

Matthew van der Valk - 4 trends that will influence consumer spending

 By [Matthew van der Valk](#)

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Influenced by several factors, the landscape of consumer psychology and spending habits is in constant flux so as we look to the horizon of 2024, a handful of prominent trends will shape how South African consumers spend their hard-earned moolah.



Image supplied. Matthew van der Valk, ECD at VMLY&R South Africa, considers the trends that will impact consumer psychology and spending habits as the New Year unfolds

Before getting into the trends, we must unpack the consumer context to understand the nuanced layers affecting buying

behaviour across all demographics.

South African economy is slowly on the path to recovery, albeit with a cautious growth pattern. Consumers are adjusting their spending habits, leaning towards a more conservative approach in light of rising inflation rates that erode their purchasing power.

This has made people more price-conscious, resulting in fewer impulse purchases. High unemployment rates are restricting disposable income, which poses a significant challenge for businesses as consumers have less capacity to spend.

Furthermore, the burden of high household debt is reducing savings and making consumers more susceptible to economic shocks. Ongoing political uncertainty is negatively affecting consumer confidence, discouraging investments and encouraging saving.

Increasing interest rates are making borrowing more expensive and causing consumers to be more careful about taking on new debt. Frequent power outages continue to disrupt businesses and the economy at large.



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4 key trends

Out of this climate, four key trends emerge for the upcoming year.

1. Intentional spending

As the cost of living in South Africa continues to rise, consumers are showing an ever-growing sense of value-consciousness. They are actively exploring strategies to economise without compromising on quality.

This shift in consumer behaviour has sparked an increasing interest in private-label brands, generic products, and discounts, underscoring their discerning approach to spending. Furthermore, South African consumers are embracing a heightened awareness of environmental issues.

They are seeking out products that prioritise sustainability in their sourcing and production. This has given rise to a burgeoning demand for organic goods, products made from recycled materials, and energy-efficient appliances, mirroring a global trend towards sustainability and eco-friendliness.

Simultaneously, a surging emphasis on health and wellness is motivating consumers to seek out products and services that promote their overall well-being and fitness. Consequently, there is a rising demand for healthy food options, fitness trackers, and wearable technology.

In their quest for connection and a sense of community, consumers are using social media, online forums, and community events to engage with individuals who share similar interests, fostering a growing demand for brands that facilitate a sense of belonging and community-building.



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2. Technology

South African consumers are increasingly seeking convenient shopping methods. This includes a growing demand for mobile payments, self-checkout kiosks, and delivery services, which provide the ease and efficiency consumers want. Technology plays a vital role in the lives of South African consumers, influencing how they shop, bank, and communicate.

In the age of connectivity, social media platforms are no longer just for sharing photos and updates; they have evolved into powerful tools for product discovery and purchase.

South African consumers will continue to turn to social media for browsing products, reading reviews, and making purchases. To thrive in this environment, brands must develop strategies for engaging with consumers on social media, creating seamless shopping experiences, and capitalising on influence. AI continues to be a transformative force in the consumer goods industry.

Brands that invest in AI technologies will stay competitive by offering more efficient, data-driven services and products that cater to individual customer needs. The Covid-19 pandemic accelerated the growth of e-commerce in South Africa.

Consumers have become even more comfortable with online shopping, leading to a decline in brick-and-mortar retail. The demand for omnichannel experiences that blend online, and offline shopping will continue to grow as consumers expect seamless, interconnected retail experiences.



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3. Experiences

Consumers are increasingly seeking out immersive experiences that enable them to interact with products and brands in new and exciting ways. Virtual reality (VR), augmented reality (AR), and other immersive technologies will become integral in retail.

Businesses will need to invest in creating captivating and immersive experiences that appeal to consumers and drive sales, as consumers demand more than just standard shopping interactions.

The desire for personalised products and experiences is also rising in South Africa. Consumers want products tailored to their unique needs and preferences.

To meet these demands, brands must collect and analyse consumer data to personalise their products and marketing messages. This will not only enhance customer satisfaction but also drive loyalty.

There's a notable shift in consumer spending priorities. South African consumers are putting more value on experiences like travel, dining out, and entertainment and less on traditional consumer goods such as clothing and electronics.



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4. Urbanisation and human movement

South Africa's ongoing urbanisation process is generating a growing demand for products and services within its cities. To tap into this expanding urban consumer market, businesses should consider their distribution strategies when trying to appeal to consumers and look at the whole marketing mix, not just communications.

The trend of “semigration” to the Western Cape is likely to continue its upward trajectory in 2024. This movement may lead to increased demand for goods and services in the Western Cape while potentially reducing demand in other regions. The overall effect on consumer spending will depend on various economic and industry-specific factors.

As the consumer landscape transforms, businesses that adapt to these evolving patterns and overcome associated challenges will be positioned for success in the South African market in 2024 and beyond.

Understanding and responding to the shifting consumer mindset and changing economic conditions are key to thriving in this dynamic and competitive environment.

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