

# Absa's Merchant Spend Analytics: June 2024

**Briefly:** Month-to-month (MTM) performance  
**Year-to-date (YTD) performance**

Consumer Goods and Services

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# At a glance

**1** MTM: 1% decrease in consumer spending, accompanied by a 3% drop in transaction rate

**2** YTD: A continued softening in consumer spending growth

**3** Credit card use gains traction across core categories, while debit card use maintains dominance

**4** Physical stores maintain a strong position, accounting for 91% of consumer spending for June YTD 2024, but online spending growth outpaces it

**5** E-commerce emerges to be a key growth driver for the home and garden category

**This report leverages Absa's Merchant Spend Analytics (MSA) and offers valuable insights into consumer behaviour trends and emerging patterns. This is a monthly report with a one-month lag.**

*The analysis presented in this report is based on the data available at the time of writing and is subject to change. Consumer spending data is inherently subject to limitations. Sampling methods and reporting lags can all introduce some level of error. The findings presented in this report are based on our interpretation of the data and different interpretations are possible. This report may contain forward-looking statements about consumer spending trends. These statements are based on assumptions and are subject to risks and uncertainties. We encourage users of this report to carefully consider these limitations and to consult with other sources of information before making any decisions based on the information presented here.*

# 1

## MTM performance

June 2024

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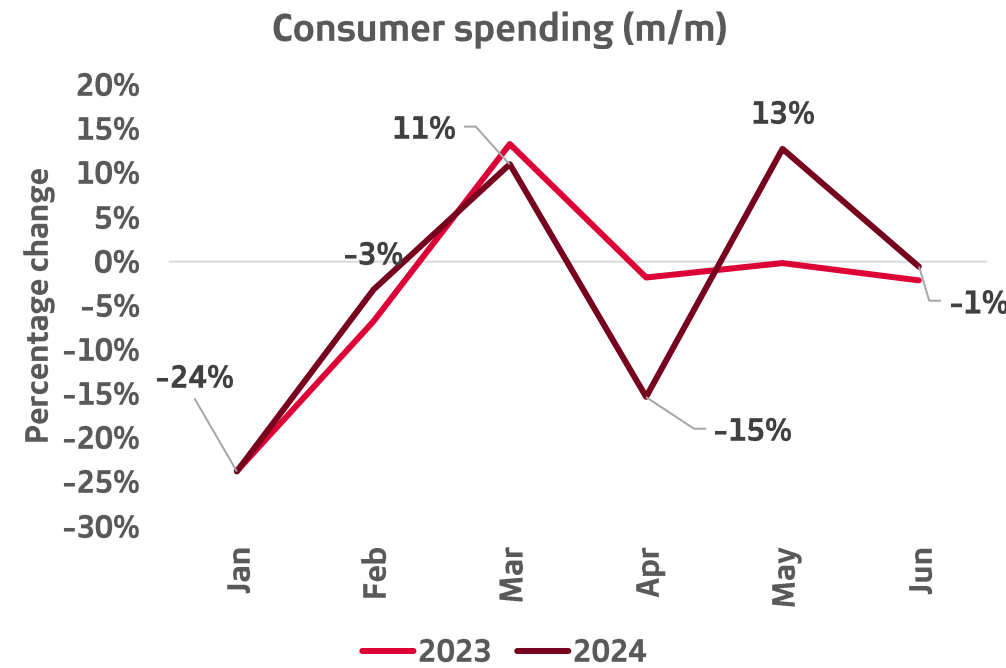
# Briefly | June 2024

## A volatile consumer spending landscape

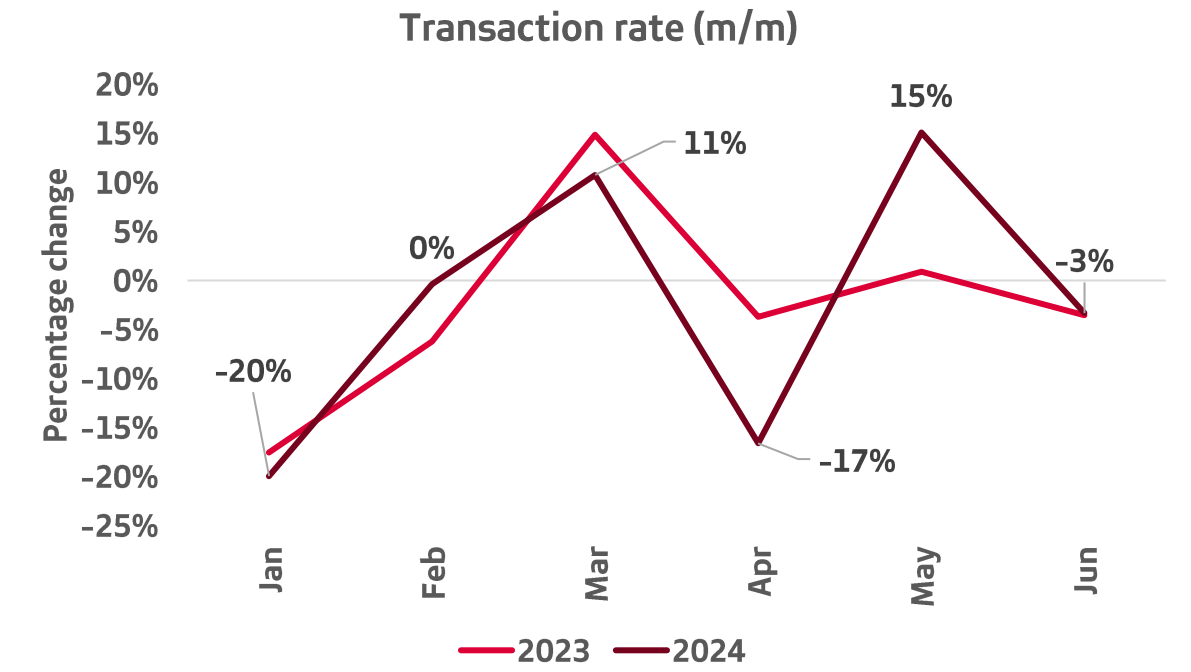
Absa's merchant data shows a 1% decrease in consumer spending compared to the previous month, accompanied by a 3% decline in transaction rates. The 2024 volatility in both consumer spending and transaction rates mirrors that of 2023 where there were periods of growth followed by dips. Further examination of Table 1 indicates that only seven out of 29 tracked spending categories exhibited growth in June 2024, while the remaining categories contributed to the overall decline. The core categories all experienced a decline with a notable exception from the clothing category, which grew by 10%, likely attributable to seasonal purchases.

