



2016 HOLIDAY ECOMMERCE FACEBOOK ADVERTISING PREVIEW

The ecommerce marketing landscape is constantly evolving, and no two quarters are ever the same when it comes to online advertising. However, one thing is certain: Q4 presents a significant challenge, but also a massive opportunity for revenue growth, particularly from Facebook advertising.

In 2015, **ecommerce retail sales grew 20% between Black Friday and Christmas Eve** compared to the prior year. Online shopping is only expected to continue growing in the 2016 holiday season, representing record-breaking sales potential for forward-thinking advertisers in the ecommerce sector.

To address some of the most pressing questions ecommerce advertisers have going into the competitive holiday season, this report features insights from 2015 Facebook ad campaigns from the largest retailers using Nanigans. Inside the report, you'll find real-world performance data and guidance around these important questions:

- ✓ How does advertising ROI change during the holidays?
- ✓ How does shopper purchase behavior change during the holidays? By day of week? By time of day? By desktop or mobile device?
- ✓ How does the cost of driving purchases change?
- ✓ How does ad engagement change?
- ✓ How does ad spend shift?

Key Findings

113%

average increase in return on ad spend during the holidays

37%

average increase in mobile share of ad spend during the holidays

16%

average increase in purchase rates on Fridays during the holidays

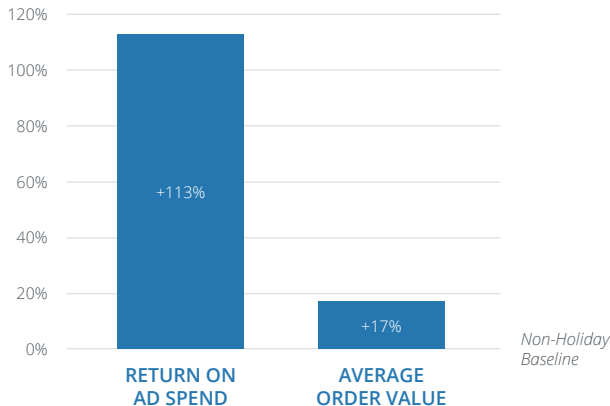
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How does advertising ROI change during the holidays?

Advertising on Facebook during the holidays—even with a high level of competition in the marketplace—is a proven way for online retailers to grow the bottom line. Last holiday season, ecommerce advertisers using Nanigans achieved substantial growth in key performance metrics including ROAS (return on ad spend) and AOV (average order value).

Holiday return on ad spend and average order value growth

Compared to the rest of the year



113%

average increase in return on ad spend during the holidays vs. the rest of the year

Return on ad spend increased by an average of 113% for online retailers advertising using Nanigans during the 2015 holiday season. This dramatic growth in returns was complemented by a corresponding average increase of 17% in average order value.

ADVERTISER TAKEAWAY

The holiday season may be a competitive time to advertise on Facebook, but the returns ecommerce marketers can make are well worth the investment. Not only did advertisers achieve impressive average ROAS growth last year, but they also drove higher-value purchases and increased the revenue generated from each holiday shopper.

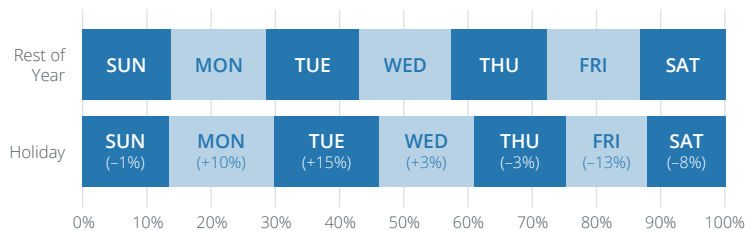
How does shopper purchase behavior change during the holidays?

DAY OF WEEK

During the 2015 holiday season, purchase behavior each day of the week changed significantly from the rest of the year.

While the share of total weekly purchases made on Mondays, Tuesdays, and Wednesdays during the holidays rose, purchase share for all other days declined. The greatest change occurred on holiday Tuesdays, which captured a 15% higher share of purchases than they did during the rest of 2015.

