



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:

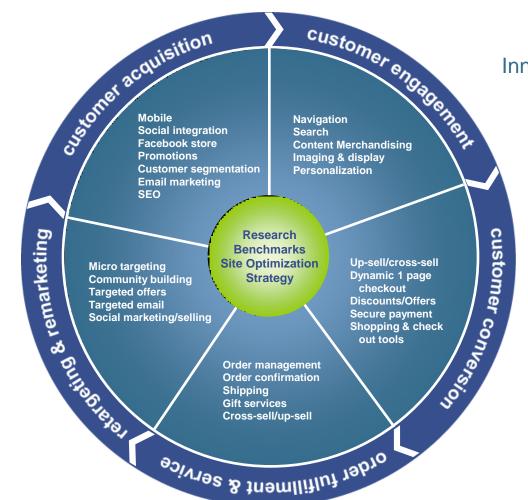
WebEx Technical Support: 1-866-229-3239





### MarketLive: Intelligent Commerce for Every Customer Touchpoint

#### **Customer Lifecycle Management**



Innovation that drives real growth

- Mobile and social selling
- MarketLive enabled SEO
- Content merchandising
- Active site search
- Dynamic, faceted site navigation
- · Carousel merchandising
- Dynamic accordion checkout
- MarketLive imaging
- Customer care & order management
- Syndicated cart/social selling
- Built-in A/B testing



### MarketLive Customers

Retail





















francesca's







**Brands** 







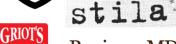








































































Catalog

### 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 MarketLive Performance Index, subset of sites included in the index since Q2 2011 or earlier. "1-and-out" rate is the percentage of visits ending after just one page.

#### 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" -	
% of all visits	6.13%
Pages Per Visit	10.35
% of Sites with Reviews	67%

	Average
Customer Acquisition	Traffic
All Search Engines	38.63%
Bookmarked/Typed	31.92%
Social Networks	1.77%
Other	26.88%



Engagement rate is the percentage of visits that include an "add to cart."

### 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" 24x7 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?



## 2012 holiday season must-do's

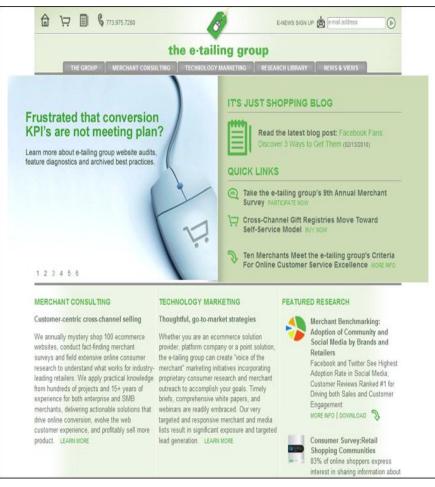
KEY FINDING	WHAT YOU MUST DO
More consumers will shop online and budgets trend up	Get your fair share of market with a strong value proposition and superior execution
Shoppers are smart about spending – looking to get the <b>best value</b> for their money	Marry a relevant set of promotions to brand- appropriate supporting services
Growing use of mobile devices and social networks for research and purchasing	Ensure your brand is m-commerce enabled and optimized for smartphones and tablets Embrace social shopping experiences with offers to garner consumer interest in shopping via these channels
Amazon is a major force with which to be reckoned	Supply edited assortments, efficient logistics and leverage merchandising as a differentiator
The importance of <b>free shipping</b> can't be underestimated as the favored promotional tactic	Evaluate how you can <b>profitably share free shipping</b> 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

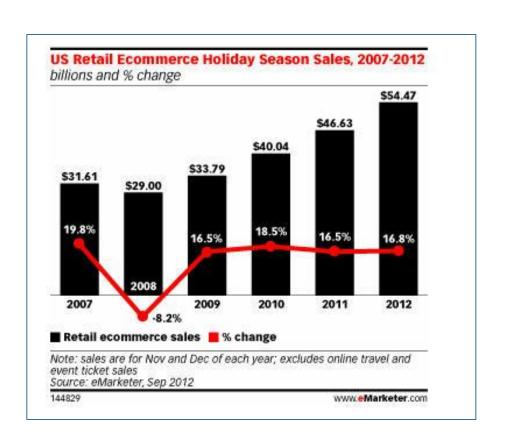


INCONSPICUOUS CONSUMPTION.



### 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



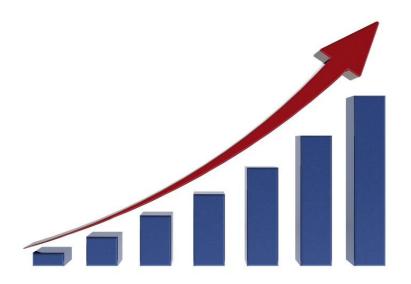


### **Holiday Predictions**

- 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 ¼ 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

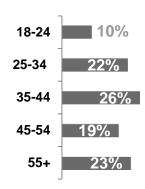
- 1,136 consumers completed an online questionnaire in September 2012
  - 50% female/50% male
  - 61% shop at least several times a month
  - 52% spend \$750 or more annually



### Demographics

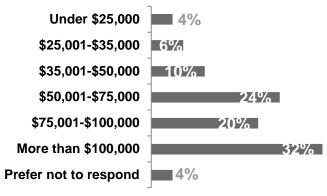


#### What is your age?



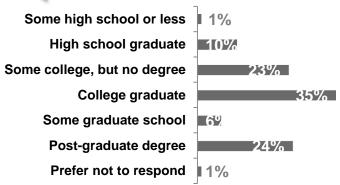


Which of the following best represents your combined annual household income before taxes?



