



## **Black Friday Shopping Report:** Consumer habits are changing fast

A survey to better understand changing consumer attitudes on Black Friday and explore how they plan to shop for the 2016 season.

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# EXECUTIVE SUMMARY

Black Friday may not be new, but it has been evolving in recent years: more online spending, consumers choosing to avoid busy stores, and a general concern that promotions aren't always as great as they sound. These changes are happening rapidly, as such, retailers need to address the concerns of consumers if they want to take full advantage of the potential the event offers to them. Consumers don't like going to stores during Black Friday, and that's a big opportunity for retailers if they are fully aligned with consumer expectations.

This report outlines the results of a survey<sup>1</sup> on this hot topic, conducted by Periscope By McKinsey among US and UK consumers.

Some of the results show that consumer apathy is sinking in around Black Friday, and the physical store is the place where the effect will be felt most. The main reason for this is that consumers want a better experience – it's simply about them feeling they can get

## KEY FINDINGS: DOES BLACK FRIDAY STILL MATTER TO CONSUMERS?

### CONSUMERS WILL STILL SHOP, BUT ATTITUDES ARE CHANGING

Black Friday may be considered one of the biggest shopping events of the year, but the survey showed limited involvement and decreased interest amongst consumers. Looking back for a moment at the 2015 Black Friday shopping period, only a third of US consumers (33%) proactively shopped for products. Whilst still a relatively new phenomenon in the UK, only 25% took the opportunity to make purchases during the same sales period.

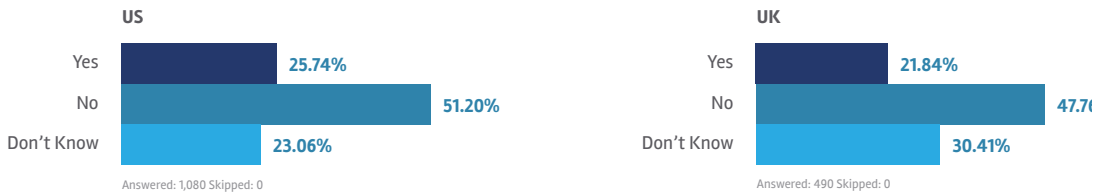
#### Black Friday Shopping Involvement last year 2015 in the US and UK



<sup>1</sup> In October 2016, Periscope conducted online research to understand consumer attitudes towards Black Friday and their expected shopping patterns. The web-based survey targeted consumers in the United States and the United Kingdom aged between 18 and 60+. The survey gathered 1,570 qualified responses.

In 2016, the lack of interest appears to be growing even more. Consumers seem to be undecided in both countries about whether they will shop this Black Friday. Only 26% of US respondents say they will definitely be shopping in the same period, with half (51%) stating they will not. 23% remain undecided, but this is still a significant shift compared to 2015 and one that is also reflected in the UK where 30% are undecided, 48% will not shop, and only 22% are committed to making purchases.

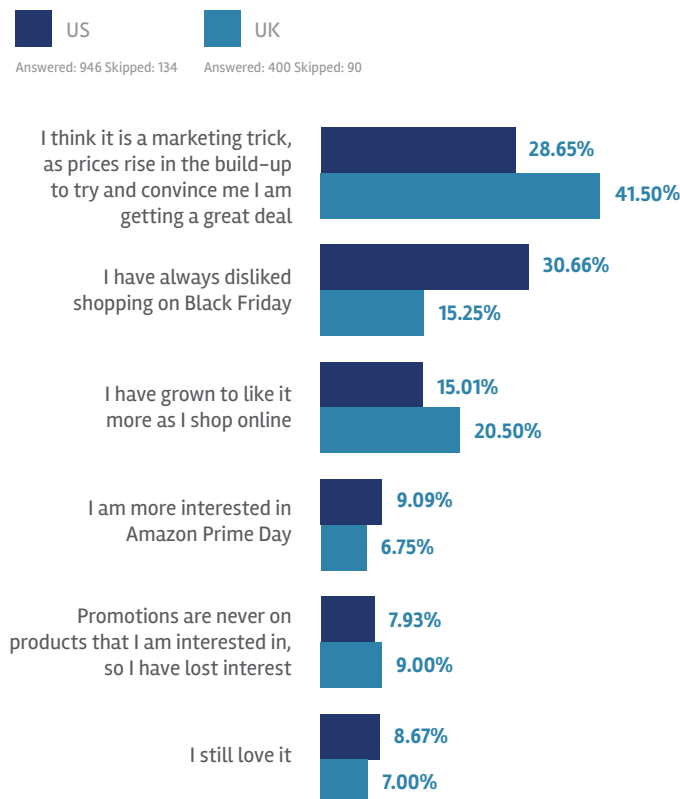
### Black Friday Shopping Involvement this year 2016 in the US and UK



