Basic Boho Consulting Project
A/B Experiment

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Business Overview
Basic Boho is an online store owned and operated by Tree Lim. Basic Boho's brand is focused on affordable goodies that are bohemian and tribal inspired, including many handmade jewelry pieces. There is also a great emphasis on personal expression and breaking the traditional mold of what is expected.

The business uses Big Cartel for eCommerce which allows customer and purchase tracking as well as promotional options. Basic Boho has a large following on Instagram with over 8,500 followers, and a large portion of business is driven through users on Instagram. This is largely due to the fact that Ms. Lim focuses on interacting with her customers and replying to their comments. Considering Basic Boho is owned and operated by Ms. Lim herself, the business faces the reality of limited resources. Inventory management and understanding customer needs is crucial to keep costs down and revenue up.

In the past, promotions online have been the most effective. The top two strategies that the business has focused on are advertising on social media and utilizing relationships with highly followed bloggers on Tumblr.

Customer Base
Basic Boho faces one of the major marketing problems of customers are different. The business has a wide range of customers demographically, ranging from young tweens to middle aged and Basic Boho's customers are all over the world. Customer purchasing habits are also very different. There are the single item customers who buy one item for $3-5 and then there are bulk customers who will spend $80 or more. There is also variance where her customers find her business, such as online versus Instagram and how much they want to interact with the business and the brand itself. With all these aspects to consider about customers being different, they are also changing and modifying their preferences. For instance, customers that used to be just website users now follow the business on Instagram and expect a new level of brand interaction.

Competition
Basic Boho faces four main sources for competitors, Etsy, Big Cartel, Shopify, and Storenvy.

Etsy is a major platform for competitors, especially since it is well established as a marketplace for handmade items including jewelry. There are many shops that specialize in bohemian or tribal inspired jewelry and all of them are technically competitors. Big Cartel, Shopify, and Storenvy all have personal shops that specialize in handmade jewelry and all can be treated as sources of competition. This type of competition is challenging because it is difficult to know how the competition is reacting and how it may affect the business.

The Business Issue
The goal for the consulting team was to acquire new customers by utilizing current customers through promotional programs while keeping purchases profitable.

Program Tested: A/B Experiment for Acquisition and Referral
The consulting team came up with an experiment to test the success of current customers referring new customers and the acquisition of those new customers. An A/B email experiment was chosen because for such a small company, a different experiment could

have been too complicated especially given the small test pool. Email also offered the best data tracking compared to other options.

Design of Experiment
The experiment was designed to test the effectiveness of acquisition of new customers through referrals. The experiment was carried out using MailChimp and sending two separate email campaigns to two separate lists of customers. The A Group was based around a social aspect of giving a friend $10 off their purchase and then getting $10 off your purchase. The subject line of the Group A email read: "Spread the love! Give $10, Get $10." The full campaign for Group A can be found in Appendix A. Group B was simply giving a friend $10 off with no added incentive to the original customer. The subject line of the Group B email read: "Give the gift of Basic Boho." The full campaign for Group B can be found in Appendix B.

Data Analysis and Results
MailChimp offers data on the results of every campaign sent. The data aspects most important for this experiment are the open percentage of the email, the total number of times the email was opened including repeat opens, subscribers with the most opens, the 24 hour performance of the email, and the top locations for opens.

Group A (Give $10, Get $10) Data
Group A had an open rate of 41%, which is extremely high based on the eCommerce industry average of 10.9%. One of the interesting data pieces from this group was that there was almost double the amount of total opens versus just the number of email opens, which means that multiple subscribers opened the email more than once, in face this number was almost 50%. This indicates interest in the campaign content and interest in the promotional deal. The exact data for repeat opens can be found in the subscribers with the most opens section of the campaign report. Looking at the 24 hour performance indicates how the opens and views were distributed over 24 hours and with Group A, there were variances throughout the 24 hours after launch. The top locations for opens is not the most important data piece but is helpful to look at for possible future geotargeting. The three reports discussed above can be found in Appendix C.

