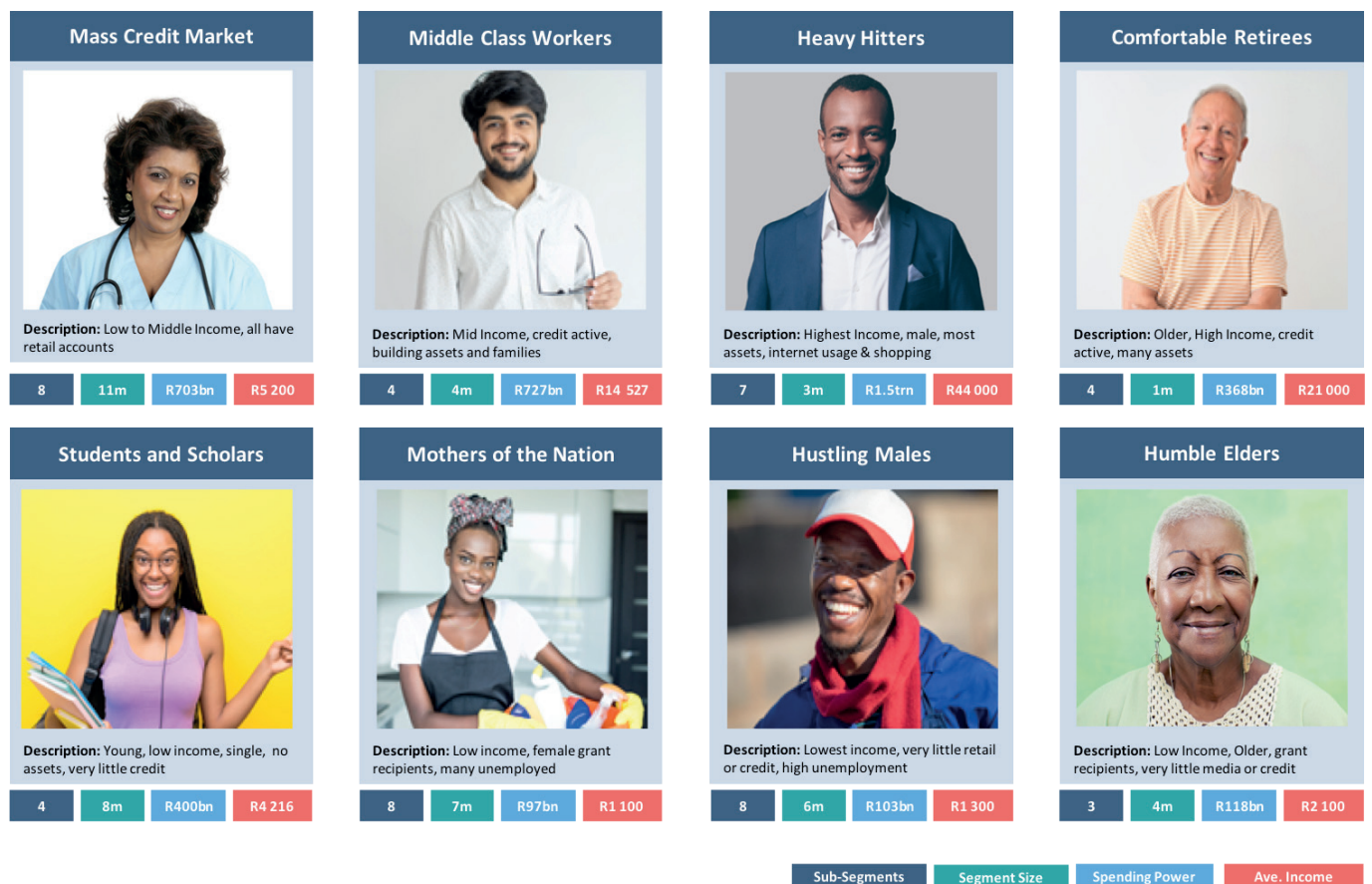# Understanding South African Consumer Segments

AUTHOR:

EIGHTY**20**

This report looks at the SA consumer through the Eighty20 National Segmentation (ENS) lens, giving an overview of our country's population, highlighting changes over the past few years, particularly in light of Covid, as well as the challenges they are currently facing. It ends with a deep dive into three segments, how they shop, what they earn and where they can be found.

There are numerous ways to segment a market, and it is often done using only one or two variables, such as age and income, or simply by LSM/SEM. Creating a segmentation drawing from hundreds of variables, however, offers a more comprehensive and nuanced understanding of consumer behavior, preferences, and needs. The ENS draws from variables ranging from traditional financial affluency and demographic datapoints to imputed variables including household size & composition, retail and internet behaviour, digital adoption, media consumption, interests, hobbies and psychographics.

