



# Holiday Commerce Outlook



Unwrapping Strategies & Tactics for  
a Winning Shopping Season



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# Unwrapping the Holiday Opportunity

The 2017 holiday shopping season is just months away, and the commerce experts at **Magento** know that merchants are already immersed in the advanced planning required to capitalize on this business opportunity.

**Magento Business Intelligence** benchmarks reveal that during holiday months, retailers acquire between 29 and 59 percent more customers. That percentage is even greater for holiday-sensitive retail categories, like apparel and electronics. To put this in perspective, an average two-month period should bring in 16.6 percent of a store's new customers.

To take full advantage of this customer acquisition opportunity, merchants must play their cards right. The customer must be at the center of all efforts. At Magento we tapped our community of commerce experts and

innovators to discover the best ways to serve your customers to improve their loyalty, and boost your bottom line.

These insights include using analytics to identify and engage shoppers; opportunistic ways to deliver valuable customer service; how to personalize across various marketing channels; streamline and optimize payment, checkout, and shipping processes; and provide a checklist to operationalize data application for more refined engagements.

Consider this guide an early holiday gift from Magento to you.

**It's time to unwrap these key insights to ensure a winning 2017 holiday shopping season—and a happy New Year.**



# Make Your Data Shine

## 4 Ways Analytics Help Identify and Engage Shoppers

**Magento Business Intelligence** has helped hundreds of merchants use their data to grow faster and more efficiently. Along that journey, one thing has proven true in every case: All customers are not created equal. A high-value, loyal customer can easily generate more than 10x the revenue of a typical buyer.

This is especially true during the holiday season, when new customers can take on challenging characteristics like decreased loyalty and an increased appetite for sales and discounts. Meanwhile, Merchants are under immense pressure to grow revenue and add customers at a faster rate than the rest of the year. These factors combine to create a challenging

situation, but thankfully, data can support a more meaningful strategy.

If you've been in business for a year or more, you are sitting on a wealth of data about your customers, your products, and the buying habits that unite them. Using a BI tool like Magento Business Intelligence, you can study this data to better understand the opportunities and pitfalls of your holiday strategy.

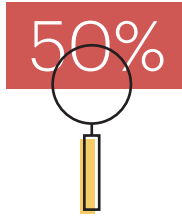
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**A high-value, loyal customer can easily generate more than 10x the revenue of a typical buyer.**

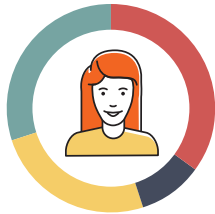
## Here are some tips



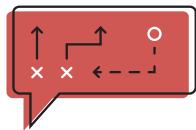
**Think of your customers in terms of their Customer Lifetime Value (CLV),** not just the revenue from their first purchase. A customer's repeat purchase rate has a major impact on their CLV and should change how much you're willing to pay (or discount) to acquire them.



**Study the impact of discounts on loyalty.** Is a shopper who makes a first purchase with a coupon, or who buys sale item, less likely to return? Or will they only return during another sale? This doesn't mean sales are a bad idea—it just means the economics are different for those customers. They should be studied as their own cohort.



**Slice your CLV data by dimensions** like geography, acquisition source, and products purchased. You may find customer segments that perform far better over the long term and want to focus your acquisition energy on those populations.



**Talk strategically about what you're trying to maximize.**

Is it revenue? Customer count? Margin? Profit? Your ideal tactics could vary based on this answer.



When it comes to holiday strategy, data rules. Make sure Business Intelligence has a seat at the table in all strategic discussions to build a long-term strategy that's ahead of the curve.





# Offer the Ultimate Customer Service Present

## 6 Ways to Deliver Value to Shoppers

***Presented by Gorilla Group***

In this rapidly evolving digital climate, customers have come to expect consistent, satisfying, and seamless online shopping experiences. Any retailer looking to increase new customer acquisition, order volume, revenue, and more, will need a solid customer service strategy.

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Use data to inform your engagement strategy.

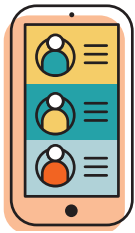
Customer service is now social. Online shopping has empowered customers to problem solve, find answers independently, and collaborate with other shoppers.

