

Will tariffs crash the Black Friday party?

Tariffs and tight margins are taking the shine off the traditional pre-Christmas discount spending spree, with pressure growing on cash-strapped suppliers and wholesalers

After a difficult year, you might expect retailers and their suppliers to be looking forward to the temporary relief of Black Friday. The traditional pre-Christmas discount shopping spree falls on 28 November this year, though sales tend to begin days or even weeks in advance of that date. Cyber Monday, an online discounting event that takes place three days later, extends the sales season further.

But this year Black Friday euphoria is more muted than usual. The razzmatazz of retailer promotions is still very much in evidence, but behind the scenes the signs of strain are clear. After a year of tariffs and uncertainty, some manufacturers see Black Friday less as a sales opportunity and more as a cashflow risk.

Consumer confidence is low and expectations of a bargain are high. Margins are already razor thin. In this environment, the Black Friday model - high sales volumes and deep discounts - no longer ensures profitability, especially further down the supply chain. In fact, it may heap more pressure on an already squeezed sector.

Insolvencies up, confidence down

Black Friday is happening under an economic cloud. In Atradius' most recent [Insolvency Outlook](#), we forecast global growth of 2.7% in 2025 and 2.5% in 2026. Next year's figure is a 0.3% downgrade from our earlier predictions. We expect global insolvencies to rise by 5% this year before falling back in 2026.

While global trade has grown strongly so far in 2025, that was mostly companies anticipating tariffs and uncertainty. Data also indicates that US consumers are beginning to lose confidence in the economy.

"Consumer sentiment is declining, with consumers citing tariff-induced price hikes as a major concern," says Dana Bodnar, Senior Economist at Atradius. "Since April, when the trade war switched into high gear, we have seen significant price increases in some imported goods. Audio equipment rose by 14% in the six months to August, dresses by 8% and tools, hardware and supplies by 5%."



The US labour market also appears to be cooling off, making consumers edgier still. Official jobs data hasn't been released since August due to the government shutdown, but at that point the pace of hiring was slowing. New jobless claims were at their highest point in four years. Recent mass lay-offs at the likes of Amazon and UPS suggest the labour market continues to deteriorate, even if unemployment remains low by historical standards.

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The pressure to discount

Still, none of this means that consumers won't spend during the discount season. Wage growth continues to outpace inflation in the US and the stock market remains strong. And in contrast to the US, EU consumer confidence is at an eight-month high. But it does mean shoppers will be looking for serious bargains.

"Black Friday seems to have grown from a day, to a week, to now a month of discounts, though sometimes companies raise prices before Black Friday to make discounts appear more attractive," says Marjorie L. Weinberg, Senior Underwriter, Risk Services, Atradius North America.

"Will it be a good year? The National Retail Federation is forecasting that 2025 holiday sales will increase compared with 2024, but some shoppers say they plan to cut back on spending. Certainly, potential tariff related price hikes are leading consumers to be more value-driven."

In a highly competitive retail environment, stores are under considerable pressure to offer a raft of eye-catching Black Friday promotions. At the same time, the OECD reports that tariffs have raised import costs by 11 - 14%, hitting consumer-facing sectors like electronics, apparel and homeware hardest.

This confluence has created something of a perfect storm. Higher costs plus aggressive pricing isn't sustainable. Something has to give.

Potential tariff related price hikes are leading consumers to be more value-driven

Marjolie L. Weinberg

The high cost of cheap goods

The pain is likely to be most obviously felt in the small retail sector. Around the world, the credit risk of consumer durable retailers is increasing, with most defaults and insolvencies among smaller players. This is just as true in France, Germany and the UK as the US.

Higher costs at one end, and more frequent markdowns on the other, are stretching some operators to breaking point. Consumers are looking for discounts all year round. The heavier discounting expected around Black Friday and Cyber Monday will only ramp up the stress to potentially intolerable levels.

The strain might be especially severe on traditional bricks and mortar stores. Large omnichannel players will be in a better position to ride out the storm, though they may do so by passing the pain down through their supply chains.

In some cases, suppliers will be expected to absorb margin losses. In others, they face delayed payments and, when insolvencies occur, unpaid invoices. This is already happening. Our annual [Payment Practices Barometer](#) reveals heightened risks of payment delays, write-offs and insolvencies across regions and markets. Holiday season markdowns amid tariff-related cost increases are only likely to make matters worse.

As business buyers take longer to pay, liquidity pressure builds across the supply chain. For wholesalers who finance stock months in advance, even a short delay can tie up working capital for an entire quarter. This forces them to plug funding gaps just as borrowing costs continue to rise.





Black Friday: more trouble than it's worth?

The paradox here is that liquidity risk is likely to peak just as headlines report record consumer spending. Black Friday 2025 could be a bumper success in terms of sales and still ramp up cashflow problems for importers and producers. The real risk doesn't lie in retailers' sales figures, but in the balance sheets of their suppliers.

"Costs rise due to tariffs and supply chain disruptions, yet consumer expectations put on the pressure to keep prices low, increasing payment risk and exposing the weakest links in the chain," Bodnar adds.

For some producers, this self-reinforcing cycle may not be worth the trouble. Consumers delay purchases in anticipation of discounts, retailers hold more stock, and suppliers wait longer to get paid. It feels like an accident waiting to happen.

Some brands are certainly coming to that conclusion. Swiss upcycled bag maker FREITAG, Finnish sustainable fashion house Globe Hope and Dutch green homeware store Dille & Kamille are some of the companies that have opted out of Black Friday altogether, closing their stores for the day.

While all of these brands cite ethical and environmental considerations, withdrawing from discount culture may also be an attempt to preserve value and avoid a race to the bottom. At the very least, producers in their supply chains will avoid the strain created by a few chaotic days of heavily discounted sales.





Managing risk with early warning intelligence

Other producers have no choice but to accept the demands of their customers to keep orders flowing, along with the risks. For suppliers and wholesalers facing the possibility of delayed payments, protecting cashflow has become essential.

In this, good intelligence is crucial. Spotting signs of financial distress in buyers early allows suppliers to act before payments falter. Shrinking margins, unusually large orders, extended terms or erratic ordering patterns can all point to liquidity pressure or financial instability. In response, suppliers can adjust credit terms while diversifying exposure or seeking alternative buyers.

[Credit insurance](#) plays a growing role in this context, offering both protection and early-warning intelligence. It not only safeguards receivables but also provides valuable insights into [buyer risk](#), helping suppliers make informed decisions. Insurance can also improve access to bank finance.

Has the party been crashed?

Is Black Friday worth it? Canny consumers will still find bargains on Black Friday and retailers' tills will ring. But for smaller stores and businesses down the supply chain, the sales season is a double-edged sword.

After months of tariffs and policy uncertainty, the extended discount period will put further pressure on liquidity. In its aftermath, invoices will linger, debt will build, and suppliers will carry the cost.

In these circumstances, Black Friday is no longer simply a celebration of consumption. For retail supply chains, it's a stress test of financial resilience. Those who treat risk mitigation as strategy are best placed to pass it.

To explore how to strengthen your own credit risk strategy, [get in touch](#) with us and see how we can help you stay ahead.

Article

Worldwide