



# STATE OF THE CONSUMER TRACKER

## South Africa

SA Highlights: Wave 40 – February 23 – March 01, 2023

# Top Takeaways

Global Wave 40

February 23 – March 1, 2023

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## With consumer confidence low, consumers in South Africa continue to express financial concern, which translates into weaker spending intentions

### Financial stress remains one of the top drivers of anxiety

The FNB/BER consumer confidence index released in March 2023, slumped to -23 points indicating extreme concern among consumers about South Africa's economic prospects and household finances. Aligned to this, according to our tracker, personal finances and the direction of the economy remain top anxiety drivers. This indicates that spending confidence may struggle to improve until sentiment around financial wellbeing strengthens.

### Financial wellbeing in a holding pattern, remaining elevated

Comparable to six months ago, the percentage of consumers concerned about their level of savings (68%), delaying large purchases (50%), and feeling their personal financial situations stayed the same or worsened over the past year (60%) remains elevated. Only 35% feel they have money left over at the end of the month – the second lowest in all countries surveyed.

As distrust in the economy worsens, most expect prices to continue rising.

### Spending intentions on a downward trend

With spending on essentials such as food and housing taking a bigger share of wallet, the share of discretionary expenditures is under pressure and shows a dramatic decline in intent since November 2022. Lower and middle income groups tend to divert more of their income to food, housing and education, whereas the upper income groups are showing an intention to spend more on savings. Housing and grocery spending intentions have dropped by -7% since December 2021. All other categories are moving in a lower range.

Most are engaging in cost-saving behaviors to mitigate the pressure from rising prices. 41% bought lower cost meats, 32% purchased mostly store brands and 38% purchased lower cost ingredients. 52% only bought essentials and 38% bought less than they wanted.

### New! Deloitte Food Frugality Index

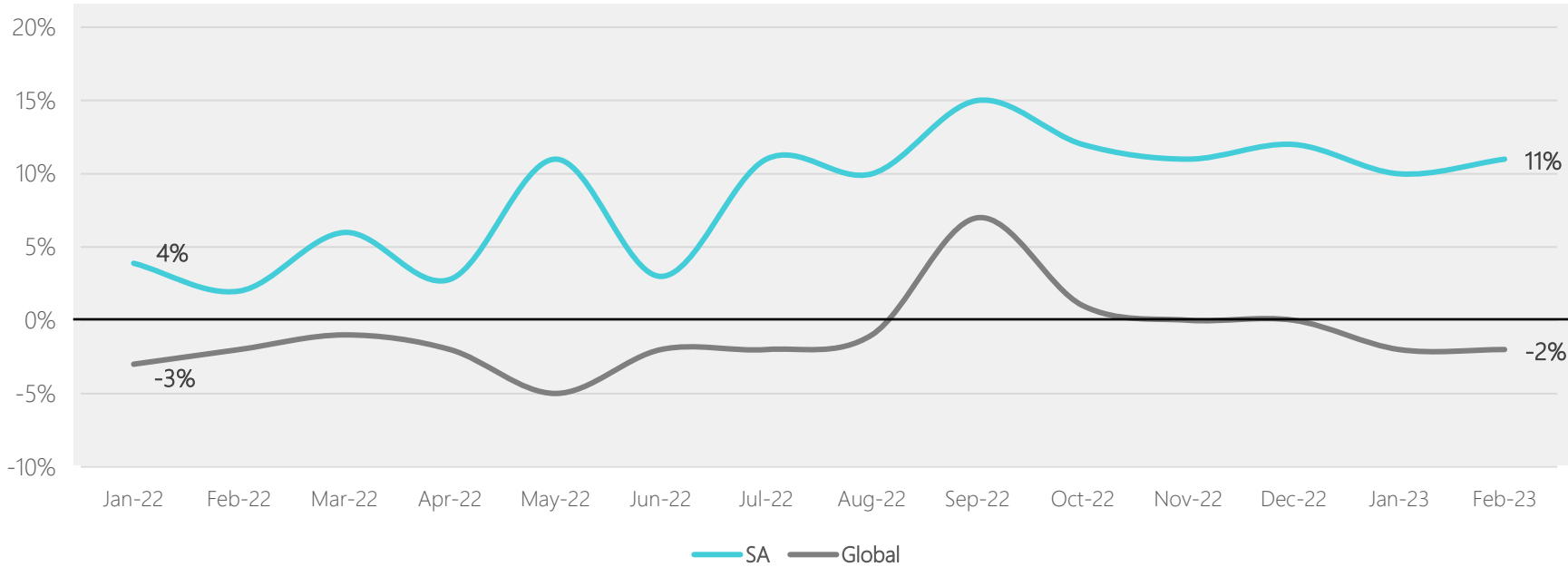
We have introduced a new index this month which measures behaviours associated with financial stress at the grocery store – and how they may be shaping the way the consumers shop for food. In South Africa, we have more frugal consumers (46%) using 3 or more frugality behaviours compared to any other country in the set. Expectations for higher grocery prices are shared by over 80% of consumers and it looks like they are right (slide18).

# WHAT'S MAKING SOUTH AFRICAN CONSUMERS MORE ANXIOUS?



# NET ANXIETY

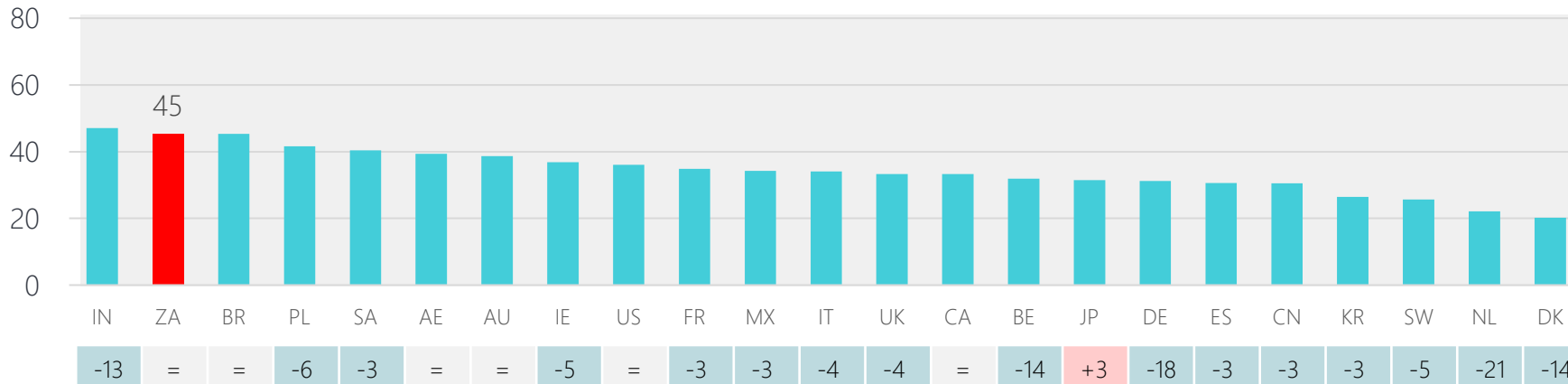
"I'm more anxious than I was last week"



**South Africa's Net Anxiety remains on a long-term uptrend**

**While Global anxiety remains subdued relative to September 2022 spike**

% feeling more anxious than last week (% Strongly Agree/Agree)



### Methodology

5-point agreement scale

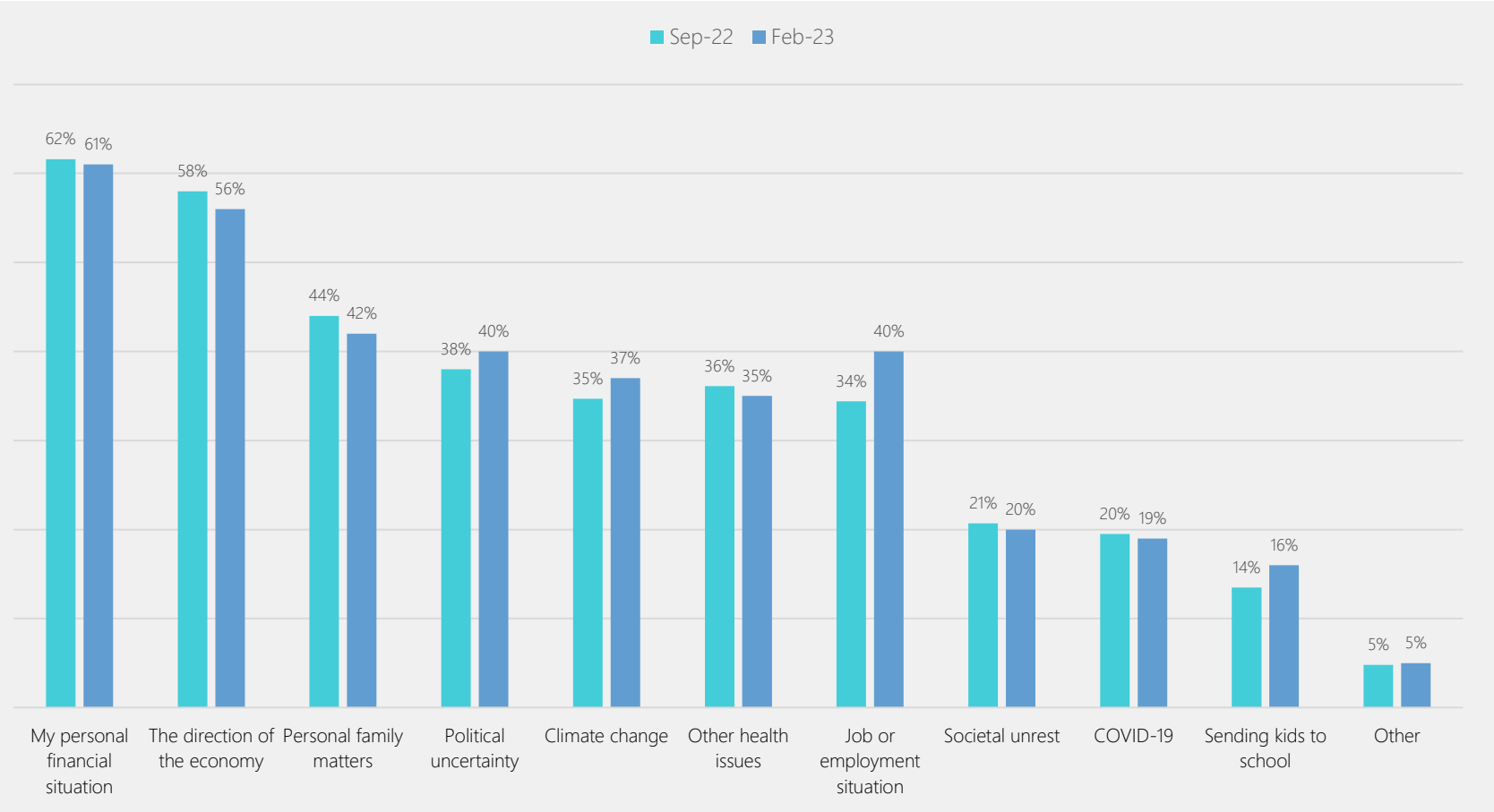


Agree Disagree

NET ANXIETY = (% Agree) - (% Disagree)

# ANXIETY DRIVERS

Have you felt worried about any of the following over the past week?



**Among those feeling more anxious—more continue to cite financial stress and concern about the direction of the economy**

**Economy**

**Health & wellbeing**

**Global challenges**

# FINANCIAL WELL-BEING

A woman with glasses and a patterned top is looking at a smartphone. She is wearing a ring on her finger and a bracelet on her wrist. The background is blurred, showing other people in a social setting. The text 'FINANCIAL WELL-BEING' is overlaid in white at the top left.

# FINANCIAL WELL-BEING

% of respondents

Present

Future

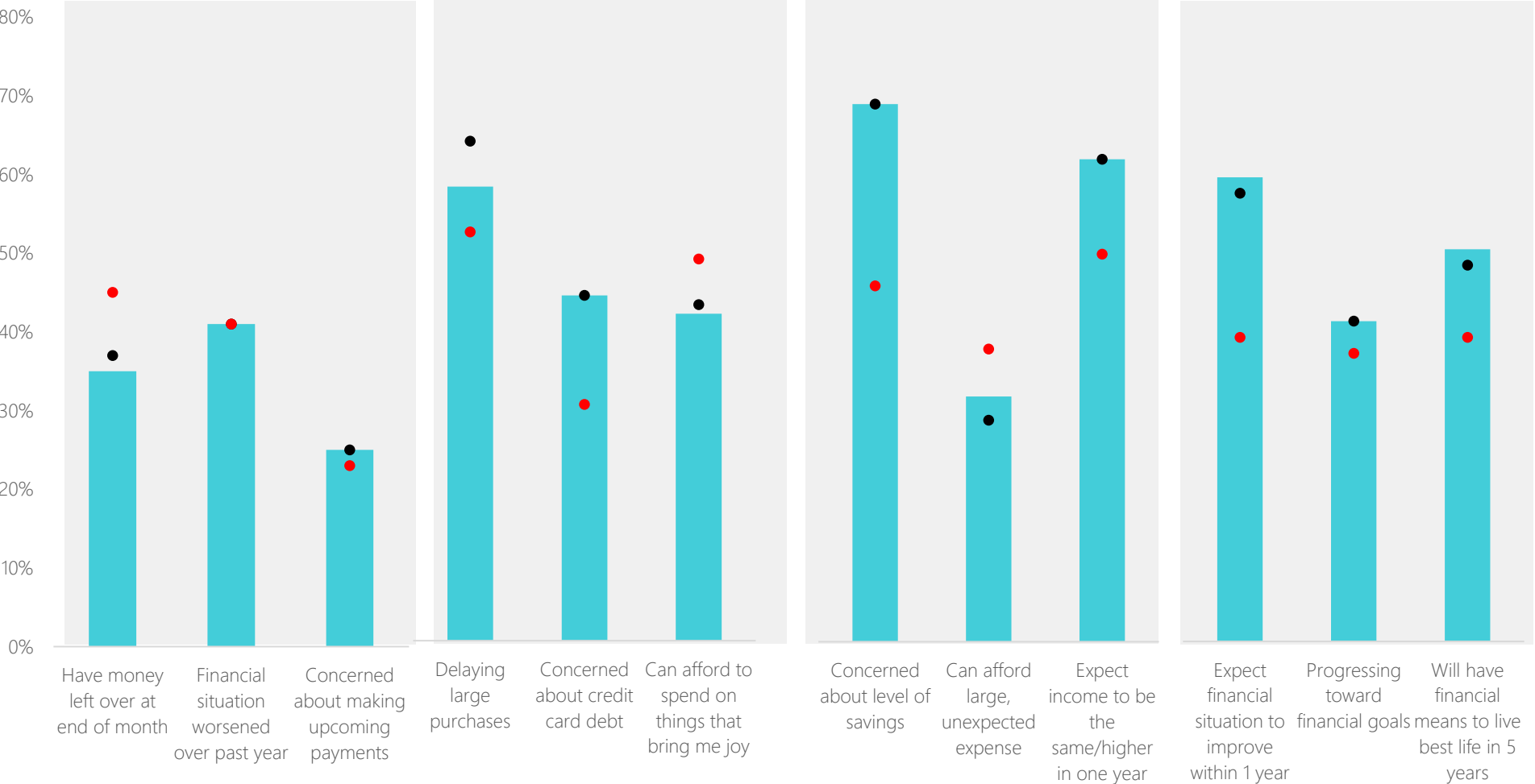
● September 2022 ● Global average, Feb 2023  
■ February 2023

