Skullcandy

Park City, Utah
www.skullcandy.com

Results

- Delivered 400% ROI
- Doubled desktop conversion rates and dramatically improved performance of mobile site
- Boosted profitability by cutting losses due to warranty fraud from six figures to almost nothing
- Reduced administration of recommendation process from 10 hours to half an hour a week

Skullcandy

Turning up conversions

Skullcandy builds its brand and revenues in a crowded market by using Adobe Marketing Cloud to drive smart, data-driven online strategies

Skullcandy is a leading audio brand with a passionate, loyal customer base. It offers a wide array of innovative styles at various price points and is expanding its brand, selling complementary audio products and accessories in the United States and in more than 70 other countries. The company is identified with action sports and a vibrant lifestyle, and has expanded its distribution from sports and lifestyle stores such as Zumiez and Tilly's to a wide range of retailers.

Despite the strength of its brand, Skullcandy is not immune to the impacts of competition, especially from discount online resellers and more companies offering headphones. With more competition and increased demand for consumer attention, Skullcandy wanted to further transform its online experiences.

Skullcandy had been using Google Analytics to measure its web properties, but after evaluating its options, it decided to leverage Adobe Marketing Cloud to manage and monitor skullcandy.com, astrogaming.com, and related international sites for both brands. Skullcandy also uses eBay and Amazon to make discounted sales of its older products, and now uploads data from those businesses into Adobe, to gain a complete picture of its online activities.

"We chose Adobe Marketing Cloud because it was exponentially more flexible than other analytics and optimization solutions," says Ben Meacham, manager of web analytics and testing at Skullcandy. The company now uses Adobe Marketing Cloud solutions, including Adobe Analytics and Adobe Target, to help achieve site KPIs for revenue, conversion, revenue per visit, and other measures.

Growing revenue in a challenging market

"The Adobe Marketing Cloud helped us to become smarter about how we market ourselves online," says Meacham. Skullcandy used Adobe Marketing Cloud to analyze the patterns of visitor interactions with the site, testing different versions of web page components, as well as the best overall paths to purchase.

For Skullcandy, the benefits of using Adobe Marketing Cloud solutions are evident. Facing more competition than ever, Skullcandy saw a small drop in year over year visits to its website. However, with the help of Adobe Marketing Cloud, the company's inventive marketing team could implement more effective online strategies, ultimately increasing online revenue by as much as 40%. The Adobe solution also enabled the company to launch an improved mobile site, which now brings in 20% of the company's online traffic.

Skullcandy is a lifestyle brand that differentiates itself with fast-changing content about athletes, music, and models. Many visitors to the site already own Skullcandy products but come back for the content, which makes it difficult to compare Skullcandy's conversion rates with those of other online retailers. What's meaningful, though, is that since implementing Adobe Marketing Cloud solutions, Skullcandy has approximately doubled its conversion rates.
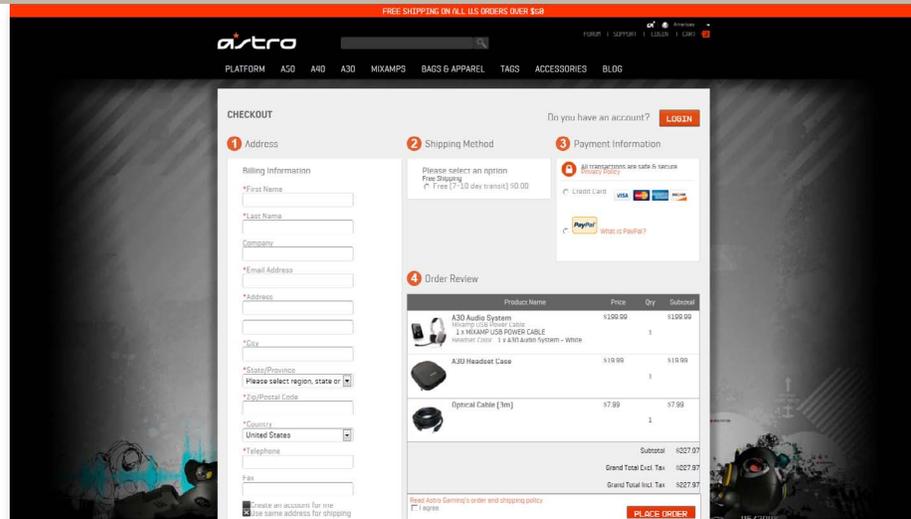
Challenge

- Optimize performance of site to address performance issues or obstacles to purchase
- Provide compelling product recommendations, and an easy path to purchase and upgrade
- Decrease abuse of generous warranty program

