

Festive Insights 2015

What can marketers expect over
the 2015 festive period?





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About the author

Giles is responsible for overseeing the UK Consumer Insight team consisting of sales, marketing, client services and analyst teams. In conjunction with this, Giles is responsible for the Consumer Insight Product roadmap in the UK and implementation of the go-to-market strategy.

Giles has 15 years' of diverse digital experience across general management, business development and product development roles. He has experience creating and selling new innovative digital products and in problem solving detailed technical and business processes to improve the quality of client facing products.

Prior to Experian Marketing Services, Giles spent over 13 years' working within digital marketing and advertising companies. He started his career at the Daily Mail and General Trust, working in Sales and Sales Management roles.



2014 RECAP

In 2014 festive retail behaviour experienced a dramatic shift as for the first time the US inspired pre-Christmas sales dates established themselves as major events in the UK retail calendar.

For the first time Black Friday, Cyber Monday and Manic Monday surpassed Boxing Day, the January sales and the weeks running up to Christmas as the busiest online retail days.

Here's a bit of a recap of what happened:

BLACK FRIDAY

Taking place on November 29, Black Friday was the first and biggest of the pre-Christmas sales dates. In fact it turned out to be the biggest online retail day of the year, eventually outstripping Boxing Day for the first time by 25 million online visitors and an estimated £111.1million* in spend.

Black Friday has been a major event in the US for many years (traditionally falling on the Friday after Thanksgiving) and it made its full transition to this side of the Atlantic in 2014. While the American version is very much a high street occasion, the UK market was far less discerning and it experienced a huge surge of online traffic.

The traffic volume represented a 59% year-on-year increase in traffic volume and in fact 1.5% of all UK searches in the week ending November 29 were related to Black Friday.

In terms of marketing, Black Friday was something brands wholeheartedly embraced. Black Friday was more popular than ever in terms of emails sent, with send volume in 2014 up 11% on Black Friday 2013. The volume of emails sent on Black Friday was also up 72% on the festive period average and up 82% on the rest of 2014.

However, some brands were not wholly prepared for the level of interest with several websites crashing and a significant strain being placed on delivery models.

CYBER MONDAY

The Monday after Black Friday is Cyber Monday (in 2014 this fell on December 1) and historically in the US it's an online equivalent of Black Friday. However, with Black Friday witnessing a huge level of online activity, Cyber Monday in the UK ended up resembling a slightly smaller Black Friday.

In total there were 161 million visits to retail sites on Cyber Monday – the equivalent of £720 million worth of estimated sales and a 40% year-on-year increase in traffic volume.

However, more emails were sent on Cyber Monday than any other day during the festive period. According to our data there were 123% more emails sent on Cyber Monday than the festive period average and 28% more than on Black Friday.

Whether this was because marketers witnessed the success of Black Friday and threw together some last minute plans or because they had assumed Cyber Monday would be bigger (as the traditionally digital event) is unknown and in truth both were probably factors.

MANIC MONDAY

Based on data from 2013 and 2012 we foresaw there being a new peak the Monday after Cyber Monday and coined the term Manic Monday. The peak in traffic volume did materialise, however it was eclipsed by the sheer volume of interest in Black Friday.

Nevertheless, with 148 million visits to retail websites - representative of a 24% year-on-year uplift - and an estimated spend of £666 million, Manic Monday was a significant date in the calendar and will continue to be so this year.

It is surmised that the people shopping on Manic Monday are people who either missed out on Black Friday and Cyber Monday, were returning items purchased on those dates or were plugging the gaps in their Christmas shopping that they were unable to purchase the weekend before.

*The estimated spend statistics are taken from the IMRG Capgemini e-Retail Sales Index in partnership with Experian Marketing Services



2014 RECAP

CHRISTMAS DAY

The volume of visits to retail websites on Christmas Day itself is often surprising and 2014 was no exception. In fact, volume significantly increased last year with 147 million visitors to retail websites – an increase of 29% year on year. This amounted to an estimated spend of £658.5 million which is surprising when you consider that most people spend the day with their families and that the Christmas shopping has all been completed.

