

*The*  
**VOLUSION**

**BLACK FRIDAY/CYBER MONDAY**

*Survival Guide*



# 2011 Ecommerce Survival Guide for Black Friday Weekend

## Introduction

*Despite a sluggish economy and reports that 62% of US shoppers expect to spend less money on gifts this year, the holiday season is a crucial period for online retailers, many of whom generate 20%-40% of their revenues and profits during this period.<sup>1</sup>*

*Although retail sales are expected to grow by only 2.6% in 2011, holiday internet sales are set to be a bright spot, with a projected increase of 12% from \$32.6B in 2010.<sup>2</sup> If this projection holds true, 2011 ecommerce holiday sales will hit a record-breaking \$36.5B. To further reinforce this estimate, 21% of online shoppers say that they expect to spend more money over the web in 2011.<sup>3</sup>*

*The traditional kickoff to the holiday selling season begins with the Thanksgiving holiday, which includes: Thanksgiving, Black Friday (day after Thanksgiving), Thanksgiving weekend and Cyber Monday (Monday after Thanksgiving).*

*To help your online business reap the bountiful fruits of the 2011 holiday season, particularly Thanksgiving weekend, we've put together this survival guide. We wish you the very best for this important time in ecommerce.*

### **In this guide, you'll learn:**

- History of Black Friday and Cyber Monday
- Tactics for a Successful Thanksgiving Weekend
  - Email
  - Pay Per Click
  - How to Increase Average Order Value (AOV)
  - Strategies for Coupons and Discounts
- Bonus Tips for Black Friday and Cyber Monday

## A Historical View of Black Friday and Cyber Monday

Coined in the 1960s, the term "Black Friday" has been used to mark the beginning of the holiday shopping season, with the word "black" referencing the idea that increased sales would move retailers from a loss to a profit.

Cyber Monday, on the other hand, is a more recent phenomenon, beginning in 2005. This term stemmed from the observation that several sales came from shoppers who were purchasing online at work, mostly to take advantage of faster internet speeds.

As of 2011, these cultural sensations have merged into one mega Thanksgiving event.

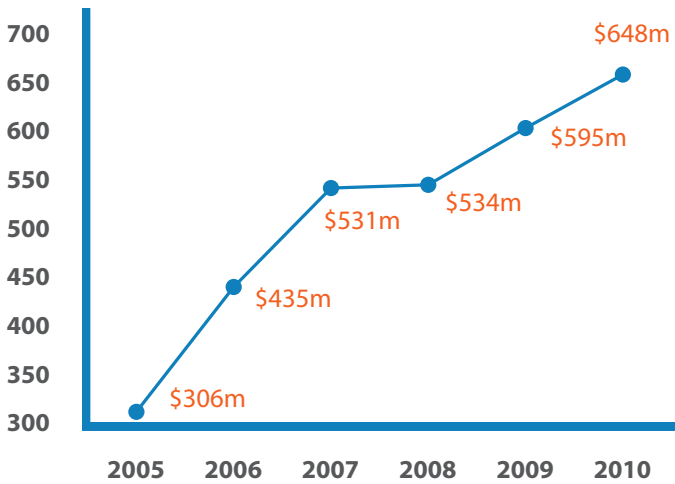
### **Consider the following:**

- 83% of consumers prefer to shop online than in crowded stores during Thanksgiving weekend.<sup>4</sup>
- 65% of US internet users have begun their holiday shopping/researching before November.<sup>5</sup>
- E-retail sales were up nearly 14% for the five-day Thanksgiving sales period from 2009-10.<sup>6</sup>
- On Thanksgiving Day 2010, online sales were up 33% compared to 2009, with average order value climbing 14.3%.<sup>7</sup>

Since 2005, Black Friday and Cyber Monday ecommerce sales have steadily increased, even during troubling economic times:

