



BLACK FRIDAY

A Global Perspective on
the retail phenomenon

A WHITEPAPER

Black Friday is emerging as one of the largest online shopping days in Europe and beyond. Exploring this originally exclusively American event, this whitepaper considers the trends that are shaping how consumers outside of the US are reacting to this global retail phenomenon.

Kevin Edwards
Global Client Strategy Director



Contents

Introduction.....	2
How important is Black Friday?	3
Sales revenue by country.....	4
FRANCE.....	5
GERMANY	5
THE NETHERLANDS.....	6
POLAND.....	6
SPAIN.....	7
ITALY.....	7
SWEDEN.....	8
BRAZIL.....	8
UNITED KINGDOM	9
UNITED STATES.....	9
Average orders and commissions	10
Smartphones and tablets: not all mobile sales are created equally.....	11
What will happen to Cyber Monday in 2015?	14
Conclusion	15

Black Friday: a global perspective on the retail phenomenon

Introduction

The online American shopping phenomenon known as Black Friday is nearly here and fast establishing itself as a critical retail event outside of its traditional home.

Commonly known as the day when bargain hunters across the US try and grab themselves a great deal four weeks before Christmas, this annual shopping occasion has been a huge hit in America for decades.

Retailers outside of the US are now waking up to the opportunity and 2015 could be the year when it firmly establishes itself in the shopping calendar for the first time in many countries.

Black Friday is one half of the bookend for the main US holiday weekend (falling after the Thanksgiving Thursday and marking a four day break in the US). Historically Americans would stand in line to get their hands on a whole array of bargains. In contrast, Cyber Monday, the first Monday after Black Friday, acts as an online counterbalance and is considered the biggest shopping day of the year on the web in the US.

As such it's always an interesting comparison to make between the two days: one more a traditional shopping experience, the other online (with deals potentially running concurrently in both locations).

Last year various markets saw a huge increase in sales on Black Friday, with November proving to be a bigger month than December for the first time as a direct result for some countries.

zanox publishers in the UK for example, drove more than 350,000 sales on Black Friday alone, and other countries within Europe witnessed sales' spikes to indicate the trend could spread further across the continent and beyond this year. Additionally, in Brazil, the spike was particularly pronounced, indicating South America is more aligned with their northern neighbours.

For the first time zanox is offering a perspective on how countries around the world are embracing Black Friday through the affiliate channel. This whitepaper offers insights about what the network learned last year, trends to anticipate in 2015 and what to consider when planning activity.

We'll take a look at the role various devices played as well as the impact this had throughout different periods of Black Friday. We'll also identify which countries are poised to make further breakthroughs in 2015.

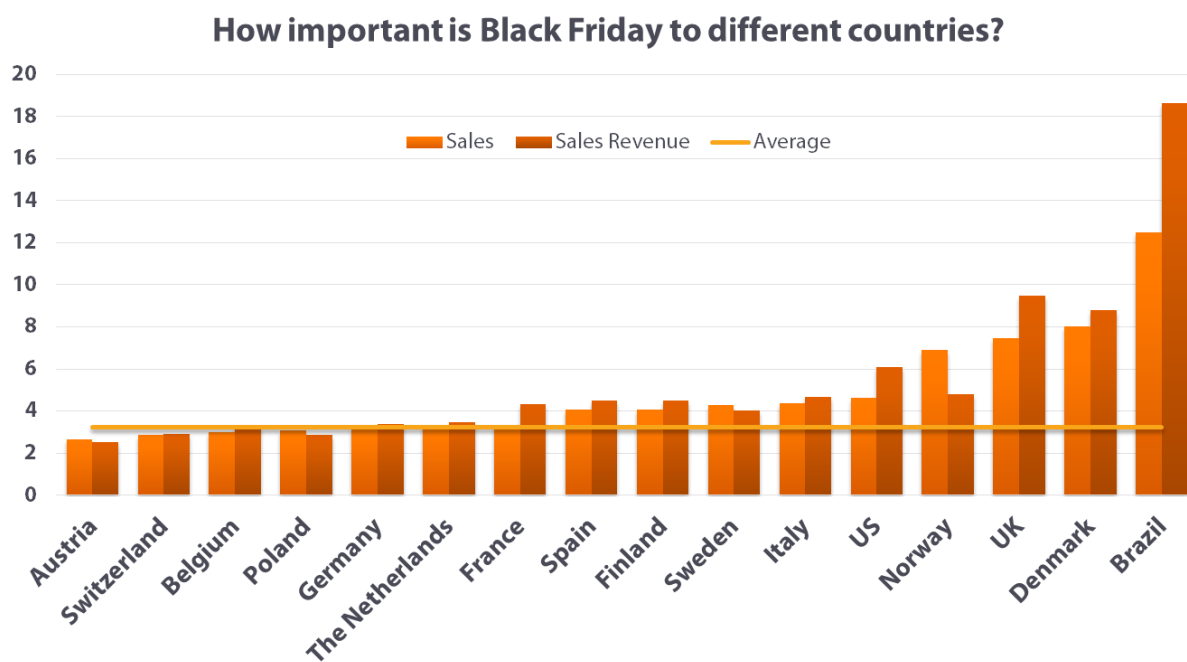
How important is Black Friday?

Black Friday is increasingly establishing itself as a global phenomenon, but this is by no means universal.

While 2015 may prove to be a game changer, let's first consider how relatively important it was to a variety of global markets the zanox group operates in last year.

Taking as a base a month's worth of sales and revenue during the peak trading period, we collated the data for almost 20 territories and benchmarked Black Friday against the average for a single day during that time. We considered the data to 22nd December, a date that roughly signals the end of pre-festive trading for most retailers.

