

# The nightmare before Christmas?

An academic examination of retailer approaches to Pre-Christmas Mega Sales



# Why?

The Christmas period, and associated Boxing Day sales, has historically been a substantial event for retailers, particularly in Western cultures. It draws significant interest from consumers, generates a substantial amount of revenue for many brands, and takes a lot of planning to get right.

Yet, we've noticed brands advertising Christmas earlier every year, driving partly by recent delivery challenges and supply chain issues, but also the emergence and growing popularity of what we've labelled 'Pre-Christmas Mega Sales' (Black Friday, Cyber Monday, Click Frenzy etc.). October and November (even September!) have become a confusing time for retailers and consumers, with some brands going hard on Christmas advertising, others focused on various PCMS, and some trying to do both at the same time.

This got us thinking, how are Australian retailers navigating the emergence of PCMS in line with traditional Christmas retail, and what impact does all of this have on different types of retailers, and even consumers themselves? Previous academic work shows that the Christmas period has a special impact on consumers through the focus on hedonic gifting and all the emotions that brings, so have PCMS diluted that effect? And if so, how should retailers be thinking about the ways they participate in PCMS?

# How?

To hopefully answer some of these questions, we set off on a rigorous academic level qualitative study. Just before the Black Friday, Cyber Monday weekend last year we put an initial call out for retailers, consultants, and experts to tell us how they were planning to participate (if at all), why, and what impact they expected the period to have on their business.

We then followed up with a dozen of these industry leaders in the new year for in-depth qualitative interviews about what actually happened, their thoughts on the longer term impacts, and views on how brands should be thinking about PCMS and Christmas in the future. We spoke to senior leaders of large and small retailers alike, industry experts and consultants, and even national association members.

Across all of those interviews we analysed every quote, every opinion, and every suggestion and identified common overarching themes that summarised the findings. We'll summarise each and then wrap it up with some big questions for every retailer to consider off the back of these findings.

# Theme 1 Planning versus Fear

Even before the emergence of PCMS, retailers were having to plan for Christmas sales very early in the calendar year, sometimes even before. This has been compounded recently with the Covid-19 pandemic and the notable blocking of the Suez Canal in 2021. However, some participants noted that consumers had started searching for Christmas products earlier in the year even before these challenges, putting the pressure on retailers to have products and communication messaging ready earlier:

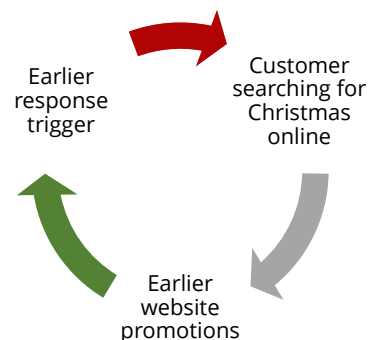
*“Consumer shopping behaviour for Christmas has changed significantly. If you look at Google Trends, for example, it starts in September, people searching for Christmas. For us at [Department Store], for example, we had Christmas showing up on the top 20 search terms on site in September“*

Yet even while retailers noted the need to promote Christmas earlier in response to consumer search behaviour, others identified that this consumer behaviour may in fact be at least partly driven by retailers promoting Christmas sales:

*“Saying that people are searching earlier, they are searching earlier because we are telling them to search earlier. We’re telling them to look for bargains.”*

So this tells us there is a bit of a cycle occurring with retailers promoting and stocking Christmas products earlier due to observing consumers search for these items, yet the promotions trigger consumers to start searching earlier, and so the cycle perpetuates.

So with the emergence of PCMS, retailers are having to increase their planning around similar periods. Some are taking a strategic view and planning in depth, but for others it’s more of a reactive, even fear-based approach. Rather than a carefully considered go to market strategy, for many



retailers, they were launching into PCMS as a response to competitor activity.

