



## State of the consumer tracker South africa

SA Highlights: Wave 44 – June 22 – June 28, 2023

# Study overview

## Survey Fielding

### Waves 1-22 : April 2020 – Sept 2021

#### New metrics added

- Wave 23 : September 23-29
- Wave 24 : October 21-27
- Wave 25 : November 25 – December 01
- Wave 26 : December 23 – December 29
- Wave 27 : January 27 – February 02
- Wave 28 : February 24 – March 02
- Wave 29 : March 24 – March 30
- Wave 30 : April 21 – April 27
- Wave 31 : May 26 – June 01
- Wave 32 : June 23 – June 29
- Wave 33 : July 21 – July 27
- Wave 34 : August 25 – August 31

#### New metrics added

- Wave 35 : September 22 – September 28
- Wave 36 : October 27 – November 02
- Wave 37 : November 24 – November 30
- Wave 38 : December 22 – December 28
- Wave 39 : January 26 – February 01
- Wave 40 : February 23 – March 01
- Wave 41 : March 23 – March 29
- Wave 42 : April 20 – April 26
- Wave 43 : May 25 – May 31
- Wave 44 : June 22 – June 28

## 18 Countries




### Countries in focus

- Australia (AU)
- Brazil (BR)
- Canada (CA)
- China (CN)
- France (FR)
- Germany (DE)
- India (IN)
- Italy (IT)
- Japan (JP)
- Mexico (MX)
- Netherlands (NL)
- Saudi Arabia (SA)
- South Africa (ZA)
- South Korea (KR)
- Spain (ES)
- UAE (AE)
- United Kingdom (UK)
- United States (US)

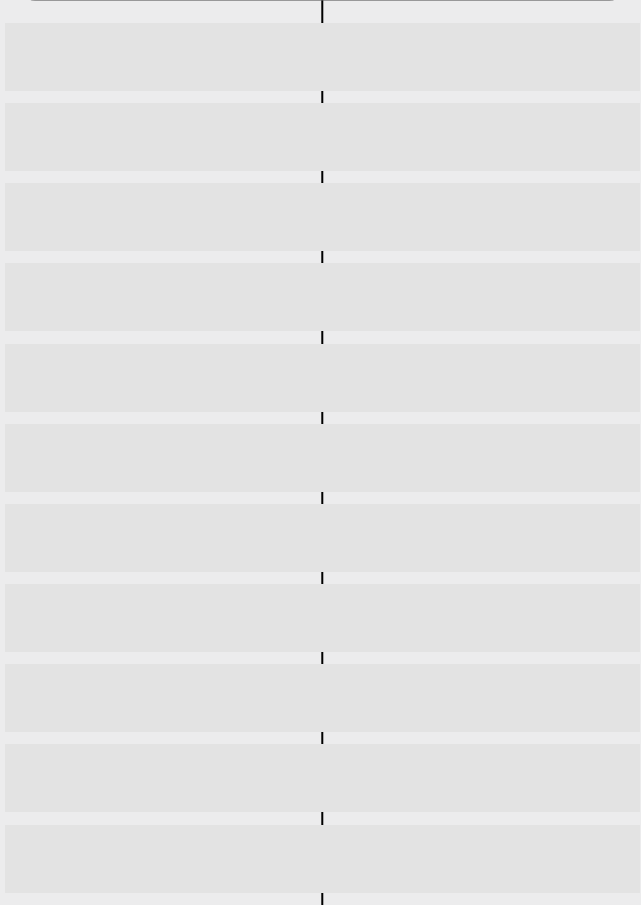
## Methodology

- Online panel, Minimum N=1,000 consumers per country, age 18+
- Fielded in 18 countries
- Margin of error  $\pm 3\%$
- Response data for Australia, Canada, France, Germany, Italy, Japan, Netherlands, Spain, United Kingdom, and the United States are weighted at the country level according to publicly available age and income profiles
- Response data for Brazil, China, India, Mexico, Saudi, Arabia, South Africa, and UAE are not weighted by income. Data represents higher-income consumers compared to national income distributions. Soft quotas and weighting are used to hold sample income distributions consistent wave to wave

# Top Takeaways

 Global Wave 44  
June 22 – June 28, 2023

Visit the interactive dashboard for more insights



## Spending intentions continue recovery trajectory

Spiking global inflation has had an enormous impact on global spending confidence. But spending intentions continue to show strong signs of recovery. Despite ongoing economic headwinds, globally, consumers have signaled intentions to spend more on leisure travel, restaurants, recreation & entertainment, and other categories since the start of the year. Naturally, conditions vary by country.

**01** **PAGE FOUR**

### Financial Wellbeing

Globally, financial wellbeing sentiment is holding steady. A few faint sights of optimism emerged over the past year

*Jump to Financial Wellbeing Index*

**02** **PAGE EIGHT**

### Spending Intentions Index

Spending intentions continue strong recovery—particularly across more discretionary categories

*Jump to Spending Intentions Index*

**03** **PAGE TWELVE**

### Food Frugality Index (FFI)

Deloitte's Global Food Frugality Index dropped to a 10-month low—suggesting consumers are feeling less stress at the grocery store

*Jump to Food Frugality Index*

**04** **PAGE SIXTEEN**

### Travel & Hospitality

Air demand showing strong signs of health

*Jump to Travel & Hospitality*

**05** **PAGE TWENTY**

### Vehicle Purchase Intent (VPI) Index

Purchase intentions for electric vehicles continue to gain momentum

*Jump to Vehicle Purchase Intent Index*



South Africa economic outlook, July 2023  
South Africa currently faces a cost-of-living crisis

 Click on the icon to navigate (interactivity available only in the PDF version)

