Highly Performing Marketing Ideas

4

5 Underrated KPIs Which You Shouldn't Neglect

5

Your Next Steps

Exponea's Role in the Current State of Fashion Online Retail

Being an online fashion retailer is tough, there is no other way to put it. New competitors are sprouting like never before and retaining or even growing the customer database is proving to be evermore complex with each passing day.

TOP 20 %
Fashion companies



According to McKinsey, [the top 20 percent of fashion companies generated 144 percent of the industry economic profit](#) and unless you become one of these top performing companies, you are highly unlikely to make any profit. **It's Exponea's role to help you reach that top.**

In the year 2015 worldwide e-commerce sales were over \$1.5 trillion and sales in 2018 are predicted to be nearly double according to [Statista](#).

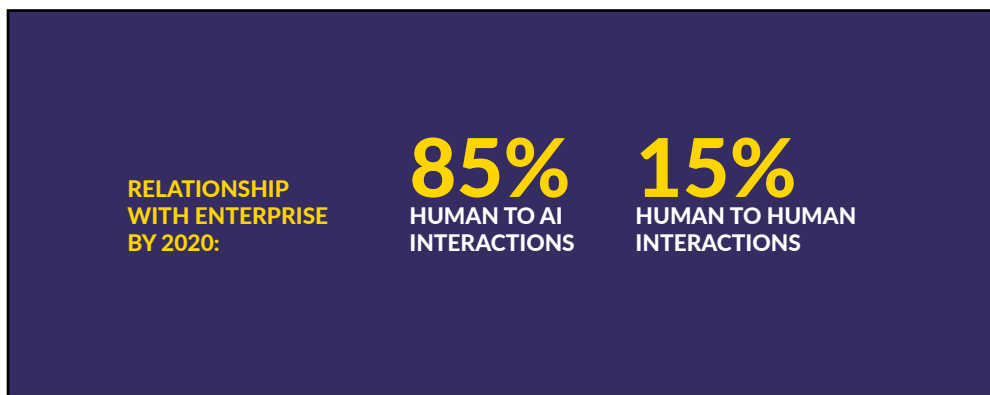
We believe that one of the major factors contributing to this increasing industry complexity and scale is the advent of the so called 4th industrial revolution, growing adaptation of technologies such as artificial intelligence supported by big data in businesses.

Even two years ago, industry magazine Business of Fashion proclaimed that [no area of life or business will be insulated from AI](#) and today, these technologies and an easy access to their utilization are disturbing every aspect of e-commerce like never before.

No revolution is without its winners and losers. Boohoo, an online retailer selling women's apparel was able to [grow their revenue by 51 %](#) and online retailer of luxury apparel [Farfetch](#)

[even by 70%](#). Yet old giants such as The Limited filed for bankruptcy with a [total debt](#) over \$14.7 billion. And the other players on the market? Fashion United states that [44% of UK fashion retailers are facing bankruptcy](#).

An increasing number of competitors who have adopted these new technologies are raising expectations of the high level of service and personalization which customers have learned to expect.



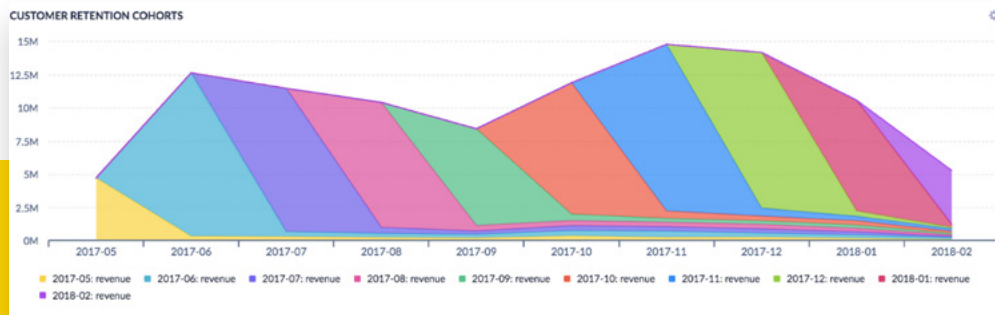
Management on such a scale and granularity of personalization is impossible without the assistance of AI and related automated processes. Gartner predicts that [by 2020, customers will manage 85% of their relationship with the enterprise without interacting with a human](#). Which, even though, it may be a frightening statement at first, creates brilliant opportunities for scaling your business and becoming the new market leader.

At Exponea, we help fashion e-commerce business embrace this change by nurturing them using [e-commerce maturity model](#) and helping them to embrace campaign opportunities, analyses to perform, or metrics to measure within a comprehensive customer experience cloud. Some of which are mentioned in this e-book.

