

Black Friday: Season-Long Strategies

New tactics cater to the changing ways people shop and transact



After years of earlier store openings and increasingly deep discounts, Black Friday 2014 seemed to have shoppers reaching somewhat of a breaking point. Many of the best deals in 2014 started before breakfast could be served on Thanksgiving, forcing shoppers to abandon time with their families in favor of scoring a deep discount.

Retailers took a different approach in 2015 by embracing the way people shop today. Advertising and promotions focused less on being first to open or having the best doorbusters, but more on ensuring shoppers knew they could get great value whenever and wherever they shopped. Black Friday store opening times leveled off in most cases, and were even pushed back in some. A few select retailers even publicized that they were closing their doors on Thanksgiving to give shoppers time back for family. Most retailers also offered their Black Friday deals both in-store and online, and offered alternatives to Black Friday throughout November in the form of weekly online sales. Most importantly, they delivered these messages through all media channels. No matter where a shopper turned for information to help them choose where to shop or what to buy, retailers met them.

The approach seems to be working. Online Thanksgiving and Black Friday sales were up 18% from 2014 to \$4.47 billion, according to Adobe Digital Index. In addition, total online sales on Cyber Monday rose 16 percent compared to last year to \$3.07 billion, surpassing expectations. Over the Thanksgiving weekend, the growth in online sales covered the slight decline ShopperTrak reported in brick-and-mortar. In-store sales fell to \$12.1 billion on Thursday and Friday from \$12.29 billion in 2014.

The improved alignment between retailer advertising and promotional strategy and the holiday shopper's path to purchase has driven optimistic results through the first month of the Holiday Shopping Season (HSS). In this edition of our annual Market Track Black Friday *Perspective*, we will follow a Black Friday shopper's path to purchase, and examine the strategies used by leading retailers to build awareness, gain consideration, and then win shopper preference and purchase.

Market Track's Black Friday Perspective

Market Track's *Perspectives* series combines advertising, promotions, and pricing data with shopper insights to analyze a key concept or event. In our annual Market Track Black Friday Perspective, we review the advertising, promotions, and pricing impacting shoppers in the weeks leading up to Black Friday to uncover the strategies behind how different retailers and brands drove holiday shoppers to visit their stores and/or buy their products.

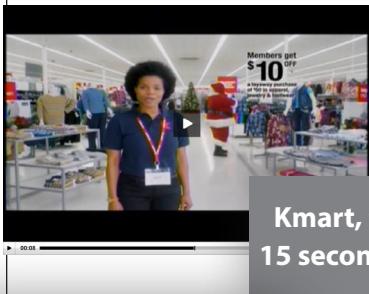
Black Friday Channel Analysis

For a more detailed look into the Black Friday advertising, promotions, and pricing within your retailer channel or category, Market Track produces annual analyses for the following channels:

- Mass merchants
- Electronics/Office stores
- Department stores
- Home Hardware stores
- Sporting Goods stores

To schedule a custom Black Friday briefing, reach out to your Market Track account representative, or contact us at insights@markettrack.com.

Black Friday/Holiday-themed TV Breaking Ads 2014 vs. 2015



Kmart, 9/5,
15 second Ad

In our recent Holiday Shopper Insight Survey, consumers indicated that they would most frequently use the circular, retailer websites and TV commercials to look for holiday deals. Most shoppers planned to use 3-4 different inputs in planning their holiday shopping trips.

