



## URBAN AIRSHIP

# Mobile Retail Trends Report: Mobile Shopping & Influence During Cyber Week 2016

*Power Mobile Growth with Benchmarks & Best Practices From 200 Leading Retailers*

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# OVERVIEW

Each year more and more shoppers decide to avoid chaotic in-store holiday shopping experiences — and retailers adjust with strategies to reach consumers online and on mobile. And, on a highly personal channel like mobile, it is even more crucial to get the strategy right from the beginning. While mobile is a newer and very different channel from email, if brands aren't careful, they risk alienating users who might opt-out of notifications — or worse, delete the app altogether. This report explores how retailers were able to cut through in 2016, drive additional m-commerce and how those results can provide value to shape mobile strategies in 2017.

## BACKGROUND

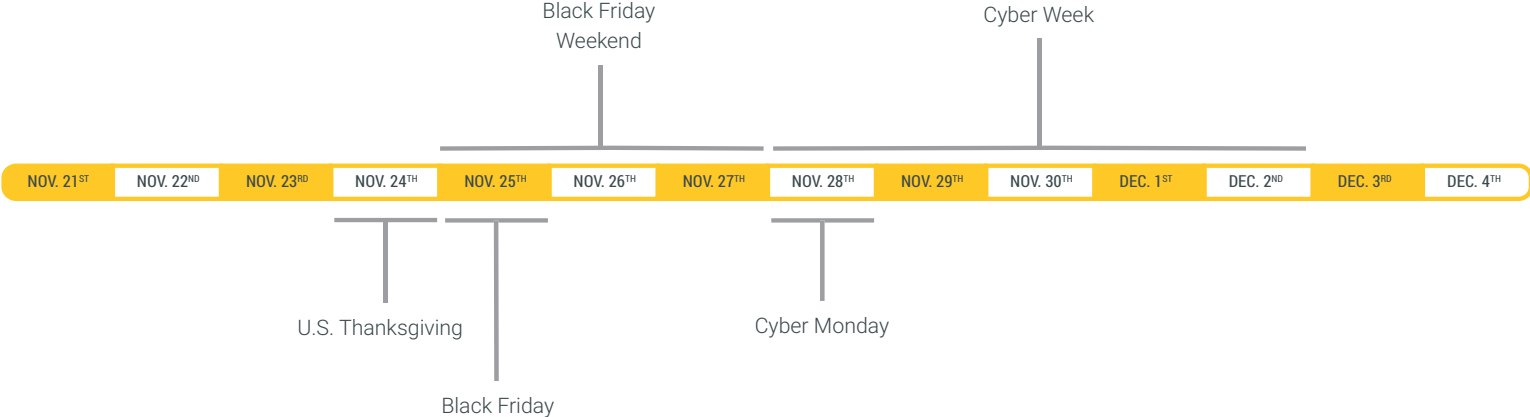
While the term “Cyber Monday” was originally coined to mark one day of prominent online spending, it's now evident that the digital world is on pace to take over the entire Black Friday weekend — if not the entire holiday shopping season.

The numbers from 2016's holiday shopping season make it clear that the game has changed:

- Black Friday 2016 is being credited as the first \$1B+ m-commerce day in U.S. history according to Adobe, with mobile making up 36% of total sales.
- Paypal's numbers support this: one-third of all sales through PayPal on U.S. Thanksgiving and Black Friday were on mobile devices.
- In the U.K., shoppers spent an estimated £1.23B online on Black Friday, 12% higher than in 2015 according to SimilarWeb and IMRG.
- Affiliate Window tracked £57M of online sales and found that 42% of them were made on mobile devices, a quarter of which were smartphones.
- ChannelAdvisor reported that between Thanksgiving and Cyber Sunday in the U.K., 73% of shopping searches took place on mobile, up 15% from 2015.

After this record-breaking year, Urban Airship's data science and mobile strategy teams came together to identify the latest trends in mobile growth by analyzing the strategies and tactics 200 global retailers used to engage holiday shoppers through their apps.