5 Ideas for Actionable Analyses

Exponea's consultants focus on helping our clients achieve sustainable growth of their revenue and profit. Our specialist [Danial Rusnak](#), who's our most experienced consultant for online fashion retailers, picked these 5 analyses which helped him deliver the most value to his clients.

#1 Customer Retention Cohort Report



The Customer Retention Cohort Report is arguably the most important top level source of insights for marketers to evaluate their customer database health and can tell them whether their business is actually retaining the customers. Even though this report is often thought of as a powerful tool for a SaaS business, its usefulness for e-commerce businesses can't be underestimated.

How does it work?

By grouping customers into monthly segments based on their initial purchase date and visualizing that on a timeline, using the area chart as illustrated above, you are presented with a report which tells you how many customers which you've acquired in the previous months still purchase on your online store.

How to use it?

Insights in this report will help you to understand your customer retention by compounding previously acquired customers from all defined periods.

It's highly common to see a huge spike in the first month, these tend to be your "first-time

customers” and their drop in the following months doesn’t mean that you’ve retained only a tiny fraction of them, but they may have different purchasing habits, some of them will order a product each month and others every three, although it’s inevitable that some of them won’t purchase again.

Since your customers may be purchasing in cycles, if you would like to see even more precise insights about your retention rate, set your cohort time intervals based on your average time to re-purchase.

Looking at visualized data will help you to digest insights fast, but to actually understand your customer retention, analyse your exact cohort retention data inside a matrix table where rows represent cohorts and columns months or your custom time interval.



ACTIONABLE TAKEAWAYS

- 1. It indicates whether or not you need to invest more into retention**
- 2. Helps you to understand long term purchasing habits and create relevant communication**
- 3. Aids in identifying acquisition periods which generate the most loyal customers**

#2 RFM Analysis



RFM is core marketing analysis that provides a way for marketers to clearly spot and define customer segments based on key behavioral patterns - recency, frequency and monetary value.

How does it work?

RFM approaches customer data from three perspectives. How recently they've purchased, how frequently they purchase and how much they spend. These insights help marketers split their customers into highly actionable & insightful segments, such as the ones we have used in the example above.

How to use it?

By segmenting your customers into human-understandable groups, you will be able to swiftly identify the structure of your customer database and the state it's in. Such segmentation will help you to focus your marketing opportunities and it will help you with forecasts as your customer database won't be a homogenous anymore.

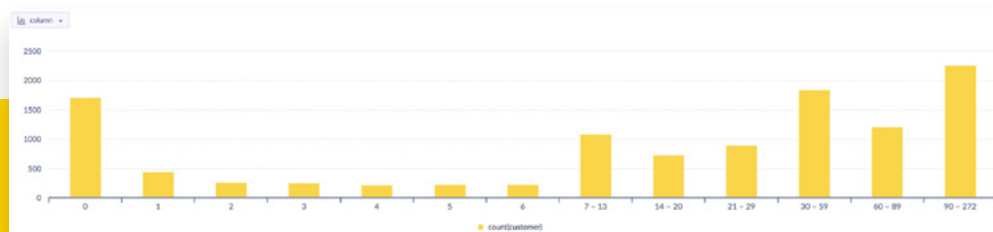
For example, you can promote your Potential Loyalist customers into Loyal Customers by creating a personalized marketing campaign which will build upon the knowledge that these customers already like your brand a lot. On the other hand, you can prevent losing customers in segment At Risk by a set of engagement campaigns.



ACTIONABLE TAKEAWAYS

- 1. Split customers into human-understandable groups**
- 2. Create separate communication campaigns based on their behavior**
- 3. Reactivate hibernating customers and reacquire lost ones**

#3 Optimal Time to Send Reactivation Emails



Have you ever wondered how to understand the time patterns of your reorders? What is the best time to send an automated upsell email to your customers?

This analysis helps marketers define the best time to send automated emails after an order occurs.

How does it work?

To create this analysis you need to calculate the individual time between orders, for customers who have made more than 1 order. To do that, you have to calculate the number of days between the individual orders, plot it on a graph and analyse the ideal time to reactivate customers.

How to use it?

This report shows you average time it takes customers to reorder. As an example, in a case when 15% of reorders occur within 7 days and 65% within 30 days of an order, the ideal time to reactivate the customers by sending them newsletters or by targeting them using

remarketing campaigns would be between 7 and 30 day intervals.

It works well as an top-level insight to plan your reactivation strategy, although we would suggest using customer specific data to trigger reactivation campaigns with an offset of at least - $\frac{1}{2}$ of their average time to reorder, so you'll reach them slightly earlier at a time when they may start to think about ordering again.



ACTIONABLE TAKEAWAYS

- 1. Visualize your reordering pattern**
- 2. Identify the most common reordering pattern**
- 3. # of days from which to send an automated upsell email**

#4 Reordering Patterns for Upsell



Discounts are an important and effective acquisition tactic. However, discounts also decrease a product's perceived value. This analysis helps marketers understand the value of the initial 10% discount on the tendency to reorder.

