EPSILON EUROPE

MARKETER GUIDE

DEFINING YOUR BLACK FRIDAY STRATEGY

ONE EVENT, SIX DIFFERENT OBJECTIVES: UNDERSTANDING THE BLACK FRIDAY RETAILER PERSONAS



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INTRODUCTION

Another year, another Black Friday. But change is in the air, and retailers are evolving their strategies for this crucial trading period. Traditionally used to sell off unsold stock, retailers are now taking a more nuanced approach to Black Friday, adopting different start points and strategies around their involvement.

Recognising these changes around Black Friday, Epsilon has identified six emerging retailer personas. Each has specific traits and objectives, and we have suggested potential marketing approaches that each group should consider to ensure a successful Black Friday.

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THE FORECASTING CHALLENGES

Black Friday 2020 was like no other. So, will 2021 be a return to type? Well, a host of factors make forecasting 2021 very difficult.

Traditionally, retailers use lessons from the previous year around what worked and what did not to inform their plans for the forthcoming Black Friday period. But the circumstances surrounding Black Friday 2020 make it impossible to use as a benchmark for 2021.

SO WHAT ARE THE FACTORS THAT MAKE THIS SO DIFFICULT?

THE CHANGING RETAIL LANDSCAPE:

In 2021 stores will be open, so Black Friday again becomes an online and offline experience, rather than the digital-only event of 2020. But with 11,000 chain outlets permanently closing in 2020 alone, many stores that would have supported a multi-channel Black Friday push – including Debenhams, Topshop, Dorothy Perkins, Burton and Miss Selfridge and TM Lewin – are no longer there. With such a decline, how significant a role will retail play this year?

Coupled with this, the pandemic has changed online shopping behaviours permanently, accelerating the shift towards a more digital world.

While some commentators suggest retailers base this year's forecasts on Black Friday 2019 rather than 2020, this fails to consider the two factors above. The seismic shifts that have taken place over the last 18 months are increasingly transforming Black Friday into a digital-first event.

SUPPLY CHAIN ISSUES:

Raw material shortages, global supply chain bottlenecks, a shortfall of lorry drivers, worldwide shipping challenges and ongoing Brexit issues. All these are making goods more expensive and leading to shortages. And add to these staffing challenges. The impact of 'pingdemic', increasing competition for workers and people returning to the hospitality sector could mean warehouse staff shortages at a critical time for retailers.

THE STATE OF HOUSEHOLD FINANCES:

While the economy continues to open up and spend rebound, the financial impact of the pandemic may have consequences for consumer willingness to participate in Black Friday. While some have saved, as lockdown has reduced the need to commute and curtailed spend on travel abroad and eating out, other households have been hit hard with job losses and reduced incomes from being furloughed.

CHRISTMAS COULD BE MORE IMPORTANT:

People may be focusing on the Christmas period itself this year, spending more to make up for the lost Christmas last year. Research from Future shows that over half of consumers (55%) plan to make Christmas the biggest celebration, with 78% having the same amount or more money to spend this Christmas than last year.

