

# Deals predictions, stores to watch and business case for SA retailers who adopt US Black Friday

 By [Bandile Ndzisho](#)

9 Nov 2016

The annual retail price slashing marathon and shopping bonanza - Black Friday - falls on Friday, 25 November this year. Just like in 2014 and 2015, queues are expected to start gathering before store opening times in almost all retail stores.

In 2014, South Africans witnessed the arrival of Black Friday from the US with an alacrity that took even retail watchers by surprise. In 2015 the delightful shopping mayhem rose to greater heights when additional stores jumped on the bandwagon and new shoppers entered the fray.



Image credit: [doesntgrowontrees.co.uk/oneplus-forums](https://doesntgrowontrees.co.uk/oneplus-forums)

Once again this year, the country will be gripped by a frenzy of Black Friday. Many South African shopping centres, supermarkets and shopping districts will resemble the Christmas Eve sales with crowds of shoppers battling, quite literally, for bargains. This speaks volumes about how the retailers will try anything to make the sales and how consumers will do anything to lay their hands on good bargains.

## What led the South African big retailers to adopt the big and brash US festival of consumerism?

Gone are the enrichment golden years of milk and honey where it was great to be in South African retailing. There are no unprecedented levels of consumer spending. Retailers are not aggressively adding new stores, launching new concepts, building an online presence, and expanding internationally.

Even though such retail activities still happen, they are not on a massive scale of yesteryear, but rather in a more moderated and controlled manner.

Revenues no longer rise sharply. Profits do not balloon as they did years before and today's share prices cease to soar like Halley's Comet as they did in the good olden days.

Since the beginning of the 2008 financial crisis and recession, if not way before then, retailers have been hitting a wall. Store sales dropped by double digits for many chains. Store closures accelerated, store openings have decelerated, and shareholder value destruction has been massive.

To add more stress and anxiety to retailers, consumers now have more choices than ever before in virtually every category of products and services, as well as in the channels used to acquire them. Shoppers are taking advantage of all the information they can now access to make better decisions. They are getting better at tracking the best prices.

This increased choice and transparency adds to the pressures on retail business. Consumers benefit from increased product selection with lower costs. They compare products online, read reviews, go to the store to interact with the products, and then purchase through whichever channel meets their needs, from lower prices to immediate gratification to personalised service.

For retailers, the increasing number of channels to serve shoppers can lead to a higher cost to serve each consumer. To satisfy an ever-fragmenting consumer base, retailers also must continually upgrade and introduce new products. This increases product development costs and compresses product lifecycles, posing a big challenge for retailers. How will they maintain profitability when customers demand more for less? The long-term decline in ROA suggests that they aren't, and they will continue to face mounting performance pressures as a result.

Despite all these economic challenges facing retail, resilient South African big retailers see hard times, even a deep recession, as an opportunity to win the loyalty of more customers, increase productivity, and strengthen market position. Hence the adoption of the US Black Friday. Conscious of the strain consumers are under in the current economic climate, South African big retailers adopted the big and brash American festival of consumerism.

## **The arrival of Black Friday in South Africa confirms just how Christmas, once a Christian festival, has now taken on an irretrievably Stateside materialistic sheen. What is Black Friday and what are its origins?**

Black Friday is the American day after Thanksgiving Day that signals the beginning of the Christmas shopping season. It has been in operation in America since before the Second World War.

US retailers kick off the season by offering deep discounts on products for those shoppers lucky enough to obtain the limited supply. Brick and mortar stores traditionally open much earlier than normal business hours, including a few at 12:00 AM – midnight. In recent years, e-commerce sites have also begun offering discounts and free shipping on Black Friday, as well as creating their own shopping holiday in Cyber Monday.

## **Stores to watch and deals predictions**

This year, many more retail stores will join the Black Friday mania to ensure the country experiences the same crazy sales that countries abroad enjoy.

Each year it gets much bigger than the last. A wide range of products and more product categories will be added this year with massive deals ranging from 30% to 50% and 80% discounts on:

1. Groceries
2. Smartphones
3. Cosmetics
4. Pharmaceuticals
5. Home and garden
6. Video games
7. Electronics and household gadgets
8. Women's and men's clothing
9. Men's and women's shoes
10. Eyewear
11. Sportswear
12. Travel
13. Toys, etc

To name a few, these are South African big retailers, both online and brick-and-mortar, who adopted the Black Friday in 2014 and 2015. They are the retail stores to watch again during this year's Black Friday and will be offering from 30% off to 50% off and up to 80% off deals:

1. Checkers
2. Pick n Pay
3. Stutterfords
4. Cybercellar
5. Makro
6. Kalahari
7. Spree
8. Zando
9. Superbalist
10. Dion Wired
11. OneDayOnly
12. HiFi Corp
13. Incredible Connection
14. Nikon
15. Esquire
16. Takelot.com
17. DGB/Uniterm Direct
18. Soviet
19. Game
20. Toys r us
21. Dis-Chem
22. Spec Savers
23. Bid or Buy
24. BTGames
25. CNA
26. Sports Factory
27. Wootware
28. Evetech

29. FirstShop
30. AperturePC
31. MWEB
32. Loot
33. Raru
34. Black Friday Cars
35. House &Home
36. Tarsus
37. Travelstart
38. Istore
39. Rebel Tech

The above deals predictions are based on the past promotional behaviours of big retailers during the 2014 and 2015 Black Fridays, which included the following:



Image credit: <https://specials.checkers.co.za/deals/hoblackfriday27nov/>

It is a well-known fact that Checkers was the first official South African food retailer to fully adopt the US Black Friday sales promotion day. On 28 November 2014, they cut prices up to 50% off on a range of selected general merchandise, food and liquor items for Black Friday. Then, it was their most successful sales and marketing campaign, fuelled by the up to 50% off basic items. The food retailer continued this promotional tradition during their impressive 2015 Black Friday price cuts. I expect that Checkers will continue with this Black Friday tradition this year as well. It has proven to be a hit with their customers and last year they introduced deals that surpassed the 2014 Black Friday deals. This year will see even much bigger deals.





Pick n Pay slashed prices by up to 60% on selected products on Black Friday, 27 November 2015. The retailer's Black Friday catalogue featured several food items, some electronic appliances, and some beverages. Pick n Pay's Black Friday promotional material captured in the attached flyer shows a price-slashing promise worded, "One day only sale up to 60% off".

In the past, Makro termed their Black Friday a Pink Friday sales day, playing off their corporate colours. The company had great Black Friday deals and saw customers flock to their stores.

E-commerce companies like Kalahari, Spree, Zando and Superbalist also had Black Friday takeovers of their sites and the companies battled to keep up with the unprecedented response from consumers.

Previously, Kalahari had such great success they ended up extending their Black Friday sales promotions to midnight on Sunday. The company acknowledged that customers want to see big discount deals and once they do, they spread the word socially.

Shopping Spree had a 528% increase in orders compared to the average number of daily orders placed in November 2014's Black Friday.

Superbalist's website crashed on their 2014 Black Friday campaign. Their social media team took to Twitter and apologised to countless upset customers.

## Reception by South Africans

Generally, South African consumers embraced both the 2014 and 2015 Black Friday promotions overwhelmingly. The response was unprecedented compared to other previously held promotions of different nature with varied themes. Yes, there were negative sentiments as well, some consumers felt that this was yet another Americanisation of South Africa.

I took time to read online reviews about South African Black Fridays and I came across the following:



**Pieter** · a year ago

If you compare SA to US black Friday price discounts you can see that this country is closed to Fkd... Retailers can't even give proper Black Friday specials, because they are trying to make ends meet.

1 ^ | v · Reply · Share >



**Mhitsa Monya** → Pieter · a year ago

Was in Checkers Hyper this morning. Checked the Prices. This whole thing is just a gimmick. Very few items with significant reduction.

^ | v · Reply · Share >



**Koos de M-in** · a year ago

What a joke! What specials? Also none of the sites load as the servers can't handle traffic. What a disgrace.... Not even prepared their servers for a flash sale. Pathetic!

2 ^ | v · Reply · Share >



**Renaldo Gouws** · a year ago

The 1TB Samsung EVO SDD is exactly the same price as I paid 3 months ago from firstshop... not sure what is so black friday about that special

^ | v · Reply · Share ›



**FirstShop** → Renaldo Gouws · a year ago

Hi Renaldo, you are correct, but consider that the Rand has taken a dive and we have maintained the price nevertheless. It was a great deal then and it's a better deal now.

^ | v · Share ›



**Renaldo Gouws** → FirstShop · a year ago

I can't argue with that. Still loyal to your shop. But do consider that Black Friday specials are considered 50% off or more in order to call it that :-). At least in the USA that is what it means. Cheers

^ | v · Reply · Share ›



**Enigma** · a year ago

It's really just a gimmick by South African retailers, desperately latching onto trends originating from overseas. Most of these are not really specials at all.

