BLACK FRIDAY, CYBER MONDAY & THE FUTURE OF COMMERCE:

WHAT THE HOLIDAY SHOPPING CRUSH TELLS US ABOUT ELEVATING CUSTOMER EXPERIENCES

DMI

The Black Friday/Cyber Monday holiday shopping phenomenon gets stronger every year.

In 2017, more than 174 million Americans — just over half of nation's population — opened their wallets for Black Friday/Cyber Monday, up from 154 million the year before, according to the National Retail Federation.

2018 could be even bigger.

"I think this year's Black Friday/Cyber Monday will be astounding," says Michael Deittrick, DMI's senior vice president for strategy and chief digital officer. "Some ecommerce websites will crash because people don't realize how much the economy has improved. The influx of people going out and spending this holiday season is going to blow their minds."

The test for retailers in 2018 is looking beyond temporary prosperity and taking the time to understand how mobile technologies are transforming the industry. A careful study of the data from this year's Black Friday/Cyber Monday can help retailers see what they're getting right and where they need to improve. The challenge is knowing which data is the most revealing.

This ebook from DMI, leaders in mobile commerce solutions, focuses on four key areas that will help retail leaders target the data they need to monitor this year to help them make next year's shopping experiences even better.

1: INTEGRATING IN-STORE, MOBILE AND ONLINE DATA

Everybody wants it: a seamless shopping experience across stores, websites and mobile devices. Savvy data analysis can help make it happen. Moreover, promising new data sources can reveal emerging shopping trends — if you know where to look.

"I suggest watching for the bucket of data from distributed commerce: customers buying via third parties like Instagram commerce or messaging apps," advises Jeremy Gilman, DMI's vice president for strategy in our Brand Marketing Customer Experience (BMCX) division. It may be small now, but social selling should see significant growth in when Black Friday/Cyber Monday rolls around next year.

Data from DMI's Mobile Maturity Model (M3) research is helping retailers optimize in-store and mobile sales. Our 2018 M3 report noted that retailers had

room to grow in improving in-store navigation, store checkout, personalization and rewards programs.

A case study from our files shows how major brands leverage shopper-research data to craft unique shopping experiences to cement consumer loyalty. We consulted with a well-known athletic apparel brand that was introducing a network of retail stores. They needed to know why people would come to their store rather than buy online or visit a big-box retailer — and how they would use mobile devices.

"Our M3 data from over 10,000 shoppers helped us understand what they expect from the in-store mobile device experience," Gilman says. "We combined that with the brand's behavioral data to uncover more unique insights and really drive the vision for what that mobile in-store experience should be."

That data helped the retailer adapt its retail presence to the preferences of its core consumers. Similarly, a multilayered approach to Black Friday/Cyber Monday data can guide retailers in the months ahead.

ENVISIONING AN INTEGRATED BLACK FRIDAY/CYBER MONDAY SHOPPING EXPERIENCE

In the U.S., Thanksgiving is a singular social event. Over turkey and stuffing, friends and family might talk over their shopping plans — standing in line on Black Friday to snag big-ticket items and monitoring their smartphones on Cyber Monday to snap up flash deals. But there's so much more they could be doing.

Imagine a retailer gamifying their holiday shopping experience: bringing everybody together in a mobile treasure hunt. After dinner, they gather with their smartphones, make shopping lists and share them with each other. They challenge each other to land the best deals and find the most obscure products.

Social media platforms like Facebook and Instagram help them share shopping lists, collaborate as a team and close transactions. Real-time data integration helps the retailer allocate network and computing capacity to ensure shoppers know what's in stock and buy what they want.

"It's about building differentiated consumer experiences that alter the way people engage in this process — while keeping it fun," says Michael Deittrick, DMI's senior vice president for strategy and chief digital officer. Making it happen requires a deft integration of technologies from AI to data science to natural language processing. "That's the value we bring at DMI," Deittrick says.

2: DATA, SITE SEARCH AND STORE NAVIGATION

Mobile devices will help Black Friday/Cyber Monday shoppers track down the products they crave. Their efforts will provide a wealth of data on the effectiveness of website search technology and in-store navigation.

"Location-based data will show where shoppers are, in-store or outside the store," says Elisabeth Bradley, DMI's vice president for business development, specializing in commerce solutions. Retailers' apps can use mapping and image-recognition technologies to guide people toward the products they desire. Data from their travels can reveal links between store layout, shelf placement and sales conversions.

The same concept applies to online searching — it's the first thing shoppers do, on PCs and in-store mobile devices alike. Retailers need to optimize site search for common queries and provide a recommendation engine for relevant products when consumers seek products that aren't in stock.

"Shoppers should never get blank search results," Bradley says. "That just cuts them off at the knees."

Data to monitor from Black Friday to Cyber Monday: Conversions from search pages, drop-offs after searches and clicks on relevant products. "Look at your top search terms and make sure people can find those products," Bradley advises. "If they're not finding them, why?"