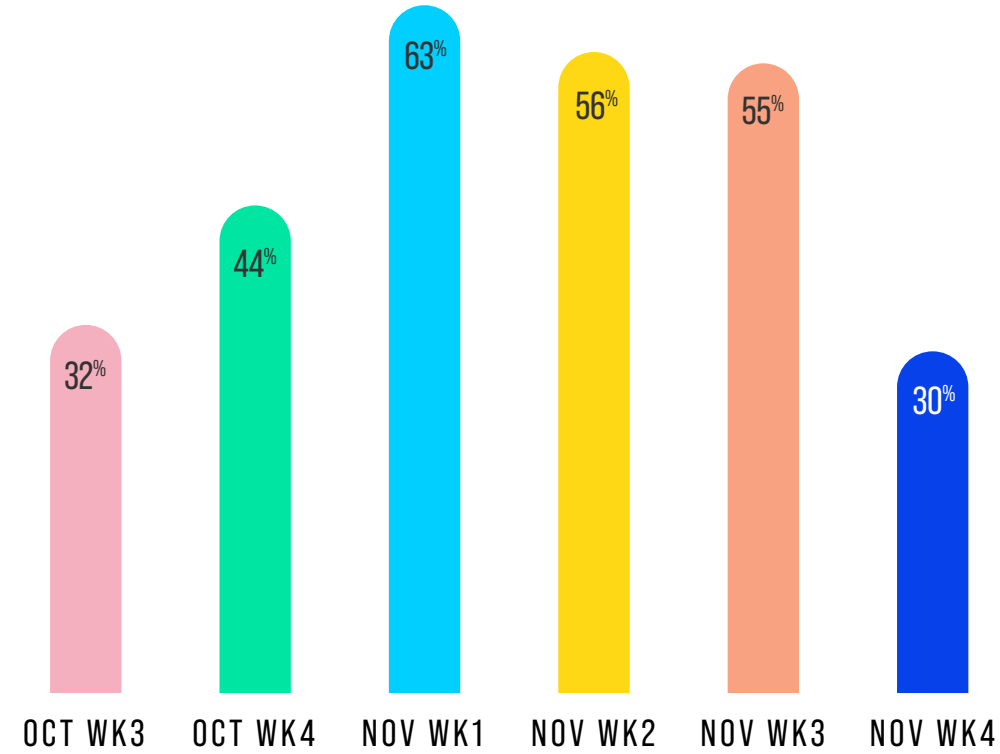
These factors will all impact Black Friday 2021, changing its nature and making forecasting challenging.

THE IMPORTANCE OF GOING EARLY

One change we are seeing is that, just like Christmas, Black Friday promotions are getting earlier each year. What was an event focused around one weekend then expanded into 'Black Fiveday' as promotions began to start in the days leading up to Black Friday. Now it's become a season in its own right, with Black Friday morphing into 'Black November'.

Analysis by IMRG on Black Friday 2020 shows just how this has shifted. It highlights how the growth rate leading into the Black Friday week now starts in October as promotions move ever earlier.

BLACK FRIDAY YEAR-ON-YEAR GROWTH 2020.



Analysis by Epsilon also supports this, showing 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.

Source: Black Friday year-on-year growth 2020. Source: IMRG

SO WHAT IS DRIVING THIS 'GO EARLY' APPROACH? WELL, IT DELIVERS FOUR BENEFITS TO RETAILERS BY HELPING THEM TO:

01. ADDRESS INEFFICIENCY ISSUES:

Spreading out the selling period over an extended timeframe balances out demand spikes. This helps reduce operational inefficiencies and stresses, especially around fulfilment, enabling retailers to manage consumer expectations better.

02. RISE ABOVE THE NOISE:

By promoting earlier, brands can avoid being drowned out due to so much promotional activity happening over a short period. It also means marketing budgets can go further, while allowing brands to test and learn so they can optimise their campaigns in the run up to Black Friday.

03. INFLUENCE CONSUMER PURCHASING DECISIONS:

It's not just retailers driving this timeframe extension. Consumers themselves are making purchasing decisions earlier. In its 2020 Black Friday Update, John Lewis highlighted this, noting that "People have shopped on average earlier than in previous years". Similarly, this year, JoJo Maman Bebe saw 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.

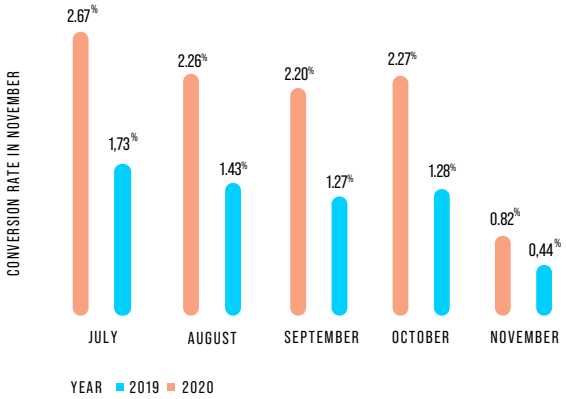
04. ACHIEVE HIGHER REVENUES:

Promoting early makes commercial sense. Research by Epsilon shows messaging prospects earlier gives retailers crucial lead time to nurture relationships and build brand awareness. For both 2019 and 2020, those who began receiving Epsilon messages in July had a conversion rate **two times higher** during Black Friday than people who only started receiving messages in November. And these new customers generate more orders and revenue than existing ones over Black Friday.

