

# The 2010 holiday marketer:

## Benchmark and trend report

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Direct mail • Email marketing • Mobile marketing • Multichannel customer experience • Online communities and social media • Search marketing



## Foreword

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As marketers, we find ourselves edging toward data overload. From streams of transactional data to the minutiae that we capture with our Website-centric tools, the battle to make more informed decisions based on our customers' behavior has evolved from the challenge of capturing the right data to finding salient points in an ocean of ones and zeros.

However, as the pendulum swings from marketing viewed as solely an art form, or faith-based decision making ("I believe I know what my customer wants"), to data-based decision making ("I understand my customers through the data that we capture about them"), we find ourselves challenged to identify the right data to use in our analysis.

As a practicing marketing analyst, I deal with this challenge by utilizing a top-down approach to finding the right data. Using tools such as Experian Simmons<sup>SM</sup> Retail Shopper and GreenAware<sup>SM</sup> segmentation and Mosaic<sup>®</sup> USA geodemographics, I am better equipped to know what I'm looking for in the vast array of data that we capture and analyze.

In the 2010 holiday marketer report, we'll focus on understanding your customer through data and segmentation.

As we approach this holiday season, various economic indicators show signs of improvement. At the same time, however, consumer spending remains cautious. According to the Commerce Department in April 2010, consumer spending registered the weakest numbers over the last seven months.

In order to enjoy a prosperous 2010 holiday season in a climate where consumers are more reluctant to spend, now more than ever it's becoming imperative that we arm ourselves with as much insight as possible.

In addition to our segmentation analysis, on the following pages you'll find a wealth of consumer data covering email, direct, mobile, social and search marketing. We look forward to working with you to navigate a path toward a profitable 2010 holiday season.



### **Bill Tancer**

General Manager, Research  
Experian Marketing Services

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Experian Marketing Services helps leading companies from around the world effectively target and engage their customers through a full suite of marketing services, including email marketing, addressable advertising, data enrichment, modeling and analytics, strategic services, and consumer and competitive insights.

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## Executive summary

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As economic challenges continue and consumer spending remains tentative, understanding the purchasing drivers and triggers of our customers, as well as their channel preferences is critical to ensuring a successful 2010 holiday season. Given the sheer volume of data available to help you make the right marketing choices, segmentation systems such as Experian Simmons' Retail Shopper, GreenAware and Mosaic USA can help you pinpoint your best — and next best — customers, identify those most likely to purchase in a category and even find those most likely to be brand-loyal.

As you strategize about this year's holiday season and refine your marketing plans, Experian Marketing Services' 2010 holiday marketer report will help move your marketing forward with key insights and suggestions that maximize effectiveness and return.

**Consumer segmentation provides a logical starting point for your holiday marketing planning.** Simmons' Retail Shopper Segmentation reveals that shopping characteristics such as online comparison-shopping and purchases, brand loyalty and online/offline behavior vary by gender, age, income and region. While some findings are intuitive — “Men are more likely than women to be Just the Essentials and Virtual Shoppers, preferring to limit their exposure to physical retail stores as much as possible” — other findings reveal counterintuitive insight. For example, while environmental activism is often associated with younger generations, according to Experian GreenAware, there is a positive correlation between Behavioral Greens, or those consumers who think and act green, and age, revealing that older consumers are more likely to identify as environmentally aware.

**Traditional channel marketing is evolving into consumer-centric integrated marketing.** While the Internet continues to grow as the most preferred media channel, with 37.7 percent of U.S. consumers identifying it as the media that they can't live without — above television at 21.6 percent — consumers, given the opportunity, would identify their marketing channel preference. In the United Kingdom, approximately 65 percent of consumers prefer that marketers ask them via which marketing channel they would like to be contacted. Spain, France and Germany also show that the majority of consumers prefer to choose their marketing channel.



**Mobile and social marketing continue to flourish in 2010.** The percentage of consumers who purchase from mobile phones has grown from 10 percent in 2009 to 13 percent in 2010. Pricing and product research via mobile devices has also grown significantly during the same time frame. Social networking is becoming an increasingly important traffic acquisition channel for online retail, accounting for more than 3 percent of all visits to the top 500 online retail sites. More than 60 percent of U.S. adult online users say that they have visited a social network during a typical month. Forty-three percent of social network users say that they frequent social networking sites multiple times per day.

**Knowing your customers' communication patterns and channel-appropriate messaging is key to a successful 2010 holiday season.** Email marketing volumes are expected to increase 15 percent to 20 percent for the upcoming 2010 holiday season, compared to the same time period in 2009. Multichannel retailers registered the largest increase at 42 percent from 2008 to 2009 holiday seasons. Our research reveals that email offer-types can make a key difference in campaign success. Email campaigns with offers such as free shipping, discounts and reward points had lower open and click-through rates but higher transaction rates and revenue per email. Offers including a free gift had the highest transaction rates, while offers for points in affinity programs had the highest revenue per email.

## Introduction

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As preparation for the upcoming 2010 holiday season continues, a review of indicators surrounding consumer economic sentiment and outlook suggests a mood of cautious optimism. The University of Michigan/Reuters Consumer Sentiment Index reports that consumers' outlook on the economy reached a two-year high this May, the same month that the U.S. Commerce Department reported that consumer spending dropped unexpectedly by 1.2 percent.<sup>1</sup>

Transactional shopping data from Experian Marketing Services' Catalog Cooperative Database indicates that while 2008 and 2009 holiday seasons registered the first declines in sales since the early 1950s, in analyzing 2010 catalog sales data, we expect that this year's fourth quarter will register a 1 percent to 2 percent increase over the previous quarter.

As marketers, we have little control over consumer sentiment and spending. Given the conservative sales expectations for the upcoming holidays, it is paramount that we utilize every relevant tool at our disposal to fine-tune our customer acquisition and sales strategies. Multichannel integration and coordination across customer touch-points is critical.

Integrating mediums such as direct mail, email, search, mobile, online communities and social media with insights on consumers' preferences worldwide, across all channels, is essential to reaching the peak of holiday marketing success. The following report provides current and precise data and best practices across some of the most powerful tools available to marketers today. The information is intended to facilitate confident holiday marketing strategies around two key themes – timing and targeting – that will help businesses flourish well into 2011 and beyond.

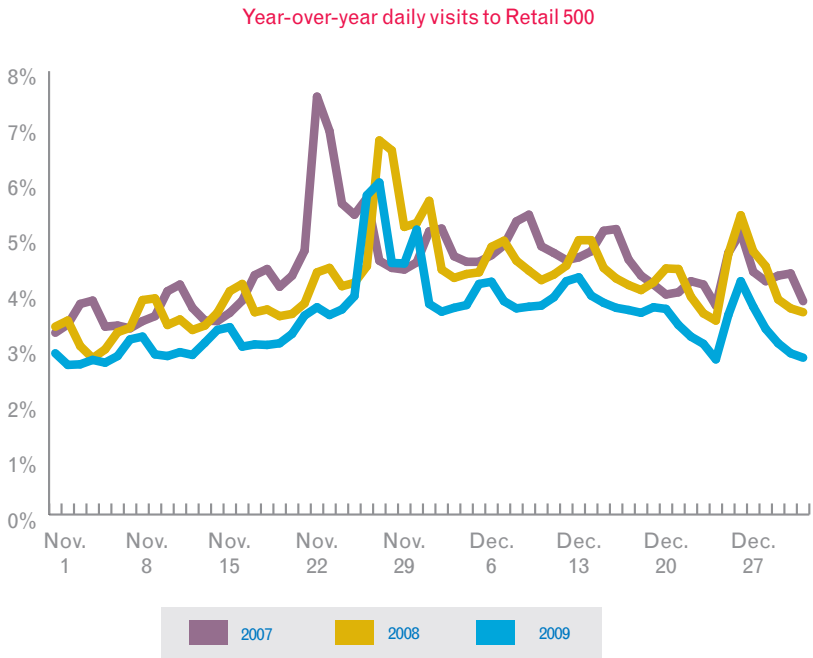
<sup>1</sup>Mui Y., "Consumer confidence is up, but spending is slow to follow," *The Washington Post*, June 12, 2010



Key theme: timing

Knowing when consumers begin thinking about holiday purchases can provide marketers with an advantage over the competition.

Given that the Internet has become pervasive in the lives of consumers and marketers alike, looking at patterns in online visits and search activity is a reliable proxy for both online and offline consumer interests. By analyzing the daily visits to the top 500 online retail sites (including both pure online retailers and the online component of brick-and-mortar retailers), we see that during the holiday season, Nov. 1 of each year to Dec. 31, visits to the top retail Websites demonstrate a repeatable pattern.



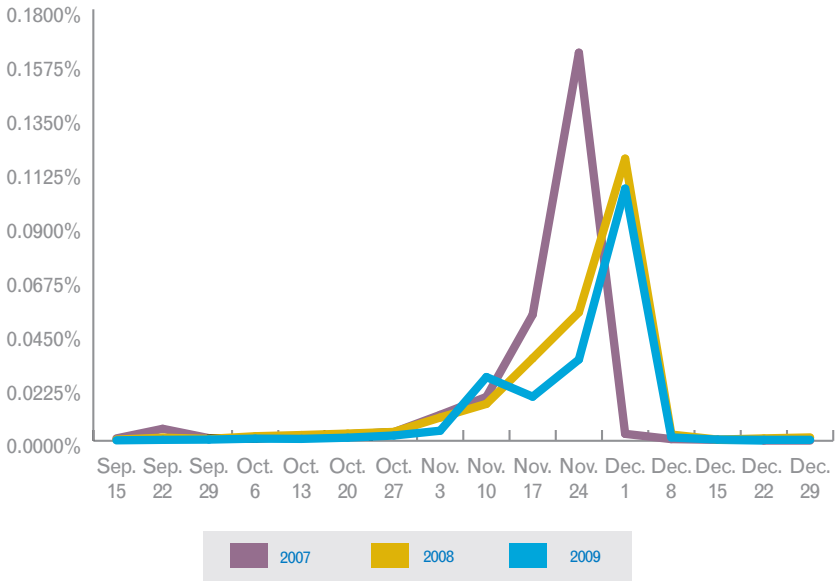
Source: Experian Hitwise

## Trend spotting

Based on the aforementioned repeating patterns, which align by both day of week and major holidays such as Thanksgiving and the day after Christmas, consumer timing for the upcoming holiday season can be predicted as follows:

- As observed over the last six years, the most popular day of the year for visits to online retail sites in 2010 (in terms of market share of visits to all U.S. Websites) will be Thanksgiving Day. Analysis of this traffic spike in the past reveals primarily research activity surrounding sales promotions for Black Friday (the day after Thanksgiving) and the day after Christmas.
- The day after Christmas will be the second most popular day for market share of visits to top retailer Websites this year, as consumers investigate post-Christmas sales.
- In 2007 and 2008, the first weekend in December registered as the high point for visits to retailers during the last month of the year. However, in 2009, the second weekend ranked higher, suggesting that improvements in shipping times have enabled holiday shopping procrastination.
- Consumer timing is also evident in the searches surrounding the biggest sale day of the year, Black Friday. Based on U.S. searches for the term "Black Friday," it can be expected that searches for the term will begin appearing as early as the beginning of September.

### Year-over-year searches on "Black Friday"



Source: Experian Hitwise

- While in 2007 and 2008, the majority of "Black Friday" searches were executed during the week before Thanksgiving, in 2009, there was an earlier minor surge in searches that occurred two weeks prior. Based on trending for "Black Friday" terms over the last three years, the trend is expected to continue, with significant sale-related searches appearing as early as the first week of November for the 2010 holiday season.

## Key theme: targeting

During the holiday season, marketers must better understand the distinct mindset of consumers, as well as their shopping behaviors and preferences, in order to target and message their most valuable customers and prospects. Experian analysis reveals that consumers cluster around several distinct segments. In this section, we discuss segmentation by shopping behavior, environmental awareness and mobile phone usage.

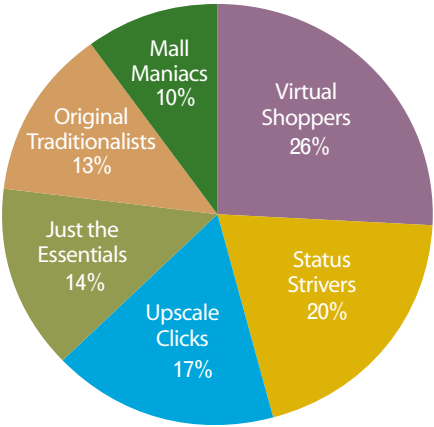
### Shopper segmentation

Utilizing a large set of attitudinal and behavioral variables, Experian Simmons research has developed the Simmons Retail Shopper segmentation targeting system, which identifies six distinct segments of shoppers who exhibit the following characteristics:

- **Virtual Shoppers:** Twenty-six percent, the majority of this American consumer segment, go for the bargains and use the Internet to help find discounts. Interestingly, one of the Mosaic USA<sup>2</sup> types that indexes the highest for this particular segment is America's Wealthiest.
- **Status Strivers:** Twenty percent think that shopping is fun and recreational; they like to browse as much as buy, and they're willing to spend the money and time necessary to keep up with trends. In contrast to Virtual Shoppers, the Mosaic USA types that comprise this segment include several lower-income groups, revealing the aspirational nature of status striving.
- **Upscale Clicks:** Seventeen percent of shoppers in America are knowledgeable consumers who buy either in-store or online, always carefully research purchases online first, and shop around and compare prices before buying. Several suburban and urban Mosaic USA types make a strong showing in this group.
- **Just the Essentials:** Fourteen percent of Americans make up this group of consumers who primarily purchase necessities; they know what they want and are not impulsive shoppers. In contrast to Upscale Clicks, rural types make a strong showing for this segment.
- **Original Traditionalists:** Thirteen percent are loyal to their brands, stores, services and country. They're knowledgeable, are the most environmentally responsible group, and incorporate green practices on a regular basis.
- **Mall Maniacs:** Ten percent of shoppers in America are not just consumers; they're "try-sumers." They like to try new products, stores and styles and connect and interact with preferred brands, and shopping brings enjoyment to them. As revealed below in our ethnicity section, Hispanic Mosaic USA types index strongly for this segment.

<sup>2</sup>Mosaic USA is a consumer lifestyle segmentation system developed by Experian, providing comprehensive and robust insight available for understanding the American consumer dimensions that include demographic composition, ethnicity, socio-economics, behaviors, habits and purchase choices.

