

SA consumers want good value for money

According to a recent survey conducted by The Nielsen Company, Good Value for Money is the most important factor in determining where consumers spend their grocery cash.

 By [ActivRetail](#) 30 Nov 2007

Nielsen found an overwhelming 85% of the world's consumers ranked Good Value for Money the most important consideration when choosing a grocery store, with South Africans being among the top 10 most avid value-seekers from around the globe.

In a study conducted twice a year among 26,486 internet users in 47 markets* from Europe, Asia Pacific, the Americas and the Middle East, Nielsen most recently surveyed consumers on the factors that influence their choice of grocery store. It must be noted that this survey is a reflection of internet users' attitudes and therefore represents online consumers' behaviour and attitudes only. In addition to *Good Value for Money* the Nielsen survey asked consumers to rank the relative importance of a number of other features, including *Better Selection of High Quality Brands and Products; the Closest Location; the Most Convenient/Easy Parking; and the use of Recyclable Bags and Packaging.*

“Our study offers a unique global snapshot of shopping habits and the motivations behind grocery shopping behaviour today,” said Lennart Bengtsson, President, Eastern Europe, Middle East, Africa (EEMEA), The Nielsen Company. “What shoppers demand from grocery retailers varies significantly across regions and countries, and with increasing consolidation and globalization of the retail industry, it's crucial for retailers to understand how shopper preferences differ across markets.”

The second most important attribute for the world's shoppers was a retail outlet that offered a *Better Selection of High Quality Brands and Products*. South African consumers were no exception, with almost three-quarters (72%) of respondents citing this as being highly important when they choose where to grocery shop. “This is a perfect example of today's schizophrenic shopper. Demanding shoppers expect the best of both worlds from retailers today. On the one hand, we're all natural bargain hunters and demand good value for our grocery money, and on the other, we expect retailers to stock a wide selection of high quality brands and products so we can indulge in our favourite premium treats,” Lennart Bengtsson said. “The same consumers want the ‘cheapest of the cheap’ in some categories and the ‘best of the best’ in others”.

“In fast-growing, emerging markets, there are large numbers of consumers with growing disposable incomes and newly acquired, discerning tastes. These consumers want premium international grocery products in their shopping baskets and seek out supermarkets with a better offering of high quality, branded products. There is a high degree of correlation between the increase in per capita Gross Domestic Product and the increase in the share of market that goes through the Modern Trade, i.e. Supermarkets and Hypermarkets,” said Bengtsson.

Location – choosing a supermarket because it's close to where they live - and *Convenient/Easy Parking* ranked third and fourth in importance on the Nielsen list. The *Closest* store was most important to EEMEA and Asia Pacific consumers, and of least importance to Europeans. For South Africans, actual location of the store was not as important as it was in other countries, but 53% of SA respondents said that convenience and easy parking was important.

Respondents were also asked which aspects of product packaging they would be prepared to give up if it meant that it would benefit the environment. For South African consumers, 60% said they were prepared to give up packaging that was for convenience, such as packs that can be cooked in or kept at home as a resealable container. Only 36% of SA respondents were prepared to give up Packaging for protection that keeps the products in good condition.

How consumers around the world define 'Good Value'

For those consumers who claimed Good Value as their most important consideration, Nielsen went on to ask how they defined it.

“The survey revealed *Price, Promotions and Perceptions* as most influential in helping consumers arrive at a perception of value,” said Bengtsson.

Three in four consumers around the world said it was important that a supermarket ran *a lot of promotions and regular price discounts*, and 70% said it was important the store had a *reputation for being cheaper than competitors* - even if, in reality, this was not the case. In third place was *prices published in the store own leaflets*, followed by *I research and compare prices across retailers, price reductions offered through loyalty/store cards and stores that promised to have every day low prices*.

Again, regional and country differences prevailed. European shoppers rated stores that *run a lot of promotions and regular price discounts and that have a reputation for being cheaper* as the two best indicators of Good Value. Asia Pacific shoppers defined *prices published in the store's own promotional material* and the *store's promise to have every day low prices* as their most important Good Value indicator. Asian shoppers were also most likely to research and compare prices across retailers (although over 75% of Turkish, Brazilians, Polish and Portuguese consumers say they also research and compare prices.) Asians are also most likely to listen to word-of-mouth and friends who tell them where to get the best value. Shoppers in EEMEA and Europe were most likely to believe that price reductions through store/loyalty cards are *Good Value*. A total of 78% of South Africans choose a shop based on its reputation for being cheaper than competitors.

A store's *reputation for being cheaper than their competitors* was the second most influential factor in what constitutes Good Value in consumers' minds. Adding further insight into global shopping habits, 62% of consumers said they were influenced by *prices published by supermarkets in their own in-store promotional material*.

While one in two global consumers (54%) say that “Good Value” means a supermarket would offer a wide range of cheaper priced Private Label products, Europe clearly remains the leading global region for this fast growing and popular sector. Greeks (82%), Germans (78%), Portuguese (77%) Italians and Spanish (72%) consumers say it's important for them that a store carries a lot of Private Label products that are cheaper.

In the global Nielsen survey, nine out of the top 10 countries who place the highest importance on a Private Label range hail from Western Europe where the well established private label category is worth over 20% of FMCG sales. It is worth noting, however, that in countries where a small number of retailers have a high market share, the critical mass exists to develop Private Label further. South African respondents weren't interested in private label products as the global average.

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