Mass Credit Market

Description: Low to Middle Income, all have retail accounts

| 8 | 11m | R703bn | R5 200 |

Middle Class Workers

Description: Mid Income, credit active, building assets and families

| 4 | 4m | R727bn | R14 527 |

Heavy Hitters

Description: Highest Income, male, most assets, internet usage & shopping

| 7 | 3m | R1.5trn | R44 000 |

Comfortable Retirees

Description: Older, High Income, credit active, many assets

| 4 | 1m | R368bn | R21 000 |

Students and Scholars

Description: Young, low income, single, no assets, very little credit

| 4 | 8m | R400bn | R4 216 |

Mothers of the Nation

Description: Low income, female grant recipients, many unemployed

| 8 | 7m | R97bn | R1 100 |

Hustling Males

Description: Lowest income, very little retail or credit, high unemployment

| 8 | 6m | R103bn | R1 300 |

Humble Elders

Description: Low Income, Older, grant recipients, very little media or credit

| 3 | 4m | R118bn | R2 100 |

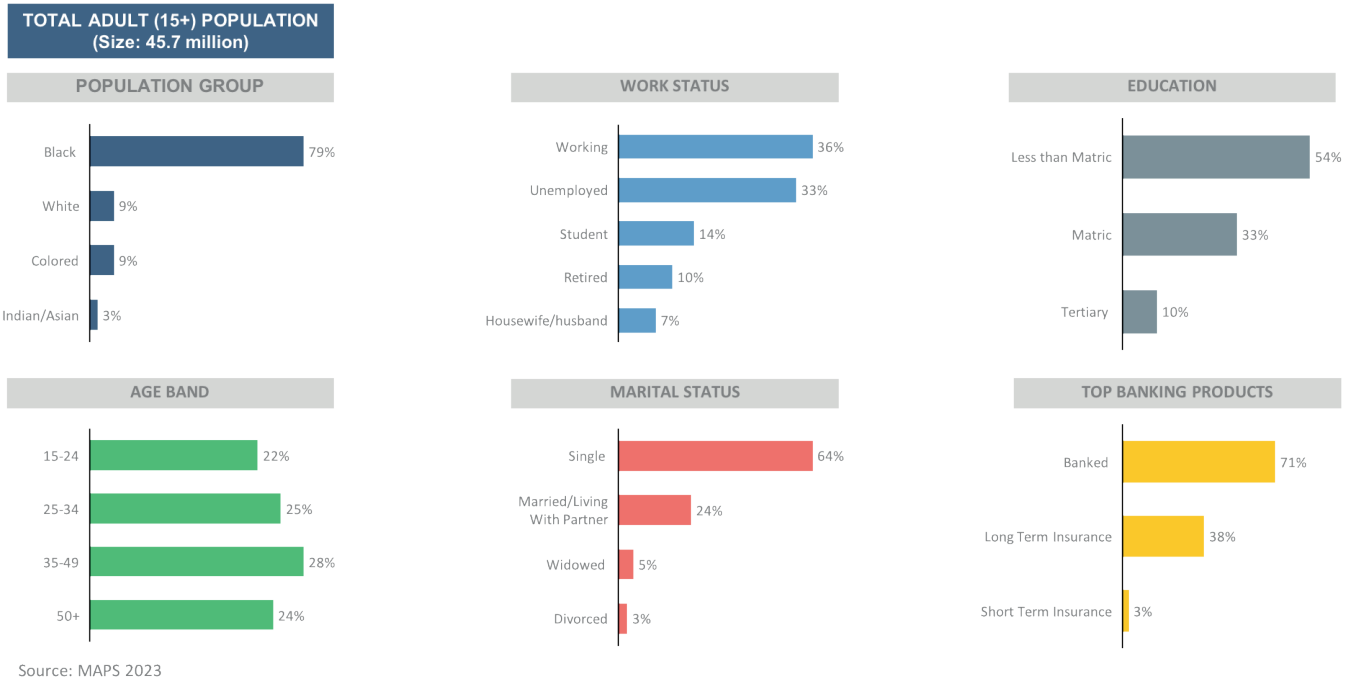| Sub-Segments | Segment Size | Spending Power | Ave. Income |

Overview of the South African Consumer

The South African adult population (aged 15+) is roughly 45.7m people (the total population according to latest Census is 62m). The Labour Force Survey counts 16.7m people who have some form of job (formal or informal, full time or part time) and according to credit data, about 19m have some form of credit product. Fewer than 1/3rd of these employed individuals (5m people) pay personal income tax, with the top 4% of taxpayers (about 200,000 people) contributing about 24% of all personal income taxes.

Despite just over a third of the adult population being employed, over three quarters (78%) of the population are banked, with South African households spending more than R4 trillion per annum. Fewer than half of all South Africans have a matric education or better.
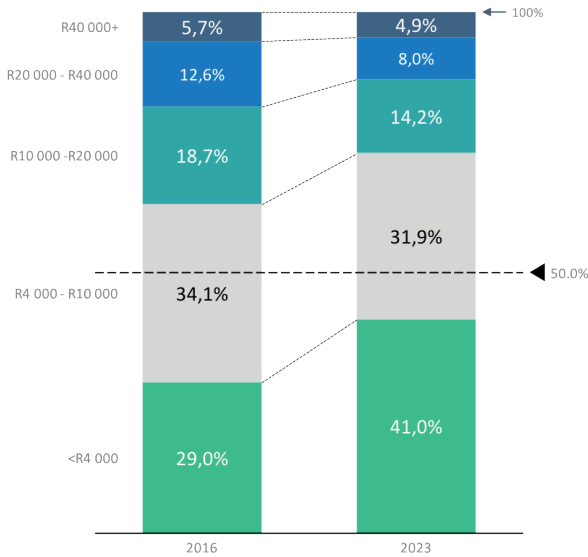
Chart One: South African Demographics

