

Deloitte.



ConsumerSignals™
South Africa

SA Highlights: Wave 52 – February 22 – February 28, 2024



Study overview | Survey Fielding

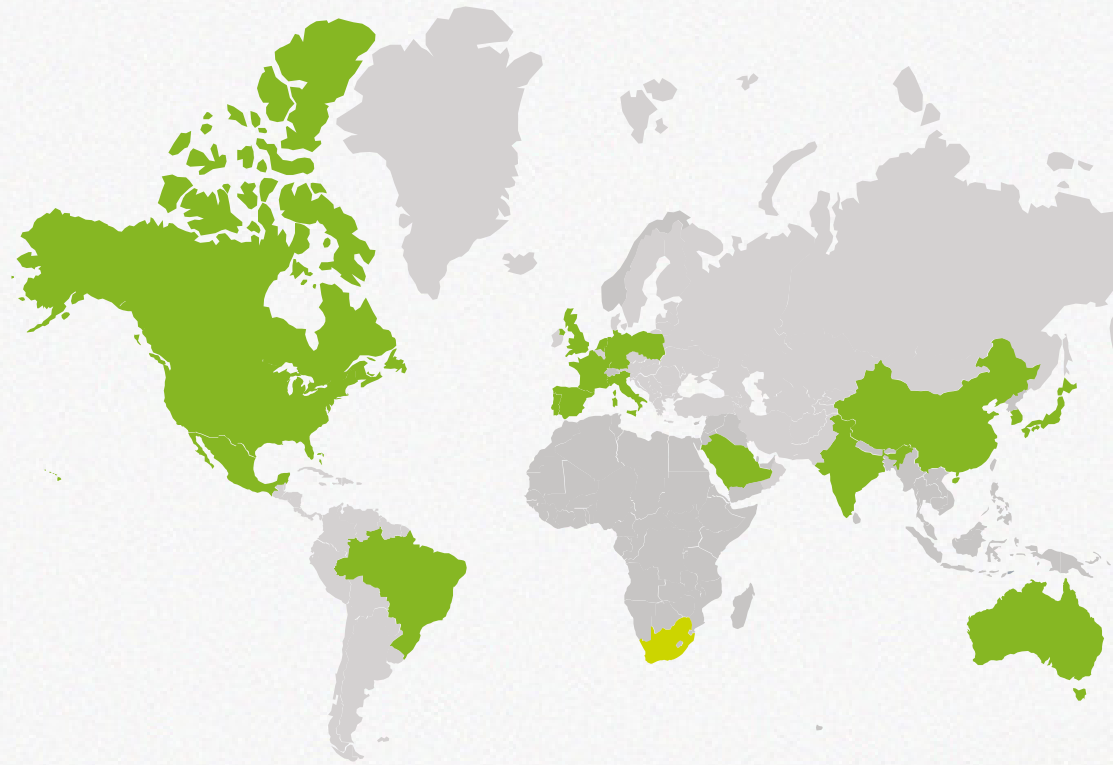
Waves 1-22 : April 2020 – Sept 2021

New metrics added

- Wave 23 : September 23-29 2021
- Wave 24 : October 21-27 2021
- Wave 25 : November 25 – December 01 2021
- Wave 26 : December 23 – December 29 2021
- Wave 27 : January 27 – February 02 2022
- Wave 28 : February 24 – March 02 2022
- Wave 29 : March 24 – March 30 2022
- Wave 30 : April 21 – April 27 2022
- Wave 31 : May 26 – June 01 2022
- Wave 32 : June 23 – June 29 2022
- Wave 33 : July 21 – July 27 2022
- Wave 34 : August 25 – August 31 2022

New metrics added

- Wave 35 : September 22 – September 28 2022
- Wave 36 : October 27 – November 02 2022
- Wave 37 : November 24 – November 30 2022
- Wave 38 : December 22 – December 28 2022
- Wave 39 : January 26 – February 01 2023
- Wave 40 : February 23 – March 01 2023
- Wave 41 : March 23 – March 29 2023
- Wave 42 : April 20 – April 26 2023
- Wave 43 : May 25 – May 31 2023
- Wave 44 : June 22 – June 28 2023
- Wave 45 : July 27 – August 02 2023
- Wave 46 : August 24 – August 30 2023
- Wave 47 : September 21 – September 27 2023
- Wave 48 : October 26 – November 01 2023
- Wave 49 : November 23 – November 29 2023
- Wave 50 : December 21 – December 27 2023
- Wave 51 : January 25 – January 31 2024
- Wave 52 : February 22 – February 28 2024



20 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)
- Poland (PL)
- Portugal (PT)
- Saudi Arabia (SA)
- **South Africa**
- South Korea (KR)
- Spain (ES)
- UAE (AE)
- United Kingdom (UK)
- United States (US)

Methodology

- Online consumer panel
- N=1,000 consumers per country each wave, Adults age 18+
- Fielded in 20 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 52
February 22 – February 28, 2024



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[An evolving world of digital goods and services](#)

[Climbing the electric vehicle transformation mountain](#)

[Consumers navigate financial ups and downs](#)

[Green products come of age](#)

[For consumers, splurges aren't just lipstick](#)

[Bags packed: Reuniting with lost vacations](#)

[Food fight: Consumers fight inflation with frugality](#)

[The rise of digital goods and services](#)

[The cost of buying green: Part II](#)

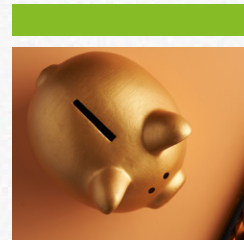
[When inflation concerns persist for too long](#)

[Revisiting the great rethink](#)

[When rising prices break consumers' trust](#)

Financial wellbeing recovery continues

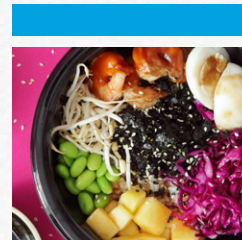
Financial wellbeing sentiment and spending confidence continue to recover from a global wave of inflation. In February, Deloitte's global Financial Wellbeing Index reached its highest level in two and half years. South Africa's improved financial wellbeing was a direct result of the notable decrease in inflation during the latter half of 2023.



Financial Wellbeing Index

Net anxiety levels have decreased in South Africa as compared to the previous year.

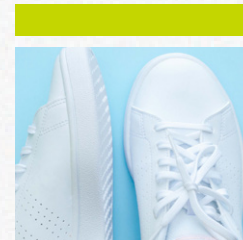
[Jump to section](#)



Spending Intentions Index

Less-discretionary spend continues to absorb a larger share of the consumer wallet in South Africa.

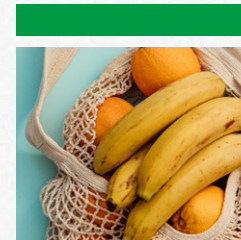
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Retail & Consumer Products

In South Africa, retail sales growth softened to 2.1% in January 2024.

