MARKETER GUIDE

EPSILON™ EUROPE

HOW TO NAVIGATE BLACK FRIDAY UNCERTAINTY 2022

MAKING A SUCCESS OF BLACK FRIDAY AMID THE COST-OF-LIVING SQUEEZE

PROOF. NOT PROMISES.™



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INTRODUCTION

As another Black Friday approaches, once again, it takes place during another challenging economic climate for retailers. As a result, they will need to adjust their strategies to reflect these trading conditions.

Epsilon has identified six distinct retailer personas, each with specific traits and objectives linked to this critical promotional period. And for each one, we've suggested actions they could take to help them deliver a successful Black Friday.

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THE CHALLENGES OF CRYSTAL BALL GAZING

After two consecutive Black Fridays skewed by lockdown life, forecasting customer behaviour ahead of the 2022 annual festival of bargains promises to be as unpredictable as ever.

If you were hoping to base your 2022 Black Friday strategy on previous years' performance, forget it. This year, with deal-hungry shoppers strapped for cash like never before, it will pay to think outside the box and expect the unexpected.

SO, WHAT FACTORS MAKE THIS YEAR'S FORECAST SO DIFFICULT?

THE COST-OF-LIVING CRISIS

UK household incomes are on their longest downward trend on record, as the cost-of-living crisis saps the spending power of millions of households across Europe. Adjusted for inflation, UK disposable incomes dropped 0.2% in the first three months of the year, according to the country's Office for National Statistics. That's the fourth straight quarter of decline, and it's the longest run since records began in 1955. As a result, retail sales volumes have continued on a downward trend since April 2021.

RETAILERS ARE THINKING THE UNTHINKABLE

2022 has been an extraordinary year so far, with many retailers thinking the unthinkable to protect their margins. For example, Primark, B&M, and Poundland – long-time vocal ecommerce resistors – have launched online services. Meanwhile, some brands, faced with an inventory glut and sky-high logistics costs, are refunding returns but unofficially letting customers keep their products in certain cases, because the reverse logistics process is too expensive. The take-home here is that retailers are considering options that were previously off the table. In this environment, Black Friday is sure to deliver some surprises.

INVENTORY LEVELS WILL STILL BE VOLATILE

It's known as the **'bull whip' effect** – retailers scrabbling to meet sky-high demand following the pandemic and then realising that they have amassed too much of the wrong stock in the wrong locations once demand normalises. There have already been clear signs of the bull whip effect in the US, with big names such as Walmart, Target and Costco warning investors that they are overstocked. Whether this phenomenon will impact Black Friday in Europe remains to be seen, but the shopping event certainly offers a golden opportunity for retailers to clear excess inventory.

THE IMPACT OF THE FIFA WORLD CUP

For the first time ever, the World Cup will take place in November, with the English national team competing on Black Friday itself. The tournament is known for having a positive effect on retail sales in specific segments. For example, the last World Cup in 2018 triggered a 5.1% spike in overall UK consumer spending, with online men's clothing sales up 8.1% and online furniture sales up 30.6%.

GET SET FOR BLACK FRIDAY!



THE BIG PICTURE – READING THE ECONOMIC SIGNS

Comparing Black Friday performance in recent years is particularly difficult due to the unique trading conditions. Retailers experienced a dramatic spike in online retail sales during November 2020, mainly because physical stores were shuttered, and consumers were in lockdown. November 2021, however, saw a record 19.8% contraction in online sales, as shoppers faced with supply chain and product availability issues returned to stores, cancelling out the gains enjoyed during the previous November.

The good news is that a greater number of consumers are likely to engage with more Black Friday promotions this year. **Spurred on by the cost-of-living crisis and their diminishing spending power, shoppers will be actively looking for ways to buy more for less.** High engagement and high participation are fantastic news for Black Friday retailers, but companies must ensure they capitalise on this with targeted campaigns that use personalised messaging to convert the most profitable customers.

