Faire Direct Analytics Case Memo

Objective

From *Figure1*, we can see that the number of new acquired retailers have started going down in recent weeks. In this memo, we will try to formulate some of the hypotheses to understand the possible cause of this decline and propose few product recommendations to improve Faire Direct's new retailer acquisition strategy.
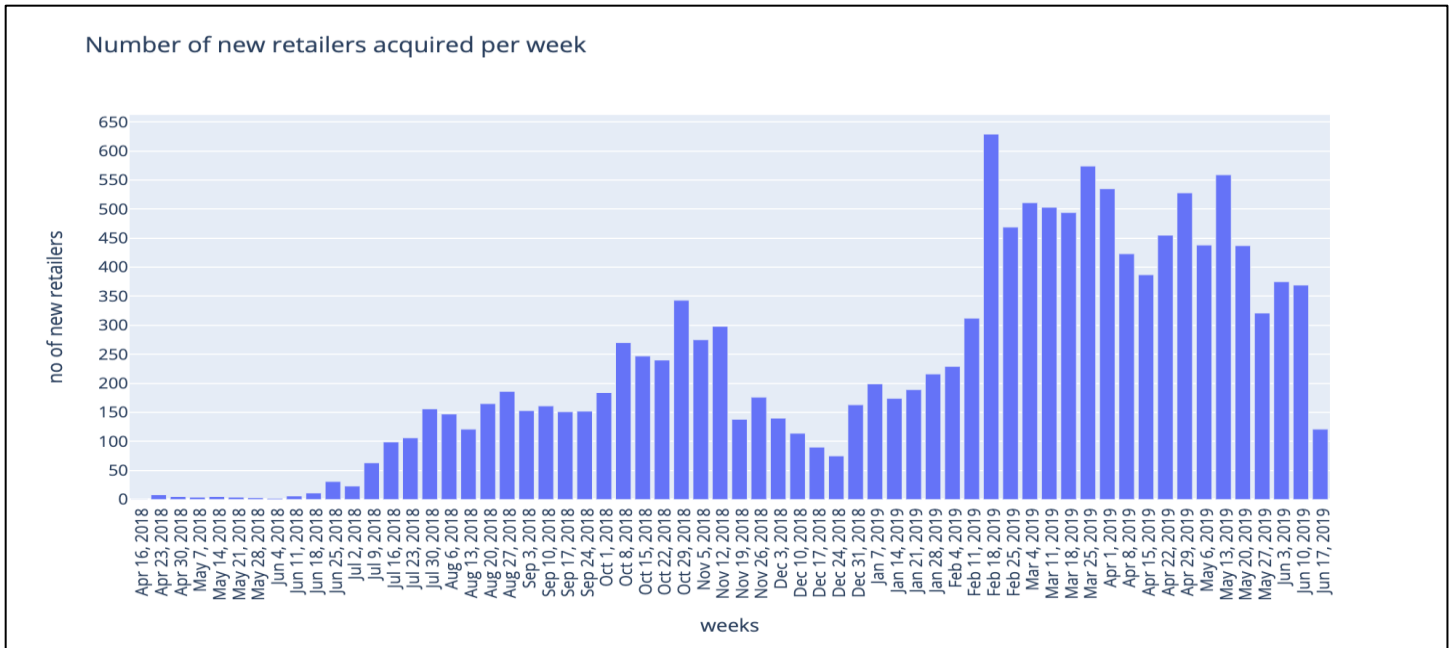

Figure1: Number of new retailers acquired per week or Number of first confirmed orders per week

We will create hypotheses based on retailers journey to place their first confirmed order through Faire Direct.
1. Brand joins Faire
2. Brand activates Faire Direct
3. Brand uses Faire Direct link in their website, email and SMS marketing and social media channels
4. Retailer clicks on the link to reach the brand's page on Faire
5. Retailer signs up for Faire Direct
6. Retailer places its first order from Faire Direct
7. Placed order gets confirmed

First Hypothesis: Number of unique clicks on the brand's Faire Direct page have declined in recent weeks leading to a lower signup rate.

To place an order, a retailer first has to sign up for Faire Direct with the brand's referral link. Analyzing the average day's difference between the clicks and signups, from *Figure2*, we can see that it is less than 2 days. Using this observation, we can attribute the signups in any given week to the clicks in the same week. Therefore, we will further look at the volume of clicks and their relationship with signups.

