

How SA's cash-constrained consumers are shifting shopping habits to save on costs

South African consumers want more flexibility in how they shop, value locally-sourced products and are willing to share their data for loyalty programmes if they can access greater discounts



Source: [Pexels](#)

Against a backdrop of elevated inflation and rising interest rates, a constrained economy and rolling blackouts, PwC's latest [Global Consumer Insights Survey](#) report reveals that 72% of South Africans are extremely or very concerned about their personal financial situation – the second-highest proportion of consumers globally who feel this way.

Anton Hugo, PwC Africa retail industry leader, says: "As record levels of load shedding, rising inflation, and a poor job market continue to plague the local economy, many consumers are holding back on non-essential spending, with some stopping all non-essential spending altogether."

The report shows that consumers who identified as "most concerned" are significantly more likely to change their shopping and lifestyle behaviours. These will include:

- a decrease in spend across all retail categories in the next six months;
- significantly less likely to be planning travel in the first half of 2023;
- significantly more likely to delay purchases until the items are on promotion; and buy in bulk to save over time.

Shopping trends and future expenditure

When assessing shopping trends, the survey shows that more consumers are becoming increasingly focused on cost-saving measures with nearly 99% of South African shoppers planning to adopt behaviours that will help them save money over the next six months. "These consumer behaviour changes are likely to exert additional pressure on retailers who are already grappling with constrained margins," Hugo says.

A significantly larger proportion of consumers are also planning to reduce their spending across retail categories, with the greatest decrease forecast in fashion, and health and beauty. “Homeware categories, sports, home entertainment and virtual online activities are also expected to take a knock,” Hugo says. “The only category that is more likely to not see a decrease in spend is groceries, however, this is probably driven by consumers’ expectation of the rising cost of living driven by inflation.”

Despite overall reduced spending among consumers, 85% are still willing to pay more than the average price for products that are produced or sourced locally, made from recycled, sustainable or eco-friendly materials (83%), and produced by a company with a reputation for ethical practices.



NielsenIQ Report reveals SA's unsettled consumer outlook

NIQ 10 Feb 2023



Shopping channel trends

When assessing shopping channel trends, consumers are increasingly seeking a "phygital" shopping experience – this entails a seamless blend of digital and physical shopping. As technology continues to evolve, shoppers are increasingly drawn to digital features that can enhance their in-store shopping. This indicates a desire for a more holistic shopping experience that leverages the best of both worlds.

Suleman Jhavary, PwC South Africa operations transformation leader, says: “Looking ahead, we can expect to see a shift in the shopping habits of South African consumers. Fifty-seven percent say they anticipate an increase in the use of online channels, with 59% expecting retailers to offer efficient delivery or collection services.

“However, when it comes to shopping in physical stores, most expect their behaviour will remain unchanged over the next six months. This represents a significant change in outlook compared to previous surveys, where 47% of consumers expressed a desire to reduce their in-store shopping.”

Impact of supply chain disruptions

Unsurprisingly, rising prices remain the most prevalent issue for shoppers whether they are shopping in-store or online. For in-store shoppers, 50% are most bothered by long queues and 28% by stock shortages. For online shoppers, in addition to increasing prices, 30% take issue with product availability and 25% with longer-than-expected delivery times.

“In response to these issues, consumers tend to resort to shopping across multiple retailers (55%) and using comparison sites to check product availability (44%),” Jhavary says.



#BizTrends: 6 global retail trends making their mark in FMCG

Lauren Hartzenberg 10 Feb 2023



Data privacy and loyalty programmes

South African consumers are becoming increasingly concerned about data privacy when interacting with social media companies, with 62% saying they are very or extremely concerned. “To address their data privacy concerns, half of consumers are taking conscious steps to limit the personal data they share with companies, and actively choosing to opt out of receiving communications from these companies,” Jhavary says.

Despite these data privacy concerns, 63% of consumers are willing to share their personal data for tailored offers through customer loyalty programmes, indicating a trade-off between privacy and personalised offers.

Metaverse

For a younger cohort of consumers (mostly millennials and Gen Z consumers who are students, self-employed, or part-time employed), 25% have used the metaverse for a variety of activities, including virtual experiences and purchasing products in the past six months. Half of these users said they transact on the metaverse at least once a month, highlighting the growing significance of this channel as a new form of commerce.

In 2022, [Nedbank leveraged UbuntuLand](#), a virtual world in Africa, to activate and amplify its Golf Challenge. Massmart did something similar when it [deployed a treasure hunt](#) on online game platform, Roblox, to promote Game's Black Friday vouchers. From a South African perspective, this interaction with consumers is still in its infancy but will continue to grow over the coming years, according to PwC.

For more, visit: <https://www.bizcommunity.com>