THE IMPORTANCE OF FIRST-PARTY DATA

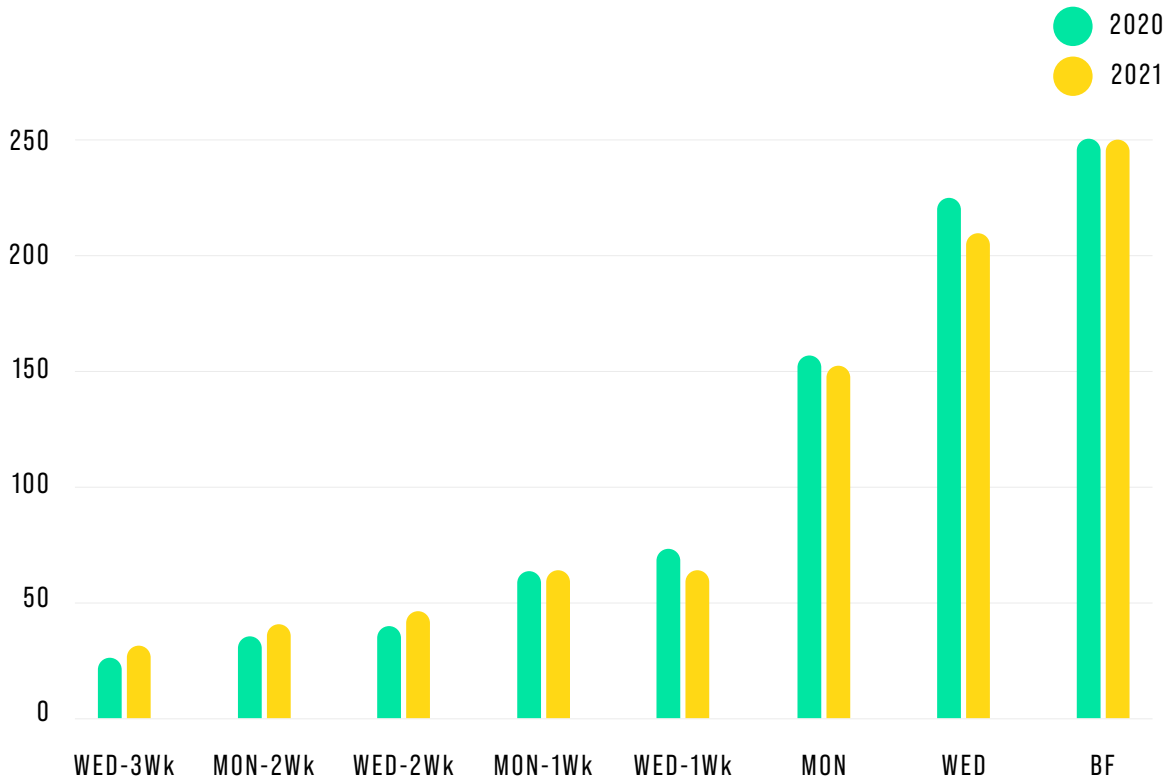
While Google has again delayed its phasing out of third-party cookies until the second half of 2024 collecting and leveraging your first-party data remains critical. Really understand what makes your most-profitable customers tick. With more than half of consumers (56%) knowing what they want to buy ahead of the sales, **retailers need to mine first-party sources,** such as loyalty programmes, to pinpoint the messaging, deals, and products most likely to convert.

THE IMPORTANCE OF GOING EARLY

One trend we see growing each season is that, just like Christmas, Black Friday promotions are getting earlier every year. The shopping festival is no longer a one day or weekend event. It's not even 'Black Fiveday', it has become a season in its own right, earning the title 'Black November'. IMRG analysis on Black Friday 2021 shows just how this has shifted.

The graph highlights how campaigns went live earlier in 2021 compared to the previous year but tailed off closer to the actual day. This could be because retailers wanted to get ahead of the competition and benefit from driving early awareness and action. In doing so, they didn't need to be so active just before Black Friday.

WHEN DID BLACK FRIDAY CAMPAIGNS GO LIVE?