The core categories are the following 10 categories that dominate consumer spending:

Core categories
Food
Business and professional services
Clothing
Home and garden
Specialty
Building and hardware
Garages
Automotive
Health and beauty
Telecommunication



Graph 1  
Source: Absa's Merchant Spend Analytics



Graph 2  
Source: Absa's Merchant Spend Analytics

Category	% change
Education	-36%
Digital print media	-22%
Books and newspapers	-16%
Health practitioners	-14%
Medical services	-11%
Stationery and office furniture	-8%
Care services	-7%
Garages	-7%
Health and beauty	-6%
Government	-6%
Automotive	-5%
Home and garden	-5%
Transportation	-4%
Business and professional services	-3%
Commercial and industrial services	-3%
Building and hardware	-3%
Sports, outdoors and travel	-2%
Tourism	-1%
Telecommunication	-1%
Food	-1%
Domestic and cleaning services	-1%
Specialty	0%
Electronic equipment and computers	5%
Gambling	5%
Funeral services	6%
Games and gaming	7%
Warehousing and storage	10%
Clothing	10%
Non-governmental organisations (NGOs):	
Social and religious services	13%

Table 1  
Source: Absa's Merchant Spend Analytics

# 2

## YTD performance

H1 2024 vs H1 2023

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# YTD | Total consumer spending

## Cautious consumers: Spending softens in the first half of 2024

Absa's merchant data indicates a continued softening in consumer spending growth for the first half of 2024 compared to the same period in 2023. While overall spending increased by 5% and transaction rates by 8% (as depicted on Graph 3), this reflects a slowdown from previous periods. This moderation is amplified by the poor performance of core spending categories (Graph 4), which collectively represent 95% of the market share. These categories exhibited stagnant growth or a decline in this period.

