2015 Holiday Commerce Marketing Guide

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This past 2014 holiday period was a very merry season for eCommerce, witnessing a 16% growth in holiday sales over holiday 2013.[1] We have also seen continued shifts in consumer expectations and shopping behaviors. Understanding these key insights from holiday 2014 will be instrumental in setting up your business for success this holiday season.

Our 2015 Holiday Commerce Marketing Guide will help you take this holiday season head on with strategies informed by 2014 holiday performance and trends to watch out for.

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2014 Key Learnings

In 2014, three main trends emerged that retailers must consider when preparing for the 2015 holiday season. One, the continued growth of mobile's footprint in sales, two, improved payment and fulfillment options, and three, the increased dominance of search and email as the key traffic drivers.

Understanding the implications of these three trends and addressing them in your 2015 holiday planning will prepare you for successful performance this holiday season and throughout 2015.

Holiday 2014 in Review

We observed a continued growth streak in US holiday eCommerce revenue for November and December months combined, increasing 16% over holiday 2013 revenues.[1]

Average order value also increased 0.8% year over year, indicating a slightly less promotional holiday season compared to the previous year.[2] eCommerce sales are projected to increase 14% this year,[1] with trends that fueled eCommerce growth last holiday season continuing to drive growth throughout 2015.

Key Dates from 2014 Holiday Season
Black Friday and Cyber Monday remained the top shopping days of the season, along with several others.[3] The top 10 eCommerce spending days of 2014 were all during the holiday season, with sales occurring even later than years previous.

While Cyber Monday remained the strongest shopping day of the season by far, retailers are extending deals and enticing consumers to take advantage of sales throughout the holiday season.

Top 10 US Holiday Season Retail eCommerce Spending Days in 2014

in billions

1. Cyber Monday (Dec 1)	$2.04
2. Tuesday, Dec 2	$1.80
3. Green Monday (Dec 8)	$1.62
4. Black Friday (Nov 28)	$1.51
5. Friday, Dec 12	$1.46
6. Tuesday, Dec 9	$1.34
7. Thusday, Dec 11	$1.19
8. Wednesday, Dec 3	$1.17
9. Wednesday, Dec 10	$1.17
10. Tuesday, Dec 16	$1.16

Note: home and work desktop computers; excludes auctions, large corporate purchases and travel.

Source: ComScore Inc. as cited in press release, Jan 7, 2014.

Holiday Readiness Tips

Evaluate key dates for your business from last season, by channel.

Analyze and optimize past holiday programs.

Identify top selling product categories and products from last holiday season to properly estimate order volume.

Align key promotion start dates and end dates to drive users to take advantage of sales throughout the season.

Trend #1
Continued Growth of Mobile Footprint in Holiday Sales

Before we speak to the increasing impact of mobile, we cannot ignore that desktops continue to dominate retail eCommerce.

When it comes time to cart an item and check out, consumers prefer the larger screen size of laptops and PC monitors and the ability to see, on a single screen, critical order details including shipping charges, tax, destination address, promotion codes, and more.

However, mobile witnessed continued growth this holiday season, breaking new records. While most online sales still came from desktops, mobile devices rapidly gained traffic and order share.


Forty-five percent of online traffic during the holiday season came from mobile, an increase of 25.5% year over year.[2] Furthermore, one out of four online purchases was done on a mobile device this season, up from 18.6% in 2013.[1]

Traffic on mobile exceeded desktop traffic for the first time on Thanksgiving, reaching 52.1%. This trend continued throughout the following weekends and during Christmas week. Mobile traffic reached new highs on Christmas Day, owning 57.1% of all online traffic, and 34.8% of all online sales.[4]

In general, smartphones were used to browse, generating a higher percentage of traffic compared to tablets (31.2% vs. 13.4%). On the other hand, tablets were used more to purchase, generating a higher percentage of sales than smartphones (13.4% vs. 9.1%).[4] This comes by no surprise, given the larger screen real estate for tablets. Regardless, mobile is still increasing its footprint in both traffic and sales over tablets, and is predicted to take up a larger share of holiday sales this upcoming season.

Why this jump in mobile? A large reason is due to the increase in mobile shoppers.

