Surviving the Retail Apocalypse

8 strategies to help retailers adapt to

the changing retail landscape.

Executive Summary

It's tough out there for retailers in 2018. Last year, brick and mortar retailers closed nearly 7,000 stores, and this year, the trend has continued.[1] Toys R Us and Sports Authority went bankrupt, and other retailers like Sears and J.Crew could be next to default.[2] Retailers face a pending retail apocalypse — one that requires marketers to do more to stand out among tough competition and give shoppers a reason to remain loyal.

What's the culprit behind this new reality? The dominance of Amazon for one thing. The retail giant offers wide product selection, fast shipping and low prices — a trifecta many retailers can't beat. Similarly, more and more consumers turn to the internet to shop, forcing traditional brick-and-mortar retailers to pivot or lose business.

The good news for marketers is that they can compete with Amazon in certain areas, especially when it comes to shopper demands for better personalization, exclusive mobile offerings and quality in-store experiences. Retailers like Target, Nordstrom and Warby Parker have adopted creative digital marketing strategies and memorable in-store tactics to meet new customer needs. Surviving the retail apocalypse isn't rocket science. It's all about evolving alongside shopper expectations.

A Data Axle survey of 1,000 consumers conducted in June of 2018 uncovered what motivates consumers to engage with retailers, make purchases and become loyal to a brand. The following report identifies eight marketing trends that will help retailers gain a competitive edge as the industry faces an uncertain future.

Email

Improve your subject lines

Email is a tried and true marketing channel. In fact, marketers earn $44 in ROI for every $1 spent on email marketing.[3] And nearly half of consumers (47%) rank email as their preferred channel for communicating with retailers — it's far and away the dominant one.
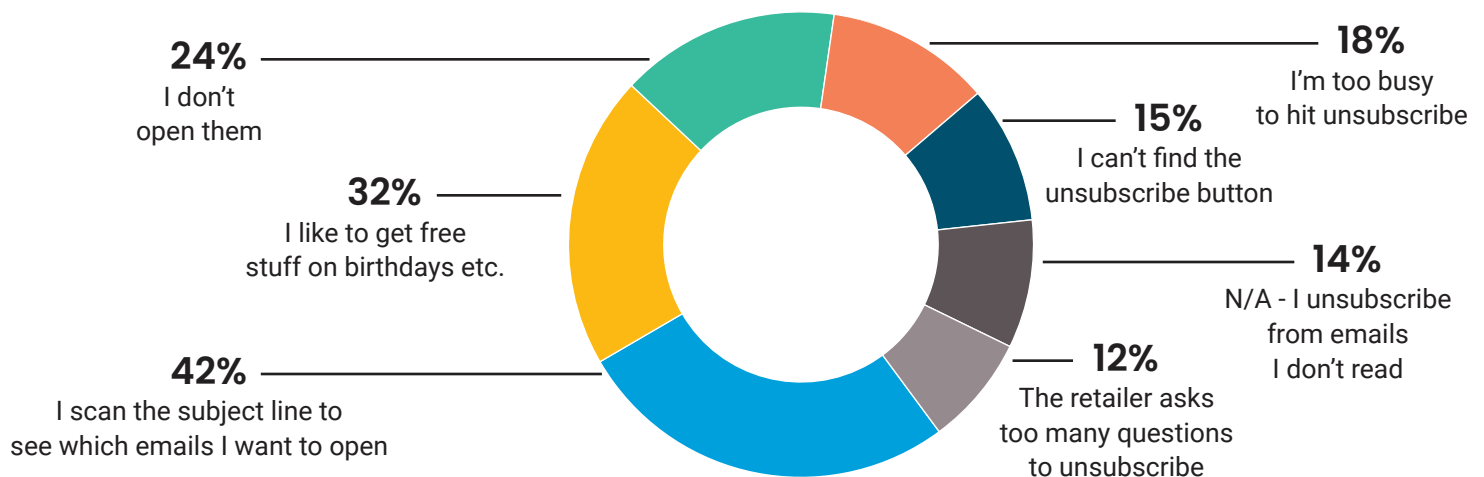
Percentage of respondents who ranked each of the following channels as their preferred channel for brand communications

- **47%** Email
- **17%** Display advertising
- **14%** Text message
- **12%** Mobile app
- **10%** Social media

Email is so prominent for consumers that even if they don't open a brand's message, they're still paying attention to what the brand sends. According to the study, more than four in ten consumers (42 percent) say they don't unsubscribe from emails they don't read, but instead, scan subject lines to determine if they'll open.

For which of the following reasons do you choose to remain subscribed to retailer emails you don't read? Please select all that apply.

- **24%** I don't open them
- **32%** I like to get free stuff on birthdays etc.
- **42%** I scan the subject line to see which emails I want to open
- **18%** I'm too busy to hit unsubscribe
- **15%** I can't find the unsubscribe button
- **14%** N/A - I unsubscribe from emails I don't read
- **12%** The retailer asks too many questions to unsubscribe

At a time when competition is high and loyalty is fleeting, marketers must do everything they can to differentiate themselves on their customers' preferred channel. Subscribers' instinct to read subject lines presents retailers with an opportunity to gain a competitive edge in the inbox. With effective subject lines, retailers can engage subscribers, boost open rates and generate more conversions from email. How?

- **Keep it short**: According to a recent Data Axle Benchmark report, subject lines between 1 and 20 characters generate a 31% higher-than-average open rate. This is especially important as more consumers read emails on mobile devices. With shorter subject lines, messages won't be cut off on small screens.

- **Personalize**: Include your recipient's name or a recently browsed item in the subject line to immediately communicate relevance. Data Axle data shows that emails with personalized subject lines generate 50% higher open rates, 58% higher click-to-open rates (CTO) and almost 2.5 times the unique click rates of those without personalization in the subject line.

- **Include an offer**: For triggered messages such as abandoned cart, anniversary or reactivation, a special offer in the subject line drives higher open and conversion rates. An offer can mean a percent or dollar discount, free shipping or a buy one/get one deal. For example, if a subscriber first opted into a brand's mailing program a year ago, the brand can send her an anniversary email that highlights the special occasion and advertises an offer for 15% off and/or free shipping in the subject line, maximizing the likelihood for an open and, subsequently, a conversion.

