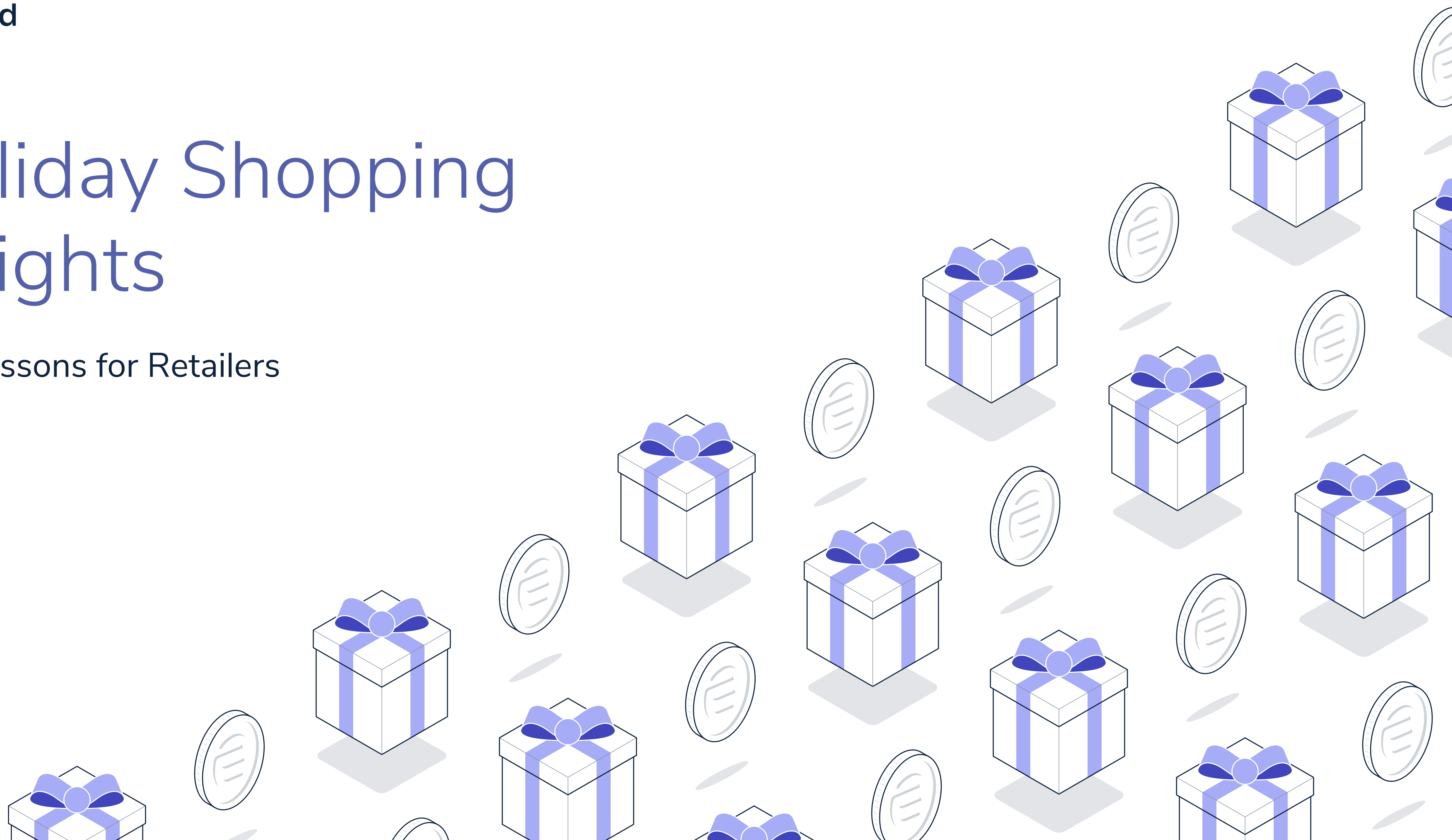


Holiday Shopping Insights

Five Lessons for Retailers





How Financing Drives Sales over Black Friday and Cyber Monday

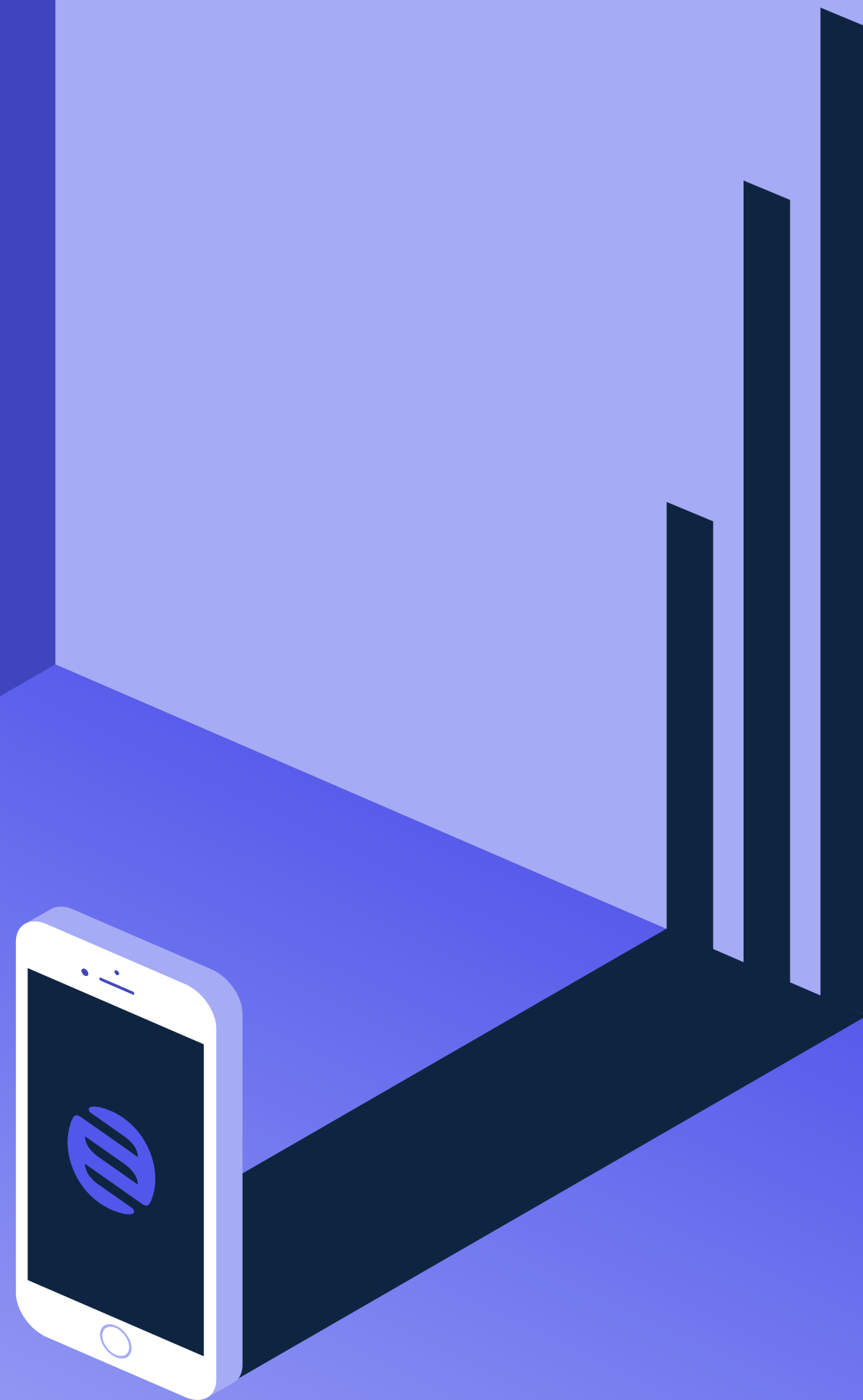
If we've learned anything from Black Friday and Cyber Monday's past, it's that retailers need to be proactive to counter the holiday shopping dominance of eCommerce giants like Amazon.

