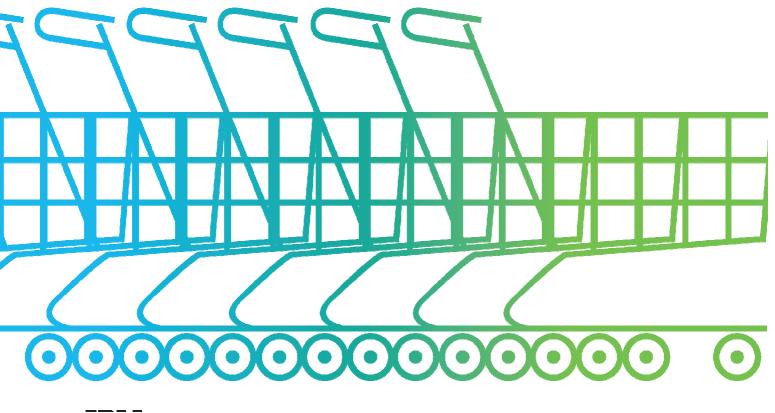
# IBM ExperienceOne

U.S. Retail

# Online Holiday Shopping Recap Report 2014

IBM DIGITAL ANALYTICS BENCHMARK



IBM

#### Overview

Retailers once again captured the attention of holiday shoppers online with sales growing year-over-year on key shopping days and throughout the holiday season. Mobile continued its strong growth resulting in record-breaking mobile traffic and sales.

Delivered by IBM Digital Analytics Benchmark, this report provides a summary of online retail shopping data and trends from the 2014 November and December holiday season.

#### **Thanksgiving and Black Friday**

Overall Thanksgiving sales were up 14.3 percent over 2013, as retailers rolled out discounts and promotions early.

**Historic Mobile Milestone Spurs Online Shopping**: Thanksgiving Day mobile traffic accounted for 52.1 percent of all online traffic – the first time mobile devices have outpaced their PC counterparts for online browsing. Black Friday mobile traffic reached 49.6 percent of all online traffic, an increase of 25 percent over last year. Black Friday mobile sales accounted for 27.9 percent of total online sales, up 28.2 percent over 2013.

Thanksgiving Eats Into Black Friday Sales: Thanksgiving Day online sales increased 14.3 percent over 2013, with Black Friday up 9.5 percent year-over-year. Average order value on Thanksgiving was \$125.25, down 1.8 percent over 2013; Black Friday was \$129.37, down 4.4 percent. This trend may indicate that shoppers are becoming more comfortable and digitally savvy in how they use online coupons and rebates to secure the best bargains. Black Friday online sales were 63.5 percent higher than Thanksgiving Day. This is a decrease from 2013, however, when it was 70 percent higher as Thanksgiving online sales continue to eat into Black Friday shopping.

**Top Five U.S. Cities for Online Shopping**: New York City claimed the top spot for Black Friday online shopping followed by Washington, D.C.; Atlanta, GA; Los Angeles, CA; and Chicago, IL. New York City shoppers spent on average \$121.91 per order on Black Friday.

**Smartphones Browse, Tablets Buy:** As the new digital shopping companion for many consumers, smartphones drove 34.7 percent of all Black Friday online traffic, more than double that of tablets, which accounted for 14.6 percent of all traffic. Yet, when it comes to mobile sales, tablets continue to win the shopping war – driving 16 percent of online sales compared to 11.8 percent for smartphones, a difference of 35.5 percent. Tablet users also averaged \$126.50 per order compared to \$107.55 for smartphone users, a difference of 17.6 percent.