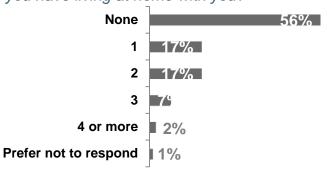


What is the highest level of education that you have completed to date?





How many children 18 years of age or younger do you have living at home with you?

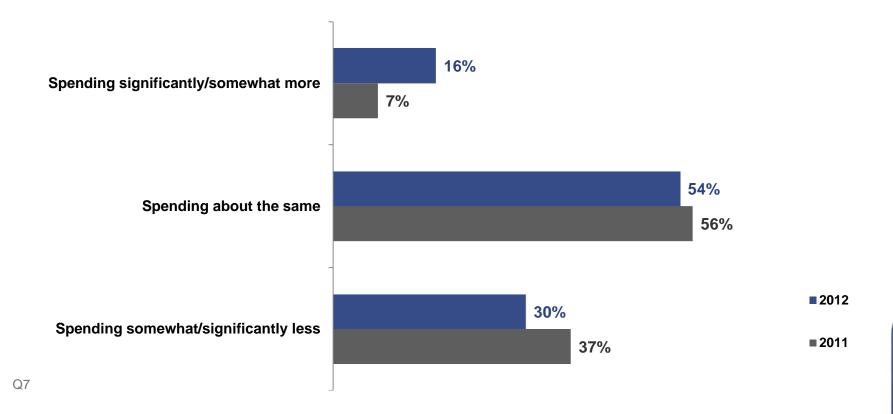




# The flat and unpredictable economy means shoppers will be spending about the same as last year



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?





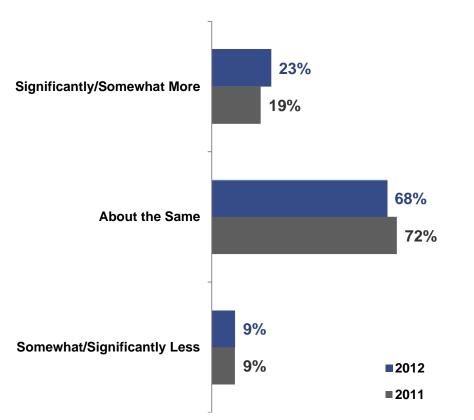
### Shoppers inch toward buying more gifts online



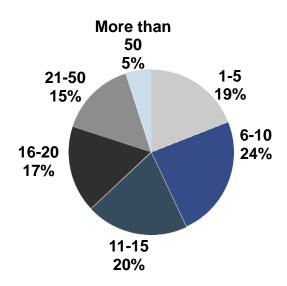
Do you plan to purchase more gifts online this year than you purchased online last year?



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



57% shoppers will buy 11 or more gifts this holiday season



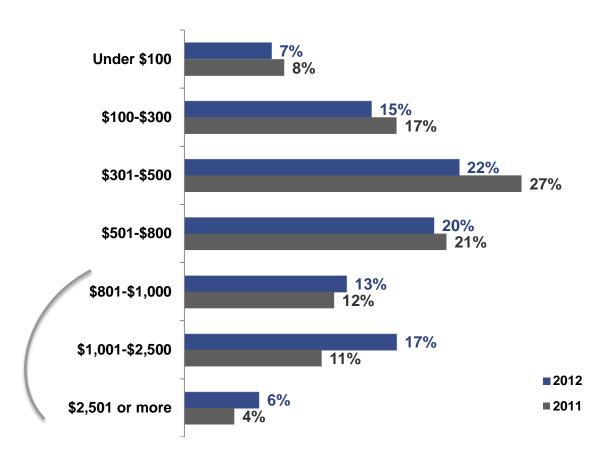


Q14

# 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?



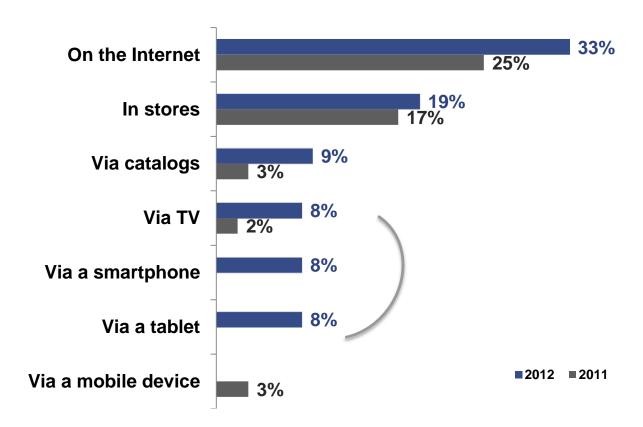


### Growth in online holiday shopping

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)



