TREND REPORT

June 2025

cohereOne + J.SCHMID

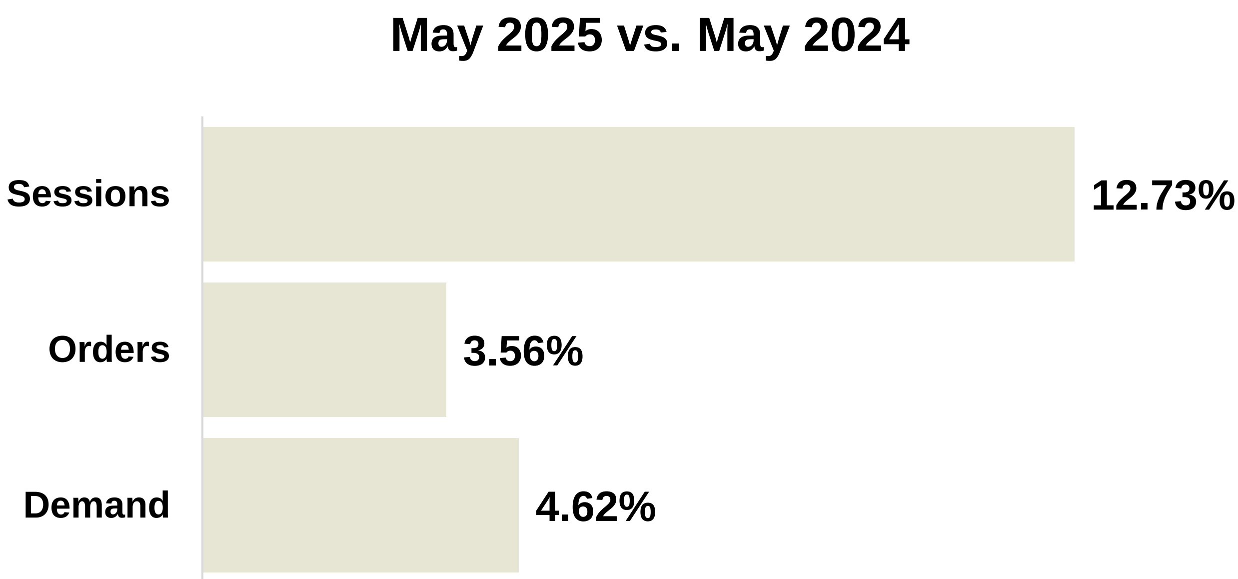
We compiled these trends from over 100 brands, comparing year-over-year data for the date range May 1, 2025, to May 31, 2025.

This industry update is brought to you by:

As the premier direct-to-consumer marketing partner serving Retail Brands, CohereOne’s insights and experience grant us an unrivaled depth of visibility into the industry’s performance. Our team of marketing professionals has broad experience and a track record of successfully launching or growing consumer-facing brands.

J.Schmid is a creative and branding agency that helps brands harness the power of human emotion. We're not just designers. Our team of direct marketing experts understands the nuances of selling. We don't view any single channel as a stand-alone piece, but rather part of a brand's integrated, cohesive marketing mix.

May 2025: Engagement Up, Conversions Lag



Retailers experienced encouraging year-over-year growth this May, with increases in sessions, orders, and overall demand. These trends point to heightened consumer interest and engagement across many brands compared to the same period last year.

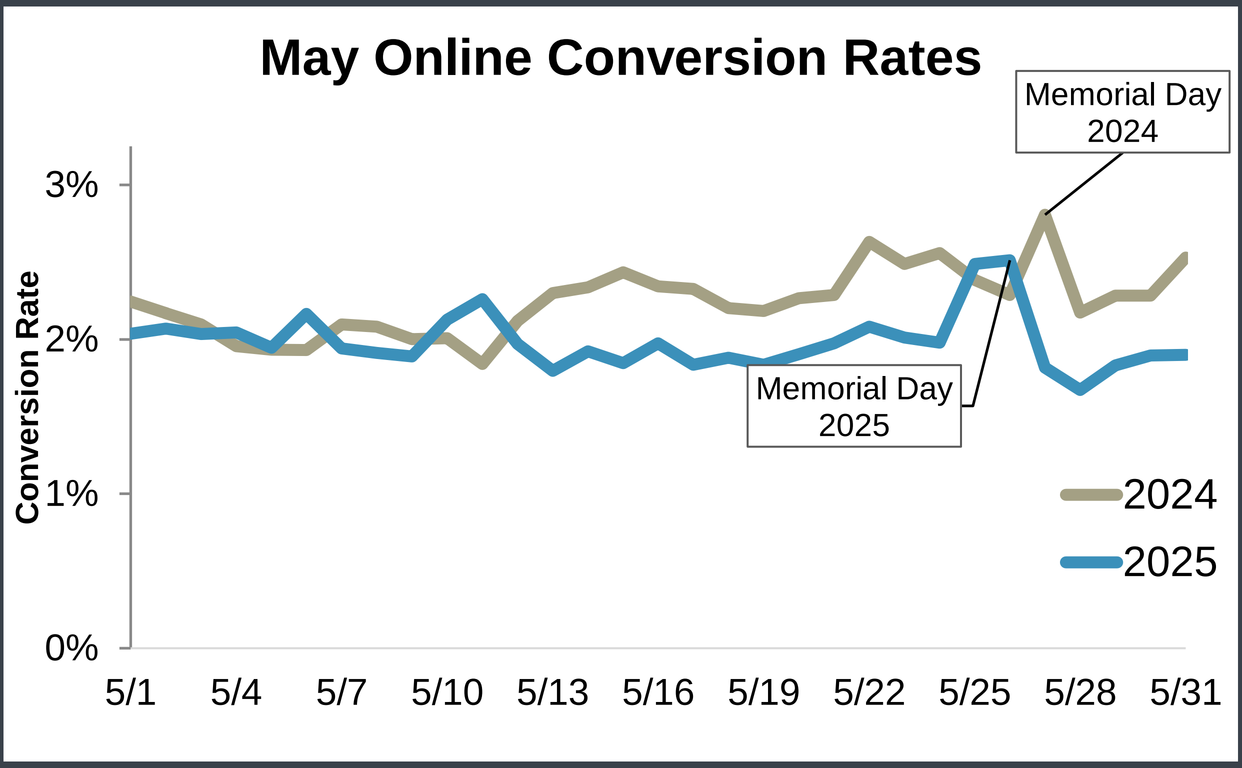
However, this increase in engagement did not translate into proportional sales growth. Conversion rates declined for many, with a particularly noticeable dip in the days following Memorial Day. Consumers are showing increased price sensitivity and broader economic caution. To better convert rising traffic into sales, brands are reevaluating their strategies, placing greater emphasis on optimizing the customer journey and aligning offers more closely with evolving consumer expectations.

