



The 2021 Black Friday Toolkit

The Essentials for Online Businesses

Looking to Succeed this Holiday Season



Brought to you by the eCommerce experts:



Introduction

Black Friday/Cyber Monday (BFCM) is a stressful time of year any year, but 2021 is going to be uniquely difficult. With the world in limbo between open and closed, with uncertainty still going strong, eCommerce companies are going to have to work harder and smarter in order to break through the noise.

This is exactly why four partners specializing in different aspects of online retail have come together to provide you with the essential toolkit to ensure this Black Friday and holiday season help your online business grow.

In **Part 1**, we start off with the best practices for creating and managing your ads on **search and social**, covering off creative, copy, and staying on top of ads while they're active with the digital marketing experts from the [Optily](#) team.

Next, in **Part 2**, we move into **on-site conversion rate optimization (CRO)** from the team at [Fact-Finder](#)--after all, even the best marketing campaign can't sell a thing if your UX is lacking!

After that, we explore the **ins and outs of Amazon** in **Part 3** with [FordeBaker](#). Since we're talking eCommerce here, chances are you're either selling on the marketplace already or seriously considering it.

And finally, in **Part 4**, we discuss how to pay for it all with [Outfund](#). The up and coming eCommerce funding option of **revenue-based finance** is a great avenue to consider when stocking up extra inventory and investing heavily in ads around the holidays.



Table of Contents

OPTILY PRESENTS

Part 1: Search and Social Ads in a Nutshell: Creative, Copy, and Budget Optimization.....	4
Social Tip #1-4:.....	4-7
A Note on iOS 14.....	8
Search Tip #1-3.....	9
Budget Management Tip #1-3:.....	10-11

FACT-FINDER PRESENTS:

Part 2: Conversion Rate Optimization: Tactics to Maximize Checkouts and Cart Value.....	12
CRO Tip #1-5:.....	12-16

FORDEBAKER PRESENTS:

Part 3: Black Friday on Amazon: Products, Objectives, and Logistics.....	17
Amazon Tip #1-5:.....	18-20
Preparing your Amazon Marketing Strategy for Black Friday and Q4.....	21

OUTFUND PRESENTS:

Part 4: The Golden Quarter: Funding Options for Founders Heading into Q4.....	22
The Challenge.....	22
The Solution to avoiding cash flow issues before Christmas.....	23
How does funding work?.....	23
Founder-friendly: fast, flexible, and fair.....	25-26
Success Stories.....	26-27
Takeaways.....	28



OPTILY PRESENTS:

Part 1: Search and Social Ads in a Nutshell: Creative, Copy, and Budget Optimization

We're going to give you the top tips from our experts who've got decades of experience in digital marketing. And while it can get much more complex (there are TONS of channels out there), we're going to keep the high level tactics for Black Friday split simply into search and social ads.

Social Tip #1:

Start earlier than you think

The most important suggestion is: be prepared in advance. You want to have your creatives, copy, and all your campaigns all ready one week before go time.

Why? Because when you create your campaign in a hurry, the probability of errors increases, and you are dealing with the most competitive time of the year. You can't make mistakes.

It's especially important to keep in mind that ads need to be approved and **the platforms will have a bigger backlog** to get through than usual.



Expert tip:

"Tip number one--which no one likes to hear, but it's the obvious one--start early! Don't decide to design new creative the week before. Make sure you have enough time to review and have the creative to the same standard you would normally put out there."

Claire Murphy

CONSULTANT CREATIVE DIRECTOR, OPTILY.

Social Tip #2:

Get creative, but stay true to your brand

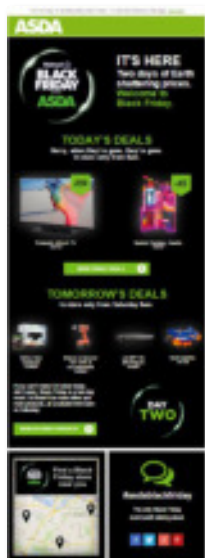
Don't get caught up in the Black Friday creative hype. Stay true to your identity and your working formula for creative. Make sure the ad looks like your ad, while still getting creative! This is especially important if you are a smaller brand increasing your budget; you want to maximize the impact of greater brand awareness.

A great example to follow is Estée Lauder, who were able to stay true to their own unique aesthetic, while still making the ad seasonal. The obvious thing to do with your creative is to make it black for Black Friday, but when everyone is doing this you might be better off getting creative and adding in more color!

Always keep in mind how your creative looks compared with **the experience they see on site**. It's a good idea to create a specific landing page with a shared look and feel to the ads so as your customers feel like they are getting a special Black Friday experience.



Estée Lauder image: Source: [Milled](#)



Email Image: Source: [Communicator Corp](#)

Landing Page: Source: [Open Cart](#)

Social Tip #3:

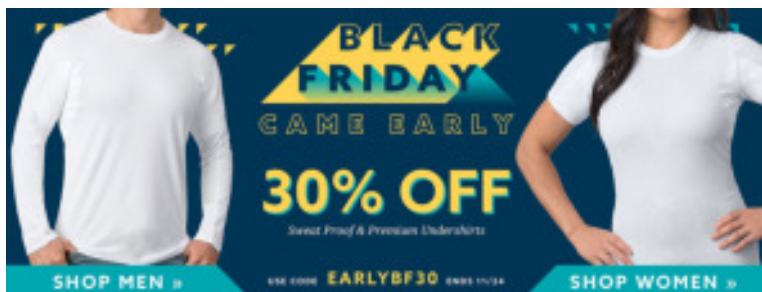
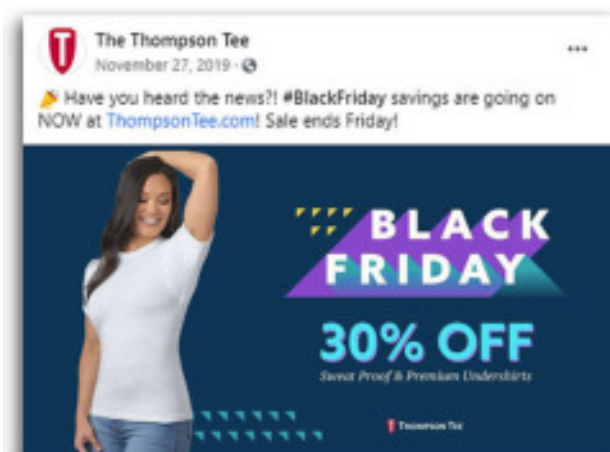
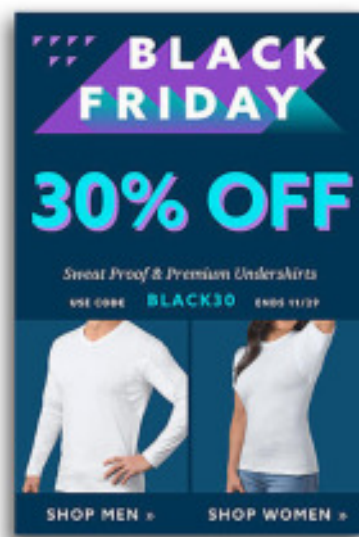
Write copy that gets them to buy now