*“It’s share of wallet, if customers don’t have money, if they’ve already spent it, because your competitors have gone early ... There’s a there’s a defined budget that a lot of people have for Christmas. And if it gets spent early, you’re gone.”*

*“Black Friday doesn’t start on Black Friday. It’s just every year, it seems to start the day earlier than the previous year... I haven’t seen anyone be that smart. I have seen people bring it forward in a panic but not in a rehearsed way.”*

Some respondents even liked this to FOMO, which many brands use as a selling technique to consumers. Yet in this case it’s retailers having FOMO on sales if they don’t participate:

*“It doesn’t help that retailers...including myself... you use Fear Of Missing Out sales psychology and behavioural language to make sure that you’re getting to buy it now, languages like Get in now early or last of the inventory... you know all those kinds of persuasive elements...to get those all orders early on.”*

# Theme 2

## Ultimate Gift versus Reluctance



The second theme highlights a juxtaposition in the way retailers view PCMS, linked to whether they have planned for it, or are reacting out of fear. Some retailers expressed highly positive emotions, seeing PCMS as a valuable opportunity, while others approached them negatively and even spoke of their reluctance to participate.

The brands mostly likely to consider PCMS in a positive or opportunistic way were those focused primarily on eCommerce, as well as newer brands with less established profiles.

*"Christmas is not as big a deal to some retailers...Black Friday for them being the grand final, like that's their Christmas, they don't care about actual Christmas. They're actually all in on Black Friday"*

This sentiment was echoed from other participants, saying the shift in the approach to the sales calendar is now on PCMS, away from Christmas and Boxing Day:

*"[PCMS] is the most important time period in the 12 months of selling. Bar none. Christmas is now a distant second place"*

While for some PCMS it may be the Grand Final or ultimate pre-Christmas gift, many other retailers have a lot of negative emotions around participating in PCMS, often feeling 'forced' to do so. We heard many reasons for this like, competitor pressure, consumer expectations, and industry norms:

*"I think most CEOs would kill it if they could. But it's become like a, it's a game of chicken. Basically, you do it because your competitors are doing it. If your competitors go a day earlier, so next year you go day earlier, but they go day earlier. Chicken."*

*"And it's almost a game of chicken for many... You might have to plan three Christmases instead of planning one because you don't know what your competitors are doing or what the market is going to do. But I don't think there's any getting around that. Black Friday is here to stay."*

# Theme 3

## Half-in versus Non-genuine Strategies

Retailers approaching PCMS reluctantly (Theme 2), and/or due to FOMO (Theme 1), rather than a clear strategy participated in quite different ways from those who saw it as a major opportunity. Some retailers participate through 'half-in' strategies, such as offering only small discounts, or only offering discounts on old or unwanted stock. Yet participants also flagged many brands participate in a 'non-genuine' manner, acting in disingenuous ways to attract attention. We heard a range of non-genuine strategies liked changing promoted discounts or changing the start or end dates of sales, which could ultimately break consumer trust:

*"My biggest issue though... is the breaking of trust. If you go out and say that these are your early Black Friday offers, then they need to be the same as your Black Friday offers, if you get to Black Friday, and your offers are better than what you've been doing... I don't trust that I'm not going to get the best deal if I shop early."*

*"When we come to cynicism around a Black Friday event, we'll see everybody piling on with very little genuineness to what they do... So what I'm thinking is the time has passed that it is a genuine sales event and I feel that we may use it to squeeze some stock... But I think generally, people will become a little bit immune to it."*

This theme raises a big question about whether it is really worth participating in PCMS if brands are going to only be half-in, or even non-genuine in their offers. Is the potential for temporary sales boosts worth the risks to consumer trust and brand perception?



# Theme 4 Discount Drug versus A race to the bottom

One of the reasons retailers admitted to participating in PCMS reluctantly, and even non-genuinely, was a fixation on the short-term sales revenue the sales generated. These temporary revenue bumps, even at lower margins, are valued by retailers and their senior leadership, leading retailers to chase similar or better sales next year. Multiple participants even used the analogy of a 'discount drug' to explain the effect PCMS, and the associated temporary revenue increases, can have:

*"We talk about it as a discount drug having to fuel sales cycles....it's a yo-yoing effect."*

Yet just like other drugs, our participants warned about the effects of becoming 'addicted' to PCMS discounts, as well as the way this effect could decrease over time:

*"I mean, it's like a drug...it's great for the first year, and then it gets less and less effective. But then if you stop using it, it's even worse. They use it just to feel normal."*

