

Black Friday momentum a boon to retail SMEs

While it's tempting to relegate Black Friday as just another marketing gimmick, the reality, according to SME funder Retail Capital, is that it signifies the start of a month-long consumer spending frenzy that significantly boosts retail revenues.



©Ian Allenden via [123RF](#)

Recent research from Retail Capital shows the impact that it has across several sectors of the local market.

Card turnover the Friday before Black Friday is 10% less than the average spend for the 7-week period around Black Friday. On Black Friday it jumps to 33% more than the average and a week later it's still 14% higher. There is a hold back on spend before Black Friday, but once Black Friday hits, there is a sustained increase in turnover.

"These statistics reflect how local consumers have embraced the concept and want to get the most value for their money. It also indicates that the period following Black Friday and Cyber Monday are vital to capitalise on the momentum these days bring," says Karl Westvig, CEO of Retail Capital.

The same holds true in the **FMCG** sector, which went up an average of 99% before Black Friday 2017, 132% on Black Friday and 119% post-Black Friday.

The **Food and Beverage** sector shows a credit card turnover of 94%, 112% and 112%, weekend before Black Friday, Black Friday weekend and the weekend thereafter respectively.

General retail also sees significant activity during the period with numbers showing credit card turnover at 78% the week before, 155% on the day, and 108% the week after.

Further research shows that there are massive increases in credit card turnovers in Gauteng (137%), the Western Cape (126%), and KwaZulu-Natal (122%) on Black Friday. These are however not limited to only on the day.

Examining the lead up to Black Friday, the week before sees an average card turnover in Gauteng of 86%, KwaZulu Natal of 87%, and the Western Cape of 90%.

The period following the event (highlighted by Cyber Monday – typically associated with online deals) sees the momentum continuing with 112% growth in Gauteng as well as 111% growth in both KwaZulu Natal and the Western Cape. This carries on into the first week of December with Gauteng seeing a 106% increase and 111% growth in both KwaZulu Natal and the Western Cape.

Spend, spend, spend

According to Retail Capital research, the Black Friday/Cyber Monday weekend shows credit card growth across clothing (239%), FMCG (132%), food and beverage (115%) and general retail (155%).

What begins on the Friday grows strongly into Monday with more than 56% of purchases coming from online sales. Local businesses must, therefore, ensure that the specials they offer are significant or they risk losing out to more aggressive competitors.

“As our comparison of credit card turnover across the various retail sectors show, Black Friday presents companies in South Africa with a vital platform for growth. It has a marked effect on turnover heading into the festive season and one that must be capitalised on. Companies must embrace all available platforms, ensure their finance is in place, and manage stock to accommodate demand. If you are not going to capitalise on the likes of Black Friday and Cyber Monday, you are going to lose out,” adds Westvig.

And with consumer awareness around Black Friday increasing annually, there is no better time to start planning than now.

For more, visit: <https://www.bizcommunity.com>