

Retail giants pioneer shopping mall culture in Africa

New retail precincts across Africa are not only changing consumers' buying behaviour but also changing their social behaviour. Malls provide a venue for consumers to congregate and they're doing this in preference to other social activities.

This is according to Gareth Pearson, CEO of BMi Research, SA's leading independent research organisation, who adds the momentum for the transformation has come from the major retail chains and property developers who have pioneered a new 'shopping mall culture' in major cities in Africa.

For the first time, the more affluent consumer has access to formal retail which provides choice and convenience - and this is driving consumption demand. This advancement of South African retailers is predominantly in Sub-Saharan Africa, but as more and more retailers recognise the growth opportunities in untapped markets, the footprint will expand.

Already, those retailers and retail suppliers who have invested in Africa are realising robust margin growth, sweetened by the fact that because consumer credit is still not an option in many countries, the cash platform provides limited financial risk.

The offering of quality goods in a first-world retail outlet such as fresh deli and butchery is the most significant retail trend - and it's also an irreversible trend, Pearson continues, "Younger consumers will become accustomed to the new retail offering and the combination of convenience and aspiration will drive demand. In addition, the ongoing urbanisation of the major cities will continue to galvanise the retail growth.

"This formal retail advancement is also hastening the decline of traditional informal trading as economies of scale enable the more sophisticated retailers to offer consumers cheaper prices and greater value. Despite the changes however, the informal trader will always have a place within Africa."

He believes opportunities for growth remain open to both existing as well as new entrants, but site selection is paramount. "Location, leases, management, logistics and supplier agreements are also pivotal to any successful retail expansion in the African market. Distribution and cold chain limitations remain obstacles but the opportunities are there for all major retail and fast food chains as well as secondary and specialist retailers and service providers who will benefit from the broader expansion.

Major retailer brands currently across Africa include Casino, Clicks, Edgars, Game, Jet, Mr Price, Nakumatt, OK, PEP, Pick 'n Pay, Shoprite, Spar, Truworths, Tusky's and Woolworths

"Observing the many people stepping onto an escalator in a shopping mall in cities across Africa for the very first time, it's clear that the only way for retail on the continent is up," he concludes.

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