

# How To Prepare Your Business For Black Friday

Real-World Strategies To Make The Busiest  
Shopping Day Of The Year A Huge Success

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**The beginning of the holiday shopping season starts on the Friday following Thanksgiving Day. It is referred to as Black Friday, and it brings out shoppers in droves who are looking for special promotions, door-buster deals, one-day sales and free giveaways.**



This year, Black Friday is expected to once again set new sales records. If you own a business, particularly one in the retail industry, now is the time to prepare. Early planning for Black Friday's frenzy can help you meet the needs and expectations of your customers, and give you an advantage over the competition.

This Balboa Capital whitepaper features an overview of Black Friday, as well as some helpful tips on how to prepare your business for the biggest holiday shopping day of the year.

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# The Origins of Black Friday

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The Friday following Thanksgiving is dubbed Black Friday because it is the day retailers nationwide generate enough sales to put them “in the black.” As you know, this is a common accounting expression that refers to losses being in red, and profits in black. The history of Black Friday dates back to the early 20th century, when department stores in New York City hosted Christmas parades, ran advertisements in newspapers, and promoted the holiday season with special events. In 1924, Macy’s held its first holiday sales extravaganza, and other retailers took note.

## The Role of Advertising

In decades past, most retailers avoided advertising their holiday sales until the Friday after Thanksgiving, which has long been referred to as the start of the holiday shopping season. This last-minute advertising strategy helped make the Friday after Thanksgiving a big event for shoppers and retailers alike. There was always the element of surprise for shoppers, as they didn’t know what was going to be on sale until Friday morning.



## Times Have Changed

Today, retailers of all sizes begin their Black Friday advertising efforts early to entice shoppers and gain an advantage over the competition. Special Black Friday sales, promotions, giveaways and more are being promoted up to one month before the big day. They are heavily promoted on traditional media (television, radio, newspapers and outdoor billboards) and new media (websites, e-mail, social networks and pay-per-click advertising).

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# Strong Sales: Nearly 100 Million Shoppers

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Historically, Black Friday has proven to be huge for retailers nationwide, with foot traffic and consumer spending steadily increasing year-after-year. The National Retail Federation (NRF) reported that 99 million shoppers descended upon shopping malls, strip malls and freestanding retail outlets on Black Friday in 2016.

## Sales Results

The average shopper spent \$290 over the Black Friday weekend in 2016. According to the NRF, Black Friday weekend sales topped \$67 billion in 2016.

## Great Expectations

Retailers were preparing for strong sales on Black Friday in 2016 based on positive economic that was reported during the year. In late July, 2016, the Conference Board Consumer Confidence Index® was 97.3. Equally impressive is the Present Situation Index, which increased from 116.6 to 118.3. The US unemployment rate dropped to 4.8% in October, 2016, down from 4.9% in July. Increased consumer confidence and a decreased unemployment rate help drive spending.

## Retailers Saw Green During the 2016 Holidays

The NRF predicted a massive holiday season for retailers in the US, and it happened. Total holiday sales from Black Friday through Christmas Eve reached \$655 billion, which is a 3.6% increase over 2015. Holiday shoppers spent an average of \$805 on gifts, decor and other holiday items in 2015.



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# Determine Your Sales Goals

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## Determine Your Sales Goals

The great thing about Black Friday is that it opens the door to a large number of prospects and existing customers who are interested in what you have to sell. The primary question is: How much do you think you can sell on Black Friday? Without a sales forecast, it will be hard for you to guide your company in the right direction. You might not have enough inventory in stock, which would result in lost sales. Equally troublesome, you might have to deal with frustrated customers because you didn't increase your part-time holiday workforce.

So, examine your historical Black Friday sales results and come up with a realistic number for this year's big shopping day. This will help you determine your inventory, workforce, payroll, equipment and marketing needs, to name a few. An accurate Black Friday sales forecast is the backbone of an efficient, profitable and customer-focused business.



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# Black Friday Pricing Strategies

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## Pricing is Key

A resilient US economy means shoppers will spend more this holiday season. But increased consumer confidence does not translate into automatic sales for your business. Shoppers will be looking for coupons and the lowest prices online, and in newspaper advertisements. Retailers with the best bargains will be ones that stand out and position themselves for success.

## Getting the Price Right

Don't spend an inordinate amount of time determining your Black Friday prices. There is no right or wrong strategy when it comes to pricing your goods and services. Pricing is subjective and determined by several factors, such as current shopping trends and your competitors' prices. After determining which items you want to promote on Black Friday, find out what your competitors are charging to see how your business sizes up. You can do this by visiting their stores, checking their websites, or making phone calls.

If you own a small business, avoid competing with the large chain store's prices on Black Friday. They have bigger buying power and can purchase items in large quantities for less.



## Loss Leader Pricing

Black Friday is also a day that retailers use loss leader pricing strategies to lure traffic away from their key competitors. With loss leader pricing, you sell particular items below their actual cost to generate sales of your regularly priced items that are more profitable.

