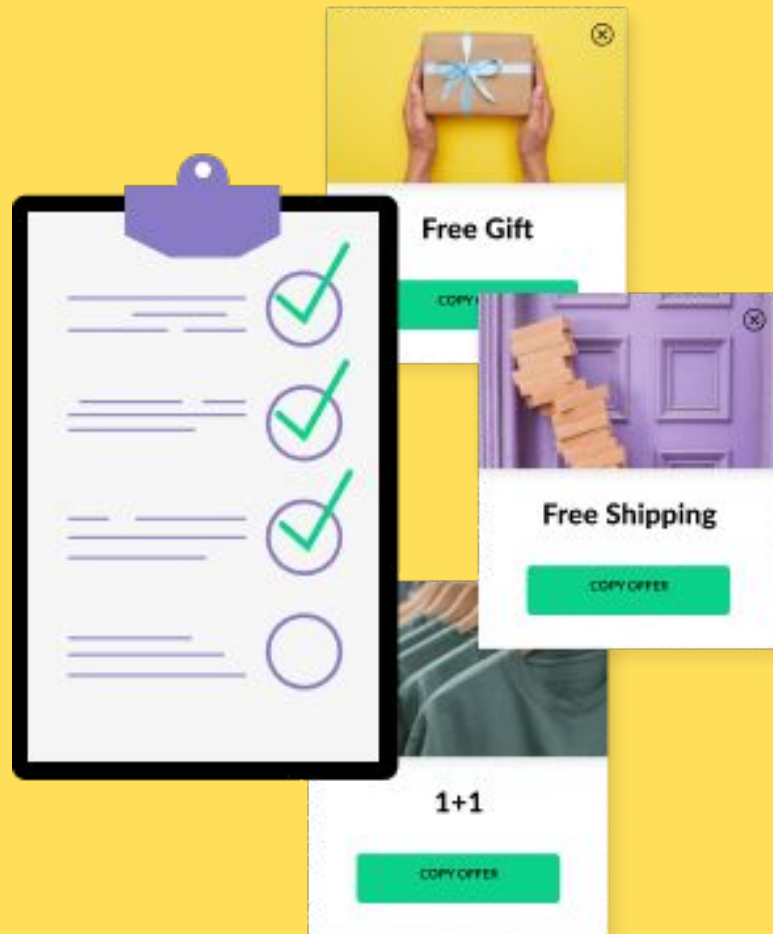


# eCommerce Promotion Insights Survey 2021

Global Leaders Edition

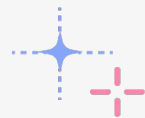


# Introduction

Promotions and discounts have become synonymous with eCommerce. However, how many businesses have a strategy in place for how they use promotions to help drive revenues, increase positive brand perception, move inventory, or plan for the future?

With this question in mind, we surveyed 100 senior eCommerce executives in the US and EMEA, all of whom work in companies with online annual revenues ranging from \$15M to \$1B and more. We spoke to brands from everyday through to luxury, and companies who varied from pure-play eCommerce vendors, to mostly brick and mortar. We asked them how COVID-19 has changed their promotional strategy, what their drivers and challenges are in creating promotions, and how they measure the impact of promotions.

The results of the survey uncovered the startling truth about promotions in the eCommerce arena. While almost everyone uses promotions as part of their strategy, they simply aren't getting the results that they want and need. The gauntlet has been dropped. eCommerce companies need to see this as a call to action to put a strategic plan in place for the way they approach promotions in order to attract new shoppers and beat the competition, without sacrificing on brand equity.





# The Impact of COVID-19 on Promotions

# Key Findings

01

## PROMOTIONS DRAMATICALLY INCREASED DURING COVID-19, YET WITHOUT A CLEAR STRATEGY

67% increased their promotions by >10%, and 72% of those increased their existing discounts by 10% or more. However, 24% of people say that they don't know if the promotions they used were effective. There is an education gap here that some businesses are aware of that needs to be addressed.

02

## BEATING THE COMPETITION TO FIRST TIME SHOPPERS IS A HUGE DRIVER

The top driver for eCommerce promotions is overcoming the competition. Details show that this is most important to luxury brands, and mid luxury brands, coming in top in both categories. For everyday and affordable companies, their top priority is to attract new visitors, with overcoming competition coming in second. These two often go hand in hand. Due to COVID-19 and the surge in online shopping, there is a significant increase in 1st time shoppers, and companies need focus on how they will grab their attention.