How does it work?

Divide your customers into two cohorts, based on whether or not their first order was discounted and use either funnel or column charts to visualize the results.

How to use it?

By dividing your customers into two cohorts, you can study their reordering patterns separately as time goes on.

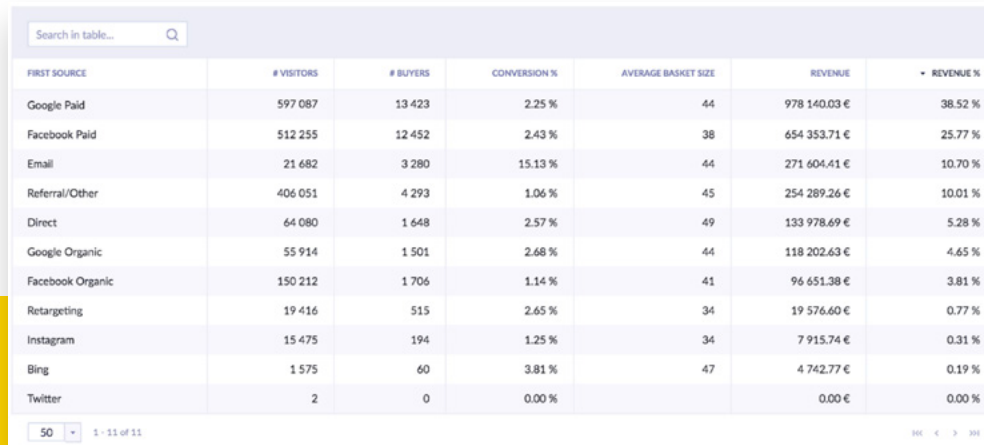
During our analyses on online fashion stores, customers who have ordered with an "acquisition discount" were more likely to reorder and become a loyal customer. If you find similar results during your analysis, calculate the added value of the acquisition discount over a 3 month period forward.



ACTIONABLE TAKEAWAYS

- 1. Understand the impact of your acquisition discount strategy**
- 2. Optimize the % or € value of your discount**
- 3. Consider the different kind of acquisition discounts your e-commerce could offer**

#5 First/Last Click Attribution Analysis & Beyond



A screenshot of a data table with a search bar at the top. The table has 7 columns: FIRST SOURCE, # VISITORS, # BUYERS, CONVERSION %, AVERAGE BASKET SIZE, REVENUE, and REVENUE %. The data is as follows:

FIRST SOURCE	# VISITORS	# BUYERS	CONVERSION %	AVERAGE BASKET SIZE	REVENUE	REVENUE %
Google Paid	597 087	13 423	2.25 %	44	978 140.03 €	38.52 %
Facebook Paid	512 255	12 452	2.43 %	38	654 353.71 €	25.77 %
Email	21 682	3 280	15.13 %	44	271 604.41 €	10.70 %
Referral/Other	406 051	4 293	1.06 %	45	254 289.26 €	10.01 %
Direct	64 080	1 648	2.57 %	49	133 978.69 €	5.28 %
Google Organic	55 914	1 501	2.68 %	44	118 202.63 €	4.65 %
Facebook Organic	150 212	1 706	1.14 %	41	96 651.38 €	3.81 %
Retargeting	19 416	515	2.65 %	34	19 576.60 €	0.77 %
Instagram	15 475	194	1.25 %	34	7 915.74 €	0.31 %
Bing	1 575	60	3.81 %	47	4 742.77 €	0.19 %
Twitter	2	0	0.00 %		0.00 €	0.00 %

The table includes a search bar at the top with the text "Search in table..." and a magnifying glass icon. At the bottom left, there is a dropdown menu showing "50" and "1 - 11 of 11". At the bottom right, there are navigation arrows and the text "111 < > 111".

Which part of my pitch convinced my customer to buy my product? This is the question each marketing department wants to know.

First and Last click attributions are the most practical way of understanding your attribution. Channel attribution helps marketers understand which channels brought customers to their online store either as a first touch or by the time of conversion.

How does it work?

By logging customer traffic history, you will be able to find out which channel was the first that customers used to get to their online store and which channel brought them the conversion.

How to use it?

The first click attribution report helps you to assign orders or any other goals or activities on your site towards a source of traffic which brought customers to your site for the first time and is often used in conjunction with the last click to help marketers identify channels which put your brand on your “customers’ radar” for the first time.

Last click attribution is used as primary performance report since it assigns the order or any other goal towards the latest source of traffic.

Both attribution models help you to understand where the focus of your customer acquisition or branding campaigns should be.

