

1010DATA

1010data 2019 Holiday Report #1:

Historical Thanksgiving/Black Friday

Is Brick & Mortar Shopping Still a Thing, or Is It Moving Online?



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The Question We Ask in the Runup to Thanksgiving and Black Friday 2019: Is Brick & Mortar Shopping Still a Thing, or Is It Moving Online?

In this series of reports, 1010data, a leader in analytical intelligence and provider of consumer transaction data to hedge funds and other asset managers, will release analysis on data derived from their proprietary data sets surrounding the Holiday retail season, both present and historical.

This first report provides historical commentary on Thanksgiving and Black Friday sales, online and in-store, with an eye toward what retailers might expect for the forthcoming 2019 Black Friday weekend.

All data utilized in this report was sourced from 1010data's Credit Card Transaction dataset, an anonymized panel tracking the spend of millions of U.S. consumers, and its TickerView Visits dataset, an anonymized panel tracking the store traffic of tens of millions of U.S. consumers.

What happened on Black Friday last year?

As Black Friday approaches, the same two headlines appear over and over: online shopping’s takeover, and the death of Black Friday, as retailers start sales earlier. The stories tend to be anchored by giants such as Amazon and Walmart. These retailers dominate spend around Black Friday—just as they do throughout the year.

In our analysis of previous Black Friday weekend performance, therefore, we first examined the two mega-retailers. As uncovered with our panel (see figure 1), over Black Friday weekend 2018, Walmart’s and Amazon’s sales accounted for 10 percent of total discretionary spending. On Thanksgiving, when many other retailers were closed, that number jumped to 15 percent.

With such massive share of wallet, Walmart and Amazon can change consumer spending all by themselves. After all, Amazon created Prime Day, single-handedly making the middle of July as important for deals as November. In its favor, Walmart has the pull to stay open all day on Thanksgiving and start sales online Wednesday. For either one, Black Friday is important, but not much more than a regular day of holiday shopping.

Figure 1: Walmart and Amazon share of spend, 2018

Thanksgiving	15%
Black Friday	8%
Small Business Saturday	10%
Sunday	11%

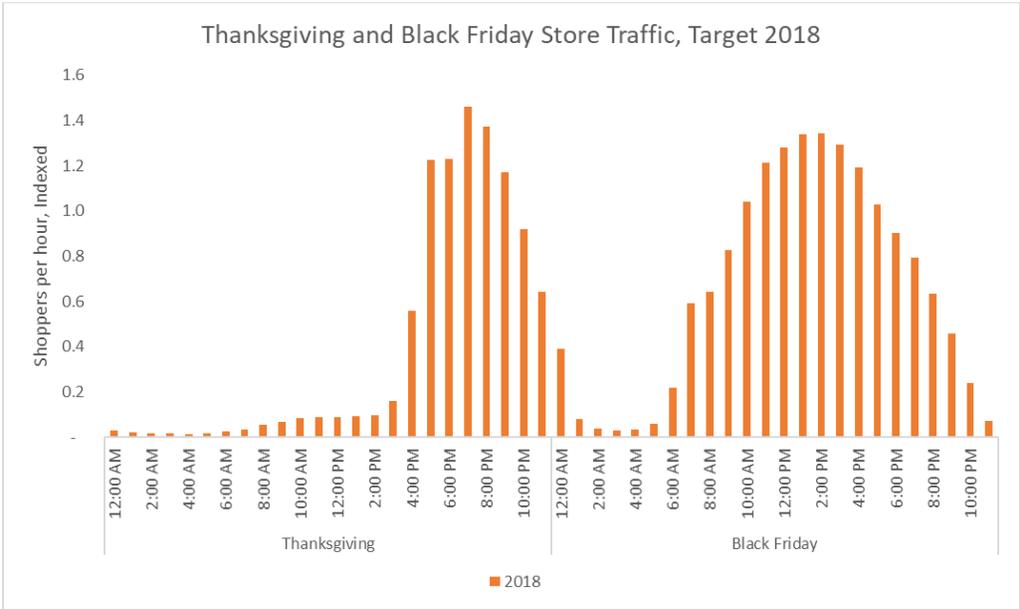
Source: 1010data Credit Sales Indices

However, this paints an incomplete picture of the Black Friday weekend. For many retailers, Black Friday is a make-or-break day for sales. As of 2018, Black Friday still generated 6 to 7 percent of total quarterly sales for mall-based retailers like American Eagle as well as traditional “doorbusters” such as Best Buy. To put that in perspective, a normal day of sales generates about 1 percent of quarterly sales—this means that, to these companies, Black Friday is the equivalent of an extra week of sales.

While Walmart owns Thanksgiving Day shopping, other retailers have carved out their own Thanksgiving success stories. Target first opened on Thanksgiving Day back in 2012 at 9 pm, and the tradition has crept ahead, with doors opening at 5 pm in 2019. Those extended hours aren't without reason—Target continues to prove that if the doors are open, customers will be there.

