criteo.

2016 Holiday Initiative Summary Report

August 2016

GAME CHANGERS Ipsos

A Note From Criteo…

As fall approaches, marketers are busy gearing up for the annual frenzy that is the holiday e-commerce season. Each year, new tools and strategies emerge to help brands capitalize on the biggest shopping season, yet one of the most valuable tools is knowledge, and specific insights into actual consumer behavior are essential for advanced marketing tactics and planning.

Thus, we have again partnered with Ipsos to glean detailed insights into the characteristics, device preferences and shopping patterns of the holiday season's digital shoppers. By combining the findings of a consumer survey with the data from shopper mobile analytics over the 2015 holiday season, this report offers key intelligence and best practices to assist marketers in effectively leveraging the new data and targeting holiday consumers successfully.

At Criteo, we're committed to developing products that enable brands to maximize visibility and target customers across mediums, increasing engagement and boosting sales. We're enthused that the findings of this report validate our efforts in offering the most effective, state-of-the-art tools for retargeting on the market.

For more information or assistance on targeting shoppers with relevant ads via smartphone, tablets, desktop, email and/or social media this holiday season -- or year-round -- please contact us.

STUDY OVERVIEW

Overview of Approach

Ipsos designed a two-pronged approach for Criteo, leveraging a combination of the following tools in order to provide powerful, robust <u>people-based</u> insights around holiday shopping and role of digital advertising.

Consumer Quantitative Survey

✓ **Online Quantitative Study**

+

Mobile Passive Analytics

✓ **Mobile Device Tracking**

Consumer Survey: Methodology

OVERVIEW

- ✓ **Methodology:**
  1,000 online interviews
  - Device agnostic (could take survey in PC or mobile)
- ✓ **Target Audience:**
  US E-Commerce Shoppers who browsed, researched or purchased online during the 2015 holiday season

QUALIFICATIONS

- ✓ 18+ years of age; sample balanced by age and gender
- ✓ Own and personally use a smartphone or tablet to access the Internet
- ✓ Shopped online via a smartphone or tablet between November 1, 2015 and January 1, 2016

KEY SEGMENTS

- ✓ Age: 18-34, 35-54, 55+ years
- ✓ Gender
- ✓ Income: <$25K, $25K-<$50K, $50K-<$75K, $75K-<$100K, $100K+
- ✓ Online Shopping Frequency (Shop for products or services online)
  - High (Daily)
  - Medium (At least 1/week)
  - Low (Less often)

Mobile Passive: Methodology

The following report focuses primarily on Mobile Device Tracking, but also includes key insights by combining the two behavioral data sets detailed below – Mobile Device Activity + E-Commerce Purchase Data.

MOBILE DEVICE TRACKING

Overview

- Technology Partner: Reality Mine
- Time Period: Covers the US Holiday shopping period, November 16 2015 - January 8, 2016.
- Panelists: 2314 panelists

Methodology

- On-device app tracked web and app activity of Reality Mine panelists (Android users)
- Panelists opt-in

E-COMMERCE PURCHASE DATA

Overview

- Technology Partner: Return Path
- Time Period: Covers the US Holiday shopping period, November 16 – December 31, 2015
- Panelists: 713 thousand panelists

Methodology

- Webmail inbox scanning for purchase receipts
- All data is fully anonymized

KEY THEMES

Digital Holiday Marketing: Key Themes

1 **Plan Early & For The Peaks.** Holiday Shopping continues to start earlier and Halloween is the new Thanksgiving in terms of the start of the holiday rush. It is also critical to acknowledge key peaks in mobile activity that span into December.

2 **Digital Dominates, And Cross Device is Critical.** Shopping activity is driven by digital and mobile over traditional channels. Important to note, PC is largely in play for purchase.

3 **Holiday Efforts Can Yield Benefits That *Extend Far Beyond* The Holiday Period.** A strategic, targeted mobile holiday approach can get new customers feet in the door, as well as convert them into lifelong customers.

4 **Optimization is critical; errors can cost retailers the sale.** Consumers indicate mobile purchase is reliant on not only lowest cost, but site/app functionality and optimization is essential. Prepare the process to find and buy as direct and straightforward as possible to drive increased sales.

