

SUMMARY

A Re-cap of 2011's Madcap Online Holiday Season

Now that the school bells have rung, it won't be long before the sleigh bells start ringing. As retailers gear up for the 2012 holiday crush, it's expected that additional holiday days (compared to 2011) will reap many happy tidings.

Last year, 'Black Friday' in the United States (US) kicked off the largest online shopping period in history. Online sales increased 26% over 2010,¹ as shoppers avoided the stampede at the mall. In the United Kingdom (UK), Boxing Day broke previous records to become the best day ever for online shopping, with UK retail websites receiving 40% more visits than the same day in 2010.² After all, why queue when you can click? Even if customers ultimately bought at a brick-and-mortar retail store, they had researched and planned their purchases online.

Did your website garner *your* share of this 26% year-over-year increase in online holiday spending? Did you take advantage of the amazing rise of social, mobile and local? (A recent RichRelevance study³ analyzed 3.4 billion shopping sessions and showed that share of US online retail dollars attributable to mobile doubled in just nine months.) European online shoppers spent €52 billion (\$69.43 billion), almost one fifth more than they did last year, the European credit crisis notwithstanding.⁴

12 Best Practices for Enabling a Better Shopping Experience

You may have already read our first edition of the '12 months of Christmas'—an annual calendar of best practices, culled from what (and how) today's shoppers expect their favorite brands and retailers to deliver.

In this paper, we offer 12 best practices to help you continue strategizing in the race to Black Friday, ensuring you have the right tools to keep customers sticking to your brand during this most crucial shopping season of the year.





What's In A Name?

'Mega' vs. 'Cyber' vs. 'Green' Monday. 'Black Friday' and 'Free Shipping Day.' The list of significant days for blockbuster online sales continues to expand as retailers woo the make-or-break holiday customer with new concepts.

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- **Thanksgiving:** The fourth Thursday in November.
- **Black Friday:** The Friday after Thanksgiving that begins the brick-and-mortar holiday shopping season.
- Cyber Monday: A term coined in 2005 for the Monday after Thanksgiving that begins the online holiday shopping season.
- Mega Monday: The Monday in December after shoppers receive the year's last monthly pay packet. (UK)
- Green Monday: A term coined in 2007 for the second Monday in December; the last day to purchase items online and have them arrive via standard shipping before Christmas.
- **Free Shipping Day:** Begun in 2008, a one-day, online-shopping event when thousands of merchants offer free shipping with delivery by Christmas Eve.
- **Boxing Day (UK and US):** December 26 is a busy brick-and-mortar and online shopping day when shoppers redeem gift cards, return or exchange gifts, and take advantage of post-holiday sales.

ENTER THE OMNI-CHANNEL CONSUMER

We live in an increasingly seamless, socially connected world with real-time expectations and a proliferation of customer service and selling channels. This is a world where you must meet customers on their terms. It's a world where one great or one bad experience can be broadcast to millions within seconds. It's a world where 4 out of 5 consumers trust online ratings but only 14% trust traditional methods of advertising.

 Robert A. Niblock Chairman & CEO, Lowe's Companies Shareholder Call (December, 6 2011)⁵

Leverage Big Data to Put Customers at the Center, Regardless of Channel

Big Data about your customers—who they are, where they've been and what they want—is everywhere. But this information tends to be siloed across channels. Let's say you track customers in your store with loyalty cards; what about those same customers on your website? Data ties distinct channels together.

