

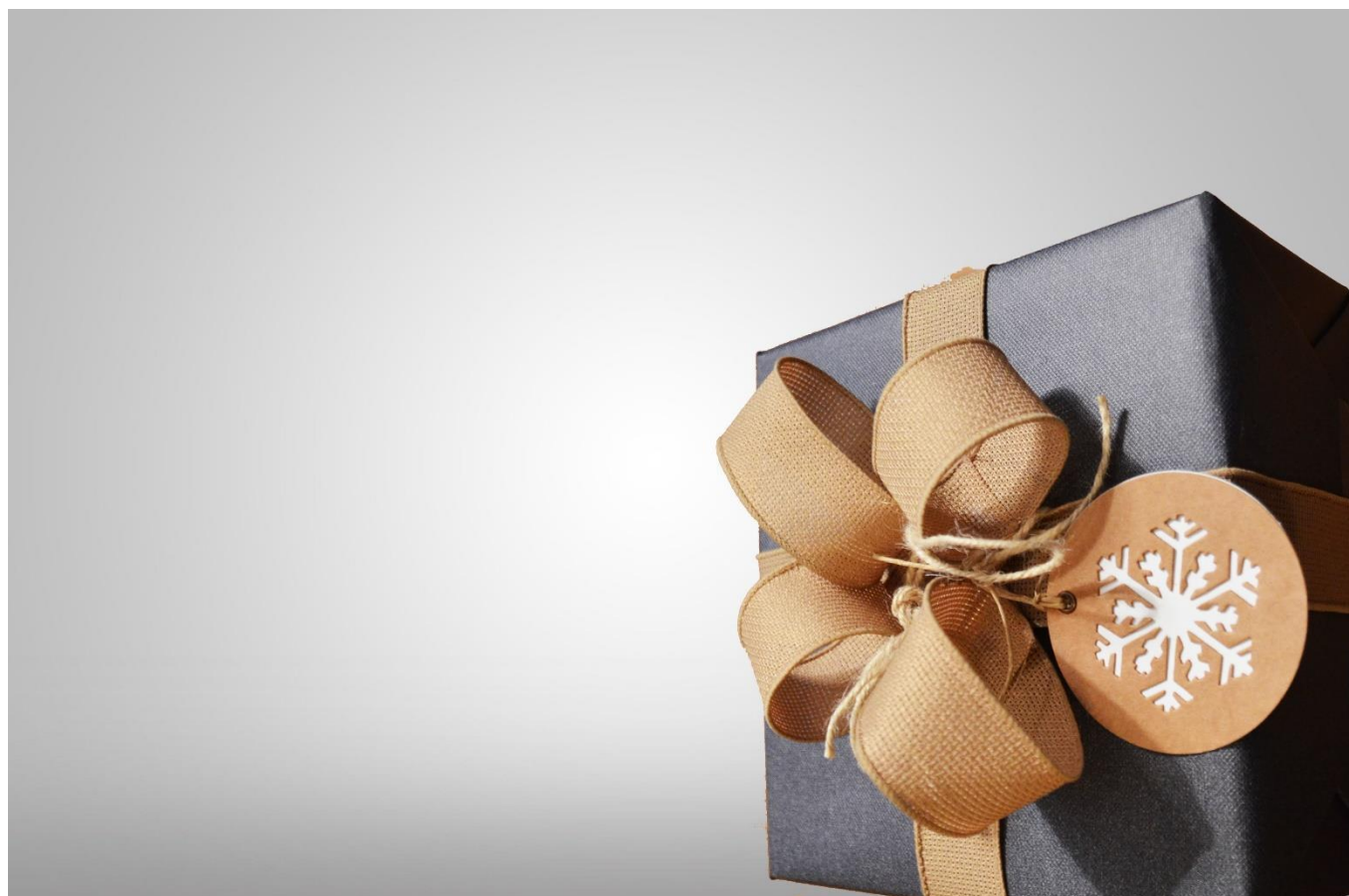


Black Friday in numbers

With Black Friday over for another year, what does 2018's performance reveal about the state of the global affiliate marketing channel?

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Black Friday in numbers

Black Friday remains the preeminent trading day across the globe. While Singles' Day may pull in greater numbers and other regional events resonate more at a local level, Black Friday and the wider weekend incorporating Cyber Monday, is not only broadly familiar but has been widely adopted by both developed and emerging markets.

For Awin it was a €500m event. That's the amount the army of publishers allied with Awin drove in revenue for our thousands of brands across the four-day spending splurge; nearly €87,000 every minute of each day across the Cyber weekend.

Diverse affiliate partnerships touching all areas of digital tapped into the wealth of consumer-first business models that the channel represents. Through ongoing investment and time affiliates triumphed in 2018 and bested last year's numbers.

Through their emails, content, social media mentions, cash rewards and coupons, never before have consumers been so empowered and informed to make wiser decisions about where they spend their hard-owned cash.

With the shopping frenzy now over for another year, what does Awin's data, drawn from more than 100,000 publishers promoting thousands of retailers, tell us about the wider ecommerce landscape?

1. Black Friday is a week-long event.

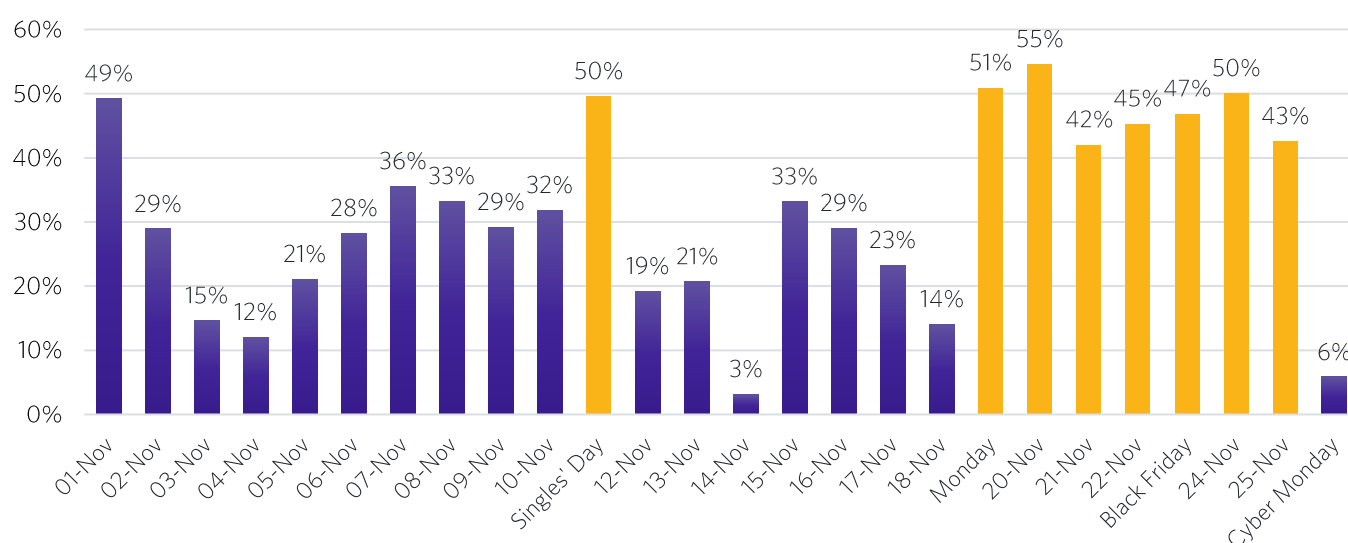
Black Friday as an emerging phenomenon has developed at different rates across the globe.