Despite these conversion challenges, the broader economic landscape in May offered some positive signals. Consumer confidence rebounded from April levels, indicating improved sentiment regarding personal finances and the overall economy. The U.S. stock market also posted strong gains, potentially boosting spending power, particularly among higher-income households. Additionally, favorable developments in trade policy may help stabilize supply chains and support business growth.

Taken together, these indicators suggest a cautiously optimistic outlook. While economic and political uncertainty persist and conversion rates remain an area of concern, the underlying growth in demand and improving economic indicators offer hope for potential gains in the months ahead.

TREND #1

How Can Brands Respond to Lower Conversion Rates?



Many brands are finding it increasingly challenging to drive conversions. Online conversion rates declined from an average of 2.24% in May 2024 to 1.99% in May 2025, a 0.25 percentage point decrease. While a few days in early May showed slight improvements, they were outweighed by lower conversion rates later in the month. Most of the decline occurred in the second half of May, with 18 days showing a drop greater than 0.3%.

How can brands respond to declining conversion rates?

Audit Mid-to-Late May Campaigns

- Compare messaging, targeting, and traffic sources to May 2024.
- Evaluate promotions and value propositions against competitors and previous years.

Re-engage Returning Users

- Analyze returning users, particularly those who did not convert.
- Consider retargeting campaigns or personalized offers to re-engage and reactivate existing customers.

Segment Performance Analysis

- Break down conversion rates by traffic source (organic, paid, email, etc.) and device type.
- Identify shifts in user behavior (e.g., bounce rate, time on site) to uncover underperforming segments.

A/B Test Key Pages

- Run A/B tests on landing pages with high traffic but low conversion in May 2025 to identify optimization opportunities.

TREND #2

Integrating Postcards and Direct Mail into the Customer Journey

In an increasingly digital landscape, physical touchpoints like postcards and direct mail offer brands a powerful way to stand out and deepen customer engagement. When strategically integrated into the customer journey, these tactile channels can drive conversions, build loyalty, and reactivate lapsed customers.

For first-time buyers, a well-timed postcard can reinforce brand trust and encourage repeat purchases. A personalized thank-you note, or a follow-up offer delivered by mail adds a human touch that digital channels often lack. This physical reminder keeps the brand top-of-mind and can significantly increase customer lifetime value.

Direct mail is also highly effective for reactivation campaigns. Dormant customers often ignore emails. However, a compelling postcard, featuring a limited-time offer or personalized message, can reignite interest. With modern data tools, brands can segment audiences and trigger mail based on behavior, such as time since last purchase or cart abandonment.

Moreover, direct mail integrates seamlessly with digital strategies. QR codes, personalized URLs, and trackable phone numbers allow marketers to measure response rates and accurately attribute ROI. When used in tandem with email, SMS, and social media, direct mail enhances omnichannel cohesion and reinforces messaging across touchpoints.

In a world of fleeting digital impressions, postcards and direct mail offer a tangible, memorable experience. For marketing executives seeking to optimize the customer journey, these tools are not just nostalgic; they're strategic.

TREND #3

Tactile Branding: The Feel That Seals the Deal

In an era dominated by digital screens, the physicality of direct mail offers a powerful, and often underutilized, branding opportunity: touch. Tactile branding leverages the sensory experience of print to create emotional connections, enhance recall, and drive consumer action.

Why Touch Matters

Retailers are rediscovering the value of texture, weight, and finish in their mail pieces. A soft-touch coating, embossed logo, or heavyweight cardstock doesn't just look premium, it feels premium. That sensory cue can subconsciously signal quality, trust, and attention to detail, influencing how recipients perceive the brand. Studies show that physical touch activates the brain's somatosensory cortex, making tactile experiences more memorable than digital ones.

USPS Incentives

The U.S. Postal Service is encouraging this trend through its 2025 Tactile, Sensory & Interactive Mail Piece Promotion, offering a 5% postage discount for eligible First-Class and Marketing Mail campaigns that incorporate tactile elements like textured papers, scent, sound, or interactive folds. This incentive not only reduces costs but also rewards creativity and innovation in print.

Creative Applications

Tactile branding opens the door to creative storytelling. Think textured paper that mimics fabric for a fashion brand, or a scratch-and-sniff element for a gourmet food retailer. These small touches can turn a simple postcard into a multisensory brand moment. As digital fatigue grows, the tangible becomes a differentiator.

