

WE'VE NEVER SEEN A HOLIDAY SEASON LIKE THIS BEFORE

13 Ways Retailers Drive Digital Performance in a Shifting Landscape

Accelerate sales in Q4 with these proven marketing tactics



adlucent

WHAT YOU WILL LEARN

Your customers will shop a little differently in Q4 due to the pandemic and the overall shifting landscape we are all experiencing, engaging with ecommerce more than ever before. 30% of U.S. consumers are going to stores less frequently, and 21% are buying more online². Are you prepared to adapt your ecommerce marketing strategy to accommodate altered consumer behavior – and accelerate performance through 2020 and beyond? This performance-focused report will provide you with 13 ROI-driving retail marketing tactics we recommend testing in Q4, including top retailers' specific strategies for accelerating sales.

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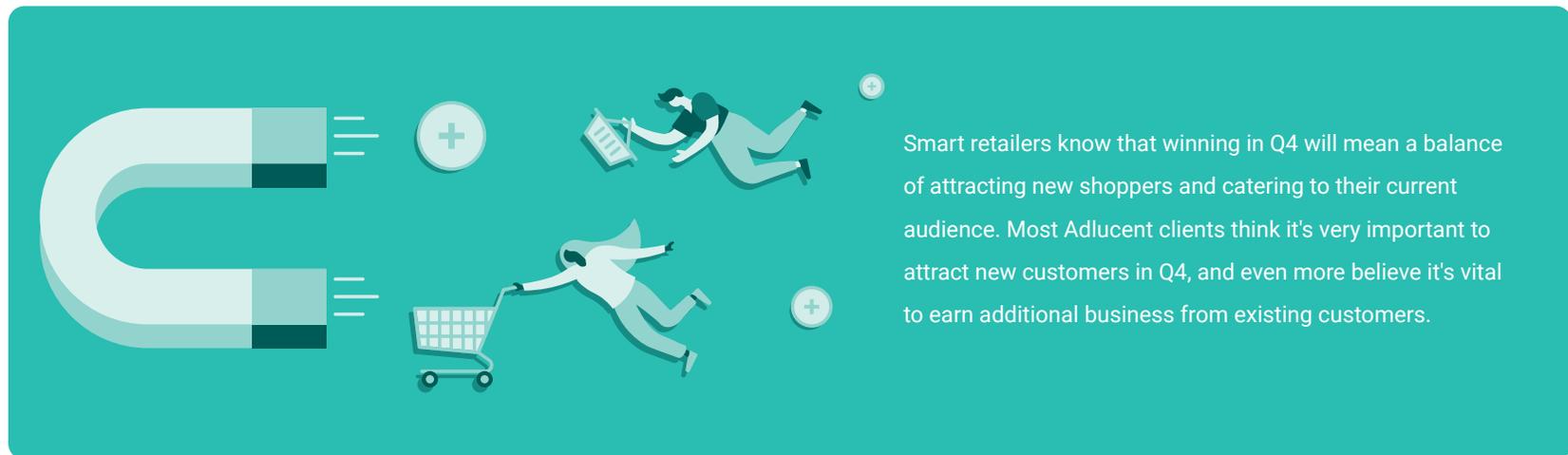
ABOUT ADLUCENT

Adlucent is a performance digital agency for B2C and B2B brands and retailers. Powered by their purpose-built platform, Deep Search™, Adlucent integrates complex data to create custom, predictive marketing programs that accelerate outcomes and maximize returns. Learn more at adlucent.com.

THE RETAIL INDUSTRY IN 2020

Retailers are experiencing a roller coaster year. Ecommerce is on the rise, the in-store shopping experience has changed drastically, and the shifting cultural landscape has paved the way for the upcoming holiday season – the likes of which we've never seen before. In this report, we'll share practical insights based on Adlucent client experiences and industry trends, and we'll offer actionable tips based on how we're solving the top holiday marketing challenges.

As we know, ecommerce levels have skyrocketed in 2020, much as a result of COVID-19. By the end of April, online shopping accounted for 27% of all retail sales⁰. From April to May, ecommerce was up \$52 billion year over year and even outperformed the 2019 holiday season. Consumers spent over \$153 billion online, compared to \$142.5 billion last November to December, amounting to a 7% increase over the 2019 holidays¹. So, heading into Q4, we're seeing new consumer expectations and a different approach to accelerating sales for businesses.



