

# Absa's Merchant Spend Analytics: March 2024

**Year-to-date performance**  
Briefly: Month-to-month performance

Consumer Goods and Services

[cib.absa.africa](https://cib.absa.africa)

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# At a glance

- 1** Easter falling in March had a limited effect on consumer spending for Q1 2024 compared to Q1 2023.
- 2** Month-to-month consumer spending and transaction rate bounced back in March, reversing a two-month decline.
- 3** Analysis reveals a clear connection between consumer spending and major holidays and retail events.
- 4** Consumers increasingly used their credit cards to increase their purchasing power.
- 5** Instore spending slowed down, while online shopping surged.

**The report leverages Absa's Merchant Spend Analytics and offers valuable insights into consumer behaviour trends.**

*The information presented in this report is based on data obtained from Absa's Merchant Spend Analytics. 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 are 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. 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

## Year-to-date (YTD) performance

Quarter 1 2024 (Q1 2024) vs Quarter 1 2023 (Q1 2023)

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# YTD | Total consumer spending

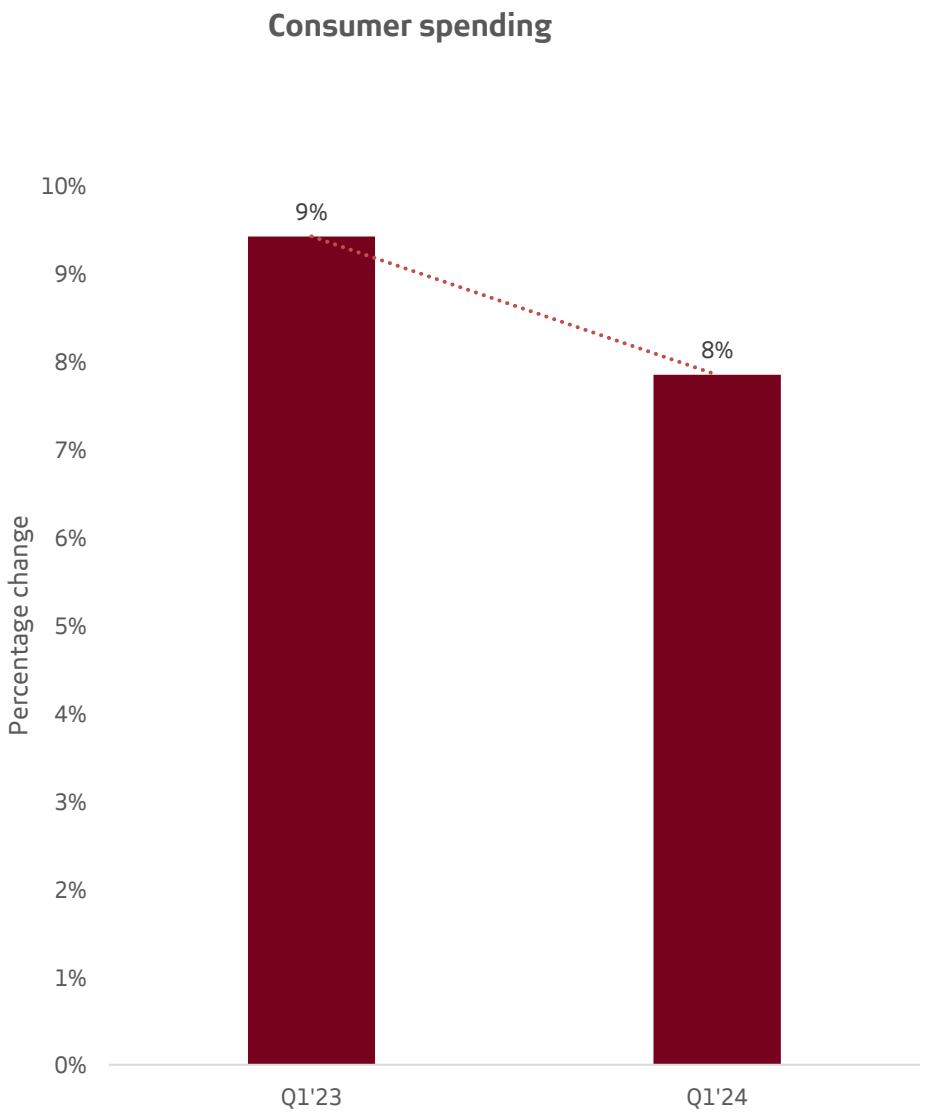
## Easter falling in March had a limited effect on consumer spending for Q1 2024

This year, Easter weekend was in March, whereas in 2023 it was in April. One might have anticipated a noticeable increase in consumer spending for Q1 as a result. Nonetheless, our **internal data** indicate that such an increase did not materialise. This suggests that factors other than the calendar shift affected consumer spending patterns.

