

## Easter weekend spending patterns

The VAT increase on 1 April could cause a run on bigger-ticket items as consumers attempt to beat paying the taxman extra. So, the period immediately before 1 April 2018, may see increased sales only to dip after the 1st according to economist and speaker Daniel Silke.



"Overall, this should make for an Easter spend that is better overall than last year. Adding to this is increased positive sentiment following the 'Ramaphoria' path. Business sentiment has improved and the better political outcomes should add some impetus to consumers' shopping habits. Having said that, levels of disposable income remain depressed and there is no dent in the broader unemployment figures to help this," Silke continued.

According to the South African Council of Shopping Centres, in 2010 there was a recovery in household consumption expenditure, especially during the Easter period, driven by an aggressive interest rate cutting by the South African Reserve Bank along with an economic recovery, saw real retail sales growth rise from 3.1% decline in 2009 to a 5.6% rise in 2010, and on to a post-recession peak of 6.2% in 2011.

Then, in 2015, the sector had a mild boost to growth from a dip in consumer and retail price inflation in that year, sustaining its outperformance of economic growth. That dip passed on, and the economy 'reinflated' in 2016, while interest rates had been rising throughout 2014 to early-2016.

### Fuel levy impact

Silke added that the fuel levy will also have hard-hitting impacts on people. "The fuel levy can impose a further burden on us consumers. With a bit of currency luck, the ZAR should remain stable to stronger thus offsetting the fuel levy at least for the moment. So, my overall view is increased spend to beat VAT more than anything else.

"The country will need a sustained period of better growth numbers, movement on economic policy, a dent in youth unemployment and also clarity in terms of public sector wage negotiations before there is any major uptick. I am cautious on increased spend, but there will be enough to please most retailers who may view this as the turning point of a rather disappointing cycle."

### Holiday visitor boom

Tony Da Fonseca, the managing director for OBC said that their Mpumalanga and Limpopo stores receive the best support over the Easter period. “The reason for this is that many thousands of people who live and work in Johannesburg or Pretoria visit their families over the Easter holidays. They purchase gifts for their loved ones and food items for a series of feasts. One of the main aspects we have noticed is that chicken is our undisputed bestseller while fish takes the lead during Easter. This is based largely on religious considerations,” he said.

Da Fonseca added that the Thursday before Easter is the peak of their customer support over this period. “This year we confidently expect an increase of 20% in inflation-adjusted sales figures when compared to the same period in 2017. If one ignores the normal growth pattern our stores enjoy, a prime reason is that this year Easter coincides with month-end. This means that workers would have received their salaries and grant monies before the holidays,” he said.

Remo’s, Old Town Italy and The Common Room owners, Rembrothers, expect a busy Easter period. Renzo Scribante from Rembrothers said their Durban stores receive the best support during this time.

“Durban is really well supported as people from other provinces come down for the Easter Weekend to be by the sea. From a customer buying pattern point of view, I think people are more price-conscious today and look for value for their rand. At Old Town Italy we have created our own in-house Easter eggs as well as brought in imported chocolate to give the customer price options. I think they want options along with quality. Good Friday is always buzzing for us at Old Town Italy and the spirit of Easter is really felt on this day so we know that we will be busy,” he concluded.

Gauteng-based retailers and shopping centres may find themselves less busy as many ‘Joburgers’ head to the coast over Easter which usually means that coastal retailers and shopping centres will see a spike in sales.

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