



The Data-Driven Marketer's Guide to Maximizing Holiday ROI



The purpose of this guide



NRF reported that 20% of a company's annual revenue is generated from holiday sales alone—that number rising in 2017 by 5.5% exceeding its forecasts. It's no longer a secret that the holidays represent major opportunities for brands.

With so much at stake, it's no surprise that competition is fiercer than ever. In an effort to stand out, many companies are rolling out deep discounts and starting promotions early.

This is a shortsighted tactic that, if handled incorrectly, will end up depleting your profit margins. Slashing prices just for the holidays will end up attracting the wrong kind of customer to your business: one-time buyers and deal-hunters who hop from promotion to promotion looking for the lowest prices. In this way, it's easy to turn the most profitable season of the year into the deadliest one.

Smart marketers know that the key to a successful holiday season is to plan early; smarter marketers know that the secret to maximizing holiday ROI is to use data-driven strategies paired with AI-driven automation to power your holiday campaigns. This guide will walk you through the best tactics, tips, and rules to getting a bigger piece of the holiday pie this season.

01 Send better emails

Strategies to improve customer segmentation



Consumer attention span for online shopping is shorter than ever:

Average session length

-33%

to 5 minutes in 2018

Average bounce rate

+3%

to 36% in 2018

Shopping cart abandonment rate

68%

Every year, holiday sales are projected to be higher than the last and this year is no different. However, eCommerce marketers shouldn't expect the rise in revenue to come easily.

Keeping users engaged has become increasingly difficult. In the past year, the average online shopping session length dipped 33%; bounce rates bumped up 3%; and shopping cart abandonment rates at 68%.

Marketers need to approach the frantic holiday season as a marathon, not a sprint.

The holiday season is arguably the most important event of the year for eCommerce companies, so it's never too soon to start crafting a strong marketing game plan. In fact, it's crucial to start planning early so that you can ensure to reap the maximum return on your holiday marketing investments.

Email still reigns as the best way for brands to communicate with customers, particularly with millennials. For brands to effectively cut through the noise of all their emails during the weeks leading up to the holidays, complementing AI driven email automation with data-driven customer segmentation is key.



Customers will see a deluge of emails leading up to the holidays. Competition is fierce, and new brands are popping up all the time. AI automation can take care of the grunt work, while marketers sift through data and discover what catches their customers' attention. Segmentation and targeting play a huge role in successfully getting the most ROI for automated holiday campaigns.



Identify season-specific segments

Analyzing your customers' historical data will help build a strong foundation for your holiday marketing campaigns. Past customer engagement can reveal trends in conversion and spending habits that can then be used to separate shoppers into holiday season-specific segments. You may uncover new segments of strong holiday shoppers who don't purchase any other time of year, who will spend more with the right targeted offer.

Find your most valuable customers

Take a look at historical data and find the customers with the highest average order value (AOV), and combine them with a high customer future value (CFV) segment. Split your campaigns to target these valuable customers with the right messaging to get them spending again during the holidays. Remember that offering high incentives doesn't always translate into higher order values. In order to get the highest ROI, leverage AI driven incentive optimization to choose the right holiday promotion, even to these valuable customers.

Give your loyal customers some love

Give your high-CLV customers extra value during the holidays, even if they're not within the segments of seasonal power shoppers. Special offers, giveaways, or even a sneak peek at holiday sales will help bolster brand loyalty and encourage engagement. When 80% of revenue comes from 20% of your customers, these extra perks can go a long way into cementing a solid relationship with your brand.

Show your creativity through relevant content

It's not enough to address customers by name in emails anymore. Nor will a single piece of creative be enough to capture the attention of your entire customer base. Plan separate content for each segment, making sure to appeal to brand values, messaging that will drive conversions, and AI targeted product recommendations.

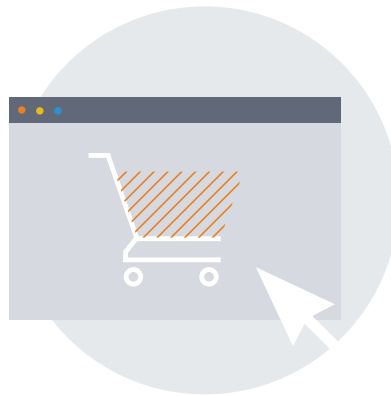
02 Recommend the right products

Tips for creating more relevant product recs

It's no longer enough to recommend the most popular items to your customers...