You're running a holiday season campaign, so you need to understand the mindset of your typical shopper. They're likely looking for gifts for several loved ones and they need them soon. You're dealing with a lot of people who have a **"get it over with" mindset** and a lot of people who are under pressure to check names off their lists.

You can use this to your advantage and capitalize on the urgency of their need. Highlight how quick you are to fulfill (and make sure you are!), but also point out that your deal is fleeting and they can't just wait until next week. You want them to buy now.

The 3 best ways we've found to get people to convert during short-term sales is to:

1. Emphasize the urgency of the offer, using phrases like "This weekend only" or "Offer ends at midnight." Just don't overdo it--moderation is key so you don't bombard your audience!
2. Focus on the scarcity. Black Friday, traditionally, is all about doorbusters, so you can still recreate a similar experience online. Use copy like, "First 100 sales of the day only" or "Limited quantities available."
3. Target your copy for your audience. If you've got products that during the rest of the year women in their 40s and 50s really like, make sure your copy is highlighting that it's a great gift for moms. Make it easy for people to check off the loved ones on their shopping list.



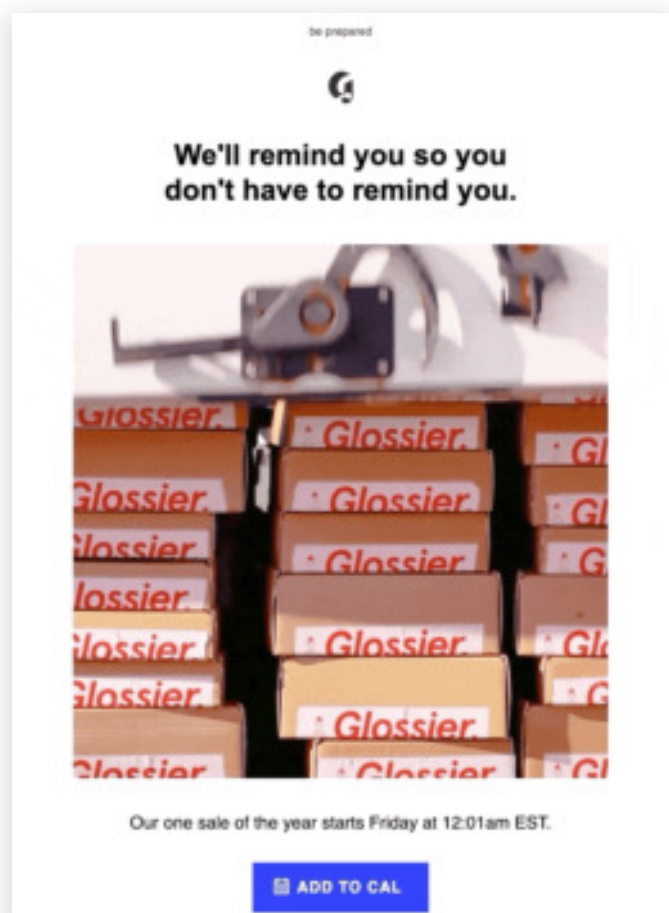
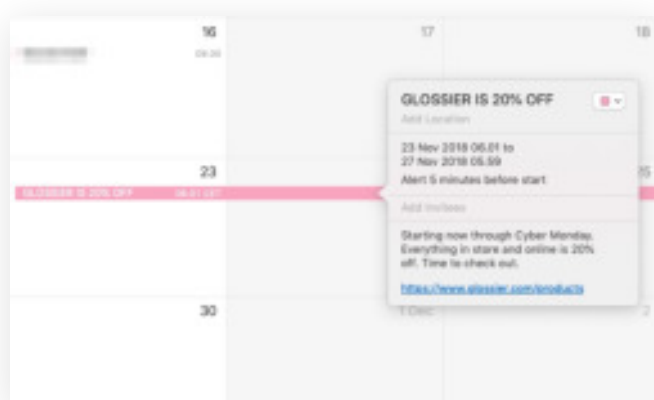
Thompson Tee images: Source: [Human Marketing](#)

Social Tip #4:

Build suspense with an exclusive promotion

Start with relevant targets, like people who've added something to their carts, interacted with you on social media, or visited your site. Ask people to register on your website in order to be the first ones to receive the promotions. Play off the virtual door-buster motif, because who doesn't love being made to feel exclusive and special?

Glossier did a great ad campaign where the CTA was a link to add the days of their sale to your calendar linked to the percentage of the price drop.



Glossier Image: Source: [Sleek Note](#)

Expert tip:



"Black Friday Promotions need to be fantastic. You can't just show up with a 10% discount on this day. People are shopping with huge expectations!"

Klayvann Camargo,
CAMPAIGN MANAGER, OPTILY.

Bonus Campaign Protip

Dynamic Product Ads (DPA) are your best options because you will promote an entire product catalog without having to configure individual ads, and you can retarget users based on past behaviors, actions, or interests on your website. Carousels and Collections are great options using DPA.

iOS 14

A note on iOS 14

Another important point for this year will be how to manage the iOS 14 update after so many Apple mobile users opted out of tracking earlier this year. This will be the first holiday season after major data loss due to this change.

In order to minimize the impact, we recommend that you include UTM's on all your URLs. This way, you will have an extra option to see how your campaigns are helping the general online media effort. Furthermore, have a look at your Assisted Conversions on Google Analytics, which can help fill the gap in data loss from iOS 14.