03

## PROMOTIONS WITHOUT STRATEGY ARE HARMING MARGINS, LTV, AND BRAND PERCEPTION

A shocking 96% of companies report that promotions actually have a negative effect on their business metrics. The top impact is on their margins, their customer lifetime value, and their brand perception. As the top business goal for companies in running online promotions is improving brand perception, at 66%, this disconnect needs addressing with a strong business strategy.

04

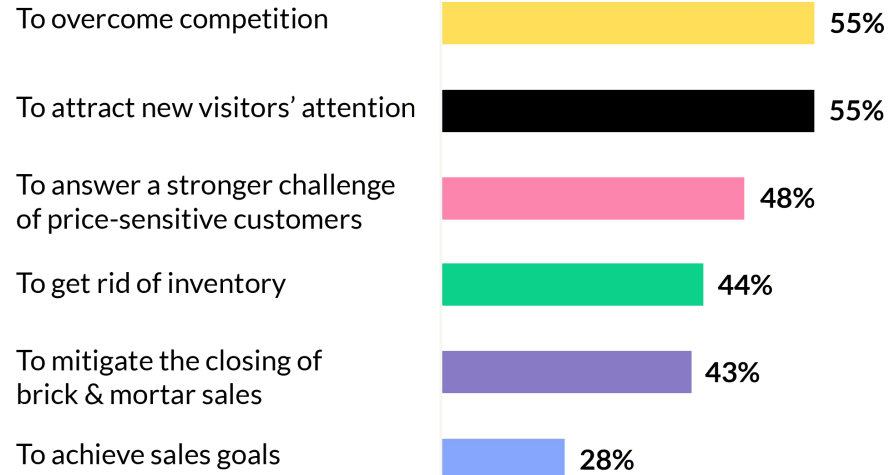
## THE MOST EFFECTIVE STRATEGIES FOR PROMOTIONS LOOK TO INCREASE CUSTOMER SATISFACTION AND LTV

Over half of of eCommerce leaders use site-wide promotions, which could well be an indication of why promotion strategies are failing. After all, 53% evaluate the success of their promotions by customer satisfaction, something which can't be achieved with a one-size-fits-all approach. Increasing LTV is on the companies' minds, with 43% saying the most effective promotions are the ones that focus on the next purchase. Extending the customer's lifetime value and considering the long-term should be a key part of building a strategy around promotions.

# Drivers for Promotions eCommerce During COVID-19 Outbreak

COVID-19 has shifted business priorities. Therefore, it was important for us to understand the top reasons for companies in offering eCommerce promotions during this global pandemic.

We found that the main drivers for them were to overcome the competition, attract new visitors' attention and answer a stronger challenge of price-sensitive customers.

