How SA's biggest supermarkets measure up in customer satisfaction

The results of the 2018 South African Customer Satisfaction Index (SA-csi) for Supermarkets reveals that Woolworths has marginally maintained the best overall customer experience among SA's big five supermarket brands - a list that includes Pick n Pay, Spar, Checkers and Shoprite.

The latest SA-csi for supermarkets, conducted by Consulta, provides scientific insights into the overall level of satisfaction of customers of South Africa's biggest supermarket chains.

The 2018 supermarkets index shows that while Woolies held onto the top spot, it was with a decrease in overall score from 2016. The differentiation is also increasingly eroded between the top-performing brands. The gap between Woolworths and the rest of the supermarkets measured is now too small to give Woolworths the outright best-in-category classification that they enjoyed before," Consulta states

Meanwhile, focused strategic planning and implementation by Spar since 2014 on 'convenience location', freshly prepared foods and customer engagement are paying dividends, with Spar enjoying significant and consistent year-on-year improvements in almost all measures of customer satisfaction.

The report results show the increasing complexity faced by supermarket brands in meeting customer expectations. As South Africa heads into an environment of extreme economic pressure, retailers will need to invest in understanding how such an environment impacts consumer behaviour, and how they will create exceptional experiences for their customers.

The SA-csi is a causal model that links customer expectations, perceived quality and perceived value to customer satisfaction (the SA-csi score), which in turn is linked to customer complaints (and recovery) and customer loyalty intentions. The 2018 sample for the SA-csi for supermarkets included 1,619 customers who were randomly selected to participate in the independent survey which measures customers' overall satisfaction and includes a Customer Expectations Index, a Perceived Quality Index and a Perceived Value Index.

Report highlights

On meeting customer expectations: Industry expectations for supermarkets have increased from the previous measure in 2016. All brands are meeting customer expectations. Woolworths, albeit with a decrease in score from 2016 to 2018, and Spar are leaders in this regard.

On perceived value: This measures how much value customers feel they received for the price paid against the quality of the experience. Checkers comes out as the leader, although Spar was the only brand that showed a marked increase in its perceived value score from 2016. It is notable that Woolworths struggles with this aspect of their value proposition and is driving the perception of being the most expensive supermarket brand.

Complaints handling: In general, the supermarkets category of the SA-csi performs well on the degree to which complaints are handled by comparison to world standards (close to 50%). Checkers performed best at handling complaints while Shoprite was rated lowest. Pick n Pay recorded the most customer complaints specifically about expired food, incorrect shelf prices and its Smart Shopper loyalty card.

All brands experienced an increase in complaints while complaints handling and recovery showed a decline across the board. Complaints handling scores have a direct correlation to customer loyalty.

Customer loyalty: Shoprite had the lowest customer loyalty score and a marked decrease in its score from 2016. Woolworths has the highest loyalty score with a marginal increase from 2016 and is indicative of the strong brand equity that Woolworths still enjoys.

Woolworths outperforms the industry average on Net Promoter Score (NPS) at 46,8%, which measures the likelihood of a person recommending a brand, while Pick n Pay has the lowest NPS score which also falls well below the industry average. Spar and Checkers are the only brands that have shown an improvement in NPS scores from the 2016 measurement.

Best overall customer experience: Woolworths maintained the best overall customer experience albeit with a decrease in score from 2016. The smaller leader gap between Woolworths and the rest of the supermarket brands is likely to put pressure on the customer loyalty and NPS scores for Woolworths in future.

Checkers and Spar both scored on par with the industry, while experiencing solid increases in their overall customer satisfaction scores compared to 2016, with Spar showing the biggest improvement. Shoprite had the lowest overall customer satisfaction score, well below the industry average.

Context of retail has evolved

“While there were top performers in each of the measures of customer satisfaction, there were no outright winners who performed best across all categories and who are successfully managing all facets of customer satisfaction.

Similarly, while brands may have maintained their lead in certain measures, they have done so with decreasing scores when compared with previous years," explains Professor Adré Schreuder, SA-csi founder and chairperson.

"Scores well below par or in a seemingly stagnant state should be cause for intervention if retailers are to maintain profitability in an increasingly competitive environment where consumers are quick to vote with their wallets and shift loyalty when dissatisfied.

“We have come a very long way from when all it took was some customer service from efficient and friendly staff to do the job.

The context of retail has evolved rapidly to extend across bricks and mortar experience to online and digital presence, while consumer drivers such as value, time, experience, healthy eating and ethical living are all culminating in a continuum of disconnect between shopper expectations and the retailer’s ability to satisfy them,” concludes Schreuder.

Key takeouts, according to Consulta

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• In tough economic times, which South African consumers are currently experiencing, the price of goods is likely to influence consumer loyalty even though they are satisfied customers. It is important to note that price-motivated ‘loyalty’ is not permanent, so while customers may display less brand loyalty now, supermarkets cannot afford to stop investing in positive shopping experiences.

• While Woolworths had the advantage of differentiation in the past in terms of in-store design, experience and packaging which appealed to the upper end of the market, competitors have made significant headway in this regard. Woolworths have failed to innovate in the in-store experience, while Checkers has made dramatic improvements to in-store presence as well as packaging. For many consumers, there has been a shift where consumers believe that they can now get equivalent quality, at a lower cost.

• Spar’s sustained focus on community involvement and a key strategic emphasis on convenience location since 2014 is bearing fruit. Spar has focused on getting the basics right and ensuring that they are able to deliver on being in-stock of every product, every day, making it the go-to for a convenient stop to get the daily incidentals, which remain a key driver of consumer behaviour. South African consumers are facing an increasingly stressful, time-starved lifestyle which has created a burgeoning demand for convenient solutions that can help simplify their lives.