

PayU's Black Friday debrief: Big ticket items, bigger baskets and new payment trends

The pressure exerted by inflation and load shedding didn't appear to dampen consumer appetite to shop Black Friday and Cyber Monday deals online this year. Online payment service provider PayU reports that the total amount spent increased by a significant 58% since Black Friday 2021, and the average basket value also saw a 54% jump.



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Chairperson of the Ecommerce Forum of South Africa (EFSA) and PayU CEO, Karen Nadasen, shared, “Following trends from last year, the current economic climate and indicators from other PayU markets, we expected conservative growth of between 10-20% for Black Friday 2022. This year, however, we saw the biggest growth and midnight shopping trends from previous years return to centre stage.

“More than 58% more money was spent this year during Black Friday and 37% more during Cyber Monday as compared to last year. Consumers are always looking for bargains on luxury items such as beauty and fashion, but, interestingly, it was furniture that saw the highest increase this year in the retail category, up a staggering 74%.”



Source: Supplied

She added, “Driven by the pandemic, last year we saw a huge leap in the number of people shopping online, however, we also witnessed the lowest overall basket sizes during Black Friday and Cyber Monday. This year we witnessed that this growth (new shoppers online) has been sustained and that consumers are more experienced with a much higher level of comfort with online shopping.

“Basket sizes increased by 54% in comparison to last year. Bigger ticket items were the main shift, with consumer spending skyrocketing to increase 208% at the midnight hour, in comparison to last year on Black Friday.

“While a few payment processors struggled to keep up with the high volume, it is apparent that consumers have got a great handle on searching for the best deals online and opted for seamless payment processing to grab their deals. We saw a 408% increase in the usage of tokenized cards compared to last year, indicating the rising importance of easy checkout flow with regard to speed, trust and comfort.”



Banks see growth in Black Friday transactions and a shift to digital payments

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Payment methods

While credit cards accounted for 85% of total value spent online, 58% higher than last year, the EFT payment method contribution to total payment volume (TPV) was 25% lower than 2021. This could be potentially due to the user experience and warnings from banks on screen scraping, or maybe even because of Buy Now Pay Later (BNPL), which saw a 255% growth since last year, cementing itself as a valuable option for consumers.

According to PayU, both credit card and BNPL options encouraged shoppers to shoot for higher ticket items. Additionally, the delivery process played a key role, so deals such as free shipping and rapid delivery were effective at making merchants stand out from their competitors.

The competitive nature of South Africa's ever-expanding e-retail environment has driven brands to focus on additions that make it easier, faster and cheaper, to ensure they stand out.

Winners and losers

There were category winners and losers over the Black Friday weekend year. Retail saw an increase of 56%; electronics was up by 74%, furniture by 74% and fashion by 37%. Beauty, however, went down by 32%. While beauty usually sees exceptionally high figures during this time, this year the industry segment saw a decrease, potentially due to the spike seen last year. Cyber Monday saw specific increases in electronics, fashion and travel.



Consumers getting savvier

Covid-19 accelerated e-commerce by 400% with more consumers online. The local market also benefits from a diverse payment portfolio, and greater stability of many of these platforms, which have been enhanced over a number of years to cater for peak traffic.

“‘Black November’ has very much become the norm for big retailers who are vying for a larger share of wallets and making the most out of smaller budgets, through plenty of planning ahead of time. This has resulted in a more savvy consumer set, who take time to sift through the deals and pounce when the time is right.

"Reports this year have indicated that lots of research go into purchasing, with more than 61% of consumers going online to compare products and pricing, while 46% regularly go online to get ideas and discover products before heading in-store to purchase. Looking for deals is half the fun during Black Friday and Cyber Monday," concluded Nadasen.

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