

# Black Friday 2017 Shopping Report: Consumer sentiment is riding high



An annual survey to better understanding changing consumer attitudes to Black Friday and explore how they plan to shop for the 2017 season

 **Periscope**<sup>®</sup>  
By McKinsey

# Executive summary

Marking the unofficial start of the Christmas shopping season, Black Friday falls on the day after the American Thanksgiving public holiday – a day when US retailers traditionally offer hefty discounts designed to tempt families into stores to pick up bargains.

In recent years, UK retailers have followed the lead of their US counterparts, offering in-store and online promotions and deals designed to capture the imaginations and wallets of consumers in the run up to Christmas.

This year's Black Friday shopping extravaganza falls on 24 November 2017. As retailers on both sides of the Atlantic prepare to gear up for the event, the Black Friday 2017 Shopping Report provides deep insights into consumer expectations surrounding Black Friday – alongside a detailed snapshot of their shopping intentions and potential behaviors on the day.

## **This year's survey examines:**

- Consumer sentiment toward Black Friday – whether consumers intend to shop and, if so, their motivations for doing so
- The top product categories consumers propose to shop – evaluating what's trending with consumers and how much they anticipate spending compared to last year
- Online, in-store or both – fuelled by the drive to get a bargain, will the convenience and ease of digital channels win out over shopping in the physical store?

This is the second year that Periscope by McKinsey has polled consumers to evaluate how they plan to shop on Black Friday.

In this year's survey we've gone deeper than before. As well as asking consumers to share their views around personalized marketing, we also explore if the 'buy online, pick-up in-store' omnichannel proposition is likely to incentivize consumers into making an online Black Friday purchase with one retailer over another.

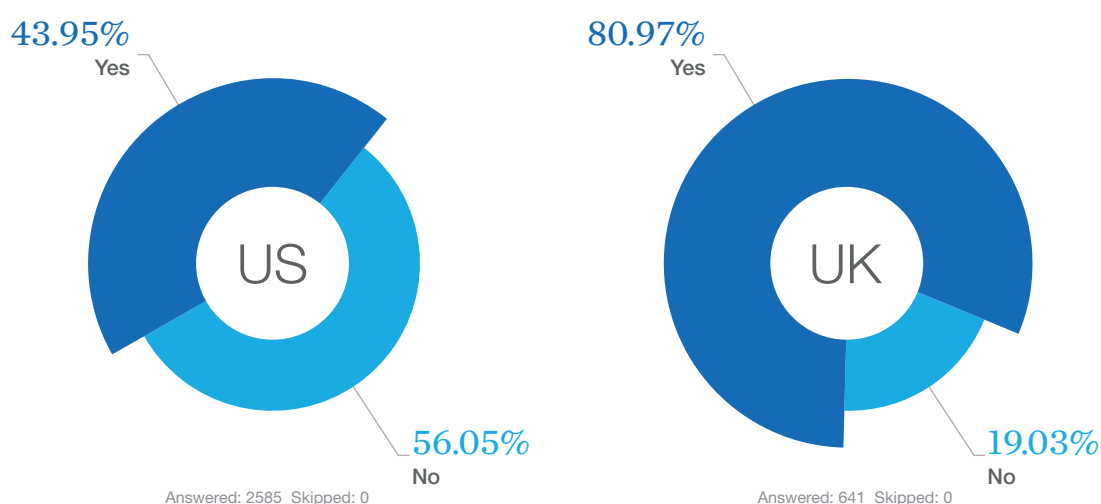
As the industry gets ready to jump-start this year's Black Friday preparations, the findings of the Black Friday 2017 Shopping Report deliver clear predictions on how shoppers will behave on the day, together with actionable insights that can help retailers leverage potential revenue opportunities on what has become one the most significant shopping events of the year.

# Key findings: consumers are more motivated to shop

## Deal fever grips consumers – with UK shoppers most enthused

The findings from this year's survey<sup>1</sup> indicate that consumer expectations around Black Friday are riding high. Of the 3,226 respondents (2,585 from US and 641 from UK) who originally participated in the survey<sup>2</sup>, almost half (44%) of US consumers confirmed they will be shopping this Black Friday – compared to just 26% who signalled they planned to participate in 2016 and 23% who were undecided.

### Are you planning on shopping for the “Black Friday” deals during the period after Thanksgiving this year?



The popularity of Black Friday in the UK, however, has spiked considerably. An impressive 81% of UK consumers said they intend to shop this Black Friday – compared to just 22% who anticipated getting involved in 2016 and 30% who were on the fence. So, what's driving this stark jump in intent on both sides of the Atlantic?

<sup>1</sup> In October 2017, Periscope conducted online research to understand consumer attitudes toward Black Friday 2017 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 samples were equally weighted between male/female respondents in both territories.

<sup>2</sup> The survey polled a total of 3,226 consumers of whom 1,552 respondents (1,136 US consumers, 510 UK consumers) qualified as planning to shop for Black Friday deals.