Then, we'd suggest connecting your ads and analytics platforms with Optily, which consolidates and normalizes performance results from across the different data sources. You will then be able to easily unpick which campaigns are delivering results at each stage of the funnel.



Search Marketing

A lot of people are searching for the perfect gift for their loved ones and looking to score a great deal during BFCM weekend, so how do you make sure you stand out? Well, that's the million dollar question!

The quick answer: by targeting people at the bottom of the funnel--those who are already actively looking to buy-- and who just need to be nudged to complete their purchase, often by creating a sense of urgency.

Search Tip #1:

Populate your retargeting list early

Customers that already bought from you in the past--provided they had a good experience--are very likely to buy from you again, so they should be your bread and butter for building remarketing lists during Black Friday.

By populating and renewing your customer list closer to Black Friday, you will be able to target those users with a lower cost and higher conversion rate because they already trust you.

Search Tip #2:

Optimize your Merchant Feed

Have a good look at your website's merchant feed. Ensure every field is complete with the correct information, that you have your best-sellers in stock, and make sure that every image is optimized and in line with Google and Microsoft guidelines.

Be sure to include the sales or discount tag in the feed too. Give the Search Engine tools everything they need to deliver your ads properly.

Search Tip #3:

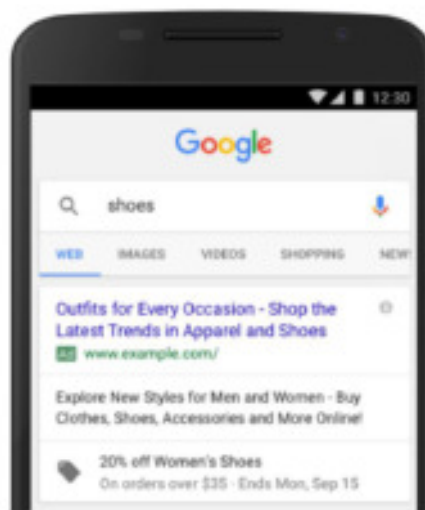
Use promotion extensions to highlight deals

In their fourth holiday season now, promotion extensions on Google Ads are meant to make your deals stand out even more. They've replaced the structured holiday snippets and allow advertisers to highlight specific aspects of their deals--leading to an average **click-through-rate of nearly 10%**, according to [WordStream research](#).

If you choose to run these kinds of ads, they'll also show up under Google's "Black Friday Deals" category at the very top of the search results page.



Google extensions image: Source: [Wordstream](#)





Campaign Budgeting and Optimization

Once you've got your ads created, tracking in place, and audiences set, you're almost ready to get going. The final step is figuring out your budgets. While you will have an overall campaign budget you need to stick to across all channels, how do you figure out which ad within which campaign deserves how much on each channel?

Budget Management Tip #1:

Scale your budget in the days before BFCM

Aim to have at least a 2x increase on your usual budget for the Black Friday period. It can be useful to analyze sales data from previous Black Friday periods to determine the sales lift you experienced then. Any percentage sales lift should be replicated in budgets. Having this increase will allow you some flexibility and enable you to capture early sales.

You should also adopt a flighting strategy for your budget, meaning you scale as the weeks progress with Black Friday - Thanksgiving being your highest budgetary phase.

An extreme example:

In 2016, Kohl's department store spent \$343,500 in October and \$11,214,800 in November - a 3200% increase.

Similarly, Target spent \$785,800 in October and \$9,625,100 in November - a 1200% increase!

Budget Management Tip #2:

Prioritize Black Friday

If you have a smaller budget - prioritize Black Friday campaigns over holiday campaigns. Bigger budget? Start prospecting in early October to maximize retargeting audiences. You should be doing very little cold targeting during the week of the event.



Budget Management Tip #3: Leverage Automation

Black Friday/Cyber Monday is only about 4 days total (depending on how long you run your campaigns), which means things move fast. In order to help your team to keep up with all the moving parts during this busy period, you're going to want to harness the power of automation.

The social platforms and search engines provide built-in automation, such as automated ad placement and bidding. However, figuring out which channel and which campaign on each channel is performing best, calculating how much budget to move, and then manually pushing the money around is time consuming and not efficient for such short campaigns.

A marketing technology like Optily's ad spend optimizer can take care of this for you by quickly and accurately identifying which campaigns on Facebook, Google, Instagram, and YouTube are working the best. It then recommends the optimal budget allocation and lets you apply it instantly. This can all be done in a single click, multiple times per day.

Test it out free for [14 days ahead](#) of the holidays to see how simple it can be to optimize the ads you've so meticulously crafted for this powerhouse sales weekend!

Expert tip:

"It's very important to use bid adjustments, but be careful of bidding wars that will impact ROAS negatively. Ensure you're using bid adjustments for mobile. We recommend smart bidding strategies."

Amy Coyle,
HEAD OF CUSTOMER SUCCESS, OPTILY.



FACT-FINDER PRESENTS:**Part 2: Conversion Rate Optimization:
Tactics to Maximize Checkouts and Cart Value**

So, you've got your products in stock and ready to go for BFCM. You've even succeeded in getting people to your online shop, which is a valiant effort. But it's not over - all of that will be in vain if they don't make a purchase. So how do you increase conversion rates during BFCM?

CRO Tip #1:**Make sure your site is stable and easy-to-use**

First things first: if your site is unstable or takes forever to load, that's a one-way ticket for shoppers to hop on over to your competitors. Especially with all the urgency generated during these key shopping times, your online customers are more impatient than ever - and I don't have to tell you that **keeping them on your site is critical** during this key shopping period. There are horror stories about [companies that lose upwards of six-figures](#) for a site crash during BFCM. Focus on site stability before moving on to anything else.

If you're already happy with your eCommerce platform and site performance, then it's time to make sure that customers can find the products and deals they're looking for, since most consumers will jump ship if they have a poor on-site search experience. By using [search optimization tools like FACT-Finder](#), you can make it easy for your online visitors to find the best products and deals for their needs, quickly.

Amp up the experience even further by using predictive search, aka suggestions, to not only

give a preview of what a user can expect to find once they hit enter, but, additionally, to show current deals in that product category. Oftentimes, customers know exactly what they're looking for during BFCM, so they might not even need to enter into the product details page, they just want to buy. So **remove the extra clicks** and provide an "Add to Cart" button directly in the suggestions box. Quicker purchases translate to increased sales.