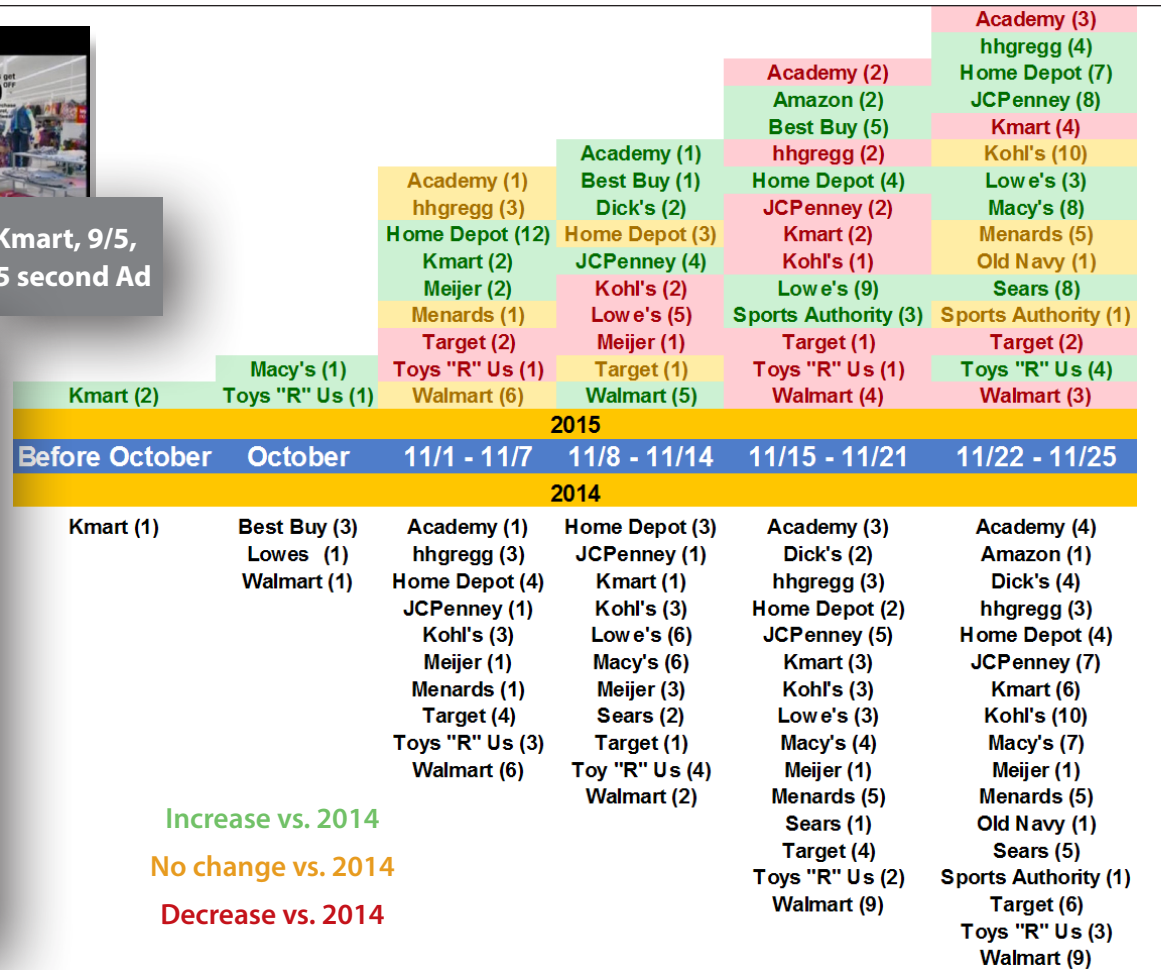


Figure 1: TV advertising drives early-season awareness

Source: Competitrack Data

Timing of TV messaging shifted earlier for many

In order to spread out the deals during the HSS, certain retailers launched holiday TV ad campaigns earlier this year than in 2014. Kmart again was first-to-market with two September TV commercials, up from one last year. Their pre-October ad message included awareness building around their holiday shopping layaway program, and offered a discount on layaway to Kmart loyalty shoppers.

The Home Depot, Macy's, and Toys "R" Us also pulled forward their first holiday TV commercials year over year. Macy's and Toys "R" Us both advertised in October this year after waiting until the first two weeks of November in 2014.