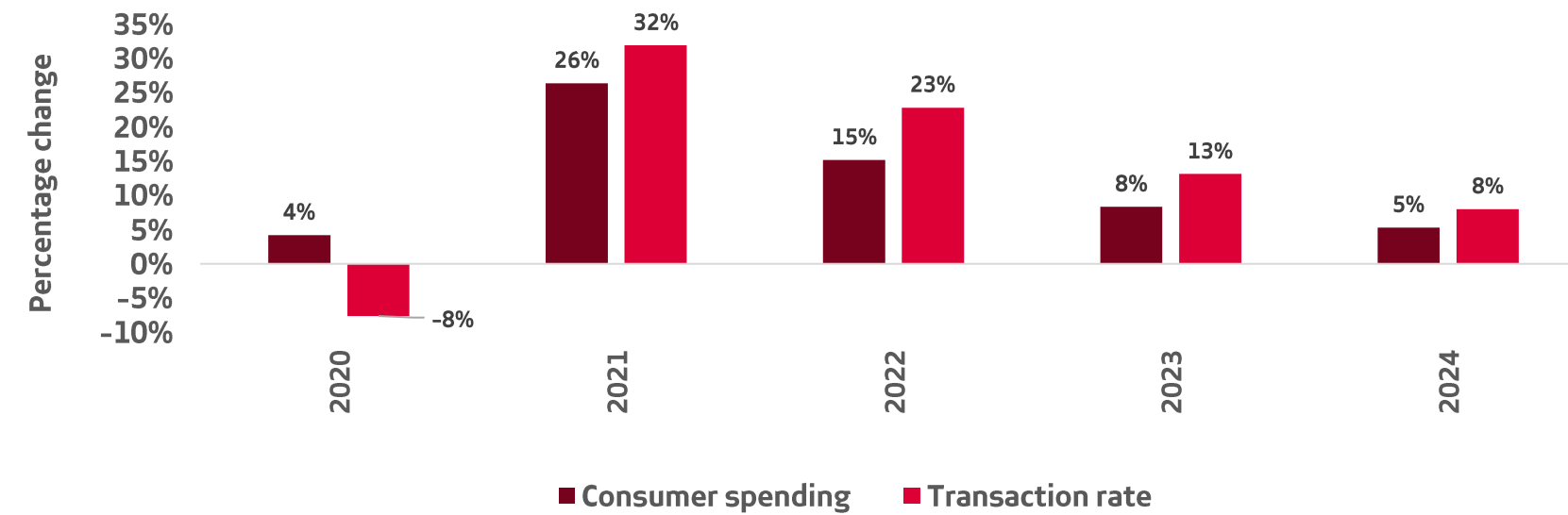
## Shifting consumer landscape

Although there has been an overall slowdown in consumer spending, data highlights pockets of resilience among category performance. Table 2, which depicts the top performing and underperforming categories, indicates that the top five performing categories are non-essential items, which stands out against the backdrop of stagnant growth or decline in the core categories. The particularly noteworthy 98% growth in gambling suggests consumers are increasingly seeking ways to offset slow growing incomes and diminishing purchasing power. While this behaviour is understandable in the context of economic strain, it underscores the potential for increased financial vulnerability and problem gambling.

The underperforming categories are mostly occupied by core spending categories. This shift in consumer behaviour could be indicative of consumers choosing to forgo new clothes or non-essential travel to survive the current economic climate. There are nuances to the clothing category as the industry is also battling tough competition from Temu and Shein.

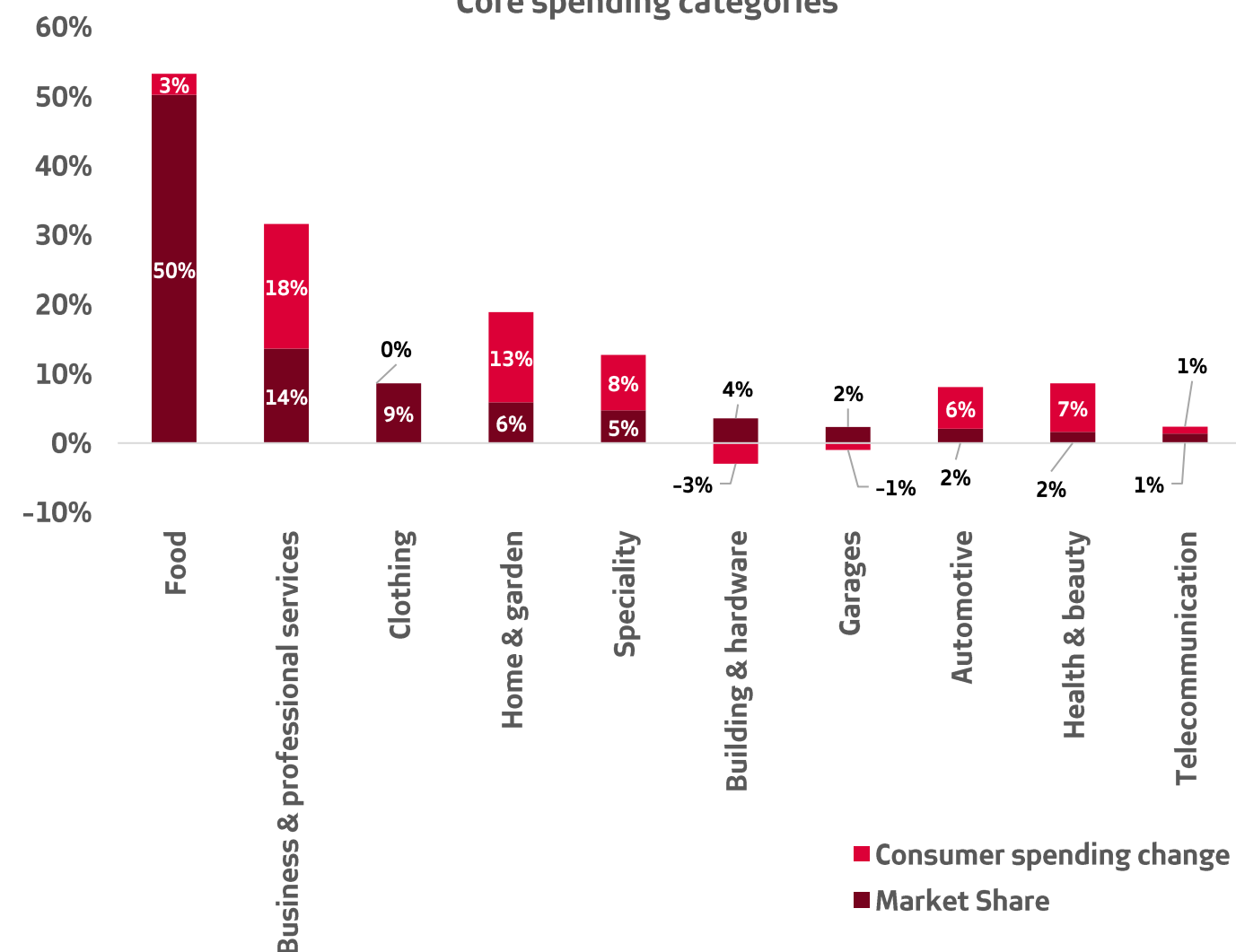
The long-term impact of these spending shifts remains to be seen. However, it's clear that consumers are taking a more cautious approach to their finances. This trend highlights the need for businesses to be flexible and cater to the evolving needs of a cost-conscious market.

