

By the editors of **Digital Commerce 360**

# THE CYBER 5 2019 REPORT

Results, insights and data from the holiday shopping period  
Thanksgiving through Cyber Monday in U.S. ecommerce.



Brought to you by our sponsor: **Radial**

# CONTENTS

INTRODUCTION.....	3
-------------------	---

## TOPICS

Retailer results .....	6
Site outages plague retailers .....	11
Fulfillment strategy: Delayed shipping ..	16
Cyber Monday transforms into Cyber Week .....	20
How retailers advertised.....	23
Shopper Speaks: Post Cyber 5 consumer survey .....	28
Conclusion: Shopping is far from complete .....	31

## SPONSORED ARTICLE

Radial.....	14
-------------	----

# INTRODUCTION

## **The Cyber 5 period—Thanksgiving through Cyber Monday**

—brings in record shoppers and sales for many retailers. For some retailers, it's the most important time of the year, as they've spent months preparing for the influx of shoppers. Meanwhile, shoppers prep by scoping out the best deals to check items off their gift—and personal—lists. This year was no different as it brought in a record number of online sales.



For this year's Cyber 5 period, online sales hit \$28.49 billion, up 17.7% from \$24.21 billion from the same holiday weekend last year, according to Adobe Analytics. The firm's numbers are based on data from more than 1 trillion visits to more than 4,500 retail sites, including transactions from 80 of the top 100 U.S. online retailers ranked in the 2019 Digital Commerce 360 Top 1000.

By day, according to Adobe, online sales grew 14.5% year over year on Thanksgiving Day, 19.5% on Black Friday, 18.0% on Small Business Saturday, 13.0% on Sunday and 19.7% on Cyber Monday.

U.S. shoppers spent a record \$9.42 billion online on Cyber Monday, according to Adobe, making it the largest online sales day in the history of U.S. ecommerce, even beating out this year's record breaking Amazon Prime day by over \$2 billion.

On average, consumers' shopping carts were 6% bigger at checkout on Cyber Monday than last year because of an increase in the number of items purchased and shoppers purchasing higher-priced products, according to Adobe.

More shoppers visited retail websites on Black Friday than Cyber Monday, making it the busiest day for online shopping for the first time ever, according to the National Retail Federation (NRF). About 93.2 million U.S. consumers visited online stores the day after Thanksgiving, compared with 83.3 million on Cyber Monday, according to the NRF.

"That's reflective of the evolution that's taken place both in terms of mobile offerings and the fact that you no longer have to wait until Monday to be engaged," says NRF president and CEO Matthew Shay. "Black Friday is the day for the official kick up of holiday activity."

This report details several different factors that affected retailers throughout the Cyber 5 period, including site outages, fulfillment strategies and marketing tactics. It includes commentary from retailers about how they performed during the holiday sales weekend, challenges they encountered and strategies they've deployed to convert shoppers into buyers.

—*The Editors*

# RETAILER RESULTS

**Several retailers shared with Digital Commerce 360** how their Cyber 5 weekend went. Here are some highlights:

**Fanatics:** The sports apparel retailer (owned by Kynetic LLC) says it set a record for the best sales day ever on Black Friday—a record that has never been set on Black Friday before for the brand. Its online sales were up more than 25% for Thanksgiving and Black Friday combined, compared with those same two days last year. Overall, its online sales were up more than 20% year over year from Thanksgiving through Cyber Monday, Fanatics says.

Mobile was also a boon for Fanatics—70% of its online sales during Cyber 5 came via mobile devices, up from 63% for the same time period last year.

Exclusive products, which includes items the company manufactures and distributes, across the Fanatics network continue to drive sales, says a Fanatics spokesman. Plus, sales of NFL and NCAA products were up 40% year over year this past weekend, he says.

Additionally, sales of Better Brands, its initiative to bring new, fashion-forward brands into the licensed sports merchandise space, and women's merchandise outpaced overall company growth rate, a spokesman says.

**Lulus:** Women's apparel retailer Lulus had an “incredibly busy” start to the Cyber 5 period, says CEO Colleen Winter. It kicked off a 25% off sitewide sale on the Monday before Thanksgiving at 12:30 a.m. PST, which was roughly 24 hours earlier than last year. It let its VIP members know as soon as the sale was available, while the rest of its 3 million email subscribers found out at 7 a.m. PST, according to Noelle Sadler, vice president of marketing for Lulus.

“We started off really strong, and [the Monday before Thanksgiving] eclipsed our sales from last Cyber Monday,” Winter says.

Altogether, its sales grew more than 30% during its 10-day Black Friday/Cyber Monday sales period, compared with the same period last year, Winter says. Plus, it sold 50% more items during the sales period compared with last year.

Lulus also had a 33% increase in emails opened during the 10-day promotional period, as it sent more emails during the period than it ever has before, Winter says.

This longer stretch of sales days, “gives our customers a longer period to shop, and it helps our fulfillment centers keep up,” Winter says. “We’ve kept up much better than last year, and our shoppers can’t believe orders are shipping already.”



The retailer opened a second fulfillment center this year compared with only one center last year. Now it has an East Coast and a West Coast facility, allowing Lulus to identify where shoppers place the order, fulfill them from the closest distribution center location and shrink shipping times.

Plus, having a longer period for its sale, “prevents that big traffic hit that brings retailers’ sales period down if their site comes down,” Winter says.

