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BrandsEye
Risk. Purchase. Cancel. Service.

Consumer Sentiment in Retail

Insights for South Africa

October 2019

Contents

Introduction

In today's technology-enabled world, consumers are arguably more engaged than ever before. Social media platforms such as Twitter, Facebook and Instagram have become powerful tools for consumers to engage with virtually all aspects of their lives, from relationships, politics, shopping, and travelling to any kind of service they may receive.

Consumers tend to voice disappointment in and praise for brands that either fail to meet expectations or manage to create memorable experiences – with the former often being the more dominant, thanks to the intrinsic human negativity bias.

For this *Consumer Sentiment in Retail* report, Deloitte Africa partnered with BrandsEye to gain further insight into the state of South Africa's retail sector: first, by analysing social media posts and other online engagements to gauge the current sentiment of local consumers towards the country's leading grocery retail chains and second, by asking what this might mean for retailers in general, what insights are relevant to fast-moving consumer goods (FMCG) companies, and where retailers can be agile in response to these consumer sentiment indicators.

Almost 1.7 million posts were analysed to find out what the burning issues for South African retail consumers are and how these consumers perceive leading retailers.

Analysis of these findings revealed five key themes which are explored in this report:

- The price-conscious and value-seeking consumer
- Personalisation of customer experience
- Convenience driving innovation
- The sustainability-seeking consumer
- Governance and brand.

Based on this sentiment analysis the report proposes a number of key interventions for retailers to have more meaningful engagement with their customers and to gear their organisations to become more customer-centric.

Given the benefits of meaningful engagement, it is paramount for retailers to remain receptive to their customers' feedback – both positive and negative. More importantly, retailers need to consider agile ways to react to real-time consumer sentiment and feedback. This will help them to create a unique customer experience, to create value for the customer and to communicate effectively what they stand for.

The price-conscious and value-seeking consumer

For more than a decade, the South African economy has been stuck in a low-growth rut. The country has lagged behind most of its peers in emerging markets and on the African continent in terms of gross domestic product (GDP) growth performance.

Lacklustre economic growth of just over 1% on average over the last five years and an unemployment rate of almost 30% remains a key drag on consumer spending. As a result, nominal retail sales growth in 2018 stood at 4.2% – the lowest since 2010.

Given the tough consumer environment, and with many consumers living beyond their means, South Africans have become increasingly price-conscious and seek value in their purchases.

While affordability per se is not among the key topics driving retail-related conversations on social media platforms in South Africa, the emphasis on this issue increased noticeably between 2018 and 2019 (see Figure 1). This peaked in the first few months of this year, and coincided with the contraction in the country's GDP and very low consumer confidence in Q1 of 2019.[1]

With the economy returning to growth and consumer confidence slightly recovering in Q2 2019, net sentiment turned positive in June 2019 (see Figure 2). However, despite the recent sentiment improvement, consumers were slightly more negative towards affordability between July 2018 and June 2019 (see Figure 3).

Retailers are often judged on their prices and value they provide, with consumers referring to affordability – or the lack thereof – as reasons for both praise and criticism. Conversations about affordability are especially pronounced when consumers compare retailers.

In this context, South African consumers prefer to do their own product research and have become aware of the pricing strategies of retailers. Consumers hold accountable retailers that are untruthful or non-transparent about their prices and are quick to point out misleading information about, for example, special offers.

While price is an important aspect of purchasing decisions, consumers tend to be prepared to pay a premium for quality products if the value of these products is apparent and justifies the higher price point.

In 2019, conversations about retailers' fresh produce offering and bakery products have risen significantly compared to the previous year. These conversations are not necessarily about the price of the fresh produce, but are mostly focused on the availability and quality – good and bad – of fresh produce.

Figure 1. Number of Affordability-related mentions (H2 2018 and H1 2019)
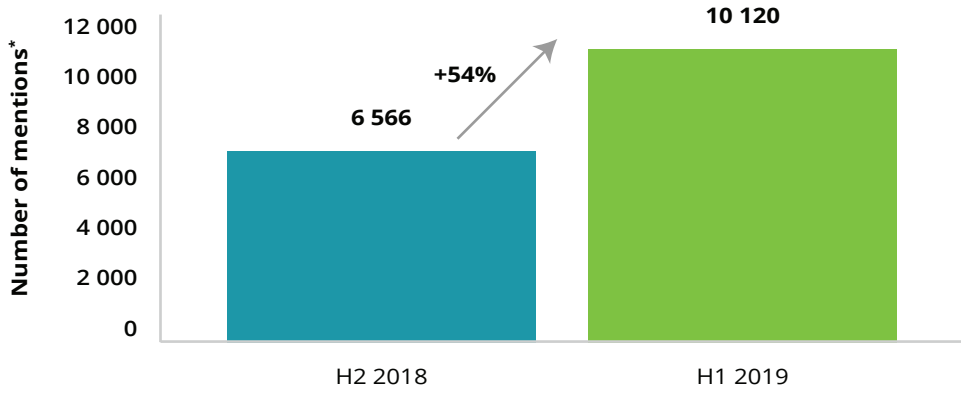
* The absolute number of mentions for all figures is based on a random sample (see Methodology).
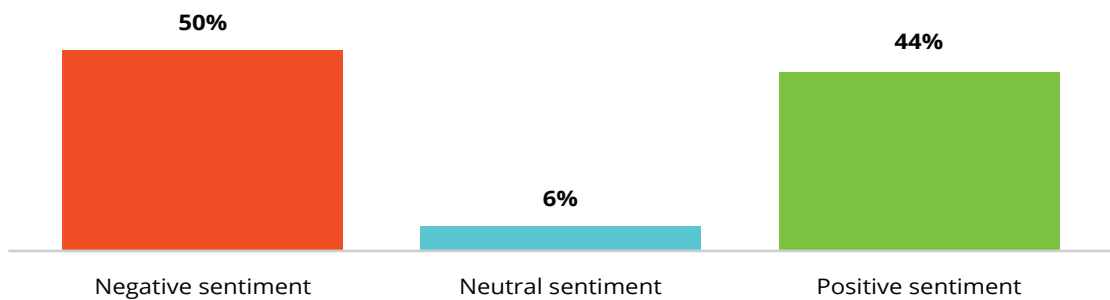
Figure 2. Sentiment towards Affordability, Consumer Confidence and GDP growth (July 2018 – June 2019)
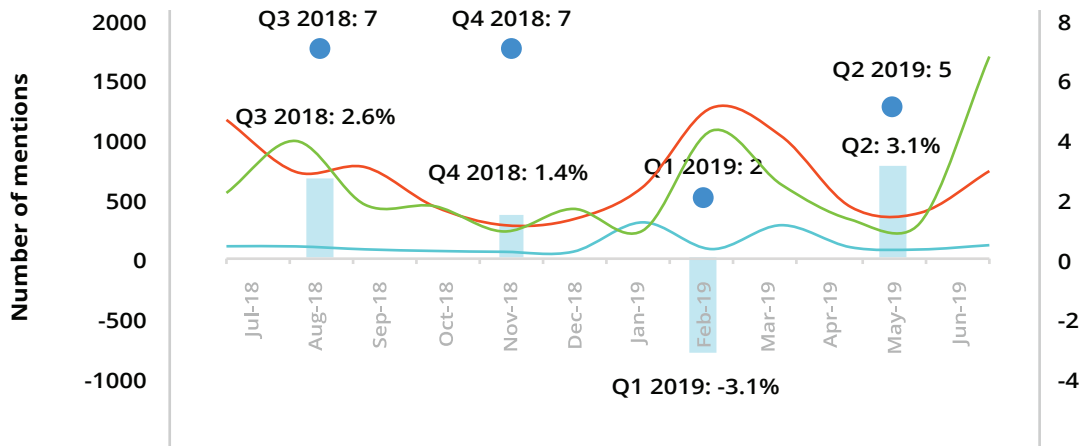
Negative sentiment   Neutral sentiment   Positive sentiment
GDP growth (right axis)   Consumer confidence on scale from -100 to 100 (right axis)

