CHAPTER ELEVEN: IN-DEPTH CASE STUDY ANALYSIS – NKOWANKOWA

11.1   INTRODUCTION

As part of the market research a case study was also carried out in an area where no formal retail centres exist.   The area selected for this purpose was NkowaNkowa in Limpopo. Household surveys were conducted in the area to determine the impact that the absence of formal retail centres in the area has on the local community and economy.

11.2   CONSUMER MARKET PROFILE

In order to study the consumer market profile of the area, a 10km trade area was delineated – Refer to Map 11.1.   Subsequent paragraphs highlight the dominant characteristics of the primary trade area population, in terms of:

✓   Population size;
✓   Racial profile;
✓   Age profile;
✓   Level of education;
✓   Employment status;
✓   Occupation profile and manner of employment;
✓   Average annual household income;
✓   Mode of transport;
✓   Dwelling type.
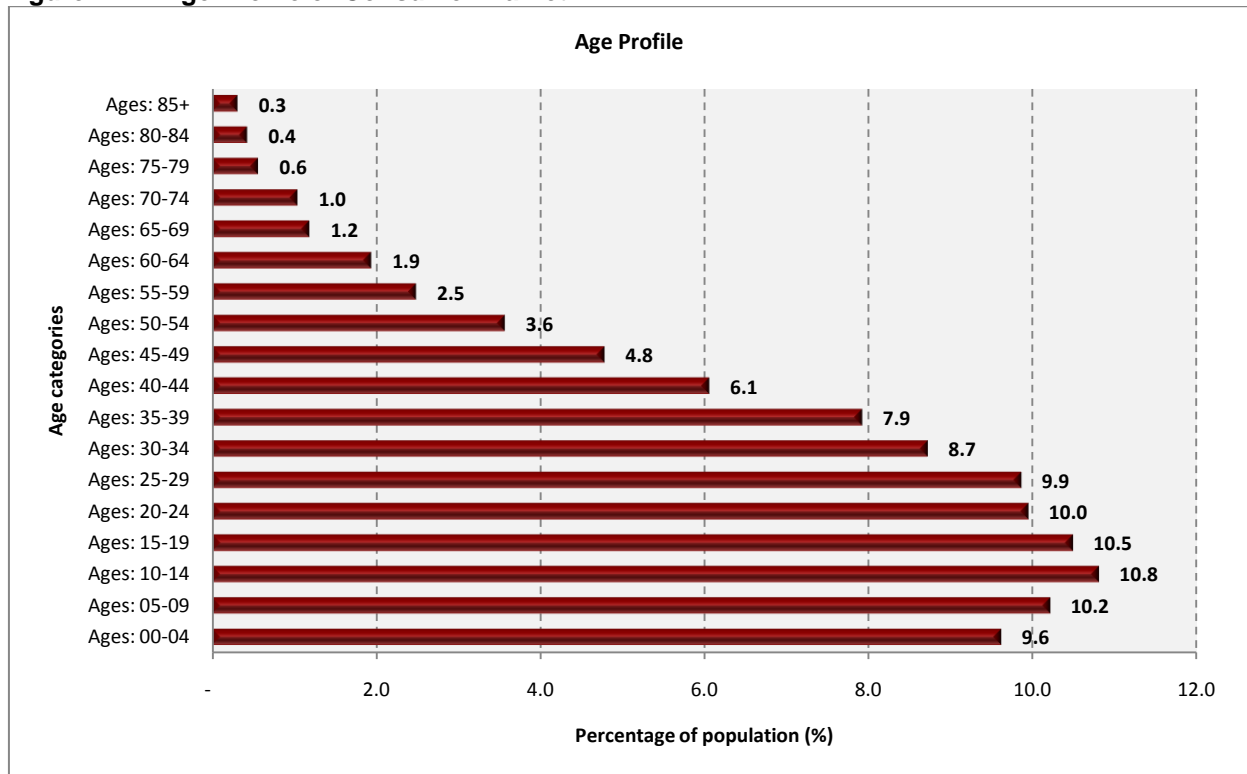
Table 11.1: Consumer Market Profile, 2010 Estimates

Variable	Primary Source Market Characteristics
Number of people	✓ 124 819
Number of households	✓ 40 219
Household size	✓ 4.2
Household density	✓ 381.9 households/km^2
Racial distribution	✓ African blacks: 97.4% ✓ White: 2.2% ✓ Coloureds: 0.4% ✓ Indian Asians: 0.1%
Age profile	✓ 0-14: 30.7% ✓ 15-19: 10.5% ✓ 21-35: 28.5% ✓ 36-65: 26.8% ✓ 65+: 3.5%
Educational attendance (aged 5 to 24 years)	✓ School: 66.0% ✓ None: 30.3% ✓ Pre-school: 2.2% ✓ Other: 1.5%
Highest level of education (aged 20 and older)	✓ Higher: 8.0% ✓ Grade 12: 15.1% ✓ Some secondary: 25.7% ✓ Some primary and primary: 22.4% ✓ None: 28.8%
Level of employment	✓ EAP: 65.9% ✓ Employed: 70.4% ✓ Unemployed: 29.6%
Manner of employment	✓ Paid employees: 91.5% ✓ Self-employed: 3.6% ✓ Family worker: 1.0% ✓ Employer: 3.8%

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Variable	Primary Source Market Characteristics
Occupation profile	✓ Elementary occupations: 47.0% ✓ Skilled agriculture workers: 9.5% ✓ Craft and related trade: 9.5% ✓ Plant and machine operators and assemblers: 8.0% ✓ Technicians and associate professionals: 7.1% ✓ Service workers: 7.0% ✓ Clerks: 6.7% ✓ Professionals: 3.5% ✓ Legislators, senior officials and managers:1.8%
Weighted average household income[93]	Total market earning an income: ✓ R40 723.8/annum ✓ R3 393.7/month LSM 4 to 10+: ✓ R90 723.5/annum ✓ R7 560.3/month
LSM profile	✓ LSM 1-3: 67.1% ✓ LSM 4-10+: 32.9%
Mode of transport	✓ On foot: 75.3% ✓ Private vehicle: 10.3% ✓ Mini-bus: 8.0% ✓ Bus: 4.1%
Dwelling type	✓ House on separate stand: 50.1% ✓ Living quarters and other: 25.6% ✓ Traditional dwellings: 14.9% ✓ Informal dwelling on separate stands: 4.9% ✓ Informal dwellings in backyard: 1.4%

Source: Demacon Ex. Quantec, 2010

Subsequent figures highlight some of the salient features of the consumer market.

Figure 11.1: Age Profile of Consumer Market

Age Profile

Age category	Percentage
Ages: 85+	0.3
Ages: 80-84	0.4
Ages: 75-79	0.6
Ages: 70-74	1.0
Ages: 65-69	1.2
Ages: 60-64	1.9
Ages: 55-59	2.5
Ages: 50-54	3.6
Ages: 45-49	4.8
Ages: 40-44	6.1
Ages: 35-39	7.9
Ages: 30-34	8.7
Ages: 25-29	9.9
Ages: 20-24	10.0
Ages: 15-19	10.5
Ages: 10-14	10.8
Ages: 05-09	10.2
Ages: 00-04	9.6

Percentage of population (%)

Source: Demacon, 2010

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[93] Note: Weighted average is an average of multiple values produced by assigning a weight to each value, multiplying each value by its weight, and then adding the results.

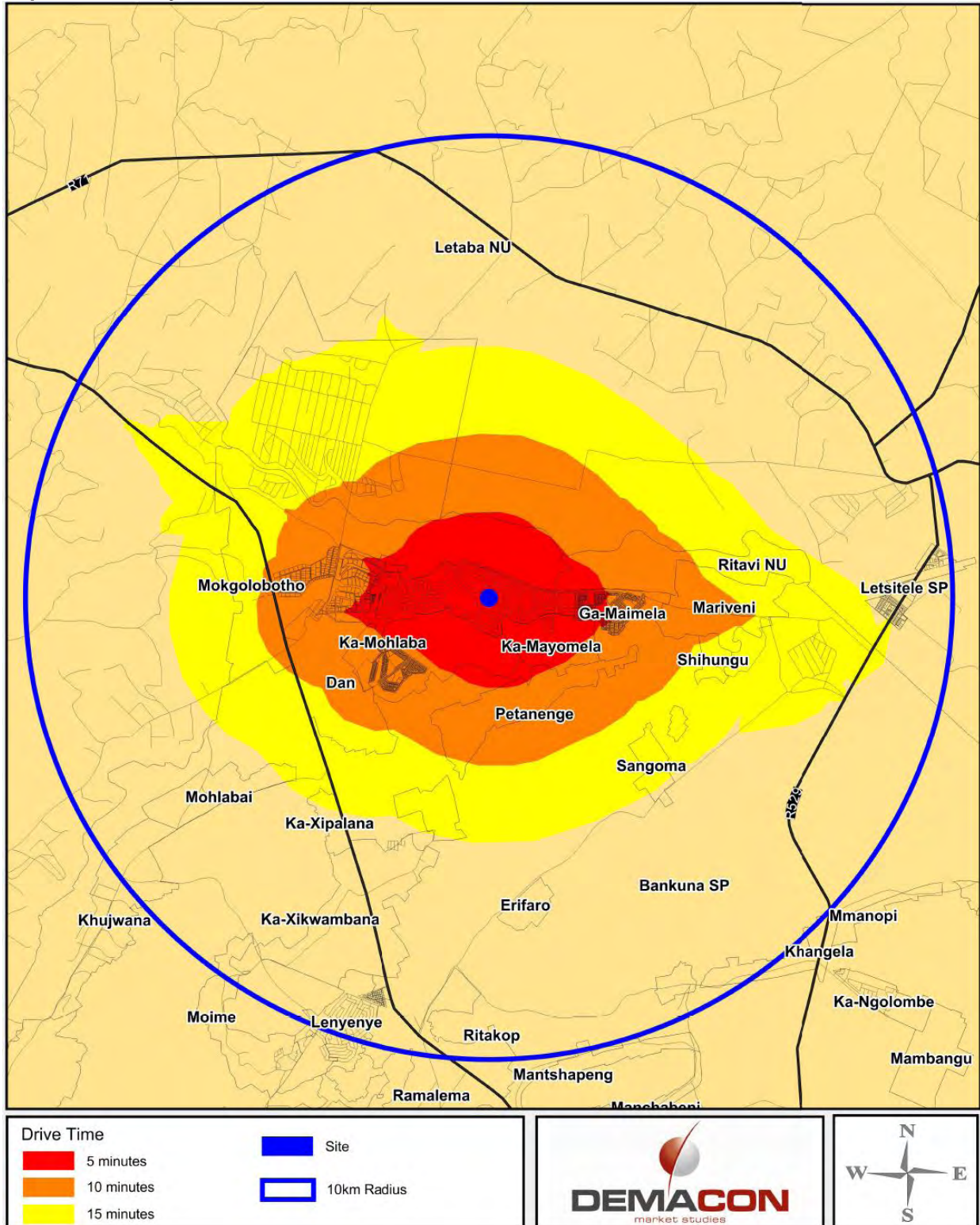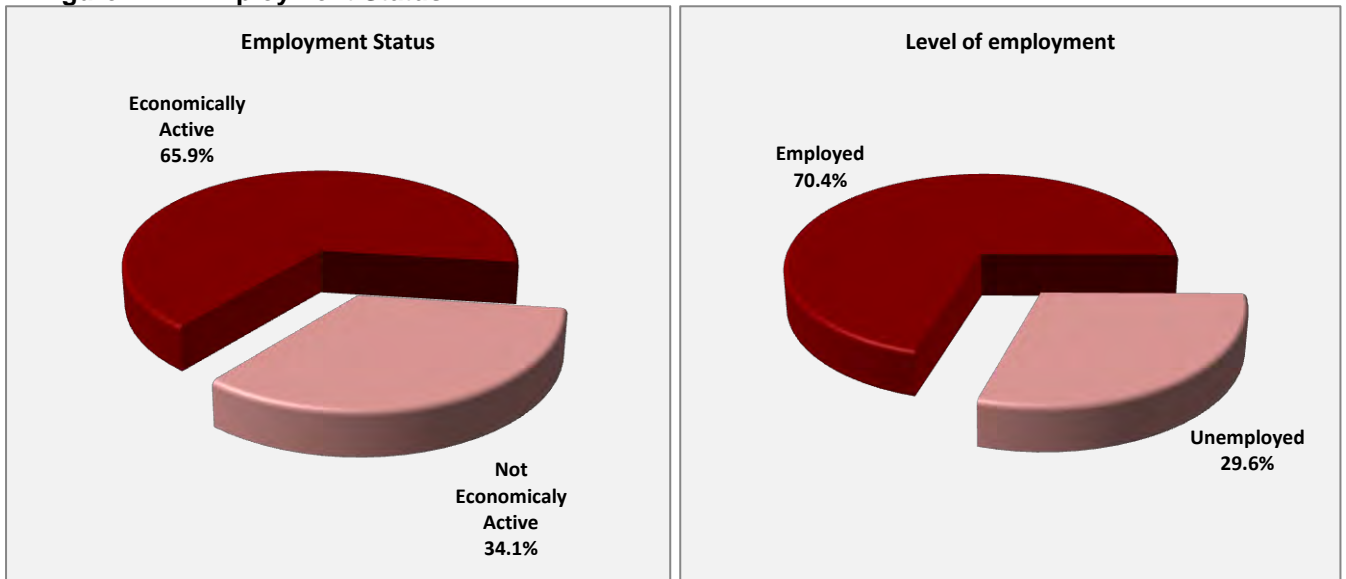**Map 11.1: Primary Trade Area - 10km Radius**