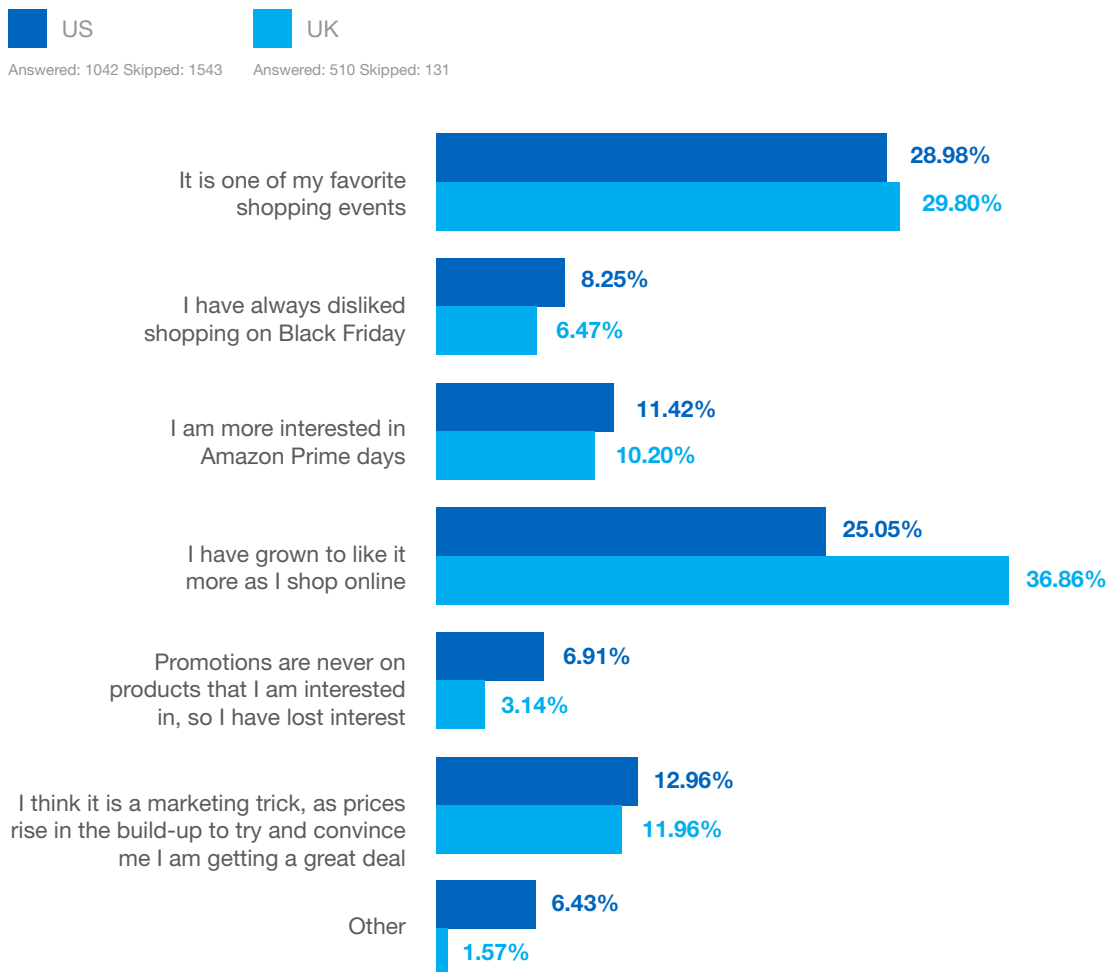
Despite weak wage growth and higher inflation, UK consumers are defying expectations and continuing to spend – for these cash-pressed consumers, Black Friday may represent an opportunity to make big ticket purchases at discount prices and get Christmas gift purchases underway. In the US, meanwhile, consumer confidence has been steadily returning and hit a five-month high in August 2017, buttressed by strengthening optimism about current business conditions.

## Consumer sentiment around Black Friday is encouraging – positive attitudes abound

Consumers appear to be embracing Black Friday as a shopping event to look forward to – especially those that opt to go online to make purchases.

Almost one-third of all respondents (30% of UK consumers and 29% of US consumers) said it was one of their favorite shopping events, with 37% of UK shoppers and 25% of US shoppers saying they’ve grown to like it more, shopping more online and avoiding the in-store crowds.

### How have your attitudes towards Black Friday changed in recent years?



This positive attitude also appears to have undermined previous consumer skepticism around the reality of the deals encountered during the event. Just 12% of UK consumers and 13% of US consumers expressed concerns that Black Friday was a marketing trick, with retailers artificially inflating prices prior to the event to convince shoppers they're getting a great deal.

This represents a considerable improvement in consumer sentiment compared to last year's survey, when cynicism surrounding Black Friday appeared to be rampant among US (28%) and UK (40%) shoppers. Either retailers are winning trust with more authentic offers that ring true with consumers and drive engagement – or consumers are becoming savvier at evaluating the true value of the deal options they encounter.

Worryingly, 7% of US shoppers and 3% of UK consumers say they've become disillusioned with the event since the promotions on offer are never on products they're interested in buying. As a result, they've lost interest in participating. If retailers are able to leverage known customer intelligence to deliver more personalized offers to engage these shoppers, then the incremental sales rewards could deliver an impressive boost to the bottom line.

## Shopper motivations: expectations of 'one-off' promotions and steep discounts drive buying behaviors

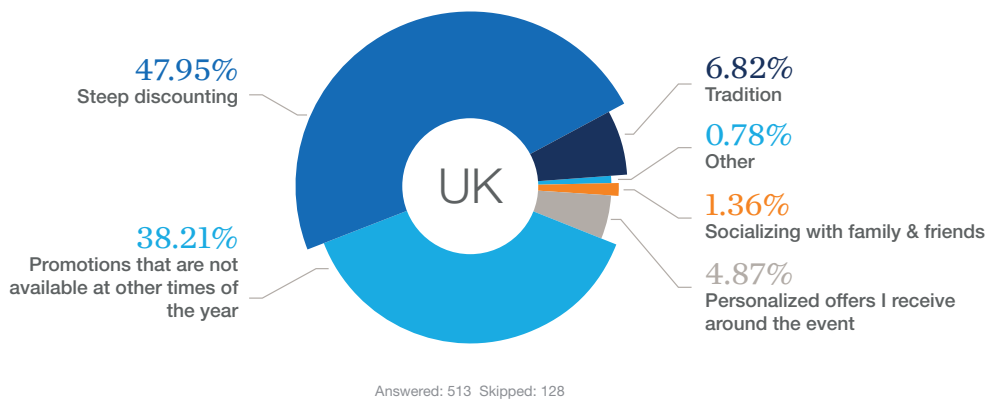
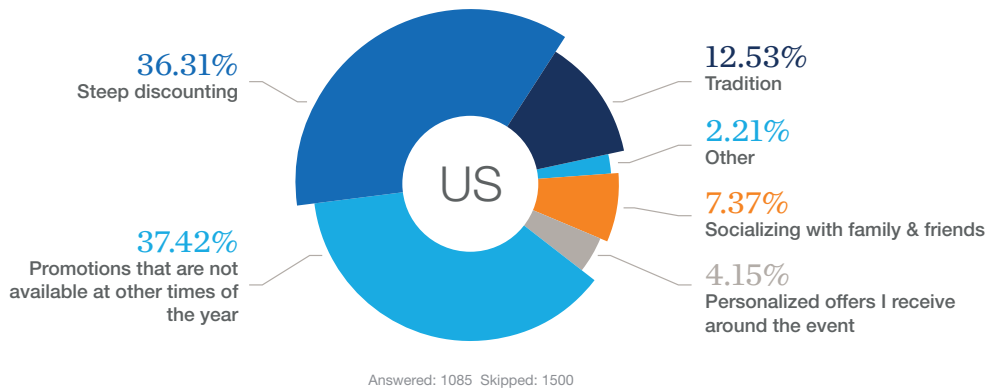
For consumers, Black Friday has become synonymous with special promotions not available at other times of the year. As a top motivating factor for 37% of US and 38% of UK shoppers, retailers will need to be sure they deliver on this key promise with enticing 'one-off' offers that are unique and differentiated – or risk disappointing consumers and switching them off from participating in future years.

