



Shopify Business Owners...

Do you want to increase your acquisitions, repurchase rate and revenue?

As the Director of Client Success at ReSci, my team and I strategize with successful Shopify businesses regularly to keep them driving increased sales. This article will cover the 7 most expensive mistakes Shopify store owners are making right now.

We'll dive into the specific tools and plugins that will solve each of these 7 mistakes.

First, we're going to cover:

- An explanation and example of each mistake
- Why these mistakes are critical
- Why these mistakes are costing you money
- What "the experts" do differently

This guide is for you if...

- You're unsatisfied with revenue month-over-month, despite your best efforts
- You're using slick apps and plugins but sales haven't changed
- You're overwhelmed with the tools available, and don't know if your money is being well spent
- You're paralyzed by a fear of lost customers, unresponsive leads and wasted time
- You're manually doing a ton of work so that sales won't fall off a cliff

You may have heard about companies on Shopify getting crazy results. You may have even tried to emulate those results with little success. If you believe there are secrets and tools savvy Shopify businesses use that you don't - you're probably right.

It's that common problem where, "You don't know what you don't know..."

Today I can see Shopify users, otherwise bound to drive crazy revenue, holding themselves back. It's frustrating as a marketer and business owner. That's why I'm writing this today. I've been there.

Many years ago I started working with extremely successful Shopify companies that "get it."

I remember when I watched a business within 3 months double their monthly revenue from email. I saw this happen *over and over* until I began investigating what they did differently. It soon became crystal clear that the 7 mistakes in this article are the most expensive errors that kill your revenue and margins.

Shopify Mistake 1: You Focus On A “Welcome” Email Series Without Considering Customer Lifecycle

You probably have a plugin, ESP or tool to send new visitors a “welcome” email series when they join your list. In fact, your average Shopify business will only have 4 stages of communication for customers:

1. Welcome email series (sent when people subscribe to the company's list)
2. Abandon Cart email series (when those customers abandon their cart)
3. Post-purchase or "Thank You" email (for after a customer completes a purchase)
4. A Winback email series (to reach customers who have already left)

Here's the problem...

This is tanking your sales.

There are a total of 18 communication stages in the customer lifecycle. Shopify experts account for ALL of these stages. What are the other 14 stages? Quick examples are "Search Abandon," "Ready to Buy" and "At Risk."

According to BCG, brands that use technology and data to offer customers personalized experiences are seeing revenue increases of 6-10%, 2-3x faster than those that don't.

Forcing someone down a 10-email, “welcome” series without considering if another email would convert better isn't doing your conversions any favors.

Let's say on email 3, a browse abandon email would be more likely to convert me. Or what if on email 2, my friend Jerry would convert with an "At Risk" email because his behavior is signaling he will soon churn?

Marketing technology has moved forward.

Not only does modern technology allow you to personalize the type of email you send to every individual user, but personalize the content within every email as well.

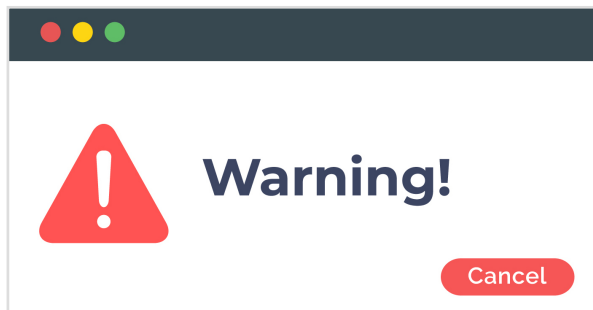
Your communication with customers must be dynamic and responsive to user actions and behaviors. Understand how each user is reacting to your emails and adjust in real time.

A generic email tool that just builds out workflows isn't going to allow for this flexibility. It's not personalizing your messaging at scale.

Sound complicated? It's not...

... because Shopify businesses have easy-to-use tools that do this kind of thing-
automatically.

