



The State of the South African Consumer

1 December 2021

The evolving state of the consumer

Top Takeaways

Wave 24: October 27

[Interactive Dashboard](#)



The results of survey waves will be available via an interactive dashboard

The forces behind shifting priorities

As expected, the ways people around the world feel their priorities are shifting remain consistent with last month. But we continue to explore the drivers behind these shifts. This month, we've focused on the impact of safety perceptions, as well as age and income—finding that all have a big part to play in whether people are rethinking important lifestyle choices such as how hard they work, how freely they spend, or how quickly they're throwing pandemic caution to the wind and socializing more.

For example, safety perceptions were found to correlate with how likely people are to be prioritizing spending versus saving.

In the US, income is a significant predictor of priority shifts related to spending and working. The more people earn, the more likely they are to feel they're spending more to enjoy today (vs saving), more focused on purpose (vs earning more), and finding more time to enjoy today (vs working harder) compared to 12 months ago. Clearly, high and low earners are heading into post-pandemic life with slightly different states of mind.

Younger people, proving to be less risk averse, are more significantly likely to be spending more time out of the house, and more trusting of people they don't know. Interestingly, people 35-54 are most likely to be sticking with new digital behaviors (vs seeking more in-person interaction).

Safety perceptions around returning to work stagnate

While safety perceptions around most activities have been consistently improving, comfort with returning to work has been plateauing since June. Similar patterns are occurring for attending school in-person. The trends suggest that just because comfort is improving across many everyday activities like going to the store, there is still some lingering uncertainty around returning to former day-in day-out routine.

Work from home preference peaks among the young

While younger people are spending the least amount of time working from home, they want to be working from home the most. Among those able to do their jobs from home, 18-34 year olds would prefer to work an average of 3.5 days a week from home. This figure decreases as employees age, and suggests some clear generational differences are developing around work preferences.

Discretionary spending intentions remain stable for all countries but US and the UK

Consistent with last month, people plan to allocate roughly 1/3 share of wallet towards more discretionary categories. The US and the UK were the only countries where discretionary spending intentions slipped, potentially a signal of weaker consumer confidence for the month ahead.

Inflation perceptions climb

Compared to last month, more consumers across the globe perceived higher prices for groceries, clothing, restaurants, as well as alcohol and tobacco.

Perceptions of rising prices continue to be strongest within the grocery category. In many countries, including the US, the grocery category also saw the largest wave over wave increases in the number of consumers experiencing higher prices.

Study Overview

Survey Fielding

Waves 1-22 : April 2020 – Sept 2021

New metrics added

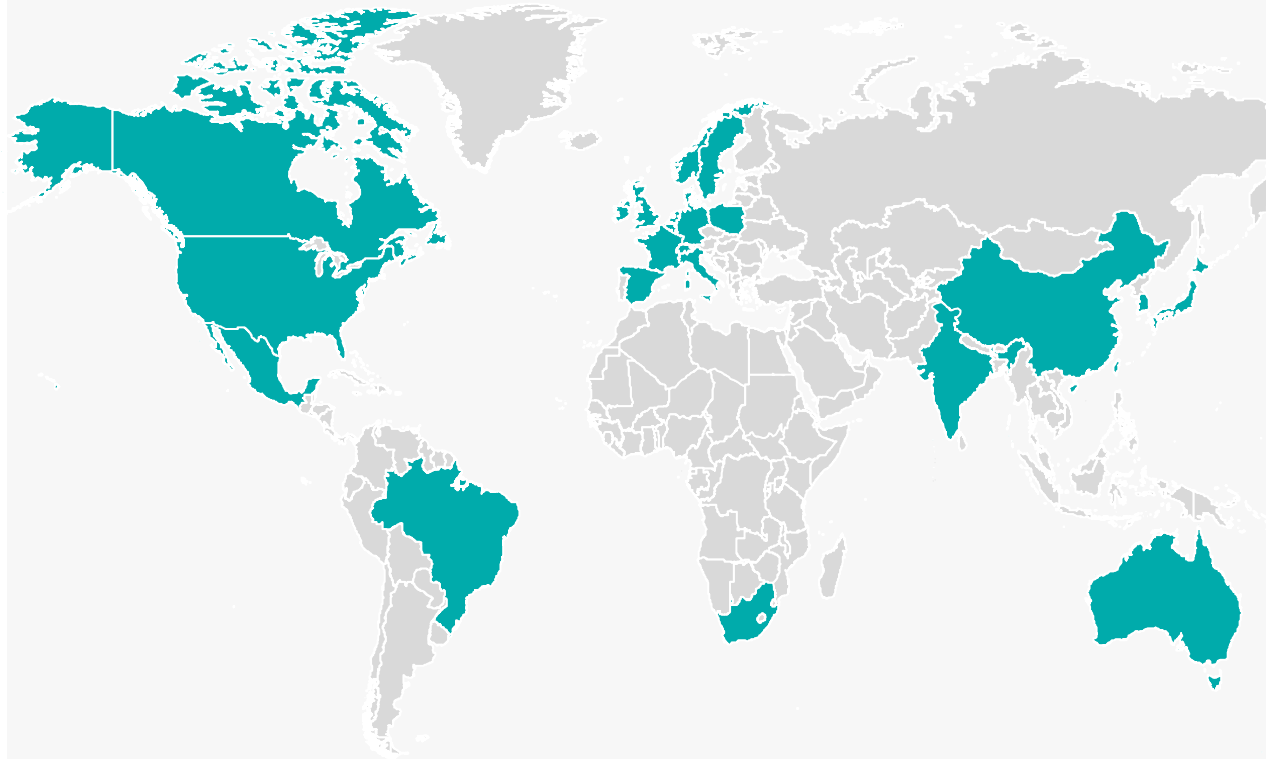
Wave 23 : September 23-29

Wave 24 : October 21-27

Methodology:

- Online panel, Minimum N=1,000 consumers per country, age 18+
- Fielded in 23 countries (*US Bi-weekly*)
- Margin of error $\pm 3\%$
- Responses are weighted at the country level according to publicly available age and income profiles

23 Countries



Countries in Focus

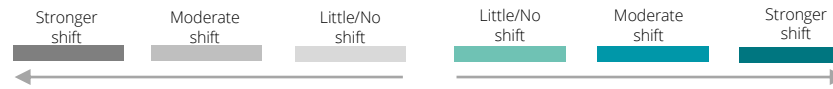
- Australia (AU)
- Belgium (BE) **New**
- Brazil (BR) **New**
- Canada (CA)
- China (CN)
- Denmark (DK) **New**
- France (FR)
- Germany (DE)
- India (IN)
- Ireland (IE)
- Italy (IT)
- Japan (JP)
- Mexico (MX)
- Netherlands (NL)
- Norway (NO) **New**
- Poland (PL)
- South Africa (ZA)
- South Korea (KR)
- Spain (ES)
- Sweden (SE) **New**
- Switzerland (CH) **New**
- United Kingdom (UK)
- United States (US)



South Africa in the global context

South Africans focus on wellbeing, experiences and saving while working hard and remaining at home

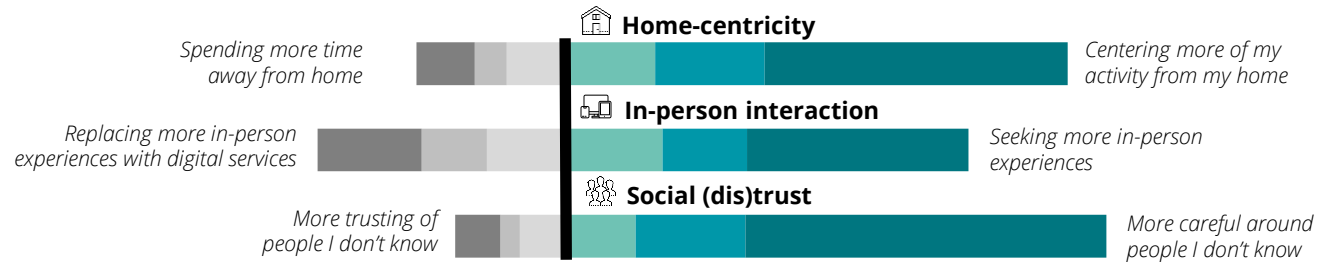
Compared to 12 months ago, I feel I'm...



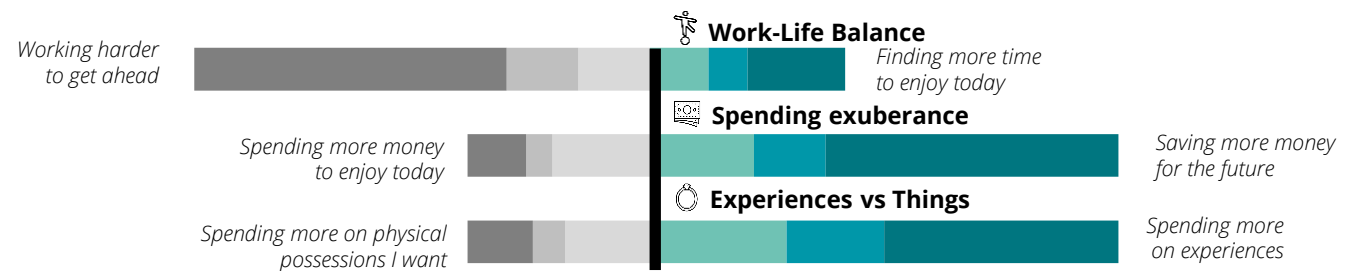
A greater focus on introspection, wellbeing, while balancing purpose with earning more money



More home-centric, but seeking in-person interaction with a very clear need to rebuild social trust

