

CUSTOMER
E-COMMERCE
PULSE
2014 HOLIDAY
RECAP



About 95% of my holiday shopping was either on my phone or tablet The industry is shooting itself in the foot I got this sweatshirt that I'm wearing today for \$20 by hunting turduckens You don't have to get fancy on those types of days They're all up in my brain!

Maybe I'll look at dresses right now, I don't feel like doing work We removed shipping charges on certain dates **Oh shit I need to buy this because I'm running out of time** What surprised us the most was the high cost of social media **Most of my shopping was done on desktop**



We made it. Another year, another frenzied shopping season. The weather was much friendlier and the shipping elves were better prepared for the surge in package delivery driven by the continued growth of e-commerce. // The findings in this report are based on the [Custora E-Commerce Pulse](#), a free online dashboard tracking online transactions from over 100 US retailers, 100 million shoppers, and over \$40 billion in transaction revenue. Unless otherwise specified, the data refers to the holiday shopping season: November - December 2014, and the corresponding timeframe in 2013. (read more about our methodology on the last page).

HEADLINES



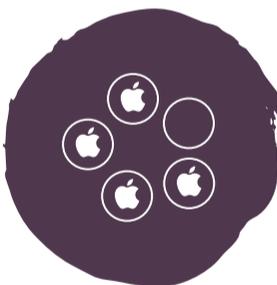
The most wonderful time of the year, yet again

US e-commerce revenue was up 15.6% this holiday season over holiday 2013, continuing the strong mid-teen growth streak of the past four years.



Black Friday and Cyber Monday still rule, but...

Black Friday and Cyber Monday are still the top two shopping days (by far), but there's more to the season than these two days (hint: when in doubt, bet on a Monday).



Mobile + Apple = Money

One out of four online purchases was done on a mobile device this season. Black Friday was "Mobile Friday" with nearly a third of sales done on phones and tablets. Apple is (still) the king of mobile shopping: Almost 80% of holiday mobile orders happened on iPhones and iPads.



Email and search won this season

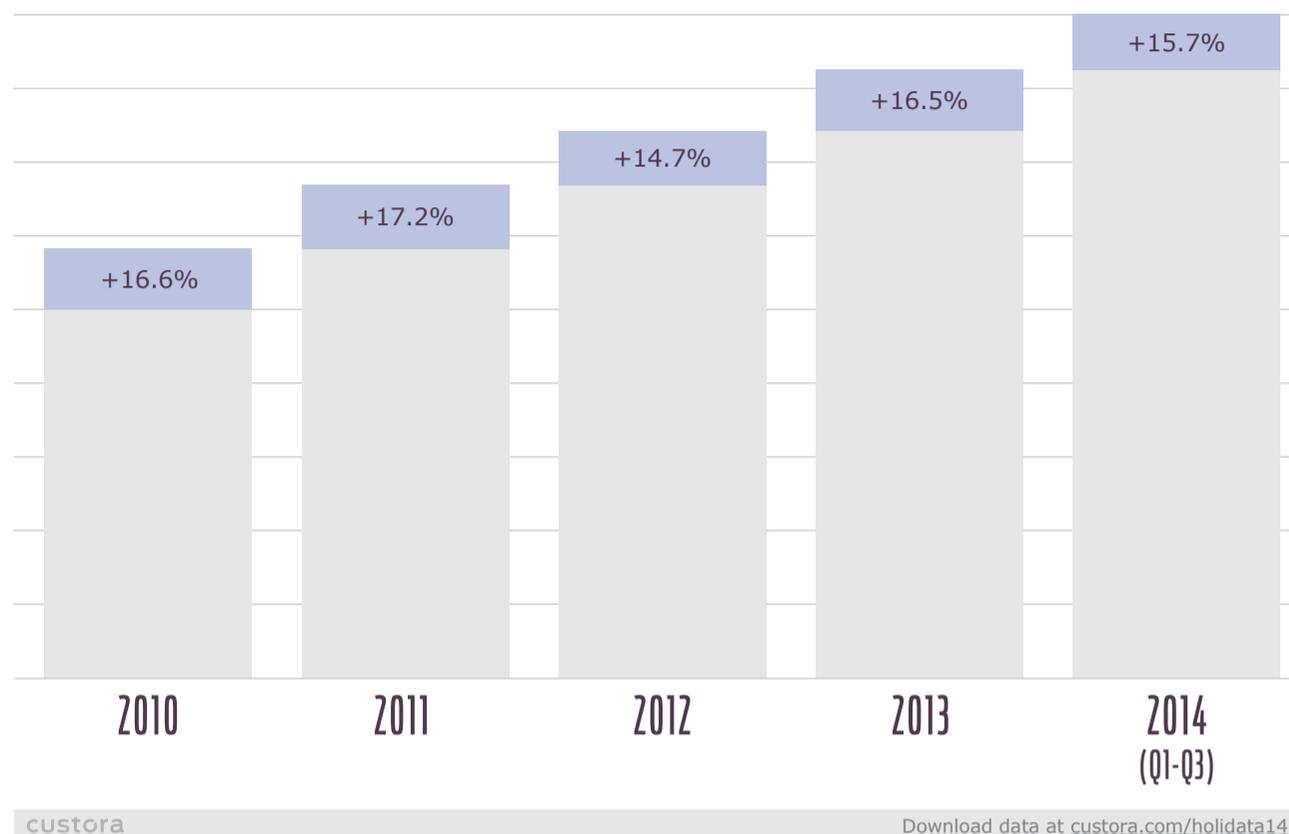
Email marketing and online search (free and paid) were the dominant marketing channels this holiday season.



