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IMRG + nShift

Black Friday & Christmas Review 2022

nShift

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Meet The Experts

IMRG

"The festive cheer continues at IMRG as we partner with nShift to present you with Black Friday and Christmas trading insights for 2022. This report is the perfect opportunity to find all the exclusive data for the hottest retail event of the year, where the knowledge can inform and complement your growth strategies for 2023. After a predominately tumultuous year for retailers, which saw much negative-on-negative growth, Black Friday was something of an enigma, with many retailers holding out hope for prosperity. Now, the results are in, and the data might suggest that online retail fared the storm, albeit on a rocky ship."

We help our members understand and improve their online retail performance through a busy programme of performance benchmarking, data analysis, insight, best practice-sharing, and events. We have been tracking online sales since 2000 – and now measure over 120 individual metrics in a series of indexes, providing in-depth intelligence on online and mobile sales, delivery trends, marketing ROI, and channel performance.

Andy Mulcahy, Strategy and Insights Director at IMRG

Ellie-Rose Davies, Content Executive at IMRG

nShift

"The Black Friday and Christmas period typically sees a marked increase in parcel volumes being managed by retailers and it's critical they're on their A-game. If consumers don't get the delivery experience they want, they will shop around for a better one. If last year's Black Friday or Cyber Monday didn't exactly go to plan, it's not too early for retailers to start planning for this year. At nShift, we enable our customers to deliver a better customer experience, improve customer satisfaction, provide a full range of delivery options, create new revenue opportunities and develop sustainable delivery options."

nShift is the global leading provider of cloud delivery management solutions enabling frictionless shipment and return of almost one billion shipments across 190 countries annually. nShift's software is used globally by e-commerce, retail, manufacturing, and 3PL shippers. The company is headquartered in London and Oslo. It has over 500 employees across offices in Sweden, Finland, Norway, Denmark, United Kingdom, Poland, the Netherlands, Belgium, and Romania.

Lars Pedersen, CEO at nShift

Methodology

This report includes data from IMRG's Digital Dashboard, which tracks online retail performance across various metrics and sectors with numerous time intervals (Yearly, Monthly, Weekly, Year-on-Year, Month-on-Month, and Week-on-Week). The dashboard accumulates data from 200+ respectable household-named UK retailers, allowing us to indicate the growth rate of the total and individual online markets. This report extracts data from November and December 2022 and places it in context to generate meaning.

IMRG's Index uses Percentages (%), the most accurate measurement to observe and present growth or declines across metrics and markets, making fluctuations and repeated patterns in online retail clear. The metrics include revenue growth, orders, traffic, conversion rates, and add-to-bag rates, and the markets include clothing, home & garden, electricals, health & beauty, beers, wines & spirits, and gifts.

The report also contains analysis from nShift, which is compiled from around Europe, particularly its core markets; the UK, Netherlands, Belgium, Norway, Finland, Denmark, and Sweden. It tracked parcel volumes for both Black Friday and Cyber Monday in 2022 with comparison data from the same period the year before.

Our Expectations

IMRG paid much thought and consideration to the outcome of peak trading, providing a forecast in September 2022 for total market and category specific online retail results for Black Friday week (21st – 28th November). We considered all aspects that back-burned success for many retailers in 2022, such as the cost of living crisis and The World Cup clash, both of which catalysed a shift in customer behaviour.

	Total Market	Clothing	Health & Beauty	Home & Garden	Electricals
2021 YoY Result	-10%	3%	-11%	-12%	-31%
2022 YoY Forecast	-5%	0%	-6%	-7%	-5%

Predicting that there would likely be less discretionary spending as pockets got tighter and potentially less conversion during big games, IMRG forecasted a -5% YoY decline in the total market. As clothing had a pretty good year throughout 2022, compared to a noticeably worse pandemic period (2020-2021), and with recent deterioration of growth in mind, IMRG predicted 0% YoY. We expected home & garden to experience a result of -7% YoY, and electricals -5% YoY, which were not hugely upsetting figures in the context of the year.

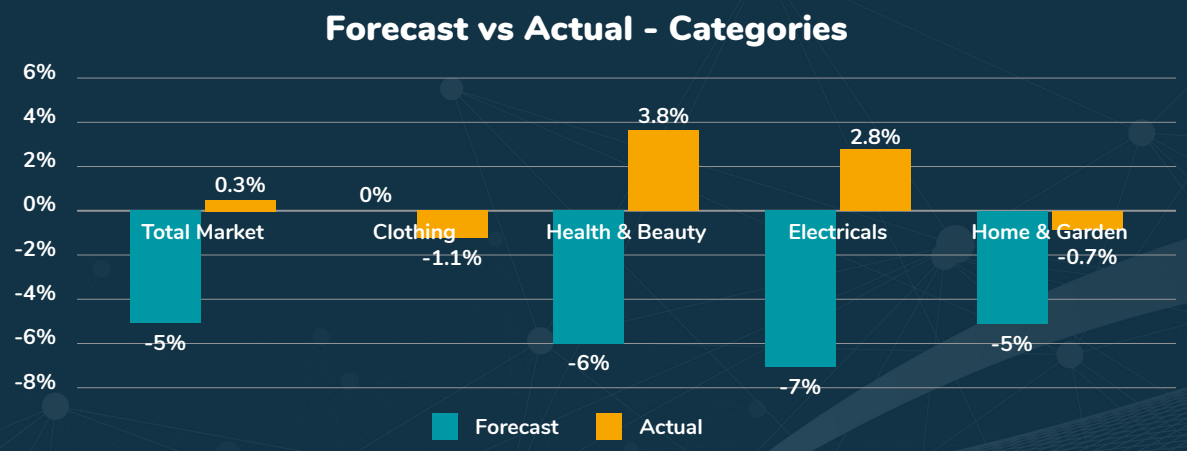
What Actually Happened – Revenue

What was perhaps surprising for many retailers this year, Black Friday had success stories. 120 retailers submitted their online revenue figures to IMRG across the eight-day Black Friday week in 2022, and the data is representative of £1bn in UK online spend.

Steer your eyes over to the graph, and you will see that the total market (+0.3% YoY), alongside health & beauty (+3.8% YoY), electricals (+2.8% YoY), and home & garden (-0.7% YoY), albeit low growth, performed better than anticipated in IMRG's index.

Growth had been hard to come by in 2022, with only two moments of positive-territory Year-on-Year (YoY) weekly growth previous to peak (in June and July owing to summer heatwave spending), on top of eighteen months of negative-territory YoY monthly growth between May 2021 and October 2022. However, despite the whirlwind of financial pressure and festive distraction, November's results showcased that there was still an appetite to pick up great deals.