But Lulus still prepared for the influx of traffic. It bolstered its back-end servers so it can easily scale them up and down based on web traffic, Sadler says. The retailer also launched an app in 2019, which may decrease web traffic if shoppers visit the app instead. Lulus did not share the breakdown of sales between its website and app.

**GlassesUSA.com:** GlassesUSA.com’s Cyber 5 period exceeded expectations for sales and orders, the glasses retailer says. Revenue increased 45% year over year and orders increased 30%. Additionally, mobile was a big factor for GlassesUSA.com: 60% of its year-over-year revenue growth came from orders via mobile devices.

“Overall compared to last year we saw a larger diversity in the orders in terms of product variety, more items per order and a higher average order value,” GlassesUSA.com tells Digital Commerce 360.

Plus, GlassesUSA’s conversion rate increased 40% compared with the same period last year.

**Wine.com Inc.:** With six fewer days to shop between Thanksgiving and Christmas, Wine.com was nervous at the start of the holiday shopping season, but it was “pleasantly surprised to see volumes begin to meaningfully pick up mid-November as they always have,” Wine.com tells Digital Commerce 360.

Online sales for the Cyber 5 period were up 70% over last year. Plus, its conversion rate increased more than 100% during the Cyber 5 weekend compared with the rest of the holiday season and increased more than 25% compared with the 2018 Cyber 5.

The wine retailer credits this hike in sales and conversion rate to its large selections and to its 14,000 pickup locations at FedEx and Walgreens stores, Wine.com says.

It did, however, experience a momentary traffic overload on its app on Black Friday following a push notification. But Wine.com says it did not affect many consumers and was quickly resolved.

### **The Army & Air Force Exchange Service:**

ShopMyExchange.com’s online sales were up 14.8% for the Thanksgiving to Cyber Monday stretch compared with last year. Plus, it says its sales have been strong since Nov. 1, especially during Veterans Day weekend Nov. 9-11. Thus far, its sales are up more than 7%.

The Exchange, which caters to military personnel and their families, also says its conversion rate remained steady, without revealing more.

The Exchange credits its sales to an increase in targeted marketing. It experienced a brief website outage on Black Friday in the morning, but it did not encounter any other technical issues during Cyber 5.

**Bob's Watches:** “Unlike most retailers, and lucky for us, the holiday season doesn’t represent a sizable portion of our annual numbers,” says Bob’s Watches CEO and founder Paul Altieri. Its sales are pretty consistent throughout the year, he says.

However, sales of Rolex watches, in particular, have been “strong and steady” for the watch retailer with revenue increasing 30% for the season since Nov. 1 for those products compared with last year.

The Cyber 5 period is the only time when Bob’s Watches has a sale all year, so all metrics including conversion rates spike, Altieri says without revealing more.

**U.S. Polo Assn.:** The apparel retailer says it had double-digit growth during Cyber 5 on US Polo Assn.com and double-digit growth on marketplaces as well, especially in China, India and Turkey. Plus, its conversion rate during this period was double its normal average.

Although it has not encountered any delivery or shipping issues, it is aware of the ever-increasing consumer demand for fast shipping.

“Consumers expect express delivery by default, and this is impacting margins,” says Jose Nino, vice president of global digital strategy and ecommerce. “The opportunity cost makes it worthwhile, but in general it is a challenge facing the industry.”

**Abt Electronics Inc.:** Abt had a 15% year-over-year increase in online sales for the Cyber 5 period. On Cyber Monday, Abt says online sales jumped 30%. Plus, the electronics retailer’s in-store sales were up 17% during the holiday sales period.

“We made sure to have enough staff in the store and online,” says co-president Jon Abt. “But our biggest win was implementing local same-day delivery in the Chicagoland market where many customers took advantage of the service and didn’t have to brave the crowds or the cold.”

**Renegade Furniture Group:** For the Cyber 5 period, year-over-year revenue for Renegade Furniture was down slightly, less than 10%. But its revenue was up in the days leading to Black Friday, the furniture retailer tells Digital Commerce 360. Even though sales were down, its conversion rate was up about 40-50% compared with its yearly average, Renegade Furniture says. ●

# SITE OUTAGES PLAGUE RETAILERS

## **Not all retailers had a fruitful Cyber 5 sales**

weekend. Some were plagued with website and mobile issues that drove shoppers to other retailers or to voice their complaints on social media.

Costco Wholesale Corp. encountered a number of problems, including shoppers who were unable to complete their purchases.

Costco.com was down completely for a brief time early morning Thanksgiving and experienced intermittent slow load and transaction times beginning late Wednesday evening, according to a site monitoring company Catchpoint. Costco's issues ended around 7:15 p.m. ET Friday, but intermittent issues arose for a short time Saturday afternoon as well.

During the issues, a banner on its site read: "The website is currently experiencing longer than normal response times. Please note that all Thanksgiving Day-only promotions have been extended into Friday, November 29th, WHILE SUPPLIES LAST. We apologize for any inconvenience."

All together, Costco's downtime—defined as an inability to complete a transaction—totaled 17 hours.

Those issues caused the retailer to lose about 40% of its Thanksgiving Day online sales, mobile optimization company Yottaa estimates, as shoppers who encountered problems likely went to other retailers' sites to make their purchases, says Bob Buffone, chief technology officer at Yottaa. For example, one shopper noted on Twitter that after attempting to buy an iPad Pro on Costco.com, she ended up buying it on Amazon.

Costco did not respond to a request for comment regarding its website issues.