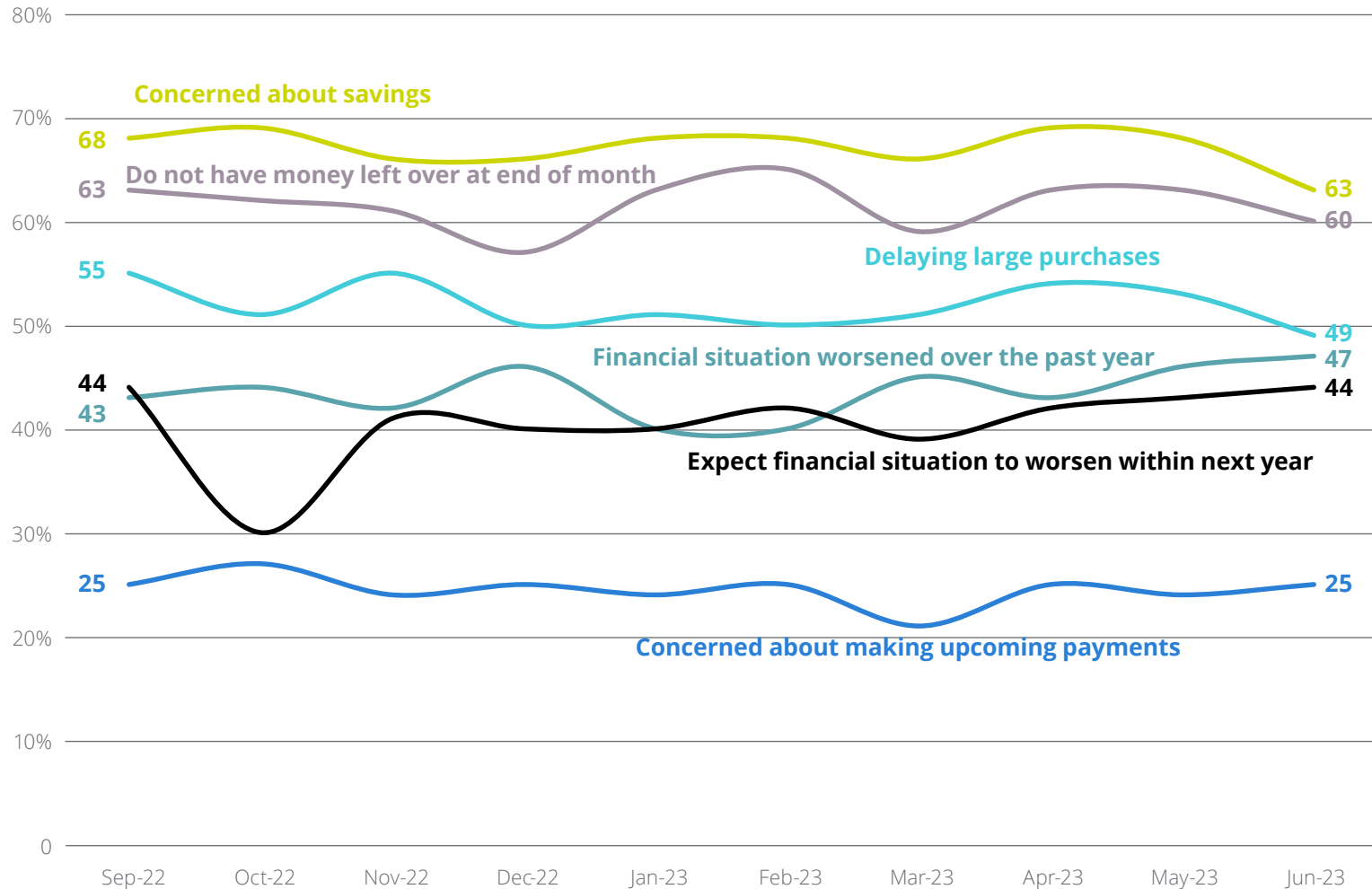


● **01 Financial wellbeing**

02

03

# Financial wellbeing



In South Africa, financial wellbeing has held steady in June 2023 compared to previous months.

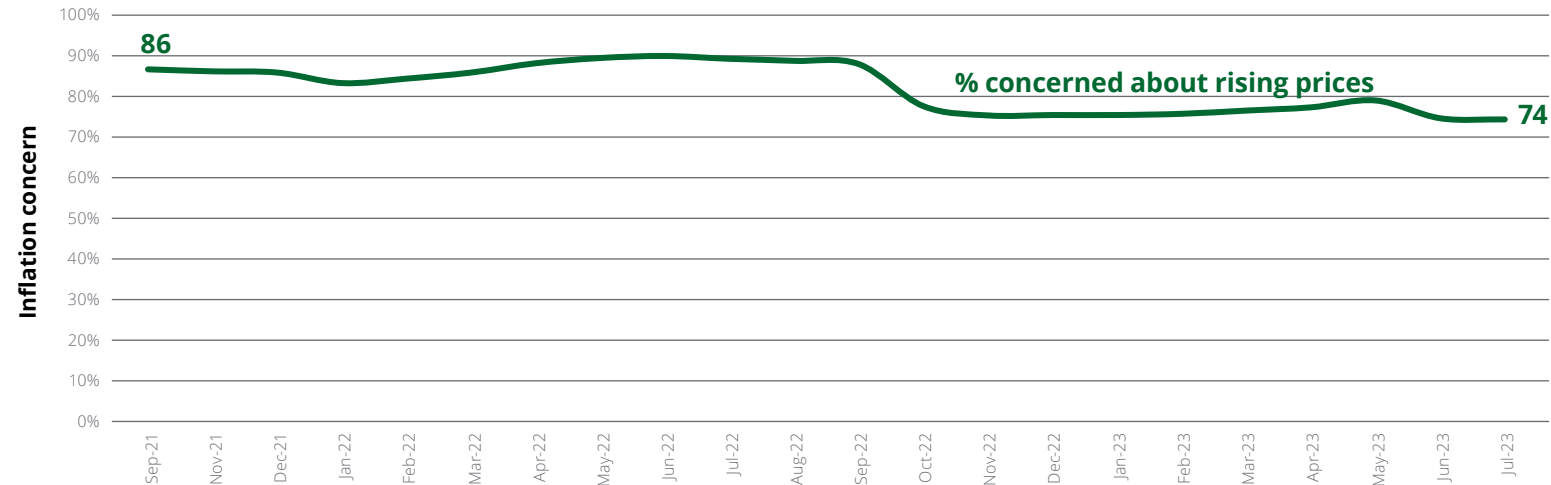
The percentage of South African respondents who are delaying large purchases over the past year dropped from 55% in September 2022 to 49% in June 2023. This could be due to a slight drop in inflation rate.

Slightly more than half of the respondents expected their financial situation to remain the same or to improve in the next year. Retailers can expect a shift in consumers buying behaviour.

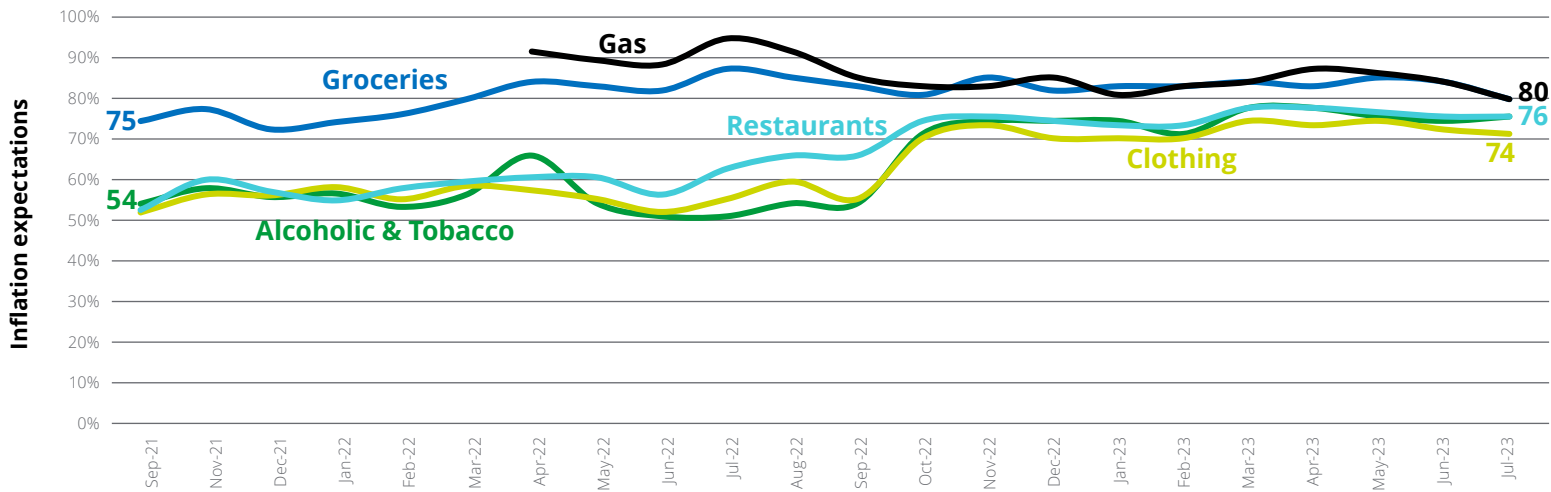


# Inflation concern & expectations

% concerned about rising prices for everyday purchases



How do you expect prices will change over the next month? (% Significantly higher/Somewhat higher)