Drive Time		
🔴	5 minutes	
🟠	10 minutes	
🟡	15 minutes	
🔵	Site	
⬜	10km Radius	

Letaba NU
Mokgolobotho
Ritavi NU
Letsitele SP
Ga-Maimela
Mariveni
Ka-Mohlaba
Ka-Mayomela
Shihungu
Dan
Petanenge
Sangoma
Mohlabai
Ka-Xipalana
Bankuna SP
Erifaro
Mmanopi
Khujwana
Ka-Xikwambana
Khangela
Ka-Ngolombe
Moime
Lenyenye
Ritakop
Mambangu
Mantshapeng
Ramalema

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Figure 11.2: Employment Status

Employment Status

Economically Active 65.9%

Not Economicaly Active 34.1%

Level of employment

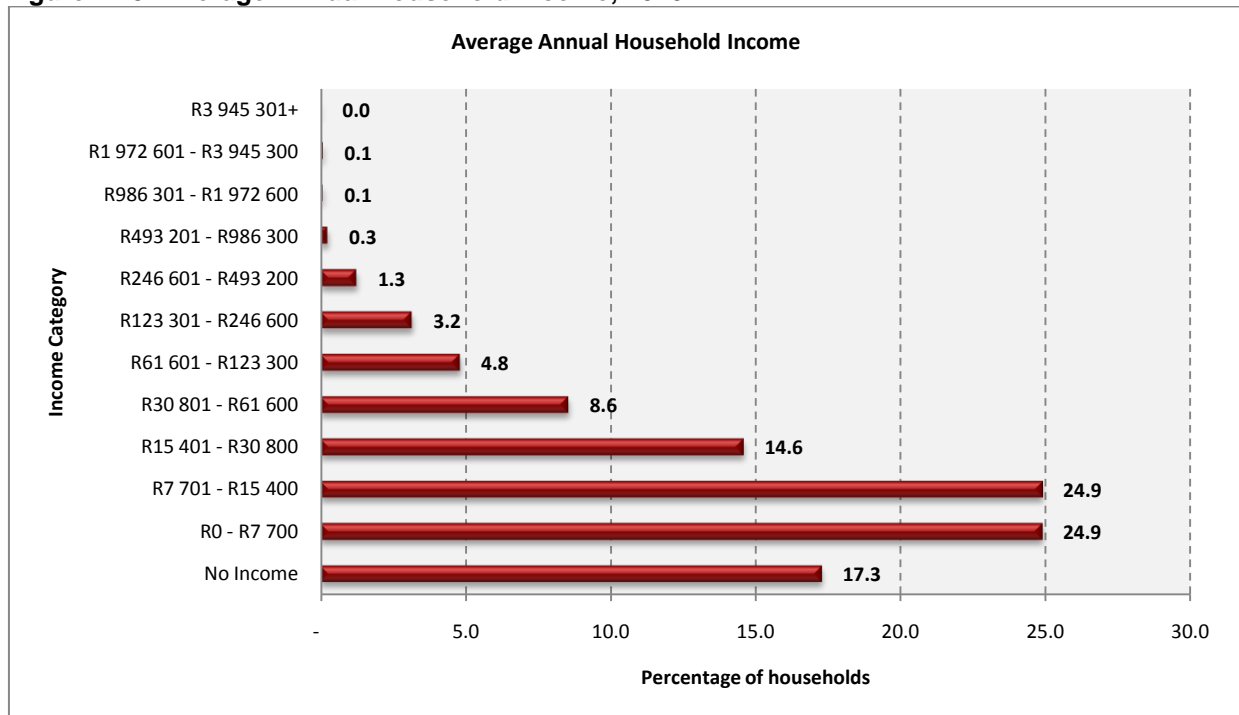Employed 70.4%

Unemployed 29.6%

Source: Demacon Ex. Quantec, 2010

Table 11.2: Living Standard Measurement Indicator, 2010

Income category (R/month)	LSM Status	Market Area
Super A income	LSM 10+	1.2
A Income	LSM 10	0.5
B Income	LSM 9	2.2
C Income high	LSM 8	1.0
C Income low	LSM 7	3.9
D Income	LSM 6	6.1
D Lower top	LSM 4 to 5	18.0
D lower end	LSM 1 to 3	67.1

Source: Demacon Ex. Quantec, 2010

Figure 11.3: Average Annual Household Income, 2010

Average Annual Household Income

Income Category	Percentage of households
R3 945 301+	0.0
R1 972 601 - R3 945 300	0.1
R986 301 - R1 972 600	0.1
R493 201 - R986 300	0.3
R246 601 - R493 200	1.3
R123 301 - R246 600	3.2
R61 601 - R123 300	4.8
R30 801 - R61 600	8.6
R15 401 - R30 800	14.6
R7 701 - R15 400	24.9
R0 - R7 700	24.9
No Income	17.3

Source: Demacon Ex. Quantec, 2010

Overall the primary consumer market profile reveals the following pertinent characteristics:

✓ At least **40 219** households (2010);
✓ Largely an African black consumer market;
✓ Relatively large segment of young and upcoming market segment, supported by a more mature adult segment and a relatively large youth component;
✓ Consumer market characterised by low levels of education;
✓ Relatively large economically active market segment, characterised by high levels of employment – reflecting moderate dependency ratios;
✓ Occupation profile reflects a dominance of blue collar occupations – reflecting a middle income consumer market characterised by pockets of wealth and poverty;
✓ Weighted average monthly household income of target market (LSM 4 to 10+) approximately **R7 560.3** (2010);
✓ Low to moderate living standard levels – **LSM 1 to 3 (67.1%); LSM 4 to 10+ (32.9%);**
✓ A number of factors contribute to the general property development climate in a specific geographical area. The socio-economic factors that provide an initial indication of market potential are levels of education, level of employment, income and standards of living. These factors combined reflect a consumer market with a demand predominantly focused towards the lower to middle spectrum of commercial products and services.

11.3   RETAIL SUPPLY WITHIN THE LARGER REGION

Map 11.2 indicates the location of retail centres within the larger region. It is evident that six retail centres are located within 20km from NkowaNkowa – largely concentrated in Tzaneen.

**Table 11.3: Retail Supply Within 20km from NkowaNkowa**

Centre	Location	Size (m²GLA)	Classification	Developed	Shops	Anchors
Tzaneng Mall	Tzaneen	39 000	Minor regional	1990	92	Pick 'n Pay Super, Woolworths, Game
Maake Plaza	Tzaneen	15 855	Community	2008	40	Shoprite
Tzaneen Crossing	Tzaneen	10 390	Neighbourhood	1989	32	Shoprite, Identity, FNB, Ackermans
Boxer Centre	Tzaneen	5 094	Neighbourhood	1988	10	Boxer Cash 'n Carry
Checkers Centre	Tzaneen	5 055	Neighbourhood			Checkers
Oasis Mall	Tzaneen	3 471	Local convenience	1990	13	Spar
Total		**78 865**				

Source: Demacon Ex. SACSC, 2010

✓ Closest retail supply is within 20km of NkowaNkowa – constituting approximately 78 865m² retail GLA.
✓ Sizes of the centres vary between 3 471m² retail GLA and 39 000m² retail GLA.
✓ These consist of one minor regional centre, a community centre, three neighbourhood centres and a local convenience centre.
✓ Only one centre was developed post 2000.
✓ Anchors include Pick 'n Pay, Woolworths, Game, Shoprite, Identity, FNB, Ackermans, Boxer, Spar.

Map 11.2: Retail Supply in Proximity to NkowaNkowa
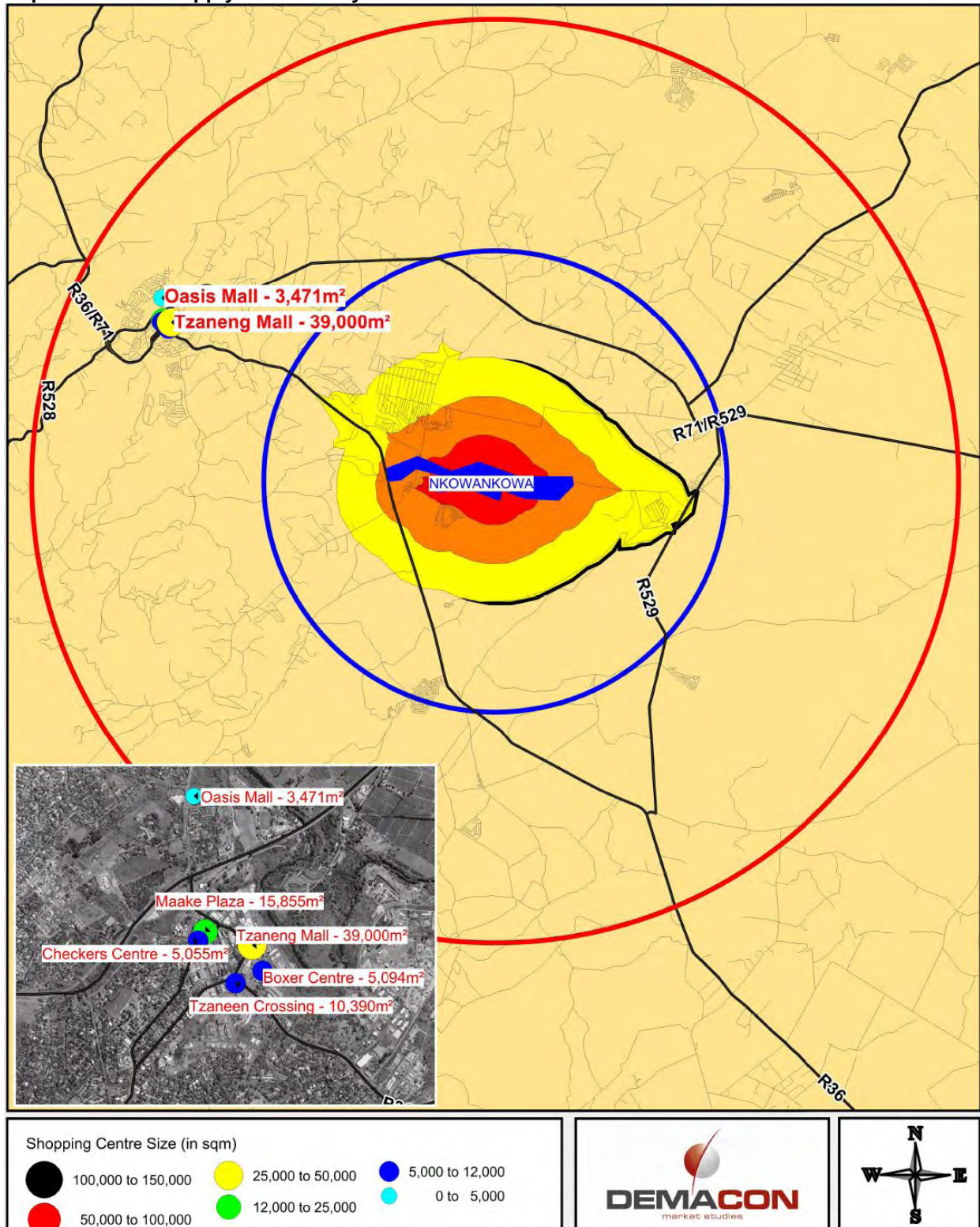
Subsequent pictures provide a visual illustration of shopping facilities within NkowaNkowa. In order to study the current consumer behaviour of the local community and to identify the potential impact that a formal retail centre could have on NkowaNkowa, proportionally stratified household surveys were conducted within the 10km radius. Subsequent paragraphs highlight the findings of these surveys.