Beyond the first & last click

Even though first and last click attribution models are the most widely used in online analytics, other models, which take into consideration multiple sources of traffic during a set timeframe called attribution window, should be used as well to help you uncover the actual impact on your orders beyond first and last source of traffic. Using Exponea you can leverage these models within our attribution analytics module.

Out of those models, time decay attribution model has proven to be highly insightful. Time decay looks at customer’s historical traffic within a predefined attribution window (time before the order) and attributes a portion of order’s value towards previous sources of traffic (or interactions). The latest one is attributed the most value and each subsequent one is attributed less which helps you to evaluate impact of customer’s journey towards an order.



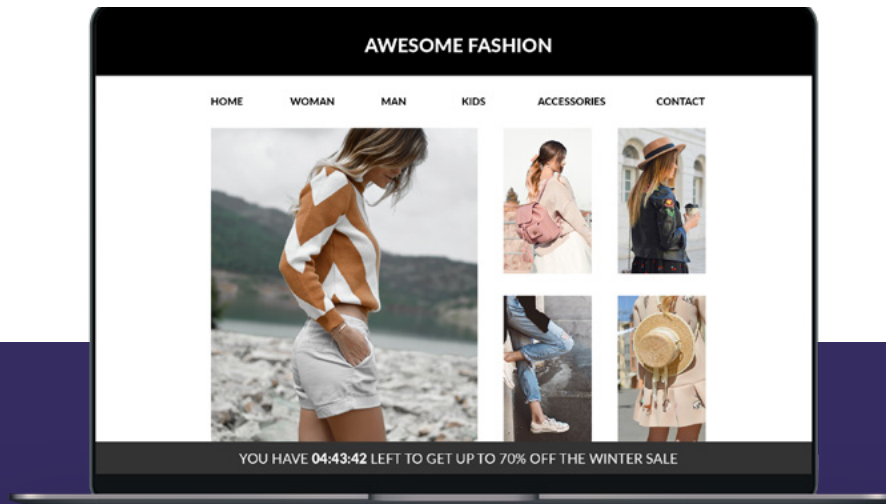
ACTIONABLE TAKEAWAYS

- 1. Focus performance marketing on channels generating conversions**
- 2. Launch brand awareness campaigns on channels which generate the most first customer visits**
- 3. Understand how many visits it takes to the first conversion**

5 Highly Performing Marketing Ideas

Daniar didn't stop there and he picked 5 marketing campaigns that had a profound impact on their respective KPIs which translated into a significant uptick on our clients' bottom line or positive brand sentiment.

#1. Countdown Weblayer During Sales



Creating a sense of urgency works wonders in fashion e-commerce.

How does it work?

By adding a countdown until the end of a discount on the product page, we were able to increase conversions from product page to order reaching up to 80%.

How to tweak it for even better performance?

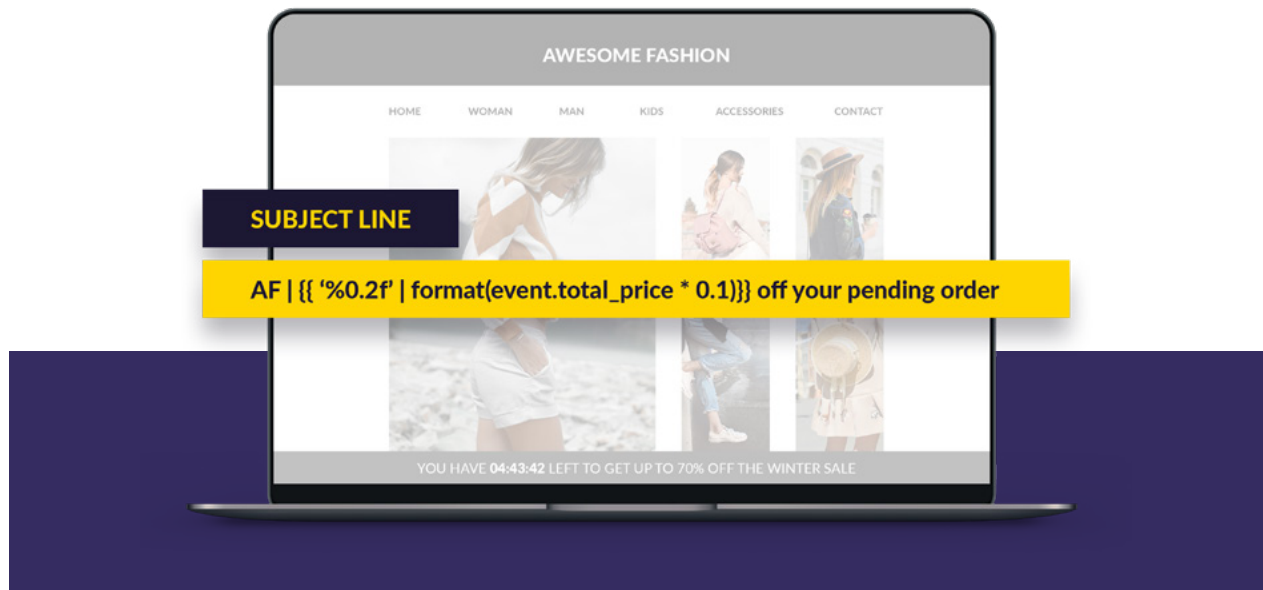
Further personalization may prove as a highly performing experiment. By adding a customer's name in call to action, you could achieve combining sense of urgency with appeal towards customer.

