

2015
CARDLYTICS
HOLIDAY RETAIL
REPORT



As the holiday shopping season becomes increasingly competitive for retailers, brands need relevant data to plan effective marketing campaigns.

Our unique insight draws data from millions of U.S. bank accounts to deliver accurate information that both e-commerce retailers and brick-and-mortar stores can use to keep an eye on trends that shape the biggest shopping event of the year.



REPORT OVERVIEW

After conducting an extensive study to help retailers prepare for the 2015 holiday season, we found two key trends that businesses should be aware of:

1

Procrastination is rising

While some gift givers start hunting for the perfect present up to two months before Christmas, we found that a growing number of shoppers bought last-minute presents in 2014.

2

Consumers fall into 4 distinct shopping styles across three time periods

1. EARLY BIRDS
Oct 30 - Nov 19: lean and efficient
2. BLACK FRIDAY DEAL HUNTERS
Nov 20 - Dec 10: bargain shoppers
3. LAST-MINUTE SHOPPERS
Dec 11 - Dec 31: procrastinators with money to spend
4. SLOW AND STEADY
All three periods: patient comparison shoppers

Review the full Cardlytics 2015 Holiday Retail Report to learn more about the week-to-week mindset of holiday shoppers.

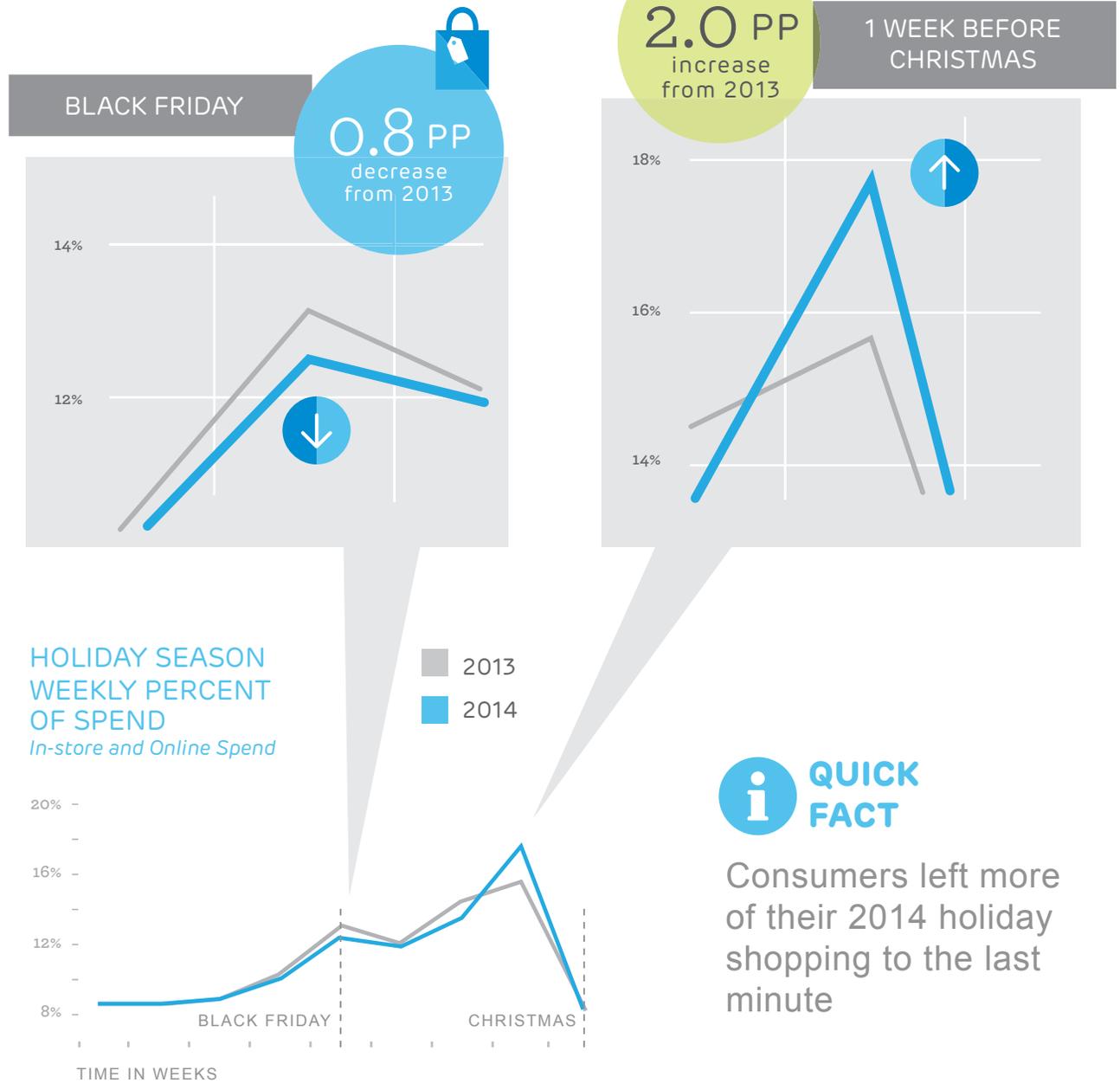
TIMING

PROCRASTINATION ON THE RISE

In 2014 most consumers left their holiday shopping to the last minute – a trend we've seen intensified year after year. Black Friday 2014 dropped in share of holiday spend compared to Black Friday 2013; and the two weeks following Black Friday likewise decreased in share of holiday spend.

So where did that spend shift? Many consumers spent a greater share of their holiday budget in the week leading up to Christmas – an increase of 2 percentage points, compared to 2013's numbers. This shift amounted to a 12.2% increase in dollars spent during this final pre-Christmas week over 2013, which is especially significant given that the 2014 holiday season as a whole dipped by 0.6%.

As more shoppers leave their gift hunting to the last minute, retailers face greater pressure to drive sales beyond Black Friday and into the increasingly pivotal final week.



TIMING

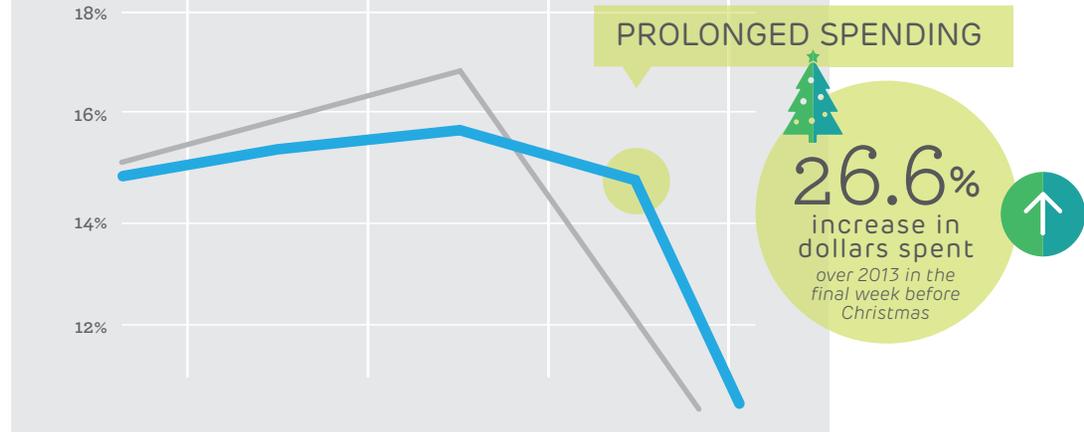
PROCRASTINATION: ONLINE SALES

E-commerce's share of the holiday spend grew from 16.6% in 2013 to 17.7% in 2014.

