

THE GOOD

TOWNSHIP

CX

REPORT

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FOREWORD

According to the 2021 census, 24.35% of South Africa's population lives in townships. This is equivalent to 11.6 million people who are part of these vibrant and innovative communities. While these communities are faced with some of the most difficult challenges, including high unemployment, poor service delivery and low household income, South African townships represent billions of rands in spending power. There is very little publicly available information about the spending, savings and shopper habits of township communities.

Since 2021, the Township CX (Customer Experience) Report has been shedding light on consumer outlook, spending and savings trends, as well as brand perceptions in South African townships.

The 2023 Township CX Report, which is the third edition of our annual research study, aims to share more insight into this significant segment of the market. The report has been undertaken by end-to-end digital customer experience agency Rogerwilco and market research company Survey54.

We polled over 1 000 individuals living in townships across South Africa to understand their perceptions on spending, saving and the brands that resonate with them. We asked what they spend

their money on and how this has changed over the past year; what percentage of their income they spend in townships; what influences shopper behaviour and how much they spent on local fashion in the past year.

The third edition of the Township CX Report comes at a time when kasi communities are turning to digitalisation to weather some of the toughest storms in the SA economy. The majority (60%) of this year's respondents say they, or someone they know have sold products and services online, or begun working online. The 2022 report found that most respondents (74%) would buy local fashion brands if these were available for purchase on store accounts. This year, we asked how much they spent on local fashion brands and 34% said they spent between R1 000 and R2 000, while 10% say they spent between R2 001 and R2 999.

This desire for local brands and investment in them can also be seen in the rise of township-based delivery services. The well-known delivery giants such as Uber Eats, Checkers Sixty60 and Mr D are top of mind in townships but we are also seeing the rise of eKasi delivery, which has been used by 12% of respondents and Hammanskraal-based Delivery Ka Speed with 5% of respondents saying they have interacted with it.

According to the latest StatsSA Quarterly Labour Force Survey (QLFS), South Africa still faces close to the highest unemployment rate since the QLFS was first published in 2008. This has resulted in kasi communities telling us that they are in search of value over specific brand names. More than half of the respondents (59.3%) said price is a big motivator in choosing one brand or product over another.

It's not all doom and gloom because, in this third edition of the Township CX Report, it is clear that the township is celebrating its value in a very tangible way. After decades of outward-facing spend on high-end and international brands, it feels as though the desire for international premium goods and cookie-cutter global trends is slowly waning. In fact, global brands are looking for inspiration from us.

Words like handmade and bespoke, long reserved for Italian leather loafers and Saville Row suits, are now finding resonance with an audience eager to support their community artisans and entrepreneurs.

The rise of our own township brands is driven by the acknowledgement that what we create is worth more, not less, because they come from our communities. Not just handmade, but handmade by someone you know; someone who came up with something for you, whose story you can relate to. Driven by the visual language found on every handmade sign. Inspired by meet-ups outside your local spaza shop, and conversations inside your local barber shop. This is branding at the street level. Unique typography, impossible to ignore, clearly articulated. Simply put, our brands are worth more because you know someone took the time to do it right.

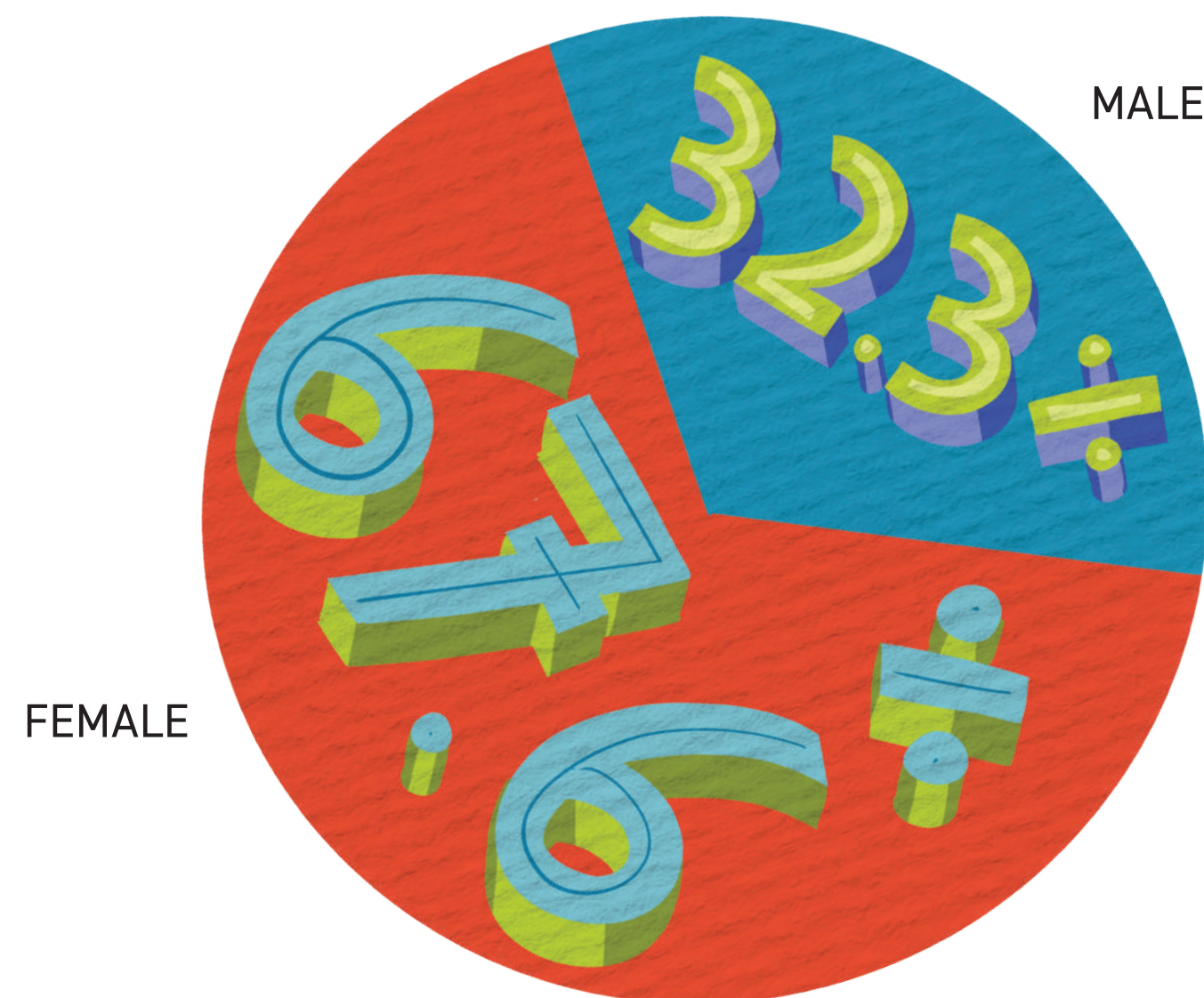
To provide context and interpretation to our research, we invited a panel of industry experts to comment on the findings and add insights from their own first-hand experience of marketing to this most diverse of audiences.

And to help you find clarity on how to act, and to benefit from the trends emerging from the kasi, we've added actionable insights to guide you.

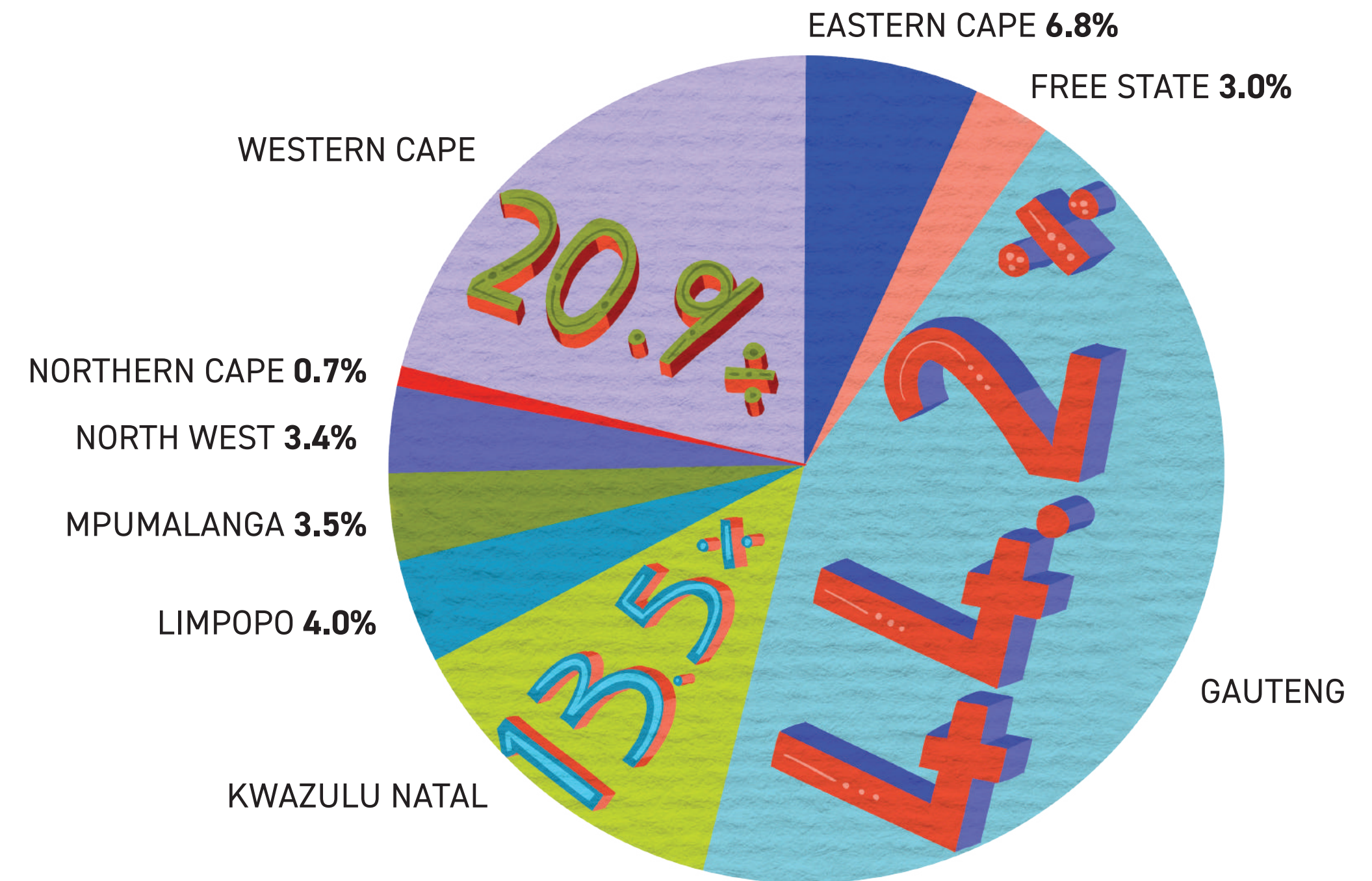
Enjoy the read, good luck with your endeavours, and of course, if you would like further insights into how to boost your CX within the valuable township market, please get in touch.

ABOUT THE RESEARCH

The 26-question survey was distributed to Survey54's panel of South Africans through its mobile and web apps and promoted on social media platforms during the second quarter of 2023. In total 1 082 respondents completed the questionnaire. The sample's demographics are:



SURVEY PARTICIPANTS BY GENDER



RESPONDENTS BY PROVINCE

MENTORS



MONGEZI MTATI: MARKETING MANAGER, ROGERWILCO

Rogerwilco's Marketing Manager, Mongezi Mtati has spent over twelve years working, building and creating content across digital platforms. He has been instrumental in brand thinking across the digital landscape for leading brands such as; Standard Bank, Brand South Africa, ANC, Nestlé and many others. He obsesses over the intersection between human insight and data when thinking through strategy. You may find him podcasting, speaking at conferences or trying his hand at travel and wildlife photography.



