

# Fresh data highlights 109% rise in online bread sales



Ged Nooy  
South Africa MD

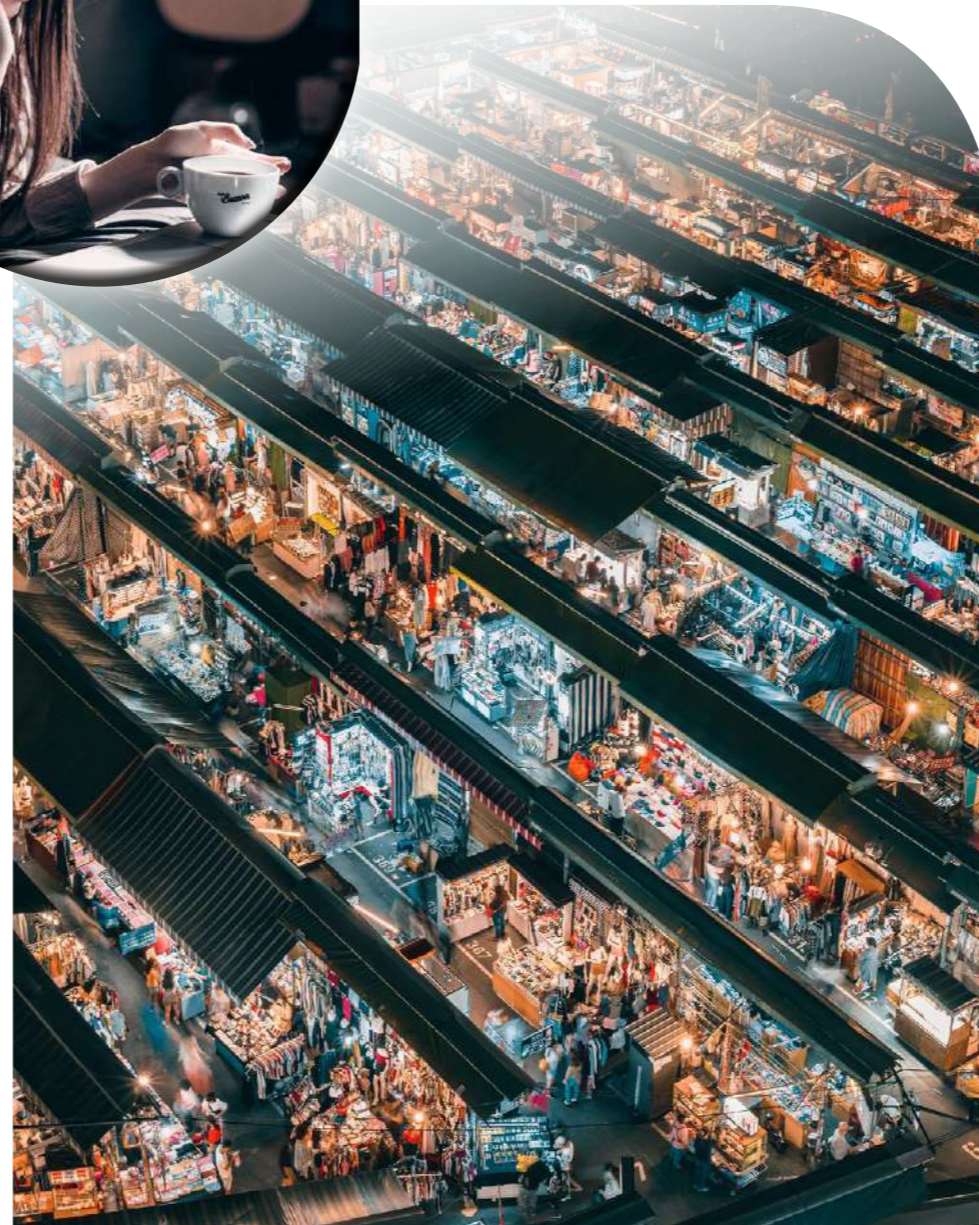


“Online sales for food categories grew by 53% in the latest three months”

The South African eCommerce sector has exploded over the last two years and to help manufacturers and retailers keep track of this NielsenIQ has established a robust eCommerce data tracking solution in partnership with some of South Africa’s largest brick and mortar and online retailers. This is made possible by NielsenIQ Retail Trade Desk which provides benchmark tracking of the actual point of sales of most of the largest retailers in South Africa including their online sales.

