
BLACK FRIDAY 2017



PEAK TRADING
ECOMMERCE OPERATIONS PLAYBOOK

INTRODUCTION



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While it might be premature to call 2016 the end of Christmas sales, what's clear is that peak trading has shifted dramatically towards the Black Friday period. With more traffic, more orders and more conversion occurring over Black Friday week, consumers are embracing the smorgasbord of deals that November offers, leaving Christmas deals trailing in its wake.

This was the third year running that we ran our client Peak Operations Centre, where we set up a dedicated, multi-disciplined team of ecommerce professionals including system engineers, DBAs, and front and back-end software developers to provide an escalation path for some of the largest online operations teams across UK retail, including Argos, Selfridges, Habitat, GAME and Ted Baker.

Data from our Operation's Centre shows the Black Friday period (22nd – 28th November) was significantly busier than peak trading at Christmas (21st – 27th December), with 28% more orders taken than during the festive period.

Consumers are also twice as likely to convert sales on Black Friday as they are on Boxing Day; with the latter, arguably the most famous and traditional sales day for millions across the UK, being overtaken by the online phenomenon Black Friday. For the Black Friday period overall, conversion rate was 35% higher than the Christmas period.

So what does this mean for operations peak planning in 2017? We've included a detailed breakdown later in this report, however, the big points to watch out for in 2017 include:

Black Friday is here to stay with big traffic spikes so get prepared well in advance with rehearsal of systems and people. Remember it's going to start early this year!

Focus on your back-end interconnecting systems for order capture, payments, communications and fulfilment. Get them ready for order spikes.

Think mobile first! 2016 saw a tipping point for mobile when for the first time, the majority (51%) of Black Friday orders were made on mobile devices, up from 46% in 2015. This is likely to increase in 2017.

Have a plan in place for the growing interest in Black Friday deals from international buyers and the impact this has on operations, fulfilment and payments.

BLACK FRIDAY 2016 – A PEAK BEHIND THE SCENES

THE INDUSTRY NUMBERS



**£1.23
BILLION**

was the total online spend
on Black Friday 2016
(12.2% higher than same day 2015
when £1.1bn was spent) – source: IMRG



**£6.45
BILLION**

spent online over the
Black Friday peak period
(Monday 21 – 28 November 2016)
– source: IMRG

INSIGHT FROM SALMON'S PEAK OPERATIONS CENTRE

(based on data from a range of clients)



The Black Friday period was
significantly busier with
28%
more online orders taken during
this time than the Christmas period



27%
more traffic over the
Black Friday period than
the Christmas period

MOBILE SETS THE PACE



81%
of traffic, the highest over the
whole peak visited sites via
mobile on Christmas Day



51%
of orders over Black Friday
period via mobile
60%
of orders over Christmas
period via mobile



People spent longer browsing
online during Black Friday:

46%
longer compared to
over Christmas



The average order
value was up
9%
over the Black Friday period
compared to Christmas



The conversion rate during the
Black Friday period was **35% more**
than the Christmas period.

Conversion was up **50% on
Black Friday (25th Nov)**
compared to Boxing Day



Brexit impact –
**international
sales up!**

We are Salmon. We're a global digital commerce consultancy – the largest in WPP's network. We've been at the forefront of commerce development for over 25 years defining, delivering and driving some of the world's leading ecommerce platforms including Argos, Halfords, Sainsbury's, Selfridges and Ted Baker.

In 2014, we established the UK's first cross-client Peak Operations Room, where we set up a dedicated, multi-disciplined team of engineers to provide an escalation path for online operations teams in the event of load-related issues.

Our advance planning for the 2017 peak trading period is in full flow and we're delighted to share some of our insight in this brochure. To discuss how we can help your organisation get it right for peak, please contact us at peak@salmon.com

BLACK FRIDAY

Black Friday 2016: the Salmon client experience

We predicted a lengthening of online purchases beyond just Black Friday and coined the period from Thursday 24th to Cyber Monday 28th 'Black Fiveday'. Over that period online sales reached close to £5bn.

So what were some of the trends seen over this 'Black Fiveday' period?

