IBM Enterprise Marketing Management

5th Annual Online Retail Holiday Readiness Report

Industry Benchmark Analysis and Best Practices Guide to Maximize Holiday Returns

Smarter**Commerce**

IBM

Table of Contents

Introduction

The 2011 holiday season was a bonanza for online retailers. Overall online sales volume was up 15.6 percent in November 2011 compared to the year earlier, and up 7.5 percent for December, as more consumers chose to relax with a cup of hot cappuccino and shop from their laptops or mobile devices rather than fight traffic to get to a brick-and-mortar store. Black Friday and Cyber Monday both saw record online sales as deal-hunting consumers lit up the Internet to take advantage of one-day promotions. Black Friday sales leapt 24.3 percent from 2010, while Cyber Monday sales were up 33 percent.

The big trend that stood out in holiday 2011—and which has continued into 2012—is the surge in mobile device usage for researching and purchasing goods. Sales over smartphones and tablets more than doubled and are continuing to rise in spring 2012, up to a remarkable 13 percent. Meanwhile, the mobile
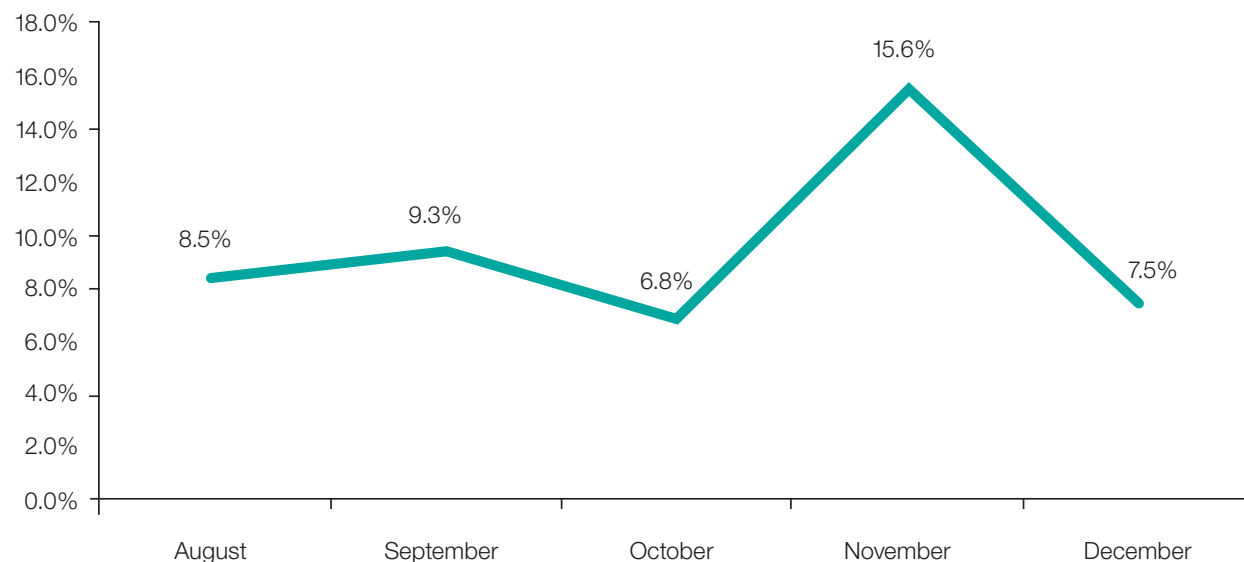
Monthly Sales Growth
2011 vs. 2010

Figure 1: Online sales volume was up strongly from August to December 2011 compared to the previous year.

percentage of site traffic leapt three-fold to 18 percent and appears likely to break 20 percent by the holiday season.

Along with higher sales, retailers are enjoying an increase in the overall conversion rate, while marketing programs such as email and paid search have become more effective than ever in driving site traffic. But the news is not all rosy. After a pronounced post-recession jump over the 2010 holidays, average order value and items per order have flattened out as consumers appear to have hit a limit on their

willingness or ability to spend. Consumer attention continued its tailspin, with average time on site and page views per session sinking to new lows, and the single-page bounce rate cresting to a new high.

In this fifth annual holiday guide from IBM® Coremetrics®, part of the IBM Enterprise Marketing Management (EMM) group and IBM's Smarter Commerce initiative, you'll find detailed analyses of key online shopping metrics based on anonymous data aggregated from more than 500 US retailers participating in the Coremetrics Benchmark program.

This report also highlights best practices and technologies that can help your retail business reap rewards in the 2012 holiday season and position you for greater success in 2013 and beyond.

In preparing this guide, our goal is to help online retailers and e-commerce executives formulate powerful programs and strategies to take this holiday season head on.

Happy selling!

Trends in online shopping

Online shopping continues to grow, presenting retailers with an enormous opportunity to use the digital channel to engage customers, drive revenue and capture a greater share of wallet. Between 2011 and 2016, online sales in the US are expected to climb 62 percent, from $202 billion to $327 billion, according to Forrester Research Inc.[1] By 2016, the online channel will account for 9 percent of all US retail sales, Forrester predicts.

Also by 2016, Forrester expects that average yearly consumer online spending will increase by 44 percent, up to $1,738 per person from $1,207 in 2011. Yet capitalizing on the online shopping trend is not guaranteed simply by running a web storefront. With the growth of mobile devices and social media, customer behavior is in rapid flux. The connected customer interacts with your brand across more channels and touch points than ever before—at IBM we call these shoppers "Generation C."

It is becoming more critical for retailers to understand consumer preferences and behaviors, and use those insights to make the right offer to the right shopper at the right time over the right channel. Despite the rapid

Online Retail Forecast 2012 to 2016 (US)

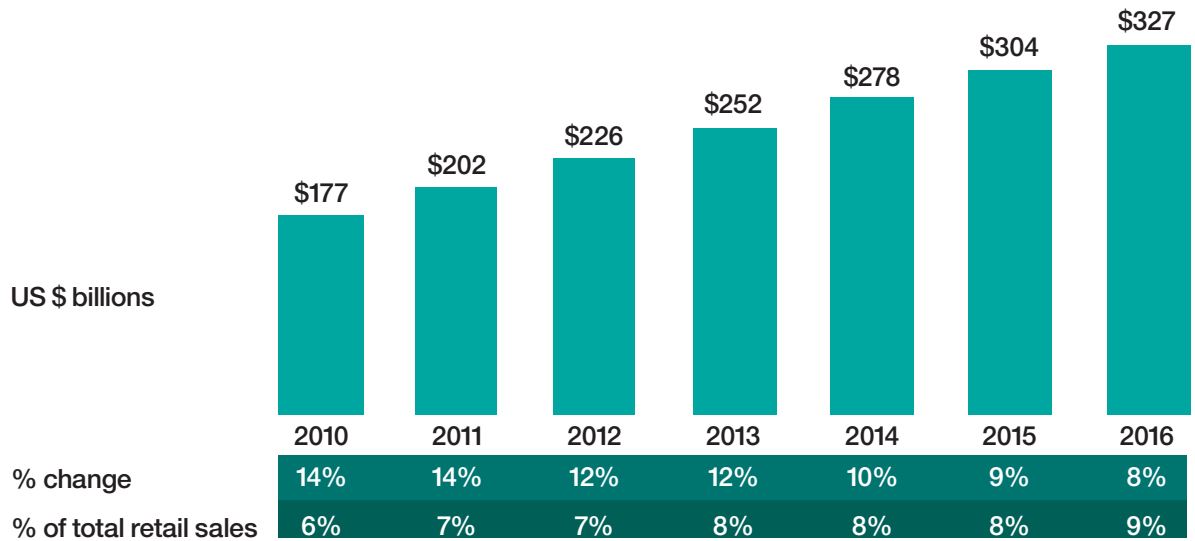| US $ billions	2010	2011	2012	2013	2014	2015	2016
	$177	$202	$226	$252	$278	$304	$327
% change	14%	14%	12%	12%	10%	9%	8%
% of total retail sales	6%	7%	7%	8%	8%	8%	9%

Figure 2: Forrester Research predicts strong growth for online retail through 2016.

Source: Forrester Research, Inc. (#60672)

growth of the online channel, web sales are just 7 percent of overall US retail sales in 2012, according to Forrester. With in-store shopping the dominant channel (along with call centers and direct mail), smart retailers are striving to market to Generation C on a personalized basis over both online and offline channels.

Understanding online shopping behavior at a macro level and benchmarking your retail business against the industry at large is a sound starting point for crafting strategies to better compete for Generation C wallet share. The following section of this report examines trends in six key areas:

- Mobile soars, while social inches up
- Conversion gains, but cart abandonment remains high
- Average order value and items purchased are flat
- Marketing is driving more site visits
- Consumer attention continues its tailspin
- Single-page "bounce" visitors hit a record high

About Coremetrics Benchmark

Data in this report is based on Coremetrics Benchmark, which captures online marketing results and commerce data from more than 500 contributing US retailers. The industry's only peer-level benchmarking solution enables Coremetrics customers to measure performance against the competition (in anonymized, aggregated form). Coremetrics Benchmark comes standard with Coremetrics Web Analytics at no additional cost.