At the other end of the spectrum was Best Buy. In 2014, Best Buy ran three TV commercials in October to kick off the season, then did not run another TV ad in November. This year, Best Buy shifted their TV advertising to the week before Black Friday.

Why this is important: It has become an expectation for holiday shoppers today to see the first advertisements for events like Black Friday weeks, or even months before the actual event. Retailers engage shoppers well in advance of

Black Friday for several reasons. First, the early season ads help build awareness among their shopper base around key details that may influence whether or not a shopper goes to their stores during holiday. These details include sale event information, store opening hours, or even promotional deals.

Another purpose behind early-season advertising is to beat competition to the punch. Shoppers saw Kmart's TV ad well before some of Kmart's direct competitors. This tied Kmart to many shoppers' first thoughts about holiday shopping.

Taking action: Broadcast media has long been used as a vehicle for advertisers to deliver messages to promote general awareness of the advertising company. Yet in recent years, retailers and brands have leveraged TV and radio to illustrate the quality of their brands or products compared to their competitors, or even to prompt an immediate purchase. The important thing to remember is that TV advertising has a comparatively large reach. Retailers and brands can leverage broadcast media to build awareness around rest-of-season sales events, just as they did for pre-Black Friday and Black Friday sale events before the start of November.

Holiday Season Online Price Index by Category

Average Price = 100% on 10/1

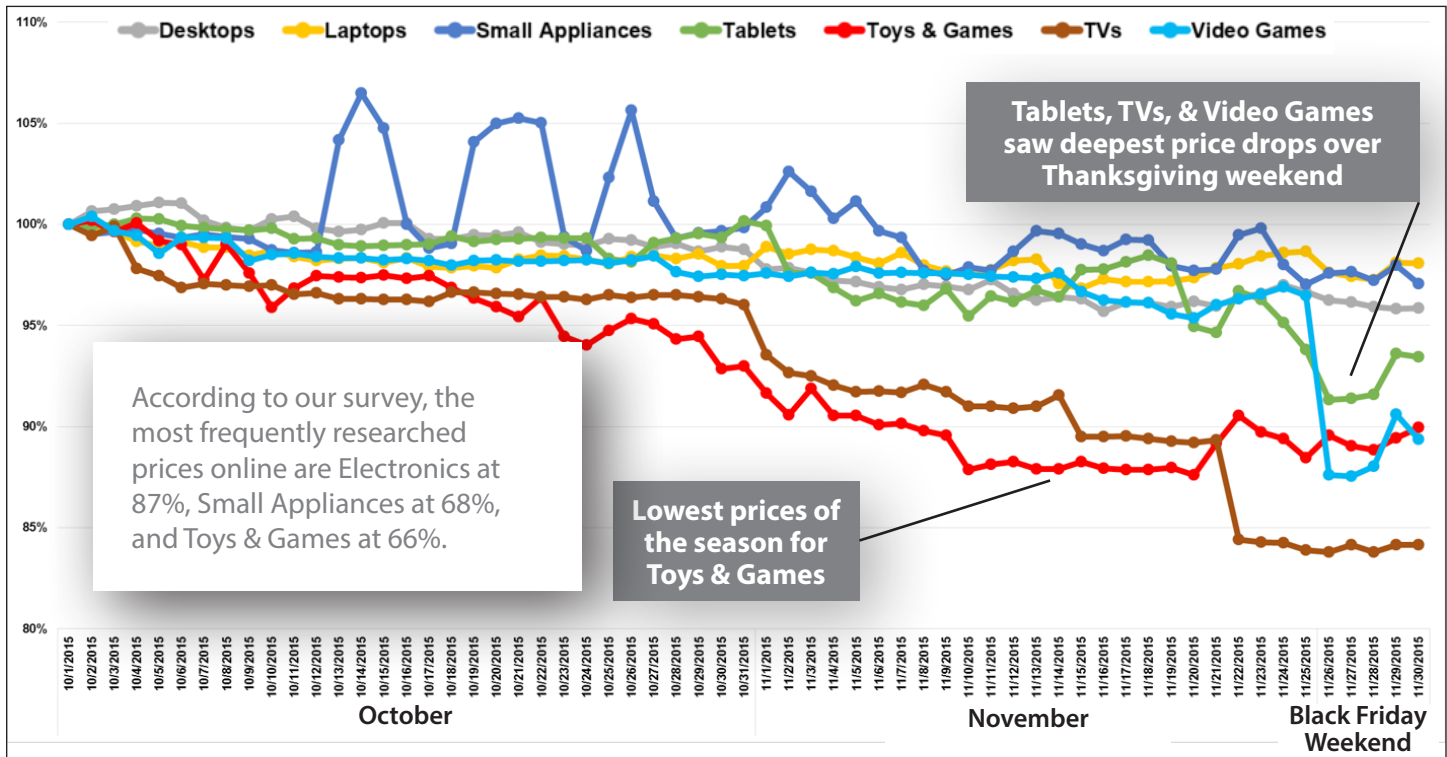


Figure 2: When was the best time to buy online?

Source: Market Track eCommerce Pricing Data

Best prices of the season varied by category

It is fair for shoppers to assume there are great deals across all categories during Thanksgiving and Black Friday weekend. With the efforts to pull deals and transactions forward this year, shoppers could actually find some of the best online prices on select categories weeks before Black Friday sales.