More US consumers owned smartphones and tablets, and among those with a device, there were 25 million more mobile shoppers in 2014 than 2013.[1] More mobile shoppers leads to more buyers. Furthermore, larger screen sizes are trending, and with larger screen sizes, conversion rates are also higher.[1]
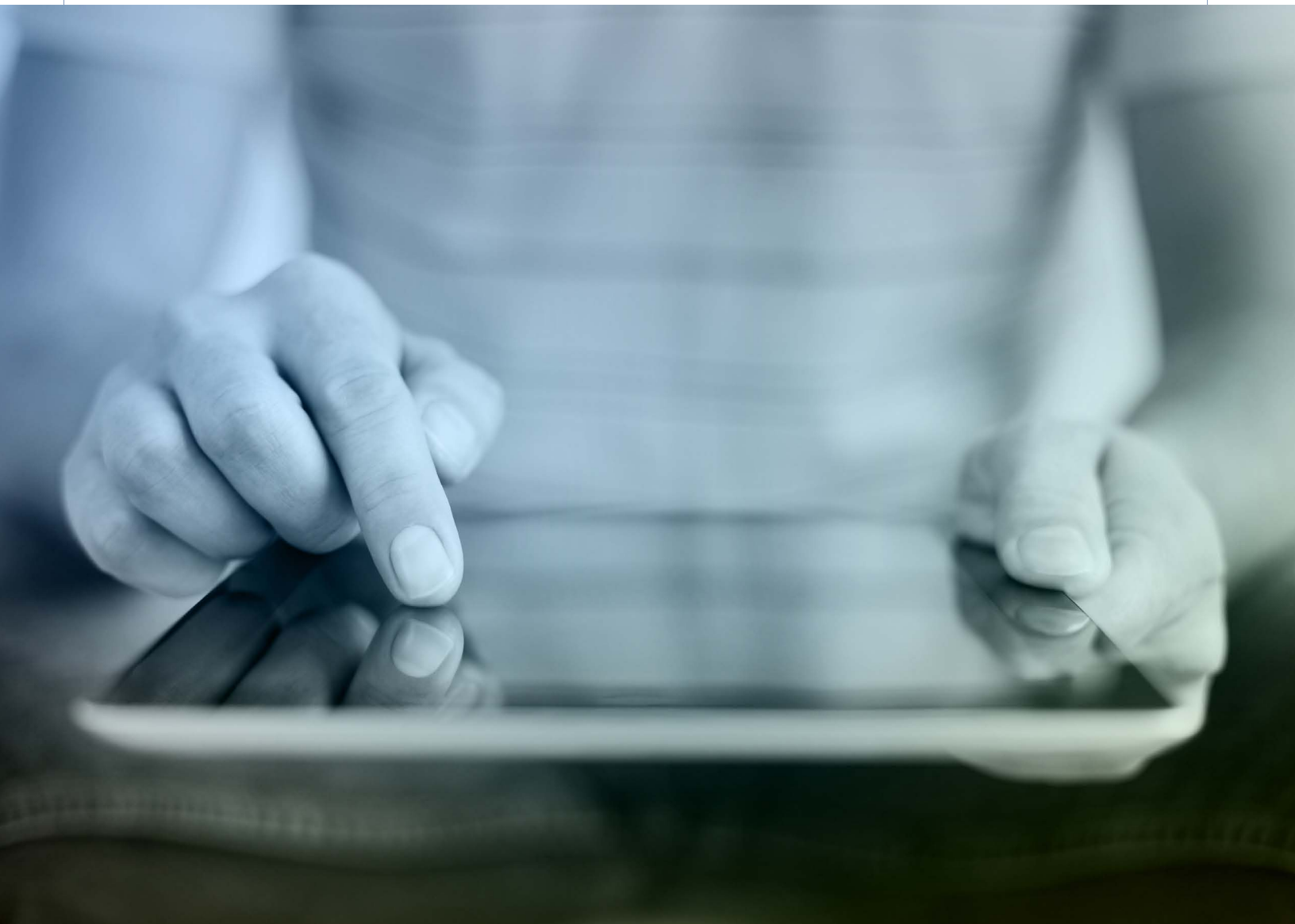
Smartphone Website Traffic Share in North America, By Screen Size, Sep 2013 & Sep 2014

