Ecommerce lessons learned this holiday season

Loqate GBG

The 2019 holiday season did not disappoint as a record 189.6 million U.S. shoppers rushed to stores and retail websites between Thanksgiving and Cyber Monday.
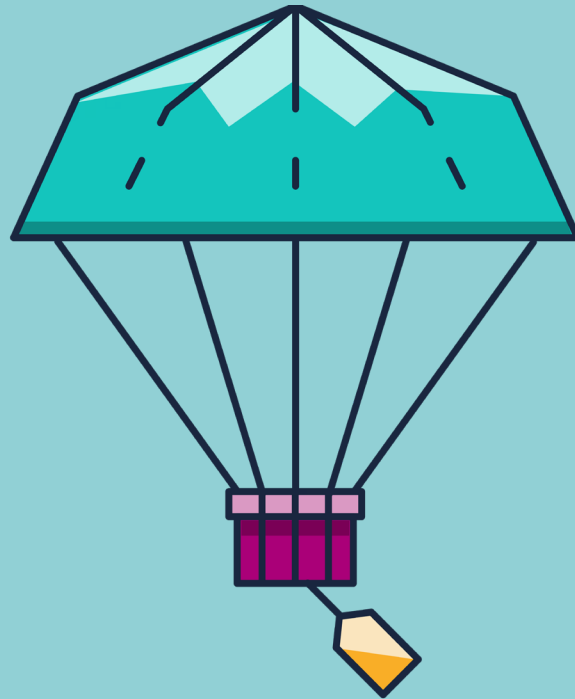
With holiday shopping being a very lucrative period for retailers worldwide, it's only natural that retailers put their best foot forward. Many employed their most innovative strategies, coupled with new takes on successful classics, in hopes of attracting the masses of holiday shoppers.

Even faced with the shortest holiday shopping season in 7 years, retailers still managed to shatter records, bringing in billions of dollars and seeing Black Friday beat Cyber Monday in digital sales for the first time.

To prepare for a successful year ahead, astute retailers will assess and incorporate last year's most profitable trends into their 2020 strategy – here are some trends that stood out:

Retailers are meeting customers where they are

While online shopping has skyrocketed in popularity in the last decade, brick and mortar stores are being held to the same standard for shopping experiences. Delivering on these high consumer expectations means adopting a customer-focused approach.

This holiday season saw retailers opening new stores and forging innovative partnerships to craft a multichannel experience that caters to the new ways that consumers shop.

Strategies offering consumers the option to buy online and pick up in-store (BOPIS) have opened up fresh streams of revenue for today's retailers, with sales increasing 43% since 2018. BOPIS has been reported as the most common area of investment in 2019, according to Forrester. BOPIS was an important feature for retailers serving this year's last-minute shoppers.

While many of us now rely on Amazon for 2-day shipping, waiting until the last minute to order online can be too much of a gamble with traffic problems, delivery issues, and weather complications. Instead, many shoppers turned to brick-and-mortar retailers, whether for in-store shopping or BOPIS options.

> 67% of holiday shoppers confess that they still have shopping to do heading into the last week before Christmas.
>
> **Source: Google**

> **"** Retailers that offered BOPIS saw 56 percent more active digital shoppers — people who use site search, add a product to their cart, start to checkout or complete a transaction — in the last five days of the season. Additionally, those retailers collected 18 percent more digital revenue share after the shipping cutoff.
>
> **Source: Salesforce**

The BOPIS feature is a win for both shoppers and retailers. Those companies offering it also gain an increase in sales, as 62% of consumers say that when they shop at a physical store, they tend to buy more than they initially intended, according to Total Retail.
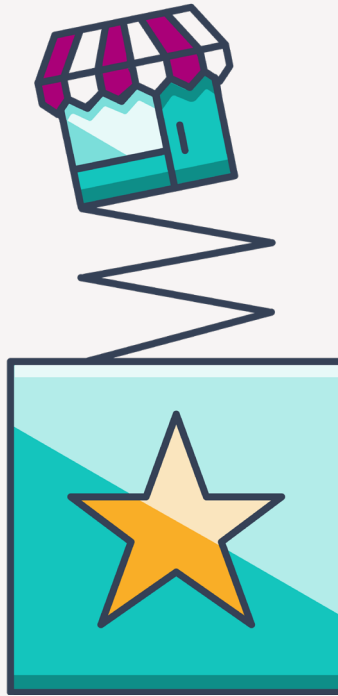
Pop-up shops have become a go-to marketing strategy

Speaking of physical stores, pop-up shops were a major trend this holiday season.