TREND #4

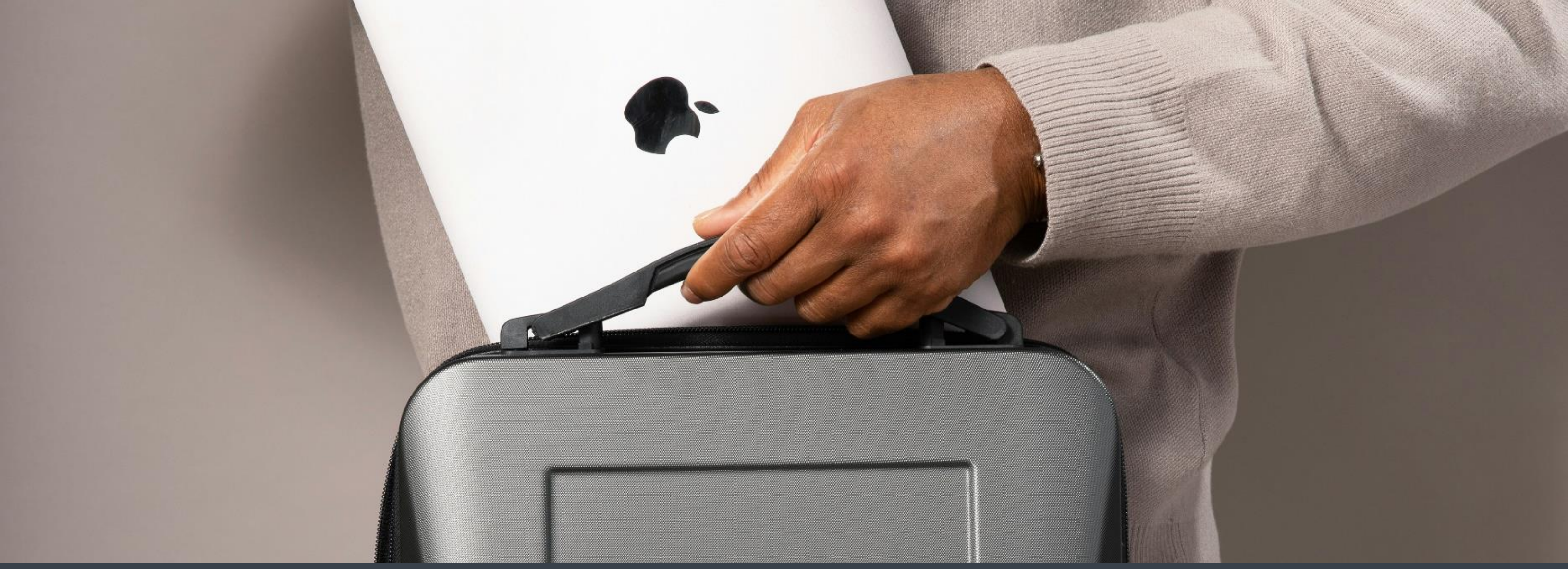
Consumer Confidence Rebounds in May 2025

After five consecutive months of decline, U.S. consumer confidence rebounded sharply in May 2025, signaling renewed optimism among households. The Conference Board's Consumer Confidence Index rose to 98.0, up from 85.7 in April, driven by improved perceptions of current conditions and a more hopeful outlook for the next six months.

This rebound was broad-based, cutting across age, income, and political lines. Younger consumers under 35 led the surge, buoyed by strong job prospects and income expectations. Middle-income households also showed significant gains, likely reflecting relief from inflationary pressures and a more stable interest rate environment. Even among typically more cautious older adults and lower-income groups, confidence improved at a more modest pace.

The Expectations Index, which gauges short-term sentiment, jumped 17.4 points to 72.8. While still below the 80-point threshold often associated with recession risk, the increase suggests growing consumer resilience. Contributing factors include a pause in certain tariffs on Chinese imports and a rebound in stock market expectations, with 44% of consumers anticipating rising equity prices.

Despite the positive momentum, concerns linger. Inflation remains elevated, and the long-term impact of high interest rates continues to weigh on housing affordability and credit access. Still, the May data offers a hopeful signal that consumers are adapting to the evolving economic landscape.



TREND #5

The Rise of the "Three-in-One-Economy"

Why Multifunctionality is the New Luxury

What's Happening
In 2025, consumers are embracing products that do more—combining form, function, and flexibility. From skincare that doubles as makeup to appliances that serve triple duty, versatility is the new status symbol. Blame inflation. Or hybrid living. Or the dopamine rush of optimization. Either way, more people are asking: "What else can this do for me?"

The shift, dubbed the "three-in-one" economy, reflects a desire for self-optimization in the face of economic uncertainty and hybrid lifestyles.

Why It Matters
Value-conscious doesn't mean cheap. It means intentional. Multifunctional products promise simplicity, savings, and a smarter life—and that hits hard with Gen Z and millennial shoppers. The brands winning in this space aren't just offering utility—they're telling a story of empowerment and efficiency.
The "lipstick effect" is also at play, where consumers indulge in small luxury purchases that offer multiple benefits.

J.Schmid POV
We've said it before: creativity drives commerce. But in this economy, versatility closes the deal. Brands that communicate how their product fits more moments in life create deeper desire and stronger sales. Don't just sell a product. Sell a better way to live.

What to do
Innovate, Strategize, and Collaborate. Innovate products that meet this increasing consumer demand for multiple functions. Implement a marketing strategy that highlights these multifunctional aspects in your campaigns, and collaborate with influencers who fit within your brand lifestyle to gain further awareness.

Read more on Business Insider.

