

CONSUMER

Private label gains ground as South African shoppers rethink value

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SOUTH African shoppers are becoming harder to impress and harder to categorise as household budgets remain under pressure.

While the familiar narrative suggests consumers simply trade down to cheaper products when money is tight, the reality is more nuanced. Shoppers are becoming more deliberate about where their money delivers the greatest return.

This was according to Tony Mun Gavin, Managing Director at Encore, SPAR South Africa's wholly owned private label business.

Mun Gavin said that private label is an important part of this changing consumer landscape.

According to data from Nielsen, private label sales reached R53.5 billion in the first half of 2026, growing 1.9% year on year. The figures demonstrate the significant role retailer brands already play in South African grocery baskets.

Mun Gavin said the growth points

to a broader change in how consumers understand value.

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

Private label was once largely associated with compromise, offering an acceptable substitute for a branded product when money was tight. Increasingly, however, that distinction is becoming less clear.

When quality is consistent and the proposition is relevant, consumers have a reason to choose a retailer brand even when price is not their only consideration.

Value is increasingly being determined by the combination of quality, quantity, convenience and experience at a price that feels fair.

"The same shopper can also be highly price conscious in one category while being willing to pay more in another. A household may choose an affordable staple while still spending on a premium

treat, convenience product or item perceived to offer a health benefit," Mun Gavin said.

Health and affordability are increasingly intertwined.

PwC's 2025 Voice of the Consumer research found that 42% of South African respondents considered health benefits one of the most important reasons for switching food brands, while 70% planned to eat more fresh produce.

At the same time, more than half reported struggling to pay their bills and 54% were looking to stretch their budgets through cost saving strategies.

Mun Gavin said private label can help bridge this gap when it makes healthier and relevant products accessible at prices consumers can afford.

"Convenience is also becoming part of the value equation as households balance work, family and other responsibilities. Products that simplify meal preparation, fit smaller shopping trips and provide reliable quality can offer meaningful value without demanding a



SOUTH African shoppers are not simply trading down as household budgets tighten. They are becoming more deliberate about quality, convenience, health and value. | SUPPLIED

premium. Local sourcing adds another dimension, particularly when it combines quality, provenance and local economic benefit," Mun Gavin added.

Debt Rescue CEO Neil Roets said the rising living costs was concerning

for households already under financial strain.

"In the face of the expected October petrol and diesel price increases, driven by global energy market instability and rand weakness, which will impact

transport, distribution, and food prices, worsening inflationary pressures, the accumulated impact will place already financially stretched South African households under even greater pressure," Roets said.

According to the Eighty20 Credit Stress Report, 41.8% of credit active South Africans are in default on at least one loan, while outstanding consumer debt has climbed to R2.7 trillion.

Overdue balances increased by R8.3 billion to R233bn during the second quarter.

Roets said the figures showed why the cumulative effect of higher borrowing costs was so important.

"What concerns us most is the cumulative pressure on household affordability. When essential living costs and debt repayments absorb an increasing share of disposable income, consumers can become increasingly reliant on credit simply to bridge monthly shortfalls. That is one of the clearest warning signs of escalating financial distress," he said.

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