Pictures 11.1: NkowaNkowa Shopping Facilities

11.4 CURRENT CONSUMER BEHAVIOUR AND DEMAND FOR FORMAL RETAIL FACILITIES AND ANTICIPATED IMPACT

11.4.1 HOUSEHOLD INFORMATION

Subsequent paragraphs discuss household information disclosed by the respondents pertaining to the number of households on premises, average household size, current life stage, age profile of household members, the family member responsible for retail purchases, mode of transport, number of breadwinners and employment location.

Figure 11.4: Number of Households on Premises
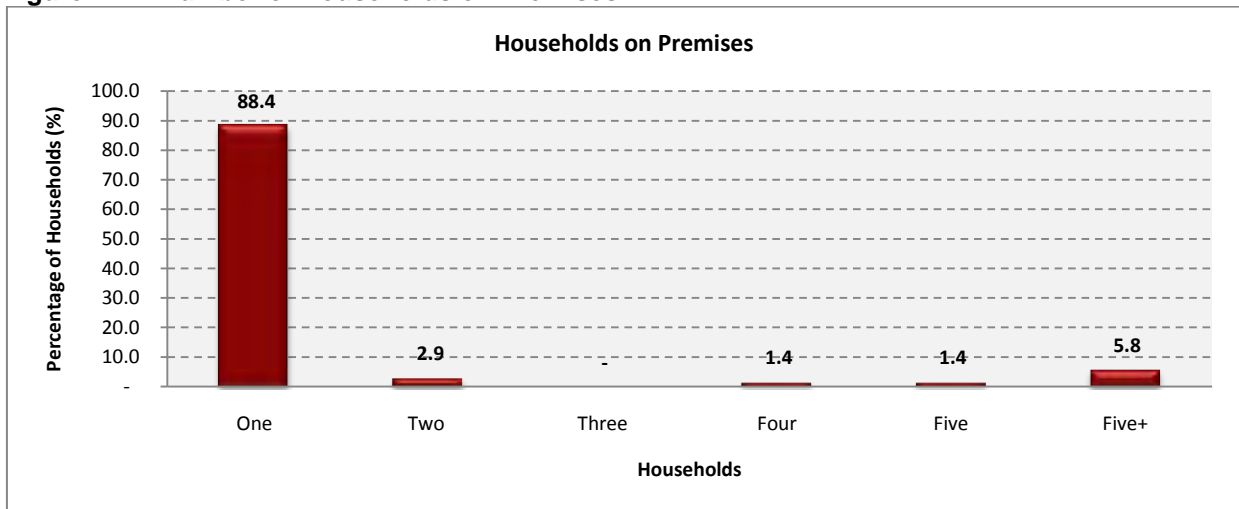
Source: Demacon Household Surveys, 2009

Figure 11.5: Average Household Size
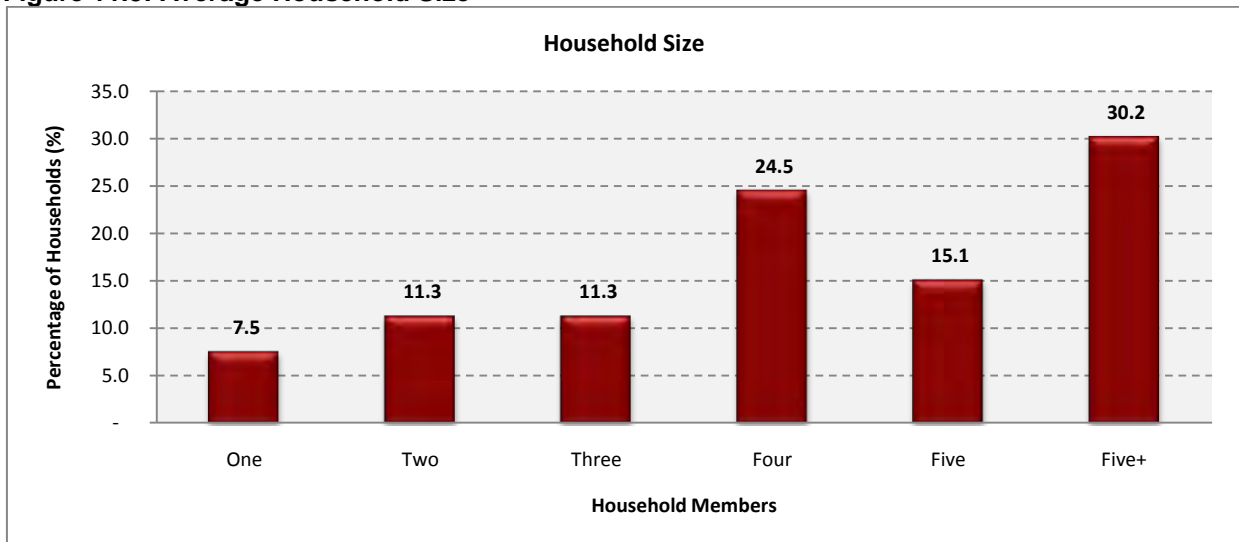
Source: Demacon Household Surveys, 2009

Findings: (Figures 11.4 to 11.8)
- ✓ In general there is **one household** on the premises – 88.4%, followed by smaller segments reflecting two to more households on the premises – 11.6%.
- ✓ Households mostly consist of four or more members – 69.8%.
- ✓ Dominant life stages include **mature parents, couples, mature singles and golden nests.**
- ✓ Age profile reflects a large young adult segment (32.0%), supported by a large mature adult segment (27.1%), and moderate youth (20.5%) and child segment (20.5%).
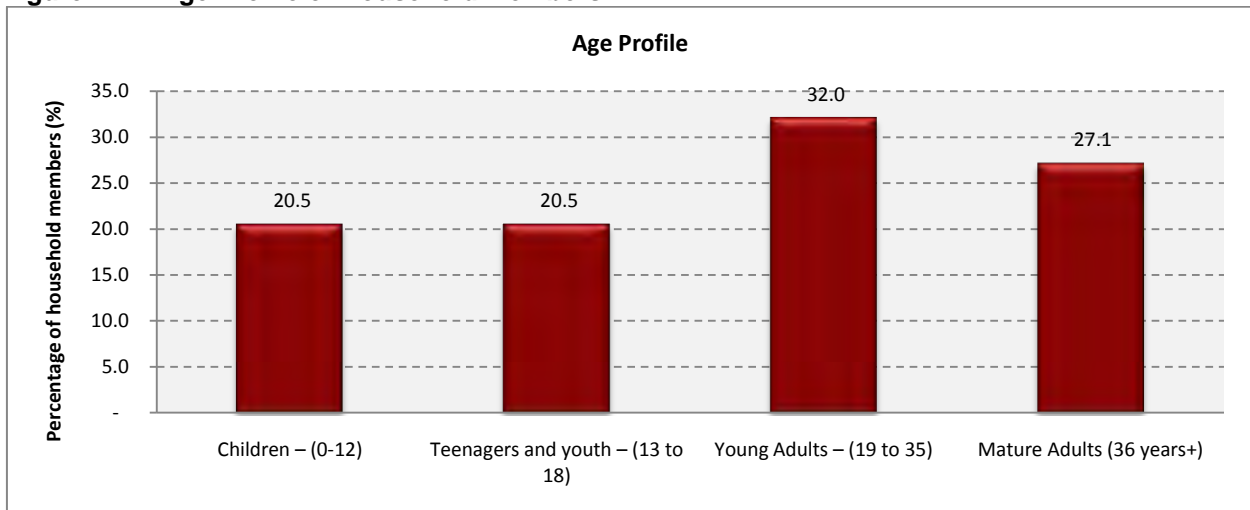
✓ The family member mainly responsible for conducting retail purchases is the **mother (54.1%),** followed by the father (32.1%) and to a lesser extent the daughter or son.
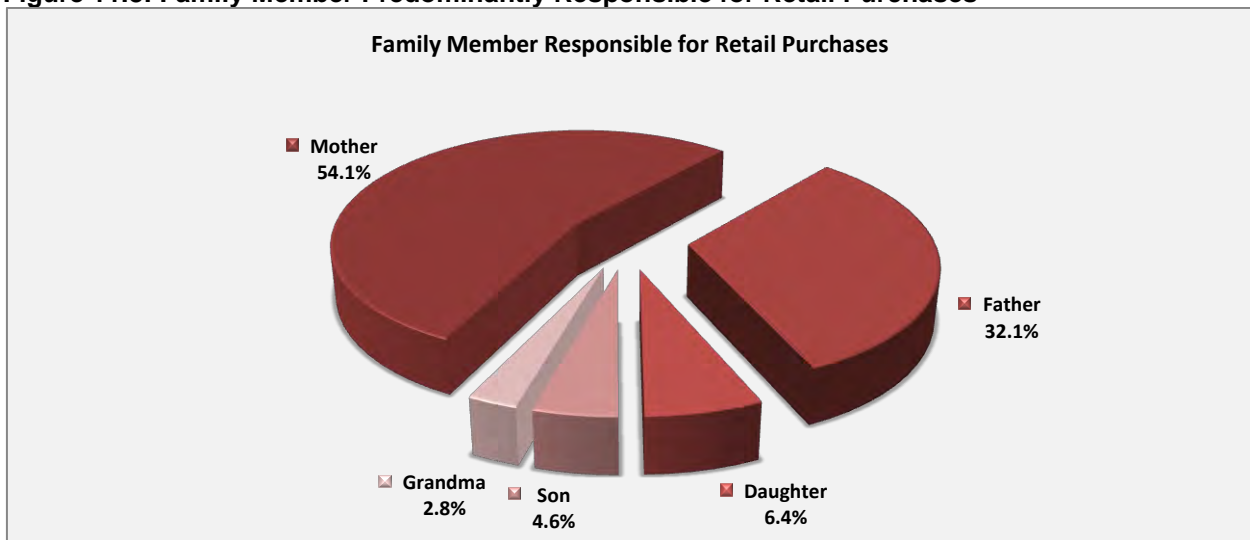
Figure 11.6: Current Life Stage
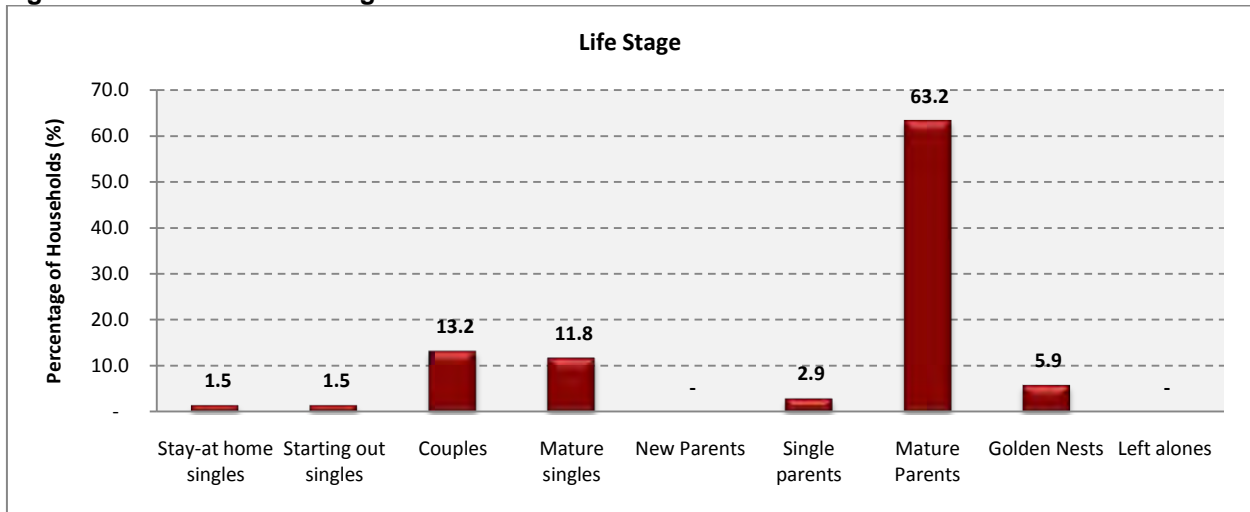
Source: Demacon Household Surveys, 2009
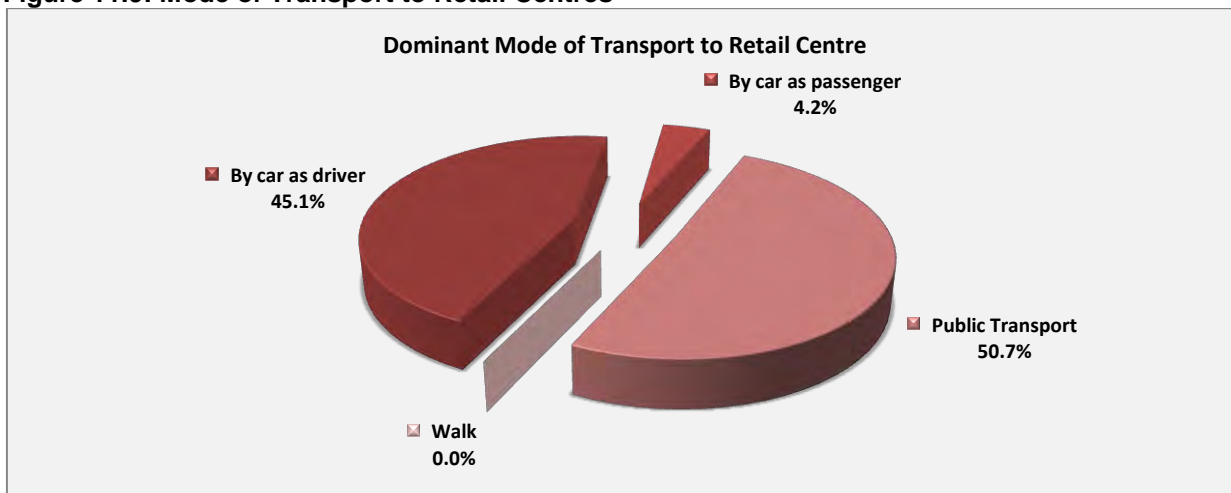
Figure 11.7: Age Profile of Household Members

