

BLACK FRIDAY

Still the superhero of the shopper's year?

By Tim Denison | November 2019

IPSOS VIEWS

GAME CHANGERS



Black Friday continues to evolve. This year it falls on November 29th, compressing the number of shopping days to Christmas to 25 - almost a full week less than last year. Unlike last year it comes after pay day. Will retailers break into Black Friday deals early? Will

shoppers rise to the occasion? Tim Denison takes us on a tour of the history of this prominent date in the retail calendar, outlines how retailers can best capitalise on the event, and offers some thoughts as to what the next few years might bring.


BLACK FRIDAY: BEGINNINGS

From humble beginnings in Philadelphia some 50 years ago, "Black Friday" has become a global retail phenomenon, thanks largely to the internet and the media. The sales extravaganza was originally conceived as a one-day bargain bonanza in shops to be held on the day after Thanksgiving Day in America and designed to kick-start the Christmas shopping season.

In fact, it wasn't until the 1990s that it became a national fixture in the US, and it only became the country's busiest shopping day of the year (surpassing the Saturday before Christmas Day) in 2005. But since then it hasn't looked back, and still retains its crown as the busiest shopping day of the year today.

In 2011, Walmart controversially opened its stores on the evening of Thanksgiving Day, breaking the midnight curfew for the first time. Today, Black Friday is no longer the 24-hour national sprint that it once was, but a multi-day international marathon, loved by the media who remain awe-struck by the speed and spread of its advance.

The former separation of Black Friday as a store-based event and Cyber Monday as its online counterpart is no longer relevant. Such is the omni-channel nature of retailing today that the promotional period has melded into one. According to the National Retail Federation, 19% more people shopped exclusively online on Black Friday in the United States in 2018 compared to in-store.



The former separation of Black Friday as a store-based event and Cyber Monday as its online counterpart is no longer relevant.

STEPPING OUT

Black Friday found its way across its first country border in 2009, with American retailers launching it in Canada (dubbed “Vendredi Fou” – crazy Friday) despite their own Thanksgiving Day being held a month earlier than in the United States.

That same crusading approach has served American retailers very well since: In 2010 Amazon introduced it to the UK. The following year the likes of Apple, J Crew and Bloomingdales took it into Australia. And in 2014 Macy’s and American Apparel Inc took up the pioneering challenge in China via Alipay. Despite its proximity to Singles’ Day (November 11th), Black Friday continues to grow in China, promoted by both Alibaba and JD.com’s platform, Kaola, and facilitated by their warehousing arrangements. It has become particularly popular with the “haitao” (online cross-border shoppers resident in Tier 1 cities who look to buy high-quality imported products such as nutrition and diet aids).

American retailers quickly learned that they could benefit from introducing the event in markets where they had no physical presence. All it required was a viable online channel and competitive shipping rates. The global march continued into 2015, when eBay got the Black Friday ball rolling in India – despite the fact that the festive season of Diwali is already over by the end of November. Over the years it has morphed from being purely a bricks-and-mortar occasion to an omni-channel one.

In 2018, sales on Black Friday around the world were on average 6.6 times greater than a regular Friday.

Retailers in their home territories have generally joined the action when the Americans have led, but some countries have taken the initiative first. A group of Russian and Austrian entrepreneurs were the first to bring Black Friday into Russia and attracted hundreds of prominent online retailers to take part in their promotional ‘000 Black Friday’ website. In 2013, a weather white-out accompanied e-tailer CDON’s introduction of Black Friday into Sweden. In 2014 the domestic grocery retailer Checkers initiated South African shoppers to the world of Black Friday.

It is now a global phenomenon. From Spain to Senegal and from Israel to Iceland, shoppers around the globe now enjoy the November bargain-fest. Even in France, where discounting is heavily regulated, “Le Black Friday” is gaining momentum after the first tentative steps were made by Auchan and FNAC.

In 2018, sales on the day around the world were on average 6.6 times greater than a regular Friday, according to Black-Friday Global. This was headed by Pakistan for the second year running, where shoppers spent in excess of 115 times as much as a regular Friday, followed by Hungary (97 times) and Italy (45 times). By comparison, US shoppers spent 21 times their typical Friday spend and British shoppers 15 times as much.

Over the past 5 years, interest in Black Friday has blossomed the most in South Africa, France, Italy and Japan – where it first appeared in 2016. Expectations for take-off in the coming years are highest in China and South Korea.