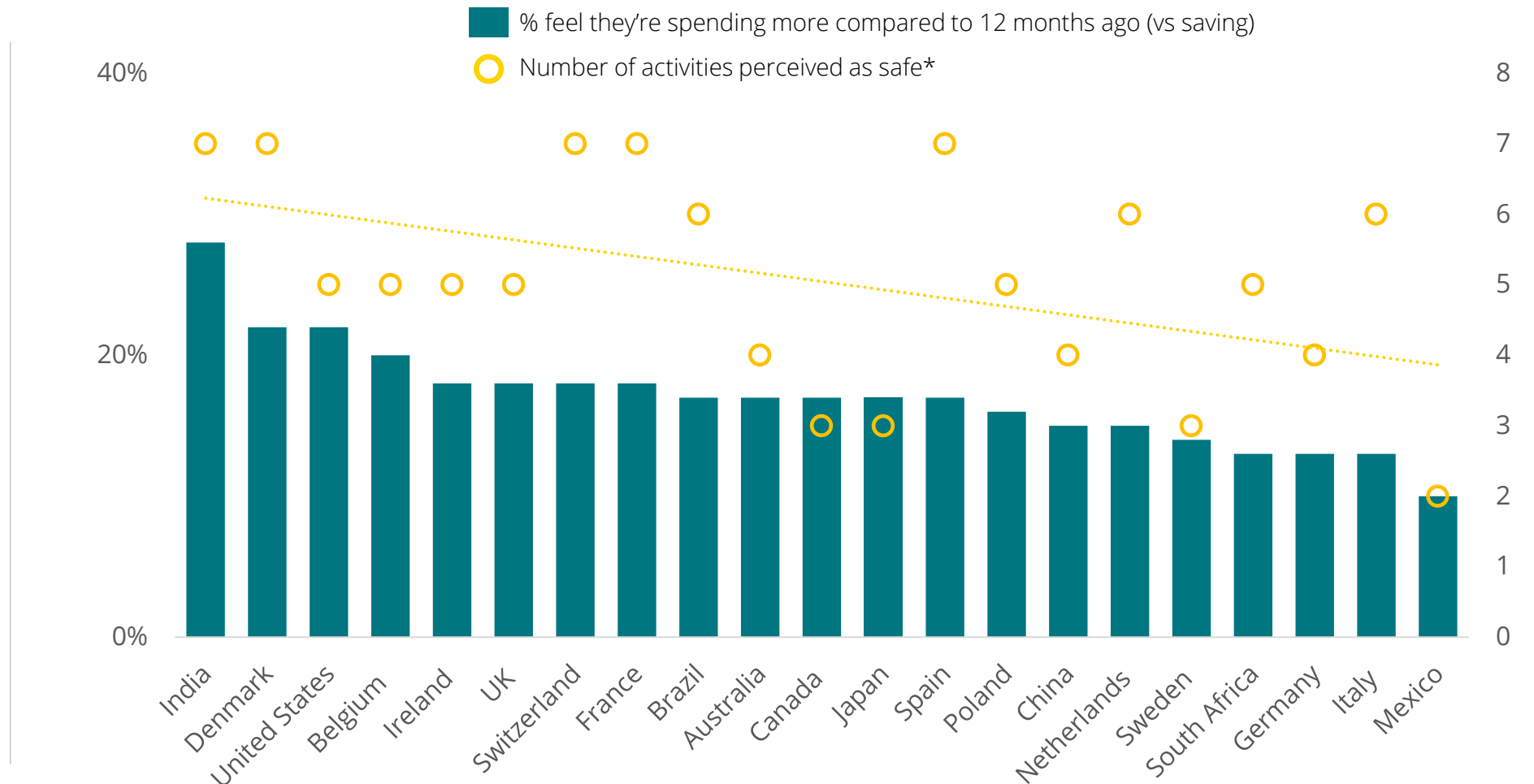


Working hard to get ahead, saving money for tomorrow, while prioritising experiences



For example, safety perceptions correlate with spending vs saving priorities

People are more likely to lean towards spending (vs saving) if they perceive more activities as safe



Source: Deloitte Global State of the Consumer Tracker

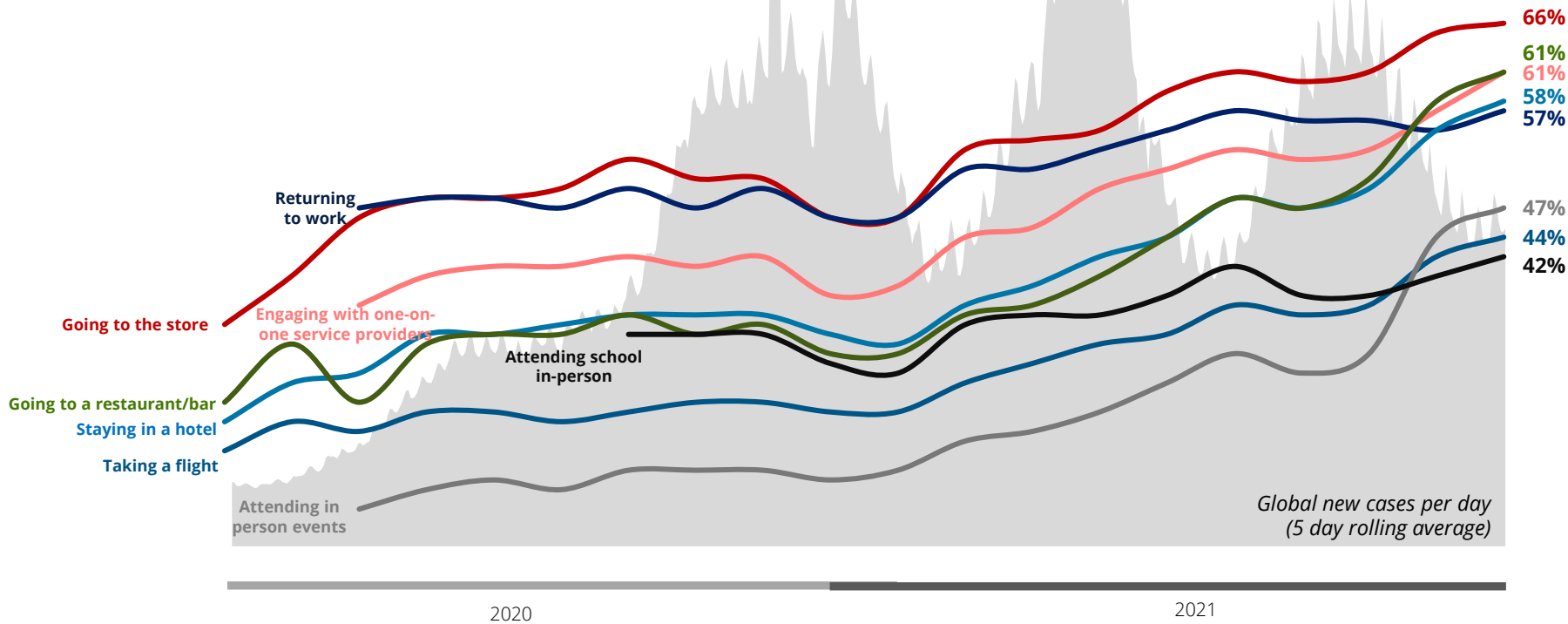
* % Strongly Agree/Agree they feel safe >50% for each of the following activities: Going to the store, returning to work, taking a flight, staying in a hotel, engaging with one-on-one service providers, attending in-person events, Going to a restaurant, Sending children to school in-person. Norway and South Korea removed as trend outliers

Given the close tie between safety and spending sentiment, improving safety perceptions should continue to bode well for consumer industry

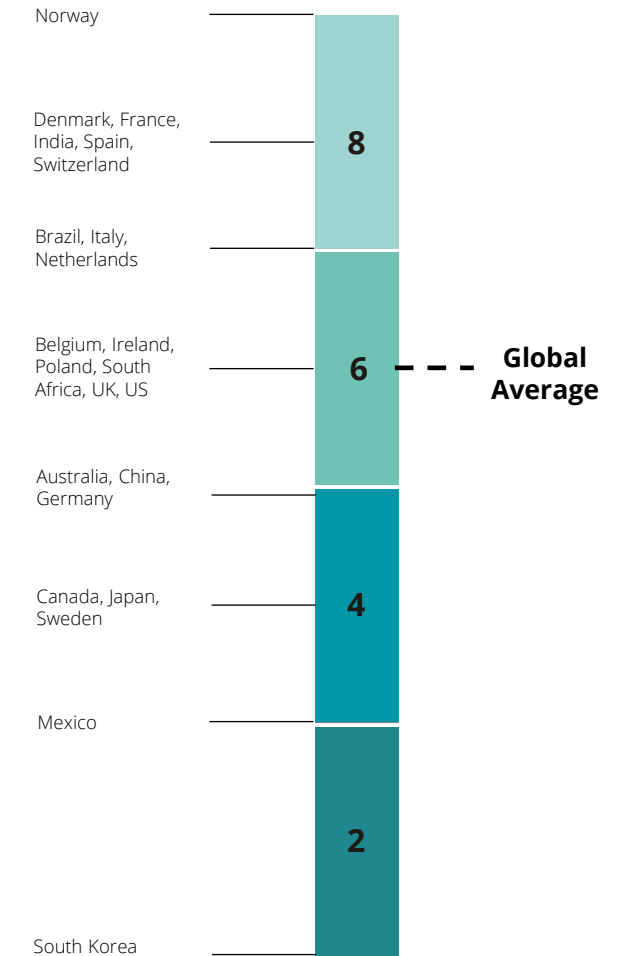
I Feel Safe... (Global average)

Key Takeaway

Safety perceptions around returning to work and attending school in person have been stagnating since June.



