

Clever click options boost SA's online grocery sector

By [Kelly Arnold](#)

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What a difference 12 months makes when it comes to the comfort South African consumers now feel towards online shopping, and despite online retail accounting for less than 2% of total retail sales pre Covid-19 in South Africa, things are definitely on the move.



Kelly Arnold, NielsenIQ

Quite literally in fact, with the grocery sector experiencing a high level of innovation, thanks to new same-day delivery options driven by [Checkers Sixty60](#) and the [Pick n Pay Bottles](#) and [Woolies Dash](#) offerings.

The crucible of these developments was the second quarter of 2020 which was the defining period 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.

At a more detailed consumer level, the NielsenIQ *New Shopper Normal Study* conducted in May and September 2020 allowed for powerful comparisons of the effect of the Covid-19 lockdown on consumers, during an unprecedented time in our history.

In terms of online preference, pre-Covid-19, only 4% of South Africans said they shopped most often online for groceries. That figure rose to 11% in May 2020 during (Level 4 lockdown) and was 12% by September 2020 (Level 1). Of South African online shoppers, 28% had never shopped online pre-Covid-19.

In terms of the recency effects of online shopping i.e. those shopping online in the past week, this figure increased from 59% in May to 68% in September. In terms of frequency, those who said they shopped once a week increased from 41% in May to 48% in September, while those who shopped online multiple times a week increased from 18% in May to 20% in September 2020.



Super users

The radically altered circumstances of South African consumers have had an effect on the growth of online grocery shopping and in certain instances in a surprisingly positive manner. One of the most interesting phenomena is the rise in the number of Constrained Consumers gravitating to online.

These include Existing Constrained consumers who were watching what they spent before Covid-19 and have not changed this behaviour and 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 new constrained consumers, shopping more frequently online.

This growing group of impacted consumers are an important segment for retailers and brands to consider 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.



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Cracking the code

Additional evidence of online grocery shopping's growing popularity amongst these and other consumer groups emanated from a NielsenIQ study *Unlocking the Consumption Code* conducted in January 2021 which found that an average of 30% of South African consumers' grocery spend moved to online in the last year.

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.

For example, 8% said they are shopping online to avoid impulse purchases or to get better deals without having to travel around to find them. This is twice as high for baby products (16%), and bigger for other high value, bulky or routine items such as vitamins and supplements and household products at 13% and pet products (11%).

In addition, 17% of consumers said they are buying more online-only brands which shows consumers are finding new

places to source purchases, especially when products may have been out of stock/unavailable in store.

Consumers' deepening relationship with online is also clearly shown in terms of 84% agreeing that it is easier to search/compare prices online, while 71% of consumers say they save time shopping online for better prices/promo. Seventy-eight percent shop across multiple on and offline retailers to get the best prices, while 59% are willing to pay a fixed online fee for unlimited delivery.



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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. 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 and far closer to home or in many instances 'direct from home' via online channels.



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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.

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.

Sources: NielsenIQ Shop Shifting September 2020
NielsenIQ Shopper Trends May 2020 & September 2020
NielsenIQ Unlocking Consumption Global Survey Dec/Jan 21

The inaugural [E-commerce Day](#) launches on 10 March 2021, with a [special editorial focus on Bizcommunity](#) for the week. E-commerce Day is an initiative by ecommerce.co.za.

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