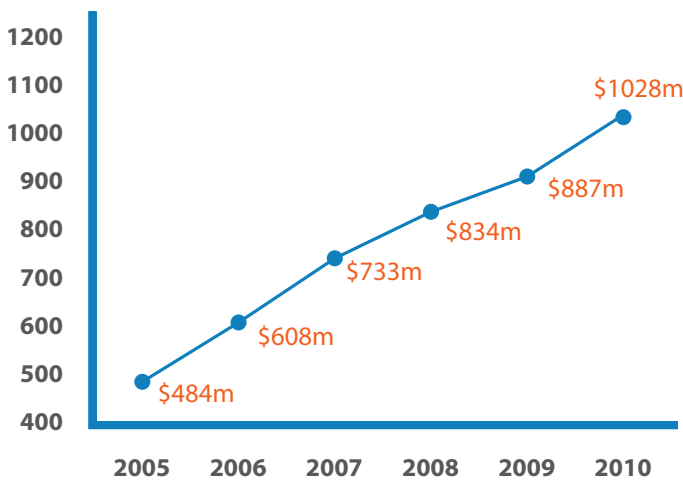
**Exhibit 1**

*US Black Friday Ecommerce Sales: 2005-2010*



**Exhibit 2**

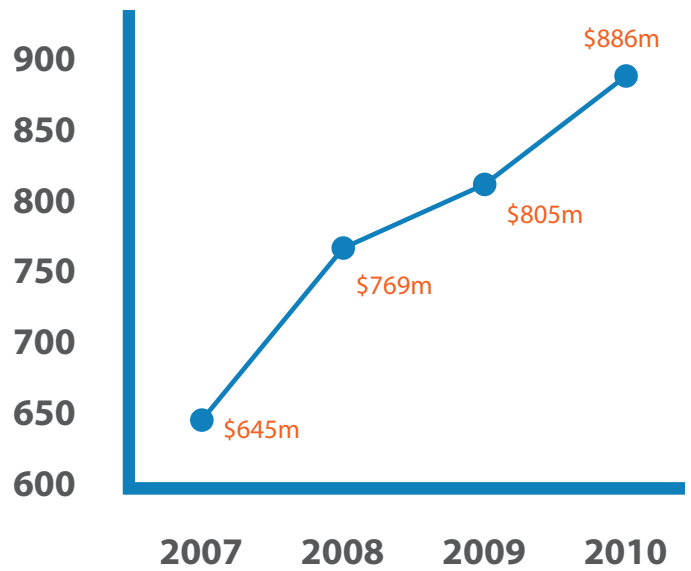
*US Cyber Monday Ecommerce Sales: 2005-2010*



Additionally, the days after Black Friday and before Cyber Monday (Saturday-Sunday) have experienced online revenue growth of 37% from 2007-2010, indicating that the entire Thanksgiving weekend has evolved into an online shopping event.

**Exhibit 3**

*US Thanksgiving Weekend Ecommerce Sales, Excluding Black Friday and Cyber Monday: 2007-2010*



Clearly, shoppers have evolved their holiday shopping behavior by focusing more of their attention and purchases toward online retailers.

**Key Tactics for a Successful Thanksgiving Weekend**

Ecommerce revenues are off to a great start in 2011, racking up 17% more sales in Q1 and Q2 than the same period in 2010.<sup>8</sup> With this much activity in what is typically a slower period for online sales, it's safe to say that holiday sales will surpass the record-breaking numbers of last year. And with Cyber Monday sales topping one billion dollars for the first time in history, the 2011 Thanksgiving weekend is projected to be more profitable than ever.

**On the next page are key strategies to utilize throughout Thanksgiving weekend to engage customers, drive traffic and increase sales.**

## Leverage Email

For several years, email has been one of the most popular forms of marketing communications for Thanksgiving weekend, as consumers have come to receive discounts directly in their inboxes.