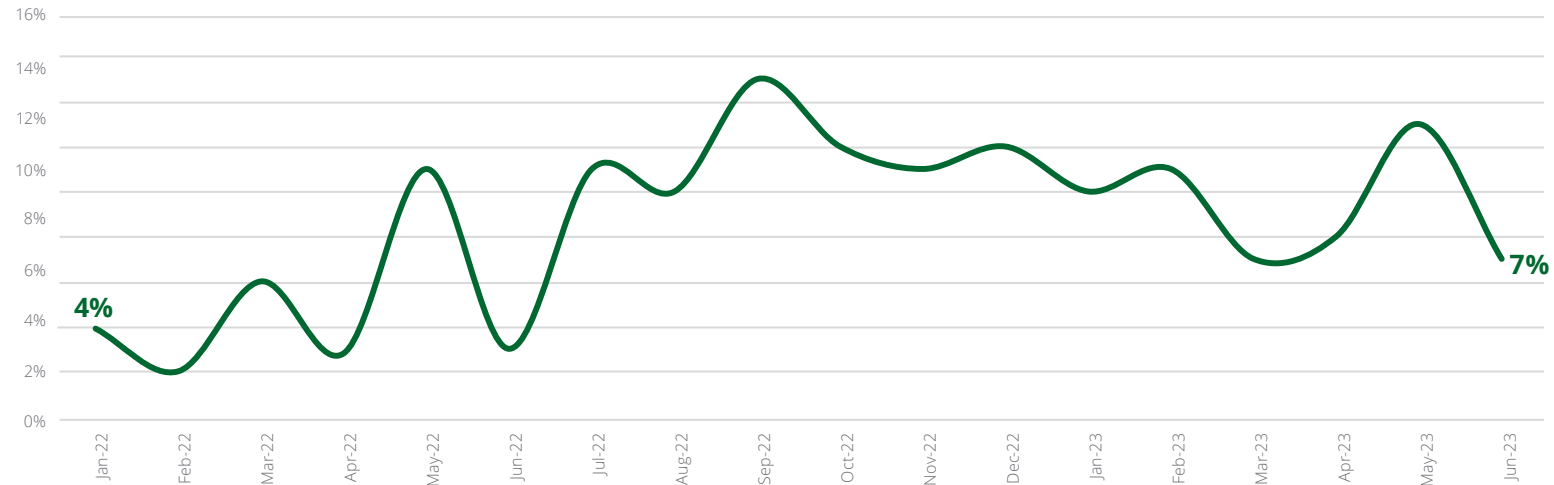
While the broader inflation concern remains high, the percentage of South African consumers expecting prices to continue rising has slightly decreased compared to the past year.

Inflation concerns are still arising from major categories such as groceries, clothing and alcohol.

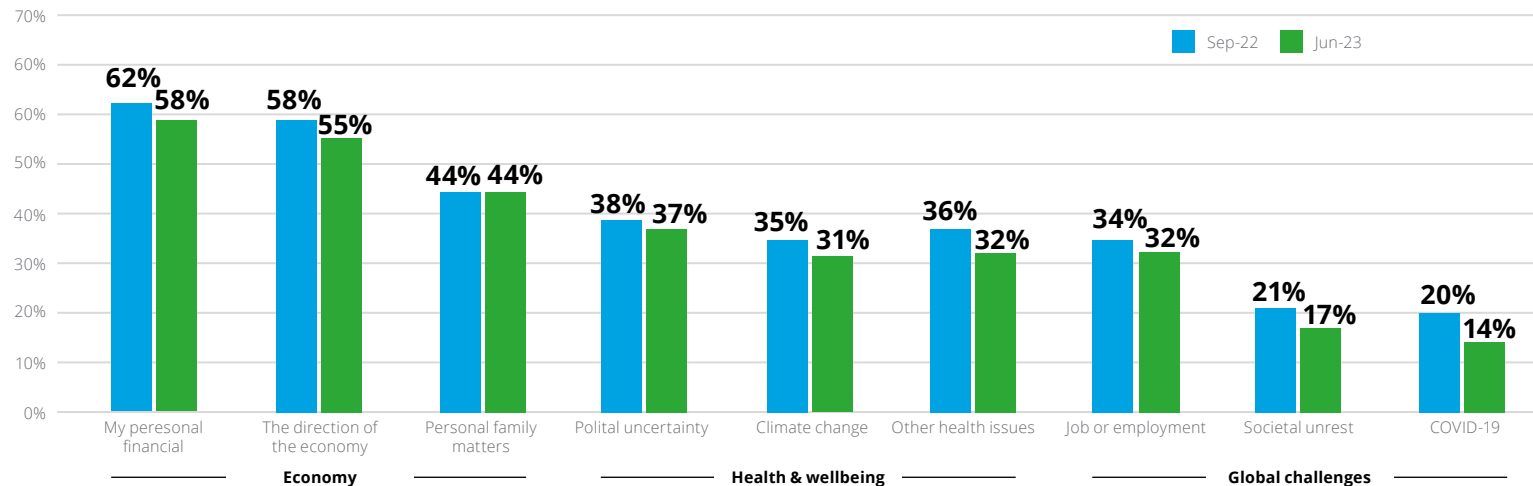
**Methodology Note:** From Sept. 21-Aug. 22, Respondents cited their perception of current prices compared to the prior month. Starting in Sept 22, respondents cited their expectations of prices in the upcoming month.

# Net anxiety & anxiety drivers

I'm more anxious than I was last week (% Agree - % Disagree)



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



Net anxiety in South Africa remains volatile and is largely driven by domestic economic factors.

However, improving sentiments around climate change and societal unrest are likely contributing to easing anxiety in recent months.



01

# 02 Spending Intentions Index

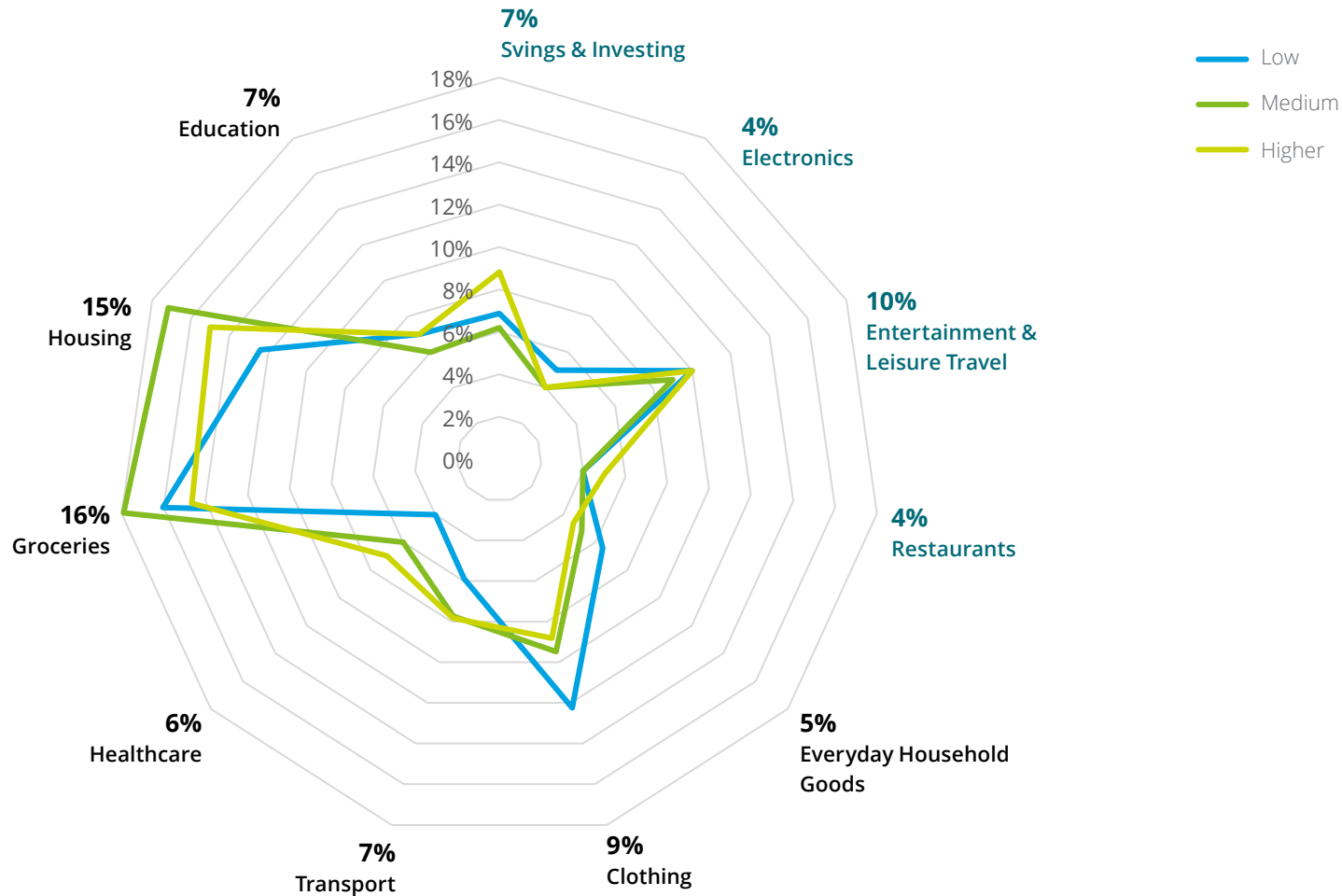
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# Spending intentions

