

Viability of Black Friday in India

Riya Gupta

Student, Symbiosis Centre of Management Studies

Date of Submission: 15-10-2020

Date of Acceptance: 02-11-2020

ABSTRACT: Sales are the most crucial aspect for success of any organization. With the growing competition, organizations, to ensure sufficient sales, need to adopt the appropriate sales promotion strategy and one such traditional yet successful sales promotion strategy is discounts. India, being a land of festivals, aids the marketers in holding several sales with bumper discounts. On the other side of the globe, in the United States, Black Friday marks the beginning of the holiday shopping season and millions of sellers join in to offer a wide range of products at a discount. Since the last few years, the black Friday frenzy is catching upon the Indians as well. However, with the numerous sales held in India around that period, the viability of Black Friday Sales seems doubtful. The paper, thus, aims to determine the viability of Black Friday Sales in India. Responses of 177 respondents have been analyzed through SPSS software. Using the graphic analysis, correlation and cross tabulation, it was concluded that it is important to spread awareness about Black Friday Sales in India and that at this point in time, with Indians spending such huge amount of money during the festive season sale, Black Friday Sale may take quite some time before becoming another Diwali-dussehra-Onam sale in India.

KEYWORDS: Black Friday Sales, Discounts, Festive Sales, Marketing

I. INTRODUCTION

Sales are the paramount aspect of any organization's success. Sales generate revenue that is needed to cover the expenses of the business and the ability of a business to cover the expenses creates stable operations and opportunities for growth. Several retail experts have flatly insisted that sales promotions are an integral part of most retailers' success and discounts form a staple sales promotion strategy for many retailers.

The term discount may be defined as a deduction from the usual price of something. When customers hear that they can save money on products they are looking for, likely to use, or even have considered using, a discount is likely to catch

their attention. Looking deeper into people's behaviors around sales, EconomicTimes has noted that around nine in ten (89%) agree with the statement 'I love shopping during sales and discounts'. Discounts are thus a way to quickly draw in potential customers.

In India, the months starting from September to December are usually regarded as the main 'festive season'. The festival season, comprising festivals such as Navratri, Onam, Diwali, offers a great opportunity for businesses to reconnect with current and prospective clients and customers due to increase in customer spending. In a LocalCircles Survey in 2019, over 40% of the respondents said they would spend up to Rs 10,000 in the next 60 days – September and October – during the festive season. Thus, companies try to increase their customer base by offering huge discounts on their products.

Not just festive season, retail firms tap in during major holidays and events such as Valentines' Day, Mothers' Day, Fourth of July, etc. Offering discounts during such periods can draw some of the purchasing power towards the business.

In the United States, Black Friday marks the beginning of the holiday shopping season, from offline retail giants to the biggest e-commerce stores, millions of sellers join in to offer a wide range of products at a discount during the sale. Accordingly, Black Friday is widely rated as the busiest shopping day of the year in the United States. However, since the past two years, the Black Friday frenzy is catching up with Indians and a large number of Indian brands have started offering products on discounted rates on this day. Several international tech brands, too, have sales in India.

However, retailers should make sure that they go about the discounting process in an intelligent fashion. They should beware of overuse. Discounts increase the sales volume but they also deepen sales troughs in between sales. Frequent discounts often set a dangerous precedent and condition customers to make purchases based on price rather than brand loyalty. They may, in turn, undermine the other marketing initiatives by sensitizing customers to price.

There is, thus, uncertainty whether the Black Friday Sales will be relevant for India in the long term. With the large scale purchases during Diwali and Dussehra, the practice of the New Year sale becoming quite common for the Consumer Durables and Information Technology (CDIT) retailers, the End of Season Sales (EOSS) that almost every lifestyle retailer has and the significant pressure margins on Indian retailers in most categories especially where the MRP is involved, the Black Friday Sales may not seem an appropriate option for the Indian markets.