The website issues caused a huge loss for the company, says Mario Ciabarra, CEO of digital analytics platform Quantum Metric. He estimates the retailer may have lost up to \$11 million in revenue, as well as caused a huge rift in customer relationships.

"During Cyber week, the stakes are high, and these glitches are good reminders for any retailer to instill a more proactive mindset when developing and designing their websites and applications, as the reality is many often struggle to fix issues like these until days later," Ciabarra says.

Apparel merchant H&M also was down for a short time—fewer than five minutes—on Thanksgiving Day, but went down again on Friday morning. Not only that, but H&M's app also had issues on Black

Friday, Digital Commerce 360 found. Altogether, HM.com's downtime totaled about 10 hours. H&M did not respond to a request for comment.

Other retailers experiencing technical issues, such as slow load times or consumers being unable to complete their transactions, on Thanksgiving and Black Friday included Lululemon.com and JCrew.com, according to Yottaa. These retailers also experienced technical issues during the Cyber 5 period last year.

For example, Lululemon in 2018 faced a barrage of angry comments on Facebook late Thanksgiving evening, in which shoppers complained about the site being down or items disappearing from their shopping carts. It

responded to multiple complaints and wrote, "Our team is working with all their might on sorting out this issue."

J. Crew had issues during last year's Black Friday, when it experienced "some technical difficulties" on JCrew.com as buyers flocked to its site for 50% off everything deals.

The biggest factor in year-over-year site outages during the Cyber 5 is inadequate website load testing, says Yottaa's Buffone.

"They often times simply do not have the internal resources to make sure their sites won't crash during peak periods, such as the Cyber 5," he says. "If they don't make changes to their load





# 'These website issues could hurt retailers' bottom lines.'

—Mike Zuccaro, an analyst at financial service firm Moody's Corp.

testing methodologies and they don't move to a hosted platform, they will probably be on the list of sites that crash during the Cyber 5 next year."

Lululemon and J. Crew did not respond to a request for comments on their technical difficulties this year.

These website issues could hurt retailers' bottom lines, says Mike Zuccaro, an analyst at financial service firm Moody's Corp. "Retailers need to be on top of being able to invest in the right systems and have a seamless shopping experience, especially with the highest volume sales days of the year on the line," he says.

As of 2 p.m. EST on Cyber Monday, all retail sites were running smoothly.

Analytics platform Blue Triangle, however, found that Saks Fifth Avenue (owned by Hudson's Bay Co.) had site issues on Cyber Monday and, as a result, extended its sale through Tuesday.

On the flip side, some retailers were working at peak performance during the Cyber 5 period. The top three fastest-loading ecommerce websites were Amazon.com (0.7 seconds),

VictoriasSecret.com (1.5 seconds) and Apple.com (1.7 seconds), according to Catchpoint. And the top three fastest-loading mobile sites were Amazon.com (0.6 seconds), eBay.com (1.4 seconds) and Apple.com (1.5 seconds). Measurements taken are median web page load times for the time period of all-day Thanksgiving through 3:30 a.m. EST Dec. 2.

On average, Digital Commerce 360 Top 500 websites loaded 38% more slowly between Thanksgiving Day through Cyber Monday compared with previous week's period, Blue Triangle finds. Slower load times are likely because of the increased traffic during the Cyber 5 compared with the previous week's Thursday-Monday period: Traffic to Top 500 retailers increased 61%, Blue Triangle says.

By day, traffic to Top 500 retailers increased 105% Thanksgiving Day compared with the day before. On the following days, traffic increased 43% on Black Friday compared with Thanksgiving Day and rose 66% on Cyber Monday compared with Sunday, Dec. 1. However, Saturday's traffic was 40% less than Black Friday, and Sunday's traffic decreased 20% compared with Saturday. ●

# INVENTORY VISIBILITY HELPS MAXIMIZE HOLIDAY SEASON REVENUE

An executive conversation with **Matt Snyder**, vice president of operations and fulfillment services at Radial, a global omnichannel technology and operations provider



In the past few years, Black Friday and Cyber Monday have evolved significantly. No longer individual promotional events, they're now a greater part of the longer holiday shopping season that starts earlier than it used to, even before Thanksgiving, and extends through Christmas. To discuss how the changing holiday shopping season has created challenges for retailers—particularly around inventory visibility—and how they can address those challenges, Digital Commerce 360 spoke with Matt Snyder, vice president of operations and fulfillment services at Radial, a global omnichannel technology and operations provider.

## How has the holiday shopping season changed recently?

Black Friday and Cyber Monday are no longer separate, discrete events of high promotional activity on particular days. They have been integrated into a much longer time frame—including Cyber Week and right up to the last days before Christmas. With higher demand and shorter shipping windows, retailers are offering more omnichannel options, such as buy online pick up in store (BOPIS) or ship from store, and that can create inventory challenges.

## What inventory challenges do retailers face?

The primary challenge is one of inventory positioning. Retailers have strong promotions and see high demand rates during peak seasons, and customers are placing orders against inventory spread across the entire supply chain—warehouses, brick-and-mortar stores and even drop-ship partners. Knowing where to stock the right inventory can help retailers avoid stock-out issues during these busy peak shopping times. That will help keep fill rates high, delivery speed up, and shipping costs down.

## Why is inventory visibility so important for retailers during peak seasons?

Cross-chain inventory visibility can be a challenge for retailers. But having inventory visibility across all stocking locations decreases the chance of stock-out at the point of order—increasing the opportunity for revenue capture.

