



Black Friday to Cyber Week Evolution: What Are the Winning Strategies, Now?

Winning retailers are moving beyond mass-marketed deals — and looking instead to maximize profits while shoppers are in prime buying mode.



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In our third year of the annual **Holiday Report**, we took a different tack. Instead of asking shoppers about their behaviors, we asked retailers whether or not they still have the same expectations for holiday sales events.

For decades, Black Friday — Cyber Monday — now extended to Cyber Week — has been the uber sales event that kicks off the holiday selling season. From instore to online, the strategy has been to have big ticket mark downs that drive people to the brands. But events like Amazon Prime Day and Walmart's Black Friday in July have worked to preempt the Black Friday extended event.

Lining up outside stores at midnight to get that expensive TV disappeared with the pandemic — and indeed most retailers are admitting that good deals can be had at any time.

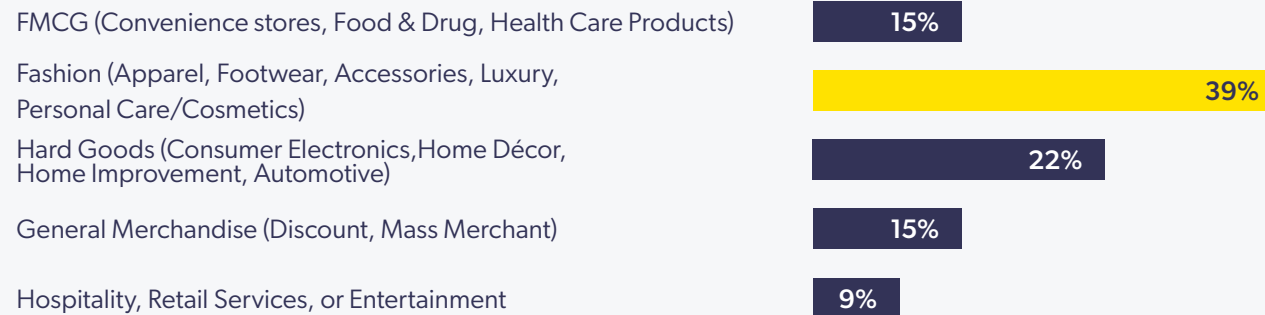
So what is the importance of mass marketed events? and how have objectives and strategies shifted for over-performing brands?

To find out, Coveo partnered with RSR Research to conduct a survey of 92 qualified US-based retailers in August, 2023.

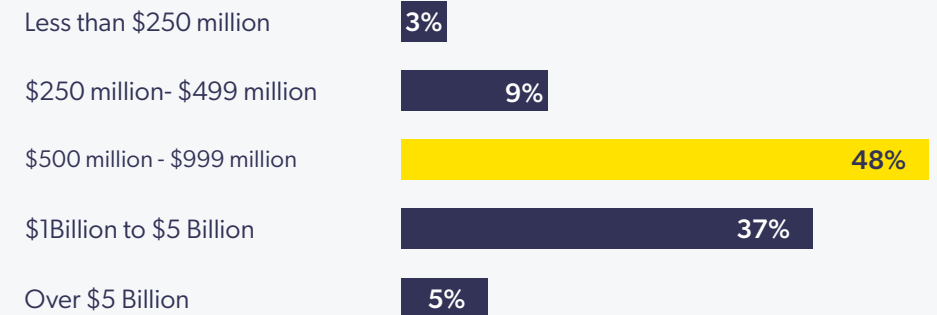


Respondent demographics:

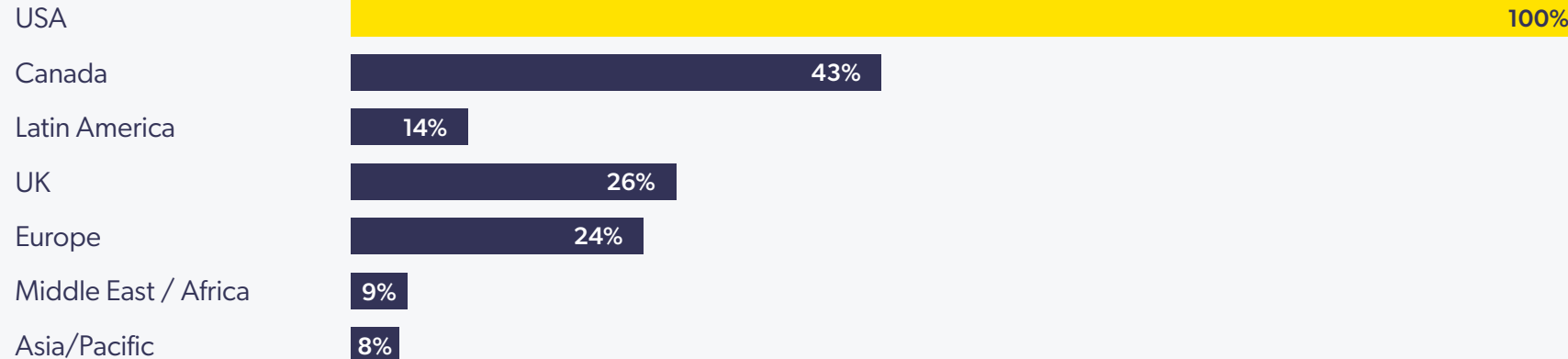
Product sold:



