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The Evolution of Retail

April 2019

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The Evolution of Retail

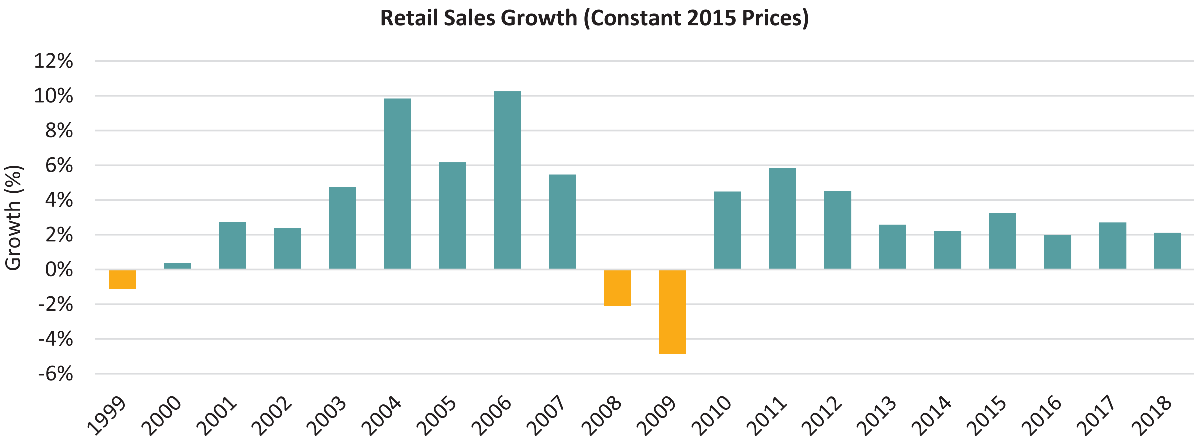
South Africa's retail environment comprises a large presence of both formal as well as informal retail trade. The country's diverse population, with several cultures and ethnicities, present opportunities for various retailers/brands to thrive. Whatever your product is, a niche target market can almost always be found.

However, with more than 25 million square metres of formal retail space in the country, in excess of 2,000 existing shopping centres and close to three million square metres of formal space in the pipeline, competition within the South African retail market is rife. As such, new offerings within centres, new retailer products and unique experiences for customers are vital in order to attract market share. The retail market is changing and evolving at a rapid pace with innovation being one of the key success factors to survival.

Trends, Consumers and Technology go hand-in-hand when it comes to the retail market.
This report sets out to briefly showcase the convergence of these three topics.

Stats SA's Retail Trade Sales

National retail trade sales have had boom times as well as slumps when looking back at year-on-year (y-o-y) growth since 1999. The highest growth rate was recorded in 2006, where a growth of 10.26% was evident; while the poorest performance was evident in 2009 with y-o-y growth recording -4.88%. In real terms (constant 2015 prices), December 2018 retail trade sales decreased by -1.4% y-o-y and -4.8% month-on-month (m-o-m). The main contributor to negative growth in December 2018 was textiles and clothing at -2.7%. Overall, 2018 recorded 2.12% growth in retail trade sales, a reduced growth rate in comparison to 2.71% recorded in 2017. This is indicative of reduced spending, signalling that consumers are under financial pressure.



Source: Stats SA

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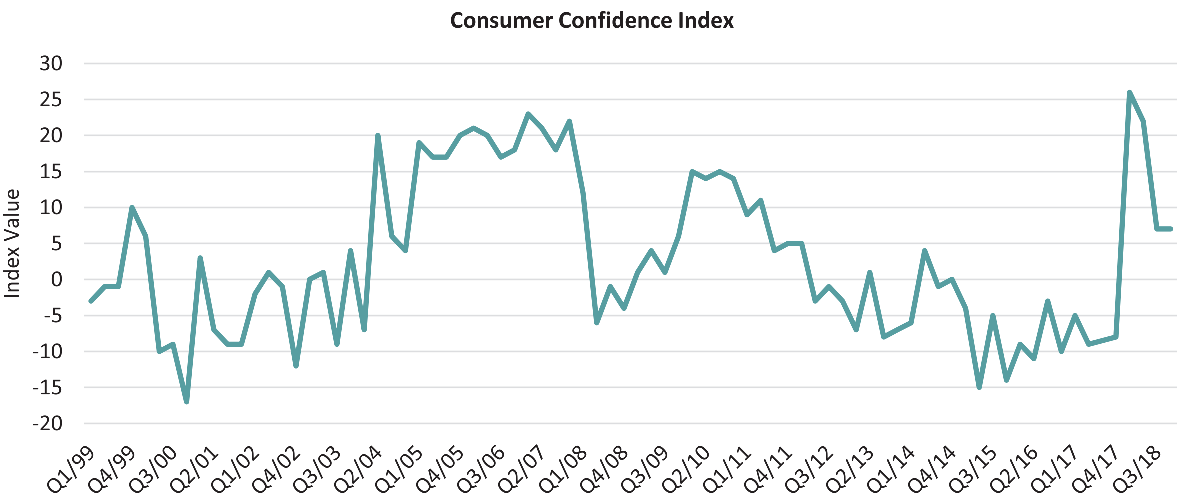
Consumers Under Pressure

As at Q4:2018, the FNB/BER Consumer Confidence Index (CCI) remained unchanged from the previous quarter at +7. Thus, consumer sentiment was positive and stable quarter-on-quarter (q-o-q) - showcasing a somewhat positive view with regards to the country's economic outlook and household finances. However, this is a vast decline from +26 recorded at the beginning of the year, which was said to be attributed to *Ramaphoria* (the euphoria that came with Cyril Ramaphosa's election as President).

