

# The Retailer's Ultimate Guide to Holiday Marketing



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The holiday season offers retailers a huge opportunity to bring their balance sheets into the black. And for a long time, marketers got away with blasting out Black Friday email campaigns and calling it a day. Those days are over. Consumers expect a lot more, and marketers now have the tools and technologies to orchestrate a better experience throughout the entire customer journey.

Where to start? First, stop thinking in terms of mass marketing campaigns, and start thinking about building relationships with your customers that will extend well beyond Black Friday. Second, understand how mobile and social technologies are quickly changing the game. Online browsing and purchasing is merging with the in-store shopping experience – it’s not a separate strategy to be managed by separate teams. Third, don’t underestimate the power of great email marketing, even in 2013. It works – wonders – if you know how to leverage data to engage your customers on an individual basis. Ready to take the next step? Dive into this ebook to hear more from a panel of top experts about the latest holiday marketing strategies, data, tactics, and trends.

# A massively mobile holiday season



**In the predawn hours after Thanksgiving, the mobs will gather again this year at Wal-Marts and other major retailers around the United States – the official kickoff of the holiday shopping frenzy of 2013. Savvy marketers, however, will have their eyes on another mob altogether – the swarms of digital shoppers who will be researching, browsing and purchasing gifts on smartphones, tablets and other mobile devices in greater numbers than ever before.**

## A new era for experience and engagement

By Black Friday, U.S. consumers will be leading what's projected to be a banner holiday season. Total holiday sales are expected to reach \$640 billion, according to BizReport, an 11 percent jump from 2012, and more than 43 percent higher than the recession rock-bottom holidays of 2009. But rising consumer confidence isn't the only reason customers are expected to start purchasing gifts as early as Halloween – mobile devices are playing a much bigger role.

Consumer buying habits are changing fast in the mobile age. Nearly half of online retail traffic in the first three months of 2013 came from smartphones or tablets, according to comScore. But that doesn't mean people are clicking "Buy Now" from their mobile device, exactly; eMarketer estimates m-commerce sales will hit \$9.8 billion in



November and December, or roughly 16 percent of total online holiday sales. But it means they're *always* looking for the perfect gift or a bargain, whether from their phone, tablet or laptop.

This presents retailers with a huge opportunity to engage customers 24/7 in new and creative ways this holiday season. Consumers today have access to more information than ever about products – from reviews and prices to shipping rates. To stay ahead of the competition, retailers have to be smart about when they engage with their customers and how – especially on mobile devices since consumers have shown an exceedingly low tolerance for bad experiences on their phones or tablets.

Sending SMS messages and alerts (see page 7) can play an important role, but retailers must innovate, customize and listen to customers to successfully reach them on mobile, and convert those interactions into sales.

## 5 ways to engage during the holidays

Here are some mobile strategies for retailers to consider this holiday season:

- **Prioritize tablets over smartphones.** Tablets like the Apple iPad or Microsoft Surface offer a much better user experience, thanks to larger screens and easier navigation. Conversion rates on tablets are three times

We are investing in mobile more than ever this holiday season because our customers increasingly are using their phones and tablets to make purchases.

– Megan Casey, Sr. Manager of Marketing, Kirkland's

higher than on smartphones, according to a study by BrightEdge Mobile Share. eMarketer reports that 63 percent of all tablet owners have bought a product or service from their device, compared to just 39 percent of smartphone users.

- **Optimize for a mobile experience.** Consumers who aren't satisfied with a brand's mobile website experience seek out a competitor: Fifty-two percent of mobile users report abandoning a brand after a poor mobile experience, and 48 percent said they feel like a low priority if a site isn't mobile-friendly, according to a Google study. "Each time we give our customers a negative online experience, we make it easier for them to choose an alternative solution for their purchasing," says Wacarra Yeomans, Director of Creative Services at Responsys. To present a good experience, retailers should, above all, optimize their websites for mobile viewing. Make mobile websites useful by, for example, enabling customers to click on a phone number that automatically calls customer service, and integrating responsive design to optimize the layout and format for the device being used.
- **Experiment with SMS.** SMS messages are a great way to engage with customers and earn their trust – as long as the alerts are targeted and relevant. Entice customers to sign up for SMS messages with QR codes and promotions displayed in physical stores, in email messages and through electronic receipts. The promise of shipping and delivery alerts works – and can draw last-minute shoppers to opt-in with their phone numbers.

