



## MARKETING: AUTOMATIC GAINS

How retailers are using marketing automation to gain more new customers and sales for less money and less work.

- + Exclusive marketing trend survey results
- + Marketing strategies during COVID-19
- + Profile: DSW's marketing strategy

# CONTENTS

## FEATURES

### Automatic gains

How retailers are using marketing automation to gain more new customers and sales for less money and less work.



### Connecting with shoppers online during the pandemic

During the coronavirus pandemic, online retailers are reaching shoppers with at-home workouts, hosting livestreaming events and encouraging discussion via social media.

### Spend, trends and effectiveness of digital marketing in today's ecommerce world

2020 digital marketing trends show that retailers are increasing their budgets, allocating funds for customer acquisition and finding success with email and social media marketing.

### PROFILE AND DATA SPOTLIGHT: DSW overhauls marketing strategy during pandemic

DSW chief marketing officer Amy Stevenson chats with Digital Commerce 360 about how it has adjusted its marketing message, spend and execution during the coronavirus pandemic.

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Customer acquisition strategies can help retailers prepare for the future

## CUSTOMER ACQUISITION STRATEGIES CAN HELP RETAILERS PREPARE FOR THE FUTURE

An executive conversation with Elizabeth Buchanan, chief commercial officer at ROKT



The pandemic has impacted retailers in different ways. While some are struggling to keep up with unprecedented demand as more customers shop online, others are merely trying to stay afloat. To discuss how best practices in customer acquisition and retention can help retailers survive—and even thrive—during the pandemic and beyond, Digital Commerce 360 spoke with Elizabeth Buchanan, chief commercial officer at ROKT. Buchanan has had a distinguished career in technology, digital and marketing/advertising with more than 20 years experience with major brands including Yahoo!, Uber and WPP. She also sits on Sir Martin Sorrell's S4 Capital board.

### **What have been the biggest adjustments retailers have had to make during this pandemic?**

When the pandemic hit, depending on their industry, retailers had to assess whether they should accelerate their usual business, pivot and find ways to innovate, or do both. Many retailers, particularly those that had brick-and-mortar stores suffering huge losses, had to move quickly to compensate as best as possible by scaling up their digital presence and focusing on maximizing the value derived from every single transaction.

Other retailers have needed to acquire new customers at scale, in the most cost-effective way without sacrificing quality.

### **What strategies can they implement to adapt to these changes?**

Retailers can no longer rely on out-of-home advertising, events and their physical storefronts to bring in customers, so they need to throw their full weight behind building their digital presence. Once they are clear about their purpose and value proposition, they must develop digital marketing goals and align their teams and investments. From there, successfully building a digital presence requires the right partners, the right technology and close monitoring of the effectiveness to enable ongoing

optimization. This results in more and happier customers, and ultimately more revenue.

### **What opportunities have come out of this crisis for retailers?**

The pandemic has created a huge opportunity for customer acquisition. With fewer options to buy in person, more customers are buying more online. Retailers need to implement targeted strategies to get in front of those customers when they are most likely to engage.

For example, using ROKT's technology, when a consumer is completing a purchase on Ticketmaster's website, an advertiser, such as Hulu, can be integrated at the end of that transaction—when we know that customer is actively purchasing and has their credit card in hand—and offer a free trial as a value add. This strategy is highly effective and very powerful for customer acquisition.

### **How can retailers go about leveraging those opportunities?**

Retailers should consider partnering with a marketing technology company that can help them either maximize the revenue in their ecommerce experience and/or acquire new customers at scale.

ROKT's technology, for example, is built on artificial intelligence and machine learning. We have powered 3.8 billion transactions in the past eight years—and that means we know better than anyone how to unlock the hidden potential in every single transaction moment. That ability to power consumer connections is highly effective for ecommerce revenue optimization as well as customer acquisition.

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# ROKT

# AUTOMATIC GAINS

How retailers are using marketing automation to gain more new customers and sales for less money and less work.

BY KATIE EVANS

**Many music buffs know—or covet—Harman** International products. The retailer and manufacturer, owned by Samsung Electronics America Inc., sells the popular JBL speakers, Harman Kardon soundbars and Infinity subwoofers.

And the manufacturer is increasingly striking a cord with music fans online. Harman launched its direct-to-consumer ecommerce business in the U.S. in 2015 and today operates 65 ecommerce sites in 40 countries and 17 languages that sell its home audio equipment, says Dave Spinato vice president of global ecommerce. Plus, large retail chains including BestBuy.com Inc., Target Corp. and Guitar Center also sell its products online.

Online sales via its ecommerce sites or its wholesalers now account for about 34% of the company's total home audio sales. In 2019, Harman's direct online sales grew 25%—far above U.S. ecommerce sales growth of 14.9%, according to a Digital Commerce 360 analysis of U.S. Department of Commerce data. And the manufacturer is projecting 27% growth this year.

A key to that ecommerce success, Spinato says, is to fine-tune its marketing to attract new

shoppers—without spending too much time or money.

Harman is constantly refining the way it gains new customers to ensure it's getting the best return on investment possible, Spinato says. And it's working on a few advanced automated marketing strategies through its connected Salesforce Commerce, Service and Marketing clouds that it hopes will further amplify its ecommerce sales through personalization. "It's essential to find a way to talk to customers like the individuals they are," he says.

**The digital marketing landscape** has grown increasingly complex. From paid search to social, affiliate to retargeting, the buffet of marketing flavors available today—along with all the levers retailers can pull within those channels—can be overwhelming for many merchants. That's leading many retailers like Harman to turn to vendors to help them automate their marketing and to gain new customers at the lowest cost possible. In fact, 85% of retailers say they use at least one marketing platform or marketing software technology, according to a Digital Commerce 360 survey of 105 online retailers conducted in May and June 2020. What's more, 44% say they use three platforms or more.



'It's essential to find a way to talk to customers like the individuals they are.'

— Dave Spinato, vice president, global ecommerce, Harman

Harman uses a range of paid media, search engine marketing and dynamic retargeting to acquire new customers. Paid media—mainly search engine marketing and some social media ads on Facebook and Instagram—is the manufacturer's best-performing channel from an ROI perspective—generating \$6.10 for every dollar the retailer spent on those channels in April and May, Spinato says. Typically, the returns from those channels are between \$3.50 and \$4 for every dollar spent, Spinato says.

Other retailers also invest in search and social marketing. For example, 36% of retailers spend more than 10% of their marketing budgets on paid search, according to the Digital Commerce 360 survey. 38% spend more than 10% of their budgets on search engine marketing while 45% dedicate more than 10% of their marketing budgets to social media marketing. Additionally, 56% of retailers say paid search is effective, and 61% say search engine marketing is effective. 61% also say social media marketing is effective.

When it comes to acquiring new customers, 50% list social media as one of their top three customer acquisition marketing tactics, 45% list search engine marketing in their top three and 40% list paid search.

In analyzing recent ROI metrics, Spinato notes that the coronavirus pandemic in part has contributed to the recent better returns. "Online business in general is fast tracking 3-5 years," he says, referring to how more consumers have started shopping online with stores shut and nationwide stay-at-home orders in place. And online sales of music equipment for the home are especially strong. For example, online sales at music equipment retailer Sweetwater, which sells Harman products, have doubled since mid-March compared with the same period a year earlier, Sweetwater CEO Chuck Surack says.

Harman also sells products that help employees work remotely, such as noise canceling headphones and The Harman Kardon Esquire, a Bluetooth-enabled portable speaker with a built-in conference phone system that enables employees to have hands-free conference calls. Research from Adobe Analytics finds average daily sales of electronics grew 58% April 1-23 compared with average daily sales March 1-11, likely as a result of more consumers buying products to help them work from home more comfortably.

**One customer acquisition strategy** that works especially well for Harman is bidding on keywords related to its personalized products

## AUTOMATIC GAINS

DIGITAL MARKETING, PLATFORMS AND AUTOMATION

around occasions like the Father's Day holiday, such as "personalized speakers" or "custom speakers." For example, Harman enables shoppers to upload pictures, such as kids' pictures, to customize portable speakers for dads. In those ads it also mentions the quick turnaround time of shipping in 5-7 business days, Spinato says.

The beauty of paid search and social advertising is that they are easy to track and measure, Spinato says. "Those are the acquisition channels we are shooting for because it's easy to track the click to purchase," he says. It uses digital marketing agency Merkle Inc. to manage its marketing spend, and Merkle is evaluating channels every day and shifting Harman's ad budget based on how channels are performing. For example, one day it puts more money on targeted Facebook ads versus Google Shopping ads based on clicks and conversions.

But managing paid media spend can be a lot of work. To save time and resources, Harman is turning to Salesforce to help it automate its

marketing. Harman is in the midst of tying its Salesforce Service, Marketing and Commerce clouds together to automate sending relevant, customized marketing messages to shoppers.

"If a customer calls us about our portable speaker, that lights up in Service Cloud [and] then Marketing Cloud can use that data to send an automatically triggered email to that individual about portable speakers," Spinato says.

It also uses Salesforce to deploy cookies so that if a customer who is not registered on one of the retailer's ecommerce sites places an item in his cart and then visits another site, such as Facebook, he will be presented with ads for that product, enabling Harman to remarket to the shopper without collecting his email address.

**Other retailers are strengthening their** email marketing automation strategies. For example, personal grooming tools manufacturer Tweezerman is working with rating and reviews vendor Yotpo Ltd. to send automated, personalized emails. When a shopper makes a purchase, she is automatically sent an email asking her to review her new product. Yotpo's system allows the shopper to complete a review directly from within the email Tweezerman sends soliciting the review.