Toys & Games was one such category. Monitoring the online pricing for over 70 hot toy products, we found that the lowest average online prices were available to shoppers between 11/10 and 11/20—even lower than Black Friday weekend, as shown in the figure above.

Why this is important: Offering the lowest prices of the season during a period other than Black Friday weekend is one strategy retailers can use to drive traffic earlier and take demand out of the market for certain categories. However, it is up to the retailer to drive awareness of pre-Black Friday sales in-the-moment to ensure shoppers know when to buy.

Amazon and Toys “R” Us both advertised pre-Black Friday toy sales in-the-moment on their website homepages and through email promotions. On 11/13 and from 11/17 to 11/20, Amazon featured a direct link to their Holiday Toy List daily deals at the top of their homepage, sponsored by Skylanders. They also sent two promotional emails offering 50% off select toys in the subject line.



Likewise, Toys “R” Us featured a “Super Cyber Savings” event on their homepage promoting deals valid for one day only on 11/18, and sent a promotional email on 11/17 offering 50% off the popular Minions toys.

Taking action: Manufacturing urgency among shoppers is an important strategy to encourage buying now rather than waiting. There are more options than ever for retailers to make sure shoppers are aware of limited time sales and deals outside of the expected periods—leveraging digital media in the moment is one way to communicate value.

Top Promoted Brands by Number of Circular Ad Blocks
Black Friday 2015 Circulars

Rank	Best Buy	2014 Rank	Sears	2014 Rank	Target	2014 Rank	hhgregg	2014 Rank	Walmart	2014 Rank
#1	Samsung	1	Kenmore	2	Activision	5	Samsung	1	Disney	1
#2	Apple	2	Craftsman	1	Fox Home Ent	11	LG	2	Fox Home Ent	3
#3	Fox Home Ent	4	Simmons	3	Warner Bros Home Vid	3	Whirlpool	3	Electronic Arts	6
#4	Microsoft	4	Samsung	6	Apple	1	Sony	4	Activision	5
#5	Sony	3	Sealy	5	Nintendo	8	Apple	6	Warner Bros Home Vid	2
#6	SanDisk	6	Serta	6	Samsung	6	Bose	12	Universal Home Video	6
#7	Warner Bros Home Vid	3	Nordic Track	4	Baby Einstein	6	Beats Electronics	10	Warner Bros Interact	12
#8	Activision	7	Cannon	5	Lions Gate	8	Maytag	11	Good Year	8
#9	Hewlett Packard	7	DieHard	9	Paramount Home Video	4	ProScan	9	Paramount Home Video	8
#10	Insignia	5	Whirlpool	7	Paw Patrol	14	Hewlett Packard	7	UBI Soft	12

