

Daily movement of retail customers in SA to remain in flux

By  Craig Schwabe

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Distribution of retail markets will 'normalise'. The reality is that many people in South Africa have gone back to their workplace, but many are still working from home. Most of these people are residing in the suburbs, while some have moved further afield.

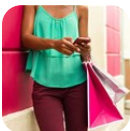


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In the short term, this 'new normal' will remain but it is highly likely, considering economic theories associated with location, that equilibrium will return, and people will in greater numbers move back to their workplaces. Nevertheless, this provides opportunity for more informed decisions about the location of future workplaces and the conditions within which employees work.

An analysis of Starbucks customers around New York showed a 7% decline in CBD areas while in suburban areas there was a 25.5% increase during the pandemic. Foot traffic inside urban restaurants also declined mainly because of lockdown regulations.

Although it is not always possible to compare South Africa with the United States, these trends in the local market would be similar. It is highly likely that this is a temporary situation, and that people will begin to go back to their workplaces in greater numbers in the not too distant future.



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There is no doubt that the Covid-19 pandemic has opened the door for new approaches to shopping to be introduced and purchasing behaviour of consumers to change. The complexity is that for possibly the next year or two, the movement of employees will be in a state of flux.

This will especially be the case if we see further waves of Covid-19 and people oscillate between working at home and their workplaces. At this moment in time, it is difficult or near impossible to make predictions on the distribution of the working

population in the immediate future.

Retail planning must be holistic

There is no doubt that based on principles such as those contained in the central place theory, which is that people will always orientate towards economic centers of activity, the equilibrium in the distribution of the working population will move back to 'normal'.

This assumption is based on a scenario that Covid-19, with the rollout of vaccinations, will become more moderate and allow more active decision-making on the location of economic activity and the movement of the working population.



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Craig Schwabe 8 Oct 2020



Whatever the situation in the future, it remains vitally important that retail chains use more holistic approaches in making decisions about the location of their retail outlets. This is not simply about having access to the greatest data and technologies. It is about the use of applicable data with technologies that allow holistic approaches to be used in the design and development of retail networks in South Africa.

The use of site location approaches, which are often univariate in their approaches, do not develop sustainable retail networks. It requires the use of appropriate geographic accessibility modeling methods.

These approaches take into consideration the distribution of the target market, both residential and working; the frequency and consumption behaviour in the target market; location of existing retail outlets and their competitors; the available transport network and modes of transport used by customers, including speed of travel; and high potential sites where retail chains would want to locate new retail outlets.

Customer travel behaviour must be considered in defining the trade areas of existing and future retail outlets as well as the number of customers required in order for retail outlets of different types and sizes to be located.

ABOUT CRAIG SCHWABE

Craig Schwabe is a geospatial specialist at Africascope, and focuses on the use of accessibility methods in the optimizing of government services and retail outlets. Over more than 12 years he has assisted companies in the motor industry as well as the financial and retail sectors with optimizing their retail networks. He has been an advisor to the South African government on the optimizing of government services and co-authored the Guidelines for improving geographic access to government service points.

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