



2017 Holiday Planning Playbook

Trends along the path to purchase



Contents

INTRODUCTION.....	3
INSPIRATION: Get in the game	4
RESEARCH: Don't hide behind the racks	8
PURCHASE: Save the sale with discerning shoppers	12
FULFILLMENT AND RETURNS: Offer generous and transparent return policies	16
POST-PURCHASE: Make a good brand impression to acquire and retain customers	20
CONCLUSION	23

About the Survey

The **2017 Holiday Shopping Behavior Survey** was designed to gauge consumer behavior and shopping trends related to the winter holidays. The survey polled 2,040 consumers and was conducted for NRF by ORC International March 29–April 2, 2017. The consumer poll has a margin of error of plus or minus 2.0 percentage points.

INTRODUCTION

2016 HOLIDAY SHOPPING SEASON RECAP

Between the summer and the holidays, anything can happen — especially in retail. Aside from traditional influencers, such as weather patterns and economic forces, consumer trends and technological innovations are rapidly transforming the world of holiday shopping. To remain competitive, retailers need a game plan that addresses all aspects of the customer path to purchase.

While the shopping process is becoming more complex, the best competitive advantage remains in old-fashioned retail principles of serving the customer what they want, where they want it, at the price they desire — and with exceptional customer service. Technology may be changing the surface of the retail game, but the underlying strategies to win remain the same.

As retailers prepare for the 2017 holidays, NRF conducted a survey of 2,040 holiday shoppers to understand which touchpoints mattered to them during the 2016 holiday experience and what they expect from retailers moving forward. This report includes considerations for retailers to include in their brand's holiday playbooks, based on what consumers will seek this holiday season.

FINDINGS SUMMARY

Consumers reported that during the holidays they still visit stores and take gift ideas from family and friends. Impulse purchasing and self-gifting also remains strong with more than seven in 10 saying they treated themselves this past holiday season. Most shoppers also said they started conducting research in October or earlier and that they valued recommendations from retailers and viewed product reviews online. Consumers also demand more and expressed interest in generous return policies and flexible fulfillment options.

How consumers shop



This calls for retailers having websites optimized and consumer resources ready by October. They will also need to get on consumers' wish lists, leverage in-store marketing and consider more flexible fulfillment options such as buy online, pickup in store. Retailers will also want the ability to use technology to enhance the customer experience and save sales on both their digital and in-store systems. Finally, they'll want to establish transparent policies and encourage and respond to feedback from customers.

INSPIRATION










Get in the game

While consumers can now quickly scan the web for the perfect gifts, they still look to traditional channels for holiday inspiration. NRF's survey found that 47 percent of shoppers said they browsed physical stores to find the perfect gift idea, while 44 percent said they specifically asked or looked to hints from family and friends. Much of consumers' discovery and inspiration is still happening in the store.

There are things customers can't experience when having products delivered, and there's an enjoyment of shopping with family and friends during the holidays.

That said, retailers certainly can't afford to ignore the role of digital channels: 43 percent of shoppers said they looked to television. Surprisingly, digital mediums such as Facebook (29 percent), email advertisements (24 percent), retailer apps (17 percent) and Pinterest (17 percent) played a smaller role. While these channels weren't as important across all demographics, they were influential for younger generations. Nearly 50 percent of Millennials said they were influenced by social media efforts such as Facebook while Generation Z was most inspired by Instagram.

How shoppers use digital channels for holiday gifting inspiration (% using channel for inspiration)

TRADITIONAL DIGITAL CHANNELS			SOCIAL CHANNELS		
	 Television	 Email	 Facebook	 Pinterest	 Instagram
Gen Z 	46%	19%	39%	30%	44%
Millennials 	47%	29%	47%	27%	31%
Gen X 	44%	22%	31%	18%	12%
Boomers 	41%	25%	15%	8%	2%

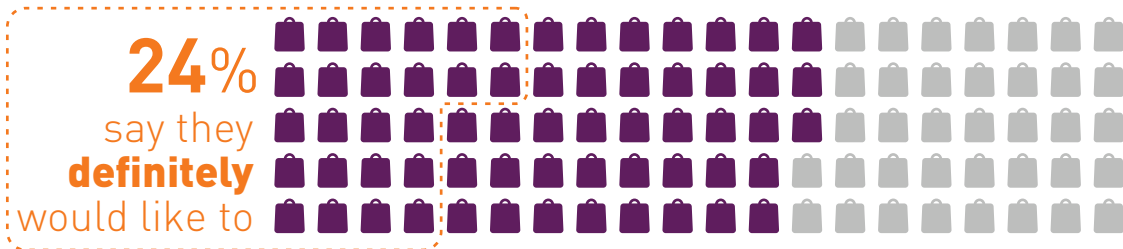
HOW SHOPPERS PLAY

They aren't abandoning bricks-and-mortar. It shouldn't be too surprising that so much inspiration still comes from the store.

They look to their loved ones for inspiration. More than 40 percent of respondents said their gift ideas came from taking hints and asking their loved ones. A quarter of these respondents said they also used online wish lists from retailers to help them in the shopping process; 63 percent said they would like to use more wish lists in the future.

Would you like to utilize more retailer online wish lists or registries for gift purchasing in the future?

