

Holiday Sales Tune-up

Simple, effective tactics to increase seasonal sales



Exclusive MarketLive Report

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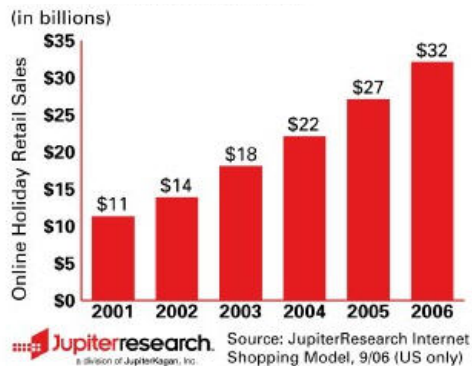
The winter holiday season has long been the biggest sales opportunity of the year for retailers, representing 20 percent of annual sales. If anything, for web merchants the opportunity is greater: With more and more consumers taking advantage of the convenience, selection and competitive prices found on the Web, online holiday sales have grown exponentially.

Catering to your customers' needs during this crucial period is key to your success as an online retailer. Not only do you have an opportunity to boost immediate sales; when you help holiday shoppers save time and find the right gifts, you'll strengthen a relationship that will pay off well past New Year's Day.

You don't need to overhaul your entire site to give your customers a swift and satisfying holiday experience. Instead, build on your existing merchandising and marketing to launch a series of key tactics that can be implemented during this peak season. Armed with a robust holiday plan, you'll indeed have something to celebrate this season – increased sales.

Holiday sales set to climb

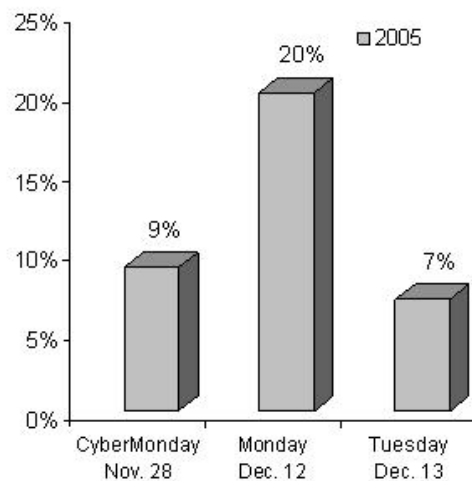
Yes, Virginia, the holidays have huge sales potential – and in 2006, the forecast looks healthy. JupiterResearch predicts that 2006 online holiday retail sales will grow to U.S. \$32 billion, an increase of 18 percent over last year's holiday season. Driving that growth will be individual shoppers who plan to spend more than \$1,000 each online, an 8 percent increase over last year, according to Gift Tracker's quarterly poll.



In anticipation of this surge, many online retailers have started rolling out holiday campaigns already. But the season is just starting; in fact, shoppers routinely turn to the 'Net as a last-minute option. In 2005, Monday, Dec. 12, was the number one shopping day online, followed by Tuesday, Dec. 13 – a full two weeks after Thanksgiving weekend, the traditional frenzied kickoff of the holiday shopping season. And the trend is likely to continue, with shoppers pushing the envelope to buy later in the season: Four of the 11 largest online shopping days in 2005 occurred December 12 through 16 – a 12% increase from 2004, according to Shop.org.

The holidays themselves were also peak sales days in 2005, with shoppers logging on Thanksgiving Day and Christmas Day in addition to the traditional "CyberMonday" on the Monday after Thanksgiving.

What day during the 2005 holiday season represented the largest amount of revenue from sales?



Source: shop.org 2005 e-Holiday Mood Study

In short, now is the perfect time to plan and execute a holiday-friendly merchandising strategy. Launching a series of timely tactics will make a difference as the 2006 season accelerates.

Holiday Success in Six Steps

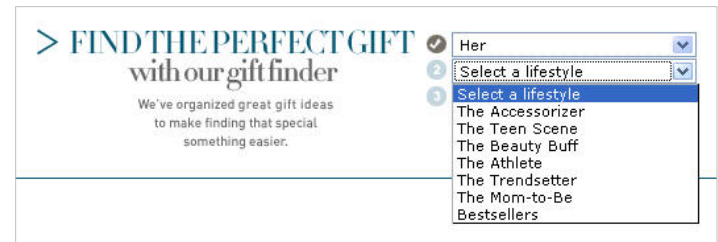
Making the most of the holiday season on your site doesn't require a major redesign or a total overhaul of your back-office. Instead, build on your existing merchandising and marketing to cater to holiday shoppers, offering them easy-to-find gifts with ease and convenience.