Purchase share, by day



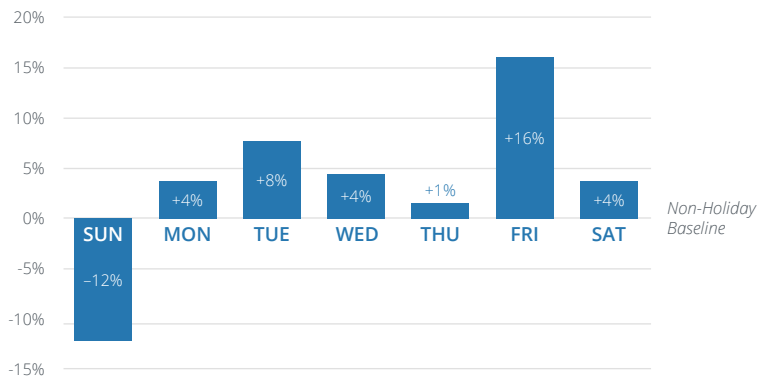
15%

average growth in the share of purchases made on holiday Tuesdays, compared to Tuesdays throughout the rest of the year

Purchase rates rose almost every day of the week during the holidays, with Fridays seeing the greatest increase at an average of 16% above non-holiday rates. The only day of the week purchase rates declined during the holidays was Sunday, with an average decrease of 12%.

Holiday purchase rate change, by day

Compared to the rest of the year



ADVERTISER TAKEAWAY

Pay particular attention to early weekdays when planning your holiday ad campaigns on Facebook. Consider testing budget allocations weighted to the earlier part of the week, or incentivizing shoppers who are primed to purchase on these days with limited time offers.

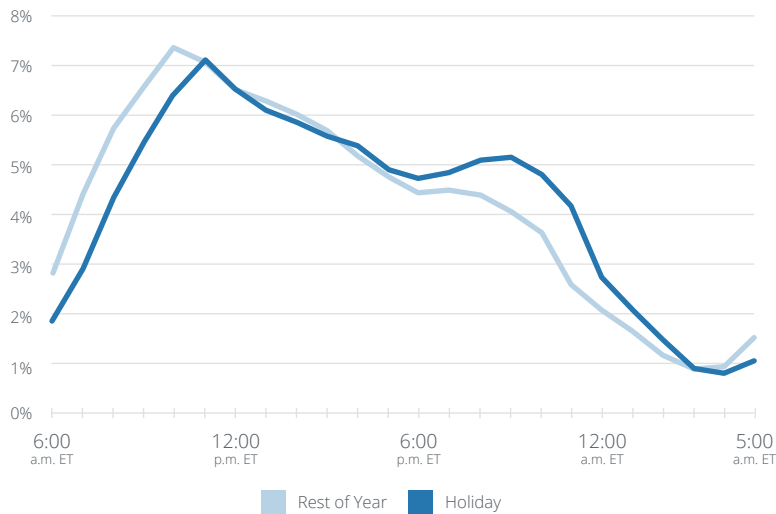
TIME OF DAY

What time of day captures the greatest share of purchases throughout the year? In 2015, Facebook users were most active in making purchases from ads during the 10:00 a.m. and 11:00 a.m. ET hours, which each accounted for 7% of all daily purchases. Purchase share reached a low point at 3:00 a.m. and 4:00 a.m. ET, when far fewer shoppers were actively buying.

However, the level of purchase activity during the evening and late-night hours noticeably accelerated during the holiday season.

Through November and December, the average share of purchases in a given day began to outpace pre-holiday levels beginning at 4:00 p.m. ET, with substantial average increases lasting through the early morning hours.

Purchase share, by hour



61%

average increase in purchase share at 11:00 p.m. ET during the holidays vs. that hour the rest of the year—the largest hourly spike

ADVERTISER TAKEAWAY

It's worth capitalizing on increased morning and evening-time purchase intent during the holiday shopping season. This could include allowing for more aggressive bidding over those hours, or specifically retargeting users during this time period based on an earlier visit.

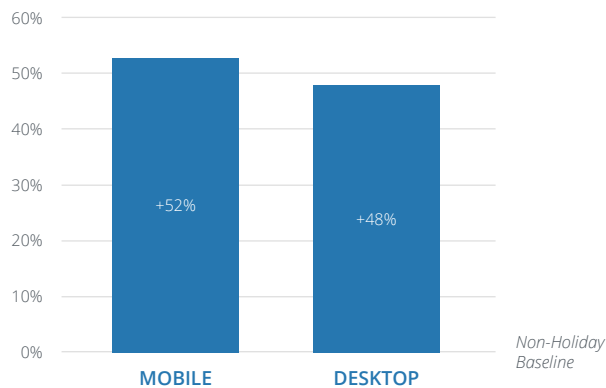
DESKTOP AND MOBILE

It comes as no surprise that purchasing activity from Facebook ads dramatically increases in Q4. However, during the last holiday season, did the surge in buying activity correspond with any changes in shoppers' desktop vs. mobile habits compared to the rest of the year?

