



Canadian Retail, Evolved

How Canadian Retailers are Leveraging New Digital Marketing Capabilities

A WBR Industry Benchmark White Paper Presented in
Conjunction with Bronto Software, Inc.

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The State of Retail Report

The Evolving Trends in Digital Marketing

Retail marketing is in a state of constant evolution, driven forward by the availability of disruptive technologies and the emergence of all new marketing channels. Using research gathered at the 2014 eTail Canada Conference, the present study evaluates the state of retail marketing, assessing how well retailers are leveraging these new technologies and marketing channels. This report also evaluates how company structures are adapting to these changes.

Key Findings

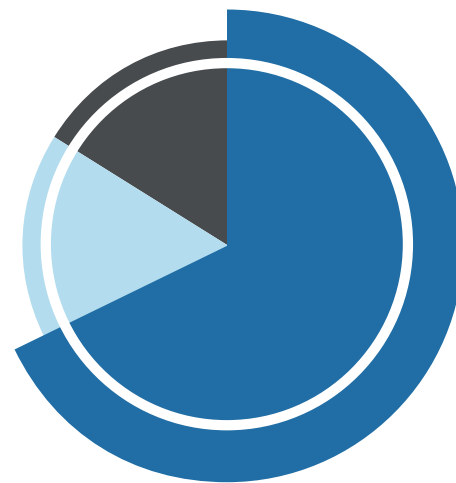
- ✓ Digital capabilities continue to be critical to effective marketing, with search and email solutions leading the charge.
- ✓ The vast majority of retailers are building out their mobile capabilities, but they believe there is still a lot of work to be done to maximize mobile as a revenue channel.
- ✓ Retailers are investing in social media marketing, although most companies are using social primarily to drive consumer engagement and PR efforts, rather than sales.
- ✓ Corporate structures are slowly shifting to accommodate the new realities of e-commerce.
- ✓ Despite being a popular offering from many companies, free shipping has not become a universal practice.



A Snapshot of E-commerce in 2014

Majority of respondents make less than \$50 million from online sales annually

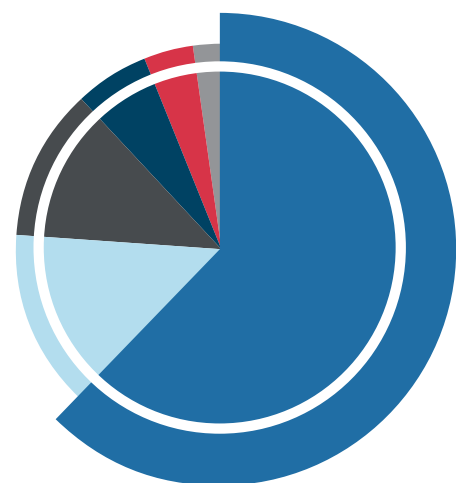
What are your annual online revenues?



- 68% Less than 50 million
- 16% Greater than 150 million
- 16% Between 50-150 million

For most companies, e-commerce accounts for less than 15% of total revenue

What percent of your overall sales is done through digital channels?



- 63% 0-15%
- 14% 15-30%
- 12% 90-100%
- 6% 75-90%
- 4% 30-45%
- 2% 60-75%
- 0% 45-60%

More than two thirds of survey participants represent companies with annual online revenues of less than \$50 million.

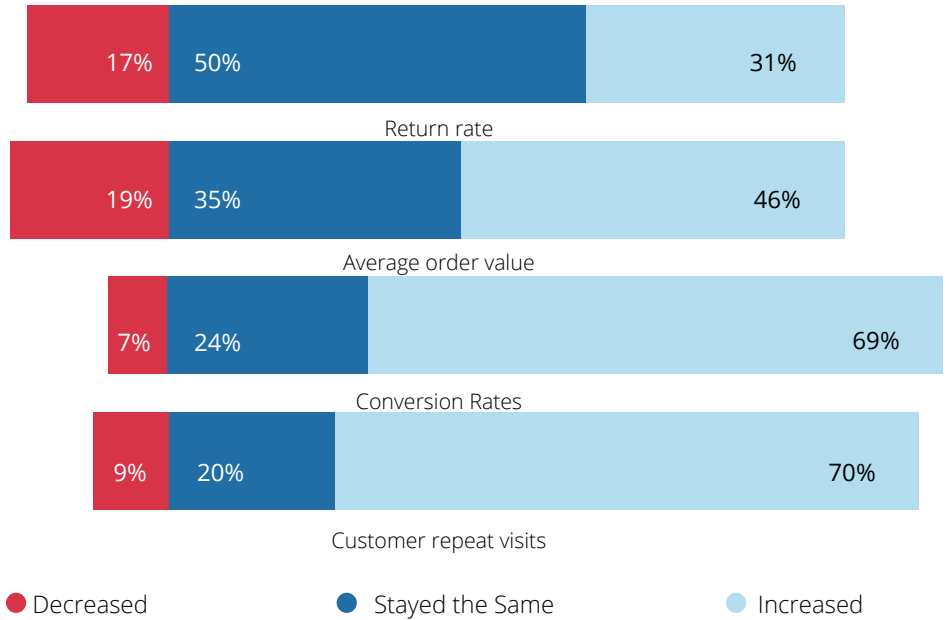
For 63% of respondents, e-commerce makes up 15% or less of their total annual sales.

12% were online-only retailers.

