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Black Friday A study of consumer behavior and sales predictions

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Black Friday

A study of consumer behavior and sales predictions

Creative Component presented to the faculty of

Management Information Systems

Ivy College of Business

Iowa State University

In partial fulfillment of the requirements for the

degree of Master of Science

Program of Study Committee:

Dr. Anthony Townsend

By

Keerthan Potturi

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Abstract

The purpose of this study was to observe and analyze consumer behaviors and purchasing patterns. Black Friday is the biggest holiday shopping season in the United States as an excellent opportunity for retailers to increase their sales. Through the years, this practice is extending to other countries in the world. Although globally widespread, there has been a lack of research attention to consumers' attitudes toward and behaviors during Black Friday. Therefore, the study's purpose was to study Greek consumers' behaviors, attitudes, and intentions towards Black Friday. Moreover, this research's objective was to understand differences between shoppers on Black Friday and non-shoppers and suggest how retailers can harness these marketing differences. The online survey research method used, and data gathered from consumers. The study results show that there is a vast switch in the shopping methods during Black Friday practice. Moreover, the findings show that only 1/3 of consumers participate in in-store Black Friday sales, and the rest are shifting to online sales. Finally, purchasing patterns, as well as future consumer intentions, are presented.

Keywords: Black Friday, retail, consumer behavior, Sales patterns, Purchasing. patterns

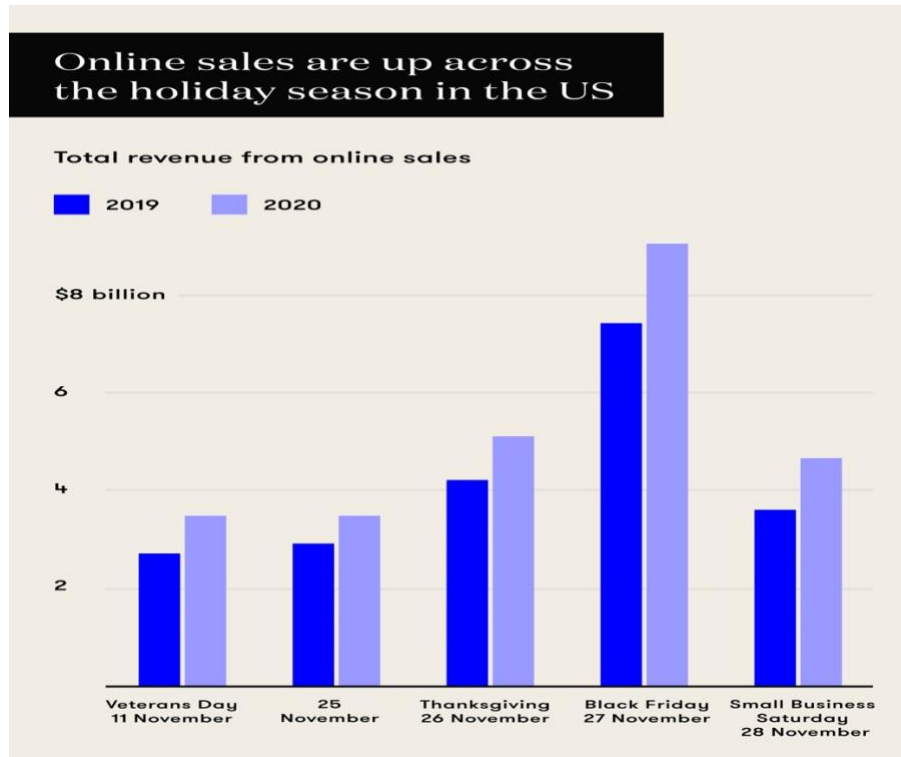
Introduction

The purpose of this study is to observe and analyze the consumer behaviors of the Black Friday customer. The day after Thanksgiving, Black Friday is a term used by the retail industry in the United States that signifies the Christmas holiday shopping season. (Swilley, 2013)



Thanksgiving Day is on the last Thursday of November; therefore, the holiday shopping season runs from the Friday after Thanksgiving Day and continues until Christmas eve, the day before Christmas. Black Friday is not a national holiday. However, many employees have Thanksgiving Day holidays and the following day, increasing the number of potential shoppers on that Friday. Black Friday is famously known for long lines with customers waiting outdoors in cold weather waiting for the store to open, confusion, and customers' chaos. Once the retail doors open for business, the challenges faced are Heavily crowded stores, limited products available at a reduced price, long lines, and the lack of advertised sale products.

Black Friday was originated in Philadelphia around the year 1961. The police described it as the day where there would be heavy pedestrians and vehicular traffic after Thanksgiving Day.



(“Black Friday & Cyber Monday Predictions,” 2020)

Since the 21st century, retailers have been attempts in the US to introduce Black Friday in other countries. Retailers outside the US have promoted black Friday sales to compete with the US retailers in online sales.