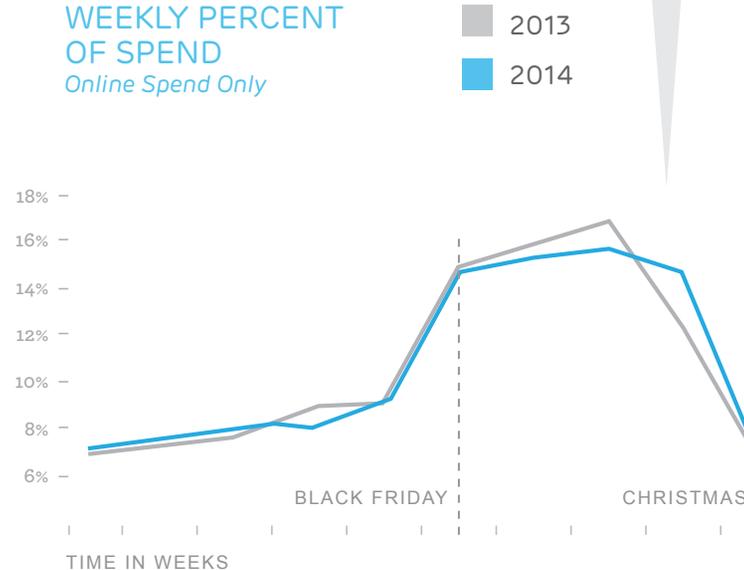
Online shoppers followed a similar pattern of last-minute purchases as their in-store counterparts. During the week leading up to Christmas 2014, online sales saw a dramatic 26.6% surge in spend year-over-year – a stark contrast to 2013. This can be attributed to online retailers having more aggressive cyber-sales extending from Black Friday all the way through Christmas Day.

The rise of more reliable shipping and prominent delivery guarantees – a boon for procrastinating shoppers – may also be driving the growth of late season online sales.

FINAL WEEK BEFORE CHRISTMAS



HOLIDAY SEASON WEEKLY PERCENT OF SPEND *Online Spend Only*



QUICK FACT

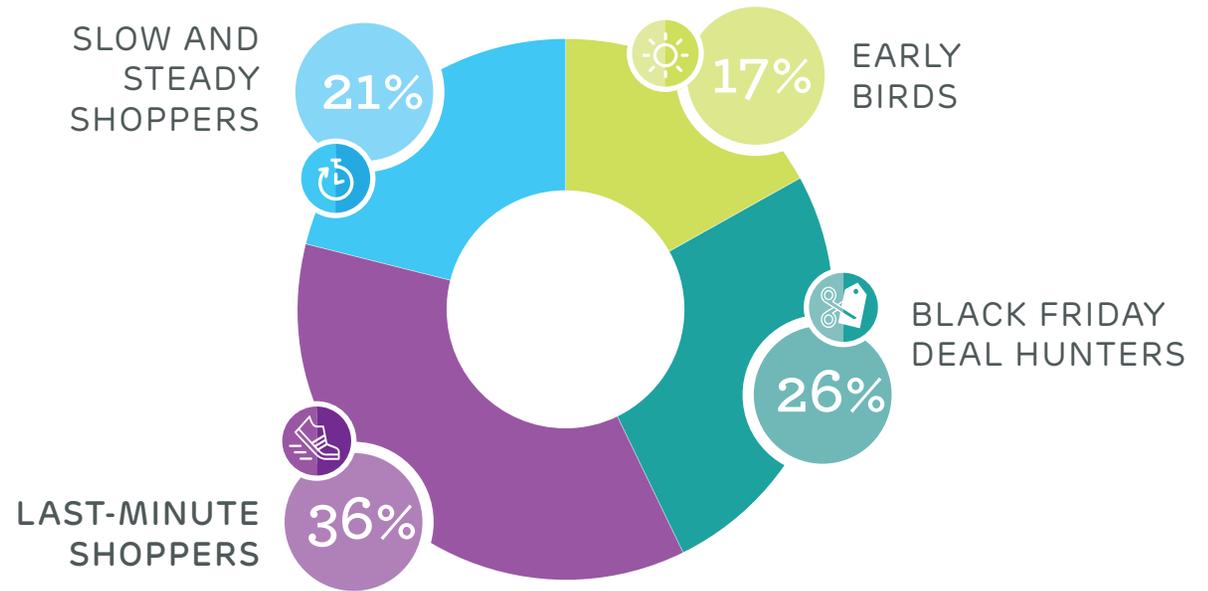
Even online, 2014 consumers shopped all the way to the final week before Christmas.

