

Achieving brand success in SA's dynamic township market - report

Almost half of South Africa's urban population lives in townships, representing billions of rands in spending power in the vibrant and growing kasi economy.



Source: [Pexels](#)

To help brands effectively target this audience, the annual *South African Township CX Report*, produced by digital agency Rogerwilco and market research company Survey54, unpacks the saving, spending and shopping behaviour of over 1,400 township residents across South Africa.

Coupled with the inaugural 2021 report, it reveals trends in consumer behaviour to help marketers make more strategic investments moving forward.



2022 annual Township CX Report launches in June

Rogerwilco 23 May 2022



Self-sustaining ecosystem

Significantly, the findings from the 2022 study demonstrate the emergence of a holistic, self-sustaining ecosystem in the kasi economy, with many residents opting for home-grown brands that are trusted by the local community.

Spaza shops, eateries and delivery services are capitalising on this trust, taking advantage of opportunities in communities historically underserved by large brands. For example, 29% of respondents report having ordered online from small independent food outlets – the majority of which evolved out of the Covid crisis.

On a related note, township e-commerce is growing exponentially, with 70% of respondents having made online purchases in 2022, compared to 28% in 2021. And new delivery services are springing up around traditional township food.

“The kasi economy is alive and visible in townships across the country where entrepreneurship is the lifeblood of these communities,” says Mongezi Mtati, brand strategist at Rogervilco. “This year’s findings show a leaning towards building and leveraging kasi brands, where township residents are looking more to their own for services and products – from the small fruit, vegetable and snacks stall to the premium café.”



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The spaza shop opportunity

Spaza shop spending is much higher than in 2021, and brands are responding, developing products specifically for distribution in these outlets, which also lowers the barrier to trying new products by selling smaller, single items.

For grocery shopping, convenience is key. Transport costs and proximity to Sassa offices make large supermarkets a strategic monthly venture, while spaza shops are used for daily items.

While special offers at larger retailers still attract township consumers, there is an overwhelming consensus (90%) that respondents would welcome spaza loyalty programmes. In this light, spaza shops hold a wealth of potential for brands wishing to break into or retain their presence in the township market.

Wear local

Home-grown fashion is also gaining more attention from local consumers, with South African fashion brands increasingly being seen as premium and desirable. Clothing forms an integral part of the shopper experience, and 74% of respondents report being more likely to buy local fashion brands with their store accounts if their favoured brands are readily available in the stores where they shop.

“We’re excited that the concept of 'local is lekker' is making way for the idea that local is premium,” says Mtati. “Wearing a home-grown fashion label is now as good as, if not better than being donned in international fashion brands, and local designers are benefitting from the demand for authentic, unique local clothing.”



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Rise of stokvels

While trust in banks has increased, 58% of respondents belong to at least one stokvel; these are diversifying beyond the traditional saving model to offer investment opportunities.

Financial institutions will have to rethink their value proposition for low-income earners to compete with stokvels' growing popularity and diversification. While banks are still used for traditional savings purposes, there is a clear opportunity for products and campaigns tailored to young professionals living in townships.

In terms of payment, cash remains king, with trust in mobile payments and banks from a transactional perspective low. Education around smartphones and mobile payments is essential to grow this market.

Trusted recommendations

According to respondents, word of mouth remains the most trusted recommendation source, while social media – particularly Facebook and WhatsApp – has overtaken TV. Trust in influencers and community leaders has declined substantially.

The *2022 South African Township CX Report* covers, in-depth, the topics of fashion, internet and e-commerce, stokvels, convenience, trust and payments. Its findings are supplemented with qualitative insights from on-the-ground consumers and additional context provided by a panel of industry experts who add interpretation from their first-hand marketing experience to the incredibly diverse township audience.

One message is clear from the report – brands need to recognise the importance of tailoring their products and messages for the unique ecosystem developing in townships. It is becoming increasingly clear that trust and authenticity have a high premium in this environment. Thoughtful investments will pay dividends in the long run because, ultimately, despite the disruptions of the Covid-19 pandemic, the kasi economy is on a trajectory to continue its exponential growth.

The full report can be [accessed here](#).

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