Security

Freedom of choice

Security

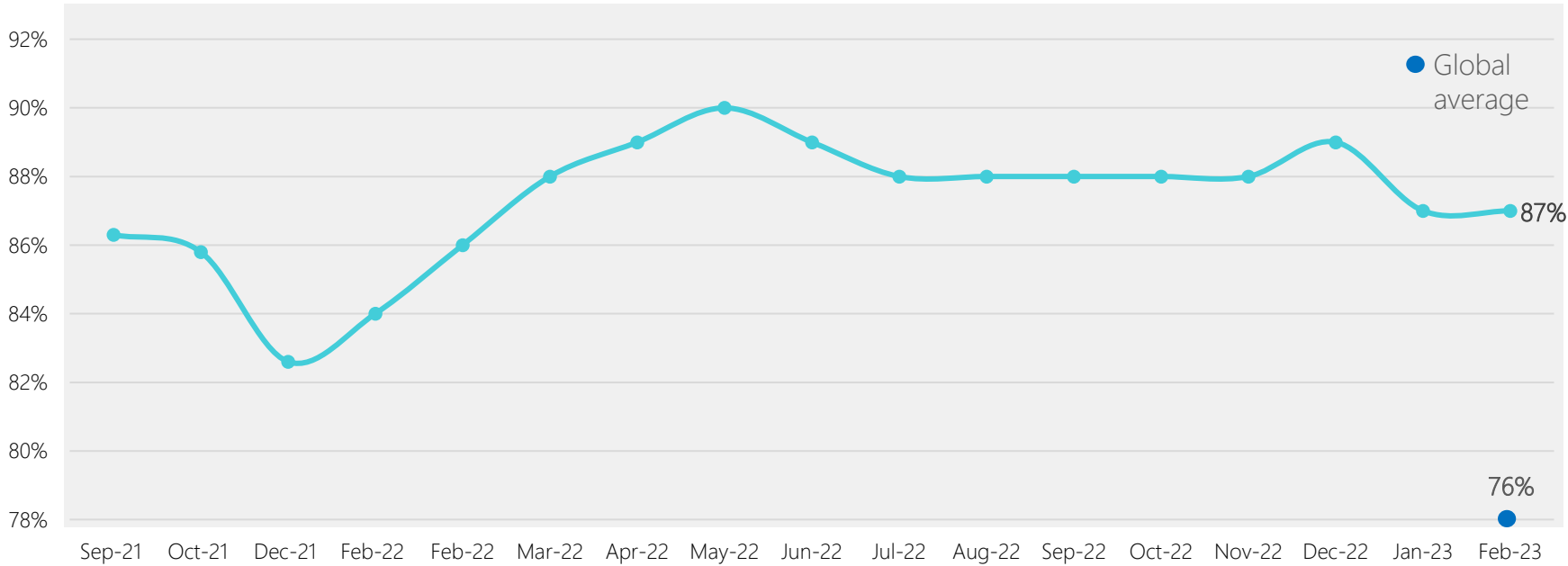
Freedom of choice



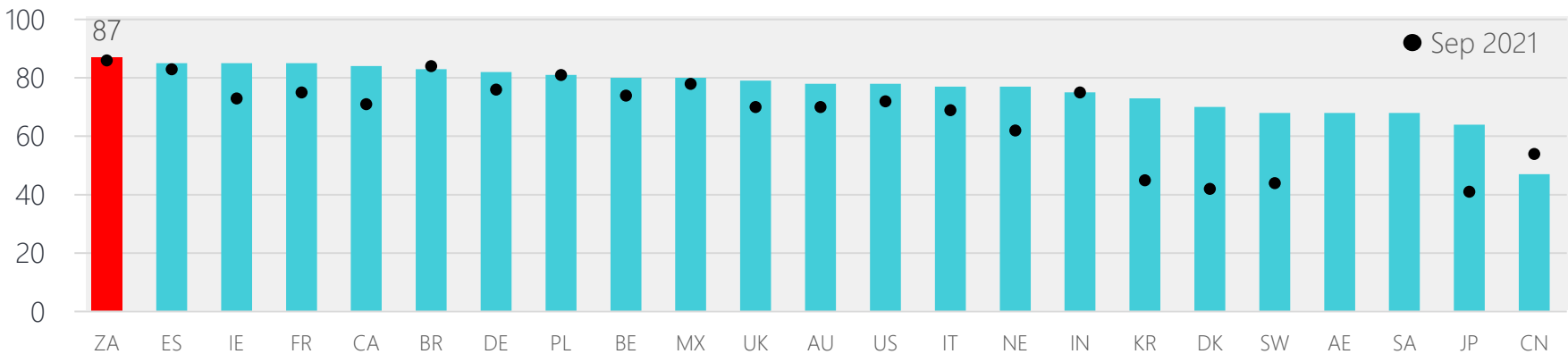
**As distrust in the economy worsens, respondents are concerned about the level of savings and expect income to be the same/higher in one year. This situation is still the same compared to September 2022.**

# INFLATION CONCERN

% concerned about rising prices for everyday purchases



**Concern around rising prices persists in South Africa – topping the chart at 87%**

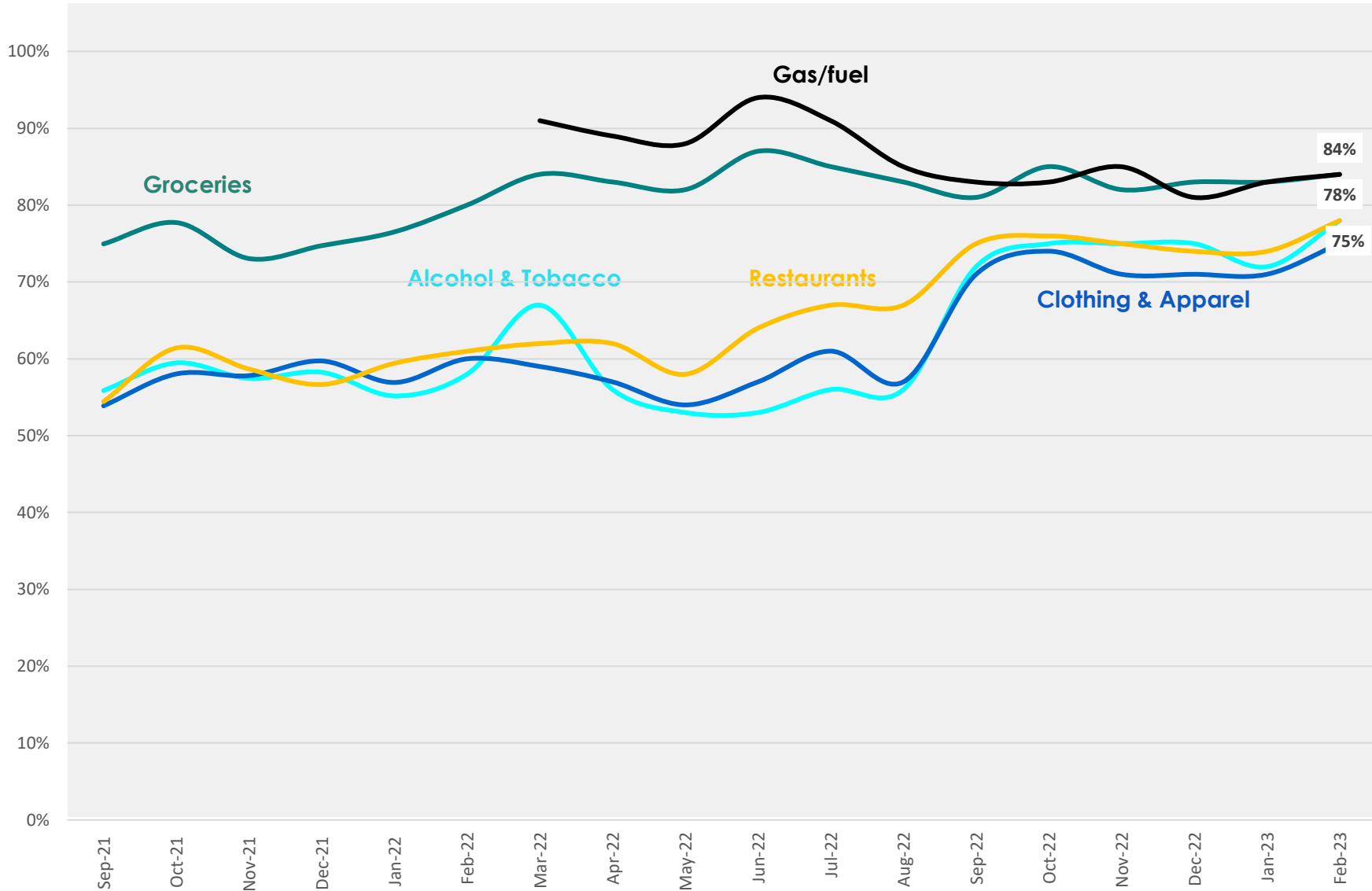


The percentage of respondents concerned about rising prices remains the same or higher in nearly all study countries compared to September 2021.



# PRICE PERCEPTIONS

% that expect higher prices next month



Most respondents expect prices to continue rising across major categories

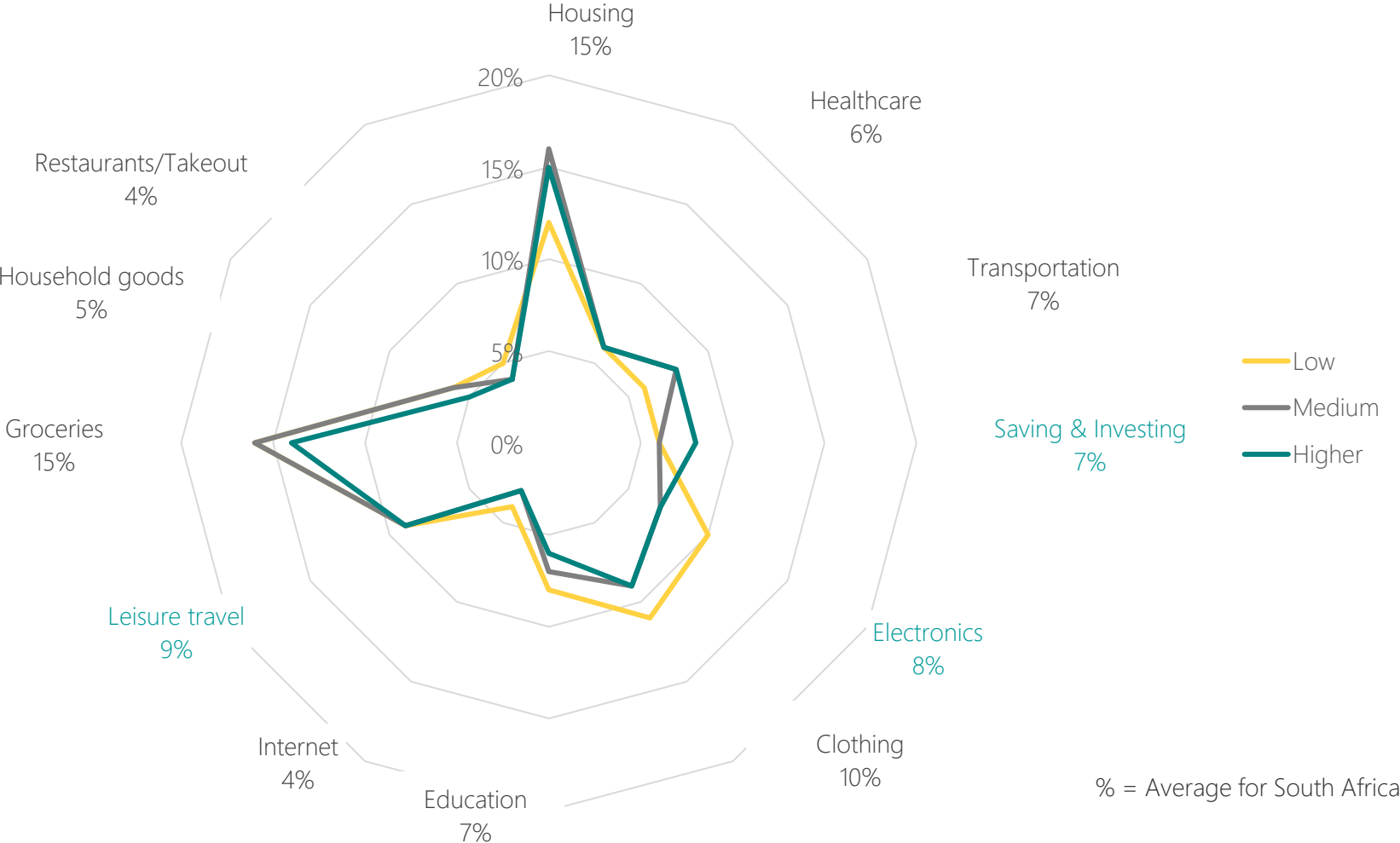
**Methodology Note:** From Sept. 21-Aug. 22, Respondents cited their perception of current prices compared to the prior month. Starting in Sept 22, respondents cited their expectations of prices in the upcoming month.