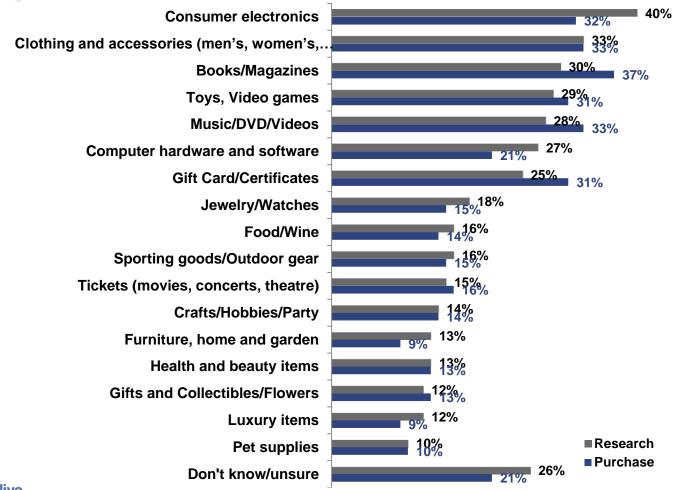


Q17

# 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.



Q10 & Q11

## III. Where and why they buy

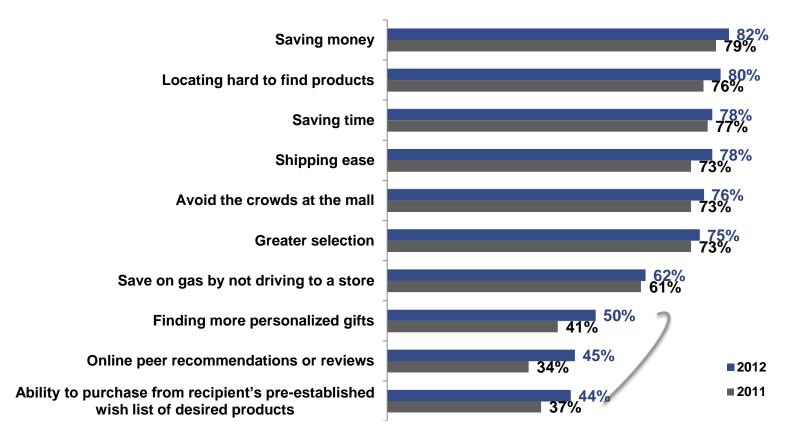




# Saving money, searching out hard-to-find product and saving time top the reasons shoppers buy gifts online



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)





Q16

### Creatively guide shoppers embracing such behavior



Moosejaw: 12/13/2011

Subject Line: Moosejaw's Lazy Gift Guide Thing + Free Hoody\_



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





parents





Only at giggle

NEW Jungle Finger P (Organic Cotton)



\$100 and up

Our founder shares her top picks for everyone on your list! >









giggle Exclusives Organic Gifts Personalized Gifts

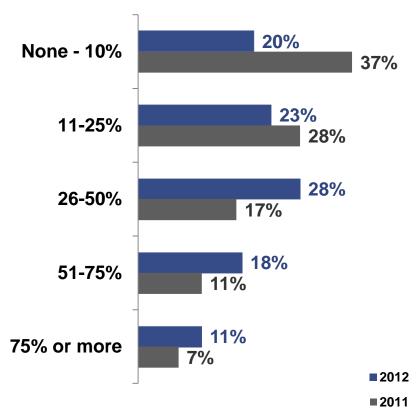
Classic Gifts

### 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 ½



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







Q12

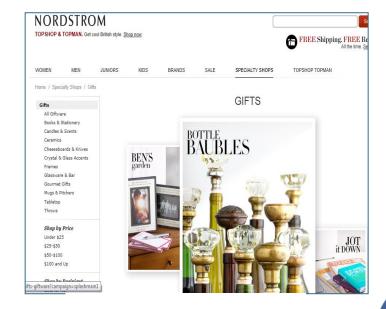
### Reputation most impacts where shoppers do business

## 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)











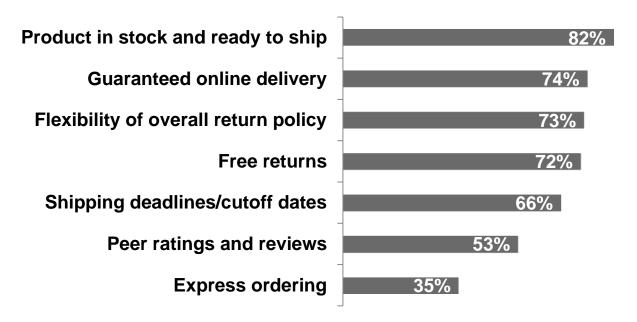
# The ability to ship coupled with guaranteed delivery times severely impacts merchant choice

#### 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)







Q20N

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



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)





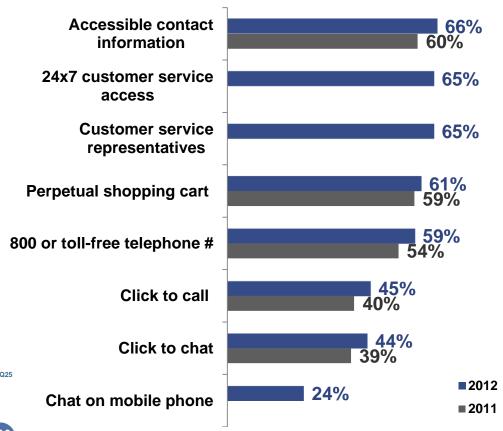


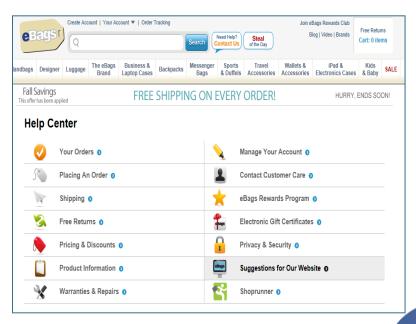


# Customer assistance is all about "being there" based on customer preference



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

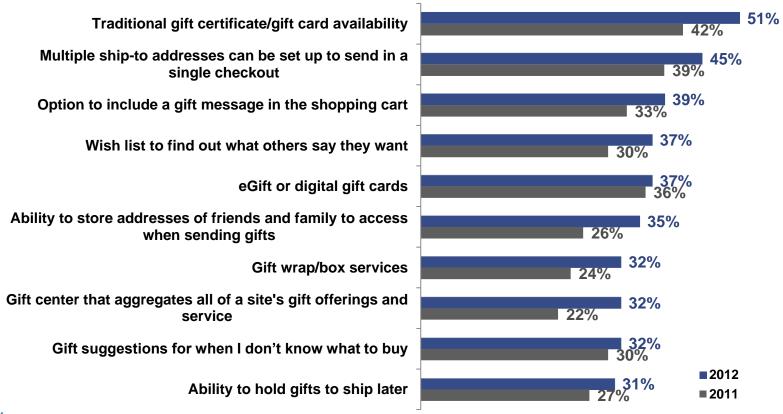




### Gift tools increase in value among shoppers



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)