And let's not forget all of those mobile users: although desktop is still the preferred method during BFCM, more and more buyers are using their phones to make purchases on the go in between family gatherings. Shopify even reported that their [merchants saw mobile transactions account for 66% of all sales](#) during BFCM - do you really want to miss out on all of those sales just because you forgot to make your online shop mobile-responsive?

**Expert tip:**

"Cyber weekend is a great opportunity to introduce new customers to your brand, and they'll be visiting you via both desktop and mobile. Make sure that your mobile experience is optimized and managed as a separate channel."

Stuart Patterson,
SENIOR ACCOUNT EXECUTIVE NWE, FACT-FINDER.

CRO Tip #2:

Use merchandising tools to promote your biggest deals and create urgency

Imagine someone goes to your site and types “Black Friday” into the search bar, only to receive a 0-results page. Unfortunately, this happens more often than many retailers would like to admit, but it’s such a simple fix: redirect key search terms to special landing pages made specifically for the occasion, showcasing your biggest deals, a countdown, and more. Your imagination is the only limit.

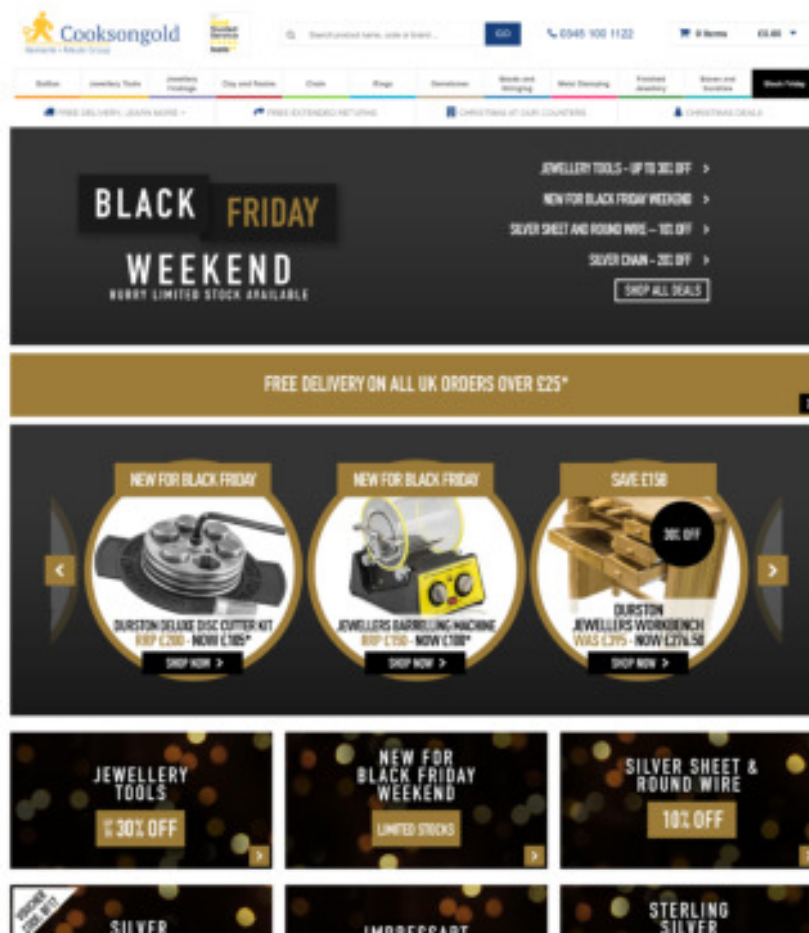
You could also use a similar tactic for the term “shipping,” for example, so that customers have easy access to all of the information that is most important to them when making an online purchase.

For generic search terms or category pages, take the opportunity to inspire by creating special themed pages or showcasing user-generated content. Help customers visualize who these products are perfect for, whether it be a gift for themselves or for friends and family. Show a

ticker of how many people have bought certain products today to create an even greater **sense of urgency and social proof**.

Has a customer made it to a product detail page? Well done, but why stop there? Show them other BFCM deals via [intelligent product recommendations](#) that complement the items they’re looking at. Alternatively, showcase a product bundle of items that go well together to group some of your lower profit products in and increase your profit margin.

And don’t forget to showcase product reviews wherever possible - on your homepage, on landing pages, and on product detail pages. This is an easy way for you to bolster confidence in shoppers and increase conversion rates, when paired with the other tactics listed above. According to Trustpilot, [49% of global consumers](#) consider positive reviews one of their top 3 purchase influences.