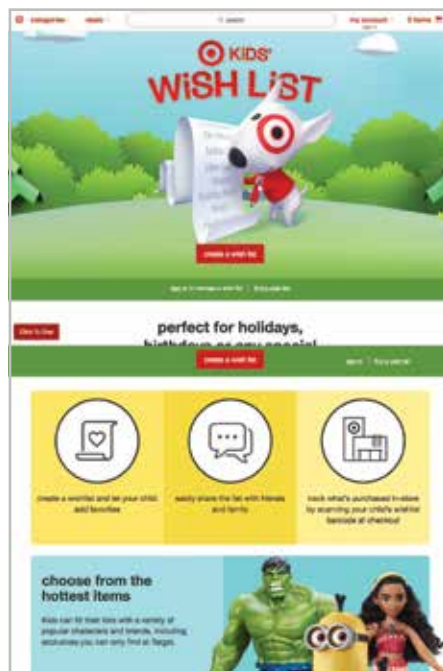
63% said yes



They still make many impulsive purchases during the holidays. Overall, the majority of shoppers made the same amount of or fewer impulsive decisions while holiday shopping this year. This differs dramatically when looking at younger buyers and specific customer segments: Approximately seven in 10 Millennial (66 percent) and Generation Z (71 percent) shoppers said they made more impulsive purchases, which is significantly higher than older generations; 68 percent of Hispanics, 54 percent of men and 52 percent of those with household incomes below \$35,000 said they did so as well.

THE RETAIL PLAY

Retailers should note consumers' discovery processes, and respond by easing the path to telling their friends and family what they desire. Consider technology implementations to support list generation and product sharing and leverage in-store marketing and omnichannel capabilities such as in-store app functionality to aid in product discovery.¹



GET ON THE LIST

No longer reserved for weddings and new babies, registries and wish lists are becoming a critical component of the holiday shopping experience. Nearly two-thirds of holiday shoppers said they would like to use retailer wish lists to help their gift purchases, whether it be a curated list of items or a special feature to save and share their own list of desired gifts.

For consumers looking to create efficiency in the shopping process, adding an easy resource reduces friction and increases the likelihood of a conversion. Retailers that already have wedding or baby registries should consider how easily they can convert or add registries for other occasions, allowing consumers to regularly add, remove and share their lists. If your shopper is a Millennial or younger, take it to the next level and explore whether it would add to the experience for an influencer of your target market to develop their own wish list that others can use.

KEY TO WINNING THE HOLIDAYS: OMNICHANNEL EXPERIENCES

With half of consumers saying they still rely on in-store inspiration, both pure play and traditional bricks-and-mortar retailers should consider ways to blend digital and in-store experiences to guide shoppers throughout the holiday season.

One strategy for omnichannel retailers is to use data from digital channels to drive product presentation and selection in stores. Retailers such as Lord & Taylor and Saks are doubling down on digital technologies to help spark in-store conversions through personalized recommendations and apps that can make it easier to locate products in stores.² Makeup retailer Sephora has also had great success leveraging digital capabilities to augment the in-store experience.³

SEND LIMITED-TIME OFFERS TO TRIGGER IMPULSE PURCHASES

Compared to the 2015 holiday season, shoppers made the same amount of or fewer impulsive purchases in 2016. However, triggering that emotional, on-the-spot purchase can still be an important tool for retailers to drive holiday spending. One of the best ways to encourage these buys in 2017 is to send limited-time promotional offers through multiple channels. Janet Sherlock, chief information officer at Carter's and chair of NRF's CIO Council, said retailers should leverage "creative" promotions based on clickstream data of what a consumer has viewed in the past. Deliverables can include customized display ads on the website or social media, email reminders and even direct mail.

"It's these little things that can help give a push over to inspire them to buy during the holiday season," Sherlock said. Apparel retailer Urban Outfitters experienced a 75 percent conversion rate when it started targeting young women who frequent clubs with push notifications that used emojis and deep linking.⁴

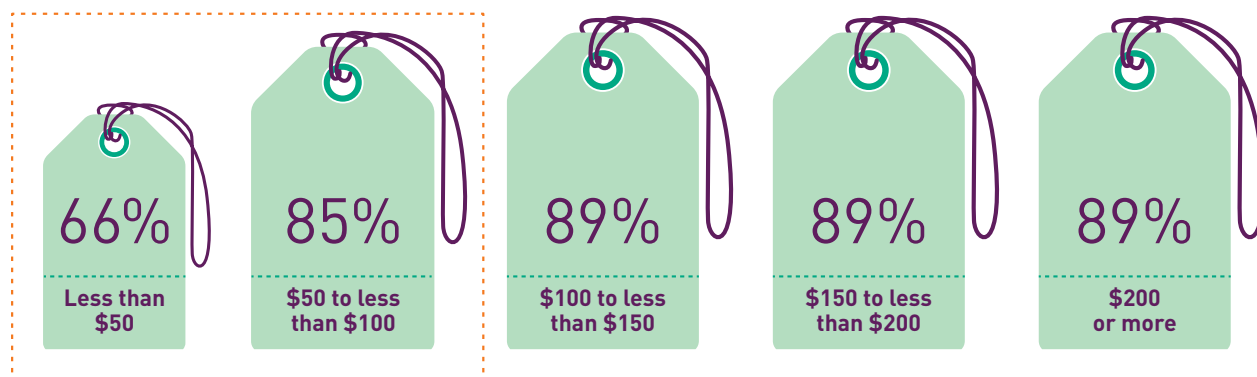
NRF survey data revealed that more than half of shoppers said they preferred email notifications while another 24 percent preferred to receive offers through direct mail. Retailers have to approach email strategically if they're going to rise above the holiday noise. Some best practices include a targeted subject line, offering a clear path for consumers to unsubscribe at any time and keeping volume consistent.⁵ Deciding on these strategies early helps retailers avoid the trap of simply reacting to competitors' promotions during the holiday season and reduces the risk of burning out your customer base. Brands such as O'Neill, Converse and Adidas also use bold images, personalized and compelling copy and simple calls to action to drive high awareness levels.⁶