Shopper segmentation



Gender

Men are more likely than women to be Just the Essentials and Virtual Shoppers — preferring to limit their exposure to physical retail stores as much as possible. Women are more likely to be Status Strivers.

| Gender | Just the Essentials | Status Strivers | Mall Maniacs | Upscale Clicks | Virtual Shoppers | Original Traditionalists |
|--------|---------------------|-----------------|--------------|----------------|------------------|--------------------------|
| Men    | 18%                 | 10%             | 9%           | 19%            | 31%              | 13%                      |
| Women  | 11%                 | 29%             | 11%          | 15%            | 21%              | 14%                      |

Age

Young adults are heavier shoppers than older adults, with ages 18 to 34 indexing high for Status Strivers, Mall Maniacs and Virtual Shoppers. Older adults are more likely to be Just the Essentials and Original Traditionalists.

| Age   | Just the Essentials | Status Strivers | Mall Maniacs | Upscale Clicks | Virtual Shoppers | Original Traditionalists |
|-------|---------------------|-----------------|--------------|----------------|------------------|--------------------------|
| 18–34 | 8%                  | 27%             | 13%          | 15%            | 32%              | 5%                       |
| 35–49 | 14%                 | 19%             | 10%          | 22%            | 26%              | 9%                       |
| 50+   | 18%                 | 16%             | 9%           | 15%            | 21%              | 21%                      |

Household income

Despite lower incomes, adults with household incomes below \$25,000 are more likely to be Mall Maniacs than those with incomes of \$100,000 or more, likely due to the heavy skew of young adults in this segment. No surprise: Wealthy households are more likely to fall into the Upscale Clicks segment.

| Household income | Just the Essentials | Status Strivers | Mall Maniacs | Upscale Clicks | Virtual Shoppers | Original Traditionalists |
|------------------|---------------------|-----------------|--------------|----------------|------------------|--------------------------|
| <\$25,000        | 15%                 | 20%             | 14%          | 9%             | 25%              | 19%                      |
| \$100,000+       | 11%                 | 21%             | 9%           | 21%            | 29%              | 8%                       |

Region

Mall Maniacs are more heavily concentrated in the Northeast region of the United States, while Just the Essentials are found in greater concentrations in the Midwest.

| Region    | Just the Essentials | Status Strivers | Mall Maniacs | Upscale Clicks | Virtual Shoppers | Original Traditionalists |
|-----------|---------------------|-----------------|--------------|----------------|------------------|--------------------------|
| Northeast | 13%                 | 19%             | 12%          | 16%            | 27%              | 13%                      |
| Midwest   | 17%                 | 21%             | 8%           | 19%            | 23%              | 13%                      |
| South     | 13%                 | 22%             | 10%          | 16%            | 26%              | 13%                      |
| West      | 14%                 | 17%             | 11%          | 17%            | 27%              | 14%                      |

## Green consumers

In the past, many companies considered “green” consumers part of a small group that was not necessarily an economically viable target for advertising and marketing dollars.

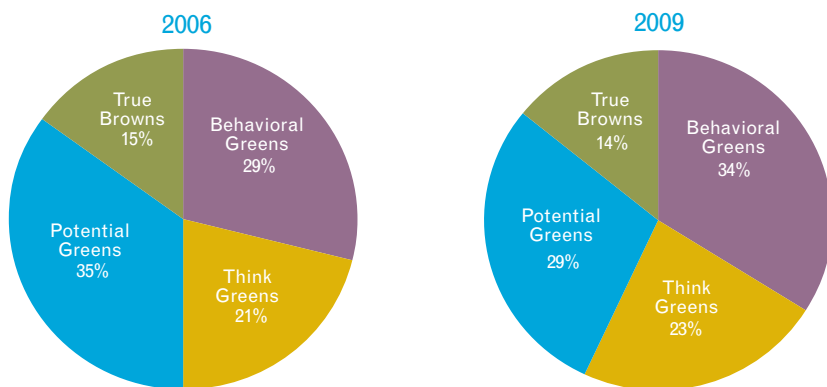
As Holiday 2010 approaches, Experian’s research indicates that environmentally aware consumers now comprise more than one-third of all U.S. consumers. Along with traditional marketing considerations of product, price, placement and promotion, in today’s marketplace, effective marketers must consider messaging the environmental impact of their products and services.

Simmons GreenAware, a green segmentation targeting system, delivers data surrounding buying behaviors, attitudes, opinions, lifestyle and media usage based on the distinctive mindset of consumers toward the environment. The main consumer segments are as follows:

- **Behavioral Greens:** This group of people thinks and acts green. They have negative attitudes toward products that pollute, and they regularly incorporate green practices.
- **Think Greens:** This group thinks green but does not necessarily act green.
- **Potential Greens:** This group neither behaves nor thinks along particularly environmentally conscious lines and remains on the fence about key green issues.
- **True Browns:** This group is not environmentally conscious and may, in fact, have negative attitudes about environmental issues.

Americans are getting greener. The percentage of U.S. adults who are Behavioral Greens rose 5 percent between 2006 and 2009, while the percentage of Americans who are True Browns remained flat.

GreenAware segments—2006 versus 2009





Gender

Women have an edge on men when it comes to being “green.” Men are less likely to behave green and are even more likely to be True Browns.

| Gender | Behavioral Greens | True Browns |
|--------|-------------------|-------------|
| Men    | 30%               | 17%         |
| Women  | 37%               | 12%         |

Age

Older adults are more likely to exhibit green behaviors than young adults.

| Age   | Behavioral Greens | True Browns |
|-------|-------------------|-------------|
| 18–34 | 29%               | 18%         |
| 35–49 | 32%               | 17%         |
| 50+   | 37%               | 10%         |

Household income

As household income rises, so does one’s tendency to be a True Brown. Conversely, those with lower household incomes are more likely to exhibit green behaviors.

| Household income | Behavioral Greens | True Browns |
|------------------|-------------------|-------------|
| <\$25,000        | 35%               | 10%         |
| \$100,000+       | 33%               | 16%         |

Region

The Northeast and Western United States have heavier concentrations of Behavioral Greens, with four in 10 residents in these regions falling in the greenest segment. Midwesterners are the most likely to be True Browns, with nearly one-fifth of residents of this region falling into the least-green segment.

| Region    | Behavioral Greens | True Browns |
|-----------|-------------------|-------------|
| Northeast | 40%               | 11%         |
| Midwest   | 31%               | 19%         |
| South     | 29%               | 16%         |
| West      | 39%               | 10%         |

**Holiday hint:** Have your holiday mailing include something useful so people are less likely to toss it. Your promotion could be a calendar, a coupon redeemable at your business, a tree ornament, festive gift wrap or anything that encourages reuse.

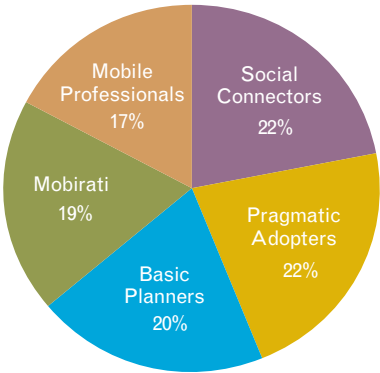


Mobile users

As expanded upon later in this report, more than 13 percent of mobile phone users claim that they have purchased products from their phones. In addition to purchases, mobile has become integral in the shopping experience, with consumers researching products and pricing on their phones. For the 2010 holiday season, successful marketers must consider their mobile shopper segmentation.

According to Experian Simmons, mobile users can be segmented by the following five distinct segments, in order of prevalence:

- **Mobirati:** Nineteen percent of mobile users in America today represent the mobile generation. They grew up with cell phones and cannot imagine life without them. Cell phone devices are a central part of their everyday lives.
- **Social Connectors:** Twenty-two percent of today's mobile users believe communication is central in their lives. Cell phones provide the bridge to their social world which allows them to keep up to date with friends and social events.
- **Mobile Professionals:** Seventeen percent are multiple-feature users. Their cell phones help them keep up with their professional and personal lives. The cell phone (most likely a smartphone) has become an all-in-one device for their communication and information needs.
- **Pragmatic Adopters:** Another 22 percent of users had cell phones come to market in their adulthood. They are the ones who are still learning there are other things to do with your phone beyond just saying "Hello." Cell phones are more a part of their everyday lives than before but still more functional than entertaining to them.
- **Basic Planners:** Twenty percent are not into cell phones or the world of technology. They use their cell phones just for the basics. The cell phone is just another communication device for this group.



### Gender

Men are much more likely than women to be Mobile Professionals. This is the segment that most heavily skews toward one gender. However, women dominate in the Social Connectors segment.

| Gender | Mobirati | Social Connectors | Pragmatic Adopters | Basic Planners | Mobile Professionals |
|--------|----------|-------------------|--------------------|----------------|----------------------|
| Men    | 22%      | 19%               | 21%                | 17%            | 22%                  |
| Women  | 17%      | 25%               | 22%                | 23%            | 13%                  |

### Age

Young adults are more likely to be Mobirati and Social Connectors, while older adults are more likely to be Pragmatic Adopters and Basic Planners.

| Age   | Mobirati | Social Connectors | Pragmatic Adopters | Basic Planners | Mobile Professionals |
|-------|----------|-------------------|--------------------|----------------|----------------------|
| 18–24 | 30%      | 25%               | 13%                | 11%            | 21%                  |
| 35–49 | 18%      | 22%               | 23%                | 16%            | 1%                   |
| 50+   | 13%      | 19%               | 26%                | 29%            | 13%                  |

### Household income

Adults with low household incomes skew toward Mobirati. This is likely due to the fact that household income among younger adults is lower and they may not have a landline.

| Household income | Mobirati | Social Connectors | Pragmatic Adopters | Basic Planners | Mobile Professionals |
|------------------|----------|-------------------|--------------------|----------------|----------------------|
| <\$25,000        | 29%      | 23%               | 17%                | 21%            | 11%                  |
| \$100,000+       | 17%      | 22%               | 23%                | 19%            | 21%                  |



# Direct mail

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## Direct mail

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How will marketers fill consumers' mailboxes as Holiday 2010 approaches? Catalogs, circulars and promotional postcard mailings are sure to increase as the winter months approach. The challenge is to ensure diligent data hygiene processes and postal preparation so that marketers can target customers at the right address, with messages that are most likely to generate response.

This section outlines valuable and timely trends in direct mail and best practices for mailing during the 2010 holiday season.

### Key findings

- Direct-mail spending is predicted to increase 0.7 percent in 2010.
- The share of U.S. adults who have ordered from a catalog has remained relatively stable over the past few years. Meanwhile, the share of U.S. adults who have actually requested a catalog to be sent to them has fallen.
- More than 70 percent of catalog buyers say that they have made at least one catalog purchase for someone else as a gift in the past year.
- Credit cards remain the number one way to pay for catalog orders, but debit cards and electronic transfers are growing in popularity. Cash or cash equivalent methods are on the decline.
- Today, 61 percent of catalog orders are placed online compared with only 50 percent in 2006. Phone and mail orders are both down.

## State of the industry: Holiday 2010

As part of an integrated cross-channel marketing program, direct mail remains one of the most effective channels for reaching consumers. Despite the decreases implemented by most businesses last year, direct-mail spending is predicted to increase 0.7 percent in 2010.<sup>3</sup> In fact, many of Experian Marketing Services' own clients have shared their plans for shifting a portion of the marketing dollars back into their direct-mail acquisition programs. Reasons for this shift include improving acquisition efforts that suffered from mailing cutbacks and other types of media proving to be harder to measure or less effective for acquisition efforts.

The shift favoring direct-mail rate increases requires that marketers become even more vigilant in maximizing the return from this channel. The USPS® has filed an exigent rate increase to be effective after the holidays, on January 2, 2011. There is a strong possibility of this rate case being approved, with increases of approximately 5 percent for Standard Mail® flats, and even higher for other types of mail such as parcels and publications.

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**Holiday hint:** With predictions for increased postage costs in the coming year, direct mailers should take this opportunity to be more aggressive in acquisition and retention efforts this holiday season. Take advantage of verification and optimization services to further fine tune your strategy.

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## Direct-mail data quality

Approximately 177 billion pieces of mail are sent out each year, according to the USPS. Of that, 85 billion pieces are Standard Mail®, a class frequently associated with advertisements, circulars, newsletters and magazines.<sup>4</sup> It is certain that retailers will utilize these types of mailings throughout the 2010 holiday season in an effort to prompt consumers shopping, but it's important that their messages successfully reach the mailbox. The USPS also estimates that about 5 percent of all mail is undeliverable as addressed.

<sup>3</sup>Wolfgang, M., Boston Consulting Group (March 2010), *Projecting U.S. Mail Volumes to 2020* (PowerPoint slides)

<sup>4</sup>Winterberry Group Outlook 2010 (April 2010), *The Maturation of Email in a Continuously Evolving Market*

**Trend spotting:** The USPS predicts significant mailing changes by 2020. Standard Mail® is expected to grow by 4 percent; however, mailed catalogs are expected to drop by roughly 29 percent. Advertising Standard Mail letters will grow at a rate of 18 percent, while fliers will grow at a rate of 10 percent.<sup>3</sup>

### Direct-mail data quality quick tips

To ensure strong response in time for the holiday season, businesses should immediately start working to correct bad data. The following steps can be taken to improve data quality to help marketing messages reach the right consumers:

- **Review returned mail** — Take time after the execution of current direct-mail campaigns to review any returned pieces. You can scrub the returned pieces from your list and clean them using an address verification tool.
- **Run contact lists through a verification tool immediately before a holiday mailing** — Run lists through a contact verification tool to check the overall accuracy of contact data. Pulling invalid information out of a distribution list will prevent wasted efforts, allow corrections prior to mailing and save money.
- **Install point-of-capture address verification** — Installing address verification now corrects new customer contact data collected through an ecommerce site, call center or at the point of sale (POS) prior to the holiday season. Not only will this ensure a better customer experience, but it will also enhance marketing efforts for the holiday season and beyond.

<sup>3</sup>Winterberry Group Outlook 2010 (April 2010), *The Maturation of Email in a Continuously Evolving Market*



### Case study: address verification



**FarEastFlora.com®**  
Make Someone Smile Today

#### Challenge/objective:

FarEastFlora.com®, a multichannel retailer offering more than 1,000 choices in flowers and gifts to more than 140 countries, has to rely on the information input by its customers for delivery. In some instances (such as when buying a gift), customers are unsure of the correct address, resulting in a high percentage of failed deliveries.

#### Solution:

To improve the data quality of its customer database, FarEastFlora.com implemented Experian QAS.

Experian QAS helps cleanse existing databases by automatically correcting spelling mistakes and formatting errors and maintain the validity of data over time. Customers who make mistakes or provide incomplete information while making online orders are flagged instantly for their verification. Similarly, if the call center staff makes any mistakes when entering customers' details during a phone order, it is highlighted so they can reconfirm the details.

#### Results:

FarEastFlora.com experienced a 60 percent decrease in the number of failed deliveries, resulting in improved customer service and efficiency.

"We could see immediate results following the implementation of Experian QAS. Inaccuracies were flagged immediately, and our call center staff was able to make on-the-spot verifications. We have seen a significant decrease of 60 percent in failed deliveries that were a direct result of incorrect recipient addresses."