According to Ed Henrich of Responsys, *“Our retail client data shows that 2011 open rates are up 23% over last year and click-to-open rates have increased significantly. There are positive signs that the 2011 holiday season will be another banner year for email marketing.”*

### Consider the following from 2010:

- 60% of retailers sent email on Thanksgiving Day, up from 45% in 2009.<sup>9</sup>
- 55% of retail emails sent on Black Friday referenced Black Friday, compared to 33% in 2009 and 25% in 2008.<sup>10</sup>
- 77% of major online retailers sent at least one promotional email to their subscribers on Cyber Monday, making it the most popular day of the year to send retail emails.<sup>11</sup>

*To drive more traffic and sales from email marketing, we recommend:*

- 1) *Sending holiday emails early*
- 2) *Increasing the frequency of your email sends*
- 3) *Optimizing your subject lines to increase open rates.*

### Email Survival Tip #1:

#### Send holiday email messages early

Waiting to send Black Friday emails on Black Friday is a surefire way to become lost in a customer’s inbox. Thus, it’s important to begin your Black Friday messaging early – you need to be on your customers’ minds before they open their laptops on Friday morning.

On average, retailers began their 2010 holiday campaigns 69 days before Christmas, which fell on October 17.<sup>12</sup> The objective for several of these early campaigns was to “plant the seed” of the upcoming holidays, reminding customers to keep their brand in consideration when holiday shopping commenced. Your online business can do the same by messaging your email lists earlier than later.

### Email Survival Tip #2:

#### Increase the frequency of email sends

During Thanksgiving weekend and throughout the holidays, customers are looking for gift ideas, special offers and information regarding potential purchases. To help ensure that your business is in their consideration set, it’s important to consistently appear in their inbox. This means that you should boost the number of email sends to your active email list.

In 2010, 89% of top online retailers increased the number of promotional emails sent in November and December by an average of 47%, as compared to earlier months (January-October). This increase led to an average of 17.3 retailer emails being sent each month during November and December of last year.<sup>13</sup>

With this level of email volume arriving in your customers’ inbox, increasing your email frequency before and during Thanksgiving weekend gives you a better chance of conversions.

Be careful, however, on drastically increasing your email volume.

For example, if you typically send one email per month during January to October, sending upwards of 17 messages during the holiday season will likely overwhelm your customers.

Another caveat is that you should pay special attention to the content of emails when you increase your frequency – the holidays are never an excuse to spam customers with unwanted messages.

### **Email Survival Tip #3: Optimize subject lines to increase open rates**

No matter how enticing the discount or how beautiful the design, the first thing customers see in their inbox is an email's subject line. Thus, an attractive subject line is a key component to pushing customers to engage with your message.

On Black Friday and Cyber Monday, it's recommended to include the actual phrases of "Black Friday" and "Cyber Monday" within the subject line as recipients are actively looking for these buzzwords. It's also advised to include specific discounts within email subject lines to boost open rates – if customers are looking for deals, it should be immediately apparent that the email contains a discount.

#### ***For some inspiration, here are example subject lines for use throughout Thanksgiving Weekend:***

- Thanksgiving Day Special: Free Shipping Today Only!
- Black Friday Starts Early! Get 30% Off All Items
- Shop Black Friday Specials – Save Up to 20%!
- Up to 50% off Black Friday Sweater Sale
- Cyber Monday Savings + Free Shipping
- TODAY ONLY! Cyber Monday Deals and More

These subject lines are effective because they grab readers' attention while summarizing the content of the message – both best practices for any holiday email send.

» Learn more: <http://support.volusion.com/article/newsletters>

## **Utilize Pay Per Click (PPC) Advertising**

Unlike email, which is a prime outlet to reengage existing contacts, PPC is a proven method of acquiring new customers throughout Thanksgiving weekend and the holiday season. PPC allows your brand, regardless of size, to establish itself within search engine real estate, placing your site just one click away from the massive crowds conducting product searches.

Beyond these benefits, executing PPC campaigns during Thanksgiving weekend is critical because your competitors are already utilizing this outlet. Why? Because just like email, PPC works.

#### ***Consider the following from Kenshoo's 2010 Online Retail Holiday Shopping Report:***

- Advertisers spent 52% more on paid search campaigns during the 2010 holiday season than in 2009.
- Online sales revenue driven by paid search during the 2010 holiday season was up 69% compared to the previous year.
- Conversion rates (% of clicks that resulted in online sales) increased 21% from 2009-2010.