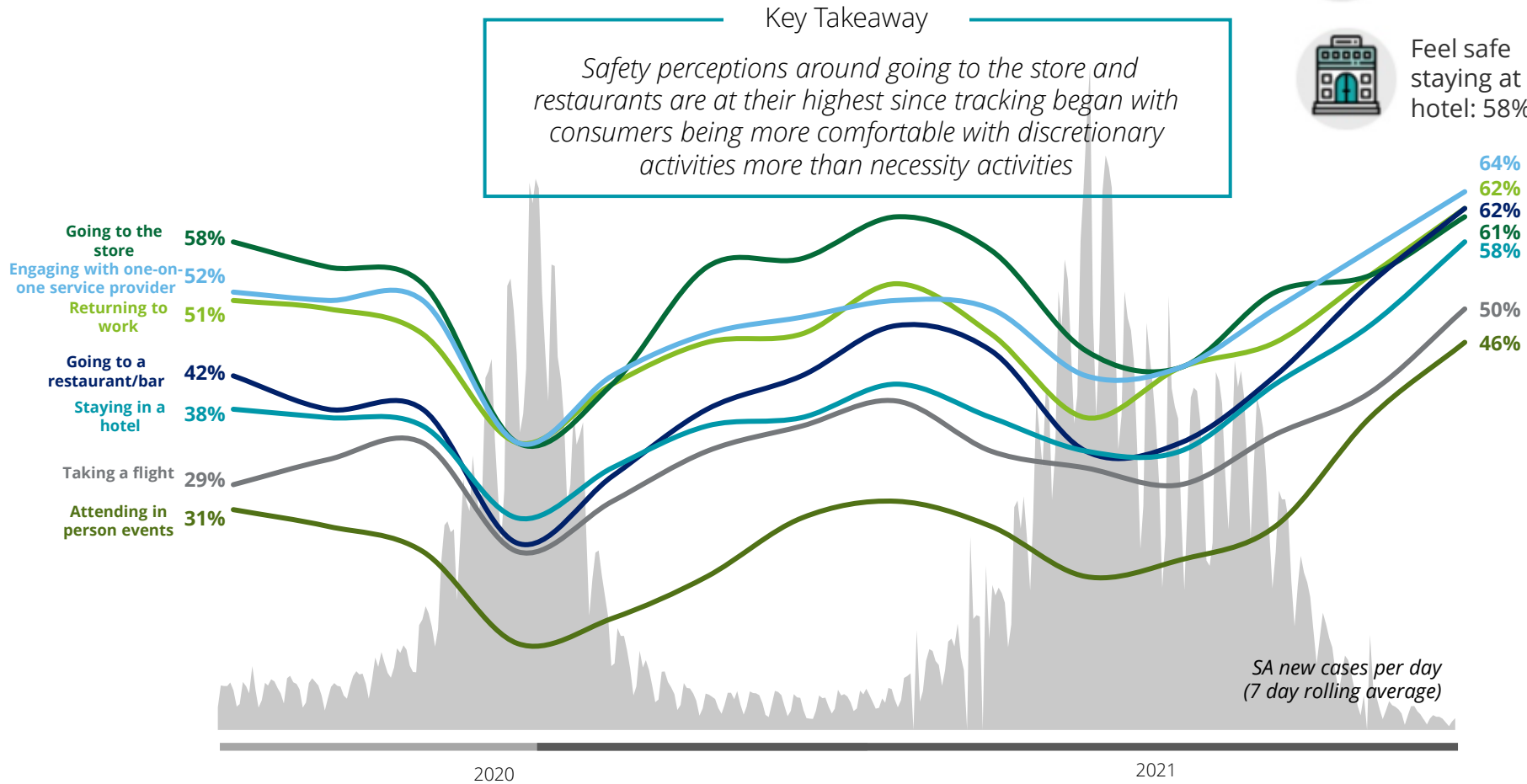
Total # of activities perceived as safe (Out of 8 safety metrics measured)



Source: Deloitte Global State of the Consumer Tracker
Note: #Sum of agree/strongly agree values greater than 50% are considered safe

The decline of Covid-19 cases has made consumers more comfortable to return to social activities

I Feel Safe... (SA average)

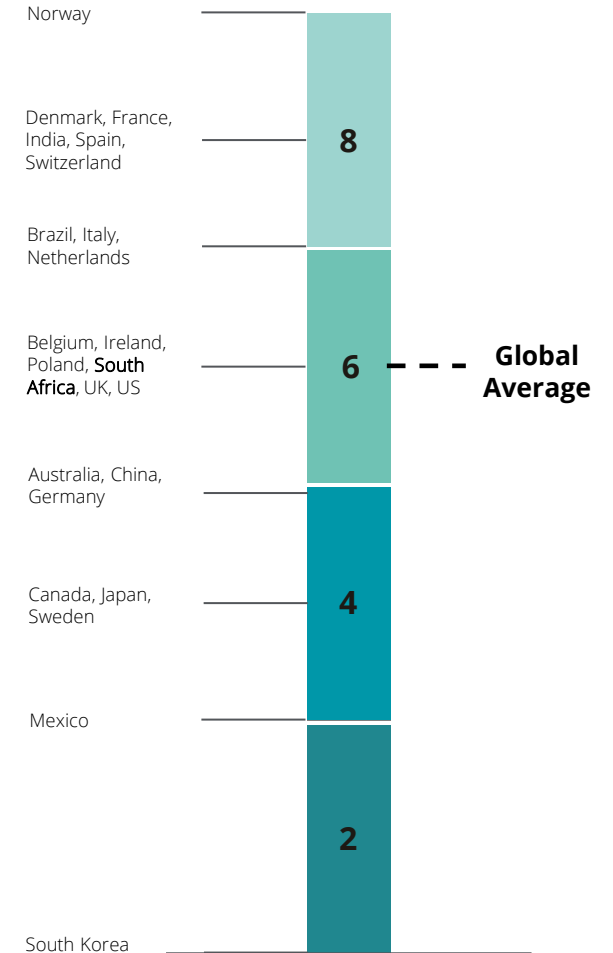


Feel safe flying: 50%



Feel safe staying at a hotel: 58%

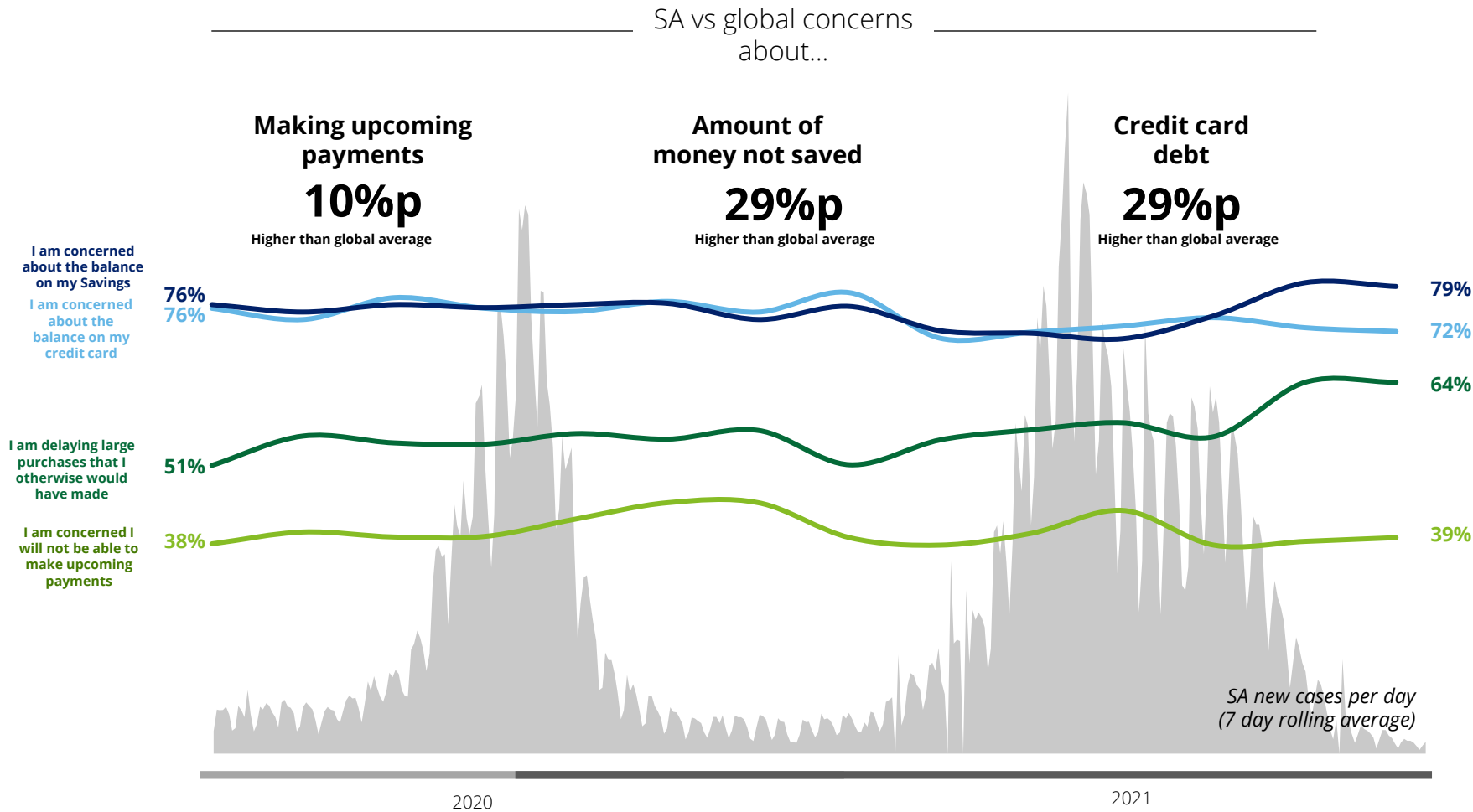
Total # of activities perceived as safe (Out of 8 safety metrics measured)