Black 'Fiveday' Roundup 2016



Total orders percentage over 5 days

The tipping point for mobile

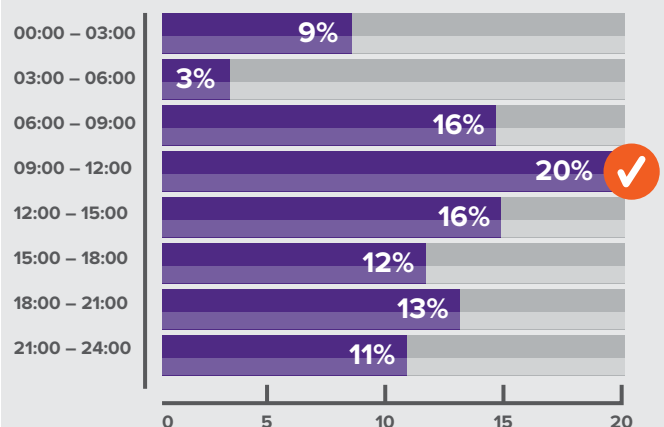
Our analysis of orders across a range of clients over the five day period indicates that 2016 was indeed a tipping point for mobile with 68% of traffic and 51.2% of orders made via mobile and tablet. Nearly three quarters (73%) of site visitors on Saturday 26th originated via mobile devices.

An earlier start but still a peak on Black Friday

There is no doubt that retailers were anxious to get going early this year with promotions and discounts. Some like Amazon and Argos started well in advance, and the trading results taken from IMRG confirmed that retailers grew Black Friday from a single day event to a much longer concept. According to the data, even before the week had started, 11 different Black Friday campaigns had been initiated by retailers.

Salmon's client data indicates that the majority started on Thursday 24th with 19% of the 'Black Fiveday' sales on that day. One of the major peaks occurred on Black Friday itself between 9:00am and 12:00pm with 35% of overall sales taking place.

Black Friday Roundup 2016



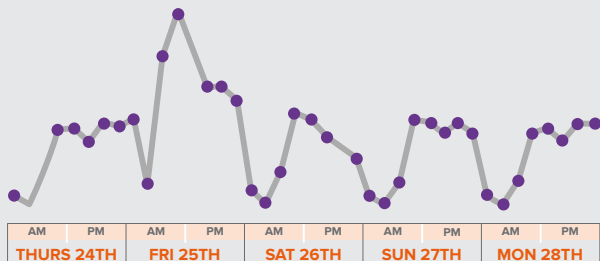
Busiest shopping time on Black Friday 2016

Savvy shoppers lead to higher conversion

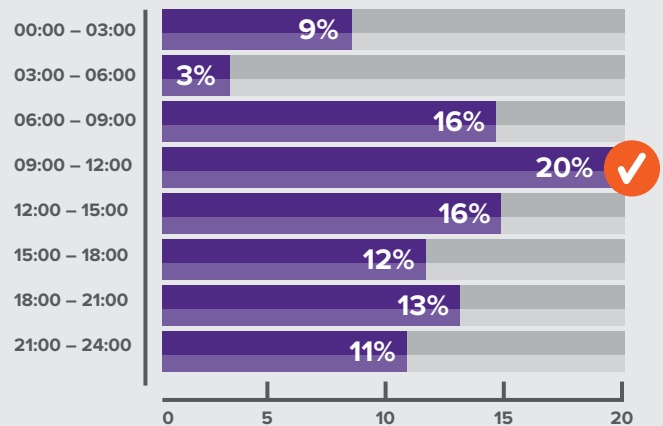
Analysis of consumer behaviour indicates that Black Friday shoppers shop with a greater intent to buy:

- We saw an 86% increase in the percentage of visitors adding items to their cart during Black Friday compared to the previous week, indicating shoppers were ready to shop online during that period.
- Conversion rates were double the normal weekly rate, up 106%. The conversion rate was also up 10% on the previous year.
- Another trend was the rise of the “Basket Bandit.” These are shoppers who identify items ahead of Black Friday weekend and place them in their online shopping baskets, ready to click ‘buy’ as soon as items are discounted. On the Thursday we saw a 6% increase in cart abandonment compared to the Wednesday, and from Friday onwards we observed a steady decline in cart abandonment indicating that shoppers had found that bargain and were buying immediately.