1. Highlight seasonal content, products and categories. Put the holiday season front and center so shoppers can find, choose and buy gifts easily.

Re-tool your site content and product categories to create a gift center where shoppers can browse and easily search recommended gift items. Promote the gift center on your home page and incorporate prominent links to it in your global navigation (your header, footer or other persistent navigation) to ensure visibility throughout the site. To the extent you can do so, provide alternative navigation within the gift center, allowing shoppers at a minimum to sort products by recipient and price range and view popular gift buys.

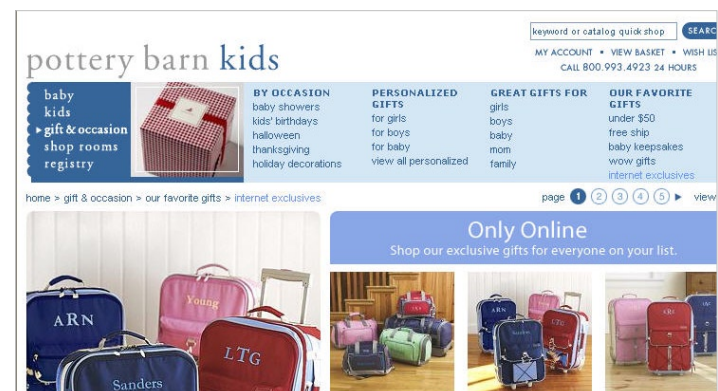


Build on the basics of your gift center to display gifts by theme – Holiday Entertaining, Hostess Gifts, or Stocking Stuffers – and build on your site's existing brand to offer gift searches by personality type or lifestyle. If your site is geared toward travelers, personality types might include Backpackers, Cruise Ship Sailors, Business Flyers and Four-Star Luxury Travelers.



If possible, use these categories to build a gift selector tool to further ease selection; with the click of a button, shoppers can see tailored suggestions for their intended recipient. At Nordstrom.com above, the Gift Finder tool gives shoppers a handful of lifestyle categories to select based on gender.

Make sure your gift center is well-stocked. Wide selection and unique products drive holiday shoppers online, according to Forrester Research; fulfill their expectations by offering a range of gift products. Highlight hard-to-find products you stock, and consider offering online-exclusive items that shoppers are unlikely to have seen before.



Pottery Barn Kids offers an entire section titled "Only Online," where shoppers can select customizable products unavailable in-store. The site emphasizes its message with the tagline "Shop our exclusive gifts."

The message is clear: Recipients are unlikely to get these gifts from anyone else.

2.

Help shoppers count down to the holidays by offering time-tailored promotions/specials. Offer quick gift finds to customers who are on a shopping deadline.

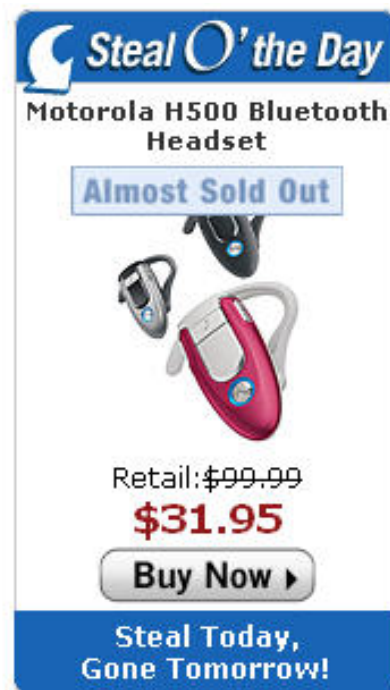
As the holiday shopping season swings into full gear, shoppers look to the 'Net for last minute finds. In 2005, almost 18% of men and 13% of women hadn't begun their holiday shopping by Dec. 18, MarketingSherpa found. And of those late shoppers, a full 30% still planned to find and purchase gifts online. To cater to their needs, design promotions that keep pace with the calendar.

Make room on your home page to feature a discounted "Holiday Gift of the Day," or design a "12 Days of Christmas" campaign to help shoppers count down to the holidays. Clearly spell out timelines for fulfillment and shipping and visibly promote and merchandise shipping cut off dates (don't make frazzled shoppers calculate or consult calendars if you can display the information automatically). Additionally, make sure a product's in-stock status is prominently displayed.