TIMING PROFILES

HOLIDAY SPENDING IS SPREAD ACROSS THREE BIG WAVES

With so much riding on the week before Christmas, retailers are facing increasing pressure to engage shoppers at every opportunity throughout the marathon-like holiday season. In the eight weeks leading up to Christmas, there are **four distinct holiday shopper profiles** that retailers should be familiar with. This will give retailers the ability to anticipate consumer behavior during the holidays and maximize sales throughout the season.

FOUR DISTINCT HOLIDAY SHOPPER PROFILES



HOLIDAY CALENDAR



TIMING PROFILES



EARLY BIRDS

Of the four holiday shopper profiles, the Early Birds make up the smallest percentage of shoppers at 17% and account for just 15% of overall spend. However, when looking at this segment in terms of each individual sale, the Early Birds spend \$75 per transaction—the highest dollar amount per sale compared to the other three categories. At the same time, these Early Birds make the fewest trips, suggesting a power-shopping mindset to knock out the holiday shopping task quickly and efficiently.

RETAILER TIP 1

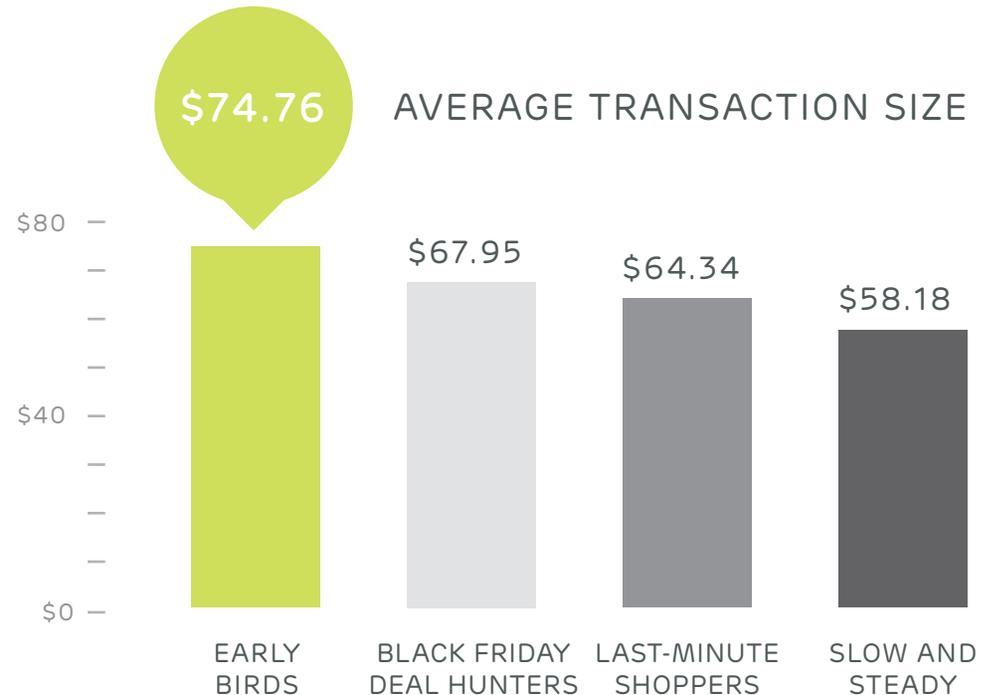
Bait these Early Birds by rewarding them with discounts when they meet a certain threshold of spend at your store. Since this category of spenders has efficiency in mind, emphasize a variety of gift giving ideas to check off every recipient on their list in one go.