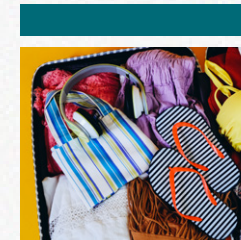
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Food Frugality Index (FFI)

South African consumers still have the highest rates of frugality among surveyed countries based on adopting 3 or more frugal behaviours.

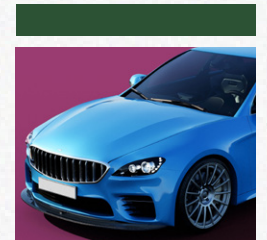
[Jump to section](#)



Travel & Hospitality

The most significant obstacle to leisure travel in South Africa is affordability, as 85% of respondents stated that they cannot afford to travel.

[Jump to section](#)



Vehicle Purchase Intent Index (VPI)

43% of SA respondents are not intending to change their vehicle now. 40% of SA respondents would prefer an EV for their next vehicle when the time comes.

[Jump to section](#)



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

01

02

Click on the number to jump to the next section.

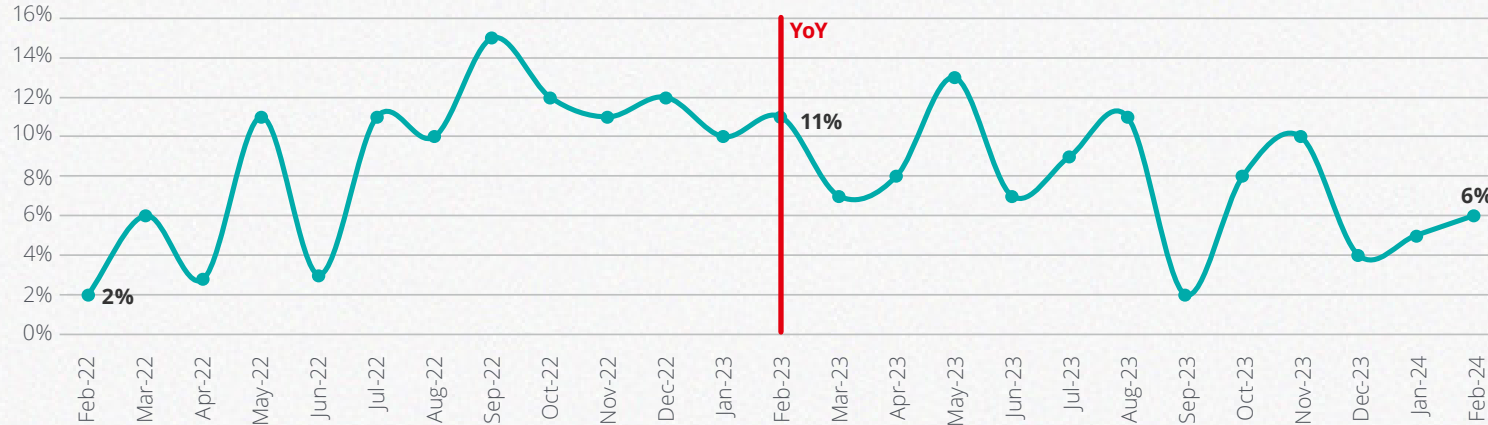
01

Financial Wellbeing

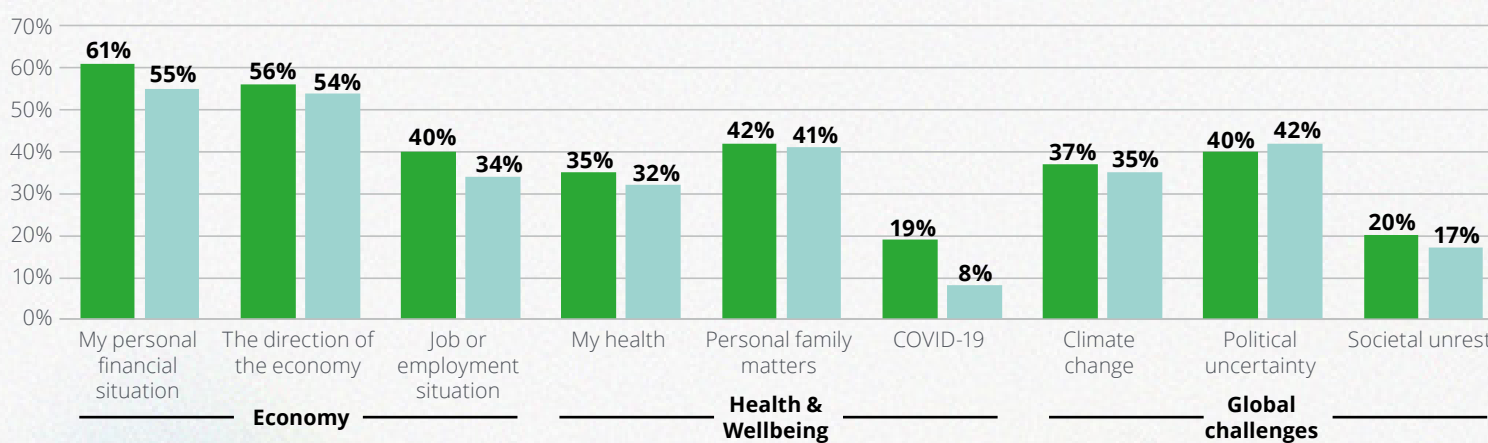


Net anxiety & anxiety drivers

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



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



Source: Deloitte ConsumerSignals



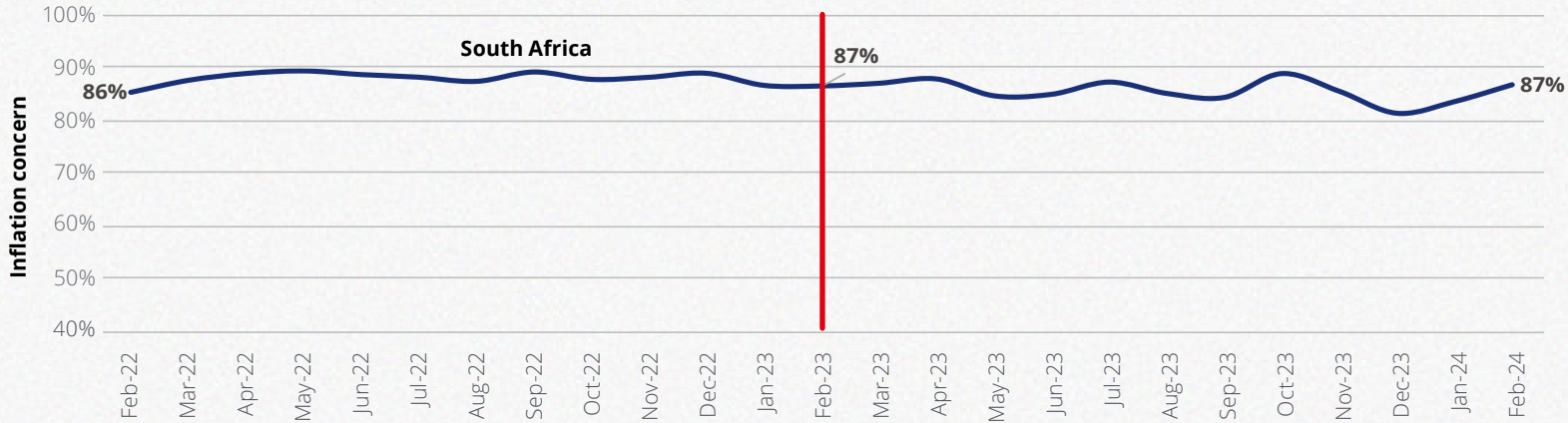
Net anxiety levels have decreased in South Africa as compared to the previous year.