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# Staff Up and Stock Up

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## Employee Coverage

In order for your Black Friday to be successful, you need to have adequate employee coverage. If not, the day will be highly stressful for you and your employees. To prevent this from happening, schedule the right number of employees, and make sure you have enough workers tending to the cash registers during peak time periods. On Black Friday, shoppers get frustrated when they have to wait in long lines, or can't find someone readily available to assist them. The right number of employees will keep your shoppers happy and cash registers ringing.

## Make Sure You Have Enough Inventory

Shoppers today are more demanding than ever. They expect quality, low prices and a positive shopping experience. If any of these expectations aren't met, they will move along to a different retailer. Another thing that shoppers expect, particularly on Black Friday, is for the items you are selling to be in stock. If you don't have enough inventory on hand, you will miss out on sales opportunities and give a boost to your competition. So, check your

current inventory list to see what needs to be purchased prior to the Black Friday weekend.

If you need to purchase inventory but are short on cash, a short-term working capital loan is a great option. When purchasing inventory, make sure to ask your wholesalers or suppliers for discounts if you are buying in large quantities.



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# Staff Up and Stock Up (cont.)

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## Seasonal Employee Hiring Surge

The largest retailers in America are getting ready for Black Friday and the entire holiday season by hiring seasonal employees. And the numbers are staggering. A leading outplacement firm estimates that retail businesses hired over 755,000 part-time workers during the 2016 holiday months. Some of the largest retailers in the country each added more than 50,000 part-time workers.

## Seasonal Employees

You don't need to be a huge retail brand to hire seasonal workers. Retail shops, restaurants, equipment dealers and businesses of all sizes are hiring part-time employees. If you don't have enough manpower to keep your business running smoothly on Black Friday and beyond, start looking for seasonal employees. College students are always seeking part-time employment in order to make some extra cash for the holidays. And, don't forget to ask your friends and family members if they know of any individuals who might be a good fit for your business.



## Communicate With Your Employees

The final three months of the year are going to be hectic. That said, you will need to meet with your long-tenured employees and seasonal staff members and provide them with a Black Friday overview. Delegate responsibilities, explain sales goals, and create an employee schedule. You might also want to offer special incentives to your employees to keep them energized, as some workers are known to mentally “check out” during the holidays. Give your hard-working employees welcome words of encouragement and recognize their accomplishments to keep morale high.

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# Launch A Black Friday Marketing Campaign

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As mentioned earlier in this whitepaper, advertising is big business when it comes to promoting special sales events on Black Friday. The big advertisers' integrated marketing campaigns will be seen and heard on all media, and local businesses will allocate funds to promote their Black Friday deals. Your intended audience will be exposed to several thousand marketing messages every day leading up to Black Friday, so you will need your marketing efforts to stand out from the clutter and be price-driven. Everyone has a tight budget during the holidays, so offering incentives such as early-bird discounts and one-day sales should be considered.

## Print Advertising

Yes, newspapers are becoming a thing of the past. But local newspapers are still out there, and they present you with a cost-effective way to advertise your business. Contact your local newspaper's advertising department and ask for their rates, and make sure you negotiate with them. Some local newspapers will also design your ad, which eliminates the need to hire a freelance art director or marketing specialist.

## Website Updates

Making periodic updates to your company website helps keep it optimized for search, and shows your visitors that you are active online. Promoting your Black Friday deals and extended store hours is a sound online strategy. Put this information, along with images of the products that will be on sale, on your homepage. You can promote your upcoming Black Friday deals via social networks such as Facebook, Google+ and Twitter.

## Pay-Per-Click Advertising

With pay-per-click (PPC) advertising, you create small ads that promote your Black Friday specials and place them on search engines. Each time the ads are clicked, you are charged a set price. When users click on your PPC advertisement, they can be directed to a page on your website that is relevant to the Black Friday content in the ad. PPC advertising is highly specialized and needs to be outsourced to an independent web specialist or search engine optimization company.

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# Summary

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It's only a matter of time before Black Friday is here, so getting ready now is a smart business decision. Don't just assume that you and your employees can work longer hours and still provide your customers with top-quality service and a memorable shopping experience. There are a number of things that can go wrong and make Black Friday a disaster for your business. These might include running out of inventory or shopping bags, a point-of-sale (POS) system malfunction, a website crash, or not having enough employees to help your customers.

Taking the time to prepare for Black Friday can help your business avoid potential problems. Even better, it can help you sell your products and services like never before.

## About Balboa Capital

Balboa Capital is a technology-driven financing company that provides business owners with fast, hassle-free solutions to fuel their growth and success. The company specializes in small business loans, equipment financing, commercial financing, equipment vendor financing, and franchise financing.

Balboa Capital developed an intuitive online platform that simplifies the entire financing process. Calculators provide instant estimates, applications can be completed and submitted in a matter of minutes, and sophisticated credit scoring technology provides instant decisions. Visit <http://www.balboacapital.com> to learn more.