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BY INDUSTRY

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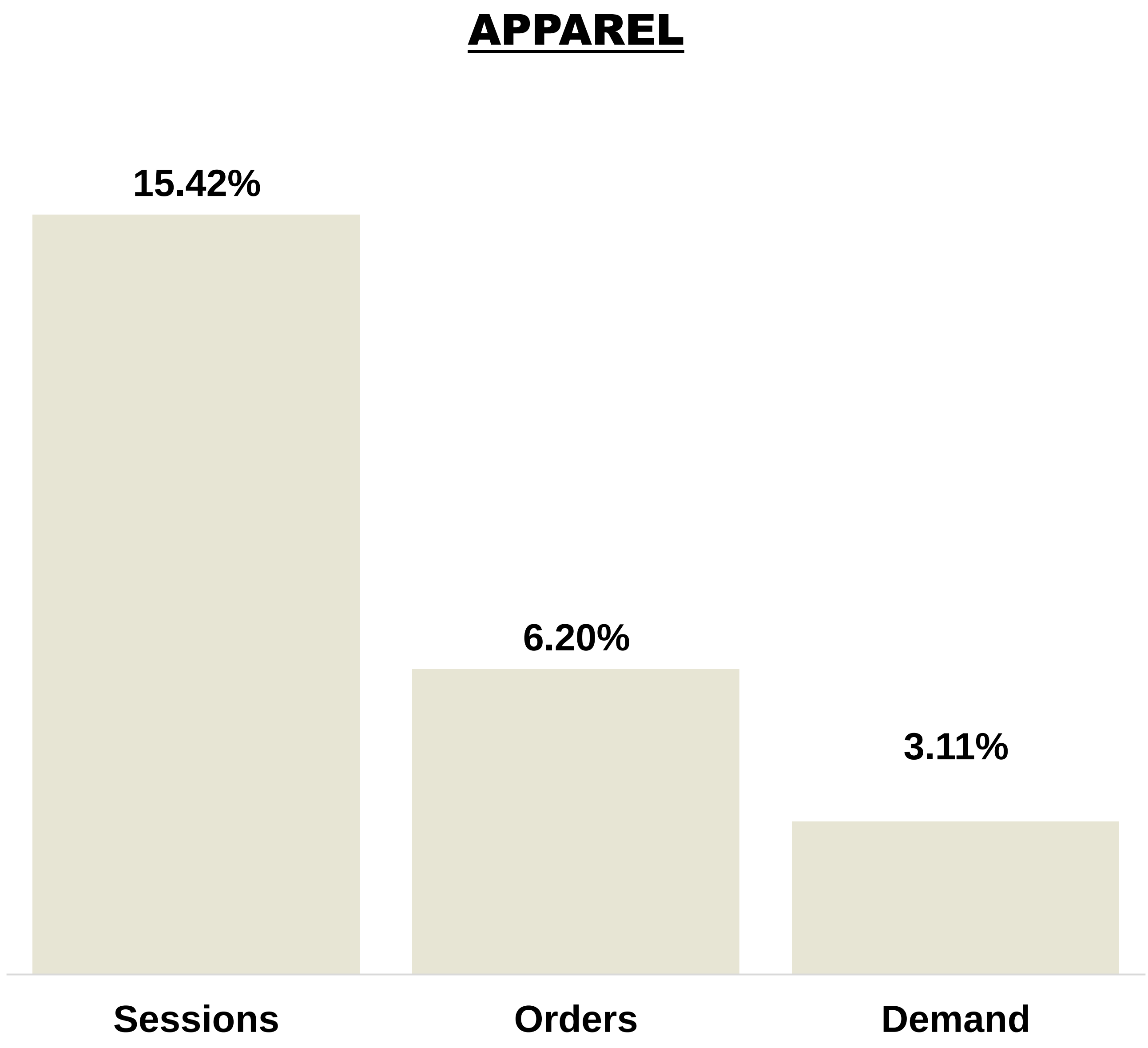
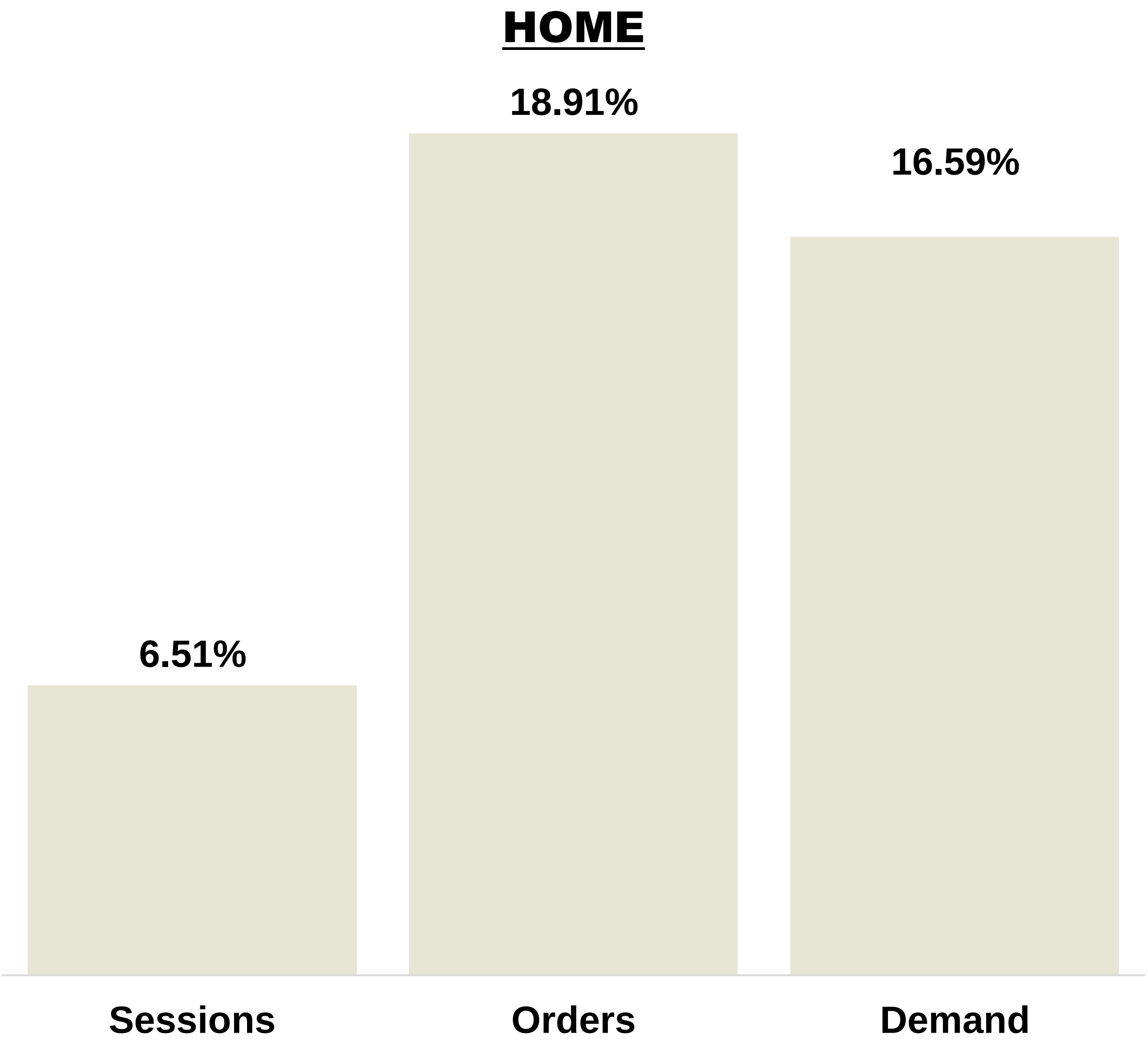


Apparel Industry

Apparel brands saw sessions rise +15.42%, orders increase +6.20%, and demand grow +3.11% compared to last May. Traffic growth was strong; however, the smaller gains in orders and demand point to conversion challenges. While there was a Memorial Day boost, the second half of May was soft for many apparel brands.

