Simplifying Analytics:
An Exploration into 2015 Holiday Spending

The following analysis was completed by using DataVue, part of PSCU's suite of Member Insight analytics solutions. DataVue is a user-friendly mining tool that provides credit unions with credit and debit transaction data and analytics to shape strategy and drive value to overall member relationships.

Every year, we are bombarded with reports and hype around the holiday spend that starts with Gray Thursday and ends with Giving Tuesday. It is great information but too high level to drive action. Here's how our PSCU experts sorted through this year's card spend data to uncover actionable insights that could help increase penetration, activation, and usage.

Our Data Journey Begins

We started by taking a broad look at the spending landscape and diving into the year-over-year numbers for the months of November and December. For the purposes of this analysis, we adopted the "same store" approach, used in retail, and tracked spend on just those card programs that were continually active through-out the entire reporting period. This represented over 8 million credit union members spending $8.5 billion dollars on their credit and debit cards over the two-month holiday period. One of the first key observations we found is that starting in 2013, the historically reliable consumer spending spike in November and December began to flatten. What you see in the graph below is that the total spend in 2013 and 2014 looks remarkably similar. In fact, credit and debit card spend constricted by almost 2% in 2014 when compared to the same holiday months in 2013.

While individual credit unions may see different performance, our study indicated that holiday spend, overall, may have reached its peak.

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*Fig 1. Changes in Card Spend and Interchange during the Nov-Dec holiday weeks
year over year for Continuous Card Programs (active during all reporting periods)*
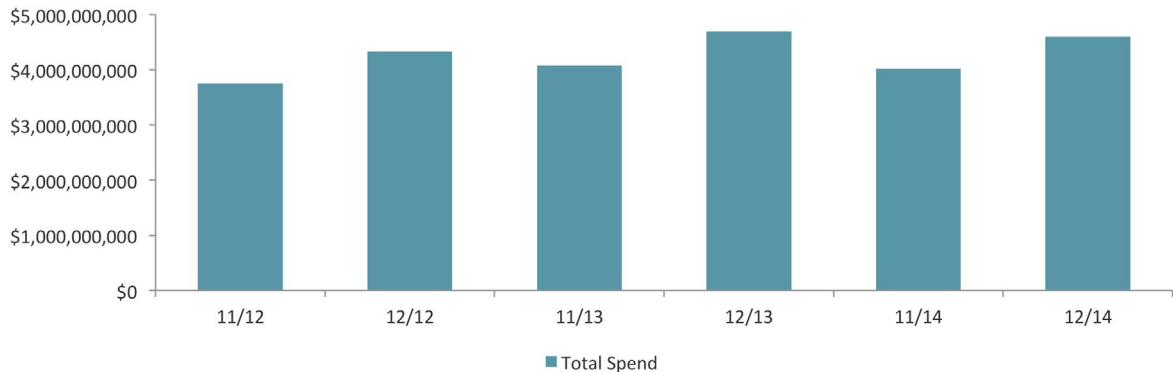
Our First Crossroads

Even though spending on a monthly basis was not positive, we wondered are there other
perspectives that reveal more meaningful insight into Black Friday spending? So, we analyzed
consumer spending during the week of Black Friday 2015 compared to 2014. This year, Black
Friday week was approximately 2.5% higher than last year. So, the actual week showed a positive
variance while the monthly comparison showed a negative one.

We also looked at how Black Friday and Cyber Monday compared to a "typical" week. To do this,
we aligned Black Friday/Cyber Monday week with the equivalent week of the prior month and
discovered a 19.1% increase in sales. It appears that the entire week may be a better barometer of
holiday spend this year.

Fig 2. Typical Weekly Spend versus Black Friday Weekly Spend (daily spend from credit cards)
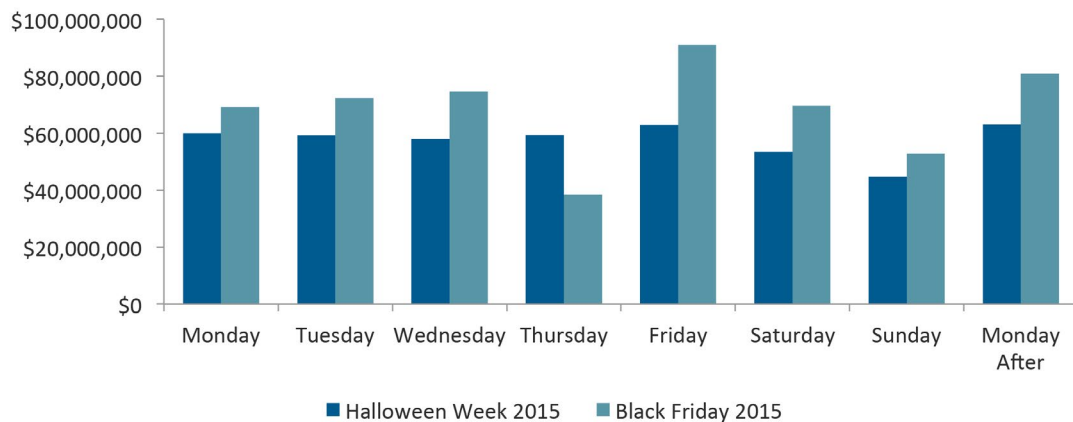
Digging Deeper

Knowing that advertising budgets going into Black Friday/Cyber Monday are huge and since overall volume didn't change all that much, we wondered who got a good return on their advertising investment. We compared sales volume during this year's Black Friday week against the equivalent week in October using PSCU's custom Merchant Category feature. This feature aggregates individual store volumes up to their Merchant Category – a standard industry grouping – and then up again into 25 Merchant Category groups unique to PSCU.