Additionally, during the holiday season, retailers are faced with the complexity of needing to track items for one order across multiple inventory points. Say, for example, a customer orders three items

and each item is coming from a different inventory location. Now, the retailer needs to manage that shipment across three different locations to get that order to a singular point. That adds complexity to the customer experience and shipping cost to the seller.

## What strategies can they implement to address these challenges?

Leveraging omnichannel capabilities is a good start. BOPIS, ship-from-store and drop-ship options allow retailers to increase their network capacity. For stock-outs in their stores, retailers can also leverage their ecommerce back stock or stock from other stores by offering the customer free delivery to their home. But in order to do this seamlessly retailers need the inventory visibility and the order management capabilities to execute.

## How can technology help retailers obtain greater inventory visibility?

By partnering with a platform provider like Radial, for example, retailers can implement fully integrated omnichannel solutions to address all of these challenges.

It starts with inventory management technology that provides the end customer with the broadest picture of availability in that retailer's total stock, regardless of location. Then the order management system manages a customer's order across the different inventory and fulfillment points in a retailer's network, regardless of whether its shipping from a store, fulfillment center, or drop-ship partner.

Additionally, retailers need to be prepared to provide inventory and order data for customer service. Agents require transparency and visibility into that customer's order transaction and where those orders are coming from to ensure a seamless experience.

Radial provides retailers and brands with a full range of fulfillment and supply chain solutions, customer care services, omnichannel technology and fraud management solutions.



# SIMPLIFYING ECOMMERCE

Radial is focused on delivering technology and services to help you:



**Deliver** orders faster



**Expose** more inventory



**Scale** on demand



**Mitigate** fraud



**Inspire** customer loyalty

Visit **Radial.com** to see how our Fulfillment, Supply Chain Logistics, Customer Care, Payments & Fraud and Order Management Solutions can grow your business.

# FULFILLMENT STRATEGY: DELAYED SHIPPING

**With U.S. shoppers purchasing millions of** items online within a five-day span over the Thanksgiving weekend, online retailers have to work their operations to the maximum to fulfill their fast shipping promises.

However, some of the largest retailers—including Macy's Inc., Amazon.com Inc., Gap Inc. and Target Corp.—realize that, while offering fast shipping is a nice perk for shoppers, not all shoppers need or want it. Both Macy's and Gap offered online shoppers a perk if they opted for slower shipping during the Cyber 5 weekend, which runs Thanksgiving through Cyber Monday.

Macy's Inc. offered shoppers a \$10 Macy's gift card to be used online or in stores Dec. 4-16 if they opted for 6- to 9-day slow shipping, compared with free shipping of 3 to 6 business days. Macy's did not respond to a request for comment.

Slower shipping correlates directly to lower shipping costs, says Rob Taylor, CEO of Convey, a last-mile delivery software vendor. However, he could not put an average dollar amount on dollars saved.

Brendan Witcher, principal analyst at Forrester Research Inc., says slower shipping doesn't necessarily reduce costs for the retailer because many large retailers already have warehouse networks and ship-from-store capabilities that

put shoppers within a one-day delivery window. Instead, the benefit is about easing the stress on their labor and supply capacity, he says.

"The reality is that retailers are stuck between a rock and a hard place," Witcher says. "They want to offer 2-day or next-day delivery to improve the customer experience, but operationally they have limitations on the number of items they can get shipped out of a warehouse or even stores in a given period of time."

Gap ran a slow-shipping incentive across all of its ecommerce brands, including Old Navy, Gap, Banana Republic, Athleta and Hill City. From Nov. 27—the day before Thanksgiving—through Dec. 4, shoppers could opt for slower shipping, which it indicated on the cart page, for a chance to win a \$200 gift card. Gap selected multiple gift card winners per hour, says a Gap spokeswoman.

This is the third year Gap ran the gift card sweepstakes, the spokeswoman says, without revealing how many shoppers have used this feature.

"The sweepstakes is for customers who may order during our peak week but don't need their gifts right away," the spokeswoman says. "Our customers love it, and it allows us to spread out the demand on our distribution centers during one of our busiest weeks."

This makes sense, as many shoppers who are ordering on Thanksgiving may not need their gifts until Christmas Day, nearly a month later.

“It’s easy to get caught up in the hype around shipping,” Taylor says. “There is an expanding array of delivery options, each faster and more convenient than the last, but consumers don’t always need or want everything to be delivered at warp speed.”

Other retailers, including shoe retailer DSW Inc. and cosmetics retailer Sephora (owned by LVMH), offered bonus loyalty points if they opted for slower shipping during the Cyber 5 period. Amazon and Target launched slower-shipping incentives for shoppers this year and run these programs year-round.

Amazon launched “Amazon Day” in February, which allows its Prime loyalty program members the option to pick a day of the week to have

all of their Amazon orders delivered on that day, even though it might be slower than 1 or 2 days. Amazon also offers shoppers a \$1 credit toward one of Amazon’s other services, such as digital streaming, or for fast delivery via Prime Now, if they opt for slower shipping. “Millions” of Prime members use Amazon Day, a spokeswoman tells Digital Commerce 360.

In Q2 2019, Target.com gave shoppers the choice to save \$1 on her order if she opted to have her order ship in fewer packages, which could lengthen the shipping time.

“Guest response has shown that many guests prefer a reduced number of deliveries, and that speed is not the only factor in a great online shopping experience,” a Target spokeswoman previously told Digital Commerce 360. Target declined to comment on the program during the Cyber 5.