9 ^ | v · Reply · Share ›



**Murshid Raven** → Enigma · a year ago

Man this is so true. Once you go into the store you find out its only a few select crappy items. This is nothing compared to what happens overseas. We still stuck on the "UP TO" 80% off

1 ^ | v · Reply · Share ›



**Lydia Davey** · a year ago

I bought a Weber Charcoal Braai 57inch for R800 with 10y limited warrenty. Sealed in box.. That's a R1000 saving - or more. And loads of other items for less than half price. Sharing (Bonita) cheddar cheese at R37 kg, etc. etc. Did my homework before. No scams, BUT limited stock, of course. When it's sold out, the party is over. What do you expect?

^ | v · Reply · Share ›



**Nero55** · a year ago

Superbalist is having a 20% off everything minus apple and nike.

^ | v · Reply · Share ›



**Mohammed Vazeer** · a year ago

Raru has time specials. Check it out above.

^ | v · Reply · Share ›

- OneGurt** → Xonix · a year ago  
This was what a black Friday deal should look like. You basically pay R2000 for the XBONE!!!  
1 ^ | v · Reply · Share >
- tshaba** → Xonix · a year ago  
This is basically all I was looking for. Utterly bummed that I missed out on this one. Amazing deal!!  
^ | v · Reply · Share >
- Niren** · a year ago  
The use of "Black Friday" slogan should be restricted to sales of 50% discount or more.  
1 ^ | v · Reply · Share >
- Ryan Beziek** · a year ago  
Black Friday South Africa, rocking them -20% discounts since 2015  
1 ^ | v · Reply · Share >
- draztik** · a year ago  
I'm sorry this is not anything like Black Friday, these are just good Sale prices. These guys need go and understand how black friday works (if they going to call it that). we talking minimum 50 - 80% discounts.  
1 ^ | v · Reply · Share >
- ET** · a year ago  
BT Games !!!!! R3999 for Xbox One 500gb +2 games, and I'm mean the latest games out.  
Now this is what you call a Black Friday Deal !!!!

**What is the business case for SA retailers who adopt Black Friday? What are the business benefits?**



Image credit: [techradar.com](http://techradar.com)

1. Black Friday promotions kick-start the December holiday sales promotions with enormous hype and excitement. They jump start the busy Christmas holiday shopping spree with a massive bang because they are huge, brash and crazy.
2. Retailers who ran the Black Friday promotions in the past two years will do so again this year if previous years' results were very impressive and led to the highest number of shopper traffic and massive sales conversion for retailers.
3. Retailers with risk aversion will also jump on the bandwagon: Envy from past years' Black Friday successes will see retailers who were afraid to be first adopters also running the Black Friday promotions this year.
4. Consumers benefit from increased product selection with lower costs, this is the attraction. In turn, this attraction increases footfall into stores.
5. Black Friday serves as an opportunity to win the loyalty of more customers and strengthens market position.

6. Black Friday sales activities increase retail productivity and store reputation (building the brand). This form of brand building enhances a brand's equity derived from the goodwill.
7. Flytrap by luxury brands and retailers: This is the way luxury retailers and brands lure the consumers back into the store, initially trading down to trade back up. They bring them back into their net, and then they trade them up. They become their customers again, and when things get better, they have them. That's the flytrap.
8. Growing consumer demand fuels the increase of even bigger Black Friday promotions in the future. Customers want to see big discount deals and they spread the word socially.
9. The spirit of Black Friday extends way into December as consumers continue the search for bargains. Chances of consumers returning to the same store looking for more bargains in December are high.
10. Even though retailers lose money on items being put on sale either in the sense of a price below the cost of the item or in comparison to the price they might be able to get the consumer to pay if they didn't put the item on sale, retailers still come out ahead if they increase the probability of getting consumers to buy other things that day in the store, or by entering into a profitable future relationship with consumers via brand affinity, warranties and replacement plans.

### **Are Black Friday promotions the right move for every retail business?**

As shoppers get ready to snap up the best bargains on Friday, 25 November, it is easy to assume that retailers are obligated to take part in running Black Friday promotions. However, there are pros and cons to participating. Each retailer must do their own risk analysis before making decisions about Black Friday promotions.

If your brand equity is high, you need to consider whether discounting could devalue your brand in the eyes of your customers. Do your products have high margins that can sustain discounting or do you have a lot of stock to shift? Understanding these areas as a first step will help you to work out whether Black Friday price slashing would be right for your business.

Knowing whether participating in Black Friday discounting is in keeping with a retailer's brand image is important. It may not be the right move for every retail business, and those that do participate should be well prepared to meet the shoppers' needs as advertised during the shopping mayhem.

### **ABOUT BANDILE NDZISHE**

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