

Mid-Year Consumer Outlook for South Africa

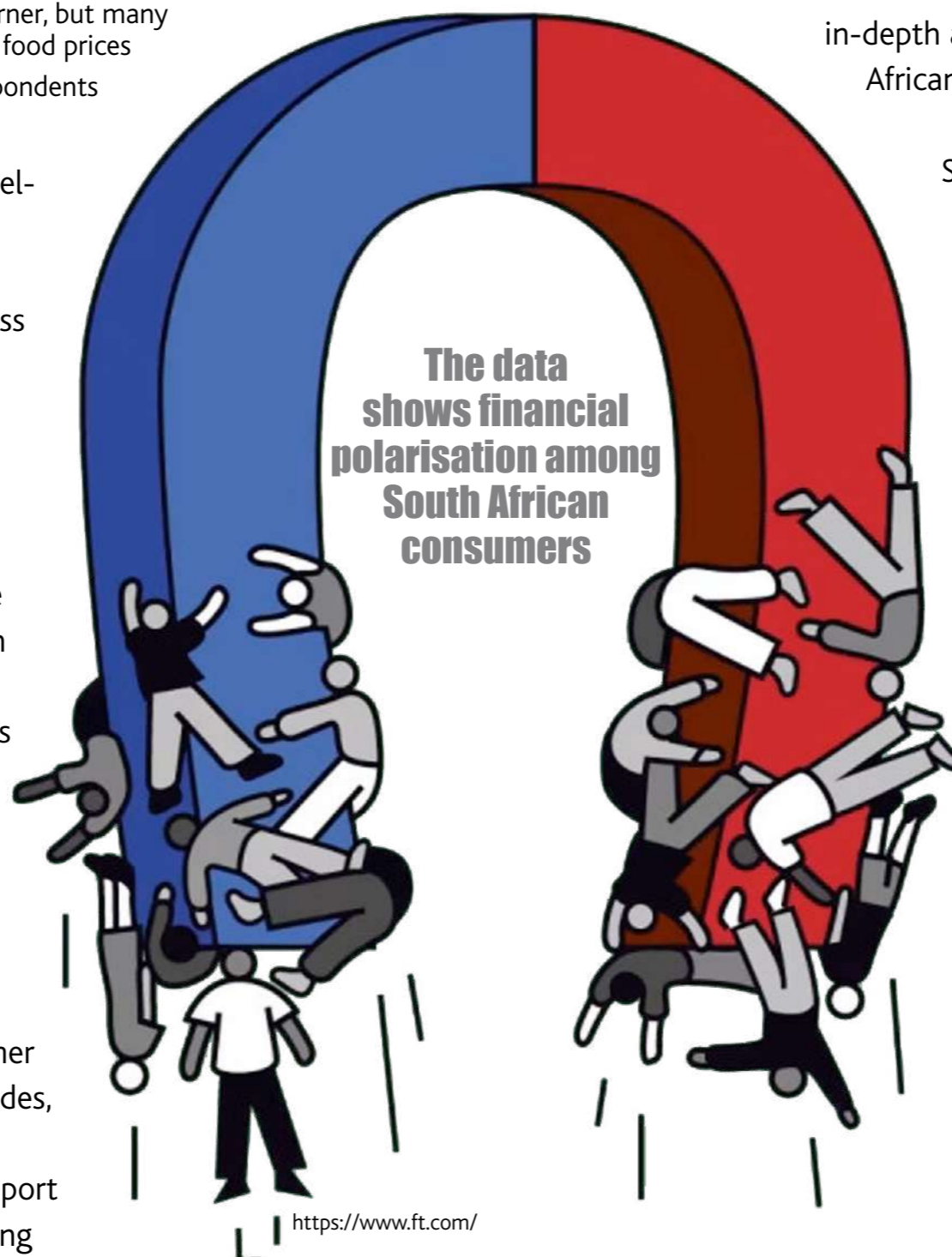
Showing 'financial polarisation' between consumers

- Consumer spending is starting to turn a corner, but many South Africans feel worse off due to higher food prices
- Hustle culture is growing, with 83% of respondents seeking additional income streams

NielsenIQ (NIQ), a global consumer intelligence company, has released its *Mid-Year Consumer Outlook: Guide to 2025* report, identifying macro catalysts across industries. The forward-looking study provides a strategic roadmap for South African retailers looking to win over consumers in the year to come.

