

Omnichannel strategies: One size does not fit all in South African retail

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Given the diversity of the market - with varying levels of digital maturity, lifestyle and income - it's important to understand the evolving needs and key purchase drivers of diverse consumer segments as one size doesn't fit all.



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South African consumers face a difficult economic environment, characterised by high inflation, low economic growth and persistent load shedding. These challenges have helped to exacerbate the already wide divide between different population groups, making it more important than ever for brands and retailers to craft omnichannel strategies tailored to the needs of different segments.

Like their global counterparts, most South African consumers expect frictionless experiences from brands with seamless transitions between offline and online experiences. Yet digital maturity and appetites vary across different segments, as does the impact of the country's economic challenges. One-size-fits-all approaches can't address the evolving needs and key purchase drivers of diverse consumer segments.

Here are some of the best practices that are shaping omnichannel strategies for South African brands and retailers in the post-pandemic world:

It starts with segmentation

It has become a cliché to describe South Africa as two nations within the borders of a single country - one them resembling a rich northern hemisphere country in lifestyle and values, another comprising a poor, struggling majority with aspirations to move into the middle class. Yet even within these groups, one can further segment the population by factors such as age, values, digital maturity, and purchase behaviour.

Food and fuel increases - along with load shedding and unemployment - affect each of these groups

differently. Some South African consumers are tightening their belts and spending only on essentials. Others are less affected by these economic factors and continue to spend strongly. Understanding each of these segments and what motivates their buying behaviour is the starting point for a successful strategy.

Getting the channel mix right

Brands that comprehend the needs and primary purchase drivers of their target segments will be best positioned to create omnichannel journeys that are accessible and appealing to their intended audiences. They will offer a range of touchpoints that seamlessly transition between online and offline experiences, but recognise the nuances in different consumers' needs and expectations.

Affluent consumer segments will expect convenient, engaging experiences with full physical-digital mobility. Leading brands and retailers are looking at how to maximise sales by offering the right mix of touchpoints such as physical retail presence, online shopping and delivery, as well as options like 'buy online and pick up or return in store'. Purchase journeys might start online and end in-store - or begin in a shop and conclude with an online purchase.

Other consumers' use of online channels may be hampered by a lack of logistics and telecom infrastructure or low personal buying power. For example, [the 150,000+ spazas](#) remain one of the biggest engines of commerce in South Africa, with a market size of R178bn. Yet customers who rely on these stores because they're close, convenient, and sell small quantities still use social media to track brands on their smartphones.

Buying the bare necessities

Many consumers in South Africa have cut back on discretionary spending to focus on the essentials. During promotional periods such as Black Friday 2022, we saw a 7.5% year-over-year boost in key category unit sales, even though consumers avoided big-ticket items such as expensive panel TVs or sophisticated appliances. Middle-class consumers are focusing on categories that enable working and entertaining at home through unrest and power cuts.

Sales in coffee machines were down 28.3% in 2022, while laptop, router and PTV sales grew by 9.2%, 11.1% and 9.5% respectively. But that doesn't mean premiumisation strategies are no longer paying off. Premium price points contributed to 10% growth in cooling sales in 2022. However, the pool of customers able to afford high-end products is more constrained this year than last. It's critical that premiumisation strategies are underpinned by tangible value.

Promotions round the year

Merchants across the board are increasingly using promotions as a lever for revenue growth in a weak economy. Brands and retailers in all categories are offering cash-strapped mass market consumers extended opportunities to shop on promotion. Easter, for example, is no longer just for confectionary promotions - tech and durable companies are also offering specials and discounts to drive sales.

Leading manufacturers and retailers are looking at using rewards programmes and loyalty schemes to bring an element of personalisation into discounting. To succeed brands must be available to consumers at the times that suit them, and offer targeted rewards that intersect with consumer's needs, rather than employing a spray and pray approach.

Right message for the right audience

Successful brands will use their segmentation insights to craft campaigns and messaging with a laser-sharp focus. They will, for example, recognise that more affluent segments in South Africa may alter their purchasing behaviour to shop more sustainably. But the majority of the population must choose products offering the best value for money - whether it's sustainable or not and regardless of their environmental concerns.

Conclusion: Adapting to the fast-changing needs of the South African consumer

The message is clear: a one-size-fits-all approach to omnichannel strategies is no longer viable. The challenges posed by economic disparities, shifting consumer behaviours, and external factors like inflation and load shedding demand a nuanced and segmented approach. In this post-pandemic era, success hinges on the ability to adapt, personalise, and remain agile in meeting the evolving demands of the South African consumer.

For additional research related to this topic, make sure to read our report: [Master the 2023 Tech and Durables market in META](#).

ABOUT THE AUTHOR

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