TOTAL ADULT (15+) POPULATION
(Size: 45.7 million)

POPULATION GROUP

Black	79%
White	9%
Colored	9%
Indian/Asian	3%

WORK STATUS

Working	36%
Unemployed	33%
Student	14%
Retired	10%
Housewife/husband	7%

EDUCATION

Less than Matric	54%
Matric	33%
Tertiary	10%

AGE BAND

15-24	22%
25-34	25%
35-49	28%
50+	24%

MARITAL STATUS

Single	64%
Married/Living With Partner	24%
Widowed	5%
Divorced	3%

TOP BANKING PRODUCTS

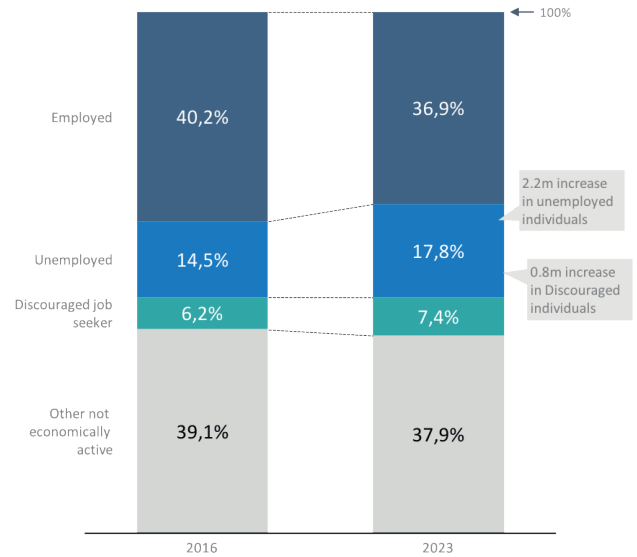|	
Banked	71%
Long Term Insurance	38%
Short Term Insurance	3%

Source: MAPS 2023

We are a young country, with 61.2% of the population under 35 years old, and a median age of 28 years. South Africa has a very unequal population. The top 13% of households earn more than half of the country's disposable income. Eighty20 drew from various datasets to show how this view of consumer and their behaviours has changed over the past 4 years.

Chart Two: Change in Income and Employment 2016-2023

**Household Income 2016 versus 2023** – without infl. Adj.

	2016	2023
R40 000+	5,7%	4,9%
R20 000 - R40 000	12,6%	8,0%
R10 000 -R20 000	18,7%	14,2%
R4 000 - R10 000	34,1%	31,9%
<R4 000	29,0%	41,0%

← 100%
◄ 50.0%

Employment 2016 versus 2023

	2016	2023
Employed	40,2%	36,9%
Unemployed	14,5%	17,8%
Discouraged job seeker	6,2%	7,4%
Other not economically active	39,1%	37,9%

← 100%

2.2m increase in unemployed individuals

0.8m increase in Discouraged individuals

Source: QLFS STATSSA, AMPS 2016, MAPS 2021, NB: (% change in population 2016 vs 2021), Population growth has been factored out

Chart Three: Changes in LSM 2016 to 2023

South African Population by LSM
(Percentage of SA Population)

More People

More Money

■ 2016 ■ 2017 ■ 2019 ■ 2021 ■ 2023
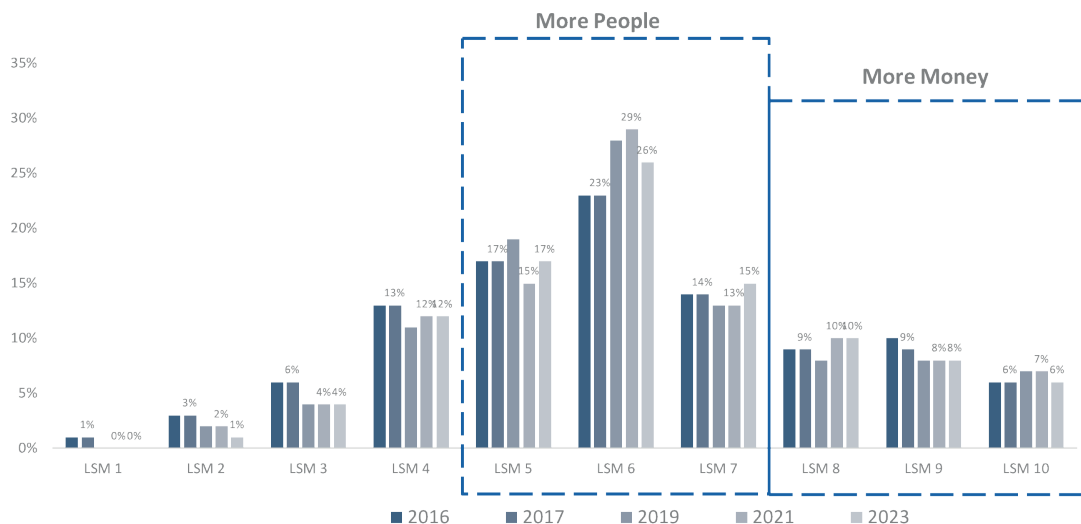
Source: AMPS 2016, PAMS 2019, MAPS 2021