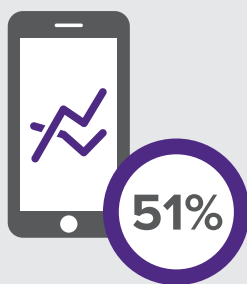
Black Fiveday Roundup 2016



Orders over five days



Busiest shopping time on Black Friday 2016



% Orders via mobile devices over five days



Conversion rate vs previous week

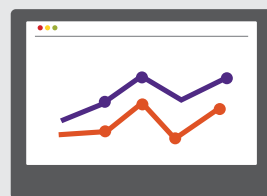
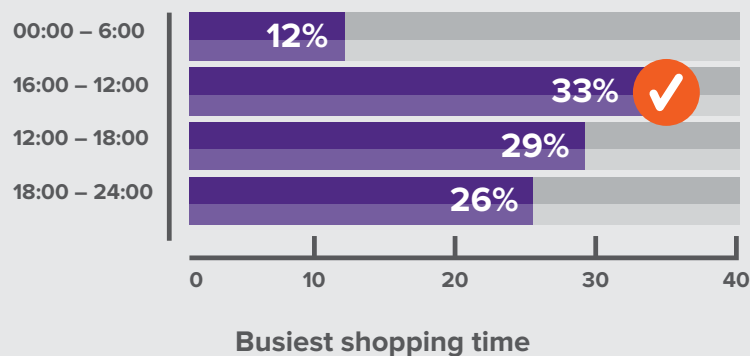
KEY OPERATIONAL LEARNINGS FOR RETAILERS

1. It's no longer a one day phenomenon, so plan your operations accordingly

We're now seeing the majority of retailers participate in Black Friday sales well before the actual event. And the spread in promotions over the Black Fiveday period (24th – 28th November) has had an impact on operations. It's no longer the case that on the stroke of midnight on Black Friday that a company's website will be flooded with consumers looking for the deal as soon as it goes live. This is good from a systems point of view, as traffic loads are balanced out across a 24 or 48 hour period. What this does result in is a need for your operations team to be on duty for longer periods – so personnel planning needs to be factored in with shift patterns in place.

Being able to rapidly react to situations is key. These could be tactical issues such as the need to launch earlier than expected in response to a competitor launch, or if there are any unforeseen operational issues arising during Black Friday peak itself. All the right skills, from operations, front and back-end developers, DBAs and technical architects need to be available to achieve a timely solution.

Black Friday 2016 Snapshot



Conversion Rate – 2015 vs 2016

2. It's not just about the UK customer – think international

Several retailers supported by Salmon reported a significant increase in international sales in 2016, seemingly impacted by Brexit and the depreciated value of Sterling against international currencies. It's now more economical for overseas shoppers to buy from UK retailers. Over the 'Black Fiveday' period there were increases in international traffic at peak hours across Europe, the US and as far as China. This had down the line implications for back-end processes that potentially hadn't been planned for strong order numbers entering the system at off-peak times. It also reinforces the need for global brands to have robust international online and fulfilment capabilities.

3. Advance load testing is still important

Retailers are certainly getting far better in dealing with the ‘peaks’ phenomenon. They are slowly gathering more and more information from data centres, and cloud computing has allowed them to scale systems to a point where they can deal with extremely heavy loads. However, this does not mean that stress testing needs to be de-prioritised in 2017.

Stress-testing and advanced planning can help in preparing important contingency measures, which will shore up performance during peak. Content caching is an excellent option for times of high traffic. Non-transactional and personalised content such as product images and descriptions may be cached using content delivery networks (CDNs), taking load off the transactional servers at peak times.

Similarly, limiting functionality on the site during peak period is advisable, as the focus shifts from functionality and shopping experience to performance. Kill switches may be introduced to enable non-essential elements to be turned off during periods of high activity. This ensures that external sites and services, for example, can’t negatively impact performance.

