



2023 EASTER REPORT

EASTER 2023 OVERVIEW ISSUED BY THE BMR ON BEHALF OF [CAPITAL CONNECT](#)

A MIX OF DOWNSIDE RISKS AND UPSIDE OPPORTUNITIES PREDICTED FOR EASTER SALES OF 2023

During 2023, Easter sales is anticipated to be confronted by a fascinating mix of downside risks and upside opportunities. Given the current depressed economic climate notable in South Africa which is portrayed by the increasing number of downside risks, such as the very high levels of consumer financial vulnerability as well as very low levels of both business and consumer confidence, it would have been expected that the 2023 Easter sales season would be subdued.

Although these downside risks will have a negative impact on easter sales, some upside opportunities for the retail sector are also expected to prevail from the downside risks, as

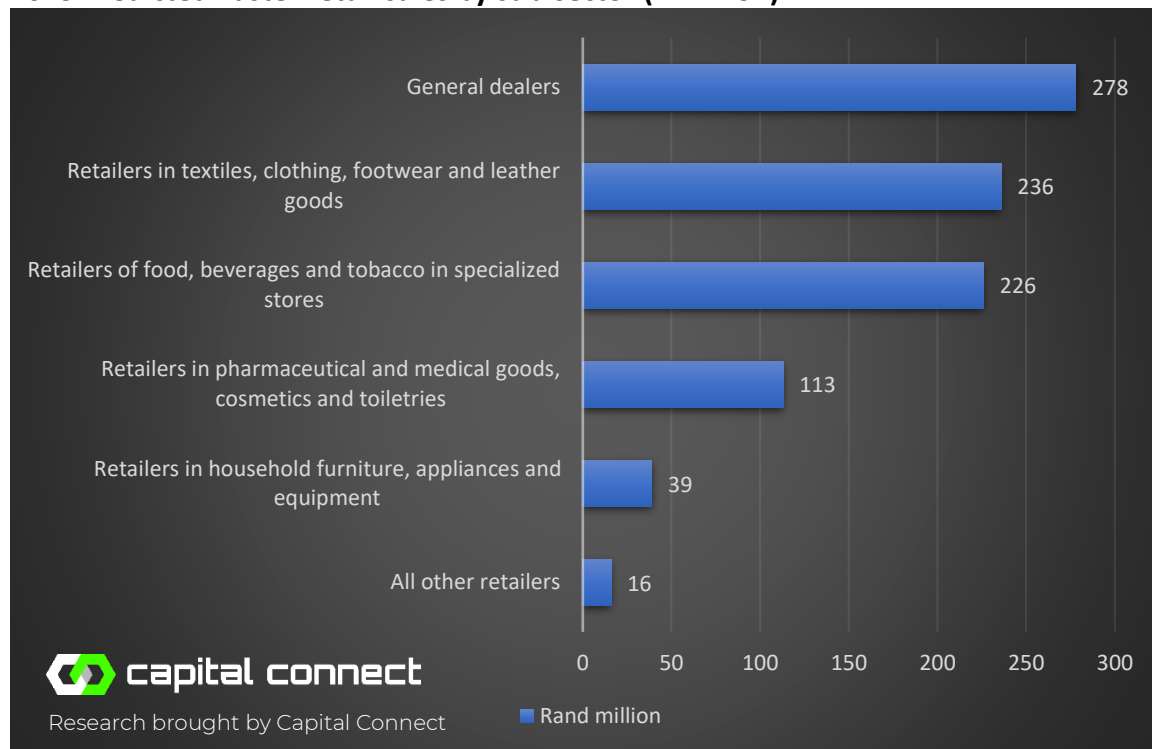
well as from the buying behavior of a large part of the South African consumer market which is less impacted by such downside risks than other consumers in the population.

It appears from analyses conducted by the Bureau of Market Research (Pty) Ltd (BMR) that the total additional retail sales value due to Easter sales could be as high as R908 million during the 2023 Easter sales season. This figure is marginally lower than the R923 million recorded for 2022. According to the BMR the retail sub-sectors which will gain most during the 2023 Easter sales period will be the following:

- General dealers: R278 million (down from R346 million in 2022).
- Retailers of food, beverages and tobacco in specialised stores: R226 million (down from 295 million in 2022).
- Retailers in pharmaceutical and medical goods, cosmetics and toiletries: R113 million (up from R 89 million in 2022).
- Retailers in textiles, clothing, footwear and leather goods: R236 million (up from 155 million in 2022).
- Retailers in household furniture, appliances and equipment: R39 million (which is about the same as in 2022).
- All other retailers: R16 million (up from about R0 during 2022).

