Key trends South African grocery shoppers care about in 2022



DataEQ's Lead Retail Analyst, Shannon Temple, delivered a presentation 14 September 2022 at an E-commerce Live event, based on an analysis of over 1 million social media posts from consumers talking about local grocery retailers online.

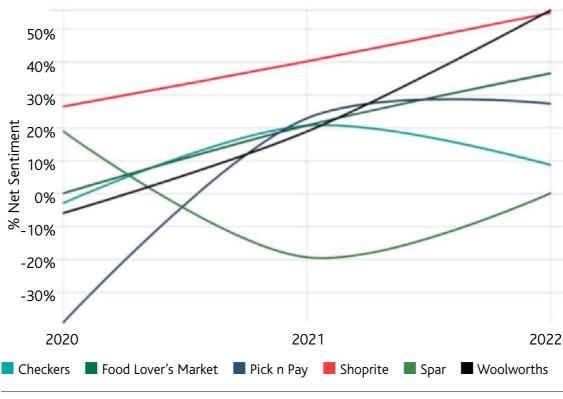
ear-on-year, the average South African household food basket increased by R611.44 from July 2021¹. This represents a 14.8% annual increase – far above headline inflation reported through the Consumer Price Index (CPI) and outstripping food inflation.

Despite this steep price hike, South African consumers' perceptions of grocery costs have improved over time, suggesting that consumer sentiment is driven by more than just price. This is according to Shannon Temple, Lead Retail Analyst at DataEQ, who recently presented on consumer trends in retail at the 2022 edition of E-commerce Live.

"Looking at Net Sentiment² on social media towards grocery retailers' pricing since 2020, there is an upward trajectory, indicating that conversation is becoming gradually more positive," explains Temple. "Notably, we see Woolworths with the steepest incline here, while Checkers and Pick n Pay experienced slight declines since last year," she adds.

Having analysed over 1 million social media posts from consumers talking about South Africa's major grocery retailers, Temple goes on to unpack three major trends that are shaping the local retail e-commerce landscape.

Net Sentiment towards pricing 2020 – 2022



¹ The Household Affordability Index by the Pietermaritzburg Economic Justice & Dignity group (PMBEJD) ² Net Sentiment is a single score calculated by deducting the percentage of negative conversation from the percentage of positive conversation.





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Special offers over price comparisons

Despite the prevalence of pricing and affordability in conversation, social media data indicates that consumers are speaking less and less about it since 2020. Attention has moved away from price comparisons and towards special offers, with the online narrative shifting to which brand is offering the best value for money.



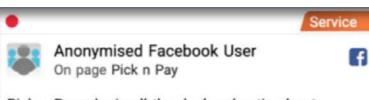
I said this before @WOOLWORTHS_SA is very cheap on essentials. Kunjani makunje? t.co/rmZuOzaWiG

27th Mar # 36

Driving a sense of savings is going to be critical for the industry going forward. Consumers want to feel like they're saving when using a premium service, and well-executed specials are key to achieving this.

An omnichannel experience is key

While special offers allow retailers to drive perceptions about price, they can be a major point of contention if not implemented correctly across all channels. In this sense, creating an omnichannel shopping experience is critical for retailers and there needs to be parity between specials offered in-store versus what is offered on the app.



Pick n Pay why is all the deals advertised not available on the pnp asap app? This is very inconvenient ...

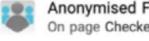
On post by Pick n Pay:

Try our delicious range of baking mixes this weekend! They're super easy and you dough not knead to break a sweat. Plus, don't miss out on the sweet deals instore, online and on the Pick n Pay asap! app. > bit.ly/3AJdRDu

26th Aug 12:10 🚚

Operational ease still matters

Digital platforms do not remove the risk of operational issues arising. If anything, there is an even higher expectation from digital customers for operational ease. For example, the issue of items being out of stock is typically met with high criticism - especially when said item is linked to a special offer.



Anonymised Facebook User On page Checkers Sixty60

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Service

Dispointing service. I ordered pampers on the app despite the clearly higher than normal price as the app advertised a buy 3 pay for 2 special. However due to limited stock I did not get my 3rd 'free' pack and ended up paying a ridiculous price for pampers

On post by Checkers Sixty60:

Sixty60 Shop & Win IS BACK! Win R10 to R10 000 every time you shop on Sixty60, GUARANTEED! Valid until 20 March '22. Ts & Cs apply. Shop Now bit.ly/3vFen3g

16th Mar 10:24 # 14

There are also logistical issues that are inherent to the ecommerce model, such as delayed delivery times or cancelled orders. This is where expectation management and clear communication becomes vital, setting apart the retailers who excel in digital customer service, from those who don't. SR



Image courtesy of Kamaji Ogino, Pexels