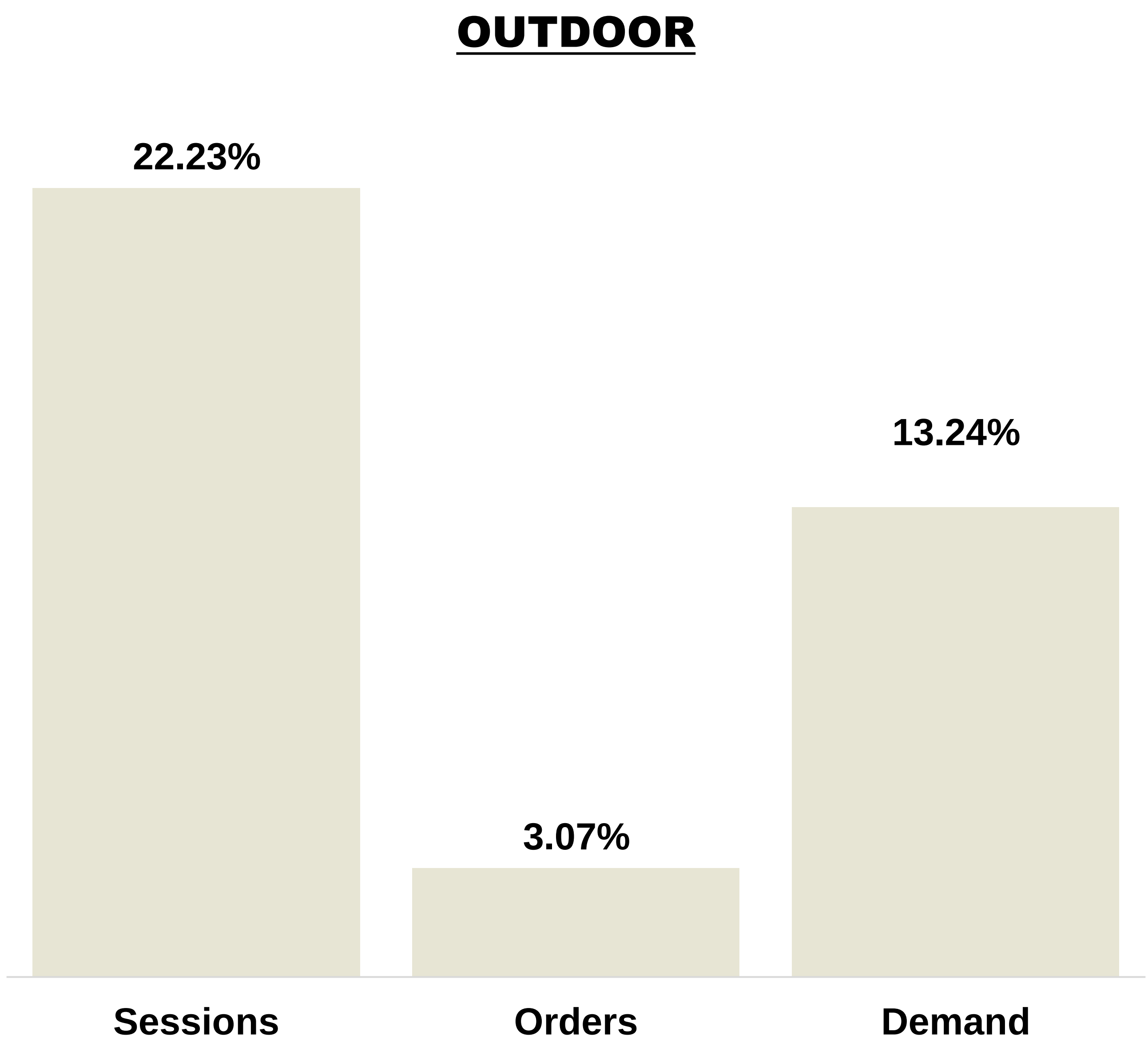
Apparel and fashion retailers should evaluate mid-to-late May campaign performance and consider retargeting high-intent visitors who didn't convert.



Home Industry

Home brands experienced strong year-over-year growth in May 2025, with website sessions increasing by +6.51%, with strong gains in orders up +18.91%, and demand up +16.59%. Home goods and furnishings outperformed furniture.

