

The state of in-session marketing 2023:

An ecommerce report

March 2023



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Foreword:

Ecommerce is struggling to understand and convert anonymous traffic, with data regulations further impacting their retargeting/acquisition efforts. Where once brands could rely on third-party cookies to verify a digital visitor, this valuable information is now harder to come by as new rules and software updates give consumers more anonymity and greater control over the use of their data.

Now, more than 90% of online sessions are anonymous and personalization is becoming increasingly difficult. Searching for a solution, top retailers are looking to in-session marketing.

In-session marketing (ISM) is an emerging martech category that focuses on understanding the micro-behaviors of anonymous — and known — consumers to increase onsite conversions.

About the research

The state of in-session marketing 2023 is a first-of-its-kind report that combines primary industry survey data with real ecommerce session data. The survey was conducted in November 2022 in partnership with the Vanson Bourne research firm. Survey participants consisted of 100 ecommerce leaders in retail industries (companies ranging from \$500M - \$5B annual revenue). Additionally, we evaluated ecommerce data over a two-month period from brands within footwear, home furnishings, and other specialty retailers — analyzing over 100 million web sessions across mobile and desktop web.

What is meant by “in-session”?

In-session refers to the moments visitors are active on your digital property (website or app).

Executive summary:

Oil, once the world's most valuable resource, has been supplanted by the newest top commodity: data. However, ecommerce sites are dealing with decreasing access to consumer data due to increasing privacy regulations and the decline of third-party cookies. The data loss impacts a brand's ability to personalize customer experiences, which is a basic expectation for 70% of consumers, according to McKinsey*. Because of this, the Vanson Bourne study found that 99% of senior decision makers agree that ecommerce needs to undergo a transformation.

Anonymous traffic will continue to pose a challenge to personalization and conversion strategies — even to those brands with large first-party data banks. Known consumers can clear their cookies, move across devices, and opt-out of tracking. Also, past data loses its relevance across sessions as historic visits may not be indicative of the customer's current purchase intent.

In-session marketing (ISM) uses clickstream data to observe the micro-behaviors of every visitor on your digital properties. These micro-behaviors fuel the artificial intelligence (AI) and machine learning (ML) technologies that empower ISM to drive conversions with tailored experiences built on algorithmic models.

Ecommerce is worried about the decline of third-party cookies and a new wave of privacy regulations. By focusing on clickstream data, ISM lets companies effectively action based on in-the-moment activity — providing relevant customer journeys that convert for anonymous and known sessions.

* <https://www.mckinsey.com/capabilities/growth-market-ing-and-sales/our-insights/the-value-of-getting-personalization-right-or-wrong-is-multiplying>

BB The world has changed and today's consumers expect a highly contextual and personalized experience wherever they are. That leads to a challenge for retailers grappling with paradoxical trends of continuously increasing consumer demands and privacy measures resulting in less data (for retailers to work with).

Debjani Deb,
CEO, Session AI

Key findings:



Survey data

98%

of retailers are concerned with converting **anonymous traffic**

97%

of retailers agree that **real-time site conversions** will be essential when third-party cookies are gone

56%

of retailers say targeted promotions are harder to achieve amid **increasing data privacy regulations**

97%

of retailers say their organization is concerned about **data privacy compliance regulations**



Ecommerce data

On average, **90% of ecommerce traffic is anonymous**

Anonymous shoppers purchase less frequently than known consumers:

2.1%

average conversion rate for **anonymous consumers**

4.5%

average conversion rate for **known consumers**





Impact of in-session marketing:

Our data shows that in-session marketing increases the purchase conversion rates (CVR) of anonymous and known consumer sessions. Below is the average CVR lift across all sampled companies before and after implementing ISM campaigns:

Campaigns targeting on-the-fence sessions using ISM resulted in a **25.0% CVR lift** for anonymous consumers.

Conversion rate lift for **anonymous** sessions **with/without ISM**

4.0% average CVR for on-the-fence sessions **without ISM**

5.0% average CVR for on-the-fence sessions **with ISM**

Campaigns targeting on-the-fence sessions using ISM resulted in a **29.6% CVR lift** for known consumers.

Conversion rate lift for **known** sessions **with/without ISM**

14.2% average CVR for on-the-fence sessions **without ISM**

18.4% average CVR for on-the-fence sessions **with ISM**

On-the-fence sessions exclude high purchase propensity and low purchase propensity, as scored in real-time using clickstream data by Session AI intelligence models.