Another possibility could be using regressive discount which gets slightly lower every few

hours resulting in fear of missing out or perhaps you could use a limited number of discounted orders.

On the other hand, we wouldn't recommend you use the "social proof" effect, highlighting the exact number of products sold. From our experience, customers shopping for fashion products tend to avoid these proofs since they would like to be the only individuals actually wearing the item. Although highlighting real-time view count with statement "X people are considering the purchase & there is only a few left for this price" could work wonders.

#2. Personalization of Newsletter Subject Line



Negating newsletter blindness can be done by using the person's name as a sender or even using emojis in the subject line, but that wasn't what helped us deliver the best value.

What worked best for us in online fashion retail was using an absolute currency value in the subject line rather than a percentage discount.

How does it work?

Using Exponea, we are able to calculate the actual value, not just the discount percentage, of the discount offered within newsletters which are sent to customers and use it in the subject line.

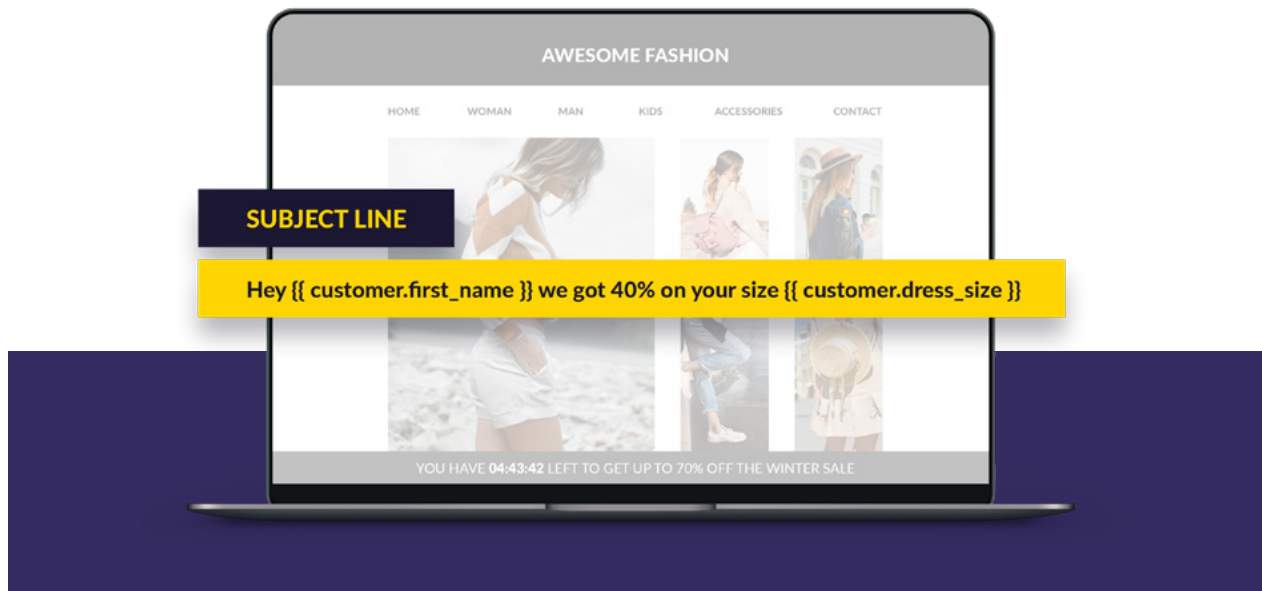
We found that customers tend to open newsletters with an actual discount (i.e. - €175) value of up to 100% than by using a discount percentage!

How to tweak it for even a better performance?

Even the most eye-catching subject line could fail if no one sees it.

The best possible tweak which you can do to this campaign would be to use an algorithm which predicts when your individual customers are interacting with their emails. If you send them your newsletters a short while before their most probable interaction times, you will ensure that your newsletters are among the first ones that your customers see. If you are an Exponea user, we already have such an algorithm ready for you to use.

#3. Targeted Newsletters Based on Dress Size



What makes customers in online fashion retail feel blue? It's when they've found a product of their dreams, but the size doesn't fit. We set out to remedy that.

