

South African retailers are missing massive profit opportunities

 By [Chris Mberdyk](#)

28 Jul 2015

Not only is retail advertising generally inefficient in South Africa but the majority of the big chains are missing out on profit opportunities by letting customers leave their stores unhappy.

My research shows that on average 25 percent of retail marketing budgets are wasted through ineffectual product choice and ill-conceived media placement strategies.

But a further 10 to 15 percent of turnover is going begging because customers are leaving stores unhappy.

This statistic very rarely shows up in research because big brand stores have the habit of interviewing customers, either in-store or as they leave, with regard to whether they have had a satisfactory shopping experience.

Which skews the results because the mere fact that customers are interviewed in the store or when they have just left it, suggests that they are pretty much happy to keep coming back.

The real research, however, should take place in, for example, the immediate community lying within the store's footprint. That way customers who have had a bad experience and have decided never to go back again, will not escape the research net.

My guess is that stores which claim that 90 percent-plus of their customers are happy with their service, will find that this figure could quite easily become 70 percent if they did the research properly.

Two of the major reasons customers walk away from retail brands, are out of stock situations and lack of customer service from staff.

The former is a tough nut to crack but with proper customer service an out of stock situation can be solved by offering to source missing products and deliver them to consumers. Equally, in the electronics sector particularly, products change so quickly that shop assistants just don't have the time to gain the necessary product knowledge. However, technology can help and it is beyond me why so many stores still allow their staff to advise customers on products and services about which they have scant knowledge. Every shop assistant these days should be armed with a tablet to be able to access detailed product and service information. It's so simple.

And of course, the big problem in improving customer service among staff is calling the training sessions "Customer

Service Training". The problem here is that every human being with an IQ over 10 believes they know all about customer service. So, they don't pay attention.

This again, is a very simple problem to solve. Dead easy and very effective.

ABOUT CHRIS MOERDYK

Apart from being a corporate marketing analyst, advisor and media commentator, Chris Moerdyk is a former chairman of Bizcommunity. He was head of strategic planning and public affairs for BMW South Africa and spent 16 years in the creative and client service departments of ad agencies, ending up as resident director of Lindsay Smithers-FCB in KwaZulu-Natal. Email Chris on moerdykc@gmail.com and follow him on Twitter at [@chrismoerdyk](https://twitter.com/chrismoerdyk).

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