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The

Growth Marketer's Guide

To

Shopping Cart Abandonment Campaigns

This whitepaper is for **growth marketers interested in implementing high-performing shopping cart abandonment campaigns.**

Key Things You Will Learn

1 A framework for thinking about shopping cart abandonment opportunities
2 The signals and levers available to you when designing campaigns
3 Best practices for implementing, measuring and testing your campaigns

Iterable empowers growth marketers to create world-class user engagement campaigns throughout the full lifecycle, and across all channels.
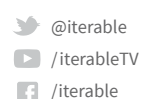
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Shopping Cart Abandonment: An Overview

If you run an e-commerce business and spend any amount of time looking at your website or app analytics, you'll probably notice that a lot of visitors put items into their shopping cart but never actually make a purchase. This is shopping cart abandonment (SCA).

There are many studies, from firms like Forrester, Comscore and others, that peg abandonment rates at 65% to 70%. The general consensus is that rates have been trending upwards in recent years — which may be attributable to the growing number of companies competing for consumers' attention.

Conceptually, shopping cart abandonment presents a large revenue opportunity. Imagine if you could get most of those abandoned carts to complete the purchase! Realistically, however, there are many reasons why shoppers abandon carts and many probably never had the intention to purchase in the first place.

However, there are equally many scenarios that give marketers hope of converting those abandoned carts into dollars. For example, the customer:

- was temporarily distracted,
- left to do more research and is still in-market,
- decided to compare prices at other sites, or
- wasn't ready to pull the trigger, but will be soon.

All of these scenarios open the door to the possibility of closing the sale, if only you could give the customer a nudge in the right direction. This is where shopping cart abandonment campaigns come in!

Before we get into the details of SCA campaigns it's important to highlight two distinctions:

- in-cart improvements vs. abandonment campaigns, and
- retargeting campaigns vs. direct messaging campaigns.

In-Cart Improvements vs. Abandonment Campaigns

At the highest level, you can address SCA in two different ways:

- Making improvements to your shopping cart (e.g., flow, images, copy, etc.)
- Executing SCA campaigns

This whitepaper is focused on executing SCA campaigns. Of course, it behooves you to also optimize your cart, and you will get the best results if you tackle SCA from both angles.

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Retargeting Ad Campaigns vs. Direct Messaging Campaigns

Once we are talking about abandonment campaigns, the type of campaign you can run depends on the information you have on the customer.

Specifically, if the cart in question is on the web (desktop or mobile) and you do not have the customer's email address, then your best bet is a retargeting ad campaign. This is because you have no way of directly messaging the customer (nor have they opted in to receive emails/notifications from you). Retargeting campaigns are an important tool and can be effective, but they are not in the scope of this whitepaper.

On the other hand, if you do have the customer's email address or if the cart was abandoned in your mobile app, then you are able to message them directly, via either email or push notifications. Direct messaging campaigns are much more likely to convert and are the focus of this whitepaper. We therefore encourage you to request customers' email addresses and to make them aware of your mobile app (if applicable) whenever possible.

Figure 1:
How to address SCA

Scope of this whitepaper

A Framework for Thinking About SCA Campaigns

Many marketers think of SCA campaigns as simply sending an email that mentions the abandoned items some time after the customer abandoned their cart. While this is the core of a campaign, it ignores the rich signals that can inform the campaign and the levers that improve its performance.

