

Retailers Should Stop Expecting the Holiday Season to Solve All Their Problems



AN INTERVIEW WITH:

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Retailers pull out all the stops for the holiday season, when consumers open their wallets wide and increase their spend on all types of items. But retailers have gotten into the habit of relying on that six-week push to make up for any rough patches throughout the year, and that's a mistake, according to Sean Wilkins, vice president of strategy at data and analytics company Zeta Global. He spoke with eMarketer's Tricia Carr about how retailers can differentiate themselves during the holidays and why they can benefit from breaking out of the seasonal retail cycle.

eMarketer: What's your advice for retailers to break through in the crowded holiday season and attract shoppers?

Sean Wilkins: There's a big correlation between the holiday season and the expectation for discounts and markdowns, but competing on price will only get you so far. It's a race to the bottom, and it's not effective. If you coach your audience like that, they're always going to be looking for the cheaper deal. There will always be those kind of shoppers, but you have to break out of that mindset.

To do that, retailers have to put themselves in the shoes of the holiday buyer. Shoppers deal with a ton of distractions, so how can retailers leverage data to take steps out of the process and solve some of the basic problems?

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eMarketer: What are some examples of that?

Wilkins: One is pre-populated shopping lists or tailored recommendations that are based on a mix of past purchase behavior and inferred preferences based on trends, browser behavior, etc. If a customer bought infant clothing last year, it's reasonable to assume that child has grown, and now they're interested in clothing and toys for toddlers. Being able to anticipate that, get ahead of that, and cater to that need without the customer asking for it is key.

eMarketer: A lot of retailers seem to revert to a mass-marketing approach during the holidays, and it becomes a free-for-all to fight for consumers' attention. Is there anything that can prevent this from happening?

Wilkins: Holiday is essentially mid-November until the day before Christmas, and there's a ridiculous amount of noise during that period of time. If you expect holiday to solve your problems and close your year, you're going to fail.

Stop thinking like a seasonal retailer and focus more on the customer experience. When everybody else is following that standard seasonal wave, there's a massive opportunity to break through during the quiet spaces in September and October between back-to-school and the holidays, and get ahead of the cycle.

We all have those family members and friends who shop for holiday gifts throughout the year, and they're done before the holiday season even starts for retailers. They're not bargain shoppers—they're thoughtful shoppers who think ahead. Retailers have to identify these customers and cater to them throughout the year so they're leveling up the balance of their year instead of hoping that the time of year with the lowest margins and highest discounts will save them.

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eMarketer: What's an example of a retailer doing this successfully?

Wilkins: Amazon Prime Day is a great example. Amazon said: “We know we'll kill it in Q4, but we want the icing on the cake. Let's build our own event and essentially own Q3. Let's start it off with a bang by doing Prime Day in July when there's no noise.” They built their own tentpole in the middle of the year, and now you see others glomming onto it and crowding around it. It was the perfect opportunity to stick out like a sore thumb and own it when everyone else thinks, “Everyone is on vacation—we won't get any sales.”

Amazon didn't think like a retailer. Instead they looked for opportunities to do something unique vs. following the pack.

eMarketer: Should retailers still focus on ways to drive consumers to physical stores during the holidays? Or are they better off focusing on the overall experience and accepting that consumers will shop when, where and how they want?

Wilkins: The reality is that physical retail won't ever go away, but it's not the primary destination anymore. Using coupons and other incentives to drive foot traffic doesn't work in a lot of cases. It's too fleeting—it's like a sugar rush. It goes away fast, but it degrades the value and experience over time.

Accept that your customers have a preference for where they want to buy. They will either clearly state that in a preference center, or you can look at their past purchase behavior, their

site traffic and store visits, and other information about them to infer where they choose to purchase. Leverage that information to parse your audience out and tailor the experience based on where they want to shop. Don't try to fight it.

Interview conducted Tricia Carr on July 20, 2017.

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