



2017 Holiday Spend

Retail Purchase Insights Report

A look at the purchase behaviors of holiday consumers
and tips for capturing spend all season long



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The holiday shopping season is quickly approaching. Consumers are already thinking about their gift purchases — not only what to buy, but when to buy and from where.

Using our proprietary purchase intelligence, which uses actual in-store and online purchase data layered with our analytics, we analyzed year-over-year spend from 2015 to 2016. We found that retail holiday spend is on the rise, but where and when consumers are spending is changing. And, it's critical that retailers tailor their holiday marketing campaigns to the evolving shopping behaviors of holiday consumers in order to gain the most spend this season.

Report Highlights

This report highlights three major trends that marketers need to know to win spend this season:



Holiday spending is increasing, driven by online year-over-year growth. Holiday spend is on the rise, a nice change from the decrease of spend that we saw from 2014 to 2015. This rise in spend is evident in the year-over-year growth in online spend, specifically among online-only retailers.



Black Friday continues to lose relevance. While many retailers center their holiday marketing on Black Friday shoppers, Black Friday is actually losing relevance. There are four distinct shopper timing segments, including Black Friday shoppers, from which marketers can gain share.



Consumers are choosing alternative categories. Traditional holiday retailers like department and toy stores are experiencing a decrease in spend, while less traditional holiday categories, like pet stores, are on the rise.



Read on to learn how you can turn these insights into actionable marketing tactics that will increase your bottom line during the biggest shopping season of the year.

Overall Holiday Spend Increased

Online continues to grow, but brick & mortars still hold the majority of holiday spend.

From 2015 to 2016, holiday shopping spend increased by 1.9 percent. This increase was driven by the year-over-year growth of online-only retailers. From 2015 to 2016, online-only retailers grew their share of holiday spend 16% year over year. So, for every \$100 spent on holiday in 2015, \$8.90 went to online-only retailers. That number increased to \$10.29 in 2016. However, while brick & mortar in-store sales saw a decline in *share* of spend, they still accounted for the majority of *actual* spend, 82%, in 2016. Online brick & mortars saw a 4% year-over-year share growth.

Want more holiday shoppers?



Online-only retailers and online brick & mortars should offer early and late shipping deals that are shareable via email or social to capture the increased online spend. Making the deals shareable allows retailers to reach consumers not on their mailing lists.



Online brick & mortar stores should consider free ship-to-store deals, which encourages online shopping, but also gets foot traffic in the store.

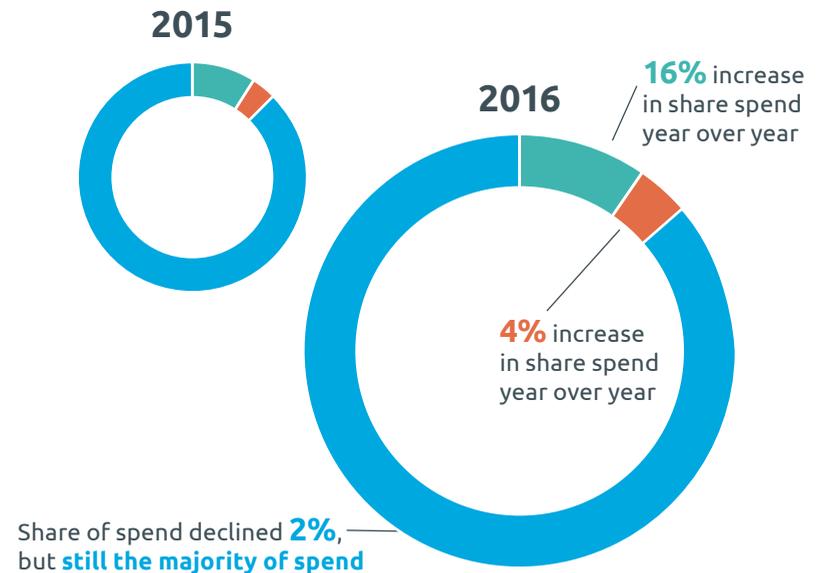


Brick & mortars without an online presence should **consider online marketing campaigns, like cash-back deals** that reach consumers in their online and mobile banking accounts while they're already thinking about spending and saving money.