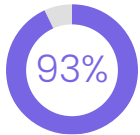


*Results are taken from early predictions and real-time in-session actions

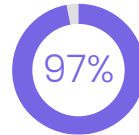
Insights:

Insight #1

Privacy regulation concerns: Personalization in an era of less consumer data



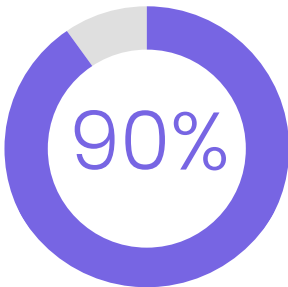
of ecommerce decision makers agree that ecommerce personalization will become more difficult once third-party cookies are phased out.



say that real-time site conversions will be essential when third-party cookies are gone.

Less consumer data means more anonymous shoppers.

Here are the main challenges retailers face when dealing with anonymous shoppers:



90% of ecommerce sessions are anonymous

Understanding visitors who might be interested in buying but are hesitant to make a purchase

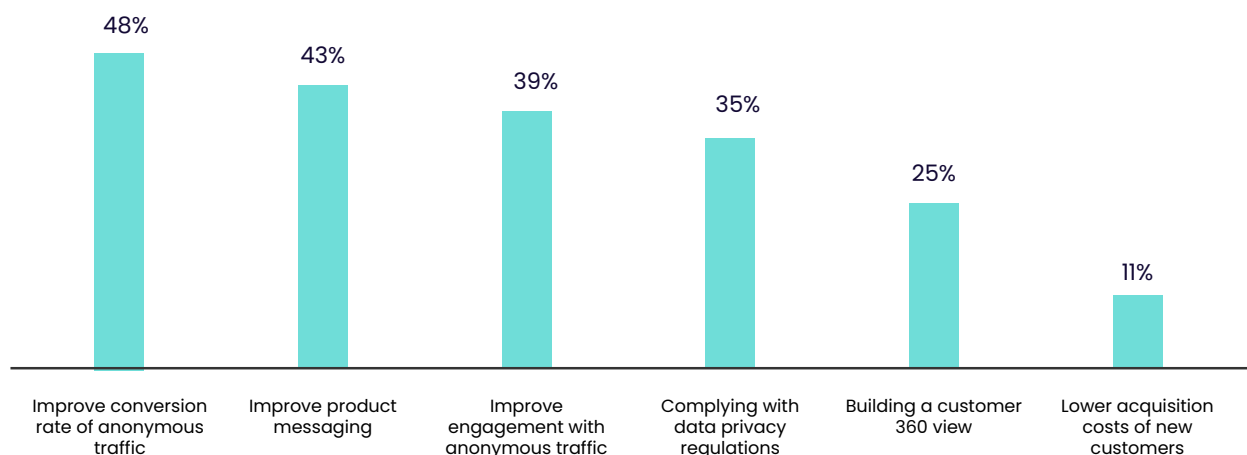
Engaging on-the-fence visitors with an incentive or information that will push them to close the sale without eroding business margins

Encouraging visitors to take these actions in real-time before they leave the session

In-session marketing applies real-time marketing tactics to address all active users on your retail site by synthesizing their micro-behaviors. With ISM, a retailer uncovers the more relevant contextual data needed to drive conversions without having to personally identify the site visitor — as the solution doesn't require historical, demographic, PII, or CRM data to perform. This enables ecommerce sites to continue to target consumers with relevant messaging while maintaining regulatory compliance.

Personalization for all: Tailoring anonymous and known experiences through in-session intelligence

What are your top ecommerce priorities?



Participants in the Vanson Bourne study estimated that 53.6% of their online traffic is anonymous, yet our research shows that number is actually closer to 90% — meaning most may be unaware of just how unknown their site traffic truly is. This means ecommerce sites have to somehow personalize experiences for anonymous consumers nine out of every 10 sessions.

As customers interact with a site, a narrative around their intent begins to develop. Are they looking to purchase or are they just browsing? Could those in the middle be influenced to convert?

In-session marketing identifies consumer intent early enough in their visit to tailor engagements and maximize conversion rates. When the prediction indicates that a shopper is on-the-fence, ISM triggers actions to influence that session before the visitor leaves the site.

