

# Forging partnerships amidst the changing consumer landscape



Image courtesy of [www.stellenboschbusiness.ac.za/](http://www.stellenboschbusiness.ac.za/)

Retailers are increasingly recognising the value of stokvels as a significant customer segment. As consumer preferences shift, retailers are advised to increase collaboration and integrate more closely with these informal savings clubs.

Stokvels are deeply rooted in communities and trusted by their members, offering a unique opportunity for retailers to tap into a loyal customer base. By understanding and catering to stokvel members' specific needs and preferences, retailers can gain a competitive edge in a dynamic market, says Busisiwe Skenjana, founder and CEO of the Stokvel Academy.

"Far too many retailers in the country are not exposed to stokvels and therefore simply don't consider the possibility and opportunity they offer," she says.



“Stokvels play a pivotal role in both social and economic spheres, with their cultural emphasis on saving being a cornerstone. However, their significance extends beyond finances; they are the cohesive force that binds communities through thick and thin.”

**Busisiwe Skenjana**  
founder and CEO of the Stokvel Academy.

Stokvels, explains Skenjana, are designed to support one another, functioning as tightly-knit organisations with which everyone is familiar. The essence lies in their community-oriented nature, drawing members from the interconnected fabric of neighbours, colleagues, church companions and cohabitants. These groups often emerge from smaller, more intimate circles comprising individuals who share a deep and mutual familiarity.

“They are deeply entrenched within communities. If one thinks of retailers, regardless of size, they are committed to serving these communities at their core. Understanding a stokvel implies a stronger connection to the community in which your business operates.”



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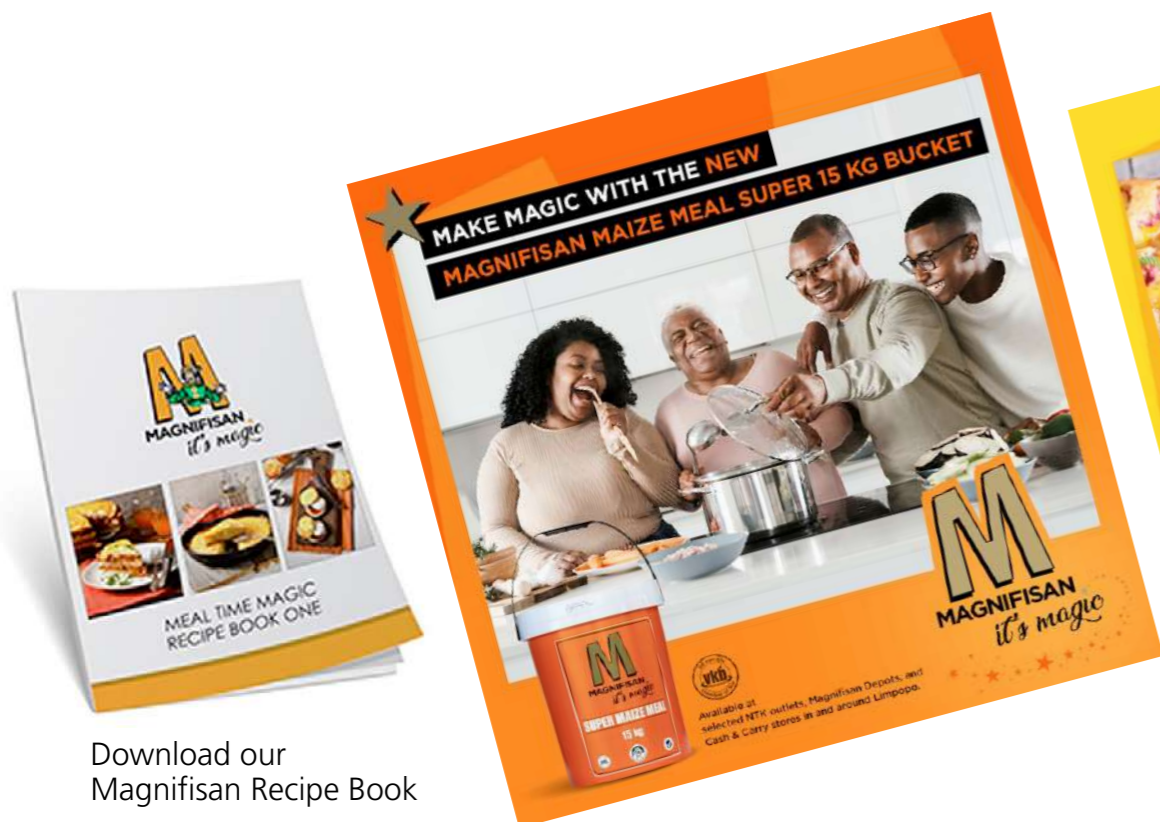
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## Enhancing community engagement