There may be a number of reasons for this with both political and economic uncertainty existing on both sides of the Atlantic, but there are other factors at play that are reducing the impact of Black Friday.

Asked about their attitudes towards Black Friday, 31% of US respondents say that they have always disliked shopping on Black Friday, and 29% believe it is simply a marketing trick with retailers manipulating pricing in the build-up to “convince me I am getting a good deal.” These were the top two responses in the US and the UK, with a staggering 42% of UK participants agreeing that it is a “marketing trick.”

### Black Friday Shopping Involvement last year in the US and UK



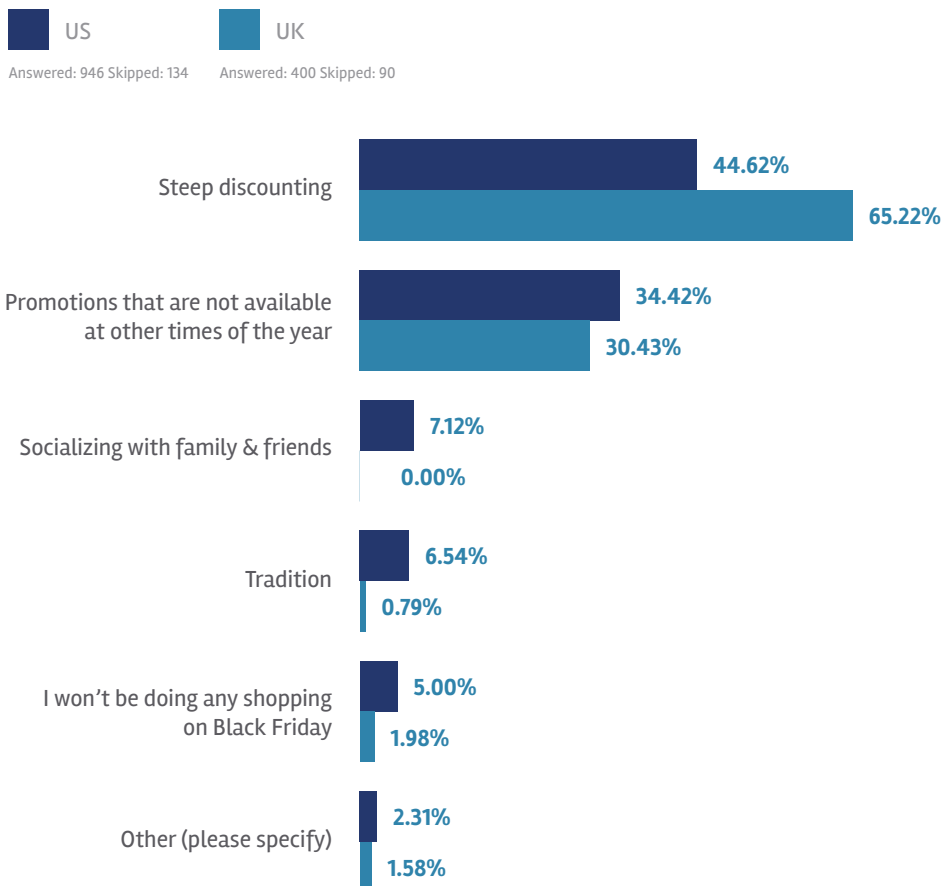
## SHOPPER MOTIVATIONS

Steep discounting is the main reason why shoppers are motivated to shop on Black Friday. That of course is no great surprise, but this is a bigger driver in the UK where 65% said it was their main driver compared to 45% of US shoppers.

