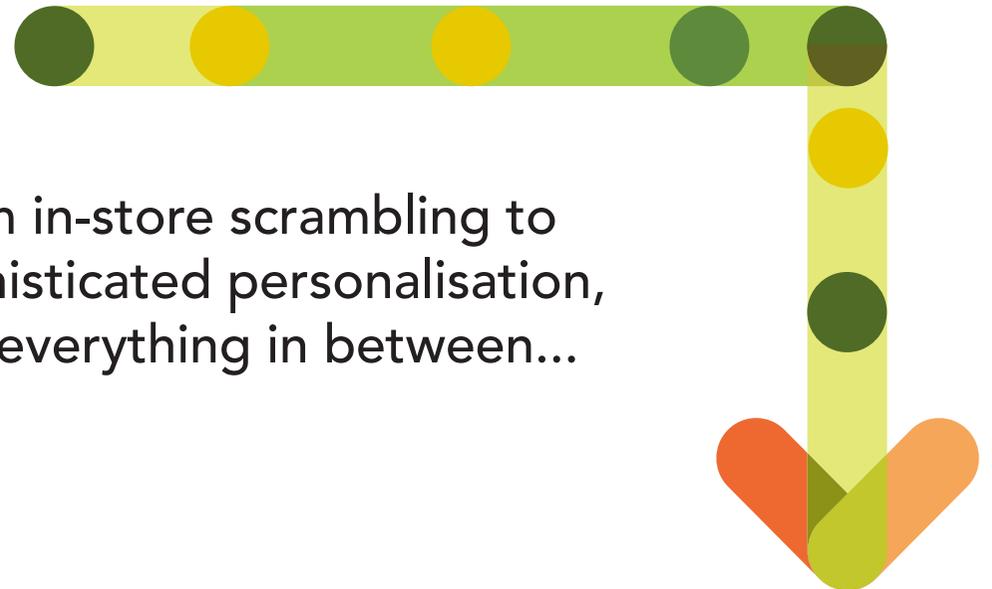


are we **taming**
the **Black Friday**
beast?



From in-store scrambling to sophisticated personalisation, and everything in between...

a collective sigh of relief.

The figures are in and it's official, on paper at least: Black Friday 2015 was both more profitable and less painful than 2014, particularly for online retailers.

According to technology publication IProPortal, Black Friday resulted in a record-breaking £1 billion for ecommerce sales – that's an increase of more than 30% over the previous year.

But it wasn't all plain sailing.

With retailer infrastructures stretched to the limit, many

shoppers across the UK were left disgruntled. We talked to 2,000 of them to hear their expectations in the build up to the event – and how well those expectations were met after the big day.

Looking at the results, it seems like retailers have learnt valuable lessons from the mayhem of 2014's flash sales. But they certainly haven't earned the right to rest on their laurels.

With savings to be made on everything from delivery to staffing to product range, we've taken a look at the study's key findings to help retailers prepare for this year's peak season.

2014

Retailers have learnt valuable lessons from the mayhem of 2014. But they certainly haven't earned the right to rest on their laurels.





77%

With more than 77% of respondents saying they plan to buy again this year, that's a lot of expectations to meet.

Black Friday 2015 - the aftermath.

Love it or hate it, the phenomenon that is Black Friday is here to stay – for now at least.

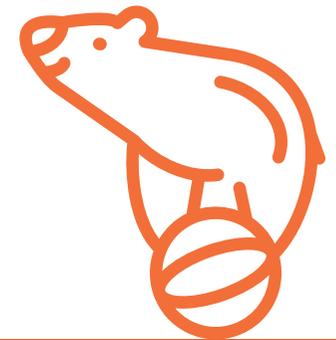
At Electio, we were keeping a close watch on The Guardian's live Black Friday blog. The images and anecdotes that flooded in throughout the day showed that most people seemed happy with their purchases and with more than three quarters (77%) of our respondents saying they plan to buy again this year, that's a lot of expectations to meet.

And let's not forget the potentially huge amount of lost business for the small number of retailers who have scaled down their Black

Friday offerings or pulled out of the event all together – Asda being the most notable example.