Technology has made the shopping experience more efficient and dependable. However, the novelty that comes with holiday deals and exclusive items found in-store preserve the relevance of physical shops inthe digital age.

While it's not a new concept, more and more retailers have been employing pop-up shops as part of their holiday marketing strategy.

Hosting a holiday pop-up store is an ideal way to offer customers a tangible experience that they could not find digitally. Pop-ups offer etailers the opportunity to create direct connections with consumers and stand out among the retailers who already boast an omnichannel experience.
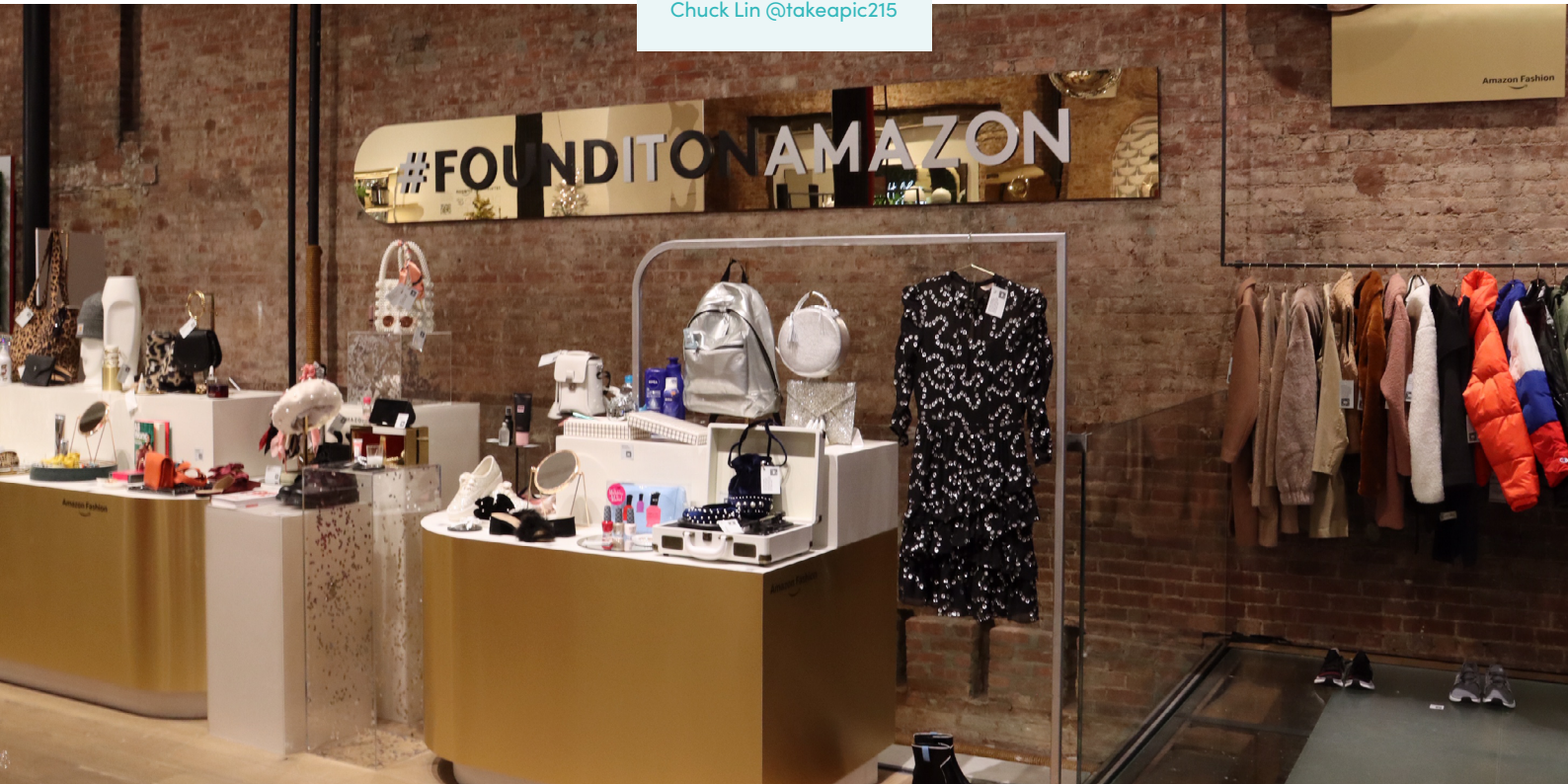
This tactic is not just used by online-only retailers looking to establish a physical presence. Pop-up shops are also suitable for traditional retailers aiming to drive online conversions with a new crowd of consumers.

