

# Taking care of business in an automated world

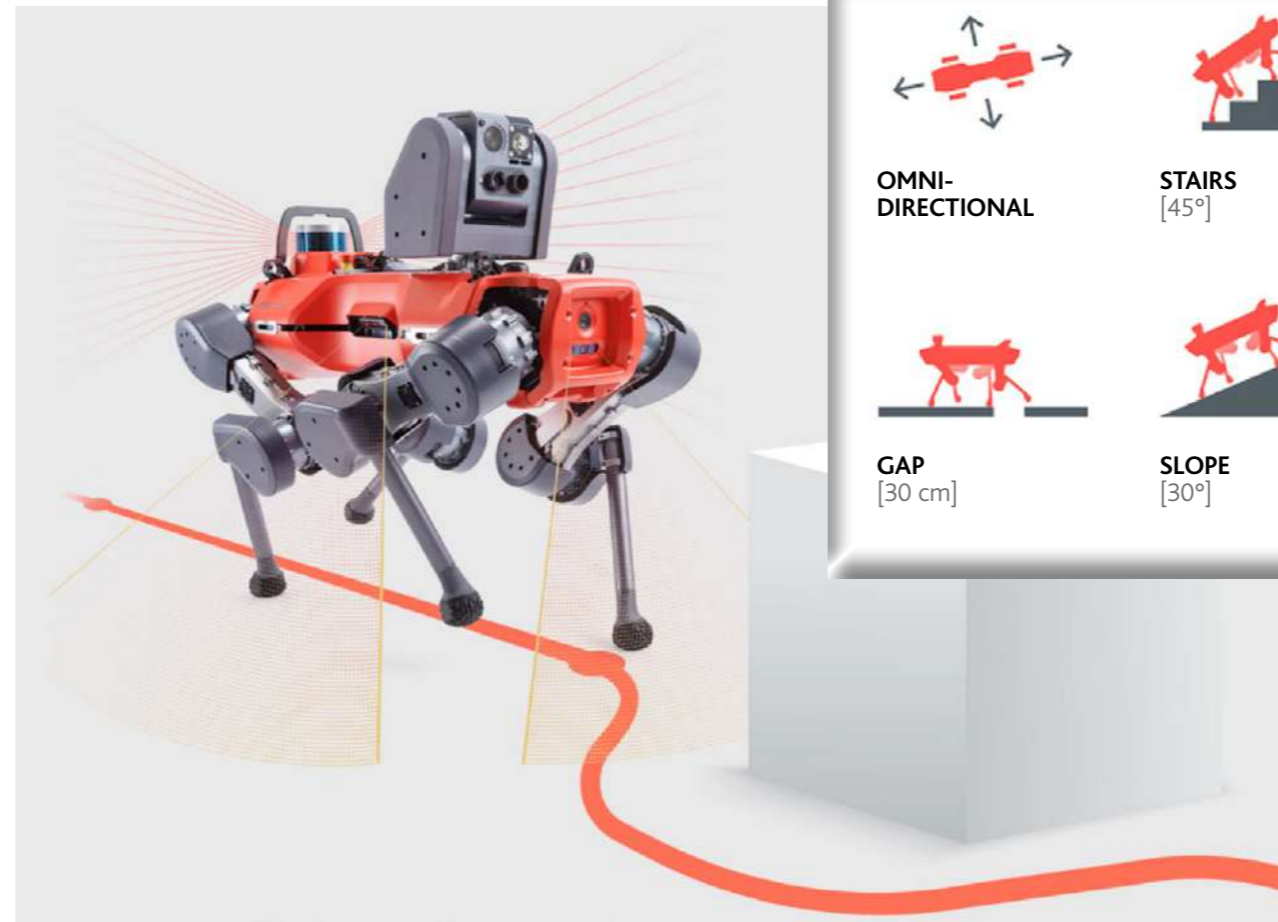
Self-checkouts, robots running the warehouse, AI-managed inventory, groceries delivered by drone. It may sound like science fiction, but this is today's reality, and the field of retail automation continues to improve... and impress. From accuracy and efficiency to cost savings and data-driven insights, there are some exciting opportunities on offer for the supermarket, wholesale, and retail environment.

## Retail automation and payment solutions: present and future landscape

Although self-checkout, electronic labels, and RFID security tags are all part of retail automation, they're just a small part of a much bigger, more complex solution that touches every aspect of retail.

From farm and manufacturer to packing, transport, warehousing, and shelf merchandising, retail automation can make business simpler and faster. But it's not a plug-and-play solution, either. Many of these processes are multi-faceted, and automation solutions need to integrate seamlessly with existing technology and hardware.

Supermarkets and wholesalers who are installing, updating, or integrating retail automation solutions



Images courtesy of <https://www.anybotics.com/>

need their systems to be compliant, integrated, provide a positive user experience and able to manage heavy load or increased user demand over peak periods or promotions.

The Covid pandemic accelerated online shopping, while the growth of e-commerce in South Africa has led to the development of online platforms and mobile apps that offer automated purchasing,

personalised recommendations, and secure payment options.

Automation adoption rates across South Africa vary, notes Leon Lodewyks, Managing Executive at software testing and digital services provider Inspired Testing.