Source: StatsSA, 2019 & Bureau for Economic Research, 2019

Figure 3. Sentiment towards Affordability (H2 2018 and H1 2019)

Implications for retailers

Understanding customer segmentation

Retailers need to develop a deep and nuanced understanding of their consumer segments in order to make the right strategic choices. In order to develop a holistic customer view and to align the brand's strategy with this segmentation, the following aspects may be considered:

- Develop an understanding of the lifestyle journey of the shopper, including habits and patterns, to get in sync with buying behaviour
- Leverage analytics to track segment-specific customer sentiments against actual performance parameters
- Leverage data to gain customer insights that can inform strategic choices around format, range and availability
- Use consumer insights to develop segment-appropriate pricing and discount strategies.

Containing costs

In the current tough trading environment, containing costs is crucial. However, this needs to be carefully balanced with maintaining high product and customer experience standards. In order to contain costs and improve price competitiveness, the following aspects may be considered:

- Relook the sourcing strategy
- Leverage synergies and shared services for non-customer facing functions
- Develop strong and future-orientated supplier relationships
- Develop a focussed real estate and format strategy
- Focus on margins and removal of peripheral costs
- Leverage data and customer insights to develop alternative revenue streams
- Utilise Brand Spend Optimisation to develop and deliver improved marketing communications and retail experience.

Creating value

As value has become a key criterion for purchasing decisions, retailers need to be very clear about what value they provide to their customers and be able to effectively communicate the value of their products or services. Differentiation from other retailers can be challenging with competitive generic messaging all focussing on promising value. The key differentiator here is the actual proven delivery of value. The following aspects form part of the quest for value creation:

- Provide an aspirational shopping experience during hard times
- Leverage house brands and fresh produce as potential differentiators
- Identify alternative ways of value creation such as gamification to enhance brand and value perception
- Focus on convenience, health and wellness
- Offer in-store experiences that go beyond retail, for example, in-store cooking classes.

Restoring loyalty

Customer loyalty is permanently under severe pressure and is generally a combination of understanding the customer's requirements, the optimal delivery of the brand promise and, most importantly, delivering against this promise at every touch-point in the retail experience. Price-conscious and value-seeking customers tend to be less brand loyal as they shop for specials. The following aspects may assist with restoring loyalty among price-conscious and value-seeking consumers:

- Identify meaningful segment-specific touch-points to engage with consumers
- Develop loyalty and connectivity programme activations that are convenient for the customer
- Offer tailored and customer-specific rewards, linking these to lifestyle
- Link rewards to a digital management system (not another card).

Something to consider

While a segment-appropriate pricing strategy is crucial, the pure focus on price and discounts might send the wrong message to the market and potentially force suppliers into a low-margin trap. A low-margin trap could stifle product innovation on the side of suppliers, as they are forced to focus on cost-saving measures and not on value creation. In addition, such an approach might create false expectations among consumers that special offers or discounts are the norm.

Personalisation of customer experience

Today's customer experience is much more than just providing good customer service: it includes ensuring customers receive their products and services when they want them, and at the price point that fits their pockets, whilst at the same time meeting their shopping experience requirements. Great customer experience creates touch-points with real people who become advocates for brands and help to grow brands organically through their online and offline interactions with friends and families.

International research has shown that a happy customer is likely to spend more than twice than a disappointed customer and, in addition, will remain a customer for longer.[2]

Rapid advancements in digital technologies have significantly altered customer behaviour and expectations. Customers now have vast amounts of information at hand to inform their purchasing decisions. Technology is used to quickly draw comparisons between products, retailers and their respective quality of service. This can be to the detriment of retailers. South African customers are largely disappointed by the service they receive (see Figure 4).

The quest for instant gratification has furthermore created expectations of immediate service and attention. Retailers that respond to customer needs or complaints in an unsatisfactory and slow fashion can expect to be publicly criticised on social media – a platform from which customers can air their dissatisfaction.

Social media, like Twitter and Facebook, are able to compound the impact of word-of-mouth. Recommendations from friends, family, fellow shoppers and influencers have become a key factor when making purchasing decisions.

While less than 2% of total retail sales in South Africa are made online (compared to more than 10% globally), e-commerce has started gaining traction in the local market.[3] Rapidly growing e-commerce players are reshaping the definition of what great customer experience is.

