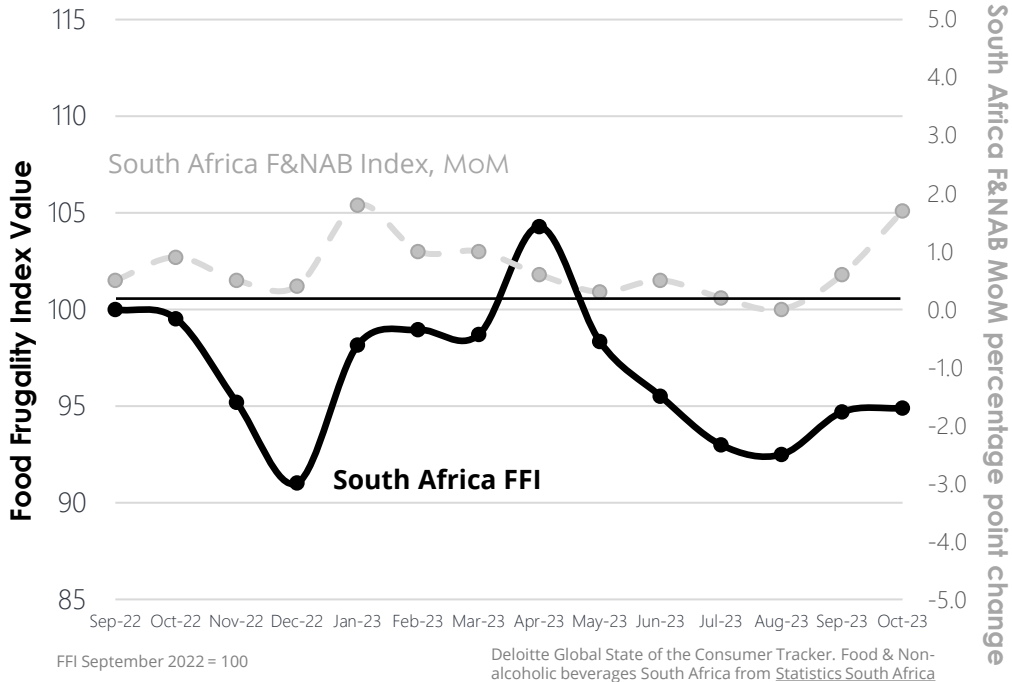


Deloitte | Food Frugality Index: Will consumers tolerate higher prices?

South Africa - October 2023



Why frugality matters

- High frugality may signal consumers struggling financially and with affordability. As that happens, retailers and food suppliers could begin to lose some pricing power.
- Frugality may precede, and with time, contribute to decreased retail food inflation.

Current observations

- Frugality remained about five percentage points below baseline; however, more consumers said they only bought essentials.
- After a few months of YoY declines, South African inflation for food and non-alcoholic beverages rose as did MoM inflation. 85% consumers are expecting higher prices next month.
- South African consumers have the highest rates of frugality among surveyed countries.

Implications

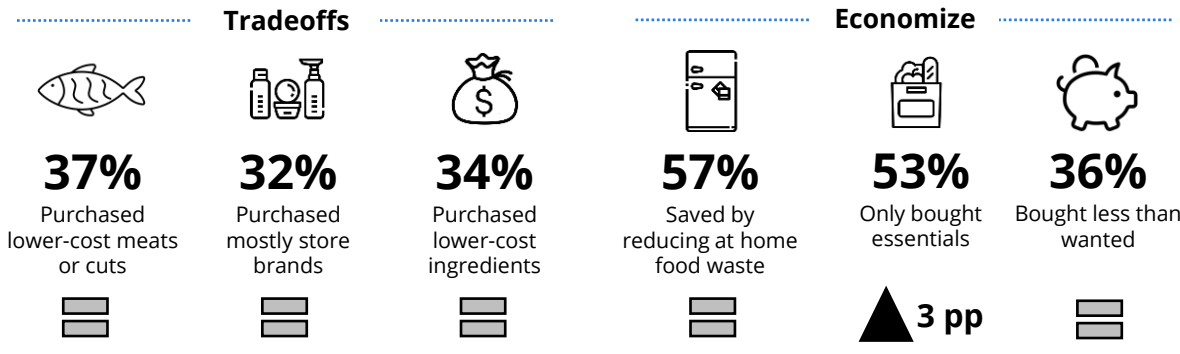
- With consumer interest in at home food waste, the industry may see smaller carts, more frequent shopping and/or a shift from fresh to shelf stable and frozen. Food suppliers may look to pack sizing and technology that reduces food waste
- High tradeoff rates may point to potential opportunity for private label and value priced offerings.