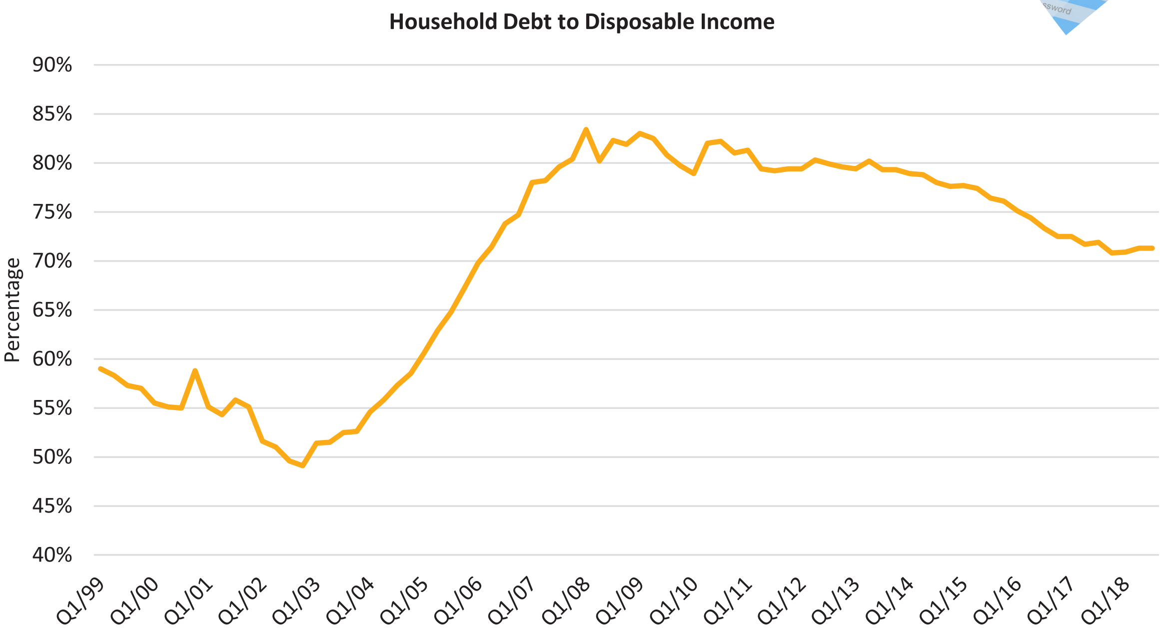


Source: FNB/BER

On the other hand, when looking at the CCI undertaken by The Conference Board in collaboration with Nielsen, a two-point decline to 88 was evident for Q4:2018. This index indicated that 88% of South Africans believed the country was in recession, with 85% of consumers having changed their spending habits so as to save on household expenses. It showed less spending on takeaways (72%), new clothes (57%) and out-of-home entertainment (57%). The index further indicated that only 21% of South Africans had spare cash. With regards to spending priorities, after essential living expenses, 42% save, 38% pay off debt, 25% purchase new clothes and 22% spend on vacations.

Financial pressure on the South African consumer is set to rise, taking into account factors such the high unemployment rate of 27.1%; household debt to disposable income of 71.3% (as at Q3:2018); the increased VAT rate of 15%; together with expected increases in petrol and electricity prices as indicated in the 2019 Budget.

According to Theresa Therblanche, a Divisional Director at Broll, consumers are anticipated to become more mindful of spending, focussing **"more on needs and less on wants"**. This may begin to negatively affect retailer turnovers, which could result in store closures, consolidations and downsizing. Her sentiments are shared by Broll Portfolio Executive, Wilna Savio, who adds: **"In tough economic times consumers are mindful when it comes to expenditure, it is thus critical for shopping centres and retailers to offer great service and an exceptional shopper experience."**



Source: Stats SA

Are Layby Sales the Way to Go?

With consumers under continued financial pressure, the ramifications are being felt by retailers. This is evident in the number of retailers recently going into business rescue, such as Hamleys; and, others closing their doors e.g. Stuttafords, Nine West, Mango ect. Are layby sales options the way to go for retailers? Is this a way for retailers to sell goods to cash-strapped consumers, instead of offering credit that in certain instances is to a retailers own detriment?

A layby sale is where a customer pays for goods in instalments, while the retailer holds the goods until its fully paid for. Instalments are interest-free and terms and conditions vary. Cancellation fees used to vary depending on the retailer, however, since the Consumer Protection Act (CPA) came into effect things have changed, even though not all retailers and consumers are aware of this. In terms of the CPA, the amount that retailers can charge for cancelling a layby agreement is limited to no more than 1% of the purchase price. In addition, if a retailer doesn't inform a consumer of the cancellation fee prior to entering the agreement, then no cancellation fee can be charged.