However, personal financial situations and the economy's direction are still the primary causes of anxiety.

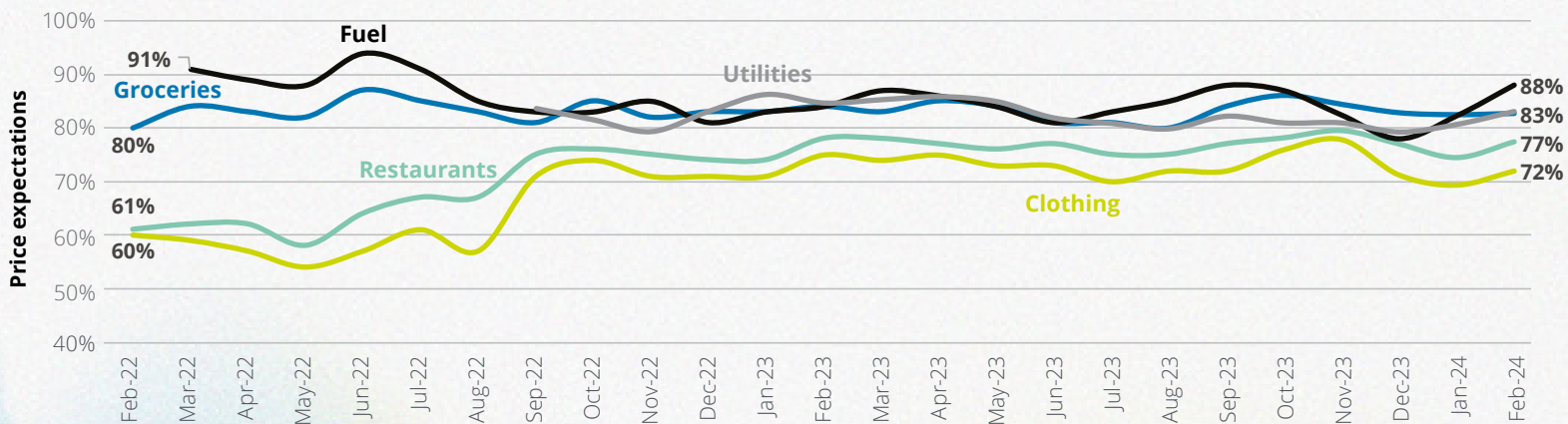
It is noteworthy that political uncertainty is on the rise, which may be attributed to the upcoming national elections scheduled for May 2024.

Inflation concern & price expectations

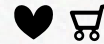
% concerned about rising prices for everyday purchases



% expecting higher prices next month



Source: Deloitte ConsumerSignals



87% of South African respondents continue to be concerned about rising prices for everyday purchases, similar to a year ago.

Most categories are showing an upward trend, this could be due to a recent increase in inflation.

According to StatsSA, the highest year-on-year price increases in February 2024 were food and non-alcoholic beverages (6.1%), housing and utilities (5.8%), and transport (5.4%).

The transport cost increase can be attributed to the rise in fuel prices in February driven by the weak rand and higher international oil prices.

Source: StatsSA



Economic headwinds and high inflation persist, resulting in a constrained spending environment where consumers continue to focus on tightening household budgets.



Rodger George
Consumer Industry Leader, Deloitte Africa

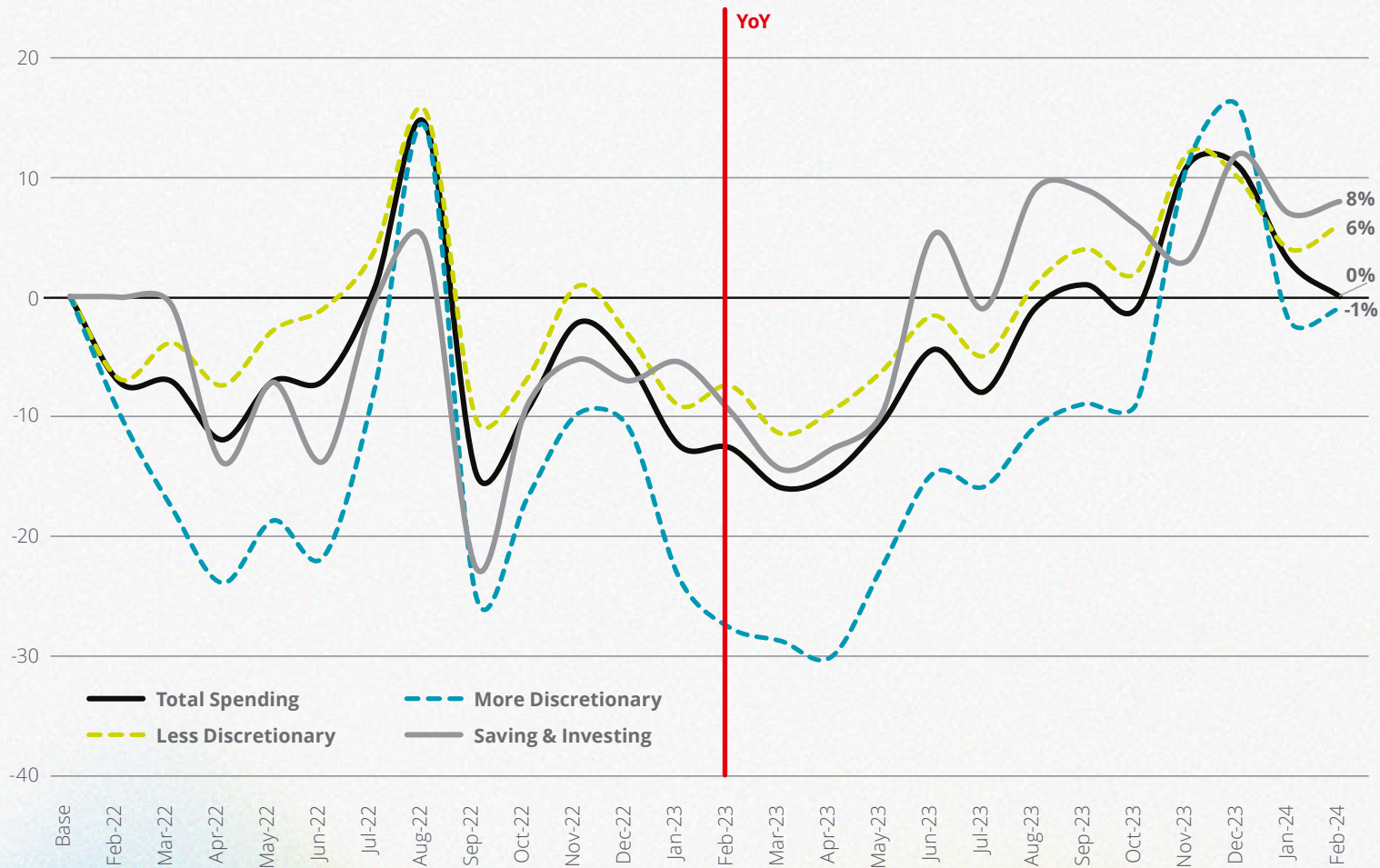
02

Spending Intentions Index



Spending Intentions Index

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



Average of Sept/Oct/Nov '21

Source: Deloitte ConsumerSignals



Spending intentions in South Africa are higher compared to the previous year

More-discretionary spend peaked over the festive season but has now subsided, with less-discretionary spend continuing to absorb the larger share of the consumer wallet in South Africa.