Source: Demacon Household Surveys, 2009

**Figure 11.8: Family Member Predominantly Responsible for Retail Purchases**

Source: Demacon Household Surveys, 2009

Figure 11.9: Mode of Transport to Retail Centres

Dominant Mode of Transport to Retail Centre

- By car as passenger 4.2%
- By car as driver 45.1%
- Public Transport 50.7%
- Walk 0.0%

Source: Demacon Household Surveys, 2009

Figure 11.10: Number of Breadwinners

Number of Breadwinners

- Two 54.7%
- One 35.9%
- Three+ 6.3%
- Three 3.1%
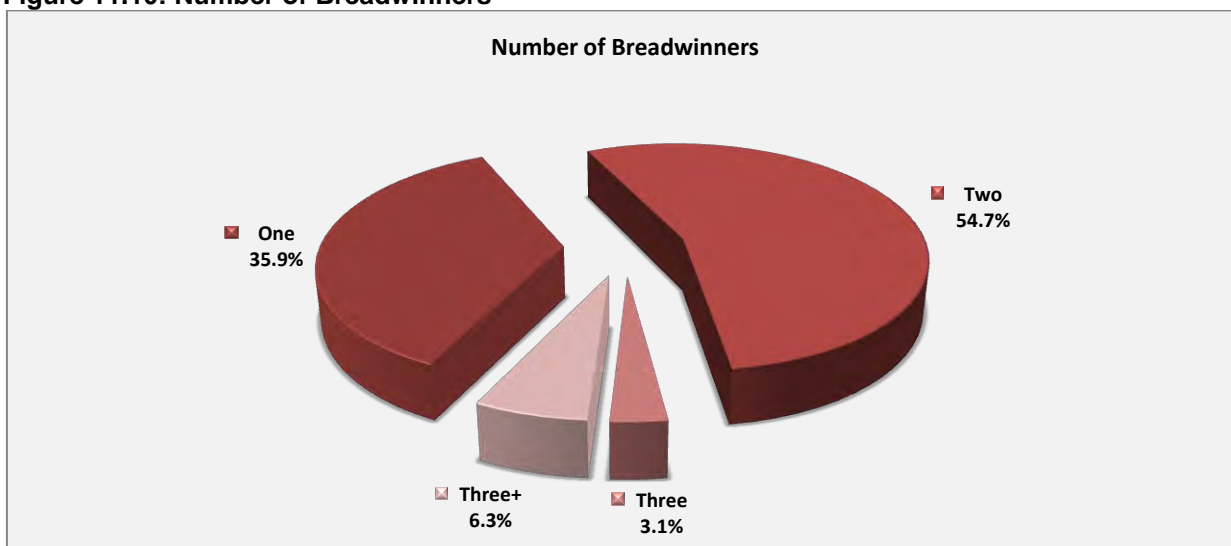
Source: Demacon Household Surveys, 2009

Findings: (Figures 11.9 to 11.10)

✓ The dominant mode of transport utilised by the family member conducting retail purchases to reach retail destinations includes **public transport (50.7%)** or **private vehicle (49.3%).** The fact that they do not walk reflects the distance of these centres from their homes.

✓ On average most households have **two breadwinners** (54.7%), followed by a large segment of households being characterised by single breadwinners (35.9%).

✓ In general breadwinners are employed in Tzaneen, with small percentages being employed in Polokwane, Giyane, NkowaNkowa, Pretoria and Johannesburg.

11.4.2 CONSUMER BEHAVIOUR

Subsequent paragraphs look at current consumer behaviour in terms of percentage of shopping conducted locally, preferred retail centres, retail expenditure distribution between shopping centres and local traders, average distance to preferred centres, preferred time to conduct shopping, average dwell time, method of payment and transport cost to retail centres.

Figure 11.11: Percentage of Monthly Shopping Conducted Within NkowaNkowa and Outside NkowaNkowa
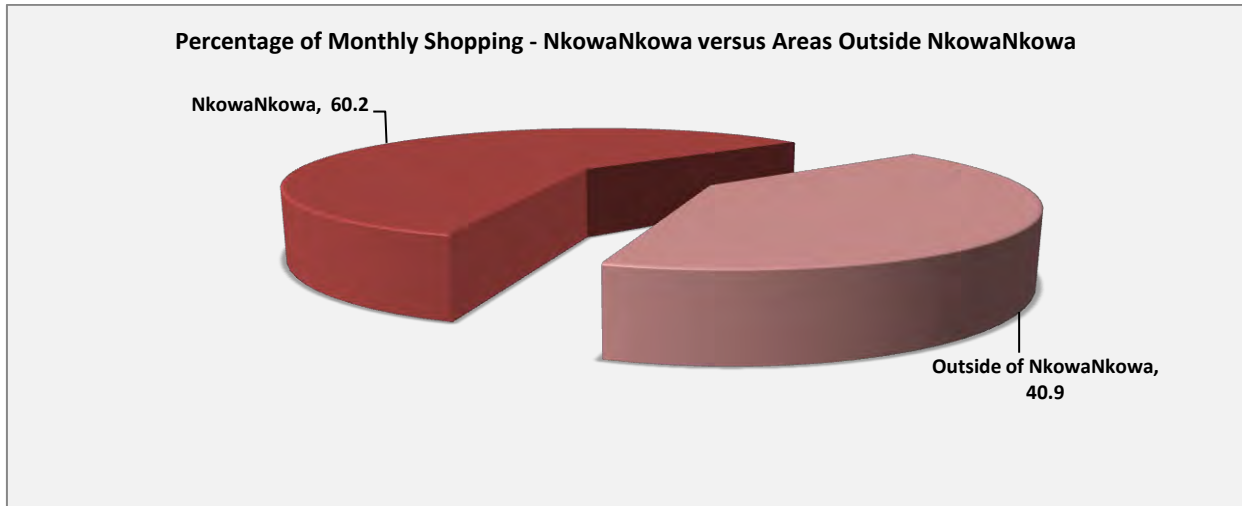
Source: Demacon Household Surveys, 2009

Figure 11.12: Percentage of Shopping Conducted at Local Traders
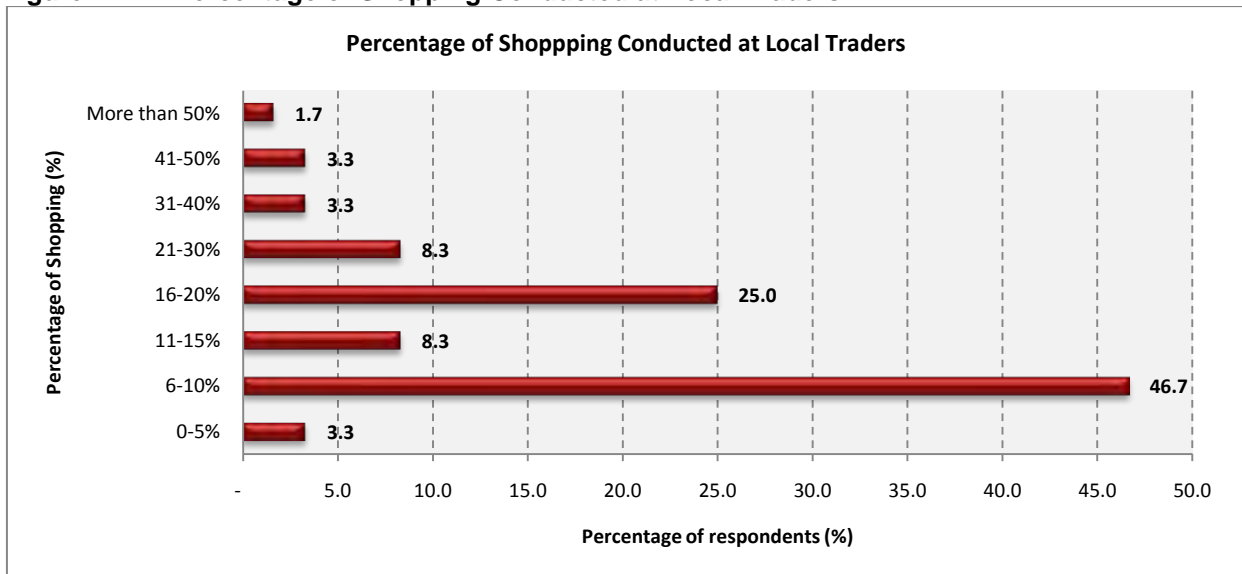
Source: Demacon Household Surveys, 2009

Findings: (Figures 11.11 to 11.14)

- ✓ In general respondents indicated that they conduct approximately **60.2%** of their **monthly shopping locally** and 40.9% outside of NkowaNkowa.
- ✓ Respondents also indicated that they conduct between **6% and 10%** of their monthly shopping at **local traders (46.7%),** followed by a medium sized segment indicating that they conduct between 16% and 20% at local traders (25.0%). A small segment of households conduct more than 30% of their monthly shopping at local traders.
- ✓ In terms of retail expenditure it is evident that the majority of respondents spend between R751 and R2 000 per month at formal retail centres (66.6%) – average weighted monthly expenditure amounts to **R1 650.9[94]**
- ✓ Most respondents indicated that they spend between R50 and R150 at informal traders per month (66.7%) – average weighted monthly expenditure amounts to **R111.9[95].**

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[94] Note: Weighted average is an average of multiple values produced by assigning a weight to each value, multiplying each value by its weight, and then adding the results.