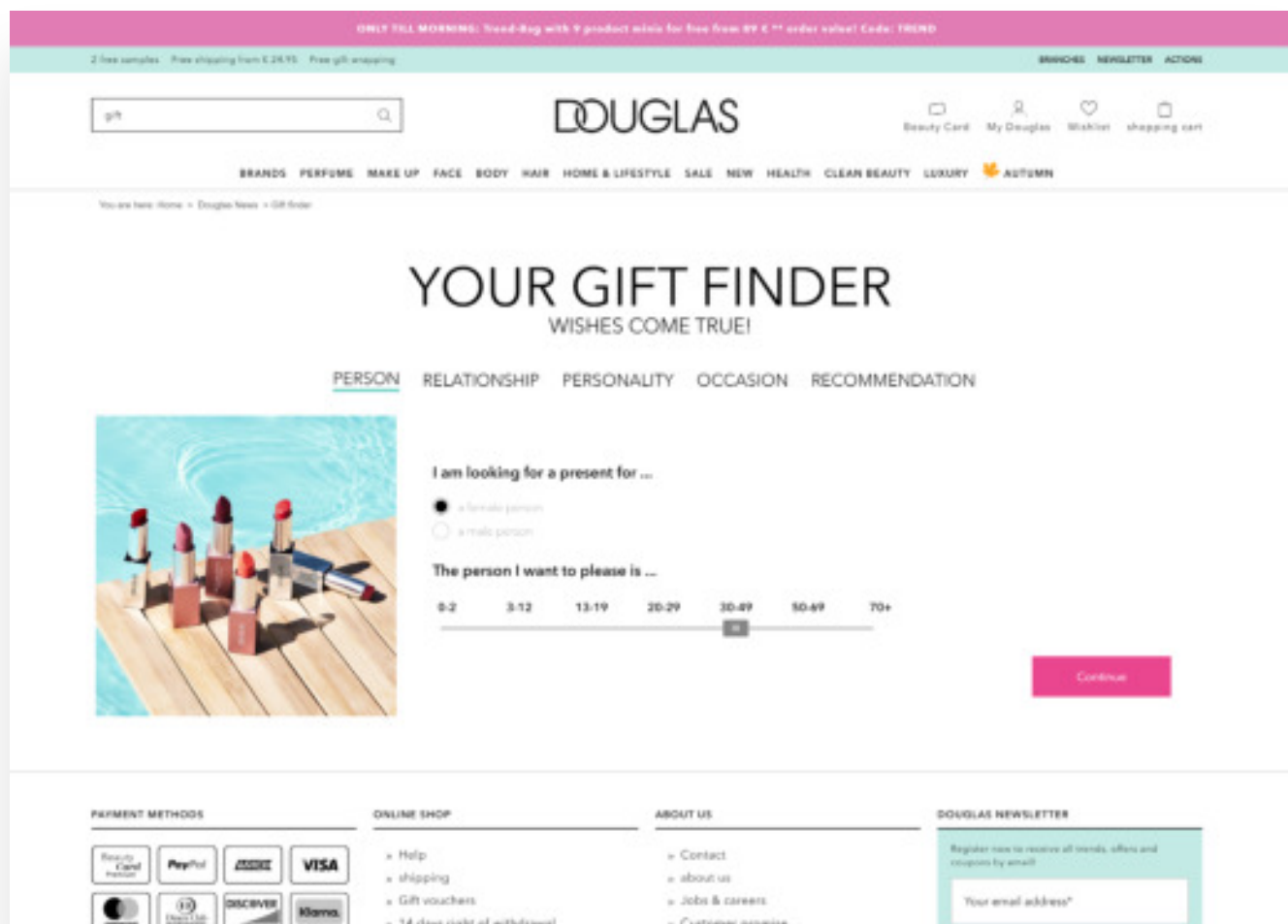


CRO Tip #3:

Create gift guides to help visitors find the perfect holiday gifts

We've all been there - holidays are rolling up and you've still got a million people left on your list to shop for. Ease your customers' **last-minute gifting panic** by helping them find the perfect gift for their mom, quirky aunt, and favorite coworker.

With [Guided Selling tools](#), you can easily set up questions to steer online visitors through a series of questions that narrows the products down to only those matching certain specifications. This helps build their buying confidence and reduces return rates - with the perfect gift, recipients won't be trying to get it off their hands.



CRO Tip #4:**Monetize increased holiday traffic via your newsletter**

You're likely to get many new first-time visitors to your site during BFCM, so how can you make sure they keep coming back once the holiday frenzy is over?

Besides providing an intuitive and memorable online experience, one great way is to get them signed up to your newsletter, so you can keep them in the loop on future deals, events, and even serve them [personalized content or product recommendations](#) based on their behavior on your site. Sweeten the deal by **offering them discounts** or first access to upcoming deals. Do it right and you're well on your way to turning one-time visitors into long-time, loyal buyers.

Expert tip:

"Look at BFCM as a marketing campaign to attract new long-term customers. Yes, selling is important, but it's even more important that new customers create an account and e.g. subscribe to your newsletter."

Benedikt Mayer,
MARKETING DIRECTOR, FACT-FINDER.



CRO Tip #5:**Get your omnichannel strategy right**

There's nothing more frustrating for a consumer than receiving conflicting information between online and offline channels, especially with the urgency surrounding BFCM deals. If there's a deal that's only valid online, make that clear. Also make sure that your stock numbers and prices are updated continuously and transparently, so that customers know if you're about to run out of the product they're currently looking at online.

For bigger purchases, consumers may well prefer to 'try it on for size' at one of your physical locations. Use [location-based content](#) to let them know if it's still available, so they don't waste a trip and associate your brand with a frustrating experience.

Expert tip:

"Use geo search tools to provide a seamless experience this Black Friday. Create digital campaigns with store-specific data to get your online visitors to your physical stores, display store-specific prices, only show products that are available in a customer's local store and more. This is an example of a trend that is here to stay!"

Jessica Harding,

SENIOR MARKETING & PARTNER MANAGER, FACT-FINDER.

The bottom line

It's not just about getting visitors to your online shop - it's about keeping them there, inspiring them to purchase, and cultivating long-term loyalty so that they'll be back again next year. Make sure your eCommerce channels can handle the traffic from BFCM and lead visitors quickly and intuitively to the best products for them to achieve record sales this holiday season.

Achieve BFCM success with [FACT-Finder](#), complete with search, navigation, merchandising, personalization, and product recommendations powered by AI and Machine Learning. With our 20 years of experience and over 1,800 shop projects, retailers experience more sales across digital retail channels - up to 33% on desktop and 125% on mobile. This is why numerous outstanding retailers worldwide, including Foot Locker, Lidl, Intersport and MyTheresa, trust FACT-Finder.



FACT-Finder®

FORDEBAKER PRESENTS:

**Part 3: Black Friday on Amazon:
Products, Objectives, and Logistics**

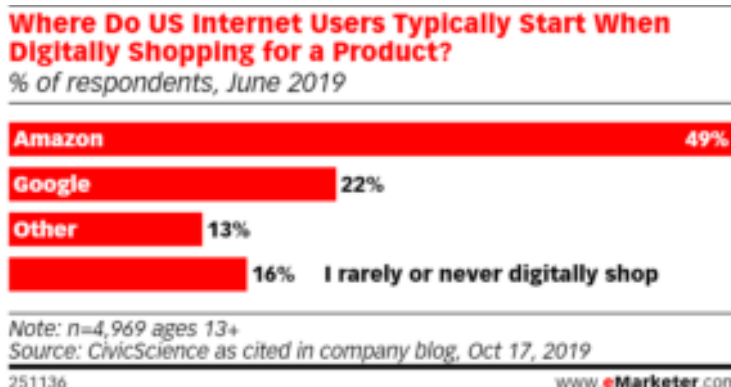
Black Friday is a critical event in the retail calendar. That goes without saying.

As consumers have adapted to online retail and the invention of Black Friday's close colleague Cyber Monday, Amazon has become central to most brands' Q4 promotional strategy. And with over 200 million Prime customers worldwide, it's easy to see why that's the case. With such a large, ready-to-buy audience who are primed (excuse the pun) to go to Amazon to find the best deals, it's critical that every brand considers how to maximize the opportunity.