"Larger chains and organisations are generally further along the automation process than smaller



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business, however most retailers in South Africa have implemented modern Point of Sale (POS) systems that incorporate automation features like barcode scanning, inventory management, and integrated payment processing.”

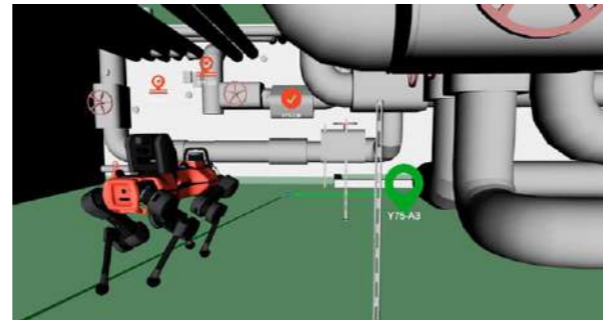
Self-service kiosks have also become more prevalent, especially in supermarkets and fast-food restaurants, enabling customers to place orders, make payments, and customise their purchases.

While still emerging, there are instances of robotic automation being used in South African retail, such as robots assisting with tasks like shelf stocking, cleaning, and order fulfilment. Retailers in South Africa are also increasingly leveraging data analytics tools to gain insights into customer behaviour, optimise pricing strategies, and improve decision-making processes.

## What retailers and wholesalers should consider about automation

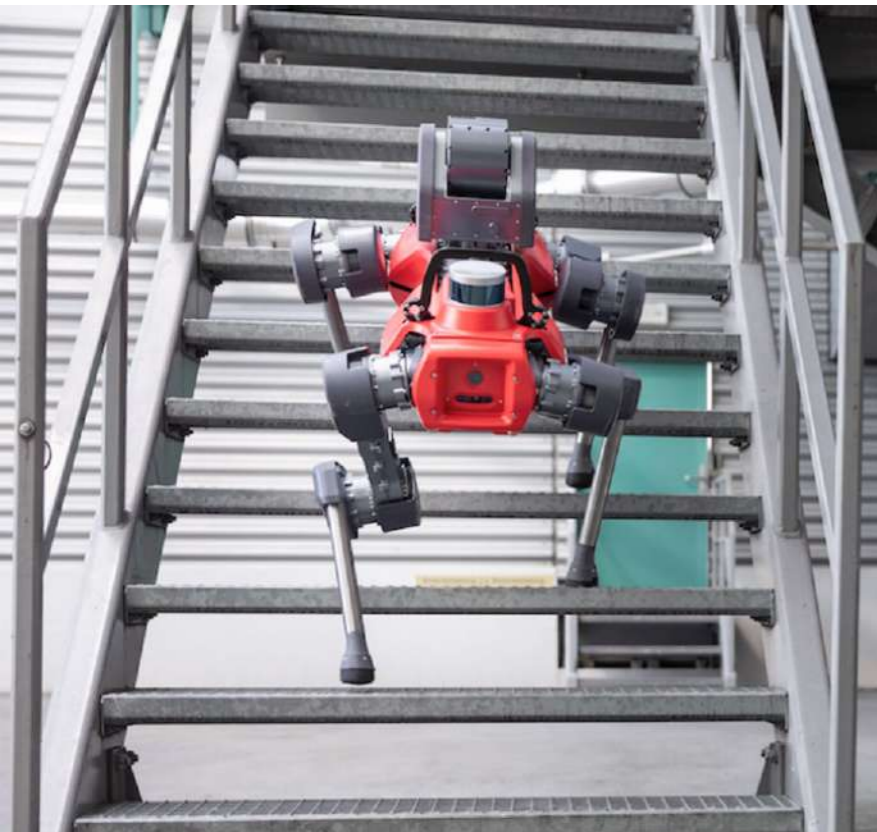
### Challenges

- The initial cost can be prohibitive, particularly for smaller enterprises or retailers with limited resources.
- There may be resistance from employees who fear job losses. However, this can be mitigated with user training and skills transfer. The introduction of new technology requires training and upskilling at all levels.
- Challenges of technology dependence cannot be overstated – outages, system glitches and failures can be costly.
- Possible loss of personalised customer experience with self-service checkout.



### Benefits

- Increased operational efficiency, streamlined processes, and fewer manual errors.
- Cost savings from reduced labour costs.
- Technologies such as self-service checkout, personalised shopper recommendations, and chatbots can all enhance the overall customer experience.
- Improved inventory management.
- Lodewyks says data-driven insights help provide a personalised experience, tailored recommendations, and targeted promotions based on customer behaviour and preferences.
- “Accurate inventory in real-time, streamlining the returns process, and improving compliance on pricing are key benefits of retail automation,” says Neil Gouveia, Director Africa at Zebra Technologies. “Automation that works consistently and shows improvements over time can increase customer trust and satisfaction, improve convenience, and provide shopping flexibility.”



Images courtesy of <https://www.anybotics.com/>



- Automated systems such as barcode scanning, inventory management, and integrated payment processing lead to faster transactions and smoother store operations.
- Augmented customer service efforts with virtual assistants or chatbots provide support and free up human staff to focus on personalised assistance.