The increased volumes can probably be put down to the increase in mobile technology with people browsing on their phones while in the company of their family – potentially while watching TV or a Christmas film. Similarly, many people are probably using new technology they have just been given or planning how they're going to spend gift money.

In fact over 110,000,000 emails were sent on Christmas Day meaning volume was up roughly 25% on the festive period average, indicating that retailers have clocked onto this and are probably plugging the Boxing Day sales. However, emails sent on Christmas Day were the least likely to be opened and the least likely to convert across the entire festive period.

BOXING DAY

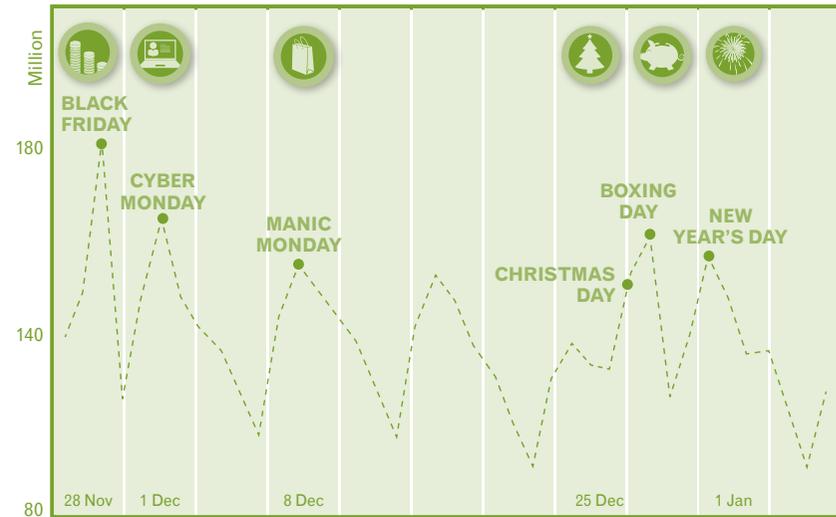
Last year was the first time Boxing Day wasn't the biggest online retail day of the year, eclipsed as it was by Black Friday. However, Boxing Day was still huge with 156 million visits to retail websites and an estimated spend of £698.9 million. This was an astonishing 21% year-on-year increase in volume which when you consider that unlike Black Friday, Boxing Day was a massive event last year, indicating that marketers cannot afford to underestimate Boxing Day in favour of the pre-Christmas dates.

NEW YEAR'S DAY

New Year's Day represents the first day of the January sales and last year it witnessed 127 million visits to retail websites, an estimated spend of £477.5 million and a year-on-year traffic increase of 30%. The January sales have traditionally been an offline event and it can be surmised that while the online numbers are significant, the offline volumes are proportionately larger.

Nevertheless, there is significant online interest around the January sales – potentially as people webroom to see the sorts of things they want to buy, check what products are on sale and find out opening times of specific stores. The manner stores link their online and offline experiences is key around major sales days.

Traffic to retail websites over the 2014 festive period



Data pulled from Experian's Hitwise online intelligence tool, 2014



2014 RECAP

BLACK FRIDAY



- **November 28**
- **181 million visits to retail sites**
- **Estimated total spend of £810 million***
- **59% year-on-year increase in traffic volume to retail websites**
- **Busiest online retail day of 2014**
- **1.5% of all UK searches in week ending November 29 were related to Black Friday¹**

CYBER MONDAY



- **December 1**
- **161 million visits to retail sites**
- **Estimated total spend of £720 million***
- **40% year-on-year increase in traffic volume to retail websites**

MANIC MONDAY



- **December 8**
- **149 million visits to retail sites**
- **Estimated total spend of £666 million***
- **24% year-on-year increase in traffic volume to retail websites**

CHRISTMAS DAY



- **December 25**
- **147 million visits to retail sites**
- **Estimated total spend of £658.5 million***
- **29% year-on-year increase in traffic volume to retail websites**

