

Holiday Pre-Season Playbook

Over 50 high-growth brands share their plans, strategies, and insights for the most wonderful time of the year

Contents

Holiday heavyweights	3
Defining pre-season	4
Top holiday ecommerce concerns	5
Existing customer acquisition	11
Sales channels for direct purchases	17
Inventory planning and management	20
Navigating Amazon	22
Seasonal sales by quarter	24
Analytics tools to monitor and optimize	25
About the study	26
About Shopify Plus	27

Holiday heavyweights

When it comes to planning for the holidays in ecommerce, best practices are everywhere. Yet advice from the right people on how to approach the biggest online shopping season of the year is rare.

We collected proprietary data from more than 50 businesses, all of which generate over \$10 million in annual revenue, about their plans, strategies and benchmarks for the holiday season.

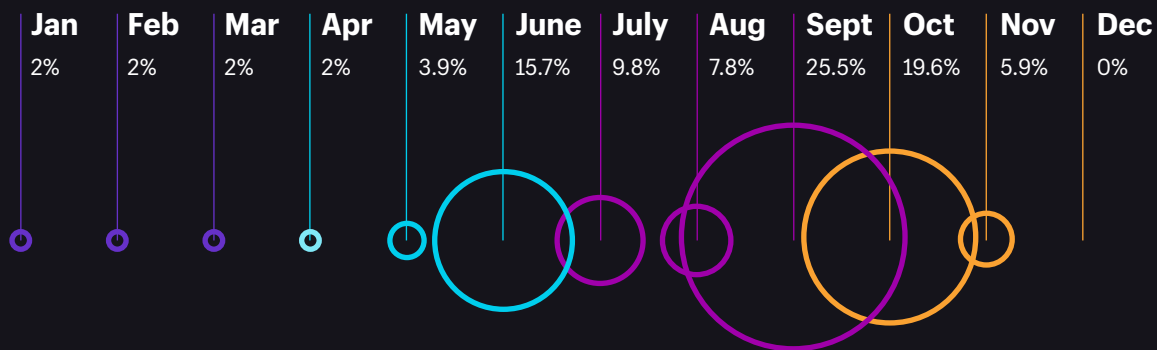
These industry leaders revealed what's worked, what hasn't, and how they're planning to win the holidays.

Even better, a number of those CEOs, founders, and ecommerce leaders agreed to share their word-for-word advice on two of the toughest high-volume challenges online retailers face: preparing inventory and navigating Amazon.

Let's start with the big picture.

Defining pre-season

When do you typically begin planning your Black Friday Cyber Monday marketing campaigns and strategies?



Defining pre-season

Top five months to begin holiday planning

- 1. September**
25.5%
- 2. October**
19.6%
- 3. June**
15.7%
- 4. July**
9.8%
- 5. August**
7.8%

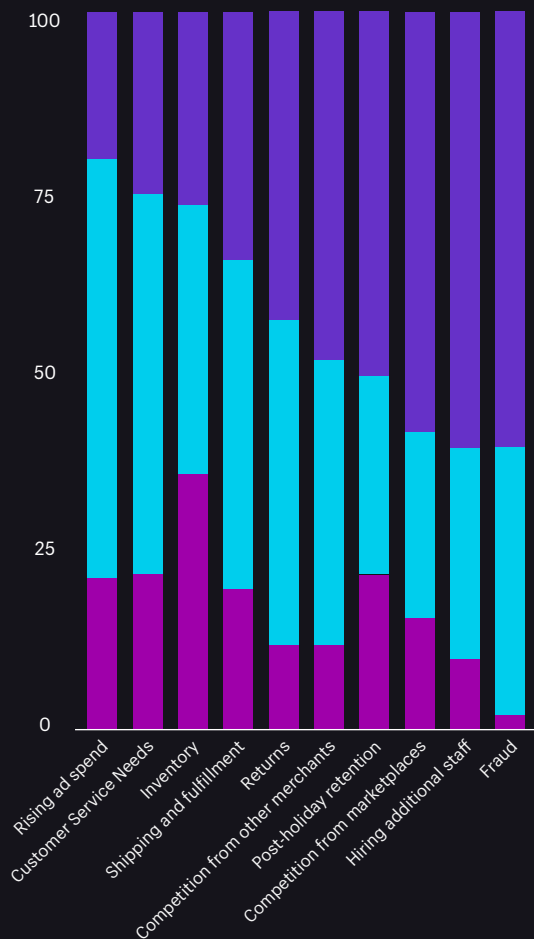
Quarterly breakdown

- Q3**
43.1%
- Q4**
25.5%
- Q2**
21.6%
- Q1**
6%

While it's true that the holidays seem to come faster every year, some businesses wait until they're right around the corner to begin planning. Yet for most, Q3 and the month of September lead as the number one time to kick things off.

Top holiday ecommerce concerns

What are you most concerned about for the holidays?



Top five concerns for holiday ecommerce¹

- 1. Rising ad spend**
80.4%
- 2. Customer service needs**
74.5%
- 3. Inventory**
72.5%
- 4. Shipping and fulfillment**
64.7%
- 5. Returns**
56.9%

Rising ad spend is the number one concern for the holidays, followed closely by an increase of customer service needs.

- Not Concerned
- Somewhat Concerned
- Very Concerned

Top holiday ecommerce concerns

¹ Concerned is used here as the sum of “Very concerned” and “Concerned” from the survey

Romain Lapeyre, CEO at [Gorgias](#), a Shopify Plus Partner specializing in customer service, offered the following recommendations on how to handle the looming influx of customer requests:

"Our data shows that support volume requests increase by 65% during the holiday season. Make sure to staff accordingly."

