



The Retail Insight People

5 things we learnt from Black Friday 2019

Key trends and developments from the major peak of the year

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IMRG

Black Friday, over the past six or seven years, has really exploded into the public consciousness. It experienced several years of volume growth that was, at times, so strong that fulfilment operations and websites struggled to deal with the strain. It took a lot of planning, effort and investment to adapt to the retail super-event.

But then, in 2018, growth was underwhelming, well below forecast, and it seemed that perhaps shopper responsiveness to the discounting event was waning. There has always been a lot of negative news and attitudes toward it, but that didn't stop people from shopping in their droves anyway.

In 2019, that responsiveness bounced back somewhat, with very strong sales growth during the Black Friday period capping what had been until then a poor year for online sales. Overall performance to one side though, with events of this scale, there are always some interesting trends emerging and this year was no exception.

This report shares five such interesting developments from the Black Friday period 2019.

Andy Mulcahy, Strategy and Insight Director, IMRG

Magento Commerce

Black Friday is a pivotal moment in the retail calendar, with many vendors using it to surprise and delight customers; providing them with memorable experiences ahead of the critical Christmas shopping period. This focus drives a period of not only high sales volumes, but also innovation, and the release of several new ecommerce features and strategies as merchants hope to secure loyalty and repeat custom after the initial sales period.

We wanted to understand how retailers had done this in 2019, and what tactics they'd used to satisfy peak consumer demand. An obvious fulcrum of their activity would be online retail, with the need to provide frictionless, seamless experiences. This report helps demonstrate retailers' key action points during this timeframe, including what worked well, to help others put these learnings into action and put their best foot forward into 2020.

1. People responded very strongly to Black Friday this year

In the lead-up to November this year the trading climate was not looking very positive. Both December 2018 and July 2019 reported the worst sales growth of their respective months ever; the electricals sector was in decline throughout the whole year; in August, the home & garden sector trudged to its worst result since 2015.

Indeed, the trendline was slanting downwards across most of the categories IMRG tracks. The below graph illustrates this point, showing year-on-year growth rates for online sales (from a sample of 210 retailers in the IMRG Capgemini Online Retail Index) in 2018 (blue line) and 2019 up to October (orange line).

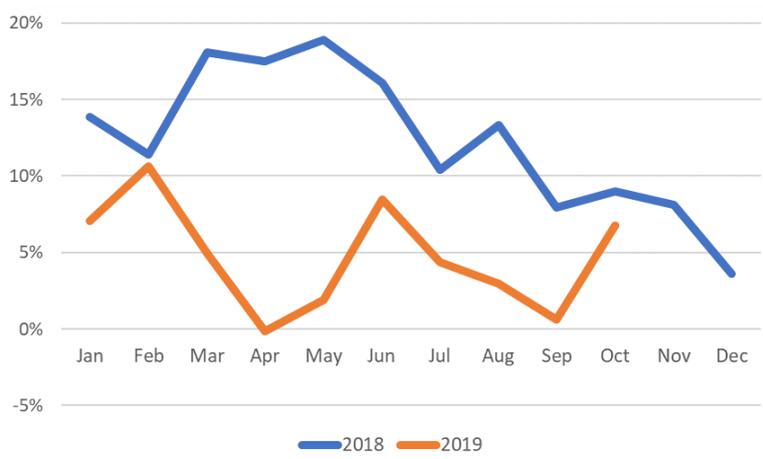


Figure 1 – IMRG Capgemini Online Sales Index, YoY growth 2018 and 2019

After a very poor summer, demand seemed to be very low going into November. IMRG forecast growth for the Black Friday period (which we define as an eight-day week running Mon 23 Nov – Mon 30 Nov in 2019) to be low single-digit, particularly given the Black Friday period in 2018 fell a bit flat. It felt like appetite for the sales event was perhaps declining.

However – Black Friday actually generated very high sales growth for online. The day itself was only up +5.8%, though that is still good growth against a very high base, but across the Black Friday period it was up +11.7%. At IMRG, we thought that might mean November overall was a bit weak as Black Friday sucked up all the volume into a single week, but the month came in at +16.4%; the strongest for any since May 2018.

As Black Friday fell back in the calendar in 2019 (it was on 29 Nov), many more people had been paid and therefore had money to spend. Retailers also launched their campaigns earlier, generally speaking, having a lot of excess stock to promote that hadn't shifted over the summer and there was some evidence that people responded to these campaigns in advance of the big week. Looking at the share of sales revenue across the four weeks of November though, 40% fell in the week featuring Black Friday. It really is the peak week of the year.