BOXING DAY



- **December 26**
- **Not the busiest online retail day for first time in seven years**
- **156 million visits to retail sites**
- **Estimated total spend of £698.9 million***
- **21% year-on-year increase in traffic volume to retail websites**

NEW YEAR'S DAY



- **January 1, 2015**
- **127 million visits to retail sites**
- **Estimated total spend of £477.5 million***
- **30% year-on-year increase in traffic volume to retail websites**

* The estimated spend statistics are taken from the IMRG Capgemini e-Retail Sales Index in partnership with Experian Marketing Services



KEY THEMES OF CHRISTMAS 2014

RISE OF THE PRE CHRISTMAS SALES DATES

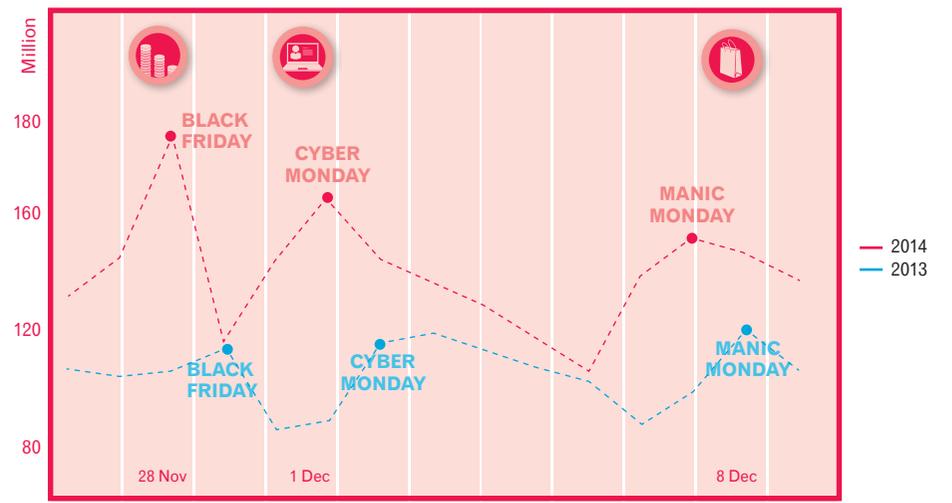
It's clear from the 2014 results that the UK consumer has fully embraced the pre-Christmas sales dates of Black Friday, Cyber Monday and Manic Monday.

Their success shows how much the traditionally American events have taken root in this country. Success can be attributed to the huge marketing effort brands have put into pushing the Black Friday agenda and the sophisticated techniques that were employed, such as personalisation, segmentation and cross-channel programmes.

The level of success these dates experienced means they are probably now a mainstay of the UK retail calendar and retailers will put even greater emphasis on their marketing to get an even larger slice of the pie.

The below graph highlights the remarkable peaks in traffic to retail sites on Black Friday, Cyber Monday and Manic Monday this year compared to 2013.

Online traffic to retail websites on Black Friday, Cyber Monday and Manic Monday



Although Black Friday had more visits than Boxing Day it does not mean Boxing Day wasn't a success as it experienced a 21% increase.