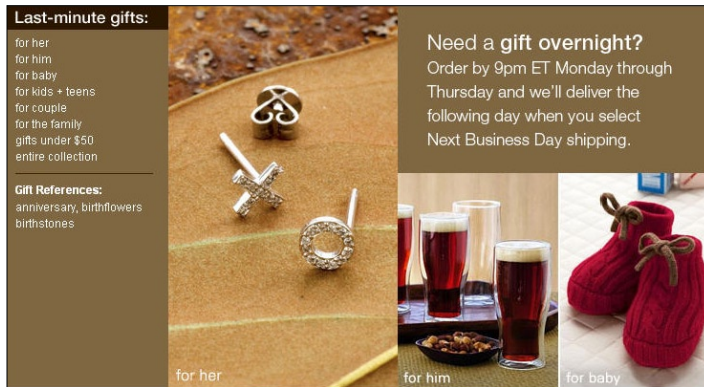
Frontgate offers a steep discount on its "Daily Special," giving shoppers a quick gift solution and an incentive to buy.

At Overstock.com, the "Steal 'O' the Day" emphasizes timeliness with the tagline "Gone Tomorrow." Shoppers not only get a discount on the featured item, but also have a sense of urgency about making the purchase – and they know that shoppers who visit the site the next day will see a different offer, which ups the chance that their selection won't be duplicated by someone else in the gift recipient's circle.



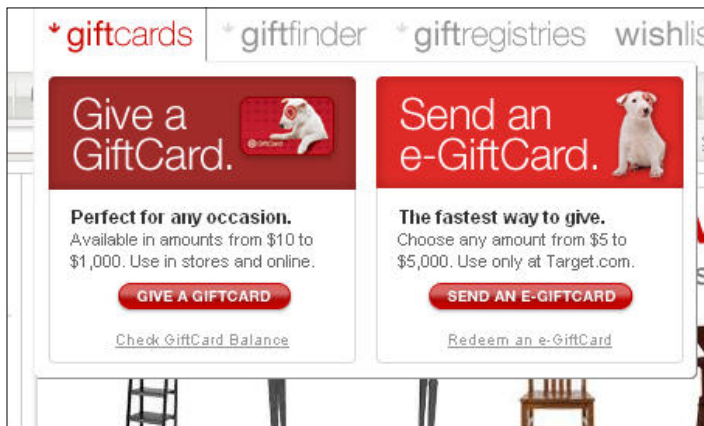
As the holidays close in, create and highlight a last-minute gifts category. Feature a selection of popular gift items that are in stock and guaranteed to arrive on time for the holidays. For added speed and convenience, consider offering an array of pre-wrapped, pre-selected and/or pre-packaged gifts, such as gift baskets already laden with a themed selection of goods.

RedEnvelope.com has an entire shopping category devoted to last-minute gifts that are guaranteed to arrive the next day. Shipping information is clearly displayed with requirements for next-day delivery.



And speaking of last-minute gifts, promote gift cards, gift certificates, and gift memberships or downloads, as they're fast last-minute solutions. They're popular options: More than two-thirds of customers surveyed last year intended to buy at least one gift card as a holiday gift, the National Retail Foundation found; as a result, total gift card sales from November and December of last year rose 20% to \$18.5 billion. To drive purchases of gift cards and certificates, place them prominently on the home page, and add a link to them on your global navigation.

Target gives "gift cards" pride of place on its top navigation; rolling over the navigation enables DHTML graphics giving shoppers the option to buy a physical or virtual gift card. Nothing could be easier – and it's accessible from every page in the site.