Black Friday is considered to be the most significant sale that happens in the United States. Black Friday and Cyber Monday combined have a revolutionary history in the shopping industry. However, there have been many changes in the trends and the shoppers. There are many

advancements and changes in shopping approaches, and there have also been many factors that influenced the traditional shopping methods.

Since this is a digital era, there have been many online shopping activities compared to in-store shopping.

There were predictions that the sales might go down during the recent pandemic since the in-store shopping was canceled for safety reasons. However, to our surprise, the end sales figures were nowhere near a loss. All this was possible by online shopping. Shoppers could sit at home and have the fun of Black Friday shopping and get the products delivered to their doorstep.

Identifying all the data from this sale gives us a better opportunity to formulate a research topic and study it. (Kern, M, 2020)

It enables us to understand the customer perspective and the retailer's perspective and identify the shopping patterns of various age groups and their interest in shopping.

It helps us categorize the products sold at a fast pace and the age groups that are purchasing these products.

It can also help the retail industry understand what products are more in demand during the sale, predict future sales, and have their inventory ready to cater to their customers efficiently.

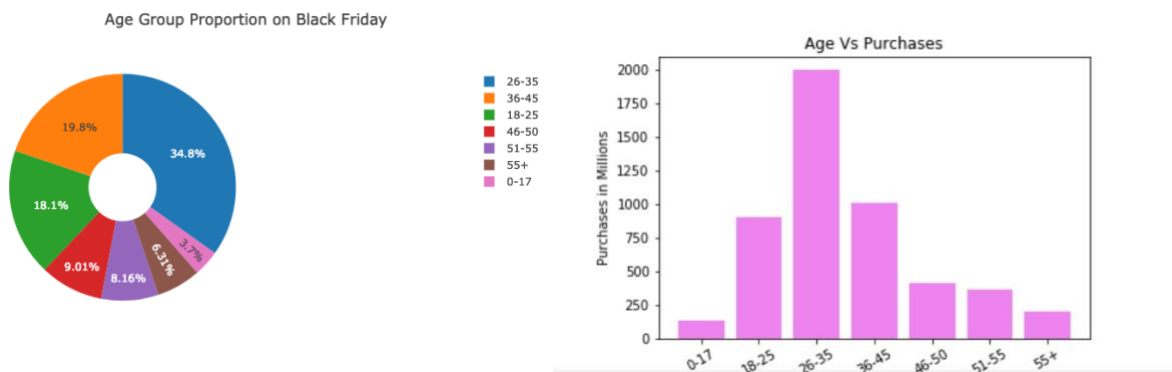
Purchasing patterns and sales patterns can be formulated and help us analyze and identify the factors influencing the retail industry.

Research Questions

1. Which age group has the highest purchasing potential
2. Gender Vs Product categories
3. Which occupation category is having the maximum purchasing potential?

Which age group has the highest purchasing potential

According to the data set I used; there are 7 age groups, and their purchasing potential are as follows.



- 0-17 = 3.7%
- 18-25 = 18.1%
- 26-35 = 34.8%
- 36-45 = 19.8%
- 46-50 = 9.01%
- 51-55 = 8.16%
- 55+ = 6.31%

The highest purchasing potential is the age group between 26-35. (M., 2021)

Gender Vs Product categories

Here the product categories are divided into 3 categories, based on the sales patterns from the previous years the categories are assumed.

Product category 1 is Electronics and Toys

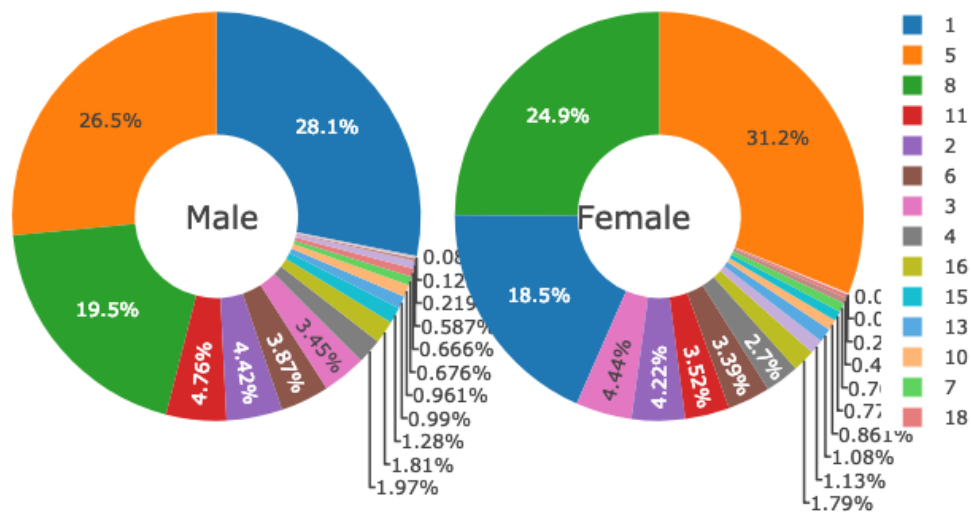
Product category 2 is Clothing, Footwear, Beauty etc.