**iOS vs. Android**: iOS once again led the way in mobile shopping this holiday season, outpacing Android across three key metrics on Black Friday:

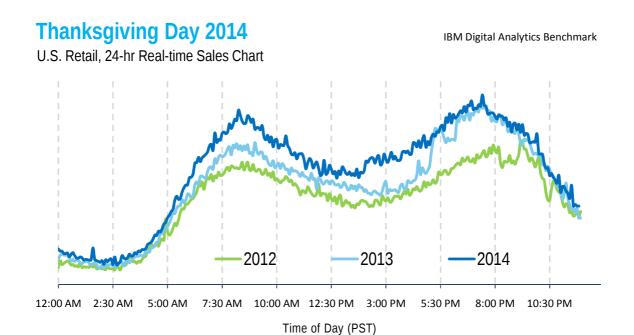
- o <u>Average Order Value</u>: iOS users averaged \$121.86 per order compared to \$98.07 for Android users, a difference 24.3 percent.
- o <u>Online Traffic</u>: iOS traffic accounted for 34.2 percent of total online traffic, more than double that of Android, which drove 15 percent of all online traffic.
- o <u>Online Sales</u>: iOS sales accounted for 21.9 percent of total online sales, nearly quadruple that of Android, which drove 5.8 percent of all online sales.

**The Desktop is Not Dead:** When consumers did choose to use their PC or desktop, they spent more with an average order value of \$135.33 compared to \$116.02 for mobile shoppers, a difference of 16.6 percent.

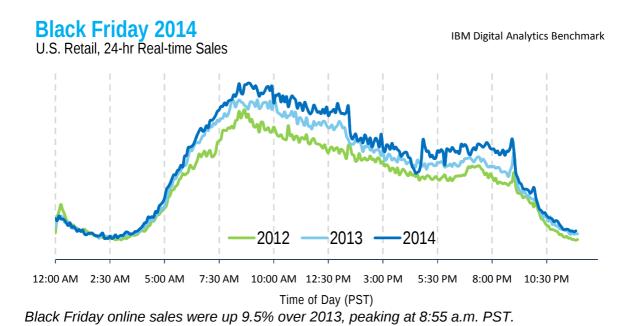
**Social Influence – Facebook vs. Pinterest:** As marketers continue to rely on social channels to drive brand loyalty and sales, IBM analyzed trends across two leading sites on Black Friday – Facebook and Pinterest. Facebook referrals drove an average of \$109.94 per order compared to \$100.24 for Pinterest, a difference of nearly 10 percent. Facebook referrals converted online sales at more than twice the rate of Pinterest.

Less Frequent, More Targeted Email Promos\*: Retailers sent an average of 5.3 emails on Black Friday 2014, decreasing more than 11 percent over the same period in 2013, as retail marketers continue to send more targeted -- and less frequent -- messages to shoppers. Open and click-through rates – when someone opens an email and clicks at least one link – were 12.9 percent and 2.4 percent, on Black Friday and Thanksgiving Day, compared to 15.4 percent and 2.8 percent respectively, last year.

<sup>\*</sup> Denotes Silverpop-specific data not included in the IBM Digital Analytics Benchmark report. Silverpop, an IBM Company, is a cloud-based digital marketing provider that offers email marketing and lead management solutions.



Online sales peaked in the morning and again in the evening on Thanksgiving. Online shopping began to pick up earlier (around 1:45 p.m. PST) than in 2013 leading up to the evening peak time of 7:30 p.m. PST. Online sales grew 14.3% over 2013.



U.S. Retail Black Friday Black Friday 2014 Sales Versus:

Black Friday 2013

▲ 9.48%

Thanksgiving 2014

▲ 63.47%

IBM Digital Analytics Benchmark

Transaction Metrics	Black Friday 2014	Black Friday 2014 vs. 2013	Thanksgiving 2014	Black Friday vs. Thanksgiving 2014
Items per Order	3.97	3.39%	4.30	-7.67%
Average Order Value	\$129.37	-4.36%	\$125.25	3.29%
Conversion Rate	3.95%	2.07%	3.26%	21.17%
New Visitor Conversion Rate	3.15%	2.61%	2.49%	26.51%
Shopping Cart Sessions	13.23%	8.89%	12.09%	9.43%
Shopping Cart Conversion Rate	27.57%	-4.73%	24.18%	14.02%
Shopping Cart Abandonment Rate	72.43%	1.93%	75.82%	-4.47%
Session Traffic Metrics				
Average Session Length	8:26	-5.95%	8:13	2.64%
Bounce (One Page) Rate	31.37%	2.85%	32.43%	-3.27%
Browsing Sessions	47.65%	0.57%	46.09%	3.38%
Page Views Per Session	8.37	2.32%	8.31	0.72%
Product Views Per Session	2.41	2.55%	2.37	1.69%
Desktop Metrics				
Desktop: % of Sales	72.06%	-7.82%	67.64%	6.53%
Desktop: % of Site Traffic	50.14%	-16.32%	47.62%	5.29%
Desktop: Bounce Rate	27.98%	1.82%	29.88%	-6.36%
Desktop: Conversion Rate	5.80%	10.48%	4.69%	23.67%
Desktop: Average Order Value	\$135.33	-2.06%	\$132.48	2.15%
Mobile Metrics				
Mobile: % of Sales	27.91%	28.20%	32.33%	-13.67%
Mobile: % of Site Traffic	49.63%	25.01%	52.11%	-4.76%
Mobile: Bounce Rate	34.78%	-0.51%	34.74%	0.12%
Mobile: Conversion Rate	2.65%	7.29%	2.41%	9.96%
Mobile: Average Order Value	\$116.02	-6.13%	\$112.69	2.96%



#### **Cyber Monday**

Consumers clicked their way to the best deals on Cyber Monday – which remained the biggest online shopping day of the holiday season with an 8.5 percent increase in online sales over 2013. However, year-over-year online sales growth was higher on Thanksgiving and through Thanksgiving weekend than on Cyber Monday. The shopping phenomenon of Cyber Monday appears to be spreading out over several days with 12.6% YoY growth over the 5-day period of Thanksgiving through Cyber Monday.

#### **Cyber Monday 2014 Compared to Cyber Monday 2013:**

**Online Sales Grow**: The Monday after Thanksgiving remained the busiest day for online shopping over the five day period. Cyber Monday online sales grew by 8.5 percent over 2013. Average order value was \$124.21, down 3.5 percent year-over-year.

**Cyber Monday Becomes Mobile Monday:** Cyber Monday mobile traffic accounted for 41.2 percent of all online traffic, up 30.1 percent over 2013. Mobile sales were also strong, reaching 22 percent of total Cyber Monday online sales, an increase of 27.6 percent year-over-year.

New York City Takes Top Spot for Cyber Sales: New York City again claimed the top spot for Cyber Monday sales, followed by Washington, D.C.; Atlanta, GA; Los Angeles, CA; and Chicago, IL. On average, New York City shoppers spent \$112.44 per order on Cyber Monday.

**Smartphones Browse, Tablets Buy:** As the new digital shopping companion for many consumers, smartphones drove 28.5 percent of all Cyber Monday online traffic, more than double that of tablets, which accounted for 12.5 percent of all traffic. Yet, when it comes to mobile sales, tablets continue to win the shopping war – driving 12.9 percent of online sales compared to 9.1 percent for smartphones, a difference of 41.5 percent. Tablet users also averaged \$121.49 per order compared to \$99.61 for smartphone users, a difference of 22 percent.

**iOS vs. Android**: iOS once again led the way in mobile shopping this holiday season, outpacing Android across three key metrics on Cyber Monday:

- o <u>Average Order Value</u>: iOS users averaged \$114.79 per order compared to \$96.84 for Android users, a difference 18.5 percent.
- o <u>Online Traffic</u>: iOS traffic accounted for 28.7 percent of total online traffic, more than double that of Android, which drove 12.2 percent of all online traffic.
- o <u>Online Sales</u>: iOS sales accounted for 17.4 percent of total online sales, more than four times that of Android, which drove 4.4 percent of all online sales.

