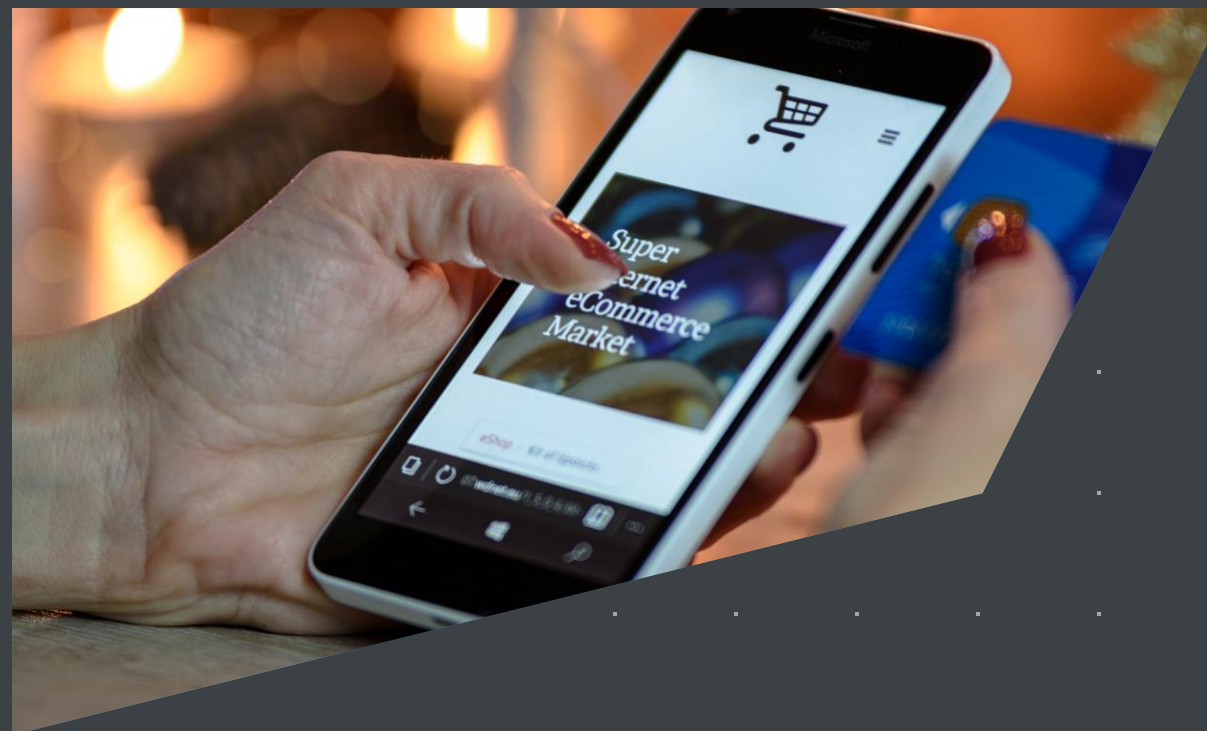


Did Black Friday 2023 provide a lift for difficult year?