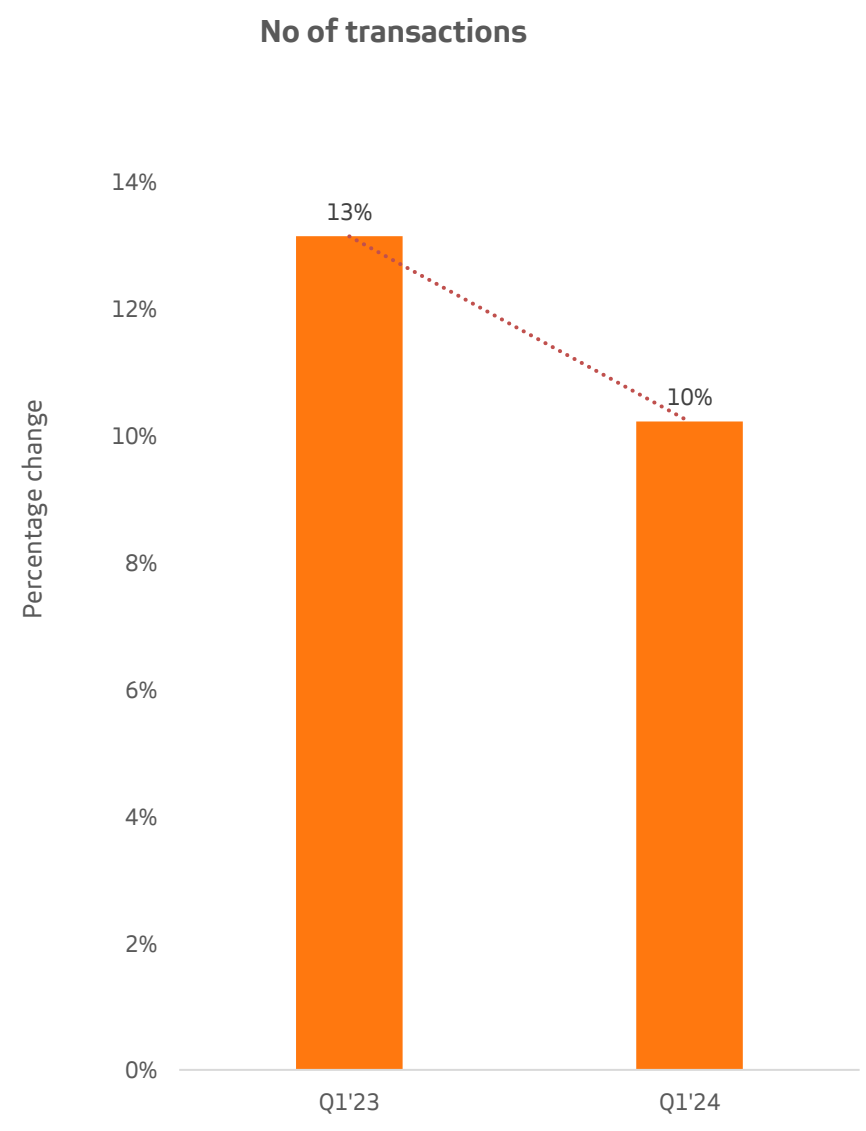
While consumer spending remains positive, the first quarter of 2024 saw consumer spending growth slowing down to 8% compared to the 9% growth in same period last year. This marks a continued trend of moderation in consumer spending. This trend is potentially influenced by wage growth that has not kept pace with inflation and the move from purchasing goods and services from the formal sector to purchasing them from the informal sector due to cheaper alternatives. The data in the informal sector are difficult to track because it is a cash economy and the data are not easily accessible.

The transaction rate for Q1 2024 outpaced the growth in rand value by 2%. There are various reasons for this: The increased use of tap-to-pay methods could be leading to more recorded transactions, consumers may be making smaller purchases more often, and the rise of eCommerce platforms could have led to an increase in the number of transactions even if the overall spending amount did not drastically increase.

The modest decrease in spending might seem insignificant, but it's crucial to monitor this trend in the coming months. It will be interesting to see if this slowdown persists or if consumer spending rebounds as the year progresses.