**Ryan Chioh, Managing Director, FarEastFlora.com®**

Catalog consumer trends

Catalog shopping is a major activity during the holidays. Consumers flip through the books for gift ideas, sales and special items for weeks if not months before the peak of the season hits. Over time, however, consumer behavior has significantly shifted in terms of where, when and how they purchase from catalogs. Many are using the medium differently than in the past. Marketers should be mindful of the following recent trends and strategize accordingly.

The share of U.S. adults who have ordered from a catalog has remained relatively stable over the past few years. Meanwhile, the share of U.S. adults who have actually requested a catalog to be sent to them has fallen.

|   | Fall 2009 | Fall 2008 | Fall 2007 |
|---|-----------|-----------|-----------|
| Bought from a catalog in the last 12 months | 42.5%     | 44.5%     | 44.3%     |
| Requested a catalog in the last 12 months   | 25.0%     | 28.0%     | 30.6%     |

Source: Experian Simmons Fall 2009 National Consumer Study

More than 80 percent of catalog buyers say that they have made at least one catalog purchase for themselves in the past year, and more than 70 percent say that they have made at least one catalog purchase for someone else as a gift in the past year.

| Number of times bought from catalog for gift (among catalog buyers) | Fall 2009 | Fall 2008 | Fall 2007 |
|---|-----------|-----------|-----------|
| 12 or more  | 4%        | 4%        | 5%        |
| 6 to 11   | 9%        | 9%        | 9%        |
| 3 to 5  | 21%       | 25%       | 26%       |
| 1 to 2  | 38%       | 39%       | 38%       |
| None  | 28.1%     | 23.1%     | 21.4%     |

Source: Experian Simmons Fall 2009 National Consumer Study



Channel crosser:

Include coupon or “quick shop” codes in catalog or direct-mail pieces that can be redeemed at retail stores or online to more accurately credit purchase revenue across marketing efforts.

Credit cards remain the number one way to pay for catalog orders, but debit cards and electronic transfers are growing in popularity. Cash or cash equivalent methods are on the decline.

| How did you usually pay for the merchandise? | Fall 2009 | Fall 2008 | Fall 2007 |
|--|-----------|-----------|-----------|
| Cash/Check/Money order                       | 18.0%     | 18.6%     | 19.7%     |
| Credit card                                  | 64.1%     | 64.8%     | 65.0%     |
| Debit card/Electronic transfer               | 16.5%     | 14.9%     | 13.5%     |
| Other  | 1.5%      | 1.7%      | 1.8%      |

Source: Experian Simmons Fall 2009 National Consumer Study

The most commonly purchased catalog item is women's apparel, purchased by 42 percent of catalog buyers last year. Men's apparel is also popular but is a distant second to women's apparel. While most categories have remained relatively stable in recent years, a greater share of catalog buyers say they are ordering toys and games from catalogs today as compared to three years ago.



For catalog buyers who have purchased women's apparel, the average annual amount spent on such items was \$196 last year, down just slightly from 2006 when the average was \$200. Meanwhile, men's apparel buyers are spending a bit more. Mean spending on automotive items has risen, as has mean spending on housewares and gifts. Spending on computer products has fallen more than \$40, which is most likely due to the falling prices of computers.

| Types of merchandise bought from catalog: | Fall 2009 | Fall 2008 | Fall 2007 | Fall 2006 |
|---|-----------|-----------|-----------|-----------|
| Apparel — women's                         | 42%       | 42%       | 41%       | 41%       |
| Apparel — men's                           | 26%       | 25%       | 25%       | 25%       |
| Footwear/Shoes                            | 21%       | 21%       | 20%       | 21%       |
| Gifts                                     | 20%       | 21%       | 23%       | 22%       |
| Accessories                               | 16%       | 16%       | 15%       | 16%       |
| Toys/Games                                | 15%       | 15%       | 15%       | 12%       |
| Food/Perishables                          | 12%       | 12%       | 12%       | 11%       |
| General merchandise                       | 12%       | 11%       | 13%       | 14%       |
| Home furnishings                          | 11%       | 12%       | 12%       | 13%       |
| Computer products                         | 11%       | 11%       | 10%       | 10%       |
| Sporting goods                            | 11%       | 13%       | 11%       | 11%       |
| Electronics/Appliances                    | 10%       | 9%        | 9%        | 8%        |
| Housewares                                | 9%        | 9%        | 9%        | 10%       |
| Gardening                                 | 9%        | 9%        | 9%        | 10%       |
| Automotive                                | 9%        | 9%        | 8%        | 8%        |
| Home linens                               | 8%        | 9%        | 9%        | 9%        |
| Hardware                                  | 5%        | 4%        | 4%        | 4%        |
| Other                                     | 28%       | 23%       | 25%       | 49%       |

Source: Experian Simmons Fall 2009 National Consumer Study



Mean amount spent last 12 months on types of merchandise (among those who purchased items from that category):

|                        | Fall 2009 | Fall 2008 | Fall 2007 | Fall 2006 |
|------------------------|-----------|-----------|-----------|-----------|
| Apparel — women's      | \$196     | \$214     | \$205     | \$200     |
| Apparel — men's        | \$186     | \$183     | \$185     | \$177     |
| Footwear/Shoes         | \$153     | \$145     | \$140     | \$136     |
| Gifts                  | \$204     | \$199     | \$193     | \$175     |
| Accessories            | \$138     | \$132     | \$135     | \$133     |
| Toys/Games             | \$169     | \$150     | \$147     | \$160     |
| Food/Perishables       | \$180     | \$180     | \$180     | \$182     |
| General merchandise    | \$185     | \$199     | \$178     | \$172     |
| Home furnishings       | \$235     | \$264     | \$239     | \$247     |
| Computer products      | \$230     | \$250     | \$265     | \$285     |
| Sporting goods         | \$210     | \$205     | \$218     | \$227     |
| Electronics/Appliances | \$245     | \$241     | \$238     | \$233     |
| Housewares             | \$177     | \$160     | \$167     | \$147     |
| Gardening              | \$127     | \$118     | \$131     | \$117     |
| Automotive             | \$281     | \$265     | \$259     | \$230     |
| Home linens            | \$192     | \$161     | \$175     | \$174     |
| Hardware               | \$182     | \$205     | \$167     | \$184     |
| Other                  | \$191     | \$201     | \$190     | \$186     |

Source: Experian Simmons Fall 2009 National Consumer Study



## Channel crosser:

Online ordering of catalog items has risen noticeably in the past four years. Today, fully 61 percent of catalog orders are placed online compared with only 50 percent in 2006. Phone and mail orders are both down.

How did you buy the catalog merchandise?

|                        | Fall 2009 | Fall 2008 | Fall 2007 | Fall 2006 |
|------------------------|-----------|-----------|-----------|-----------|
| By fax                 | 0.7%      | 0.8%      | 1.1%      | 1.0%      |
| By mail                | 15.7%     | 17.0%     | 18.1%     | 21.6%     |
| By phone               | 38.2%     | 42.8%     | 45.2%     | 49.4%     |
| Brick-and-mortar store | 6.3%      | 5.2%      | 5.6%      | 5.5%      |
| Online                 | 60.6%     | 58.2%     | 54.8%     | 49.5%     |

Source: Experian Simmons Fall 2009 National Consumer Study

## Direct-mail quick tips

As significant time and money continues to be invested in planning and producing holiday marketing campaigns, the following techniques should be considered for “mailing smarter.” These best practices provide effective ways to boost response while reducing advertising costs and direct-mail waste.

- **Strive for the highest levels of ZIP+4™ coding for your mailings.** Not only do you benefit from postage savings, but you also can improve performance more than 100 percent, on average, on records that were previously noncoded.
- **Utilize proprietary correction services that correct the missing or invalid secondary or unit numbers.** Experian's analysis has shown that mailings without apartment numbers that are destined for multiunit or high-rise buildings perform at 40 percent to 50 percent below their expected achievement.
- **Employ NCOA<sup>Link®</sup> service regularly and as close to your mail date as possible to meet USPS Move Update requirements and improve your response.** Mailing to an old address has shown to decrease performance up to 25 percent of what is average for the campaign.
- **Utilize the USPS ACS™ service to identify additional movers.** Over the course of a year, this will help identify 2 percent to 3 percent more moves.
- **Take advantage of special suppression files to eliminate undesirable records from your mailings, such as deceased, prison, old address and undeliverable as addressed files.** Doing so will remove records that generally underperform in your mailing.
- **Use industry suppression files from the Direct Marketing Association and Catalog Choice to eliminate consumers who have chosen to opt out of direct-mail offerings.**
- **Eliminate records from your mailing with potential deliverability problems.** Use of a ranking tool such as Experian's Deliverability Score can identify the poor-quality addresses in your mailing that tend to perform at 30 percent or less of the performance of the overall mailing.

The following test results illustrate the impact that the aforementioned best practices mentioned above can have on a direct-mail campaign. By analyzing the campaign data of clients across the catalog, retail and publishing industries, Experian Marketing Services' Data Management team found the following:

| Mailer     | Mail campaign volume | Corrections identified | Change of address | Do not mail | Total impact |
|------------|----------------------|------------------------|-------------------|-------------|--------------|
| Catalog    | 2,600,000            | 2%                     | 1%                | 4%          | 7%           |
| Retail     | 1,700,000            | 2%                     | 1%                | 6%          | 9%           |
| Publishing | 2,700,000            | 1%                     | 2%                | 3%          | 6%           |

Source: Experian Simmons Fall 2009 National Consumer Study

**Holiday hint:** With more aggressive acquisition mailing efforts, use a response/regression-based model on prospects (such as Experian's VeriScore<sup>SM</sup>). This strategy can prove to be much more effective and profitable than using a ZIP<sup>TM</sup> model to determine which prospects to mail to.

# Email marketing

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## Email marketing

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With the increased volume of messages in consumers' inboxes, how can marketers use email to maintain deep customer engagement as we approach the holiday season?

As consumers seek out the best deals and hottest gifts, email marketers are working to grab their attention and increase response. Each holiday season, email marketing volumes rise and the channel picks up more momentum. This year looks to be no different.

The email benchmark information, tips and tricks in this section will help marketers anticipate consumer response to holiday email campaigns and build adaptable campaigns that can be customized throughout the season.

### Key findings

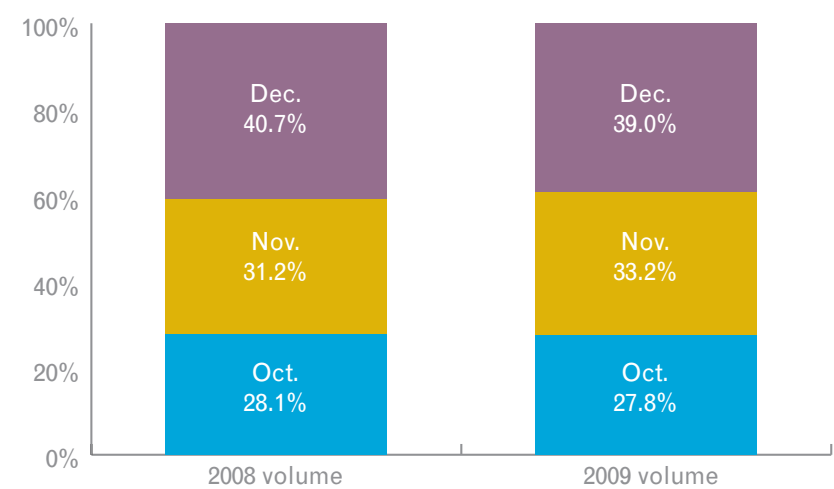
- Experian CheetahMail estimates an overall email volume increase of 15 to 20 percent for the 2010 holiday season in comparison to Holiday 2009.
- Marketers are expected to advertise holiday sales such as Black Friday earlier in 2010 than they did in 2009.
- Twenty-eight percent of inactive email subscribers were re-engaged between Oct. 1, 2009, and Dec. 31, 2009, marking a 15.7 percent increase from 2008.
- Across all industries, email campaigns with offers (i.e., free shipping, percent off, rewards points) had higher transaction rates, revenue per email and average order values during Holiday 2009 than campaigns without offers.
- Last holiday season, free shipping offers with no minimum spend requirement had 70 percent higher transaction rates, triple the revenue per email, and more than double the average order value compared to free shipping offers with minimum requirements.
- The promotion of gift cards in holiday email marketing messages more than tripled transaction rates for multichannel retailers last year.
- Emails with a refer-a-friend link have been proven to drive 14 percent higher open rates, 20 percent higher clicks and 40 percent higher transaction rates than those without.

Email volumes

Email marketing has become more widespread with each passing holiday season. When comparing the fourth quarter of 2008 to the same time period in 2009, there was a 26.6 percent increase in overall email volume.

As we look toward the fourth quarter of 2010, Experian CheetahMail estimates an overall email volume increase of 15 to 20 percent for this holiday season in comparison to Holiday 2009. Many companies maintained higher volume levels after the 2008 holiday season, resulting in a lower overall increase in 2009. This year is likely to follow suit, although senders are expected to increase volume over 2009 levels.

All industry Q4 volume percentage by month (2008–2009)

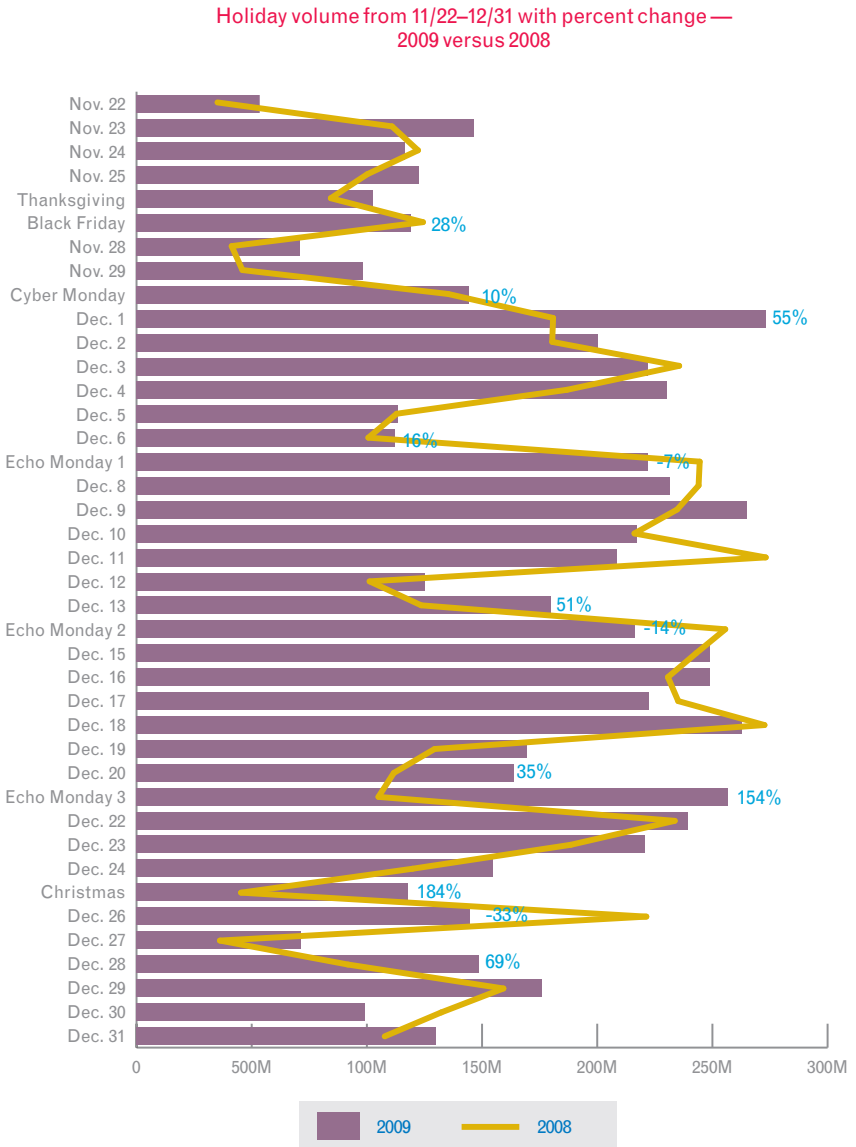


Source: Experian CheetahMail 2009 Holiday Study

Overall email volume from Nov. 22 until Dec. 31 was up 15 percent year over year, spiking on Thanksgiving, Black Friday and Cyber Monday. It is interesting to note that in 2009, those high volume–prone days actually turned into longer spikes encompassing several days. The same pattern is likely to occur in 2010, with high volume periods of several days prior to Black Friday, Cyber Monday and each Echo Monday (the Mondays between Cyber Monday and Christmas).



