

# Five consumer spending trends to watch out for in 2018

 By [Rachel Thompson](#), issued by [GfK](#) – An NIQ Company

7 Feb 2018

South African retailers and manufacturers face a significant shift in how consumers behave over the next few years, as economic conditions tighten, consumer confidence falls and internet shopping takes off. Our research shows that many South Africans are fearful about the future, with 46% saying they are not very or at all confident about the future.



Crime and lawlessness is one of their biggest fears for the future, with 61% of South African respondents highlighting it as a concern. Protecting the family is the top value for South Africans. This has a major impact on consumer behaviour when it comes to in-store and digital shopping.

It's not all bad news, however. South Africans are becoming better educated. There were nearly 900,000 students in South Africa's public universities in 2016 — an 82% increase in student numbers since the advent of democracy. And more South Africans today have access to the internet than do not.

Meanwhile, Generations Y and Z, which account for nearly two thirds of the population are reshaping the country's values as they come of age. They are driving values of adventure, freedom, curiosity and authenticity.

Here are some ways that we see these larger social and economic trends affecting how South Africans shop next year and beyond:

## 1. Cocooning

South Africans, are entertaining themselves at home rather than heading for the malls and nightclubs, partly because of their fears about their personal safety and financial security. However, this has not translated into mass adoption of ecommerce because many people fear that they will be victims of cyber-crime if they shop online.

Around 80% of South Africans agree they are more concerned about the security of their personal information when shopping online than when shopping in a store, and 47% say security of their personal information is a barrier to making online purchases. Brands that show they care about customers' safety will win the consumer's heart.

## **2. Experiences trump possessions**

GfK South Africa data reveals that 50% of South African consumers agree that experiences are more important than possessions. Rather than wanting to spend money on expensive possessions, consumers are gravitating towards low-cost experiences such as visiting the beach, listening to music, playing videogames, going to church or watching televised soccer with friends.

Manufacturers and retailers that want to remain relevant need to think about how they will weave their brands into consumers' day-to-day lives.

## **3. Instant everywhere**

Brands like Uber and Airbnb are setting a new pace for the customer experience. Consumers expect that products and services must be available when they want them– any time, any location, and on any device. Brands should thus focus on delivering slick, frictionless mobile interfaces that make it simple for consumers to access services and products instantly and everywhere.

Around 57% of South African respondents to our research say they need shops and services to be available at all times; 31% say it is essential to access or store content in the cloud. Demand for instant access to services and products is even higher among people aged below 35 years.

## **4. Savvy shoppers**

South African consumers are coping with the difficult economic situation by shopping less frequently, spending less during each shopping trip and by buying bigger packs for better value. They are also becoming less loyal to brands as they seek out the best prices.

Some 70% of South African consumers say they are less loyal to any one retailer, because they have to shop around more to find the best value; 69% agree the most important thing about a brand is that it offers good value for money. They are embracing the internet for bargain hunting:

- 88% of connected consumers use the internet to find products they want
- 45% use the internet to purchase a product
- 40% check prices online, then buy in a traditional store
- 65% have used a mobile phone to help them shop in the last six months

## **5. Considered consumption**

South African consumers are demanding transparency and authenticity to enable them to make considered consumption choices. Eco-citizenship is a high priority, with especially younger people recognising the importance of sustaining the planet so that they can have a prosperous future.

There is an emerging quest for a deeper level of meaning, perhaps linked to the shift towards valuing experiences more than possessions. Consumers are increasingly aware on the impact they have on others and on the planet through the consumption decisions they make. South Africans in our research agree:

- I only buy products and services that appeal to my beliefs, values or ideals (54%)
- Where and how a product is made is very important to me (47%)
- Brands and companies have to be environmentally responsible these days (54%)

## **New brand stories**

To remain relevant in the face of these changes, brands need to realign their brand stories with consumers' emerging

needs and considerations. Those that get it right will be able to play meaningful roles in consumers' lives and touch them with slick, seamless, and authentic solutions and experiences.

## ABOUT RACHEL THOMPSON

Rachel Thompson is the Insights Director at GfK South Africa. She has 16 years of experience in market research, working first for Research International and then moving to GfK South Africa in 2009. She has experience across a wide range of research disciplines and a strong interest in innovation. Rachel has an Honours degree in Economics from the University of Natal.

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