"In addition, prepare canned responses for the top three questions:

- 1. How fast do you ship?**
- 2. How to return my order?**
- 3. How do I apply a promo code?**

Include coupon codes in agents' signatures, add a live chat to your checkout page, and set up chat popups to initiate conversations. This will dramatically help with sales."

Average order value vs ad spend

Unfortunately, there's one more piece of bad news we need to get out of the way. While ad spend skyrockets over the holidays, with a 140% increase in cost per click (CPC), average order value (AOV) does not:

\$84.00

Q4 AOV US ecommerce average



1.45%

Increase in Q4 AOV vs the US mean

\$122.50

Q4 AOV worldwide average



0.24%

Increase in Q4 AOV vs the worldwide mean

\$1.68

Average CPC on Facebook for Black Friday



140%

Increase over ecommerce's \$0.70 norm

Data Via Statista, Comscore, Emarketer, and Common Thread Collective

This is likely due to increased competition and deal hunters taking advantage of one-off sales and deep discounts.

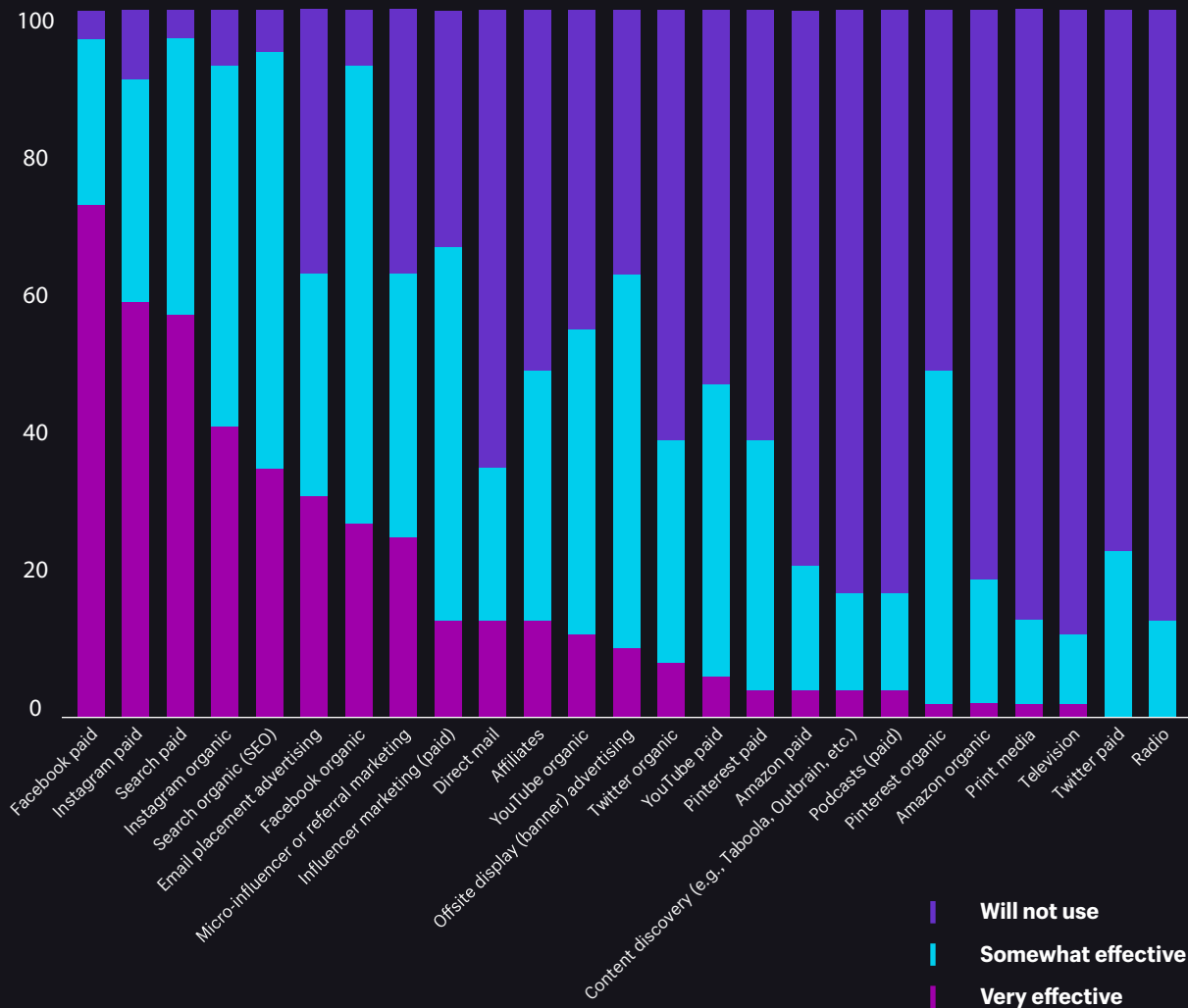
Ways to boost AOV over the holidays

1. New customer acquisition through paid advertising that begins building audiences before costs soar (i.e., a delayed-attribution model and heavy emphasis on retargeting)
2. Existing customer re-acquisition through segmented email marketing before and during the big days that focuses on past purchases and real-time personalization
3. Holiday offers and deal structures like product bundling, tiered discounts, and shipping based on spending thresholds

We'll explore ways to win the holidays with each one of these tactics below:

New customer acquisition

What cold-traffic (i.e., new customer) acquisition channels do you plan to use and how would you rate their effectiveness?