Successful implementation of automation solutions requires...

## A skilled approach

There is no doubt that automation can have a positive impact on your business, but it is a process that needs to be undertaken with care.

“Implementing a new retail automation solution or integrating it into existing software is a complex undertaking for retailers,” explains Lodewyks. “The risks associated with software failure or system-wide crashes can have severe consequences.”

This is where software testing plays a crucial role, providing valuable insights and mitigating potential problems before the solution goes live. Testing ensures quality and compliance in retail automation – it can verify that the software functions as intended, from both the retailer



Images courtesy of <https://www.bidvestmobility.co.za/>



and the consumer’s point of view, aligning with their specific requirements, and meeting expected quality standards.

Potential bugs, errors, or malfunctions can be identified and addressed, ensuring a reliable and efficient system. A successful retail automation solution must provide a positive user experience, and feedback from consumers will allow a retailer or wholesaler to assess the system’s usability, efficiency, and overall user satisfaction.

By involving end-users in the testing process, retailers can identify areas where the software may be confusing or difficult to navigate and make the necessary improvements.

Performance and scalability are key considerations in retail automation. Retailers can evaluate how the software performs under different scenarios, volumes of data, and user loads. Load testing, stress testing, and performance profiling help identify potential bottlenecks and optimise

system resources. Performance testing allows retailers to ensure that the solution can handle expected user demand without compromising efficiency or user experience, such as on Black Friday. In 2022, 84% of consumers stated they would be searching for bargains (either online or in-store), while online transactions increased significantly compared to previous years.

Testing also serves as a proactive measure to mitigate risks associated with retail automation implementation. By uncovering and addressing issues early in the testing phase, retailers and wholesalers can minimise the potential negative impact on their operations. This includes system crashes, data loss, security vulnerabilities, or disruptions to business operations – everything you want to avoid at all costs. Gaining insights into these issues provides an opportunity for retailers to make informed decisions and take necessary actions before the solution is rolled out.



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## Self-service checkout: the pros and cons

Globally, self-service checkout is growing. In 2020, according to an article on Gitnux.com, the global self-checkout systems market was valued at \$3.44b, with 56% women and 61% men making use of this option. The main benefit perceived by consumers is a reduction in waiting/queueing time. Global statistics also show that in 2020:

- 73% of consumers preferred self-checkout to a staffed checkout option.
- 85% of Gen Z consumers used self-checkout when available.
- Australia had one of the highest rates of theft at self-service checkout.
- 34.8% of respondents aged 30-49 used self-checkout multiple times a week.
- 78% of customers did not like to weigh produce items by themselves, in a survey of respondents between the ages of 26-45.
- The Asia-Pacific region has the fastest rate of adoption of self-checkout.
- 405 of retailers in the United States and Canada planned to increase their staff-assisted mobile self-checkout solutions in the near future.

Source: <https://blog.gitnux.com/self-checkout-statistics/>



## Shoprite launches self-checkout clothing stores

Interestingly, the Shoprite Group's recently launched clothing brand UNIQ offers only self-service checkout at its standalone stores, saying that "customers will be assisted on the floor by well-trained employees, with on average nine new jobs created with the opening of each UNIQ store." The model includes "smart tags and advanced RFID (Radio Frequency Identification) that allows customers to easily scan and pay for their items." In this instance, the customer experience is created long before the checkout, while the technology has the potential to enhance the customer experience.

The first store opened in March 2023 Canal Walk shopping centre, Cape Town, with eight more following countrywide.

Source: <https://www.shopriteholdings.co.za/newsroom/2023/uniq-store-launch.html>



Image courtesy of <https://spar-international.com/>

In a country such as South Africa, with high levels of unemployment, staffed checkouts provide much-needed job opportunities and consequently there has not been the same level of implementation from supermarkets and wholesalers.

However, a blended approach that combines both options may well be the answer, providing shoppers with a choice while mitigating potential job losses and ensuring customer service levels and the customer experience are not impacted.

Albert Fayard is the Regional Sales Manager for Sub Saharan Africa at Posiflex Technology Inc. The company designs and produces point of sale (PoS) management systems and peripheral products, specialising in touch screen terminals. Fayard believes that the interest in self-checkout solutions in South Africa is growing, albeit slowly. He agrees that job creation is paramount in a country with such a high unemployment rate, but the two are not, in his opinion, mutually exclusive. "Self-checkout and manned checkout can work in perfect harmony," he says.

"Let us take hospitality as an example. In the South African Quick Service Restaurant (QSR) sector, Self-Service Ordering Kiosks have become the norm," Fayard explains. "Initially, concerns around job security and employee retention were key considerations before the major QSR groups decided to embark on any Self-Service Ordering Kiosk projects." The results, Fayard declares, have been a resounding success. "

Image courtesy of <https://connect.zebra.com/>



Not only have employees kept their jobs, but QSR franchisees have also reported an increase in revenue. This is because on average, customers spend up to 15% more when ordering on a Self-Service Ordering Kiosk as opposed to ordering at the point-of-sale counter."

Fayard believes the same will apply in the retail space. He adds, "The main benefit of a blended approach is the enhanced service offering and quicker processing of transactions that is enabled by offering both models as a service, plus it gives customers a choice."

