

Consumers under strain; swop luxury items for everyday items

This Black Friday consumers went for everyday items instead of luxuries, indicating that they have been waiting for deals on daily needs and, perhaps, stocking up on non-perishable goods.



Source: © 123rf [123rf](#) This Black Friday consumers went for everyday items instead of luxuries

Consumers are carefully shopping around while also spending less, despite the volume of Black Friday and Cyber Monday sales having increased over the sales period.

This is according to data from payment service provider Ecentric Payment Systems.

“ There was a 5.06% decline in transaction volume, and, in real terms, value dropped 12% ”

Consumers under pressure

“The rand value on average over the extended Black Friday period was – in real terms that strips out inflation – behind the past few years. This shows the pressure consumers are under,” says Wesley Fetter, product manager at Ecentric.

While companies that use Ecentric’s payment dashboard to monitor sales, which includes South Africa’s largest retailers, processed more than R1.1bn in deals, there was a 5.06% decline in transaction volume, and, in real terms, value dropped 12%.

“We saw retailers start offering sale prices ahead of the traditional 24 November date,” says Fetter, “which also led to a shift in trends when it comes to peak days”.

Online and retail sales both peaked on 25 November, the day after Black Friday - an indication that people wanted to avoid the queues that are typical of Black Friday.



1 Dec 2023



Statistics South Africa's latest retail data print, published in mid-October, indicates that sales in consumer-facing goods declined 0.5% year-on-year in August.

However, this is not as much as expected, based on a Bloomberg survey indicating a consensus of a 1.2% slump predicted by economists.

"While we wait for StatsSA to publish the next set of figures for October on 13 December 2023, the best window we currently have on how consumers are faring in this high-interest rate environment is data from one of the biggest sale periods of the year," says Fetter.

Just more than two-thirds of our gross domestic product is made up by consumer spending.

“ In 2022 e-commerce grew 30%, taking the value of the market to R55bn ”

Shifting online

2023's shopping trends also saw a marked shift towards online shopping.

Consumers not only used virtual shops to price check but also preferred to buy big-ticket items online. "This is likely an indication of South Africa's e-commerce growth," says Fetter.

According to World Wide Worx, in its latest report on online sales, [Online Retail in South Africa 2022](#) conducted by it in association with Mastercard, e-commerce growth in 2022, at 30%, took the value of the market to R55bn.

This, the report says, is indicative of the post-Covid-19 change in shopping habits, with people sticking to a trend of buying goods delivered to their door.



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Andrew Wilmot, customer experience executive at Ecentric, notes that there was more online growth between 2021 and 2022 than this year.

"Ahead of next year, retailers need to focus on offering more deals as South Africa continues to battle to right the economy in the face of daily loadshedding, says Wilmot.

"Whichever way you look at it, South Africans are battling and want more value for their money," concludes Wilmot.

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