Imagine if you just submit the correct content and the technology does the rest. These plugins leverage Artificial Intelligence and Machine Learning but with a super simple user interface for the regular Shopify Store owner.



Vendors are tricky. Remember, there's no automation or predictive aspect if a platform doesn't use Artificial Intelligence. A static, linear trigger series lacks personalization, doesn't scale and wastes precious contact attempts.

Shopify Mistake 2: You Send Emails at Random Times

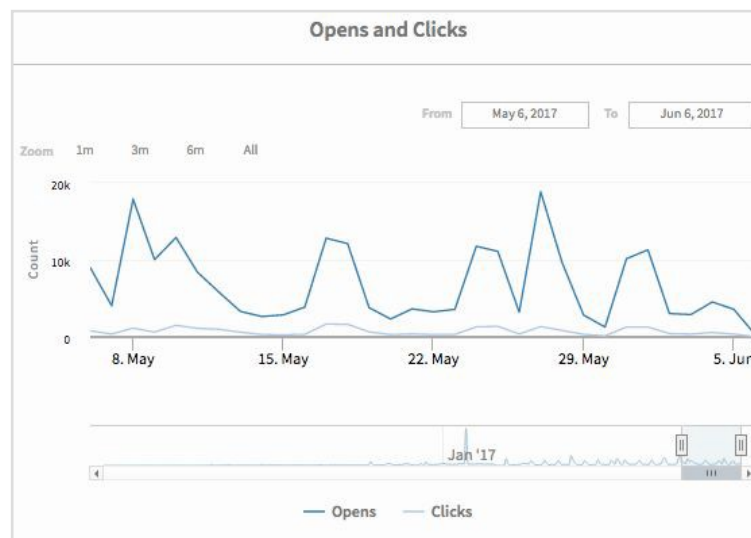
Most Shopify users setup their businesses to send emails at an arbitrary time and frequency, defined by the business owner.

But you've heard your whole life that "timing is everything," especially when it comes to making a sale. So why would you ignore this basic aspect of communication with your customers by sending off randomly-timed emails?

If you're anything like me, you've probably read 50 blogs explaining the perfect time to send an email. The problem is they use an average time, or at best a median time, not looking at people individually. Why is this important?

- Person A always opens email and engages at 10am
- Person B always opens and engages at 2pm

Would you then average the two and send an email at 12pm? If you're using a median, it's just as bad... 50% of your customers fall above that time, and 50% fall below that time. Then there's the worst idea of all: sending a promo blast to everyone at 9am just to make it "easy".



Can you imagine what a 20% increase in open rates would do for your sales and customer engagement if you speak to customers when it's comfortable for them?

Shopify Mistake 3: Your Product Recommendation Engine Is Basic

A Product Recommendation Engine is a powerful tool for customer retention: it can boost average order value by 50% and increase revenues by 300%.

Product recommendations may seem straightforward. But if you're simply recommending items related to previous purchases, or retargeting based on browsing behavior, you're missing hidden signals and trends. Often, these types of algorithms fall short of creating great recommendations for unique business needs. **Using unrefined out-of-the-box recommendation engines yields poor results- and your revenue will take a hit.**

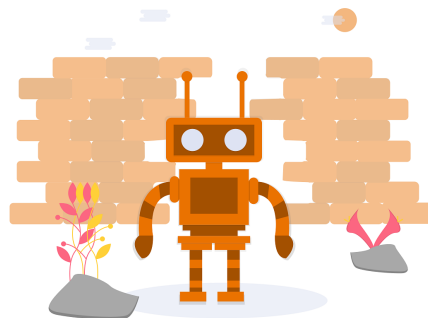
Recently, I saw one skincare store recommend a trending female makeup product to their entire customer base... even though 30% of their customers are male. One can only imagine the unsubscribe rates on their email list.

Because I look at a red shirt, does that mean I should be sent a follow up email showing 10 other red shirts? What if I'm going to a 4th of July party and I'm equally likely to buy a blue or white shirt?