RESEARCH

Don't hide behind the racks

Researching that perfect gift is a critical step along holiday shoppers' path to purchase. Take note: Consumers are conducting their due diligence regardless of an item's price point, channel or even what type of product it is. Two-thirds of 2016 holiday shoppers said they typically research products that are less than \$50; 85 percent research a product that is between \$50 and \$100.

Percent of shoppers who typically conduct research on each price point



Consumers are leveraging both retailer and third-party websites to learn more about products, compare specifications, engage in price comparisons and validate the customer experience at the retailer. When they reach the point of purchase, they're often fully informed and aware of their alternatives: 89 percent of consumers say they research products online before buying in person⁷. Retailers can join customers on their shopping journey by making it easy to find product features or reviews — or risk being left behind.

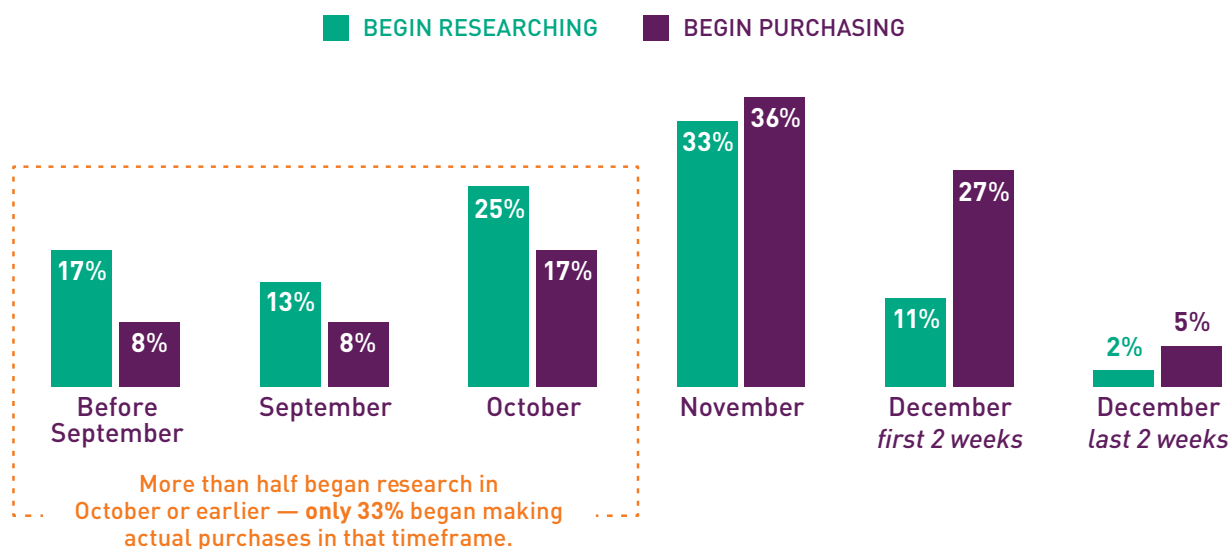
It should come as no surprise that in today's social media-savvy society, shoppers want to hear from their peers, or at least fellow shoppers, on how a brand lives up to its promises. In 2016, three-quarters of holiday shoppers said they considered product reviews to be important when choosing to make holiday purchases from a given online retailer.⁸ A quarter say product reviews directly on a retailer's site were the most helpful this past holiday season, even more than price comparisons or advice from friends and trusted colleagues.

HOW SHOPPERS PLAY

More than half of holiday shoppers said they started researching potential purchases in October or earlier.

While only a third of these consumers were actually purchasing at this point, many already know what they want and what price they're willing to pay when it comes time to buy.

Holiday research vs. purchasing timeline



NRF's survey data revealed that women were significantly more likely to start both researching and purchasing earlier than men. And while age difference didn't play a big role in when consumers started researching, it did influence their purchasing timeline: 37 percent of Millennials said they were buying in October or earlier, while only 29 percent of Baby Boomers said they were doing so at that time.

Holiday season brings high traffic to review pages. Consumers increasingly consider reviews a critical component of the shopping process and can use multiple sources to find these reviews. But when considering reviews specific to retailers' sites, nearly all shoppers (96 percent) read them, with a quarter saying they provided the most help when making holiday purchase decisions this past season. Nine in 10 find them at least somewhat trustworthy — however, only 10 percent trust them completely.