Figure 2:
SCA campaign framework

A/B testing framework

KEY
Signals
Levers
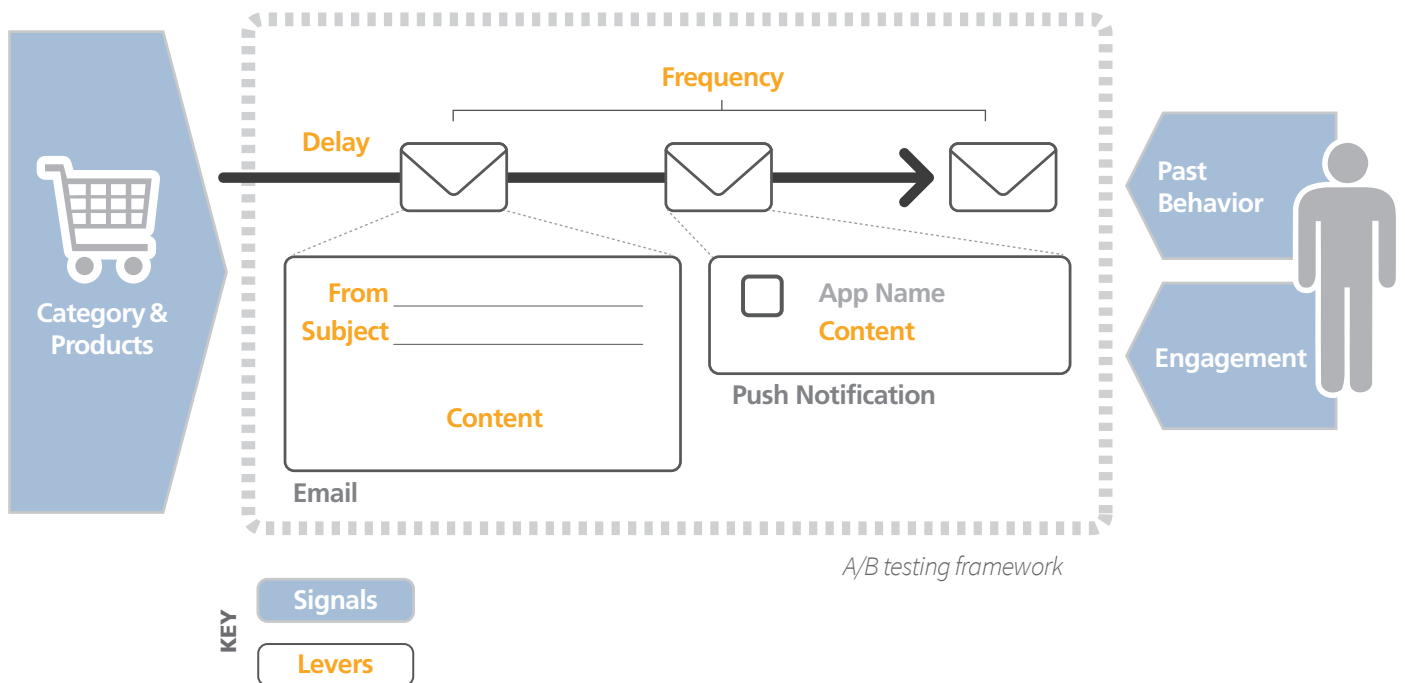
Before we delve into the signals, it's worth mentioning an important caveat: the importance of these signals, and what they exactly mean, will vary and may be specific to your business. However, growth marketing is all about testing and optimizing — and all of these signals present great opportunities to do just that.

Here follows a rundown of the signals you should take into account when planning a campaign. For each signal we reference the levers they may impact, each of which we'll cover in the next section.

Signals

Engagement

A key signal that can impact your campaigns is the level of engagement the potential customer displayed in an abandonment instance. In other words, did they really have buying intent? The higher the engagement, the more effort you want to put into messaging the customer and converting them.

The variables to look at include:

- number of items in the cart
- stage of abandonment
- time spent browsing
- number of abandoned carts in the recent past (e.g., 1 week)

How can you use these signals?

As mentioned above, the exact meaning may vary by category. However, here are some examples:

- A customer that uses the shopping cart as a wish list may have a large number of items in the cart and/or may have abandoned multiple carts in the recent past. They may turn into a customer eventually, but they are not as likely to convert immediately. Furthermore, you don't want to annoy them by sending them emails with many products or multiple emails over short periods of time for items they have no intention of buying. These potential scenarios can be addressed by pulling the right levers, namely message frequency (lower) and delays (higher).

