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BLACK FRIDAY 2020 INDICATES DECREASED SPENDING POWER

Johannesburg, South Africa – December 2020; Media headlines leading up to this year's anticipated Black Friday 'mayhem' called into question how consumers would react to the global phenomenon considering a muted economic effect as well as COVID-19 concerns. Lightstone, providers of accurate property data analytics together with Tracker today release Black Friday traffic results indicating that South Africans' spending power has drastically reduced.

Not surprisingly, online sales increased compared to 2019 as ecommerce continues to grow in popularity mainly because shoppers can avoid long queues and crowds. Even though initial reports show that the online shopping trend has grown exponentially since the previous Black Friday month (November), this is not the case for in-store shopping. According to Linda Reid from Lightstone the aggregated and anonymised data provided by Tracker indicates that although the traffic to shopping destinations increased compared to a 'normal' Friday, there was a decline compared to the 2019 Black Friday and this decline was too severe to be balanced out by the increase in online shopping.

"When we looked at the numbers back in 2018, even though Black Friday preceded payday, it saw an uptick of over 35% in mall visits compared to a normal Friday in 2018 (with the prior Wednesday and Thursday also seeing increased activity)," says Reid.

In 2019, the pattern of behaviour looked very similar, however given that Black Friday 2019 fell after payday, it was a slightly muted performance relative to 2018. "Despite this year's Black Friday falling after payday again, the increase in mall visits compared to a normal Friday was only 20% higher, and in fact, 13% lower than on Black Friday 2019."

Reid says that the data supports the discussion that the pandemic may have shifted shoppers away from mega malls to smaller local centres, like strip malls, as the decline in volume across these malls was slightly less compared to 2019 with small malls dropping by 10%, medium malls by 14% and large malls by 20%. Stand-alone retailers that offer Black Friday deals like washing machines and television sets fared the worst with a 25% decrease in volume compared to 2019.

"The more limited drop at smaller sized malls could possibly be attributed to pandemic crowd avoidance, but it may also be indicative of a shift from Black Friday shopper behaviour around bulk buying, given the current economic constraints shoppers face, as these smaller malls tend to be anchored by grocery stores," says Michael du Preez, Executive: Product and Marketing at Tracker South Africa.

Although South Africa's current economic position played its part affecting all income groups, it was more severe in lower income groups. Visits coming in from areas where household income exceeds R40,000 per month were down 10% compared to Black Friday in 2019, whilst visits coming from less than R10,000 household income areas decreased by more than 20%.

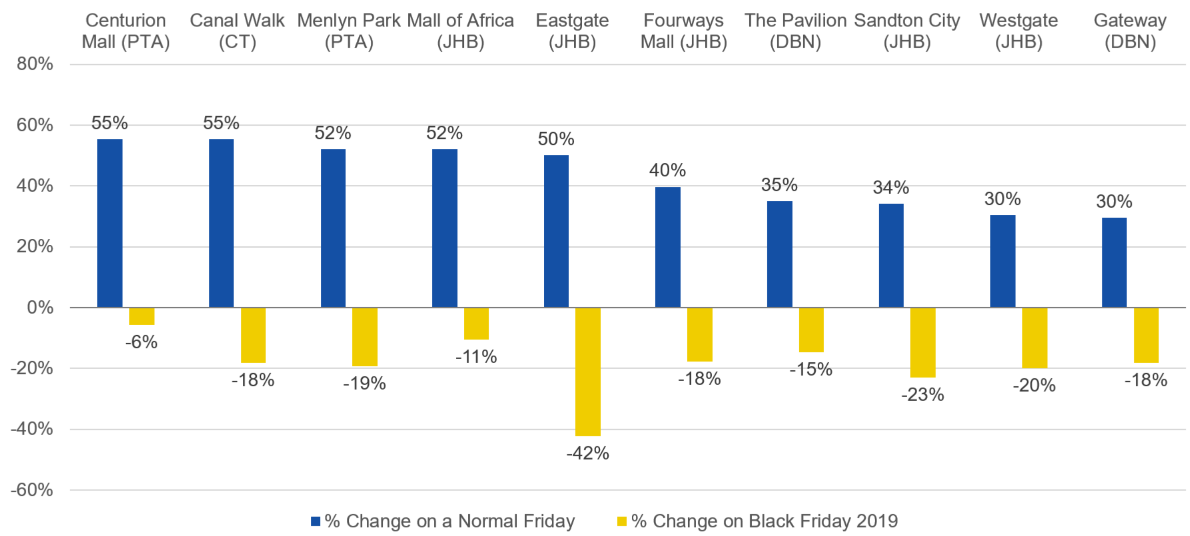
Some may suspect that the lower in-store retail performance on Black Friday itself could be attributed to this year's deals being valid for a longer period of time but the data shows that the weekly visits in the lead up to Black Friday are also down compared to 2019. Smaller malls lost 13% compared to 2019 volumes for the week leading up to Black Friday compared to the 10% they were down on the day itself; whereas larger malls lost 18% in the week leading up to Black Friday compared to 20% on the day. Reid notes that, "standalone retailers, which will be equally true for individual retailers within the malls, showed varied results compared to last year with Hirsch's "daily deal" across Black Friday week seemingly to have paid off, with its weekly visits recorded at 2% higher than in 2019, despite a significantly poorer result on Black Friday itself compared to last year."

From a dwell time standpoint, the average time spent inside shopping destinations was higher than a 'normal' Friday but again, lower than 2019. "Shorter dwell times speak to lower volumes, shorter queues and shoppers sticking to pre-determined shopping decisions - not browsing and adding," explains Reid. "On average, people spent less than half an hour at the smallest malls and just over an hour at the largest malls." This may further support the finding that shoppers tend to spend less time due to the pandemic.

From a mall specific performance perspective, Gateway Mall (Umhlanga) saw the highest volume of visits on Black Friday – but it is also the mall that sees the highest volumes of visits on a normal Friday as well as on Black Friday 2019 compared to other shopping destinations across the country.

There are 10 SA malls with the gross leasing area (GLA) over 100,000 square meters. Of these, Centurion Mall saw the highest growth on normal visits as well as the lowest decrease on 2019 Black Friday visits.

Performance of SA's largest malls *(GLA > 100,00 square meters)*



For malls sized over 25,000 GLA, 12 saw an increase of between 50%-100% on normal volumes including Moffat Retail Park, Atterbury Value Mart, Centurion Mall, Canal Walk, West Coast Mall, Table

Bay Mall, Kingsgate Centre, Menlyn Park, Mall of Africa, Clearwater and Eastgate; and 10 malls saw a slight decrease in normal volumes which include Bloem Plaza, Ga-Rankuwa Shopping Centre, Pier 14, Sammy Marks, Cedar Square, Mthatha Plaza, King Senzangakhona Shopping Centre, The Boulders, Southdale Shopping Centre and Eyethu Mall.

"We are sensitive to the fact that South African consumers are financially stretched at this point in the COVID-19 aftermath, however having looked at the Black Friday performance since 2018, the decline in popularity appears to not only be attributed to tighter budgets but economic reality is hitting home and consumers are thinking twice before spending; this could show an interesting change in shopper trends." concludes Reid.

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