Tweezerman is currently working on using more Yotpo features to keep purchasers engaged. For example, in the emails asking a shopper to leave a review about her recent eyelash curler, Yotpo might automatically pull in additional content directing her to tips on the Tweezerman site to



The percentage that Harman's direct ecommerce sales grew in 2019.



# AUTOMATIC GAINS

## DIGITAL MARKETING, PLATFORMS AND AUTOMATION

help her better understand how to use it. It also is working on implementing cross-sells, such as promoting the Lash Assist or Every Last Lash eyelash tools to a shopper who, for example, just bought an eyelash curler. It hopes to continue to build on these capabilities in other ways, too. For example, a year after a shopper buys an eyelash curler, the retailer might send her a reminder to replace her eyelash curler pads.



54% of retailers spend more than 10% of their marketing budgets on email, according to the Digital Commerce 360 survey. 76% say email is effective. And 53% list email as one of their top three customer acquisition marketing tactics.

**But email isn't the only automation lever** retailers can pull. For example, Harman is working on a project to dynamically change the ecommerce homepages of its sites to display products based on the ad the shopper clicked on, such as wireless JBL headphones. "We'll be there with that by Christmas," Spinato says.

It's important for retailers considering implementing automated marketing to understand that it takes groundwork and a clear, well-planned strategy to reap rewards from such platforms, says Rebecca Lieb, analyst and founding partner at research and advisory firm Kaleido Insights.

"Marketing automation can indeed help a business in myriad ways. What I don't like about the phrase, however, is the word 'automation,'" she says. "Without solid content and technology strategies, as well as sophisticated use of data, these platforms are just another element in the marketing technology stack."

Lieb says retailers still need to do their research when selecting programs to see how they will fit with their business and current technologies, integrate them with existing technology and constantly monitor, analyze and update them. For example, some programs need to be refreshed with different customer segments and tweaked for sales and promotions, as well as seasonality. "All the data they collect must be analyzed and those findings must be used to optimize efforts going forward. Without this level of dedication, marketing automation platforms will quickly cease to be quite so 'automated,'" she says.

However, when implemented and managed correctly, potential payoffs include better data, better customer relationships, higher sales, customer retention and more precise personalization, she says.

## AUTOMATIC GAINS

### DIGITAL MARKETING, PLATFORMS AND AUTOMATION

Beyond connecting its Salesforce clouds, Harman is working on more ways to streamline and squeeze more out of its marketing. The manufacturer is currently building a data management platform that will house all its campaign data and results across its divisions, including connected cars, lifestyle audio (for individual consumers) and professional audio (for businesses and organizations).

“Typically, you work with an agency and do media buys for one division,” Spinato says. “You’ll do one campaign for one division around the holiday.

US Wellness Meats uses email marketing campaigns that offer product recommendations for individual customers based on purchasing habits, browsing and search patterns.

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Then, those results are stored in a PowerPoint on someone’s desktop.” Compiling all campaign data across all divisions—along with data collected about consumers via cookies as they travel to sites such as Facebook or Cars.com—will help it pull in more qualified customers, he says.

“Everything—all campaign learnings will be in the platform, whether it’s lifestyle or automotive. So, we could use that platform to find a segment of consumers who show affinity for sports and are into cars. Then, we could target them with wireless headphones,” Spinato says.

**Smaller players are also reaping the time-saving benefits of marketing automation.**

Twenty-year-old meat purveyor US Wellness Meats is one such retailer. In 2017, it began using autonomous marketing firm Albert Technologies Ltd. and email marketing vendor Bluecore to automate finding new audiences, reduce customer acquisition costs and maintain its relationship with existing customers.

Albert is a marketing platform that uses artificial intelligence technology to automate retailers’ digital advertising programs. Albert aims to perform many of the manual, time-consuming tasks involved in a marketing campaign—from digital media buying to execution to

# 28%

US Wellness Meats’ conversion rate for cart abandonment emails.





'Instead of laboring over demographics, messaging and politics, we let the algorithms do the work.'

— John Wood, CEO, US Wellness Meats

optimization and analysis. Albert additionally offers retailers insights and recommendations based on the data it gathers over time. 53% of retailers use artificial intelligence to target ads, according to the Digital Commerce 360 survey.

US Wellness Meats, which generates several million in online sales each year, first tasked Albert with creating new awareness and demand for its products among its three primary customer types: moms, foodies and consumers following special diets, such as Keto and Paleo. Albert began by conducting large-scale lookalike campaigns on social media and in paid search advertising and autonomously testing multiple creative combinations across hundreds of audience segments. Once it identified the characteristics of its highest-value audiences and which creative combinations each responded to, it scaled its autonomous targeting efforts using the most valuable combinations.

"We chose Albert for its ability to autonomously run our paid social media and search campaigns and help us focus on high-value audiences and the right creative," says CEO John Wood. "Our in-house marketing resources are limited and there are so

many places to focus and be; we found ourselves just reacting and doing. This was not a strategy, just a bunch of tactics. Albert offered us structure, focus and an extra team member, if you will."

Wood says Albert helped US Wellness Meats find and invest in marketing to audiences with the highest ROI. "We don't have marketing dollars to waste so we do our best to develop a loyal customer base," he says.

The retailer's conversion rates from paid search are now between 7% and 8% and paid search is the retailer's top-converting marketing channel, Wood says.

Email, however, ranks a not-too-distant second, he says, at 6% to 7%. "From a purely cost basis, paid search allows us to be flexible with our ad budget and adjust to fit the circumstances. But email is our bread and butter," Wood says.

**US Wellness Meats is using Bluecore** to segment emails by customer types—like the aforementioned foodies, moms and special diet customers. It also allows the retailer to tailor its communications to a customer's interaction with

## AUTOMATIC GAINS

DIGITAL MARKETING, PLATFORMS AND AUTOMATION

specific products, such as if she just viewed a product, abandoned a cart or her replenishment pattern for specific items over time.

At the start of 2020, the retailer generated a 17% conversion rate average for back-in-stock triggered emails, 28% for cart abandonment emails, 15% search abandonment (meaning a shopper searched for a product but didn't end up clicking on a product from those search results), and 17% for product abandonment (meaning the shopper made it to product page but didn't add a product to her cart or buy).

However, Wood notes that the last few months have been outliers due to the pandemic. "Panic food buying beginning in early March blew away any numbers we could use for comparison. We're watching very closely to see how things level out," he says.

Additionally, Wood has been using Bluecore's Smart Promo, an automated email marketing campaign that offers product recommendations for individual customers based on purchasing habits, browsing, search patterns and more. The program allows US Wellness Meats to send very specific messages to each individual customer, he says. The Smart Promo campaigns have generated a competitive open rate, click-through rate and conversion rate, Wood says, without sharing specifics.

With the insights provided by Bluecore and Albert, US Wellness Meats now gets a much fuller view of each shopper. "We now understand their



Email marketing is US Wellness Meats' bread and butter, says CEO John Wood.

historical buying patterns and cadence down to every product they've ever looked at, interacted with or bought—and what prompted them to the site," Wood says. "Was it one of our emails? A Google search? Social media? A promotion?" Knowing what brought a customer to the site helps US Wellness Meats identify the best marketing channels, Wood says.

"We're sold on machine learning and AI," Wood says. "We could have an office building full of marketing professionals and it wouldn't be as productive as what we're using. Instead of laboring over demographics, messaging and politics, we let the algorithms do the work."

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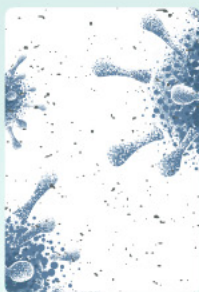
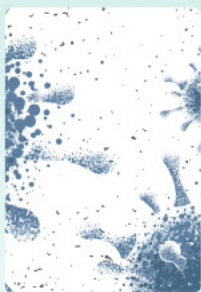
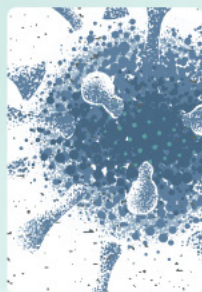
# CONNECTING WITH SHOPPERS ONLINE DURING THE PANDEMIC

During the coronavirus pandemic, online retailers are reaching shoppers with at-home workouts, hosting livestreaming events and encouraging discussion via social media.

BY STEPHANIE CRETS

Retailers are finding new ways to connect virtually with shoppers and continue to boost sales online during the coronavirus pandemic, when stores are closed and shoppers are mostly at home. And not all marketing tactics are selling-focused, as retailers are promoting more at-home workouts, encouraging discussions and marketing self-care.

