



Press Release



Inspire Engage Create

For immediate release

16 September 2009

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Is there a new consumer mindset because of the recession?

People tend generally to make everyday purchases based very often largely on habit. But when a person's circumstances change, those habits can very often be disrupted. This is especially the case when a large scale event such as the current recession occurs. It causes people very often to re-think their everyday patterns of behaviour and, perhaps, to change them - sometimes permanently. Hence, the recession is both a time of crisis for marketers and also a time of great opportunity, if they have the fortitude to be brave.

TNS Research Surveys, South Africa's leading marketing and social insights company, recently conducted a study to understand how South Africans' basic shopping habits might have been affected - at least in their own minds. The study was conducted amongst a sample of 2 000 SA adults from the seven major metropolitan areas of South Africa, interviewing them face-to-face in their homes, with a margin of error of under 2.5%. Interviewing was conducted in the last two weeks of June, 2009.

Two-thirds of metro adults have been affected by the recession

Only 22% of metro adults say that they have not been affected by the current recession - 67% say that they have and 10% gave a "don't know" response.

Whites (75%) and Indians/Asians (79%) are more likely to say that they have been affected by the recession than coloureds (67%) and blacks (64%). This is not totally an income-linked finding, however: the people claiming to be hardest hit are both the very poor (77% amongst the poorest people and 71% for those in the upper middle to affluent groups but only 63% amongst those in the lower middle group. The figure is also higher amongst older people (75% amongst those aged 50 years and over).

In terms of the different cities that TNS Research Surveys covered, the effects of the recession are being felt most in Pretoria, Soweto and Port Elizabeth, whilst Bloemfontein and East London seem somewhat better off.

So what are people doing about it?

First, they are putting off making big purchases - 58% of people say this, with 31% disagreeing and 10% again giving a "don't know" response.

This response was highest amongst coloureds (72%) and Indians/Asians (68%) with 63% of whites and 53% of blacks agreeing that they have deferred making big purchases. Females (61%) are somewhat more likely to say this than males (56%) - especially white females (71%) and coloured females (75%). White males were lower than their female counterparts at 55%. Again, older people were more likely to say this (70% of those aged 50 years and more). There was not a strong correlation with affluence.

Soweto, the West Rand and Durban had the highest response to this issue with, again, Bloemfontein and East London seemingly less affected, as well as the East Rand.

And everyday purchases?

In terms of more everyday buying decisions, 62% of people say that they are using smaller pack sizes these days.

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This is an expected route to go, as many people still want the reliability of their favourite brands and don't want to deny themselves of their favourites. Further, for many, buying a cheaper brand carries more risk. A third of people did not, however, feel this and 6% said "don't know".

This response was again higher amongst coloureds (70%) and Indians/Asians (68%) with the figures for blacks (62%) and whites (58%) trailing a little. Females at 65% (especially coloured females at 75%) were more likely to say this than males (60%). The oldest age group (60 years and older) were also more likely to say this (72%). There is a fairly strong correlation with affluence to this new behaviour with the figure rising to 75% for poorer people but dropping to 43% for the most affluent.

Soweto and Cape Town gave particularly high responses here with lower responses occurring in Bloemfontein and East London.

Having said this, though, 76% of people did say that they also look for cheaper brands these days. This response must be treated with care, however, as this is a rationalised response for many people - who would say this anyway. Here, 18% disagreed that they look for cheaper brands and 5% said "don't know".

This response was given more often by coloureds at 86% - this is a famously price-sensitive group. Females at 78% gave this response more than males at 74%, as did those aged 50 years and over (85%). The same link with affluence is evident with 85% of the poorest people agreeing with this response, this dropping to 69% for the most affluent.

There are smaller differences by region here, although Cape Tonians gave a particularly high response. Bloemfontein and the South Rand/Vaal area gave the lowest responses.

			%			
			Affected by the recession	Put off making big purchases	Buying smaller pack sizes	Look for cheaper brands these days
Total metro SA			67	58	62	76
Gauteng			67	54	60	75
	Greater Jhb		65	53	58	74
		Johannesburg excl Soweto	66	52	54	72
		Soweto	73	64	68	76
		East Rand	64	48	59	79
		West Rand	65	66	60	77
		S Rand/Vaal	57	47	54	61
	Pretoria		72	57	68	77
Durban			70	65	64	75
Cape Town			69	71	72	87
Bloemfontein			48	33	40	55
Eastern Cape			69	54	58	72
	Port Elizabeth		75	60	62	72
	East London		56	42	49	71

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Our take out

Two thirds of people feel that they have been affected by the current recession. Worst hit areas are Soweto, Pretoria and, in terms of behaviour change, Cape Town. Bloemfontein and East London are the least affected. Whilst poorer people are amongst the worst affected, their behaviour change is more to buying smaller packs and looking for cheaper alternatives. These are less frequent behaviour changes for the more affluent - also more affected than the lower middle groups. However, putting off the purchase of big ticket items is a common response across all affluence levels. This is probably a bigger issue for those more likely to have been contemplating the purchase of such items more often - the more affluent.

Coloureds are a historically price-sensitive group and the recession appears to have exacerbated this. Other vulnerable groups are older people and females.

Some of these behaviour changes may become a part of people lives even once the recession is over. But it does seem that big ticket items may see a revival once the economy looks a little brighter - although these two are both cause and effect.

Technical note

All the studies were conducted amongst 2 000 adults (1260 blacks, 385 whites, 240 coloureds and 115 Indians/Asians) in the seven major metropolitan areas: it has a margin of error of under 2.5% for the results found for the total sample. The studies were conducted by TNS Research Surveys (Pty) Ltd as part of their ongoing research into current social and political issues and were funded by TNS Research Surveys. For more details, please contact Neil Higgs on 011-778-7500 or 082-376-6312.

www.tnsresearchsurveys.co.za

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