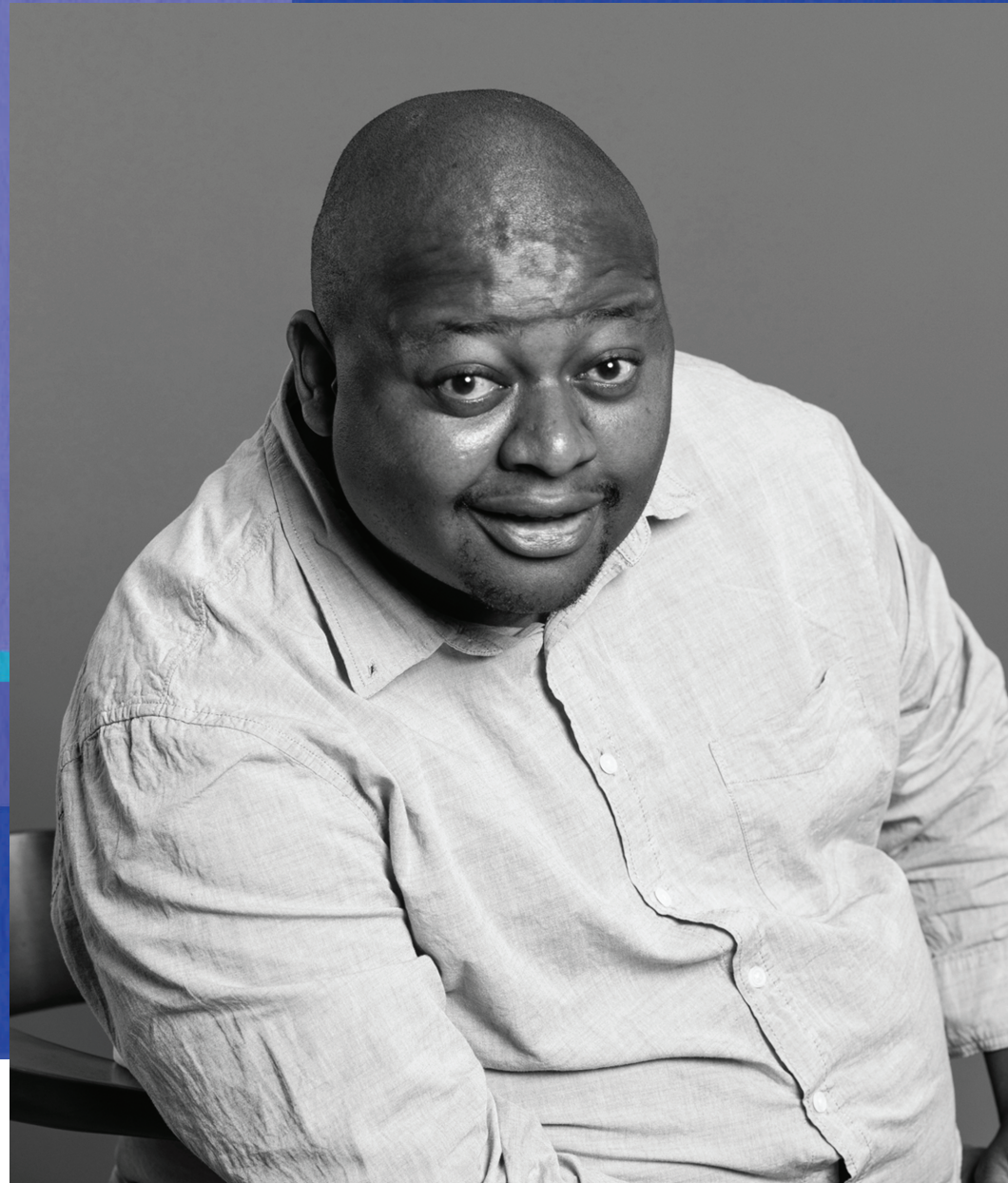
BRIAN MAKWAIBA: CEO AND CO-FOUNDER OF VULEKA

Brian is CEO and co-founder of the Vuleka Platform, an e-commerce and fintech platform structured to support the entire trading ecosystem within the informal sector. With extensive experience in innovation and brand building, he was named one of The Top 50 Youth Entrepreneurs in South Africa in 2015, Innovator of the Year in 2017 as well as Standard Bank Rising Star 2018 and was one of the top 20 business heroes in Jack Ma's Africa NetPreneur prize 2019.



SANELE GAQA: DIRECTOR OF SUPPLYPAL

Sanele Gaqa is a Director at SupplyPal a Tech company providing data and insights that allow for both developmental and commercial route-to-market strategies when engaging the unseen/disconnected/informal market. With 18 years of experience straddled between the private and public sectors. Sanele is currently building tech solutions for the informal market, enabling FMCG manufacturers to engage with retailers and customers in the most effective and efficient manner.



JACK HLONGWANE: CLIENT GROWTH PARTNER, KANTAR

Jack's passion lies in helping brands make a meaningful difference in the lives of the people they serve in the emerging market while realising good returns, he terms this - shared value.



TSHEPO MOLOI: FOUNDER AND CEO OF STOKFELLA

Tshepo is the Founder and CEO of StokFella (Pty) Ltd. A Fintech solution that is aimed to revolutionise a 19th-century practice into a modern and tech-savvy sector that allows more than 8.5 million South Africans to participate in the economy. He currently holds a Masters in Mechanical Engineering and a Masters in Finance both from the University of Johannesburg.



THABO MANENJE: BRAND MANAGER, BATHU

Award-winning Brand Manager and Strategist with experience in the retail, lifestyle, FMCG and telecommunications industries. Thabo Manenje has a passion for progressive African storytelling and taking local brands into greater frontiers. He is skilled in strategy, marketing, and communications - with an ever-growing hunger to give for the greater good.



JESSICA BOONSTRA: FOUNDER AND CEO OF YEBO FRESH

Jessica Boonstra is the founder and CEO of Yebo Fresh, an award-winning digital commerce solution focusing on South Africa's townships. She was born in the Netherlands, is an engineer by background and spent the better part of her career in logistics (at Shell) and retail (at Albert Heijn supermarkets) in the Netherlands before moving to Cape Town with her family in 2015. Yebo Fresh now supplies groceries and other products & services to its customer base of over 7000 independent businesses in 25+ townships across greater Cape Town and Johannesburg.



STEVE BRIGGS: CEO OF ISIZWE.COM

Steve Briggs is the CEO of isizwe.com and has 20+ years of experience in Telecoms, Banking & Digital Payments. He is the former Chief Operating Officer at iBurst, a national wireless internet service provider. Additionally, he has held the positions of managing executive at Vodacom SA, senior executive at SEACOM, founder and CEO of ARC Telecoms, and senior executive at Standard Bank, Africa's largest bank.



SELEBOGO MOLEFE: CO-FOUNDER OF THE PEOPLE'S FUND/FOUNDING MEMBER OF THE PEOPLE'S STOKVEL FINANCIAL COOPERATIVE

Selebogo Molefe is a dynamic serial entrepreneur and social impact leader dedicated to connecting grassroots entrepreneurs with market opportunities. His extensive work covers both large and small organisations across Africa. Molefe is the founder of THUD (The Hookup Dinner), co-founder of The People's Fund and a founding member of The People's Stokvel Cooperative Financial Institution.



BONGANI MABUZA: FOUNDER OF AFRICAN ACCENT, ENTREPRENEUR AND SPAZA SHOP OWNER

Bongani Mabuza is a seasoned Katlehong-based entrepreneur, spazashopowner, product developer, and distributor. He is the founder of African Accent. Bongani is passionate about promoting, building and supporting African brands. He is also committed to providing jobs and opportunities for other Africans.



YUMNA AHMED: CHIEF MARKETING OFFICER, NASHUA

Yumna started her career at Massmart before moving to Unilever where she worked across various categories. Subsequent roles have seen her lead B2C and B2B marketing functions. Her engineering, finance and marketing backgrounds (she has an academic background in Chemical Engineering and B.Com studies with a Postgraduate Diploma in Business Management) enable her to play a holistic General Business Manager role to drive brand and business growth.

SELLING PRODUCTS & WORKING ONLINE

ONLINE ACCELERATES THE KASI HUSTLE

The internet is democratising life for many in the township, creating opportunities for education, access to information and, critically in a country with pandemic-like unemployment levels, delivering a means to make an income.

In our 2022 study, we found that 70% of respondents had made an online purchase. This year we flipped the question around to find out how many were using the internet to sell rather than to buy. The response was revealing, with just over 60% of respondents saying that they, or someone they know, have sold products and services online, or begun working online.

A detailed drill into the data showed that there was no gender skew, with men and women equally likely to trade online. The self-employed (70%) and students (67%) were the most likely to turn connectivity into money, but even amongst the unemployed, a full 57% were trying to hustle on the internet or knew of someone who was.



**HAVE YOU OR SOMEONE YOU KNOW
STARTED EARNING MONEY BY SELLING A
PRODUCT OR SERVICE, AND OR WORKING
ONLINE IN THE PAST 12 MONTHS?**

THE ARRIVAL OF 4IR

Back in 2020 when the Presidential Commission on the Fourth Industrial Revolution¹ was released, there was much concern that low levels of fixed line connectivity (and a consequent reliance on expensive mobile data) would exclude most South Africans from participating in the many opportunities 4IR presents.

Three years later, service providers like Vumatel and isizwe.com - who led the Kayamandi Fiber Project² which saw more than 891 households in the township on the outskirts of Stellenbosch receive fibre for R5 a day - are doing their bit to bring fast and cheap internet to the township. Across the country internet penetration - albeit with a hefty mobile skew - now stands at 72.3%³ which is up from 64% in 2021.

CEO of isizwe.com, Steve Briggs says through the Kayamandi Fibre Project, they focused on democratising high-speed fibre internet access, ensuring equal opportunities for all, regardless of income. Their pay-as-you-go model has revolutionised data purchasing, making it more affordable and flexible. "It has created sustainable employment opportunities and introduced an innovative value-sharing model, setting a benchmark for digital inclusion in the community."

With ongoing blackouts and rampant inflation eroding employment and stagnating salaries for those lucky enough to earn one, the opportunity to augment an income - or to create one where none exists - is critical for the country's future prosperity. It is thus extremely encouraging to see that such a large proportion of township residents are taking advantage of the income-generating potential that access to the internet represents.



Through the Kayamandi Fibre Project, we focused on democratising high-speed fibre internet access, ensuring equal opportunities for all, regardless of income."

- CEO of isizwe.com, Steve Briggs

This has likely been aided by the growing popularity and commerce capabilities of social media platforms. With Facebook and Instagram, one no longer needs an expensive e-commerce-enabled website to sell online. Similarly, the proliferation of remote working, the gig economy and freelance hiring websites have made it much easier for those with the aptitude to find jobs - even if they're only part-time/micro ones - online.

While urban townships have long been a key focus for commercial ISPs, underserved remote areas have been more reliant on intervention by local businesses. In Belfast, Mpumalanga a partnership between a mining company and Nashua has delivered wifi to the local community through a CSR initiative.

Nashua's CMO Yumna Ahmed believes that while water and food have, since the birth of humankind, been the foundation for life on earth, in today's interconnected world, access to the internet can be a catalyst for upliftment. "Our partnership is creating opportunities for education, for businesses to trade with each other and to stimulate local economies."

In an area where joblessness is high, she recounts a story where a school leaver was able to use one of the 16 secure connected hub facilities to send her CV to prospective employers. The individual - one of 41 500 community members taking advantage of the free service each month - is now working for one of Nashua's service providers. This points to another statistic coming from this year's research which found that a quarter of respondents have applied for more than 21 jobs in the past year with 13% applying for over 50 positions. In an economy where employment is scarce, access to the internet can be a game changer.

"While water and food have, since the birth of humankind, been the foundation for life on earth, in today's interconnected world, access to the internet can be a catalyst for upliftment."

- CMO of Nashua, Yumna Ahmed



Given the high level of internet utilisation, one of the more surprising findings from the research was how few people had used the wifi solutions offered at many taxi ranks. Despite the launch of services like WiTaxi⁴ and Sebenza⁵, a mere 35% of respondents claim to have logged on to one of the free services while waiting for, or travelling in a taxi.

This number rose to 49% among the employed - understandably those with jobs are more likely to commute in a taxi - but was a mere 32% among data-hungry students. Anecdotal evidence suggests that concerns around safety discourage many from revealing smartphones in public places, reaffirming the need for services like Vumatel and Isizwe to be rolled out to homes and areas where the internet can be accessed with a degree of privacy.

Overall, the internet has the potential to create significant employment and revenue-generating benefits for South African townships, but there are also challenges that need to be addressed. Efforts are needed to resolve issues related to connectivity and security.

INSIGHTS & KEY FINDINGS

- With increased internet access, people are finding and creating more opportunities for themselves online. Internet access has a snowball effect with positive outcomes.
- A cellphone with an active internet connection enables participation in the gig economy.
- Security concerns impact internet utilisation in public spaces - such as taxi ranks.



SOURCES

¹ [HTTPS://WWW.GOV.ZA/SPEECHES/PRESIDENT-CYRIL-RAMAPHOSA-RECEIVES-RECOMMENDATIONS-PRESIDENTIAL-COMMISSION-4IR-6-AUG-2020](https://www.gov.za/speeches/president-cyril-ramaphosa-receives-recommendations-presidential-commission-4ir-6-aug-2020)

² [HTTPS://WWW.KAYAMANDIFIBREPROJECT.ORG/](https://www.kayamandifibreproject.org/)

³ [HTTPS://DATAREPORTAL.COM/REPORTS/DIGITAL-2023-SOUTH-AFRICA](https://datareportal.com/reports/digital-2023-south-africa)

⁴ [HTTPS://WWW.GOODTHINGSGUY.COM/BUSINESS/GET-IN-WERE-SURFING-THE-INTERNET-FREE-WIFI-IN-TAXIS-GETS-THE-GREEN-LIGHT/](https://www.goodthingsguy.com/business/get-in-were-surfing-the-internet-free-wifi-in-taxis-gets-the-green-light/)

⁵ [HTTPS://WWW.NEWS24.COM/NEWS24/TECH-AND-TRENDS/SEBENZA-BRIDGES-DIGITAL-DIVIDE-WITH-FREE-WIFI-FOR-SA-TAXI-COMMUTERS-20230314](https://www.news24.com/news24/tech-and-trends/sebenza-bridges-digital-divide-with-free-wifi-for-sa-taxi-commuters-20230314)

SPEND IN THE KASI ECONOMY

Statistics South Africa (StatsSA) reports that South Africa's unemployment rate increased to 32.9% in the first quarter of 2023, from 32.7% in the previous quarter¹. This is close to the highest unemployment rate South Africa has experienced since the QLFS was first published in 2008. The 2022 Township CX Report, pointed to some recovery after lockdowns due to the pandemic and the July 2021 unrest. The optimistic outlook was partly attributed to