As expected, steep discounting was the second primary motivation for consumers; 36% of US and 48% of UK respondents said they would be on the hunt for truly tempting offers. Interestingly, this expectation was down on 2016 figures, when 44% of US and 65% of UK consumers said the anticipation of big discounts was driving their purchasing intentions.

One thing is clear. While Black Friday has been an established annual shopping tradition in the US for many years, UK consumers have enthusiastically embraced this imported shopping holiday. In the US, 12.5% of consumers confirm their participation in the event has become a custom (up from 6% last year), while 7% of UK shoppers say it's becoming a traditional activity for them (up from 1% last year).

Asked what would spur them to make a purchase, just 4% of US consumers and 5% of UK consumers anticipate being inspired by a personalized discount – indicating that retailers are potentially missing a major opportunity by putting their marketing efforts into the generation of blanket mass or untargeted offers.

**If you plan to shop on Black Friday, what is your motivation?**



**Consumers cry out for personalized marketing offers – customized offers that would incline them to make purchases**

Events like Amazon Prime Day have prepared consumers to expect personalized marketing offers that relate to their known purchasing history and future likes and wants<sup>3</sup>.

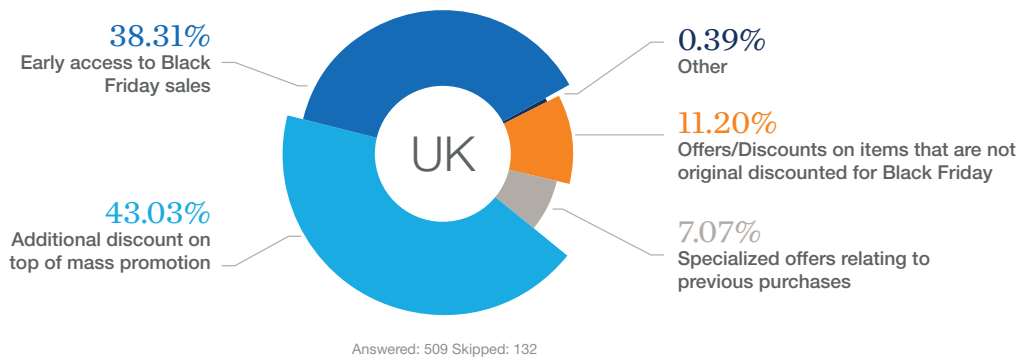
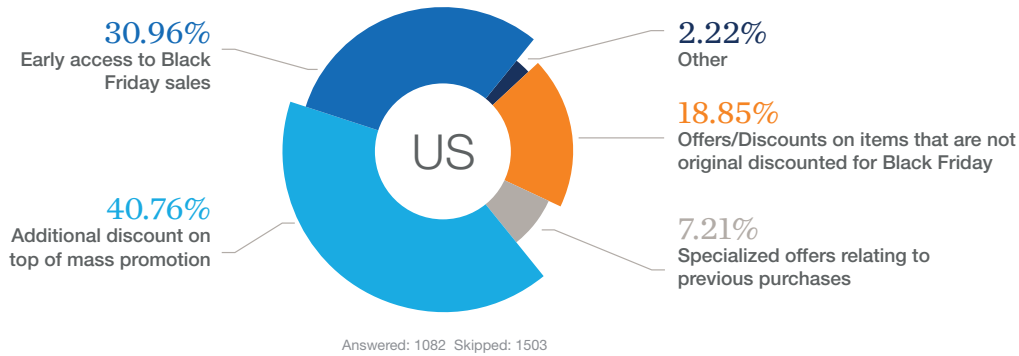
As we can see, this year’s consumers have clear product category purchasing objectives in their sights and may well be looking to stay loyal to those brands who know who they are – and can offer the right discounts to trigger a purchasing behavior, especially if a personal touch is added.

Asked what personalized marketing would most appeal to them, gaining privileged access to additional discounts was uppermost in most consumer minds (43% UK, 41% US). Early access to Black Friday sales was also high on the agenda for consumers (38% UK, 31% US).

<sup>3</sup> Periscope By McKinsey recently undertook research into consumer attitudes to Amazon Prime Day in the US which can be found at: <https://www.periscope-solutions.com/download.aspx?fileID=3131>

Around one-fifth (19%) of US consumers also say they want customized offers on items that are not being discounted for Black Friday – a loyalty concept that also held strong appeal for 11% of UK consumers.