**Trend spotting:** Marketers are expected to advertise holiday sales such as Black Friday earlier in 2010 than they did in 2009. The trend last year to announce an extension of these sales past the day or a “return” of Black Friday sales later in the season might influence more marketers to follow suit this year.



Source: Experian CheetahMail 2009 Holiday Study

When looking at the 2009 volume increases by vertical, it is no surprise that multichannel retailers that use every means of contacting their customers increased their email marketing volumes the most:

- Multichannel retailers: 42 percent
- Consumer products and services: 29.4 percent
- Catalogers: 20.9 percent
- Travel and entertainment: 19.9 percent
- Publishing: 15.9 percent

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**Holiday hint:** Add a seasonal opt-down if you plan to increase email frequency.

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**Trend spotting:** Customer reactivation is becoming increasingly popular during the holidays. Twenty-eight percent of inactive email subscribers were re-engaged between Oct. 1, 2009, and Dec. 31, 2009, marking a 15.7 percent increase from 2008.

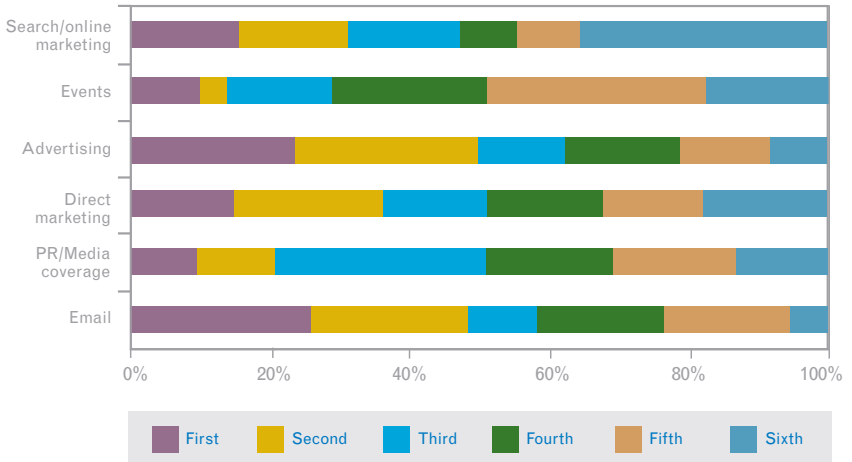


## International insight

Business-to-business (B2B) and business-to-consumer (B2C) marketers in Australia rank email marketing as the number one tactic for driving return on investment (ROI), at 35 percent and 26 percent of respondents, respectively. The majority of B2B and B2C marketers also agreed that advertising delivers the second highest ROI. For the third-best-performing tactic, B2B marketers favor PR and media coverage at 13 percent, whereas 15 percent of B2C marketers rated search/online marketing and direct marketing jointly.<sup>5</sup>

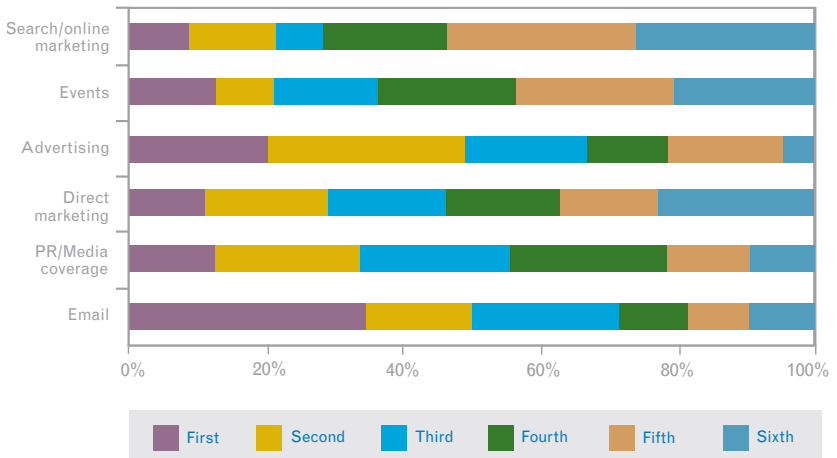
<sup>5</sup>Experian CheetahMail Australia and PureProfile (September 2009), *Five new failings of email marketing with best practice solutions: Australian Research into Email Marketing*

**B2C ranking of marketing tactics in terms of ROI**  
(First is best ROI, sixth is worst)



Source: Experian CheetahMail Australia and PureProfile Study, September 2009

**B2B ranking of marketing tactics in terms of ROI**  
(First is best ROI, sixth is worst)



Source: Experian CheetahMail Australia and PureProfile Study, September 2009

Email offers

Holiday offers start early in the season. Fifty-nine percent of October 2009 holiday email campaigns contained an offer, compared to 65 percent of mailings in December.

**Holiday hint:** Create urgency by using countdowns and time-limited calls to action in your subject lines.

Across all industries, email campaigns with offers (e.g. free shipping, percent off and rewards points) had lower open and click rates but higher transaction rates, revenue per email and average order values during Holiday 2009 than campaigns without offers. Email offers including a free gift had the highest transaction rates, while those offering points had the highest revenue per email.

| Most popular offer types (by number of campaigns) |               |                   |
|---|---------------|-------------------|
| Rank  | Type          | Best              |
| 1   | Free shipping |                   |
| 2   | Percent off   |                   |
| 3   | Multi-offers  |                   |
| 4   | Free gift     | Transaction rate  |
| 5   | Dollars off   |                   |
| 6   | Points offers | Revenue per email |
| 7   | Countdown     | Opens and clicks  |
| 8   | Tiered offers |                   |

Source: Experian CheetahMail 2009 Holiday Study

Taking a closer look at the two most popular offers, free shipping and percent off, 20 percent off was the most popular discount throughout the whole season. In addition, emails offering at least 40 percent off were the most effective in driving subscribers to the Website, and 15 percent off pulled the highest transaction rate.

Free shipping with no minimum spend requirement had 70 percent higher transaction rates, triple the revenue per email and more than double the average order value compared to free shipping offers with minimum requirements. In addition, \$25 was the most popular minimum spend, while \$75 had the most opens and clicks, and \$150 had the highest transaction rate.

| Free shipping | Transaction rate | Revenue per email | Average order |
|---------------|------------------|-------------------|---------------|
| No minimum    | 0.24%            | \$0.86            | \$330         |
| Minimum       | 0.14%            | \$0.24            | \$131         |
| Variance      | 70%              | 259%              | 152%          |

Source: Experian CheetahMail 2009 Holiday Study

When looking at free shipping combined with other promotions, standalone free shipping pulled the highest revenue per email (\$0.78), and free shipping combined with a free gift pulled the highest transaction-to-click rate and the highest transaction rate (11.93 percent and 0.33 percent, respectively).

### Gift card promotions

Gift card promotion significantly picks up during the holidays, and it can prove to be highly beneficial, depending on the industry. The promotion of gift cards in holiday email marketing messages more than tripled transaction rates for multichannel retailers last year. Specifically, their transaction rates for emails with gift cards were 0.51 percent, compared to 0.14 percent for emails without gift cards. Emails promoting gift cards also performed well for travel and entertainment businesses but did not provide a lift in transaction rates for catalogers or consumer products and services.

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**Holiday hint:** Promote gift cards in email campaigns throughout the holiday season, but be more aggressive when shipping deadlines pass.

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### Friends and family promotions

Friends and family offers are also highly prevalent during the holidays. In 2009, they had average total open rates of 59.6 percent and average total click rates of 9.9 percent. Unique openers forwarded friends and family emails on to an average of 2.3 people.



## International insight

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**Holiday hint:** Initiate a welcome program, or take time to review your existing one, before the holiday rush begins. The messages should provide an explanation of the benefits of being a customer and an email subscriber. Experian CheetahMail U.K. client data indicates that a 10 percent increase in lifetime customer value can be achieved with multistage welcome programs.<sup>6</sup>

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<sup>6</sup>Experian CheetahMail U.K. (July 2009), *The 12 days of Christmas: Planning for a Successful Christmas 2009*

## Subject lines

Personalized subject lines in email marketing campaigns increase during the winter holidays, when businesses are looking to spread cheer and deepen relationships to drive stronger response. Catalogers that used this tactic in Holiday 2009 had a significant lift in transaction rates compared to their overall holiday rate (0.21 percent with personalization versus 0.06 percent overall). Personalization increased transaction rates for travel and entertainment by 0.54 percent (from 0.26 to 0.80). Consumer products and services did not have any lift from personalization, and interestingly, there was no significant increase in open or click rates from using name personalization in the subject line across all industries.

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**Holiday hint:** Write subject lines that are less than 25 characters or longer than 75 characters. Short subject lines and long subject lines have higher open rates.

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Mention of a coupon in the subject line can also result in strong email performance metrics, especially for catalogers and multichannel retailers. In Holiday 2009, catalogers saw the highest open and transaction rates (7.67 percent and 0.14 percent, respectively), and multichannel retailers saw the highest open and click rates (15.98 percent and 3.81 percent) when they utilized this tactic.

## Email address data quick tips

As holiday email campaigns flourish, subscriber lists and email databases grow even larger, presenting companies with the challenge of how to deal with bad email addresses. Unlike a poorly formatted postal address — which, in some cases, may still result in a successful delivery — invalid email addresses are practically worthless.



## International insight

According to 62 percent of Australian companies recently surveyed, email database quality has a high to very high impact on the success of email marketing campaigns.<sup>7</sup>

<sup>7</sup>Experian CheetahMail Australia and PureProfile (September 2009), *Five new failings of email marketing with best practice solutions: Australian Research into Email Marketing*

To improve email address data, companies should take advantage of email validation. While this provides a myriad of benefits, including higher returns on marketing campaigns and increased customer satisfaction, several questions should be asked prior to selecting a solution:

1. **Evaluate the current problem** — Which channels produce bad emails? Is one channel more susceptible to errors than others? How much marketing budget is wasted on undeliverable emails?
2. **Determine your email validation requirements** — Which channels would benefit? Will you leverage email validation on the front end, back end or both?
3. **Identify criteria for the ideal email validation tool** — Does it leverage multiple verification techniques? Can you prove a strong ROI in a short period of time? Will it fit seamlessly into your existing customer experience?

#### Holiday email creative quick tips

Decorating your emails with the right creative elements can engage subscribers throughout the holiday season. Listed below are a number of proven creative best practices that email marketers should consider incorporating this year.

**Countdown clocks:** Emails featuring limited-time offers had a high performance last holiday season — exemplified by the strong click-to-open rate of 20.33 percent. By combining a simple chronological script mixed with dynamic content, a holiday countdown clock can easily be inserted into email templates to countdown offer expiration, shopping days left or time until a free shipping offer expires. The clock resides within the email, and each time the subscriber refers back to it, the numbers automatically update. As an alternative, consider inserting a section into the footer area of the template that can be manually updated with each mailing.



**Easy-to-update template designs:** The holiday season can be an extremely busy time for almost any design team. Consider lightening up main email templates so they are easier to update and require fewer design resources to revise. This will alleviate hectic holiday mailing schedules and improve turnaround time.

**Gift guides:** Providing gift ideas in email more than doubled transaction rates for multichannel retailers last holiday season. Consider designing a “Holiday Gift Guide” section in the template that links to a specific collection of popular and enticing products. This area should be above the fold and stay in relatively the same spot throughout the season.





# Mobile marketing

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## Mobile marketing

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Increasingly, marketers are focusing on the highly engaged, vastly connected and always on-the-move mobile audience. The challenge for marketers is to really understand the rapidly evolving mobile space and how this channel plays in consumer purchase behavior. The key to understanding this sector is to use the latest data and trend information to devise precise mobile marketing strategies.

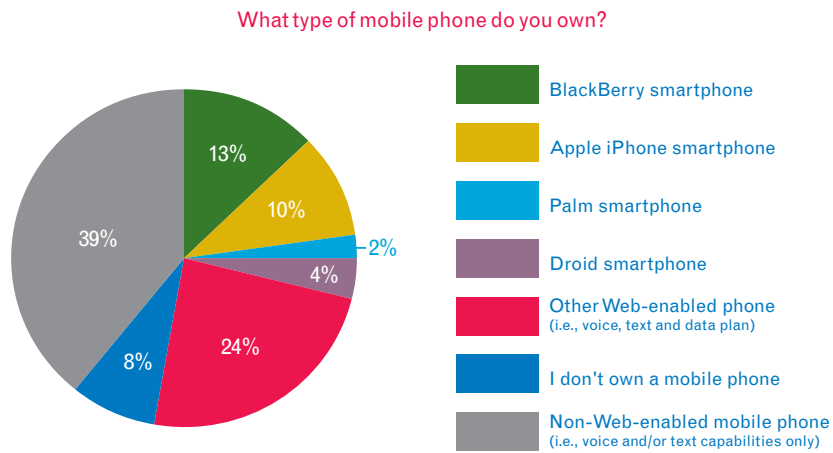
This section includes data on the latest mobile devices, data on how consumers respond to mobile marketing campaigns and tips and tricks for mobile marketers to use during the holidays.

