SA data reveals a dramatic decline in shopping trip frequency

South African shoppers have dramatically reduced the frequency of their monthly shopping trips, which are down from an average of five trips per month two years ago, to an average of three, according to an analysis by NielsenIQ. In addition, 500,000 households have been forced to stretch their monthly shop to beyond a month.

Source: Supplied

This latter trend emerged strongly in quarter 3, 2021 pointing to the ongoing financial fall out from Covid-19 and correlates with the unprecedented increase in unemployment rates (Stats SA Q2, 2021).

This analysis emanates from NielsenIQ Retail Measurement Services and Household Panel benchmark data and provides a stable comparison of pre-Covid-19, versus current conditions amidst the current state of flux. This ‘20/20 view’ on 20 months of change in the South African manufacturing and retail sectors, also outlines far-reaching implications for brand owners and retailers, given the continued financial fallout in South Africa which is placing considerable strain on consumer wallets.

Fewer trips, but bigger baskets

Elaborating on the findings, NielsenIQ South Africa MD Ged Nooy says; “The reduction in the frequency of shopping trips has also led to an increase in basket size with consumers adding four more items to their baskets which has increased from a total of eight to 12.

“However, what we found is that consumers have not increased the number of categories they purchase from. Rather, there has been a reduction in the number of categories landing in their basket while they are upsizing on essential items. This behaviour change has resulted in the average basket value pre-Covid-19 increasing from R226 to R427.

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NielsenIQ analysis also found that there have been changes in behaviour across all walks of life but at different rates due to the disparity of income across groups. Higher LSMs have seen a sharper drop-off of shopping trip frequency.

“Before Covid-19, the average number of shopping occasions in this target market was seven per month but by August 2021 this had declined to four. Lower LSMs were already constrained and although their frequency of trips has also declined it is not as big a drop, as what we see in higher LSMs but is nevertheless significant,” reports Nooy.

What has this meant for brands?

Given that reliability and trust create certainty in a time of constant flux, another key development is that historic well-known and long-established ‘A brands’ have gained strength during Covid-19. In light of this 75% of 20 Brand Leaders have increased or maintained share since the onset of Covid-19.

“These brands were able to maintain supply chain and they provide trust and security for cash-constrained consumers. Consumers are cautious about expenditure and are making choices based on cash in hand and sticking with brands that deliver against their promise,” says Nooy.

This year has also seen South African consumers switching stores due to constrained movement. “Interestingly, we see a continuation of this, where wholesalers have over the last year gained shoppers as constrained households seek out better deals and in some cases are moving to bulk buying. However, this is not the majority, as grocery retailers still have the highest levels of household buying from this channel.”

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A return to promotions

Another driver of store switching was consumers seeking out promotions. This stems from a reduction in promotional activity at the height of the Covid-19 lockdowns in 2020, while in 2021 we have seen the beginnings of a return to pre-Covid-19 promotional activity.

However, Nooy cautions; “What remains critical, especially as we head into the annual Black Friday heavy promotion period, is for the industry to fully understand the efficiency of promotions to better manage substitution in light of the reduced frequency of shopping trips. It is therefore important to have a handle on the category and brand price elasticity, to allow for precise price setting that is aligned with brand equity."

Looking ahead, Nooy says with petrol prices going up, ongoing load shedding and a potential fourth wave of the Covid-19 pandemic, it's unfortunately not a very optimistic outlook and brands and retailers will feel the pressure of a constrained consumer in the last two months of 2021 and into 2022.

In light of this, he says; "It is critical for brands to understand their portfolios, price laddering, relative price position and promotional effectiveness. Assortment and innovation are also key as they feed into larger trends related to wellness, organic and sustainability."

Sources:
NielsenIQ Retail Measurement Services (end August 2021)
NielsenIQ Consumer Panel Services (end August 2021)
NielsenIQ Analytics Intelligence Busting Myths about Price and Promotions During the Pandemic

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