2022 Revenue (US\$ Equivalent):



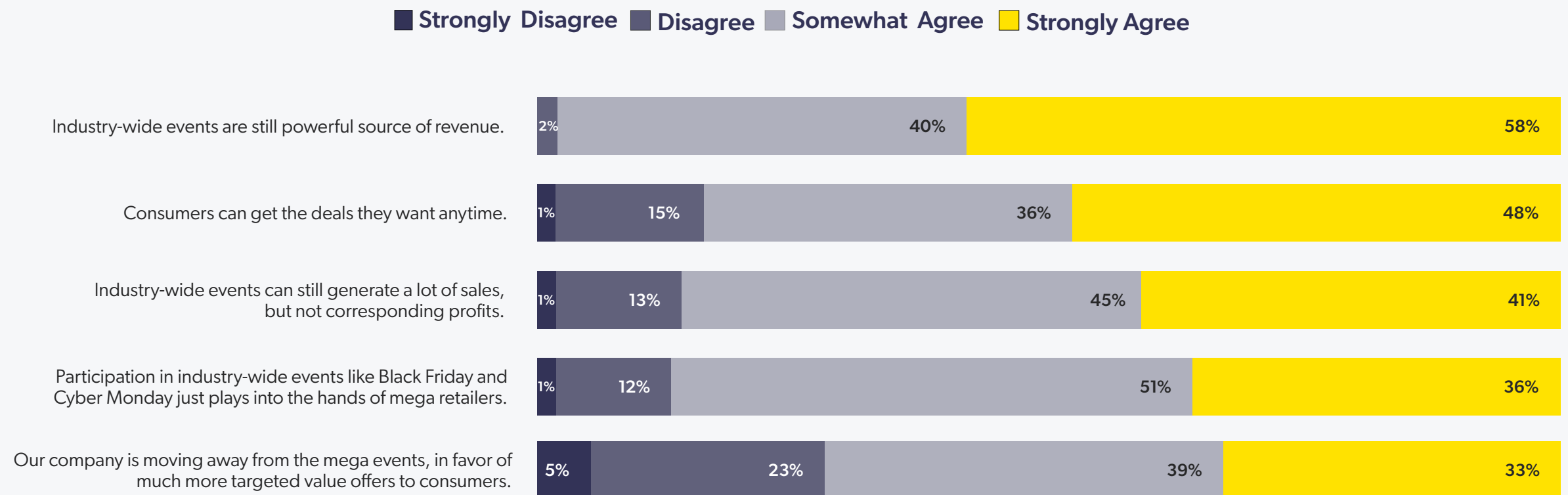
Retail Presence:



63% of companies reported revenue growth greater than the average of 7%; we classified these as **“Winners.”** This analysis compares all results against what Winners reported.

What is the importance of special industry-wide sales events such as Cyber Monday and Black Friday?

Simply put, the aggregate response clearly shows that **58% retailers** strongly believe that holiday events are still a powerful source of revenue.

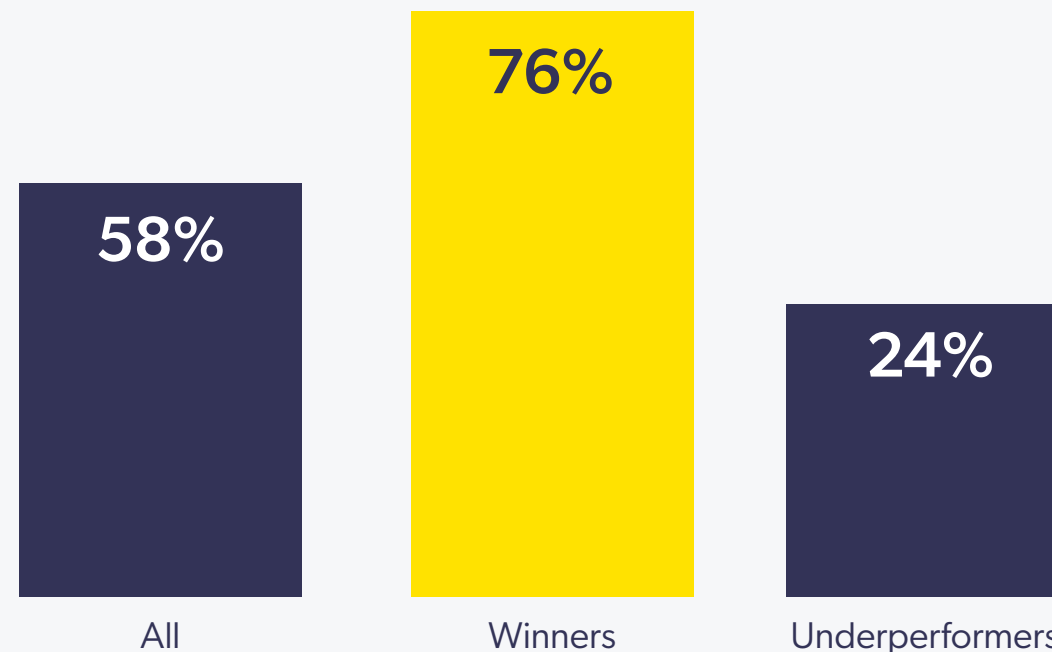


But we see that the importance of mass-marketed events like Black Friday — Cyber Week are lessening. **84%** of all retailers feel to some degree that consumers can get deals anytime they want (48% strongly agree, 36% somewhat agree).

Spoiler: Black Friday — Cyber Week Still Important

But when we separate out the over-performing retailers, we see the figure rising to **76%** (24% for underperformers). Winners are no longer looking at the event as a way to drive foot traffic — but as a way to create **brand excitement** — and maximize the **experience** for shoppers.

Breakdown of retailers who strongly agree that industry-wide events are still powerful sources of revenue.

