

Social grants create significant shift in SA shopping patterns



Ged Nooy
South Africa MD



Until 26 March 2020, when South Africa entered the Covid-19 induced hard lockdown, the week after the 25th of the month was the busiest week for retailers. Also known as payday week, sales were 11.6% higher than any other week of the month followed by the first week of the month that was 7.6% higher than other weeks.

Now payday week is only 10.4% and the first week of the month is now 12.4%. The reason for this, says retail and consumer data platform NielsenIQ, is the introduction of social grants.

NielsenIQ South Africa MD Ged Nooy says, "When consumers came under severe pressure during Covid lockdowns, the implementation of the Covid-19 Social Relief of Distress (SRD) grant of R350 a month from May 2020 saw an almost immediate uplift in the spend of the most vulnerable households in South Africa that increased their monthly spend from R1 002 per month in April 2020 to R1 225 per month by December 2020 – an average increase of 22% for these Households."



The previous years when traditional payday weeks were heydays for retailers are just one of the many shifts in consumer behaviour that have been noted. Households have not just changed when they shop, but how and what they buy. "Our data shows that consumers are making fewer trips to stores, testing cheaper brands in key categories, waiting for their brands to be on promotion and buying in bulk or larger packs when it makes financial sense," says Nooy.

The 'Homebound Economy' is here to stay

The data NielsenIQ has collected also shows where the consumption of these goods takes place. "Historically, around 45% of Groceries (excl. tobacco & liquor) would make their way into people's homes and largely be consumed there. Over the last two years, this has changed significantly and now 60% of groceries are taken into the household," says Nooy.

While these statistics make sense because of the various stages of lockdown, now that Covid-19 related restrictions have been lightened many consumers are choosing to continue consuming products at home as opposed to restaurants or coffee shops even though they have re-opened their doors and have implemented safety protocols to prevent the transmission of the coronavirus.

Retailers and manufacturers have been affected by the change in consumer behaviour.

"Retailers, as an example, are no longer selling as much to small business owners, but rather directly to the end-consumer," says Nooy.

"Retailers like Pick n Pay & Boxer and from March, The Shoprite Group, have created the situation where consumers can now collect their grants and do their monthly shop on one occasion, without duplicating spend on transport," he adds.



Deeper data able to pick up behaviour changes

To be able to derive these insights and understand the changes in not only consumer behaviour but also in the actions that retailers and manufacturers need to take to meet the changing needs, the source and integrity of data need to be scrutinised. "There is a lot of data that is available in the industry, but it is ensuring that we have the correct data from a variety of sources that we can use to ensure that any trends we communicate are in fact a true reflection of what is happening in the industry," he says.

NielsenIQ starts each study with what they refer to as depth or legacy data. This data is demographically and geographically representative and provides the baseline from which a change in behaviour can be compared with. To do this, NielsenIQ uses established Consumer Panel Services (CPS) that provides the business with data on behaviour of 80% of the segment, a read that exceeds that of many other firms.

Long term view

NielsenIQ has the longest running consumer panel in the country, covering 4 000 households monthly across 200 product categories and includes modern retail chains, forecourts, wholesalers and independent retailers and any other source of purchase. This has allowed it to track consumer penetration and consumption across all the LSMs (living standard measures) & SEMs (socio economic measures) which has proven vital during the last two years of Covid-19 induced consumer flux.



The company has also made a conscious decision to maintain a manual audit panel. This is linked to the fact that around 90% of retail stores in South Africa do not provide sales receipts to consumers at the point of purchase and a significant proportion of the items that make up the basket, do not carry a barcode.

Auditors, therefore, validate the purchases of consumers through a diary that each one of its panel households maintains as well as a physical audit of the items in the diary to ensure the accuracy of the data. Nooy stresses: "While this is a very manual process, it is the only way to completely ensure the accuracy of the data we collect. This is especially important as more digital approaches in the market have proved problematic, historically producing data that is not as robust as the NielsenIQ CPS audit," he concludes. **SR**

NielsenIQ provides an unbiased view of consumer behaviour, powered by a data platform fueled by rich analytic capabilities. It enables bold, confident decision-making for the world's leading consumer goods companies and retailers. NielsenIQ has operations in nearly 100 markets, covering more than 90% of the world's population. Visit www.nielseniq.com.

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