Top holiday ecommerce concerns

Most effective new customer channels

1. Facebook paid

72.5%

2. Instagram paid

58.8%

3. Search paid

56.9%

4. Instagram organic

41.2%

5. Search organic (SEO)

35.3%

If you want new customers over the holidays, you're going to have to pay for them. No surprises there.

Given that rising ad spend was the number one concern among participants, it's a telling disparity that places a premium on optimizing off-site advertising and on-site conversions.

How can you be sure you're getting the most out of the money you put in?

First, buy your traffic early to build audiences on social.

This can be done through engagement ads during the weeks leading up to the holidays to create custom audiences that your holiday campaign can later target. It can also be done by running click-through ads to build retargeting audiences.

Second, focus the lion's share of your holiday budget on high-intent keywords. With AdWords and its equivalents, narrow your ads to phrases like "buy [product]," "best deal on [product]," and detailed product queries: branded terms for you and your competitors, as well as product-specific searches (e.g., "women's red canvas flats").

Third, optimize your conversions from the ad to the product to the checkout. Axe Bat earned \$11.49 for their return-on-ad spend, an 18% increase in average order value (despite the sale), and a 193% increase in conversion rates by combining the advertisements for their products with a custom Black Friday landing page.

Axe Bat
November 21, 2017 · 🌐

Black Friday is starting early!

So you need a USABAT for rec league and a USSSA bat for travel league in 2018. Fortunately, Axe Bat is there with almost 40% off this two-fer featuring our hottest USSSA bat and our best USABat. Plus, we're throwing in our bat pack so you'll always be prepped for the road.

BLACK FRIDAY BUNDLE

USA BASEBALL

AXEBAT.COM
Save \$240 On Our USABAT + USSSA Bundle!
30-day, risk-free guarantee.

253 55 Comments 74 Shares 46K

SHOP GEAR CLOSEOUT WHY AXE LEARN REVIEWS

**BLACK FRIDAY SALE
SALE ENDS IN
35 : 10 : 34**

Get a major discount on our best bat - at every level.

AVENGE

SLOWPITCH

~~\$299.99~~
\$229.99

~~\$349.99~~
\$249.99

~~\$449.99~~
\$349.99

FASTPITCH

BUY NOW BUY NOW BUY NOW

"Will not use" new customer channels

1. Television

88.2%

2. Radio

86.3%

3. Print media

86.3%

4. Content discovery

(e.g., Taboola, Outbrain, etc.) 82.4%

5. Podcasts (paid)

82.4%

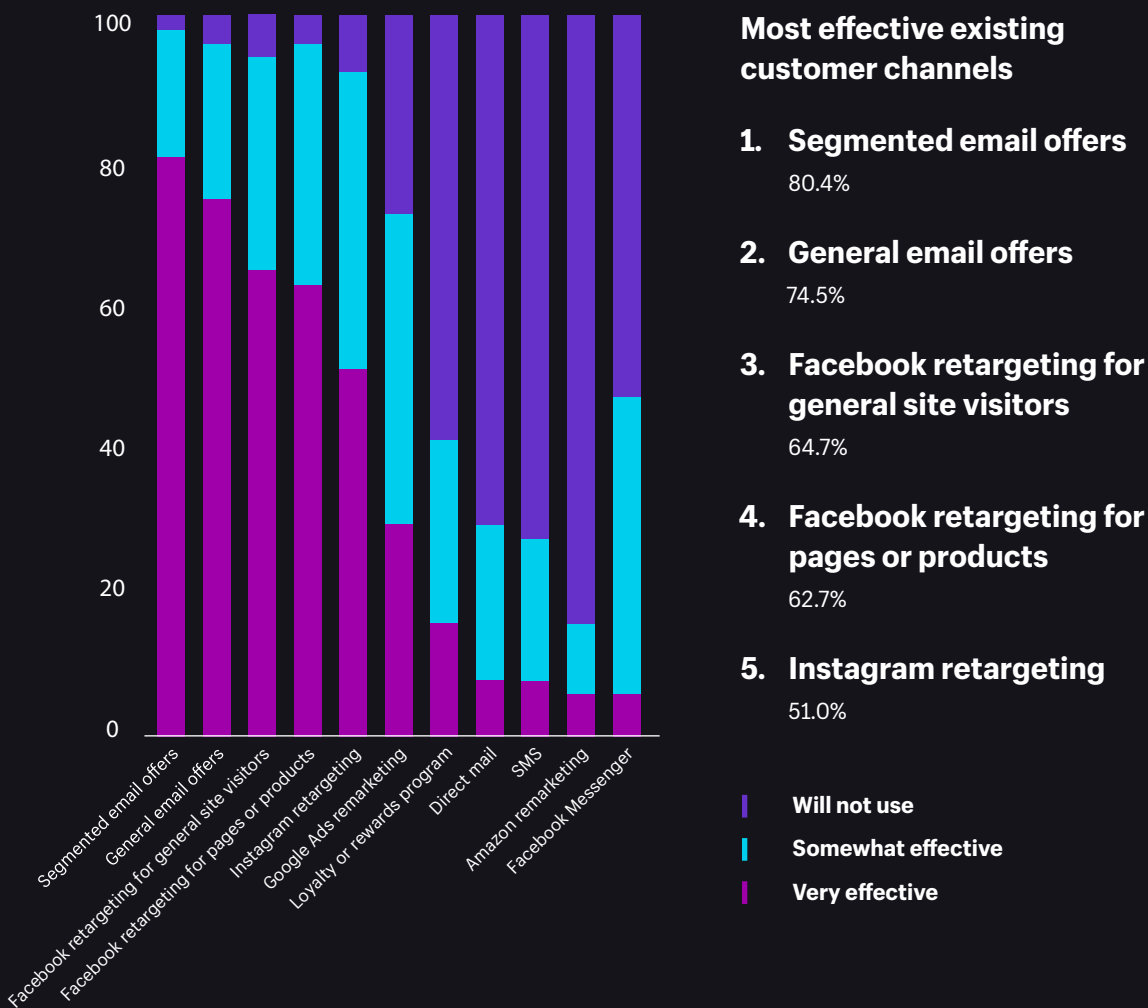
Among the leading channels enterprise merchants don't plan to use, "old" media tops the list.

