

A WHITEPAPER FOR MARKETERS
SEPTEMBER 2020

2020

MEGA

SALES

**DOUBLE
TROUBLE**

**HOW PLANNING IS PLAYING
CATCH-UP TO THE GROWTH
OF MEGA-SALES IN APAC**

A DOUBLE CLICK ON

DOUBLE

DOUBLES



eRetail in SouthEast Asia is accelerating the way brands invest in commerce, with 10% compounding growth through to 2020¹. The ongoing comfort with researching on mobile devices and social apps, coupled with COVID-19 lockdowns, has seen watershed change in consumer behaviour.

This has been felt the most in the region's adoption of mega sales. While Black Friday and the traditional holidays became commonplace in the West, Asia has supercharged this with a slew of 'double-double' days. Along with the Alibaba backed Lazada, who popularized the now global singles day (11.11) in the region, Shopee has also enjoyed end-of-year shopping success with its 12.12 Birthday Sale receiving 80 million visits and selling 80 million items².

Marketers have followed, capturing consumers spends that have seen Lazada realize a whopping 418% spike in online retail sales for Malaysia in the past, and a comparable 368% increase for Singapore for 11.11³. According to Facebook research, high value categories like Consumer Electronics are seeing Return On Advertising Spends (ROAS) of 11.6X and 3.3X in competitive volume categories like Beauty

products.⁴ So, when the top line numbers look great, what's the 'big deal'?

The rapid and successful rise of mega sales has not allowed time for the learning required to maximize both efficiency and effectiveness in marketing investment. As the landscape becomes more crowded, and demand increases, we need to ensure we have a proportionate knowledge of how to maximize growth through sales periods.

Not all the 'double-doubles' are created equal.

In Vietnam, data shows Black Friday as the lead tentpole shopping event, producing a 149% increase in online retail sales last year. 11.11, on the other hand, saw internet shopping rise by just 64%.

While in Malaysia, 12.12 was the hit sale period with online retail sales jumping 195% for Malaysia in 2018, but only 92% for Singapore.⁵

WHAT DO WE NEED TO KNOW?

It turns out that we don't know the answers some of the fundamental planning questions around sale

periods. When do I advertise? Who do I advertise to? And How do I advertise in the context of 2020?

This whitepaper unlocks these questions with the certainty provided by the Facebook Meta Analysis of 2019 APAC Mega Sale Days of accounts across all categories to give marketers empirical evidence of how to plan for trouble-free mega-sales periods. Combined with the latest in consumer trend analysis, the aim is to give a guide to year's retail period, and perhaps the opportunity to double-down on growth.

By focusing on this sale period, a confident conclusion from the analysis can be drawn. This analysis includes:

- Cumulative Add to Cart Volume
- Cumulative Purchase Volume
- Additional Purchase Volume Indexed to Sale Week Volume
- Percentage of 4 week spend prior to the mega-sale day
- Proportion of prospecting to retargeting spend
- Cost Per Acquisition (CPA) indexed to sale week CPA

WHAT THIS WHITEPAPER CONTAINS

A prelude to what you will find in the whitepaper:

WHEN DO I ADVERTISE?



This Facebook Meta Analysis of 2019 APAC Mega Sale Days looks to uncover what is the optimal length of time that successful brands promote sales, considering media efficiency (lowest cost per) and marketing effectiveness (return on advertising spend) prior to a sale.

KEY CONCLUSION

You need to double the amount of time you currently advertise for optimal results!

WHO DO I ADVERTISE TO?



The analysis also looked at how successful brands beat underperformers by analyzing the portion of 'filling the funnel' of category buyers versus retargeting those that are immediately interested.

KEY CONCLUSION

You need to prospect more than you think!

HOW DO I DO THIS IN THE CONTEXT OF 2020?



In partnership with these big questions, we add context in one of the most challenging upcoming planning periods that has seen physical retail sales in Singapore are down 30%⁶.

KEY CONCLUSION

COVID-19 has meant that we need to overlay an understanding of the impact it has had on consumers, channel & content choices.

