

## OctoNovemCember™: Why an Unsteady Economy Is Causing Consumers to Search for Deals Long Before Black Friday

By the RetailMeNot.com Staff

In 2011, the U.S. economy finally began to emerge from a staggering recession, and the retail sector had high hopes for a profitable holiday shopping season. Following the mad rush of the Black Friday-Cyber Monday weekend, the staff at RetailMeNot.com pored over the performance of its top merchants and discovered clear evidence of “Christmas Creep.”

Last year, Target fought public scorn for launching its holiday sales a day early on Thanksgiving. Concurrently, other retailers had similar game plans to incentivize consumers to shop earlier. The business results proved to be lucrative. In fact, according to a review of savings opportunities on RetailMeNot last year, we believe the best day for consumers to score a deal was actually on Thanksgiving Day.

One way to sum up last year would be to categorize it as a win-win situation for consumers and merchants.

In 2011, consumers using RetailMeNot.com reported saving more on Thanksgiving than they did on Black Friday. Additionally, consumers using RetailMeNot.com spent 5% more on average per order on Thanksgiving than on Black Friday.

What does this mean? In brief, the creep of Christmas and Hanukkah shopping is officially in full swing and chances that deal-seeking shoppers will be contained to one weekend in late November is likely a thing of the past. Welcome to OctoNovemCember™, a season of holiday shopping where consumers seek out Black Friday savings every day.

## It's the economy, stupid.

James Carville, the well-known political operative for Bill Clinton, coined the phrase “It’s the economy, stupid” during the former president’s 1992 campaign. While a political phrase constructed to move voters, the statement could easily apply to the reaction we’ve seen in the retail sector where consumers are shopping earlier for holiday gifts in 2012.

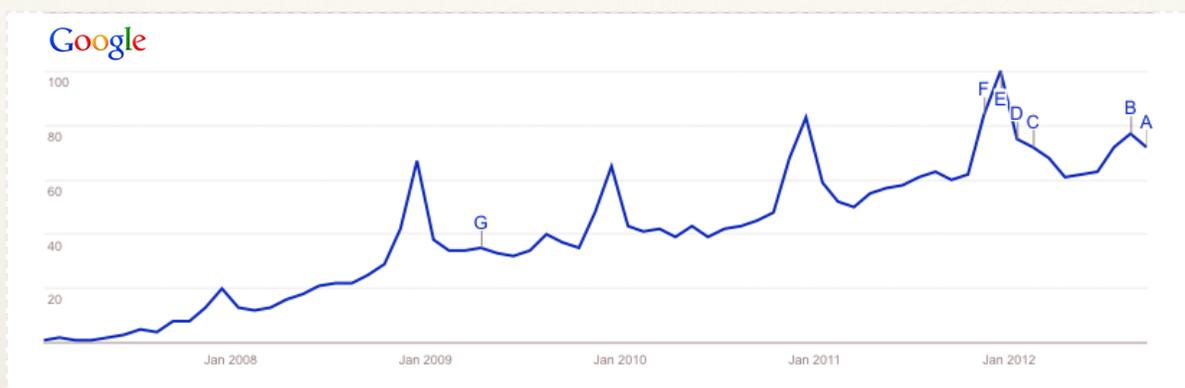
In mid-August 2012, RetailMeNot.com and Ipsos Public Affairs surveyed more than 1,000 parents with children under the age of 18 and asked them their views on the economy and how it would impact their purchase decisions.

The results were a staggering indictment of our state of affairs, with more than 7 in 10 parents (71%) saying they still had a dismal view of the economy, and 1 in 4 worrying about being able to make all the necessary purchases in the coming months. Only 3% of parent respondents felt that the economy was in “good shape.”<sup>2</sup>

## What does this negative view of the macroeconomy mean for holiday shopping in 2012?

We believe deal-seeking behaviors among holiday shoppers will continue to grow.

Since 2007, search volume for the largest coupon site in the United States, RetailMeNot.com, has, according to Google Trends, steadily grown, with significant spikes in traffic during the fourth quarter holiday shopping period (October to December). Even with a modest macroeconomic recovery, RetailMeNot.com traffic has continued to grow significantly. We believe this is because the recent recession lead to deal-seeking behaviors becoming more of the norm within the consumer purchase cycle.



