



**2019**

# Retail Marketing Trends

cordial

## Summary

To better understand the retail marketing trends expected in 2019, Cordial surveyed leaders from top US retailers to understand marketing spending, planned investments, top challenges they plan to address, and marketing strategies they plan to employ in the coming year.

After receiving responses from over 500 US retail marketers with survey participants at the level of director and above, Cordial learned that 2019 will be a year of cross-channel marketing technology consolidation and further investment into strategies and technologies that demonstrated success in 2018.

Fifty percent of retailers reported a planned reduction in spending on cross-channel marketing technology in 2019, mainly through internal consolidation of marketing technology systems. Retailers reported using over five separate messaging platforms on average. This creates customer data silos and prevents personalization and real-time marketing due to not having a 360-degree view of the consumer in a centralized data location.

While retailers plan to reduce cross-channel marketing spending through the consolidation of technologies, they also indicated a planned investment into strategies that were successful in 2018. Email marketing was one cross-channel technology in which retailers reported an anticipated investment increase. Fifty-one percent of the retailers surveyed plan to increase their spending on email marketing by more than 10 percent over their 2018 allocations, and 21 percent are planning to increase their email marketing budgets by more than 30 percent in 2019.



“ Today's retail marketing leader must demonstrate the value of their marketing actions, mainly through ROI and customer loyalty, which you cannot do without having deeply personalized messaging capabilities.

### VP OF MARKETING

A LARGE US-BASED APPAREL RETAILER

“ Plain and simple, email still works. It is our number one revenue-producing channel and our number one method for creating a winning customer experience. We are going to invest more next year in email to create an even more custom experience for our consumers.

**CMO**

A 3,000-EMPLOYEE FASHION RETAILER

Retail marketing executives also reported that they plan to measure marketing ROI with customer experience satisfaction metrics that will hold even more weight in 2019. Retailers reported that they plan to continue the success of their marketing efforts with ROI metrics and analytics focused on measuring the customer experience, such as customer satisfaction scores from return visitors and buyers.

## Report Details

### Cross-Channel Marketing Technology Spending

Cordial surveyed 500 marketing leaders to understand what percentage of their 2018 marketing budget was spent on cross-channel messaging, including email, in-app, SMS, and web push. Social media spending was excluded.

In 2018, 25 percent of major retailers spent their budget on cross-channel marketing technologies, and 43 percent surprisingly plan to decrease their 2019 cross-channel marketing spending compared to 2018 expenditures. Most of these retailers indicated a planned overall decrease in cross-channel marketing technology spending, mostly achieved through internal technology consolidation rather than overall budget reduction. The average retailer reported maintaining an average of five separate cross-channel messaging platforms, each with their own data repository that made it difficult to create a single view of the customer. Survey respondents reported that they were looking to reduce the number of messaging

platforms to three systems in 2019 and hopefully shrink overall messaging technology costs while improving customer data management by reducing data silos.

The consolidation of messaging platforms is part of a broader trend retail marketers plan to pursue to consolidate all marketing technology, thus reducing spending and improving the customer experience.



**25%**

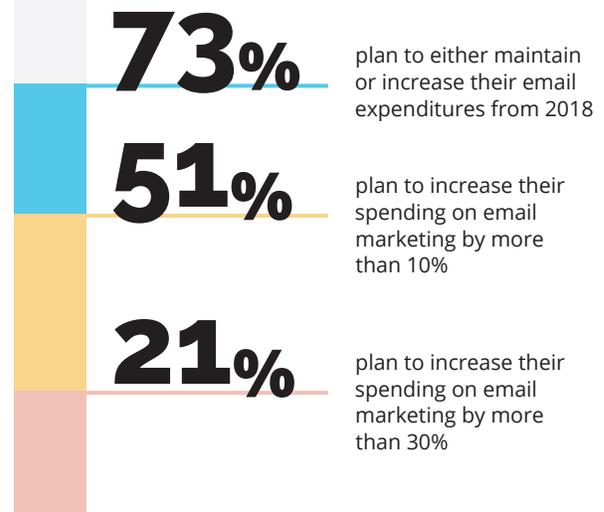
spent their budget on cross-channel marketing technologies