Tech & Durables

Retail Market Intelligence
06/12/2023



It remains a challenging time for the Tech & Durables market

Volumes stay well below 2019 levels; consumers spending more to buy less

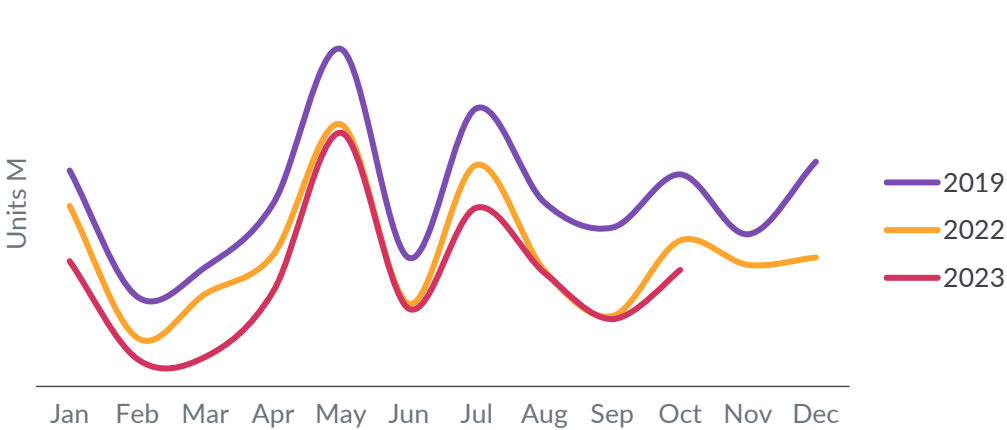


Total Durables market continues to contract as consumers strive for fewer ‘things’

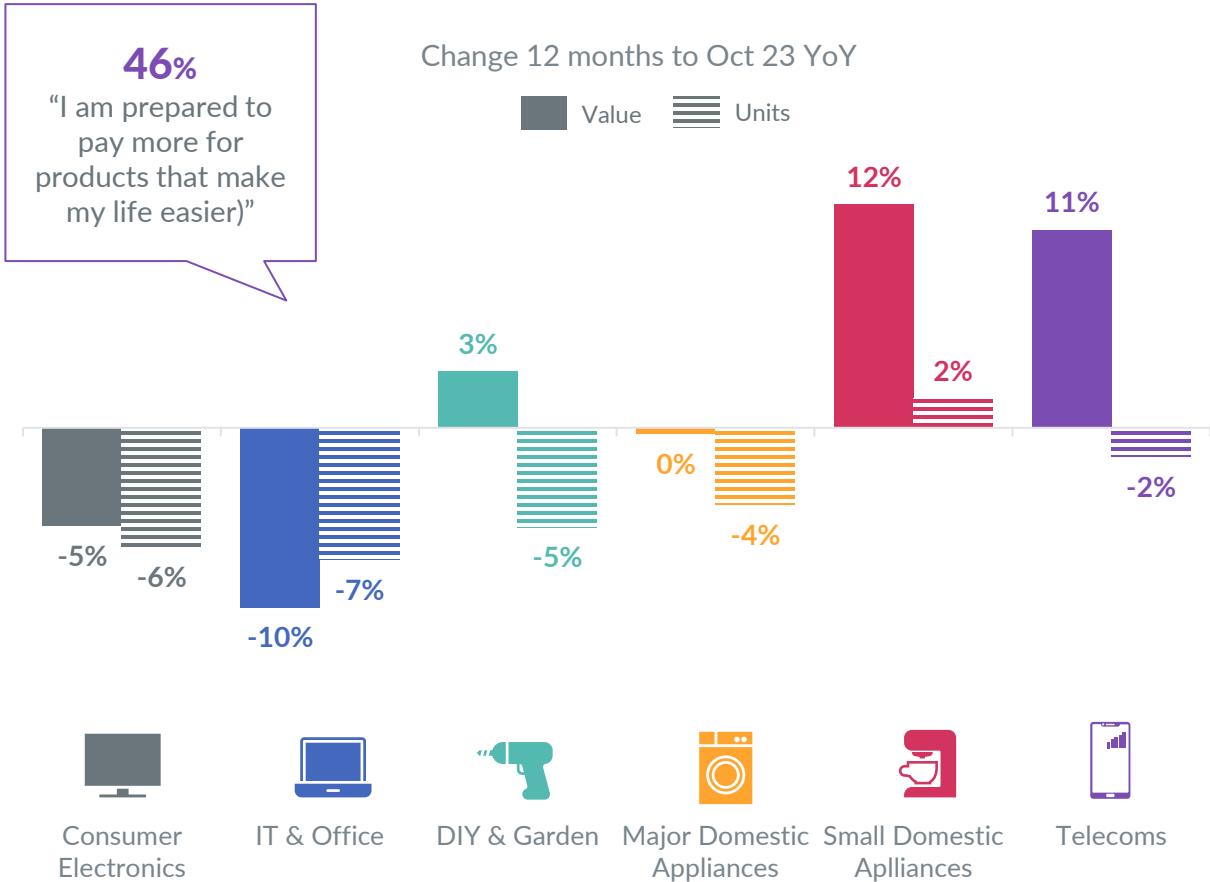
-6% **+0.3%**
Units Value
12 months to Oct 23 YoY