✓ In terms of the favourite retail centres supported – the strong reliance on Tzaneen's retail supply is evident. Favourite retail centres include Tzaneen Crossing, Tzaneng Mall, Maake Plaza, followed by Checkers Centre, Oasis Mall and Mabopane Retail Centre.

Figure 11.13: Monthly Retail Expenditure at Shopping Centres and Traders
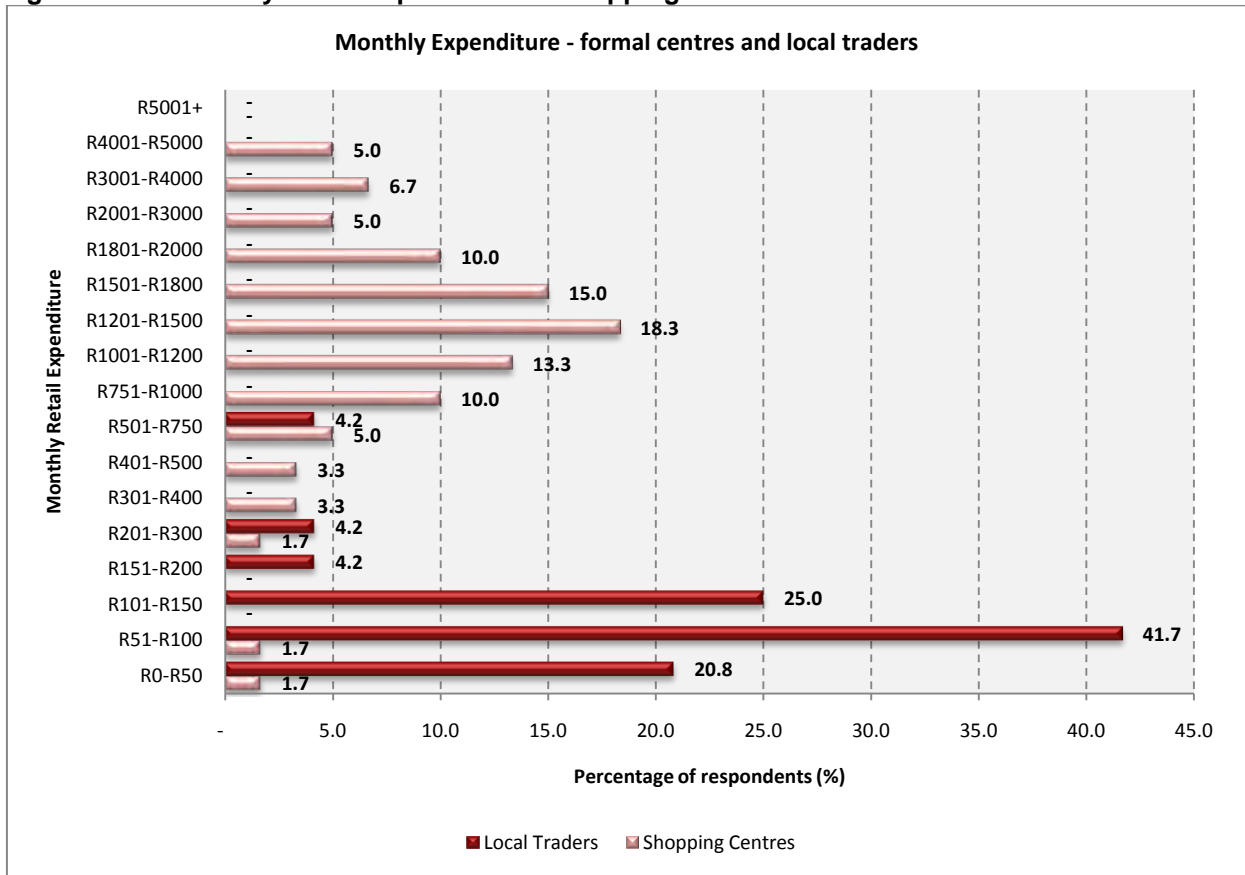
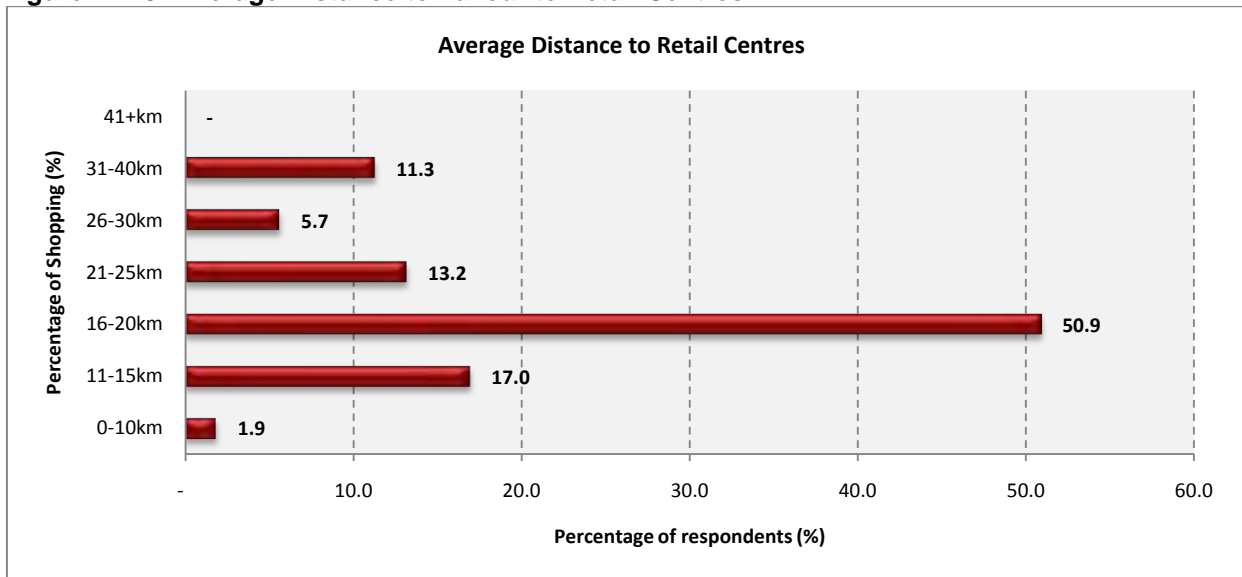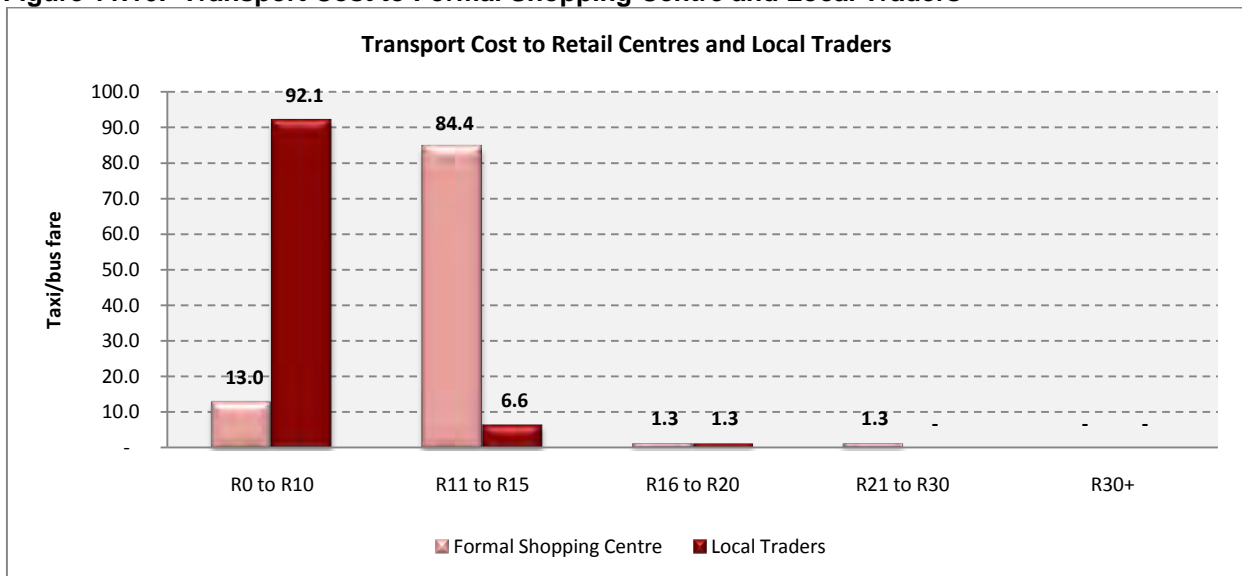*Source: Demacon Household Surveys, 2009*

Figure 11.14: Preferred Retail Centre
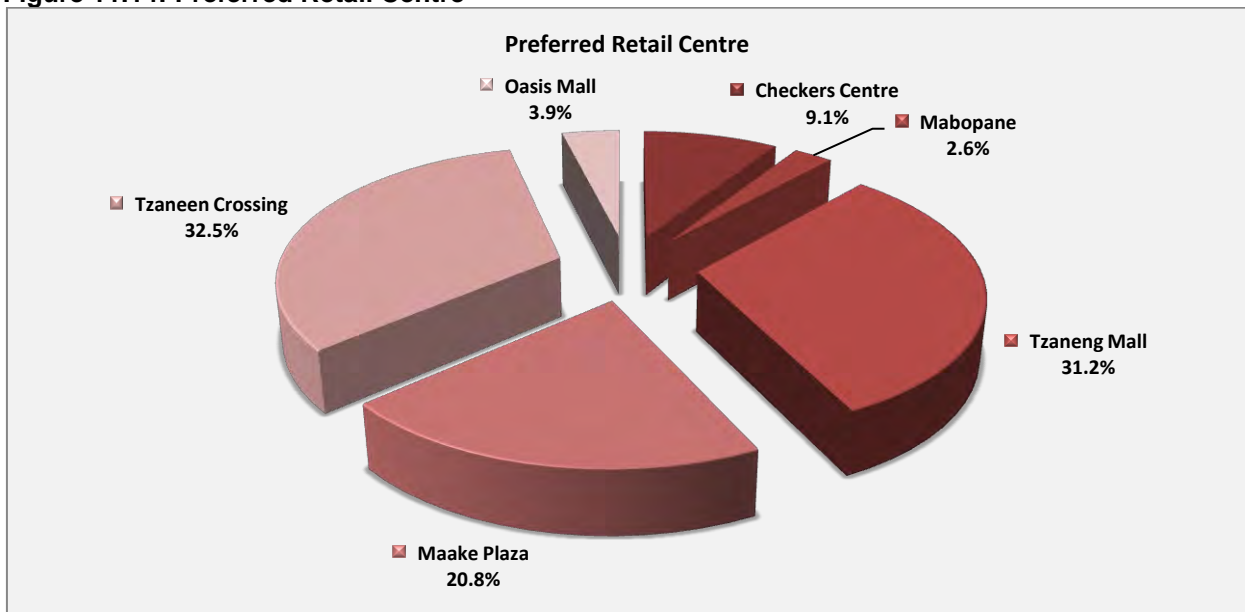
Source: Demacon Household Surveys, 2009

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[95] Note: Weighted average is an average of multiple values produced by assigning a weight to each value, multiplying each value by its weight, and then adding the results.