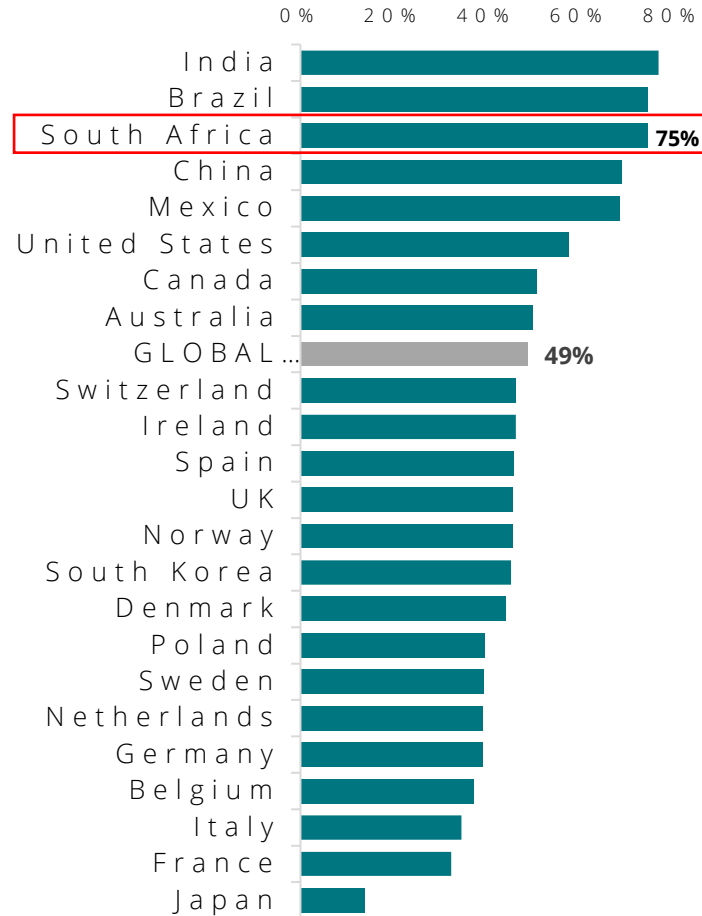


South African consumer finances

Although SA consumers are the 4th most financially anxious, due to current pressures, 3 in 4 people are optimistic about their long-term financial situation



Optimistic financial situation will improve within 3 years

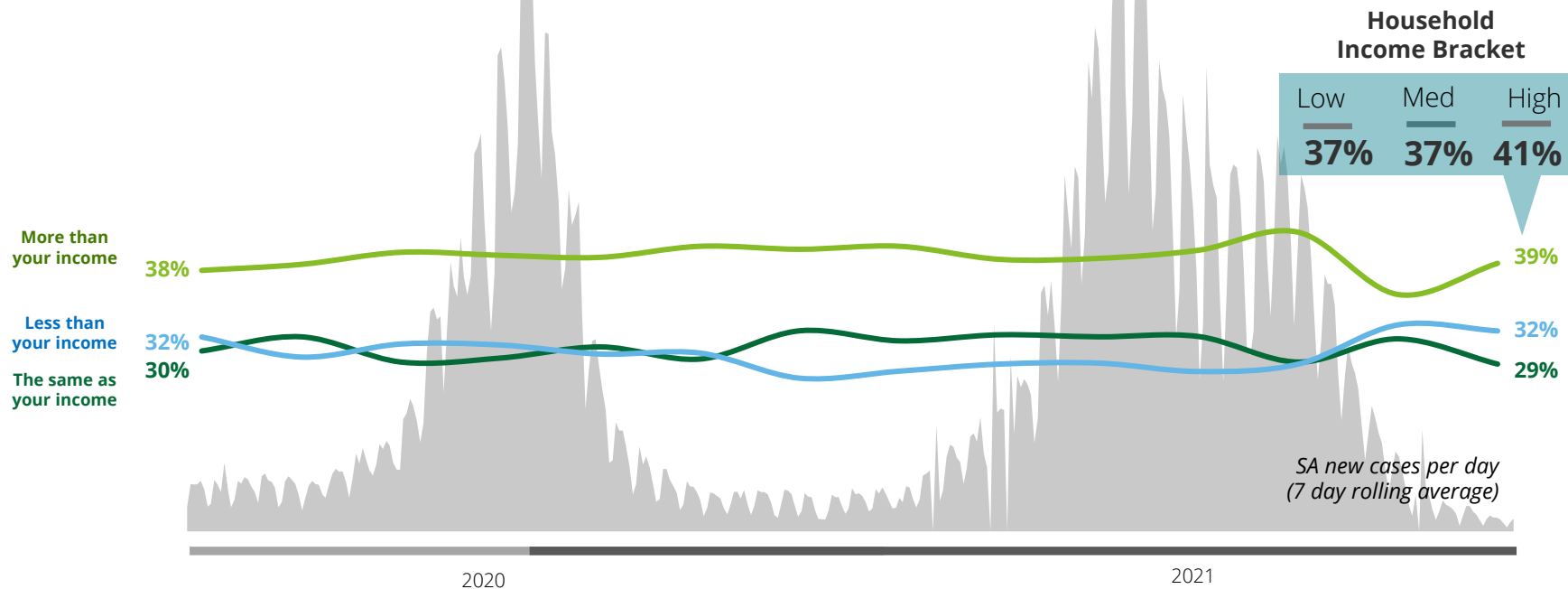


Source: Deloitte Global State of the Consumer Tracker
 Note: #Sum of agree/strongly agree values greater than 50% are considered safe

More than 1 in 3 South African consumers live beyond their means and may rely on credit to stretch their income, especially as prices rise

Key Takeaway

While fluctuations occurred throughout the period; overall spending was largely flat with over 1 in 3 consumers spending more than they earn. This tendency is slightly higher among high income earners.



Considerations

I am concerned that prices for the things I buy often will go up

86%

I am using my credit card to stretch my pay cheque

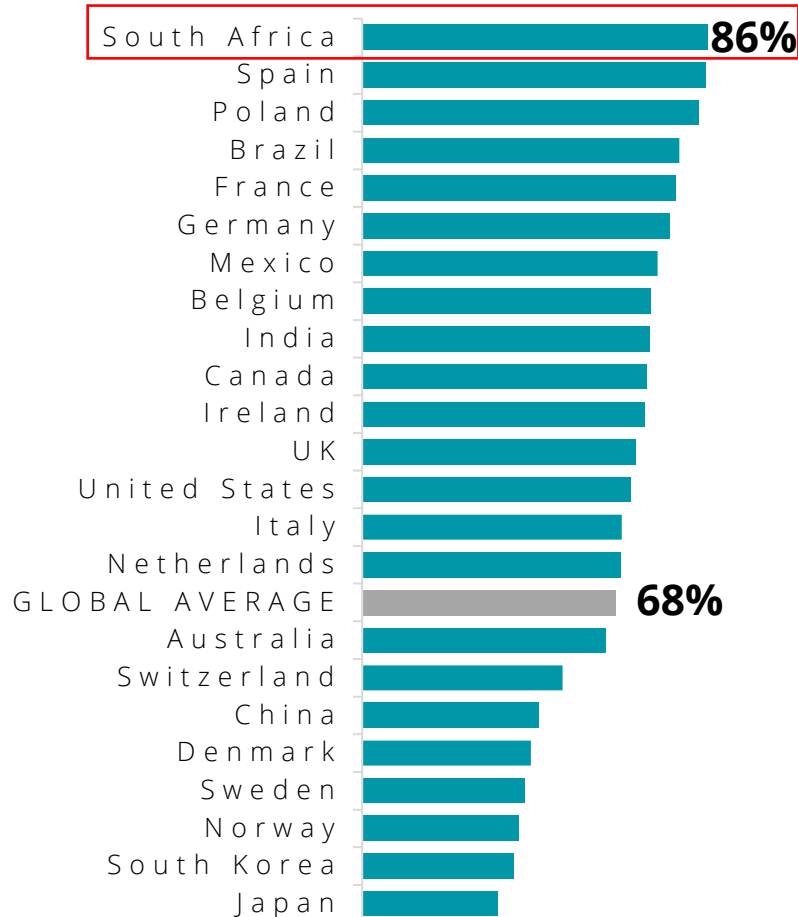
34%



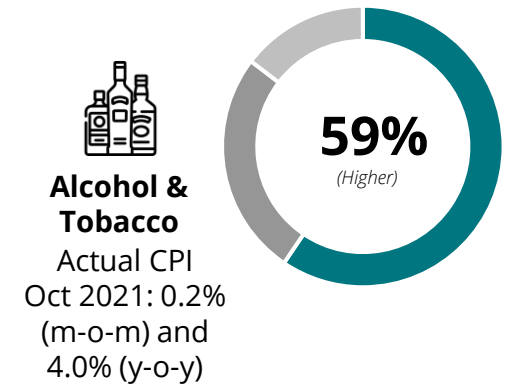
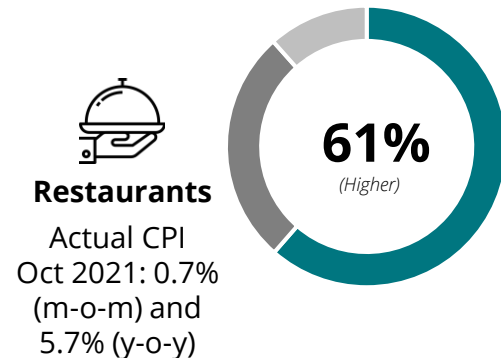
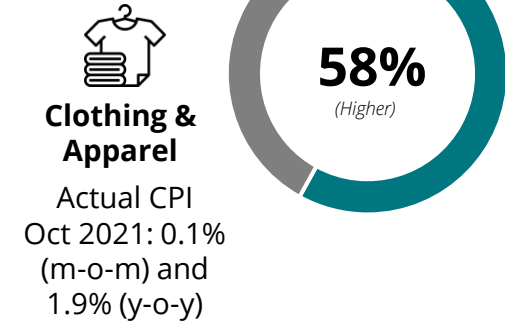
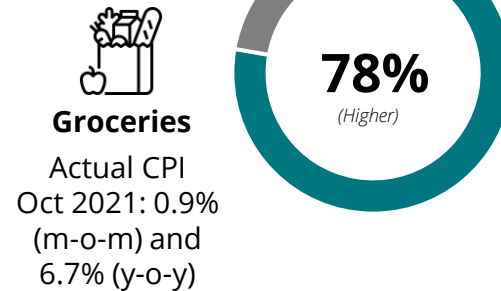
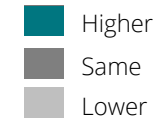
South African spending and shopping trends

Compared to other consumers, South Africans are most concerned about price increases. Especially, prices for groceries are perceived to have risen

