

How online shopping will push the retail boundaries

 By [Ged Nooy](#)

10 Jan 2022

As Covid-19 is set to consume yet another year, brick and mortar stores are realising they need to move faster on expanding their omnichannel repertoire to meet consumers' changing needs. NielsenIQ South Africa MD Ged Nooy says this stems from the fact that it is no longer a question of whether people are willing to purchase fast-moving consumer goods online, but rather getting to grips with this new retail reality.



Ged Nooy, NielsenIQ South Africa MD. Source: Supplied

What a difference 12 months makes when it comes to the comfort South African consumers now feel towards online grocery shopping.

Evidence of this is a NielsenIQ study conducted last year [Unlocking the Consumption Code](#) which found that an average of 30% of South African consumers' grocery spend moved to online in the previous 12 months.

Things are still on the move with the grocery sector is experiencing a high level of innovation, thanks to same-day delivery options driven such as Shoprite's Sixty60, Pick n Pay ASAP and Woolies Dash apps.

The catalyst of these developments was undoubtedly the Covid-19 pandemic which was the defining period for manufacturers, retailers and consumers around the world. The resultant lockdowns and movement restrictions changed work, home and shopping routines forever.

The radically altered circumstances of South African consumers had an effect on the growth of online grocery shopping and in certain instances in a

surprisingly positive manner.



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• Onward and upwards

The growth in online grocery shopping will continue as markets resettle and consumers rebase their home, work and travel routines. While we are likely to see people return to work, and a natural return to some old shopping behaviours, there will be huge populations of people who will not.

To sustain the current online momentum, retailers and brands will need to focus on how they can solve consumers' changing needs by differentiating their offerings in the omni shopping journey. They will need to solve for overall satisfaction and experiences in the areas of time, convenience, availability and value based on consumers' altered circumstances, to truly differentiate themselves.

• Superusers

The more accepting attitude of consumers towards online shopping means not only are they using it as a means to avoid

the risks of physical stores but they are also using it as a tool to better manage their spend. In line with this, one of the most interesting phenomena is the rise in the number of Constrained Consumers gravitating online. These include Existing Constrained consumers who were watching what they spent before Covid-19 and have not changed this behaviour.

Newly constrained consumers who have experienced a worsening of their household income/financial situations and are consciously watching what they now spend. Interestingly these groups are much more active online, and there are more newly-constrained consumers, shop more frequently online. This growing group of impacted consumers will be an important segment for retailers and brands to consider in 2022 as they are likely to become the super users of online, starting with discovery and navigation to make more informed and better choices online and in-store.

• A changing experience

A limitless online basket may have its downfalls in quality and reliability of service. The challenge is to create a safe environment for the consumer where omni technology can meet shopper expectations, while a value for money and promotion strategy is key.



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• The role of the omni shop

Consumers will continue to visit physical stores primarily because of experiential and social engagement. In light of this, faster service, efficient deliveries and shopper experience are essential attributes for e-tailers to stay ahead of the competition.

• Fight for attention

Online allows for better shopper targeting, personalised offers and dynamic pricing. But we are already experiencing a fragmented marketplace with new e-tailers and brands appearing every day, which can pose the challenge of retaining loyalty. Are keywords and promo ads enough to catch and keep shoppers' attention in the future?

A new day

What's clear is that grocery shopping in South Africa has changed forever as local consumers have become more than comfortable with shopping for their day-to-day groceries online. The learning over the past couple of years for manufacturers and retailers is that a considerable amount of growth will come from omnichannel (online and in-store shopping hybrid) and that this is the time to evolve the medium and explore its increasing potential.

What remains to be seen is how well companies will be measuring the true impact of omni sales, which in turn will play a significant role in preparing for 2022 and beyond.

ABOUT GED NOOY

Ged Nooy, general manager of Field Force, a division of Provantage, has worked in the South African and international consumer goods industries for almost two decades.

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