NielsenIQ South Africa MD Ged Nooy reports; “Within the retailers that we track, online sales contribute a low single digit figure to their overall turnover. That said, over the latest three months (week ending 3 April 2022) Total Trade desk sales grew by 14%, with the online component growing by 37%. Of that, online sales for food categories grew by 53% in the latest three months.”

The biggest movers in the online sales for specific food products in terms of year on year growth were Long Life Milk which saw online sales up by 35% and Instant Coffee sales increasing



by 52%. “This can be attributed to a significant number of consumers who are still working from home, either full time or partially and are taking breaks and making beverages like coffee that they would normally make at work. Online orders allow them to make quick and convenient top up purchases of these products to fuel these occasions,” explains Nooy.

In comparison, the rate of in-store purchases of Long Life Milk means it is the eleventh top performer in terms of overall growth while Instant Coffee is at eighteenth position so interestingly they’re declining in terms of total in-store but growing significantly online. The other top performer online was bread which saw a 109% increase in value growth. “Given that unit sales only grew by 82% this indicates that Inflation is at play,” says Nooy. Another category that grew or was more in demand in

Image courtesy of Allan So, inset by Elijah O’Donnell, Pexels.





the online space, was alcohol, with five of the top twenty products in eCommerce being alcoholic beverages. These products have experienced large growth but this must be seen in context as this is off a low base as the sector recovers from successive alcohol bans.

### What's really going on?

Despite the already stellar growth of online, 38% of consumers still say they still prefer to shop at their local store. The reason for their reticence was revealed in a NielsenIQ Consumer Outlook study based on online research conducted in December 2021. This saw 35% of respondents saying they shop in physical stores more as they can't rely on online delivery times, while 28% said they prefer bricks to clicks as there are a different set of products (available) to buy online versus in a physical store. On the plus side, 26% said they shop online to limit their exposure to risks in-store - 26% and 23% because they are home to receive deliveries, clearly as a result of their homebound location during South Africa's successive lockdowns.

In addition, 44% of respondents in the same survey said that they still anticipate working from home in the future. This bodes well for the entrenchment of the burgeoning online grocery shopping options in their purchase repertoire. However, for those returning full time or partial in office work, we may well see a shift in demand for specific delivery times. This will bring into question in-store and delivery capacity to fulfil orders at those different times of the day.



Image courtesy of Hassan Ouajbir, Pexels

### It's all about choice

Looking ahead NielsenIQ continues to see the rising importance of online sales in South Africa, but bear in mind the penetration of online is only for the total South Africa consumers i.e. 30% of South Africans on the internet daily which understandably points to a higher LSM profile.

The broader context is that lower LSMs account for 30% of the total basket spend in South Africa but have little to no access to online shopping offerings and are shopping in traditional trade outlets like Spazas.

In terms of key factors for eCommerce growth in the future, NielsenIQ has found that choice is high on the list of purchasing influences. From an online perspective, shoppers are aware of the breadth of assortment available digitally at their fingertips. Nooy says; "The need for a wider

variety of products increases and making this one of the main factors for choosing an online channel. The statistics show the rise of importance of this factor for online shopper which creates a better online experience."

### 'Virtual shelves' also need to be properly stocked

It's imperative for manufacturers and retailers to manage their assortment online and NielsenIQ has therefore introduced its eCAT (category) management solution as well as Brand Bank and Label Insights tools to allow for effective and efficient category/stock management online.

Nooy comments; "This allows us to help manufacturers and retailers undertake category management online with the same thinking and best practice online but with an awareness of the different shopping occasions and experiences." Metrics included in the solution are frequency of online shopping, length of time on a particular site, which pages consumers visit, which categories they are exposed to and which are achieving the highest sales. NielsenIQ has recently launched a joint pilot project with a market-leading beverage brand and - one of South Africa's largest online retailers to foster the development of this technology in the South African retail sector. **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](http://www.nielseniq.com).