Share of wallet – more discretionary vs less discretionary spending by income group in South Africa

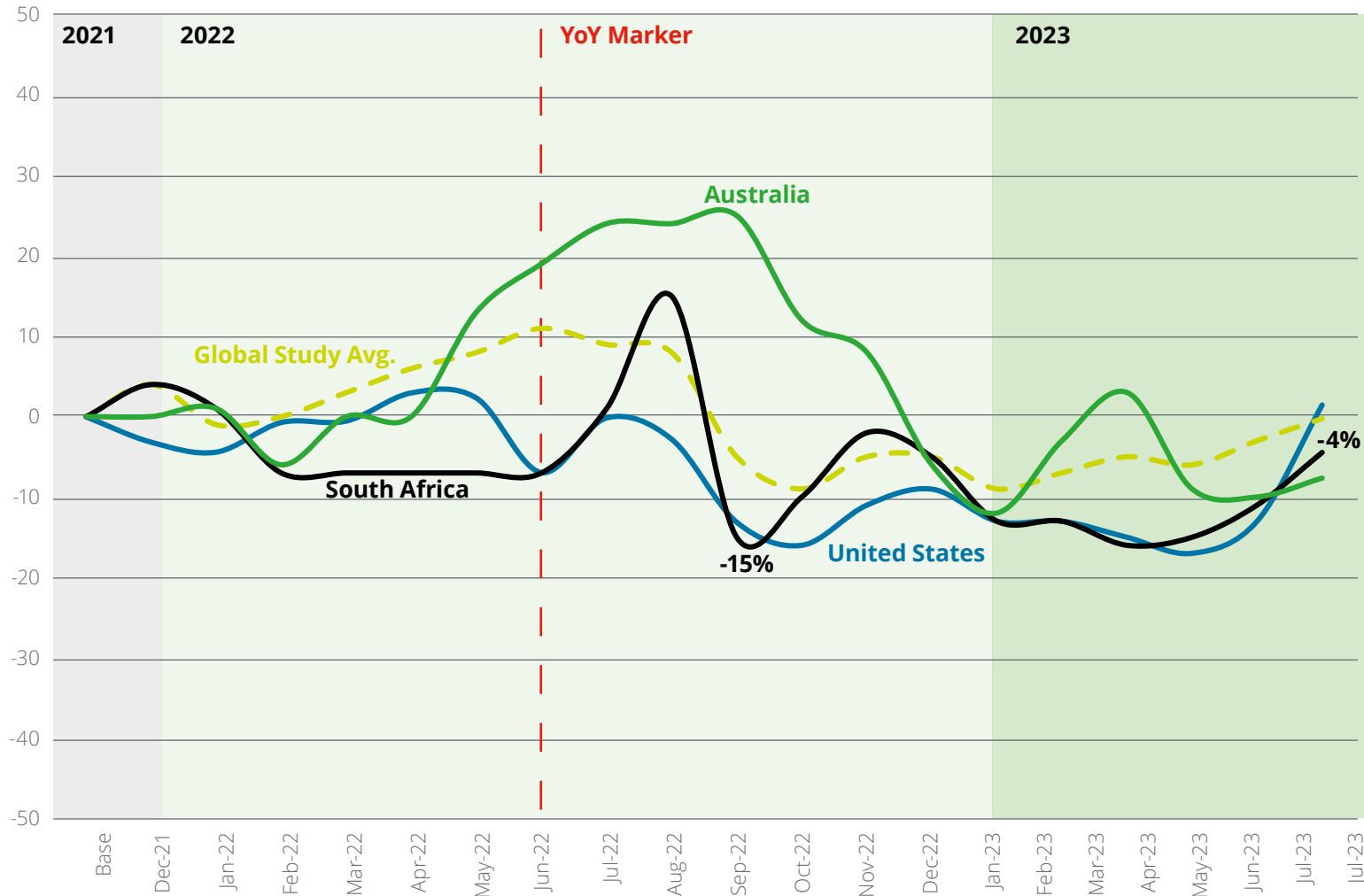


Essentials continue to take bulk of the wallet, led by Groceries and Housing.

Consumers in all income groups are expecting to spend less on Takeout and Electronics due to increasing costs of living.

# Spending intentions index

Estimated spending amount, next 4 weeks (% change) (Sep/Oct/Nov 2021 = 0)



Source: Deloitte Global State of the Consumer Tracker Study.

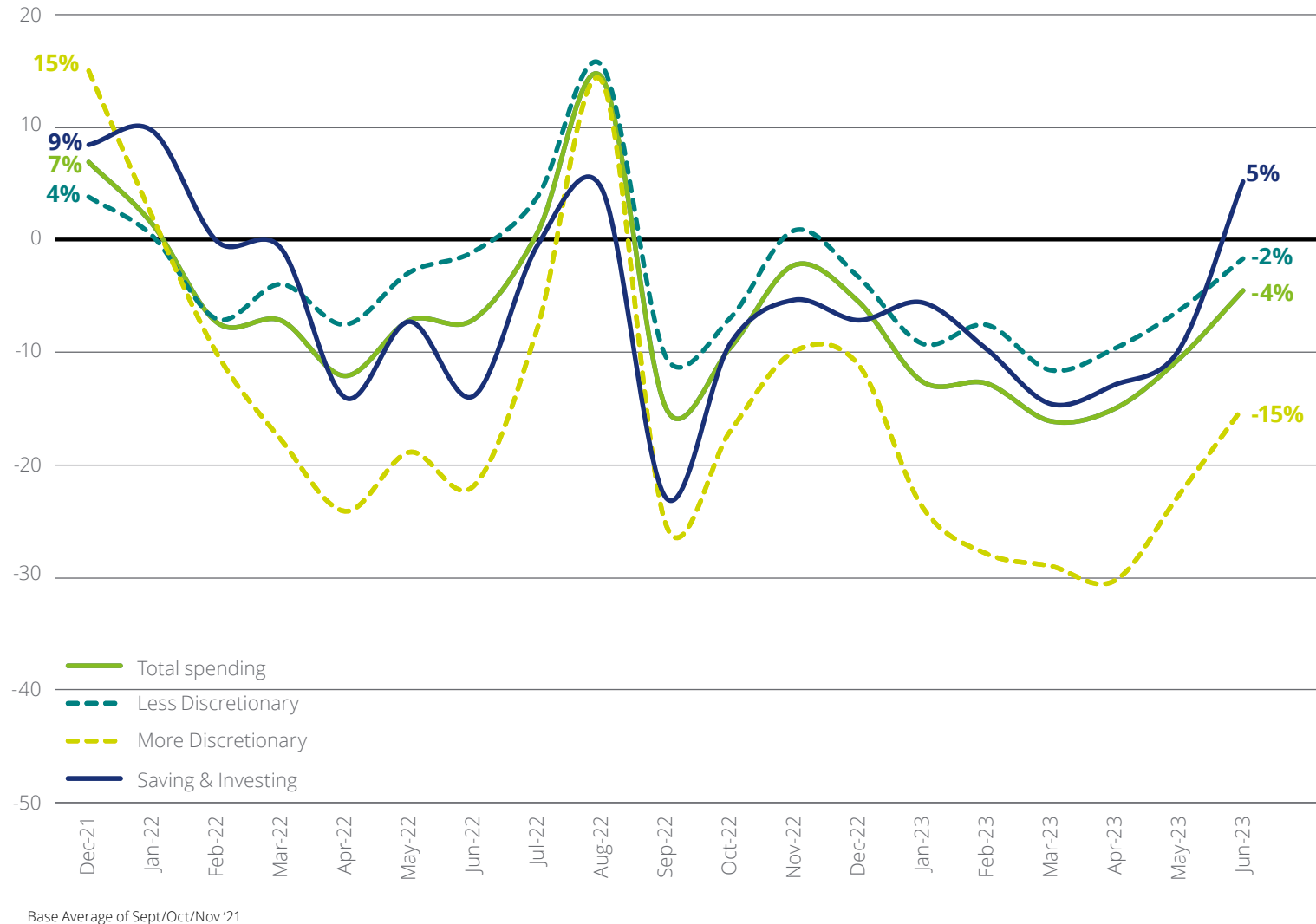
Spending intentions continue strong recovery in South Africa.