While traditional customer service tools like call centers are still key to customer satisfaction, today's retailers also need front-end programs and strategies, such as buying guides, chatbots, customization and personalization, and social channels to optimize customer self-service.

## The 6 keys to customer service this holiday



**Use data to inform your engagement strategy.** Review your data from last year's holiday season and check which seasonal promotions or sales campaigns worked best, which channels drove the greatest engagement, and which type of products sold the best. Use that data to learn where to enhance your site. Is it product availability, accurate shipping dates, or gift guides? If you don't have last year's data, see the Analysis chapter in this eBook for more insights to help you put a plan in place for this year.



**Segment and deliver offers based on customer needs.** Understand what your customer needs by evaluating content, promotions, and shipping before the holidays. Segment and personalize campaigns based on past visits, and offer buying guides or FAQs to help minimize any buyer concerns. Utilize new technologies, such as content management, marketing automation, or social listening, to meet customer demand in real-time, across different channels.



**Enable accessibility first.** Offer multiple channels of support such as click-to-chat, email, and social media. Staff these support media with consistent messaging and ensure consistent training. If your customer service team is not sized for holiday traffic, consider a chatbot. Be aware that the technology is still maturing, so test if a chatbot is right for your business.



**Educate with ratings and reviews.** To optimize customer self-service, include a ratings and review system on your site and actively engage with customers through social channels.



**Make shopping seamless.** Taking a holistic view of your inventory across channels can help your business provide the best options during the busy holiday season.



**Clearly present your return policy.** Implementing an easy to understand return policy gives customers peace of mind. It's also an easy way to elevate your brand in the minds of consumers.



# Make Your Marketing Merry

## 3 Ways to Personalize Shopping Across Channels

*Presented by **Nosto***

The perennial question of eCommerce practitioners every holiday season is: How do you stand out in this crowded marketplace? The answer is all about the personal touch. In speaking to each customer individually, with an understanding of their needs and desires, you can target them with laser precision. And this year, you've got more tools than ever to help you reach your ideal customer, and to help them tick off everything on their gift list.

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“How do you stand out in this crowded marketplace? The answer is all about the personal touch.”