Figure 1

2023 Predicted Easter retail sales by sub-sector (R million)



Source: Bureau of Market Research (BMR), 2023

Considering the retail sub-sectoral gains projected for the 2023 Easter sales period, the BMR has also highlighted the following underlying retail mega-trends:

- Because unemployment and consumer financial vulnerability increased rapidly during the past few years, the ability of many households to afford the goods they require from the retail sector was negatively impacted upon. This resulted in consumers spending percentagewise much more on necessities than luxuries. The total retail expenditure on obtaining necessities such as groceries and clothing increased from 60.8% of retail expenditure in 2020 to 62.3% during 2023. It is being expected by the BMR that about 56.6% of total additional sales during Easter 2023 will accrue to general dealers and clothing and footwear retailers jointly.
- Although retailers of **food, beverages and tobacco** in specialised stores are expected to obtain only 9.0% of total retail expenditure during 2023, it is being projected that about 24.9% of total additional sales during Easter 2023 will accrue to this retail category. The reason for this could be found in the fact that during the Easter sales period, consumers will be spending more on certain foodstuffs being sold by these shops including ready-

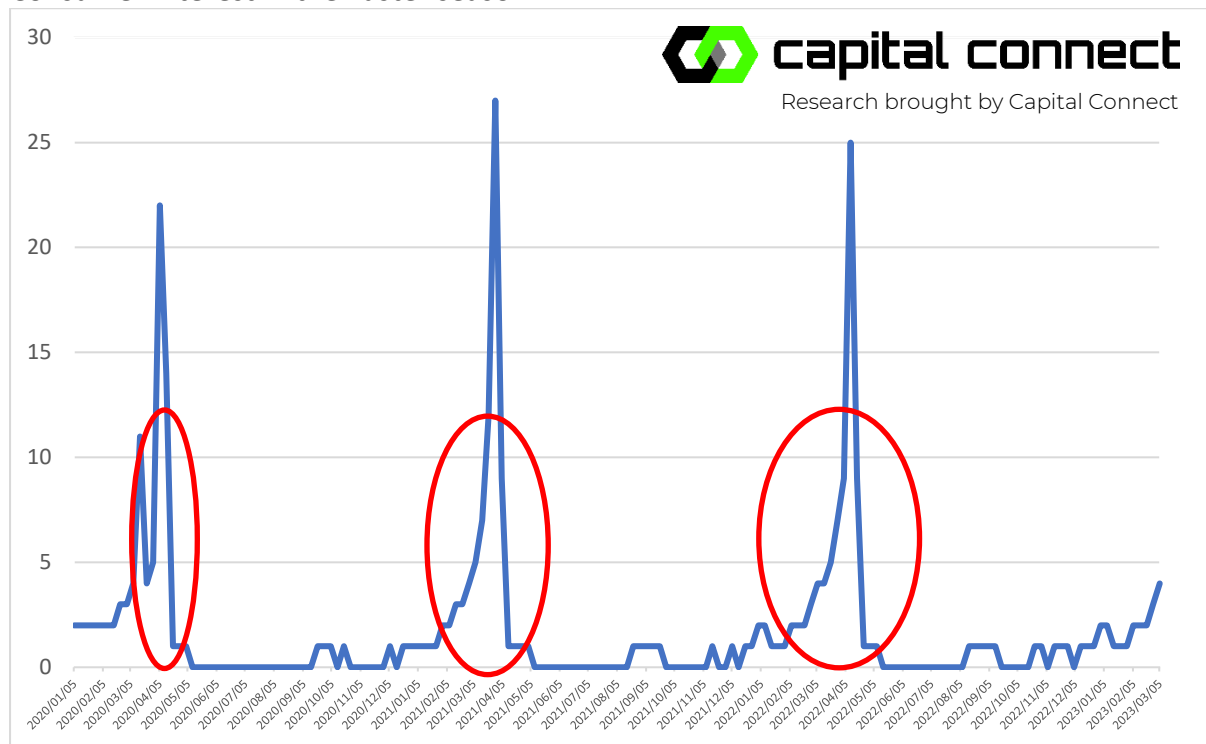
made foods, confectionery and sweets. It is interesting to note from Big Data analytics that upon overlaying the **consumer interest in Easter** trend-line for the period 2018 to 2023, with the consumer interest trend-line with respect to one of the major specialised stores selling food and beverages (alcoholic and non-alcoholic), there is a clear spike in consumer interest in the said store's offerings during the Easter season.

