



Yieldify

THE SHAPE OF PEAK TO COME

Retail Marketers Reveal Predictions,
Preparations and Plans
for Peak Trading 2019



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As the key trading period in retail, ensuring a successful peak shopping season is a matter of survival for e-commerce and traditional retailers alike. But that's about the only thing retailers can be certain of when it comes to peak.

The last decade has seen the rise, [fall](#) (and [rise again?](#)) of discount-led events like Black Friday, stretching tight margins ever thinner, and elongating the period through which retailers must strive to keep customers engaged.

The shape of peak is constantly evolving, as some retailers backlash against deepening discounts, declaring the '[death of Black Friday](#)' while others ([such as Amazon, with Prime Day](#)) seek to create an ever-earlier start to peak.

With all this change, knowing what to expect for e-commerce in Q4 2019 had us a little stuck.

So we decided to go straight to the source: marketers themselves.

We interviewed over 400 retail marketers in the US and the UK*, across the whole spectrum from fashion to home and garden. Among them were both multi-channel retailers and new pureplay e-commerce outfits. We also spoke directly to those working within the industry to add some qualitative insight and color to the data.

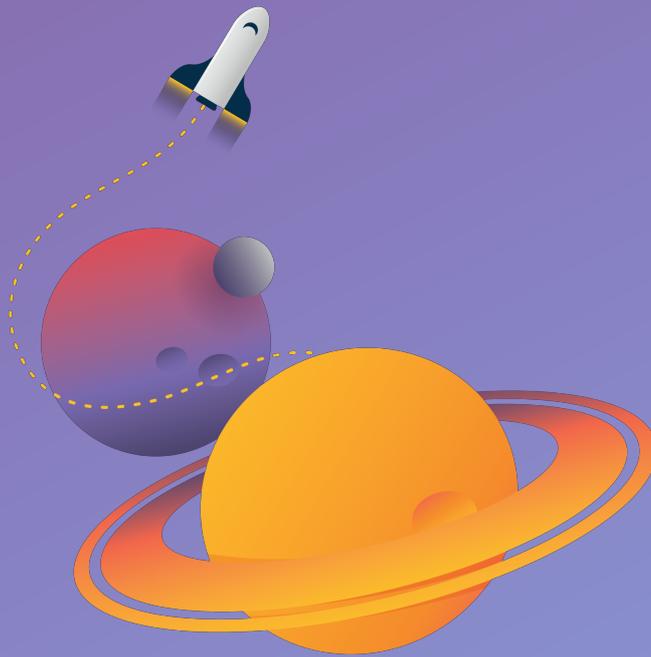
The results provide a fascinating insight into the evolving shape of peak, and the trends to look out for in 2019 and beyond.

*This research was conducted by Censuswide, an independent market research consultancy, with 403 marketers who work in retail: 201 in the UK and 202 in the US. Fieldwork was carried out between 08.07.2019 - 18.07.2019. Censuswide abide by and employ members of the Market Research Society. All survey panellists are double opted in, which is in line with MRS code of conduct and ESOMAR standards.

Executive Summary

This report breaks down observations into three key areas - predictions, preparations and plans. Here are some of the topline conclusions:

- Despite the harsh retail environment, retailers' predictions for peak are overwhelmingly optimistic. On average, retailers expect to see a revenue increase of 28.7% versus 2018 peak. More than two-thirds (72.9%) expect to see a year-on-year online revenue increase of 10% or more, and less than a tenth (8.9%) of those surveyed predict flat or negative Q4 results compared to last year.
 - Black Friday - the first 'peak within peak' - is no longer a one-day event. Only 15% are treating it as such. When it comes to participation, online-only retailers are the most likely to opt out, with 1 in 5 choosing not to take part this year.
 - While it's a given that Black Friday is all about discounts, price-slashing activity actually reaches a peak during the holidays, with 84.8% planning to offer discounts during this time.
 - Pureplay e-commerce retailers are leading the pack when it comes to going against standard peak expectations. As well as opting-out of Black Friday, they were also the most likely to run discounts across longer periods. This seems to have led towards a greater focus on acquiring and retaining customers throughout peak, with website personalization their top-rated method for doing so.
 - For everyone else, email is still the king of marketing strategies. This was cited as a top tactic for promoting peak offers as well as converting visitors into customers. Retailers will need to have a solid lead capture strategy in place long ahead of peak to capitalize fully.
 - Speaking of preparations, they've already started! At the time of publishing, 77% have already kicked off planning for peak and will launch their first marketing campaigns in just a few weeks' time.
- So without further ado, let's see what else we learned...



PEAK PREDICTIONS

What are retailers
expecting from Q4 2019?

Peak revenue

Santa or Scrooge?

