

JDA 2016 Consumer Survey: Is Black Friday dead?

Year round discounting by retailers and new e-commerce sales days have lessened the appeal of Black Friday for consumers. That's one of the many noteworthy findings of a new study of consumer holiday shopping habits conducted by JDA Software Group Inc.

Last year, Thanksgiving week marked the continuing trend of moving away from Black Friday and a single-day shopping holiday as many retailers ran holiday specials for the entire week. The emergence and popularity of e-commerce sales like Amazon Prime Day and Alibaba's Singles Day, continue to push customers away from the traditional Black Friday shopping experience and are forcing retailers to reconsider how they market for the holiday shopping season. In the second annual JDA Consumer Survey, nearly 3 in 4 respondents say they prefer to do their holiday shopping outside of the holiday season, and a whopping 47 percent of respondents plan to skip Black Friday or Cyber Monday altogether this year.

With the continued proliferation of sales and discounting, and the challenge of satisfying consumer demand across channels, retailers and manufacturers need an agile supply chain capable of keeping up with changing consumer behavior to better manage inventory and profitability

Free shipping is king

More and more, Black Friday shoppers are taking their business online. Results from the survey show that nearly 45 percent of respondents plan to do at least some of their holiday shopping online this year. However, consumers are cost-conscious, particularly when it comes to shipping, and increasingly expect retailers to bear the cost, with 1 in 4 saying they do not shop anywhere that does not offer free shipping.

There's more to the story, however, as almost half (46 percent) of respondents claim they would be willing to pay shipping for a particular priority item this holiday season, but still prefer to shop with retailers who offer free shipping. Further, some 69 percent have spent more than they planned, just to reach the minimum threshold to receive free shipping.



Retailers are faced with the hard fact that free shipping is a customer expectation, especially if an item is readily available in the brick-and-mortar marketplace. Retailers must ask themselves if free shipping is still a competitive differentiator for their omni-channel businesses.

Home delivery issues will lose customers

Consumers expect seamless shopping experiences and are unforgiving toward retailers who disappoint them, especially during the peak holiday season. According to the survey results, omni-channel execution is improving for retailers when it comes to home delivery, with 75 percent of consumers reporting they have not experienced an issue in the last 12 months.

But problems with home delivery persist. In the survey, of those respondents who did have an issue in the last 12 months, 29 percent said they did not receive an item despite the retailer/delivery company claiming the delivery was made. Forty-four percent of respondents stated this was the most serious issue that would cause them to no longer shop with a retailer.

For the most part, an omni-channel execution issue will sit with the retailer regardless of the shipping issue and customers are still unforgiving of mistakes and more so during the holiday season. According to the survey, retailers are more likely to be blamed for any home delivery issues (55 percent) over shipping companies (45 percent).

What about BOPIS?

The continued growth of Buy Online Pick-up in Store (BOPIS) is partly a deflection away from the costs associated with shipping. Almost 46 percent of respondents have used BOPIS options in the last 12 months, a nearly 33 percent increase from the 2015 JDA Consumer Survey.

Cost and convenience seem to be the primary drivers of growing adoption rates, with 39 percent using it to avoid home delivery charges and 31 percent wanting the product sooner. Some 40 percent who have leveraged BOPIS in the last 12 months have experienced a problem, like staff-related issues. Twenty-two percent reported that store associates took a long time or were unable to find their order, and 15 percent reported a lack of dedicated BOPIS staff to assist with pick-ups.

While execution overall has improved, providing better training, systems, and clear processes for in-store omni-channel capabilities must be top of mind for retailers.

In-store returns can ease frustrations

An important, yet often undervalued, strategy is how retailers accommodate returns. According to JDA's survey, 50 percent of shoppers say the inconvenience and cost of returns are the most frustrating parts of returning online purchases.

Buy Online Return in Store (BORIS) is the current trending omni-channel capability. As customer expectations for seamless physical and digital shopping increase, the expectation of returning an item via the store is growing. Sixty-seven percent of respondents would prefer to return an online purchase to a store rather than through the mail. Retailers now have to deal with items coming back to stores that may not have that item in their mix and the complexities of how to deal with those products in the most profitable way.

As BOPIS continues to grow and BORIS emerges as both a core capability and consumer preference, retailers are more likely to merge the lines between online and in-store for both purchases and returns. Of those who used BOPIS in the last 12 months, 32 percent have also used BORIS services. This only drives home the need for retailers to increase options to meet the demands of digital consumers, like millennials and gen Z, who continue to influence shopping trends.



Importance of sales associates

Recent holiday hiring announcements by major retailers indicate an increased need for staff to support omni-channel fulfillment options like BOPIS. Given the condensed holiday calendar this year – Hanukkah starting on December 24 and Christmas on a Sunday – retailers must carefully consider their workforce planning for both in-store, omni-channel support and additional staffing at distribution centers.

Just as more sales associates are needed for omni-channel fulfillment, they are also needed on the store floor for overall customer service assistance. Despite the fact that technology is continuing to influence and change shopping behaviors, nearly 70 percent of respondents rely on the support of in-store sales associates in some way.

But, while additional staffing will be needed to support the expected additional foot traffic, the holiday shopping season overall seems to have little bearing on shoppers' reliance on in-store sales associates. In fact, 80 percent of all respondents say they do not rely on sales associates any more than usual during the holiday season.

Have we made the shopper too self-sufficient? To some extent yes, but shoppers tell us they still need help in the store. How retailers manage in-store technology and the optimization of their labor is a major challenge in a tightening labor pool with growing costs.

Direct to consumer gaining popularity

An emerging trend for 2016 is buying direct from manufacturers. JDA's survey supports the fact that shoppers will often choose price over loyalty to a retailer, and manufacturers recognize the opportunity e-commerce is presenting them as the lines between retailer and manufacturer are beginning to blur.

Nearly 45 percent of respondents say they have made a purchase directly from a product manufacturer rather than going through a third party retailer in the last 12 months. Price is the top key factor consumers consider when purchasing directly from a manufacturer for 57 percent of consumers.

Black Friday & the bottom line

The JDA 2016 Consumer Survey has produced several key findings that retailers should consider as they prepare for the holiday shopping season, and prepare to meet customers' needs year-round:

- Consumers are very price conscious, especially when considering the cost of delivery and returns in their purchase decisions.
- Only 1 in 4 will consider shopping with a particular retailer again if they experienced a problem with a home delivery purchase. That number drops to nearly 1 in 5 when asked about shopping with that retailer during peak holiday shopping times.

Does the devaluation of Black Friday stem more from overarching industry models and trends, such as e-commerce sales throughout the year? Or do service problems and mistakes by retailers during key sales events like Black Friday/Cyber Monday play a part into whether a shopper remains loyal to a retailer?

The bigger picture is really the devaluation of overall sales/discount events. As Black Friday/Cyber Monday becomes less important, consumers are challenging retailers and their abilities to deliver on their promises throughout the year