Let's start with a few important considerations which will help you to decide where Amazon fits in your priorities:

- Amazon customers are very loyal - once they subscribe to Prime, buying on Amazon becomes habitual. According to this eMarketer chart, **37% of non-Prime subscribers start on Amazon**, but that increases to 79% once the consumer becomes a Prime member.
- Most online shoppers start a product search on Amazon and that percentage only rises if the shopper already has a Prime account. According to this same study, **49% of US shoppers begin their product search on Amazon**. The survey is from 2019 and, therefore, before the pandemic, but there's no doubt that this percentage will have increased since 2019.
- That means they're **not** browsing products with other retailers, brand websites, or exploring alternatives on Google or Facebook.
- The logical conclusion is that an absence of an active presence on Amazon means an inability to expose millions of consumers to your products.

The main takeaway from this information is: if you are committing to a robust Black Friday strategy, then Amazon should rank highly in your priorities.



Here are the golden rules that the team at [FordeBaker](#) follows when developing the strategy for each client on Amazon.

Amazon Tip #1:

Implement a product-first approach

Your sole focus must be on what you want to achieve for each individual product. This is not a brand strategy. There is no halo effect of one product flying off the shelves and Amazon's algorithm boosting the sales of other products.

You must be able to answer these questions:

1. Why am I submitting this product for the Black Friday promotion?
2. What is my expected outcome from this promotion?

Amazon Tip #2:

Choose your best sellers

Black Friday, Cyber Monday, and Prime Day are not opportunities to liquidate poor-performing product lines.

Black Friday bargain hunters are looking for holiday season gifts. They're not going to be persuaded by your weaker products. Remember, all of your competitors will be running discounts too. Put your best foot forward, so you can compete and maximize the revenue opportunity.



Amazon Tip #3: Establish clear objectives

Most of the time, your primary aim is to sell as many units as possible within a given margin boundary.

There could be strategic objectives too, including:

- Launching a new product: Black Friday is the ideal way to gain immediate and vast amounts of exposure
- The product is seasonal: it rarely sells in great volumes in Q1-Q3 and, therefore, you have to make Q4 a success. Toys would be a good example.
- The product has a natural repeat purchase behavior: you can use Black Friday as a mass product trial event, knowing that a certain amount of consumers will be back to repurchase at more profitable prices in subsequent weeks and months.

When you submit products for Black Friday promotions on Amazon, you'll be asked two things:

1. How many units are you committing to the sale?
2. What discount do you want to offer?

You will be asked to submit these plans weeks before the big day. This gives you time to prepare your inventory (more on that in the next tip), but it also means decisions are locked in relatively early.

As a result, you have to **be crystal clear about objectives before submitting the deals**. Your tolerance for discounting will depend on the factors above, but don't forget that you will need to consider margin and an allocation for advertising pre, during, and post-Black Friday.

Amazon Tip #4: Coordinate with your logistics department

There is zero point in spending time developing a perfectly refined marketing strategy only to find that it's impossible to secure enough stock and get it into Amazon in time for the big day.

This being 2021, it's doubly-critical that inventory planning is at the heart of your strategy. The combination of supply chain issues and Amazon restricting storage limits means that no one should assume things will run smoothly.

Bring your logistics team into the conversation early. Understand lead times from production through to shipping into Amazon. Assume that Amazon will take longer than normal to process the shipment.

Our mantra for 2021 is: **frequent and relatively small inbound shipments**. Perhaps consider multiple, smaller shipments for your mission-critical products to reduce the risk of Amazon holding-up your plans.

Amazon Tip #5: Measure short and long-term performance

Your immediate focus should be on selling through your products at a given margin. That could be a profitable margin or a loss-leading margin, depending on your objectives.

Never go into Black Friday with the objective of increasing profit margin. The event is very much designed around **increasing sales volumes and revenue**. Accept these tentpole events for what they are.

What often gets lost in the desire to achieve immediate sales is that often there are long-term benefits to engaging in Black Friday activity. That could be simply that by massively increasing trials of the product, you've now secured far more people that go on to repurchase the product in subsequent months.

In this scenario, you will need to monitor repeat purchase behavior in Amazon Brand Analytics and measure any uplift in Subscribe & Save. You will also want to calculate a lifetime value per customer.

Another long term benefit could be that you see **growth in organic keyword rankings** and, subsequently, a higher proportion of sales coming from this 'free' traffic source. In the ideal scenario, your product is now more profitable because marketing spending is a lower proportion of sales revenue.

This isn't just wishful thinking. Amazon's systems are designed to reward products that sell-through at a higher rate than other products (Note: this is why we talk about a product-first strategy--the system rewards products, not brands).

A higher sell-through rate (which a good Black Friday offer will create) makes Amazon's algorithms take notice. The reward for an improved sell-through rate (you may also hear the term sales velocity used) is greater visibility across the platform, primarily via higher keyword rankings.

Those rankings are influenced by many factors and take time to develop. Make sure you are monitoring rankings BEFORE Black Friday. Also, if possible, compare rankings between similar products that were and weren't discounted on Black Friday to try to isolate the long term effect of the Black Friday promo.

Bottom line: yes, Black Friday is about massively boosting sales on the day, but it's also about capitalizing on the opportunity to build a bigger and more profitable business in the long term.

Expert tip:



"The higher the sales velocity, the higher your organic rankings and paid quality score. Boosting your product performance before Black Friday will make your products more visible during the Black Friday."

Marta Salas Colera,
SENIOR MARKETING MANAGER, FORDEBAKER.

Preparing your Amazon Marketing Strategy for Black Friday and Q4

Amazon Black Friday Advertising Strategy

We recommend dividing your strategy into three phases: pre, during, and post. Each phase has the same importance and the biggest effect will be achieved when combining the three of them. However, depending on your budget, you could select participating only in some of them.

Before the execution, you will need to do a preparatory phase. During this phase you will have to select the products you will focus on, allocate the advertising and promotions budgets and create a forecast that can serve as a guide to adapt strategy to performance.

Phase 1: PRE-event

The objective of this phase is to increase consideration within the target audience by exposing your products to them.

People browse Amazon in the days before Black Friday and then swoop in when the event launches. Push your advertising reach beforehand to ensure you're front of mind.