- **Offer in-store Wi-Fi.** Nine out of 10 smartphone shoppers used their devices to buy products while at a brick-and-mortar store, according to a report from JiWire. In response, retailers are providing free Wi-Fi so consumers can search the brand's website for additional styles, sizes or collections and then purchase the products found online – all while standing in the company's store. Last season, JCPenney, Target and Saks introduced in-store Wi-Fi, and this year more will follow their lead. Of course, shoppers could then buy from a competing website, but retailers are increasingly recognizing that the benefits of higher mobile sales and a great customer experience outweigh the risk of losing business to a rival.

- **Add location-based services and offers.** Delivering last-minute deals or sneak peeks at exclusive collections via geo-targeting is also key to attracting new customers and keeping existing ones happy. Yet, only 15 percent of retailers offer location-based apps, according to Econsultancy. That's a mistake. Twelve percent of Wal-Mart's online revenues now come from customers who are physically in one of its stores, thanks to a geo-fencing app that has a "store mode," according to *Bloomberg BusinessWeek*. What's more, location-based services can also trigger coupons and notifications to be sent across channels – to email, SMS and Apple's Passbook app.



**58 percent of consumers plan to spend more with multi-channel retailers this holiday season.** Source: PwC



# Why an orchestrated approach to email will win

**Mobile may be the digital marketing upstart, but the channel that will make or break a retailer's holiday season? Email. This explains why consumers receive about 50 percent more promotional emails a week during the season, according to Responsys research. But as smart marketers know, the batch-and-blast approach isn't a recipe for long-term – and even short-term – success.**

Today, marketers can leverage new technologies and terabytes of customer data to orchestrate highly individualized experiences for each customer. For example, emails should no longer center around specific days like Black Friday or Cyber Monday, but should instead seek to engage customers at the right moment in their particular shopping cycle, based on intelligence like preferences, web browsing histories and device usage. “Take a customer mindset and treat your customers differently based on how they've engaged with you,” says Ryan Hofmann, Director of Strategic Services at Responsys. The first step in doing this, says Hofmann, is to segment customers into four categories – “new,” “active,” “at-risk” and “inactive.”

**“Think about your customers first and use what you know about them to orchestrate individualized experiences – whether over email alone or across across a number of digital channels.”**

**– Wacarra Yeomans,  
Director of Creative  
Services at Responsys**

## **New customers: Make a great first impression**

The holidays are the best time of the year for brands to attract new customers. Last season, one in four shoppers bought from a retailer they'd never purchased from before, according to a Google Consumer Survey. “It's an opportunity for brands to make a good first impression with their welcome and transactional emails,” says Hofmann. In preparation for holiday promotions, Hofmann advises brands to update their email templates with fresh, creative messaging.

## **Active customers: Individualize content to keep them loyal**

Remember that your loyal customers are your biggest drivers of revenue. The holidays are a great time to thank them with special discounts and curated “picked-just-for-you” emails that are based on their past purchases. Schwan's, an online grocery delivery service, will send customers a “Recipe of the Week” email during the holidays to inspire them when they place their next order. “The holiday season shouldn't just be about promotions,” says Erica Webb-Belzer, Director of Marketing Communications at Schwan's. “It's also a great

time to strengthen relationships with your best customers.” Don’t overwhelm customers with emails and watch your unsubscribe rates at this critical time to ensure active customers aren’t bolting.

## ‘At-risk’ and ‘inactive’ customers: Experiment to find the key to engagement

These buyers are showing a waning interest in a brand. For marketers, it’s crucial that these customers re-engage before it’s too late. The immediate goal isn’t to use email to convert these disengaged customers into active buyers, but to get their attention again – and get them excited about the company so they do shop. Kmart has been especially smart about wooing unresponsive customers: the company uses promotional emails to showcase free in-store shipping and has experimented with video and interactive content embedded within messages.

“With at-risk and inactive customers,” explains Hofmann, “there’s minimal downside to testing out different concepts like this, not just sending them the same-old promotional campaign that made them disengage to begin with. This is an opportunity to send something different, and something that’s going to achieve that goal of re-engaging them.”