Though forged in the US, subsequent adopters were characterised by how the event initially emerged and rapidly expanded in the UK. Other markets in north-west Europe followed, and with Poland and Australia on board, the event is now firmly and universally established across all Awin markets.

Concurrently, US shoppers have continued to modify their purchasing behaviour, migrating the money they spend from in-store to online. Awin US posted a bigger day on Black Friday than the traditional powerhouse of Cyber Monday for the first time (although Cyber Monday clung on as the largest day on our other US network, ShareASale, albeit by the narrowest of margins).

While initially confined to either Black Friday or the wider weekend it kicks off, the desire by brands to steal a march on competitors by 'going early' is clearly manifested in where the biggest growth has happened over the past couple of years across November.

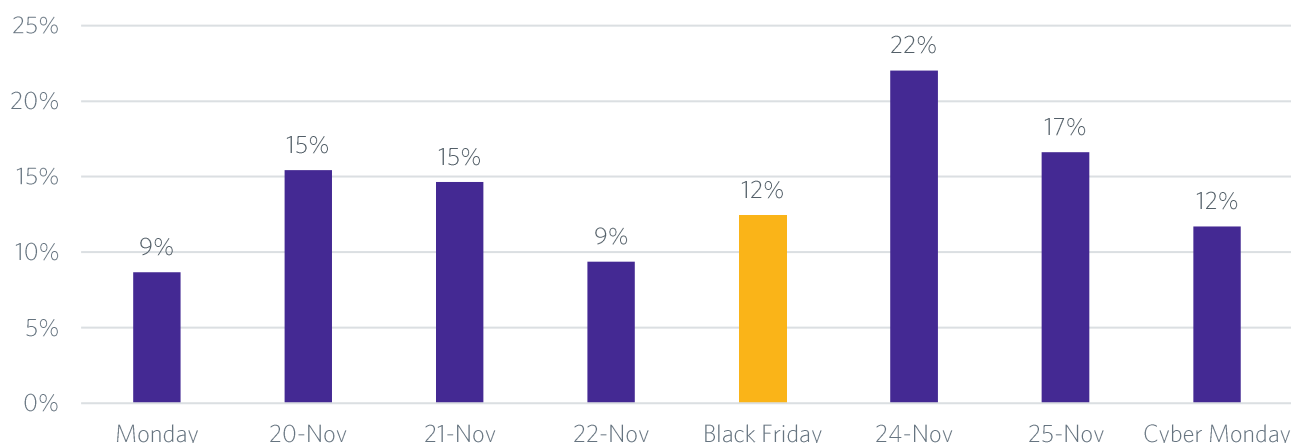
This graph shows the daily growth in commissions we've seen across the month of November to Cyber Monday, when comparing 2016's performance to this year's:



Highlighted in yellow are the seven days around Black Friday, starting with the Monday preceding it. Consistently across this week the growth is pronounced and consistently outperforms the rest of the month with a couple of exceptions, one of them being Singles' Day which, although smaller in stature in the West, is seeing impressive continued growth; a trend we expect to continue for years to come.

Black Friday continues to see impressive growth, but the desire by brands to 'go early' is taking some of the shine off the big day. While there's no doubt it significantly outperforms any other trading day, proportionally the biggest increases are happening elsewhere. In fact, there appears to be a dual story here; not only are brands running deals for longer, but consumers seem comfortable in biding their time; happy to take longer about their decision and buy at leisure across the weekend.

Looking at the run-up to Black Friday and the subsequent days' trading, we can see Black Friday posts a pretty average year-on-year increase across the group:



Instead, the largest growth we saw was over the course of the subsequent weekend, Saturday and Sunday, indicating perhaps the loss of a sense of urgency around Black Friday as a 24-hour-only event. In many ways it has become a far more porous phenomenon with sales bleeding out over a wider window of time and that dilution appears to have informed the way consumers purchase their deals.

2. The diminishing importance of Mondays

Ecommerce is fickle. In a rapidly changing industry where fads come and go, new tech can shine brightly one day, then feel creaky and irrelevant the next. While not evolving at quite the same pace, so too do consumers continue to change their spending patterns across the peak trading period.

For those with a decade or more online shopping experience under their belts, Manic Monday may conjure up memories from years back of the key Christmas push by brands ahead of the big event.

In many markets the first Monday in December was viewed as pivotal to their success. With Christmas rapidly approaching and shoppers having recently received their monthly pay packet, it was a natural date for brands to coalesce around in the more fledgling days of online.

But over time that date proved problematic. Slower fulfilment options at the time (there was after all a less-than-three-week turnaround for receiving goods before Christmas) may have contributed to some consumer unease around the date's timing. Nobody enjoyed the jeopardy of not knowing whether their gifts would arrive before or after the festivities.

Partly too, there was a desire on the brands' part to drive sales earlier so that transactions could be guaranteed. The fact that an earlier Monday sale could be easily lashed to Black Friday meant that, in time, Manic Monday has come to represent nothing more than an ordinary day's performance now.