From 2013 to 2014, 69% of respondents saw **overall conversion rates rise** across channels. Perhaps more importantly, 46% reported that their **average order value increased**.

Most companies experiencing healthy growth in e-commerce KPIs

Looking at our online business from 2013-2014, our...

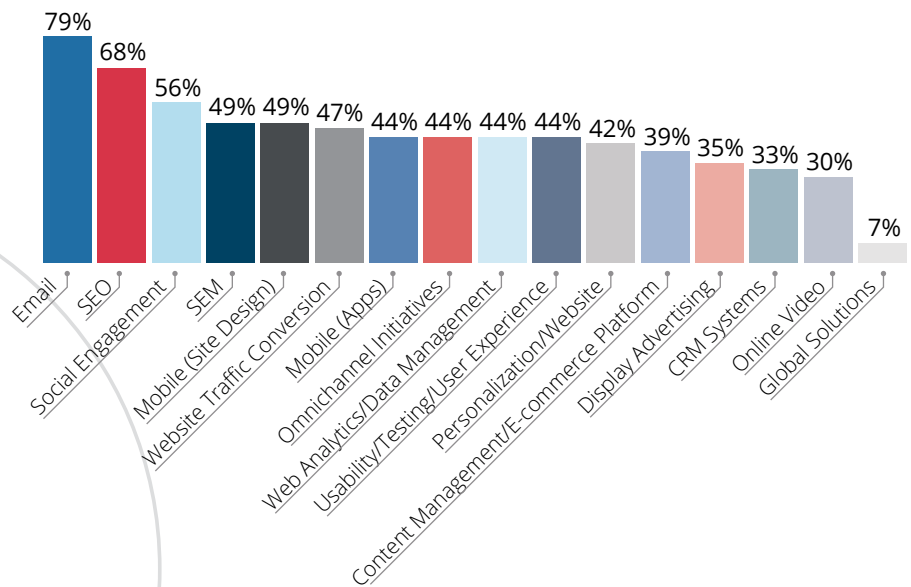


More Canadians report that they will be investing in email capabilities than their American counterparts, for whom investment in mobile is the top priority.*

* 68% of American retailers surveyed planned to invest in mobile technologies, with 60% planning to invest in SEO.

Email and SEO solutions top the list of e-commerce solutions companies will be investing in over the next 12-18 months

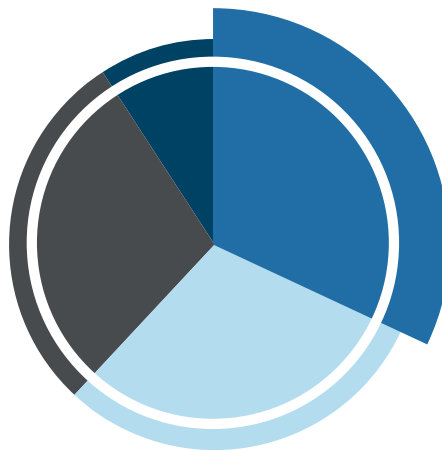
In which e-commerce technologies do you plan to invest in the next 12-18 months?



Marketing for E-commerce

Most retailers are spending 10% or less of their marketing budget on e-commerce

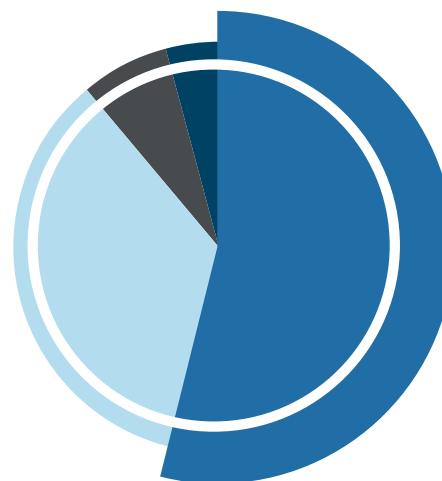
What percentage of your marketing budget is allocated toward e-commerce?



- 32% 5-10%
- 30% 0-5%
- 29% More than 10%
- 9% We are an E-commerce-only retailer

More than a third of respondents are not personalizing or targeting their marketing activities

How would you describe the personalization and targeting of your current marketing activities?



- 54% Somewhat targeted and personalized
- 35% Not targeted and personalized
- 7% Very targeted and personalized
- 4% Not Sure

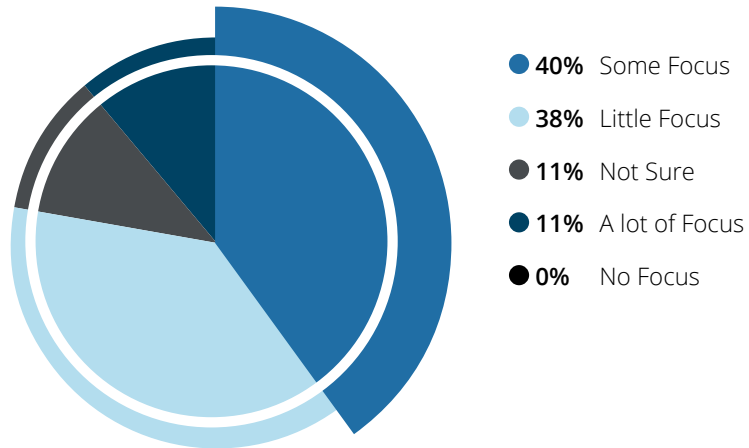
62% of participants are **spending 10% or less** of their marketing budget **on e-commerce initiatives**, with 30% spending between 0% and 5%.