Both large shipping carriers FedEx and UPS have increased their seasonal employees and expanded their processing capacity to keep up with increased demand during the shortened holiday season. For example, FedEx is increasing hours for some of its employees, hiring about 55,000 seasonal employees and expanding and adding sorting hubs to increase efficiency and to adjust to fluctuations in package volume and location, a FedEx spokeswoman says. At UPS, the shipper is hiring 100,000 seasonal employees and added processing capacity to handle the peak season, a UPS spokeswoman says. ●





# CYBER MONDAY TRANSFORMS INTO CYBER WEEK

## **Cyber Monday is evolving into Cyber Week.**

Or at least extending beyond a one-day event at many online retailers.

As more shoppers turn to the web while at work to check off their gift lists quickly, many e-retailers are extending the sales they offer on Cyber Monday for several days or the full week, transforming Cyber Monday into Cyber Week in many cases.

An analysis of 50 top online retailers conducted on the Tuesday following Cyber Monday by Digital Commerce 360 finds that 31 retailers, or 62%, extended their deals beyond Monday.

Many retailers promoted Cyber Week deals. Those include Walmart, Macy's, Qurate Retail Group (parent of QVC.com), Wayfair, Target, Lenovo Group Ltd, Newegg, Walgreens, GameStop and Overstock.com.

Ecommerce giant Amazon.com, meanwhile, offers 12 days of deals without using the term "cyber" in its marketing. Plus, other retailers like Otto Group (parent of Crate and Barrel) and Williams-Sonoma Inc. are more measured in their extensions, each extending Cyber Monday deals by one day.

Others such as adidas AG and Lowe's Cos. Inc. were vague in their cyber-related marketing

messages. Adidas' website read "Cyber Monday sale ends soon," and Lowe's used the phrase "final days" in relation to Cyber Monday deal extensions.

A handful of retailers stuck to one-day extension deals. This includes H&M, which offered 30% off and free shipping on Cyber Monday only, and Nordstrom Inc., which touted discounts of up to 50% only on Dec. 2.

Over the past four years, online sales on Cyber Monday have averaged two-and-a-half times more dollars spent than those on an average day, according to data analytics provider 1010data. However, 1010data finds Cyber Monday is overshadowed by Black Friday in online spending. Black Friday sees a higher sales spike, at three-and-a-half times, while the days after Black Friday and Cyber Monday see spillover sales of twice that of an average day, 1010data says. The analytics vendor bases its findings on anonymous credit card transactions tracking the spending of millions of U.S. consumers.

"Ecommerce giants, such as Walmart, Target and Amazon, have started to announce Black Friday deals a week before Thanksgiving and sales lasting for the entire week following [Thanksgiving]," 1010data says. ●

# HOW RETAILERS ADVERTISED

**If shoppers think they saw a lot of Amazon TV** commercials throughout November, they're not alone. The ecommerce giant spent \$78 million on TV commercials from Oct. 28-Dec. 2, according to Kantar's Media division.

While overall spending on TV ads was down 5% year over year among retail brands during the first half of holiday season, defined by Kantar as Oct. 28-Dec. 2, Amazon's TV ad spend jumped 84% compared with last year. The next-biggest increase among the 10 largest spenders were Gap Inc.-owned Old Navy, which grew its TV budget 21% to \$27 million, and Lowe's, which allocated \$36 million to TV, a 19% increase compared with the previous year, according to Kantar.

Amazon's aggressive TV spending is a recent development for the retail giant, given that last year was the first time that it ranked among the 10 largest TV advertisers over the holidays. This year it pushed into the lead the position, spending \$9 million more than Walmart, which spent \$69 million, a 14% decline from its 2018 spending over the same period, Kantar finds.

Despite a number of retailers cutting back their spending in the first four weeks of the holidays, TV advertising spend rose 7.2% the week of Thanksgiving. Because Thanksgiving was six days later than last year, many merchants used their commercials to emphasize their time-sensitive discounts and promotions.

"Retailers are returning to trying to create a sense of urgency," says Rachel Gurksky, who oversees content marketing at Kantar.

That's been evident throughout the first half of the holidays as 18.1% of retail brands' commercials have featured Black Friday-specific messages. And the number of commercials featuring Black Friday-specific messages was up 23% overall, according to Kantar. For example, Walmart used TV spots to highlight its online discounts that launched the day before Thanksgiving and its offline offers that began at 6 p.m. on Thanksgiving Day.

While many retailers highlighted their Black Friday sales on TV, far fewer used the term Cyber Monday to promote their online promotions that began on the Monday after Thanksgiving. Retailers only spent \$15 million on Cyber Monday-related messages from Oct. 28-Dec. 2, a 42.3% drop from \$26 million last year.

"Cyber Monday messages have been declining for a number of years as buying online has become more accessible and fewer consumers wait until Monday to shop online," Gurskey says.

Kantar's data ran through Dec. 2, which was Cyber Monday, which means it may oversell the situation because it didn't include any TV commercials that highlighted retailers' extensions of their Cyber Monday campaigns.

The majority, 62%, of the top 50 retailers ranked in Digital Commerce 360 Top 1000, extended their Cyber Monday deals beyond Monday, according to a Digital Commerce 360 analysis. That includes large retailers such as Walmart, Macy's and Wayfair.