Bonus! Download our data

We've made the complete data sets for the findings within this report available at custora.com/holidata14

US E-COMMERCE GROWTH, YEAR OVER YEAR



Since bouncing back from the financial meltdown of 2008, US e-commerce has experienced solid annual growth in the mid-teens. 2014 proved to be another strong year for online shopping in the US, with year-over-year revenue growth of 15.7% in Q1 through Q3 according to US Department of Commerce estimates, and 15.6% revenue growth in the holiday shopping season of November - December, according to the Custora E-Commerce Pulse estimates.

ALSO



We spoke with several [shoppers](#) and e-commerce marketers to get their perspective on the season. Their comments are featured throughout the report.

AND

The [Custora E-Commerce Pulse](#) updates on a monthly basis with new US e-commerce stats and seasonal research reports. You can register for updates, for free, [right here](#).

Most things I bought it was because I realized, 'Oh shit I need to buy this because I'm running out of time to get it there before the holidays,' and a lot of times it was like 'I need this and it was already on sale!' [Yin]

Black Friday/Cyber Monday grew nicely over 2013. Both events are pretty "brute force." You don't have to get fancy on those types of days, in our industry you just discount. [LiveOutThere.com - outdoor and adventure gear retailer]

What surprised us the most was how late the Christmas season is coming and how customers are trained to wait for the deals now (i.e., you only see the sales go up only after Black Friday). The industry is shooting itself in the foot... [Boticca - online retailer of jewelry from independent designers]

We are a premium brand with most products retailing for under \$20. Because of this, we generally charge for shipping. As part of our promotional strategy, we removed shipping charges on certain dates. This remains a key lever to drive sales and may inform our 2015 shipping strategy. [The Tie Bar, Men's Fashion Accessories Retailer]

HOLIDAY E-COMMERCE 2014

OVERALL STATS, NOV-DEC

REVENUE	+15.6%
ORDERS	+14.7%
AVG ORDER VALUE	+0.8%

In November - December 2014, US e-commerce revenue grew 15.6% over the same time period in 2013, and e-commerce orders (transactions) grew 14.7%. AOV (Average Order Value) grew 0.8% year over year - indicating a slightly less promotional holiday season than last year.

Overall, the top grossing shopping days were similar across 2013 and 2014, with Cyber Monday and Black Friday firmly on top.