17% OF SHOPPERS ARE EARLY BIRDS



Fewer trips combined with the highest transaction size make Early Birds efficient power shoppers

PERCENTAGE of SPEND and TRIPS



TIMING PROFILES



BLACK FRIDAY DEAL HUNTERS

Unlike the efficiency-minded Early Birds, the Black Friday Deal Hunters are willing to wait for great doorbuster promotions, knowing full well that retailers push their biggest deals in the days around Thanksgiving. Traditionally, Black Friday sales have been the most anticipated holiday shopping event for consumers. However, this segment is actually *shrinking*, with much of the loss attributed to the rise of the Last Minute Shoppers.

Although the numbers are dipping, don't let go of your Black Friday campaigns just yet—about one out of every three dollars (34.4%) is still spent across all shopper profiles in the week before, during, and after Black Friday—which means that there's still a substantial number of shoppers seeking great deals.

RETAILER TIP 2

As consumers keep a close eye out for Black Friday deals, retailers should deck their halls and ads with promotions that heavily promote deep and limited discounts via daily deals, displaying a carousel of sale items online, or giving Black Friday sneak peeks for email subscribers.

26% OF SHOPPERS ARE BLACK FRIDAY DEAL HUNTERS



Black Friday Deal Hunters are willing to wait for great doorbuster promotions, but this segment of shoppers is *shrinking*



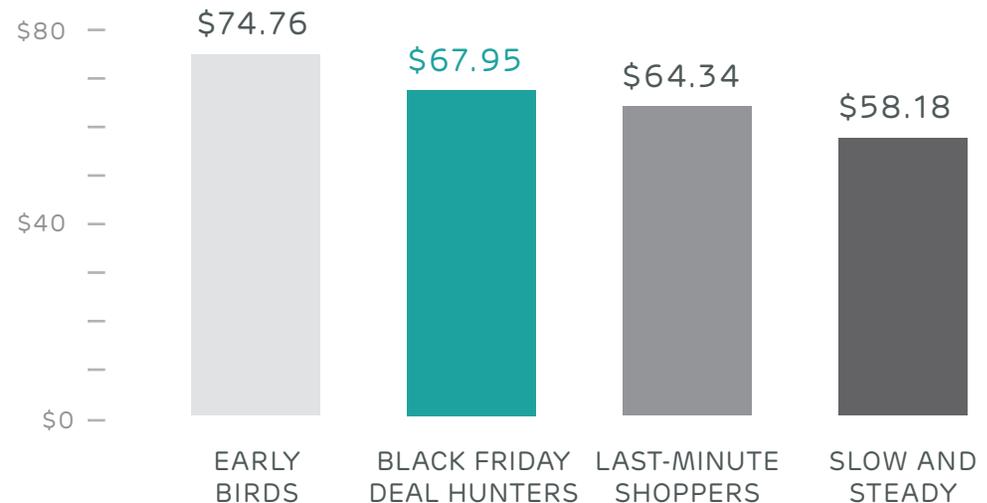
total customers in this segment shrank by

2.0 PP
since 2013

PERCENTAGE of SPEND and TRIPS



AVERAGE TRANSACTION SIZE



TIMING PROFILES



LAST-MINUTE SHOPPERS

The largest group of holiday shoppers are the Last-Minute Shoppers, with more than one-third of them (36%) contributing to 34% of overall spend close to Christmas.

Last-Minute Shoppers are not only the largest consumer category of the holiday season – they're also the fastest growing. These shoppers contribute to the highest percentage of spend, and they're also willing to make the most purchases due to the looming holiday deadline.