Digital Holiday Marketing: Key Themes

5   **Mobile Generation Gap.** For Millennials and Gen X, it's a Smartphone-based holiday shopping season, but remains a PC & tablet centered experience for Boomers.

6   **Targeting and Optimizing Strategies for Millennials is key. Millennial mobile shoppers are:**

- Smartphone-centric
- Shopping earlier
- More open to range of mobile sources & payment methods
- Self-purchasing (not confined to gifting)
- Require meeting high expectations to ensure final sale
- Have higher potential to be loyal promoters & long-term customers

7   **Males Require More Focused Targeting.** Both Males and Females are shopping via mobile, and cross device remains important particularly for purchase. However, Male Mobile Shoppers are:

- Shopping earlier
- Self-purchasing (not confined to gifting)
- Focused on Electronics
- Require meeting high expectations (e.g. navigation) to ensure final sale

PLAN EARLY & FOR THE PEAKS

Holiday Shopping continues to start earlier. Halloween is the new Thanksgiving in terms of the start of the holiday rush.

Consumers say before November 1st ...
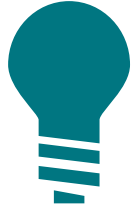
41%
had already looked for ideas & inspiration for holiday gifts

34%
had done research for holiday gifts

20%
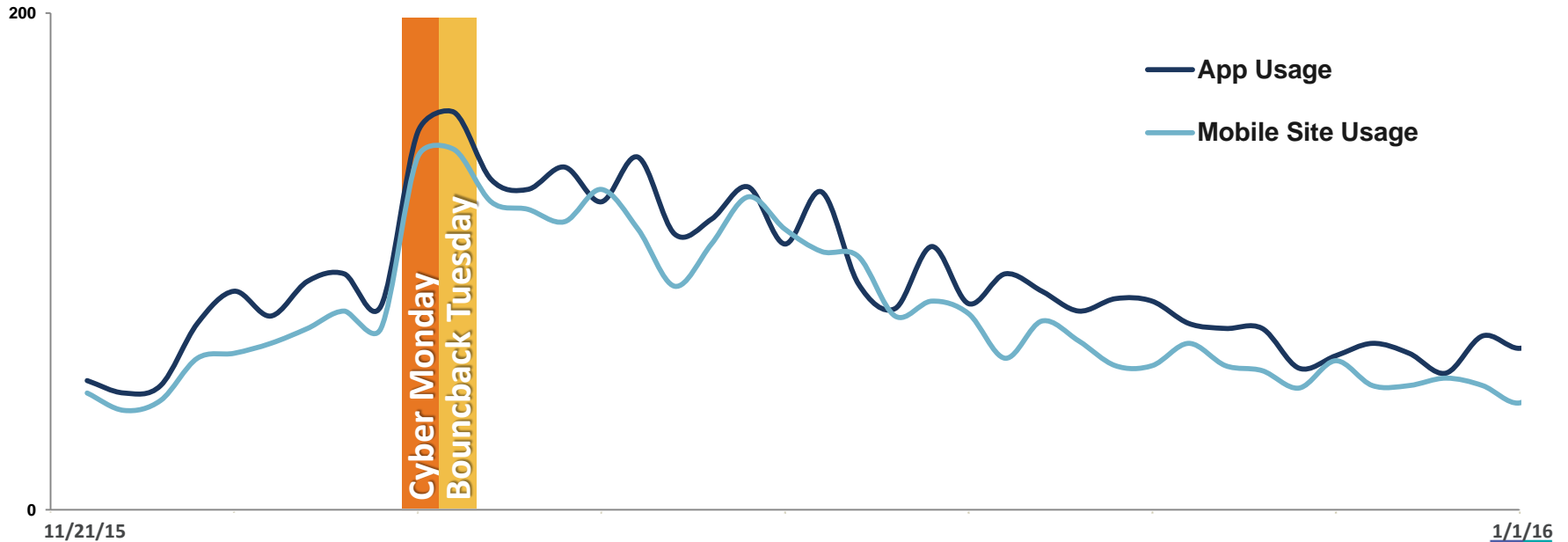had already made holiday gift purchases

Base: Total Respondents (n=1000)

Q.A1   We'd like to better understand how you Planned & Shopped for the 2015 Holidays. Indicate if and when you performed the following activities during the 2015 Holiday Season.