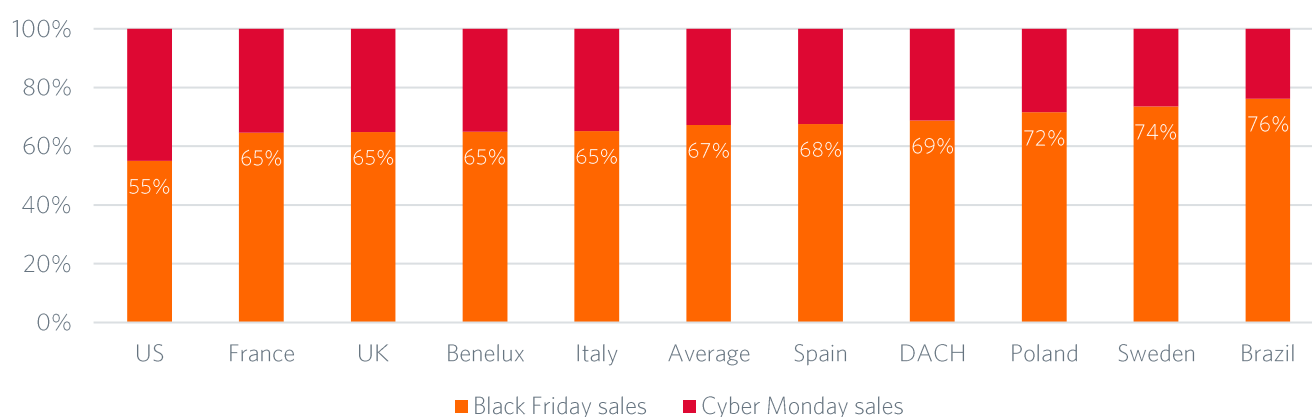
For many, the preceding Monday, so-called Cyber Monday, has come to replace it. But 2018 has continued to see a shift away from it. Firstly, Americans are supplanting Cyber Monday with Black Friday for their online purchases, even though the latter was historically associated with being an exclusively in-store event.

Cyber Monday emerged there primarily as the online offshoot of Black Friday and, although in the US it remains the bigger ecommerce event still, according to the National Retail Confederation growth online this year was under 20% compared to almost 24% for Black Friday. While it may take a few years for the two to flip places definitively, Black Friday continues to assail the online dominance of its Monday cousin.

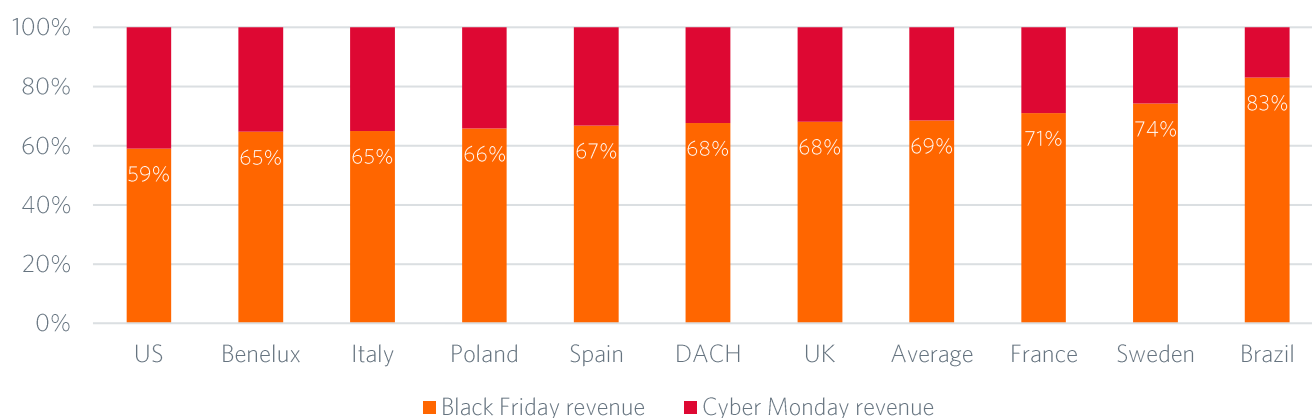
For the rest of the world, without the in-store heritage of Black Friday, Cyber Monday continues to diminish in importance. It remained the second biggest trading day, but by a smaller margin. In 2016 Cyber Monday hit about 80% of the commissions paid on Black Friday. This year that dropped to 58%.

Looking at the network, Brazil maintains a clear lead when showcasing the dominance of Black Friday, as in 2017.

Sales split: Black Friday & Cyber Monday



Revenue split: Black Friday & Cyber Monday



There are exceptions. The telco sector for key brands on the network posted significant numbers to rival Black Friday on Cyber Monday. Perhaps this is indicative of several operators in this space wanting to separate themselves from the noise of the bigger day.

Cyber Monday saw Awin post higher commissions for the main telco brands on the network, although sales were slightly ahead on Black Friday. One major supplier saw stronger market share for handsets prior to Black Friday weekend, possible due to strong reseller performance, with the market spiking on Black Friday but not as much as on Cyber Monday.

This is an outlier sector though, with retail dominating the volume of transactions and tracked revenue (telco programmes tend not to have a revenue associated with them due to the contract nature of many of their products).

There is one final, cynical, point to make about the shift in sales to an earlier date, to the detriment of these Mondays. And that is that by creating a lengthy gap between Black Friday and Christmas, the event takes on an additional function as a self-gifting occasion.

Research carried out by Awin several years ago showed that around half of all consumers were intending to treat themselves on Black Friday and not, as is commonly understood, taking advantage of the sales to buy gifts for friends and family. So, while we may see it as an event intrinsically linked to Christmas, by dragging Black Friday into the middle of November, retailers have manufactured the chance to get two bites of the cherry.

3. Growing sophistication and nuance

We've often stated that Black Friday is a blunt instrument. It tends to be led by large discounts, high cashback and reward offers via loud, unsophisticated ads.

While that didn't dramatically change in 2018, there are signs that some brands are taking a more nuanced approach.

With a huge increase in casual browsing around Black Friday week, brands have an amazing opportunity to attract customers new to their brands. If they're able to, the secondary challenge is to then maintain them as a loyal, repeat shopper.

While Cyber Monday also has a role to play in this, Black Friday typically produces slightly higher volumes of new customers.