BLACK FRIDAY: A TIMELINE

1960s

Term first used in Philadelphia, in the wake of the post-Thanksgiving traffic jams

1990s

By this time, it's a national fixture in the United States

2009

American retailers export the concept over the border to Canada

2011

Australia joins the party

2013

Online entrepreneurs launch Black Friday in Russia

2015

eBay introduces Black Friday to India

2016

First time Black Friday takings in the US from mobile devices exceeded \$1bn on a single day

2018

The Apple App store and Google Play both set record amounts ever spent in a single day

Clothing replaces electronics as the most popular Black Friday purchase

1980s

Black Friday is used to describe the point in the year when the retailers start to make a profit

2005

Black Friday overtakes the Saturday before Christmas Day as the busiest shopping day of the year in the US

2010

Black Friday comes to the UK

2012

Unscrupulous e-tailers offer phony sales in Brazil

2014

Scuffles break out in UK stores as shoppers rush to take advantage

Checkers introduces Black Friday in South Africa

2014: Black Friday loses its place as busiest US shopping day of the year - a trend which continued in 2015

2017/18

Amazon Prime Day 2018 outstripped Amazon sales between Black Friday and Cyber Monday 2017

Figure 1 Inspired by Black Friday, Mexico's El Buen Fin ('The Good Weekend') takes place in mid-November, to coincide with the national holiday commemorating the Mexican Revolution



Source: Ipsos Global Trends Survey, 2016

A GREAT AMERICAN EXPORT?

There are many great things to have come out of America, but is Black Friday one of them?

Most shoppers will invariably be advocates, enjoying the opportunity to buy sought-after goods at knockdown prices. Whether for Christmas gifts or personal consumption, everyone loves a bargain. Yet Black Friday has shown us a darker side. Thousands of households were defrauded by unscrupulous e-tailers in Brazil offering phony sales on 2012's "Black Fraud Day". Bedlam broke out in stores across the UK as overzealous shoppers fought for prized booty on the infamous "Black and Blue Friday" of 2014.

For retailers, the event has both disciples and critics. Some argue that Black Friday does little more than pull forward festive sales and threaten margins rather than grow the size and value of the whole cake. They argue that it risks

undermining consumers' willingness to pay full prices just when they are gearing up to loosen their purse-strings for a Christmas splurge. Rich pickings for shoppers can come at a cost for retailers.

Others see Black Friday as a powerful tool to boost seasonal sales artificially, with the potential to also grab market share from competitors. They argue that consumers have really connected with the concept of Black Friday and so, played correctly, it can make a significant contribution to a retailer's coffers.

Whatever their perspective, it is generally acknowledged by retailers that Black Friday, once introduced into a market, soon becomes an established fixture in their promotions' calendar, and will remain so at least for the short term.

SUCCESS IN SEVEN STEPS

Every year there are new lessons to be learnt from Black Friday. Getting it wrong can have serious consequences for a retailer, given its size and its profile with the media. Here we set out seven steps to a successful campaign.

1

When it comes to Black Friday, **there is no such thing as over-planning**. Determine well in advance what to promote, when to promote and how to deliver in a proactive, managed way, working hand-in-hand with suppliers to avoid nasty surprises and knee-jerk reactions.



2

Agility is key. Black Friday is a disruptive event where demand is impossible to predict. Social media has the capability to spread news (good or bad) with alarming speed. It can mobilise the shopping masses to descend on the best offers like plagues of locust sweeping through fields of crops.



3

Make sure 'doorbusting' deals are still available on the day. There is a temptation to pre-release so-called "Black Friday" deals as the event launch creeps increasingly earlier. Last year both Walmart and Target were badly caught out by selling out of some Black Friday deals before Friday had even begun.



4

Stress-test logistics. The short window of heavy discounting can create unprecedented demand and easily overwhelm the normal running of operations. As online shopping is now more important, it's not just a case of building headroom into stock, fulfilment and payment facilities, but also building resilience and capacity into website search and content services for end-to-end execution. Some famous American retailers experienced embarrassing website glitches or crashes in 2018, including Walmart, Lowes, Lululemon and Ulta.



5

Make it easy, intuitive and fun to shop on mobile devices. Optimisation and lightning-fast execution are game changers. Underestimate the importance of smartphones at your peril.