# 2016 HOLIDAY SHOPPING SEASON TIMELINE



# EXECUTIVE SUMMARY

Our data scientists analyzed the mobile messaging activity of more than 200 leading global retail apps using Urban Airship to power their mobile engagement solution. Here's a summary of what we found:

## RETAILERS SENT MORE HOLIDAY NOTIFICATIONS – CAMPAIGNS STARTED EARLIER & EXTENDED LONGER

- Retailers sent 56% more holiday notifications in 2016 than in 2015. This is especially noteworthy as 2015's notification volumes were a 63% increase over 2014.
- The highest volume of holiday shopping notifications were sent in the two weeks prior to Black Friday.
- Notifications mentioning "extended" Cyber Monday sales continued into December.

## DESPITE INCREASED NOTIFICATION VOLUME, CONSUMER ENGAGEMENT HELD STRONG

- Average notification engagement rates climbed for the third straight year, reaching 19% in 2016, up from 18% in 2015 and 16% in 2014.
- Average notification opt-in rates also continued to grow, reaching 41% in 2016, up from 39% in 2015 and 38% in 2014.

## RETAILERS WHO EMBRACED TARGETING REAPED BIG RESULTS

- 84% of notifications were highly targeted to shoppers' location, preferences and behaviors. Only 16% of notifications had no targeting (i.e. the same notification was sent to all users with no targeting or segmentation.)
- Highly targeted notifications saw a 129% increase in engagement on average over broadcast notifications.

## THE GAP BETWEEN HIGH-PERFORMING & LOW-PERFORMING APPS IS WIDENING

- The highest performing (90th percentile) iOS apps see 58% of users opted in to receive notifications, while 10th percentile apps have only 21% of users opted in.
- Similarly, high-performing apps see more than 5x greater notification engagement rates than average apps.

## USER ACQUISITION RATES SOARED DURING THE HOLIDAY SHOPPING SEASON

- Daily app installs averaged more than 696,000 per day in November, up 24% from the average daily rate in October.
- Retail app installs spiked above 900k on Thanksgiving and the following Saturday.
- The top day for app downloads was Black Friday, which peaked at more than 1.2M app installs.

## U.K. RETAILERS ARE CATCHING UP TO THE U.S.

- Black Friday is still a novelty amongst U.K. shoppers and retailers. This is reflected in a slower ramp up of notification volumes throughout the month, with more of a focus on the big sale days.
- The highest U.K. engagement rates occurred on Thanksgiving and Black Friday at 16% vs. the average daily engagement rate of 9% — a 78% increase as compared to an average day.

## PUSH NOTIFICATION ROI: WHAT THESE NUMBERS MEAN TO APP BOTTOM LINES

- 33% of sales made through one specific U.S. retailer were directly influenced by a push notification. In terms of ROI, this amounted to \$261 in revenue for every \$1 spent on their mobile messaging platform.
- One U.K. retailer's data shows that 39% of sales made in the mobile app were influenced by a push notification or in-app notification. Additionally, customers influenced by a message spent more — an average of £48.71 compared to the £21.87 average spent by shoppers considered to be uninfluenced by messages.

