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The UK's
eCommerce
Association

An IMRG Report

Four Things That Could Impact Performance Over Black Friday

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October 2021

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That Could
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Performance
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Foreword

Four Things That Could Impact Performance Over Black Friday

In the run up to peak trading, retailers are thinking about how best to maximise their performance over the Black Friday period. We observed volatile consumer trends from Black Friday 2019 to 2020, across an unprecedented year, accounted for by the pandemic.

We're all wondering what might happen in 2021, as shoppers return to a hybrid combination of online retail, and high street browsing. With growing concerns regarding the supply chain, it's important to consider factors that could impact your business' performance ahead of the busiest day of the year.

YoY growth continues to rise, and it is predicted that discounts will keep shifting earlier and earlier into November, meaning shoppers are keen to get their bargains early ahead of the holiday season.

So what are the key factors we are tracking in the run-up to Black Friday 2021?

LIMITED TIME ONLY

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SALE UP TO 80%

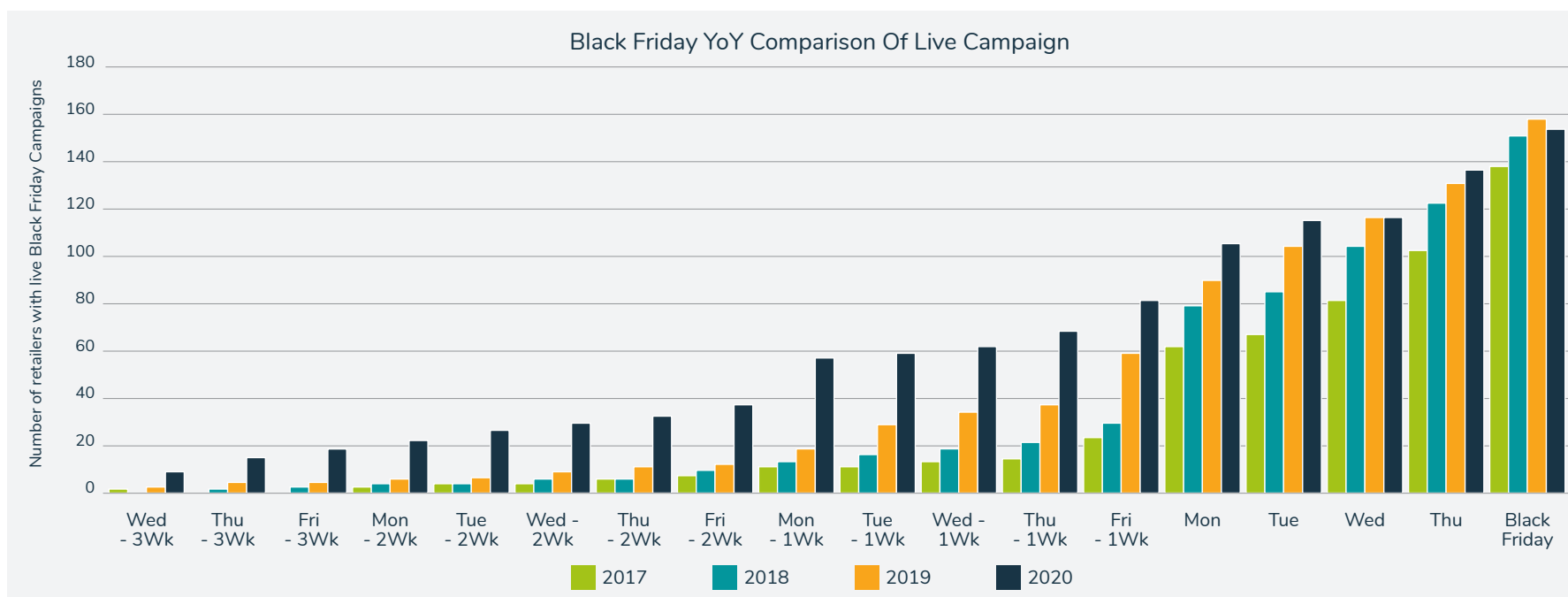
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1. Earlier & Longer

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The first insight into one of the aspects that may impact your performance during this peak season is the changes in the live campaign launch dates we've observed over the past few years. The number of retailers who have launched their Black Friday campaigns earlier has risen notably since 2017. However, there was a spike in these numbers last year, in 2020, when huge increases were seen in the number of retailers running their campaign up to three weeks ahead of the day itself. England's November lockdown was a major factor.