47%
“I prefer to own fewer but higher quality items clothes, technology products, etc)”

Volumes stay well below 2019 levels



All sectors struggle; Air Fryers, Phones & Phablets the hero products

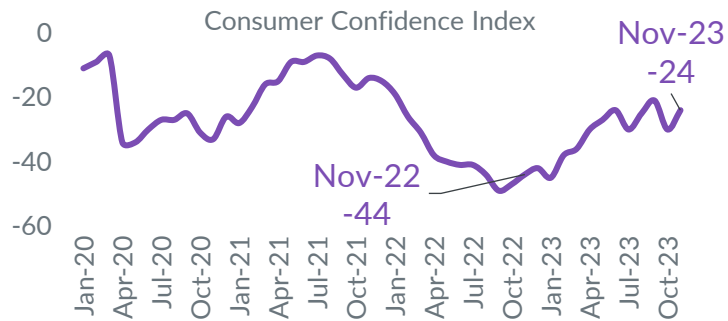


Would consumers look to loosen their purse-strings this Black Friday?

Despite cost-of-living pressures, consumer confidence rallied in November vs. October



Volatility in consumer confidence as economic mood remains depressed



- The first half of this year showed signs of renewed optimism from UK consumers with confidence climbing to its highest point since Feb 22
- But fears around further interest rate rises and uncertainty triggered by the conflict in the Middle East caused sharp drops in confidence in recent months. However, views were more positive **again in November, 20ppts higher than the same point last year** – perhaps the prospect of an end of year shopping spree, lifting spirits?

GfK Consumer Confidence Barometer.



Personal finances are still a concern

Household financial situation is **worse** than 12 months ago

49% Oct 23

57% Oct 22

Expect personal finances to **worsen** over next 12 months

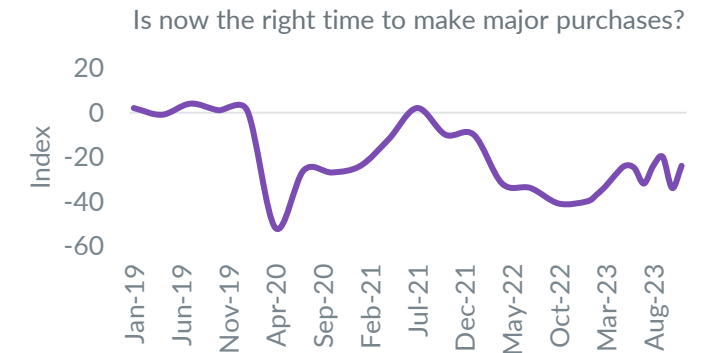
39% Oct 23

60% Oct 22

- Consumers are still struggling to make ends meet with 1 in 2 saying that they are worse off financially than they were a year ago and **19% of consumers using savings or running into debt to make ends meet**
- Over a third of consumers don't see the situation improving in the year ahead - but this is better than at the same point in 2022 suggesting that there is some optimism for the longer-term