## RECOMMENDATIONS: MOBILE ENGAGEMENT TACTICS TO PURSUE IN 2017

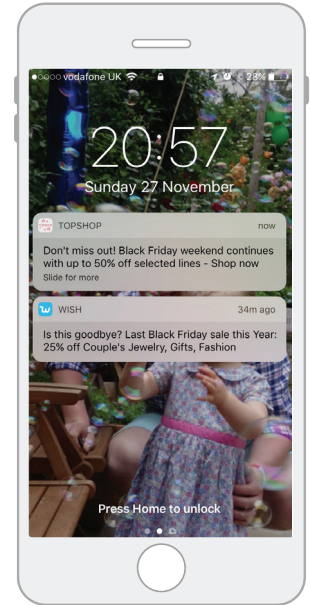
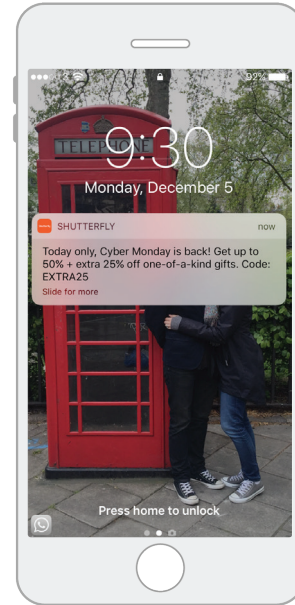
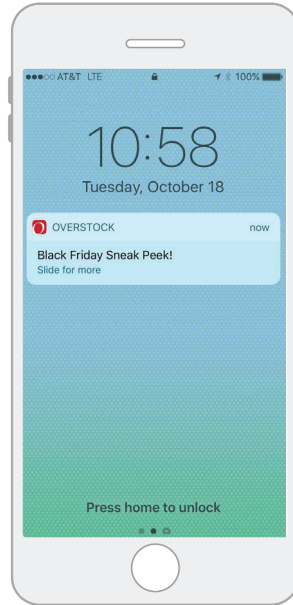
- In-app Notifications
- Mobile Wallet Passes
- App Store Update Notes

## KEY FINDINGS

# RETAILERS SENT MORE HOLIDAY NOTIFICATIONS – CAMPAIGNS STARTED EARLIER & EXTENDED LONGER

Similar to years prior, our data shows that push notification volumes increased sharply over the 2016 holiday season. **Retailers sent 56% more holiday notifications in 2016 than in 2015** – and 2015 was a 63% increase over 2014 volumes. This also meant that some campaigns started earlier than ever before – some beginning well before Halloween (October 31). Similarly, we also saw Cyber Monday sales notifications extending past Monday and lasting later into early December, particularly in the U.S.

*Brands are reaching out to consumers ever earlier to cut through the clutter.*



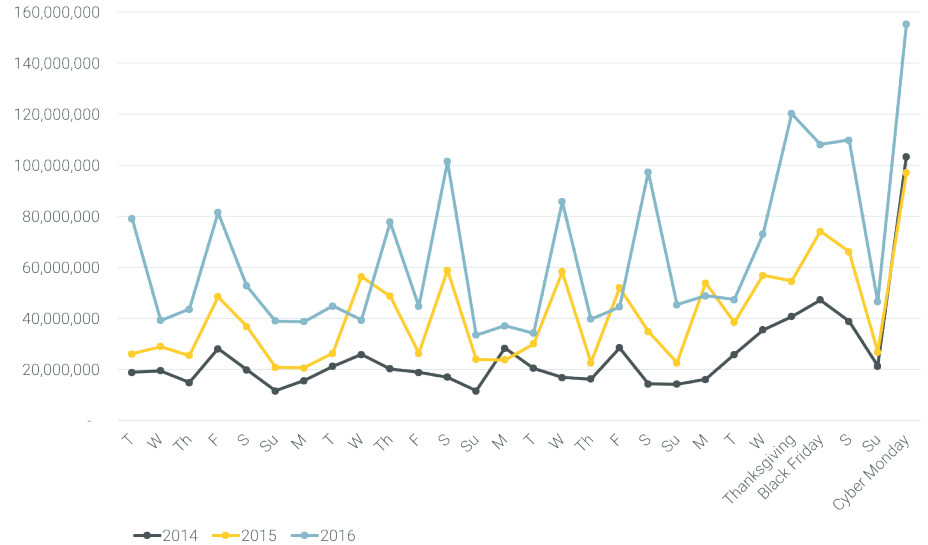
# KEY FINDINGS

Retailers significantly increased their send volumes in the two weeks prior to Black Friday.

Cyber Monday was the top day for sending notifications: the 200 retail apps in our study sent more than 155M notifications that day.

