PMG

CYBER WEEK 2023 PORTFOLIO TRENDS

Value-Seeking Consumers & Agile Retailers Propel Record 2023 Cyber Week

Executive Summary

After a year of historic economic volatility, U.S. shoppers were eager to find the best deals and savings this Cyber Week, with nearly 50% of shoppers planning to prioritize promotions and deals when completing their holiday shopping, according to PMG x GWI consumer research.

Leading into the holidays, roughly half of shoppers across ages were planning to delay purchases into next year due to inflation, with price listed as the most important shopping decision influencer for more than 80% of those surveyed. This growing interest in deal-seeking and value-driven consumption led to **new shopping patterns that characterized much of Cyber Week this year.**

Cyber Week 2023 (Thanksgiving through Cyber Monday) exceeded expectations, with record-breaking sales and performance gains seen across retailers.

Conversion trends showed that customers were highly motivated by competitive discounting and value; many shoppers held out to purchase until the very final hours of Cyber Monday to ensure they were getting the best deal of the season.

Shoppable carousels, interactive video, and dynamic social ad types were some of the most engaging paid efforts this holiday, while **sponsored email integrations saw great success.**

Cyber Week delivered strong performance for brands within the PMG portfolio and retailers across categories, though the holiday shopping season is far from over. **More than 75 percent of shoppers (76%) across ages say they'll complete their holiday shopping sometime after Cyber Week sales**, giving retailers ample opportunity to pull levers and maximize sales in pursuit of omnichannel gains and revenue growth until the very end of the season.

Consumer Behavior Changes the Shape of the Cyber Season

In the days leading up to Thanksgiving week, window shopping reached record highs for many retailers, as site traffic rose while conversion softened as shoppers patiently waited for promotions to go live—and added their favorite products to cart in anticipation. Travel patterns and Thanksgiving traditions also played a role in shaping shopping trends. **Site traffic and engagement rates were up in the days and hours ahead of Thanksgiving** as people traveled to see their loved ones, and PMG retailers saw the most activity in the evening hours of Thanksgiving—after Friendsgiving and family dinners had wrapped up.

Peak social engagement and site conversion shifted two hours later into the evening of Cyber Monday compared to last year. Combined, these shopping behaviors dovetailed into performance trends as the highest conversion rates and website traffic trends were recorded in the final hours of Cyber Monday when people returned home from work or holiday travel and had waited until the very end of the night of Cyber Monday to ensure they were getting the very best deal offered by retailers.

Across PMG retailers and the broader retail landscape, Cyber Week 2023 (Thanksgiving through Cyber Monday) exceeded expectations with record-breaking sales and performance gains. While most analysts predicted muted retail growth, U.S. online sales topped $5 billion every day during Cyber Week, with Black Friday and Cyber Monday sales beating projections to reach a record $9.8 billion and $12.4 billion, respectively.

While shoppers did get a head start by shopping earlier this year, the resounding success of Black Friday and Cyber Monday signals the true staying power of these shopping tentpoles. Interestingly, millions of shoppers opted for buy-now-pay-later (BNPL) services to make their purchases this year, up 42.5% to last year per Adobe Analytics, likely in response to continued financial pressures that have impacted household finances.

$12.4B
Cyber Monday Online Sales, up 9.4% YoY

Source: Adobe Analytics

+5% YoY
Cyber Week Online Sales Growth

Source: Adobe Analytics

12 Days
Average Number of Days Retailers Offered Black Friday/Cyber Promotions

Source: PMG Promotion Analysis

'50% OFF'
Most Common Discount Offered by Retailers

Source: PMG Promotion Analysis

+70%
Of Retailers Extended Cyber Monday Deals into Tuesday

Source: PMG Promotion Analysis

Holiday Shopping Trends

Every retailer's holiday strategy was just as unique as the brand itself. Some offered exclusive offers to loyalty members and in-store activations, while others leaned into gifting messaging and curated holiday guides. **Overall, most retailers aimed to entice consumers by stretching holiday deals, offering competitive sitewide promotions, and leveraging urgency or extension messaging, while a select number of retailers utilized gated promotions.**

-3.4% YoY
Retail Foot Traffic Declines

Source: Placer.ai

+42.5% YoY
BNPL Utilization Increase

Source: Adobe Analytics

+70%
Of Retailers Extended Cyber Monday Deals into Tuesday

Source: PMG Promotions Analysis

ONLINE SALES OUTPACED BRICK-AND-MORTAR GROWTH
Store foot traffic across retailers dipped slightly below last year's figures (-3.4% YoY), according to Placer.ai. On Black Friday, in-store foot traffic growth was recorded across Apparel Stores (+3%), Discount/Dollar (+2%), and Beauty/Spa (+5%), with declines greatest among Furniture/Home Furnishings (-24%), Home Improvement (-7.5%), Electronics (-4%), and Superstores (-3%).

