

Massmart's CEO on Covid-driven consumer trends that'll stick

While the financial impacts of the Covid-19 pandemic have left many retailers trading in an uncertain environment, Massmart CEO Mitch Slape said the retail group has recognised that while a large segment of consumers remains in financial distress, others are more flush with cash as monthly expenses have reduced.

 By Lauren Hartzberg 19 Apr 2021



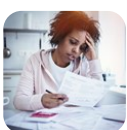
Mitch Slape, Massmart CEO

Slape, a Walmart veteran who [stepped in to lead Massmart in 2019](#), was in conversation with Deloitte's strategy director and consumer products sector leader Mike Vincent during Deloitte's [State of the Consumer Tracker](#) webinar last week.

The shift to 'nesting'

As the owner of retail brands including Game, Makro and Builders, Massmart operates formats across a broad spectrum of consumers and LSMs. This means that the company has witnessed differing consumer behaviours dependent on income level and lifestyle. While consumer spending remains constrained, especially in the lower LSM groups, there are pockets of growth and opportunity in others.

"In higher LSM customers, we've seen a large portion continue to work from home, and many haven't take substantial reduction in income," said Slape, adding that expenditure usually allocated to commuting, travel, entertainment and work attire has been freed up to spend on discretionary goods.



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Shoppers equipped their homes for more time spent working, studying and entertaining themselves a home leading to growth in categories that support this 'nesting' behaviour. The Builders retail chain benefitted from

this with a lift in sales across home improvement and DIY-related products.

Massmart retailers also reported a sales lift in categories such as home office and entertainment, with Makro selling more TV sets (particularly pricier models) in 2020 than any other year on record, said Slape.

With health and wellness top of mind, and a reluctance to head back to crowded gyms, retailers also saw a spike in interest in fitness equipment, nutritional supplements and other products related to healthy living.



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Commenting on the Covid-driven consumer trends that will stick around, Slape said, “I expect that some elements of nesting and ‘stay at home’ behaviour will stay.”

He foresees working and studying at home to remain part of our lives in some way, and said that while leisure travel may snap back, companies will weigh up whether business travel is necessary when online conference calls and meetings could suffice. Therefore, the desire to upgrade homes and home offices could remain relevant for a long time.

Inflection point for online

No conversation about pandemic-driven growth opportunities is complete without a mention on e-commerce and Slape believes the acceleration of online shopping will continue.

“I think we’ve reached the inflection point for online, and it’s a big focus for us,” he said, adding that Build online business grew over 100% during the pandemic, with Game and Makro reporting online growth of 70% and 40% respectively.

Slape said that retailers now need to cater to higher expectations around the digital customer experience - whether shoppers are getting goods delivered or picking them up in store, the entire customer journey needs to be simple, seamless and deliver what’s promised.

“We want to be good at being an excellent omnichannel retailer. Convenience is critical, so we have to remove pain points.”



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In-store safety

In-store shopping has not returned to normal, and footfall will likely be low until there’s a mass vaccine rollout, said Slape. But while shoppers are making fewer trips, their baskets are now bigger.

The desire for convenience and safety could also see consumers opt to do their shopping in one location versus making multiple stops.

“Our crisis management team was meeting daily during the hard lockdown regarding safety and protocols. We knew trust in safety and cleanliness were going to be vitally important, and this continues today. Many customers are fixated on those business processes being strong.

“I see safety and cleanliness as a fundamental price of doing business... a ticket of admission to operate good retail stores,” said Slape.

Tying into this, he said that customers are looking closely at companies that “do right” by prioritising both employees’ and customers’ safety and wellbeing above a quick financial return.

Back to basics

While Covid-19 has brought about certain behaviour shifts in consumers, certain business principles will always be relevant, said Slape.

“I believe that no matter what happens, the basics of good retailing will still apply. This comes down to having the right assortment, at the right place, at the right time, at the right price. Stay zeroed in on that and get the basics right. Focus on your value proposition – what sets your format apart?”

“We see customers zeroing in on value – that means quality products at a good price. That’s a timeless trend,” Slape said.

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