Online traffic to retail websites in the lead up to Christmas and Boxing day



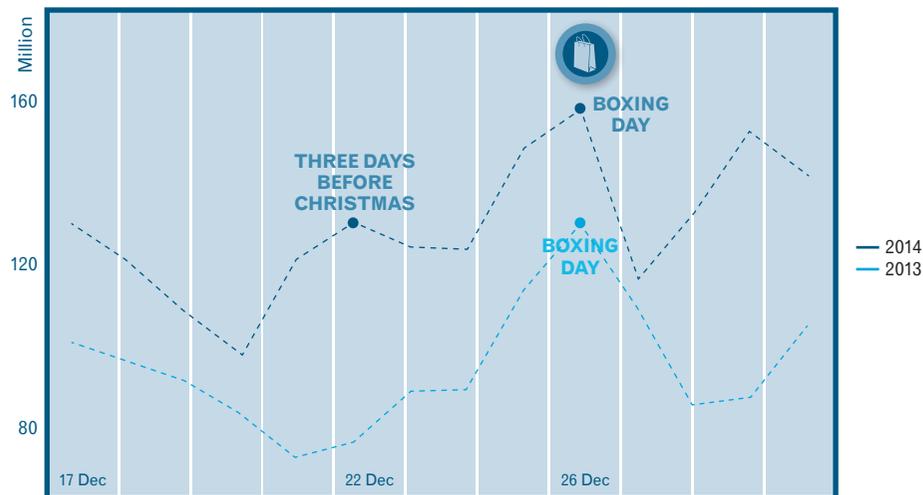


SHOPPING EARLIER, LONGER AND LATER

Partly due to the increased interest and expectation around the pre-Christmas sales dates, Christmas shopping season started earlier and lasted longer. As already noted, Black Friday kicked off the festive shopping season with a bang on November 28 and was quickly followed by Cyber Monday (December 1) and Manic Monday (December 8). From that point onwards, volumes maintained until a few days before Christmas.

Online activity started to drop from December 15 but volumes were still high and, despite dropping to its lowest point on December 20, experienced a distinct peak on Monday December 22 (see below graph), three days before Christmas. This is probably indicative of last minute shoppers continuing to shop online due to confidence in retailers to deliver on time and services such as click and collect and next day delivery.

Online traffic to retail websites in the lead up to Christmas and Boxing Day





FESTIVE EMAIL MARKETING ANALYSIS

Email remains the key channel for the vast majority of marketers, especially in retail. In this section we'll take a look at email activity over the Christmas period.

EMAIL VOLUME

There was an average increase in email activity of 11% over the festive period compared to the rest of the year – which is a lot of emails – and just goes to show not only the importance of the festive period to retailers but also the level of competition.

On average, monthly email volume increased by

11%

during the 2014 festive period.



Unsurprisingly, retailers were particularly busy, increasing their volume of emails sent by

19%

Black Friday and Cyber Monday were the busiest days and it can be surmised that the increased levels of email activity were at least partly responsible for the peak in online interest, website visits and estimated spend.

The volume of emails sent on Black Friday was up

72%

on the festive period average and up 82% on the rest of 2014.



However, more emails were sent on Cyber Monday than Black Friday. Potentially this is due to retailers who missed out on the Black Friday frenzy setting up campaigns to try and play catch up on Cyber Monday (which was three days later).

According to our data there were

123%

more emails sent on Cyber Monday than the festive period average and 28% more than on Black Friday.



Clearly the volume of emails on Black Friday and Cyber Monday means that consumers were bombarded with a lot of messaging. Those brands that had the most accurate, helpful and relevant messages would have had more success than those that didn't or were unable to. This will definitely continue to be a factor in 2015.



SUBJECT LINES

A key component of emails, subject lines play a major role in whether a recipient decides to open an email or not.

Not surprisingly, 6% of emails sent in November and December used Christmas, 'Xmas', 'Santa', or 'Festive' in their subject lines. These emails were 4% more likely to be opened than those with subject lines that did not include any of those words and generated an average click-to-open rate that was 54% higher than average.

Evidently, discounts and sales play a major part in retail strategy, especially with the influence of Black Friday, Cyber Monday, Boxing Day and the January sales in mind. To this end, 6% of emails sent from November 1 to January 10 included either 'discount', 'offer' or '% off' in their subject lines.

Although these emails, on average, had a marginally lower unique open rate than those emails with less direct subject lines, they generated a click-to-open rate 5% higher and were 50% more likely to convert to a transaction.

6% of emails sent in November and December used one or more of the following words in their subject lines



These emails were **4%** more likely to be opened than those with subject lines that did not include any of those words and generated an **average click-to-open rate 54% higher.**

'Gift'
Used in 5% of subject lines

'Christmas'
Used in 4.4% of subject lines

'Offer'
Used in 3.7% of subject lines



WHICH DAYS HAD THE BEST PERFORMANCE?