However, it won't all be plain sailing. Stock loss and theft are very real concerns when it comes to automated checkouts, but Fayard is confident that technology can compensate for this too. He says, "In our region security and trust will always play a part in these decisions, but surveillance technology has advanced to the degree that it is quite likely that stock loss levels will remain fairly stable and won't change too much from what store owners currently experience."

Zebra Technologies' Neil Gouveia is equally optimistic. He says, "We do believe that retailers are now more open to consider self-checkout, and this is currently being tabled and explored more seriously locally. In saying this however, we do believe that retailers will have a mix of self-checkout and traditional stores in the future. We don't see this technology being deployed in all stores."

The effect of retail automation on employees is one Zebra Technologies is also acutely aware of. Gouveia says, "Retailers now realise that self-checkout as well as other automation solutions do not necessarily create a risk for their employee's job security, but rather gives them the opportunity to redeploy employees to other areas. Reskilling of the workforce to perform other tasks is an important part of their business evolution. Some automation solutions also enhance their employee's performance as they enable them to be more efficient and productive."



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\*Posiflex does not sell the EMV payment devices, but can provide bracket support with an additional charge

## Ingenious Design

With the choice of floor-standing or countertop, the Mercury EK-2100 Series ensures flexibility to meet the needs in any retail setting.

## Easy Serviceability

Engineered for easy assembly and maintenance, Mercury EK-2100 Series lets retailers assemble and switch out components easily.

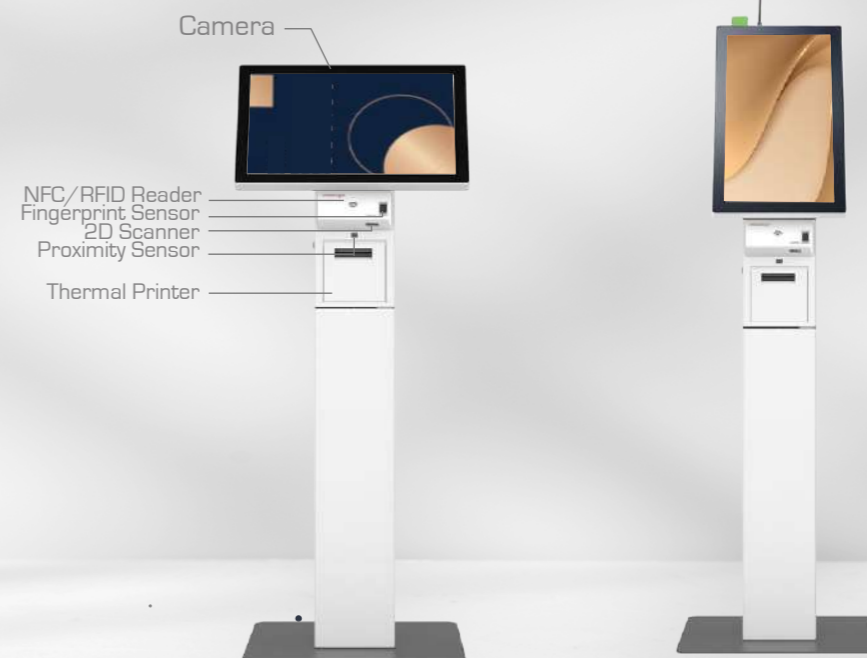
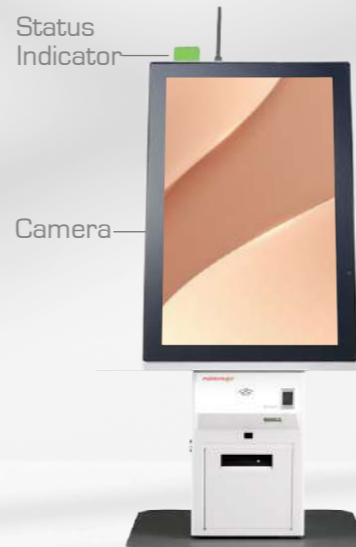
## Seamless Integration

Mercury EK-2100 Series offers a flexible solution with a variety of choices of peripherals including a Fingerprint sensor, an NFC/RFID reader, a 2D scanner, and a bracket for EMV payment devices.

