

Massmart's 'The Last Chance Store' is a winner with bargain-hungry customers

Earlier this year, Massmart opened an experimental clearance outlet called 'The Last Chance Store' in response to customer research that highlighted exceptionally high consumer demand for quality hard goods at basement bargain prices. Set-up as a clearance outlet the store sells quality, slow-to-sell, non-food products at deeply discounted prices which has become a real winner among consumers and landlords.



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Katherine Madley, Massmart's marketing vice president says, "The South African consumer is under considerable economic pressure, certainly amongst the worst that we have seen in a long time. This has resulted in keen price sensitivity to home essentials products whilst also eroding discretionary spending on non-food products, like appliances."

The idea of clearance outlets is not new in retail and Massmart does, from time-to-time, clear products through clearance outlets. In addition to the clearance outlet, Massmart has responded to this situation in a variety of ways and the consumer has noticed.

Makro has been recognised for three consecutive months for having the lowest cost basket on a basket of grocery essentials by The Outlier while Game has invested in the price of home essentials resulting in high double-digit sales growth.



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Massmart specifically located The Last Chance Store alongside Game because of its appeal, particularly with the Game customer. The store is located within a regional mall versus more traditional locations such as strip malls and the product range is carefully curated.

The product selection comprises in-demand products that consumers are prepared to forgo at normal retail prices. Discounts in the store range from 30% to 60% and include products such as party consumables, small appliances, TVs and tools.

Madley adds, "There can be a misconception around clearance stock being damaged or inferior. This is not the case in our Last Chance Store where we are discounting stock that is slow-to-sell simply because under-pressure consumers can't afford to purchase it at normal retail prices."

Massmart will continue a limited trial of the concept before deciding on further investment in the format.

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