Today, retailers like Wal-Mart and Kohl's are making use of sales, pricing, and economic data, combined with demographic and weather data, to fine-tune merchandising by store and anticipate the best timing for store sales. As marketers continue to leverage sophisticated machine learning to unite previously disparate sources of online and offline data, they're likely to achieve unprecedented levels of engagement and loyalty with shoppers. Big Data has the potential to bring retailers closer to their customers than ever before—hearkening back to the days where customers maintained one to one relationships with their corner store.⁶

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Meet Your Customers Where they Are: Brick-and-Mortar, Online (Website and Social Media) and Mobile

Retailers must now maintain three simultaneous channels where customers are discovering, researching and purchasing products: instore, online and mobile (smartphone or tablet). If this juggling act sounds challenging, remember the pay-off: consumers who obtain information from more than one channel spent 82% more than customers who only visited a store.⁷

If you don't have a consumer marketing plan that encompasses all these environments, now is the time to create one that serves as your yearlong strategy. Drive consumers to your e-commerce site through social channels, viral campaigns, deals and contests—to get them to stay and become regular users. Once secured, measure the lifetime value of those customers by channel. Establish your retail site as the "go-to" resource for pre-store shopping. (You can also take the fear out of online purchasing for those who are not yet total adopters.) When the 2013 holiday season rolls around, you'll have faithful consumers following your marketing—and shopping on your site.

THIS YEAR, THE MOST DRAMATIC CHANGES IN DIGITAL MARKETING WERE IN MOBILE

More and more shoppers are turning to their mobile devices as a way to research and shop whenever and wherever they want. Staples is thinking ahead and anticipating customers' needs, providing an offering that not only serves as an m-commerce tool but listens to, and solves, customers' pain points.

 Brian Tilzer, Vice President of Global e-Commerce, Staples⁸

Maximize your mCommerce Strategy

A 2011 RichRelevance study⁹ analyzed 3.4 billion US consumer online shopping sessions. Online retail dollars attributable to mobile devices doubled from April through December of 2011 among more than 90 million smartphone users and 24 million tablet users. On Thanksgiving in the US, 24% of all shoppers were on a mobile device, the highest share of online shopping between November 1 and December 18.

Another RichRelevance study found that more than one in four online shopping excursions in the UK (27%) occurred on a mobile device during the holiday season. Almost four out of five UK shoppers (79%) used an iPad.¹⁰

Your consumers are using their mobile devices as research and comparison tools while en route to—or in—a store. Is your e-commerce site ready for mobile? With both mobile and online versions, your customers have the flexibility of accessing your full website anywhere, via iPad/tablet, or iPhone.

Help consumers maximize their mobile shopping efforts and stay "sticky" with your brand by enabling interactivity with your store. For instance, sales people in Apple stores now cash out customers directly from iPads or iPhones and email receipts directly to them. Bar scanning devices allow consumers to interact with all your inventory—what's available on-site as well as in the warehouse. Retailers like Nordstrom and Anthropologie enable shoppers to get an item that is not available in a particular store shipped directly and at no cost to their home from another store that carries it in inventory.



Step inside the mind of a mobile shopper! Check out our mobile infographics for the US and UK: http://bit.ly/rr-mobile12



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Ensure that your mCommerce Navigation and Load Times are Blazing Fast!

A third of United Kingdom smartphone owners surveyed by EPiServer made a purchase via a mobile commerce site. ¹¹ But they are often buying *in spite of* their shopping experience: a third find mobile sites hard to navigate, and half find mobile sites slow to load. Still, 64% of consumers surveyed gave an mCommerce site *three tries* before they abandoned it! ¹²

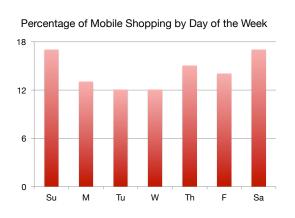
RichRelevance found that the mobile share of UK online shopping sessions rose throughout December—from less than a quarter (23%) on December 1 to almost one third (31%) by December 31.13

Don't frustrate customers who exhibit such willingness to buy: make sure your site loads properly on mobile screens, is optimized for mobile navigation and loads FAST. Measure conversion by device type and browser to pinpoint problem areas. (Our own studies show the iOS platform is preferred for online shopping, with nine out of ten mobile purchases coming from Apple devices.)¹⁴



Sofa Shopping

RichRelevance finds an increase in mobile usage on Saturdays and Sundays, suggesting that folks tote their mobiles around in stores—or are 'sofa shopping' while watching football or the Food Network.