For about one in two customers, the preferred method of locating, buying and receiving products in-store is now heavily influenced by their online experiences. International research has shown that a sizeable share of customers find shopping a chore. However, many customers think engaging with a digital device makes their shopping trips easier. The influence of digital on in-store sales continues to grow and can no longer be overlooked.[4]

Traditional retailers need to be aware of this context. More than ever, consumers want to be valued as individuals, which is driving the demand for personalised customer experience.

In 2017, a leading international lifestyle brand tested a new way of creating a unique and highly personalised customer experience. In a pop-up store, consumers were able to virtually design and customise sweaters which had fast production times in order to satisfy the demand for instant gratification.[5]

As part of the personalised customer experience, consumers view customer service (in particular, the way and timeliness in which retailers deal with their queries or complaints) as key.

South African social media users voice strong dissatisfaction with retailers not responding to queries or complaints. Consumers that have tried but failed to reach retailers by email, phone or in-store, often turn to social media to voice their dissatisfaction (see Figure 5). Consumers also expect instant responses. Any delays in responding to queries, especially those linked to complaints, tend to further erode the customer experience.

On the flip-side, consumers praise retailers for making an effort and for taking the time to engage with them directly (see Figure 6). For instance, follow-up calls by managers are highly appreciated. This also speaks to the importance of personalised, non-generic communication with consumers.

Focusing on creating a positive customer experience is not only likely to lead to stronger financial performance, but may also contribute to competitive differentiation. Successfully differentiating the brand in terms of customer experience can have a positive impact on a retailer's bottom line with higher footfall, conversion rates and increased customer loyalty.

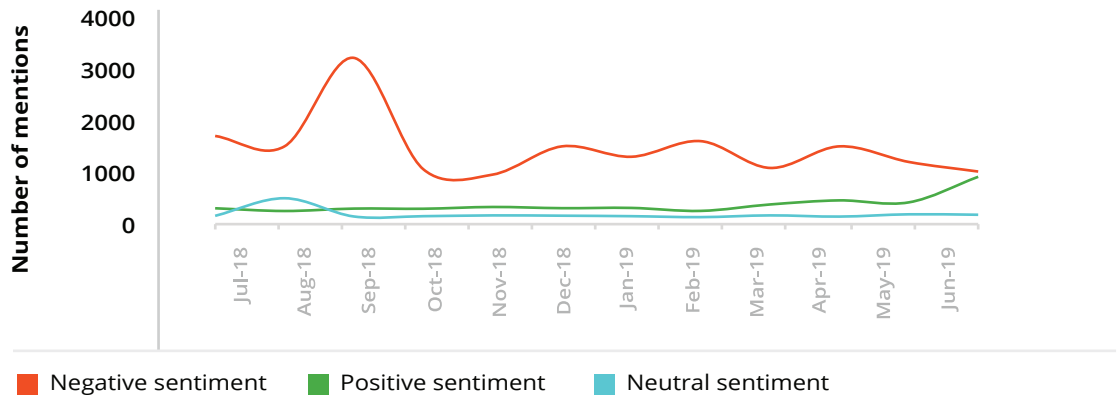**Figure 4. Sentiment towards Customer Service (July 2018 – June 2019)**

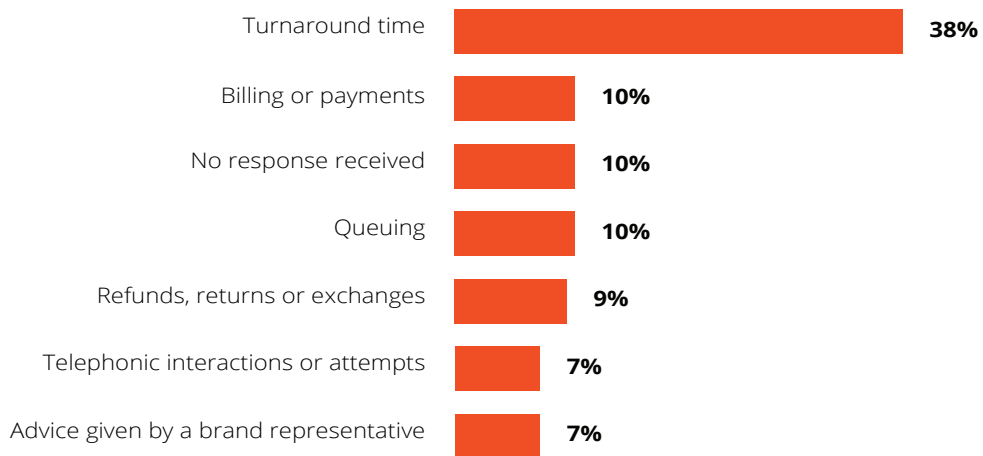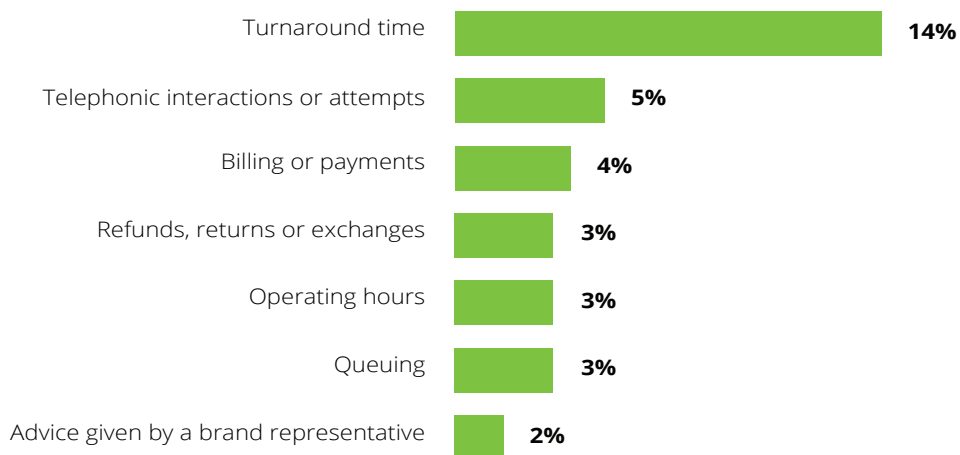**Figure 5. Issues driving negative sentiment towards Customer Service (H2 2018 and H1 2019)**

Turnaround time	**38%**
Billing or payments	**10%**
No response received	**10%**
Queuing	**10%**
Refunds, returns or exchanges	**9%**
Telephonic interactions or attempts	**7%**
Advice given by a brand representative	**7%**