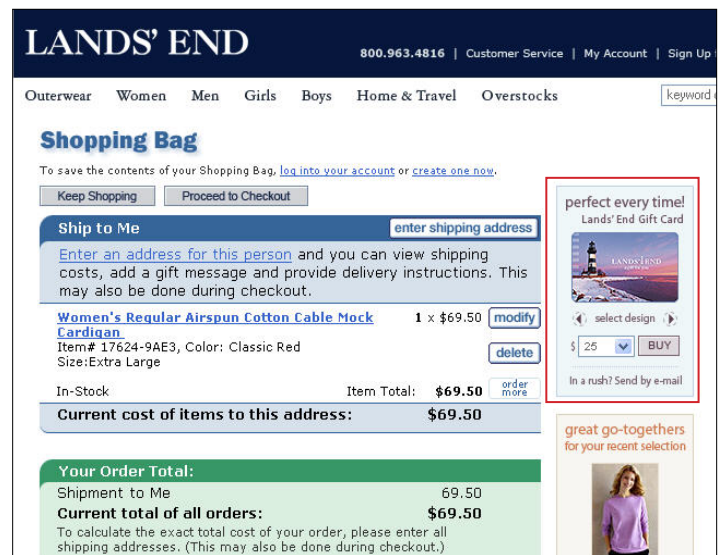


You should also promote gift certificates prominently on key merchandise real estate throughout your Web site. Start with the home page, and add them to the shopping cart page and checkout pages so shoppers on their way to a purchase can add a quick second gift to their baskets.

Boston Proper places gift certificates front and center on its list of holiday merchandise. With the tagline "always the proper choice," the site emphasizes the flexibility and ease that gift certificates provide.



Similarly, Lands End promotes a gift card offer within its shopping cart, stressing that they are "perfect every time" for a variety of gift recipients.



3. Stress convenience; it tops the list of reasons why people do their holiday shopping online. Make gift buying online fast and easy to drive holiday sales.

Go above and beyond helping gift shoppers select gifts and keep pace with the holiday countdown – stress ease, convenience, and hassle-free shopping throughout the site. According to Forrester, 83% of customers said they saved time shopping online, while 70% said they appreciated avoiding in-store crowds during the holidays.



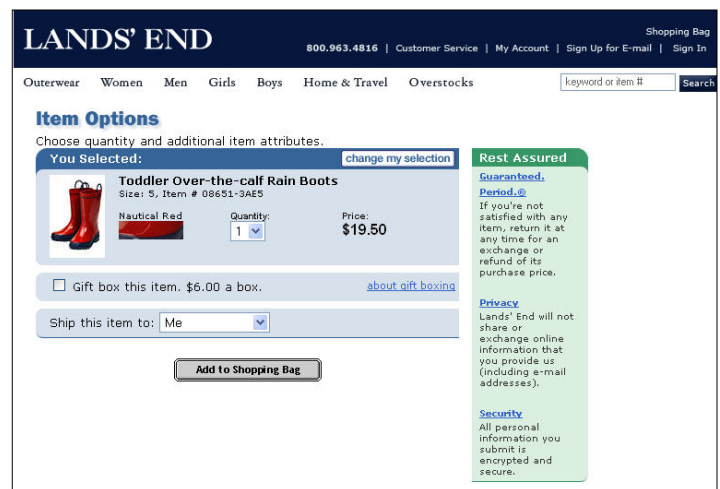
Merchandise and message to these “convenience” shoppers – stress ease of purchase with “beat the crowd” taglines. Target’s global navigation merchandising unit drives home the ease of gift cards with the tagline “anyone. anywhere. anytime.”

If you’re a multi-channel merchant, consider implementing a “buy online, pick-up in-store” promotion for those buyers who don’t want to undergo the shipping process – or who are out of time. Twelve percent of merchants plan to offer the service this year, according to WebTrends’ 2006 holiday readiness study – up from 10% the year before.

Additionally, highlight your shipping and delivery policies. The top complaints from 2005 holiday shoppers were that gifts didn’t arrive on time, according to Forrester; simplify decision-making by including delivery dates throughout the checkout process. Give shoppers even more of a worry-free experience by prominently posting product guarantees, privacy policies and information on gift returns.

Consider offering live chat and beefed-up phone and email service to help smooth the path from purchase to delivery; move customer service contact information into prominent position within your global navigation, so shoppers can pick up the phone or click an email link the instant they have a question.

Lands’ End’s (800) number remains at the top of the page throughout the site. Additionally, the shopping cart design highlights product guarantees and privacy information with a special “Rest Assured” sidebar column.

