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MarketLive Webinar: How to Build Consumer Confidence and Capitalize on the 2012 Connected Holiday Season

# How to Build Consumer Confidence and Capitalize on the 2012 Connected Holiday Season. 

2012 Consumer shopping survey reveals tactical recommendations and execution tips for maximum ROI

Today's speakers


Lauren Freedman President,
the e-tailing group


Ken Burke
Chairman \& Founder, MarketLive, Inc.

## Today's Agenda

I. The Forecast
II. The Numbers Speak for Themselves
III. Where and Why They Buy
IV. Winning Tactics Onsite and Cross-Channel
V. Promotion Precision
VI. Many Channels, Many Opportunities

## Webinar Material

What to expect....

- A copy of the presentation \& link to recorded event
- Bonus: 2012 Holiday Gifting Guide Whitepaper

If you experience technical problems please contact:

- WebEx Technical Support: 1-866-229-3239


## MarketLive: Intelligent Commerce for Every Customer Touchpoint

## Customer Lifecycle Management



## MarketLive Customers

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GRIOTS
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## Competitive Benchmark: Pulse of e-retailing



MarketLive Performance Index — Year-over-Year Results

| Metric | Q3 2011 | Q3 2012 | \% difference |
| :--- | ---: | ---: | ---: |
| Visits |  |  | $12.73 \%$ |
| Revenue |  |  | $15.90 \%$ |
| Conversion rate | $3.89 \%$ | $3.80 \%$ | $-2.31 \%$ |
| Abandonment rate | $63.76 \%$ | $62.45 \%$ | $-2.05 \%$ |
| 1-and-out rate | $36.04 \%$ | $37.66 \%$ | $4.50 \%$ |
| Engagement rate | $10.19 \%$ | $10.14 \%$ | $-0.49 \%$ |

Source: The Markatlive Performance index, subset of sites included in the inder since 022011 or earlier
7-and-out" rate is the percentage of visits ending ifter just one page.
Engagement rate is the percentage of visits that ind ude an "add to cart."

## Overall

| Conversion | Average |
| :--- | ---: |
| Overall Conversion Rate | $3.62 \%$ |


| Abandonment | Average |
| :--- | ---: |
| Overall Cart Abandonment Rate | $61.61 \%$ |
| Checkout Abandonment Rate | $25.60 \%$ |


| Revenue | Average |
| :--- | ---: |
| Average Order Size | $\$ 155.39$ |
| Revenue Per Visit | $\$ 5.04$ |


| Engagement | Average |
| :--- | ---: |
| Engagement Rate (Visits to Carts) | $9.67 \%$ |
| "1-and-out" - \% of all visits * | $38.54 \%$ |
| Home page "1-and-out" - <br> \% of all visits | $6.13 \%$ |
| Pages Per Visit | 10.35 |
| \% of Sites with Reviews | $67 \%$ |


| Customer Acquisition | Average |
| :--- | ---: |
|  | Traffic |
| All Search Engines | $38.63 \%$ |
| Bookmarked/Typed | $31.92 \%$ |
| Social Networks | $1.77 \%$ |
| Other | $26.88 \%$ |

## What merchants want to know this Holiday Season...

$>$ Do we need to keep discounting steeply?
$>$ How early do we need to start pushing promotions?
> Is there any way to convince shoppers to pay full price this holiday season?
$>$ Is "Free shipping" $24 \times 7$ the only option?
$>$ How will daily deal sites impact holiday shopping?
$>$ Will gift buyers go straight to Amazon? What can I do to compete?
> How important will mobile be for my business this holiday season?
> Will shoppers use tablets to make holiday purchases?
> Can I up my email frequency to multiple times a week without alienating customers?
> Do I need to pay attention to social networks like Facebook when it comes to holiday shopping?