Smart retailers know that winning in Q4 will mean a balance of attracting new shoppers and catering to their current audience. Most Adlucent clients think it's very important to attract new customers in Q4, and even more believe it's vital to earn additional business from existing customers.

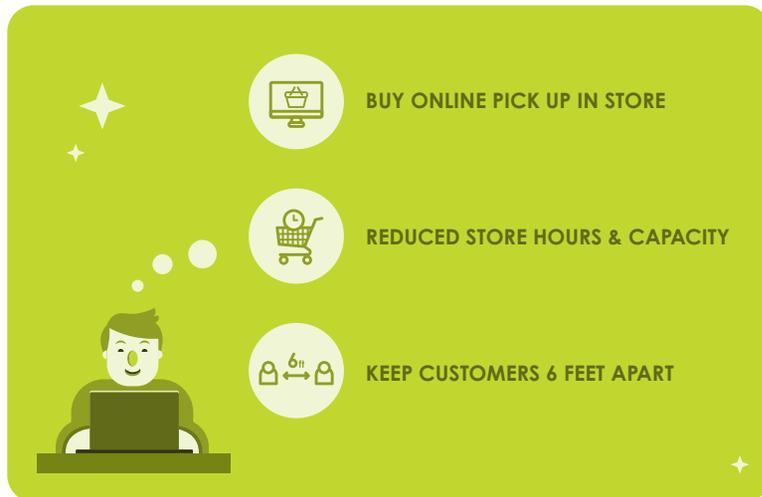
Stay-at-home orders and social distancing have had a significant impact on how customers feel about shopping in-store. 30% of U.S. consumers are going to stores less frequently, and 21% are buying more online².

And, while COVID-19 has changed consumer habits, social justice and other cultural topics have also shifted societal expectations of companies. People want more from their favorite brands than just tangible goods. Customers want to know how these entities are supporting the things that matter to them. As a result, retailers' responses to these hot button issues will impact consumer loyalty for the holidays and beyond.

HEALTH & SAFETY FOR SHOPPING IN-STORE

As they plan their next shopping trips, customers are looking for indications that retailers are protecting their shoppers and employees.

Adlucent's retail clients reported they plan to focus on BOPIS, restricted shopping, and maintaining all social distancing measures this holiday season.



Contactless options created to reduce the spread of COVID-19 aren't going anywhere in the long run. 79% of consumers intend to continue or increase their usage of self-checkout in retail after COVID-19 is resolved³. Bolstering – and promoting – contactless shopping throughout the holiday season will be key to maintaining customer satisfaction, as well as the safety of both customers and employees.

TAKING THE HOLIDAYS VIRTUAL

With more people opting to stay home for safety, reaching shoppers during the holidays will mean engaging them on their devices. 73% of consumers are still hesitant to resume regular activities outside the home³. So, finding ways to reach customers with meaningful experiences on the screen will be paramount to success.

Looking at UX, retailers will want to ensure their site browsing experience is on par with an in-store shopping trip. Those companies that are newer to ecommerce or expect higher site traffic should take a close look at web security before the holiday shopping rush hits to keep customers safe and reputation intact. Website accessibility is also crucial. Many people with disabilities will be holiday shopping online without assistance from in-store attendants, some for the first time.

COMMITMENT TO CULTURAL ISSUES

The way brands respond to social justice issues can significantly influence where customers choose to purchase their gifts this holiday season. 95% of people think brands should do something to assist with COVID-19 relief, and 67% say that brands have a role to play in speaking out against racial injustice⁴. Consumers want to invest their time and money in brands that take a stance on issues they care about.

According to Facebook, 29% of shoppers surveyed in the US bought a product for the first time after learning about a business's values, causes, or practices. So, brands that keep up an active social justice conversation and make real changes within their company can foster long-lasting relationships with their customers.

HOW TO ACCELERATE SALES IN Q4

Volatility during the holidays and on peak spend days has always been a core concern for Q4 performance marketing management. The 2020 holiday season will be impacted across all parts of the retail ecosystem – product availability, consumer shopping habits, the total volume of retail purchasing, category/vertical demand, shipping, in-store/curbside pickup, returns, etc. In the absence of reliable projections based on past holiday seasons, having a science-based and experimental approach to test and validate your holiday marketing strategy will be critical to success in 2020.