Graph 1  
SOURCE: Absa's Merchant Spend Analytics



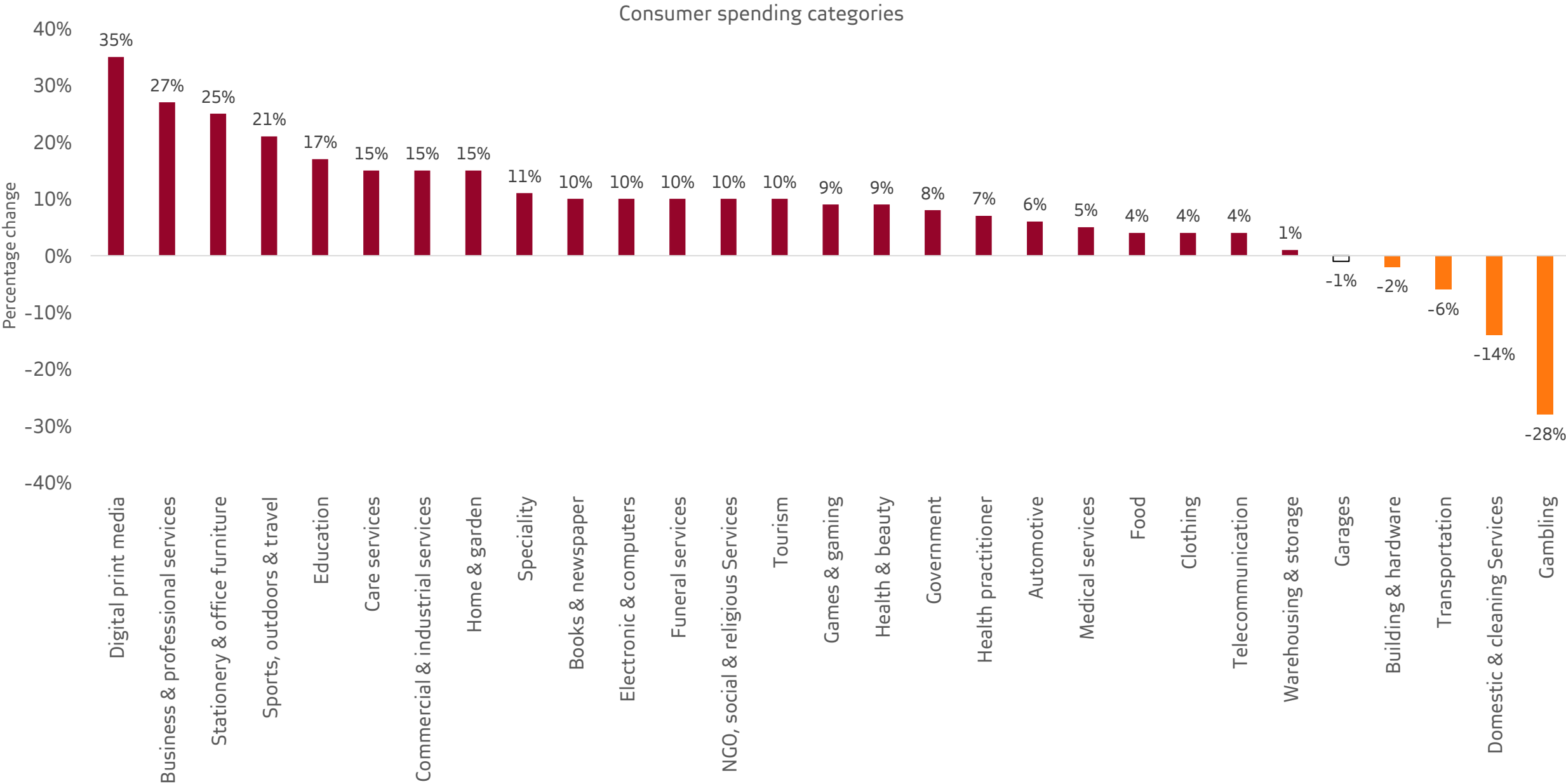
Graph 2  
SOURCE: Absa's Merchant Spend Analytics

# YTD | Consumer spending categories

## Double-digit increases in consumer spending categories

A deeper dive into the data reveals some interesting insights in graph 3. While overall spending dipped to 8%, the majority of the categories saw double-digit increases. The substantial increase in the top five categories can be partially attributed to the seasonal nature of these categories, with the new school year driving demand for educational and sports supplies. The rise in digital print media spending is also noteworthy, potentially indicating a shift in consumer preferences towards digital forms of information consumption. Furthermore, the growth in specific categories highlights the importance of understanding seasonal trends and consumer behaviour patterns. Businesses can leverage this data to tailor their offerings and marketing strategies to align with changing consumer preferences.

Gambling continues to lead in categories that regressed. The category encompasses both online and physical gambling venues, with traditional casinos contributing 99% during the quarter under review.



Graph 3: Changes in consumer spending per category  
SOURCE: Absa's Merchant Spend Analytics

# YTD | Top 10 categories

## Food spending on a roller coaster ride

While most categories defended their top 10 positions in table 1, the food sector stands out again as a point of concern. Its continuous decline in market share necessitates a closer examination. In table 2, we explore the performance of various subcategories within food spending. Data show a slight uptick in most subcategories that contribute towards food spending. Grocery stores and supermarkets – which accounted for 88.9% of overall food spending in Q1 2023 – experienced a 1.73% decline in Q1 2024.

During times of economic pressure, this category typically increases in spending because consumers prioritise essentials. However, the minor 4% increase in food spending and 5% increase in transaction rate during Q1 2024 suggest a change in consumer behaviour. This regression in the formal food sector is not only seen in our internal data. An article in *BusinessLIVE* reported that every JSE-listed food retailer and manufacturer experienced volume drops in the products sold during the 2023 period and that this “soft consumer demand” may persist.

Graph 4, which tracks food spending changes, shows a predictable spike alongside periods of restraint. Our analysis reveals a clear connection between spending and major holidays and retail events, such as Good Friday in April 2023 (9%) and March 2024 (12%), Black Friday (9%) and the festive season (16%). During these times, spending experiences significant spikes.