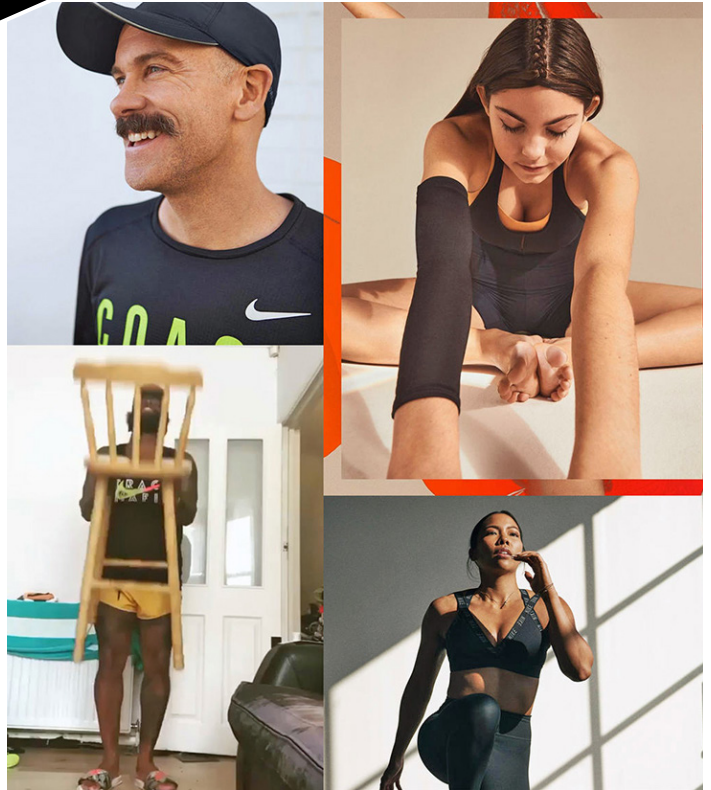
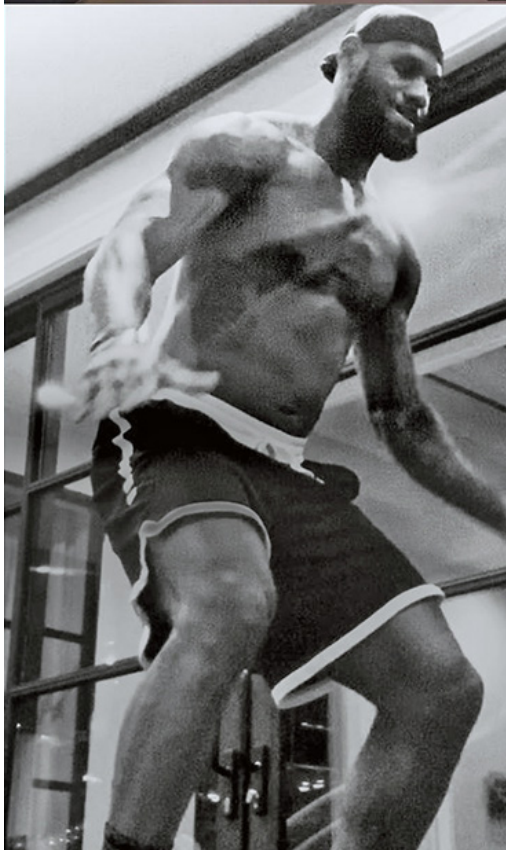
Here are a few strategies retailers used to bridge the offline gap to reach consumers online.



# CONNECTING WITH SHOPPERS ONLINE

DIGITAL MARKETING, PLATFORMS AND AUTOMATION

**Footwear retailer Nike Inc. leaned** into its digital assets to help consumers while they were at home. It encouraged consumers in emails and social media messages to try its fitness apps: the Nike



Nike trainers perform workouts at home for Nike members to follow while they shelter in place during the coronavirus pandemic.

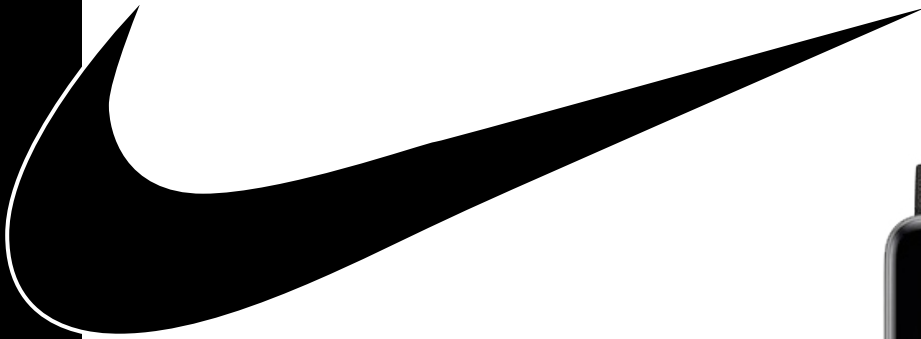
Run Club app, which includes a GPS tracker and guided audio runs, and the Nike Training Club app, which contains a library of 185 online workouts.

“We are dialing up the strength of Nike’s digital ecosystem to continue our strategy of building unbreakable relationships with consumers and helping athletes maintain their physical and mental well-being while at home,” said Heidi O’Neill, president, consumer and marketplace at Nike, in a press release. “And [we are] leveraging our entire digital portfolio to provide consumers with tools, motivation and inspiration and continue to make sport a daily habit all over the world.”



# CONNECTING WITH SHOPPERS ONLINE

## DIGITAL MARKETING, PLATFORMS AND AUTOMATION



The consumer brand manufacturer's efforts have paid off by engaging consumers and acquiring new customers. Nike Run Club app had 1 million new consumers sign up for an account in the app, as well as a 42% increase in runs logged on the app in March compared with the previous year, Nike says.

# 1 million

The number of new consumers who made an account in Nike's Run Club app in March.

Nike also saw a higher engagement from female consumers in its running app: Two women performed workouts for every one man in the app in March compared with the previous year. Also in March, more than 50% of the women who purchased Nike products online are first-time buyers with the retailer.

Nike launched a kid-focused workout with Brian Nunez and his daughter Bella.

In addition, Nike in early June launched a kid-focused workout in its Nike Training Club app called "Fitness Adventure with Brian and Bella"—hosted by 7-year-old Bella, daughter of Nike trainer Brian Nunez. The retailer says it wants to encourage more kids to play and move, especially as they haven't had their regular school gym classes during the pandemic.





# CONNECTING WITH SHOPPERS ONLINE

## DIGITAL MARKETING, PLATFORMS AND AUTOMATION

The footwear retailer also livestreamed workouts via YouTube since the pandemic began—and an average of 850,000 consumers join the streams weekly, Nike says.



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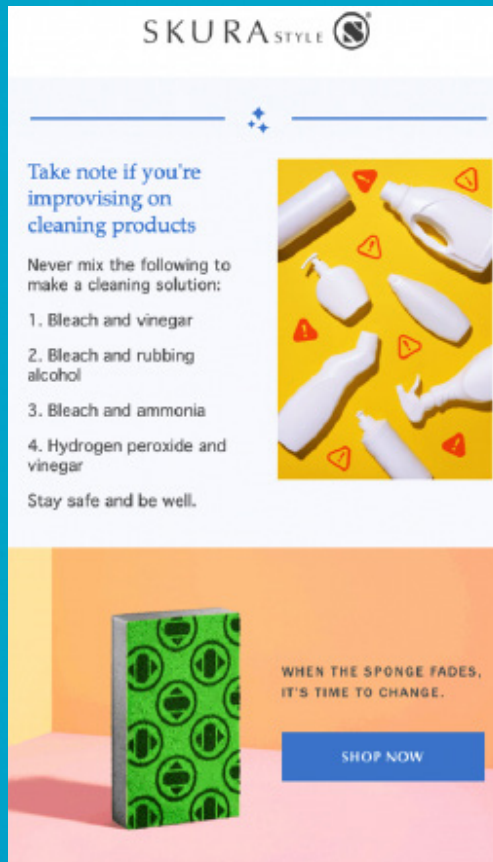
## DIGITAL MARKETING, PLATFORMS AND AUTOMATION

**Sponge retailer Skura Style saw a huge spike** in sales when the coronavirus pandemic swept the U.S. and as consumers stocked up on cleaning supplies.

Online sales grew 150% from mid-March to mid-May compared with the same period in 2019, co-founder and CEO Alison Matz says without providing exact sales figures.

“People who normally didn’t buy a lot of things or essential items in ecommerce, they’re coming to realize the convenience of it,” Matz says.

Despite the growth in sales, Skura Style’s marketing strategy remains unchanged. “Our message is about the product. The difference is that it seems to



SKURA STYLE

Take note if you're improvising on cleaning products


Never mix the following to make a cleaning solution:

1. Bleach and vinegar
2. Bleach and rubbing alcohol
3. Bleach and ammonia
4. Hydrogen peroxide and vinegar

Stay safe and be well.

WHEN THE SPONGE FADES, IT'S TIME TO CHANGE.

SHOP NOW



SKURA STYLE

Make your own liquid hand soap!

If you're seeing a shortage of hand soap, here's how to make your own. Spoiler alert: It's simple.

1. Use bar soap. Can be remnants or a new bar. But should feel equivalent to a bar of soap.
2. Grate it. Like you would cheese.
3. Put in pan with about eight cups of water and heat it until it's melted.
4. Let it cool. Then cover and let it sit for about 24 hours.
5. Stir with a whisk and then it's ready to pour in empty pump containers.

WHEN THE SPONGE FADES, IT'S TIME TO CHANGE.





'Our message is about the product. The difference is that it seems to resonate now more than ever before.'

— Alison Matz, co-founder and CEO, Skura Style

resonate now more than ever before," Matz says.

Skura Style does a lot of email marketing with "really great open rates," Matz says without revealing more. Every Sunday, it sends a newsletter cleaning kit with a reminder that it might be time to change the sponge—complete with a "cute" GIF, or animated picture. Its newsletter is not always sponge-related. For example, it sent one with information on how to make hand sanitizer at home when the product was in high demand.

It also uses Facebook and Instagram, both paid and organic, as well as radio advertisements on Sirius XM. Matz and her co-founder (and childhood best

friend) Linda Sawyer do the voiceover for the commercial of "two women talking big sponge," Matz says.

In its marketing messages, the sponge retailer has been careful not to suggest that its product is anti-viral because it will not prevent anything to do with COVID-19, but that it is anti-bacterial and will inhibit the growth of bacteria on the sponge, on kitchen counters and on dishes.

"We've always been in the business of kitchen well-being, and that's a message we believe in because it is timeless in its relevancy," Matz says.