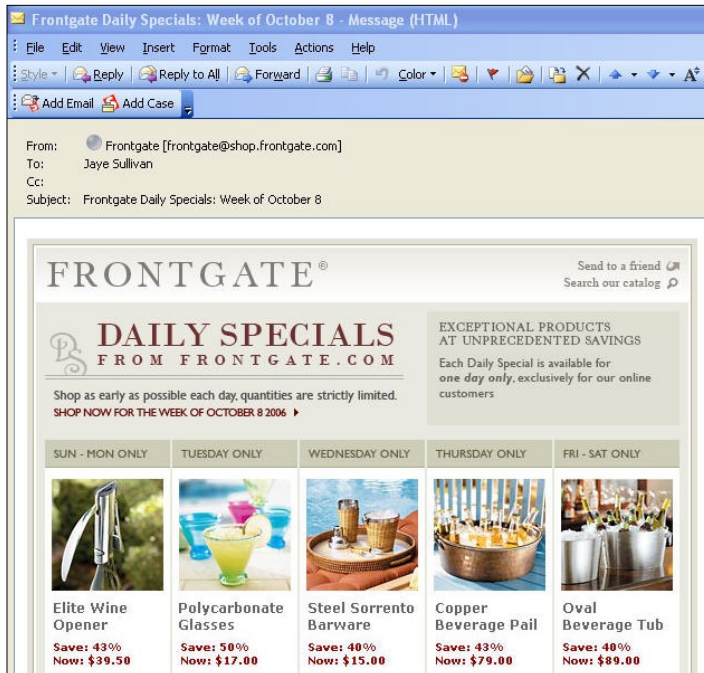


4. Ramp up your email marketing during the Holiday Season. Serve customers with targeted offers and gift ideas.

What could be more convenient for shoppers than receiving tailored gift suggestions directly in their email inboxes? Email gift marketing works: More than 50% of online shoppers took advantage of an email offer during the holiday season in 2005, MarketingSherpa found; 41% used email for comparison shopping during that time and fully one-third of shoppers obtained gift ideas from email promotions. So it’s well worth the effort to mine your email subscriber base and develop campaigns that focus on timely reminders and time-sensitive product promotions.

As the season approaches, test increasing the tempo of your email distribution. Start with weekly gift guides, then up the frequency to twice or three times a week with featured product discounts or free gift-wrap or shipping offers. When the last-minute frenzy begins, consider daily reminders and “gift of the day” features.

On top of regularly-scheduled email promotions, take advantage of event-triggered marketing opportunities, especially for shoppers who abandon their carts before purchase. Send them holiday follow-up messages offering incentives to return and complete the sale, from free gift wrap to discounted premium shipping.

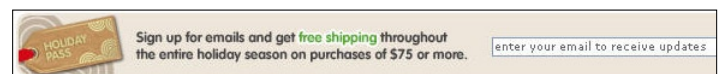


Drive email sign-ups by promoting your special holiday email programs throughout the site; browsers who receive email reminders late in the season are more likely to return and close the sale. At Sears, shoppers can sign up for two holiday-themed newsletters containing relevant content and offers – one weekly and one daily. The emphasis is on helping busy shoppers with tips for entertaining and gift “solutions” – in short, convenience, made possible by Sears.



Frontgate calls out the exceptional value of their “Daily Specials” with this email offer and recommends that customers “Shop as early as possible each day as quantities are strictly limited.”

Consider offering special promotions or discounts for email sign-ups during the holidays, as in this example from Gap, offering free shipping with conditions to new signups.



Segment and personalize email offers as much as possible. Start by crafting offers by channel of origin or purchase, recency, frequency and spending history. Send budget shoppers gift ideas in their price range, or offer top-end buyers free gift wrap or free premium shipping; offer loyal buyers incentives for making repeat purchases during the holidays. And for non-buyers on your email list, sending increasingly frequent offers with escalating promotions helps convert browsers to customers, Shop.org found.

If you're a multi-channel merchant, encourage in-store shoppers to shop online and vice-versa with targeted offers: Offer free shipping for online purchases to in-store shoppers purchasing more than \$50, or offer a free in-store gift card to top online spenders.

5.

Offer timely promotions to lure and keep shoppers. Synch site offers with the holiday sales cycle to give shoppers the right buying incentive.

The incentives you offer should match gift shoppers' changing needs as the season progresses. Just as you can tailor your site content to highlight gifts that fit the season, you should craft your promotions to match.

First, offer free shipping discounts throughout the holiday season. Research proves this is an offer you must make: It's the most important promotion sites can offer for 9 out of 10 shoppers, according to this year's Shop.org Holiday Best Practices report. And industry researcher Forrester found that fully a quarter of holiday shoppers in 2005 bought exclusively from sites that offered free shipping for their gift purchases. Tailor to increasing urgency by stepping up the free shipping offers as the days go by; lower the required purchase amount to receive free standard shipping, and start offering free overnight delivery for top spenders.