#### **Why are customers more receptive to PPC ads during the holiday season? There are two reasons:**

1. Instead of hunting for a particular product in a crowded shopping mall, shoppers are turning online to locate specific items.
2. Upon conducting an online search, shoppers are looking for the best deals, which are often listed in PPC ad copy.

*Throughout the holiday season, and particularly during Thanksgiving weekend, we recommend the following for your PPC efforts:*

- 1) Launching campaigns before Thanksgiving*
- 2) Increasing overall spend*
- 3) Adjusting keywords and corresponding ad copy*
- 4) Optimizing landing pages.*

### **PPC Survival Tip #1:**

#### **Launch PPC campaigns before Thanksgiving**

Last year, ecommerce sites drastically increased the amount of PPC advertising in the weeks before Thanksgiving. In fact, the week leading up to Black Friday was one of the heaviest weeks for PPC spend in all of 2010.<sup>14</sup> With this much activity, it's apparent that the majority of online stores, including your competition, are launching PPC campaigns earlier than ever. Joining this pre-Thanksgiving push will help you take advantage of the swarms of customers who begin their online shopping before Thanksgiving day.

In addition to keeping up with your competition, launching your holiday PPC campaigns sooner than later allows you to optimize them for more trafficked periods. During Thanksgiving weekend, bids will come at a competitively higher cost, so deploying only your proven, best converting campaigns will help save money from wasted clicks.

### **PPC Survival Tip #2:**

#### **Increase overall PPC spend**

Since online shoppers are increasingly responsive to paid search advertising during Thanksgiving weekend, it's advised to increase your overall PPC budget. This helps ensure that your site maintains the same level of traffic it experienced throughout the rest of the year. As a reference point, search advertising budgets were up nearly 50% year-

over-year on Cyber Monday, as advertisers were forced to raise bids to draw clicks away from the competition.<sup>15</sup>

On Black Friday and Cyber Monday 2010, click-through rates hovered around 4.5%, an approximate increase of 42% from the same days in 2009. Increasing ad budgets during this time helps prevent your campaigns from prematurely reaching their daily maximum, thus allowing your ads to consistently appear throughout the weekend.

### **PPC Survival Tip #3:**

#### **Adjust keywords to be more relevant**

As online shoppers shift their mindset to the holidays, so do their search queries, or the keywords entered into search engines. Similarly, it's recommended that you utilize and add keywords that reflect this customer mindset to capitalize on increased search volumes related to holiday gift giving.

To get started, brainstorm generic "gift keywords" that are related to what you sell. Even better, add keywords to your PPC campaigns that include a personal relationship, such as "wife" or "mom." You can also simply add the word "gift" or "present" to existing keywords to take advantage of these new queries.

To further appeal to shoppers looking for deep discounts, it's recommended to utilize keywords that include "Thanksgiving," "Black Friday" and "Cyber Monday." Including this lingo within your keywords will increase their relevancy and click-through rates.

Here are some examples of keywords for a kitchenware retailer:

- Kitchen gifts for Mom
- Gifts for home cooks
- Kitchen appliance gifts
- Black Friday deals on kitchen appliances
- Cyber Monday sales on kitchenware

#### PPC Survival Tip #4: Adjust ad text and corresponding landing pages

During Thanksgiving weekend, your PPC ads should provide messaging that details a specific offer or promotion. For example, a headline that says, "Black Friday Sale – Save 25% Until Monday," is more appealing to online shoppers than a less detailed headline. Corresponding ad text should further detail the offer, including the type of discount and its duration.

Additionally, PPC ad text should convey value. Using phrases that appeal to gift buyers' emotional state is recommended, such as "trendy gifts for him" or "this season's coolest gifts for teens." These slight adjustments can make your ads more attractive to shoppers, thus increasing your clicks.

Finally, ensuring that your landing pages are consistent with your PPC ads helps provide a cohesive experience for your customers, in addition to enhancing your ad's relevancy. Thus, if you have a specific landing page for Black Friday and Cyber Monday deals, sending traffic here helps enhance the overall shopping experience.

## Increase Average Order Value, Decrease Bounce Rates

Once you get a shopper to your site, the goal shifts to making them purchase as much as possible. In order to do so, it's imperative that you take measures to decrease bounce rates while increasing average order value.