THE RETAIL PLAY

Retailers should insert themselves into the research equation early on by ensuring their website is optimized to highlight the most relevant information such as product specifications and reviews.

ENCOURAGE RESEARCH AND EXPLORATION

As consumers demand full transparency into the shopping process and the products they buy, retailers need to offer robust information on their websites and in their stores. Websites and mobile apps should have clear calls to action that encourage consumers to read more about products. Content or buying guides can also help shoppers feel confident that they are selecting the item that is right for them.

- Some retailers are now incorporating QR codes on their products and displays so that in-store consumers can easily access the product's web page on their phone. In anticipation of the surging popularity of drones during last holiday season, Best Buy also created a drone buying guide on its website.⁹
- Retailers including REI, The Home Depot and PetSmart also use content guides during the holidays to help consumers learn more about product categories.

BE RESEARCH-READY BY OCTOBER

While retailers focus on inventory, store design and staffing in preparation for the holidays, they also need to optimize their digital marketing strategies. Retailers such as Nordstrom and Bed Bath & Beyond start their holiday email promotions in October.

Retailers should conduct end-to-end performance testing well before the holiday season to ensure everything connected to the website, from product descriptions to payment and fulfillment options, is fully optimized. It's recommended this infrastructure should be ready by October. There's a lot to do in relation to preparing from an IT standpoint, and retailers need to be on their game for the holiday season.

It's also important to have effective content and high-quality images of products well before the holiday season. Consumers are increasingly being driven by video content of products that demonstrate how they operate and give detailed demonstrations with narration. They really want to go online, browse and feel like they can learn everything they need to know about the product.

While brands and retailers aim to be ahead of the curve in what their customers and fans will demand for the holiday season, social media sites can help provide real-time hints on what consumers are looking for and which products should be prioritized in search or in online and off-line displays. Are you listening to what people are actively searching for online, what they're going crazy for, what they're saying on Pinterest or Twitter? Retailers should strive not only to have these products in store but also prominently displayed on their websites, not lost in thousands of SKUs.

OPTIMIZE REVIEW PAGES

Retailers must ensure their product review pages are up to date and prominently displayed in conjunction with products. While more reviews, specifically positive ones, can greatly influence and steer purchasing decisions, bad reviews aren't necessarily a deal breaker if the retailer responds. The key is to be transparent, and consider how to increase trust among your consumers.

Retailers may consider having a year-round strategy to enhance and optimize their product pages. Even for products that turn quickly, companies like L.L.Bean and Nordstrom understand that making reviews visible can increase conversions. At Williams-Sonoma.com, a handful of reviews appear on the product page with all reviews for the product available with a click. Retailers such as The Home Depot say they use questions and comments on product review pages to improve their content and product pages.¹⁰



PURCHASE

Save the sale with
discerning shoppers

In a perfect world, retailers would be able to precisely predict the exact products holiday shoppers are looking for at the price point and in the channel they want to buy. But in the fiercely competitive industry of retail, retailers may never learn why or even that they lost a sale.

People tend to shop differently during the holidays. With stress and crowds high and patience and time short during the holiday season, consumers will become frustrated if they can't easily find what they're looking for. Unlike other times of the year, there can be a strong sense of urgency. People have a lot of shopping to do, and they're on a deadline.

The good news is that retailers can use several strategies and methods to influence consumer purchasing decisions. NRF survey data found that nine in 10 shoppers said something convinced them to make a purchase that they may have been hesitant about (either in-store or online). Of those who said they were swayed, 64 percent said it was by an offer of free shipping and 50 percent said it was due to a limited-time sale or promotion; 33 percent said it was the ability to buy online and pickup in store.

What convinced holiday shoppers to make a purchase?



64%
Free shipping
offer



50%
Limited-time
sale or promotion



33%
Ability to buy online
and pickup in store



25%
Free gift
with purchase



24%
Helpful
customer service

HOW SHOPPERS PLAY

They may be less patient and more willing to abandon a retailer during the holiday season. Respondents said they aren't afraid to back out of a purchase at the last minute, and three in four said they did so at least once while holiday shopping in 2016. Young consumers were the most likely to second-guess a purchase, with nearly nine in 10 Gen Zers and Millennials saying they had done so. Many shoppers (77 percent) left stores because they couldn't find what they were looking for, at an average of four times over the season — that's four missed opportunities to convert a browser into a purchaser and help ensure shopper loyalty.

They look to retailers for recommendations to help cut through the noise. While shoppers are more likely to engage in their own research and can be finicky during the holidays, they're also highly receptive to retailer recommendations. More than half of online holiday shoppers said they purchased an item that was recommended directly from a retailer, with men (58 percent) more likely than women (51 percent) to do so.

When buying for others, consumers are also likely to buy for themselves.

More than 70 percent of respondents said they had bought gifts for themselves during the holiday season. Among them, an average of 20 percent of their holiday purchases were just for themselves. Hispanic (81 percent) and Gen Z (93 percent) shoppers were the most likely to treat themselves. Shoppers not only buy hot items or products on their own personal wish lists but also use the holidays as a time to purchase things they've been putting off during the year. When the sales are starting, customers are often seeing that as a time to restock their closets or treat themselves while they're out finding gifts for friends.

