

Lessons from Black Friday

Last year Black Friday caused High Street mayhem, so this year many retailers were expecting bigger and brasher. That's not what happened – so why was Black Friday so different this winter?

Roll back to November 2014 and Black Friday sales brought in hundreds of thousands of customers sometimes with fists as well as wallets at the ready. So retailers were aiming to be more prepared for the event in 2015.

Tension began to mount. Bicester Shopping Village put out a notice, on police advice, saying that Black Friday was cancelled this year (in reality, it did take place, it just wasn't actively promoted). Elsewhere, retailers such as Currys PC World were prepared for an instore onslaught and so had plenty of stock and opened shops early.

But extensive planning seemed to have come to nought as punters stayed away from bricks and mortar retail space. BBC Breakfast, and subsequent news bulletins, put 2015 into sharp relief when compared to 2014 – shopping centres and stores were empty, devoid of customers. Other stores such as Asda and clothing retailer FatFace declined to take part – the former no doubt being stung by TV images in 2014 of fistfights over TVs that ended up unsold on eBay and subsequently returned to store, and the latter preferring to donate a percentage of sales made on Black Friday to charity.

The Daily Mail, as other news outlets noted too, said that spending in November was dull. There was only a 1.1% rise in overall spending, down from 2.1% the previous month. While retail was suffering, consumers spent more on social activities and cars. Indeed, British consumers spent 1.5% less instore than last year, even allowing for Black Friday, reckons Visa's latest consumer spending index compiled by Markit.

A Kantar survey published on Black Friday found that only 12.8% of shoppers were planning to pick up a bargain in shops on the day and 34.8% were planning to buy something online.

BDO's monthly High Street Sales Tracker (HSST) paints a bleaker picture. It found a 4.3% drop in year-on-year sales for November – the worst since November 2008. According to its figures, lifestyle goods were down 4% and fashion stores dropped 4.9% on the year. Homewares, however, saw growth of 5.5% because of discounting on furniture. The HSST noted that online retail and the digital outlets of bricks and mortar stores, grew 15.1% year on year. While this figure sounds good, BDO



notes: "It is the third lowest ever recorded by BDO's HSST index for non-store sales since our records began five years ago."

Kevin Jenkins, managing director of Visa Europe, said: "All eyes were on Black Friday but spending for November as a whole confirms the trends we saw at the tail end of the month." His view is one of a flat Black Friday. But Jenkins makes an interesting point. He notes that those retailers who got their integrated offering right – instore and online – were the winners in 2015.

Markit reckons that spending, in the medium term, should rise because of static prices, continued low interest rates and higher incomes.

So why has Black Friday been so different this year? BDO say that last year's Black Friday caught many stores off-guard, and discounting made stock levels chaotic, leading to erosion in margin and reputational damage when websites crashed and logistics went awry. "This year retailers were far more organised with many extending offers

over a number of days rather than just the Friday. Retailers beefed up their servers and fulfilment centres, and opted for strategic, staggered discounts that were more closely aligned to stock levels."

So how did Black Friday work for the pet sector? Well, it appears. On the day itself, Andrew Bucher, founder and chief veterinary officer at MedicAnimal said: "So far today we have seen a 300% increase in sales compared to a typical Friday. Consumers still seem to be strongly motivated by Black Friday."

Bucher says that MedicalAnimal is seeing customers taking advantage of offers to buy the things they would usually buy to look after their pets. "While our business is normally not very seasonal, due to the fact that we sell all the foods, medicines and accessories that pet owners use regularly, we are always impressed when an event such as Black Friday results in higher revenue."

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