According to Adobe Digital Insights, last holiday season shoppers spent \$108.2 billion, a 14.7% year-over-year increase and the first holiday season to surpass \$100 billion. Shoppers spent \$1 billion more on Cyber Monday, with total sales of \$6.6 billion, a 16.8% year-over-year increase.

Cyber Monday was also a record-breaking day at Bread with purchase volume 10.9% higher than on Black Friday. Per a study from Comscore, Jewelry & Watches and

Furniture, Appliances & Equipment are two of the fastest growing e-commerce categories, with 39% and 26% year-on-year growth, respectively. Consumers are showing not only that they are willing to shop online for big-ticket items, but also that they are willing to use financing to make those purchases, particularly if they can pay for those items in small monthly payments over time.

Here are **five key takeaways** about how consumers engaged with Bread financing over the previous Black Friday and Cyber Monday holiday weekend.





Lesson #1

Shoppers Waited Until the Last Minute To Capture Deals

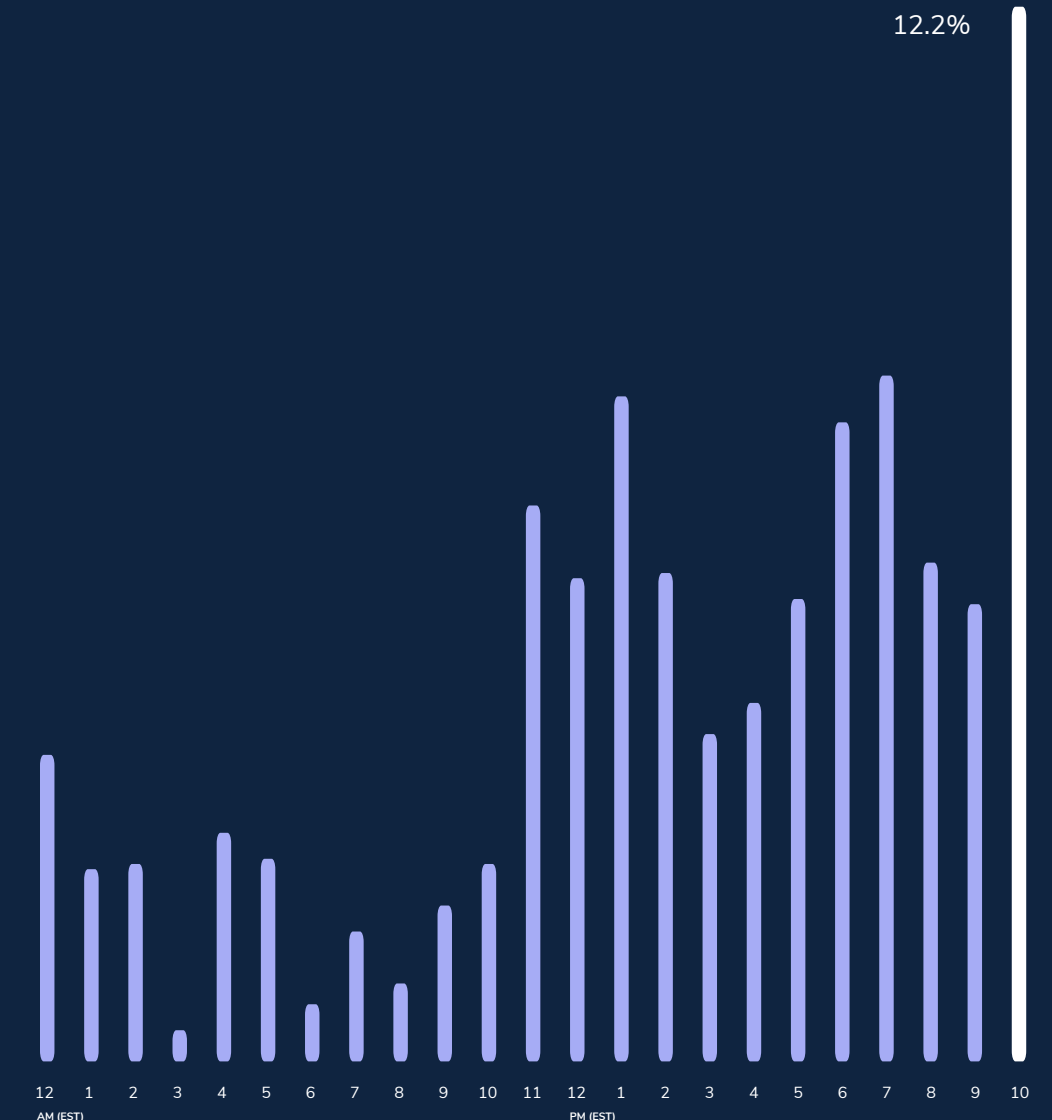
Shoppers are getting savvier and realizing deals are starting sooner — and lasting longer. Many retailers kicked off the holiday shopping season with “early Black Friday” sales that began pre-Thanksgiving and lasted throughout the weekend. There is no longer an “early bird gets the worm” mentality to the holiday shopping season. This has caused shoppers to engage with retailers later in the day, instead of rushing to get the early morning sales.

