

# The business of Black Friday: 3 strategies for SMEs to boost sales

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According to some of South Africa's major banks, 2022 Black Friday sales volumes returned to pre-pandemic levels. The country's most anticipated annual shopping event raked in billions of rands, with single transactions in some cases, totaling hundreds of thousands of rands. This year, with summer in full swing and the festive season fast approaching, the hype around Black Friday is palpable. For small businesses, this period represents a rare opportunity to cash in and firm up revenue ahead of the end of the year.

According to the Bureau of Market Research, South Africans are expected to spend more on Black Friday this year than last year. Estimates forecast that Black Friday will attract over R26 billion in sales. In light of rising inflationary pressures and the cost-of-living crisis, the bureau has also suggested that certain sectors stand to benefit more than others. The household furniture, appliances and equipment categories are expected to lead the pack, with clothing and footwear following closely behind.

## Get the price right

Providing insight into how small businesses can prepare for the big day is René Botha, regional investment manager at small and medium-size enterprise (SME) financier firm, Business Partners Limited. First and foremost, as she suggests, businesses need to bear in mind that this year has been a particularly challenging one for many South Africans, with consumers feeling the pinch of the economic downturn. For this reason, affordability and value should be the two main focus areas for local businesses.



René Botha, regional investment manager at Business Partners Limited

"The bargain hunters will be out in their numbers, looking for the best promotions and sales, so the retail environment will be characterised by fierce competition. The key to gaining a competitive edge in a price-sensitive market is to review and adapt your pricing strategy," says Botha.

The most effective discount pricing strategies involve competitive pricing – or setting the price of a product lower than what is being offered by other market competitors. To make sure your customers choose you over your competitors, you could even consider sweetening the deal by offering free delivery on top of the discounted price and communicating this as a time-sensitive 'must-have' deal. Just don't price yourself out of business.

Another method, referred to as economy pricing, focuses more on selling large quantities of stock at a lower price, than selling smaller quantities at the normal price. This price optimisation strategy is ideal for small businesses that need to get dead stock off their shelves and can afford to take the relative cut in prices in order to drive revenue up in the fastest way possible.

## Brush up your online presence

E-commerce has become one of the main drivers behind the higher sales volumes seen on Black Friday. FNB, for example, reported a year-on-year increase in excess of 30% in online sales on Black Friday in 2022, when compared to the previous year. In contrast, FNB reported a much smaller jump in sales made in physical stores, having seen just an

18% increase in brick-and mortar retail.

For this reason, small businesses who do run their own online shopping platforms or apps, need to conduct a thorough audit of their online properties to ensure that the sales process is running without a glitch. Some of the fundamental things to look out for include whether the small business' website's page loading time is optimised for maximum speed. Sometimes a tweak as simple as uploading web-ready images rather than high-res versions, can lead to a dramatic decrease in page loading time.

Store owners also need to review the UX, or user experience, of their sites ahead of Black Friday. Deals and special promotions need to be easily accessible, literally within seconds, and products that are projected to be shopper favourites, should be front and centre.

Research has also shown that online shoppers in South Africa are on the lookout for a wider range of payment options. Ahead of Black Friday, small businesses should therefore enhance the functionality of their payment gateway to allow for options beyond the more traditional EFT or credit card options. Some of these could include Snapscan, digital wallet payments like PayShap, flexible credit options such as Mobicred and interest free buy now pay later facilities such as Payflex and Happy Pay.

### **Save it for Saturday**

Lastly, Botha reminds small businesses that Black Friday can extend beyond one day. For example, retailers also offer discounted rates and sale prices on the Monday following Black Friday, also known as Cyber Monday.

To get ahead of the competition and catch the attention of shoppers early, small businesses could focus less on maximising Black Friday sales and more on offering special deals in the lead-up to the day. This could be positioned as a Black Friday Countdown sale for example, an effective way of cutting through the clutter of marketing messages that flood Black Friday.

Interestingly, as Botha points out, a recent American trend has seen the Saturday following Black Friday being named Small Business Saturday. With the craze not yet having reached South African shores, there is a golden opportunity for small businesses to set the trend and kickstart their own campaigns just after the Black Friday hype dies down.

As Botha concludes: "This year, you could make Small Business Saturday a way to differentiate your business in the marketplace. It's an ideal time to communicate some of the benefits of 'shopping local' and 'shopping small'. These benefits include a more personalised shopping experience, a potentially better level of customer service, more product diversity and uniqueness, and helping to support local communities and artisans too."

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