

# Is it time to re-imagine Black Friday in Africa?

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American novelist, Herman Melville once wrote: "It is better to fail in originality than to succeed in imitation." This quote felt apt as we review consumer habits and the annual "Black Friday" and "Cyber Monday" trade events.



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While it is always interesting to evaluate some of the data trends originating from Covid-19 and the “work from home” trend that then moved into a post-Covid economic recovery environment, we are still grappling with the question: “Are these two consumer events actually suitable for the African context?”

Naturally, it is easy to assume that anything which benefits the consumer should be viewed as a win, however, when we start to unpack this question further, a few real questions arise.

## How healthy is the African consumer?

The first and most obvious starting point is the financial health of the average consumer on the African continent. The past 12 to 18 months have been characterised by rising inflation, fuel, and electricity as well as policymakers responding with interest rate increases as a result. This has placed immense strain on indebted consumers.

Each quarter, Credit Bureau TransUnion releases its “Consumer Pulse” survey which analyses the health of consumer data.

For the third quarter of 2023, it noted that the financial status of South African households was not uniform. Approximately one-third (34%) of families reported an increase in their incomes, and almost a quarter of them faced a decline. Nonetheless, the majority (72%) of people remained optimistic about their future incomes, expecting an increase in the coming year.

As interest rate increases are being matched with rising costs of living across the spectrum, the last quarter of the year could be tight as consumers start to show signs of financial stress when looking at credit data.



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In light of increasing financial pressure, consumers are changing the way they shop for fast-moving consumer goods with 34% buying whatever brand is on promotion and 46% focusing on essentials according to data from market researchers NIQ. The data also shows that about 40% of South African consumers are shopping more often at discount stores.

In a bid to entice consumers and retain their market share, retailers are under enormous pressure to keep offering discounts throughout the year rather than focus on specific trade events. This means that in South Africa discounting has become the norm rather than exception.

While we want to see the middle-class developing, is it about enticing them with discounts while they are under financial pressure, or is it about changing the retail experience in a more sustainable manner?

### **Are retailers innovative enough?**

The second point is innovation by the retailer. In many ways South African and African e-commerce and retail operators have attempted to imitate their US and European counterparts however, there has been a persistent view that many of their offerings have been underwhelming in terms of discounts and specials.

While the ubiquitous scooter driver with fast-food deliveries is becoming a regular sight on South African roads, consumer participation in Africa is further stunted due to last-mile delivery challenges, with many retailers still focused on in-store activations and metros.

This is where innovators such as Jumia have managed to carve out big portions of the African market – including Kenya – where they have utilised a 40,000-strong arsenal of consultants to educate consumers about opportunities related to the platform.

### **What are retailers doing to help struggling consumers?**

Retailers are now offering different payment options to alleviate pressure for the consumer. The third trend which we are following with interest is the “Buy-Now-Pay-Later” (BNPL) model which has gained traction across the continent.

In South Africa, e-commerce giant Homechoice has pivoted into a full-blown financial services business with its “PayJustNow” businesses, securing over 900,000 customers in less than two years. In Kenya, Safaricom5 has expanded its financial services offering by incorporating BNPL and Jumia6 is piloting an offering in Egypt to grow market share.



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## Will already struggling consumers really pay more for socially conscious products?

Lastly, the concept of “social and ethical selling” where consumers are prepared to pay-up for more products believed to be produced in a more ethical or socially conscious environment is growing in interest.

With US giant Amazon moving into South Africa, there is a perceived threat to existing players in the market as many of the local smaller retailers have the opportunity to access a global marketplace for their products – particularly if they can highlight the story behind the products they have developed and how their production and purchase benefits local entrepreneurs.



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Going back to the original question we posed at the beginning of this article: “Is “Black Friday” actually suitable for the African context?”

To answer this question, we must look at this trade event pre-Covid-19 and post Covid-19.

### **Black Friday Pre-Covid-19:**

Black Friday was largely an in-store event which exhibited similar characteristics to Black Fridays in the USA and Asia i.e., people standing in long queues to purchase goods that were significantly discounted.

Pre Covid, South African retailers in particular were able to offer significant discounting as means to clear stock ahead of the December festive season trading period. Pre Covid, Black Friday in South Africa was very similar to Black Friday in the USA, Asia, and Europe in that it was considered one of the busiest shopping days in South Africa with sales showing impressive growth.

### **Black Friday Post Covid-19:**

Social distancing and lockdown restrictions meant that South African retailers had to change their approach to Black Friday, turning the event from a one day in store shopping experience into a month-long campaign which is now largely online. In fact, Black Friday in South Africa has evolved into “Black November” diluting the original concept and potential value for consumers.

Furthermore, with data showing a consumer that is ailing and at risk, consumer spending behaviour has changed significantly. Retailers have responded to this by continuously offering discounts throughout the year.

This has resulted in much shallower discounts being offered by retailers during Black Friday / Cyber Monday post-covid, relative to the pre-covid era and despite consumers calling for the same significant discounts that were observed pre-Covid and in the USA, Asia, and Europe for the same event.

Similar or more impressive discounts are not always commercially viable for South African retailers, especially given the significant change in the consumer and economic landscape.

With this backdrop, South African retailers are at a pivotal point therefore having to ask themselves whether Black Friday still makes sense to promote?

It might be time for retailers to start reimagining this so-called Black Friday in the African context and lead by a differentiation of strategy, or to simply opt out of this event.

## ABOUT THE AUTHOR

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