### Key findings

- Future “plans to purchase” reveal that the Apple iPhone smartphone (14 percent) is more sought after than the Droid (8 percent) and BlackBerry smartphones (7 percent).
- More consumers with Web-enabled phones say they make purchases online with their mobile phones as compared to 2009 (13 percent and 10 percent, respectively). Consumers use their phones to check prices (22 percent), research products (21 percent) and make purchases online (13 percent).
- Twenty-four percent of online consumers (with or without Web-enabled phones) say they expect to be comparing prices, and 22 percent expect to be purchasing items from their mobile phones in the next 12 months.
- Compared with 2009, consumers today are 38 percent more likely to say they find mobile ads from businesses including sales or promotions useful.

State of the industry: Holiday 2010

As we enter 2010, mobile marketing is becoming an increasingly appealing advertising opportunity for marketers. More than half of online consumers own a smartphone or another Web-enabled phone, and 3G connectivity has spread enormously since last year — 64 percent of consumers own Web-enabled phones compatible with a 3G network as compared to 48 percent in 2009.<sup>8</sup>



Source: PriceGrabber.com  
Base: Mobile Phone Shopping Behavior 3/26/10–4/12/10 • n=2,445

**Trend spotting:** Future “plans to purchase” reveal that the Apple iPhone smartphone (14 percent) is more sought after than the Android (8 percent) and BlackBerry smartphones (7 percent).

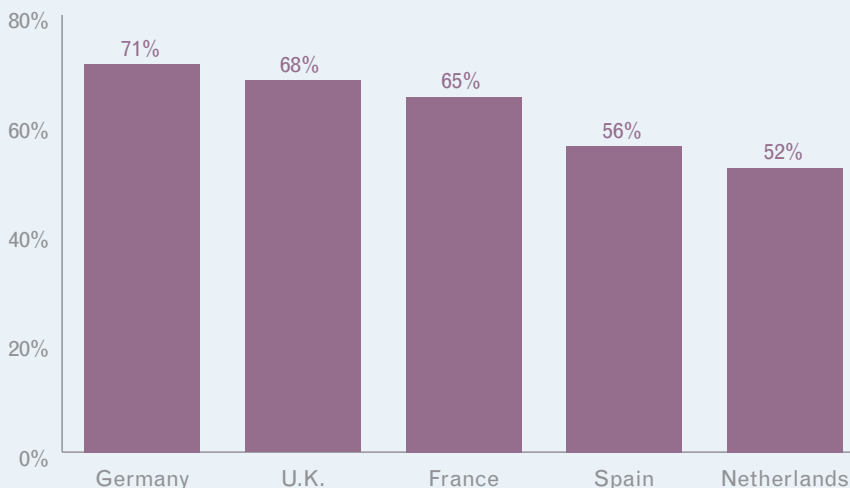
<sup>8</sup>PriceGrabber.com (May 2010), Consumer Behavior Report: PriceGrabber.com’s Smartphone Shopping Behavior. Sample size: 2,445 U.S. online consumers from March 26, 2010, to April 12, 2010.



## International insight

Although increasing in usage, marketing campaign execution through mobile devices is still new to many consumers and can be ill-received. In a recent Experian CheetahMail-commissioned study of 6,000 consumers in five countries across Europe, the majority said they agree or strongly agree with the sentence, “Generally, I get irritated by marketing messages sent to my mobile phone.”

Percentage of consumers who agree or strongly agree with the statement “Generally I get irritated by marketing messages sent to my mobile phone”



Dutch consumers were least likely to receive mobile marketing messages, as 29 percent had never received any, compared to 20 percent in the United Kingdom and 10 percent in France and Germany. Only 4 percent of Spanish consumers had never received mobile marketing messages.<sup>9</sup>

<sup>9</sup>Experian CheetahMail-commissioned YouGov study (April 2010). Sample: 6,500 consumers in five countries across Europe (2,000 in the United Kingdom and about 1,000 consumers in each of France, Spain, Germany and the Netherlands)

Mobile activities

The most common mobile activity, talking and texting aside, for all mobile users is taking photos. Sixty-six percent of all mobile users and 72 percent of smartphone\* owners say they have taken a picture on their phone in the last 30 days. The second most common activity is accessing the Internet. Smartphone owners are noticeably more likely than all mobile owners to engage in the following mobile activities: watch streaming video, download applications, access social networking account, shop and listen to music or other audio.

| Mobile activities done in the last 30 days              | All mobile users | Smartphone owners* |
|---|------------------|--------------------|
| Taken photos  | 66%              | 72%                |
| Accessed the Internet                                   | 36%              | 41%                |
| Sent or received personal email                         | 26%              | 33%                |
| Played games  | 25%              | 32%                |
| Maintained calendar/Appointments/Meetings               | 23%              | 29%                |
| Listened to music or other audio                        | 22%              | 28%                |
| Taken videos  | 23%              | 27%                |
| Downloaded ringtones                                    | 20%              | 24%                |
| Accessed GPS  | 18%              | 22%                |
| Accessed social networking account                      | 15%              | 21%                |
| Downloaded an application                               | 14%              | 19%                |
| Sent or received business email                         | 13%              | 17%                |
| Downloaded music  | 11%              | 15%                |
| Uploaded pictures to social networking/photo-share site | 12%              | 14%                |
| Banking   | 10%              | 12%                |
| Watched video streamed to phone                         | 8%               | 11%                |
| Watched video downloaded/uploaded to phone              | 8%               | 11%                |
| Shopped   | 6%               | 8%                 |
| None of the above                                       | 9%               | 6%                 |

\*Smartphones defined as running OS: iPhone, Android, Blackberry, Palm, Windows Mobile or Symbian  
Source: Experian Simmons Fall 2009 New Media Study

In a typical month's time frame, 14 percent of mobile phone owners have downloaded an application for their phone. Games are the most commonly downloaded type of mobile application, by 44 percent of application users. Shopping applications, while less popular overall, have still been downloaded by almost one in six users.

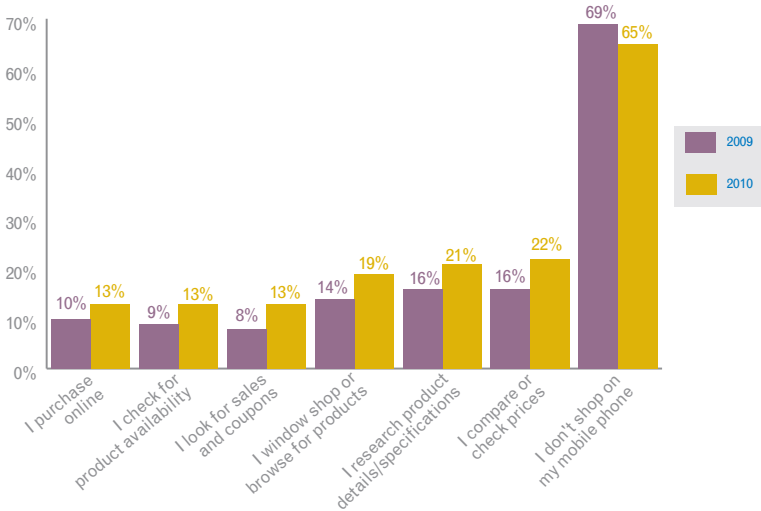
| Top types of mobile applications downloaded: |     |
|--|-----|
| Games  | 44% |
| Entertainment                                | 43% |
| Weather                                      | 38% |
| Social networking                            | 30% |
| Utilities                                    | 29% |
| Sports                                       | 28% |
| News   | 23% |
| Communication                                | 22% |
| Travel                                       | 22% |
| Finance                                      | 20% |
| Reference                                    | 18% |
| Shopping                                     | 16% |

Base: Mobile users who downloaded a mobile app in the last 30 days • Source: Simmons Fall 2009 New Media Study

### Mobile shopping

More consumers with Web-enabled phones say they make purchases online through their mobile phones as compared to last year (13 percent and 10 percent, respectively). Consumers are also using their phones to check prices (22 percent) and research products (21 percent) more than ever before.

2009 versus 2010 U.S. online consumers with Web-enabled phones:  
How do you shop online from your Web-enabled phone?



Source: PriceGrabber.com • Base: 2010 : Mobile Phone Shopping Behavior 3/26/10–4/12/10 • n=1,183 U.S. Online Consumers • Base: 2009 : Mobile Phone Online Shopping 3/10/09–3/31/09 • n=1,539 U.S. Online Consumers

Consumers who made purchases from their mobile phones indicate that they buy items such as ringtones and applications (61 percent), consumer electronics (57 percent), books (42 percent), clothing (34 percent) and jewelry (16 percent). The percentage of consumers with Web-enabled phones purchasing books and consumer electronics has most significantly increased over the last 12 months, creating greater opportunity for retailers that market these types of products.

**Trend spotting:** Mobile shopping is here to stay. Twenty-four percent of online consumers (with or without Web-enabled phones) say they expect to be comparing prices and 22 percent expect to be purchasing items from their mobile phones in the next 12 months.

Online shoppers ages 25 to 34 indicate that they are more likely to purchase online from their Web-enabled phones than any other age segment.

|  | Age   |       |       |       |     |
|--|-------|-------|-------|-------|-----|
|  | 18–24 | 25–34 | 35–44 | 45–54 | 55+ |
| Own a Web-enabled mobile phone                                     | 50%   | 66%   | 61%   | 56%   | 38% |
| I purchase online from my mobile phone                             | 13%   | 16%   | 14%   | 16%   | 10% |
| Plan to purchase online from my mobile phone in the next 12 months | 21%   | 26%   | 30%   | 21%   | 17% |
| Plan to compare prices from my mobile phone in the next 12 months  | 28%   | 26%   | 31%   | 23%   | 19% |
| Plan to purchase a Web-enabled phone in the next 12 months         | 37%   | 43%   | 39%   | 35%   | 29% |

Source: PriceGrabber.com • Base: Mobile Phone Shopping Behavior 3/26/10–4/12/10 | 18–24 years, n = 50 | 25–34 years, n = 223 | 35–44 years, n = 357 | 55+ years, n = 802 U.S. Online Consumers with Web-enabled Mobile Phones



**Channel crosser:**

To ensure consumers can see your message on their mobile device, create a text-only version of each email and link to it at the very top of the template, above any logos or images. Accompany this link with copy such as, “Viewing on a mobile device? Click here to view this email in text.”



Consumers also tend to shop more or less online depending on the mobile device they are using. Apple's iPhone and iPod Touch are driving the most traffic, with the iPad and Verizon's Droid falling in third and fourth places.

Traffic to [PricerGrabber.com](#) via web-enabled mobile phones

| Rank | Device                   | Mobile views | Mobile visits |
|------|--------------------------|--------------|---------------|
| 1    | Apple iPhone             | 48.20%       | 54.53%        |
| 2    | Apple iPod Touch         | 12.78%       | 13.72%        |
| 3    | Apple iPad               | 7.82%        | 5.93%         |
| 4    | Verizon Droid            | 5.41%        | 4.92%         |
| 5    | RIM BlackBerry 8330      | 2.14%        | 0.50%         |
| 6    | T-Mobile G1              | 2.06%        | 2.04%         |
| 7    | Motorola MB200/Cliq      | 1.90%        | 2.16%         |
| 8    | T-Mobile myTouch 3G      | 1.30%        | 1.34%         |
| 9    | HTC 6277                 | 1.24%        | 1.18%         |
| 10   | RIM BlackBerry 9700/Onyx | 1.18%        | 0.92%         |

Source: [PriceGrabber.com](#) • Base: Mobile Phone Shopping Behavior 3/26/10–4/12/10 | 18–24 years, n = 50 | 25–34 years, n = 223 | 35–44 years, n = 357 | 55+ years, n = 802 U.S. Online Consumers with Web-enabled Mobile Phones



Channel crosser:

To reach young audiences likely to be heavily dependent upon their Web-enabled mobile devices, consider sending short, time-limited promotional emails at the time of day and day of week they might be out shopping to drive traffic into stores. This strategy can prove more effective than sending the messages in advance.

Marketing opportunity

Fortunately for mobile marketers, there are many types of messages that consumers are happy to receive via their smartphones. Nearly half of mobile phone owners (44 percent) say that they find messages sent to their mobile phone that include coupons and special offers useful. In addition, the same share finds mobile messages — coming from businesses that they granted permission to — to be useful.

Percentage of mobile phone owners who find the following types of ads useful

|  | Fall 2009 | Fall 2008 | % change |
|--|-----------|-----------|----------|
| Messages with coupons/special offers           | 44%       | 36%       | 124%     |
| Messages sent from business with permission    | 44%       | 35%       | 128%     |
| Ads for businesses located nearby              | 41%       | 33%       | 127%     |
| Messages for sales/promos                      | 39%       | 28%       | 138%     |
| Messages sent from business without permission | 17%       | 13%       | 138%     |
| Banner/pop-up ads in browser                   | 15%       | 11%       | 136%     |

Source: Experian Simmons Fall 2009 New Media Study

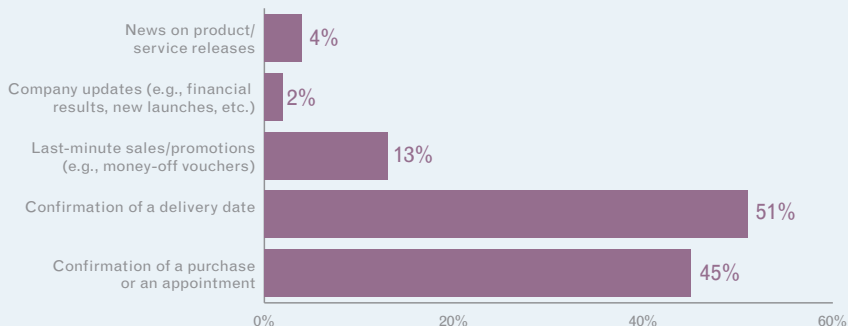
**Trend spotting:** As consumers become more familiar with mobile advertising, they are increasingly finding such ads useful. Compared with last year, consumers today are 38 percent more likely to say they find mobile ads from businesses including sales or promotions useful.



## International insight

Experian CheetahMail U.K. found that service-related messages confirming purchases, appointments or product delivery dates are welcome by roughly half of all consumers across five European countries. The Spanish seem particularly enthusiastic, with 68 percent happy to have purchases or appointments confirmed this way and 72 percent happy with delivery-date confirmations via mobile messaging.

Which, if any, of the following types of messages would you be happy to receive from companies on your main mobile phone?