The second biggest driver is the availability of promotions that are not seen at other times of year, influencing the behavior of 34% of US shoppers and 30% of those in the UK. This highlights a very difficult balance that retailers need to strike, given so many consumers stating that they feel Black Friday is a ‘marketing trick.’ By understanding how customers respond to category, assortment, and promotion decisions, retailers can obtain insight into whether a promotional activity is driving the desired consumer behavior.

Black Friday is also finding itself a new rising competitor with the success of Amazon Prime Day. 9% of US and 7% of UK shoppers stated this global shopping event is of more interest to them than Black Friday. This may also shift spending away from the holiday season, because Amazon Prime Day takes place in July. Retailers need to give serious consideration to how they will compete with this event, which seems to be growing rapidly. Retailers need to double-down and consider whether they have the right tools, analytical capabilities, and processes in place to monitor online marketplace competitors. McKinsey’s [“The Prime Day Play: Three Lessons From Amazon’s One-Day Event”](#) article may be a good resource for retailers to expand their understanding of the growing event.

### Motivations for Black Friday Shopping in the US and UK

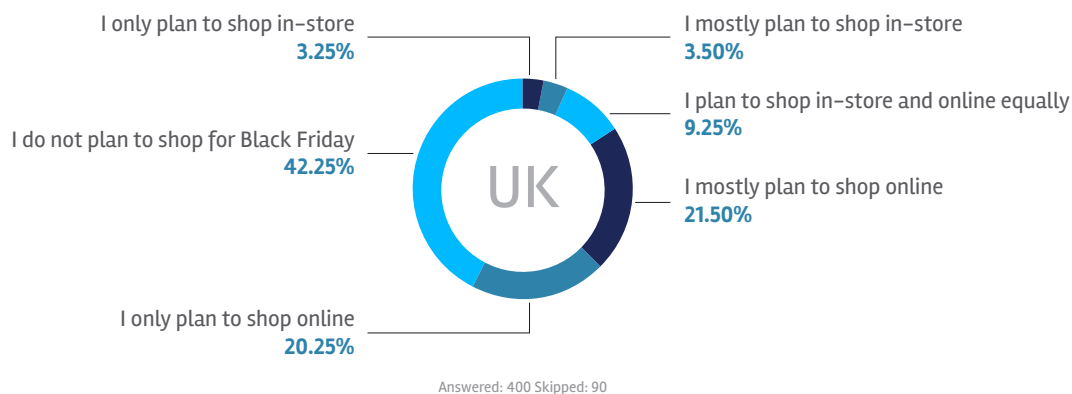
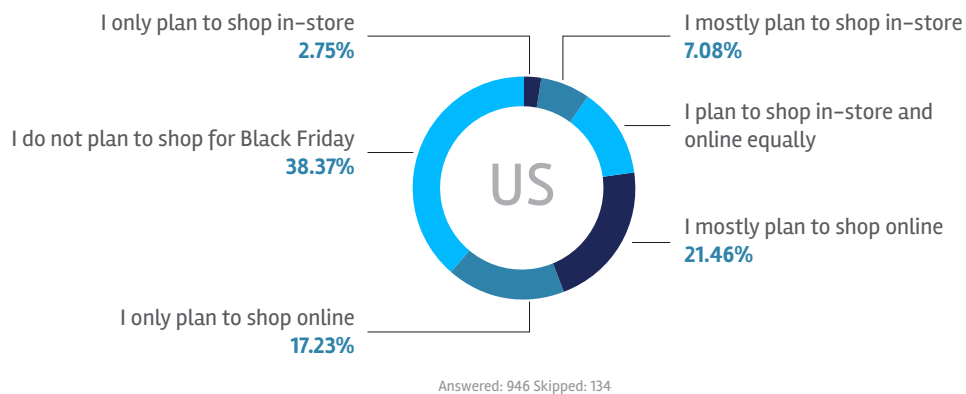