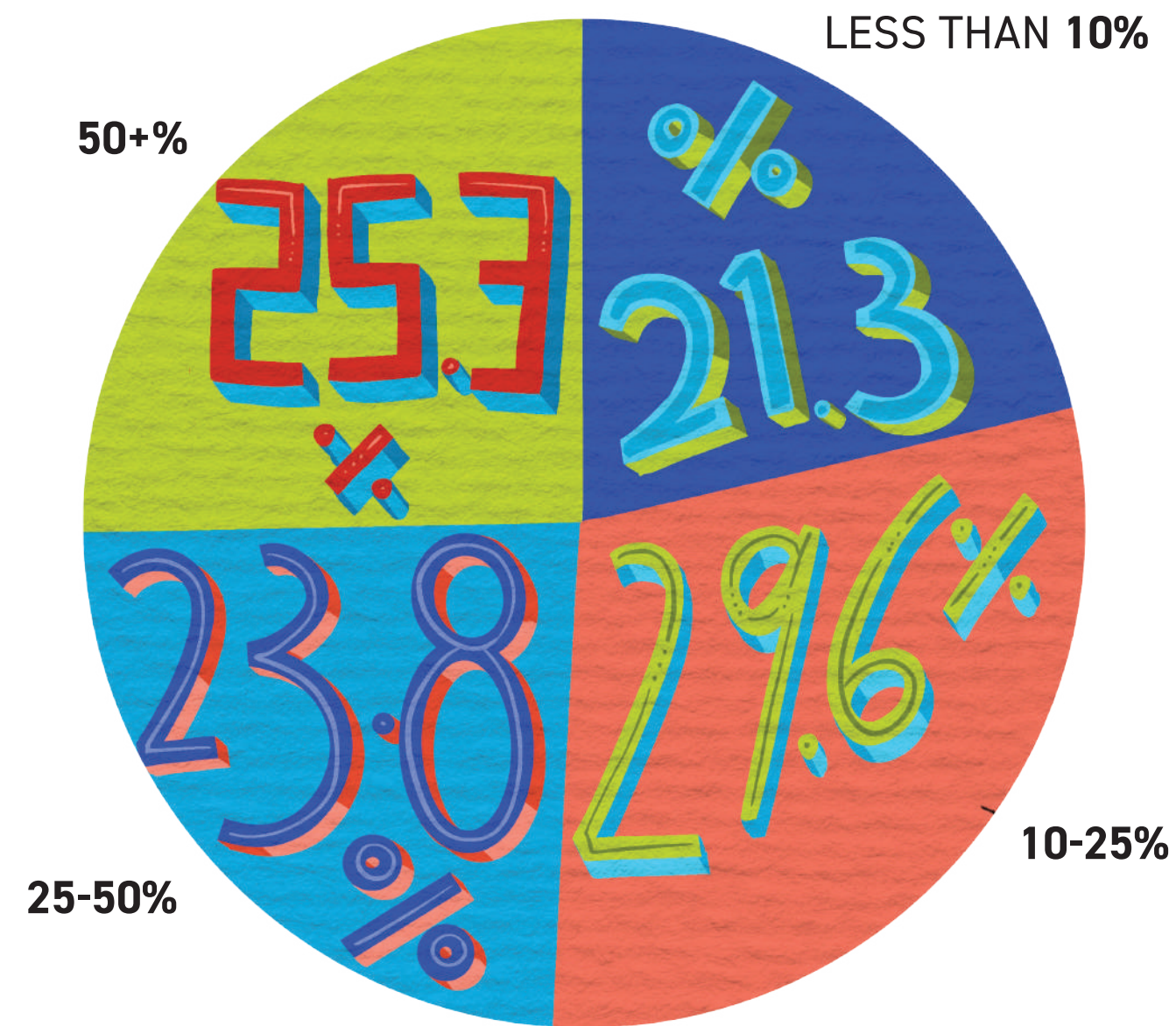
previous (small) upticks in employment, and somewhat improved food inflation, which was tracking at 6.7% in April 2022². This year the kasi (township) economy is contending with power cuts that pose a threat to operations, and food price inflation now tracking at 13.4%, which is a 14-year high according to CPI data from Stats SA (for January 2023)³.

STRETCHING THE RAND IN TOUGH TIMES

While the kasi economy is faced with daunting challenges, data shows that township residents prefer to shop close to where they live, with 23% of survey respondents saying they spend 25% to 50% of their income in the township. A further 25% of respondents say they spend more than 50% of their earnings in the township.

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.

People who spend most of their time at home or in the township, help to keep the kasi economy ticking. The highest concentration of respondents who spend more than 50% of their income (60%) in the township are retirees, who are also more likely to spend more time at home. This group is followed by the self-employed at 30%, and students at 26%. The employed respondents (23%), who spend less time in the township because of work, say more than 50% of their income is spent in the township, which adds to the positive outlook.



HOW MUCH OF YOUR INCOME ARE YOU SPENDING INSIDE THE TOWNSHIP IN A MONTH?

SPENDING FREQUENCY

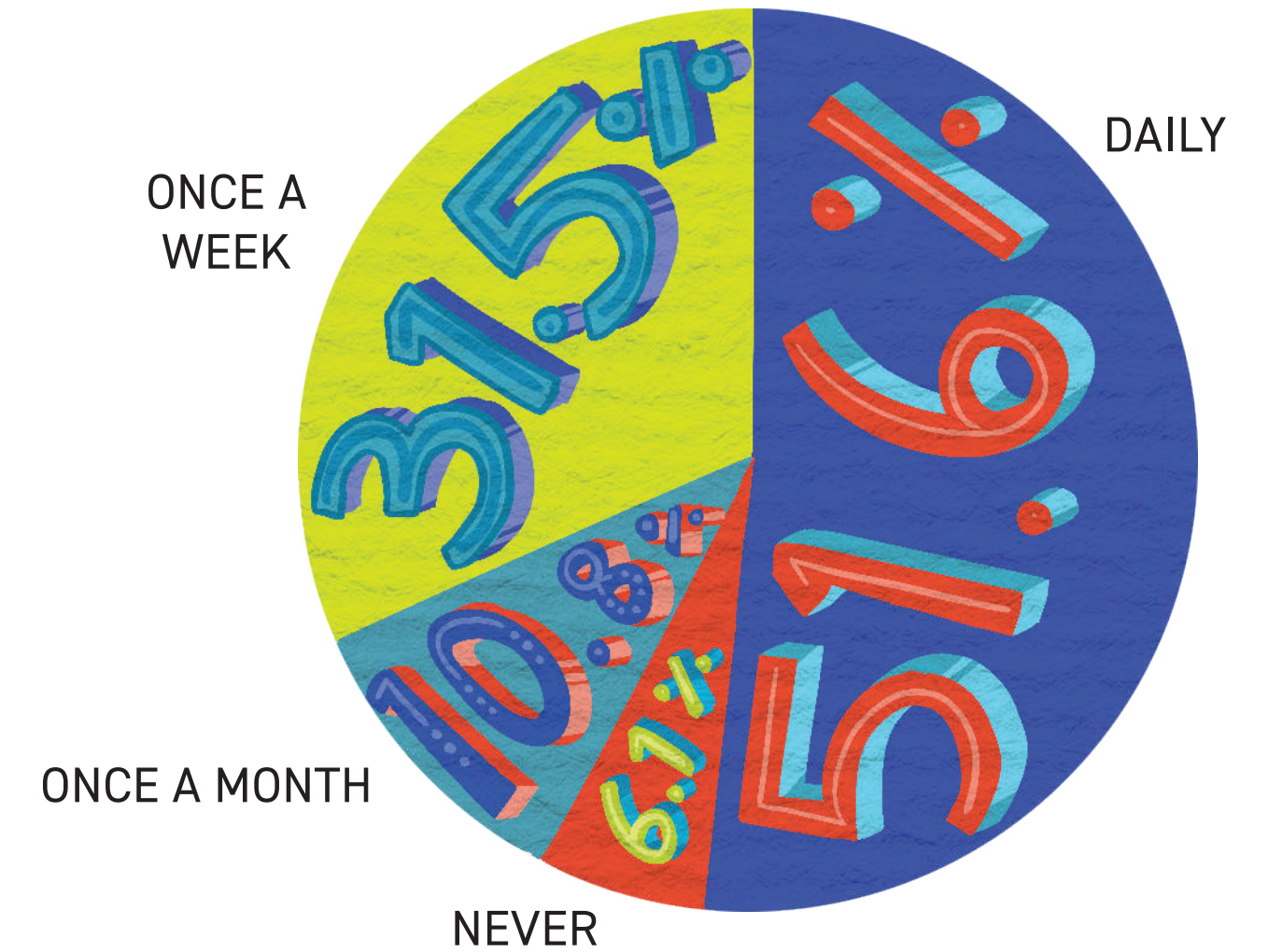
The 2022 Township CX report showed an 11% increase in respondents who shop at spaza shops in comparison to 2021. In 2023, when asked how frequently they spend their money at spazas, 51% of respondents claim that they shop at spazas daily. The data shows that the unemployed (60%) and the self-employed (51%) are more likely to buy at spaza shops daily.



Within our shopper data, we are also seeing more frequent visits to spazas to buy smaller items with less freezer or fridge needs."

- CEO of Survey54, Stephan Eyeson

In comparison to 2022 where 44% of respondents said they shopped at spazas, the latest data shows an increase of seven percentage points with 51% of the audience buying at their local spaza. CEO of Survey54, Stephan Eyeson says that within their shopper data, they are also seeing more frequent visits to spazas to buy smaller items with less freezer or fridge needs. With increased load-shedding, and extended periods of load reduction, people's shopper habits may have changed to ensure that perishable items are bought only when needed. Eyeson believes this is an excellent opportunity for spazas to gain ground again compared to last year when there was a rise of larger supermarkets closer to township areas.



HOW FREQUENTLY DO YOU SHOP AT YOUR LOCAL TOWNSHIP SPAZA?

The Director of SupplyPal, Sanele Gaqa says their 2023 engagement with 300 township businesses showed growth, and an increase in jobs, among the small businesses they interacted with. Gaqa notes that, while these are leisure businesses and not spaza shops, they indicate growth in local spending as those that are employed choose to spend time off work in their local township.

SOURCES
¹ QUARTERLY LABOUR FORCE SURVEY (QLFS) - Q1:2023 - STATSSA. [HTTPS://BIT.LY/300S93L](https://bit.ly/300S93L)
² FOOD PRICE INFLATION | [HTTPS://BIT.LY/3PEDST0](https://bit.ly/3PEDST0)
³ STATSSA CONSUMER PRICE INDEX. [HTTPS://BIT.LY/40MHNBJ](https://bit.ly/40MHNBJ)

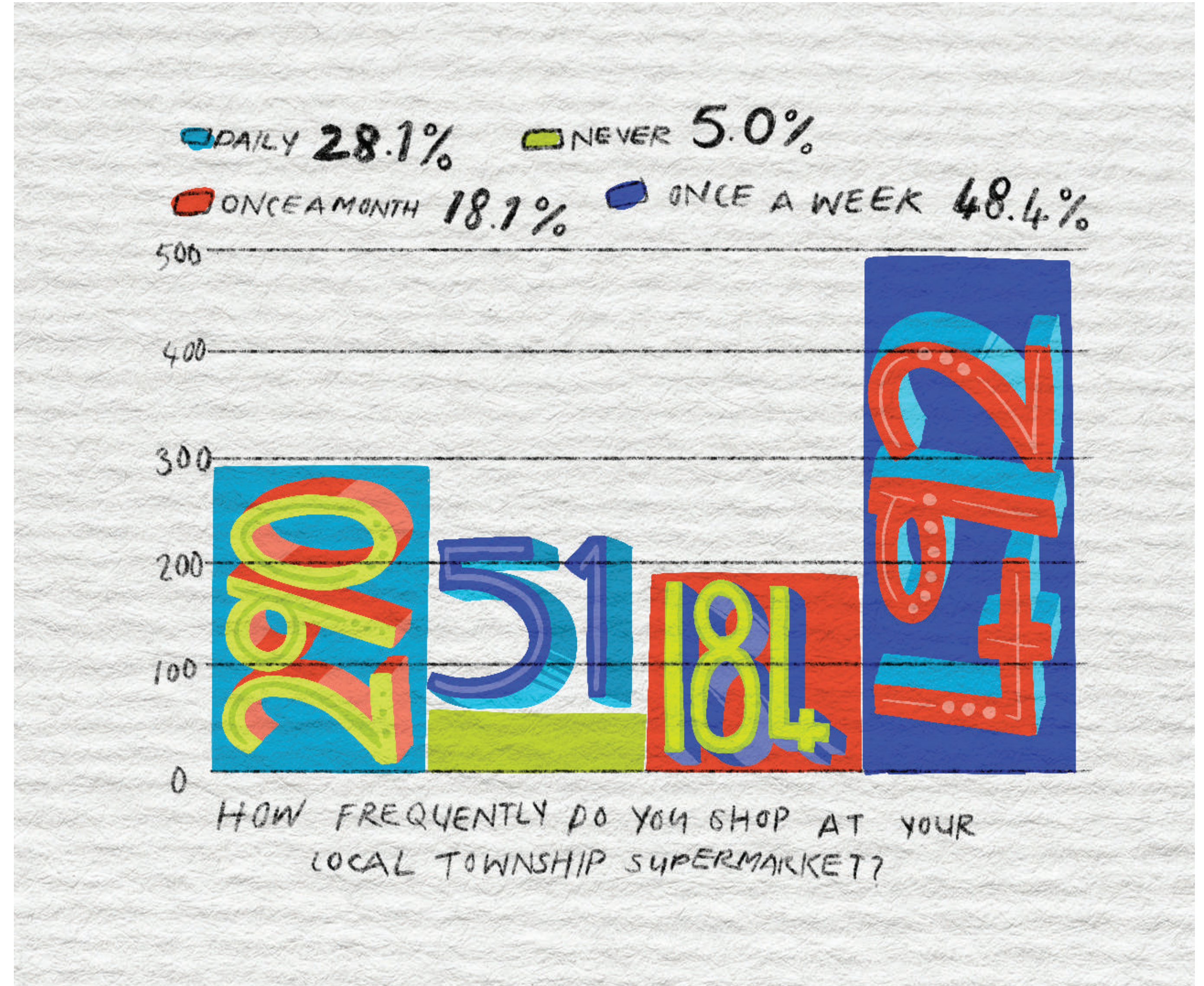
The Director of SupplyPal, Sanele Gaqa says their 2023 engagement with 300 township businesses showed growth, and an increase in jobs, among the small businesses they interacted with. Gaqa notes that, while these are leisure businesses and not spaza shops, they indicate growth in local spending as those that are employed choose to spend time off work in their local township.