**The Desktop is Not Dead:** As shoppers returned to work on Cyber Monday, desktop PCs accounted for 58.6 percent of all online traffic and 78 percent of all online sales. Consumers also spent more while shopping on their PCs with an average order value of \$128.24 compared to \$110.72 for mobile shoppers, a difference of 15.8 percent.

Retailers Use Email to Deliver Follow-Up Deals\*: Transactional messages, or emails that are automatically triggered by a consumer's action like a purchase receipt or cart abandonment, increased 48 percent year-over-year. The median number of emails sent to consumers from retailers on Cyber Monday was two, remaining the same in 2014 compared to 2013. Open and click through rates on Cyber Monday were 12.8 percent and 2.2 percent, respectively. More than 46 percent of Cyber Monday emails were opened on mobile devices or tablets, versus 52 percent on desktops.

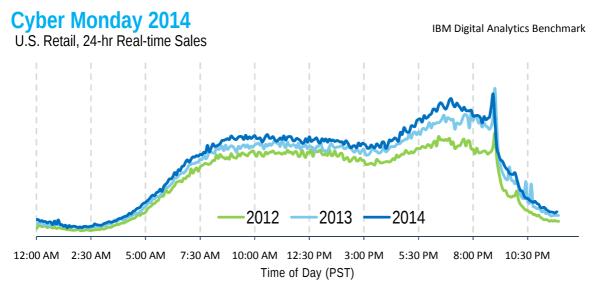
**Social Influence – Facebook vs. Pinterest:** As marketers continue to rely on social channels to drive brand loyalty and sales, IBM analyzed trends across two leading sites, Facebook and Pinterest. Pinterest referrals drove an average of \$97.78 per order compared to \$123.44 for Facebook, a difference of 26.2 percent.

#### **Cyber Monday 2014 Compared to Black Friday 2014:**

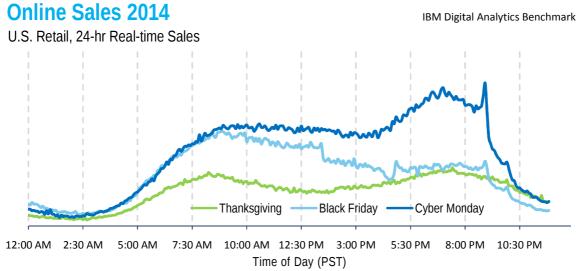
**Cyber Monday Still Largest for Online Sales:** Cyber Monday online sales were 30.5 percent higher than Black Friday in 2014. However, Black Friday shoppers spent an average of \$129.37 per order, compared to \$124.11 per order on Cyber Monday, a difference of 4.2 percent.

**Black Friday Shoppers More Mobile:** Mobile traffic and sales decreased between Black Friday and Cyber Monday as consumers headed back to the office. Cyber Monday mobile sales were down 21.2 percent, and mobile traffic down 17 percent, compared to Black Friday.

<sup>\*</sup> Denotes Silverpop-specific data not included in the IBM Digital Analytics Benchmark report. Silverpop, an IBM Company, is a cloud-based digital marketing provider that offers email marketing and lead management solutions.



Cyber Monday online sales grew by 8.5% over 2013 and continued to be the biggest online shopping day of the year.



Cyber Monday continued to outpace Thanksgiving and Black Friday in online sales, rising in the morning and remaining steady throughout business hours, then picking up in the evening.

# U.S. Retail Cyber Monday

Cyber Monday 2014 Sales Versus:

Cyber Monday 2013

▲ 8.45%

Black Friday 2014

▲ 30.46%

IBM Digital Analytics Benchmark

Transaction Metrics	Cyber Monday 2014	Cyber Monday 2014 vs. 2013	Black Friday 2014	Cyber Monday vs. Black Friday 2014
Items per Order	4.08	0.49%	3.97	2.77%
Average Order Value	\$124.21	-3.54%	\$129.37	-3.99%
Conversion Rate	5.15%	3.62%	3.95%	30.38%
New Visitor Conversion Rate	4.14%	2.48%	3.15%	31.43%
Shopping Cart Sessions	15.05%	6.74%	13.23%	13.76%
Shopping Cart Conversion Rate	31.62%	-2.98%	27.57%	14.69%
Shopping Cart Abandonment Rate	68.38%	1.44%	72.43%	-5.59%
Session Traffic Metrics				
Average Session Length	8:28	-5.40%	8:26	0.40%
Bounce (One Page) Rate	30.84%	4.26%	31.37%	-1.69%
Browsing Sessions	49.35%	2.24%	47.65%	3.57%
Page Views Per Session	8.40	0.00%	8.37	0.36%
Product Views Per Session	2.43	2.53%	2.41	0.83%
Desktop Metrics				
Desktop: % of Sales	77.99%	-5.74%	72.06%	8.23%
Desktop: % of Site Traffic	58.62%	-14.20%	50.14%	16.91%
Desktop: Bounce Rate	27.85%	3.26%	27.98%	-0.46%
Desktop: Conversion Rate	6.98%	10.62%	5.80%	20.34%
Desktop: Average Order Value	\$128.24	-0.84%	\$135.33	-5.24%
Mobile Metrics				
Mobile: % of Sales	21.99%	27.63%	27.91%	-21.21%
Mobile: % of Site Traffic	41.21%	30.08%	49.63%	-16.97%
Mobile: Bounce Rate	35.06%	1.48%	34.78%	0.81%
Mobile: Conversion Rate	3.25%	4.84%	2.65%	22.64%
Mobile: Average Order Value	\$110.72	-6.19%	\$116.02	-4.57%



#### **November and December**

Online sales for November and December combined showed strong growth, increasing by 13.9 percent over the same two months in 2013. While Cyber Monday continued to be the biggest shopping day of the season, the growth rate was lower, at 8.5 percent over 2013. This is further indication that consumers are taking advantage of online sales well beyond the mega one-day sale and extending their online shopping throughout the holiday season.

November and December online sales growth was led by several industries:

**Department Stores** grew in online sales by 16.8 percent over 2013, with mobile percentage of sales up 20.5 percent. Average order value was \$146.63, a decrease of 5.6 percent year-over-year.

Health and Beauty grew in online sales by 24 percent over 2013, with mobile percentage of sales up 31.5 percent. Average order value was \$64.56, a decrease of 4.4 percent year-over-year.

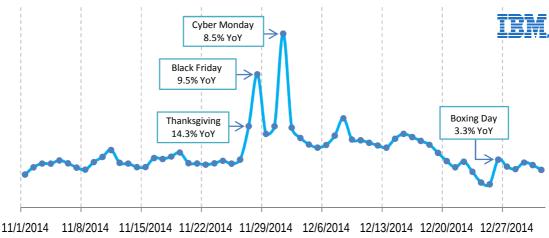
Home Goods grew in online sales by 22 percent over 2013, with mobile percentage of sales up 8.3 percent. Average order value was \$225.61, an increase of 8.4 percent year-over-year.

**Apparel** grew in online sales by 12.4 percent over 2013, with mobile percentage of sales up 23.8 percent. Average order value was \$108.78, a decrease of 3.9 percent year-over-year.

# U.S. Retail Daily Sales 2014

November 1st to December 31st 2014

IBM Digital Analytics Benchmark

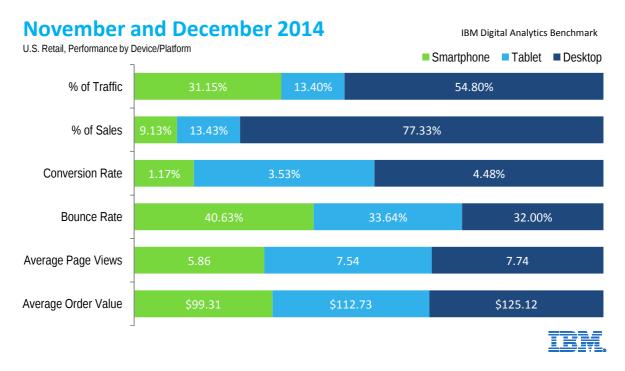


While Cyber Monday remained the biggest shopping day of the season, the growth rate was lower than that of other key shopping days as well as November/December combined.