Q24

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





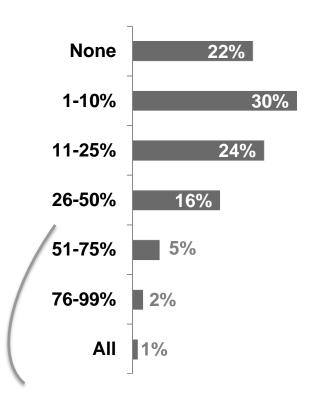
Net-A-Porter: 11/12/2011 Subject Line: The gift hit list



# 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?

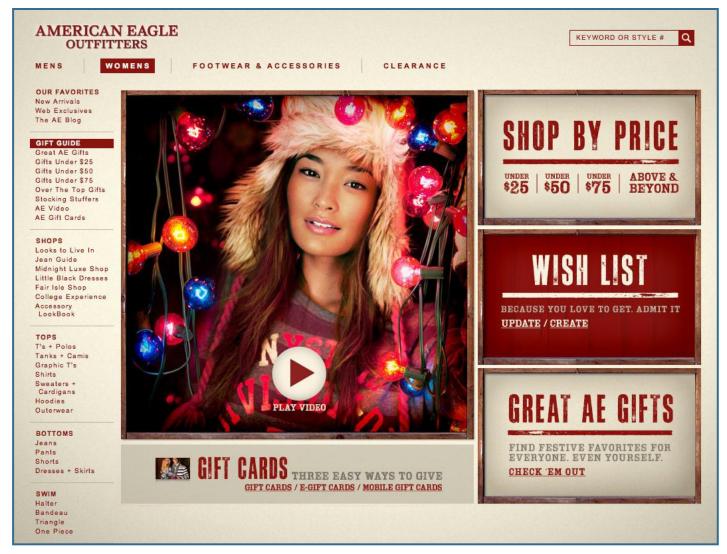






Q13

## 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%



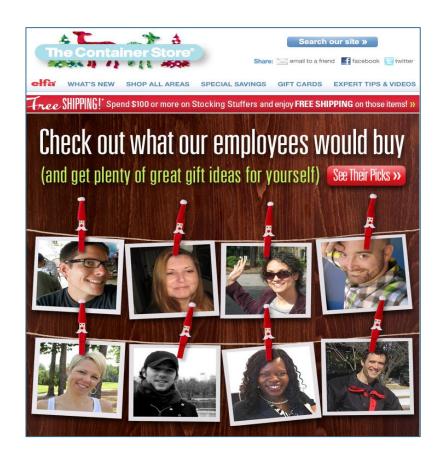


#### As reviews resonate with shoppers, test both friends and experts



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



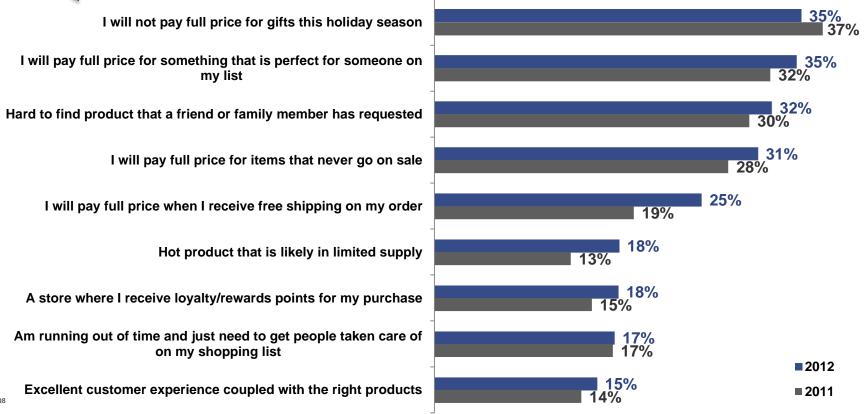


#### 1 in 3 shoppers will not pay full price

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

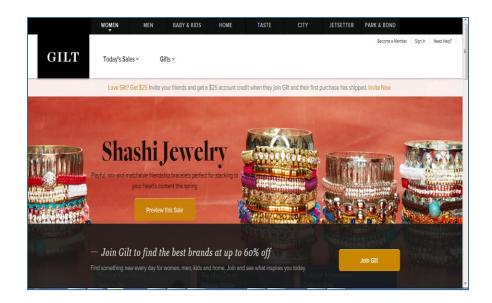


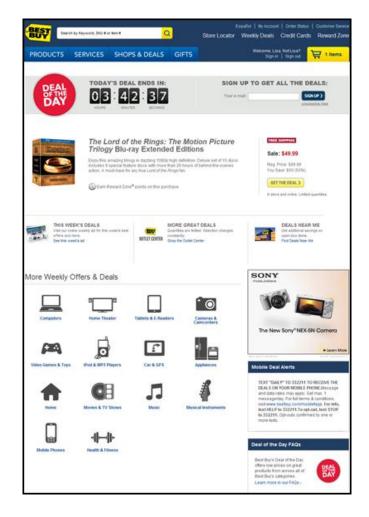
What will it take for you to pay full price for gifts this holiday season? Check all that apply.