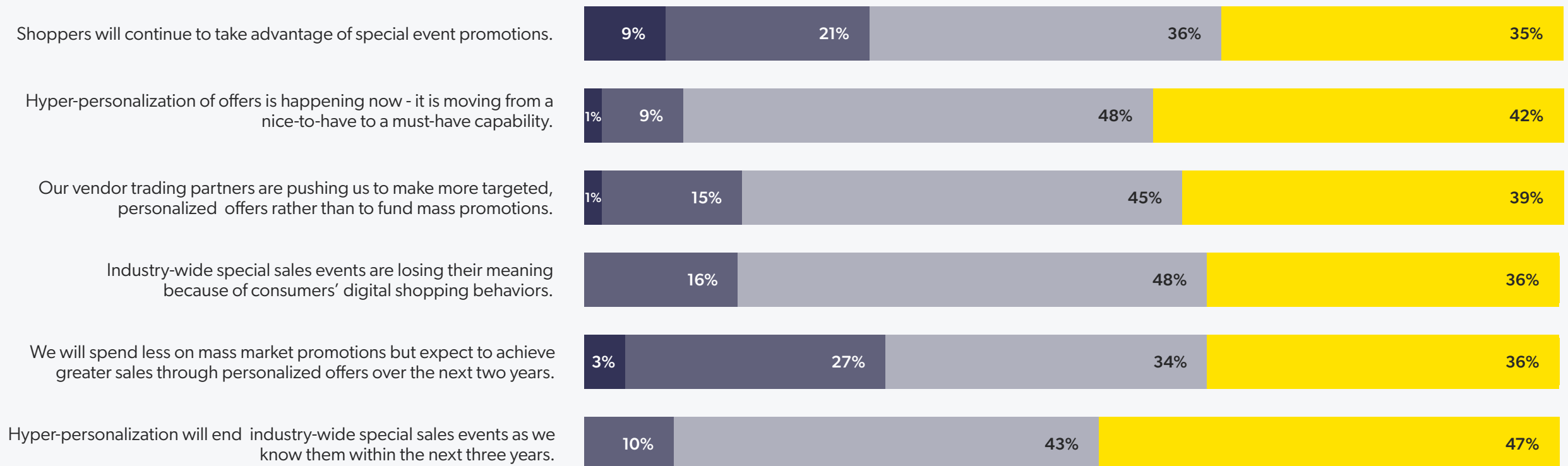


That said, we see that retailers are aware that the Black Friday — Cyber Week event might be softening as **84%** of all retailers surveyed feel to some degree that consumers can get deals anytime they want (**48% strongly agree, 36% somewhat agree**). This potentially undermines the value of physical, store-based sales events. But again, that's not the whole story.

The Emergence of Just-for-You Deals

When asked to react to a series of statements about the direction that industry-wide sales events are going in, responses were eye-opening. **84%** say industry wide sales events are losing their meaning because of shoppers digital shopping behaviors. And there is concern that **hyper-personalization** will end industry-wide events as we know them in the next three years (90%).

■ Strongly Disagree ■ Disagree ■ Somewhat Agree ■ Strongly Agree



Insight



Curate individualized and connected experiences using AI-powered search recommendation tools that personalize for each shopper - including anonymous ones. By understanding user intent, you can recommend deals that are a true gift to shoppers.



In the Minds of Winning Retailers

Winners have created a new path to success. The focus is not just on revenue — but on maximizing profits and capturing the shopper when they are in the buying mood.

Winners are focused on evidence that sales events like **Black Friday — Cyber Week** are working for them (average transaction value, improved sell-through, improved share of wallet, improved retention and loyalty).

In contrast, average and underperformers are trying to get rid of overstock and create a sense of excitement around the brand.

By almost **2:1**, Winners are interested in selling inventory before it reaches the end of cycle. That focus is borne out by the fact that less than half (**48%**) are interested in moving surplus items versus **62%** of counterparts.