Magento added: *As we uncover more and more insight into what customers want, brands become increasingly capable of satisfying them, adopting a customer-centric approach and working to perfect the shopping experience. A better Black Friday than last signifies wiser, more tech-savvy retailers.*

As everyone knows, merchants work months in advance to ensure their customer experience is at its best by the time the holiday shopping and Black Friday period begins. This is often the time when the industry sees the highest level of innovation and the release of ground-breaking new website features, marketing tactics and customer experiences.

[Read about Paul Smith's Magento Upgrade.](#)

With an event of this scale, it's very difficult to predict what is going to happen but, for whatever reason, in 2019 UK shoppers went all out for Black Friday.

2. The pattern of spending across the peak week is well established

If we look at the share of total revenue by day over that eight-day period, there was little movement comparing the last two years (blue bars are 2018, orange bars are 2019).

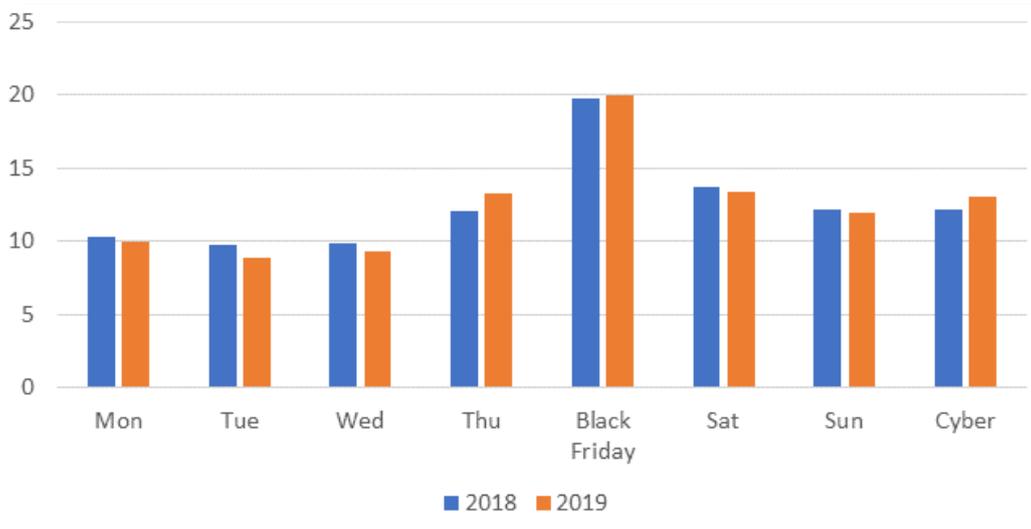


Figure 2 – Share of total revenue by day over eight-day Black Friday period

Black Friday secured the highest share of revenue (20%), a marginally higher share than last year. Even though there are Black Friday discounts available well ahead of the big day (some launch their campaigns as early as 1 November), many of which are already very heavy, the actual day itself is when the highest number of people are shopping, by some distance. This is because Black Friday is unique in the retail calendar for being universally known among the public; people have an awareness it is happening, a perception that it's when the best bargains are available, and consequently a lot of the people in the UK who have very limited interest in retail are likely to be shopping on that day. They might not be interested enough to spread it across the full week though.

Saturday had the second-largest share (13.4%), with Thursday (13.3%) just behind it though the whole weekend features very high spending among shoppers.

Tuesday had the lowest share (8.9%) and this seems consistent with how retailers launch their campaigns. On that Monday leading into Black Friday week, there is a huge increase in the number of retailers setting their campaigns live. Shoppers respond to those initial launches by completing purchases, but then there is a slight dip in activity over the Tuesday and Wednesday as people have an expectation that many more retailers will be discounting on Black Friday, so hold out a bit more.

3. Retailers are pushing their environmental credentials

Every day throughout November, IMRG looked at the sites of 300 retailers to see what kind of campaign they were running, what level of headline discount rate was being promoted and how they structure their proposition.

One development that was notable this year was how many were prominently pushing their green credentials, in response to the massive pressure businesses are under to improve their environmental performance.

Just under one in five (58 of the 300 retailers tracked) were doing so. The ones included in that figure displayed this in a number of different ways – sometimes as a dedicated option in the top navigation menu, the footer, in the content slider or as clickable content on the homepage. Some documented progress they had made in reducing emissions / removing plastic waste etc, others pledged to plant trees or donate a certain portion of their sales to charity; in fact, 35 of the retailers (11.7%) were actively supporting charities on their homepages.