#### **Desktop and Mobile**

While the explosion of mobile use by consumers has transformed retail online shopping over the last several years, desktop was still the preferred platform for making the purchase, with sales accounting for 77.3 percent of all online sales for November and December combined. With the appeal of the larger screen real estate, desktop also outperformed smartphones and tablets in other key metrics such as traffic, conversion rate, bounce rate, average page views and average order value.

Within mobile, tablets outperformed smartphones in most metrics including percentage sales, conversion rate, bounce rate, average page views and average order value. However, smartphones generated 31.2 percent of all online traffic in November and December combined, nearly two and a half times that of tablets.



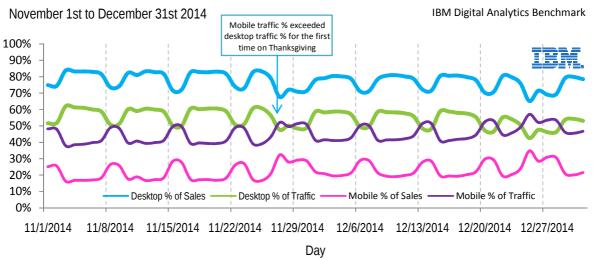
Desktop led in online shopping followed by tablets and smartphones. However, as traffic and sales from smartphones and tablets increase, desktop traffic and sales decrease.

Mobile continued to surge, growing in double digits over 2013. For November and December combined, mobile sales reached 22.6 percent of all online sales, an increase of 27.2 percent over the same period in 2013. Similarly, mobile traffic reached 45 percent of all online traffic, an increase of 25.5 percent.

While mobile increases in sales and traffic, desktop sales and traffic correspondingly decrease, as depicted in the graph on this page. For instance, mobile use increased on weekends and holidays while desktop use decreased during those times. Similarly, over the course of the holiday season, mobile traffic and sales continued to trend upward as desktop trended downward.

Breaking a threshold on Thanksgiving, mobile percentage of traffic eclipsed that of desktop for the first time, at 52.1 percent, and continued to do so on weekends and during Christmas week. Mobile soared to an all time high on Christmas Day when mobile traffic reached 57.1 percent of all online traffic, and mobile sales reached 34.8 of all online sales.

## U.S. Retail Daily Traffic and Sales: Desktop and Mobile



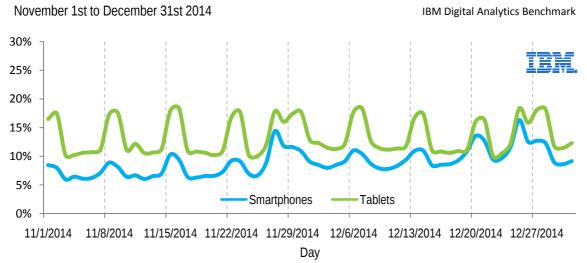
Mobile use increased on weekends and holidays. Mobile percentage of traffic eclipsed that of desktop on Thanksgiving for the first time and continued to do so on subsequent weekends and during Christmas week.

#### **Smartphones and Tablets**

Shoppers generally used smartphones to browse and tablets to buy over the holiday season. For November and December combined, smartphone traffic generated 31.2 percent of all online traffic compared to tablets at 13.4 percent. However, tablets drove more sales, at 13.4 percent of all online sales, while smartphones drove 9.1 percent.