# Ready to get personal? Let's dive in with three channel-based personalization tips and examples:

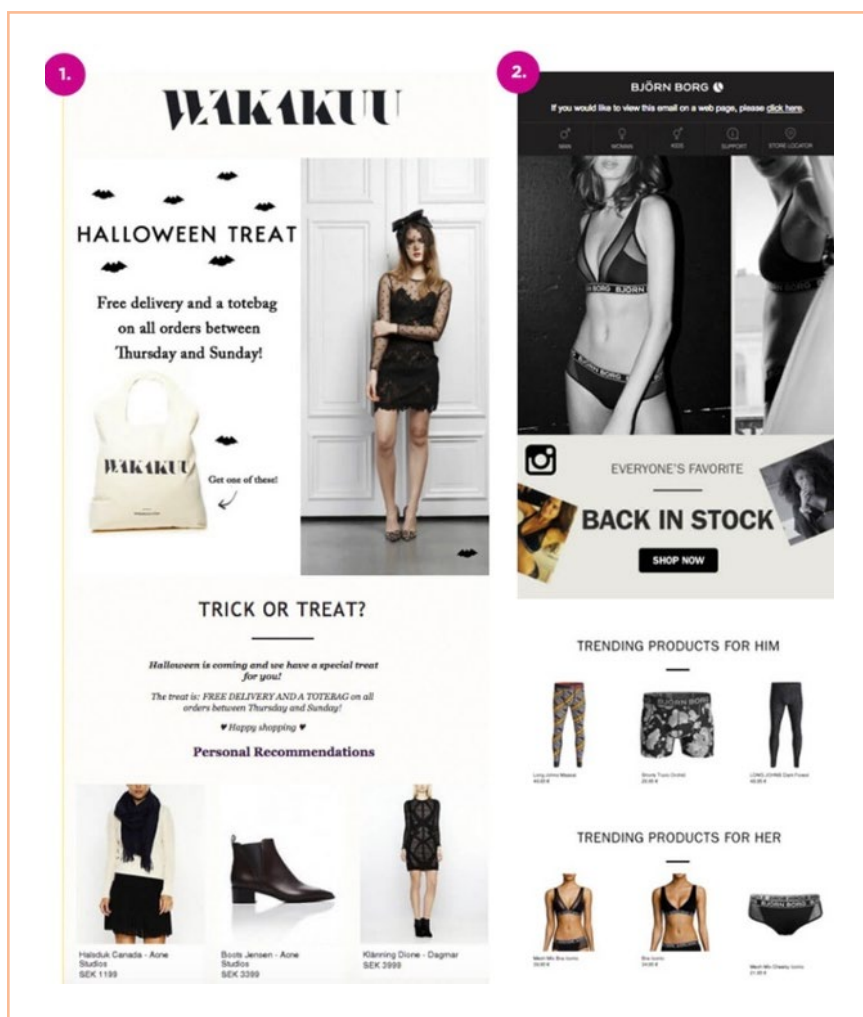


## 1. Personalized Emails

The average person's inbox is busier than Santa's workshop during the holiday season. More than half (52 percent) of shoppers feel overwhelmed by the number of emails in their inbox on a standard month, so you can imagine their feelings around December. Only a well-curated email that adds value can cut through that noise. So how do you make sure that your email campaign converts? Personalization. Nosto has found that **personalized emails have an average click-through rate that's 10x higher than the industry standard.**

Try using your customer's name in the subject line. Then once that email is opened, there's more work to be done. By using the email to show them previously viewed items, you can deliver the kind of tailored experience that can easily lead to a sale.

Fashion retailer **Wakakuu** uses this technique to great effect. They display personal recommendations for the shopper, and keep the content current by highlighting bestsellers for both men and women. Not everyone buying a gift will know their recipient intimately, and many are more confident buying best-selling products.



**And the really great news? After the holidays you can use those email addresses collected over the holiday period to send 'we miss you' emails to minimize the impact of the dreaded January sales slump.**



## 2. Social Media

Around the holiday season, you'll see PPC prices skyrocketing—there's a lot of competition for those gift-buying eyeballs. But rather than increasing your ad spend, make sure you're truly optimizing the ROI of your existing budget.

Facebook's Dynamic Product Ads (DPAs) are a fantastic way to achieve this. When you serve someone a Facebook or Instagram advert that directly relates to them, you direct them towards the product page, rather than a category or homepage. As a result, anyone who clicks already has a greater intent to buy than a casual browser. That means the conversion rates are far higher—Nosto has seen ROAS of up to 50x, with an average of 12x.

Targeting options are many and varied.

**Eton Shirts** sees fantastic results from their abandoned cart campaign—in fact, overall, those who abandon their cart and then return via a DPA are 14x more valuable than your average customer. You can also suggest similar products (in case they didn't find what they were looking for the first time), or match your product picks to suit their interests. Whether you sell surfboards or sofas, Facebook can help you target the right people.

The screenshot shows a Facebook advertisement for Eton Shirts. At the top, it says "ETON Eton Shirts Sponsored". Below that, a message reads: "You left these items in your shopping cart. Do you want to continue with the purchase?". The ad displays three items in a row, each with a "Shop Now" button:

- Green Houndstooth Twill Shirt**: \$160.77
- Navy Dotted Silk Bow Tie**: \$74.47
- Navy Dotted Liner Pocket Square**: \$52.87