The peak shopping hour for Black Friday was between 10 and 11 p.m. ET as shoppers waited until the last minute to capture discounts. Cyber Monday shopping followed a similar pattern, with conversions peaking between 3 and 4 p.m. ET, and again during the last three hours of the day.

What the Data Shows:

- Black Friday shoppers started early and ended late, with peak shopping volume between 10 and 11 p.m. ET.
- Cyber Monday shoppers also kept momentum throughout the day. Shopping habits on Cyber Monday showed the peak hour was 3 to 4 p.m. ET, with another spike from 9 to 11 p.m. ET.

Peak Sales
Black Friday

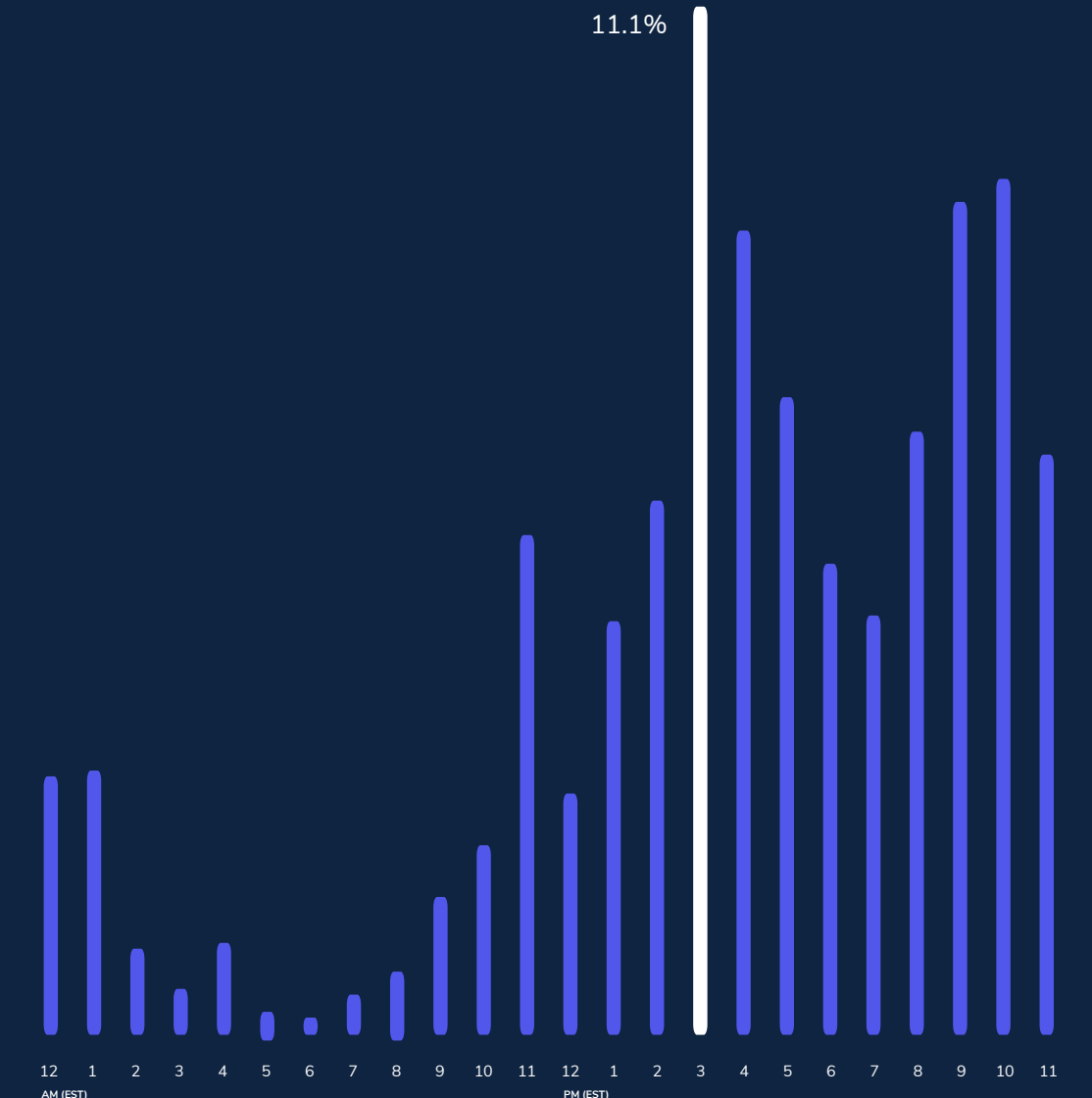


Highest Volume Hour

10PM - 11PM

12.2% of
Black Friday Sales

Peak Sales
Cyber Monday



Highest Volume Hour

3PM - 4PM

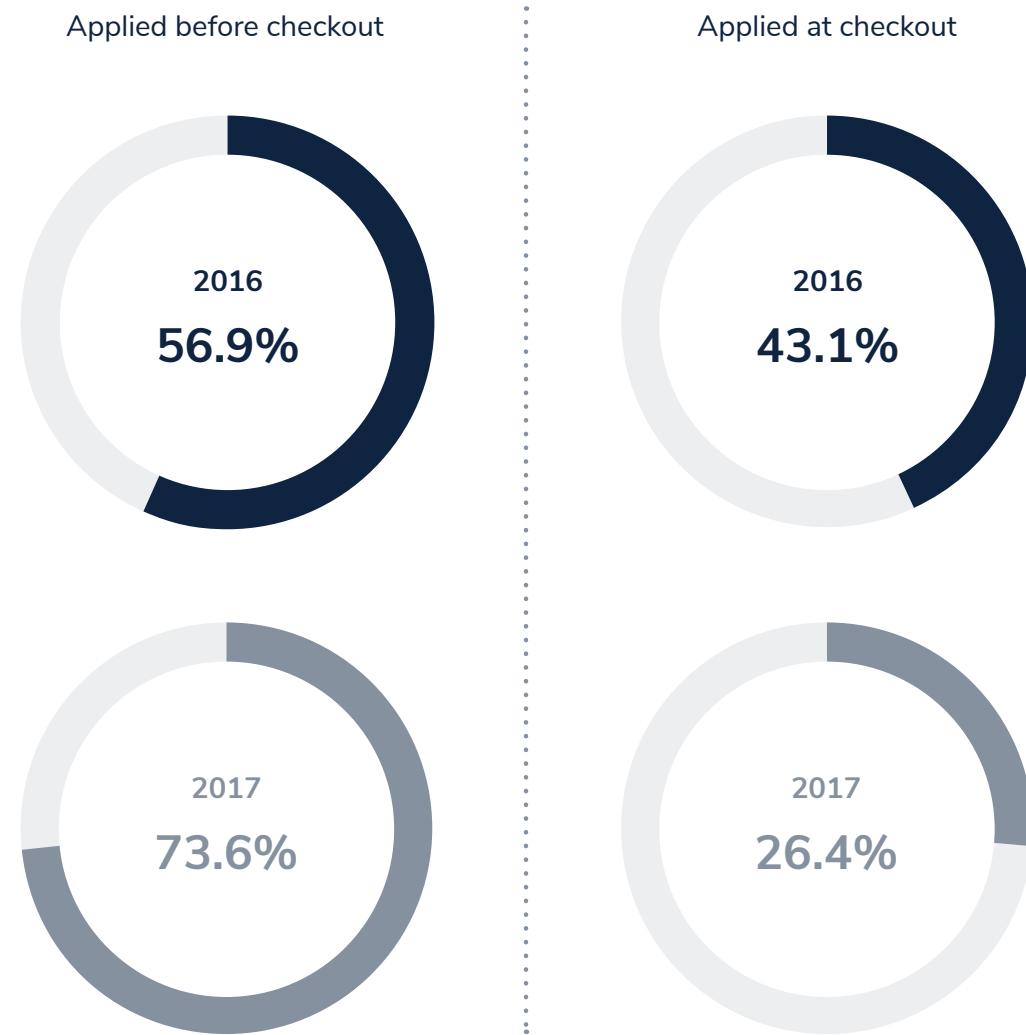
11.1% of
Cyber Monday sales



Black Friday

