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'Tis the Season for Marketing Planning: Epsilon's Holiday Trend Report

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Introduction

Each year retailers roll out major marketing and advertising campaigns around the holiday season, promoting incentives, limited edition merchandise and the most coveted gifts of the season. Consumers are often overwhelmed with marketing messages at various touch points and it can be difficult to garner their attention in the appropriate channel at the optimal time with the best offerings.

Understanding past holiday season behavior, successes and failures will equip multichannel marketers with the tools they need to plan effectively for the upcoming holiday season. In 2008, the economy was declining and the holiday season was a challenging one for many merchants. The situation may be similar this year so it's particularly important to understand the results and analysis of last year's holiday season to maximize marketing spend and effectiveness in 2009.

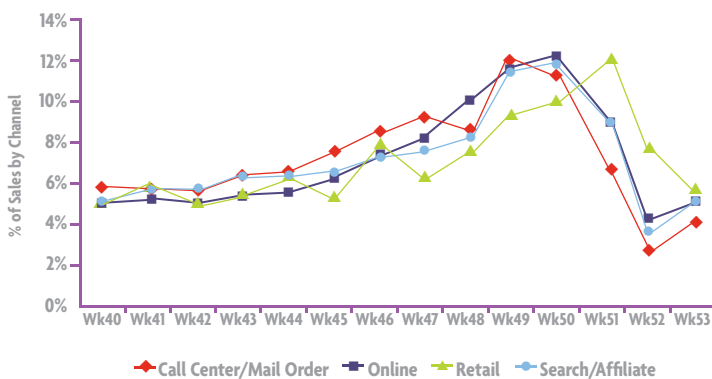
Epsilon's Holiday Trend Report provides key findings from the 2008 holiday season with a focus on the trends of each channel, the days of the week that were most lucrative, the weeks that were best for reaching consumers and how these trends compare to previous years.

Merry Marketing

Not surprisingly, consumer holiday spending was lower in 2008 than previous years largely due to the overall decline in the world economy. Different channels fared well during specific weeks leading up to the holidays. Retail spending peaked about a week after online and catalog orders, thus it is important to adjust the channel contact strategy to take advantage of this trend. Utilizing online and direct mail channels early on followed by in-store offers will capture consumer attention at the appropriate point-of-sale.

Similarly, different channels experienced stronger performance based on geographic location within the United States. Overall, online sales showed the strongest growth across all Census divisions and in most regions online was the only channel with growth. Efforts in the coming year should focus on more online promotions and a cross-channel strategy that is supported and in sync across all media.

Sales Trends for Q4 2008: By Week and Channel



*Data based upon 458 consumer offers across all channels with purchase activity 2005 to 2008

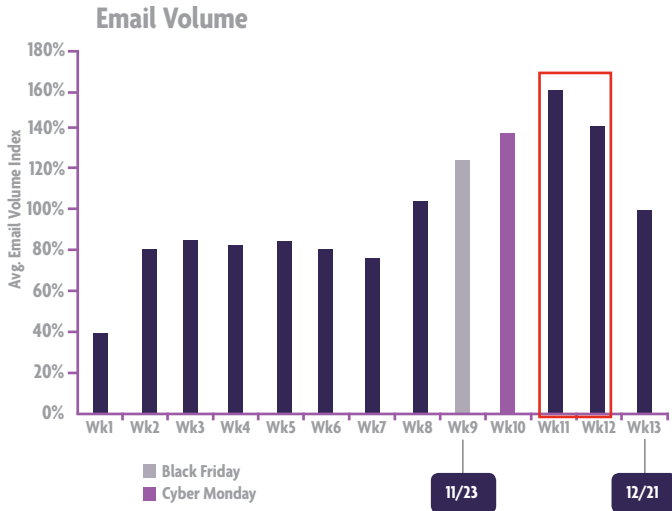
Online Sales Across All Census Divisions