While many retailers are personalizing and targeting their marketing activities to some degree, **a full 35% of respondents** noted that they currently have no personalization or targeting.

Only 11% of those surveyed said they are putting a lot of focus on the entire customer lifecycle in their marketing initiatives.

Most respondents are not building marketing campaigns around the entire customer life cycle

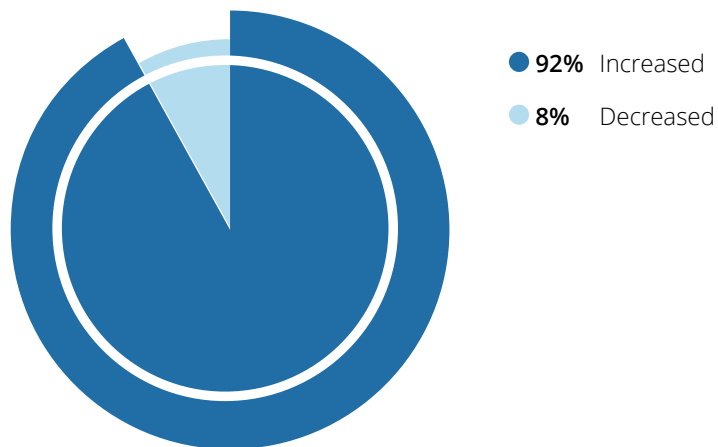
How much focus do you put on the entire customer life cycle in your marketing activities?



The Evolution of Digital Marketing Strategies

More and more resources are being allocated to digital marketing initiatives

Has your investment in digital initiatives increased or decreased in the last 12 months?



92% of respondents have seen their investment in digital marketing increase over the last year.

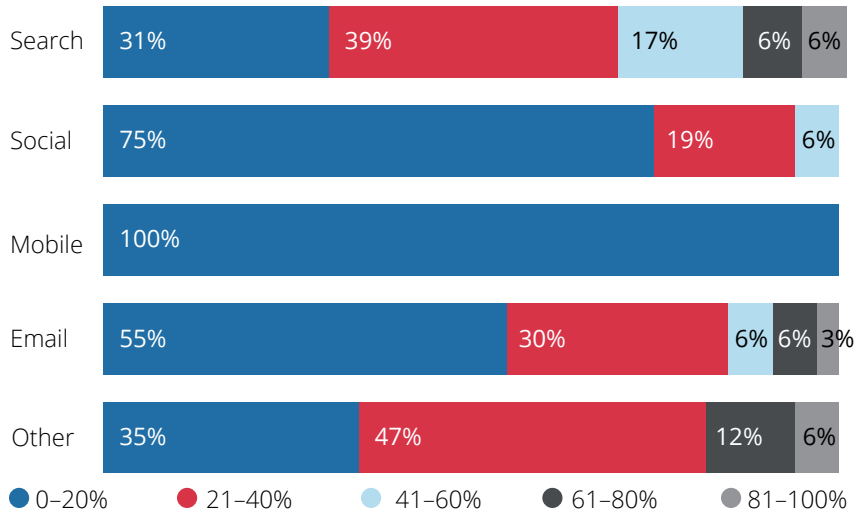


Search tends to require the greatest marketing spend, with more than half (56%) of respondents reserving 21-60% of their digital budget for it.

While the overwhelming majority of respondents agreed that marketing automation is important, **only 13% considered it very important.**

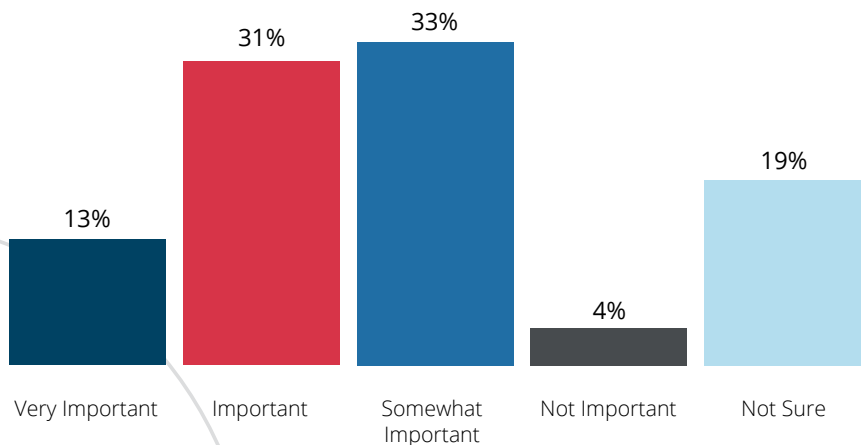
No single area dominates digital marketing spend, but spending on search leads the way

What percent of your digital marketing budget do you spend in these areas?