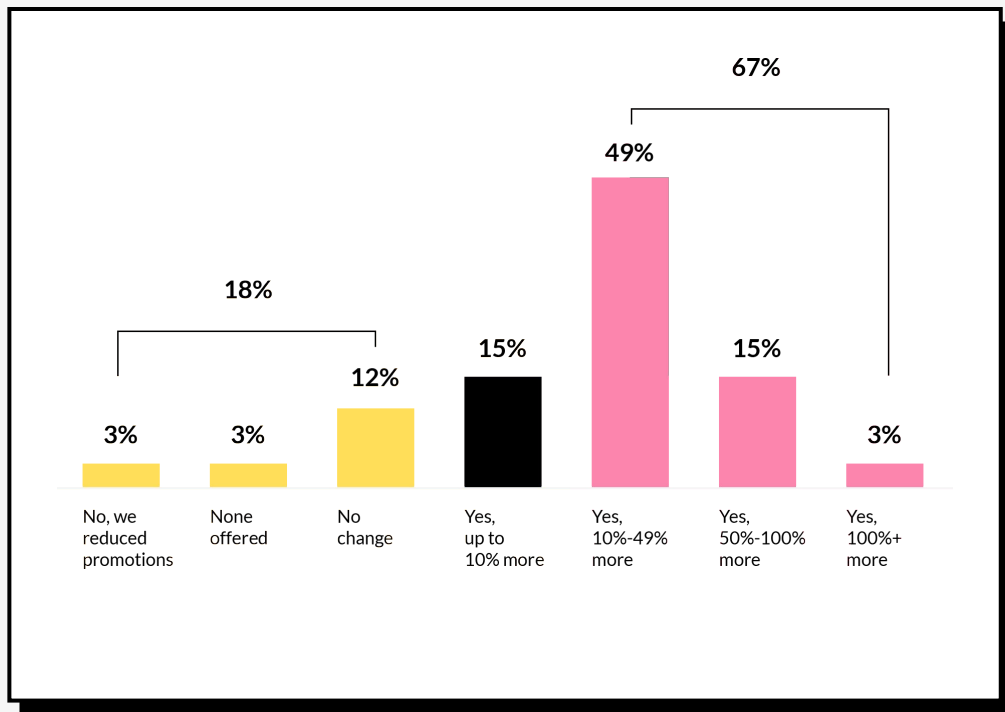


# Changes in eCommerce Promotions During 2020's COVID-19 Outbreak

We asked survey respondents if during the COVID-19 outbreak in 2020, they offered more eCommerce promotions than previously.

Only 18% either didn't offer any promotions, didn't change their promotions or reduced them.

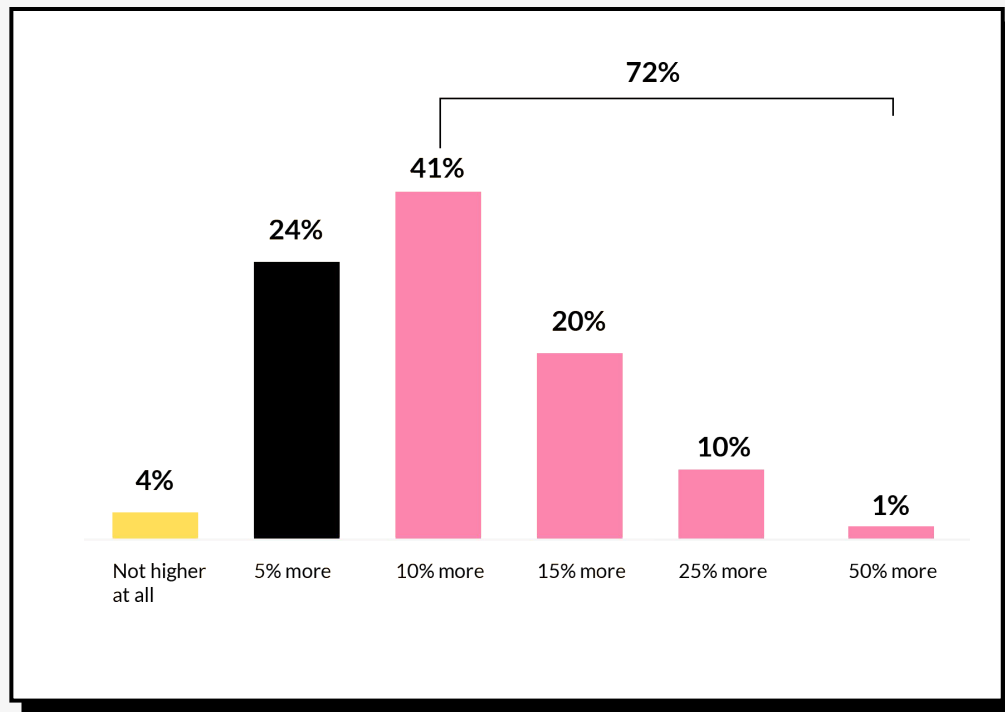
In fact, 67% increased the number of promotions by more than 10%.



# Discount Offered Compared to Before COVID-19

At the heels of learning that 67% of companies offered more promotions during COVID-19 outbreak in 2020, we asked survey respondents by how much they've increased the discounts offered compared to before COVID-19.

72% of companies increased their discounts by more than 10%.



# Promotions Effect on Business Metrics During COVID-19 Outbreak

96% of companies reported that promotions had a negative effective on business metrics.

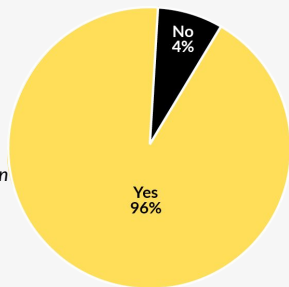


Figure 4:  
Negative Impact of Promotions on  
Business Metrics during  
COVID-19 Outbreak

The top negative impacts (Figure 5.) were margins, LTV and brand perception.