Yet, IMRG's predictions weren't entirely off-scale given that Black Friday day (25th November 2022) saw a -5.5% YoY decline in total market growth.

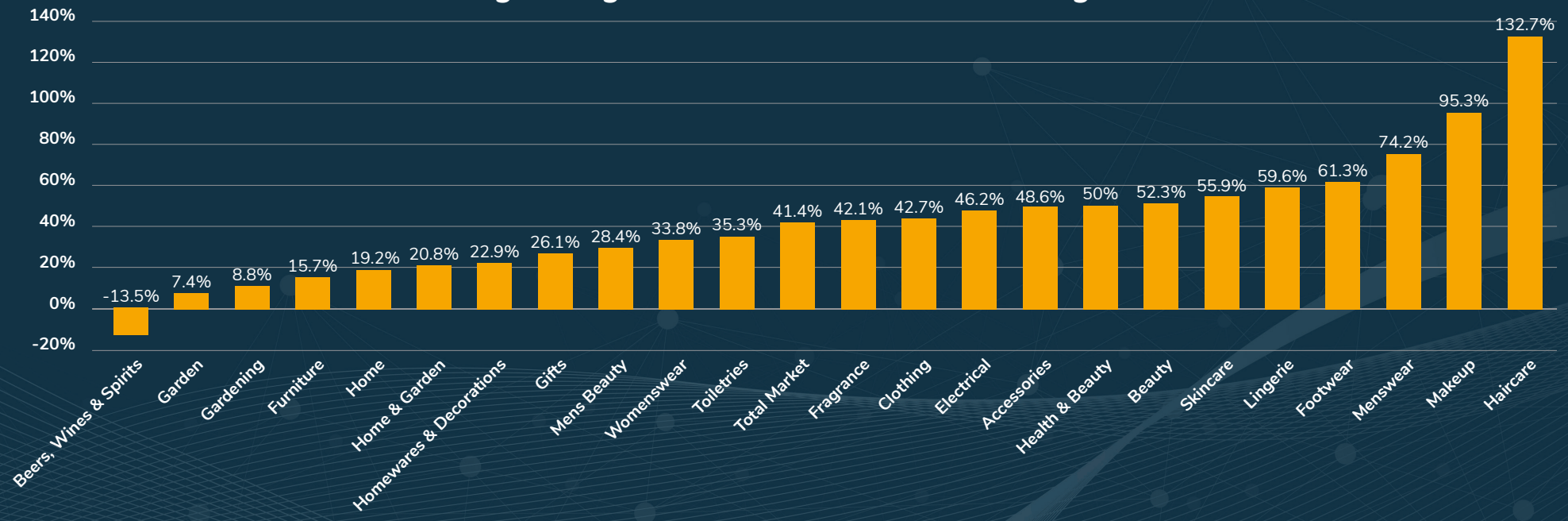


Looking beyond this data, the gifts category achieved +6.1% YoY, the highest performance of all online retail categories in IMRG's Index.

Black Friday Week – Revenue

All major online retail categories experienced positive-territory Week-on-Week (WoW- this week's growth compared to the previous week) growth during the w/c 20th November, par beers, wines & spirits; alcohol retailers do not be alarmed. This category achieved +130.9% Month-on-Month (MoM- this month's growth compared to the previous month) growth in November, signalling football celebration and early Christmas cheer and preparation.

WoW Percentage Change For Revenue - Week Commencing 20th November



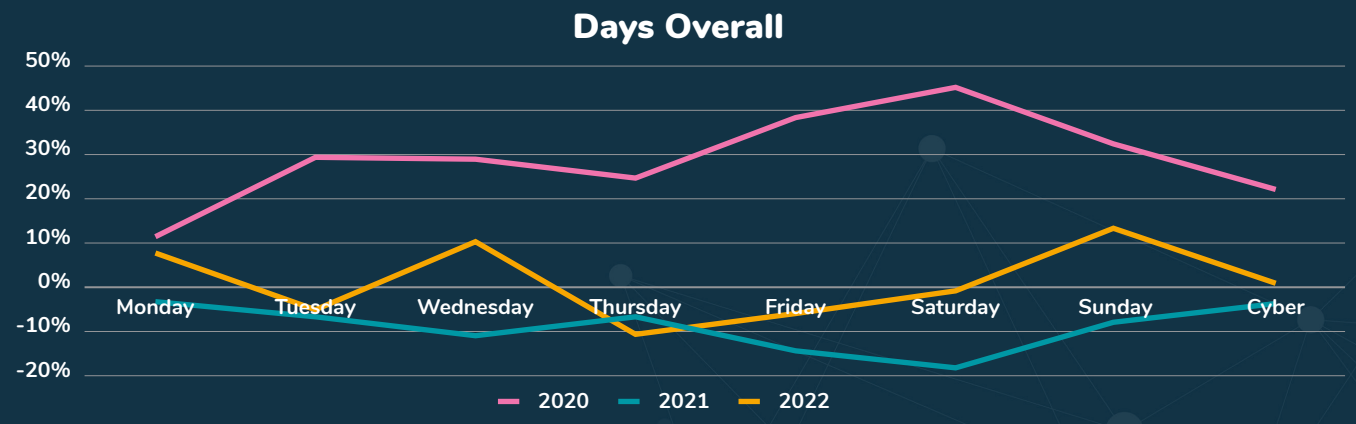
As we already know, health & beauty retailers had a joyful Black Friday this year, and this graph visualises their success. The category saw growth of +50% WoW, and interestingly the subcategory haircare was a driving force, at +132.7% WoW. Clothing had its fair share of excitement, at +42.7% WoW, with the subcategory menswear being a high performer, at +74.2% WoW.

