

e-Tail Marketing Trends

Holiday 2004 – Online Retailers Increase E-Mail Marketing Frequency: Drive Traffic & Sales Performance

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The 2004 holiday shopping season is now behind us. So how did online marketers fare? With brick and mortar stores reporting less than stellar sales, we turn our attention to online retailers who claimed a 25% hike in share of holiday season Internet traffic, as reported by leading trade magazine, *Internet Retailer*.

In a review of more than two dozen online retailers, e-Dialog took a look at online holiday sales performance, trends, and for those already preparing for next year; we will also offer a few suggestions for your 2005 holiday online marketing strategies.

Performance

Bill Tancer, vice president of research for Hitwise, reports that “online shopping sites increased traffic 26% from November 1 to November 24, versus a 6.8% increase over the same period in 2003.” In our overall analysis we looked at online holiday sales and e-mail performance over three periods; January 1 – October 31, November 1 – November 24, and November 25 – December 25.

While it is not surprising, all retailers reviewed in this report increased e-mail marketing frequency from November 1st through December 25th, with most retailers mailing between once and twice weekly. Despite the increase in frequency unsubscribe rates stayed the same, indicating that online consumers accept the onslaught of e-mail messages from retailers during the holiday season. Average order size increased 4% to 17% during the period from November 1st to November 24th (the heaviest e-mailing time of the holiday season). While post-Thanksgiving shopping was certainly no disappointment, the numbers were not as strong as compared to the first few months in November, despite the increase in frequency of e-mail marketing.

Shipping Options

Last year the big “offer” was to discount merchandise. This year retailers switched gears and deployed a variety of free shipping options to attract online holiday shoppers. These offers were most often presented up-front, in the subject line of the e-mail.

Online retailers such as SmartBargains, Overstock, Gap, Kohl’s, Neiman Marcus, Saks Fifth Avenue, Target and William Sonoma offered free shipping regardless of purchase amount, and all noted “free shipping” in the subject line. Another popular option from moderate- to high-priced retailers was free shipping offered with orders of \$100 or \$125 or more. Other online retailers such as online cataloger, Miles Kimball, offered free shipping at a lower price point (\$45 or more), which is more suitable to its clientele. It is evident that online retailers know their customers average purchase amount and price minimum amount for shipping appropriately.

Shipping Date

Last minute shoppers were certainly given fair warning from online retailers this year, with many of them giving customers deadlines, e.g., "Shop until December 7th for standard delivery or December 23rd for express delivery." Dates and time were clearly noted, often prominently "above the fold."

Nicely Done...

With two days left until Christmas, Linens 'n Things had a great idea for those last minute shoppers: Buy online, pick up in the store, and pay no shipping. This is a great idea, but the retailer had better make sure its supply chain is up for the challenge. We didn't actually try to see if it worked (we were good and got all our shopping done early) but we were impressed with the concept.

It's Never Too Early To Start Planning!

It's never too early to start thinking about Christmas, particularly your online marketing strategies... And if you are not ready to think about Christmas 2005 yet, make sure you save this article and read it again... in June!

Here are a few suggestions to incorporate into your 2005 online marketing strategy.

1. Thank you e-mails

Many of the e-mails we saw this year were commerce driven, with very few retailers sending thank you e-mails. A simple online holiday card, or "thanks for shopping with us" is a nice device to add to your CRM idea book and a great way to foster relationships with customers. Miles Kimball and Exposures sent out a simple "Happy Holidays" postcard e-mail, tastefully designed to their brand, achieving higher-than-average open rates.

2. Gift Cards

Initial reports indicate that gift card sales may have risen to more than \$20 billion (as reported by Bloomberg), which is said to account for as much as 11% of this year's holiday spending. However, we saw few uses of the "gift card for future purchase" mentioned in e-mails from retailers. Given that almost every retailer offers a gift card, these are easy promotions to drive incremental purchases and a must-have campaign for 2005.

3. Wish Lists

Froogle, the Google shopping site, announced its "cross-site" wish list, but we found very few retailers pushing this feature. The aspect of "gifting" or of helping others figure out what *you* might want, was notably absent from many e-tail strategies this year. Incorporating a "Wish List" application from Web site to e-mail will help to ensure that Aunt Jenny gets you that iPod and not a Walkman.

4. Return Periods

Few online retailers emphasized return policies as strengths. In fact, some retailers could have benefited from this, as they allow returns from online purchases in stores. While we noted that a few vendors did mention an extended return period, almost none offered in-store returns as an option, thus missing out on ease-of-use and immediate up-sell opportunities.

5. Relevant Content for You... Relevant Content for Them...

As e-mail marketers we spend much of our time trying to figure out how to get relevant products and information to our customers. However, during the holiday season we must think about making relevant content available to the people in our lives. Gift suggestions for various types of people (mothers, fathers, sisters, brother, etc.) are always helpful. Marks & Spencer has a fantastic birthday and anniversary reminder application that allows one to enter the names and birthdays of relatives and friends. Relevant gift suggestions for the lucky birthday boy or girl are then delivered via triggered messaging to the gift giver. The concept applies perfectly to the holidays (and may reduce the amount of returns).

As you make your way back into the office today, think about making a New Year's resolution to incorporate a few of these strategies into your holiday campaign for 2005. Happy New Year!

About e-Dialog

Established in 1997, e-Dialog is a proven provider of advanced e-mail marketing technologies, products, strategies, and services for permission-based e-mail marketers. The NFL, BMG Music Service, American Eagle Outfitters, TJX, Tesco, Marks & Spencer, and SmartBargains are just a few of the 60 top marketers that rely on e-Dialog's flexible solutions to efficiently turn complex customer data into actionable and relevant e-mail campaigns that produce unbeatable results. JupiterResearch ranked e-Dialog a leading e-mail marketing service provider in 2004 based on its value and market suitability, and highlighted its reporting, analytics and deliverability features as strong and comprehensive. With offices in Lexington, Massachusetts, and London, England, e-Dialog is a privately held company whose investors include Flagship Ventures and Commonwealth Capital.

To learn more about e-Dialog's leading technology, services, and solutions contact us at 888-256-7687 or via e-mail at MaxROI@e-Dialog.com.