Shopify experts understand that product recommendations must be informed by complex user behavior. This includes where users are in the customer lifecycle.

An authentic predictive product recommendation engine should spot patterns between user behavior and purchases that a marketer just wouldn't be able to see or implement manually. Again, Artificial Intelligence is going to be the secret sauce to make this tool work.

This means if I'm buying a belt, an AI driven product recommendation engine might suggest a particular watch, or pair of shorts, or a hat. It can discover hidden interests in seemingly unrelated products, because it can detect patterns a human can't.

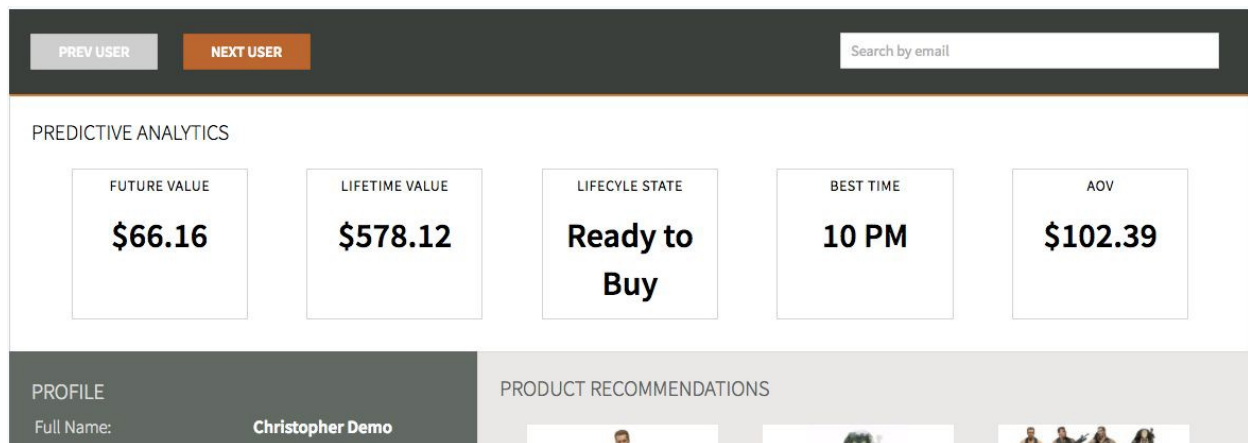


What should you look for in a product recommendation engine tool?

We'll talk a lot more about this in the webinar, but here's a quick and dirty list:

- Real predictive Machine Learning technology (as opposed to only retargeting or rule based recommendations)
- Ability to apply business rules and contextual domain knowledge (on top of machine learning)
- Usable in recommendations for emails, on site, mobile, call center, ads
- Emphasis on flexibility, scalability
- FAST (filtering and selection within a couple minutes)
- Process large data sets AND scale easily (eg. ~100M users X ~1M items X ~100 clients)

Shopify Mistake 4: You Don't Act On, Or Predict, Churn and Lifetime Value



Do you know when your customers are going to churn? If you don't, you're probably having a hard time preventing it.

Are you treating loyal VIP customers the same as customers who are never likely to buy again? If you are, you could be seeing 15-20% fewer repeat purchases.