Acknowledge key peaks. Apps & Mobile Site activity peaked on Cyber Monday as well as Bounceback Tuesday in 2015.

Mobile Commerce Activity Peaks

200

App Usage

Mobile Site Usage

Cyber Monday

Bounceback Tuesday

0

11/21/15

1/1/16

General Commerce – Usage Count By Day During 2015 Holiday Period
Base: 2314 Panelists (Android users) tracked during US Holiday shopping 11/2015-01/2016
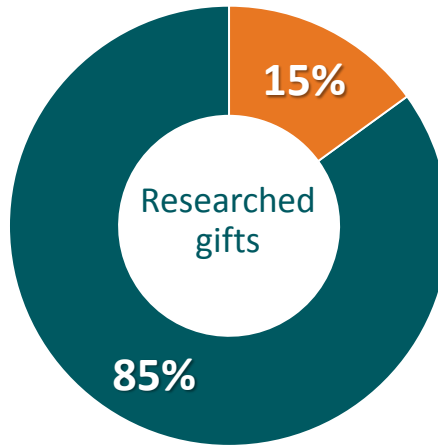
Ipsos

12

DIGITAL DOMINATES, AND CROSS DEVICE IS CRITICAL

Holiday Shopping is dominated by digital channels and devices.
This holds true by gender and across generations.

By Activity, Time Spent By Device / Channel

17%	**15%**	**26%**
Looked for gift ideas	Researched gifts	Made gift purchases
83%	**85%**	**74%**

Online, including PC, smartphone, or tablet **Another channel, such as in-store, catalog etc.**

Note: Percentages shown represent average time spent (including zero) among respondents who performed the activity and own the specific device.

Q.A2   Think about the devices and channels you used for 2015 Holiday Shopping Activities. Approximately what percent of time did you use your smartphone or tablet for each activity, versus other channels (e.g., PC, in-store, etc.)? Your total for each column needs to add to 100%.

Ipsos

Mobile is heavily relied on for *a lot of* research.
Engage targets early by creating strategies that deliver on research needs.

Which Do You Agree With More? I did...

Lots of research, and lots of purchasing on my smartphone/tablet

Total	18-34	35-54	55+
30%	26%	35%	30%

Lots of research, but little purchasing on my smartphone/tablet

Total	18-34	35-54	55+
41%	45%	38%	41%

Little research, and little purchasing on my smartphone/tablet

Total	18-34	35-54	55+
28%	29%	27%	29%

Base: Total Respondents (n=1000)

Q.E1   *Looking back at 2015, which do you agree with more regarding how you shopped on your smartphone or tablet for holiday gifts? Select 1 choice from each of the groupings below.*

A wide array of mobile sources are used for Gift Ideas & Research. A diversified targeting approach is key to capture consumers early.

Sources used on smartphone or tablet for Gifting Ideas & Inspiration in 2015	
Online Retailers Sites/Apps	62%
Retailer Sites/Apps	58%
Search Engine Site	54%
Emails received from retailers	40%
Manufacturer's sites/Apps	34%
Online ads from retailers	33%
Independent Store/Maker site	30%
Social Media Sites/Apps	29%
Online Review Sites/Apps	27%
Shopping Comparison Sites	27%

40% used emails received from retailers for gift ideas on their mobile device

33% also reported using Online ads from retailers for gift ideas

Base: Looked for ideas and inspiration for holiday gifts (n=958)

Q.B1   Think back to when you Looked for Ideas & Inspiration for holiday gifts in 2015. Select all the sources you used on your smartphone or tablet to Look for Ideas & Inspiration for 2015 Holiday Gifts.

Ipsos

But, PC remains a key player for purchase.

Use cross device targeting to drive targeted promotions, discounts and options to PC experiences to shorten the sales cycle.