Retailers with cloud-based platforms also need to check their cloud service provision as many cloud-based services are likely to be shared between many different businesses, making services vulnerable to an overload of requests – and crashing.

4. The need for system interconnectivity

Most front-end web experiences scored positively in 2016; it was the back-end where issues occurred. The interconnectivity of systems for order capture, payments, communications and fulfilment needs to be improved across the industry.

The consumer desire for same-day/next-day delivery has put enormous stresses on companies’ fulfilment and operations systems, as inventory now has to be ready to be dispatched almost immediately after purchase. It’s therefore crucial that back-end systems are deeply interconnected. Ecommerce systems now incorporate a myriad platforms: warehouse management, payment transactions (for example, with PayPal), credit card clearers, a search service, and a content service.

All of these platforms need to work collectively and equally quickly for retailers to survive heavy loads during peak periods. If one platform slows, this could decelerate the whole process; the payment transaction service might be quick, but if the search service is clunky, the customer might not even make it to the payment screen.

Turn to pages 13 - 14 for two new Salmon review services that can help you hit peak performance during Peak!



Retailers should be looking to differentiate themselves not just for Black Friday but a peak sales season through to the new year.

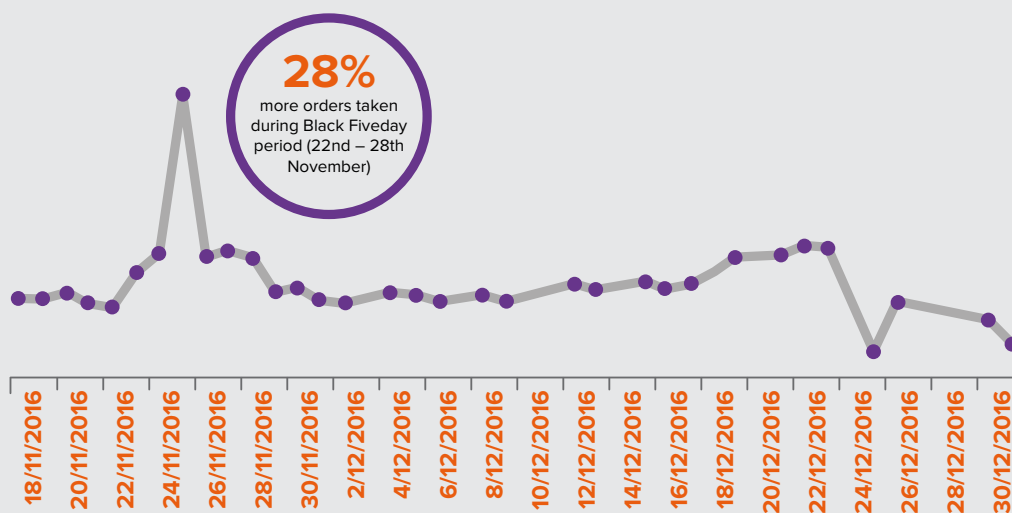
THE OUTLOOK FOR 2017

The traditional retail calendar has become well and truly disrupted in recent years. Who would have thought five years ago that the Black Friday trading period would rival and then beat the traditional retail peak selling period of Christmas. This time has come.

Shoppers in the UK and now internationally know all about it and need little convincing. And they want to shop with retailers on their terms across devices and channels, taking the path of least resistance.

They increasingly know what they want too, as evidenced by sharp increases in conversion rates and reductions in time per order, over previous years. They're typically not looking for inspiration – they want a slick transaction-based experience predominantly on mobile devices. If they're presented with a slow or convoluted online experience they'll find a better one a finger-tip away.

Orders over the Black Friday and Christmas periods



Across clients supported in the Salmon Peak Operation's Centre, Salmon saw 27% more traffic over the Black Friday week than the traditional Christmas period. In 2017 we expect this trend to continue with retailers starting their discounting events even earlier to compete against the dominant online marketplace Amazon who started its 2016 Black Friday promotions one week in advance.