Consumer spending and transaction rate



Graph 3  
Source: Absa's Merchant Spend Analytics

Core spending categories



Graph 4  
Source: Absa's Merchant Spend Analytics

Top five performing categories

Category	% Change
Gambling	98%
Digital print media	49%
Stationery and office furniture	27%
Commercial and industrial services	20%
Business and professional services	18%

Top five underperforming categories

Category	% Change
Clothing	0%
Garages	-1%
Building and hardware	-3%
Transportation	-8%
Domestic and cleaning services	-12%

Table 2  
Source: Absa's Merchant Spend Analytics

# YTD | Credit cards versus debit cards

## Credit card use is up slightly, but debit card use is the most preferred

June YTD 2024 data reveals a continuation of established consumer preferences: Debit cards remain the primary payment method, accounting for 78% of transactions in H1 2024, remaining unchanged from the same period in 2023.

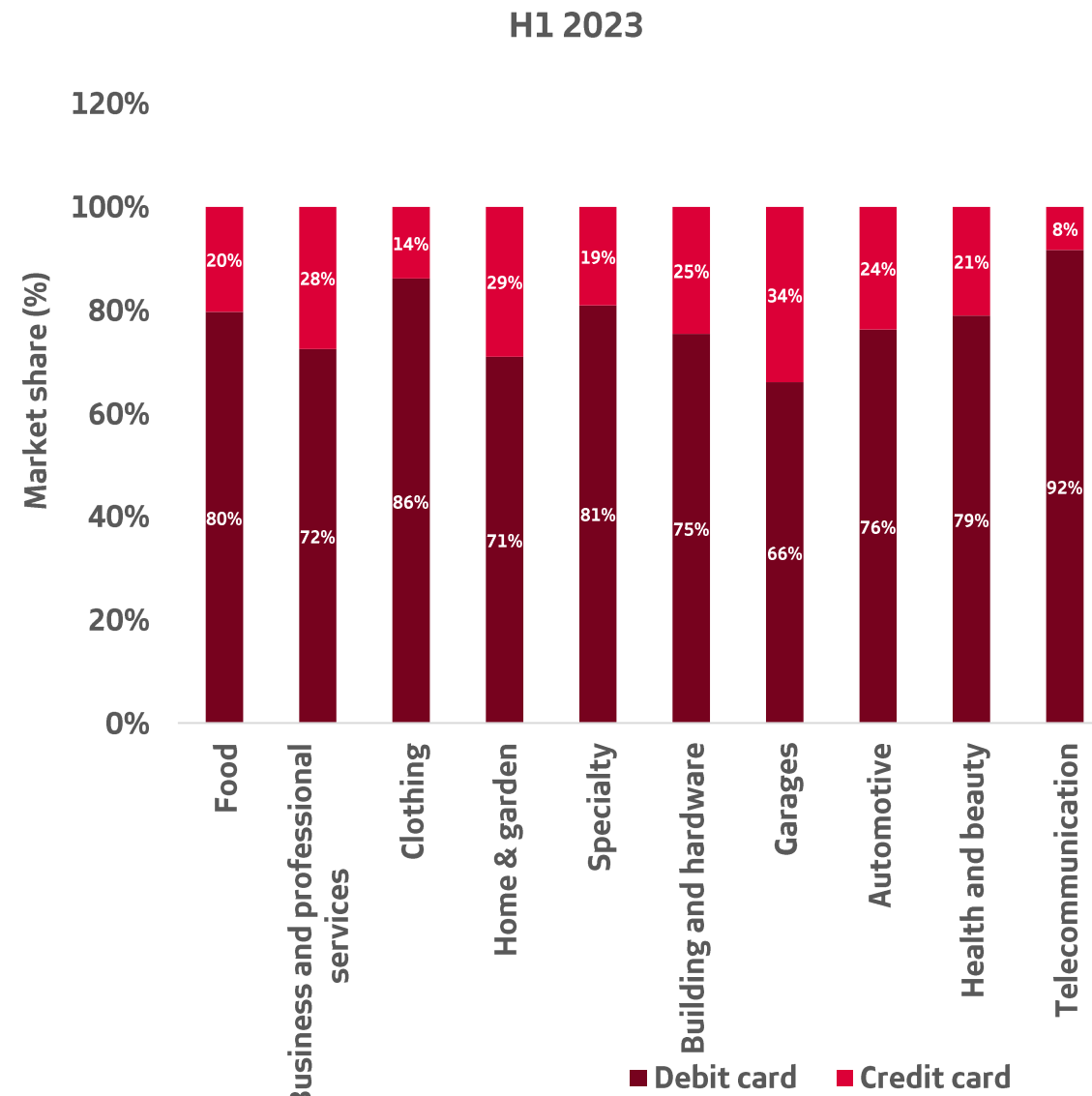
### Debit card use dominates across categories

Across all core categories, debit card use established dominance with no material changes from H1 2023 (Graph 5) to H1 2024 (Graph 6). While debit cards continue to be the most popular payment method overall, recent data indicates a subtle shift in consumer behaviour. Debit card use across core spending categories appears to be growing at a slower rate than credit card use, with the exception of garages, which increased by 2%. This reduced growth in debit card usage, though not significant, is noteworthy as it coincides with a rise in credit card transactions.