Base: U.K. consumers — “Service-related mobile messages particularly resonate with U.K. consumers”

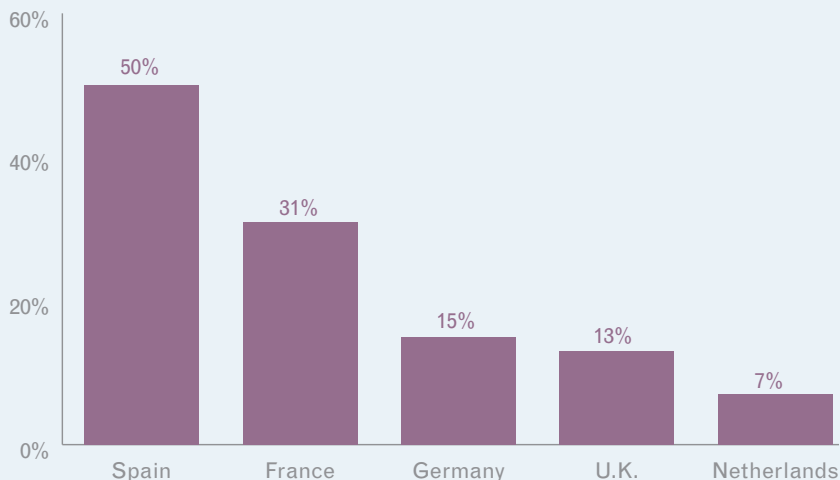
Spanish consumers tend to be the most positive about receiving last-minute sales or promotional information via mobile devices. One-fourth of Spanish consumers in the Experian CheetahMail/YouGov study were also happy to receive additional product and service information, compared to just 4 percent in the Netherlands and the United Kingdom. However, even the Spanish found it difficult to get excited about news updates and general company information sent through this channel.<sup>10</sup>

<sup>10</sup>Experian CheetahMail—commissioned YouGov study (April 2010). Sample: 6,500 consumers in five countries across Europe (2,000 in the United Kingdom and about 1,000 consumers in each of France, Spain, Germany and the Netherlands)



## International insight

Are you happy to receive last-minute sales or discount information on your mobile phone?



The differences in national opinion towards mobile marketing are likely the result in differing mobile marketing experiences to date. Spanish consumers' positive attitudes towards mobile marketing may be partly due to successful promotional campaigns from telecommunications operators, who have been leading innovation in the mobile space. In contrast, German, British and French consumers, some of whom have been pursued by marketers showing only minimal restraint, may feel a little more jaded about the concept.

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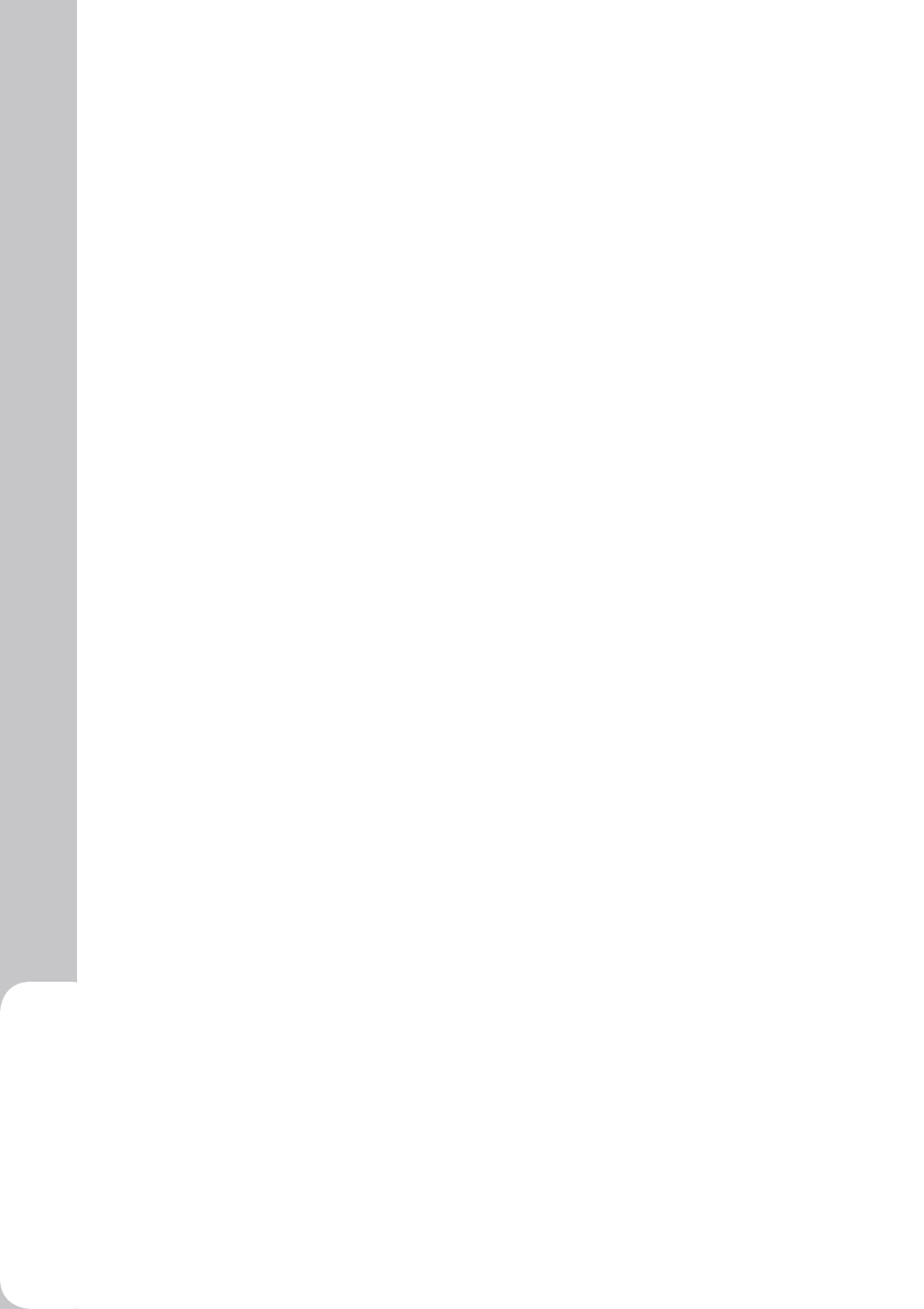
**Holiday hint:** Carefully consider which messages to send using the mobile channel. In this medium perhaps more than any other, intrusive, unsolicited and irrelevant messages will feel very unwelcome.

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# Multichannel customer experience

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## Multichannel customer experience

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What is the most important marketing channel as we approach the 2010 holiday season? That's a difficult question to answer. Given the rapid evolution of our networked lives, successful marketers must begin to think in terms of integrated marketing.

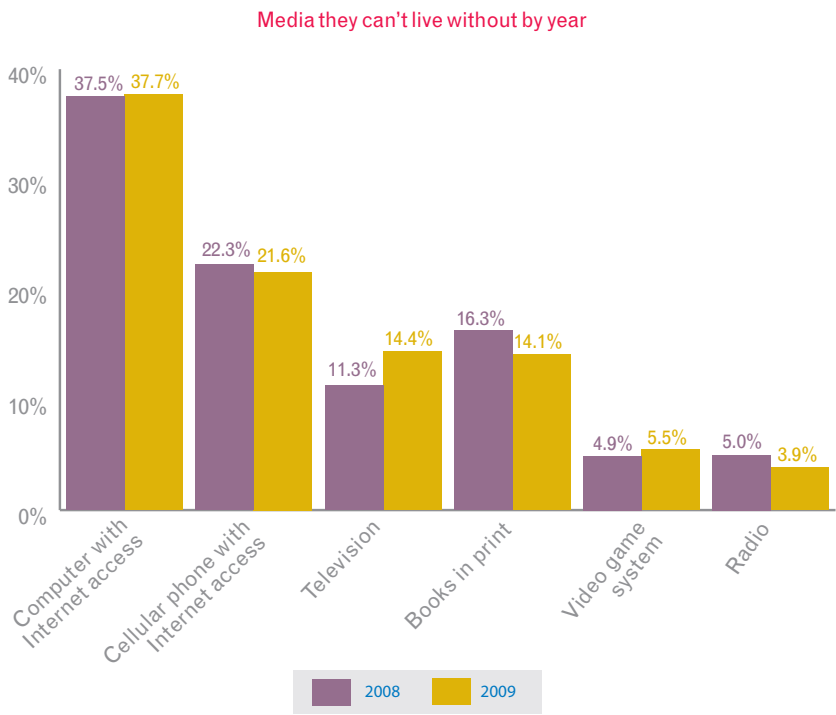
This section contains valuable and timely consumer research findings surrounding channel preference, as well as trend data on the purchasing habits and behaviors that can be expected this holiday season.

### Key findings

- "Computer with Internet access" continues to be the number one media type that consumers identify as the channel that they could not live without, at 37.7 percent of all respondents in 2009, virtually unchanged from 37.5 percent in 2008.
- Media preferences differ by age. While all age groups rank Internet access as the most important channel, younger respondents (18- to 34-year-olds) show a preference for mobile phones while older respondents (50 and older) prefer television.
- Based on a CheetahMail U.K. study, European Internet users would prefer to have companies ask them which media channel would be best to contact them through.
- Customers are more likely to open emails that promote in-store-only offers, illustrating the powerful impact that online communications can have on offline sales.

Channel preferences

With each passing holiday season, an increasing number of Americans rely on the Internet more than any other media outlet. Listed below are the percentages of online adults<sup>11</sup> in America who cite each medium as the single medium they cannot live without. From 2008, the largest rise was in importance of cell phones with Internet access, with the lowest drop in printed books and radio.



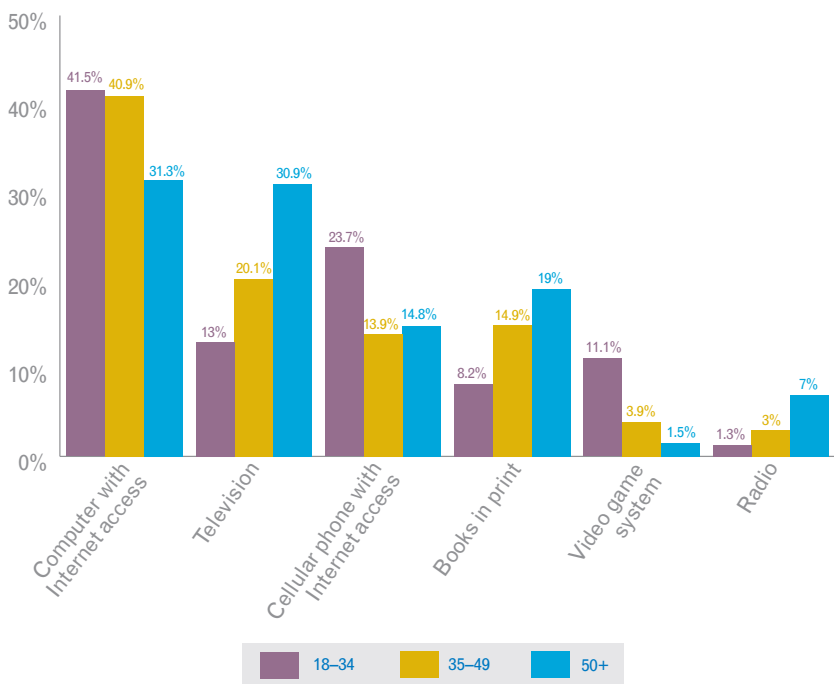
Source: Experian Simmons Fall 2009 New Media Study

Reliance on media differs by age group, but computers with Internet access reign across all ages. Books, radio and television's importance grow with age, while video games, computers and mobile phones' importance declines.

<sup>11</sup>Online adults: adults who spent one hour online in the past seven days doing something other than email



Media they can't live without by age (2009)



Source: Experian Simmons Fall 2009 New Media Study

**Holiday hint:** Consider implementing addressable advertising technology to engage television viewers. Experian’s latest trial results with Comcast have shown that television advertising targeted at defined groups is up to 65 percent more cost-effective, with viewers 32 percent less likely to switch channels during the commercial break.<sup>12</sup>

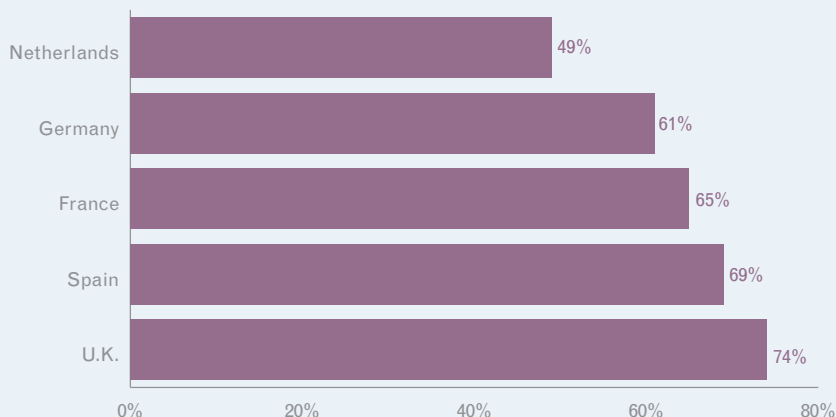
<sup>12</sup>Starcom MediaVest Group (SMG) and Comcast Spotlight (Feb. 15, 2010). Starcom Mediavest Group and Comcast Spotlight Announce Addressable Advertising Trial Results



## International insight

If a company is able to use marketing channels in a way that matches consumers' needs and wants, enhanced customer relationships will result. An April 2010 consumer study commissioned by Experian CheetahMail U.K. found a high percentage of consumers who agreed or strongly agreed with the following sentiment, especially in the United Kingdom<sup>13</sup>:

**"I would like companies to ask me through which marketing channels I want to receive communications."**



### Multichannel response



Conducting multichannel response analysis to tweak customer engagement strategies and gauge the performance of campaigns is important for businesses year-round, but amplified with increased holiday investment. It's important to know what channels are influencing purchases in other channels in order to plan marketing and report results more efficiently.

How many channels a special offer or sale applies to can have a strong impact on customer response. For example, emails presenting offers that span across multiple channels including online, catalog and brick-and-mortar stores tend to have the highest transaction rates. In addition, customers are more likely to open emails that promote in-store-only offers, illustrating the powerful impact that online communications can have on offline sales.

<sup>13</sup>Experian CheetahMail—commissioned YouGov study (April 2010). Sample: 6,500 consumers in five countries across Europe (2,000 in the United Kingdom and about 1,000 consumers in each of France, Spain, Germany and the Netherlands)

## Email marketing offers

| Offer reach   | Unique opens | Unique clicks | Transaction rate | Revenue per email | Average order value |
|---------------|--------------|---------------|------------------|-------------------|---------------------|
| In-store only | 16.09%       | 3.43%         | 0.05%            | \$ 0.11           | \$230.75            |
| Multichannel  | 12.19%       | 2.38%         | 0.22%            | \$ 0.70           | \$293.25            |
| Web only      | 11.41%       | 3.02%         | 0.12%            | \$0.23            | \$ 186.42           |

 Best opens and clicks  Highest transaction rate

Source: Experian CheetahMail 2009 Holiday Study

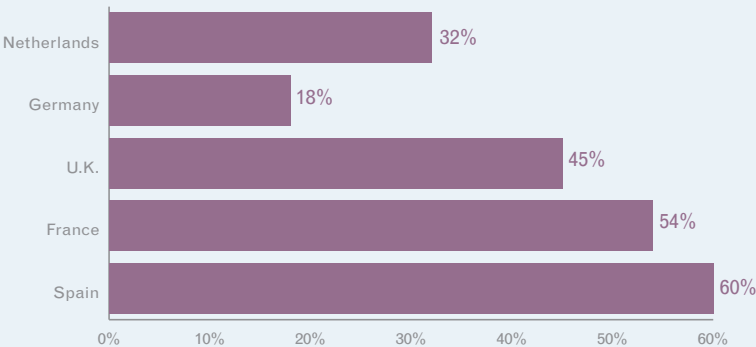
**Trend spotting:** Many businesses are increasing the number of promotional channels they analyze in an effort to further justify their marketing investments. In particular, catalogers are looking for a better understanding of the level of impact that email promotions have had in driving sales through catalog call centers.



