

Festive Season Brings a Lift in Consumer Spending, But Households Still Feel the Pinch

The final stretch of 2025 brought a familiar rise in consumer activity, as South Africans stepped up their year-end spending across Black Friday and the festive season. While Absa's latest Merchant Spend Analytics report shows a clear seasonal lift in both transaction volumes and value on a month-to-month basis, while the broader year-on-year picture points to a more cautious consumer. Spending patterns during the period reveal persistent financial pressure, with consumers trading down, prioritising essentials, and seeking out value wherever possible.

As expected, there was an uptick in consumer activity in December, with card spending rising by 10% and transaction volumes up 7% compared to November. But viewed year-on-year, the data indicates a subdued demand environment: spending declined by 3% y/y compared to December 2024, and the number of transactions fell by 4%.

"The year-on-year declines suggest that financial pressure on households hasn't eased, and that consumers are changing their behaviour. The drop in high-weight categories like food, which typically drives overall spend, has been a key factor. Even though there were signs of resilience in areas like health and beauty, and education, those gains weren't enough to offset the slowdown in overall card spending," said Isana Cordier, Managing Executive: Consumer Sector, Absa CIB.

One of the biggest drivers of the overall decline in spending was the underperformance of the food category, which made up 44% of the spending basket in December 2025. With such a large share, even small drops in food spending have a significant impact on the total. The broader slowdown was also pulled down by weak performance in other high-weight categories.

Online spending remains a popular shopping channel for consumers, during this period it grew by 17% year-on-year, albeit at a slower pace. The growth is driven largely by food purchases. Online food spend rose by 37% in the year to December 2025, up from 31% the year before, highlighting how important a strong digital offering has become for food retailers. Transport, mostly through e-hailing services, also showed a major turnaround with 74% growth after a sharp drop in 2024. Online gambling market share in this category rose from 4% to 6%. Meanwhile, home and garden, which accounts for 21% of online spend, lost momentum, slowing to just 4% growth from 26% the previous year.

In-store card spending remains the main way South Africans shop, accounting for 90% of total spend in the year to December 2025, just slightly down from 91% the year before. But even as it dominates, growth is slowing. In-store spending grew by just 1% year-on-year, compared to 4% growth over the same period in 2024.

Perhaps the clearest indication of changing consumer behaviour came in November, when retailers front-load promotions in the weeks leading up to Black Friday and Cyber Monday.

Card spending and transaction volumes in November grew by just 1% year-on-year, while the average transaction size dropped by 1%, meaning that while consumers are still active, they're spending less each time they shop. On-the-day performance shows Cyber Monday exceeded expectations with 11% growth, while Black Friday was largely flat at 1.4%. Notably, transaction volumes on Black Friday dipped by 1%, offering a clear signal that the day may be losing its pull among South African shoppers.

"Overall, the data suggests that although consumers continue to participate in festive spending cycles, broader economic headwinds are compressing their real purchasing capacity. This will be an important trend to watch in early 2026, said Cordier.

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