Most shoppers applied for financing before checkout

■ 2016 ■ 2017



Shoppers who applied before checkout

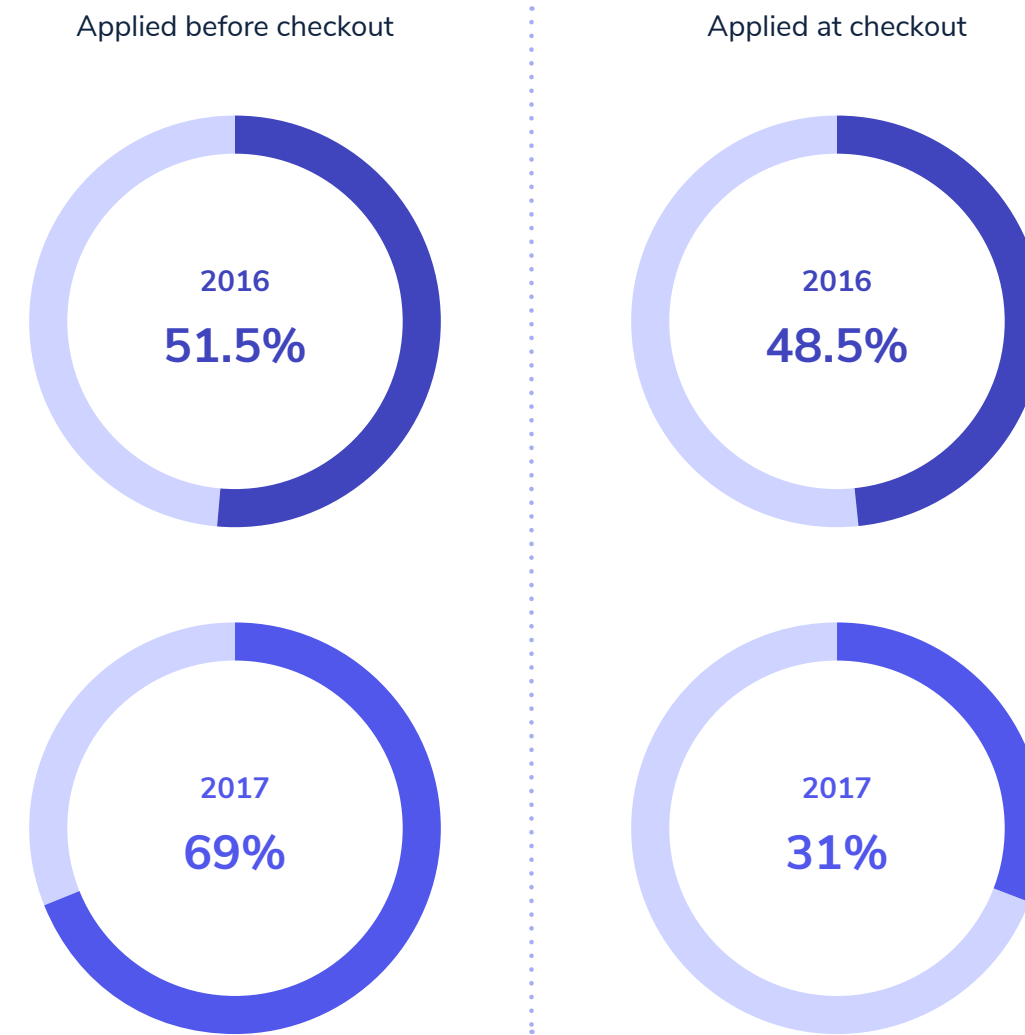
73.6%

29.2% increase over 2016.

Cyber Monday

Most shoppers applied for financing before checkout

■ 2016 ■ 2017



Shoppers who applied before checkout

69%

33.9% increase over 2016.

Lesson #2

More Consumers Are Applying for Financing Before Checkout

Consumers are shopping later in the day, which means they're engaging with financing options later in the day, too. The peak time buyers applied for financing on both Black Friday and Cyber Monday fell between 10 and 11 p.m. ET. What shifted this year, however, was the number of shoppers who applied for financing before checkout. More shoppers took advantage of the ability to pre-qualify for financing earlier in the buying process, before an item was even put in their carts.