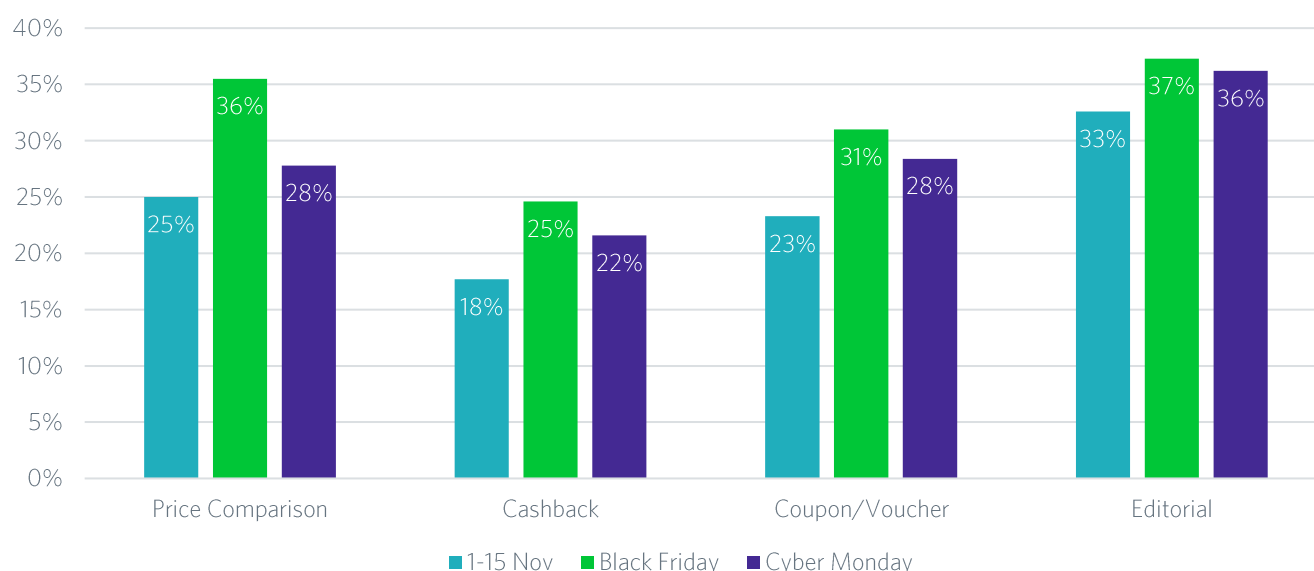
Let's look at a large fashion retailer on the Awin network. They work with all types of affiliate with a healthy split across publisher category and an interest in social media, content and editorial sites to complement the discount and incentive-based banker affiliates.

This particular brand categorise a new customer as one whose details are new to file. If this is email based, it's important to add the caveat that an existing customer could transact with an unregistered

email address, thus skewing the data, but we will assume that the existing, new customer split is broadly reflective of just that.

We can divide their sales into three segments; the first half of November, Black Friday and Cyber Monday, and then assess these date ranges across four major affiliates, drawn from different categories.

Shift in new customer numbers



With price comparison and cashback showing the biggest proportional uplifts (44% and 39% respectively), the opportunity is clear. Combine an increase in traffic and interest with new customer, exclusive or special deals and the tactical approach of Black Friday comes into sharper focus.

As well as the data behind the numbers, brands are also starting to take a more creative approach to how they work with affiliates, with more granular offers and deeper partnerships.

This is a concept that hasn't gone unnoticed elsewhere. The UK's online retail association, IMRG, labelled this year's efforts 'a more glamorous affair', citing a greater focus on 'creating the kind of engaging visuals that were unthinkable a few years ago... the bland marketing has lessened and a bit more glitz and glamour that we might associate with retail marketing at other times of the year is more prevalent now'.

4. Mobile continues to make strides

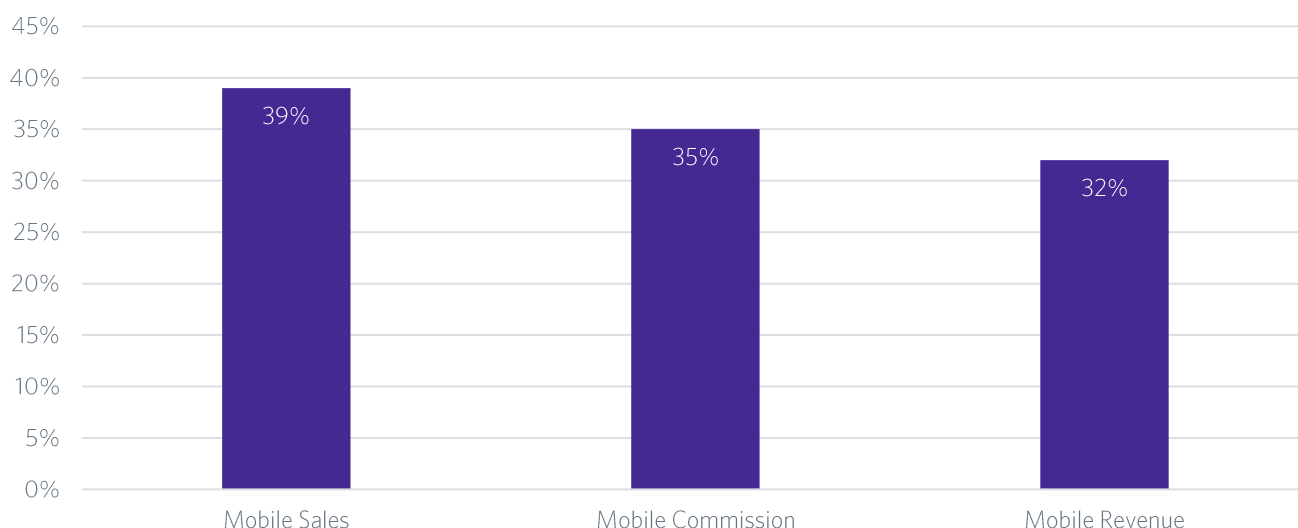
Many headlines have already been written about how Black Friday 2018 was a mobile event. There is no doubt that Awin's data shows a similar trend. Gone are the days when we used clicks to monitor and record mobile milestones. Mobile traffic now consistently pools above 50% of the global network, with certain brands tracking more than two-thirds of their affiliate interactions through handsets.

There has always been a disconnect, however, between clicks tracked and sales secured. Typically, transactions will be recorded at around three-quarters of the rate of clicks. There are obvious reasons for this when companies are operating in a last-click wins environment.

Mobile clicks are defined by casual browsing, consumers on the go, searching out goods and services but not always ready to move from interest to intent.

In addition, mobile sales tend to be, on average, for lower priced, more commoditised items. It's not unusual for handsets to completely dominate the volume of sales in the fast-fashion sector, the younger, social media first demographic a perfect fit for businesses that have cracked the logistics of delivery (and critically) returns on lower priced items.