Retailers see value in marketing automation

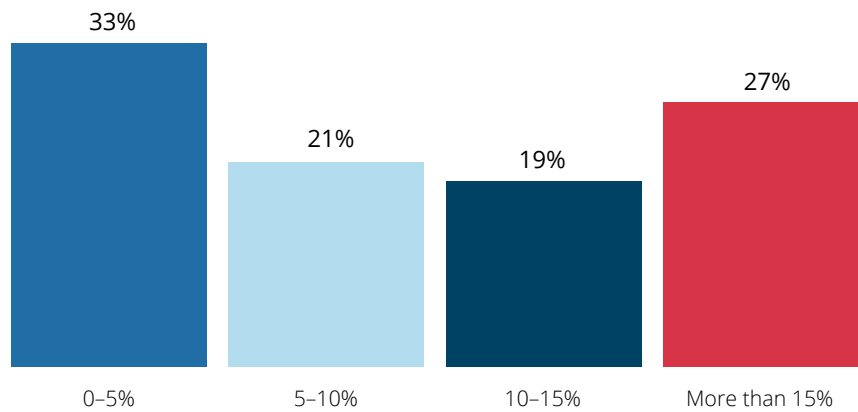
How important is marketing automation in your current digital marketing program?



For 33% of respondents, **digital paid advertising represents less than 5% of their marketing budget**, while 27% are spending more than 15% of their budget on it.

Respondents divided on digital paid advertising spend

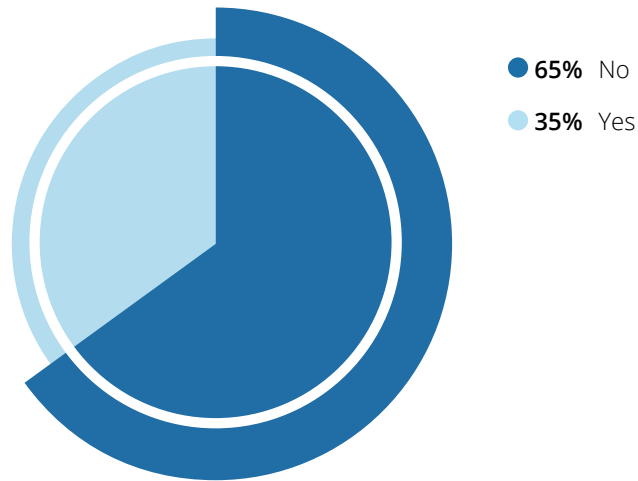
What percent of the marketing budget is allocated to digital paid advertising?



Mobile Strategies & Initiatives

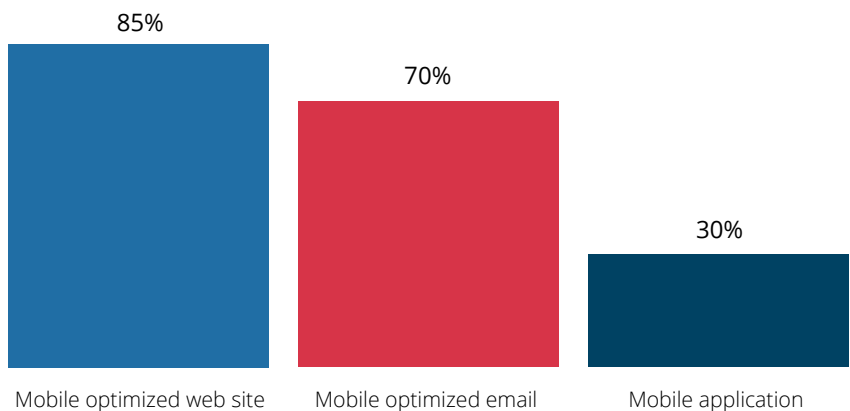
Retailers see much room for improvement with mobile initiatives

Are you satisfied with the results of your mobile initiatives to date?



Mobile optimization has become a priority

For your mobile strategy, which of the following do you have in place (or plan to have in place this year)?



Only 35% are satisfied with their mobile initiatives

85% of retailers surveyed **have mobile optimized websites**, while an additional 70% have mobile optimized email.

In comparison with American retailers, a greater proportion of **Canadian companies are taking advantage of mobile optimized email capabilities**, however Canadians tend to be making less use of native mobile apps.

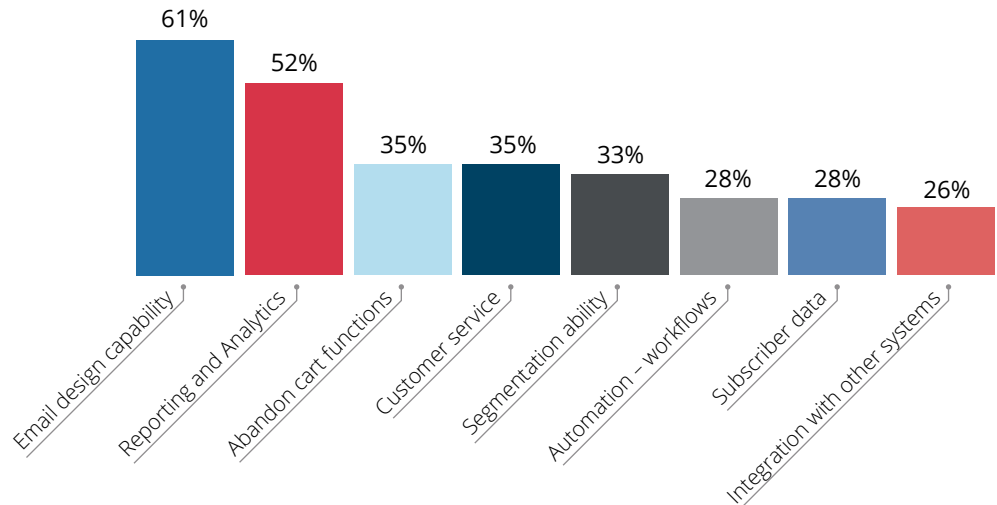
Of the American retailers surveyed, 88% had mobile optimized websites, 62% had mobile optimized email, and 38% had mobile apps.