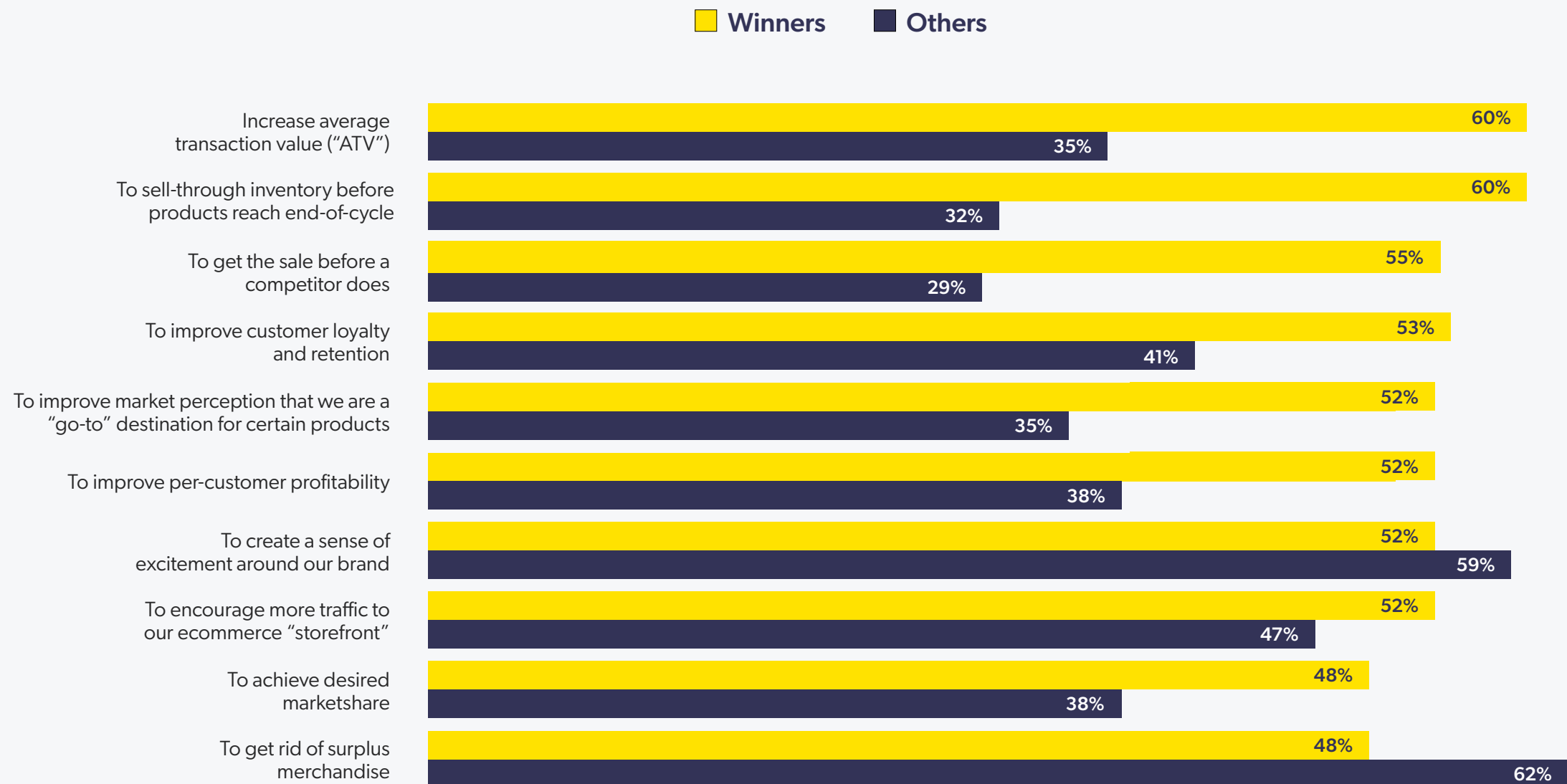
Insight



Recommendations based on buyer intent can help surface cold start products, thereby aiding retailers in selling inventory at higher margins.



What are the objectives of your holiday promotion strategies? ('Very Important')



An Eye Toward the Potential Event-less Future

Even though Winners demonstrate their over-performance by executing with precision, many are also thinking about a future when there isn't such a dependency on big holiday events.

Retailers at large don't think "Hyper-personalization will end industry-wide special sales events within the next three years" (only 35% strongly agree) but over **40%** of Winners do. **In just three years!**

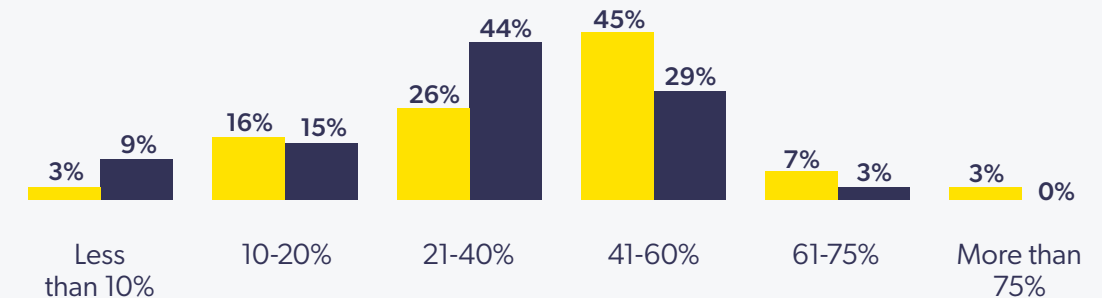
It's also interesting to point out that **26%** of Winners disagree that the shift to online and hyper-personalization will subvert the value of industry-wide sales events, compared to **18%** of non-Winners.

That's another winning behavior: over-performers have strong opinions — others don't. Over-performers encourage customers to take advantage

of their integrated selling environments to shop holiday offers. This has both practical and strategic value. It's practical in the sense that the more that customers take advantage of online order and fulfillment, the fewer that will show up in the store on the busiest day of the year.

It's strategic in the sense that consumers are going in that direction anyway. Smart retailers understand that consumer **adoption of technology** is the single most important driving force behind all the changes in the retail ecosystem today.

How much sales volume do you expect to shift towards online shopping and fulfillment during Black Friday?



Insight



Make sure you communicate product availability and delivery to shoppers: is it available to pick up instore? How long will it take to be delivered?

In the Minds of Shoppers

In order to be more strategic about pushing people online, we asked retailers what they thought shoppers wanted.

The three choices that half or more of our respondents **“strongly agree”** with are: Consumers

- like the option of interacting with real people when they shop (**52%**)
- like the excitement that special sales events create (**52%**)
- want it to be easy to return unwanted purchases — particularly important during the gift-giving season (**50%**).