In 2017 Cyber Monday was the biggest day in US eCommerce history. Consumers spent \$6.59 billion. Black Friday was close behind at \$5.03 billion with a year-over-year growth rate of 16.9%. Cyber Monday generated \$2 billion on mobile devices with an increased conversion rate of 10.1%.

Product recommendations top the list of tactics to keep customers adding more items to their baskets. Done right, timely and relevant product recs make the shopping experience easier for your customers; even better, they can lead to bumps in average order value and overall revenue.



Cyber Monday is the king: \$6.59 billion in sales alone in 2017

It's no longer enough to recommend the most popular items to your customers, however, especially during the holiday season when people are shopping for others. With the vast amount of customer data available to today's eCommerce marketers, product recommendations can go far beyond the most popular item to help you make the most of this holiday season. Elevate your recs from safe bets to sure wins through our data-driven strategies.



5 Ways to Improve Product Recommendations

Focus on recommendation and temporal diversity

Your customers are individuals, so send them individualized recommendations. By recommending the same products to all customers, you'll be sending irrelevant recs that will either be ignored, or worse, cause customers to become disengaged with your brand. It's also important to remember to diversify the recommendations you're sending to each customer; that is, customers should not be receiving the same recommendations week after week.

Make recommendations based on recent behavior

Create recs for even your longtime customers based on their recent browsing behavior. Chances are that with the holidays approaching, customers are browsing for items they wouldn't usually look at—which means they're probably exploring gift ideas for others. Even though you may have information on a user that spans multiple months (or years), analyzing their most recent behavior leading up the holiday season will make your recommendations more relevant for their holiday purchases.

Try (cautiously) sending exploratory recommendations

The holiday season is a great time get your customers to explore items that they don't normally see. Making random recommendations helps customers explore your entire inventory. However, be

very careful with these as being random with all of your recommendations can backfire and lead customers to believe you aren't sending relevant or personalized recs. Keep them at a minimum and be sure to monitor to see if they're working for your brand.

Use data to build knowledge-based recommendations

Using what you know about a customer is vital to relevant recommendations. For example, when someone is looking at a shoe on your website, you don't want to recommend the same shoe in different sizes. Using knowledge-based rules regarding a customer's behavior, demographic, gender, and other factors helps make recommendations more relevant and engaging.

Consider setting up recommendation privacy features

Product recommendations are important, but having too many specific recommendations can reveal too much about the shopper's holiday gift plans. This is notably true for eCommerce sites where multiple people in a single family share the same account. Amazon Prime, for example, is usually shared within one household. To help protect each user's privacy, Amazon allows you to turn off recent browsing history/recommendations. While it may seem counterintuitive to allow customers to turn off recommendations, doing so gives shoppers a sense of security when it comes to keeping their holiday gifts a secret when shopping on your website.



With the mass amount of customer data available to digital marketers, as well as the various third-party platforms that allow companies of any size to apply data science to their marketing, creating relevant and timely product recommendations this holiday season is a must. To maximize your return, remember to invest in smarter, data-driven product recs, not just the most popular.



Special Mention: Go Mobile or Go Home

Why investing in mobile is key this holiday season

Desktop sales alone raked in a solid \$4.40 billion during Cyber Monday last year, but that figure doesn't include the ever-growing might of mobile shopping. Mobile comprised of 33% of retail revenue and transactions closed 12% higher compared to 2016.

There's no indication that mobile will be lessening its impact anytime soon. According to Adobe's shopping data for Cyber Monday, mobile accounted for 47% of visits to retail website and 33% of online sales in 2017. Smartphone traffic grew by 22% year-over-year and mobile transactions are closing 12% higher. Brands must have a mobile strategy in order to stay competitive.

Think mobile-first, not mobile-friendly

Responsive, mobile-formatted websites are the bare minimum standard for your mobile capabilities. Consider building a mobile shopping app, or make sure your mobile site is optimized for easy browsing.

Prioritize customer experience above all

Your mobile site or app is an extension of your brand. Put just as much care into crafting a mobile holiday shopping experience for your customers as for your main eCommerce website. User experience, messaging, services: all this matters.

03 Think multichannel

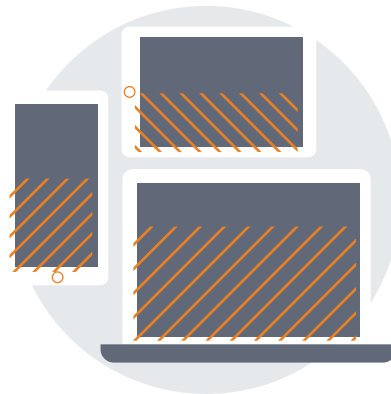
Rules for an effective multichannel strategy



...investing in mobile is the key to maximizing profitability during the holiday season.