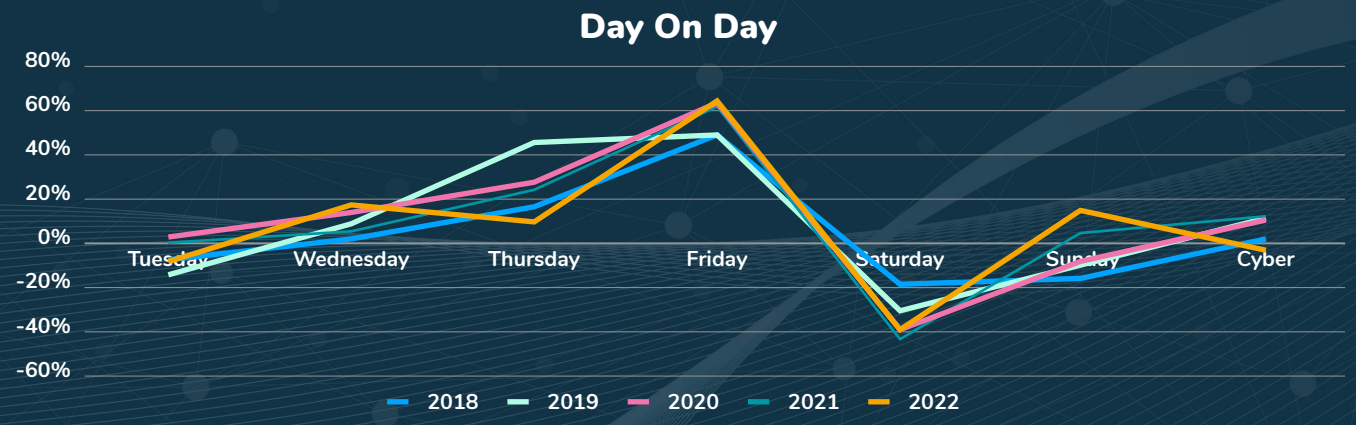
The Highest Performing Day

Compared to 2021, which saw wholly negative territory growth during Black Friday, each day of Black Friday week in 2022 saw improved revenue, other than Thursday (-10% YoY). In the eight-day week, Tuesday, Thursday, Friday, and Saturday remained in negative territory.

The three noticeable peaks in revenue this year were on Monday (+8% YoY), Wednesday (+10% YoY), and Sunday (+14% YoY). Sunday was the last and highest spike of the week, suggesting that customers were panic buying in fear of missing out on cyber weekend deals.

Looking from a Day-on-Day (DoD- this day's performance compared to the previous day) perspective, Friday had the highest growth (+62%), demonstrating that the 'Friday' in 'Black Friday' holds its significance.



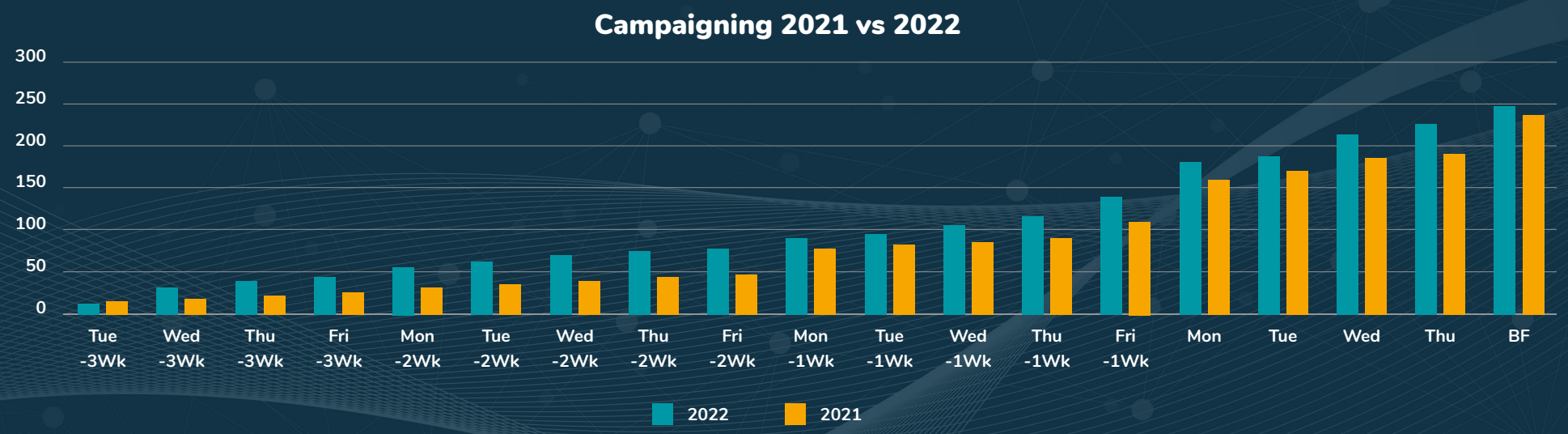


A 'Black November' – Live Black Friday Campaigns

Every November, IMRG navigates through 300+ online retail websites daily to check when their Black Friday campaigns go live. From the data collected over six years, we can confidently say that Black Friday is no longer just a day or a week scheduled in our calendars.

The event blankets the whole of November, even spreading into October and December. IMRG noticed this trend growing since the beginning of the 2020's, most likely ignited by the desire to boost sales during atypical trading environments, such as the coronavirus pandemic and economic crisis'.

While 2021 saw a slight drop away of live campaigns, signalling a slight shift back to pre-pandemic "normality", 2022 presented its own problems. Therefore, many retailers pulled out all the stops and extended their campaigns, hoping for a Christmas miracle - increased revenue.



From a sample of 310 retailers, 218 participated in Black Friday in 2021 and 2022. Of those...

55% of retailers launched their campaigns earlier this year

25% of retailers launched their campaigns later this year

20% of retailers did not change their launch date this year

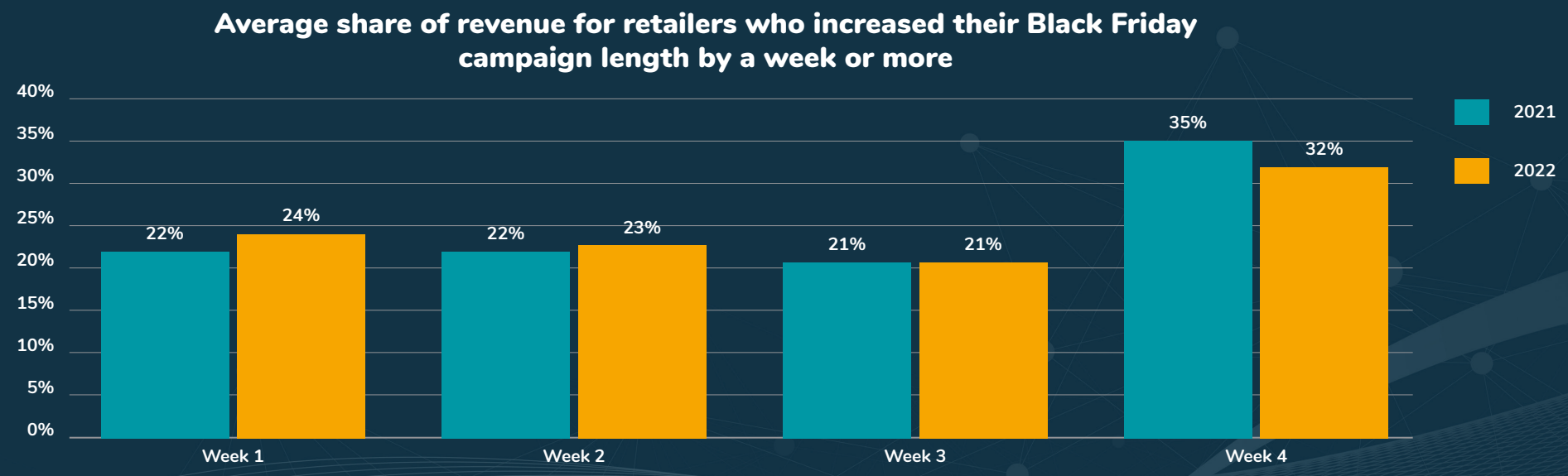
Of those who **increased** the length of their campaign, the average retailer increased it by **seven days**