# KEY FINDINGS: HOW THE BLACK FRIDAY STORE EXPERIENCE IS DRIVING PEOPLE ONLINE

## THE INCONVENIENCE AND STRESS OF STORES IS DRIVING SHOPPERS ONLINE FOR BLACK FRIDAY

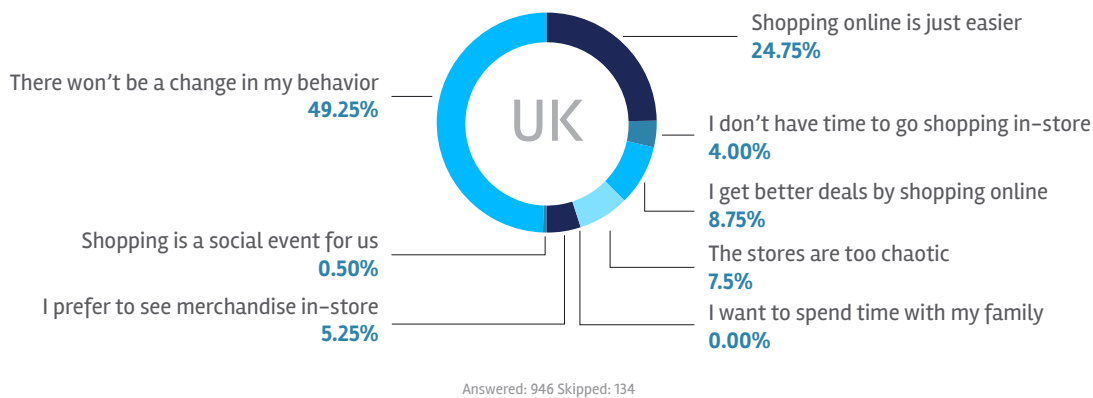
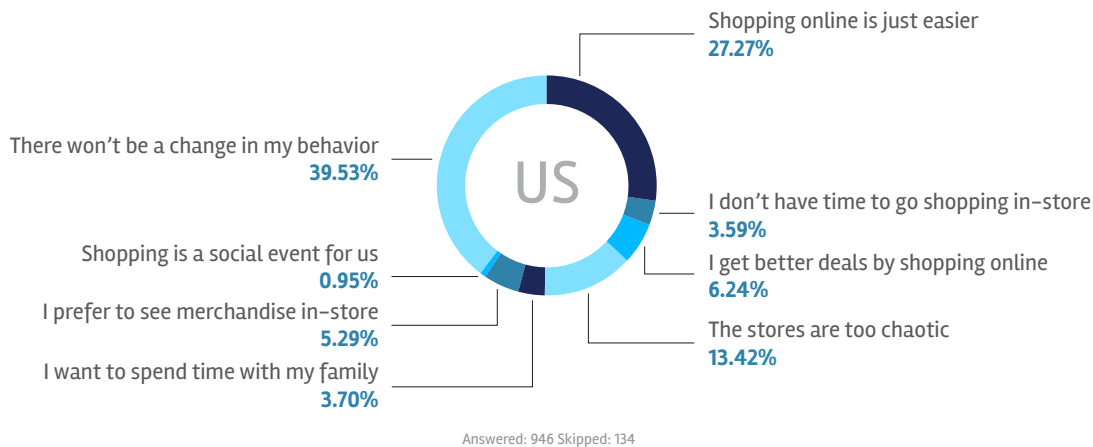
The ecommerce revolution that has taken place over the last ten years has consistently improved customer experiences. And this year is no different with our research showing that 39% of US and 42% of UK shoppers plan to do most or all of their Black Friday shopping online (compared to 35% and 33% in 2015).