PC accounted for **33%**

of **time spent** purchasing holiday gifts

Another channel (in-store, catalog etc.)	26%
Smartphone	22%
Tablet	19%

PC accounted for **29%**

of **dollars spent** on holiday gifts

In-store	33%
Smartphone	18%
Tablet	16%

Q.A2   Approximately what percent of time did you use your smartphone or tablet for each activity, versus other channels (e.g., PC, in-store, etc.)?
Q.D12 Approximately what percent of your Total Spent on Purchases for 2015 Holiday Gifts were made from purchases from the following channels?

BENEFITS *BEYOND* THE HOLIDAY PERIOD

Holidays are synonymous with gifting, but yield a vast number of *self-purchasers* who may extend activity beyond the holidays.

Among Holiday E-Commerce Shoppers...

75% researched for gifts for themselves via smartphone / tablet during the holidays

69% purchased gifts for themselves via smartphone / tablet during the holidays
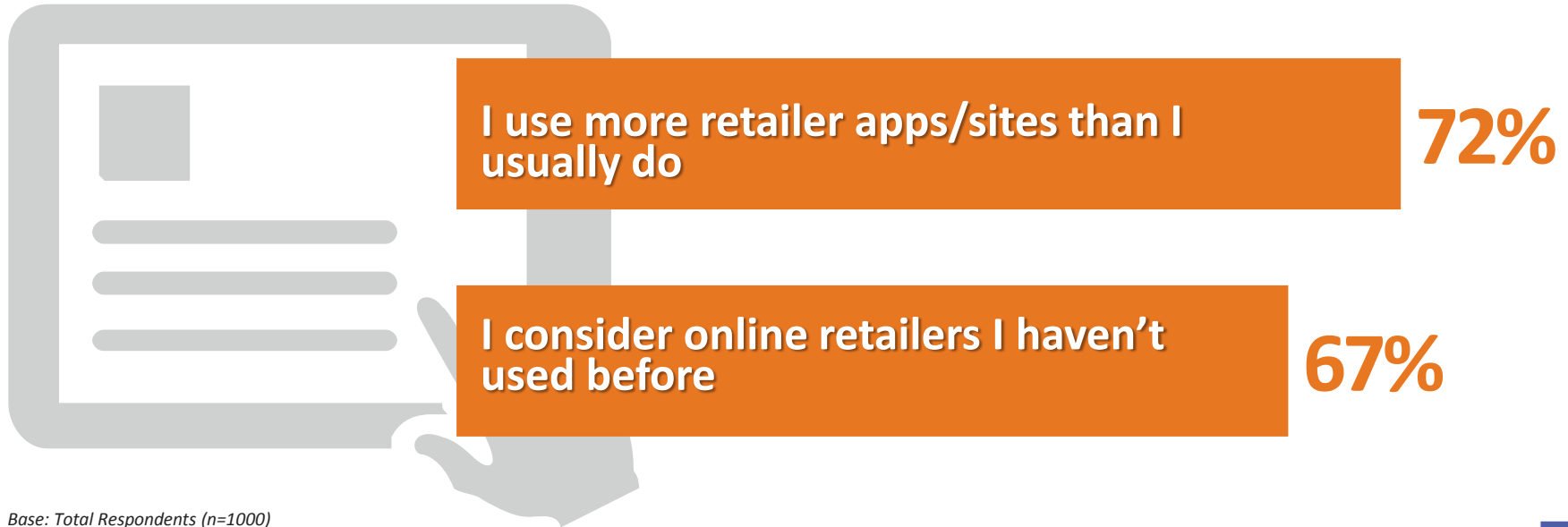
Base: Total Respondents (n=1000)

Ipsos

The Holidays presents a unique opportunity for retailers to get their foot in the door via mobile...

Respondents agree, "During the Holidays…"

I use more retailer apps/sites than I usually do — **72%**

I consider online retailers I haven't used before — **67%**

Base: Total Respondents (n=1000)

Q.E2 Looking back at the 2015, how much do you agree with the following statements regarding using your smartphone/tablet to shop for holiday gifts?

… As well as retain and convert shoppers into lifelong customers and promoters.