In South Africa, the total amount of respondents estimate that their spending in the month ahead will increase.

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

# Spending intentions index

Estimated spending amount, next 4 weeks (% change) (Sep/Oct/Nov 2021 = 0)



In South Africa, spending intentions have been increasing across all discretionary categories

Saving and investments have seen a particular strong recovery.

This means that consumers might have a positive attitude towards spending regardless of the rise in prices.

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



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# Food Frugality Index (FFI)

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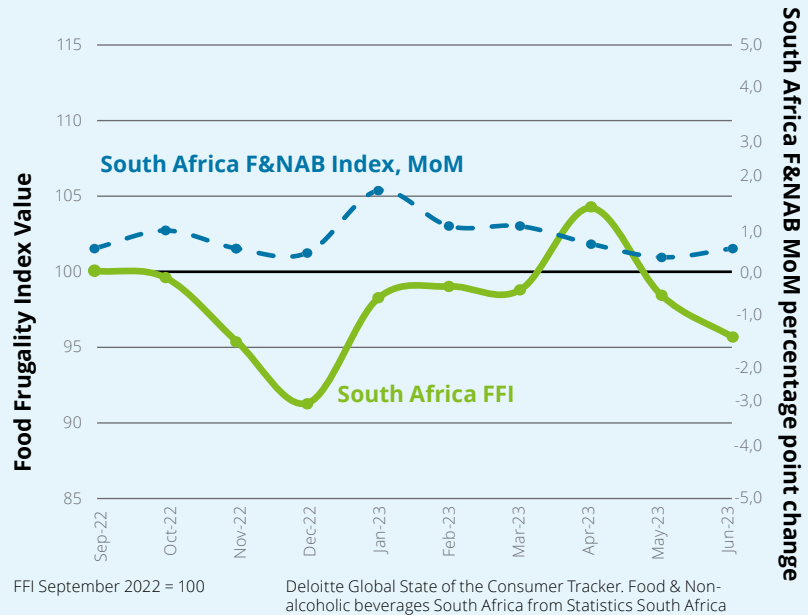
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# Will consumers tolerate higher prices?

## South Africa – Jun 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.

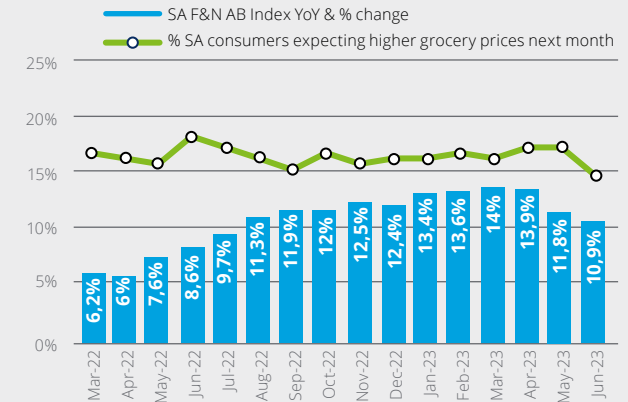
## Current observations

- South African inflation for food and non-alcoholic beverages showed further of the first signs of easing, at least year over year, along with a five-percentage point drop in consumers who expect higher prices next month.
- Frugality in the survey dropped further below the September 2022 baseline, driven by fewer people only buying essentials and less than they wanted. Still, the country ranks highest in in frugality for the survey.

## 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.

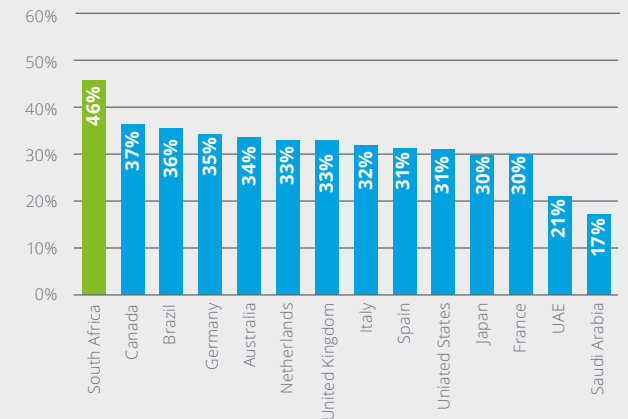
## South Africa F&NAB Inflation



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

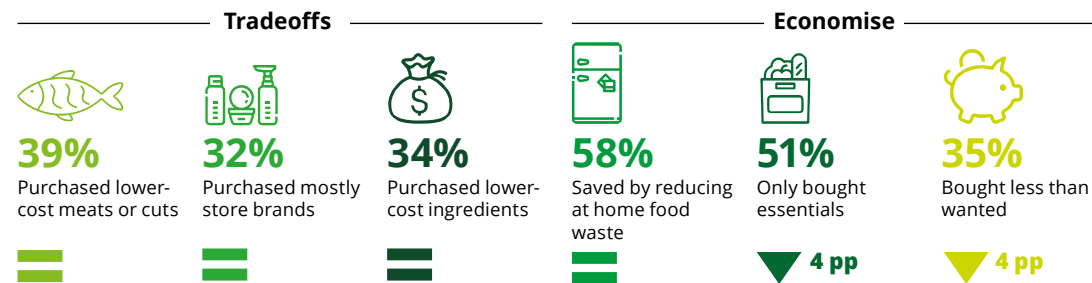


Source: Deloitte Global State of the Consumer Tracker

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.

