

Rural retail offers opportunity in Eastern Cape

The Eastern Cape has retail patterns that are quite dissimilar to other parts of the country and a few 'western' shopping centres that have popped up in rural areas of the coastal belt have generally traded badly. However, for those who are prepared to do their homework on the buying patterns and behaviours of consumers in the area, there are opportunities worth pursuing, as the area is experiencing a sustained retail and property boom.

By [Peter Coetzee](#) 24 Jun 2013



The trick is to ensure a clear understanding of this market's specific needs and consumer behavior patterns. Trading densities in the Eastern Cape's small towns are enormous and, unlike South Africa's retail centres that are often used for entertainment, they exist for the sole purpose of supply.

Many of these 'Western' centres sprout up in the small towns, expecting to pull trade away from the main street shops and completely change spending patterns but the problem is that the success of these centres is dependent on a convenience market. While high-income groups rank convenience as a top priority, the same does not apply to lower-income groups. Lower LSM trade is entirely about price point and if a consumer can buy an item at a more competitive price on the other end of town, they will walk there to save a few cents on the Rand.

Many of these shoppers also tend to stockpile and sell the goods on from small trading set-ups of their own in the rural environment, so it is of paramount importance that the offering be a hybrid of supermarket and 'cash and carry' to encourage the wholesale purchaser. A perfect example is Massmart's Rhino Brand.

Another point of differentiation from consumers living in more urban areas is the motivation behind a visit to retail area. More urban consumers will commute merely for entertainment, while for consumers living in rural areas; a trip into town will be with purpose.

Rural retail centres situated in these small Eastern Cape towns will continue to trade well for the near future. Provided they offer the correct tenants for the market - such as competitively priced supermarkets, hardware stores, funeral services, alcohol retailers, banks, clothing retailers and butcheries - and take advantage of the unique shopping environment, they will meet the needs of their customers.

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