Group B (Give $10) Data
Group B had an open rate of 21.1%, which is still high compared to the eCommerce industry average of 10.9% but much less impressive than the 41% of Group A. The total opens versus just the number of email opens was also drastically lower in Group B with less than 25% of subscribers opening the email a second time. To go along with this lower number of total opens, the subscribers with the most opens topped out at two opens meaning no subscriber opened the email more than twice. The 24 hour performance on Group B was interesting because it was so limited. During the 24 hour period after launch, the first four hours was the only chunk of time where the campaign received opens. After the four hour mark there was no activity. Again, the top locations for opens is not key to our experiment in particular but could be in future marketing efforts. The three reports discussed above can be found in Appendix D.

Assumptions and Risks
This data analysis is based on the simple and easy to digest statistics that MailChimp offers.

It assumes that differences seen in effectiveness is based solely on the deal itself and doesn't take into considerations factors such as the differences in copy design and customer differences in each list of subscribers. It is also challenging to know what the competitors are doing and how they may be reacting because of limited resources of the business.

Effectiveness Evaluation
The experiment itself addressed the business owner's needs directly and provided data to use going forward. The method of dissemination was very effective because it allowed for data analysis and tracking and also exposed data about her customers in general such as their location. These aspects put together provided the business with information about how she can interact and utilize marketing strategies to increase CLV.

The deal itself was challenging because the minimum purchase was $25, which is fairly high – although the team did calculate that her average order is around $20. The deal could have been scaled to be $5 off $15 or something in similar monetary value. In addition to scaling the deal, a larger scale sample size would have been extremely beneficial to the results of the experiment. Not only because it would be more representative, but because it would allow for a two-by-two experiment. The consulting team would have liked to be able to test which is more effective, a dollar value off or percentage value off. The deal should have also had a limit on when it could be used and more similar copy to eliminate any variation in results.

Recommendations
Given the experiment and the data analysis, the consulting team has come up with two major recommendations: focus on incentivized social referrals such as the Give $10, Get $10 and target subscribers with multiple opens. A secondary recommendation was also made to geotarget popular locations based on where the customers are.

Give $10, Get $10
From the data, it is clear that incentivized social referrals are more effective than just giving a referral. This being said, it is twice as expensive to do this program so the deal should be scaled. In addition, the team would recommend running the experiment again taking into consideration aspects that were mentioned in the effectiveness evaluation.

Target Subscribers with the Multiple Opens
Subscribers who have opened the email more than once and especially more than twice are obviously interested in what the email has to say and the deal that is being offered. If they have not yet made a purchase, these customers should be targeted with a follow up email to encourage their purchase.

Geotargeting Popular Locations
This recommendation is based on future marketing efforts. It would be interesting to do some research on what marketing strategies are effective in the different countries where Basic Boho has customers and then execute geotargeting marketing efforts.

Appendix A
Group A Email Campaign

Give $10, Get $10

View this email in your browser

BASIC BOHO

Give $10, Get $10!

Valentine's Day may have come and gone but it's not too late to spread the Basic Boho love. Want in on that action? All you have to do is share your personal promo code with a friend. They will get $10 off from your referral and you will get $10 off when they make their purchase.

Here's how to do it:

1. Share your personal promo code with a friend
2. They enter in the promo code when they make their purchase
3. You will receive a new promo code just for you!

Your personal promo code is: << Test Discount Code >>

Easy enough, right? Happy shopping!

*Basic Boho Referral Policy: $10 off applies to orders of $25 or more

Appendix B
Group B Email Campaign

BASIC BOHO

Give the gift of Basic Boho
$10 off $25

Valentine's Day may have come and gone but it's not too late to spread the Basic Boho love. Want in on that action? All you have to do is share your personal promo code with a friend. Because of you, they will get $10 off their purchase of $25.

Here's how to do it:

1. Share your personal promo code with a friend
2. They enter in the promo code when they make their purchase
3. You feel amazing because you basically gave your friend free money

Your personal promo code is: << Test Discount Code >>

Easy enough, right? Now spread the Basic Boho love!

