

South African festive spending predicted to decrease by 15%

South Africans will each spend an average of R5,673 over this festive season, over and above their usual monthly expenses, according to research conducted by short-term lender Wonga. Based on Statistics SA's mid-year population size estimates, this means that working-aged South Africans are set to pump R210bn into the economy.



Getty

As part of Wonga's *Summer Spending Survey*, 8,240 South Africans shared their plans for the holidays, where they plan to be, what gifts they would like and how much they intend on spending.

Despite the predicted boost to the economy, the figures paint a bleak picture. Compared to the research conducted by Wonga over the previous two years, spending over this period is forecasted to be down 15% [from 2019](#), after having grown by 24% the [year before](#).

"Our survey revealed that 56% of people think they'll spend less this festive season than they did in 2019, given the severe financial impact that the pandemic has had. The 15% decrease in predicted spend overall is significant. Last year we saw the predicted spending increase by 24% from 2018, which means that the trajectory of growth in spending year-on-year has been massively impacted," explains Bryan Smith, content manager at Wonga.



2020 global online holiday sales predicted to grow 30% - Salesforce

21 Oct 2020



The research also showed that 47% of South Africans report that they are worse off than they were this time last year, with only 20% saying that they were in the same position financially.

South Africans attribute this decrease in predicted spending over the festive period to having less money due to the Covid-19 crisis and national lockdown (65%), as well as not wanting to go out or do as much because of the pandemic (51%). Some (27%) reported that they wanted to save money, whereas others (12%) simply do not feel celebratory.

Festive budgets

The research revealed that 75% of South Africans spend more than usual over the festive season, with food and drink taking up 34% of most budgets, at an average cost of R1,909 per person. This is followed by gifts, which account for approximately 19% of festive budgets, with South Africans splurging on around R1,034 to spoil their loved ones.

Due to the negative impact of the Covid-19 pandemic, however, 56% of South Africans will spend less over the summer holidays than last year, although some (28%) still plan on spending more.

To cope with the extra expenditure over the December period, the majority of people surveyed (42%) plan to draw from their end-of-year bonuses, dip into their savings (38%) or rely on stokvels (25%). Some (22%) plan on taking out a short-term loan, which is up from 17% in 2019, with 9% of respondents spending money on their credit cards to get them through the festive season.



Consumers gear up for a festive season like no other

Nielsen 6 Nov 2020



Travel plans

The pandemic has certainly influenced people's travel plans, with 76% of people choosing to stay at home over the festive season. According to the research, 38% of South Africans say this is due to the severe financial impact that COVID-19 has had on them.

"We have seen a slight decrease in predicted spend travel overall, with only 0.5% planning to travel overseas this year, compared to 5% last year," Smith continues.

Of those leaving home for the holidays, 63% will be travelling to KwaZulu-Natal which has emerged as the most popular holiday destination for the third year running, followed by the Eastern Cape (17%).

The vast majority (60%) will be travelling by car, which is the same as previous years, with just 18% by bus and 9% by plane. Most people (63%) will be travelling to visit family or friends, with only a small portion visiting places because they offer peace and quiet (18%).

Festive gifting

Nine in ten South Africans plan on buying gifts this festive season and, while the majority (75%) plan on spoiling their family, this is down from 83% in 2019. Given the challenging year, 19% also plan on buying themselves a gift this

Christmas. The firm favourites at the top of 45% of people's Christmas lists are money (an increase of 13 percentage points from last year) and vouchers (19%).

Twenty-one percent of respondents plan to do all their shopping online – up from 13% in 2019, and nearly double the 11% of respondents who indicated similarly in 2018. This has likely been driven, in part, by a shift to e-commerce driven by the national lockdown.

While most respondents still prefer to shop at traditional brick-and-mortar stores (68%), this preference has declined by 8% since 2019, and 13% since 2018. The remainder of respondents intend to make their own gifts or to purchase gifts from markets.



68% of SA consumers shopping more online since start of pandemic

26 Nov 2020



Festive celebrations

South Africans' favourite way to celebrate the festive season is by spending time with loved ones (70%), with 28% getting together to exchange gifts. With many people staying at home this summer holiday, it stands to reason that the most popular way for respondents (47%) to celebrate is by having a braai, with only 14% of people eating out at restaurants. For those who live closer to the ocean or who are travelling to the coast this year, one in five choose to spend their time at the beach.

“This year has been a tough time for many people, and South Africans are more cautious about spending money over the festive season, choosing to spend less and save more,” says Smith. “However, people are all holding on and looking forward to a more positive year next year – 54% of the respondents in our survey say they are optimistic or excited for 2021.”

For more, visit: <https://www.bizcommunity.com>