How does it work?

Exponea ran a campaign that used insights about the customers based on their previous interactions with the store such as the most frequently purchased dress sizes and the most often filtered size. Using these insights, customers received a tailored newsletter where everything would fit them like a glove, or in this case a perfect dress.

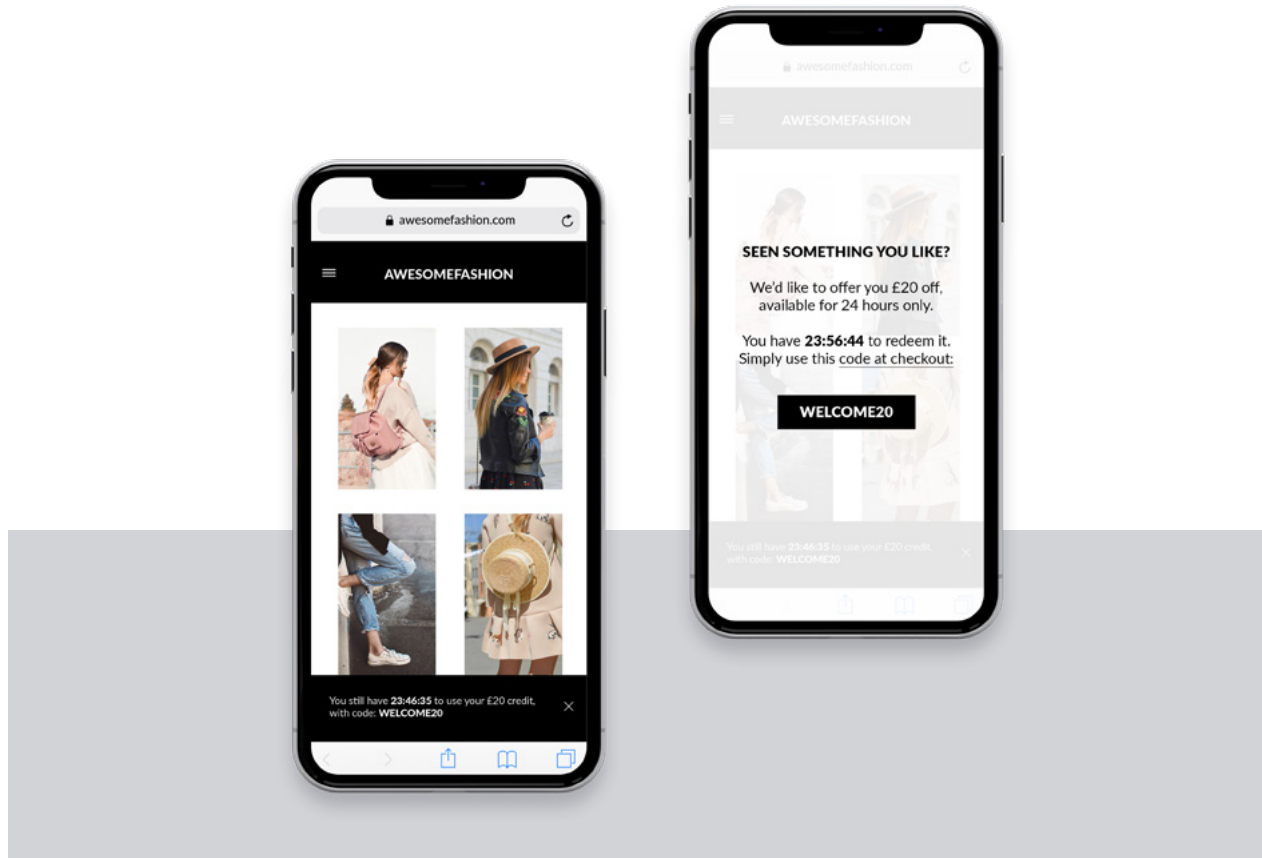
We have achieved a much higher open and click rate than the average, by ~ 20-25% and ~ 40-50% respectively.

How to tweak it for even a better performance?

Using customer behavioral and profile data to insert products into this newsletter campaign based on orders by customers with similar traits could prove to be a highly performing idea to try out.

Furthermore, using RFM segments to split the way you communicate towards the targeted customers may help you to increase the revenue per sent newsletter as well.

#4. Targeted First-time Buyer Deal Weblayer



Another pain point for online fashion retailers which we have dealt with was giving first time buyers the last push they needed to make their purchase.

How does it work?

To address this issue we targeted visitors who were identified as highly engaged and without any history of purchase.

We have defined highly engaged visitors using the above average number of products viewed in session and at least 3 previous sessions.

When these visitors reached the condition, they were presented with a time limited discount offer to give them the final push, so they can become customers.

