

Fashion on Black Friday: Decoding Pricing Strategies of Top U.S. Retailers

11th Dec, 2019



BY NADIR

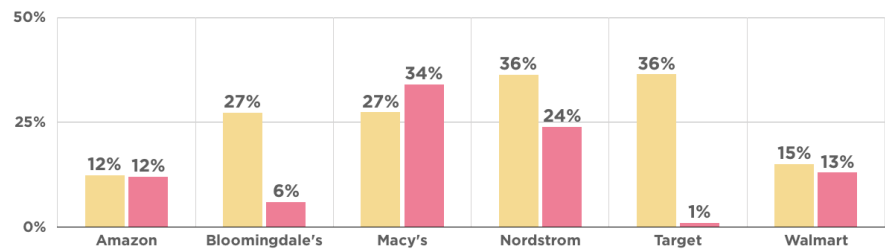
Over the last few Thanksgiving Weekend sales, fashion, what was a category once typically reserved for offline purchases, has evolved into a regularly marked down and popular category as shoppers get more comfortable making these purchases online. This can be credited to the ease of purchase that retailers offer – trials, returns, etc. combined with the desire for shoppers to refresh their wardrobe for the new year ahead.

At DataWeave, we performed an analysis on a sample of 40,000+ products across six of the top fashion retailers – Amazon, Bloomingdale's, Macy's, Nordstrom, Target and Walmart. . Twenty product types were covered across both men's and women's fashion and the analysis focused on the top 500 ranked products of each product type.

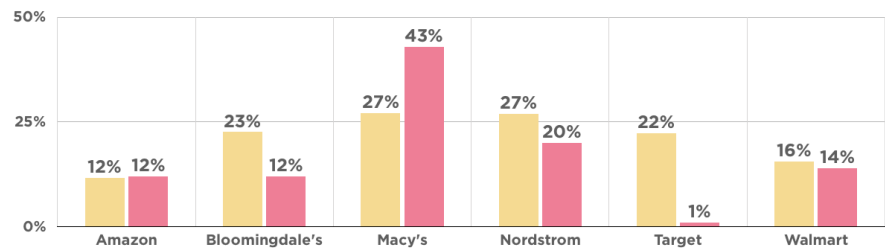
Additional Markdowns

For the sake of this analysis, we compared the prices during the sale with the mode of the prices the week before. This gave us a clear picture of the additional markdowns during the sale period and therefore, the additional value to shoppers.

Women's Fashion



Men's Fashion



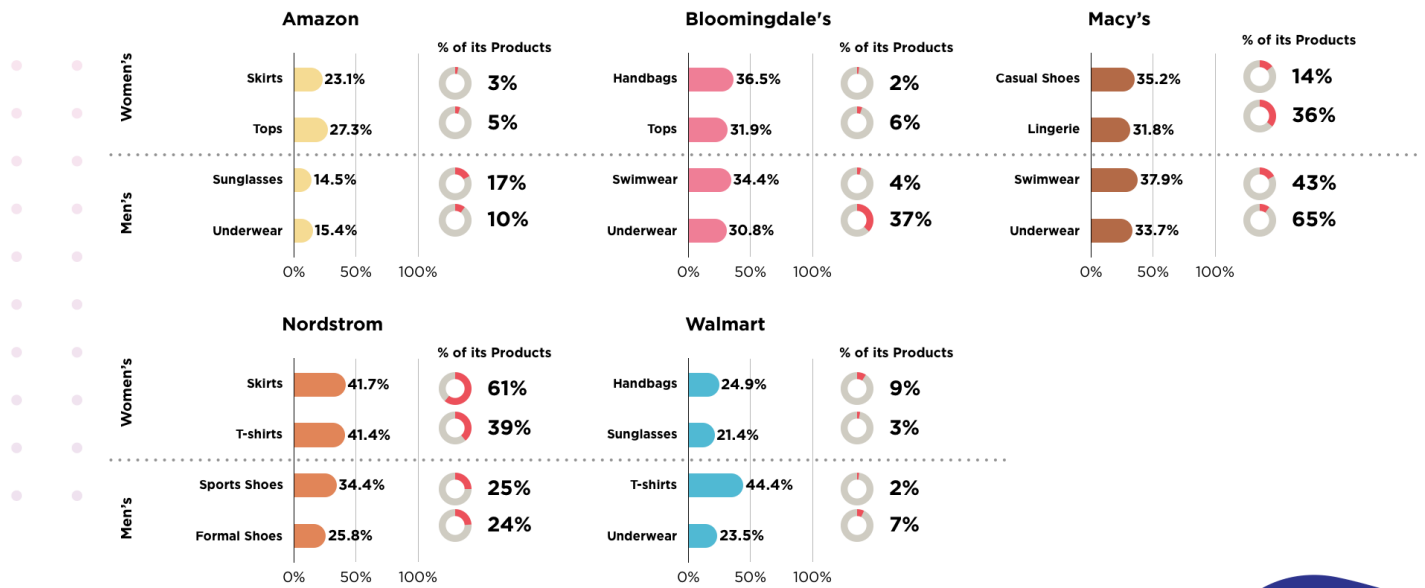
■ Additional Markdowns

■ Percentage of Marked-down Products

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Dominating the fashion space, Nordstrom and Macy's came in hot with the most aggressive discounts on the largest share of their product range, 36% and 27% respectively, on more than a quarter of their range. In the women's lineup, Target offered a 36% markdown, compared to ~22% for its men's lineup. Across both categories though, this was only on 1% of Target's range. In what seems to be an expected trend, Amazon and Walmart remained relatively conservative with their additional markdowns, as they tend to be competitively priced even during non-sale periods.