Promotions	Effectiveness Ranking (average thru Wave Four):	Percent of Merchants Using this Promotion:
Free shipping/no conditions	4.5	25%
Free shipping with conditions	4.3	79%
Offline-online sale	4.2	39%
Free Shipping with upgrade	4	48%
Online only sale	3.9	59%

Source: 2006 Shop.org Holiday Best Practices Report

Beyond free shipping, tailor your promotions to the time frame. From now until Thanksgiving week, offer early shopper discounts and incentives to help buyers cross items off their gift list hassle-free. Using RedEnvelope's "Shop Now, Ship Later," shoppers can purchase items and schedule delivery for Christmas week all at once – giving them a one-stop opportunity to take care of gift shopping immediately without having to deal with the hassle of items arriving early, or having to take delivery of items themselves and re-ship them later.

MYSELF SHIPPING INFORMATION AND GIFT MESSAGE

1. SHIPPING METHOD (select one)

- Ground \$8.95
(Most gifts arrive in 5-7 business days unless processing times apply; check product description.)*
- 2 Business Days \$16.95
(Most gifts arrive in 2 business days unless processing times apply; check product description.)*
- Next Business Day \$26.95
(Most gifts arrive next business day unless processing times apply; check product description.)*
- Shop Now, Ship Later \$8.95
(Select this ship method to pre-order now for delivery the week before Christmas.)

* Shipping details: click here for more information.
* Shipping options and prices may vary based on items ordered. Please check the individual product information page or ship method for details.
* Personalized and nonpersonalized items sent to the same address will ship together. Please note additional processing time required for personalized items on their individual product pages.
* Can't find the Shop Now, Ship Later option? If the Shop Now, Ship Later option isn't displaying, it's because there's a gift in your shopping bag that is ineligible for this delivery method. Most perishable gifts are not eligible via the website (most flowers, plants and gourmet gifts). Please return to Shopping Bag and remove the item from your order. If you would like to order a perishable gift (most flowers, plants and gourmet gifts) via Shop Now, Ship Later, please call Customer Service at 1.877.733.8683.

As the holiday deadline nears, focus promotions on ease and convenience: Offer free gift wrapping with purchase, or offer discounts on pre-packaged gift goods; feature "buy one, get one free" discounts as a way to help shoppers cross two items off their list instead of just one. And as last-minute shopping picks up the pace, feature promotions relating to gift cards – the ultimate time-saving solution – with offers of free cards above set order amounts.

Finally, don't forget post-holiday bargain hunters; roll out a sale on Christmas Day, and give prominence on your site to discounted items; target gift recipients who visit the site to make returns with free shipping for exchanges or discounts on similar items.

6.

Drive sales with search – onsite and off. Boost your site’s visibility to targeted niches, and invite action from onsite search results.

Time-pressed holiday shoppers need to find gifts easily and without fuss. Assist their efforts by making sure your site tops search engine results for your key shopping demographic; once browsers click your link, use your internal search engine to drive sales.

First, increase your spend for paid search and shopping comparison engines. In addition to boosting overall visibility for broad keyword terms, test and target more focused multiple keyword strings and keywords for seasonal items you offer. Typically, these niche buys will cost less and generate higher conversions. If you use keywords for particular products or product types, make sure your home page is synched to display them for easy finding, or use a specialized link for the paid search placement that brings shoppers directly to the right selection of goods.

On-site search is just as important for helping shoppers pinpoint the gifts they seek quickly. While retooling your search technology may not be feasible for this holiday season, you can still incentivize search users by beefing up navigation options within results to include seasonal links and holiday email signups. Tune up your “no results” search page; feature top holiday sellers and gift ideas, and place prominent links to your gift guide and gift certificates on the page.

Gump’s prominently promotes gifts on its “no results” page with a banner that takes browsers directly into its gift guide; Dylan’s Candy Bar suggests popular candy items as well as a link to its gift section.

Cause for celebration

Of course, the success of your holiday season depends on efforts you’ve made all year long. But by fine-tuning your merchandising and marketing, you’ll serve holiday shoppers better – and ring in the New Year with robust sales.