In a world where financial stability and responsible spending are paramount, stokvels have emerged as powerful agents of change, bringing a slew of benefits beyond their members. These community-based savings clubs have proven to be more than just a way to save money; they are drivers of economic stability, financial education, and local empowerment, says Lehlohonolo Ndawo, co-founder and Managing Director of the Digital Stokvel Platform.



“Retailers need to recognise that engaging with stokvels is not just about selling products or services, but becoming an integral part of the stokvel community. By embracing the community and social aspects, retailers can build trust, loyalty and a positive reputation within the sector, benefiting from strong and lasting relationships with these influential groups.”

**Lehlohonolo Ndawo, co-founder and Managing Director of the Digital Stokvel Platform**



**Palesa Lengolo**

Palesa Lengolo, an author and stokvel expert, highlights the importance of community, saying that stokvels often prioritise buying locally produced goods, which can help boost demand for products and support the growth of local industries. “Stokvels by nature are close-knit groups, and members’ purchasing decisions can be influenced by social factors such as status, peer pressure, or even shared values.”



Image courtesy of <https://stokveltalk.co.za/>

By tapping into this community connectivity, retailers can strategically leverage these dynamics to their advantage, enabling the creation of highly personalised marketing strategies.

“The synergy between stokvels and retailers is evident. Stokvels represent a sizable, close-knit customer base with strong buying power. Retailers establishing strategic partnerships with stokvels can access valuable insights into local markets, adapt their product offerings, and enhance their overall customer experience,” says Skenjana.

## A boon for local economies and retailers

Stokvels operate on a simple, yet potent, principle – members pool their financial resources to meet specific objectives, often involving buying goods and services. This collaborative approach, characterised by regular contributions, translates into a considerable

uptick in local consumer spending. Lengolo says ...

“Regular stokvel contributions can provide a predictable source of income for retailers, helping them plan and manage their inventory more effectively.”

As a result, retailers actively engaging in this market sector can experience a surge in sales, as the heightened purchasing power of stokvel members invigorates a local economy.

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“One of the key features of stokvels is their ability to leverage collective resources to make bulk purchases,” says Ndawo. With a penchant for local enterprises, the deliberate choices made by stokvels make them a driving force of entrepreneurship. Stokvels exemplify how community-driven economics can flourish, by opting to buy from neighbourhood shops and boutique establishments.

According to Ndawo, the collective savings and financial stability stokvels offer their members can have broader economic benefits.

As community-driven savings clubs, Stokvels play a vital role in fostering financial inclusion and empowerment. Their impact is closely intertwined with the retail sector, creating a symbiotic relationship that benefits both stokvel members and retailers.

“When individuals have access to financial resources and are less financially stressed, it can contribute to overall economic stability.” Ndawo continues ...

“These clubs offer a platform where individuals can pool their resources. This includes people typically excluded from traditional banking services. The collective approach allows people with limited financial means to participate in savings and investment activities they might otherwise miss out on.”

For retailers, this translates to a straightforward increase in sales, driving business growth and profitability.



Image courtesy of <https://bigsave.co.za/>

## Managing expectations and challenges

Retailers, particularly in the grocery sector, overlook the significance of stokvels – despite the substantial sums flowing into these collective savings groups. While some retailers have established robust customer care programmes and communication channels to cater to individual shoppers, the same level of attention needs to be more conspicuously present regarding stokvels. This discrepancy raises questions about why stores continue to pour considerable funds into specific stores when their loyalty is not reciprocated with tailored services.