## Optimize email programs: Find opportunities to test messaging

The holidays are also a great time for marketers to experiment with – and learn from – different messaging. At its most basic level, this involves pooling active and inactive subscribers and sending everyone the same message. The ones who engage are likely to do so again. But the ones who don’t offer marketers the opportunity to test different messaging strategies by changing subject lines, embedding images or videos to understand better what engages customers – and what doesn’t. Hofmann says this approach has led to increased in-store traffic, revenues and conversion.

Says Hofmann: “During the holiday season, retailers can quickly assess how customers are reacting to promotional emails, and adapt their messaging based on those results.” Don’t wait for Black Friday. Start now.



**More than half of consumers would consider ending relationships with brands that did not provide highly relevant content and offers.**

Source: CMO Council

# How to drive better results with SMS

**There's a lot for digital marketers to like about text messaging, or SMS, this holiday season. Consider the stats: 90 percent of promotional texts are opened by their recipients, most within three minutes or less. Stacked up against email marketing, research shows that texts can be eight times more effective at engaging customers. This makes text messaging a highly effective tool for getting customers' attention at the most opportune moments.**

Even so, SMS marketing is extremely hard to get right. For starters, consumers must first opt in to receive messages from marketers. Even then, one off-putting message can alienate a subscriber for good. "The immediacy and the intimacy of SMS is both the blessing and the curse," says Ryan Hofmann, Director of Strategic Services at Responsys. The bar for marketers to deliver text

"Mobility makes consumers both infinitely accessible and utterly vulnerable. In life and in mobile marketing, ill-timed, ill-targeted contact is a personal affront."

- Jake Sorofman, Gartner Research Director, on Forbes.com

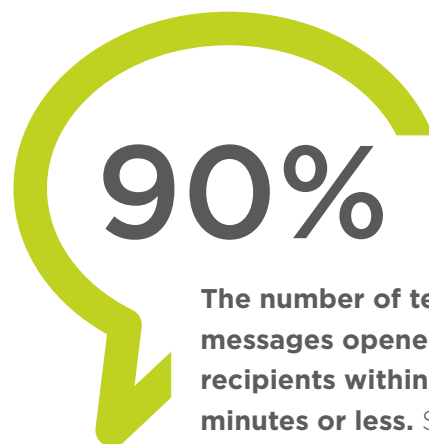
messages that are "extremely targeted, very relevant and valuable for the customer" is high. Those that misstep risk losing a customer for good.

Hofmann suggests a handful of strategies for successful SMS marketing during the holiday season:

- **Get smart about sign-up incentives.** Use in-store signage and QR codes to drive customers to sign up for SMS notifications. After customers scan a QR code, ask for permission to communicate with them via text messaging. Offering incentives such as coupons and exclusive products can help lock in new sign-ups.
- **Let customers dictate their messaging.** Let subscribers pick what kind of information they receive via text and when. Newegg, a supplier of computer hardware, gives customers the choice of signing up for two types of alerts - "Daily Shell Shocker" and "Mobile Insider Deals" - both of which offer deals or other specials. The big difference between these alerts is frequency. By allowing customers to choose what type of content to receive and when, retailers improve engagement and, ultimately, sales.



- **Tap into SMS coupons.** Get a coupon at Safeway and it's likely to end up in the trash within the hour; SMS coupons, on the other hand, hold far more potential for digital marketers long-term. According to a recent survey by RadiumOne, 42 percent of customers say they prefer receiving coupons via SMS. Hofmann recommends that retailers remind customers that they can receive coupons and loyalty cards via SMS. One popular service is Passbook, which aggregates a user's coupons, gift cards and event tickets - and can deliver them via SMS.
- **Turn text alerts into a competitive advantage.** Savvy retailers like Amazon keep customers apprised of an order's shipping status. These SMS alerts satisfy demanding customers and can reduce call-center costs. "Brands that delivery on the promise of holiday delivery build loyalty," says Hofmann. Schwan's, the online grocery service, sends SMS delivery alerts to customers who opt in to receive them. Schwan's expects this program will be especially important this season as customers entertain more than ever while juggling busy schedules, says Erica Webb-Belzer, Director of Marketing Communications at Schwan's.



**The number of text messages opened by recipients within three minutes or less.** Source: mobileSQUARED, SinglePoint







# Showrooming: Get in-store shoppers to buy from you

**M-commerce isn't always a retailer's best friend. Why? Because of a phenomenon that's all-too familiar to retailers: "showrooming."**

Showrooming happens when a customer ventures into a store to check out a product firsthand – and then promptly buys the same one from Amazon.com or another online retailer, often at a lower price. The good news? Eighty-four percent of consumers who use mobile devices to compare products do it from inside a store. This means retailers have an opportunity to engage an in-store buyer all the way through to checkout, whether it's online or off.