Salmon views this extended sales period as an opportunity to differentiate in a unique and creative way. This could take a number of forms, but the challenge is on for marketing departments not just to "have a sale" but to create an innovative campaign and stand out from the crowd. In addition we're sensing an opportunity for a spread of retail events and peaks across the year, in part influenced by peak periods in international markets.

WHAT DOES THIS MEAN FOR RETAILERS' BACK-END OPERATIONS?

Most of the advanced planning put in place by the retail industry has focused around logistics and delivery. In isolation, there's nothing wrong with that, but it's only part of the picture – and it only works if the retailer operations can meet the front-end impacts, such as the unprecedented levels of traffic.

Salmon established its Peak Trading Operations service for clients to focus on both planning for the period and execution around Black Friday week.

CONSIDERATIONS FOR PRE-PLANNING

1. Has the 2016 performance been thoroughly reviewed?

It is important to review what happened during the last peak.

- Ensure that recommendations from the post peak review have been put into action to prevent the same problems recurring.
- Thoroughly review the performance of personnel, process and systems, and ensure everything you learned is being applied to this year's peak planning.

2. Has a realistic forecast been established?

Ask yourself: do you know what you're aiming for?

- Publish expected targets for 2017 so that all teams have a common goal, and use them as a driver for capacity-related initiatives and testing.

The business forecasts could be 'orders per day' or 'user sessions per hour' estimates, based on the previous year, using a percentage uplift based on revenue targets. Also agree a level of contingency to allow for margins of error, limitations in testing and unexpected demand. This will be based on business attitude to risk, confidence in other preparation activities and investment costs. Typically we would encourage 25% - 50% contingency.

And don't forget to widen your lens in forecasting for a Black Friday week or 5-day period, and not just Friday 24th November.

3. Is there a business plan for peak trading, and has it been shared?

It is extremely important that the business, online trading and operations teams are aligned on how marketing activities will be used to drive traffic online. Undisclosed marketing activities can drive customers to the stores in ways that haven't been anticipated or operationally tested.

Business alignment of marketing activities also allows marketing teams to spread traffic loads across a longer period of time, to reduce the strain on infrastructure and fulfilment teams.

4. Has the business signed off capacity testing results?

Testing the capacity of the online store ahead of peak trading is one of the most important and often most poorly executed activities for peak preparation. Simulating realistic load takes time, effort and planning to execute in a way that provides meaningful results.

5. Have you established your contingency plans?

Prepare a contingency plan ahead of peak trading to provide teams with a reference point in case of emergency. Contingency plans often involve compromises by the business on service to end-users so it's important to establish what the options are, how they are invoked and who has the sign-off responsibility to action contingency options.

6. Are your operations teams ready?

With all this focus on technical system resources, there is potential to forget about planning for human resources. Unlike machines, humans need rest, and make mistakes when they don't get it – so planning to support operations before, during and after the peak period is important. Typically commerce teams are working hard prior to peak to get final features into the system prior to the 'change freeze', at which point the system is stabilised with non-urgent changes restricted. Once the change freeze is in effect, ensure that your operations teams get a chance to rest and re-energise prior to peak trading.

7. Do you have a communications plan?

One way to think of peak is as a crisis that you know will happen in advance. Retailers should therefore make a pre-defined set of processes and communications a key element of peak planning. Your communication plans should set out all the contact information and shifts for all personnel, suppliers and partners.

Live data capture enables real-time response for Salmon's clients



CONSIDERATIONS FOR ON-THE-DAY (HIGH LEVEL TASKS)

Essentially every organisation concerned with peak trading should take a series of actions to ensure on-the-day peak readiness including:

- Review current performance
- Publish forecasts / marketing plan
- Ensure capacity meets predicted demand
- Planning – Contingency, Resources, Communications
- On-the-day execution

A more detailed checklist is available upon request or sign-up to a Salmon Peak Preparation Review.

THE SALMON PEAK TRADING SERVICE FOR ONLINE RETAILERS

Supporting our customers during peak is a key highlight in our year and a time when we can provide powerful support, with teams at the ready to ensure smooth operations. We offer the following peak trading services for current Managed Services customers as well new customers that sign up for a 2017 support package.