## International insight

In a recent study commissioned by Experian CheetahMail U.K., consumers in five countries were asked which sorts of emails were most likely to encourage them to convert — i.e., persuade them to make a purchase or an inquiry. Consumers in all five countries replied that they were most likely to respond to emails that pulled through information on products they had been browsing online.<sup>14</sup>

Percentage of consumers who would convert from an email containing information/offers on items they had been browsing online



<sup>14</sup>Experian CheetahMail commissioned YouGov study (April 2010). Sample: 6,500 consumers in five countries across Europe (2,000 in the United Kingdom and about 1,000 consumers in each of France, Spain, Germany and the Netherlands)

## Case study: consumer response by channel

### Challenge/objective:

Last holiday season, a national specialty retailer and Experian Marketing Services client wanted to improve online advertising effectiveness and test multichannel response for results driven by Experian's Audience IQ<sup>SM</sup> product. Audience IQ harnesses the power of data, analytics and technology to apply direct-marketing techniques to digital channels.

### Solution

Using Audience IQ, Experian mapped the retailer's key customer segments to the file of a major online portal — allowing the retailer to pinpoint which customers should receive the targeted advertising. A product-specific campaign was devised to reach the targeted segments, and it was compared to a general holiday campaign that was run in tandem. Mail-order, retail and Internet response rates were all tracked, allowing the retailer to test performance across channels.

### Results

Improvements were strong and consistent across all channels. Mail-order response increased by more than 50 percent, while retail and Internet response both increased by more than 55 percent each. The combined response equated to a 12-to-1 margin return, meaning that for every ad dollar spent, the retailer gained a \$12 profit — proving the value in providing customers with a choice in what channels to respond through.



### Channel crosser:

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Always give consumers choice and control through multiple channels. For a recent addressable advertising trial with Experian, Comcast notified all consumers in the trial area in advance and offered multiple ways to opt out, including mailing a form in a self-addressed, stamped envelope; calling a dedicated, toll-free hotline; or completing an online form.<sup>15</sup>

<sup>15</sup> Starcom MediaVest Group (SMG) and Comcast Spotlight (Feb. 15, 2010). Starcom Mediavest Group and Comcast Spotlight Announce Addressable Advertising Trial Results

## Customer data management

In order to properly capture and analyze customer habits and preferences for more targeted holiday marketing, businesses first need to collect accurate customer contact data. According to the U.S. Census Bureau, in a single year, 2.3 million marriages, 4 million births and 1.1 million divorces take place — translating to a mounting number of new names for marketers to keep up with. In an average year, there are 40 million changes of addresses filed, not including the more than 22 percent of moves that are not reported.<sup>16</sup> Without clean contact data, marketers can't even deliver general marketing messages to customers, much less real-time analysis. Accurate contact data can result in:

- **A singular customer view** — It is difficult to keep track of customers with many of them shopping through a number of channels, including online, in-store and through catalogs. To improve tracking, create a standardized way of entering contact data across all channels. By standardizing data as it is captured and verifying it against a third-party data source during entry, marketers can utilize customer data integration technology to recognize variations in name and address information that has been entered at various points in time or across the organization to ensure the possession of a complete and accurate contact record for each customer.
- **Increased rates on demographic information** — Third parties rely on customer contact data to identify demographic information. If incomplete or incorrect information is provided by the retailer to the third party, matches may not be available for those records.
- **Improved relevance of real-time offers** — Once data is clean and profiling information is appended, customer intelligence can finally be put to work with strategies that empower sales associates and customer service representatives to provide offers in real time.

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**Holiday hint:** Use a highly verified set of external data resources to vet your customer file before the holiday season peaks. This can provide meaningful business measurements for data quality by supplying transactional evidence that a customer lives at an address at a specific point in time — crucial for accuracy of holiday marketing campaigns.

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<sup>16</sup>National Center for Health Statistics (April 2009), <http://www.cdc.gov/nchs/fastats>

## Case study: front-end address verification



### Challenge/objective:

Saks Fifth Avenue was collecting customer addresses across channels for use in customer relationship management efforts and marketing communications. With no front-end address verification in place, the retailer experienced high levels of bad addresses, resulting in expensive rework and many unrecoverable addresses.

### Solution:

Saks solved the data-quality issue in two stages. First, the retailer integrated front-end address verification from Experian QAS into its ecommerce and call center Websites. Saks then launched QAS' data quality tools at the point of sale.

### Results:

Saks now verifies addresses as they are entered across all channels.

"Address data coming into our CDW is more accurate and more complete, which significantly improves marketing campaigns, drives better clienteling efforts and streamlines back-end processes."

### **Kakoli Seal**

**Vice President of Customer Insight and Database Marketing**  
**Saks Fifth Avenue**

# Online communities and social media

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## Online communities and social media

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Being part of the holiday social buzz is only going to become more challenging for marketers this year as social networks become further saturated by advertising and branding efforts. The good news is that once a business learns how to best reach its customers and prospects through this channel, a creative message can spread virally and more effectively than ever before.

The data contained in this section analyzes the social media sites that consumers are most likely to visit and how marketers can connect with and engage consumers once they arrive.

### Key findings

- In a typical month, 66 percent of online adults visit a social networking site.
- Nearly half of social networking visitors say that they visit their social networking site(s) multiple times a day, and another 17 percent say that they typically visit them once daily.
- The number one reason users give for visiting social networking sites is keeping in touch with friends (88 percent).
- Today, 17 percent of social networkers say they communicate with their parents via social networking sites, up from just 9 percent a year ago.
- The share of Americans who use social networking sites to communicate with their kids has grown by almost 50 percent since 2008.
- Fully 68 percent of social network visitors say they have shown support for products, brands, artists, etc. by becoming a “fan” or a “friend” or by “liking” them in 2009, up from 57 percent in 2008.
- Nearly one in five social network visitors say that they search their social networking sites for information before making a purchase, up from 17 percent a year ago.

State of the industry: Holiday 2010

Social media continues to grow at an impressive rate. In a typical month, 66 percent of online adults<sup>17</sup> visit a social networking site. It is no secret that these sites have become a popular pastime. Half of social networking visitors (43 percent) say that they visit their social networking site(s) multiple times a day, and another 17 percent say that they typically visit them once daily.

| Frequency of visiting social networking sites |     |
|---|-----|
| Multiple times a day                          | 43% |
| Once a day                                    | 17% |
| 4–6 times a week                              | 10% |
| 1–3 times a week                              | 12% |
| 2–3 times a month                             | 10% |
| Once a month or less                          | 8%  |

Source: Experian Simmons Fall 2009 New Media Study



International insight

In Europe, Spain is the country where consumers are most at home with social media. Eighty-six percent of Spanish consumers use at least one social networking site, compared to 79 percent of French and three-quarters of consumers across the United Kingdom, Netherlands and Germany. Adoption in all countries was much higher among the younger generations ages 18 to 24 (ranging from 89 percent in the Netherlands to 99 percent in Spain).<sup>18</sup>

<sup>17</sup>Adults who spent one hour online in the past seven days doing something other than email  
<sup>18</sup>Experian CheetahMail—commissioned YouGov study (April 2010). Sample: 6,500 consumers in five countries across Europe (2,000 in the United Kingdom and about 1,000 consumers in each of France, Spain, Germany and the Netherlands)

Social network users

The number one reason users give for visiting social networking sites is to keep in touch with friends. Marketers have reason to love social networking sites as well; many social network users say they use such sites to get recommendations (25 percent), as well as get information relevant to them (29 percent).

| Reasons for visiting social networking sites    |     |
|---|-----|
| To keep in touch with friends                   | 88% |
| For fun   | 73% |
| To keep in touch with family                    | 70% |
| To reconnect with/find people I lost touch with | 68% |
| To express myself and views                     | 39% |
| To meet new friends                             | 32% |
| To communicate with like-minded people          | 29% |
| To find information relevant to me              | 29% |
| To get recommendations                          | 25% |
| To keep in touch with professional contacts     | 19% |
| For political reasons                           | 9%  |
| To make new professional contacts               | 9%  |
| For professional developement                   | 6%  |
| It's part of my job                             | 5%  |

Source: Experian Simmons Fall 2009 New Media Study

**Trend spotting:** As more generations of Americans join social networking sites, it's obvious that keeping in touch with family will be a bigger draw for many social networkers.

As social network use skyrockets, we see that more users are tapping into them to communicate with a variety of people in their lives. Today, 17 percent of social networkers say they communicate with their parents via social networking sites, up from just 9 percent a year ago. Likewise, the share of Americans who use social networking sites to communicate with their kids has grown by almost 50 percent, increasing from 15 percent in 2008 to 22 percent today.

|                   | Who's in your social network? |           |          |
|-------------------|-------------------------------|-----------|----------|
|                   | Fall 2009                     | Fall 2008 | % Change |
| Parents           | 17%                           | 9%        | 189%     |
| Children          | 22%                           | 15%       | 147%     |
| Siblings          | 39%                           | 28%       | 139%     |
| Significant other | 29%                           | 24%       | 121%     |
| Extended family   | 39%                           | 35%       | 111%     |
| Colleagues        | 20%                           | 18%       | 111%     |
| Friends           | 69%                           | 63%       | 110%     |

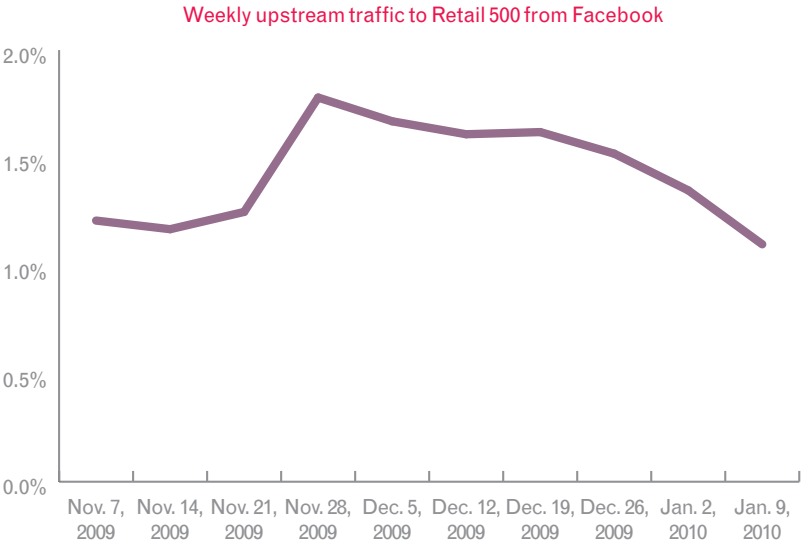
Source: Experian Simmons Fall 2009 New Media Study

Marketing opportunity

Many social networking sites give users the ability to show support for products, brands, artists, etc. by becoming a “fan” or a “friend” or by “liking” them. Fully 68 percent of social networking visitors say they have engaged in these types of “support” activities in 2009, up from 57 percent in 2008.



In particular, Facebook provides a significant channel for retailers to communicate with fans and turn fans into customers. However, during the ramp-up to the holidays, people spend more time shopping and less time on social networks, as illustrated by the dip in the graph below.



Source: Experian Hitwise



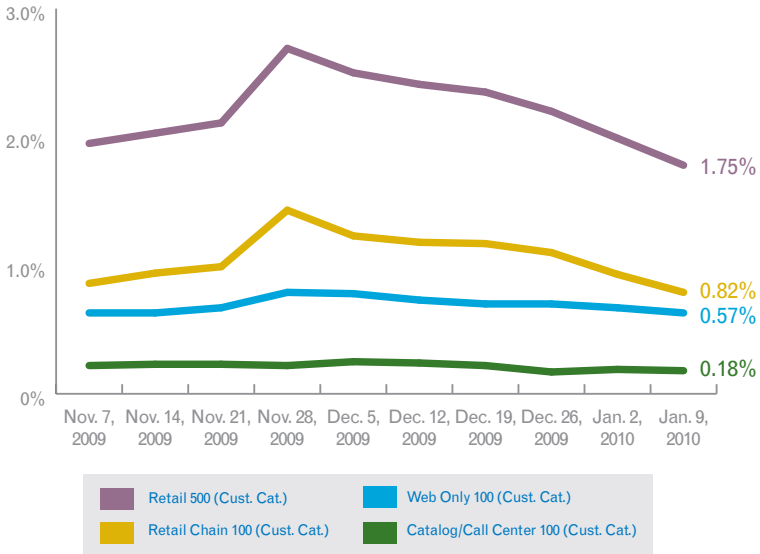
## International insight

Using social media to woo U.K. consumers appears particularly challenging, with only 15 percent of these consumers interested in interacting with brands via social networking sites.<sup>19</sup>

Nearly one in five social network visitors say that they search their social networking sites for information before making a purchase, up from 17 percent a year ago. Furthermore, retailers are a popular destination following social network visits, as illustrated by the graph on the page that follows.

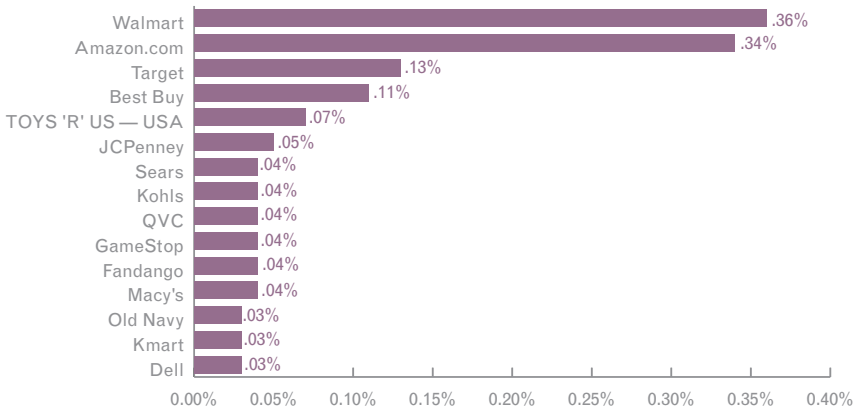
<sup>19</sup>Experian CheetahMail—commissioned YouGov study (April 2010). Sample: 6,500 consumers in five countries across Europe (2,000 in the United Kingdom and about 1,000 consumers in each of France, Spain, Germany and the Netherlands)

## Downstream traffic from social networks



Source: Experian Hitwise

## Downstream Websites visited after social networking — week ending Nov. 28, 2009



Source: Experian Hitwise



### Case study: building a subscriber base using social media ITV's "I'm a Celebrity...Get Me Out of Here" campaign



#### Challenge/objective:

Last holiday season, ITV, a public service network of British commercial television broadcasters and one of the oldest commercial television networks in the United Kingdom, was looking to leverage its Facebook page for its "I'm a Celebrity ... Get Me Out of Here" game show to grow email subscriptions, while also utilizing the email channel to drive Facebook fans.

