

Uptick in consumer spending ahead of festive season

Consumers are ringing in the holiday season with a solid start to retail sales, according to Mastercard SpendingPulse, which looks at overall retail spending trends across all payment types.



South Africa's third biggest month for retail spending after December and November – saw retail sales rise 1.1% over the same month in 2017 when the effects of inflation are removed. Including the effects of inflation, retail sales rose 3.9% year-over-year, as consumer prices ticked up slightly in October amidst higher oil prices.

Significantly, retail sales climbed 2.8% between January and October after adjusting for inflation - a substantial improvement from the 1.4% pace seen for the same period in 2017.

“Retail performance in 2018 shows that South Africa’s consumer has recovered from the lows of 2016 and 2017,” says Warren Zambelli, principal advisors division lead at Mastercard. “Since October, oil prices have fallen sharply, helping to ease price pressure in the near term, benefitting consumers as they enter into the festive season shopping period.”

Category performance

- For a third straight month, Apparel remained the top performing sector of those tracked by SpendingPulse, with October sales rising 2.7% over last year’s level after adjusting for inflation.

- For retailers selling pharmaceuticals, medical goods, toiletries, and cosmetics, growth in sales continue to outperform total retail with sales up 2.2% over October 2017 when the effects of inflation are removed.
- Continuing the trend observed for most of 2018, General Dealer sales for October continue to decline, down 3% year-over-year after removing the effects of inflation.

Black Friday discounts and the rise of e-commerce expected to drive early holiday sales

November has been driving a larger share of annual retail spending in South Africa each year since Mastercard SpendingPulse started tracking retail sales in 2012. Last year retail sales surpassed 9.4% growth for the month over 2016, as Black Friday discounts and the growth of e-commerce spurred early festive season shopping.



How Black Friday is changing purchasing patterns in sub-Saharan Africa

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“America’s Black Friday bargain hunting tradition has taken South Africa by storm in recent years. With many households facing tightening wallets and the rise of online retail, which enables instant price-comparison, South Africa has become a nation of savvy budgeters, making big deals and promotions especially compelling. With an extra week in November between Black Friday and Christmas, we expect this trend to continue and likely accelerate this year,” says Zambelli.

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