

# Retail remains under pressure, as consumers increasingly seek value

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## ***Ackermans MD discusses how retailers can add value in these turbulent economic times***

For the most part, it has been a dismal year for South African retailers; elevated household debt, higher fuel prices and an increase in value-added tax squeezed consumer spending. However, Ackermans, South Africa's longest standing value retailer, performed well over 2018 reporting growth of just over 10% which is three times more than the industry benchmark.

"2018 was a tough year for retailers, and the outlook for 2019 remains challenging. We face an environment where new entrants continue to disrupt the market. This, combined with sluggish GDP growth and a financially over-extended consumer, means that retailers remain under pressure," says Charl Cronje, Managing Director of Ackermans.

In these turbulent economic times, consumers will be looking to retailers for better value, quality, and convenience. Cronje discusses how retailers can add value in 2019.

## **Functional fashion**

With the cost of living steadily rising, consumers look to retailers to provide affordable, on-trend fashion that is also durable and functional. "Consumers want their clothing to do a number of things, for example, to provide warmth, offer more than one look (i.e. a reversible jacket), and to be hard-wearing.

"And they're seeking this functionality in all garments - from schoolwear to jackets & shoes.

Cronje also explains that "as consumers are keeping a close eye on their spending, they're also looking to retailers to provide added value in the form of multi-packs, 2-for-1 deals etc."

## **Understanding & answering customer needs**

**In trying economic times, customer centricity is key – it's not just about offering great customer service, it is about putting your customer at the core of your business.**

**"It is integral to pay attention and constantly re-assess customers' needs. We conduct a lot and extensive of research to gain an understanding of our customers' evolving needs. It's a regular exercise to ensure that we're not guilty of making unfounded assumptions on our customers shopping behaviour, " explains Cronje.**

**For example, Ackermans identified that majority of its customers are working moms, who often have little to no time to travel long distances to get to the stores. In answer to this, the retailer made it their mission to offer customers greater accessibility, by opening stores closer or within their communities.**

**Cronje maintains that it is impossible for a retailer to be all things to all customers: "Decide where you want to lead. Know who your customer is – and then understand how you can consistently bring the most value to their lives."**

## **Embracing global trends & adapting them to the South African consumer**

**The rise of social media has increased exposure to different cultures and ways of life, which in turn has resulted in**

a global community that is better informed, connected and welcoming of diversity. This has led to inclusivity becoming an important theme.

Cronje believes that retailers need to consider global trends, but apply them in our local context. Body positivity is a global trend as is embracing diversity, so we need to ask how we apply this locally, to successfully resonate with consumers.

For example, Ackermans recently launched a range of lingerie for Valentine's day. We have learned from our customers that they want to see women who inspire them, but who they can relate to. For this reason, we picked five popular celebs and used minimal retouching, with only shadows and minor blemishes removed. The campaign imagery proudly displays stretch marks, curves and bumps, in all their glory, and this has been met with a resoundingly positive response by South Africans.

We also offer larger bra sizes and lingerie in a wide variety of nude shades, to cater to our customer's needs.

However, Cronje cautions retailers to do their homework, "We have seen before how horribly wrong it can go when retailers don't take the time to understand how a certain global trend will be interpreted by a local audience."

## Power of personalisation

Personalisation is a popular trend making a return, as consumers continue to use their fashion choices to express their own style, self-image, and values.

It isn't only about personalising your favourite tee with a cool design or slogan. It's also about gathering intensive consumer research in order to provide a product that resonates with customers on a deeper, emotional level thus forming an intangible connection.

"2019 may be a difficult year ahead, but retailers committed to constantly engaging in dialogue with customers to keep pace with their evolving needs, stand a chance of successfully navigating the upcoming year," concludes Cronje.

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Ackermans' success story began in 1916 when Gus Ackerman opened the very first store in Wynberg, Cape Town, setting a benchmark for competitive prices that few could match. Today, with more than 380 outlets in Southern Africa, including Namibia, Lesotho, Swaziland and Botswana, the business continues to go from strength to strength. Ackermans' proud heritage was built by focusing on the things that matter most to our customers; namely affordability, fashion and durability.

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