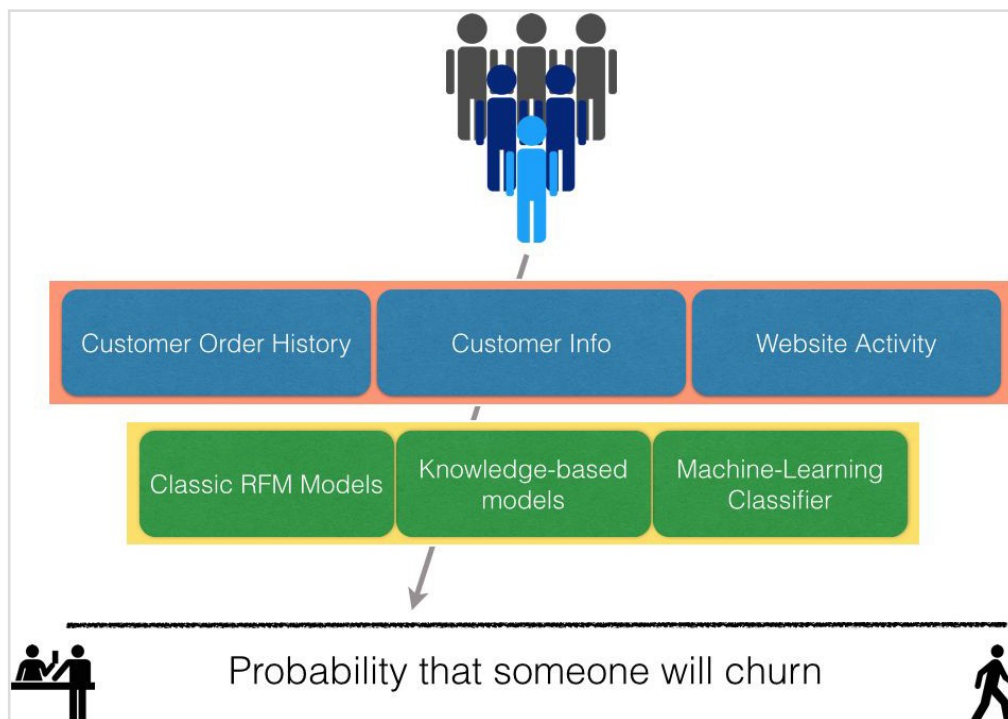
How do you fix this?

First, let's define churn:

Customer churn can be defined as when a customer unsubscribes from your service, ceases to purchase from you, or simply stops engaging with your brand. In other words, your customer leaves you for a competitor.

It's valuable to measure churn today, but even more valuable to predict it tomorrow.

If you measure who has churned, you can target churned customers with "win-back" messaging. However, if you have ever tried winning back a churned customer, you know that it's an uphill battle. When they're gone, it's very hard to get customers back.



Predicting who is *likely to churn* (to prevent it) is even **more** important. What if you could see when a user was beginning to show signs of churn? What if you could then target them with certain communications that would keep them engaged? Your average Shopify user tends to focus on getting new customers, and forgets the power of keeping current customers around.

One Shopify business was able to invest in technology that predicted customers who would soon churn. They then sent a targeted email series to those “at risk” customers that resulted in 3000 purchases, giving them a monumental % increase in revenue while keeping users engaged. What would an extra 3000 orders do for your Shopify store?

Remember:

Increasing customer retention rates by 5% increases profits by 25% to 95%.

The other side of the coin? Not knowing who your VIP's are.

Customer Lifetime Value (CLV) is the sum of how much someone has purchased in the past + how much you predict they will purchase in the future.



That future-looking prediction at the end is the important part, and that's called the Customer Future Value (CFV.)

Future lifetime value matters because some customers may have a \$500 CLV, but a \$0 CFV... meaning they aren't likely to ever purchase from you again.

Your real VIP's aren't necessarily your high CLV customers... but they are definitely your high CFV customers. Targeted campaigns to high CFV customers who are ready to buy can result in massive revenue gains when done right.

How can you easily measure CLV and CFV? How do you measure churn and use it to create high converting campaigns?

Shopify Mistake 5: You're Scared Of The Cost Because You Don't Understand The Return

Don't mistake how powerful this mistake is, because it's not just a dangerous mistake. **It's a dangerous mindset.** Successful companies spend money to make big returns. Period. If there is an investment that costs you a lot, but makes you more and makes your business run better, you limit your growth by not pulling the trigger.

If I told you for every \$1 you invest per month, you got \$3 per month back using a specific tool... how much should you invest?

Answer: As much as you can afford!