### Change in Black Friday Shopping Preferences in the US and UK



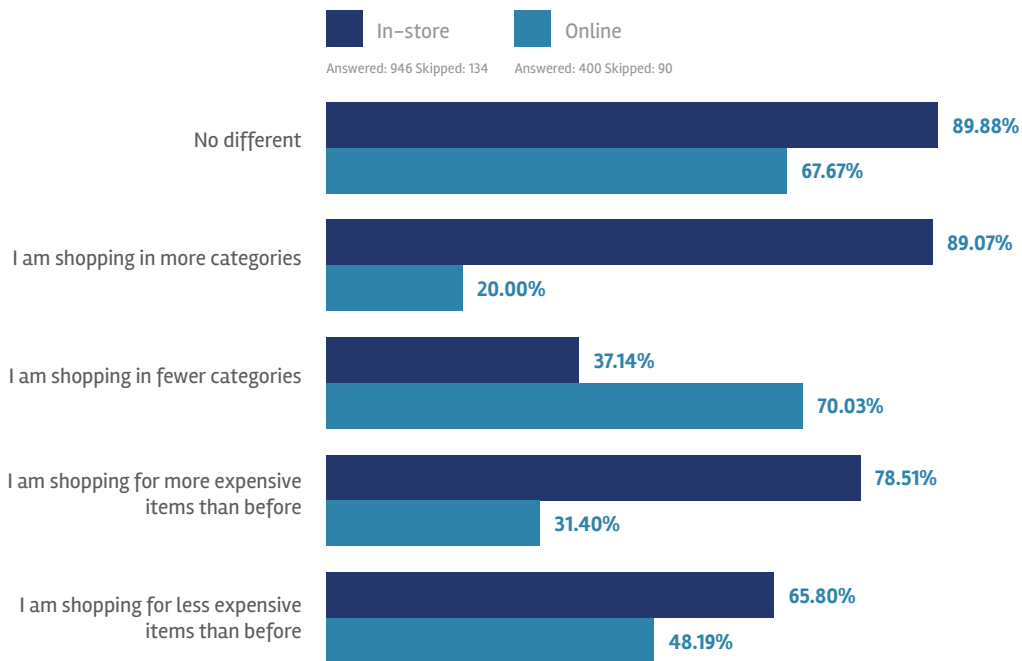
The drive towards online shopping on Black Friday appears to be led fundamentally by the stress of the experience with 13% (US) and 9% (UK) saying that the “stores are just too chaotic” and that shopping online is just easier (27% US, and 25% UK). Very few consumers are using store shopping as a dominant part of their shopping artillery, with only 7% of US and 4% of UK shoppers saying they will do most of their Black Friday shopping in-store.

### Reasons for Change in Black Friday Shopping Preferences in the US and UK

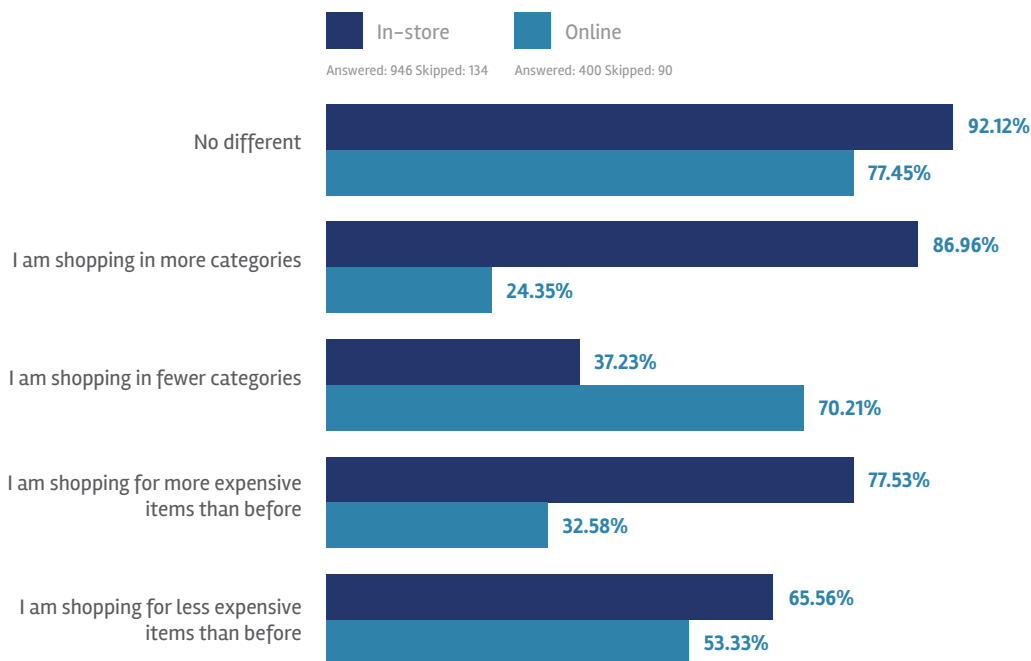


Shoppers are getting more adventurous online and plan to shop across more categories this Black Friday. This is also mirrored by a reduction in the number of categories they plan to shop across when they visit physical stores (70%, US & UK). This suggests that there are very specific categories where they want to see and experience the product before they buy. This growth in confidence is also highlighted when we consider what they will spend on individual items, 79% (US) and 78% (UK) state they are planning to buy higher priced items online this Black Friday.