SOURCE: [NEWS ANALYSIS: South Africans are eating less \(businesslive.co.za\)](https://www.businesslive.co.za)

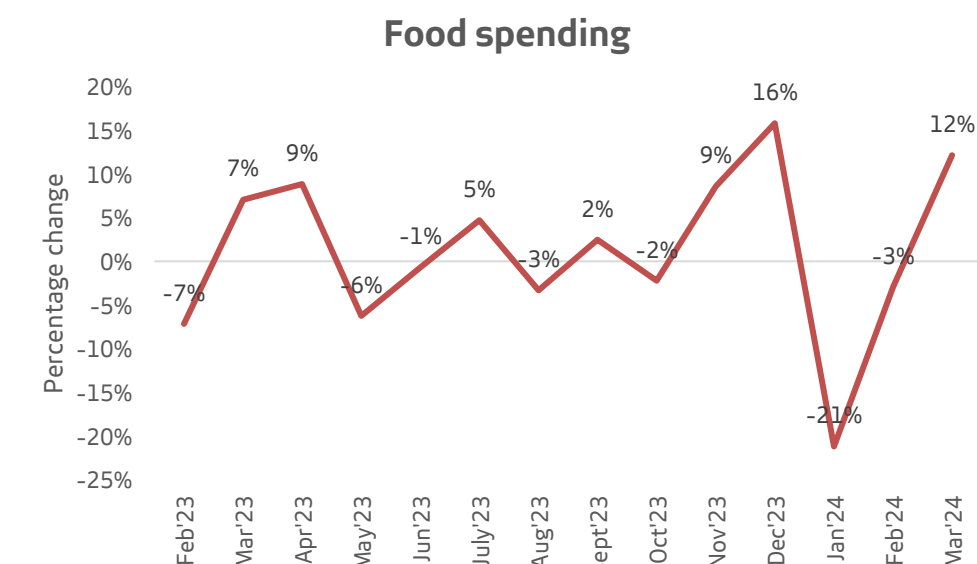
Absa's Merchant Spend Analytics: March 2024  
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Consumer Spending Category	Q1'23	Change	Q1'24
Food	51.84%	↓ -1.73%	50.11%
Business and professional services	11.90%	↑ 2.14%	14.04%
Clothing	8.29%	→ -0.29%	8%
Home and garden	5.52%	→ 0.35%	5.87%
Speciality	4.57%	→ 0.14%	4.71%
Building and hardware	3.92%	→ -0.36%	3.56%
Garages	2.50%	→ -0.20%	2.30%
Automotive	2.03%	→ -0.03%	2%
Health and beauty	1.52%	→ 0.01%	1.53%
Telecommunication	1.41%	→ -0.05%	1.36%

Table 1: The top 10 largest categories in which consumer spending took place  
SOURCE: Absa's Merchant Spend Analytics

Food subcategories	Q1'23	Change	Q1'24
Grocery stores and supermarkets	88.91%	↓ -1.03%	87.88%
Eating places and restaurants	4.48%	↑ 0.03%	4.51%
Misc. food Stores, convenience stores and specialty markets	3.33%	↑ 0.47%	3.80%
Freezer and locker meat provisioners	1.40%	↑ 0.42%	1.82%
Fast food restaurants	1.25%	↑ 0.00%	1.25%
Drinking places (alcoholic beverages)	0.52%	↑ 0.09%	0.61%
Bakeries	0.05%	↑ 0.00%	0.05%
Candy, nut and confectionery stores	0.04%	↑ 0.01%	0.05%
Dairy products stores	0.01%	↑ 0.01%	0.02%
Caterers	0.01%	↑ 0.00%	0.01%

Table 2: Contribution of subcategories towards food spending  
SOURCE: Absa's Merchant Spend Analytics