The hype this year was around Thanksgiving -- regrettably known in some circles as "Grey Thursday" (as it leads to Black Friday) -- emerging as a top shopping day, with more retailers opening their (physical) stores earlier or throughout the entire day. However, this prediction did not materialize, at least not online. Despite strong year-over-year revenue growth (+17.7% over Thanksgiving 2013), Thanksgiving did not even make it to the top 20 biggest shopping days this holiday season.

Two other noteworthy days were Green Monday (12/8), and the following Monday (12/15), sometimes known as Free Shipping Day, both top shopping days. Mondays are known to be strong online shopping days throughout the year, and during the holidays this notion was even more pronounced.

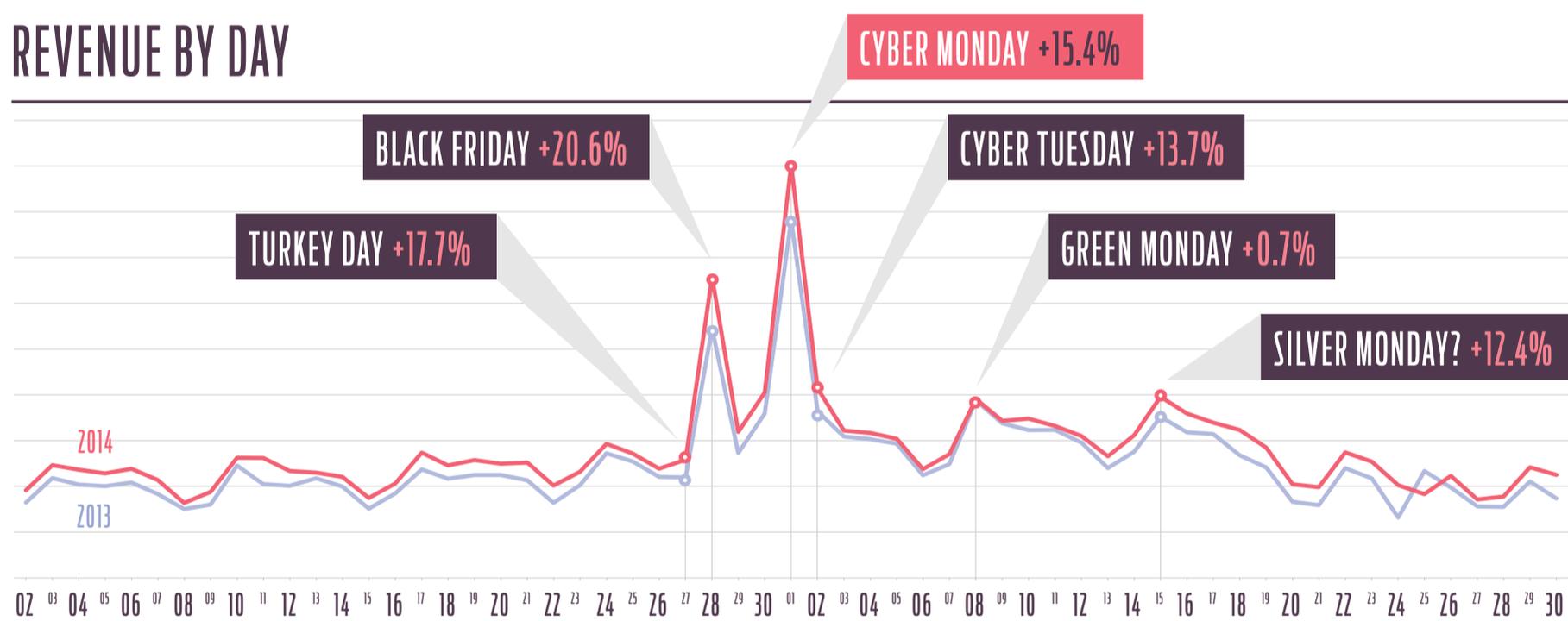
TOP DAYS BY REVENUE

RANK	DATE	WEIRDISH NAME	SHARE (%) OF HOLIDAY REVENUE	SHARE (%) OF HOLIDAY ORDERS
1	12/1	CYBER MONDAY	5.3	5.4
2	11/28	BLACK FRIDAY	4.2	3.4
3	12/2	CYBER TUESDAY	2.5	2.6
4	11/30	CYBER SUNDAY	2.5	2.4
5	12/15	SILVER MONDAY?	2.4	2.5
6	12/8	GREEN MONDAY	2.2	2.4

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Download data at custora.com/holiday14

REVENUE BY DAY



NOV

DEC

Note: 2013 dates are shifted by one day to enable year-over-year alignment.