So far, 2019 has proven to be (yet again) one of the more turbulent retail years on record.

In the US, it's predicted that retail closures could reach [a record 12,000 by the end of the year](#) as online shopping and Amazon continue to increase their dominance. In the UK, economic uncertainty around Brexit saw total sales experience [their biggest drop since 1995](#) in May, at the same time as industry stalwarts ASOS and Topshop were rocked with profit warnings.

It therefore comes as a surprise that retailers have an optimistic outlook on Q4. Retailers surveyed expect an average revenue increase of 25% for Black Friday, rising to 28.6% for the holiday shopping season as a whole

Over two-thirds (72.9%) said they expect a revenue increase of 10% or more on year-on-year for the holiday season.

Average Revenue Predictions for the 2019 Peak Season Compared to 2018



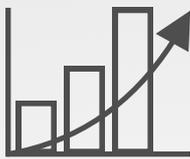
Black Friday



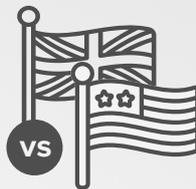
Cyber Monday



The Holiday Season as a whole



More than two-thirds expect to see an increase of more than 10% when it comes to online revenue YoY



US retailers are generally more optimistic than those in the UK, with 49% predicting a revenue boost of 25%-75%, versus just 33% in the UK



There were a few Grinches in the mix: one fifth (20.3%) of online-only retailers predicted no change, with just 5.46% predicting this scenario overall

US retailers were generally slightly merrier in their outlook, predicting an average Black Friday revenue increase of 29% compared to 22% for their UK counterparts.

Remarkably, less than one tenth (8.9%) of those surveyed predicted flat, or negative year-on-year Q4 results. Interestingly, given the wider trend in retail toward online, the few scrooges in the mix were pureplay e-commerce retailers. One-fifth (20.3%) of this group predicted no change compared to just 5.46% who said the same overall.

Peak challenges

What marketers fear in 2019

Despite this positive outlook on revenue, there are a few challenges along the way.

These are the top five:

Competition with other e-commerce sites

38.4%

Delivery logistics

27.8%

Discounting eating into margin

27.8%

How to retain customers after Black Friday

24.8%

Optimizing my website

24.5%



It's unsurprising that the threat of competition loomed large across the board - with [Amazon taking around 50% of all e-commerce sales in the US](#), it's easy to see why retailers are conscious of their customers' other options.

Of all the respondents, it was US retailers who were most concerned with optimizing their websites, suggesting that perhaps UK marketers are happier with their e-commerce efforts.

This same trend played out across pureplay versus multi-channel retailers, with the former more confident in their website optimization.

Despite reports of [Black Friday and the holidays 'going mobile'](#), optimizing mobile was less of a priority, only around 16% ranked this as among their top challenges.

In focus:

Pureplay Priorities

When it comes to challenges, it seems like pureplay retailers are able to avoid some of the major roadblocks facing more traditional retail businesses.

Take 2019's shortened peak season - reduced by six days due to a late Black Friday. Overall, around 20% of retailers ranked this as a top challenge, but only 13.6% of pureplays felt the same, perhaps due to their 24/7 nature. Even more interesting, only 6.8% of pureplays ranked returns as an issue, despite the fact that online shopping is a [major driver of the billion-dollar problem](#).

The one area where pureplay retailers did show a little more concern than the average was when it comes to retaining those hard-won Black Friday customers. 27% ranked this as a top challenge, versus 24.8% on average. Discounts also present challenges, with 30.5% worried about these eating into margin - explaining perhaps why pureplay retailers were less generous with these.



What does it mean for marketers?

While the revenue predictions are optimistic, the top-rated challenges reveal a fiercely competitive e-commerce environment, where retailers really need to tick all the boxes along the customer journey.

Now is the time to get your priorities in order. If you haven't already, then [map your customer journey](#) to identify the areas where you might be able to implement a fix in time for peak. In terms of your overall strategy for the holiday season, it's key to nail down your proposition early, as Roel Overgoor, Global Digital Marketing Manager D2C at [Phillips](#), explains:

“ First, it'll be the proposition we want to have, and then the level of discount together with our assortment offering (...)

That's the basis of the campaign and therefore needs to happen first. After that it's really about forecasting demands and getting all the stock levels and planning in place. This ensures we have enough time for the last step; the actual execution of bringing Black Friday to life on our platform and in our marketing. ”

In the next sections we'll take a closer look at exactly what retailers plan to offer, and when, in terms of discounts and promotions.



PEAK PREPARATIONS

How are retailers
preparing for Q4 2019?