Skenjana says one of the significant challenges, particularly in rural areas, is the tendency of

stokvels to save their funds directly at the store, rather than in traditional banks. This practice can create a sense of financial entanglement, where members feel almost obliged to continue shopping at the same store throughout the year, unable to exercise flexibility in their choices. This can be particularly constraining come year-end, when stokvels are compelled to make bulk purchases from their designated store.

For her, it is critical that retailers elevate their game, especially those seeking to tap into the stokvel market. This involves actively listening to stokvels, comprehending their unique needs, and enhancing customer relations tailored to these collective savings groups. “Retailers may not fully understand the dynamics of stokvels, including their savings goals, decision-making processes, and purchasing patterns,” explains Ndawo. “Stokvels, on the other hand, find it challenging to communicate their unique needs and preferences effectively to retailers.”

Since trust forms the core of the stokvel concept, it is self-evident that there is an imperative need for enhanced confidence and transparency in servicing the stokvel sector. Lengolo underscores this point, “Retailers must consistently exhibit transparency in their pricing and transactions to earn the trust of stokvel members.”

Skenjana emphasises that retailers must recognise the distinctiveness of the stokvel sector and that it cannot be approached like a regular customer base. Retailers should also acknowledge the substantial buying power and value that stokvels bring,

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which necessitates more significant attention to crafting special packages.

“It’s quite common for stokvels to anticipate discounts and special pricing arrangements,” continues Skenjana. “However, the reality is that the grocery retail sector, despite receiving significant contributions from stokvels, often falls short in delivering tangible benefits to its members. Stokvel members, in this context, don’t feel like valued customers. Only a handful of retailers have dedicated customer care programmes tailored to stokvels. There’s a need for more focus on developing this sector.”

Another significant hurdle, as pointed out by Lengolo, is effective communication. This challenge becomes particularly pronounced when dealing with informal stokvels that lack standardised processes, making it essential for retailers to find innovative ways to connect with and serve this diverse group effectively.

Ndawo recognises the difficulty that retailers encounter when catering to the unique requirements of the stokvel sector. This challenge mainly revolves around delivering the desired discounts while safeguarding their profit margins or adapting payment terms to fit a sector that traditionally adheres to strict contribution schedules.

“To overcome the challenges, it is critical that the retail sector at large educate itself. Retailers must take the time to understand how stokvels operate, their values, and their goals. This knowledge will enable them to tailor their offerings and engagement strategies.”



Seven Colours Communications returns with the annual Stokvelex expo targeted at the Stokvel community from 27–29 October 2023 at Jack Botes Hall, Polokwane. Stokvel remains one of the most popular savings vehicles for ordinary South Africans. With seven successful shows under its belt across three provinces, this year’s showcase promises an even bigger, elevated experience, backed by reputable partners. <https://limpopochronicle.co.za/>

Another essential requirement is for offerings to be customised for the stokvel sector, says Skenjana. “Products, services, and pricing must be customised and aligned with stokvel preferences and goals.”

Both Ndawo and Skenjana emphasise the importance of trust. “Building trust is paramount,” says Ndawo. “Retailers can achieve this by consistently delivering on promises, offering quality products and services and maintaining transparent pricing practices.”

### Collaboration and integration lead the way forward

As the retail industry navigates the complexities of a rapidly changing landscape, the alignment between stokvels and retailers is becoming increasingly crucial. By fostering collaboration, integration, and community engagement, both parties stand to benefit from a resilient and prosperous partnership.

“Stokvels are far from static entities; they exhibit a dynamic nature, constantly evolving to meet

the shifting demands of their members,” remarks Skenjana. “There’s a noticeable surge in interest across various stokvel types, and retailers must remain vigilant in keeping up with these changing trends.”

Furthermore, the digital age, coupled with the burgeoning prominence of e-commerce, is exerting a notable influence on the stokvel-retail dynamic, notes Ndawo, even though

this transformation is still in its early stages.

“Digital platforms are simplifying the process of stokvel coordination and facilitating bulk purchases,” Ndawo observes. “We anticipate a growing number of stokvels embracing these digital platforms as we move forward.”