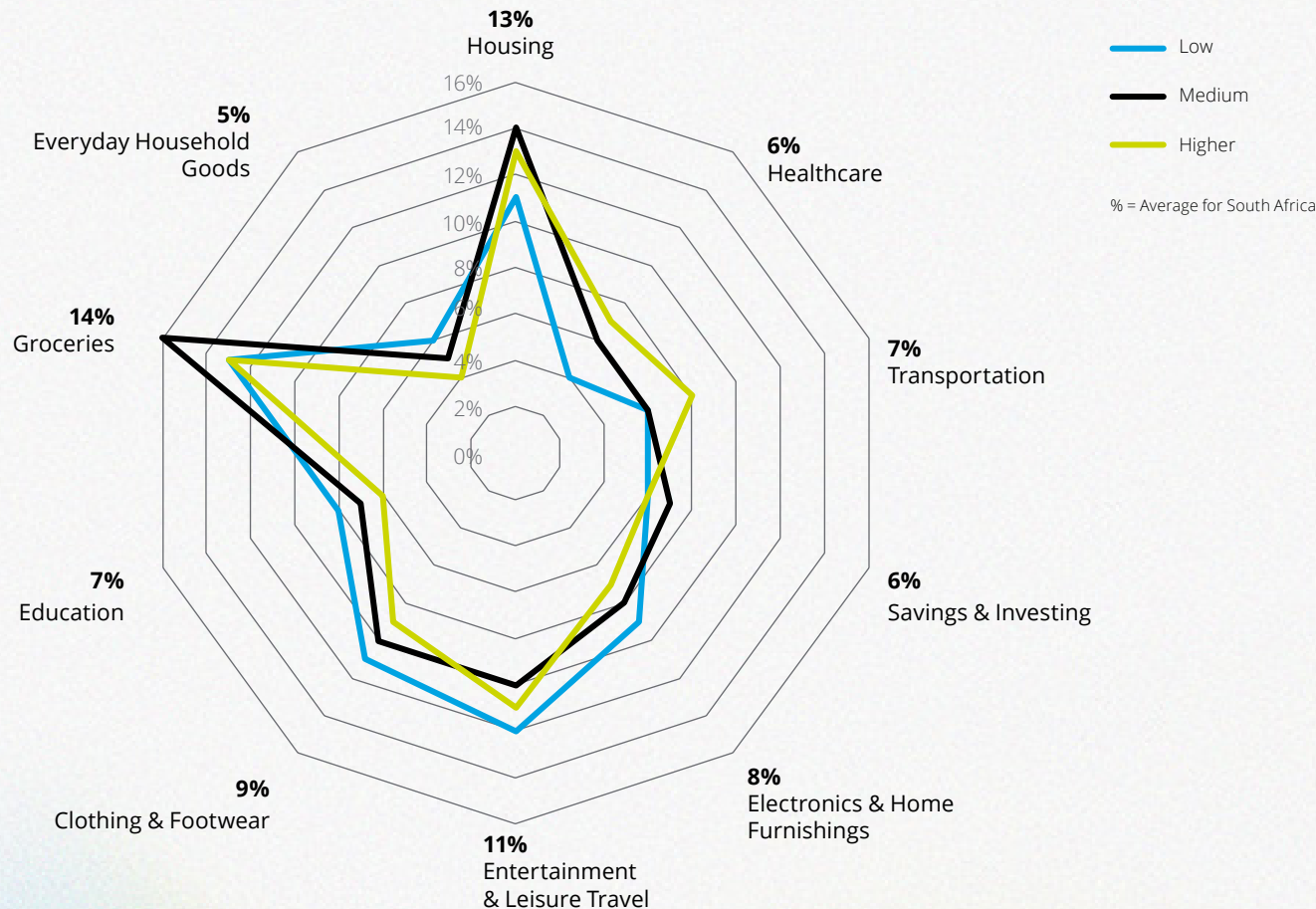
Interestingly, consumers are also indicating a willingness and ability to allocate part of their monthly spend towards savings.

Please note that total spending is zero because it is calculated at a base of Sep/Oct/Nov 2021 data, hence the value for Feb 2024 is equal to zero.

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

Spending Intentions Index

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



Consumers have indicated that they anticipate spending more on groceries and housing in the upcoming four weeks.

Across all income groups, it is evident that a significant portion of expenses goes towards essential items. These items take up a considerable chunk of their budgets, leaving relatively little room for other expenses.

Strikingly, healthcare and education, which are both crucial to a person's wellbeing and future success, incur a smaller share of the wallet.