In the Amazon environment, this stage has another goal: increase sales velocity. The higher the sales velocity, the higher your organic rankings and paid quality score. Boosting your product performance **before** Black Friday will make your products more visible **during** Black Friday.

Phase 2: During

Black Friday success lies in budget management: how much to spend based on your business goals, where you are going to spend it (which campaigns, keywords) and steering the course depending on real-time performance.

Therefore, the most important action you can make during this day is budget monitoring. If you see your budget is being used at a fast speed with no results, then you could pause some keywords and/or campaigns and vice versa, if the budget is not going as fast as you predicted you could increase some bids or enable other top-funnel keywords.

Phase 3: POST-event

Black Friday is followed by Cyber Monday. If you have decided to also participate in CM it will mostly translate as a long BF period. Keeping an eye on budget and bids is the most important factor.

The protagonist of the post-event phase is the long Christmas shopping period. Since we are talking about a period instead of a specific date, the key is to **be active in the entire customer journey**. Some people will just start their shopping, others will be

almost finished, and a few will wait until the last minute. For higher budgets, the target audience will be wider, for lower budgets you will focus on your core audience; but for each case, you need to be there for whenever the audience you want to reach decide they want to shop.

If you need any help implementing these tips, structuring your Black Friday push, or optimizing your listings on Amazon, get in touch with the team at [FordeBaker](#).



OUTFUND PRESENTS:

Part 4: The Golden Quarter: Funding Options for Founders Heading into Q4

As an online business in today's fast-paced digital world, Q4 is the year's key trading period. The so-called Golden Quarter represents a consumer spending frenzy, thanks to the abundance of major events and shopping days in the calendar: Black Friday, Cyber Monday, Christmas Day, and Boxing Day. The shifting retail landscape, accelerated by the pandemic and the digital transformation it necessitated, means eCommerce businesses are perfectly positioned to capitalize on the opportunities that exist in a changing market. Yet preparation is everything.

Businesses need to have a robust financial strategy in place to ensure that they meet demand and benefit from the increased velocity of sales. A resilient business, and one that is placed to thrive, has sufficient funds for operations and growth, both now and in the future. This year, moving from Q3 into Q4—from what can often be summer slowdown into the Golden Quarter—cash flow volatility is one of the main threats in the short-term. Essentially, if businesses are undercapitalized at this pivotal time, they risk **not being able to grab the holiday season by the horns**.

If a founder's business is beginning to gain real traction and they don't want to miss out on that healthy spike in sales at the end of the year, what are the options? What kind of financing will help them hit their growth milestones?

The challenge

Cash flow constraints can prevent founders from investing as much as they would like to ahead of the holiday season. Potential volatility also has a cause-effect relationship with supply chain and customer disruptions downstream, which are especially critical in 2021 as a result of **severe disruption to global supply chains**. Pinch points are accentuated thanks to a cascade of events impacting the flow of goods:

- The Delta variant
- Shipping container shortages and price inflation
- The enduring effects of the Suez Canal incident
- Labor shortages
- A surge in volume
- Extreme weather in China and Germany
- Generally strained operations at key hubs around the world

Getting ahead of this and ensuring strong liquidity management is a business imperative.

Conventionally, early-stage companies looking for more reach and growth have faced limited options at this crucial time of year. To access working capital to maximize their growth potential during Q4, businesses have been forced to turn to funding options which are sub-optimal for the specific purpose of sustainable high-speed growth.

Founders have a choice between either:

- Equity finance, exchanging capital for a share of the business
- Traditional debt finance, usually via attempting to secure a loan from a bank
- Or a mixture of short-term borrowing routes

Each approach presents difficulties in this situation: equity finance, while long seen as the ultimate goal for a growing business, is time-consuming and complex. The long funding round process means founders are distracted from the central goal of building the business—the opposite of what a founder needs to be doing heading into a busy Q4. This is compounded by the fact that raising equity funding necessitates **giving up a large ownership stake** to investors, and with it a portion of control.

On the other hand, founders are also made to jump through a number of hoops in pursuit of traditional debt finance via loans: banks require collateral, and attempts can be hampered by the fact that many banks regard most startups as black holes of unsecured risk.

Heading into Black Friday, businesses can also turn to methods to temporarily bridge gaps in their cash flow. From credit cards to short term loans, businesses are commonly presented with **options which are not ideal for sustainable growth**. Credit card or short term loans can often carry extortionate interest rates on an annualized basis.

The solution to avoiding cash flow issues before Christmas

The funding landscape is changing. **Revenue-based finance** provides a route out of this dilemma, combining the best of debt and equity, and avoiding the worst of each. The principle is simple: many eCommerce businesses generate predictable monthly revenue streams, and capital providers can lend against these future earnings despite the lack of assets. The essence of the idea—providing financing in exchange for a share of future revenues—makes inherent sense.

How does the funding work?

Like in so many industries, tech has brought challengers to the old ways of doing things in the funding world. Thanks to the **technological advancements in open banking and APIs**, companies like Outfund can plug into a business's financial data, rapidly assess recent revenue, and forecast future volume. Based on historic performance, founders then receive money from [Outfund](#) to spend on growth-related activities: **marketing or inventory**.

Within 48 hours, the team can analyze the data and make funding offers of up to 1-1.5X a company's average monthly revenue, scaled up to £2 million. This investment is then utilized to scale a business's marketing output, hitting all the channels they need for Q4, or to ramp up their inventory spend to stockpile for the holiday season.

This fixed sum is repaid over time based on incoming revenue: with every sale they make, the business repays a percentage of that loan on a pre-agreed revenue share. Revenue-based finance, therefore, gives founders the time and breathing space to properly prepare, and then act with genuine confidence in order to ride the Q4 wave. There is naturally an obligatory payback process, but there is **no personal risk, no compound interest, and no dilution of equity**. After all, why should founders pay over the odds for aspects of their business which are repeatable, such as digital marketing?

Most importantly, the revenue share arrangement incentivizes the relationship between investor and founder to be one that is intimate, equal, and enduring. Rather than a check and a "good luck," companies like Outfund offer close support, growth expertise, and an extensive network of relevant industry partners to help founders fulfil their growth potential.