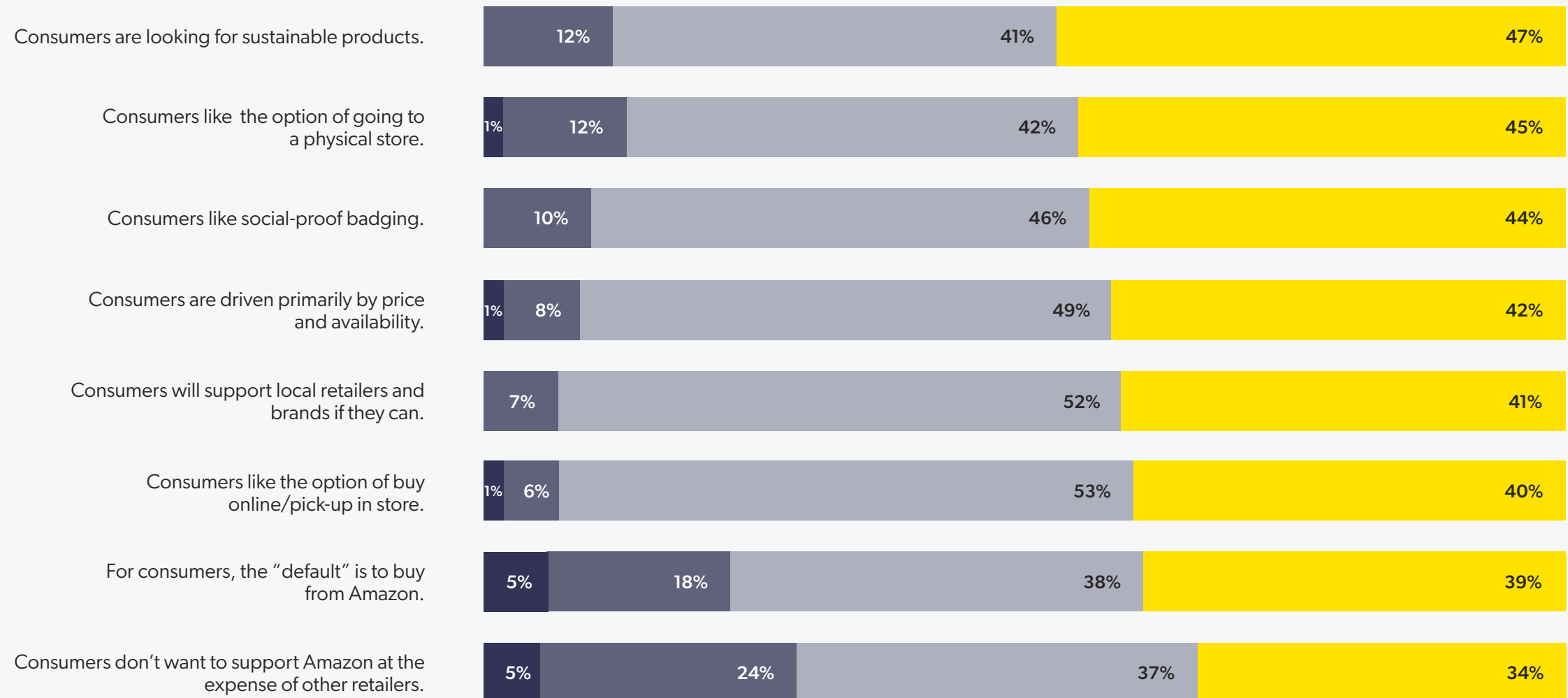
To what extent do you agree with the following statements about shopper behaviors this holiday season?

■ Strongly Disagree ■ Disagree ■ Somewhat Agree ■ Strongly Agree



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Winners Prioritize What They Can Control

But as is so often the case, Winners prioritize consumer cares differently

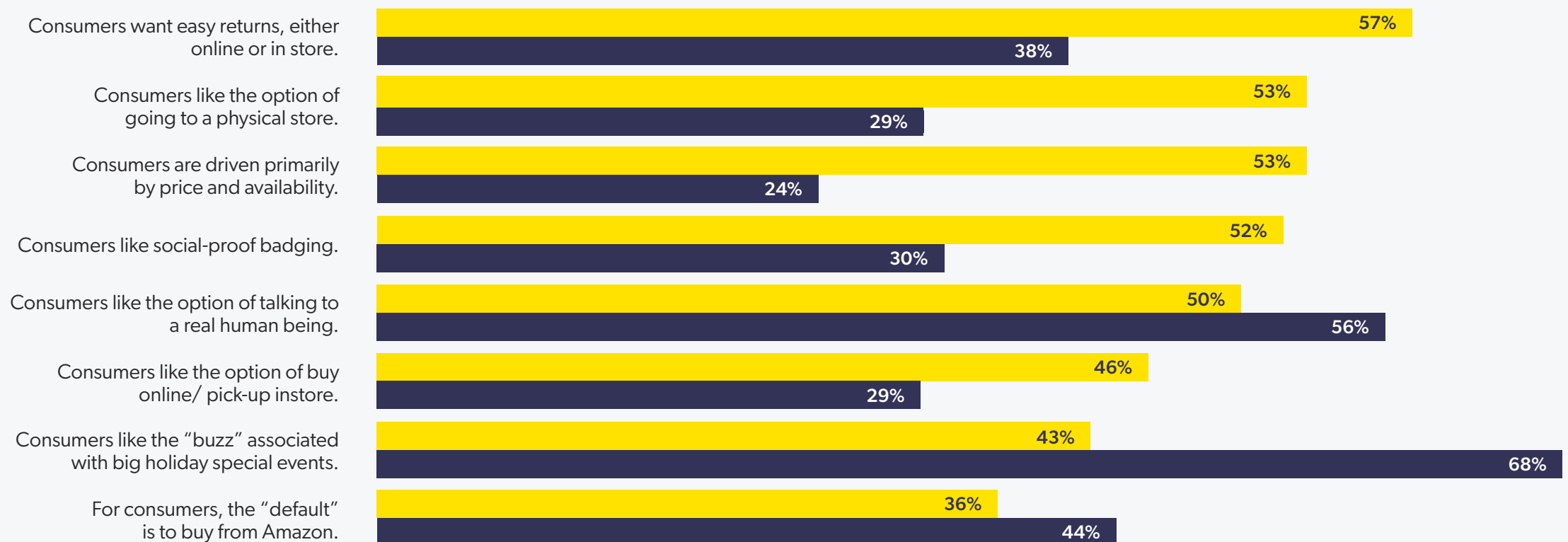
The differences between Winners and everyone else are revealing. Average- and under-performers put their hopes in something that's bigger than them — industry wide excitement around a particular sales event, while Winners focus on what **they can control**.