From *Figure3* it can be seen that the absolute number of unique clicks has gone down after 27th May 2019 as compared to the previous 5 weeks. In this same period, *Figure4* also shows a decline in the number of signups. Also, from *Figure5*, it can be seen that the percentage of clicks leading to signups has slightly decreased in the last few weeks.
As all the signups are coming from the clicks on the brand's Faire Direct pages, this lower number of signups in recent weeks could be the result of the decline in the clicks.
Another reason for lower signups may be because retailers are not able to see the complete value of Faire Direct referral immediately after they click on the link. For example, maybe the email subject and content are not compelling enough for the retailers to click on the link and signup.

Now, let's look at the different sources of clicks to better understand the underlying cause of the decline in clicks. *Figure6* shows that the number of clicks coming from Faire Direct's email system has declined significantly in recent weeks and clicks on the links received outside of Faire Direct's email system is rising. The decline in the former could be the reason for the overall decrease in total clicks in the recent weeks that we saw in *Figure3*.
There is a possibility that the reason for the decline in clicks is because lesser number of emails were sent to the retailers from the Faire system in the last few weeks as compared to the previous weeks. The reason for fewer emails could be that percentage of brands adopting Faire Direct after joining Faire has gone down.
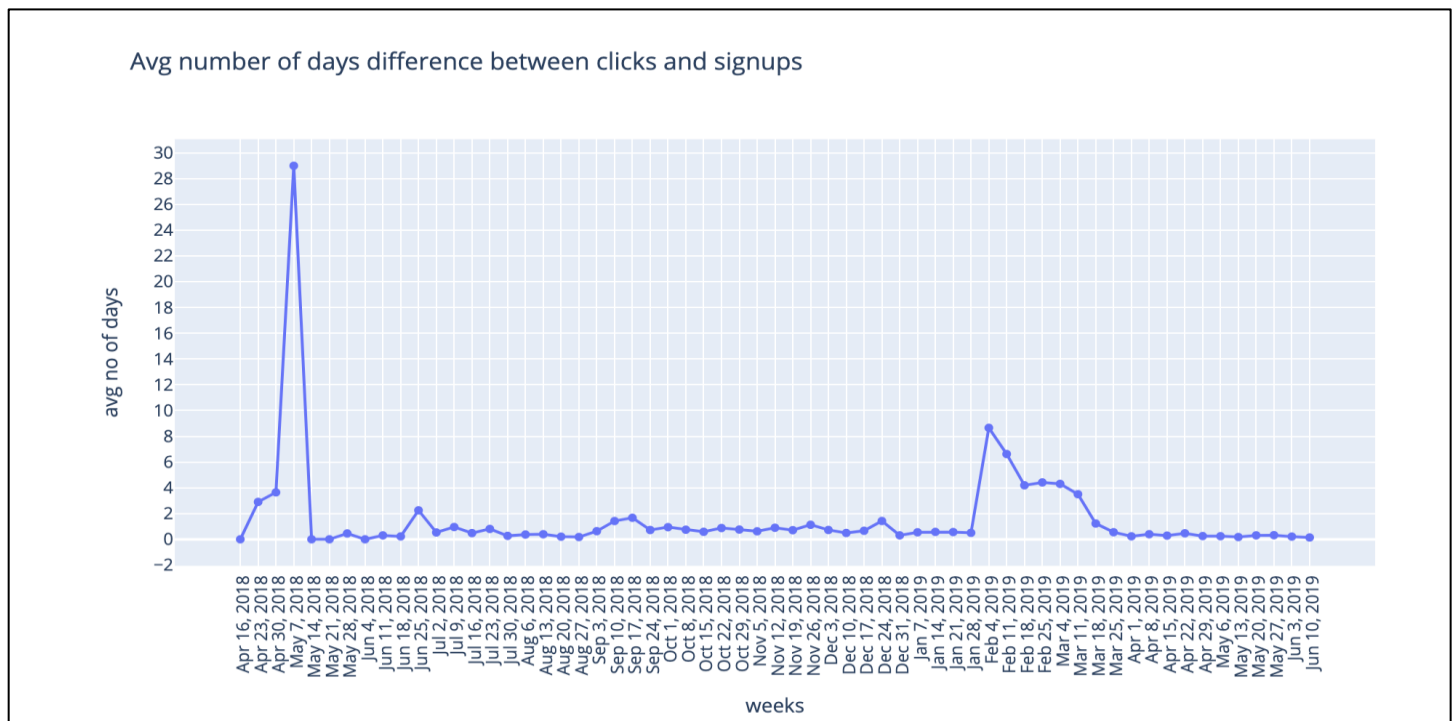*Additional email and brand data are needed to analyze these causes further.*