# SPENDING INTENTIONS



# SPENDING INTENTIONS

Share of wallet - discretionary vs less discretionary spending by Income group in South Africa



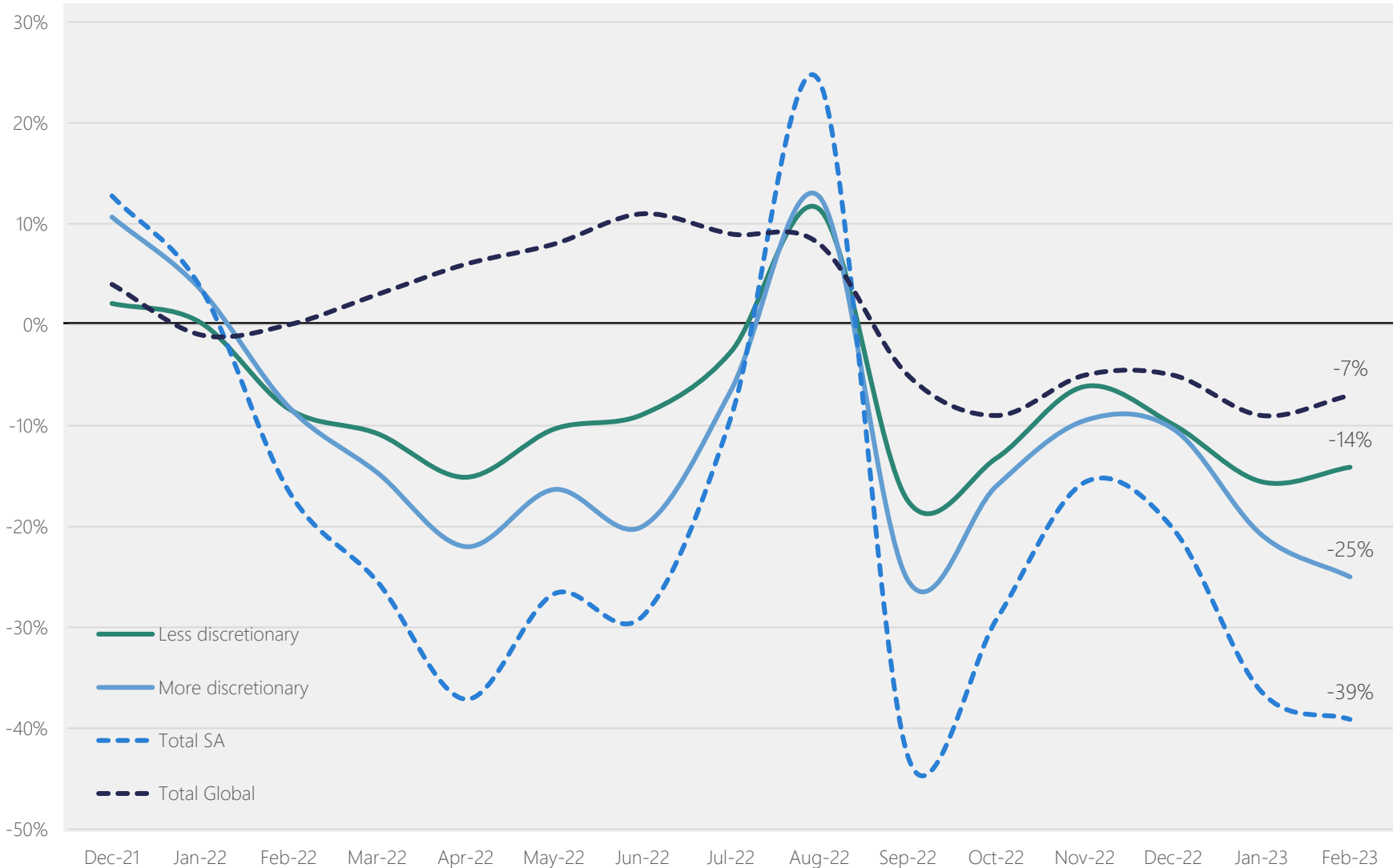
## Essentials continue to take bulk of the wallet, led by Housing and Groceries

Consumers in all the income groups are expecting to spend less on Takeout and Household Utilities due to increasing cost of goods.

% = Average for South Africa

# SPENDING INTENTIONS

Estimated spending amount, next 4 weeks (% change)



## Spending intentions still signal caution

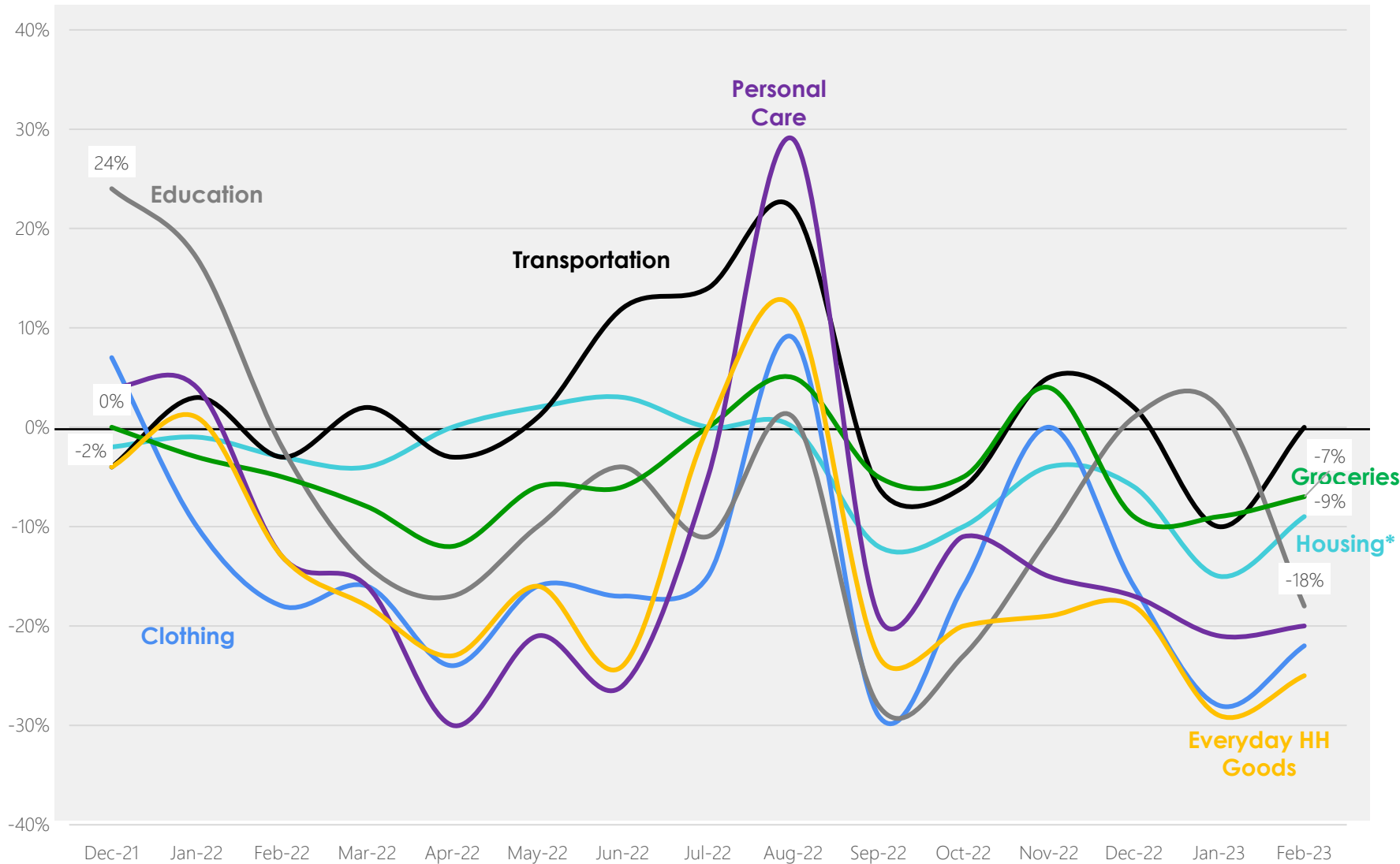
Total spending intentions have been tracking in the lower range since December 2021 (bar a peak in July 22). Intentions continue to fall and are at their lowest rate since Sep 22.

Discretionary spend has taken the biggest knock.

**Methodology Note:** Sept, Oct, and Nov 2021 values as a base (i.e., 0%). Subsequent months show % change from base.

# SPENDING INTENTIONS (LESS DISCRETIONARY CATEGORIES)

Estimated spending amount, next 4 weeks (% change)



**Spending intentions for most of the essentials remain on a downward trend**

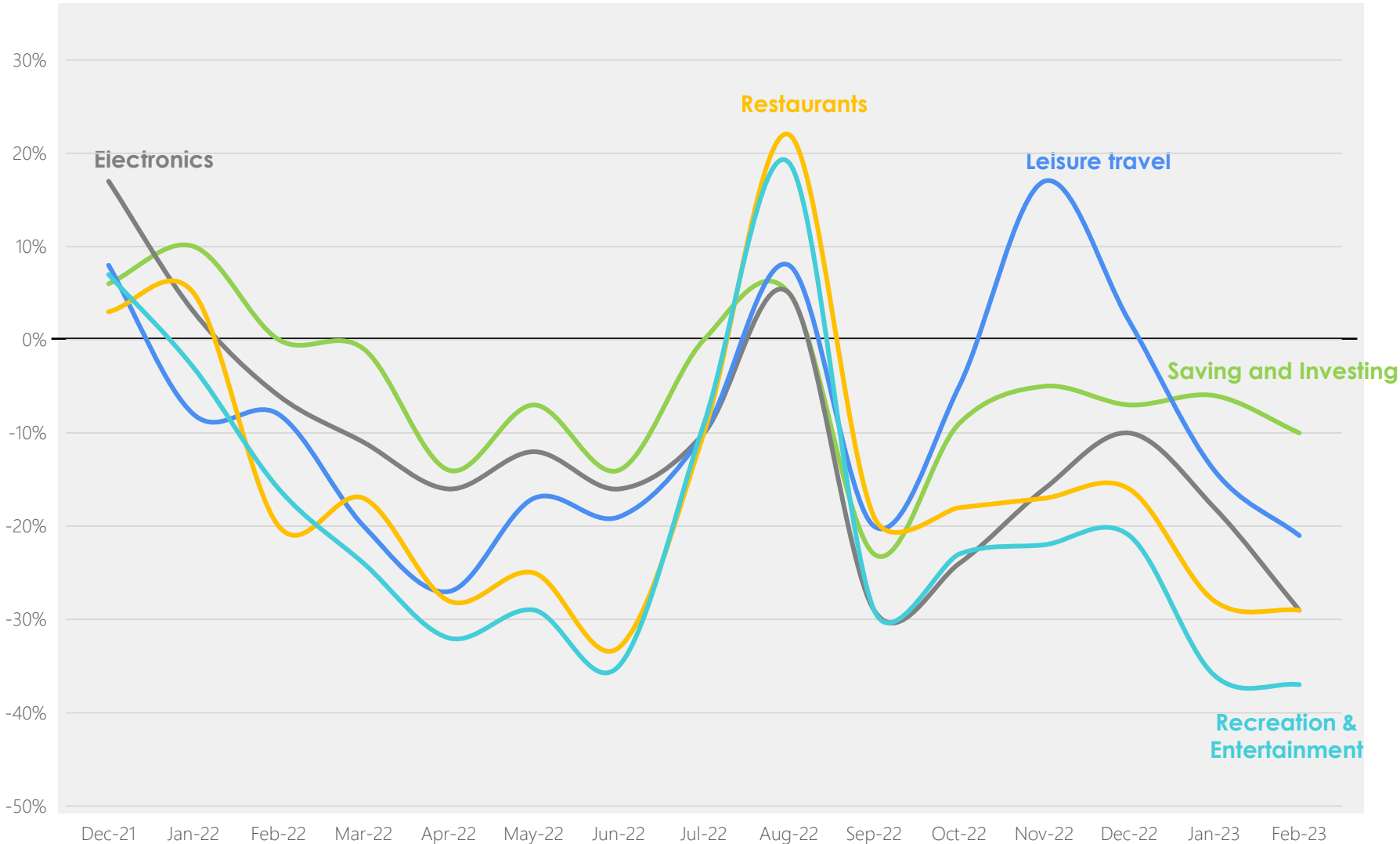
Consumers are cutting more on discretionary spending such as personal care and everyday HH goods in order to make it through the month. This is due to rising inflation and economic constraints that consumers are facing.