When cross-referencing the negative impacts by brand perception (Figure 6), most were similar across companies with different brand perceptions, however, when looking at LTV, it most impacted everyday/affordable (90%) and luxury brands (84%) and to a lesser extent mid-luxury. (64%)

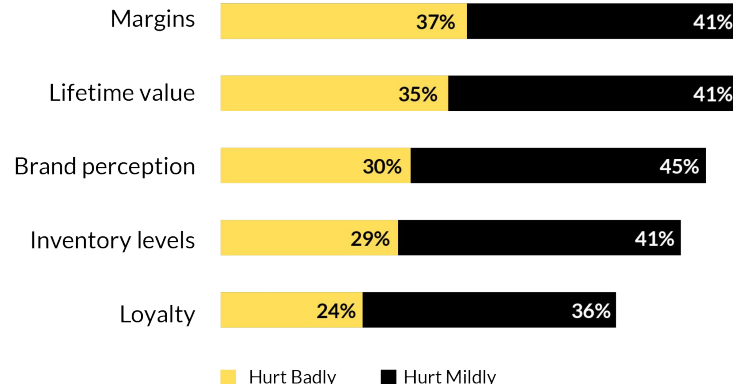


Figure 5:  
Promotions Effect on Business Metrics During COVID-19 Outbreak



Figure 6:  
Negative Impact on Lifetime Value by Brand Perception





# Promotion Strategies: Planning & Execution

# Promotions Strategy Planning

We asked survey respondents how they plan their promotions strategy.

Only 2% said they aren't using promotions, and further indicated their brand is not suited to promotions, and another 2% don't have a clear promotions strategy.

96% of companies have a promotion strategy in place and the top approaches to building them are based on ongoing analysis (60%), according to seasonality and shopping events (58%) and based on matching the competition (44%).



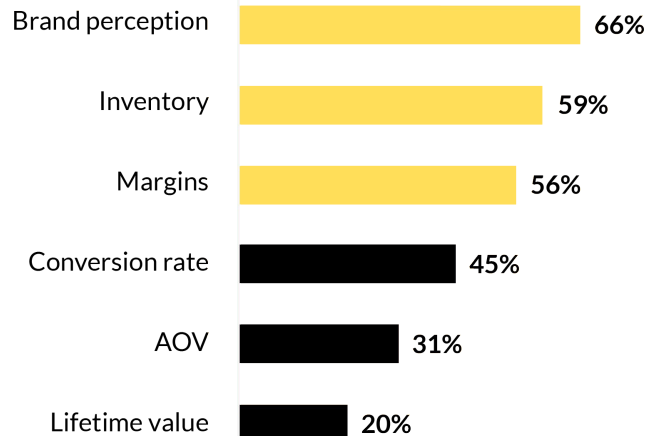
# Top Business Goals Before Running an Online Promotion Campaign

In general, when it comes to the main objectives of running promotions, we wanted to know what are the most important business goals they consider before running an online promotion campaign.

The top three business goals are brand perception (66%), inventory (59%) and margins (56%).



*Einat Etzioni, CMO, Namogoo*



“From the onset of COVID-19, there’s been a massive surge in online competition which has led to a significant increase in promotions. Promotions, if used strategically and measured properly, are not only an important way to grab online shoppers’ attention and get them to convert but can also drive lifetime value, save margins and increase brand loyalty. It’s vital for eCommerce leaders and their counterparts to recognize this if they want to stay competitive and remain profitable for the long term.”