As you can see from the chart below the majority of countries exceed what we would expect to see for the last Friday in November:



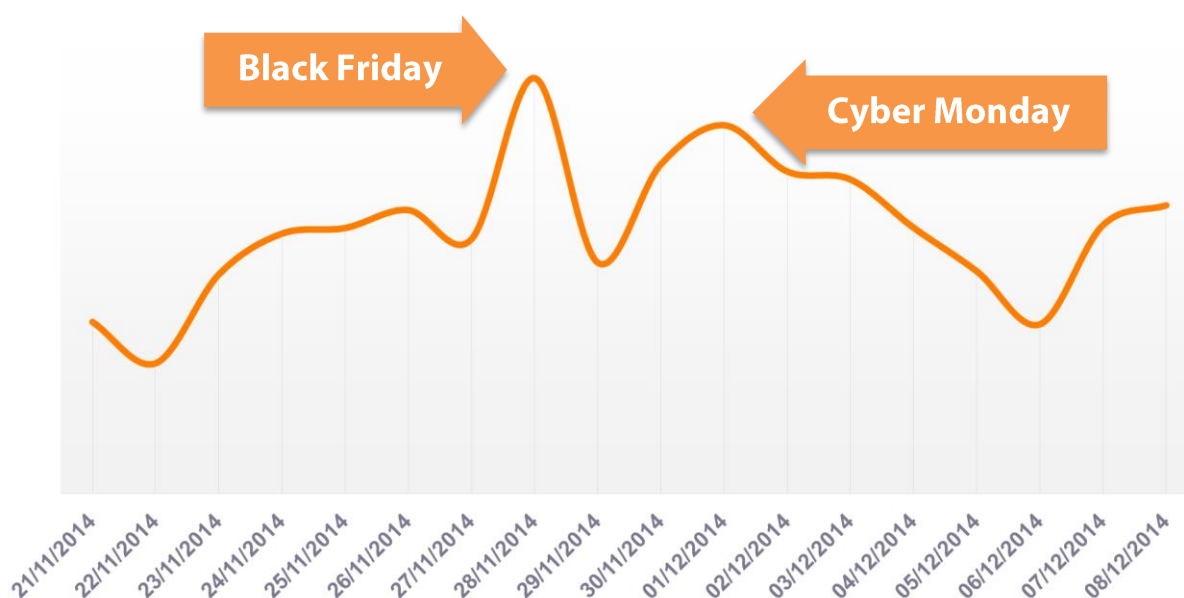
What is immediately clear is regional variation on Black Friday. Markets more closely aligned with the US are more likely to be Black Friday champions. The fact the UK pulls in the second highest percentage of sales revenue (compared to the third largest number of sales), indicates the value of each sale is also greater in certain markets, evidenced by Black Friday's focus on specific product categories. Brazil is clearly a huge outlier. Pulling in almost 20% of their revenue for a month in one day shows just what an exceptional opportunity for retailers this market presents.

While this data isn't definitive (there are cultural, seasonal and specific reasons that topline data ignores), there's no doubt this chart helps to indicate the level of maturity and awareness of Black Friday in various markets.

Sales revenue by country

Black Friday 2014 fell on 28th November. For many countries it was the first time the event moved mainstream. This was certainly borne out in zanox Group data that showed a noticeable spike when statistics from more than 40 global markets was considered.

In the following chart we have taken the seven day period before Black Friday and the immediate week after Cyber Monday and aggregated the total number of sales for the entire day:

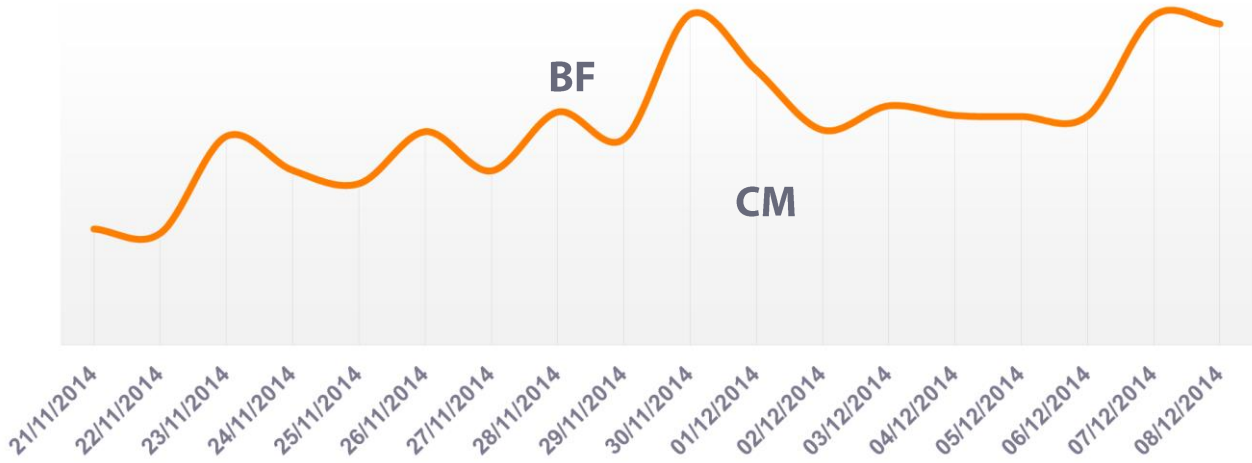


As you can see, Black Friday trumped all other days and was the largest day on the zanox network in 2014. This was in contrast to 2013 which saw Cyber Monday outperform all other periods.

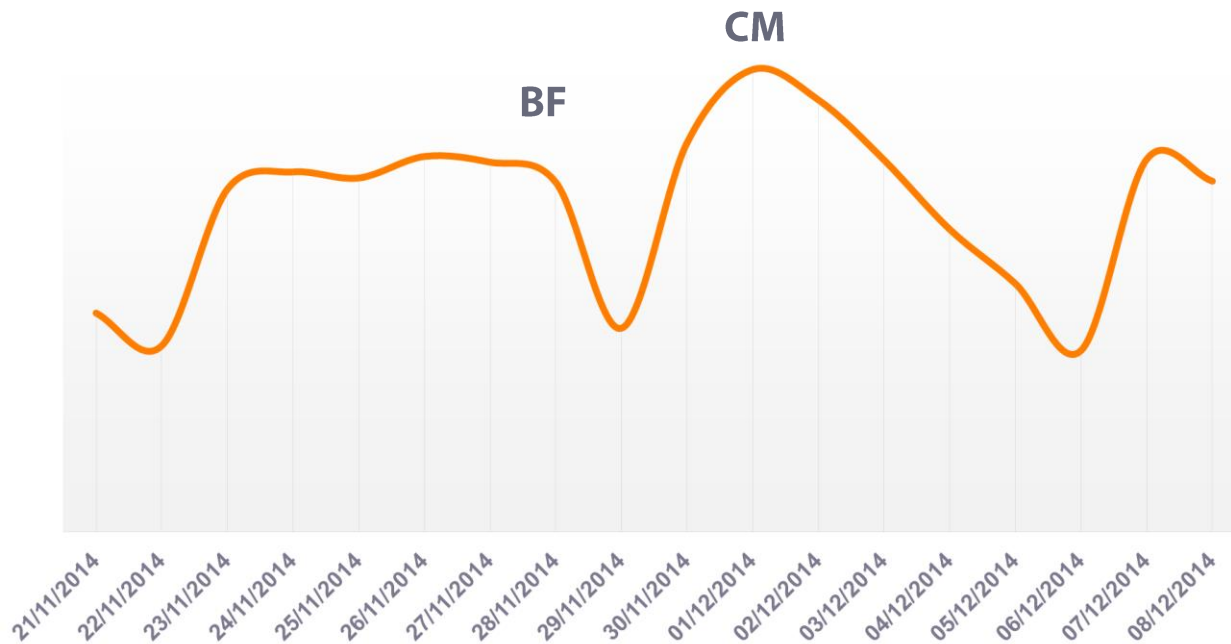
This is significant because it shows a shift from December to November, earlier in the usual retail calendar for this period, and perhaps indicates the importance of being thoroughly prepared for both traffic and sales' spikes sooner than before.