If the tool is \$1000/month, buy it! (You'll make \$3000)

If the tool is \$100,000/month, buy it! (You'll make \$300,000)

Let me assure you: there are tools that *live up to the hype*. I know because I use them, as do my clients and colleagues.



But what if you don't have \$100,000/month to spend? It's easy to feel overwhelmed with the amount of tools out there. Many marketers tell me they're sour from experiences where they spent a bunch of money, without any change in revenue... been there!

Good news- most plugins have a manageable monthly subscription cost that is right-sized for where you are.

You may be thinking, "But companies make claims like this all the time...**how do you know who to trust?**"

Shopify Mistake 6: You Don't Use Personalized Incentives

Let's talk about "Margins," shall we?

Sometimes customers are right on the cusp of purchasing... they just need one more reason for it to make sense. But that reason is different for different customers.

If you sent me a 10% off incentive, I would purchase. If you sent my friend Jerry a 25% off incentive, he would purchase.

Is it wise then, to send everyone on your list a 25% off coupon? Absolutely not: it's your job to protect your margins, and only offer enough to get me to purchase and not a dime more.

If your product was \$100 in the above example with Jerry and I, it's the difference between making \$150 or \$165. Multiply that by 1000 customers and you can see why addressing this is vital.

The solution is adopting technology that knows what incentives people require to make a purchase, based on 100's of tracked variables and behaviors. That technology needs to be able to send a unique offer to each customer on your list. The effect on your margins can be dramatic.

One more secret: It may not make sense to send a discount offer at all!

Online shoppers are twice as likely to respond to free shipping offers versus price discounts. In our analysis of 100 million online transactions, conversion rates for 'Free Shipping' offers ranged from .22 percent to 1.9 percent, while 'Percentage-Off' incentives garnered a .1 percent to .8 percent success rate.



Just remember- each customer is different. Make sure you're investing in technology that sends individualized, 1:1 incentives to each of your customers.

Protect those margins!

Shopify Mistake 7: Still Using Manual A/B Testing Instead of Machine Learning Bandits

Most Shopify users have tools that help them A/B test different aspects of their website or communications with customers. This is certainly better than doing nothing at all.

Constant testing and optimization is important. But here's the asterisk- so is your time.

Businesses on Shopify tend to isolate tests to one variable at a time. They test that variable over and over until they see positive results, then move to the next one. For instance, you might try 5 different subject lines for the same email. You pick the winner. Then you test 5 different messages for the same subject line. You pick the winner- and so on and so forth. Do you really want to wait weeks to tease out all of your “winning” elements?

This is how A/B testing started many years ago.

The next version of testing was something called multivariate. What that means, is that you can test multiple combinations of variables at once, and after a manually determined (ie guessed) amount of time, select a winner. This is a wasteful and manual way of running experiments. But if you're still doing things this way, you're going to be surprised with the modern technology available to you.

I want to introduce you to what the new “normal” is for great Shopify stores...

Machine Learning Bandits

Imagine if you have 10 email templates, 10 subject lines, 5 incentives, and 1000 products.

Once you hit "go", your campaign is automatically optimized across all variables. Each customer is sent the highest converting subject line, template, incentive, and product recommendation, etc, based on their unique profile. Machines make decisions when numbers hit statistical significance, not at some guessed interval. Your campaign self-optimizes, automatically.

No more having to select winning criteria or waiting until one test is done to run another. Each customer gets the message with the highest likelihood of conversion.

I've seen 150% incremental lift in email revenue from utilizing Machine Learning Bandits as opposed to simply multivariate or single variation A/B tests.



About the author....

Erin Tillotson is the Director of Client Success, leading our team of Client Success Managers, Technical Integration Specialists, and Technical Support Representatives, which all partner closely with ReSci Clients. Erin trains marketing strategists and integration experts to be the best in class, focusing on achieving optimal results through strategic marketing initiatives and data-science-driven insights.