For others, it was just a case of making sure they weren't caught short. It was a refreshing change from 2014's Black Friday to not see a steady stream of high profile CEOs in the news slating the event and how bad it is for business.

should retailers be saying no to Black Friday?



But while they might not all air it in public, the jury's still out with many retailers.

Speaking after Black Friday 2014 Mark Bolland of M&S said: "If consumers like to shop in that way more, I think as retailers we have to find answers for it." Cut to a quite different resignation speech one year later: "Retailers should turn their back on Black Friday. It has not done British retail very good to just put things out at half price and it isn't having an overall positive effect on the overall profitability of British retailers".

No mention of what the customer wants here. And most retailers have realised they need to deal with Black Friday better, rather than denying consumers completely.

Delivery company Hermes, which experienced one of its best weekends on record, processing more than 4.8 million items without trouble – up 34% on 2014 – pinned its success on the preparation beforehand. Carole Woodhead, CEO, said: "Despite the massive increase in volumes this year we coped well as a result of our investment and our intensive planning."

It was obvious UK retailers learnt one lesson in particular – never to over-promise and under deliver.

The next phase is to acknowledge what retail analyst IMRG calls the 'evolving phenomenon' of Black Friday.

So, while **2014 was all about elbow barging and scrambling for deals in store, 2015 was the year of ecommerce**. But what will happen in 2016 can't be set in stone, with IMRG stating that **'the thing that has perhaps come to best characterise Black Friday is its capacity to surprise'**.

But if, as the analyst firm claims, Black Friday hasn't settled into a reliable pattern yet – how can retailers make peak time experiences even better this year?

give the people what they want.



But ultimately it all still comes down to that fundamental retailing principle – give the customer what they want, when they want it.

Our study, conducted among consumers who were committed to buying on Black Friday 2015, looked at key preferences and behaviours like:

- What prompted their online splurge – price, products or discounts
- How they chose to get their item – click and collect, next day or locker

- How they did their browsing and buying – in-store, online, or mobile
- The sector they were buying in – electrical, clothing, homeware

After it was all over, we went back to shoppers to find out whether products and prices lived up to expectations, if their delivery and returns options hit the spot, how they made their purchase in the end – and crucially, whether they would buy again this year.

Here's what they said:

Overwhelmingly the research showed that understanding customers, including where and how they plan to shop, is key to getting the most from peak selling days.

For all of the consumers who planned to shop on Black Friday, sale price, product choice and percentage discount were the three most important factors to them in deciding to hand over their hard-earned cash.

But aside from these obvious common denominators, let's not forget the significant differences we discovered between genders, regions and age groups when it came to what people expected from their retailers' delivery and returns policies. Tapping into these preferences is vital to help retailers improve the individual customer experience while stripping out unnecessary costs.

reserving the right to change their mind.

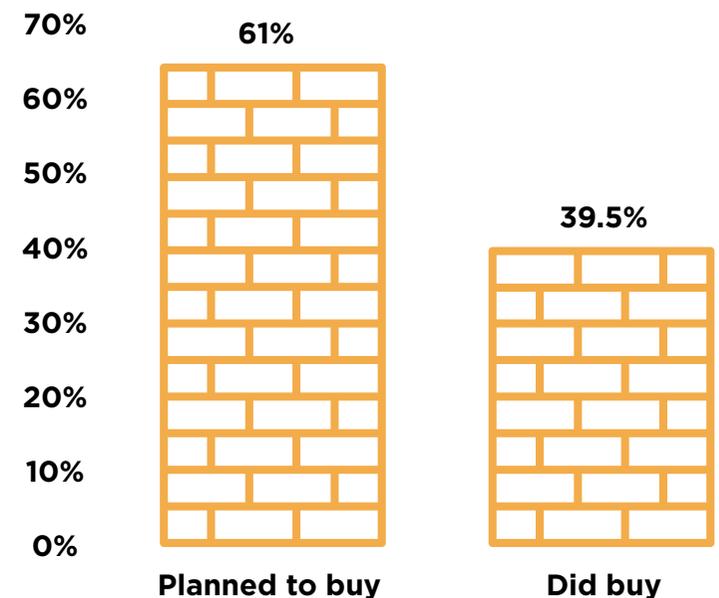
While Asda avoided the mayhem of 2014 completely, major high street players like Debenhams braced themselves by filling their floors with hundreds of extra staff.