Several retailers already offer layby options and have done so for years. In August 2018, Truworths reportedly brought back layby payment options in an attempt to increase sales. Meanwhile, Woolworths only offers this payment option in certain of its stores, dependent on customer demand and availability of storage space. Will other retailers follow suit and introduce layby sales or are the limitations imposed by the CPA a deterrent factor for retailers?

Broll Intel undertook an investigation into the various layby terms offered by retailers. The research showed that certain retailers prescribed a minimum spend, such as Game (R2,000) and Queenspark (R300). Furniture retailers tend to allow a 12-month layby period, while clothing and other retailers offer periods of between 3 and 6 months. With regards to cancellation fees, most retailers indicated that all monies paid would be refunded, while others indicated that 1% of the total purchase will be charged, however this would be waived in the case of hospitalisation or death. Nevertheless, there were some retailers that indicated on company websites that as much as 10% to 15% cancellation fees would be charged. These retailers have either not updated the company websites or are not aware of what is stated in the CPA. Charging cancellation fees beyond 1% is now against the law.

Layby Terms Offered By Retailers

Retailer*	Layby Terms Offered By Retailers (months)	Deposit
Ackermans	3	10%
American Swiss	6	10%
Bradlows	12	Min R100 or 5% of total sales value
Decofurn	6	15%
Dunns	3	10%
Foschini Group	3 (other goods); 6 (jewellery)	Staff member to advise
Furniture Warehouse	6	15%
Game	3	20%
House & Home	6	Small % of price (actual value not indicated)
Jet	3	5% - 10%
Queenspark	3	25%
Russells	12	Min R100 or 5% of total sales value
Side Step	3	10%
Sleepmasters	12	5%
Spitz	4	25%
Studio 88	3	10%
Truworths	3	<R1,500 = 10%; >R1,500 = 15%
Woolworths	3	10%

**This list includes a select few retailers only*

To Enter the South African Retail Market or Not?

Over the last few years SA's retail market has seen the entry of a number of international retailers, be it luxury brands that play on consumer's aspirations, or middle-market retailers that consumers have been hyped up about. When H&M opened in the country in 2015, for instance, we saw consumers even going as far as waiting in queues for hours on end for grand openings. Noteworthy in the retail market has also been the exit of various retailer brands, including the likes of Nine West, Mango, Dunkin Donuts and more. This raises the question of whether international retailers understand the South African consumer or is our market being misjudged?

Broll Portfolio Executive, Marion Plint explains: **"The South African retail market cannot be approached with a 'cookie cutter' model - pricing and offerings need to be tailored to suit our unique consumers."** Theresa Terblanche elaborates: **"South Africans tend to be brand loyal, however it is to the brands they know. International retailers need to focus strongly on product placement and adopt unique marketing strategies. It is vital to take into account the cultural nuances and different LSM groups within the country in order to avoid misunderstandings which can result in negative impacts for the brand and alter consumer support levels."** While various retailers undertake extensive market research prior to entering the market, this does not necessarily mean that these international retailers fully understand the South African market.

Greg Stephenson, Property Manager at Famous Brands, notes that international retailers **"understand the local consumer, but underestimate the cost of doing business here, as do SA retailers expanding overseas."** Correct pricing models for the South African consumer is thus one of the key factors to consider when planning to open a store or bring a brand into the country.

With regards to luxury brands, Theresa Terblanche says **"the challenge in SA is that the shoppers that can afford these brands often opt to rather purchase these items during their overseas trips at cheaper prices, instead of at home for an inflated price."** Broll Divisional Director, Vicus Bower, shares similar sentiments and believes that **"price point is a key driver to the success of a retailer within the African retail context".**

In light of the aforementioned, more in-depth market research that delves into demographic studies, understanding the costs of doing business as well as developing suitable pricing models for products for sale to end users are of vital importance. It will give valuable insights to better understand the local consumer and assist in the decision-making process with regards to expansion plans for retailers.

International Entry and Exits

Year	Retailer	Entry/Exit
2017	Banana Republic	Exit
	Gap	Exit
	Guy Fieris Kitchen and Bar South Africa	Entry
	Mango	Exit
	Miniso	Entry
	Nine West	Exit
	PAUL	Entry
	Philip Morris	Entry
	Popeyes Chicken	Entry
	River Island	Exit
2018	Christian Dior	Entry
	Coach	Entry
	Dufy	Entry
	LC Waikiki	Entry
	Lego	Entry
	Leroy Merlin	Entry
	Ramseys	Entry
	Sacoor brothers	Entry
	Tod's	Entry
2019	Baskin Robbins	Exit
	Dunkin Donuts	Exit
	Victoria's Secret	Exit