+7 days

-6 days

Of those who **reduced** the length of their campaign, the average retailer reduced their campaign by **six days**

Increasing Live Campaigns Effect On Revenue



IMRG studied whether increasing live campaign length made a difference to revenue. This graph represents the average share of revenue for retailers who increased their Black Friday campaign length by a week or more.

There are slight and insignificant differences between revenue share in 2021 and 2022. Week 1 of November 2022 presents only a +2% increase, Week 2 reveals +1% growth, Week 3 saw no change in revenue, at +21% in both years, and Week 4 saw a slight decrease of -3%.

Therefore, data suggests that increasing campaign length does not necessarily mean increased revenue, nor does it mean stronger demand to online retail sites.

Black Friday Merchandising

Cost of Living Messaging:

In 2022, 34 out of 218 retailers used cost of living messaging, such as advertisement of energy efficient products, warm clothes, and direct text references, in their Black Friday campaigns. Of those, roughly half saw higher conversion rates, and the other half saw lower conversion. Therefore, there is little evidence to suggest that cost of living messaging, such as promoting air fryers, electric blankets, and energy efficiency, is useful or useless for inspiring sales.

Environmental Messaging:

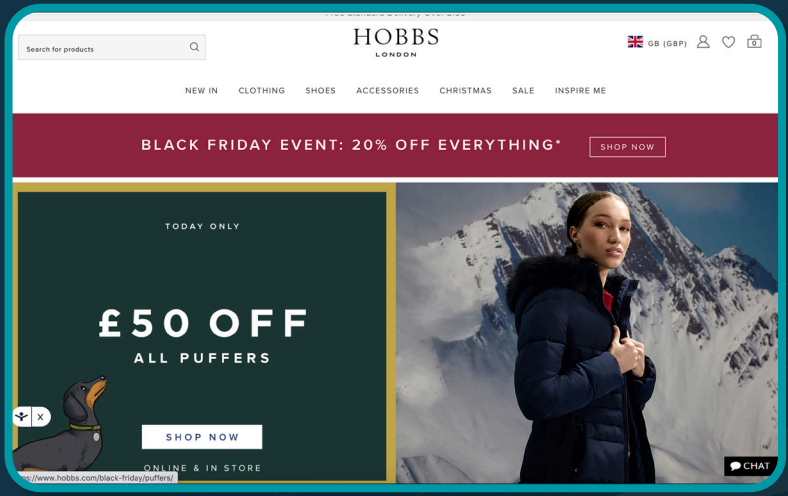
There were 39 retailers that used environmental messaging in their discounting campaigns, with many donating money to selected charities with every order purchased, alongside a few retailers rebranding Black Friday to 'Green Friday'.

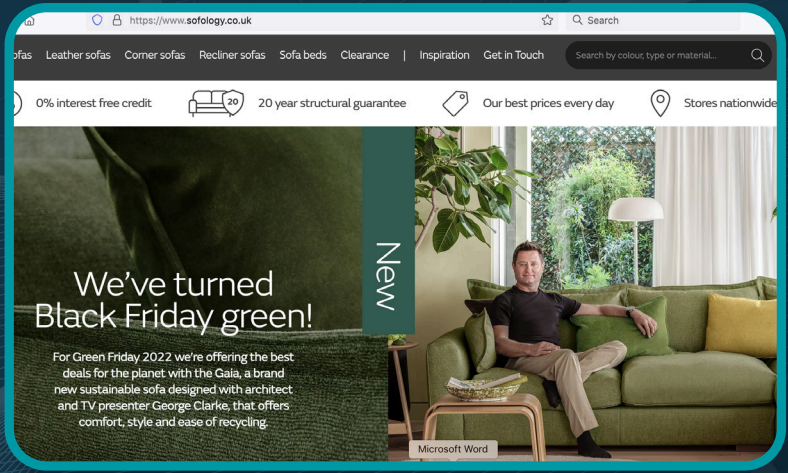
Countdown Messaging:

Only 32 retailers used countdown timers on their websites on the 25th November, 2022. This figure is a slight decrease from the 43 that participated in 2021, suggesting a more toned down and sensitive approach to Black Friday during trying times.

Gifting Messaging:

100 retailers opted for gifting messaging in their online campaigns, but, yet again, conversion between these retailers was split, providing little evidence for its usefulness.





Black Friday & Delivery

nShift Comments

Despite concerns about consumer confidence, nShift data suggested that shoppers once again flocked online for bargains during the Black Friday and Cyber Monday sales.

According to its data, Black Friday parcel volumes in all Nordic regions were at a similar level to Black Friday 2021. The UK showed an 8% increase in parcel volumes compared to last year. It was a similar story for Cyber Monday. Parcels generated on this day were almost identical to 2021 with some notable exceptions. The UK saw an increase of almost 30% compared to Cyber Monday 2021 and was up 70% compared to an average Monday.

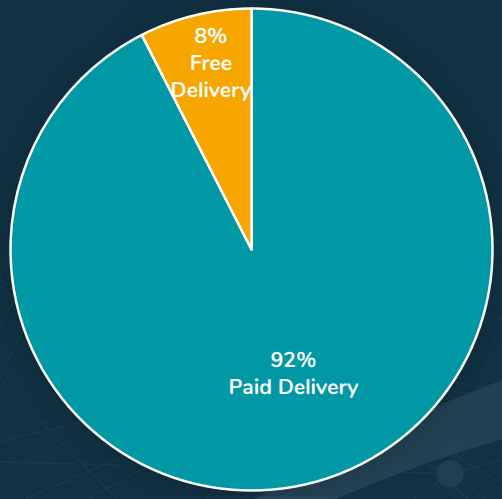
The spike in consumer spending is clear when the data from Black Friday 2022 is compared to an average Friday. Every nation tracked in the nShift data showed a considerable increase on this measure; Denmark was up 126%, Norway (84%), the UK (80%), Sweden (79%), Belgium (69%), Netherlands (67%) and Finland (58%).