Average monthly purchases skyrocketed on both desktop and mobile during November and December 2015, but mobile growth outpaced desktop with a 52% increase in monthly purchases. Desktop growth was only slightly lower, but still significant, at 48%.

Holiday monthly purchase volume growth, by device

Compared to the rest of the year



52%

average increase in monthly purchases made on mobile during the holidays vs. the rest of the year

ADVERTISER TAKEAWAY

While last year's holiday purchase volume growth on mobile outpaced growth on desktop, the two channels can always work better together. Consider strategies to reach shoppers on all devices, as some consumers may be more likely to complete a purchase on desktop after seeing an ad on mobile, or vice versa.

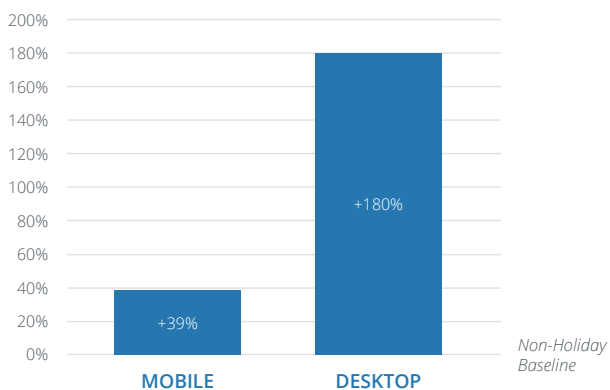
How does the cost of driving purchases change during the holidays?

Due to the highly competitive marketplace of advertisers looking to reach valuable holiday shoppers on Facebook, costs generally increase seasonally for online retailers. 2015 was no exception, though price fluctuations varied considerably between desktop and mobile ads.

Compared to costs during the rest of the year, average 2015 holiday CPMs (cost-per-mille) increased 39% on mobile and 180% on desktop.

Holiday average CPM change, by device

Compared to the rest of the year



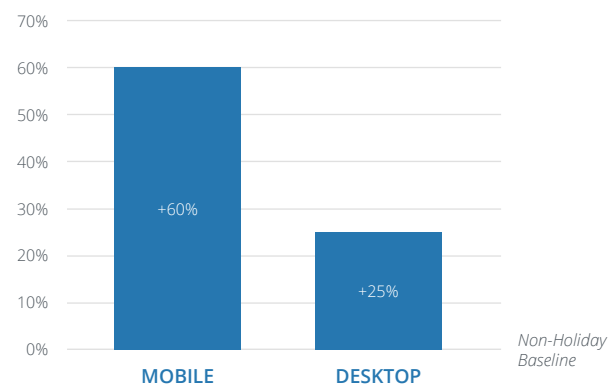
39%

average increase in CPMs for mobile ecommerce Facebook ads vs. the rest of the year

On a CPA (cost-per-action) basis, the average mobile increase of 60% outpaced that of desktop at 25%. This trend underscores the continued importance of desktop advertising over the holidays, but also highlights that mobile can be significant in its own right, especially when viewed in conjunction with 2015 monthly purchase volume growth.

Holiday average CPA change, by device

Compared to the rest of the year



ADVERTISER TAKEAWAY

Holiday pricing changes are inevitable during the holidays. The key to maximizing returns isn't focusing on surface-level costs. Instead, optimize campaigns toward downstream, revenue-oriented goals like return on ad spend, purchase rates, or average order value.

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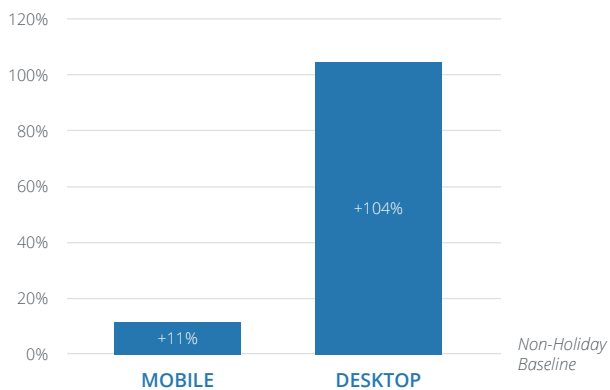
How does ad engagement change during the holidays?