Without a physical presence, consumers have turned to new forms of inspiration and social commerce for service – making end-to-end shopping online a reality.

A shift to online purchase has also exposed a more varied audience cohort to buying online. We now need to acknowledge that it is not only the younger audiences that have adopted eCommerce in the past, but Gen X and Boomers are now shopping online.

These significant changes in consumer behaviour due to COVID-19 have not only accelerated eCommerce behaviour but increased the amount of uncertainty in consumer spending and campaign planning.

Now is the perfect time to start and avoid getting into Double-Trouble!

PRACTICAL POINTERS FOR MARKETERS

WHEN PLANNING FOR MEGA SALES



WHEN DO YOU START? MAXIMIZING EVERY WEEK IN MARKET

With much of the year riding on one-day sales, understanding the 'lead-in' for advertising effectiveness is critical. Too far out and you lose momentum (and budget), too close and your product has missed the click of the add-to-cart button.

To understand how advertisers can realize the opportunity during sale period and beyond, three available factors were considered:

1. Add-to-cart conversion ratio to understand the change in consumer behaviour from BAU to mega sale period
2. Cost per acquisition to gauge the competitive impact on pricing demand
3. Additional purchase volume indexed to sale week to see the benefit of starting earlier

While the optimal length had always been prescribed at 2 weeks, the findings in the below charts saw clear benefits in advertising 3 or even 4 weeks out from a sale-day. From this, we infer that more time is needed to make the biggest impact.

1. We observed that consumer behaviour changed significantly 2 weeks prior to sale-day - suggesting that consumers stocked up their carts in anticipation of sale-day.
2. We observed that even 3 - 4 weeks prior to the sale-day there was demand, presenting cost-efficient opportunities for brands to capitalize on.

CHART 1: 11/11 CUMULATIVE ADD TO CART TO PURCHASE VOLUME



SOURCE: FACEBOOK META ANALYSIS OF 11.11 SALE PERIOD

CHART 2: 11/11 ADDITIONAL CUMULATIVE PURCHASE VOLUME



SOURCE: FACEBOOK META ANALYSIS OF 11.11 SALE PERIOD

CHART 3: 11/11 CPA INDEXED TO SALE WEEK



SOURCE: SOURCE: FACEBOOK META ANALYSIS OF 11.11 SALE PERIOD

While we can see in chart 1 that Add-to-cart has a steeper increase in its effect 2 weeks prior, at an index of 133, significant traction is gained 3 weeks out. Getting ahead of the market is a real possibility.

This is amplified by the findings in chart 2 & 3 that address both the cost implications and purchase implications of starting early. We can conclude from the analysis that:

- CPA was at its highest 2 weeks prior to sale, jumping 55%, indicating that consumers were delaying purchase
- Not only was the CPA lower in week 4 it was lower by 15% than the sale week itself
- The most critical observation was a 46% increase in purchase volume opportunity 4 weeks prior to the sale

When looking into mature eCommerce categories like 'Baby & Toddler' and 'Health & Beauty', we can see that the findings remain consistent but have different levels of impact.

In chart 5 - for the 'Baby & Toddler' category - the CPA is slightly higher 4 weeks prior than 3 weeks prior. There is an incremental purchase volume shown in chart 4 of 60% by advertising 4 weeks out.

This is also the case for the 'Health & Beauty' category, though at a much lower impact. 4 weeks out in this case has both CPA and purchase volume advantages, at a 45% volume increase to the sale week.