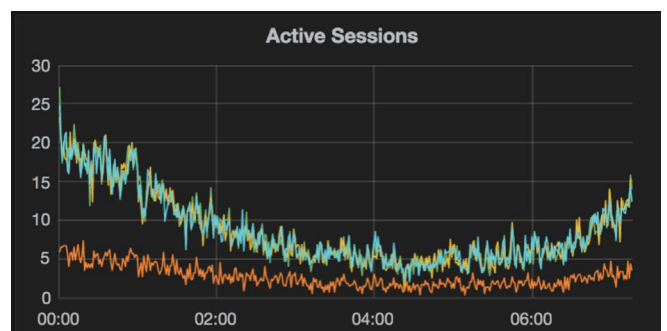


Capacity Review

Performance test your systems up to peak loads to understand where your break points are. It is better to know precisely where a system will break rather than think you know. Our performance tuning experts can tell you where this point is, and give you recommendations to meet your customers' peak expectations.

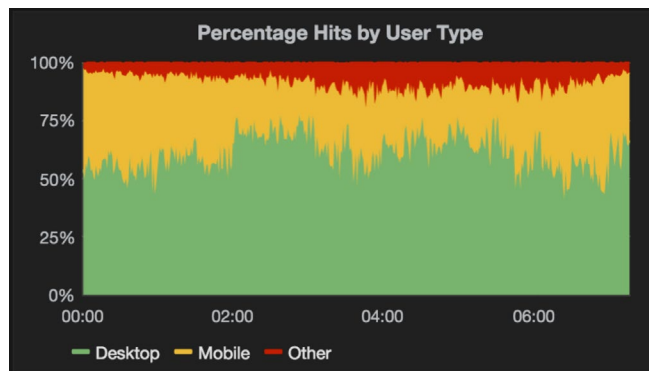
Peak Readiness Planning

With many years' experience in planning for peak operations and running peak trading for major retailers, Salmon can help steer and optimise your peak readiness plan.



Peak Operations Room

Salmon's experts in ecommerce performance, application and infrastructure are available in a manned operations centre during Black Friday and Cyber Monday. They monitor and detect issues before they lead to outages, and quickly remedy issues if they cause problems for customers. During this time we effectively reduce our response time to real-time.



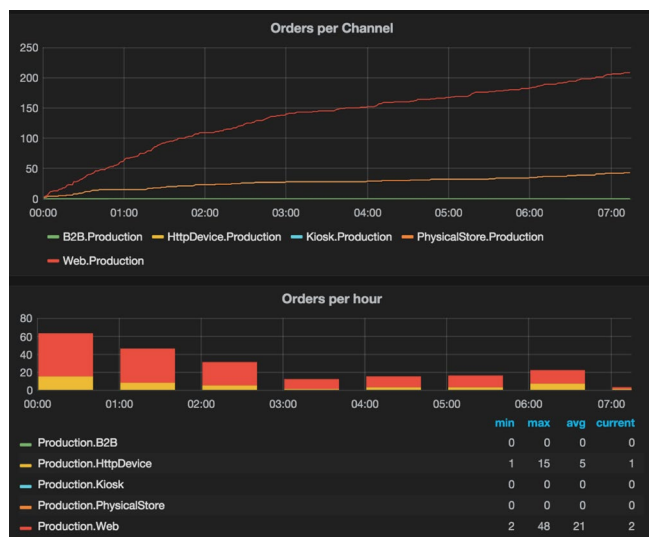
Dashboard Monitoring and Alerting

Salmon has dashboards and monitors that can show spikes in system resources and thresholds, and relieve that pressure to prevent your website going down.

Service Management

Salmon Service Delivery Managers maintain constant communications between your business and technical and operations staff during peak. This ensures everyone knows what is going on, and operates from the same playbook in a co-ordinated, consistent manner.

Overleaf you'll find two new Salmon review services that can help you hit peak performance during Peak!