Unique open rate: The second weekend of November was an interesting period. Emails sent on Sunday, November 9 achieved the highest average unique open rate across the festive period, while emails sent on Monday, November 10 achieved the highest average click-to-open rate. Emails sent on both of these dates achieved relatively low conversion rates, however, suggesting that engagement may have come from gift browsers.

Conversion: Peaks in conversion rate across the festive period occurred on expected dates. Emails sent on December 27 achieved the highest average conversion rate, closely followed by emails sent on January 1. This suggests that consumers continue to respond to traditional sales, allowing marketers to plan ahead effectively. Emails sent on Christmas Day were the least likely to be opened and the least likely to convert across the entire festive period, but that doesn't mean that they're not important.





WHO SHOPS WHERE AT CHRISTMAS?

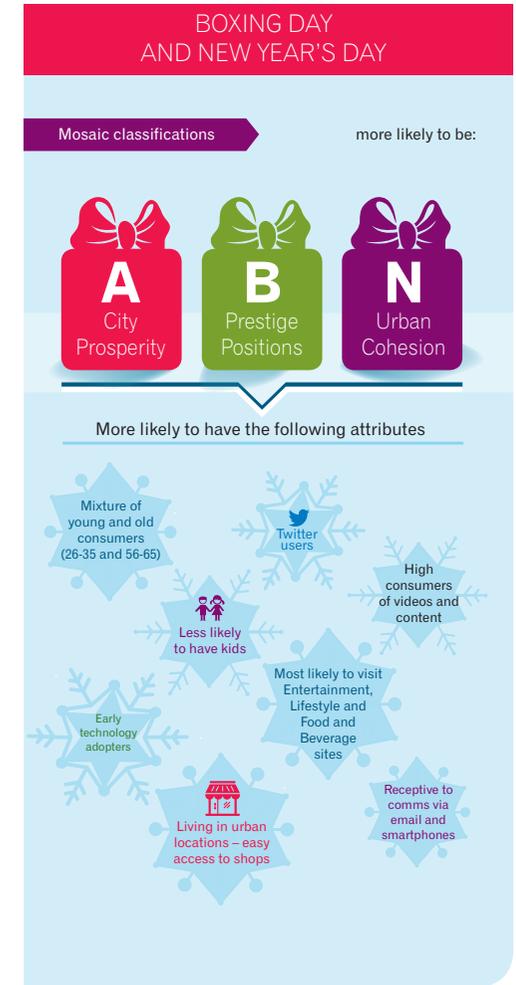
Understanding your audience is a critical element of modern marketing. In order to deliver the expected level of customer service, intelligent interactions and relevant communications, you need to know who you're talking to.

Marketing budgets only stretch so far

When it comes to Christmas, it's important to know where and when certain types of people do their shopping. Marketing budgets only stretch so far so it's crucial that retailers do what they can to ensure their money is spent reaching the most relevant people as possible.

In order to do this, you need to know who your desired customers are and where they can be found.

Based on data from last year, here's a brief look at the types of people more likely to shop in the early sales compared to the later ones. We're using Experian's Mosaic segmentation classifications to profile the different customer types. Obviously for different industries, brands and sectors it would be necessary to dig a little deeper to gather actionable insights – in this example we're going to stay relatively high level.



*Data taken from Experian's Hitwise Online Intelligence Tool in conjunction with the Experian Mosaic segmentation platform.