300 small township-based businesses we engaged with in 2023 showed growth and an increase in jobs.”

- Director of SupplyPal, Sanele Gaqa

Supermarkets receive fewer daily shoppers compared to spazas, with 28% of respondents buying daily at supermarkets. Talking about their shopping habits in 2022, township residents shared that they are always looking for deals at supermarkets, which are also located within close proximity to South African Social Security Agency (SASSA) offices and ATMs. This is usually at shopping malls or centres with supermarkets and large grocery stores, as a result, people collect their SASSA grants or withdraw cash and shop for groceries in one trip.



SOURCES
¹ INCIDENCE OF LONG-TERM UNEMPLOYMENT: [HTTPS://BIT.LY/3ZSR1RK](https://bit.ly/3ZSR1RK) - STATSA
² FOOD PRICE INFLATION | [HTTPS://BIT.LY/3PEDST0](https://bit.ly/3PEDST0)
³ STATSSA CONSUMER PRICE INDEX: [HTTPS://BIT.LY/40MHNBJ](https://bit.ly/40MHNBJ)

This may also shed light on why 48% of respondents say they shop once a week at supermarkets with 18% saying they do so once a month. Despite the increase of shopping malls across SA townships, most people still view supermarkets as a place for larger grocery shopping and spazas as top-up and daily stores.

While facilitating a Distell project over a 12-month period, with ten food businesses, SupplyPal found that there is a strong culture of people buying takeaway foods in townships. They also noted that the majority of these businesses were able to employ at least one person, who on average, has 2-3 dependants. In line with findings from our 2022 Township CX Report that the kasi economy is an

ecosystem that is driven by convenience and a support network, Sanele Gaqa says these food businesses also buy top-up supplies from spaza shops.

This year's trends point to more local shopping with the township customer showing a willingness to support their local spaza. For brands to gain traction in this market and continue to win over the hearts and minds of customers, they may have to consider collaborating with spazas. Working closely with these businesses will enable brands to increase basket sizes as people top up during the month.

INSIGHTS & KEY FINDINGS

- 51% of respondents claim that they shop at spazas daily.
- 23% of survey respondents say they spend 25% to 50% of their income (24% spending more than half their income) in the township
- 15% increase in respondents who say shop at spazas compared to 2022 data.
- 48% of respondents say they shop at supermarkets once a week.
- Supermarkets are viewed as big grocery shopping establishments while spazas are seen as top-up and daily shopping stores.



STOKVELS



THE STOKVEL COMMUNITY IS BECOMING YOUNGER AND MORE TECH-SAVVY

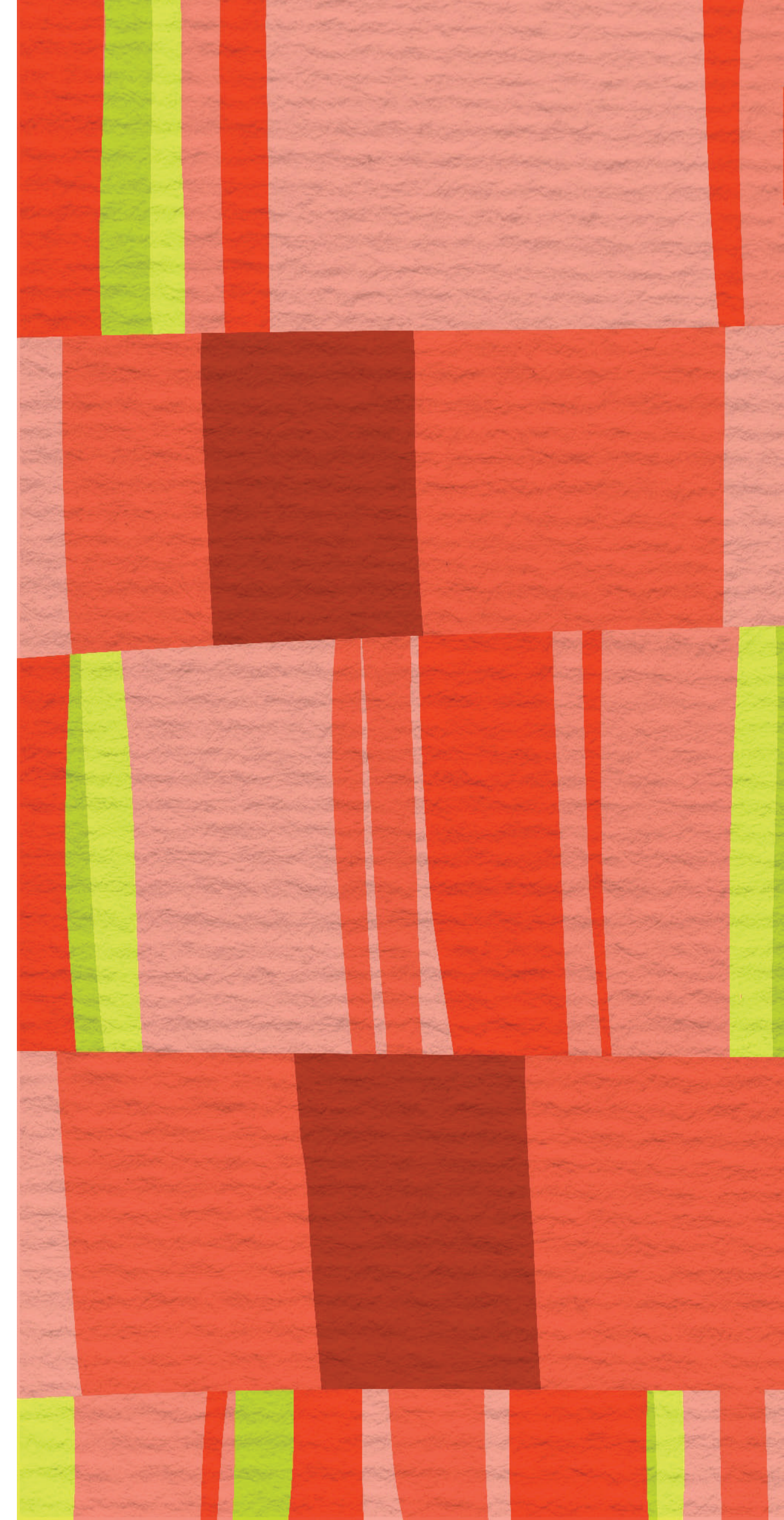
While South Africa is considered to be Africa's most advanced country when it comes to banking, stokvels still seem to be one of the most trusted ways to save money by many township residents. According to Nasasa, a stokvel is a type of credit union in which a group of people enter into an agreement to contribute a fixed amount of money to a common pool weekly, fortnightly or monthly. This financial system is not unique to South Africa and exists worldwide, notably in the communities of developing nations. Old Mutual estimates that stokvels are a R45-billion industry on the rise, with more than 800 000 estimated stokvel groups and 11 million members.

The latest Township CX survey data revealed that more than 51% of respondents say they are part of one or more stokvels - up from 41% last year - which shows that people trust their friends and family with their money, and highlights the importance of

community. This is consistent with findings from the previous years' Township CX Reports, in that friends and family are the most influential factor when it comes to purchasing (and saving) decisions.

Insights from this year's survey data show that, among the people who belong to one or more stokvels, women account for just more than half (over 54%), compared to last year's 62%. Historically, women, especially those that are married and the elderly, were crucial in pioneering the stokvel subculture in black communities. While women still lead the charge in saving and shopping for households, increasingly our data is beginning to show an even split by gender in stokvel membership.

Founding member of The People's Stokvel, and co-founder of The People's Fund, Selebogo Molefe notes that the majority of highly enterprising stokvels that they work with and coach are women-led. He has found that women tend to save more than men in their networks. Our survey data shows that women who belong to one stokvel (26.8%) slightly outnumber men (24.1%). We also found that more men (53.3%) than women (45.9%) are not part of stokvels, which is consistent with the findings shared by Molefe.

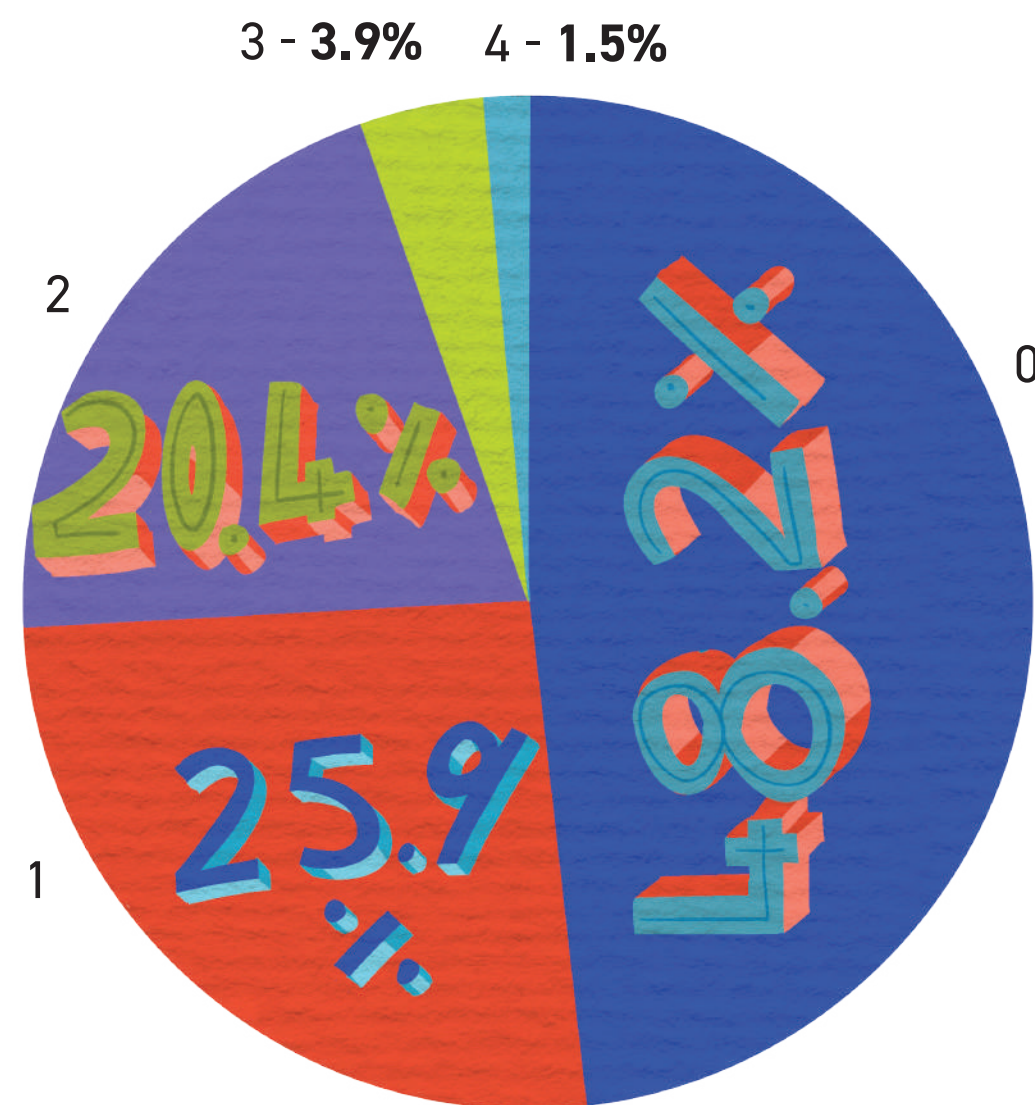


“The majority of highly enterprising stokvels that we work with and coach are women-led.

- Co-founder of The People’s Fund,
Selebogo Molefe



Just over two out of every three (63.9%) of the 25-34 age group indicated that they are part of one or more stokvels, with 29% of respondents being part of at least one stokvel, making them the most prominent age group. This age group also accounts for the highest increase in the adoption of stokvels in this year’s report. According to Tshepo Moloi, the founder and CEO of StokFella, a stokvel app with over 25 000 stokvel members, our data closely aligns with their findings.



HOW MANY STOKVELS ARE YOU PART OF?

Similarly, the 18-24 age group has seen a notable increase in stokvel adoption from last year’s 37% to 44% this year. This indicates a clear trend in younger, more tech-savvy people opting for this group-saving method over other methods, such as banking.

Employed people constitute the highest percentage of stokvel membership at 28% - they also say they belong to at least two stokvels. They are followed by the self-employed, 27.4% of whom belong to one stokvel. The township’s trust economy, as noted in Chapter 4, plays an important role in how people save and invest with stokvels, which was also noted by stokvel financial wellness expert, Palesa Lengolo, in our 2022 Township CX Report.

Further, Tshepo Moloi says their findings show that 60% of digital stokvels are located in Gauteng townships, followed by KZN and Western Cape townships at 10% each. Additionally, 90% of all digital stokvels access their stokvels through their mobile devices, rather than other types of devices.



Our findings show that 60% of digital stokvels are located in Gauteng townships, followed by KZN and Western Cape townships at 10% each.”