# CONNECTING WITH SHOPPERS ONLINE

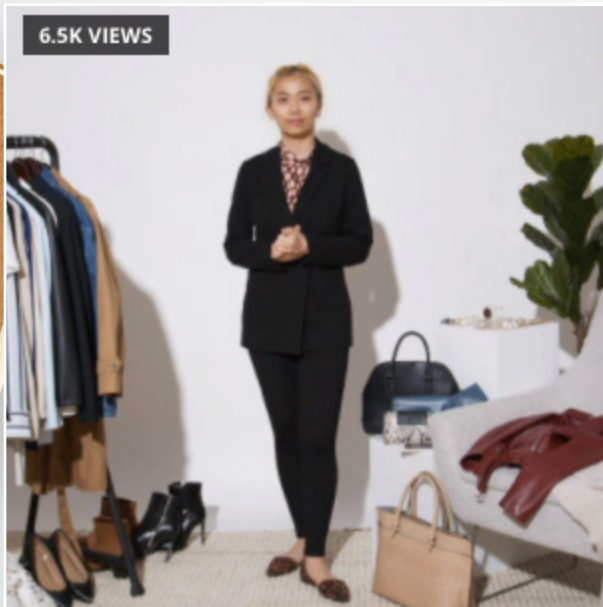
DIGITAL MARKETING, PLATFORMS AND AUTOMATION



Betabrand alters its livestream shopping events as its employees work at home.

**Women's apparel retailer Betabrand.com**, like many apparel retailers, strapped in for a “rollercoaster ride” when the pandemic first struck the U.S., says Chris Lindland, founder and CEO of Betabrand.com. Shoppers weren't concerned about buying new clothes; they were stocking up on essentials like cleaning supplies, toilet paper and food. With many consumers now working from home, Betabrand had to switch gears, especially because its best-selling product—dress pant yoga pants—is marketed as something a shopper wears to the office.

“How do we depict our No. 1 product as a different thing overnight?” Lindland says. “We figured people don't want to wear pajamas all the time because there is a psychological shift that needs to happen before you start work at home.”





# CONNECTING WITH SHOPPERS ONLINE

DIGITAL MARKETING, PLATFORMS AND AUTOMATION

So, the retailer changed its landing pages to show consumers wearing its product while working from home. And then it began testing on a weekly basis whether a work-from-home or an office-focused landing page was working better to generate sales. “We’ve seen variations because people might be sick of working from home and want to aspirationally purchase for something else,” Lindland says. It continues to test the different landing pages as consumers’ preferences frequently change, he says.

Additionally, Betabrand had to migrate its livestream selling channel to work in employees’ homes from conducting the livestream in the office. Betabrand employees host the livestream and use it to launch and showcase new products. The retailer also built a chat room to go along with the show that allows shoppers to chat one-on-one with employees and purchase the products within the chat room.

“It’s a rapid-fire conversation between employees and shoppers,” Lindland says. “But it was an amazing technical challenge to figure out how to put on a work-from-home fashion show.”

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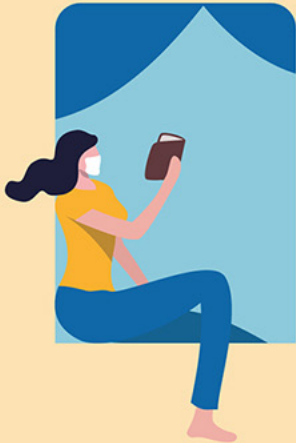


# CONNECTING WITH SHOPPERS ONLINE

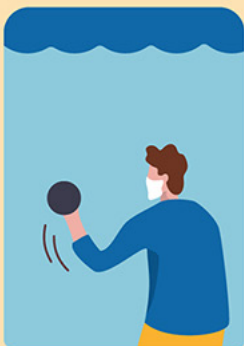
## DIGITAL MARKETING, PLATFORMS AND AUTOMATION



**Other top online retailers, including Glossier, Ulta, Village Candle, Stonewall Kitchen and ColourPop** have switched up their marketing messages during the pandemic to hit on topics relevant to consumers during these times. For example, these retailers are encouraging good hygiene, featuring contactless services, facilitating social media discussions that have nothing to do with the products they sell, and promoting products that they may have in-stock versus other retailers and those products that can make their stay-at-home life more comforting.

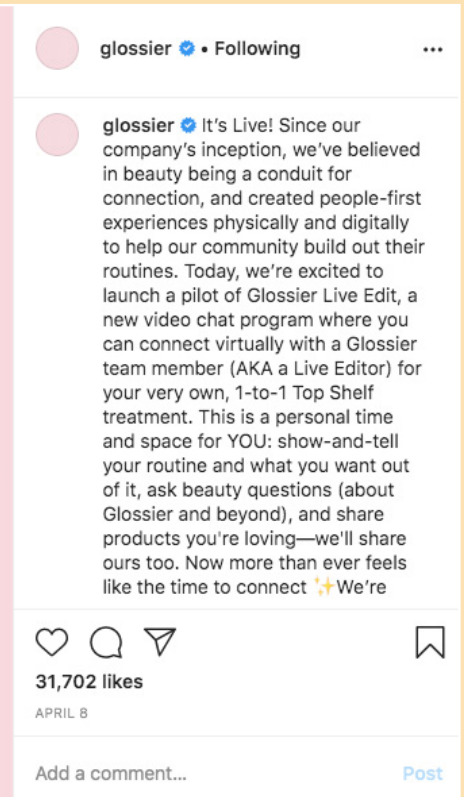
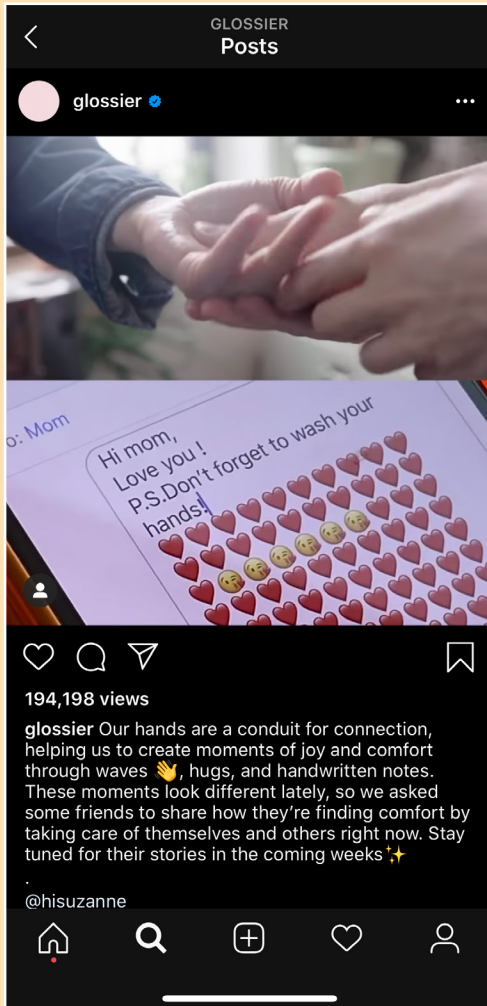


“Keeping a pulse on customers’ wants and needs is what marketers do—it just so happens that the pandemic created some very unusual needs,” says Shannon Warner, vice president of retail and consumer goods at digital technology consulting firm Capgemini. “To the degree that customers continue to work from home, are socially distant, travel less, marketers will continue to focus on messages about how to shop online and via mobile apps as well as offer virtual services.”



# CONNECTING WITH SHOPPERS ONLINE

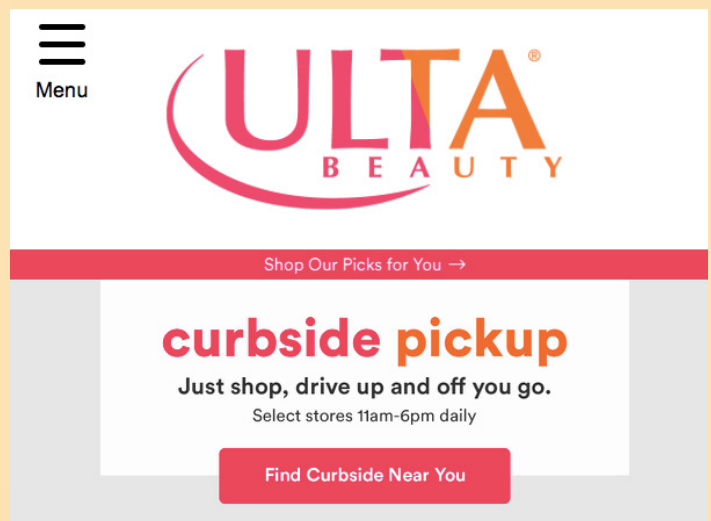
## DIGITAL MARKETING, PLATFORMS AND AUTOMATION



Skin care and cosmetics retailer Glossier connects with its shoppers via Instagram through Glossier Live Edit, a video chat program. It also encourages shoppers to wash their hands as part of their beauty routine.



Ulta Beauty Inc. continues to let its shoppers know that curbside pickup is an option as some stores reopen and others remain closed amid the pandemic.



# CONNECTING WITH SHOPPERS ONLINE

## DIGITAL MARKETING, PLATFORMS AND AUTOMATION



Candle retailer Village Candle encourages shoppers to make their at-home experience more relaxing.



Cosmetics retailer ColourPop regularly hosts livestreams on its Instagram Stories where one of its employees does a makeup look using ColourPop products. It also encourages discussions about non-ColourPop-related topics, such as decluttering, on its Instagram posts while shoppers sheltered in place.