CHART 6: 11/11 HEALTH & BEAUTY
ADDITIONAL PURCHASE VOLUME & CPA INDEXED TO SALE WEEK



SOURCE: FACEBOOK META ANALYSIS OF 11.11 SALE PERIOD

CHART 4: 11/11 BABY & TODDLER
ADDITIONAL PURCHASE VOLUME & ROAS INDEXED TO SALE WEEK



SOURCE: FACEBOOK META ANALYSIS OF 11.11 SALE PERIOD

CHART 7: 11/11 HEALTH & BEAUTY
CPA INDEXED TO SALE WEEK



SOURCE: FACEBOOK META ANALYSIS OF 11.11 SALE PERIOD

CHART 5: 11/11 BABY & TODDLER CPA INDEXED TO SALE WEEK



SOURCE: FACEBOOK META ANALYSIS OF 11.11 SALE PERIOD

The Facebook Meta Analysis of 2019 APAC Mega Sale Days has uncovered the optimal length of time that successful brands promote sales, considering media efficiency (lowest cost per) and marketing effectiveness (return on advertising spend) prior to a sale, with the following outcomes:



3 BIG IMPLICATIONS FOR MARKETERS

- 1 Plan for Add-to-Cart purchases to start early and get ahead of the category
- 2 Starting early sees efficiency in media spends
- 3 Understand the relative impact of your category in these scenarios



1 BIG QUESTION FOR MARKETERS

What tactics will you be able to implement to contest these sale periods, turning them in to 'business as usual'?

WHO DO YOU TARGET? THE REGION'S BIGGEST SAMPLING OPPORTUNITY

The impact of COVID-19 has seen budgets in question. For many brands this means focusing on what they know: targeting their own customers. It is well documented, however, that growth comes by expanding your customer base, not by getting people to spend more, or more often.

If you want efficiencies, you must go broad. With more people buying online than ever, now is the 'biggest sampling opportunity' for those brands willing to invest.

To understand how successful brands beat underperformers, the Facebook Meta Analysis of 2019 APAC Mega Sale Days analyzed the portion of targeting all category buyers (prospects) versus retargeting those that have previously bought a brand. The 'rule of thumb' is a ratio of 50:50 of prospecting to retargeting.

The analysis focused on those who over-perform, comparing against an even playing field of campaign spends.

The accounts were ranked on their Return on Ad Spend and compared the Top and Bottom terciles (top 33% vs bottom 33%). We can see in the below (table 1) that the profile spend is within a 15% range, however the top accounts achieve a 92% cheaper CPA, with a significantly higher Return on Advertising Spends (ROAS)

TABLE 1: 11/11 – HEALTH & BEAUTY: TOP & BOTTOM PERFORMERS

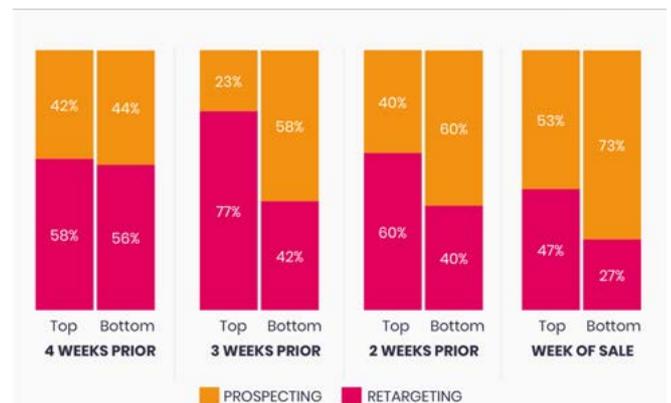
| | TOP TERCILE | BOTTOM TERCILE |
|----------------------|-------------|----------------|
| MEDIAN SPEND | 85% | 100% |
| AVERAGE SPEND | 89% | 100% |
| AVERAGE CPA | 11% | 100% |
| AVERAGE ROAS | 1608% | 100% |

SOURCE: META-ANALYSIS OF 11.11 SALE PERIOD 2019, FACEBOOK INTERNAL DATA

Now that we know that the top tercile accounts spend the same but perform better we need to investigate “why?” when it comes to the mix of their audience approach.

Taking what we know about the success of advertising 4 weeks out on purchase the below chart (chart 8) clearly shows the critical mix of audience in the early stages is in favor of prospecting.