Learn your subscribers' email frequency and content preferences

Inbox overload is the biggest reason subscribers ignore marketing emails (55%). Irrelevant product recommendations (50%) and content (41%) are the next two reasons. This data indicates that many retailers still fail to understand their subscribers' preferences in terms of frequency, timing and interest. At a time when retailers close up shop daily, lack of insight into subscribers' needs can have serious consequences.

Why do you ignore emails from retailers?

55% I get too many emails

50% Irrelevant product recommendations

41% Content isn't helpful or interesting

33% Does not offer a discount or free shipping

17% I got it at the wrong time

12% Over personalization creeps me out

12% Difficult to navigate

11% Lack of personalization

9% I don't ignore emails from retailers

Generational breakdown

Centennials are more likely than all other generations to say they receive too many emails (68%), millennials are most likely to indicate they get emails at the wrong time (21%), while more baby boomers say they never ignore marketing emails (11%).

If marketers are not able to use the analytics tools within their communications platforms to identify their customers' preferred timing and mailing frequency, preference centers can help; they give subscribers the option to select their preferred timing and frequency settings. Timing refers to the time of day (e.g., morning or evening), while frequency refers to how often they want to receive emails. While some might want to hear from retailers daily others might prefer weekly.

REI for example, asks new subscribers about their preferences within their welcome emails, which enables consumers to set their preferences right away. Other retailers periodically ask subscribers to indicate their preferences or trigger these emails when subscribers haven't engaged in a while.

Marketers can also use preference centers to learn the types of content subscribers want. Maybe they only want to receive emails upon making a purchase, or perhaps they only want to know about certain product categories. Others might want to hear only about discounts and incentives, while some might be interested in a brand's newsletter that typically highlights brand news or provides value-added content like trends or tips. Adhering to consumers' preferences for type of content, mailing frequency and time of deployment can boost opens, clicks and conversions.
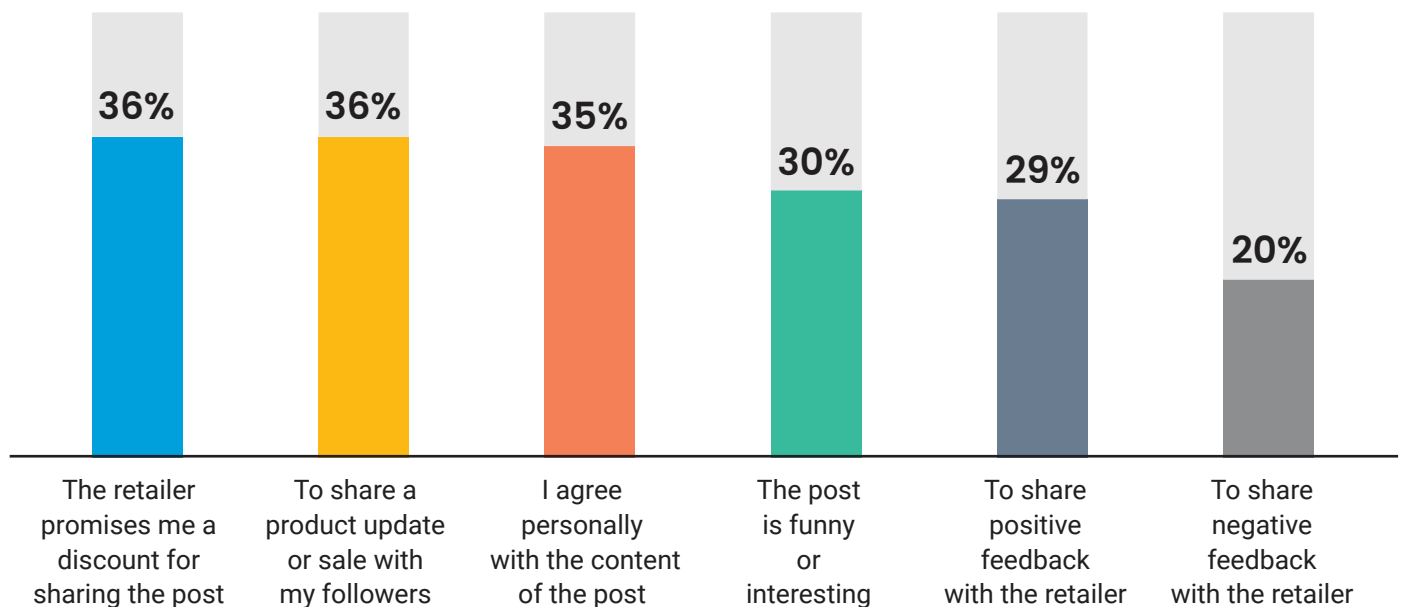
Social

Use social to develop brand awareness

Social media offers retailers a bridge into the lives of key audience segments. But to stand out on sites that already give consumers an overwhelming feed of ever-changing information, such as Instagram and Twitter, retailers need to connect with consumers in a more relatable fashion. After all, the original purpose of social media sites like Facebook was to connect people with their peers.

According to the survey, consumers want to see social posts from retailers that show personality, provide entertainment or comment on current events. While discounts are the top reason consumers follow and engage with brands on social media (more on that in 'Don't Forget Offers'), social media users engage with retailers for a number of other reasons as well:

- **For humor**: 30% of consumers engage with retailers that share funny or interesting social posts

- **To show agreement**: 35% will engage with a retailer's post if they agree with it personally

- **To offer positive feedback**: Social media users are more likely to engage with a retailer on social media to share positive feedback (29%) than negative feedback (20%)

Why do you engage with retailers on social media (e.g. retweet, share or like a post)? Please select all that apply.