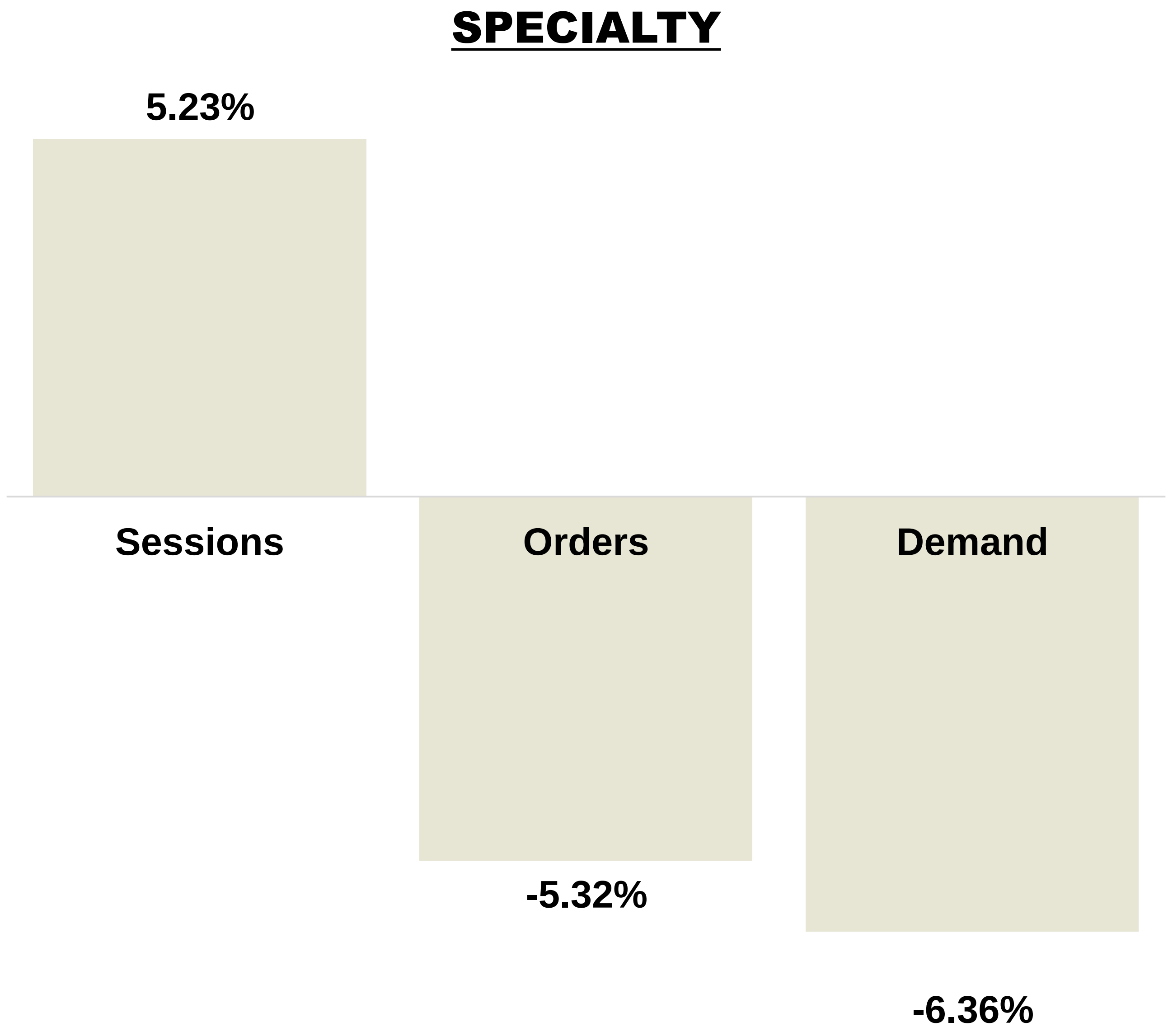
Not only were more consumers browsing, but they were also more willing to purchase, suggesting effective promotions and improved conversion. For home brands, the challenge now lies in sustaining momentum.



Outdoor Industry

In May, outdoor brands saw sessions up +22.23%, orders up +3.07% and demand increase +13.24% year-over-year. Despite lower conversion rates, higher average order values helped outdoor brands achieve solid demand growth.

Focusing on improving conversion rates while maintaining high average order values, will be particularly important for outdoor retailers in the coming months.



Specialty Brands

May sessions were up +5.23% for specialty brands. However, compared to last year, orders were down -5.32%, and demand was down -6.36%. Despite a slight increase in sessions, the decline in both orders and demand points to tightening discretionary spending.

Specialty brands, which often cater to niche or luxury interests, are particularly vulnerable when shoppers prioritize essentials or seek greater value. Brands should emphasize value, exclusivity, or utility in their messaging and consider limited-time offers or bundling strategies to encourage conversion.