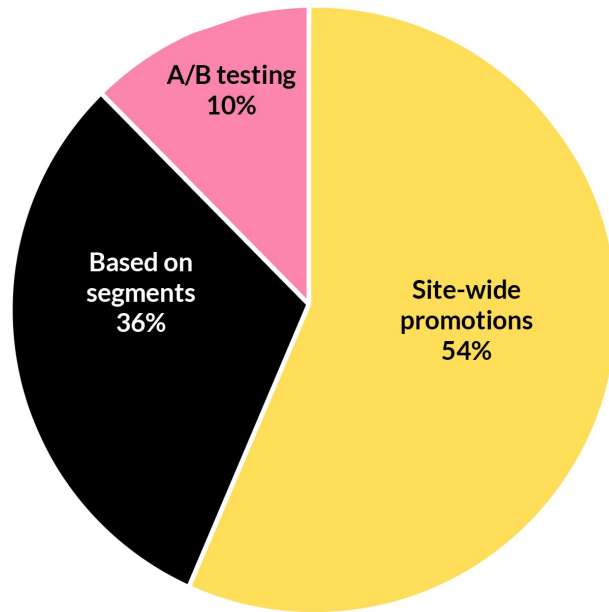
# Promotions Execution

When asked how they execute promotions, over half (54%) of survey respondents indicated they do site-wide promotion for everyone, 36% do it based on segmentation and 10% use A/B testing.



*Ujjwal Dhoot, CMO, DXL Group*

“Promotions will continue to be part of successful retail strategies – as long as they’re used strategically. This is a lesson we learned from COVID-19: when it comes to promotions, it’s not about giving everyone everything, all the time, across all buying mechanisms.”

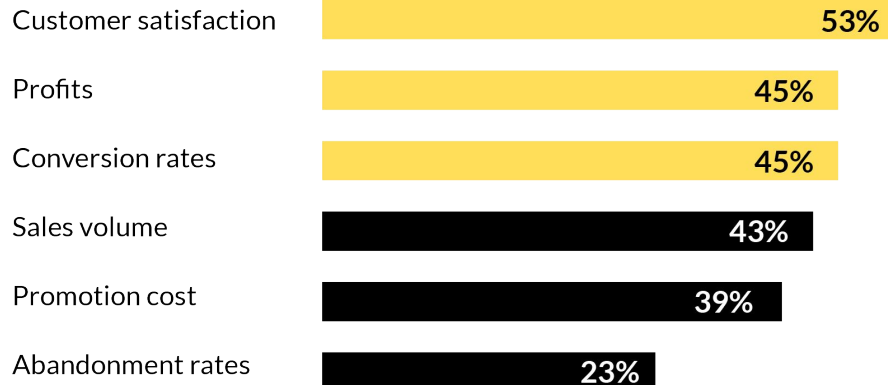


# Promotions Success Evaluation

We wanted to understand which KPIs eCommerce leaders assess when running promotions.

The top three promotion success evaluation methods are customer satisfaction (53%), profits (45%) and conversion rates (45%).

Customer satisfaction is a key evaluation metric, because experience is everything in today's customer-focused reality.



# Most Effective Promotional Offers

Which promotions are the most effective?

Promos for next purchases ranked #1 (43%), followed by discount (31%) and loyalty/rewards program (14%).

This shows that successful promotions are about looking at using a long-term strategy to extend customer LTV.





# Top Onsite & CRO Strategies

# Onsite & CRO Strategies to Increase eCommerce Revenues in 2021

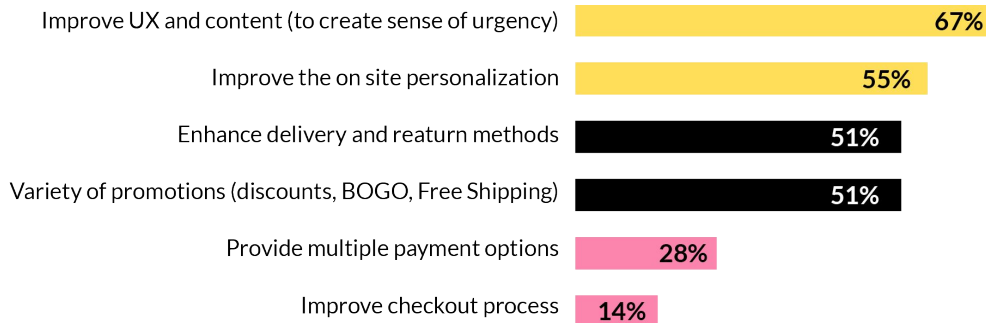
COVID-19 has had a huge impact on eCommerce companies in 2021, they were all about trying different strategies to increase eCommerce revenue.

In fact, every single strategy from the top four strategies to increase eCommerce revenues is used by over half of surveyed companies.

