THE SOUTH AFRICAN CONSUMER MARKET

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ABSTRACT

Investors interested in the private consumer market of South Africa have to take note of the size of the market but also of the diversity of its population as well as the methods of segmentation followed by the advertising media. South Africa houses 47 million people of different race groups and has 11 official languages. The country consists of nine provinces and vast differences occur among some of them in their population composition and economic activities. In the light of the above, this paper concentrates on the calculation of the size of the South African consumer market segmented by 23 main expenditure groups, province, Living Standards Measure (LSM)® group and race. The size of the market is estimated at US$146 billion. Segmentation by province is necessary because population density and personal disposal income of the inhabitants of the provinces differ considerably. Segmentation by Living Standards Measure (LSM)® group, enables marketers to do more informed media selection for promotion. Segmentation by race is necessary since a number of cultural differences prevail.

INTRODUCTION

Companies are successful to the extent that they enter attractive markets and possess the required business skills to succeed in those markets. If one of these factors is missing, the business will not produce outstanding results. The purpose of this paper is to concentrate on the size and structure of the South African consumer market. Any business that manufacturers and/or distributes consumer products, or that delivers services to consumers, could use such information as a starting point when it considers entering the market and investing in South Africa. Those already in operation could use the information as a broad guideline on policy decisions on, location, promotion and distribution.

South Africa is a country with 47 million people consisting of different race groups and speaking 11 official languages. The country consists of nine provinces and vast differences occur among some of them in their population composition and economic activities. This paper concentrates on the calculation of the size of the South African consumer market segmented by main expenditure group, province, Living Standards Measure (LSM)® group and race. The size of the market is estimated by multiplying the average expenditure per household by the number of households falling into that segment. Market segmentation is the division of a market into parts, each of which has identifiable characteristics of actual or potential economic interest. Most often segmentation is in terms either of characteristics of the product or service, or of purchaser/user characteristics.

The following 23 main expenditure groups are distinguished in the paper: Food; clothing, footwear & accessories; housing & electricity; household fuel & light; transport; medical & dental; education; insurance & funds; recreation, entertainment & sport; furniture & household equipment; alcoholic beverages; cigarettes & tobacco; washing & cleaning materials, etc; dry-cleaning & laundry; personal care; communication; reading matter & stationery; domestic workers; support of relatives (cash); holiday/weekend (excl transport); income tax; miscellaneous and savings.

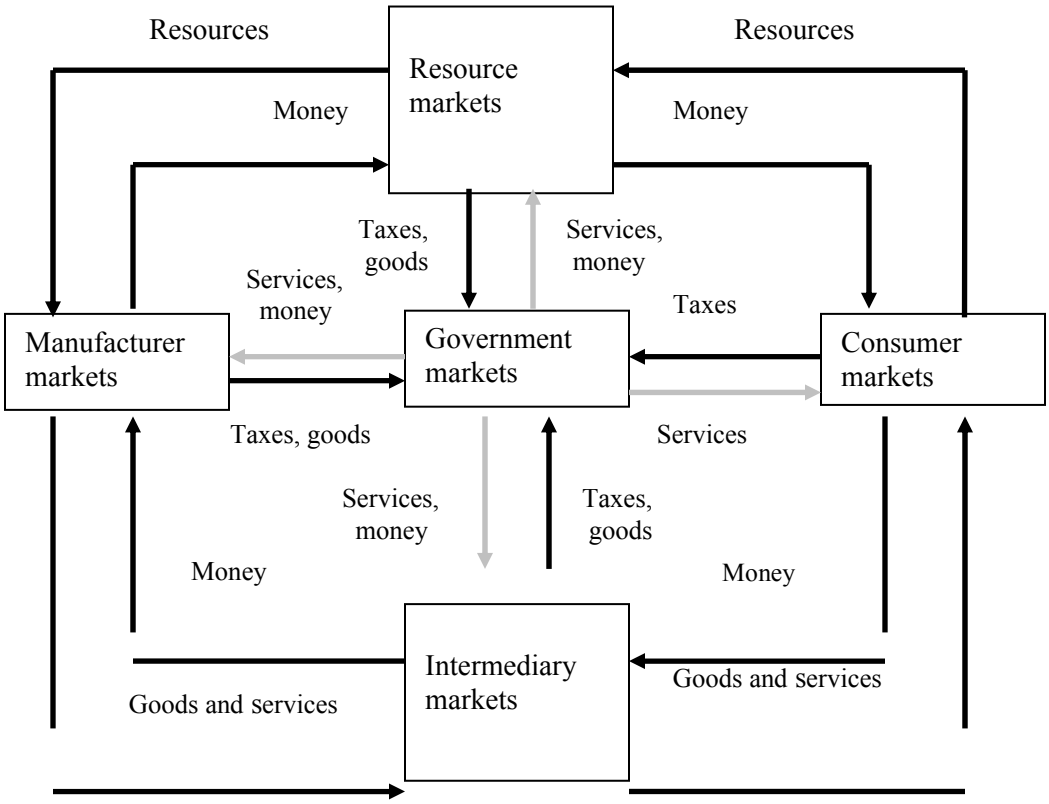
Segmentation by province is necessary because population density and personal disposal income of the inhabitants of the nine provinces differ considerably with important consequences for marketing and distribution costs. Segmentation by Living Standards Measure (LSM)® group, whereby households are classified into one of 10 LSM® groups, on the basis of their possessions and where they live, enables marketers to do more informed target marketing, especially when media selection for promotion is considered. Segmentation by race is necessary since a number of cultural differences, such as home

language, prevail among the four races in South Africa and must be taken into account in marketing strategy decisions.