Lars Pedersen, CEO at nShift said, *"Ahead of Black Friday and Cyber Monday, many feared that the global cost-of-living crisis would undermine the heralded days of discounts. But it's now clear that shoppers were still eager for a bargain."*

The UK had one of the highest increases in parcel volumes in Europe throughout the four days leading up to Black Friday, with everyday parcel volumes increasing between 43% and 75% compared to the same day in 2021. Across the week, parcel volumes were up 36% compared to last year.

Lars Pedersen concluded, *"This period sees a marked increase in parcel volumes being managed by retailers and it's critical they're on their A-game. If consumers don't get the delivery experience they want, they will shop around for a better one. If last year's Black Friday or Cyber Monday didn't exactly go to plan, it's not too early for retailers to start planning for this year."*

Retailers That Offered Free Delivery



- **24 out of 295 retailers included free delivery as a part of their Black Friday campaign**
- **103 retailers included free delivery over a certain amount spent**
- **78 retailers offered conjunctive delivery-orientated offers, such as extended delivery or free returns**
- **12 retailers had mail strike notices on their home page**

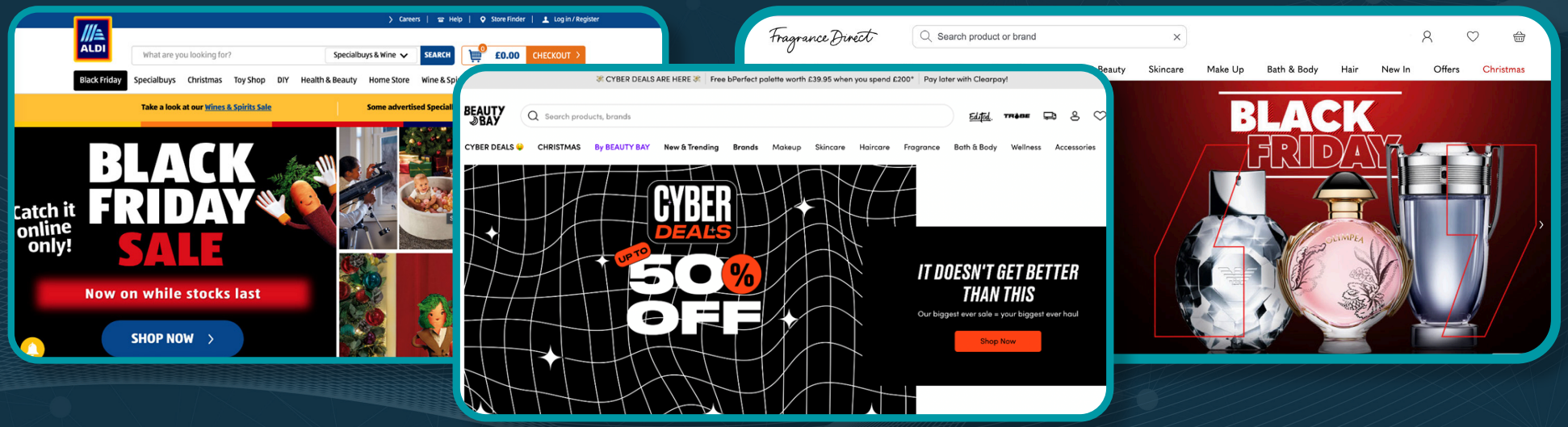
Impacts Of The World Cup Clash

Black Friday 2022 had to play head to head with the biggest sporting event of the year, The FIFA World Cup.

During this time, it was important for retailers to know their customers, in order to target them with discounting messaging at the right time for desirable effect. For example, retailers might have decided against distributing their marketing campaigns during big games.

However, some sectors proved to suffer the clash more than others. Health & Beauty retailers were one of the luckiest; one of their busiest hours was at 8pm GMT on Black Friday, and proved popular up until 10pm. These hours were during England's match against the USA.

Also, rather than being defeated by the extra layer of tension, numerous retailers, 47 out of 218, embraced the challenge and had fun with their Black Friday campaigns. Examples include net-like imagery as the backdrop of their offers, perfumes in the shape of footballs and trophies, TVs advertised with images of football on the screen, and sports language.

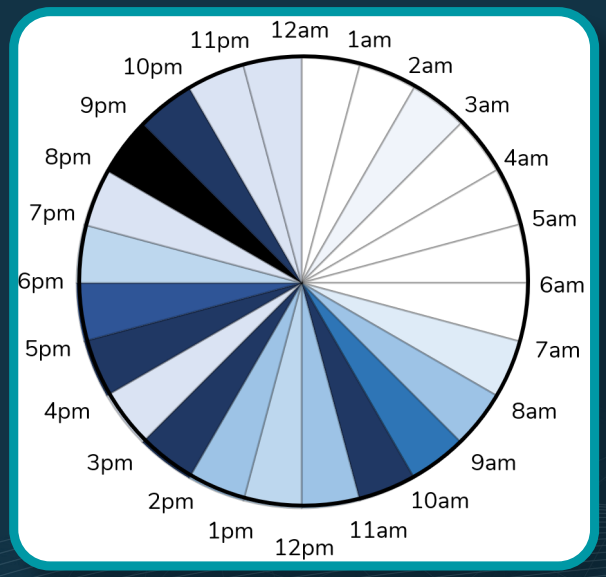


The Busiest Hour Of Black Friday

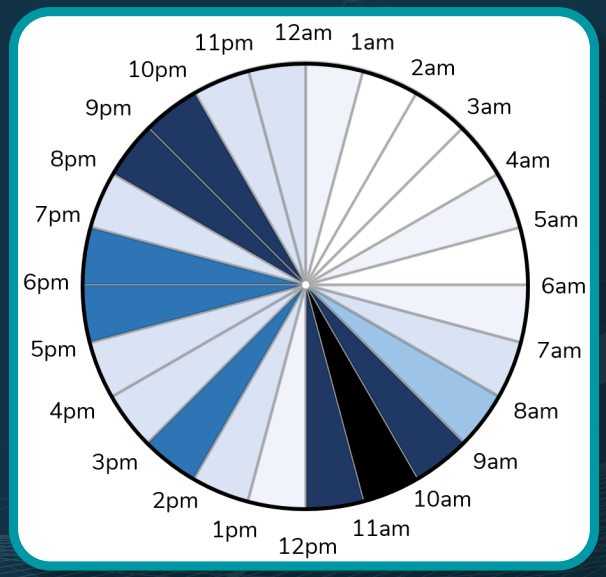
From a sample of 120+ retailers, IMRG requested their busiest hour for revenue on Black Friday, 25th November 2022.