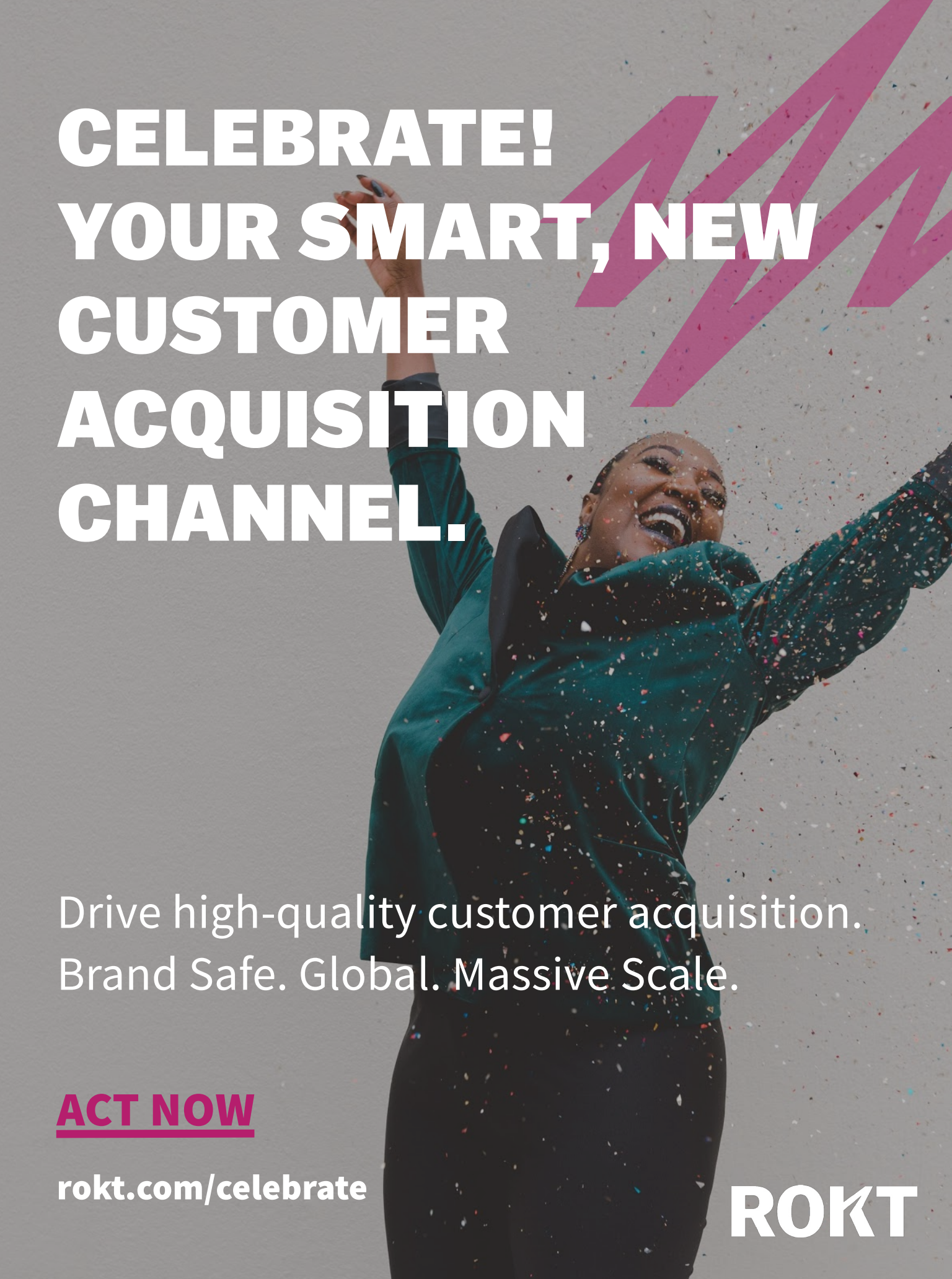


Specialty food retailer Stonewall Kitchen lets its customers know via email that they have pasta and other high-demand staples in stock when grocery stores may have had low inventory.



secrets@digitalcommerce360.com | @StephCretsDC360



A woman in a teal suit is celebrating with her arms raised, surrounded by confetti. A large pink arrow graphic points upwards in the background.

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**ROKT**

# SPEND, TRENDS AND EFFECTIVENESS OF DIGITAL MARKETING IN TODAY'S ECOMMERCE WORLD

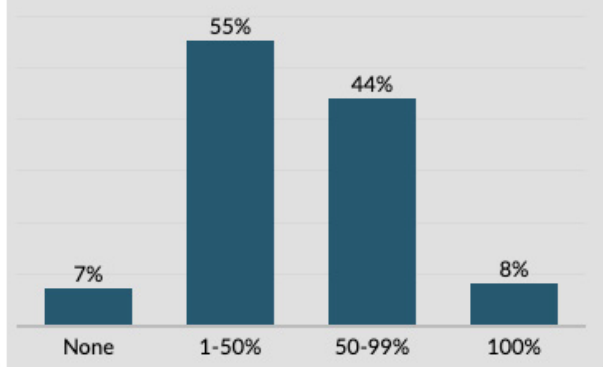
Digital Commerce 360's sixth-annual marketing survey reveals 2020 digital marketing trends. Retailers are increasing their digital marketing budgets, allocating funds for customer acquisition and finding success with email and social media marketing.

BY TABITHA CASSIDY

## DIGITAL MARKETING SPEND

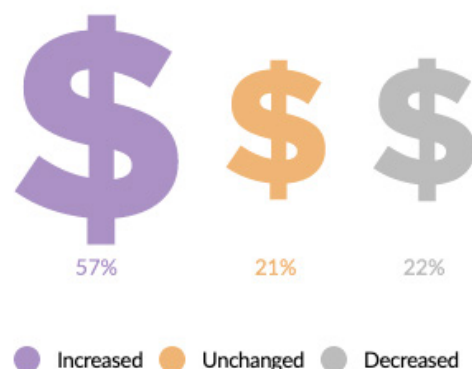
### Online vs. offline advertising budgets are split

What percentage of your overall marketing budget is dedicated to digital vs. offline advertising?



### Digital marketing budgets have increased since 2019

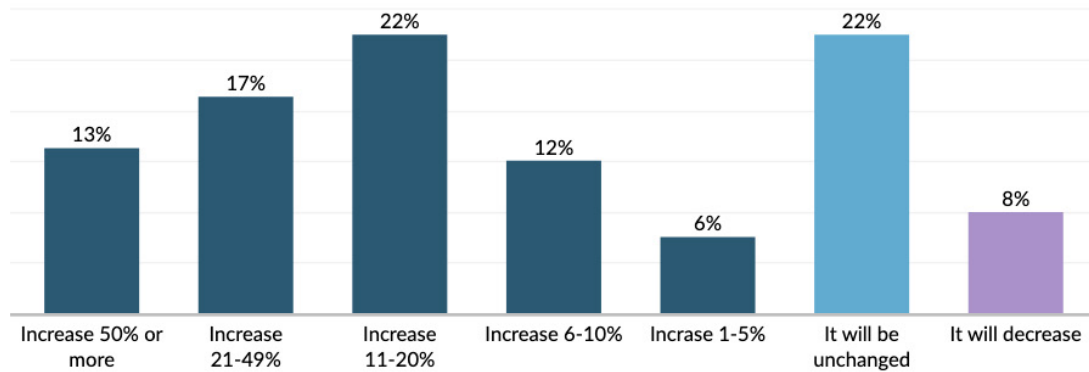
How has your digital marketing budget changed compared to 2019? Include COVID-19 changes.





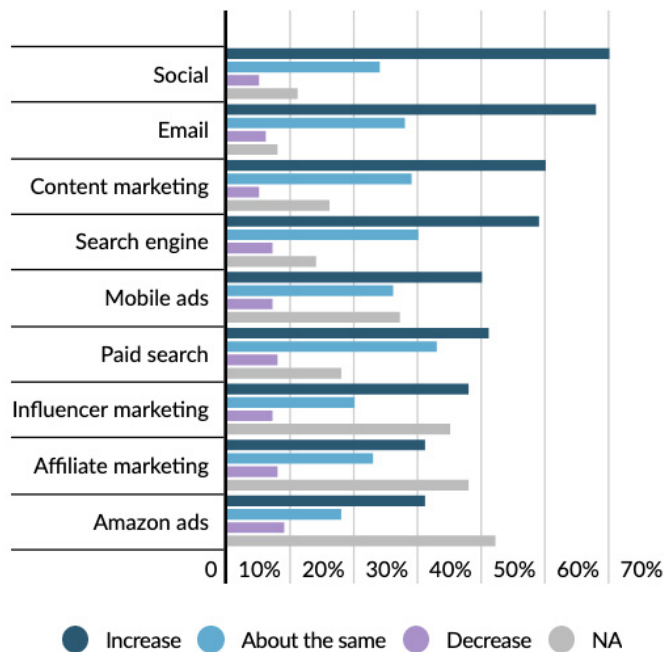
### Digital advertising spend is projected to increase next year

How much do you expect your digital ad spending to change next year?



### Social media advertising will see the greatest year-over-year budget increases along with email marketing

Thinking about your entire range of digital marketing, where do you project your ad spend will change in 2021?



When asked where ad spend will fluctuate across channels, most retailers say it will increase on three platforms.



Social media marketing spend to increase for 60% of retailers, decrease for 5%.



Email marketing spend to increase for 58%, decrease for 6%.