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BY REVENUE

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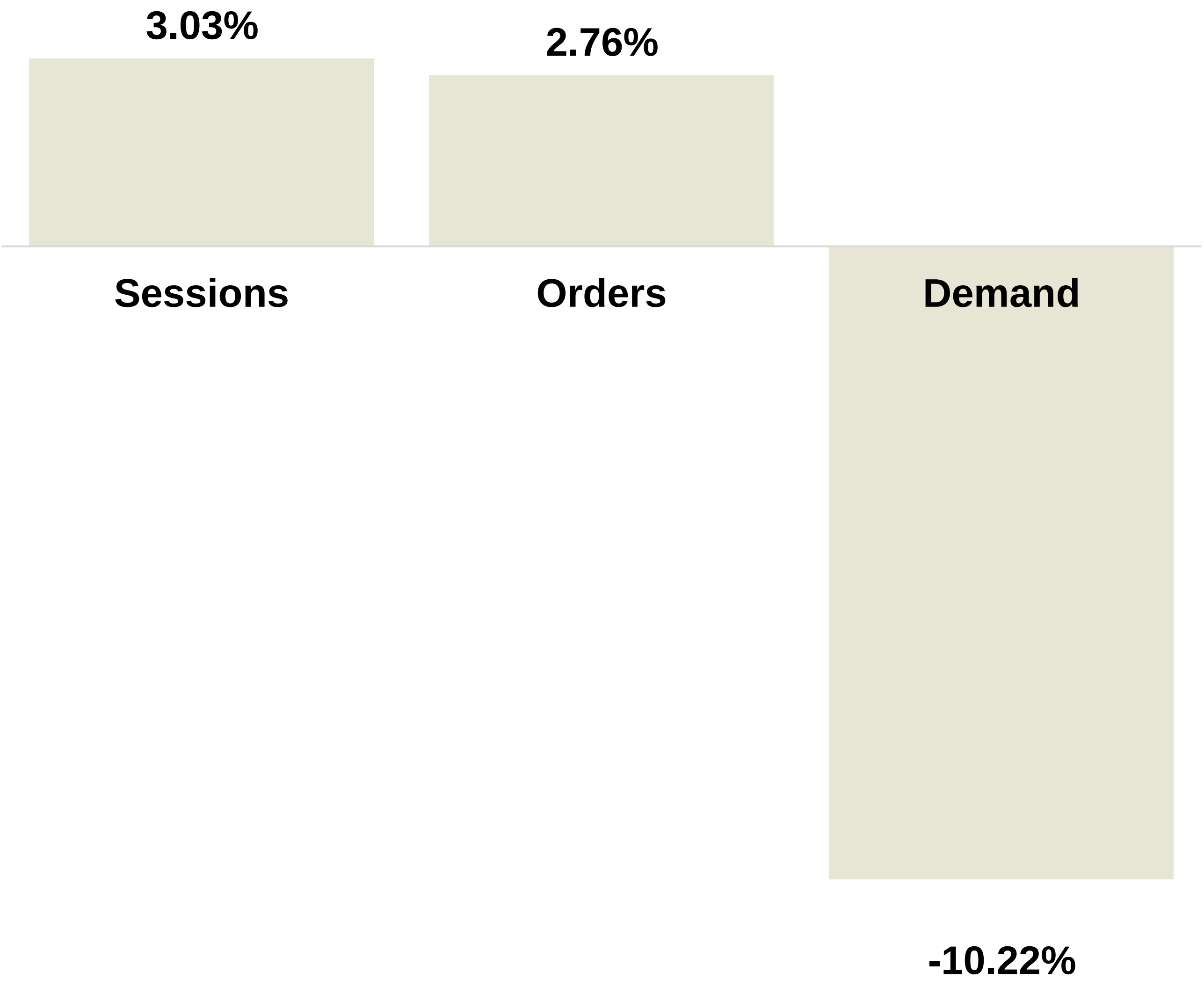
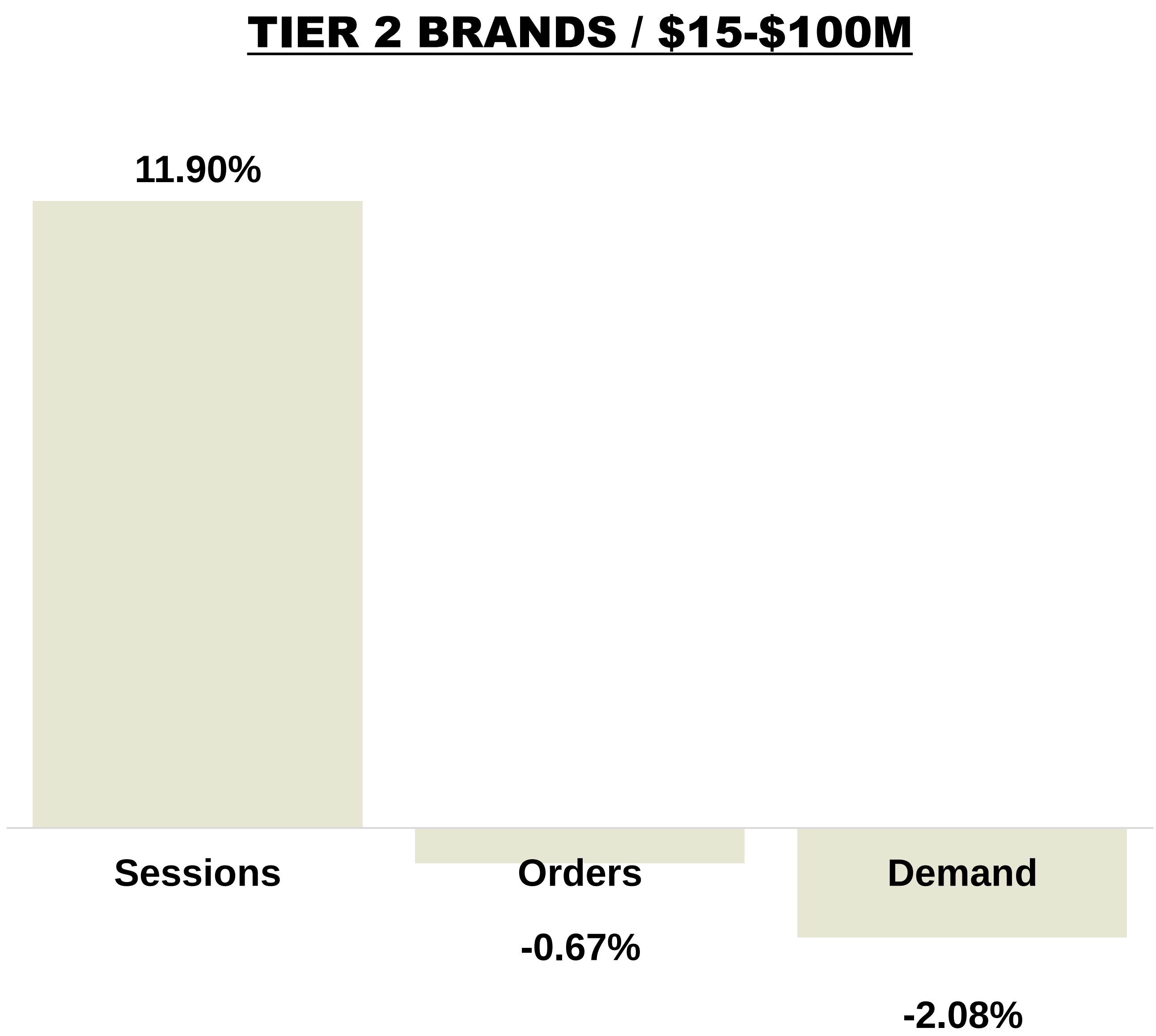
TIER 1 BRANDS / $100M+



Tier 1 Brands

Tier 1 brands saw an uptick in sessions and orders in May. Sessions increased +3.03% compared to last year. Order growth also rebounded, up +2.76% following a -5.10% drop in April. While Tier 1 brands largely maintained conversion rates, demand was down -10.22%. This suggests that larger brands are facing increased competition and were highly promotional in May.

