

COLUMNS

## 3 data-driven lessons for retailers this year

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Financing buying habits, especially with the millennials, is becoming a key issue for both bricks-and-mortar retail and ecommerce.

Below are three data-driven lessons for retailers this year, based on numbers from the 2018 Thanksgiving weekend covering Black Friday and Cyber Monday.

### Long-term financing and lower repayments attract customers

Consumers are increasingly savvy about how to finance their buying habits.

The U.S. Consumer Payment Study found that a mere 33 percent of Americans preferred to pay by credit card in 2017, down from 40 percent the year before.

Only one out of every three millennials owns a credit card. Consumers are wary of taking on burdensome credit card debt and are increasingly open to digital financing solutions that offer better repayment terms.

Our data rejected consumer reluctance to take on heavy monthly repayments. This year's holiday weekend shoppers consistently favored longer-term financing options, in line with 2017 data.

Eighty-four percent of Black Friday shoppers chose financing of 12 months or longer, with 40.7 percent opting for financing options of 24-plus months. Both those figures rose on Cyber Monday, with 88.3 percent of shoppers choosing term lengths of 12 months or longer and 46.1 percent opting for terms longer than 24 months.

Consumers want to keep monthly repayments low.

Offering competitive terms such as 0 percent interest financing options encourages consumers to spend without fear of hidden costs.

### Multi-device browsing is shaping ecommerce

Multi-device, multi-touch point shopping shows no signs of slowing down. An estimated \$2.1 billion-worth of sales were completed on smartphones on Black Friday alone last year, representing almost 30 percent of the day's total

spend.

Omnichannel purchasing behavior such as “buy online collect in-store” also increased, showing an uptick of 65 percent on last year, according to Adobe 10.

We saw that reflected in our data.

For example, 47.6 percent of Black Friday revenue was generated on mobile this year, up from 2017’s 38.6 percent and closing in on the 52.4 percent of revenue generated on desktop. On Cyber Monday, mobile revenue was at 43.4 percent of the day’s total revenue, up 9.5 percent from last year.

In terms of financing, 60 percent of pre-qualifications happened on mobile over the weekend, showing an approximate 12 percent increase on last year.

The disparity between the percentage of mobile pre-qualifications and actual mobile revenue – 60 percent pre-qualifications as compared to 45 percent revenue – shows that people browse on mobile but still have a slight preference for buying on desktop. That will likely change as more Web sites optimize for the mobile experience.

Consumers are still browsing and buying on different devices. Therefore, retailers must optimize the ecommerce experience for multichannel including offering financing options across phone, online and in-store.

Millennials increasingly looking for alternative financing options

Millennials and Gen-Xers present the biggest potential market for online retailers, spending

an average of six hours per week shopping online as compared to four hours for baby boomers and just 2.5 hours for seniors.

Cyber Monday and Black Friday 2018 bore that trend out, with older millennials and Gen X shoppers spending the most, on average — \$413.05 each. That said, younger shoppers are reluctant to rely on credit cards to finance their shopping: only 33 percent even own a traditional credit card, and 85 percent of those who do say low annual fees are a priority for them.

Our data confirms this, with Gen-Xers and millennials neck-and-neck in revenues over the Thanksgiving weekend as a whole.

Black Friday saw Gen-Xers slightly ahead, generating 38 percent of revenue to millennials’ 35.2 percent. But that reversed on Cyber Monday, with millennials pulling ahead on 38.1 percent of revenue and Gen-Xers on 35.6 percent.

MILLENNIALS ARE increasingly looking for frictionless online financing options.

Retailers targeting millennial shoppers need to provide a wider range of alternative payment options and transparent financing terms to win their trust.

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