LITERATURA REVIEW

Businesspeople often use the term market to cover various customer groupings. They talk about need markets (the diet-seeking market), product markets (the shoe market), demographic markets (the youth market) and geographic markets (the Botswana market); or they extend the concept to cover other markets, such as voter markets, labor markets and donor markets. Kotler (2003) distinguishes five basic markets as shown in figure 1.

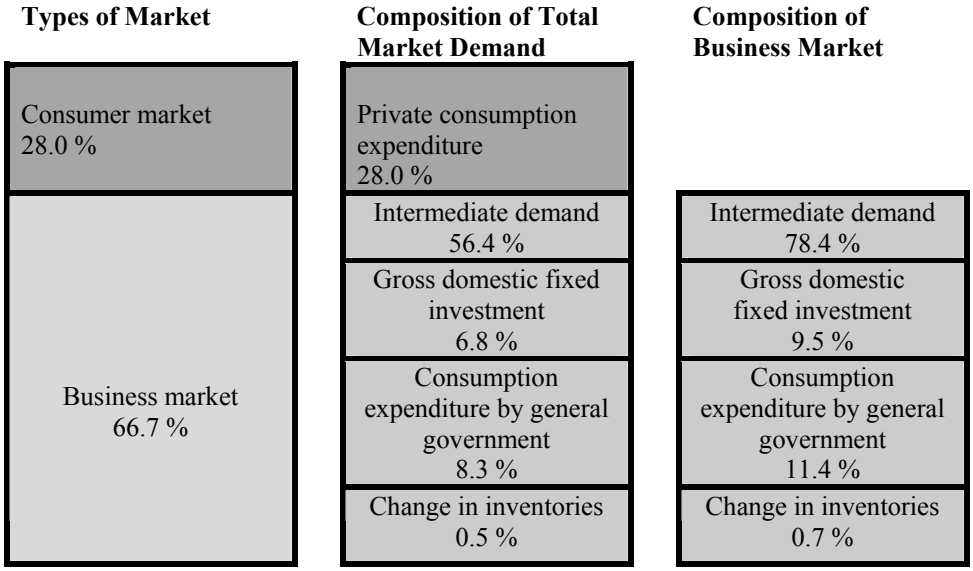
Figure 1: Structure of Flows in a Modern Exchange Economy



Source: Kotler (2003)

Manufacturers go to resource markets (raw-material markets, labor markets, money markets), buy resources and turn them into goods and services, and then sell finished products to intermediaries, who sell them to consumers. Consumers sell their labor and receive money with which they pay for goods and services. The government collects tax revenues to buy goods from resource markets, manufacturer markets and intermediary markets, and uses these goods and services to provide public services. Each nation's economy and the global economy consist of complex interacting sets of markets linked through exchange processes. The structure of the South African consumer and business market is shown in figure 2.

Figure 2: Structure of the Potential Consumer and Business Market in South Africa, 2002



Source: Calculated from Stats SA (2002a)

The purpose of this paper is to look at the size and structure of the South African consumer market. The consumer market represents expenditure on products and services by private persons and non-profit institutions. This paper excludes expenditure by non-profit institutions. Table 1 gives an overview of the South African population by province and race in 2005.

Table 1: South African Population by Race and Province, 2005

Province	**Africans/Blacks**		**Asians/Indians**		**Coloureds**		**Whites**		**Total**	
	'000	**%**	**'000**	**%**	**'000**	**%**	**'000**	**%**	**'000**	**%**
Eastern Cape	6 504 230	17.8	21 515	1.9	504 987	12.6	383 953	7.4	7 414 685	15.8
Free State	2 544 403	6.9	3 248	0.3	84 579	2.1	363 342	7.0	2 995 572	6.4
Gauteng	6 047 500	16.5	183 093	15.9	320 997	8.0	2 023 416	38.8	8 575 006	18.2
KwaZulu-Natal	7 975 282	21.8	862 978	74.9	133 044	3.3	646 356	12.4	9 617 660	20.5
Limpopo	5 707 081	15.6	6 641	0.6	9 052	0.2	130 028	2.5	5 852 802	12.5
Mpumalanga	2 925 680	8.0	13 901	1.2	22 469	0.6	303 137	5.8	3 265 187	6.9
North West	3 579 410	9.8	10 990	1.0	52 109	1.3	260 674	5.0	3 903 183	8.3
Northern Cape	313 857	0.9	2 518	0.2	478 144	12.0	119 456	2.3	913 975	1.9
Western Cape	1 046 635	2.9	47 499	4.1	2 394 538	59.9	978 044	18.8	4 466 716	9.5
RSA	**36 644 078**	**100.0**	**1 152 383**	**100.0**	**3 999 919**	**100.0**	**5 208 406**	**100.0**	**47 004 786**	**100.0**

Source: Steenkamp (2005)

Churchill and Peter (1998) describe market segmentation as a process of dividing a market into groups of potential buyers who have similar needs and wants, value perceptions or purchasing behavior. The particular market segment that a marketer selects to serve is called a target market.

Kotler (2000) distinguishes five types of consumer market segmentation, namely behavioral, demographic, geographic, multi-attribute and psychographic segmentation. Churchill and Peter (1998) distinguish the following types of segmentation: demographic and psychographic segmentation, segmentation based on thoughts and feelings, segmentation based on purchase behavior and multiple bases for segmentation (geodemography). Strydom, Cant and Jooste (2000) distinguish four types of segmentation, namely geographic, demographic, psychographic and behavioral segmentation.