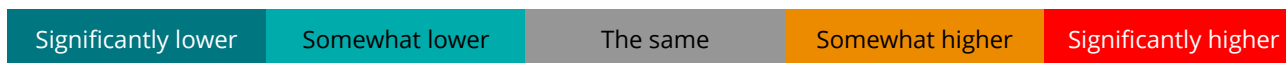
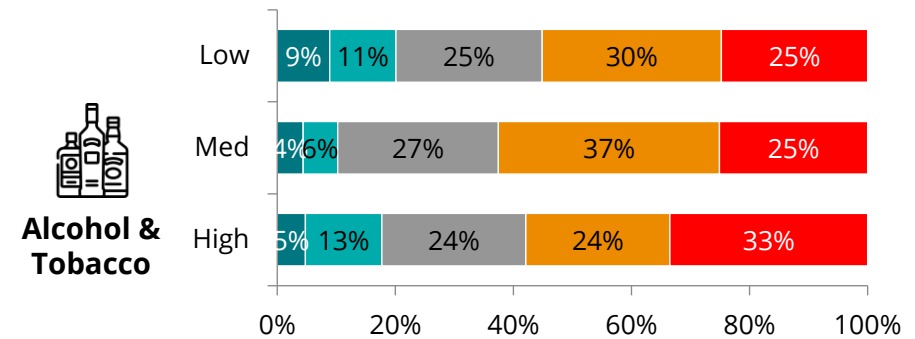
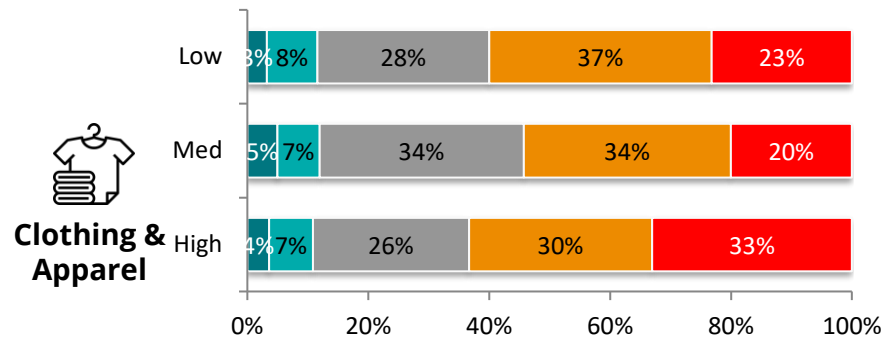
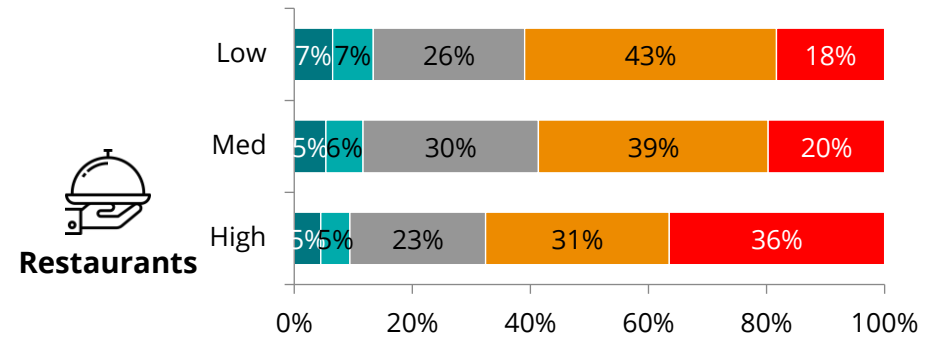
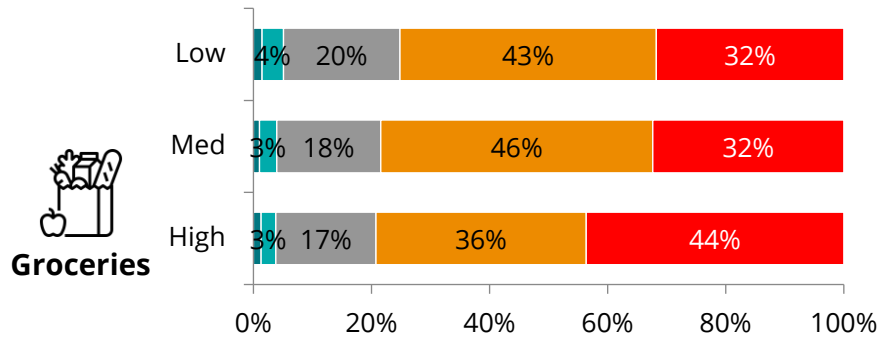
I am concerned that prices for the things I buy often will go up



Perception of prices compared to last month (South Africa)



High income consumers seem to perceive price increases to be more significant for a range of categories compared to lower income groups



HH income classification	Annual income
Low	Less than R86 000
Medium	R86 001-R400 000
High	+R400 000

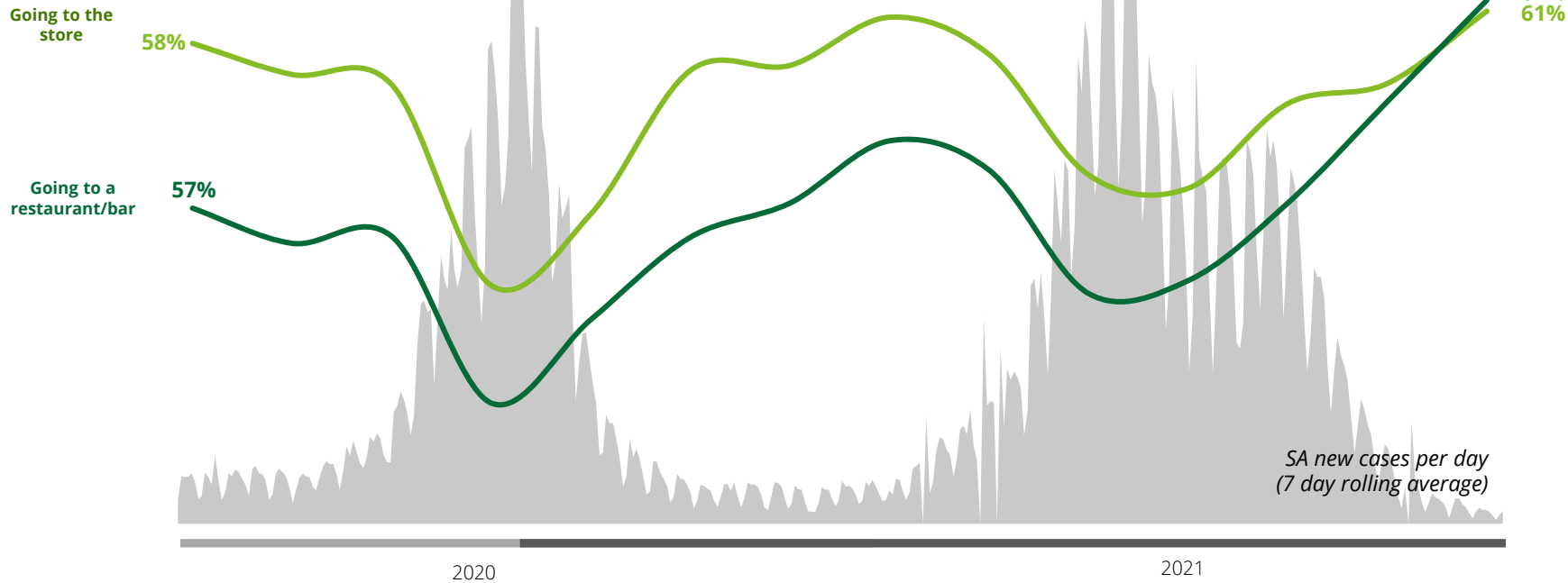
Source: Deloitte Global State of the Consumer Tracker

The decline of Covid-19 cases has made consumers more comfortable to return to social activities

I Feel Safe... (SA average)

Key Takeaway

Safety perceptions around going to the store and restaurants are at their highest since tracking began with consumers being more comfortable with discretionary activities more than necessity activities

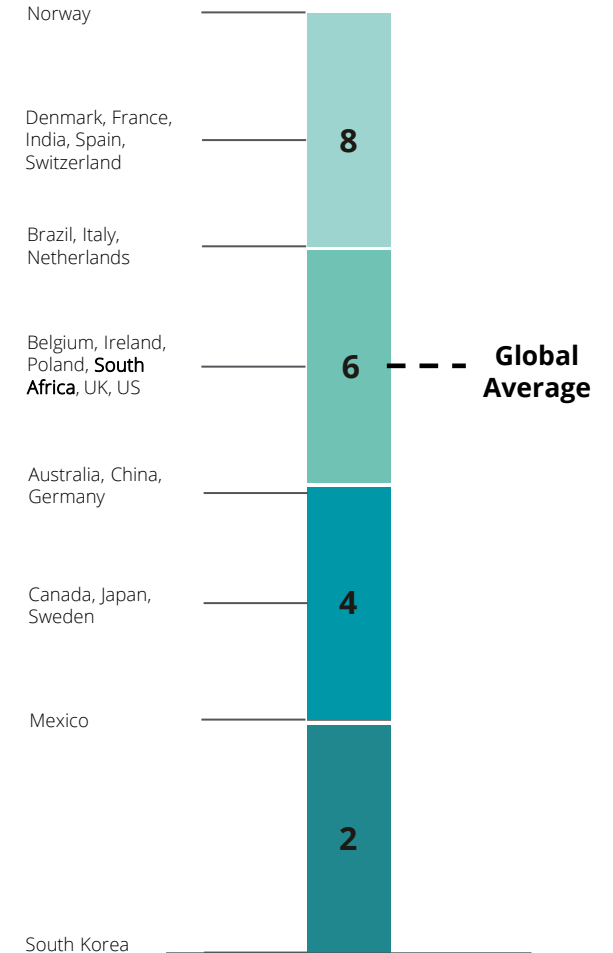


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Feel safe staying at a hotel: 58%

Total # of activities perceived as safe (Out of 8 safety metrics measured)



