

Reaching the township shopper where they shop

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To tap into the buying power of the approximately 11.6 million people who live, work, shop and play in the 532 townships across the country, brands need to truly understand these shoppers and the retail environment.



The informal sector accounts for about 42% of all employment and contributes about 6% of the national GDP¹: that's about \$25bn (R470bn). Over the past five years, the informal sector has been growing at the expense of the formal sector at a Compound Annual Growth Rate of 14.17%, and there is no sign of this trajectory slowing down. However, despite the growth of this sector, the stereotype of a 'township' as a community of low-income residents content to be served by informal retail is out of date. The spending power of SA's township residents can no longer be ignored by formal retailers.

Township residents prefer to shop close to where they live – largely due to prohibitive transport cost. This fact is supported by the Roger Wilco 2023 township report², which found that 25% of respondents spend more than 50% of their earnings in the township, while a further 23% spend between 25% and 50% of their income in the township. Two other factors are responsible for this preference for neighbourhood, convenience shopping: increased load-shedding has changed shopper habits to ensure that perishable items are bought only when needed; and, with food prices constantly on the rise, township residents tend to stretch their rand by buying smaller items closer to home, rather than spending on travel to shop.

Just over half of all respondents said they shop at spazas daily (compared to 28% of shoppers who shop at supermarkets daily). Research by NielsenIQ supports this, revealing that major retailers are exploring various strategies to tap into the township economy with big brands such as Pick n Pay, Checkers and MRP emulating the spaza shop model by offering smaller-format stores constructed from shipping containers in a bid to get closer to where its shoppers live.

Janine Rebelo, CEO of township-specialist digital media channel [Think Digital](#), says that brands need to reach this market at 'street level' if they want to stand out. "A key difference between townships and suburbs is the difference in social contact. Townships are far more interconnected and, with a lot more face-to-face interaction and word-of-mouth, social networks become an undercurrent.

Brands that are present in the customers' lives and understand the customer experience of the township shopper from communication to engagement beyond the shelf are more likely to remain relevant in their hearts and minds," she says.

By collaborating with marketing partners who are seasoned operators in this market and thus have a clear understanding of the drivers and behaviours of these shoppers, brands can gain the relevant insights and apply them accordingly. "Think Digital was born out of Google Station in 2019 so has over five years' experience in – and intimate knowledge of – this market. This means that we're able to support in the strategy development, media planning and implementation of each carefully curated campaign – to the extent that we offer guaranteed delivery to a hyper-granulated population of more than a million users per month."

ThinkZone's unique signing-in process offers brands an equally unique, immersive marketing opportunity: users don't need to sign in with phone numbers or email addresses – a step many users are reluctant to take as they prefer not to share their details for privacy reasons or to avoid becoming targets of spam. Instead, users follow a journey where they engage with targeted advertising in exchange for free Wi-Fi and access to the internet. "It's a positive, engaging experience with a high propensity to generate action, clicks and sales: in fact, our click-through rate is more than 28% – well above the industry average of 1,9% – and viewability is more than 90%," says Rebelo.

Rebelo adds that numerous blue-chip retail clients have been attracted to Think Digital's marketing platform as it offers an innovative way to reach an 'unreachable' customer market. "Our more than 400 ThinkZones or WiFi hotspots are located throughout South Africa's townships and shopping malls, enabling brands to connect one-on-one with their customers 'on the ground' at the place of purchase. This provides an unrivalled footprint in the heart of the township, with a strong focus on retail. In a nutshell, we provide a cost-effective way to supercharge marketing campaigns to this market with minimal media wastage via a trusted, user-friendly platform."

As the township economy continues to grow, it presents significant opportunities for brands and businesses that can align with the needs and values of township residents – and finding the most effective and efficient way to reach them is a vital step on the journey to success.

For more information, contact:

+ 27 87 159 6444

info@thinkdigitalmedia.online

¹ www.imf.org

² <https://www.rogerwilco.co.za/sites/default/files/2023-06/Township-CX-Report-2023.pdf>