# PRODUCT SHOWCASE



COUNTERTOP



FLOOR-STANDING





## Retail automation and payment systems

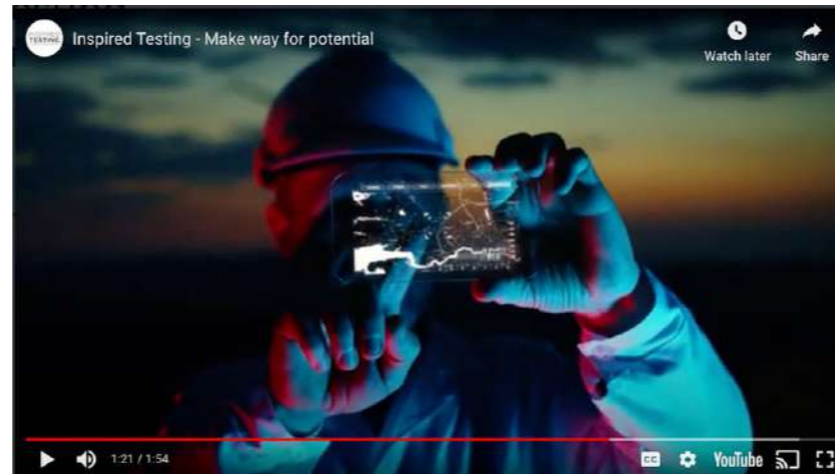
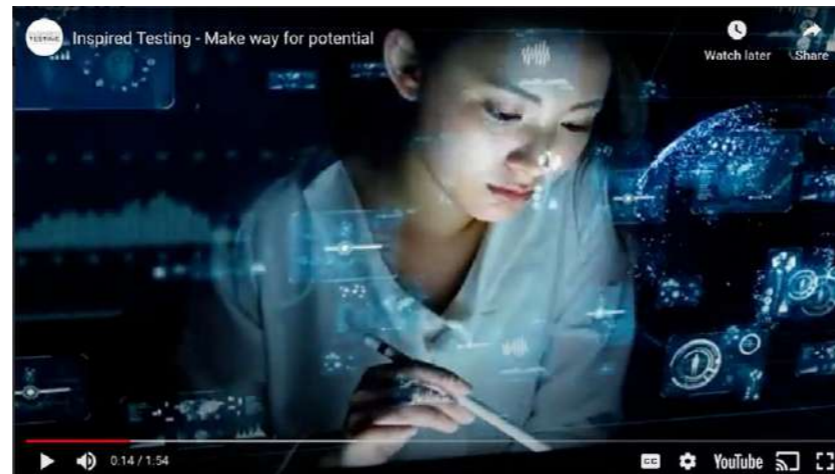
# Striving for seamless integration

Retail automation solutions often need to integrate seamlessly with existing software systems such as inventory management or point-of-sale (PoS) systems. Testing of the software verifies the compatibility of the new solution with the existing software infrastructure and ensures that data exchange, communication, and functionality across integrated components work smoothly, minimising any disruptions or inconsistencies.

## Embracing an open mind to retail automation

For digital solutions, hardware and software service provider Zebra Technologies, the adoption rate in South Africa is an exciting development.

Gouveia says, "We can expect to see several new tech and industry advancements in local retailers. These advancements include accelerated adoption of mobile payments, as well as the increased utilisation of RFID technology, which enables efficient inventory management and tracking. We also expect increased implementation of more connected employees, who will utilise mobile devices and wearable devices for enhanced communication and app-based functionalities". An openness to new technology and a desire to improve the shopping experience for their customers means local retailers are embracing the future.



## Retail automation and security

RFID is not a new technology, but it has seen significant developments over the years. Gouveia says, "South African retail is rapidly adopting RFID and is uniquely suited to ensuring the safety

and security of retail automation. We see many benefits of this technology for retailers. RFID enables retailers to dramatically improve inventory accuracy which is critically important for on shelf availability and visibility of stock levels for

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There are a few more functions where Gouveia believes local retailers could be taking better advantage of available automation solutions and technologies.

He says, "Improving in-store communications and automated task management are areas that we believe will enable

ecommerce activity. If there is the right product on the shelf at the right time, your chance of a sale is dramatically increased. Not only does this drive your revenue growth, but it also improves the customer experience, whether in-store or online."

**Automation and the customer experience**

Automation is essential for elevating the customer experience, something which is, according to Gouveia, on many a retailer's priority list. He says ...

“We are seeing more consumers wanting a frictionless shopping experience. Adoption of self-checkout solutions is a great way to move closer to frictionless shopping.”

“With the adoption of technologies in parallel with this, such as Zebra's personal shopping solution (PSS), retailers are able to give their customers the ultimate personalised shopping experience in the palm of their hands.”

retailers to optimise their employees to drive an enhanced customer experience.”

He feels that giving employees real-time access to information and tasks such as in-store picking and fulfilment, order from store, click and collect handover, returns management and product recalls would be invaluable.



Image courtesy of Tima Miroshnichenko, Pexels



Image courtesy of <https://www.identitec.co.za/>

**Adopting automation technology**

**Where to from here?**

South African retailers are fairly well-informed regarding automation solutions. Uptake varies depending on cost and customer access to certain technologies.

Lodewyks believes that local retailers could consider taking a closer look at retail automation solutions such as self-service checkout and robotic automation on the logistics side. More focus should also be given to creating true omnichannel integration.

“With the rapid growth of e-commerce in South Africa, retailers should focus on establishing or enhancing their online presence. Developing robust e-commerce websites, mobile apps, and online marketplaces can expand customer reach, provide convenient shopping options, and cater to the increasing demand for online purchasing.”