The most common means of segmenting consumer markets is to use demographic segmentation, which involves dividing the market on the basis of population characteristics. This may be because of the relative ease with which the approach can be applied. Information about variables such as gender, age, race or ethnicity, income level, occupation, education level, and household size and composition is readily available from population censuses and other official statistics.

With geographic segmentation, the market is divided into different geographical units such as provinces, regions that may extend across provincial borders, countries or a group of countries such as the SADC countries, metropolitan areas, cities or neigborhoods, suburbs or townships. Population density or type of township (formal vs informal) and climate may also be important in segmentation.

While demographic and geographic segmentation are relatively simple and straightforward, psychographic segmentation is not. People are divided into different groups on the basis of lifestyle, personality, social class and/or values. Kotler (2000) distinguishes six categories, namely strivers, devouts, altruists, intimates, fun seekers and creatives. Churchill and Peter (1998) refer to the following five psychographic categories as identified by Global Scan: strivers, achievers, pressured, adapters and traditional. Strydom et al (2000) refer to the following five value groups as identified by AC Nielsen MRA's Sociomonitor Value Groups Survey: conformists, traditionals, progressives, nonconformists and todayers.

Parker (1998) suggests market segmentation by life stage and life plane, which can be seen as a combination of some elements of demographic and psychographic segmentation. A matrix approach may be used to combine both measures in order to develop a single easy-to-use tool that retains all the qualities of the measures individually, and adds a substantial depth of perspective. Segmentation of markets by life stage or age group shows how a person's lifespan can be divided into five-year periods as illustrated in table 2.

In each of these periods, peoples' circumstances, their interests and activities, and their buying behavior and levels of consumer expenditure change.

Education is the key element of segmentation by life plane or sociopolitical group. Buying behavior, store choice and consumer expenditure levels are a function of life plane. Education influences attitudes and perceptions; plays a major role in shaping expectations and aspirations; and is the key to a person's choice of career. There is also little doubt that education influences performance.

Table 2: Life Stage Model

Life Stage	Age	Age	Age	Age	Age	Age
First Generation	**1to 5**	**6 to 10**	**11 to 15**	**16 to 20**	**21 to 25**	**26 to 30**
1. Infants, toddlers & preschoolers						
2. Primary schoolers						
3. Senior schoolers						
4. Preparation years						
5. Freedom years						
6. Newlyweds & baby blues						
Second Generation	**31 to 35**	**36 to 40**	**41 to 45**	**46 to 50**	**51 to 55**	**56 to 60**
7. Homemakers						
8. Career builders						
9. Middle madness						
10. Family focused						
11. Empty nesters						
12. Easing offers						
Third Generation	**61 to 65**	**66 to 70**	**71 to 75**	**76 to 80**	**81 to 85**	**86 to 90**
13. Retirementees						
14. Down scalers						
15. Granny flatters						
16. Institutioners						

Source: Parker (1998)

As mentioned earlier, market segmentation denotes the division of a market into identifiable parts. The Esomar Social Grade has attempted to lay down guidelines for such identifiable parts for households living in the European Union (ESOMAR 1997). The development of the Esomar Social Grade is based on the philosophy of comparability of segments of people across nations in the EU. The ESOMAR Social Grade is a composite variable constructed from:

- the occupation of the main income earner in the household (the MIE)
- the terminal education age (TEA) of the MIE following a period of employment
- and in the case of non-active MIEs, the economic status of the household, based on the household ownership level of 10 selected consumer durables

The South Africa Advertising and Research Foundation has developed a measure called the New SAARF Universal Living Standards Measures (SU – LSM®), LSM hereinafter, which is better able to distinguish living standards than any single demographic variable (SAARF® 2005a). The LSM is a scale used for indicating the socioeconomic status of a group. Eight levels were initially distinguished, but these were extended to 10 in 2001. Twenty-nine variables were adopted for the classification of households into 10 different LSM groups. Each of the 29 variables carries a different weight, some positive and some negative, and the total LSM score of a household determines into which of the 10 LSM groups it falls.

Classification of People Into Different Living Standard Groups

In their monograph entitled Standard of living: An alternative measure of nations' current material well-being, Summers and Heston (1995) describe the living standards measure as a 'new index of social welfare' that renders different results about wealth distribution compared to wealth distribution results based on income measures.

Summers and Heston (1995) emphasize that, generally, social welfare is made up of a substantial number of social, economic and other variables that cannot all be captured in a single index. Rather, the living standards index comprises a limited selection of variables that can be used to explain as accurately as possible a high percentage of the variance regarding social welfare.

Although there are differences across countries with regard to what is meant by living standards, Narayan, Chambers, Shah and Petesch (2000) identified the following indicators of living standards as being fairly universal:

- having adequate food
- having adequate assets
- having work in order to derive an income
- being healthy and appearing well
- being able to marry and care for children
- having self respect and dignity
- experiencing peace and harmony
- experiencing a physically safe and secure environment
- being confident of the future
- having freedom of choice and action.

Narayan, Patel, Schafft, Rademacher and Koch-Schulte (2000) summarized the abovementioned universal aspects of living standards into four categories, namely:

- Physical Capital: This includes, inter alia, land and material possessions.
- Human Capital: This includes, inter alia, access to healthcare, education and training, and a person's labor power.
- Social Capital: This includes, inter alia, social networks, support groups and associations.
- Environmental Capital: This includes, inter alia, grass, water, trees, fish and animals.

