



THE NEW DISCOUNTING PLAYBO%K

Rewrite the Black Friday rules



INTRODUCTION

Over the past couple of years there has been much for ecommerce retailers to feel unsure about. From pandemics to privacy updates, the goal posts haven't remained in the same place for long. However, amidst all these changes, there is one thing you can be absolutely sure of - the countdown for Black Friday Cyber Monday (BFCM) is on.

Before you think this is just another Black Friday ebook and go back to planning your discount strategy, take a second to hear us out. Because we've got big news.

New research we've undertaken tells us that this year, there's an opportunity to do things differently.

Not just to meet, but to beat customer expectations.

Not just to make sales, but to form long-term emotional connections.

Not just to acquire new customers, but to protect your profit margins and build customer lifetime value.

Settle in. It's time to find out how your shoppers really feel about BFCM and the discounting period. Welcome to the new discounting playbook.

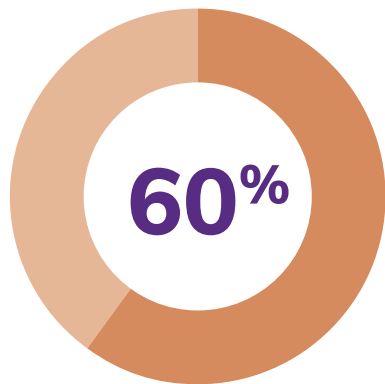


THE BLACK FRIDAY BAROMETER: SHOPPER SENTIMENTS UNVEILED

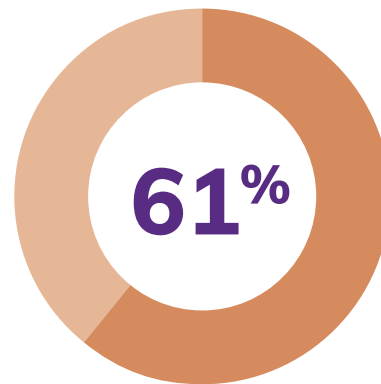
Once upon a time, Black Friday saw shoppers climbing over one another in the aisles to get the best deals. Today, it's a more sophisticated affair, with consumers patiently waiting to go online and bag a bargain. BFCM may have changed, but have consumer attitudes also evolved?

Unequivocally, yes. Although BFCM may still be a golden opportunity to acquire new shoppers, it can leave your existing customers feeling undervalued, underappreciated and deprioritized.

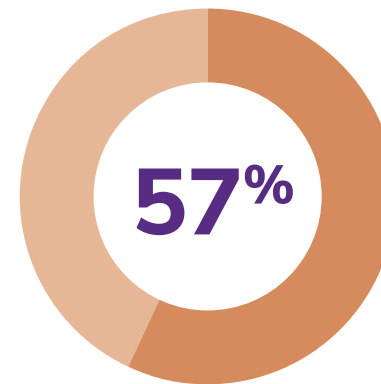
Once a feel-good Friday of deals, BFCM is now a month-long event that customers do not altogether trust. Yes there are some good bargains out there, but a worrying proportion of shoppers feel that the discounts aren't all they're cracked up to be.



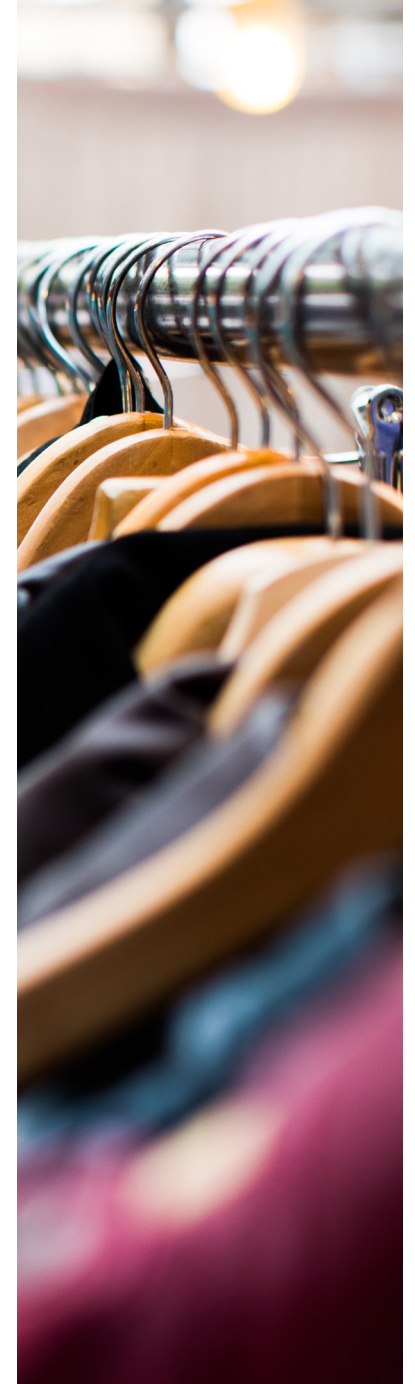
of consumers feel that **BFCM discounts are never as good as they expect them to be**



report that the **products they want aren't usually discounted**



feel that **BFCM discounts pressure them into making purchases they wouldn't otherwise**



More concerning than shopper sentiment towards discounts, is the negative feeling toward brands dishing out the BFCM discounts.