Pros and Cons Matrix

Pros	Cons
Fast - receive funding within 24-48 hours	Not everyone qualifies - companies need to meet a minimum criteria of 6 months of trading history and £10k+ in monthly revenue
Flexible	
Low risk - no personal guarantees or collateral are required	
Non-dilutive - minimize shareholder dilution	
Access to robust partner network	

Expert tip:



"Founders think big and act fast. But we know that too often, cashflow constraints at key moments mean they can't grow the business as much as they should be able to. Our model of funding only takes a few days: it's rocket fuel capital, designed to fuel high growth at the right time, and provides the perfect springboard for businesses gearing up for a big Q4."

Jackson Whitton,
GROWTH MANAGER, OUTFUND.

Founder-friendly: fast, flexible, and fair

Most significantly, businesses can essentially access on-demand capital to fuel their growth at the point of need. The instant cash structure allows founders to act on immediate growth opportunities, such as Black Friday, instead of putting their home on the line or waiting around for equity capital that may or may not come through; it fills that financing gap.

Flexible

One of the key advantages of revenue-based finance is that it allows businesses to flex in several ways. At a high level, founders can choose to raise capital at precisely the right time for them, including Q4. In a famous [“How to fund a startup”](#) essay that likely launched a thousand businesses, legendary early-stage investor Paul Graham said that it’s helpful to think of funding like gears.

Typically, early-stage companies have several rounds of funding, and at each round you want to take just enough money to reach the speed where you can shift into the next gear. Companies can be undercapitalized and unable to hit the milestones they’d like, or overcapitalized, which is like trying to start your car in third gear.

Revenue-based finance aligns perfectly with a business’s growth trajectory. This level of funding can be beneficial in the bootstrapping phase, ahead of an investment raise, as a top-up following an equity investment, or in lieu of bridge financing ahead of the holiday season. Companies don’t need to borrow everything up front, and instead further financing can be provided as they grow—which can be helpful heading into the new year. The “pay as you grow” model also mitigates potentially undulating performance: if a company has a slow month, then they just pay back a little bit less. This **built-in elasticity is invaluable**, both because it can take a little while for start-ups to find their sea legs, and to mitigate any potential market volatility.

On a more granular level, utilization of funds is also flexible—whether companies want to extend their runway to build additional cash flow resilience, to aggressively scale their marketing to focus on customer acquisition, or to stockpile ahead of a busy period, the capital is there to be used in order to build sustainable growth.

Fast

Outfund provides offers within 48 hours, whereas you will realistically need to set aside 4-6 months preparing, pitching and closing an equity funding round – taking you away from working on the business. Thanks to the intelligence and accuracy of the data platform, investors can cut to the chase. No need for another pitch deck or meeting—this quick-fire capital gives qualifying founders immediate cash for growth.

The speed of the data analysis **eliminates red-tape and bureaucratic obstacles**, and the low barriers to entry means founders can react to their funding requirements as they appear. For instance, if holiday marketing campaigns are too successful and customer orders exceed supply, then a business might need to increase their inventory quickly or risk losing out. Quick access to working capital means businesses can ensure a seamless customer experience and build a sustainable growth curve during the Golden Quarter.

Fair

Instead of relying on a pre-existing contact at a venture capital or private equity fund, data science dictates who gets what. Numbers don’t discriminate, and revenue-based finance has democratized the funding arena. eCommerce founders might not have an easy way into equity finance, but companies like Outfund work with high-growth businesses on the basis of their growth.

Choice

Since 2008, we've seen a whole host of new financial innovations. Whether it's the rise of challenger banks, digital payment service providers, blockchain, cryptocurrency, improved cross-border payment solutions, or point of sale financing services ("buy now, pay later"), alternatives to the financial status quo continue to emerge. Revenue-based finance gives SMEs a genuine alternative.

Success Stories

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Onto

Onto offer all-inclusive electric vehicle subscriptions on a monthly rolling contract, providing all the benefits of car ownership with none of the hassle. Outfund invested early in their journey, and the funding enabled the business to double in size in the same quarter. Onto is now the UK's largest fleet of electric vehicles which has just raised more than \$125 million in Series B funding.

"We doubled in size in the last quarter and are due to double in size again this quarter!"

**Rob Jolly,
FOUNDER OF ONTO**



Lemonade Dolls

Lemonade Dolls is the UK market's first underwear subscription business, representing a new generation of young women. The businesses began as a community on Instagram, with founder Lemon connecting with like-minded girls in search of hassle-free, positive, comfy underwear. In order to scale up and grow, they needed funding to increase their marketing reach.

Outfund was seriously impressed by this founder's passion for success and social change. In the space of 24 hours, they provided Lemonade Dolls with funding, allowing them to increase their marketing budget and grow their audience. Following the investment, the business increased their number of subscriptions by 4X, without giving away any equity.



“Great way to get the funding you need without parting with any more equity!”

**Lemon Fuller,
FOUNDER OF LEMONADEDOLLS.COM**

For quick access to growth capital, get in touch with [Outfund](#) to see if you qualify for revenue-based funding to fuel your Black Friday campaigns this year.

Takeaways

We hope these great tips from experts in these niches of eCommerce will help guide your Black Friday/Cyber Monday strategy this year. The main theme that was echoed from all 4 partners was: start preparing early!

Whether it's having your inventory ordered and in stock, to making sure your server can handle a huge influx of people--plan big and plan early! You need to have all your ads and creatives ready to go for approval, your deals submitted to Amazon weeks in advance, and a sufficient budget to make it all happen.

If you need any help at any point with any of your ad preparations, the superstar team of digital marketers at Optily can help. Just get in touch with our [Optily+](#) team and they'll work with you to develop a multi-channel strategy to suit your needs.

If your ads aren't what worry you, but whether or not people will actually convert once they reach your site, the experts at [Fact-Finder](#) can help you with an on-site audit and game-plan to optimize your site ahead of the holiday season.

On the other hand, if Amazon ads are where you're going to put a majority of your focus this year, make sure your product descriptions, ads, and A-list content is on point with some help from [FordeBaker](#).

And finally, if you're looking for a way to pay for everything, apply for growth capital from [Outfund](#) and hear back in under 48 hours.

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Have some questions?

Book in a free 30-minute consultation with the Optily Support Squad and we'll work to identify what key areas you need to focus on to ensure success this holiday season. We'll advise on which partners' services you can look into, as well as what ad support we can provide.



Book a Session Now