Mobile soars, while social inches up

Mobile device usage continues to soar, according to Coremetrics Benchmark data, solidifying mobile as a critical channel that will only grow in importance as the usage of smartphones and tablets broadens. Mobile sales as a percentage of total site sales hit a record 13 percent in March 2012, more than double the 6.1 percent of a year earlier. Generation C connected customers are clearly wielding devices as shopping engines, not just for casual product research, pricing checks and directions to a store.

Parallel to sales growth, mobile devices as a percentage of overall site traffic hit a record 18 percent in March 2012, a remarkable three-fold increase from a year earlier, with iPhone, iPad and Android being the most-used devices. Our expectation is that mobile devices will drive well over 20 percent of site visits before the 2012 holiday shopping season, with a corresponding rise in mobile-powered sales.

The social channel remained relatively flat. Coremetrics Benchmark data shows the percentage of site traffic driven by clicks from Facebook, Twitter and other social media was virtually unchanged over 12 months at about 1 percent. As a percentage of site sales, social hovered around 1.5 percent until a spike to nearly 2.5 percent in March 2012, which may indicate that social-driven sales are about to make a sustained rise.

It should also be recognized that Coremetrics Benchmark measures only same-session conversion; it does not account for the longer-term downstream

Mobile Site Traffic and Sales Percentage
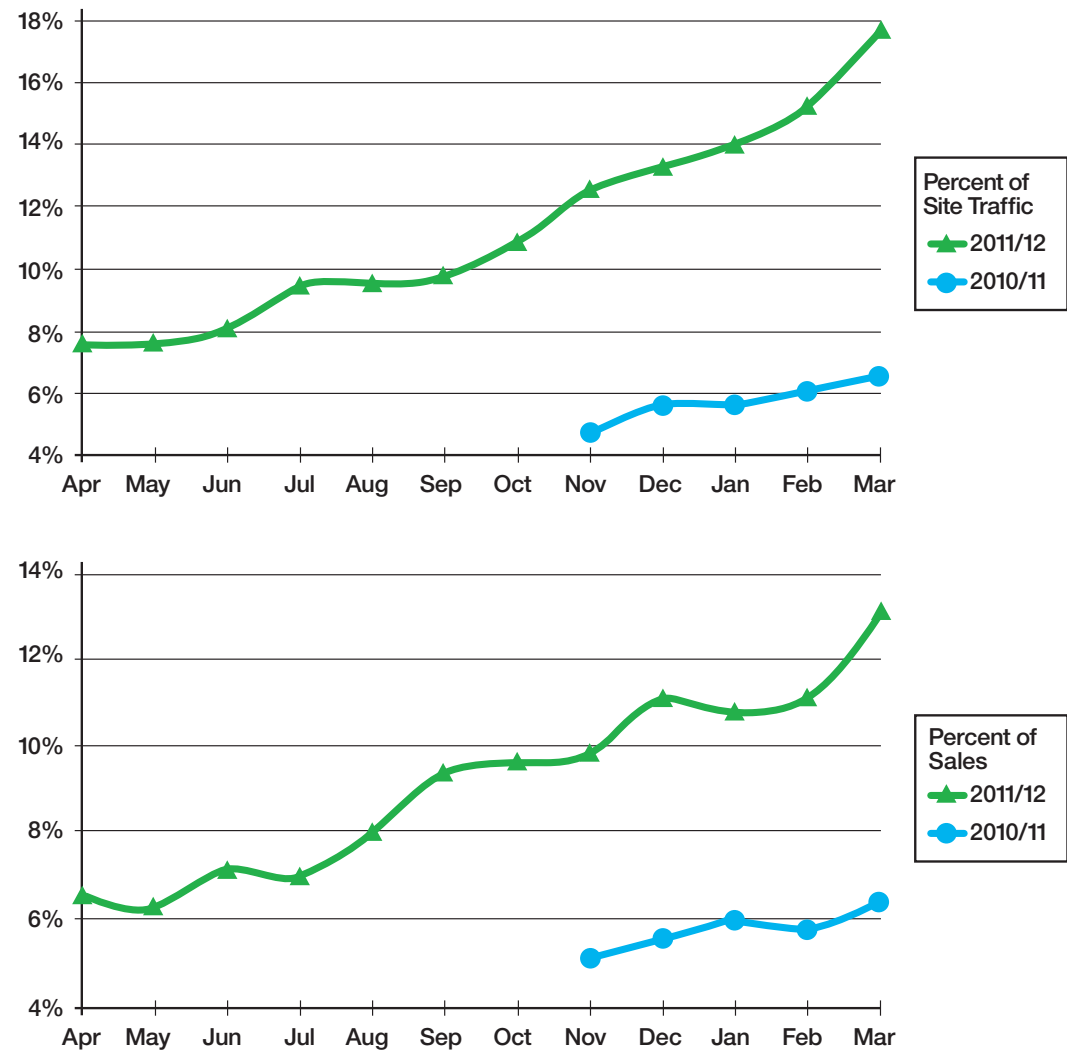
Figures 3: The mobile channel shows strong growth in percent of both site visits and sales.
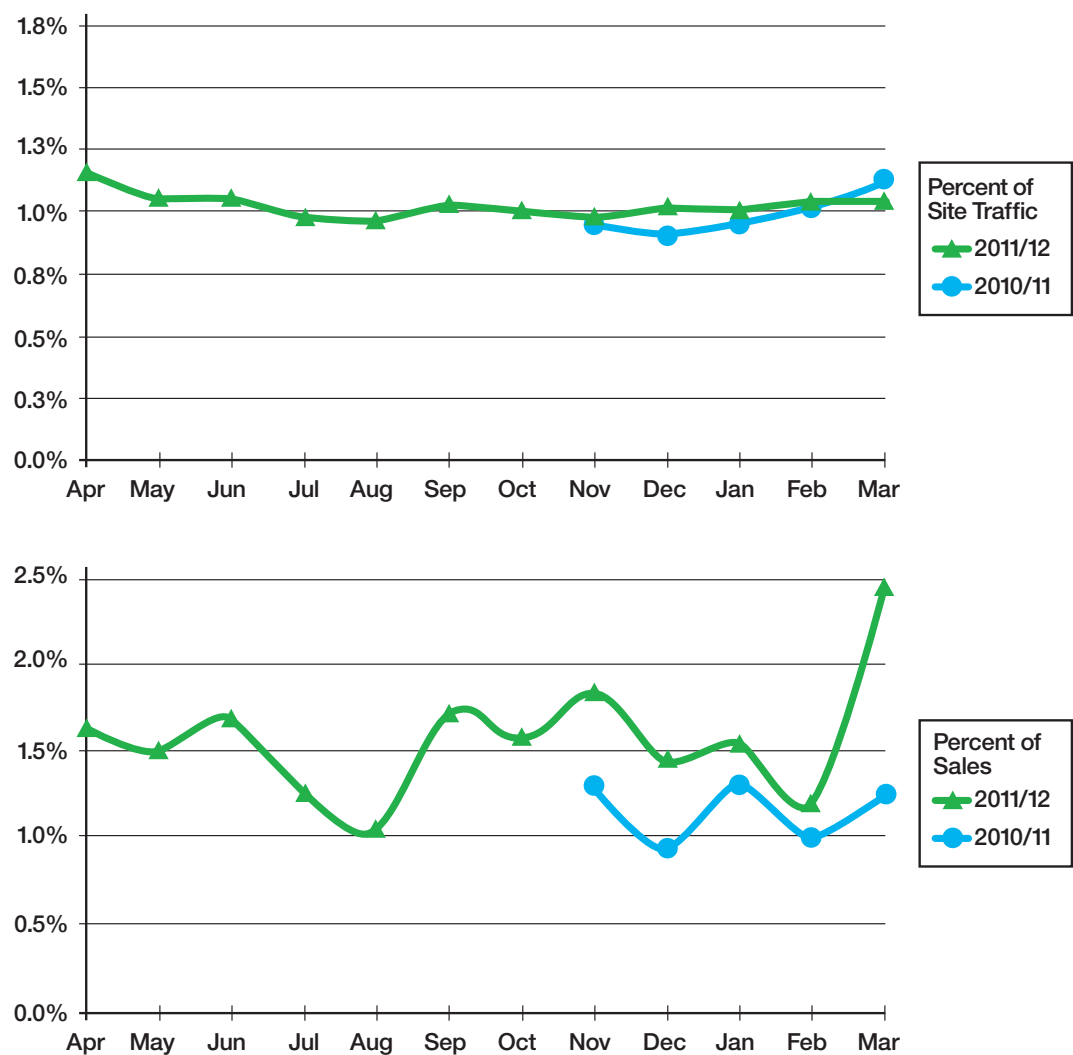
Social Site Traffic and Percent Sales

Figure 4: Social traffic and sales remained relatively flat over much of our reporting period.

impact of social media marketing and elevating brand awareness among Facebook fans and Twitter followers. As outlined in the Best Practices section, retailers should look to attribution reporting to measure the influence of exposure to unclicked content on conversion.

It's notable that social-driven sales exceed social-driven visits, suggesting that social visitors are responding to particular offers. Indeed, the social visitor conversion rate (7.5 percent in March 2012) is substantially higher than the overall conversion rate (5.4 percent), as shown in Figure 5. The table also illustrates that mobile and social visitors are more likely to "bounce" after a single page view than the population at large.

	All Means	Mobile	Social
Conversion Rate	5.4%	2.8%	7.5%
Bounce Rate	39.6%	44.4%	60.5%

Figure 5: Social and mobile visitors are more likely to bounce, but social visitors show a higher conversion rate.

