

99% of consumers have changed their FMCG shopping habits to save money

According to NIQ, 44% of South African consumers feel they are in a worse financial position this year compared to a year ago. Of those respondents, 82% say that increased costs of living are to blame for their recent financial struggles, up from 76% a year ago. Nearly two-thirds (62%) state they are worse off due to the economic slowdown, up from 57% a year ago.



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Half (50%) of respondents report concerns about job security, up from 43% a year. Some 27% blame ongoing Covid-19 disruptions and setbacks for their financial situation, down from 45% a year back.

These findings appeared in “Consumer Outlook 2024”, the latest NIQ Thought Leadership report capturing the mindset and sentiment of consumers around the world.

The report shows that South African consumers across the board are tightening their belts. Nearly all (99%) have changed their FMCG shopping habits. Downgrading from premium to mainstream or value products is one of the most widely adopted strategies. Nearly half (48%) have switched to lower priced options.

“South African consumers have lived through several years of load shedding, rising costs and slow economic growth. Our data shows that they are becoming increasingly proactive and creative in their strategies to reduce costs — creating opportunities for innovative FMCG brands and retailers to expand their market share even in difficult times,” says Zak Haeri, MD for NIQ in South Africa.

“In addition to value shopping, South African consumers are using mobile channels to find better deals and shopping at stores that offer loyalty points. While promotions and value product options are important strategies in today’s economic climate, it’s clear that retailers can also achieve breakthrough growth by focusing on their omnichannel presence and customer relationship management programmes.”

Other key findings from the report:

- South African consumers are optimistic that their finances will improve: 65% of South Africa consumers believe their financial situation will be better by the end of 2024, 20% state it will be worse.
- Increasing food prices is South African consumers’ biggest concern over the next six months. More than half (55%) say they have only enough money to cover food, shelter and the basics.
- Close to half (46%) of South African consumers are closely monitoring the overall cost of their basket of goods. Buying whatever brand is on promotion is a preferred saving strategy for 39%, while 45% have stopped buying certain products to focus on just the essentials.
- Bulk buys are a key saving strategy. Nearly half (48%) stock up or buy in bulk when their preferred products are on sale or promotion; 31% are buying larger package sizes.
- Where and how South Africans shop is evolving. Some 46% are shopping more often at discount or value stores, 31% are shopping online to get better deals and save transport money, and 59% shop at stores where they can use loyalty points to manage spend.
- Healthy living is the top life priority influencing consumers: 38% of South Africa consumers want to build, maintain or improve their health and wellness. 57% of South Africa consumers would choose a new product because it is better for their health.
- Seven in ten South African consumers only buy what they know they can use to avoid waste, much higher than the global average of 56%. 52% are eating leftovers more often and 25% are skipping more meals.

“Companies that continuously innovate benefit the most during times of market slowdown. But it’s crucial to remember that innovation isn’t only for premium positioning — today’s environment also calls for a dynamic and creative approach to value-driven consumers and segments,” says Lauren Fernandes, global director of thought leadership, NIQ.

“Brands should be constantly remapping where consumers discover, try and buy and who holds the cross-channel power. A nuanced channel strategy and differentiated product lines with a varied and expanded price-tiered assortment are critical success factors for FMCG brands and retailers in South Africa.”