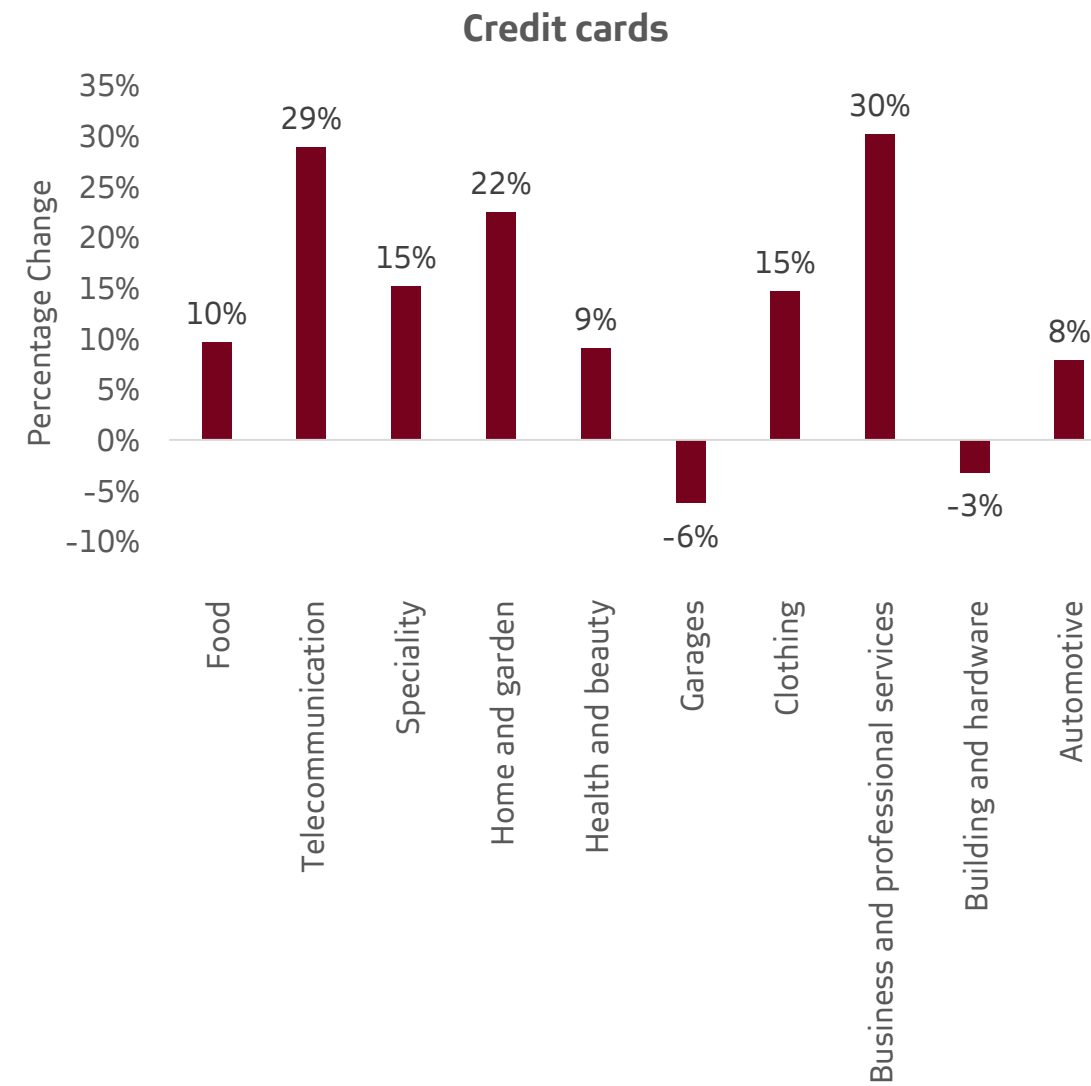
Graph 4  
SOURCE: Absa's Merchant Spend Analytics

# YTD | Credit cards versus debit cards

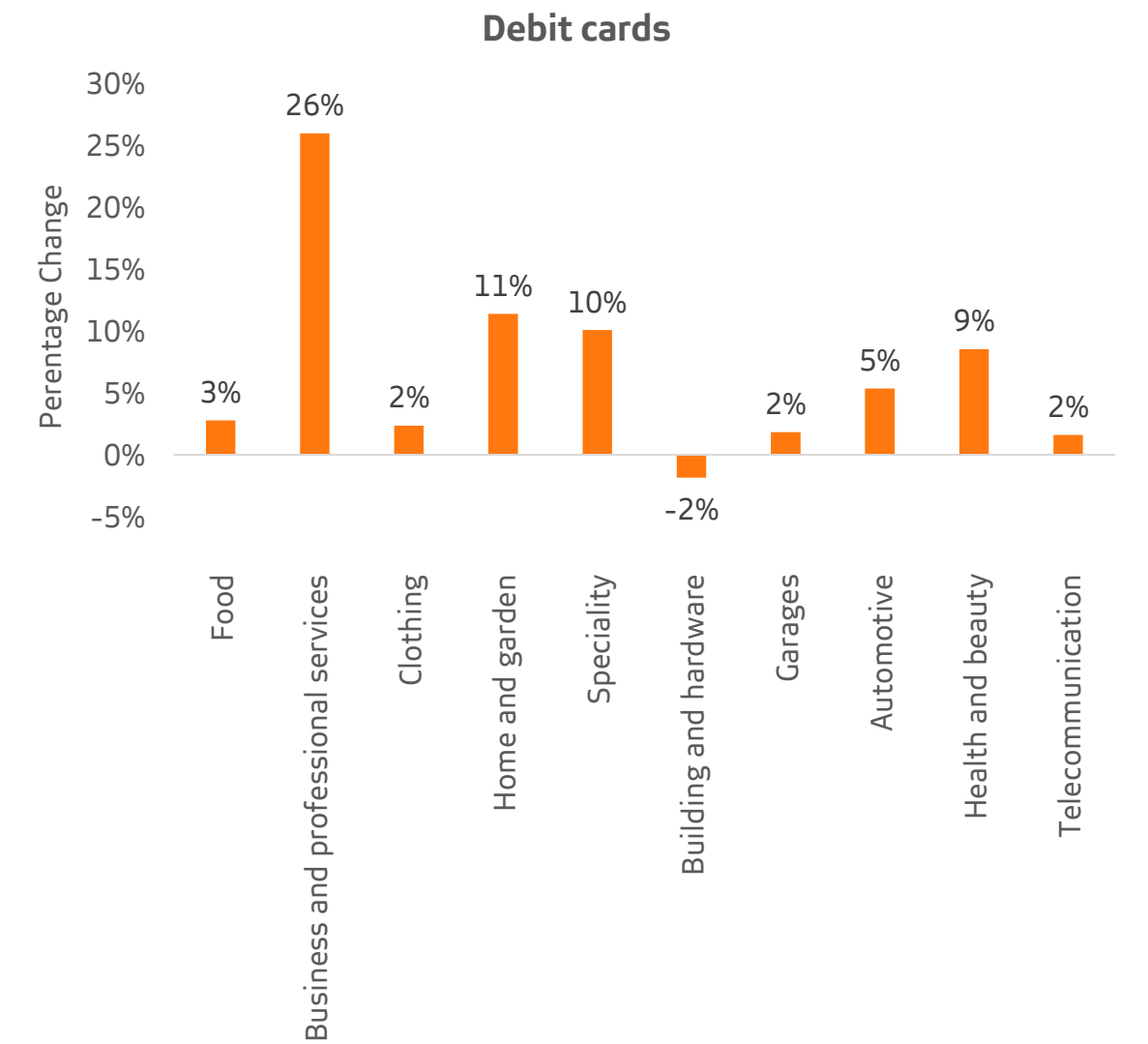
## Credit card usage continues to dominate in Q1 2024