While most Adlucent clients are starting holiday promotions between Nov 1-30, they also expect customers to start holiday shopping earlier this year compared to last, as the rise in ecommerce and caution surrounding in-store shopping continue.

1 YOU, TOO, SHOULD ADVERTISE ON YOUTUBE

The Adlucent team has been hard at work testing strategies to guide our clients into a successful Q4, ensuring advertisers expand beyond paid search. Diversifying your digital marketing strategy allows you to not only capture customer demand, but drive it. YouTube has been an efficient channel, as more people are watching video content there. Its viewership has increased more than 80% year over year⁵ and has 2 billion+ users – almost 1/3 of the internet! Of note, more than 70% of YouTube watch time comes from mobile devices⁶.



**VIDEO/TV IS THE LEADING NEW CHANNEL
ADLUCENT CLIENTS ARE CONSIDERING ADDING
TO THEIR MARKETING PROGRAM IN Q4.**

YouTube effectively hits every part of the conversion funnel: Awareness, Consideration, and Conversion. Used well, it creates intent rather than just reacting to it, which makes it stand out from other channels like SEM. Leveraged as part of a holistic digital marketing strategy, it offers a powerful push-pull. We recommend using:

- ✦ TrueView for Reach for awareness; optimize toward reach and impressions
- ✦ TrueView In-Stream for consideration; optimize toward views
- ✦ TrueView for Action for conversions; optimize toward conversion action set

As far as optimization goes, you can split your campaigns by brand familiarity or by new and returning audiences. Try adding conversion action sets to move toward a broader set of actions. One thing to note: because YouTube creates intent, you can expect campaigns to take 2-3 times longer to convert than paid search. You'll need to nurture those new audiences as they learn about and consider your brand.

YouTube is part of your overall Google marketing mix. Integrate the Google Merchant Center with your YouTube campaigns to show product cards on your YouTube for Action ads. And, to expand your reach to Google Video Partners, you can use Video Action campaigns to scale.

You can also integrate your YouTube marketing seamlessly with your site and grow your subscribers. Gather leads while people are watching your ad by including lead forms with your TrueView for Action campaign. Add sitelink extensions to your video campaigns to promote relevant pages on your site. Then, to keep the momentum going, retarget YouTube viewers in SEM so that you can capture the full-funnel effect from YouTube.

LEVERAGING YOUTUBE TO REACH AND RETARGET NICHE AUDIENCES

For a large, high-end furniture retailer client, the Adlucent team set out to reach and convert new audiences profitably. We followed YouTube best practices to build a complex account structure and generated demand with new audiences unfamiliar with the retailer, optimizing toward first-click attribution and lifetime value. Then, we used retention campaigns in Google search and shopping to retarget familiar audiences, focusing on last-click attribution and incremental revenue. The strategy effectively drove a 12% revenue increase at the retailer's target ROI in the first two months.



SOCIAL STRATEGIES FOR SUCCESS

Pinterest

Pinterest is perfect for reaching audiences looking for inspiration. Monthly active users are up 24% this year, now surpassing 400 million monthly active users⁷, citing a 50% increase in Gen Z, a 48% increase in male users, and a 36% increase in millennials year over year. 97% of the top searches on Pinterest are unbranded, making it an excellent platform to augment robust customer acquisition strategies.

2 Pinterest Verified Merchant Program

To stand out from competitors, the Pinterest Verified Merchant Program⁸ is a free program available to retailers that helps build brand credibility. In order to join the program, brands must connect their product feed and set up the Pinterest tag on their website. This program also enables shoppers to buy directly from their page and offers access to the Conversion Insights tool, which helps measure the impact of paid and organic Pinterest posts.

3 Pinterest Shops

Pinterest Shops allows advertisers to connect a product feed to show pins on the Shops tab in search tabs and Pinterest boards. When consumers search for inspiration, they can click on an advertiser's Shops tab to find in-stock products related to their query and shop from the app.

To use Shops successfully, include multiple products in an image and tag all of the available products. And, try featuring tutorials on how

consumers can use products in different ways. Focus on direct call-to-action messaging in the caption. By showing products in a variety of sizes and colors, you can diversify your imagery to attract more Pinners.