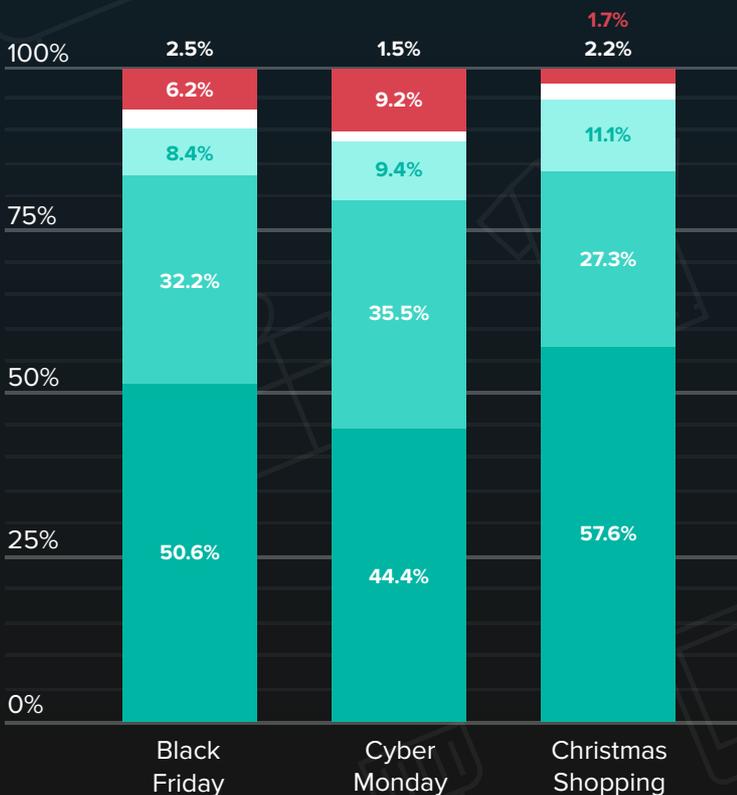
Peak participation

Who's bailing out of the peak party?

Before we dive into how retailers are preparing for Q4, let's first address the issue of participation. To participate in Black Friday - or not - is the big question retailers have been pondering for the last few years. And it looks like we finally have an answer...



Participation: Black Friday, Cyber Monday and the Holiday Shopping Season



- No, we're not participating this year
- Yes, other
- Yes, we'll have some kind of promotion, but we're not discounting
- Yes, we'll be doing limited discounting
- Yes, we'll be doing discounts across all items



Sure, Black Friday participation looks pretty healthy on the surface - 93% are taking part and 82% are offering some kind of discount. However, looking at the data more closely reveals some interesting nuances across the festive season when it comes to regions and retail models.

Again, it's pureplay e-commerce brands who are going against the grain, especially when it comes to Black Friday. They're the most likely to be giving Black Friday a miss, with more than 1 in 5 (22%) opting out, compared to just 6.2% overall. They're also not as generous when it comes to discounts: only 65% will offer them, versus 85% of multi-channel retailers.



Only **6.2%** won't participate in Black Friday, underlining its importance in the peak calendar

82% will offer some kind of discount, with **50.6%** discounting across all items. Fashion brands are the most likely to discount (**92%**)

Black Friday



Pureplay e-commerce brands are the most likely to skip Black Friday, with more than 1 in 5 (**22%**) choosing to give it a miss

Only **65%** of pureplays who are participating in Black Friday will discount, versus **85%** of multi-channel retailers

This day sees the greatest focus on limited discounting (**35.5%**), rising to **43%** among UK marketers. In the US, discounting across all items is more popular (54%)

Cyber Monday

UK retailers are more likely to skip Cyber Monday, with **12%** not participating. They are also more cautious, favoring limited discounts rather than a blanket approach

The festive season will see the highest levels of discount activity, with **85%** planning to offer money off

Holiday Shopping Season

This isn't one that anyone is planning to miss out on!