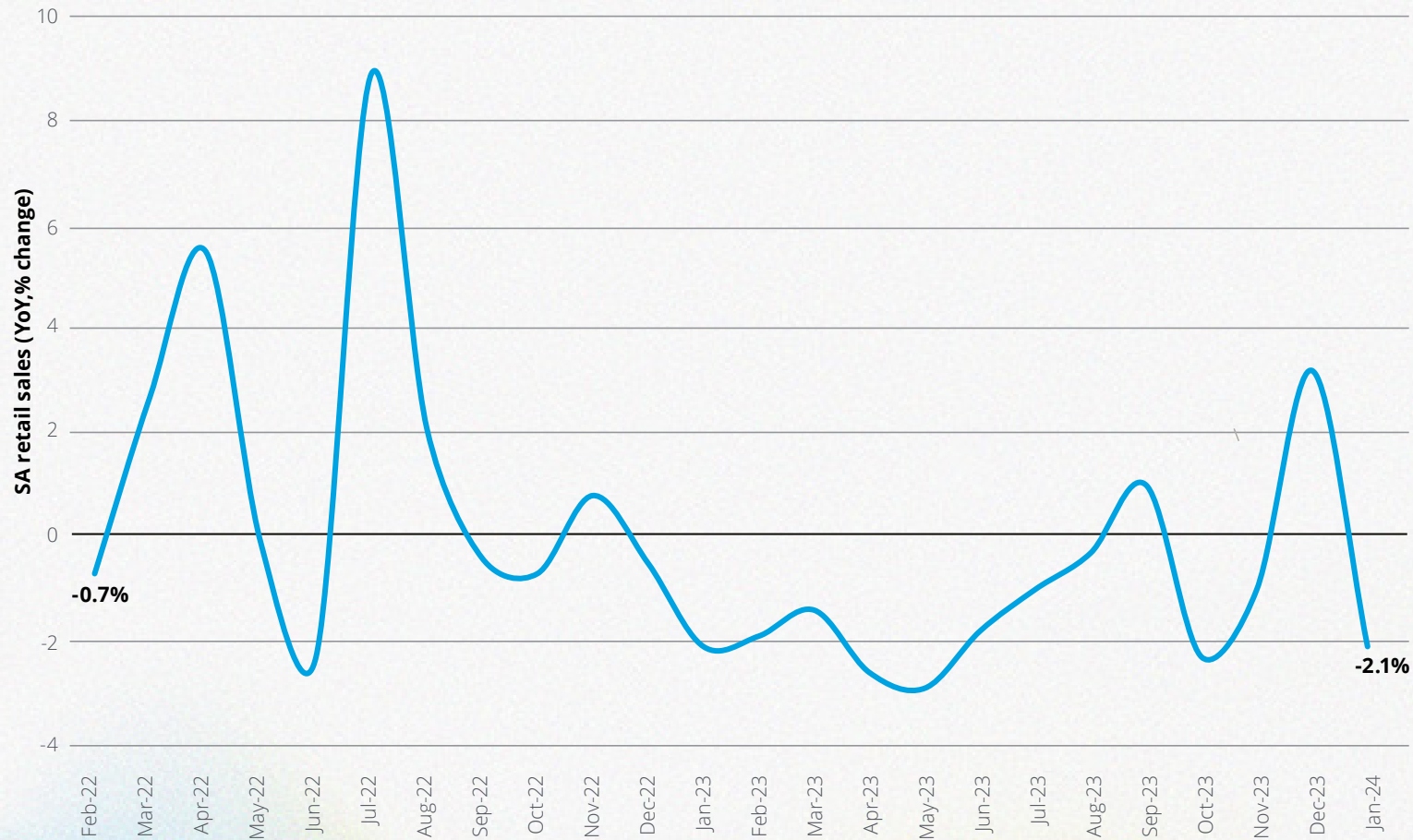
03

Retail and Consumer Products



SA retail sales

Retail trade sales declined -2.1% YoY in January 2024



According to StatsSA, retail sales growth softened to -2.1% in January 2024.

The softening was driven by retailers in:

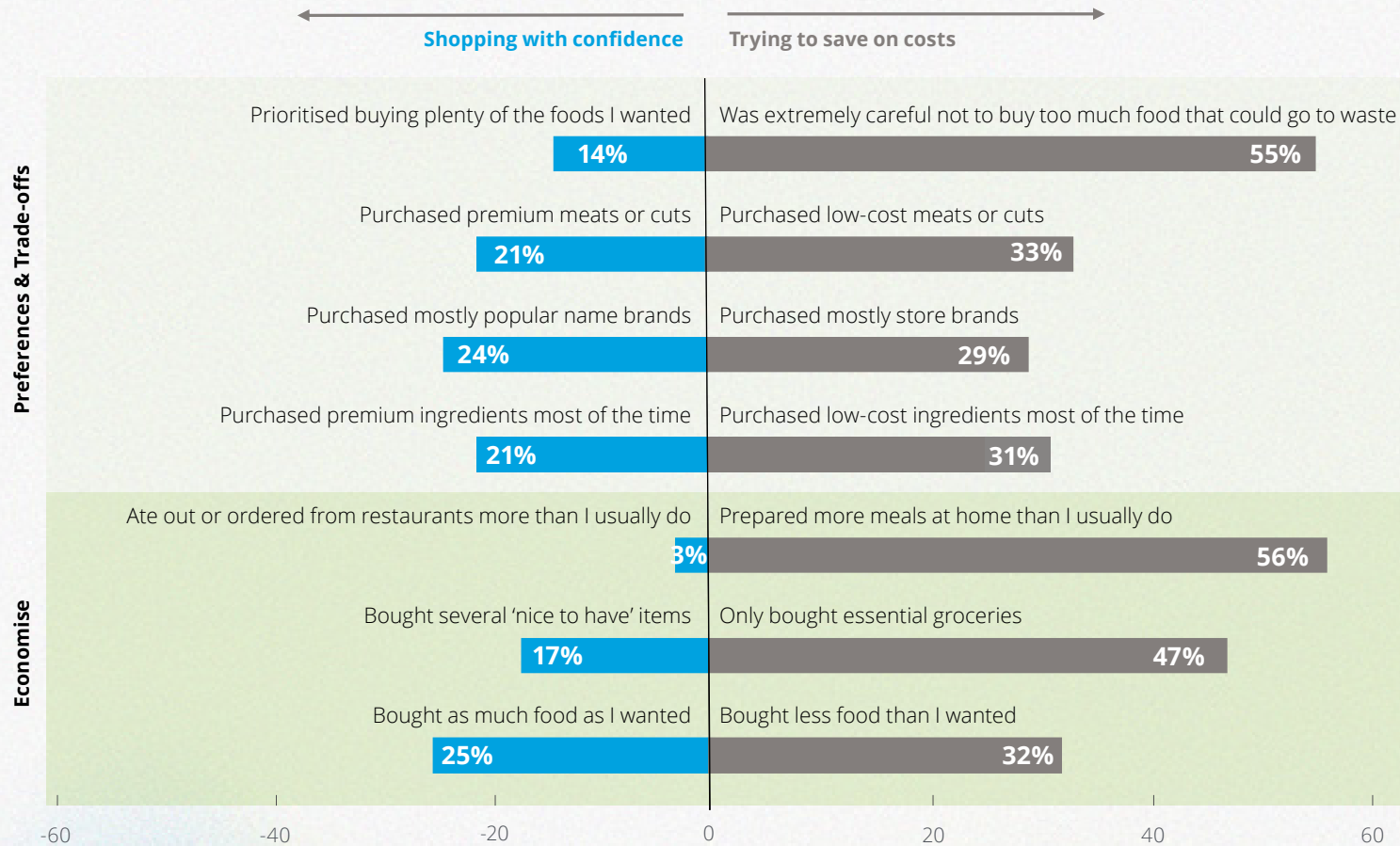
- textiles, clothing, footwear and leather goods (contributing -1.2%)
- retailers in pharmaceuticals and medical goods, cosmetics and toiletries (contributing -0.4%)
- food, beverages and tobacco (contributing -0.1%)
- hardware, paint, and glass (contributing -0.2%)
- all 'other' retailers (contributing -0.4%).

However, some categories performed better including general dealers (contributing 0.3%), household furniture, appliances and equipment (contributing 0.1%).

Source: StatsSA

Impact of rising prices

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

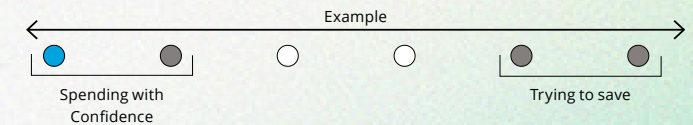


Many people continue to resort to cost-saving measures due to the high cost of living.

