

Black Friday can be more than a short-term revenue boost

In Covid-19 infection terms, South Africa finds itself in a better place with being in Level 1 of lockdown than it did this time last year. According to Professor Yudhvir Seetharam, head of analytics, insights and research for FNB Business, this means that many consumers will look at the Black Friday sales as an opportunity to enjoy reasonable savings and discounts on a variety of products.



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Seetharam says that, while for many retailers, Black Friday may still prove to be a much-needed short-term revenue boost, he cautions stores to avoid over-estimating their stock requirements, which could leave them holding excess inventory that proves difficult to move.

“It’s one thing to stock up, but it’s another thing entirely to move that stock if customers have low levels of disposable income,” he explains, “which is why retailers would be well advised to plan carefully so as not to end up with an over-supply of stock, but an under-supply of ready cash.”

He says that, fortunately, it appears that many businesses have already taken steps to mitigate this risk by extending their Black Friday sales beyond a single day, with some starting their promotions very early in November and promising to continue them to the end of the month.

But he cautions that offering sales for a longer period doesn’t simply negate the challenging financial position in which many consumers currently find themselves, and which is likely to have many looking for discounts on items they need, rather than optional luxuries they’d like.

Building trust and credibility

Against this backdrop, he emphasises the importance of retailers focussing on maximising on using Black Friday as a means of building long-term trust and credibility with their customers.

“The tight economic situation in the country, coupled with the large-scale shift towards digital consumption, means that SA consumers are likely to be much more diligent in their pre-purchase research,” he explains, “so, retailers who want a share of shoppers’ wallets this Black Friday will need to not only be generous with the discounts they offer, but also absolutely genuine and honest about the savings they’re providing.”

He contends that this need to build trust is arguably the most important of all the business lessons that Covid-19 has taught. “Prior to the pandemic, trust between businesses and their customers wasn’t a significant component of the sales equation,” he says, “but today the importance of being emotionally connected to customers is paramount for any business – and that’s especially true in a much more digital world where competing on price alone, often with international counterparts – has become very challenging.



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Digital security

Lastly, Seetharam highlights the imperative for businesses with online sales platforms to prioritise digital security, as well as being fully committed to their promises regarding customer privacy.

“The recent implementation of the Protection of Personal Information Act (PoPIA) has raised awareness amongst consumer of their right to data protection in the digital space; while the significant increase in data leaks and online scams, has made many consumers nervous about transacting digitally,” he explains, “so businesses that want to attract online customers to their online Black Friday offerings need to apply their minds, and budgets, to ensuring that those prospective customers have a strong sense of comfort and security.”

“Given the progress, albeit gradual, that South Africa has made towards having a better grip on the risks and impacts of Covid-19, Seetharam concludes, businesses would do well to look beyond Black Friday as just being a quick shot-in-the-arm and instead leverage it as a valuable opportunity to start, restart, customer journeys built on trust and sustainable shared value.”

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