Conclusion

As mobile shoppers continue to grow in importance, smart retailers will optimize sites for mobile devices, segment mobile consumers and deliver personalized interactions consistent across mobile and other channels. Though social media as a same-session sales channel remains modest, retailers should adopt attribution reporting to measure the true impact of social media marketing on conversion. Enabling social sharing within mobile applications can also help take advantage of the higher conversion propensity among social visitors.

Conversion gains, but cart abandonment remains high

Retailers are enjoying significant gains in conversion, which is typically purchasing but can also include registrations, downloads and other actions. The conversion rate leapt to a record high of 7 percent in the December 2011 holiday period, up from 4.3 percent two years earlier. Nevertheless, retailers continue to face obstacles in converting shoppers who have carted an item—the shopping cart conversion rate of 33 percent in December 2011 was virtually unchanged from the two previous years.

Similarly, shopping cart abandonment showed no appreciable improvement over 12 months, largely paralleling the figures of a year earlier. As of March 2012, nearly 69 percent of individuals who carted an item clicked away without completing the transaction. On the other hand, the percentage of sessions in which customers carted a product rose to a high of 12.8 percent in February 2012, up from 10.6 percent in April 2011. Along with the overall increase in conversion, this suggests that retailers are doing a better job presenting personalized offers to advance consumers through the conversion funnel; IBM

Coremetrics customers that focus on marketing personalization continue to report strong gains in clickthrough and sales.

Conclusion

The overall improvement in conversion is welcome news, but it's clear that online retailers could benefit by scrutinizing their post-cart processes to identify issues that have prevented any meaningful improvement in shopping cart conversion and abandonment rates for three consecutive years. Retargeting abandoners with display ads or emails is a proven way to recapture some of the lost opportunity.
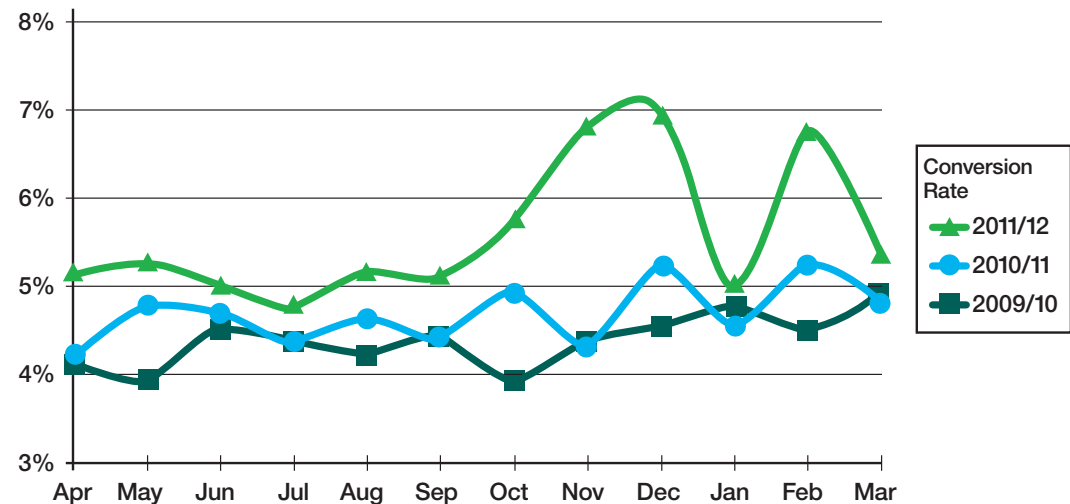
Conversion Rates

Figure 6a: Conversion reached a record 7 percent during the 2011 holiday season.

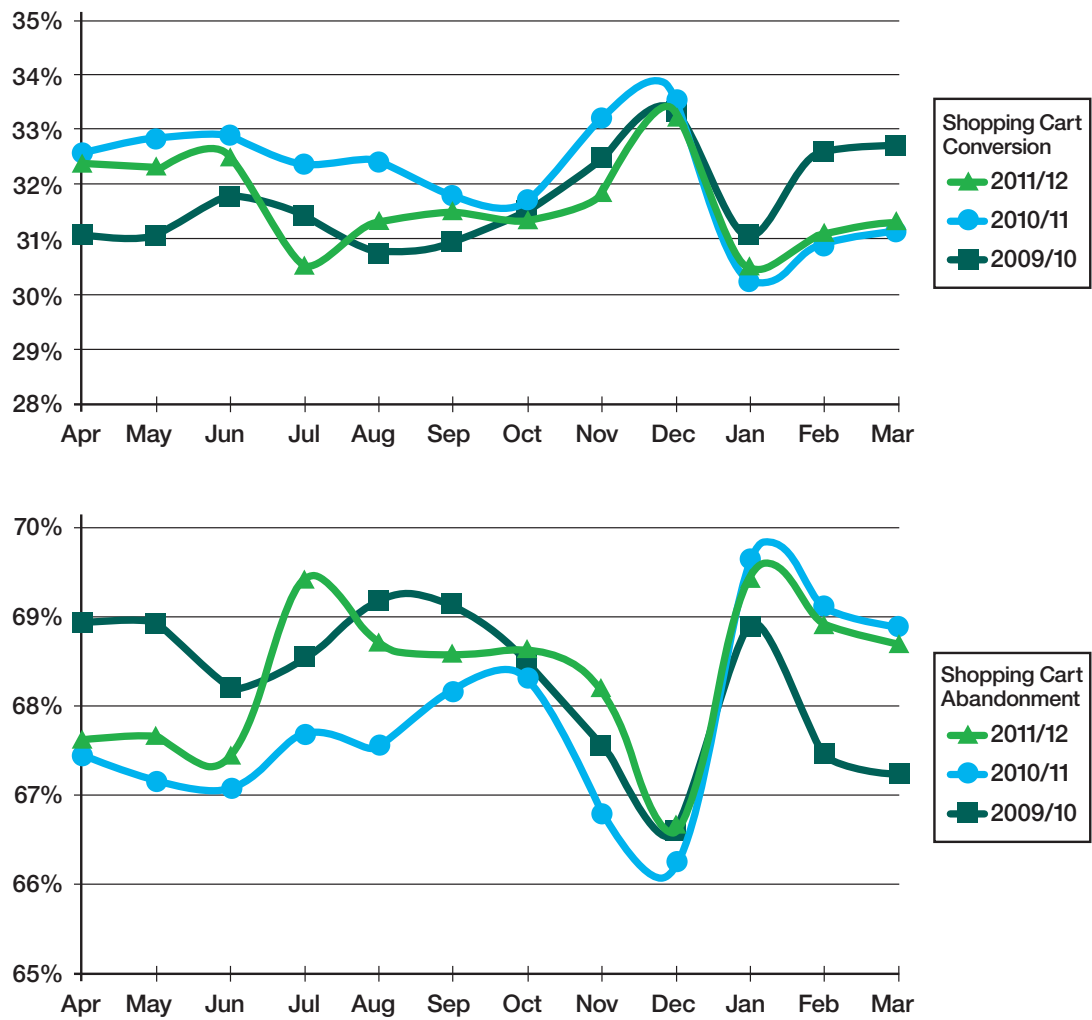## Shopping Cart Conversion & Abandonment Rates

Figure 6b: Shopping cart abandonment remains problematic, with no significant improvement.

Average order value and items purchased are flat

Despite the strong increase in conversion rate, both average order value and number of items purchased were relatively flat in our 12-month reporting period. For December 2011, average order value dropped to $183, down from $190 a year earlier. The average order value of $200 in the most recent timeframe, March 2012, was virtually unchanged from March 2011.

Items per order hit an all-time high of 8.26 in April 2011, only to fall back from levels of 2010 and 2011. Items per order of 6.7 in December 2011 was actually slightly less than the 7.1 of December 2009, in the depths of the recession. It appears that consumers have reached a limit on their willingness to spend, at least for the time being. Given the relatively high jobless rate in the US and economic pressures such as fuel prices, uncertainty is likely to persist in the short term.