RETAILER TIP 3:

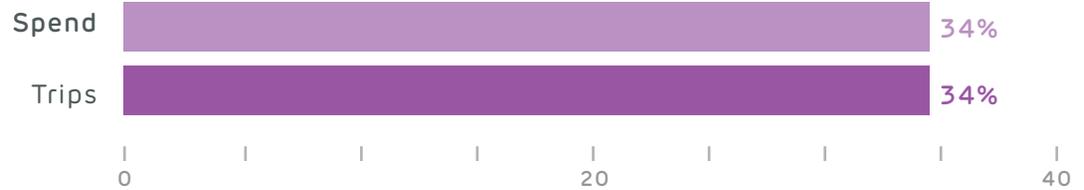
Emphasize that it's never too late to find the perfect gift by offering extended store hours, abundant inventory assurances, online shipping guarantees, and easy gift guides to help last minute shoppers.

36% OF CUSTOMERS ARE LAST-MINUTE SHOPPERS

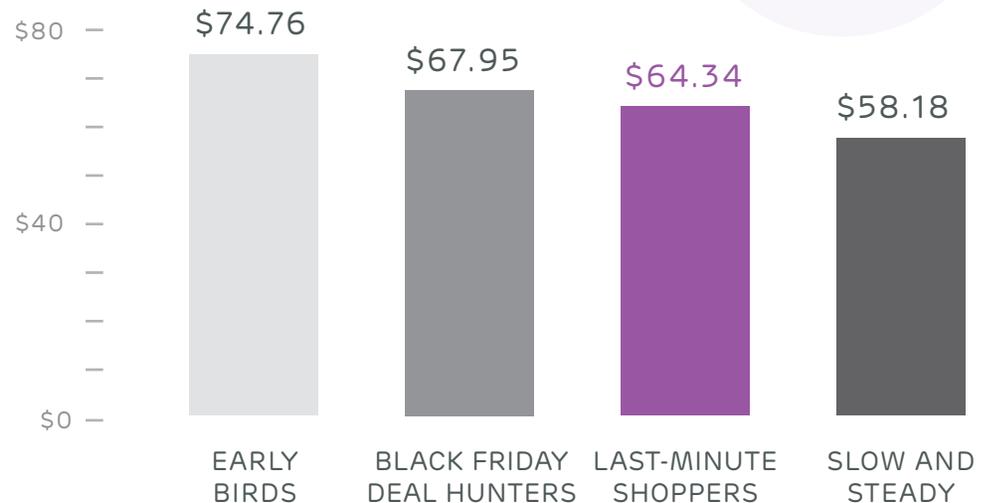
Last-Minute Shoppers spend the most and leave shopping to the final weeks before Christmas. They are the largest segment of shoppers and continue to grow.



PERCENTAGE of SPEND and TRIPS



AVERAGE TRANSACTION SIZE



% 
LAST-MINUTE SHOPPERS have the highest percentage of spend and trips of all four profiles



SLOW AND STEADY SHOPPERS

Finally, the last of the four categories: consumers who shop consistently throughout all three periods. Slow and Steady shoppers account for 21% of all shoppers in 2014. While the dollar-per-transaction is the smallest, these shoppers also make many regular trips throughout the holiday season, giving retailers with the right sales a constant drip of consumer spend.

Notably, Slow and Steady shoppers purchase at the widest variety of retailers which suggests patient comparison shopping and a willingness to branch out and buy from new brands and categories as they steadily search for the best finds and deals.