The first graph illustrates the changes in live campaigns each year, over a four-year period. As illustrated in the graph below, Black Friday sale campaigns were seen to go live closer to the day itself back in 2017, moving progressively earlier by 2020. In 2017, under 10 retailers surveyed had their campaign live by the Monday one week before Black Friday, as shown by the green bar labelled 'Monday - 1Wk'. Between 2017 and 2019 there was steady growth in the number of retailers with their campaigns live this early. In 2020, this figure spiked, with almost 60 retailers from our sample going live by the Monday one week before. The heightening of the dark blue bar, earlier and earlier, indicates that more retailers are going live further ahead of Black Friday itself.



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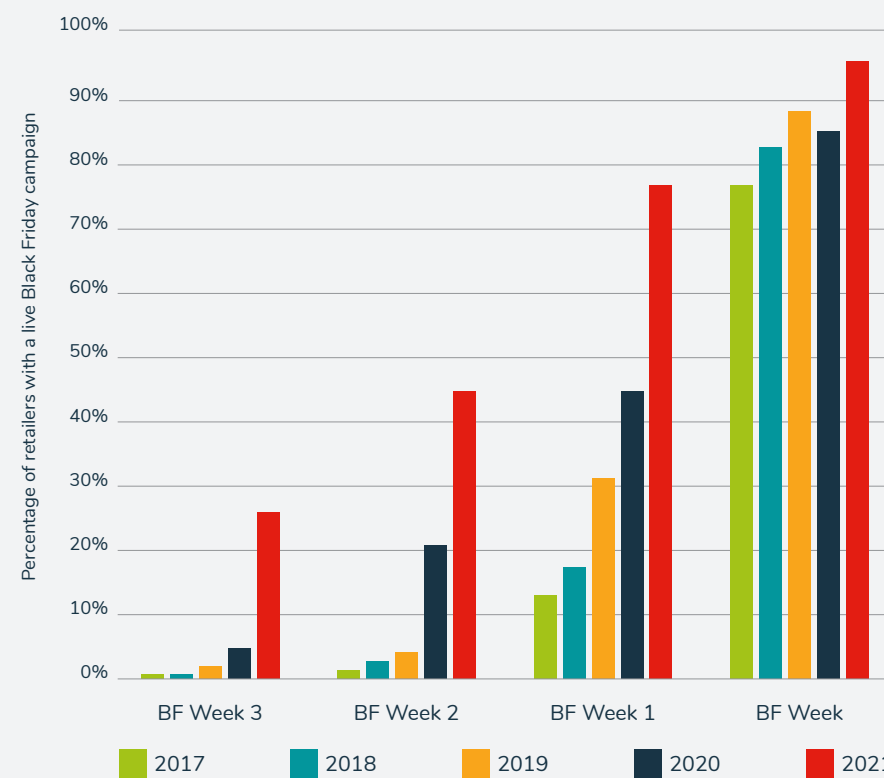
To gain a view of what might happen this year, we conducted a poll of 60 retailers, who indicated when they'll be starting their Black Friday campaigns in 2021. The most popular answer was the third week of November (35%), one week ahead of the actual Black Friday week.

We're predicted to see a further extension of the Black Friday period in 2021, as a greater share of retailers are expected to launch campaigns up to three weeks before the day. The data on the bar chart illustrates the same data from the previous years from 2017-2020, with an added red bar, indicative of expectations for 2021. The most significant changes are seen in the jumps between the yellow and purple bars in the first three weeks ahead of Black Friday. This tells us that the number of retailers shifting their campaigns up to three weeks before Black Friday could increase exponentially this year, as online businesses attempt to attract more interest and sales in the run up to the main event.