#### Solution:

At its peak, ITV attracted more than 100,000 fans a week to its "I'm a Celebrity..." Facebook fan page. As the television program gained exposure and momentum, the "I'm a Celebrity..." email subscriber base rose from 9,000 at the start of the program to 24,000 by the end of the program via Website and Facebook sign ups. At sign-up, people were also flagged by Experian CheetahMail with an interest of "Talent & Reality" as a base for future Talent & Reality programs (The X Factor, Britain's Got Talent, Dancing on Ice, etc.).

#### Results:

Statistics for the "I'm a Celebrity..." campaign that ran from November to December 2009 were strong: average unique open rates and clickthroughs over that period were 28 percent and 12 percent respectively. Cumulative opens and clicks amounted to 109,000 and 45,000, respectively.

ITV is now using the Experian CheetahMail platform to post targeted and relevant content directly to Facebook and Twitter for popular soaps such as "Coronation Street."

By following a few simple steps in the set up of selected email campaigns, ITV can issue a Facebook status update or tweet to alert users to new content.





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## Channel crossover:

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Having email address collection boxes on social network pages is a great way to build your subscriber base.

### Twitter quick tips

Using effective strategies to engage your Twitter followers this holiday season can increase the reach of your holiday campaigns, build excitement and encourage interactivity with your brand well into the future. PriceGrabber.com, a part of Experian and a leading online shopping site with more than 23 million unique shoppers monthly, has grown from 400 followers to more than 6,200 in just six months (November 2009 to May 2010) and has become a true favorite with Twitter-savvy consumers. Listed below are several proven tips from PriceGrabber.com's in-house experts that social marketers should consider incorporating this year.

- **When conducting a contest on twitter.com, run a longer campaign with frequent tweets and smaller-value prizes.** This tactic tends to build momentum to produce a higher rate of consumer participation than offering one large prize. In addition, near-term-deadline contests have provided for a greater participation in a relatively short period of time.
- **Have fun.** It's easier to capture new followers by grabbing attention with funny and informative tweets. Also, emphasize unique phrases for followers to re-tweet, such as:
  - Doesn't matter whether u've been "naughty" or "nice," u can win a FREE Samsung 46" LCD TV next week!
  - EXTRA! EXTRA! TWEET all about it! Only ONE more week until the @PriceGrabber Holiday Gift Giveaway!
- **Ensure all tweets are shorter than the 140-character limit so that folks can easily re-tweet without your offers getting cut off.**
- **Encouraging re-tweets can be just as important in spreading your message as acquiring new followers.** Work through a strategy that focuses on both. For example:
  - It's a bird. It's a plane. No, it's the mailman w ur FREE Apple iPad! FOLLOW @PriceGrabber & RT today 2 b eligible!
  - #PG10K UR Mission: help us hit 10K followers by 4/3. UR Reward: FREE Apple 32GB iPad! This tweet will self-destruct unless u RT!



# Search marketing

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## Search marketing

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What are today's consumers looking for online, and how can marketers expect search activity to look throughout the 2010 holiday season? The Internet has made it easier for consumers to identify, evaluate and compare everything from holiday gifts and greeting cards to vacation packages and cooking recipes. Marketers can get an edge over the competition and grow revenue and market share by gaining precise knowledge and analytical insight into the terms that drive paid and organic traffic to Websites in their industries.

The following section analyzes how consumers search the Web, providing holiday marketers with a measurable advantage when building, strategizing and measuring search campaigns this season.

### Key findings

- Google continues to gain market share of executed searches in the United States, coming at the expense of Yahoo! Search, which, at 14.4 percent of all U.S. searches, is now one-fifth the size of the market leader.
- Google is responsible for 20.1 percent of all traffic, up 13 percent from the previous year, with Yahoo! Search and Bing accounting for 4 percent and 2.7 percent, respectively.
- Search queries with four or more words accounted for more than 25 percent of all U.S. searches as of June 2010.
- The term "gift card" was extremely popular during the 2009 holidays, while searches for "discounted gift cards" experienced the highest increase compared to 2008.
- In Holiday 2009, retailer coupon searches were increased by 19 percent over Holiday 2008.

At the time of this report's publication, Google continues to gain market share of executed searches in the United States, weighing in with more than 72.2 percent of all executed searches for May 2010. Google's growth comes at the expense of Yahoo! Search, which, at 14.4 percent of all U.S. searches, is now one-fifth the size of the market leader.

| Percentage of U.S. searches among leading search engine providers |            |          |                                    |
|---|------------|----------|------------------------------------|
| Domain  | April 2010 | May 2010 | Month-over-month percentage change |
| www.google.com  | 71.40%     | 72.17%   | 1%                                 |
| search.yahoo.com  | 14.96%     | 14.43%   | -3%                                |
| www.bing.com*   | 9.43%      | 9.23%    | -2%                                |
| www.ask.com   | 2.18%      | 2.14%    | -2%                                |

*Note: Data is based on four-week rolling periods (ending May 1, 2010, and May 29, 2010) from the Hitwise sample of 10 million U.S. Internet users. Figures are for Web searches only.*

*\*This includes executed searches on Bing.com but does not include searches on Club.Live.com.*

Source: Experian Hitwise

An examination of the search traffic to the Experian Hitwise Shopping Category indicates that Google is responsible for 20.1 percent of all traffic, up 13 percent from the previous year, with Yahoo! Search and Bing accounting for 4 percent and 2.7 percent, respectively.

Percentage of U.S. upstram traffic from search engines  
Category: shopping

| Google   |          |                               | Yahoo! Search |          |                               | Bing**   |          |                               |
|----------|----------|-------------------------------|---------------|----------|-------------------------------|----------|----------|-------------------------------|
| May 2009 | May 2010 | Year-over-year percent change | May 2009      | May 2010 | Year-over-year percent change | May 2009 | May 2010 | Year-over-year percent change |
| 17.76%   | 20.06%   | 13%                           | 3.64%         | 3.99%    | 10%                           | 1.29%    | 2.66%    | 106%                          |

*Note: Data is based on monthly upstream traffic from the Hitwise sample of 10 million U.S. Internet users. Figures are for Web searches only.*

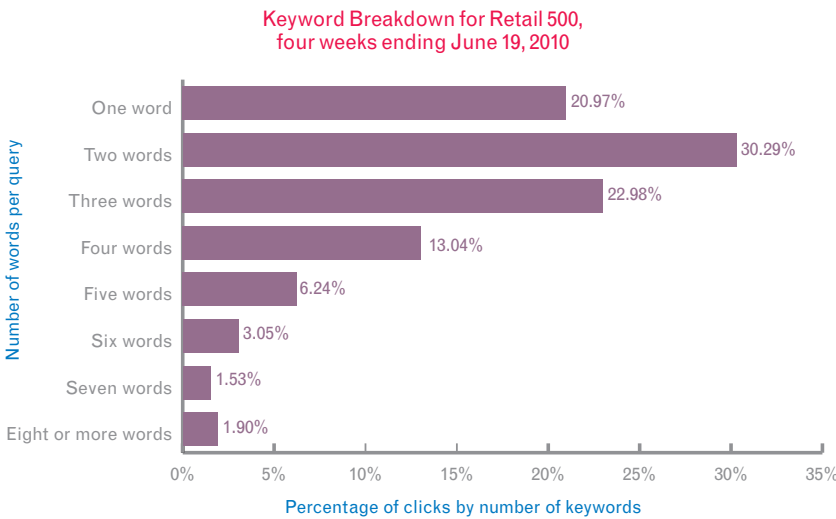
*\*\*This includes executed searches on Bing.com, Live.com and MSN Search but does not include searches on Club.Live.com.*

Source: Experian Hitwise

Search keyword trends

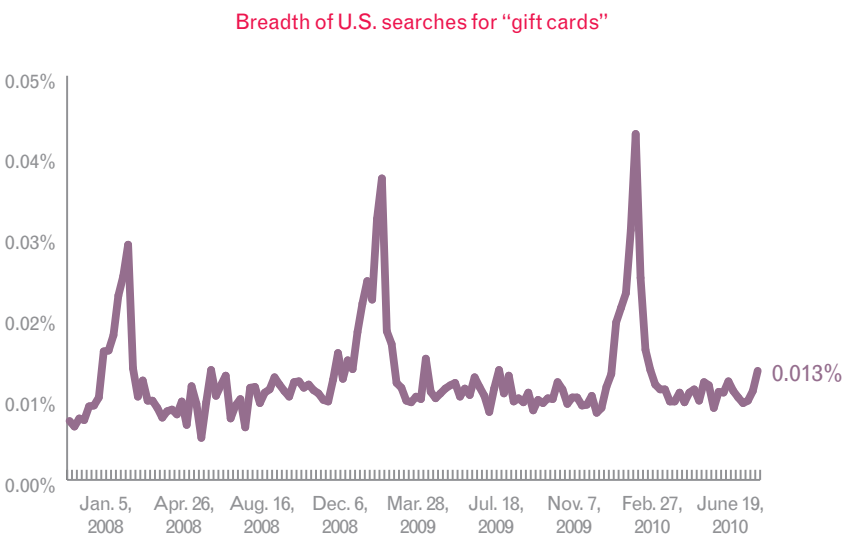
This holiday season, marketers should keep in mind the number of words per search query driving traffic to top retail Websites.

Over time, the number of words per query has changed, with increases in both one-word and multiple-word queries. This trend indicates that searchers are using search engines as navigational tools — frequently typing in one-word major brand name searches — and that searchers have become more sophisticated, using more specific search phrases.



Source: Experian Hitwise

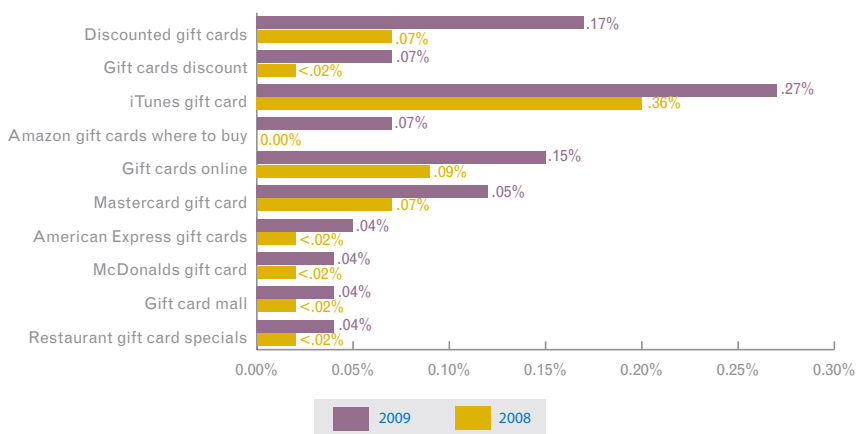
The term “gift card” was extremely popular during the 2009 holidays, while searches for “discounted gift cards” experienced the highest increase compared to 2008. Retailer coupon searches were also popular — increasing by 19 percent over last year.



Source: Weekly number of unique search terms represented as a share of all search terms, based on U.S. usage • Created June 24, 2010. © 1996–2010 Hitwise Pty. Ltd. Source: Experian Hitwise U.S.

**Holiday hint:** Given the increased words per query and interest in this form of holiday gift giving, marketers may want to consider buying terms that contain their brand and the phrase “discounted gift cards.”

Search terms containing "gift"  
Four rolling weeks ending Dec. 26, 2009,  
compared with Dec. 27, 2008



Source: Experian Hitwise

**Trend spotting:** As the holiday season nears, based on previous years' searches, it can be expected that queries surrounding gift cards will continue to increase. Consumers' searches often reflect economic concerns, and gift-card queries are no exception.



### Case study: search marketing strategy

#### Challenge/objective:

The holiday season can be a vital time for many businesses in the travel industry. When Southern Cross Travel Insurance (SCTI), a leading provider in New Zealand, entered the competitive Australian market, its business and marketing challenges included:

- Limited brand awareness
- Large competitors with established online strategies and significant market share
- A need to understand the changes in consumer behavior for Australian online travel customers (e.g., optimal timing and length of buying cycle)
- Weak organic search rankings (outside first page)

#### Solution:

For this new entrant, the first step was to research the evolving habits of the market and develop an integrated television commercial (TVC), advertising and pay-per-click (PPC) campaign to deliver superior returns. Experian® analyzed three years of historical travel-insurance search and purchasing trends online, then created a highly integrated TVC/PPC campaign to deliver superior returns for SCTI. Key insights from the analysis included:

- The new trend for buying travel insurance commences six weeks prior to the travel date and concludes two weeks before departure.
- Clearly identifiable peaks in online travel insurance purchase coincided with known holiday periods.
- SCTI experienced a 42 percent decline in online brand search after the previous TVC campaign concluded. Because SCTI is a new market entrant with limited brand awareness, Experian recommended an integrated TVC and PPC campaign schedule.
- To effectively gain market share, “weak” competitors with unsophisticated search strategies were identified and targeted.



### Results:

Due to its superior integrated search marketing campaign, SCTI is now well-placed to continue its longer-term objective to be a leading player in the Australian online travel insurance market. The campaign exceeded many of SCTI's goals, notably:

- **Market share:** 53 percent higher
- **Return on investment:** 200 percent
- **Sales:** 43 percent higher
- **Cost per acquisition:** Below industry benchmarks
- **Share of voice:** SCTI's share of voice for the term "travel insurance" increased seven places from 12th to fifth, demonstrating the power of the campaign in raising awareness and traffic.

## Conclusion

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Marketing forward means utilizing current and precise data, as well as best practices across some of the most powerful tools available today. As the 2010 holiday season approaches, it is imperative that businesses are equipped with as much insight as possible. Marketers who blend engaging mediums such as direct mail, email, search, mobile, online communities and social media with insight about consumers' preferences worldwide, and across all channels, will help their businesses flourish well into the new year.

From our team to yours, we wish you a prosperous and engaging holiday season.

**For more information please call Experian Marketing Services at 1 888 404 6911 or visit us online at [experian.com/marketingservices](http://experian.com/marketingservices).**



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