Black Friday Sales have been extensively studied in various aspects, however, there is inadequate research to understand the viability of Black Friday Sales in India. This study attempts to analyze the suitability of Black Friday Sales for Indian Markets in reference to the high-end retail stores.

II. LITERATURE REVIEW

In the recent years, sales promotions have gained the reputation more of a strategic weapon in the armory of marketers than a mere promotional tool. (Chandrasekar & George, 2013) Most popular sales promotions are related to price reductions, discounts and mark-downs, making price based promotion an important strategy for improving sales and consumer satisfaction. (Khare, Ahtani, & Khattar, 2014)

In studying the influence of discount levels and price discount frames on consumers' evaluation of service quality and their purchase intention, (Nusair, Yoon, Naipaul, & Parsa, 2010) noted that in case of outlet mall services, increase in discounts led consumers to believe that the service was valuable and high discounts levels increased consumers' intention to purchase from malls.

Festivities and time-honored traditions are the heart of Indian culture. Most Indians consider it auspicious to purchase consumer durables during the festive season and this festive season starts from late August and ends by December every year. (Ramadass & Antony, 2018). Festive Shopping Index 2019, conducted by Retailers Association of India (RAI) and LitmusWorld concluded that 89 percent of Indian consumers were willing to shop during the 2019 festive season. (Jain, 2019)

It was noted that Consumers prefer to shop offline during the festive season despite the convenience and sales offered by online retailers. While e-commerce continues to make strong inroads in India, for key occasions and festivities citizens still prefer a personalized experience accompanied by 'touch-and-feel'. (Bureau, 2018)

Accordingly, several malls report increase in sales during the festive months. In 2019, sales of apparel, smartphones, and electronics and consumer products grew about 7-9% during Diwali giving brick and mortar retailers a strong finish to their make-or-break festive season. Retailers and companies also reported better demand during the Navratri-Durga Puja-Dussehra period with sales growing 7-8% over last year while Onam sales had reported 3-4% growth on a lower base mainly due to floods in Kerala. As a result, overall festive sales grew 5-7% over festive sales in 2018. (Mukherjee & Malviya, 2019)

During the festive season sales, brands aggressively promote themselves through a variety of channels and using an array of pricing and promotional strategies. (Ramadass & Antony, 2018) and consumers are likely to respond better to offers that translate into direct discounts or cash benefits as compared to indirect offer and benefits. A quarter (25%) of people said a 'flat 50% off' discount is likely to make them consider buying a product, and half of this proportion (13%) said the same for offers such as 'up to 50% off' and 'flat 25% off'. (Bhatia, 2019)

In United States, the most popular shopping season is Black Friday. Black Friday, the day after Thanksgiving, is a term used by the retail industry to signify the start of the Christmas holiday shopping season. The origin of Black Friday is based on an accounting term when records were kept in ink with red signifying a loss and black signifying a profit. Retailers generally operate in the red (unprofitable) throughout the year and depend heavily on the holiday season sales to end the year in the black with a profit (Taylor, O'Rourke, & Shaw, 2011).

International shopping events such as Black Friday, Christmas and other non-Indian holidays have also gained popularity in India. (Khatri, 2019) Globally, India ranks 17th for Black Friday search interest, with search volume increasing by 22% from December 2016 to October 2019. In a survey by (Laycock & Binsted, 2019), 56% of Indian adults planned to shop on Black Friday in 2019, with majority of shoppers ready to physically hit the streets and with just over one-fifth of shoppers (22%) preferring to only shop online.