Chart Two highlights how the recession leading into the Covid lockdown decimated the burgeoning middle class, showing a nearly 40% growth in people in households earning less than R4 000 per month as people's incomes dropped. There was also an increase of 2.2m unemployed individuals over that period. Chart Three shows how movement from LSM 1-4 into higher LSMs has slowed, with little to no growth in higher LSMs over the same period.

Post-Covid Economic Stress and the SA Consumer

South African consumers have been hit by a barrage of challenges over the past few years.

Cost of Living Crisis

The cost of living crisis has led to a significant drop in disposable incomes across all segments of society, including the top earning segments. Since mid-2021, there have been 10 consecutive interest rate hikes, raising the Prime Lending Rate from 7% to 11.75% in 18 months. CPI has been above or near the upper bound of the reserve bank's inflation target range for most of 2022 and 2023, resulting in an average annual food inflation rate from 2020-2023 of approximately 7.93%. Fuel inflation was 11.96% over the same period, and as high as 56.2% in July 2022. Petrol has doubled in price, from R12.22 per litre just after Covid, peaking in Johannesburg at R26.74 per litre.

Load Shedding

There were 335 days of loadshedding in 2023. Rolling blackouts have worsened significantly over the past 5 years, driving up inflation, unemployment, hampering domestic growth prospects and impacting investment in the country.

Job Losses and Unemployment

The pandemic led to a significant increase in unemployment rates as businesses closed or downsized. The unemployment rate, which had never breached 30% pre-covid, peaked at 35.3% in 2021 Q4, and has remained at or above 32% since.

Debt Accumulation

Increased borrowing to cover daily expenses has led to higher debt levels among consumers. The ENS Middle Class segment has been particularly badly hit, with roughly 60-70% of their income spent servicing debt. Their total credit card loan balances recently experienced YoY double digit growth with average credit card balances at two times their monthly income.
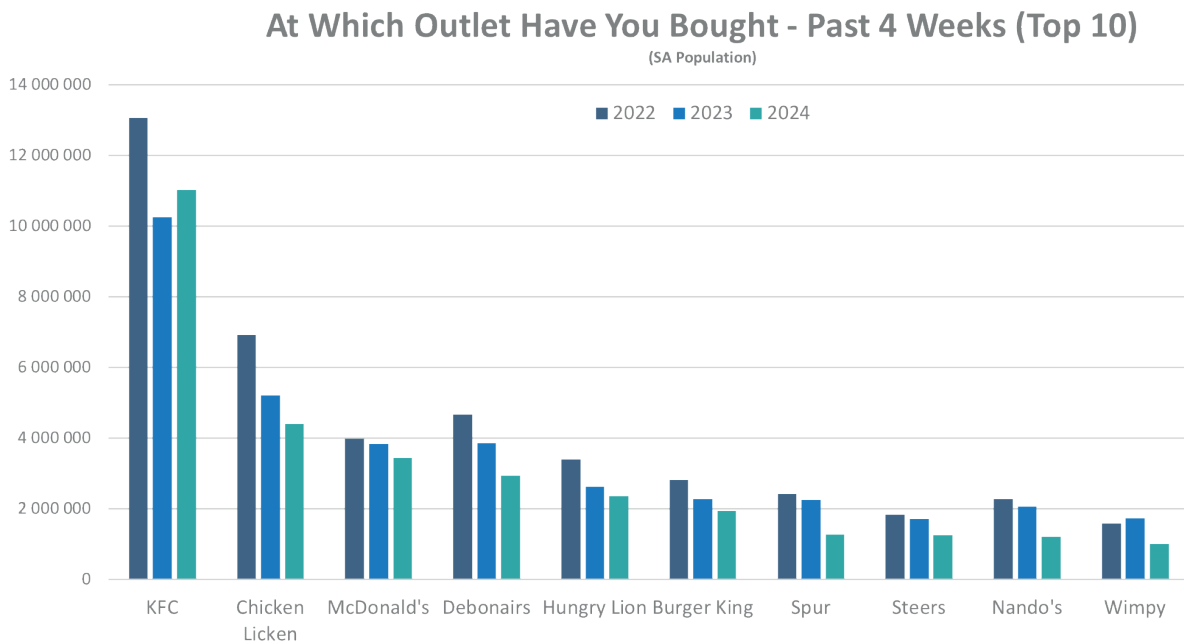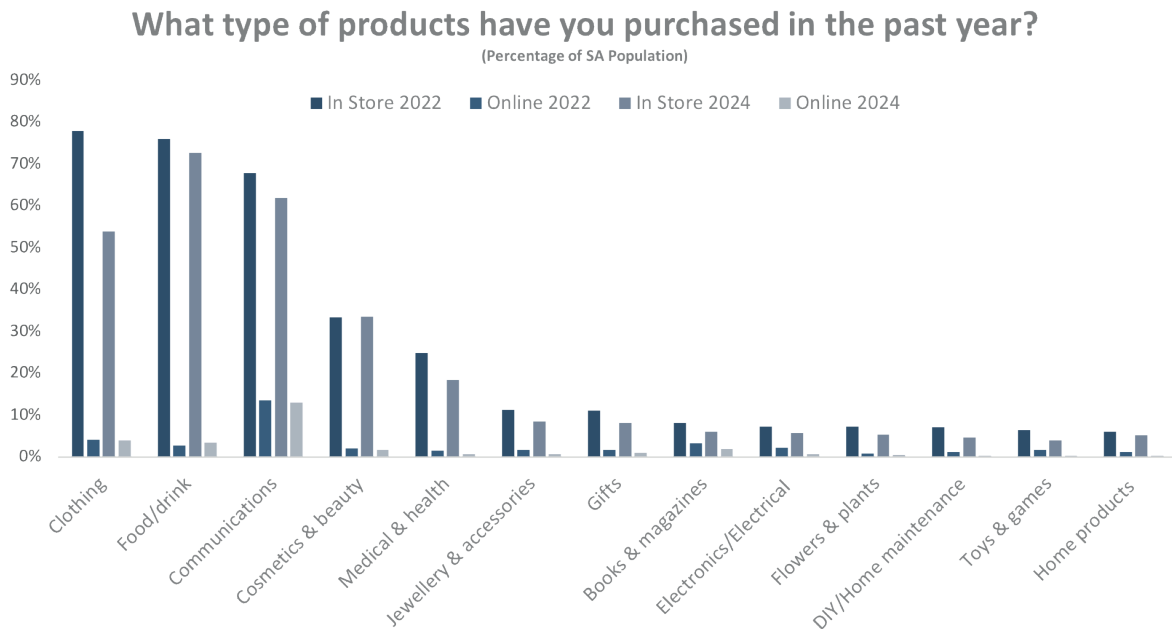
Chart Four: Top Fast Food Outlets 2022-2024