RETAILER TIP 4:

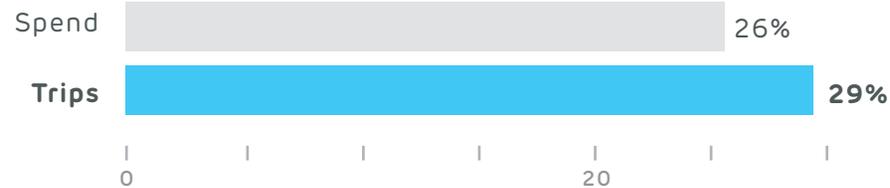
Keep these Slow and Steady shoppers engaged throughout all three periods. Offer progressive discounts to secure that follow up visit. Promote a steady variety of best-selling “wish lists,” and optimize online recommendations based on previous browsing or purchase behaviors.

21% OF SHOPPERS ARE SLOW AND STEADY

Slow and Steady shoppers have the smallest transaction size, yet visit the most diverse number of retailers - making them patient comparison shoppers willing to try new stores for a good deal.

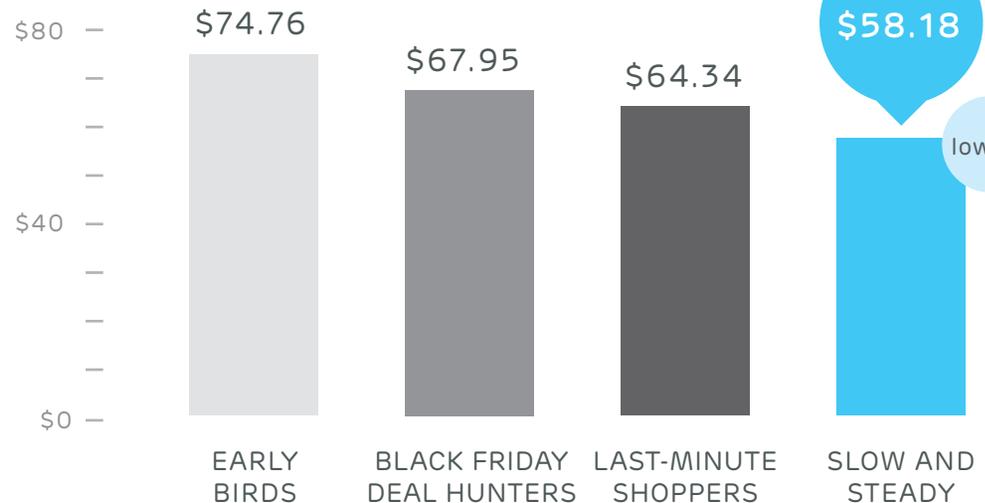


PERCENTAGE of SPEND and TRIPS



Slow and Steady shoppers purchased from **30%** more retailers than other profiles

AVERAGE TRANSACTION SIZE



METHODOLOGY

CUSTOMERS: all active Cardlytics network customers with \$75+ spend during both 2013 and 2014 holiday seasons.

TIMING PROFILES: customers were assigned according to when they spent the most significant portion (at least 44%) of their Holiday spend along 3-week periods. Customers who did not meet criteria for any single timing segment were considered Slow and Steady.

HOLIDAY RETAILERS: 1500+ retailers across multiple categories who make a significant portion of their revenue during the holiday season.

ABOUT CARDLYTICS

Cardlytics® is a purchase-based data intelligence platform that makes marketing more relevant and measurable. Our patented technology measures and connects trillions in purchases to millions of consumers. We partner with major financial institutions, including Bank of America, Lloyds Banking Group and FIS, to provide Card-Linked Loyalty programs, which deliver savings to customers and revenue to banks, securely and without any personally identifiable information ever leaving the bank.

CONCLUSION



Consumers are spending more of their holiday budgets closer to Christmas day – and with so much riding on that final week, retailers face increasing competitive pressure to encourage and engage shoppers at every opportunity.

Whether your customers are early birds or last-minute shoppers, offering a variety of bargains and promotions will keep you top of mind with consumers in each of the four distinct categories. Taking into consideration the evolving shopping patterns of today's modern consumers will positively impact a business well after all the tinsel is taken down.

TO LEARN MORE CONTACT INFO@CARDLYTICS.COM