**For a comprehensive list contact Broll Property Intel*

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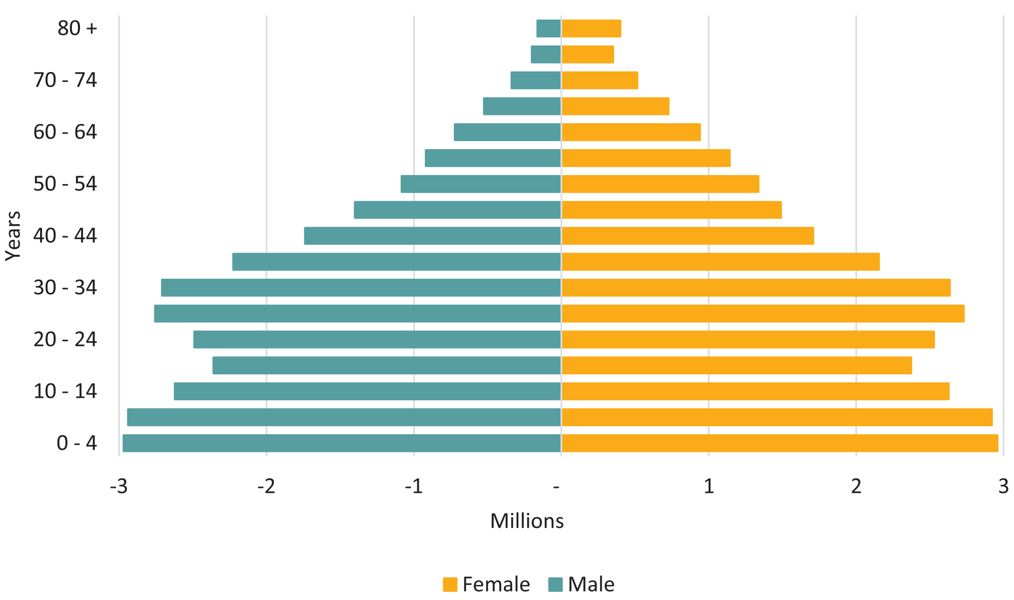
The Changing Face of Consumers

South Africa has an estimated population of 57.73 million people with a total dependency ratio of 54.1% (45.5% youth and 8.6% elderly). Of the total population, 29.5% are below the age of 15 and 16.9% are between the ages of 15 – 24. With the younger customer being the future customer, understanding different generation groups is vitally important within the retail environment. This is necessary to gain a full understanding of the potential target market, to allow for correct product pricing and offerings, as well as to ensure sustainability, be it at a shopping centre, retailer or at brand level.

South Africa's Population: 2018 Mid-Year Estimates



Source: Stats SA

GEN Z: The Future Consumers

Consider this: “Millennials”, otherwise known as Generation Y, will soon no longer be seen as the youth market. Born between 1980 and 1994, the oldest Millennial turns 39 this year and the youngest 25. Although Millennials will remain important due to the numbers they represent in the work force, it is time for them to take a bow and move over for the new youth generation. Gen Z (those born between 1995 – 2009) is the new youth market and is a fresh force to be reckoned with. They are estimated to represent the largest group of consumers around the world through to the year 2030 and hold a significant influence on household spend already. Gen Z in SA represents around 26% of the population. Expecting to enter the workforce and account for the dominant share of spending power by 2020, they need to be recognised and taken into account within the retail market.

Gen Z are said to be the influencers. They are growing up and represent a considerable opportunity. An important aspect to note is that they are the digital generation, having never known a world without cellphones, social media or the internet. They are said to seek individualism and avoid labels. They are known to have access to information at a click of a button and seek experiences driven by technology. More driven by values, morals and ethical conduct as well as social causes and environmental impacts than any generation before them, they are more likely to identify with and buy a brand associated with corporate social responsibility.

This generation is viewed as being open-minded, practical and realistic; and, due to their independence and requirement for flexibility in the workplace, are more likely to start their own businesses. Consequently, the retail market needs to adapt to the new up-and-coming consumer; tap into who Gen Z really are; and, gain insights into what their wants and needs are. This needs to be done whilst also keeping in mind Gen Alpha (those born after 2010) too. Simply offering a place to shop isn't going to cut it - innovation, adaptation and change for the retail market is the new normal.

How is Retail Changing?

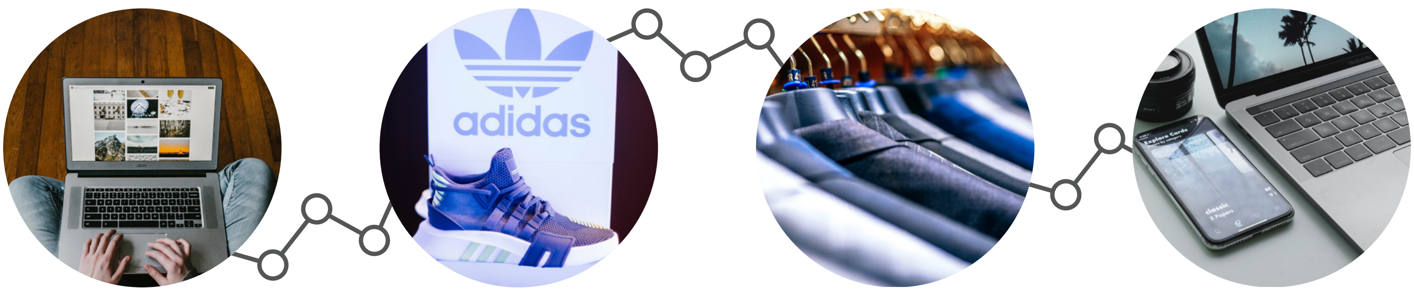
As showcased in Broll's 2018 *Future of Retail* report, technology is set to change the face of retail as we know it, with some changes already taking place. The buzzword in the retail market has been Omnichannel, referring to "a fully integrated approach to commerce that provides shoppers a unified experience across online and offline channels" according to Shopify. However, not all retailers have jumped on this train, with some still offering a single channel shopping experience either in bricks-and-mortar stores or online only.