Spending power is diminished

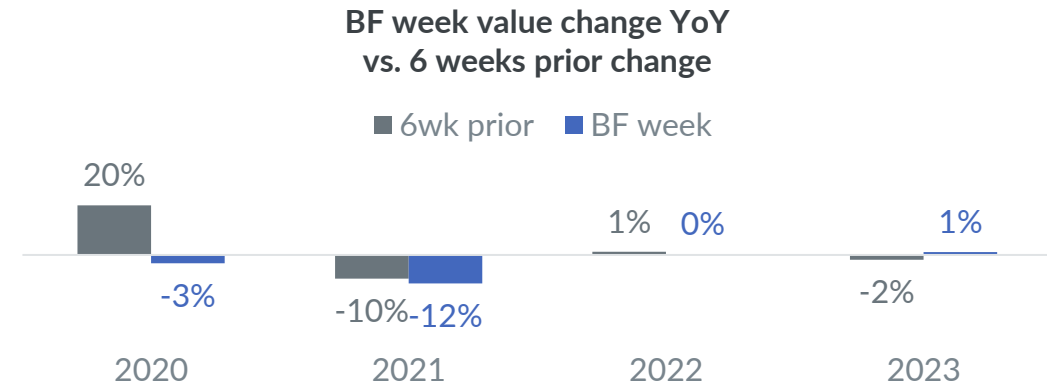
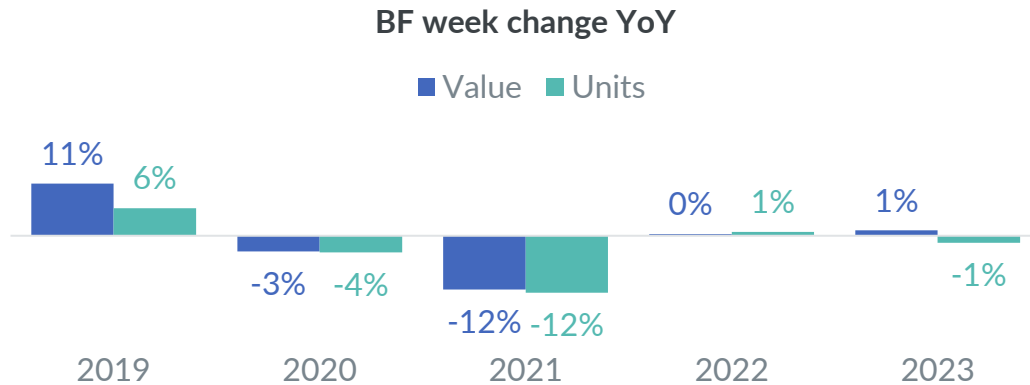


- Despite views on the economy being up on the same point last year, spending power is clearly diminished, and most consumers think now is not a good time to buy
- The sharp drops in the major purchase index in July and October (-14 ppt from September) underline the **volatility in confidence and that it doesn't take much for consumers to hold back from spending**

Index = right time – neither right nor wrong time – wrong time

Consumers did spend more this Black Friday than last year

More considered purchasing as consumers wait for Black Friday deals

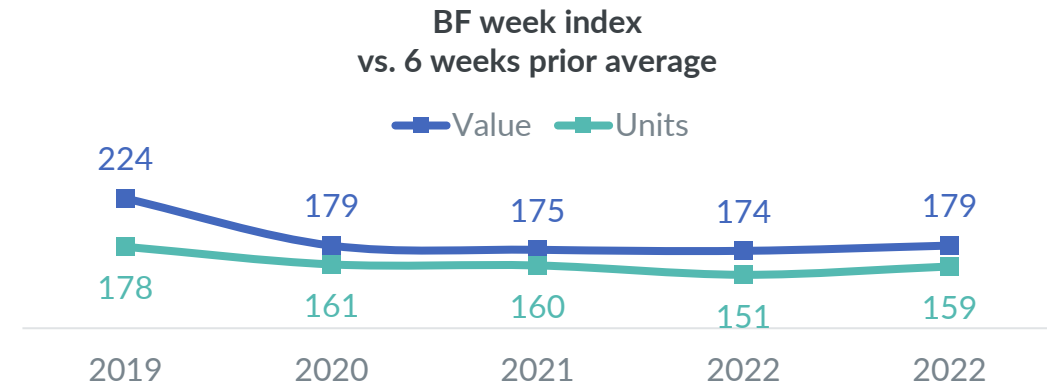
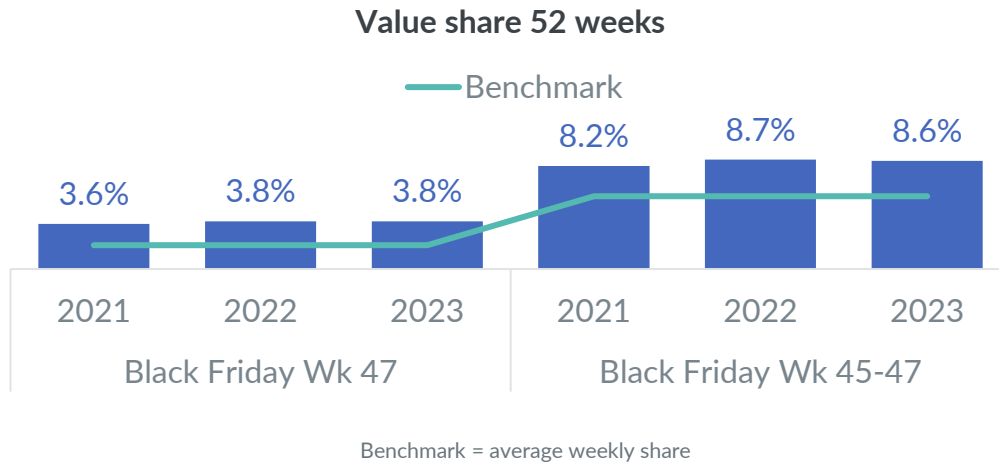