Holiday shopping continues to shift online

Distribution on Holiday Spend in Channel

■ Online Pure Play ■ Online B&M ■ In-Store



When Consumers Shop is Important

Which shopping channel consumers are opting for isn't the only thing marketers should understand when building their holiday campaigns.

When consumers are shopping is critical, too. With retailers offering earlier November deals and consumers increasing their confidence in last-minute holiday shipping, Black Friday and Cyber Monday deals are continuing to decline in importance with holiday shoppers. A whopping ~40% of spend occurs in the first four weeks before Black Friday. And, 14% of total holiday sales occur the week before Christmas.

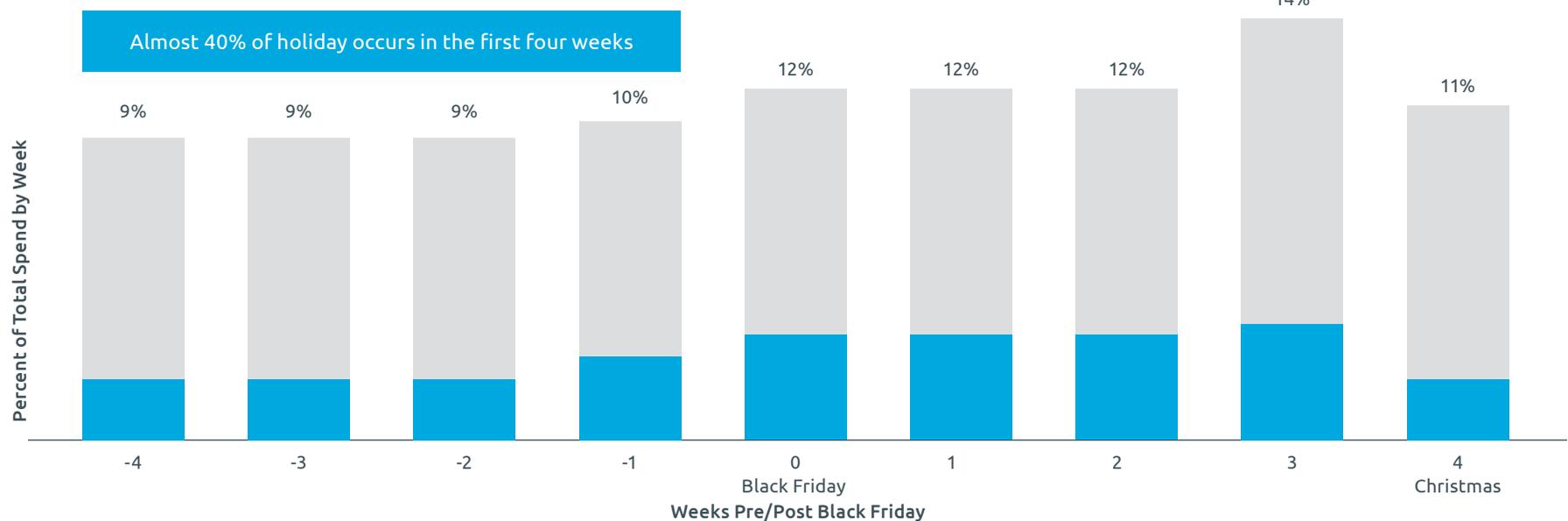
Holiday spend has shifted later; early weeks are still important

Spend and Channel Contribution by Week

■ In-Store ■ Online

14% of total holiday sales occur the week before Christmas

Almost 40% of holiday occurs in the first four weeks





Want more holiday shoppers?

Each shopper timing segment holds a critical amount of spend. Marketers should **execute targeted marketing campaigns all season** long to gain the most share.

Cash-back rewards campaigns within the Cardlytics native bank channel allow retailers to execute various, well-timed campaigns for each shopper timing segment. Because the marketing is targeted based on past purchase behavior, retailers only reach consumers most likely to shop with their brand, making holiday campaigns more relevant and successful.

There are four distinct holiday shopper timing segments, running three weeks each. Each segment contributes to the overall holiday spend. Steady shoppers, those that shop all season long and not primarily during one window, make up majority of spend.

However, while Black Friday and Cyber Monday are losing relevance, we still see a good number of consumers shopping around this time. In 2016, Black Friday shoppers generated 16% of holiday spend.