This is likely due to two interlocking factors: prohibitive cost and the difficulty of attribution.

Tread carefully, but if you're interested in content discovery as a method for acquisition, take a look at "[Native Advertising for Ecommerce: From Content Discovery to Scaling Sales.](#)"

Existing customer acquisition

What existing (i.e., return) customer acquisition channels do you plan to use and how would you rate their effectiveness?



Most effective existing customer channels

- 1. Segmented email offers**
80.4%
- 2. General email offers**
74.5%
- 3. Facebook retargeting for general site visitors**
64.7%
- 4. Facebook retargeting for pages or products**
62.7%
- 5. Instagram retargeting**
51.0%

Existing customer acquisition

Behold, the almighty power of email.

On the segmentation front, Chase Fisher, founder and CEO of Blenders Eyewear, explained:



As you grow, and your audience grows, they shouldn't be getting the same messages as everybody else. You should segment certain messages to your VIP customers that are spending more each year. You should be segmenting messages differently to men and women.

Chase Fisher
CEO of Blenders Eyewear

To help you master this most effective channel, jump over to [10 Segments To Make More Money With Your Black Friday Cyber Monday Emails](#) or [Email List Segmentation Strategies For High-Volume Ecommerce Stores](#).

"Will not use" existing customer channels

1. Amazon remarketing

84.3%

2. SMS

72.5%

3. Direct mail

70.6%

4. Loyalty or rewards program

58.8%

5. Facebook Messenger

52.9%

SMS and Facebook Messenger can be powerhouses for existing customer engagement over the holidays. Just be sure you treat these mediums as designed.

Use them sparingly to contact customers for whom you have strong behavioral profiles and can offer logical cross-sell opportunities, and to recover abandoned carts.

For SMS, look into [Retention Rocket](#), and for Facebook Messenger, [ShopMessage](#).

Existing customer acquisition

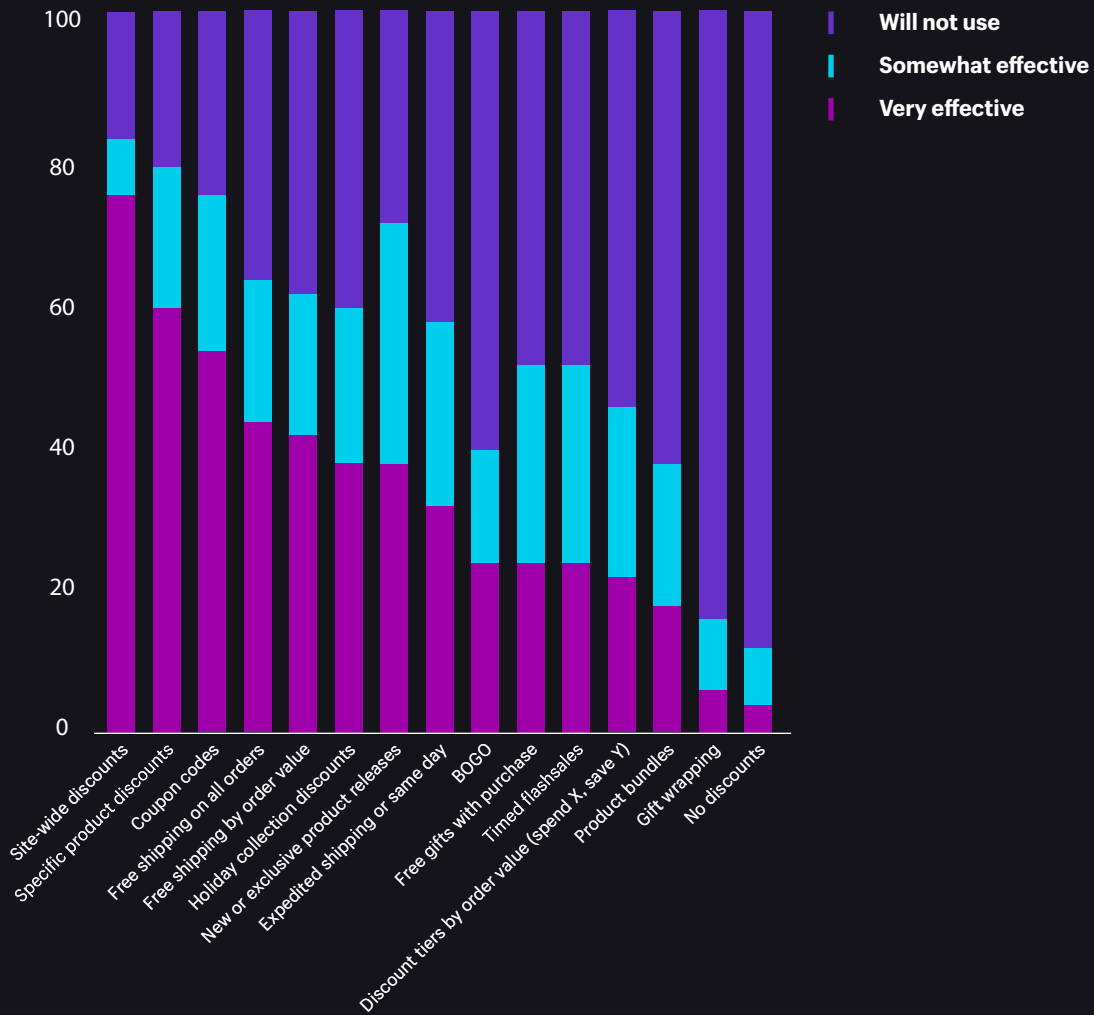


The abandoned cart flow through Messenger totally outperforms email and gives us a deeper relationship with our shoppers.

