



Numerator

Strength in Numbers

GUIDE TO 2018 HOLIDAY PLANNING

In this executive overview, we highlight key insights and observations from the 2017 season that should impact how retailers strategize for November and December this year.

Be sure to schedule your holiday planning meeting with Numerator for an in-depth look at how to incorporate the data and insight behind them into your planning process. A few discussion points are as follows:



Convenience and Simplification



Focusing on Mobile



Giving an Experience



Thinking Twice About Amazon



HOLIDAY PLANNING IS UNDERWAY

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2017 WAS THE YEAR OF THE ROOSTER - BUT IN RETAIL IT WAS THE YEAR OF THE SHOPPER

The elongated holiday promotional calendars and the increasingly complex deals from holiday seasons past have created a shopping experience that is fraught with anxiety and stress for holiday shoppers. In the time leading up to the 2017 Holiday Shopping Season (HSS), the media was brimming with warnings of holiday shopper deal fatigue and consumer revolt against the commercialism of the season. In answer, retailers adopted a more consumer-centric approach to HSS 2017, taking steps to ensure that holiday shoppers had a stress-free, and even pleasant, shopping experience.

Apparently, it worked. By all accounts, the 2017 holiday season was a successful one – according to the National Retail Federation, total U.S. holiday sales during November and December increased 5.5 percent, to \$691.9 billion, over the same period in 2016. And 2017 was a record holiday season for ecommerce. Online shopping sales reached \$108.2 billion, a 14.7 percent increase from last year, according to Adobe Analytics.

Some things have not changed. Shoppers are still being inundated with promotions; electronics and apparel, again, topped the list of what is being promoted; and, of course, holiday promotions started as soon as Halloween was over. But consumer expectations have started to redefine traditional holiday shopping events, and there were several trends this holiday season that are worth noting.

Online shopping sales reached

\$108.2 billion,

a 14.7% increase from last year



HOME INVASION: ALEXA AND GOOGLE SEEK A SPOT IN YOUR LIVING ROOM... AND ON RETAILER'S SHELVES

Amazon also reportedly had a record holiday season, announcing that it sold “hundreds of millions” of products between Thanksgiving and Cyber Monday alone. But sales are not Amazon’s only goal. In their ongoing quest for retail domination, at the heart of their strategy is Prime Membership conversion. All Amazon wanted for Christmas is an Alexa-enabled device in every household – and they must’ve been on Santa’s nice list, because not only did they sell a record number of devices themselves, but they also had competing retailers selling devices for them.

Retailers that are normally in stiff competition with Amazon made the questionable choice to heavily promote Amazon enabled devices throughout the holiday season. Which begs the question – are increased sales in the short-term worth aiding Amazon in their quest to convert shoppers to Amazon Prime members in the long run?



Amazon



Best Buy



Kohl's



Staples



Target

Source: Numerator Promotions

VITAMIN D(EAL): RETAILERS FOUGHT DEAL FATIGUE WITH DEAL SIMPLIFICATION

Over past holidays, the peppering of customers with nonstop deals and complex promotions have caused what many refer to as “deal fatigue” to set in among holiday shoppers. In 2017, many retailers sought to address this by offering less complicated sales and promotions, allowing shoppers to easily calculate final prices. We saw significantly less bundling offers this holiday season (see figure below), and a decrease in the type of tiered deals that would necessitate a customer visiting a store in a particular time frame. Some retailers even provided apps that would calculate prices for shoppers right in the store via a mobile device.