However, the pattern, as we have seen, wasn't universal. There is a clear distinction between countries within the zanox Group. Let's look at some of the bigger markets zanox operates in to understand the trends more clearly.

FRANCE



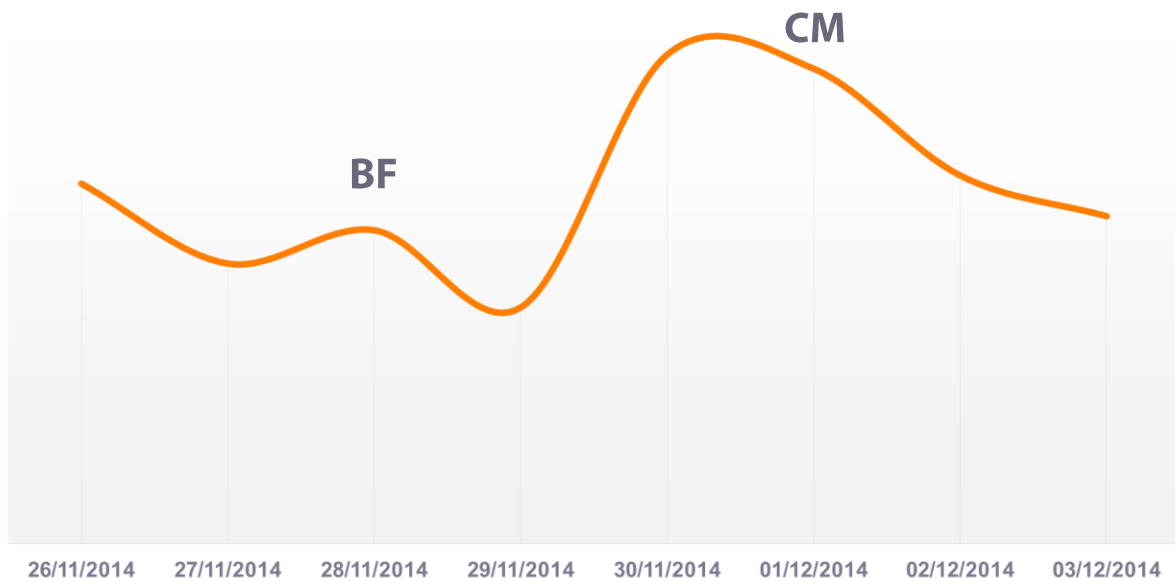
GERMANY



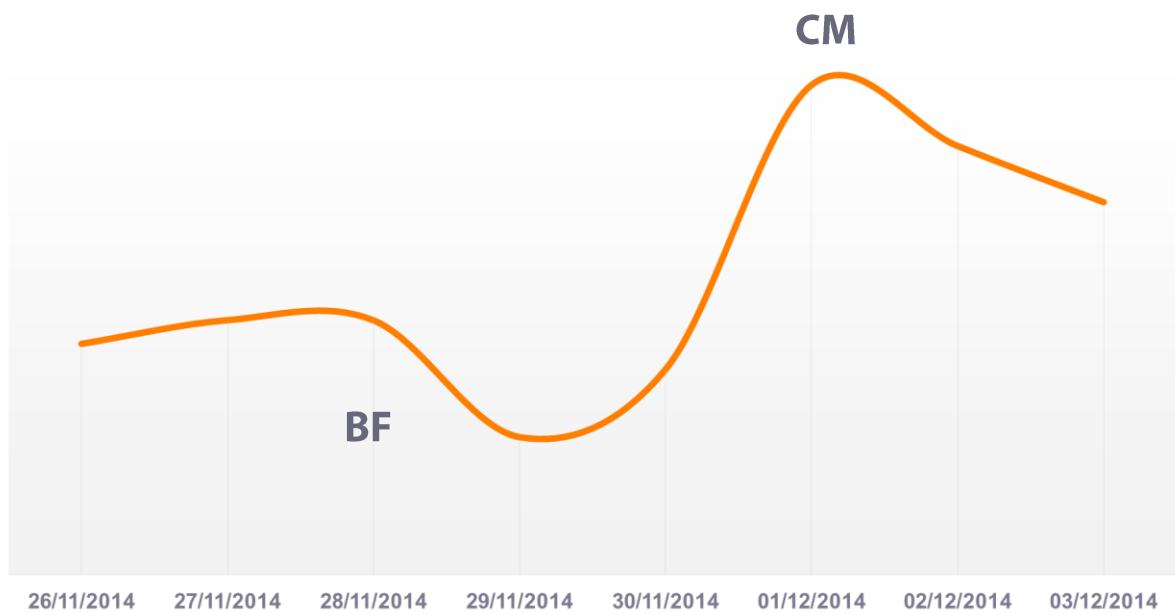
For these two major markets there is clearly no clear indication that Black Friday has arrived as a major retail event. Both days were strong sales performers but this is to be expected at peak.