56%
of consumers **expect brands to push lower quality products** during BFCM

59%
feel that **brands focus on winning new customers** over making their existing customers feel special during BFCM

58%
say that the **deals and offers provided during BFCM impact their trust** in brands

60%
of individuals feel **brands care more about selling products over supporting causes** or living their values during BFCM

And it's not just about the brand, but the shopping experience too. Despite the months of planning that go into BFCM preparation and strategy, consumers still don't feel we've got it right.

59% of those surveyed feel that **brands don't do enough to prepare for the rush** of orders they'll receive during BFCM

59% say that **brands send too many promotional messages** in the run-up to and during BFCM

53% feel that **brands don't do enough to continue communicating** with them following a BFCM purchase

There is a short-term sales gain to be had during BFCM, but it could create longer-lasting pain, eroding emotional connections with your existing customers and limiting the customer lifetime value (CLTV) of the new ones you acquire. But what's the alternative?



THE BLACK FRIDAY OPPORTUNITY: ALTERNATIVES TO DISCOUNTS

To understand the opportunity that exists around this year's BFCM, we need to first understand the science behind discounting. There's a psychological thrill that comes with saving money. **One study**, published in the Journal of Consumer Psychology, found that consumers get feelings of excitement, pleasure, and happiness on receiving a major discount. **Researchers also found** that people who received a discount had a 38% increase in levels of the "feel-good" hormone, oxytocin.

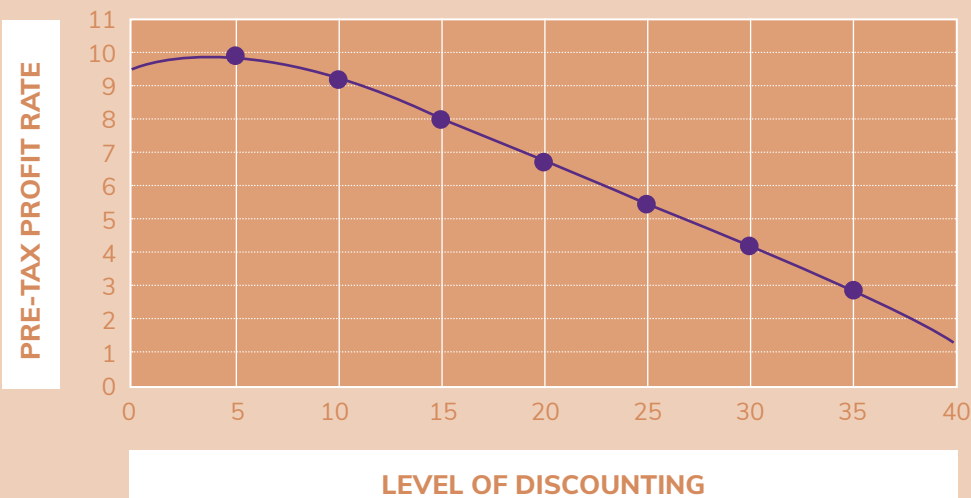
Despite this, Management Consultants, such as **Kevin Hillstrom**, have long told us of the quadratic-style relationship that exists between levels of discounting and profitability. Businesses with modest and infrequent discounting strategies are healthier than those caught up in a sale-driven approach that continues to erode CLTV with each year a customer shops at a discounted rate. Plus, reversing out of a discount-heavy strategy can result in a sales decline while customers who are used to lower prices reassess their options.



But what if we told you that you could reduce your reliance on discounting while replicating that surge of oxytocin and preventing a sales decline? In keeping with existing research, our data shows that consumers continue to lean into unconditional discounts.

76%

of those surveyed stated that they feel positively or very positively towards brands that offer them.



$s = 0.09451962$
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Figure 2. Source:
Kevin Hillstrom:
MineThatData

However, they reported feeling equally good about brands that offer alternative incentives that are less discount-driven. Consumers also felt positively or very positively about brands who offer them early access to sales (72%), or early access to new products (70%). Over three-quarters (81%) reported feeling positively or very positively towards brands that offer free or discounted shipping.

Shoppers also showed extremely positive sentiments towards birthday special offers, loyalty points that they can redeem against future purchases, and the opportunity to contribute to a charity or initiative aligned to their personal values.

76%

feel positively or very positively about brands who offer unconditional discounts

77%

feel positively or very positively about brands who offer loyalty points they can redeem against future purchases

72%

feel positively or very positively about brands who offer early access to sales

70%

feel positively or very positively about brands who offer early access to new products

81%

feel positively or very positively about brands who offer free or discounted shipping

63%

feel positively or very positively about brands who offer exclusive content

67%

feel positively or very positively about brands who offer the opportunity to contribute to a charity or initiative aligned with their values

55%

feel positively or very positively about brands who offer membership to a private community

This may feel less relevant over a sales period, when shoppers are primed and ready for deals and discounts. However, when survey respondents were specifically asked which incentives would be most likely to push them to purchase over BFCM, alternative incentives including early access to sales or new products, loyalty points and, free or discounted shipping all remained as likely to drive sales as unconditional discounts, with other alternatives not far behind.