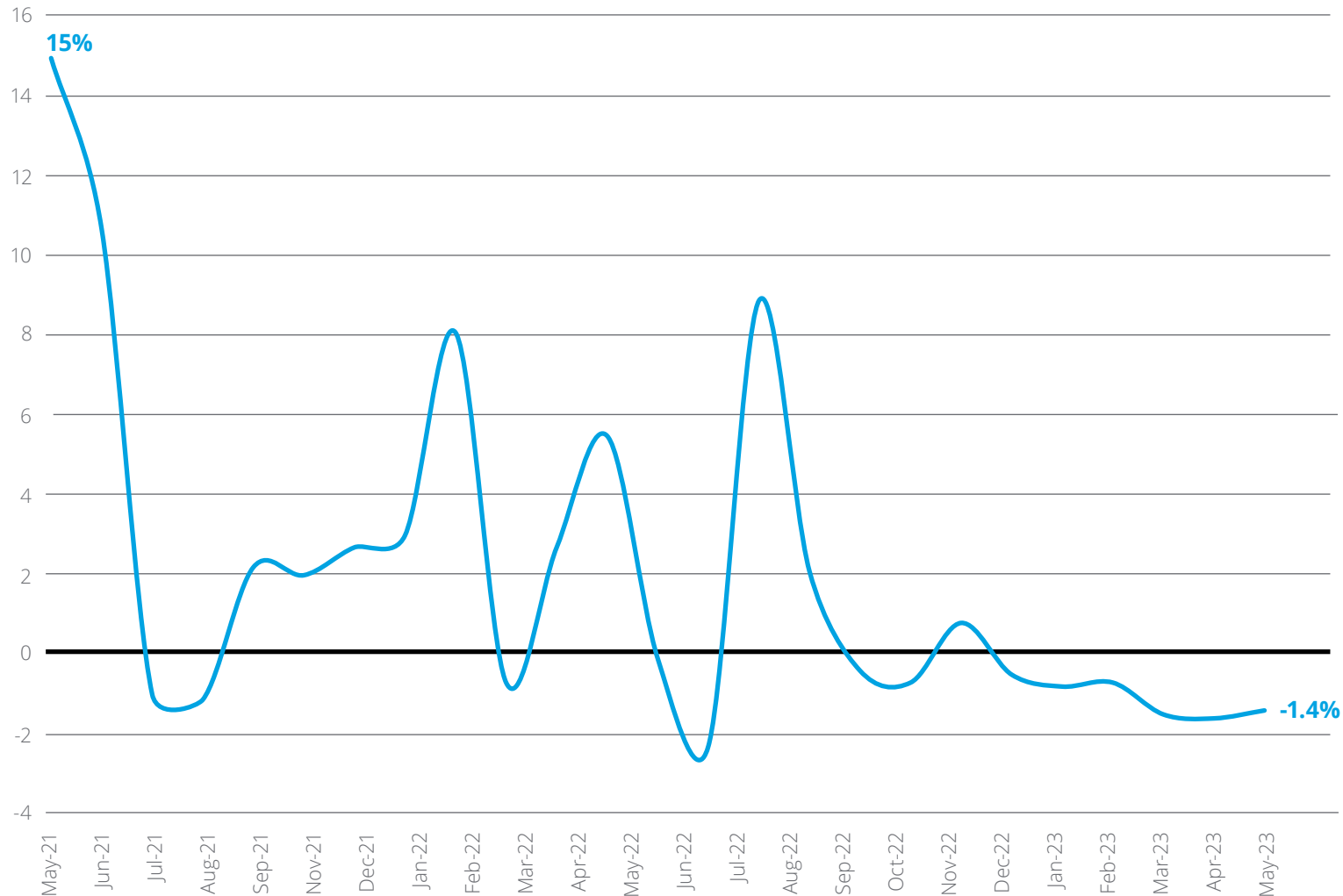
## Underlying Food Frugality Index Behaviors (Vs. Prior Month)



Deloitte Global State of the Consumer Tracker. pp = percentage point  
Note: A ±2% difference might be observed in FFI figures due to change in calculation tool from Jun-23 onwards

# SA retail sales

Retail sales decline for sixth consecutive month



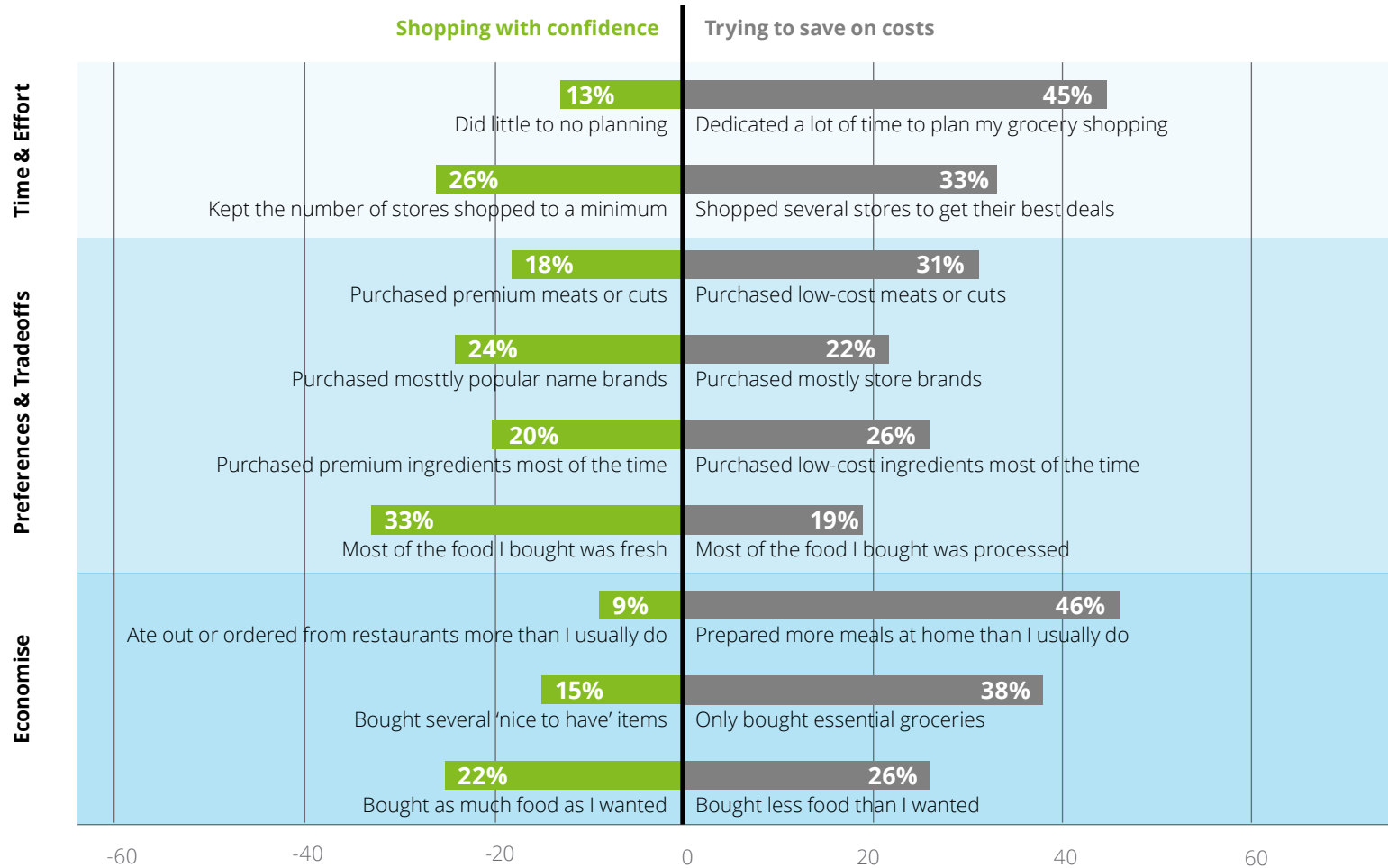
Retail trade sales decreased by 1.4% year-on-year in May 2023. The decrease was mainly due to a decline in sales of general dealers (-3.7%); and retailers in hardware, paint and glass (-8.7%).

This trend could potentially change due to slightly more optimistic consumers and lower inflation.

Source: StatsSA

# Impact of rising prices

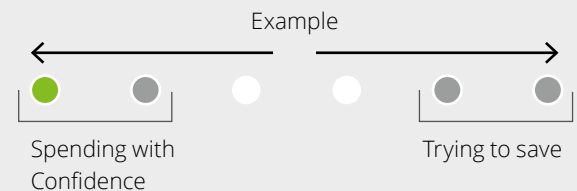
% who did each activity while shopping for groceries in the last 4 weeks



As prices keep rising, many are still engaging in cost saving behaviours

Most grocery shoppers in South Africa are trying to save money by preparing more meals at home than ordering takeout (46%) and spend more time planning their grocery shopping (45%).