Here are some effective strategies for holding onto holiday shoppers:

- **Step 1: Use in-store promotions.** Retailers can encourage customers to engage online or via an app by strategically placing QR codes and signs throughout their stores. But that's not all. Any in-store signage should give customers a reason to engage through special discounts or a more extensive and exclusive collection not available in the store. Target, for example, has signs in its apparel section that direct customers online for additional sizes or colors, while buybuy BABY gives special offers to customers who text a number or scan a QR code.
- **Step 2: Collect email addresses.** "One of the problems that I see overall with retailers is forgetting to ask permission on mobile properties," says Ryan Hofmann, Director of Strategic Services at Responsys. "If they

get to the mobile site or mobile app and retailers aren't actively asking them for permission, they're missing out on that potential opportunity to extend and create a relationship with that customer beyond the store."

- **Step 3: Mobilize sales associates.** iPad-toting sales reps are proving to be an effective way to engage with in-store customers and to help them complete a purchase far from the cash register. Nordstrom employees, for instance, use tablets to help customers search on Nordstrom.com for products they can't find in the store – or to buy an item in the middle of the shoe section. In the process, they ask permission for the shopper's email address – and follow up with an individualized message summarizing the merchandise that was purchased and offering similar suggestions. Hofmann says follow-up emails like these have increased a retailer's revenue per email by 100 times or more.

**"There isn't any 'combating' to be done. We need to figure out how to capitalize on the showrooming trend."**

**– Ryan Hofmann, Director of Strategic Services at Responsys**

- **Step 4: Offer e-receipts:** Sending receipts via email is another great way to interact with the customer and add email or text message subscribers. Fashion retailer Dillard's and home improvement retailer The Home Depot introduced e-receipts earlier this year. Customers enter their email addresses at checkout, thereby dramatically reducing the risk of typos when a sales clerk types them in. Home Depot's e-receipts encourage customers to sign up for email newsletters and enter to win a gift card. Hofmann suggests using e-receipts to cross-sell or up-sell products to customers.
- **Step 5: Customers are using Passbook.** You should, too. Apple's Passbook is now the No. 4 mobile commerce app behind Amazon, Groupon and eBay, according to the *Wall Street Journal*. While Passbook is mainly known for delivering coupons and loyalty cards via the app, digital marketers can also send these via email and SMS. "It's a fantastic way to drive that digital experience of email to another digital experience of SMS and ultimately get them to take that Passbook coupon in stores to redeem it," says Wacarra Yeomans, Director of Creative Services at Responsys.



**How many shoppers leave a store and buy a product online if the price is at least 2.5 percent less.** Source: Group M Next



# 4 New ways to engage customers

**Just like there's always a "must-have" toy of the season, there are fresh tools, tips and tricks that marketers can use during the holidays to engage customers and drive sales.**

## Bring action to the inbox

Adding embedded videos to your holiday email program can grab customers' attention with engaging content. Emails with embedded videos have a 50 percent higher click-through rate compared to emails without embedded videos, according to LiveClicker.

"Video helps bring some of the in-store experience into the inbox and give more color and context to the brand," says Yeomans. "It's an especially great tactic if you have a product that requires inspiration or a more tangible experience in order for someone to buy it." Yeomans says video in email is especially effective for marketers that sell very tangible items like fashion, perfume or electronics.

## Make wish lists social

Sixty-seven percent of customers buy gifts found on social media, according to *Social Barrel*. The engine here is Pinterest, whose

public wish lists are a win-win for consumers and retailers alike. Users share what they want with friends and family in one location, and retailers have free brand awareness and product promotion. Sephora, the cosmetics retailer,

enables customers to pin beauty products directly from its website and from targeted emails. The company's first foray into direct pins from email generated more than 14,000 repins and a 60 percent jump in Pinterest traffic referrals, reports Working Three, an Australian marketing agency.

"The public wish-list is an increasingly popular and effective way for brands to drive online sales," says Yeomans, adding that Pinterest is a great

way for marketers to work around not having wish-list functionality on their sites.