Thanksgiving, Black Friday and the Saturday after were the next highest days in terms of volume.

### Notification Send Volume Year-Over-Year





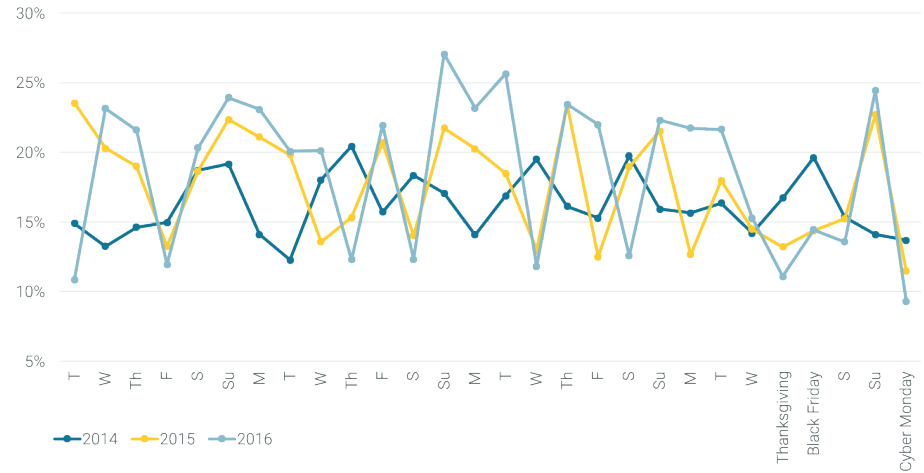
## KEY FINDINGS

# CONSUMER ENGAGEMENT HELD STRONG IN 2016, TOPPING 2015 FIGURES

With more messages being sent than ever, data shows that engagement rates are still holding strong year-over-year, indicating consumers want to be hearing from brands on mobile at this critical time of year.

In fact, over the course of the entire measured holiday period, average notification engagement rates improved for the third year in a row, reaching 19% in 2016, up from 18% in 2015 and 16% in 2014.

### Push Notification Engagement Rate Year-Over-Year

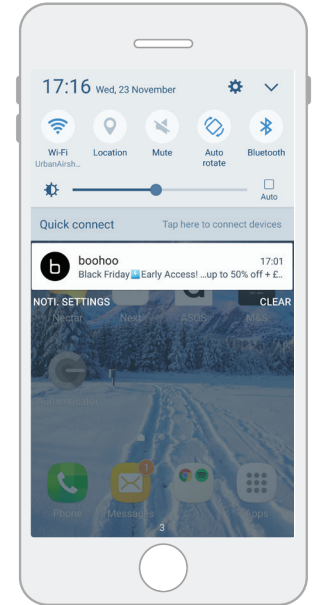
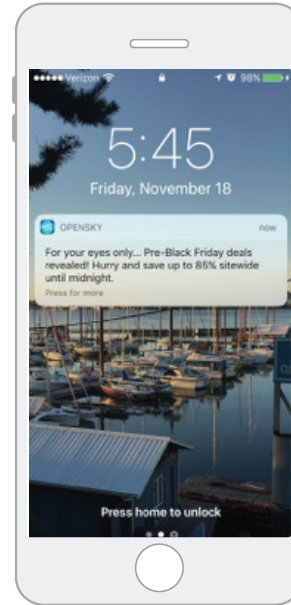
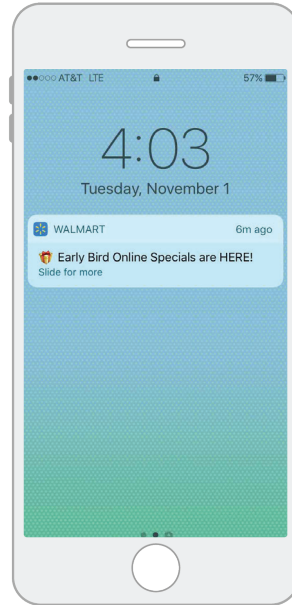


## KEY FINDINGS

Average notification opt-in rates also went up to 41% in 2016, compared to 39% in 2015 and 38% in 2014. Looking at retail sub-verticals, the highest opt-in rates on iOS were from grocery apps at 48% followed by daily deal apps at 45%.

