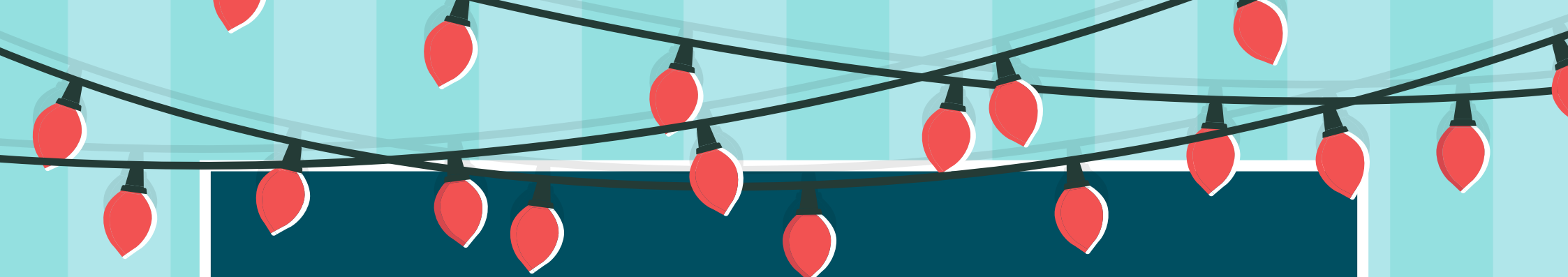


The 2021 Holiday E-Commerce Guide:

Key Actions to Boost Success This Holiday Season





As the golden quarter looms over the horizon, brands and retailers everywhere are breaking out their annual holiday checklist; rewriting them, gathering their teams to collaborate on new ideas and launching initiatives to make this year's season more successful than ever.

We know how hectic this time can be. To help, we've compiled our top strategies across several key performance areas.

COMMUNICATION IS CRITICAL

Before we dive into the details, however, it's important to note one core truth: communication is critical. The ultimate success of your plans and procedures depends on effective communication within your organization. Whether you're a small business or global corporation, clear, effective, rapid communication that allows information to flow both ways will play a significant role in your ability to adapt and progress in the fast-moving environment of e-commerce.

We'll examine seven crucial actions for your holiday preparations this year:

- Preparing Inventory
- Managing a Multichannel Approach
- Optimizing Product Listings
- Achieving Visibility
- Budgeting for the Season
- Setting Pricing and Promotions
- Meeting Delivery Expectations

Preparing Inventory

You know the sales figures you'd like to hit for 2021, and you've got an idea of the advertising and promotions you plan to run. The key component to accomplish all of this? Inventory.

First, you need to ensure you have adequate inventory available for the early holiday shoppers, for the intense shopping activity during Cyber Five and for last-minute buyers. Where to start? Review last year's sales to identify top sellers and evaluate new styles or product lines that may be popular during the holiday season. Talk to your business intelligence team or data analytics team to review seasonality trends and understand what patterns may be emerging from last year or in the most recent months. Examine performance at the product level, on marketplaces and in digital marketing activity.

No matter how detailed your online product information is, there will always be a proportion of your customer base that still prefers to complete their holiday shopping in-store. But many will want a seamless and quick in-store experience. You can help holiday shoppers by providing clear options for them while they research your products online.

The best way to do this is by putting in place sound inventory tracking infrastructure that is regularly updated. This can then feed into your branded site, to show customers the availability of products in locations near them. The most important thing here is to be totally consistent across platforms.

A dependable inventory tracking system will also thwart one of the biggest mistakes that drives buyers to your competitors: out-of-stock inventory that appears in a search. To maximize the sale of your most relevant products, you want to ensure that any out-of-stock inventory is hidden and you're promoting only relevant, in-stock products.

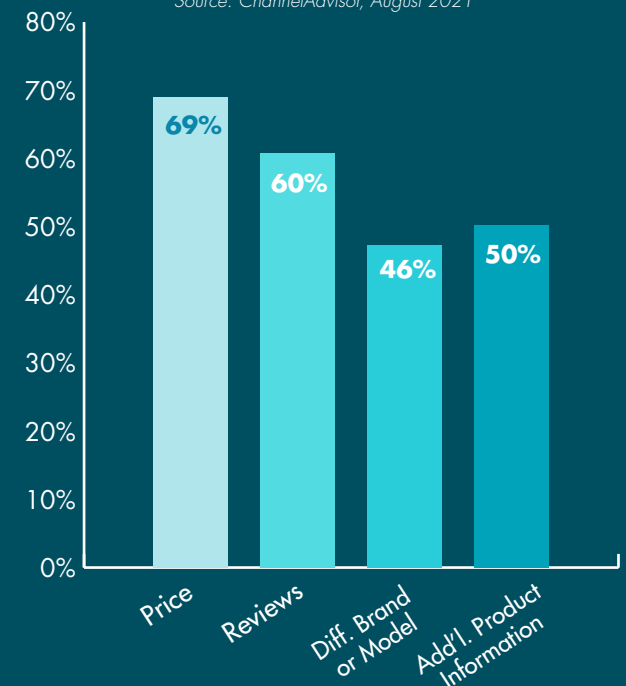
Understand your workflow and any internal timelines involved to replenish out-of-stock inventory — and communicate with all teams involved.