However, for many Indian customers, the Black Friday sale is simply one of the dozens of sale events in a year. All kinds of brands have spammed customers with promotions of a "Black Friday" sale, offering big discounts without bothering to explain what Black Friday was and if at all, it holds any value to the Indian markets. (Govind & Dalal, 2018)

In India, shopping volumes spike during Diwali and Dussehra and some regional spikes happen during Pongal and Onam. In addition, almost every retailer has the End of season sale, New Year Sale, Back to School Sale etc. The number of promotions and sales may simply be too many to keep track of. (Rajesh, 2019) Moreover, such discounting doesn't build brand loyalty, and harms companies in the long run as consumers become so used to discounts that retailers find it increasingly difficult to encourage purchases during non-sale periods. (Govind & Dalal, 2018)

In India, November has always been a dull period as it comes after the massive splurging by shoppers during Diwali. Although the Black Friday sale might look like a fantastic opportunity to jump-start sales during this dull period, the key question to ask is: Do shoppers have money in their pockets, so soon after Diwali? (Rajesh, 2019)

Additionally, Indian retail has significant margin pressures in most categories, especially where the MRP is involved. Cost plus pricing is not possible when MRP is mentioned on the packaging. As such, any such deep discounting is either a hit on the retailer's margins or has to be subsidized by the manufacturer. It may seem as an option for few years, however, it is questionable if that would be consistent. (Rajesh, 2019).

III. RESEARCH GAP AND OBJECTIVE

Many studies have explored various aspects of Black Friday Sales such as the behaviour of consumers on the day, the suitability of Black Friday Sales in various countries, the experiences of consumers while shopping etc. Researchers have also analysed the behaviour of Indian Customers during the Black Friday Sales. However, they have not sufficiently looked at the suitability of Black Friday Sales in India in light of the various bumper offers offered on Diwali, Navratri and Onam. The question do majority of Indians who make huge purchases on Diwali and New Year have the appetite to accommodate another huge sales remains unanswered.

The paper aims to determine whether Black Friday Sales can overcome the hurdle of various discounts offered around that period in the Indian market and become another important sales for Indian customers. Precisely, the paper tries to understand the viability of Black Friday Sales in India.

IV. RESEARCH METHODOLOGY

Primary data is collected from Indian households through a questionnaire which has been circulated through Google form. The sample size for

the study is 177 respondents. Participants include 95 females and 82 males aged between 16 years and 55 years. The data analysis had been done using the SPSS software. For the analysis, mainly cross tabulations, graphs and Pearson's correlation have been used.

V. LIMITATIONS

- The study conducted was purely based on results collected online, which has its own pros and cons as it is not possible to measure the accuracy and reliability of responses.
- Second, the responses of only those individuals are analysed who make purchases during the major festivals such as Diwali, Onam, and Navratri.

VI. RESULTS

A. Demographic of respondents

Table 1 Demographics of respondents

		Gender		Total
		Female	Male	
Age	18-25	70	56	126
	26-35	7	6	13
	36-50	11	7	18
	Above 50	5	10	15
	Below 18	2	3	5
Total		95	82	177

As can be seen from the table above, the responses have been collected from 177 respondents comprising of 95 women and 82 men. As for the age group, majority of responses are from people aged 18-25 years while least responses are from people aged less than 18 years. The diversity in data helps in understanding the situation across different demographics and not limit the study to one group or gender.

B. Awareness about Black Friday Sales in India

• Parameter 1: Age and Awareness

Table 2 Cross tabulation between Age and Awareness

Age		% within Age	Have you heard about Black Friday Sales before	
			No	Yes
Age	Below 18	% within Age	0.0%	100.0%
	18-25	% within Age	25.4%	74.6%
	26-35	% within Age	30.8%	69.2%

36-50	% within Age	27.8%	72.2%
Above 50	% within Age	66.7%	33.3%
Total	% within Age	28.8%	71.2%

On the cross tabulation of the above two factors, it can be observed that out of the 177 respondents, 126 respondents (71.2%) know about Black Friday Sales while 51 respondents (28.8%) do not know about Black Friday Sales. This indicates that there is high awareness about Black Friday Sales in India. Among the five age categories, the highest awareness is among the age groups of below 18 and 18-25 years while the lowest awareness is among the age group of 50 plus. It can, thus, be concluded that younger generations are more aware of the concept than the older generations.

