

Evolving consumer landscape favours the bold

By [Gareth Pearson](#)

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One of the biggest drivers in 2016 will be consumers' continually shrinking wallet. This will continue to put enormous pressure on manufacturers and retailers, as consumers from across the LSM spectrum demand competitive pricing and increased value.



Consumers under pressure

This has already resulted in a significant shift in product usage that will evolve even further this year, where consumers use products right down to the very last drop to reduce wastage, repair items instead of buying new ones, buy multiuse products that can do more than just one task, and recycle products.

This frugality will be facilitated, in a large part, by advancing technology. Consumers will increasingly use digital platforms to maximise their financial savings by actively comparing prices between retailers, seeking out special deals and exclusive offers, and looking for increased value.

Previously, consumers would look online before buying houses, cars and appliances, but now they're doing the same for everyday grocery items. Retailers will have to ensure their prices are highly competitive, current (updated daily, if necessary) and actively promoted across digital channels to allow for favourable online comparison.

Smartphone penetration

However, technology is not just limited to online activity via computers; the escalating penetration of smartphones across all LSMs in South Africa will continue to fuel the rise of e- and m-commerce in both pre-shopping and actual online shopping, which is expected to top 5% of total retail trade in future.

This means even consumers in far-flung rural areas will have the ability to compare prices and buy goods online, requiring online retailers to maintain pricing competitiveness across geographic regions and channels.

Deepening brand engagement

In fact, technology isn't just enabling consumers to make informed decisions and purchases, but giving them a stronger voice too. This trend will persist in 2016, as consumers use technology to deepen their brand engagement.

But woe betide the brands that have an inactive online or mobile presence: consumers' rampant use of technology for social justice can cause massive brand failure if negative experiences reported online aren't responded to quickly and efficiently. Although, these digital platforms can just as much build a brand, cultivating strong consumer loyalty in a volatile market. The challenge for brands in 2016 will be to remain wholly engaged with, and responsive to, their customers.

This engagement is going to become even more important as consumers increasingly seek an omnichannel connection with brands. Having a call centre, email address and website is no longer enough; consumers want to interact with brands on many levels, including through the plethora of social media channels available today.

Millennials driving trends

Finally, one of the biggest trends that has only begun to make its presence felt in South Africa is a significant driver of all

these projected trends - that of the Millennials. Yes, the trend has been slow to take off compared to the US market, but it's here and it's growing and it's a very real part of our future consumer landscape.

Millennials are discerning; they wield incredible purchase power; they're highly influential, forcing a veritable retail evolution in front of our eyes; and depending on their personal brand experience, can be your greatest asset or your toughest challenge.

The next year will be an exciting one in the consumer market, but it is those bold brands that capitalise on these trends that will reap the biggest rewards.

ABOUT GARETH PEARSON

Gareth Pearson, CEO and shareholder of BMI Research (www.bmi.co.za), is a market research specialist with particular focus in the industrial and FMCG markets in various sectors, including the retail market. He serves as a member of the South African Institute of Packaging's Regional Committee and is involved with the South African Packaging Council. Gareth was responsible for the merger of BMI Foodpack and Adcheck Research during 2008. Contact Gareth on tel +27 (0)11 615 7000.

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