Since the South African Living Standards Measure (LSM) groups that form the focus in this article do not include human, social and environmental capital as descriptors of living standards, attention will only be given to physical capital as a backdrop to classify households by LSM group.

Of all the aspects of physical capital that are predictors of living standards, ownership of or access to land is often cited as a key asset (Narayan, Patel et al 2000).

The second physical asset that is frequently mentioned as a strong descriptor of living standards is housing. According to Narayan, Patel et al (2000) there appears to be a correlation between living standards and housing, namely the better a person's housing, the higher his/her living standard. Seven of the 29 predictor variables of the LSM concept that are used in this article and will be explained later fall into the housing category.

A third physical capital predictor of living standards is personal or household property. This features very strongly in the South African LSMs, with 18 of the 29 predictor variables falling into this category.

The South African Advertising and Research Foundation (SAARF®) Living Standards Measure (LSM) originated during the late 1980s when SAARF® considered using a combination of variables to formulate a living standard indicator for South Africa (SAARF® 2005a). The original SAARF® LSMs were revised during 2001 when the so-called 'SAARF® Universal Living Standards Measure' concept was introduced. Whereas the 1989 to 2000 LSMs comprised 8 LSM groups, the SAARF® Universal LSM (SU-LSM®) concept was extended to comprise 10 LSMs based on a total of 29 variables. They are hot

running water; fridge/freezer; microwave oven; flush toilet in house or on plot; VCR in household; vacuum cleaner/floor polisher; washing machine; computer at home; electric stove; television set(s); tumble dryer; Telkom telephone; hi-fi/music centre; built-in kitchen sink; home security service; deep freeze; water in home or on stand; M-Net and/or DSTV; dishwasher; metropolitan dweller; sewing machine; DVD player; house/cluster/townhouse; one or more motor vehicle; domestic worker; cell phone; radio; no cell phone in household; and living in a non-urban area (SAARF® 2005a).

Total Household Expenditure

Total household expenditure can be calculated by using household expenditure data obtained through consumer surveys (direct method) and/or by using statistical series (indirect method) (Martins, Loubser & Van Wyk 1996).

Consumer Surveys

In consumer surveys the expenditure patterns of households are usually determined from a random sample of households, and then the total consumer market for a specific product in a particular region or regions is calculated by raising the sample results to the universe. Ordinary consumer surveys reveal the size of the current market for a particular product; future market potentials are determined over the short term by including questions about future buying intentions in the questionnaire. Unlike most of the other methods, consumer surveys reveal the demographic characteristics of consumers. Consumer surveys may be single-call surveys, consumer panels, or buying intention and purchasing probability surveys.

The Index Method

The index method of calculating market potentials involves the application of statistical series that reflect the relative potential demand for a specific consumer product or service, or a group of products or services, or consumer products and services in general. The relative demand for a specific product in various geographical regions can be reflected by a single index, such as population, or by several series of data combined into a single statistical index. The series are usually expressed in percentages by area for the total market and therefore indicate the share of each geographical region in the potential consumption of a specific consumer product or service, or group of products or services, or products and services in general.

Total household expenditure calculated by household income and expenditure surveys will be discussed in the following section.

