Was Black Friday 2017 a win for SA retailers?

By Jainita Khatri

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Retailers and consumers, door deals and online marketing, geo-tracking, real-time parking deals and refreshments for physical shoppers. Black Friday has evolved into a complex sales phenomenon and looks set to continue to reach new highs, despite (or because of) our rocky economic status.

Research has shown that it costs 5 times more to acquire a new customer than to keep an existing one, but also that about 75% of shoppers who shop to buy something on promotion also end up purchasing normally priced items. So it pays, in the long term, for retailers to tempt customers with great deals in the hopes of gaining loyal shoppers and increasing sales of non-promotional merchandise.

According to Picodi.com Black Friday 2017 in South Africa was a hit for retailers, with consumer activity increasing on average by 624% when compared to an ordinary day. In 2016 the increase was 619%. This sounds like a win, but drilling down into the shopping cart statistics show the average trolley only reached R371, R568 less than the average cart in 2016 which was R939.

Picodi also shares that the most popular sales categories of 2017 were fashion, electronics and cosmetics, citing Woolworths, Edgars and Makro as the three top retailers in South Africa overall. In general, local online shoppers preferred to use their smartphones (48.5%), followed by desktop computers and laptops (46.5%) and then tablets, which were used by only 5% of shoppers.

Not all Black Friday retail sales results have been officially released, but these two local online stores made headlines for me:

Takealot.com

Considering online sales are only around 1% of total retail sales in South Africa, Black Friday 2017's local online winner was Takealot.com who integrated the day into their weekend-long Blue Dot sale as well as extending it into Cyber Monday; a strategy which saw them reporting a 280% year-on-year uplift in online visits on their company news site.

The sale began at 12:01am on Friday morning and made R6 million in Gross Merchandising Value (GMV) in the first hour.

This grew to R12 million by 2am and to over R87 million by the end of the day. One wonders how much better their figures would have been if they hadn't experienced "challenges" with their website crashing due to the huge influx of online visitors - 2.2 million on Black Friday alone. We look forward to seeing how they up their game in 2018.

Consumer electronics sales soar in South Africa during Black Friday week
GfK – An NIQ Company 8 Dec 2017

Superbalist

Owned by Takealot.com, the Superbalist website saw similar highs on 24 November, although their sales growth for Black Friday 2017 was 118%, compared to a 143% spike in 2016. Their head of brand, Klyne Maharaj, reported that "by 5:30am we'd achieved over 10% of the day's target (more than a third of last year's target)." The company reported that Black Friday 2017 was officially their "biggest trading day to date", with their most popular sales being sneakers, followed by women's wear and men's wear.

And what of the consumers themselves, do they benefit from Black Friday deals in the current economic climate? Healthcare retailer, On Shelf Phama, reports, "As we reach the year-end, we know that spending trends are usually based on emotions – consumer spending behaviours are not always rational. These short-term boosts for the retail economy, though encouraging, are not ideal for the long term sustainability of the economy."

We'll know more after the festive season sales figures are in, but my advice to shoppers is to keep your wish list small and practical, 2018 is going to be, at best, economically volatile.

ABOUT JAINITA KHATRI

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