With regard to timing, consumers were most engaged with notifications in the weeks leading up to Black Friday and – for the second year in a row – we saw engagement levels decrease on the big shopping days themselves. This trend illustrates mobile’s role in pre-shopping research. Retailers are getting on board with this trend and have begun to take advantage by offering Black Friday “Previews” and “Sneak Peeks.”

*Given that engagement rates are lower on big shopping days in the U.S., retailers are ensuring customers are aware of deals well in advance.*



## KEY FINDINGS

### TARGETING REAPS BIG REWARDS FOR RETAILERS

The gap between high- and low-performing apps is becoming more apparent as some apps are better at providing value and utility for the user than others. High-performing (90th percentile) iOS apps see 58% of users opted in to receive notifications, while 10th percentile apps have only 21% of users opted in.

Similarly, high-performing apps see more than 5x greater notification engagement rates than average apps.

#### SEPARATING GOOD FROM GREAT

Our research found that this year, retailers who embraced targeting saw better results. Of all notifications sent, 84% were highly targeted to shoppers' location, preferences or behaviors and only 16% were broadcast to all opt-ins. These highly targeted notifications saw a 129% increase in engagement on average.

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HIGHLY TARGETED  
NOTIFICATIONS SAW  
A **129% INCREASE IN**  
**ENGAGEMENT ON**  
AVERAGE

## KEY FINDINGS

### USER ACQUISITION RATES SOARED DURING THE HOLIDAY SHOPPING SEASON

If each app had its own wish list, they would all probably have one thing in common – more users. Luckily, the holiday shopping season has proven to be a great time to generate downloads.

Daily app installs averaged more than 696,000 per day in November, up 24% from the average daily rate in October.

Retail app installs spiked above 900k on Thanksgiving and the following Saturday, with Black Friday peaking at more than 1.2M app installs.

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DAILY APP INSTALLS  
**UP 24%** COMPARED  
TO OCTOBER

## KEY FINDINGS

### THE U.S. VS. U.K.: THE HOLIDAY SHOPPING SEASON ACROSS THE POND

While Black Friday & Cyber Monday have practically become official holidays in the United States, across the pond the U.K. is still getting accustomed to the intense sale period. When the first major U.K. Black Friday sale hit stores in 2014, the chaotic scenes of shoppers fighting each other over low-cost consumer goods were described as positively “un-British.” As a result, analysts, retailers and even some members of parliament called for a review of the sales strategy. This caused a few stores to pull out of the day altogether in 2015, and also inspired a record number of shoppers to avoid the queues (or lack thereof) and head online to fulfill their wishlists.

We were expecting a strong emphasis on m-commerce this season in the U.K., and that turned out to be the case. There were many similarities in the data when we looked at it from both a U.S. and U.K. perspective, but we did notice some key retail trend differences worth noting.



RETAILERS SENT NOTIFICATIONS THROUGHOUT NOVEMBER



RETAILERS SENT NOTIFICATIONS MOSTLY IN THE LATTER HALF OF NOVEMBER

## KEY FINDINGS

In the U.S., high volumes of messages were sent throughout November as retailers tried to build momentum and adapt to the continually extending sales period. But in the U.K., a significant increase in messaging wasn't seen until later in the month.

We think this is because Black Friday is still a novelty for U.K. shoppers and retailers did well to maximize the anticipation by messaging about sales and offers later in the month.

While the U.S. was busy eating turkey on Thanksgiving, U.K. consumers were researching deals on mobile. Our data shows that Thanksgiving and Black Friday were the days with the highest U.K. engagement rates at 16% – a 78% increase from an average November day.