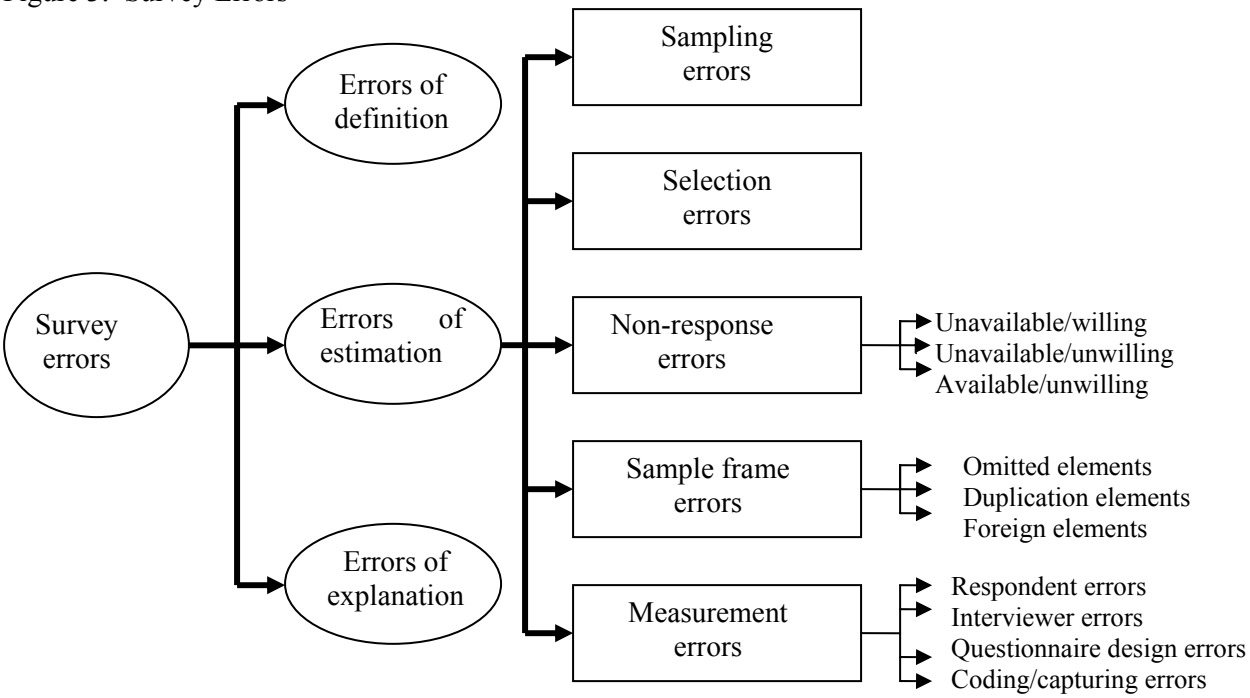
METHODOLOGY

Total household expenditure was calculated by multiplying average expenditure per household by the number of households. The average expenditure figure per household was obtained from personal face-to-face surveys conducted by means of a pre-structured questionnaire amongst 1 441 households randomly selected in the three main metropolitan areas of South Africa, namely Gauteng, the Cape Peninsula and the Durban metropolitan area (Martins 2005). No deep rural areas that are undeveloped countryside areas where many people live in poverty fell into the three mentioned areas. Therefore relatively few questionnaires were completed at these low income households. For estimations for low income households the survey information obtained from the 1 441 respondents was supplemented with information from surveys by Statistics South Africa (Stats SA 2002b).

Validity of the Research Results

Properly conducted sample surveys yield useful estimates but not exact values. Various types of errors may influence the validity of the survey results. These errors fall into three basic categories and can be portrayed as shown in figure 3.

Figure 3: Survey Errors



Source: Tustin, Ligthelm, Martins & Van Wyk (2005).

A properly developed questionnaire, proper planning and strict control over the interviewing process will minimize survey errors. The calculation of the magnitude of such errors is almost impossible. However, the statistical sample error, that is the distance between the sample mean and the true population mean, can be calculated for results from a random sample by using the following formula (Tustin et al 2004).

$$\sigma_{\bar{x}} = \frac{\sigma}{\sqrt{n}}$$

Where $\sigma_{\bar{x}}$ = standard error of the mean

σ = standard deviation of population

n = sample size

The formula for the standard deviation of the sampling distribution to determine the size of a sample can be presented as follows (Tustin et al 2004):

$$\sqrt{n} = \frac{\sigma}{\sigma_{\bar{x}}} \quad \text{or} \quad n = \frac{\sigma^2}{\sigma_{\bar{x}}^2}$$

The calculation of the sample size (n) is determined by the standard deviation of the population (σ) and the standard deviation of the sampling distribution ($\sigma_{\bar{x}}$).The standard deviation of the sampling distribution ($\sigma_{\bar{x}}$) is determined by the allowable error and confidence interval required. The allowable sample error is calculated by the formula:

$$\sigma_{\bar{x}} = \frac{E}{z}$$

Where *E* = allowable error (not sample error) and z = number of standard deviation units that will yield the desired level of confidence. For example, at a 90 % level of confidence z = 1,64.

The minimum sample size required to gather statistically reliable data on food at a 90 % confidence level and a 10 % rate of precision, calculated with the aid of expenditure data gathered for this study, is as follows: 107 for Africans/Blacks, 92 for Asians/Indians, 118 for Coloureds and 96 for Whites. The number of respondents used for the calculations in this survey is 457 Africans/Blacks, 271 Asians/Indians, 260 Coloureds and 429 Whites. A substantial statistical sample error may occur for the expenditure figures for products and services with a low frequency of purchase and also those with big differences in the price range. Users of the research results are therefore requested to exercise caution when using household expenditure information.

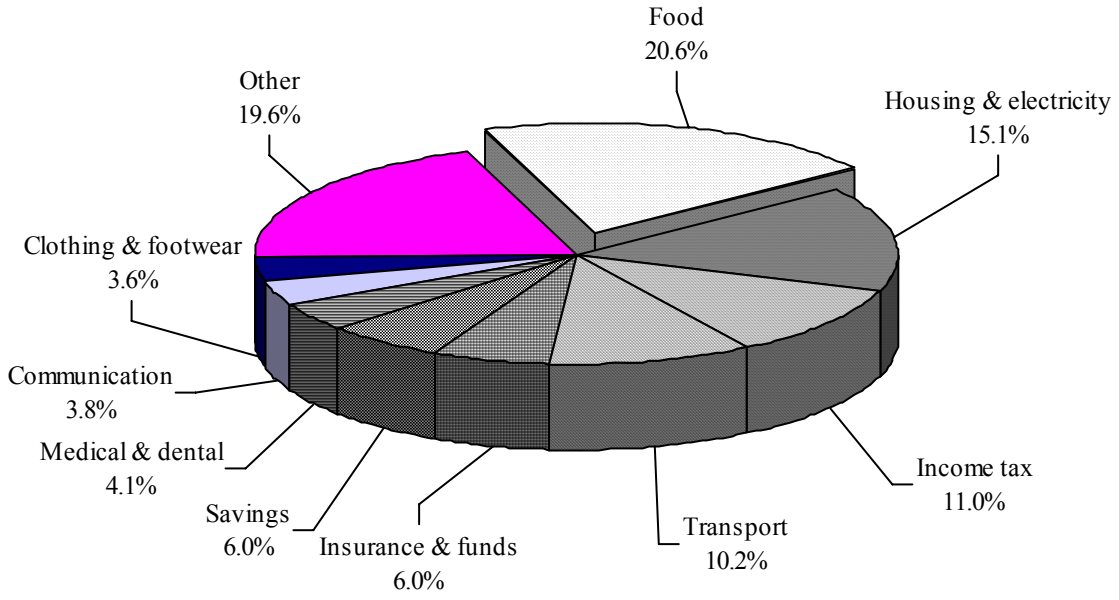
Household Expenditure in South Africa by Main Expenditure Group

Total household cash expenditure in South Africa for 2005 is estimated at US$146 billion (873 billion South African rand). Expenditure in kind is excluded from this amount. Expenditure in kind includes own produce, all gifts, support other than cash and benefits received, and imputed rent. Figure 4 shows estimated household expenditure by main expenditure group for 2005.