Figure 6. Issues driving positive sentiment towards Customer Service (H2 2018 and H1 2019)

Turnaround time	**14%**
Telephonic interactions or attempts	**5%**
Billing or payments	**4%**
Refunds, returns or exchanges	**3%**
Operating hours	**3%**
Queuing	**3%**
Advice given by a brand representative	**2%**

Implications for retailers

Customer experience

While it might seem challenging to offer a unique customer experience during tough economic times, it is potentially detrimental for retailers to trade this off for short-term financial gains. The following measures may be considered to enhance customer experience:

- Develop suitable platforms for feedback collection
- Develop analytics capabilities to understand customers' needs and to enhance customer experience (targeted solutions/products)
- Foster a corporate culture that incentivises collaboration and insight sharing by breaking down silos
- Deploy capabilities to translate customer insights into activities that drive desired consumer behaviour
- Use feedback and analytics capabilities to create a single-view customer
- Create suitable platforms for effective and efficient customer communication
- Create a consistent brand experience across all customer segments (including a clear understanding of what each segment's needs are)
- Use artificial intelligence (AI) and virtual service robots to assist with customer advocacy and interactions
- Create customer-centric logistic solutions
- Focus on an integrated digital shopping experience
- Collaborate with landlords to create a seamless and unique mall experience.

Employee experience

By creating a great employee experience, retailers are able to further advance their customer experience. In order to create a great employee experience, the following interventions might be considered:

- Personalise the employee experience through engagement platforms that enable the customer experience
- Create a consistent employee experience across all stores
- Develop new ways of working that align the culture with an "outside in" customer focal point and not an internal "management by objective" focus
- Focus on continuous learning "in the flow of work" solutions that enable an adaptive workforce
- Design new ways of working and introduce concepts such as gamification as a key driver of customer experience.

Something to consider

In order to provide a unique client experience, all elements of the entire customer journey from communication, in-store experience and behaviour of stockists and partners to product offering and aftersales need to be designed around the customer. This may require a radical rethink of some existing operating models.

Convenience
driving innovation

As new technologies and offerings, including mobile payments, digital visual product searches and buy online, pick up in-store (BOPIS), increase shopping convenience, consumers are quick to adapt and reset expectations. A survey among consumers in the United States (US), a market with a relatively mature e-commerce environment, revealed that convenience and time saving are two of the top three reasons why consumers are drawn to online shopping. In contrast, traditional brick-and-mortar retailers are not well-positioned to fulfil these expectations.[6]

However, by leveraging technologies, such as contactless payments, retail app-based purchases, near real-time delivery capability and loyalty programmes that tear down barriers and offer additional value, traditional retailers might be able to increase convenience and offer value-added services that save shoppers time. Retailers that offer additional services by deploying innovative technologies are able to differentiate themselves and are likely to increase footfall to their shops.

Generally, South African consumers view innovation in the retail space as largely positive and appreciate the enhanced convenience it provides (see Figure 7). Consumers value innovative in-store facilities that provide additional non-traditional retail services, such as accessing government services; or financial services, such as money transfer services, lending and insurance products (see Figure 8).

Consumers value the in-store acceptance of innovative contactless payment technologies based on near field communication (NFC) and radio-frequency identification (RFID). A recent Deloitte Africa and Mastercard study showed that greater interoperability between these contactless payment systems is vital to

reduce friction and customer frustration.[7] Failure to offer a seamless payment experience is the most complained about topic in retail innovation-related social media discussions.

While innovative technologies have the potential to increase convenience and reduce the time spent shopping or on other errands, the failure or malfunction of these technologies leads to high levels of consumer frustration. Once a retailer has introduced a technology such as contactless payments, consumers expect it to be widely available across branches or shops (see Figure 9). They also expect competitors to follow suit.

Websites and their apps are great tools for retailers to engage with customers and have the potential to enhance convenience and the shopping experience. However, they are also a source of major frustration when malfunctioning and consumers often voice their frustrations on social media platforms. Given the omnipresence of apps, consumers compare retail apps not only to those of other retailers, but also to any other regularly used app. This means that the user experience and interface of retail apps has to be on par with non-retail apps.

While apps in general have very high churn rates, retail apps perform slightly better when it comes to retaining users globally. However, retail apps are used less frequently and for shorter periods than other app categories such as media and entertainment, business and technology and travel and lifestyle.[8] Thus, the need to continuously innovate and update apps is key.

In South Africa, traditional retailers seem to struggle to gain traction for their apps. The most popular e-commerce platforms have managed to attract at least twice as many downloads for their apps and tend to receive much better user reviews than the apps of traditional retailers.[9]

In this context, it is important that retailers continue to provide convenient ways for shoppers to connect and interact with them digitally.

For retailers who want their consumers to embrace and use technological innovations, demonstrating how innovations improve the shopping experience and add value to users will be key. The implementation and integration of technology must be seamless, with relevant applications, and thus easy to use and understand for the customer. Successful applications of technology have to focus on and ensure interoperability across, for example, smartphones, operating systems and different retailers to allow for a seamless user experience.

Figure 7. Sentiment towards Business Innovation or Technological Innovation (H2 2018 and H1 2019)
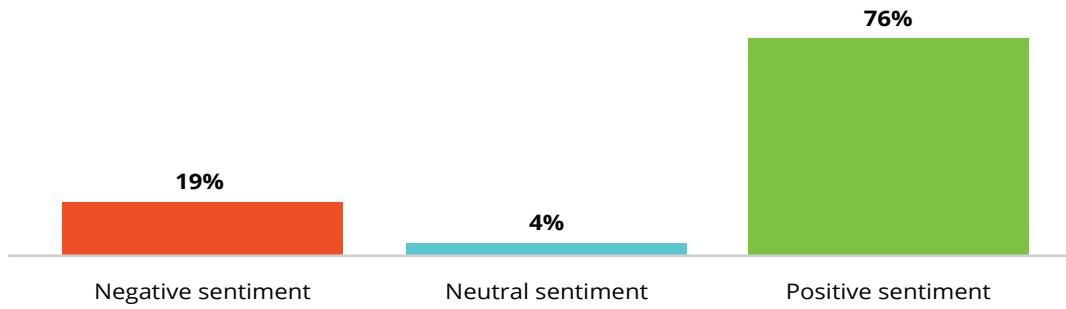

