

Shifting the cloud on consumer behaviour

By [Isana Cordier](#)

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With the festive season excitement now over, the start of 2019 has so far been bleak for the majority of retailers in South Africa, raising even more questions about the future of retail.



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It is uncertain at present whether there will be an improvement in the sector, or whether this is the beginning of a permanent shift in consumer behaviour that the sector could be ignoring at its peril.

If the current economic conditions can be viewed as a dark cloud drenching out all visibility on the consumer, what then lies beneath? Has this cloud been masking a huge shift in consumer behaviour that we are facing in the retail space? In a recent conversation with Andrew Jennings, retail expert and author of *'Almost is not good enough'*, he mentioned that change in retail has never been this fast, and it will never be this slow again.

The question then is how do we start to understand this new world in which the consumer moves, and a world where the boundaries are no longer constrained by physical location, payment mechanisms or brand loyalty? Where choice, speed, convenience, health, environmental impact, individualism and personalisation seems to have crept up on us overnight and has shaken organisational structures to their roots.

Omnichannel mindset

One thing is certain – if organisations remain structured in silos, viewing data, e-commerce and marketing as add-ons to sales, they have a problem. The current consumer seems oblivious of channels and moves seamlessly from one to the next in the pathway of gathering information, making decisions and ultimately executing a sale. The question is how will retailers grab the attention of their target customers and remain relevant?



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In a conversation with Linah Maigurira, Google industry manager for retail and eCommerce, she explains that Google is going to great lengths to understand consumer behaviour. Through multiple Google Platforms, they are able to interpret consumer intent, how they behave and move through various platforms from an original search to the ultimate sale execution.

Google Shopping, for example, is primarily built to empower consumers throughout their shopping journey, and is a powerful tool for retailers as well. Retailers are able to understand about how consumers respond to their product inventory, which in turn will empower them to match their offering to consumers' needs.

Spending patterns

Absa has also recognised its capability to use its extensive card acquiring data to perform data analytics and understand consumer spending behaviour. A recent analysis of this data for Black Friday in November 2018 resulted in some interesting insights on consumer spending patterns.

For instance, 'Card Present' continues to be the preferred method of payment, although online spend has significantly increased in recent years. Noticeably, Absa customers' spend has more than doubled from one specific online retailer. Google South Africa has also reported a strong spike in searches relating to Black Friday deals compared to the previous year.



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The data reveals that the top category contribution to overall spend on Black Friday, from both issuing and acceptance sources, remains groceries with over 50% of total spend. It can also be seen that the Black Friday frenzy has now spread to the rest of South Africa as spend has significantly increased in outlying provinces compared to being predominantly focused in Gauteng and Western Cape in previous years.

Some of the 'wackier' Black Friday trends involved opening stores at midnight. One retailer opted to pursue this strategy with positive results recording the highest turnover at 1am, whereas other retailers attempted this strategy and eroded their overall turnover on Black Friday versus the prior year. This indicates that this is not a one size fits all game any longer.

Remaining relevant

What is becoming clearer from all the data points is that no retailer can assume natural attraction by brand loyalty and product offerings alone. Reaching out to the consumer through familiar marketing channels such as audio and visual has

become less impactful.



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To remain relevant and attractive in today's fast-paced shopping universe, knowing your consumers is now even more paramount for retention and growth strategies than before. Consumers are indeed still spending, but just not in the manner they used to and some of this spending has nothing to do with the current economic conditions.

Therefore, leveraging data analytical insights can lift the dark cloud masking consumer behaviour, and allow retailers to adapt their strategies accordingly in order to remain relevant to the ever-changing consumer.

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