## Let customers play

Want a sure-fire way to engage customers? Turn messaging into a game. Brian Burke, an analyst at Gartner, predicts that "gamification," or the practice of applying game mechanics in non-game contexts, will be one day be as critical as Facebook for retaining customers. By next year, 70 percent of the world's biggest companies will have at least one game-based application, according to Gartner.

**"Customers on average receive 38 promotional emails during the holidays. Retailers have to find ways to break through the clutter."**

**- Wacarra Yeomans, Director of Creative Services at Responsys**

Retailers can unite the in-store and digital shopping experiences by encouraging customers to scan QR codes or text a keyword to receive a discount or enter to win a gift card. As a bonus, customers can interact via the brand's mobile app or its online site. Ikea recently drew 200,000 customers who searched its physical catalog for answers to questions they received by SMS in order to win a free shopping spree, according to Econsultancy. Best Buy last year encouraged customers to nominate friends on Facebook to win a holiday gift card (and gave them the opportunity to win one themselves). According to Listrak, three to four percent of recipients buy directly from a sweepstakes registration confirmation email.

## Alert customers to how much time - and inventory - is left

Since retailers run sales at different times during the holidays, use countdown clocks to make it easier for customers to track when promotions expire. Display the time remaining on a sale across multiple channels, including the brand's website, app and promotional emails. But time isn't the only factor to be counted - inventory is huge for driving time-sensitive sales. Let customers know how much inventory is left of various sizes and colors.

Once the sales end, countdown clocks shouldn't disappear. "After the sale has ended, automatically replace the clock in the same email message with a new call to action. For example, 'You missed it - but you can still get free shipping on orders of \$100 or more!'" suggests Lalit Chopra, Director of Strategic Partnerships at Movable Ink.



**The number of marketers that plan on doing more with real-time data this year.** Source: Infogroup Targeting Solutions



# Marketing countdown: What you need to do and when

**The holiday season is make-it-or-break-it time for retailers — and with predictions of a blowout year, marketers have an opportunity to drive sales through savvy messaging and across multiple channels. “This holiday season, it’s all about the customer,” says Jason Scoggins, the Director of Customer Experience at Freshpair, a large online retailer of men’s underwear and women’s intimate apparel. “Let’s be honest, it doesn’t get more personal than underwear, so the more targeted we can be with our marketing, the better.”**

So when to start? Right now (if you haven’t already), especially since the holiday sales period is shortened to 25 days between Black Friday and Christmas, seven less than 2012, and Hanukkah is starting 11 days earlier. Here’s how marketers should be thinking about their holiday strategies from today through Dec. 25.

## Act now for immediate return:

- Optimize retail sites and email for mobile viewing.
- Plan in-store messaging integrating QR codes and signage.
- Think about how to re-engage at-risk and inactive customers. One easy way to do that: imbed videos with email messages.

## Invest more time for a well-deserved payoff:

- Begin a multi-stage email campaign to woo back unresponsive subscribers.
- Implement email and SMS opt-in alerts for mobile and app users.

- Update transactional interactions with customers.
- Integrate coupons and loyalty cards with Apple’s Passbook service.
- Use Twitter and other “live” content across channels to start building a sense of urgency.
- Coordinate with social media team to create wish lists that consumers can share on Pinterest and other sites.

## Keep in mind for next season:

- Supply in-store sales reps with tablets and other technology to help customers in brick-and-mortar locations browse.
- Use e-receipts and other permission-based processes to collect customers’ email addresses.
- Implement SMS for shipping and delivery alerts.
- Combine email with display ads to deliver highly-targeted, seamless messaging to customers.

Digital marketing this holiday season promises to be more exciting and interactive than ever. Some strategies are easy and inexpensive to implement. Others require technology that’s more robust and customizable. The one thing all smart marketers recognize? Holiday marketing starts today, and seeks to orchestrate customer experiences that are personal, timely and valued – across all channels. Customers expect nothing less.

## About Responsys

Responsys (NASDAQ:MKTG) is a leading marketing cloud software and services company. Our mission is to enable the smartest marketing in the digital world. The most respected brands across the globe use the Responsys Interact Marketing Cloud to manage their digital relationships and deliver the right marketing to their customers across email, mobile, social, display and the web. Our customers gain competitive advantage through the automation, individualization, and coordination of cross-channel marketing interactions at massive scale. Founded in 1998, Responsys is headquartered in San Bruno, California and has offices throughout the world. For more information about Responsys, visit [responsys.com](https://responsys.com).



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