Product category 3 is Multiple items, all that do not come under categories 1 and 2.

Product category 1 vs Gender

- No of categories: 18
- Product category 5, Highest preferred item by both genders is Mobile phones
- Product category 1, Second highest is Laptops
- Product category 8, Third Highest is Toys

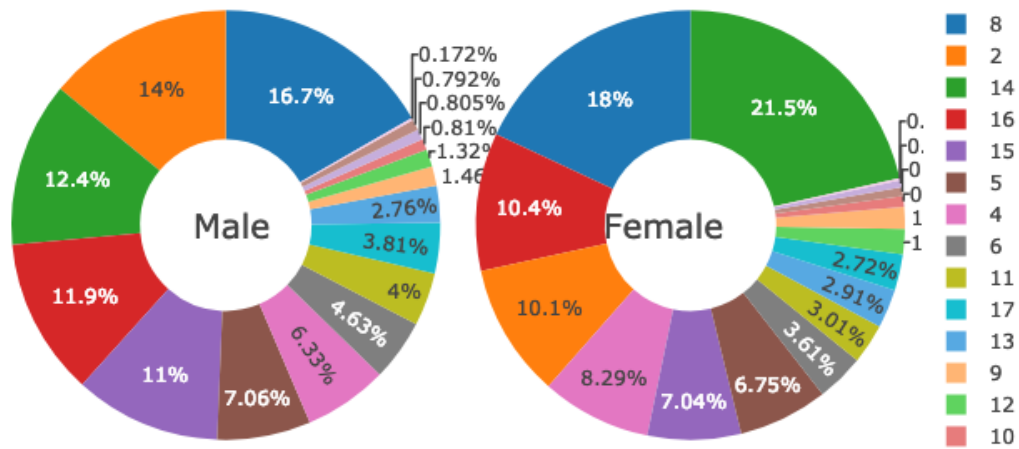
Product Category 1 Vs Gender



Product category 2 vs Gender

- 8 = clothes
- 14 = footwear
- 2 = watches
- 16 = accessories
- 4 = beauty

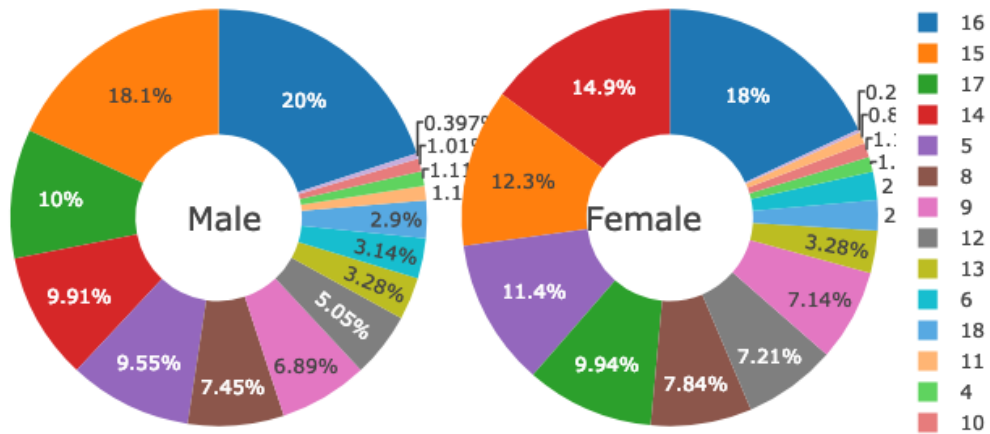
Product Category 2 Vs Gender



Product category 3 vs Gender

- 16 = Groceries
- 15 = Home and furniture
- 14 = Bed and bath
- 17 = Personal care
- 5 = Automobile
- 8 = Fitness equipment (M., 2021)