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BLACK FRIDAY recorded the highest revenue growth during Thanksgiving weekend, +20.6% over Black Friday 2013

CYBER MONDAY revenue was up 15.4%, solidifying its position as the #1 US shopping day

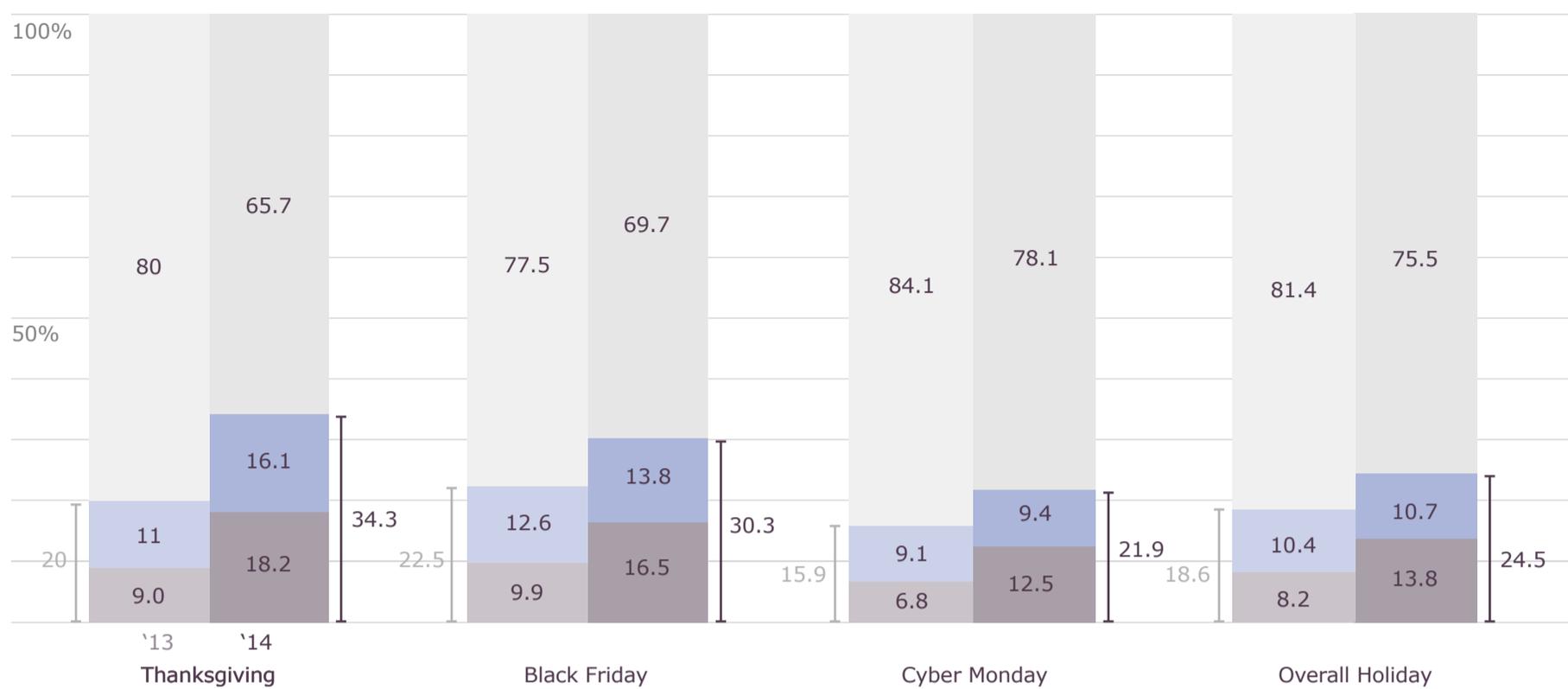
CYBER TUESDAY or “Giving Tuesday” was the third largest holiday shopping day