<sup>2</sup> RetailMeNot [Shopper's Trend Report](#), Aug 23, 2012.



During 2011, WhaleShark Media web properties experienced more than 300 million visits globally, and in 2012, we are estimating more than 400 million.

Highlighting these metrics is significant for more reasons than simply promoting RetailMeNot's scale as a website. Because of the number of visits, we believe the performance of RetailMeNot.com and its affiliated sites, which offer 500,000 coupons, deals and offers from tens of thousands of well-known merchants, demonstrates consumers' deal-seeking patterns online.

## Are you among the 40%?

For decades, retailers put their gunpowder into promoting barn-buster, blow-out deals to kick-start the holiday shopping season immediately after we finish our last bite of turkey. With Santa Claus closing out the Macy's Thanksgiving Day Parade, consumers have been preprogrammed to start their shopping engines on Black Friday.

No more.

In what could be construed as a direct reaction to a troubled economy, many consumers have already started to alter their shopping behaviors and expand their time horizon for deal hunting prior to the holidays. The same poll referenced above showed that nearly 40% of parents with children under the age of 18 are beginning their holiday shopping before November. In fact, in 2012 nearly half of women surveyed (46% vs. 31% of men surveyed) start their holiday shopping earlier than November.<sup>3</sup>

**Some other facts from the same survey:**

- **23% of respondents start shopping in early November**
- **12% wait to start shopping until Black Friday/Cyber Monday**
- **Only 15% wait until after Cyber Monday to begin shopping.**

It may not shock anyone that there is still a majority (54%) of consumers surveyed who said they finish their holiday shopping sometime between Black Friday and when they actually give away gifts during the holidays. Surprisingly, a large number of consumers surveyed, nearly 1 in 3 (32%), said they are done with their holiday shopping by the end of Cyber Monday!

<sup>3</sup> ibid



## So what is a merchant to make of this pre-Black Friday holiday shopping frenzy? What to do about OctoNovemCember?

In a recent study of 1,600 RetailMeNot newsletter subscribers, more than 90% said that they are more likely to make a purchase when a coupon or deal is available.<sup>4</sup> That said, a December 2011 Shopper's Trend Report from RetailMeNot and Ipsos Public Affairs, which studied the behaviors of the general population, showed coupons to be a huge part of helping shoppers stay on budget. Nearly half (47%) of adults surveyed reported that they had used a printable coupon in-store or a promotion code on-line when making purchases during their holiday shopping.

For the 2012 holiday shopping season, the same inquiry of RetailMeNot newsletter subscribers showed that nearly 7 in 10 (68%) planned to spend up to \$100 per person on gifts. And nearly 2 in 10 subscribers (18%) said they planned to spend anywhere from \$100 to \$250 per person.

### So what does this tell us? Let's have fun with a math equation:



In short, merchants should give consumers a reason to buy products now or lose out on reaching a significant percentage of the purchasing population who will be finished shopping before the “official” deals frenzy even begins.

<sup>4</sup> RetailMeNot Customer Insight Study, August 2012, where more than 1,600 RetailMeNot newsletter subscribers were questioned about their holiday shopping plans



## What offers will incentivize consumers to make a purchase?

In 2012, Toys“R”Us has been very public about the surge of business it expects will come into its brick-and-mortar stores well before Black Friday and it is taking significant steps to attract consumers into making those early holiday purchases.

Toys“R”Us recently announced two offerings it thinks will provide incentives for consumers considering early holiday purchases:

- **Free Layaway, which allows customers to take advantage of the program with no up-front fee until Halloween**
- **The availability of “Hot Toy Reservation,” which enables customers to reserve, through Halloween<sup>5</sup>, any of the 50 toys featured on the “Holiday Hot Toy List” with a 20% down payment—whether the items are in stock or not**

“Customers have responded quite favorably to both programs, since they were announced earlier this month,” said Jennifer Albano, a spokesperson with Toys“R”Us. “In the case of layaway, taking advantage of the program early allows them the maximum amount of time to pay off their Christmas purchases. And with Hot Toy Reservation, they can avoid the last-minute rush for the in-demand items on their child’s wish list in the final days leading up to Christmas.”