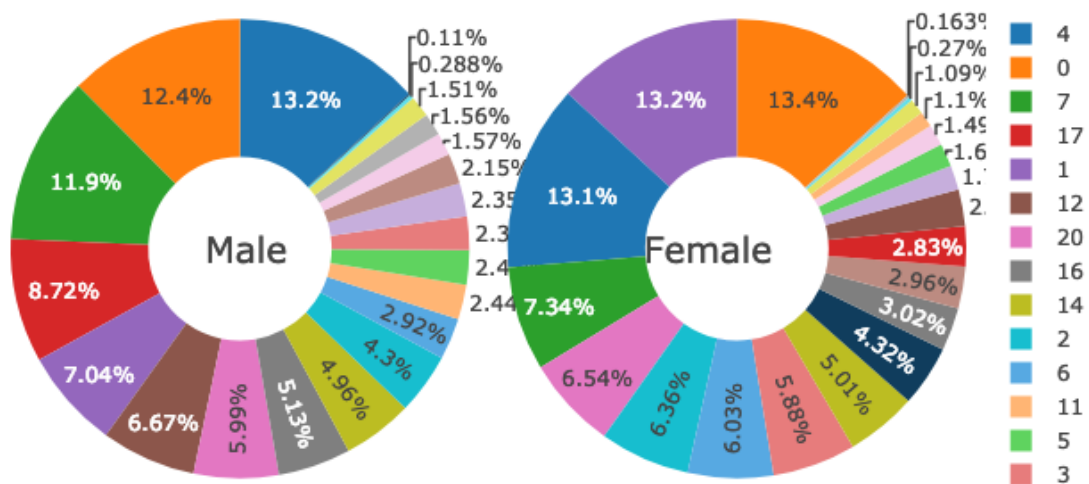
Product Category 3 Vs Gender



Which occupation category is having the maximum purchasing potential?

- 0 = students
- 4 = Middle Managers/Working professionals.
- 7 = Medical
- 1 = Business

Occupation Vs Gender



Hence the answers to the three research questions help us to determine the various product types and their significance in the sales and purchasing patterns of the Black Friday Sale. (M., 2021)

Literature Review

Promotions

Promotions are one of the key points to be considered to analyze the Black Friday sales. These offers are the main reason that the Black Friday sales are popular in the United States. Attractive promotions target consumers on Black Friday sales; consumers get influenced by these offers and end up purchasing the products even though there is no actual necessity for it, for example, Tv upgrades, Mobile phone upgrades.

Concerning the consumer, assumptions, and the significance of promoting on Black Friday, we can expect that most customers expect to buy explicit things, or at any rate, are perusing for things advertised at an attractive offer because of BF's idea. On the off chance, customers have various responses to promotions because of the promotions themselves and last impression of the items' reasonableness. (Javed Awan, M., Shafry Mohd Rahim, M., Nobanee, H., Yasin, A., Ibrahim Khalaf, O., & Ishfaq, U., 2021)

Consumer Expectations

The consumer expectations on Black Friday are skyrocketed, most consumers wait yearlong for these sales and hence their expectations are over the roof. The main problem arrives with the inventory with the retailers. Due to mass purchasing on these sales, products run out of stock within few hours, When the consumer does not get what they want there is disappointment and their whole day is ruined.

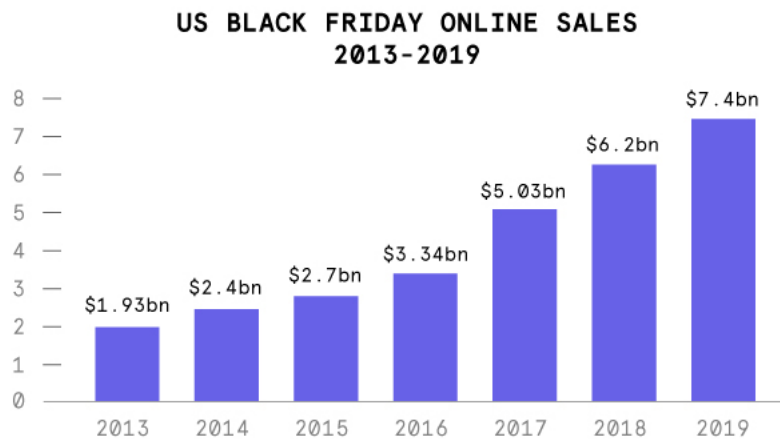
This is when the revolutionary online shopping saved expectations of a lot of consumers. Consumers now can order the same product for the same discounted price at home, and they do

not have to wait in long lines in front of the store and go through the pain staking process of instore shopping on Black Friday.

Due to the recent pandemic the expectations of the consumers were not completely crashed as the retailers had online portals where the customers could shop online and get their product delivered even when the instore shopping was closed.

Theory

Comparing the shopping trends concerning in-store shopping and online shopping, even with the closed stores, there has been a significant rise in the purchasing potential through online shopping.



Online shopping surges by 22% to record an amount of \$9 billion in 2020.