More than half of online holiday shoppers said they purchased an item that was recommended directly from a retailer with:

men
{ **58%** }
more likely than
women
{ **51%** }
to do so.

They expect generous promotions all season long. As “best deal” sales continue throughout November and December, consumers have become conditioned to expect these discounts.¹¹ NRF data found that seven in 10 shoppers said they no longer felt pressured to immediately jump at holiday deals because they’re generally confident that good promotions and deals will last throughout the season. Customers also said they were less pressured to shop early.

How strongly do you agree or disagree with the following statements?



THE RETAIL PLAY

Retailers need to enter the holiday season clearly communicating their products, fulfillment options and customer experience. Retailers can use statements such as “you may also like” or “customers also purchased” on their websites and in apps. In the store, strategically placed complementary products or accessories can spur additional sales. They should also consider strategies to encourage self-gifting and save sales both in the store and online.

ANTICIPATE CUSTOMER PAIN POINTS

Retailers need to ensure their websites are optimized and able to handle the surge in traffic, long before the holiday rush. It should also be easy for consumers to find exactly what they’re looking for and be driven directly to product pages. Make sure the customer lands on the right page based on who they are and what they like.

Top-selling and searched-for items should have clear, front-of-store or top-of-page placement. There should also be appropriate staffing levels to meet and greet customers upon entrance. Robust mobile apps can also help consumers find the exact location of products with their own smartphones —both Walmart and Lowe’s apps offer in-store search functionality that allow users to search store inventory and find exact aisle locations in the store.¹²

Retailers should also consider implementing or expanding buy online, pickup in store (BOPIS) options during the holidays, which offer the convenience of internet shopping and the benefit of immediately acquiring the item. It allows consumers to know that the item is in stock and to skip any potential long lines. BOPIS is a middle ground for the customer who wants the convenience to purchase at their desk or on their way home from work but also receive the item instantly.

SPEAK DIRECTLY TO SELF-GIFTERS

As not all holiday purchases are made for someone else, retailers need a strategy to capitalize on those who are shopping for themselves. Because self-gifters are also open to recommendations, retailers should create calls to action for shoppers to “treat themselves.” One common self-gifting strategy is to offer bonuses with gift cards and holiday purchases. Martine Reardon, NRF’s senior advisor for retail marketing strategies, said during her time as CMO at Macy’s, the “Friends and Family Sales” worked well to spur self-gifting. The biannual sale offered shoppers up to 30 percent off, even on some brands that ordinarily don’t go on sale. Customers would receive two coupons, one to purchase gifts and another to treat themselves. “It became an event where customers didn’t feel guilty about buying something for themselves,” Reardon said.

“It became an event where customers didn’t feel guilty about buying something for themselves.”

CAPTURE LOST OPPORTUNITIES

It’s essential that retailers use the right promotions, technologies and strategies to convert customers while they’re in the store. This calls for not only ensuring adequate inventory levels but also that associates are armed with tablet devices to help consumers find any item, easily make a purchase and have it shipped to their home the following day. Retailers can also leverage mobile POS technology to allow associates to engage in door clienteling and line-busting as long lines or a lack of associates can deter potential customers. Retailers are getting smart about making sure that they don’t lose that sales opportunity, and that they’re arming their associates with the technology to convert customers in the store.

Many brands are also achieving success by getting back to “old-fashioned selling” and empowering associates with more knowledge about products. Whether online or in the store, enabling an easy and fast checkout process can boost conversions.

- Online handbag retailer eBags was able to grow its mobile traffic by 92 percent between Thanksgiving and Cyber Monday by creating a new mobile strategy that enabled consumers to find what they were looking for in under four seconds. The company also trimmed its checkout process down from seven steps to only two.¹³
- Walmart received feedback from customers that they were unhappy with holiday checkout processes in the past. In response, for the 2016 season Walmart sped up checkout lines by hiring in-store traffic directors called “Holiday Helpers.” These associates directed shoppers to the next available cashier, opened an extra register if needed, helped with price checks and grabbed items a shopper may have forgotten.¹⁴

FULFILLMENT AND RETURNS

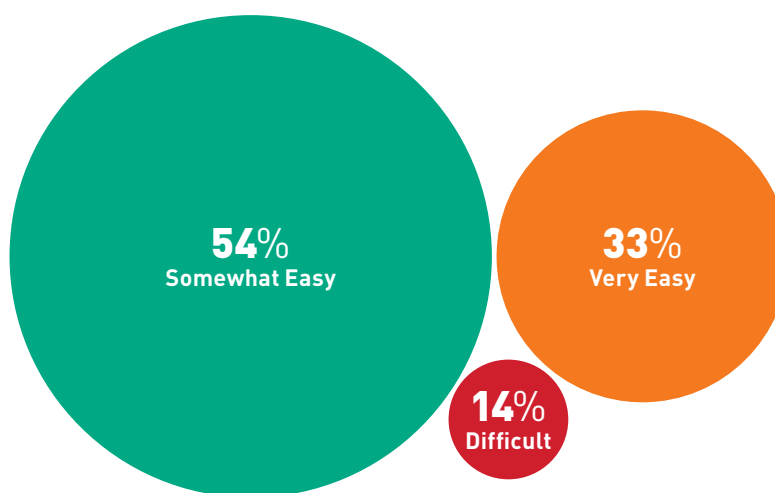
Offer generous and
transparent return policies

The tradition of giving and receiving unwanted gifts is a reliable part of the holiday season; thus, return policies play a critical role in holiday purchases.

