

A hand holding a smartphone and a shopping bag, with a large '60% OFF' sign in the background.

INTUENDI

How Can You Create a **Black Friday** Promotions Strategy with Intuendi Demand Forecasting?

Black Friday is one of the most important dates for shoppers and shops. Back in 2017, a study by the [National Retail Federation](#) (NRF) found that 174 million Americans shopped off- and online during Black Friday promotions, which is more than half of the U.S. population. On average, each American spent about \$335 USD during the Thanksgiving holidays in 2017. Also, Black Friday online sales were extremely high compared to previous years. The term Black Friday has been around since the 1950s, however, it wasn't always about sales and shopping. Black Friday is the Friday after Thanksgiving holiday in the U.S. Although it originated from the U.S., today it's popular throughout the whole world.

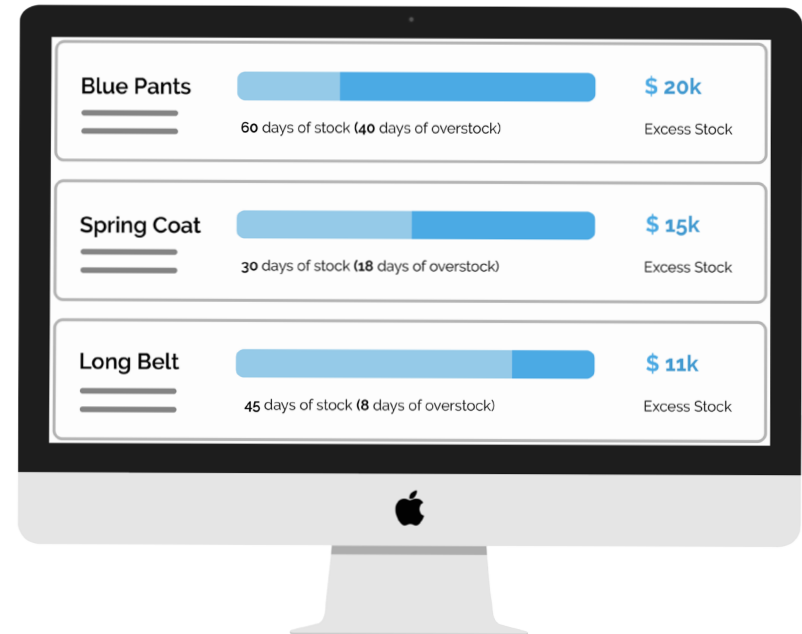
According to [Shopify Black Friday statistics of 2018](#), over \$37 million USD in sales per hour was generated by Shopify merchants at the peak. The total of Black Friday and Cyber Monday (BFCM) sales has been over \$1.5 billion USD. People shopped via their phones, desktops, and in brick-and-mortar shops. The BFCM weekend in 2019 promises to be even crazier because millions of people don't want to miss their chance to shop during Black Friday promotions and deals.

But what's Black Friday from the business perspective? It's a great chance to make a profit and finally sell the overstock, but the behind the scenes situation is very hard to manage. Demand planning and forecasting is the key to a successful Black Friday season. If the business is not ready for Black Friday in terms of inventory, they will end up with a huge loss. In this ebook, we'll help you out with creating a Black Friday strategy with Intuendi demand forecasting software.

Demand Planning and Forecasting with Intuendi

[Intuendi](#) is a demand forecasting and inventory optimization software that offers numerous solutions for your demand planning. Demand planning is important for the long-term success of your business; however, it's absolutely necessary during special events and holiday seasons. The very first thing you should do before a special event like Black Friday is a demand forecast. Intuendi will help you create the most accurate and reliable demand and sales forecasts and manage your inventory accordingly.

Intuendi does special forecasts for Black Friday or other similar events. We take into consideration multiple factors that may affect your demand. For instance, last year's data of sales for a particular industry, weather conditions, seasonal patterns and cycles, or even economic factors if relevant. Intuendi software is smart and automated. It collects data from multiple sources and generates forecasts in a few minutes. It can help you save time from manual forecasts and create no error forecasts that you need. In the rest of the ebook, we'll present a strategy for suppliers to use for Black Friday promotions.



Black Friday Promotions Strategy



Below we present you 5 important Black Friday steps to include into your strategy of demand planning. These are crucial elements that will help you stay competitive and satisfy your customers' demand during Black Friday season.

1. Identify Seasonality Patterns

Keeping track of the seasonal demand is important because the demand forecasting you do on a regular basis would not fit holiday seasons or mobile events like Black Friday. Identifying seasonality patterns is something that will ensure demand forecast accuracy not only for Black Friday but throughout the whole year. When speaking of seasonality, consider the three main types: weekly, monthly and yearly seasonality. For example, consider the demand for swimsuits or sunscreen. Seasonality of such items is predictable on an annual basis, so such type of seasonality demand is easily forecasted. However, things are more complicated for events like Black Friday.

