

South African consumer sentiment feels the effects of Covid-19

South African Consumer Confidence Index for the second quarter of 2020 reveals a massive 20 point drop to 68 – the lowest level in 15 years, according to The Conference Board Global Consumer Confidence Survey, conducted in collaboration with Nielsen, clearly illustrating the detrimental impact of COVID-19 on consumer sentiment.

Nielsen South Africa Connect MD Kelly Arnold comments; “Despite South Africa emerging from restricted living and the restarting of the economy it’s clear that the pandemic has had an immediate and titanic impact on consumer sentiment. “To place the latest results in context, this is the biggest drop that we have seen in a single quarter since the inception of the survey. It also makes South Africa one of the top 10 countries globally in terms of the extent of its decline.”

Within the current scenario, South Africans’ immediate spending intentions have unsurprisingly declined by 12 points, with only 21% of South Africans saying now is a good or excellent time to purchase what they need or want.

South Africans’ view of their finances for the next year has also seen a significant 29 point drop



to 34% and only 17% of respondents have a favourable view of their job prospects in the coming year, down by 6 points compared to the previous quarter.

Cash priorities & major concerns

In terms of disposable income, 79% of South Africans say they have spare cash. Once they meet their essential living expenses, the highest number said they would spend their spare cash on saving (48%) followed by paying off debt, credit cards or loans (37%) and 27% who said they would spend it on new clothes.

Understandably there was a marked drop of 9 points for those who would put spare cash into

going on holiday compared to the previous quarter.

The current environment has also caused South Africans to tighten their financial belt with 87% saying they have changed their spending to save on household expenses compared to this time last year.

The top action they have taken to achieve savings is cutting down on takeaway meals (69%), followed by 64% saying they are spending less on new clothes and 45% who are switching to cheaper grocery brands.

Looking to the future, by far the biggest concern of South Africans over the next 12 months is the economy (48%) followed by job security (46%). Health is up a substantial 15 points from the previous quarter to 25%, propelling it into the Top 3 consumer concerns.

Elaborating on the overall South African CCI results, Arnold says; “The South African consumer is currently battling the economic fallout from COVID-19 and is feeling financially fragile, to say the least. As South Africa emerges from the lockdown; manufacturers and retailers will need to develop a deep understanding of the fundamentally altered consumer sentiment and devise new business strategies that will meet a range of their altered needs. **SR**