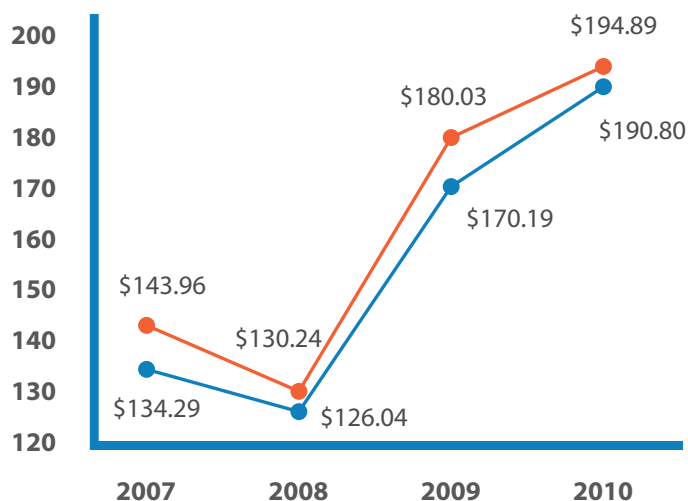
For some background, let's define these two terms:

- **Bounce rate:** The percentage of users who enter a site and leave it without viewing any other pages
- **Average Order Value (AOV):** The average amount of revenue generated from each order, calculated by dividing the overall number of orders by total revenue

Minus the financial fallout of 2008, AOV has consistently increased, particularly on Black Friday and Cyber Monday. This means that shoppers are buying more of their products online during these days, which means your online business can leverage this behavior to benefit its bottom line.

#### Exhibit 4

Black Friday and Cyber Monday AOV: 2007-2010 (USD) <sup>16</sup>



While a steadily growing AOV is a positive sign for ecommerce merchants, one major obstacle is a steadily increasing bounce rate. On Black Friday 2010, bounce rates increased 4.05% from 2009, reaching 32.11%.<sup>17</sup> This figure is troublesome, especially for merchants who heavily invest in PPC campaigns.

To make matters worse, this behavior has become a common trend, with bounce rates experiencing a sizeable increase of 22% from April 2008, and hitting an all-time high of 35% in December 2010.<sup>18</sup>

This trend indicates that 1) online shoppers are more discriminating in their searches and 2) online retailers must provide more personalized and relevant landing page content.

### **Survival Tip #1: Increase AOV**

To increase AOV, you can drive more customer to your site at its current conversion rate or increase the amount that your current customers spend. During Thanksgiving weekend, it's typically easier to work with the traffic you already have, so it's recommended that you employ various strategies to make your current customers spend more while on your site.

One of the easiest and most obvious ways to boost AOV is to increase the price of your products. Price increases may be justified if you're offering deep discounts that apply across your product line, or if competitive research indicates that your prices are already low by comparison. One word of caution, however: online shoppers are particularly price conscious during Thanksgiving weekend, so be careful when making price adjustments.

Another way to increase AOV is to encourage customers to buy more products by combining complementary products (e.g. mp3 player and carrying case) instead of selling them separately.

» Learn more: <http://support.volusion.com/article/creating-bundle-products>

### **Here are a few more tactics to help increase average order value:**

#### ■ **Free shipping over a certain amount**

*Provide free shipping on orders that exceed a certain amount, such as \$50.*

» Learn more: <http://support.volusion.com/article/how-configure-free-shipping-volusion>

#### ■ **Leverage rewards programs**

*Utilize rewards programs by reminding customers that the more they spend, the more points/cash they receive.*

» Learn more: <http://support.volusion.com/article/myrewards-loyalty-program>

#### ■ **Entice with gift cards**

*Offer a gift card with a certain purchase amount, such as a \$5 gift card with a \$50 purchase. (Bonus: customers who redeem this gift card tend to spend more than the actual card amount)*

» Learn more: <http://support.volusion.com/article/gift-certificates>

#### ■ **Offer special discounts**

*Give a certain percentage or dollar off a certain threshold, such as 10% off a \$100 purchase.*

» Learn more: <http://support.volusion.com/article/coupons-discounts>

### **Survival Tip #2: Decrease Bounce Rates**

During Thanksgiving weekend, think of online shoppers as snipers trying to find the product they need at the price they want. If they set their scope on your site without finding their target, they immediately move to the next opportunity.