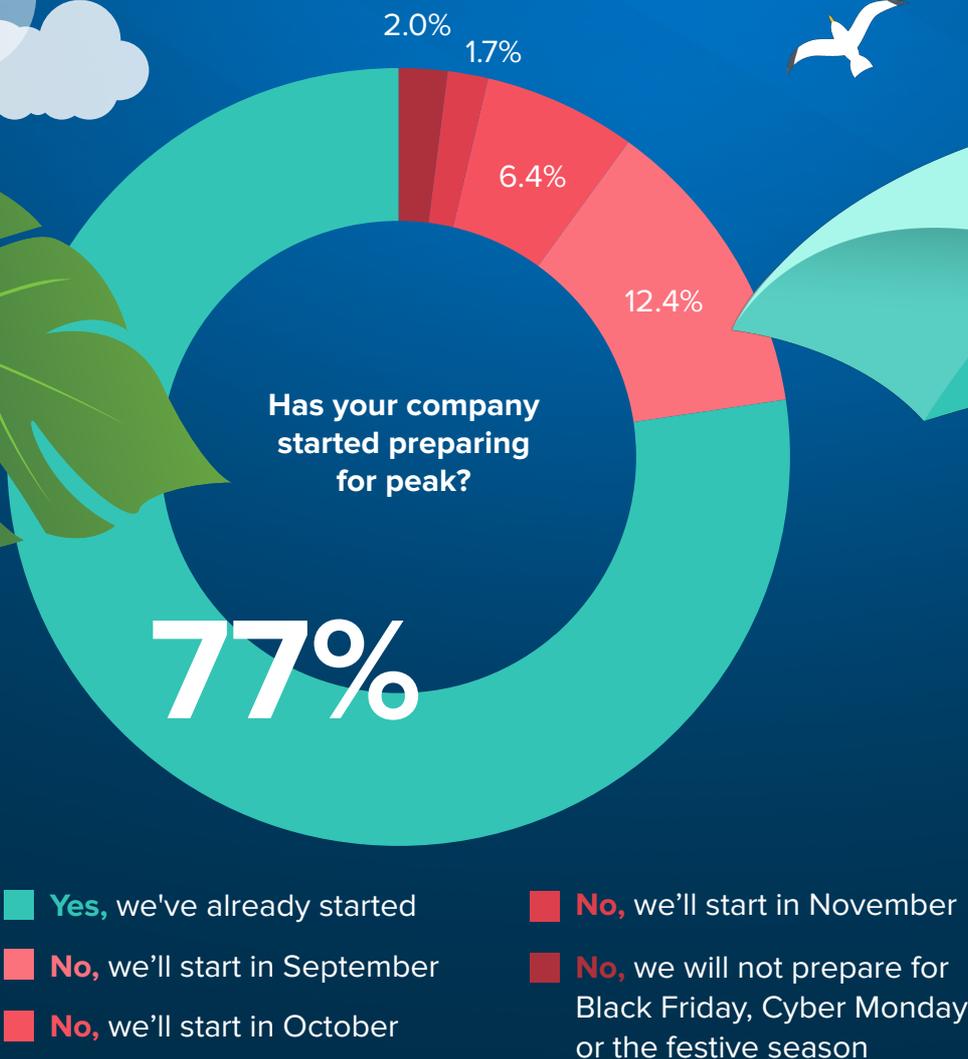
Peak preparations

When do retailers start getting ready?

Now we know what retailers are participating in, when does the preparation actually begin?

At the time of publishing (August 2019), 77% of retailers have already started preparations for peak.

The early start is clear: more than half of US marketers (52.5%) and multi-channel retailers (52.6%) started way back in July.



Peak launches



When do marketing campaigns go live?

Like retailers' timelines for preparation, the actual launches of marketing campaigns for peak trading are early!

On average, we found that marketers plan to launch campaigns long before Q4 begins. The average campaigns to market Black Friday and Cyber Monday start 3.1 months in advance, and the festive season 3.6 months in advance.

Working back from Black Friday, we can expect to see the first blossoms of Black Friday campaigns at the end of August, with the holiday season not far behind.

In focus:

Industry Insights

While the focus of this research is on regions and retail models, we also came across some industry-specific insights that sparked our interest...

Department stores and beauty retailers have the most optimistic outlook on forecasting peak performance, predicting an average revenue increase of 30.9% and 32% respectively.

When it comes to participating in Black Friday, fashion brands are the most likely to discount - 92% will offer money off, and more than half (52.4%) will discount across all items.

Beauty brands were the most likely to start preparations in advance: by August, 87% have begun preparing for Black Friday and the holiday season. Marketing will start over 4 months ahead of Black Friday, and beauty will also offer some of the highest Black Friday discounts, averaging 43% off.

Want to see how you shape up against the data? Take the Black Friday quiz to find out visit: bit.ly/blackfriday-benchmark2019



What does it mean for marketers?

The biggest takeaway from the research into peak preparations is that if you haven't started already, then you really need to.

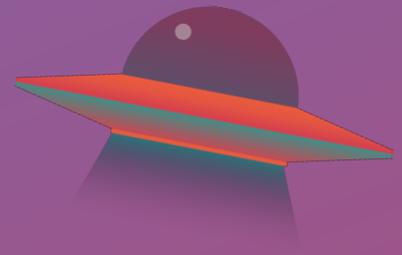
Given that competitors were identified as the biggest threat, getting a head start on the 25% that haven't yet begun preparing may go some way toward making up any deficits in your planning.

