

COMMERCE

## Prestige brands capitalize on big Black Friday, historic Cyber Monday

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By PETER FINOCCHIARO

High-end retailers kept pace with mass-market brands to stake huge sales figures this holiday weekend as consumers shelled out more than \$45 billion, including historic revenues online.

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212 million consumers visited stores and Web sites during Thanksgiving weekend, up nine percent from last year, while 109 million shoppers went online on Cyber Monday, a 10-point year-over-year bump, according to the National Retail Foundation. Yesterday's potentially historic revenues could represent a turning point in the holiday spending habits of luxury consumers.

"I think [this year's results represent] a big sea change," said Jeff Gree, president and CEO of [Jeff Green Partners](#), Phoenix. "The impact of Black Friday is going to be diluted as different ways of shopping become more the norm, Internet shopping being the biggest of them all."

Big turnout

Mr. Green predicted last week that affluent consumers would be opening up their purse strings during Thanksgiving weekend ([see story](#)), a forecast validated by IBM's [Coremetrics](#) analysis.

For example, jewelry, a category heavily skewed toward affluent consumers, was up 250 percent in sales during the first week of November, as compared to the same time period in 2009.

The vertical then recorded a 100-percent gain year-over-year during the second week of the month.

Consequently, Black Friday jewelry sales were up 17 percent, and brands across all luxury verticals were experiencing similar trends, according to John Squire, chief strategy officer of Coremetrics, San Mateo, CA.

A Bank of America Merrill Lynch analysis published in October noted a number of factors that could lead to greater consumption amongst affluent consumers.

Those factors included: more substantial savings stockpiles, healthier financial portfolios, low interest rates conducive to refinancing, and a stronger labor market for college educated individuals.

All of these findings indicate that the holiday sales season should be a strong one for luxury brands and retailers, as affluent consumers could be driven by pent up demand for high-end products, according to Mr. Squire.

This past weekend's results did nothing to damper such predictions.

Ecommerce explodes

Still, it was hard to predict how impressive online shopping would prove this Thanksgiving weekend.

First, online shoppers accounted for more than \$648 million in U.S. sales on Black Friday, up nine percent year-over-year, according to comScore.

These findings suggest that shoppers are increasingly turning to ecommerce as a way to avoid the infamous crowds drawn to brick-and-mortar locations on Black Friday.

Meanwhile, online shopping on Thanksgiving, which has not typically been a strong sales day, also produced the relatively gaudy figure of \$407 million.

However, most notable was the Cyber Monday take. While final estimates were not available by press deadline, Coremetrics projected that total ecommerce from yesterday could eclipse the billion-dollar mark.

Sales as of 10 a.m. ET were up 10 percent compared to the same time last year. By 3 p.m. ET, that number had swelled to 15 percent.

At that pace, 2010's Cyber Monday would be the most lucrative in history.

The weekend's results are likely reassuring for high-end department stores, many of whom have struggled and been forced to slash prices to move inventory during recent holidays seasons.

However, the emergence of ecommerce as a force to be reckoned with on Thanksgiving

weekend could bode even better for luxury manufacturers who sell online through their own dedicated ecommerce portals.

Because there is not much of a price disparity between what most luxury manufacturers charge and what retailers are offering, consumers have more incentive to shop from the source, since brand Web sites offer deeper selection, according to Mr. Squire.

Luxury brands online could also benefit from the strength of branding on their Web sites.

“It appears that a lot of luxury brands have really started to promote more online and offer more products online,” Mr. Squire said. “They are driving the consumer to come in and make purchases.”

Online versus in-store

Cyber Monday has assumed its place as a major, impactful holiday sales event.

Still, while the Web has clearly become a major medium for luxury shopping, Mr. Green said it will still reside in the shadow of brick-and-mortar retail for sometime.

The continued dominance of the in-store experience can be attributed to the older demographic makeup of luxury consumers, meaning they are less likely to be avid users of the Internet.

However, as younger, more Web-savvy consumers begin to reach affluence, Web’s role in the luxury sales ecosystem could reach a tipping point.

“I’d say in probably five years [online shopping] will be a force to be reckoned with within luxury,” Mr. Green said. “It’s already a force in general retail.

“By 2015 it will be for luxury,” he said.

Final Take

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