Figure 11.15: Average Distance to Favourite Retail Centres

Average Distance to Retail Centres

Source: Demacon Household Surveys, 2009

Figure 11.16: Transport Cost to Formal Shopping Centre and Local Traders

Transport Cost to Retail Centres and Local Traders
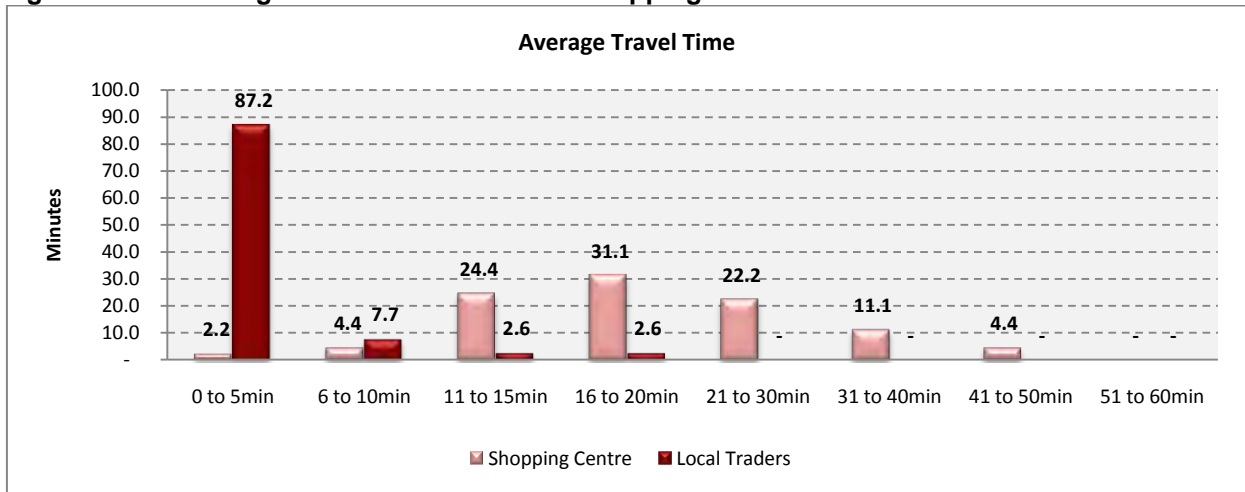

Source: Demacon Household Surveys, 2009

Findings: (Figures 11.15 to 11.17)

✓ In terms of the average distance to these centres the majority indicated that this is between 16 and 20km (50.9%), a relatively large segment also indicated distances of up to 40km (30.2%) and a small segment indicated distances of 11 to 16km.

✓ The cost of transport to reach retail centres is mostly between R11 and R15 (84.4%) - average weighted transport cost amounts to R12.2; and less than R10 to local traders (92.1%) - average weighted transport cost amounts to **R5.7[96].**

✓ The average travel time to formal retail centres is mainly between 16 and 20 minutes (31.1%), followed by a large segment indicating longer travel times of up to 50 minutes (37.7%), and another segment reflecting travel times of 11 to 15 minutes (24.4%) - (average weighted travel time amounts to **20.8 minutes**).

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[96] Note: Weighted average is an average of multiple values produced by assigning a weight to each value, multiplying each value by its weight, and then adding the results.
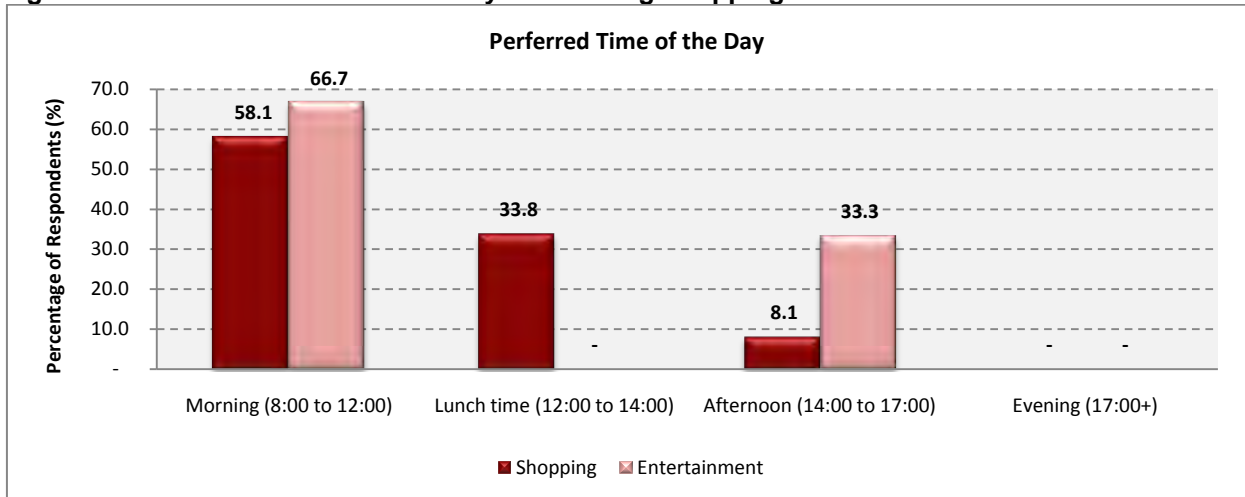
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✓ The average travel time to local traders is mainly less than five minutes – 87.2% (average weighted travel time amounts to **3.6 minutes**).

**Figure 11.17: Average Travel Time to Formal Shopping Centre and Local Traders**

Average Travel Time

Source: Demacon Household Surveys, 2009

Figure 11.18: Preferred Time of the Day Conducting Shopping and Entertainment

Perferred Time of the Day

Source: Demacon Household Surveys, 2009

Figure 11.19: Average Dwell Time on Average Visit to these Centres

Average Dwell Time
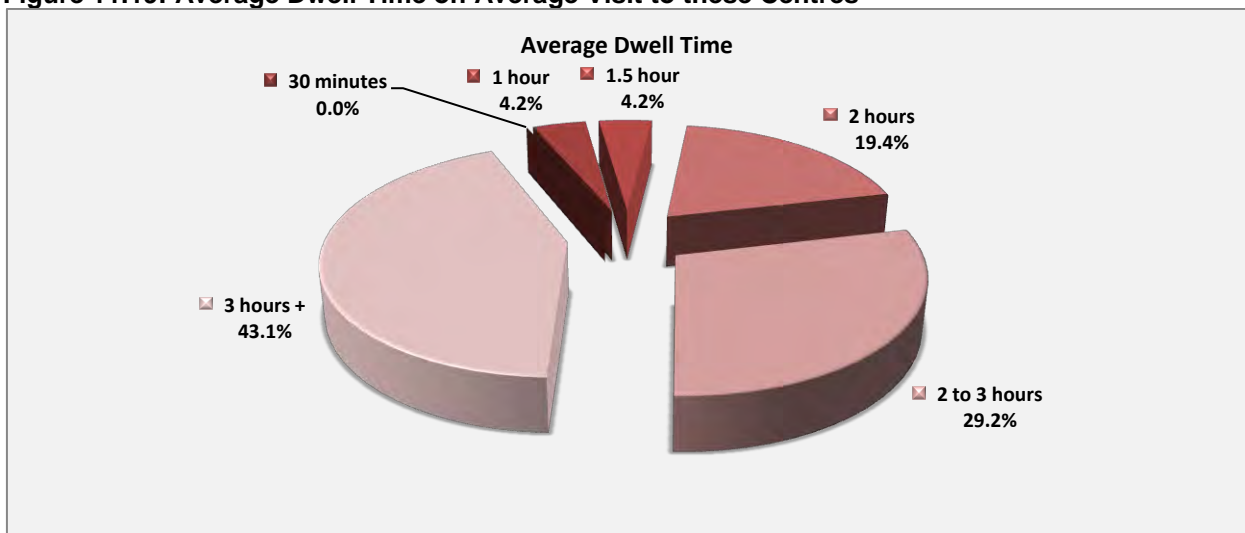
Source: Demacon Household Surveys, 2009

Figure 11.20: Brand Consciousness

Preference of Product Brands

- Medium Priced 68.0%
- Most Expensive 2.7%
- Cheapest 29.3%
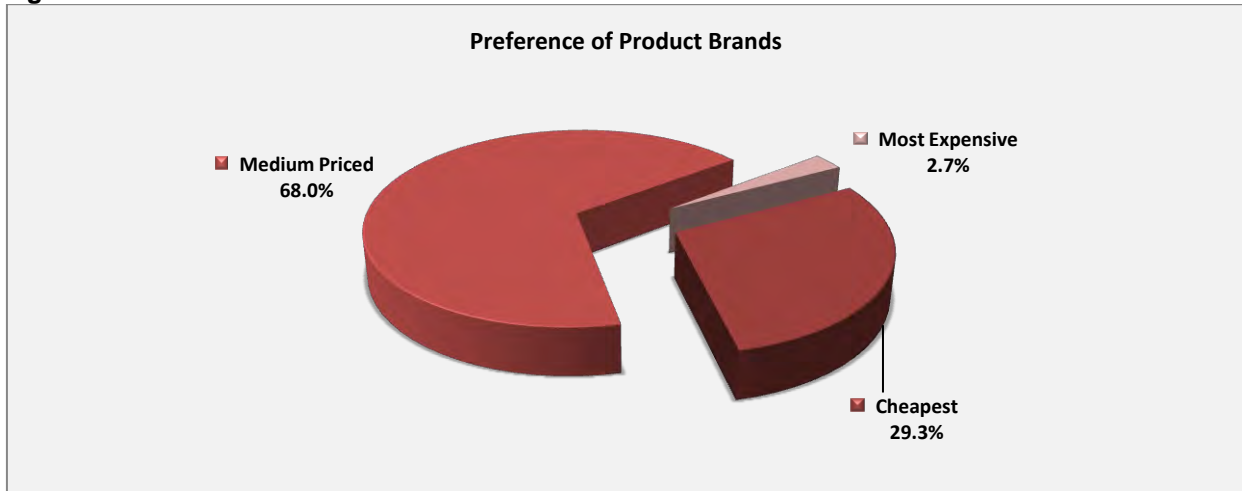
Source: Demacon Household Surveys, 2009