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.

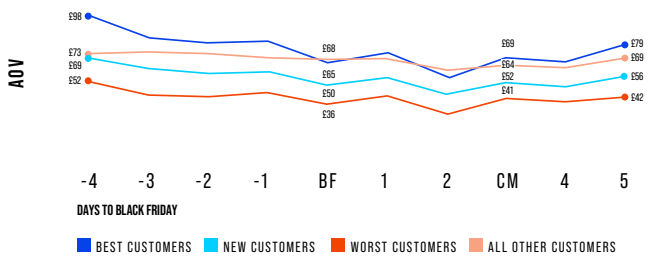
CONVERSION RATES 2019 AND 2020 BASED ON USERS FIRST MESSAGE DATE

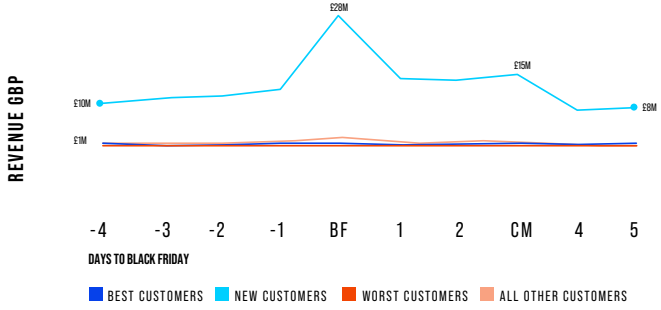
SOURCE: EPSILON INTERNATIONAL UK



NEW CUSTOMERS DOMINATE PEAK WEEK IN ORDER NUMBERS AND REVENUE

SOURCE: EPSILON INTERNATIONAL UK





All this is forcing retailers to reassess their strategies and evolve their plans to reflect today's reality. As they adopt different objectives, approaches and participation levels around Black Friday, this is leading to the emergence of a number of defined retailer types.

WHAT TYPE OF RETAILER ARE YOU?

THE SIX BLACK FRIDAY RETAILERS

Based on how they measure success, we have identified ***six broad Black Friday retailer types*** and highlighted how each persona should approach its 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 Amazon, Argos, Currys PC World, ASOS, and The Very Group. Retailers in this group 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. For example, 2020 saw Currys PC World significantly expand its ShopLive video service in the lead up to Black Friday. By using video chat to give consumers the confidence they were making the right tech decisions, their interest could be converted into sales, helping drive six orders per second for Currys on Black Friday.

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

POINT 1

It is critical for this group to ensure their platforms and processes are optimised and the business can deliver to buyer expectations. Websites must be set up to handle traffic surges and load quickly to avoid visitors abandoning them. Make sure you also have the right resources in place to resolve technical issues quickly.

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.

POINT 3

Simplify the purchasing process and remove any barriers that prevent people from buying. Allow guest checkout – don't force customers into registering. Can you also afford not to offer free shipping?

POINT 4

Have trust and security messaging clearly displayed and ensure your return policy is easy to find – both give buyers peace of mind and confidence.

POINT 5

Have a handle on your stock to avoid overselling and disappointing customers.

POINT 6

Black Friday is big for mobile, so think mobile-first.



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. Last year, baby food brand Ella's Kitchen donated all its Black Friday weekend online profits to Trees for Life, a charity revitalising wild forest in the Scottish Highlands. Similarly, clothing retailer Joules planted a tree for every transaction it processed. At the same time, cosmetics brand L'Occitane donated £1 from every hand cream sold to a tree planting collaboration run by PUR Projet and the Woodland Trust.

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.

POINT 3

Communicate early and often and ensure your Green Friday message is clear and understood by your customers and stands out from the Black Friday noise.