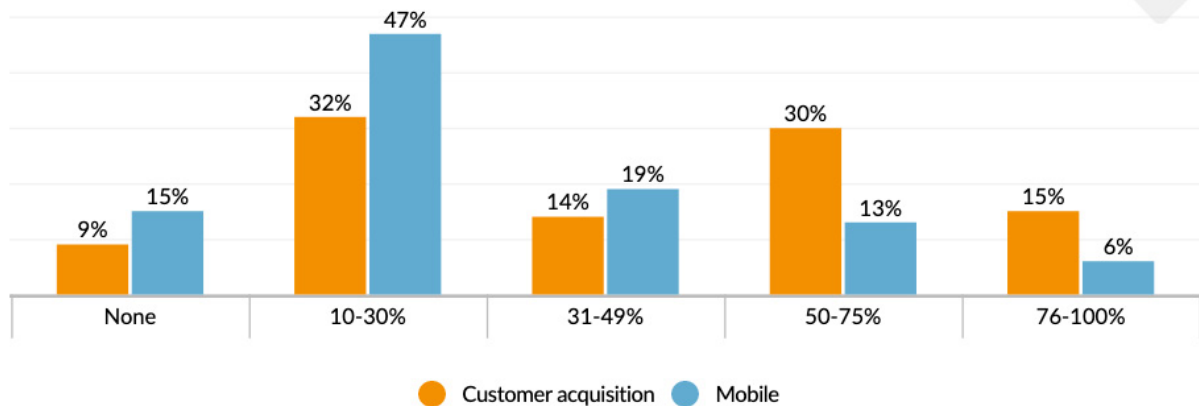


Content marketing to increase for 50%, decrease for 5%.

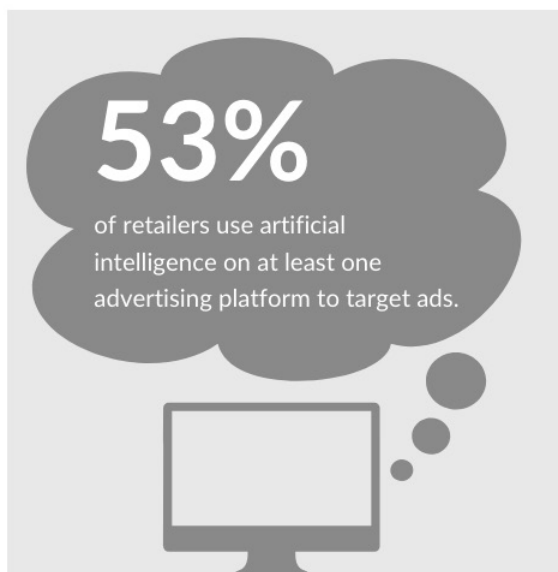
## DIGITAL MARKETING FOCUS

Marketing for mobile is evenly split across retailers, but focus on customer acquisition is priority for most

*What percentage of your overall digital marketing budget is focused on customer acquisition? On mobile?*

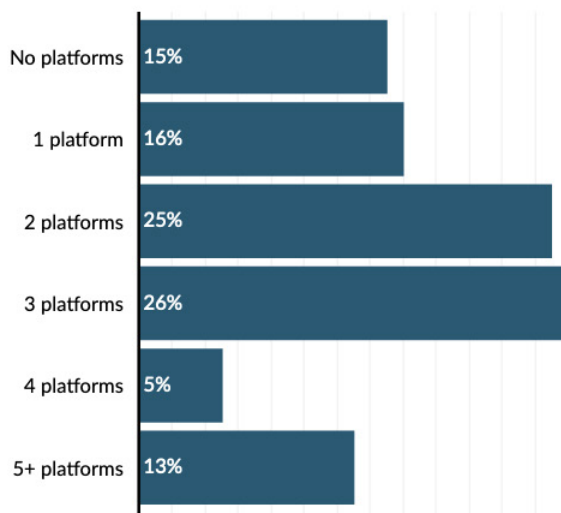


## DIGITAL MARKETING TACTICS



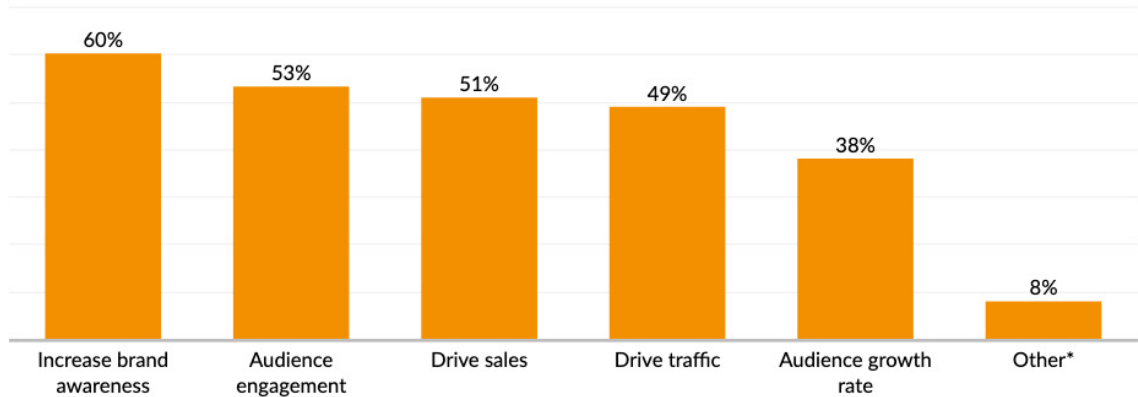
### MARKETING PLATFORMS

*How many marketing platforms or marketing software technologies do you use?*



## Retailers use social media to increase brand awareness

What is the goal of your social media advertising? Please select all that apply.  
\*Other includes hiring, social commerce, networking, brand advocacy, and NA



## SOCIAL AD CHANNELS

### Facebook is the most used social media channel for retailer advertising

Which social networks do you advertise on? Please select all that apply.



82%



60%



43%



35%



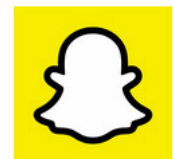
31%



28%



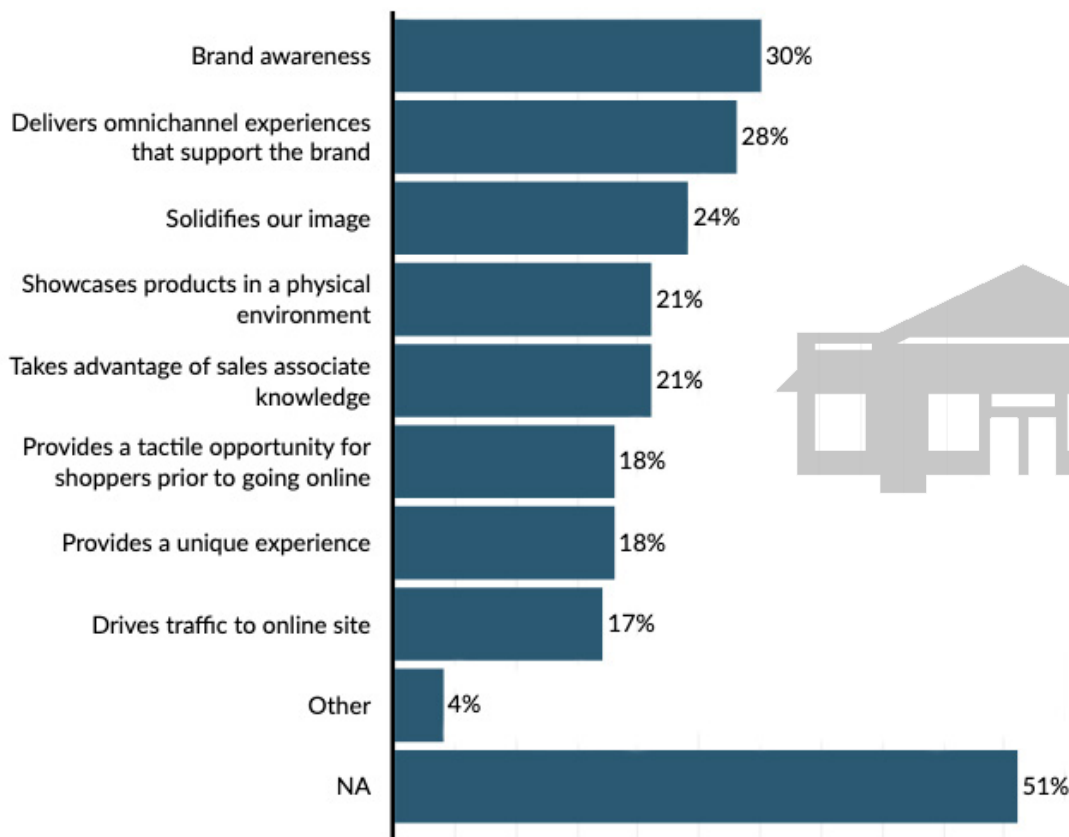
5%



4%

## Physical stores help retailers most with brand awareness and providing omnichannel services

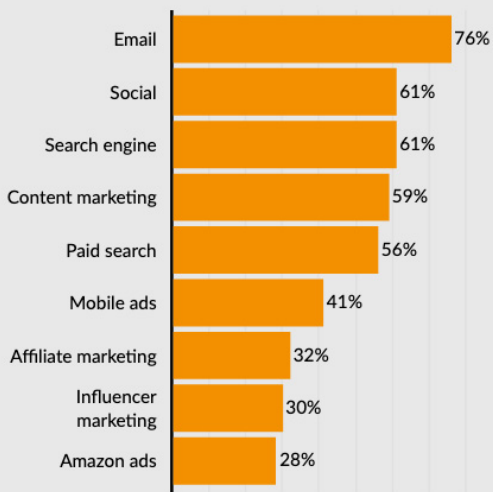
*In which of the following ways has your physical store been important from a marketing perspective?*



### DIGITAL MARKETING EFFECTIVENESS

#### Retailers deem the following marketing channels effective

How effective have each of the following been in 2020?



When asked about the effectiveness of each digital marketing channel, retailers said that email, social, search engine and content marketing were the most effective platforms to advertise on.



Email marketing was determined to be the most effective in 2020.



Social media marketing was at least somewhat effective for 61% of retailers.



Search engine marketing was tied with social media for effectiveness.



Content marketing was effective for 59% of digital marketers.