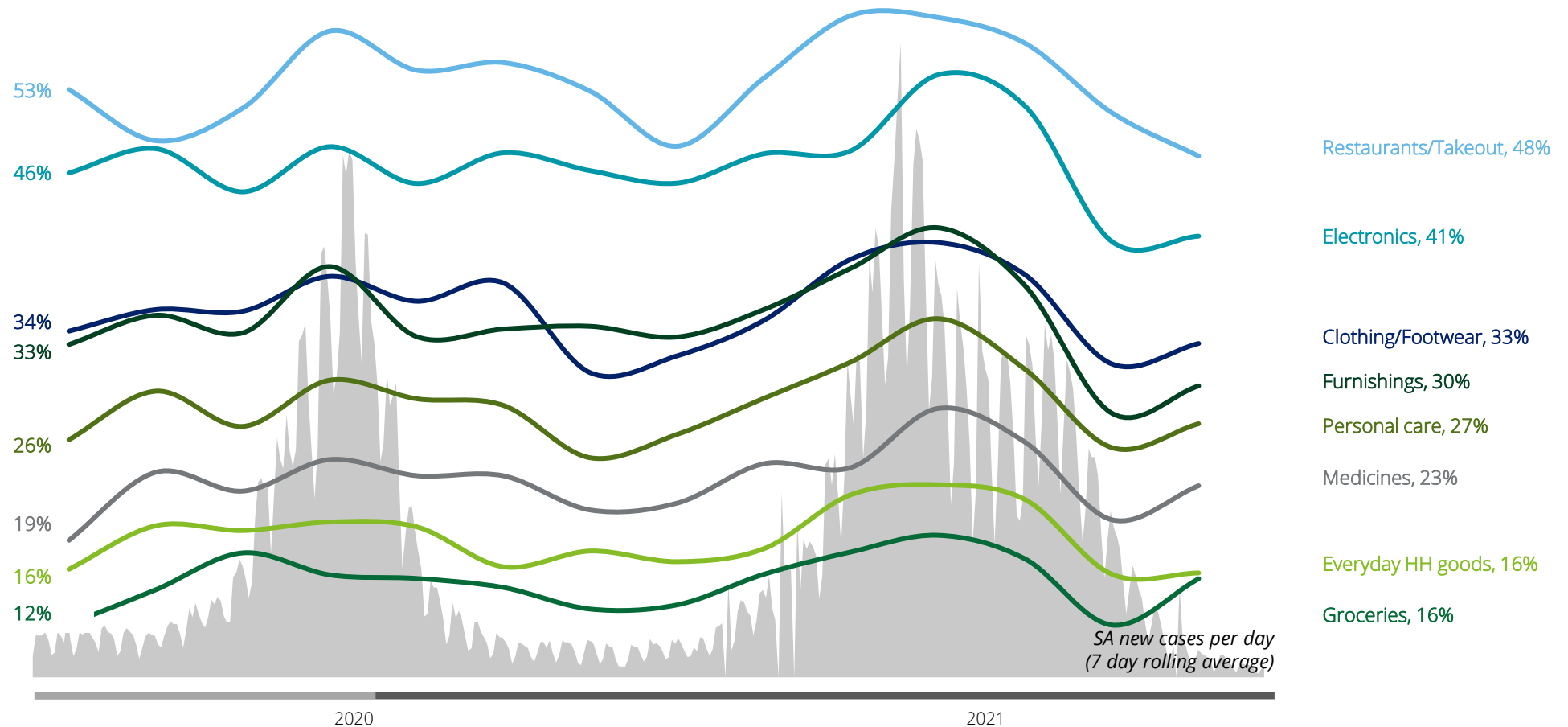
Online purchase intentions seem to move along with the rise and fall in infections numbers

Plan to purchase 50% or more online (vs in-store)

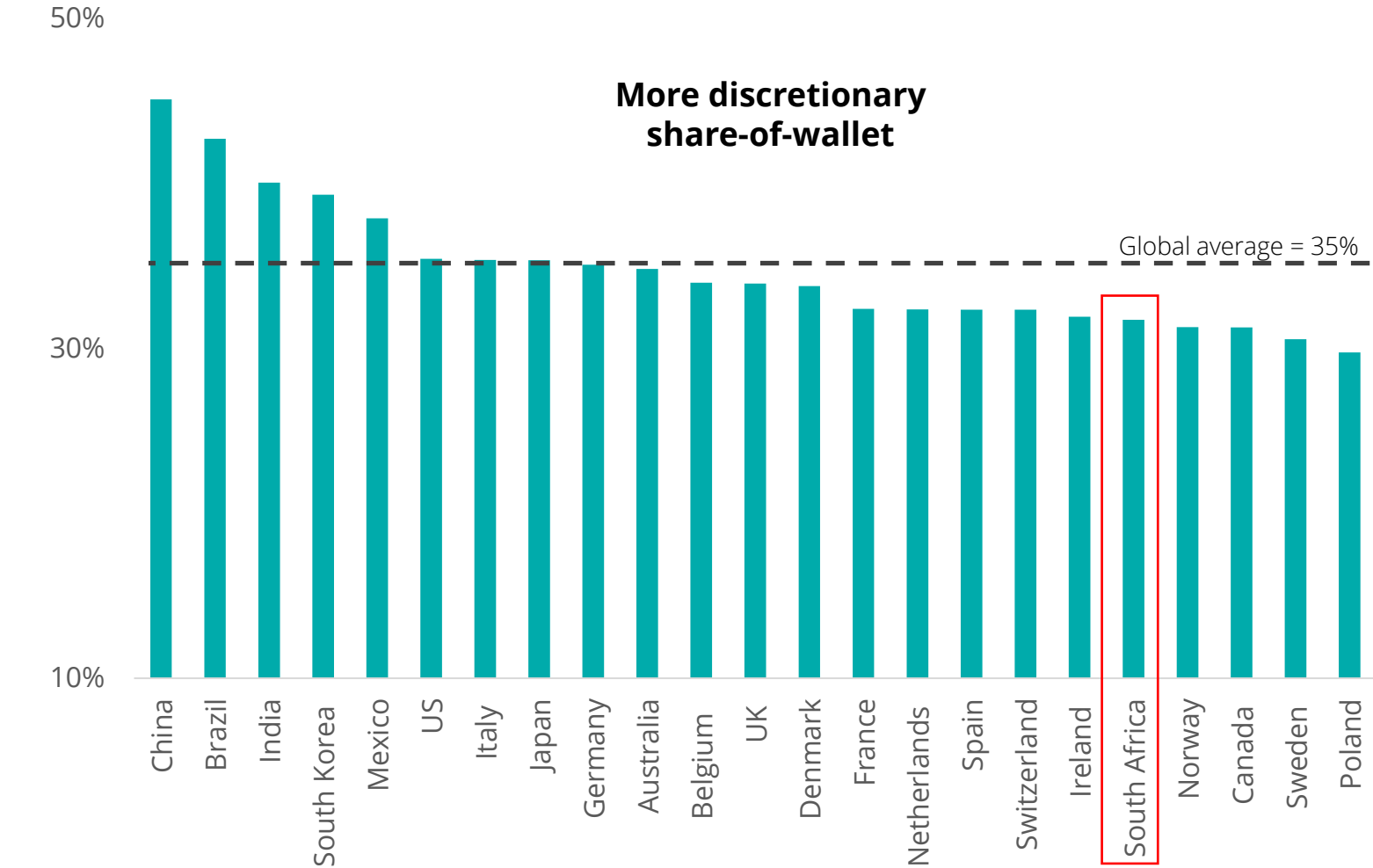
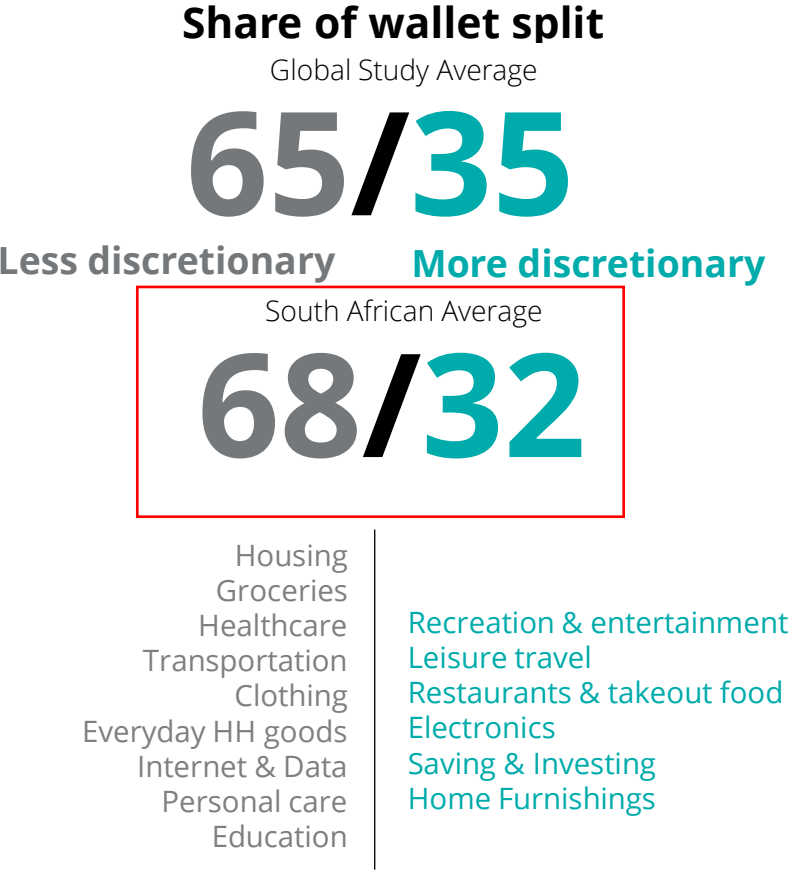
(Next four weeks)

Key Takeaway

Except for the 2 periods where COVID-19 infections peaked, South Africans' online shopping intentions across categories remained fairly constant during the past 12 months. This contrasts with global trends where we have seen a drop for online purchases intentions.



Share-of-wallet allocation remains steady. South Africa's discretionary spending intentions remain below global average, reflecting socio-economic conditions in the country. The average consumer spends R29,993 per month.