Figure2: Avg days difference between click and signup

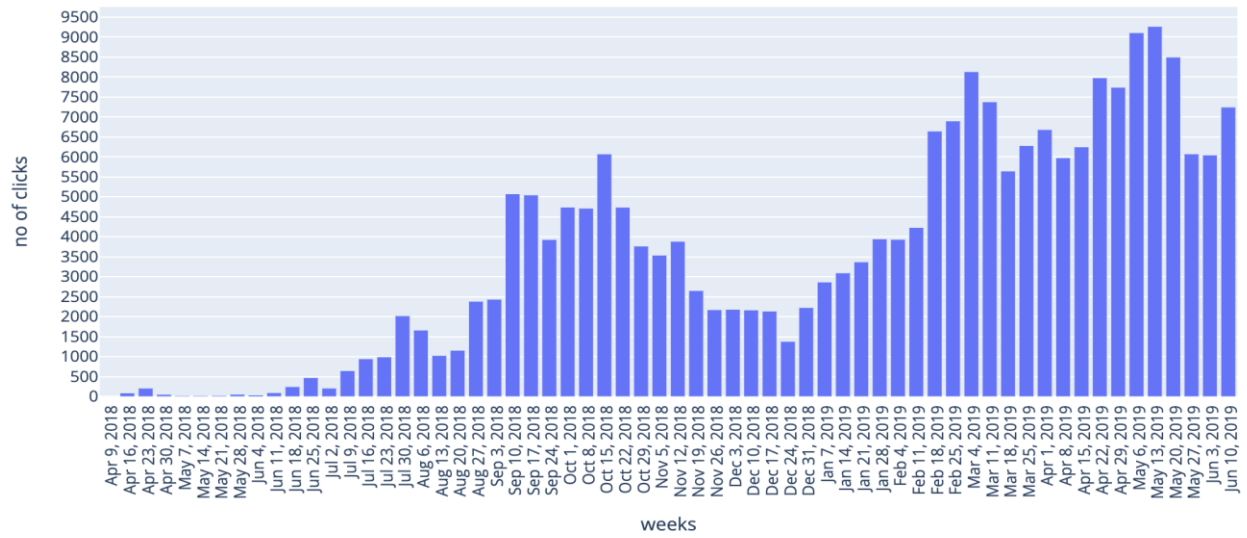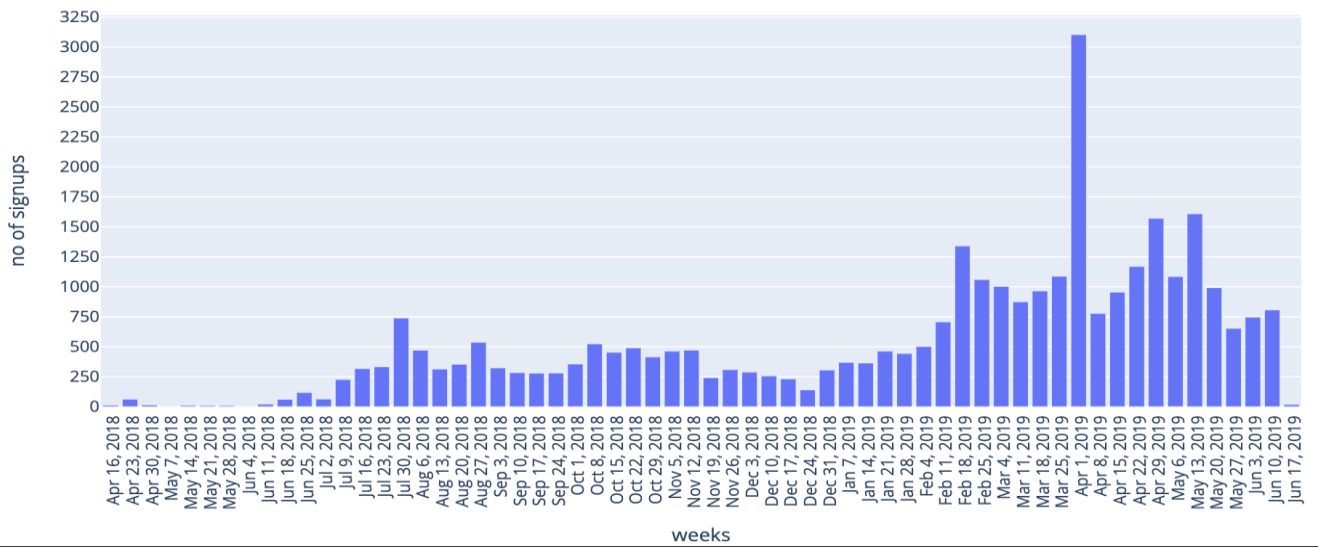Figure3: Number of unique clicks on brand's page per week