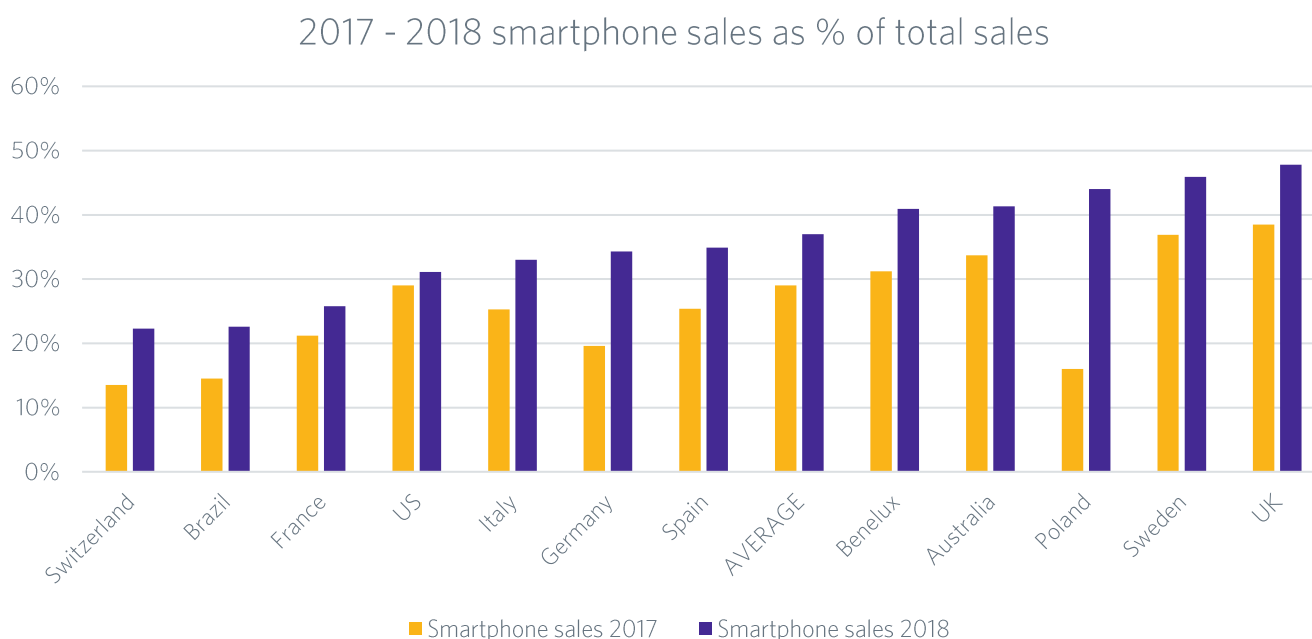
Mobile share, Black Friday 2018



The gap between clicks recorded and sales, as well as the average basket has narrowed over the years as businesses become increasingly mobile-first in focus.

This year we predicted that two or three markets Awin operates in could see sales tip over the 50% bar for the first time.

As you can see from our data the volume of smartphone sales has increased by around ten percentage points year-on-year:



While no market hit the magic 50% figure, the UK saw handset sales exceed desktop transactions by around three percentage points. Sweden wasn't far behind, but without a doubt the outlier performance of 2018 was Poland where mobile sales almost trebled across the year.

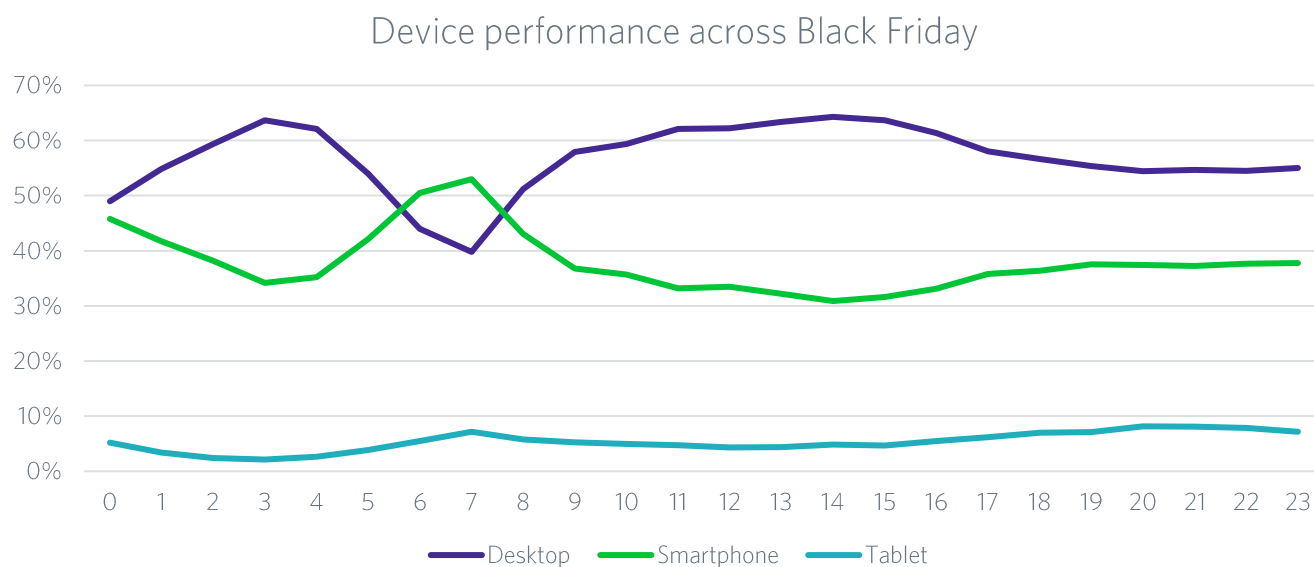
From a nation that lagged last year, the past 12-months have seen the rapid ascendancy of consumers embracing mobile ecommerce. In part that may be a consequence of the swiftly growing popularity of social platforms in the region. Active social media users in the country have risen by over 13% (around 2m new users) in the last year and these platforms tend, of course, by nature to be accessed via mobile.

Tracking sales across the 24-hour period of Black Friday, the experience of the past couple of years was again repeated, with smartphones peaking at the point when, logically, people were most likely to be on the move. While smartphones fell short of hitting the 50% mark, they did achieve this for a couple of hours in the morning.

At this time of day, we have to assume that many consumers are being targeted by a raft of offers, deals and promotions via email. It's therefore logical to assume that this interest translates into revenue.

Conversions tend to be at their lowest during this period highlighting that affiliate journeys aren't linear and simply looking to the converting publisher ignores the complexity of the path to purchase. This underlines the importance of tracking these interactions across devices to understand the role that, typically, social media, email and price comparison play in driving initial intent that may ultimately

convert elsewhere. When we study the data from brands who have cross-device tracking enabled, it's apparent that there is a fairer apportionment of contribution and revenue.



There is, as is to be expected, huge variety in handset performance, depending on how the data is segmented. For example, studying the performance of fast fashion advertisers as promoted by social media focused publishers shows between 60 and 70% of their sales are typically handset driven.