Just as large brands dominate TV spending, they also dominate paid search, according to Kantar's analysis of 2,500 popular retail product keywords, such as "xbox one," "ps4," "shoes," "ipad" and "engagement rings," from Nov. 29-Dec. 2, which was Black Friday through Cyber Monday. That's particularly the case among Product Listing Ads (PLAs), which accounted for 84% of paid search clicks over the five-day period.

Walmart had the largest share of PLA clicks over the Cyber 5, which is the five-day period Thanksgiving through Cyber Monday, with 11.5% of total PLA clicks. And Amazon, which only began consistently bidding on PLAs in a few

categories two years ago, was second at 7.8%. That reflects Amazon's aggressive push into the format in the past year and the last few months in particular. For example, on a typical day, such as Aug. 26, Amazon accounted for 70% of Google Shopping home goods impressions within keywords that Merkle identified as important to the category, according to Merkle's "Digital Marketing Report Q3 2019." And in apparel, a category in which Amazon had little Google Shopping presence until recently, it accounted for 52% of apparel impressions within important keywords—also on Aug. 26.

"Amazon has come on strong in PLAs," says Jim Leichenko, Kantar's marketing director. "It is clearly looking to ensure that it gets its ads in front of consumers."

While Walmart focused heavily on PLAs, Amazon took a more balanced approach by investing heavily in text ads. That enabled it to



garner 7.0% of all text ad clicks, which was four percentage points more than Wayfair, which ranked second in click share.

A balanced approach, which Wayfair, Best Buy, Home Depot and Amazon used, allows a retailer to place multiple ads in front of a consumer to increase the likelihood that the advertiser will gain the sale, Leichenko says.

When it comes to toys, Walmart's paid search strategy was slightly more balanced between PLAs and text ads. The retail giant spent heavily on PLAs, which allowed it to dominate paid search in the category. It accounted for more than a quarter, 25.3%, of toy-related paid search clicks. That was more than double Kohl's' 12.5% share. Walmart also accounted for 2.0% of text ad clicks, well behind Amazon's 18.7% share, but significantly ahead of its overall share that was less than 1.0%.

Social media's influence peaked early during Thanksgiving week, with 10% of mobile traffic coming from social referring channels on the day before Thanksgiving and on Thanksgiving, according to Adobe Digital Insights. Social also drove 7% of online orders during that period.

Among the social networks, Instagram accounted for the vast majority of consumer engagement, according to social analytics vendor ListenFirst, which measured responses by tallying up the number of likes, comments, shares and retweets on Instagram, Facebook and Twitter among the Stores Magazine ranking of 100 large retail

brands from Nov. 1-30. In fact, 97% of the 100 most-engaging social media posts among those brands were shared on Instagram.

Apple generated the strongest engagement in November, despite only sharing two holiday-related messages: an Instagram photo and an iPad commercial it posted on YouTube. After Apple, cosmetic retailers had the most holiday-related success on social media. Sephora had 58 holiday-themed social media posts, which received an average of 24,687 responses during the month. Ulta Beauty had 43 holiday-themed posts on social media, which received an average of 13,751 responses per post.

The only top holiday-related posts that weren't shared on Instagram was a True Value Co. Facebook post highlighting its holiday lanterns, a Costco Facebook post featuring its Kirkland Signature Cheese Flight and an Apple YouTube video showcasing the iPad.

Retailers significantly increased their spending on ads that appear on Amazon over the holiday weekend. For example, more than 700 clients of digital marketing firm Teikametrics boosted their ad spending on Amazon 92% during the Cyber 5 period compared with the previous four weeks. That gave them greater visibility as the cost per click rose just 12%.

For example, allergy testing retailer 5Strands generated a 30% year-over-year increase in total revenue on Amazon thanks in large part to the strategy. ●



# FIVE QUESTIONS, MANY INSIGHTS

By Lauren Freedman, senior consumer insights analyst

**The holiday calendar shifts each year, but this** year Thanksgiving was much later, so perhaps shoppers came ready to buy. Digital Commerce 360, in conjunction with Bizrate Insights, went straight to the source and surveyed 1,073 shoppers on the Tuesday after these five critical shopping days. This analysis looks at five questions that are integral to shopping during this time and the subsequent behavior of online shoppers. Before moving into these questions in detail, the survey found that:

- 57% have completed at least half of their gift buying, while 16% have completed none
- 58% have completed at least half of their gift buying online, while 9% have completed none online

### 1. Are key shopping days a factor?

December is peak shopping, and 47% of those surveyed plan to complete their shopping during the first few weeks of December. Perhaps the happiest shoppers are the 18% who indicated they are finished shopping.

The procrastinators become a factor the week before Christmas, and one in three shoppers suggested they fall into that camp with just a handful still on the hunt on Christmas Eve or later.

Shoppers take advantage of most shopping days, but it's my belief that any day with strong promotions can see heightened participation—particularly if it is adopted by the retail community.