Source: Black Friday analysis IMRG 2021

FOUR BENEFITS OF THE 'GO EARLY' APPROACH TO BLACK FRIDAY

01. MAXIMISE YOUR REVENUES:

Competition for market share will be fierce this year, so staking your claim early makes sound commercial sense. Past research by Epsilon shows messaging prospects early gives retailers a longer lead time to nurture relationships and build brand awareness. For both 2019 and 2020, it highlighted that those who began receiving messages in July had a conversion rate **two times higher** during Black Friday than people who only started receiving them in November. **And those new customers generated more orders and revenue than existing ones over Black Friday. This means retailers can make incremental gains by starting their messaging sooner.** However, communicating with prospects too close to Black Friday means brands lose the ability to engage with them as consumers focus on discounts, not relationships.

02. TAP INTO THE TREND FOR SHOPPING EARLIER:

It's not just retailers driving this timeframe extension. Consumers themselves are making purchasing decisions earlier and earlier. Tesco, for example, launched a Christmas advert in July 2022, telling shoppers to start thinking about their festive shopping in order to spread the spending during the cost-of-living crisis. In its 2020 Black Friday Update, John Lewis also noted this trend saying, "People have shopped on average earlier than in previous years". Similarly, in 2021, JoJo Maman Bebe discovered that at the end of August, 'Christmas' was the third-highest search on its website. Research by eBay ads shows 25% of shoppers will have started thinking about Christmas shopping before the end of the summer. With 46% stating they will look for Black Friday offers for Christmas gifts and two fifths (41%) planning to finish their Christmas shopping before December, retailers must communicate earlier to influence shoppers' choices.

03. MAKE YOURSELF HEARD:

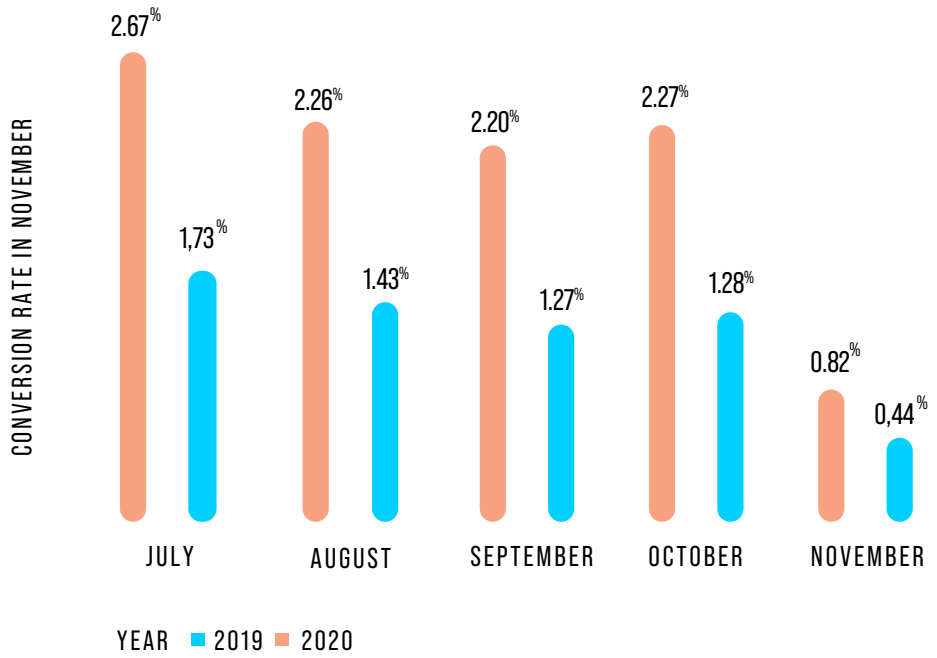
By promoting earlier, brands can rise above the Black Friday clamour which is condescend into a short timeframe. It also means marketing budgets can go further, and it gives brands greater time to test and optimise their campaigns.

04. TAKE THE STRAIN OFF LOGISTICS:

An intense burst of Black Friday activity puts great strain on operations; websites crash, fulfilment wobbles and customer experience suffers. Why take the risk? Spreading out the selling period over an extended timeframe helps reduce operational inefficiencies and stresses, enabling retailers to manage consumer expectations better.