#### Beyond email and paid search, most digital marketing tactics are deemed as somewhat effective

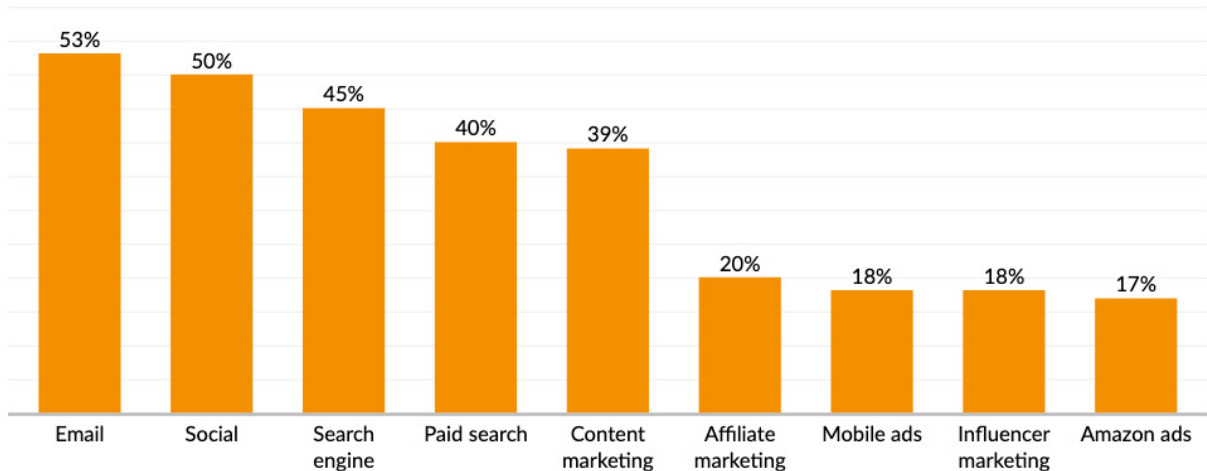
Thinking about your entire range of digital marketing, how effective have each of the following been in 2020?

Marketing Platform	Very effective	Somewhat effective	Neither effective nor ineffective	Somewhat ineffective	Very ineffective	NA
Search engine	19%	42%	14%	3%	5%	17%
Social media	19%	42%	14%	10%	3%	12%
Content marketing	18%	41%	13%	6%	3%	19%
Email	37%	39%	10%	3%	1%	10%
Paid search	25%	31%	9%	5%	5%	25%
Mobile ads	12%	29%	12%	10%	3%	34%
Affiliate marketing	8%	24%	10%	6%	6%	46%
Influencer marketing	9%	21%	11%	11%	12%	36%
Amazon ads	10%	18%	5%	10%	5%	52%



## Email and social media drive customer acquisition

Which marketing tactics have been most successful for driving customer acquisition? Select your top 3.



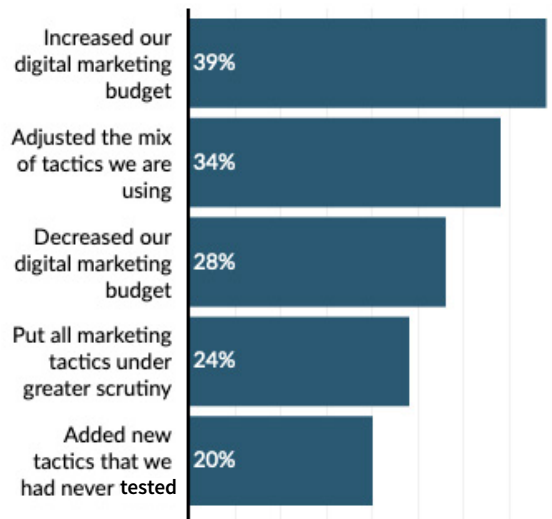
## DIGITAL MARKETING & COVID-19

### The coronavirus forced a series of adjustments to marketing budgets and methodologies

What adjustments did you make to your digital marketing budget during the pandemic? Select all that apply.

According to an April 2 Digital Commerce 360 survey of 107 retailers, 50% of retailers expected a significant downturn in revenue because of the coronavirus pandemic, with 42% seeing a downturn in website traffic.

As the nation begins to reopen, retailers are adjusting their digital marketing budgets and tactics, with 39% increasing their budget and 20% adding new tactics never before tested, according to the June survey. Meanwhile, 24% are examining all of their marketing tactics.



# DSW OVERHAULS MARKETING STRATEGY DURING PANDEMIC

DSW chief marketing officer Amy Stevenson chats with Digital Commerce 360 about how it has adjusted its marketing message, spend and execution during the coronavirus pandemic.

BY APRIL BERTHENE

**Speed has never been more critical to**  
DSW Inc.'s marketing operations.

In the last few months since the coronavirus pandemic became widespread in the U.S., the shoe and handbag retail chain has drastically changed its marketing messages, spend and how it even puts together a new marketing campaign, says DSW chief marketing officer Amy Stevenson.

“We had to change everything—absolutely everything—and that starts with the message,” Stevenson says.

In the first few weeks in March, when the spread of COVID-19 accelerated in the U.S. and many municipalities announced stay-at-home orders, DSW's marketing message focused on the health and safety of its associates. It also focused on customer service policies, such as extended return policies and extending the expiration date of its loyalty program rewards points.

That initial “triage” period took about 3 weeks. And by the beginning of April, consumers were more settled into the new, normal way of life, Stevenson says. Then, DSW moved into its



## DSW OVERHAULS MARKETING STRATEGY

DIGITAL MARKETING, PLATFORMS AND AUTOMATION



'Retail is tough right now and they want to see us win.'

— Amy Stevenson, chief marketing officer, DSW

next phase of COVID-19 messaging, which it anticipates employing through the end of July, Stevenson says. This phase has four major pillars: health and safety, philanthropy, deals and discounts, and convenience. For example, it is highlighting its new curbside pickup service for online orders, how it is accepting shoe donations via curbside pickup, storing returns for 72 hours before restocking to ensure they don't carry the coronavirus, and how it is discounting products, Stevenson says. Read more details on the sidebar on Page 39.

By the end of July, DSW will reevaluate how it should adjust its marketing message based on what life might look like in the fall, such as if there is a vaccine, or if students are returning to school and it should run back-to-school campaigns in certain markets. Designer Brands is the parent company of DSW.

# 20%

How much DSW has increased its marketing budget for influencers during the pandemic.

**Because life has changed so quickly,** the retailer also had to adapt, cut its losses and move forward. For example, a few marketing photoshoots it conducted in late February and early March were no longer relevant, Stevenson says, such as images of consumers close together and socializing in restaurants.

With that, the marketing department also scrapped promoting products that are not selling during this time, such as dress shoes. Instead, DSW is marketing shoes that at-home consumers are wearing, such as slippers and athletic shoes for at-home workouts.

"We are in close touch with the merchandising team to make sure what we're featuring is what's actually selling," she says.

This is a smart strategy, says Rebecca Lieb, co-founder at research firm Kaleido Insights, as footwear is an enduring need and DSW should continue marketing.

"While we're locked down more or less, people still need footwear," Lieb says. "Many are continuing running and other fitness programs, indoor and out. Many states are relaxing



# DSW OVERHAULS MARKETING STRATEGY

DIGITAL MARKETING, PLATFORMS AND AUTOMATION

lockdown, and many are transitioning from cold to warm weather footwear.”

Because information is changing so fast, DSW can’t come up with a plan now and expect it to be relevant in a month, Stevenson says. Instead, it needs to decide on a campaign and immediately put it into action. Stevenson estimates it is executing marketing campaigns—from idea to launch—70% faster than normal.

In some instances, it has sped up campaigns to turn around in 2-3 weeks, up from planning something 6 months in advance. In one extreme example, DSW decided to do a TV commercial about all of its health and safety initiatives, which it turned around in 7 days to debut on Memorial Day weekend. “That’s unheard of,” she says.

This means its marketing employees have to operate “more like entrepreneurs” and make

## DSW’S FOUR MARKETING PILLARS

Retail chain DSW has four messages that it is emphasizing in its marketing materials, including health and safety, philanthropy, deals and discounts, and convenience.

As DSW’s stores being to reopen, it’s paramount for the retail chain to communicate what it is doing to keep both shoppers and its associates safe, because shoppers won’t come in unless they feel confident that they will be safe, says DSW chief marketing officer Amy Stevenson. For example, it is having one-way walking traffic in its store aisles to ensure consumers can social distance. Plus, it is holding returns for 72 hours in the back of the store before it restocks the products to the shelves, Stevenson says. This is to ensure that the virus that could be living on the packaging is killed before it’s put out on the floor. Along the same lines, after a shopper tries on shoes in stores, it is disinfecting them or holding them aside for 24 hours before putting them back on shelves.

Value is always a part of DSW’s brand, Stevenson says. Now, when many consumers have been laid off or furloughed, the retailer is going to highlight and offer more sales and promotions for shoppers than usual, she says.

For philanthropy, DSW already has a program established with charity Soles4Souls, which donates used shoes to communities in need. Now, when many

consumers are tuned into giving back, DSW is leaning into that partnership, Stevenson says. Plus, it is allowing shoppers to drop off shoe donations curbside.

Curbside is a new service that DSW quickly deployed to all of its stores during the pandemic, which it plans to market as a part of its “convenience” marketing pillar.

“We had talked about curbside and we were testing it in one store, using a fancy application to make it happen,” Stevenson says. “And then COVID hit and we were like, ‘holy crap, we need to roll this out quickly.’”

That one store had a pilot test in summer 2019. DSW started rolling out the service to some stores by the end of March, and by mid-April every store had it, she says. DSW also started offering curbside returns to make it fast and easy. Because of positive customer feedback about curbside service, it is going to start advertising that it offers this service.

“[Curbside] continues to grow as a percent of sale every day. Once you experience it once, and see how easy it is to use, people come back and use it,” Stevenson says without revealing more.

