# Suggested Channel Improvements

**Prioritization:**

* Immediately: Deploy Strategy 1 (assume no operational barriers to making pricing change)
* After two to three weeks: Deploy Strategy 2 (lead time to set up website pop-ups, data may confound BDG and BE CVR)

**Strategy 1: Use variable shipping costs to offer BDG and BE customers discounts for longer wait times**

* **Problem statement:** 
  + How do we increase BDG and BE customer conversion when expected shipment times exceed our historical average of eight days?
* **Solution hypothesis:** 
  + Offer customer discounted shipping cost if shipment time is nine to 12 days or free shipping if 13 days or over; exact discounts and cut-offs to be determined based on product margins
* **Action Plan:**
  + Implementation (est. three weeks):
    - A/B test where variable shipping discounts are deployed to user cohorts at random, agnostic of demographic factors (e.g., geography)
    - Communicate to customers as a “shipping sale” on the website/through email blast
  + Measurement: Track BDG / BE CVR by A/B test cohort
  + Exit: Once conversion rates have normalized or underlying supply chain issues have been resolved, revise shipping costs to regular amounts
* **Open questions:** 
  + What is our typical margin on BDG and BE (to set as a cap for incremental discount)?

**Strategy 2: Offer a discount on MF items if a customer also makes BDG or BE purchases in the same order**

* **Problem statement:** 
  + How do we increase MF customer conversion and prevent churn to competitors when product pricing exceeds $500?
* **Solution hypothesis:** 
  + Offer customers mattress at discounted price if $100 of BDG or BE purchases are included in order; exact discount to be determined based on product margins (e.g., sell mattress at-cost or slight loss, and take margin only on BDG and BE)
  + Show pop-up suggestion to shop BDG or BE once customer makes MF selection(s)
* **Action plan:** 
  + Implementation (est. four weeks):
    - Discount: A/B test where variable shipping discounts are deployed to user cohorts at random, agnostic of demographic factors (e.g., geography)
    - Pop-up: A/B test two user cohorts where only one receives pop-up
    - Communicate to customers as a “new bed sale” on website/through email blast
  + Measurement: Track MF CVR by A/B test cohort combination (four combinations in total); ignore spill-over effects into BDG and BE CVR
  + Exit: Once conversion rates have normalized or underlying supply chain issues have been solved, revise shipping costs to regular amounts
* **Open questions:** 
  + What is our typical margin on MF (to set as discount)?