The top strategies were improving UX and content (67%), improving on-site personalization (55%) and together in 3rd and 4th place with 51% - enhancing delivery/return methods and a variety of promotions (discounts, BOGO, free shipping).



*Michelle Whelan, UK CEO, VMLY&R Commerce*



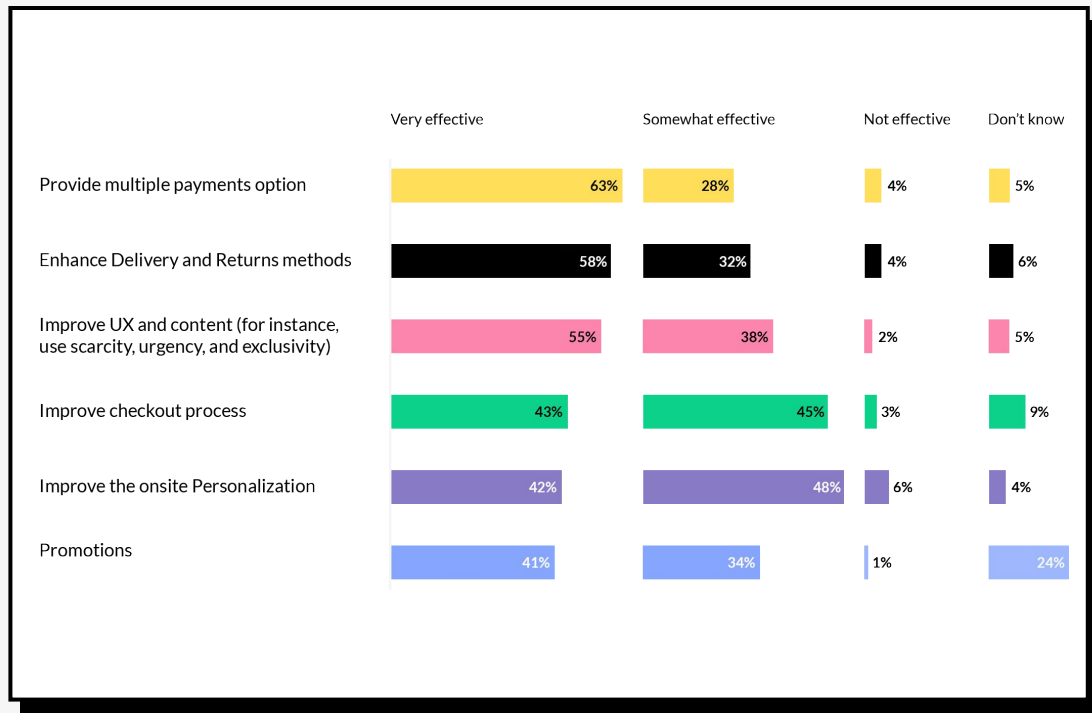
“The right product portfolio, pricing and promotion strategies are essential to optimising ecommerce performance across all retail channels & routes to market. Leading to more revenue across the channel mix, better knowledge of your consumers and therefore better consumer experience. We are delighted to partner with Namogoo. This report provides a lot of deep & relevant insight into how companies are using promotion strategy to accelerate their ecommerce growth as we emerge from the pandemic.”



# Most Effective Onsite & CRO Strategies to Increase eCommerce Sales

The #1 strategy (63%) to increase eCommerce sales in terms of effectiveness, is providing multiple payment options. This is followed by enhanced delivery/return methods (58%) and improving UX and content (55%). Use of a variety of promotions (discounts, BOGO, free shipping), were ranked as the least effective method (41%).

However, 24% indicated they don't know how effective it is, suggesting there is an education gap that needs to be addressed on how to use promotions more effectively and strategically.



# Onsite & CRO Strategies by Brand Perception & Retail Channels

Not all onsite & CRO strategies are born the same. Some are more or less effective for certain types of companies.

We cross referenced all the different strategies by brand perception (from everyday to luxury) and retail channels (pure-play eCommerce vs. mostly brick & mortar).

We speculate that because luxury brands offer fewer promotions in general, using onsite and CRO strategies like enhanced delivery/returns methods becomes more and more effective when climbing up the “luxury ladder”. It was indicated as effective for 48% of everyday brands but as 85% effective for luxury brands.

Multiple payment options was most effective for pure-play eCommerce (74%) and least effective for those operating online and physical outlets (50%).

