

There is a Holiday. Where is the Sale?

Consumers are Shopping Holiday-to-Holiday

The DynamicAction Retail Index: Spring 2018

An analysis of more than \$4 billion in online consumers transactions in North America from January 1 – May 29, 2018 vs 2017.

PROMOTIONS & MARKDOWNS*

Promotions and markdowns continue to have a profound impact on margin, with a 10% deeper impact on margin YTD than in 2017.

Shoppers now connect most holidays with deals, and retailers are answering with promotions and markdowns.

Key holidays are showing more promotional and markdown activity on average than in 2017.



PRESIDENTS DAY



EASTER WEEK



MEMORIAL DAY**

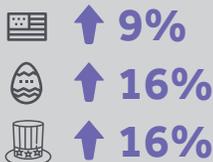
Unconstrained by the operational needs of physical stores, the online channel hosts shopping events not just for Cyber Monday or Mother's Day, but virtually every holiday on the calendar.

PROMOTIONS:



Orders using a promotion **↓ 5%** YTD 2018 vs 2017

HOLIDAYS SHOWED INCREASES



AVERAGE ORDER VALUE

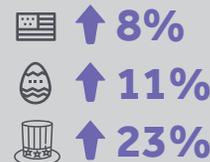
↓ 4% YTD 2018 vs 2017
↓ 11% during Memorial Day Shopping

MARKDOWNS:



Orders using markdowns **↑ 7%** YTD 2018 vs 2017

HOLIDAYS SHOWED INCREASES



AVERAGE SELLING PRICE

↓ 3% YTD 2018 vs 2017
↓ 18% during Memorial Day Shopping

THE NEW NORMAL – FREE SHIPPING!

Customers have come to expect free shipping offers during holiday-focused sales and promotions.



- Orders using free shipping during Memorial Day shopping were **↑ 20%** on average.
- Free shipping on orders are **↑ 6%** YTD.
- Holiday 2017 free shipping offers extended into January 2018, **↑ 15%** on average in the first 2 weeks.

LOYALTY & CUSTOMER PROFITABILITY

MVC: Who **REALLY** is your Most Valuable Customer?



The **2nd – 5th** time buyer group is the most profitable on average.

In North America, it's neither new buyers nor the longest-term loyal buyers that are driving the greatest profitability. The most profitable group of customers YTD in 2018 are the **2nd to 5th** time buyers. This group is **3%** more profitable than **1st** time buyers and **15%** more profitable than shoppers buying more than **11 times**.

MARKETING COSTS & CUSTOMER ACQUISITION

Controlled and Managed



Retailers in North America have controlled their marketing costs, which is helping balance out their increase in holiday sales and promotions.

- YTD **↓ 22%** on average vs 2017
- January 2018 had a **45% ↓** in marketing costs vs January 2017
- However, Memorial Day marketing costs were **↑ 38%** vs 2017

RETURNS

Holding Steady



After a margin draining **34% increase** in returns in 2017, North American retailers are focused on addressing core issues in size, fit and quality to live up to customer expectations.

- YTD 2018 – just under **3% ↑** over 2017
- First week of January 2018 – **↓ 12%** on average

MOBILE

Driving more **PROFIT** than ever!

Although revenue from orders placed on a desktop or laptop computer is **higher than other devices**, there has been a **significant increase in revenue** driven from mobile devices in 2018. Profit from orders placed on mobile is now **even** with the profit from orders placed on desktop/laptop. (YTD 2018)

- MOBILE:** Profit driven **↑ 20%** (YTD 2018 vs 2017)
- DESKTOP/LAPTOP:** Profit driven **↓ 13%** (YTD 2018 vs 2017)
- TABLET:** Profit driven **↓ 11%** (YTD 2018 vs 2017)



Mobile shopping is also winning more new customer purchases than ever. **The percent of orders placed by new customers on mobile equals that of desktop/laptop for the first time.** New customers orders on mobile were **↑ 7%** YTD in 2018 vs the same period in 2017.

*This study benchmarks retail trends in key categories from January 1st – May 29th, 2018 in comparison to the previous year. **Memorial Day Shopping is defined as May 22-28, 2018.

Promotions refer to offers including buy-one-get-one-free or 20%. These are usually through promotional codes entered at the checkout by the customer or automatically by the retailer. Markdowns refer to price reduced items, for example 'Original price \$100, New Price \$65. These markdowns are usually shown on the product page.

For more information, visit www.DynamicAction.com
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