### Energize your selling model with "daily deal" mentality







### Savings start with free unconditional shipping while \$ off and online sales also see traction



Which 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)

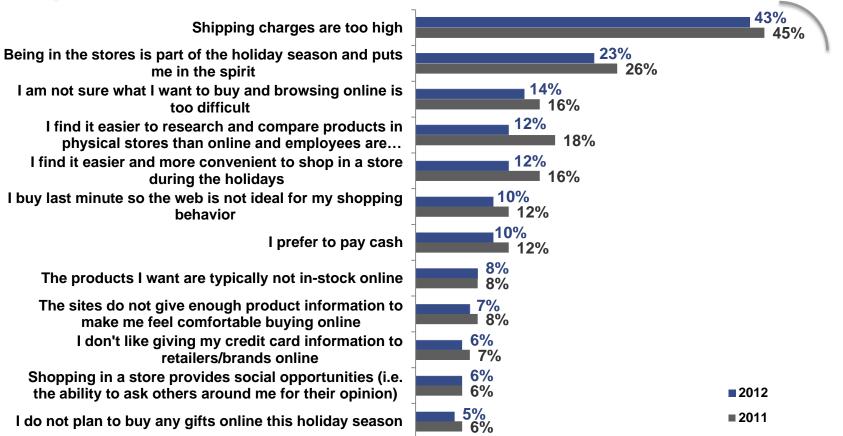




## Shipping charges remain the #1 reason why more gifts are not bought online



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





Q15

44

#### Free finds followers



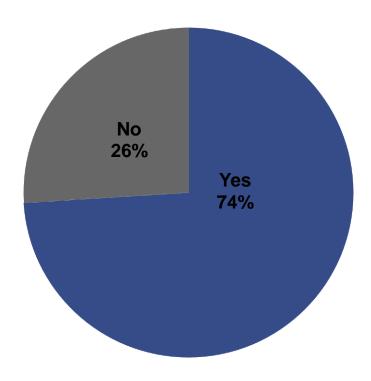




# 3 out of 4 shoppers plan to purchase "deals" beyond gifts this holiday season



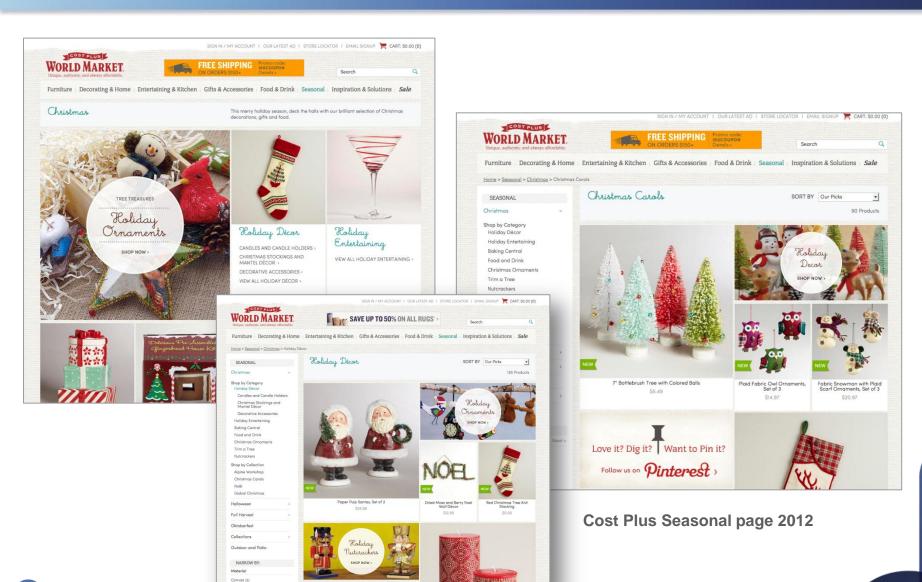
Do you plan to take advantage of sales or price discounts during the holiday season to make additional, NONGIFT purchases for yourself or your family?



