

# SA consumers spending less this festive season

Following similar trends to what retailers saw during Black Friday, South Africans are shopping a lot more conservatively this festive season. Consumers have also moved online and when it comes to returns, it is anticipated that there will be an increase in returns.



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This is according to Thomas Pays, CEO and co-founder of Ozow – a digital payments provider – who explains that tightened pockets have meant that consumers are spending less than previous years.

## A smart move to online

Compared to December 2020, Pays explains that average transaction values are much lower. “This is something that many South African retailers have seen as a downward trend over the last couple of months in particular.”

“With the volatility experienced over the last year, consumers are being extra cautious not to splurge as much on bigger ticket items. Instead, we’re seeing a continued shift in people buying lower value items,” he explains.

Many retailers pivoted their promotions online or via their mobile apps in response to this change in shopper behaviour.

It’s been a smart move. Data from Ozow has shown that mobile has become the primary method for people shopping

online, having jumped to 95% of all transactions in the last month alone.

## **An increase in returns**

Once all the gifts have been bought for the holidays, retailers aren't expecting any slowdown. While consumers love to shop over the festive season, they also tend to make a lot of returns.

According to data from Shopify, its ecommerce merchants noted that more than 80% of their returns took place in January of each year alone.

A key finding from the study shows that, not only was there an increase in returns post the festive season, but it is now also coupled with an increased expectation for quick turnaround times on refunds.

This has become especially true for online, where at least 30% of all products ordered through ecommerce sites are returned in comparison to only nine percent in brick-and-mortar stores.

Pays says that when online shoppers make a return, they want their money refunded as quickly as possible. "How this is done influences the way shoppers feel about a brand."

## **Expectations of consumers**

He says that, historically, returns systems were manual and cumbersome, which often added unnecessary frustration for consumers wanting to return unwanted gifts.

"To ensure that this doesn't happen, retailers are now starting to adopt automated returns and refunds systems to ensure that this is equally a positive experience for shoppers."

With the increased expectations of improved service delivery, faster turnaround times and better systems to manage refunds, Pays says that shopping and payment behaviours will continue to evolve in the coming year.

"Brick-and-mortar stores are here to stay, but an omnichannel shopping experience led by online is helping to create a more seamless shopping experience for consumers.

"Retailers that understand and get this right will continue to reap the rewards of returning customers."

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