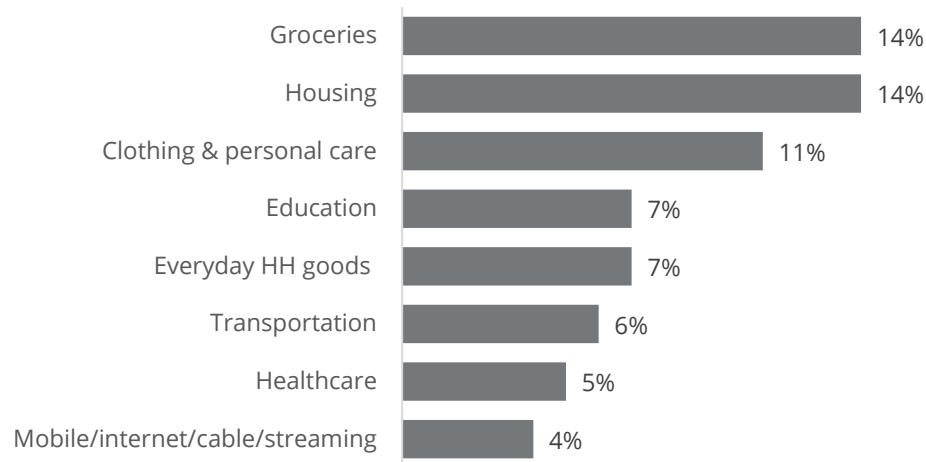


Source: Deloitte Global State of the Consumer Tracker

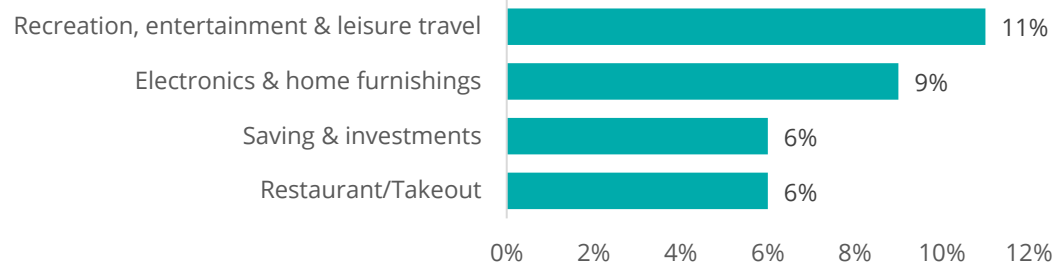
Groceries and housing dominate South African consumer spending. Low and medium-income groups tend to spend a higher share of their wallets on less-discretionary categories – especially housing and groceries.

Share of wallet

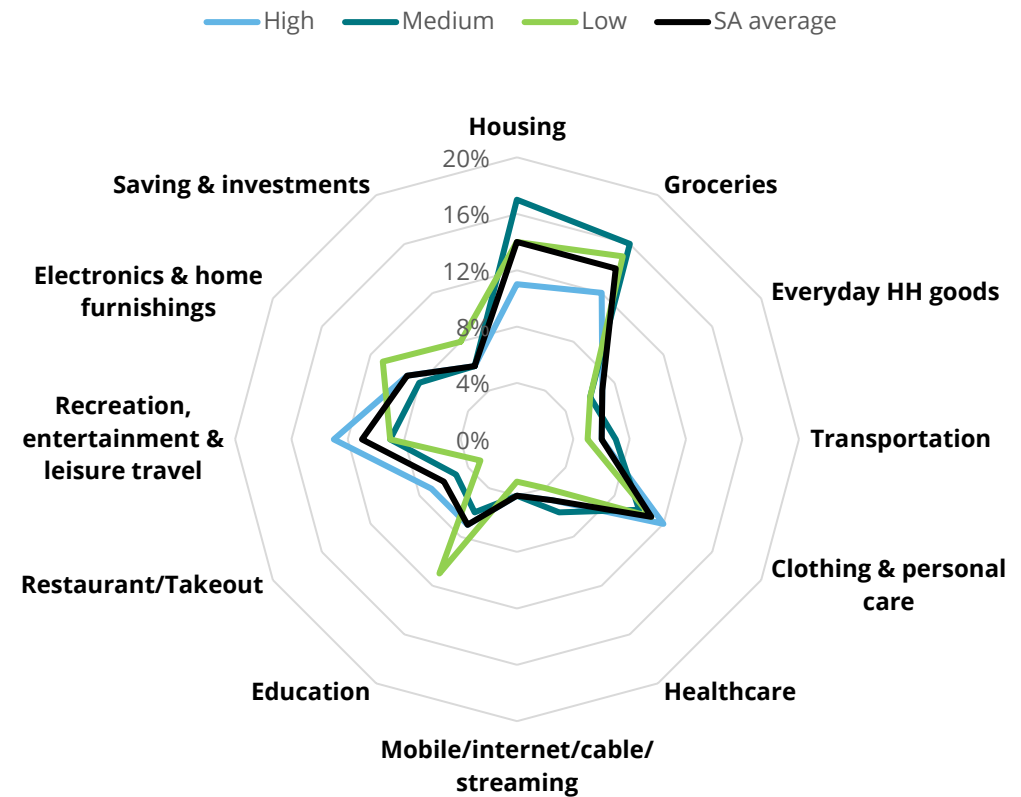
Less-discretionary categories



More-discretionary categories



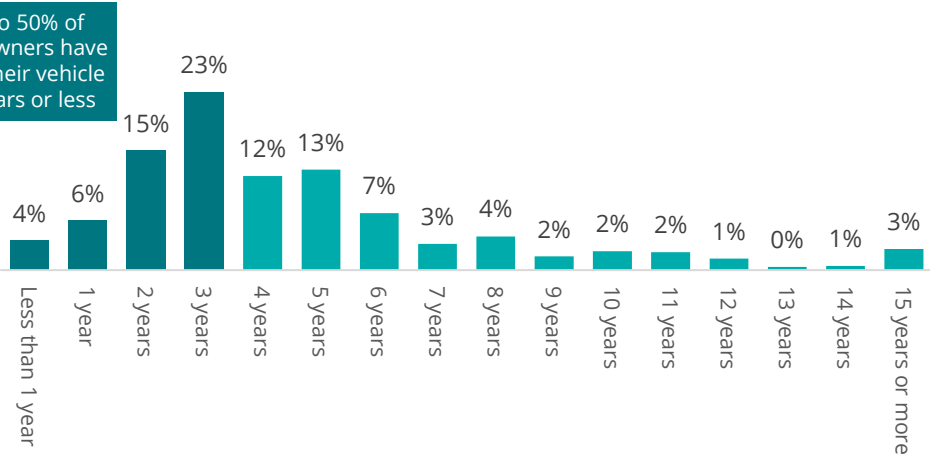
Share of wallet by income



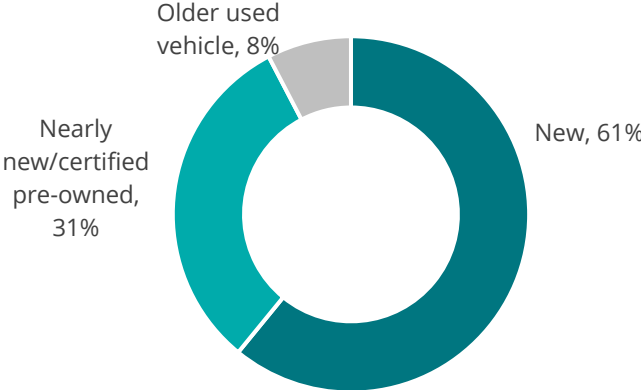
1 in 3 consumers intends to purchase a vehicle in the next 6 months. Consumers favour new vehicles over pre-owned vehicles and are conscious about the cost of maintenance as cars get older.

Length of current vehicle ownership

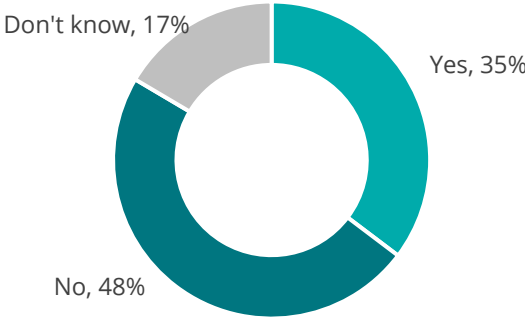
Close to 50% of vehicle owners have owned their vehicle for 3 years or less