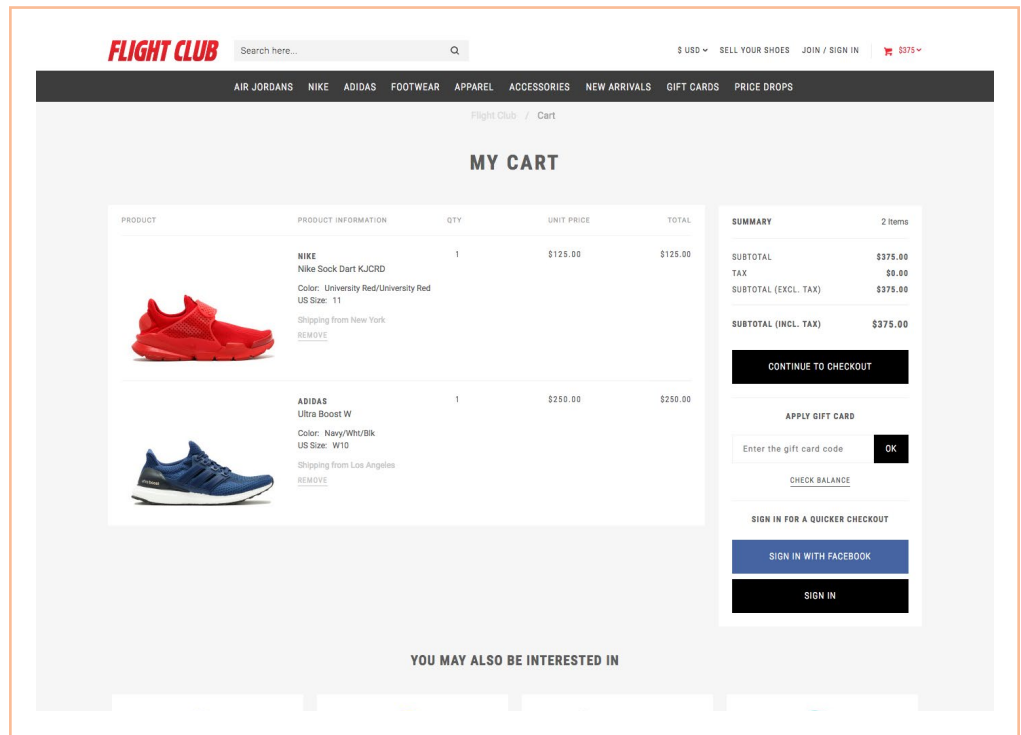
Bear in mind the importance of having a mobile-responsive site when creating these kinds of campaigns. According to the 2016 Magento Report, **Magento merchants see mobile driving 43 percent of total traffic to their site**, and because Instagram is completely mobile-based, you need to make mobile purchases easy. [Google has a handy tool](#) to show you how mobile-friendly your store is.

**But it's not all about outreach—you can tailor your site to create a dream shopping experience for your customer (and a dream sale for you).**



### 3. Websites

Imagine walking into a clothing store where you were immediately presented with your favorite type of shirt, in your favorite color, and in your size. You'd stick around and browse, right? Industry benchmarks indicate that **the average consumer makes a decision on whether to browse a site in just three seconds.** So to decrease bounce rate, you've got to show them something they'll love—and quickly.



During every visit, you gain valuable data about your potential customer's tastes and browsing patterns. By adding a feed of things they've already looked at, you can prompt them to make a purchase. Or, you can suggest similar items—things they might not have seen the first time. Nosto data shows that customers who see personalized recommendations convert 65 percent better than someone who sees a generic page.

While you might be tempted to focus on making that sale, the checkout stage provides a final opportunity to increase order value. Suggesting relevant add-on items can often add a few dollars to the order total—do that for every sale, and you're looking at a very happy holiday. Any

parent who has forgotten batteries for that much anticipated gift will be glad for the reminder.

During checkout, shoe retailer **Flight Club** shows its customers accessories that match items in their cart. For example, running socks are presented to a customer about to buy running shoes. Low-cost items are perfect for such spur-of-the-moment purchases.

**With some careful curation, you can make this holiday season one to remember for your business. When it's all over and you're kicking back with a glass of eggnog and unwrapping gifts, remember: it's the personal touch that counts!**



# Checking Up On Checkout

## How to Deliver a Seamless Buying Experience

Capture and convert holiday traffic this year with seamless payments and checkout. This infographic will highlight where to start, what to implement, and how to reach that holiday conversion rate goal. Determine the next steps for your holiday payments and checkout strategy, and start improving your sales conversion this season and beyond.