CONVERSION RATES BASED ON USERS FIRST MESSAGE DATE

SOURCE: EPSILON INTERNATIONAL UK



SETTING YOURSELF UP FOR BLACK FRIDAY SUCCESS AND BEYOND WITH A CUSTOMER DATA PLATFORM (CDP)

A CDP can prove invaluable in delivering success over this critical trading period by allowing you to leverage your first-party data, create a powerful single view of each customer and understand what makes customers convert. If you're looking to develop or switch your CDP, here are four consideration areas for assessing what's right for you.

01. DOES IT OFFER ONE CENTRALISED DATA REPOSITORY?

a. Make sure you have the technology and resource to consolidate all customer data sources into a single environment

b. Ensure you can connect online and offline customer data sources to an individual customer record

c. Cleanse your data so you are only communicating with opted-in customers using the right devices emails, at the right frequency, on the right channels, and with the right message for each customer.

02. DOES IT MAKE IT EASY TO UNDERSTAND YOUR CUSTOMERS' NEEDS?

a. This involves first-party data collection, a value exchange for that data and customer permission to use it. CDP and loyalty platforms make this task possible

b. Will it create a single view of your customer?

c. Can you understand how your customers are engaging with your brand across various touchpoints (devices, email addresses, browsers etc)?

d. Does the partner help you understand the environment beyond your brand, for example, who your customer is outside your retail space and what third-party data sets can enrich your messaging?

03. CAN YOU ACTIVATE THESE INSIGHTS?

a. Will you be able to maintain a persistent cross-channel conversation with your customers?

b. Will it support your drive towards 1:1 personalisation in as many channels as possible?

c. Can you take learnings from one channel and activate them in others?

04. WILL IT ALLOW YOU TO MEASURE WHAT THIS IS DRIVING FOR YOUR BUSINESS?

a. Can the CDP measure the impact of your marketing efforts across all your channels?

b. Do you have sufficient support within your organisation and from your technology partner to achieve maximum leverage from your CDP?

c. Will you be able to run extensive tests and learn throughout the year to continually optimise and prepare for Black Friday?

DO YOUR DUE DILIGENCE AND ENSURE YOUR CDP IS A BEDROCK SOLUTION FOR YOUR BUSINESS THAT ALLOWS YOU TO DRIVE EFFECTIVE DATA-DRIVEN MARKETING ACROSS BLACK FRIDAY AND BEYOND.

WHAT KIND OF BLACK FRIDAY RETAILER ARE YOU?

WE'VE IDENTIFIED SIX KEY PERSONAS

Based on how they measure success, we have identified **six Black Friday retailer types** and recommend how each should approach their marketing strategy to ensure a successful trading period. One thing each has in common is that to be successful, they should all start their promotions early.



BLACK FRIDAY BEHEMOTHS



GREEN FRIDAYERS



LOYALTY-CONSCIOUS



BLACK FRIDAY AND BEYOND



STOCK SHIFTERS



BUSINESS BUILDERS

BLACK FRIDAY BEHEMOTHS

Think Black Friday, and you think big brands such as Amazon, Argos, Currys PC World, and The Very Group. Retailers in this cohort have Black Friday embedded in their annual plans. Focused on discounting, they offer deals over a vast selection of products across every site category. By heavily investing in digital technologies, they have established sophisticated omnichannel capabilities resulting in them becoming the big Black Friday winners.

FINDINGS

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

POINT 1

Constant measurement and re-evaluation of your 2021 Black Friday performance will enable you to fine-tune and optimise your efforts in 2022. And by analysing your competitors' go-to-market proposition for the last few Black Fridays you can develop a unique approach and messaging that will achieve cut-through.

POINT 2

Declutter your home page. Have simple, clear signposting for site visitors with strong messaging to draw people in and encourage them to buy. Analysis from Epsilon shows new customers do less research before purchasing than existing ones, perhaps due to less familiarity with the site navigation. What's on the homepage will therefore influence their buying decisions.

GREEN FRIDAYERS

With a 'planet not profit' mindset, this group have a principled approach to Black Friday, focusing on their eco-friendly credentials. Although representing only a small group of retailers, there is a growing groundswell amongst consumers around supporting their aspirations.