% of total

5+ inches
6.9%

<5 inches
93.1%

Sep 2013

**5+ inches**
17.9%

<5 inches
82.1%

Sep 2014
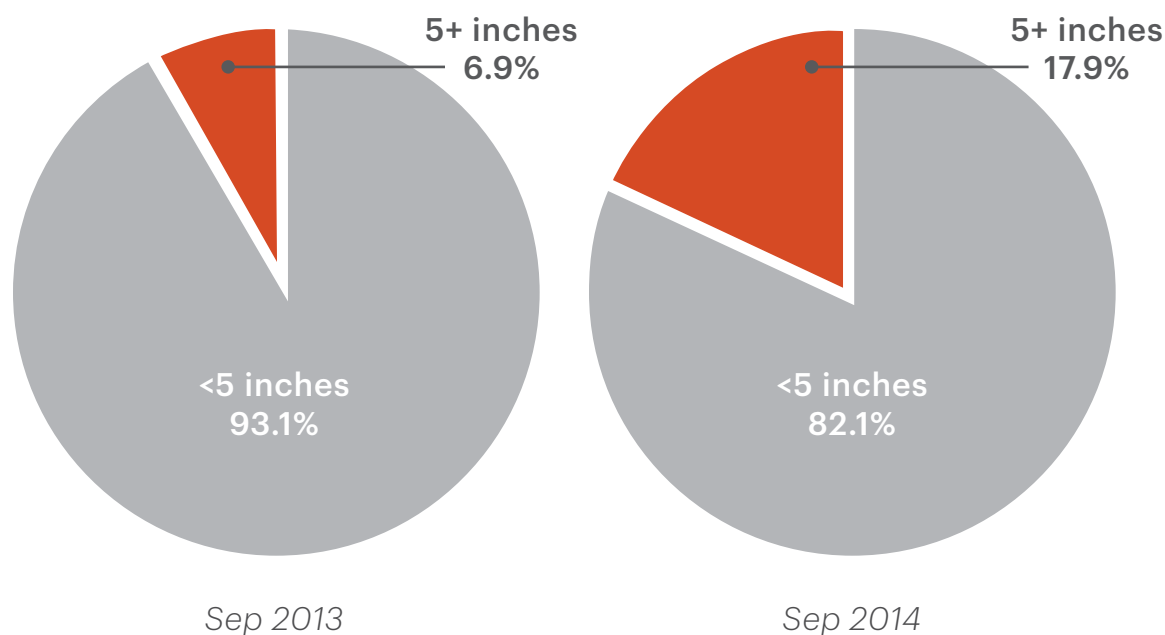
Note: represents activity on Chitika's network, broader industry metrics may vary; mobile browser traffic only, excludes apps.

Source: Chitika, 'Q4 2014 North American Mobile Status Report,' Nov 6, 2014.

Mobile Website Format Among the Top 100+ Web-Only Retailers in North America, March 2014

% of total

Responsive Web Design 9%

Dedicated Mobile Site 59%

Desktop 32%
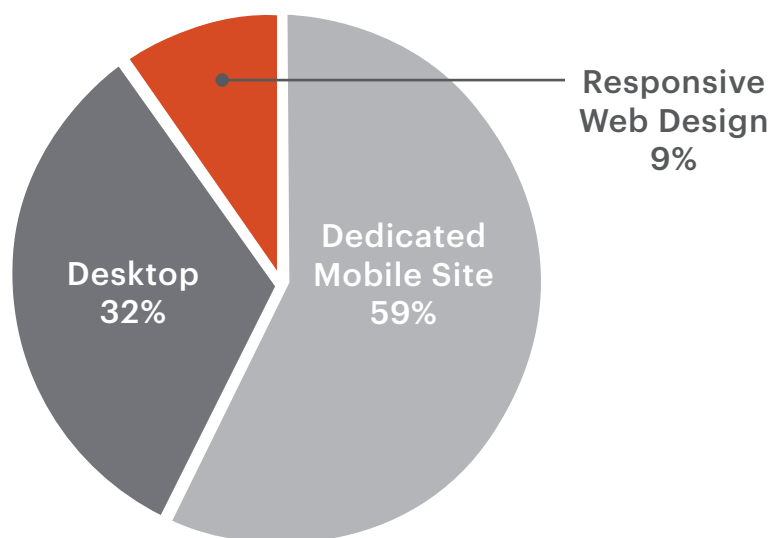
*Note: excludes retailers with subscription-based business models; *according to Internet Retailer's Top 500 list of eCommerce sites by sales.*

Source: The Search Agency, 'Mobile Experience Scorecard: Web-Only Retailers,' March 27, 2014.

Overall, mobile experiences have also improved, especially with responsive design gaining traction. However, customer mobile shopping expectations were still ahead of what was delivered this past season. Nearly one third of retailers did little more than shrink the desktop experience.[1]

As retailers adapt to the increased footprint of mobile, search engines like Google are also catching on and making adjustments to how they consider mobile in the mix.

This past April, Google updated their search algorithms to boost the ranking of mobile-friendly pages on mobile search results. Soon, having a shrunk desktop experience will no longer be sufficient, given this adjustment.