GREEN MONDAY and what some folks (by some folks we mean us) are calling “Silver Monday” (or “Free Shipping Monday”) were top shopping days, demonstrating what we really do at the office

SILVER MONDAY was up 12.4% YoY, reflecting a broader trend this year of shifting purchases to later in the season. Among the reasons were better shipping policies (including 1-day and same-day shipping), later shipping cut off dates, and weather that mostly cooperated

MOBILE ORDERS BY DATE, 2013 v 2014

SHARE (%) OF MOBILE ORDERS ON KEY HOLIDAY DATES



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MOBILE SHOPPING

Black Friday = Mobile Friday

Black Friday was “Mobile Friday,” with almost a third (30.3%) of online shopping done on mobile devices, up from 22.5% on Black Friday 2013. The same trend was even more pronounced on Thanksgiving day, when mobile shopping constituted over a third (34.3%) of all e-commerce transactions.

Mobile shopping up 32%

Overall during the holiday season, one out of four online purchases (24.5%) was done on a mobile device (phone or tablet), up from 18.6% in 2013.

I did so much shopping and research for shopping on my tablet this year. I love my tablet, and once I got the iPhone 6 I started using it for Amazon, and then I use the Slice app to keep up with all of my purchases. This year probably about 95% of my holiday shopping was either on my phone or tablet — sometimes I use the browser on tablet, but on my phone it’s almost always through a dedicated app. I almost never use my desktop for shopping.” [Yin]

I did so much shopping and research for shopping on my tablet this year.

Most of my shopping was done on desktop, and all orders placed there, but I did some “window shopping” on mobile.” [Jon]

Apple still dominates

Throughout 2014 (as described in our [E-Commerce Mobile Report](#)), Android devices were “nibbling at the Apple,” stealing e-commerce share from Apple devices (iPhones and iPads). The same trend took place during the holiday season: Four out of five mobile orders happened on Apple devices – 79.1%, while only 20.4% happened on Android devices. However, Apple’s share is down from 84.1% during holiday 2013, while Android is up from 15.5%.



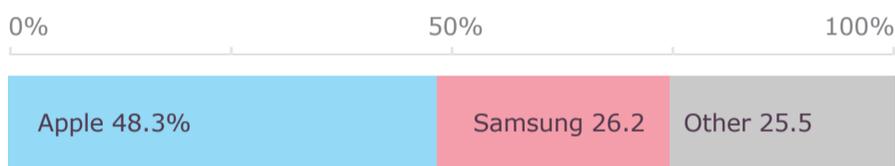
90% of my shopping was done on my computer. My phone screen is kind of small and it’s hard to shuffle through product listings — I’ll only use the phone if I have to, like if I’m on a layover and have nothing else to do.” [Samantha]