POINT 4

After Black Friday, re-contact your customers and let them know what your Green Friday stance has achieved, be that the number of trees planted, money sent to good causes or projects invested in.



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 highlighting the value customers gain from this relationship by offering tailored deals to this core group.

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

POINT 1

Have a defined and robust strategy around how you assess your customer loyalty? Is it based on a customer's spend and their value to your business? Do you use Net Promoter Score as a proxy for loyalty? Or is Machine Learning helping you understand your customer lifecycle segmentation and their value attrition potential so you can decide which customers should be prioritised for your drive loyalty and retention strategies?

POINT 2

The run-up to Black Friday is also a good time to review your rewards programme and refresh your loyalty perks. Can you grant early access to deals for loyal customers, or offer them Black Friday prices a week before the event? Identify what will be attractive to your loyal customers and target your messaging to encourage them to buy.

POINT 3

Understand the site behaviour of your loyal customers and what they are interested in. Although a sales period, Black Friday purchases are very considered. **Epsilon has found that existing customers do significantly more research leading up to Black Friday than any other time of the year, with 25% more site visits and 20% more page views.**



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. When John Lewis picked up in August 2020 that people were thinking about Christmas early, due to a 370% increase in searches for festive products compared to 2019, it responded quickly. The result was John Lewis opening its online Christmas shop on August 24, its earliest ever launch.

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

POINT 1

Take advantage of how Black Friday can inform your Christmas planning. Use your transactional information, first-party data, third-party demographics, in-market data points and Black Friday insights to identify relevant product recommendations for different customer groups.

POINT 2

Recognise the importance of demographics, especially around Christmas. Men still buy Christmas gifts later than women. **While women start their gifting earlier and finish by December 18, men start later and don't finish until December 23***. Build this into your communications strategy to reflect these behaviours. Use your purchasing data on when your audience starts their gift buying and who is buying for whom to tweak your pre- and post-Black Friday messaging so they are relevant, specific and timely.

POINT 3

Communicate early. Customers do less research into Christmas purchases than they do around buying over Black Friday. Christmas gifting decisions are potentially influenced by what they see over Black Friday, so use Black Friday to give customers inspiration for present ideas closer to the festive period.

*Source: Epsilon Europe gifting analysis - order distribution by gender.



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. For example, offering high-heeled shoes for 25p or dresses for 8p suggest shifting stock is at play, at least for heavily discounted items.

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

Consider discounting more strategically. Use a loyalty programme to discount only specific categories or products, rather than blanket discounts. Then give loyal customers first access to these promotions. This enhances your current relationships while encouraging new customers to sign up to take advantage of future deals.



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.

Epsilon analysis shows that new customers purchasing over the 2020 Black Friday period spent 14% more than customers acquired any time previously that year. Crucially, customers acquired during Black Friday have an 8% higher repurchase than new Christmas shoppers and go on to outspend all other customers acquired over the winter and January sales period. Compare this with customers recruited in the run up to Christmas who spend less and are least likely to buy again, then Black Friday is a key period for developing your acquisition strategy.

Data from Bluecove found that Black Friday 2020 saw first-time buyers responsible for 59% of all purchases, providing retailers with a significant opportunity to develop these into their future loyal customers. FatFace is focused on this strategy while makeup and skincare brand Charlotte Tilbury offers bundled product deals during Black Friday. While helping boost its average order value (AOV), delivering multiple products also increases the likelihood of repeat orders for Charlotte Tilbury when shoppers need to replenish them.

STRATEGY FOR A SUCCESSFUL BLACK FRIDAY:

POINT 1

Remove the friction from account creation by making it rewarding and easy. One-time shoppers prefer the speed of a 'guest checkout' over registering for an account. So be creative in encouraging sign-ups. For example, allow customers to "create an account with the information you have already put in the guest checkout" by simply checking a box. Or offer new customers an incentive to join your loyalty programme by highlighting its benefits next to the sign-up box.