**Methodology:** Paired, opposing statements (6-point scale)





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**04 Travel & Hospitality**

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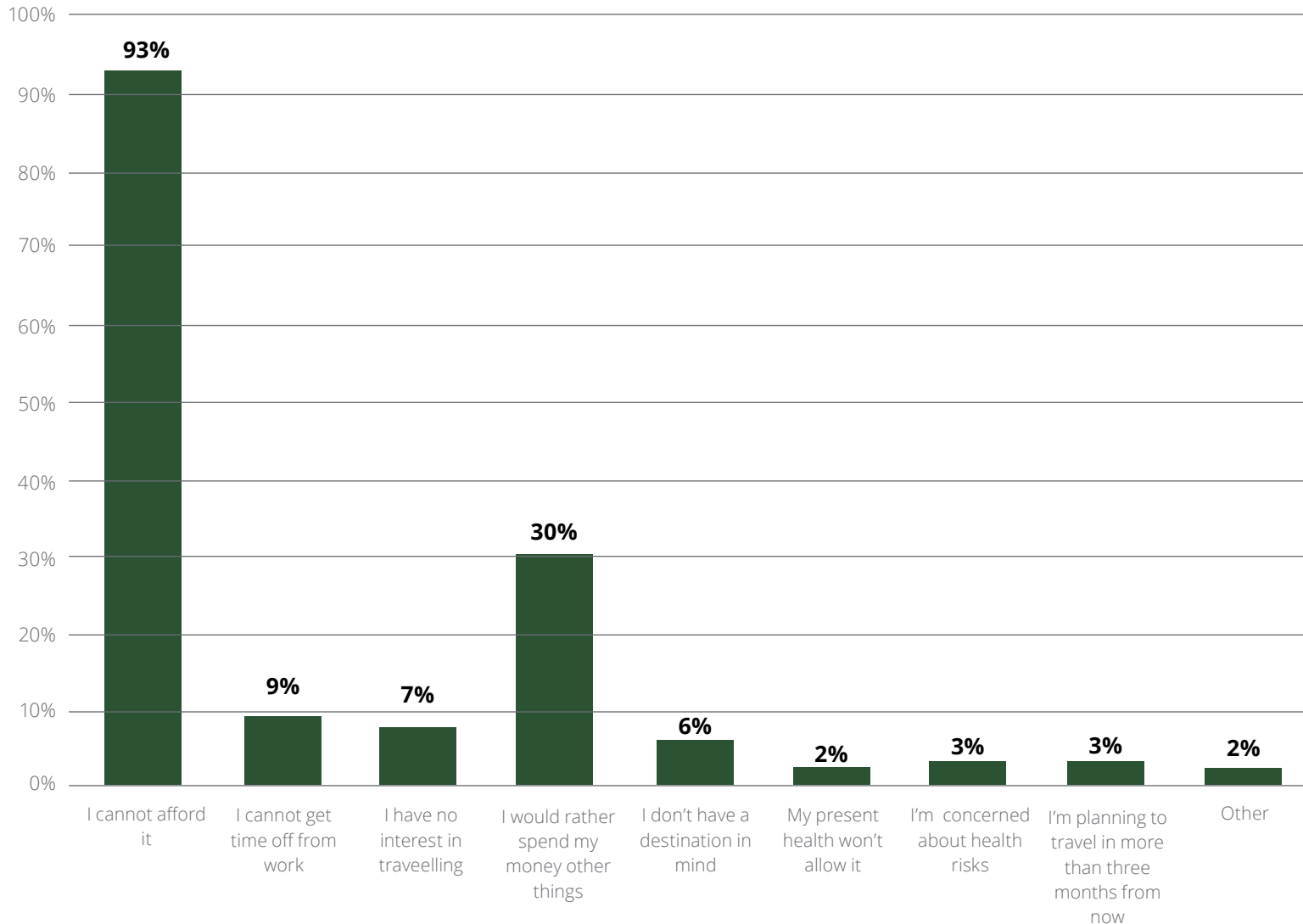
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# Reasons for not traveling

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

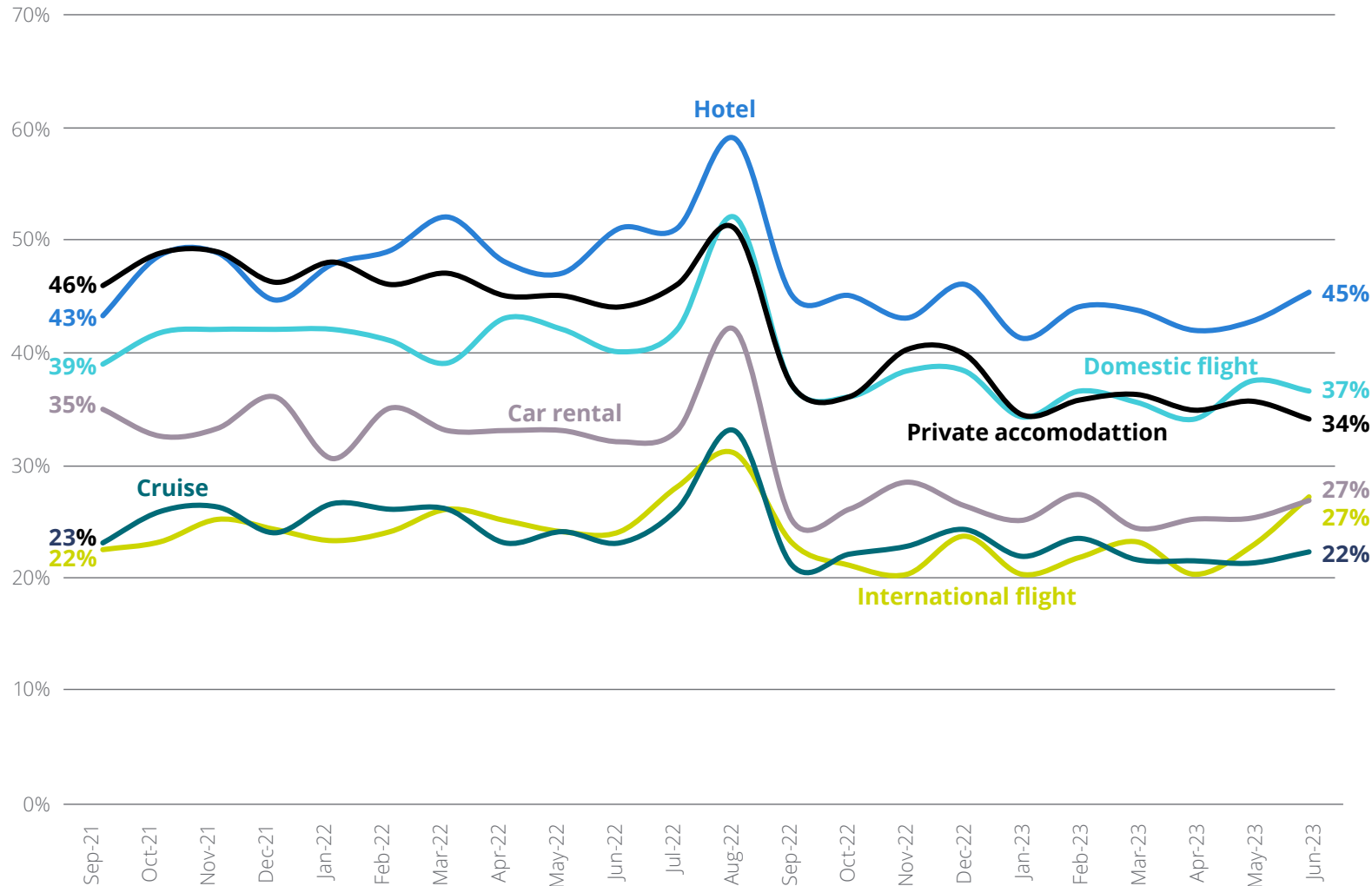


In South Africa affordability remains the most significant barrier to leisure travel (93%).

(30%) of respondents are choosing to spend their money on other things.