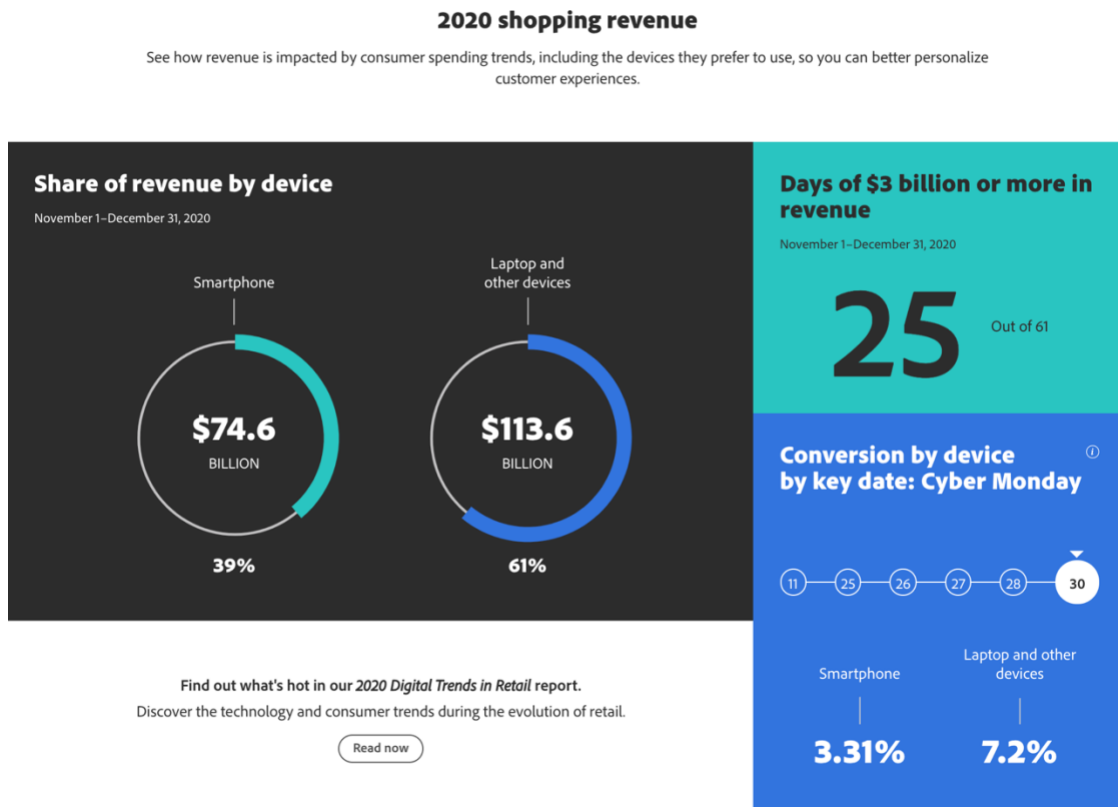
The pandemic has affected in-store sales indefinitely, but it has opened the windows for online shopping and has made significant profits this year during this season. Overall, it may not be the biggest shopping day in the past few years, but it has significantly improved the shopping history.

Even with the pandemic in place, the sales managed to generate the sales revenue successfully.

According to the adobe analytics of Black Friday sales in 2020, there is a detailed description of the consumers shopping with computers and mobile devices. (West, 2016)

A clear representation has been given on what percentage of the customers used mobile device and computers and their product categories and the highest purchased product.

The pandemic forced more shoppers to stay home and shop online, avoid crowded stores, and wait in the stores' lines.



Spending on the web on Black Friday this year flooded almost 22% to hit another record, as per data from Adobe Analytics, as the Covid pandemic pushed more individuals to shop from the couch and dodge swarmed stores and shopping centers. (“A record-breaking Cyber Week,” 2020)

Customers burned through \$9 billion on the web the day after Thanksgiving, up 21.6% year over year, as per Adobe, which investigates site exchanges from 80 of the leading 100 U.S. online retailers.

It makes Black Friday 2020 the second-biggest internet going through day in history in the United States, behind Cyber Monday a year ago, Adobe said. The online Christmas sales are scheduled to turn into the most prominent online deals day ever, with spending coming to between \$10.8 billion and \$12.7 billion, which would address the development of 15% to 35% from a year sooner.



"New consoles, telephones, savvy gadgets and TVs that are customary Black Friday buys are sharing web-based shopping basket space this year with strange Black Friday buys like goods, garments, and liquor, that would beforehand have been bought available," said Taylor Schreiner, a chief at Adobe Digital Insights. ("A record-breaking Cyber Week," 2020)

As numerous retailers commenced their vacation deals in October this year, attached to the postponed timing of Amazon's Prime Day occasion and put more doorbuster bargains on the web, customers had to a lesser extent motivation to make a beeline for stores on Black Friday. Individuals who wandered out welcomed fewer lines and emptier parking garages than occasion deals occasions of the past.

