

SA brands start the countdown to Black Friday 2018

By [Kali Mbahloli](#), issued by [GfK – An NIQ Company](#)

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The days are getting longer and hotter, suburban South Africans are firing up their braais and the malls will soon be filled with the sounds of Boney M. Yes, it's nearly time for the festive shopping season, preceded by Black Friday, an imported tradition that South African shoppers have made their own. With less than a few weeks to go before Black Friday on 23 November, technical goods retailers and manufacturers are scrambling to get ready.



They will be hoping for a repeat of last year's success, which was the strongest Black Friday to date for consumer electronics sales in South Africa. GfK point-of-sale data shows that panel television unit sales climbed by 47% and smartphone unit sales increased by 63% during the week of Black Friday 2017 compared to the same week in 2016.

So, what are the key factors likely to have a bearing on this event and what should we expect in 2018?

Low consumer confidence

With a soaring petrol price, poor GDP and wage growth, and a weaker rand-dollar exchange rate, consumer confidence is low in South Africa. With consumers under strain, manufacturers and retailers will need to think carefully about how to capture a share of their shrinking disposable income. It seems likely that consumers will be hunting for bargains and many of them will hope that Black Friday will deliver.

The result could be a spike in Black Friday sales, but at the expense of sales growth in December. In markets such as the UK, we have seen consumers shift more spending into the Black Friday period and away from December. It would not be surprising to see a similar trend in South Africa. With the Black Friday sales event spanning an ever-increasing chunk of November, it's important to maximise the opportunity as retailers can no longer rely on December to make the year.

Pricing is king in online sales

The annual GfK FutureBuy study indicates that price is the number one driver for consumers when they shop online, and

the seventh most important when shopping in-store. This is noteworthy, since November 2017 saw the online channel capture its biggest share yet of the total technical goods retail market. During this Black Friday period, we can expect to see growing numbers of consumers using brand and retailer apps and websites on their mobile devices to find the best deals.

FutureBuy reveals that around 65% of connected consumers used their smartphone to help shop for a product or service in the past six months, while 29% use their mobile phone to compare prices when out shopping. Given that consumers will quickly compare prices to find the best deal, digital retailers that want to win need timely pricing intelligence to keep track of the competition in a fast-changing market.

Black Friday promotions need to be special to stand out

South African technical goods ecommerce retailers run promotions throughout the year; what's more, prices in general are lower online than in-store. The result is that there is a constant fight for the attention of a connected consumer, who is constantly looking for bargains and specials. On Black Friday, shoppers are eager to spend, but they are also waiting for deals that are truly worthwhile.

Black Friday is a vast opportunity – but presented over a short timeframe in a cluttered market, so there is very little time to 'test and adjust' during the show. Retailers need to identify which retail promotions are most effective with shoppers. How are products priced versus competitors? Are they advertising on the right channel with the right price? Manufacturers need to look at whether they are partnering with the right retailers and investing the right amount in trade marketing.

Predictions for Black Friday 2018

It promises to be an interesting end to the year. Despite the economic backdrop, we predict good growth in Black Friday retail sales, with categories such as panel-TVs and smartphones likely once again to be the star performers. That said, the base is higher this year than it was in 2016 and 2017, so the growth rate may not be quite as high as it was then. Of course, the promotions on offer and other factors will determine which categories, brands and retailers benefit most from Black Friday.

What is clear is that Black Friday is now a massive day in the annual South African retail calendar. Indeed, it has grown into a week-long frenzy of specials and promotions. And unlike summer or winter sales and promotions, it's not about shifting old stock, but winning market share by offering consumers attractive prices highly coveted products such as games consoles, smartphones, computers and TVs. Love it or hate it, it's becoming increasingly difficult to ignore it.

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