Q23N



#### Offers combined with seasonal collections





### VI. Many channels, many opportunities

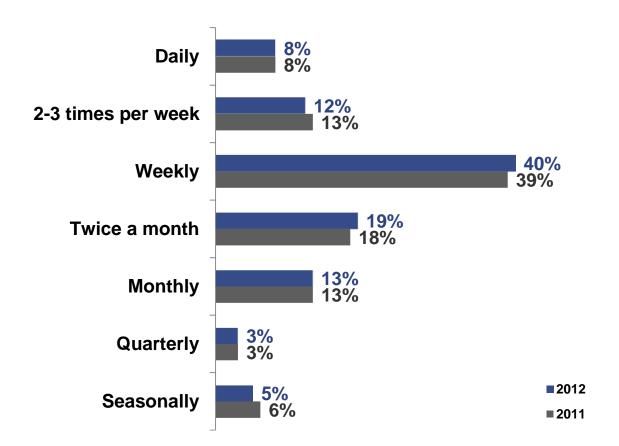




### Email has not lost its luster and weekly receipt is still favored



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

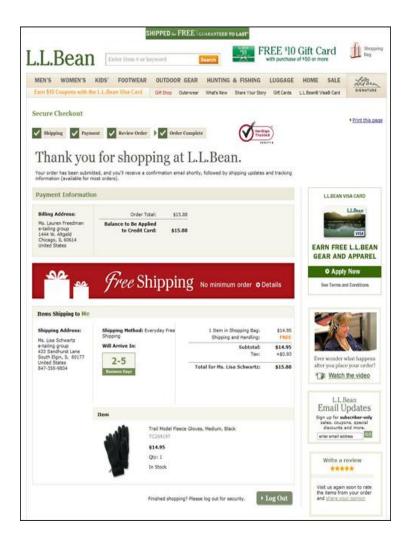


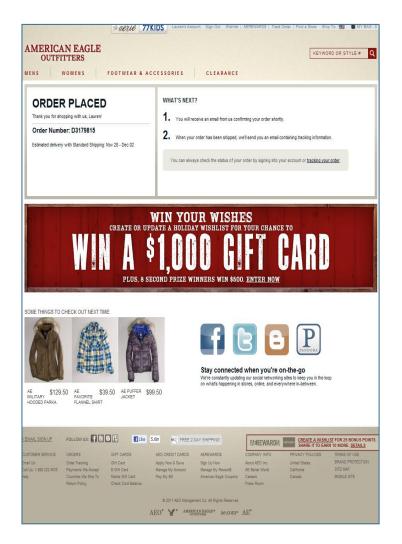
Please rank the types of email content that you would be most likely to respond to from your favorite retailers this holiday season where "5" is the most likely and "1" the least likely. (Top-2 Most/Somewhat Likely)





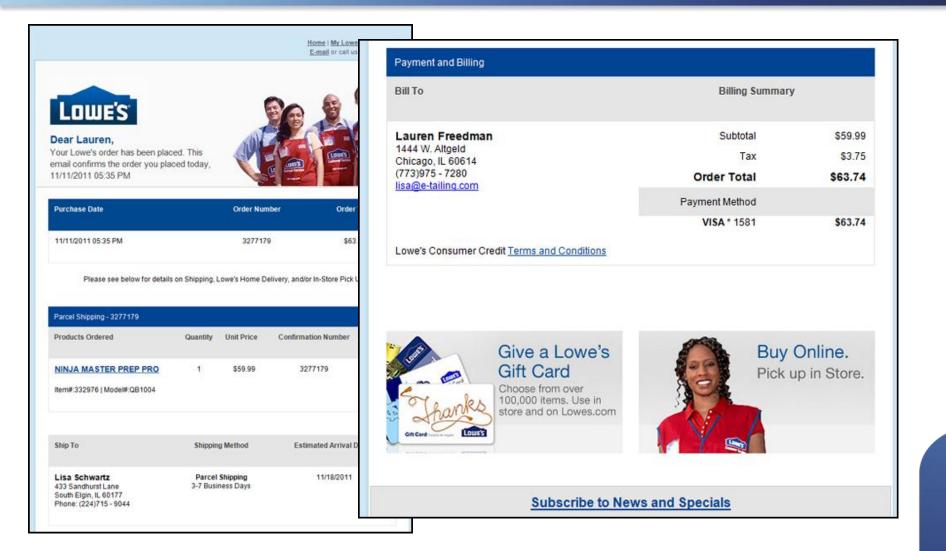
### Confirmations bring shoppers back for more







### Gift cards are a perfect add-on item

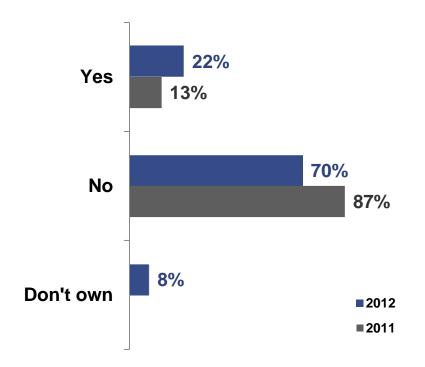


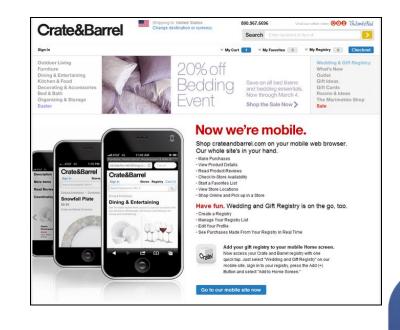


# Mobile purchasing has accelerated as 1 in 5 have made a purchase via a mobile device in the past 12 months



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



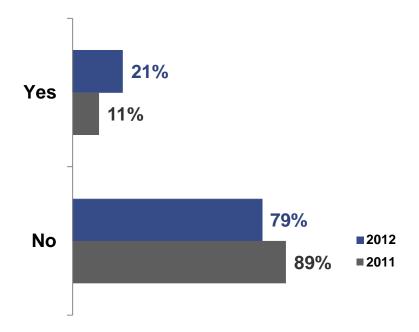




### Almost twice as many shoppers plan to purchase gifts via mobile devices TY vs. LY



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)

