

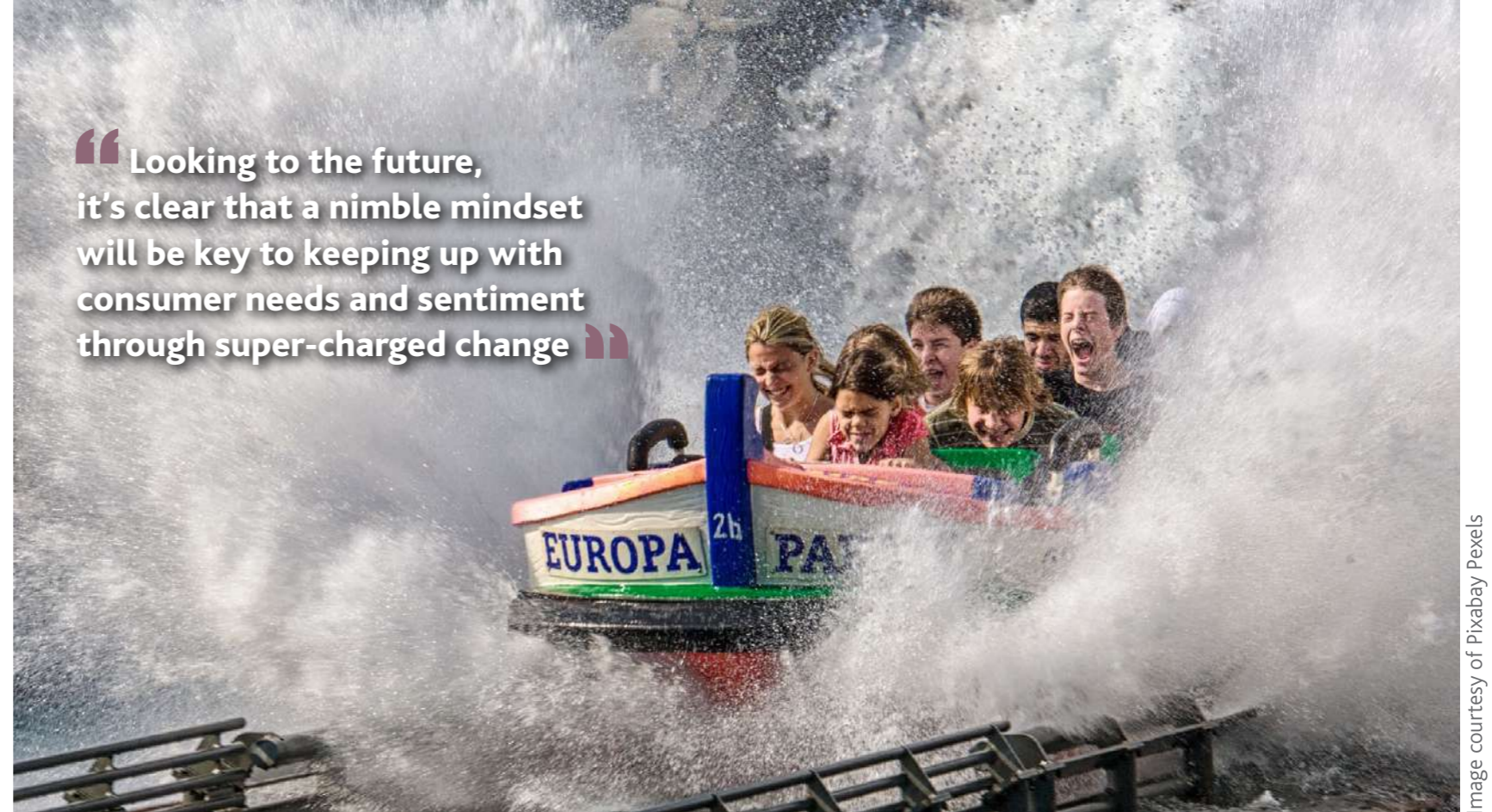


Data and insights from the *South African Consumer Outlook Study* has significant implications in light of South African shoppers' changed priorities in the era of Covid-19 and is critically important in terms of evaluating how these will affect their spending habits and product choices

Topline outtakes ...

