IR INTERNET RETAILER RESEARCH
the global leader in e-commerce data

KEY FINDINGS FROM THE 2018 BEST DIGITAL MARKETERS IN E-COMMERCE REPORT

An exclusive sneak peak at the key findings from the 2018 Best Digital Marketers in E-Commerce Report from Internet Retailer

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INTRODUCTION

UNDERSTANDING TODAY'S ONLINE SHOPPER

By Zak Stambor

"Give the lady what she wants," the visionary retail tycoon Marshall Field supposedly said in the late-19th century. While Field was focusing on wooing shoppers with phenomenal service, today that's only piece of the retail puzzle that merchants have to solve. They also have to anticipate shoppers' needs and present them with the right message, at the right time.

And that starts with knowing the customer. Retailers need to understand what she's interested in, what she's bought, what she's thinking about buying and where she is in order to avoid wasting valuable impressions. That isn't easy. And an in-depth analysis of retailer performance across multiple marketing channels, as well as dozens of interviews with retailers and experts, shows that some merchants are clearly farther along than others in solving the puzzle.

In the coming pages, Internet Retailer draws on dozens of exclusive metrics, as well as its own proprietary algorithms, to score top online merchants in five ways:

- Best **Email** Marketers in E-Commerce
- Best **Paid Search** Marketers in E-Commerce
- Best **Organic Search** Marketers in E-Commerce
- Best **Social Media** Marketers in E-Commerce
- **Best Digital Marketers** in E-Commerce

Some retailers perform well in just one marketing channel, while others—especially the Best Digital Marketers in E-Commerce—show strength across all channels.

A common thread, however, when analyzing merchants' strategies in email, social media, and paid and natural search, is that the winners

Winners are leveraging the information they've gathered about their customers to target shoppers across multiple marketing channels and drive consumers to make a purchase.

are leveraging the information they've gathered about their customers to target shoppers across multiple marketing channels and drive consumers to make a purchase. And, for store-based retailers, they're agnostic as to whether that purchase occurs online or offline. Key to their success lies in their ability to understand their customers better than their competitors do.

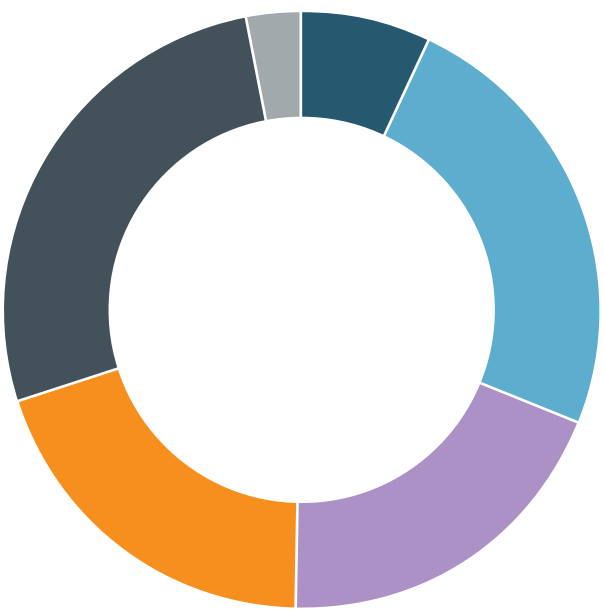
More so than any time in history, retailers that know who their customers are and what they're looking for can carve their customer base into segments. They can then target each group based on their needs and interests, as well as the likelihood a particular shopper is ready to make a purchase. Done well, it's a win-win.

For instance, if Home Depot knows that a shopper has already bought a snowblower in one of its stores, it doesn't need to waste Facebook ad impressions showing him snowblowers. Instead it might target me with an ad highlighting its latest appliance sale or it might use its ad dollars to target another group of shoppers who have been comparing snowblowers online. The result is less intrusive ads, which might explain why 31% of online shoppers click on Facebook ads featuring products either "often" or "sometimes", according to an Internet Retailer-exclusive survey conducted by BizRate Insights in October 2017. Those results show that a large share of consumers find relevant ads drive them to click and buy. That's plenty of motivation for retailers to up their game.

This report seeks to serve as a guide for those retailers looking to do just that.

CONSUMER SURVEY

HOW EFFECTIVE ARE THE PRODUCT ADS YOU'VE SEEN ON FACEBOOK IN TERMS OF ENTICING YOU TO CLICK?



Very effective. They always seem to know what I like or want to buy. I click on them often.	7.2%
Fairly effective. They sometimes show me products I might want to buy. I click on them sometimes.	24.0%
Not very effective. They rarely show me any products I want to buy. I've clicked on one or two of them.	19.4%
Not at all effective. They never show me any products I want to buy and I never click.	19.6%
I don't recall ever seeing products ads on Facebook.	26.8%
No response	3.1%

Source: Internet Retailer survey conducted with 2000 U.S. consumers via BizRate Insights in October 2017

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THE BEST DIGITAL MARKETERS

THE AMAZON FACTOR IN DIGITAL MARKETING

By Zak Stambor

There are a number of reasons that Amazon.com Inc. keeps gaining e-commerce market share. There's the power of Amazon Prime, which—thanks to its offer of free two-day shipping—leads many Prime members to look nowhere other than Amazon for everything from books to apparel to furniture. There's Alexa, which makes it simple for shoppers to make a purchase by speaking to their Echo speaker. There's its massive selection. There's its competitive prices. There's its rapidly growing private-label business. And then there's the other huge advantage that Amazon holds over other retailers: its massive marketing budget, which enables it to dominate natural and paid search results, and exert its influence over a host of other digital and offline marketing channels.

Amazon boosted its marketing budget 39.2% last year to $10.1 billion. For perspective, that's nearly double the $6.2 billion that retail giant Staples Inc. sold online in all of 2016, and roughly 74% as much as the $13.7 billion Amazon paid to buy Whole Foods Market Inc. last year.

Those dollars are producing strong results. During the crucial Black Friday to Cyber Monday period, for example, Amazon captured 11.9% of U.S. Google desktop text ad clicks and 3.2% of desktop Product Listing Ad (PLA) clicks among 2,500 top retail product keywords, such as "laptops," "shoes" and "Uggs," analyzed by search marketing data provider Adgooroo. PLAs are a visually-oriented ad format that presents product images, prices and business names to users searching on Google. Amazon also led in mobile text ad clicks, with a 9.1% click share, and it was fifth in mobile PLA clicks at 2.9%.

Similarly, Amazon's sophisticated email marketing program enables it to send highly targeted emails to the consumers most likely to open them. On Black Friday, for example, Amazon sent 52 Black Friday-themed email campaigns, a sharp decrease from the 119 it sent a year earlier,

The open rate on Amazon's Black Friday-themed emails doubled in 2017—

from 30% to 60%

Source: eDataSource

according to eDataSource, which tracks retailers' email campaigns and results. The approach helped double the open rate on its Black Friday-themed emails 30 percentage points, to 60% from 30% a year earlier.

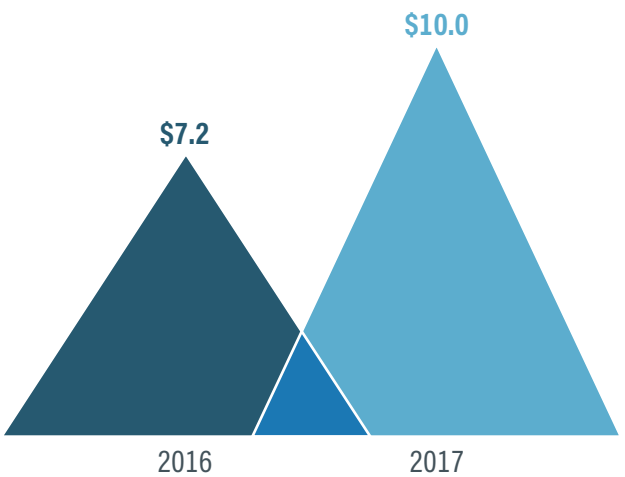
"Amazon has the resources to pay for robust data assets and to hire individuals who manage that data and its email programs at a very sophisticated level," says John Landsman, director of strategy and analytics at eDataSource. That means the retailer is sending more targeted emails to the consumers most likely to open them.

Amazon's aggressive marketing tactics helped it account for $4 out of every $10 spent online last year. And it also helped the retail giant earn the top spot in Internet Retailer's ranking of the 50 best e-retail marketers. The ranking is based on an exclusive algorithm that weighs dozens of metrics across four digital marketing channels—email, paid search, organic search and social media—to determine the merchants that are most effectively and efficiently driving consumers to their sites, apps and, in some cases, stores to buy. See full rankings in the complete 2018 Best Digital Marketers in E-Commerce Report.

Of course, there's only one Amazon. And while Amazon's marketing spend increase is dramatic both in terms of size and growth, the online giant is hardly alone in increasing the amount it is spending on online ads. Most retailers, 69.7%, boosted their digital ad spending this year, according to an Internet Retailer survey conducted in August 2017.

AMAZON'S MARKETING SPENDING SOARS

What Amazon spends on marketing annually (in billions)



Source: Amazon.com Inc.

TAILORING THE MARKETING MESSAGE

Most retailers' spending increases paled in comparison to Amazon's. Of the e-retailers that increased investment in digital marketing last year, the vast majority grew 25% or less, according to Internet Retailer's 2017 Digital Marketing Survey, which was released in the fall of 2017. To compete with Amazon's massive scale, even large retailers like Lowe's Cos. Inc. have to find innovative tactics and tailored messages aimed at individual shoppers to ensure their messages stick with consumers.

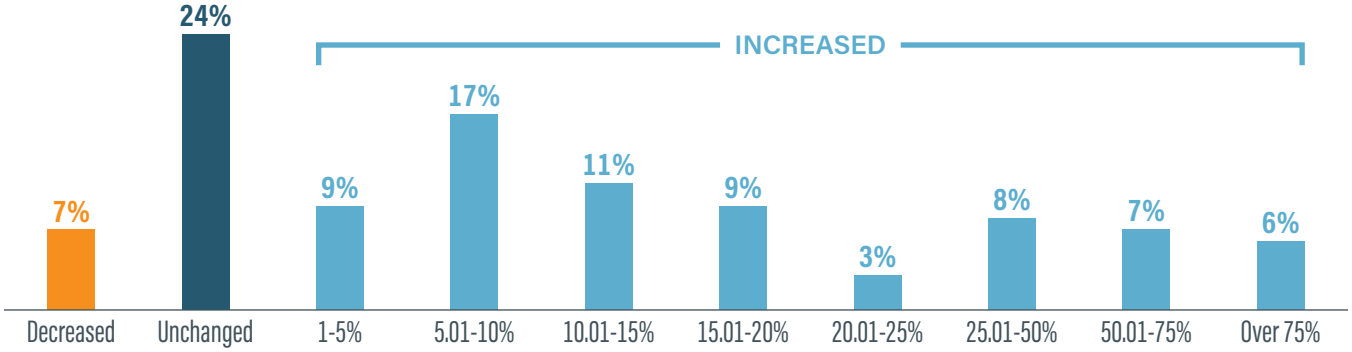
Lowe's ability to tailor messages to consumers' interests and behaviors, as well as its ability to track the impact of its ads, has led the retailer to allocate roughly 45% of its marketing budget to digital ads this year, a marked increase from 17% just three years ago. And with its sales up 20.8% in the first three quarters of 2017, it appears its approach is working. That explains why Lowe's is No. 13 in Internet Retailer's ranking. Lowe's and other retailers in the Best Digital Marketers in E-Commerce are successfully drawing on the large amount of information they know about their customers to target shoppers with messages tailored to their particular interests and needs—and they're doing so across nearly every marketing channel.

The effectiveness of Lowe's marketing stems from its ability to tailor its messages to individual consumers. Doing so is contingent on the retailer linking the information it knows about them—their location, their interests, their previous

RETAILER SURVEY

RETAILERS INCREASE DIGITAL AD SPEND

How has your digital marketing budget changed compared to last year?



Source: Internet Retailer's 2017 Digital Marketing Survey conducted in August 2017

'It's important to know our customers and anticipate their needs. That way we can respond with the right message at the right time.'