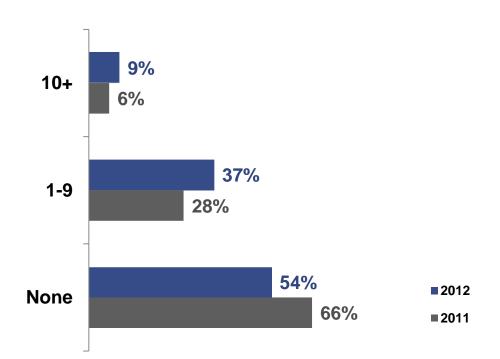




## 46% of consumers have shared their phone # with retailers to receive promotional texts



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





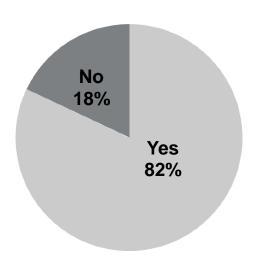


Q30

## 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?



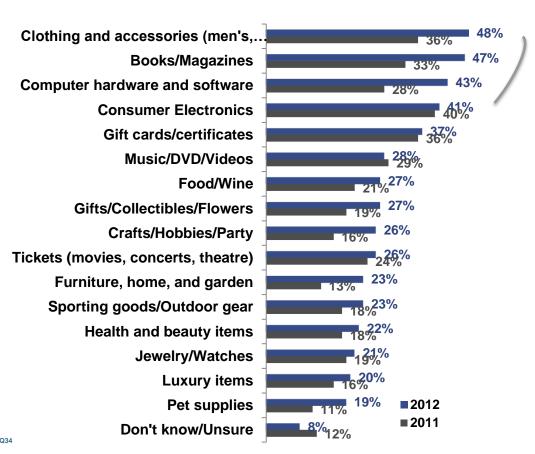




#### Core categories see greater mobile interest this holiday season



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



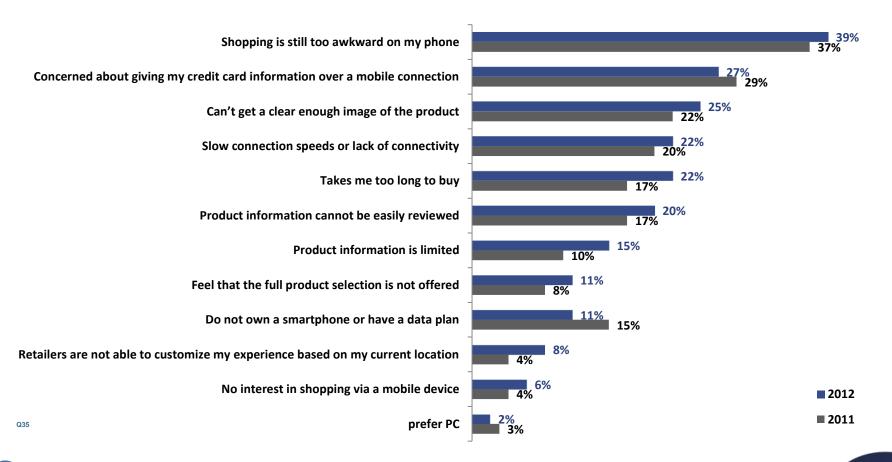




## User experience and security concerns keep shoppers from purchasing gifts via mobile devices



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)

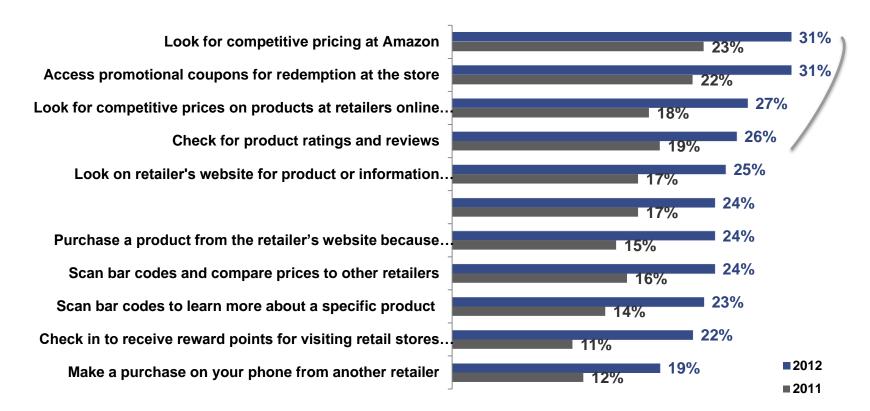




## At least 1 in 5 are frequently/often using their smartphones as in-store shopping tools



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





Q37

### More plan to participate in commerce-related social activities than LY



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)



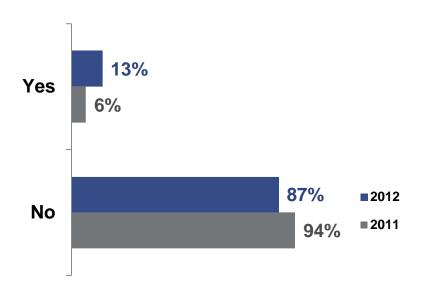




### Twice as many made a purchase from a social networking site in the past 12 months vs. LY yet interest is still relatively low



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







039

# 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)









### Move beyond the mundane to reach shoppers







# 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 BEFORE	ОСТ	NOV	DEC
Start	36%	23%	34%	7%
Finish	6%	5%	19%	70%



Bed bath & Beyond: 12/20/2011

Subject Line: The perfect size gift is 2" x 3"

