



LEADING ONLINE FASHION RETAILER

GOAL

Utilize referral marketing as a new sales channel to reduce cost of customer acquisition while increasing average order value.

SOLUTION

Motivate customer recommendations through Flocktory's Post-checkout module using loyalty points as an incentive and a minimum order amount for the target purchase.

STAGES OF THE CAMPAIGN



1st Stage: Launch

The first referral campaign was launched with a discount motivation on the next purchase in return for making a successful referral. Using their internal loyalty point system, the site set the nominal coupon motivation amount equal to their existing cost per order (CPO). By using an internal loyalty reward the effective CPO was reduced as this represents a lower internal cost than that of comparative channels for customer acquisition like SEM



2nd Stage: First Results

Prior to testing different variants of incentives, visual elements, and messaging the first results were received: a 2% increase in overall sales for the site.



3rd Stage: Optimization

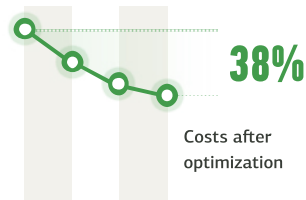
After testing and determination of the optimal incentive mix to drive recommendations, a new strategy was developed to increase average order value. To accomplish this goal, the terms of the discount was changed to apply only to purchases greater than \$145 while the average order value for the site was \$130



4th Stage: Results

COST OF CUSTOMER ACQUISITION after optimization

costs before optimization

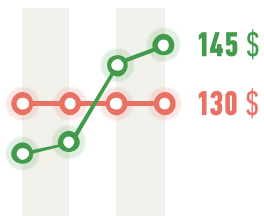


Cost of customer acquisition after optimization of the referral program decreased by 38% compared to average CPO of other channels.

AVERAGE ORDER

Previous average order

Average order value through the referral program



Average order value through the referral program was 22% higher than the site average with a value of \$160.

After 3 months of operation, the referral program was generating a stable run rate of 4% increase in overall sales for the site.