It's also worth noting that the two points where a similar number of Winners and the average- and under-performers agree on are:

- Consumers still like the option of interacting with **real people** when they shop
- Amazon is always there to **"catch"** a customer who is dissatisfied with any retailer for any reason.

'Strongly Agree'

Winners Others



Promotions Are for the Promoters

Our participants have been clear that, at least in the short term, holiday events aren't going anywhere. As one of the most (if not the most) leaned-upon and powerful sales-generating tools in a retailer's toolbox, the question immediately becomes, "which organization determines rules around holiday offers?"

As it shows, this is clearly the marketing department's domain.

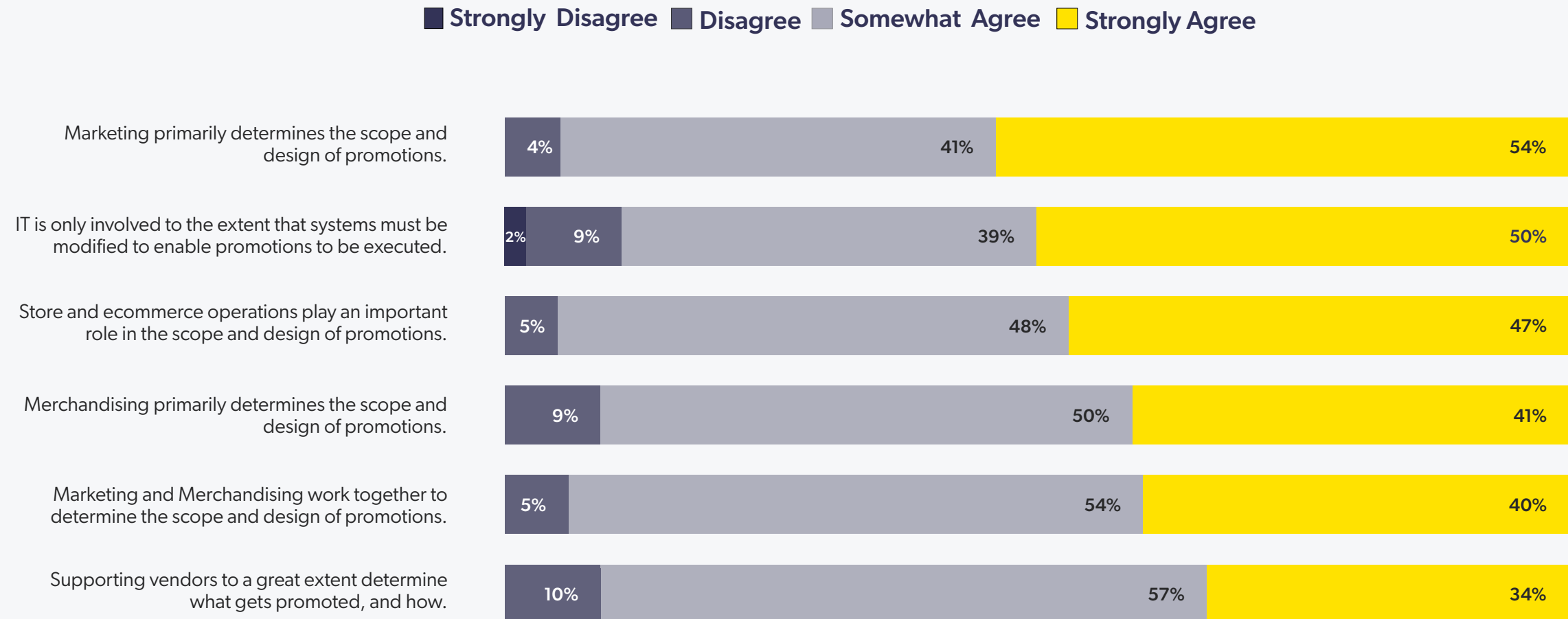
Nearly half of our retail respondents will welcome input from Store and Ecommerce (digital) teams when designing — or determining the scale — of any given promotion, but "playing a role" is where it tends to stop.

Fifty-four percent strongly agree that marketing takes the lead here, whereas that number falls to **41%** for companies where the folks in charge of the "stuff" — merchandising personnel - are in charge. It seems the concept of the merchant prince was dead. What is encouraging to see, however, is that **40% of retailers** strongly agree that when marketing AND merchandising work together, stronger promotions result.

Our viewpoint: the more teamwork, the better. One thing everyone can agree on, however: keep IT out of it unless technical problems emerge.