Four Distinct Shopper Timing Segments



Steady Shoppers

46%

of 2016 holiday spend



Early Bird Shoppers

10%

of 2016 holiday spend



Black Friday Shoppers

16%

of 2016 holiday spend

↓ **down from 19% in 2015**



Last-Minute Shoppers

28%

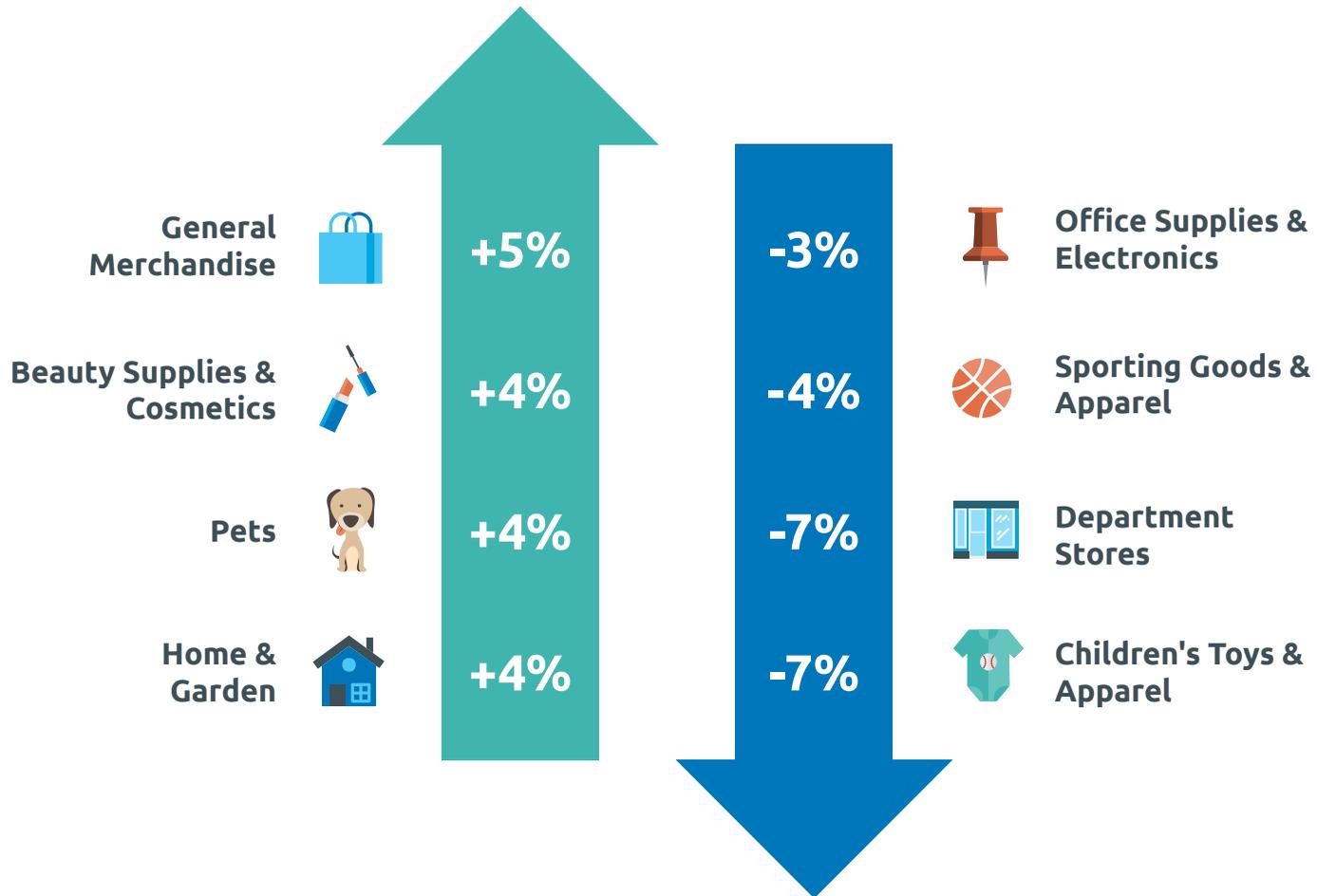
of 2016 holiday spend



Categories That are Winning Holiday Spend

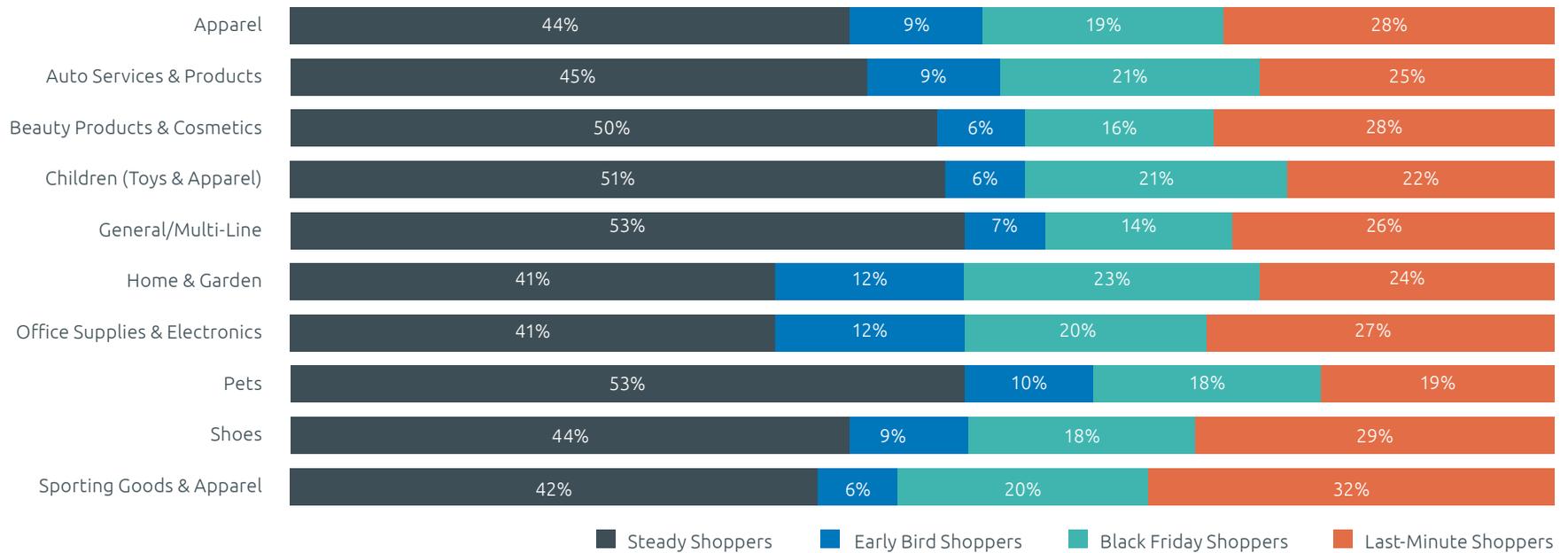
As big box/general merchandise retailers offer more children's clothes and toy gifts, we've seen traditional retailers, like department stores, experience a decline in holiday spend. Less traditional retailers, like pet stores, experience an increase.

Top Line Revenue Change in Key Retailer Categories Holiday 2015 to 2016



However, even though some categories are seeing a decline in spend, each category still receives spend from each shopper segment during the holidays. It's critical for retailers to execute marketing campaigns that uniquely target each shopper timing segment to generate revenue all season long.

Distribution of 2016 Holiday Revenue by Customer Type



Want more holiday shoppers?



Steady Shoppers

Cash-back deals for return trips keep these shoppers coming back



Early Bird Shoppers

Campaigns should emphasize gift variety so shopping can be done most efficiently from one location



Black Friday Shoppers

Secret offers makes this shopper segment feel like they're getting special deals



Last-Minute Shoppers

Shipping guarantees, expedited shipping deals, and extended store hours are what these shoppers most crave

Conclusion

With holiday spending on the rise, retailers have an opportunity to capture more dollars than last year. But, that also means retailers will be competing harder to get their share of the increased spend. Retailers who want to generate more holiday revenue this year should consider the following actionable takeaways.