The problem with Black Friday predictions is that there's no exact demand rule to follow. It's not an event when people buy only season-specific items like swimsuits, and neither it's an event when customers follow the same buying patterns every year. And also, Black Friday is not an event that takes place on the same exact date every year. So generating forecasts based on seasonality patterns of Black Friday will only leave you with bad predictions.

For instance, let's consider the example of the Chinese new year. In both 2018 and 2019, the Chinese new year took place in February. So now you have a seasonal pattern of sales boost during February, and if you rely on this pattern only, you will predict a sales peak in February 2020 too. Yet, the Chinese new year of 2020 will be in January. So if you follow that seasonal pattern you'll go out-of-stock as you'll create a demand forecast to replenish in February. Your customers will be unhappy because you won't be able to meet their demand in January.

The same logic is behind Black Friday. You might create a demand forecast based on weekly patterns of previous years and fail to replenish your inventory on time. If you adopt a demand forecast software that Induenti offers, you'll identify the impacts of both fixed events (e.g. that happen on the same exact date every year), as well as mobile events, such as Easter or Black Friday. Intuendi's advanced engine does all of that and calculates the trend and seasonality patterns.

Black Friday Promotions Strategy

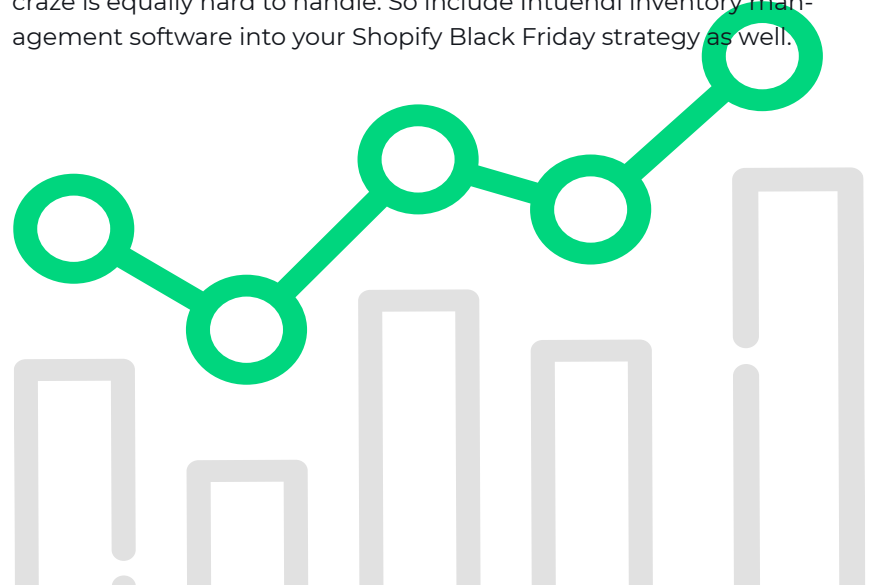


2. Do Extensive Inventory Management

Accurate and extensive [inventory management](#) is the base of the whole process. It's like a strong fundament, which will make everything stay put even if something goes wrong. If you don't have a solid base, the accuracy of your other actions won't matter much. Doing extensive inventory management will help you avoid Black Friday inventory disasters. Also, keeping track of everything can help not only with this year's sales but you will also create reliable data for your future predictions. Many big companies had seen a huge downturn during Black Friday when they failed to properly manage their inventory.

During holiday shopping, more specifically Black Friday, your inventory can completely clear out and leave your real and virtual shelves empty. Inventory tracking is a solution that ensures that you gain clear visibility of your inventory. This means that you will be able to keep control of all the products' stock levels and avoid stockouts. Intuendi smart inventory management solution can help keep track of your inventory levels and ensure no stockouts, which can be extremely costly for your business.

The recent years have seen a huge increase in Black Friday online sales too. So you need to make sure to be even more careful and accurate with inventory management. What you want to do is to ensure an end-to-end supply chain visibility to quickly respond to changes, and establish real-time analysis of the current stock. Also, if you run your business on Shopify as well, then make sure to take care of [Shopify inventory management](#) too. Shopify Black Friday craze is equally hard to handle. So include Intuendi inventory management software into your Shopify Black Friday strategy as well.






Black Friday Promotions Strategy



3. Calculate What Promotions Would Work Best for You

As Black Friday date approaches, companies generate many Black Friday ideas that would make into effective promotions. However, your Black Friday ideas should be based not only on selling as much as possible but also on as much as you can sell. This means that you must pick your promotions accurately, in accordance with your pre-planned demand forecast and market prices. The promotions you create will guide the shopping process of your customers, so make sure to guide them knowledgeably. You need to calculate what promotions would work best for you.