There are other markets as well that didn't show a particular spike in November, where Cyber Monday appears to continue to reign supreme:

THE NETHERLANDS

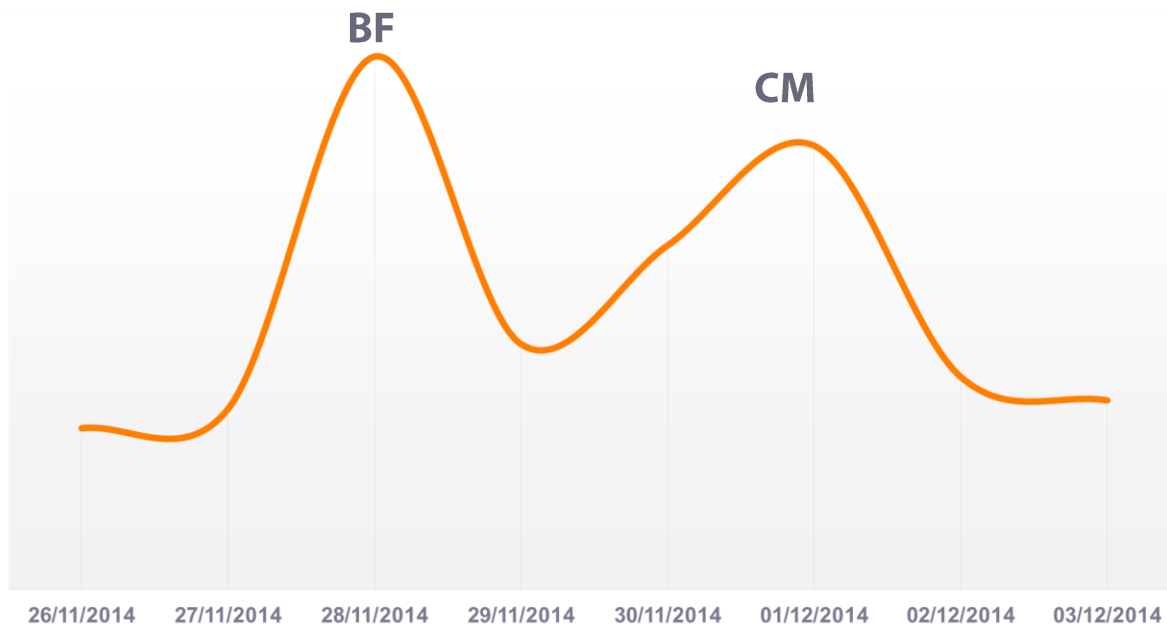


POLAND

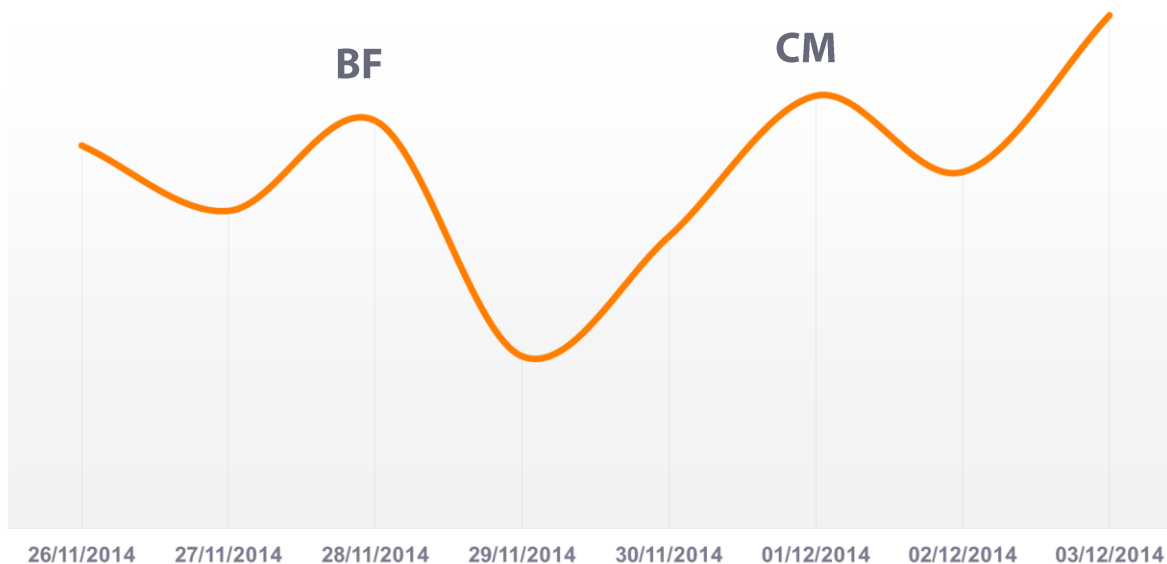


Southern European countries saw a very definite Black Friday spike for the first time:

SPAIN

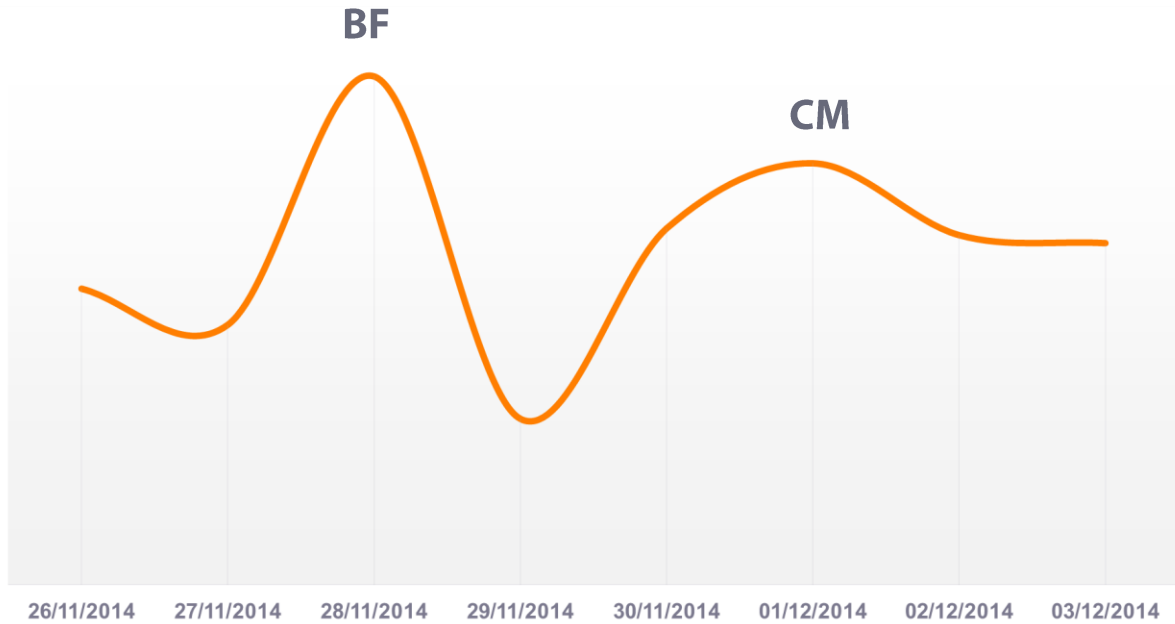


ITALY

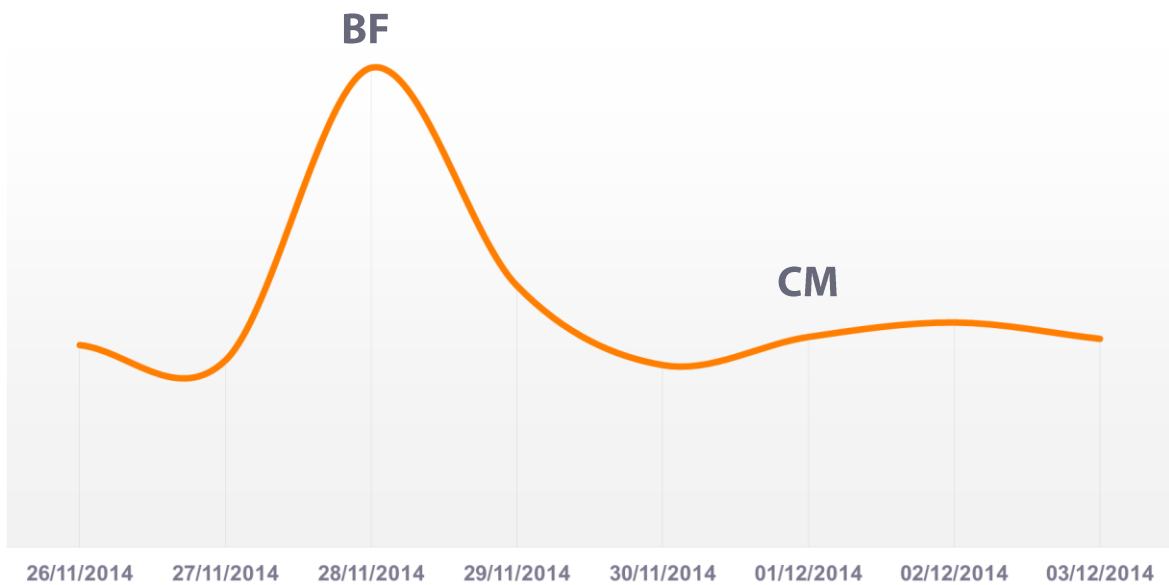


There were also certain markets where there was a very marked increase on Black Friday and it stood as the clearest and strongest day in the pre-Christmas trading period.

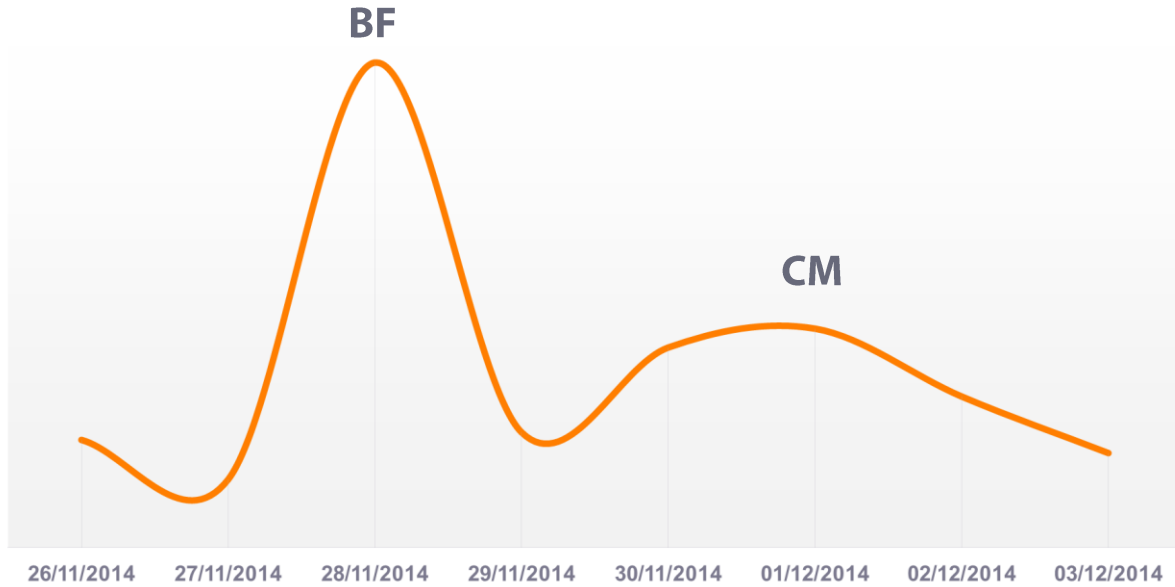
SWEDEN



BRAZIL

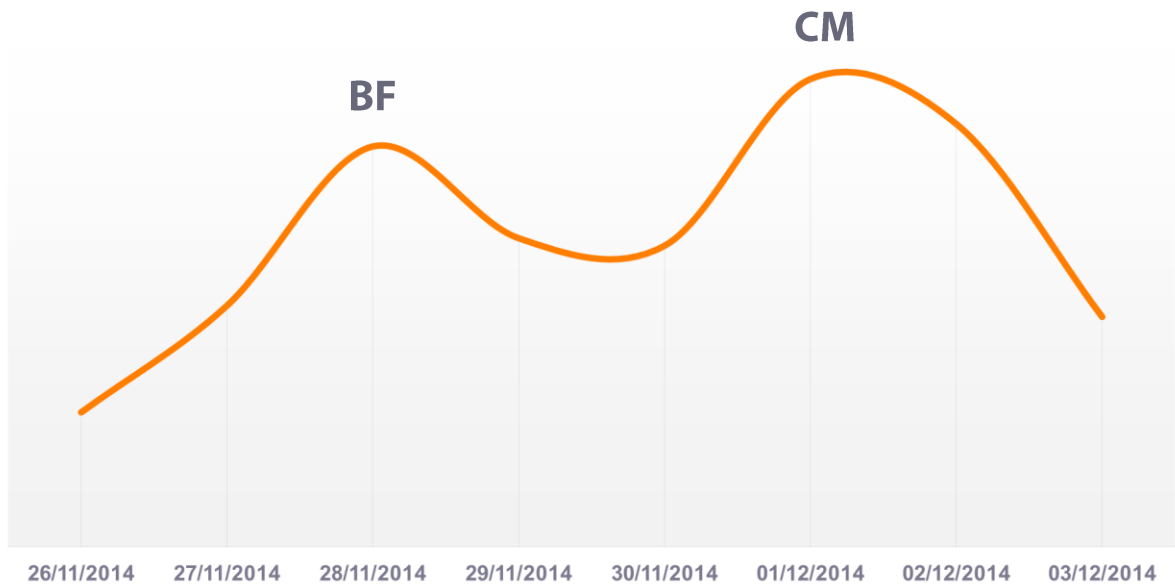


UNITED KINGDOM



And finally the market that kicked it all off, the US. What is clear from the chart is that while Black Friday remains an important retail day, the fact that it has been a traditionally in-store occasion seems to manifest itself in the results. Cyber Monday remains the online king in America:

UNITED STATES



Therefore taking into account this data we can make the following conclusions:

- **Black Friday stamped its authority on the retail calendar for the zanox Group in 2014**
- **We anticipate the trend to continue in 2015 and create a further widening of the gap with Cyber Monday**
- **However the trend is by no means universal. Central Europe and the major economies of Northern Europe have yet to warm to the event**
- **Whereas Scandinavia, the UK and Southern Europe provide a clear indication that Black Friday can make a tangible difference to the Christmas trading period.**
- **Similarly, countries in both North and South America show significant uplift, with the performance in Brazil indicating how critical it is to a retailer's success.**

Average orders and commissions

Black Friday has historically been known as an event focused on big box electrical items. As such the average order value continued to outstrip other days in the trading calendar.

That said, it's worth considering that commissions on these items tend to be lower than other sectors (it's also worth remembering that not all commissions are paid as a percentage and some, like insurance, utilities and telecoms tend to be bigger, fixed commission amounts).

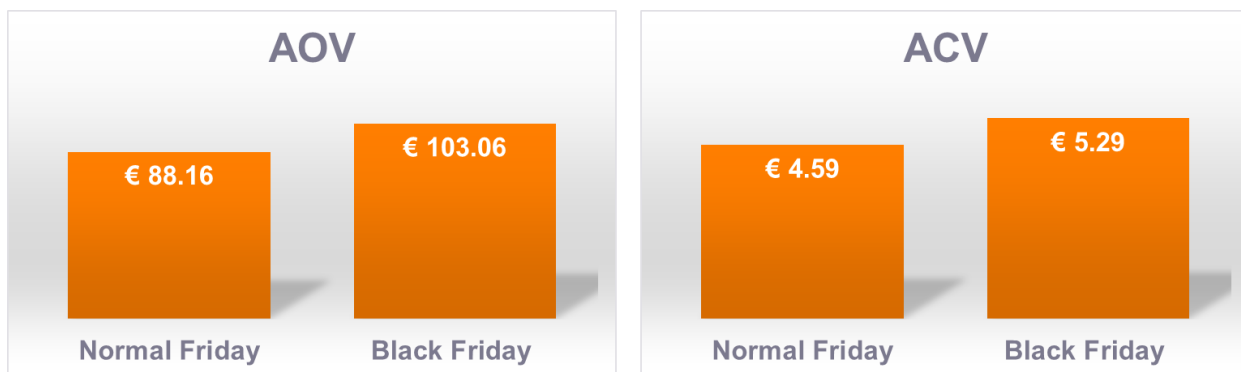
Some retailers also offer lower commission during sale periods: an ongoing bone of contention with many in the industry, although we don't believe this to have particularly impacted the performance on Black Friday.

Despite the high average order value driven on this day (consumers stockpiling bargains, purchasing certain product categories that have higher average order values or spending that bit extra for the perceived bigger reduction), there was a gap between average order value and average commission.

Let's look at the average order value for Black Friday and compare it to an average Friday during the rest of 2014.

Overall we noticed an increase in all markets of 17% to just over €100. Every market noticed an increase with Spain and Italy seeing the largest increase of around 25%. Whilst commissions did increase they fell short of this amount, rising by 15%, although the pattern was far less consistent among the various zanox territories, with Spain and Italy again leading the way with significant hikes in average commissions.

Overall an affiliate on the network on Black Friday 2014 could expect to earn almost €5.30 for every sale they drove. We anticipate this trend to continue in 2015.

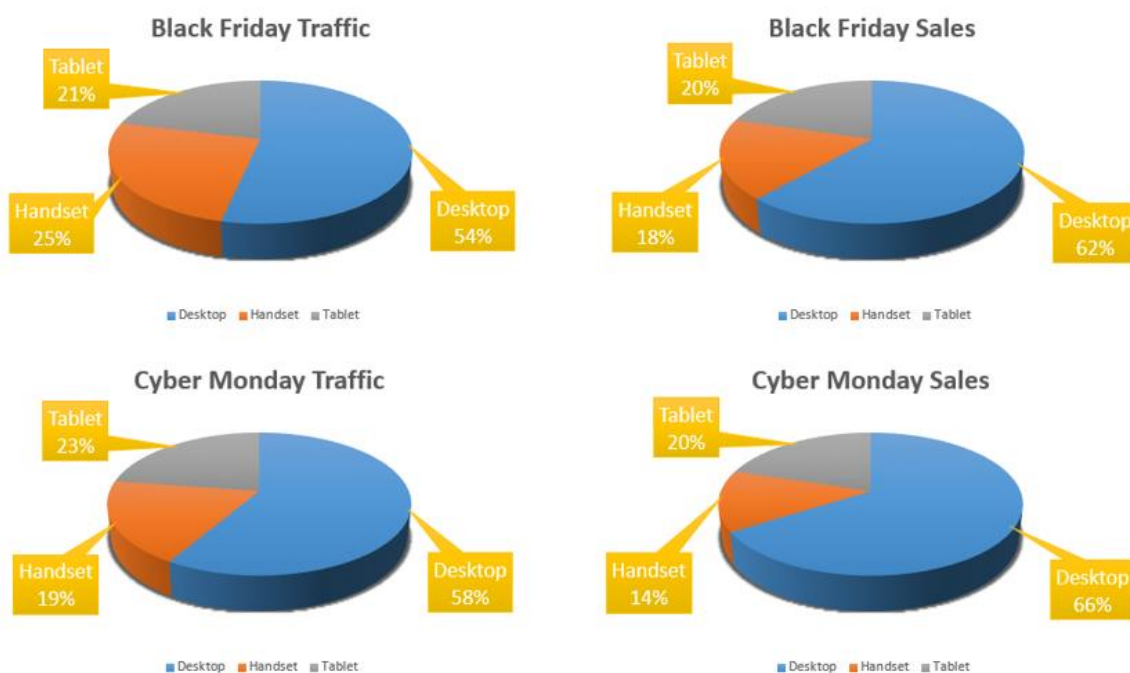


- The product mix on Black Friday can change and this can impact both the average order value and the average commission that is generated
- There is significant variance between the markets but this is also indicative of the network’s various strengths across the wide range of territories zanox is active in.