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THANKSGIVING AND  
BLACK FRIDAY HAD  
THE HIGHEST U.K.  
ENGAGEMENT RATES AT  
16% – A **78% INCREASE**  
OVER AN AVERAGE  
NOVEMBER DAY

## KEY FINDINGS

In contrast, Thanksgiving was a less significant day in the U.S. and engagement did not peak until Cyber Sunday at 26% – only a 2% increase from an average November day. The extreme spike in engagement amongst U.K. shoppers points to the greater sense of excitement around the sale period, whereas in the U.S. Cyber Monday and Black Friday have become commonplace. Additionally, as we've discussed, U.S. notifications were spread over the entire month, making those specific holidays less impactful.

These mobile shopping trends and behaviors confirm that U.K. shoppers are certainly tuned into the Black Friday sales, but that they prefer to participate from home rather than in the stores themselves.

For retailers located in both the U.S. and U.K., it's important to note the differences and plan your strategy in each geography accordingly.

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U.S. NOTIFICATION  
ENGAGEMENT  
PEAKED CYBER  
SUNDAY AT **26%**

## KEY FINDINGS

### PUSH NOTIFICATION ROI: WHAT THESE NUMBERS MEAN TO APP BOTTOM LINES

Increased mobile engagement rates and notification volumes are nice, but what does it actually mean for your app's bottom line? To provide some real world context to the mobile commerce trends, we took a look at two major retail customers to see how their holiday engagement strategies throughout November impacted sales revenue and ROI.

#### **U.S. Clothing Retailer:**

A U.S. clothing retailer sent a variety of messages throughout November and achieved an engagement rate for the month of 7-8%. The app drove more than 14,000 individual sales between Thanksgiving and Cyber Monday accounting for around \$1M in sales, 33% of which were influenced directly by a push notification. This amounts to a return on investment of roughly \$261 in revenue for every \$1 spent on messaging platform costs.

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RETURN ON  
INVESTMENT: **\$261**  
IN REVENUE FOR  
EVERY \$1 SPENT  
ON MESSAGING  
PLATFORM COSTS



## KEY FINDINGS

### **U.K. Department Store:**

In the U.K., a department store used a combination of push notifications and in-app notifications throughout the holiday sales period. Including in-app notifications allowed them to reach users who had opted out of push notifications, resulting in an additional 3% of their audience seeing the notification.

On Cyber Monday and the five days before, the data shows 39% of sales made in the app were influenced by a push notification or in-app notification. Additionally, the shoppers who were influenced by a message *spent more money* – that 39% of influenced sales contributed 59% of the total app revenue.

The average spend amount of a customer influenced by a message was £48.71 compared to the average £21.87 by customers considered uninfluenced by a message. If we take only messaging platform costs into account, for every £1 spent, £103 was made in revenue.

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**39% OF APP SALES**  
WERE INFLUENCED BY  
A PUSH NOTIFICATION  
OR IN-APP MESSAGE

## RECOMMENDATIONS

### MOBILE ENGAGEMENT TACTICS TO PURSUE IN 2017

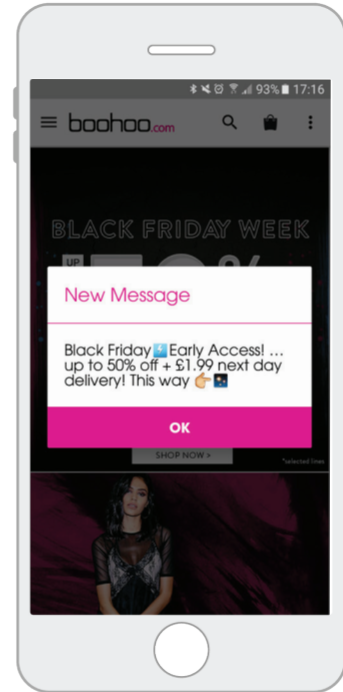
As retailers responded to the growing competition for attention on mobile, we noticed an expansion of mobile tactics and touch points that were less common in years prior. Since many retailers have already begun preparations for holiday 2017 mobile engagement and m-commerce increases, we've highlighted three tactics to keep in mind to round out retail mobile strategies.