Conclusion

Absent strong growth in average order value and items per order because of external factors, retailers may be able to benefit by increasing their emphasis on cross-sell and personalization. Offering on-site product recommendations based on a user's browsing and purchasing history, as well as "wisdom of the crowds," is a proven way to drive additional sales.
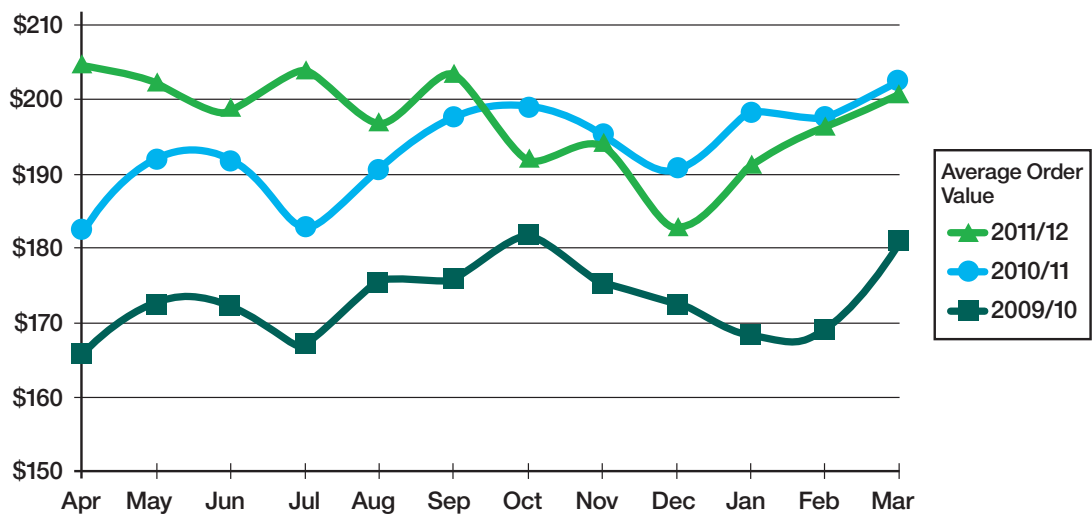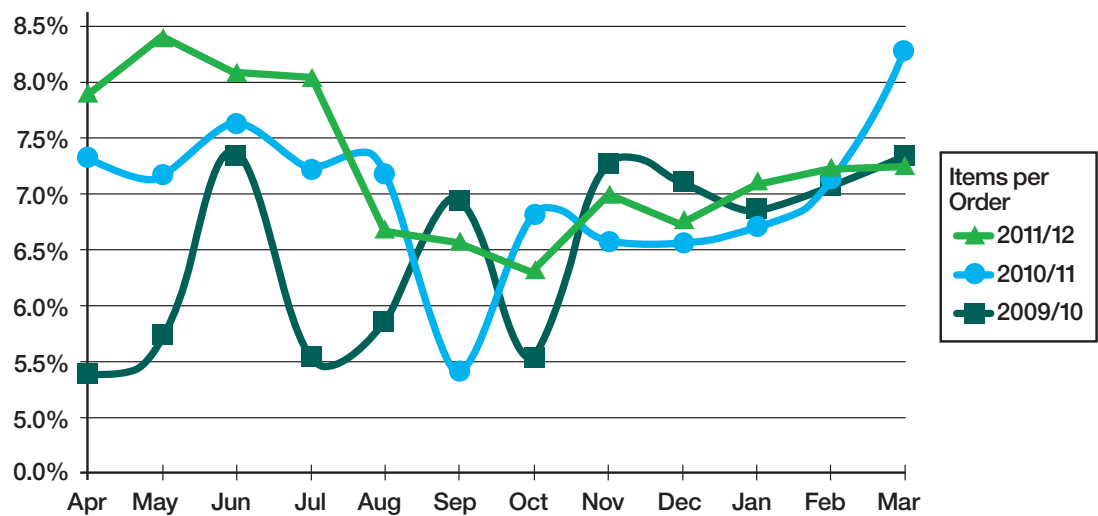
Holiday Season Average Order Value

	2010	2011	% Change
November	$195	$194	~0.0%
December	$190	$183	-3.7%
Black Friday	$191	$190	~0.0%
Cyber Monday	$195	$198	+1.5%

Figure 7: Average order value for December 2011 declined slightly, compared to 2010.

Items per Order and Average Order Value

Figures 8: Average order value and items per order were relatively flat over 12 months.

Marketing is driving more site visits

Marketing effectiveness in driving site visits is on the rise. The percentage of site traffic driven by overall marketing—including email, paid search and display ads—reached a new high of 32 percent during the November/December 2011 holiday period, up from 29 percent about a year earlier. Though the gain is not huge, it does illustrate payback from efforts to entice visitors with targeted promotions and personalized content.

Among marketing channels, paid search shows an impressive gain to a new high of 14.7 percent in December 2011. This increase has continued into 2012, with paid search driving about 14 percent of overall site visits. By order of channel (for December 2011), direct load led at 41.9 percent, overall marketing 32.2 percent, natural search 22.7 percent, paid search 14.7 percent, mobile 13.3 percent and social 1 percent.

Conclusion

Given the impressive 32 percent contribution of site traffic driven by marketing programs across the industry, marketers should compare the contribution of their own email, paid search, display ad and other programs against this average and assess whether their initiatives are effective and adequately funded. Testing and optimizing marketing programs is necessary to keep up with leading digital marketers.

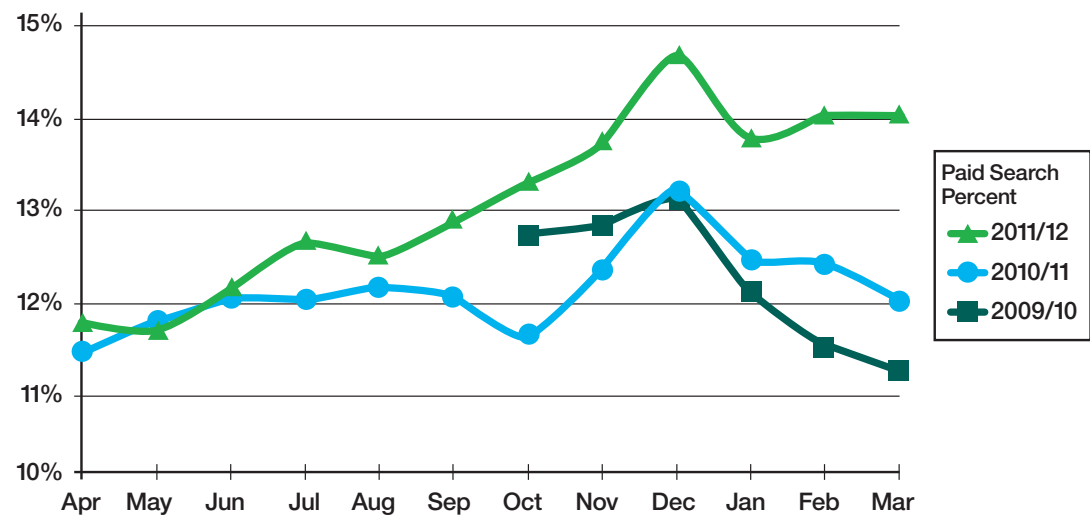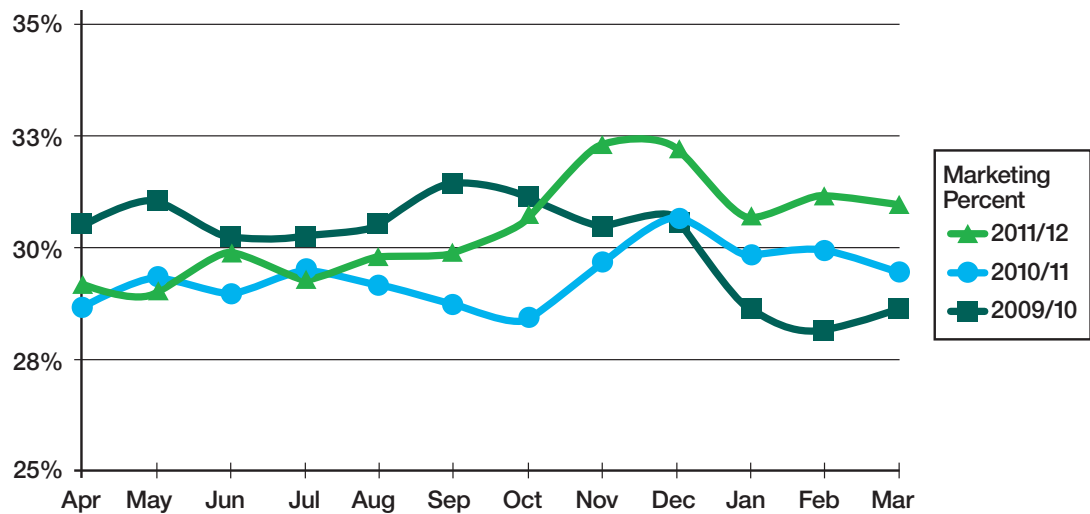**Marketing and Paid Search Percentages of Site Traffic**

Marketing Percent
- 2011/12
- 2010/11
- 2009/10

Paid Search Percent
- 2011/12
- 2010/11
- 2009/10

*Figure 9*: Marketing is driving a greater share of site traffic.

Consumer attention continues its tailspin

Consumer attention continued its tailspin of the last several years, with both average time on site and page views per session sinking to new lows. Though time on site remained fairly steady during our 12-month window, the 6:54 of March 2012 was the lowest recorded by Coremetrics Benchmark. Page views per session were down throughout the period, hitting a record low of 6.7 in March 2012. The pre-2008 days when consumers averaged more than 10 minutes and a dozen page views per visit appear to be long gone.

No doubt the increasing use of mobile devices has contributed to a decline in these metrics. A smartphone simply lacks the real estate of a laptop and is less conducive to recreational browsing. Mobile usage exacerbates the trend of "surgical shopping" observed over several years in this annual report, before smartphones and tablets were widely used. Time-pressed and information-overloaded consumers are zeroing in more quickly on the products and services they want. From that perspective, declining time on site may not necessarily be a negative, bur rather reflects success in driving consumers to purchase quickly and efficiently.