The report anticipates that global consumers will spend \$3.2 trillion more in 2025, representing nearly 6% growth compared to 2024, according to World Data Lab. In South Africa, there are signs of growing consumer confidence and resilience, even with rising food and utility prices straining South Africans' finances.

NIQ's bi-annual study offers a comprehensive analysis of the impact of economic events and trends on consumer confidence, changes in consumer attitudes, and important insights into the factors influencing purchasing decisions. The report also explores regional variances, providing



in-depth analysis of the unique dynamics of the South African market.

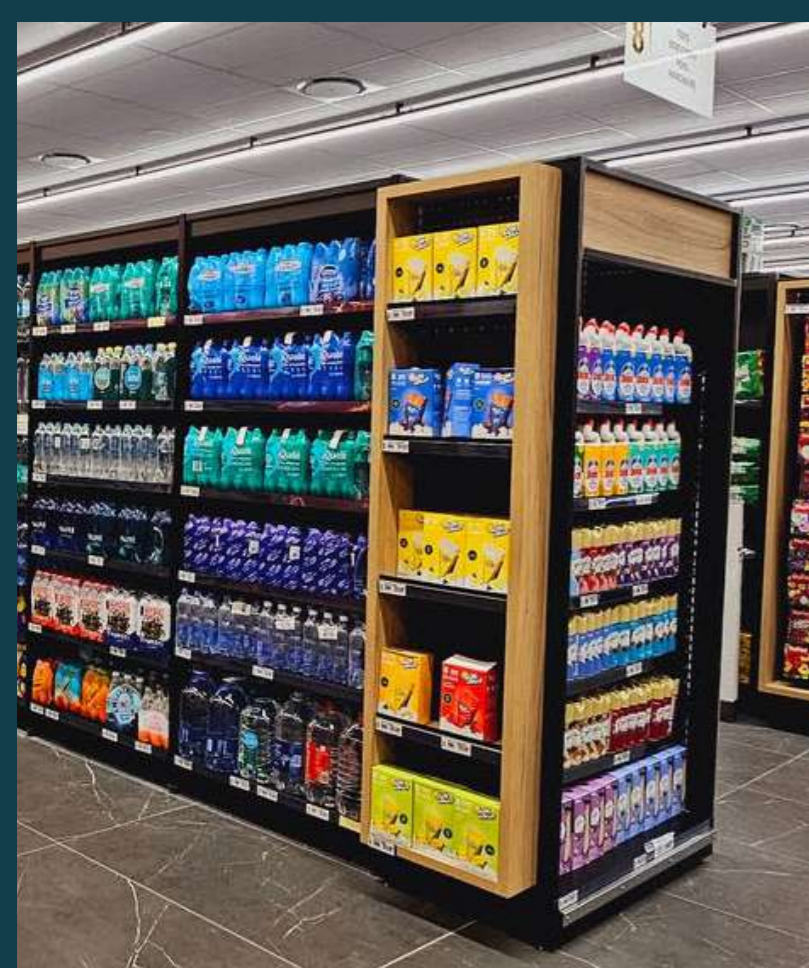
The data shows financial polarisation among South African consumers, with 42% reporting that they are better off than this time last year and 33% indicating they are worse off. Only 17% say they are thriving financially, up from 11% in 2023. The situation has improved since mid-year 2023, when 36% said they were better off than a year and 42% said they were worse off.