Additional Markdowns by Product Type

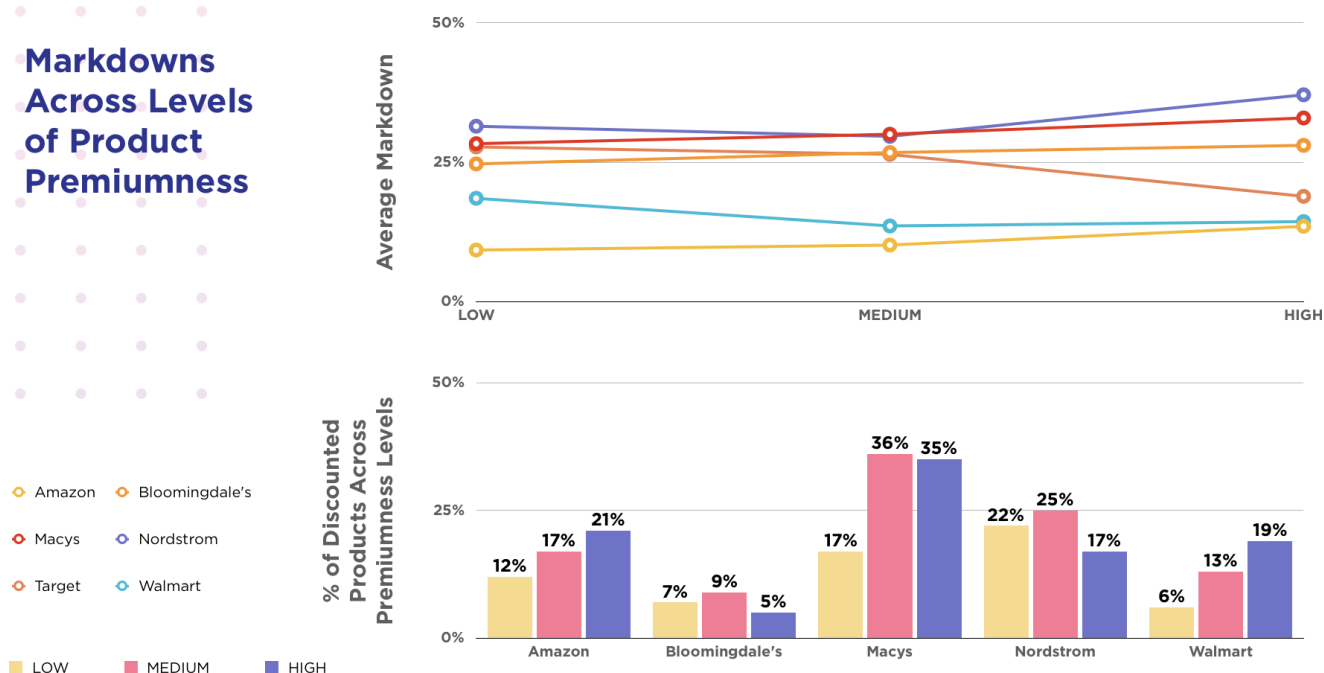


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Drilling down into the product types, we noticed that very aggressive markdowns were being offered on t-shirts and skirts (over 40%). Swimwear, hosiery, handbags, and sunglasses were other product types that were featured with attractive prices across websites.

Product Premiumness

Markdowns Across Levels of Product Premiumness



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We categorized the products across retailers into buckets of how expensive or cheap the product is, relative to the rest of the products hosted by the retailer. Where the MRP was not displayed, the most expensive price of the product during the holiday period prior to Black Friday was considered. We then bucketed products in categories of High, Medium and Low of product premiumness, with High containing the more expensive products by price.