#### 1. IN-APP NOTIFICATIONS

Once the user is inside an app, only an in-app message can reach them. Here are three reasons to continue, add or expand their use:

- In-app notifications don't require an opt-in, so they allow apps to reach users who don't receive push notifications.
- Yours is the only message they can see. There is no competition with other messages.
- They prompt the user to take immediate action. With one click or swipe shoppers are able to check out sale listings, save a coupon code or learn about a new offer such as free shipping.

We liked Boohoo.com's message offering an exclusive "early access" to Black Friday deals and low shipping costs, as an example.

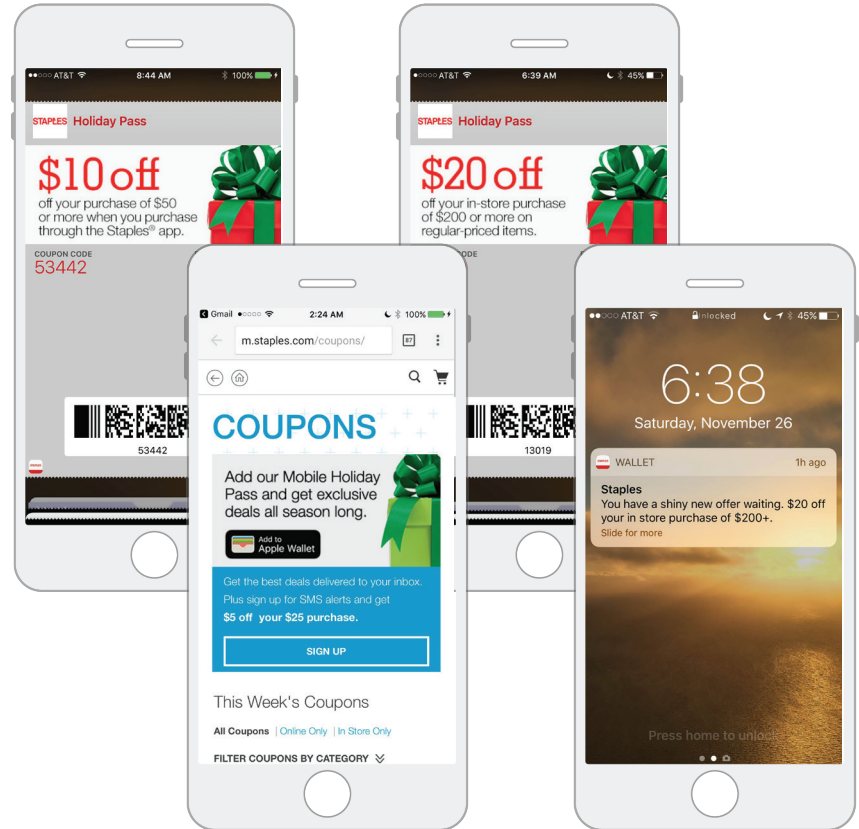


# RECOMMENDATIONS

## 2. MOBILE WALLET

Mobile wallet is one of the top four ways consumers want to hear about sales/special offers according to our own [State of Mobile Wallet Marketing](#) research report. Additionally, 54% of consumers surveyed had already used mobile wallet and are interested in using it more.

U.S. retailer Staples provides a fantastic example of current retail mobile wallet use. They offered the mobile wallet pass on their coupons page, delivered coupons straight to consumers' Apple Wallet, updated those offers and notified them when new offers were available, taking advantage of the ongoing communication channel mobile wallet provides.