In 2018, Target saw 75 percent more in-store traffic on Black Friday versus Thanksgiving. After adjusting for Thanksgiving's limited hours, though, Thanksgiving saw an 8 percent higher rate of customers per hour (see figure 2).

Figure 2: Target Thanksgiving and Black Friday Hourly Store Traffic, 2018



Source: 1010data TickerView Visits Indices

The Shift to Online Shopping

When it comes to online shopping, however, some of the headlines actually *are* true. We examined Black Friday weekend sales data for 70 major U.S. retailers, and broke out sales between their online and offline locations (see figure 3). From 2014 to 2018, these stores saw 10 percent more of their Thanksgiving revenue move online, along with 8 percent of their Black Friday spend. However, this shift compares to 13 percent during the rest of November, which means that spend continues to shift toward online, but at a slower rate on Thanksgiving and Black Friday than the surrounding period.

Figure 3: Top Retailers’ Shift from Offline to Online, 2014-2018

Offline Share of Spend

Year	Thanksgiving	Black Friday	November
2014	83%	87%	83%
2015	79%	87%	79%
2016	75%	82%	75%
2017	74%	80%	71%
2018	73%	78%	70%
Change 2014-2018	-10%	-8%	-13%

Source: 1010data Credit Sales Indices
 Note: 1010data's Panel excludes cash transactions

Why the slow uptake for online shopping? One explanation is that the ability to browse has still not been perfectly replicated online. While improved, many e-commerce sites still cannot duplicate the experience of the impulse buying and browsing that happens in a targeted retail environment. For a person looking for one specific deal, that might not matter.

Who's Spending and When?

Although Black Friday has a reputation for being filled with price-conscious shoppers, the opposite may be increasingly true. As stores have pushed to stay open longer, the generally lower-income customers are not the consumers spending money. We examined our panelists' spend in 2018 and broke down the group into those who did or did not shop on Thanksgiving and Black Friday. The group that shopped spent 4 times more throughout 2018 than those who didn't shop. This would suggest that consumers are not only going out for deals, but because they have the income and desire to be shopping on those days.

The narrative is further proved by looking at loyalty data. We examined the top ten companies that generated the largest proportion of their quarterly sales around Black Friday weekend in 2017. For those companies, their Black Friday customers were 12 percent more likely than a regular, year-round customer to return to shop in 2018, and they spent 1.7 times more in 2018. (See figure 4)

Figure 4: Loyalty from Black Friday Shoppers

A. Who shops next year?

	Black Friday Shoppers	Rest of Year Shoppers	Difference
Abercrombie	57%	40%	18%
Fitbit	11%	12%	-1%
Kohls	64%	47%	16%
Best Buy	62%	50%	12%
American Eagle	57%	40%	17%
Express	49%	35%	14%
PacSun	41%	23%	17%
Tapestry Brands	38%	28%	10%
JC Penney	60%	42%	18%
Deckers	19%	16%	4%
Average			12%

B. How much do the return shoppers spend next year?

	Black Friday Shoppers	Rest of Year Shoppers	Difference
Abercrombie	\$245	\$136	1.8X
Fitbit	\$165	\$142	1.2X
Kohls	\$256	\$136	1.9X
Best Buy	\$728	\$410	1.8X
American Eagle	\$221	\$125	1.8X
Express	\$230	\$142	1.6X
PacSun	\$155	\$101	1.5X
Tapestry Brands	\$515	\$241	2.1X
JC Penney	\$213	\$129	1.7X
Deckers	\$226	\$148	1.5X
average			1.7X

Source: 1010data Credit Sales Indices

Note: Top ten companies based on share of quarterly sales from Black Friday weekend

How This All Boils Down

What this all means is that retailers shouldn't give up the ghost yet on Black Friday. Even with creeping increases in online sales, the traditional kickoff to the holiday season hasn't completely lost its mojo. There's hard evidence of people spending more on Black Friday weekend, and even that some people shop just for the thrill of the chase.

Coming Next!

*On **December 2**, we'll be releasing an exclusive report, **5 Years of Cyber Week** a historical look at the season's biggest online selling days, and how sales volumes have changed.*

About 1010data

Recently named **Best Alternative Data Provider** by the [HFM European Quant Awards](#), [1010data](#) transforms Big Data into Smart Insights to activate the high-definition enterprise that can anticipate and respond to change. Our time series-driven collaborative analytics, consumer intelligence and alternative data solutions enable over 900 clients to achieve improved business performance, efficiency and growth quicker, with less risk. The world's foremost companies, including Sam's Club, Dollar General, Procter & Gamble, Coca Cola, GSK, 3M, Bank of America and JP Morgan, consider 1010data the partner of choice for optimizing company health, mastering consumer touchpoints and digitally transforming operations. 1010data delivers on the promise of Big Data, and we're just getting started.

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