Yet customers only trickled in. The bricks and mortar retailers spent huge amounts on additional in-store manpower, only to find stores quiet as consumers turned to the internet to spend a record £1 billion online.

We found that while almost half (61%) had said in advance that they planned to spend in-store, when it came to the day itself, less than two in five (39.5%) actually made the trek out to the shops.

As for the difference between perception and reality, mobile took a hit last year. With one third (32%) of consumers planning to shop on a smartphone, just 19% actually did so when the day came round. This is almost certainly due in part to the quality and responsiveness of mobile ecommerce sites.

shopping in a bricks and mortar store



different products for different channels?

But there are so many variables – it's almost impossible to pin down exactly why customers didn't head to the high street.

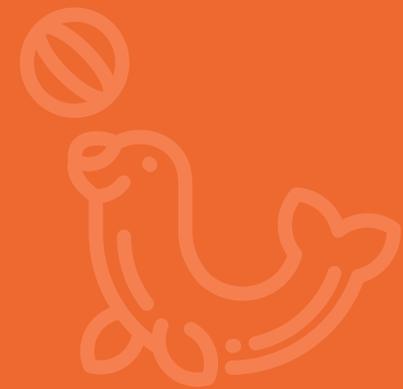
Could it be the fact that the cloudy but dry Black Friday of 2014 got people out of the house and office, while last year's rain and strong winds kept shoppers at bay?

Or how about the possibility that consumers had planned to head out when they got home from work on the Friday evening, but feared missing out during the day?

This is a real shift in attitude. And who knows – it could even indicate how people will engage with Black Friday retailers in future. Maybe it will force retailers to differentiate online and offline offerings in order to drive more people back into their stores? We'll see.

It's difficult to accurately predict consumer behaviour but being prepared across all channels is key. In 2016, we'll see more of a need to look at the demographics of those shopping online rather than in-store and examine how well retailers are catering to those customers' preferences.

It's difficult to accurately predict consumer behaviour but being prepared across all channels is key.



1 in 5

**One in five
websites
crashed before
9am.**



websites buckling under the strain.

Last year there were certainly winners and losers when it came to dealing with the big rise in online demand.

And big numbers at play. Very.co.uk sold a games console every four seconds, with a huge surge in website traffic from 7am, while Currys PC World sold 30 televisions per minute online.

ITProPortal's figures showed that while most retailers were prepared for this, their IT still buckled under the strain at times. **One in five websites crashed before 9am** and scalability remained a big issue.

Pages on Argos' website were taking almost four seconds to load and the entire site was unavailable for at least 20% of the time. In contrast, Amazon, John Lewis and Boots enjoyed 100% availability. And with Amazon managing to sell more than 7.4 million items, dealing comfortably with both demand and logistics, the bar has been set incredibly high.

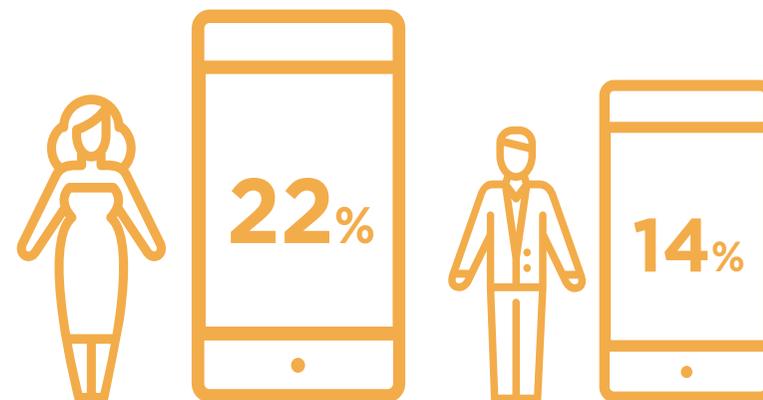
form an orderly online queue.