**What type of personalized marketing opportunities matter most to you?**



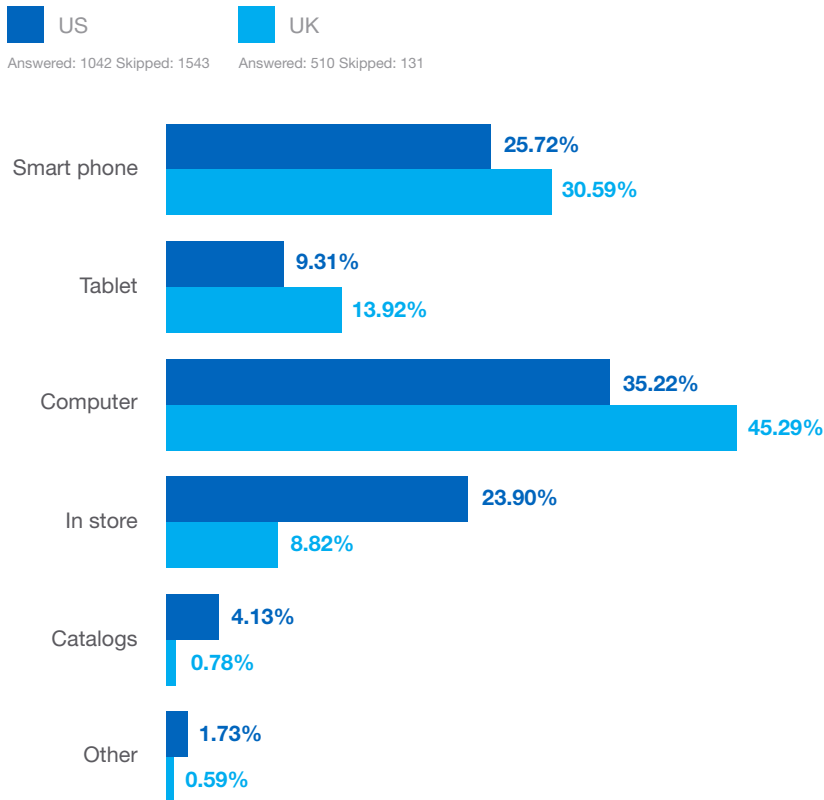
## Key findings: how will shoppers make their purchases?

### Digital dominates – smartphones are becoming the purchasing platform of choice

Once again, desktop/laptops are the devices most US (35%) and UK (45%) consumers will leverage to make their Black Friday purchases. But the dominance of the desktop/laptop is falling fast – last year 60% of US and 54% of UK consumers planned to use them to shop.

This year’s survey findings confirm the growing dominance of the mobile device as the consumer shopping device of choice – as online shopping accelerates, so does the use of smartphones to make purchases. Almost one-third of UK (31%) and over a quarter of US respondents (26%) plan to use their smartphone to make Black Friday purchases – up from 16.5% (UK) and 20.5% (US) last year.

## What is your primary channel for purchase for Black Friday shopping?



The appeal of tablet devices appears to be stalling. This year 13.92% of UK shoppers plan to make purchases on a tablet – a significant drop compared to 29% in 2016 - while just 9% of US shoppers will using their tablet to shop online (compared to 20% in 2016).

While just 9% of UK consumers plan to take a day off work to go shopping in person this Black Friday, an impressive 24% of US consumers have every intention of hitting the brick-and-mortar stores to make their purchases this upcoming holiday season – having already conducted online research before heading out the door.

## Key findings: consumers demonstrate their omnichannel credentials

### Shoppers choose to go omnichannel first and foremost

In recent years, Black Friday has been viewed as an increasingly digital shopping event. However, the 2017 research reveals that around one-third of US (36%) and UK (31%) consumers are planning to conduct their Black Friday shopping activities both in-store and online.



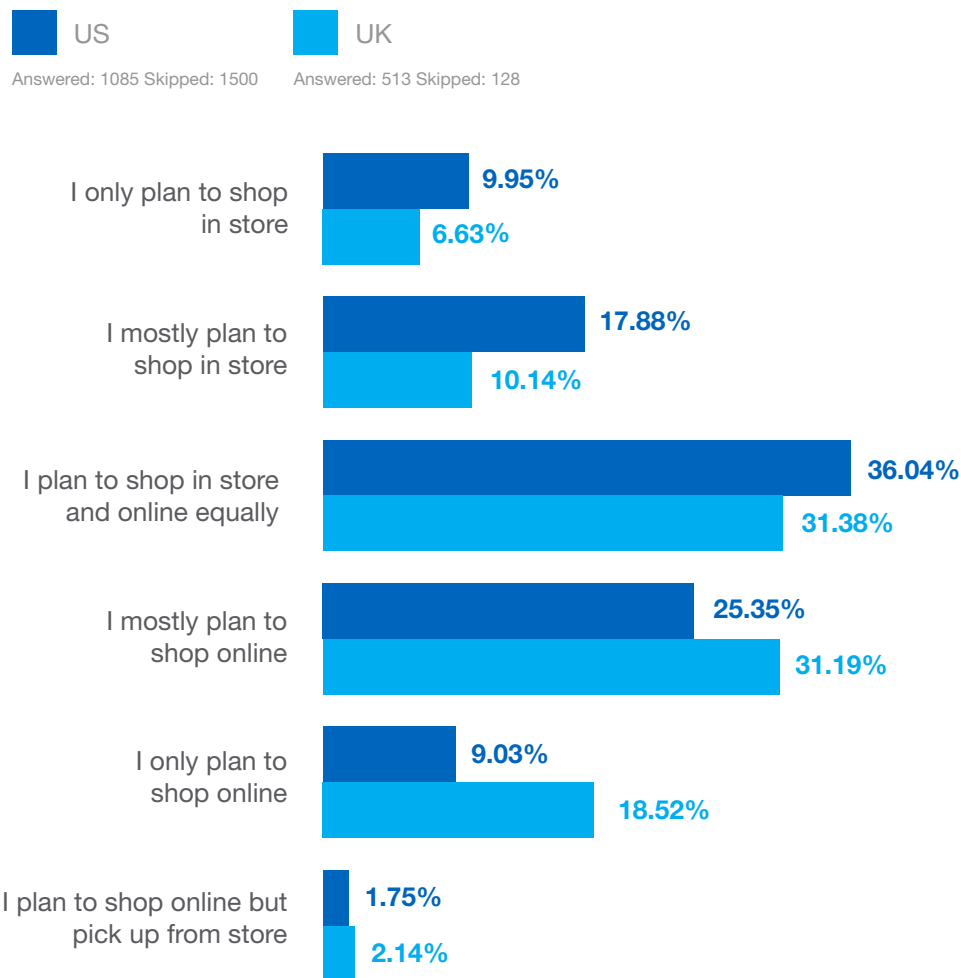
That's a big jump from last year, when just 18% of US consumers and 11% of UK consumers said they would divide their shopping activities equally between digital and physical channels.

The findings also show that a hard core of 9% of US consumers and 18.5% of UK consumers intend to shop online only – with a further 25% of US consumers and 31% of UK consumers saying this year they anticipate mostly shopping online.

