

PRD - Targeted Discounts MVP

ChangeLog

01/25/2023 - Initial Version

Related Documents

1. Nps_target_segments.pdf
2. [MVP](#)

Overview

Currently, sellers registered on ABC can create discounts offered on a product id to be availed by all the customers of ABC. These discounts are visible and redeemable by any customer viewing the product. While such a strategy enables sellers to drive sales volume, it lacks the ability to engage a specific customer segment and drive brand loyalty. Sellers often use personalized offers on their direct-to-consumer (D2C) websites to reduce customer acquisition costs, improve retention, and maximize customer lifetime value.

On the other hand, customers get various loyalty benefits from D2C sellers like exclusive discounts for trying a new product, buy one get one on select products, and so on however, such discounts are not offered on ABC. If they could obtain this together all in one place, it would be very convenient as a “one-stop-shop” and would incentivize shopping more at ABC.

Targeted Discounts bridges this gap by enabling sellers to choose a customer segment and offer discounts exclusively to this set of customers via email, in-app messages, push notifications, and sms texts. With targeted discounts, sellers will be able to offer higher discounts against the usual 5%-10% discounts.

We will implement the strategy in three phases. This document addresses the minimum viable product (phase 0) requirements for the targeted discounts strategy.

Vision

The vision is to increase third-party seller and customer engagement on e-commerce ABC by enabling sellers to target their customers with different purchase behaviors and cultivate brand loyalty by incentivizing repeat purchase behavior.

Key Benefits

1. Targeting different stages of a customer journey will help sellers gain loyal customers who may become vocal advocates of their brand.
2. Targeted discounts will be a win-win situation where sellers can drive the right customer towards the right product with the right incentive and customers will be able to enjoy products from their favorite sellers at a discounted price.

3. Sellers will be able to analyze the behavior of their customers and make informed decisions while formulating growth strategies.

MVP Features

Refer to related document #2 for MVP details.

1. A campaign analytics dashboard where sellers can track and analyze the performance of existing campaigns and their customer loyalty funnel.
2. Ability to create new email campaigns to target discounts for a customer segment.
3. Customers will be able to see any discounts sent to them both via email and the product specification page

User Personas

Target Seller Persona - Registered 3P sellers in the electronic goods category with gross annual sales between \$120,000 and \$10,000,000 (range analysis based on NPS findings in Q4 of 2022)

Target Customer Segments (NPS findings from Q4 2022 have identified the following segments as target personas for the MVP. Refer related document #1 for more details) -

1. High Spend Customers - Customers that spend at least \$200 on products from the seller in the last 3 months.
2. Repeat Customers - Customers that purchased at least 3 products from the seller in the last 12 months
3. Recent Customers - Customers that have purchased at least 1 product from the seller in the last 30 days

User Scenarios

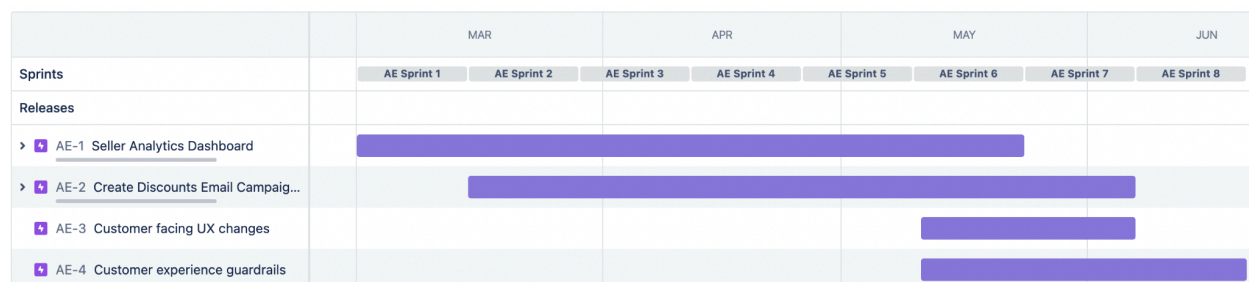
1. Sellers can reduce customer acquisition cost payback period by incentivizing high-spend customers with a discount on a minimum value purchase.
2. Sellers can create a discount targeted at repeat customers to reduce churn and increase customer lifetime value.
3. Sellers can drive brand loyalty by incentivizing recent customers with a discount to make a new purchase. This helps the sellers convert their recent customers into repeat customers.
4. Sellers can analyze the performance of past campaigns, identify their best-performing segment, and create new campaigns to increase customer engagement

Stakeholders Involved and sign-off status for execution kick-off

	Stakeholders	Status
1	Discounts creation team	Initial approval done. Minimum and maximum discount amount details are pending review.
2	Finance	Budget approved for launch and promotion of the release. Complete sign-off received
3	Legal	Compliance and regulatory guidelines reviewed and approved
4	Customer Segmentation team	Resource bandwidth approved for rules implementation for customer segments per seller
5	Technical Team	Resource bandwidth approved for end-to-end workflow implementation. Technical feasibility assessed and signed off
6	Product specification page team	Approval for the placement of discounts on the product specification page in progress
7	Email Campaign Creation	UX mockups for email campaign creation changes delayed by a week as of 01/23/2023

Release Plan

Please find the release plan with the timelines here- [Roadmap](#)



Please find epic details here - [Backlog](#)

Key Metrics

1. North Star Metric - 20% increase in average annual sales for sellers
2. We will track the following metrics to validate the success of the MVP-
 - a. Total number of targeted discounts campaign created in 2023

- b. Total number of sellers creating targeted campaigns in 2023
 - c. Total number of customers reached through the campaign in 2023
 - d. Average conversion rate of discounts
 - e. Average Incremental revenue uplift per seller due to targeted discounts campaigns
 - f. Average email open rate
 - g. Average discount offer click-through rate
 - h. Average email opt-out rate
3. We will enable sellers to track the following metrics through their sales dashboard-
- a. Distinct products purchased per customer
 - b. Repeat purchase rate
 - c. % change in sales due to the campaign
 - d. Total number of redemptions per discount campaign

Open Issues

- 1. Customers might be overwhelmed with multiple discount emails from different sellers as we scale.
- 2. If the discount amount is not high enough, it will result in an increase in email opt-out rates. Tentatively, the amount identified through the data deep-dive is a minimum of 20% of the retail price.
- 3. The seller's budget may exhaust before a customer redeems the discount.

UX Mocks [In Progress]