SALMON – YOUR PARTNER FOR PEAK TRADING

The performance of an online transactional site is now considered vital to overall business success. The need for optimal performance intensifies during peak trading periods such as Christmas, Black Friday or planned seasonal sales. Even the slightest glitch in systems or operations can have a devastating knock-on effect for a company's online traffic, orders, and customer service, as well as reputation.

Therefore it's vital that teams involved in the planning and running of peak trading across the business, whether it's marketing, ecommerce, operations or IT, should prepare in advance with the latest tools and techniques available.

Salmon runs the largest UK-based Peak Trading Operations Centre for clients such as Argos, Selfridges, Halfords, Habitat, GAME & Ted Baker, and has provided a 24 hour managed service to support their online retail operations during the peak trading periods of Black Friday and Christmas.



THE SALMON PEAK PERFORMANCE REVIEW SERVICE

Each year Salmon publishes its Peak Trading Operations Playbook based on its many years of experience. Now we are able to bring this playbook to life with two direct services for online retailers:

1. The Salmon Peak Ops review – are your Operations ready?

Who is it for?

Retailers with an online presence anticipating peaks in demand, looking to prepare and stress-test their online operations for a large increase in traffic and demand.

What you get

A 4-day online operations performance review including two days' on-site workshops, one day remote analysis and final results and planning workshop. The workshops will examine:

- 2016 peak performance and learnings review (assuming availability from client).
- Current IT capability assessment (platform and resources / capacity testing, contingency planning).
- Preview of 2017 peak trading marketing plans and demand forecast.
- Overview of external dependencies – interconnected systems (external calls – payment, stock, prices, etc)
- Current Peak Operations plan.

Utilising proprietary techniques developed from Salmon's Peak Operations Centre and undertaken by teams directly involved in customer operations, at the end of this review you should have a clear view of current capabilities, potential pinch points and recommendations for optimal peak readiness.

This service is dependent on the information provided by the customer. Salmon will not have any direct access to servers for hands on technical analysis unless pre-authorised by the customer.

What it costs and when can you run this?

£6,995 ex VAT.

Limited to availability from 1 June 2017 to end of delivery by 29 September 2017. Pricing excludes travel and accommodation costs. All reasonable travel and accommodation expenses will be agreed in advance. Salmon will provide a range of dates for the workshops and final review.

50% refund rebate against further performance consultancy services: a minimum number of 20 chargeable man days applies.



2. The Salmon Peak UX performance review – are you providing User eXcellence or eXasperation?

Who is it for?

Front-end digital marketing, ecommerce and operations teams responsible for UX performance during peak trading periods.

What you get

A 3-day Salmon UX performance review that gives you a focused assessment of your site's front-end performance from a customer perspective including:

- Analysis and test of your site's current front-end performance, undertaken in the Salmon UX performance labs, utilising the latest toolsets and methodologies.
- A pragmatic report detailing actionable insights and recommendations for UX front-end improvement both in the short and medium terms, with particular reference to peak trading performance.
- Actions ranked by priority and with practical guidance for design and development implementation.

Please note, this UX review assumes no direct access to client servers. If clients wish to allow more detailed access, then a more in-depth service can be undertaken at an additional charge agreed in advance.

What it costs and when can you run this?

£2,995 ex VAT.

Limited to availability from 1 June 2017 to end of delivery by 29 September 2017. Pricing assumes services and review will be delivered from Salmon's premises in Watford and therefore excludes travel and accommodation costs. Salmon will offer a range of 3 day review slots to select from.

50% refund rebate against further performance consultancy services: a minimum number of 20 chargeable man days applies.

ABOUT SALMON

Salmon is a global digital commerce consultancy – the biggest in WPP’s network of companies – that defines and delivers market-changing solutions and customer journeys for the world’s leading brands.

Established in 1989, with operations in London, Amsterdam, New Delhi, Beijing and Melbourne, Salmon clients include Argos, Asian Paints, Audi UK, DFS, Halfords, Jumbo, LloydsPharmacy, Premier Farnell, Sainsbury’s, Selfridges and Sligro Food Group.

To see more of Salmon’s peak trading resources, click [here](#).

For more information,
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