Take Advantage of the Latest Mobile or Online Promotional Techniques

"More than half of us are using our phones to tap into holiday savings. This new technology makes it easier for everyone: customers benefit from it, retailers benefit from it," notes Mike Gatti of the National Retail Federation.¹⁵

General consumer apps such as Swagg let customers buy, swap and redeem their gift and reward cards on their phone: merchants can either scan it or enter an authorization code. Social network Foursquare lets users trade their live location information for discounts and rewards keyed to which retailer they're near right now. Amazon's controversial Price Check app allowed shoppers to leave stores "just at the point of purchase," which small business owners and retail trade groups didn't appreciate ... but a Saturday promotion tripled usage of the app for the next weekend.

Some retailers are harnessing mobile-phone use while in-store and turning it into their advantage. For example, Overstock.com plans to include extensive consumer-generated product reviews and buying guides on their new o.info domain, acknowledging the customer trend toward trusting other buyers more than advertisers and brand messaging.

These innovations in mobile shopping help consumers interact with your products or store anytime/anywhere—even while in your store!

DON'T NEGLECT SOCIAL AND LOCAL IN THE "SO-MO-LO" TRIPLE CROWN

The in-store experience is likely to become better as online shopping grows. As it becomes easier to compare prices, stores will be forced to create better physical experiences with more knowledgeable sales staff and proprietary items hard to find anywhere else.

Don Davis, Editor of Internet Retailer¹⁷

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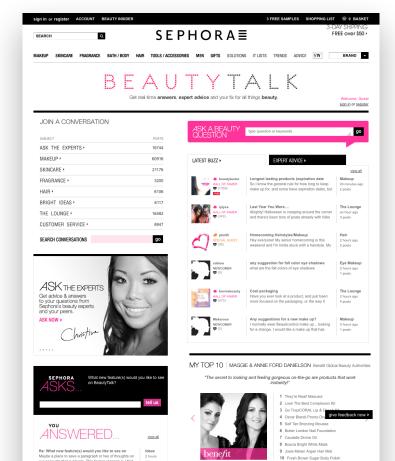


Utilize Social Media Channels to Engage Personally with Your Customers

No longer a one-way street, retailers must let the customer help create the conversation and develop their brand. Social media can create an influential marketing channel, build brand goodwill and provide an insight into the 'voice of the customer.'

Cosmetic retailer Sephora is one example of a company that has successfully created its own interactive shopping social space through the launch of its online Beauty Talk community. Not only is the brand facilitating this discussion—putting itself at the heart of the community—but Beauty Talk is driving Sephora customers to buy more. Sephora has created a social community where customer discussions not only fuel authentic peer-to-peer recommendations, but drive increased order size and value.

Sephora's Beauty Talk community connects customers and drives sales.



Integrate your Physical and Online Presence

Developing creative and engaging personalized technology for use in conjunction with tech-savvy sales staff in stores can reduce the likelihood of consumers turning to competitors. Neiman Marcus in the US is currently testing an iPhone app designed for this purpose in four of its stores. The app has two parallel interfaces for customers and sales staff, providing consumers with alerts of upcoming events, new product arrivals, QR code scanning, and the ability to learn which of their favorite associates are in the store. Simultaneously, in-store sensors alert staff when customers enter the store, and provide a purchase history (and even a Facebook picture for easy recognition) to ensure that they offer a seamless service.

In tandem with this, the implementation of interactive in-store technology creates unique shopping experiences that encourage in-store shopping while fostering brand loyalty. For instance, shoppers frustrated by the lack of standard clothes sizing will soon benefit from Me-Ality™ walk-in body-scanning stations, developed by Canadian firm, Unique Solutions Design. This scanning technology is used to generate a unique bar code containing the shopper's detailed measurement data and a customized shopping guide, creating a unique list of product recommendations.