- CEO of StokFella, Tshepo Moloi

“It is interesting to note that, despite the importance of data affordability for stokvel members, the two major network providers, Vodacom and MTN, still lead the pack in terms of

preferred network providers, with 36% and 31% of the market share, respectively,” Moloi says, citing some of StokFella’s research. He believes this is likely due to a combination of factors, including network coverage, reliability, brand reputation, and data plan options.

Old Mutual’s Savings and Investment Monitor found that more than half of its black Old Mutual Mass and Foundation Cluster (MFC) clients indicated that they had unbanked cash. This number was significantly higher among the 18-29 age group, with 68% having unbanked cash and choosing to keep their money in stokvels instead.

The head of Old Mutual’s Foundation Market, Sanelisiwe Nkuta said stokvels have progressed in both the way they are perceived and how they operate. Stokvels are no longer used as vehicles for small savings and are increasingly being used, among other uses, as a lender to their members in difficult financial times. As financial pressures continue to intensify in 2023 due to rising inflation, many South Africans continue to use stokvels as a means to save.

As stokvels continue to evolve, we see more tech-enabled options come into play which make it easier and simpler for tech-savvy individuals to manage their money. StokFella is an app that allows stokvel groups and their members to manage, consolidate, communicate, visualise and analyse their stokvel activities, financials and any other related stokvel matters.

According to research by Boston Consulting Group in partnership with Discovery Bank, approximately 11 million South Africans are “unbanked”. In addition, the research found that 95% withdraw cash from ATMs at least once a month. There are many reasons why certain segments of the population

continue to use cash over formal banking, from high banking fees to low interest rates, and concerns about the reliability of online banking.

Despite having such a large unbanked population, South Africa has the highest penetration of fintech in the African continent. Developments in fintech are driving financial inclusion for businesses and customers alike, with several digital payment

innovations such as Selpal, Lipa and mojaPay specifically focused on businesses in townships and rural areas. Another recent development in the fintech space is PayShap, the first rapid payments platform endorsed by the South African Reserve Bank and launched with four commercial banks, which allows South Africans to instantly send money to each other using only a cell phone number.

INSIGHTS & KEY FINDINGS

- 51% of respondents say they are part of one or more stokvels, which shows that people trust their friends and family with their money and highlights the importance of community.
- The highest increase in the adoption of stokvels this year is within the 25-34 age group and the 18-24 age groups, indicating a clear trend in that younger, more tech-savvy people are opting for this group saving method over other banking/saving methods.
- High rate of unemployment may be driving the uptake of stokvel participation in younger age groups.
- As financial pressures continue to rise, many South Africans are turning to stokvels as a means to save and receive informal credit.
- Although historically women were pioneers in stokvel culture, there appears to be a trend for a more equal gender split in stokvels.
- As stokvels continue to evolve and attract younger groups, we see more tech come into play in this space.
- Approximately 11 million South Africans are “unbanked” and 95% of people said they withdraw cash from ATMs at least once a month.
- Despite having such a large unbanked population, South Africa has the highest penetration of fintech in the African continent.

SOURCES

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THE TOWNSHIP ECONOMY: A VALUE-DRIVEN MARKET

The township economy in South Africa has emerged as a significant contributor to the country's GDP. In recent years, the township economy has grown significantly, driven by the growth of small businesses, increased spending power, and a shift in consumer behaviour. This chapter examines the trends and drivers of the township economy, focusing on the value-driven market and the trust between consumers and locally-produced products.

It is important to define the difference between trust and value. Trust refers to the belief or confidence that consumers have in a brand or business to deliver on their promises and provide a satisfactory experience. Value, on the other hand, refers to the

worth or usefulness that consumers perceive they are getting from a product or service in relation to its price. While trust can influence a consumer's decision to choose a particular brand, value is often a more significant factor in purchasing decisions, especially in the township economy where price sensitivity is high.

One of the most significant trends in the township economy is the preference for value over brand affinity. Our research found that more than 22% of respondents said they have bought clothes and furniture, as well as paid for services, that were offered in the township while just under 50% say they have bought food that was prepared and manufactured in their

respective townships. When asked what motivates them to purchase from a brand, 59.3% of respondents said price, while 24.9% said a brand that understands them, and 10.4% said advertising. There is definitely less interest in brands that are not meeting the community's needs when it comes to price.



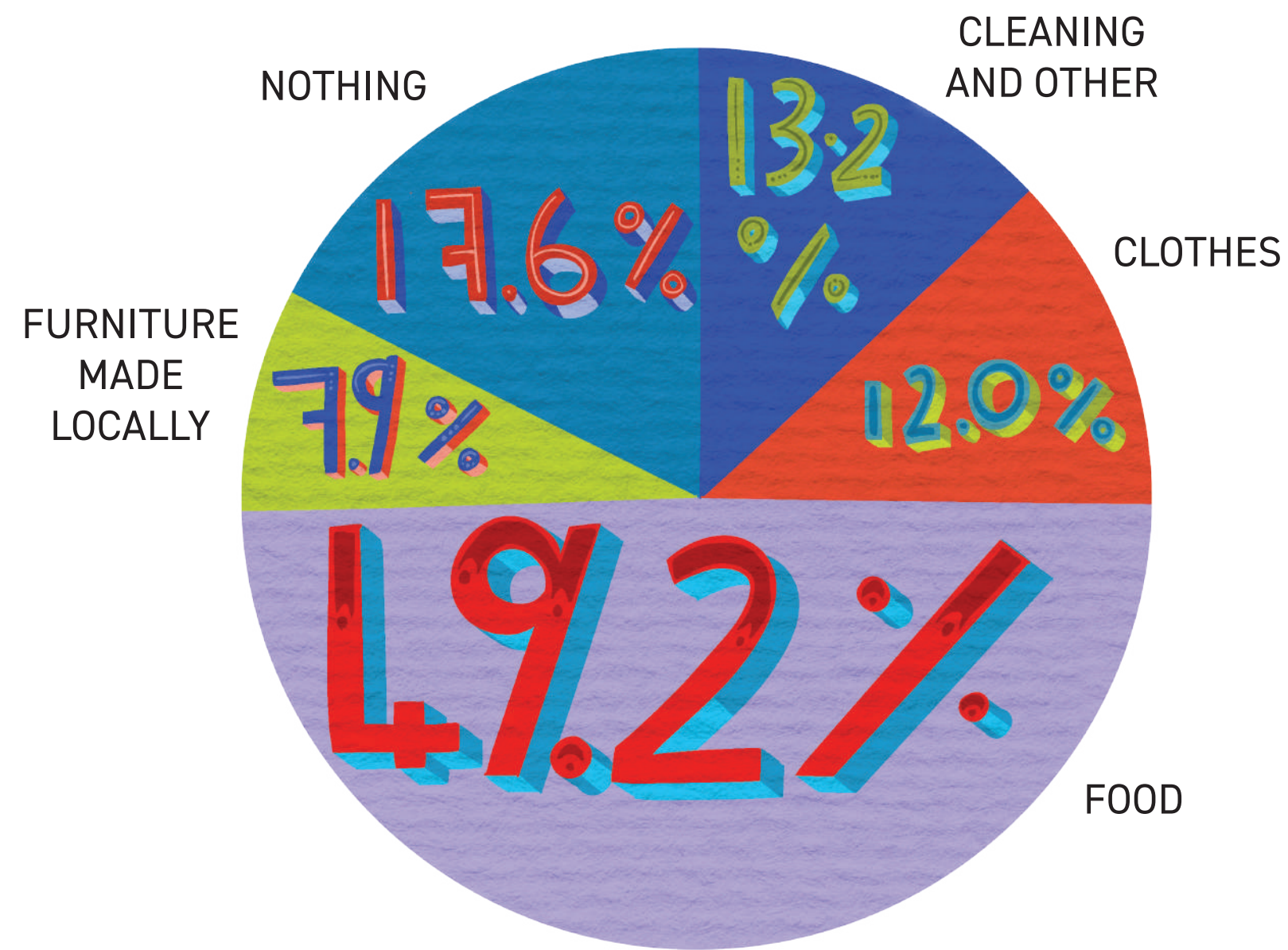
In these tough economic times, consumers are looking for the best way to stretch their rand."

- CEO of Vuleka, Brian Makwaiba

"In these tough economic times, consumers are looking for the best way to stretch their rand," says Brian Makwaiba, CEO of Vuleka, a multi-award-winning e-commerce and fintech platform that works with over 5 000 spaza shop owners. Previously, consumers would be brand loyal and even resort to buying smaller pack sizes or quantities of a product they liked. However, Makwaiba notes that "we have found that consumers now opt for competing products based on affordability." He also adds that "trust in the township community is based a lot on word-of-mouth and personal experiences that people have with products and services."



Last year, the Township CX Report found that consumers in townships trust locally produced products more than those from outside their communities. According to the 2022 report, 73.8% of respondents said they trust locally produced products, while only 5.3% said they do not. Additionally, 45.9% of respondents said they would buy a product made in their community. But consumer trust goes beyond value. A NielsenIQ report from 2022 found that local and smaller brands are more



WHAT PRODUCTS OR SERVICES HAVE YOU BOUGHT IN THE LAST 12 MONTHS THAT ARE OFFERED, PRODUCED AND MANUFACTURED IN YOUR TOWNSHIP?

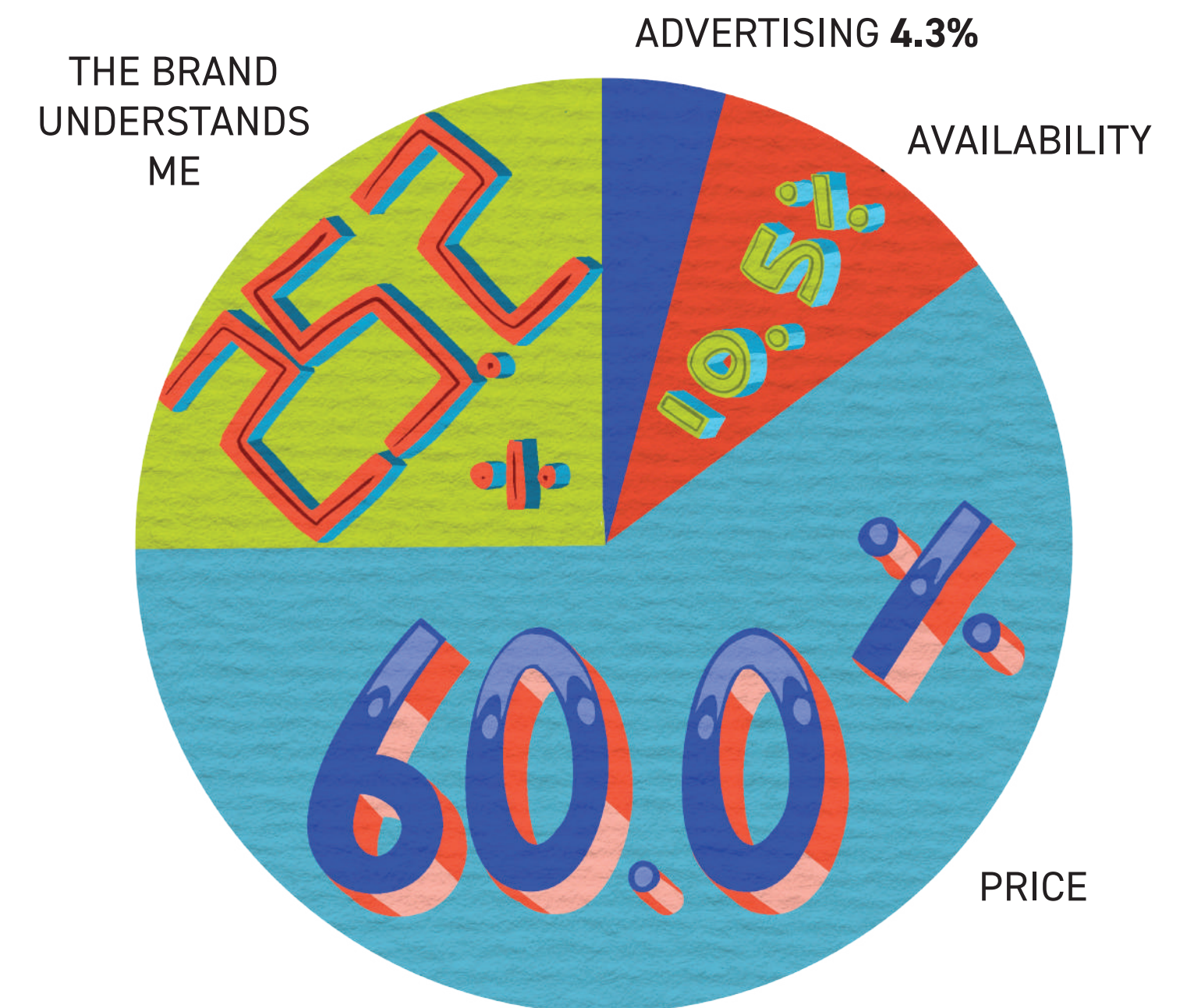
trusted than international brands in South Africa because local brands are perceived as being more in touch with the country's unique challenges and cultural nuances, which helps build trust with consumers in townships and other areas.

Spaza shops are an essential part of the township economy, providing goods and services to residents. According to a recent study, there are approximately 200 000 spaza shops in South Africa, with the majority located in townships. The study also found that more than 54% of respondents said they have bought products that were repackaged outside of their original packaging (by spaza owners), partly demonstrating the trust between consumers and spaza owners, as well as customers' search for value.

Citing research by StatsSA, Kantar's Client Growth Partner, Jack Hlongwane says employed township dwellers spend 15% of their gross salary on transportation. The median wage in South Africa is R3 300, and each wage supports 3.5 people (R930 per person – or R30 per person, per day), so township consumers don't really have much left to spend on food, clothes, personal care and other luxuries. "They are value shoppers by circumstance and not by choice – hence brands and retailers that offer deals and promotions, deliver value and if they do this continually they earn the trust of shoppers."