At Which Outlet Have You Bought - Past 4 Weeks (Top 10)
(SA Population)

■ 2022 ■ 2023 ■ 2024

Chart Five: Changes in How South Africa Shops 2022-2024

What type of products have you purchased in the past year?
(Percentage of SA Population)

Legend: In Store 2022 | Online 2022 | In Store 2024 | Online 2024

Categories (x-axis): Clothing, Food/drink, Communications, Cosmetics & beauty, Medical & health, Jewellery & accessories, Gifts, Books & magazines, Electronics/Electrical, Flowers & plants, DIY/Home maintenance, Toys & games, Home products

Source: MAPS March 2022 to March 2024: What type of products have you purchased in the past year?

Two examples of consumer behaviour changes are illustrated above. Both draw from the MAPS dataset which counts number of people, and how they claim to shop. Chart Four shows a drop in footfall across all top 10 fast food restaurants (except KFC) as consumers trade down to value options. Chart Five shows the drop in number of people shopping in all categories except cosmetics, with a significant drop in the number of people shopping for clothing.

The Eighty20 ENS segments

How the segments were built

Eighty20 fused ~19m credit active individuals to credit bureau, national and regional surveys that provide insights on people's spending, demographics, media consumption and financial behavior. We then segmented this view into 8 Segments, and 46 Sub-segments. The ENS, while protecting customer privacy and data protection, uses statistical techniques to map over 1,000 variables to each of your customers. It also provides insight into geographic regions of South Africa at a sub-place level. The segmentation reflects SA's diverse population of varying cultural, economic, and social backgrounds, and helps businesses to address the unique needs and preferences of different groups.

Since 90% of South Africans earn a personal income of less than R10 000 per month, a purely statistical segmentation might over-represent the mass lower income market. The ENS was modelled to create four segments of means – mostly employed and representing more than 80% of all expenditure in South Africa, as well as four segments that represent the ~25 million adults who earn less than R4 000 per month and are mostly unemployed or under-employed.

Here we deep dive into three of the eight ENS segments: The Mass Credit Market, the Middle Class Workers and the Heavy Hitters. We look at their personas, as well as how they shop, where they shop, what they are worth, and where they live.

Eighty20 Persona – Mass Credit Market

Mass Market
Grace

Age **37**
Family **Mature Singles**
LSM **5 to 7** SEM **2 to 6**
Occupation **Store Clerk**
Education **Technicon Diploma**
Lives in **Durban, KZN**

"I need to look presentable for my job, but can't afford the brand name stores."