While IMRG did not record this data point during 2018's Black Friday tracking, our impression was that there was a substantial increase in retailers promoting sustainability this year. As there is such a strong media focus on climate change, with retail being one of the main sectors for criticism, retailers realise that they need to make some progress in that area or risk falling behind as either other existing brands gain competitive advantage over them, or new retail propositions pop up that can demonstrate positive environmental performance.

Magento added: *As consumers themselves grow more environmentally-conscious, their buying habits change to favour brands that have similar values. Our recent UK Consumer Research Report supports this: 30% of UK customers are more likely to buy from a retailer that tries to minimise air miles and 32% choose a seller that avoids single-use plastics. Packaging is definitely a key concern for today's responsible consumer – retailers that reduce their packaging are preferred by almost half of the UK shoppers we surveyed, so it's no surprise that sellers are marketing green initiatives. [Get the full report.](#)*

It seems likely that this is an area where competition will intensify over coming years, as no retail brand will want to seem out of touch with shifts in customer expectation and preferences. Black Friday – an event that is all about huge volumes of highly-discounted products – is the very reverse of environmental soundness, but this will not stop many from attempting to turn their participation in it green.

4. Discount codes were popular

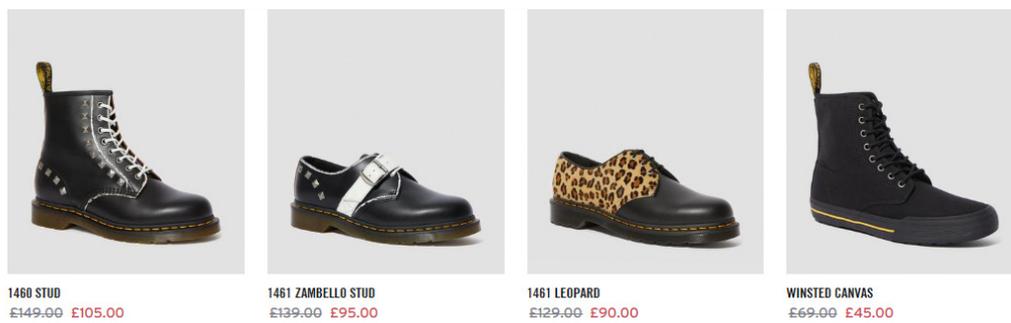
When promoting a discount campaign, particularly where a standard rate is available across the full catalogue of products on the site, there are two main options for how to display it. The discount can either be automatically applied to the products, so typically the revised price will be displayed next to the old price, or the prices shown beside the products stay the same with the discount only activated, usually at the checkout, by inserting a code.

Is one approach better than the other?

We tried to answer that question by taking the retailers offering a code on Black Friday (23% of the 300 retailers tracked) and averaging their online sales growth on that day, then doing the same for those who didn't offer a discount code. The difference between the two resulting figures, once we removed a few outliers in the data, was actually negligible.

As there is no notable difference to be found in performance then, what are the benefits of using a code? This all depends on the type of retailer, their target demographic and proposition. A challenge with Black Friday is that people expect to see heavy discounts available, irrespective of the specific retail brand. This pulls premium retailers into it who certainly don't want to market themselves as discount brands.

When this type of brand uses the standard approach for discounting (ie with no code), it can visually devalue the brand. See the Dr Marten example below, where the cost of an expensive pair of boots, from a strong brand, has been crossed out and replaced by a discounted cost, expressed in red text.



For brands who would not usually run discount campaigns (outside of seasonal clearance or outlet sales) a discount code may offer a tidier alternative that protects the brand from being devalued. But that does not mean the use of codes is a universal solution – there are many brands for whom marketing themselves strongly either on the provision of value or as an overt discount brand may be considered a positive.

Magento added: *Whether it's Cyber Monday or the launch of a new collection, price matters. [Our survey of over 2,000 UK consumers](#) shows that price is one of the top three shopping deciders, along with free returns and delivery. While the experience element is increasingly important, it's clear that price is still big a factor and that the customer is thinking of costs throughout the entire buyer journey.*

Enticing them with offers is therefore a sure-fire way to, at the very least, get their attention. Whether your brand's approach is to offer discount codes or a strikethrough price on the website you'll need a customisable ecommerce platform that can be updated quickly and easily.

5. Next-day delivery was restricted earlier this year

The delivery network comes under considerable strain over the Black Friday period, as the parcel volumes are so much higher than usual. To compound this issue, many retailers offer some form of fast delivery, usually next-day.

The feasibility of such services is an important factor to consider. If customers are able to select those options but then don't receive their orders within the expected timeframe (bearing in mind Black Friday is on, yes, a Friday so it requires a lot of Saturday deliveries to be accurate) it can result in a poor experience on their part. If that also happens to be the first time that customer shopped with that retailer, it may put them off returning and ruin the chances of retention.