"Black Friday promotions are getting earlier each year. Our analysis shows that customer website visits have increased year-on-year for the week leading up to Black Friday, resulting in four times as many customers on Black Friday compared with an average day. It proves that retailers must adapt by adopting a 'go early' approach. By promoting earlier, it avoids them being drowned out and helps them to influence consumer purchasing decisions. Importantly, they can also gain financially by starting their messaging sooner."

Elliot Clayton, SVP Media UK, Epsilon

Black Friday YoY Comparison Of Live Campaign (With 2021 Predictions)



2. Stock Changes

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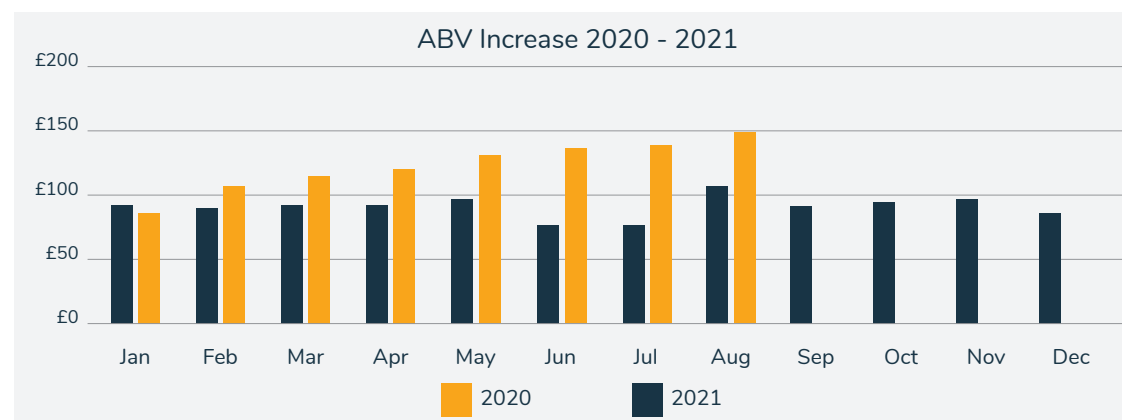
We're all aware of the media frenzy surrounding stock issues and supply chain problems, however, it's important to cut through the noise, and find out what this could mean for your company during the Black Friday period, and what impact this might have on performance.

The recent supply chain issues have predominantly come from a lack of HGV drivers, as drivers are down by one third, and 1 million seasonal worker positions in the UK are unfilled – not to mention the huge increase in costs associated with transporting goods from Asia to the UK; all of this means the supply chain has been severely interrupted.

One possibility is that, as a result of pressure on the supply chain, retailers ordering large amounts of stock from Asia may not get their deliveries in time for Black Friday, so there could be more of a focus on selling items they have rather than the particular stock they wanted to have for Black Friday. This stock may then form part of sales campaigns after Black Friday, as they could continue long through Christmas and after Boxing Day, as retailers then try to shift the items they didn't have in time for the original Black Friday sales. What we could see then, is an extended peak trading period, in which people are interested in buying the items as and when they can get them, with or without discounts (see next section), due to high demand and slow supply. Boxing Day and Christmas sales could include retailers still attempting to shift late stock. The predictions are in: things may well start earlier, carry on longer, though not always termed 'Black Friday' campaigns.

On a positive note, the average basket value (ABV) has actually increased recently, when looking at year on year data from 2020 to 2021. Recent data shows that spending in August jumped from an average of £110 per shopper's basket, to £150, which means huge growth if each person was spending an average of £40 more in one shop at the end of the summer.

This graph illustrates this increase in YoY ABV between 2020 and 2021. The dark blue bars indicate the average spend in 2020, and the orange bars depict the ABV in 2021, which has increased significantly.



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Despite this positive increase in the ABV between 2020 and 2021, we've also observed a decrease in conversion rates, meaning less shoppers who visit the page are following through to the point of checkout and purchase. This could be due to more people browsing online stores ahead of Black Friday to check out deals, whilst waiting for the prices to drop further before purchasing. Otherwise, as seems more likely given the trend has been going on since April, it could be a result of the stock issues, as people aren't finding what they want.

