

SA consumers not cutting back on holiday season spending despite downturn

By [Jenni Pennacchini](#), issued by [KLA](#)

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Despite the gloomy economic news (the economy contracted by 0.6% quarter on quarter between July and September) SA consumers appear to be determined to make the most of the holiday season. On average, South Africans are budgeting to spend R17,782 on entertainment, travel and gifts over the holiday season, according to a recent survey by market research firm KLA (the survey was conducted amongst 500 South Africans on KLA's Your View Panel). Notably, the survey revealed that 78% of South Africans anticipate spending more - or the same - as they did over the 2018 holiday season. The results are somewhat surprising, given that almost two thirds of consumers surveyed are feeling the pressure on their disposable income. Interestingly, local holiday budgets are aligned with the average intended spend of Americans (US\$1,284 which equates to R18,236), according to the PWC Holiday Outlook [Report](#) 2019.

A nation of travellers

Although holiday budgets of South Africans and Americans may be similar, how we intend spending our money shows some marked differences. For example, the bulk of American holiday budget is focussed on buying gifts (56%) while South African budgets are more equally split between entertainment (34%), travel (39%) and gifts (27%). Perhaps unsurprisingly, younger (18-34 years) consumers' budgets are skewed more towards travel - while older consumers (35+ years) plan to spend more on entertainment.

Apart from being a nation of travellers, the KLA survey underscored that spending time with family and friends is what the majority (61%) of South Africans value most about the holiday season. Over half of the country (56%) are planning to travel over the festive season (in comparison with the 35% of Americans planning a holiday vacation). Almost half of South Africans who are travelling are going to stay with family and friends. Notably, while traditional hotels and resorts remain the second most popular choice of accommodation, 14% of South African travellers are planning to use more cost-effective alternatives (such as Airbnb).



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More time spent at home

While entertainment makes up one third of planned holiday budgets, this is an area where consumers anticipate having to tighten their belts. In response to the KLA survey, a large number of consumers noted that they will spend the bulk of their time entertaining family and friends at home (56%), or spending time doing things that don't cost money i.e. going to the park, beach, etc. (47%). Many anticipate spending only a limited amount of time going out to eat or drink (63%) or going to entertainment destinations (66%). This is predominantly driven by financial considerations – over half claim that they would love to go out more, but it costs too much money.

E-commerce gaining local traction

When it comes to shopping, we are catching up to international trends quickly. A surprisingly high 32% of the KLA survey sample claim that they will do their shopping online this holiday season (vs. the 54% of Americans planning to do online shopping). Predictably, younger consumers are more likely to be using digital platforms for the full purchase journey.

The increasing appetite for online shopping appears to be a more convenient way for South Africans to find the best deals. Earlier this year, Nielsen reported that South Africans are the second most price sensitive shoppers in the world. This finding is reinforced by the fact that while they may not actually purchase online, over half of the KLA sample intend to use online platforms to check prices and look up product information.

Some personal indulgence in the mix

The thrifty attitude amongst local consumers is further reflected in attitudes to giving and receiving gifts. When it comes to giving gifts, the most popular choices include: charitable donations, things that are needed, food / drink, gifts of personal time and service, and sustainable offerings (e.g. products made of recycled / sustainable materials). However, when it comes to receiving gifts, the greatest preference is for experiences and treats (luxury items that one would not ordinarily buy oneself). Finally, although our collective focus is definitely on others, there is a healthy dose of personal indulgence in the mix - with 34% of our holiday budget focussed on ourselves!

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