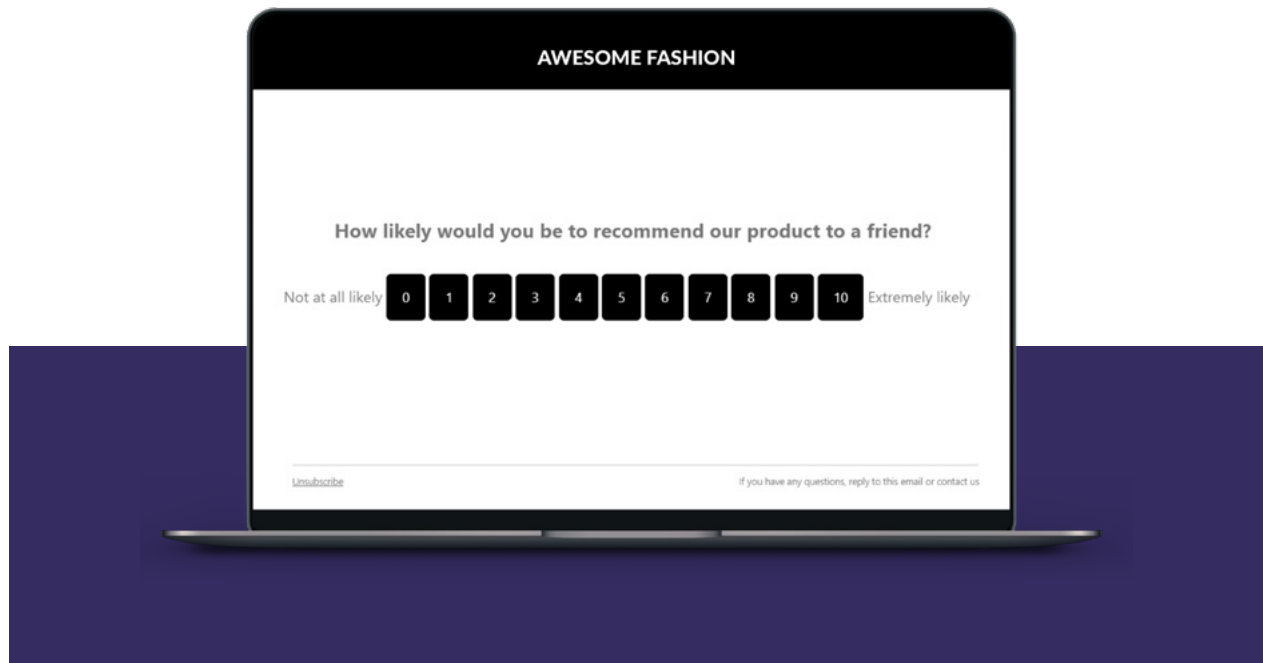
How to tweak it for even a better performance?

Hiding the code behind an email wall (voucher code won't show unless visitor submits their email address) could ensure that you will be able to email unique voucher code to your future customer and make sure that they won't forget about it instantly after leaving your site without a purchase.

If you'd then detect that the voucher code wouldn't be used during the first timeframe and the visitor didn't order anything from your store, you can send them a quick reminder that you've prolonged the time the voucher is valid for another 24 hours along with products which they were the most interested in.

Unfortunately hiding voucher code behind email wall may lower the interaction rate, but you should be able to convert more visitors into first time customers using this method by keeping the communication between you open.

#5. NPS as the Goldmine For Reviews & Issue Prevention



Post purchase NPS being one of the most widely used indicators of customer satisfaction is a frequent use case for which Exponea is used. We have gone further from a simple number logging to delivery of highly valuable tool beyond NPS.

How does it work?

Together with our client, we used the NPS form to salvage bad customer experiences and generate a plethora of new reviews on the customer review site.

What we did was notify customer service each time a customer would rate the experience between 0-3, so they could try to remedy the situation as soon as possible.

Customers who picked the 8-10 rating were in turn asked to share their review on the well known review site which with approximately 10% of favorable responses generated new reviews on the redirected sites.

How to tweak it for even a better performance?

To increase the number of filled-in NPS forms, offering your customers an incentive after filling it in could work well. Although be sure to make such an offer to everyone who would fill in the form, so you won't skew the results in your favor.

If you will be, sending NPS survey after each order, monthly or quarterly, be sure to inform the customers who have filled it previously about how you worked with their feedback!

5 Underrated KPI Which You Shouldn't Neglect

There are a plethora of KPIs which marketers should keep an eye on. Some of them may be prone to building a highly complex dashboard with most, if not all KPIs known to humankind.

Others prefer to keep to their single primary KPI using other metrics only on an ad hoc basis to help them optimize the performance of that lone KPI.