Solution

- Use Adobe Analytics to better understand constituents and their behaviors, for greater revenue and profitability
- Test new approaches using Adobe Target to see what works best in supporting sales
- Leverage automated recommendations in Adobe Marketing Cloud to interest customers in adding to their purchase

Systems at a glance

Adobe Marketing Cloud, including Adobe Analytics, Adobe Social, and Adobe Target solutions. Components used include:

- Adobe SiteCatalyst
- Adobe Discover
- Adobe Test&Target™
- Adobe Recommendations
- Adobe Social

Putting a stop to warranty fraud

Skullcandy managers had long suspected that the company's generous warranty policy could be abused, eroding the company's margins. They couldn't be sure: the company's previous tools lacked the flexibility to break out warranty data separately because warranty activities go through the same process as normal orders.

With Adobe Marketing Cloud, Skullcandy found it could accurately scope out the nature and extent of the problem. First, Adobe SiteCatalyst®—part of Adobe Analytics—revealed that Skullcandy's combined warranty/order process was a valuable part of the site design, with the company making on average $5 per order from upselling on warranty transactions. But it also showed for the first time that Skullcandy was losing a six-figure amount annually through warranty fraud.

"The data from Adobe Analytics made fixing the warranty process a high priority—and gave us the insight we needed to solve the problem," says Meacham. "We could identify the abusers, and prevent future fraud by revamping our warranty system—from the back-end software that we use to the process we put in place to receive products and match them up to the original purchase." Adobe Analytics also showed Skullcandy the impact of the warranty fraud on inventory levels, alerting the company to the need to consider warranty demand when forecasting stocks of product.

Clearing obstacles to sales

Adobe Marketing Cloud helps Skullcandy to rapidly identify and resolve any issues that may be impacting its websites. For example, Meacham recently noticed that the checkout conversion rate had dipped. When he explored the issue with Adobe Marketing Cloud, he immediately saw that attempted checkouts by customers using the Chrome browser had dropped to zero, which was costing the company approximately $2,000 in revenue a day.

"I've been doing online analytics for eight years, and this is an excellent example of the variety of benefits solid tools can offer," he says. "Rapidly pinpointing the problem and measuring its impact allowed us to respond quickly, immediately working to resolve the issue."

On an ongoing basis, Skullcandy uses Adobe Marketing Cloud to proactively identify areas for improvement. For example, it showed that visitors to the astrogaming.com website reviewed the checkout page three times more per order than visitors to the Skullcandy site. Something was making it hard for them to complete their purchase. Adobe Marketing Cloud showed that an easy-to-miss mandatory agreement check box was the stumbling block. This data prompted the Skullcandy team to use Adobe Test&Target—part of Adobe Target—to find the best approach to making the agreement box more prominent.
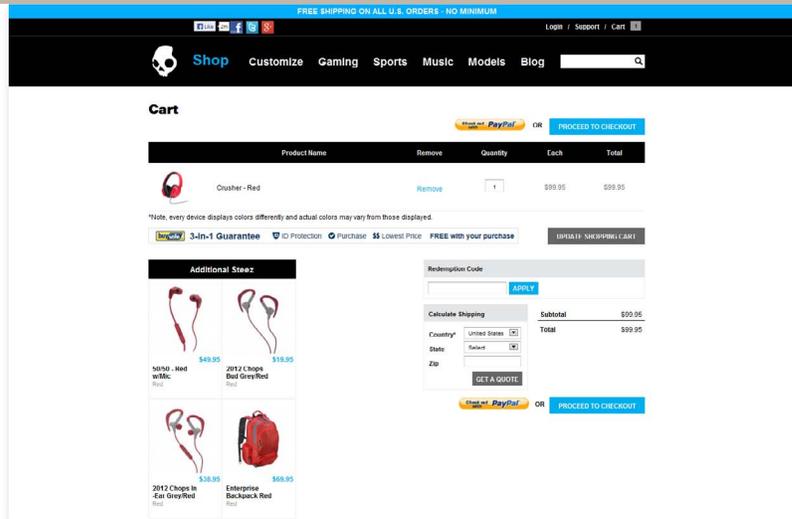
> *"We chose Adobe Marketing Cloud because it was exponentially more flexible than other analytics and target solutions."*
>
> **Ben Meacham,
> Manager of web analytics
> and testing, Skullcandy**

Skullcandy frequently runs other, smaller tests as well, for example testing button color, and buttons with and without a hover state, to see if they improve visitor conversions. To Meacham's surprise, having a button with a hover state delivered a lift of 15% in revenue per visit. "I never would have thought that, but the beauty of Adobe Marketing Cloud is that we don't have to guess," he says. "It provides us the data we need to keep improving our site."

