

# Grocery shopping in South Africa has moved off the floor

One of the key findings of the Nielsen Future of Grocery Report reveals that South Africa's burgeoning connect commerce era means that consumers are no longer shopping entirely online or offline but rather taking a blended approach, using whatever channel best suits their needs.



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The report is based on a survey that polled 30,000 online respondents in 60 countries to understand how digital technology will shape the retail landscape of the future.

Nielsen Africa Retailer Services and E-Commerce MD Harsh Sarda say, "Despite varying levels of network infrastructure, access challenges and modern trade development for markets in Africa. Overall Internet penetration is on the increase and the most successful modern and traditional trade retailers and manufacturers will be those at the intersection of the physical and virtual worlds, leveraging technology to satisfy shoppers how, when and where they want to shop."

"A key aspect of meeting these needs is in-store digital enablement options that bring the ease, convenience and personalisation of online to brick-and-mortar stores. Instituting digital strategies into the in-store experience is therefore not just a nice-to-have for key consumer markets - these options can increase dwell time, engagement levels, basket-size and shopper satisfaction," he adds.

## Connected consumers

Fortunately, connected South African consumers are ripe for the picking when it comes to retailers engaging with them across an array of digital channels. Top of the list is the use of online or mobile coupons, which 13% of local respondents say, they already use and 52% would definitely be willing to use in future.

The smartphone revolution to inform the shopping trip is also steadily gaining momentum and may well be a contributing factor to 60% of respondents saying they are already using or are definitely willing to use retailer apps or loyalty apps on their mobile phone to receive information or offers, while in store. This willingness to interact with digital tools is further evidenced by 60% of respondents already using or keen to use store Wi-Fi via their mobile phone to receive more information or offers while in-store.

"At present, shoppers do all of the work putting the pieces together to arrive at their final purchase decision. In a competitive retail environment, retailers and manufacturers can add value and differentiation by providing digital tools to help consumers take control of their shopping experience, while also increasing sales potential. Mobile in particular can tip the scales in favour of increased shopper control, empowering them to shape the shopping experience more than ever before."

He adds that a cross-continental reality to consider is that with modern trade presence still limited in most African markets (except in South Africa), the omni-channel experience for shoppers in these particular markets, is more between the

traditional and mobile online space (especially for the younger generation). "As such, in-store digital is less developed at informal, independent points of sale. South Africa is an exception to this and is therefore a key market where digital in-store marketing is a vital implementation opportunity for retailers," he says.

## **Who is shopping online?**

Overall, the global growth of online grocery sales has been driven in part by the maturation of digital natives, the consumer who grew up with digital technology (the Millennials and now Generation Z). These consumers have an unprecedented enthusiasm for and comfort with technology, and online shopping is a deeply ingrained behaviour.

Current usage of six e-commerce options (home delivery, in-store pickup, drive-through pickup, curbside pickup, virtual supermarket and automatic subscription) is greatest among the youngest respondents, and they are also the most willing to use all of the e-commerce options in the future. For example on a global level, 30% of Millennials (ages 21-34) and 28% of Generation Z (ages 15-20) respondents say they're ordering groceries online for home delivery, compared with 22% of Generation X (ages 35-49), 17% of Baby Boomers (ages 50-64) and 9% of Silent Generation (ages 65+) respondents. Younger respondents are also the most willing to use all of the e-commerce options in the future.

## **What are we buying on and offline?**

An interesting insight from the research is that virtual baskets do not necessarily mirror physical ones. In fact, the relationship between the two is often an inverse one. Consumers are embracing the idea of buying certain packaged goods online, but some categories are simply better suited for e-commerce than others.

While certain fast-moving consumer goods categories will serve as 'ramp-up starter' e-commerce categories, adoption rates will vary market by market. Understanding what consumers are buying both on and offline allows you to prioritize digital initiatives and take action with the categories that drive in-store trip count and basket size.

## **Clicks lead to bricks**

Overall the research reveals that clicks do lead to bricks and this is an important take-away for retailers and manufacturers who must engage the consumer early on the path to purchase. There are many touch-points along this path, which include finding the store, making shopping lists, checking prices, researching products, sharing reviews and content on social media and finally purchasing."

Shoppers will use whatever format best suits their needs for convenience, choice and value. Therefore, it is critical that retailers and manufacturers leverage both physical and digital assets to optimise the shopping experience.

For more information, go to [www.nielsen.com](http://www.nielsen.com).

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