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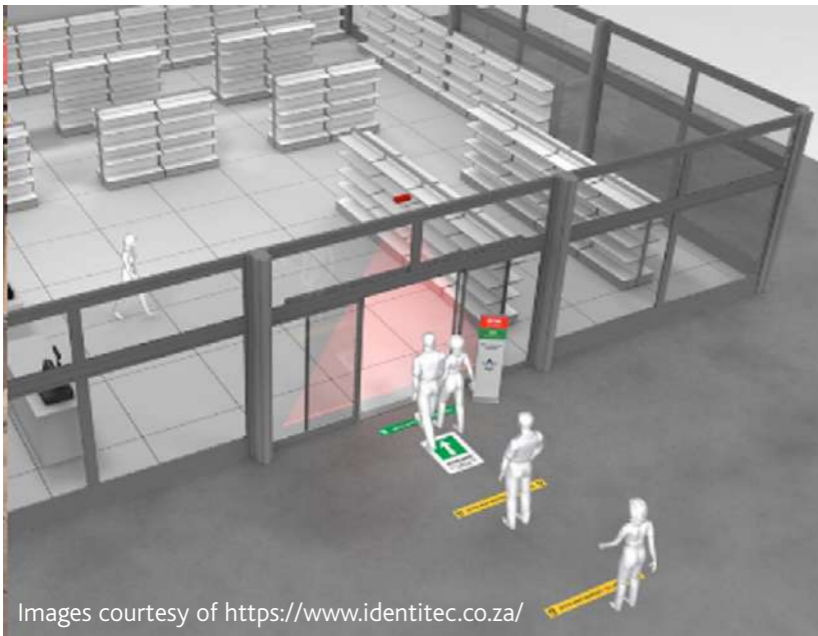
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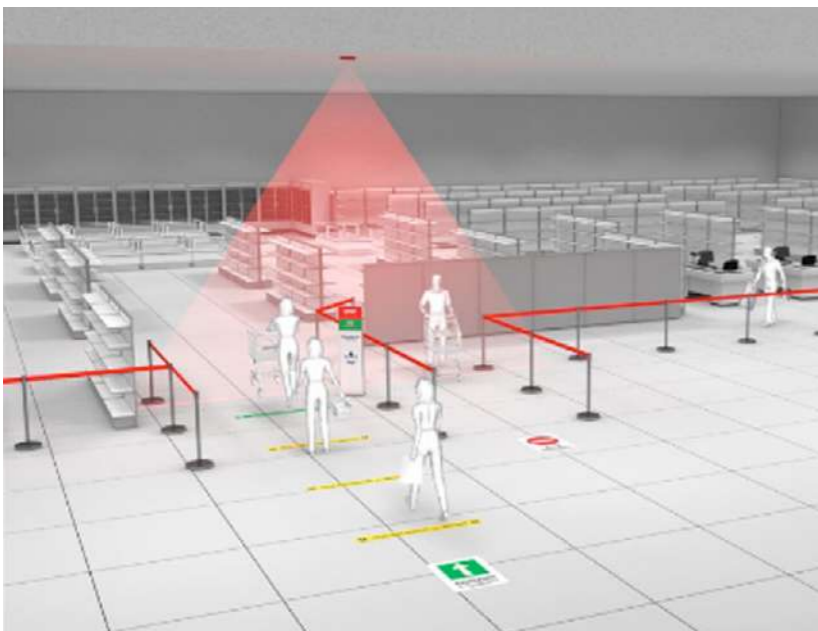
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Automated inventory management systems that utilise technologies like barcode scanning, RFID tags, and real-time tracking can optimise stock levels, reduce out-of-stock situations, and improve overall supply chain efficiency.

Robotics and automation technologies in tasks such as order picking, sorting, and warehouse management can enhance logistics efficiency, reduce manual errors, and optimise operational costs.



Images courtesy of <https://www.identitec.co.za/>



**A unique market – the South African situation**

# Upcoming trends & a positive outlook



South Africa has a unique demographic where many consumers do not necessarily have access to certain technologies that first world consumers and retailers take for granted. But this shouldn't be a deterrent to automation. Retailers and wholesalers can expect to see more mobile payment and digital wallet offerings as these provide secure and convenient payment options, while inventory management systems utilising barcode scanning and real-time tracking to streamline stock management will become more prevalent. Ecommerce platforms and online marketplaces provide anytime, anywhere shopping experiences and are on an upward trajectory in South Africa. "Data analytics and personalisation

enhance customer engagement and enable targeted marketing – another increasingly popular retail approach. Robotic process automation optimises logistics operations, while AI-powered chatbots improve customer service. And lastly,

digital signage and interactive displays create engaging in-store experiences," says Lodewyks.

In terms of Artificial Intelligence, this will also be making its presence felt in South Africa. Lodewyks believes that we will see more investment into AI technologies, especially customer service chatbots and personalised product recommendations.



Images courtesy of <https://skywell.software/>

Augmented Reality (AR) and Virtual Reality (VR) will also start playing a bigger role in our shopping habits. These technologies offer immersive and interactive experiences, while also meeting the need for online or remote shopping. Customers will be able to visualise products in real-world



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settings or virtually try on items, without entering a physical store. Voice commerce is also on the horizon, thanks to the rise of voice assistants and smart speakers. It is feasible that we will see retailers increasingly integrate voice-enabled shopping experiences, meaning customers can make purchases or access product information through voice commands.

The benefits of retail automation are indisputable, and although the initial cost may deter smaller businesses or those with fewer resources, the savings can be significant. With improved efficiency and accuracy, reduced labour costs and errors, and better-managed stock, it's hard to argue against this type of progress.