- Consumers bought less this Black Friday with 2023 volumes down -1.5% year on year, but spending was higher with values up +1.2% compared to 2022
- Compared to the highs of 2019, volumes are down -16% reflecting the general slowing of the tech. market and the desire to own fewer 'things'

- Spending in the over the 6 weeks prior to Black Friday has followed a similar trend in the last couple of years
- This year spending was down in this period compared to the rise in Black Friday, suggesting there was more considered buying with consumers holding off for a good deal

The week retains its importance in annual sales

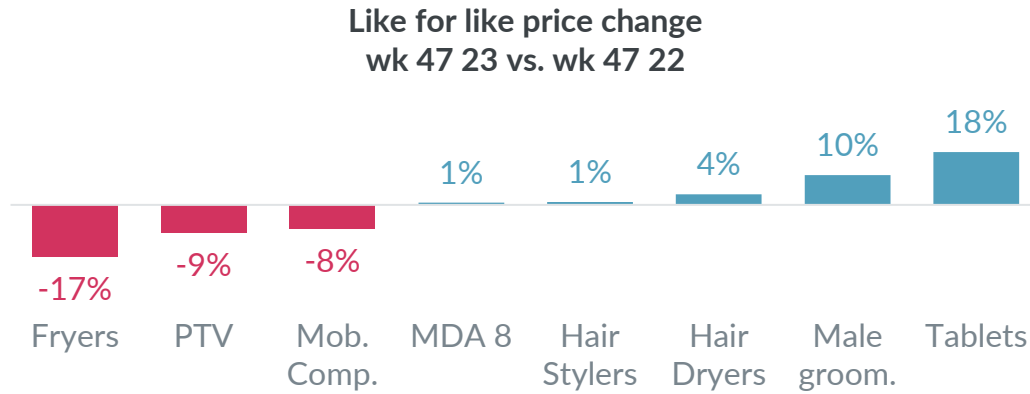
Uplift for Black Friday week higher than in 2022



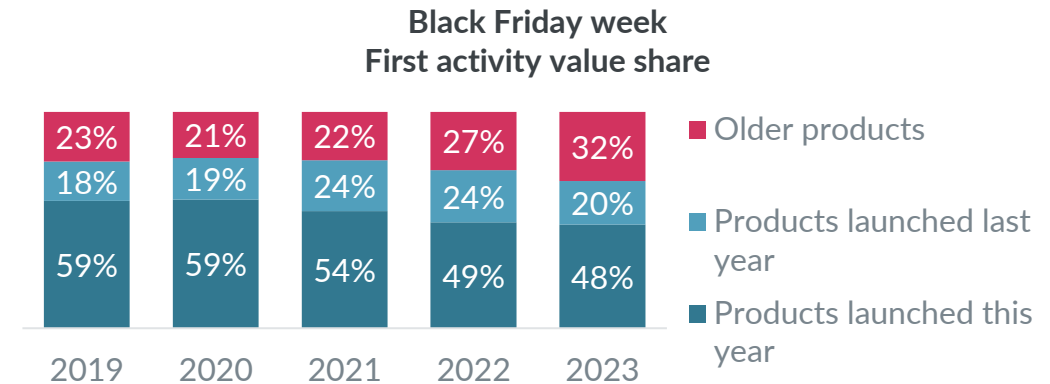
- The importance of Black Friday in the year has stayed relatively stable, with the single week accounting for just under 4% annual value
- The share of sales including the 2 weeks prior to Black Friday is also in line with the prior years, indicating that early promotional activity has not drawn sales away from the actual Black Friday week
- In terms of the value uplift in Black Friday week compared to the average sales of the 6 weeks prior, this is up on last year
- The higher value uplift than volume confirms that consumers use Black Friday deals as an opportunity to trade up