- Negative sentiment: 19%
- Neutral sentiment: 4%
- Positive sentiment: 76%

Figure 8. Co-occurrence of topics in positive conversations related to Business Innovation or Technological Innovation (H2 2018 and H1 2019)
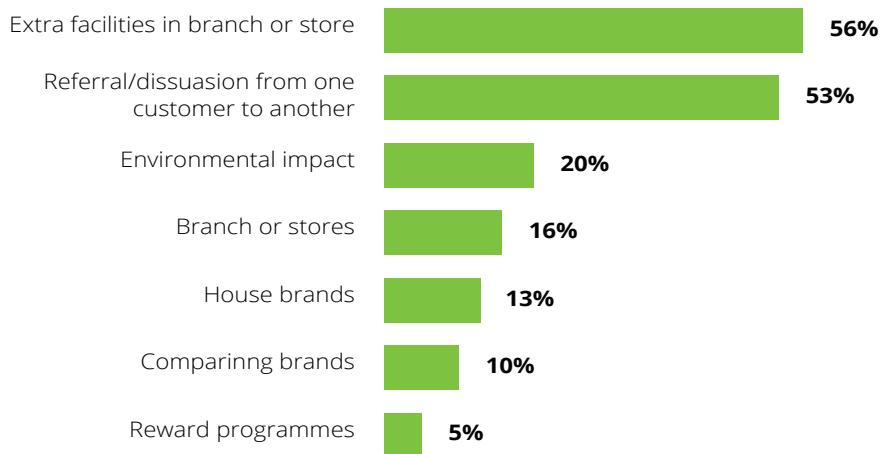

- Extra facilities in branch or store: 56%
- Referral/dissuasion from one customer to another: 53%
- Environmental impact: 20%
- Branch or stores: 16%
- House brands: 13%
- Comparinng brands: 10%
- Reward programmes: 5%

Figure 9. Co-occurrence of topics in negative conversations related to Business Innovation or Technological Innovation (H2 2018 and H1 2019)

- Branches or stores: 37%
- Comparing brands to brands/industry: 20%
- Environmental impact: 13%
- Extra facilities in branch or store: 13%
- Turnaround time: 13%
- House brands: 13%
- Billing or payments: 9%

Implications for retailers

Enhancing experience

Digital technologies can greatly enhance the retail experience. Sensors and the Internet of Things (IoT) allow for a more connected retail experience. These technologies should be at the core of any customer experience strategy and require retailers to consider the following:

- Foster technology integration across various channels to create a seamless omni-channel experience
- Deploy smart technologies, including digital assistant, virtual reality, virtual service robots, and smart self-service checkouts
- Develop the right partnerships with technology providers to ensure smooth integration of retail technology into the organisation
- Focus on the technology ecosystem holistically instead of a piecemeal approach
- Focus on embedding a digital mindset in the organisation that is geared towards enhancing customer experience.

Customer insights

The deployment of digital technologies allows retailers to gain invaluable consumer insights from customer data. These insights require a new set of analytics capabilities that can drive strategic choices:

- Develop a deep understanding of what customers require and how technology can be leveraged to cater to these customer needs
- Develop analytics capabilities that leverage consumer insights for segment-appropriate or location-based communication and offerings
- Develop effective data privacy rules to protect sensitive consumer data
- Introduce strong cyber security systems to prevent data breaches
- Use data to enhance on-shelf availability and to drive pricing and promotions strategies.

Something to consider

Retailers need to be fully aware of what they want to achieve by introducing technologies such as customer apps. By just seeing apps as a way to engage with consumers, retailers potentially lose out on leveraging invaluable insights that can be derived from user data and behaviour on these engagement platforms. Given their potential to create these insights, apps should be embedded into the retailer's strategy and should not be a short-lived fad.

The sustainability-seeking consumer

In light of the global debate about climate change and environmental degradation, South African consumers have become increasingly aware of the importance of sustainability and the environmental impact of their purchasing decisions and shopping habits.

In particular, millennials (born between 1981 and 1994), Generation Z (Gen Zs, born between 1995 and 2012) as well as Generation X (Gen Xs, born between 1965 and 1980) have increasingly called upon brands to care more about the environment and are changing the way they consume by looking for more sustainable brands and products. Deloitte's *2018 Millennial Survey* revealed that 91% of this generation would switch brands to those championing a cause they relate to, with another study revealing that seven out of ten millennials are willing to pay more for a product with a conscience.[10]

Social media conversations about ethical consumerism, that is sustainability and environmental impact in the context of retail, have increased substantially in South Africa (see Figure 10). Between H2 2018 and H1 2019 (and with a spike in April, during which Earth Month is observed) most social media users that engaged with this topic were critical of retailers' impact on the environment and demanded that retailers offer more environmentally friendly products (see Figure 11). This included examples such as the use of less plastic packaging materials and the phasing out of single-use plastic bags.

Interestingly, with the increase in conversation about environmental issues in H1 2019, the sentiment also shifted from praising retailers for their efforts in lowering their environmental impact in H2 2018, to criticising them for not doing enough to protect the planet in H1 2019 (see Figure 12).

For example, consumers are strongly concerned about the use of single-use plastic bags that are seen as a major contributor to pollution in oceans, and other ecosystems, and suggest the use of reusable or biodegradable alternatives. In addition, consumers increasingly question the use of plastic packaging and the lack of recycling thereof. Plastic wrapping of fruit, vegetables and other fresh produce is often perceived to be unnecessary. Consumers worry that unrecycled plastic will end up in landfills or oceans and negatively impact flora and fauna.

Some consumers see it as the responsibility of retailers to require their suppliers to find alternative packaging for their products. Consumers also question why retailers have not implemented basic recycling systems such as those found in, for example, Europe.

While the general perception seems to be that retailers could do more to reduce their adverse environmental impact, South Africans appreciate and praise retailers that do show that they care about the environment. Consumers see campaigns such as phasing out the use of single-use plastic bags and the introduction of alternatives to plastic packaging as welcome steps and approve of retailers doing so.

Interestingly, the South African conversation about environmental impact in retail has not yet gained much traction beyond the above themes, with other areas such as emissions, energy efficiency, food wastage and water consumption not yet topical. In markets where these aspects are more the focus of consumers, a movement towards consumption of locally-produced products has emerged.