As a consequence, many retailers restrict their fast delivery offer on Black Friday. This is something that IMRG are able to quantify; the following graph shows the percentage of the 300 retailers tracked who had no next-day option available in 2018 and 2019, on the first day of November, then on Black Friday in the morning and again in the afternoon (we use a percentage for comparison as we tracked a greater number of retailers in 2019).

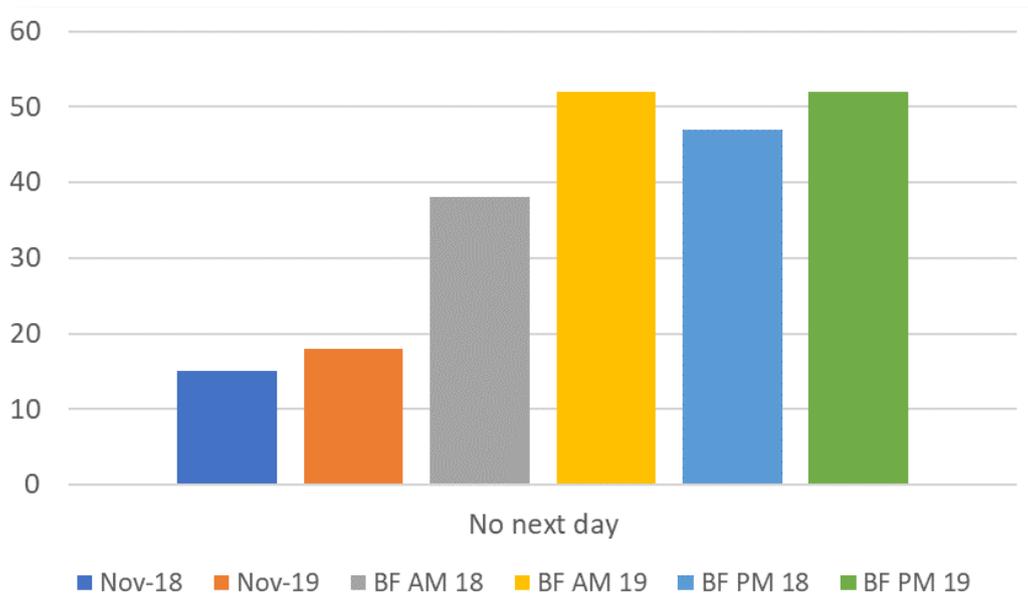


Figure 3 – Percentage of retailers with no next-day option available, 2018 and 2019

Magento added: *It's undeniable that today's consumers are increasingly demanding, and retailers are racing each other to create frictionless buying experiences. So why should the delivery phase be any less streamlined?*

But is receiving their purchases the next day really a priority for customers? Free delivery was a deciding factor when choosing where to buy for 61% of UK consumers in our recent survey but there was also strong interest in being able to buy online and pickup in store. The key is having the right infrastructure and order management in place to be able to give consumers the method of delivery that works best for them.

A remarkably strong November capped what had otherwise been an underwhelming year for online sales growth in the UK. It came as something of a surprise – in 2018 it seemed to be losing some of its capacity to pull in huge volumes of sales, but Black Friday moving back in the month (so more people had been paid by the time it arrived) combined with a higher range of stock to promote that had not sold over the summer may have been key factors in this resurgence.

As ever, it's not just what is being sold but how exactly retailers structure their propositions that underwent a bit of a shift. Some opted for discount codes over visually updating the prices displayed next to products, and there was a very notable tilt toward displaying their dedication to improving environmental performance.

So what does that mean for next year? With an event on this scale, it's very hard to predict how it is going to adapt, as it seems to do every year in sometimes subtle ways, sometimes less so.

The only certainty is that it will be happening again, and it will have a high base to grow against in 2020.



About IMRG

For over 20 years, IMRG (Interactive Media in Retail Group) has been the voice of etail in the UK. We are a membership community comprising businesses of all sizes – multichannel and pureplay, SME and multinational, and solution providers to industry.

We support our members through a range of activities – including market tracking and insight, benchmarking and best practice sharing. Our indexes provide in-depth intelligence on online sales, mobile sales, delivery trends and over 60 additional KPIs. Our goal is to ensure our members have the information and resources they need to succeed in rapidly-evolving markets – both domestically and internationally.

www.imrg.org

About Magento Commerce

Magento, an Adobe company, is a global leader in cloud commerce innovation. Magento Commerce boasts a strong portfolio of cloud-based omnichannel solutions, integrating digital and physical shopping experiences and powering \$155 billion in gross merchandise.



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