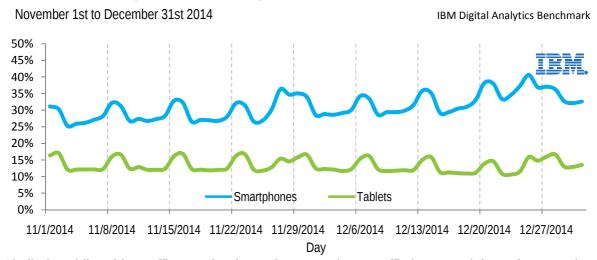
However, throughout the holiday season, smartphones gained significant ground on tablets in both sales and traffic.

# **U.S. Retail Daily Sales: Smartphones and Tablets**



The margin narrowed significantly throughout the holiday season as the percentage sales from smartphones was only slightly lower than that of tablets by Christmas week.

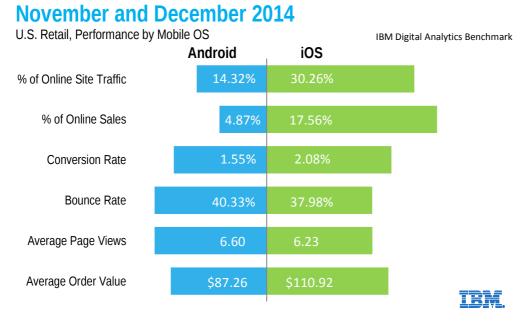
# **U.S. Retail Daily Traffic: Smartphones and Tablets**



Similarly, while tablet traffic remained steady, smartphone traffic increased through December.

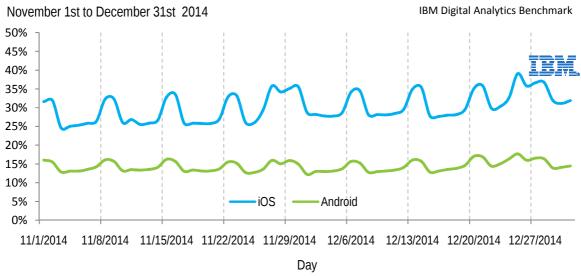
#### **Mobile Operating Systems**

iOS outpaced Android in many respects. Most notably, percentage sales from iOS was over triple than that of Android for November and December combined.



iOS led Android in online shopping on many metrics, however, Android had slightly higher average page views per session.

## U.S. Retail OS % of Site Traffic: iOS and Android



While both iOS and Android traffic increased on weekends and holidays, this trend was more prominent for iOS.

#### **Summary**

U.S. online retail sales saw strong growth during the holiday season, increasing by 13.9 percent for November and December combined over the same period in 2013. While Cyber Monday remained the strongest shopping day of the season, year-over-year sales increased by 8.5 percent over 2013, which was lower than that of Thanksgiving and Black Friday. While Cyber Monday continues to be a key online shopping day, retailers are extending deals and enticing consumers to take advantage of sales throughout the holiday season.

Mobile continued to surge with double digit growth over 2013, breaking new records in its wake. For the first time on Thanksgiving, mobile traffic exceeded that of desktop traffic, reaching 52.1 percent, and continued to do so on weekends and during Christmas week. Christmas Day set new highs in mobile as mobile traffic reached 57.1 percent of all online traffic, and mobile sales soared to 34.8 percent of all online sales.

In general, smartphones were used to browse, generating a higher percentage of traffic compared to tablets. Tablets were used more to purchase, generating a higher percentage of sales than smartphones. While this is not unexpected, due in large part to the larger screen real estate of tablets, smartphones gained significant ground in both traffic and sales over tablets during November and December.

For example, in the beginning of November, tablet percentage of sales was double that of smartphones. However, by Christmas week, smartphone percentage of sales was only slightly lower than that of tablets. With the influx of smartphone devices in the market and growing consumer confidence in utilizing their steady companion for eCommerce, retailers will need to invest in mobile strategies to accommodate the dynamic user preferences seen this holiday season.

iOS outpaced Android in generating traffic and sales, in bounce rate, average order value and conversion rate. Android, however, had slightly higher average page views for November and December combined. Both operating systems significantly contributed to online shopping and should be prioritized by retailers in their eCommerce planning and strategy.