The trend of frugal behaviour from consumers continues, with consumers focussing on buying essential groceries, reducing food waste and cooking more meals at home in order to save costs.

Consumers are also indicating a willingness to continue to fill their baskets with house brands and popular name brands when doing their shopping.

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



NET intent = (% Full-service airline) - (% Low-cost airline)

“

As South African consumers remain under pressure, most of their budget goes towards essentials; however, when consumers want to treat themselves, they often splurge on food and beverages.



Rodger George
Consumer Industry Leader, Deloitte Africa

04 Food Frugality Index (FFI)

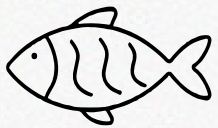


Everyone needs to eat, but food is becoming less affordable for some

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

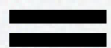
Underlying Food Frugality Index Behaviours (vs. prior month)

Tradeoffs



33%

Purchased lower-cost meats or cuts



29%

Purchased mostly store brands



31%

Purchased lower-cost ingredients



Economise



55%

Saved by reducing at home food waste



47%

Only bought essentials



32%

Bought less than wanted



Deloitte Consumer Signals. pp = percentage point

Note: A ±2% difference might be observed in FFI figures due to change in calculation tool from Jun-23 onwards

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Food Frugality Index: Will consumers tolerate higher prices?

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.

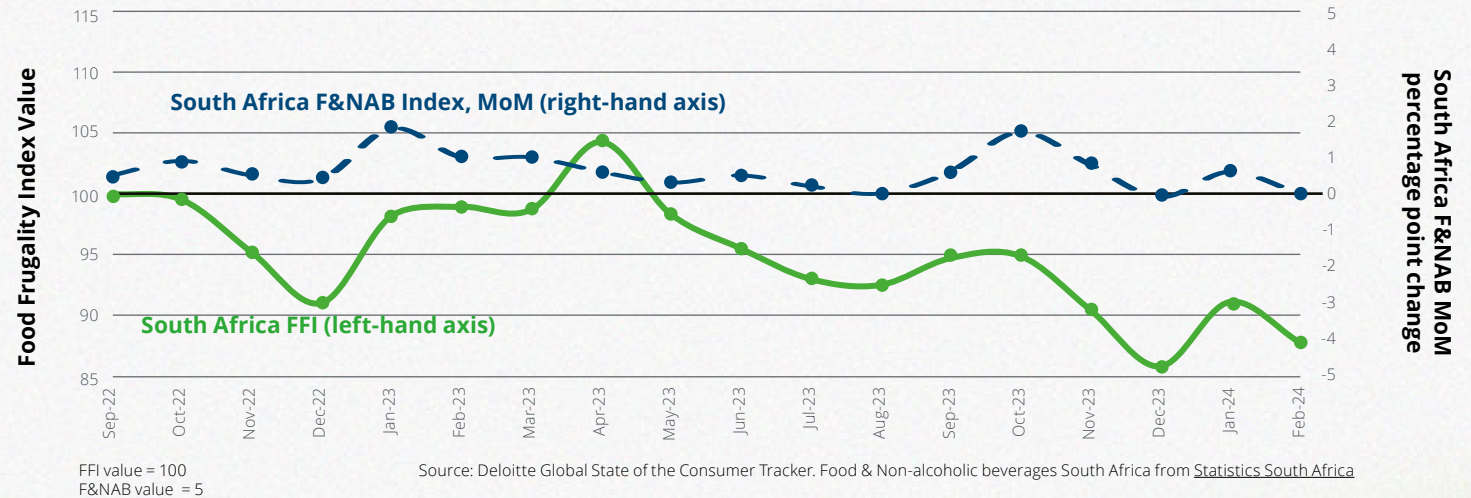
Current observations

- Frugality resumed its downward trajectory among surveyed consumers, indicating that consumers have become slightly less concerned about their finances. YoY and MoM inflation for food and non-alcoholic beverages came down, but 82% consumers are expecting higher prices next month (highest among survey countries).
- South African consumers still have the highest rates of frugality among surveyed countries based on adopting 3 or more frugal behaviours. Index declines are from a highly frugal starting point.

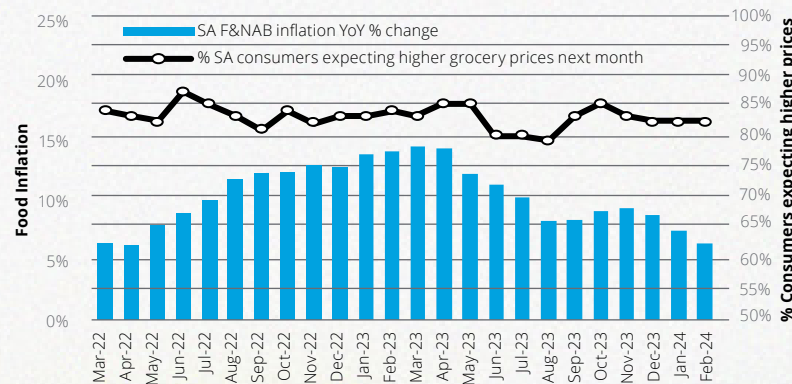
Implications

- 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 - February 2024



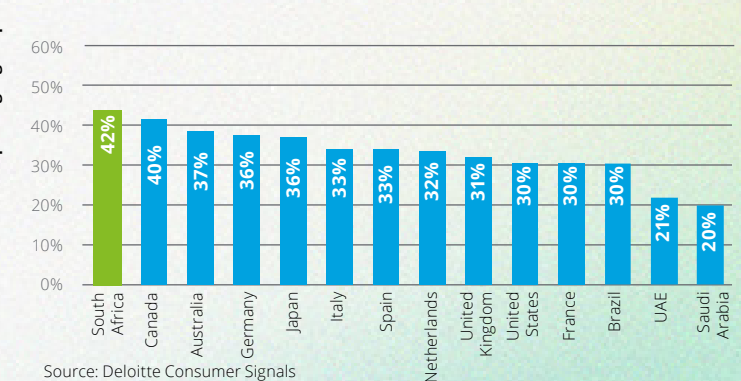
South Africa F&NAB Inflation



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 behaviours in past two weeks