Respondents agree, "Since the Holidays, I have…"

Continued making purchases through the apps/mobile sites — **47%**

Continued doing research through the apps/mobile sites — **42%**

Shared / recommended apps/mobile sites — **20%**

Base: Total Respondents (n=1000)

Q.E3   Think about the retailer apps/mobile sites you shopped at most during the 2015 holiday shopping season. If and how have your interactions with these retailers changed since the holiday season?

OPTIMIZATION IS KEY, AS ERRORS CAN BE COSTLY

1 in 4 considered, but didn't purchase via mobile during the holidays. Ensure a frictionless experience from find-to-buy to drive sales.

26% considered purchasing via an app/mobile site, but didn't convert to purchase during the holidays
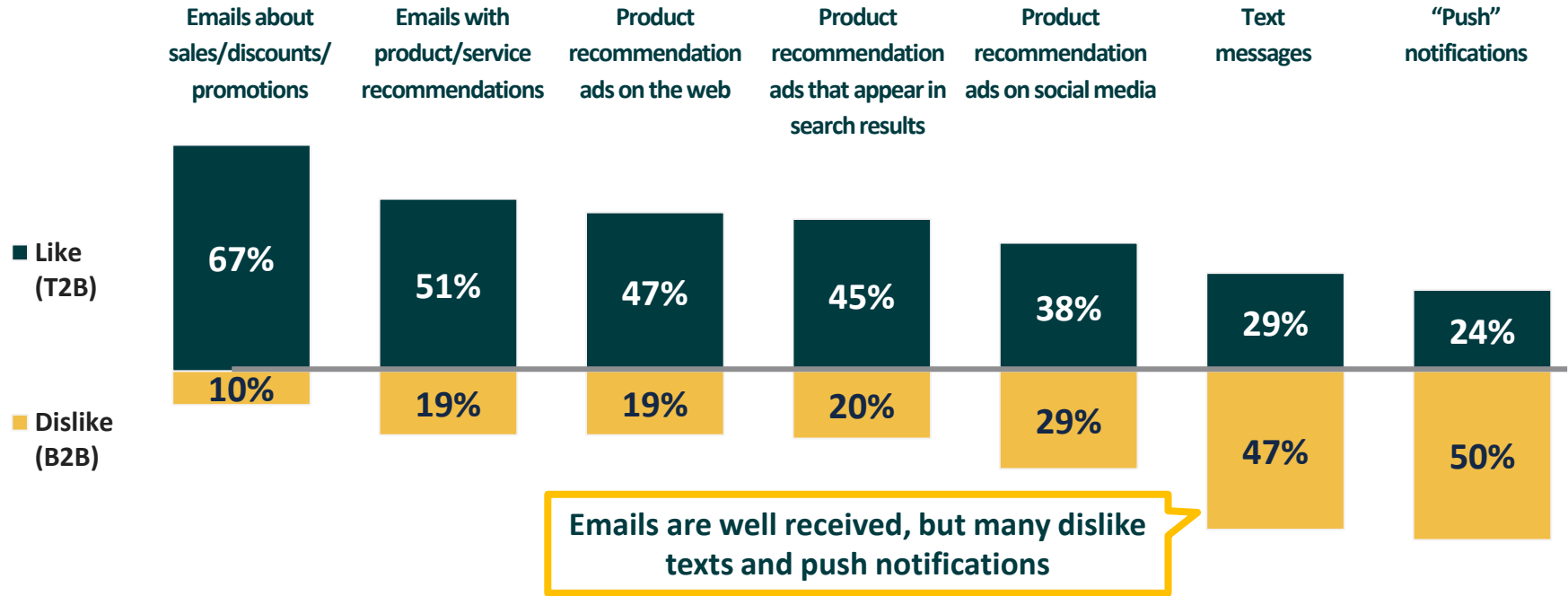
Top Reasons Why Considered But Did Not Make Purchase

Cost: "Cost was too high", "I wanted to wait to find a discount/sale/promotion"

Navigation & Functionality: "I couldn't find what I originally came to app/site to look for", "Too many clicks to make a purchase", "Slow loading pages when I went to purchase"

Base: Made holiday gift purchases (n=983) // Base: Used app/mobile site but did not purchase (n=260)

Q.D9   Next, think back to any apps/mobile sites you used, but didn't make a purchase from during the 2015 Holidays. Were there apps/sites you considered or intended to make a purchase from but didn't?
Q.D10 Why DIDN'T you make a purchase from these apps/sites, even when you initially considered doing so?