- A customer that left a cart after shipping costs were incorporated into the total may have balked at paying for shipping. While that cost may be unavoidable, a key lever would be the campaign content — for example, a one-time offer for discounted shipping.

These are just two examples of how engagement signals can be used in crafting different aspects of abandonment campaigns.

Past Behavior

Past behavior, and your knowledge of a potential customer is also a key signal of how likely they are to complete a purchase and how you should target them.

In this category, some of the variables to look at are:

- customer tenure
- web vs. mobile use
- past purchases
- loyalty memberships

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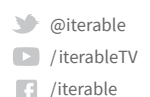
Here are three examples of how to use these signals:

- A long-time, regular customer should be treated differently than a new or potential customer. In some categories, you may want to aggressively pursue the regular customer's conversion (via higher frequency or an offer), while in others you may decide the regular will come back on his own and does not require a campaign.

- A customer who is a member of your loyalty program may be enticed to come back and buy if you include a relatively inexpensive offer involving loyalty currency, as opposed to an actual discount.

- A customer who abandoned a web cart, but has completed purchases in the past on your mobile app may be more receptive to messages on their mobile device. In this case, you could choose to message him via push notifications for at least part of your campaign.

These examples show how knowing a little bit about past behaviors can go a long way towards informing and maximizing how you target any given abandoned shopping cart.

Product and Category

Finally, the last set of signals relate to your retail category, your products and cost level. While some products are inexpensive and may be bought impulsively, others are slower to move and require some level of education or research to convert.

Here are two examples of how these signals may inform how the campaign is executed:

- A customer that added one or more high-ticket items to their cart after significant total browsing time may be evaluating an important purchase. The abandoned cart may not mean they won't buy, but rather that they need additional convincing via reviews, ratings or general product education. In this case, the right levers to pull may be the campaign content (educational, reviews/social proof) and frequency (higher).

- A customer that left relatively low cost consumable items in their cart may just need a quick nudge, perhaps something that makes their life more convenient. A subscription offer or a quick reminder that they need to replenish the items may be all they need to complete the purchase.

As we've seen, there are several signals and data points that can inform an SCA campaign beyond the standard "send one email" option. Each retailer will have different signals and different ways of interpreting them. The constant for a growth marketer should be to seek out the right signals and test how they are interpreted.
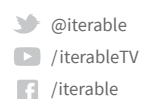
Campaign Levers

Now that we have a framework for thinking about the signals used in crafting the campaigns, it's time to talk about the concrete levers that you can pull.

Messaging Channel

This will usually be fairly straightforward: if the abandonment happened on the web, and you have a customer's email, you will likely follow up via email. If the abandonment happened in a mobile app, you can choose to do push notifications. However, for cross-channel retailers there are very interesting opportunities in engaging customers across channels.

Delay

This refers to the time that passes between when a cart is abandoned and when you first contact the customer. It could be anywhere between a couple of hours and a couple of days.

Frequency

Once you've sent an initial message, you have to determine how many times, and how quickly, you will follow up. Most campaigns do 1 to 3 messages, with a spacing of 1 to 2 days.

Subject and From Field (for email)

Different subject lines and from fields can have a significant effect on open rates, so it's worth doing extensive A/B testing on these. More on this in the following section.

Content

Finally, and very importantly, you need to decide what content you'll include in the messages. Push notifications are usually just a couple of sentences while emails give much more flexibility. Content possibilities include the abandoned products, an offer, social proof, reviews or informational content.

Measuring, Testing and Optimizing

Now that we've reviewed the signals and the levers that you'll use to design your campaigns, it's time to talk about what you will measure and how you will test and optimize.