With this, we expect the trend toward mobile-optimized sites to pick up the pace this year, given both mobile's footprint in shopping and purchasing during the holiday season, as well as Google's new search algorithms. This holiday season, a new challenge will arise and that will be to simplify the check out process.
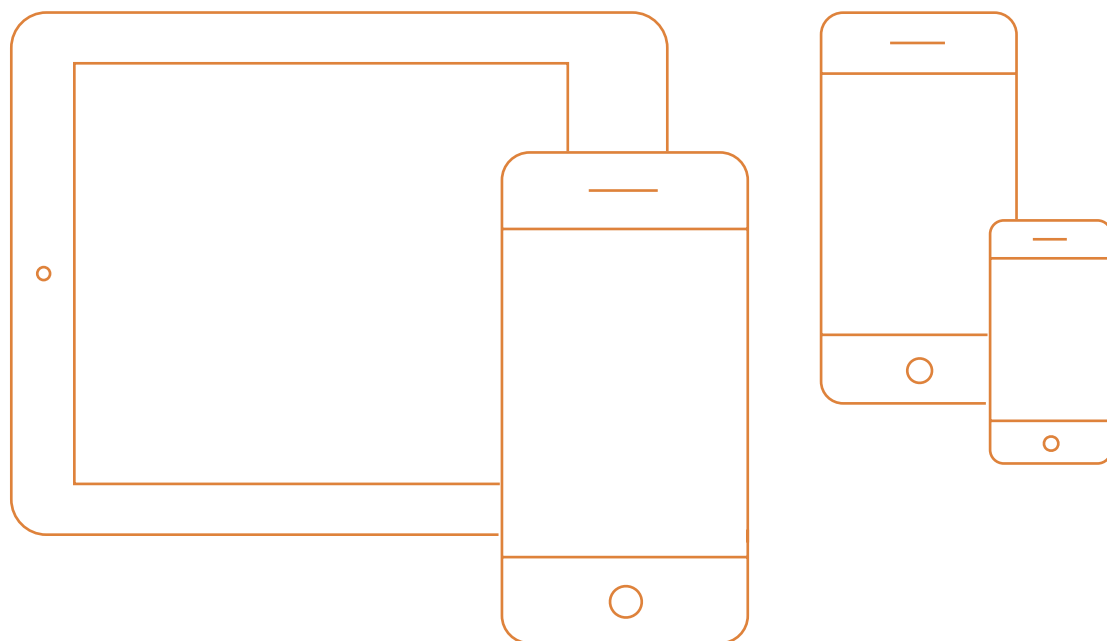
Tips for Mobile

Consumers are utilizing multiple devices throughout their purchase path, with each device playing a different yet important role. Implement a responsive design to ensure a fluid and unified experience across smartphone, tablet, and desktop/laptop.

Conduct usability studies to understand how your customers are interacting with your site and identify what features they are using most to prioritize your efforts in optimizing mobile experiences.

Look into what key information users are researching on mobile to optimize your ad copy and website based on that information.

74% of mobile visitors will leave a website if it takes longer than five seconds to load. Test image and page load times with tools such as Google Page Speed Insights to ensure fast load times and functional linking experiences.

Coordinate with your technology team to prepare your website for the holiday site volume.