Lessons from other industries show how important including environmental issues in everyday business decisions can be. For instance, a global consumer goods company recently reported that its brands that communicate a strong environmental or social purpose, regularly outperform other brands in its portfolio.[11] Retailers that cater for environmentally conscious consumers are well positioned to differentiate themselves in an increasingly competitive retail market.

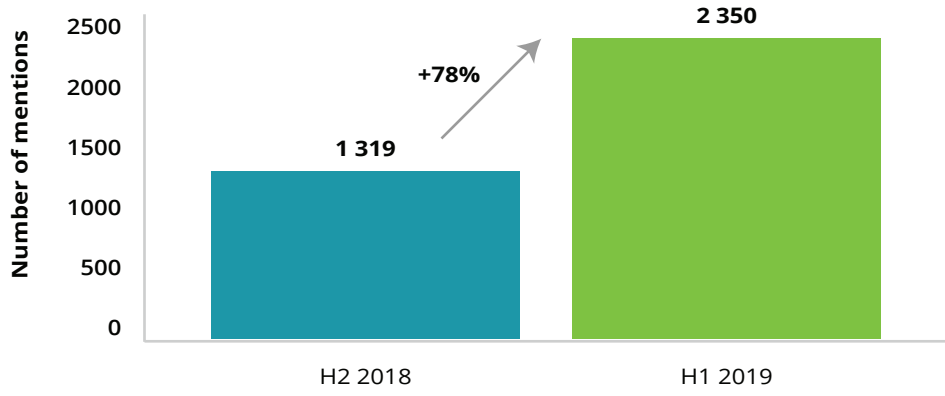**Figure 10. Number of Environmental Impact-related conversations (H2 2018 and H1 2019)**

Figure 11. Sentiment towards Environmental Impact (July 2018 – June 2019)
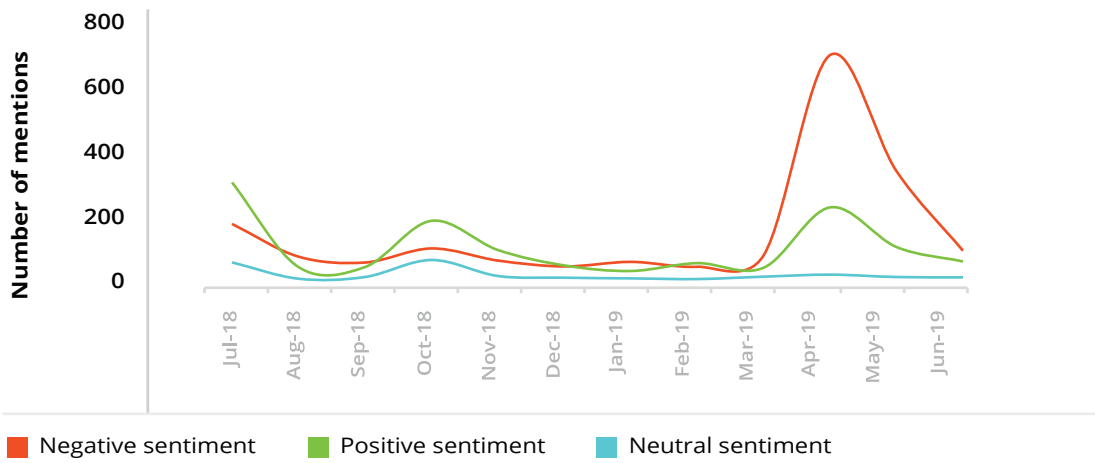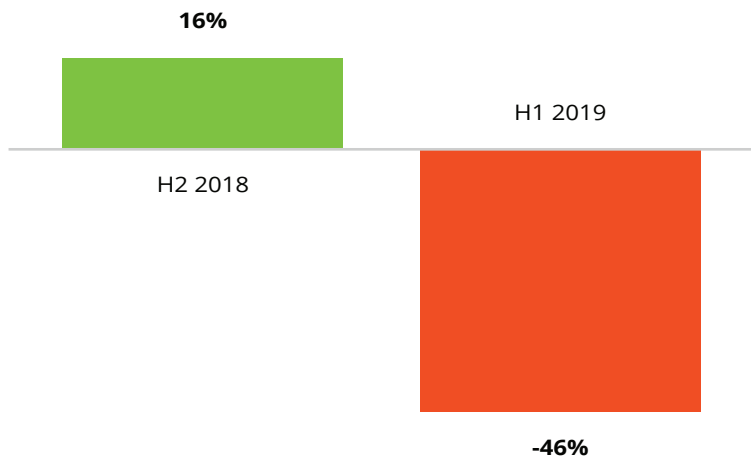

Figure 12. Net sentiment towards Environmental Impact (H2 2018 and H1 2019)

Implications for retailers

Supply chain visibility

While consumers, suppliers and retailers all play a role in improving sustainability of the retail value chain, it is the retailers' responsibility to ensure and promote sustainability throughout the value chain. Sustainability needs to be at the heart of the strategy and operations of the organisation. The following are aspects retailers may consider to differentiate themselves by focusing on improving sustainability:

- Promote visibility and transparency across the whole supply chain from farm to fork
- Introduce systems and technologies (e.g. blockchain) that allow visibility, tracking and auditing of sustainability metrics and embracing this in a communications strategy
- Focus on moving towards more circularity by considering the full lifecycle of products from raw material to waste
- Develop sustainable regional suppliers in order to reduce distance between source and market
- Incentivise consumption of regional products through loyalty or pricing mechanisms
- Leverage technology to create smart and sustainability-friendly supply chains and retail stores.

Driving sustainable behaviour

Given the magnitude of their reach, retailers are in an advantageous position to assist consumers with becoming more environmentally aware:

- Co-opt customers into the environment impact journey
- Leverage brands to enable and incentivise customers to meet daily sustainability goals
- Develop internal social media platforms to generate more effective employee engagement and awareness of environmental efforts
- Develop partnerships with governments and public or private institutions to advance sustainability.

Something to consider

While reducing the use of plastic is an important aspect of sustainability, relooking at overall sourcing has a much bigger potential impact on the environment. Local sourcing is key to reducing carbon emissions and energy consumption. In order to make a meaningful contribution to sustainability, retailers need to consider effective ways to promote and incentivise demand for regionally produced goods.