Segment Information

Segment size	11M	Spend Index
Ave. Pers. Income	R5K	Necessity 72%
Ave. Household Income	R10K	Investment 52%
Total Annual Spend	R1T	Leisure 69%

Key Insights

- Largest segment
- Wide spread of SEMs
- Most are banked and have credit, but is is store cards and unsecured loans
- Nearly a fifth receive government grants
- Have average of 2 loans open
- 43% are younger than 34
- They have the highest default rate on their loans of all segments

DEMOGRAPHICS

46%   54%

Gauteng	29%	Western Cape	13%
KwaZulu-Natal	18%	Eastern Cape	11%

Age

19%	16%	10%	13%

● 15 to 24 ● 25 to 29 ● 30 to 34 ● 35 to 39

Working Status

13%	23%	11%	20%

● A student ● Full-time work ● Retired ● Unemployed

Lifestage

15%	23%	21%	14%

● At-home singles ● Mature Singles ● Single Parents ● Young Singles

Personal Income

37%	28%	14%	9%

● R1 to R2k ● R2k to R5k ● R5k to R10k ● R10k to R20k

LSM

15%	64%	21%

● LSM 1-4 ● LSM 5-7 ● LSM 8-10

GROCERIES
(Spend Most)

SHOPRITE
BOXER
Pick n Pay
SPAR

CLOTHING

ACKERMANS
Mr Price
PEP
TRUWORTHS

LOYALTY CARDS

smart shopper
ClubCard

BANKED

81%
Banked

33%
App/Online Banking

ASSET OWNERSHIP

77%	Home
9%	Car
7%	Computer

FINANCIAL PRODUCTS

16%	Grant Recipients
20%	Save/invest
38%	Funeral Insurance
6%	Medical Aid

FAMILY LIFE

18%	Married
1.1	Children in household
4.3	People in household

INTERNET USAGE

62%	Uses internet daily
6%	Shop online

TECHNOLOGY

80%	Use smartphones with 6% on contract
7%	Own computer/laptop

PUBLICATIONS

31% Read publications

RADIO

59% Listen to radio daily

TELEVISION

57% Watch TV daily

SOCIAL MEDIA ENGAGEMENT

Instagram 11% Facebook 58% X 6% TikTok 22% WhatsApp 68% YouTube 16%

Source: ENS 2024Q1   Prepared by EIGHTY20   xds   *Refer to definitions page for details on calculations

Eighty20 Persona – Middle Class Workers

Middle Class
Poovi
Age **41**
Family **Mature Singles**
LSM **6 to 8** SEM **7 to 9**
Occupation **IT Manager**
Education **Degree**
Lives in **Gardens, WC**

"I am battling to pay for private health, private security, private school, and now private water and electricity"

Segment Information

Segment size	4M		Spend Index		
Ave. Pers. Income	R15K		Necessity	125%	
Ave. Household Income	R23K		Investment	131%	
Total Annual Spend	R1T		Leisure	136%	

Key Insights

- These are professionals and middle managers
- Household income suggest two earners of similar salaries
- Young families
- Most live in metropolitan areas
- Similar spending power as Mass Credit Market segment, but with half the number of people
- They have the highest use of unsecured credit

Source: ENS 2024Q1   Prepared by EIGHTY20   xds   *Refer to definitions page for details on calculations

DEMOGRAPHICS
56% / 44%

Gauteng	29%	Western Cape	13%
KwaZulu-Natal	18%	Eastern Cape	11%

Age
19% | 16% | 10% | 13%
● 15 to 24 ● 25 to 29 ● 30 to 34 ● 35 to 39

Working Status
13% | 23% | 11% | 20%
● A student ● Full-time work ● Retired ● Unemployed

Lifestage
15% | 23% | 21% | 14%
● At-home singles ● Mature Singles ● Single Parents ● Young Singles

Personal Income
37% | 28% | 14% | 9%
● R1 to R2k ● R2k to R5k ● R5k to R10k ● R10k to R20k

LSM
48% | 49%
● LSM 1-4 ● LSM 5-7 ● LSM 8-10

GROCERIES (Spend Most)
SHOPRITE, Pick n Pay, Checkers, SPAR

CLOTHING
Mr Price, ACKERMANS, TRUWORTHS, PEP

LOYALTY CARDS
smart shopper, X, ClubCard, X

BANKED
87% Banked
50% App/Online Banking

ASSET OWNERSHIP
74% Home
32% Car
18% Computer

FINANCIAL PRODUCTS
5% Grant Recipients
30% Save/invest
51% Funeral Insurance
25% Medical Aid

FAMILY LIFE
39% Married
0,9 Children in household
4,0 People in household

INTERNET USAGE
73% Uses internet daily
12% Shop online

TECHNOLOGY
87% Use smartphones with 14% on contract
18% Own computer/laptop

PUBLICATIONS
36% Read publications

RADIO
64% Listen to radio daily

TELEVISION
56% Watch TV daily

SOCIAL MEDIA ENGAGEMENT
Instagram 19% Facebook 62% X 11% TikTok 27% WhatsApp 81% YouTube 24%

Eighty20 Persona – Heavy Hitters

Heavy Hitters
Fikile
Age **42**
Family **Young Family**
LSM **10** SEM **10**
Occupation **Business Owner**
Education **Degree**
Lives in **Saxonwold, GP**