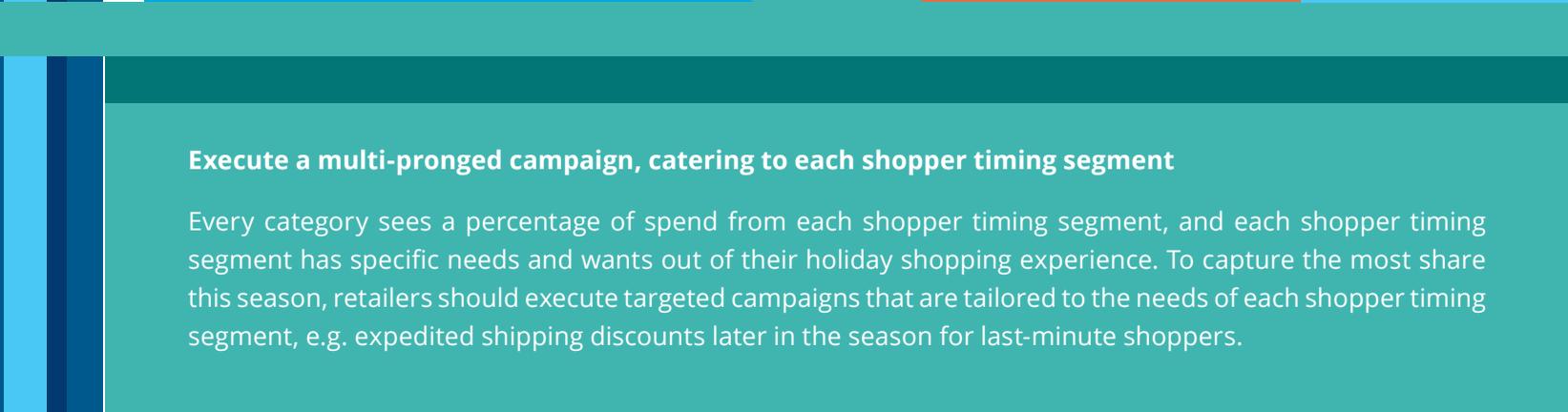
Ensure you're equally marketing both online and offline channels

While online is growing year over year, we still see the majority of holiday spend in brick & mortars, making both channels critical to reach. Marketers should engage consumers in both channels to capture the greatest amount of spend this holiday season.



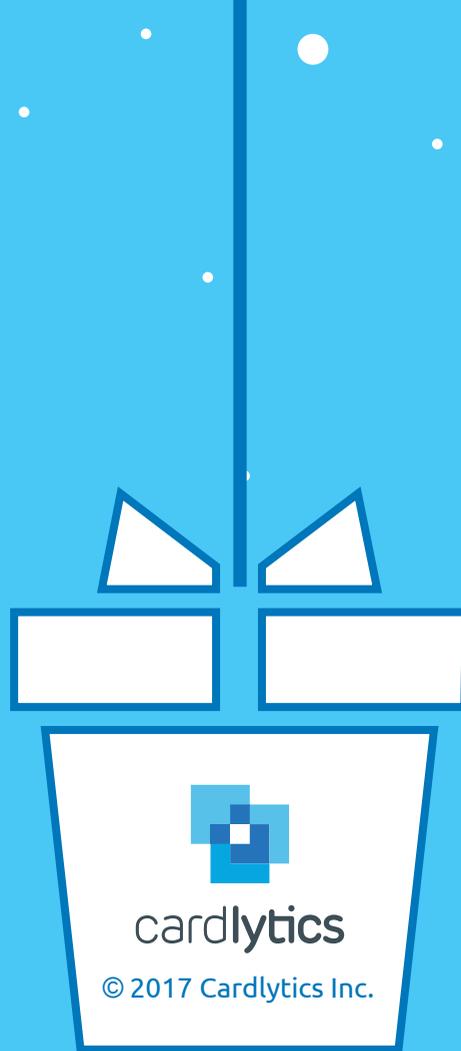
Don't center all of holiday marketing around Black Friday; launch targeted, well-timed campaigns all throughout the holiday season

While Black Friday still holds a significant percentage of spend, marketers should consider shifting some budget from Black Friday—and Cyber Monday—specific campaigns to early and late season marketing efforts. This enables retailers to reach consumers throughout the season, including those that shop early in November and those that start their shopping in the weeks after Black Friday.



Execute a multi-pronged campaign, catering to each shopper timing segment

Every category sees a percentage of spend from each shopper timing segment, and each shopper timing segment has specific needs and wants out of their holiday shopping experience. To capture the most share this season, retailers should execute targeted campaigns that are tailored to the needs of each shopper timing segment, e.g. expedited shipping discounts later in the season for last-minute shoppers.



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