Source: Deloitte Consumer Signals

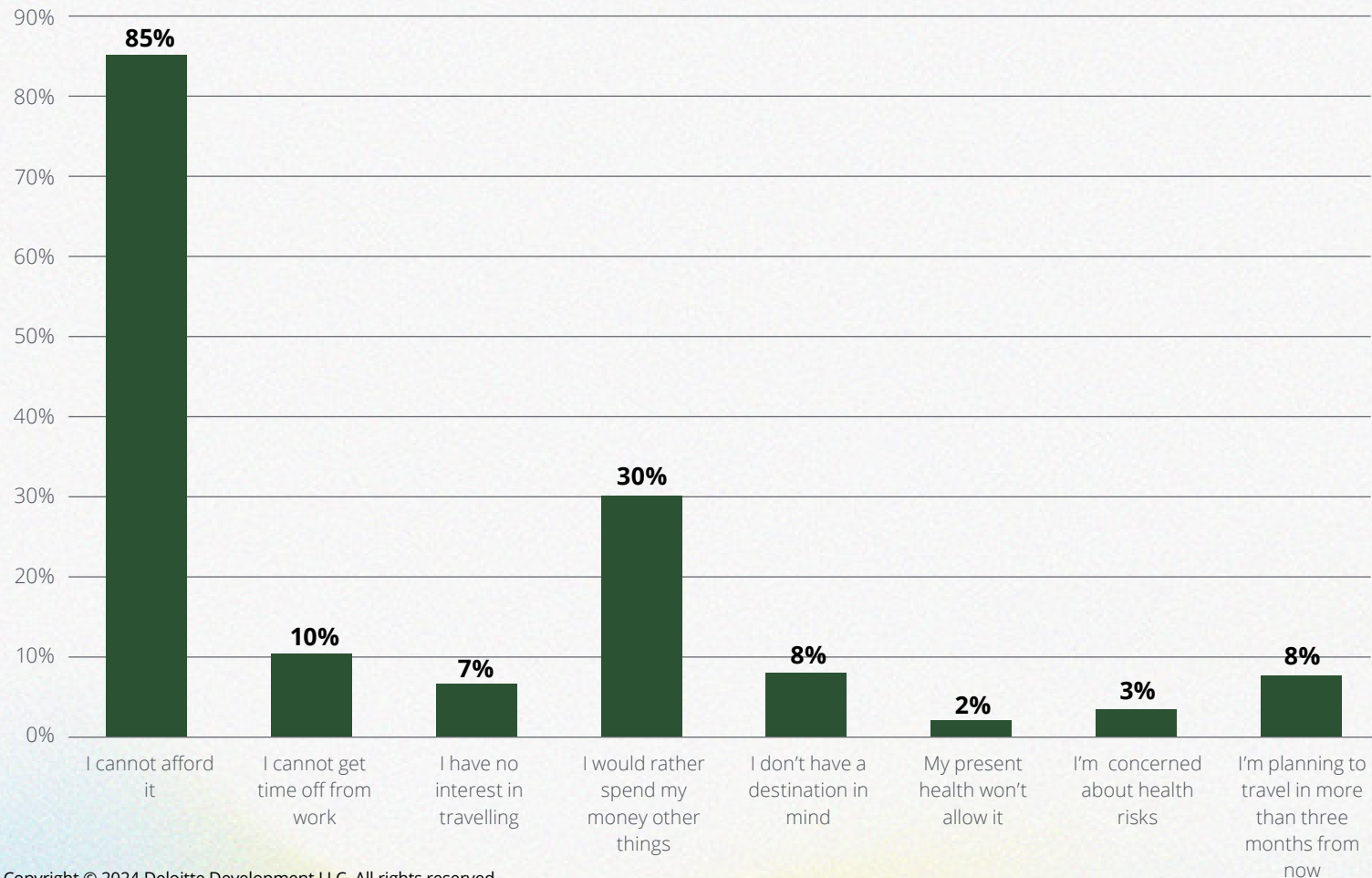
05

Travel & Hospitality



Reasons for not travelling

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



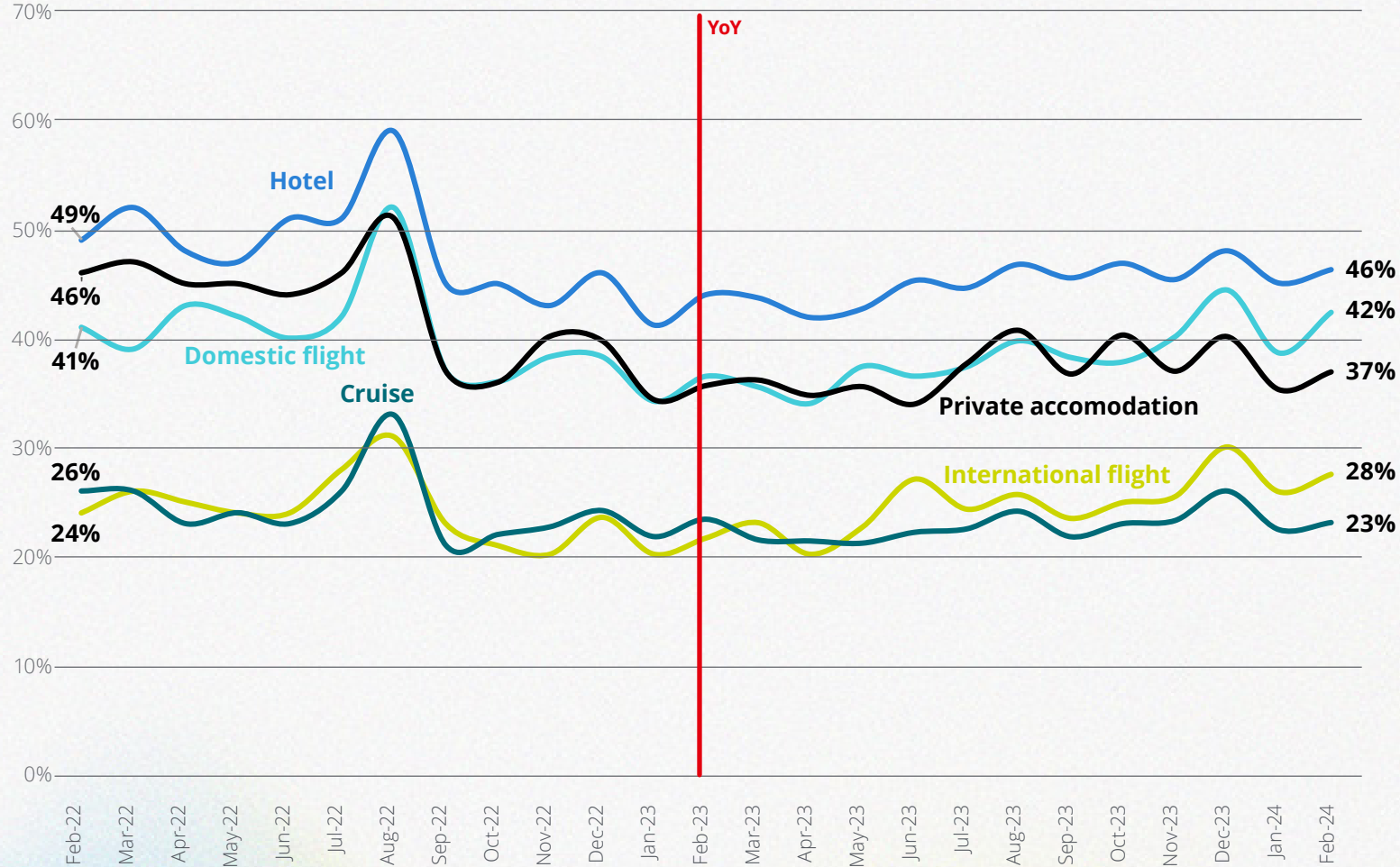
The most significant obstacle to leisure travel in South Africa is affordability and a lack of disposable income, as 85% of respondents stated that they cannot afford to travel.