**43%**

plan to decrease their cross-channel marketing spend compared to 2018

Surveyed participants indicated that the average retailer maintains an average of 11 marketing technology systems, including cross-channel messaging, marketing resource management (MRM), data management, content management, social media management, and analytics platforms. To reduce costs, improve employee productivity, and support a more streamlined customer experience, retailers plan to consolidate and reduce the total number of marketing technology platforms from 11 to six in 2019, which represents an 83 percent reduction in the number of marketing technology systems.

Although retail marketers plan to consolidate cross-channel marketing systems, they also indicated that they will continue to invest in marketing channels that achieved success in 2018. Seventy-three percent of the retailers surveyed reported that they were planning to either maintain their spending on email marketing



or increase their email expenditures compared to 2018 numbers. In fact, 51 percent of those surveyed are planning to increase their spending on email marketing by more than 10 percent of their 2018 budgets, and 21 percent are planning to increase their email marketing budgets by more than 30 percent in 2019.

## More Planned Email Marketing Use Cases for 2019

Retail marketers not only reported that they were going to spend more on email in 2019, they also indicated that they planned to increase their use of email for important revenue-generating operations. Most retailers sent four to six emails per customer per month in 2018, and they expect this to increase to an average of six to eight in 2019. This indicates a greater reliance on email marketing in 2019. Retailers reported that email is key for them to create a winning customer experience for consumers, and they plan to

expand email use cases into more advanced use cases in 2019. This includes planned expansion into location-based email programs, highly personalized emails based on real-time consumer behavior, and mailable "microsites".

Over 30 percent of surveyed retailers plan to introduce mailable microsites, which are highly interactive emails that allow consumers to interact with the email interface within the inbox.

“ Mailable microsites will allow our customers to have a more engaging approach to content, helping to retain customers and support unique campaigns, such as integrated forms and surveys, rich content, product search within email, and rotational promotion banners within the email.

**VP OF MARKETING TECHNOLOGY**

A 3,000-STORE NATIONAL APPAREL RETAILER

Other retailers plan to use mailable microsites to support re-engagement campaigns, re-introduction of loyalty programs, and curated product promotions with options for the recipient to navigate directly to personalized microsites.

Retailer investment into capturing “micro-moments” of the customer experience is expected to be similar to that of the mailable microsites. Consumers today are overwhelmed with content, ads, offers, and push notifications. According to eMarketer, the average US consumer spends three hours and 35 minutes per day on their smartphones, which makes it difficult for retailers to capture and convert customer attention.

This is where micro-moments become important for retailers to capture. A micro-moment occurs when people reflexively turn to a mobile device to act on a need to learn something, do something, or buy something. There are many different types of micro-moments, such as: “I-want-to-know \_\_\_”, “I-want-to-go\_\_\_”, “I-want-to-do\_\_\_”, or “I-want-to-buy\_\_\_.” According to Google’s content marketing team, Google users experience “micro-moments” on average 150 times a day. Retailers are beginning to understand that consumers make instant decisions on what to buy, where to go, or which restaurant to eat at, and this gives only seconds to catch their attention. Micro-moments work because they provide consumers with the right information exactly when and where they need it. Personalization of content, mailable microsites, product recommendations, and email, mobile, and web experiences is the key to fully converting a consumer micro-moment into profit.

A SVP of marketing from a top online sports retailer reported, “We want to capture the ‘micro-moment’ when a fan is excited about his or her team and wants to purchase team apparel to show support. This is why highly personalized emails and email microsites are going to be an important addition to our marketing technology strategy in 2019.”