However, the excitement of the physical store experience still retains a strong appeal for many Black Friday bargain hunters – that's especially true for the 28% of US shoppers who say they only or mostly plan to shop in-store (compared to 17% of UK shoppers) this shopping holiday.

Perhaps that's because 10% of US shoppers want to see, touch, and feel products before buying them and prefer to see Black Friday merchandise in-store before making a decision to purchase.

### How much time do you plan to spend shopping in store vs online, this coming Black Friday?

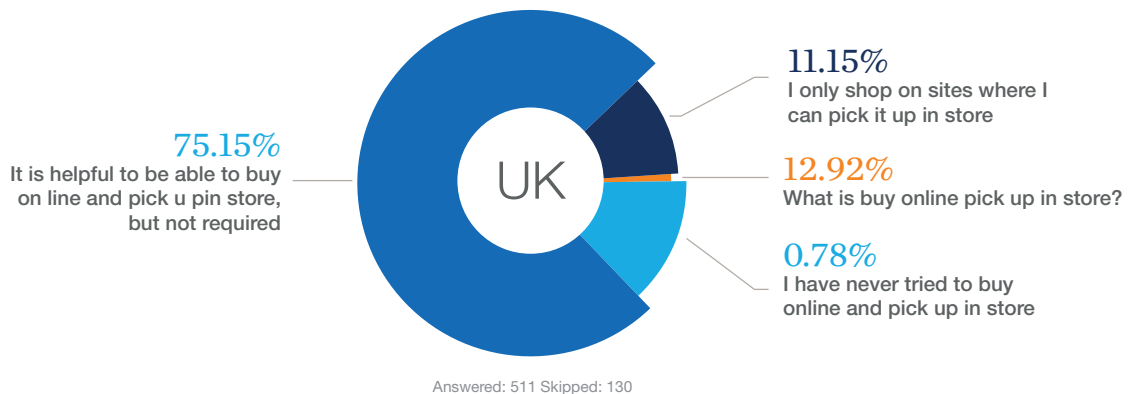
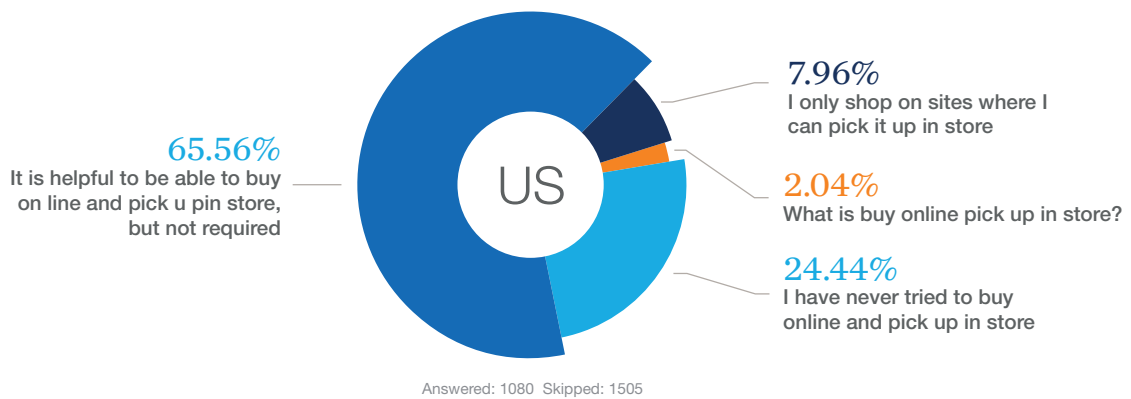


## Consumer attitudes towards buying online and picking up in-store

Retailers should grasp the opportunity presented by the fact that, when it comes to hunting down Black Friday bargains, consumers value the availability of convenient ‘buy online – pick up in-store’ omnichannel services.

For most US (65.5%) and UK (75%) consumers, the ability to buy online and pick up in-store on Black Friday is perceived as helpful, with 8% of US shoppers and 11% of UK shoppers saying they will only shop on websites where this facility is available.

### How important is it that you can buy a product online and pick it up in the store?



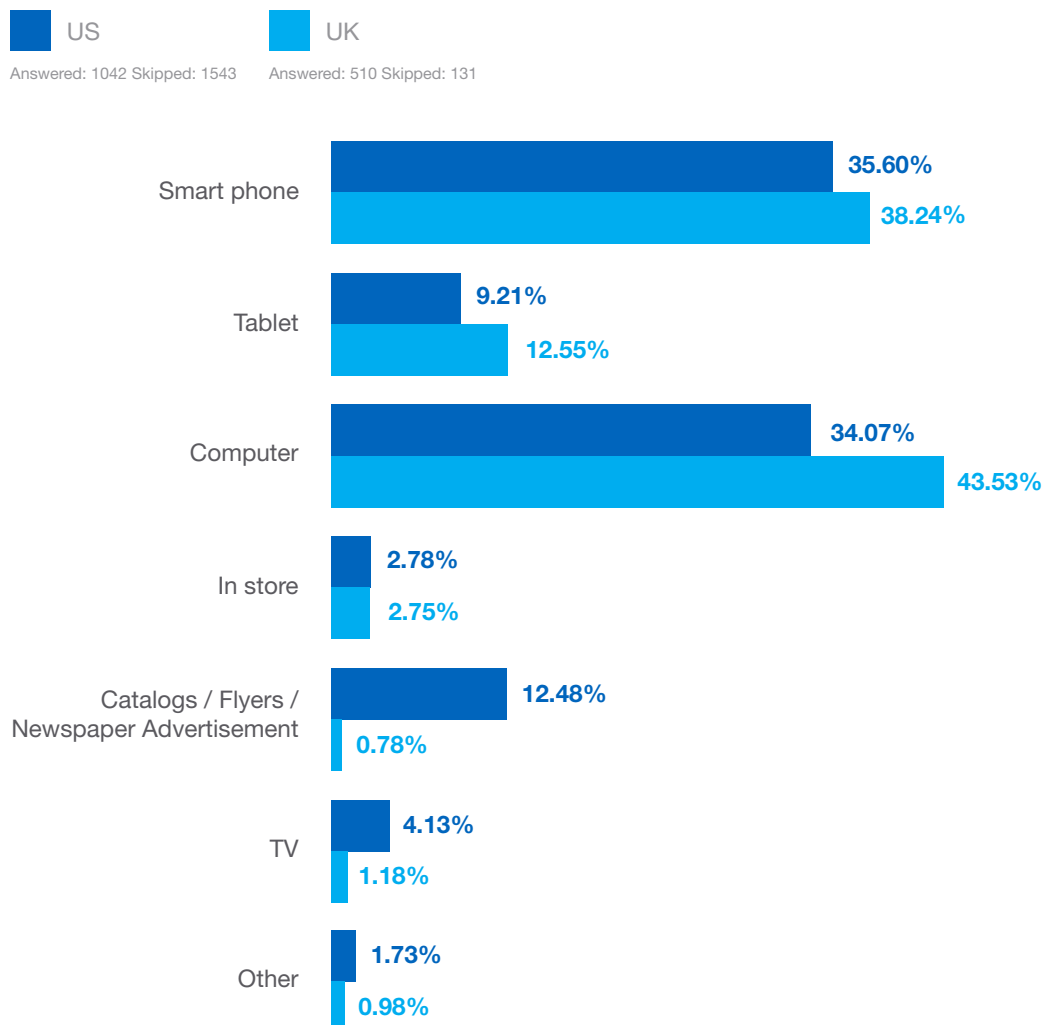
## Consumers do their digital homework – any which way they can