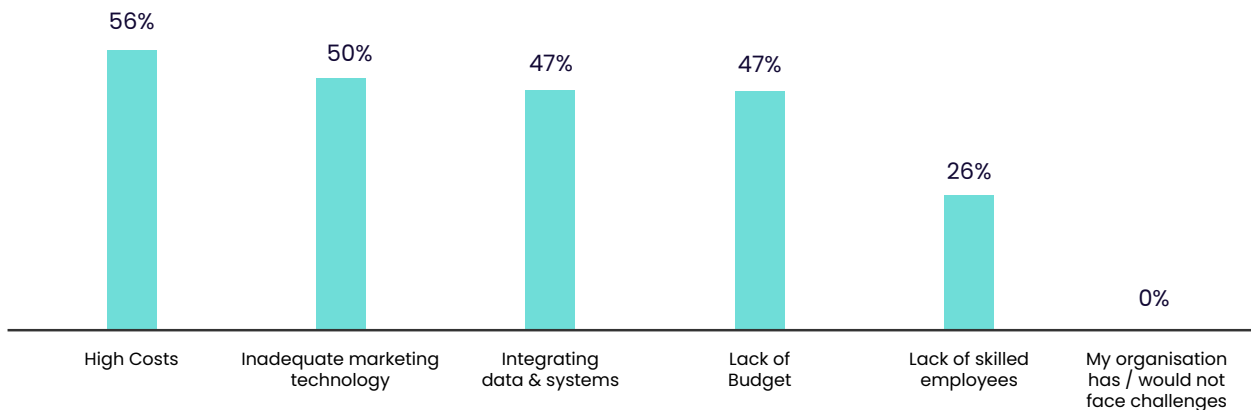
Brands can drive better outcomes through timely in-session actions without relying on personally identifiable information. Ecommerce sites using ISM have seen an average **25.0% CVR lift** for anonymous, on-the-fence shoppers, and a **29.6% CVR lift** for their known counterparts.

Survey question: Thinking about the next 12 months, what are your organization's top ecommerce priorities? [100]

Artificial intelligence for ecommerce: Automate session actions without disrupting internal operations

Eighty-one percent of senior ecommerce decision-makers surveyed by Vanson Bourne agree that organizations that do not adopt AI as part of their ecommerce/online marketing efforts risk failure. But 89% of respondents say that their organization lacks the internal skills to utilize AI to its full advantage.

Biggest challenges when implementing new technology?



Many brands have no direct method to measure the profitability of AI. For these companies, key performance indicators – like conversion rates, revenue per visitor, and customer lifetime value – can be great sources of data for understanding the technology's impact.

A true ISM platform makes it frictionless to get started with AI as automation and machine learning are built into the solution – allowing ecommerce brands to focus their efforts toward actioning on the insights. In-session marketing measures business outcomes in real-time.

Survey question: What challenges, if any, do you expect your organization has / would face when implementing new martech for e-commerce purpose? [100], not showing all answers.

Solutioning for anonymous: A case study

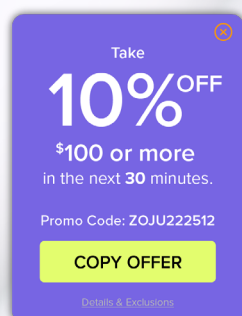
A major U.S. clothing retailer operating multiple brands was losing margin due to sitewide offers that all visitors could leverage to buy discounted products. Rather than remove offers altogether, the retailer sought a more strategic way to deliver (and withhold) offers to their visitors using in-session marketing's built-in AI and ML technology.

Equipped with in-session marketing, the retailer can predict who may be influenced by an offer. For all other visitors, the brand does not share discounts. Meanwhile, visitors who the technology identifies to be likely to buy are presented with a "complete the look" product recommendation.

Further use cases of how this retailer implements ISM include:

- A 30-minute time-bound discount of 10% off to influenceable shoppers
- Future coupons for visitors who are unlikely to buy this session in exchange for their email address
- Suppressing offers to likely-to-buy visitors to avoid giving away margin