Busiest Hour Of Back Friday (Highest Revenue)

2022



2021

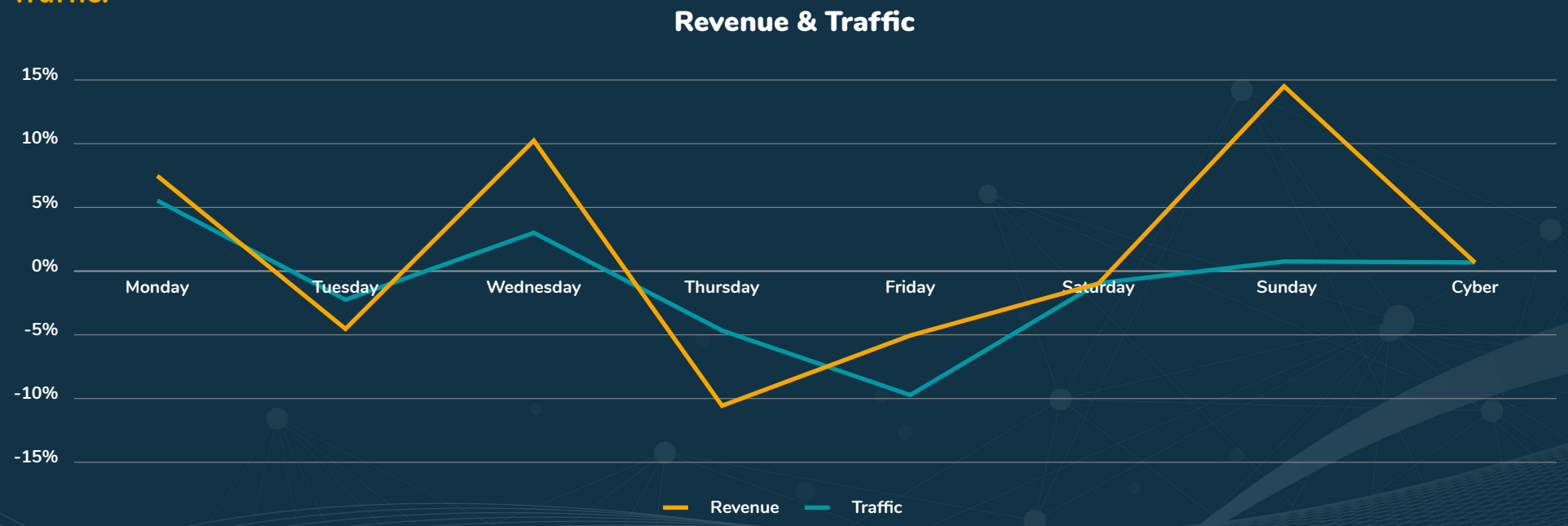


In this graph, the darker the colour, the more popular the hour was. The busiest hour was from 8-9pm GMT in 2022, whereas, while last year, 2021, saw similar popularity at this hour, the busiest time was from 10-11am GMT. During the busiest hour of 2022, England had quite a unenigmatic game against the USA, potentially causing the spike in revenue. Alternatively, this data could also suggest that The World Cup did the opposite of what IMRG thought*, which was that attention would be pulled away from Black Friday in another direction.

*Notice how the pie chart is more saturated in 2022 than 2021

Traffic, CR & ABV

Traffic:



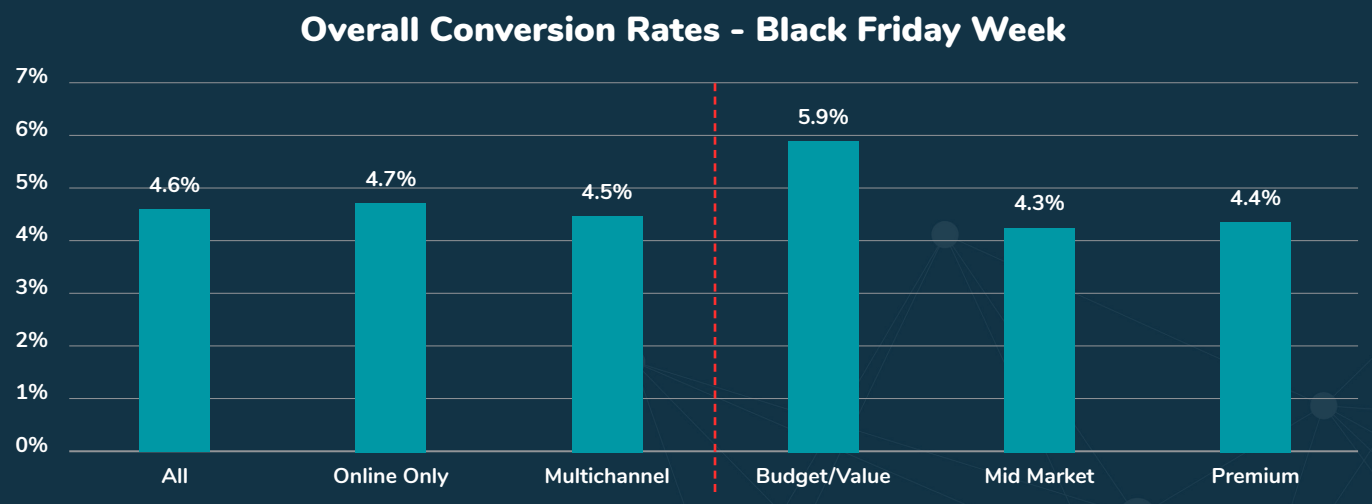
Total market traffic in Black Friday week 2022 presented Monday 21st November as the time where most customers were visiting online retail sites, sitting above +5% YoY. Traffic was very low on Black Friday day itself, at -10% YoY, only rising into positive territory on Sunday, the highest day for revenue (+14% YoY), at +1% YoY.

While traffic trends to ride just above or below revenue throughout the week, on Sunday it was comparatively very low. You can argue that this is because customers already knew what they wanted to purchase prior, with many browsing across multiple retail sites in search for the best deals days, or even weeks, before.

