

Growing affinity among SA shoppers for specialist retailers

A new report by IRI, a big data and technology provider for consumer industries, shows that South African shoppers are diversifying their grocery purchases among a growing number of channels. The study shows the growing influence and importance of specialist retail channels, in particular - including pharmacies and make-up stores - which offer wider product ranges and higher customer satisfaction rates compared to mass market retailers.



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The Shopper Insights Report, based on an online survey conducted by IRI, reveals that the average number of stores visited in a year is now 5.3 with some specialised channels, including make-up and perfumery stores, reaching customer satisfaction rates higher than those of supermarkets and hypermarkets.

While mass market retailers continue to dominate the FMCG landscape and are in good shape, specialized stores are increasingly attracting shoppers, with 61% visiting a pharmacy, 55% a traditional store and more than a third (34%) visiting a make-up store for a grocery purchase. Bio stores now attract one in five (21%) shoppers, coinciding with a corresponding growth of healthy and wellbeing products purchased by South African consumers.

The report also indicates that at a time when many larger retailers are trying to rationalise ranges, product range (along with store services) is a key driver for consumers when going to a store, especially specialist retailers that can often offer a wider range compared to a mass market retailer.

Kevin Kruger, managing director, IRI South Africa, comments: "Mass market retailers are going to have to up their game when it comes to the specialized stores whose strengths lie in selling their own brands and offering a wide range of products within their specialist fields. This corresponds with what IRI is seeing in other parts of the world, including Europe, which is putting pressure on some of the major retailers in those markets. We expect to see the same here especially as consumers spend more time online researching where they can buy products and looking for the best deals."



SA shoppers' penchant for healthy, organic food an opportunity for brands

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Online shopping trends

When it comes to online shopping, packaged food and personal care products are the top two fastest-growing grocery categories in South Africa on generalist online sites, while beverages are the top category for specialist sites. When asked what else they buy online, shoppers like to purchase electronic items (39%), travel (33%), books (32%) and tickets (30%).

For the report, shoppers were asked to evaluate each retail channel based on a list of features (product range, quality, price/promo, convenience, innovation, shopping experience, location, time to shop, specificity of products) and attribute a relevance to each feature, allowing IRI to create a Customer Satisfaction Index. According to this Index, traditional stores and street markets both outperform hypermarkets and supermarkets when it comes to customer satisfaction.

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