

ECONOMY

Cost of living crisis forces SA consumers to rethink spending



ASHLEY LECHMAN

SOUTH African consumers are becoming increasingly deliberate about how they spend their money as the cost of living crisis forces households to scrutinise everything from grocery prices to debt repayments.

For many shoppers, the familiar brand on the supermarket shelf is no longer automatically the preferred choice.

Private label products are gaining ground as consumers compare prices, question whether brand premiums are justified and look for ways to make limited household income stretch further.

Neil Roets, CEO of Debt Rescue, said this reflected a broader change in how households are managing their money.

"At Debt Rescue, we see this as part of a broader change in household money management: shoppers are paying much closer attention to what they are buying, what they actually need and whether the price they are paying can be justified within their monthly budget," Roets said.

The growing popularity of private label products provides one indication of this shift.

NielsenIQ data cited in recent industry analysis shows that private label sales reached R53.5 billion in South Africa during the first half of 2026.

Roets said that from a consumer

finance perspective, the trend suggested that purchasing decisions were becoming less automatic.

"Established brand loyalty may still matter, but when household finances are constrained, consumers have a stronger financial incentive to compare alternatives and decide whether paying more for a particular product remains affordable," he said.

Households under growing pressure
 The shift is taking place against a difficult economic backdrop, with inflationary pressures, elevated interest rates, weak economic growth and persistently high unemployment continuing to weigh on household finances.

The latest PMBEJD Household Affordability Index highlighted the pressure facing consumers. In September, the average cost of its Household Food Basket reached R5 488.06, up R108.64, or 2%, year on year.

Of the 44 basic foods monitored, 21 increased in price during the month.

For households already paying for housing, transport, electricity, insurance, debt repayments and food from the same income, small savings can become significant when accumulated over a month.

Choosing a retailer's own product instead of a familiar branded alternative is therefore becoming one of several ways consumers are attempting to control



SOUTH Africans are scrutinising every grocery purchase as rising food costs, debt repayments and other household expenses put pressure on already stretched budgets. | Supplied

everyday expenditure.

However, Roets cautioned against interpreting the shift as simply evidence of consumers becoming more financially disciplined.

Importantly, this does not mean consumers will automatically select the lowest priced item across their entire shopping

basket," he said.

Households often economise in areas where they are comfortable doing so while continuing to spend on products they consider important.

"What has changed is the level of consideration going into those choices," Roets said.

Private label gains ground

Tony Mun Gavin, managing director at Encore, SPAR South Africa's wholly owned private label business, said shoppers were increasingly focused on value rather than simply price.

"South African shoppers are not simply becoming more price conscious. They are becoming more value conscious," Mun Gavin said.

NielsenIQ data showed private label sales grew 1.5% year on year during the first half of 2026, highlighting the increasingly important role retailer brands play in grocery baskets. Roets said the trend was significant because it showed consumers were actively reassessing established buying habits.

"There is something encouraging about consumers actively comparing prices and looking for opportunities to reduce unnecessary expenditure. However, we should also be careful not to interpret all of this behaviour purely as improved shopping discipline," he said.

For many households, the increased scrutiny is being driven by necessity.

When savings are no longer enough

Roets said the concern for Debt Rescue was particularly focused on households that had already reduced their spending substantially.

"There comes a point where changing brands, buying on promotion and

reducing non essential expenditure can no longer compensate for a persistent gap between household income and monthly financial commitments," he said.

"When a consumer has already reduced expenses substantially and still cannot comfortably meet essential living costs and debt repayments, the issue extends beyond finding another saving at the supermarket. It can be an indication of deeper financial distress."

For these households, the rise of private label offers only limited relief from wider financial pressures.

Roets said the trend nevertheless provides an important window into the decisions South African households are making as they attempt to remain within increasingly constrained budgets.

"Consumers are becoming more selective and more willing to reconsider established buying habits as they try to keep essential expenses within increasingly constrained budgets," he said.

The challenge for households is that there are only so many expenses that can be reduced.

As consumers become more strategic about their shopping, the growing reliance on cheaper alternatives is therefore not only a story about changing consumer preferences. It is also a reflection of the financial pressure facing millions of South African households.

[Full Page Image](#)