The impact of mobile shopping during the holidays is irrefutable, so investing in mobile is the key to maximizing profitability during the crucial holiday season.

For best results, however, incorporate your mobile strategy into building a bigger and better multichannel strategy. According to a 2017 report by IBM, holiday conversion rates are nearly 3x greater on desktop computers than mobile devices.



Multichannel matters: more than half of holiday traffic was via mobile, but 57% of sales were via desktop devices

Another reason why merchants must focus on multichannel: eCommerce consumers' attention spans are now shorter than ever. As mentioned previously in this guide, cart abandonment and bounce rates have been increasing in the past few years, while pages and products viewed per session have decreased.

The likely culprit for shoppers' wandering eyes? Multiple devices. Thanks to the Internet of Things, Americans now own an average of four digital devices according to a Nielsen study. Thanks to the way consumers switch from platform to platform, it's now more important than ever to ensure a seamless customer experience across all touchpoints.



As eCommerce shoppers evolve and the number of touchpoints grow, marketers must think outside of just email and onsite strategies. Companies now have access to remarkable amounts of customer data, and it's imperative that digital marketers take advantage of the information available. Understanding which channels are most effective for your brand is key in building a smarter, ROI-focused multichannel strategy.



Follow these rules when crafting your multichannel (and multidevice) holiday strategy to get the most out of your holiday preparations:

Consistency across channels is key

True multichannel strategy means presenting a united front across all channels. You want your customer to be able to identify your brand through each touchpoint, whether it's an email, your mobile website, or even social media profile. Focus on cohesive design, voice, and messaging, and don't limit offers to one channel only. Without consistency, you risk losing customers as they switch from one platform to another.

Transactions: Think smooth, quick, painless

Whether you've built a mobile app or are dabbling with social media buy buttons, time is of the essence when it comes to non-desktop conversions. Shoppers lose patience more quickly depending on the device or platform, so it's important to create as smooth a transaction as possible. Integrate social media logins for your mobile app to make signup easier, or embed payment options like Apple Pay or Paypal to facilitate one-click payments.

Optimize your multichannel marketing efforts

While there's no doubt that multichannel marketing is a must, not all channels are created equal. Analyze your customer data to figure out which channels work best for each of your segments, and optimize accordingly. Identify your high-CLV customers, and track which channels spur the most conversions. This allows you to maximize your ROI by allocating your budget to the channels that drive the most revenue.



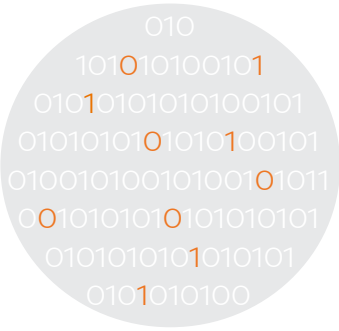
Conclusion

The holidays are fast approaching, and marketers must start preparing early for a successful season. The key to preparing effectively, however, means taking into consideration the myriad of factors that play into today's eCommerce landscape.

Today's consumers use multiple devices to browse and shop, and their attention spans have fractured accordingly. They require multiple touchpoints across multiple channels that add up to the same thing: a smooth, value-positive customer journey from first search to final purchase. Segmenting your email automation specifically for the holidays, focusing on relevant recommendations, and investing in a sound multichannel strategy are good jumping off points for all marketers.

It's true that implementing these kinds of data-driven strategies requires more commitment and preparation than the generic discounts that flood the market during the holidays. But the rewards include higher profit margins, happier customers, and the higher likelihood that those happy customers will return come the new year.

In other words: the returns are worth the investment—so get planning!



By the Numbers: eCommerce Stats to Consider

91% of your customers want to receive promotional emails with the preferred frequency being monthly or weekly.

Nearly 60% of the Top 1000 US digital retailers send welcome emails as part of their lifecycle marketing efforts.

78% of internet users are afraid of submitting personal data when signing up with a website. Make it clear how their information will be used.

49% of high performing marketing teams use predictive analytics to make decisions for customer journeys.

31% of top performing business are planning to use artificial intelligence for marketing in 2019.

RESCI

Making artificial intelligence accessible one prediction at a time

We make artificial intelligence accessible and usable for brands through our award-winning platform using powerful predictive models paired with intuitive automation. Our platform helps marketers uncover customer trends, make sense of their data, and drive successful campaigns.

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