The question arises: Are these retailers losing out on potential customers? Very few people shop exclusively online or purely in-store these days. Theresa Terblanche has noted before that **"retailers cannot afford to miss out on opportunities that Omnichannel presents. With the increase in comparative shopping occurring online as well as via social media, Omnichannel has become the order of the day for all retailers."**

The future of retail as we know it is no longer a case of "one-size-fits-all". The retail industry is evolving, largely due to technological advancements, while the industry is also starting to shift its focus in order to draw in Gen Z consumers.

Due to their tech savvy methods of information seeking and shopping, it was initially thought that these consumers would spell the death of brick-and-mortar stores. However, this has not happened and these consumers now represent the future of retail - a future as much about the personal in-store experience as the purchase itself. A holistic experience, driven and enhanced by technology, rather than replaced by it.

Flux Trends, founded by Dion Chang, explains: **"The reality is that within an unpredictable economic climate, merged with vast forms of communication, retailers and brands need to create ways to engage with consumers in a way that draws them to the product and store. Keeping in mind that the shopping experience is no longer divided between online and offline, but a no line experience."**



All Things Online

Online Retail

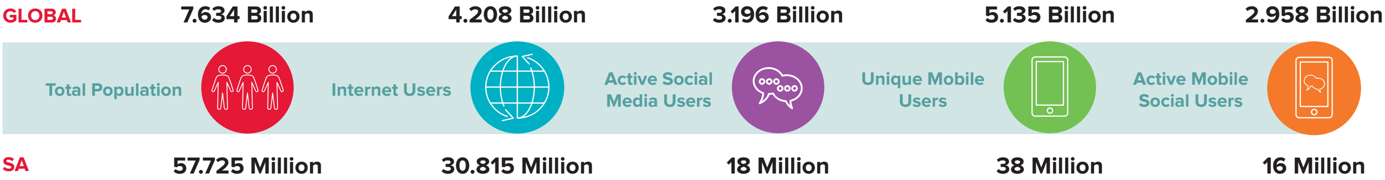
Online retail has grown substantially over the years both globally and in SA. According to World Wide Worx, SA's local online retail was expected to surpass R14 billion in 2018, accounting for 1.4% of SA's total retail and reaching 2% by 2022. Furthermore, 2018's y-o-y online retail growth recorded 25%, which was higher than what experts had anticipated (below 20%), thus showcasing the prospects for online retail's continued growth.

Source: World Wide Worx

The option to shop online is now more readily available than ever before, with Google indicating that 65% of South Africans (over the age of 16) are online. Consumers thus have online shopping available at their fingertips, be it on a computer, laptop or mobile phone. In addition, social media platforms such as Facebook and Instagram are enhancing online retail accessibility and influencing purchasing decisions, while acting as marketing platforms for retailers too.

Social Media

With over 4 billion people now using the internet globally, it is estimated that the average user spends 6 hours each day on the internet. As smartphones are becoming more affordable, the exponential annual growth in social media users has continued. Social media usage increased by 13% y-o-y (or by approximately 1 million new user accounts every day) as at January 2018. According to Internet World Stats, the total world population is approximately 7.634 billion, of which over 50% has internet connectivity. In 1995 this was less than 1%. In 2005, the number of internet users reached the first billion; by 2010 it doubled and by 2014 three billion internet users were online and surfing the web.