Smartphones and tablets: not all mobile sales are created equally

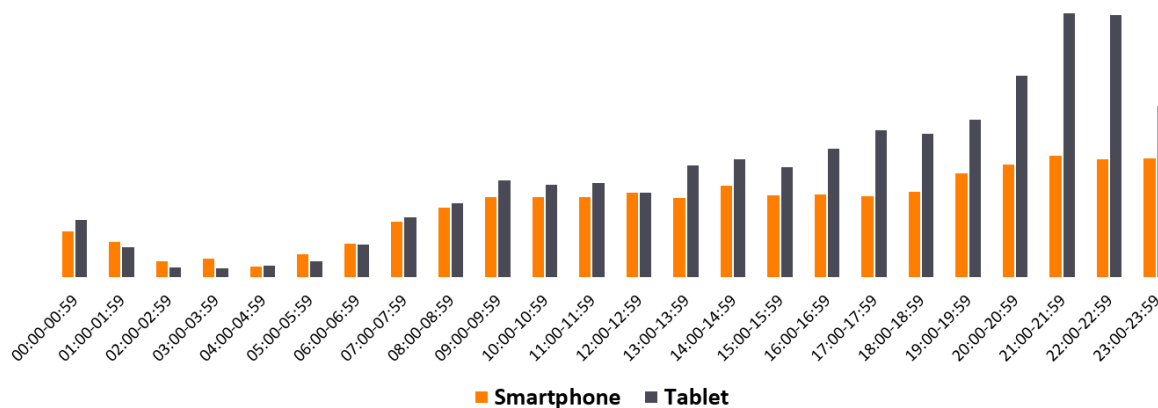
We know that consumers use smartphones to browse the Internet in ways they don’t on other platforms. What is interesting about Black Friday and Cyber Monday trading is how this manifested itself in click to sale conversion rates.

Take a look at Black Friday and Cyber Monday data from the UK in 2014; there is a disparity between sales and traffic, and a general trend that clicks track at a higher rate than sales on handsets:



While sales don't come close to hitting those of desktop we can make certain initial hypotheses; that smartphones are great at driving traffic but less able to convert. Tablets, conversely are able to drive sales to the same or sometimes greater level of traffic they record.

This takes on an extra dimension when we look at the whole zanox Group data plotted by hour across Black Friday:



Running midnight to midnight we can see the natural general sales trend we might expect with transactions peaking in the evening.

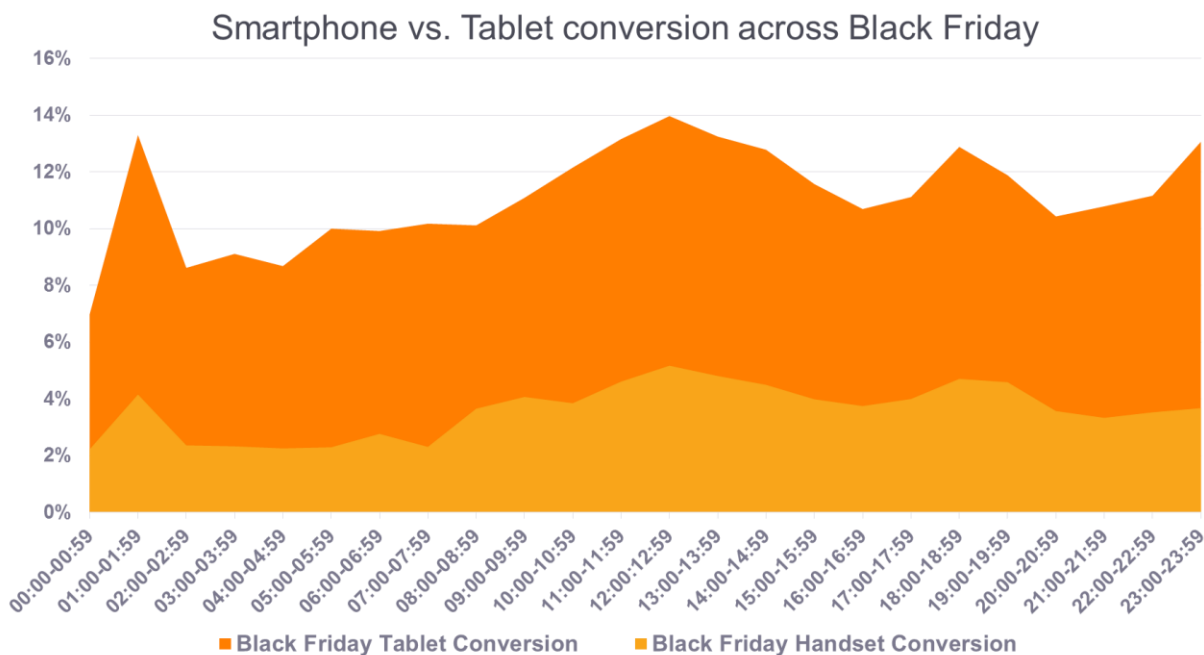
But when certain periods of the day are considered we can see smartphones are far better at pulling in sales in the mid-morning period. In fact they are almost neck and neck with tablets. It is only in the second half of the day that tablets pull away, maintaining the biggest gap between 9pm and 11pm before narrowing significantly in the last hour of the day.

We can draw certain conclusions, namely that smartphones are being more readily accessed in the 'discovery stage' at these times, when people may be on the move, on buses and trains or, at the other end of the day, in bed. Inevitably some of these sales will convert but we also see a much greater degree of smartphone clicks than tablet traffic at these times.

Again there is a difference between how smartphones drive traffic and how they convert sales. They are great at the former and poor at the latter. We need to consider however that smartphones are transforming how we think about affiliate traffic. A channel that is dependent on conversions may now have to deal with mobile devices that drive a huge amount of **casual browsing** and less considered, early funnel activity. If this is the case we may have to introduce new commercial models for affiliates who generate a significant amount of smartphones clicks.

An obvious way to show how this is a challenge for affiliates with a large proportion of smartphone traffic is to show the click to sale conversion rate for devices on Black Friday.