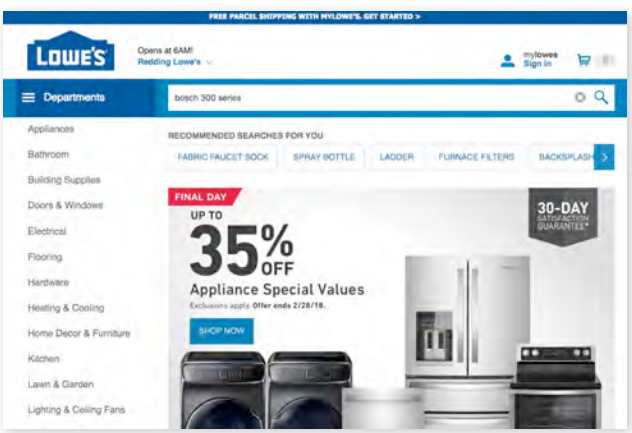
—Shannon Versaggi, VP, targeted marketing, Lowe's

purchases—across everything from email to paid search to social network ads, says Shannon Versaggi, the retailer's vice president of targeted marketing. "We need to be relevant to shoppers," she say. "That requires us to personalize the messages we're presenting them."

For instance, leveraging its knowledge of where a shopper is located has produced significant results for Lowe's, Versaggi says. That's true across display, search, email and social marketing channels. At the most basic level, the approach follows a simple idea: A consumer located in Los Angeles in February is unlikely to be interested in the same items as a shopper in Minneapolis. But then the retailer layers weather-related triggers on top of that location-based targeting to deliver messages that a consumer is likely to be interested when they're online. For instance, if there's rain in Minneapolis, Lowe's might run a display ad campaign featuring indoor projects for consumers in the Twin Cities metropolitan area, while running a display ad campaign featuring outdoor products in other markets in Minnesota, Wisconsin and South Dakota. At the same time, it might launch a paid search campaign on weather-proofing products in the Twin Cities metropolitan area.

"It's important to know our customers and anticipate their needs," she says. "That way we can respond with the right message at the right time."

Lowe's leverages a number of marketing vendors' tools to deliver the right message at the right time (the retailer declines to share which vendors' technologies it is using to integrate weather-related information into its ad targeting). That technology leverages machine learning to understand and adjust to the types of messages consumers respond to in particular situations, and artificial intelligence to determine when, where and at whom it should target, as well as how much it should bid for ads.



RETAILER PROFILE

LOWE'S COS. INC.

Best Digital Marketers Rank: 13

- Visits from social jump 65% in 2017
- 45% of ad spend is digital, up from 17% three years ago

UNDERSTAND SHOPPERS' NEEDS

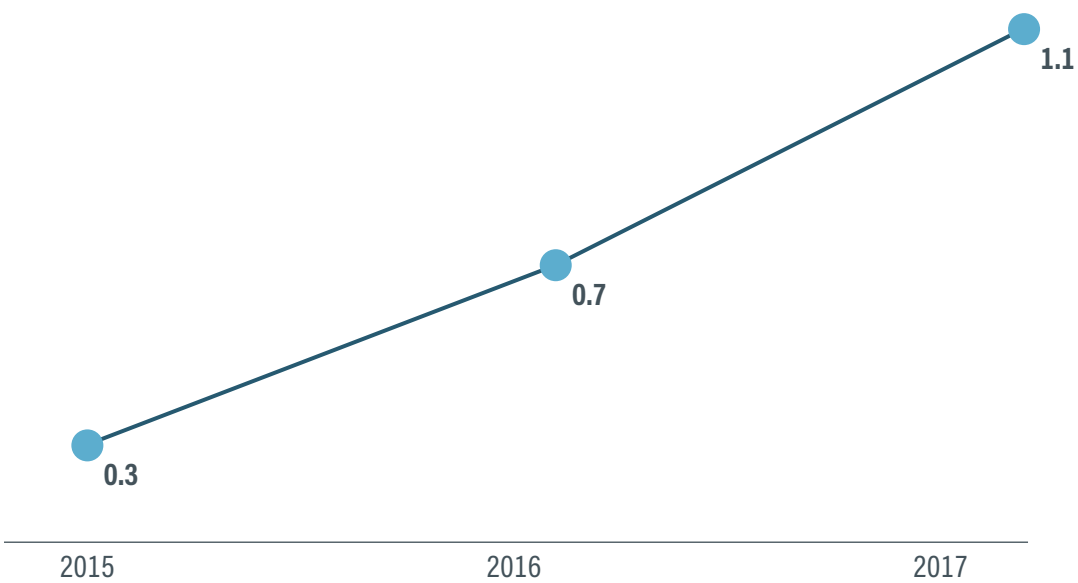
Lowe's aims to demonstrate to shoppers that it understands them and understands what it is that they're looking for. "Home improvement can be intimidating," Versaggi says, noting that when consumers embark on a project, there are a nearly endless array of decisions to make.

"If we want to be successful we need to understand the mindset of our customers," she says. That's why the retailer has spent much of the past year examining how consumers engage with different social networks. For instance, it found that consumers are typically passively engaged on Facebook but that they'll stop their scroll when they encounter something meaningful to them. That makes the platform particularly effective for retargeting via dynamic ads, the ad format that enables a brand to automatically promote products to shoppers who have expressed interest on the brand's website, app or elsewhere on the internet. On Pinterest, shoppers are actively engaged with the category as they're looking for home improvement ideas and inspiration, she says.

As a result of Lowe's efforts, the average number of consumers clicking from a social network to

A LOT MORE SHOPPERS ARE CLICKING FROM SOCIAL NETWORKS TO LOWES.COM

Average monthly visits to Lowes.com that arrive from social networks (in millions)



Source: Internet Retailer, SimilarWeb

its website grew 64.9% to nearly 1.08 million from 653,242 in 2016, according to web traffic measurement firm SimilarWeb.

In optimizing its ad spending, Lowe's has "leaned in" to Pinterest over the past year, she says. For instance, the retailer last year turned to Pinterest to find potential customers who it aimed to drive to make a purchase.

It launched a Pinterest Shopping campaign. Pinterest's Shopping campaigns use a retailer's product feed that's formatted to the same specifications as a Google Product Feed to create product pins on Pinterest. That means the retailer can create ads at scale and dynamically update them based on its inventory levels. Lowe's targeted the ads to search because that's where it thought it would find the consumers who were most likely to be looking to make a purchase.

Using digital marketing vendor Kenshoo's Campaign Mirroring tool, which enables a retailer to copy campaigns, audiences and creative from other channels onto Pinterest, Lowe's launched ads across its kitchen, home décor and seasonal décor categories from June to September 2017. The ads, which were Pinterest's one-tap promoted pins that take a shopper who taps directly to your chosen landing page, generated a return on ad spend 76% greater than its goal. And, compared to averages from the same period a year earlier, the Shopping ads delivered a 20% higher click-through rate and a 43% lower cost per click.

Lowe's one-tap promoted pins on Pinterest generated a return on ad spend

76%

greater than their goal.

HEARING THE SIGNALS

Like Lowe's, Home Depot uses weather-triggering ads. The retailer, which is No. 12 spot in Internet Retailer's "Most Effective Paid Search Marketer" ranking, also leverages Google's local inventory ads that are deployed based on the inventory levels the retailer has in a specific store or market. And it uses geofencing to understand consumer traffic patterns and to better understand areas where it may be over- or underpenetrated. It also geofences its stores to enable it to "surgically" target mobile shoppers with the right ads. "[Geofencing] enables us to spend marketing dollars in both offensive and defensive ways based on customer mobility patterns," Kennan says.

The fine-tuned approach has helped Home Depot keep its paid search costs in check. It spent, on average $6.3 million on search ads last year, according to estimates from paid search spending firm Adgooroo, a 2.0% increase from the $6.2 million it spent a year earlier.

Home Depot is also No. 7 in the "Best Email Marketers in E-Commerce" ranking thanks, in part, to it driving, on average, more than 4.3 million consumers from emails to its site every month. That's a dramatic 44.6% jump from roughly 3.0 million a year earlier. That's more consumers clicking from emails than all but 10 retailers ranked in the Internet Retailer Top 1000, which Kennan attributes to the content within those messages, Keenen says.

The retailer's emails feature dynamic feed that change based on the time of day, product availability and other factors. That means that a consumer who opens a week-old email that had featured an offer that expired days earlier will instead see Home Depot's most current promotion. "That makes a big difference," he says.

TOP 1000 RETAILERS DRIVING THE MOST TRAFFIC FROM EMAIL

Ranked by 2017 average monthly visits from email campaigns, in millions

Retailer	Avg. Monthly Visits from Email
1 Amazon.com Inc.	206.5
2 QVC Group	23.2
3 Walmart Inc.	17.5
4 Microsoft Corp.	14.2
5 Etsy Inc.	8.5
6 Gap Inc.	8.4
7 Best Buy Co. Inc.	6.6
8 Macy's Inc.	6.3
9 CVS Caremark Corp.	4.8
10 IKEA.com	4.5
11 Home Depot Inc.	4.3

Source: Internet Retailer, SimilarWeb. Data included for primary URL only.

CONCLUSION

Overstock's website revamp is reliant upon its ability to track its customers across devices. The personalized marketing efforts by Lowe's and Home Depot also depend on their ability to know who a consumer is when they're navigating their websites and apps, in their stores and searching online. And, increasingly, many of the retailers ranked in the "Best Digital Marketers in E-Commerce" are confident in their ability to do so.

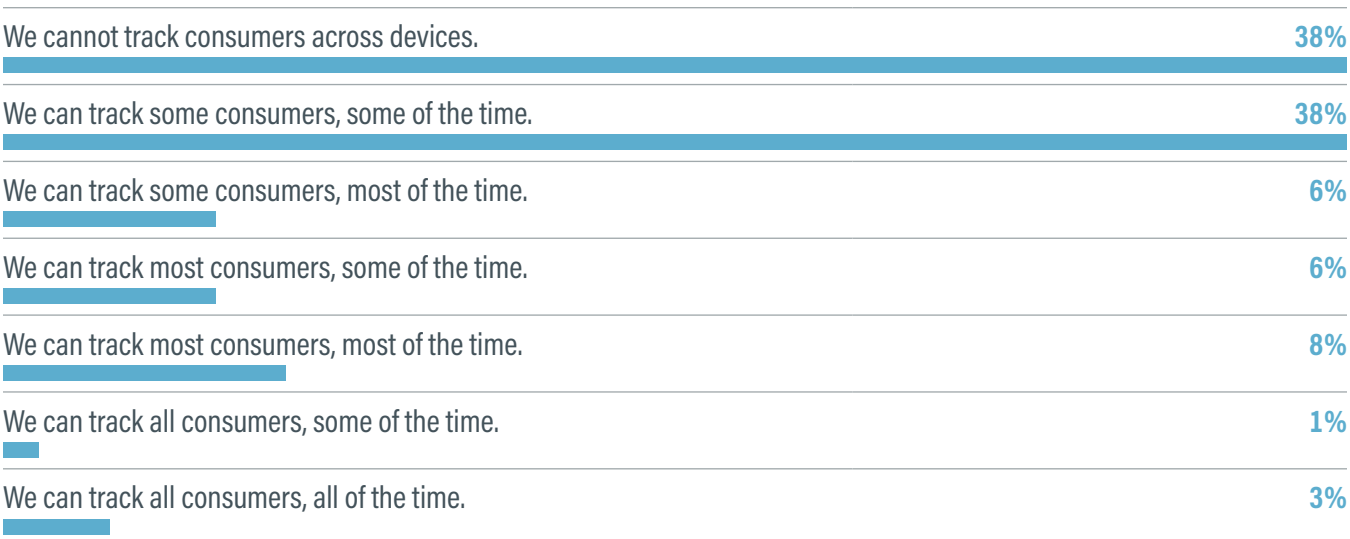
Overstock, for instance, believes that its ability to identify shoppers improved 10-20% last year. And Lowe's is "pretty confident" in its tracking capabilities. The retailer draws on a location data partner (it declined to name the vendor) that uses consumers' mobile devices to measure the increase in in-store traffic that stems from increases in digital marketing pressure in a given market. "This information is helping us get better and more efficient at allocating our marketing budget," she says.

That confidence stands in sharp contrast to most retailers. 38% cannot track consumers as they move between devices, according to Internet Retailer's 2017 Digital Marketing Survey. Another 38% can track some consumers, some of the

RETAILER SURVEY

TRACKING CONSUMERS ACROSS CHANNELS REMAINS A PROBLEM

Which statement best describes your confidence in your ability to track consumers as they move between devices?



Source: Internet Retailer's 2017 Digital Marketing Survey conducted in August 2017.

time. And that doesn't even include merchants' ability to track in-store actions. Clearly, tracking consumers isn't easy. But it's increasingly essential as consumers' shopping journeys increasingly include an ever-growing number of devices, including mobile devices, computers and smart speakers. Each of those touch points is important to understanding what a consumer is thinking—even if it doesn't lead to a direct sale.