For some, online queueing might be the answer, having made its first proper debut on the ecommerce stage during Black Friday last year - Currys put shoppers in a virtual line to regulate traffic.

In coming years demographics could go on to play a huge part in who we serve first online.

Gender, for example, has been a significant factor in the path to

purchase. Desktops and laptops are preferred by men, while women are more likely to shop on a tablet or phone than their male counterparts. From a design and usability perspective, retailers need to make sure their sites offer the best possible functionality and experience on the most relevant platform. After all, if they understand their customer's preference in terms of product and device, they'll gain a great opportunity for personalisation and targeting.

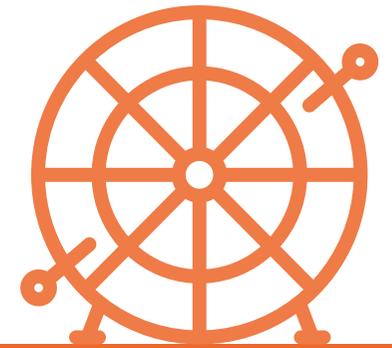


22% of women shopped on a smartphone compared to 14% of men.



61% of men shopped on a laptop compared to 49% of women.

your customers love it. so you need to learn to love it too.



What can we learn?

We're now able to say with some confidence that the majority of consumers have embraced Black Friday. Those retailers that choose to ignore it in 2016 do so at their peril. But as it continues to evolve, it's imperative to understand consumer expectations.

- How and what are your customers buying?
- How does that change based on their gender, age and location?
- Hand on heart, would your customers feel completely happy with their experience across online, mobile, on the phone or in-store?
- **A one-second delay in load time can lead to a 7% loss in conversions** – is your infrastructure ready for the big day?

**A one-second
delay in load
time can lead
to a 7% loss in
conversions.**

can you fulfil delivery expectations?

There's plenty of good news out there. Particularly around delivery, which performed well in 2015.

Almost nine in ten Black Friday shoppers were happy with their delivery experience this time around. This has set a high standard for 2016. Take heed of the one in ten who were left dissatisfied, though. These will be the customers putting particular pressure on the retailers to get things right this November.

Retailers must continue to meet these expectations, especially when they take into account how dramatically they vary depending on demographics. Our research showed that **while delivery is crucial, some consumers will be flexible for the right price.**



**While delivery
is crucial, some
consumers will
be flexible for
the right price.**

time is of the essence... for some at least.

Almost half of consumers are prepared to wait longer for their order if they're happy with the discounted price.

But don't think all shoppers agree – **less than one quarter (22.1%) of over 65s said they were prepared to wait.** It's a huge, huge drop from the two thirds of 25 to 34-year-olds who said they're willing to be patient in return for saving some cash.