A frustrating return process can immediately deter a customer from a purchase or damage your long-term relationship with a customer. While most consumers only purchase what they intend on keeping, NRF's data revealed that nearly two-thirds of holiday shoppers had made at least one return this past season. More than 80 percent described the process as "easy," but for those who experienced friction in the return process, 64 percent said they would be hesitant to shop at that retailer ever again.

Three of four holiday shoppers checked return policies before making a purchase this past holiday season, and many shoppers ultimately backed out of a holiday purchase because of an inconvenient return policy. Some of the main reasons they did so were a lack of free return shipping (57 percent), only store credit offered instead of full refund (55 percent), an inability to return items in-store (43 percent), too small of a return window (42 percent) and too difficult to return in-store (39 percent).

For items you returned this past holiday season, how easy or difficult was that process for you?



Of shoppers who had a difficult experience, more than **6 in 10** say they **would be hesitant to shop at that retailer again**

Reasons why shoppers backed out of a purchase due to an inconvenient return policy



HOW SHOPPERS PLAY

Consumers now demand a generous return policy. Research indicates that lenient return policies can lead to increased purchases. During the pre-purchase phase, a lenient return policy can give consumers the assurance and security that they will be able to return a product if they don't like it.

They also want a transparent return policy. Consumers expect return policies to be clearly stated on the website, at the point of sale and on the receipt. In many cases, shoppers who express frustration over return policies did so because they didn't have access to all the information at the point of sale.

THE RETAIL PLAY

Retailers need to ensure their return policy is clearly stated on the website, at the point of sale and on receipts. Not having a flexible return policy could mean lost sales and missed opportunities.

ENSURE YOUR RETURN POLICY MEETS SHOPPER EXPECTATIONS

Shoppers expect return policies to be convenient for them. Forcing them to pay for return shipping, not giving a full refund and not offering the ability to return to physical locations are almost certain deal breakers, particularly if shoppers are already on the fence regarding a purchase. Customers who are not happy with the return process could not only end the sale but also leave with a negative perception of the brand.

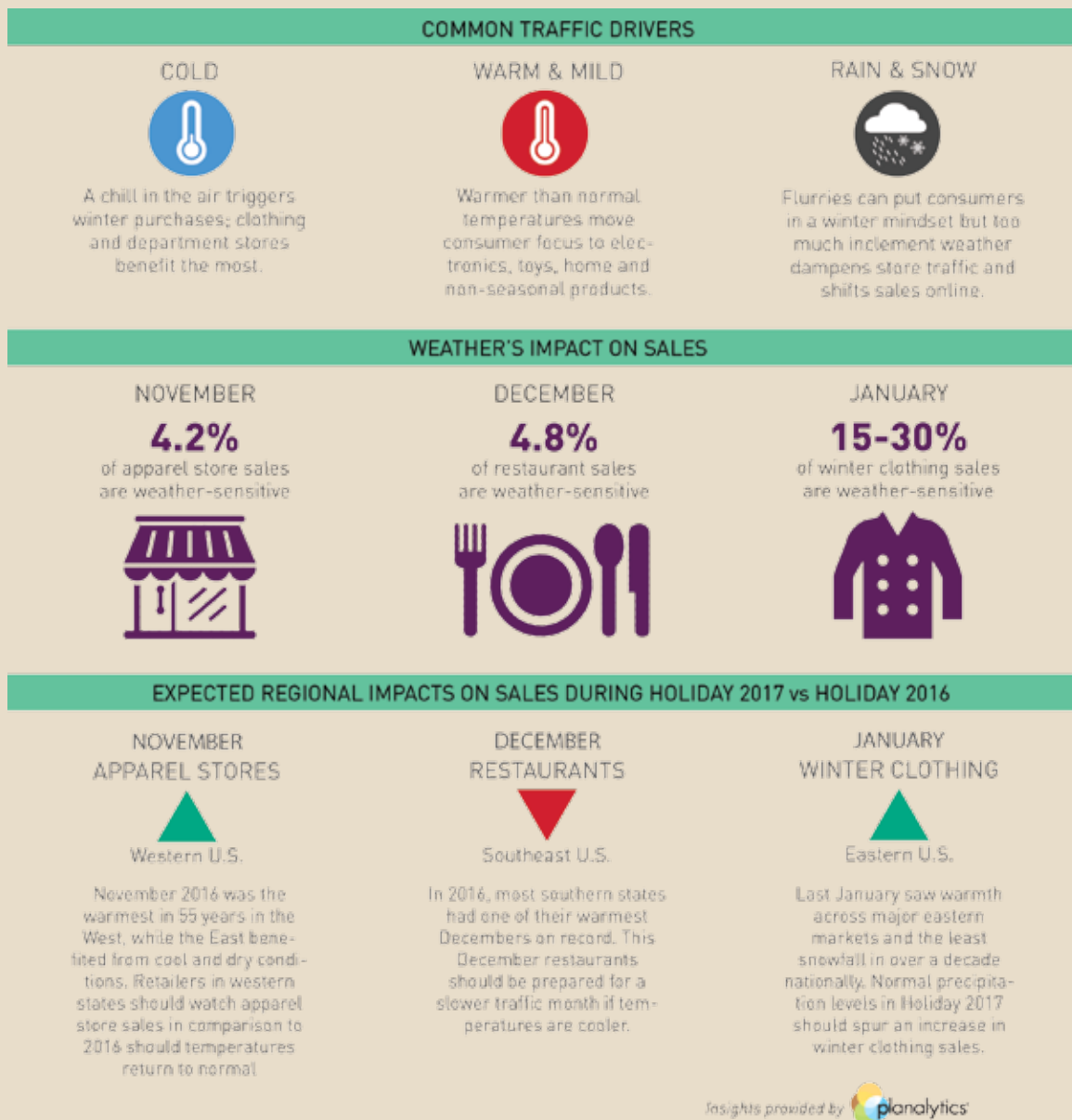
Scientific studies have even found that lenient return policies can lead to increased purchases and can be a low-effort policy to boost sales. While all return policies didn't have the same effect, the impact could vary by factors of time, money, consumer psychology and operations research.¹⁵ A generous and transparent return policy generally tells customers that the retailer stands behind its sales; retailers with such return policies tend to publicize it and use it as a competitive advantage. The more a retailer tells consumers about its policy, the more it becomes a reason why they might be more loyal to that store than others.