Participants highlighted **email design** (61%) and **reporting/ analytics** (52%) as their email marketing services' **greatest strengths**.

The Strengths and Weaknesses of Email Marketing

Email design and analytics are the top email service capabilities

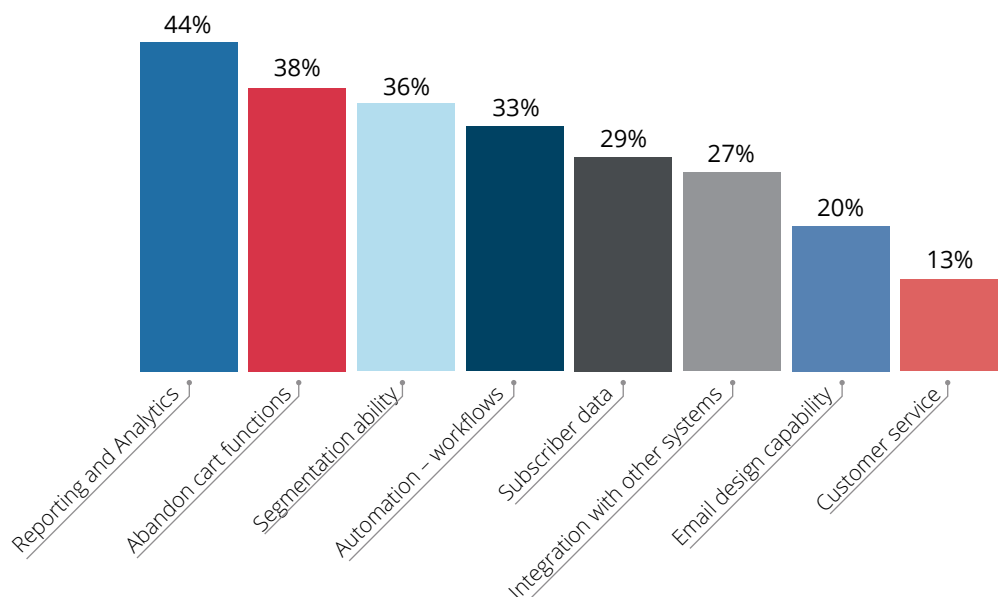
What do you consider to be the strengths of your current email marketing service?



44% of respondents considered **reporting and analytics capabilities** to be their email service's **greatest weakness**.

Paradoxically, reporting/analytics was also the most frequently cited email service weakness

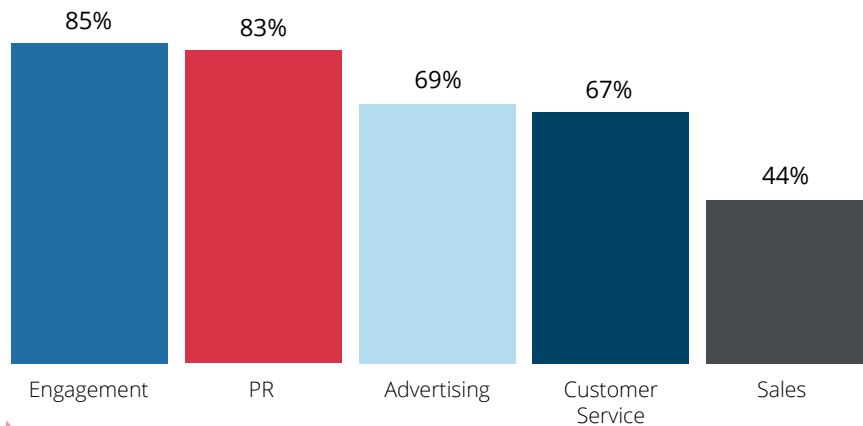
What do you consider to be the weaknesses of your current email marketing service?



The Impact of Social Media on Marketing

Most retailers are using social media primarily for PR and consumer engagement

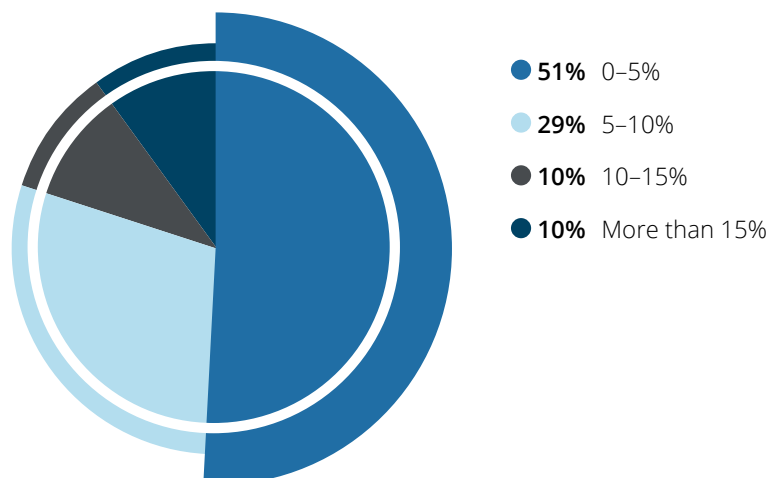
How are you using Social?