| KEY FINDING | WHAT YOU MUST DO |
| :--- | :--- |
| More consumers will shop online and <br> budgets trend up | Get your fair share of market with a strong value <br> proposition and superior execution |
| Shoppers are smart about spending - <br> looking to get the best value for their <br> money | Marry a relevant set of promotions to brand- <br> appropriate supporting services |
| Growing use of mobile devices and <br> social networks for research and <br> purchasing | Ensure your brand is m-commerce enabled and <br> optimized for smartphones and tablets <br> Embrace social shopping experiences with offers to <br> garner consumer interest in shopping via these <br> channels |
| Amazon is a major force with which to be <br> reckoned | Supply edited assortments, efficient logistics and <br> leverage merchandising as a differentiator |
| The importance of free shipping can't be <br> underestimated as the favored <br> promotional tactic | Evaluate how you can profitably share free shipping <br> with your shoppers without sacrificing the bottom line |

## About the e-tailing group

## The Voice of Cross-Channel Merchandising

## Straight talk from "in-the-trenches" online merchandising experts



- 16 years e-commerce consulting
- Fortune 500 client projects ranging from strategic planning, customer experience with an emphasis on merchandising to technology marketing and lead generation
- Proprietary research studies on mystery shopping, merchandising, mobile and consumer behavior
- Author, It's Just Shopping
- $50+$ years traditional retail and catalog experience


## I. The Forecast



INCONSPICUOUS CONSUMPTION.

Online growth accelerates taking market share from retail

## Online shoppers in the U.S. will spend \$54.47B this holiday season, up 16.8\% from \$46.63 B in 2011



## Holiday Predictions

- U.S. retail sales will increase 3.3 percent during the upcoming holiday shopping season compared with $2.8 \%$ in 2011 (Shopper Trak)
- Online sales will account for a $1 / 4$ of all U.S. retail spending (\$224.2B) during the coming holiday season (eMarketer)
- Emphasis on daily deals, limited time sales as 1 in 5 shoppers bought a holiday gift from one of these sites last year (comScore)
- Shoppers have short attention spans as consumer spends on average 6 minutes $/ 54$ seconds on a site with page views down from 12 to 6.7 (IBM)


## II. The numbers speak for themselves



## Research Methodology and Sample Summary

## SURVEY OBJECTIVE

- Find the consumer voice regarding their proposed online, mobile and social shopping behavior relative to gifting and 4Q12 holiday shopping including tactics that resonate and untapped merchant opportunities


## THE RESPONDENTS

- 1,136 consumers completed an online questionnaire in September 2012
- 50\% female/50\% male
- $61 \%$ shop at least several times a month
- 52\% spend \$750 or more annually


## Demographics



The flat and unpredictable economy means shoppers will be spending about the same as last year

a
How do you see the current economic climate impacting your overall holiday spending; will you be spending more, less or about the same amount than last year on holiday gifts?


## Shoppers inch toward buying more gifts online



Do you plan to purchase more gifts online this year than you purchased online last year?


Q14

## $36 \%$ vs. $27 \%$ LY plan to spend more than $\$ 800$

## on family/friends this holiday season



In which range does your TOTAL holiday budget
for friends and family fall?


## Growth in online holiday shopping

Growth in online holiday shopping continues as 1 in 3 plan to shop online and mobile plays a more important role $16 \%$ vs. $3 \%$

For your overall gift buying this holiday season, how much of your shopping
do you intend to do in each of these channels?
(Top-2 All/Most Shopping)


## Researching and purchasing is seen across the board though category variations should be noted

Which of the following categories do you either plan to RESEARCH online prior to purchasing them as gifts online, in store or via catalogs OR plan to PURCHASE as gifts online? Check all that apply.

## III. Where and why they buy



# Saving money, searching out hard-to-find product and saving time top the reasons shoppers buy gifts online 

2
Rate the reasons you buy gifts online from 1-5 with "5" being
the most important reason and "1" the least important.
(Top-2 Very/Somewhat Important)


Creatively guide shoppers embracing such behavior


As you for sure know, we forgot to do our gift guide this year, so last week we asked everyone on Facebook and Twitter to pick their favorite products and do our job for us.