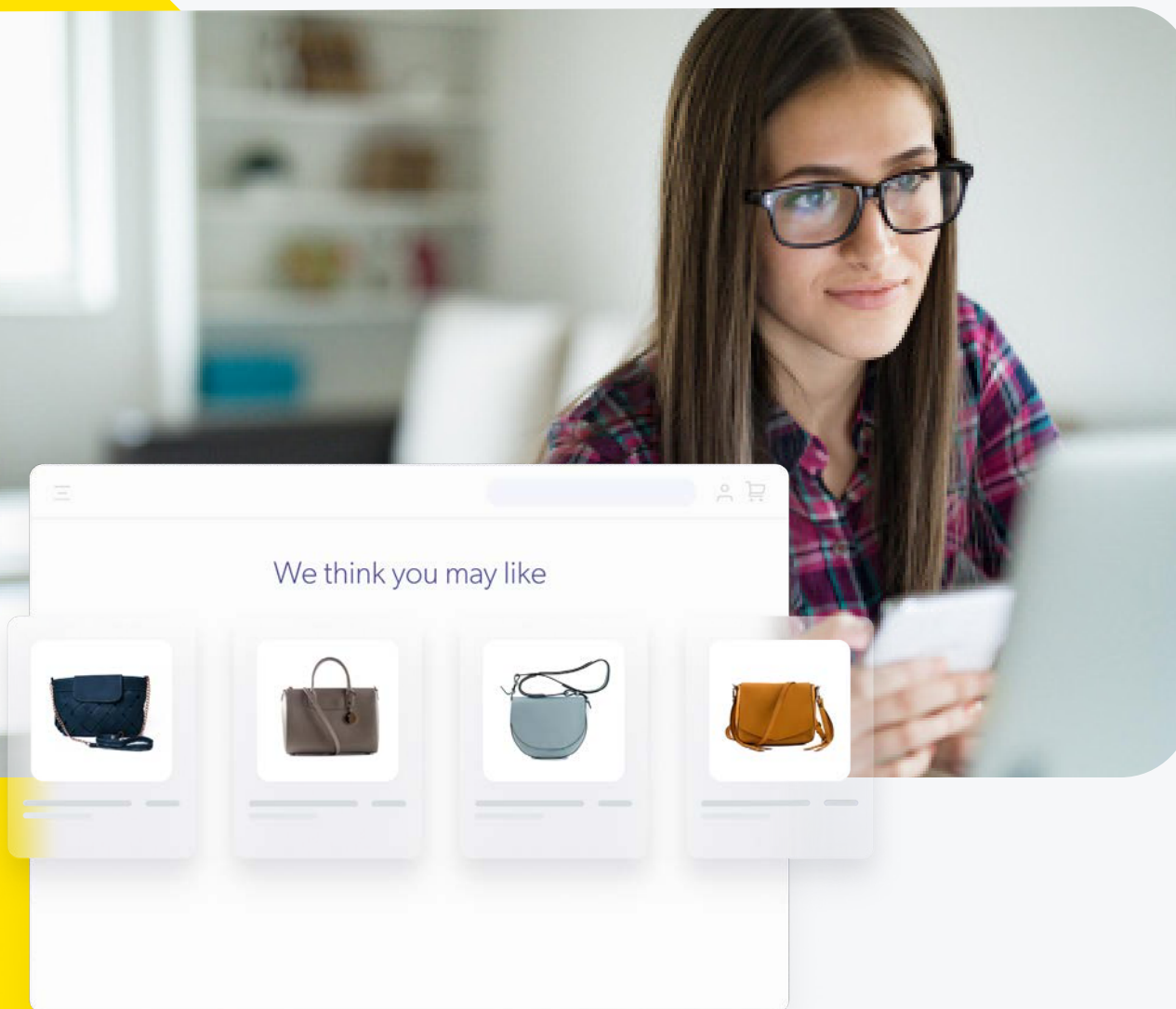


Which organization determines the 'rules' associated with holiday promotional offers?



Fine-Tune Loyalty-Building Experiences

Within the promotions, we see Winners upping the stakes to offer a **loyalty-building experience**.



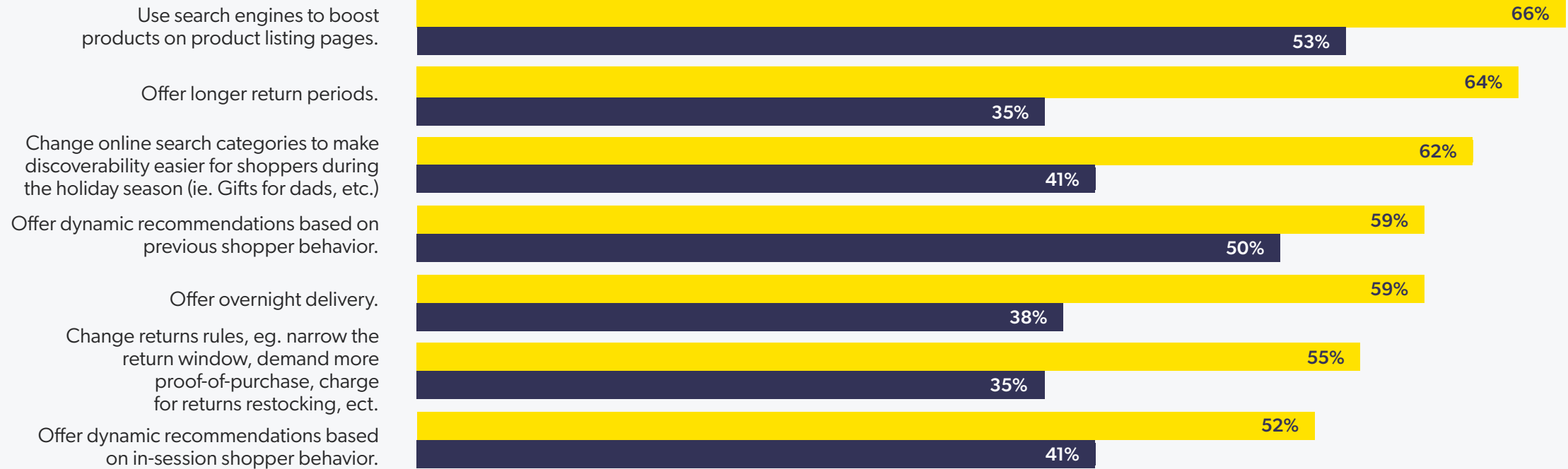
Winners know how to pull on **shoppers' levers**. A longer return period may just be the thing needed to get someone to **click the buy button** in the first place, offered by nearly two-thirds of Winners as opposed to 35% of average and under performers. Overnight delivery? Winners offer it at a **3:2 ratio** over their underperforming competitors.