\*Housing includes utilities, maintenance, and renovations

**Methodology Note:** Sept, Oct, and Nov 2021 values as a base (i.e., 0%). Subsequent months show % change from base.

# SPENDING INTENTIONS (MORE DISCRETIONARY CATEGORIES)

Estimated spending amount, next 4 weeks (% change)



**Discretionary spending intentions remain weak relative to 2021**

In most categories of discretionary spend – a dramatic decline in intent since November 22

Recreation & Entertainment are where we see the biggest cut-backs

**Methodology Note:** Sept, Oct, and Nov 2021 values as a base (i.e., 0%). Subsequent months show % change from base.

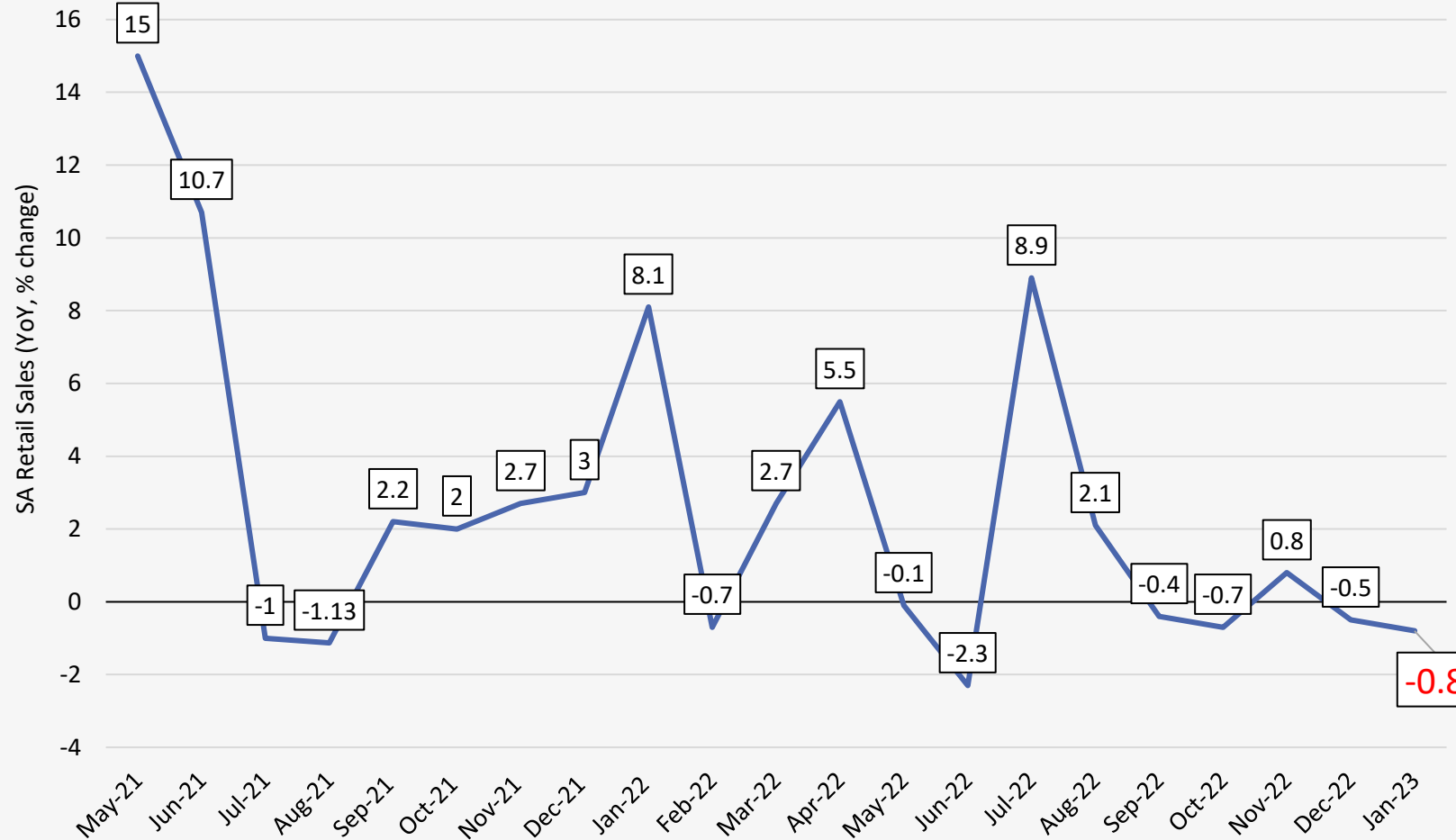
# RETAIL AND CONSUMER PRODUCTS

**New! Food Frugality Index**



# SA RETAIL SALES

Retail sales on a downward trend



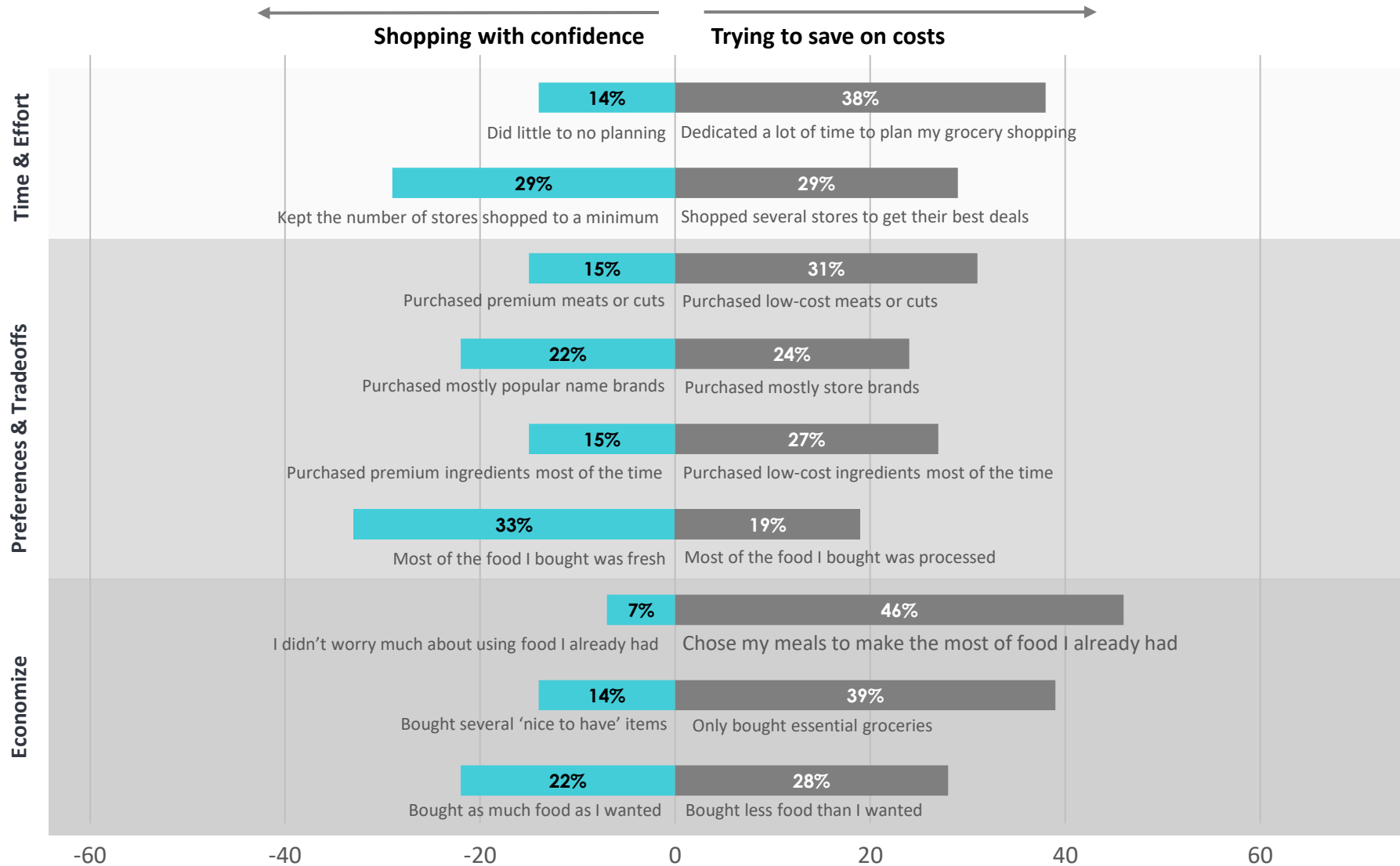
Retail sales decreased by -0.8% year on year in January 2023. The largest negative contributors to this decrease were Food, Drinks and Tobacco (-7.3%), and hardware paint and glass (-4.8%)

Source: StatsSA



# IMPACT OF RISING PRICES

% who did each activity while shopping for groceries in the last 4 weeks



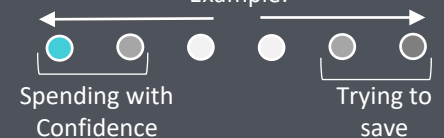
**In the face of rising prices, many are engaging in cost saving behaviors**

Most grocery shoppers in South Africa are likely to spend more time planning their shopping, focusing on essential groceries and choosing to make the most of food they have at home.

### Methodology

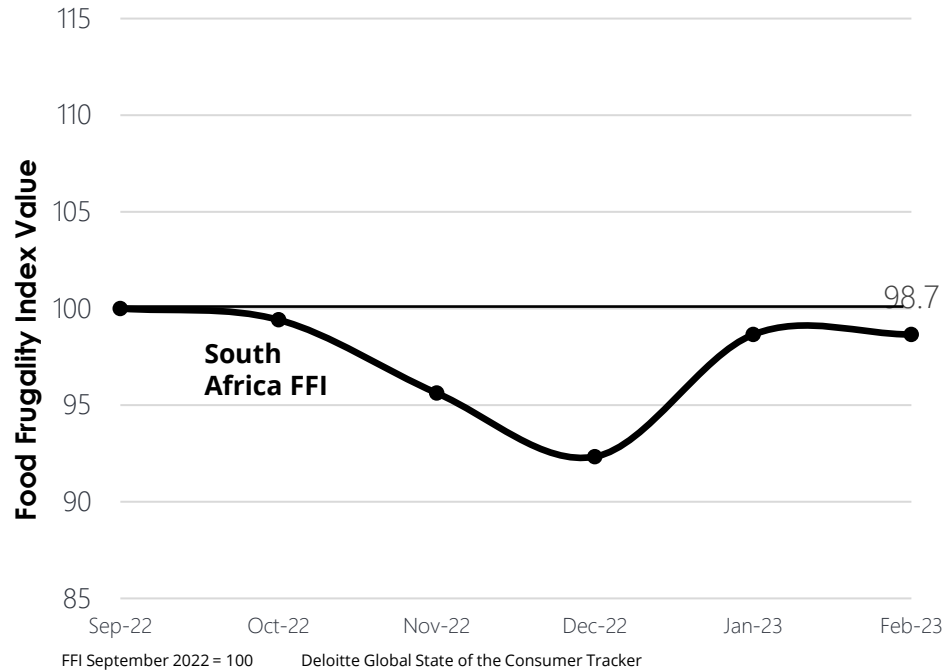
Paired, opposing statements (6-point scale)

Example:



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

South Africa - February 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 appears to be influenced by changes in food-at-home inflation as well as seasonal factors such as end of year holidays.
- Bifurcation shows up in the FFI, with lower income consumers in the survey scoring at least 40 points more frugal than higher income peers.

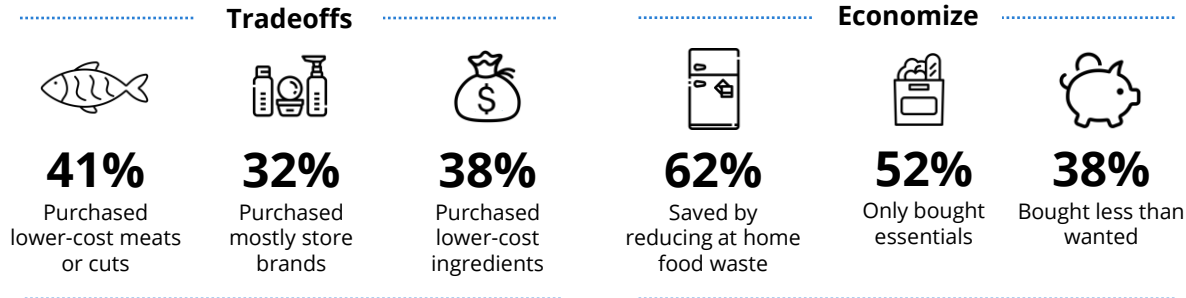
## Implications

- 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.

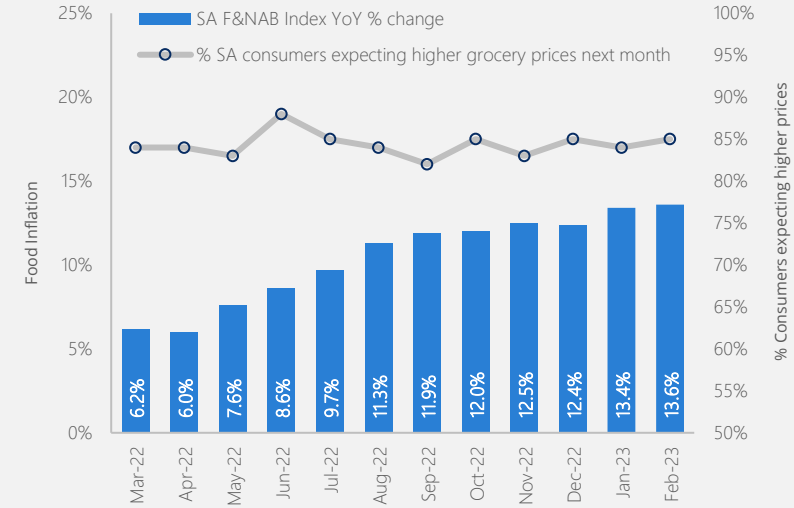
In South Africa we have more frugal consumers using 3 or more behaviours than any other country in the set.