- In the case of retailers in **pharmaceutical and medical goods, cosmetics and toiletries**, it is being projected by the BMR that their share of total additional sales during the Easter sales season will increase from 9.6% (R89 million) in 2022 to about 12.4% (R113 million) in 2023. One of the main reasons cited for the said increase is that an increasing number of these type of retail stores are diversifying their product and service ranges from a sole focus on pharmaceutical and medical goods, cosmetics and toiletries to groceries, appliances, gifts, chocolates and other sweets, certain forms of confectionery (i.e. rusks), clothing and footwear and even spa services additional to the health/clinic services that it traditionally provided.

Looking towards consumer interest in Easter Sales season 2023, Big Data analytics shows that, despite the current adverse economic climate marked by low economic growth, high unemployment as well as high levels of consumer financial vulnerabilities, South African consumers are still very interested in what they could gain from Easter Sales.

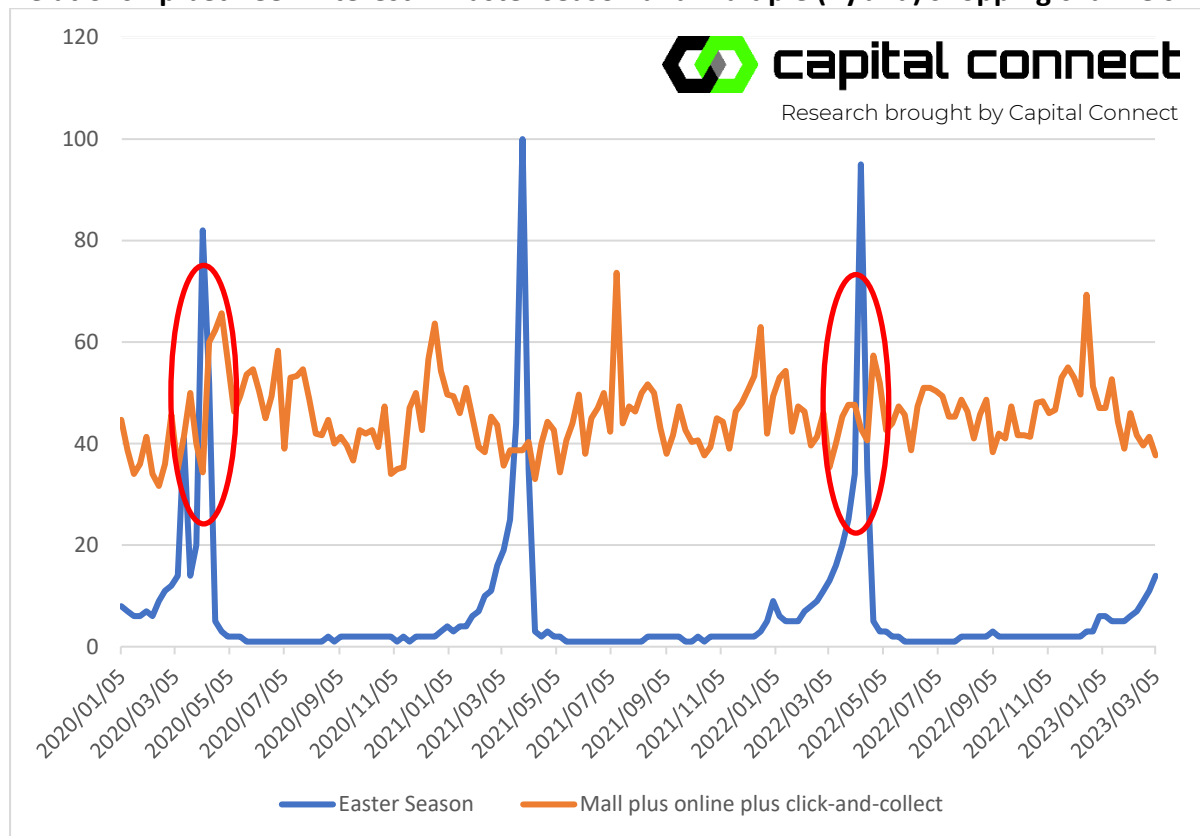
Reflecting on Easter sales trends over time, Big Data analytics results (see figure 2) show that during 2020 consumer interest in the Easter Season was strong during the period 8 March 2020 to 12 April 2020 (35 days). Likewise, during 2021 consumer interest was strong during the period 28 February to 4 April (36 days), while in 2022 strong consumer interest was notable from 6 March to 17 April (42 days). From this it appears that the period that consumers show a strong interest in the Easter Season is extending. Given that consumer interest in the Easter season started on 5 March 2023 and given that the period of interest is becoming longer, it can be postulated that this interest will last until about 20 April (46 days) during 2023.