Figure 3:
Measurement, testing and optimization framework

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
Define metrics you will track	Define metric you are optimizing for	Define customer segments to test against	Run simple campaign to establish baseline	Systematically A/B test signal hypotheses and campaign levers	Run with the winning campaigns, re-test periodically

In order to get the most out of your SCA campaigns, it is important to define the metrics you will track. The important ones are:

- Delivery rate
- Open rate
- Click-through rate
- Conversion rate (usually defined as a resulting purchase)
- Total revenue earned
- Revenue earned per abandoned cart

It's important to drive towards collecting revenue and revenue/cart as a metric because that is what you are ultimately trying to optimize for. Stopping at just a "conversion rate" metric risks not giving you the full picture. For example, you could have a reasonable conversion rate, but you could be leaving money on the table if only low-cost items are being purchased because you haven't done the right optimizations for converting higher ticket items.

The ability to see metrics by segment is also key. If you implement campaigns that use the signals we have discussed above, you will likely have different customer segments that warrant analysis and optimization. For example, you will want to see how your SCA campaigns performed with past purchasers as opposed to first-time visitors.

Finally, having a testing mentality is key. Every single of the campaign levers we discussed above are testable. The testing may be simple (e.g., slightly different subject lines), of medium complexity (e.g., testing different campaign delays and frequencies) or advanced (e.g., first sending an educational email instead of just retargeting messages).

In terms of how to go about the testing, we recommend setting an initial performance baseline. You can do this by first implementing a basic SCA campaign across all abandoned carts: send one email 24 hours after abandonment occurs. Let that campaign run until you have statistically significant results (the time necessary will of course vary based on your traffic). After that you can start to send different campaign types to different customer segments, as well as A/B testing different levers within individual campaigns.

One word of warning: do not spread your audience too thin by running too many segments or tests at the same time. It's better to run tests so that you are confident in the results, even if it takes longer (weeks instead of days), rather than squeezing too many tests into a short period of time.

How to Implement

We've thrown a lot of information at you in the last few pages. Which still leaves an important question: how will you actually implement shopping cart abandonment campaigns using all these recommendations? It isn't a trivial endeavour and you need a tool with the right functionality and the right data.

Here is a rundown of the functionality you will need:

1 - User profiles that can accommodate arbitrary data and events
2 - Segmentation that can leverage any combination of those data and events
3 - Campaigns and templates that can be targeted and customized
4 - Workflows that automate campaigns and execute arbitrary logic
5 - A/B testing that works across all the variables you need to test
6 - Analytics and reporting that gives you real-time, segmented information
7 - Messaging best practices around deliverability, authentication, etc.

Finally, you will need some integration points between your e-commerce system and your growth marketing automation platform. You need to share data on users (e.g., purchases, tenure), triggers (e.g., cart abandonment) and conversions (e.g., purchases and dollar amount).
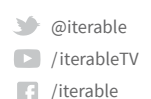
Implementing with Iterable

Our goal with this whitepaper is to help marketers execute effective shopping cart abandonment campaigns, regardless of tool. But we would be remiss if we didn't mention our own growth marketing platform: Iterable.

Iterable customers can execute every single strategy mentioned in this whitepaper today. In fact, we have great examples of shopping cart abandonment campaigns, including workflows and other details, in our Support Center (support.iterable.com).

We encourage you to take a look at Iterable as you evaluate the tools you'll need to implement your campaigns.

Questions You Should Answer

Before you embark on implementing your shopping cart abandonment campaigns, we recommend that you think about and answer the following questions:

1 - How big of a problem is SCA for my business?
2 - Where does the abandonment occur? Website, mobile app or both?
3 - Does my cart have multiple steps? Does abandonment vary across the steps?
4 - What do I know about the users that abandon shopping carts?
5 - What type of products do people buy on my site/app? Are they low-cost/impulse
6 - buys or higher-cost/research buys?
7 - Does my average customer make multiple visits before purchasing?
8 - Is shipping a large component of total cost?
9 - How willing am I to give customers special offers to encourage purchases?

Taking some time to think about and answer these questions will put you in a better position to design and execute on world-class shopping cart abandonment campaigns!

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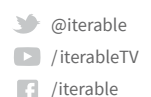
Thank you for reading this whitepaper. If you have any questions or feedback, we'd love to hear from you. You can email us anytime at: **hello@iterable.com.**

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