FINDINGS

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

POINT 1

Focus on raising awareness amongst your customers of your values, vision and how you're contributing to society. Shift the focus away from profit and consumerism and emphasise community and cooperation – but you must be genuine.

POINT 2

Highlight the eco-friendly cause your brand supports – or ask your customer for input into what causes are important to them. In doing so, you build stronger relationships and an emotional attachment to your brand.



LOYALTY CONSCIOUS

For this group, Black Friday is an opportunity to reward their existing customers. They recognise loyalty delivers long-term profitability and focus on current customers to enhance their relationships. Black Friday is used to highlight the value customers gain from this relationship by offering tailored deals to this core group.

FINDINGS

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

POINT 1

Leverage your data in order to take full advantage of email. This channel allows you to deliver highly targeted, personalised, and relevant product recommendations and messaging to your customers.

POINT 2

Use Black Friday as an opportunity to reactivate lapsed buyers and get them to start spending with you again. They've previously bought into your brand, making it easier to encourage them to re-engage, rather than trying to convert new prospects.



BLACK FRIDAY AND BEYOND

While participating in Black Friday, this group does not see the selling period as the be-all and end-all but just one part of a more comprehensive and integrated Christmas strategy. By taking a broader trading perspective, they seek to shift consumer attention and activity across the whole period rather than a few specific days. Black Friday is helpful in raising their brand profiles in the critical run-up to Christmas. This group closely monitors customer sentiment and uses it to drive action.

FINDINGS

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

POINT 1

Review your keyword targeting. Try to ensure you're visible at the start of the customer journey when prospects are in discovery mode and make sure you remain front-of-mind the full length of the sales funnel.

POINT 2

If you can, focus on helping people to 'shop the look'. Cross-selling is critical. Try to make it easier to buy a Christmas range rather than just a single item as this will increase your average order value.



STOCK SHIFTERS

This group has a traditional approach to Black Friday, focusing on a strategy of selling off excess stock that has not sold during the year. Based on how autumn season products are performing against plan, additional sales lines will be added as necessary to liquidate stock. While businesses may align their strategies to other areas, there is an element of this persona in many retailers planning.

FINDINGS

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

POINT 1

Use your behaviour and purchase data to identify which customers are most likely to buy your different stock lines – then target them with tailored offers. Match product propensity based on next best product recommendations. You can then engage with customers better, offering relevant product ranges at the right price and using the right channels to improve the chance of conversion. For email, ensure your content is dynamic so you can pull product information, based on stock levels, into emails between 'send' and 'open' to boost engagement and relevancy.

POINT 2

Be agile. Keep a sharp focus on performance and what's happening in the broader trading environment, then optimise your activities by reallocating marketing spend to those channels where you're seeing the best return on investment.



BUSINESS BUILDERS

This group uses Black Friday to drive its customer acquisition strategy, gaining customers at the end of the year and converting them into frequent buyers over the next 12 months to grow their businesses. They seek to take advantage of the fact that even people not interested in retail buy during Black Friday, giving them access to a new audience group. For this persona, acquiring customers at this stage will help determine their success in the following year.

FINDINGS

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

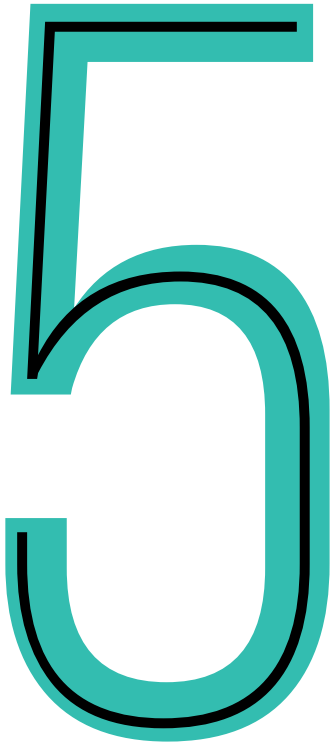
POINT 1

Balance your offers around stock and demand. Ongoing supply chain issues meant discounting high-demand products is counterproductive as this will dilute your revenues. The ability to strategically dial back discounting if necessary will be important.