POINT 2

Make sure your promotions are attracting genuinely new customers. With celebrities and reality TV stars advising customers to sign up more than once for more discounts, your 'new' customers may not be really new. Data hygiene is critical – ensure you're regularly de-duping your data, so your marketing activity is built on accurate and relevant information.

POINT 3

Set up a solid retention strategy for these new customers. Not having this in place could create attrition issues and threaten your future plans.

THE RISE OF THE NON-PARTICIPANTS

Recognising that extended periods of offering reductions are hitting margins and training customers to avoid paying full price for products, some retailers are questioning Black Friday and actively opting out of participating.

Mark & Spencer, Next, Wilko and B&M didn't participate in Black Friday 2020, focusing instead on delivering value across the whole year. Meanwhile, high-quality clothing company Celtic & Co shuns Black Friday as the associations around this period go against the environmental and social responsibility ethos inherent in its business.

While 'Green Fridayers' remain a small group, 2021 may see the eco message climb higher up the agenda. The recently published report by the UN's Intergovernmental Panel on Climate Change (IPCC) and the UN Climate Change Conference of the Parties (COP26) in Glasgow in late October may drive these issues deeper into the UK public's conscience.

In June, an IMRG poll of senior retailers identified environmentally sustainable packaging solutions as a big concern for nearly 80% of responders. IMRG noted that this is being driven by consumer pressure. With a greater impetus for retailers to do more, and regular reports questioning if Black Friday offers genuine bargains, this could further change the nature of future Black Fridays.

KEY TAKEAWAYS



EASE OFF PROMOTIONS – AND FOCUS ON INCREMENTALITY:

Reduce the discounts offered for in-demand products. Sitewide blanket discounts may be easy to set up and attractive to consumers but result in unnecessary margin erosion. It's also essential to avoid spending marketing budgets on sales that will happen anyway. Be more strategic. Understand what is driving sales by establishing A/B testing across all your digital activities. Measure incrementality across what you do so you can make informed decisions and prioritise your marketing activity better.

THINK TARGETING AND PERSONALISATION:

Just as you should avoid broad discounts, so you should avoid mass marketing messaging. Successful marketing starts with targeting. Don't go out with broad messages. Use your data to understand your customers, what they want, when they begin gifting and send them targeted messages. If someone only buys when products are discounted, focus on a markdown message; if customers are frequent purchases of a particular product, then alert them to deals on them. High value, loyal customers – give them access to deals before offering them publicly. Structure all your deals and messages so they are relevant and personal.

MONITOR AND UNDERSTAND YOUR SITE TRAFFIC:

How many of your pre-Black Friday site browsers can you recognise? Shoppers know Black Friday is getting earlier, so identify frequent visitors leading up to the event. An often-unnoticed audience, they have a high conversion potential, so recognise their value and take action to encourage them to buy.

MANAGE ALL YOUR DATA SOURCES EFFECTIVELY:

Ensure you're making the best use of your data and bridging the online/offline gap by capturing your in-store data. Connecting the dots between your online and offline sales activity is critical, especially given the difficulties in predicting how much Black Friday will be in-store vs. online. Understanding this all helps your planning for 2022.

BUILD UP YOUR FIRST-PARTY DATA

Third-party cookies are dying, and first-party data will be even more critical in the future. Use opportunities like Black Friday to incentivise shoppers to share information in return for rewards. Build up your consumer knowledge, so you're in a stronger position in the future.

DEVELOP YOUR LOYALTY STRATEGY:

While Black Friday drives sales, shifts stocks and helps acquire new customers, in the long term, you want to be building solid and sustainable relations. Loyal customers spend more regularly, have higher AOVs and give you a strategic advantage. Start using your data and technology to begin building an emotional attachment with your customers.

DELIVER A SEAMLESS EXPERIENCE:

Think 'customer experience'. Deliver a consistent brand and customer experience across all your channels. Allow customers to shop how they want to and use your insights to serve their needs better.

CONCLUSION

The nature of Black Friday continues to change, and retailers must evolve their approaches to reflect this. There's no 'one-size-fits-all' approach today. Instead, businesses must decide their strategy and build their marketing activity around this to achieve their goals.

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