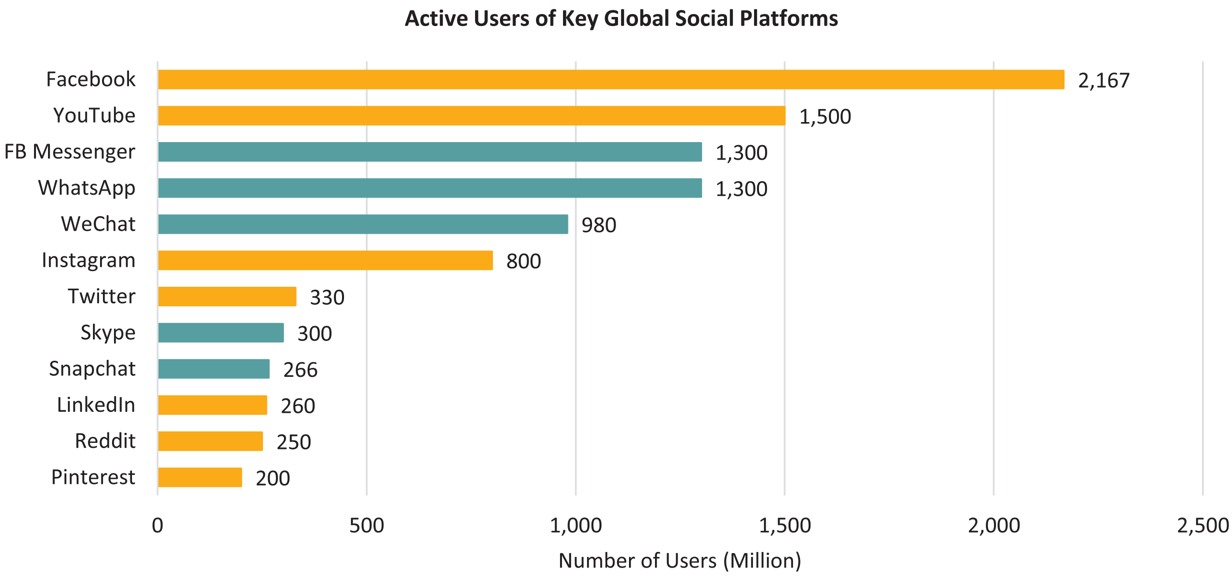


Source: Internet World Stats; We Are Social; Stats SA

In 2018, SA's digital y-o-y growth saw a 7% increase in internet users, which resulted in a 20% increase of active social media users. However, these users are still very cautious when interacting or using the internet, as 78% believe protection and privacy of data is very important. In addition, nearly two thirds of the country's population prefer to complete digital tasks manually when given the option.

Globally, as at January 2018, Facebook remained the preferred social network platform, used actively on a monthly basis (2,167 million users), followed by YouTube (1,500 million users). Facebook Messenger and WhatsApp are on a par, placing third (1,300 million users).

WhatsApp remains the top messaging app in 128 countries, which is the case for the African continent as a whole too. However, strangely enough, Telegram is the 3rd most preferred messaging app in Africa, predominately in Ethiopia, as at December 2017, according to the Google Play App store rankings.



Source: We Are Social

It is clearly evident that the internet and virtual connectivity have become an essential part of our daily lives. Retailers and brands need to evolve as consumers demand digital integration, whether it be chatting with friends, tracking daily health activities, reading the news or even finding your soulmate. Additionally, in a survey conducted by Global Web Index, between 2015 and 2018, around 30% growth was evident with regards to individuals using social media to research/find products to buy.

Meanwhile, using social media to follow celebrities and/or celebrity news grew by 27% during this four-year period. Market experts have also indicated that around 28% of Gen Z's use social media as their main source of news and social media networks influence 74% of consumer buying decisions. With social media also giving retailers the opportunity to readily advertise products and thus use social media platforms for marketing purposes, the rise of influencer marketing has become more prominent within the retail environment.

Influencer Marketing

What is an influencer?

A influencer is an individual that has gained popularity and credibility via social media platforms and has access to a large audience (followers). The influencer shares their daily activities, opinions on products and essentially influences potential customers on behalf of a specific brand. Being an influencer was once reserved for the select few, but this is no longer the case. Becoming an influencer takes time and effort, but any individual can build themselves a community of followers who share the same or similar interests. They tag brands in their posts and hopefully get recognised by these brands and partner up with them, further expanding their audience and in-turn convert their passions into a profession.

An article by Steve Olenski, a Forbes contributor, reports that the global influencer market is worth over US$1 billion. This worldwide billion-dollar industry provides exposure for top influencers to various cross-border opportunities, thus further expanding their personal brands. Certain top influencers, specifically those with over 100,000 followers, can even earn an average of $763 for a single post.

Like most brand ambassadors, influencers are paid for their posts. However, they are starting to notice the effects and impact of the online behaviour of the Gen Z market. This has resulted in a decline in influencers' engagement with sponsored posts, as Gen Z's require authenticity and are finding paid-for-promotions and unauthentic endorsements tiring. This has also resulted in the rise of micro-influencers, who have their communities and followers, however, on a much smaller scale of between 5,000 -10,000 *organic* followers. Micro-influencers utilise the exact same platforms, such as Instagram, as their main networking platforms, however their "social status" is built from trusted peer networks and thus their opinions, posts and engagements are seen as more reliable and appreciated by Gen Z's.

In 2017, well-known sports apparel brand, Adidas, reached out to micro-influencers to launch their new line of footwear, P.O.D.S, after their renowned success of the Glitch app in 2015, which was an invite only digital interaction with the brand.