Griffin Thall
Co-Founder of Pura Vida Bracelets

Holiday offers, deals, and discounts

What holiday offers do you plan to use and how would you rate their effectiveness?



Existing customer acquisition

Most effective holiday ecommerce offers

1. Site-wide discounts

74.5%

2. Specific product discounts

58.8%

3. Coupon codes

52.9%

4. Free shipping on all orders

43.1%

5. Free shipping by order value

41.2%

Go big or go home. That's the driving take-away from the site-wide discounts that dominate the list. Even for companies that don't normally discount, the holidays offer an opportunity to do so without hurting your brand's reputation.

Unfortunately, site-wide discounts, while enticing to customers, can wreak havoc on profit margins. Likewise, free shipping has become the norm in online shopping, which too can undercut profitability.

For a detailed walkthrough on how to ensure you incentivize larger orders and protect margins, take a look at [How to Calculate Free Shipping Thresholds](#).

"Will not use" holiday ecommerce offers

1. Gift wrapping

84.3%

2. Product bundles

62.7%

3. BOGO

60.8%

4. Discount tiers by order value

(spend X, save Y) 54.9%

5. Free gifts with purchase

49%

Interestingly, outside of gift-wrapping, each of these methods led to big return-on-ad-spend wins for multiple Shopify Plus businesses last holiday season by driving up AOV.

“We did some extensive testing on our Black Friday deal structure to optimize AOV and CVR to ensure we ended up on target,” says Rich Fulop, CEO of Brooklinen. “This meant testing dollar-based deals versus percentage-based deals at different levels to find the winning combination to maximize ROI.”

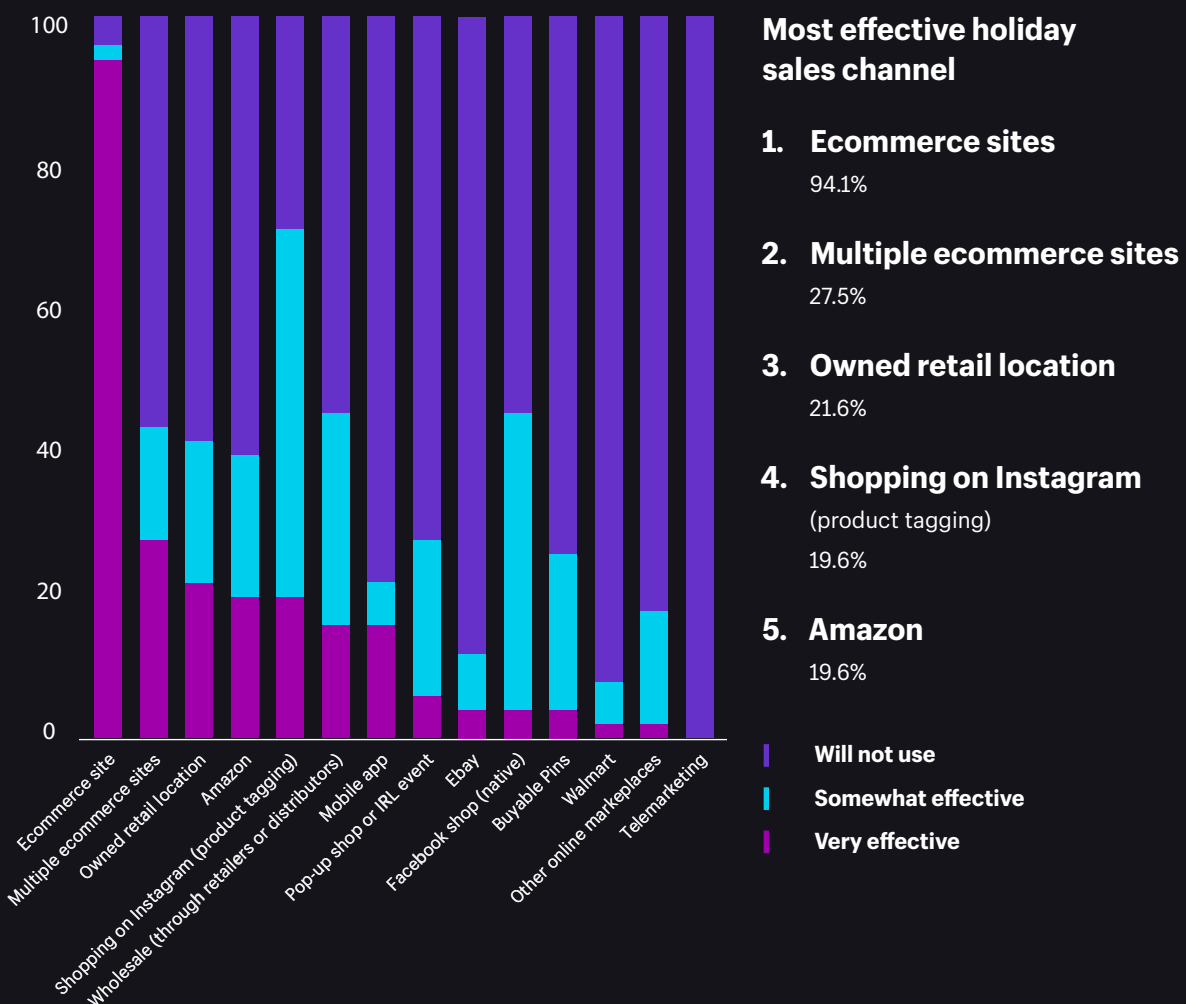
That winning combination turned out to be a free gift with purchase, in conjunction with three spending thresholds for dollar-off discounts, which they used Shopify Scripts to implement:

- **Spend \$250, get \$50 off**
- **Spend \$500, get \$100 off**
- **Spend \$800, get \$200 off**

In a similar vein, 100% Pure created collections of deeply discounted products and then promoted and rotated them during the holiday season. The catch was that customers could only purchase items from those special collections when they passed a \$45 spending threshold, unlocked at the cart-level using Shopify Scripts.

Sales channels for direct purchases

What sales channels (i.e., for direct purchases) do you plan to use and how would you rate their effectiveness?



Sales channels for direct purchases

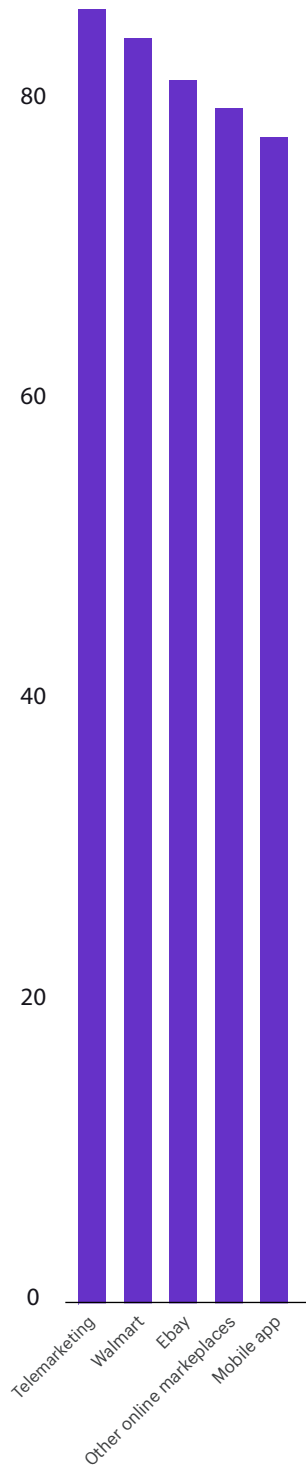
The drop-off in effectiveness between the respondents' main ecommerce site and other sales channels is stark.

Multiple ecommerce stores are “very effective” to a mere 27.5% of respondents, while the majority reported they “will not use” multiple stores (58.8%). That same inverted relationship also applies to owned retail location and Amazon.

In other words, there appears to be a sharp divide between businesses that use these channels and find them “very effective” versus those that “will not”—or do not—use them at all. That divide likely indicates how simultaneously difficult and potentially lucrative omni-channel approaches to commerce are.

Of the three major social networks, selling via Instagram appears to show the greatest promise for businesses.

Yet its lack of effectiveness is telling: there is a wide disparity between social media's ability to drive sales through advertising and its ability to drive sales “natively.”



"Will not use" holiday sales channels

1. Telemarketing

100%

1. Walmart

92.2%

2. Ebay

88.2%

3. Other online marketplaces

82.4%

4. Mobile app

78.4%

Lastly, no marketplaces—not even Amazon—will be used by a majority of large merchants this holiday season. This in no way rules out marketplaces, but it should give pause to any multi-channel strategy that sees marketplaces as non-negotiable.

Sales channels for direct purchases

Inventory planning and management

**What advanced inventory
procurement methods are you
using to prepare for the holidays**

Brian Lim,
CEO of [iHeartRaves](#), [INTOTHEAM](#),
and [AmazingLights](#)

“Across our multiple brands and storefronts, we use an open-to-buy system that tracks sell-through rate, aged inventory, vendor sell-through, category sell-through, etc.”

Alicia Doremus,
ecommerce manager at [Import Image Racing](#)

“Inventory formulas are based on historical performance, projected marketing spend, and industry projections.”

Chase Fisher,
CEO of [Blenders Eyewear](#)

“The top three factors are historical performance, year-over-year growth, and marketing spend. Based on last year’s growth, we’re stocking up. We’re going to be ballsy on our inventory. We’re going into it confident.”

Ric Kostick,
CEO of [100% PURE](#)

“We look at last year’s performance and adjust it up based on our sales growth goals for this year.”

Mark Goetze,
CEO of [Motion RC](#)

“Advanced forecasting computations include inputs such as historical sales data, sales velocity, product age, stock outs, and product-specific trends.”

Jeremy Shute,
owner of [NanaMacs](#)

“Procurement planning is based on last year’s industry trends, our own inventory trends, quantities, and marketing budgets.”

Daniel Snow,
founder of [The Snow Agency](#)

“In order to prepare for the holidays, it is vital to have the marketing and logistics team on the same page. While we normally start projecting our holiday season in September—due to manufacturing turnaround times for our various products—projecting the marketing spend is crucial.

“We look at our historical increases in marketing spend relative to the previous months to predict future marketing spend. Due to the rapid fluctuations year over year in the rising costs on the Facebook ad platform, the lift in spend is the only relevant statistic in our eyes.