# Leisure travel intentions

% that plan to book within the next 3 months



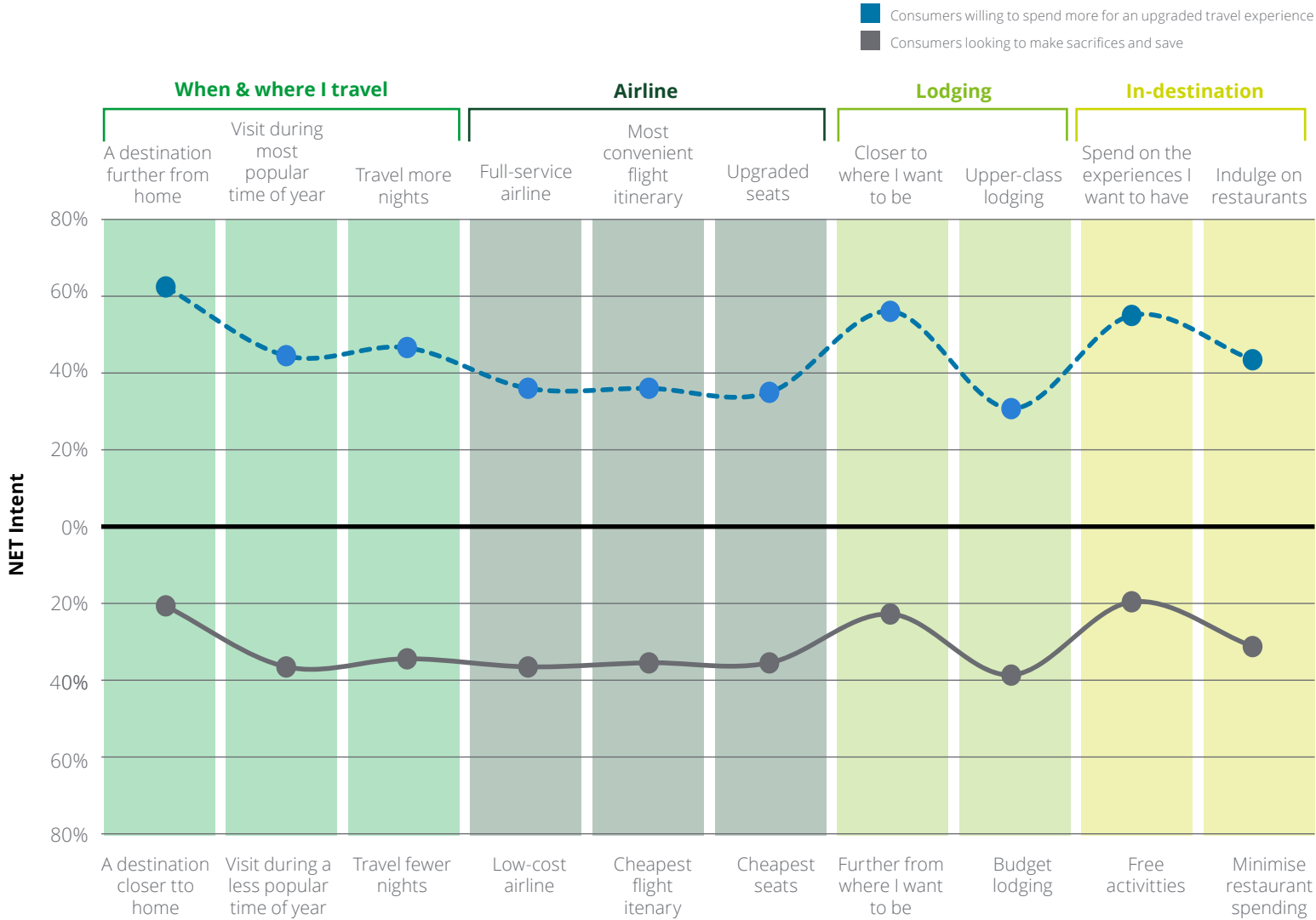
Leisure travel intentions show slow growth compared to a year ago.

Respondents still prefer booking hotels for leisure travel in South Africa.

International flight is on an upward trend. This could be because International flights tend to be cheaper during winter period.

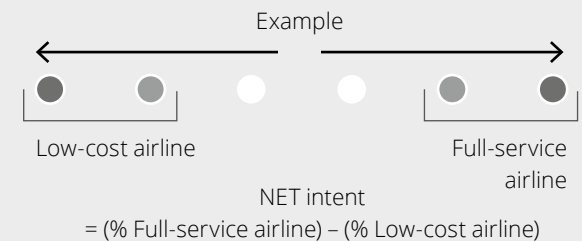
# Travel planning (NET intent)

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



Respondents are willing to spend more on a destination further from home and spend on experiences they want to have.

**Methodology:** Paired, opposing statements (6-point scale)





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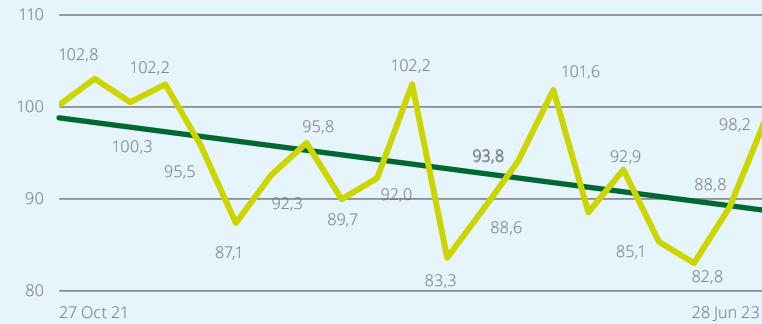
# Vehicle Purchase Intent (VPI) Index

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# 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 (+)

- New vehicle inventory improves as supply chain disruptions ease
- Vehicle prices stabilising
- Underlying pent-up demand created by sequence of pandemic-related issues
- Increasing consumer interest in EVs driven by desire to lower fuel costs and a concern for climate change

### Negative (-)

- Inflation and interest rate hikes have led to much higher cost of borrowing
- Risk that labor market may come under pressure as companies look for cost reduction measures
- EV affordability
- Record-pushing average transaction prices and monthly payments
- Resurgence of shared mobility in urban centers
- Geopolitical instability, and ongoing trade tensions

## 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	15%

## EV purchase intent

% of respondents



**38% ↓**

Note: EV includes full battery electric and hybrid vehicles.

## Percentage of consumers concerned about...

<b>25% ↑</b>	<b>63% ↓</b>	<b>38% ↑</b>	<b>49% ↓</b>
Making upcoming payments	Amount of money they have saved	Credit card debt they are carrying	Consumers delaying large purchases

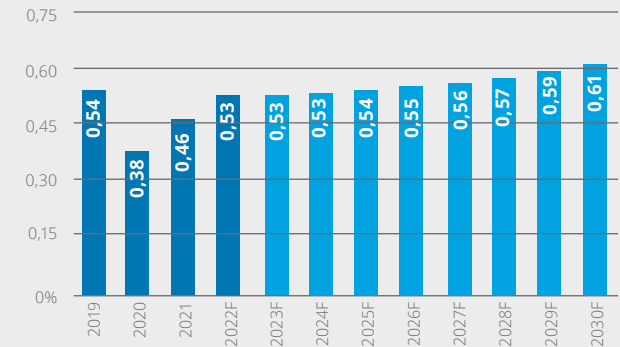
Note: arrows represent directional change from prior release.

## Percentage of consumers concerned about...

<b>49km ↓</b>	<b>25% ↓</b>	<b>3.0 ↓</b>	<b>19% ↓</b>
Average daily driving distance	Plan to drive more going forward	Number of days/week people WFH	Preference for full/partial online vehicle purchase

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

New vehicles (millions of units)



Source: NAAMSA, Fitch Solutions

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

cents/litre



Note: \*95 unleaded petrol  
Source: South African Petroleum Industry Association

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



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**06 Let's talk**

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# Let's talk



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