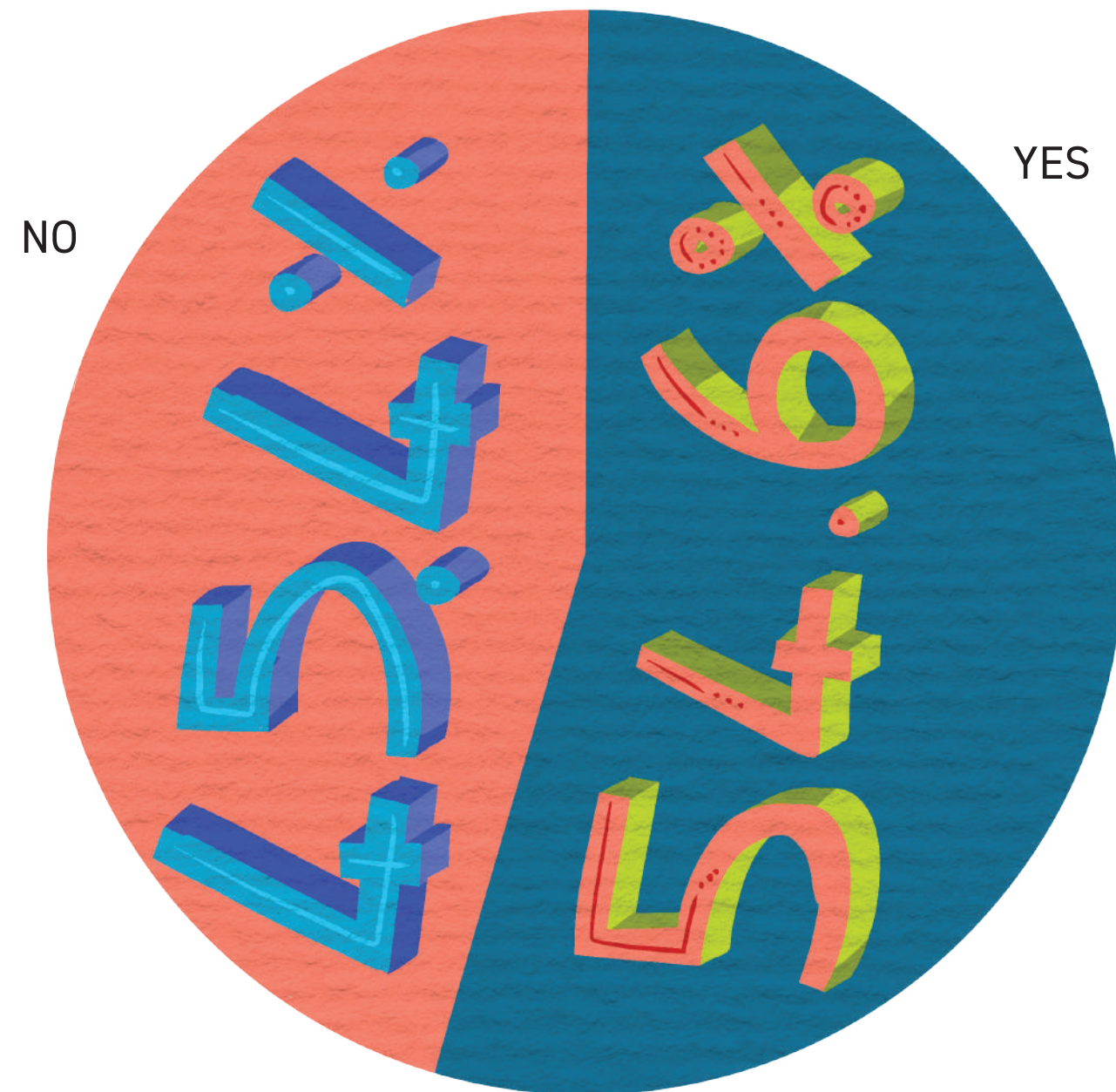
"It is for these reasons that local products and spaza shops have won the hearts of the township consumer," says Hlongwane. "They show up each time for the shopper on a consistent basis because they understand the reality of the value shopper. They are close by, offer credit, package flexibly, and more importantly, you can be 50 cents short – you will come home with a product, something a modern trade channel will never do for the value shopper."

"Post-pandemic, the township economy has undergone significant changes," highlights Bongani Mabuza, the founder of African Accent, who operates as a spaza shop owner and distributor in and around Katlehong. He notes a rise in unemployment and heightened price sensitivity among the population. To adapt to this shift, spaza shops have embraced more affordable options, leading to the implementation of a weigh-and-pay model and the inclusion of non-branded essentials like bread, maize meal, beans, eggs, and other staples.



WHAT MOTIVATES YOU TO BUY ONE BRAND OVER ANOTHER?

According to Mabuza, many customers now prefer purchasing smaller quantities or individual units as this proves more economical for them. This shift in mindset has enabled spaza owners to depart from stocking expensive, prominent brands. “Spaza owners can now establish their own house brands and produce items such as bread, baked goods, atchaar, sauces, and more.”



HAVE YOU EVER BOUGHT PRODUCTS AT A SPAZA SHOP THAT WERE NOT IN THE ORIGINAL PACK, ONES THAT ARE REPACKAGED BY THE STORE OWNER? (E.G. BABY FORMULA, MAIZE MEAL OR ANY OTHER)

He observes that older customers and those who view branded items as status symbols are typically the ones remaining loyal to major brands. Mabuza believes this power shift has given township communities the ability to influence brands and has created opportunities for affordable locally-produced products to thrive and offer value in the market.

Research by NielsenIQ, as reported in the Mail & Guardian, corroborates Mabuza’s experience; that retailers are exploring various strategies to capture the township market. One such strategy is to offer smaller pack sizes and affordable pricing to cater to the lower-income consumer segment. This has led to an increase in the demand for sachet packaging, which allows consumers to purchase smaller quantities of a product at a lower price point.

“To adapt to consumer price sensitivity, spaza shops have embraced more affordable options, leading to the implementation of a weigh-and-pay model.”



- Founder of African Accent, Bongani Mabuza

Another strategy is to focus on improving the in-store experience by offering a wider product range, more attractive displays, and convenient locations. Retailers are also partnering with local suppliers to offer locally sourced products that appeal to the unique tastes and preferences of township consumers.

NielsenIQ also notes that e-commerce platforms are increasingly targeting the township market by offering mobile-

based shopping experiences and doorstep delivery services. This is seen as an opportunity to reach consumers who may not have easy access to physical retail outlets. This is touched on in other chapters and is confirmed by our own research.

Brian Makwaiba, of Vuleka, says that retailers who want to succeed in the township market need to close the e-commerce gap. He cites several examples of how retailers can do this, including providing easy access to customer service, offering cash-based payments with instant resolution when problems occur, and tailoring their e-commerce experiences to the specific needs of township consumers.

Overall, retailers are recognising the potential of the township market and are exploring various strategies to capture this lucrative consumer segment.

The township economy is a dynamic and rapidly growing market, with a focus on value and trust, less than brand affinity. Consumers in townships trust locally-produced products and are willing to support small businesses within their communities. Spaza shops play a crucial role in providing goods and services to residents, and their relationship with customers is based on trust and value. 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.

INSIGHTS & KEY FINDINGS



- Consumers in townships are more concerned with value than brand loyalty, with 54% having purchased products that were repackaged outside of their original packaging.
- Trust is a major factor in the township economy, with consumers showing increased trust in locally-produced products, as well as in spaza shop owners who offer repackaged goods.
- Locally-produced food products are particularly popular in townships, with just under 50% of respondents having bought food that was prepared and manufactured in their townships.
- Price is the biggest motivator for purchasing decisions, with 593 respondents citing it as their main reason for choosing a brand.

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TOWNSHIP DELIVERY SERVICE LANDSCAPE

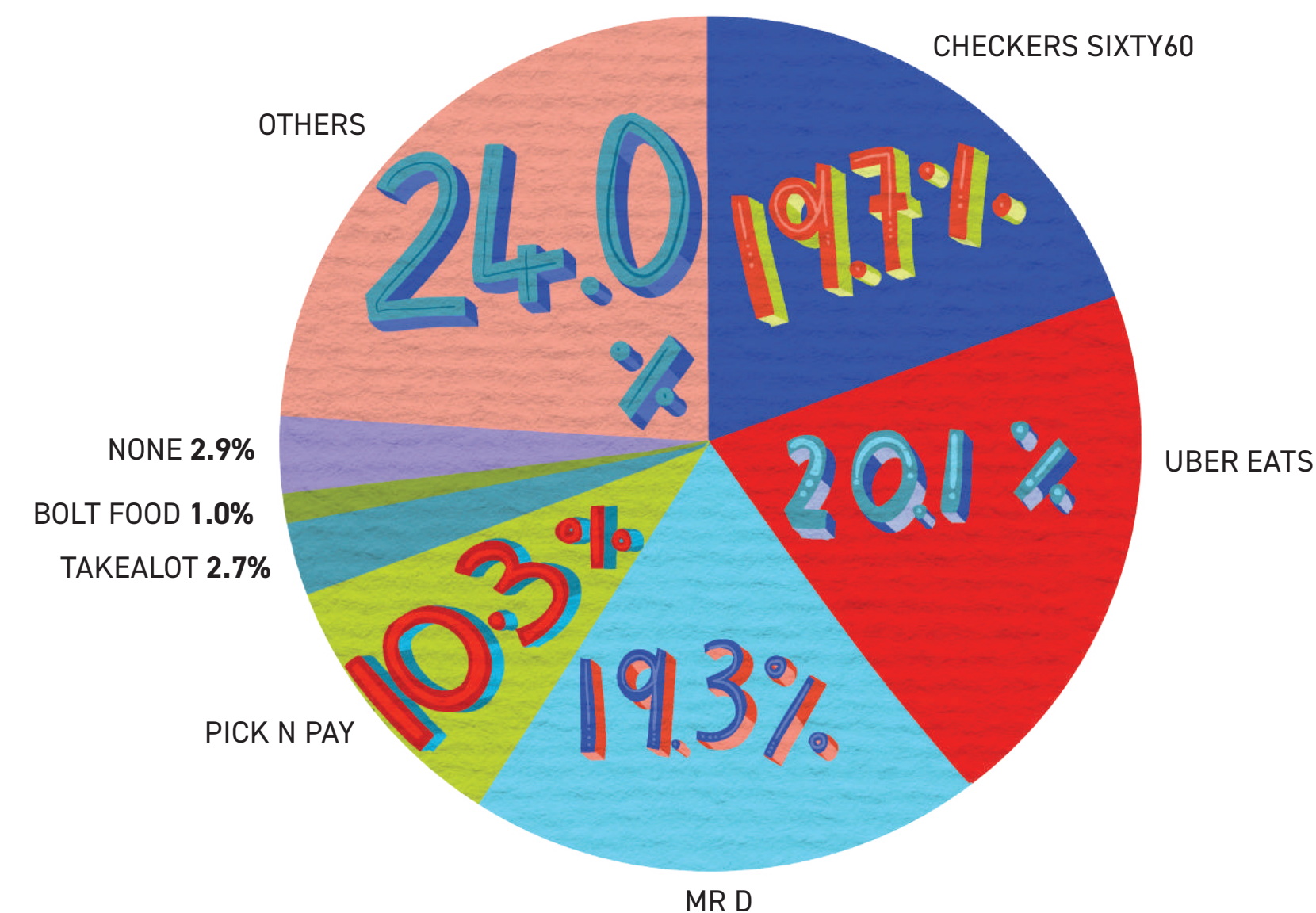
While South Africa is faced with a myriad of service delivery issues that have more negative effects on the township economy, as cited in chapter two, there are also parts that are thriving. One of these spaces is in the private sector's ability to distribute everything from food to pharmaceuticals. The same can also be seen in the entrepreneurial minds who create delivery alternatives that challenge and disrupt the known giants.

Last year's study demonstrated that e-commerce is flourishing in South Africa's townships, so for the 2023 edition of the Township CX Report, we wanted to understand which delivery services were getting their last-mile strategy right and unpack how this really works.

The pandemic saw an explosion in demand for food and grocery delivery services across South Africa. But media reports - and on-the-ground anecdotal evidence - indicate that while the major grocers and food aggregator apps were leading the charge at a national level, not all of them are equipped (or able, due to mapping issues) to provide services in the township.

When asked an unprompted question as to which service providers were top of mind, Uber Eats was cited by 20% of respondents while Checkers Sixty60 came in at a close 19,7%. Mr D followed hot on their heels at 19,3%, while Pick n Pay's ASAP attracted 10% recall. But despite all the investment the majors have made, and

the brand awareness this has afforded them, the township ecosystem has unique needs and, unsurprisingly, has given birth to solutions that specifically cater to these.



WHICH DELIVERY SERVICE COMES TO MIND FOR FOOD AND GROCERY DELIVERY?

A SHIFT IN TOWNSHIP DELIVERY DYNAMICS

Platforms like Zulzi, which was recently lauded for beating the major grocers on both basket price and delivery speed², and YeboFresh, which has just raised some \$4.5m in pre-series A funding³, are changing the dynamic of local township delivery.

Zulzi, for example, has added pharmaceuticals to its core grocery inventory and also offers its customers the opportunity to take out instant loans or use peer-to-peer lending for buy-now-pay-later transactions⁴.

Noticing that many fast food vendors - including those selling kotas - were using inexpensive unbranded boxes, Swypa Delivery, a beneficiary of the MultiChoice Innovation Fund stepped in⁵. They created a packaging solution for kotas, which is fully branded to suit the vendor, has an anti-spill feature and can be used as a lunch box and plate.