“Specifically, we compare the average of the previous year’s lift in ad spend from July to September against the holiday months (November to January) to accurately predict inventory needs correlated to predicted marketing spend.

“It is very important to also include January, and sometimes even February, into your inventory calculations due to unforecasted delays in overseas manufacturing, customs, Chinese New Year, and any other circumstances during holiday months.”

Mitch Su,
general manager of [Yaya Creations \(eFavormart\)](#)

“We have a long history already, and the holiday season is actually our slowest time of the year. With the entire year behind us, it’s very easy to forecast the holiday demand needs using historical and current-year performance.”

Navigating Amazon

**What is your brand's approach
to navigating Amazon during
the holidays?**

Daniel Snow,
founder of [The Snow Agency](#)

“Similar to on-site inventory, having allocated inventory for Amazon is crucial for a successful holiday season. We follow the same on-site strategy allocation as we do for Amazon inventory levels.

“Due to increased marketing spend and online customer behavior, Amazon sales volume increases on a correlated scale. Customers will naturally visit your website, then proceed to buy your product from your Amazon listing. As marketing spend spikes, the relative sales of your Amazon listing will spike as well.”

Alicia Doremus,
Ecommerce Manager at [Import Image Racing](#)

“We list high-inventory items at MAP [minimum advertised price]. We cannot really compete on Amazon as our industry blocks multiple brands from being sold through the marketplace.”

Mark Goetze,
CEO of [Motion RC](#)

“Our approach is to focus on growing our business rather than helping Amazon reach \$2 trillion in market capitalization. We do not sell on the Amazon marketplace for three primary reasons: (1) fees are extraordinarily high, (2) their return policy is incompatible with our product segment, and (3) Amazon often undercuts sellers with their own lower price Amazon-branded products.”

Chase Fisher,
CEO of [Blenders Eyewear](#)

“We don't sell on Amazon. We only sell on our own site so we focus on us, not them!”

Ric Kostick,
CEO of [100% PURE](#)

“Partnering with Amazon is crucial so that we have control over our brand on the channel. Likewise, so is watching margins closely because it's much lower margins than your own website. This means, still advertise but don't go crazy.”

Brian Lim,
CEO of [iHeartRaves](#), [INTOTHEAM](#),
and [AmazingLights](#)

“Make sure we send more than enough inventory well in advance to be available during Q4. We've been burned in the past with long receiving times of over four weeks. We also make sure to stay on top of our seller score and are constantly upgrading our score weekly.”

Jeremy Shute,
Owner of [NanaMacs](#)

“We ‘navigate’ Amazon by engaging our customers with more than just a static website. Customer experience beats Amazon in certain retail sectors.”

Mitch Su,
General Manager of [Yaya Creations \(eFavormart\)](#)

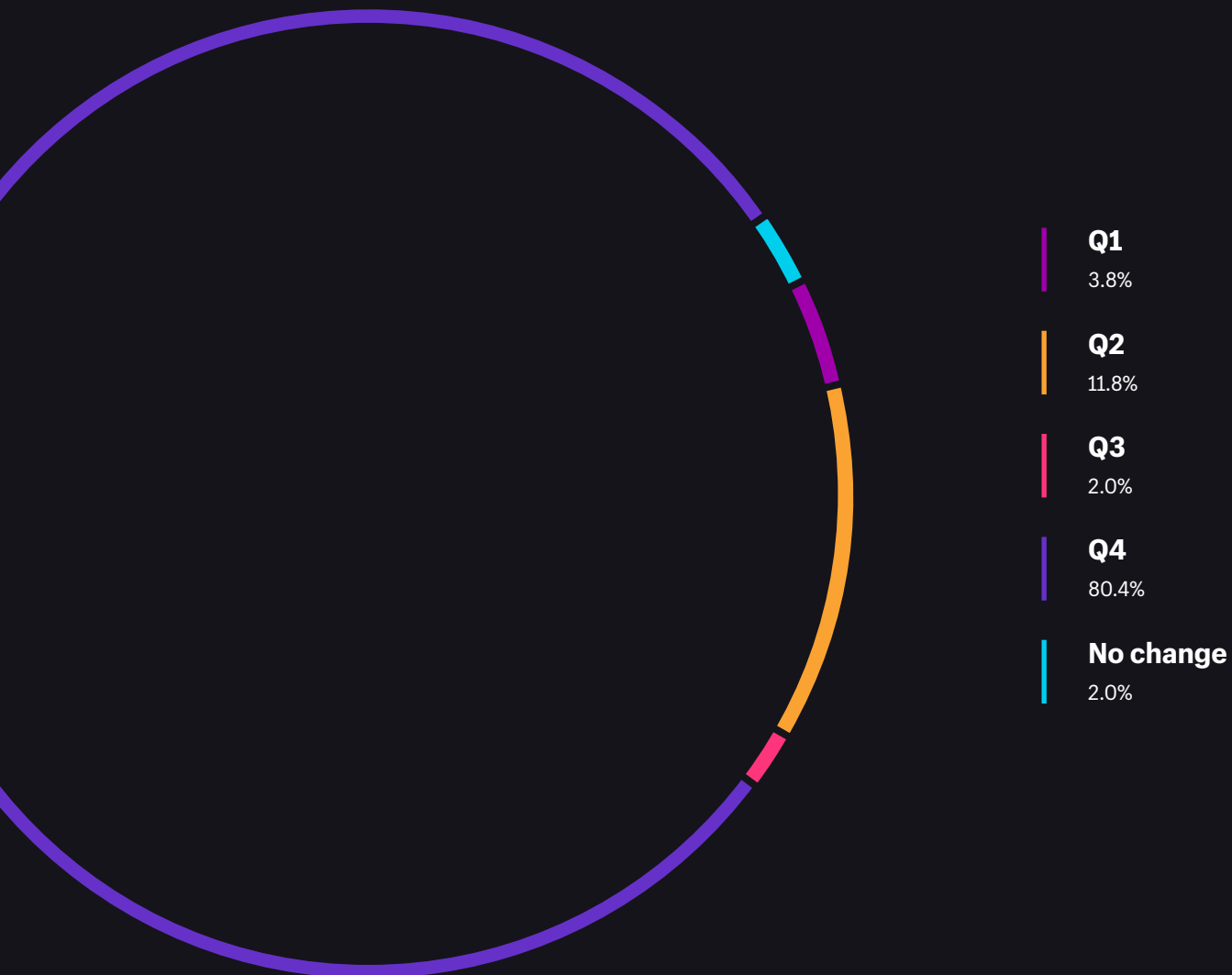
“Both us and droppers are selling on Amazon. I see it as just another revenue generator. If we depend on Amazon for our life, that's a very dangerous life we would be living.”