Image courtesy of <https://elearningindustry.com/>



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# Top technologies to consider

No matter the size of your business or where you are on your automation journey, here are five solutions that offer the most bang-for-buck in terms of potential impact and broad applicability.

**Data-driven Analytics.** Gouveia believes that data-driven analytics are becoming an essential for task management and execution and in-store communications. Lodewyks agrees, saying data analytics tools can be leveraged to gather insights into customer behaviour, preferences, and market trends, optimise pricing strategies, and implement targeted promotions to specific consumer segments.



Image courtesy of <https://www.dscanning.co.za/>

**E-commerce and Online Platforms.** Establishing a strong online presence through robust ecommerce websites, mobile apps, and online marketplaces enable retailers to tap into the growing online customer base and expand market reach.

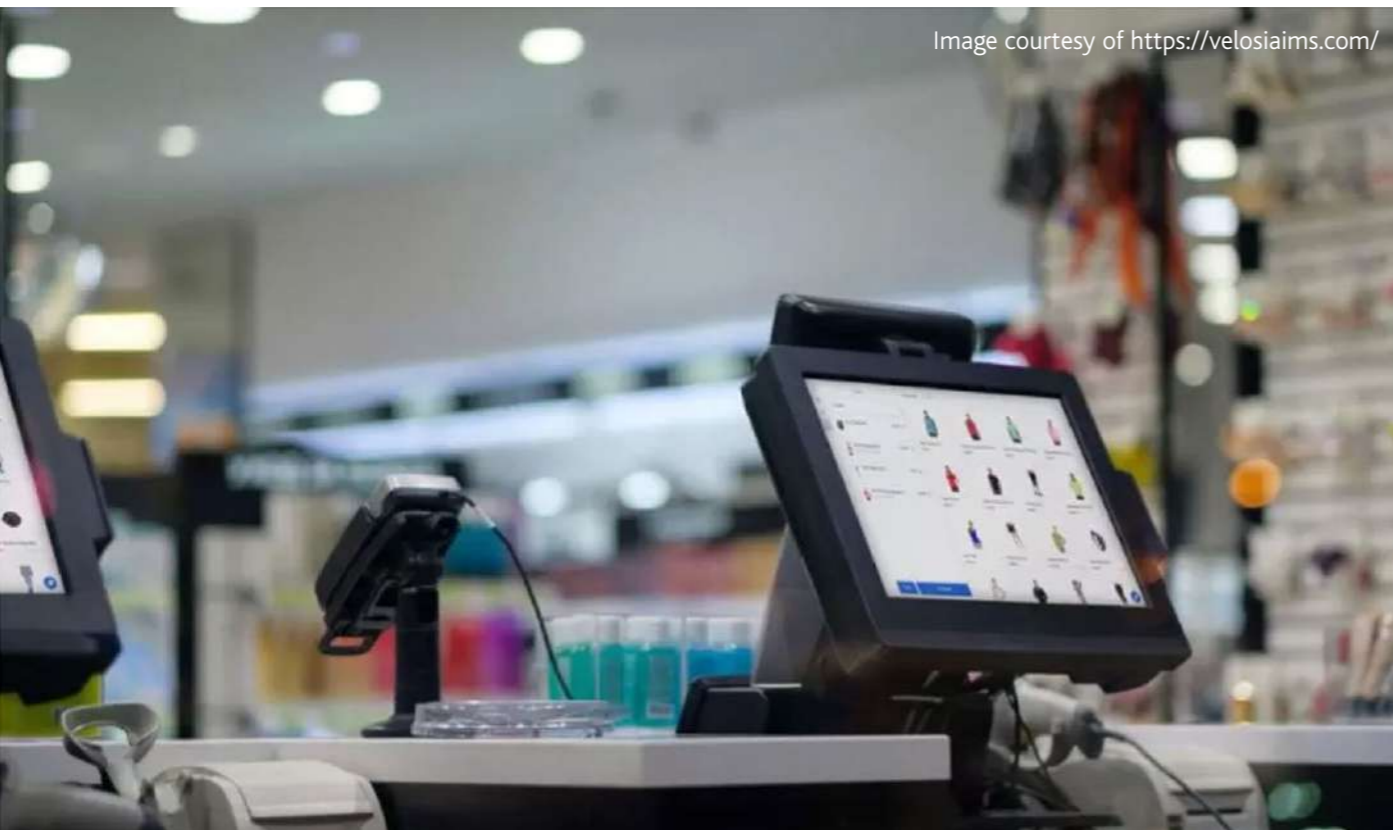


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**Point of Sale (POS) Systems.** Lodewyks says implementing modern and feature rich POS systems is crucial for efficient transactions, inventory management, and customer data analysis. This provides essential functionalities such as barcode scanning, integrated payment processing, and real-time sales tracking.

**Robotic Process Automation (RPA) in Logistics.** Deploying robots and automation technologies in logistics processes can greatly enhance efficiency and accuracy. RPA solutions for tasks such as order picking, sorting, and warehouse management improve operational speed, minimise errors, and optimise labour resources. This solution can address labour shortages, reduce costs, and improve order fulfilment speed.