Figure 2
Consumer interest in the Easter season



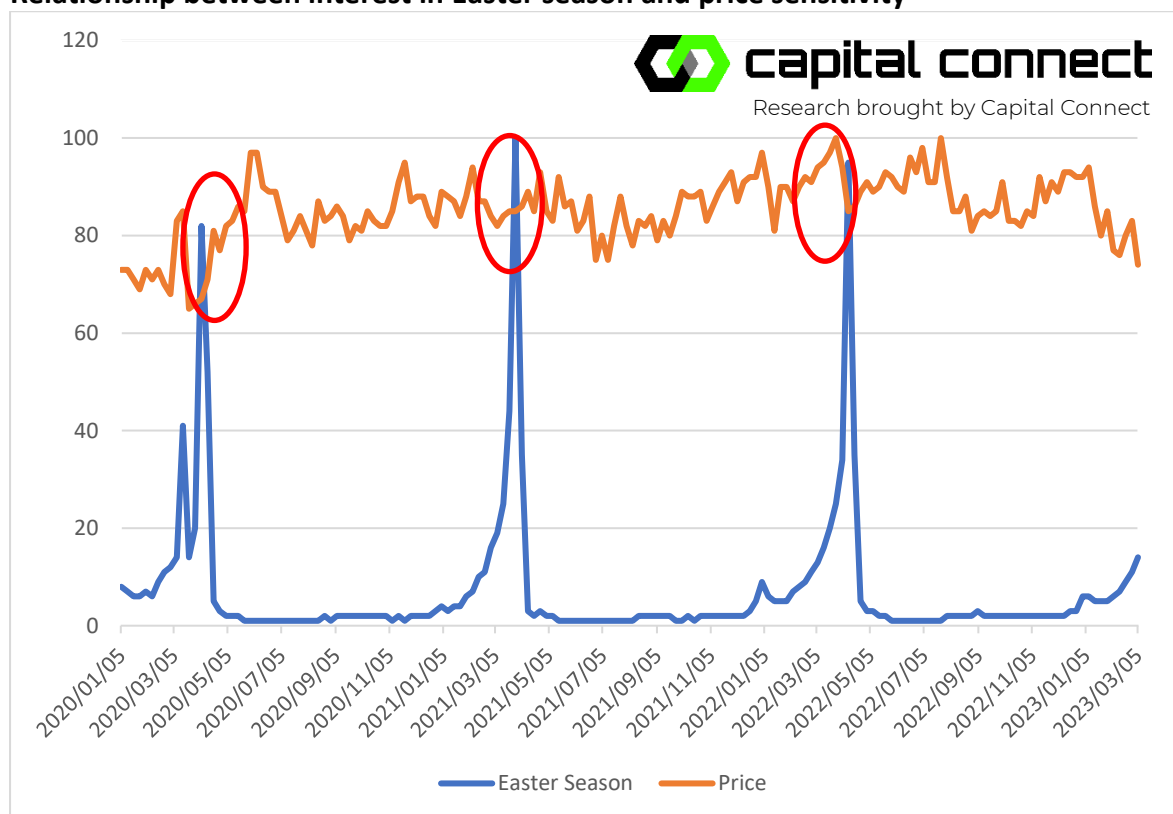
It also appears from the Big Data analytics that during the period 2020 to 2022, consumer interest in the Easter Season coincided with a heightened consumer interest to buy certain products (i.e. food, confectionary, drinks, clothing and footwear), but also that during the Easter Season consumers become even more hybrid with respect to their retail channel preferences by going for in-shop, online as well as click-and-collect in order to extend their shopping experience over more hours and to obtain access to a greater range of goods on offer, and here especially with respect to discounted goods. As noted from figure 3, this observation was especially true during 2020 and 2022.