Figure4: Number of signups per week

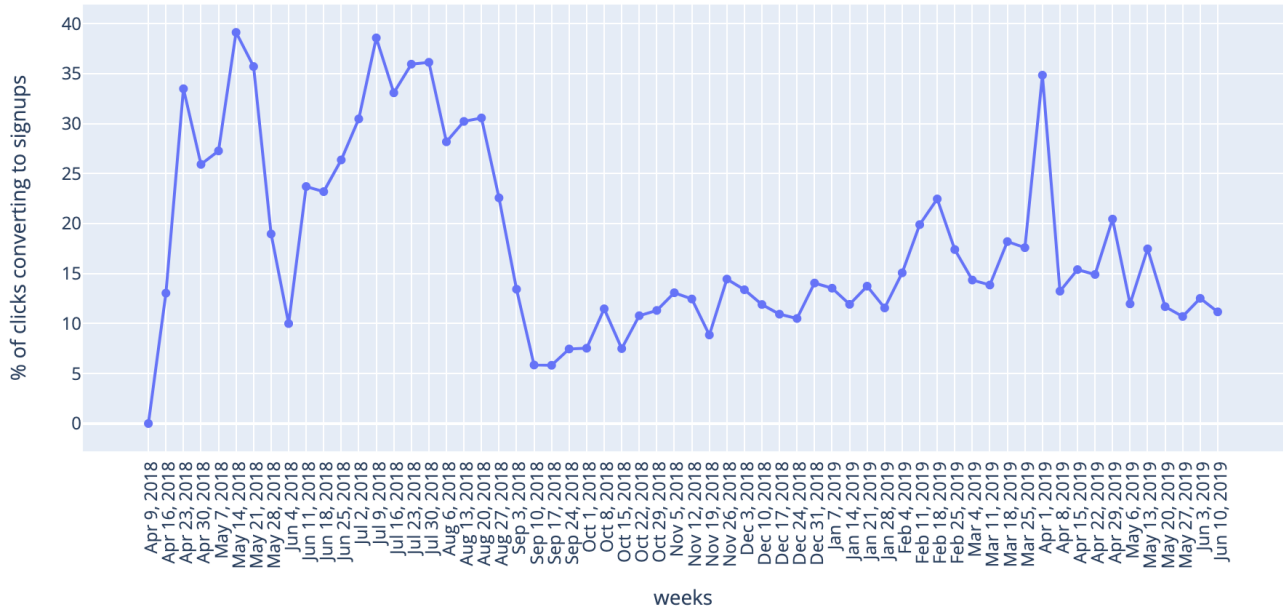## Percentage of clicks converted to signups per week

