

Technical goods revenues soar at SA malls, despite mall proliferation and rise of online shopping

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The launch of Midrand's Mall of Africa in April 2016 has helped to lift average quarterly revenue from technical goods across major shopping malls in Midrand, Pretoria and Johannesburg by more than 50%. This indicates that South Africa's richer and more densely populated urban areas have yet to hit saturation point for new shopping developments.



That's according to data from [GfK South Africa](#)'s Sales Area Optimizer, which draws on GfK's point-of-sale tracking data, consumer research surveys and geo-marketing expertise to map sales trends and opportunities for retailers and mall operators. GfK's data shows that quarterly technical goods revenues from eight major Gauteng malls* grew year-on-year from R306 million in Q1 2016 to R472 million in Q1 2017.

In Q4, revenues at the same set of malls climbed year-on-year from R549 million in 2016 to R841 million in 2017. Mall of Africa enjoyed a strong Q2 in 2016 immediately after its opening, claiming 18% of mall technical goods revenues for the quarter. Since then, its share of the market has vacillated between 13% and 15%.

Says Nikolay Dolgov, Point of Sale General Manager at GfK South Africa: "The data shows that there are still veins of gold to be mined among South Africa's high-density, high-income urban areas. Despite concerns about the proliferation of shopping malls in Gauteng and the rise of online shopping, each major development appears to be adding revenue to the market rather than taking business away from competitors."

GfK's technical goods category includes smartphones, computers, consumer electronics, household appliances, televisions and other high-value technical goods. Gauteng contributes more than 50% of technical good revenues, with high-income pockets in KwaZulu-Natal and the Western Cape also showing strong performance.

Gauteng has around 21,000 people for each of its 580 or so shopping malls, with one mall for each 31.2km² of space and technical goods spending at malls of R1.2 million per km². At the other end of the spectrum, North West Province has only



Nikolay Dolgov

...s = one mall per 100km² — mall spending of R14,000 per km², and 117,000 people per mall.

Smartphones account for 36% of technical goods revenues and are a major driver of value for malls and retailers. GfK South Africa's data shows that around 12 million smartphone units are sold in South Africa each year.

"A high-performing phone retailer can drive significant revenues for a mall," says Dolgov. "Therefore, attracting the right brands, positioning them correctly and marketing them can make a major difference to the performance of a mall."

One Gauteng mall, where shoppers endured parking inconvenience during extensive renovations, would have seen technical goods revenues dip R19 million between 2016 and 2017 without the contribution of its smartphone retailers. A R34 million increase in smartphone revenues kept its growth positive for the year.

Even though more consumers are starting to shop online for technical goods, GfK's data shows that a good product experience and the opportunity to see and touch goods are still attracting customers to malls. This underlines the importance of a robust digital strategy for malls and retailers alike, says Dolgov.

"The reality is that the channels are converging, with the smartphone playing a leading role in customer conversion," he adds. "Retailers and malls alike should cater to their customers with an omnichannel strategy that includes user-friendly apps and web sites. Online brings traffic to offline, especially with smart promotions, and vice versa."

Whether they are targeting online or offline shoppers, mall operators and retailers need to offer a positive user experience at each touchpoint, says Dolgov. "Convergence means leveraging each channel's strength to provide a consistent experience and understanding each channel's role in the customer experience."

**Centurion Mall, Cresta, Eastgate, Fourways Mall, Irene Village Mall, Mall of Africa, Menlyn Park, Sandton City*

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