Household Expenditure by Province

Figure 5 depicts the share in the estimated total household cash expenditure in South Africa as well as the number of households by province in 2005. Households living in Gauteng will be responsible for an estimated 34,6 % of the total expenditure of US$146 billion, followed by the Western Cape (17.7 %) and KwaZulu-Natal (16.5 %). It is estimated that these three provinces, where 52.3 % of the total number of households of South Africa reside, will be responsible for 68.8 % of the total household cash expenditure in South Africa in 2005. The only two provinces where the share in expenditure will be higher than the share in the number of households are Gauteng (34.6 % vs 22.5 % respectively) and the Western Cape (17.7 % vs 10.1 % respectively).

Figure 4: Household Expenditure in South Africa by Main Expenditure Group, 2005



Source: Martins (2005)

In 2005, estimated expenditure on food represented 20.6 % of total estimated household expenditure followed by housing and electricity (15.1 %), income tax (11.0 %) and transport (10.2 %).

Some fundamental differences prevail in the expenditure patterns of households across provinces with regard to the major expenditure groups. A large percentage of the average household's budget accrues to food in provinces such as Limpopo and the Eastern Cape, where a relatively large percentage of households live in traditional rural areas and where household income is relatively low. The large share spent on food can be attributed to the fact that food is a basic need and therefore money is first spent on food. What is left goes to other products and services. This is not necessarily applicable to all foodstuffs, since some can be considered luxury items. Marketers, who specialize in luxury items, will concentrate their promotional efforts in Gauteng and the Western Cape before moving to the other provinces.

Household Expenditure by Population Group

In 2005, African/Black households had the largest share in total estimated household expenditure of the four population groups. According to figure 6, Africans/Blacks were responsible for 46.6 % and Whites for 41.3 % of the estimated household expenditure of US$146 billion in 2005. The share of Coloureds was 7.6 % and that of Asians/Indians 4.5 %.

As mentioned earlier, South Africa has 11 official languages. Table 3 shows the home language of the four population groups. Depending on the target market as well as type of product, marketers must take this into account in their promotion strategies. More advanced electronic items such as computers can be promoted in English since the majority of literate people will have a reasonable command of English, but

basic items such as soap powder being promoted among Africans/Blacks will have to be promoted in their home language.