Using data from the UK we can see how the conversions between tablets and handsets vary across the same hour increments of Black Friday as the previous chart:



Consider the non-linear sales path that shoppers could feasibly take: initial view on a phone, maybe browse a tablet or laptop, they then think about the purchase across the day or a longer period of time. Finally they return through any or all of these devices to complete a purchase.

If an affiliate ad on one device was the prompt that led to the purchase via someone accessing the retailer direct on another platform, it also shows how it will become important to track that sale across multiple devices.

- **When talking about the performance of 'mobile', it is important to distinguish between tablet and handset**
- **Tablets, performing more of a traditional laptop experience, drive both higher conversions and average order values, resulting in the doubly positive impact on commissions**
- **Smartphones have the ability to drive sales at certain times of the day more than others. But for affiliates, dependent on a high level of smartphone traffic, they may find their commissions are not reflective of the contribution they make.**
- **In the future the ability to track sales across handsets, desktops, smartphones and other connected devices, will take on a heightened importance as consumers' paths to purchase become increasingly complex**

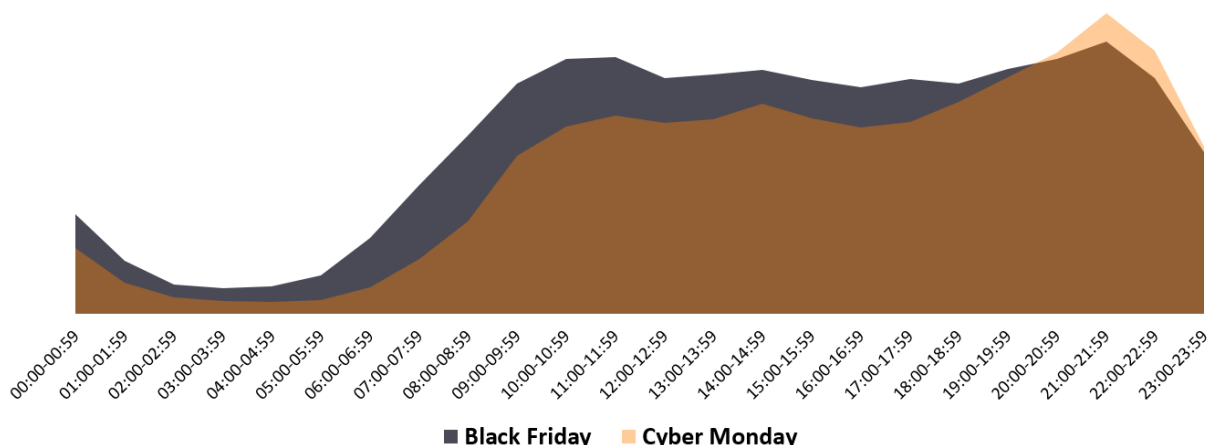
What will happen to Cyber Monday in 2015?

Cyber Monday, previously mentioned in this document as the traditional strongest day in the festive trading period still maintains its number one position in some zanox territories.

What will be interesting in 2015 is whether that changes.

There is no doubt it will continue to be a strong day for all affiliate marketers, but with more and more advertisers investing in their Black Friday plans, will consumers have spent all their hard earned cash on the offers available on Friday before they can take advantage of any that may be held back for Monday?

So let's take a look at how sales for both days performed across the whole network in 2014, presented in 24 hour increments once again:



As can be seen, only in the last few hours of the day was Cyber Monday a bigger revenue driver than Black Friday. Even those markets who experienced little or no growth spurt on Black Friday saw it edge Cyber Monday during the mid-morning period of roughly 7am to 9am.

Interestingly a significant number of consumers appeared poised and ready to check out the biggest and best deals as Black Friday began, with the sales gap between the two days particularly wide up until lunchtime. That Black Friday peaked around the time when many people arrive at work indicates that there was an urgency to get the best deals, whereas the Cyber Monday trend tends to mirror a more typical online retail day.

For retailers the importance of capitalising upon that early interest is obvious. Additionally, given the trend towards smartphone usage during this period of the day, ensuring mobile affiliates are primed and ready will take on increasing importance in years to come.

- **Cyber Monday is still an important day for retailers.**
- **With the growth of Black Friday, in a sense the promotional window for advertisers has grown to a four day weekend. Some advertisers may choose to run lengthy campaigns**

across the whole period, some will run limited campaigns for just 24 hours and others a combination of the two.

- 2015 will probably see a widening of the gap between Cyber Monday and Black Friday.

Conclusion

- Black Friday arrived as a major retail event for the first time in 2014 and will very likely exceed expectations in 2015. In the UK, the largest ecommerce market in Europe, many are predicting the very first £1bn pound day online.
- When looking at geographic trends, certain markets have embraced Black Friday more than others. Those who fall under a more US sphere of influence have gravitated to the phenomenon, for example Brazil sees almost a fifth of their total retail revenue for the festive period delivered on just one day. Scandinavian and southern European countries have also turned to Black Friday and seen good uplifts. The major economies of France, Germany and the Netherlands have been more muted in their response.
- Cyber Monday is being eclipsed as the largest online shopping day for the zanox Group.
- Other trends are emerging around average order values (higher than usual) because of the focus on certain product groups
- Mobile is emerging as an important contributor of sales but tablet is performing more strongly for both click to sale conversions and average baskets.
- Smartphones are playing an important influencing role at certain times of the day but are converting at a much lower rate. This will impact the earning potential of those affiliates with high levels of handset traffic.
- Black Friday offers have a greater sense of urgency to them and are therefore leading to conversions earlier in the day when compared to Cyber Monday which experiences its strongest performance late at night.

About zanox

zanox is the leading performance marketing network in Germany and Europe.

With over 700 employees across the globe, the zanox Group – comprising the companies, zanox, Affiliate Window and eprofessional – supports companies from all industries and of all sizes in the effective marketing of products and services on the internet. With zanox's transaction-linked business model, advertisers only pay for the measurable success of their online advertising activities. Over 4,300 advertisers bank on the zanox global publisher network.

The zanox Group has its headquarters in Berlin and has branches in Germany, England, France, Spain, Italy, Sweden, Switzerland, the Netherlands, Poland, the USA and Brazil.

Author: Kevin Edwards, Strategy director zanox group

Press Contact

Sibylle Grenz
Manager PR & Communications

T: +49-30-509-691-8092

M: +49-173-672-3006

F: +49-30-509 691-99

skype: sibylle.grenz

E-Mail: sibylle.grenz@zanox.com

linkedin: <https://de.linkedin.com/in/sibyllegrenz>