It was no surprise that the Large Retail Category group (Department, Grocery and Discount chains) had the largest single increase in total spend. However, this category is only one of four Category Groups that showed any increase whatsoever. The Miscellaneous Stores group had an increase of 33% overall, which is significant. With our curiosity peaked, we drilled down into this group to see if we could identify the top movers by sales volume – as shown in the following graph. The top 10 winners, by Merchant Category, saw their sales more than double (up to 140%) over the same week a month earlier.

Fig 3. Merchant Category Spend

Top 30 Merchant Category	Pre Black Friday	Black Friday	Variance: Total Amt. Spend	Variance: Avg Trans Amt	Variance: Trans Cnt
Clothing Stores	$18,131,979	$27,567,110	52.04%	8.05%	40.70%
Miscellaneous Stores	$83,898,642	$111,354,968	32.73%	17.29%	13.16%
Retail Stores	$100,402,965	$128,452,503	27.94%	24.62%	2.66%
Direct Marketing	$15,765,891	$17,976,599	14.02%	9.16%	4.45%
Amusement & Entertainment	$12,850,936	$11,947,010	-7.03%	-11.97%	5.60%
Quasi Cash	$2,035,727	$1,873,044	-7.99%	8.40%	-15.12%
Automobile & Vehicle Rentals	$3,329,619	$2,988,949	-10.23%	6.16%	-15.44%
Unknown	$3,648,611	$3,222,457	-11.68%	-19.61%	9.86%
Personal Service Providers	$10,064,408	$8,740,340	-13.16%	5.55%	-17.72%
Utilities	$20,895,190	$17,884,509	-14.41%	-5.43%	-9.50%
Automobile & Vehicles	$59,870,880	$46,684,196	-22.03%	-3.84%	-18.91%
Service Providers	$16,094,729	$12,321,032	-23.45%	0.13%	-23.54%

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Uncovering the Actionable Insights

So the big ticket question – is there something actionable to be taken away from all this analysis? We think there is. By drilling down into merchants within the Miscellaneous Stores Group, we found that hobby stores, artists supply stores and House Furnish Specialty whose sales increases the previous Black Friday period. We were able to determine which stores they were and filtered down to those located within our footprint using the merchant address information. Now, we have the information to create holiday season promotions for this year and next.

Fig 4. Miscellaneous Stores Group – Top Merchant Categories
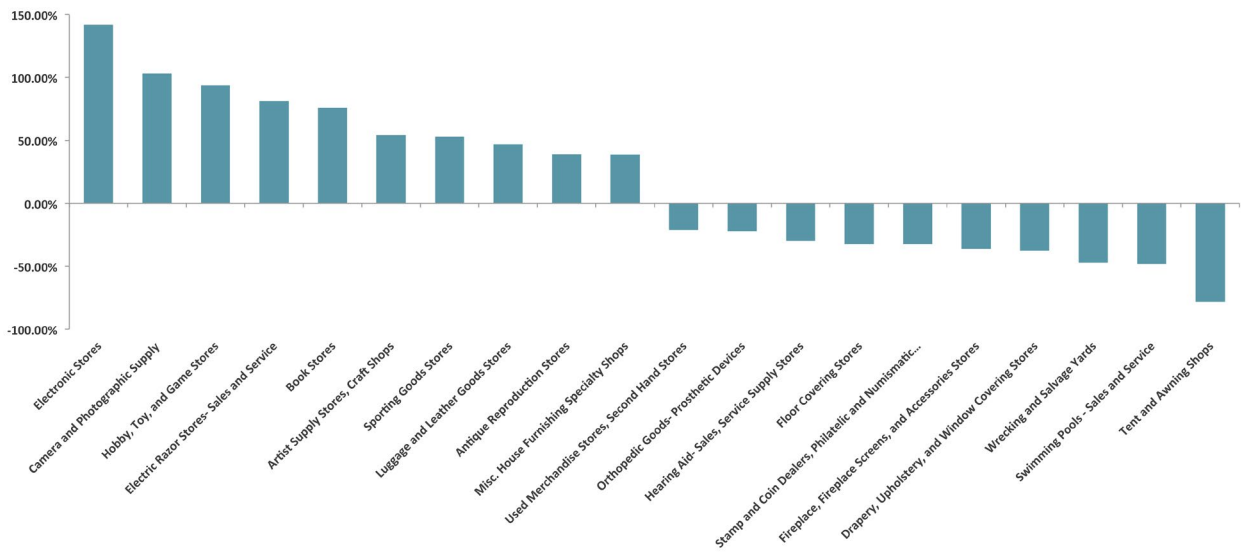
Get the Most Out of Your Data

Just like the saying, "the proof is in the pudding," credit unions can now easily leverage their members' card data to validate and/or challenge commonly held assumptions. No more guesswork or speculation. Member Insight empowers credit unions to take a deeper dive into their data, explore the impact of the evolving payment landscape, and ultimately make data-driven decisions rooted in the reality of today. Leaner, more effective growth strategies are now earmarked by solid documentation and understanding of transactional trends. By identifying areas of opportunity and revenue growth, and applying logic and experience to the data, credit unions can become high-performing businesses, grow their relevance and realize the road forward to enduring success.