Food & Non-alcoholic beverage inflation YoY has doubled over the past year. Expectations for higher grocery prices are shared by over 80% of consumers and it looks like they are right.

## South Africa: Underlying Food Frugality Index Behaviors Vs. Prior Month



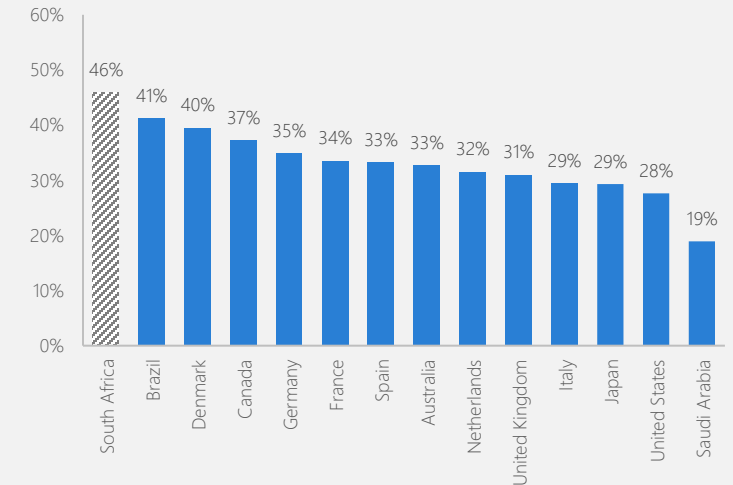
## South Africa F&NAB Inflation



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

## % Consumers shopping frugally

Engaged in 3+ frugal behaviors in past two weeks



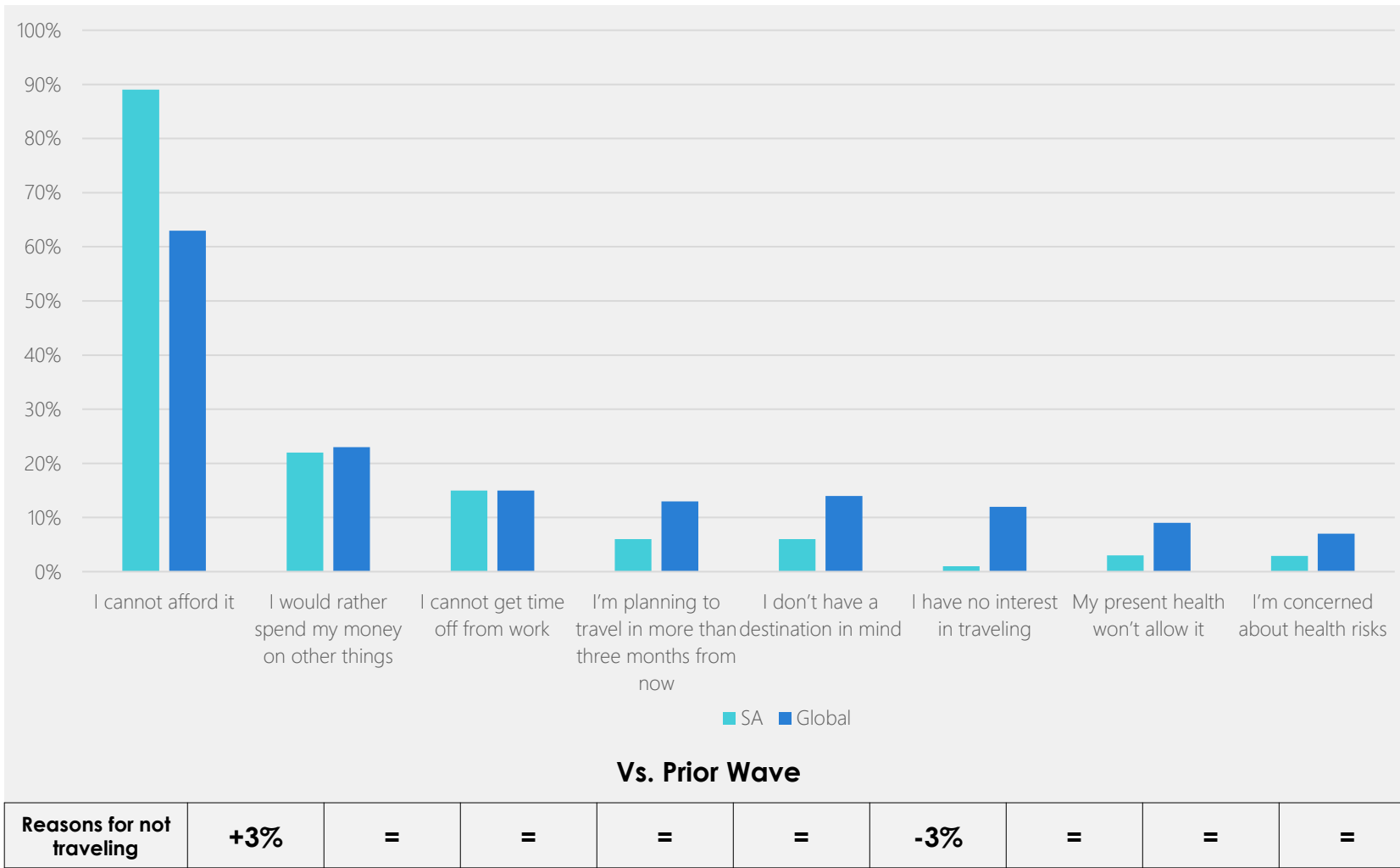
Source: Deloitte Global State of the Consumer Tracker

# TRAVEL & HOSPITALITY



# REASONS FOR NOT TRAVELING

Among adults not planning to travel for leisure within the next 3 months



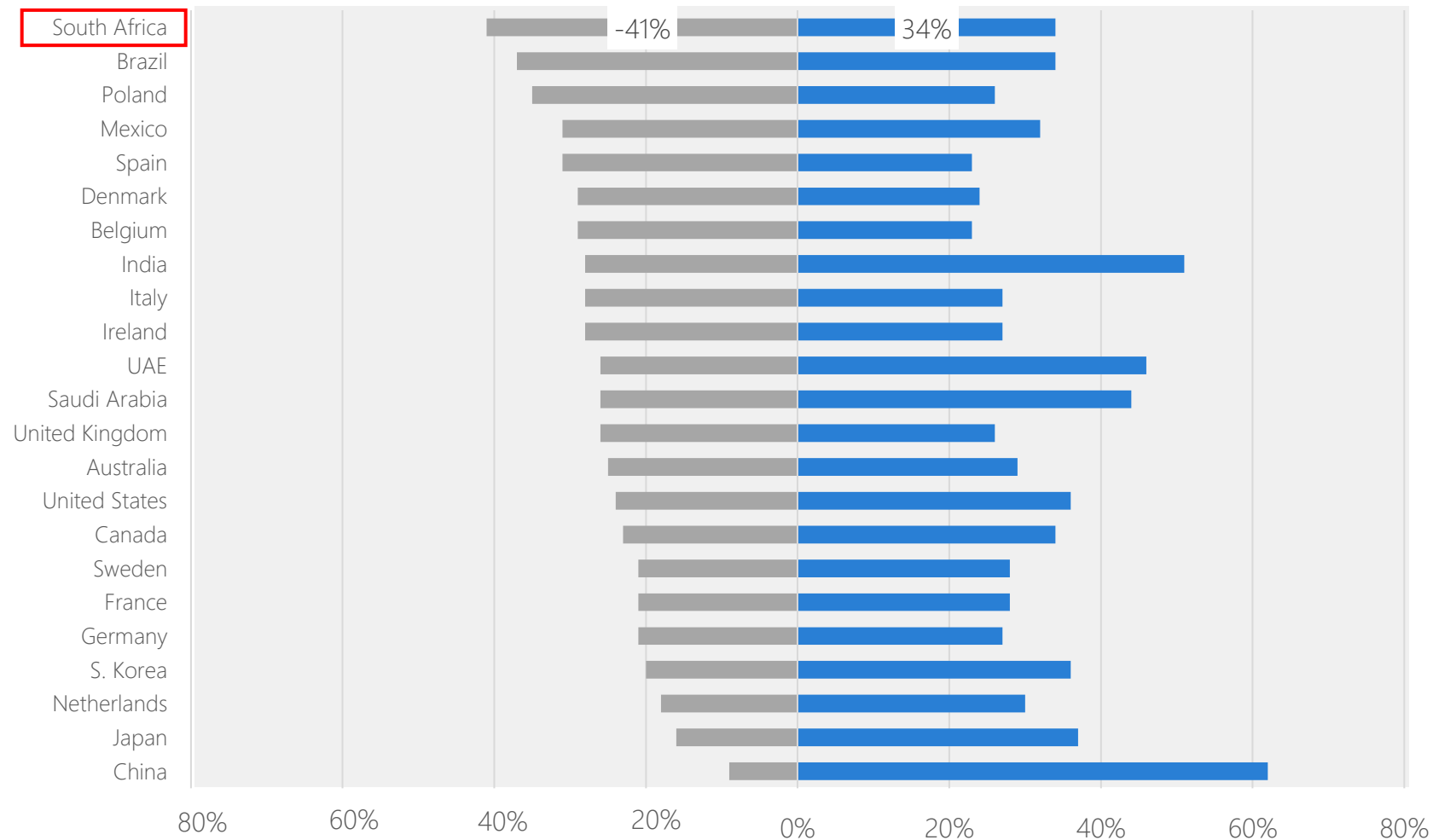
**Affordability remains a significant barrier to leisure travel among those respondents not planning trips**

# TRAVEL SPENDING SENTIMENT

Among survey respondents likely to travel for leisure within the next 3 months

Which statement best describes how you are thinking about your next leisure trip?

- Spend more to treat myself to an upgraded travel experience
- Sacrifice some of my travel preferences to save as much money as possible



**Despite some resilience around travel booking intentions, many are looking to sacrifice travel preferences to make trips happen**

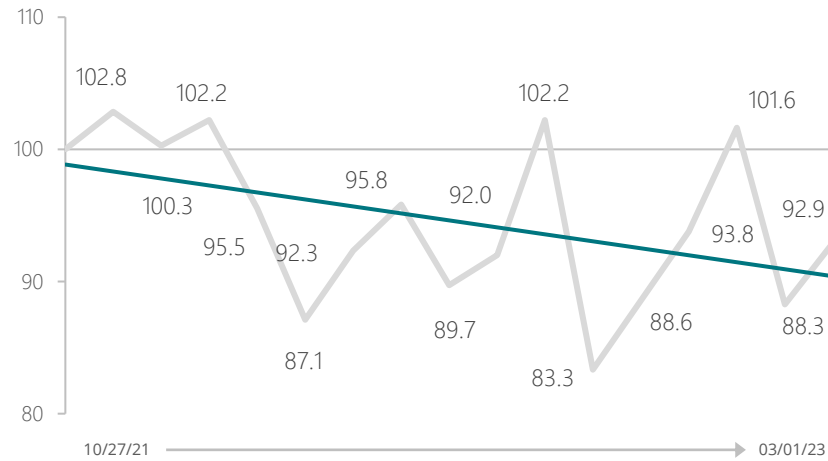
The balance between travel 'savers' and 'spenders' varies significantly across countries.

# Automotive



# DELOITTE VEHICLE PURCHASE INTENT (VPI) INDEX

## South Africa



Note: 10/27/21 = 100; a vehicle is defined as a car, SUV/MPV, or pickup truck; includes new and used vehicles.

## Key factors influencing VPI trending

### Positive (+)

- Improving supply of new vehicles as semiconductor crisis continues to ease
- Vehicle prices stabilizing
- Underlying pent-up demand created by prolonged inventory shortages
- Increasing consumer interest in EVs driven by strong desire to lower operating (e.g., fuel) costs
- Aging vehicle fleet requiring renewal

### Negative (-)

- Inflation, interest rate hikes, and total cost of ownership (TCO) elevating risk of demand destruction
- Lack of affordable vehicle options in entry segments
- Elevated transaction prices for new and used vehicles
- Resurgence of shared mobility in urban centers
- Geopolitical instability, trade tensions & global supply chain disruptions affecting input costs

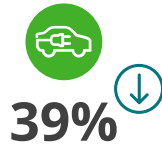
## Top 3 drivers of purchase intent

% of respondents

1. New vehicles on market have features I want now **27%**
2. I am just ready to drive something different **23%**
3. Current vehicle is not worth the cost of maintaining it anymore **11%**

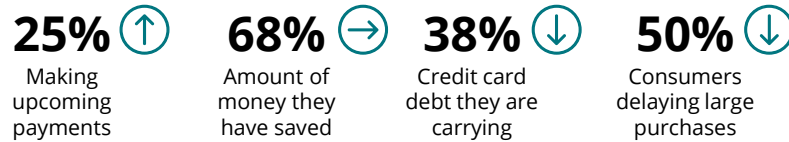
## EV purchase intent

% of respondents



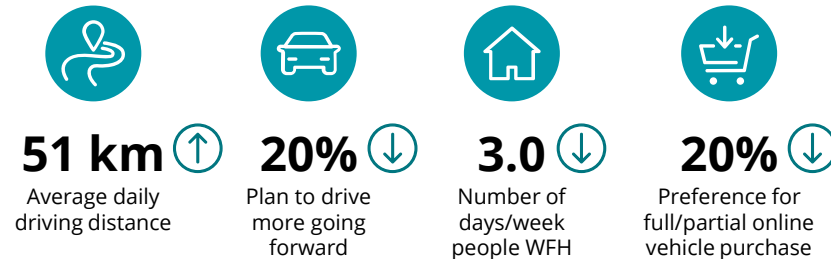
Note: EV includes full battery electric and hybrid vehicles.