Recommendations lift revenues

Before implementing Adobe Marketing Cloud, Skullcandy manually configured product recommendations for its checkout page. Now it uses Adobe Recommendations—part of Adobe Target—to simplify the process—and make it more effective.

"Switching from manually configured recommendations to Adobe Recommendations increased upsell revenues by 30%," says Meacham. "Plus, it saves us time. Optimizing recommendations used to take about 10 hours a week. Now it takes just half an hour, which frees up staff to do other important work." The automation built in to Adobe Recommendations also helps the team make changes across the site, for example, removing older products from all future recommendations in just five minutes—down from 10 hours with the previous process.

Moving fast forward

Skullcandy leveraged the services of Adobe Consulting in implementing the Adobe Marketing Cloud, and Meacham credits the consulting team with helping Skullcandy to get up and running with its new capabilities fast.

Skullcandy is continuing to broaden its use of Adobe Marketing Cloud across its business. Its content and marketing teams are now using Adobe Marketing Cloud to study which brand content and personalities most strongly support the ecommerce activities of the site. Teams are also using social analytics capabilities to measure social referral traffic and visitor response to site elements such as celebrity videos.

In addition viewing traffic and responses, Skullcandy is using Adobe Social capabilities to measure the reach of new campaigns targeted at social channels. The company is also uncovering opportunities to engage brand advocates and partners with strong spheres of influence to widen its social reach, as well as enabling marketers to engage individual customers directly with more meaningful conversations. With one-on-one customer dialogs, Skullcandy is developing a new social-based customer service application, helping to enhance overall brand experiences and to reduce costs by bringing additional service capabilities in house.

When revenues showed a downtick in sales, Adobe SiteCatalyst pinpointed the problem: a technical issue in how the checkout page was handling visitors using the Chrome browser. Skullcandy rallied its web team and quickly fixed the problem.
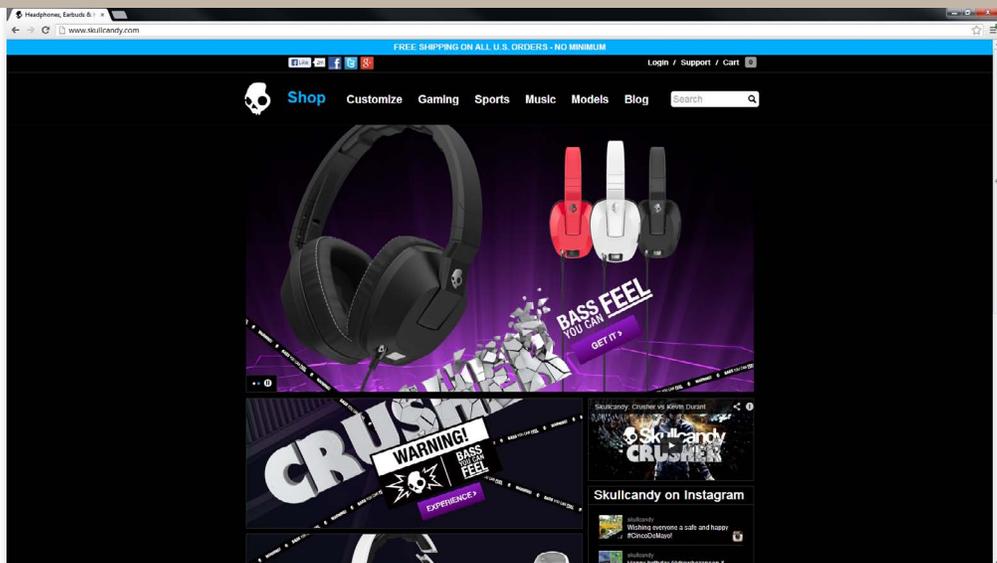
"Our return on investment in Adobe Marketing Cloud is about 400%. It has delivered savings through the warranty program, increased sales through recommendations, enabled cost savings through greater efficiency…all of which have helped us build our brand and profitability."

Ben Meacham, manager of web analytics and testing, Skullcandy

According to Meacham, Adobe Marketing Cloud has proven its worth. "Overall, our return on investment in Adobe Marketing Cloud is about 400%," says Meacham. "It has delivered savings through the warranty program, increased sales through recommendations, enabled cost savings through greater efficiency, and made possible fast fixes and upgrades—all of which have helped us build our brand and profitability in an increasingly competitive market."

For more information
www.adobe.com/solutions/ digital-marketing.html