Black Friday Argument Paper

<u>Background Information:</u>
Black Friday is the day after Thanksgiving when get stores offer outrageous deals to customers. Oftentimes, people will wait in lengthy lines all night just to get the discounted item they desire. There have even been occasions where people have been injured due to the uncivilized crowds fighting to get what they want.

There is a debate whether or not Black Friday is an acceptable event in our society.

On one side of the argument, people believe that the day drags people away from their families either because they are out shopping or because they are forced to work for low wages.

On the other hand, people argue that this is merely a way to boost the nation's economy and encourage spending that helps pay for these worker's holiday dinners.

What do you think? Should Black Friday be so heavily emphasized in our society, or should stores take measures to decrease the importance of the day (possibly get rid of it completely)?

Write an argumentative essay on the topic, being sure to follow the guidelines shown below. Feel free to use the supplemental information from your own knowledge and/or on the backside to provide evidence to support your reasons.

Introduction (4 sentences)

- Your introduction should give background information and tell the reader why this is important. A good thesis has a topic, claim and three main points.

Body Paragraphs (3 paragraphs with 5 sentences each)

- Remember to include transition, topic sentences, (textual) evidence and analysis, and a wrap-up sentence.

Counterargument Paragraph (5 sentences)

- Introduce the counterargument, with evidence and your rebuttal.

Conclusion

- Restate the topic and claim, why it is important and restate your three main points

What is Black Friday?

Many merchants objected to the use of a negative term to refer to one of the most important shopping days in the year. By the early 1980s, an alternative theory began to be circulated: that retailers traditionally operated at a financial loss for most of the year (January through November) and made their profit during the holiday season, beginning on the day after Thanksgiving. When this would be recorded in the financial records, once-common accounting practices would use red ink to show negative amounts and black ink to show positive amounts. Black Friday, under this theory, is the beginning of the period when retailers would no longer have losses (the red) and instead take in the year's profits (the black).[

What Are The Economics Behind The Black Friday Sales?

Eric Mayefsky, PhD in Economics, Stanford

Question: How do the stores actually make money on this?

Loss leaders: In short, the retailer can lose money on items being put on sale (either in the sense of a price below the cost of the item or in comparison to the price they might be able to get you to pay if they didn't put the item on sale) and come out ahead if they increase the probability of getting you to buy other things that day in the store or entering into a profitable future relationship with you (via **brand affinity** [predictions about how a consumer will behave] or things like warranties and replacement plans) by enough.

I've always heard that extended warranties are sucker bets, as one example — don't buy the extended warranty unless it's a purchase so large and important that you feel like you need to actually buy insurance on it the way you think about insurance on your house or car.

Price discrimination & Target Markets: In-store sales, like coupons and other similar concepts, are a form of **price discrimination** which can allow a business to make substantially more money. 'Discrimination' here doesn't mean prejudice based on sex, race, etc. but just refers to this idea that different people are willing to pay different amounts of money for the same thing and the efforts that businesses make to charge more to people who are willing to pay more.

For example, say you're trying to sell a TV to two different people. One has a part time job and doesn't make a ton of money, but he does like watching TV so he's willing to pay $500 for a new TV. Another is an investment banker with a wife and two kids who makes a ton of money and would pay $2500 for the same TV, but for whom the day after Thanksgiving constitutes about half of the free time he has to spend with his kids all year. A retailer could offer an outrageously large Black Friday **discount** for the TV and the I-Banker is not going to fight the crowds at the mall.

If your entire **target market** consisted of these two types of people, you could make the most money by having the TV sell for $2500 in general but be only $500 if you're at the store at 5am on Black Friday or something like that. The obnoxiousness of claiming the discount is key here — being able to **price discriminate** successfully requires either being able to formally filter people by status (e.g. senior discounts at the movies), filter them based on their time/taste preferences in the buying process (e.g. the above example, coupons, etc.), or by creating two different versions of the underlying product (iPhone 5s/5c, etc.). All these types can reduce total economic surplus as the business has an incentive to make life more annoying for certain customers or make a lower-performing version of a product, even if there's no cost reduction to them when they do so.