### Credit card outpaces debit card

Table 3 indicates the performance of credit and debit card use for the first half of 2024 compared to the same period in 2023. In this economic climate, debit card use may seem like an obvious choice due to its lower costs compared to credit cards. However, internal data shows an increased use of credit cards. Credit card use witnessed an increase of 9%, compared to the 4% year-on-year (YOY) growth in debit card transactions. While debit cards are cost-effective, consumers are increasingly leveraging credit cards to earn rewards that can be converted into cash or to meet day-to-day needs.

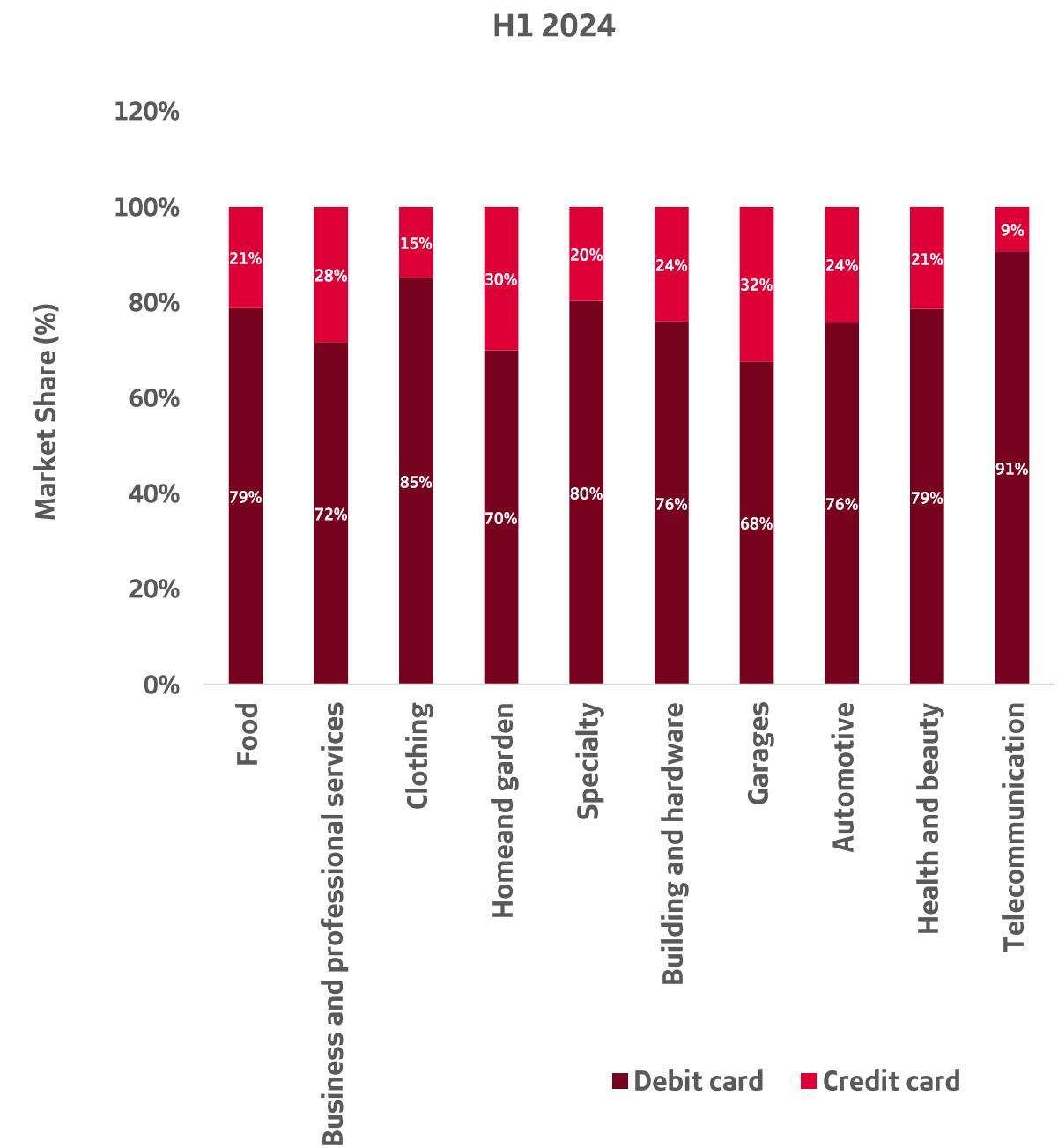
This shift in credit card behaviour is driven by specific categories, including business and professional services, home and garden, and telecommunication.