## Percentage of consumers concerned about...



Note: arrows represent directional change from prior release.

## Key behaviors impacting mobility

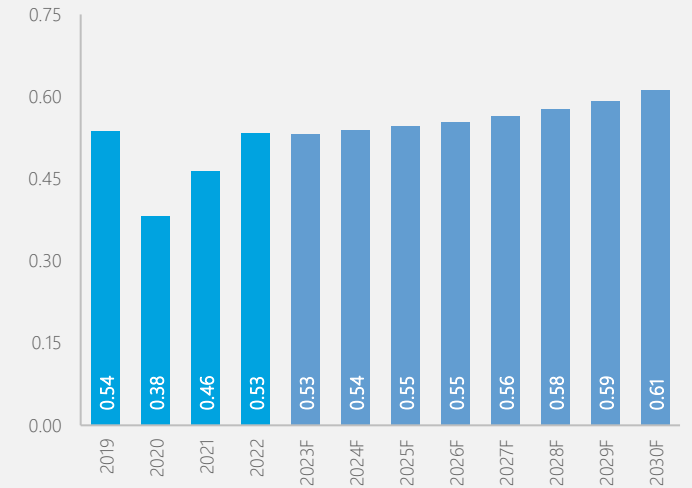


The **Deloitte Vehicle Purchase Intent Index** is a proprietary measure of forward vehicle demand intent calculated based on the percentage of consumers that are planning to acquire a new or used vehicle in the next six months.

Source: Deloitte Global State of the Consumer Tracking Study (unless otherwise noted).

## Light vehicle sales forecast (2019-2030F)

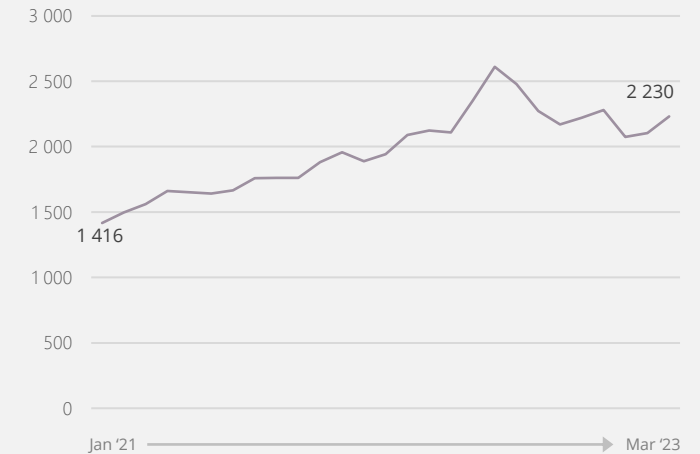
New vehicles (millions of units)



Source: NAAMSA, Fitch Solutions

## Monthly Retail petrol\* price (January 2021 – March 2023)

cents/litre



Note: \*95 unleaded petrol

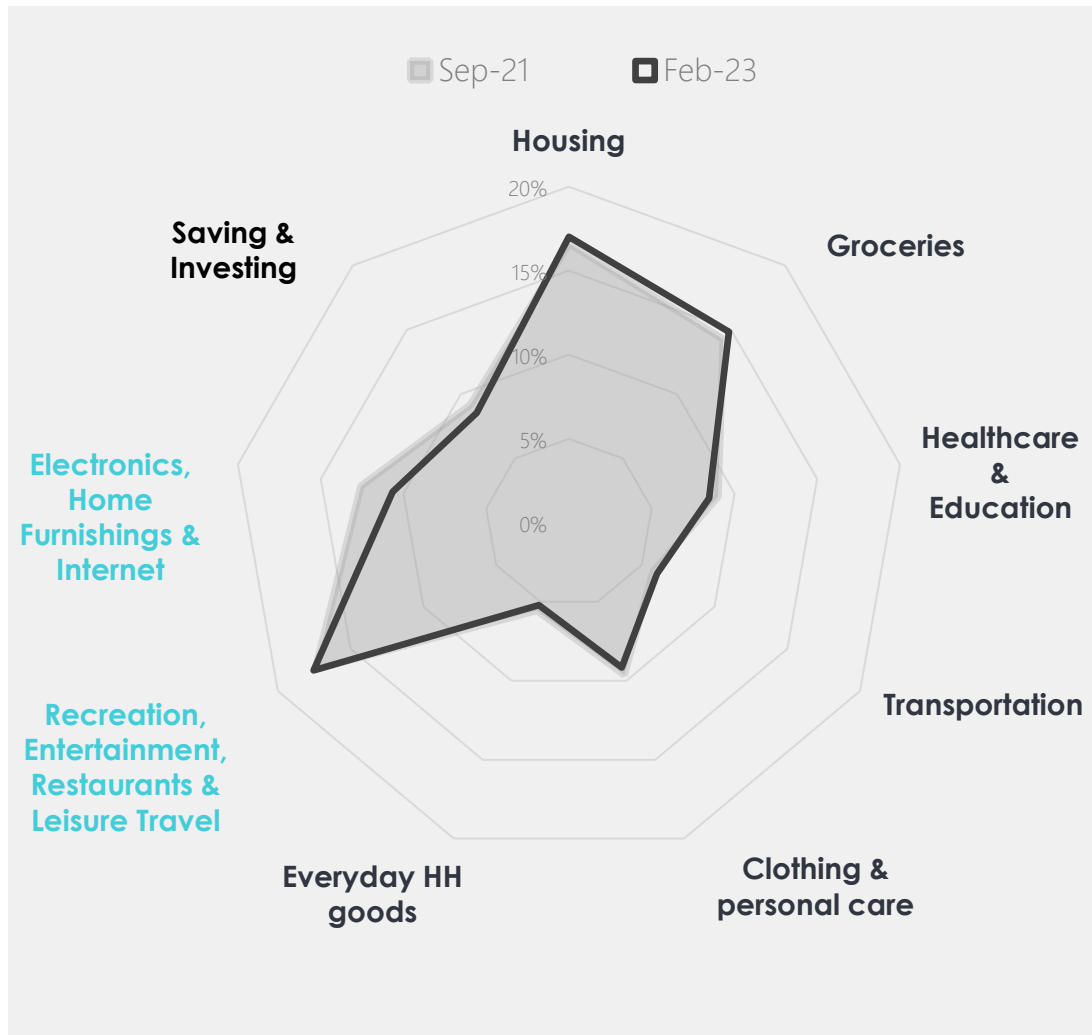
Source: South African Petroleum Industry Association

# Appendix



# SHARE OF WALLET - GLOBAL

Spending intentions, next 4 weeks



## Less discretionary

	Vs. prior wave	vs Sept 2021
Housing	=	=
Groceries	=	1
Transportation	=	=
Health care	=	=
Clothing	=	=
HH goods	=	=
Personal care	=	=
Childcare*	=	=
Education	=	=
Internet & Data	=	=

## More discretionary

	Vs. prior wave	vs Sept 2021
Rec/Entertainment	=	=
Leisure travel	=	=
Restaurants	=	=
Electronics	=	-1
Home Furnishing	=	-1
Saving/Investing*	=	-1

**Spending intentions as a share of wallet have generally remained steady over the past year**

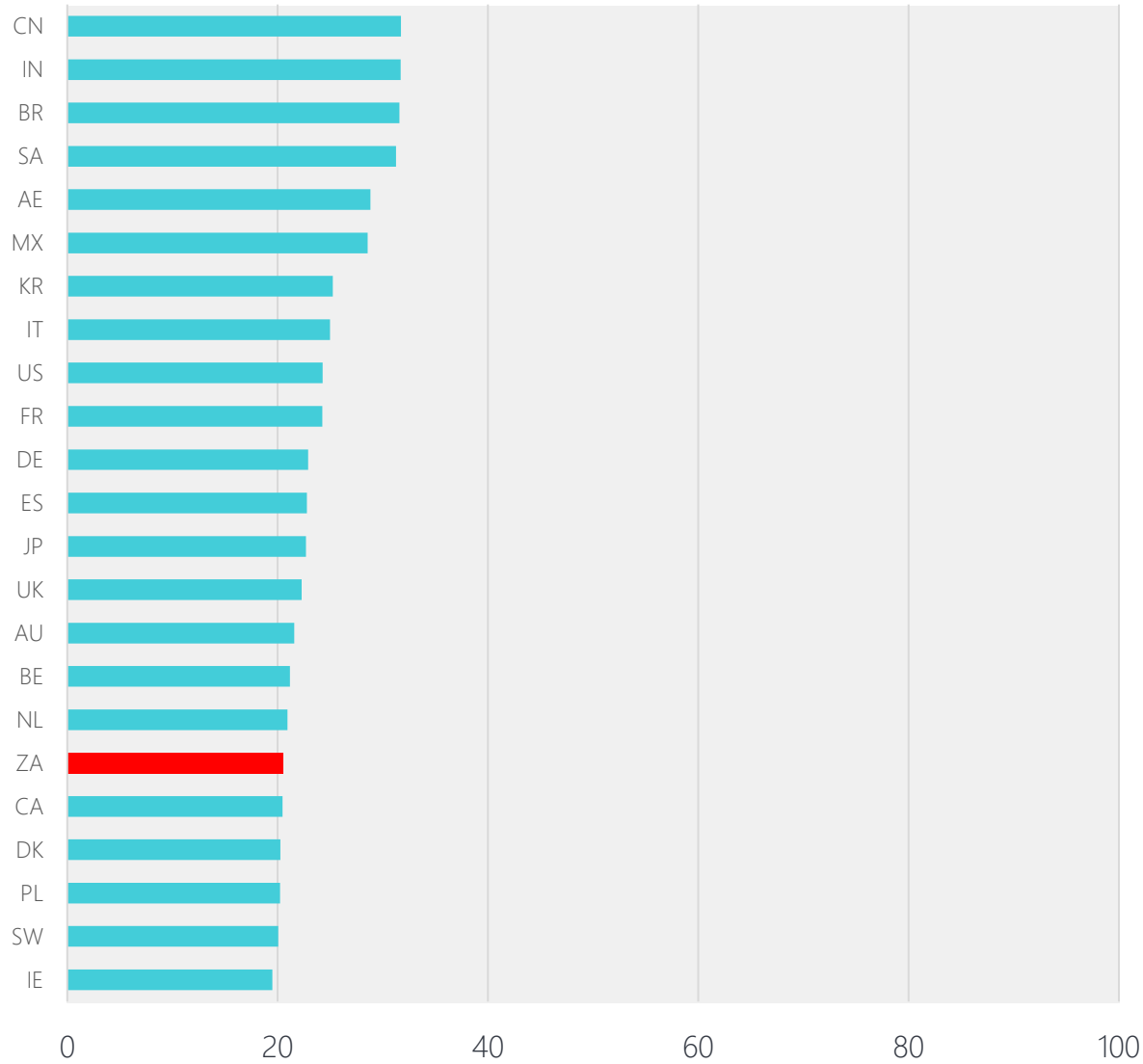
At the global level, there's been a clear pullback across more discretionary categories over the past year.

Note: Childcare added Wave 29, March 2022. Saving/Investing excluded from more discretionary spending in all longitudinal analysis.

\*Saving/Investing excluded from more discretionary spending in all longitudinal analysis.

# MORE DISCRETIONARY SHARE OF WALLET

Spending intentions, next 4 weeks



	Vs. prior wave	vs Sept 2021
CN	1	-1
IN	=	-2
BR	1	-1
SA	-1	
AE	=	
MX	-1	-3
KR	=	1
IT	=	-4
US	=	-5
FR	-1	-2
DE	1	-4
ES	-1	-3
JP	1	1
UK	=	-4
AU	2	-5
BE	1	-3
NL	-1	-1
ZA	-1	-2
CA	=	-1
DK	=	-3
PL	2	-2
SW	1	-3
IE	=	-2

**Share of wallet trends vary significantly at the country level.**

Ten of 23 study countries show meaningful drops in more discretionary share of wallet (3 points or greater) compared to last year.

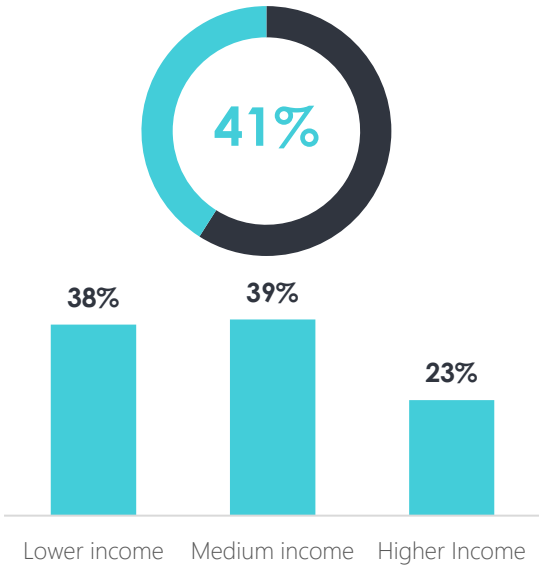
Drops in more discretionary share of wallet have been the sharpest in Australia, UK, and Germany.