Capitalize on the marketing potential of the mobile channel (e.g. SMS, push notifications, mobile ads, geolocation, etc.) by implementing targeted mobile incentives or promotions to entice users to convert or visit stores.
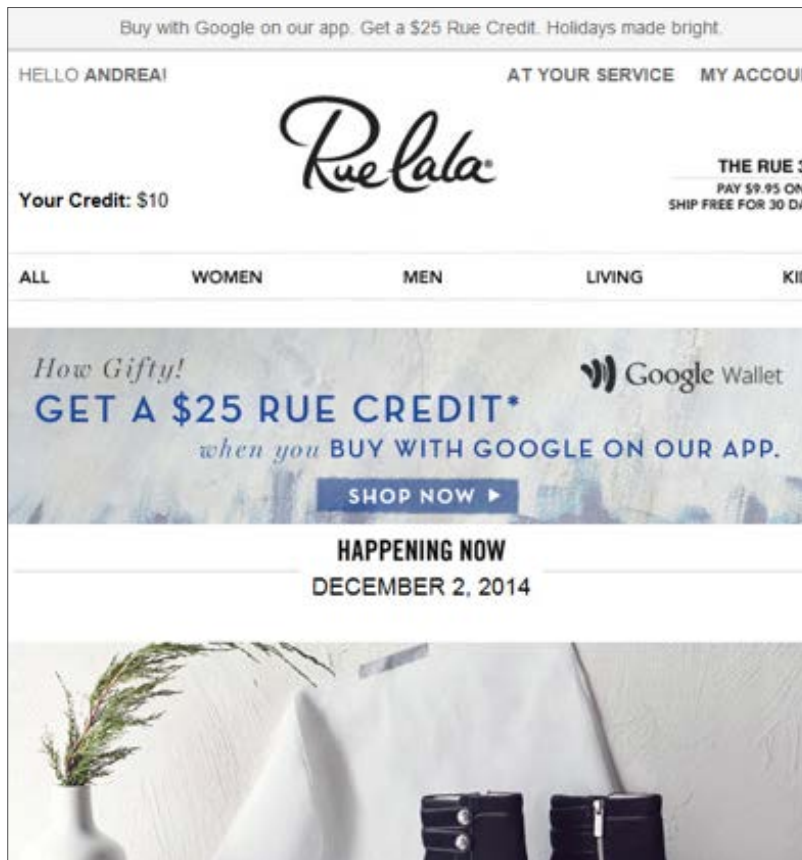
Example: Rue La La is able to offer credit-based promotions based on device to incent mobile usage and buyer behavior.
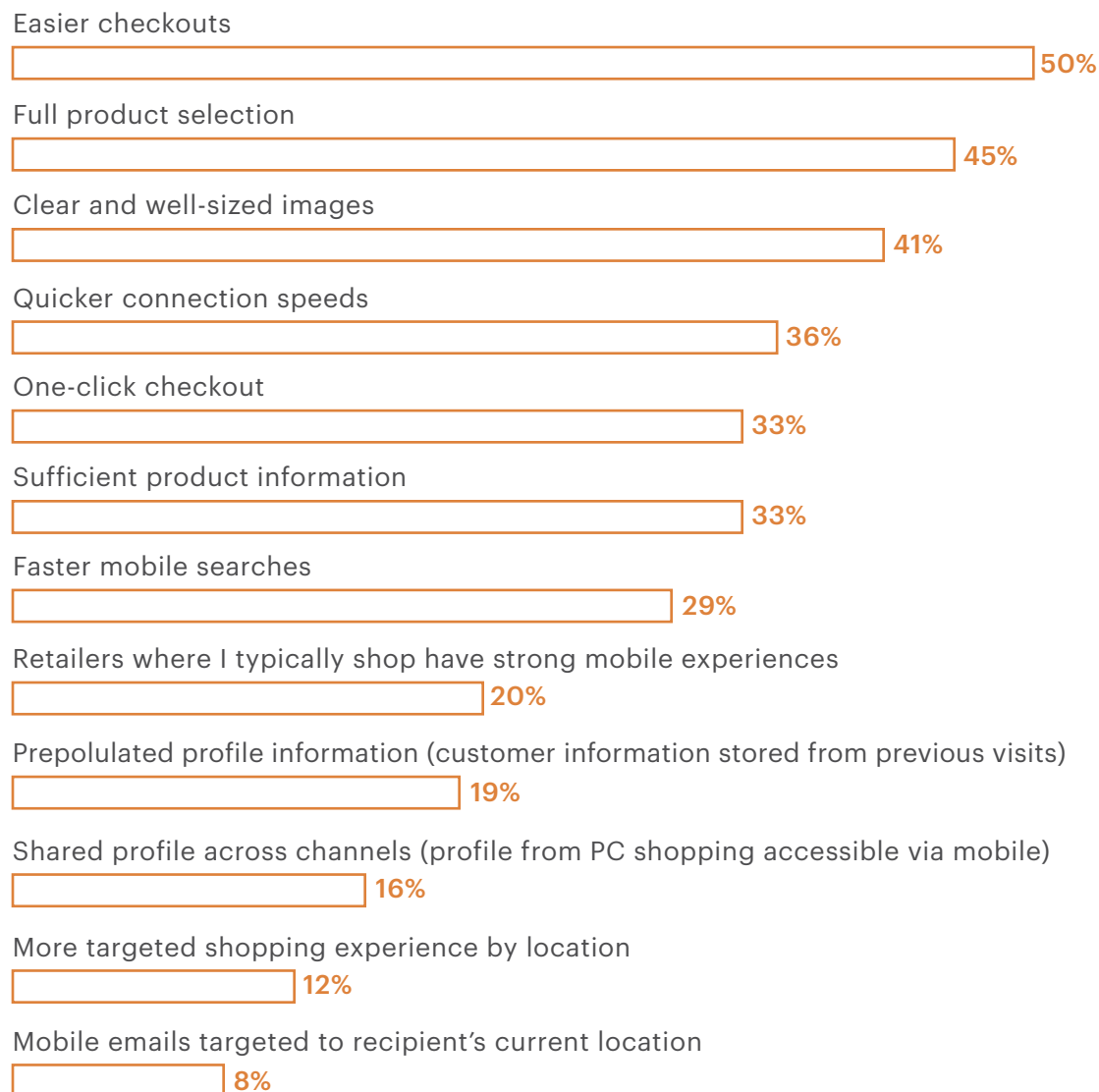
Trend #2