Average Time on Site and Page Views per Session

Figure 10: Average time on site and page views per session reached new lows.
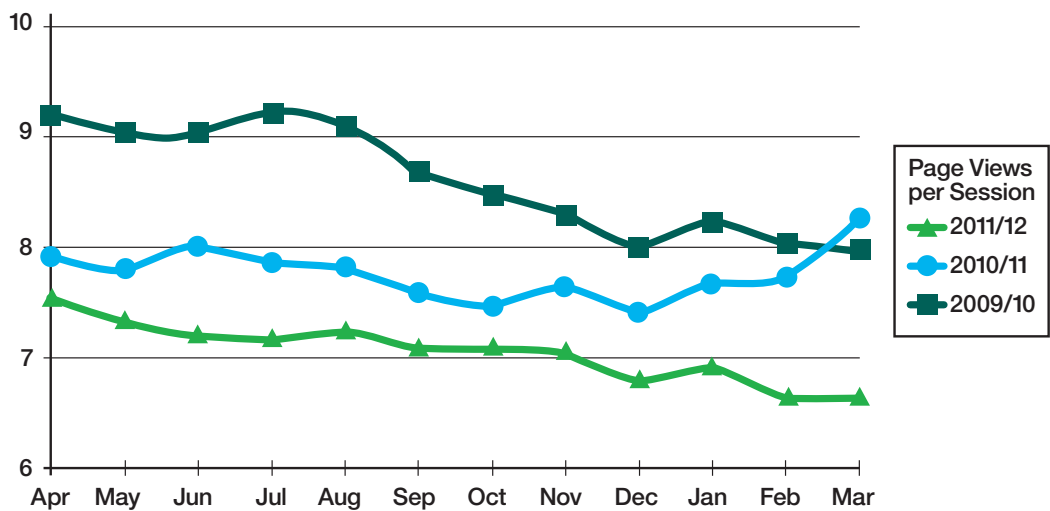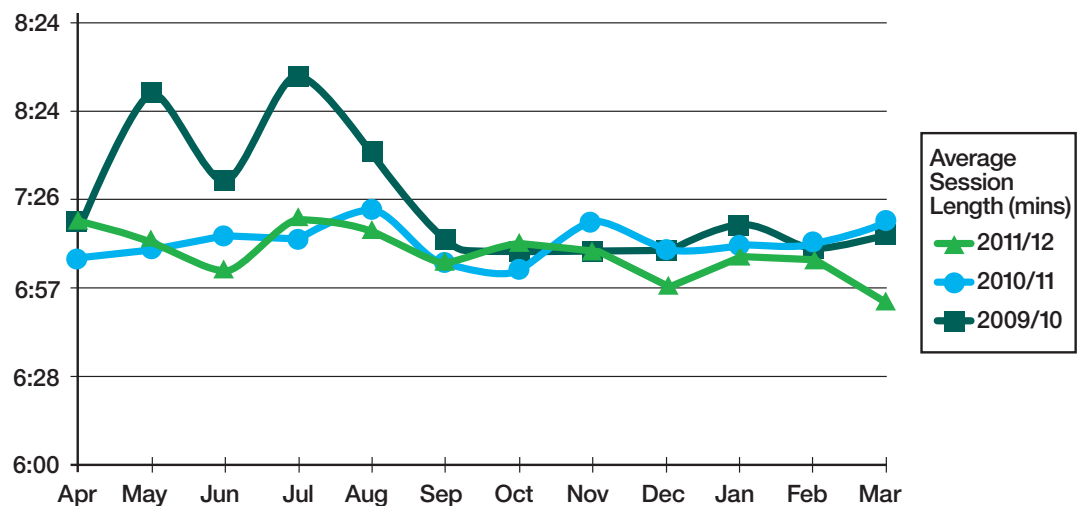
Conclusion

Declining consumer attention is a clarion call for retailers to make site visits relevant, personalized and engaging to the individual consumer. Landing page testing and optimization, crystal-clear paths to purchase, personalized recommendations of products and content, and social media strategies such as ratings and reviews are proven techniques for enticing consumers into longer shopping sessions. The ability to capture and replay web sessions using customer experience management solutions should be used for qualitative digital analytics towards understanding why visitors may be dropping out so that marketers can improve the site and increase success.

Single-page 'bounce' visitors hit a record high

In lockstep with declining consumer attention, the single-page bounce rate continued its steady three-year rise, cresting to a record high of 40 percent in February 2012, up markedly from 31 percent in April 2009. Multi-page browsing sessions are down correspondingly, hitting an all-time low of 60 percent in February 2012.

Declines in these metrics further corroborate the surgical shopping trend and the importance of landing page optimization and personalized offers or content that pops off the page. Particularly with mobile devices, consumers clearly have less patience for hunting around a shopping site to locate the goods that interest them.

Conclusion

To combat the rising bounce rate, retailers should consider A/B testing with various creative, product placement and navigational calls to action to encourage further clickthrough. Be sure that landing page content corresponds with products promoted on marketing channels and tailor pages with offers and content likely to interest the visitor based on his or her purchasing and browsing history. For marketing channels such as email it is now mandatory not just to measure clicks on hyperlinks but also post-click activity to capture bounces from the landing page or leaks further down the site so that marketers can optimize emails and programs from end to end.

Bounce Rates
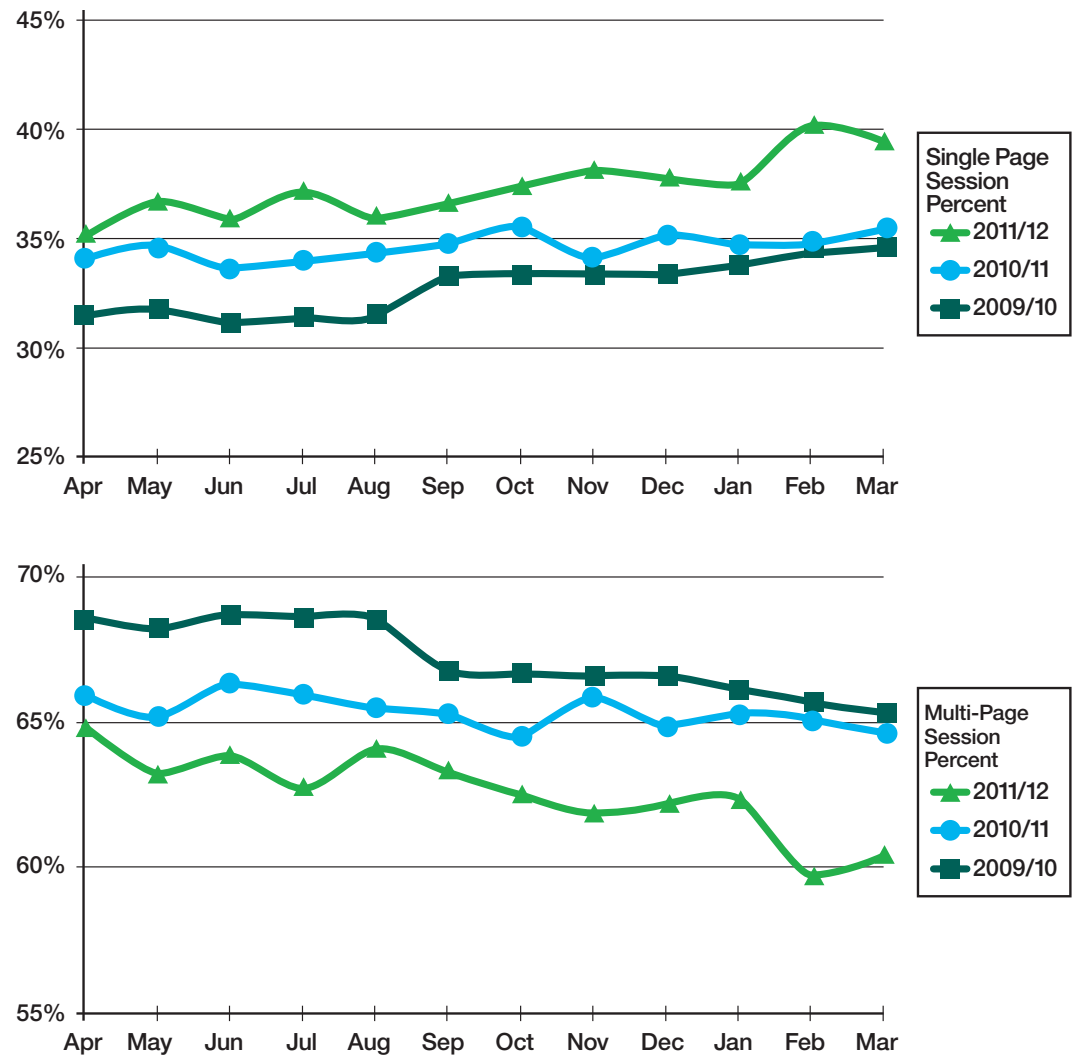**Single & Multi-page Session Percentages**

Figure 11: The bounce rate crested to a new all-time high, while multi-page sessions sank to a new low.

Best practices

With months to go before the holiday season gets under way, your retail business has an opportunity to devise strategies to delight customers with personalized, mobile-friendly visits, and to build brand loyalty that extends into 2013. The following section examines best practices in six key areas:

- Mobile shopping and browsing
- Pervasive personalization
- Display ad and email retargeting
- Social media marketing
- Email rendering and deliverability
- Unified cross-channel marketing

Seize the mobile opportunity

Technological innovation in the mobile realm has empowered customers like never before. With a few swipes on a touch screen, they can find and order products anywhere, from a coffee shop to a brick-and-mortar store. Mobile devices have begun to double as credit and debit cards with the use of near-field communications (NFC) technology. To keep pace, retailers need to turn to innovation as well. Though the mobile channel is still new, technological innovations are fast emerging that help retailers meet customer expectations for a rewarding mobile experience while driving engagement and sales with a customer segment that is more affluent and tech-savvy than the norm.