Strategic communication strategies are also essential for success. Plan with caution as some tactics may be negatively received.

	Emails about sales/discounts/ promotions	Emails with product/service recommendations	Product recommendation ads on the web	Product recommendation ads that appear in search results	Product recommendation ads on social media	Text messages	"Push" notifications
Like (T2B)	67%	51%	47%	45%	38%	29%	24%
Dislike (B2B)	10%	19%	19%	20%	29%	47%	50%

Emails are well received, but many dislike texts and push notifications

Base: Total Respondents (n=1000)

24

Q.F7   Finally, think about retailers you may use to shop for products and services online. How would you describe your feelings towards each of the following ways retailers reach out to you?

MOBILE GENERATION GAP

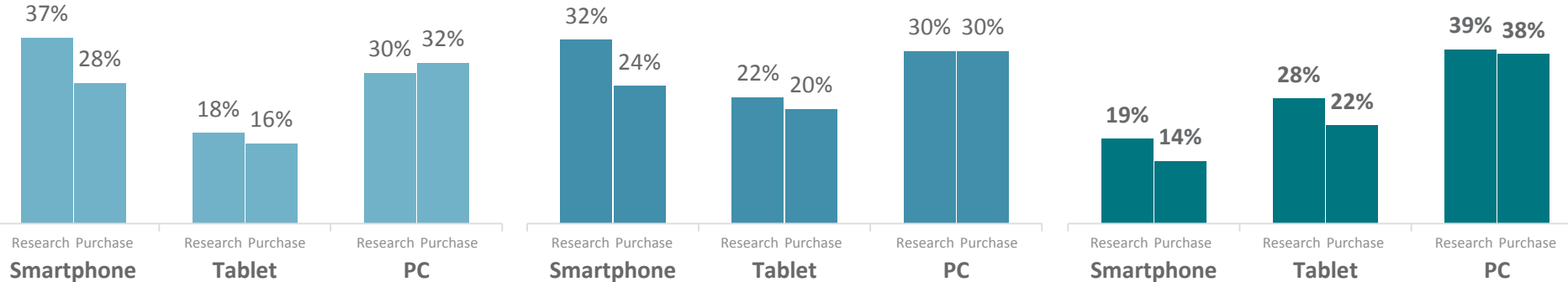# Holidays Shopping is Smartphone & PC-based for Millennials & Gen X, but centered on PC & Tablets for Boomers.

Millennials
(18-34)

	Research	Purchase
Smartphone	37%	28%
Tablet	18%	16%
PC	30%	32%

Gen X
(35-54)

	Research	Purchase
Smartphone	32%	24%
Tablet	22%	20%
PC	30%	30%

Boomers
(55+)

	Research	Purchase
Smartphone	19%	14%
Tablet	28%	22%
PC	39%	38%

Base: Performed activity/own device
Note: Percentages shown represent average time spent (including zero) among respondents who performed the activity and own the specific device.

Q.A2 Think about the devices and channels you used for 2015 Holiday Shopping Activities. Approximately what percent of time did you use your smartphone or tablet for each activity, versus other channels (e.g., PC, in-store, etc.)? Your total for each column needs to add to 100%.

Ipsos

TARGETING MOBILE MILLENNIALS

Targeting Mobile Millennials:
The early bird catches the Millennial Worm, who are active early in the season.