### Change in Attitudes towards Categories and Prices in the US



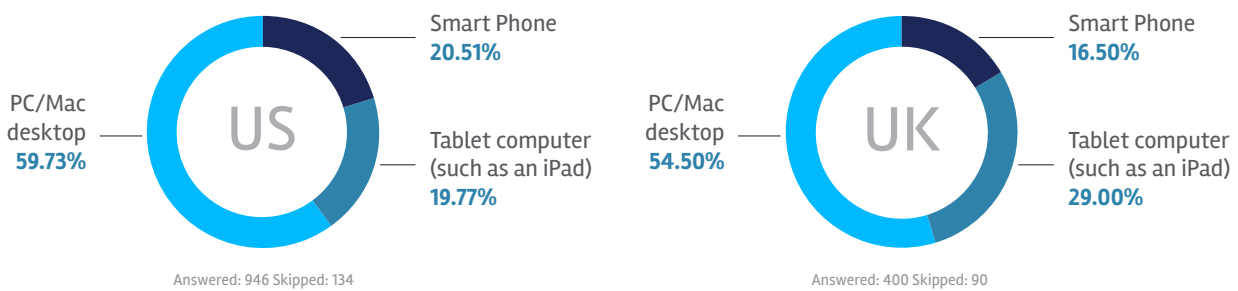
### Change in Attitudes towards Categories and Prices in the UK



## DEVICES AND THE BLACK FRIDAY EXPERIENCE – HOW ARE THEY BEING USED?

Whilst all consumers spend more and more time living their lives through devices such as tablets and smartphones, they do not plan to use mobile devices extensively for their online shopping around Black Friday. The desktop PC and Mac are still the dominant devices which 60% of US and 55% of UK shoppers plan to use this shopping season. Tablets are gaining in popularity, but still only 29% of UK consumers plan to use them to complete transactions, with an even lower 20% in the US.

### Device usage for Black Friday Shopping in the US and UK



Each device has its benefits and consumers instinctively know how they want to use each to enhance their retail experiences. The smart phone (66% US and 70% UK) was considered the best device for getting ideas when shopping, but for research and buying the home computer remains king. This may be because consumers consider it to offer the best consistency in terms of performance, screen size, and connectivity.

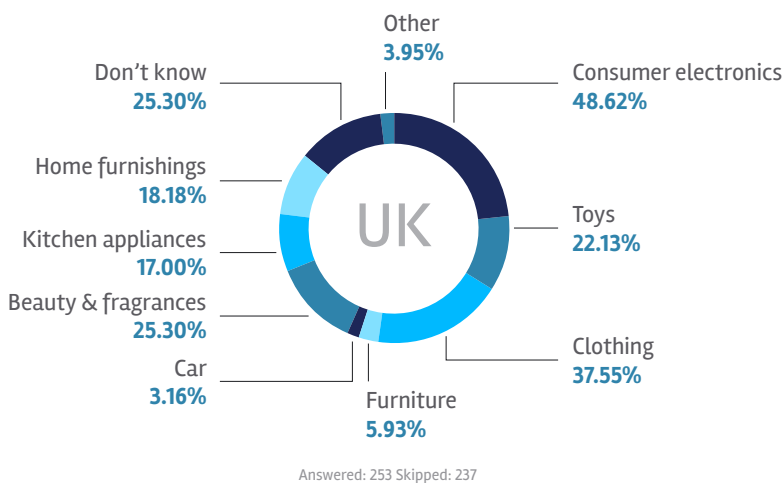
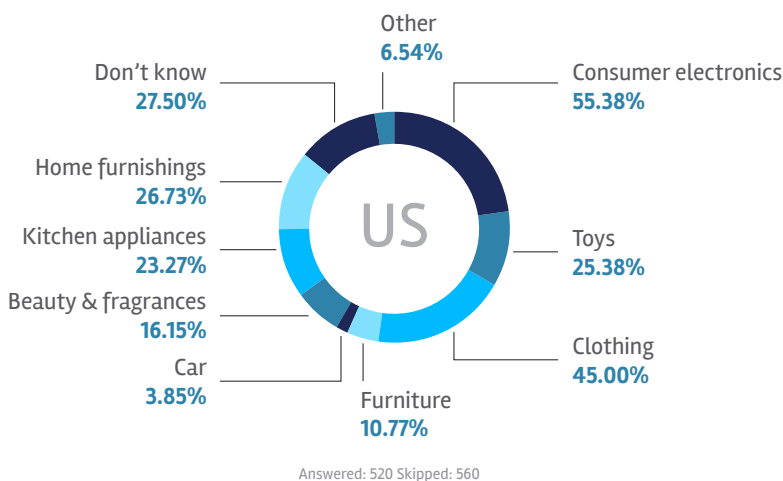
Asked to think about the way they use tablets for online shopping, it is the least liked device for shopping, despite its larger screen. However, this benefit also stops consumers using tablets on the move and could be a reason why they are not more popular. 61% of US and 70% of UK respondents stated that the tablet was second best for 'getting ideas,' but this was the only time it moved from the bottom of the pile.