Canadian retailers seem to be embedding social media more completely into their businesses than Americans, with Canadian companies reporting greater utilization of social for things such as PR, advertising, customer service, and sales. For instance, only 36% of Americans reported that they are using social media to drive sales.

The majority of retailers are not spending much on organic posts and social media

What percentage of the marketing budget is allocated towards social media/organic posts?



Consumer engagement

(85%) and **PR** (83%) were the two most common uses of social media cited by participants.

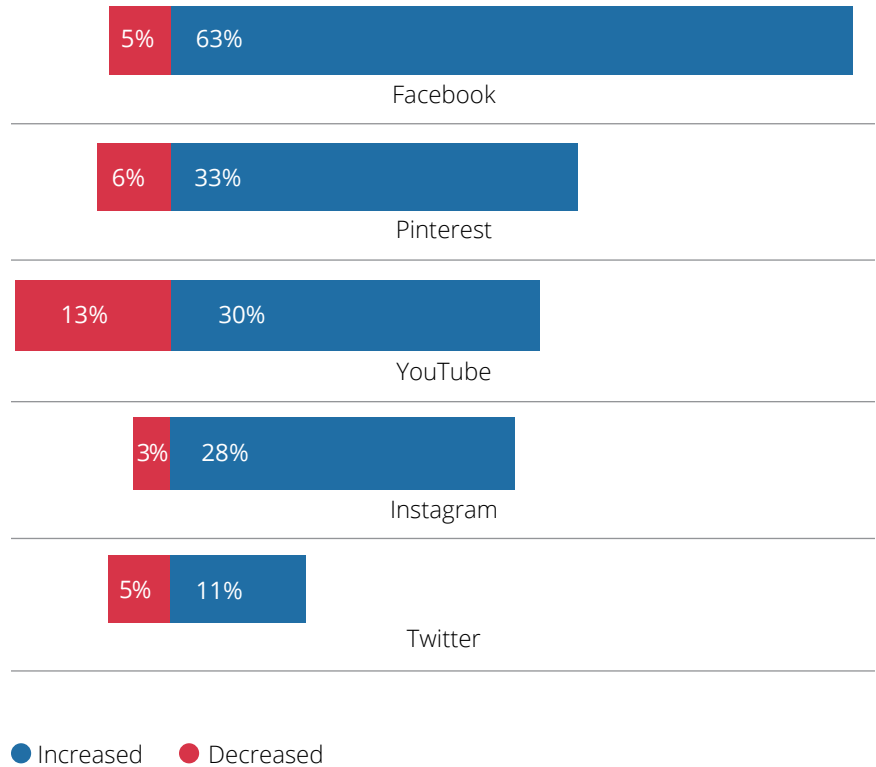
In contrast, only 44% of respondents reported they are using social in order to **drive sales**.

More than half of respondents are **spending less than 5%** of their marketing budgets on social media and organic posts.

While spend on social media marketing is increasing across all major channels, the majority of respondents (63%) are **increasing their spend on Facebook.**

Spending on social media marketing is expanding, with Facebook leading the charge

Has your spend on social media marketing increased or decreased for 2013?



Corporate Structures Evolving to Meet the Needs of E-commerce

43% of respondents report that their CMO oversees **both** online and offline marketing initiatives.

44% have a **VP of E-commerce**

Only 9% have a Chief Experience Officer

Does your company have a CMO that oversees both online & offline marketing initiatives/budget?



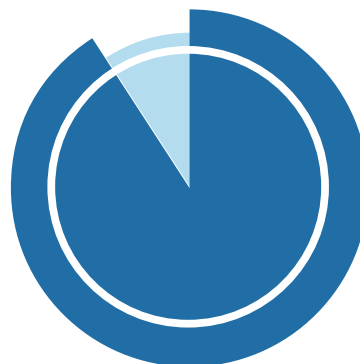
● 57% No
● 43% Yes

Do you have a VP of E-commerce?



● 56% No
● 44% Yes

Do you have a Chief Experience Officer?

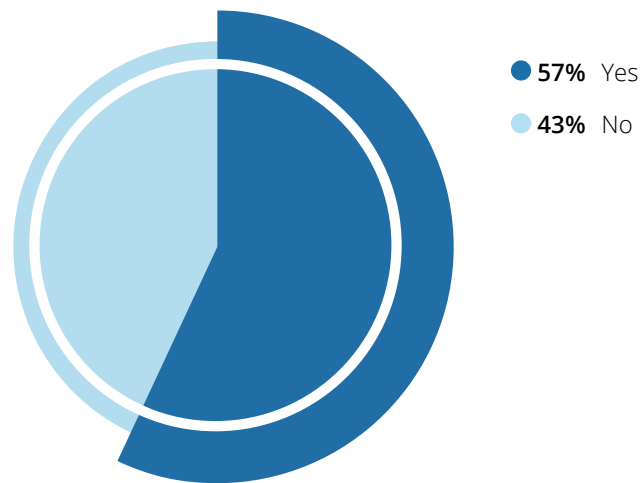


● 91% No
● 9% Yes

The majority, 57%, of respondents indicated that their companies **are hiring in the online division**