**Methodology Note:** Savings/Investing not included in more discretionary share of wallet.

Note: UAE and Saudi Arabia countries are added from wave 32 (June 01) survey

# FINANCIAL WELL-BEING – GLOBAL AVERAGE

Feel their financial situation worsened over the past year



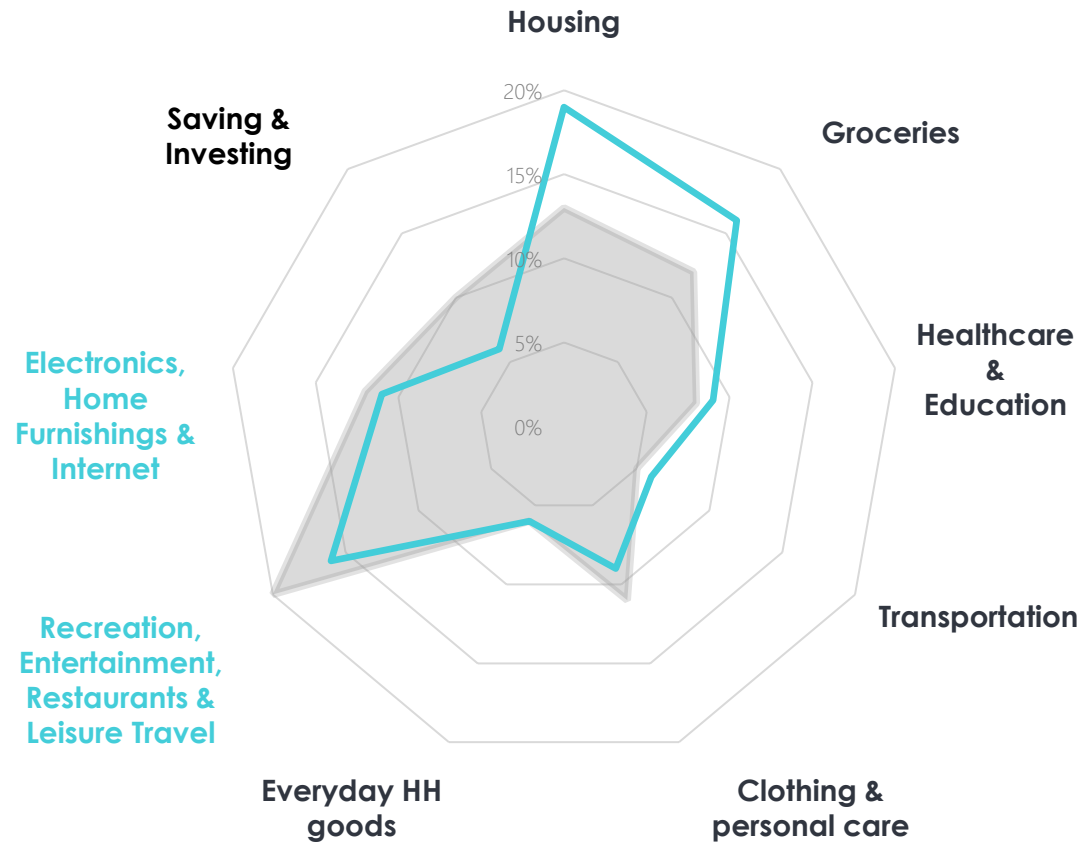
## Those who feel their financial situation worsened are...

- 3.0X** more concerned about level of savings (69% vs. 23%)\*
- 2.8X** more likely to delay large purchases (71% vs. 25%)\*
- 1.3X** more concerned about upcoming payments (22% vs. 29%)\*

## SHARE OF WALLET

Spending intentions, next 4 weeks

- Financial situation same/better
- Financial situation worsened



Four in ten surveyed feel their financial situation worsened over the past year

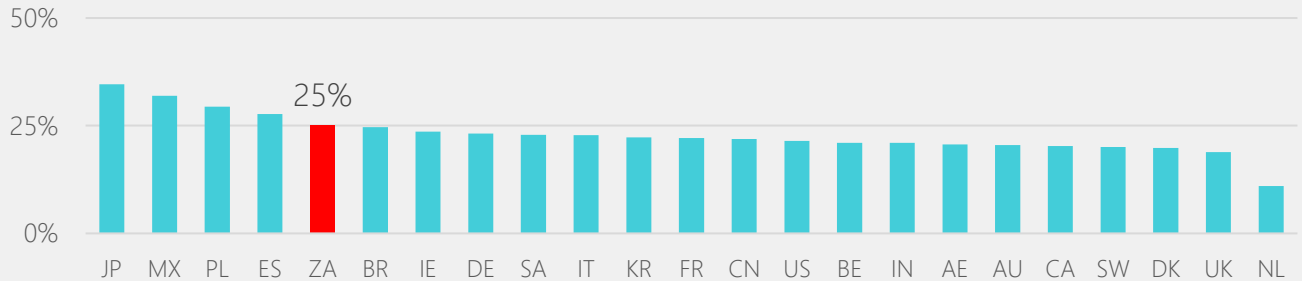
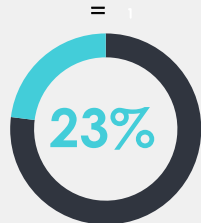
This sentiment is prevalent across income groups and connected to significant shifts in spending intentions.

# GLOBAL FINANCIAL WELL-BEING METRICS

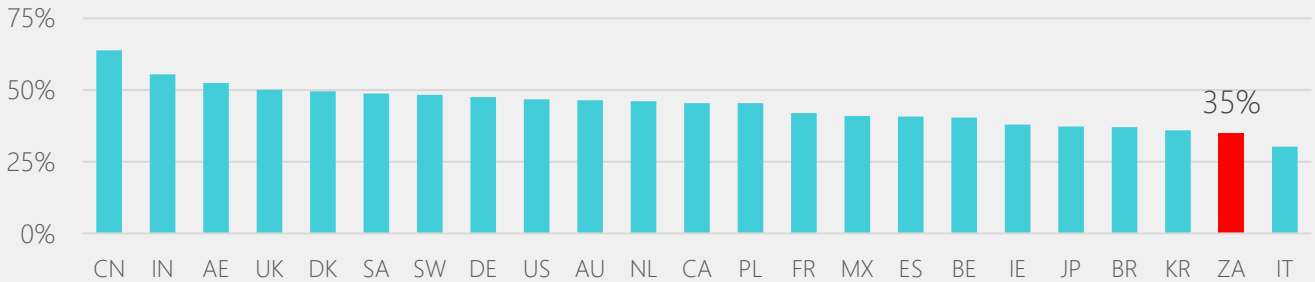
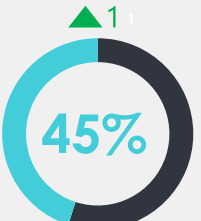
% of respondents

▼ ▲ Vs. Prior Wave

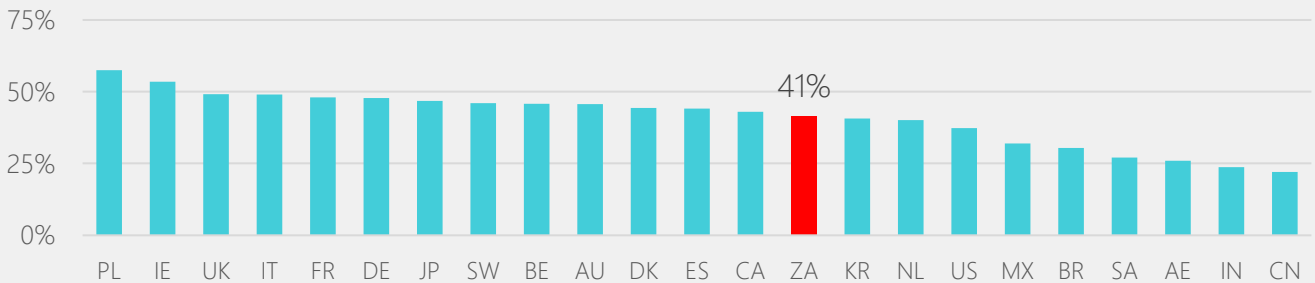
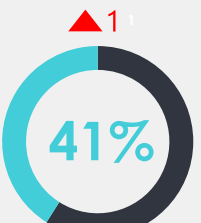
Concerned about making upcoming payments



Have money left over at end of month



Financial situation worsened over the past year



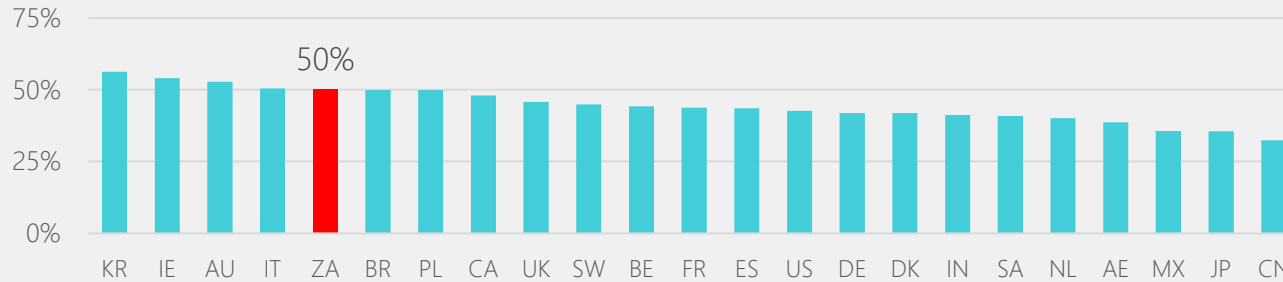
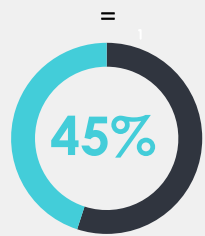
PRESENT, SECURITY	FUTURE, SECURITY
PRESENT, FREEDOM OF CHOICE	FUTURE, FREEDOM OF CHOICE

# GLOBAL FINANCIAL WELL-BEING METRICS

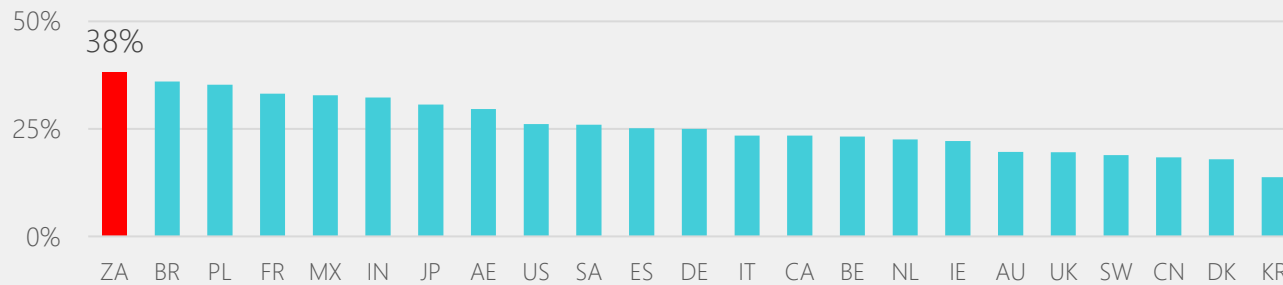
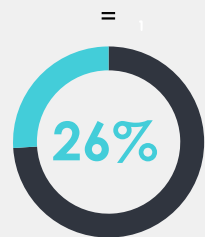
% of respondents

▼▲ Vs. Prior Wave

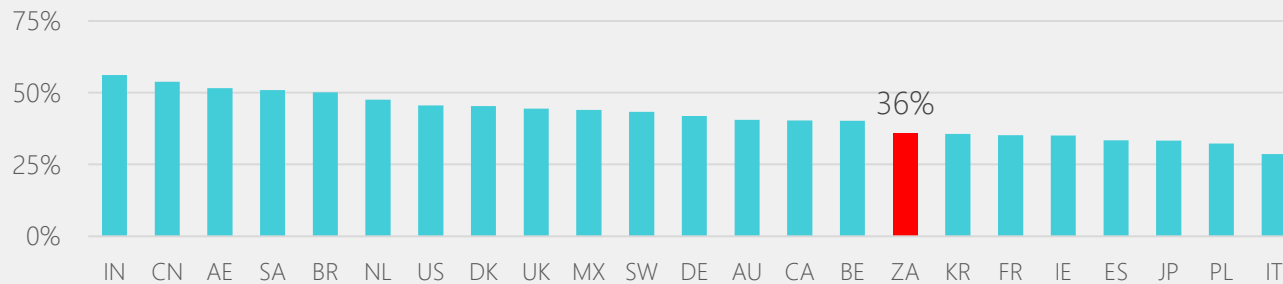
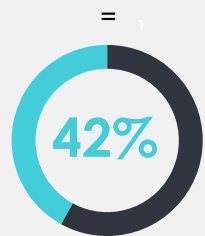
Delaying large purchases



Concerned about credit card debt



Can afford to spend on things that bring me joy



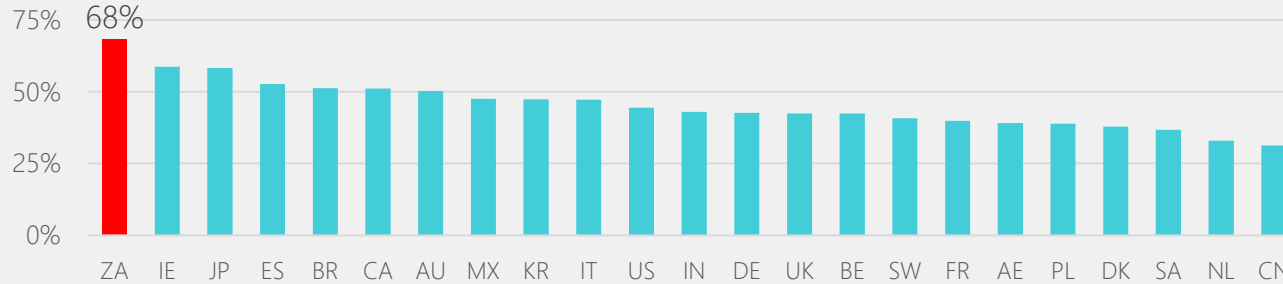
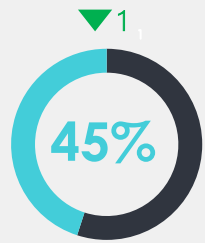
PRESENT, SECURITY	FUTURE, SECURITY
PRESENT, FREEDOM OF CHOICE	FUTURE, FREEDOM OF CHOICE

