

What's drawing South African consumers to premium products?

The latest *Nielsen Global Premiumisation Survey* indicates that 92% of South Africans are willing to pay an above-average price for products that deliver higher quality, offer superior functioning (91%) or stand behind environmentally responsible (86%) or socially responsible (77%) principles; this despite economic limitations where only 50% of the population believe that they are financially better off than five years ago.



©dolgachov via [123RF](#)

Nielsen head emerging markets thought leadership, Ailsa Wingfield comments, “As consumers move up the economic ladder, they’re attracted to aspirational brands that signal they’ve achieved a certain level of success. Nonetheless, for many disposable incomes remain limited and for these consumers, trusted brands provide an assurance of quality, minimising the risk of wasting money on a product that doesn’t fulfil expectations.”

For those local respondents in the study who indicated that they are significantly or somewhat better off financially, the products/services that are more accessible to them today, versus five years ago, are improved technology (72%), better education (49%) and more premium products (35%).

For South Africans, sentiment is not necessarily income-dependent. With only 45% of respondents reporting they’re able to spend freely or comfortably purchase items that they want, 54% cite premium products worth the money and 50% because these products make them feel good. Although, brand trust remains integral to a purchase, 59% believe that premium claims are a way for a brand to just charge more money.

The route for South Africans to engage and try new premium products stems from recommendations from friends and family and television advertising, both at 44%, along with their own research (45%) and from online advertising (35%).

Wingfield counters, “When launching new products, brands need to align their media tactics with the product’s core value proposition and the target audience via the relevant media platform.

What is a premium product?

When asking respondents about the key aspects that make a product premium to them, 64% said it is made with high-quality ingredients or materials, 57% said it is from a well-known or trusted brand and 54% said it offers superior function or performance. Only 29% of local consumers cited a product as premium because it was expensive – a clear warning to

companies who push up prices without providing a clear value proposition to support the change.

South African consumers aren't just trading up on big-ticket purchases; they're also going premium on everyday items. For fast-moving consumer goods, everyday consumables rise to the top of the list of categories for which respondents most of say they're willing to trade up. While electronics and clothing/shoes top the list (cited by 44% and 42%, respectively), respondents are also willing to consider trading up for better meat or seafood (41%), coffee and tea (34%), and dairy (33%), with oral, body and hair care, deodorant and vitamins all coming in at 31%.

It's more than price

In a world where conscious consumption is going mainstream, many consumers are buying based on how products make them feel and products with an environmental benefit justify a higher price tag for as many as 86% of South African respondents; while 77% are willing to pay premium (more than average) for products that are socially responsible. Roughly eight in 10 South African respondents will willingly pay a premium for products made with organic or all natural ingredients (82%) while 88% are willing to pay more for a product that offers or does something no other product on the market does.

"Beyond basic-need products, premium products tap directly into a desire for products that provide specialised, enhanced or exclusive benefits. But delivering on consumers' expectations of the experience remains critical and the most successful premium products are those that perform an important job for which previously available solutions were unsatisfactory or non-existent."

Best practices

Brands wanting to capitalise on the rising appetite for premium products in South Africa and increase their bottom lines by putting a premium on premium-focused innovation will need to create a highly differentiated offering that resolves a real consumer struggle.

"What will remain vital will be to ensure premium products live up to their promise, that the price is right based on consumers' value perceptions and that its marketing continues to resonate emotionally," concludes Wingfield.

For more, visit: <https://www.bizcommunity.com>