"The surge in ecommerce demand, provides businesses with opportunities to enter new channels, sell to new locations, and expand product catalogues.

Holiday sales could easily exceed this threshold in 2021. The ability to deliver a seamless experience requires consistent tax determination across multiple systems."

Avalara, Powering Global Commerce



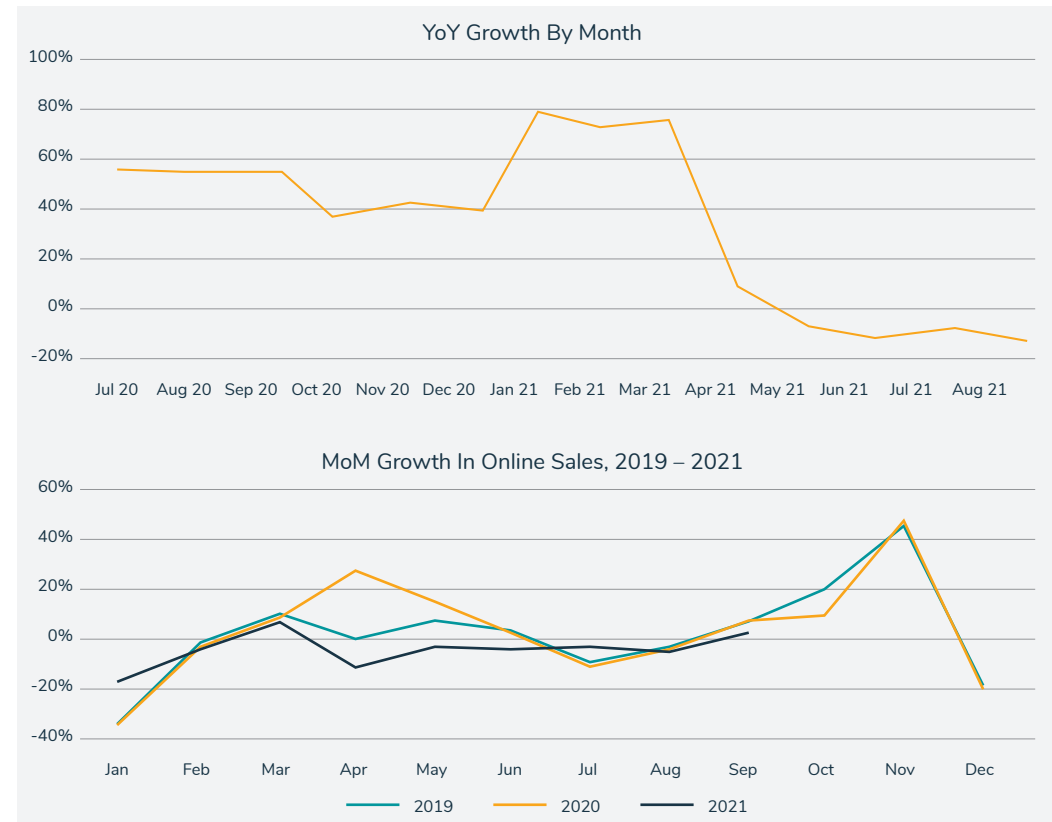
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3. Increased Spending

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The good news? There was huge overall growth in the ecommerce sector between 2019 and 2021, as shoppers were forced online during the pandemic. The graph to the right shows year on year growth, by month, in online sales. While it may look down, the negative growth depicted is likely a result of a drop from such high levels last year, between February and April for example, during the pandemic, as this type of exponential increase cannot be built upon in volume terms. Sales are still up substantially from where they were two years ago, with revenue up around +40% higher than in 2019 in July for example, even though the current year-on-year figure looks low.

However, when looking at YoY growth by month in sales, the data is more skewed, and these changes make it harder to predict Black Friday performance this year. As shown on the graph to the right, month-on-month (MoM) shifts in ecommerce growth tends to run quite parallel from one year to the next, as evidenced by the three-year data plotted on the graph below. Due to exponential growth online caused by the pandemic between 2019 and 2020, the lines diverge a lot more than would be usual. The big gap is between March and April 2020, when the first lockdown forced so much volume online. There has then been a dropping away of online volumes between April and June 2021 as restrictions were eased. The percentages are now running more parallel again.