Creating and optimizing mobile websites and apps is an essential and ongoing element of a sound mobile strategy. Sites and apps must function cleanly across various devices, and retailers should strategize how to take advantage of phone and tablet functionality such as GPS, for location-based marketing, and bar-code scanning for QR code offers and in-store use. Marketers also stand to gain by appealing to the "mobile deal hunter," delivering personalized offers and discounts to opted-in customers. Best practices to keep in mind:

Optimize by mobile device details

Understanding which devices mobile customers use can give retailers a decisive edge. New IBM EMM mobile analytics capabilities provide deep visibility into more than 12 device characteristics (such as type, model, screen size, cookie support and more) for use

in reporting and segmentation. Meanwhile, IBM Unica® Email Optimization helps marketers verify that email content renders adequately on the mobile devices most frequently used by prospects. IBM Unica Digital Profiler identifies the email clients on mobile, web and desktop systems that customers use to read email, enabling marketers to determine when their customers are most likely to engage on a mobile device and allow them to optimize their messaging cadence by device and platform. The data enables marketers to automate delivery of device-optimized content and assess, for example, the funnel for devices with larger screens as

compared to devices with smaller screens.

Meanwhile, customer experience management solutions can be used to capture and replay selected mobile sessions in order to step into the shoes of visitors and understand usability obstacles that may impede the experience of mobile visitors. These innovations build on base functionality that illustrates devices used; as of March 2012, Apple's iPhone was the most popular mobile device with 7.5 percent, followed by Android devices and the iPad, as shown in Figure 12.
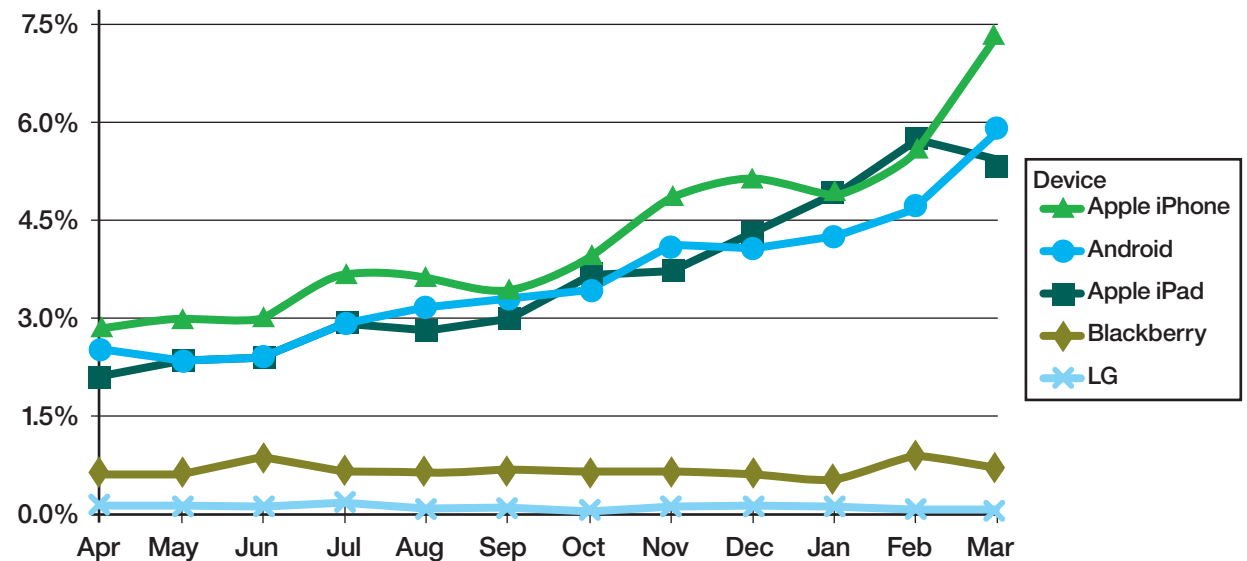
Mobile Traffic by Device

Figure 12: Apple iPhone remains the most popular device among mobile consumers.
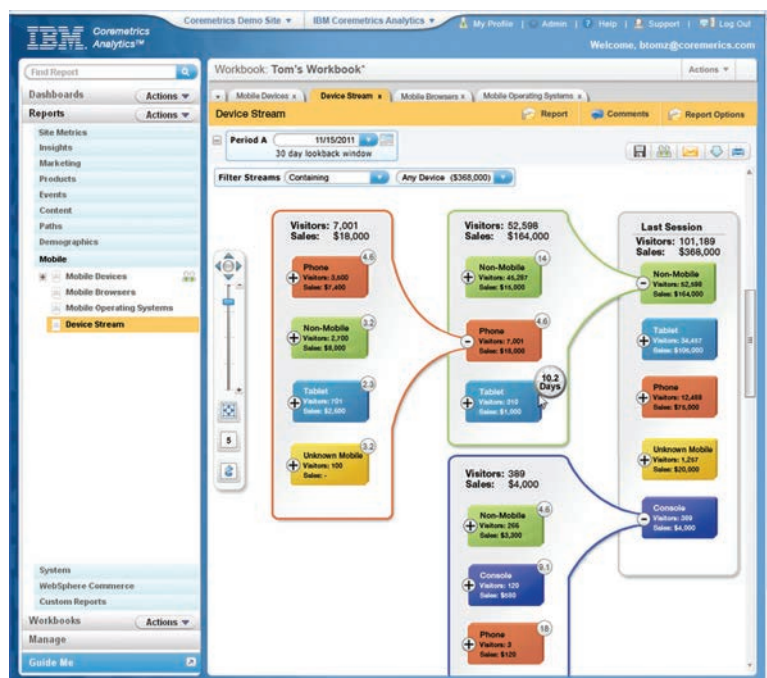
New Device Pathing

Figure 13: Coremetrics mobile analytics supplies visibility into usage of all mobile and non-mobile devices.

Understand mobile and non-mobile device usage

A smartphone or tablet is rarely the only device a consumer uses. New "device pathing" capabilities in IBM EMM mobile analytics help retailers understand how a consumer uses smartphones, tablets and PCs to interact with a shopping site. Tracking the full device spectrum by individual users (who have logged in from multiple devices) generates insights to better align the mobile channel within an overall strategy. Marketers also gain new visibility into which devices are used mostly for browsing and which for purchasing, time or day and day of week of peak usage by device, and other characteristics.

Increase focus on mobile marketing

As consumers grow more comfortable with mobile devices, they are also more receptive to marketing messages and engagement. Marketers are seizing the opportunity—worldwide mobile advertising revenue is forecasted to increase more than six-fold, from $3.3 billion in 2011 to $20.6 billion in 2015, Gartner predicts.[2] Test and measure mobile marketing techniques such as targeted ads, location-based offers and personalized recommendations based on a complete customer profile that includes mobile activity. New IBM Coremetrics capabilities let retailers deliver personalized content recommendations (such as how-to articles and videos) to deepen user engagement, along with standard product recommendations, email, paid search and display ads, based on a customer's browsing and purchasing behavior.

Benchmark against your competitors

Given the rapid pace of change in the mobile world, understanding how your efforts compare to your competitors is important for driving marketing priorities and strategies. Coremetrics Benchmark gives marketers visibility into such key mobile metrics as average order value, time on site and conversion for the retail industry as a whole and in subverticals such as sporting goods, electronics, jewelry, office supplies and others.

"We have a focus on testing and tweaking business rules in Coremetrics Intelligent Offer to find out what recommendations work best for our business and where we can get the greatest increase. Intelligent Offer is definitely driving revenue for us. It's a very intuitive and robust tool and cross-sales have improved as a result."

—Sanam Jivani
Ecommerce Manager
Lucky Brand

Make personalization pervasive

In a holiday gift exchange, the best presents are often those uniquely chosen for a recipient's interests. The same is true in online retail—the more closely a retailer can match offers, products and content to an individual customer, the greater the reward for both merchant and buyer. The deluge of data that customers generate across websites, social media, mobile devices and traditional channels opens new opportunities to fine-tune personalization. To take advantage, leading retailers are intensifying efforts to capture cross-channel data to build complete customer profiles that serve as the foundation for personalized marketing.

Particularly in the holiday season, serving personalized recommendations and content to site visitors enriches the experience for harried shoppers. Personalized recommendations are increasingly used to drive sales and cross-sell, with many retailers netting sizable gains with IBM Coremetrics Intelligent Offer. For example, clothing retailer Lucky Brand has recorded Intelligent Offer-influenced site sales at nearly 16 percent of total sales. Focus areas include:

Extend personalization across channels

Customers expect consistency and relevance regardless of which channel they choose. By tracking customer activity and response to marketing campaigns, retailers are positioned to turn data into insight into personalized interactions, from greeting Facebook fans with an email to making a relevant offer to a customer phoning a call center. Marketers can benefit by collaborating with IT to strengthen the data collection infrastructure and applying analytics.