Improved Payment and Fulfillment Options & Simplified Payment Options

We saw the beginnings of efforts to improve and simplify the payment and checkout process through products such as Amazon's one-click check out, Visa Checkout and Google Shopping.

We also witnessed simplifying in-store payments with technologies such as Apple Pay. Consumer attitudes are aligned with the direction payments and check out is headed, as easier checkouts were noted as a main factor that would cause shoppers to spend more of their shopping budget on mobile.

Factors That Would Cause US Digital Shoppers to Spend More of Their Shopping Budget via Mobile Device, Sep 2014

% of respondents

Easier checkouts
50%

Full product selection
45%

Clear and well-sized images
41%

Quicker connection speeds
36%

One-click checkout
33%

Sufficient product information
33%

Faster mobile searches
29%

Retailers where I typically shop have strong mobile experiences
20%

Prepolulated profile information (customer information stored from previous visits)
19%

Shared profile across channels (profile from PC shopping accessible via mobile)
16%

More targeted shopping experience by location
12%

Mobile emails targeted to recipient's current location
8%

As these alternative payment options develop further and are coupled with faster and more intelligent mobile sites, the use of mobile will make a jump this holiday season and continue to unify online and offline shopping.

Improved fulfillment boosted eCommerce sales

In addition to improved payment options, we also saw higher assurance of products being delivered through better fulfillment performance. Customers entered the 2014 holiday season believing that the prior year's fulfillment problems had been accounted for and resolved.

As alluded to in our **2014 Holiday Commerce Marketing Guide**, in-store pickup proved to be a promising venue to offer users as an alternative during the holiday season. 42% of eBay Enterprise clients saw big increases in 2014 in store fulfillment, which includes both ship-from store and in-store pickup. Same-store sales increased 62% on Thanksgiving Day, Black Friday, and Cyber Monday.

According to a survey eBay Enterprise conducted in partnership with CFI Group, while home delivery is the top pick for shipping options, in-store pick up is driving consumer savings on shipping. 57% reported their primary use of in-store pickup is to save on shipping costs.[5]

Tips for Payment & Fulfillment

Consider implementing faster and simpler check out options to minimize friction. Condense the checkout experience to one cohesive page by cutting down to show only essential fields on mobile.

If possible, reduce the requirement for users to fill out long checkout forms by using trusted services such as PayPal or Google Wallet, where users are just a few taps away from completing their payment.

Work with your fulfillment center to extend order cutoff times as late as possible to help drive last-minute purchases.

Provide alternative shipping options to reduce delivery time to customers by leveraging store inventory and personnel to fulfill in-store and online orders.

Ensure that your inventory management infrastructure is able to support in-store pick up.

Clearly call out shipping options and accurate expected delivery dates, and display these options consistently throughout all environments and devices.
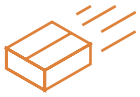
Highlight free shipping promotions on your site and through email to boost transaction rates and revenue.

Consider using dollar thresholds to offset margin loss (e.g. free shipping on orders over $50), as well as promoting gift cards after your shipping cutoff date.
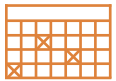
Have your design team create promotional variations based on major shipping expirations including Last day for Free Shipping, Last Day for Standard Shipping, Last Day for Priority Shipping, Last Day for Overnight Shipping, All Guaranteed Shipping by December 25th, and December 25th Delivery Expired: Try In-Store Pick Up, Online Gift Cards Available.

Example: Men's Wearhouse provides different options for last minute shopping (e.g. gift card promotions and pick up in store).

Example: Edible Arrangements clearly features key shipping deadlines, "last chance" call outs, and alternative shipping options.

