A view of the shopping trends that will help you capture spend throughout the holiday season
The holiday shopping season is right around the corner, and the most successful retailers will make shopping trends work in their favor. We took a look at the themes surrounding consumers' holiday shopping that marketers can take advantage of to win consumer spend.

Using our unique purchase intelligence, driven by insight into in-store and online purchase data from 120 million bank accounts, we analyzed year-over-year holiday spend from 2013 to 2015. What we found is that while consumers are making more purchases, they’re spending less overall, making every purchase more critical for retailers.

This means increased competition to capture a smaller pool of holiday spend. Retailers need to consider very targeted, well-timed campaigns to reach the right consumers at the right time.

This report highlights four actionable trends impacting the bottom line for retailers:

- **Holiday spend is decreasing.** While the number of purchases is up, overall spend and basket size is down, making every consumer purchase more critical.

- **Black Friday sales are losing relevance** as the holiday shopping season starts earlier each year.

- **Holiday consumers are increasingly shopping online,** as e-commerce experiences most of its YOY growth in the holiday shopping season.

- **Holiday shoppers fall into four distinct timing segments** which can be used to more accurately time campaigns to the most relevant audience.

Read on to learn how you can keep the cash register ringing all holiday season.
While the number of purchases was up 1% from 2014 to 2015, **spend and basket size were down from 2014 to 2015, nearly 1% and 2%, respectively.**

This downward shift in spend and average basket size (but not overall purchases) could be a result of more cost-conscious consumers researching several brands and deal sites to find the best price for an item. It could also be a sign of consumers buying more lower-cost items as gifts.

**RETAILER TIP**

In this competitive environment, retailers must work harder to gain more purchases. Cash back loyalty programs within Cardlytics' native bank channel ensure you reach consumers while they’re already thinking about spending and saving money. Loyalty programs also help to build brand affinity, encouraging multiple purchases vs. a one-off discount purchase.
Black Friday and Cyber Monday purchases are decreasing year over year due to two factors: an increase in last-minute holiday shoppers and the introduction of earlier November deals. Major big-box retailers rolled out pre-Black Friday deals as early as November 1 in 2015, contributing to an increase in pre-Black Friday shopping.

**Major retailers with pre-Black Friday promotions outperformed other retailers,** experiencing an average 1.4% year-over-year growth from 2014 to 2015. Retailers who didn’t start marketing before Black Friday saw a 2.2% drop from 2014 to 2015.

**RETAILER TIP**

Fewer consumers are shopping on Black Friday and Cyber Monday. Want to gain more of that early-season share? **Run your campaigns in early November** to get your message in front of target consumers before the heavy marketing season begins.
ONLINE SHOPPING

E-COMMERCE YOY GROWTH MOST NOTABLE DURING HOLIDAY

Consumers are more confident in ordering holiday gifts online, causing e-commerce share of spend to grow. This shift in spend is most evident during the holiday season when otherwise brick-and-mortar shoppers are more willing to come online to check off their holiday lists. **Compared to the rest of the year, online share of spend increases an average of 3.6 percentage points during the holiday season.** This growth is particularly strong at the end of the holiday shopping season, with nearly 15.4% of all online holiday purchases happening one week before Christmas.

RETAILER TIP

Deploy online-specific marketing campaigns throughout the holiday shopping season. Offer deals on standard shipping early in the holiday season and express shipping later on to drive repeat trips.
AUDIENCE TIMING SEGMENTS

HOLIDAY SHOPPERS FALL INTO FOUR TIMING SEGMENTS

With the decrease in holiday spend, it’s critical that retailers engage shoppers throughout the entire holiday shopping season. We’ve found that holiday shoppers fall into four timing segments during the holiday season: Early Birds, Black Friday Warriors, Last-Minute Shoppers, and Consistent Shoppers. Understanding when holiday shoppers are most likely to make purchases allows retailers to create campaigns that capitalize on these different shopping profiles.

CUSTOMER BREAKDOWN OF TIMING SEGMENTS

TIMING SEGMENT SPEND OVER TIME

*TREND LINES FOR ILLUSTRATIVE PURPOSES ONLY
Early Birds make up only 15% of holiday shoppers, the smallest of the four timing segments. This segment also spends less and visits fewer stores than the other segments, with an average transaction size of just over $58 and an average of 4.6 visited stores in 2015.

However, it is crucial to reach this segment to capture the earlier holiday spend that drove year-over-year growth for some big-box retailers last year.

**RETAILER TIP**

The limited number of trips Early Birds make indicate a power-shopping mindset. They want to get their holiday shopping “out of the way” early. Retailers that emphasize a variety of gift ideas by recipient type (such as travelers or recent grads) will entice these shoppers to choose that brand and complete their list efficiently.
TIMING PROFILES

Black Friday Warriors are on the hunt for deals. They will wait specifically for Black Friday and Cyber Monday deals to ensure they’re getting the best prices during the holiday season. Accounting for 22% of holiday shoppers, this timing segment has continued to shrink over the years. At the same time, their spend still accounts for 20% of holiday season spend which means there is still a tremendous advantage in marketing to these shoppers. Black Friday Warriors’ average transaction size outnumbers the other four segments, at nearly $61 per purchase.