Ringo Wong,
Growth Hacker at [Kamikoto](#)

“We will use the Amazon Curator program to drive sales to our website.”

Seasonal sales by quarter

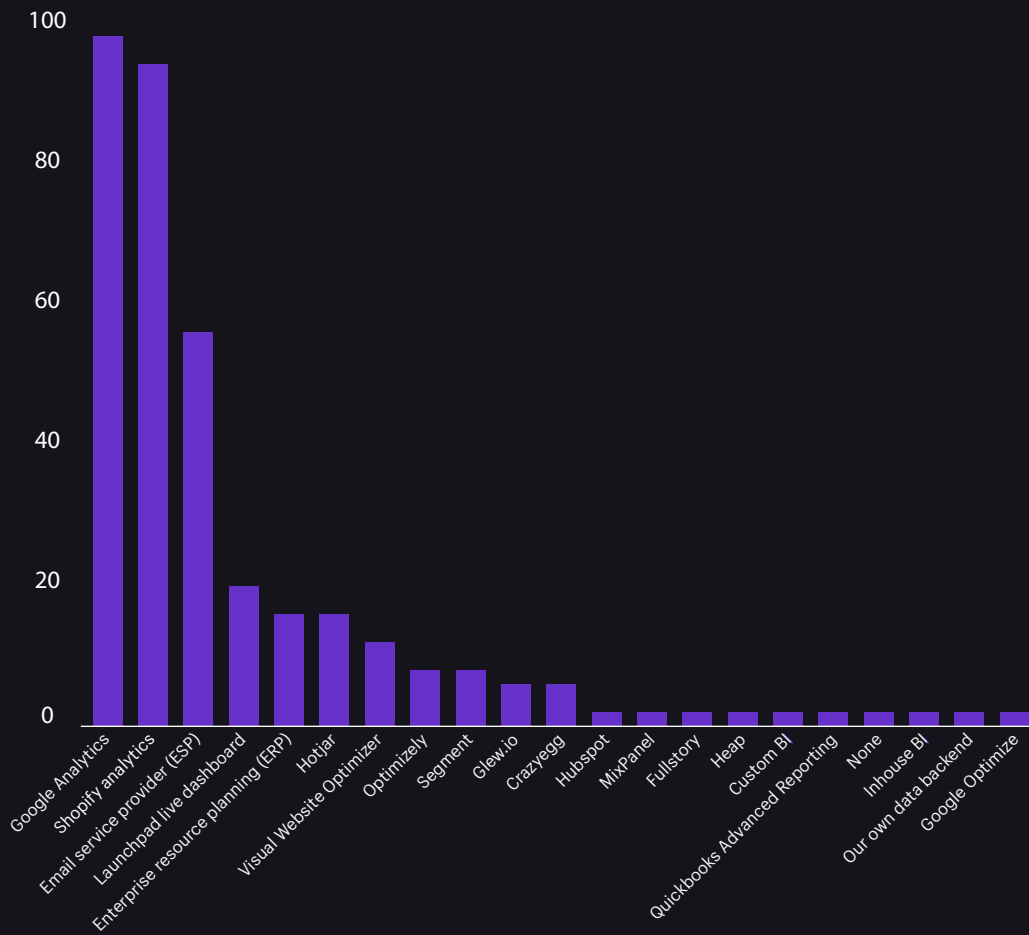
What quarter do you experience the largest seasonal spike in sales?



Seasonal sales by quarter

Analytics tools to monitor and optimize

What analytics tools do you use to monitor and optimize holiday performance?



Analytics tools to monitor and optimize

About the study

This study was conducted between Aug. 20 and Sept. 20, 2018. Fifty-one Shopify Plus businesses completed the survey.

Eligibility was based upon:

(1) Total yearly online store revenue at or above \$10 million USD (July 2017 to July 2018)

(2) total online store revenue at or above \$8 million USD over 12 months (July 2017 to July 2018), plus supplemental revenue—i.e., brick-and-mortar and/or multi-channel sales—at or above \$2 million.

To protect anonymity, the survey contained the following introductory message:

“Your name and company information will not appear in the final version of the report. By submitting answers, you agree to let Shopify Plus anonymize, aggregate, and publish the data collected herein.”

Quoted contributions were collected immediately after the initial survey questions, and only for those questions were respondents required to submit identifying information.

About Shopify Plus

Shopify Plus is the commerce platform for high-volume merchants, coupling speed and agility with a scalable foundation to grow bigger, faster.

[Get In Touch](#)