Figure 11.21: Method of Payment

Method of Payment

- Cash 86.5%
- Credit 6.8%
- Debit 4.1%
- Account 1.4%
- Lay-bye 1.4%
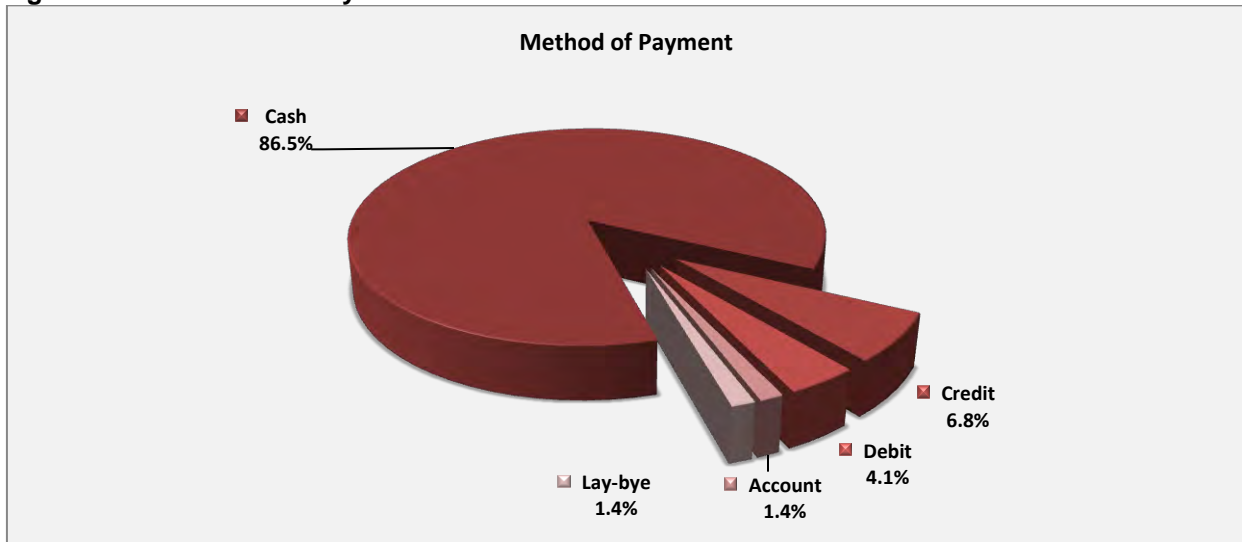
Source: Demacon Household Surveys, 2009

Findings: (Figures 11.18 to 11.21)

✓ The preferred time of the day to shop is in the morning between **8 and 12 o'clock (58.1%)**, followed by a segment indicating a preference for shopping during lunch time between 12 and 2 o'clock (33.8%).

✓ The preferred time of the day for entertainment at the centres is in the morning between **8 and 12 o'clock (66.7%),** followed by a segment indicating a preference for the afternoon between 2 and 5 o'clock (33.3%).

✓ The average dwell time per visit to these centres is **more than three hours in the majority of cases(43.1%)**, followed by relatively large segment indicating dwell times of between two and three hours (48.6%).

✓ Respondents also showed a strong preference for **medium priced brands**, followed by a medium sized segment reflecting a strong preference for the cheapest brands.

✓ The dominant method of payment includes cash, followed by credit, debit, account and lay-bye.

11.4.3 LOCAL SUPPORT

Subsequent paragraphs deal with the overall level of satisfaction with shopping facilities within the NkowaNkowa area. They look at on commodities available and not available locally and the types of products purchased from informal traders and spaza stores.

Figure 11.22: Overall Level of Satisfaction with Shopping Facilities within NkowaNkowa Area

Source: Demacon Household Surveys, 2009

**Figure 11.23: Commodities Predominantly Purchased Within NkowaNkowa**
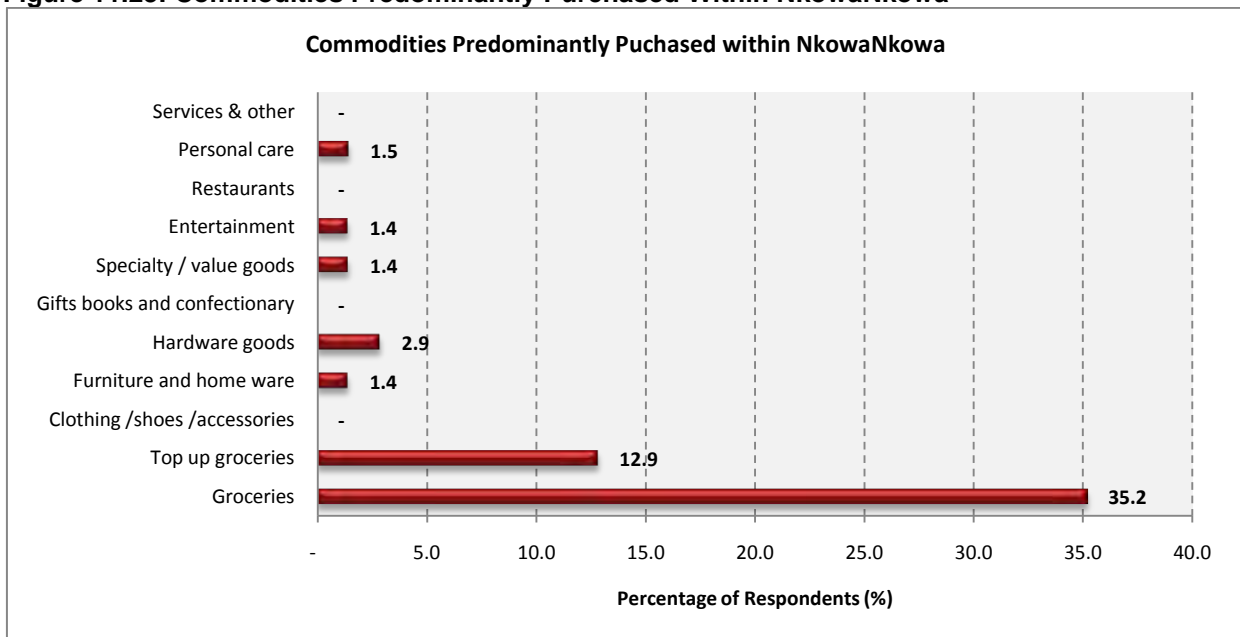
Source: Demacon Household Surveys, 2009

Findings: (Figures 11.22 to 11.24)

✓ The largest segment of respondents indicated that they are **not satisfied with the retail facilities within NkowaNkowa – 58.0%,** a medium sized segment indicated that it is acceptable – 22.6% and a mere 19.3% indicated that they are satisfied with the retail facilities.
✓ Respondents indicated that the following commodities are mostly purchased within NkowaNkowa – Groceries and top-up groceries, and to a lesser extent hardware goods, personal care, furniture, speciality goods and entertainment.

✓ In terms of commodities not available locally, the following stood out: services, top-up groceries, restaurants, clothing and shoes, entertainment, gifts, books and confectionary, speciality and value goods.

Figure 11.24: Types of Commodities Not Available in NkowaNkowa
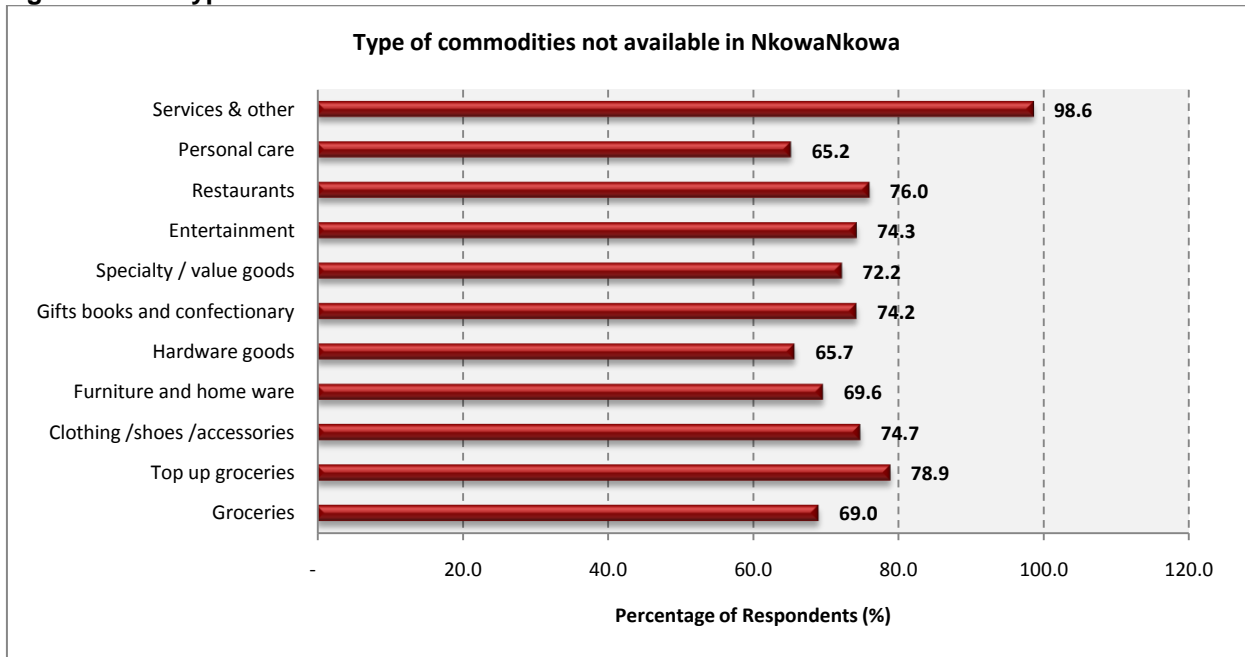
Source: Demacon Household Surveys, 2009

**Figure 11.25: Products and Services in Greatest Demand That Cannot be Obtained Locally**
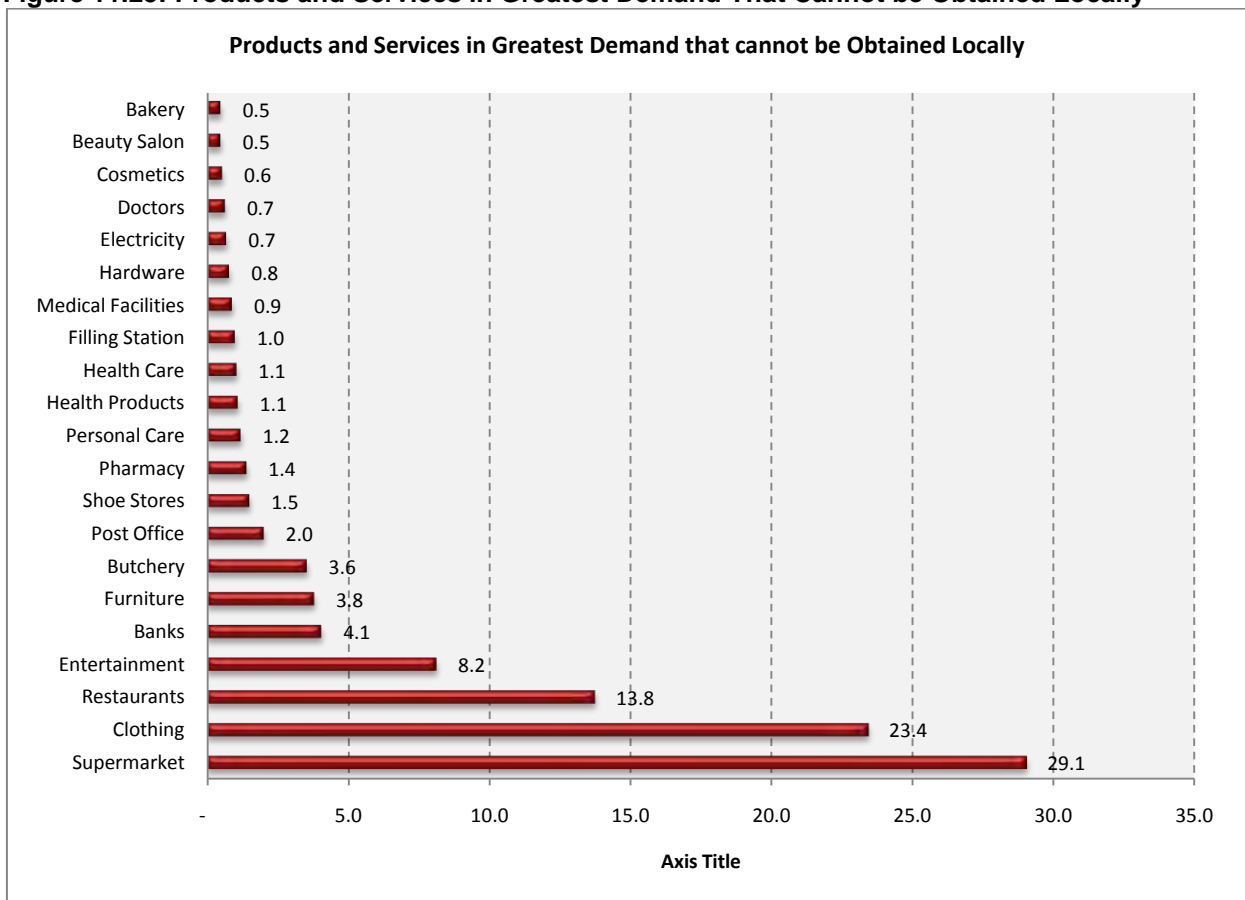
Source: Demacon Household Surveys, 2009

Findings: (Figures 11.25 to 11.26)

✓ In terms of the products and services in greatest demand that cannot be obtained locally supermarkets, clothing stores, restaurants, entertainment, banks, furniture stores and butcheries ranked the highest.
✓ In terms of the types of products purchased from local traders and spaza shops it was found that bread, milk, cool drinks and cigarettes represent the top trade articles. These are followed by airtime, top-up groceries, cooking oil, eggs, maize meal, salt, snacks, candles, meat, newspaper and vegetables.