CHART 8: 11/11 HEALTH & BEAUTY PROSPECTING & RETARGETING RATIO OF MOST EFFICIENT ADVERTISERS



SOURCE: META-ANALYSIS OF 11.11 SALE PERIOD 2019, FACEBOOK INTERNAL DATA

While the 'rule of thumb' is close to in effect at 50:50 at 2 weeks prior we can see the following elements at play:

1. In the early weeks where there is proven advantage for CPA and purchase gains, the highest performers are spending marketing budget to upwards of 80% to prospecting
2. The ratio of prospecting for successful brands reduces over the weeks leading into a sale period, though it regains more budget as last-minute audience come in during the sale week

The Facebook Meta Analysis of 2019 APAC Mega Sale Days has uncovered the optimal mix of audiences to allocate marketing budget to in the lead up to a sale period with the following outcomes:



3 BIG IMPLICATIONS FOR MARKETERS

- 1 When planning longer campaign periods, skew more to prospecting than retargeting in the early stages
- 2 Stage your approach weekly the campaign period
- 3 Take advantage of lower CPA & ROAS metrics in the early campaign period



1 BIG QUESTION FOR MARKETERS

What truths around your products consumption patterns should be tested during sale periods versus business as usual periods?

HOW DO I DO THIS IN THE CONTEXT OF 2020?

MORE IS MORE

We have already established that you need to prospect more than you think, but how much more? And to whom?

To answer this, we analyzed research conducted during last year's 2019 Q4 seasonal sales and the latest consumer data available. Consumers see the end of year sales period as a time for exploring and experimenting with new products, categories and brands. In fact, in SEA, consumers are more likely to explore at end of the year sales, than any other time of the year (chart 9)⁷. In many markets this behavior is only increasing for example, the 78% Filipinos who explore more are up +23 points year-on-year since 2018. Thailand and Vietnam are up +26pts and +21pts respectively⁸.

CHART 9: CONSUMERS WHO EXPLORE DIFFERENT PRODUCT CATEGORIES DURING THE 2019 HOLIDAY SEASON

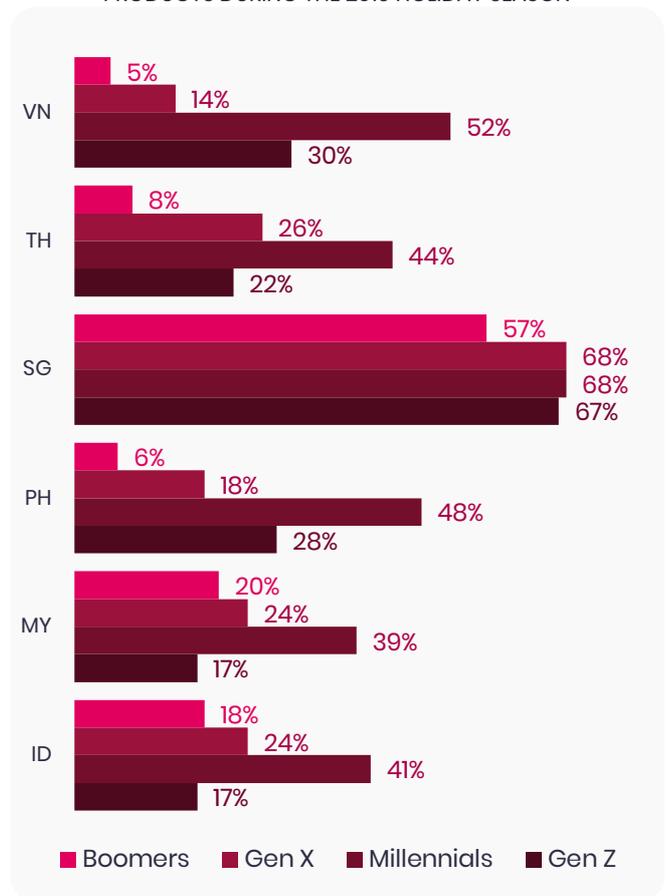


SOURCE: YOUNG & RUBICAM 2019

Whilst, more consumers are willing to experiment, the level of willingness is not equal across age cohorts. Across the region millennials are the age group with the highest propensity for experimentation (chart 10)⁷.