When it comes to researching potential interest areas or getting up to speed with deals and offers, there were some distinctive differences between US and UK respondents in relation to the channels they use to gain Black Friday intelligence.

The desktop/laptop computer reigned supreme as the top research tool for 43.5% of UK consumers, with smartphones coming a close second (38%). For US consumers, the smartphone (35.5%) was the research implement of choice, closely followed by a desktop/laptop device (34%).

While digital outlets are more dominant in the UK, traditional media still has significant weight in the US. Interestingly, an impressive 12% of US respondents say they rely on catalogs, flyers, and newspaper advertisements to discover deals (contrast this with less than 1% of respondents in the UK), with a further 4% depending primarily on cable/television adverts to get updates on what's hot – and what's not – for Black Friday (compared to just 1% of UK consumers).

### What is your primary channel to get new ideas and do research for Black Friday shopping?



# Key findings: how consumers plan to shop, what they intend to buy – and how much they’ve got to spend

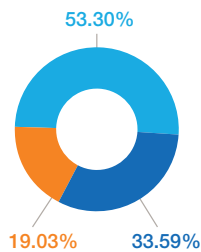
## Consumers plan to shop in more online categories than last year – and have more to spend on purchases

Do you expect any changes in the way you shop compared to last Black Friday?

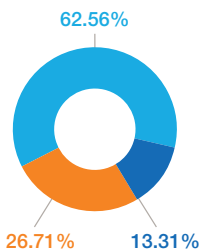
■ Online
 ■ In Store
 ■ No different

US

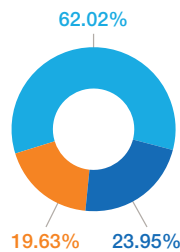
Answered: 1042 Skipped: 1543



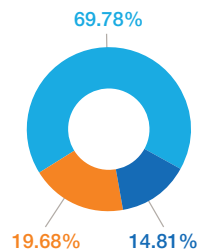
I plan to shop in more categories



I plan to shop in fewer categories



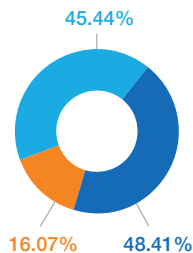
I plan to shop have a higher budget than before



I plan to shop have a lower budget than before

UK

Answered: 510 Skipped: 131



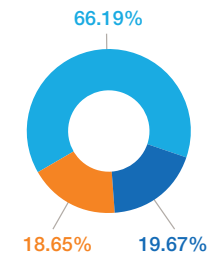
I plan to shop in more categories



I plan to shop in fewer categories



I plan to shop have a higher budget than before



I plan to shop have a lower budget than before

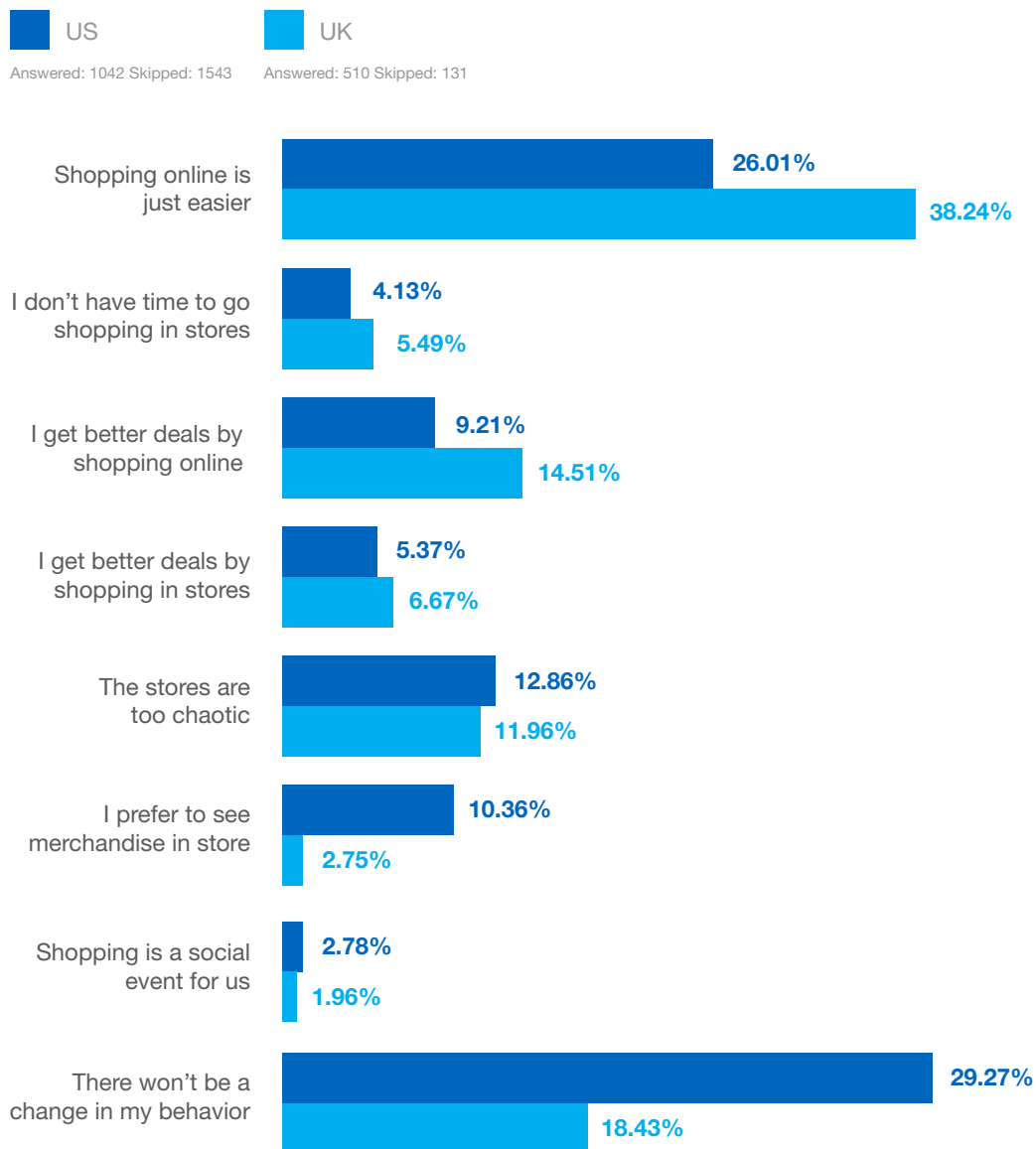
When questioned if the way they shop will be different this year, UK (48%) and US (33.5%) respondents say they are planning to shop across more product categories when making online purchases – furthermore, 36% of UK and 24% of US respondents say they have a higher budget to spend this year.