CTR (click-through rate) can be a strong indicator of whether a retailer's Facebook ad is driving interest with a relevant message delivered at the right time. But were shoppers last year more likely to click on ads during the holidays than they were at other times of the year?

Among Nanigans ecommerce advertisers, CTRs increased significantly for both desktop and mobile Facebook ads. Mobile CTRs increased 11% versus the rest of the year, while desktop CTRs exploded with 104% growth over the non-holiday average.

Holiday average CTR change, by device

Compared to the rest of the year



104%

average increase in CTR on desktop ecommerce ads during the holidays vs. the rest of the year

ADVERTISER TAKEAWAY

Regardless of the device they're using, customers tend to click on ecommerce ads more during the holidays than throughout the rest of the year. While the increase in desktop CTRs was more dramatic, many shoppers may be browsing on their smartphone, only to later complete the purchase from an ad seen on their computer. With this cross-device shopping behavior in mind, it's critical to employ a well-rounded strategy to reach buyers at all stages of the purchase journey.

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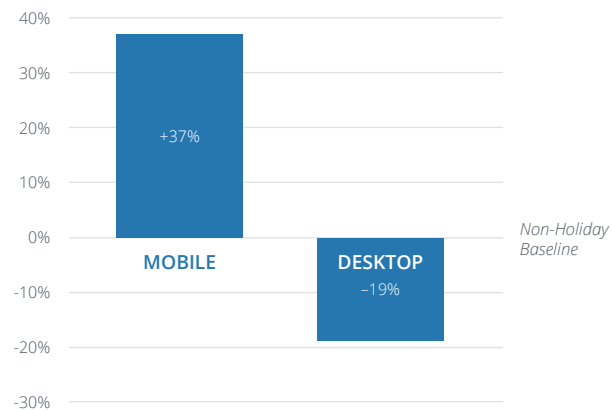
How does ad spend shift during the holidays?

Throughout 2015, desktop ads accounted for the majority of ad spend by Nanigans' ecommerce customers. However, online shopping is increasingly mobile—more so than ever before. Mobile commerce rapidly accelerated last year, and growth was especially significant during the holiday season.

Ecommerce advertisers increased the share of Facebook ad spend targeted to mobile devices by an average of 37% during the 2015 holidays compared to the first 10 months of the year. Conversely, the share of ad spend targeting Facebook users on desktop devices dropped by an average of 19% over the same timeframe.

Holiday ad spend share change, by device

Compared to the rest of the year



37%

average increase in share of mobile ad spend during the holidays vs. the rest of the year

ADVERTISER TAKEAWAY

Ad spend should be allocated to most effectively reach your customers where they are spending their time, regardless of the time of year. Because mobile shopping—both in apps and on the web—continues to rise, consider making mobile a pillar of your Facebook holiday ad strategy this year.

THE INSTAGRAM ADVERTISING OPPORTUNITY

For years, Facebook advertising has been a critical marketing channel for data-driven online retailers looking to grow revenue during the holidays. However, the 2015 holiday season was the first during which Instagram was also fully open to advertisers.

As more ecommerce advertisers extend their Facebook campaigns to Instagram while planning for the upcoming holidays, it's valuable to analyze early performance trends from Q4 2015.

After Instagram opened its doors to advertisers in August 2015, many retailers using Nanigans were early adopters of the channel, and they were rewarded with strong returns and scale. Among Nanigans' top five highest-spending ecommerce advertisers on Instagram, purchase rates jumped 270% and CPAs improved 28%—all while retailers scaled spend an average of 136%—between the September-October and November-December time periods.



Strong Returns
at Scale on
Instagram

270%

increase in purchase rates

28%

improvement in CPA

136%

growth in ad spend

About This Report: Data in this report is based on an analysis of Nanigans' ecommerce customers advertising on Facebook. All purchase data reflects purchases made the same day as the corresponding ad click or impression. Figures shown reflect the average percent change between the two periods on a per-advertiser basis, weighted based on statistic-specific, year-long advertiser spend. The holiday time period is defined as ad spend, clicks, impressions, and purchases that occurred between November 1 and December 31, 2015. The non-holiday time period encompasses ad spend, clicks, impressions, and purchases occurring between January 1 and October 31, 2015.

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