Graph 5  
Source: Absa's Merchant Spend Analytics

Core categories	Debit card	Credit card
Food	2%	7%
Business and professional Services	16%	21%
Clothing	-1%	7%
Home and garden	11%	17%
Specialty	7%	12%
Building and hardware	-3%	-6%
Garages	2%	-5%
Automotive	6%	8%
Health and beauty	6%	8%
Telecommunication	0%	13%
Overall	4%	9%

Table 3  
Source: Absa's Merchant Spend Analytics



Graph 6  
Source: Absa's Merchant Spend Analytics

# YTD | Online and in-store spending

## A tale of two shopping experiences: Online growth and persistence of physical stores

While physical stores maintain a strong position, accounting for 91% of consumer spending for June YTD 2024, online spending growth outpaces in-store spending. Online spending have grown by 19% YTD compared to a modest 4% increase for in-store spending compared to the same period in 2023. This trend signifies a growing consumer preference for the convenience and product breadth offered by online platforms.

The five top-performing in-store categories, despite their individual good performance, do not exert much influence on the overall landscape. Notably, gambling has emerged as the leader for in-store spending, which suggests a more nuanced picture of consumer behaviour within the physical retail space, where the immediate gratification and experiential aspects of the shopping experience hold greater appeal.

The underperforming categories within the online space may be affected by the wider selection and competitive pricing advantages offered online. The decline in book and newspaper purchases highlights a potential culprit: the rise of digital print media. This trend underscores the growing consumer preference for convenient, on-demand access to content, which online platforms cater to effectively. The ease of e-readers, audiobooks and streaming services likely contributes to the decline of physical book and media sales in brick-and-mortar stores.

Online retail experienced lower performance in categories like health and beauty, building and hardware, and telecommunications, where factors such as product testing or expert advice might influence customer behaviour and drive them towards physical stores.

Top five performing categories		
In-store		
Category	Spending change	Contribution
Gambling	98%	0.01%
Digital print media	33%	0.04%
Stationery and office furniture	27%	0.29%
Commercial and industrial services	20%	0.14%
Sports, outdoors and travel	18%	0.18%

**Table 4**  
Source: Absa's Merchant Spend Analytics

Top five underperforming categories		
In-store		
Category	Spending change	Contribution
Clothing	-1%	9%
Books and newspapers	-2%	0.06%
Building and hardware	-3%	4%
Games and gaming	-5%	0.07%
Domestic and cleaning services	-12%	0.02%

**Table 6**  
Source: Absa's Merchant Spend Analytics

Top five performing categories		
Online		
Category	Spending change	Contribution
Funeral services	16111%	0.010%
Automotive	1106%	0.40%
Digital print media	52%	2%
Garages	39%	0.001%
Home and garden	36%	30%

**Table 5**  
Source: Absa's Merchant Spend Analytics

Top five underperforming categories		
Online		
Category	Spending change	Contribution
Health and beauty	-3%	0.11%
Building and hardware	-12%	1%
Transportation	-22%	6%
Telecommunication	-39%	1%
Domestic and cleaning services	-48%	0.0003%

**Table 7**  
Source: Absa's Merchant Spend Analytics



3

**Spotlight: Home and garden**

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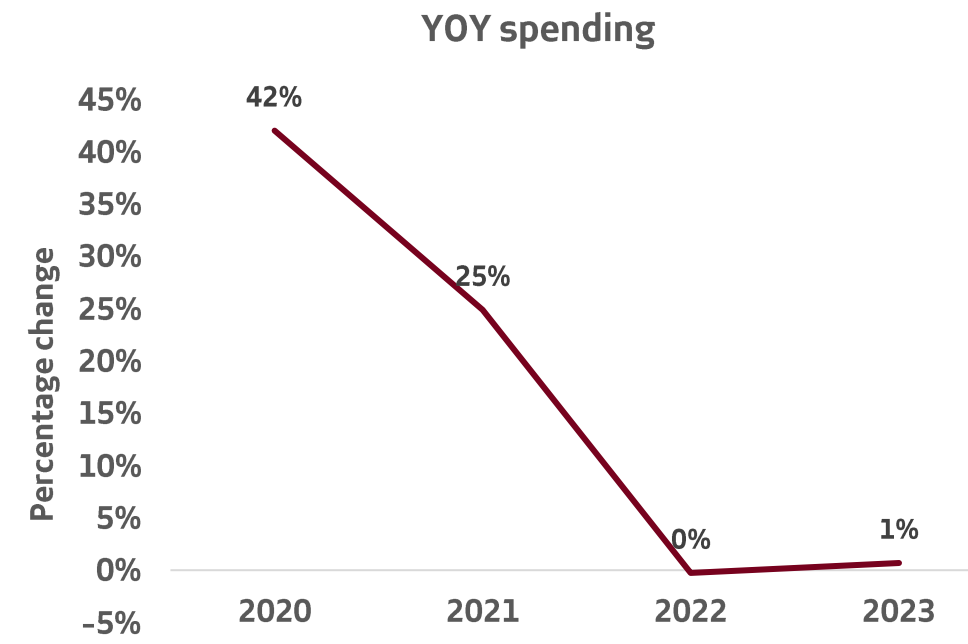
# Spotlight | Home and garden category