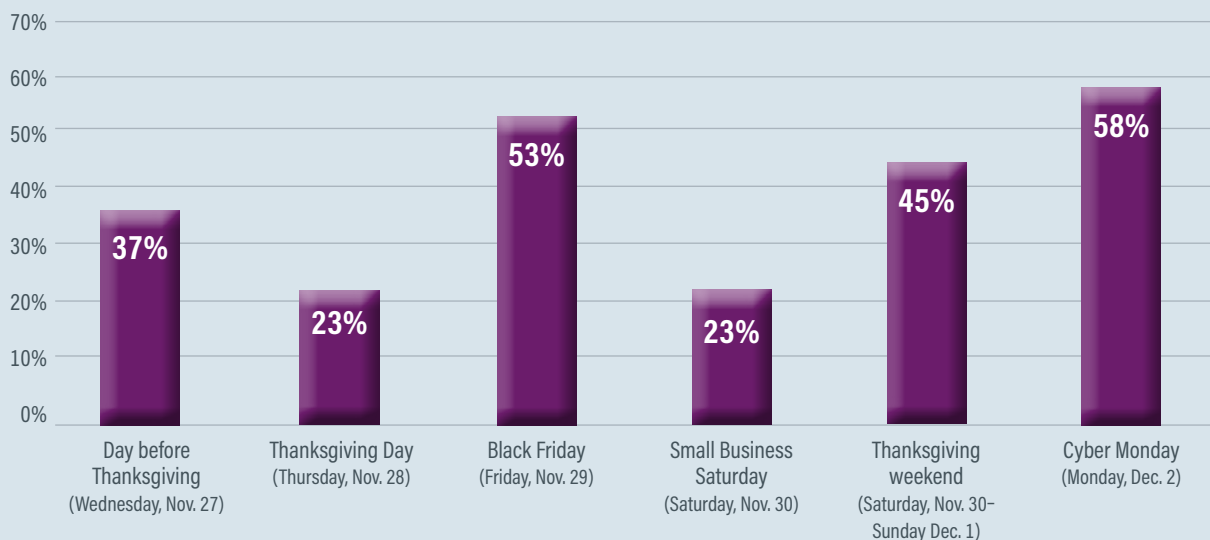
According to our research, Cyber Monday hit the highest shopping penetration, followed by Black Friday. Interestingly, retailers continue to extend promotions, creating a Cyber Week and perhaps a Cyber Month, based on the never-ending sea of promotions. Thanksgiving weekend lies in between, and with many people off work as early as Wednesday, 37% of online shoppers reported shopping that day. Many shoppers are not as focused on Small Business Saturday and Sunday as key shopping days, but 45% indicated having shopped those two days. I was happy to see that small businesses captured one in five shoppers. I personally noticed an uptick in email from local businesses encouraging store visits.

### 2. What devices are shoppers using?

73% of shoppers revealed they shopped on their desktops. Mobile, however, continues to inch ever closer, with 41% suggesting they used their smartphones to make holiday purchases during Cyber 5, while 21% used tablets.



## DID YOU SHOP ONLINE DURING ANY OF THE FOLLOWING DAYS?



### 3. Where are they buying?

Shopping was an A-to-Z affair, with 71% of online shoppers reportedly making a purchase on Amazon.com, while Zappos recorded a 1% penetration among online shoppers. Walmart and Target also fared well, coming in at 34% and 22%, respectively. Other strong retailers were Kohl's, eBay, Best Buy, Macy's and The Home Depot, which received purchases from at least 10% of the surveyed shoppers.

I'd be remiss not to mention that, beyond our supplied list of retailers, shoppers cited more than 150 others at which they shopped. The following retailers received at least three nods from shoppers:

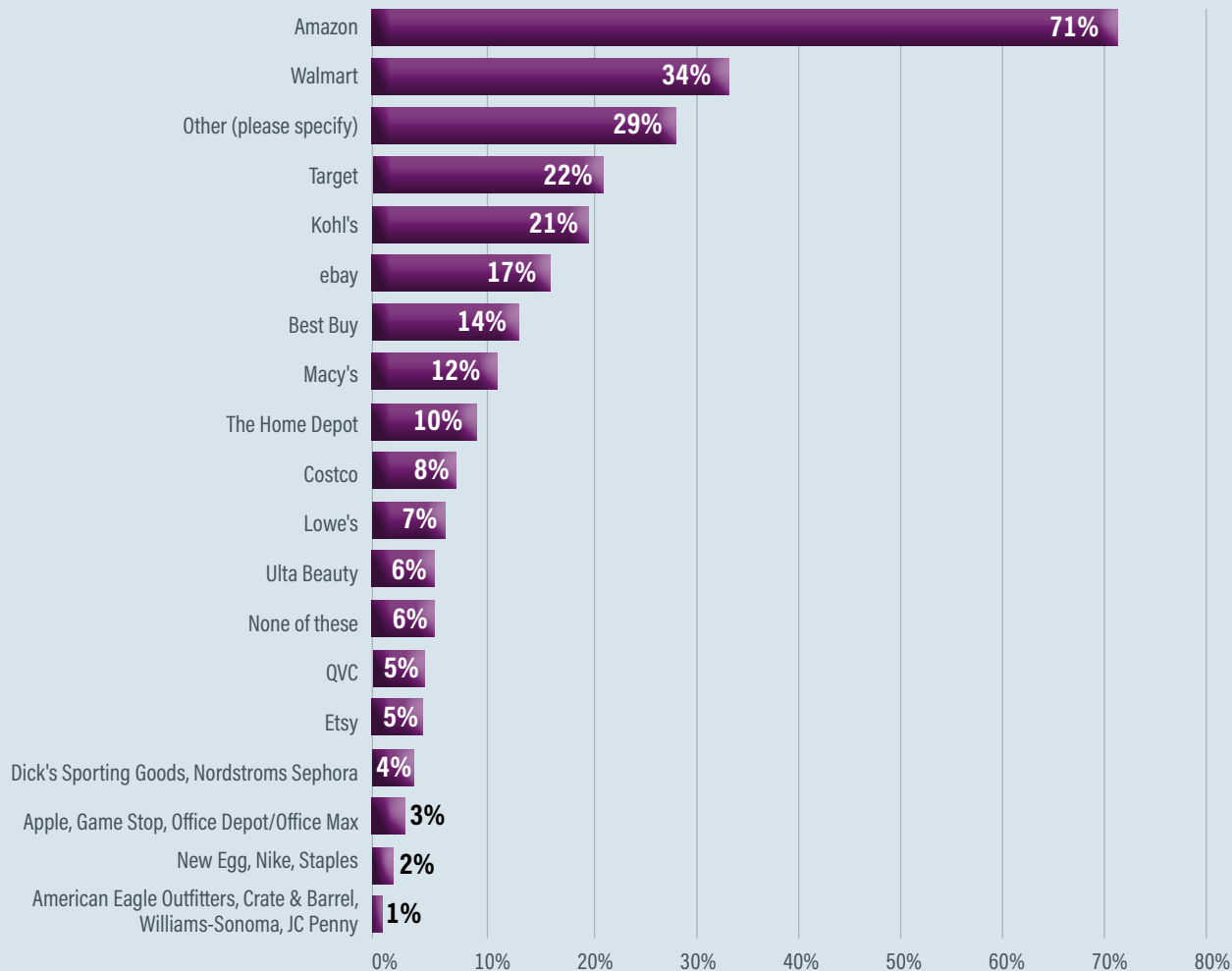
- Bath & Body Works
- Belk
- Elf
- HSN
- L.L.Bean
- Old Navy
- Sam's Club
- Victoria's Secret
- Wayfair