For instance, while only 6.7% of Home Depot's sales take place online, an internal survey found that roughly 60% of its overall sales were "influenced" by a digital visits. That's why the retailer is focused on ensuring that its channels work in concert together. It's hardly alone. The best marketers are those that seek to make sense out of the vast amount of data that they have access to thanks to their ability to track nearly every action a consumer takes online trackable.

"We have no choice to use our data," Home Depot's Keenen says. "Customers expect us to speak to them at an individual level. If we fail to do so, we'll quickly fall behind."

While only 6.7% of Home Depot's sales take place online, an internal survey found that roughly

60% of its overall sales

were "influenced" by a digital visits.

EMAIL MARKETING

INTRODUCTION

By Katie Evans

Email may be the aging grandparent among today's marketing strategies, but it has three major things going for it: It is inexpensive, easy to track, and one of the most effective ways to drive repeat purchases from customers new and old.

"It's our number one digital marketing strategy and it's also our least expensive marketing channel," says Julie Daly, vice president of digital commerce for women's plus size apparel merchant Ashley Stewart Inc., which ranks No. 36 in Internet Retailer's Best Email Marketers in E-Commerce.

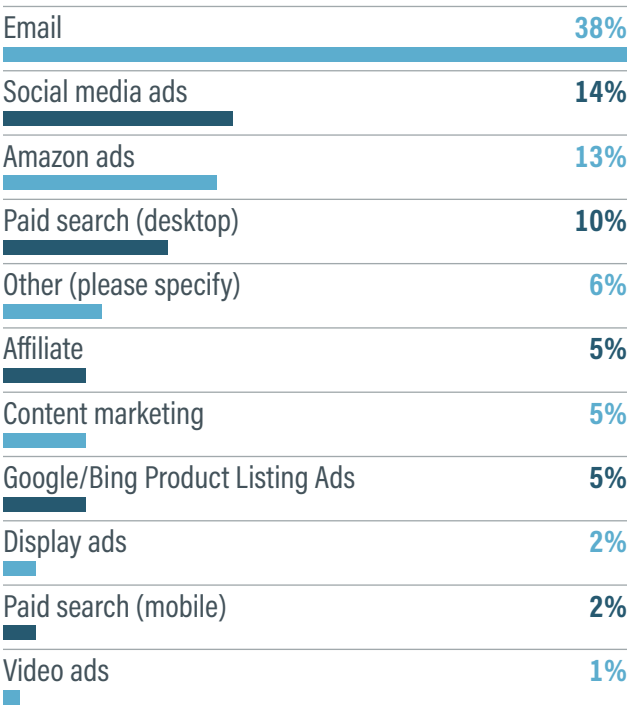
Email cost per order runs about $1.38 on average for Ashley Stewart—not bad when the retailer's average order value is around $78, according to Daly.

Ashley Stewart is not alone in seeing strong return on investment from its email marketing strategy. Consider: 37.9% of merchants (the largest percentage) in Internet Retailer's August 2017 Digital Marketing Survey of 89 retailers said email offers them the best return on their digital marketing investments. And more than 40% of retailers spend 10% or less of their marketing budgets on email marketing. What's more, 89% of marketing professionals listed email as one of their top three priorities for 2018, according to a late January study of 300 marketers from digital marketing vendor Yes Lifecycle Marketing. That survey also found that 45% of marketers ranked email as their top priority for 2018.

Still, as competition in online retail intensifies, consumers' email inboxes are increasingly flooded with marketing messages. Capturing their attention enough to get them to open an email, let alone click and buy something, is no easy task. The Best Email Marketers in E-Commerce are driving strong results from

RETAILER SURVEY

WHICH MARKETING CHANNEL GIVES YOU THE BEST RETURN ON YOUR INVESTMENT?



Source: Internet Retailer August 2017 Digital Marketing survey of 89 retailers

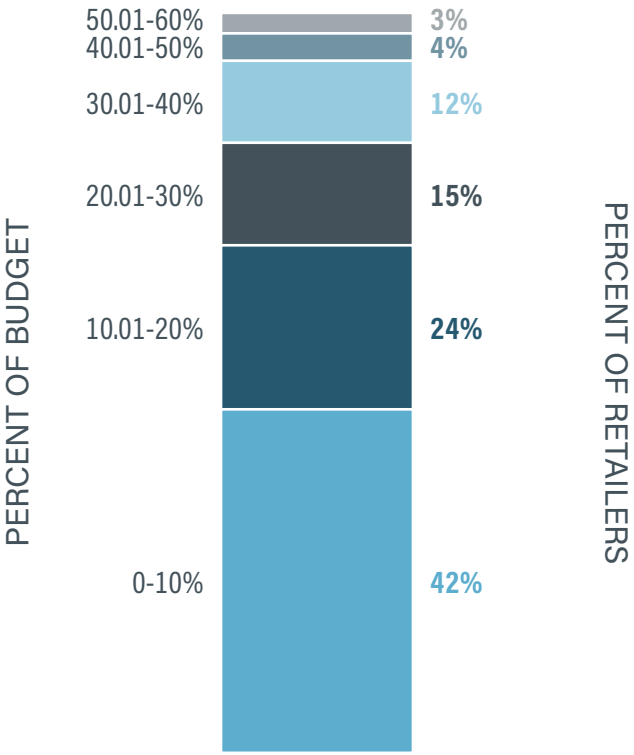
email through a combination of strategies, including careful choice of words, heavy testing and tracking results of multiple campaign strategies, and advanced personalization tactics that market to consumers based on their prior purchase and browsing behavior

In order to arrive at its rankings for the Best Email Marketers in E-Commerce, Internet Retailer examined several metrics of Top 1000 online retailers' email strategies, including the number of emails sent per month, the volume of traffic those campaigns drove to e-retail sites and other stats such as whether or not the messages are optimized for mobile devices. Internet Retailer then assigned point values to each retailer for the metrics and tallied them up to get the total score out of 100. The 50 Best Email Marketers in E-Commerce are a mix of retail chains and web only merchants of varying sizes. 19 or nearly 38% get more than 10% of their web traffic from email and 20 of them generate more than one million visits a month from email. However, they come in a range of sizes and flavors from Gap.com (No. 2) and Nordstrom.com (No. 30) to online-only consignment shop The Real Real Inc. (No. 11) and specialty mobile device accessories site CellularOutfitter.com (No. 37). That suggests the right email strategy can work for retailers of all stripes.

Below are tips from some of this year's top email performers as well as industry experts, to help retailers make their messages stand out in consumers' inboxes.

RETAILER SURVEY

WHAT PERCENTAGE OF YOUR OVERALL MARKETING BUDGET IS DEDICATED TO EMAIL MARKETING?



Source: Internet Retailer August 2017 Digital Marketing survey of 89 retailers

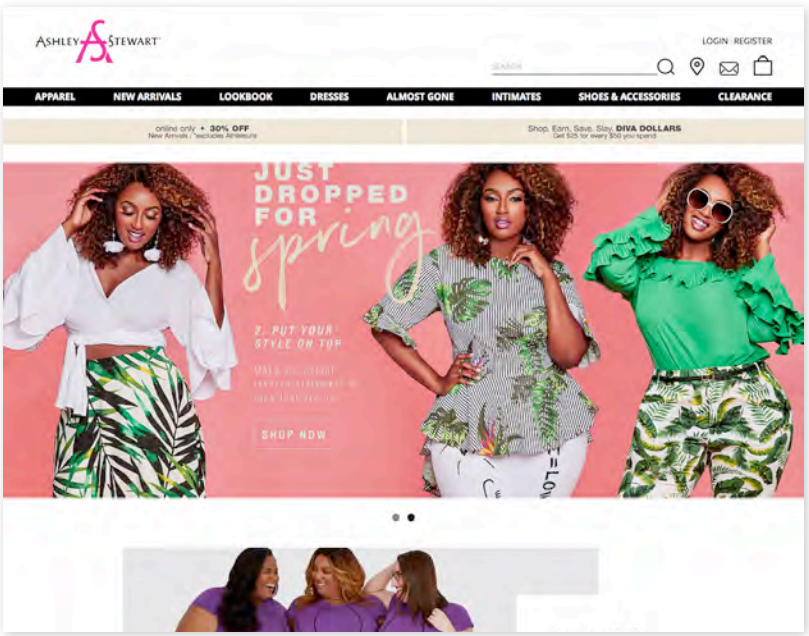
MAKE IT PERSONAL

Consumers are more likely to open an email if it speaks to them on a personal level. For Ashley Stewart, which partially credits its email strategy with helping to boost its web sales 350% since 2013, personalization and a sense of urgency works well.

For example, it personalizes emails for its Diva Dollar loyalty program members. Consumers earn $25 Diva Dollars for every $50 purchase over a period of 45 days and they then have a four-day window to spend their Diva Dollars. Getting specific with subject lines notifying shoppers of the amount of rewards they have to spend works well. “We will say ‘Hey Beth, you have $100 Diva Dollars to spend!’” Daly says.

Ashley Stewart also sends post purchase emails to first and second time buyers, encouraging them to come back and purchase again by offering a promotion such as free shipping.

It also personalizes messages for its private label credit card holders who purchase on average seven to 10 times each year. It provides these valuable shoppers with early, exclusive access to new fashions. The open rate for those emails are considerably higher than its average 8-12% open rate at about 20%, Daly says. “(Exclusive, early access) sends a message that they are special and they respond to the personalization. They think ‘This offer is special for me.’”



RETAILER PROFILE

ASHLEY STEWART INC.

Email rank: 36

- Three employees manage its email strategy
- Sent more than 1 billion messages to 1.8 million email addresses last year

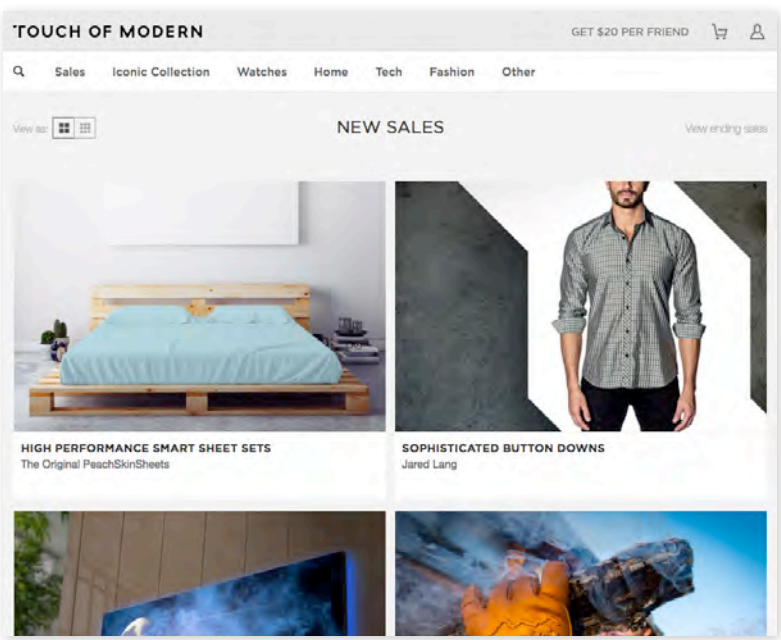
CHOOSE YOUR WORDS CAREFULLY

Ashley Stewart has limited inventory and typically a style is only available for about four weeks. It uses that sense of urgency in emails to drive sales. Messages with terms such as “get it before it’s gone,” “almost gone” and “back in stock” are some of the most effective, Daly says.

Indeed, consumers are more likely to open messages when they are time sensitive or include urgent offers. That’s clear from the fact that two flash sale retailers—Rue La La and Touch of Modern Inc.—scored near the top of the rankings this year. Rue La La, which ranks No. 1, regularly alerts its members via email of the urgency its 48-hour flash sales. It received 17.2% of its site traffic from email last year, up from 9.2% a year earlier, according to data from web measurement firm SimilarWeb.

Another limited-time sale retailer, Touch of Modern Inc. also ranks high—at No. 8. Roughly 29.3% of its 2017 traffic came from email in 2017, up from 25.6% a year earlier, according to SimilarWeb.

Touch of Modern, which sells men’s luxury items requires shoppers to submit their email addresses to shop the site buy and has 16 million subscribers, says Chuck Nguyen, director of marketing. 90% of sales last five days but a few last only 24 hours or three days, he says. Touch of Modern sends about 1.5 emails a day or about 10 a week.