Stay tuned for the 8<sup>th</sup> Annual Online Retail Readiness Report which will be released mid-year. This report will provide an in-depth analysis of the latest online trends, as well as best practices to optimize marketing and drive sales for the 2015 holiday season.

For more information on Black Friday and Cyber Monday 2014 and to access IBM ExperienceOne Benchmark Live, a new self-service app, visit: <a href="https://www.ibm.com/benchmark">www.ibm.com/benchmark</a>

#### **Source Data**

The data in this report is delivered by IBM Digital Analytics Benchmark which tracks millions of transactions and terabytes of data from participating U.S. retail websites. All data is aggregated and anonymous.

#### **Transaction Summary Metrics**

#### 1. Items Per Order

The average number of items purchased per order

#### 2. Average Order Value

The average value of a submitted order

#### 3. Conversion Rate

The percentage of sessions that resulted in an order

#### 4. New Visitor Conversion Rate

Out of all new visitor sessions, the percentage that completed an order

#### 5. Shopping Cart Session Percentage

The percentage of sessions in which visitors placed at least one item in their shopping carts

#### 6. Shopping Cart Conversion Rate

The percentage of shopping carts that resulted in an order

#### 7. Shopping Cart Abandonment Rate

The percentage of shopping carts that are abandoned without completing the order

#### **Session Traffic Summary Metrics**

#### 1. Average Session Length

The average length of time for a visitor session

#### 2. Bounce (One Page) Rate

The percentage of sessions in which visitors only viewed one page before leaving the site

#### 3. Browsing Session Percentage

The percentage of sessions in which visitors viewed at least one product page

#### 4. Page Views Per Session

The average number of pages viewed in a single session

#### 5. Product Views Per Session

The average number of products viewed in a single session

#### **Desktop and Mobile Summary Metrics**

#### 1. Percentage of Sales

Out of all online sales, the percentage that was from desktop (or) from mobile devices

#### 2. Percentage of Site Traffic

Out of all sessions, the percentage that was from desktop (or) from mobile devices

#### 3. Bounce Rate

The percentage of sessions from desktop (or) from mobile devices in which visitors only viewed one page before leaving the site

#### 4. Conversion Rate

The percentage of sessions from desktop (or) from mobile devices that resulted in an order

#### 5. Average Order Value

The average value of orders submitted by desktop (or) by mobile devices

## **About IBM Digital Analytics Benchmark**

IBM Digital Analytics Benchmark is part of the cloud-based IBM Digital Analytics solution and enables users to accurately measure their online marketing results--including e-commerce sales--against that of their peers. Benchmark is the only real-time, self-service solution that delivers aggregated and anonymous competitive data for a comprehensive set of key performance indicators, showing how a site performs compared to its industry vertical and subvertical peers and competitors. Key performance indicators span traffic, engagement, channels, sales and conversion metrics including mobile, social and more.

# **About IBM ExperienceOne**

IBM ExperienceOne helps organizations attract, delight and maximize the lifetime value of customers by enriching the ways they engage with each of them. IBM ExperienceOne provides solutions and expertise to help marketing, merchandising, sales and customer service leaders achieve specific business goals.

#### **About IBM Smarter Commerce**

IBM Smarter Commerce puts the customer at the center of your business by viewing the brand experience through your customer's eyes. At the same time, it optimizes within and across all brand touchpoints to create a deeper brand relationship with your customer while improving operational excellence for you. It leverages heightened customer insight and automated execution to enable you to consistently deliver personalized, highly-relevant, seamless customer engagement to increase satisfaction, loyalty, and brand advocacy and improve asset utilization to drive profitable growth.

#### For More Information

To learn more about IBM ExperienceOne customer engagement solutions, please contact your IBM marketing representative or IBM Business Partner, or visit the following website: ibm.com/software/marketing-solutions/experienceone

For more information on IBM Digital Analytics Benchmark, visit: <a href="www.ibm.com/benchmark">www.ibm.com/benchmark</a>

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