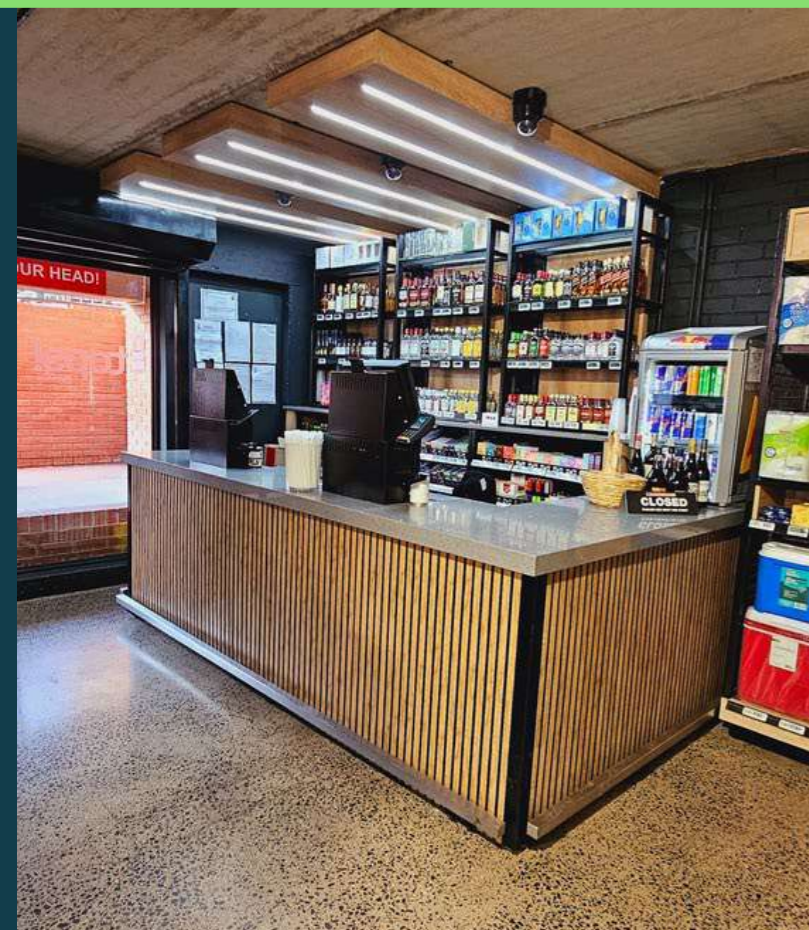
Zak Haeri

Zak Haeri, MD for NIQ in South Africa said: "Inflation has cooled in South Africa this year, just as it has worldwide. However, rising utility and food costs continue to challenge consumers, many of whom need to pay for more to get less, even with their income levels stagnating.

"Prices in categories such as Home Care, Confectionary & Snacks, Pet Food, and Health & Beauty remain inflated, in some cases leading to declining sales volumes. Brands and retailers with products in these areas will need to think of ways to sustainably push higher volumes without overpromoting and undervaluing – or over-subsidising – their offerings."