Trend #3
Search and Email Were the Largest Drivers of Traffic

Search remains the primary channel that drives traffic, with 38.5% of online transactions originating from free/paid search. Organic (free) search drove 21% of orders, and paid search drove 17.5%.[2]

Last holiday season, 85% of retailers reported that search engine marketing was the most successful acquisition channel.[6] Ad spend is increasing, but is yielding big returns for retailers. 70% of brands are allocating more than 50% of their digital marketing budgets for search and social during the holiday season.[6]

Retailers spent big on paid search, and made big in return.

Thanksgiving

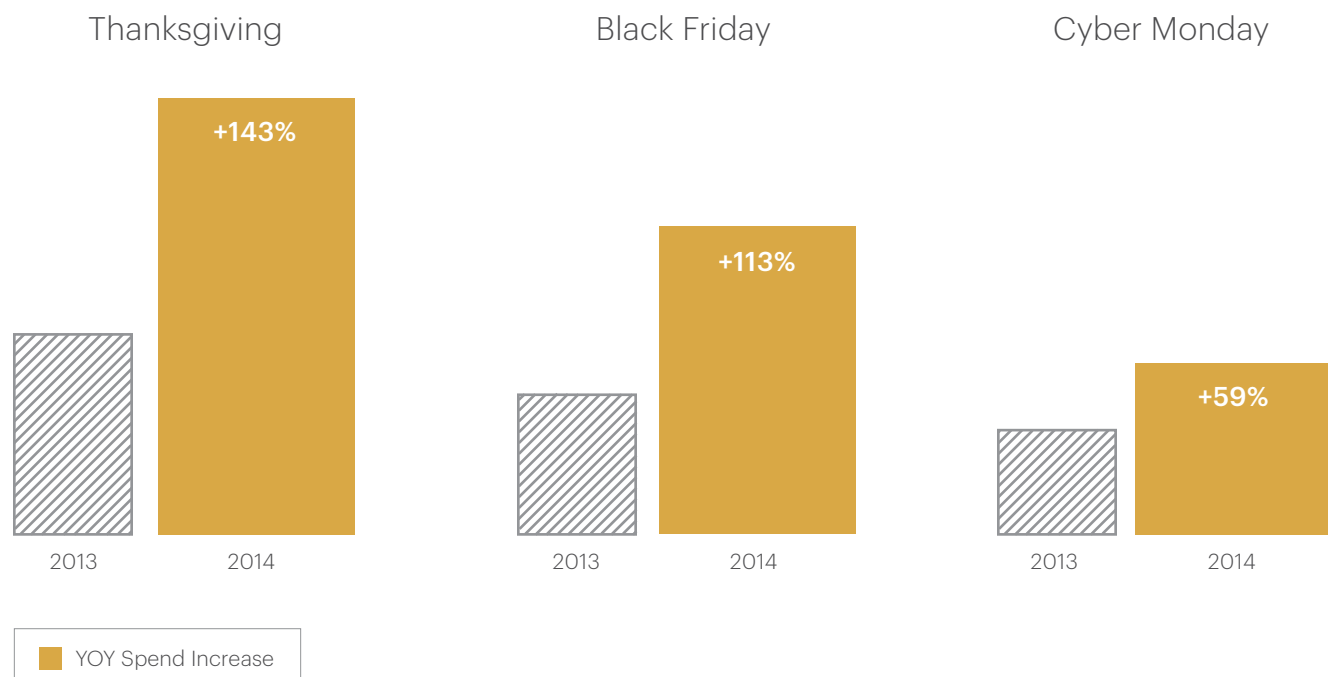+49% (2013 / 2014)
+54% (2013 / 2014)

Black Friday

+24% (2013 / 2014)
+42% (2013 / 2014)

🏅 Cyber Monday

+18% (2013 / 2014)
+34% (2013 / 2014)

Legend:
- 🟨 Overall Search Spend
- 🟦 Overall Search Revenue
- 🏅 Ranked #1 as the top consumer spending day for the past 4 years