Broaden the recommendations footprint

Personalized recommendations aren't just for a handful of prime product pages. Look to augment on-site search results with "Other Customers Liked" or similar recommendations, and feature cross-sell products in shopping carts, checkout pages, order confirmation emails and ratings and reviews pages.

Leverage flexibility

Product and content recommendations can be fully automated through built-in algorithms or managed manually; some retailers use a hybrid of the two with custom business rules to test different approaches or promote high-margin or overstock items. A/B testing capabilities in Intelligent Offer enable retailers to test offers, page placement, creative and more to maximize returns.

Consider content recommendations

In spring 2012, IBM Coremetrics introduced new content recommendations capabilities to Intelligent Offer, enabling merchants to highlight how-to guides, FAQs, videos, blog posts and other rich content personalized to the visitor's purchasing and browsing activity. By adding this helpful, personal element to the online interaction, retailers can build trust and prolong site visits, increasing sales opportunities. Figure 14 depicts personalized content recommendations.
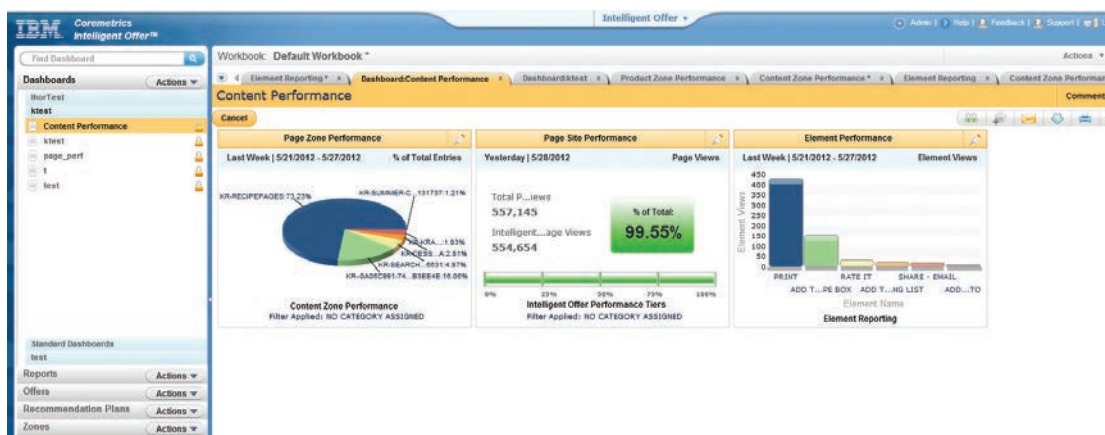
Content Recommendations

Figure 14: New content recommendations technology helps retailers personalize the site experience.

Prompt return visits with display ad and email retargeting

Retargeting—the use of display ads and emails to re-engage with visitors who browsed or cart an item without purchase—is growing rapidly among retailers (and B2B companies) to drive sales and elevate brand awareness. It's an inexpensive and very effective alternative to today's costly paid search ads. For instance, IBM Coremetrics AdTarget user Burt's Bees, a Clorox subsidiary, experienced a 45 percent increase in site visits by viewers of retargeting display ads, translating into a 20 percent gain in repurchasing

AdTarget

and deeper customer engagement with the health and beauty company's website.

For browsers or cart abandoners registered with a site, email also generates good results in prompting return visits and conversion. In the busy holiday season and compressed shopping windows, retargeting is especially valuable in courting would-be customers before they purchase elsewhere, and to remind them of your brand in the days following their visit. Tips:

Flex your retargeting options

Retargeting gives retailers a choice of serving product-

specific or brand-level ads. By monitoring results, leading retargeting practitioners determine the optimal approach for given segments of products and/or customers. Take advantage of flexibility in timing, frequency and ad network syndication to extend your reach and impact.

Appeal to the surgical shopper

As shown by Coremetrics Benchmark data, consumer attention is diminishing. By presenting a particular product or brand, retailers can align with the surgical shopping mentality, presenting a distinct call to action that's convenient and relevant. Segmentation and monitoring by those who browsed a product page versus abandoned a cart can help improve your efforts and identify the areas of greatest payback.
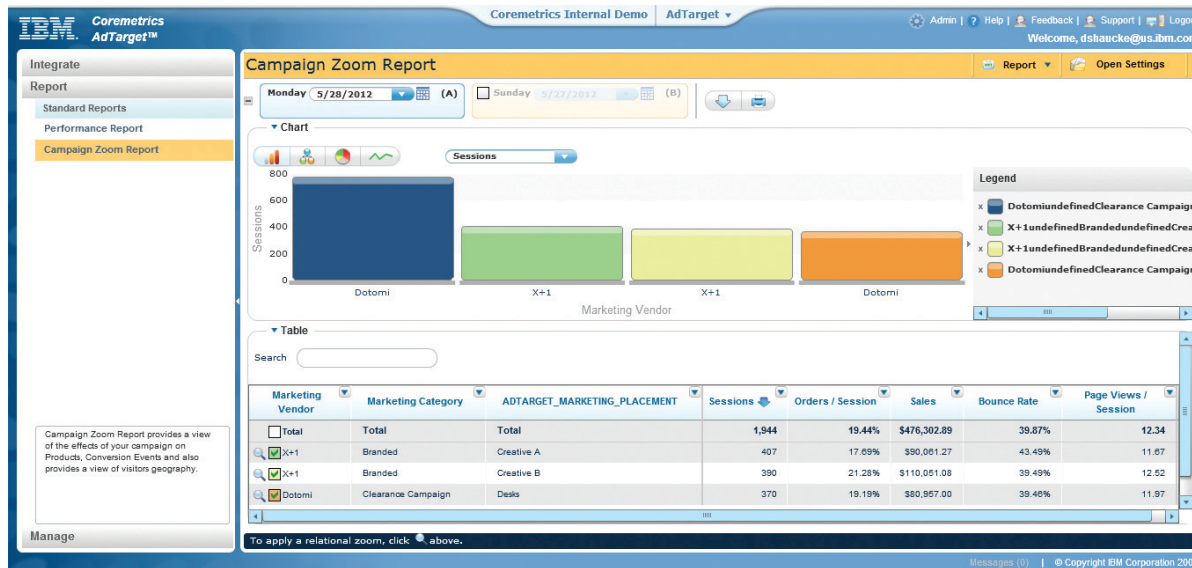
Optimize your landing pages

A landing page that doesn't align with the content in a display ad or email increases the likelihood a consumer will click away. Ensure landing pages are spot-on with your promotions, with clear navigation paths that lead the visitor to purchase. A/B testing various landing pages can help tune your efforts and avoid miscues.

Assess view-through impact

An unclicked display ad is not necessarily wasted—it increases your brand exposure and contributes to subsequent visits to your website. Look to impression attribution technology to measure the influence of unclicked display ads (called view-through traffic) on conversion for a more accurate picture of retargeting ROI and to optimize your marketing mix and budget decisions.

Figure 15: IBM Coremetrics AdTarget automates segmentation and delivery of display ads to browsers and abandoners.

"The results are remarkable—we're seeing a 45 percent increase in return site visits and 20 percent higher repurchasing with IBM Coremetrics AdTarget. We're very happy with our return on investment from display ad retargeting."

—Lynnette Montgomery
  Director of Ecommerce and Digital Marketing
  Burt's Bees

Measure the impact of social media marketing

At about 2 percent of total site sales across retail, direct clicks from social media advertising and links may seem like a modest return on investments in Twitter, Facebook and other social media channels. It's important to note that Coremetrics Benchmark measures only same-session conversion. Retailers can benefit by taking a broader view of how unclicked brand exposure via social media influences conversion and sales.

Much like a highway billboard or display ad, social media raises brand awareness and contributes to subsequent site visits and conversion. One indicator is direct load (directly entering a URL) as a percent of site traffic—its rise to a three-year high of 45 percent in February 2012 suggests that shoppers are remembering brands they're exposed to on social media (and display ads) and paying a visit days or weeks later.

Impression attribution technology empowers retailers to assess the impact of marketing on all channels, including social media, whether or not an asset was clicked. Using cookie technology that uniquely identifies a device, impression attribution provides a more comprehensive and accurate means of determining ROI by channel than first- or last-click, an approach that credits only the first or final interaction for a conversion, which continues to be used by some retailers.

Channel Stream

Figure 16: IBM Channel Stream lets marketers understand which channel interactions contributed to conversion.

In its spring release, IBM EMM strengthens its market-leading attribution reporting with new capabilities and deeper visibility for marketers. A new report called Channel Stream enables marketers to determine channel combinations that customers use before conversion (for example, Google+, email, Facebook), the average days between sessions and other metrics across paid (advertising), owned (on-site) and earned (third-party content such as blogs) media. Figure 16 shows a sample channel stream report.

A new Channel Venn report provides a visual display of which marketing combinations are driving conversions and events. Using these insights, marketers can address such questions as whether customers who view a display ad and Facebook page convert at a higher rate than those coming from paid search and targeted email. Another new report illustrates how your top 1,000 visitors and customers are behaving to better target high-value customers. Besides attribution, other best practices include:

Enrich customer profiles

The information that fans and followers share on social media is unique in revealing preferences, attitudes and interests. Part of the "big data" phenomenon, social media data can be captured and consolidated into existing customer profiles to give marketers vital new insights for finer personalization.