RETAILER PROFILE

TOUCH OF MODERN INC.

Email rank: 8

- 29% of traffic comes from email
- The merchant has 16 million email subscribers

Highlighting exclusivity can also be effective in email, retailers say. Touch of Modern has found that phrases like "award winning," "new to market," or any phrases that make it clear that they product is rare and not available on major sites like Amazon.com perform well, Nguyen says.

Carl Sednaoui, co-founder and director of marketing at email monitoring service MailCharts Inc., says both the length and the words and symbols used in email messages can make a major impact.

For example, a good subject line should be 50 characters or less, he says. Much more than that and it could get cut off. Also, email preview text should be optimized to say something meaningful about what the email will contain, as opposed to something generic like, "Add us to your contact list," he says. Other tips include using at least basic personalization, including using the recipient's address in the "To" field and including the shopper's name in the greeting. Other red flags that turn shoppers off or land messages in spam are words in subject lines such as "free," including many exclamation marks in subject lines and phrases like "buy now!"

MailCharts subscribes to retailers' email lists and analyzes their marketing strategies after performing functions such as adding a product to a cart or buying an item. It then shares the strategies with it uncovers with its merchant clients.

Subject line no nos:

1. Including the word "free" in a subject line
2. Using multiple exclamation marks in subject lines
3. Phrases like "Buy now"

SPONSORED ARTICLE

Q&A

An executive conversation with **Ross Paquette,** Chairman & CEO, Maropost

Email has been around a long time. What makes it still effective as a marketing tool?
Email is incredibly adaptable and keeps evolving as new marketing pressures and preferences arise. This evolution is most evident in how email has dealt with the shift towards data-driven marketing. Not only do email marketers have access to more data than ever before, they're also using that data in more creative ways.

What are the most common mistakes e-retailers make when using email as a marketing tool?
Here are the top five e-mail marketing mistakes we see among e-retailers:

1. Not optimizing for mobile: Rather than viewing email and mobile as two separate channels, marketers need to view them as complementary components to a complete strategy.

2. Not personalizing enough: With machine learning delivering behavior-driven dynamic content, there's no excuse not to go beyond the typical first-name personalization—even for smaller teams.

3. Not incorporating email across channels: Treating social media, web, and mobile as complementary to email—ensuring email campaigns have touchpoints on other channels—gives e-retailers a better chance of reaching customers at the right moment, with the right message.

4. Not testing enough: Test and retest emails to see what is and isn't working.

5. Not leveraging rich content: Text-heavy emails usually result in messages being ignored. To appeal to even the shortest of attention spans, rich content—like images, GIFs, and videos—in emails can capture and hold customer interest.

What makes a marketing email message effective?
An effective email message has three parts: content, design, and data. Determining what does and doesn't work in emails should never come down to instinct. Incorporating data into marketing decisions is essential to ensure that you're always sending out the best possible version of your campaigns.

What are some good strategies for enticing recipients to open a marketing e-mail from an e-retailer?
Aside from a snappy, personalized subject line, there are a few other tricks to getting marketing emails opened:

▶ **Include emojis:** When appropriate, emojis in subject lines break up the black and white text with a little color. These text alternatives are not only eye-catching, they can also reduce the character count of a subject line.

▶ **Make good use of the preview text:** Preview text—the so-called second subject line—can help you give recipients the extra push to open marketing emails.

▶ Test, test, test: The more e-retailers test their subject lines (and preview text) the more they can be sure to send the most enticing version of their emails.

How can an e-retailer keep its email subscribers from unsubscribing?
There will always be new customers who unsubscribe right away. Long-term subscribers are the ones e-retailers should be most worried about keeping, because they're the group e-retailers have the most data on. The goal should be to keep them feeling appreciated. Ways to do that include discounts specifically for long-term customers and asking for reviews and other user-generated content to include in emails.

MAROPOST®

MASTER THE BASICS

When it comes to delivering effective communication via email, often times tackling basic best practices can make the difference between a great campaign and a flop.

For one, testing how an email looks across all email service providers and browsers is key.

Another common best practice is to send an email campaign that originates from an address that a consumer can reply to, not a "noreply@" or similar address. "You want the consumer to feel like an engagement from you is welcome," says Sednaoui. 95% of Top 1000 retailers analyzed by MailCharts send their emails from an address consumers can reply to.

Other benchmarks are to keep the HTML weight of all messages below 102 kilobytes to avoid emails being truncated by the service providers. If your email is getting truncated it might throw off the entire message, Sednaoui says. For example if the message has a table, list or pricing in it, the clipped version may confuse or frustrate shoppers or break links.

Keeping a sensible image weight of around 800 kilobytes or less is also important to ensure that the message will load quickly and also avoid spam filters. GIFs can quickly add to image weight so approach them with caution, Sednaoui advises. Many retailers were missing the mark on this—the average email weight

Email marketing basics:

- Test email campaigns across all email providers and browsers
- Send messages from an email address that customers can reply to
- Keep HTML weight below 102 kilobytes
- Keep image weight below 800 kilobytes
- Optimize for mobile
- Test triggered campaigns to be sure there's no overlap

across all Top 1000 retailers was 928 kilobytes, Sednaoui says.

Mobile-optimized email is also a basic all retailers should be nailing, Sednaoui says. Surprisingly, in MailCharts analysis of Top 1000 retailers, only 48% sent emails optimized for mobile, he says. Other recent research from RSR Research LLC and email marketing provider Coherent Path finds 60% of 138 retailers it analyzed don't optimize their messages for smartphones—despite about 55-60% of email being opened on smartphones, says James Glover, co-founder and CEO of Coherent Path.

Another common mistake Sednaoui points out is failing to update automatic emails such as order and shipping confirmations. "Sometimes retailers don't want to touch important emails tied to purchases but after years they wind up looking like they were created in the 1990s," he says. Other experts say such emails provide great opportunities for cross selling, upselling, editorial and branding.

"Audit your own email program," Sednaoui says. "See what your onboarding look likes when someone signs up for email and what your order confirmation looks like. Sometimes your triggers overlap." For example, a new email subscriber might be a tad miffed getting a welcome email, another asking to sign up for the retailer's newsletter and a third cart abandonment email in the span of an hour.

Only 48%

of Top 1000 e-retailers optimize emails for viewing on mobile devices.

SEGMENT, SEGMENT, SEGMENT

Ashley Stewart also uses geocoding to segment its email list of more than 1.8 million addresses and notify shoppers of events going on at one of its 89 stores close to them. And in stores, it directs associates to collect emails of store shoppers. It can then segment those shoppers out and speak to them differently by, for example, promoting local events.

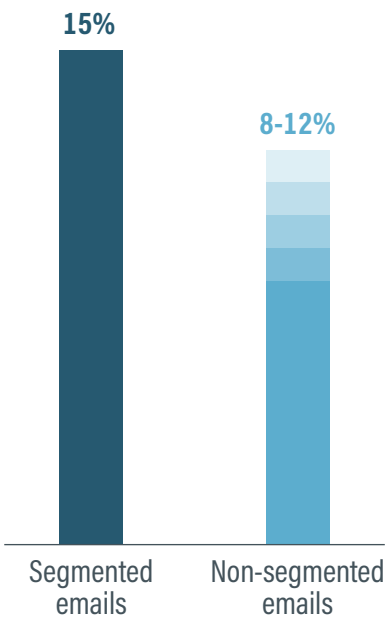
Ashley Stewart uses vendor AgilOne Inc. to segment the emails it sends based on when a shopper last bought, by whether she shopped online or in a store and what she typically purchases, says Beth Robertshaw, email marketing manager and strategist for Ashley Stewart. For example, it will segment its list by shoppers who have an affinity for shoes and send them a Shoesday Tuesday email.

It also segments by shoppers who have signed up for the retailer's email list but have not yet purchased by sending an email with an offer, such as free shipping.

Robertshaw says the open rate for segmented email is about 15% on average compared with 8-12% for non-segmented emails. "We email every day and several times a day and we segment how frequently a shopper receives an email based on how often they buy and open," she says.

SEGMENTED EMAILS PERFORM BETTER FOR ASHLEY STEWART

Open rates



Source: Ashley Stewart Inc.

TEST OFTEN

Both Touch of Modern and Ashley Stewart are big proponents of testing with email. Nguyen says his company frequently A/B tests email and can quickly see the version that is performing better. "If we have a million people in an email send, we can see which email version is better after a couple hundred thousand are delivered and switch over to the one generating the most opens and click through," Nguyen says.

Touch of Modern also tests the timing of email sends. For example, this winter its customer base of affluent men often responded well to emails sent Sunday morning while relaxing before football games kicked off.

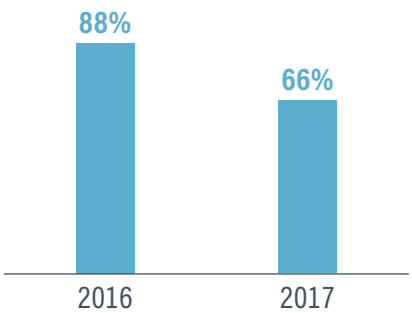
Ashley Stewart tested the frequency of email it sent and was able to boost the percentage of messages that landed in customers' in boxes.

"We used to send emails three times a day to our entire file whether they engaged with us or not," Daly says. When it changed the frequency, only sending multiple messages a day to shoppers who were consistently opening them, and sending less frequent messages to other shoppers, the retailer's inbox placement percentage rose from 85% to between 95 and 99%.

Ashley Stewart also has been surprised with some of its test results. For example, it has tested calling out the percentage off versus the starting price point of fashions on sale and found starting prices garnered about a 20% higher click through rate. Additionally, Ashley Stewart shoppers tend to respond better to a messages highlighting fashion trends over promotions—another unexpected result.

ASHLEY STEWART SENDS FEWER PROMOTIONAL EMAILS IN 2017

Portion of emails Ashley Stewart sends that contain a promotion



Source: MailCharts Inc.

'If we have a million people in an email send, we can see which email version is better after a couple hundred thousand are delivered and switch over to the one generating the most opens and click through.'

—Chuck Nguyen, director of marketing, Touch of Modern

CONCLUSION

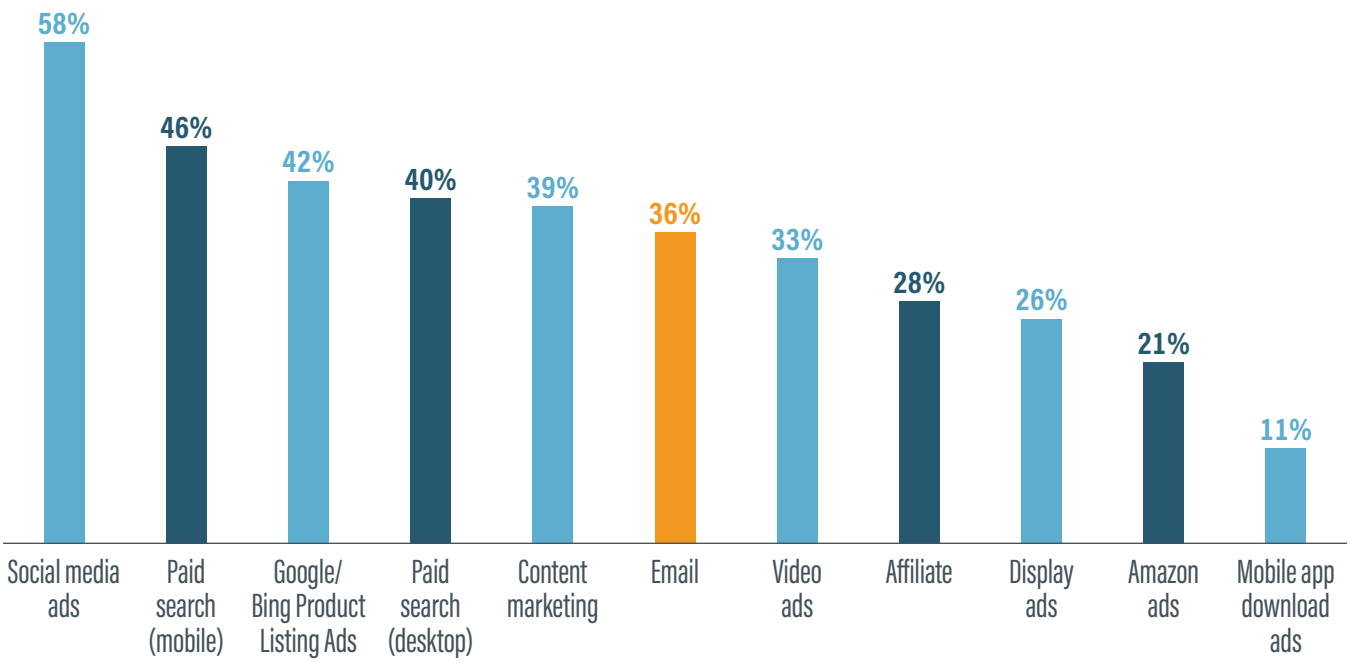
Email marketing may be mature, but that isn't a bad thing. It's a reliable, relatively inexpensive workhorse that's been heavily used by retailers for more than a decade. A whopping 81.6% of retailers use email marketing and 36.5% plan to spend more on email this year, according to Internet Retailer's 2017 Digital Marketing Survey.