Although you don't want to run out of stock, you don't want to overshoot your needs either — and end up with too much product at the end of the fourth quarter. A reliable forecasting tool can ensure you're stocking at the optimal level for your likely sales. ChannelAdvisor's data-driven **Demand Forecaster tool** can help e-commerce sellers predict inventory needed to meet upcoming sales volume.



Consumer Research Before Shopping In-Store

Source: ChannelAdvisor, August 2021



The biggest detriment and challenge to holiday success that a seller can face is the deactivation or suspension of their marketplace account. Should the marketplace not reinstate your account quickly, you could potentially suffer huge losses.

To reduce the likelihood of such an event occurring, we recommend three actions:



Assign monitoring to a trusted team member.

It is imperative that someone from your team begins checking all marketplace account metrics and feedback at least three times each week from mid-October through the end of December.



Make a plan now for timely troubleshooting.

Know who on your internal or external teams to loop in if you experience any trends in late shipments, order cancellations or poor reviews. Taking immediate action at the first indications of trouble can help you get ahead of future discrepancies and mitigate potential risk for deactivation.



Prepare for the worst.

Should your account become deactivated, you'll need to submit a documented plan of action with a full detail of the issue and a timeline of what happened, a succinct account of how you resolved the problem and a satisfactory explanation of why it will not happen again. Create a template of that plan now so you'll only need to fill in the pertinent details before submitting a swift response.

Managing a Multichannel Approach

Today's customer path to purchase is complex and fragmented. Many shoppers find products by first heading to their preferred marketplace or retailer, while others are now discovering products outside of the traditional shopping funnel. Successful brands have made the most of the various social platform features to draw shoppers into a shopping experience.

If you're selling on marketplaces with millions of frequent shoppers and browsers (e.g., Amazon, eBay, Zalando), you're going to have to be proactive, dynamic and aggressive about achieving visibility. However, regardless of your specific mix of sales channels, just having a strong presence on multiple sales channels will help you capture consumers no matter where they start or complete their purchase.

Alongside the big marketplace players, there's an increasing number of customers flocking to emerging channels. We've seen particular strength on the 'long tail' of marketplaces – sites like Zalando, Newegg and over a hundred other channels. These marketplaces have recorded a huge rise in spending on their platforms, according to our data, and some of them have maintained 100% year-on-year growth from April through November 2020. Keep your options open and remember there's still time before Christmas to reassess your marketplace strategy to include other more niche or vertical-specific marketplaces.

Optimizing Product Listings

The key to optimizing your customer's online experience is to allow shoppers to learn just as much, if not more, about a product online as if they were physically shopping in-store. By informing the customer with optimized product listings, you're equipping them with the details to make a purchasing decision.

Getting the basics right here is key to success.

Here are few points to concentrate on:

- Informative product descriptions and visual assets are likely to entice a customer initially, along with price and reviews.
- Each marketplace has its own specific standards, meaning your data needs to be tailored to each platform to rise up the listings across category and keyword searches.
- Ensure you're using all of the custom labeling that's available within the product data feed.
- Understand the technical issues required to prepare variations for the same product so they are easily found by consumers upon search.
- Communicate with your teams early and frequently to identify potential problems ahead of time or as soon as they develop. In this fast-paced season, any lag in addressing gaps or inaccuracies will cost sales.

The Persuasive Role of User-Generated Content

The opinions of other customers hold **significant influence** on potential buyers during their shopping journey. Ideally, all ratings and reviews would receive prompt responses. Timely, ongoing communication related to reviews signals that a company is present, actively listening to its consumers and interested in their feedback. However, the reality — especially during the bustle of the holiday season — is that you'll need to prioritize the ratings and reviews in relation to your response time.

Highly negative reviews and those directly asking for a reply require your immediate attention. Bad reviews can deter prospective buyers and impact your seller standing on a marketplace. Work to address any stated problems quickly and appropriately and for any problem you can resolve, see if you can improve the customer's satisfaction levels. If you find that a review on a marketplace is invalid, you should pursue removing it through the marketplace's appeal process.