Improved checkout processes was most effective for companies who have both online & physical presence (53%) and least important to mostly brick & mortar (33%).



Figure 9: Enhance Delivery and Returns methods by Brand Perception

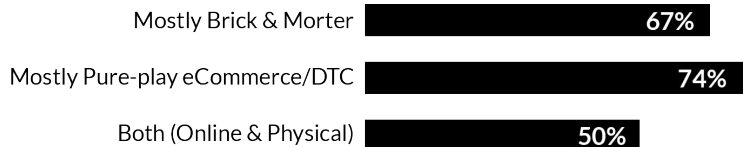


Figure 10: Provide multiple Payments options by Retail Channels

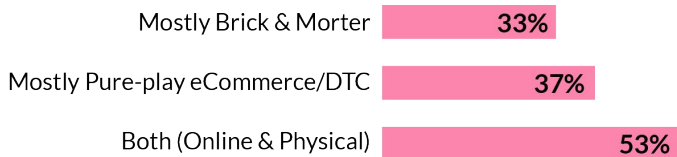
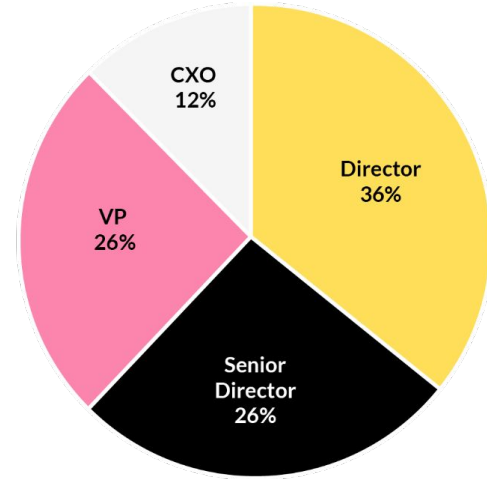
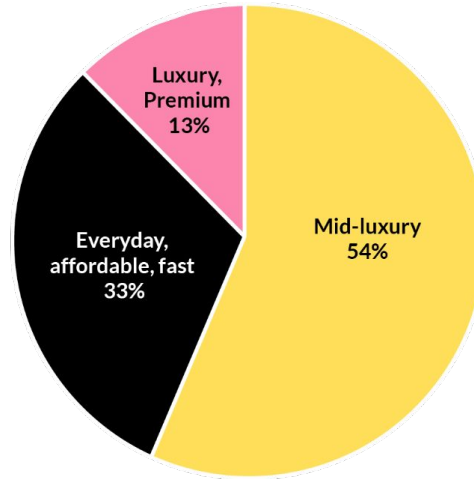
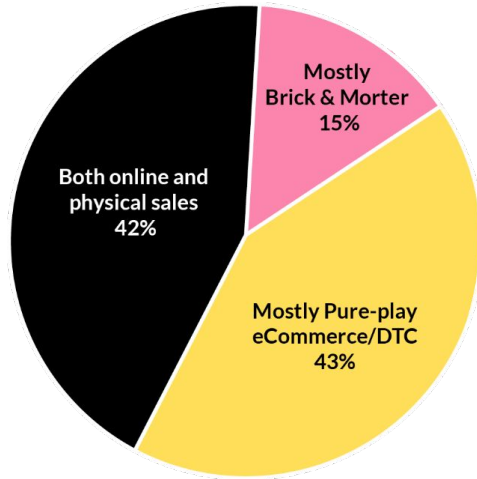