At the other end of the spectrum it is worth remembering that many high-ticket items take longer to research and are likely to be more considered purchases. As such the volume of mobile sales drops.

5. The hidden threats

2018 is the year of digital's existential crisis. We've spent much of this year writing about how digital marketers everywhere need to fundamentally reassess how the data they utilise is collected, ordered and reused. If little consideration is paid to the methodologies behind any of these, in tandem with the level of consent consumers provide for it to be used, then that's a problem.

That crisis extends beyond the growing need for transparency and consumer concerns around privacy. Increasingly, old practices are being challenged, hastening the need for new solutions to address the changing priorities of the digital behemoths.

It was only in June 2018 that Apple announced it would clamp down further on what data could be captured – predominantly by marketing companies – to understand customer journeys.

Essentially ringing the death knell for third party tracking, it ushered in a frenzied push by networks and other providers to move advertisers away from legacy tracking systems. But with so-called 'ITP2'

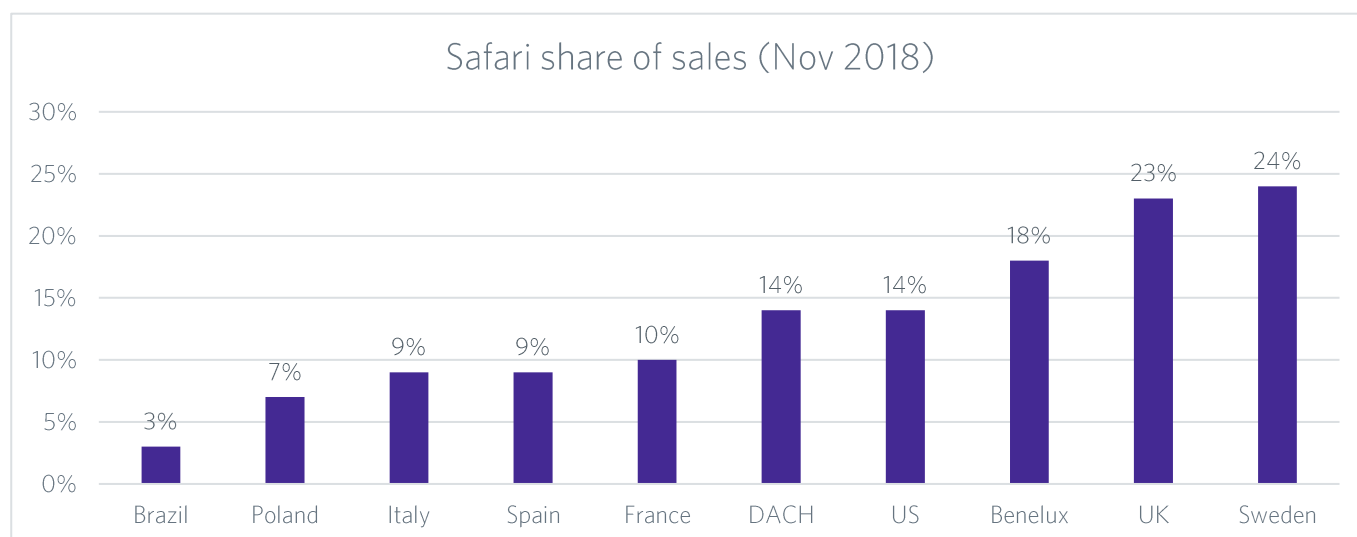
(incorporated with Apple's latest version of the Safari browser), launching in September, on the cusp of code freezes and the distraction of Black Friday and the wider 'golden quarter', has this played out in Awin's numbers?

For some advertisers it was business as usual. For the best part of a decade companies have been moving to first party tracking that eschews the issues that ITP throws up. However, for legacy programmes there has been a rush to move brands over.

While it can be assumed that any brands who have mitigated this risk are safe, there are several complications, edge cases and the risk of partial implementation that require deeper investigation.

It's difficult to isolate what factor this may be playing in ongoing trade. While it is possible to separate Safari 12 traffic (the latest browser version) from pre-12 clicks and then compare conversion rates, different variables at any one time can play a part.

What seems clear, however, is for brands without fit-for-purpose tracking in place affiliates may be losing out on significant amounts of commissions. The latest version of iOS now accounts for around three-quarters of all Apple device interactions and with the UK and Sweden tracking around one in four of their sales through Safari, the threats are obvious:



This is a situation that Awin will continue to monitor and work to resolve. Ultimately the responsibility to upgrade tracking is that of an advertiser's. It's important they recognise that affiliates do not work for free and there is an expectation that they will be fairly remunerated for any sales they generate.

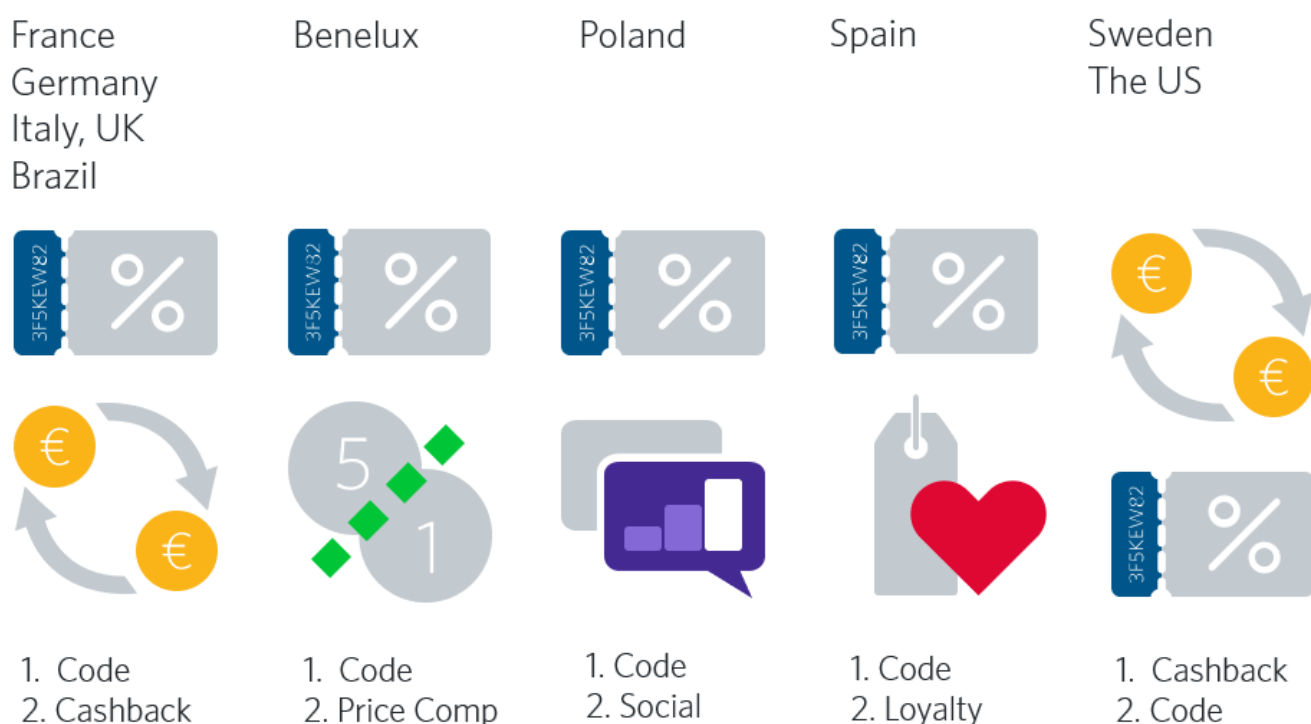
Networks and affiliates will ultimately need to recoup lost revenue with affiliates possessing the ultimate sanction of removing the offending advertisers from their sites. This could be a trend we see into 2019 as other browsers, namely Mozilla's Firefox, look to emulate Apple's move. Not only does it signal the direction of travel, but also the need for the industry to be more forceful about recognising both the vulnerability of the CPA model to technical changes, but also protecting hard earned revenue.

