

Faire data challenge

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HYPOTHESIS 1 - The emails sent out are not enticing enough to lure retailers to make any confirmed order, resulting in a lower number of acquired retailers.

We hypothesized that the emails sent to retailers are ineffective in generating click through rate, resulting in a lower conversion rate of acquired retailers. To further validate this hypothesis, we divided the analysis into two parts.

Part 1: First, we looked at the effect of email in inviting retailers to the brand's page via a link included in the email. We wanted to examine the difference in the sign-up rate between retailers who arrived at the sign-up page using Faire direct link in email (Group 1) vs. retailers who arrived at the sign-up page from a different source (Group 2).

Ho: There is no difference in the sign-up rate between the two groups

Ha: There is a significant difference in the sign-up rate between the two groups

Analysis

We evaluated the difference in the sign-up rate by conducting a t-test with the significance level (α) of 0.05, and thus, we found that there was a significant difference between the two groups; the sign-up rate of Group 2 is significantly higher than that of Group 1. This indicates that the emails do have a significant effect on the sign-up rate.

Part 2: Secondly, we were also interested in looking further into the acquisition rate(*) to understand how many of these retailers placed a confirmed order after signing up. Hence, we looked at the difference in acquisition rate between Group 1 and Group 2. Thus, we formulated a new hypothesis:

Ho: There is no difference in the acquisition rate between Group 1 and Group 2.

Ha: There is a significant difference in the acquisition rate between Group 1 and Group 2.

(*) Acquisition rate is defined as the number of confirmed order by number of sign-ups

Analysis

We evaluated the difference in the acquisition rate by also conducting a t-test with the significance level (α) of 0.05, and thus, we found that there was not a significant difference between the two groups.

CONCLUSION and RECOMMENDATIONS

From **Part 1 Analysis**, emails do actually have a significant effect on the sign-up rate, thus emails are doing an effective job of directing retailers to Faire sign up page. Therefore, Faire should continue its current strategy with emailing in maintain and increase sign-up rate. However, from **Part 2 Analysis**, the

first confirmed order completion rate is not significantly different amongst retailers who sign-up using a referral link from email vs. who do not. This could be due to several brand-related factors, such as after signing up, retailers did not find brand's product interesting, retailers changed their mind, brand's page content was not enticing enough, etc. To further investigate these factors, Faire could do a user experience study with some retailers who signed up recently to understand (1) how retailers navigate the website post sign up, (2) how they interpret the functionality of the website, and (3) what discourages them from placing an order on Faire's platform

To support our conclusion, we performed a year by year analysis of the acquisition rate, which shows that the rate has decreased from 14.3% (2018) to 12.5% (2019) even though the sign-up rate is consistent.

HYPOTHESIS 2 – The number of brand's invitations to retailers has been decreasing, resulting in a lower number of acquired retailers.

Faire direct works under the assumption that brands will invite their existing retailers to the platform. Thus, with new brands joining Faire regularly, we maintain a steady number of retailers using the referral program. Yet the rate of retailer acquisition is decreasing. This could be due to the fact that existing brands are not inviting as many retailers as before thus slowing down the acquisition rate overall.

Analysis

We aggregated the data by the year the brands joined, the year the brands used Faire Elevate and number of emails sent by the brands in a given year. From here, we could measure the brand's effort in inviting their retailers via email by devising a new metric which is:

CONCLUSION and RECOMMENDATION

From this metric, we found that given the same year the brand adopted Faire Elevate, brands who joined more recently sent out fewer emails than brands who joined less recently. In other words, brands that joined in 2018 sent out fewer emails than brands who joined in 2017, although they both used Faire Elevate in 2018 to send out emails. The trend repeats for 2018 and 2019.

This could be due to the fact that (1) newer brands are losing motivation to invite retailers, (2) they are not incentivized enough to do so, and (3) newer brands do not have as many existing numbers of retailers as older brands.

Faire could incentivize brands more to invite more retailers. They could also provide brands with additional resources in the form of guides, tutorials, and tips to help them market themselves to retailers. This also helps Faire to get better involved with the brands and make the retail acquisition process easier for the brands.