Governance and brand

The rapid adoption of social media applications in recent years has given voice to consumers on an unprecedented scale. With internet access and a few taps of the finger, consumers are able to praise to or criticise brands instantly, strongly influencing brand perceptions.

Brands that are able to demonstrate and communicate their ethical behaviour are more likely to gain customers' long-term trust. In this context, behaving ethically has become increasingly important for companies.

International research has shown that Gen Zs are especially concerned about companies' ethics and tend to judge companies on their behaviour rather than purely on the quality of their products and services. Consumers resonate with brands that have strong values and exhibit ethical behaviour, and not only prioritise once-off sales.[12]

Compared to the other main topics, ethics or reputation dominate retail-related social media conversations in South Africa (see Figure 13). Consumers are quick to criticise retailers for their behaviour and point out (real and perceived) ethical shortcomings.

Even isolated incidents have the power to cause strong swings in consumer sentiment (see Figure 14). For example, in-store discriminatory behaviour is a burning issue, with the proviso that conversations tend to be driven by emotions, and with the risk that the full context of the situation and social media post is lacking.

South African consumers also feel strongly about the way staff are treated. In the past 12 months, a number of incidents in which staff were ill-treated by supervisors or managers attracted major social media attention, negatively impacting on the reputation and brand of retailers.

Some social media users, with a large following, have emerged as influential advocates swaying in a certain direction, either positively or negatively. For example, one outspoken influencer was able to drive negative ethics sentiment across the sector. The data shows that this particular influencer had a significant influence on the ethics sentiment within retail conversations (see Figure 15).

Retailers often shy away from the risks of engaging with these influential voices on social media platforms due to the potential backlash.

While consumers appreciate special offers and refer/alert fellow shoppers to these specials, stock-outs, or misleading or unclear communication about these offers can easily lead to frustration and backlash on social media platforms, leading to brand damage. As a result, brands that appear to be untruthful in their communications and fail to live up to customers' expectations run the risk of losing customers' trust.

On the other end of the spectrum, praise for ethical behaviour can have a strong positive impact on the brand perception of retailers. Consumers are happy to refer others to retailers they regard as acting ethically.

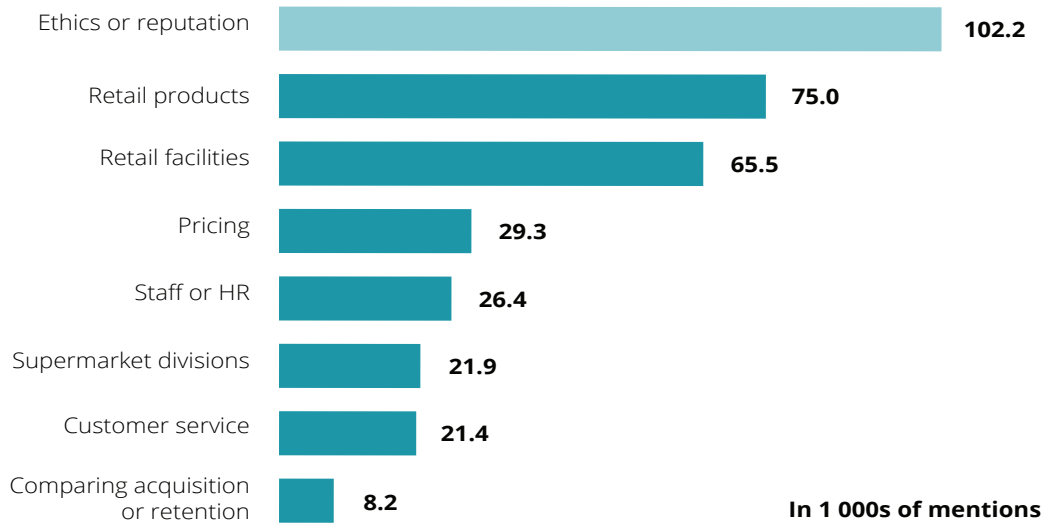**Figure 13. Number of retail-related mentions (H2 2018 and H1 2019)**

Category	Value
Ethics or reputation	102.2
Retail products	75.0
Retail facilities	65.5
Pricing	29.3
Staff or HR	26.4
Supermarket divisions	21.9
Customer service	21.4
Comparing acquisition or retention	8.2

In 1 000s of mentions

Figure 14. Sentiment towards Ethics or reputation (July 2018 – June 2019)

Negative sentiment   Positive sentiment   Neutral sentiment
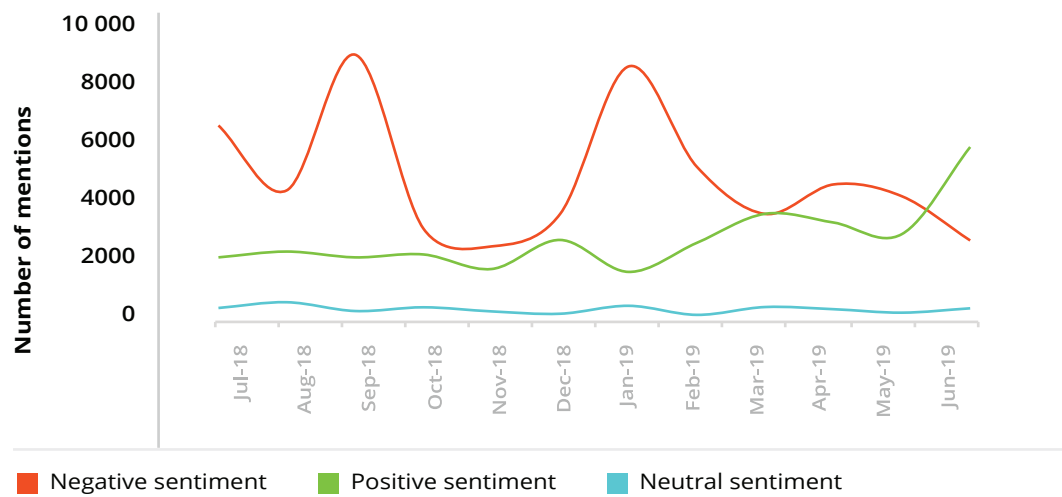
Figure 15. Impact of key influencer on net sentiment towards Ethics or reputation (H2 2018 and H1 2019)