## E-commerce blossoms: online shopping drives growth

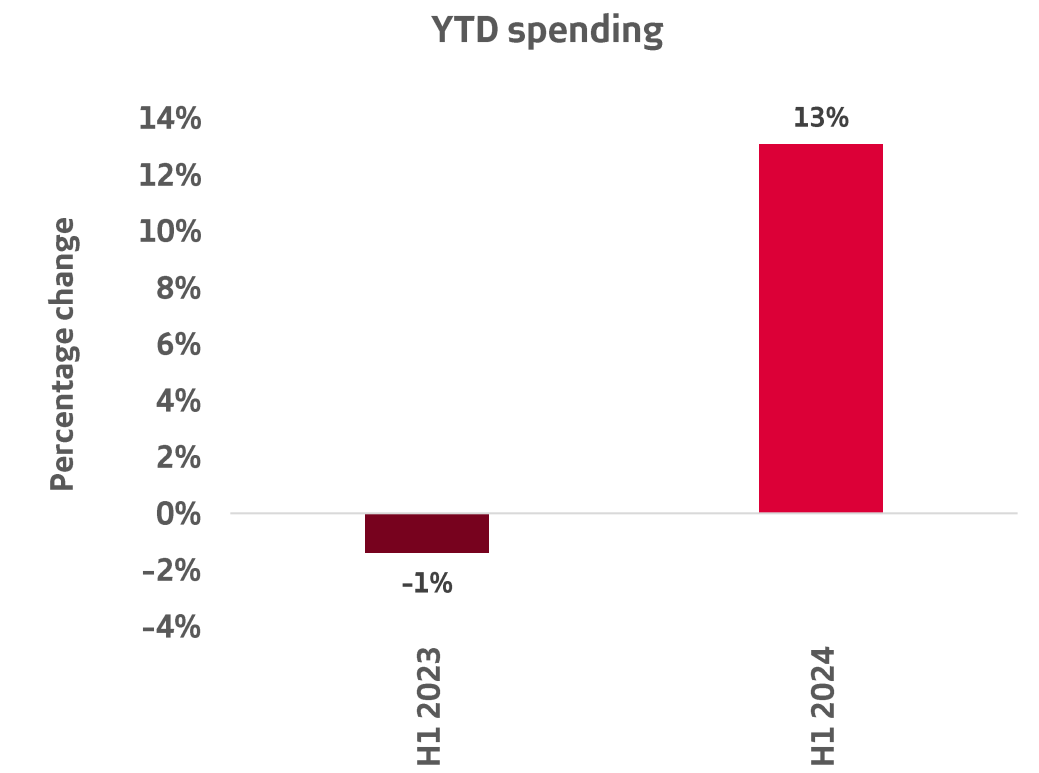
Fuelled by a surge in home improvement projects and a blossoming interest in plants during the pandemic, the home and garden category experienced a boom. While growth moderated over the years (Graph 7), the YTD figures for June 2024 in Graph 8 reveal a promising uptick. Graph 9 shows that the uptick in H1 2024 appears to be driven by the general merchandise subcategory, suggesting a renewed interest in home improvement projects and outdoor living spaces. General merchandise grew market share from 47% in June YTD 2023 to 54% in June YTD 2024. The focus on sustainability and eco-friendly living may be driving demand. Looking ahead, it will be interesting to see if this momentum continues throughout the rest of the year, potentially leading to a robust performance for the home and garden industry.

E-commerce emerges to be a key growth driver for the home and garden category for June YTD 2024. Absa's merchant data indicates a significant contribution from online shopping to this growth. Spending on home and garden products through online platforms has grown by 36%, now accounting for a substantial 30% share of total online spending.