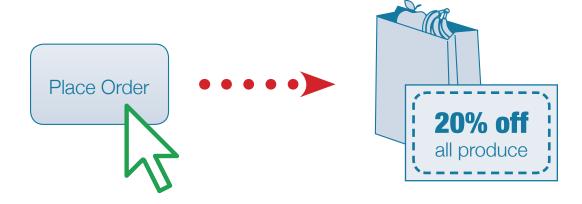
Me-Ality aims to match shoppers with the clothes that suit them best.



Offer "Click and Collect" Customers Coupons or Incentives at Pick Up

A happy marriage between online and local retail is click and collect, which offers consumers the best of both worlds. According to UK trade group Interactive Media in Retail Group (IMRG), one in ten UK consumers now picks up an online order in stores. ¹⁸ UK retailers John Lewis Plc, Argos, Tesco and Marks & Spencer have all adopted the strategy to provide convenience to web customers who may not wish to rely on weather-affected delivery schedules. IMRG CEO James Roper expected "the internet to account for about 20% of all UK Christmas shopping," in 2011. ¹⁹ The UK Centre for Retail Research predicts that by 2015 half of all Christmas shopping will be conducted online.

Shoppers who purchase online and pick up in-store tend to spend more per order than if they only shopped in the store. Don't miss out on the valuable opportunity to offer your customers coupons or incentives to shop the store when they come in to pick up their merchandise. Your order confirmation email can include these coupons or incentives to peruse a recommended upsell or cross-sell (a complementary item) to what was originally purchased. Or, the clerk at the pick-up point can hand consumers their merchandise as well as these coupons or incentives immediately, on-site.



Take a Really Close Look at Your Shopper

When was the last time you took a really close look at who your shopper is? Chances are that if you did, you may have noticed a new super consumer.

Women directly influence about 80 percent of purchase decisions for their households – whether it is what laundry detergent to use, what clothing the kids will wear or what car the family drives. Further, she's a hyperconnected super-shopper, utilizing all shopping channels (social, mobile, local) available to her. Women drive over \$12 trillion in global spending according to Ogilvy & Mather, with nearly a quarter shopping online every day.

It's time for retailers to acknowledge the significance of the female consumer's influence and spending power. A few basic strategies include:

Ensure a comfortable in-store user experience. Design spaces and messaging according to what women want to know about products, as well as how women buy. The physical basics are well-lit car parks, no loiterers, and sparkling bathrooms. But maneuverability, ergonomics, product information geared to family use, and service policies should all encourage women's comfort. Marks and Spencer in the UK is widening its shopping aisles and walkways to allow for parents to browse more easily with strollers. In other stores, activities such as a free shoetying class for kids builds a community feeling—and gives mothers the freedom to shop, browse, and relax, knowing their child is having fun and learning a new skill.

Ensure a comfortable on-line user experience. Curation, speed of payment, and the element of fun surprise are three must-haves for retail sites that want to increase their conversions with women. Increase website interactivity by incorporating games and scrolling and browsing features onto your sites to get customers engaged with the brand, rather than just pushing sales.

Tailor approaches to women's purchasing decisions. Engage your female shopper's imagination: women enjoy visualizing what role a product will play in their lives, and how it will enable them and their families to enjoy a certain kind of lifestyle. Virtual online fitting rooms, such as those implemented by fits.me and metail, are a great way to personalize the shopping experience.

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'HUMBLE' EMAIL IS (STILL) A WORK-HORSE

There are always shiny things. A company shouldn't get addicted to being shiny, because shiny doesn't last. You really want something that's much deeper-keeled. You want your customers to value your service.

- Jeff Bezos, CEO, Amazon.com²⁰

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Embed Personalized Product Recommendations within Confirmation and Shipping Emails

Four out of five major retailers sent at least one promotional email on 'Black Friday,'²¹ even though the Friday after Thanksgiving has (in the US) traditionally been a huge day for shoppers to stampede through actual brick-and-mortar stores. In fact, email volume for 2011 was up almost a fifth from 2010 according to Experian's email marketing provider, CheetahMail.²² But these "emails drive traffic to retail sites. More than 9% of all email traffic on Thanksgiving Day and Black Friday ... went to the top 500 retail sites—a share of traffic just shy of that coming from online search."