6

Offer fast and free delivery. The convenience of online shopping together with state-of-the-art delivery policies is a winning combination. Also, don't forget the potency of same-day or next-day click-and-collect (BOPIS).



7

Prepare to put crisis management into practice. Operational failures and brutal media exposure can risk damaging reputations if they are not dealt with speedily and effectively.



SURVIVE OR PROSPER: THE FUTURE OF BLACK FRIDAY

Black Friday has become a global retail phenomenon in less than 10 years. In most markets, sales on the day continue to grow year-on-year on the day as its reputation with consumers strengthens and its participation among retailers grows. That said, Black Friday must become an event that is healthier for retailers, rather than just bigger and better for consumers, if it is to survive.

CHALLENGE ONE – PERPETUAL DISCOUNTING ACROSS THE PEAK-TRADING PERIOD

By extending the duration of the event from one day to four, then five, and now in some cases ten days or more, retailers run the risk of playing into the hands of the likes of Amazon, making it a race to the bottom by slashing prices and diluting margins. It also takes the edge off the anticipation and excitement of a one-day event and pulls forward Christmas sales. In the United States, for example, online sales on Thanksgiving Day last year were up 28% on 2017. With only 25 days separating Black Friday and Christmas Day this year (compared to 31 last year), it is highly likely that some retailers will begin running sales well before Black Friday, possibly from the Monday before.

CHALLENGE TWO – EVER DEEPER DISCOUNTS

The average Black Friday discount across global markets last year is estimated at 53%. But shoppers' expected discounts exceeded those on offer in 23 of the 41 countries surveyed by Black Friday Global. The same survey revealed that average discounts were deepest in United States (68%), Canada (66%) and the UK (63%) – these three countries representing the pioneer of Black Friday and its first two followers. Offering progressively heavier discounts and extending the event for longer intensifies the pain for retailers tasked with delivering a profit each year. Black Friday cannot become a financial black hole for conventional retailing.

CHALLENGE THREE – FROM FRENZY TO FIESTA

In previous years, we have warned that value growth has to feature in the future success of Black Friday, drawing from the evolved approach that Amazon deploys in its Prime Day campaigns. Its ambition is to deliver everything that customers

cherish, namely: offers that people engage with, products they didn't know they needed but are tempted by, unrepeatably valuable, and a pain free, personalised shopping experience. Amazon continues to reap the benefits. Prime Day 2019 generated 175 million unit sales (up from 100 million the year before) and outstripped its performance on Black Friday and Cyber Monday combined, according to Bloomberg.

Singles' Day in China, the largest retail sales event in the world, also puts Black Friday in the shade. Last year it generated over \$30 billion of revenue, five times more than Black Friday in the US and up 23% on the previous year. Its success stems from its fiesta atmosphere, positioning it as a social and experiential event and releasing innovative, novel and exclusive offers.

The Black Friday proposition must evolve from being a sales day under strain with a mass market, scattergun approach to in-store and on-line offers. To survive, it must become a smooth and sophisticated showcase event that demonstrates the best of a retailer's omni-channel capabilities to enrapture shoppers and provide well-founded reasons to spend in November - without diminishing the gifting appetite during the rest of the festive period.

**Black Friday must
become an event
that is healthier
for retailers, rather
than just bigger and
better for consumers,
if it is to survive.**

CHALLENGE FOUR – LABOURED LOGISTICS

As its popularity spreads across the globe, Black Friday has also been growing as an international trading event. Nationally, the logistics bar is set very high: some retailers offer next day and free delivery, irrespective of spend value, and this threatens to become a consumer expectation on Black Friday. Retailers need to seriously consider how they will manage such expectations or reset them for remote sales. Third-party regional warehousing appears set to grow. Click-and-collect (BOPIS) is also growing in popularity as a means for customers

to pick up their on-line purchases quickly and without (or with a reduced) delivery cost. If Black Friday is to continue to be a cross-border affair, retailers will most likely look to forge stronger partnerships with retailers overseas, providing the local means to generate Black Friday sales.

The nightmare of logistics doesn't stop at customer deliveries. Product returns are an emerging spectre, particularly at times of heavy shipment like Black Friday and on overseas sales. With the proportion of returns accelerating, establishing an efficient two-way distribution channel cross-borders will define the expansion of international trade on Black Friday.