This season, 29.2% more shoppers applied for financing before checkout than in 2016. 73.6% of shoppers applied for financing before checkout on Black Friday, while 69.0% of shoppers applied for financing before checkout on Cyber Monday. Millennials took a greater share

of applications, accounting for 42.5% of all shoppers who applied for financing on Black Friday and 43.3% on Cyber Monday.

What the Data Shows:

- 73.6% of shoppers applied for financing before checkout on Black Friday .
- 69.0% of shoppers applied for financing before checkout on Cyber Monday.
- The percentage of shoppers who applied for financing before checkout on Black Friday rose by 29.2% from the previous year.
- 42.5% of Black Friday applicants were millennials.
- 43.3% of Cyber Monday applicants were millennials.



Lesson #3

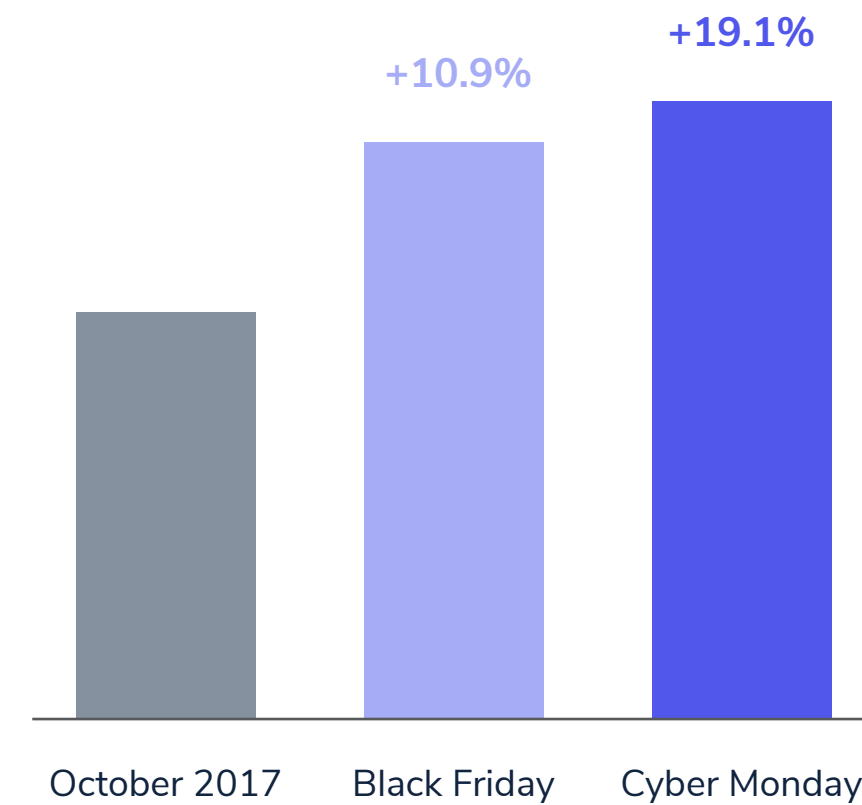
Offering Financing Impacts AOV

By introducing financing earlier in the shopping journey, e-commerce merchants are able to inform consumers about their larger purchasing power to encourage higher AOVs and improve conversion rates. Consumers may be more willing to purchase the \$1,000 couch if they knew they could finance that for a low monthly payment over 12 months instead of paying for it upfront with a credit card.

Based on our data, there is a clear correlation between offering financing and boosting AOV. Black Friday and Cyber Monday produced higher AOV than a typical month in 2017. The average AOV on Black Friday was 14.5% higher than the average AOV in October 2017. Cyber Monday's AOV was 4.0% higher than Black Friday, and 19.1% higher than the average AOV in October 2017.

Black Friday & Cyber Monday

Black Friday and Cyber Monday saw higher AOVs (Average Order Value vs. October)