An accumulation of mediocre reviews that drag down your average rating similarly require an expeditious solution, as buyers hesitate to pull the trigger on your product and your search performance lags. You have a number of potential options to implement, depending on the context, but you generally want to encourage positive feedback from your customers wherever possible.



49%

of consumers say reviews are the biggest influence when choosing between products



88%

usually read reviews before making a purchase



86%

say reading a negative review can cause them to abandon a purchase

Source: ChannelAdvisor, August 2021

Consumers who have purchased any item after seeing an advertisement, sponsored product or post on these sites:



Source: ChannelAdvisor, August 2021

Achieving Visibility

First and foremost, before you establish and schedule your advertising and promotions for the season, ensure that you not only have a budget to spend for advertising, but the inventory available to be able to spend.

To ensure that you're capturing the demand during peak periods, you'll need to make sure you allocate enough budget to advertising on Amazon and other channels. This will help you gain maximum exposure for your products. Competitors will be doing the same thing so it's a matter of keeping ahead. Additionally, make sure you have the correct ad campaign structures in place and you have specific keyword targeting strategies.

Your advertising strategy will be unique to your business and its goals. As you develop your strategy and map out your campaigns, here are a few questions to help you set a clear direction and goals:

- What are the top goals you'd like to accomplish during the quarter?
- What is the status of your content? Before you finalize your advertising strategy and launch any campaigns, review the content in your listings, from titles to text to images. Is all of it optimized for holiday shoppers?
- Are you leveraging all ad types and targeting options? Have you fallen into a rut without fully examining ROAS, the latest perspectives of your most likely buyers and any new opportunities?
- What was the success rate of the promotions you ran last year? Have circumstances changed compared to last year — and if so, how might that affect your approach this year?

For your planned promotions, set clear dates for both launch and closure. Create a promotional calendar and share it with your marketplace category manager. Act now to review deadlines set by the marketplaces you sell on for deal submissions — they may be **earlier than you think**.

Additionally, take time in planning digital marketing campaigns. Typically, digital marketing channels require more complex planning and higher budgets than marketplace advertising. Whereas marketplaces have more involved audiences who are more likely to be prepared to make a purchase — and may even be searching within your product category, digital marketing requires both capturing and driving audiences to a transaction.

Budgeting for the Season

Many of your buyers have planned how much they planned to spend on Christmas gifts this year. You've likely set spending limits as a part of your own gift-giving activity. Budgeting is simply a phenomenon of the season — and in that way, setting aside a clear holiday advertising budget is no different.

However, in other aspects, setting limits and managing an advertising budget during Q4 can differ radically from other versions of budgeting. In addition to determining what types of campaigns would most appeal to your target buyers, which ad types you might qualify for on any particular marketplace you're selling on and how much advertising to do at various points in the holiday season — you have to determine how much money to allocate to each element within the big picture. It's incredibly complex, especially for sellers managing multiple channels. While there's no one answer or plan that will fit most businesses, you can carve a path that maximizes your ROAS on any budget level. Your advertising plan and spending should change each and every year to be tailored to your current business needs, goals and customer demographic.

However, here are a few tips to help your investments go further:

- Scale your budget alongside total channel sales during the holiday season.
- Plan your budget at both the weekly and monthly level.
- For [Amazon Advertising](#), confirm budget and performance changes during peak holiday shopping days.
- Do not underestimate the power of October. Many shoppers are [making purchases](#) early in the season. Don't underallocate your budget before Thanksgiving.
- Remember the majority of sales happen [outside Cyber Five](#), so budget accordingly.
- Do not go dark from Christmas to New Year's. Think gift cards. Returns. The ingrained habit of looking for a good deal. People are still shopping after they've bought and exchanged presents.
- If you want to pay for site placement, make sure the placement is relevant to the category you sell in.



Consumers who have purchased any item after seeing an advertisement, sponsored product or post on these sites:



say price is the biggest influence when choosing between products

compare prices across a few sites before making a purchase



say they're not price sensitive

Source: Dynata survey of 1003 UK consumers on behalf of ChannelAdvisor, August, 2021

Setting Pricing and Promotions

Few tactics can snag the attention of busy holiday shoppers quite like sales or competitive prices. If you want potential buyers to pause in their search and consider your products, you need to build a pricing and promotions plan.