Glossier in London
@christintalksbeauty
@mariedrax

Amazon X Refinery 29
Chuck Lin @takeapic215

#FOUNDITONAMAZON

Even giants like <u>Kohls and Macy's</u> participated in the pop-up movement this holiday season. Kohl's held their first pop-up shop in New York while Macy's took a more interactive approach to win over holiday shoppers. They created "Story" – an interactive space they transformed into a cross between a "winter wonderland and cozy ski lodge.

The increase in foot traffic, Instagram-worthy views, and exclusive products worked to counter losses from the six missing days between Christmas and Thanksgiving this past year. The season's success was measured not only in money, but the boost in customer loyalty, and increased brand awareness.

These initiatives are part of bigger strategies that continually evolve, and retailers of all sizes will be investing more time, effort, and budget into their 2020 projects.

FAO Schwarz Hotel Suite in Conrad Hotel
Joy Chemonte @joychemontephoto

Lesson 3
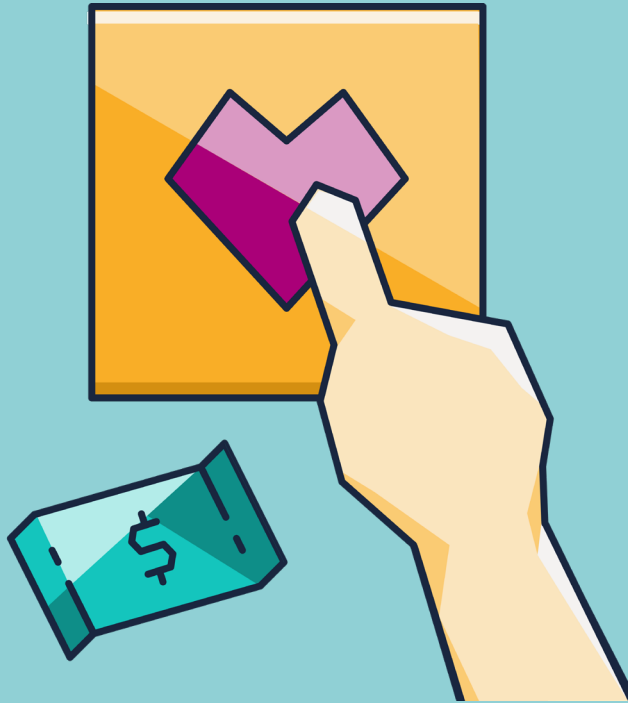
Influencer marketing is more accessible than ever

In recent years, the retail industry has become heavily entangled with the industry of influence – and this trend shows no signs of slowing down.

This is especially true during the holiday season, where retailers find themselves allocating a percentage of their holiday budget to social media marketing. Brands who entered into the competition for buyer dollars teamed up with macro- (100,000+ followers) and micro-influencers (less than 100,000 followers) this holiday season to take their campaigns to the next level.

Over the holidays, retailer Calvin Klein collaborated with celebrity influencer Kendall Jenner (who brought in millions last year from Instagram endorsements alone) to share their branded content with her 120M followers. While this is a hefty price tag, the results are priceless as people who choose to follow influencers are primed and readied to reward retailers for their efforts. Kendall's posts rarely get less than 1M likes and that level of exposure acts as a great boost for Christmas sales.

> 34% of daily U.S. Instagram users bought something because a blogger or influencer recommended it.
>
> **Source: Hootsuite**

Voice-enabled shopping still has far to go

Today's shoppers want the highest quality of service for minimal effort, and this demand only increases during the holiday season.

Luckily, technology vendors have been working to make that a reality, using none other than artificial intelligence (AI) and voice assistants. By now, we are all familiar with the value that voice assistants like Alexa and Siri provide, such as reminders, weather alerts, news updates, and more.

Now, online retailers aim to take it a step further, creating a shopping experience that is controlled entirely by the voice of the customer. Shoppers can ask their voice companions for recommendations, request to see similar items, re-order prior purchases, or even place a new order. Additionally, if they are set up with Amazon Pay for Alexa, users can pay for their purchases seamlessly by using payment information directly from their Amazon accounts.

> **20% of consumers who own voice-activated speakers are using them for some shopping-related activities, including research and creating shopping lists.**
>
> **Source: Digital Commerce 360**

With these benefits, it's no surprise that holiday orders placed via Alexa were reported as three times higher than the 2.1 billion in the 2018 holiday shopping season. The retailers offering voice-powered shopping options during the holiday season only continue to grow.