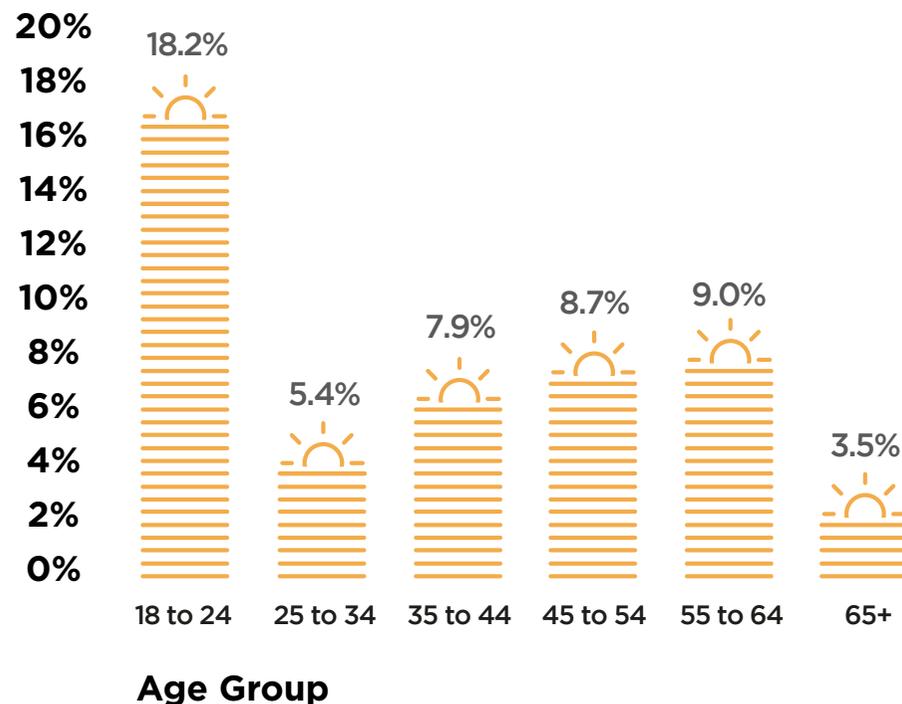
Those aged 18-24 will wait even longer, with almost one in five saying they would happily wait for more than one week.

But, tied into that demographic is a greater likelihood of returning

goods, with two in five (43%) admitting they might end up changing their mind post-purchase. And let's not forget discounts, too – this age group expects the most – a quarter (27%) wanted to see the price they pay halved, compared to an average of just 15% discount.

These differences in attitude towards delivery could have a significant impact on strategies for those retailers catering to older or younger audiences.

who will wait more than 7 days



different horses for different courses.

What can we learn?

It's really not as simple as just presuming all customers want the same thing. Or even that those in different demographic groups want the same thing. What we've learnt – and what we're learning – is that expectations on delivery are fluid.

- Customers, on the whole, were happy with their Black Friday delivery experiences. But they'll expect the same and more this time round – retailers need to go above and beyond
- Don't presume we're all the same. Different groups

will want different things, and retailers need to learn whether delivery speed, cost or convenience is a priority

- **Make sure deliveries to over 65s get to them quickly**, for example – but **prioritise cheaper, no-rush delivery for 25 to 34-year-olds**
- **18 to 24-year-olds might be the most patient on waiting for deliveries, but they make up for it with their buy now, decide later mentality**

18 to 24-year-olds might be the most patient on waiting for deliveries, but they make up for it with their buy now, decide later mentality.



is the end in sight for free next day delivery?

We found that while free next day delivery is still important, it might not always be necessary.

Acknowledging this could have huge financial implications for retailers.

There's a widely-held assumption that free next day delivery is what every customer craves. But in reality, being given clear alternative options is often considered equally important.

This shows changing attitudes moving beyond a honeymoon period for free next day delivery and towards convenience. An understanding of these

expectations may point towards other ways of providing delivery.

This is an important mindshift for retailers who, in recent years, have been cutting margins to get products to their customers faster. While we're not there yet, we've found **retailers might not need to squeeze profits to provide free next day delivery for customers who don't ask for it.**

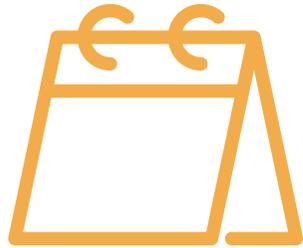
Consumers are putting convenience as high on their shopping wish lists as speed – and the two aren't necessarily the same thing. That's why choice benefits both parties.



Retailers might not need to squeeze profits to provide free next day delivery for customers who don't ask for it.



8.6
Next Day



7.8
Nominated



8.0
2-5 Day



7.0
Click & Collect

Preferred Delivery Options

are you speaking the same language?

In the rush to provide a plethora of delivery choices, consumers have become confused over which option best suits their needs and pockets.

So, do consumers not trust carriers to stick to their nominated day promise, or do they simply not understand the phrase? Is it clear enough on your website what each option represents?