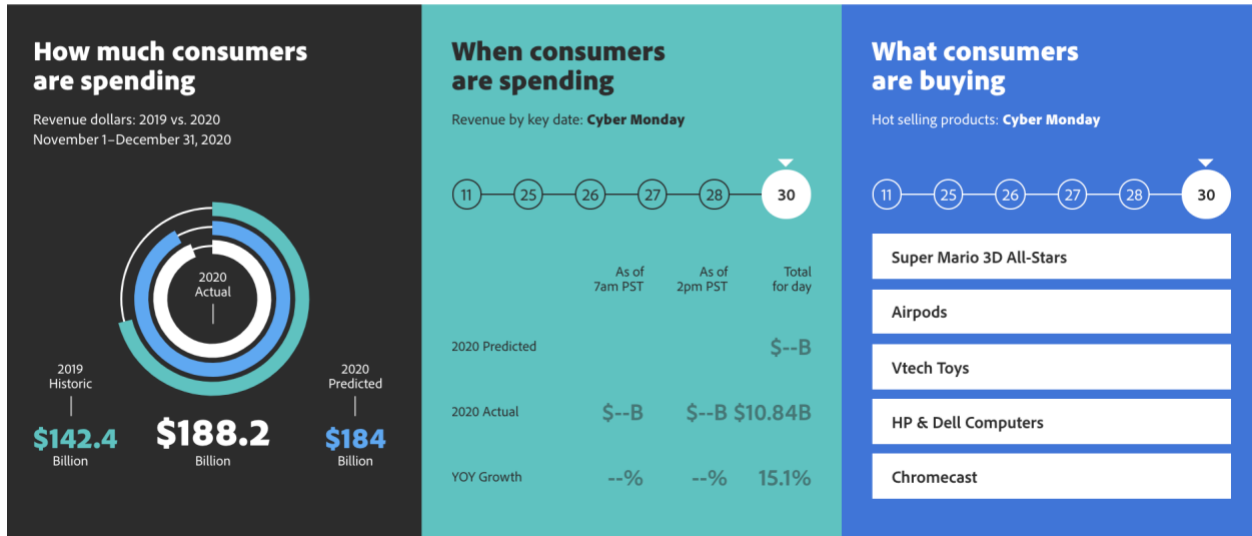
Overall. Spending on cell phones flooded 25.3% a year, more than a year to reach \$3.6 billion, addressing 40% of total online business spending.

What is more, with retailers from Target to Best Buy to Dick's Sporting Goods urging clients to purchase on the web and afterward securely get their orders at stores, the utilization of curbside pickup on Black Friday expanded 52% from a year sooner, Adobe found.

Hot things on Black Friday included Hot Wheels, Lego sets, Apple Air-Pods, Apple Watches, Amazon Echo gadgets, and Samsung TVs, as per Adobe data, as buyers scoured the web for things to engage themselves and their children. (McGrath, 2021)

Consumer spending trends

We analyze billions of data points across Adobe Experience Cloud to bring you the most comprehensive and accurate insights for online retail and e-commerce. Take a look at the top takeaways on what consumers are doing this season. ⓘ



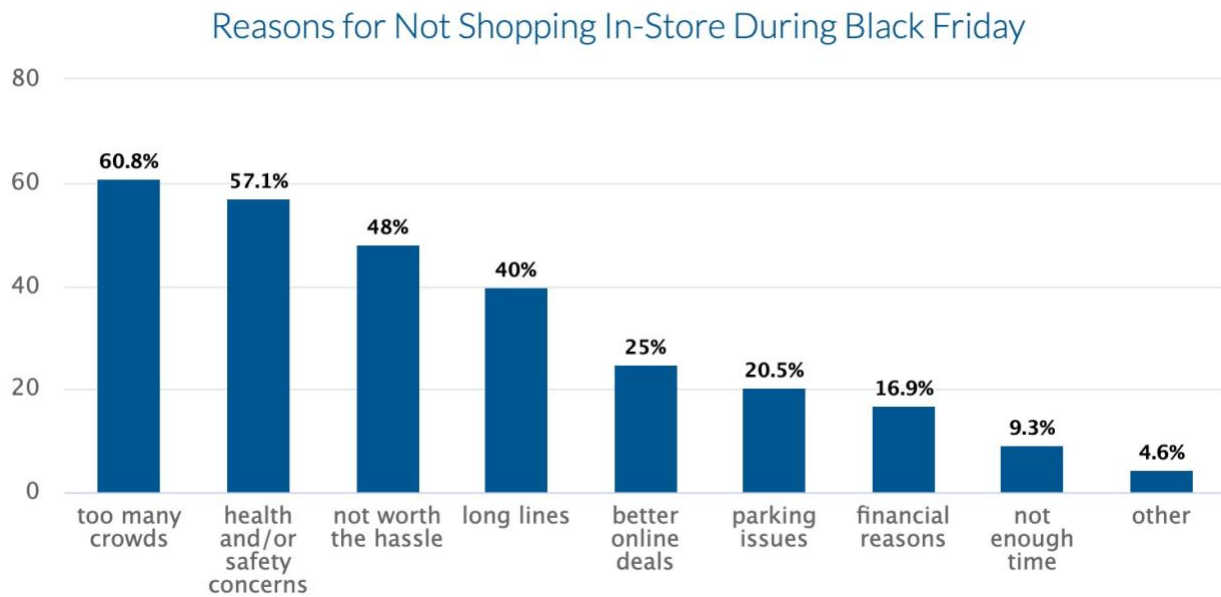
Individuals additionally are going to the web for new food and snacks this Christmas season. Online shopping for food on Black Friday flooded 397% contrast and October day by day midpoints, Adobe said. Deals of individual consideration items soar 556%, and internet spending on pet items rose 254% (Maharjan, 2019)

Hypothesis

Reasons the shoppers did not want to shop in stores

- 60.8% of consumers did not plan to shop in-store because there would be too many people.
- 57.1% had safety concerns because of the pandemic.
- 48% stated that it is not worth the hassle, while 40.9% cited the long lines as a reason.