That's a clear message that that retailers still view email—and all the new capabilities with it available on the market today—as a valuable digital marketing strategy.

RETAILER SURVEY

WHICH CHANNELS DO YOU PLAN TO INVEST MORE IN NEXT YEAR?

(multiple responses allowed)



Source: Internet Retailer August 2017 Digital Marketing survey of 89 retailers

FEATURE
AFFILIATE MARKETING

AFFILIATE MARKET POISED FOR GROWTH

By James Risley

While affiliate marketing may be one of the oldest forms of online marketing, it continues to rise. The process, which gives publishers a share of revenue generated through links on their sites to certain retailers, is expected grow 10% each year and generate $6.8 billion in yearly sales by 2020, according to Forrester Consulting.

One key to affiliate marketing's success is its adaptability. It has long worked as a way for publishers to generate revenue, but has also grown to accommodate influencers, those celebrities with huge social media followings that have a direct connection to their fans and want to monetize their popularity.

Multitouch attribution

Affiliate marketing is one piece of mattress maker Nectar's broader marketing efforts. Affiliate marketing is particularly important to mattress retailers because a number of mattress review sites have popped up as consumers look for reviews before buying the bed they'll sleep on for the next decade.

However, Nectar founder Craig Schmeizer recognized that mattress purchases aren't always made quickly. The company uses affiliate marketing through mattress review sites, but doesn't rely on visitors through affiliate links to click and buy right away. Instead, the company built its own data analysis system to understand the buying patterns of shoppers who come from review sites and target them with other marketing like display or Facebook ads down the line.

"We get very into the nitty-gritty around how folks shop for mattresses," he says. "The data is critical, because when we were entering this market, we knew we could have the best product at the best price, but the challenge was that there were a lot of competitors. It was going to be hard to stand out."

Content matters

Some retailers have found that working with affiliate marketing sites where consumers are reading about a particular topic or product can

The affiliate market could generate

$7 billion in sales

by 2020.

help them drive shoppers to their sites that other marketing channels might not. For instance, 1800GunsAndAmmo.com, part of Webyshops, works with affiliates to attract consumers reading about firearms and related products. That's particularly important for the firearm retailer because it can't advertise on Facebook or Google because they prohibit marketers from advertising firearms on their platforms.

"I'm a big fan of the rare content marketing affiliate who actually writes about the product they link to," said David Link, Webyshops' content manager. "They're genuinely trying to add input and valuable information to the overall shopping experience."

Many publishers using affiliate marketing draw in readers by finding sales and deals on popular products. For one affiliate network company, links for coupons and deals made up the largest portion of revenue for retailers and continues to grow. 2017 fourth quarter revenue from those publishers was up 44% year over year. However, these deal-hungry shoppers may not lead to a larger returning customer base.

"I think there is always concern from retailers that affiliate marketing brings in a less-reputable customer base since many affiliate publishers drive traffic simply by scooping up active coupon codes and promos and then put them all in one place," Link says. "Personally we welcome any customer through an affiliate site, and while we have our own internal safeguards against abuse and fraudulent orders, we're happy to report most affiliate traffic is genuine and is just those savvy shoppers looking for the best deal or most info on a product."

Expanding the network

Affiliate networks, which often create the special links for a network of retails vet publishers allowed to use them and handle payment between the retailer and publisher, are also adapting to new trends in who is generating traffic online. As bloggers, YouTube celebrities and Twitter personalities grow in reach—more than 60% of Americans follow at least one online influencer according to Qualtrics—retailers are tapping into the power of these influencers' reach with affiliate marketing. In 2017, the number of influencer marketing posts doubled according to social media analytics company Klear.

Beauty products retailer Vanity Planet has more than 4,000 influencers as part of its program. More than 40% of the company's traffic comes from social media, the main avenue for influencer traffic, greater than direct traffic (30.3%) and organic search (13.2%).

Revenue from coupon and deal publishers jumped **44%** year-over-year in Q4 2017.

The company worked with Indi, a startup influencer marketing platform, to add 1,000 new influencers with smaller numbers of followers. During their first two months using the platform, those new influencers drove 2% of the company's sales. "These were people who we weren't able to work with before because we didn't have a platform to do so," says Mike Ponzillo, the retailer's co-founder. "These are brand new people who are driving sales to our site."

1800GunsAndAmmo.com has also worked to bring on new affiliates. "We've even expanded to offer a new in-house affiliate program for certain affiliates that don't meet sometimes demanding network guidelines," Link said. This new program lets the company work with smaller affiliates that may not have the large social media following or reader numbers that a big network looks for. But because firearms are a relatively niche product to sell online, the company can benefit from working with more affiliates that are influential in the world of firearms but lack broader appeal.

Timing matters

Timing also matters for affiliate marketing. During the holiday season, inbound traffic from affiliate links picks up for many retailers, according to content monetization platform Skimlinks. And the process may be starting earlier each year. The company found that clicks to Black Friday-related content first spiked in October in 2016. Throughout the holiday season, clicks are coming earlier as shopping habits overall shift earlier as well. 54% of shoppers made their first holiday purchase before Black Friday last year, according to a survey by RetailMeNot.

If retailers plan to integrate affiliate marketing into their holiday marketing plans, they need to give publishers time to work on their holiday stories. "We found that 40% of our top 25 publishers' affiliate revenue came from content that was more than 60 days old," said Skimlinks CEO Alicia Navarro. "It's not just about creating an article the week before Black Friday and that being it."

Those affiliate marketing investments made for the holiday season can benefit the bottom line throughout the year. Contact retailer LensDirect mostly relies on an affiliate network to let publishers find its products, but the retailer will still reach out to individual publishers if it spots an ideal placement potential. The company's referral revenues have grown 100% nearly every year since launching the program in 2010. The hands off approach may work for some retailers, but Webyshops' Link warns that smaller retailers may want to dedicate some resources into

60% of Americans follow at least one online influencer on social media.

'40% of our top 25 publishers' affiliate revenue came from content that was more than 60 days old.'

—Alicia Navarro, CEO, Skimlinks

making it worth the initial costs of setting up an affiliate program.

"For smaller retailers, the network 'entrance fee' of $2,000-$3,000 can be intimidating, and they should venture into it only when they have an employee who can dedicate a substantial amount of time to it," he says. "I think evaluating margins, especially for smaller retailers or brands, is an important task as well, since paying an affiliate 7-10% of a sale and a 2% network fee on top can be cumbersome to the bottom line."

Affiliate marketing's future

Affiliate marketing has proven adept at changing alongside the evolving world of e-commerce. It is also helping to create new kinds of celebrities. And even old media is jumping on the bandwagon: The New York Times purchased review site The Wirecutter for a reported $30 million in 2016 to diversify its revenue model.

Whether growth comes from a resurgence in the publishing industry, the continued rise in influencers' power or some other buzz-generating innovation in consumable content, affiliate marketing will likely play a part in monetizing the future of content. And that means it will continue to be a way to drive sales, complement other marketing and draw in new buyers.

PAID SEARCH

PAID SEARCH

SPENDING GROWS

By James Melton

Paid search advertising is an increasingly important component of online retailers' digital marketing strategies, and its growth shows no signs of slowing down.

In 2017 marketers' spending on search-engine ads grew almost twice as fast as total digital advertising spending and more than five times faster than the overall U.S. advertising market.

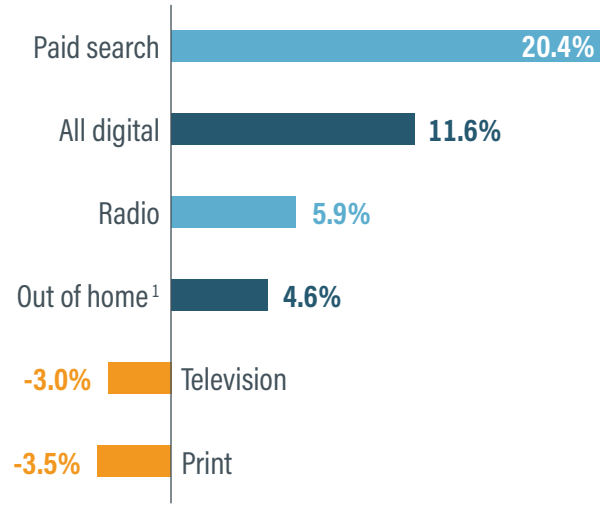
Digital marketing agency Merkle RKG says total paid search spending in the United States—which includes spending on Google, Bing and Yahoo Gemini—increased 20.4% in 2017 compared with 2016, and the number of clicks jumped 13.9%. By contrast, overall spending on digital advertising grew 11.9% in 2017, versus the entire advertising market, which grew a scant 3.7%, according to advertising intelligence company Standard Media Index.

The greater demand for paid search drove prices up in 2017, with the overall cost per click rising 5.7%, Merkle says.

However, growth in paid search spending means increased competition for consumers' attention. If retailers want to get found on search engines, they need to have a solid paid search strategy, and merely throwing money at Google and buying up keywords will make any retailer go broke. That's why Internet Retailer's Top 50 Best Paid Search Marketers in E-Commerce ranks web merchants on how successful they are at using paid search campaigns to drive traffic and sales on their e-commerce sites. The rankings consider multiple metrics including a retailer's monthly paid search spending, the percentage of site traffic that comes from paid search campaigns, and overall spending for each website visitor that comes from paid search ads. See the complete rankings in the full 2018 Best Digital Marketers in E-Commerce Report.

This section looks at who the biggest paid search players are, why overall paid search spending is growing, and some strategies that are driving big results for online merchants.

GROWTH OF PAID SEARCH VS. OTHER KINDS OF ADVERTISING IN 2017

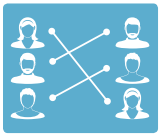


1. Billboards, bus shelters, mall kiosks, etc. Souces: Standard Media Index and Merkle RKG

AUDIENCE TARGETING

Google's AdWords platform allows advertisers to target their ads based on factors such as keywords, geographic location, language and device used. In recent years, Google has added features to allow advertisers to target specific audiences. Those features are becoming increasingly important. According to Merkle, Google's targeting products, audiences accounted for more than 30% of Google search ad clicks in the fourth quarter of 2017, up 10 points from the year-earlier quarter.

Google's audience targeting options include:



CUSTOMER MATCH

This feature, launched in 2015, enables an e-retailer to upload lists, which are then matched with data from matching Google accounts.

NEW Until recently, Customer Match supported only email list uploads. Starting December 2017, advertisers using Customer Match gained the ability to upload phone numbers and mailing addresses as well.

REMARKETING LISTS FOR SEARCH ADS (RSLAs)

Ad buyers can customize search ads campaigns to reach people who have previously visited their websites, and tailor ads to reach those visitors when they're searching on Google and search partner sites.

NEW Starting in July 2017, consumers on a retailer's YouTube remarketing lists can be added to that retailer's RSLAs.

DEMOGRAPHIC TARGETING

Advertisers can reach specific groups of people based on things like age range, gender, parental status, or household income.

NEW In the fall of 2016, Google began rolling out demographics for search ads (DFSA). DFSA lets search advertisers adjust their ad buys for factors like age ranges, genders and household income.

SIMILAR AUDIENCES

Powered by Google's machine learning, the similar audiences feature uses search trends to help advertisers find people who are looking for the same things as customers already in a retailer's RLSA lists.

NEW This feature, which was already available for Display Network ads, was rolled out for Google Search and Google Shopping in May 2017.