MOBILE ORDERS BY BRAND

SHARE (%) OF HOLIDAY E-COMMERCE ORDERS MADE ON MOBILE DEVICES

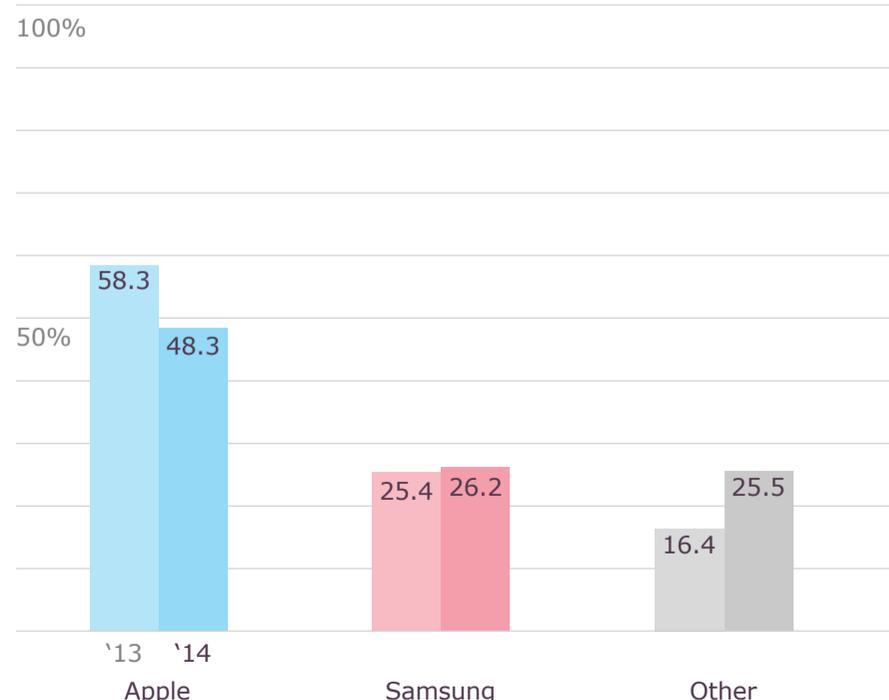
APPLE SAMSUNG AMAZON GOOGLE OTHER

PHONE ORDERS 2014

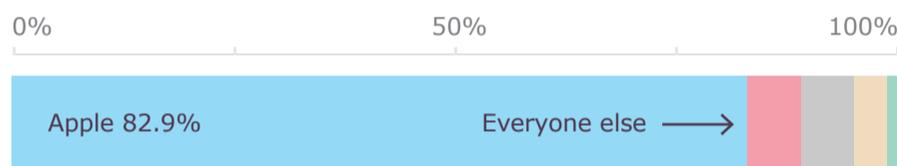


Almost one out of two (48.3%) phone orders happen on iPhones. Samsung phones make up about a quarter (26.2%) of mobile phone orders. While Apple still dominates shopping on mobile phones, its share is significantly down year over year - from 58.3% during holiday 2013 to 48.3% this holiday season.