- 25% stated that they could find better deals online.
- 20.5% didn't want to shop in-store cite parking issues.
- 16.9% didn't want to shop in-store because of financial reasons.
- 9.3% that didn't want to shop in-store cited that they don't have enough time as a reason.
- 4.6% have other reasons not specified. (Carroll, 2020)



Black Friday Sales Statistics

- The Black Friday 2019 sales reached \$142.4 billion.
- \$184 billion was the predicted Black Friday 2020 sales revenue.
- The actual Black Friday 2020 revenue sits at \$188.2 billion.

Black Friday 2019 vs Black Friday 2020



\$142.4 BILLION
2019 revenue

\$184.0 BILLION
Projected 2020 revenue

\$188.2 BILLION
Actual 2020 revenue

The humongous amount spent online shows that consumers are spending heavily online. This replaced the in-store buying activity during the pandemic. Moreover, as online platforms have shown that it can also be efficient, this trend will increase in the future. These platforms' convenience as online deals will continue to grab the customer's interest and spend more online. ("Adobe Insights," 2020)

However, it is not all sad for the stores. The continued growth of in-store shopping shows that not all consumers are willing to let go of in-store shopping. Moreover, Buy-Online-Pickup-In-Store (BOPIS) growth shows that the brick-and-mortar store remains a focal point for holiday shoppers.

There is sudden increase of the mobile use during the Black Friday. This is the only time of the year when the use of mobile is double the estimated share for the entire season. This has made

Black Friday a mobile shopping event. Moreover, COVID-19 restrictions played a considerable role.

Black Friday 2019 Rewind

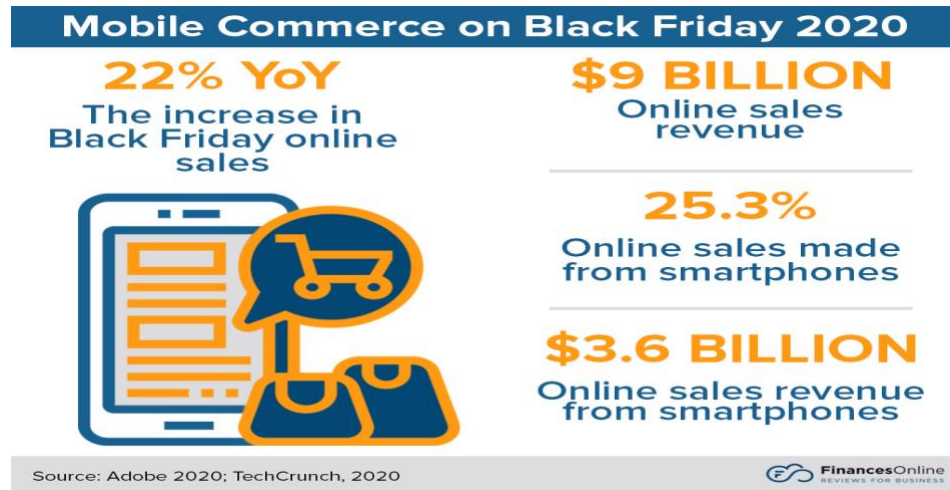
As Black Friday statistics show, in 2019, online retailers got a majority of their traffic from smartphones.

- Interestingly, 58% of traffic during Black Friday 2019 came from smartphones. Desktop accounted for 37%, whereas tablets contributed a meager 5%.
- However, only 36% of sales were completed on mobile, compared to 59% of desktop devices.
- In 2018, 66% of online sales from Shopify merchants happened on mobile devices during the Black Friday Cyber Monday weekend.
- Besides, 75% of consumers used mobile devices to research products, compare prices, and complete purchases. (Ngai, 2018)

Mobile phones are the main channel for Black Friday, both for traffic and sales. Black Friday 2018 and 2019 figures show a 7% increase in mobile traffic, and the traffic from desktop and tablets are reduced by 4% and 3%, respectively.