# KEY FINDINGS: WHERE ARE CONSUMERS GOING TO SPEND?

Looking at where consumers will spend their money during Black Friday 2016, consumer electronics continues to be king, with 55% of US and 49% of UK shoppers saying this will be a key category in which they are looking to make purchases. Second place has been held by clothing in the US and UK with 45% and 38% respectively. For the US, home furnishings took third position, with beauty and fragrances preferred in the UK. While consumer electronics and clothing are the usual suspects for Black Friday Shopping, combining home appliances and furniture under the heading of 'home furnishings' suggests a growing area. Given these areas tend to be shopped for online rather than in-store, it is certainly a category that we can expect to see gain strength in future digital shopping waves.

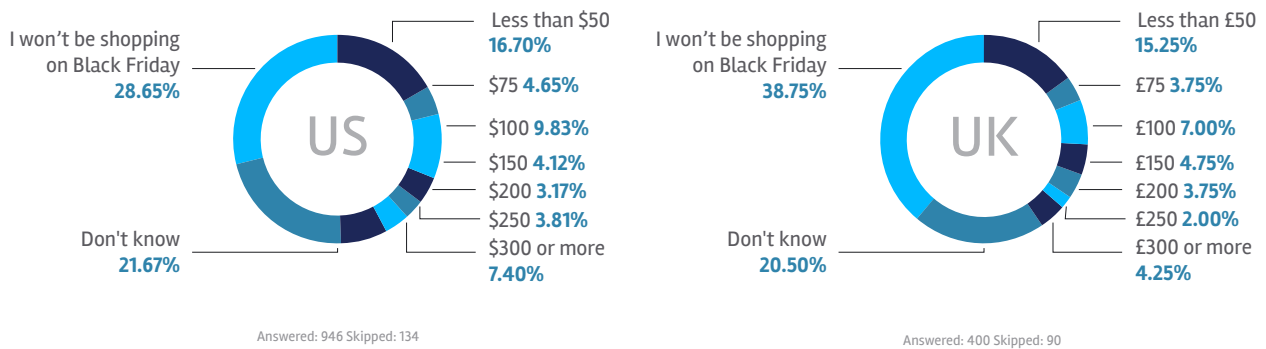
## Black Friday Shopping Category Preferences in the US and UK



