

## Black Friday 2020 will be a smaller event as retailers spread promotions across the holiday season

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### **Black Friday could be outdone by Cyber Monday this year, experts say**

AFP via Getty Images

Retailers set out to spread this year's holiday season promotions across a greater number of weeks rather than focusing on particular shopping days, and experts say the strategy is setting Black Friday up to be a smaller event than previous years.

Target Corp. [TGT, -1.01%](#), which began talking about , said the strategy is working. Target reported earnings and sales last week that beat expectations. The retailer had Black Friday deals prominently splashed on its homepage on Monday.

“So far it’s playing out exactly the way we’ve anticipated,” Brian Cornell, chief executive of Target, said in a call with media. “The steps that we’ve taken to make sure it’s easy... and safe to shop are being well-received.”

Many retailers were launching into before Halloween.

Bain & Co. data shows that October sales were up 11% year-over-year, “which is really impressive given the headwinds of surge in COVID and concern about financial health,” said Michelle Paratore, partner at the management consulting firm.

September was up 12%, which Paratore said was due in large part to growth in e-commerce and grocery sales.

“Black Friday becoming less relevant is true for this year,” she told MarketWatch. “Amazon Black Friday sales are coming earlier than in the past. And stores physically can’t support the same amount of shoppers as in the past.”

Bain estimates that Amazon.com Inc. [AMZN](#), [-0.94%](#) added 10 million to 15 million new Prime members during its delayed Prime Day event, which could drive big sales numbers for the e-commerce giant this holiday season.

In addition to store capacity limits due to social distancing requirements tied to the coronavirus, data shows that 51% shoppers are anxious about going to stores, and 73% plan to have items delivered.

Certainly, some shoppers will be hitting the stores on Black Friday, as usual. A survey conducted by market research platform Suzy found that 36% plan to shop in person on Black Friday. However, 59% plan to shop online, in keeping with the acceleration in e-commerce that the pandemic has driven.

“Black Friday is a social event,” said Matthew Shay, chief executive of the National Retail Federation, on a media call to announce its holiday season forecast. “When consumers are demonstrating they want that kind of social opportunity again, you’ll see retailers adjust their calendars to meet that need.”

No matter the size of Black Friday, there’s still plenty of optimism about holiday season retail sales overall. NRF as much as 5.2%, exceeding growth in recent years, reaching between \$755.3 billion and \$766.7 billion. Average holiday sales rose 3.5% over the past five years.

“Consumers have responded positively to other holidays” like Halloween and Mother’s Day, said Shay. “We’ve seen consumers very engaged to celebrate and move into real consumption mode around the holidays.”

NRF does leave room for a loss of momentum due to the in coronavirus cases and the possibility for further restrictions. However, with many consumers longing to celebrate and increased savings from a decline in spending on other things like travel, the retail trade association expressed confidence that shoppers will come out.

“Consumers have experienced a difficult year but will likely spend more than anyone would have expected just a few months ago,” said Jack Kleinhenz, NRF’s chief economist in a statement.

“After all they’ve been through, we think there’s going to be a psychological factor that they owe it to themselves and their families to have a better-than-normal holiday.”

E-commerce sales are expected to grow 20% to 30% to reach as much as \$218 billion, up from \$170 billion last year.

A decline on Black Friday could drive greater sales on Cyber Monday. LendingTree found that 38% of shoppers plan to participate in Cyber Monday while 25% will participate in Black Friday.

“I do think that Black Friday isn’t quite what it used to be in terms of a cultural event. And Cyber Monday, if it hasn’t already, certainly could end up stealing Black Friday’s crown,” said Matt Schulz, LendingTree’s chief credit analyst.

“People are so used to shopping online now and that trend of shopping online has done nothing but accelerate during the pandemic.”

This could cause shipping problems, with shipping companies like United Parcel Service Inc. UPS, +0.61% already to help handle the crush of packages. The Children’s Place Inc. PLCE, -4.82% has moved up the cut-off for standard shipping to because of the overextended shipping network.

Salesforce predicts as many as 700 million packages could face shipping delays. It expects total digital sales in the U.S. to reach \$221 billion.

“This means that the winners and losers this holiday will be defined by shipping and their ability to get gifts to consumers between Thanksgiving and Christmas,” said Rob Garf, vice president of industry insights for retail and consumer goods at Salesforce.

“With surcharges, caps and capacity issues, retailers are also making every attempt to pull forward demand by creating urgency and product scarcity to encourage consumers to buy early in the season.”

Some shoppers might be tempted to wait and see if they can get a better deal since there are plenty of options for picking items up from stores and other same-day access to purchases.

“While I anticipate another year of discount chicken — where consumers hold out for deeper and deeper discounts throughout the season — consumers shouldn’t wait too long to get the best deal,” Garf said.

“With inevitable delivery constraints, many retailers are likely to close their ground shipping cutoff window during the first week of December. Those that have offered the confidence of ordering online and the convenience of picking it up in the store can extend the window right up to Christmas Eve.”