For the top 10 categories in consumer spending, overall credit card usage increased by 13%, while debit card usage increased by a modest 6%. This trend reflects a strategic shift by consumers facing a challenging economic climate. Muted wage growth and persistent high interest rates are causing consumers to use credit cards to extend their purchasing power, essentially “borrowing from the future” to maintain their current spending habits. The other reason for the increased usage of credit cards is the allure of rewards programmes. In this tough economy, consumers will naturally gravitate towards the promise of earning cash back or points on purchases. These attractive rewards incentivise using credit cards over debit cards.

Business and professional services spending dominated both credit and debit cards. The food category experienced a credit card usage surge of 10%, compared to a mere 3% increase for debit cards. Consumers might be increasingly relying on credit cards to manage essential expenses such as groceries, potentially due to rising food costs.



Graph 5  
SOURCE: Absa's Merchant Spend Analytics



Graph 6  
SOURCE: Absa's Merchant Spend Analytics

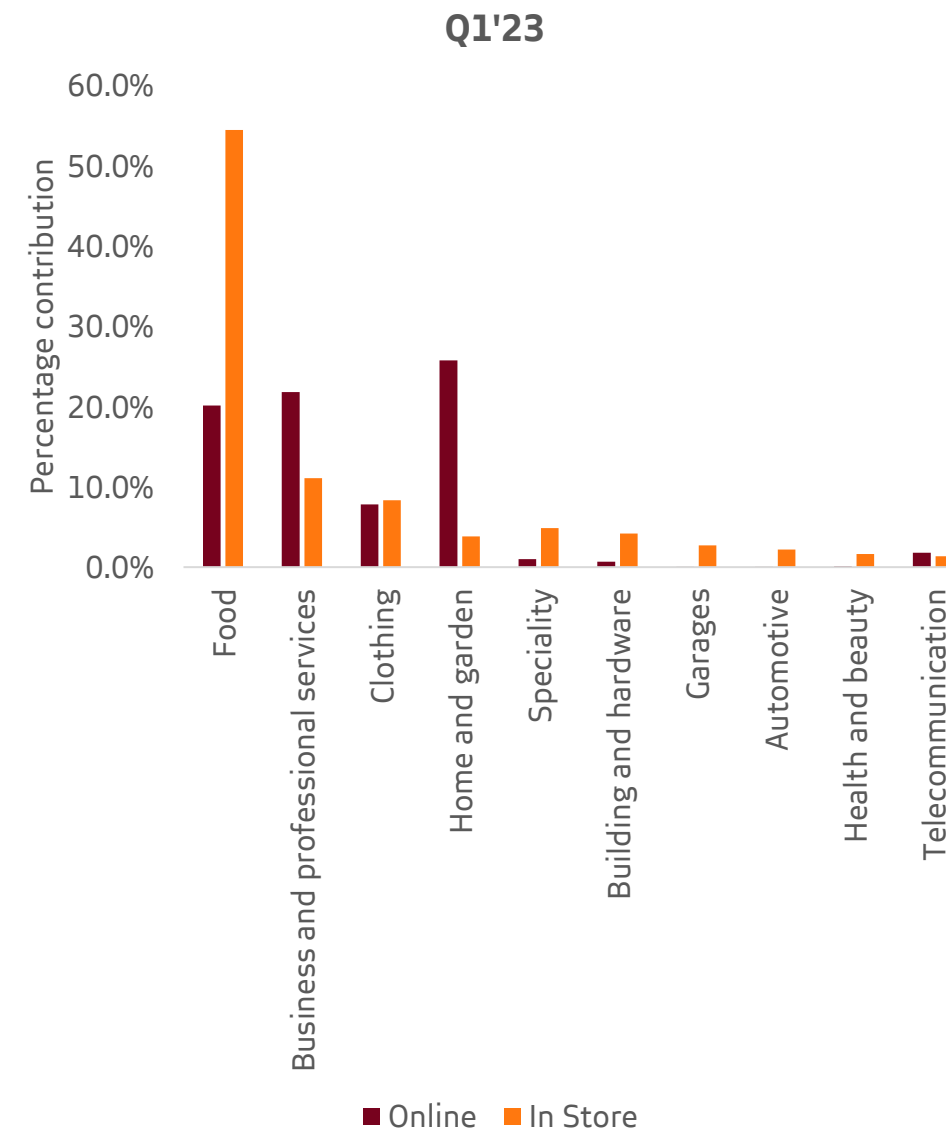
# YTD | Online and instore spending

## Brick-and-mortar blues: Online retail continues to grow

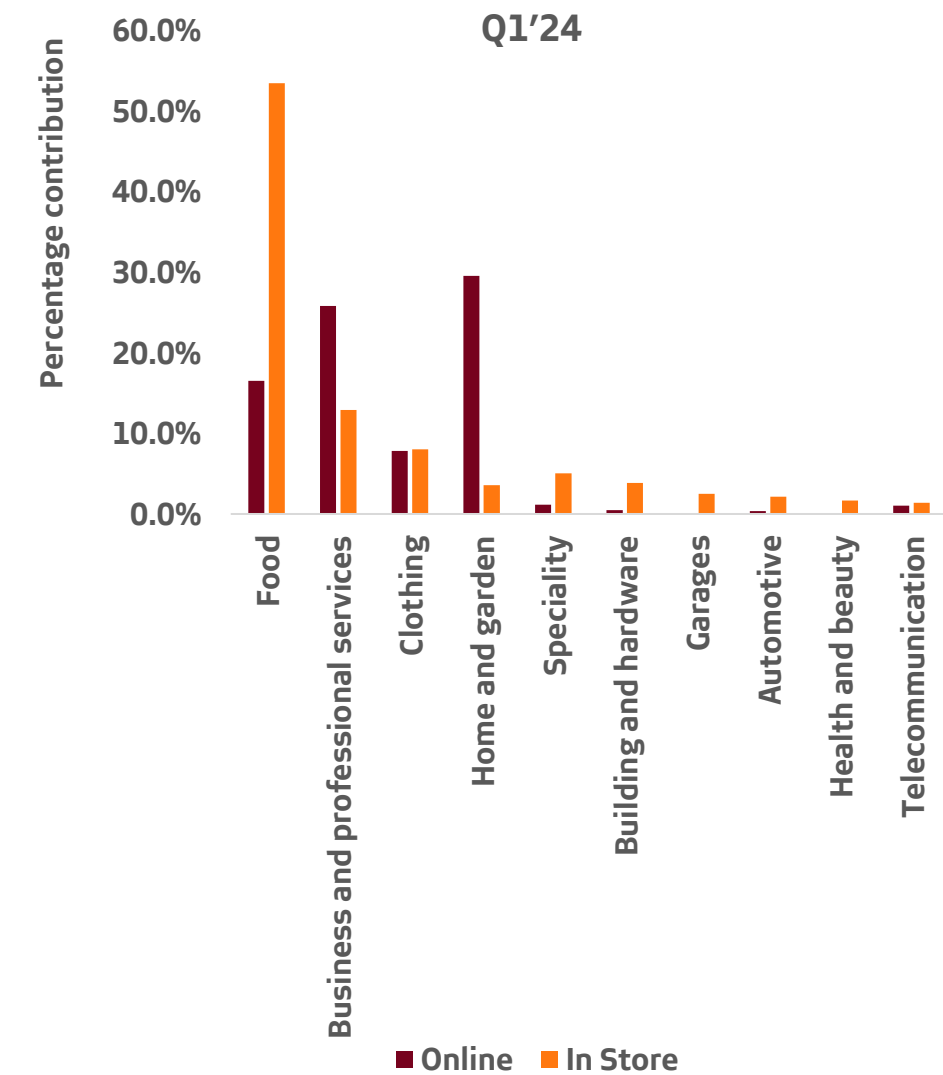
The contribution patterns across the different categories have remained similar in Q1 2023 and Q1 2024. Overall, for the top 10 categories online spending increased by 31% while instore spending increased by 6% for Q1 2024 when compared to the same period in 2023.

The largest contributors to online spending during the period were home and garden, business and professional services, and food. These categories were up 43%, 48% and 3% respectively. We further note that automotive grew by 1 118%, although its contribution remains smaller in the bigger scheme of things. The automotive category includes automotive parts and accessories stores, tire stores, and motorcycle, car and truck dealers.