• **Parameter 2: Gender and Awareness**

Table 3 Cross tabulation between Gender and Awareness

		Have you heard about Black Friday Sales before	
		No	Yes
Age	Female	% within Gender 25.3%	74.7%
	Male	% within Gender 32.9%	67.1%
Total	% within Gender	28.8%	71.2%

On the other hand, if we compare across the two genders - female and male, the awareness is higher among women (74.7%) as compared to men (67.1%).

C. Correlation between awareness and purchase

H1: There is a strong positive correlation between awareness about Black Friday Sales and purchase during Black Friday Sales.

Table 4 Correlation between Awareness and Purchases during Black Friday Sales

		Awareness	Purchases
Awareness	Pearson Correlation	1	.425**
	Sig. (2-tailed)		.000
	N	177	177

Purchases	Pearson Correlation	.425**	1
	Sig. (2-tailed)	.000	
	N	177	177

A correlation coefficient shows relationship between two variables. The value of coefficient ranges from + 1.0 to - 1.0 where + 1.0 shows a strong positive correlation while - 1.0 shows a strong negative correlation. A coefficient value of 0 shows that there is no relation between the two variables.

On calculating the Pearson's correlation between awareness and purchases, we get a correlation coefficient of 0.425 which indicates that there is a positive although not very strong relationship between the two factors. A value of 0.8 or 0.9 would indicate a very strong relation between the two variables. Hence, we reject the null hypothesis and accept the alternate hypothesis that there is a weak positive correlation between awareness about Black Friday Sales and purchase during Black Friday Sales.

D. Demographic of people who make purchases during Black Friday Sales

• **Parameter 1: Age and Purchasing behaviour**

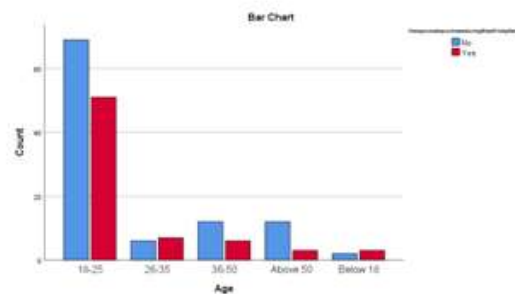


Fig. 1. Bar Graph of Age and Purchasing Behaviour

The purchasing behaviour during Black Friday Sales can be understood from the above graph. The percentage of people purchasing during the Black Friday Sales as compared to people not purchasing during Black Friday Sales is only greater in two age groups of 26-35 years and below 18 years. For all the other groups, people who don't purchase are on the higher side. The largest difference in number is seen in age groups of 36-50 and above 50 years.

• **Parameter 2: Gender and Purchasing behaviour**

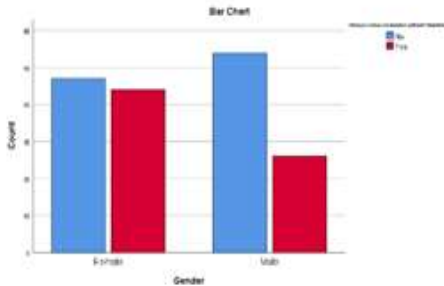


Fig. 2. Bar Graph of Gender and Purchasing Behaviour

As can be seen from the chart above, majority of men (68%) do not purchase during Black Friday Sales. While the percent of women who purchase during Black Friday Sales (48.4%) and women who do not purchase during Black Friday Sales (51.6%) is almost same.

E. Relation between amount spend during festive season and amount spend during Black Friday Sales

From the below cross tabulation, various conclusions can be drawn about the spending patterns of people. Vast majority of people who do not purchase during the festive season also do not purchase during the Black Friday Sales. In the group of people who spend less than 2,000 rupees during festive season, 45% do not purchase during the Black Friday Sales while 54% spend less than 2,000 rupees during Black Friday Sales.