DSW still plans to offer the service as its store reopen, and it anticipates shoppers will continue to use it.

— April Berthene

# DSW OVERHAULS MARKETING STRATEGY

DIGITAL MARKETING, PLATFORMS AND AUTOMATION

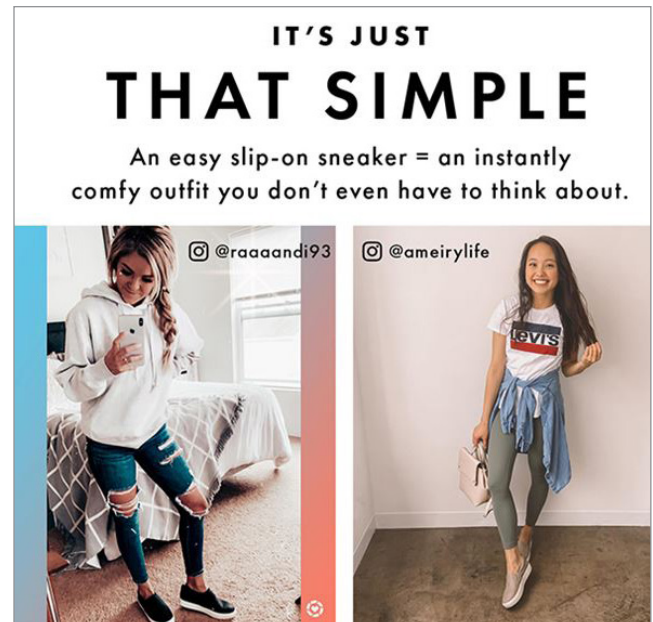
decisions and execute them rapidly, she says. This has called for a different skill set in its employees, such as flexibility, working in a gray area and being creative, Stevenson says. It's been fun, Stevenson says, to work with her employees in new ways.

"They're seeing more data and insights than they've ever seen before, and they feel more connected to the business," she says. "Retail is tough right now, and they want to see us win."

**DSW is using more templated** email campaigns to speed up campaign execution. Templated email campaigns are faster to put together and use blocks of content that a marketer can move around, compared with a custom-designed email campaign, which is more time-consuming but allows for more tailored messaging and storytelling. While both are needed for different scenarios, templated emails are much faster, so DSW has relied on them more than usual during this period.

A few of its email campaigns it's put out since COVID-19 are free at-home workout tips. The retailer worked with one of its wholesalers, Reebok, to put together a campaign that shows how consumers can do workouts at home—while in athletic shoes.

Another campaign it's adjusted is a free gift with purchase. Instead of the planned tote bag—as consumers don't have a huge need to be carrying around a tote bag—DSW switched the free gift to offer a free 2-month subscription to a fitness app, Stevenson says.



DSW relies on influencers for images in its email marketing messages.

# 70%

How much faster DSW executes its marketing campaigns now compared with pre-pandemic.

'For me, our No. 1 priority is that we continue to engage our 12-month active customer base.'

— Amy Stevenson, chief marketing officer, DSW

Other marketing campaigns have featured shoes that consumers should have for virtual happy hours with friends, or at-home fashion shows.

DSW has not increased the number of email campaign sends but rather adjusted the email's content and the subject lines. Consumers are still listening, as email engagement—measured in clicks and opens—increased 22% during the 6 weeks in April and the beginning of May, compared with the prior 6 weeks, she says. Email spend is not expensive from a dollar standpoint,


but it does take a lot of resources and time from employees, Stevenson says.

Because the retailer had to cut some of its planned content, and without being able to physically have in-person photoshoots, DSW contacted its influencers and affiliates for permission to use some of their images in its marketing materials, Stevenson says. Plus, it increased its budget for affiliates and influencers 20% during the pandemic compared with prior to the pandemic. It's also "amped up" how it

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FASHION  
SHOW**

Your hallway = your  
runway.

Dolce Vita Vivian \$49.99  
(Comp. Value \$100)



DSW switches its marketing messages to cater to at-home consumers.

# DSW OVERHAULS MARKETING STRATEGY

DIGITAL MARKETING, PLATFORMS AND AUTOMATION

incentivizes and reward influencers, although Stevenson declined to share more.

Many retailers—footwear and otherwise—are using influencers during the pandemic, with many influencers charging astronomical fees, Lieb says.

“While DSW may be unable to conduct shoots now, it does sell footwear from brands that can readily supply high-quality product shots, so that shouldn’t be a problem at all,” Lieb

DSW ensures that its marketing messages are relevant to at-home shoppers.

says. “Affiliate links, meanwhile, are meat-and-potatoes marketing. That aspect couldn’t hurt.”

**While DSW did cut its marketing spend initially** in March—when a lot of what was happening was unknown—it quickly resumed spending at a normal level, Stevenson says. It’s also shifted where it has spent its marketing dollars, such as an increase in spend on digital channels. Because consumers are spending so much more time at home, time spent watching TV, online videos, social media and other streaming services is up 35-49% compared with before the pandemic, Stevenson says. DSW is spending more dollars on these channels, to capture the extra time consumers are spending there, she says.

DSW is focusing on its current shoppers to ensure that when they are ready to shop for shoes, they shop at DSW first, Stevenson says.

“For me, our No. 1 priority is that we continue to engage our 12-month active customer base,” Stevenson says.

Although its focus is on customer retention, DSW did acquire new customers during the pandemic as a result of fluctuating its spend in marketing channels. Because it worked with influencers a lot more, it had a double-digit increase in the number of millennial generation and younger customers, Stevenson says.

Now that it has acquired younger shoppers, who in broad strokes are more comfortable shopping online, DSW hopes it can maintain elevated




# DSW OVERHAULS MARKETING STRATEGY

DIGITAL MARKETING, PLATFORMS AND AUTOMATION

**NO GYM?**

## NO PROBLEM.

There's nothing like a new pair of sneakers to step up your at-home workout (even if that "workout" is just walking to the fridge from the couch).



Reebok Flash Film 2.0

»»

[SHOP REEBOK](#) [SHOP ALL SNEAKERS](#)

DSW provides consumers with at-home workout tips, which also showcase its athletic shoes.

online sales. Plus, many of its store shoppers who bought online during the pandemic have hopefully had a positive experience and will continue to shop online, or become multi-channel shoppers, Stevenson says. And DSW finds, as many other retailers have, consumers who purchase in more than one channel, including online and in-store, are more valuable shoppers than single-channel shoppers, Stevenson says without revealing more.

While Stevenson would not reveal online sales increases, overall she "feels good." Plus, some shoe categories, like flats, kids and athletic shoes, all have had healthy sales, she says. What's more, its merchandising team also had a good pulse on the retail climate and DSW does not have too much seasonal inventory it needs to quickly unload, Stevenson says without revealing more.

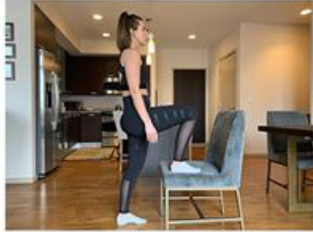
**GOOD VIBES**  
FROM TEAM DSW

**15-MINUTE CHAIR WORKOUT**


## A TIP FROM US (& REEBOK)

Set a timer for 15 minutes and repeat the circuit as many times as you can.


**20 STEP-UPS**



**10 DECLINE PUSH-UPS**



**10 SINGLE LEG LUNGES (10 per leg)**



Many retailers are wondering if the elevated ecommerce sales will continue once stores re-open. For DSW, the answer is yes. "Will digital come back down to more averages? We have not seen this in the markets where stores have reopened," Stevenson says. "We are going to continue to fuel that fire."

april@digitalcommerce360.com | @ByAprilBerthene

## DIGITAL COMMERCE 360 TOP 1000 SPOTLIGHT

# DSW INC.

2020 RANK: 157

### Website Summary

Merchant Type .....Retail Chain  
Category.....Apparel/Accessories  
Rank in Category.....46  
Year ecommerce launched ....2008

### Financial

2019 web sales.....\$326,990,975  
2018 web sales ..... \$297,264,523  
2019 growth ..... 10.0%  
5-Year CAGR .....6%

### Operations

Conversion rate .....3.7%  
Average ticket.....\$100

### Website Traffic

Mobile .....66.6%  
Desktop.....33.4%

### Executives

CEO ..... Roger Rawlins  
Director, Merchandising Ecommerce..... Robert Nebel  
Executive Vice President, Chief Information Officer.....Drew Domecq  
Chief Marketing Officer..... Amy Stevenson  
Senior Manager, Marketing.....Lindsey Greene  
Manager, Consumer Marketing.....Kaylah Thompson  
Sr. Director, Marketing & Social Media Management..... Martina Siegel

Source: Digital Commerce 360 Research

## ABOUT DIGITAL COMMERCE 360 RESEARCH

At Digital Commerce 360 Research our goal is to provide data and information about ecommerce that helps retail companies, investors and technology providers prosper. The team tracks hundreds of metrics on roughly 6,000 online retail companies around the world, including such sought-after data points as web sales and traffic, conversion rates, average order value and key technology partners used to power their ecommerce businesses. We sell this data in its raw format in our multiple online databases, and we dig deeply into these numbers in our custom research division, and to help inform our 30+ exclusive analysis reports we publish each year on key ecommerce topics, including online marketplaces, cross-border ecommerce and omnichannel retailing.

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Digital Commerce 360 Retail provides business intelligence and editorial content on the global online retail market through our research and topic focused reports on recent retail trends, technologies, industry best practices and more. Distribution: 34,000 + opt-in subscribers, retail newsletters and on the website. Sponsorships include thought leadership articles, promotion and guaranteed leads. These exclusive reports are available only via registration download, providing qualified leads to sponsors.

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