Overall, instore spending saw an increase of 6% in Q1 2024, driven largely by business and professional services as well as the speciality category. Speciality stores include discount stores, packaging stores and souvenir shops, among others. While the remainder of the instore spending categories exhibited an upward trend, we note that home and garden, building and hardware and garages regressed during the period.



Graph 7  
SOURCE: Absa's Merchant Spend Analytics



Graph 8  
SOURCE: Absa's Merchant Spend Analytics

	Online Spending	In-store Spending
Food	3%	4%
Business and professional services	48%	24%
Clothing	25%	2%
Home and garden	43%	-2%
Speciality	44%	11%
Building and hardware	-13%	-2%
Garages	65%	-1%
Automotive	1118%	4%
Health and beauty	1%	9%
Telecommunication	-29%	7%

Table 3  
SOURCE: Absa's Merchant Spend Analytics



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## Month-to-month (MTM) performance

March 2024

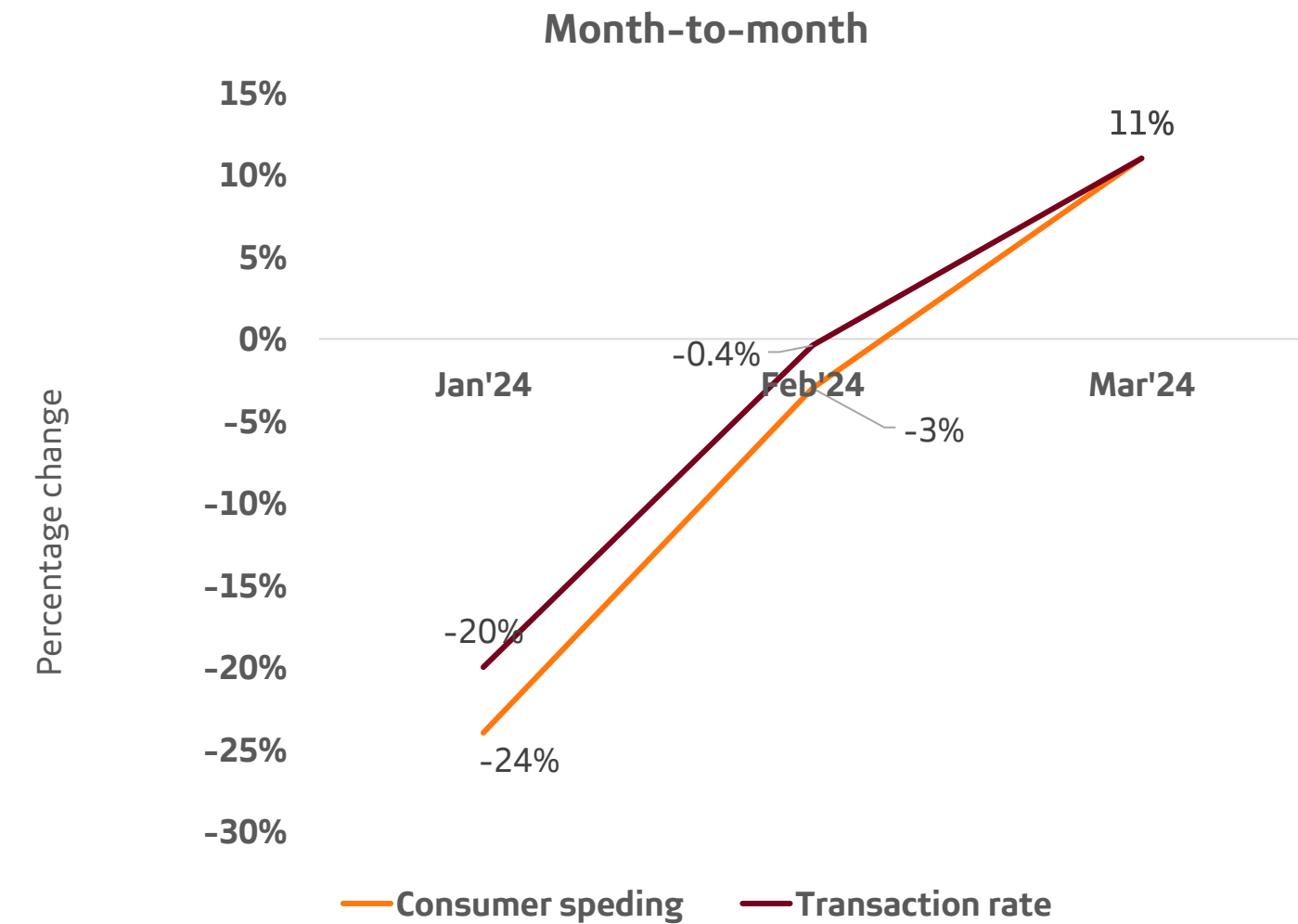
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# Briefly | March 2024

## March spending bounce-back

Looking at MTM performance in graph 9, consumer spending and transaction rate bounced back by 11% in March, reversing a two-month decline. This recovery appears to have been driven by Good Friday falling in March.



Graph 9  
SOURCE: Absa's Merchant Spend Analytics

) Thank you (