Understand brand sentiment

IBM Coremetrics Social Analytics provides connectors that let retailers plug in to Facebook, Twitter and other social media conversations to monitor praise and criticisms of products and services. Besides a high-level view of consumer sentiment, this technology enables marketers to identify brand advocates and cultivate them for word-of-mouth marketing.

Understand email's reach

Consumers are sharing more than just a company domain or clicking the "Share with Your Network" link in an email; they are actively copying and pasting whole URLs and offers into social networks. Email is feeding social activity and it's important to learn the viral value of your email. Through IBM Unica Digital Profiler, marketers can gauge which pieces of content are the most compelling and capitalize on the unique email insight.

Optimize marketing email rendering and delivery

For your holiday promotion emails to be effective, they need to reach the inbox and render nicely across a broad range of desktop and web email clients, mobile devices, browsers and ISPs. Attention to rendering and deliverability can boost your email returns, yet many retailers overlook these critical aspects of email marketing. According to IBM figures, about 20 percent of emails don't reach the inbox because they are labeled as spam or blocked by an ISP. Among those that do reach the inbox, clickthrough and conversion can suffer if your message is in visual disarray due to poor rendering. The following best practices will optimize your returns from email marketing:
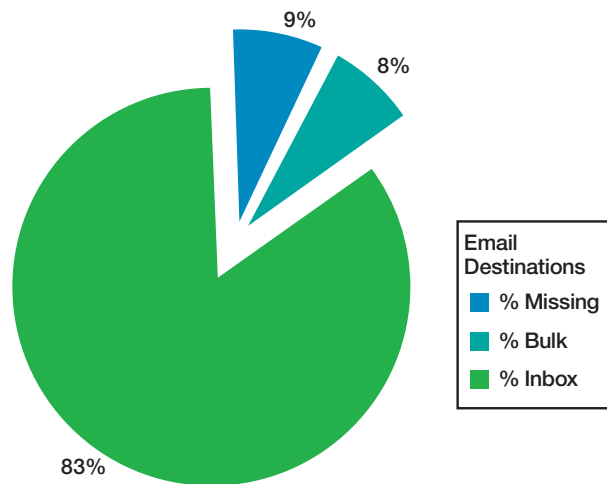
Final Email Destinations

Figure 17: About one in five emails fails to reach the inbox.

Test and tune rendering

As clients, browsers and devices multiply, it becomes more difficult to ensure optimal rendering. Be sure to use W3C-compliant code to improve uniformity. Test your email rendering with a solution such as IBM Unica Email Optimization, which can handle more than 100 different views spanning multiple scenarios and a wide variety of browsers, email clients and devices.

Monitor and measure deliverability

Covering more than 150 domains in 68 countries, Unica Email Optimization tracks email deliverability and provides marketers with the critical tools and insights they need to help them remediate deliverability challenges as they arise. Reports contain statistics such as emails marked as spam, quarantined or blacklisted, the time of day an email was opened and industry deliverability benchmarks based on over five billion emails a month. By measuring deliverability across ISPs and regions, marketers can avoid losing money by ensuring their emails not only reach the inbox, but that they do so in a timely fashion.

Mobile email optimization

To capitalize on the mobile trend, pay close attention to rendering on iPhones, Android and other devices, and ensure that landing pages are optimized for mobile access. For email, use brief subject lines and "From" names, avoid multi-column layouts, and position calls to action and branding as high as possible. Make your buttons large enough to click easily on a mobile device. Avoid CSS style sheets because of their limited support across web email clients; we recommend using in-line styles instead.

Evolve towards unified cross-channel marketing

The online channel is vital, however, it does not exist in a vacuum. Smart retailers are striving towards a unified cross-channel marketing approach that presents a consistent, personalized experience across all offline and online touch points. Currently, much retail marketing is conducted across standalone channels, often based on fragmented views of the same customer, compromising your ability to measure overall performance and affecting the customer experience as a result of off-target or duplicate campaigns.

Email Rendering on Different Mobiles

Figure 18: Emails render differently on an Android (left) and an iPhone.

Cross-channel marketing is the evolution of multichannel marketing, and is designed to deliver a unified customer experience across outbound and inbound channels. A unified platform enables retailers to progressively choreograph messaging and offers across all touchpoints, rather than simply repeating the same message through different channels. Figure 19 compares the silos that can result among standalone multichannel initiatives versus the focused funnel of cross-channel marketing.

Effective cross-channel marketing requires an understanding of customer behavior across all touch points. Consider an example of how a customer, Sophie interacts with a retail brand through multiple channels. She browses a retail website from her iPhone and enters her email address to receive discounts. The next day, she clicks on a welcome email and browses jewelry. Later, she Googles "diamond necklace" and clicks on a paid search ad and browses more, reading a few product reviews. Days later, she clicks on a retargeting display and carts a diamond necklace. The next day, she accepts an email offer to complete the purchase with free shipping, paying for the necklace with her Visa card before checking out the retailer's Facebook page, which she decides to "Like."

A week later, Sophie visits a store and buys matching earrings using an in-store coupon she downloaded from the Facebook page. She also uses a coupon for a men's watch she captured to her iPhone by scanning a QR code the retailer included in a fashion magazine ad, paying for both pieces with her Visa card. Days

Multi-Channel Marketing versus Cross-Channel Marketing
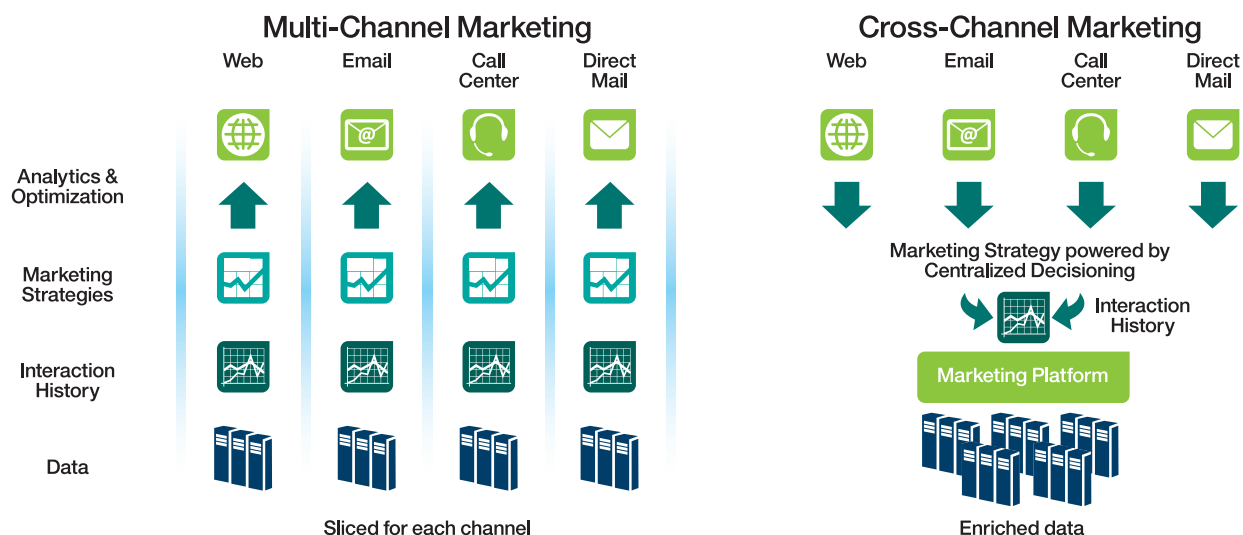

Figure 19: Cross-channel marketing unifies complementary customer initiatives.

later, she contributes a product review on the website, orders the retailer's print catalog and phones the call center with a question about the watch she bought for her husband. The customer in this example told the retailer a lot about herself—but can marketers put it together into an actionable whole? Some best practices to consider:

Build a complete customer profile
Today's data capture and integration technologies make it practical to combine customer activity data from divergent sources into a single profile. In-store transactions, website and social activity, call center interactions and marketing responses can be leveraged in order to gain critical customer insight, which in turn can be translated into personalized marketing to promote long-term value.

Make your channels work together
Brick-and-mortar retailers have enjoyed great success in driving in-store traffic through the use of printable store-only coupons. Similarly, offering coupons for online redemption through offline channels can drive additional site visits, as do Facebook-only promotions and QR codes. By encouraging cross-channel activity, retailers can broaden the brand experience and test the most effective techniques for engaging various customer segments.

Make the holiday season profitable

The holiday season is the proving ground for the strategies and technologies your retail business adopts in its quest to attract customers and grow sales. As data from IBM Coremetrics Benchmark and independent analysts confirms the opportunities are enormous. Leading retailers are poised to take advantage, and all signs point to another banner holiday season for online sales in 2012.

The competition is tough. Generation C connected customers are tougher still. By understanding macro-level trends and following best practices for mobile commerce and marketing, personalization, retargeting and social media, you'll be well positioned to meet the demands of today's discriminating consumer and maximize your holiday returns.

Happy selling!

References

1   Forrester Research, "US Online Retail Forecast, 2011 to 2016," February 27, 2012.

2   Gartner Inc., "Gartner Says Worldwide Mobile Advertising to Reach $3.3 Billion in 2011," news release, June 16, 2011.

For more information

To learn more about IBM Coremetrics Benchmark and Generation C: The Connected Customer, visit the following website: http://www.ibmconnectedcustomer.com/us

IBM

Please Recycle

ZZL03007-USEN-00