36%	36%	35%	30%	29%	20%
The retailer promises me a discount for sharing the post	To share a product update or sale with my followers	I agree personally with the content of the post	The post is funny or interesting	To share positive feedback with the retailer	To share negative feedback with the retailer

Asos is a great example of a retailer that embraces both humor and current events to connect with social media users. The clothing brand regularly posts tongue-in-cheek content that relates to the humor of its key audiences: young, fashionable men and women. The retailer also isn't afraid to show its support for issues that might be controversial, but are important to their audiences, like LGBT rights.
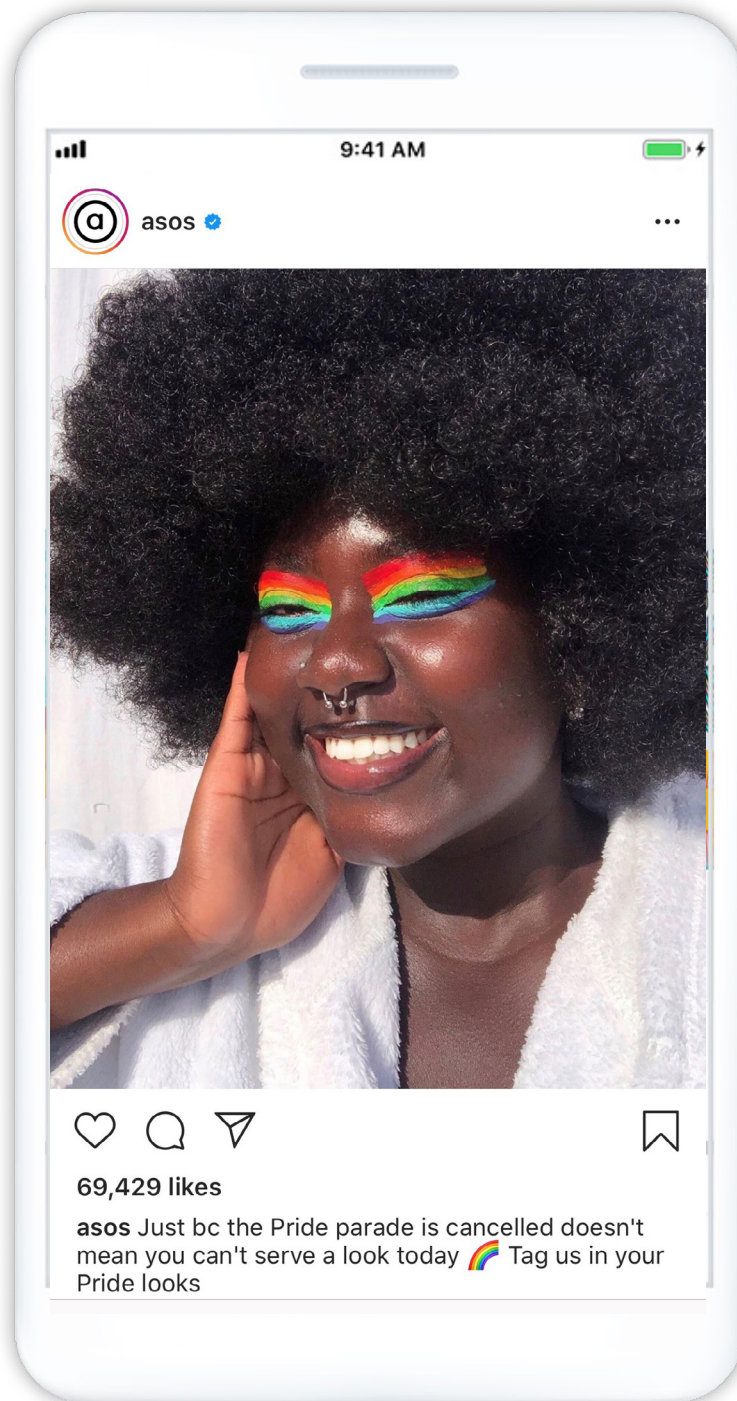
Brands can create a social media presence that relates to their key audience segments by developing a more thoughtful and strategic social media plan. Consider the following:

- **Research your audience**: Retailers should learn what topics their most engaged/most profitable segments want to discuss. Many consumers want brands to touch on current events online, while others still think it's a faux pas. Marketers should consider monitoring their competitors' social media outreach or other social media trailblazers that successfully connect with consumers who look like their best customers. Brands can also reach out to their audience directly through focus groups or surveys.

Spartan, an obstacle race and endurance brand, used email to find its key audience on social. The brand asked subscribers to share a 20% discount for Spartan shop items with friends and family on social media. If a follower clicked the link and signed up for an account, the subscriber who shared the link received an email with a 20% off discount for themselves. Spartan then used the landing page visits, shares and new sign-ups to identify their most influential advocates.

- **Be consistent**: Whatever a brand's voice and tone on social, it should be kept consistent. Whether promoting a new product, offering a discount, or just posting for brand awareness, marketers need to stay true to who they are. And this goes beyond social and across all marketing channels, including direct mail, push, email or display. A style guide is an invaluable resource that can help keep a unified brand message in every marketing channel.

- **Tailor your strategy for each platform**: No two social media platforms are alike, and each one requires a different strategy. For example, Twitter users turn to Twitter for short, digestible bits of information rather than long threads of tweets. Twitter is also one of the best channels for collecting and responding to customer feedback.[4] On Facebook, brands should remember that the platform's algorithm favors video posts.[5] On Instagram, marketers should consider the popularity of the stories features.[6] Regardless of your strategy, make sure you're up to date with how consumers use each channel, and tailor your approach accordingly.

Generational breakdown

For Gen Z, Facebook has taken a back seat. Gen Z consumers are more likely to have YouTube (77%) and Instagram (77%) accounts than a Facebook one (74%). To reach younger consumers, retailers can consider partnerships with popular YouTube influencers, Instagram contests or exclusive deals for Snapchat users who follow the brand.

Of the following social media channels, which do you have a profile on? Please select all that apply.

