

## SUMMARY

### **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 cutoffs 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

### **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 spillover 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