Black Friday 2020 Mobile Commerce

- In 2020, ecommerce sales during November including Cyber Monday reached \$100 billion for the first time.
- The online Holiday purchases in the US in 2020 grew 32.2% compared to 2019
- 37% of digital sales on Cyber Monday were made on mobile devices.
- Online sales have reached \$10 billion on Cyber Monday. This is the biggest ecommerce day in US history.
- Online sales on Black Friday rose to about 22% YoY to \$9 billion.
- Smartphones increasingly accounted for a portion of online sales up 25.3% at \$3.6 billion.
- 70% of sales made on Shopify were made via smartphones. (Thomas, 2021)



Mobile shopping is easy and fast for the customer, and it drives more money for the retailer. Thus, the companies need to think of mobile shopping when it comes to Black Friday sales. They need to study the most recent mobile marketing trends and methods to improve sales during Black Friday.

However, the stores should not underestimate the importance of desktop shopping. Even with a decrease in traffic levels, a desktop is still a vital tool for conversion.

With the growth of social media marketing, customers are using it for deals and information.

Hence, the revenue generated from social media marketing is growing

Black Friday Social Media Statistics Rewind

- Black Friday traffic stemming from social media had grown from 4% in 2016 to 11% in 2019.
- In addition, 20% of consumers had bought a product following a recommendation by social influencers.
- The use of Instagram and Pinterest to find deals increased by 73% and 45%, respectively.
- Consumers were more engaged with emails received from retailers during the holiday shopping season. As a result, open rates increase by 6% and email clickthrough rates rose by 4 (“Holiday Shopping Trends,” 2020)

Black Friday Social Media Statistics 2020

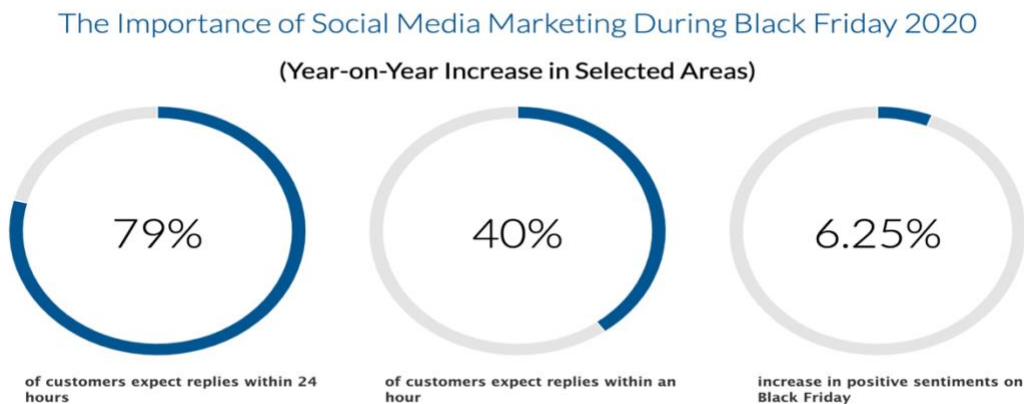
- Black Friday 2020’s conversion via social media is bigger than 2019. There had been an increase of 175% in total messages about Black Friday YoY.
- There also was a 968.5% increase in total engagements on Black Friday messages YoY.

- There was also a recorded 6.25% increase in positive sentiment on Black Friday messages YoY.
- Black Friday posts have seen a 1301.7% increase in comments from November 1 through 23.
- 40% of consumers expect a response within an hour to questions, messages, and comments on social media.
- Some 79% of customers expect a reply within 24 hours. (Long, 2020)

Numbers do not lie, and it is evident that the traffic from social media has grown remarkably. Thus, businesses should learn more about social media trends to understand how the social landscape is tilting. This way, you will adopt better strategies to tap into social media traffic. (Saphores, 2020)

The Importance of Social Media Marketing During Black Friday 2020

(Year-on-Year Increase in Selected Areas)



Expected Results & Future

Although 2020 has been an entirely online shopping spree, now that the vaccines are in place and every person in the USA is bound to get vaccinated by the year-end. We can predict that the sales are going to be higher than ever. This year the Black Friday will have open stores and online shopping. Online shopping sales have been growing each year, the total sales in 2021 are predicted to be higher. (Frazier, 2021)

Black Friday is never going to lose its name and fame in the shopping dimension. There will be many more advancements to shopping. Soon we will see drones dropping off packages at our homes, self-driving cars, and robotic arms dropping off packages.

We do not need to go to the store and purchase the products.

Although there will also be people who will go for traditional in-store shopping, who like the natural feel of shopping, contributing to the in-store sales.

Conclusion

Indeed, it will not be quite the same as in earlier years. Covid pandemic shopping patterns power retailers to reexamine Christmas shopping. The day after Thanksgiving 2021 should, in any case, carry a lot of promotions and offers. We do expect that there to be a couple of changes in shopping trends because of the pandemic. We may see numerous stores are forced to dodge in-store traffic because of pandemics, clearing a path for some arrangements to be accessible on the web. We may see numerous pre-Black Friday deals to begin in October. Retailers are quick to make a sprinkle this occasion period to compensate for lost income over the pandemic. Stores are protracting the shopping season, stretching out Black Friday offers to online customers.

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