RETAILER TIP

This shopping segment is concerned about getting the best price for the best product. Reward your best customers with deeper discounts for email subscribers along with “shareable” discounts that these loyalists can pass on to their friends.

18.3%
19.8%

BLACK FRIDAY WARRIORS

TIMING SEGMENT % OF SPEND & PURCHASES

Shrank nearly 2.0PP since 2013

AVERAGE TRANSACTION SIZE
2015 HOLIDAY

$58.20
$58.72
$60.58
$52.59

EARLY BIRDS
BLACK FRIDAY WARRIORS
LAST-MINUTE SHOPPERS
CONSISTENT SHOPPERS

$0
$10
$20
$30
$40
$50
$60
$70
Last-Minute Shoppers make up 31% of holiday shoppers and account for nearly 30% of all holiday spend. This category is growing year-over-year, currently ranking as the second largest group of holiday shoppers. Additionally, Last-Minute Shoppers have a high average transaction size, coming in second only to Black Friday Warriors.

**RETAILER TIP**
Campaigns targeting Last-Minute Shoppers should emphasize extended store hours, expedited shipping discounts and shipping guarantees for late online ordering.
TIMING PROFILES

The last of the four timing segments shops steadily throughout the entire holiday season. This is the fastest growing segment, accounting for nearly 32% of holiday shoppers. Though their average transaction size is the lowest of the four segments, Consistent Shoppers are one of the most valuable segments, driving almost half of all holiday spend. On average, these Consistent Shoppers spend nearly $1,200 throughout the holiday season, per person.

RETAILER TIP

To capture Consistent Shopper spend, retailers should keep this segment engaged throughout the season. Offer cash back deals for return visits to encourage multiple trips.
CONCLUSION

The holiday season is the biggest consumer spending season. Black Friday sales used to be the primary time period for marketers to capture holiday spend, but earlier deals and reliability of late online shopping have changed the dynamic for developing marketing plans around the holidays.

Instead of focusing primarily on Black Friday, marketers should run whole-season campaigns, punctuated by targeted programs that resonate with distinct shopper segments when they are most likely to buy - based on what they have bought in the past.

Key strategies this holiday season:

- **Start your Q4 marketing push before Black Friday.** Black Friday sales are weakening, and major retailers with pre-Black Friday promotions outperformed other retailers year over year.

- **Deploy audience segment campaigns, catering to the four different types of shoppers.** Each timing segment contributes to holiday spend in their own way, e.g. Black Friday Warriors have higher baskets and Consistent Shoppers spend more throughout the season. Retailers should create personalized campaigns for each segment and execute at the time that aligns with each audience to capture maximum spend during the holiday season.

- **Offer shipping deals early and late in the season.** E-commerce continues to grow year over year with consumers heading online throughout the season. Vary your shipping deals according to the time period or offer free shipping with a certain spend minimum to encourage consumers to spend their online dollars with your brand.

- **Execute multiple marketing campaigns throughout the season.** As spend ramps up, our analytics show small, but significant spikes that occur over the course of the holiday period. Marketing pushes early, middle and late season with targeted messages will win more spend.

For more insights and strategies to help the register ring this holiday season, contact info@cardlytics.com.
The time periods are defined as:

2013: 10/31/13 – 1/1/14
2014: 10/30/14 – 12/31/14
2015: 10/29/15 – 12/30/15

All weekly time periods run from Thursday through Wednesday.

Audience timing segments were assigned to segment preference according to when they spent a significant portion of their Holiday spend amidst 3-week periods:

**Early Birds:** Oct 29 – Nov 18, 2015
**Black Friday Warriors:** Nov 19 – Dec 9, 2015
**Last-Minute Shoppers:** Dec 10 – Dec 30, 2015

Purchase Intelligence based on:

Cardlytics uses purchase-based intelligence to make marketing more relevant and measurable. We partner with more than 1,500 financial institutions to run their banking rewards programs that promote customer loyalty and deepen banking relationships. In turn, we have a secure view into where and when consumers are spending their money. We use these insights to help marketers identify, reach and influence likely buyers at scale, as well as measure the true sales impact of marketing campaigns.

Headquartered in Atlanta, Cardlytics has offices in London, New York, Chicago and San Francisco. Cardlytics is one of the fastest growing U.S. companies ranked #366 overall and #4 in advertising & marketing companies with revenues of more than $50 million on the 2016 Inc. 5000, and #25 on the Deloitte 2015 Technology Fast 500™.

Learn more at www.cardlytics.com.