The art of promotions is way harder than just putting up a SALE sign. Promotions, especially the ones for special events like Black Friday, must be carefully picked up. There are many different types of promotions and you want to calculate which ones exactly will work for Black Friday. There are three things to remember when creating effective promotions:

-  **Target your efforts** - one promotion can't accomplish too many objectives, so make sure to target your efforts based on what you want to achieve.
-  **Plan the incentive** - the promotion must prompt customers to take actions. There are three main ones: price offers (e.g. discounts), samples or trial offers, and events that aim to generate crowds and sales.
-  **Be clear on what you want to achieve** - set the number of sales you want to achieve and the inventory you need to sell. And make sure to determine how your desired objective will transform into your business in terms of finance. Follow these rules and always calculate the ROI of your promotions.

Black Friday Promotions Strategy



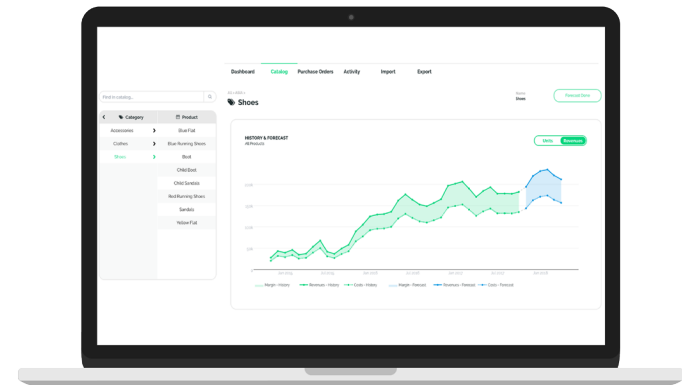
4. Do a Demand Forecast to Get Ready for Black Friday Craze

Demand forecasting goes hand in hand with the inventory management process and it's the most important part of the whole process. If you fail to forecast your demand during Black Friday promotions, you're risking to:

- **Lose customers,**
- **Not get enough sales,**
- **End up in stockouts (which are badly costly).**

The problems arising from the inability to forecast demand are not limited to the ones listed above, however, these will cause most of the damage to your business and brand reputations. During holidays and special events like Black Friday, we can often see that advertisers underestimate the demand they're going to have and run out of their budget leading into the Black Friday period. Another scenario is when advertisers gear everything toward that event and then are left with a limited budget for the rest of the season. But if you get ready for the season beforehand and optimize the demand forecast, you won't find yourself in such situations.

[Intuendi demand forecasting software](#) is the ultimate solution to all of your demand forecast disasters. Forecasting is the key to managing your budget for holidays and special events properly. It's not as intimidating and complex as it might seem. Everyone can do it right if done with effective software like Intuendi. Demand forecasting makes your business more customer-centric because it helps analyze and see what your shoppers want. And the more your customers' desires are involved in your business processes, the more effectively you'll satisfy them. A happy and loyal customer is the main driving force of any business. So make sure not to upset them with stockouts.



Black Friday Promotions Strategy

5. Avoid Faulty Reordering

When the products on your shelves are selling fast, this means that you are making a good profit. However, this also means that you are running low on inventory. In inventory management, there's a term known as the reorder point (ROP). The ROP is the level of inventory which indicates that it's time to replenish a particular inventory stock. All businesses usually set a minimum amount of an item that must be held in the stock, and when the inventory reaches that minimum then it's time to reorder. The craziness of Black Friday sets completely different rules for ROP. So if you follow your typical ROP strategy during Black Friday sales, you'll risk to end up in faulty reordering.

Let's consider the following scenario: in September you ordered too little because relied on poor predictions and ended up in stockouts. Now that it's already November, you want to reorder more because you're selling way more than expected. However, your supplier has increased both prices and the lead time. As a result, you're losing sales and your competitors are getting your customers and revenue. This is an example of faulty reordering. So the main reason behind faulty reordering is failing to forecast the demand in advance. The best thing about demand forecasting is that with timely predictions you'll be able to reorder the products from suppliers considering the usual lead times and will avoid faulty recordings. You'll save time and money, and most importantly, your customers will be happy.

Retailers who are unable to plan, allocate and forecast across omni-channel operations will fail to meet customers' wants and expectations during Black Friday. With Intuendi demand forecasting software, you'll create the most effective Black Friday strategy, which will not only help you survive the craze but will also perfectly guide the process with accurate predictions



ABOUT INTUENDI

Intuendi was founded in Florence in 2016 by Data Scientists and Software Engineers of the Università degli Studi di Firenze. The main goal of the company is to make it easier for every business to effectively run Supply Chain Management processes and achieve remarkable results by using Artificial Intelligence state-of-the-art technologies.

Intuendi.com is the platform designed for the next generation Inventory Management: its continuously evolving Forecasting and Optimization smart modules provide businesses of every size with tools that have traditionally been offered to enterprise companies only.

We strongly believe that due to the technological progress and the Industry 4.0 era, small and medium businesses will set off for a smarter and more sustainable growth embracing the benefits of advanced analytics. Intuendi makes that possible.

WWW.INTUENDI.COM

Intuendi World Headquarters
Viale Mazzini 40,
50132 Florence
Italy

tel: +39 328.0974746
email: info@intuendi.com fax:
website: intuendi.com