83% of Pinners have made a purchase based on content they saw from brands on Pinterest⁹, so advertisers looking to drive sales would be wise to allocate budget for Pinterest Shopping ads throughout the holiday season. Pinterest Shopping Ads show real-time pricing info, product availability, and a product description to Pinners in both their home feed and the search results. These ads are driven by a Catalog.

An ecommerce company that had relied on catalog and paid search asked Adlucent to drive incremental revenue by acquiring new customers. We managed to do this profitably through paid Pinterest advertisements. The core driver of this new customer acquisition strategy was Pinterest Shopping and home feed advertising. Our stringent audience exclusions focused our Pinterest efforts on incremental acquisition. We saw a 400% increase in new customer acquisition from Pinterest and, as a bonus, we saw a 314% increase in reactivation of lapsed buyers. 50%+ of total purchases for this company are now coming from new customers.



400% ↑

New Customer Acquisition from Pinterest



314% ↑

in Reactivation of Lapsed Buyers



50%+

of Total Purchases Now Come from New Customers

Facebook

18% of holiday shoppers surveyed in the US use Facebook products to get inspiration for shopping and gifting¹⁰. Those surveyed in the US want to see content from businesses on Facebook and Instagram during the holiday season that is informative (22%), real/authentic (20%), discount-related (20%), fun/entertaining (18%), and creative (16%). And, now more than ever, it's vital to make a mobile-first experience to help these users prepare for the holidays. From holiday shopper surveys in 2018 and 2019, Gen X experienced an 18% growth in mobile purchases. Baby Boomers showed a 99% increase¹¹!

④ Shops for Facebook and Instagram provide a way for brands to create a seamless shopping experience by allowing customers to discover their products on Facebook and Instagram. Facebook users can easily find storefronts from various areas, so consumers can remain in the app to browse, shop, and complete the checkout process. Shops are discoverable on your Facebook page or Instagram profile, in tagged posts, or through ads and Stories.

⑤ Dynamic Ads for Broad Audiences is a Facebook feature that uses the Product Catalog Sales objective to target potential customers who haven't yet visited their website. Why serve products from your catalog to those who don't know your brand? The secret behind DABA is Facebook's proprietary user data, which identifies in-market users across its properties, even if they haven't visited your site. Facebook data shows that "those who have opted into DABA are seeing 22% greater lift in acquiring new buyers," and our clients have seen similar success. DABA is worth testing when you have a catalog and your holiday goals are centered on selling products.

A DTC nutrition brand working with Adlucent allocated 30% of its Q2 2020 customer acquisition budget to DABA and saw almost a 4:1 return on spend.

⑥ We also recommend advertisers implement Manual Advanced Matching (MAM) and Automatic Advanced Matching (AAM)¹². These features enable advertisers to report on more conversions, optimize their ads against more conversion data, and reach more people with ads by leveraging user data passively discovered by the Facebook pixel, as well as user data actively passed by their site code. Facebook estimates an average of 31% increase in attributed purchase conversions when MAM is used, plus a 13% increase in attributed purchase conversions when AAM is active.

Using Facebook Custom Conversions allows advertisers to report on and optimize towards whatever events are interesting and impactful to their business. For example, Custom Conversions can be used to report which categories and products are the most popular post-click destinations. They can also capture the percent of purchases that come from new customers compared to returning customers. This approach produces high LTV seed audiences for performance-focused Lookalike Audiences.



Adlucent used Facebook Custom Conversions to report on and optimize toward new customer conversions for a nutrition retailer. This customer acquisition tactic resulted in \$21.6K incremental revenue for the retailer.

7 SEARCH ENGINE MARKETING FOR SUCCESS

Preparing your paid search program for the holiday season, or any seasonality for that matter, can have huge payoffs.



Expand keyword coverage with targeted keywords ["mattress sale thanksgiving"]



Build out new ad copy variants with holiday language ["\$100 off – Thanksgiving Sale"]



Create ETA countdown customizers that begin 5-7 days from a holiday or End of Sale event



Add themed landing page targets to dynamic search ad (DSA) campaigns ["domain/thanksgiving"]



Schedule promotion extensions for major product categories ["All Bedding – 40% Off"]



Add seasonality modifiers on tCPA/tROAS campaigns for big ticket weekends



Analyze Google's Time of Click report to adjust dayparting in anticipation of the holidays



Analyze mobile performance by campaign to adjust device modifications



Run a marginal CPA analysis on top segments to gauge if there is room to scale before hitting diminishing returns

8 Google Discovery Ads

Google Discovery Ads is an up-and-coming ad format that reaches people when they're in a browsing mindset and mimics social ads that users are accustomed to seeing in their Instagram feeds. These ads are built to target audiences (versus keywords) and reach people across the YouTube home feed, as well as Discover experience in the Google search app, and Gmail, all with one campaign type. We recommend using these with performance-focused creative and a strong call to action (CTA).