Figure 5: Household Expenditure in South Africa by Province, 2005

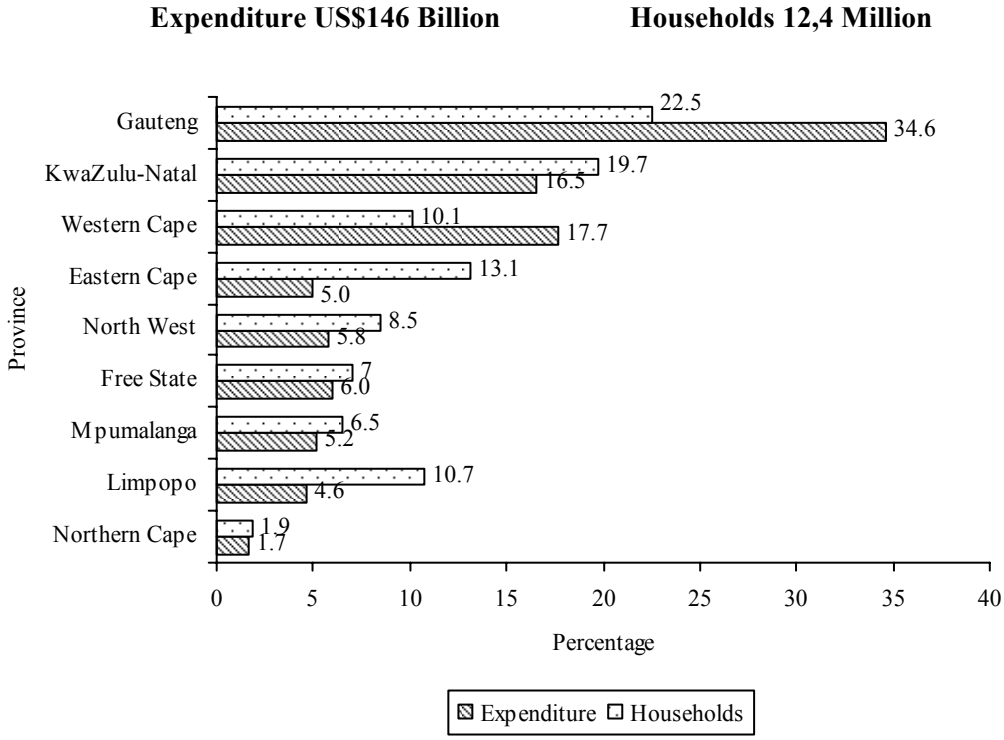


Figure 6: Household Expenditure in South Africa by Population Group, 2005

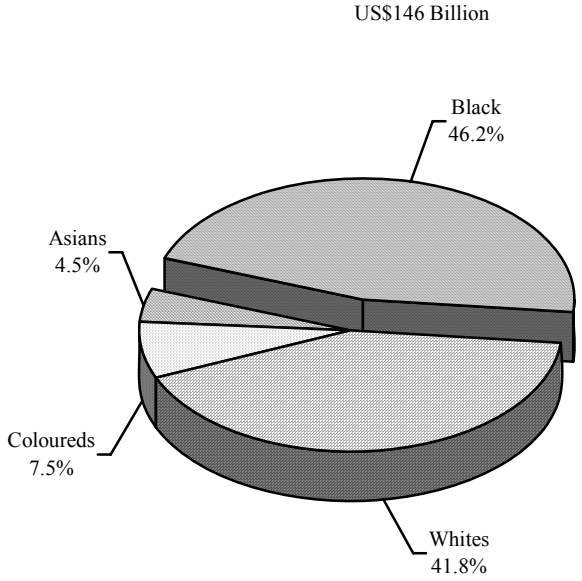


Table 3: Percentage Distribution of Home Languages Spoken according to Race

Home language	Africans/ Blacks	Asians/ Indians	Coloureds	Whites	Total
Afrikaans	0.5	1.3	78.5	57.6	15.1
English	1.7	96.2	20.5	40.5	11.1
N. Sotho	12.5	0.0	0.1	0.0	9.4
Ndebele	1.6	0.0	0.0	0.0	1.2
S. Sotho	10.6	0.0	0.1	0.0	8.0
Swazi	2.9	0.0	0.0	0.0	2.2
Tsonga	4.9	0.0	0.0	0.0	3.7
Tswana	11.2	0.2	0.3	0.1	8.4
Venda	2.6	0.0	0.0	0.1	1.9
Xhosa	22.0	0.0	0.2	0.0	16.5
Zulu	29.3	0.0	0.0	0.1	22.0
Other	0.3	2.2	0.1	1.6	0.5
Grand Total	100.0	100.0	100.0	100.0	100.0

Source: SAARF (2005b)

Household Cash Expenditure by LSM Group

Figure 7 depicts the share of LSM groups in the estimated total household cash expenditure in South Africa in 2005 compared with their share in the total number of households in South Africa. The 6.5 % of households in LSM group 10 were responsible for 30.5 % of the total household expenditure in 2005 as against the 0.7 % of the 7.8 % households falling into LSM group 1. The breakeven point is LSM group 6 where the share in total household expenditure is 14.4 % and in total number of households is 14.3 %. The figure clearly demonstrates the skewness in wealth distribution in South Africa.

Figure 7: Share of LSM Groups in Total Household Cash Expenditure and Total Number of Households 2005

Expenditure US$146 Billion Households 12.4 Million

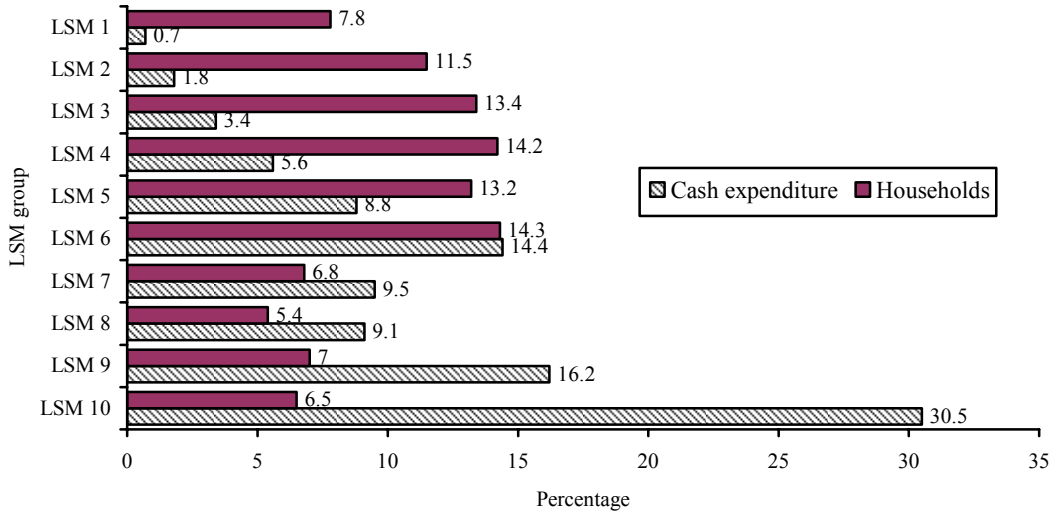


Table 4 shows the share in cash expenditure by LSM and main expenditure group as estimated for 2005. The 6.5 % of households falling into LSM group 10 were responsible for more than one third of the total household expenditure in South Africa in 2005 on the following main expenditure items:

- Holiday and weekend excursions 61.5 %
- Recreation. entertainment and sport 53.4 %
- Domestic workers 53.0 %
- Income tax 47.6 %
- Savings 45.1 %
- Medical and dental services 37.0 %
- Insurance and funds 36.9 %

The main expenditure groups where the 6.5 % of households falling into LSM group 10 will spend the least of the total cash expenditure are:

- Support of relatives 11.2 %
- Dry-cleaning and laundry 15.4 %
- Cigarettes and tobacco 15.8 %
- Food 16.6 %
- Washing and cleaning materials 17.1 %
- Household fuel and light 18.9 %
- Personal care 20.9 %

Although LSM 10 households were responsible for 30.5 % of total household expenditure in 2005 it is important that marketers and advertisers do not overlook the economic importance of the other LSM groups in their promotional budgeting. LSM 6 households spend more on food, cigarettes and tobacco and dry-cleaning and laundry and almost the same on washing and cleaning materials as LSM 10 households. The economic importance of all LSM groups becomes even more relevant when looking at the share of the LSM groups in total expenditure on specific products and services. LSM 6 households' share in expenditure on white bread was 19.4 % as against a share of 10.0 % for LSM 10 households. The shares for poultry are 17.7 % for LSM 6 and 9.9 % for LSM 10 households.