Facebook

74% Centennials
89% Millennials
88% Generation X
76% Baby Boomers

Twitter

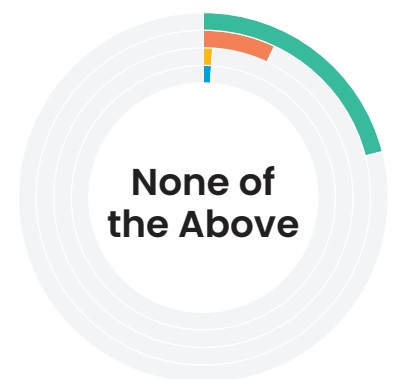56% Centennials
50% Millennials
39% Generation X
21% Baby Boomers

Instagram

77% Centennials
62% Millennials
35% Generation X
19% Baby Boomers

Snapchat

71% Centennials
47% Millennials
22% Generation X
4% Baby Boomers

YouTube

77% Centennials
61% Millennials
33% Generation X
19% Baby Boomers

None of the Above

1% Centennials
1% Millennials
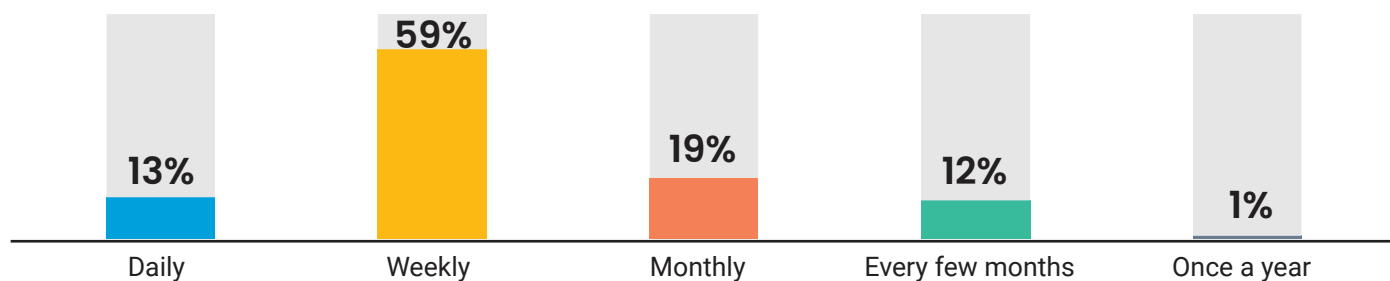7% Generation X
21% Baby Boomers

In-store

Boost your in-store experience with engaging displays and appealing designs

It may seem counterintuitive given the current retail landscape, but the in-store experience isn't dead — it's just changing. Nearly all consumers (90%) purchase in stores at least monthly, and 60% say they shop in stores because they want to see items in person.

Approximately how often do you make an in-store purchase?

Daily	Weekly	Monthly	Every few months	Once a year
13%	59%	19%	12%	1%

What motivates you to shop in a physical store?

- **60%** I like to see or try on the products before I buy them
- **54%** I need the product immediately
- **49%** I don't want to pay for shipping
- **40%** It's easier to browse items in physical stores
- **38%** It's convenient
- **36%** In-store only deals
- **24%** I like the in-person service experience
- **11%** I like stores that offer unique experiences, like use of technology or personal styling
- **11%** I don't trust the security of my financial or personal data online

What's more interesting is that half of respondents (49%) say visually appealing stores motivate them to shop with a retailer at a brick-and-mortar location, while 29% say they shop with retailers that provide additional services (e.g., manicures or personal styling) and 23% are interested in local events (e.g., classes or concerts). To attract a share of those 90% of consumers who are regular in-store shoppers, marketers should consider revamping their in-store experience.

For some retailers, an in-store revamp could mean murals or pop-up displays that offer a unique photo opportunity. This is a great approach for brands interested in attracting the Instagram-obsessed Generation Z. And the best part? Shoppers will tag a brand in their social posts, which means savvy brands can drive organic word of mouth.

Generational breakdown

Younger generations are more interested in new, innovative in-store experiences than their older counterparts. Centennials are more likely than all other generations to shop in stores for visually appealing displays (58%), while Millennials are most interested in local events (36%) and additional services (42%).