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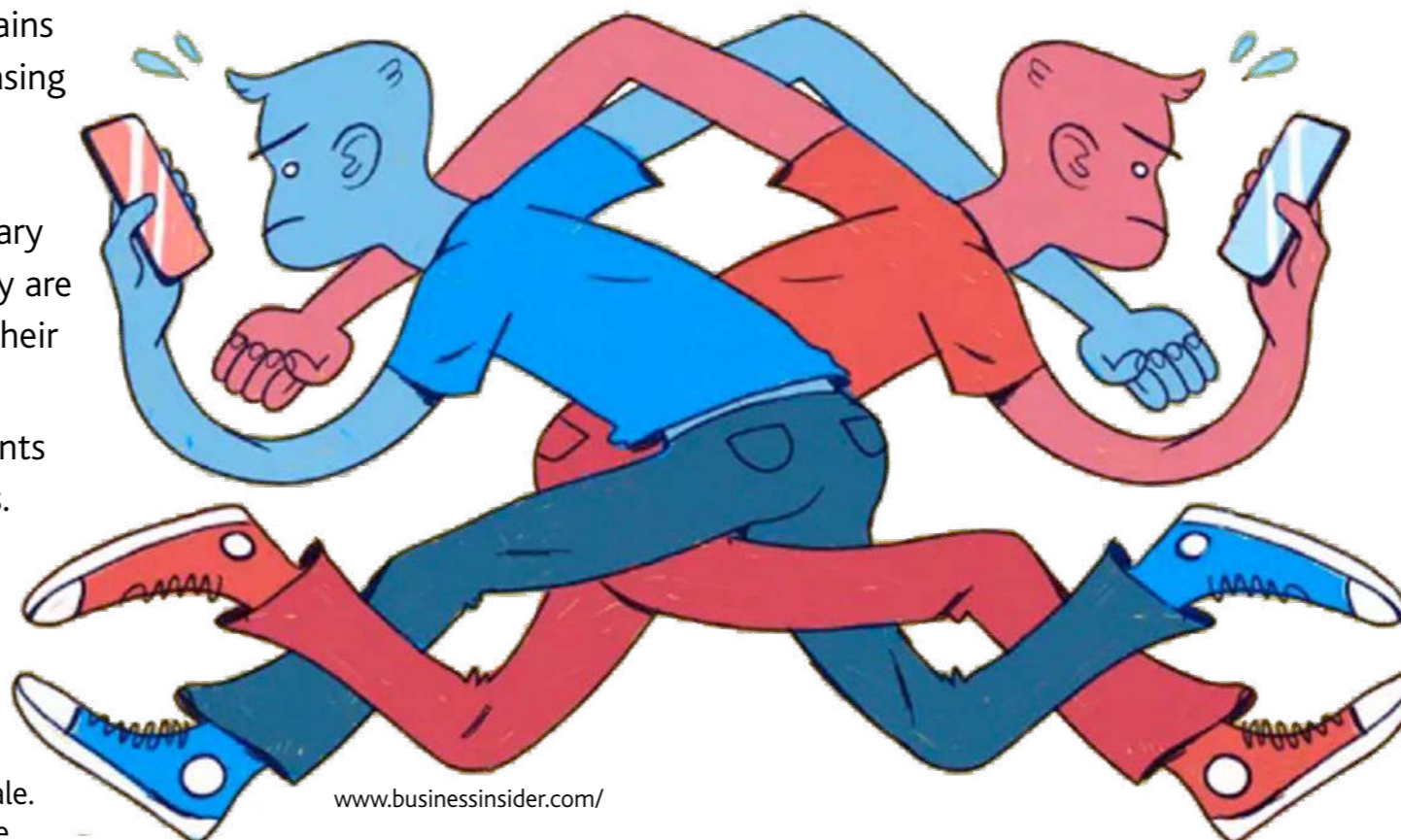
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Top trends framing expected 2025 spending

- South African consumers' top concern remains rising food prices (39%), followed by increasing utilities costs (24%) and the threat of an economic downturn (20%). Some 83% are seeking income streams beyond their primary jobs to pay their way, while 27% agree they are likely to increase personal debt to sustain their lifestyle.
- A quarter (25%) of South African respondents have been affected by job or income losses.
- Today, South African consumers of all financial circumstances seek value in multiple ways with every purchase ...
 - 42% switch to lower priced products.
 - 43% buy whichever product is on promotion.
 - 43% bulk buy when preferred brands are on sale.
 - 40% shop more often at discount / lower price stores.
 - 55% shop with loyalty programmes to help manage spend.
- A majority (69%) of surveyed consumers in South Africa say they are likely to change or try a new brand because of lower pricing, 74% will buy a brand that has innovated to make it as affordable as possible, and 78% will buy a product that is energy efficient or low cost to run.
- They intend to continue cutting back on non-essentials like out-of-home (OOH) dining (49%) OOH entertainment (46%), food delivery/ takeaways (48%), and socialising with friends and family (44%). South Africans plan to



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decrease spend on holidays (42%), salon beauty and grooming (42%) and home improvements and décor (41%).

- South Africans are more likely to spend on health products than the global average. Two thirds (67%) said they will start or increase intake of vitamins and supplements, while 61% plan to spend more on products that help with relaxation and anti-stress.
- Upselling opportunities: Intentional consumers are willing to pay a premium for worthwhile attributes. In Tech & Durables, unit sales of premium priced smart / mobile phones, particularly 5G models are up. However, there is an element

of price deflation due to fiercer competition from emerging Chinese brands and promotional activity.



Lauren Fernandes

“Consumers are seeking value with every purchase in multiple ways. They are spreading their spending in purposeful ways, and their habits and behaviours are changing fast in response to economic trends and new technologies,” said Lauren Fernandes, Vice President, Global Thought Leadership, NIQ. **SR**



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