Additionally, 30% of respondents are opting to allocate their money towards other expenses instead of travel.

Given that leisure travel is still considered a luxury in South Africa, it is probable that many consumers will choose to spend quality time with friends and relatives in local environments or travelling within South Africa.

Leisure travel intentions

% that plan to book within the next 3 months



Compared to a year ago, travel booking intentions have shown a slight improvement

According to recent data from StatsSA, the tourism industry in South Africa has not yet fully recovered from the impact of the Covid-19 pandemic. However, there is notable growth in the domestic tourism market, which is currently the fastest-growing segment. In the first half of 2023, South Africans took 18.8 million domestic overnight trips, representing a significant 23.4% increase compared to the same period in 2022. The focus on domestic travel may be associated with the weak rand and the relatively high value for money domestic destinations offer.

63% of respondents still prefer to stay in hotels rather than private accommodation.

Source: StatsSA

“

The persistently high cost of living has forced South Africans to become frugal consumers trying to avoid unnecessary and costly food wastage.





Rodger George
Consumer Industry Leader, Deloitte Africa

06

Vehicle Purchase Intent (VPI) Index



Vehicle Purchase Intent (VPI) Index

| Key economic indicators | | Powertrain intent % of respondents | |
|------------------------------------|--------|--|--|
| Unemployment rate | 32.1% |  52% | |
| Inflation | 5.6% |  40% | |
| Prime rate | 11.75% | | |
| Household debt (% of gross income) | 62.0% | | |

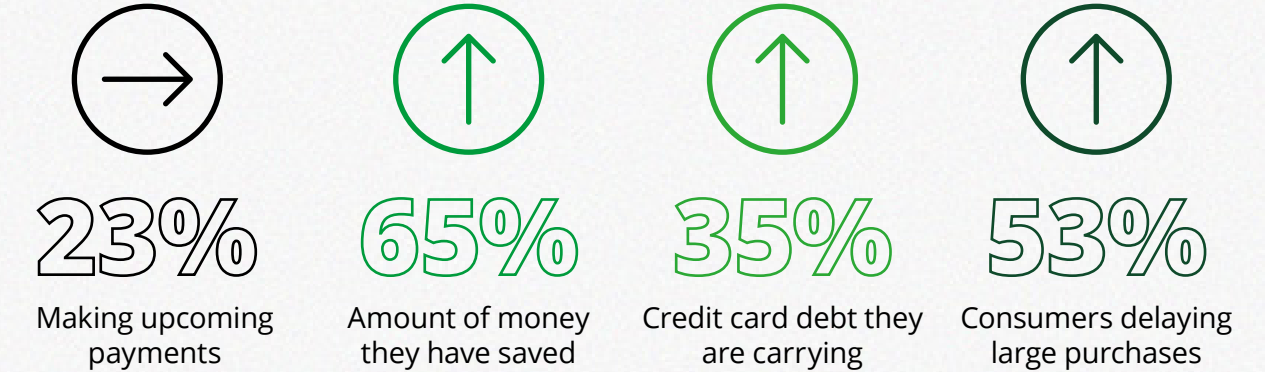
Note: EVs include full battery electric and hybrid vehicles.

State of the consumer tracker | South Africa

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 ConsumerSignals™ Tracking Platform (unless otherwise noted).

Percentage of consumers concerned about...



Note: arrows represent directional change from prior release.

Key behaviours impacting mobility



Vehicle Purchase Intent (VPI) Index

The VPI index has fallen to 112.4, indicating a decrease in the number of consumers planning to purchase a vehicle, possibly due to concerns about rising living costs.

Key trend drivers

- Relatively slow economic and GDP growth outlook, with low household spending expectations
- Return to work prompting desire for safe, reliable transportation solutions (e.g., personal vehicles)
- Growing trend toward urbanisation in densely populated centers

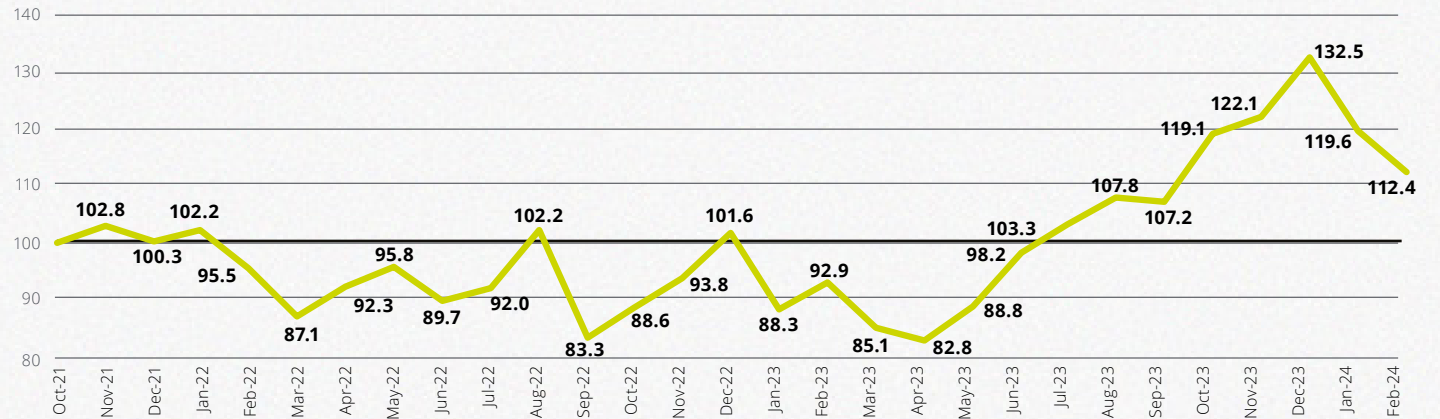
Why are people intending to acquire a vehicle? % of respondents (top 3)

1. I am just ready to drive something different **28%**
- 2.. New vehicles on market have features I want now **26%**
3. I want a more fuel-efficient vehicle **10%**

Why are people intending to stay out of the market?

My current vehicle is running well and meets my driving needs **43%**

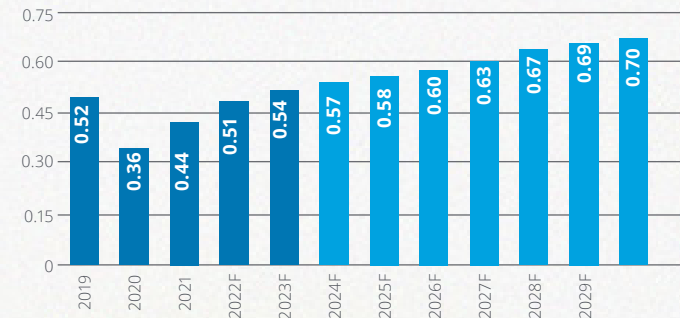
South Africa - February 2024



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

South Africa's light vehicle sales forecast (2019-2030f)

New vehicles (millions of units)



Source: Global data.

Monthly Retail petrol* price (January 2021 - Feb 2024)

cents/litre



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

07

Lets Talk



Let's talk



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