The 2018 Digital Marketing Report Series

Use Promo Code **DMRSKFR50** to receive $50 off the Full Report

The Full Report Includes:

- 111-pages (50+ pages of analysis and charts compared to Key Findings Report)
- Ranking of the Top 50 Best Digital Marketers
- Ranking of the Top 50 in Paid Search, Natural Search, Email and Social Media
- SEO winners by Product Category
- In-depth features not available in Key Findings Report

IR INTERNET RETAILER

THE BEST DIGITAL MARKETERS ▪ TOP 50 BEST DIGITAL MARKETERS IN E-COMMERCE

THE BEST DIGITAL MARKETERS IN E-COMMERCE

RANK	EMAIL SCORE	SOCIAL SCORE	PAID SEARCH SCORE	NATURAL SEARCH SCORE	TOTAL SCORE
19 Kohl's Corp.	68	55	54	55	59
20 LightInTheBox Ltd.	74	59	68	30	59
21 Sephora USA Inc.	56	72	47	61	58
22 Dick's Sporting Goods	68	52	50	59	58

28

THE BEST DIGITAL MARKETERS

TOP 50 BEST DIGITAL MARKETERS IN E-COMMERCE

Internet Retailer's ranking of the best digital marketers is the result of a proprietary scoring system that takes in account 27 metrics that measure how effective retailers are at marketing via email, social media, and paid and natural search channels. The final digital marketing score takes into account each retailer's score by marketing channel. The scores were weighted as follows: email 30%, paid search 25%, natural search 25% and social media 20%.

27

RANK	EMAIL SCORE	SOCIAL SCORE	PAID SEARCH SCORE	NATURAL SEARCH SCORE	TOTAL SCORE
1 Amazon.com Inc.	63	76	63	80	70
2 Home Depot Inc.	80	62	63	70	70
3 Wayfair Inc.	75	71	63	66	69
4 Target Corp.	73	69	56	70	67
5 Best Buy Co. Inc.	80	62	51	70	67

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WILL PAID VOICE SEARCH MATERIALIZE?

Another big development in online search is the growing number of consumers searching for products on the web using voice-controlled devices. But exactly how this will become an opportunity for paid search advertising has not been resolved.

Analytics firm comScore Inc. says the number of households with smart speakers grew fast in 2017. From June through November alone, penetration grew from 8.1% to 12.1%. According to the Consumer Technology Association, 44% of U.S. online adults plan to buy a smart speaker—such an Amazon Echo or Google Home device—in 2018. And 70% of current owners of smart home products use their devices every day and 89% report being satisfied with their product.

With that kind of growth, it's natural that investors are keenly interested in how Alphabet Inc., Google's parent, can make money from voice search. But when asked about it on a Feb. 1, 2018, earnings call, Alphabet CEO Sundar Pichai implied that it's too soon to focus on that.

"There are a lot of interesting ideas internally. So, teams are excited about trying new things. We see a lot of potential," Pichai said. "But the guidance I've given the teams is to be squarely focused on user experience. We are really getting started. I think these are going to be powerful technologies. But, there are areas where we clearly feel all of us fall short for doing right by users and getting their expectations—matching their expectation. So, you'll see us focused on user experience there for a while to come."

According to the Consumer Technology Association,

44%

of U.S. online adults plan to buy a smart speaker in 2018.

CONCLUSION

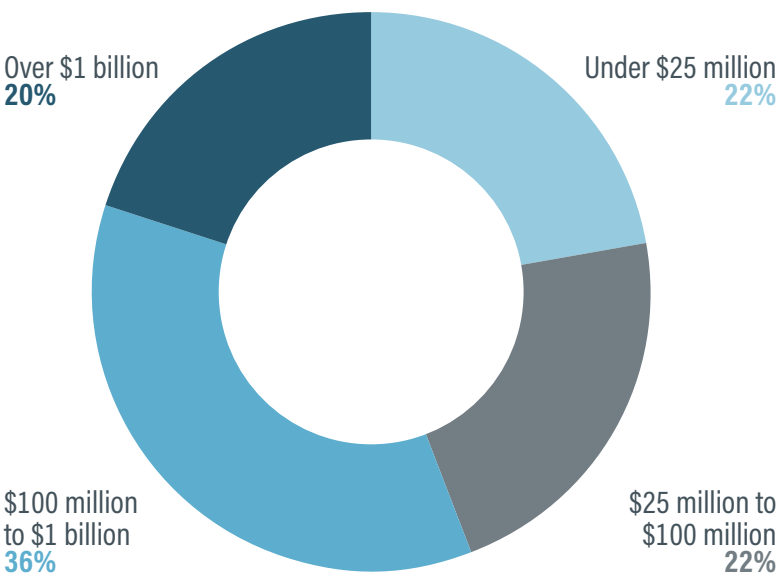
The biggest names in e-commerce are investing a lot in paid ads on Google and other search engines. Still, Internet Retailer analysis of the effectiveness of retailers' search strategies shows that there are many small and midsized merchants driving strong results by picking their spots carefully and investing smartly. In fact, among Top 50 Best Paid Search Marketers, only 20% of the retailers drove 2017 web sales of more than $1 billion. Roughly 44% had had 2017 web sales of less than $100 million and 22% had web sales of less than $25 million. What that means is that even small players can be among the best at deploying paid search strategies with a big return on investment.

What are effective search engine marketers doing? Merkle's Ballard offers these tips:

➤ **USE SEGMENTATION TOOLS TO TARGET CONSUMERS** Traffic segmentation has always been key to proper paid search management and as better targeting capabilities have become available, it has become even more important. Whether it's brand versus non-brand keywords, Shopping ads versus text ads, different device

MAKEUP OF THE TOP 50 BEST PAID SEARCH MARKETERS IN E-COMMERCE

2017 web sales range



Source: Internet Retailer

types, different geographic and demographic segments, or different audiences assembled based on browsing history or CRM data, advertisers should be looking at and optimizing for different segments of their accounts and making use of all the tools available to them.

➤ **STAY ON TOP OF CHANGES** Advancements in targeting capabilities have made paid search management more complex. While automation has helped to ease some of the burden of that complexity, brands still need to hire smart people that know the ins and outs of these tools, or an agency, to continue competing at a high level. Search is not a commodity, and high-end management yields high-end results.

➤ **KNOW YOUR CUSTOMERS** Brands know more about the people searching and clicking on their ads than ever before. To maximize campaign effectiveness, brands need to be taking this information into account in crafting a people-based marketing approach.

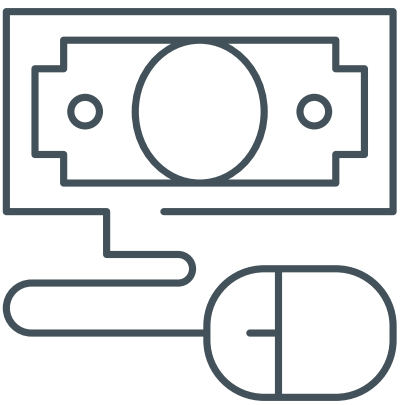
Adgooroo's Leichenko offers these two tips:

➤ **TAKE A HOLISTIC APPROACH** For larger brands, don't run your paid search campaigns in a silo. Leverage multimedia campaigns across television, radio, etc. to coincide with your paid search efforts and boost results.

➤ **DO YOUR HOMEWORK** Understand the competitive landscape in each search medium (desktop and mobile) and search format (text ads and product listing ads). They're going to be different and you need to tailor your efforts to properly compete and maximize your results.

The bottom line

No matter the size of your budget, do paid search right and it can work for you.



NATURAL SEARCH

NATURAL SEARCH

THE LEADERS

By Stefany Zaroban

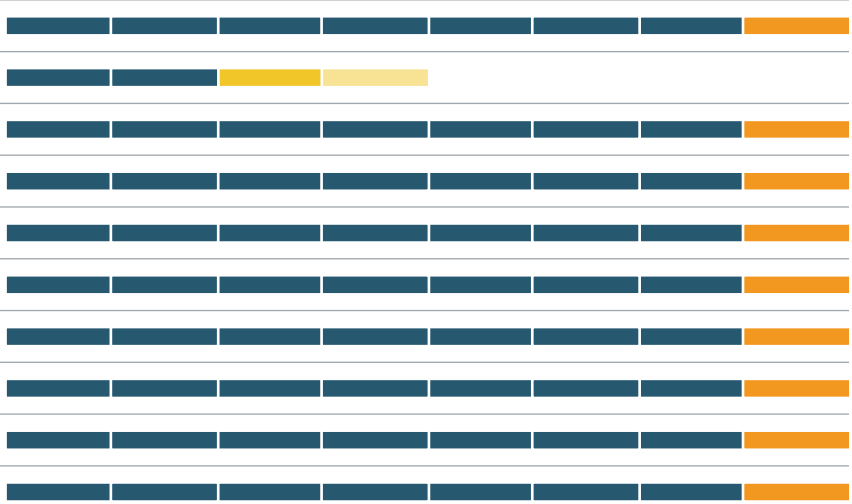
More so than in any other marketing channel analyzed for this report, the top scorers for natural search are the biggest of the big in e-commerce. In fact, nine out of the 10 retailers ranked in Best Natural Search Marketers in E-Commerce are among the 30 largest online merchants in North America last year, meaning they brought in more than $1 billion per year in annual e-commerce sales.

That's no surprise, as these merchants have large product catalogs and well-funded e-commerce teams armed with rich search engine optimization expertise. Those dedicated resources enable them focus on regularly optimizing product pages and other areas of their site to adapt to any changes that Google may make to its algorithm.

Plus, many of the top natural search marketers pull in traffic from a large volume of keywords that consumers use to find products on search engines. From November 2017 to January 2018, for example, Amazon.com (ranked as the No. 1 Best Natural Search Marketer in E-Commerce), drove traffic to its desktop site from 25,019 organic keywords, according to SimilarWeb Ltd. AutoZone.com drove visitors to its site via 54,074 organic keywords during the same period, the highest number among the top 10 natural search marketers.

THE LARGEST ONLINE MERCHANTS DOMINATE ON SEO

Natural Search Rank		2017 Web Sales Range
1	Amazon.com Inc.	$1B+
2	AutoZone Inc.	$250M-$500M
3	Etsy Inc.	$1B+
4	Home Depot Inc.	$1B+
5	Best Buy Co. Inc.	$1B+
6	Nordstrom Inc.	$1B+
7	Overstock.com Inc.	$1B+
8	Target Corp.	$1B+
9	Lowe's Cos. Inc.	$1B+
10	Wayfair Inc.	$1B+



Source: Internet Retailer

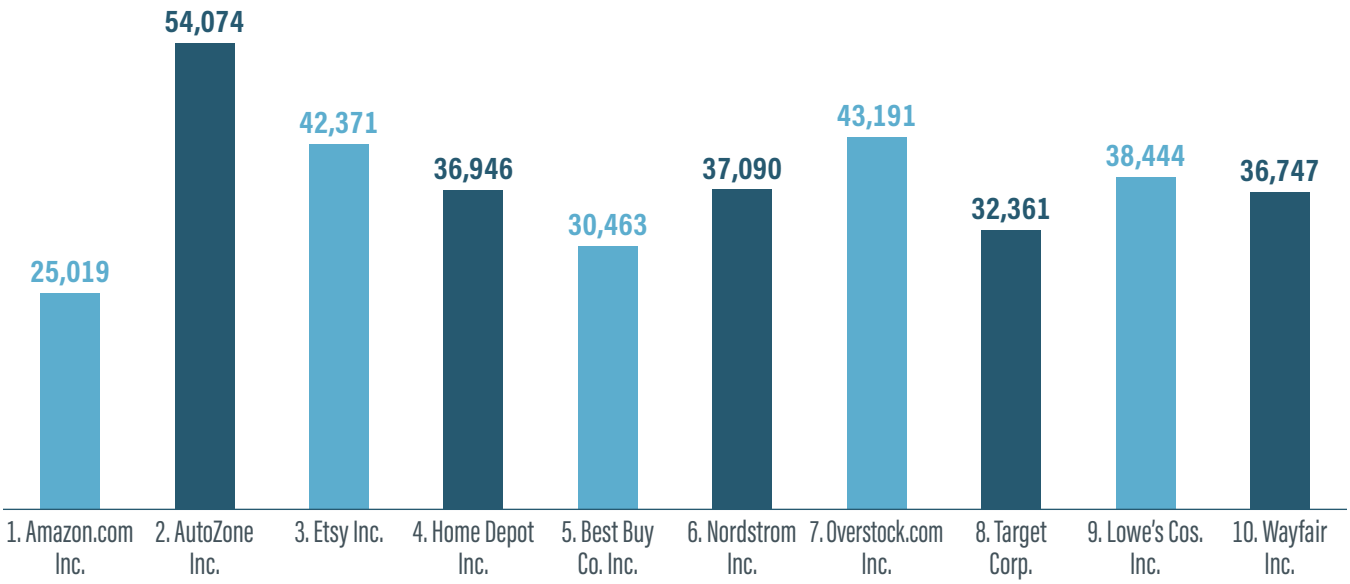
Large online merchants such as Amazon and Walmart that have catalogs spanning multiple categories such as apparel, housewares and toys, also benefitted from showing up in strong positions on Google search results for top keyword searches in multiple categories. Amazon shows up on page one of search results, for example, for common search terms in 13 out of the 15 merchandise categories that Internet Retailer tracks. Walmart ranks in nine of them.