# GLOBAL FINANCIAL WELL-BEING METRICS

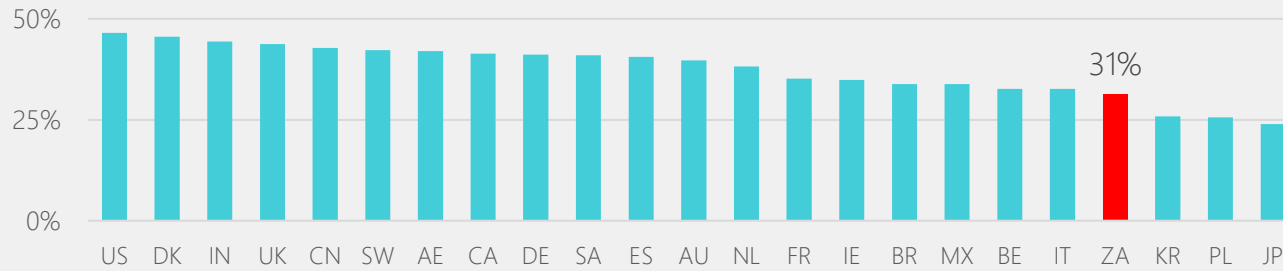
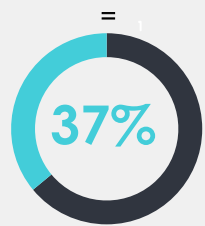
% of respondents

▼▲ Vs. Prior Wave

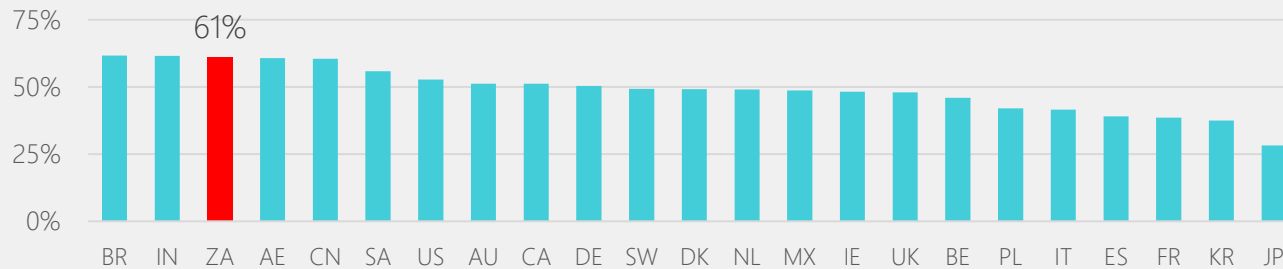
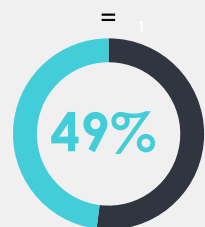
Concerned about level of savings



Able to pay a large, unexpected expense



Expect income to be same or higher in 1 year



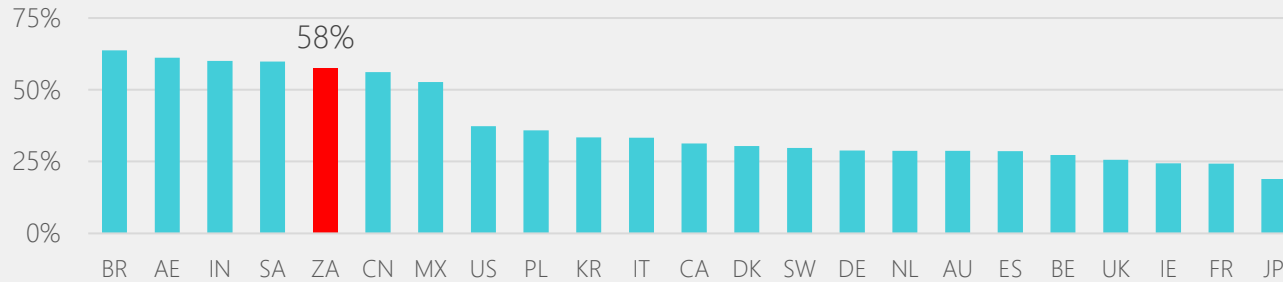
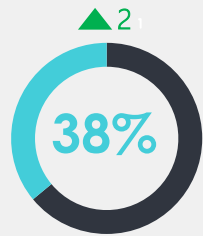
PRESENT, SECURITY	FUTURE, SECURITY
PRESENT, FREEDOM OF CHOICE	FUTURE, FREEDOM OF CHOICE

# GLOBAL FINANCIAL WELL-BEING METRICS

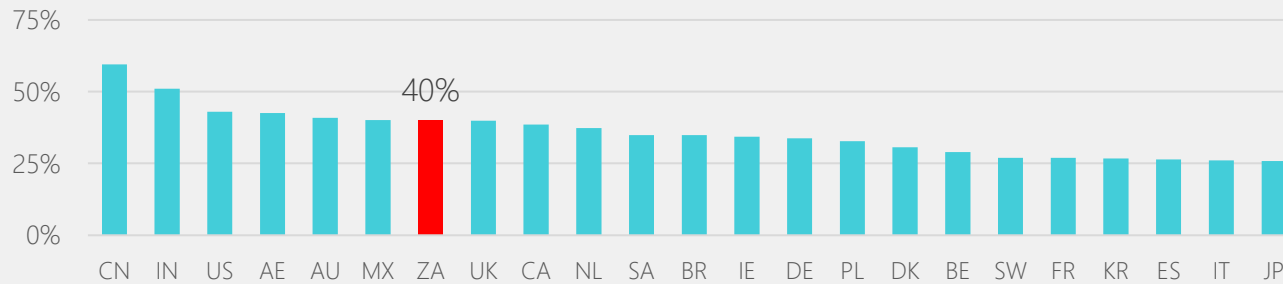
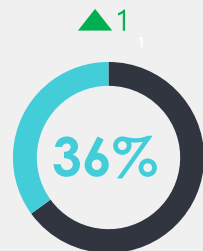
% of respondents

▼ ▲ Vs. Prior Wave

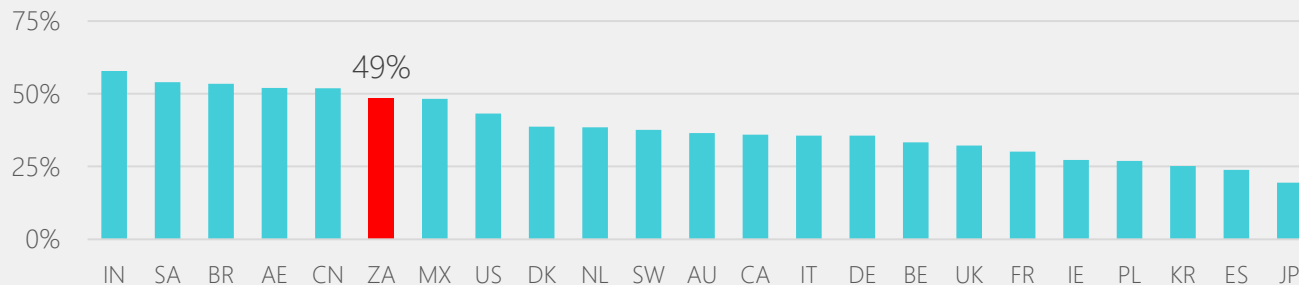
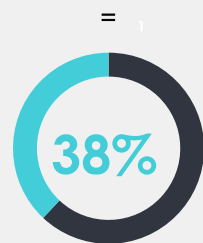
Expect financial situation to improve (1 year)



Progressing towards financial goals



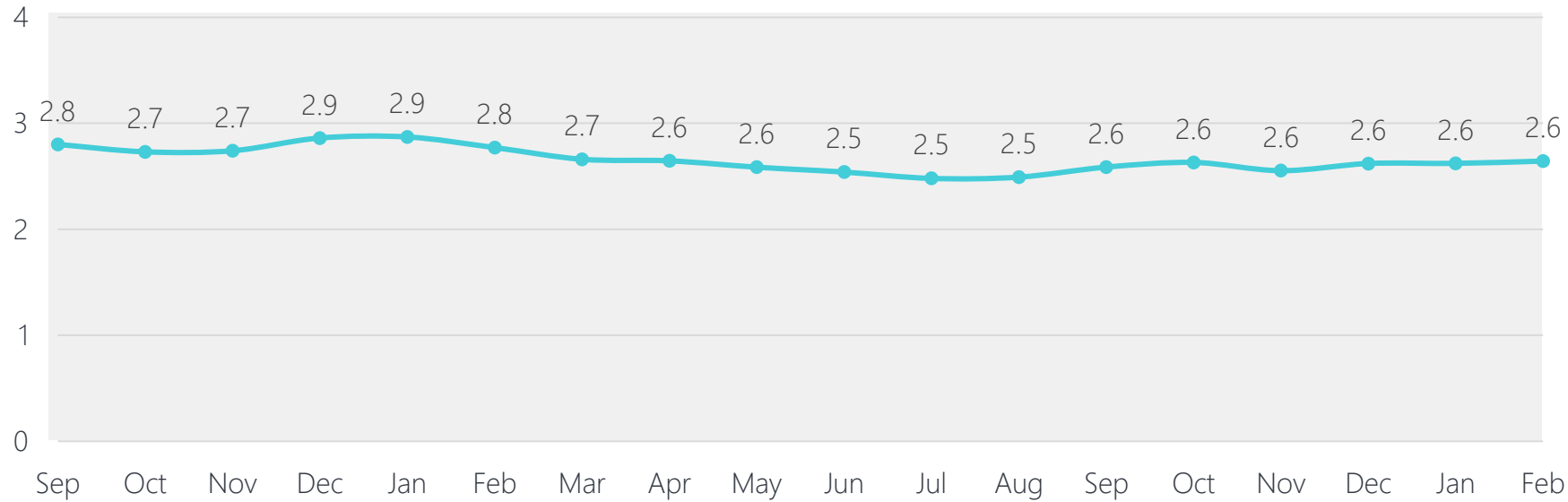
Believe they will have financial means to live best life



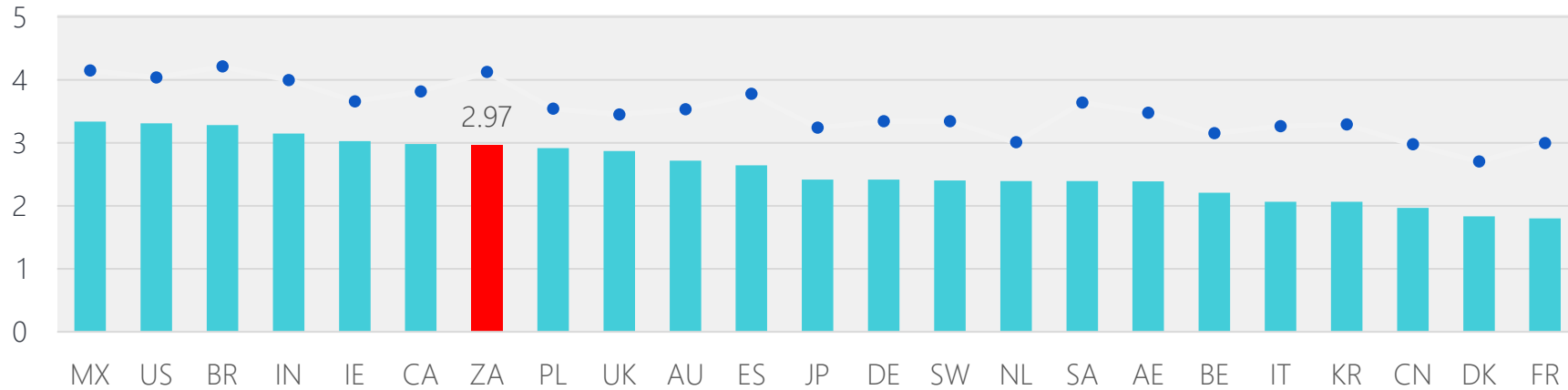
PRESENT, SECURITY	FUTURE, SECURITY
PRESENT, FREEDOM OF CHOICE	FUTURE, FREEDOM OF CHOICE

# AVERAGE NUMBER OF DAYS PER WEEK WORKING FROM HOME

Among respondents able to do their job from home



Current WFH vs WFH Preference



## Methodology

Current WFH = How many days per week do you typically work from home?

WFH Preference = How many days per week would you prefer to work from home, if your employer allowed it?



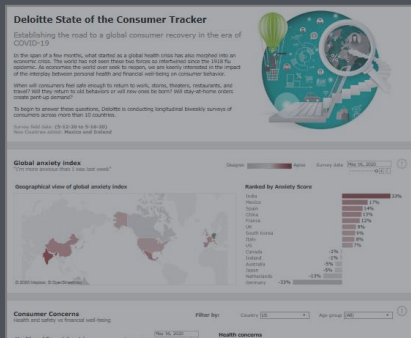
# What is the tracker?

A monthly survey of consumers across 24 countries

Insights by country for age and income

Margin of error  $\pm 3\%$

Running since April 2020



Interactive dashboard for more insights

## 24 Countries



## Countries in focus

1. Australia (AU)
2. Belgium (BE)
3. Brazil (BR)
4. Canada (CA)
5. China (CN)
6. Denmark (DK)
7. France (FR)
8. Germany (DE)
9. India (IN)
10. Ireland (IE)
11. Italy (IT)
12. Japan (JP)
13. Mexico (MX)
14. Netherlands (NL)
15. Norway (NO)
16. Poland (PL)
17. Saudi Arabia (SA)
18. **South Africa (ZA)**
19. South Korea (KR)
20. Spain (ES)
21. Sweden (SW)
22. UAE (AE)
23. United Kingdom (UK)
24. United States (US)

**Let's talk.**



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# Deloitte Consumer Industry Center