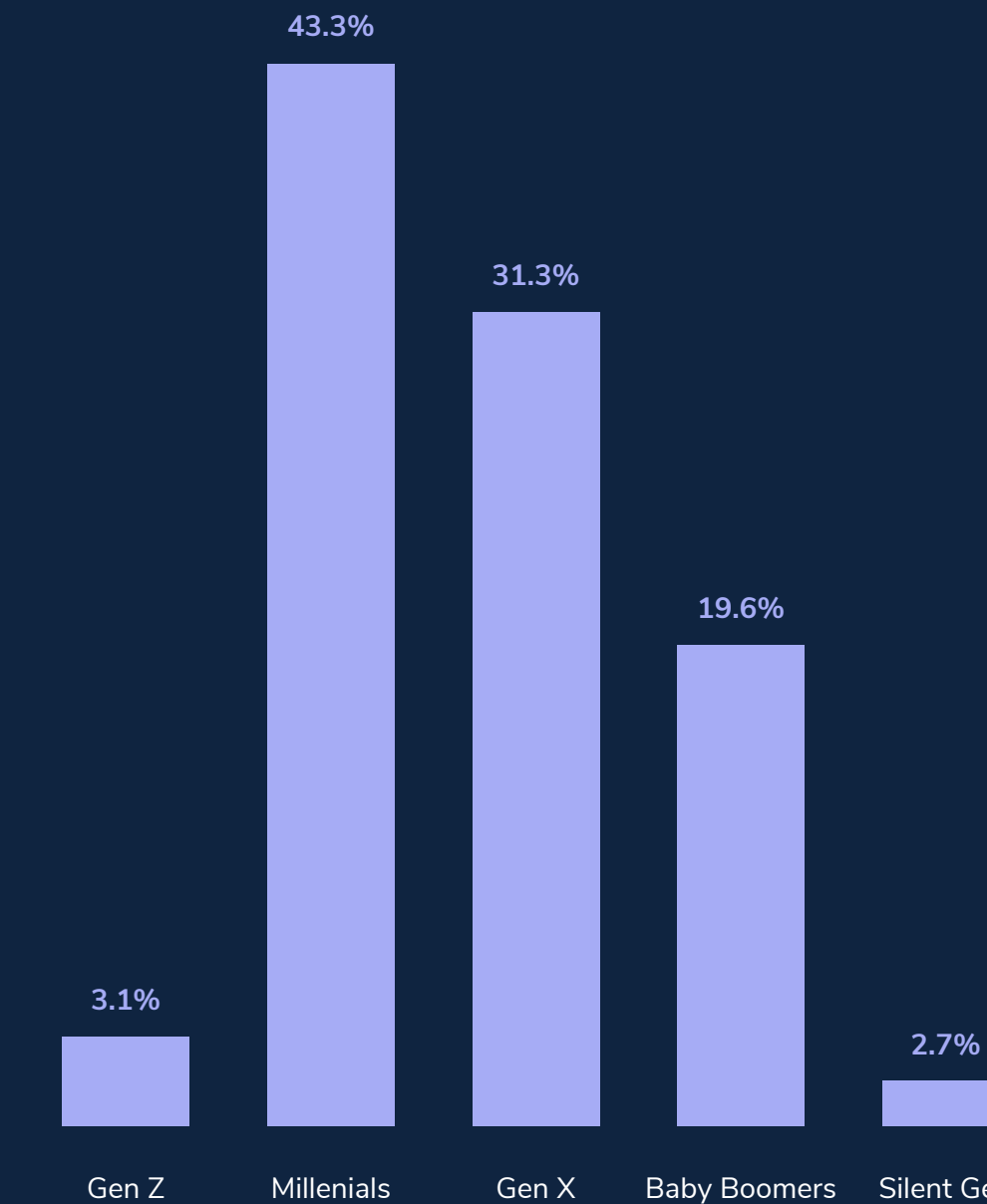
Cyber Monday AOV increase over October

19.1%

Black Friday AOV increased by 10.9%

Black Friday

Almost half of Black Friday shoppers were millennials (Applicants by age group)



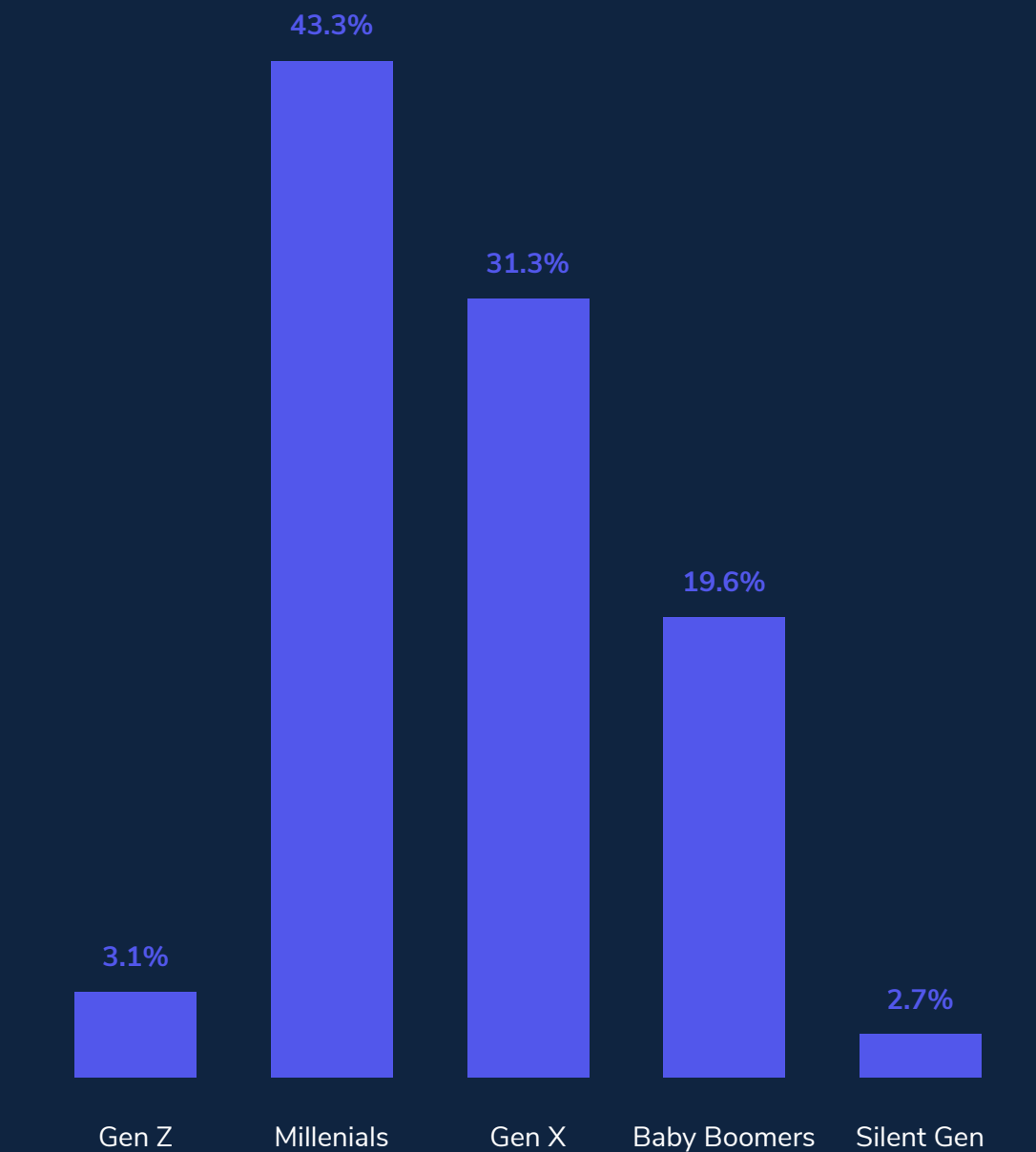
Millennials as a % of applicants

42.5%

Gen X made up 32.5% of shoppers.

Cyber Monday

Almost half of Cyber Monday shoppers were millennials (Applicants by age group)