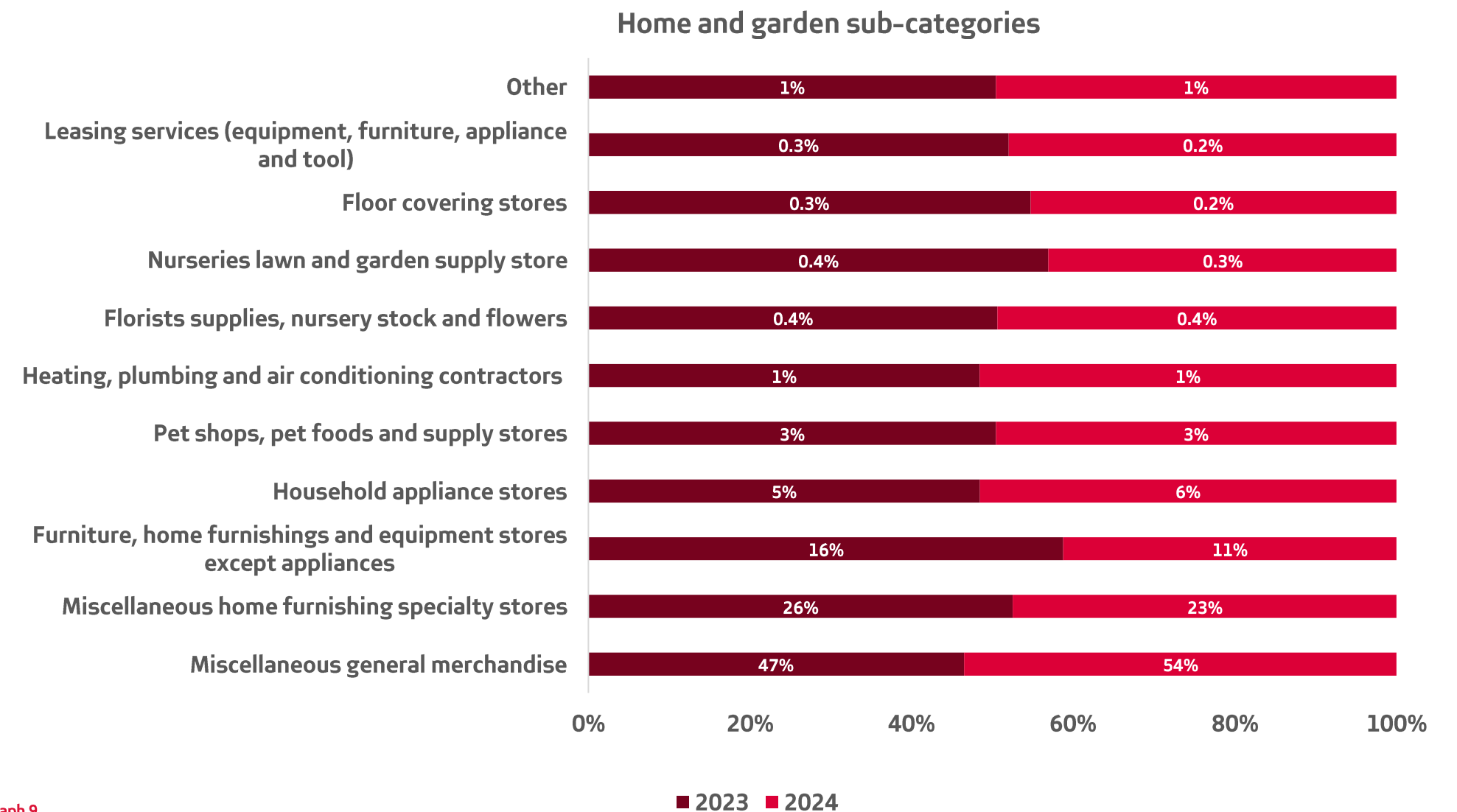
While in-store shopping for home and garden goods has seen a slight decrease of 1%, it still contributes 4% to overall in-store purchases. This suggests a potential shift towards a more balanced omni-channel experience for home and garden products, with both online and physical stores catering to distinct consumer preferences.



Graph 7  
Source: Absa's Clothing Merchant Spend Analytics



Graph 8  
Source: Absa's Clothing Merchant Spend Analytics



Graph 9  
Source: Absa's Clothing Merchant Spend Analytics

# 4

**Addendum**

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# Heatmap

## Heatmap tracking consumer spending changes per category

Category	2020	2021	2022	2023
Automotive	2%	26%	15%	9%
Books and newspapers	10%	22%	20%	4%
Building and hardware	12%	21%	7%	3%
Business and professional services	98%	85%	65%	38%
Care services	6%	35%	29%	23%
Clothing	-1%	21%	1%	-13%
Commercial and industrial services	21%	34%	28%	15%
Digital print media	24%	94%	310%	40%
Domestic and cleaning services	58%	84%	44%	-4%
Education	-14%	6%	32%	17%
Electronic equipment and computers	20%	23%	9%	5%
Food	11%	10%	9%	9%
Funeral services	39%	37%	2%	40%
Gambling	-31%	47%	20%	-10%
Games and gaming	74%	470%	73%	15%
Garages	-15%	29%	21%	-3%
Government	-2%	20%	17%	5%
Health and beauty	14%	15%	18%	-5%
Health practitioner	-2%	24%	6%	6%
Home and garden	42%	25%	0%	1%
Medical services	5%	39%	19%	10%
NGOs: Social and religious services	-25%	35%	24%	9%
Speciality stores	-2%	14%	16%	6%
Sports, outdoors and travel	4%	42%	81%	29%
Stationery and office furniture	9%	33%	25%	23%
Telecommunication	6%	11%	22%	-5%
Tourism	-43%	46%	84%	20%
Transportation	-22%	-2%	104%	11%
Warehousing and storage	75%	-8%	17%	-4%
Overall	11%	18%	14%	8%

Tracking year-on-year changes per category  
 Source: Absa's Clothing Merchant Spend Analytics

Category	H1 2023	H1 2024
Automotive	10%	6%
Books and newspapers	14%	3%
Building and hardware	5%	-3%
Business and professional services	46%	18%
Care services	20%	12%
Clothing	10%	20%
Commercial and industrial services	175%	49%
Digital print media	1%	-12%
Domestic and cleaning services	18%	17%
Education	5%	5%
Electronic and computers	11%	3%
Food	-22%	0%
Funeral services	56%	12%
Gambling	-37%	98%
Games and gaming	22%	6%
Garages	2%	-1%
Government	15%	12%
Health and beauty	-13%	7%
Health practitioners	5%	10%
Home and garden	-1%	13%
Medical services	14%	7%
NGOs: Social and religious services	10%	4%
Speciality stores	3%	8%
Sports, outdoors and travel	42%	18%
Stationery and office furniture	25%	27%
Telecommunication	2%	1%
Tourism	38%	7%
Transportation	12%	-8%
Warehousing and storage	-5%	11%
Overall	8%	5%

Tracking YTD changes per category  
 Source: Absa's Clothing Merchant Spend Analytics

) Thank you (

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