

# Raising an empowered financial savvy consumer



By [Tralone Khoza](#)

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Since the global recession, spending behaviour has gone through various transitions, the consumer has become more and more budget savvy. Could it be that desperate times do indeed call for desperate measures?

The spending behaviour of the consumer has been driven more by price than quality especially in the lower LSMs. South Africans are currently protesting the implementation of the e-tolls system in Gauteng and their anxiety has been evident in the empty freeways and congested back routes.



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## Consumer confidence dwindling

The continued rise in inflation, fuel increases and with the death of Mandela, most people are feeling vulnerable at this time and most feeling uncertain about the future with the upcoming elections taking place next year. The question is as we are approaching the festive rush, is the consumer likely to fall into the marketer's festive trap and get further and further into debt?

South African consumer confidence slumped to the lowest level in 10 years in the third quarter, indicative of pressures faced by cautious consumers as a moderation in income growth, the decrease in unsecured credit, poor job prospects, and a rise in the cost of living, weighs on disposable income and the ability to spend.

Retailers will continue to make their attempt to lure the consumer, with vouchers, discounts and other bargains to encourage purchasing behaviour during the festive season. South Africans spend four times as much on alcohol than on out-of-pocket healthcare and one-and-a-half times more on clothes than on education, with almost 10% of spending at the bottom end of the market going to clothing, according to analytics consultancy Eighty20.

## Changing perceptions

If we are spending more on the wrong stuff, which are ultimately liabilities and spending least on our assets column, what are the long term consequences? Books such as Rich Dad, Poor Dad, and a recent South African film- Nothing for Mahala, attempts to change the societal understanding and perceptions about money, debt and how to alleviate poverty and creating wealth through financial literacy.

With that being said, consumer spending remains the country's main engine of growth, and it has declined and now accounts for about 65% of gross domestic product.

If the average South African can realise, there is no need to keep up with the Jones' or the Kardashians. If you really want something rather save for it and pay for with your own money, after all cash is king; if you plan properly you can have wonderful festive time without incurring unnecessary debt.

## Overspending in the holidays

It's become norm to spend our bonuses on expensive christmas gifts, when those last minute shopping impulses kick-in, unbudgeted holiday and over the top outings which will empty your pockets and January becomes a "wilderness experience", where loan sharks are lurking in the shadows, most practising irresponsible lending, not in line with the National Credit Regulator (NCR).

With the passing of the Father of our Nation, South Africans are both melancholic and yet feel obligated to honour, the great Nelson Mandela, who believed education was the key to break the chains of poverty, and that it was also a weapon that can change the world, and lead to a brighter future for generations.

As a nation we need a serious paradigm shift. We can start by focusing on investing on education, educating ourselves and others, on the importance of being a financially literate nation. Inspire more entrepreneurs than consumers that will help us to be active participants in the economy to compete in the world's wealth.

## ABOUT TRALONE KHOZA

Tralone is a writer, marketer, loves anything, marketing, brands and PR related. She has a BA communication degree and holds a post graduate diploma in Marketing (IMM). Twitter: @TraloneK

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