The slight gap between centennial and millennial preferences might reflect the different priorities between the two generations. Centennials are known as the selfie generation with their preference for Snapchat and Instagram, while millennials tend to value loyalty and VIP treatment from brands.
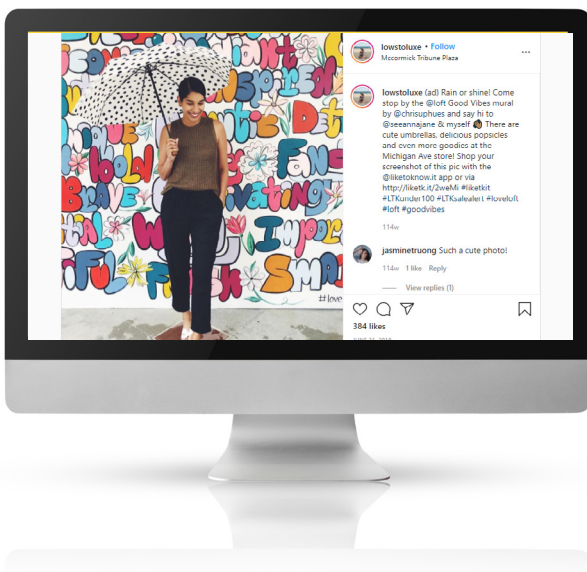
Earlier this summer, Loft put up temporary murals in select cities to draw in shoppers looking for an Insta-grammable moment.[7] Along with the murals, the retailer offered snacks and drinks in nearby stores as well as a discount for in-store shoppers. Consumers and influencers alike flocked to the mural for social media opportunities. Loft's murals simulate the popular brightly colored ones along Melrose Avenue in L.A., which draw large lines of tourists and locals in search of social media likes.[8]
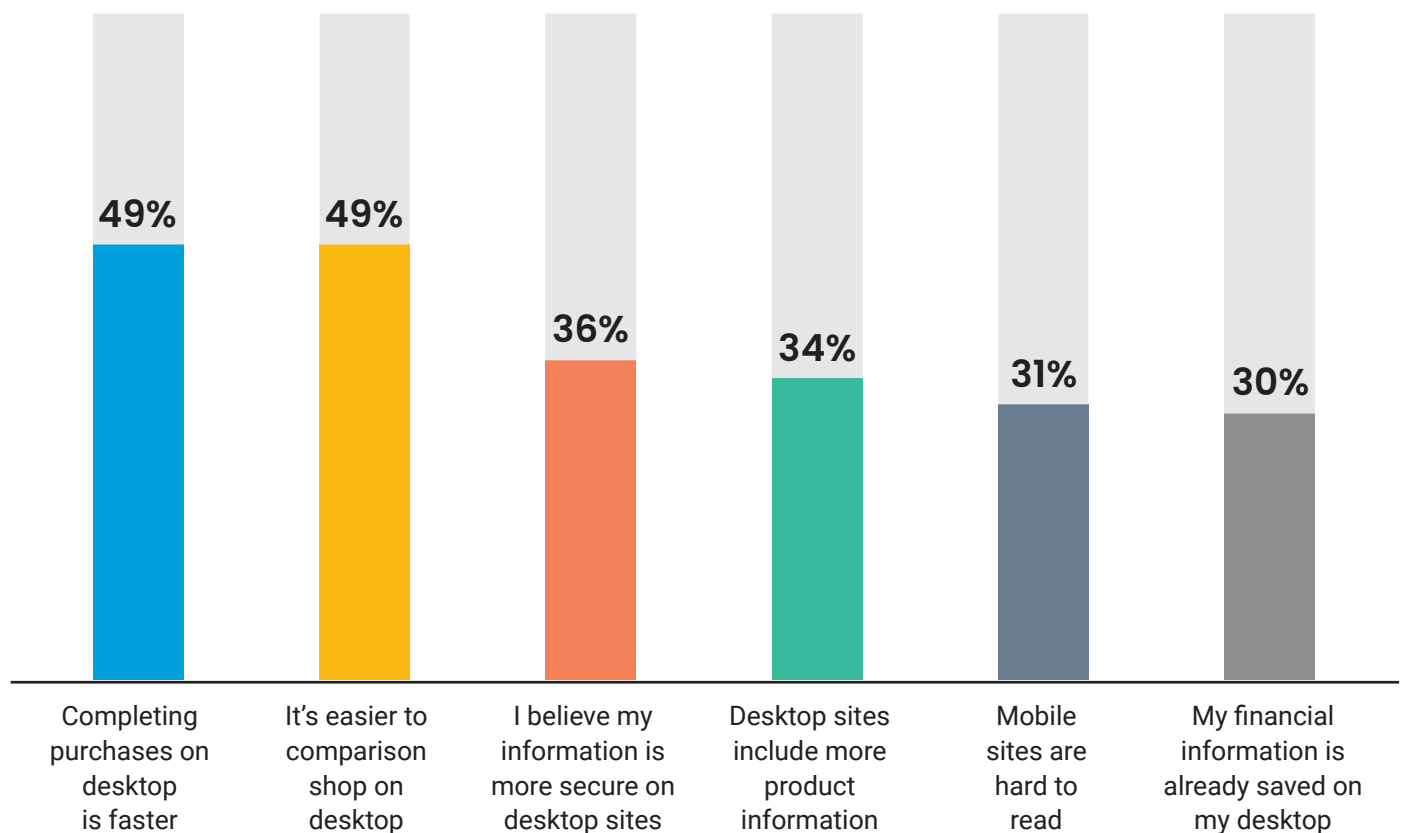
Make smartphone shopping easier

Mobile commerce is the new norm. As the retail apocalypse fast approaches, improving the mobile experience is one way retailers can drive more revenue and loyalty — and ultimately gain a competitive edge.

A third of consumers prefer to make purchases on smartphones over both tablet and desktop, and half of those who have retailer mobile apps use them to make purchases.

Still, 49% of those who prefer desktop say it's faster to make purchases, and 49% say it's easier to comparison shop. Retailers still haven't figured out how to make the mobile experience as seamless as desktop, and are losing customers because of it.

Why do you prefer to make online purchases on desktop?
Please select all that apply.

| Completing purchases on desktop is faster	It's easier to comparison shop on desktop	I believe my information is more secure on desktop sites	Desktop sites include more product information	Mobile sites are hard to read	My financial information is already saved on my desktop
49%	49%	36%	34%	31%	30%

Generational breakdown

Investment in mobile is especially important for retailers targeting younger shoppers. Millennials actually prefer to make purchases on smartphones (58%) over desktops while 43% of centennials say they prefer purchasing on smartphones. The collective spending power of these generations grows by the day, and these consumers will not shy away from switching to retailers that offer them an user-friendly experience on their preferred channels, such as sleek and intuitive design, clear CTAs or one-click purchasing.

On which of the following devices do you most prefer to make online purchases?

Smartphone

43%	🔵 Centennials
58%	🟡 Millennials
38%	🟠 Generation X
16%	🟢 Baby Boomers

Tablet
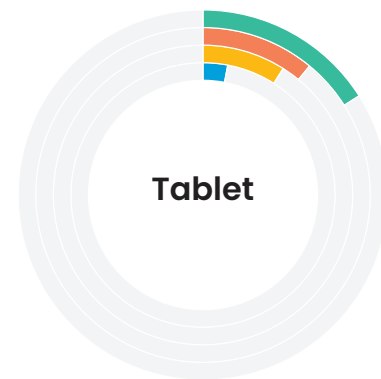
3%	🔵 Centennials
9%	🟡 Millennials
11%	🟠 Generation X
16%	🟢 Baby Boomers

Desktop
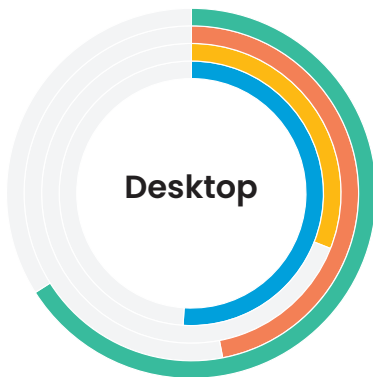
51%	🔵 Centennials
31%	🟡 Millennials
47%	🟠 Generation X
66%	🟢 Baby Boomers

I don't have a preference

|	
2%	🔵 Centennials
1%	🟡 Millennials
3%	🟠 Generation X
3%	🟢 Baby Boomers

Retailers have an opportunity to gain a competitive edge by making the mobile shopping experience easier for the third of consumers who say they prefer mobile. How?