- Two-thirds of South African consumers feel they'll only be free of the impacts of Covid-19 in 2023
- Eight out of ten consumers have re-evaluated their priorities impacting their future buying behaviour significantly
- As priorities change, so do baskets with an increased focus on affordability, prices, fresh produce and hygiene/safety

Two-thirds of South African consumers remain convinced of the long term effects of the Covid-19 pandemic and believe the country will only be free of its direct impacts, during 2023. This is the highest percentage amongst the 16 countries surveyed in the newly released NielsenIQ 2022 South African Consumer Outlook Study, which has revealed a substantially altered picture of local consumers. The report has significant implications in light of consumers' changed priorities and is critically important in terms of evaluating how these will affect their spending habits and product choices.



“ Looking to the future, it's clear that a nimble mindset will be key to keeping up with consumer needs and sentiment through super-charged change ”

South African shoppers feel effects of recovery rollercoaster

NielsenIQ South Africa MD Ged Nooy says ...

“ The last two years have been a roller coaster as consumers have looked for signs of recovery and hoped that they could move on with their lives but for many, as they look ahead, they still face an environment of uncertainty ”

“Looking at how consumers plan to approach the world as they begin to re-engage, it becomes clear that the majority realise that Covid is likely to continue to impact the way they navigate their daily lives.”

The 'Homebound Economy' is here to stay

Delving deeper, 41% of consumers (vs. 47% globally) said they would live with some caution if Covid-19 continues to impact the country in the next 12 months. An additional 41% said they would be more vigilant (vs. 33% globally) and will go so far as avoiding certain settings, while only 14% said they will carry on their lives without fear of Covid-19.

Nooy comments; “In this environment, the majority of consumers realise that the carefree life of pre-Covid is a thing of the past and moving forward, they are constantly reviewing

and evaluating associated risks with lifestyle choices and arming themselves accordingly with various precautions. On the plus side, this is good for the FMCG environment as consumers will continue to curtail their movement and won't be spending money on entertaining or local or overseas holidays – the 'Homebound Economy' is here to stay!"



Image courtesy of Vladislav Reshetnyak, Pexels

The other factor that was less evident two years ago when Covid-19 first began, was the inflationary environment consumers have been confronted with in the last six months. With many having felt employment and financial losses due to Covid and government support systems having dried up – consumers have fewer savings and less flexibility in their discretionary wallets to deal with higher prices. Consumers are therefore feeling the pinch of higher prices with 70% (vs. 56% globally) saying their weekly shop costs more than it did six months ago – the third highest number in the world. It's therefore no surprise that eight out of ten consumers say they have significantly changed their shopping habits because of the pandemic

Smart shoppers

In light of this, the NielsenIQ study asked which strategies South African consumers were deploying to manage their household grocery spend.

The most popular strategy, which a third of South African consumers are deploying, is monitoring the cost of overall basket spend. This points to consumers budgeting ahead of their shopping trip to better manage spend and reflects a highly cautious mindset.

The second highest (26%) are selecting the lowest priced product regardless of brand, this indicates that brand loyalty is being eroded and that South African consumers are not averse to switching brands while the third highest are buying larger packs as opposed to looking to downsize to manage their expenses.

Image courtesy of Kindel Media, Pexels



“ As South African consumers emerge from lockdowns, their priorities have shifted with 84% saying that their mental wellness will be more important over the next 12 months, followed by planning for the future (82%) and job/financial security (81%). ”

Mental wellness, future planning and financial security top of mind in South Africa

According to the study, as consumers emerge from lockdowns, their priorities have shifted with 84% of South African consumers saying that their mental wellness will become even more important over the next 12 months, followed by planning for the future (82%) and job/financial security (81%).

These shifting priorities mean consumers' brand repertoire and consideration set may look very different to the past. This points to the importance of ensuring that product portfolios allow for consumers changed circumstances, with a focus on the specific product benefits consumers seek and can afford.

Looking to the future, it's clear that a nimble mindset will be key to keeping up with consumer needs and sentiment through super-charged change. Nooy adds; "Agility will be critical. Retailers and brands that consider different trajectories and recovery scenarios will be better placed to address consumers changing priorities, states of cautiousness, and increasingly constrained wallets. They must ensure their offerings can morph and resonate with how the landscape will continue to evolve in the years to come. **SR**

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