

Consumers predicted to spend around R7bn more this Black Friday

Retailers are expecting an increase, to the tune of around R7bn, in consumer spending on Black Friday 2023 compared to last year, according to data from the Bureau of Market Research (BMR). With 15% of sales being online last year, a significant proportion of this year's spending will again be online. For consumers in South Africa this poses many risks related to cyber security and electronic crime.



Source: Photo by Max Fischer via www.pexels.com

South Africa is nearing the peak of Black November shopping, with Black Friday on 24 November seeing the culmination of this growing retail phenomenon. International e-commerce platform Picodi has previously noted that sales on the day have easily been 2,000% higher compared to an ordinary shopping day.

Throughout the year, more than a third of fast-moving consumer goods (FMCG) are being sold at a discounted price. In fact, the increasing frequency of discount campaigns are training consumers to purchase on promotion — and spending trends show that South Africans love a good special.



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Evan-Lee Courie 21 Nov 2023



Some retailers appear not to be particularly fond of Black Friday/Cyber Monday due to the pressures that the short-term event places on medium-term operational and supply chain planning.

However, with many local shoppers eagerly making online and in-store purchases as a result of the shopping event, most local retailers (and many other companies) are responding with gusto.

The BMR estimates that this supply-side response could create around 150,000 temporary jobs in South Africa.

Black Friday has rapidly gone from being a novelty American event to being a significant generator of sales for South African retailers and brands going into the Christmas period.

Anton Hugo, PwC South Africa retail and consumer industry leader, says: “The net impact of Black Friday/Cyber Monday on retail income is challenging to calculate accurately because of some shift in holiday spending from December to November. Nonetheless, South African retailers have increasingly designed the shopping holiday to focus on a Black November period, providing a larger volume of smaller sales during the month, rather than solely on the four-day Black Friday/Cyber Monday weekend.”

South Africa has a consumer-driven economy, with nearly 64% of the country’s gross domestic product (GDP) attributed to private final consumption in 2022. As such, the power of the consumer wallet is critical to the strength of the economy and, therefore, lends largely to the strength of the retail sector.



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It is good news for retailers that South Africans are planning to significantly increase their spending during this year’s Black Friday. Research by the BMR on behalf of retailer finance provider Capital Connect found that Black Friday spending is expected to increase from R19bn in 2022 to R26.6bn this year.

Christie Viljoen, PwC South Africa senior economist, says: “While overall consumer sentiment is presently weak, local consumers’ predisposition to purchase goods on sale, combined with retailers going all-out to generate sales during Black November, has resulted in a positive outlook for retail income during the current month. This is likely to be reflected in retail sales and private sector credit data for November. It could also provide a boost to gross domestic product (GDP) growth momentum during the final quarter of the year.”

Online payment provider PayFast noted that the number of transactions on Black Friday 2022 increased by 20% y-o-y. According to consumer market research company GfK, online channels accounted for around 15% of sales over the Black Friday period in 2022.

Local results from PwC’s Global Consumer Insights Survey Pulse 6 has found that growth in online shopping is driven by its ability to enhance the phygital (physical plus digital) shopping experience. South African consumers enjoy deeper relationships with their favourite retailers and brands by reducing frustrating, high-friction interactions.

Online channels allow retailers to connect with consumers higher up the purchasing process, in essence, before they have made a decision to purchase, and in an effort to influence the outcome. The survey also found that South African shoppers increased their online shopping this year as load shedding had an impact on their traditional shopping options.

Furthermore, unlike in America where Black Friday falls within a long weekend (after the Thanksgiving holiday on a Thursday), South Africans do not get a day off for shopping. This makes online shopping from home or work very

attractive.

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