CASE STUDY: DMI IN THE GROCERY AISLE

The client was an international canned-goods manufacturer with a unique challenge: Grocery store shoppers increasingly prefer prepared meals and fresh produce. They're just not buying from the soup and spaghetti sauce aisles like they used to.

The company hired DMI to help out. Our team knew from our Mobile Maturity Model research that a certain kind of mobile-enabled shopper has a healthy appetite for apps from retailers and brands. They like to join loyalty programs and they're comfortable buying with a mobile device.

So, DMI helped devise a program to connect these consumers with the food manufacturer's brand.

"Our research found that people love to be able to get into and out of a store quickly, especially larger stores," says DMI's Jeremy Gilman. "Our innovation process leveraged that insight and went one level deeper to talk to, specifically, grocery store shoppers and, more specifically, moms who are planning meals for their family. How can we create tools that might make it easier for that mom or household to plan those meals?"

DMI's solution: Digital coupons and other content that rewards these high-mobile moms for seeking out the client's canned goods in the store aisles.

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3: STREAMLINING CHECKOUT AND PAYMENTS

Cart abandonment is one of the most-watched data points in online and mobile commerce. But that KPI gets you only so far. "Consumers abandon carts all of the time," DMI's Elisabeth Bradley says. "The real question is why."

Retailers need to scan for data revealing the underlying behavior that causes Black Friday/Cyber Monday shoppers to ditch their digital shopping carts. "Whether it's pricing sensitivity, tax sensitivity, shipping sensitivity, it's got to be something pretty fundamental if you get a drop-off at checkout," Bradley says.

Moreover, enabling multiple payment systems is becoming more critical to tackling the challenge of abandoned carts.

"The best thing you can do is reduce friction at checkout," Bradley says. That could include adding people in-stores to manage lines and close transactions; condensing online payment pages; and providing multiple online payment options.

"Google Pay, Apple Pay, Amazon Pay, PayPal — all of these payment services are seeing an increase in usage due to the ease of use and reduction in friction at checkout," Bradley says. Yes, it costs money to implement digital payment systems. Transaction costs take a slice out of already thin margins.

"But you can make the money back hand-over-fist by reducing friction for the consumer," Bradley says.

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4: ENABLING CONVERSATIONAL COMMERCE

Chatbots and digital assistants like Amazon's Alexa are increasingly important to retail sales. In the store, young people with smartphones may feel more comfortable texting a salesperson for assistance than walking up to them and asking for help. At home, people are learning to order products and services over their smart speakers.

For retailers, the core challenge is pushing the boundaries of automation without frustrating consumers.

"You can only converse so much with a bot before you need a human," DMI's Michael Deittrick says. "So, when we talk about conversational commerce it's not a bot-first play — it's a bot-human mix."

You can document chatbot and voice effectiveness by tracking how many times consumers reformulate their questions to get the response they're looking for. Another option is to use natural-language analytics to scan for customer-frustration cues and emotional language that helps you better understand the shoppers' experience.

Machine-learning algorithms can meld image recognition with natural language processing to help shoppers find exactly what they're looking for. But every time your voice assistant fails, it's a reminder that people buy from people.

"The human-assisted piece of this is critical," Deittrick says. "You can't just turn everything over to a bot."
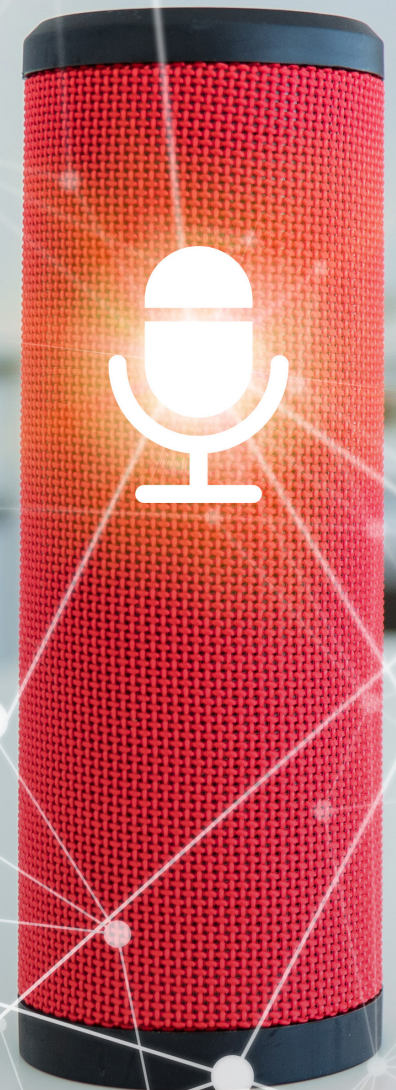
A FORWARD-LOOKING APPROACH TO BLACK FRIDAY/CYBER MONDAY

As you sift the data from Black Friday through Cyber Monday, remember that today's mobile shoppers prize convenience and punish frustration. That's the first-order challenge to address in the weeks ahead.

The second-order challenge is digging deep into the data for signals of where consumers are going and how you can help them on their journey. It's not about apps, devices or commerce platforms. It's about listening to the intelligence they deliver.

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