

# SA retail favours the bold

By [Nomzamo Radebe](#)

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The unique SA retail environment presents new and established retailers with a good opportunity for success. Let's take a closer look.



Image source: Gallo/Getty

## Expanding and aspirational middle-class

South Africa's formal retail market is the most established on the continent with formal retail sales amounting to R936.8bn (\$64bn). Like many other emerging markets, South Africa is developing an increasingly large band of middle-class consumers. These consumers are highly aspirational: they have many opportunities to spend their disposable income as their local towns and cities are well supplied with modern centres.

## Gateway to Africa

In recent years, the SA retail landscape has been performing well, thanks to high household and consumer expenditure on retail goods. For new brands making an entrance, the good news is that South Africa also has the highest per capita economy in Africa, and the highest per capita expenditure on luxury goods on the continent. South Africans are willing to spend a larger portion of their disposable income on luxury goods, which can be noted by the types of luxury stores typically associated with the line stores in centres.

South Africa is also seen by many retailers as the gateway to Africa, with many investing in and using South Africa as a launch pad into fast growing African markets.

## Reaching the African millennial



Nomzamo Radebe, CEO of Excellerate JHI and Excellerate JHI Retail

As the largest consumer group in the world today, it would be foolish to ignore the impact millennials have had - and will continue to have - on the evolution of retail. Research also underscores that millennials' impact and influence will be acutely felt in Africa, where millennials have overtaken their predecessors (the baby boomers) as the largest demographic. South Africa alone has over 14 million millennials, making up approximately 27% of the population.

African millennials are incredibly tech-savvy and are increasingly choosing to shop online, with a mobile-first approach. In line with this digital first trend, African millennials communicate with brands mainly through social media – and expect instantaneous and personalised feedback. In fact, personalisation is vital to winning the loyalty of young consumers: brands that create personalised experiences see revenue increases of up to 10%!

## Convenient and efficient shopping

With rapid advances in technology, coupled with the fact that most people are connected to the web around the clock, consumers now expect convenience, efficiency and ease in every retail experience. To meet this expectation,

retailers have to harness technology to provide a fast and 'friction-free' consumer journey. Increasingly, this will require creating an experience that moves seamlessly between online and physical shopfronts, as well as the introduction of secure mobile payment tools and mobile wallets.

Looking ahead, the most important element of any retail and brand strategy today is the ability to be agile... and to evolve (relentlessly) along with fast-paced market and consumer trends.

## ABOUT THE AUTHOR

Nomzamo Radebe is the CEO of Excellerate JHI and Excellerate JHI Retail which manages property in excess of R180bn on behalf of various property owners on the African continent. She has been heading up this subsidiary of the Excellerate Property Services Group since the beginning of 2014. Radebe is a qualified chartered accountant with a successful career spanning over 18 years. She started her career in treasury management and later progressed into the property sector, which she has served in various senior roles for the past 10 years. As recognition for her positive and significant contribution in the property industry, she was awarded the Five Star Woman Award by the Women's Property Network in 2009. Radebe is passionate about property and very active in the strategic leadership of prominent property industry bodies. She is past president of the South African Council of Shopping Centres (SACSC) and past president of the South African Property Owners Association (SAPOA).

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