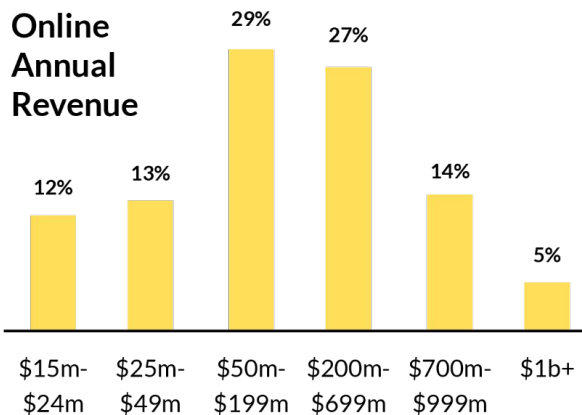
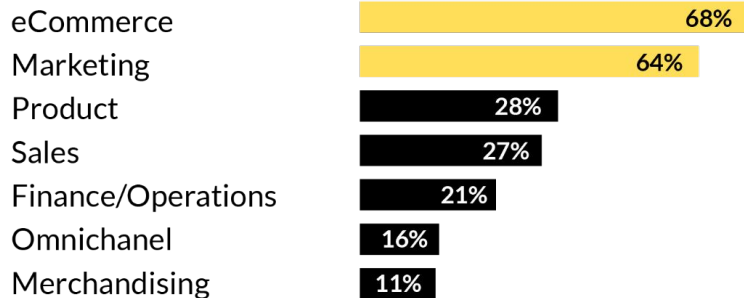
Figure 15: Improve checkout process by Retail Channel



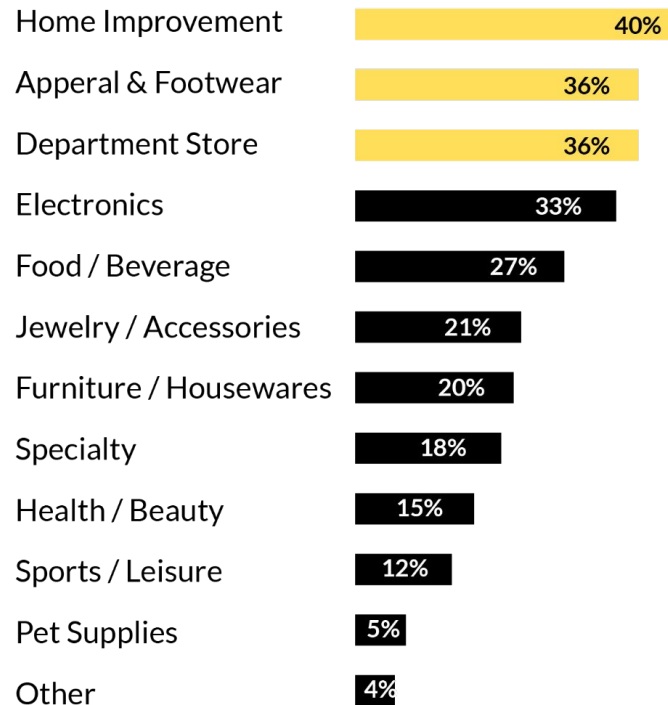
# Demographics

We surveyed senior executives in a mix of companies from those that are mostly brick & mortar to pure-play eCommerce. They have a mix of different brand perceptions and have online annual revenues ranging from \$1M to \$1B and more.





## Retail Verticals



# About Namogoo & VLMY&R

**Namogoo** is the world's first Digital Journey Continuity platform, shaping the customer journey to fit each and every shopper's needs, while making any distractions disappear. Namogoo's platform autonomously adapts to each customer visit in real time, keeping the journey flowing right on to its destination.

Namogoo's Customer Hijacking Prevention identifies and blocks unauthorized ad injections from diverting online shoppers to competitors, immediately lifting conversion rates and revenue. Intent-Based Promotions predicts and individualizes the most effective minimum promotion for each visit — saving eCommerce retailers' margins and strengthening brand equity.

Over 250 global brands, such as Marks & Spencer, Asics, Samsonite, and Dollar Shave Club, trust us to keep their digital journeys hesitation-free and their business on the path to growth.

**VMLY&R** is a global brand and customer experience agency that harnesses creativity, technology, and culture to create connected brands.

Named a Leader in the Gartner Magic Quadrant for Global Marketing Agencies for five consecutive years, VMLY&R is made up of more than 12,000 employees worldwide with principal offices in Kansas City, New York, Detroit, London, São Paulo, Shanghai, Singapore and Sydney.

The agency is behind award-winning campaigns for blue chip client partners including Colgate-Palmolive, Danone, Dell, Ford, Intel, New Balance, Pfizer and Wendy's.

For more information, visit [www.vmlyr.com](http://www.vmlyr.com). VMLY&R is a WPP company (NYSE: WPP).

VISIT US AT:



[namogoo.com](http://namogoo.com)

Phone (USA): (646) 974-8077 | Email: [info@namogoo.com](mailto:info@namogoo.com)