Debt Rescue
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PRESS RELEASE

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Black Friday: Debt experts' warnings likely to fall on deaf ears

As the Black Friday marketing machine moves into high gear in the run up to the traditional end of year sale, warnings to over-indebted South Africans to resist the lure of the so-called bargain buy are likely to fall on deaf ears according to a recent survey by Debt Rescue, one of South Africa's largest debt counselling companies.

The survey shows that just under 70% of respondent indicated that they plan to take up Black Friday specials. This is despite the fact that 66% of participants indicated that they have either been recently retrenched or were facing salary reductions in the wake of COVID-19.

Only 18% of participants were determined not to participate, or had no plans to participate. 25% were undecided as at end of October 2020.

Of those planning to participate, 22.9% expect to spend on household items such as toiletries, staples and cleaning products, followed by clothing and appliances (19% each), while 11% will be buying electronics such as TVs, laptops and tablets.

According to CEO Neil Roets, this couldn't have come at a worse time for consumers who are drowning in household debt. 85% of respondents polled in the survey said their finances had been directly impacted by COVID-19 while 51% said they had no savings to fall back on.

Roets said he feared that warnings to resist bargains were unlikely to be heeded despite the fact that while some of the deals offered by retailers on Black Friday were discounted, many deals were nothing but bait-and-switch.

“Retailers tend to discount a handful of items to create the impression that everything is being sold at bargain-basement prices when the facts show differently.

“For many consumers, the COVID-induced lockdown delivered a near fatal blow to their livelihoods. The harsh reality is that after almost 10 months of reduced economic activity in just about all sectors of the economy, a large proportion of households have exhausted their savings and are now facing a massive debt crunch.

“The psychological impact of COVID however means that consumers will be looking for something to cheer them up and our spending history shows that most South Africans love to indulge in retail therapy even when they don’t have the means to pay for it.”

The National Credit Regulator reports that almost half of all consumers are three months or more behind in their repayments. The major culprits were credit and store cards followed closely by personal loans.

Roets says that COVID has created an additional incentive for marketers experiencing sluggish economic growth to go all out to lure consumers this festive season, and the results of the survey show that they are knocking against an open door.

"If you are unemployed, or living off a reduced household income, or having to borrow to make these purchases, then the chances are that you will pay dearly for your bargain down the line.

"Overall, we have seen a growth rate of 23% this year in consumers who have applied for debt review compared to the same period last year.

"Things are undoubtedly going to get a lot tougher before they get better. Now is not the time to act recklessly. This is an excellent opportunity to practice fiscal discipline. If you are lucky enough to have spare cash, use it to clear or reduce your debt or your bond, or save it for critical expenditure which you will need to make in January, such as school fees. That is the best gift you can give yourself and your family this festive season."

*Note to subs and **not for publication**: For more information, please contact Debt Rescue on 0861123644 or email media@debtrescue.co.za. URL: www.debtrescue.co.za.*
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