

Cautious optimism for festive retail season

By [Preston Gaddy](#)

10 Dec 2013

In line with more cautious consumer confidence and spending, an average growth of between 3% and 3.5% across the board could be expected for the 2013 festive season, as rising fuel, transport and utility costs continue to see consumers apply the brakes on spending.



© Gordan Jankulov - Fotolia.com

Food and beverages will see a slight upswing, while value retailers are anticipated to benefit most from festive season sales.

Retailers in exclusive gifts and electronics can also expect increased sales, however big ticket items such as appliances and furniture will be hard pressed to show much growth from 2012. Unit sales will more than likely increase, but the margins on these items remain perilously low.

While unsecured lending and credit delinquencies remain a major concern for both the retail industry and government, it is anticipated that cash-strapped consumers will turn to their store cards and credit cards, further benefitting value retailers that offer both options to shoppers.

The company expects jewellery, cosmetics and electronics to top gift wish lists this year.

Gift cards are always a viable option for those consumers who are not sure what to get for their loved ones. However, many shopping centres have done away with centre gift cards altogether due to the significant costs of running the system and the related bank charges.

Online showing growth

Online shopping, while still in its infancy in South Africa is beginning to show notable growth due to cheaper smartphones and increased Internet access. Some retailers have already adopted a multi-channel approach to retailing and this will

benefit sales in the long-term. South African consumers are going online to choose gifts, using sites such as Amazon, Kalahari and more recently to Pinterest. However, many people still enjoy a visit to the mall to purchase the item.

The festive season remains an important time of the year for both retailers and shopping centre management. Poor festive season sales can lead to casualties in the early part of 2014, as retailers increase stock holding, advertising, trading hours and employ more temporary staff, thus a disappointing festive season can be quite costly.

Shopping malls will need to ensure their house is in order ahead of the immense influx of holiday season consumers. Top priorities include ensuring free flow into parking, operational air-conditioning and increased security and support staff.

Shopping trends are also set to differ across the country's regions. Coastal centres are likely to enjoy a surge in festive trade again this year. This is especially true as more South Africans are expected to opt for a local holiday rather than travelling abroad.

ABOUT THE AUTHOR

Preston Gaddy, Broll Property Group

For more, visit: <https://www.bizcommunity.com>