Figure 3: Top promoted brands on Black Friday

Source: Market Track Print Promotional Data

Winning preference on top products

Many different factors play into a shopper's decision to bring their Black Friday purchases to a particular retailer. Price is the factor most talked about, yet product selection can impact decision-making as well. Is the retailer offering compelling promotions on the brands shoppers are looking for?

The figure above ranks the top promoted brands by number of ad blocks in each retailer's Black Friday circular. Brands like Samsung, Apple, Sony, and Activision ranked in the top ten across multiple retailers. This indicates retailers feel strongly that these brands are among those shoppers will seek most.

Why this is important: Simply promoting the brands that rank highly across retailers during Black Friday is a step in the right direction toward winning consumer preference. However, competition is also significant. Shoppers have their choice of retailer when it comes to purchasing a Samsung or Apple product on Black Friday. How retailers differentiate their deals for top brands can help set themselves apart.

Take Best Buy and hhgregg as an example. Both

promoted Samsung in their Black Friday circulars more than any other brand, and both layered additional value into their Samsung promotions to sweeten the deal for shoppers. Best Buy offered a free Keurig K500 brewer with the purchase of any two or more Samsung major appliances. Similarly, hhgregg included a free 32" Samsung TV with any purchase of a Samsung 4K UHD TV sizes 55" and up.

Taking action: In today's ultra-competitive retail environment, it often takes more than having the best price or the best products. Retailers need to give shoppers the *best* incentive to purchase their favorite brands from them, knowing every one of their competitors is likely to be promoting those brands as well.