**Micro-Moments that Happen in a Day**

+	+	+	+	=	150X
<b>I want to know</b>	<b>I want to go</b>	<b>I want to do</b>	<b>I want to buy</b>		
—	—	—	—		

## Key Challenges Retailers Plan to Address in 2019: Personalization

The definition of “message personalization” differs significantly between retail marketers. However, all retail marketers know that they need to address message personalization to capture more customer attention and promote conversion.

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In fact, the number one planned marketing technology challenge that retailers reported in 2018 and plan to address in 2019 is message personalization.

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Over half of the retailers surveyed reported planned de-prioritizing of other technologies, including investment in AI technologies, mobile marketing, and social media, to prioritize improving message personalization. Marketing retailers reported that the two major obstacles they need to address

to accomplish better personalization are trained staff (54 percent) and better customer data management (48 percent).

In 2018, the reported level of retailer email personalization was fairly basic, with 48 percent of those surveyed reporting that their email personalization only consisted of using customers’ first names. Thirty-one percent of retailers reported that their primary method of content personalization was based on shopper behavior, 29 percent reported that their personalization comprised specific content presented to a particular audience segment, and 28 percent reported that their personalization consisted of product recommendations to a specific audience segment (but not at the contact level). It is important to note that there was more than one answer possible with this question.

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### In 2019, retailers plan to execute deeper levels of personalization compared to 2018, including the below approaches (in order of reported importance).

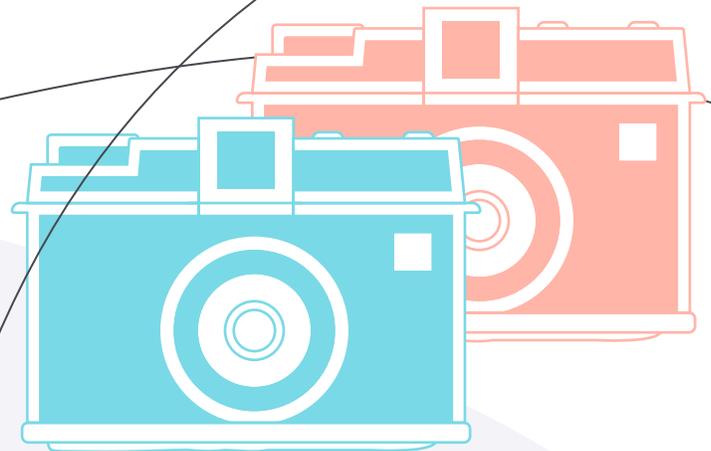
- Dynamic Audience Segmentation: Reported as the number one reported personalization strategy planned for greater investment in personalization with retailer marketers reporting a 35 percent greater investment compared to 2018.
- Personalized content based on Shopper Behavior: Dynamic content personalization based on real-time and past shopper behavior was reported as the second most important topic of personalization with retail marketers indicating a 30 percent greater investment compared to 2018.
- Audience-level Product Recommendations: Retailer marketers reported that product recommendations based on audience segmentation was the third most important area of personalization with 28 percent greater investment compared to 2018.
- Contact-level Recommendations: Retail marketers reported that transitioning from audience-specific recommendations to individual-level product recommendations was another area of priority for investment into personalization with retailers indicating a 25 percent greater investment in 2019 compared to 2018.

## Conclusions

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Retailers are beginning to avoid the knee-jerk reaction of adding more marketing technology to solve consumer acquisition and retention problems, recognizing that they must address foundational issues before adding more innovation. Marketers acknowledged a planned de-prioritization of new technologies and a focus on consolidating the present marketing technology to facilitate a holistic view of consumers via centralized customer data.

Retail marketers also plan to take their savings from marketing technology consolidation and re-invest it into areas that demonstrated success in 2018—mainly email marketing. Marketers are looking to not only depend more on email for consumer communications, they also seek to leverage consumer data to create real-time, behavior-based personalization that will create higher levels of conversations, revenue, and customer loyalty.



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