Figure5: Percentage of clicks converted to signups

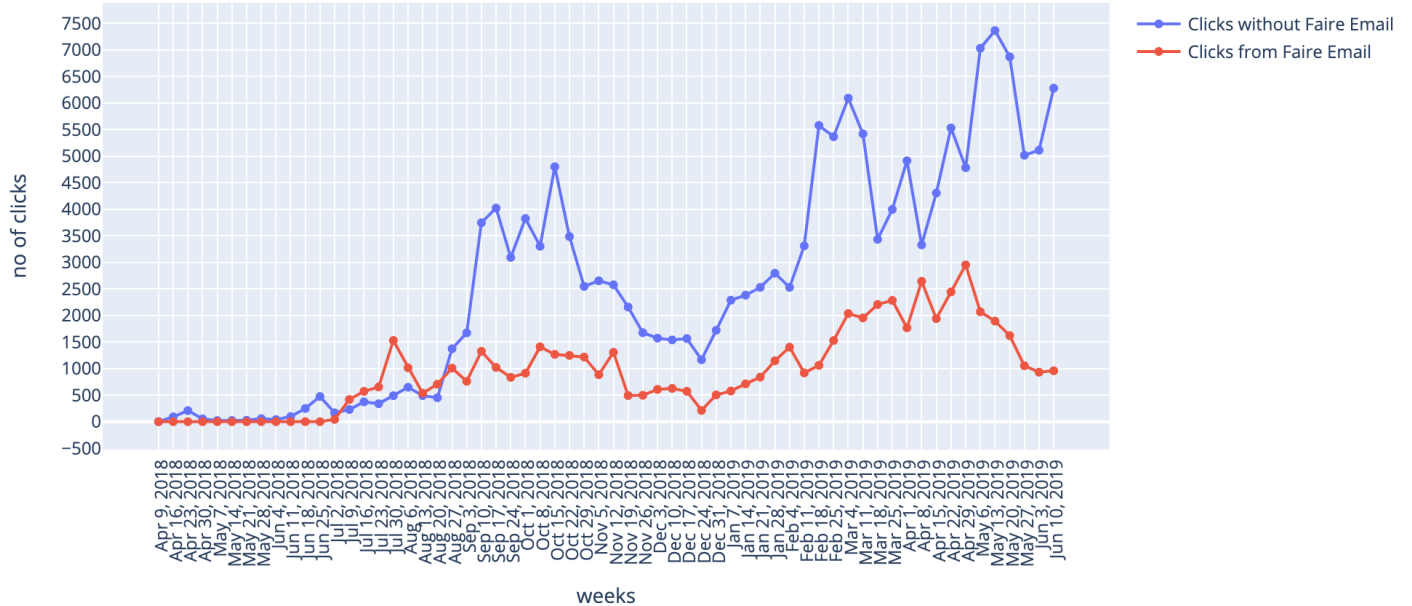Condition used: Signup was after the click

Source of the link clicked

Figure6: Source of the link clicked

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Second Hypothesis: A decrease in the signup rate in recent weeks have led to the decline in the orders placed by new retailers.

Once a retailer signs up, the goal of Faire Direct is to have them place their first order as soon as possible. *Figure7* shows that on an average the number of days it takes for a new retailer to place an order, after they have signed up, has reduced to less than 10 days in the recent weeks.

Additionally, as shown in *Figure8*, the percentage of signups leading to the orders placed by the retailers has mostly remained between 45-50%.

Since the percentage of signups converting to orders has remained similar in the most recent weeks, but the signups have gone down recently (shown in *Figure9*), we can attribute the decline in new orders to the decline in signups.