# Next Steps for Holiday Payments & Checkout

## What is your baseline conversion rate for checkout?

**Capture and convert holiday traffic this year with seamless payments and checkout. This infographic will highlight where to start, what to implement, and how to reach that holiday conversion rate goal. Determine the next steps for your holiday payments and checkout strategy, and start improving your sales conversion this season and beyond.**



## Next, put yourself in the customer's shoes

**To really test your customer checkout experience, you need to become the customer. You can easily increase your revenue by 5-10 percent by improving the customer experience.**



## Perform A/B testing

**A/B testing can make critical differences to your payments and checkout. Ask yourself these important questions when testing:**



## Use these insider tips to improve conversion

**Speed.** If a page doesn't load in less than three seconds, you're losing business.

**Inform.** Show buyers where they are in the checkout process.

**Use autofill.** Greet returning customers with pre-populated form fields.

**Go mobile.** Design for the screen. Help customers by minimizing data entry and including quick pay options.

**Decline message.** This message is a dead end. Find a better solution to redirect your customer.

**Thank you message.** Don't impede the sale with data requests. Ask buyers to create an account on the 'thank you' page.

**It's great:** Your conversion rate is pretty good, but could it be better?

**It needs help:** You need some help and advice to compete this holiday season.

**I don't know:** Get started with Magento Business Intelligence. To determine if the changes you make have an impact, you'll need your baseline conversion rate.

**Pay attention to the user experience:** Where do you get stuck or feel frustrated during the process

**Ask others to test the checkout experience:** Watch them browse for products, use the shopping cart, and check out. Make note of their stumbling blocks.

**Can shoppers find their preferred payment option?** When you've established your baseline conversion rate, test tenders to see what a probable conversion rate could be with alternative payment options.

**Do shoppers feel confident your site is secure?** Fraud protection matters. Make sure your customers feel confident your site has secure credit card processes.

**Are mobile shoppers walking away from purchases because of confusing checkout steps?** Streamline the process.



# Deliver on the Promise of Delight

Here's how to reframe your approach to shipping, and why it's a great profit-making tool

***Presented by Temando***

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47% of high-spending shoppers with an online spend of more than \$500/month will comment on their shipping experience without fail.

If there's one major pain point for busy retailers, it's shipping. According to Temando's State of Shipping in Commerce 2017 report, more than 60 percent of mid-market and enterprise retailers found shipping at peak periods a struggle. But don't throw in the towel just yet, shipping doesn't have to be a challenge.

## 4 Keys to Optimize the Shipping Process

94%



**of high-spending shoppers with an online spend of more than \$500/month will comment on their shipping experience when making a review**

1

### Shipping is an extension of your brand

Like it or not, last impressions count. Ninety-four percent of high-spending shoppers with an online spend of more than \$500/month will comment on their shipping experience when reviewing their purchase. Forty-seven percent of those customers say they do this without fail. Take extra care with presenting relevant delivery choices at checkout, ensure tracking updates are well communicated (even promoted), and that orders are safely packed. Make shipping seamless and you'll reinforce how convenient it is to shop with you, and help to increase brand loyalty.

47%



**of shoppers will abandon their cart and buy from a competitor when they can't find a delivery service that suits them**

2

### Be pro-choice with delivery options

Forty-seven percent of shoppers will abandon their cart and buy from a competitor when they can't find a delivery service that suits them. We suspect this behavior is even more prevalent during the busy holiday period. With consumer expectations modified by the likes of Amazon Prime, you'll need to think beyond standard shipping to remain competitive. Before you increase your delivery options you'll need easy access to multiple carriers to make shipping costs work for you—and Magento Shipping can help.



60%



**of shoppers said they would shop more online if offered free shipping**

3

### **Premium shipping can be a win-win situation**

Sixty percent of shoppers said they would shop more online if offered free shipping, but they are also open to paying for premium delivery services that flex to their requirements. Hyperlocal (1-3 hours), same-day, overnight, weekend, and after-hours are all popular delivery options around peak periods when shoppers are scrambling for last-minute gifts. Customers understand that last minute shipping comes at a cost, so retailers don't have to lose money on free-shipping for all orders. Also, emphasizing or counting down the days left to receive cheaper shipping is a great way to encourage early shopping at no additional discounts. This can also help reduce some of the last-minute rush in the warehouse.

72%



**of shoppers don't feel that delivery costs justify the level of service offered by couriers**

4

### **Returns and tracking are key players**

Seventy-two percent of shoppers don't feel that delivery costs justify the level of service offered by couriers. Show value by sharing tracking information to remove your customer's need to follow up on their orders around this anxious period. By being transparent, you're minimizing any ill-will that frustrated customers may feel about your brand if deliveries are delayed. Similarly, investing in a great returns experience prevents customers from feeling 'locked-in' and encourages more shopping.