And as we've seen in our research for many years now, Winners have long helped shoppers by categorizing their online products into **easy-to-use segments** like "gifts for mom", "gifts to spoil them", etc. This requires time and effort, but is worth it — especially at holiday time — and has long been an area where Winners excel. The name of the game is making it easier for shoppers to find items they otherwise might not have.

This also explains Winners' most employed tactic: using **search engines** to boost products right on product listing pages. In the modern day attention economy, where every digital device is vying for **shopper's attention**, this is a Winning technique. At the holidays, when stress and consumerism are both amplifying the entire environment to 11, it's downright necessary.

'Currently Offer'

Winners Others



Insight



Navigational cues -- be they from dynamic faceting, autosuggest, or recommendations cued off user intent - are clear advantages for the strategic retailer.



Human Interaction, Service Automation and Generative AI

When pressed to reveal plans to meet demand for the coming craziness of the holiday season, retailers tell us they're sticking with what they know best: **people power**. Sales events spur an increase of staff to **man phones (93%)** or **handle service in-store (88%)**.

But they are hedging bets that people prefer self service by pushing people to **chatbots (86%)** and **automated call centers (75%)**.

What is most intriguing is **52%** of retailers say they will have implemented **generative AI** by the holidays — and it will be centered on the contact center. Arming agents with generative AI tools to find answers quickly makes perfect sense. Minimally-trained (and minimally-compensated) folks tasked with solving customers' problems immediately become more proficient.

However, we are interested in the second response whereby 32% of retailers say they are experimenting with **GenAI** capabilities now, possibly for implementation next year.

What use cases will they be trying?

While retail has never been known to be a fast-changing industry, hell-bent on leveraging the newest technologies at the bleeding edge of progress — there's a case to be made that GenAI may compel many brands to leapfrog other tech initiatives they passed on in the past. If the data feeding these tools is reliable.



To what extent is your company considering Generative AI capabilities to augment your customer call center operation?

We will have implemented some automated capabilities in anticipation of increased call center volume this holiday season.

52%

We are experimenting with GenAI capabilities now, for possible implementation next year.

32%

GenAI is on our agenda for 2024.

12%

GenAI is yet another solution in search of a problem.

2%

We have big concerns about AI and consumer privacy, and don't want to be an early adopter.

1%

We have (or will have) implemented some automated capabilities using GenAI technologies in anticipation of increased call center volume during this holiday season.

1%

Insight



In addition to call center support, consider using GenAI to help shoppers find content that helps educate - or inspire them - to find the products they are looking for, such as in DIY, groceries, etc.



Survey Takeaways

While the rumors of Black Friday's demise may be a bit overblown, Winners are already leading an evolution from the mass marketing that Black Friday epitomizes to hyper-personalization found in digital. The survey highlights key findings retailers can use to guide their strategies for this critical Q4 holiday:

41% of the retailers surveyed agree strongly that industry-wide events generate high sales volume but not corresponding profits, yet retail winners are finding ways to boost profitability of Black Friday — Cyber Week sales. The key is to increase average transaction value, and part of this is accomplished by making more relevant offers.

More relevant offers — spurred by behavior-based personalized recommendations, may give retailers the ability to surface cold-start products - thereby aiding retailers in selling inventory at higher margins.

Winners know that the only way to do all this at scale is to use AI to power search and recommendations, and use Generative AI to offer exceptional experiences.





Retail Systems Research ("RSR") is the only research company run by retailers for the retail industry. RSR provides insight into business and technology challenges facing the extended retail industry, providing thought leadership and advice on navigating these challenges for specific companies and the industry at large. We do this by:

- **Identifying information** that helps retailers and their trading partners to build more efficient and profitable businesses;
- **Identifying industry issues** that solutions providers must address to be relevant in the extended retail industry;
- **Providing insight and analysis** about a broad spectrum of issues and trends in the Extended Retail Industry.

[For more information](#)

Does your tech empower you to capitalize on events?

Big ticket discounts to drive order volumes during the holidays used to be the sole focus. But one-bargain-for-all doesn't work any more. Winning retailers are leveraging the euphoria of holidays to create relevant, just-for-you deals.

To transfer that euphoria online, you need to offer an experience that can be created and scaled only with AI.

Coveo powers the digital experiences of the world's most innovative brands serving millions of people and billions of interactions across every digital experience. After a decade of enriching our market-leading platform with forward-thinking global enterprises, we know what it takes to gain a trusted AI-experience advantage.

Coveo helps retailers with complex demand patterns, profitability objectives, and merchandising strategies so that they can thrive — no matter what time of year.

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Coveo is a market-leading platform that enables individualized, connected, and trusted digital experiences at scale with Semantic search, AI recommendations, and GenAI answering.

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