To stay competitive in pricing and increase your chance to win the buy box during the holiday season, an automated repricing solution provides significant advantages — and saves you enormous amounts of time. To begin, understand your goals and set margins to continually maximize your profit while remaining a visible and viable option for buyers considering your products. Is winning the buy box (on Amazon, eBay or Walmart) your top priority? Then use an **algorithmic repricer** to continually make adjustments to push you toward that achievement. Do you need to reduce prices to move inventory, or extract higher margins on your top sellers? Then consider a **velocity-based approach** that changes prices based specifically on your goals and your products.

Take a calendar-based approach and schedule your strike-through pricing ahead of time. Automate those changes as much as possible.

Most importantly, you'll want to enable price parity in your automated repricer to avoid conflicts in pricing among your various sales channels. Neglecting this critical area can result in marketplaces pulling your listings and can damage your seller rating and reputation.

Meeting Delivery Expectations

When it comes to shipping, the key to survival this holiday season is going to be planning, planning and more planning.

If you haven't already, now is the time to conduct a thorough logistics review of all of your options: existing partners and potential new ones, costs, warehouse management, forecasted delivery time frames and more.

Once you've made any decisions related to external logistics and shipping partners, begin building timelines that can create a clear picture of the required lead time to ship each product. Create a process workflow based on those timelines, train staff and remember to communicate any updates as they occur during the season.

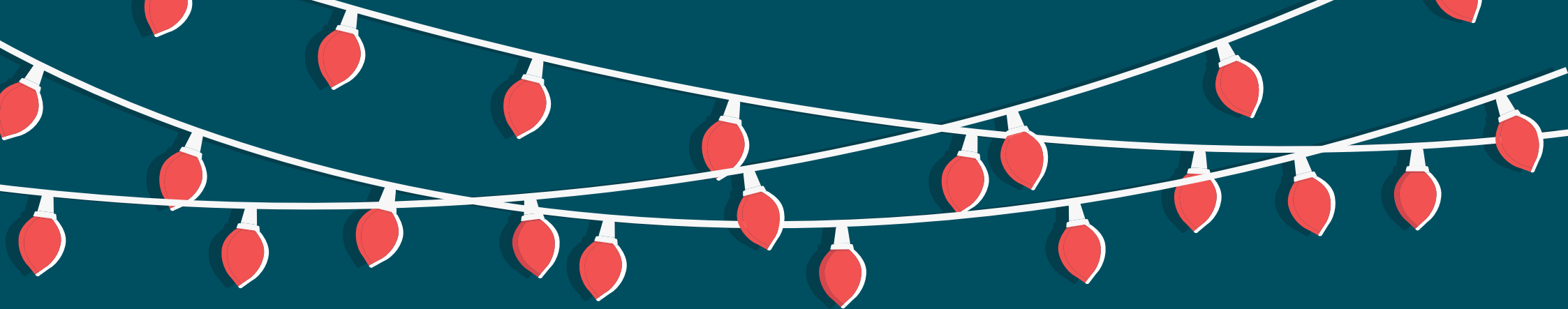
Additionally, you must evaluate whether you have the resources to fulfill orders internally or if you'd like to ship product for fulfillment through external services. If you sell on Amazon and are considering Fulfillment by Amazon (FBA), determine what product may be best suited for the FBA program. ChannelAdvisor's [Inventory Management](#) features can help you review your options. Finally, if you are managing fulfillment through a hybrid of a distribution center and dropshipping method, ensure the item's handling time is adjusted based on its warehouse location.

What's the one option you should leave open and advertise as available to your buyers whenever possible? The ability to select express delivery even at a higher cost. Some last-minute shoppers accept this consequence and are comfortable with paying more to get the item on time — many even expect it.

Finally, ensure your delivery options are visible and clear. Check that your delivery times, return policies, warranties and promotions are visible on your listings, and that last guaranteed delivery dates are well promoted ahead of time.



Source: ChannelAdvisor, August 2021



As we enter the golden quarter the shopping season kicks into high gear. Brands and retailers should take the time now to assess their campaigns, make tweaks to improve visibility, ensure consumers have everything they need to convert, and prepare for the rush ahead. Investing this time now will help set you up for success for Christmas 2021.

Connect and optimize the world's commerce

ChannelAdvisor is a leading multichannel commerce platform that enables retailers and branded manufacturers to integrate, manage and optimize their merchandise sales across hundreds of online channels including Facebook, Google, Amazon, eBay, Walmart and more.



SUBSCRIBE TO OUR BLOG



SCHEDULE A LIVE PRODUCT DEMO



SIGN UP FOR OUR NEWSLETTER



The global standard for e-commerce leaders.

Copyright 2021 ChannelAdvisor Corporation. All rights reserved.

866-264-8594

www.channeladvisor.com