Figure7: Avg number of days it takes to place an order after the signup

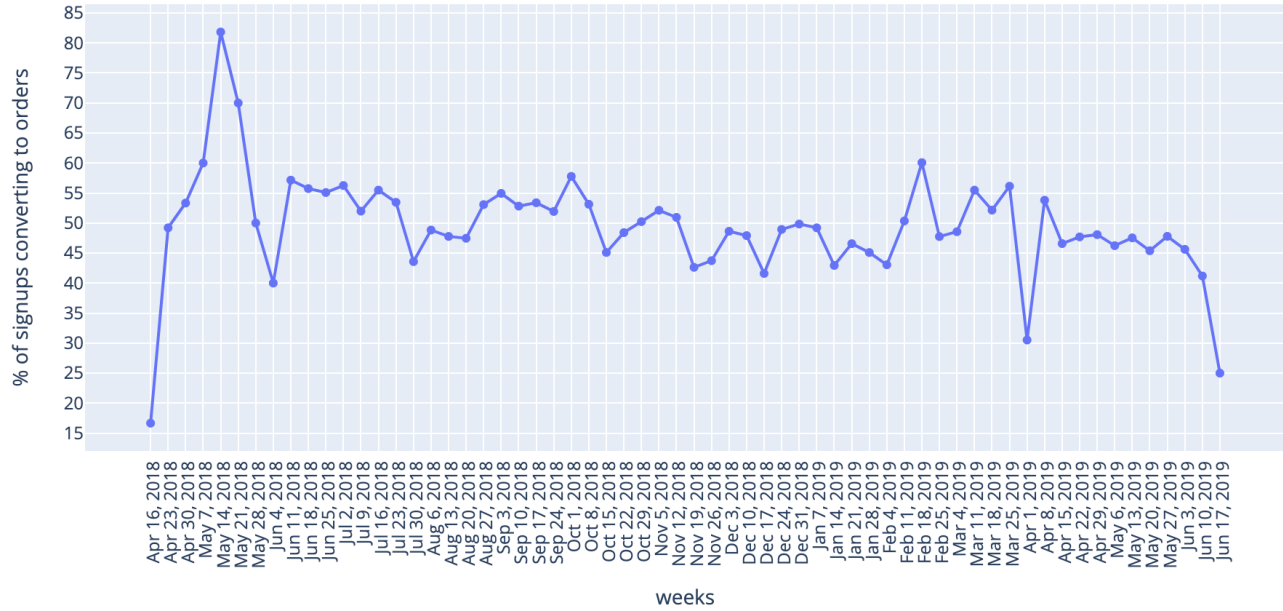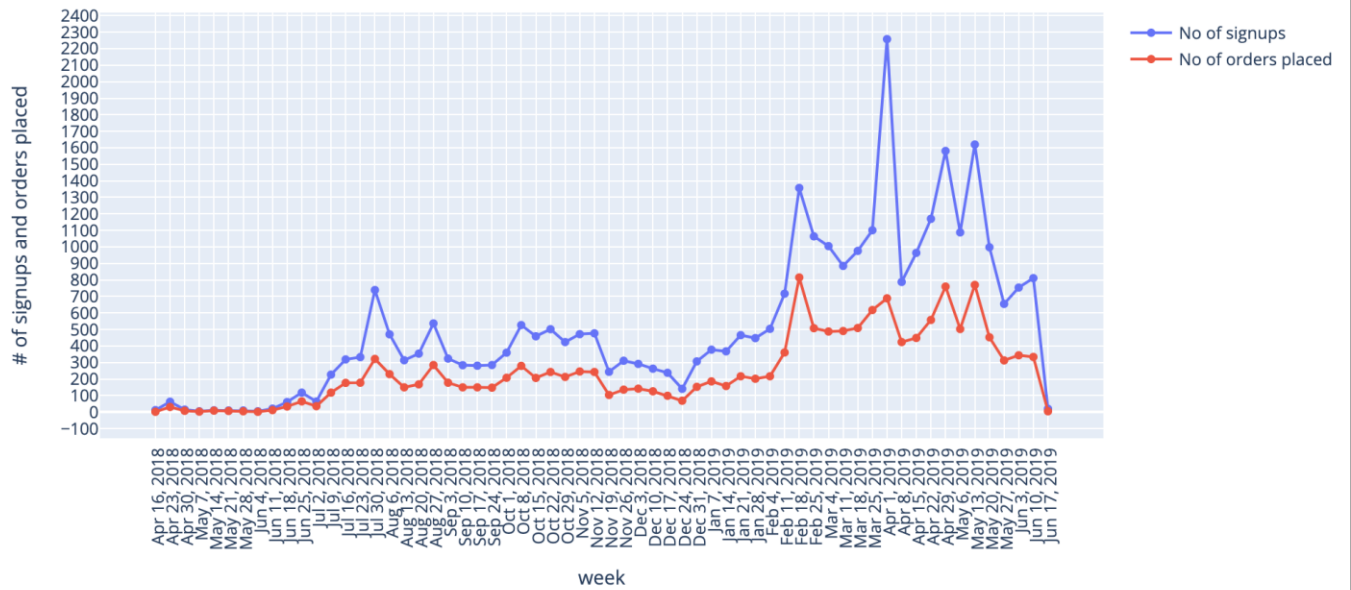Figure8: Percentage of signups converted to orders per week

Figure9: Number of signups and orders placed

<u>Third Hypothesis</u>: Every order that is being placed is not getting confirmed leading to the poor performance of the base metric

The base metric used to evaluate Faire Direct's referral program is based on confirmed orders by new retailers. Thus, a decrease in the order confirmation rate directly impacts the base metric.

As shown in *Figure10*, on average the orders get confirmed in less than 2 days. Thus, we can say that typically the orders get confirmed in the same week they are placed.

However, *Figure11* shows that in the earlier weeks more than 95% of the orders were getting confirmed but in recent weeks, the percentage of placed orders getting confirmed has declined. From *Figure12*, we can see that the red and blue lines are overlapping in the earlier months, indicating that almost all of the placed orders were confirmed, but the gap between the two lines in the recent weeks indicates that not all the placed orders are getting confirmed.

One reason for orders not getting confirmed could be because Faire might not be able to verify the credibility of the retailers to offer them Net60 terms.

Another reason could be that brand might not be having enough inventory to fulfill the order placed by a retailer, hence the brand would not have accepted the order or declined an order.

Further data is needed to perform the analysis to understand the underlying cause of this gap between placed and confirmed orders.