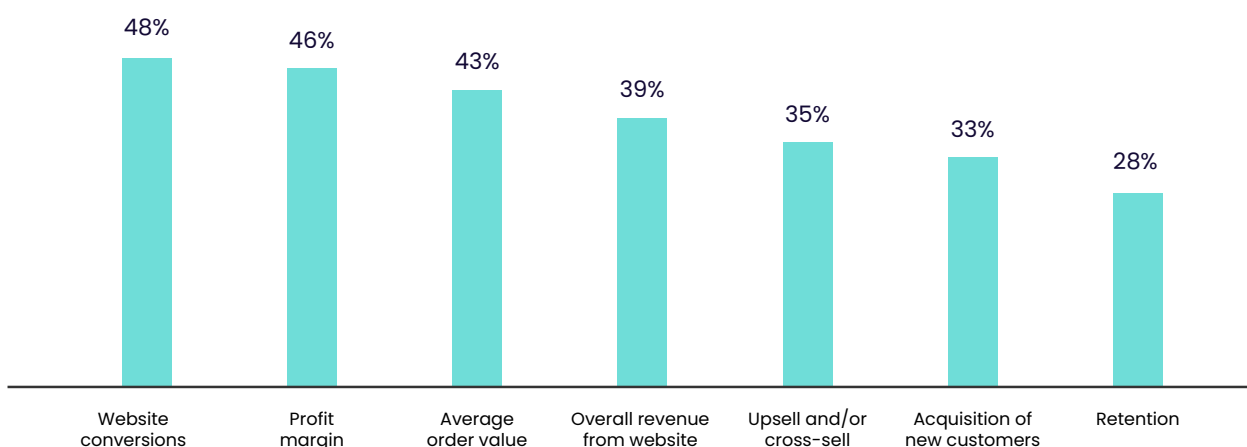
In-session marketing enables the retailer to influence on-the-fence visitors and upsell those who are already looking to purchase — at scale, in real-time. This has provided the brand with a 12x return on investment within the first year of using ISM.



Recommendations:

Ecommerce is in a state of flux, with brands rapidly adapting business strategies to handle the possibility of an economic recession. This alone is a major concern for digital brands, however, it's not the only gap to bridge for a successful 2023 as the COVID pandemic more than doubled the number of ecommerce sites. With consumers tightening their wallets and a growing list of competitors, how can ecommerce brands use in-session marketing to come out on top?

How are ecommerce leaders measured, primary KPIs?



Take action on your in-session predictions to achieve your most important business goals

1. Increase conversion rates

Personalization is the driving factor for conversion rate optimization, with a Bloomreach study* finding that 80% of consumers are more likely to purchase from companies that provide tailored experiences — yet 53% of brands lack the right technology to deliver true personalization. In-session marketing is proven to increase conversion rates by personalizing unknown and known sessions — lifting their CVRs by the respective averages of 25.0% and 29.6%.

2. Increase revenue

A brand's incremental revenue is the additional revenue generated through ensuring cart completion, upselling, cross-selling, or adding new products. Many ecommerce sites are losing out on incremental revenue due to consumer friction, shrinking attention spans, and uncertainty. Innovative technologies make the most out of those high-value moments when consumers are right there with you.

3. Reduce reliance on promotional offers

In-session marketing helps brands limit their promotions without limiting conversions by targeting and suppressing real-time offers to valuable segments of shoppers early in each session.

Session AI models show that sessions with the highest early purchase propensity scores result in the highest conversion rates. Brands who suppress discounts from high-purchase propensity audiences can target promo spend to just on-the-fence sessions, reducing their number of promotions without excessive spend.

Survey question: Thinking about your current job role, which of the following key performance indicators are you measured on? [100], not showing all answers.

4. Improve promo spend efficiency

If you could segment your site visitors by their likelihood to purchase, you would find that each group reacts differently to sitewide offers. In-session marketing predicts purchase propensity early in the visit to either deploy or suppress an offer. This not only extends the promotions budget, but it also reduces margin loss by allowing likely-to-buy visitors to complete their full-price purchase uninterrupted and avoids giving discounts to those less likely to convert.

5. Move excess inventory

Every brand is dealing with the same struggle of having too much inventory after a period of unexpectedly high consumer spending. Now that the purchasing power of customers is more limited due to rising inflation and uncertain economic conditions, it's time to strategize how to offload products without taking a total margin loss. The real-time capabilities of in-session marketing reliably deliver new intelligent segments for ecommerce brands to better action against consumer behaviors and inventory levels.

Thank you for giving our study your time. We spent many hours compiling the data to give you a better understanding of in-session marketing and its potential impact on ecommerce. Please reach out with any questions or feedback — we'd love to hear from you.

About Session AI

Session AI is revolutionizing ecommerce with in-session marketing. Ninety percent of ecommerce sessions are anonymous, and Session AI addresses this challenge by leveraging ML models to understand real-time consumer micro-behaviors at scale for both known and unknown visitors. This privacy-first intelligence enables brands to deliver personalized experiences that convert in the moment. Leading businesses like KOHL's, Men's Wearhouse, KEEN, and Advance Auto Parts have seen remarkable results, with millions in incremental revenue and 32% lifts in conversion rates. Session AI is proud to partner with top industry players like Adobe, Salesforce Commerce Cloud, HCL Software, Pega, and AWS. Visit sessionai.com to learn more.

*https://www.bloomreach.com/en/blog/2017/ecommerce-personalization?spz=navigation_orig