"I earn a decent salary, but am still not able to afford the things I used to. There won't be a new car this year, or an overseas vacation"

Segment Information

Segment size	3M		Spend Index		
Ave. Pers. Income	R44K		Necessity	222%	
Ave. Household Income	R58K		Investment	314%	
Total Annual Spend	R1T		Leisure	274%	

Key Insights

- Still relatively young, but make a lot of money
- Online shopping and internet access
- Largest group of executive / senior managers/ formal company owners
- Twice the spending power of the next largest segment with a million fewer people
- Total average debt approx. R600k
- Accounts for more than 75% of all mortgages

Source: ENS 2024Q1   Prepared by EIGHTY20   xds   *Refer to definitions page for details on calculations

DEMOGRAPHICS
59% / 41%

Gauteng	29%	Western Cape	13%
KwaZulu-Natal	18%	Eastern Cape	11%

Age
19% | 16% | 10% | 13%
● 15 to 24 ● 25 to 29 ● 30 to 34 ● 35 to 39

Working Status
13% | 23% | 11% | 20%
● A student ● Full-time work ● Retired ● Unemployed

Lifestage
15% | 23% | 21% | 14%
● At-home singles ● Mature Singles ● Single Parents ● Young Singles

Personal Income
37% | 28% | 14% | 9%
● R1 to R2k ● R2k to R5k ● R5k to R10k ● R10k to R20k

LSM
20% | 79%
● LSM 1-4 ● LSM 5-7 ● LSM 8-10

GROCERIES (Spend Most)
Checkers, SHOPRITE, Pick n Pay, SPAR

CLOTHING
Mr Price, WOOLWORTHS, TRUWORTHS, ACKERMANS

LOYALTY CARDS
smart shopper, ClubCard, X, X

BANKED
91% Banked
69% App/Online Banking

ASSET OWNERSHIP
80% Home
66% Car
46% Computer

FINANCIAL PRODUCTS
1% Grant Recipients
40% Save/invest
57% Funeral Insurance
58% Medical Aid

FAMILY LIFE
61% Married
0,8 Children in household
3,8 People in household

INTERNET USAGE
84% Uses internet daily
25% Shop online

TECHNOLOGY
91% Use smartphones with 36% on contract
46% Own computer/laptop

PUBLICATIONS
39% Read publications

RADIO
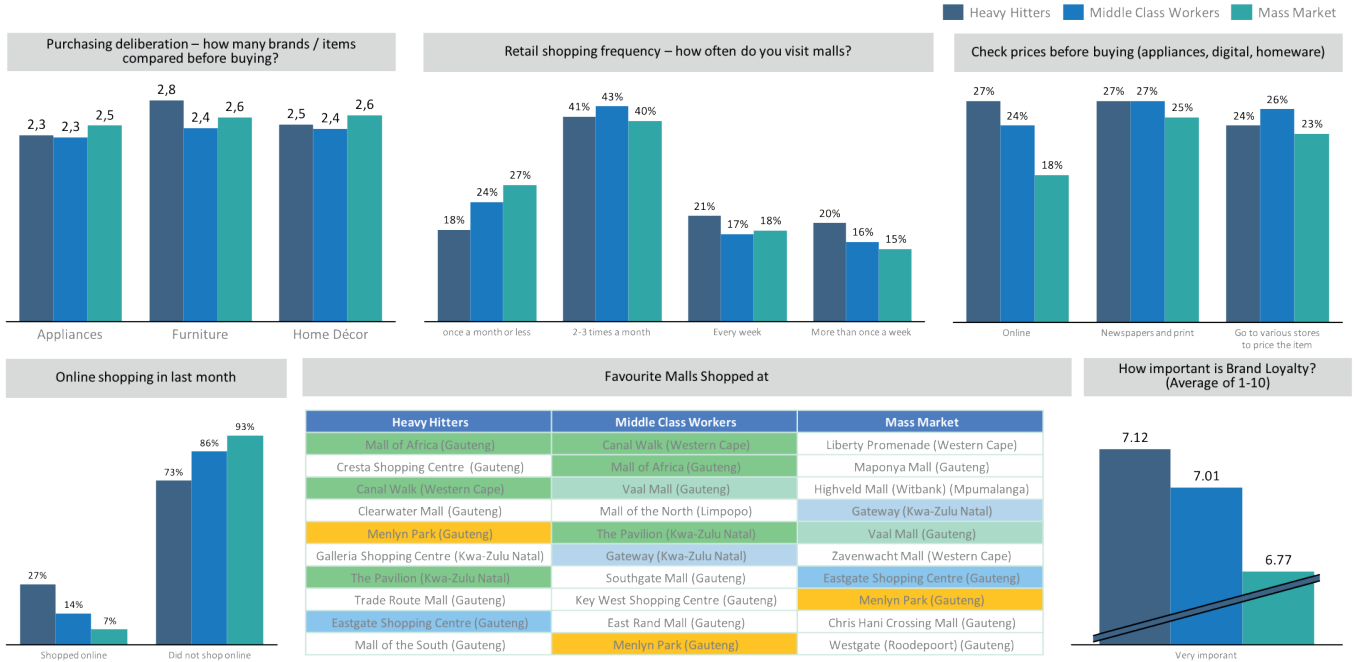66% Listen to radio daily

TELEVISION
52% Watch TV daily

SOCIAL MEDIA ENGAGEMENT
Instagram 34% Facebook 67% X 20% TikTok 32% WhatsApp 90% YouTube 37%

EIGHTY20

SACSC
South African Council of Shopping Centres

The Eighty20 ENS segments

Chart Six: How and Where the ENS Segments Shop

Legend: Heavy Hitters | Middle Class Workers | Mass Market

Purchasing deliberation – how many brands / items compared before buying?