### 4. Why do online shoppers gravitate to certain retailers?

Free shipping tops the list of reasons retailers are selected. To reinforce consumer thinking regarding free shipping, almost half (49%) reported that all of their purchases included free shipping. 21% confirm they even searched for retail sites with free shipping. With Amazon's dominance and Prime members plentiful, these results are not surprising.

It was reassuring that a past experience with a retailer counts, as 56% of participants shared. Appealing promotions (34%), belonging to loyalty programs (26%) and email promotions (25%) reinforced that money talks when it comes to retailer selection. Product assortment made the top three as the right product remains high on the list. And wish lists should not be taken lightly, as 22% of online shoppers chose a retailer where their wish list played a role. Lastly, I would

FROM WHICH OF THE FOLLOWING RETAILERS DID YOU SHOP ONLINE DURING THE WEEK OF 11/25 THROUGH CYBER MONDAY (12/2)? Please select all that apply.



be remiss not to touch on customer service—19% noted a flexible return policy and 12% even pointed out having store-based returns available is important to retailer selection.

### 5. How are shoppers behaving this holiday season?

The savings continue as half of survey respondents checked for promotions and coupons during the five-day shopping period.

39% indicated they made those purchases for themselves as well. Marketplaces fared well and were shopped by at least 37% of those surveyed. The last important theme was omnichannel: 28% checked online for product availability at a nearby store, 21% looked up store information and 20% placed an order online for in-store pickup.

There is still significant business to come, so we will be watching. ●

## CONCLUSION

# SHOPPING IS FAR FROM COMPLETE

**Although the Cyber 5 and following Cyber Week** are over, holiday shopping is far from complete.

“With the condensed holiday season, consumers are feeling the pressure to get their shopping done in time,” says NRF’s president and CEO Matthew Shay. “Even those who typically wait until the last minute to purchase gifts turned out in record numbers all weekend long.”

Even the Green Monday sales holiday—which is the final Monday that comes 10 or more days before Christmas—on Dec. 9 reached \$3.00 billion, up 3.4% from \$2.9 billion a year earlier, making it the seventh-biggest online shopping day since Nov. 1, according to Adobe.

All in all, U.S. shoppers may spend \$138.50 billion with online retailers during the entire holiday season, according to a Digital Commerce 360 projection. This would be a 13.5% jump from an estimated \$122.00 billion in web sales during the same Nov. 1 to Dec. 31 period in 2018. Plus, Digital Commerce 360 projects that 19.2% of total holiday sales will take place online in 2019, up from 17.6% ecommerce penetration in 2018.

Digital Commerce 360’s projected growth for online holiday sales in 2019 would be a deceleration from the 2018 season’s 15.2% growth from \$105.95 billion in online holiday

revenue in 2017. Additionally, the U.S.’s total retail sales through all channels will reach \$720.71 billion this November and December, up 3.8% from \$694.32 billion last year.

For its holiday forecasting, Digital Commerce 360 analyzed sales and growth in U.S. ecommerce and total retail sales for the last decade, identifying trends in consumer spending habits during peak shopping periods. The research team also examined larger online retailers’ performance leading up to the holidays, historical ecommerce penetration of the overall retail industry and its trajectory as well as economic indicators, such as U.S. consumer sentiment.

With six fewer shopping days this year, the holidays may “sneak up” on consumers and they may miss shipping cut-off times for online retailers that require a longer time to delivery packages. Because of this, more shoppers could rely on Amazon.com Inc. and other big retailers—particularly those with more robust omnichannel programs that allow last-minute gifts to be picked up quickly in store.

Merchants with a bricks-and-mortar presence can capitalize on the benefits of using stores to fulfill late orders, an area where online-only merchants relying on ground shipping and a truncated schedule can’t compete. ●