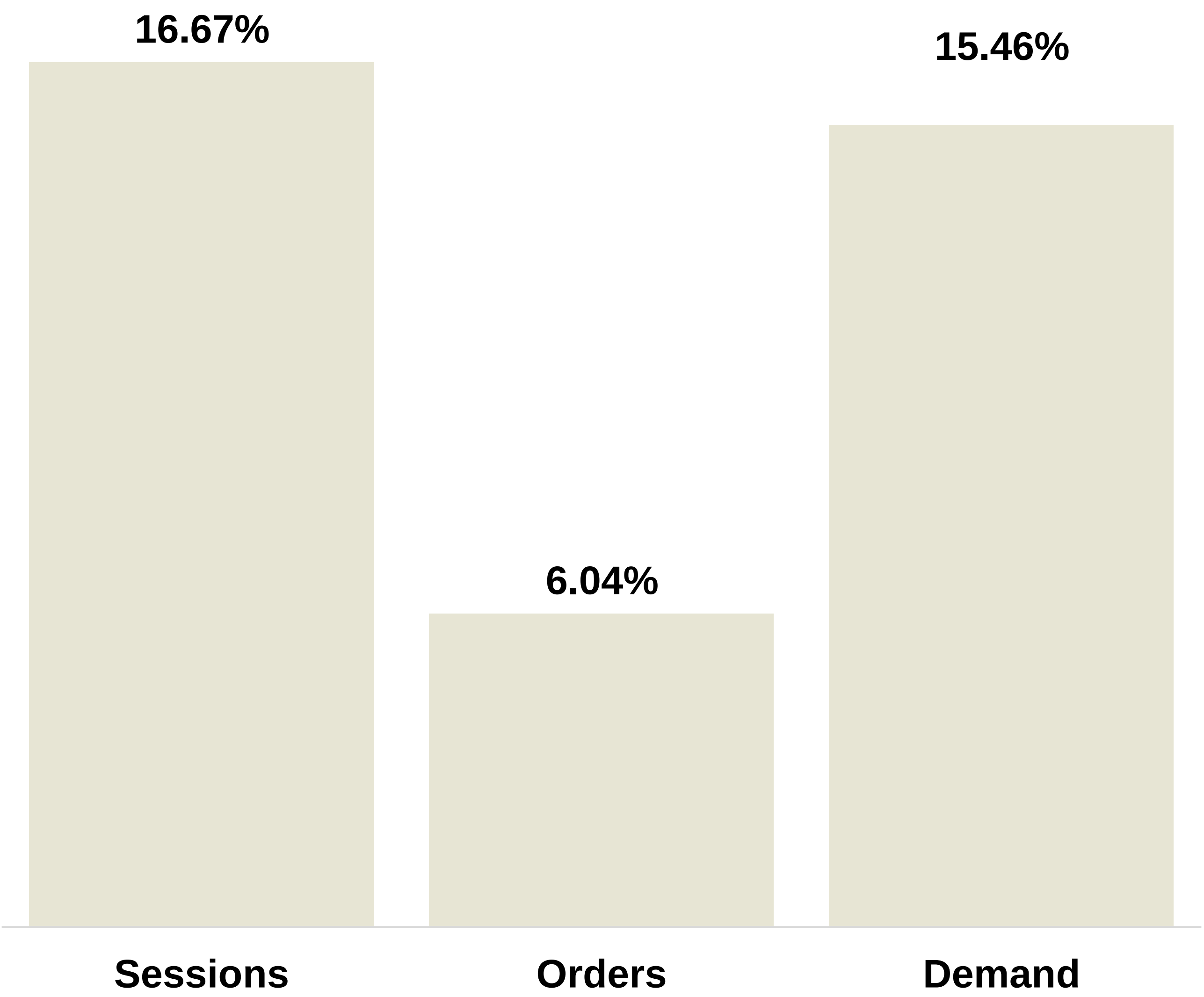


Tier 2 Brands

Tier 2 brands continued to drive session growth in May, with sessions up +11.90%. However, many brands faced challenges converting those sessions into orders. Compared to May last year, orders dipped by 0.67% and demand was down by 2.08%.

Medium-sized Tier 2 brands saw a larger decrease in conversion rates than larger Tier 1 and smaller Tier 3 brands. Possibly due to lower promotional effectiveness and/or mismatch between consumers and value proposition or product offering.

TIER 3 BRANDS / $15M or Less



Tier 3 Brands

Tier 3 brands showed strong momentum in May, with sessions up +16.67%, indicating growing consumer interest. This surge in traffic translated into a +6.04% increase in orders and a +15.46% rise in demand compared to the same period last year.

Unlike Tier 2 brands, Tier 3 brands appeared more successful in converting traffic into transactions, possibly due to more targeted offerings, stronger promotional alignment, or better resonance with value-conscious consumers.

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IN THE NEWS

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IN THE NEWS

Empathy is Your Brand's Secret Weapon

The most powerful marketing tool you have isn't your budget, media mix, or even your data, but your ability to be human. In a world that's louder, faster, and more automated than ever, brands that practice empathy connect more deeply.

Read More →

Why Direct Mail Is Still the Most Trusted Marketing Channel in 2025

In an age of digital overload and growing mistrust online, direct mail stands out as the most trusted marketing channel in 2025. Find out how this classic approach is winning hearts and delivering results in ways digital platforms can't match.

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Postal Updates from Midland's Matt Jensen

Since January 2021, there have been 8 postal increases. In his latest Postal Update, Matt summarizes a recent proposal to shift to once-per-fiscal-year rate increases.

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Smell That? It's the Scent of Higher Direct Mail Response Rates

Marketers are leaning into sensory experiences now more than ever. In a study by the USPS and Temple University's Center for Neural Decision Making, tactile and scented direct mail outperformed digital ads in terms of brand recall, engagement time, and emotional response.

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