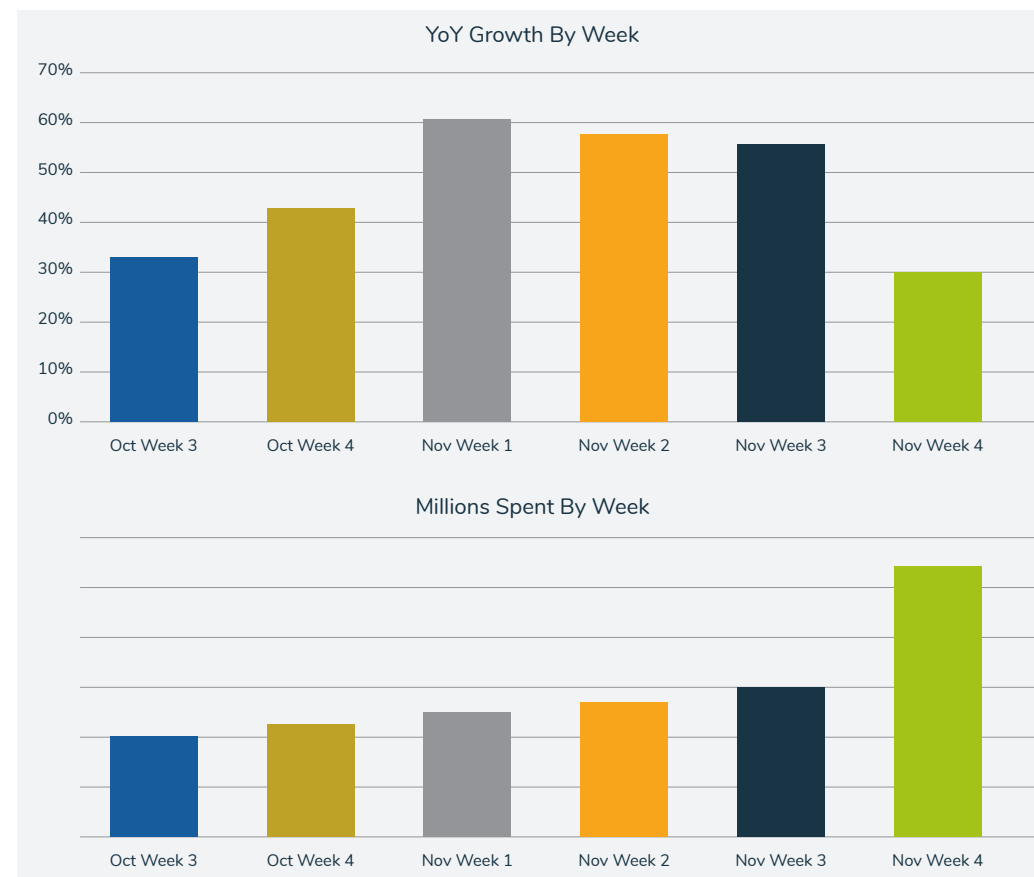
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When looking at the growth in the run up to, and day of, Black Friday, the bar chart to the right illustrates year-on-year growth by week for the final two weeks in October and all four weeks in November in 2020. Although it may look as though the actual week of Black Friday is underperforming, with the lowest growth bar in green, it's helpful to contextualise the data.

When the same period is viewed through the lens of the actual amount of money spent, it becomes apparent that the green bar, indicative of Black Friday week, is by far the highest. What we can conclude from these two graphs, is that we're experiencing huge growth in the percentage of volume spent in the weeks leading up to Black Friday, whilst the spending itself is consistently highest in Black Friday week.

So, what does this mean for predictions in growth across Black Friday?

Because the data has changed so much between 2019 and 2021, showing irregularity due to the pandemic, it's difficult to predict what will happen this year. 2021 presents online retailers with the added competition of high street shops open again, plus there should not be a lockdown in place this November, so it is possible we may see shifts in customer behaviour once again.