MailChimp

Appendix C
Group A Data
Give $10, Get $10

Subscribers with most opens

kryssyhendrix@yahoo.com	6
mschettler@comcast.net	5
janekragh@comcast.net	3
roelofvalentine@gmail.com	2
paulaalley2@aol.com	2

24-hour performance

Opens   Clicks
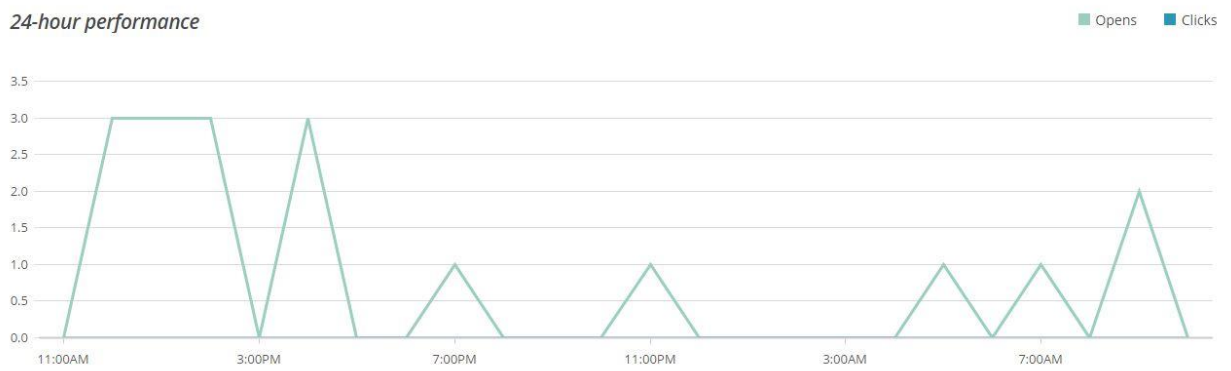
Top locations by opens

USA	25	89.3%
Australia	1	3.6%
Indonesia	1	3.6%
Japan	1	3.6%

Appendix D
Group B Data
Give $10

Subscribers with most opens

emiliarodi@live.se	2
nevans@uoregon.edu	2
vquijano3@aol.com	1
gilbertc@goldmail.etsu.edu	1
brianna0217@hotmail.com	1

24-hour performance ■ Opens ■ Clicks
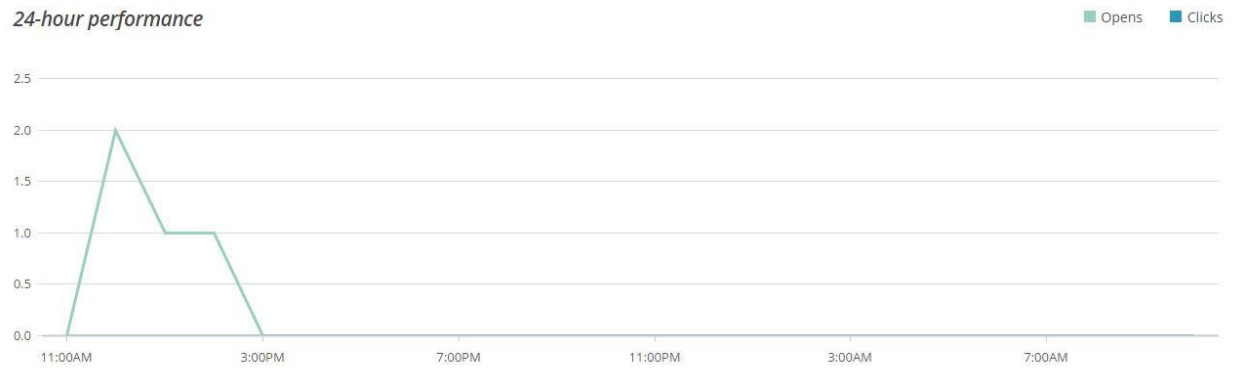
Top locations by opens

🇺🇸 USA	8	80.0%
🇸🇪 Sweden	2	20.0%