## LOOKING AT INDIVIDUAL ITEM SPENDING

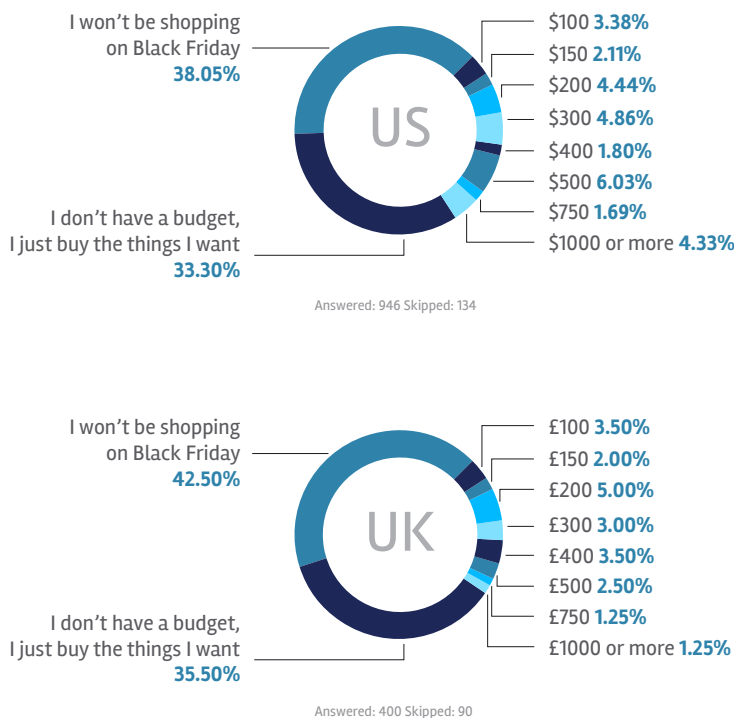
Understanding the relationship between attitudes to pricing and consumer category preferences is essential for any retailer looking to capitalize on Black Friday sales. Pricing consumers out of a key category may stop them visiting you at all. Getting this right, however, may encourage customers to stay and browse the site for items in other categories. For example, 15% of consumers have said they plan to spend under \$50 (or £) on individual items purchased across Black Friday. Therefore, holding the right level of stock at the lower price points in key categories could draw more shoppers, making a huge difference to a retailer’s Black Friday success.

### Black Friday Budget for a Single Item in the US and UK



Generally speaking, budgets for the 2016 Black Friday season are relatively low. For those that have planned a budget in the UK, 11% plan to spend £200 or less in line with the US where 10% plan to spend \$200 or less. The highest budget response was in the US, where 6% have a generous planned budget of \$400–\$500. In contrast, the UK’s highest budget was £150–£200 from 5% of respondents.

### Total Black Friday Budget in US and UK



# CONCLUSION

With only 4% of US and 7% of UK shoppers saying they will do most of their shopping in stores, it is clear that physical stores need to innovate. The research highlighted that consumers consider the Black Friday experience stressful and inconvenient compared to getting online. The physical store is not dead, but struggling. Therefore, retailers need to find new and attractive ways to draw consumers into their stores, using data-driven insights to inform the buying, assortment, and promotional activities to maximum effect across all channels, giving customers a great experience and drawing them back into the stores.

Retailers can use data they hold to offer better customer service and a personalized experience based on shopper habits, such as recommendations influenced by previous purchases. Other examples could include sending campaign messages one or two days before Black Friday to nearby consumers or leveraging mobile payments to entice shoppers into stores, while relieving their chaotic nature. In addition, retailers should consider taking the success of the Amazon Prime Days to create a Prime Day for their own online marketplace store, with special promotions and offers.

Black Friday certainly is not about to disappear. But retailers need to take note of behavioral changes taking place in consumers, and experiment with new models of omnichannel shopping. Making these fundamental changes is not easy and requires organizations to overcome significant technology and organizational challenges for them to be successful – but making those changes will be key to their future.

## About Periscope™

Founded in 2007, the Periscope™ By McKinsey platform combines world-leading intellectual property, prescriptive analytics, and cloud-based tools with expert support and training. It's a unique combination that drives revenue growth, both now and into the future. The platform offers a suite of Marketing & Sales solutions that accelerate and sustain commercial transformation for businesses. The company leverages its world-leading IP (especially from McKinsey but also other partners) and best-in-class technology to enable transparency into big data, actionable insights, and new ways of working that drive lasting performance improvement and a sustainable 2–7% increase in return on sales (ROS). With a truly global reach, the portfolio of solutions comprises of: Insight Solutions, Marketing Solutions, Customer Experience Solutions, Category Solutions, Pricing Solutions, Performance Solutions, and Sales Solutions. These are complemented by ongoing client service and custom capability-building programs.

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