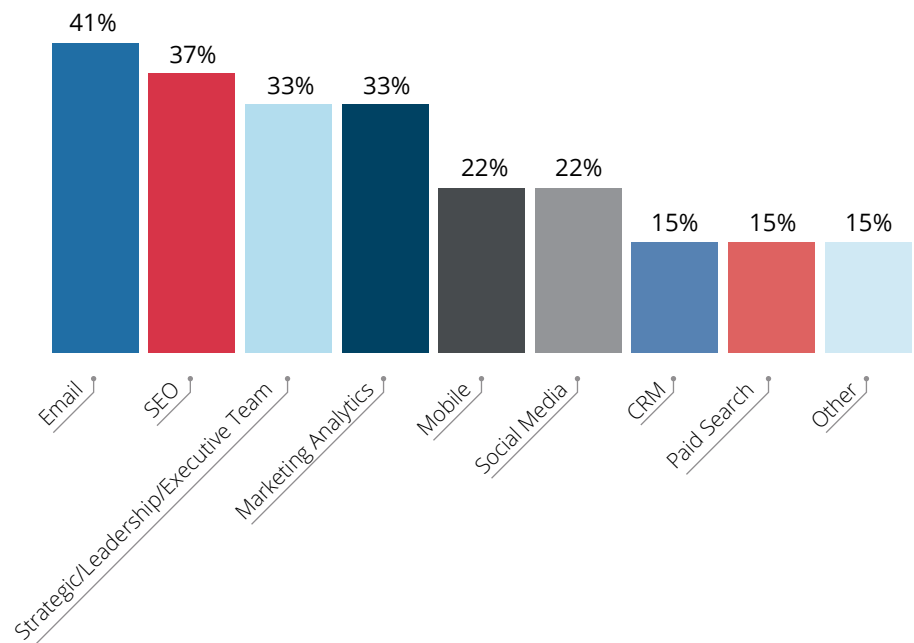
Most retailers are bolstering their online departments

Are you currently hiring in the online divisions?



At least a third of participants responded that they are **hiring for email, SEO, Strategy/Leadership, or Marketing Analytics positions.**

If so, what areas are you hiring for?



Evaluating & Implementing New Technologies

Evaluating and implementing new technologies can be a long, cumbersome process

When evaluating new digital technology partners, how long does it typically take for your company to make a decision?



- 43% 3-6 months
- 36% Weeks to a couple of months
- 21% Longer than 6 months

What most affects the speed of your decision-making?



- 38% Measured ROI
- 34% Slow internal management process for evaluation
- 28% Ease of implementation

43% of respondents noted that it takes them **3-6 months to make a decision** on new digital solutions providers.

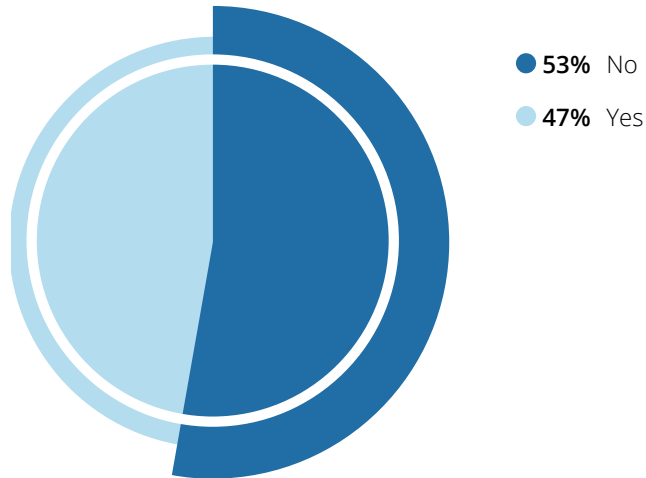
Respondents were divided on the issues that influence their speed of decision-making.

Shipping and Multichannel Offerings

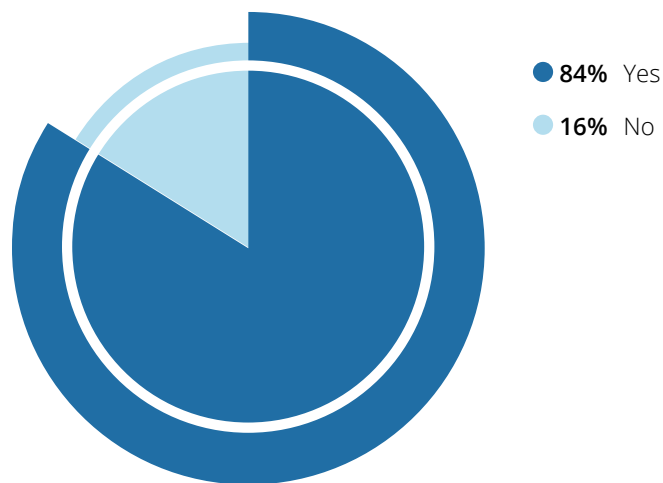
Free shipping is not yet a universal offering

Just **under half** of respondents **offer free shipping**.

Do you offer free shipping



If you do not offer free shipping, do you have a threshold value/discounted shipping?