It's crucial to communicate choice effectively and the responsibility of the retailer to explain clearly what each delivery option represents. Take 'nominated day' delivery, for example – we found a clear lack of understanding. The assumption is that consumers want convenience, yet our **respondents rated delivery within 2-5 days as more important than nominated day.**

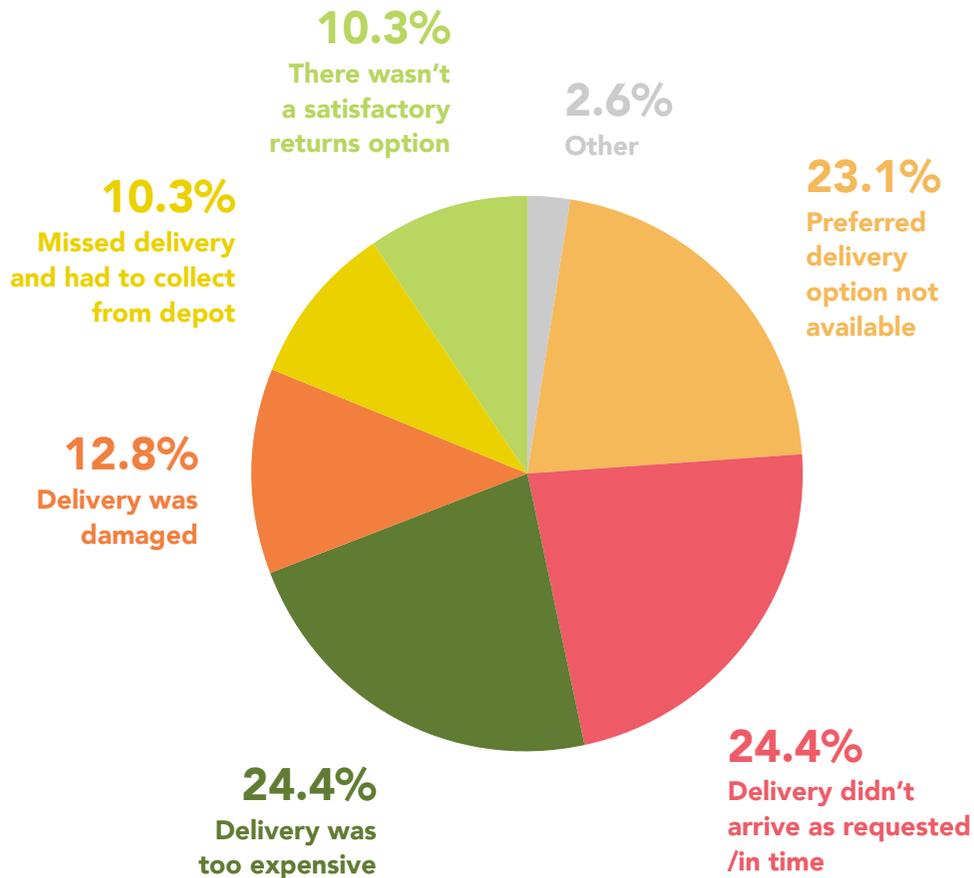
if you could save money why wouldn't you?

What can we learn?

- Don't presume consumers are clued up on the lingo of delivery – even phrases like click and collect and nominated day aren't universally understood just yet
- Reconsider offering free next day delivery as standard, to consider whether click and collect, locker delivery or nominated day suit the customer better
- Don't believe that speed is always more important than convenience – people will wait if you're able to fit the delivery around their lives

**Don't presume
consumers are
clued up on the
lingo of delivery.**

delivery bugbears.



Of all the consumers who were left unsatisfied with their Black Friday experience, cost of delivery was named as the biggest gripe for shoppers.

It's a clear indication that delivery still needs to be seen as value for money. Yet items not arriving when expected is another major irritation. **Retailers have a huge opportunity to make gains by improving their communications policies** and making sure that customers are kept informed throughout the delivery process.

With almost one quarter (23%) of respondents also citing 'preferred

delivery option not available' as a significant annoyance, it shows consumers do want choice. Free next day delivery is not the be all and end all.