WHAT THIS MEANS

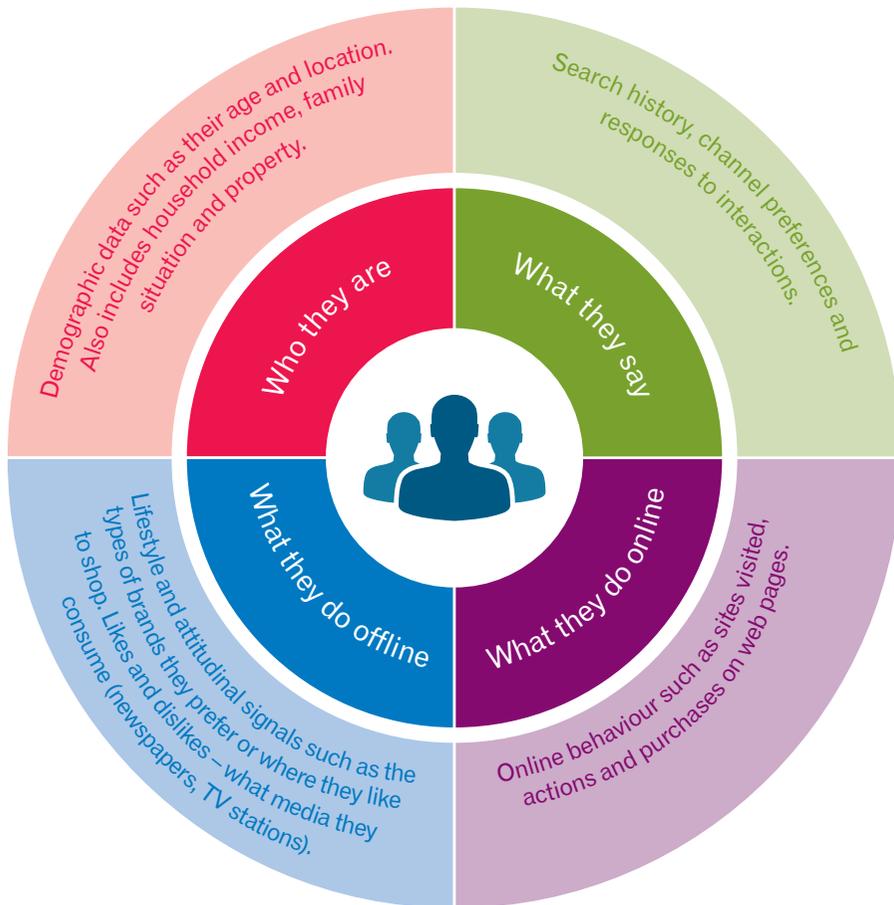
There are a number of interesting conclusions we can draw from this analysis:

People who live in the countryside and more rural areas are more likely to shop before Christmas, potentially getting cheap deals on Christmas presents. This could impact delivery logistics and arrangements for click and collect.

On the other hand, city dwellers are more likely to shop in the post-Christmas sales – potentially because they have more disposable income and spend their spare money on good deals for themselves in the Boxing Day and January sales.

Marketers should look at these types of insights and compare them to their lists of products and what they are trying to achieve. If your product is more suited to a particular type of person, then you need to find out where that person is more likely to be and the sorts of things that are more likely to resonate with them.

Marketers have access to lots of useful insights on consumers that will help them develop more relevant and engaging campaigns. Some of the most commonly used elements include:

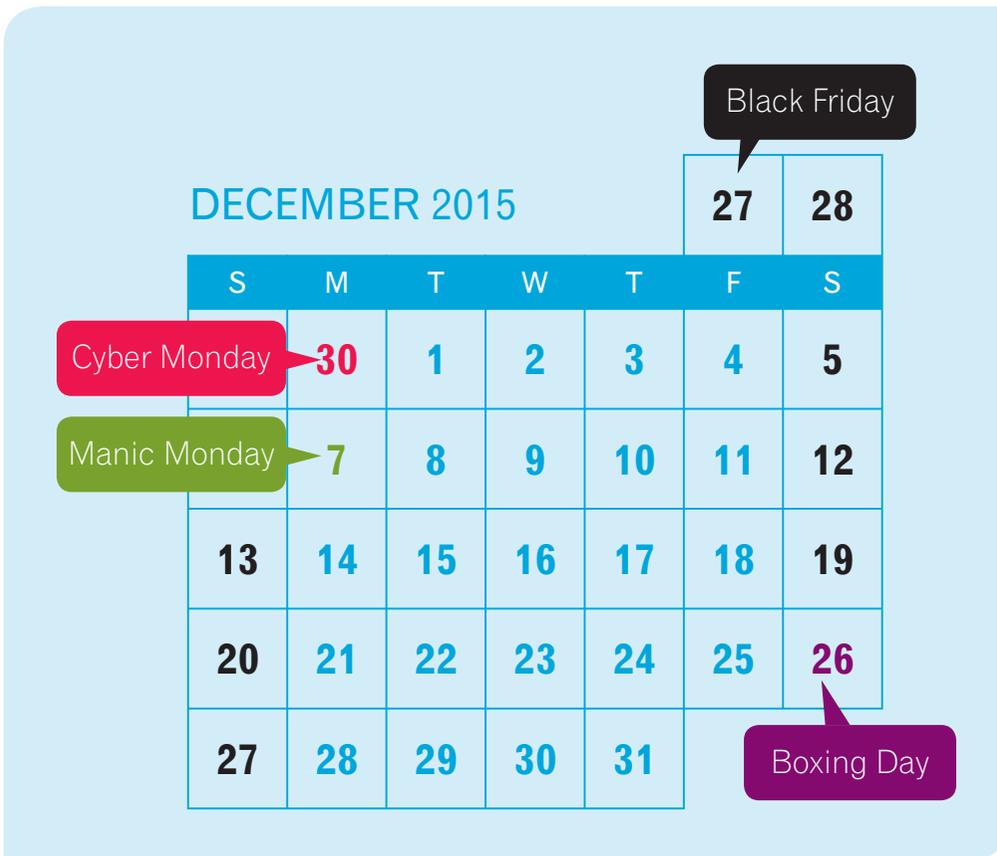




LOOKING FORWARD TO CHRISTMAS 2015

Of course, what everybody wants to know is what's going to happen this year and what can we, as marketers, do to ensure we are best equipped to make the most of the festive period?

Well first off you need to be aware of the big dates.



PREDICTED NUMBER OF VISITS TO RETAIL WEBSITES

As we have discussed, last year Black Friday surpassed everyone's expectations, setting new standards about what to expect during the Christmas shopping season. There was an unprecedented amount of interest in seasonal online deals and promotions and we're expecting this year will be just as popular, if not more so.

Retailers should be ready for a similar surge in 2015, with online activity potentially increasing by up to 5-10% in terms of the number of visits to retail websites on Black Friday, Cyber Monday, Manic Monday and the other key shopping dates in the calendar.

We do not feel like there will be a significant drop in numbers nor will there be anywhere near as large a growth. The significant spikes of last year caught a few retailers out and there was plenty of coverage in the news about the logistical and delivery capabilities of many companies being put under strain.

So while we do not think the amount of deals and interest will increase at the same rate - the ability of brands to cater for the demand will improve markedly.

Predicted traffic volumes

Black Friday – 190 million to 200 million

Cyber Monday – 170 million to 185 million

Manic Monday – 150 million to 157million

Christmas Day – 150 million to 155 million

Boxing Day – 170 million to 190 million

New Year's Day – 130 million to 137 million



HOW MARKETERS CAN MAKE THE MOST OF THESE INSIGHTS

So now we have more of an inkling of what's going to happen this year, it's time to delve into what marketers can do to ensure they have a successful Christmas period.

PLAN

Plan ahead for the key dates. 2014 showed, once again, that audiences respond to key dates on the calendar; Black Friday, Cyber Monday, post-Christmas and New Year sales all performed well in 2014 and will continue to do so in the coming festive period.

We predict that these dates will be huge again this year with a 5-10% increase in website volume across the board. Retailers need to be ready for huge demand and geared up for extra delivery pressures (next day, click and collect, etc.) as some got caught out last year and there's no excuse this time around.

Discounts are great for getting people through the door but, you need to make sure that you're doing the right thing by your business and your brand. What types of customers are your discounts and massive sales events getting? Are they valuable customers? Is that what you need?

When you create your plan, make sure to take into consideration the impact that offering huge discounts early in the season could have on your sales further down the line. If you slash prices across the board on Black Friday, are people likely to buy products at full price a few weeks later?