MAIN FINDINGS

The main findings of the paper can be summarized as follows:

- The total household expenditure by South African households, excluding in-kind expenditure, is estimated at US$146 billion for 2005.
- There are various options for the segmentation of consumer markets and companies must choose the option(s) best suited to them, which may differ from country to country.
- More than half (56.9 %) the household budget of South Africans is spent on food (20.6 %), housing and electricity (15.1 %), income tax (11.0 %) and transport (9.7 %).
- More than one third (34.6 %) of total household expenditure is spent by people who reside in Gauteng, one of the nine provinces in South Africa.
- Africans/Blacks spend 46.6 % of the total household expenditure in South Africa.
- The market share of LSM 1 households of only 0.7 % in comparison with the 30.5 % of the LSM 10 households points to great disparities in the wealth of the population.
- Data collected by means of household sample surveys never produce exact information and must be treated with caution.

Table 4: Share in Total Household Cash Expenditure in South Africa by Main Expenditure and LSM Group, 2005

Main Expenditure Group	LSM 1	LSM	LSM	LSM	LSM	LSM	LSM	LSM	LSM	LSM	Total
	%	%	%	%	%	%	%	%	%	%	%
Food	2.3	4.6	7.6	10.1	12.0	16.9	10.0	8.1	12.5	16.6	100.0
Clothing, footwear &	0.8	2.1	4.9	8.2	12.2	18.7	10.2	8.6	12.1	22.2	100.0
Housing & electricity	0.2	1.6	2.4	4.3	9.4	16.5	10.9	9.4	17.8	27.6	100.0
Household fuel & light	5.4	10.7	18.2	16.9	8.0	6.8	1.4	5.8	7.9	18.9	100.0
Transport	0.0	1.1	3.6	5.9	7.5	12.4	9.0	9.8	17.8	32.9	100.0
Medical & dental	0.1	0.5	0.9	1.9	6.8	13.0	9.7	9.5	20.5	37.0	100.0
Education	0.4	2.0	2.7	6.6	10.0	14.5	7.9	10.3	14.8	30.8	100.0
Insurance & funds	-	0.5	0.7	2.8	6.8	14.4	9.7	9.5	18.8	36.9	100.0
Recreation, entertainment	-	-	0.4	0.9	2.5	6.5	6.0	8.0	22.5	53.4	100.0
Furniture & household	1.0	1.6	3.6	10.5	11.1	16.8	8.9	7.7	11.6	27.3	100.0
Alcoholic beverages	0.3	1.3	5.1	10.7	12.6	13.1	8.5	9.4	15.3	23.7	100.0
Cigarettes & tobacco	0.3	1.7	2.9	5.9	10.0	20.4	13.0	12.2	18.9	15.8	100.0
Washing & cleaning	1.9	4.3	7.1	9.3	11.7	16.9	10.3	8.7	12.8	17.1	100.0
Dry-cleaning & laundry	-	-	-	2.1	21.6	28.5	6.5	9.5	16.5	15.4	100.0
Personal care	1.1	2.4	5.1	8.5	11.6	17.2	10.7	8.7	13.7	20.9	100.0
Communication	0.3	1.3	2.2	4.5	8.7	13.0	9.3	10.4	18.9	31.4	100.0
Reading matter &	-	0.5	1.3	6.3	16.8	15.0	8.2	7.6	18.0	26.2	100.0
Domestic workers	-	-	-	1.0	2.2	4.1	4.0	10.3	25.3	53.0	100.0
Support of relatives (cash)	-	-	1.2	19.9	22.5	19.9	11.0	3.8	10.4	11.2	100.0
Holiday/weekend (excl	-	0.1	0.4	0.9	0.5	5.1	5.2	7.2	19.2	61.5	100.0
Income tax	-	-	-	0.2	4.9	11.3	9.4	8.6	18.1	47.6	100.0
Miscellaneous	0.1	0.8	2.5	6.4	9.9	19.4	8.2	8.0	15.2	29.7	100.0
Savings	-	0.3	1.7	2.8	5.1	9.5	9.3	10.8	15.5	45.1	100.0
Total	0.7	1.8	3.4	5.6	8.9	14.4	9.5	9.1	16.2	30.5	100.0

CONCLUSION

Companies are successful to the extent that they enter attractive markets and possess the required business skills to succeed in those markets. If one of these factors is missing, the business will not produce outstanding results. The purpose of this paper was to concentrate on the size and structure of the South African consumer market, which is estimated at US$146 billion. An estimated US$30 billion or 20.6 % of this US$146 billion was spent on food and US$50.5 billion by households living in the Gauteng province. Africans/Blacks were responsible for US$65.1 billion and LSM 10 households for US$44.5 billion. Any business that manufactures and/or distributes consumer products, or that delivers services to consumers, could use this information as a starting point when it considers entering the market and investing in South Africa.

The information about market segments in the paper can be used as a broad guideline to direct policy decisions on location, promotion, distribution, et cetera. However, a further breakdown of the household

expenditure by expenditure item (product or service) is needed to direct decisions at a micro-level, for example, marketing mix policy decisions.

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