



NIQ Retail Spend Barometer

SA consumers are getting relief from less load shedding but are still taking strain from higher prices

- NIQ introduces NIQ Retail Spend Barometer to South Africa to shed light on consumer spending trends.
- For Q2 2024, consumers notched up R181 billion in FMCG spending, growing at 4.8% vs the previous year.
- The Tech and Durable (T&D) market was valued at R31 billion experiencing consistent performance in Q2 2024 compared with Q2 2023.

South African shoppers spent a total of R181 billion on FMCG in the second quarter (Q2) 2024, representing a 4,8% uplift compared with the same period last year. The Tech & Durables (T&D) market, meanwhile, remained virtually unchanged from the same period last year at a value of R31 billion for Q2 2024.

This is according to insights from the NIQ Retail Spend Barometer which combines data from NIQ and GfK to measure the turnover in sales of FMCG and T&D goods purchased in stores across South Africa. Newly launched in South Africa, the Barometer provides a comprehensive overview of sales trends to guide brand and retailer strategies.

The Barometer tracks food, perishables, home and personal care categories in the FMCG sector and the technical consumer goods, household appliances, and DIY and home improvements categories in the T&D sector. The study, based on real sales data, analyses big data across both categories and will be published each quarter.



Tshwane employee cutting off service of defaulters. Photo: Tshwane metro media. <https://www.citizen.co.za/>



Nikki Quinn, Retail Lead for sub-Saharan Africa at NIQ and GfK, said, "Two themes dominated retail behaviour during Q2 2024: the cash-strapped consumer's continued struggle with the high cost of living and a pause in Eskom load shedding. Across, the board, we saw consumers hunt for bargains and switch brands and stores to save money."

Fresh and frozen foods sales lifted by reliable power supply

NIQ data shows that value growth for the FMCG sector dropped from 7.2% in Q2 2023 to 4.8% in the same quarter 2024, despite a boost in consumer confidence and a drop in inflation from 5.4% in 2023 to 5.1% in 2024.

All categories experienced lower growth year-over-year, except for tobacco.

The fresh food, frozen food and personal care categories experienced the most robust growth, growing at 8.2%, 9% and 8.6% respectively. Meanwhile, homecare, snacking, beverages and ambient food saw a significant drop off in growth versus Q2 2023 as consumers reprioritised their spending.

"Perishable goods were one of the big winners for the quarter, with consumers spending more



on fresh and frozen foods due to a more reliable power supply.” Quinn continues ...

“ However, persistent inflation, particularly food prices, remained a deep concern for consumers. People are focusing on the basics and keeping their eyes open for specials and promotions. ”