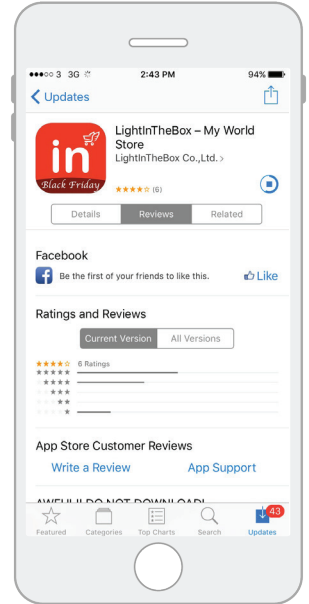
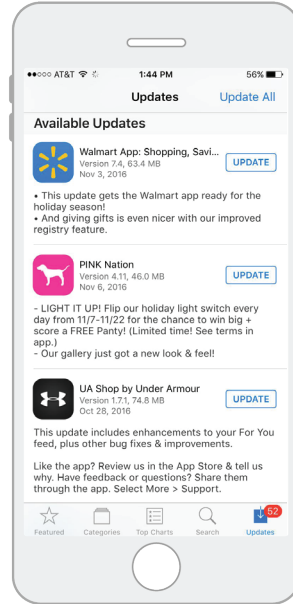
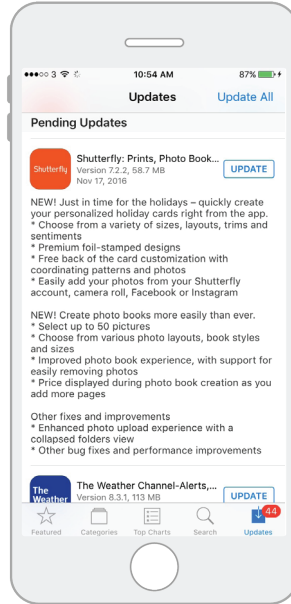


# RECOMMENDATIONS

## 3. APP STORE UPDATE NOTES

This year, we noticed retailers taking advantage of each and every opportunity to remind users about the value of their app and get the word out about new holiday features. As part of this effort, many retailers made holiday-specific app updates and called out the new features by using the app store update notes on iOS.

Some apps pulled out all the stops, even updating their icon to include a holiday-related banner/ image or using the app store listing as another opportunity to reinforce special offers.



Examples of holiday app store updates.

## A FINAL WORD

Holiday 2016 continued to demonstrate the importance the small screen has on driving sales during the busiest shopping period of the year. Retailers embraced the power of targeting and a range of messaging strategies in order to get the most out of this channel and we expect the competition for consumer attention on mobile to increase significantly before the next holiday shopping season.

Related retail resources:

- [Adding a Message Center to Your Retail App: Surprise and Delight Your Customers for the Holidays & Beyond](#)
- [6 Reasons You Need Mobile Wallet to Round Out Your Retail Mobile Marketing Strategy](#)
- [Why No One is Using iBeacons](#)
- [The State of Mobile Wallet Marketing Report](#)
- [6 Must-Do Mobile Strategies for Q4 2016 Holiday Campaigns](#)
- [The Gift Card Opportunity \(Infographic\)](#)
- [In-App Notifications Inspiration Guide](#)
- [How to Write a Better App Store Update \(and Boost App Store Optimization\)](#)

Ready to start exploring mobile growth opportunities for retail? Our teams are here to help. [Get in touch today](#), and we'll help assess where you are now and work with you to harness the mobile growth possibilities to kickstart your 2017 holiday shopping efforts. [Let's get started!](#)

# METHODOLOGY

Urban Airship analyzed aggregate mobile app engagement data from more than 200 retailers throughout November 2016. Engagement trends were calculated using the same retailers year-to-year to provide a truly comparative view of mobile's growth. Analysis included retail apps that had at least 5,000 unique opens in the three months leading up to the study period to ensure a focus on active apps.

# ABOUT URBAN AIRSHIP

Urban Airship is trusted by thousands of businesses looking to grow with mobile. Every day, marketers and developers depend on Urban Airship to deliver one billion mobile moments that inspire interest and drive action. Urban Airship's mobile growth platform is used by many of the world's most admired companies, including Adidas, Alaska Airlines, The Home Depot, NBC Universal, Sky Media and Zillow.

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