With the holidays just around the corner, getting shipping right through a considered and scalable approach is crucial to optimizing your business performance. Focus on enriching the customer experience, and factor in how shipping will impact efficiency and your bottom line.





# Making Spirits Bright

## 4 Ps of Holiday Engagement



### Promotion

In *The Godfather*, Don Corleone delivered one of cinema's most iconic lines—and the ultimate mantra for merchants: “I’m gonna make him an offer he can’t refuse.” Be like Don. Think outside the box and consider alternative methods of promotion beyond price. Compelling offers can include bundling complementary products to support up and cross-selling during gift-giving season.



### Personalize

A personalized shopping experience can be the ultimate differentiator, particularly during the warm-and-fuzzy holiday season. Find ways to connect with your shoppers based on the information they’ve shared with you. Simple touches such as personalized subject lines offer warm, welcoming engagement points. Other helpful ways to engage more personally include presenting relevant offers based on previous purchase history, and identifying your shoppers by name across all stages of the shopping journey.



### Presentation

Take a page from the playbook of niche store merchants. Focus on ways to delight shoppers with a uniquely special browsing experience. On your store website, recreate the holiday spirit previously relegated to the physical mall environment. Strategically place relevant and timely visual touches that hearken the holiday spirit of the traditional in-store shopping experience. Consider implementing browsing, researching, and purchasing more fluid for the shopper.



### Payment

Consider the journey to ensure a simplified checkout process. Eliminate barriers to purchase. Create and support conversion-based behavioral patterns with a focus on copy and navigational experience. Mitigating barriers to conversion, such as providing checkout without creating an account, help avoid missed opportunities and an unfriendly user experience. Keep customers engaged and uninterrupted by avoiding redirects or additional prompts. Special countdowns on offers or availability also support shopper urgency.



# Giftwrapped Ideas to Fuel Your Analysis Strategy

## A Checklist to Operationalize Data Application

Follow the steps on the next page to make data-driven decisions a key part of your holiday strategy.





**Build a data warehouse that includes data from as many customer touchpoints as possible**

- ☐ Transaction data from your commerce platform (e.g. Magento)
- ☐ Web event data from an analytics tool (e.g. Google Analytics)
- ☐ Ad Spend data from ad networks (e.g. AdWords, Facebook)
- ☐ Customer support interactions (e.g. Zendesk, Freshdesk)
- ☐ Marketing automation data (e.g., Dotmailer, Bronto)



**Implement a business intelligence platform that allows you to build reports and dashboards that integrate all these multiple data streams**



**Build the base reports that matter most to your business:**

- ☐ Revenue / Gross Merchandise Value
- ☐ Distinct Customers
- ☐ Average Order Value
- ☐ Revenue from Repeat Purchasers
- ☐ Time Between Purchases
- ☐ Cost of Customer Acquisition
- ☐ Refund Rates
- ☐ Customer Lifetime Value (CLV)



**Segment all these base reports by key customer attributes to identify high-value and low-value segments**

- ☐ Acquisition Source
- ☐ First Products Purchased
- ☐ Use of Discounts / Coupons
- ☐ Interactions with Customer Support
- ☐ Geography
- ☐ Time of Year Acquired



**Empower your marketing and merchandising teams to focus their energy based on the opportunities and trends identified in these reports**



**Share your dashboards throughout your organization to get everyone on the same page about how and why these decisions are made**

## About Magento Commerce

Trusted by more than 260,000 businesses worldwide, Magento Commerce is the leading provider of cloud commerce innovation to merchants and brands across B2C and B2B industries. In addition to its flagship commerce platform, Magento Commerce boasts a strong portfolio of cloud-based omnichannel solutions that empower merchants to successfully integrate digital and physical shopping experiences. With more than \$101 billion in gross merchandise volume transacted on the platform annually, Magento Commerce is the #1 provider to the Internet Retailer Top 1000, the B2B 300, and the Top 500 Guides for Europe and Latin America. Magento Commerce is supported by a vast global network of solution and technology partners, a highly active global developer community and the largest eCommerce marketplace for extensions available for download on the Magento Marketplace. More information can be found at [www.magento.com](http://www.magento.com).