- **Give customers the option to save their information**: Consumers indicated that they prefer desktop because it's faster. To speed up the mobile shopping experience, make sure your subscribers can easily log in and save their information. Give them the option to create profiles on your site so their billing and shipping information populates when they're ready to check out. This capability cuts down the time it takes to complete a purchase on mobile devices, and is also a great stepping stone for a potential loyalty program.

- **Keep it simple**: Avoid busy designs, too many different colors or too much text. Simple fonts without too much detail help visually communicate the clean format of the message and preserve white space. The images on a brand's mobile site should be clean, simple, and large enough for users to see detail. Since users find it hard to comparison shop on mobile, brands should ensure their product images are clickable and lead to pages with concise and easily digestible product information.

- **Responsive design is a given**: Responsive design, which scales seamlessly up or down based on a user's screen size, is a no-brainer for marketers today. Mobile users have high expectations for shopping on smartphones, and will quickly turn to competitors if a brand's mobile site is hard to read or navigate.

Nordstrom's mobile site stands out as a great example because of its simple design. The site provides multiple images of each product from different angles and perspectives. Each image also fills the screen and stands alone on white background. Sites like these make it much easier for shoppers to comparison shop and eventually convert.
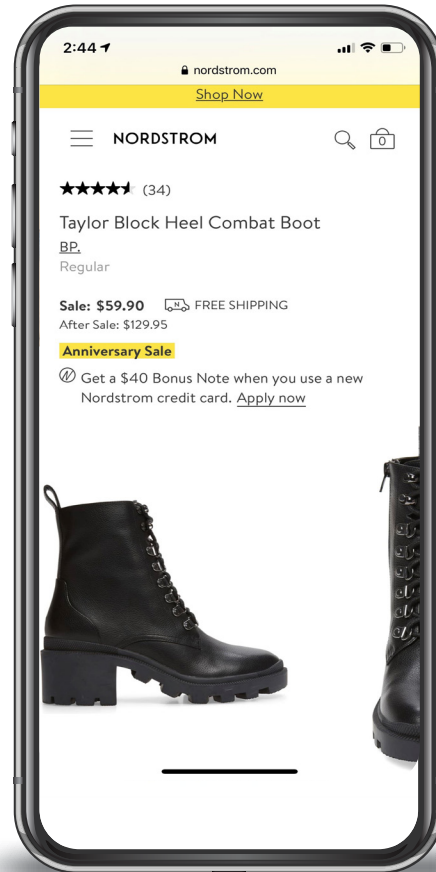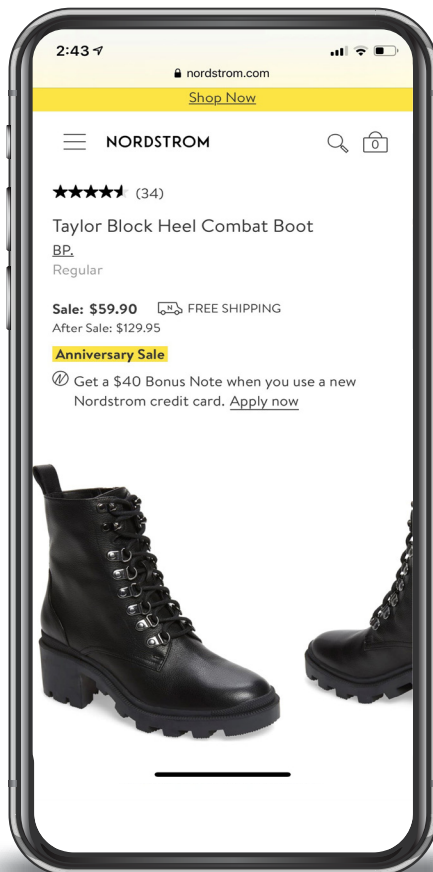
Give your app an in-store component

Consumers have started using mobile apps in an unlikely place: in stores. They want to find and redeem coupons and sale items, read reviews or simply search for a map of the store all without looking up from their mobile devices. In fact:

- 57% of consumers have used a retailer's mobile app while in a store
- 65% of those who use apps in stores do so to redeem coupons
- 57% of those who use apps in stores do so to find coupons
- 46% of those who use apps in stores do so to find items that are on sale

Retailers have an opportunity to attract more mobile users, and ultimately loyal customers, with a mobile app that contains an in-store component. What should an in-store component of a retailer's mobile app look like?

Maps of store layout
For big box retailers or department stores, maps can help shoppers more easily find what they're looking for. If faced with a new or confusing layout and lack of available store associates, frustrated customers will go to competing retailers or turn to e-commerce. But if they know they can find what they need using a brand's app, they're more likely to stay and try to find what they're looking for.
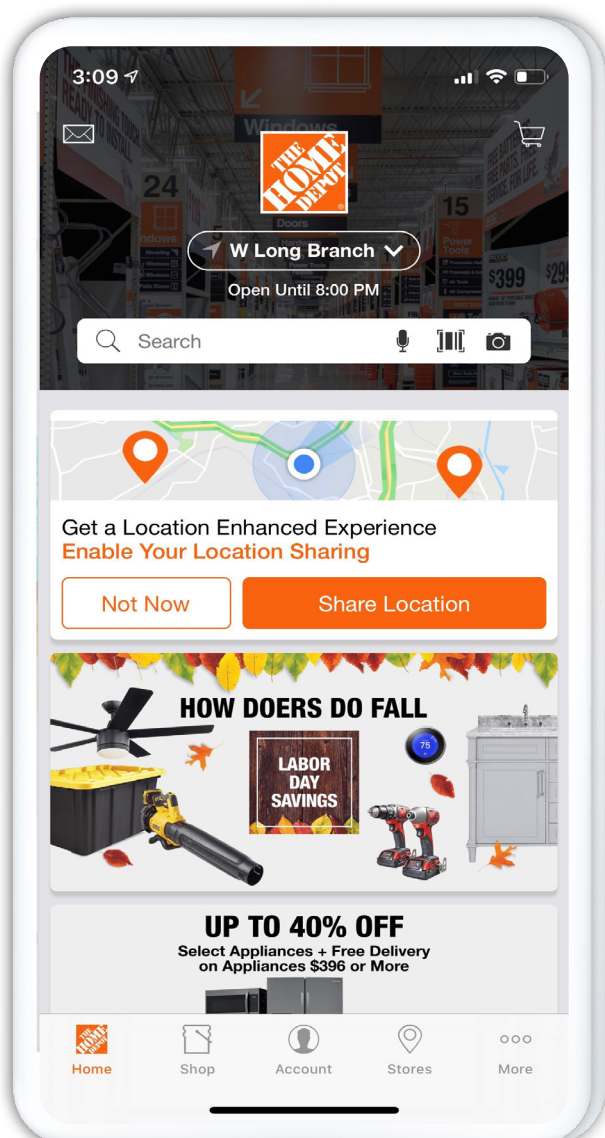
Home Depot's app offers a great in-store feature that gives users access to a bird's eye view of the store from a department level down to the individual aisles. Features like these help shoppers navigate large stores and find what they're looking for more easily, thus delivering a convenient, frictionless shopper experience.