Millennials as a % of applicants

43.3%

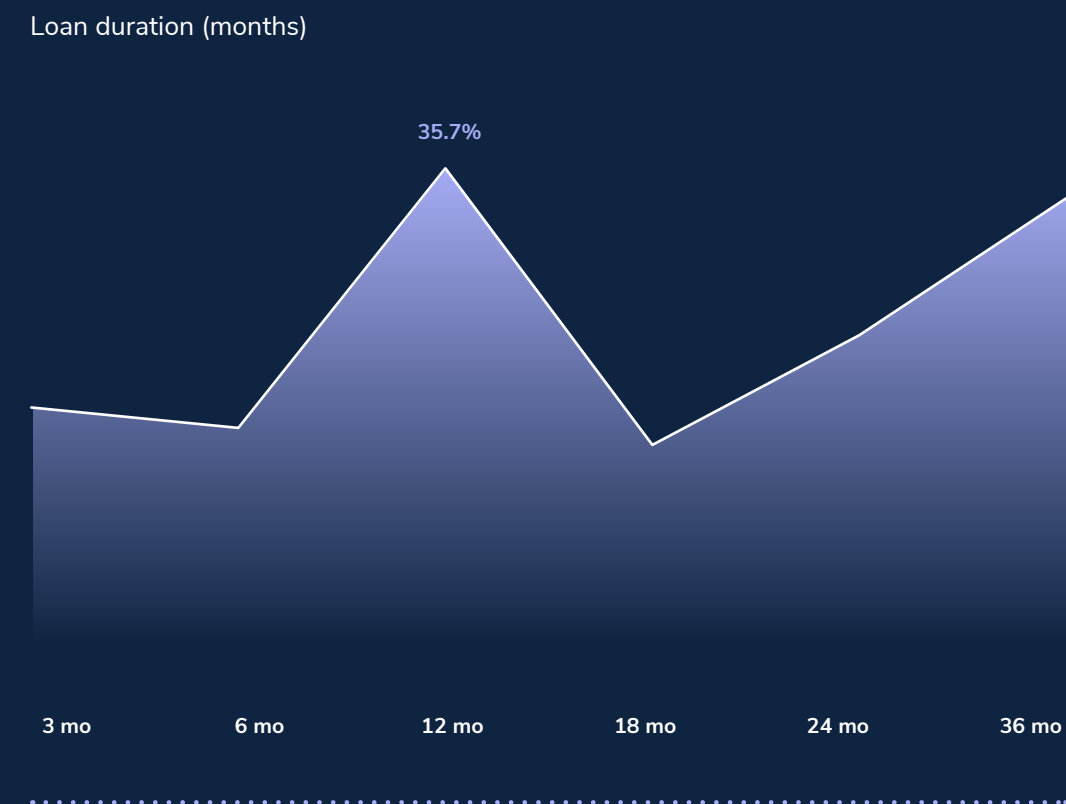
Gen X made up 31.3% of shoppers.



Lesson #4

Consumers Prefer Longer-Term Financing Options

Shoppers chose longer loan terms on Black Friday



Financing Plans 12 Months Or Longer

87.2%

48.3% chose 24 months or longer

Shoppers chose longer loan terms on Cyber Monday



Financing Plans 12 Months Or Longer

90%

46.6% chose 24 months or longer

For many, credit cards are no longer the payment method of choice. Data from the Federal Reserve shows the percentage of Americans under 35 with credit card debt is at its lowest level since 1989. What this implies is the appetite for taking on credit card debt is shrinking, paving the way for alternative, long-term financing options that offer more competitive interest rates — including 0% financing options. From PayPal and Amazon Pay to pay-over-time solutions like Bread, consumers are more receptive to alternative financing options over credit cards for larger-ticket items.

Based on our data, consumers were heavily drawn to longer-term loans, with 12 months or longer being the top choice. On Cyber Monday, 90.0% of shoppers chose term lengths of 12 months or longer, with over 46.6% of shoppers choosing term lengths of 24 months or longer. On Black Friday, 87.1% of shoppers chose term lengths of 12 months or longer with over 48.3% of shoppers opting for term lengths of 24 months or longer. This data indicates consumers are drawn to longer-term options for larger purchases in order to keep monthly payments lower.

What the Data Shows:

- 73.6% of shoppers applied for financing before checkout on Black Friday.
- 69.0% of shoppers applied for financing before checkout on Cyber Monday.
- The percentage of shoppers who applied for financing before checkout on Black Friday rose by 29.2% from the previous year.
- 42.5% of Black Friday applicants were millennials.
- 43.3% of Cyber Monday applicants were millennials.



Lesson #5

Consumers Are Engaging on Mobile More — But Still Buying on Desktop

Mobile continued to capture more consumer engagement during the shopping process. Consumers are increasingly browsing for and applying for financing via mobile devices. On Black Friday, 53.3% of financing applications were completed on mobile; Cyber Monday's figures were slightly lower at 44.1%.

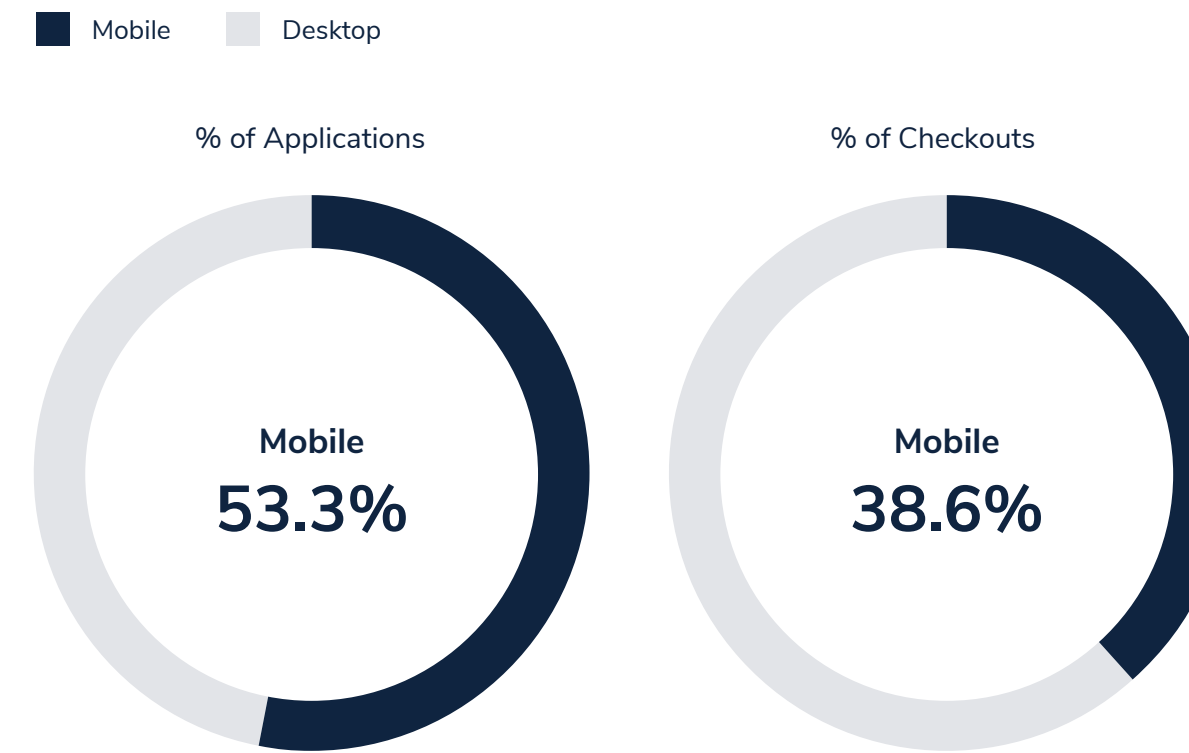
While consumers are increasingly interacting with retailers on mobile devices, when it comes to actually completing the purchase, the majority of shopping is still done on desktops for big-ticket items. Engagement via mobile continues to rise, but only accounted for 38.6% of revenue on Black Friday. The increased engagement on mobile

during the pre-qualification process indicates a clear shift in consumer behavior toward conducting larger financial transactions on mobile devices.