Q4 is an excellent period to drive recruitment of often tricky to win millennials.

CHART 10: % OF CONSUMERS LIKELY TO EXPLORE NEW PRODUCTS DURING THE 2019 HOLIDAY SEASON



SOURCE: YOUNG & RUBICAM 2019

In 2020 countries around the world imposed national lockdowns / movement restrictions in order to help limit the spread of Covid-19. Whilst, consumers were asked to stay at home, they still needed to connect with friends/family, to keep up to date with news. To do these things they turned to their smartphones.

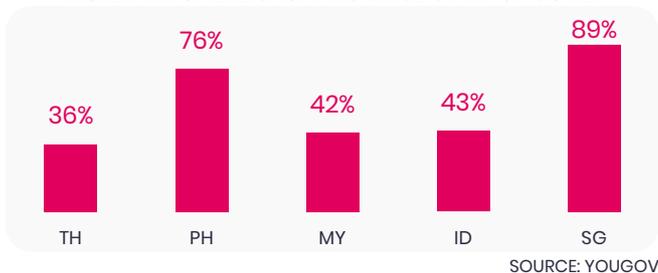
Globally, we saw a surge in mobile usage with 71% of consumers reported to have spent 'more time using' their mobile device during the Covid-

19 outbreak⁸. These trends were amplified in SEA, for example in the Philippines consumers are spending 82% more time using their smartphone during the Covid-19 outbreak⁸.

The result was more people spending more time online shopping.

While we have noted that millennials are willing to buy more, there is a double effect from consumers. The data shows that a key group driving the increase in online shopping are Gen X & Boomers (chart 11)⁷

CHART 11: % OF GEN X / BOOMERS SPENDING MORE TIME ONLINE SHOPPING SINCE START OF COVID



But what are the best ways to drive this broader recruitment? What content will resonate best?

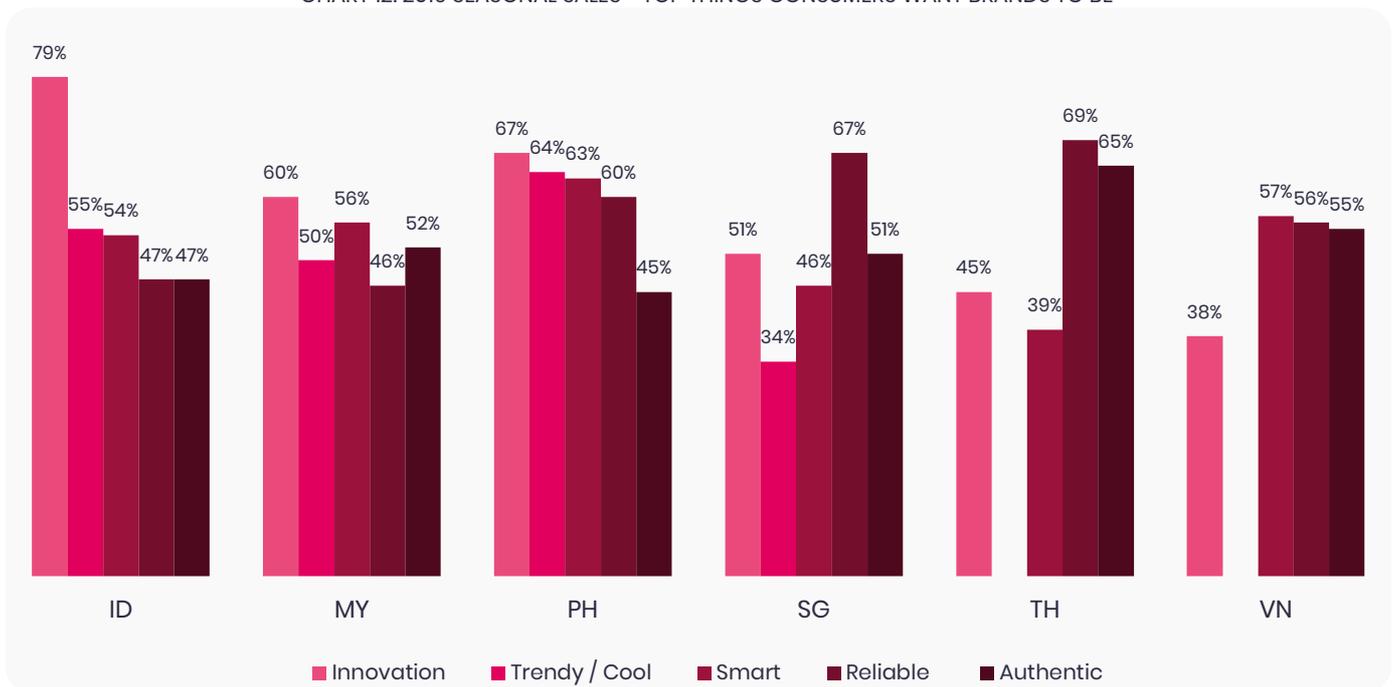
During 2019 end of year sales, 9 out of 10 consumers across SEA included price as one of

