

Retailers turn to BNPL to drive sales amid declining growth

South African retailers are turning to interest-free alternative credit options as consumers seek safer and more cost-efficient ways to fund key purchases. This comes amid tough economic conditions and a constrained spending environment.



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Craig Newborn, CEO at local Buy Now Pay Later provider, PayJustNow, says: "Consumer shopping behaviour is shifting in line with tough economic conditions, making risk-and-interest-free options like buy-now-pay-later (BNPL) increasingly relevant to South Africans across the income spectrum."

The most recent Stats SA data reveals a 0.9% decline in retail trade sales in 2023 compared to 2022 with the decline being attributed to a tough economic environment stifling consumer discretionary spending.



Black Friday data highlights consumer adoption of Buy Now Pay Later

8 Dec 2023



However, PayJustNow's latest data reveals the BNPL provider more than doubled its gross merchandise value (GMV) in 2023, achieving 105.8% year-on-year growth.

The rapid growth in adoption of BNPL indicates a desire among consumers to fulfil their essential and aspirational purchases while avoiding costly interest. This represents a significant opportunity for retailers facing declining retail sales in a constrained spending environment.

Newborn notes the growing use of BNPL in-store, indicating a surprising shift away from online shopping to more brick-and-mortar retail purchases. "Our December sales data reveals that physical retailers are gaining ground on their online peers, with in-store shopping boosted hugely over the festive season period."

According to its own data, nearly two-thirds (65.4%) of PayJustNow's gross merchant value is generated by customers aged 27-42, and 68.5% of PayJustNow users are female, while the average user earns close on R19,000 per month.

Fashion apparel and footwear remain the most popular categories accounting for more than 40% of sales, with the automotive, electronics and home categories also showing strong growth.

PayJustNow is the largest BNPL provider in South Africa, with more than one million customers growing at 40,000 to 60,000 new customers per month.

Newborn says the PayJustNow Deals platform is also fast becoming one of the leading shopping platforms for South Africans seeking deals and promotions across a range of products and services.

"We recorded more than 12 million views on our Deals platform in November alone, while our customer base consistently shows an insatiable appetite for these value-driven purchases. As inflation continues to bite and a constrained environment places further pressure on consumers, we expect to see even greater uptake of budget-friendly interest-free payment options among South Africans across income groups."

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