BNPL USAGE REACHED A RECORD HIGH
Square reported a 19% YoY increase in buy-now-pay-later (BNPL) transactions through Afterpay during Cyber Week. Klarna reported similar trends, with U.S. shoppers placing 29.5% more orders on Black Friday this year compared to last year. **Shoppers used BNPL to pay for a total of $940 million in online purchases on Cyber Monday, a 42.5% YoY increase, per Adobe Analytics.**

APPAREL AND ACCESSORIES AMONG THE MOST POPULAR CATEGORIES
The best-selling categories on Black Friday included apparel, accessories, electronics, appliances, and toys, according to Google. Mastercard SpendingPulse reported Jewelry and Apparel as the highest-selling gift categories this Black Friday, with Department Stores, Furniture, and Home Furnishings trailing behind other sectors.

Black Friday Deals Came Early, and Stretched Longer

The majority of retailers (77%) started Black Friday deals early, with only 23% of the 70+ brands PMG tracked launching their promotions on Black Friday proper. By November 15—ten days before Black Friday—a notable 30% of Black Friday deals had been launched, with brands keen on offering early access and tempting customers with 'Black Friday Preview' messages well ahead of the major holiday. Retailers offered competitive sitewide promotions while leveraging gated promotions and extension/urgency messaging. **The most common discount type for full-price items this season was '% off' sitewide, with discounts typically ranging from '30-50% off'—on par with last year's most popular discount offering.**

77%
Of Retailers Started Black Friday Early

Source: PMG Promotion Analysis

30-50% Off
Most Common Discount Range by Retailers

Source: PMG Promotion Analysis

+70%
Of Retailers Extended Cyber Monday Deals into Tuesday

Source: PMG Promotion Analysis

PMG Portfolio Trends

Across PMG retailers, competitive performance and media trends emerged throughout Cyber Week, as the majority of brands reported revenue growth and impressive conversion trends.

+13%	**+22%**	**+41%**	**+2%**	**+10%**
Social CTR Growth	Digital Video Engagement	DOOH Investment Growth	Owned Traffic Growth	Paid Traffic Growth

CONSUMERS SET THE CYBER WEEK AGENDA

Consumer expectations and behaviors set the tone for Cyber Week performance. **Conversion trends showed that customers were highly motivated by competitive discounting and value; many shoppers held out to purchase until the very final hours of Cyber Monday to ensure they were getting the best deal of the season.** Competition heightened for retailers as consumers, now well-accustomed to brand switching, were willing to shop elsewhere based on available inventory of preferred products.

BRANDS STARTED EARLY & MADE MOVES TO STAY AHEAD

To capitalize on early shopping patterns and consumers' desire to seek deals, brands saw success with a variety of tactics, including:

- **Pulling promotions forward ahead of Black Friday proper** and driving traffic through a quieter weekend after Black Friday and before Cyber Monday.

- **Keeping creative fresh across promotional windows**, employing urgency messaging and differentiation through peak days.

- Providing consumers value in dynamic ways throughout Cyber Week, such as **category/ product-specific daily 'doorbuster' specials.**

SHOPPABLE FORMATS WON HOLIDAY—ACROSS SEARCH, SOCIAL, AND EMAIL

In terms of paid programs, **Google Shopping revenue doubled year-over-year compared to softening SEO contribution.** This holiday, Google appeared to show an increased number of shopping units compared to earlier in the holiday season, with a reimagined SERP experience and new features. **Shoppable carousels, interactive video, and dynamic social ad types were some of the most engaging paid efforts this holiday, while sponsored email integrations saw great success.**

DRIVE-TO-STORE DROVE OMNICHANNEL IMPACT

Tactics like DOOH and mobile app campaigns successfully supported drive-to-store (DTS) efforts, driving store and site traffic for brands. Brands saw additional omnichannel halo impact from DTS campaigns in market. Some PMG retailers saw **foot traffic up as much as +10% to LY during Cyber Week**, with brands across categories reporting strong store sales.

Looking Ahead to December

While Cyber Week delivered strong performance for brands within the PMG portfolio and retailers across categories, **the holiday shopping season is far from over**. Based on last season's trends, **eight of the ten most popular in-store shopping holidays fall in December,** with Google estimating that up to 40% of digital orders in the final month of the year will be for curbside pickup.

+75% of shoppers will complete their holiday shopping sometime after Cyber Week sales.

Source: PMG x GWi Holiday Insights Report

Winning brands will spotlight compelling deals, highlight popular and giftable products, and guide customers to both online and in-store experiences through omnichannel strategies. Emphasis will be placed on ensuring timely product delivery, with a keen focus on shipping cut-off dates.

Combined, these trends give retailers ample opportunity to pull levers and maximize sales in pursuit of omnichannel gains and revenue growth until the very end of the season.