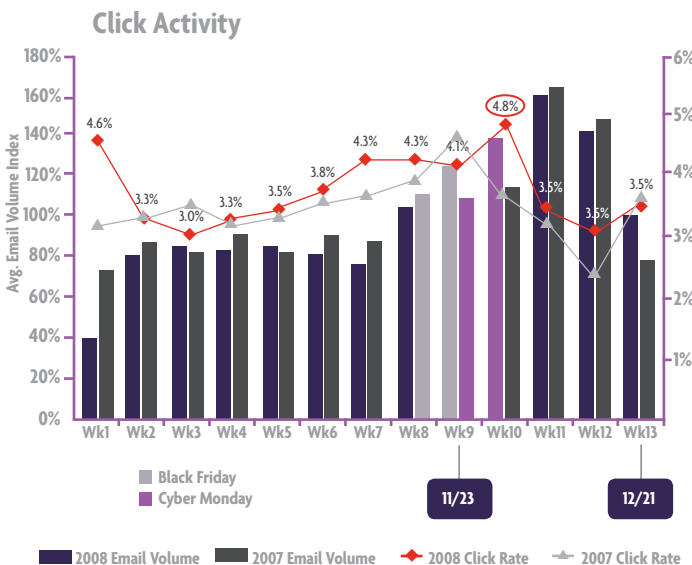
*Data based upon 665 consumer offers across all channels with purchase activity 2007 - 2008

'Tis the Season for Email

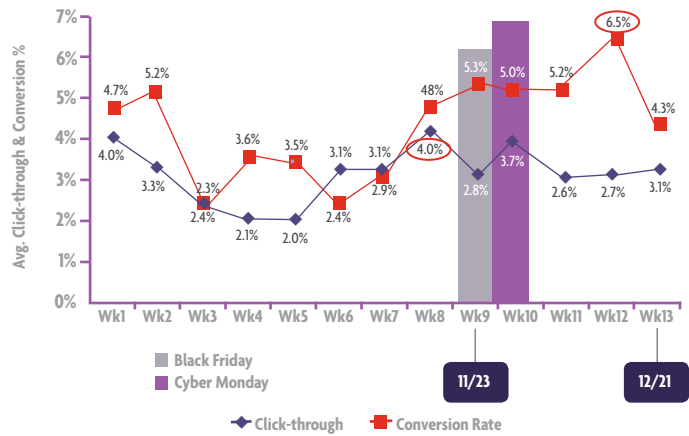
In 2008, the heaviest email volume targeted late season shoppers, following a similar trend in 2007. Volume spiked the second and third weeks in December. This “last-chance” push by marketers should focus on procrastination, smaller ticket items and deals.



Early in the season shoppers were less likely to click and the peak click activity occurred during the week of Cyber Monday. This doesn't imply that marketers shouldn't start their efforts early. Rather, they should reiterate messages leading up to peak weeks and push the best deals and offers following Thanksgiving. Consumers browsed their emails before buying causing conversion activity to peak well after click rate. This may reflect bargain-hunting and procrastination.