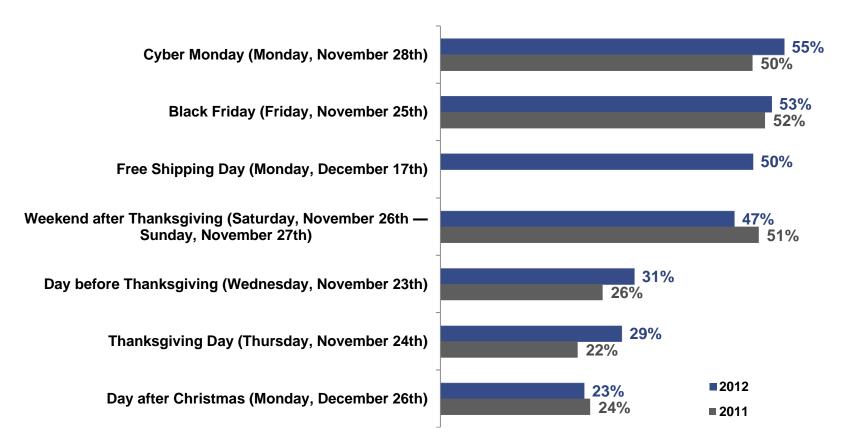
Q18N



### 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

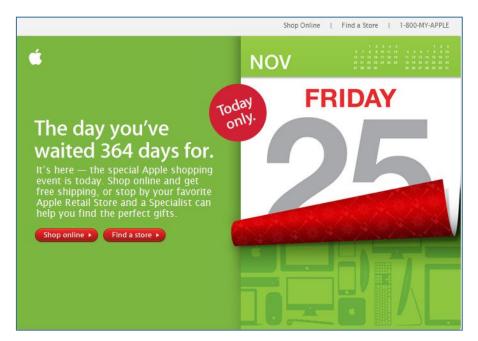


eBags: 11/03/2011

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 Equivalent Days in 2010

Non-Travel (Retail) Spending

**Excludes Auctions and Large Corporate Purchases** 

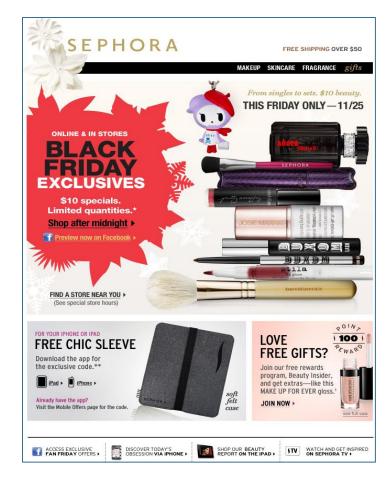
Total U.S. - Home & Work Locations

Source: comScore, Inc.

	Millions (\$)			
	2010	2011	Percent Change	
November 1 – December 31	\$32,359*	\$37,170	15%	
Thanksgiving Day (Nov. 24)	\$407	\$479	18%	
Black Friday (Nov. 25)	\$648	\$816	26%	
Thanksgiving Weekend (Nov. 26- 27)	\$886	\$1,031	16%	
Cyber Monday (Nov. 28)	\$1,028	\$1,251	22%	
Green Monday (Dec. 12)	\$954	\$1,133	19%	
Free Shipping Day (Dec. 16)	\$942	\$1,072	14%	

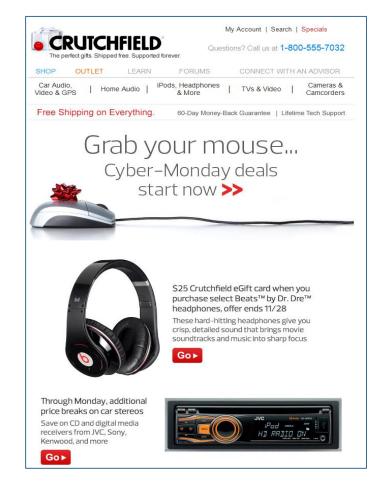


#### Give them a reason to buy now!



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



#### Make a cross-channel connection



Crate&Barrel: 11/22/2011

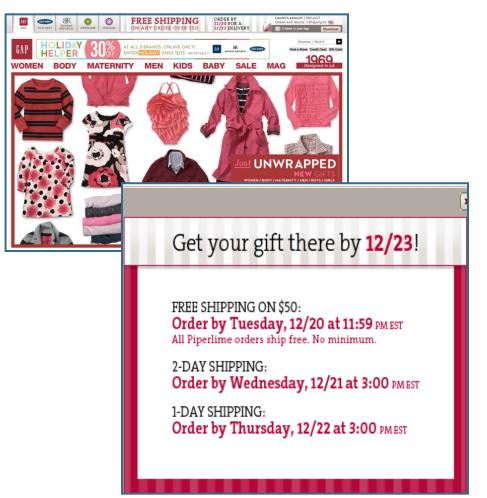
Subject Line: Last-minute Thanksgiving essentials.

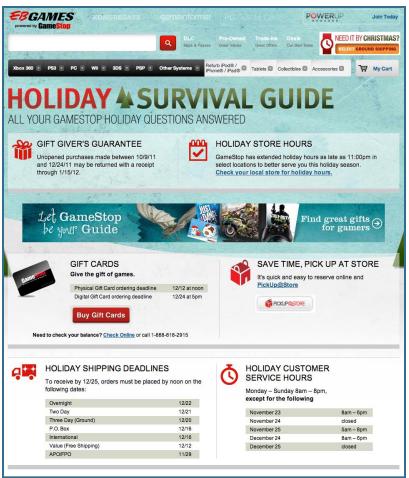
Shop online and pick up in stores.





#### Reinforce delivery times throughout the shopping experience





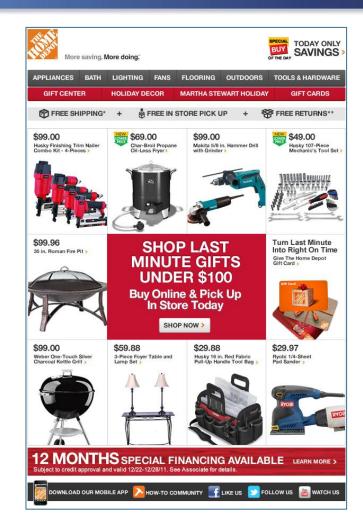


### Ready last-minute gifting



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!**

Lauren Freedman LF@e-tailing.com 773-975-7280 www.e-tailing.com Ken Burke ken@marketlive.com 707-780-1611 www.marketlive.com

