

Black Friday to beat Xmas FMCG sales as shoppers become discount-obsessed

With the imminent arrival of the popular Black Friday shopping phenomenon, NielsenIQ has analysed the dominance of this promotional event and discovered that Black Friday was bigger than the traditional festive season purchase week in December 2021.



Source: Supplied

In fact, during Black Friday, more than half the volume of all FMCG products was sold on promotion, equating to a whopping R4bn sold on discount deals.

NielsenIQ sub-Saharan Africa analytics director Kobus Eksteen reports, "The 2021 Black Friday week surpassed the biggest festive season sales week showing its dominance in the South African retail sector. FMCG basket sales were 23% higher than the average of all other month-end weeks in 2021, and the percentage of volume sold on promotion was 55% higher," says Eksteen.

The research company also found that the Black Friday week and the week immediately thereafter increased their lead over the two key December month-end weeks, from 2% larger in 2020 to 6% larger in 2021, suggesting that sales are possibly being pulled forward, from December into November.



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Promotions to the max

To achieve these soaring results there's no doubt that certain products took their promotions to the max. For example, 89% of coffee creamer volume was sold on promotion, 75% of rice, 86% of washing powder, 74% of instant coffee and 66% of whisky volumes were sold on deal.

Eksteen says that unfortunately, this means that certain brands are now so reliant on Black Friday sales to achieve their

targets, that if they were to stop their Black Friday promotions it would have a significant negative impact on their annual performance.

It's also not only brands that are displaying a heavy reliance on the volume of sales achieved through promotions. "The emergence of 'promo only shoppers' has resulted in these shoppers having a permanently altered perception of price point changes and extreme price sensitivity," explains Eksteen.

Shoppers becoming price-obsessed

South African shoppers' obsession with Black Friday promotions comes as no surprise given that local shoppers remain notoriously price-obsessed which has seen South Africa continuously ranked in the top five most price-sensitive countries in the world. Broader analysis shows that the total market FMCG volume sold on promotion has been steadily increasing since the dip in 2020 due to Covid-19.

Of the more than R300bn in basket sales measured by NielsenIQ to the end of September 2022, more than 32.2% or R97bn of all FMCG products were sold on promotion. This is compared to 2021 (31.7%) and 30.1% in 2020.



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Pent-up demand

In terms of whether NielsenIQ expects big changes in the structure or innovations in the format of the Black Friday promotional period this year, Eksteen says consumers' appetite for promotions may be even stronger this year. This is due to increased inflationary pressures and shoppers' desire for value-for-money deals that offer them relief from food inflation and the buffeting effects of other soaring cost-of-living items such as fuel.

"Although the bulk of promotion relates to brick-and-mortar deals, there has been increased use of e-commerce channels to ease in-store pressures on the day. This will only increase this year, with the rise of quick commerce 60-minute delivery options for consumers that will provide an important channel for the ramped-up demand for promotions," says Eksteen.