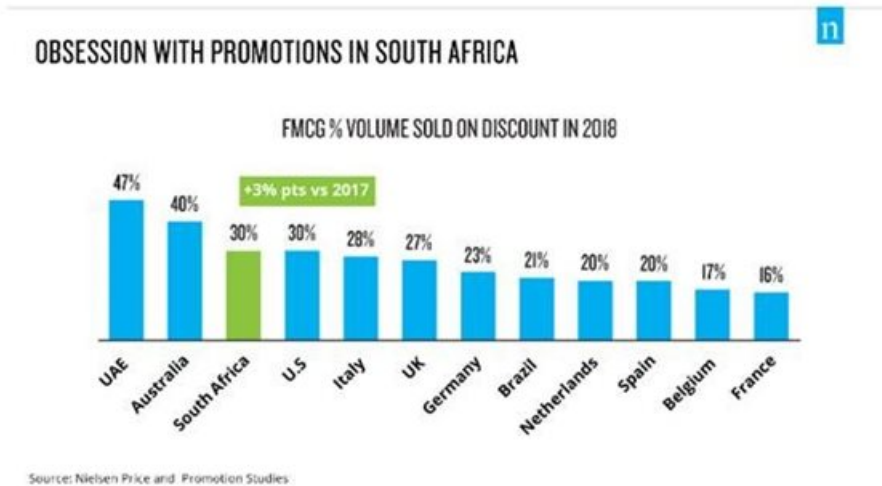


Heightened price sensitivity in SA fuels Black Friday demand

A [recent Nielsen survey](#) shows that South Africans are the third most discount-obsessed shoppers in the world. The tougher economy and its strain on consumers has resulted in cutting back on their discretionary spending, impacting on the volume of grocery baskets.



As a result, South Africans have become obsessed with promotions, with 30% of the total volume of FMCG products in South Africa in 2018 sold at a discounted price, up from 27% in 2017.

Add to this South Africa's current credit crisis with 56% of borrowers (both unsecured and other credit) in default, as detailed in the Differential Capital [report](#), and you have the perfect storm for consumers taking full advantage of the discounted shopping of Black Friday 2019.



Discount-obsessed South Africans being trained to buy on promotion

11 Jul 2019



"Weak economic growth in South Africa has forced consumers to become more cost-conscious across all purchase categories. This heightened attention to price has turned South Africans to search harder and longer for bargains, which in turn fuels the increased demand for Black Friday discounted deals," says Derek Cikes, commercial director at payment fintech Payflex.

Cikes shares 6 take-outs from Black Friday 2019:

1. Average online order value

The average order value increased YoY by 60% at PayFlex due to an increase in fashion spend where customers tended to load up on online Black Friday specials.

2. Transition to online and mobile purchasing

As the millennial internet-savvy generation matures into the dominant segment of the consumer market, so the demand for

online sales grows. Growth in online sales is further supported by the much-improved logistics and customer experience of the pure-play online retailers, such as Superbalist and Takealot.



35% growth in Black Friday online sales points to prepared shoppers, industry resilience

4 Dec 2019



3. Drivers of increased online spend (through Payflex)

A large section of online stores. Payflex now has nearly 100 merchants who offer goods across most spend categories, including segment leaders like Superbalist (fashion), ePetstore (pets) and Raru (gadgets and games). Fashion is the key followed closely by gadgets and tech.

4. Shopping activity

Black Friday spend was more spread out than in previous years as retailers started to discount early in the week so as to spread demand across a few days during the Black Friday week.



A month dedicated to Black Friday

Eben Esterhuizen 2 Dec 2019



5. How SA Black Friday compare to the US

The [US online market](#) is huge and deep with online sale penetration of 16% in 2019, up from the initial 1% in 2000. These markets are a lot more mature than SA, where online retail [was 1.4%](#) of total retail in 2018.

The [average online order](#) value on Black Friday in the US rose 5.9% from 2018, setting a new record for Black Friday at \$168.

“Interestingly, the Payflex merchants reported a similar trend, with South Africa lagging a bit behind, indicating the potential growth to come,” says Cikes.

6. Online retail activity

Online shopping increases during the Black Friday period. One of the reasons is that of convenience, rather than fighting it out at the malls with the crowds. Online shopping also offers an expansive choice at the click of the button, with the customer having more control in managing their experience with the added facility to easily return goods as well as the various payment options, making a compelling argument for shopping online.

“The South African Black Friday phenomenon has only been around for 8 years, compared to the US version which started in the mid 1950s. However, despite its nascent state, Black Friday has grown exponentially in South Africa YoY from R2.9bn in card transactions on Black Friday 2018 to R6bn in 2019, increasing 106%, according to [Bankserv](#) which records only a portion* of the entire sales figures,” says Cikes.

“This discount period continues to have a significant impact on retail in SA, where it is now an established retail day that will only continue to grow, particularly in the online arena as the e-commerce trend matures,” concludes Cikes.

** BankservAfrica does not process interbank card transactions for all of the banks which means that our data shows part of a fuller picture. It is important to note that we do not see any ‘on-us’ transactions which are transactions that take place between accounts from the same bank.*

** The volumes shown for online sales do not account for transactions that shoppers may have done that did not require a one-time pin. These transactions are accounted for in the total transaction volumes.*

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