See SEO winners by category in the full 2018 Best Digital Marketers in E-Commerce report.

Internet Retailer arrived at its natural search rankings by scoring Top 1000 online merchants on several metrics, including the percentage of traffic they receive from organic search on an average, the volume of those natural search visits, as well as a look at how they perform on common keyword searches.

SEO WINNERS BRING TRAFFIC FROM A HUGE VOLUME OF KEYWORDS

Top 10 natural search scorers, and the number of keywords driving organic desktop traffic from Nov. 2017 - Jan. 2018



Source: Internet Retailer, SimilarWeb

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- Ranking of the Top 50 Best Digital Marketers
- Ranking of the Top 50 in Paid Search, Natural Search, Email and Social Media
- SEO winners by Product Category
- In-depth features not available in Key Findings Report

IR INTERNET RETAILER

THE BEST DIGITAL MARKETERS ▪ TOP 50 BEST DIGITAL MARKETERS IN E-COMMERCE

THE BEST DIGITAL MARKETERS IN E-COMMERCE

RANK	EMAIL SCORE	SOCIAL SCORE	PAID SEARCH SCORE	NATURAL SEARCH SCORE	TOTAL SCORE
19 Kohl's Corp.	68	55	54	55	59
20 LightInTheBox Ltd.	74	59	68	30	59
21 Sephora USA Inc.	56	72	47	61	58
22 Dick's Sporting Goods	68	52	50	59	58

28

THE BEST DIGITAL MARKETERS

TOP 50 BEST DIGITAL MARKETERS IN E-COMMERCE

Internet Retailer's ranking of the best digital marketers is the result of a proprietary scoring system that takes in account 27 metrics that measure how effective retailers are at marketing via email, social media, and paid and natural search channels. The final digital marketing score takes into account each retailer's score by marketing channel. The scores were weighted as follows: email 30%, paid search 25%, natural search 25% and social media 20%.

27

RANK	EMAIL SCORE	SOCIAL SCORE	PAID SEARCH SCORE	NATURAL SEARCH SCORE	TOTAL SCORE
1 Amazon.com Inc.	63	76	63	80	70
2 Home Depot Inc.	80	62	63	70	70
3 Wayfair Inc.	75	71	63	66	69
4 Target Corp.	73	69	56	70	67
5 Best Buy Co. Inc.	80	62	51	70	67

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4 BEST PRACTICES OF SEO

Still, switching domains isn't in the cards for all online merchants. Many have to work within existing site architecture to optimize their pages to appeal to Google crawlers. That's no easy task, especially since Google changes its algorithm on a regular basis, usually with little guidance to site owners about what it's doing, or how they might be affected.

However, when it comes to good SEO, most experts acknowledge that there are a few key best practices that online merchants—especially ones without giant technology staffs—should focus on that will consistently help to drive traffic to their sites.

Here's a step-by-step walkthrough of four strategies, thanks to Alex Jasin, founder and CEO of online marketing firm X3 Digital.

STEP 1 Research long-tail keywords

The first step in e-commerce SEO success is in-depth keyword research. By spending time diving into keywords, you can identify what your customers are searching for, as well as how you rank against your competitors.

Your best bet is to research long-tail keywords. Long-tail keywords are typically three- to four-word phrases that people are searching for, as

Alex Jasin, founder and CEO, X3 Digital

opposed to primary keywords, which tend to be one- or two-word searches.

"Green tea," is a primary keyword. "Benefits of drinking green tea," is a long-tail keyword.

Why long-tail keywords? Because it's really tough to rank on the first page of Google for primary keywords. It's going to be really hard for you to get on the first page of Google for the phrase "green tea" because so many people are competing for that keyword.

Looking at the term using Google Keyword Planner, it's clear that showing up well in search results would be difficult because competition is high.

When searching for "japanese tea," the competition is lower. Yes, the search volume is also lower, but in the end a retailer will receive far more visits from this type of search by ranking high in organic results.

Search terms	Avg. monthly searches	Competition	Suggested bid
green tea	100K – 1M	High	$0.46

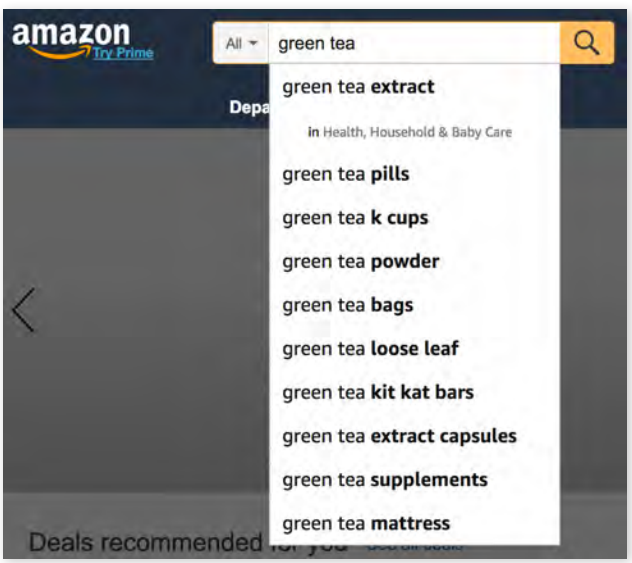
Focusing on optimizing around less competitive keywords like "japanese tea" is likely to drive more traffic than a phrase like "green tea," where competition is stiff.

Search terms	Avg. monthly searches	Competition	Suggested bid
japanese tea	1K – 10K	Medium	$1.15

The point is this: When creating your e-commerce pages, you want to build them around long-tail keywords. Ideally these keywords get at least 500 searches per month and are of medium competition difficulty.

Also, your keyword should fit your business. If Japanese tea is totally unrelated to your products, it's probably not a great keyword to utilize.

If you're having trouble finding long-tail keywords, try Amazon. The Amazon search bar will suggest a ton of words you may not have considered before.



The Amazon search bar can suggest keywords you might not have considered before.

STEP 2 Optimize your pages around your keywords

Once you've identified your long-tail keywords, you need to optimize your e-commerce pages around those keywords.

There are a number of ways you can do this.

First, use short URLs. Google seems to prefer short URLs over long ones when returning search results. So, rather calling your page www.yourstore.com/the-best-green-tea-bags-ever, simply go with www.yourstore.com/green-tea.

Second, try to make your product pages at least 1,000 words long. Google also seems to prefer

longer content when returning search results. If you're having trouble coming up with 1,000 words, consider adding:

- Liberal descriptions
- Possible uses
- Quotes from satisfied customers

Your goal is to give Google as much content to draw upon as possible. This increases the likelihood of your page getting pulled in search results.

Third, sprinkle your keywords carefully throughout your pages. Ideally, your keywords should be included three to five times throughout each page. Be careful, however, about keyword stuffing, when you try to cram your keyword in as many times as possible. Google penalizes this tactic.

Fourth, add internal links. If you have a high-authority page that gets a lot of traffic and has been linked to many times, link from that page to your important product pages.

STEP 3 Create content around your products

After creating optimized product pages, you're going to want to create great site content around those pages. Ideally, this will come in the form of starting a company blog and posting useful articles on your site that will generate significant search traffic.

Returning again to the green tea example, you could create a lengthy, in-depth guide to preparing green tea or drinking green tea. This content should be high-value content that brings in lots of readers.

Google deeply values high-value content. Their goal is to give searchers exactly what they want. If you can create that kind of content, Google will reward you with increasingly high search rankings.

One great way to create content is to solve a problem for people. For example, you could answer common challenges people face when preparing green tea. At the end of your post, you could link to one or several of your products.

Don't skimp on this content. It's tempting to write short posts, but Google doesn't care much about these. Go in-depth wherever possible. For example, when I published a massive 5000 word article about how to create a website, the post was rewarded in search results. That's because it goes into more depth than nearly all of the existing content on the beginner topic.

STEP 4 Build links around your content

Once you've created outstanding content, you need to market that content. Marketing expert

Google deeply values high-value content. If you can create that kind of content, Google will reward you with increasingly high search rankings.

Derek Halpern recommends spending 20% of your time creating content and the other 80% marketing that content.

And I'm not talking about any old marketing. I'm talking specifically about link-building.

Link-building is the process of getting other websites to link back to your content. Google sees each inbound link as a popularity vote. The more links a page has, the more important Google thinks it is and the more search traffic they send to it.

Google sees each inbound link as a popularity vote. The more links a page has, the more important Google thinks it is and the more search traffic they send to it.

Link-building is why you need great content and not just product pages. Most people don't want to link back to product pages, but are willing to link to great content.

There are a number of ways to build links, but some relatively straightforward ones are:

- Guest posting on other sites
- Emailing your content to site owners who are relevant to you
- Finding broken links and then offering your content as a replacement

Link-building is arguably the most effective method for increasing your website's traffic, so don't skimp here.

Link-building is pretty time-consuming, but it's worth it. Google looks for high-quality incoming links and then really rewards the sites that have them.

SOCIAL MEDIA

THE BEST SOCIAL MEDIA MARKETERS IN E-COMMERCE

By Zak Stambor

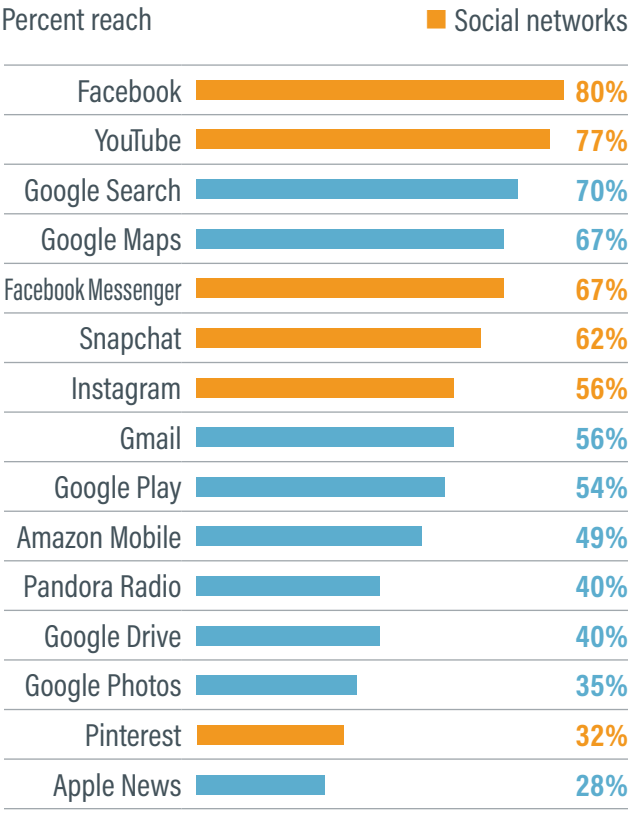
Retailers that want to market to shoppers where they're already looking need look no further than social networks. After all, six of the 15 most-used mobile apps in the United States are from social networks, according to comScore Inc. Consumers spend a lot of time on those platforms, making them prime destinations for retailers to aim ads at them.

Moreover, social networks offer marketers robust targeting options that give them wide latitude to aim ads at the social networks' massive user bases. Merchants can target their existing customers on platforms such as Facebook, Instagram and Pinterest, as well as consumers who share similar traits with their existing customers. They can also leverage the information the social networks gather about their users to target consumers based on their demographics, location, interests and/or their behaviors on or off the platforms. And they can combine various characteristics together to aim ads at broad segments or narrow slices of prospective customers.

Those elements are appealing to merchants such as home furnishings retailer Wayfair Inc., which wants to advertise on platforms where it can reach its target customer base, which is 73% female and more than 54% of whom are 45 or older, according to Internet Retailer's Top500Guide.com.

"We want to be where our customers are," says Jessica Jacobs, the retailer's director of marketing.

WHAT ARE THE MOST-USED MOBILE APPS?



Source: comScore Inc.

And a lot of consumers are on the leading social networks. For instance, Facebook, as of Dec. 31, had more than 2.1 billion users, YouTube had 1.5 billion and Facebook-owned Instagram had more than 800 million.

