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Havas Prosumer Report: SA likes to borrow money but not pay it back!

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86% of South African consumers believe their lives would be better if they had less debt; yet only 24% would sell most things they own to get rid of debt. This, according to the latest Havas Prosumer Report entitled "Money, Money, Money: Attitudes Towards Credit, Consumption and Cryptocurrency."

Speaking on the findings, Chief Strategy Officer at Havas Johannesburg, Lou Boxall-Davies said, "As if taking cue from the recent budget speech from Minister Pravin Gordhan, with little economic growth expected over the next year, consumers remain pessimistic about the economy.

"A number of tensions define their relationship with money and its place in their lives. Many feel that the next generation will be less financially secure, while a number worry about losing their existing investments. They are interested in financial literacy and they believe that it will put them at ease in this uncertain climate. They want to know how to better define the role of money in their lives, to handle debt better, to demand better offerings from financial service providers, to invest better and build wealth, and to witness a more financially-just world.

"These insights are key for businesses to understand as they speak to the ongoing shifting power dynamics in their relationship with consumers. People want better. People want value."

Some highlights from the report include:

Consumers' relationship with money is complicated, and littered with tensions

Many of us would like more money: 80% of Prosumers believe that their lives would better if they had more money; and the same measure would work more to earn more. Money is clearly a key part of people's lives. Yet only 4 in 10 say that money gives meaning to their lives and 84% of the same group believes people obsessed with money are missing out on the true meaning of life. For consumers, money is a means to an end, but the inherent value it holds in consumers' lives is not so black and white.

Debt and a good quality life? Another relationship with tension

People are cautious of debt and find themselves in a stalemate between debt and the things they want to live a good quality life. 80% of Prosumers will get into debt to buy a home while over 43% will borrow money for a vehicle and 11% for furniture. These figures are higher than both BRICS and global averages. 53% of parents will get into debt for their children's education while 42% of adults will get into debt for their own tertiary education. That being said, just over 24% of people will sell most of their possessions to get rid of debt, 5.6% will turn their lives into reality shows and only 1.2% will prostitute themselves.

KISB is Keep It Simple, Banks!

South Africans expect financial institutions to adapt to new technologies with 68% of Prosumers wanting to pay for everything with their smartphones. This is not too far off from where the rest of the mainstream consumers are; meaning the central role smartphones play in facilitating transactions will be around for some time. There's an anticipation for the use of wearables and biometrics to carry out and validate everyday transactions. This skew towards tech-savvy processes aligns with the preference for simplicity as seen in the 63% of South Africans who prefer that their financial life - banking, mortgage, investment, insurance - to be bundled into a single organisation.

Surprisingly, wealth distribution is a big conversation globally, just not in South Africa

Globally, 69% of Prosumers believe that wealth should be redistributed and for BRICS, that number is at 75%. South Africa however is showing a different picture with only 43% of Prosumers believing that wealth distribution must happen. This suggests that the current discourse on radical economic transformation may be more populist as evidenced by the emergence and growth of movements such as the Economic Freedom Fighters.

Consumers are partial to education

Education and the future growth of an economy go hand-in-hand, not only in South Africa but also globally. Consumers think so too. 91% of prosumers believe that countries that provide free or low cost tertiary education will have an economic edge in the future. That level of importance is complemented by the fact that 53% of consumers will borrow to educate their children, and 42% to educate themselves.

"Money, Money, Money: Attitudes Toward Credit,

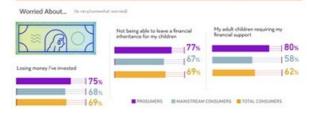
Consumption, and Cryptocurrency" draws on findings from a survey of 11,976 people aged 18+ in 37 markets. The survey was created by Havas Worldwide and fielded by Market Probe International. For more information or to download the report, please visit <u>http://mag.havas.com/prosumer-report/money/</u>.

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FINANCIAL FORECAST:

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CONSUMERS REMAIN PESSIMISTIC ABOUT THE ECONOMY



DEBT VS. MY FAVOURITE THINGS

Consumers are cautious about debt and find themselves in a stalemate between debt and the things they want to live a good quality life

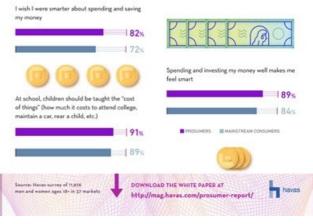
80% ^{Prosumers} debt to buy a home 53% Total consumers 42%

83%

SOUTH AFRICAN WHO BELIEVE THEIR LIVES WOULD BE BETTER WITHOUT DEBT

WEALTH DISTRIBUTION: A GLOBAL CONVERSATION





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