

# Black Friday and the Potential Impact for Retailers

An Optimisa Research Point of View

*Andy Easton takes a look at what Black Friday means to consumers and how it may affect Christmas spending behaviour*

With Black Friday 2015 finally here, it is both an exciting and confusing time for consumers. An in-house study conducted by Optimisa Research explores how consumers are approaching this relatively new phenomenon.

## **Optimisa Research Black Friday 2015 Survey**

Firstly, we asked everyone what three words they associated with Black Friday. This produced some rather interesting responses:

The most frequent mentions were 'American', 'Chaos' and 'Busy', followed by 'Excited', 'Gimmick' 'Ambivalent' and 'Deals'.

So there's clearly a mix of positive and negative associations about the event (with some more neutral associations too).

And it should certainly be seen as an *event* — and a huge one at that.

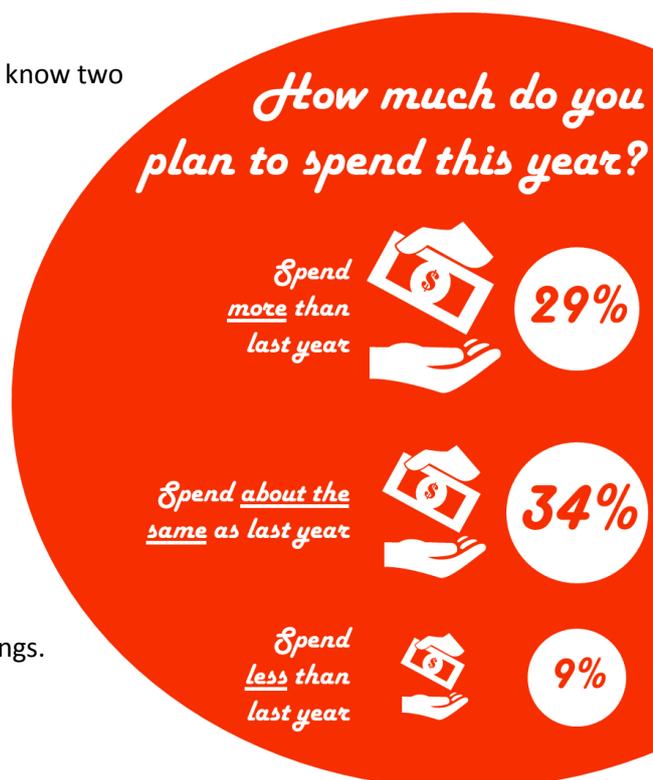
The build-up makes me think of the new Star Wars movie, we've had internet rumours, leaks, countdowns and recently an equivalent of a trailer – with *pre* Black Friday deals being released – all to whet our appetites!

The similarity does not stop there because we know two things will be true:

1. People will flock to see Star Wars (whether it's any good or not)
2. People will flock to the Black Friday sales (whether the deals are really what they are after or not)

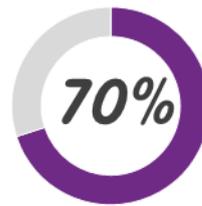
Experian predicts that sales on Black Friday will push well through the £1bn mark (increasing from £810m in 2014)<sup>(1)</sup> making it Britain's largest single shopping day of the year.

A view supported by our in-house survey findings.



## What do consumers expect when shopping?

A self-funded study we did earlier this year which focused on consumer choice, found just how intent shoppers are on finding deals...



...*Expect* to look for a deal



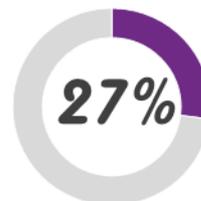
...*feel the range of choices makes it Hard To Decide*

...but we also know that consumers can often be bombarded with choice...

...and that there are other pressures involved in shopping around for a deal...



...*Fear* that they are missing out on a deal



...*Feel Pressured* by time limited offers - *Anxiety*

We know that shopping can be confusing at times anyway and that emotions are heightened during the sales.

With the pressure of limited time and so many potential deals offered by different brands, there is often a lot to contend with and sales can be hard to navigate.