6. Consumers are increasingly turning to incentives

Black Friday is a perfect fit for certain elements of the affiliate channel. Primed to convert shoppers hungry for money saving deals, the obvious cashback, loyalty, reward and coupon platforms provide a perfect route to a retailer's next customer.

Despite affiliate marketing variations between countries, increasingly these affiliates are coming to dominate seasonal events.

As can be seen here, across the global company, all our major business units feature coupon and voucher sites as their major driver of sales. Except for two countries; the US and Sweden, where they are both pushed into second place by cashback sites:



Interestingly, as mentioned earlier, we can see here again the importance of social affiliates to the Polish market, generating more sales than any other publisher type outside of discount codes.

Overall though, the power of cashback and coupons/codes is clear, with both models seeing a year-on-year increase in their market share, and these publishers dominating retail in terms of both revenue and sales volume.

7. Consumers spending more... or less?

On Black Friday, Barclaycard, which processes around half of all UK credit card sales, reported that transactions were up around 10% on their previous year's numbers, but at the same time consumers were spending, on average, around 12% less.

While this data isn't limited to ecommerce purchases (covering all transactions whether in-store or online), there could be a couple of explanations for this. Potentially consumers are acting more cautiously, choosing to spend less in what are uncertain times for British shoppers, perhaps the macro effects of Brexit playing out for local retailers.

But there could be another factor at play; perhaps discounts were deeper, offers more compelling and therefore shoppers were more drawn to the additional cost-savings. IMRG monitors the performance of 260 British retailers and reported that 40% of them were already in sale as we approached Black Friday, up 10% on the number slashing prices early in 2017.

It's hard not to feel a tangible nervousness amongst brands. For those choosing to embrace Black Friday and its associated discounting, it may have made sense to go all in and push offers out as early as possible for fear of missing out to competitors.

Overall the average basket value at Awin dipped on 2017's figure, although by just 3% (although 2018's number was up on 2016's). This meant the typical brand was tracking around €104 (USD\$118, £93).

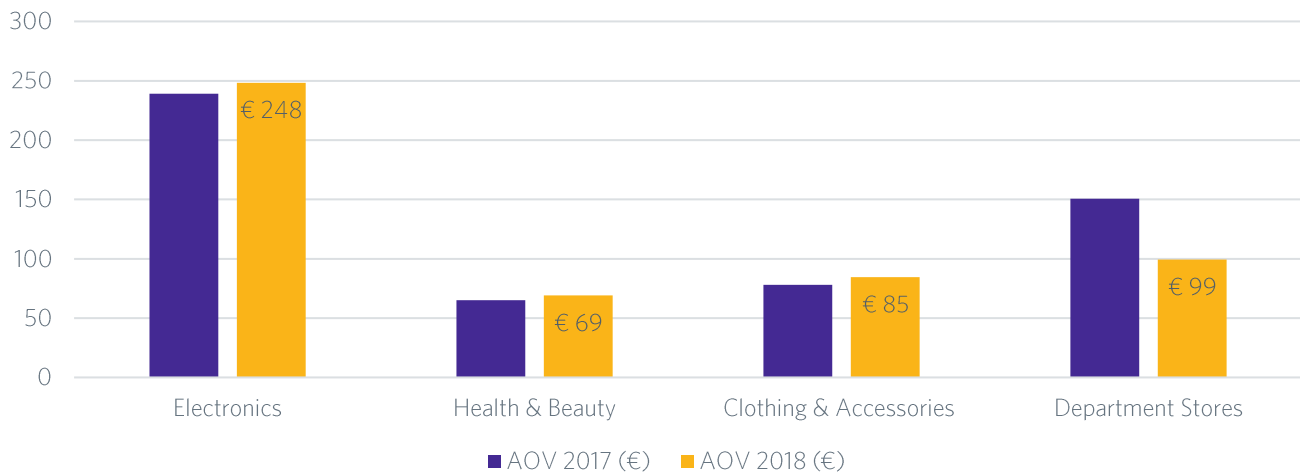
There is added complexity for Awin though as this draws all affiliate activity across a diverse range of advertisers together. Where this figure can be influenced is in the range of brands who succeed on Black Friday.

Here is the mix of key sectors that we tracked on Black Friday, they are the biggest performers by revenue, with Electronics, Health and Beauty, Clothing and Accessories and the broader category of department stores accounting for almost one million sales on Black Friday.

Unsurprisingly electronics had the highest average spend. In the US Black Friday has long been associated with the hefty savings that can be made on big ticket items and TVs, smartphones and voice activated technology are heavily pushed around peak. Almost €10 extra was spent on each purchase in this category.