2013 v 2014

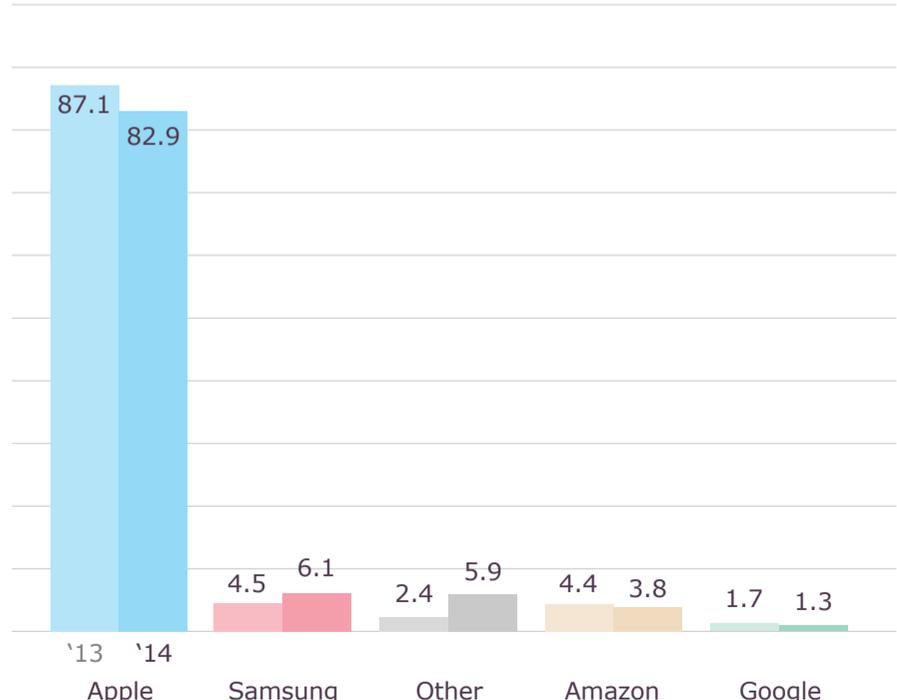


TABLET ORDERS 2014



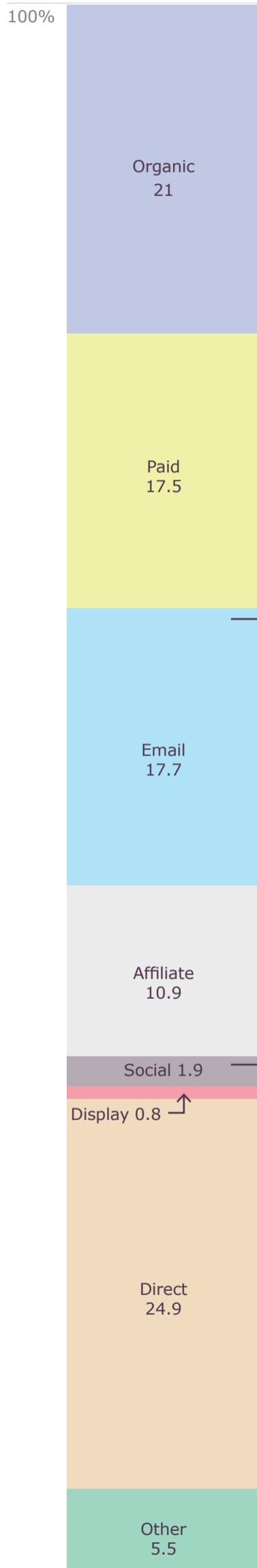
With tablets, Apple’s e-commerce dominance is even stronger: Four out of five (82.9%) tablet e-commerce orders take place on iPads. The other tablets (e.g. Samsung’s Galaxy Tab, Amazon’s Fire, and Google’s Nexus) split the remaining 17.1%. However, Apple’s share is down from 87.1% during holiday 2013, which might indicate a larger trend of more e-commerce activity moving to non-Apple tablets.

2013 v 2014



ORDERS BY MARKETING CHANNEL

SHARE (%) OF HOLIDAY E-COMMERCE ORDERS BY MARKETING CHANNEL



Search is still the primary way people find the product they want

During the 2014 holiday shopping season, 38.5% of online transactions originated in a search query (either free or paid). Organic (free) search drove 21% of orders, and paid search drove 17.5%.

Winning email marketing can mean winning Black Friday and Cyber Monday

Overall during the holiday period (November - December 2014), email marketing drove 17.7% of online orders, making it the third largest channel after organic (free) search (21%), and paid search (17.5%). During Thanksgiving weekend (the five days from Thanksgiving to Cyber Monday, including Black Friday) email was by far the primary marketing channel driving e-commerce orders, accounting for 27.3% on Black Friday, 23.9% on Cyber Monday, and 23.1% during the Thanksgiving weekend overall.

Social Media — A challenge in 2014, an opportunity for 2015

Similar to the trends last holiday season, and throughout 2014, social media (including Facebook, Twitter, Instagram, and Pinterest) is still not driving a substantial share of e-commerce transactions. Through the holiday season (November - December 2014), social media drove only 1.9% of all e-commerce orders - a similar share to holiday 2013, when it drove 2.3%.

*
MARKETING
CHANNELS

What surprised us the most this holiday season was the extremely high cost of social media advertising.

The targeted ads I get from Google are just so good! Especially around the holiday season they're always showing the things that I want. I'll be reading the New York Times and see one and think "They're all up in my brain!" It creeps some people out, but it doesn't really bother me that much. [Kirk]

I hate to admit that those ads on the side of Facebook are super useful. They'll make me think "Oh maybe I'll look at dresses right now, I don't feel like doing work."