Technology has come on leaps and bounds in the past few years – in everything from making click and collect and locker delivery a possibility to facilitating the delivery of products from A to B within the hour. Communication, naturally, has become a huge part of this evolution too, with shoppers demanding to be kept up to date with every step of their parcel's journey. Retailers need to recognise these changed goalposts and **use innovation in technology to match consumer expectations.**

who's returning
their purchases?

29%
women

18%
men

43%
25-34yrs

5%
of 65yrs +

39%
of South East shoppers

5%
in Wales

a better road to returns.

It's not all about the one-way process.

As many as one quarter of all respondents plan to return an item, with the figure rising to 29% for female buyers and 43% for 25-34 year olds.

Providing clear returns options is way more important than retailers realise. Policies are often not prominent enough on retailers' websites, despite the huge number of shoppers who admit they're planning to return an item.

In fact, **having clear returns options was ranked more highly by consumers than delivery options** in our research – yet we're faced with the situation where delivery options

are generally much easier to find and navigate.

Retailers must use returns to their competitive advantage – especially when more than 10% of those unhappy with their Black Friday experience cited a lack of satisfactory returns options as the reason.

For those wanting to buy during Black Friday 2016, an improvement in delivery and returns options could be the key to retention. And while we're at it, let's ditch the outdated idea that hiding returns policies stops the return. It doesn't – it stops the purchase. Retailers need to start thinking of returns as an opportunity to get people back into store or online and convert that loss into a sale again.

what are your customers buying?

52%
of men were planning on buying electronics compared to

The words 'customer centric strategy' are bandied around a lot, but what do they mean?

Simply – creating a positive consumer experience both at the point of sale and post-sale. But the crux of it, putting the customer at the heart of operational decision-making has always been central to retail. It's no secret that harnessing consumer insight has always helped businesses make better decisions.

In the study, we found examples of significantly different buying behaviour. Electricals emerged as the most popular purchase

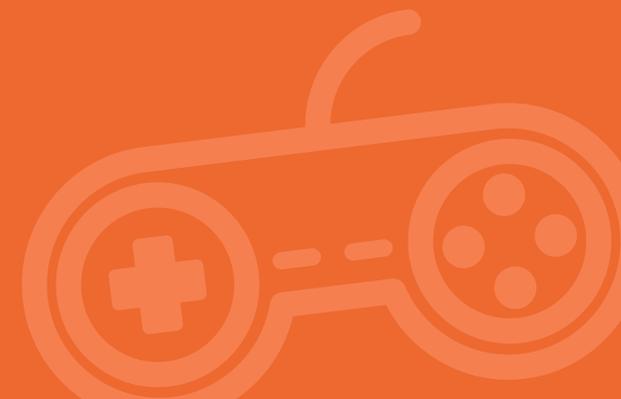
category during Black Friday last year, with the male (52%) appetite for gadgets grossly outweighing their female (35%) shopping counterparts. Looking deeper into the research shows that men are the most likely to purchase an electrical item. When you tie these preferences in with age groups to get a better understanding of how long they're prepared to wait, you've got some pretty powerful insight that could lead to significant savings on delivery.

Think forward to repeat business. Just under one third of respondents said they bought something as a treat that they wouldn't have purchased otherwise. This equates

to a considerable amount of **impulse buying** – and a very **compelling reason to embrace Black Friday**. For electrical retailers targeting men, for example, it's big news.

It's likely that these customers will return if the experience is right. Black Friday could really hold the key to stimulating further sales or equally provide an opportunity to promote a different product mix.

35%
of women



the devil's in the data

What can we learn?

- Don't make decisions for your customers. Giving them choice isn't just good for them, it makes financial sense too
- But be super clear on what each option means to them – for example how long do they have left to order if they want their item before the weekend?
- Take a long hard look at your returns policy and how it's presented on your site. If you can't find it or understand it quickly then you might want to reconsider how highly you're prioritising returns
- And just like delivery and purchasing, brands must understand the behaviour of their key demographics when it comes to returns
- Look at sales data to analyse which products are the most attractive to impulse buyers and which are most likely to encourage repeat purchases. Push these to max on peak selling days.