Michael Baird, Director of Marketing at [Fathead](#), sees this highly competitive environment as a key driver behind the early start many are making:

“ Black Friday continues to be dictated by three major retailers. Amazon, Target and Walmart, and when they decide that they're going to start Black Friday, well, you better be prepared to start Black Friday! (...) the customer is getting their shopping cues based off what those big three are doing.

That's really where we're at - we've got three incredibly large companies within the United States that are essentially setting retail promotional policy and schedules for everyone else. If you're not ready to play when those guys are, then you're going to miss out. ”

If you're stuck for what to do and when, you can download our planning checklist from bit.ly/peak-prep2019



PEAK PLANS



How are retailers
planning to meet their
goals for Q4 2019?

Peak plans

How big is the discount?

As we've seen, discounting is set to play a big part in peak season this year. But not all discounts are created equal. Let's take a closer look:

	Black Friday	Cyber Monday	Holiday Shopping
Average Discount	37.3%	32.6%	32%

Discount Level:

Discount Level	Black Friday	Cyber Monday	Holiday Shopping
> 10%	1%	2.8%	3.3%
10 - 20%	17.4%	24.5%	25.1%
21% - 30%	24.8%	25.3%	26.9%
31 - 40%	19.5%	19.7%	19.3%
41 - 50%	13.1%	12.1%	12%
51 - 60%	10.6%	7.6%	5.5%
61 - 70%	8.2%	5.6%	3.3%
71 - 80%	3.9%	1.2%	2.6%
81 - 100%	1.4%	0%	1.2%



The US will offer higher levels of discount than the UK across all three holidays, including offering an average of 39% off on Black Friday itself



Pureplay e-commerce retailers were the least generous with discounts, offering a lower average discount across all three shopping holidays



Black Friday will have the highest level of discount out of all the three holidays, with an average of 37.3% off.

However, while Black Friday discounts are higher, they're more likely to be limited: around half of retailers will offer discounts across all items, less than the 57.6% that will do so in the holiday season.

During Black Friday, the US is discounting more items, at a higher level than in the UK. In the US, 61.8% of retailers are offering money off all items, compared to 39% in the UK, at an average discount of 38.9% versus 35.5% in the UK.

A similar trend played out when comparing pureplay e-commerce to multi-channel, with the latter offering a 38% average discount, versus 32.8% for pureplay, on a wider range of items.

Overall, pureplay e-commerce retailers were the least generous, offering the lowest levels of discount across all three holidays. This makes sense when you consider that this group showed the most concern about discounts eating into their margins.

Part of the reason we also might see a reluctance to discount from pureplay e-commerce is the how long promotions run for. After all, it's harder to sustain a high level of discount over a long period of time without seriously taking a hit on margin, or even fatiguing your visitors.

Peak plans:

How long will the promotions last?

We already know that preparations for Black Friday and the holidays starts early, but when exactly do marketing campaigns launch, and how long will they last?

On average, marketers plan to launch campaigns before Q4 even begins, more than three months in advance of Black Friday and the Holiday Season