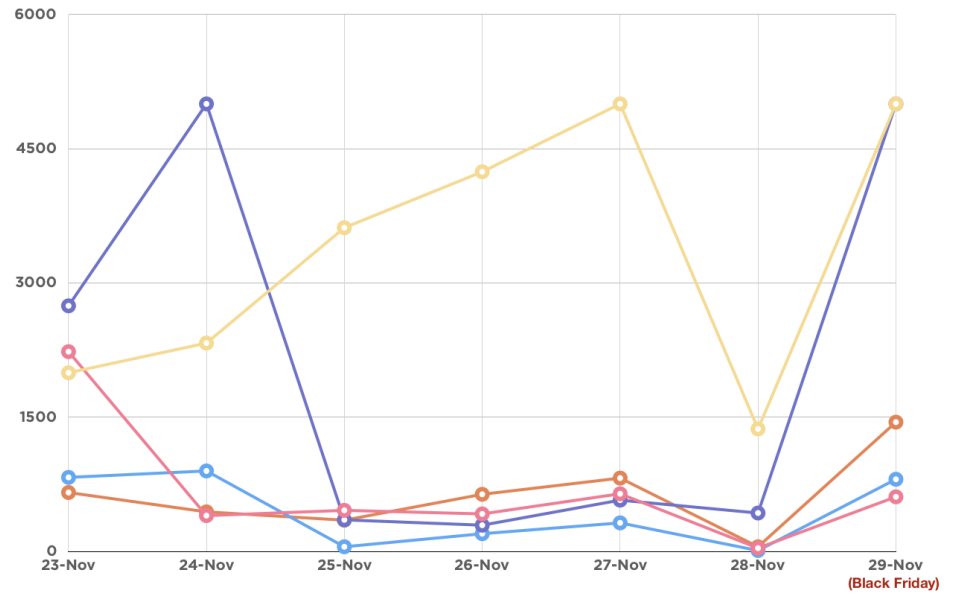
Amazon, Bloomingdale's, Macy's and Nordstrom chose to markdown the more expensive products in their range higher than the rest of their assortment. This aligns well with what one would expect retailers to do as shoppers tend to expect attractive offers on the more expensive range of products. Also, with the more expensive products, retailers and brands likely have more room to be flexible with margins. Amazon shows a consistent strategy here, having provided higher markdowns on a relatively higher portion of its most premium products and vice versa. This trend can only otherwise partially be seen with Macy's.

Walmart though, chose to go the other route and provided higher markdowns on its least premium products. This might have been a targeted effort to maintain their perception among shoppers as a destination for affordable goods. Though it's important to note here that these markdowns were seen only on a small set of cheap goods – just over 5%.

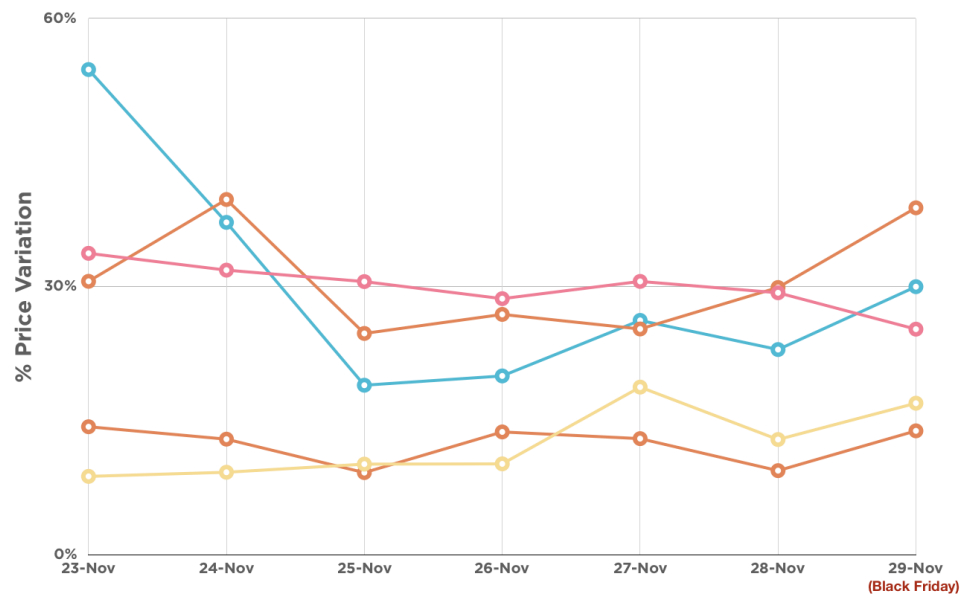
Price Change Activity

Number of Price Changes

Amazon
Bloomingdale's
Macys
Nordstrom
Walmart



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Walmart, Nordstrom and to an extent, Bloomingdale's, had an almost consistent number of price changes throughout the week. Nordstrom recorded the most significant dip in the magnitude of the markdowns over time.

Amazon and to a smaller degree, Macy's, had more price changes during the week. However, Amazon's average price variation remained among the lowest whereas Macy's clocked in the highest by Black Friday at just under 40%.

Across the board, the price changes dipped on the 28th and then rose again on the 29th. This can be seen as a conscious effort to have more aggressive activity on Black Friday.

In summary, fashion-first retailers like Macy's and Bloomingdale's went all-in during the sale, while Nordstrom, a multi-category retailer, stood out for its aggressive focus on fashion.

Amazon and Walmart continued to operate within the competitive space that they've carved out for themselves as the leading retailers in the US. We observed a similar trend even in the other product categories we've analyzed for the sale. Check out our analysis of the Electronics category during Black Friday [here](#).

- **Nadir Islam**

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