

Black Friday backlash for smaller retailers



Black Friday is a shopping phenomenon in the United States but retailers in the UK are following suit with one-off deals. Photo: Reuters



By [Ashley Armstrong](#), Retail Correspondent

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The looming [Black Friday shopping frenzy](#) is sparking a backlash with a growing number of retailers shunning the promotional activity.

Over £1bn is expected to be spent on Friday by shoppers as a potent mix of pay-day for most of Britain and heavy discounts will encourage them to spend.

Growing awareness about the retail phenomenon has also meant more than three-quarters of UK retailers are expected to hold a Black Friday promotion, according to Barclays Christmas survey.

“Retailers now face a prisoner’s dilemma – if you know that there is a peak in trading and you don’t participate then you’re leaving your rivals to mop up”, said Mike Stewart, analyst at Panmure Gordon.

However, a number of retail experts have warned that Black Friday is encouraging retailers to sell at low-margins, or at a loss, at a time of year when they would usually be selling goods at full-price.

Asda, which initially brought the Black Friday retailer to the UK three years ago, is abandoning running the promotion in its shops. Andy Clarke, chief executive, had said that during the promotion, sales in its core food business actually fell.

A number of smaller retailers are also responding differently in order to protect their margins and business models.

Anthony Thompson, chief executive of FatFace, has said that instead of discounting the casual clothes retailer is donating 10pc of net profits to local charities.

“Constant discounting is sucking the life out of the high street and Black Friday has simply added insult to injury” Mr Thompson said.

“We have therefore decided to give money to local charities across the country over Black Friday weekend rather than offering blanket discounts.”



"Customers can trust our prices when they buy their Christmas presents in the lead up to the 25th, and for the sixth consecutive year, we will go on Sale on Boxing Day and not before," Mr Thompson.

Clothing rival [White Stuff is giving shoppers](#) a gift card for future purchases, rather than discounting its goods. "Its a way of rewarding our customers for shopping with us in a White Stuff way", Jeremy Seigal, said.

However, analysts have warned that Black Friday could spell the end of the traditional Boxing Day sales as the level of spending after Black Friday shrinks.

“Black Friday last year completely disrupted the traditional pattern of festive spending in the UK and this year the effects are likely to be even more pronounced”, warned David McCorquodale, head of retail at KPMG. “With so much volume changing hands at discounted prices on a single day at the end of November, this undoubtedly has an impact on the more traditional sales periods and inevitably takes volume away from these”, he said.

Mr Stewart has also warned that smaller retailers who have not invested as heavily in their online systems will lose out of crucial pre-Christmas sales or stumble under the pressure.



Argos has tried to take on Amazon with its Black Friday promotions and fast track delivery

Amazon, Currys, Asos and John Lewis are expected to fare best from the shopping mania. However, AO.com, Game Digital and Argos owner could all lose out, according to Mr Stewart.

Amazon, which last year sold 64 items a second during the event, is expected to fare well due to the scale of its promotions and after it slashed the price of its Prime membership by £20 to £59.

Currys and John Lewis are also expected to benefit from their investment in delivery and supplier relationships which will mean they are well equipped and also able to compete fiercely on price..

However, Argos is expected by Mr Stewart to buckle under the pressure. The group's website has already crashed once after kicking off its promotional activity a week early and it has also angered some shoppers after charging them twice for their items. The group's parent, Home Retail Group, issued an unexpected profit warning last month after it voiced its concerns about the volatility of Christmas trading.



Fights broke out last year over flat screen TVs Photo: Reuters/Rex

John Roberts, the chief executive of AO.com, has nicknamed the shopping phenomenon “Black Eye Friday” after last year’s chaos but said that the online fridge and freezer group would be taking part in the discounting and it would have deals on products that it would “hopefully make some money on” after agreeing discounts with suppliers nine months earlier.

Backlash: violent reaction against

Buckle : give in

Follow suit: do the same as

Shun : avoid, run away from

One- off : which happen only once, exceptionnal

Looming : coming, imminent

Casual : informal

Slash : reduce considerably