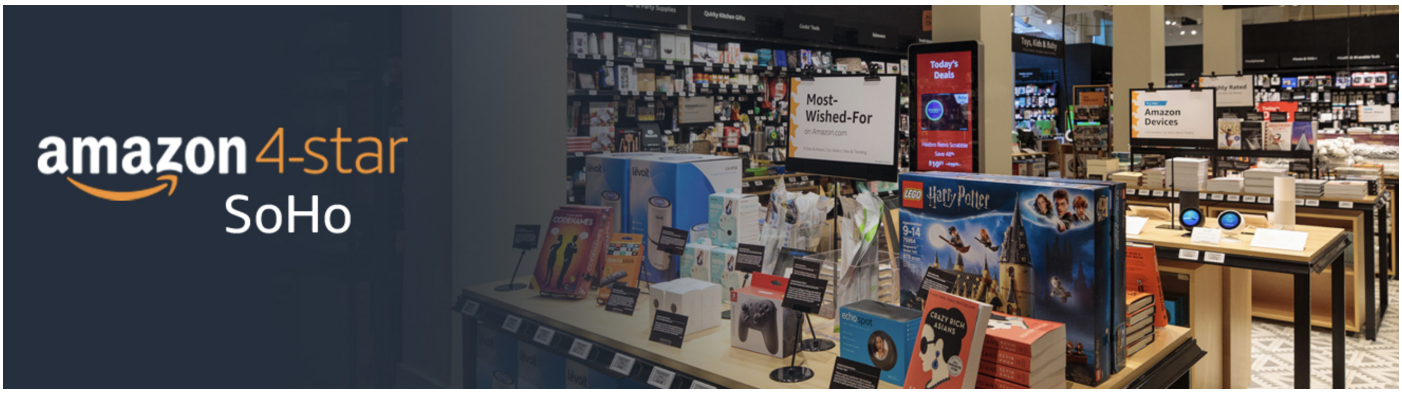
Instead of using celebrities, bloggers or general social media to endorse and promote the new product(s), Adidas approached a handful of micro-influencers, who were involved from the design to the sale of the new footwear. These micro-influencers then reached out to their few followers and the product launch went viral. The consumers could only purchase the product via a micro-influencer's individual purchase code and only via the Glitch app, giving the product exclusivity and the desire to be part of a select few to own a pair of the Glitch football shoes. In return, this risky marketing campaign made Adidas realise the impact and the importance of technology, and by adapting marketing strategies to suit Millennials' and Gen Zs' behaviour, the product was a viral success.

This is without a doubt why influencer marketing is the most appreciated method of marketing in the eyes of Gen Z's. Whether macro or micro-influencers are persuading consumers to engage with a brand and purchase their products, through the adaption and utilisation of technology and social media, consumers' (Gen Z's particularly) demands have to be met in order for the longevity of retail, both physically and digitally. However, when deciding whether to use influencer marketing or not, again understanding your consumer and target market are of vital importance. Theresa Terblanche explains **"while influencer marketing assists with regards to an essential element of service, brand positioning and price points are more essential within a South African context."**

Experiential Stores: The Trend "Keep Retail Alive"

With retail industry norms changing, so are physical retail stores. What was once merely a place to shop has now become a place to experience something new and exciting. Experiential stores are becoming more profound within the market and the growth of such stores is envisioned to continue. Broll's Marion Plint suggests that looking ahead, **more money is likely to be spent on experiences within the retail environment and less so on actual possessions.** This can be seen with a retailer such as Hamleys, where parents are purchasing tickets for train rides within shopping centres for their children.

Evidence of cross platform experiences can be found within one of the world's largest e-commerce company's move to branch out into bricks-and-mortar stores. Amazon, the largest internet-based company by revenue, opened its first physical book store, Amazon Books, in 2015 which was then acquired by Whole Foods in 2017. The company went on to open Amazon Go (the no cashier grocery store) in 2018 as well as Amazon-4 Star, a bricks-and-mortar store that sells the most popular and best rated products from the Amazon website. This proves that bricks-and-mortar retail is not dying, but rather evolving, as digital becomes physical and physical becomes digital, thereby blurring the lines that separate the two. Just as Amazon is broadening its horizons, by ensuring it gains market share from other revenue streams, so too are bricks-and-mortar stores by entering the digital realm.



Take Nike for example. The sportswear and apparel giant continues to lead from the front by merging digital and physical retail to bring you an Omnichannel store. By marrying the two aspects of retail, Nike is no longer just delivering physical retail stores, but destinations and experiences.

The Nike App at Retail, a feature in Nike's main shopping app and the shining star of the new digitally-integrated stores, offers store specific features such as "scan to try" and "reserve and pick up". Customers can scan the QR codes at the bottom of the mannequins, with their smartphones, to identify every item that's being displayed, taking the hassle out of trying to find the product in store. They can then build a virtual try-on list, check to see if their size is available as well as what other colour options there are, and then have the item sent to a change room to try on, which even has customised (and probably flattering) lighting.

These new stores offer experiences and product testing that simply cannot be done through digital channels. Examples include the testing of basketball and soccer gear in Nike's Trial Zones and running gear in a treadmill simulation. Fancy a run through Central Park? The treadmill simulation offers potential customers an opportunity to try a new pair of shoes in a real-world simulation. There is also the Customisation Lab where consumers are able to customise their own sneakers and of course, the concierge services that assists consumers in finding the perfect outfit and having it altered to fit perfectly. Finally, the cherry on the cake: customers are able to skip the queues with the stores new app feature and Instant Checkout System. Just scan, pay and the customer transaction is complete.

Finally, you also have the actual products that are entering the bricks-and-mortar environment by creating pop-up, experiential stores, bringing their brands to the public and keeping them alive in a competitive environment, such as Magnum.