Moosejaw: 12/13/2011
Subject Line: Moosejaw's Lazy Gift Guide Thing + Free Hoody

## Don't underestimate the role of "convenience"

giggle all the way liy Fabulous FREE SHIPPING on orders $\$ 75$ and over and Free Gift wrap!
HOME / GIFT FINDER
GIFT FINDER
Great Gifts For Baby
Great Gifts For Toddlers
Great Gifts For Parents
Great Gifts For Grandparents
Baby Shower Gifts
First Birthday Gifts
Toddler Birthday Gifts
giggle Exclusives
Organic Gifts
Personalized Gifts
Classic Gifts

## GOOD giggle GIFTING

Inii FIND YOUR PERFECT GIFT \& SHIP IT FREE*

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## Amazon will continue to garner a greater share of wallet

57\% plan to make at least $1 / 4$ of their holiday gift purchases on Amazon while 29\% are power shoppers and will do more than $1 / 2$


What percent of your online holiday gift purchases will be spent at Amazon?



## Reputation most impacts where shoppers do business

The ease of finding merchants and past experience also merits attention


How important is each of these MERCHANT/BRAND factors when making choices
about which merchants you wish to do business with?
(Top-2 Most/Somewhat Important)


## The ability to ship coupled with guaranteed delivery

## times severely impacts merchant choice

Convenience associated with flexible return policy and free returns also significant
How important is each of these CUSTOMER SERVICE factors when making choices about which merchants you wish to do business with?
(Top-2 Most/Somewhat Important)



## Getting a good value including actual price is top-of-mind when selecting a retailer of choice

a
How important is each of these PRODUCT/PRICE factors when making choices about which merchants you wish to do business with? (Top-2 Most/Somewhat Important)


## Customer assistance is all about "being there"

 based on customer preference

Thinking about a website's CUSTOMER ASSISTANCE, rate each
feature from 1-5 with "5" being the most important and "1" the least
important when buying gifts online.
(Top-2 Most/Somewhat Important)



## IV. Winning gifting onsite and cross-channel



## Gift tools increase in value among shoppers

Q
Thinking about a website's GIFTING TOOLS, rate each feature from 1-5 with "5" being the most important and "1" the least important when buying gifts online.
(Top-2 Most/Somewhat Important)


## All the details coupled with creative execution counts with customers




Net-A-Porter: 11/12/2011
Subject Line: The gift hit list
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1 in 4 will rely on gift cards for $26 \%$ or

## more of their holiday purchases

What percent of your online holiday gift purchases will be spent on gift cards/certificates?


Gifting execution includes multiple ship-to's, messaging and seizing wish list opportunities


New products and top sellers still see success with shoppers

redEnvelope: 10/18/2011
Subject Line: The new gifts are in! See what's new for every occasion. Save 15\%

$11+11+11=33 \%$ off these 11 items today only Only valid at U.S. Tory Burch Boutiques and Toryburch.com. Not valid at Tory Burch outlets. Prices as marked;

As reviews resonate with shoppers, test both friends and experts


Harry \& David: 11/01/2011
Subject Line: Top-rated gifts from customers near you


The Container Store: 11/08/2011
Subject Line: Trust our employees to pick great gifts

## Segmentation targets shoppers more effectively



Email: 11/07/2011
Subject Line: Introducing our Holiday Gift Guide


## V. Promotion precision

## 1 in 3 shoppers will not pay full price

## A perfect present, hard-to-find product or typically full price items or tied in to a free shipping promotion spurs full price purchasing



What will it take for you to pay full price for gifts this holiday season?
Check all that apply.