Nordstrom, Zappos.com, L.L.Bean, Kohl's, Bed Bath & Beyond and Costco are among retailers that use generous return policies to differentiate themselves. At Zappos, customers who are not 100 percent satisfied with their purchase can return the item for a full refund any time within a year. In addition to no time limits on returns, Kohl's further facilitates the return process through technology that allows employees to look up a purchase using a credit card, allowing customers who paid with plastic to return items without a receipt.¹⁶ Retailers without a lengthy return window could consider implementing a more lenient policy during the holiday season. This provides consumers who start shopping weeks or months in advance the peace of mind to know that any unwanted gifts can still be returned or exchanged after the holidays.

WEATHER AND HOLIDAY SALES

During the holiday period, weather can influence everything from when, where and how consumers shop to the specific items they add to their baskets. For example, compared to a relatively warm December 2015, the end of 2016 saw colder conditions that helped drive sales of seasonal apparel such as gloves, jackets and sweaters.

Understanding, planning for and managing these impacts enables retailers to better fulfill their customers' needs and ensure the right product is in the right place at the right time. Planalytics has identified the weather factors that most influenced retail sales in Holiday 2016, as well as insights into what businesses can expect over the 2017 Holiday season.



Insights provided by 

POST-PURCHASE

**Make a good brand impression
to acquire and retain customers**

How consumers feel about the product and retail experience after a purchase carries weight past the holiday season. Post-purchase feelings can especially have a strong impact during the holidays when consumers are more likely to share those positive or negative experiences at events with family and friends. When buying holiday gifts, consumers are also likely to visit retailers they might otherwise not do so, offering the retailer an opportunity to impress a new consumer and potentially convert them into a long-term, loyal customer.

As the holiday season can be a big catalyst for brand perception, retailers should ensure they optimize their digital and in-store customer experience. The holidays are an “opportunity to shine” when retailers have so much foot traffic in their stores. It’s not really just about the holiday visit, it’s about the long-term implications. If the customer goes in and has a good experience, it’s going to reinforce the brand.

HOW SHOPPERS PLAY

Highly satisfied customers are more likely to write reviews. Shoppers are more likely to tell others when they have an exceptional experience rather than when the experience was negative. Nearly two-thirds of customers (63 percent) said they write product reviews; among those, 73 percent said they were more likely to do so when they were satisfied. Younger generations were also significantly more likely to write reviews of brands or products — 81 percent of Gen Zers and 75 percent of Millennials say they do so.

Reviewers and consumers expect replies. When consumers do write negative reviews, 57 percent said they would expect the brand to reply; of those, 93 percent said their loyalty to the brand would be negatively impacted if the retailer didn’t respond. Of all generations, Baby Boomers felt the most strongly that retailers should reply to complaints or bad reviews.



THE RETAIL PLAY

Retailers should use the holiday shopping period as an opportunity to put their best foot forward to boost brand perception, encourage feedback and immediately respond to criticism.

REPRESENT THE BRAND

During the holidays, consumers are often drawn into stores that they haven’t been to or otherwise might not visit. This presents prime opportunities for retailers to acquire new and potentially long-term customers. Customer service, staging, fulfillment and the customer experience shouldn’t be seen only as a means to boost sales in November and December, but an opportunity to generate loyalty all year long. For the brand, the most important power is the word of mouth about your experience. In this super-competitive market, successful retailers know that every customer interaction matters.

INSPIRE AND ENCOURAGE REVIEWS

One thing retailers can do to encourage reviews is to ask for feedback immediately after the purchase. Retailers should also make the process as easy and efficient as possible and show they care by responding to reviews and addressing issues.¹⁷ Reardon suggests retailers can use customer appreciation events to encourage reviews and feedback.