their most important factors when making shopping decisions. In fact, it was the #1 most important factor. However, for many businesses there will be limitations to how aggressive they can be on pricing.⁷

When it comes to creating value, however, there are a plethora of attributes that consumers want brands to represent, as illustrated by chart 12⁸. The number of attributes present suggests that rather than trying to focus and 'own' one attribute, brands might be better off to test multiple attributes, so they can appeal to those broader audiences.

To communicate against these attributes, a research paper to identify best practice amongst the fastest growing ecommerce advertisers, found that regardless of size or vertical, the one consistent behavior among successful advertisers was the number of creative variations they were running. It uncovered that on average the fastest growing advertisers create 11 times more creative assets (45 v/s 4), and this contributed to up to 3x more revenue growth¹⁰. Further, they found that testing of creative can have a significant impact on performance, as much as targeting, placement or optimization.

CHART 12: 2019 SEASONAL SALES - TOP THINGS CONSUMERS WANT BRANDS TO BE



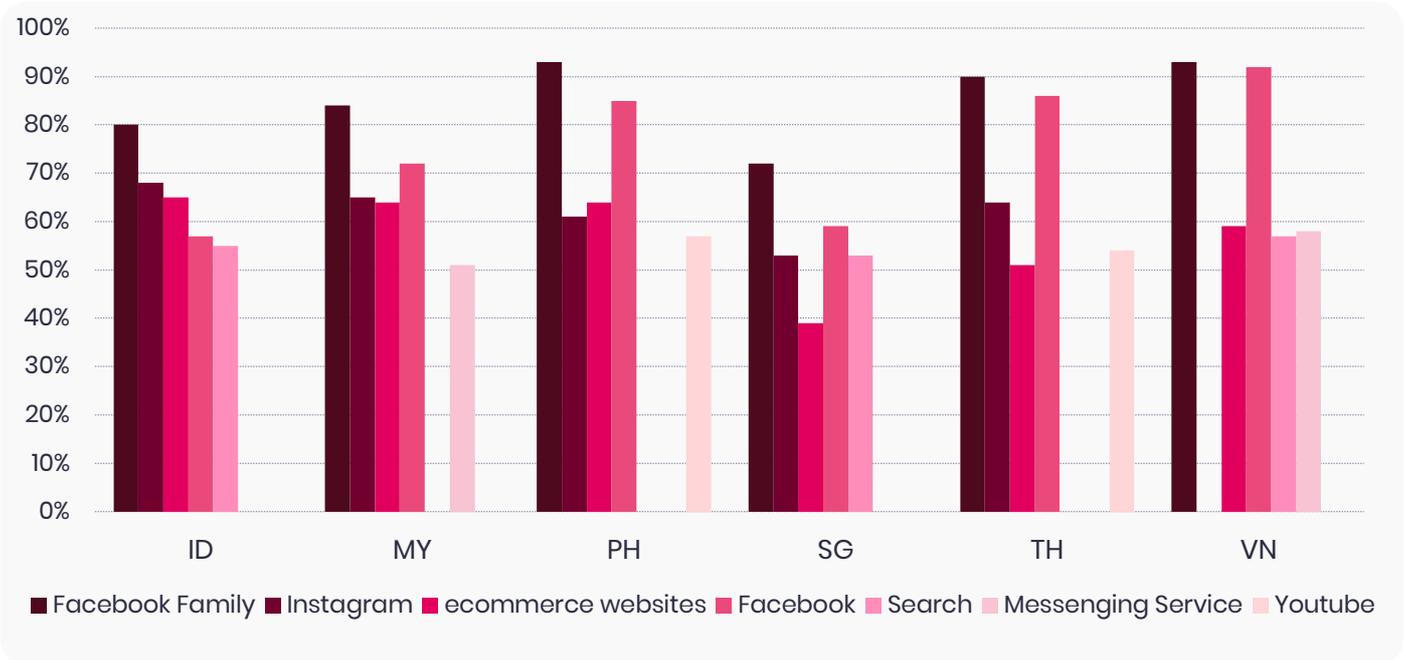
Last, but not least what channels will be the most effective for brands during 2020 mega sales?