Developed in Belgium and released in Germany in 1989, Magnum Ice Cream, brought the concept of its pleasure pop-up stores to life in 2012 in New York, and it has since travelled the world. Ice cream is a great idea no matter what the occasion, but offering consumers the opportunity to make their own, is pure indulgence. The Magnum Pleasure Store is where ice cream lovers can create a personalised version of their favourite flavour of magnum with a variety of toppings, exploring a wide variety of tastes and textures.

The process as marketed by Magnum is simple:

- Get your classic Magnum vanilla stick ice cream
- Dip it in your favourite chocolate coating
- Choose your three favourite toppings
- When you are done with your creation, pop on over to the photo booths in store to capture and share your experience. If you don't share it, were you even there?
- Lastly, indulge. For what is an ice cream without a little pleasure.

Notice how Magnum has targeted the independence, flexibility and digital demands of Gen Z? Not only does Magnum appeal to the experience side of Gen Z, but it is also promoting its social responsibility. Magnum works closely with the Rainforest Alliance and over 98% of the cocoa beans used are sustainably sourced.

From the above examples, and as we witness more and more brands pushing the boundaries of ordinary retail, we can see that the key to attracting and retaining Gen Z consumers is to be authentic:

- Create experiences – driven by technology
- Be original – Customisation. Let them build their own brands
- Get connected – Offer free Wi-Fi and encourage social media sharing
- Convenience – offer different payment systems, not just cash or card
- Invest in Corporate Social Responsibility – Product sourcing as well as giving back
- Team up with influencers.

Cashless Systems

Since the birth of smartphones, shopping centres began offering free Wi-Fi; retailers installed beacons to provide customised push notifications[1]; and, some retailers even began allowing for alternative payment methods, like through scanning QR codes or via facial recognition. Additionally, as technology advances, many businesses, especially banks have streamlined operations by introducing mobile apps to accommodate these changes. Technology has thus become integrated into the retail environment, with landlords and retailers having to adapt, and this is only the beginning.

However, in the horn of Africa lies a society where cash is becoming extinct and where 40% of the population have a mobile money account. Somalia's and Somaliland's local currency (the Shilling) has devalued year by year as a result of decades of civil wars, leaving the country with no formal banking system and/or internationally recognised banks. Since 2009, a private company called Zaad created a mobile banking platform to enable consumers to send and receive money, both locally and internationally. The system has replaced debit and credit cards and transformed the mobile phone into a digital wallet (e-wallet[2]).

As early as 2014, proudly South African secure payment app Zapper, initially rolled out locally in the restaurant sector and thereafter broadening its operations internationally. Now operating in 14 countries, Zapper has over 25,000 merchants listed under the portal and is one of the few South African start-up companies to enter the US and UK retail markets. In mid-2017, Zapper partnered with AliPay, founded by Alibaba in China in 2004 and now the world's largest mobile payment platform with over 520 million active users.

There are numerous e-wallet and payment apps that provide this convenience and many of these service providers have partnered and/or integrated with one another. Masterpass, WeChat Pay, Snapscan and Samsung Pay to list a few, have geared their users to a cashless and cardless culture.

As traditional banking facilities are becoming less desirable, financial institutions and service providers are having to adapt and conform to consumer behaviour, especially those of the millennial generation, who are becoming the largest consumers of financial products. This shift has resulted in digital banks such as Tyme Bank (SA's first digital bank), Discovery Bank (world's first behavioural bank) and Bank Zero opening their virtual doors to South African consumers in 2019. As these "facilities" are still to reach their peak, we look forward their performance. **Keep an eye out for our Q1:2019 Retail Snapshot where Cashless Systems will be delved into in further detail.**

eWALLET First from FNB

Alipay™

SnapScan

masterpass

WeChat Pay

Pay SAMSUNG pay G Pay

1. *Push notification – an automated pop-up message sent by an app to a user when the app is not open.*

2. *e-wallet – a digital tool, either software or an app, where consumers store their payment methods and credentials of their credit and/or debit cards and some loyalty programmes.*

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Concluding Remarks

The face of retail as we know it is evolving. Technology is a large contributor to this as are the changing wants and needs of consumers. With the number of international retailers entering the South African market, consumers are spoilt for choice and competition is rife. Consumers are however under pressure with increasing living costs, which may result in reduced spending due to the mindfulness when it comes to spending. Therefore, the short-term future for the retail market isn't entirely positive as stores closures, consolidations and downsizing may become more prevalent.

Shopping centres, retailers and brands need to up their game. Being innovative, looking at emerging trends and implementing them will now be more important than ever before. Understanding the consumer, really understanding them, is going to go a long way in determining what can and can't work in the market. The increasing importance of Gen Z as a consumer cannot be overlooked, with price point being of particular importance in the South African retail market.

Retail is no longer about just shopping, it's about an experience and retailers and brands need to embrace this. This experience isn't just in-store, but before the customer even steps foot in the store. Think Omnichannel, social media and influencers - this is becoming the new norm as are cashless systems and more. What an exciting time to be alive to witness such changes in the retail environment, be it globally or in South Africa. What the future holds is uncertain, but what is known is that the possibilities are limitless.

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