Energize your selling model with "daily deal" mentality


## Savings start with free unconditional shipping while \$ off

 and online sales also see tractionWhich of the following types of promotions would you be most likely to take advantage of when shopping online this holiday season?
(Top-2 Most/Somewhat Likely)

Free standard shipping without conditions


## Shipping charges remain the \#1 reason why more gifts are not bought online

2
Why don't you to plan to buy more gifts online this holiday season?
Check all that apply.



## 3 out of 4 shoppers plan to purchase "deals" beyond gifts this holiday season

Do you plan to take advantage of sales or price discounts during the holiday season to make additional, NONGIFT purchases for yourself or your family?


## Offers combined with seasonal collections


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## VI. Many channels, many opportunities



## Email has not lost its luster and weekly receipt is still favored

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What is the ideal frequency you would like to receive email
from retailers with whom you have opted in?


## Beyond traditional promotions desire for offers that deliver immediate savings still most desirable

Mobile/social email sees strong $y / y$ growth


Please rank the types of email content that you would be most likely to respond to from your favorite retailers this holiday season where " 5 " is the most likely and " 1 " the least likely.
(Top-2 Most/Somewhat Likely)


## Confirmations bring shoppers back for more




Gift cards are a perfect add-on item


Mobile purchasing has accelerated as 1 in 5 have made a purchase via a mobile device in the past 12 months

Have you made a purchase on any mobile device within the past 12 months?


## Almost twice as many shoppers plan to purchase gifts via mobile devices TY vs. LY

Do you plan to purchase gifts via your mobile devices this holiday season?


## Mobile devices gain ground for coupon redemption, researching - and purchasing

Thinking about the following ways you might interact via mobile phone or related devices this holiday season, how likely are you to partake in the following behavior?
(Top-2 Very/Somewhat Likely)

$46 \%$ of consumers have shared their phone \# with retailers to receive promotional texts

With how many retailers have you shared your phone number to receive promotional text messages for sales and specials?



## An overwhelming $82 \%$ plan to use retail apps for purchasing gifts this holiday season

Do you anticipate using any retail apps to purchase gifts this holiday season?


$$
\begin{aligned}
& \text { Shop with Simon Pearce } \\
& \text { on our NEW iPad" App } \\
& \text { Visit the App Store" from your iPad" } \\
& \text { or iTunes" and search "Simon Pearce" } \\
& \text { to download the latest version of our } \\
& \text { iCatalog. Click here to download. }
\end{aligned}
$$



## Core categories see greater mobile interest this holiday season

?
From which categories will you likely purchase gifts via a mobile device this holiday season? Check all that apply.



## User experience and security concerns keep shoppers from purchasing gifts via mobile devices



Why don't you plan on purchasing gifts via your mobile device this holiday season? Check all that apply.


## Price checking drives incremental usage of phones prior

## to store visits along with accessing store details and products

PRIOR TO VISITING a physical store this holiday season, how likely are
you to do each of the following activities with your smartphone?
(Top-2 Frequently/Often)


## At least 1 in 5 are frequently/often using their smartphones as in-store shopping tools



How likely are you to partake in the following behavior with your smartphone?
(Top-2 Frequently/Often)


## More plan to participate in commerce-related

## social activities than LY

a
How often do you expect to PARTICIPATE in each of the following activities over the holiday season? (Top-3 All the Time/Very Often/Sometimes)


## Twice as many made a purchase from a social networking site in the past 12 months vs. LY yet interest is still relatively low

Have you made a purchase from a social networking site within the past 12 months?


The quest for savings is channel-agnostic -extending to social networking

What would influence you to complete a purchase on a social networking site this holiday season? (Top-2 Very/Somewhat Likely)




## VII. Timing is everything

"The right thing at the wrong time is the wrong thing."