Despite a loyal core of consumers who say they are determined to head in-store to make purchases, around a quarter of US (27%) and UK (26.5%) consumers plan to shop across fewer categories in-store.

Asked to evaluate what's driving this change in their shopping behaviors, the relative ease and convenience of online shopping topped the list of reasons for 26% of US and 38% of UK respondents.

This growing preference for online channels appears to be fuelled by the perception that it's easier to find better deals online (15% UK shoppers; 9% US shoppers) and a belief that stores will be simply too chaotic to venture into (13% US shoppers; 12% UK shoppers).

### What do you think is causing this change in your shopping behavior?

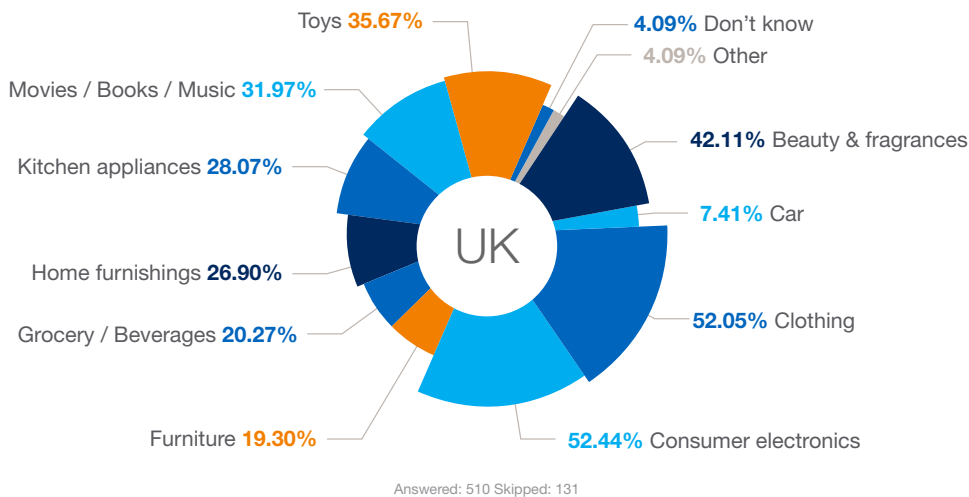
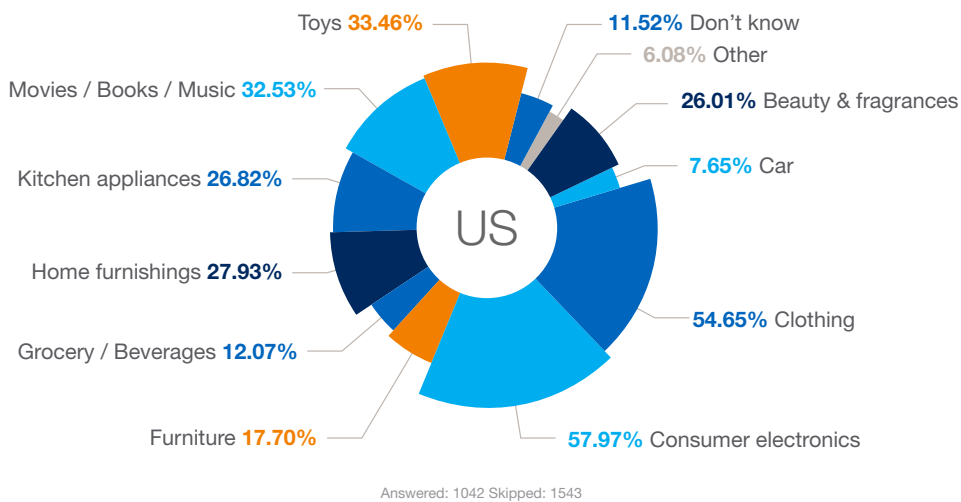


## What's trending: US and UK consumer shopping category preferences vary

In contrast to last year's findings when the top three shopping categories for both US and UK consumers were #1 Consumer Electronics, #2 Toys, #3 Clothing, when asked to identify which product categories they plan to shop this Black Friday, there were some interesting variations observed between US and UK consumer predilections:

- Consumer electronics topped the list for both US (58%) and UK (52%) shoppers, with Clothing coming a close second (54.5% in the US; 52% in the UK)
- Shopping for Movies, Books, and Music is the #3 priority for 33% of US consumers, while Beauty and Fragrances stole the third spot with 42% of UK shoppers
- With Christmas looming, it's probably no surprise that Toys holds a strong appeal for both US (33.5%) and UK (36%) consumers.