Walmart Black Friday Promotions - Xbox One

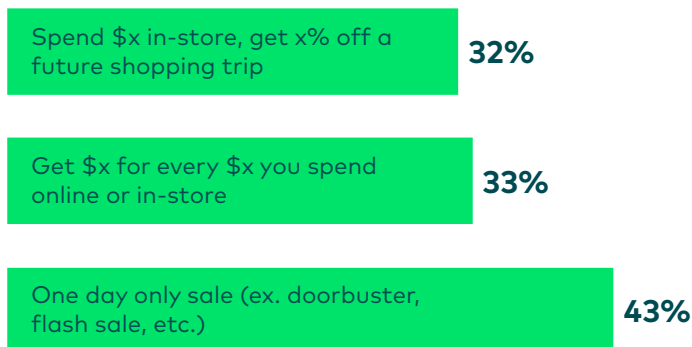


2016



2017

Source: Numerator Promotions



Source: Numerator's InfoScout OmniPanel

Curious which offer types customers find the most confusing? Numerator surveyed holiday shoppers to find out. Results show that offers requiring customers to return to the store at a later date and offers that require customers to be at the store at a particular time are the least favored among shoppers. Not surprising, since these offer types require the most effort on the shopper's part.



LET THEM EAT THE CAKE: DIFFERENTIATION THROUGH IN-STORE PARTIES AND EVENTS

The holiday season has traditionally been a race to the bottom for retailers, with discounts getting deeper each successive season. Since pricing is no longer a viable point of differentiation, retailers have turned to in-store experience as a way to stand out. Walmart held three different in-store “holiday party” events with a focus on both gifts and holiday hosting. Target held in-store events as well, launched several new lines (including the much anticipated Hearth and Hand by Magnolia line) and introduced an in-store holiday themed photo booth. Retailers also increasingly featured integrated ways to make gift selection as convenient and simple as possible. Macy’s, Target and several others utilized GiftNow, a third-party service that enables customers to send an e-gift box of selected items to a recipient who can keep/adjust/change the order before it ships.

Target

Macy's

Sam's Club

Target

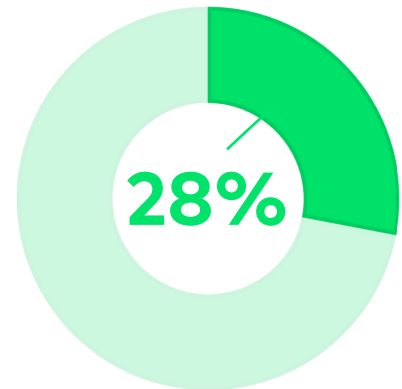
Walmart

Source: Numerator Advertising

UPWARD MOBILITY: MOBILE LEADS THE WAY FOR ECOMMERCE INCREASE

Shoppers may have hit the malls in droves, but even more picked up their phones. 2017 was a record year for mobile holiday shopping. For the entire season, revenue for the category totaled \$35.9 billion, a 28 percent year-over-year increase. Shoppers are still acclimating to making mobile transactions, but mobile devices have become an important part of the purchasing process and more shoppers are moving beyond using them solely as a price comparison or browsing tool.

Some retailers sought to capitalize on this trend by leveraging mobile ads to drive purchases. Amazon promoted a variety of purchase opportunities that included both Amazon devices and national brands items. Best Buy really embraced mobile, with more than 300 unique mobile ads breaking during the holiday 2017 time frame.



The amount that **MOBILE HOLIDAY SHOPPING** increased since 2016

Black Friday Mobile Promotions



Best Buy



Amazon

Source: Numerator Promotions

LOOKING AHEAD TO 2018

For a successful 2018 holiday shopping season, retailers should consider the following:

Convenience and Simplification

Ease and convenience are what consumers are looking for. Shoppers want to spend less time shopping and more time with their families, enjoying the season. Retailers that help them find what they need quickly and easily, without fighting crowds or jumping through hoops, are the ones that will win the season.

Focus on Mobile

If you don't have an app, get one. Technology has enabled shoppers to exist in a perpetual "buy" state, and successful brands and retailers will be the ones that are able to seize the moment of influence wherever a shopper may be.

Give Them an Experience

Non-price differentiation will continue to be key. Make holiday shopping more than a transactional process via in-store events and social campaigns. Become a part of their holiday tradition, not just a place to cross holiday shopping chores off the list.

Think Twice About Amazon

Piggybacking off the popularity of Amazon enabled devices in order to get customers in the door can seem enticing, but do you really want to let the Trojan horse in? Think twice about the strategic importance of offering Amazon products during the holiday season, you may regret it in the long term.

**LET US HELP IN YOUR
2018 HOLIDAY
PLANNING PROCESS**

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