



# CASE STUDY:

# .REALTOR

Your trusted domain

## How Lean Experiments Revitalized A Stagnant Marketplace



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# BACKGROUND

Second Generation is a family investment firm focused on profitable, well managed, small-to-mid market companies and uncovering unique business opportunities. One such opportunity is a top-level domain called .REALTOR. Unlike .com, .net, and other unrestricted web extensions, only verified licensed real estate agents can purchase a .REALTOR domain - increasing agents' credibility and making them easier to find online. Second Generation acquired the rights to this extension and hired LeanDog to create an online marketplace where the domains could be purchased.

After two years of successful operations, Matt Embrescia, the President of Second Generation, encountered a problem: marketplace conversion rates had plateaued at 35%.

Typically, such a percentage would be considered pretty good. However, given that the total addressable market was limited to just one million people, coupled with the fact that 90% of those who did not subscribe on their first visit were lost, meant that maximizing the rate of conversions was critical to long-term success.

# THE SOLUTION

LeanDog proposed that building visibility into the sales funnel, running lean experiments, and making incremental improvements based on the results would increase conversions.

So, in December of 2015, a cross-functional team consisting of UX designers, software engineers, iteration manager, and product owner began to tackle the problem. Their objective was to build and test 3 low-cost experiments to demonstrate that conversions could be increased without spending money to boost site traffic.

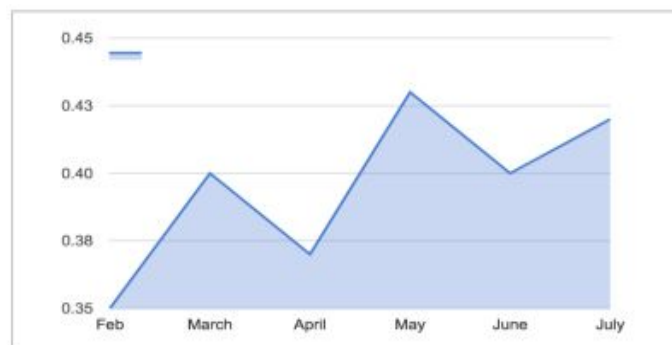
The team quickly modeled out the existing sales funnel and applied an analytics suite to critical points in the process. They then conducted cohort analysis to determine where the largest gaps were in the acquisition process. Cohort analysis is a study that focuses on the activities of a particular people who share a common characteristic over a certain period of time. For the purpose of these experiments, they chose to focus on new National Association of Realtors (NAR) Members - segmented by affiliation and audience type.

Through their analysis, the team identified a sharp drop off in the purchase process, beginning with nearly 85% of potential customers placing a domain name into their shopping cart, but ending with only 35% actually completing the purchase.

Armed with this baseline information, the team began a series of two-week long, low-cost, experiments focused on improving and exploring this particular stage of the acquisition process. They added an “abandoned cart” notification, A/B tested a new search page design against a control group, and implemented a live chat functionality to help guide potential customers through the purchase process.

## THE RESULTS

Through these Lean experiments, and by making incremental adjustments to the marketplace’s acquisition funnel, total shopping cart conversions increased from 35% to 43% in 3 months, translating to a yearly revenue increase of roughly \$250,000.



## LOOKING FORWARD

This increased visibility into the acquisition funnel means that Second Generation can gain insights independently and establish their own reasonable expectations for future experimentation.

Additionally, when determining which improvements or adjustments to make next, they can now weigh desires for new features against real data and customer feedback; enabling the business to make smart, value-based decisions.