Intraday Online Price Changes

WowWee Miposaur

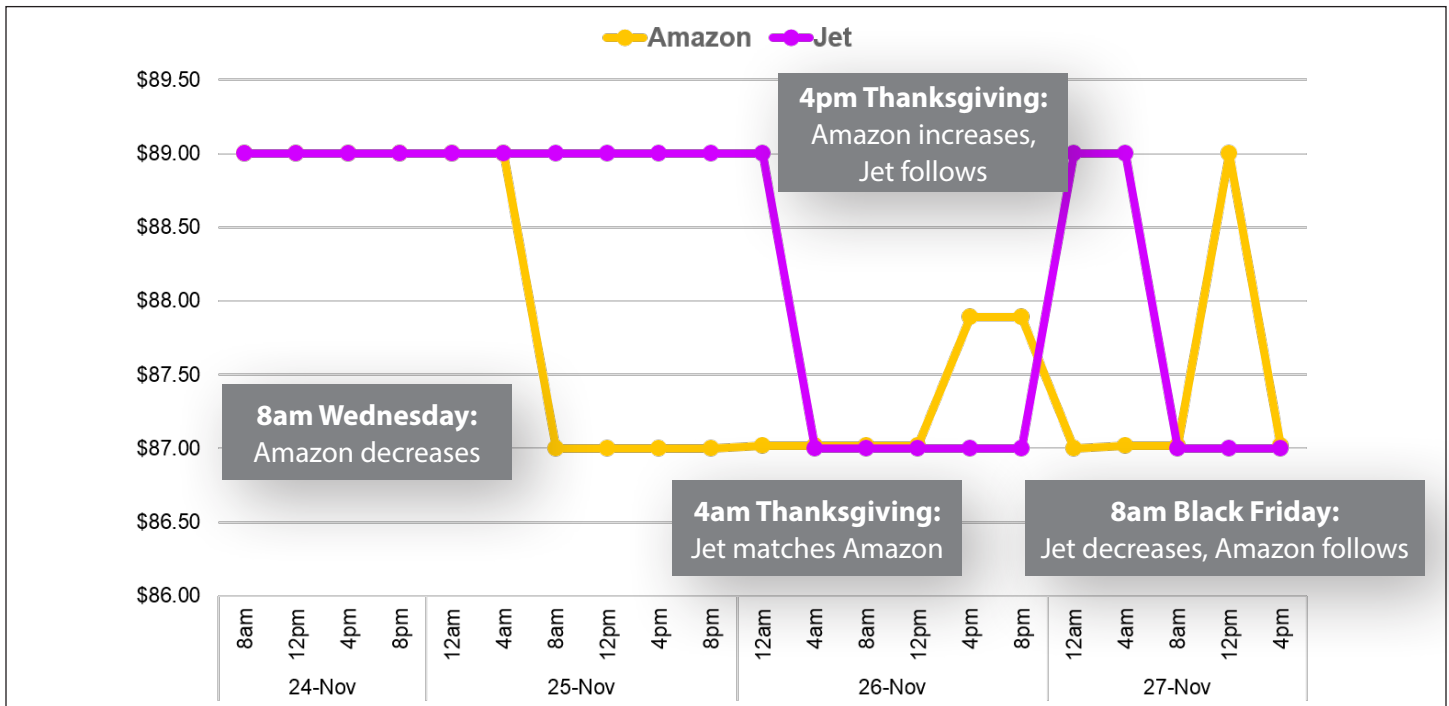


Figure 4: Price matching prevalent as Black Friday approached

Source: Market Track's Intraday Online Pricing Data

Price matching is now just the cost of admission

Only a few years ago competitive price matching was considered a key point of differentiation for retailers during the HSS. Today, price matching is an expectation among shoppers. As Black Friday approached, online price fluctuations became more frequent, particularly on the most in-demand products of the season. Amazon and Walmart were the two most active retailers in terms of matching competitive price decreases.

Despite widespread price matching, Walmart was able to differentiate this year by advertising their "Dare to Compare" proactive price matching policy, for which they "check prices all day so you don't have to." They promised prices equal to or lower than those at Amazon, Best Buy, Target, The Home Depot, Toys "R" Us and Babies "R" Us on select items.

Why this is important: Price remains the most critical factor in winning shoppers during the HSS. 73% of shoppers cited "lowest prices" as the most influential factor in deciding where to shop this holiday, according to Market Track's Holiday Shopper Insight Series survey. It is not surprising, then, that price matching policies are now the norm.

The figure above shows an online pricing battle between Amazon and Jet on a popular toy during Thanksgiving and Black Friday. The two retailers matched prices four times in less than 48 hours on this one item. Battles like this took place between retailers from all channels, across all product



categories. If a retailer decreased their price, it was safe to assume they would be matched. The key for retailers for the remainder of the season is to have the visibility into competitive pricing needed to ensure your prices remain competitive.

Taking action: Because price matching is so widespread this season, retailers cannot turn to their price matching policy alone as a source of differentiation. Combining competitive pricing with other sources of differentiation is essential to standing out from the crowd.

Many retailers have highlighted the unique shopping experience they can provide. Others have found differentiation in offering products exclusive to their stores. Walmart was able to add a layer of differentiated value to their price matching policy with "Dare to Compare." Instead of waiting for the shopper to track down a lower price elsewhere and bring it to Walmart to match, they took the burden off of shoppers by checking prices for them.