Figure 3
Relationship between interest in Easter season and multiple (hybrid) shopping channels



Furthermore, it appears from the Big Data analytics that during the Easter Season consumers become increasingly price sensitive with bargain hunting at the order of the day. Retailers who provide discounts together with the facility to make use of loyalty cards, to get even bigger discounts, offer the most attractive deals to clients. This is especially so due to the depressed economic climate, high unemployment and high consumer financial vulnerability, which is causing a large volume market which provides an unique opportunity for retailers to capitalise on through discounting and pursuing discount-oriented marketing.

Figure 3
Relationship between interest in Easter season and price sensitivity



In summary, some key conclusions can be drawn with respect to the 2023 Easter Sales Season, namely:

- Consumers already have a heightened interest in Easter Sales and this is expected to remain so until the 20th of April 2023.
- Despite a large number of downside risks for retailers from the macroeconomic environment, there are also some upside opportunities brought about by such downside risks for retailers who can capitalise on the growing volume market and the discounted goods needs of this market.
- The biggest winners among the retail sub-sectors will be general dealers, specialised food retailers as well as clothing and footwear retailers. Such retailers will especially capitalise from cash-strapped consumers if they are able to attract such consumers by a combination of discounts, discount-orientated marketing as well as loyalty cards.
- Hybrid (in-store plus online plus click-and-collect) shopping will to a large extent be the norm during the Easter season of 2023. Such hybrid shopping allows retailers to extend

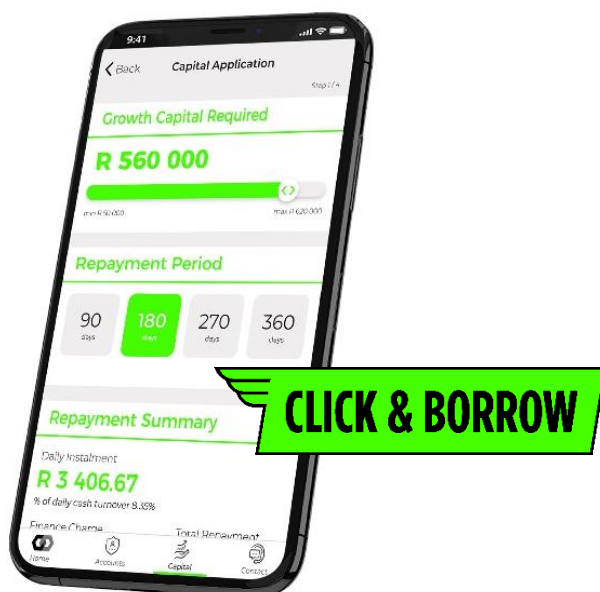
their retail activities beyond the normal shopping hours and also enable them to reach a much wider and larger consumer market.

RETAIL TIPS!

Some ways retailers can thrive this Easter trading season:

- Diversifying their product range to offer more choice and compensate for consumers cutting spending on certain luxuries;
- Extending store hours to maximise opportunities to win business;
- Using loyalty cards and rewards schemes to encourage repeat purchases;
- Starting marketing and promotions for key retail periods such as Easter and Black Friday a little earlier than the competition;
- Using discount-oriented marketing and door buster specials to entice consumers into their stores;
- Giving people an experience in the store, such as Easter treats in the coffee shop, an Easter bunny for kids, or cooking and baking classes, to give them a reason to visit.

Retailers have the opportunity every day to grow their business and move it to the next level. The key to accessing these opportunities is affordable and convenient opportunity capital. With **Capital Connect**, retailers apply for a business loan from the Connected App, choose their desired loan amount of up to R 5 million, select their repayment period - and the funds will be in their bank account within 24 hours or less so they never miss out on a business opportunity.



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Mava Mkukwana

Business Owner

Shell Ultra City, Butterworth

Enquiries:

Idea Engineers on behalf of Sumay Dippenaar: Connect Group

Tel: +27 11 010 4300 / +27 83 286 2799

Email: info@connected.co.za | sumayd@connected.co.za

Web: www.connected.co.za | www.getcapital.co.za