T&D remains flat

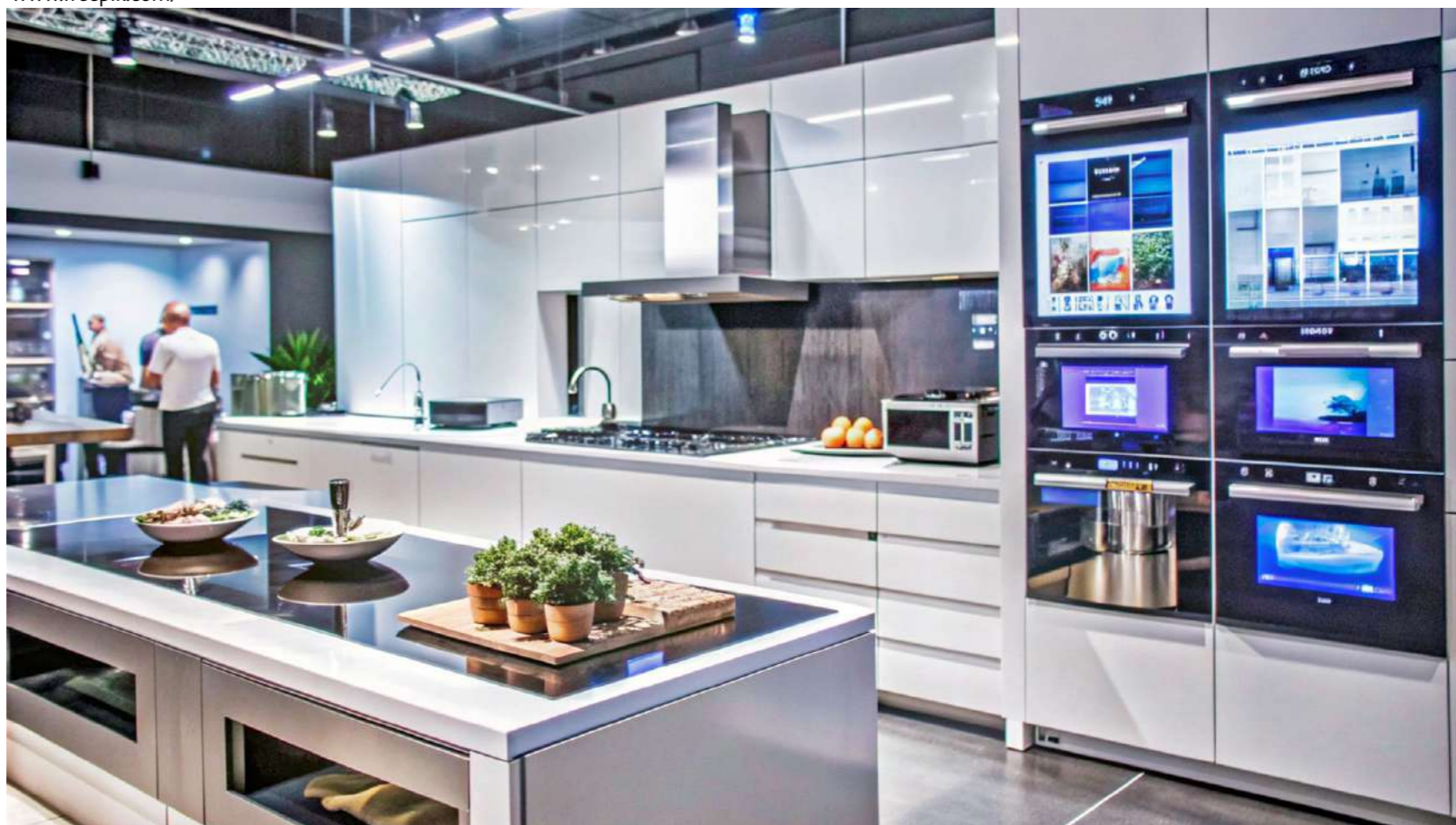
The T&D market overall experienced lower growth than in Q2 2023, dragged down by price deflation and lower revenues in the telecom segment. Large screen televisions (74” and above) outperformed, selling unusually well for the category outside the Black Friday and festive season windows.

In Q2 2024, home appliances saw a significant turnaround with an 11.3% increase, compared to the 6.1% decline in Q2 2023. However, it is important to note that soft growth in 2023 was due to the market normalising after strong gains in the pandemic when consumers invested in their homes.

Major appliances, especially washing machines and refrigeration, saw double-digit value growth. Small appliances like air fryers, along with food preparation and hair stylers, also contributed significantly. With average selling prices remaining flat, growth is attributable to higher unit sales.

Technical Consumer Goods remained nearly flat in Q2 2024, following slight growth in Q2 2023. Routers, desk computing, monitors, gaming consoles, and mini/Bluetooth speakers

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showed significant growth, while core wearables, headphones, and smart mobile phones declined. Quinn continued ...

“ Promotional activity helped to drive growth in the appliances and TV segments. Confidence about South Africa’s load shedding situation may also have helped to inspire consumers to upgrade appliances. While spending remains constrained by stagnant wages and unemployment, we see some bright spots for the T&D sector. ”

“Hopes for interest rate cuts later this year could help to reignite consumer confidence. The

introduction of the two-pot system for retirement funding might also serve as a tailwind ahead of Black Friday and the festive season. Early withdrawals of pension funds under the two-pot system are expected to boost household expenditure in the second half of 2024.”

About the study

The NIQ Retail Spend Barometer examines consumer spending on FMCG and T&D products in the SA. It tracks real sales figures and measures changes in past purchase trends. The FMCG categories covered include food, groceries, perishables and near-food (Healthcare, Toiletries, Homecare and General Merchandise) and the T&D categories include technical consumer goods, household appliances and DIY. The data comes from NielsenIQ and GfK retail market measurement, which together measure the sales of over 350 000 retail partners worldwide.