Retailer	Including key influencer	Excluding key influencer
Retailer 1	-45%	-31%
Retailer 2	-33%	-31%
Retailer 3	-20%	-20%
Retailer 4	-8%	-4%
Retailer 5	-7%	-7%
Retailer 6	-3%	-2%

Including key influencer   Excluding key influencer
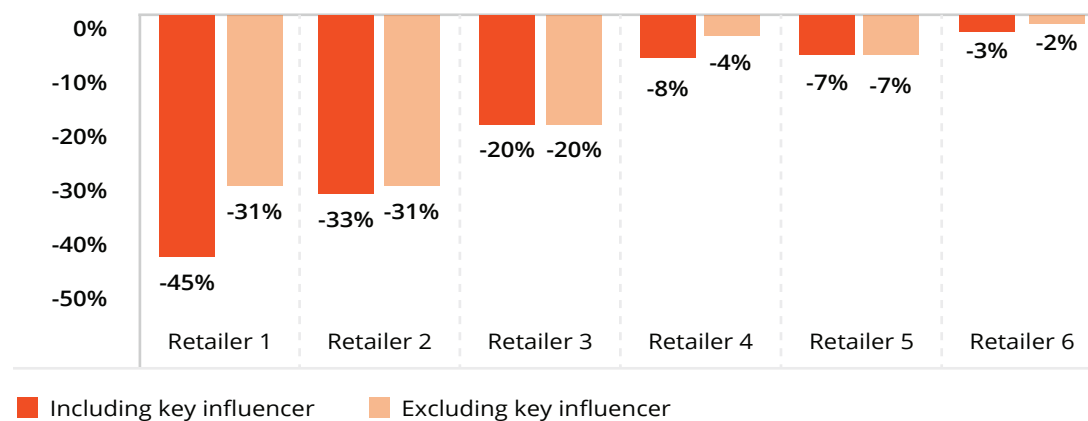
Implications for retailers

Ethical behaviour

Consumers judge brands on their perceived ethical behaviour. Ethical breaches – real or perceived – have the potential to cause major damage to a brand. Retailers are able to positively differentiate themselves by being good corporate citizens and by demonstrating high ethical standards. The following are aspects retailers may consider to ensure ethical behaviour:

- Develop and foster a culture that embraces ethical behaviour as part of the DNA of the organisation
- Develop strong ethical guidelines on the brand's treatment of all relevant stakeholders, including customers, employees and suppliers, fairly and without bias
- Develop capabilities/mechanisms to identify potential areas of reputational risk
- Develop systems to create visibility and deal with ethical breaches
- Train and equip staff to be empowered to appropriately respond to discriminatory behaviour
- Develop a clear communications strategy to inform stakeholders should ethical breaches happen and provide proof-points of how they are dealt with.

Cyber security

With the increasing digitisation and connectivity of businesses, organisations face a new set of vulnerabilities that potentially lead to reputational threats. These potential threats require retailers to consider the following:

- Establish strong data security policies and systems
- Introduce strong cyber security systems
- Pursue clear and effective communication should data leaks happen
- Develop effective data privacy rules
- Focus on customer data privacy compliance.

Something to consider

While prevention is always best, being well prepared to effectively deal with potential brand-damaging incidents is equally important. Consumers will judge brands on how well brand owners deal with a crisis.

Winning in a hyper-connected retail world

Thanks to advances in digital technology, the retail sector has entered into an exciting era of hyper-connectivity, characterised by instant feedback from consumers and unique opportunities for retailers to engage with their customers and to differentiate themselves in the market place. In particular, technologies such as in-store sensors, AI, natural language processing, robotic process automation (RPA) and digital customer engagement platforms drive a connected retail experience and have the potential to provide retailers with invaluable customer insights.

Successful retailers understand how to integrate these technologies into operating and customer models. They also understand that achieving success requires customer-facing and other staff to embrace and adopt the daily use of these technologies.

In order to support this customer-centred approach, the retail workforce needs to be actively prepared, enabled and supported to ensure that the customer experience is consistent.

In line with the findings of Deloitte's *Global Human Capital Trends 2019*,[13] retailers should also be proactively driving a human experience that connects the customer experience and the employee experience more seamlessly, providing learning platforms and solutions that facilitate learning in the flow of life, managing talent differently to accommodate the impact of AI and RPA and preparing the workforce to become more integrated, networked and mission-based.

While exponential technologies enable retailers to engage with their customers in innovative ways and allow them to tailor their offering and ultimately the customer experience in an unprecedented way, current research shows that retailers should never underestimate the power of the human touch in creating an exceptional customer experience. After all, retail remains an intrinsically human interaction between a seller and a buyer.

Methodology

Overview

- A total of 1 691 211 mentions pertaining to South Africa's six main grocery retailers were retrieved for the period July 2018 to June 2019.
- The retailers analysed in this study were Checkers, Food Lover's Market, Pick n Pay, Shoprite, Spar and Woolworths.
- Data sources include all main social networks, including Facebook and Twitter, as well as multiple other online sources.
- Enterprise posts were excluded from the analysis.

Sentiment methodology

- To carry out sentiment analysis with a 95% confidence level and an overall 0.1% margin of error, a random sample of 477 896 of these mentions was processed through BrandsEye's Crowd for evaluation and verification. Mentions were assigned sentiment scores of positive, negative or neutral.

Topic analysis methodology

Topic analysis enables a granular understanding of the specific topics driving consumer sentiment.

A sample of 159 571 sentiment-bearing mentions (only positive and negative) were sent to the Crowd, identifying which of the 70 pre-defined retail topics were contained in each mention.

Seven broader categories encompass the 70 pre-defined topics. These are: Customer acquisition or retention, Customer service, Ethics or reputation, Pricing, Retail facilities, Retail products, and Staff or HR. Based on these, Deloitte Africa and BrandsEye identified five overarching themes as highlighted in this report, and evaluated these over the July 2018 to June 2019 period.

Limitations to the data and sources

- **Sites that were used for data collection included:**
  - Facebook
  - Twitter
  - HelloPeter
  - Blogs, news sites and other sites.

- **Data that was excluded:**
  - Direct messages
  - Instagram
  - Sponsorship data.

Topic wheel

Endnotes

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