*But what should e-commerce merchants do to attract online traffic?*

A November 2011 survey of adults aged 18 or older showed that free shipping was the top offer they cared about when making an online purchase.<sup>6</sup> RetailMeNot.com’s own site data showed that in October 2011 there was nearly a 30% jump year-over-year in site searches for “free shipping.”

In our 2012 survey of RetailMeNot newsletter subscribers referenced above, subscribers confirmed that free shipping was still king of the offers. Nearly 40% of subscribers said that free shipping was most important (39%), followed by a “percentage off” coupon (30%), combination coupons like “buy 1, get one ½ off” (13%) or receiving a certain “dollar off” coupon (9%). Cash back or loyalty points continue to trail in interest among consumers (8%), which is also a finding that was consistent with the November 2011 survey.

<sup>5</sup> Toys“R”Us States, 2012, <http://www.toysrus.com/shop/index.jsp?categoryId=10811023>.

<sup>6</sup> RetailMeNot Shoppers Trend Report, November 2011



*And don't forget about in-store coupons and that growing mobile channel!*

In 2012, RetailMeNot's mobile traffic continues to experience triple-digit percentage growth each month year-over-year.

At the end of the third quarter of 2012, mobile traffic represented 20% of the RetailMeNot.com's overall site traffic. In just over two months after launching mobile apps for iPhone and Android, more than 750,000 RetailMeNot apps have been downloaded on consumers' phones.

To state the obvious, mobile is growing. But the behaviors of mobile users, largely thought to be within the Internet space of search and explore, are also changing to the benefit of merchants.

In May 2012, RetailMeNot.com and Ipsos Public Affairs surveyed more than 1,000 adults aged 18 or older, more than a third (34%) of adults use or have used a smartphone or tablet to shop for or research a product or service they've considered buying. More importantly, the majority of younger Americans surveyed (54% adults under the age of 35) are using their mobile devices during the shopping experience.<sup>7</sup>

Therefore, we believe merchants should consider how this new and growing channel supports their sales projections. In the past, old scanner technology and inconsistent retailer policies made mobile coupon redemptions difficult in-store. In 2012, especially for the holiday shopping season, merchants would be wise to:

- 1. Provide compelling in-store and online offers to consumers through the mobile channel**
- 2. Update redemption policies and practices at the cashier in a uniform manner across stores to make the process seamless for shoppers**
- 3. Take advantage of new bar code-based coupon technology that enables them to better track their in-store coupon investments within the mobile channel**

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<sup>7</sup> RetailMeNot-Ipsos Public Affairs Survey, June 2012



## Conclusion

Driven by a still-sputtering economy, a significant subset of consumers are spreading out the playing field for merchants and seeking out holiday deals earlier than ever. As one article on Racked.com recently noted, “[Labor Day Is the New Black Friday. But Bigger.](#)” And while Labor Day has come and gone, there is still an opportunity for merchants to engage deal-seeking consumers.

Merchants who want to take advantage of early consumer spending can attract attention and drive sales by embracing the pre-Black Friday shopping season. Shoppers are already here for the holidays. To capture the attention of that audience, retailers need to provide compelling offers to consumers and do so across multiple channels—online, in-store, via mobile devices and even through social channels (another growth area for deal seekers). But retailers don’t need to put offers into the marketplace that ultimately put them in the red.

A Forrester [study](#) conducted for WhaleShark Media (operator of RetailMeNot), noted that coupons can be a profitable investment for merchants from the first time they issue an offer. Smart offer strategies, where merchants protect their profit margins, can generate an increase in incremental sales, lead to improved brand loyalty among consumers and positively influence the purchase cycle by reducing shopping cart abandonment.

Retailers shouldn’t wait until late November to get into the black on their balance sheets. Capture holiday shoppers now and your investors and shareholders will be seeing an even better color: green.

Once again, **Happy OctoNovemCember!**