Amazon, for example, has signed deals with brands like Ford and Sears for Alexa integrations into new phone, speaker, and thermostat products. Google also entered the holiday market, enabling their partner Walmart to sell discounted Google Home products and offering additional discounts to shoppers who placed orders via the Google devices.

Although examples of voice-enabled shopping are rising, brands will need to address a few core matters before calling it an absolute success. Issues with trust, privacy, and data management must be considered alongside plans to increase investment in this technology.

Brands looking to take advantage of voice-activated shopping in 2020 must resolve issues around passive listening and ensure that their customer data provides a 360-degree view of purchases made via voice assistant, in-store, on mobile and online.
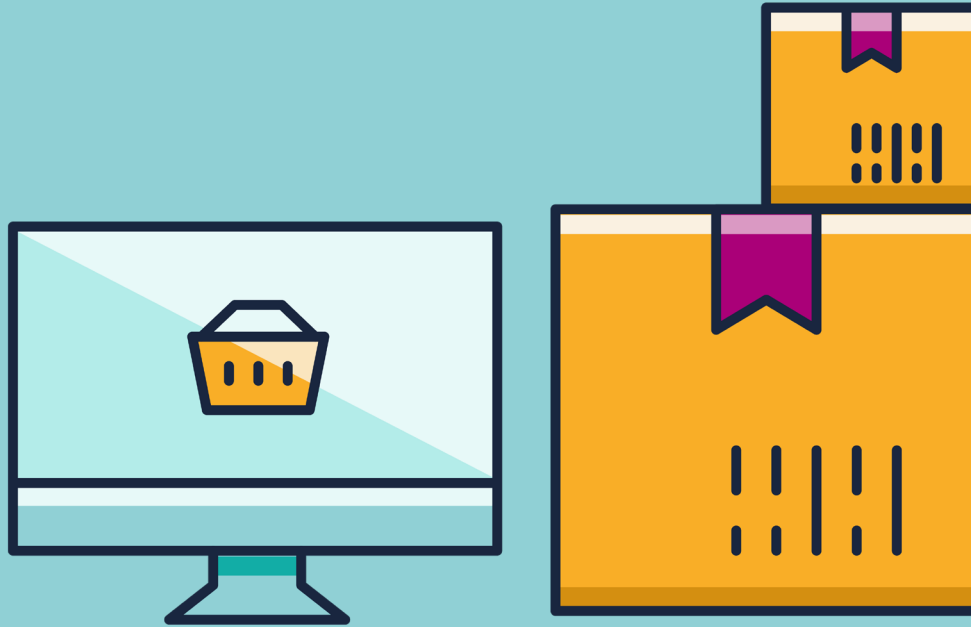
The return experience is as critical as the purchase journey

With last year's holiday eCommerce sales increasing by 18.8%, according to Mastercard's SpendingPulse "Holiday E-Commerce Report," retailers have come to accept returns as the cost of doing business in the digital age.

Returning gifts has become a staple for the post-holidays, even going so far as to claim its own holiday, "National Returns Day" on January 2nd.

However, this rise in popularity does not mean that the cost of returns has gotten any cheaper. In fact, the expense of handling returns can range from 20% to 65% of an e-commerce site's cost of goods sold.

Merchants are absorbing these expenses, choosing to refine their returns methods rather than risk the decrease in customer engagement and loyalty that comes from a complicated returns experience.

Retailers have fallen in line with customer demand, now prioritizing the returns experience as much as they do the purchase journey.

Startups and popular distributors alike took steps to streamline the returns process, ease any obstacles, and mitigate losses this past holiday season. Many of them even began offering more convenient options for online returns, following in the footsteps of major merchants like Amazon and Best Buy.

Brands teamed up with their logistics providers, allowing customers to take FedEx returns to Walgreens or Dollar General locations or drop off UPS returns at their new local Michael's craft store. Not one to be left behind, even Amazon expanded its reach, offering return locations for the first time in all of Kohl's 1,150 U.S. stores.

Based on last year's results, success follows those who expand their retail presence and craft an omnichannel experience that caters to the vast majority of shoppers that prefer to make returns in-person.

> **73% of online shoppers say the returns experience impacts their likelihood to purchase from a retailer again.**
>
> Source: UPS" Pulse of the Online Shopper" Study

Prepare for future success

Retailers can capitalize on new trends and market strategies at any time of the year, but the holiday season will always be the main event. With a fresh look at some of these holiday lessons, retail leaders can build on their success from last year's holiday shopping season to reach new heights in 2020.

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