What the Data Shows:

- Black Friday - 53.3% of pre-qualifications were on mobile, but only 38.6% of revenue.
- Cyber Monday - 44.1% of pre-qualifications were on mobile, but only 34.8% of revenue.

Shoppers browsed on phones but checked out on desktop Applications and checkouts by device

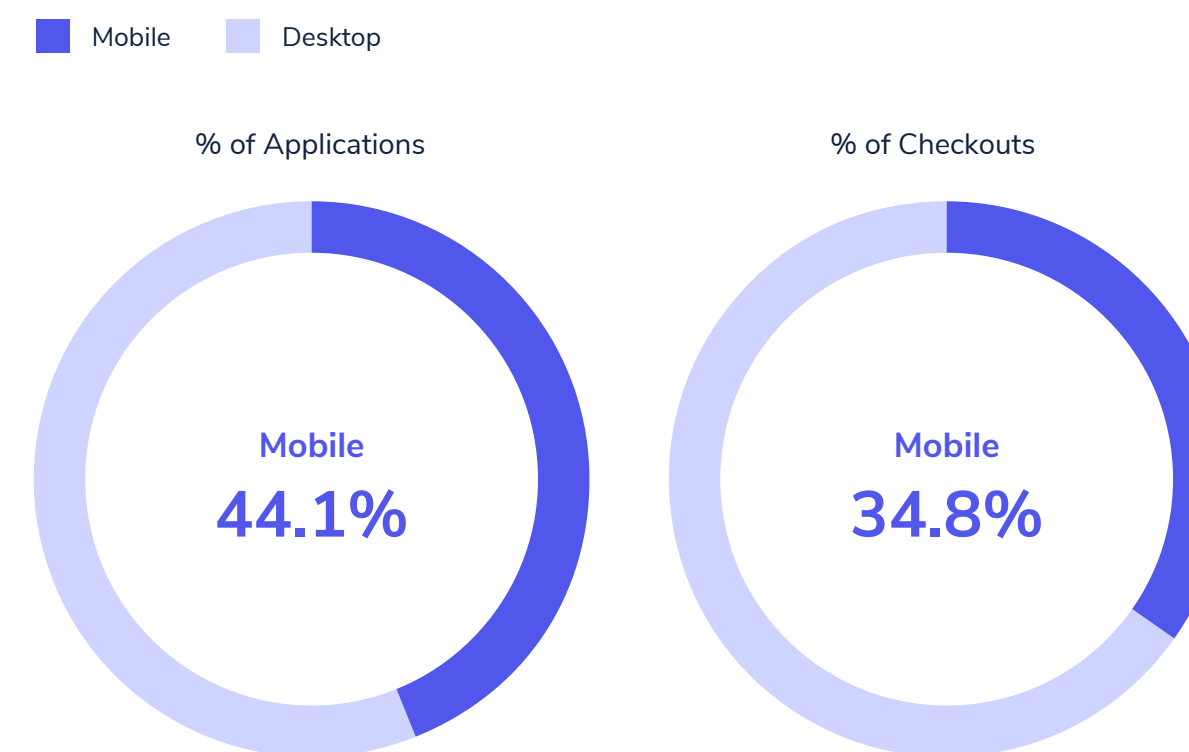


Applications from Mobile Devices

53.3%

38.6% of checkouts were mobile

More desktop shoppers compared to Black Friday Applications and checkouts by device



Applications from Mobile Devices

44.1%

34.8% of checkouts were mobile



The Takeaway:

How Retailers Can Prepare for This Year's Holiday Season

Armed with droves of data, retailers have a lot to learn from consumer shopping habits over the previous Black Friday and Cyber Monday shopping weekend. As businesses prepare for the upcoming holiday rush, and as consumer appetite for purchasing big-ticket items online continues to grow, the time is ripe for offering alternative financing solutions. As consumers demand more options, investing in financing solutions can provide a quicker path to purchase, increase AOV, and boost brand value.

By using the lessons learned from the previous Black Friday and Cyber Monday data, retailers can better position themselves to capture a larger share of the e-commerce pie in 2018. We've gathered four lessons for retailers to bookmark as they craft their 2018 customer acquisition strategies.

- **Shoppers are waiting longer to take advantage of retailer sales.** Retailers should target their offers to convince shoppers why they need to take advantage of a specific deal. Tie targeted financing offers to specific retail holidays to encourage quicker conversion.
- **Consumers are applying for financing earlier in the buying process and desire longer loan terms.** Appeal to customers by offering longer loan terms and promote financing on product pages to educate them about easy, low payments options.
- **Consumers are increasingly turning towards shopping on mobile.** Retailers should prepare for this shift and invest in their mobile channels as a method to engage consumers in the financing process earlier.
- **Consumers are getting savvier and are looking for alternative ways to finance their purchases.** This is leading to an increased AOV, which retailers should take advantage of by offering diverse financing options.



The customer service is amazing. I have recommended several of my military friends and have asked them to pass the word. The agents are very friendly, helpful, and answered my questions and emails almost immediately. It's nice to do business with a company who cares about their customers. Thanks for helping me get my wife a new living room set for the holidays, it allowed me to spend my cash on the kids' Christmas presents. Thanks again.



A Bread Holiday Customer



Bread is a full-funnel, white labeled solution that help merchants reach more customers by allowing them to offer financing online. Retailers partner with Bread to transform the shopping journey by offering financing and marketing solutions that boosts sales, increases AOV, and improves conversions.

For more information about this report or about Bread, please email us at sales@getbread.com.

getbread.com