When spent most time via smartphone or tablet - For Research	18-34	35-54	55+
Before November 1	21%	18%	15%
November 1 - before Thanksgiving/Black Friday	33%	37%	34%
During Thanksgiving/ Black Friday weekend	14%	17%	13%
On Cyber Monday	9%	6%	3%
After Cyber Monday through Christmas	13%	15%	21%

When spent most time via smartphone or tablet - Purchasing	18-34	35-54	55+
Before November 1	14%	9%	10%
November 1 - before Thanksgiving/Black Friday	24%	24%	21%
During Thanksgiving/ Black Friday weekend	16%	18%	14%
On Cyber Monday	10%	6%	4%
After Cyber Monday through Christmas	23%	28%	30%

Base: Did research for holiday gifts // Base: Made holiday gift purchases

Targeting Mobile Millennials:
Diversified targeting is critical. Millennials can be reached via less traditional digital sources e.g. Social Media, Online Messaging/Chat, etc.

Sources used for Research via Smartphone / Tablet	18-34	35-54	55+
Online Retailers Sites/Apps	60%	62%	64%
Retailer Sites/Apps	49%	58%	63%
Search Engine Site	46%	47%	45%
Social Media Sites/Apps	33%	21%	10%
Manufacturer's sites/Apps	32%	24%	30%
Independent Store/Maker site	29%	18%	26%
Emails received from retailers	26%	28%	37%
Shopping Comparison Sites	25%	23%	18%
Online Review Sites/Apps	24%	18%	16%
Online ads from retailers	24%	21%	23%
Online/messaging chat - family/friends	23%	13%	15%
Online Video Sites/Apps	22%	9%	6%

Base: Did research for holiday gifts

Targeting Mobile Millennials:
Millennials like options. Enable PayPal, Direct Debit and Mobile Wallet payment methods to attract younger consumers.

Payment Method Used to Purchase Via Smartphone/Tablet	18-34	35-54	55+
Credit Card	71%	70%	82%
PayPal	52%	50%	38%
Direct Debit	41%	34%	31%
Apple Pay	20%	10%	2%
Google Wallet	16%	10%	2%
Android Pay	17%	8%	1%

Base: Made holiday gift purchases

Targeting Mobile Millennials:
Opportunities to attract and retain Millennials are great.

	18-34	35-54	55+
Purchased gift for self during holidays	83%	68%	59%

% Agree. During the holidays…	18-34	35-54	55+
I use more retailer apps/sites than I usually do	78%	71%	66%
I consider online retailers I haven't used before	70%	68%	62%

% Self-report. Since the holiday season, I have… through the apps/mobile sites	18-34	35-54	55+
Continued making purchases	53%	48%	42%
Continued doing research	43%	41%	43%
Shared or recommended apps/mobile sites	29%	20%	11%

Base: Total Respondents

Targeting Mobile Millennials:
However, there is greater risk in turning Millennials off.

	18-34	35-54	55+
Considered Apps/Mobile Sites, But Did Not Make Purchase	36%	25%	20%

% Self-report. Since the holiday season, I have... through the apps/mobile sites	18-34	35-54	55+
Requested to stop getting emails from the apps/mobile sites	31%	26%	26%
Requested to stop getting "push" notifications from apps/mobile sites	33%	25%	23%
Deleted apps I used during the holiday season	24%	17%	17%

Base: Made holiday gift purchases

TARGETING MOBILE BY GENDER

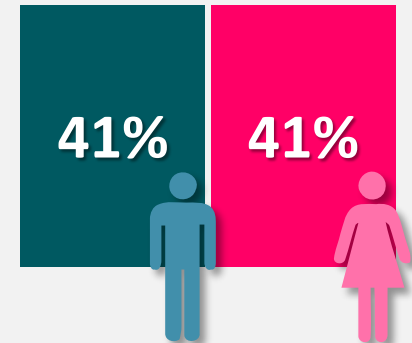# Mobile Holiday Shopping Activity is similar between genders, and even stronger among Females for Ideas & Research.