### Which of the following product categories will you be shopping for this Black Friday?

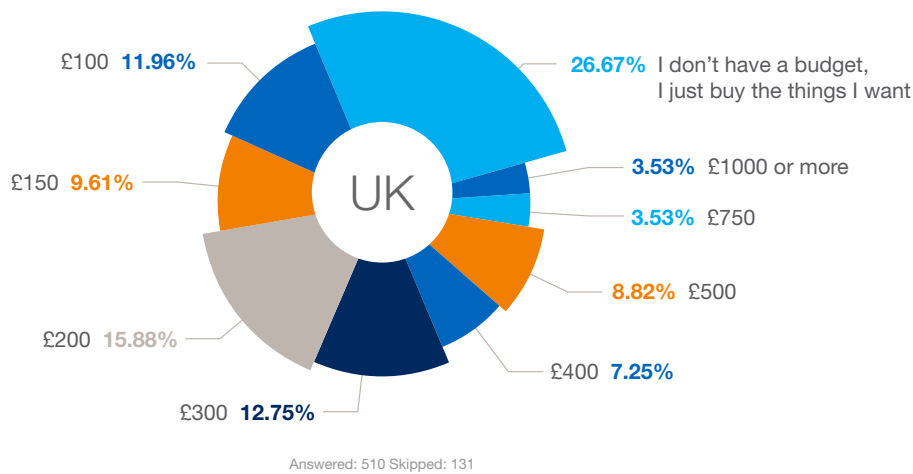
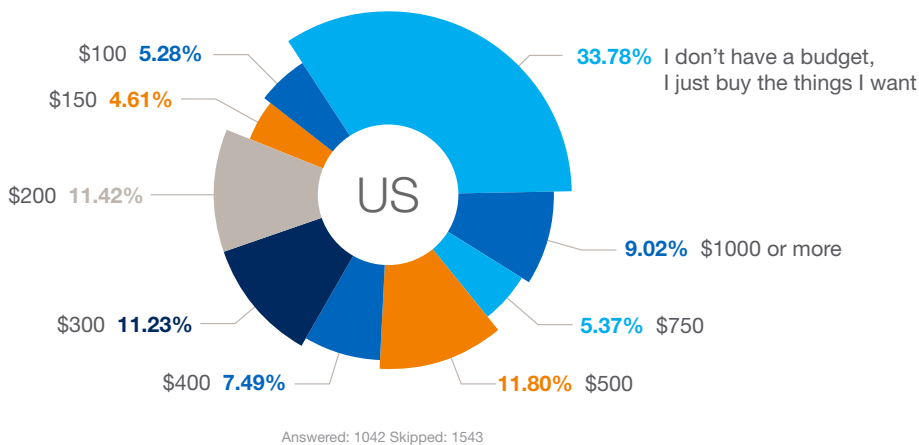


While shoppers predictably intend to hunt down deals in traditional ‘big ticket’ product categories - like Kitchen Appliances, Home Furnishings, Furniture and Cars – it’s significant that 20% of UK consumers and around 12% of US consumers also anticipate shopping for offers in categories like Grocery and Beverages.

## How much will consumers spend? Impressive shopping budgets are up for grabs

While the majority of consumers surveyed had a budget in mind for their Black Friday shopping spree, an impressive number of US (34%) and UK (27%) respondents intend to buy the things they want – or what grabs their fancy - without worrying about cost. These potential ‘floating’ shoppers offer ripe opportunities if retailers are able to target enticing offers that drive interest and generate conversions.

### What is your total budget for Black Friday shopping?



For those consumers taking a more considered approach, an impressive array of budgets appear to have been allocated for purchases this Black Friday:

- 21% of UK consumers plan to spend between £100-£150, with 10% of US consumers looking to spend between \$100-\$150
- 22.5% of US shoppers plan to spend between \$200-\$300, with 28.5% in the UK looking to spend between £200-£300
- 12% of US consumers plan to spend \$500, while a further 5% have ring fenced funds of \$750 - and an impressive 9% expect to spend \$1000 or more
- 7% of UK shoppers have a budget of £400, with a further 9% expecting to spend in the region of £500 – a further 3.5% say they anticipate spending £1000 or more during Black Friday events.

This marks an increase in overall budgets available to spend compared to last year. For example, in 2016 just 7% of US consumers anticipated spending \$1000 and the highest budget response in the UK was £150-£200 from 5% of respondents.

## Conclusion

More engaged and with more money to spend, consumers indicate they intend to make the most of every shopping opportunity they're presented with this Black Friday.

Black Friday consumer sentiment is overwhelmingly positive, so retailers will need to ensure they don't undermine what is becoming the most popular event in the shopping calendar.

That means retailers and brands need to 'keep it real' with meaningful offers and promotions that resonate with consumers. With consumer confidence currently riding high, ongoing promotional energy, increased personalized marketing, and the right markdown strategy should positively motivate customers to shop.

- **Streamlined omnichannel journeys and connecting the physical and digital experience will be critical** – armed with smartphones and desktop/laptop computers, today's consumers are doing their homework and researching purchases before they head in-store or online. Consumers of every age enjoy the buzz of shopping in the 'real world'. That's especially true for American consumers, who value the tactile experiences offered by physical stores – and the opportunity to check out the qualities of the products they intend to purchase. Retailers must not lose sight of their physical store strategy, understanding which product categories consumers want to shop for in-store vs. online. The retailers who can tie them together will win the game.



- **Communicate the offer clearly, in every channel** – bombarded with information and options, consumers are looking for the personal touch that speaks to their needs and expectations. While mass discount offers create awareness and excitement, consumers would welcome personalized offers and loyalty rewards that steer them to the merchandise that's right for them – at a price that engages them to act. Retailers and brands able to leverage analytics on an individual customer's known research interest areas (individual items and the wider product categories they explore) will be well-positioned to create customized offers or personalized marketing messages that increase sales.

## About Periscope® By McKinsey

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. Periscope 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 is comprised 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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