Conversion Rate:

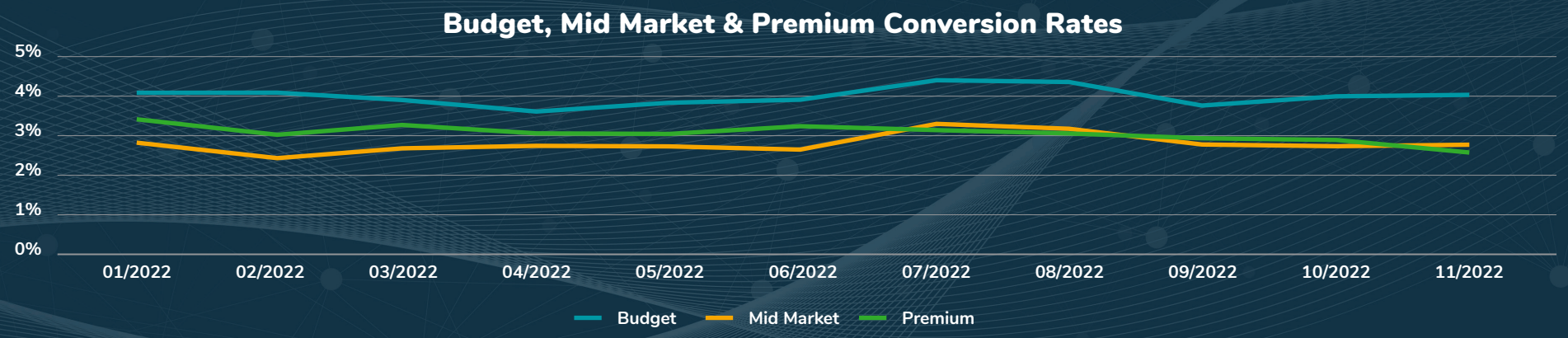
While traffic proved to be a lesser worry in 2022, high conversion was the hardest to attain for most retailers.

This graph shows that online only retailers just beat multichannel retailers in conversion during Black Friday week 2022, at +4.7% versus +4.5% YoY. More remarkably is the market tiers, which present budget/value items as more desirable during the cost of living crisis, at +5.9% YoY, and is followed by premium at +4.4% YoY. Mid-market has had less of a good time, coming in third place, albeit only by 0.1%, at +4.4% YoY.



Market Tier Comparison:

Though there seems to be very little difference between the success rate of various online retail market tiers, this graph depicts a more telling story of which customers are more drawn to. Perhaps to our expectation, budget retailers took centre stage, mostly scoring above +4% YoY for conversion throughout 2022, whereas mid-market generally remains below +3% YoY.

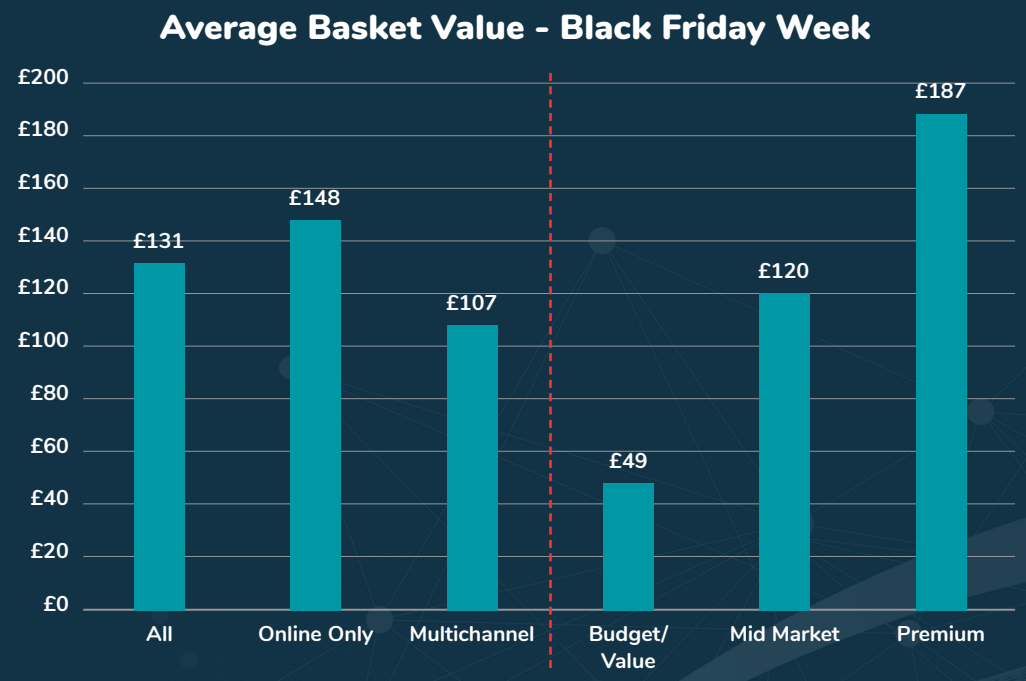


Average Basket Value:

In November, average basket value ebbed away every week. In the w/c 6th November 2022, total market average basket value was £137.31, and decreased to £128.37 in the following week. During the eight day Black Friday week (including Cyber Monday), the basket value increased to £131; this change heightens ambiguity, making us question whether customers were buying more items for less, or if the discounts were not as heavy as anticipated.

Again, online only retailers took the lead with an average basket value of £148, compared to multichannel retailer's average of £107. While budget retailers saw higher conversion rates, they had lower basket values, averaging £49, whereas mid-market's average was £120, and premium took the lead at £187.