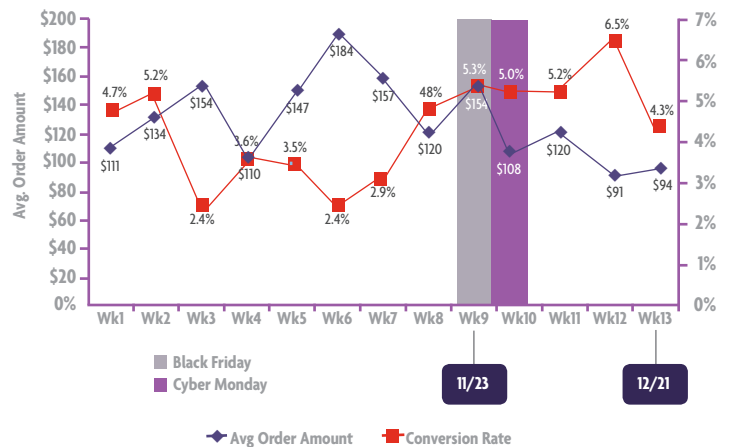


Email Browsing and Buying Behavior

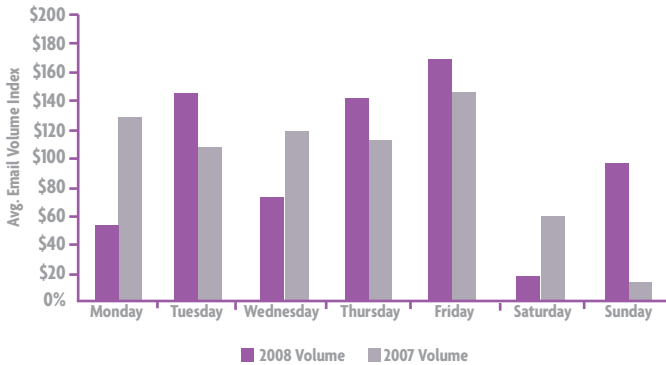


As the season progresses, shoppers spend less on each purchase. Marketers of big ticket items need to mail earlier in the season. To drive earlier purchase behavior for both large and small items, focus on deals like free shipping and sales. The day of the week that an email marketing campaign deployed had an influence on email volume, conversions, and revenue. Tuesdays and Fridays were the heaviest email volume days as well as the peak revenue days. Whereas, the peak conversion day was Saturday, following the top delivery day.

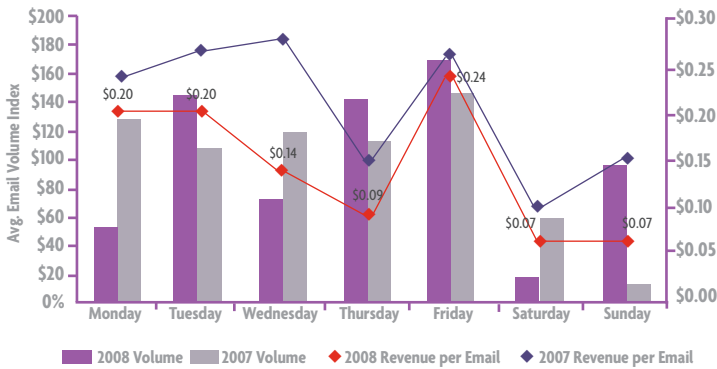
Orders and Conversions



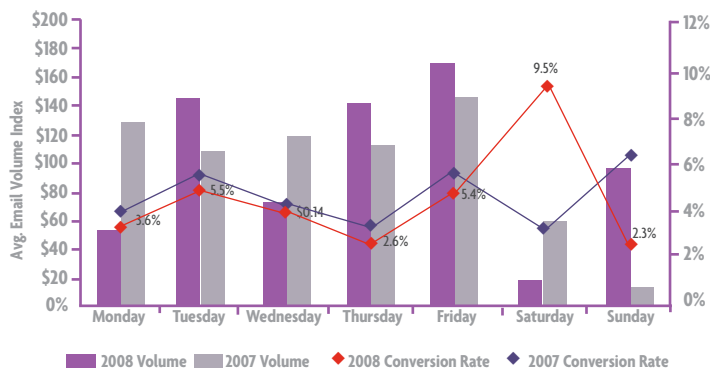
Email Volume - Day of the Week



Revenue - Day of the Week



Conversions - Day of the Week



Conclusion

During the holiday season marketers are competing for consumers' attention so it is important to incorporate data, analytics and test strategies to make the most of campaigns and break through the message clutter. Websites, email, social media, catalog and mail pieces should be complimentary of one another. Communications should be tailored to suit consumer preferences in particular the channel through which you connect with your core audience.

Methodology

Epsilon's Holiday Trend Report is based on over 640 million email messages from more than a dozen companies from October, November and December 2008. Metrics were aggregated and summarized by week with each week running from Monday to Sunday with the exception of week 1 which started on Wednesday, October 1. The findings also reflect a segment of historical purchasing activity from the Abacus Cooperative database from January 1, 2005 through December 31, 2008.

For More Information

Epsilon Corporate Headquarters

4401 Regent Boulevard

Irving, TX 75063

1-800-309-0505

info@epsilon.com

epsilon.

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