Gift Card with Purchase Promotions in Black Friday Circulars

Black Friday 2014 vs. 2015

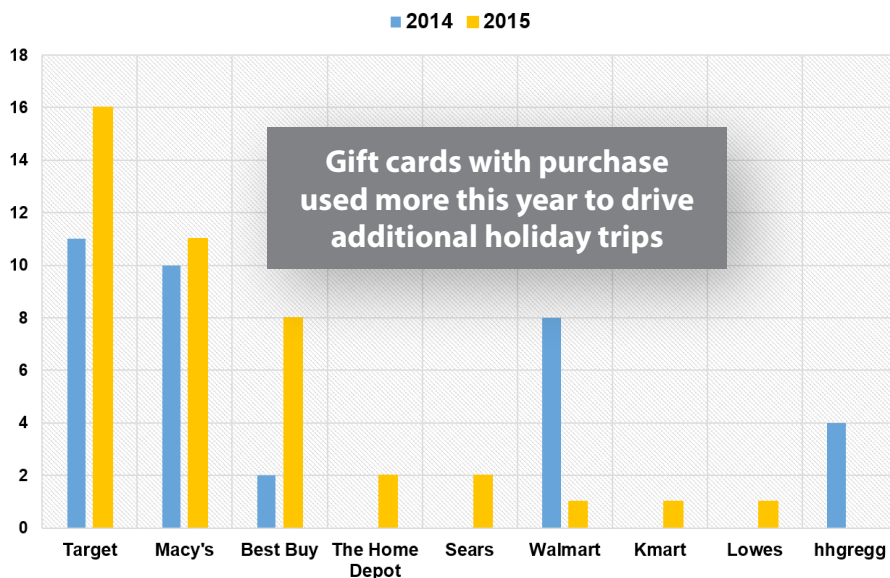


Figure 5: Gift card with purchase promotion

Source: Market Track Print Promotional Data

Heightened focus on driving additional trips

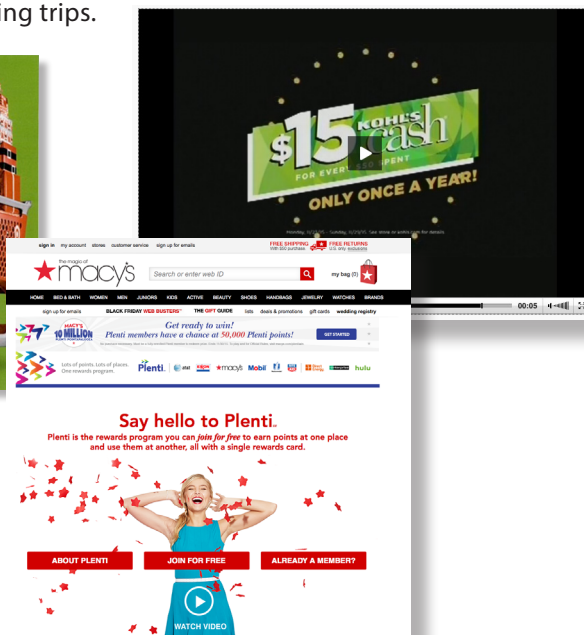
Every HSS, retailers seem to experience the same post-Black Friday, pre-Christmas lull in traffic and sales. This forces them into deep late-season discounts to push remaining product or to meet season-long sales goals. An increased focus on providing shoppers incentives to make additional trips to the store or online suggests that the mid-December period was on top of retailers' minds when planning out their Black Friday.

Why this is important: The 2015 HSS is set up to be one of the most spread out seasons in history from a sales perspective. Starting with early season online sales leading into Black Friday, retailers have pulled out all the stops to ensure shoppers consistently have incentives to shop whenever they want. The same is true for the post-Black Friday period.

The figure above shows an increase in the use of promotions that feature a gift card with purchase. Not only did more retailers use this promotion type this year, but those who leveraged it heavily last year, such as Target and Macy's, expanded their use this year. In addition to featuring 16 different promotions that included a gift card in their Black Friday circular, Target also awarded all Black Friday shoppers who spent \$75 or more in-store a 20% off deal on one shopping trip between December 4-13. Kohl's promoted their once a year \$15 Kohl's Cash for every \$50 spent to be used on purchases later in the season through TV ads. Macy's promoted their cross retailer Plenti program, which allows shoppers to earn points to be redeemed at a number of different retailers.