Ratings and reviews

Give customers access to product ratings and reviews while they shop in stores. Consumers trust peer reviews, and will rely on testimonials when on the fence about a purchase. Offer an in-app feature that allows users to scan items while in stores and read reviews, or feature a "top product reviews" page. If shoppers have access to reviews at their fingertips in stores, they'll be more likely to buy.

Coupons and sales

Make sure it's easy for users to locate coupons from the app and scan them in-store because any experience with friction can lead customers elsewhere. That means any coupon a customer receives — whether via email, in person at a store, or direct mail — should automatically load into the app. For example, if you send a customer a personalized email offer to thank her for a purchase, that offer should automatically load to her app. In addition, a retailer's app should note what items are on sale, and what items are out of stock at the shopper's current location.
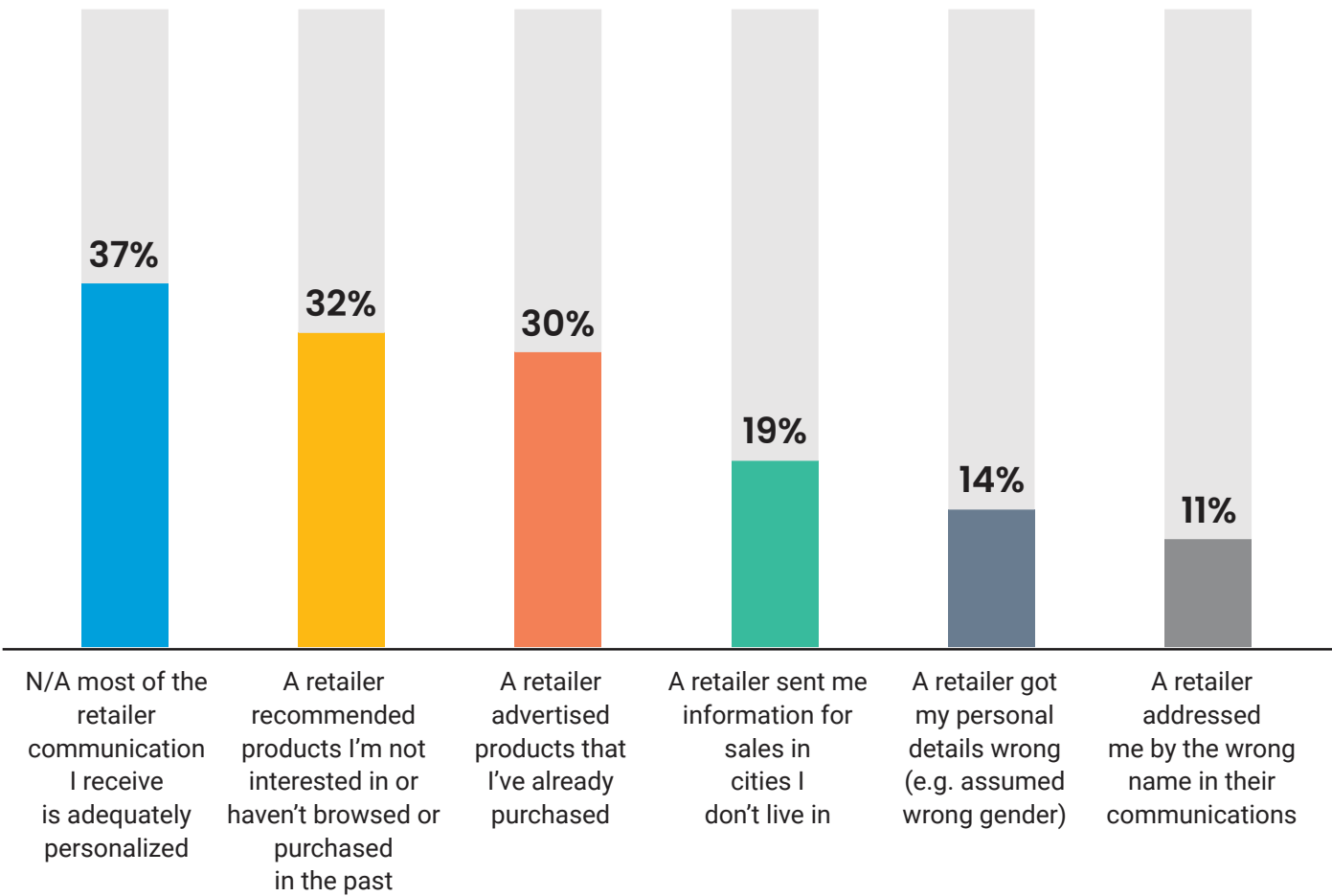
Across channels

Know your customers

One of the easiest ways for retailers to drive loyalty as sales decline is by taking the time to learn more about their customers and deliver a personalized experience. It may seem like a given, but many retailers still fail to understand what their customers prefer when it comes to content and channels.