As far as emails go, I'm much more likely to open it if it says what the deal is in the subject line, rather than something general. Victoria's Secret does that in a lot of their subject lines, Some of those like Gilt, and other daily deal type sites where they sell something for a limited time, those will catch my attention if it's something I know I need. I need boots now, so if they were running a boots deal I would totally click on it. [Samantha]

I buy pretty much all of my clothes from Bonobos, and they sent this Turducken hunt email that was ridiculous, but I got this sweat-shirt that I'm wearing today for \$20 by hunting turduckens. [Aubrey]

MARKETING CHANNELS *

Our gift guide catalog in December was the strongest paid acquisition investment. We scaled our circulation by 30-40% and will still hit our pay-back period goal. [online fashion retailer]

Our most successful holiday marketing campaign was video remarketing on YouTube. [Boticca - online retailer of jewelry from independent designers]

We saw that mailings with very critical timings performed best. For example, we sent an email to our members with following message: "We've checked your account and noticed that there is an unused €10 voucher, which is only valid in 2014. Why don't you use it?" There was no real voucher in the account, we just gave them a regular €10 voucher, but we had 3x more conversions than our average email. [Vitafy - nutrition, fitness and supplements retailer]

One of the strategies we used is called '12 days of buried bauble': Every day at the beginning of December we had a different \$10 or \$20 product. It was both a fun scavenger hunt, because it was like the Deal of the Day, and at the same time it created a nice repeat behavior where people purchase multiple times within their first 30 days with us. We discovered that if we stack purchases at the beginning of their relationship with us, we see a higher lifetime value overall, as opposed to letting them sit back and purchase at their own volition. [BaubleBar, online retailer for fashion jewelry]

Email frequency and revenue contribution increased over the holidays. Relevant email content & exciting offers actually drove unsubscribe rates down despite increased email volume.

The challenge for all retailers is to continue to deliver energizing email content in the final two weeks of December when engagement rates typically fall due to email fatigue & holiday purchase patterns." [The Tie Bar, Men's Fashion Accessories Retailer]

What surprised us the most this holiday season was the extremely high cost of social media advertising. [Criquet Shirts]

I hate to admit that those ads on the side of Facebook are super useful.

Our gift guide catalog in December was the strongest paid acquisition investment.



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Custora is a predictive marketing platform built for e-commerce teams. Our software helps retailers acquire valuable customers and improve customer retention.

Our software analyzes data to predict how customers will behave in future—the things they're likely to buy, how much they'll spend, even how often they'll shop. These customer-specific insights enable brands to advertise and communicate in more effective and meaningful ways.

We work with a variety of both online-only and omnichannel retailers including LOFT, Guess, Reebok, Crocs, BaubleBar, Bonobos, Nasty Gal, and Etsy.

[REQUEST A DEMO](#)

LOFT

NASTY GAL

Etsy

GUESS

Reebok



Custora E-Commerce Pulse

The Custora E-Commerce Pulse is a free online dashboard tracking key US e-commerce statistics. The Pulse is based on Custora's analysis of over 100 million online shoppers and over \$40 billion in e-commerce revenue across over 100 US-based online retailers. The Pulse also leverages external data points, such as the US Department of Commerce e-commerce growth figures, to extrapolate growth trends within the Custora data universe to arrive at predictions for the US industry at large.

Pulse research has been featured in The Wall Street Journal, USA Today, Inc., Fortune, Bloomberg TV, McKinsey Insights, AdAge, eMarketer, and many other publications. Pulse data is part of the Bloomberg Professional® Platform.

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METHODOLOGY

The report's findings are derived from data spanning over 100 million anonymized shoppers, \$40B in e-commerce revenue, and over 100 online retailers.

Statistics for the percentage of orders made by channel, by device type, and by platform, are actual aggregate numbers obtained from the group of retailers described above. These statistics are derived by first computing the distribution within each e-commerce firm, then taking the average of these distributions.

For marketing channel analysis, channel attribution was set by each retailer; most retailers use "last click" or "last touch" attribution.

Please direct inquiries to info@custora.com.