The result of this declining impact of the 'discount drug' is that many retailers have begun chasing larger 'highs' through even bigger or aggressive discounts. This, combined with the increased competition from other brands participating in PCMS has led to what multiple participants termed a 'race to the bottom', referring to retailers offering larger and larger discounts each year to chase sales even at the expense of profit:

*"We got to stop this, you know, you got we got to stop the race to the bottom. And that's a that's a tough one as well. Everybody wants to make a buck."*

*"Be careful about the race to the bottom, because you just might win"*

One participant even went so far as to say this race to the bottom had already caused irreversible damage to the industry by training consumers to never by products as full price:

*"We f\*\*\*ed it for ourselves. We f\*\*\*ed it for retailers, by training the consumer to wait for the sales."*

# Theme 5 Joy (Hedonic) versus Admin (Utilitarian) Mindsets

The final theme speaks to the way retailers observe consumer behaviour and mindsets through PCMS compared to the traditional Christmas period. One participant noticed an overall shift from hedonic driven Christmas events to a now more task-based or utilitarian approach to Christmas shopping:

*“If you think about Christmas, 20 years ago, it was high streets, it was shopping malls. It was big decorations, big displays, community events, focused around retail....I think what it's turned to for a lot of people has turned to a task.... How can I set myself up for success so that I get a good price. And, like I just tick it off my list. I get it done. And I'll actually celebrate Christmas with my friends rather than having retail as my Christmas.”*



Another participant saw this as an opportunity for retailers to leverage PCMS to separate the Christmas Admin tasks (utilitarian) from Christmas Joy (hedonic):

*“There is preparing for Christmas, and then celebrating Christmas...when you talk Michael Buble, and Mariah Carey, that is on celebrating Christmas, and [being] in the spirit of Christmas. I don't think that that's come forward.... it's the preparing for Christmas, you know....we prepare for Christmas a lot earlier. But I don't celebrate Christmas any earlier... this sort of shopping behaviour allows people to keep your Christmas admin separate from your Christmas joy”*

PCMS could therefore be a way that consumers prepare for Christmas fulfilling the utilitarian need, but they are not in the celebrating Christmas mindset. Encouraging consumers to shop early and utilise the sales for the planning aspects of Christmas might then open up an opportunity for customers to spend more time enjoying the season, preserving the emotional connection to Christmas and the benefits that a hedonic mindset has on impulse purchasing.

# Big Questions

As large industry-wide sales events become more popular among retailers and consumers, this research first defines PCMS and then identifies retailer experiences, trends, challenges and opportunities in this emerging area.

As a retailer, we hope that these themes highlight different ways retailers are thinking about PCMS and question, and gets you thinking about your own approach. For example:

1. Is participating in PCMS the right strategy for our brand?
2. Are we participating out of fear of what my competitors are doing or a genuine strategy?
3. Do we have a genuine offer for my customers?
4. Are we making our PCMS offers clear and consistent to not break consumer trust?
5. What other strategies could we implement to offer value to consumers other than a discount? ie. rewards points, loyalty programs, bundling, social benefits (donations)
6. How can we signal to consumers when to shop in an admin (utilitarian) mindset and when to shop in a joy (hedonic) mindset?

PCMS certainly presents an opportunity for retailers, particularly for brands focused in eCommerce or upcoming brands looking to make a splash. Approached in the right way it's a chance to connect with new or existing customers at a time they are ready to spend. It can even be a supplement to traditional Christmas retail, letting consumers tick off their shopping tasks, saving time for more emotional shopping later in the season.

Yet without a clear strategy and genuine offers for PCMS, brands risk coming off as non-genuine, breaking consumer trust, and finding themselves in a race to the bottom. So the key message from this research is don't just rush into PCMS because everyone else is, have a strategy, stick to it, and keep a little Christmas joy up your sleeve.

**Dr Jessica Pallant**  
Swinburne University of  
Technology  
jlpallant@swin.edu.au

**Dr Jason Pallant**  
RMIT University  
jason.pallant@rmit.edu.au

**A/Prof John Hopkins**  
Swinburne University of  
Technology  
jlhopkins@swin.edu.au