**Don't make
decisions
for your
customers.**

keep asking questions

There's no 'one size fits all' approach when it comes to consumer preferences.

**Says Andrew Hill,
commercial director at
Electio**

We've done a good job at rebranding Black Friday from the rampant consumerist icon of 2014 to the civil and mature shopping event we saw last year.

And Black Friday will continue to evolve – just look at the shift from in-store to online in 2015 and the changes in consumer behaviour across devices. With sales topping £1 billion it also can – and should – be extremely lucrative for retailers when it returns later this year.

But retailers must ask questions of each sale and use that knowledge to tailor product choice, platform experience, delivery and returns. This is win-win on value for both the customer and the business.

- What are my key demographics?
- What are they most likely to buy?
- How much do they want to pay?
- How long are they prepared to wait?
- How likely are they to return the product?
- Will they come back?



survival of the fittest.

Insight like this is crucial for brands because it enables them to be flexible and respond to evolving consumer behaviour.

As our research clearly shows, there's no 'one size fits all' approach when it comes to consumer preferences around purchasing and delivery.

This is a growing challenge for retailers and the reason behind our decision to develop Electio. We created a delivery management platform capable of evolving in line with changing consumer demands, designed specifically with the 21st century shopper's ever-increasing delivery expectations in mind.

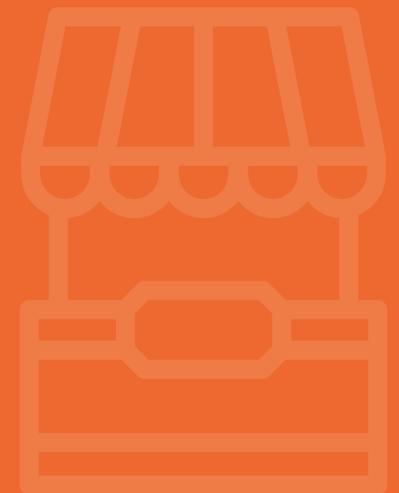
Retailers performed well last year

and clearly moved on from 2014. But there are still noticeable gaps when it comes to delivering what customers want, when and where they want it, and at what cost.

Ecommerce brands have seen their margins squeezed savagely as they bid to compete on delivery. But things are looking better for them – our study showed consumers are prepared to wait if the price is right and if delivery options are communicated clearly.

Today's retailers want to work with progressive technology companies that understand the issues they face. That's why we embrace a customer centric approach. Electio reflects everything retailers have said they need in order to challenge the norm in delivery.

Today's retailers want to work with progressive technology companies that understand the issues they face.



about Electio.



Electio is the ground-breaking delivery management platform from MPD Group. It promises to:

Deliver on your customer promise

The technology enables you to offer a wide range of dynamically populated delivery options at checkout, based on your customers' location, preferences and time of day.

Speed up new carrier integrations

You no longer need to wait months for expensive development

resource to implement the new services you want to offer. Electio's latest SOAP API, supported by our industry leading SDK, ensures simple, rapid integrations.

Introduce more warehouse efficiencies

From selecting the right carrier service for each parcel you send, to managing all your carriers via one intuitive portal and providing real time business intelligence, your logistics operation will be set to handle more business with the same resource.

Proactively manage delivery exceptions

With standardised language, real time performance updates and a simple interface, your customer service team will be able to communicate with customers in the rare circumstances that their order is delayed or lost, before they hit social media to complain.

Want to talk to us about the research or getting your delivery right for Black Friday 2016?

Call us on 03300 555 284 or email hello@electiodelivers.com

About the research

Research was carried out by TLF Research in November & December 2015 (the 'Pre Black Friday' survey ran 23rd November - 26th November, and the 'Post Black Friday' survey ran 2nd December - 8th December). 1,000 respondents completed each survey.

The Leadership Factor Ltd are members of the MRS and adhere to the MRS Code of Conduct and Data Protection Act, and have ISO9001 for Quality and ISO27001 for Data Security.

www.tlfresearch.co.uk