Everyone needs to eat, but food is becoming less affordable for some.

The Deloitte Food Frugality Index (FFI) is a monthly, proprietary measure of behaviors associated with financial stress at the grocery store—and how they may be shaping the way consumers shop for food.

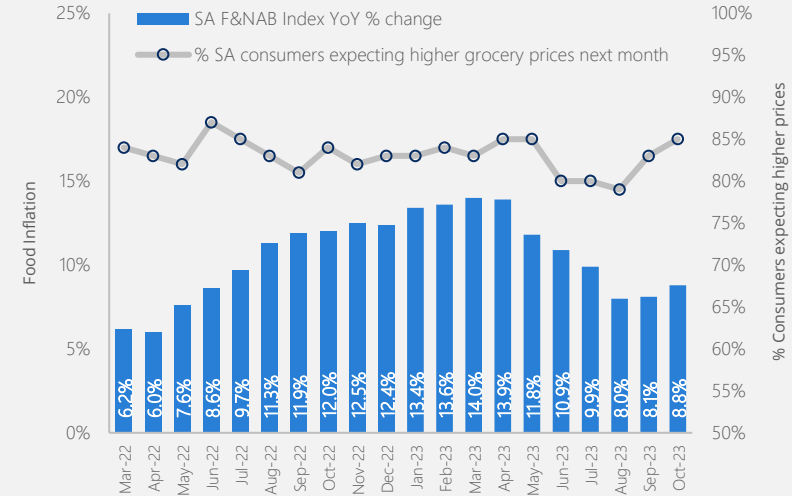
Underlying Food Frugality Index Behaviors

Vs. Prior Month



Deloitte Global State of the Consumer Tracker. pp = percentage point

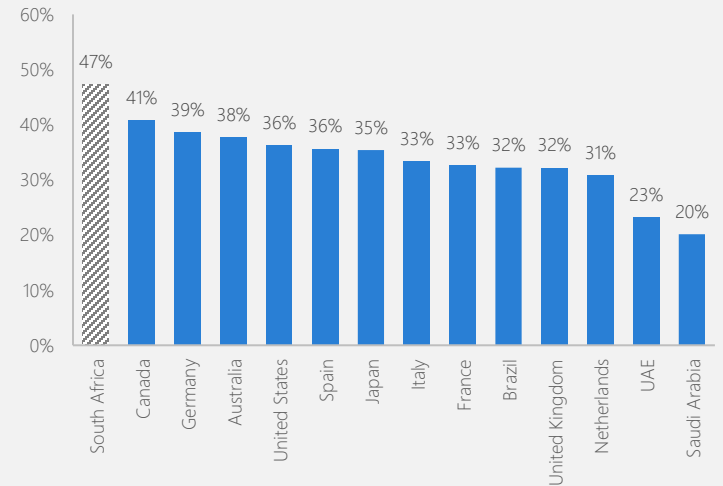
South Africa F&NAB Inflation



Source: Food and non-alcoholic beverage CPI from [Statistics South Africa](#)
Deloitte Global State of the Consumer Tracker

% Consumers shopping frugally

Engaged in 3+ frugal behaviors in past two weeks



Source: Deloitte Global State of the Consumer Tracker



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