Image courtesy of <https://www.gaap.co.za/>

**What is driving retail automation?**

There are several factors driving the recent upswing in automation, explains Gouveia. "These include pressure from lower margins, the cost of managing the ecommerce supply chain, rising labour costs as well as the investment they need to make to be competitive." Zebra Technologies expects to see increased adoption of data-driven solutions for inventory management, to better track and understand consumer behaviour, and solutions that assist retailers to manage vast estates of mobility equipment more efficiently and effectively.



Image courtesy of <https://www.cigen.com.au/>

"Retail automation is a journey and I believe many South African retailers are already on their way," says Gouveia. "Automation can be seen in many shapes and forms and is adopted in different areas, from manufacturing to the distribution centre and right through the supply chain into the stores. Local retailers are already investing in different areas and those that have not yet definitely have this on their priority list as it is a key part of their evolution. The return on investment in many cases can be well justified in all areas of the supply chain." **SR**



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**Ann Baker-Keulemans** writes on topics related to business, lifestyle, technology, and health, with extensive knowledge on the SA retail and wholesale landscape. Contact [annbk@wilkinsross.co.za](mailto:annbk@wilkinsross.co.za) | [www.wilkinsrossglobal.com](http://www.wilkinsrossglobal.com)

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# The rise and rise of the township economy.

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**With half of South Africa's population living in the estimated 532 townships around the country, vast potential lies in the so-called 'township economy'.** According to Roger Wilco's *2022 Township CX Report*, the vibrant, culture-rich township economy representing hundreds of billions of rands in spending power is largely untapped and misunderstood.

The total market value of the township economy is estimated to be R900 billion with approximately 60% of the market considered formal and 40% informal. Around R150 billion in cash is spent at the estimated 150 000 spaza shops every year, which contribute as much as 5.2% to South Africa's GDP and employ 2.6 million people.

Testimony to its potential, big retailers are seeking 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.

According to the report, the relationship between retailers and spaza shops is symbiotic, but spaza shops are increasingly competitive and are continuously upping their game technologically, resulting in growth of 29% last year. Township residents generally use spaza shops as convenience stores from which to buy immediate consumption needs such as bread and milk while large supermarkets are seen as destinations for the big monthly shop – largely due to prohibitive transport costs.

## A difficult market to understand

However, a major barrier to entry is that brands find it challenging to understand and communicate with this market because of the lack of in-depth research and communication platforms available. 'Brands recognise the importance of tailoring their products and messages for the unique ecosystem developing in townships, but intelligence on this market is limited,' says Andrew Weinberg, Group CEO of fintech and

customer engagement group AKELO. 'However, there are reliable means to both reach and learn more about this market.'

AKELO subsidiary, **Retail Engage**, runs **bonsella**®, South Africa's largest digital rewards and loyalty programme in the independent retail sector, which targets over 10 million LSM 3-7 consumers and represents some 60% of the economically active consumer base in South Africa.

The **bonsella** programme has grown to 2,1 million members and offers comprehensive basket analytics and unmatched customer behaviour insight, particularly in the informal and township economy. Because of our immersion and the level of trust we've established in this market, we also regularly undertake market research for our stores and clients, which leads to enhanced understanding of what motivates this market and how to market their brand,' says Weinberg.

## Lack of financial infrastructure impeding growth

A significant challenge in townships is carrying cash due to safety concerns, yet there is increased utilisation of cash in the informal market, despite there being more than 80 million bank cards in circulation and a mobile penetration rate of 157%.

For informal merchants, one of the main hurdles is acceptance of electronic payments: a Mastercard study entitled *Insights into the Informal Economy Report* noted that while more than 50% of South Africa's informal enterprises had encountered strong customer interest in card payments, around 90% of them remain cash-only businesses. This loyalty to cash is often due to the lack of acquiring infrastructure in the informal sector and, while cards are widely accepted in the formal market, this is not the case in the informal market.

Traditional acceptance channels, such as physical point-of-sale (POS) devices, are perceived as expensive, especially by micro enterprises. In fact, although rural and township residents were found to use cards for 60% of their transactions at formal retailers, only 4% of transactions were card-based at informal retailers.

Weinberg says that AKELO believes it has a key role to play in bringing financial services to the underserved. 'To this end, our subsidiary **Efficacy Payments** has been granted a designated clearing participant license by the South African Reserve Bank, which will be utilised to enable small and medium enterprises to accept electronic payments through innovative and accessible solutions. In the process, uplifting these communities through financial inclusion.

Another important area of innovation, particularly in simplifying transactions in the informal economy, is the move towards instant payments. 'Instant payments are safer, more secure and more convenient than cash,' says Weinberg. 'Efficacy Payments' instant payments products enable immediate payments to card-linked accounts, providing a facility that's more efficient and often cheaper than EFT, in real-time and offering instant access to funds.'

It's clear that South Africa's township economy is on a trajectory to continue its exponential growth. Although it's a tough market to understand and reach, the potential is substantial and there are experienced companies and tried-and-tested systems in place that brands can leverage to take advantage of the myriad opportunities offered by this considerable portion of the South African market.

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