Regardless of the style in which marketers work with their KPI, we believe that any consistently tracked KPI needs to be:

- Highly actionable
- Deeply impactful

This section covers a few of these KPIs which may be overlooked by marketers in online fashion retail in favor of more traditional indicators.

#1. Customer Value

Customer value is a metric which shockingly plays the second fiddle to the average purchase value in the minds of marketers. Our understanding as to why it happens is that correctly tracking CV may require slightly more advanced reporting and it's harder to report than the mentioned average purchase value.

HOW TO CALCULATE IT?

$$\text{Customer Value} = n0 * m0$$

n0 = AVG number of not returned orders
m0 = AVG profit margin value per order

If you would like to go beyond CV, subtract marketing and operational costs attributed to the customer. For even deeper analysis calculate CV on discounted and full-price orders separately. Such split will help you understand the impact of discounts on sales and their effectiveness.

Actionable takeaways

Customer Value helps you to understand how valuable (shocking, we know!) your customers are in the long run.

Such insight about the cumulative revenue could help you refocus your marketing budget towards channels and activities which the most valuable customers interact with, the majority of time.

#2. Average Customer Lifetime Value

This KPI is slightly different than the CV, because it doesn't describe current customer value, on the other hand, it deals with the projected gross profit margin & probable orders that may occur in the future based on the historical data.

HOW TO CALCULATE IT?

$$\text{Lifetime Value} = (nM * nO) * pM$$

nM = AVG number of months we retain a customer
nO = AVG number of not returned orders per month
pM = AVG profit margin value per order

Actionable takeaways

Customer lifetime value gives you the insight you need to determine how much money you can afford to invest into acquiring and retaining your customers.

Furthermore, by breaking down LTV by customer segments such as NPS or acquisition channels, you may find a well of insights which could turn your perception of marketing activities upside down.

#3. Orders from New Customers vs. Past Customers

This is a hugely impactful KPI to measure and is a distillation of customer retention cohort report into a single value.

What it tells you is how many orders were done by customers which already purchased in the past against customers who made their first purchase in the current period.

HOW TO CALCULATE IT?

$$\text{New vs. Past} = \text{oC} / \text{oP}$$

oC = SUM of orders by customers acquired in current time period
oP = SUM of orders by customers acquired in all of previous periods

Actionable takeaways

What makes it actionable is the insight whether you are sustainably growing or that you need to focus on retention activities.

Our experience tells us that if established fashion retailers reach less than 20 % from past customers in any single month, it's a reason to worry.

#4. Lapsed customers

You can imagine lapsed customers as analogical to churn in SaaS businesses. Lapsed customers are people who were your customers in the past, but stopped shopping. As a rule of thumb we recommend using 2x multiple of average order gap as an indicator for lapsed customers.

That being said, it's a business decision whether you consider churn based on order or any interaction with your newsletters or website.

HOW TO CALCULATE IT?

$$\text{Lapsed Customers} = t_0 > (2 * b_0)$$

t_0 = Days since the last order for individual customer
 b_0 = Average days between orders of all customers with more than 2 orders

Actionable takeaways

Customers can become lapsed due to various reasons from simply forgetting about your store to having a bad customer experience. Try to analyze common threads for your lapsed customers and fix potential issues. If you won't find obvious reasons such as low customer satisfaction, don't be afraid to ask them directly!

Above all, treat lapsed customers as prospects for reactivation. Not everything's lost!

#5. Customer Growth Rate

Using this KPI you should be able to understand how fast your active customer base is growing or if you are indeed losing (churning) customers. Customer Growth Rate is basically customer retention report fitted into a single metric.

HOW TO CALCULATE IT?

$$\text{Customer Growth Rate} = (nC - IC) / C$$

nC = New customers IC = Lapsed customers C = Total number of customers

The first two metrics - new customers and lapsed customers should be calculated within the period which we follow, although the total number of customers is the absolute number of customers who have ever purchased from your online store. You can approach the third metric as the total number of customers within the same period as the first two metrics, but our recommended approach is more widely used.

Actionable takeaways

It's one of the top-level KPIs which will alert you that something's going wrong. Unfortunately, it's impossible to determine what the right rate is that you should attain beyond saying that you should keep this metric in positive values.

Your Next Steps

Thank you for reading through this e-book and reaching this last page.

As you may have realized, becoming one of the winners in this new 4th industrial revolution within online fashion retail, or more specifically, in the online fashion retail industry, won't happen unless you embrace the change towards the new technologies enabling you to be competitive with global players who have increased the expectations.

Exponea is able to run every campaign, analysis or metric mentioned in this e-book and [much more](#) to help you on your way to becoming the next unicorn company.

What are the next steps?

- [1. Get in touch with us](#), if you would like us to help you grow
- [2. Check out our step-by-step guides](#) with new published information every week.
- [3. Follow our blog](#) where we publish industry news as well as our insights.