An office supply retailer and Adlucent client leverages discovery ads for lead generation on their B2B site. Our discovery campaigns drive about 40% more traffic than text ads in search at a similar cost per lead (CPL).



9 Keyword Optimization

Analyze keyword performance across your Google and Amazon search programs to compare volume, costs, and ROI so you can adjust budget between the channels for maximum performance. Our nutrition and supplement retail client, for example, does this to understand when Amazon is in the market for their branded keywords. Demand, and therefore CPCs, tend to rise and fall on Amazon at different times than on Google. So, to reach the top position for a client's brand on either network, we have to bid high enough and monitor impression share while being fluid across both channels to keep ROI targets on track.

We recommend leveraging a platform like Adlucent's purpose-built platform, Deep Search, to understand these trends and adapt your program quickly to capture the most revenue at the best ROI.

10 Power in the Pivot

Adapting quickly to market conditions is key to success. We recommend closely monitoring category and keyword changes and using that data to identify high performing category opportunities. Then, adjust paid search budgets and bids accordingly, keeping efficiency targets and inventory levels in mind. Combining complex data sets works best by leveraging technology. Aim to respond to fast-changing data inputs and adjust strategy in real-time, without overspending or missing your ROI goal.



A leading specialty retail chain and Adlucent client experienced challenges due to COVID, including backordered and out-of-stock inventory, shifting customer demand, and fluctuating competition in the search auction. The retailer used a profitability formula to create a moving ROI target for their large paid search and shopping program. The Adlucent account team partnered closely with them to maximize traffic and revenue opportunities by using a proprietary and custom bid algorithm in Deep Search.

We monitored consumer trends to identify when demand for the retailer's categories and products changed. We tracked their inventory levels and moving efficiency target to quickly and safely ramp bids up and down across their 30K+ products and nearly 11,000 keywords across Google and Bing. Using this method, we achieved ROI without leaving money on the table or overspending. In the challenging months of April and May, we drove a 60% increase in revenue year over year with an 18% improvement in ROI, and we expect to see similar results moving into the holiday season.

11 A Healthy Product Feed for the Holidays

Feeds are the lifeblood of ecommerce-centric shopping campaigns, like Google Shopping and Facebook Dynamic Product Ads. These direct-response style campaigns are high traffic and high performing, so it is important to get them right. You want accurate and robust information to increase matching and maximize product offerings. The goal is to prevent disapproved products by Google.

With Adlucent's Deep Search platform, we can optimize and change feeds with ease. We can quickly download entire product feeds, optimize and edit attributes like title, or populate missing attributes to get products that are disapproved serving again. This can all be done either in bulk or as one-off changes. We can even swap out images with a few clicks. These changes are uploaded via API to the Google Merchant Center (and other channels, if desired) and updated in minutes. This feature is a huge lift for clients, as feed changes can otherwise take several days, depending on capacity. When we make changes, our system also preserves the historical value, so reverting our edits is simple. We can also send and receive the feed multiple times throughout the day, keeping data like product availability and prices up-to-date. Be sure to leverage online reviews, offer Q&As and customer support, and optimize the site speed and mobile experience.



[Product Feed Data Improvement](#)

Different channels have differing product feed requirements, and a high-performing product feed for Facebook won't look the same as a high-performing product feed for Google. For example, your Product Listing Ad (PLA) titles should likely begin with your products' brand names to help Google match to your PLA the search queries containing the brand. On the other hand, Facebook Dynamic Product Ads (DPAs) do not need brand names in their product titles for query matching. Beginning each DPA product title with the brand name would actually produce repetitive headline text in DPA carousel ads. So, duplicating a Google-optimized product feed into a Facebook Product Catalog is likely to hurt Facebook advertising efficiency. We recommend auditing your social product feed practices well before the holiday season arrives so that each holiday DPA can achieve maximum thumb-stopping impact when the big shopping days are here!