Black Friday & Cyber Monday

94 DAYS BEFORE*



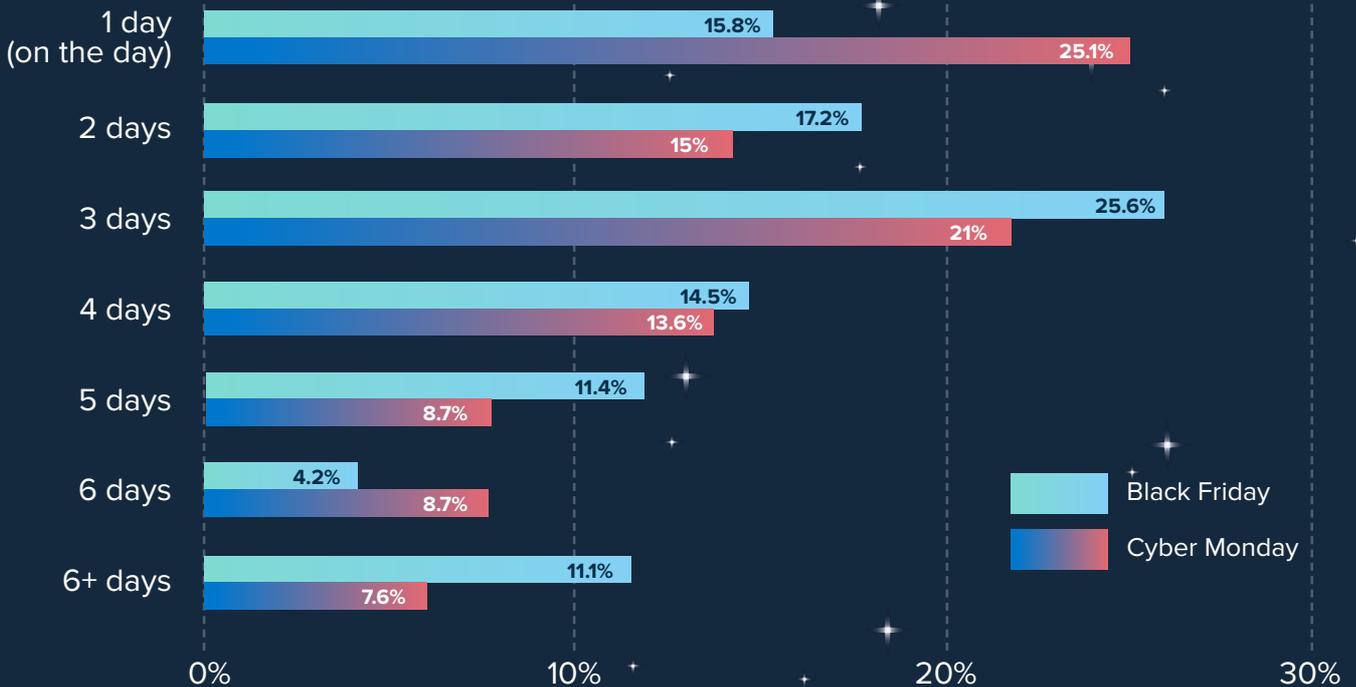
The Holiday Shopping Season

109.5 DAYS BEFORE*



*Calculated from 29th November and 24th December

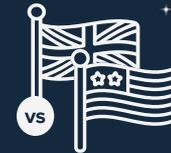
How long will your promotions run?



Over ¼ will treat Cyber Monday as a one-day event compared to just 15% doing the same on Black Friday



19.6% of pureplay retailers will run promotions for 6 days or more



18% of US retailers will run promotions for 6 or more days versus just 3.7% of British retailers

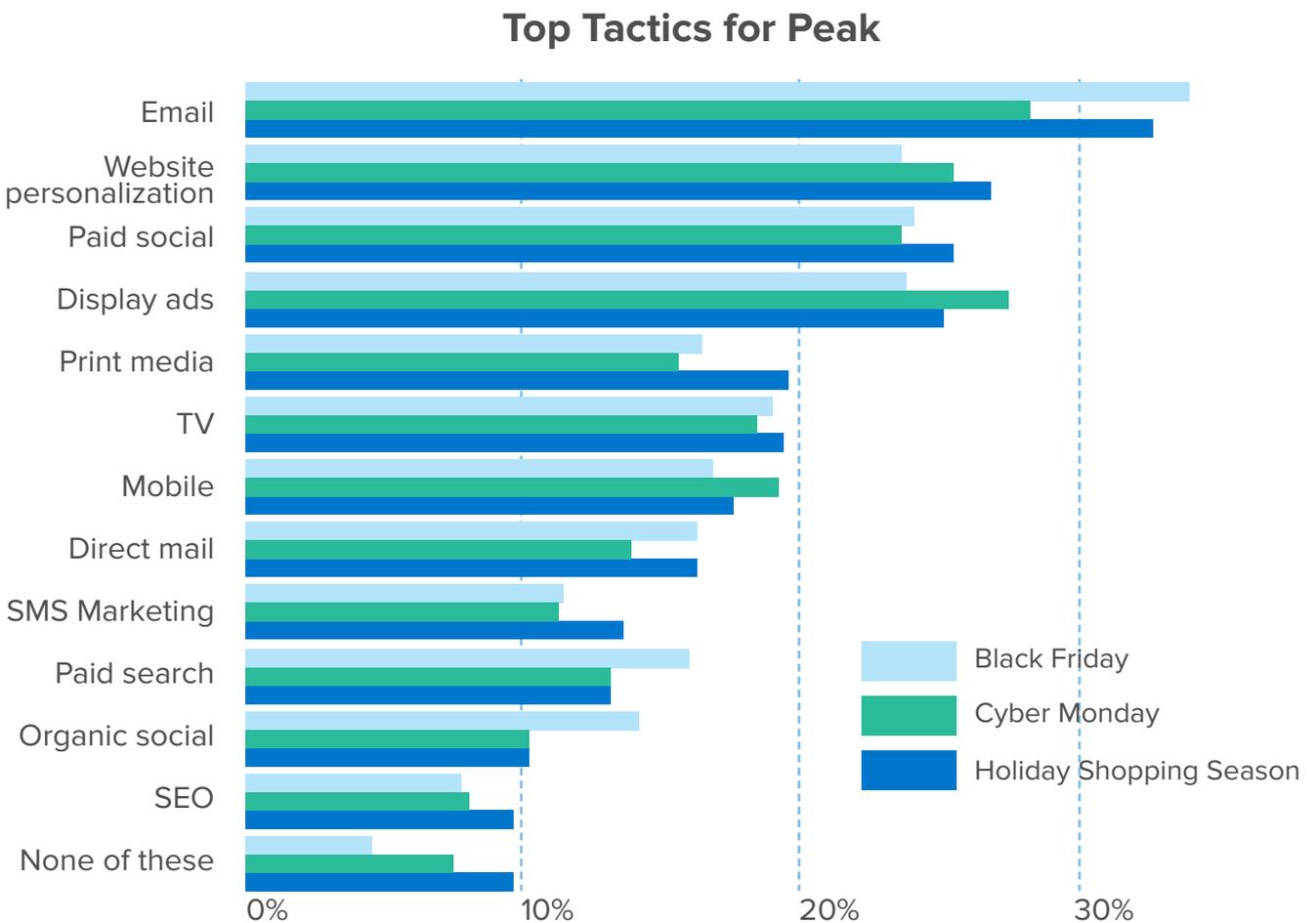
The overall results indicate that Black Friday's time as a one-day event are coming to an end. Just 15% of retailers will treat it as such, compared to more than a quarter who see Cyber Monday as a one-off.

