

# The advent of Black Friday in South Africa - Who really benefits?

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## OPINION

The last three years in South Africa have seen the rise of the US retail trend, Black Friday. First officially adopted by major South African retailer Checkers in 2014, the Black Friday trend has grown each year to be implemented by most major national retailers.

Black Friday is known to most as the opportunity to take advantage of massively discounted merchandise, or is it an opportunity for retailers to take advantage of economically desperate consumers?

### BLACK FRIDAY AND THE CONSUMER

It is safe to say, based on the demand we have seen in malls and on social media, that consumers see great value in taking advantage of Black Friday deals. It could be argued that due to the current economic state, people are under a lot of financial pressure and will easily buy items on sale.<sup>1</sup> Perhaps consumers would go out and get products which they planned to buy anyway, but at a lower cost, says Stanlib economist Kevin Lings<sup>2</sup>, meaning their budget would have been the same, but they just got more items for the same amount.

On the other hand, according to one writer from the company Business Insurance Quotes, it seems to defeat the purpose of saving money by taking advantage of hugely discounted offers when you actually end up making a lot of impulse purchases. If you're wise, you'll plan your day by deciding exactly what you want or need and researching the prices of those items. If you're new to the game however, like many South Africans are, some of the deals you come across could seem too good to pass up, or instead of purchasing just one or two of

the same item, you purchase four or five. The end result is that the stores themselves may be pushed into the black by all the purchases, but Black Friday's not doing the economy any good if all the shoppers are going into debt.<sup>3</sup>

According to 25AM Online Media Agency in terms of demographics, the interest in Black Friday between male (47.5%) and female (52.2%) remains mostly on par. In terms of age, 25 to 34 year olds are the most active in Black Friday conversations on social media, closely followed by the 45 to 54 age group, while the 55 to 64 year olds remain the least active. 25AM also reported that in the days leading up to Black Friday in 2015, social media saw around 4 719 mentions, whereas 2016 had already surpassed the 15 500 mark by the day before Black Friday<sup>1</sup>, highlighting the rate of adoption of the trend in South Africa.

### BLACK FRIDAY AND THE RETAILER

As a retailer, when making the decision to take part, or not to take part, they should scrutinize their business needs, customer expectations, capacity, and ability to execute before committing resources to Black Friday, says Anton van Heerden, business expert at Sage. "What is clear, is that you must do Black Friday well if you are going to do it at all – or else you might end up with disappointing results and angry customers", van Heerden said.<sup>4</sup>

Some retailers could end up with the negative effects of Black Friday. Eden Dwek from KPMG UK acknowledges that companies would experience great sales volume lifts, but the sales infrastructure for many businesses

isn't necessarily designed for single high volume days like Black Friday. He goes on to mention problems such as stock availability and suitable sales staff, not to mention the ripple effect in the weeks that follow Black Friday such as impulse purchases returned or items damaged during delivery being replaced. One of the biggest hurdles for most companies according to Dwek is around maintaining website continuity; as unresponsive pages will send social media into overdrive and could cause short term revenue loss and long term reputational damage<sup>5</sup>, for example what happened to online retailer Superbalist in 2014 when their website crashed on Black Friday, causing them to tweet apologies to angry customers.<sup>6</sup>

## **BLACK FRIDAY AND THE ECONOMY**

But does Black Friday have any significant effect on the country's economy? According to newscaster EWN, economists say the big demand to be a part of the Black Friday festivities shows that consumers are desperate for lower prices however the shopping phenomenon is not likely to have a significant impact on the economy other than a once-off boost in sales.<sup>7</sup> They further state that although retailers sell items at a discounted price it doesn't mean that they can ordinarily afford to do so since most are already squeezing margins to match the weak consumer demand environment.

It is in fact because of South Africa's depressed economic growth that consumers are searching for better prices and good discounts, says Andre Steenekamp, 25AM's CEO.<sup>1</sup>

## **LOOKING AHEAD**

While the Black Friday trend is still laying its foundation in South Africa, Cyber Monday (specials available online only on the Monday after Black Friday) is still somewhat of an unexplored development. Statistics in the US show that more and more shoppers are electing to avoid crowded shopping centres and long queues. In 2015 traditional revenues decreased

by 10% whereas online revenues increased by 16%. Mobile shopping is also largely on the increase compared to 2015.<sup>8</sup> This is especially true in the younger 18 - 24 age group.<sup>9</sup> It's safe to assume that both Black Friday and Cyber Monday will grow rapidly over the next few years in South Africa and lessons can be learned and applied from US trends.

## **MARKETING AND BLACK FRIDAY**

The most effective form of marketing Black Friday specials have been proven to be email, thereafter free and paid online searched and lastly social media, according to a study done in 2015 by Jordan Elkind of the company Custora, an advanced customer analytics platform for e-commerce retailers.<sup>8</sup> As retailers, be sure to prioritize your online marketing efforts in 2017 and don't forget about mobile. Elkind suggests considering how to engage with small-screen shoppers when planning your marketing campaigns.

## **IN CONCLUSION**

As new retailers enter the Black Friday scene, they are seeing massive growth on year on year figures in their November sales, which should level out over future years as the trend catches on. At the moment, they seem to be enjoying the ride and thinking of new ways to better their deals and strategies for the next year, which can be based on several years of research from the US. The advantages of Black Friday are numerous and they are riding the wave.

At this stage of the adoption of the Black Friday retail trend in South Africa, any negative effect on the consumer seems minimal. Due to the current state of the economy, the consumer could benefit from the great deals, if they shop wisely. Contrariwise, overspending, use of credit and lack of research could send the consumer into a nasty debt spiral as they enter into the festive season. Consumers, be wise; assess your needs and research prices of the items you want in order to calculate if the item is worth the value. Limit yourself, save

in advance for the deals and don't get yourself into debt. There will always be another deal, there is no such thing as a "never to be repeated offer" because true to Murphy, you'll most likely find the same deal at a competing retailer the following weekend.

In short, both the consumer and the retailer benefits. For now.

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