Says Lengolo, “Looking ahead, the pivotal factors to focus on are collaboration and integration. It’s imperative to recognise that stokvels, as a customer segment, hold undeniable significance within the South African retail landscape and cannot be overlooked.” **SR**



**Catherine Larkin** is a communication and marketing professional, specialising in Logistics, Transport and Supply Chain. Her company, CVLC Communication, is a corporate public relations, communication, marketing and events consultancy. Its services range from full secretariat support, project management and administration, strategy development, stakeholder engagement, through to event organisation, media, social media and publicity.



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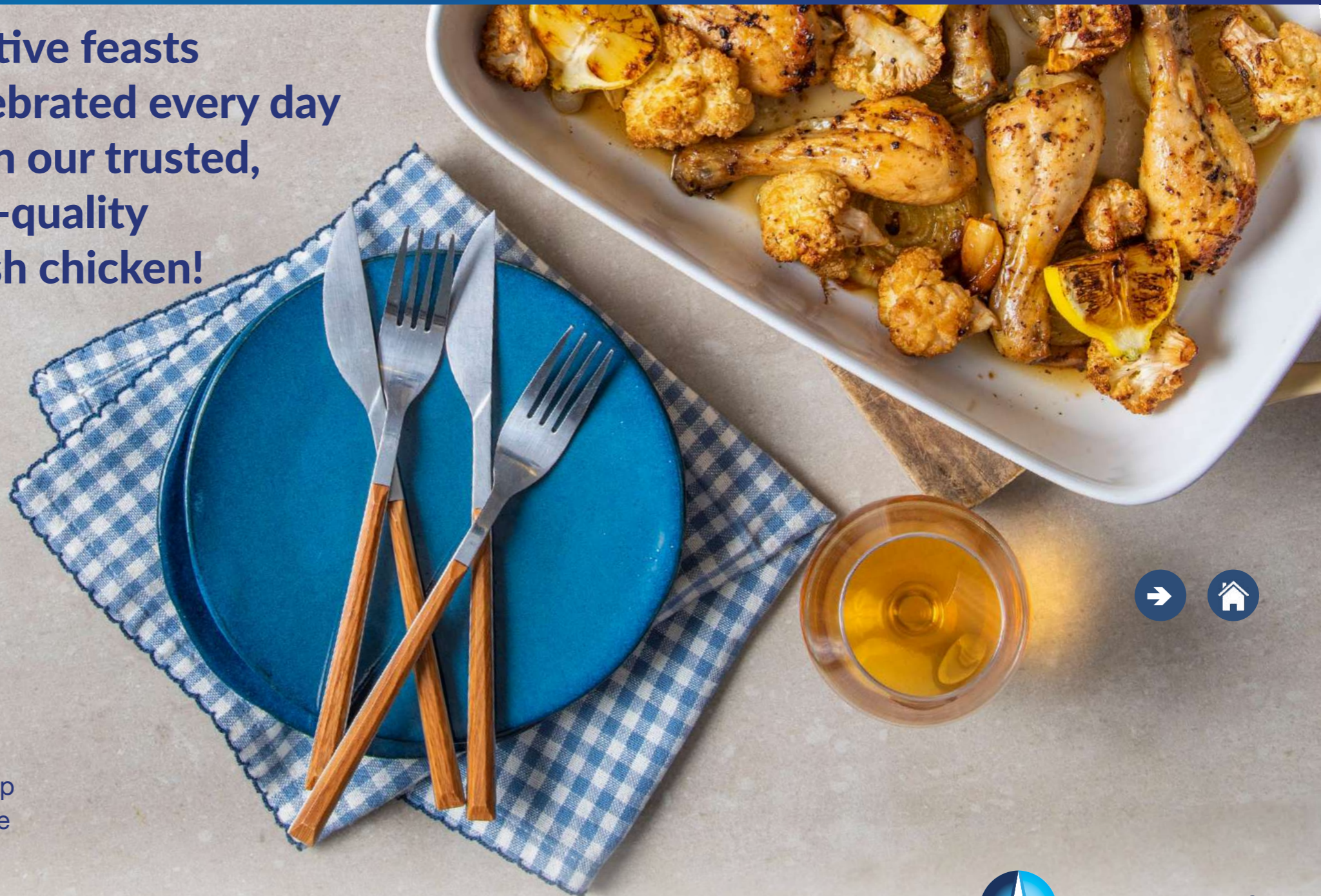
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