Unlike Zulzi, which emulates the B2C model offered by the major grocers, YeboFresh has carved a niche for itself by also catering to the needs of spazas and community organisations. These groups benefit from YeboFresh's bulk buying power. They place orders via WhatsApp, are offered a buy-now-pay-later solution, and have their orders delivered to their shops. This helps save the time and money it would take to travel to their traditional wholesale suppliers and ensures that customers can always buy what they need.

"Generally, delivery times vary depending on the type of service," says Jessica Boonstra, founder and CEO of Yebo Fresh. "Quick motorcycle delivery may be within 15-45 minutes for

fast food and 'quick-commerce'," she says. "For B2B township deliveries, the more typical lead time is the same or the next day, using larger vehicles and combining trips to optimise costing."



THE FUTURE IS CASHLESS

"The transition from cash-based to cashless transactions within South Africa's informal economy, particularly within townships, is accelerating as businesses and consumers alike recognise the benefits and need for greater financial inclusion," adds Yebo Fresh's Jessica Boonstra.

A recent Mastercard study, Boonstra says, reveals that despite the enduring prevalence of cash transactions, a declining perception of cash's convenience and increasing concerns around safety are driving a shift towards digital payment methods.

In line with this market trend, Yebo Fresh has navigated this shift in its own operations. Initially, 80% of their transactions

were cash-based, but through strategic initiatives and responsive adaptation to customer needs, they have transitioned to a predominantly cashless business model.

Research conducted by Yebo Fresh showed that at the onset of this transition, 67% of their B2B customers were already cashless-ready, utilising payment platforms like Shop2Shop, Kazang, and Flash. This indicates a low resistance to going cashless, with businesses acknowledging the mantra that "cash is king, but the future is cashless." These businesses, says Boonstra, understand the importance of removing cash from the system for reasons of cost reduction and safety.



The transition from cash-based to cashless transactions within South Africa's informal economy, particularly within townships, is accelerating."

- CEO of Yebo Fresh, Jessica Boonstra

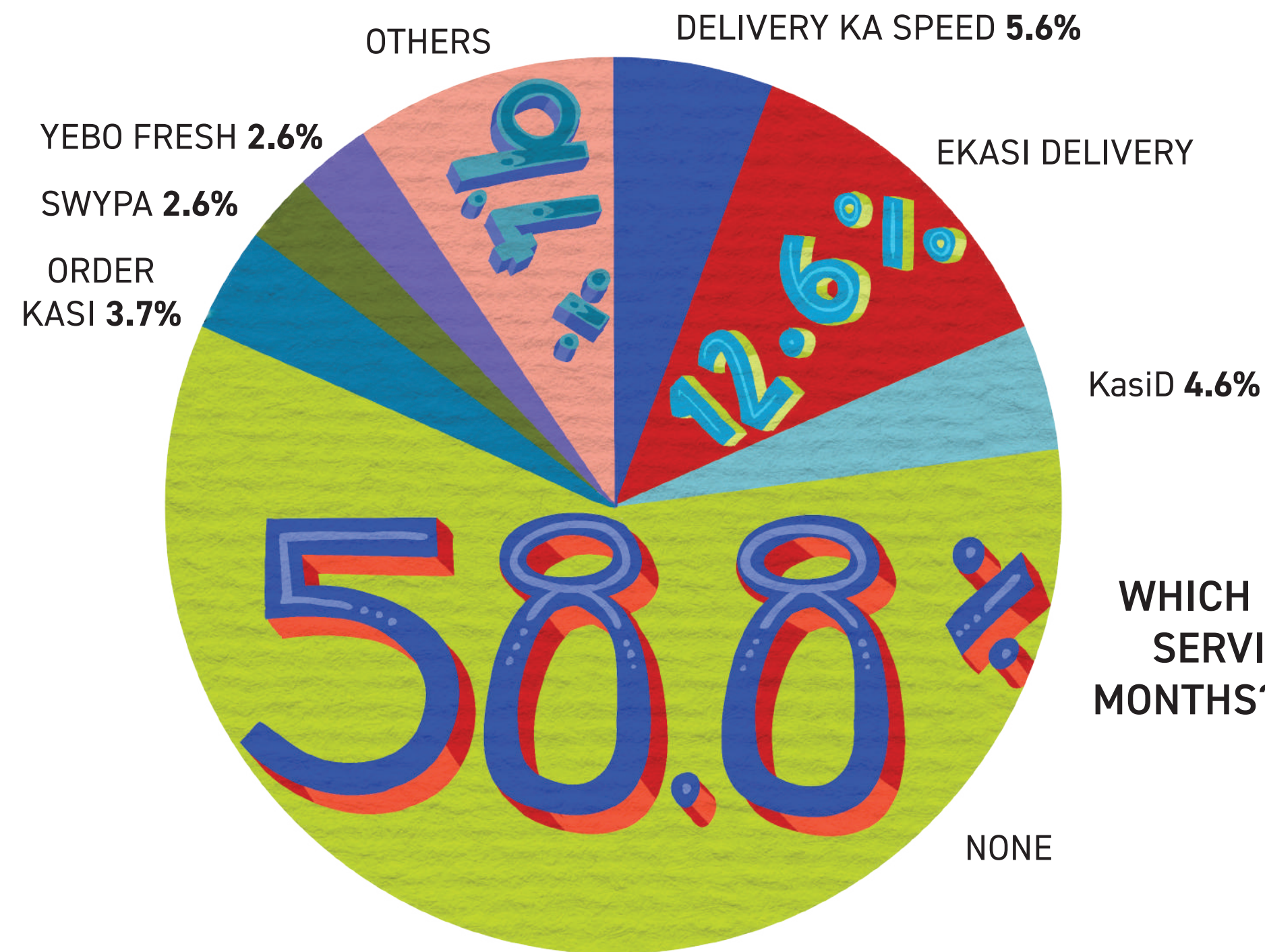
Overall, these changes signify a progressive shift in consumer behaviour and business practices within the informal sector, demonstrating an increased readiness to embrace the conveniences and security benefits of digital transactions, says Jessica Boonstra. This shift, she notes, is not only beneficial for the businesses involved but is also a critical step towards promoting broader financial inclusion within South Africa's informal economy.

TAKING ON THE GIANTS, ONE TOWNSHIP AT A TIME

While the township delivery services are incredibly popular, the regionalised nature of their delivery areas (most service a limited number of locations) means that brand awareness and utilisation levels, while high in their own playgrounds, lag those of the grocers who operate nationally.

eKasi delivery, which largely operates in Kathorus in Gauteng's East Rand, has been used by 12% of our respondents in the past year. Zulzi, which has a presence in both townships and many of Johannesburg's middle-class suburbs, was the go-to delivery service for 9% of our sample, while Hammanskraal-based Delivery Ka Speed 6 had been used by 5% of those we interviewed.

Strong utilisation of local delivery services is, perhaps, one of the reasons that the township's circular economy is thriving. As we saw in Chapter 2, 48% of respondents spend more than a quarter of their earnings inside the township each month.



INSIGHTS & KEY FINDINGS

- While big advertising budgets build brand awareness of national delivery giants, local is lekker for township residents who have a stronger affinity with kasi-centric delivery services.
- The township economy is becoming more cashless in line with current trends.
- Township business and consumer behaviour demonstrate an increased readiness to embrace the conveniences of digital transactions
- Innovation - from Sywpa's kota boxes to Zulzi's speed - drives uptake and powers the township's circular economy.
- 27.5% of residents claim smaller delivery services are top of mind.



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- ⁵ ZULZI ADDS PHARMACEUTICALS TO ITS MENU (SUNDAY TIMES): [HTTPS://BIT.LY/3M53XSK](https://bit.ly/3m53xsk)
- ⁶ NEW DELIVERY APP FOR TOWNSHIP-BASED BUSINESSES (MULTICHOICE): [HTTPS://BIT.LY/3PLDR9C](https://bit.ly/3pldr9c)
- ⁷ #STARTUPSTORY: DELIVERY KA SPEED - A TOWNSHIP FAST-FOOD DELIVERY SERVICE (BIZCOMMUNITY): [HTTPS://BIT.LY/42XG58V](https://bit.ly/42xg58v)



SOUTH AFRICAN FASHION COMPETING FOR SHARE WALLET

SOUTH AFRICAN FASHION ON THE RISE AND WINNING SHARE OF WALLET

South African-grown fashion brands continue to make strides both locally and internationally, which is evidenced by collaborations such as the groundbreaking partnership between LVMH prize-winning designer, Thebe Magugu and Dior¹. One of the most popular South African footwear brands from last year's Township CX Report, Drip, has also collaborated with international sportswear giant Fila, putting them on the map beyond our shores.

MONEY TALKS

In 2022, 74% of respondents said they were likely to buy South African fashion brands if they were available for purchase on store accounts. This year, we expanded on this question to understand whether township residents are actually buying these brands, beyond the desire they expressed in 2022. And indeed they are. The latest survey results show the South African fashion brand Bathu is in the lead with 7% of respondents saying they bought an item by the brand in the last twelve months, followed by Drip (4,4%) and Amakikip which was purchased by just over 1% of respondents.

In comparison, 6,3% of respondents tell us they bought international fashion brands in the past 12 twelve months. Although international fashion brands still influence South Africa's township street culture, local brands are making significant inroads.

Kantar's Client Growth Partner, Jack Hlongwane, believes locally made brands such as Bathu, Drip and many other emerging brands stand for something bigger than taste and style. "They stand for triumph! Triumph over the numerous circumstances and challenges people have had to build a meaningful life for themselves," says Hlongwane. These sentiments were highlighted by commentators in our 2022 report including designer and Founder of Jo'burg City Denim, Bheki Mogapi, who was seeing a vibrant community of emerging local fashion designers tapping into the demand for authentic and unique local clothing.

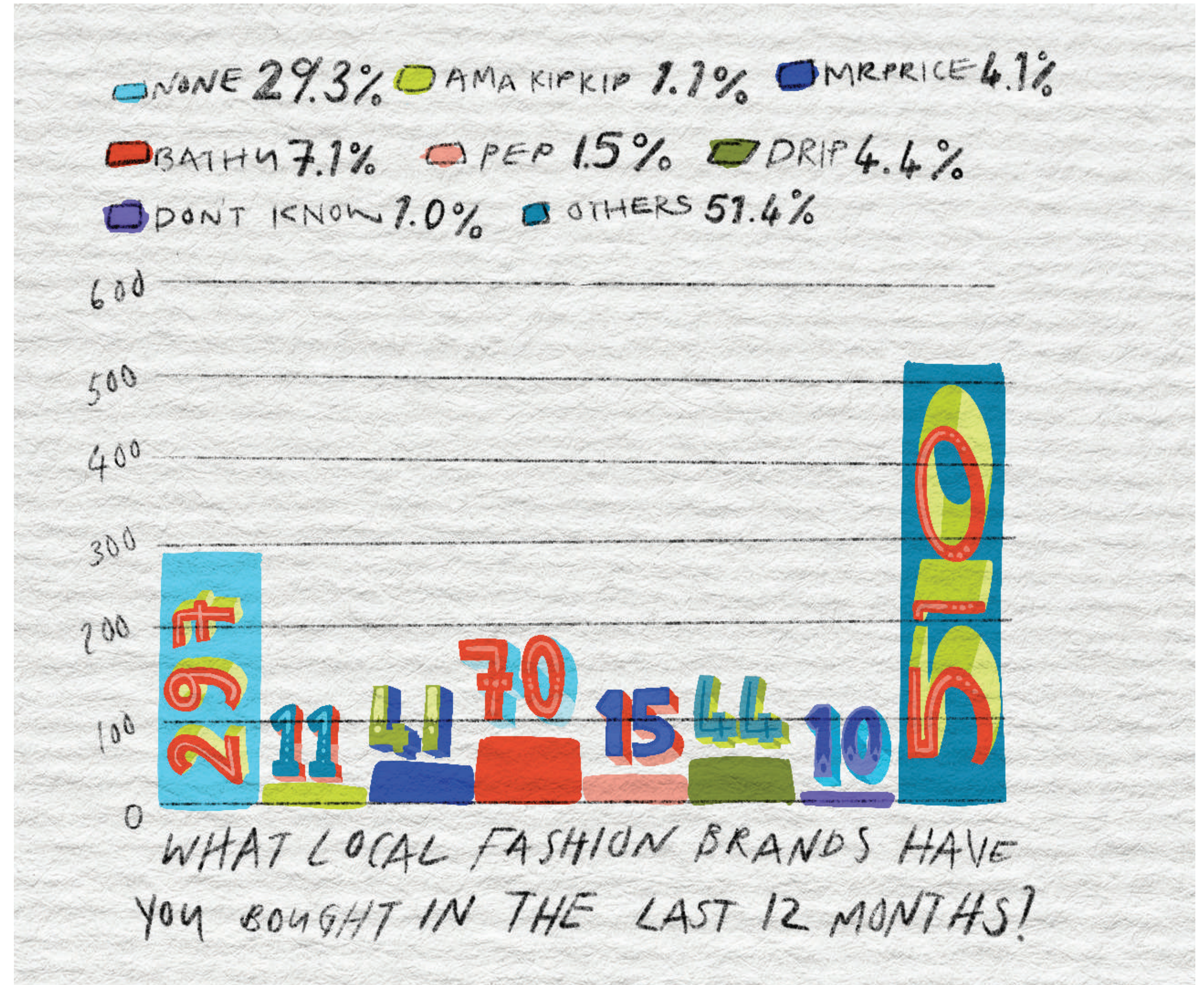


Locally-made brands such as Bathu, Drip and many other emerging brands stand for something bigger than taste and style. They stand for triumph!"