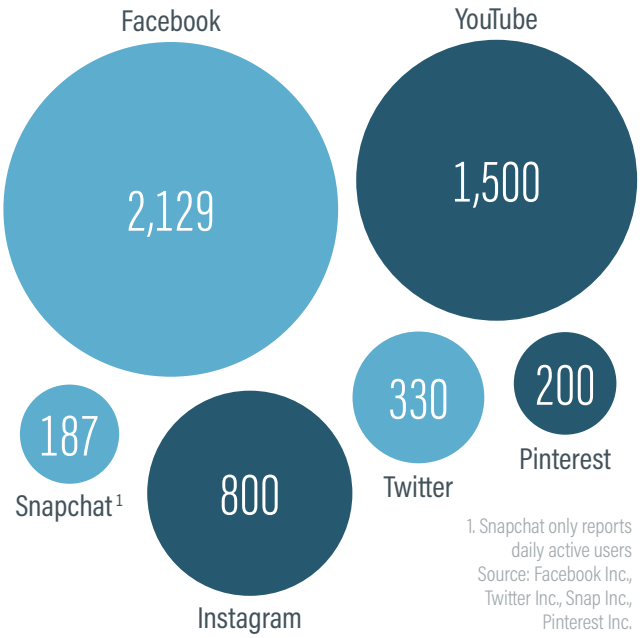
But successfully navigating social media marketing isn't easy, and increased competition for eyeballs in general means that it's becoming more expensive. But the retailers ranked in Internet Retailer's Top 50 Best Social Media Marketers in E-Commerce have found ways to navigate the platforms to drive traffic and sales on their e-commerce sites.

The rankings seek to determine the effectiveness of retailers' social marketing efforts by examining a number of data points including the percentage of site traffic that comes from Facebook, YouTube, Pinterest, Instagram and Twitter, the size of their followings on those channels, as well as on Snapchat, and the growth in their fan and follower base. See the complete rankings in the full 2018 Best Digital Marketers in E-Commerce report.

The rankings skew toward large retailers, such as Nike, Amazon, Wayfair and Walmart. In fact, 26 merchants out of the top 50 are among the 100 largest online retailers in North America, according to Internet Retailer's 2017 Top 1000 ranking, and only five of the merchants rank lower than 500 in the Top 1000 ranking. However, the common thread between smaller retailers, such as Vat19 and BH Cosmetics, and the larger merchants is that they all focus on using social media to share content that their customers are likely to be interested in.

HOW BIG ARE THE LEADING SOCIAL NETWORKS?

Monthly active users (in millions)



1. Snapchat only reports daily active users
Source: Facebook Inc., Twitter Inc., Snap Inc., Pinterest Inc.

What that content is varies widely based on each merchant's customer base. For instance, World Wrestling Entertainment Inc., No. 47, posts on Facebook about upcoming wrestling events, such as "WWE Live Road to WrestleMania" along with videos featuring its wrestling stars in the ring that garner millions of views. Cosmetics retailer Ipsy, No. 37, on the other hand, maintains a number of different YouTube series, including "Ipsy Crash Test Beauties," in which staff put a fun spin on trying out products, and "Ipsy Nailed It," which features nail art tutorials. The key, regardless of whether the content is an ad or an organic post, is that the merchants know what their customer wants to see.

What follows is a breakdown of a few key strategies that the Best Social Media Marketers in E-Commerce are using that are driving strong results.

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ADAPTING TO THE ALGORITHMS

But, because the vast majority of Vat19's YouTube views are organic, the retailer is at the mercy of YouTube's algorithm. "We live at the whim of the algorithm," says Jamie Salvatori, the retailer's owner.

For instance, in the summer of 2016 YouTube changed its algorithm so that subscribers to the retailer's channel would no longer see every video the brand posted. Instead, it presented viewers with the videos it believed they were most likely to engage with based on their past behavior. The change led to a nearly 40% drop in views. "That wasn't fun," he says.

The retailer spent a year tweaking its videos to figure out what would lead to views. The process was frustrating, Salvatori says, but ultimately good. "Nobody likes changes," he says. "But the changes helped make our content better and they helped the platform stay robust. Everyone has to adapt. And, ultimately, it helps more people stay on the platform for a longer period, which is ultimately good for the platform."

A similar phenomenon is happening on Facebook, which in January announced major changes to its flagship social network by shifting users' news feeds back toward posts from friends and family and away from businesses and media outlets. However, unlike YouTube, the move isn't aimed at keeping users on Facebook, wrote CEO Mark Zuckerberg in a blog post announcing the change.

"By making these changes, I expect the time people spend on Facebook and some measures of engagement will go down," he wrote. "But I also expect the time you do spend on Facebook will be more valuable. And if we do the right thing, I believe that will be good for our community and our business over the long term too."

The goal, he wrote, is to help Facebook's more than 2 billion monthly users find content that will lead to more meaningful social interactions.

The changes promised aren't entirely new—Facebook has been shifting the content on its

'We live at the whim of the algorithm.'

—Jamie Salvatori, owner, Vat19

news feed toward posts from friends and family and away from brands and publications for more than a year. With the latest change, Facebook's algorithm will prioritize posts that spark back-and-forth discussion or inspire people to share and react. That means posts like a friend asking for advice, recommendations for a trip or an article that prompts interaction, wrote Adam Mosseri, Facebook's head of news feed, in another blog post.

The move may lead some brands and retailers to pull back a little on their Facebook ad spend if, as Zuckerberg said, users do spend less time on the platform, says Melissa Parrish, a Forrester Research Inc. vice president. However, it could also produce some benefits for retailers that produce creative, well-targeted ads.

"With fewer irrelevant public posts, ads will stand out more in the short-term," she says. "That could mean that advertisers will see even more engagement with their ads until users get used to the new news feed and start to tune the ads out again."

JustFab's Inglis agrees the news feed change could make her brand's ads more memorable. "If we can target the right people, we believe we'll capture their attention," she says. "Success on Facebook is all about targeting and messaging."

Wayfair's Jacobs believes the move may also help it get its message across in its organic posts. "Because of the nature of the content we post, the community we've built and the conversations we're having on our page, I don't anticipate much of a change," she says. "The key is to be authentic and create an authentic community." But, at the same time, Wayfair is scaling up its Facebook advertising efforts to ensure that if its organic reach suffers it will still be able to get shoppers' attention.

However, there will likely be some impact from the change. After all, when asked what type of content consumers most want to see from the brands they follow, nearly half—48.4%—said that they wanted discount offers or coupons, according to an Internet Retailer survey of 1,002 online shoppers conducted by customer feedback provider Bizrate Insights. That far outpaces the percentage who want to see lifestyle images (17.0%) or blog posts (7.5%). However, when those same shoppers were

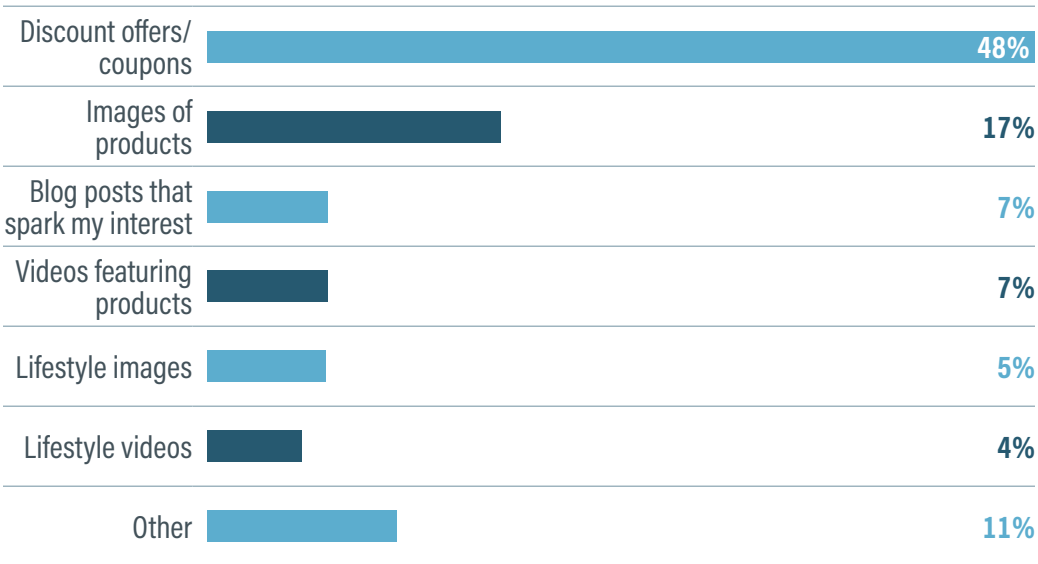
'With fewer irrelevant public posts, ads will stand out more in the short-term.'

—Melissa Parrish, VP, Forrester Research Inc.

asked what type of content they'd like to see from their friends and family, the vast majority, 67.2%, said they want to see images. Videos are second, at 16.4%. That suggests that if a consumer thinks of a brand as more of a friend or family than a retailer seeking to sell her something, she may be inclined to engage with its posts.

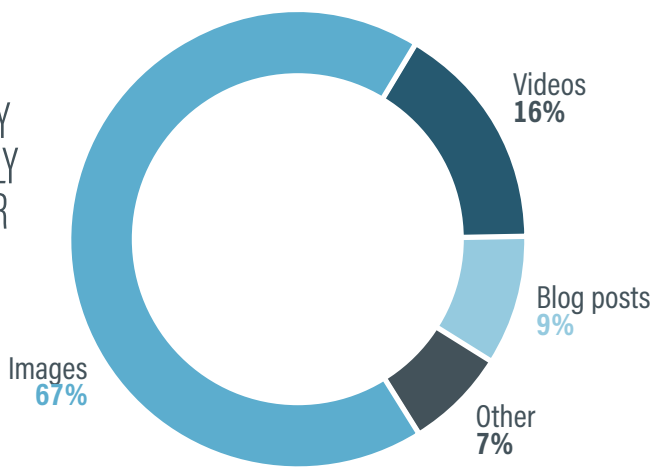
CONSUMER SURVEY

WHICH TYPE OF POST FROM A BRAND OR RETAILER ARE YOU MOST LIKELY TO CLICK ON IN YOUR NEWS FEED?



CONSUMER SURVEY

WHAT TYPES OF POSTS FROM YOUR FRIENDS AND FAMILY ARE YOU MOST LIKELY TO CLICK ON IN YOUR NEWS FEED?



Source: Internet Retailer and Bizrate Insights survey of 1,000 consumers, January 2018

CONCLUSION

Content is crucial to social media marketing success. Examining the top-ranked marketers within social media, it's clear that those that outperform their peers are those that create compelling content—regardless of whether that content is an ad or an organic post (or an organic post that a brand pays to promote to ensure consumers see it).

Retailers can only produce good, valuable content if they understand their audiences and what they want. The reason that more than 13 million consumers have viewed Wayfair's "Trailer Hitch Stand Cotton Chair Hammock with Stand" video is because it knows its customers want quirky items. The reason that JustFab can successfully acquire new customers with product-focused ads is that it has a deep understanding of what its existing customer segments respond to. And the reason that Vat19 has more than 4.5 million subscribers to its YouTube page is because it knows that its customers want to watch something fun and offbeat that they won't find elsewhere.

It isn't easy to create good content that consumers respond to. It's often a process that requires retailers to test and learn and to adjust when the platforms change the rules. It's a never-ending challenge that requires regular tinkering. But the retailers that "get it" are reaping the rewards.

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Zak Stambor is the editor of Internet Retailer magazine and the author of Internet Retailer's annual Digital Marketing Survey report. He also helps oversee e-commerce coverage on Internet Retailer's website, DigitalCommerce360.com/internet-retailer. He has covered e-commerce, and online retailers' digital marketing strategies, since 2009. He has an M.S. in Journalism from the University of Illinois at Urbana-Champaign.

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ABOUT INTERNET RETAILER RESEARCH

At Internet Retailer Research our goal is to provide data and information about e-commerce 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 e-commerce businesses. We sell this data in its raw format in our multiple online databases, and we dig deeply into these numbers to help inform our 30+ exclusive analysis reports we publish each year on key e-commerce topics, including online marketplaces, cross-border e-commerce and omnichannel retailing. In-depth, data-focused reports are also available on key categories of online retail like apparel, housewares, food and luxury. We also have a robust custom research department, which provides tailored research products—in-depth reports, exclusive surveys, raw data pulls and other products—for top retail companies, consultants, financial analysts and technology companies.

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