RichRelevance Analytics results for post-purchase transactional email engagement reveal a 10+% click-thru rate. The data show that using RichRecs +Email increases the likelihood of purchase eleven times (compared to manually merchandised items—that is, static images placed into emails).

Major retailers are utilizing both transactional and promotional emails. The benefits of delivering product recommendations via email are manifold, and include:

- Better user identification in email recommendations
- The ability to filter recommendations by category, price, brand, etc.
- Flexibility in campaign management/layouts
- Increased reporting capabilities

Use your Email Marketing Campaigns to Attract Loyal Customers

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Gleanster's research report indicated that email marketing's top performers are harnessing the power of one-to-one targeting, event-based triggers and other capabilities to improve the performance of their email marketing campaigns.²³

A simple but powerful way to improve customer experience and build loyalty is to convert 'vanilla' order-confirmation emails into opportunities for your customers to get the most from their orders—and ultimately buy again. These emails might offer links to your website where customers can download coupons, buy related supplies, or leave feedback. Additional opportunities are ship confirmation emails and rate-and-review emails.

Build customer loyalty by including these nine features²⁴ in your email confirmations:

- Thank the customer for the order.
- 2 Include an order number.
- Include shipping information including carrier name, expected delivery date and order tracking.
- 4 Confirm exactly what was ordered (along with product and shipping costs).
- 5 Provide a toll-free number and an email address.
- Summarize payment method (sans details; for instance, "your Visa card ending in XXXX").
- Furnish links to product manuals or help files.
- Stress ease of return, and provide a link to your return policy.
- 9 Encourage product rate-and-review emails.

Amazon.com, 1-800-Flowers and Lands' End send shipping confirmation emails with personalized "extras" such as words of thanks, clickable link to package-tracking information and incentives to click through to visit the company's web page and shop again.²⁵

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Transform Shopping Cart Abandons into an Opportunity for Massive Conversion Rates—and Revenue

Only one fifth of the largest e-tailers are doing anything about shopping cart abandonment—an \$18-billion-a-year epidemic.²⁶ Even e-tailers who attempt to grapple with the problem often neglect to personalize this follow-up email, get the timing wrong (waiting much too long before they send the follow-up email), or may stop at just one message.

According to Ross Kramer, CEO of email marketing firm, Listrak, personalizing messages (via a simple, automated process) within 24 hours brings customers who might have been comparison shopping back into the fold. And retailers who reach customers within three hours after abandonment can double their campaign ROI!²⁷

Send a prompt and personalized series of messages (utilizing a customer's name to personalize and shopping cart contents to cross-sell) that escalate discounts, based on the number of attempts necessary to achieve conversion. Whether your tactic is follow-up email, or display retargeting ads, don't lose these customers with a click!



CONCLUSION

Economies wax and wane. New technologies emerge. Current trends transform themselves into 'business as usual.' We don't know what shiny object will be the Next Big Thing. But we do know the holiday season will endure as retail's biggest opportunity to connect with customers.

And we know your customer's need for respect and engagement with your brands and products will never change.

Personalization and relevance are evergreen, as is our commitment to enabling a better shopping experience for your customers.

Here's to another successful, customer-centered year!

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RichRelevance delivers over 850 million product recommendations daily, powering the personalized shopping experiences for consumers shopping the world's largest and most innovative retail brands like Walmart, Sears, Target, Marks & Spencer and John Lewis. Founded and led by the e-commerce expert who helped pioneer personalization at Amazon.com, RichRelevance helps retailers increase sales and customer engagement by recommending the most relevant products to consumers regardless of the channel they are shopping. RichRelevance has delivered more than \$5.5 billion in attributable sales for its retail clients to date, and is accelerating these results with the introduction of a new form of digital advertising called Shopping Media which allows brands to engage consumers where it matters most—in the digital aisles on the largest retail sites in world. RichRelevance is headquartered in San Francisco, with offices in New York, Seattle, Boston and London.

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