Pureplay e-commerce retailers are more likely to run promotions for a longer time, with nearly 20% running promotions for 6 days or more versus just 11% overall. This was also a trend we saw with US retailers, 18% of whom will run promotions for 6 days or more, versus just 3.7% of their British counterparts.

Peak plans

What are the key campaign channels for 2019?

So how will retailers market these discounts and extended promotions? We saw a similar range of tactics being used across the board:



Email is still king, especially on Black Friday (the first opportunity during peak to drive traffic and acquisition).

Website personalization was the next most popular tactic, and increases in popularity as peak season progresses (and presumably as retailers start to learn more about their newly-acquired visitors). This was particularly evident among pureplay e-commerce retailers, who focused on website personalization from Cyber Monday onwards, culminating in 32.2% rating it the top tactic for the holiday season.

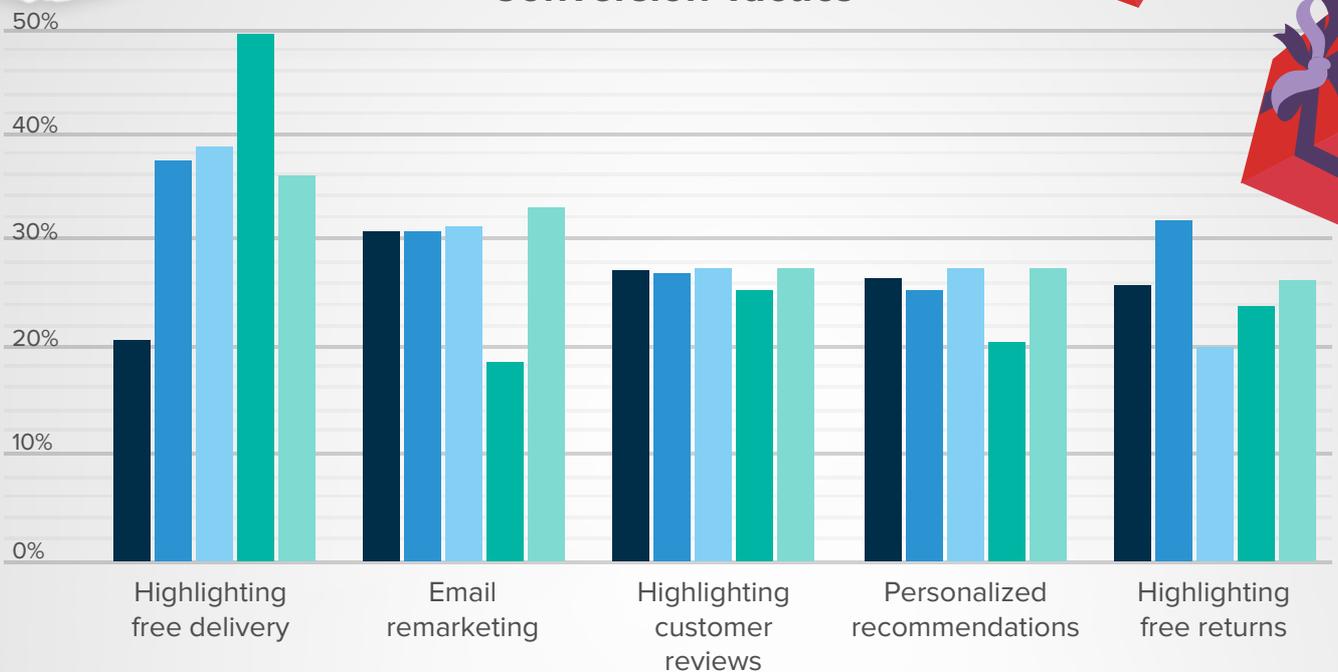
Michael Baird, Director of Marketing at Fathead, sees an opportunity to use tactics such as social proof, urgency and product recommendations to help personalize the customer product discovery journey:

“ In terms of driving conversions, something that’s worked very well for us is social proof, being able to highlight trending products and hot sellers. We’re testing different variations of the message, and will continue to do so, to really drive that sense of urgency. Once someone then adds an item to cart we can get even more personalized, and really help them discover more of the products they might be interested in. So, for example, ‘you like this product from the Green Bay Packers, why don’t you look at everything else? Here’s a link to go shop the team. ”

Getting visitors to the site is one thing, but how about converting them? The fact that competitors are just a click away seems to be something retailers are beginning to take seriously. Not only did they rate this as a top challenge for peak, but the tactics that were most popular for driving conversion really focused on making things easy for customers:



Top 5 Holiday Shopping Conversion Tactics



Highlighting free shipping was the top tactic overall, with free returns also highly-rated, especially by pureplay and UK-based retailers. Email again makes an appearance, in the form of email remarketing.

- Overall
- UK
- US
- Pureplay
- Multi-channel



What does it mean for marketers?

A focus on customer database growth is an area where retailers should be looking to invest as a priority, with email marketing ranked as one of the top tactics for both promotion and driving conversions. Implementing a strategy early to collect this data will help offset the sizeable investments in acquisition that you're making around Black Friday in particular, allowing for engagement with consumers throughout peak. This is particularly key for direct to consumer brands, who can use this as an opportunity to own more of their customer data, as Roel Overgoor from [Philips](#), explains:

“ As a manufacturer, the sales we do ourselves are closely linked with really building a relationship with the consumer. Via a reseller or our retailers, we don't really get that one-to-one relationship, so that's always our main goal when we sell ourselves. So for example, ahead of Black Friday, offering the visitor a chance to 'pre-subscribe' or opt-in so they come back to us on the day. ”

When it comes to discounts, it all depends on how long you want to run those promotions for - going all-in on Black Friday was favored by some, while others sought to extend the discounts throughout the peak season. A key challenge here is maintaining customer interest and giving them a compelling reason to keep coming back. Once they do come back, the work isn't over, as Caitlin Sweeney, Director of Client Services at Yieldify reveals:

“ It's about delivering a personalized message when visitors return. Which channel have they arrived from? Which session are they on? Do they have an account or are they a member of your loyalty program?

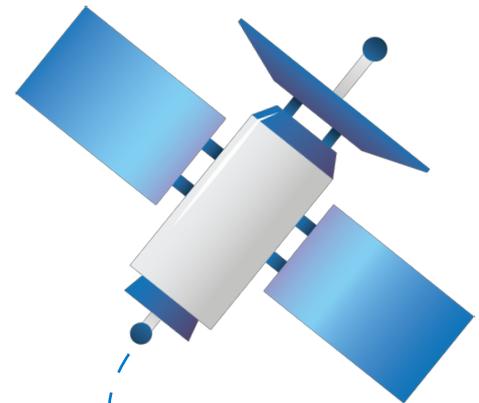
There are so many opportunities like these to tailor the customer journey, depending on how your acquisition strategy looks, or which segments you've identified as most valuable. We work closely with our clients to pinpoint the approaches that will have the most impact during this key trading period. ”

Conclusion

Retailers are well aware of the challenges facing them as peak approaches, and broadly seem to be marching in the same direction when it comes to making the discount holidays and festive shopping season work for them.

With just a couple of months to go, the race is on to differentiate from the competition. While some will rely on deep discounts, pureplay e-commerce retailers are leading in moving away from reliance on discounts and promotions toward a longer-term personalization strategy. Multi-channel retailers, while constrained by a more complex business model, should look to see how they can catch up on this, [particularly as peak moves online](#).

The key surprise in all of this is a pleasant one - despite all the doom and gloom, retailers are optimistic. Peak season is make-or-break for the whole calendar year, so heading in with a positive outlook will serve many well.



About Yieldify

Yieldify is a customer journey optimization company that brings personalization to the full customer journey. It combines award-winning software with a proven CJO™ methodology to deliver measurable results quickly and easily.

To date, Yieldify has influenced over 100 million sales through more than 200,000 journeys. It currently delivers customer journey optimization for over 1,000 leading e-commerce websites, including Domino's Pizza, L'Oréal and Megabus.



Yieldify

Need some help shaping up for peak?

Yieldify works with some of the leading global e-commerce brands on their peak strategies. Book your free consultation to see how we can help you!

[Book your consultation](#)



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