Taking action: The figure above highlights an evolution in how retailers are thinking about not just Black Friday, but the entire HSS. Knowing that more eyes will be on their Black Friday circular than any other circular published throughout the year, they took the opportunity to provide shoppers reasons to come back in December for additional holiday shopping trips.

Retailers will need to consider the full season when planning their cross-channel advertising strategy throughout the balance of this HSS, and in future years. Take advantage of the exposure Black Friday and Cyber Monday advertising will provide to set your consumers up for return December shopping trips.





What's next?

Keys to finishing the season strong

In this Perspective we have highlighted how leading retailers approached driving traffic to both their stores and their websites over Black Friday weekend, and throughout November. However, both retailers and brands know that the season is far from over. The next five weeks are critical for achieving both sales targets for the Holiday Shopping Season, as well as annual sales goals. Historically, retailers have struggled to drive traffic throughout December. It is ingrained in shoppers to wait until just before Christmas to get the best deals on last-minute gifts. How retailers engage shoppers with strategic advertising messages and timely promotional offers in the coming weeks can make the difference in bucking the trend of shoppers waiting until the last minute to check the remaining items off of their list. Below are the keys to a strong remainder of the Holiday Shopping Season:



Many consumers still have plenty of holiday shopping to complete. Do not wait to drive them online or to the store.

According to Market Track's 2015 Holiday Shopper Insight Series survey conducted in September, 17% of shoppers planned to do the majority of their holiday shopping after Cyber Monday. This leaves substantial opportunity for retailers to drive meaningful sales numbers during the last month of the year.

Retailers like Target built incentives into their Black Friday circular aimed at driving shoppers to their store early in December. For those retailers that focused solely on Black Friday weekend with their Thanksgiving week advertising, the time is now to engage shoppers with incentives to check off the items remaining on their lists in early December.



Continue to meet shoppers with holiday ad messages everywhere they are. Make it an omni-channel season, not just an omni-channel Thanksgiving weekend.

Retailers flooded shopper email inboxes and web browsers with ad messaging throughout November. These advertisements drove shoppers to pre-Black Friday online sales, and into stores during Thanksgiving weekend to take advantage of some of the best deals of the year.

Any shopper that hasn't completed their holiday shopping will continue on their omni-channel path to purchase until their lists are completed. 74% of shoppers planned to use print circulars to find deals this season, 56% planned to use retailer websites, 51% TV commercials, 44% promotional emails, and 24% social media. To keep holiday shoppers engaged and privy to the value they will provide, retailers need consistent messaging at all points of influence in the holiday shopper's purchase journey.



Continue to confirm your prices are competitive. Shoppers are "always on". They will know if your competitors are offering a better value.

The online price battles did not stop when the calendar turned to Saturday, November 28. Many retailers found themselves changing prices multiple times per day on high-demand holiday products to ensure their prices were competitive during the critical Black Friday period.

Continue to keep an active eye on online pricing, and be prepared to react to competitive price decreases. Be proactive in advertising promotional periods in early December to shoppers, putting the pressure back on your competitors. Remember that of all the factors that impact a shopper's decision to buy from a retailer, price is still king.



Differentiation is difficult, but essential. Execute a strategy the sets you up to win shopper preference over the competition.

Your top competitors will match your price in December. They will offer compelling promotions on the same top products you offer. Your strategy in December should aim to continue to make it easy for the shopper to distinguish your store as offering the best value for their needs in the market.

In their Black Friday circulars, retailers offered a range of free products with select purchases, loyalty incentives, limited time offers, and deals on exclusive products to help differentiate their value. Retailers need to continue to offer unique, compelling promotional incentives throughout December to both manufacture urgency during traditionally slow periods, and give shoppers a reason to pick you over the competition.

To schedule a custom Black Friday briefing to review the advertising, promotions, and pricing impacting your channel and/or category, reach out to your Market Track account representative, or contact us at insights@markettrack.com.