

Local retailers pin hopes on Black Friday sales

By [Michelle Gumedé](#)

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Despite a dire political and economic environment, retailers are upbeat about Black Friday sales and Christmas spending.



Online retailer Takealot aims to achieve about R130m in sales during 2017 Black Friday despite a tough environment for retailers, underlined by weak economic growth and the reduced buying power of consumers.

Zando, which is one of SA's largest online fashion retailers, said this would be its biggest year to date with the Black Friday Blowout. Zando is forecasting year-on-year sales growth of 40%-50% on the day.

The online Black Friday concept was introduced by Takealot in 2012, following its huge success in the US. Local retailers have committed to the shopping frenzy, which will take place from November 24 to 28, offering significantly lower prices.

For online retailers, preventing overcrowding on their servers, system crashes and orders getting lost in cyberspace are part of the juggling act.

Takealot CEO Kim Reid said that while the event placed enormous strain on the business due to the high volumes, which required calculated logistics and manpower, the Takealot team had gone to great lengths to ensure there was not another system crash like in 2015.

The company has introduced order tracking for customers to get an accurate reading on where their parcels may be.

Grant Brown, chief operating officer and MD at Zando, said the company had implemented a "feature freeze" where no

new features on the website had been developed that did not relate to Black Friday.

Zando and Takealot have a number of alternative payment methods, like cash on delivery and electronic funds transfer, which customers will be able to use if there are disruptions.



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But Electus equity analyst Damon Buss said that although all retailers had a good run going into Christmas 2016, thanks largely to Black Friday specials, Christmas sales were disappointing, while January and February were "horrific". He said "it could be quite a tough Christmas" for retailers in SA, partly because the consumer environment had deteriorated.

Old Mutual financial education head John Manyike urged those taking advantage of the online sales to participate with caution. "Don't increase your credit limit just so you can be part of the Black Friday frenzy," he said.

In 2014, households were spending 15% of their income servicing debt, which increased to 16% in 2017.

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