Figure10: Avg number of days it takes a placed order to be confirmed

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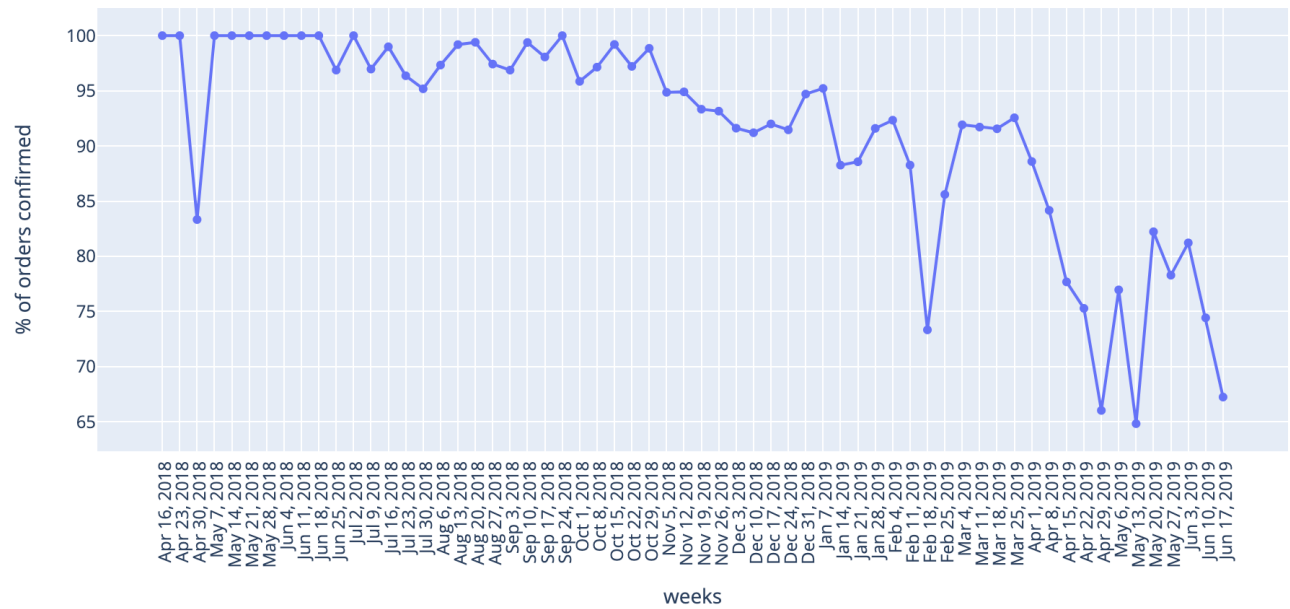
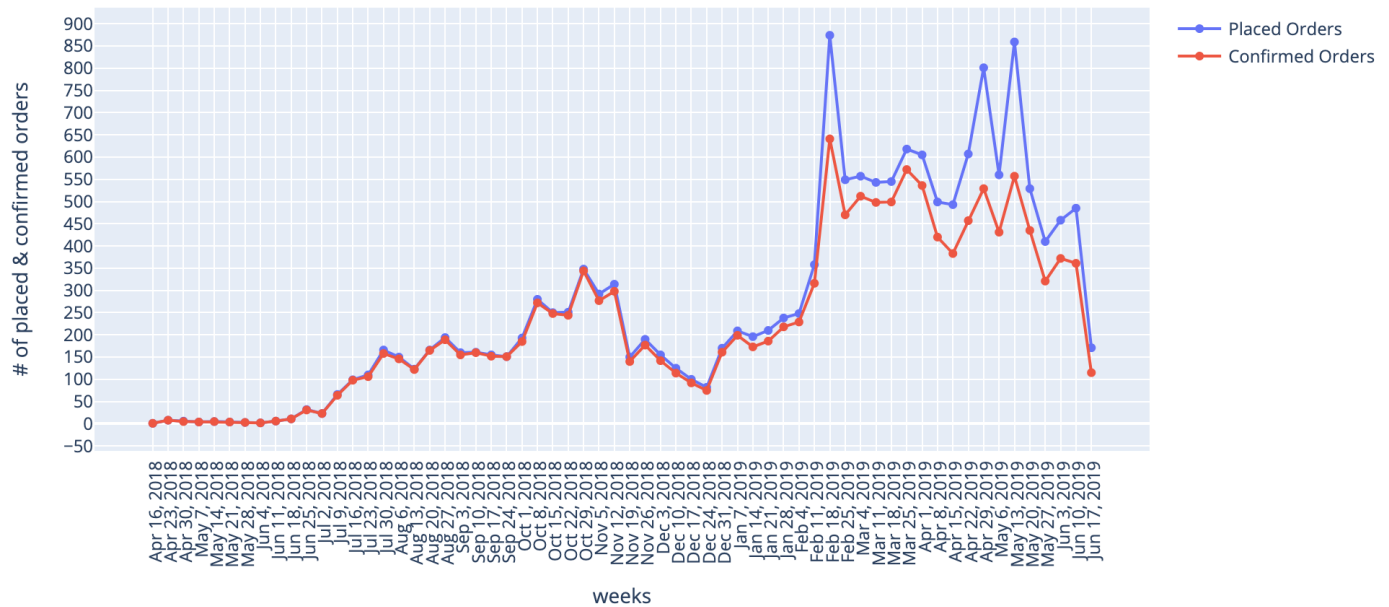Figure11: Percentage of placed order getting confirmed per week