In other words, online shoppers are extremely discriminating during this busy weekend, so your landing pages must instantly provide personalized, relevant content.



**Here are some pointers to help decrease bounce rates:**

■ **Prominently promote your promotions**

*Use prime real estate on your homepage/landing pages to announce any discounts, offers or promotions that you're running for Thanksgiving weekend.*

» Learn more: <http://support.volusion.com/article/nav-menu-promotions>

■ **Highlight featured and popular products**

*Have an irresistible product? Point people to that product page with a banner, icon or placement in your slideshow reel.*

» Learn more: <http://support.volusion.com/article/configuring-featured-products-section>

■ **Decrease load times**

*Shoppers will leave your site in a blink of an eye if it doesn't load, so enable your content distribution network (CDN), if available.*

» Learn more: <http://support.volusion.com/article/enabling-cdn>

■ **Ensure impressive site design**

*No matter what time of year, design matters. If shoppers come to your site and are turned off, they'll bounce immediately.*

## Deploy a Sound Coupon/Discount Strategy

» Learn more: <http://support.volusion.com/article/coupons-discounts>

Unless you have a truly unique product or fanatical customer base, you'll likely need to offer discounts to remain competitive during the frenzied Thanksgiving weekend.

### *Consider the following:*

- 70% of online shoppers believe retailers will offer better prices and discounts than in 2010 because they recognize consumers are struggling financially.<sup>19</sup>
- 66% of consumers will use online coupons for at least 25% of their purchases in the next 12 months.<sup>20</sup>
- 38% of adults report spending one to three hours on coupon research, with an additional 14% spending more than three hours.<sup>21</sup>

A 2011 PriceGrabber survey asked online shoppers, **"What will retailers have to do to earn your business this holiday season?"**

Respondents offering the following insights:

- Price cuts from retailers: 75%
- Free shipping offers: 75%
- Coupons: 51%
- Blowout sales: 39%

*Note: Respondents could provide more than one answer*

This information indicates that online shoppers are demanding discounts. Despite the need for you to keep up with this demand, do not arbitrarily create discounts – not only is it an unsound business principle; you can easily lose a lot of money in the process.

Your coupon/discount strategy should be unique to your business and include the following factors: total product cost, shipping costs, competitive intelligence, and most importantly, profit margin.

Performing basic calculations to determine each item's profit margin is a critical step before launching any discount or promotion. It's also recommended to conduct a historical analysis to determine which promotions performed the best from a sales and revenue perspective.

The most attractive promotion for Black Friday and Cyber Monday is free shipping. Before moving forward with this offer, follow these five steps to help launch an effective free shipping promotion:

- 1. Perform a detailed pricing analysis** - Study the profit margin of each product to decide if you can offer free shipping storewide, if it should only apply to certain products, or if you need to place a cap on the promotion (e.g. "Free shipping with a \$100 purchase").
- 2. Determine the length of the free shipping promotion** - Will you be offering a one-day free shipping blowout? All weekend? The entire holiday season?
- 3. Evaluate all shipping providers** - Calculate the shipping cost of each product from each shipping provider. If one provider has a substantially higher cost, consider dropping that provider during the promotional period.
- 4. Evaluate all shipping methods** - Determine the cost of each of your shipping methods (overnight, standard delivery, etc.) to see which you can apply the free shipping promotion toward.
- 5. Blow it out** - Since free shipping is the most popular online promotion, make a big announcement to your customers and place callouts to the offer throughout your website.

Regardless of what discounts you plan to offer, having a sound, financially-based coupon strategy is a key step to a successful Thanksgiving weekend.

## Bonus Tips for Black Friday and Cyber Monday

While there are several similarities between Black Friday and Cyber Monday, there are a few nuances to take into consideration. For example, although Black Friday is the more familiar of the two, Cyber Monday has consistently garnered more overall sales.