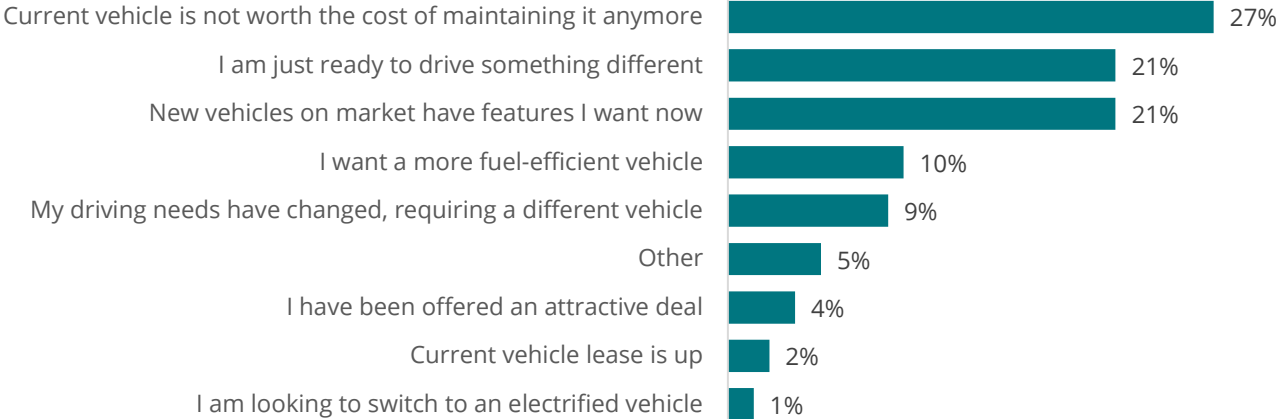
Kind of vehicle to be purchased



Intention to purchase a vehicle between Nov. 2021 and April 2022



Main reason for new vehicle purchase





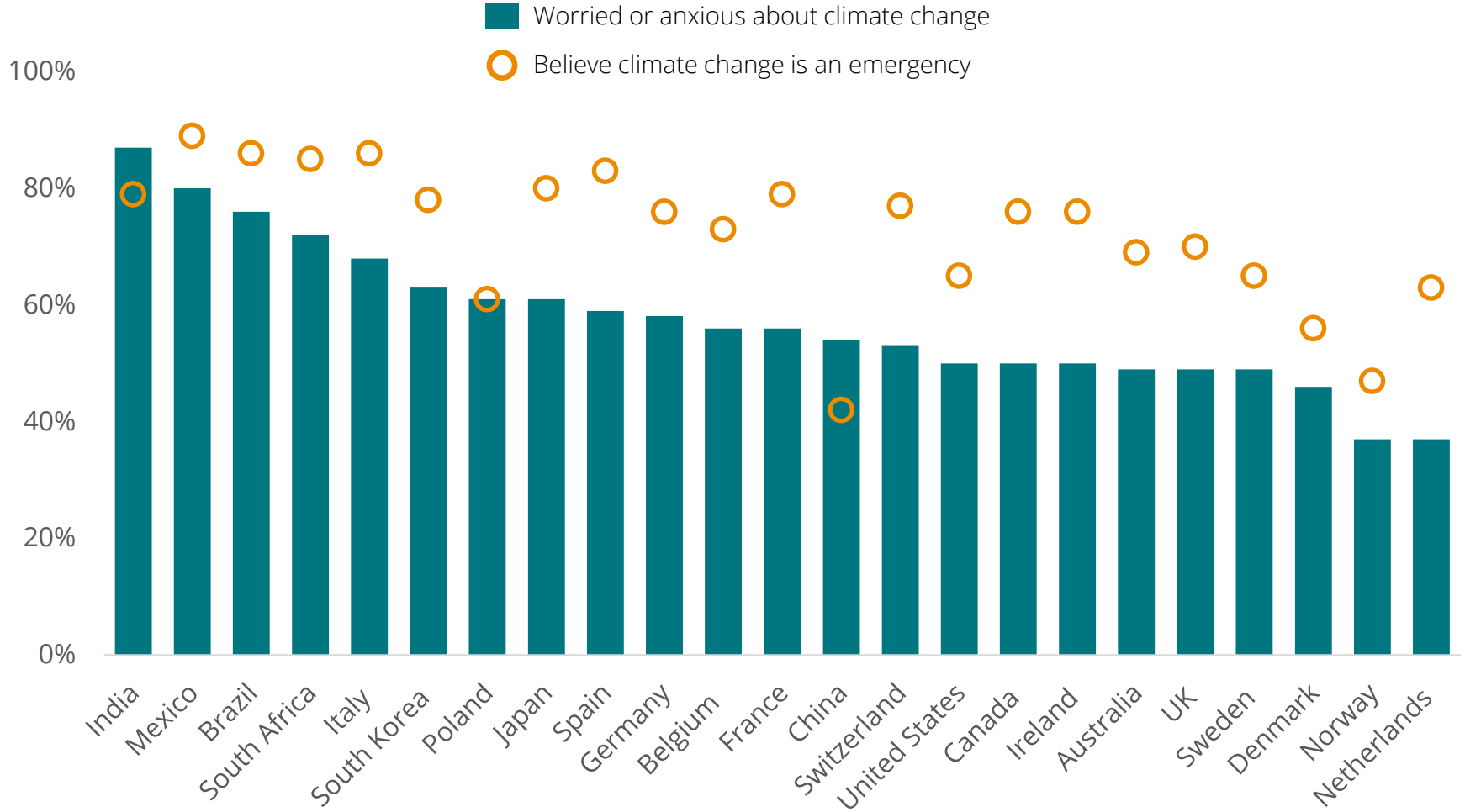
Climate Concerns

There is generally widespread belief that climate change is an emergency. Over half are anxious or worried about it.

Global Study Averages

Believe climate change is an emergency
72%

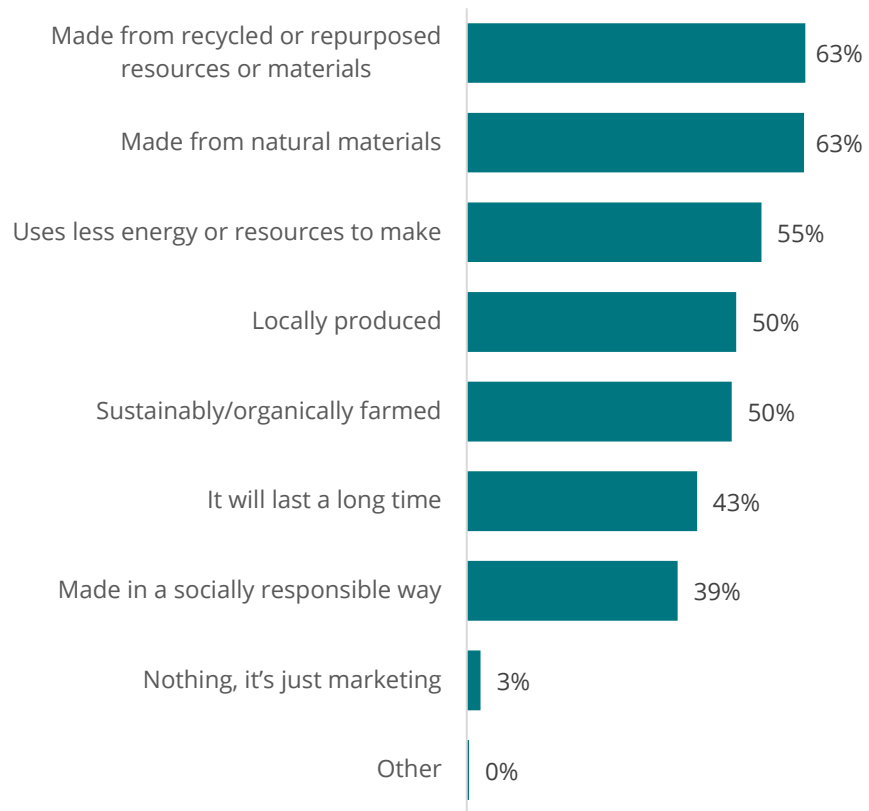
Worried or anxious about climate change
57%



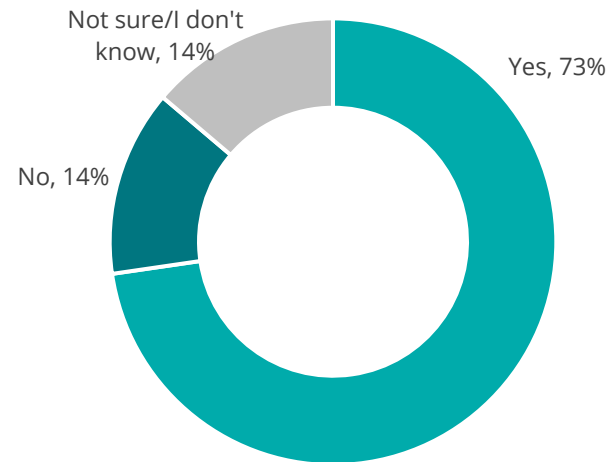
Source: Deloitte Global State of the Consumer Tracker

It is common for South Africans to buy a sustainable good or service; however, many consumer noted the higher costs of these products.

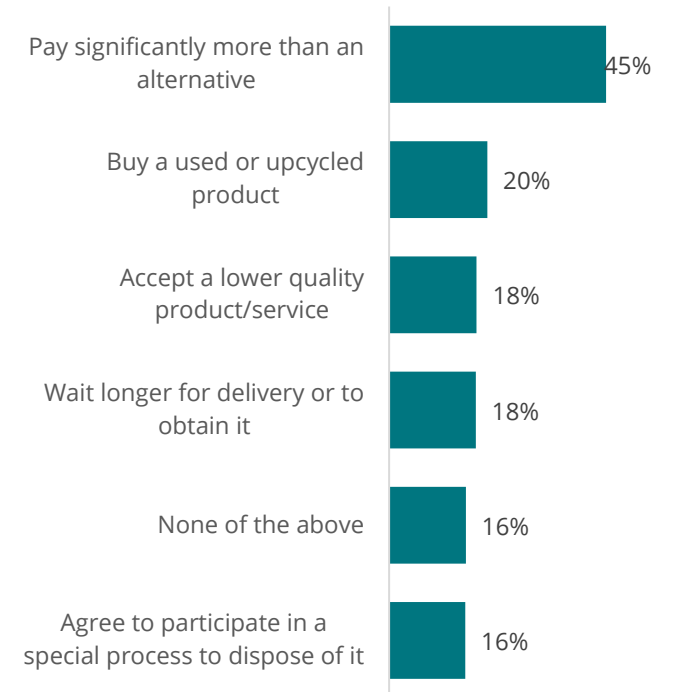
Sustainable products or services are...



In the last 4 weeks, I have purchased a sustainable good or service



For my last purchase of a sustainable product or service I did..

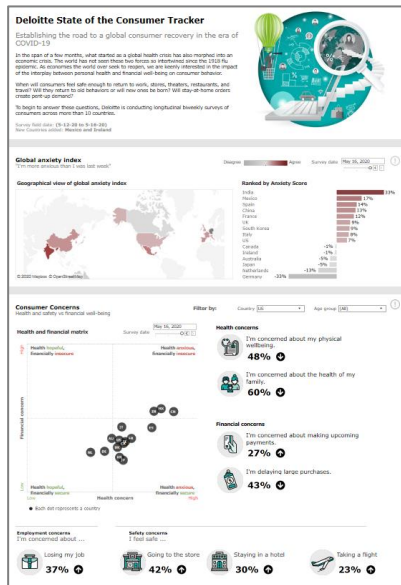


So, what about Christmas?



Deloitte.

Consumer Industry Center



Click on the link below to visit the interactive dashboard for more insights...

[Global State of the Consumer Tracker Dashboard](#)

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