1 in 3 shoppers may start early but most procrastinators hold out until December to finish shopping

When do you typically start and finish your holiday shopping?

|  | SEP OR <br> BEFORE | OCT | NOV | DEC |
| :--- | :---: | :---: | :---: | :---: |
| Start | $36 \%$ | $23 \%$ | $34 \%$ | $7 \%$ |
| Finish | $6 \%$ | $5 \%$ | $19 \%$ | $70 \%$ |


| BED BATH \& BEYGNI |  | $\boldsymbol{f}$ |
| :---: | :---: | :---: |
| BEDDING I BATH I KITCHEN I WINDOW I HOME DECOR I CLEARANCESHOP NOW \| WEDDING \& GIFT REGISTRY I SHOP FOR COLLEGE |  |  |
|  |  |  |
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|  |  |  |
|  |  |  |
| - GET GIFT CARDS IN STORE. |  |  |
|  |  |  |
| enter keyword |  |  |
|  |  |  |
|  |  |  |

Bed bath \& Beyond: 12/20/2011
Subject Line: The perfect size gift is $2^{\prime \prime} \times 3^{\prime \prime}$
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## Almost 1 in 2 shoppers will take advantage of online holidays and their associated deals

Do you expect to shop online during any of the following holiday promotional days? Check all that apply.


## Encourage early-bird purchasing



Use your 25\% Savings to Get an Early Jump on Your Holiday Shopping!

eBags: 11/03/2011
Subject Line: 25\% Off Holiday Preview - Coupon expires tomorrow!

## Zero in on key holidays



Apple: 11/25/2011
Subject Line: Today only. Special shopping event

| 2011 Holiday Season To Date vs. Seasonally <br> Equivalent Days in 2010 <br> Non-Travel (Retail) Spending <br> Excludes Auctions and Large Corporate Purchases <br> Total U.S. - Home \& Work Locations <br> Source: comScore, Inc. |  |  |  |
| :--- | :--- | :--- | :--- |
|  | Millions (\$) |  | 2011 |
|  | 2010 | Percent <br> Change |  |
| November 1 - <br> December 31 | $\$ 32,359^{*}$ | $\$ 37,170$ | $15 \%$ |
| Thanksgiving Day <br> (Nov. 24) | $\$ 407$ | $\$ 479$ | $18 \%$ |
| Black Friday (Nov. 25) | $\$ 648$ | $\$ 816$ | $26 \%$ |
| Thanksgiving <br> Weekend (Nov. 26- <br> 27) | $\$ 886$ | $\$ 1,031$ | $16 \%$ |
| Cyber Monday (Nov. <br> 28) | $\$ 1,028$ | $\$ 1,251$ | $22 \%$ |
| Green Monday (Dec. <br> 12) | $\$ 954$ | $\$ 1,133$ | $19 \%$ |
| Free Shipping Day <br> (Dec. 16) | $\$ 942$ | $\$ 1,072$ | $14 \%$ |

Give them a reason to buy now!


Sephora: 11/24/2011
Subject Line: Black Friday


Crutchfield: 11/27/2011
Subject Line: Ending soon: Great holiday deals that end 11/28

Tease up the holidays with a touch of humor


Bounce: 11/26/2011
Subject Line: Post-Turkey Impact-Shop for Support!


King Arthur Flour: 11/11/2011
Subject Line: Beyond the bird - Thanksgiving sides


## Crate\&Barrel: 11/22/2011

Subject Line: Last-minute Thanksgiving essentials. Shop online and pick up in stores.

who's your santal shop best gifts >

## littleredbook sommans.

Reinforce delivery times throughout the shopping experience


## Ready last-minute gifting



Coach: 12/23/2011
Subject Line: There's still time to get the perfect gift.


The Home Depot: 12/22/2011
Subject Line: Buy Last-Minute Gifts Online for Pickup at Your Local Home Depot

## Be ready to ring in the New Year right



CWD Kids: 4/19/2012
Subject Line: Save \$20.12 - Hurry Offer Expires January 1, 2012!

## EG Recommendation

Competing for Holiday in an Amazon World

- Understanding of your brand
- Knowledge of your customer
- Relevant assortment
- Superior merchandising
- Sophisticated marketing strategy
- Coexistence evaluation
- Exemplary service


## Thank You!

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