In fact, only 37% of consumers say that the communications they receive from retailers are adequately personalized. Nearly a third have experienced a retailer recommending products they've already purchased, and roughly one in five consumers has received messages targeted to residents of cities they do not live in. Failure to personalize is a huge missed opportunity for retailers, and instances like these can be a contributor to lackluster sales.

Which of the following examples of personalization have you experienced? Please select all that apply.

37%	32%	30%	19%	14%	11%
N/A most of the retailer communication I receive is adequately personalized	A retailer recommended products I'm not interested in or haven't browsed or purchased in the past	A retailer advertised products that I've already purchased	A retailer sent me information for sales in cities I don't live in	A retailer got my personal details wrong (e.g. assumed wrong gender)	A retailer addressed me by the wrong name in their communications

Marketers can learn a ton about their customers' interests based on how they behave (e.g., browsing and purchase history or email activity). For example, if a consumer constantly opens emails with information or offers for running shoes or browses this type of product on a retailer's site, it's likely she is in the market for a new pair of shoes. Marketers can do a lot to nudge her towards a purchase — from personalized email offers populated with browsed items to display ads advertising a product of interest. However, once the subscriber has been converted, marketers should be able to suppress her from campaigns that advertise the same type of product across any channel. This ensures that the consumer isn't fatigued or annoyed by the brand's outreach, especially if communications are informed by the recent purchase and offer accompanying products such as socks or shorts.

Retailers can also use preference centers to directly ask customers about the factors that will improve their experience with the brand. This information can include hobbies, preferred products, purchase drives and more. Once they uncover major audience segments' interests, brands should personalize the content they receive. Personalization can mean dynamic content blocks within email messages (such as hero images, copy or CTAs being informed by various audience attributes), first name personalization within the subject line or message body or dynamic web pages. In the example below, a customer interested in sailing would receive emails with images of people sailing or using sailing-related products, while those interested in other aquatic sports would receive a different email creative.

To make messages even more relevant, retailers can personalize their communications using data they already have, such as:

- **Real-time data**: Use real-time data such as location-based weather or sports information to personalize emails to subscribers in certain areas. For example, a retailer with locations in Minneapolis could send offers to local subscribers whenever the Vikings win.

- **Email activity**: Retailers have a lot of readily available and easy to navigate subscriber data, like the date each subscriber first opted in, how often they open, or how many days in a row they've clicked. Brands can use this data to send personalized emails that make each subscriber feel special and unique. For example, they can thank a subscriber for opening once a week for the past month by giving them a special offer.

- **Browse data**: Retailers can use this data to personalize emails by featuring products that a site visitor has browsed, but hasn't added to her shopping cart, or items that are similar or complementary to the ones she viewed. These emails are a great way to remind subscribers of something they are interested in, and can motivate them to make a purchase.

- **Purchase data**: Marketers can also use purchase data to beef up email personalization. But don't just send plain text purchase confirmation emails; instead, get more creative with how you thank your customers for their purchases. Ulta, for example, uses purchase data to ask customers to rate or review the products they just bought, and motivates them to share their new product on social media. Walgreens takes a unique approach, highlighting how the customer's purchase helps someone in need through the company's philanthropy program.

Don't forget offers
## (% off, $ off, BOGO, loyalty incentives or free shipping)

While understanding your customers' channel and content preferences will always be the best way to drive long-term loyalty, retailers shouldn't overlook the power of an incentive when it comes to short-term conversion. Survey respondents indicated that they value offers across all channels.
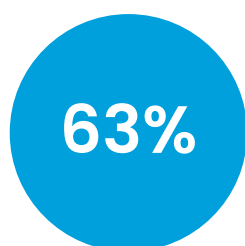
63% follow retailers on social to learn about sales
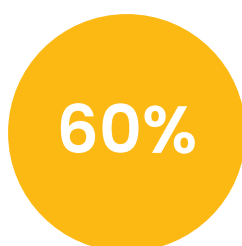
60% will purchase from emails that offer a discount or free shipping
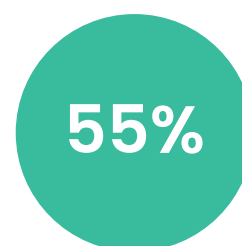
55% of those who have purchased from a display ad did so because it offered a discount

But the right combination of offers differs from retailer to retailer. To maximize the effectiveness of offers, brands should test various offers to determine which one(s) resonates best with their audiences.

Conclusion

Retail is not what it used to be, and today's marketers must evolve alongside changing customer expectations to survive the retail apocalypse. Retailers who haven't adapted to the shift in their industry have struggled, lost customers or went out of business. But those who have been nimble and willing to invest in strategies and technologies that speak to new consumer expectations have reaped the rewards.

The key to gaining a competitive advantage in an industry that's constantly transforming is to truly understand what customers want and remain one step ahead of them. That means better personalization across all channels, revamped in-store experiences, seamless mobile browsing and purchasing process and emails that stand out in the crowded inbox.

There is plenty of opportunity for traditional retailers to turn the tide and make strategic adjustments to their marketing programs that can lead to long-term success.

Methodology

In June of 2018, Data Axle surveyed 1,006 consumers who have made a purchase with a retailer online in the past year. Age breakdown of the respondents are as follows:

- **20%:** Centennial (20-23)
- **21%:** Millennial (24-39)
- **20%:** Generation X (40-54)
- **20%:** Baby Boomer (55-73)
- **20%:** Silent Generation (74+)

Sources

[1] https://money.cnn.com/2017/12/26/news/companies/retail-toughest-year-store-closings/index.html

[2] https://www.businessinsider.com/bankruptcies-expected-this-year-2018-4

[3] https://www.marketingprofs.com/chirp/2017/32642/the-ultimate-email-marketing-cheat-sheet-facts-stats-and-actions-infographic

[4][5][6] https://www.facebook.com/business/news/news-feed-fyi-bringing-people-closer-together

[7] https://www.loft.com/the-good-vibes-wall-event-page/cat4160002

[8] https://www.lamag.com/citythinkblog/where-to-find-l-a-s-most-instagrammed-walls-irl/

Contact Us

Phone 1.866.DATAXLE · **Email** sales@data-axle.com · **Website** data-axle.com