More discovery happens on Facebook and its family of apps. Across 6 different categories (apparel, electronics, health beauty, food, travel and alcoholic beverages) year-end shoppers across SEA report The Facebook Family of Apps

as their no. 1 online source of ideas and inspiration.

Chart 13 below indicates there are market nuances when it comes to specific channel ranking within a specific category like H&B for example Facebook leads in Philippines, Thailand, and Vietnam whereas Instagram leads in Indonesia⁷.

CHART 13: HEALTH & BEAUTY TOP 5 CHANNELS: WHERE SHOPPERS IN SEA HAVE DISCOVERED IDEAS OR BROWSED FOR INSPIRATION ONLINE DURING THE 2019 YEAR-END SEASON



3 BIG IMPLICATIONS FOR MARKETERS

- 1 Consumers are more willing to try/buy new products during end of year sales and this year there will be even more consumers willing to do it online.
- 2 Price will always be king but there are more ways to add value.
- 3 Shopping has gone social for discovery and exploration



1 BIG QUESTION FOR MARKETERS

With more to gain than ever before, but with more complexity and options to deploy, have you crafted a strategy that ensures more business return?

MEGA SALES 2020 WHITEPAPER

OUR SOURCES

All charts – Facebook Meta Analysis of 2019 APAC Mega Sale Days

- 1 Forrester eCommerce Trends and Outlook For Southeast Asia, July 2019
- 2 Marketing in Asia: Peering in to Southeast Asia's Mega-Sales days, December 2019
- 3 Nikkei Asian Review: Alibaba, online retailers' eye Southeast Asian growth on 'Singles Day', November 2019
- 4 Facebook Ads Manager, Jan – Jul 2019
- 5 Nikkei Asian Review: Alibaba, online retailers' eye Southeast Asian growth on 'Singles Day', November 2019
- 6 Channel News Asia: Singapore retail sales plunge 40.5% in April amid COVID-19 circuit breaker measures, June 2020
- 7 "Facebook Seasonal Holidays Study" by YouGov (Facebook-commissioned online study of 1,515 people aged 18+ Indonesia, 1,114 people aged 18+ Malaysia, 1,225 people aged 18+, Singapore 1,432 people aged 18+ Thailand 1,265 people aged 18+ Vietnam, 1,194 people aged 18+ Philippines, 2 Dec to 24 Dec 2019
- 8 Coronavirus Research by GWI, among 15, 274 global internet users aged 16 – 64, April 22 – 27 2020. Question: "Which device(s) have you been spending more time using since the start of the coronavirus / COVID-19 outbreak?"
- 9 Coronavirus Research by GWI, among 762 internet users aged 16 – 64 in the Philippines, April 22 – 27 2020. Question 1) "Which device(s) have you been spending more time using since the start of the coronavirus / COVID-19 outbreak?"
- 10 SocialCode FB ecommerce macro data Jan – May 2017

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