

# A Warning for Black Friday 2017

**“DISCOUNTING CAN WORK BUT WE HAVE  
TO KNOW OUR NUMBERS.”**

# A WARNING FOR BLACK FRIDAY 2017

**As I type this, Black Friday is rapidly approaching with its stampeding hordes of bargain hunters kicking off the holiday shopping season by staying up all night to be first in line when doors open at 12:01 A.M.**

**It's exhausting, or at least that's my impression. I can't speak from experience because I don't participate.**

## THE PHENOMENON OF BLACK FRIDAY

I may not be enthused about shopping on Black Friday, but I am interested in the phenomenon, and while looking for information about Black Friday discounting, I came across some interesting facts:

- I thought Black Friday was so-named as the day retailers **break even** on their costs and begin to make a profit - or, as merchants say, "Go from the red into the black." It turns out that is not so. The name originated with the Philadelphia police department in 1961. Officers named the day Black Friday because they dreaded the traffic and headaches associated with the huge increase in shoppers.
- I also thought that Black Friday was the largest single retail shopping day in the U.S. Turns out that's not right either. Black Friday is third behind the Saturday before Christmas and the day after Christmas.
- I wasn't surprised to learn that more than **30%** of the annual retail sales in the U.S. happen between Black Friday and Christmas. Black Friday sales for 2017 are projected to be more than **\$687** billion.
- Over **137 million** Americans will shop on Black Friday (not including me), and although it may seem that all of them are in front of you at checkout, they're not. Only about **half** of them are. The other half are buying online.

- Of those who buy online, 55% will begin their shopping with a search on Amazon.com including, I presume, the 60% of millennials who shop on their phones while waiting in line to check out.
- Although I haven't seen the actual study, an often cited survey by RetailMeNot.com reports that 12% of your fellow shoppers this year will be drunk.
- And... I discovered that the average sale discount is 20% for Thanksgiving week, rising to 37% on Thanksgiving and Black Friday. That information brings us to the principle lesson of Black Friday.

## THE LESSON OF BLACK FRIDAY

The Lesson centers on one word: Discounts. That's what Black Friday is, one giant sale in which retailers discount their prices (or at least trick you into believing that they do).

My article "[How to Avoid Discount Disaster](#)," makes it clear that I am no fan of discounting. That's because discounting is often a default marketing strategy for businesses who can't think of anything else.

Does that mean all the retailers participating in Black Friday are stupid?

Of course not.

Big retailers know their numbers. They know how much more they have to sell to recover their discounts.

And there it is, the lesson of Black Friday.

Discounting can work but we have to know our numbers. It is not about just running a sale to attract customers. It's about knowing not only how much we have to sell to recover the discount but also about how much we have to sell to make extra profit from the promotion.

Big retailers know.

If you had my discount calculator, you would know too. By entering three numbers, it will show how much more you have to sell at any combination of margins and discount to compensate for a discount.

Before you reduce prices to attract customers this Black Friday, know how many more you have to attract to pay for that discount.

If you have any further questions, please don't hesitate to mail me at [Martin@annealbc.com](mailto:Martin@annealbc.com) or visit [www.annealbc.com](http://www.annealbc.com)



## Martin Holland

Martin Holland is the son of a successful entrepreneur. He grew up hearing about margins and markets, R&D and sales, risk and return on investment. He learned to love the language and rigors of business and grew to believe that business is both the most human of all endeavors and the highest calling. After selling a company in 2011, Martin became a coach in order to help other owners build profitable businesses that do not require their day-to-day involvement.

A native of Norman, Martin earned a B.A. degree from Hastings College in Hastings, Nebraska and a Masters in Business Administration degree from the University of Oklahoma. Over the past 7 years he has written business plans that have raised over \$52.4 million in bank and investor financing. He has helped 157 (and counting) business owners reduce stress and increase performance through clarity of purpose, better marriages, more money, and more free time away from the business.