Taking this information, together with the knowledge that there was only decimal point differences between the market tiers for conversion, we can concur that customers still had an appetite for premium items, despite a year of financial turbulence.



nShift Comments

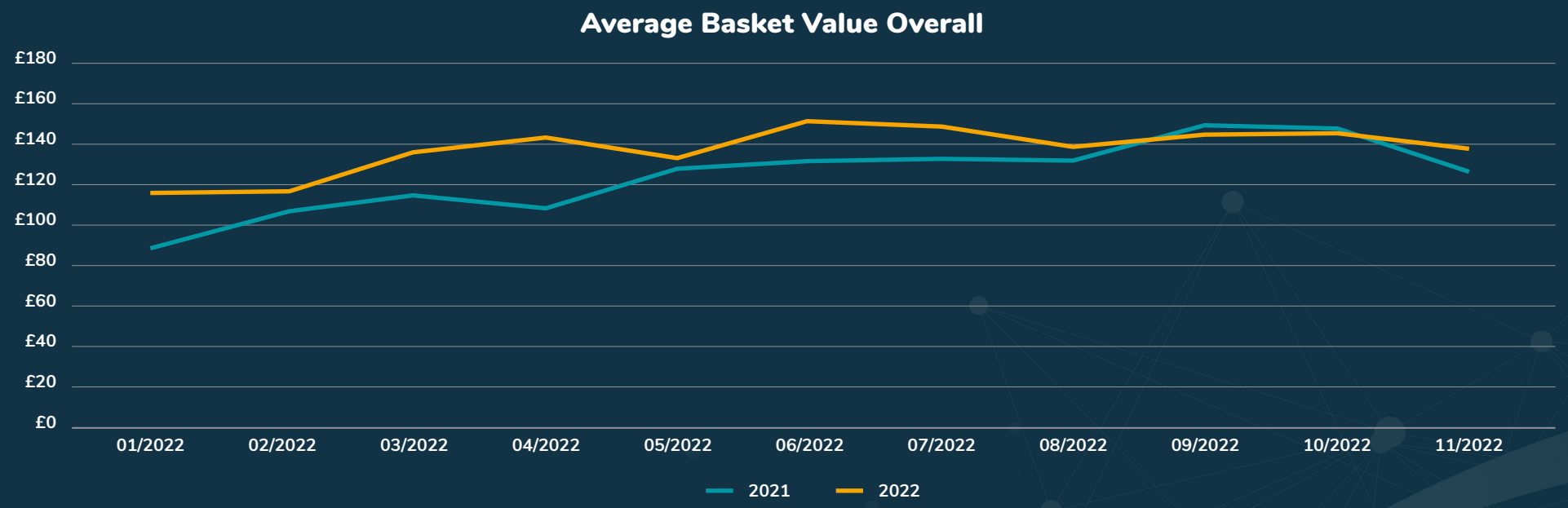
We also know that how a product is delivered can make a big difference to how the consumer feels about the experience and whether they're likely to come back. Research suggests that almost half of consumers will shop elsewhere if they consider delivery times to be too long. Indeed, according to nShift, providing a range of delivery options can increase online conversions by 20%.

"For some, price is the key, others will happily pay more for a next day delivery. Some shoppers would prefer to order online but collect from the store while consumers are increasingly looking for more sustainable delivery options too. People are prepared to shop around to get the delivery experience that they want", said Lars Pedersen, CEO at nShift.

If consumers don't find the right option, they may abandon the purchase. And even if they do go ahead with a below par option, research shows they are less likely to come back or to recommend the retailer to a friend.

Pederen concluded, *"the checkout is no longer the end of the customer journey. In many ways, it's the start of the customer relationship. And that means there's a real opportunity to impress the customer and to drive real value for the business."*

ABV 2022 vs 2021:



Average basket value for the first six months of 2022 was higher than 2021, where from July, there was lots of pulsing between positive and negative growth Year-on-Year. But, generally, the graph demonstrates that the years followed a similar pattern. For the first half of the year, 2022 saw slower weekly changes in ABV, and for the second half there were quicker changes, seeing more spikes rather than domes.

The average value ranged from roughly £118 to £158 in 2022, and the weekly fluctuations represent typical sale periods, and perhaps moments of reduced or increased confidence in the UK economy.

Christmas Trading & Performance 2022

While November trading granted retailers +0.1% YoY growth, this success was because sales were pushed forward.

During what had been a long period of financial unsettlement for many, customers sought Black Friday deals for their Christmas shopping. In turn, December performed comparatively worse than November, where the negative-territory result, -11.4% YoY, was identical to the decline in growth seen last April (-11.4% YoY). Therefore, just as we thought things were getting better for ecommerce, with six weeks of edging-positive growth, things got worse.

Amplified by the press is that the mail strikes were a great contributing factor to this decline; Many customers relied on the high street to ensure their Christmas gifts arrived on time. But, having succumbed to the lure of Black Friday offers, there might have also been an essence of purchase regret, where come December, customers' pockets are significantly tighter.

nShift Comments

According to nShift analysis, festive gift-getters wasted little time in returning their unwanted Christmas presents. In the UK, the majority of returns were arranged for 30 December, while consumers in the Netherlands started even earlier. Its most popular day for returns was 26 December, with almost 27% of parcel traffic being recorded on this day.

In the Nordics, consumers in Norway were the quickest when it came to returning unwanted gifts in 2022, with almost 8% of returns arranged for 26th December and a third (29%) arranging returns for Tuesday 27 December - the most, and earliest of countries in the region. Those in Denmark waited a further 24 hours before sending their gifts back. The most popular day for returns there was Wednesday 28th (30%). When it comes to taking more time with returns, Finland was the stand-out nation, with one in 10 returns being made on 31st December.

While there was a steady stream of returns booked for after Christmas, a few consumers were even quicker off the mark. A small proportion of each region even began sending things back on Christmas Day (25 Dec) itself. Indeed, of all the countries monitored, Sweden was the highest contributor here with 2% of returns being arranged for this day.

nShift compiled these statistics by analysing returns data from the last week of December 2022. By looking at which day of the week carrier companies were alerted of the need to collect an item, they were able to determine which days were the most popular for people to get the ball rolling. Across all tracked countries, Wednesday 28 was the most popular day, with over a quarter of returns requests from the week generated during that day. This was closely followed by Thursday 29 (22.3%) and Tuesday 27 (22%).

nShift's Top Tips For Black Friday & Christmas 2023

nShift Comments

Black Friday, Cyber Monday and Christmas continue to offer huge opportunities for retailers and web shops to win new customers and grow revenue. But as consumers become more familiar with weeks of deals and discounts, they continue to look for more from the online shopping experience. Just because a customer knows they are getting a good deal on price doesn't mean that they are prepared to compromise on the quality of the delivery.

A retailer that can offer their customer a range of delivery options can build a competitive advantage. Customers expect constant communication from the seller during the delivery process. And they expect the company they are buying from to be able to stick to the delivery promises it makes on the website.

Learning lessons from last year's Black Friday and Cyber Monday can help retailers stay ahead of the game and deliver more for consumers next year. At the heart of getting it right, is the ability to shape a shopping experience that works for the customer. And that means providing the right delivery options, keeping customers updated, and making returns simple.

imrg | The UK Ecommerce Association

Contact

IMRG

Tel: **0203 696 0980**
Email: **membership@imrg.org**

www.imrg.org

nShift

Email: **contact@nshift.com**

www.nshift.com

nShift