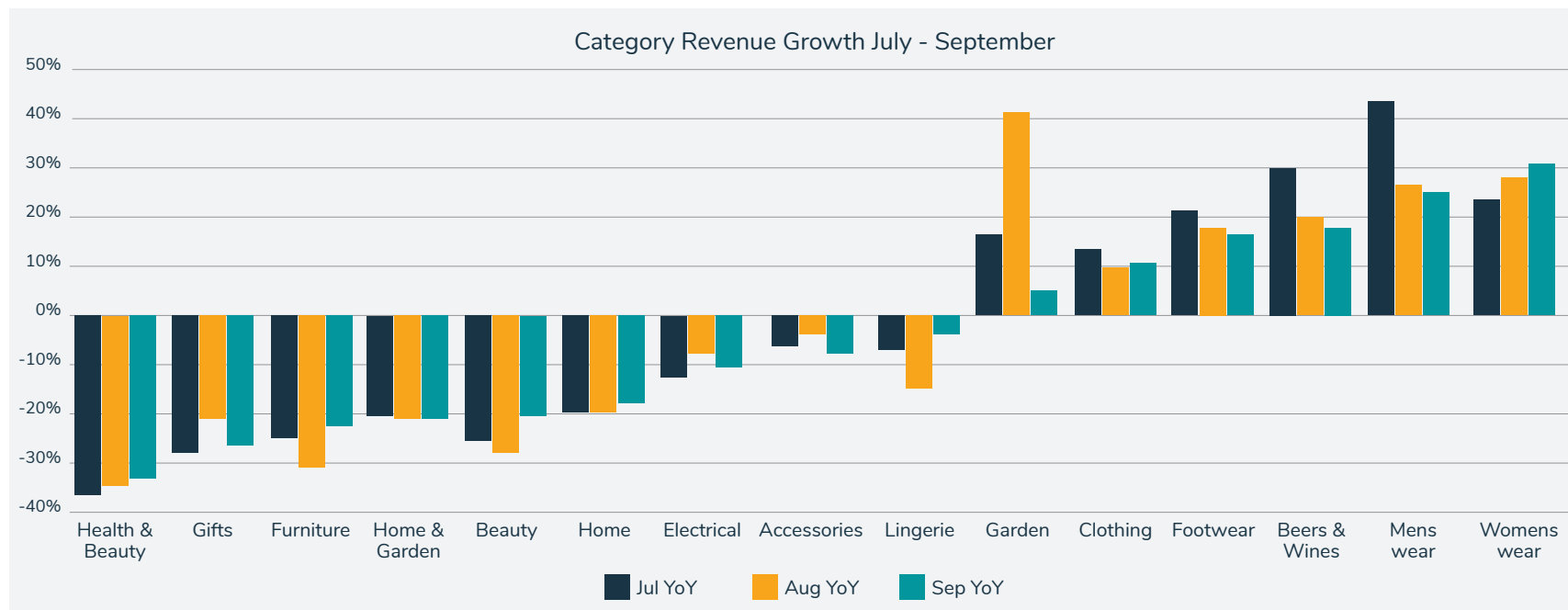
4. What's Selling?

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When preparing for Black Friday, it's important to understand which categories are performing the best in the current climate, as people's needs fluctuate and change.

Due to shoppers having more time around the house, home and electrical performed strongly in 2020. Although their growth is currently negative, this is due to their comparing against high growth rates from the previous year. Many categories are following that trend, but beers, wine and spirits is an exception in that regard – in the week commencing 12th September, it was up +14% year-on-year, against a growth rate of +111% for the same week in 2020.

The below graph shows YoY growth for a number of categories in July, August and September to illustrate the various fortunes leading in to peak season. For many of them, the rate remains within a similar range for that whole three-month period.



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Conclusion

The verdict? Black Friday will be as unpredictable as ever, however it's vital to understand current changes and factors that may impact your business' performance over this crucial trading period. Spending, sales and conversion rates are highest on Black Friday itself, but building up customers and starting your campaign early ensures that you're making those sales ahead of the big day. With an awareness of current stock changes, longer Black Friday campaigns and hybrid shopping experiences, you can better prepare your company to optimise performance.

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