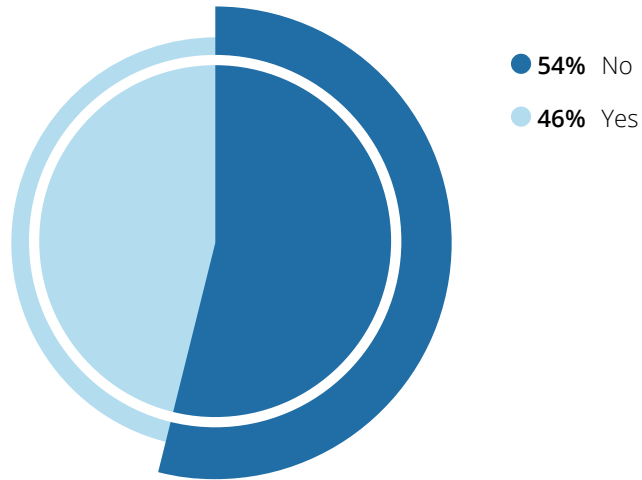


More than half, 84%, have a threshold value or discounted shipping.



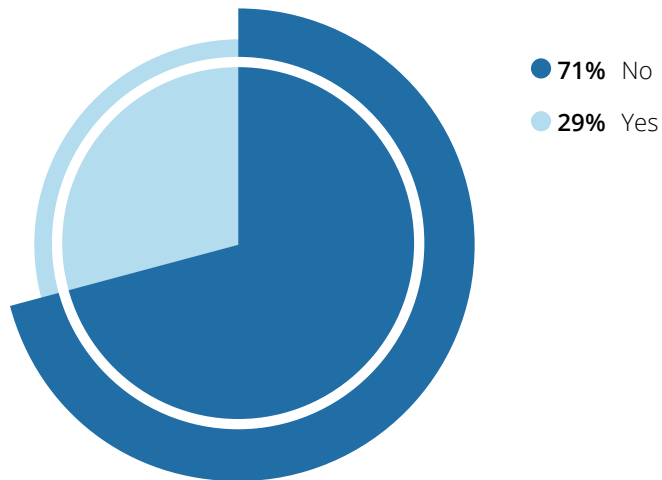
54% of survey participants **do not** offer **free shipping** for returns.

Do you offer free shipping for returns?



Only **29%** of the retailers surveyed **offer a pick-up-in-store option.**

Do you offer a pick-up-in-store option?



"I would rate eTail East 2013 event as one of the most value-adding and productive industry conferences I've been to in many years. The conference was full of presentations that offered clear, actionable strategies in key areas of e-commerce, shared by business leaders who have achieved real-world success in their particular markets. eTail featured especially helpful information in the important categories of mobile e-commerce (phone and tablet,) responsive design, and analytics, among others [...] Budgets these days are pretty tight, but I can without hesitation recommend eTail conferences as being a good investment in the future of anyone's e-business."

- Jack W. Whitley, Senior Vice President, E-Commerce, REPLACEMENTS, LTD.

Appendix: Methodology

For this study, Worldwide Business Research conducted in-person and online surveys with Canadian retailers, innovators, and C-Suite Executives. In-person surveys and interviews were conducted on-site at the 2014 eTail Canada Conference in Toronto, ON, Canada. Responses were collected in May of 2014.

About eTail



eTail is a conference series held bi-annually in the United States, as well as internationally, offering best practices and tactical strategies presented by retail innovators from every facet of the industry. It is the premier multi-channel and online retail conference dedicated to supporting the growth of the retail industry through high-level networking and extensive thought leadership.

WBR, the creator of the eTail conference series, is an independent research organization, devoting 100% of its resources towards executing industry-leading conferences

As many retailers have learned, the e-commerce industry never allows for complacency. Trends have been combining to create an explosion of innovation and investment in the online retailing channel. The result is a dynamic and competitive selling environment that will challenge every online seller to satisfy and thrill online shoppers – before another retailer does.



THE  BLOG



About Bronto



Bronto Software provides a cloud-based marketing platform for retailers to drive revenue through their email, mobile, and social campaigns. The platform is used by over 1000 organizations worldwide, including Armani Exchange, Timex, Samsonite and Gander Mountain. Bronto is listed as the leading self-service email marketing provider to the Internet Retailer Top 1000.

Bronto is frequently recognized for business leadership, as well as within the areas of marketing technology and customer service. Recent awards include:

- Eight-time Finalist, Stevie Award for Best Customer Service Department (2008-2014) and five-time winner (2009, 2010, 2012, 2013, 2014)
- CODIE Finalist for Best Marketing Software in 2011 and 2012, and for Best Marketing Automation Solution in 2014.
- Inc. Magazine's Top 5000 Fastest Growing Companies, 2009-2013

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About WBR/WBR Digital



WORLDWIDE BUSINESS RESEARCH

WBR is the world's biggest large-scale conference company and part of the PLS group, one of the world's leading providers of strategic business intelligence with 16 offices worldwide. Our conference divisions consistently out-perform their industry sector competitors on the quality of the events we produce and the relationships we nurture with both attendees and sponsors.

Every year, over 10,000 senior executives from Fortune 1,000 companies attend over 100 of our annual conferences – a true “Who’s Who” of today’s corporate world. From Automotive events in Bucharest to Logistics conferences in Arizona to Luxury conferences in New York and Finance summits in Hong Kong, WBR is dedicated to exceeding the needs of its customers around the world.

In addition to our industry leading conferences, our professional services marketing division, **WBR Digital**, connects solution providers to their target audiences with year-round online branding and engagement lead generation campaigns. WBR’s marketers act as an extension of your team, relieving strain on your internal resources while promoting your brand and solutions to your prospects. Solution providers can target identified accounts or relevant industry/function segments of WBR’s entire global database of over 500K senior-level decision makers.

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WORLDWIDE BUSINESS RESEARCH

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Make sure you're there in 2014.



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