- Kantar's Client Growth Partner, Jack Hlongwane

SPEND ON HOMEGROWN SWAG

In the 2022 Township CX Report, individuals aged 25-34 accounted for 39% of those who were more likely to choose local over international fashion brands, followed by the 18-24 age group with 36% of respondents favouring homegrown styles. This year we asked them how much they were spending on local fashion. Almost two out of every ten respondents (16,7%) said they spent between R1 000 and



R2 000 on local fashion - the highest concentration of rands spent in the past year. People aged 25-34 make up the majority of this band, with 21% saying they spent between R1 000 and R2 000 on local fashion. Looking at the data of people who spent between R1 000 and R2 000, males account for 18.7% and females make up 15.8% of respondents.

Respondents who spent between R2 001 and R2 999 make up 4,9% of people who bought local fashion in the past year, and once again the highest concentration is within the 25-34 age group who constitute 6% of respondents. At this level of spend, males represent 6%, followed by females at 4%.

Survey participants residing in South African townships who spent the most - over R3 000 - on local fashion in the past year amount to 5,6% of total respondents. At this level, data shows that those aged 35-44 make up 6,8% of respondents, closely followed by the 25-34 age group at 6,3%.

In 2022, data showed that 59% of the people aged 25-34, across South African townships, who were more likely to shop for local brands using their store cards were women. This year, respondents who identify as male, spent the most on local fashion across all amounts categorised in the survey.



Based on some of these findings and the rapid adoption of these brands in street culture, it is clear that township residents are invested in the success of local brands. Our 2022 data highlighted that local fashion brands are not only considered premium, but it's clear from the 2023 numbers that township residents are going beyond simple desire, and are prepared to spend the money needed to own their local brand of choice.

INFLUENCING THE STREETS, INFLUENCING AFRICA

Drip and Bathu are possibly the most visible brands in the South African entertainment and social media scene, as they collaborate with well-known names. Last year saw the announcement that rapper and TV presenter, Nomuzi "Moozlie" Mabena was to collaborate with Drip and Fila². Bathu is also known to collaborate with some of South Africa's most prominent media personalities, such as their Bathu Moja edition with Somizi Mhlongo, which was first launched in 2021.

Telling us about the growth of their brand, Bathu's brand manager, Thabo Manenje says: "The township market contributes immensely towards our revenue, and it is flattering to still see a desire to spend regardless of the form of payment." Manenje notes that their stores have also seen a rise in access to a credit facility they offer customers. He believes this trend demonstrates that people's desire to look and feel good remains unwavering, even amidst challenging economic conditions.

Furthermore, Manenje emphasises that in South Africa, there is ample opportunity for us to cultivate a greater sense of pride in our homegrown brands. He draws a parallel to the

"The township market contributes immensely towards our revenue, and it is flattering to still see a desire to spend regardless of the form of payment."



- Brand Manager of Bathu, Thabo Manenje

American mindset, where there is a widespread belief that anything produced domestically is inherently superior to foreign alternatives. "It is imperative for us as local brands to convey this sense of superiority, meet the demand, deliver exceptional quality, and stay abreast of current trends," he asserts.

Echoing similar sentiments, Kantar's Jack Hlongwane says that people in emerging markets have been waiting for high-quality, reliable local brands with stories that resonate with them. He believes that local brands compete on culture and emotional connection, which are the best ways to differentiate a product from the competition. This local or regional support can then serve as a springboard for local brands to grow across many geographic boundaries.

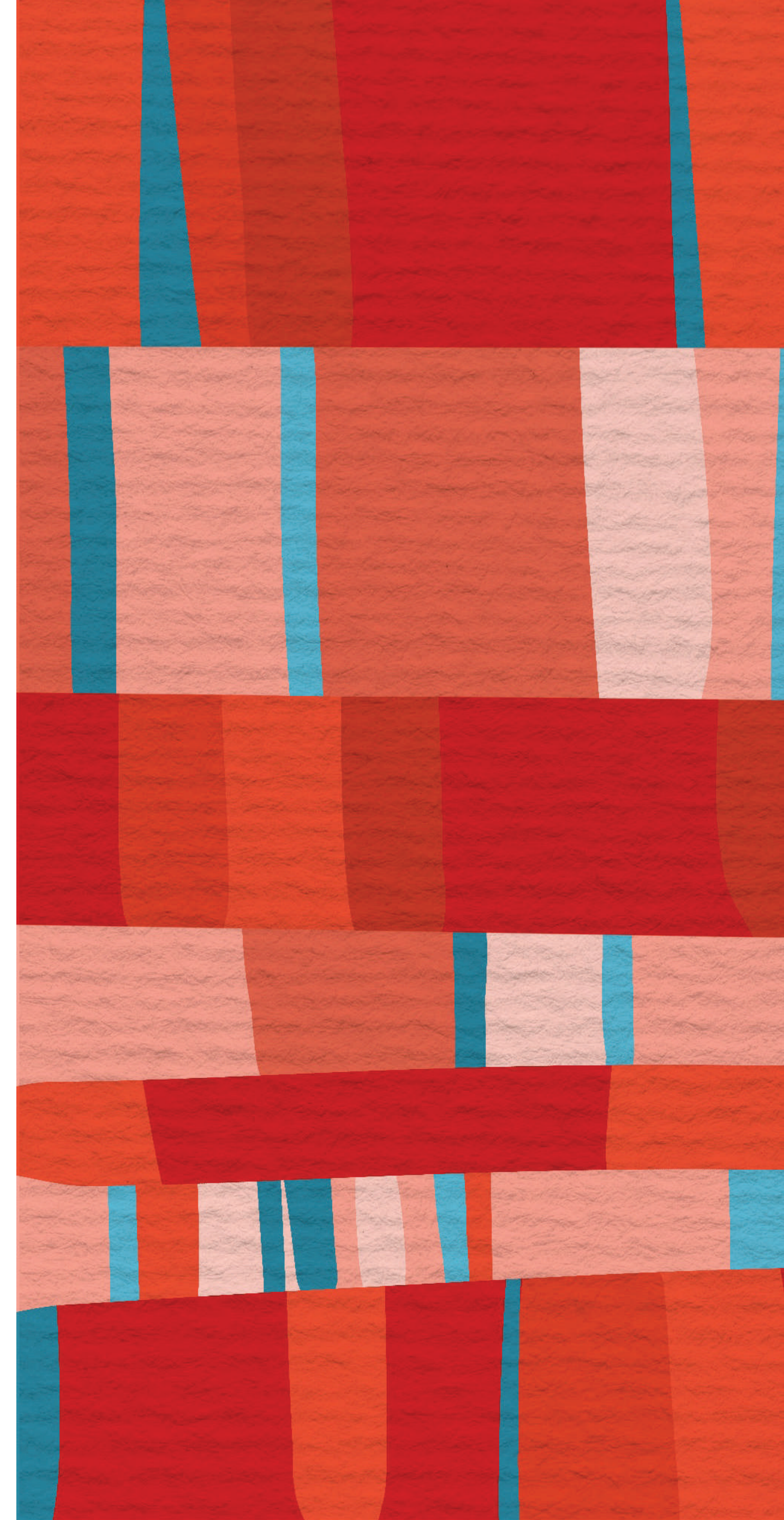
The fact that these challenger brands - Bathu and Drip - have once again made it onto the Brand Africa Top 100 Most Admired Brands list in 2023, alongside global giants, is a testament to the increasing consciousness of African consumers towards homegrown African brands.³

INSIGHTS & KEY FINDINGS

- 6,6% of respondents say they bought a Bathu branded item in the past year.
- 4,2% of respondents bought Drip in the last 12 months.
- 16,7% of respondents spent between R1 000 and R2 000 on local fashion in the past year.
- 21% of respondents - aged 25-34 - spent between R1 000 and R2 000 on local fashion in the past year.
- 10% of participants spent R2 001 to R2 999 on local fashion in the past year.
- 11,7% of respondents spent over R3 000 on local fashion.
- Drip and Bathu are among Africa's Top 100 Most Admired Brands.



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CONCLUSION

South African township residents have been faced with some of the most difficult times over the past few years including record-high levels of unemployment, load-shedding and extended hours of load reduction, which have an adverse economic impact on township businesses. That said, these resilient communities keep surprising everyone with the alternatives, products and services they create to serve customers. This year, data is showing us that value has overtaken brand in the hearts, minds, and wallets of the kasi shopper.

COMMUNICATE VALUE

One of the most significant trends in the township economy is the preference for value over brand affinity. Our research found that more than 22% of respondents said they have bought clothes and furniture, as well as paid for services, that were offered in the township while just under 50% say they have bought food that was prepared and manufactured in their respective townships. "In these tough economic times, consumers are looking for the best way to stretch their rand," says Brian Makwaiba, CEO of Vuleka, a multi-award-winning e-commerce and fintech platform that works with over 5 000 spaza shop owners.

DIGITALISATION ON THE RISE

As kasi residents weather the storms of a tough economy, they are turning to digital platforms for work and small business opportunities. This year, just over 60% of respondents say they, or someone they know, have sold products and services online, or begun working online.

CEO of isizwe.com, Steve Briggs says through the Kayamandi Fibre Project, they focused on democratising high-speed fibre internet access, ensuring equal opportunities for all, regardless of income. Their pay-as-you-go model has revolutionised data purchasing, making it more affordable and flexible. "It has created sustainable employment opportunities and introduced an innovative value-sharing model, setting a benchmark for digital inclusion in the community."

INCREASED SPAZA SHOPPING

While the kasi economy is faced with daunting challenges, data shows that township residents prefer to shop close to where they live, with 23% of survey respondents saying they spend 25% to 50% of their income in the township with just over half - 51% - of our respondents saying they shop at spazas daily.

This year's trends point to more local shopping with the township customer showing a willingness to support their local spaza. For brands to gain traction in this market and continue to win over the hearts and minds of customers, they may have to consider collaborating with spazas.

STOKVEL MEMBERS BECOME YOUNGER AND MORE TECH-SAVVY

Year-on-year data shows increased trust in stokvels, with research showing that members are becoming younger and relying more on technology to manage their stokvels. Just over two out of every three (63.9%) of the 25-34 age group indicated that they are part of one or more stokvels, with 29% of respondents being part of at least one stokvel, making them the most prominent age group.

Similarly, the 18-24 age group has seen a notable increase in stokvel adoption from last year's 37% to 44% this year. This indicates a clear trend in younger, more tech-savvy people opting for this group-saving method over other methods, such as banking.

Founding member of The People's Stokvel, and co-founder of The People's Fund, Selebogo Molefe notes that the majority of highly enterprising stokvels that they work with and coach are women-led. He has found that women tend to save more than men in their networks.

THE EMERGENCE OF CHALLENGER DELIVERY SERVICES

The emergence of challenger delivery services
The pandemic saw an increase in delivery services emerging in South African townships, most of which are localised. This year we asked township residents which ones they have used and many little-known names such as Ekasi Delivery (12.6%), KasiD (4.6%) and Delivery Ka Speed (5.6%) were mentioned by respondents.

While the township delivery services are incredibly popular, the regionalised nature of their delivery areas (most service a limited number of locations) means that brand awareness and utilisation levels, while high in their own playgrounds, lag those of the grocers who operate nationally.

LOCAL FASHION WINNING OVER THE KASI SHOPPER

In 2022, 74% of respondents said they were likely to buy South African fashion brands if they were available for purchase on store accounts. This year, we expanded on this question to understand whether township residents are buying these brands, beyond the desire they expressed in 2022. And indeed, they are.

The latest survey results show the South African fashion brand Bathu is in the lead with 7% of respondents saying they bought an item by the brand in the last twelve months, followed by Drip (4,4%) and Amakipkip which was purchased by just over 1% of respondents.

Bathu's Brand Manager, Thabo Manenje says: "The township market contributes immensely towards our revenue, and it is flattering to still see a desire to spend regardless of the form of payment."



BRANDS SHOULD BE MORE PRESENT THAN VISIBLE

This year's Township CX Report shows that in a value-driven township economy brands that are present in the customers' lives are more likely to remain relevant in their hearts and minds. Brands that understand the customer experience of the township shopper from communication to engagement beyond the shelf will be rewarded when the economy improves.

Recognising the potential of townships and their residents and fostering their development is crucial. By investing in infrastructure, improving service delivery, and supporting local businesses, we can unlock the untapped potential of these communities. Policymakers, entrepreneurs, and investors should work together to create an enabling environment that promotes economic growth, job creation, and sustainable development within South African townships.

ABOUT THE REPORT OUTLINES

Rogerwilco

Rogerwilco is a multi-award winning, independently owned end-to-end digital customer experience (CX) agency with business units in Cape Town, Johannesburg and London.

The company offers a full range of digital services including strategy, creative, social, performance, development and marketing technology solutions to enterprise-level customers and leading non-governmental organisations.

To help CMOs better understand the dynamics of the local market, the company conducts several major research projects each year including its annual South African Digital Customer Experience report and this Township CX report.

For more information on Rogerwilco visit: www.rogerwilco.co.za

Survey54

Survey54 is a consumer intelligence platform. The company allows organizations to survey millions of consumers across Africa. This is all done remotely through the power of mobile. As an automated data platform, we bring brands closer to their consumers using mobile-led data collection methods and smart insights. Survey54's technology enables businesses to get the answers they need to make decisions.

Survey54 provides stats based on the audience and reach requirements of the business, enabling clients to test brand awareness, and run product-market fit assessments and real-time opinion polls. It works with brands including Kellogg's, Uber, Colgate and AB-Inbev.

For more information on Survey45 visit: www.survey54.com