Cross-Channel Strategy Continuity

12 [Audience Collaboration](#)

Cross-channel utilization of audience insights promotes strategy continuity and helps scale performance. By adding Affinity targeting at the observation level, you can view Google campaign metrics broken out by the affinity data Google has on that user. These Google affinities can provide new demographics/interests/behaviors audiences to test in paid social prospecting campaigns.

Affinity – Google Only	Impressions	Clicks	Orders	Cost	Revenue	ROAS	Bid Adj.
Luxury Travelers	101,794	5757	80	\$30,846	\$117,765	7.78	25%
Home Decor Enthusiasts	83,322	4043	25	\$19,522	\$39,588	9.98	15%
Avid Business News Readers	4,305	235	3	\$1,066	\$3,918	3.67	10%
Luxury Shoppers	3,483	187	1	\$868	\$1,969	2.27	5%

In this Adlucent client example, we set up Google Affinity targeting for this ecommerce business focused on mattress sales. Based on the strong performance of users in the “Home Decor Enthusiasts” Google Affinity, the account managers tested a “home decor” audience in their paid social prospecting efforts. This test audience produced enough conversions that it merited integrating into the team’s core paid social prospecting targeting.

Audience Insights

Audience 1: Your total audience | Date range: Last 30 days | Audience size: 3.4m people

Your total audience includes all users who have seen or engaged with any of your Pins in the last 30 days.

Categories and interests

The most popular categories and related interests for this audience

Category	Affinity	% of audience
women's fashion	1.52x	65.6%
event planning	1.44x	47.8%
gardening	1.36x	42.2%
diy and crafts	1.32x	88.3%
food and drinks	1.32x	51.2%
health	1.30x	30.9%
home decor	1.25x	85.1%

Women's fashion interests

Interest	Affinity	% of category audience
women's jewelry and accessories	2.62x	80.7%
women's jewelry	1.57x	75.4%
dress	0.75x	34.2%
jewelry by material	4.62x	20.8%
dresses by style	0.87x	16.3%
women's bottoms	0.73x	13.3%
women's style	0.84x	13.7%
neckline	6.62x	21.5%
skirt	0.94x	12.3%
gem jewelry	5.34x	10.9%
casual style	1.71x	8.6%

Age
The age distribution of this audience

Gender
The gender distribution of this audience

Google is not the only origin for cross-channel audience insights. We recommend utilizing the Pinterest Audience Insights¹³ feature to gather insights into the demographics and interests of key audiences. The Pinterest Audience Insights tool allows account managers to view insights from uploaded lists. This can be great for a brand with a list of email subscribers or past purchasers. Note that your team will have to leverage relationships with Pinterest partners to gain access to the Pinterest Analyze View.

13 Merchandising Analysis

We recommend analyzing product category performance so that you can act on performance relationships between categories. Our Adlucent account team, working with a sports ecommerce client, tagged Google categories to understand category synergies. We found Apparel category revenue was highly correlated with Footwear category ads; significant numbers of Apparel purchases were completed by site visitors who had clicked Footwear Product Catalog listings.

Category Revenue Segment	Order Revenue (06/01/20 - 06/30/20)
Footwear	\$188,105.13
Unknown	\$46,989.24
Apparel	\$13,051.87
Clubs	\$10,103.74
Golf Balls	\$5,575.37
Accessories	\$2,912.48
Bags	\$2,849.50
Full Club Sets	\$1,609.96
Electronics	\$1,439.93
Equipment	\$1,105.18
Carts	\$0.00
Miscellaneous	\$0.00
\$273,742.40	

With this finding in mind, the account team built Facebook Dynamic Product Ad Sets targeting purchasers of Footwear products (from the last 30 days) with dynamic ads showcasing the company's Apparel offerings. This cross-sell tactic built brand loyalty and may never have happened without the team's Google category analysis and initiative to spread merchandising insights across channels.

THE RETAIL HOLIDAY SEASON, REIMAGINED FOR 2020

As ecommerce gains ground in the holiday shopping habits of consumers everywhere and the needs of shoppers shift, our aim is to help you anticipate your customers' behavior to meet their needs where and how they are buying products today and tomorrow. While the 2020 holiday season will surely look different from its predecessors, with these tactics, you'll be equipped to accelerate sales in Q4 and beyond.

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