

Radical shift in SA's top-performing 'golden stores'

Amidst the constriction of Covid-19 and our severely altered way of life, where consumers shopped yesterday is not where they shop today and the reality is, these patterns will more than likely never return. This is just one of the insights from a recently released *Nielsen Shop Shifting Report - Recalibrating for the rerouted spread of spend*.



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Delving deeper into the report, Nielsen Global Connect executive director Ailsa Wingfield comments; “The second quarter of 2020 was the defining quarter for consumers and retail around the world where lockdowns and movement restrictions changed work, home and shopping routines forever. These changes prompted massive shifts in shopping patterns, behaviour and actions. The culmination of the change in consumer circumstances is that grocery spend has drifted and shifted.”

Reassess Golden Store shine

As a result of these radically altered shopping patterns, Nielsen has found that the highest revenue ‘Golden Stores’ – those that account for 80% of sales – are experiencing major changes, with the distribution of sales and growth spreading and becoming more polarised around the world.

Looking specifically at South Africa, Nielsen reports that between March to August, 35% of modern trade and convenience stores accounted for 80% of spend, increasing by a massive 9 percentage points (26%) on 2019, indicating greater fragmentation of stores now accounting for the majority of sales.



68% of SA consumers shopping more online since start of pandemic

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Within that overall figure, the composition of changes is immense. There were clear shifts from a 2% movement of stores falling out of the Golden Store category and 2% from new stores moving into the Golden Store category. This figure, from new and old golden store shifts, totals a considerable 14% change within Modern Trade (Hypermarkets and Supermarkets) stores in particular.

In addition to these movements, existing golden stores (those present in 2019 and 2020), have also changed rank (importance) due to the changing flow of growth. Forty-two percent of stores showed declines while 58% grew, leading to a massive number of stores, in different locations, changing in importance to sales, resourcing, product ranging, assortment, pricing and focus.

Location driving store choice

Wingfield elaborates, “In our pre-Covid-19 world, store choice was essentially built around work hubs and transit routes. But today, because of Covid health concerns, quarantines and ongoing self-isolation, that store choice has been pushed out of busy commercial centres into outer lying areas and far closer to where people live. It is this, seemingly innocuous shift that has tipped the retail landscape on its head.

“This will continue as markets resettle and consumers rebase their home, work and travel routines and while we are likely to see many people return to work, and a natural return to some old shopping behaviours, there will be huge populations of people who will not. We will therefore not return completely to pre Covid-19 habits and a hybrid future is most likely – with time split between office and work from home.”



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As a result, Wingfield suggests that retailers need to reconsider existing store formats, locations and expansion plans which may require them to abandon old, relocate, build or rebuild, or acquire based on retail gaps. Similarly, manufacturers will need to recalibrate for the stores that now matter most, ensuring that their products are available and serve consumers where they are currently shopping.

“Covid-19 has been a catalyst for new consumer mindsets and behaviours that will influence outcomes for years to come. These changing relationships with trips and destinations therefore requires a complete rethink about how the industry meets consumer needs.”

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