At the moment though there is a huge amount of anticipation about Black Friday – which is understandable, especially given it is relatively new and we know consumers tend to like new things. But there are also a lot of unknowns for consumers, that can certainly be exciting in the short term but it isn't necessarily sustainable over time. Sustainability will largely depend on how it is shaped by the big UK retail brands in the years to come and how those brands engage with consumers.

Sustainability also comes from rewarding loyalty rather than simply capitalising on a fad, which will have a sell by date. This week in *Marketing* Warren Johnson of W Communications suggests 'that instead of following the traditional Black Friday deals model, brands this side of the Atlantic should be looking to build loyalty with their real customers' <sup>(2)</sup>

It is also fair to say that Black Friday is yet to have a strong UK identity – we've already seen that it is still seen as an 'American' phenomenon.

## How should retailers approach Black Friday?

A key consideration is how Black Friday affects the traditional Christmas shopping period as that will ultimately decide how (and when) the event takes hold in the UK.



To help understand how Black Friday fits in with the traditional December shopping period, we asked people how much of their Black Friday spend would be on items for Christmas.



Over half (57%) said that at least some of their Black Friday spend will be on Christmas, indicating that there will be at least some impact on December sales. Time will tell whether this affects retailers' profits in the build up to Christmas but a consideration is of course whether stock sold at discounted prices on Black Friday might have been sold at full price in December.

A new development this year is that Black Friday sales are being brought forward, driven by brands like Amazon releasing certain deals throughout November. As an event, Black Friday is in its infancy in the UK and whilst we can look to the US for some clues, it is clear that it has the potential to become something distinct in the UK, especially as big retailers can be seen to be taking very different approaches from each other, and indeed some from their activity in 2014.

Some retailers (e.g. Next, Fat Face, Jigsaw) did not participate last year or offered only token end of November discounts in 2014 and yet all had a good day's trading during the event.<sup>(3)</sup>

On the other hand, some retailers are fully embracing this period, even despite previous problems. Marks & Spencer saw successful Black Friday sales, but the sales rush resulted in a backlog of orders that affected the retailer's online delivery performance during the Christmas period.

Marc Bolland, M&S chief executive admitted it struggled to process orders but will continue to respond to consumer desire for the event. "If consumers like to shop in that way more, I think as retailers we have to find answers for it," he says.<sup>(4)</sup>

So clearly a lot of food for thought and it will be exciting to see just how hard the British public hits the sales in the coming days.

And we'll be exploring how much 'anxiety' and 'fear of missing out' affects shopping behaviour, as part of our extensive research programme about the event.

Along with our [Black Friday blogs](#) and our 'Peeps on the streets' vox pops, our thoughts in the build up to Black Friday will be followed by more self-funded research, which will be published in December and the new year.



To discuss this research further or for any other research needs, please contact Andy Easton at Optimisa Research

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- (1) <https://www.experianplc.com/media/news/2015/1-billion-to-be-spent-by-uk-online-shoppers-this-black-friday/>
- (2) [http://www.marketingmagazine.co.uk/article/1373956/black-friday-artificial-marketing-stunt-zero-relevance-uk-shoppers?bulletin=marketingdaily&utm\\_medium=EMAIL&utm\\_campaign=eNews%20Bulletin&utm\\_source=20151124&utm\\_content=www\\_marketingmagazine\\_co\\_uk\\_ar](http://www.marketingmagazine.co.uk/article/1373956/black-friday-artificial-marketing-stunt-zero-relevance-uk-shoppers?bulletin=marketingdaily&utm_medium=EMAIL&utm_campaign=eNews%20Bulletin&utm_source=20151124&utm_content=www_marketingmagazine_co_uk_ar)
- (3) <http://www.ft.com/cms/s/0/77957528-9813-11e4-b4be-00144feabdc0.html#axzz3sKE1NwpD>
- (4) <http://www.ft.com/cms/s/0/77957528-9813-11e4-b4be-00144feabdc0.html#axzz3sKE1NwpD>