	Appliances	Furniture	Home Décor
Heavy Hitters	2,3	2,8	2,5
Middle Class Workers	2,3	2,4	2,4
Mass Market	2,5	2,6	2,6

Retail shopping frequency – how often do you visit malls?

	once a month or less	2-3 times a month	Every week	More than once a week
Heavy Hitters	18%	41%	21%	20%
Middle Class Workers	24%	43%	17%	16%
Mass Market	27%	40%	18%	15%

Check prices before buying (appliances, digital, homeware)

	Online	Newspapers and print	Go to various stores to price the item
Heavy Hitters	27%	27%	24%
Middle Class Workers	24%	27%	26%
Mass Market	18%	25%	23%

Online shopping in last month

	Shopped online	Did not shop online
Heavy Hitters	27%	73%
Middle Class Workers	14%	86%
Mass Market	7%	93%

Favourite Malls Shopped at

Heavy Hitters	Middle Class Workers	Mass Market
Mall of Africa (Gauteng)	Canal Walk (Western Cape)	Liberty Promenade (Western Cape)
Cresta Shopping Centre (Gauteng)	Mall of Africa (Gauteng)	Maponya Mall (Gauteng)
Canal Walk (Western Cape)	Vaal Mall (Gauteng)	Highveld Mall (Witbank) (Mpumalanga)
Clearwater Mall (Gauteng)	Mall of the North (Limpopo)	Gateway (Kwa-Zulu Natal)
Menlyn Park (Gauteng)	The Pavilion (Kwa-Zulu Natal)	Vaal Mall (Gauteng)
Galleria Shopping Centre (Kwa-Zulu Natal)	Gateway (Kwa-Zulu Natal)	Zavenwacht Mall (Western Cape)
The Pavilion (Kwa-Zulu Natal)	Southgate Mall (Gauteng)	Eastgate Shopping Centre (Gauteng)
Trade Route Mall (Gauteng)	Key West Shopping Centre (Gauteng)	Menlyn Park (Gauteng)
Eastgate Shopping Centre (Gauteng)	East Rand Mall (Gauteng)	Chris Hani Crossing Mall (Gauteng)
Mall of the South (Gauteng)	Menlyn Park (Gauteng)	Westgate (Roodepoort) (Gauteng)

How important is Brand Loyalty? (Average of 1-10)

Heavy Hitters	7.12
Middle Class Workers	7.01
Mass Market	6.77

Very important

Source: MAPS 2023.. Banked – includes individuals with bank account and SASSA government grant card, STATSSA

In terms of shopping behaviour, Heavy Hitters and Mass Credit Market compare prices more than Middle Class Workers, but brand loyalty is more important to Heavy Hitters. Mass Credit Market shop and browse less online and visit malls less frequently and there is little overlap between segments on their favourite malls.

Chart Seven: The Wealthiest ENS Sub Segments

Sub Segment Name	No. of people	Description	Annual Expenditure	Average Annual Salary
Elite married	63,355	Married, 100k+, <45	R123bn	R1 941 602
Very wealthy pre-retirees	30,995	100k+ aged 55+	R54.4bn	R1 756 098
Elite singles	73,154	20k+ aged 24+	R125bn	R1 708 755
Divorced wealthy males	39,879	Male, Not Married, 80k+, 45+	R42bn	R1 075 900
Elite Youth	308,982	20k+ under 24	R213.7bn	R691 848
Up and coming couples	172,114	Married, 20k-100k, <36	R87bn	R505 650
Upper middle class men	1,246,772	Male, 20k-100k, all ages	R567bn	R454 765
Sisters doing it for themselves	690,755	Female, 16k-100k, <50	R305bn	R442 308
University educated retirees	346,241	20k-100k, aged 55+	R145.8bn	R421 088
Upper middle class couples	395,764	Married, 16k-100k, 45+	R164.3bn	R415 214

As disposable incomes come under pressure, luxury brands and premium grade malls battle to target wealthier South Africans. The 3.4 million people in the 10 sub segments above are responsible for half of all expenditure in South Africa.

People in the Elite Married segment can be found in George and Mossel Bay; Wealthy Pre-retirees can be found in Glenvista, Stellenbosch and Sea Point; and University Educated Retirees can be found in Kloof and Mombela.

Understanding your customer is key to more targeted marketing strategies that resonate with specific groups, leading to more effective communication and higher engagement.

SACSC

South African Council
of Shopping Centres

The Platform for Landlord & Retailer Collaboration