MONITOR AND RESPOND TO CRITICISM

Because nothing is perfect, all brands, retailers and products will incur negative reviews. In fact, a couple of bad reviews isn't necessarily a bad thing. A study from Northwestern University's Spiegel Digital and Database Research Center found that a fair number of negative reviews can establish trust in the brand. It found that the likelihood of a purchase peaked with an average star rating between 4.2 and 4.5 percent, then lessened closer to 5 stars. "Consumers understand that a product can't be all things to all people, and they appreciate negative reviews as an important element in their decision-making process," researchers said.¹⁸ What is important is that retailers respond to these reviews in a public and transparent fashion to demonstrate that they care and are trying to resolve the complaint.

CONCLUSION

THE BALL IS IN YOUR COURT

As retailers head into the 2017 holiday season, they need to remain cognizant of how technology and shopping patterns are continually and quickly altering the retail landscape. While consumers still overwhelmingly enjoy taking hints from friends and walking the aisles of stores, they also expect retailers to be more digitally engaged and aligned.

Retailers can use technology to enhance the customer experience, improve supply chains and offer more flexibility in fulfillment. Busy holiday shoppers have little patience for dealing with retailers that don't have adequate fulfillment mechanisms and don't offer generous and transparent return policies.

Retailers will also have to enter the 2017 holiday season with their best foot forward as customer reviews and feedback are having more impact in influencing where consumers shop and what they buy.

Consumers are ready to play, and the ball is in your court.

ENDNOTES

- ¹ Target's wish list app brings holiday tradition into mobile era, RetailDIVE, October 23, 2014, <http://www.retaildive.com/ex/mobilecommercedaily/targets-holiday-shopping-wish-list-takes-tradition-into-mobile-era>
- ² App-happy holidays cater to shoppers' wishes, USA Today, October 20, 2016, <https://www.usatoday.com/story/money/2016/10/20/retailers-turn-apps-lure-shoppers-back-stores/91996334/>
- ³ Omnichannel 2.0: Delivering a Tailored Experience to Customers, Wharton School of the University of Pennsylvania, December 14, 2016, <http://knowledge.wharton.upenn.edu/article/omnichannel-2-0-delivering-tailored-experience-customers>
- ⁴ How Urban Outfitters leveraged location marketing for a 75% conversion gain, RetailDIVE, February 27, 2017, <http://www.retaildive.com/news/how-urban-outfitters-leveraged-location-marketing-for-a-75-conversion-gain-1/436976>
- ⁵ Holiday Email Best Practices: Avoiding the Spam Filter, AdvertisingAge, October 26, 2016, <http://adage.com/article/digitalnext/holiday-email-practices-avoiding-spam-filter/306437/>
- ⁶ 10 Retail Email Campaigns We Love and How to Create Your Own, Campaign Monitor, April 5, 2016, <https://www.campaignmonitor.com/blog/email-marketing/2016/04/10-retail-email-campaigns-we-love-create-your-own>
- ⁷ March 2017 Monthly Consumer Survey, conducted by Prosper Insights & Analytics
- ⁸ NRF's 2016 Post-Holiday Consumer Survey, conducted by Prosper Insights & Analytics
- ⁹ Drone Buying Guide, Best Buy, 2017, <http://www.bestbuy.com/site/buying-guides/drones-buying-guide/pcmcat381100050003.c?id=pcmcat3811000500>
- ¹⁰ Learn to use social insights to drive innovation, Bazaarvoice, September 26, 2014, <http://blog.bazaarvoice.com/2014/09/26/learn-use-social-insights-drive-innovation>
- ¹¹ Retailers' Holiday Strategy Doesn't Have to Be "Discount Everything," Harvard Business Review, November 29, 2016, <https://hbr.org/2016/11/retailers-holiday-strategy-doesnt-have-to-be-discount-everything>
- ¹² Walmart and Target go for pinpoint accuracy with in-store search, RetailWire, November 19, 2014, <http://www.retailwire.com/discussion/walmart-and-target-go-for-pinpoint-accuracy-with-in-store-search/>
- ¹³ eBags' Record-Breaking Holiday Mobile Strategy, TotalRetail, December 15, 2016, <http://www.mytotalretail.com/article/ebags-record-breaking-holiday-mobile-strategy>
- ¹⁴ Walmart's plan to get you in and out of stores faster https://www.washingtonpost.com/news/business/wp/2017/02/28/walmarts-plan-to-get-you-in-and-out-of-stores-faster/?utm_term=.af59efed4698
- ¹⁵ Researchers examine effects of return policies on consumer behavior, Science Daily, January 19, 2016, <https://www.sciencedaily.com/releases/2016/01/160119141921.htm>
- ¹⁶ 4 stores with brilliant return policies that keep shoppers spending, CNBC, December 27, 2016, <http://www.cnbc.com/2016/12/27/best-store-return-policies.html>
- ¹⁷ How can retailers prompt customers to write product reviews?, RetailWire, December 6, 2016, <http://www.retailwire.com/discussion/how-can-retailers-prompt-customers-to-write-product-reviews>
- ¹⁸ The positive power of negative reviews, RetailWire, February 4, 2016, <http://www.retailwire.com/discussion/the-positive-power-of-negative-reviews>



nrf.com