**% Using Mobile
For Holiday Gift
Ideas & Inspiration**

49%   54%
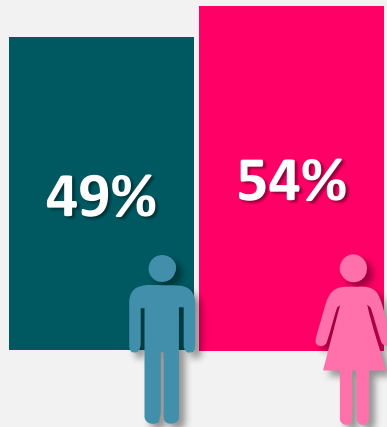
**% Using Mobile
For Researching
Holiday Gifts**

48%   55%
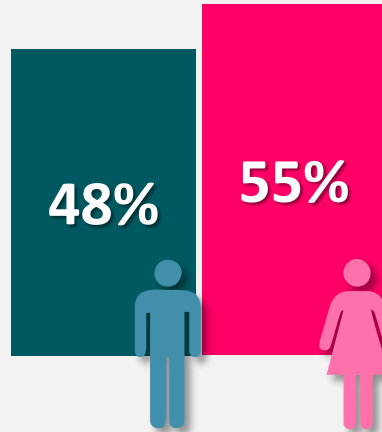
**% Using Mobile
For Purchasing
Holiday Gifts**

41%   41%

Targeting Mobile Males:
Males represent a focused target – shopping early than Females.

When spent most time via smartphone or tablet - For Research	Male	Female
Before November 1	19%	18%
November 1 - before Thanksgiving/Black Friday	38%	31%
During Thanksgiving/ Black Friday weekend	14%	15%
On Cyber Monday	7%	5%
After Cyber Monday through Christmas	14%	18%

When spent most time via smartphone or tablet - Purchasing	Male	Female
Before November 1	11%	10%
November 1 - before Thanksgiving/Black Friday	27%	19%
During Thanksgiving/ Black Friday weekend	17%	15%
On Cyber Monday	8%	5%
After Cyber Monday through Christmas	24%	30%

Base: Did research for holiday gifts // Base: Made holiday gift purchases

Targeting Mobile Males:
Males are more likely to be purchasing for Self, and focused on Electronics.

	Male	Female
Purchased Gift for Self during Holidays	77%	62%

Categories purchased via Smartphone / Tablet	Male	Female
Electronics/Technology	55%	37%
Men's Clothing	39%	32%
Entertainment – movies, shows	31%	23%
Women's Clothing	31%	51%
Home Goods/Improvement	29%	30%
Kid's Clothing	22%	32%

Base: Total Respondents // Base: Made holiday gift purchases

Targeting Mobile Males:

Males are using manufacturers & comparison apps / sites, and retailer emails less. But they are also more likely to NOT have converted to purchase via mobile.

Sources used for Research via Smartphone / Tablet	Male	Female
Online Retailers Sites/Apps	61%	64%
Retailer Sites/Apps	54%	60%
Search Engine Site	44%	48%
Manufacturer's sites/Apps	35%	23%
Shopping Comparison Sites	25%	19%
Emails received from retailers	24%	37%
Independent Store/Maker site	24%	25%
Online ads from retailers	23%	22%

	Male	Female
Considered Apps/Mobile Sites But Did Not Make Purchase	31%	22%

Base: Did research for holiday gifts // Base: Made holiday gift purchases

IN SUMMARY

2016 Digital Holiday Marketing
Key Learnings "Snapshot"

1. **Plan Early & For The Peaks.** Halloween is the new Thanksgiving, while Cyber Monday & Bounceback Tuesday are critical peaks.

2. **Digital Channels Dominate Holiday Shopping, And Cross Device is Critical**, especially when it comes to purchases via PC.

3. **A Strategic Holiday Effort Can Yield Benefits That *Extend Far Beyond* The Holiday Period** by converting satisfied customers into lifelong advocates.

4. **Functionality & Optimization is critical.** Prepare the process to find and buy as direct and straightforward as possible as errors can cost retailers the sale.

5. **The Mobile Generation Divide exists.** It is a Smartphone-based shopping season for Millennials and Gen X, while it is a PC & tablet-centered experience for Boomers.

6. **Targeting & Optimizing Strategies for Millennials is Key.** They can be more open and loyal to mobile retailers, but expectations are high.

7. **Mobile Shoppers by Gender.** Key differences: Women are more likely to use Mobile for Ideas & Research. Men shop via mobile earlier, are focused on self-purchase and on Electronics.