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South Africa MD



CPG categories remain central to 2023 consumer spending intentions

40% of South African consumers say they are in a worse financial position this year compared to a year ago

- 43% of surveyed consumers already feel like they are living in a recession.
- 74% say that increased costs of living are to blame for their recent financial struggles.
- 48% mention they only have enough money for food, shelter, and the basics.
- 32% have turned to online to get better deals, save on gas and minimise shopping trips.

According to NielsenIQ 41% of South Africans feel they are in a worse financial position compared to a year ago although this is fairly in line with the global average of 40%. Of those respondents, 74% are increasingly burdened by the high cost of living while 42% say they have been impacted by the economic slow down and 32% say they have faced huge changes adapting to ongoing pandemic disruptions.

These findings are part of the latest NielsenIQ Thought Leadership Report on 'Consumer Outlook 2023', that provides a deep dive into the mindset and sentiment of consumers around the world. What it has found is that volatility in everything from prices to weather events has created unsettled consumers who having just lived through recent inflation highs, and not knowing when to



“Volatility in everything from prices to weather events has created unsettled consumers who having just lived through recent inflation highs, and not knowing when to brace for the next set of extreme circumstances, are displaying a cautiousness that is likely to linger for some time.”

Image:
Consumer Outlook
February 2023

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The report also highlights specifically for South Africa:

- 37% of consumers are expecting the economic downturn to last for 12 months or more, with 26% claiming they only have enough money for food, shelter, and the basics.

- Consumers' biggest concern over the next six months is the increase in food prices (51%), as well as concerns over job security (20%).
- Transport costs is amongst the top category that consumers plan to spend more on (29%) in 2023 compared to the previous year, and interestingly, even with the additional burdens on family spending, consumers are still planning to spend as much on Groceries and household items in 2023 as before (48%).



- High inflation and by effect higher product prices, have pushed consumers towards Discounters (49%), chasing Promotions (36%) and buying in bulk (50%) while 56% are super keen to take advantage of Loyalty schemes.
- 32% have also turned to online shopping to get better deals, save on petrol and minimise trips to stores.
- Consumers plan to spend less on most discretionary spending categories, where out-of-home dining (23%), out-of-home entertainment (32%) and clothing (36%) are leading areas where they are planning to trim their wallet allocation.

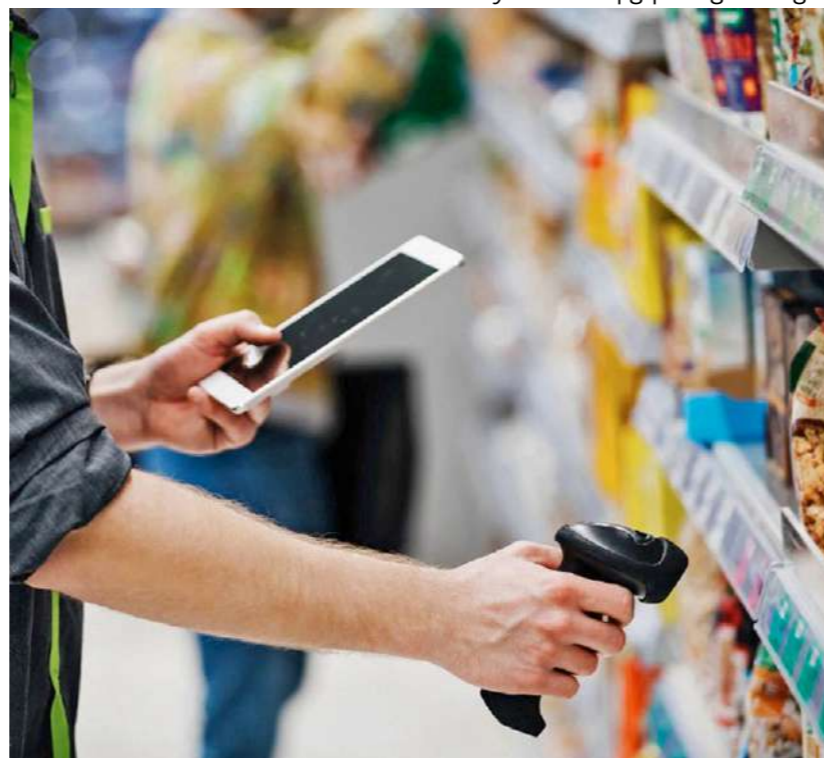
What is setting the spending tone for 2023?

Overall, financial concerns and job security have risen to the forefront. At the same time, mental and physical wellness are deemed equally important on the global scale.

“A mix of financial and health-focused priorities”, clarifies Lauren Fernandez, Global Director, NIQ Thought Leadership. “We can’t forget that within this trifecta of priorities, our financial wellness is often what feeds our ability to service and nurture mental and physical health. As a result, the financial focus of today’s consumer outlook comes to the forefront”, comments Fernandes.

A look at the consumer wallet for the year ahead, shows that South African consumers will shift spending towards maintaining contributions

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to future-focused mainstays, such as financial services (50%) and paying off debt (35%), while also increasing their spending on groceries and household items (33%) and contributing more to education for themselves or their families (23%).

“42% of those surveyed mention that financial health and job security are on par with mental and physical wellness (40%) as the leading areas of greater importance, while equally important is the fact that 25% state that they are planning to spend more on Health/Wellness products in 2023,”

comments Ged Nooy, NielsenIQ Managing Director in South Africa. **SR**

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