- 76%** | said a discount was likely to get them to purchase over BFCM
- 73%** | said loyalty points were likely to get them to make a purchase over BFCM
- 70%** | said early access to sales was likely to get them to make a purchase over BFCM
- 69%** | said early access to new products was likely to get them to make a purchase over BFCM

- 76%** | said free or discounted shipping was likely to get them to make a purchase over BFCM
- 59%** | said exclusive access to content was likely to get them to make a purchase over BFCM
- 62%** | said the opportunity to contribute to a charity or initiative aligned with their values was likely to get them to make a purchase over BFCM
- 54%** | said membership to a private community was likely to get them to make a purchase over BFCM



It's not just at the point of purchase that these alternatives to discounts can come into play. They can promote the same positive reaction at multiple stages of the customer journey.

Customer journey stage	Discount	Birthday offer	Loyalty points	Early access to sales	Early access to new products	Free or discounted shipping	Exclusive content	Charitable initiatives	Membership to a community
Return after abandoning a purchase	71%	69%	68%	66%	64%	69%	58%	60%	56%
Return to make a purchase after I haven't in a while	71%	70%	69%	67%	65%	69%	59%	61%	56%
Sign up to a subscription	62%	60%	63%	61%	59%	62%	54%	55%	53%
Join loyalty program	59%	67%	69%	65%	63%	65%	57%	60%	54%

Alternative incentives can be just as effective as discounts in encouraging customers who have abandoned their carts to return, winning back at-risk customers who haven't visited the site for a while, and encouraging customers to make a commitment in the form of either starting a subscription or joining a loyalty program.

THE BLACK FRIDAY PLEDGE: MOVING AWAY FROM MASS- DISCOUNT MARKETING

To recap, in 2021 we know two things:

- **Consumers are not enamored with BFCM. They no longer trust brands to deliver good discounts, or to put their interests first during the sales period. This does untold damage to your long-term customer relationships.**
- **Consumers do value discounts, but alternative incentives promote equally positive sentiments. These alternatives could be incorporated into your marketing strategy to reduce reliance on discounts, and protect your profit margins.**

Discounts undoubtedly have a place in your strategy. They deliver a hit of good-feeling and get customers through the door - particularly at times like BFCM. However, they also leave you on the back foot, with customers who are less likely to return and make future purchases at full price, or take the time to build a bond with your brand.

This BFCM, the winners will be the brands who look to the long-term: strategically deploying alternative incentives alongside discounts to drive sales and demonstrate that customers are valued at a time when they've told us they typically feel otherwise.

Whether that's offering the most valuable customer cohorts early access to sales or new products, offering free or discounted delivery to those who have abandoned their carts, or encouraging existing customers to start a subscription with additional loyalty points or the ability to contribute to a cause they care about.

If this seems more complicated than your standard BFCM promotional plan, that's because it is. However, this approach will pay dividends in the long run. Why?



Rather than being seen as another brand with blanket discounts, you'll be the brand that delivers great experiences that shoppers didn't expect this BFCM. This will help you kickstart long-term relationships that result in repeat purchases, higher average order values and a greater degree of advocacy.

This year, rather than purely eating into your profit margins, balance the impact of BFCM discounts by using alternative incentives to build customer lifetime value and create emotional connections.



IN CONCLUSION

Our research shows that consumers expect discounts over BFCM, however they also expect a negative shopping experience. This year, let's rewrite the Black Friday rules and surprise them.

Offering alternatives to discounts can promote equally positive sentiment towards a brand, AND drive BFCM sales. Substituting discounts for alternative incentives at strategic points in the customer journey could reduce your reliance on discounting, and help you build stronger, long-term customer relationships that keep your profits and your customer lifetime value high, all year round.

Looking for more tips on optimizing your BFCM strategy? Stay tuned for the next installment of the new discounting playbook, featuring tips and tricks from ten ecommerce experts.

To discuss updating your discounting strategy with one of the LoyaltyLion team, visit loyaltylion.com.



About LoyaltyLion

LoyaltyLion is a data-driven loyalty and engagement platform, helping fast-growth ecommerce merchants power longer-lasting relationships and sustainable growth. Our unique combination of best-in-class technology and dedicated loyalty expertise helps thousands of Marketers drive more revenue from highly-engaged, highly-valuable customers.

About the research

This research was conducted by Censuswide, with **4,023 consumers in the US and UK** who have browsed or shopped with an independent, online retailer in the **past twelve months aged 16+ between 03/08/2021 - 09/08/2021**.

Censuswide abides by and employs members of the Market Research Society which are based on the ESOMAR principles.



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