

# South Africans love a good deal. Here's why...

The rise of e-commerce can be attributed to businesses leveraging special offers and promotions to capture the attention of an increasingly digital-savvy consumer base and convert these casual browsers into loyal customers. This year, 50% of South Africans plan to increase their online shopping activity with two reasons driving this decision: fear of missing out (FOMO) and the cost-of-living crisis.



Photo by Karolina Grabowska via [www.pexels.com](https://www.pexels.com)

This is according to Laurian Venter, sales director at OneDayOnly.co.za, who says that the company's data reveals that discounts and deals are why 80% of consumers shop online. "This makes sense when you consider that South Africans are the second-most price-sensitive society in the world."

## Fighting financial strain

A recent report has found that 32% of South Africans have opted to shop online to get better deals, save on petrol and minimise shopping trips, which is unsurprising seeing that 41% say they are in a worse financial position than they were a year ago. "In light of this, it's understandable that the majority of online spending falls under the essential household items category," notes Venter.

She adds that as a result of economic volatility, consumers are altering their spending habits to ensure they have sufficient funds at the end of the month for basic necessities like food and housing by pursuing promotions, taking advantage of discounts, and reducing discretionary spending.



## What is driving the e-commerce surge in SA?

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The timing of a deal is also a key purchasing factor in today's economic climate, with PwC's South African Retail Sentiment Index for 2023 revealing that 99% of consumers say they are adopting behaviours that help them save money which includes delaying purchases until the items are on promotion.

Venter highlights that this ties into the rise of Black Friday in South Africa with sales spiking by 1952% compared to those

on an ordinary day, especially as items are discounted by 56% on average.

### The FOMO factor

So obsessed are South Africans with getting the most bang for their buck that 31% actively search for promotions, while 22% will even change stores based on the discounts on offer, according to NielsenIQ's latest Price of Promoting report.

Venter says, "Over the past 13 years, we have witnessed how South Africans' 'promo FOMO' impacts their purchasing decisions and anticipate that this will continue shaping the e-commerce sector's upward trajectory."



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She illustrates this by sharing that, back in 2016, for instance, one South African bought a fire engine red Ferrari 348ts Targa online for R1,750,000 – down from the retail price of R1,950, 000. "A few years later, someone saved R150,000 on the original asking price for a luxury apartment in the heart of Cape Town by purchasing it online for R800,000. Both of these were only available for 24 hours which upped the FOMO factor."

**Good deal hunting**The latest FNB/BER Consumer Confidence Index (CCI) has plunged to -25, the second-lowest CCI reading on record since 1994, indicating that the vast majority of South African consumers are pessimistic about the country's economic growth over the next 12 months and the outlook for their household finances.

Additionally, they consider the present time as highly inappropriate to purchase durable goods such as vehicles, furniture, appliances and electronics.

**"As households anticipate that inflation will increase to 10.7% over the next five years, coupled with salaries and wages only expected to rise by a mere 5% this year and next, consumers will continue chasing deals and discounts to make ends meet.**

**But, with more at stake now, South Africans' fear of missing out on these will likely be even stronger, meaning that businesses will need to cater to this demand or else potentially lose cost-conscious consumers to competitors who do – it could be a dealbreaker, so to speak," concludes Venter.**