POINT 2

Explore new media channels during Black Friday. These can offer additional reach, allowing you to access new prospect segments you might not have previously communicated with.

KEY TAKEAWAYS



TO BUILD INTO YOUR 2022 BLACK FRIDAY STRATEGY

LEVERAGE THE LOYALTY FACTOR

Use the data generated by your most valuable loyalty programme members to identify and target similar customers during your Black Friday sales campaigns. Loyalty programmes are traditionally designed to retain customers, but rarely is that incredible data used by marketing teams to inform how they run Black Friday acquisition campaigns to ensure they focus on "profitable" new customers. Listen to our Let's Talk Loyalty podcast with Joseph Taylor, Epsilon's SVP of Strategic Consulting and Operations, to find out how it's done.

RAMP UP WEBSITE TRAFFIC

Black Friday marks the start of the retail golden quarter, so it makes great sense to mobilise every tool available to drive traffic to your ecommerce platforms. This can include email and social marketing campaigns, increased ad spend and sharing creative treatments such as Black Friday gift guides. To achieve cut-through during this period of frenetic activity, it is necessary to speak directly to individual customers using personalised stories shared at key moments during their path to purchase. This can only be achieved with the help of powerful data-driven customer insights.

FOCUS ON INCREMENTALITY, NOT ATTRIBUTION

This Black Friday brands should follow the example of high-growth retailers such as fashion brand Pretty Little Thing and switch their marketing focus from measuring last-touch attribution to measuring marketing effectiveness and incremental growth. This metric is ideal for revealing which marketing measures achieve the biggest impact on the customer journey, rather than simply proving a customer touchpoint.

PREPARE FOR A COOKIE-FREE FUTURE

Even though the depreciation of third-party cookies has been delayed, it makes great sense to take this opportunity to audit your first-party data capabilities and develop a business case for either enhancing or building new sources of first-party customer data, such as loyalty programmes. First-movers in this area are more likely to flourish in the inevitable post-cookie world, not least because cookies, which track devices rather than individuals, are already seriously flawed. So take action now.

REFINE AND WEAPONISE YOUR FIRST-PARTY CUSTOMER DATA

Generating and capturing rich customer data is fantastic, but it is only one part of the solution. You also need to refine and distil this information into powerful, actionable insights. This is where CDPs will add serious value this Black Friday and beyond. Epsilon's PeopleCloud, for instance, can ingest and unify data for a single view of each customer, offer advanced predictive modelling tools, segment and orchestrate campaigns, and help businesses enhance their products with premium data and decisions.

EPSILON™ EUROPE

CHOOSE A PARTNER, NOT A PLATFORM

IT'S RARE THAT YOU'LL FIND A PARTNER WITH THE WHEREWITHAL IN HOUSE TO MEET ALL YOUR BUSINESS REQUIREMENTS. YET THAT IS WHAT SEPARATES EPSILON FROM THE REST OF THE PACK.

As your single source for creative, agency services, strategy and analytics, we can ensure that your marketing plan can span every channel in an integrated way. Our industry-leading Epsilon PeopleCloud suite of products have all the capabilities you need to create a unified and persistent view of the customer and deliver personalised communication at scale. And while our platform speaks for itself, our ability to solve real business problems—and deliver real results for our clients—is the Epsilon difference.

TO LEARN MORE ABOUT EPSILON'S CAPABILITIES,
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Epsilon is the leader in outcome-based marketing. We enable marketing that's built on proof, not promises. Through Epsilon PeopleCloud, the marketing platform for personalizing consumer journeys with performance transparency, Epsilon helps marketers anticipate, activate and prove measurable business outcomes. Powered by CORE ID®, the most accurate and stable identity management platform representing 200+ million people, Epsilon's award-winning data and technology is rooted in privacy by design and underpinned by powerful AI. With more than 50 years of experience in personalization and performance working with the world's top brands, agencies and publishers, Epsilon is a trusted partner leading CRM, digital media, loyalty and email programs. Positioned at the core of Publicis Groupe, Epsilon is a global company with over 8,000 employees in over 40 offices around the world.