Clothing and health and beauty also secured higher baskets, and by higher proportions. But where Awin noticed a significant dip was in the department store segment; one that is facing significant challenges in today's cutthroat retail environment:

AOV across network



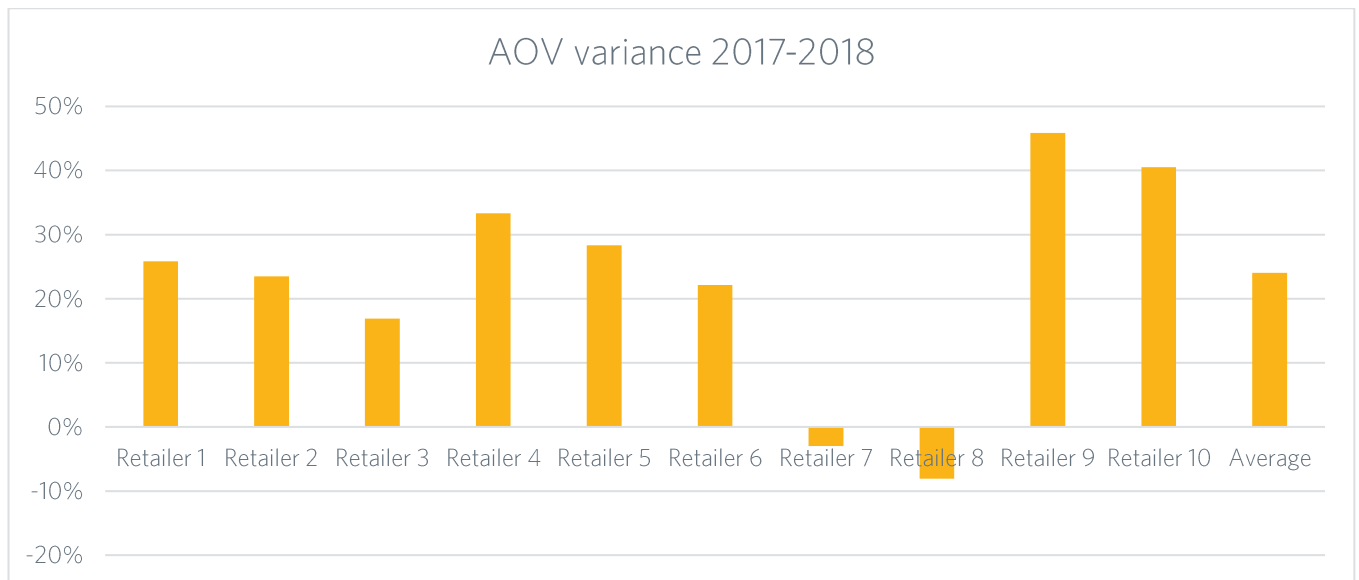
This was also borne out by the market share that we saw for each, with department stores dropping away. While in 2017 there was little between the top three categories, electronics now accounts for a heftier slice of the network's sales and revenue:

Share of sales: variation 2017-2018



One of the most startling shifts in average baskets was in the fast-fashion sector. Having experienced huge growth over the past few years and established a strong foothold in the affiliate market, we assessed the performance of the top ten largest brands we run programmes for across the network.

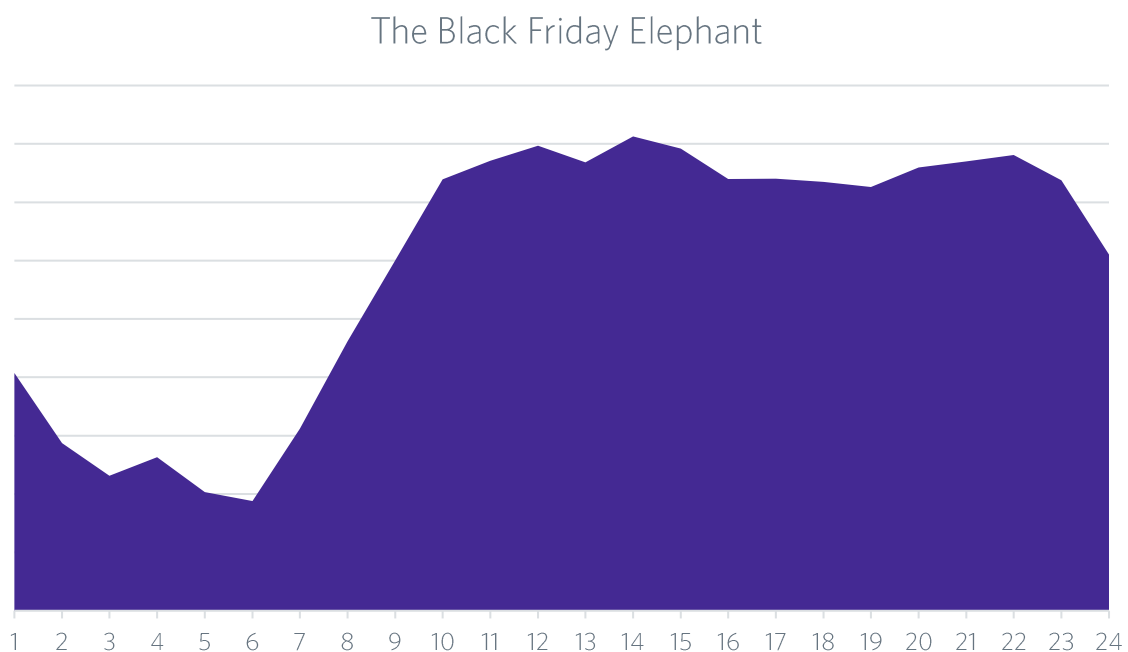
Comparing their typical average order value for 2017 against this year's numbers produced some impressive hikes:



While two of these retailers noticed single-digit dips, two others saw them pull in more than 40% more in value per transaction, helping to swell the typical basket by 24%. Note, these figures are like-for-like so are reflective of performance on the day regardless of returns and adjustments.

8. The Black Friday elephant marches on

Several years ago, we noticed the outline of Black Friday sales (just about) emulated the outline of an elephant. The pattern of revenue across the day retains the same shape:



But the deeper insight is in what happens hour by hour. Black Friday has a patchwork of stories across the 24-hours that it occupies, cemented at the heart of retailers' fortunes at a critical time of year.

From the early adopting shoppers at midnight on their smartphones, many of whom will have researched the offers in the run up to the big day, to the first risers, turning to their mobiles to discover the best deals via email and other platforms.

Across lunchtime when sales peak, to the more casual browsing that may happen in the evening that leads to the lowest baskets of the day. When the data is diced and spliced by sector and product, and by the myriad of affiliate opportunities that tap into millions of consumers, so the power of the channel to connect advertisers to their next customer is clear.

Black Friday will continue to evolve, and brands will shift and shape their approaches to it and other peak seasonal events as technology changes and more creative solutions are found. The challenge for the affiliate channel is to ensure it is at the forefront of those innovations, helping to guide brands through this complex ecommerce maze.

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