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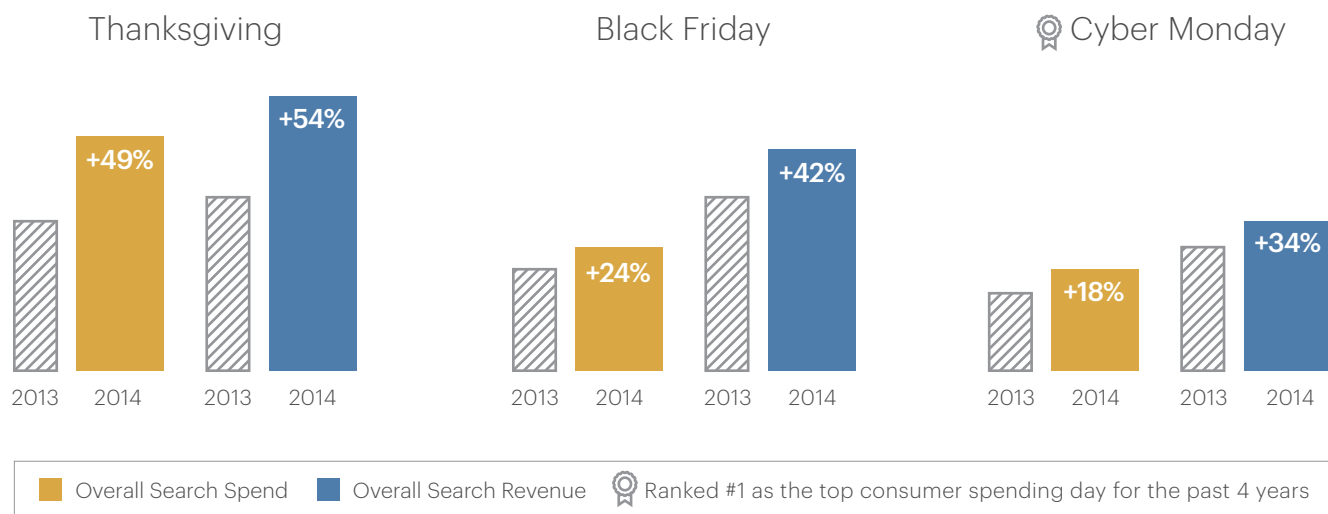
Product Listing Ads growing in popularity.

Advertisers spent significantly more on this ad type YOY during the holidays.

Thanksgiving

+143% (2013 / 2014)

Black Friday

+113% (2013 / 2014)

Cyber Monday

+59% (2013 / 2014)

Legend:
- 🟨 YOY Spend Increase

Given the trend of mobile's increased footprint, mobile ad spend is also rising fast and is projected to top $100 billion worldwide in 2016. For the first time, mobile ad spend will account for more than 50% of all digital ad expenditure.[7]

Email also proved to be one of the larger drivers of traffic (ranking third behind paid and organic search), driving 17.7% of all shopping transactions during the holiday season. During Thanksgiving weekend, email was by far the primary marketing channel driving eCommerce orders, accounting for 27.3% on Black Friday, 23.9% on Cyber Monday, and 23.1% during Thanksgiving weekend overall.[2] Mobile revenue made up 20% of all email-generated revenue, growing by a third in one year.[8]

Tips for Search & Email

Utilize Google Trends to understand how far in advance people are searching and planning for each holiday event.

Analyze previous holiday performance media marketing campaigns (search & retargeting) to understand how consumers are arriving at your site and what is driving the traffic that converts.

Understand which devices users are coming to your site from and ensure you have the appropriate search strategy in place, by device.

Use mobile conversion data to find which hours of the day are most profitable, and consider only running ads during these hours to maximize return on advertising spend.

Consider including incentives like free shipping, guaranteed delivery dates, or special offers in your ads and emails. Ensure that this messaging is consistent across channels.

Take a look at past campaigns to understand which email and subject line combinations had the highest open, click through rates, and conversion rates.

Align email sends to hit key branded shopping dates, but consider extending deals during slow traffic periods to manipulate traffic to your site.

Send more relevant, customized emails based on previous customer behavior.

Make sure your ad retargeting strategies are in place for those who do not open your emails.

Don't forget to show appreciation to your customers, especially loyal customers.

Be Prepared for Potential Hiccups

Lastly, with the craziness that comes with the holiday season, be sure to anticipate shortcomings or roadblocks and have a plan of attack prepared.

- Monitor your campaign performances and create back-up promotions or variations for things that are not working.

- Have alternative email creative in your back pocket if your numbers are not meeting your goals.

- Set up promotions on your commerce platform so they can be implemented quickly when needed.

- Draft apology emails for non-email related incidents like your website crashing or delayed deliveries.

An ounce of prevention could go a long way to save your holiday numbers.

Understanding these key holiday trends and how consumer shopping behavior is evolving will enable you to be more prepared to take this holiday season head on. We hope that these insights and tips will help you deliver a successful and stress-free holiday season.

• Leverage key insights from last holiday season

• Factor key holiday 2014 trends into your strategies

• Be prepared for potential hiccups

Happy holiday planning!

Contact us for help with your holiday planning

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Sources

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