In group 3 where people spend between 2,000 and 5,000 rupees during festive season, 47% do not purchase during Black Friday Sales while 32% spend between 2,000 and 5,000 rupees in Black Friday Sales. For the people who spend between 5,000 to 10,000 rupees during the Diwali, Navratri and Dusshera sales, majority do not prefer spending again in the last week of November. Lastly, out the people who spend more than 10,000 rupees during the festive season 30% spend between 5,000 and 10,000 rupees on Black Friday Sales as well.

From the above analysis we can conclude that majority of people who purchase during festive season, do not purchase during the Black Friday Sales. Since Diwali, Navratri, Dusshera and Onam are relatively important festivals in the Indian history, the spending preference of the people is still towards these festivals rather than on the black Friday. Although, there are also some percentage of people who spend during both the sales.

	Spending during Black Friday Sales					Total
	Do not purchase	Less than 2,000 rupees	Between 2,000 and 5,000 rupees	Between 5,000 and 10,000 rupees	More than 10,000 rupees	
Do not purchase	10	0	2	0	0	12
Less than 2,000 rupees	5	6	0	0	0	11
Between 2,000 and 5,000 rupees	31	9	21	3	1	65
Between 5,000 and 10,000 rupees	37	5	12	9	3	66
More than 10,000 rupees	9	1	2	7	4	23
Total	92	21	37	19	8	177

Table 5 Cross Tabulation between spending during festive season and Black Friday Sales

F. Reasons for not purchasing during Black Friday Sales

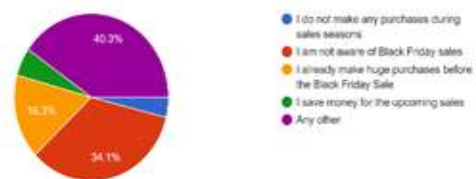


Fig. 3 Pie Chart of reasons for not purchasing during Black Friday Sales

Although majority of people (40.3%) have not stated the reasons for not purchasing during Black Friday Sales, the next majority (34.1%) indicates lack of awareness as the major reason for not purchasing during Black Friday Sales. 16.3% of the people who do not purchase during Black Friday Sales state the huge purchases made earlier as the major reason for not purchasing.

G. The future purchase scenario for Black Friday Sales

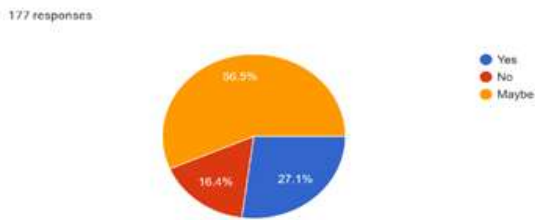


Fig. 4. Future purchase scenario for Black Friday Sales

Out of the 177 respondents, 56.5% have said they may or may not purchase during the Black Friday Sales in India in 2020 while 27.1% of the respondents said they will purchase during the black Friday sale of 2020. Lastly, 16.4% of the people have said that they will not purchase during the 2020 sale.

VII. CONCLUSION

Although, Black Friday Sales are the most important and biggest sales abroad, in India, they are in a relatively nascent stage. Festivals such as Diwali, Navratri, and Onam hold great importance for Indians and thus purchasing on these festivals cannot be reduced or eliminated altogether. Since, people already make huge purchases during these festivals, expecting them to again spend money during the Black Friday Sales seems like an unviable option.

Moreover, as mentioned above, holding sales continuously is not a good option for marketers as well as it makes the customers accustomed to lower prices. Thus, if marketers want to popularize the concept on Black Friday Sales in India they will have to be innovative.

First, it is important to spread awareness as a large percentage of respondents (34.1%) responded that they are not aware of Black Friday Sales. But it is important to remember that spreading awareness alone would not translate to sales as evidenced from the weak correlation. As today's youth is more in line with international trends, it is advisable to target them first. The youth have become an important purchasing vehicle in families

and successful sales among them can multiply the popularity of sales.

However, at this point in time, it is safe to conclude that with people spending such huge amount during the festive season sale, black Friday sale may take quite some time before becoming another Diwali-dusshera-Onam sale in India.

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