To round out our survival guide, here are some bonus tips to consider for these two mega sales days:

### Black Friday:

- Online shoppers tend to wake up later than retail shoppers. Instead of breaking through doors at 5am, those who make online Black Friday purchases, on average, begin shopping around 10am. Thus, holding back email sends by a few hours may help your messages land closer to the top of a cluttered inbox.
- On Black Friday 2010, people viewed 18% fewer products, meaning that they're looking for specific products instead of just casually browsing.<sup>22</sup> This indicates that promoting specific products on various webpages and Black Friday communications is well advised, as opposed to offering generic messaging.

### Cyber Monday:

- Since 2006, between 45-50% of all online Cyber Monday purchases were made from a work computer. Thus, cater to "work shoppers" by scheduling email sends or social media updates during standard business hours.<sup>23</sup>
- Unlike Black Friday, Cyber Monday shoppers are much more likely to make an impulse purchase. On Cyber Monday 2010, 21% of US internet users made an impulse purchase, compared to only 6% on Black Friday.<sup>24</sup> To take advantage of these impulse buys, consider executing a blowout sale via social media or quick email announcements.

## Conclusion

If performance of holiday past is any indication of future success, the 2011 holidays, particularly Black Friday and Cyber Monday, are set to be a record-breaker for online sales. Despite a sluggish economy and pinched consumer pockets, ecommerce is set for another boom year, thanks to convenient comparison shopping, a willingness for e-tailers to provide attractive discounts, and a newfound tradition for consumers kicking off the holiday season by skipping<sup>25</sup> the malls and hitting the web.

By leveraging known buying behaviors and making the most of your email, PPC and coupon strategies, your online business will be primed to receive its fair share of this profitable pumpkin pie.

We wish you the very best of luck during this exciting holiday selling season – now get out there and make some money!

*Happy holiday selling!*

**-Volusion**

## About Volusion

*Volusion is the leader in shopping cart software for over 30,000 online businesses. Since 1999, budding entrepreneurs and established online business owners have trusted Volusion to power their online stores, including market leaders such as Nalgene, National Geographic UK and Michigan State University. For more information about Volusion, and to sign up for a free 14-day trial, please visit [www.volusion.com](http://www.volusion.com).*

### Footnotes:

<sup>1</sup>Coremetrics: Retail Holiday Countdown Begins, November 2006

<sup>2</sup>eMarketer

<sup>3</sup>Forrester Research, North American Technographics Retail Online Survey, Sept. 2010

<sup>4</sup>Bizrate Insights and Forrester Research, "Online Retail Holiday Survey," Dec. 2010

<sup>5</sup>eMarketer, via Google/OTX, "State of Shopping"

<sup>6</sup>comScore Inc.

<sup>7</sup>Coremetrics

<sup>8</sup>US Department of Commerce, Quarterly Retail E-commerce Sales, 2nd Quarter 2011

<sup>9</sup>Responsys: Retail Email Guide to the Holiday Season 2011

<sup>10</sup>eMarketer

<sup>11</sup>Responsys: Retail Email Guide to the Holiday Season 2011

<sup>12</sup>Responsys: Retail Email Guide to the Holiday Season 2011

<sup>13</sup>Responsys: Retail Email Guide to the Holiday Season 2011

<sup>14</sup>Kenshoo Online Retail Holiday Shopping Report

<sup>15</sup>Kenshoo Online Retail Holiday Shopping Report

<sup>16</sup>Coremetrics Benchmark™ Black Friday Report 2010

<sup>17</sup>Coremetrics Benchmark™ Black Friday Report 2010

<sup>18</sup>IBM Coremetrics 4th Annual Online Retail Holiday Readiness Report

<sup>19</sup>PriceGrabber

<sup>20</sup>Forrester Research: The Impact of Online Coupons and Promotion Codes

<sup>21</sup>Ipsos: October 12, 2011

<sup>22</sup>Coremetrics Benchmark™ Black Friday Report 2010

<sup>23</sup>comScore

<sup>24</sup>ListenLogic – Dec 1, 2010