Figure12: Number of placed and confirmed orders per week

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Product Recommendations for the First Hypothesis:

1. Improving the Faire Direct adoption rate among the brands

- Promote/Showcase the benefits of Faire Direct program on Faire's main website, so that makers can see this as an opportunity to refer their existing customers even before they apply to sell on Faire.
- Once a maker joins Faire, send them dedicated brochure or emails, clearly explaining the incentives of the Faire Direct program with a step-by-step guide about how to join Faire Direct.
- Send a survey to the brands if they have not joined the Faire Direct program even after 30 days of joining Faire with questions about why they are not leveraging Faire Direct service to refer their existing customers.
- Have an option to watch a short video about what is Faire Direct, immediately after a maker finishes signing up with Faire.
- Show customer testimonials who have had huge success in bringing their existing customers to Faire through Faire Direct.

2. Improving the click-through rate of the brand's Faire page link

- Whenever a new maker joins Faire, provide them examples (through images or screenshots) of how they can leverage Faire Direct links to engage retailers through their website, email & SMS marketing and social media channels.
- Provide email best practices, guidelines and sample templates for email subject and email body to the makers so that their email looks more authentic and chances of it ending up in the spam folder are less.
- Have a feature(widget) for the makers to send a test email to themselves before sending it to the recipient list of retailers to avoid any potential errors in the final emails received by the retailers.
- Have a feature to send and schedule initial and follow up reminder emails to multiple recipient lists of retailers across different time zones. This time zone feature would be especially useful for "Enterprise Maker" who might have retailer connections from multiple time zones. With this feature they would be able to schedule an email with the list of retailer email id and time zones and all retailers will receive an email at the same time in their respective time zones.
- A/B test with the timing and the days (weekday or weekends) when email opening and click-through rates are high and suggest makers to send emails communications during those optimal times and days.

Product Recommendations for the Second Hypothesis:

3. Improving the retailer's signup rate on Faire Direct

- Send emails on behalf of the makers (with their consent) to A/B test the emails leading to more signups. Test with different copies of the email that explains the benefits a retailer is going to get through the Faire Direct program to see which version leads to better sign up rate and set it up as a sample template.
- A/B test with the number of steps it takes or number of mandatory fields that a retailer has to fill to reduce the friction in the signup process for Faire Direct.
- Add a feature so that makers can set up automated follow-up emails after 7,14 or 21 days of initial email for the retailers who have not signed up.
- Use repetitions in the email templates to reinforce the incentives that a retailer would get by placing an order through Faire Direct after the signup.
- A/B test the CTA for the signup button on maker's Faire page.

4. Improving the sales after signup

- Add a similar feature (as suggested above) so that a maker can set up automated follow-up emails for the retailers who have not placed their first order after the signup.
- Create a sense of urgency after the signups by putting an expiration date on the incentives.

For example: 1. $100 off the first purchase within 30 days or 40 days of signup.

2. Free shipping for a year from the date of signup.

3. Free returns on the first order placed within 30 days or 40 days of signup.

Product Recommendations for the Third Hypothesis:

5. Improving the confirmation of placed orders on Faire Direct

- Prompt retailers through follow up emails or calls to collect all the necessary information after they have signed up but before they place their first order, for the verification of credibility and other relevant criteria to be able to able to offer Net60 terms immediately when they place an order.
- Have brands update their inventory in real-time so that a retailer can be notified when they are placing the order if their required quantity could be fulfilled by the brand.
- Automate the processes and steps for credit verification.