CONCLUSION

The days of shoppers stampeding into stores to fight for bargains are probably over. Black Friday footfall looks to have peaked in mature markets (see figure 2). Online is where the growth lies, and this provides opportunities for retailers to personalise communications with existing customers and reach out to new ones. In the US, Adobe measured online sales to be up 24% on the day compared to the year before. In the UK online traffic rose year-on-year by 46% (Techradar).

Signs of a more nuanced approach to Black Friday began to emerge last year, particularly through the advances made on the digital front. More retailer apps were available to download, providing real-time countdowns to launch and stock counts to create buzz and anticipation. Some also notify customers about bargain releases and price reductions on their wish-list products. Leading retailers noticeably improved their mobile experiences and email communications. In response, the volume of traffic on social media rocketed.

With international trade arrangements around the world under clouds of re-negotiation, a question-mark hangs over whether

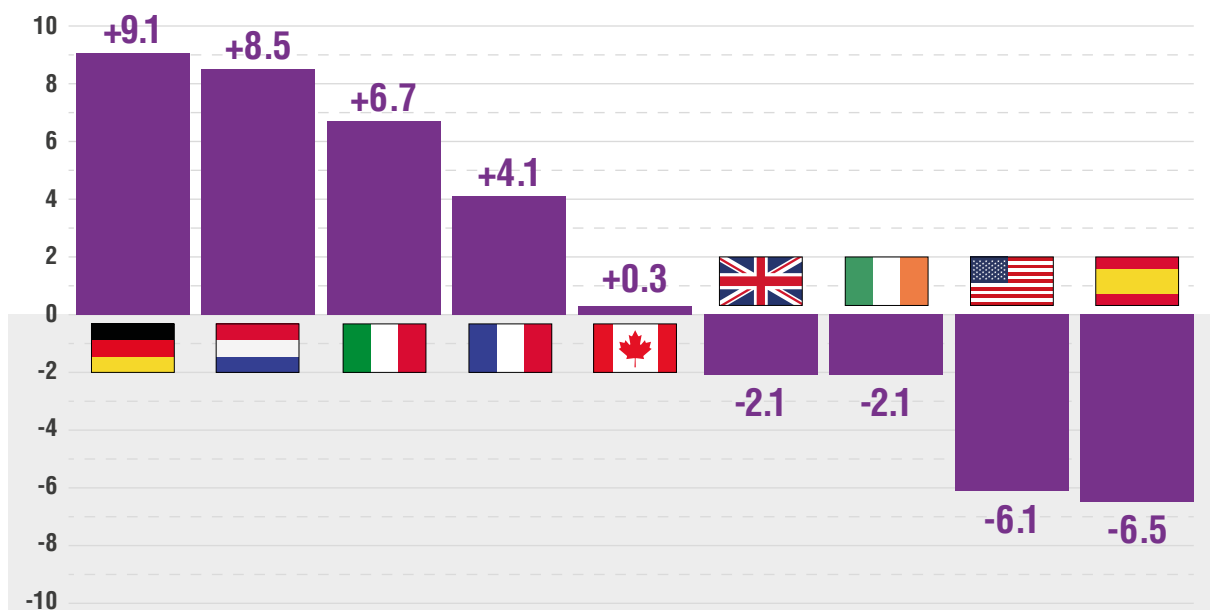
Black Friday shopping will continue to expand across borders or revert back to being primarily an intranational event.

The other great uncertainty about the longer-term future of Black Friday comes from the groundswell of importance that younger consumers in particular are attaching to responsible consumption and sustainability. The past success of Black Friday has been anchored in whipping up consumers into a shopping frenzy, whereby bagging bargains and buying impulsively and excessively is socially acceptable. It could be that other events that celebrate experience rather than consumption will prove more popular for future generations.

Black Friday: for now at least, shoppers love it and retailers loathe it. As Andy Street (ex-MD of John Lewis) famously admitted back in 2015: *“I don’t think we can put the genie back in the bottle, but do we need to stoke that fire anymore? I personally hope not”.*

Challenges remain, but the show goes on.

Figure 2 Retail footfall on Black Friday (% change 2018 vs 2017)



Source: Ipsos Retail Performance

BLACK FRIDAY

Still the superhero of the shopper's year?

Tim Denison Director of Retail Intelligence, Ipsos

The **Ipsos Views** white papers are produced by the **Ipsos Knowledge Centre**.

www.ipsos.com
[@Ipsos](https://twitter.com/Ipsos)

GAME CHANGERS