Like-for-like prices up on last year

Lack of new and innovative products to trigger demand



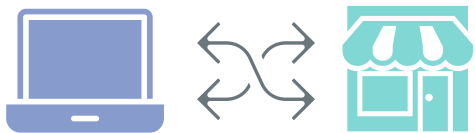
- Prices of TVs, Laptops/Notebooks and Fryers are down on last year
- But the like for like price of many other popular Black Friday products has increased year on year with Tablets seeing the highest rise



- New products i.e. those launched in the current year, now make up less than half of value sales in Black Friday week
- Older products combined with higher prices, becomes a much less attractive deal for consumers

Omnichannel experiences for the ‘need it now’ consumer

Seamless approach inspires promoters



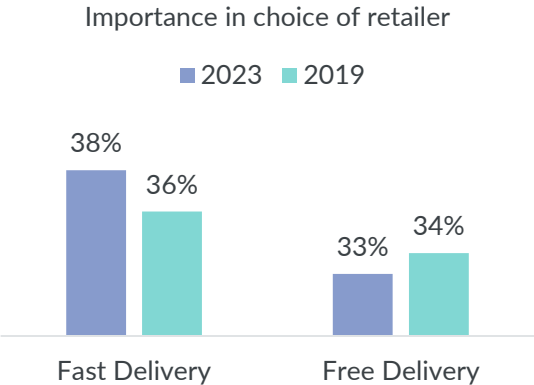
Retailers remain key as a research channel increasing the importance of a seamless omnichannel experience



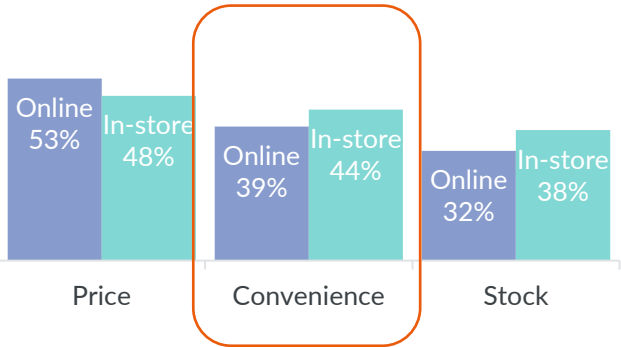
To grow share, **retailers need to differentiate their offer.** Understanding your audience, their purchase journey and meeting their differing needs is key to attracting and converting shoppers in a challenging market.

Omnichannel extends to meet the requirements of the ‘need it now’ consumer with **9% of tech buyers purchasing through Click-and-Collect, up +3ppts since 2019**

For online buyers, **Fast Delivery is becoming much more important than Free Delivery**, and this is no longer just the domain of pure players



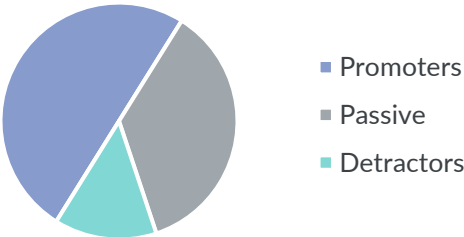
Convenience is key online and instore



Beyond price and stock, **convenience is the top** when it comes to final choice of retailer for both online and offline shoppers - **shoppers expect the same shopping experience across both channels**

In addition to meeting the needs of why they chose a retailer, **shoppers expect great customer service**, and this ranks third in the reasons to recommend a retailer both online and offline. Poor service is also the **top reason cited by detractors!**

But just over a third of online and offline shoppers are passive. Inspiring these with the right shopping experience and converting to promoters is key to growing share and strengthening loyalty.



Thank you

For more information contact
ukmarketing@gfk.com