Discounting is often a successful tactic for generating sales, but do they need to be offered to all customers? Targeting deals strategically at key consumer segments through loyalty programs can attract those customers who need a deal to close a sale while not leaving money on the table by offering discounts to those who would have paid full price.

UNDERSTAND YOUR AUDIENCE

Brands need to understand who their audience are in order to cater for their needs and reach them more effectively. This includes where and when they are more likely to shop.

To achieve more efficient results and to ensure you deliver as tailored and positive an experience as possible this understanding of your customers needs to be thorough and robust. This means you need to be able to confidently say where your customers are going to be shopping, the sorts of things they are interested in and when they will be there.

When you know this it's a case of focusing your efforts where your audience is so your marketing spend is more efficiently targeted.

PERSONALISE

Tailor your marketing accordingly to be heard above the noise

- **61%** of UK marketers are personalising basic information, like first and second names
- **42%** are using behavioural data, like past or abandoned purchase
- **9%** are using attitudinal data, like whether they are price sensitive versus impulse buyer*

CLEAN YOUR DATA

Of course, there's little point in personalising to any extent if you can't rely on the data you have, so it's important to clean the data and consider enriching it.

Recent research by the DMA showed that consumers are accumulating numerous email addresses with 40% having three or more in use. How many of those addresses are now defunct, not looked at or not associated to that person anymore? Lots, is the answer.

Because of this, regular cleaning and check-ups are a must - especially in the run up to the Christmas period. Without it, there's a risk that your emails won't be delivered and research shows that can impact on service quality, cause unnecessary costs and lost revenue - not to mention the wasted resource put into creating the emails in the first place.

*Data taken from the Experian 2015 Digital Marketer Report - www.experian.co.uk/digital-marketer-report-2015



Twenty-eight percent of companies in recent research reported lost revenue as a direct result of emails not getting through for one reason or another. As a further consequence, if an ISP believes you are frequently contacting bad emails it will reduce the delivery of any good emails in your list, thus reducing your engagement rates.

The less you take care of your list hygiene, the lower your delivery rate is likely to be. When it comes to email marketing, there are many factors that ISPs look at when determining how many of your emails to place in the inbox – your inbox placement rate (IPR).

Why you should validate your email data ahead of the festive rush

- **Protect your sender score** – brand and sender reputation
- **Increase deliverability** – make sure your campaigns reach the intended audience
- **Quality over quantity** – emailing to invalid addresses increases the risks of grey (slows your delivery rate to check you aren't a spammer) and black listing (being seen as spam)

SUBJECT LINES

Be direct with subject lines: Using 'content specific' subject lines (subject lines that make absolutely clear what is to be expected from the email's content) can often lead to high conversion rates when the right expectations are set from the offset.

Remember, we saw that emails with subject lines containing words like 'offer' and 'discount' were 50% more likely to convert. On the flip side, being purposefully mysterious or vague with subject lines can often lead to high open rates (as curiosity is piqued) but lower ratios of clicks-to-opens and conversion as expectations are not matched by the subsequent content or offer.

BE MERRY

Remember, it's Christmas. It's supposed to be a relaxing and fun time spent with family and loved ones. While this isn't necessarily always the case (and probably not top of your mind as you rush to put together your last minute festive plans), but remember that your customers are probably fairly stressed themselves. The last thing they want is to be peppered with irrelevant and annoying messages.

Make sure you're adding to the customer experience and making your messages more relevant to the recipients.

Similarly, engaging with audiences by using festive language in subject lines and email body copy - as well as creative festive email designs - will increase relevancy and the likelihood of click-throughs as a result.

Experian Marketing Services is a leading global provider of consumer insights, targeting, data quality and cross-channel marketing. We help organisations intelligently interact with today's empowered and hyper-connected consumers. By helping marketers identify their best customers, find more of them, and then coordinate seamless and intelligent interactions across the most appropriate channels, Experian Marketing Services' clients can deepen customer loyalty, strengthen brand advocacy and maximise profits.

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