Figure 11.26: Main Type of Products Purchased from Local Traders and Spaza Shops
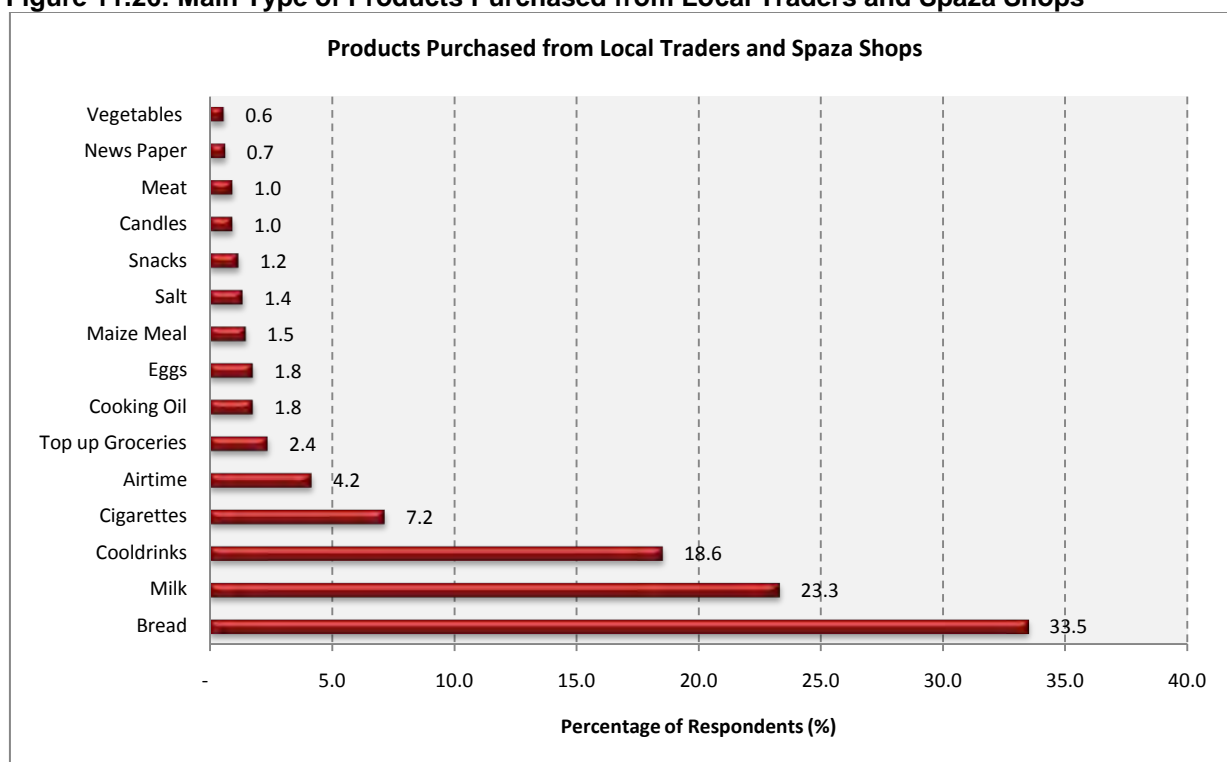
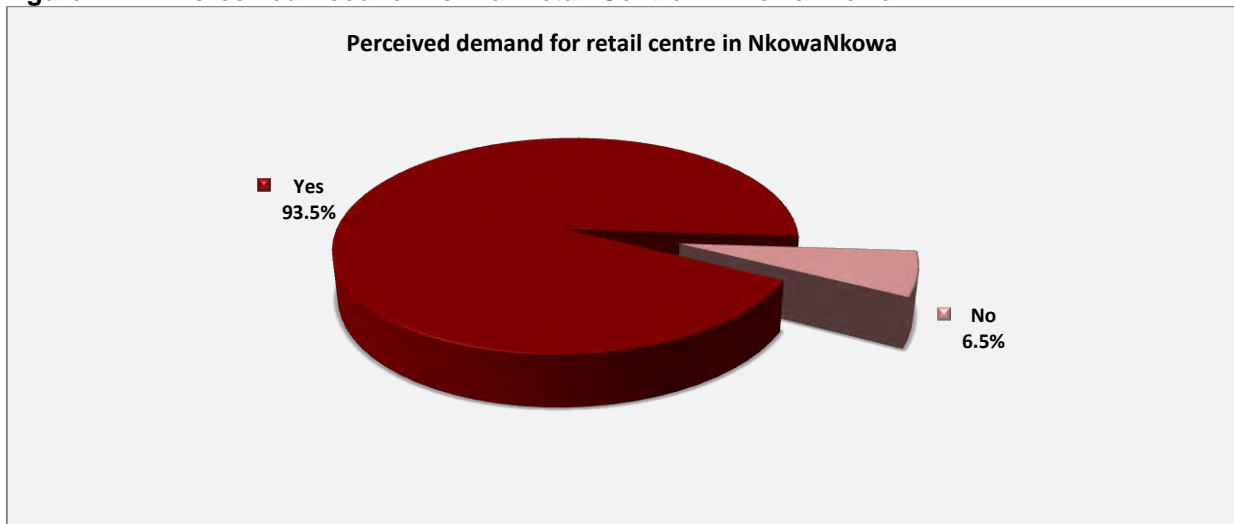*Source: Demacon Household Surveys, 2009*

11.4.4 PERCEIVED DEMAND

Subsequent paragraphs show the findings regarding the perceived demand for a formal retail facility in the area, potential support, preferred shops and services, the nature thereof, representation of local businesses, anticipated impact on current consumer behaviour and the incorporation of informal trade facilities.

**Findings**: (Figures 11.27 to 11.30)

✓ There is a **definite perceived demand** for a formal retail centre in NkowaNkowa – **93.5%**
✓ Strong potential **support** is evident for a new retail centre – **92.2%**
✓ In terms of preferred shops the following ranked top: supermarket, clothing store, butchery, shoe store, accessory store, furniture, pharmacy, home decor, hardware and restaurants.
✓ In terms of preferred services the following ranked top: doctors, banks, optometrist and hairdresser.
✓ The largest segment of respondents would prefer an **enclosed mall – 42.9%,** nearly even segments, however, would, prefer a combination of open and enclosed malls (30.25) or just an open mall (27.0%).

**Figure 11.27: Perceived Need for Formal Retail Centre in NkowaNkowa**

Perceived demand for retail centre in NkowaNkowa

Yes 93.5%

No 6.5%

Source: Demacon Household Surveys, 2009

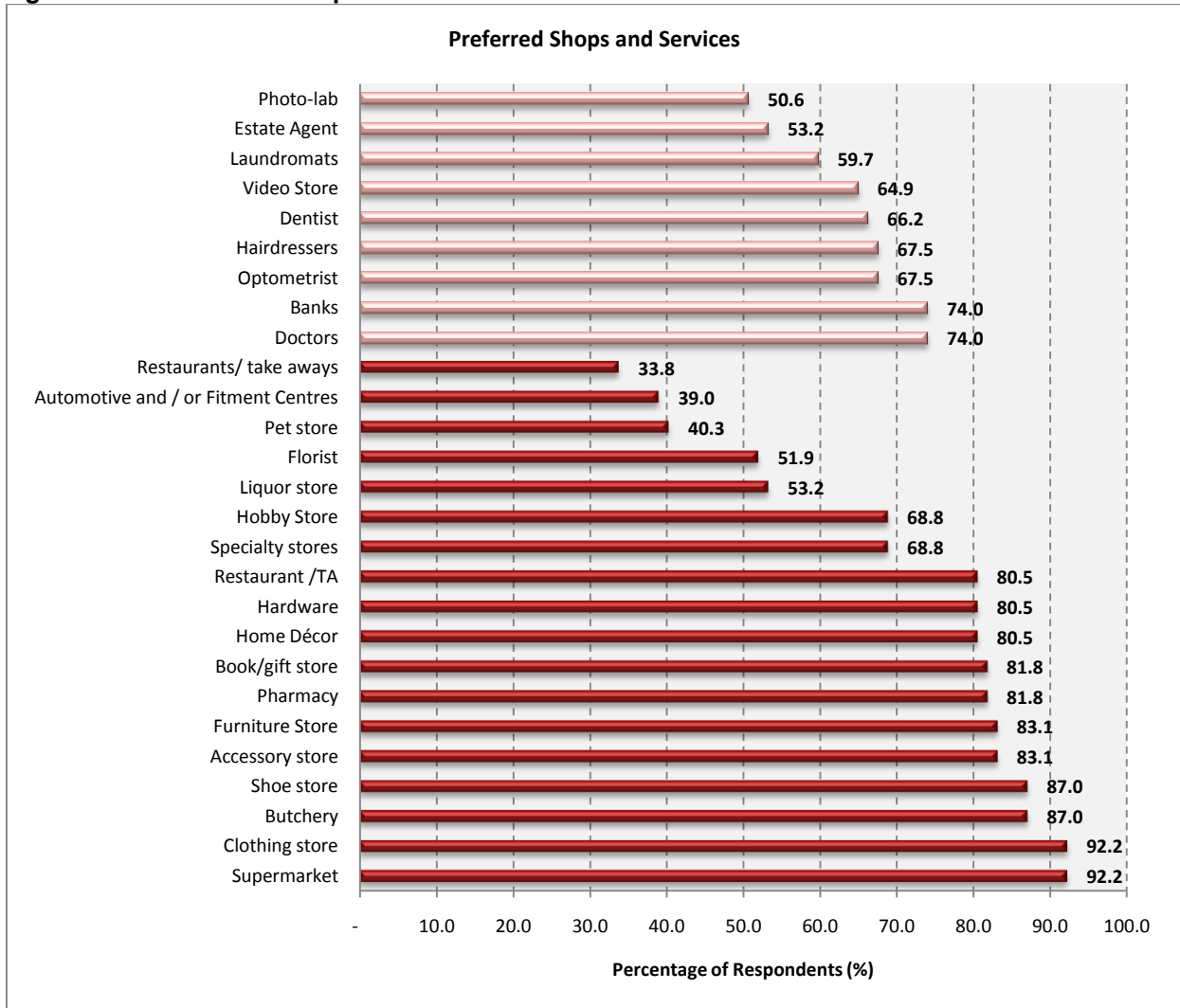**Figure 11.28: Potential Support for New Retail Centre**

Potential support towards a new centre

Yes 92.2%

No 7.8%
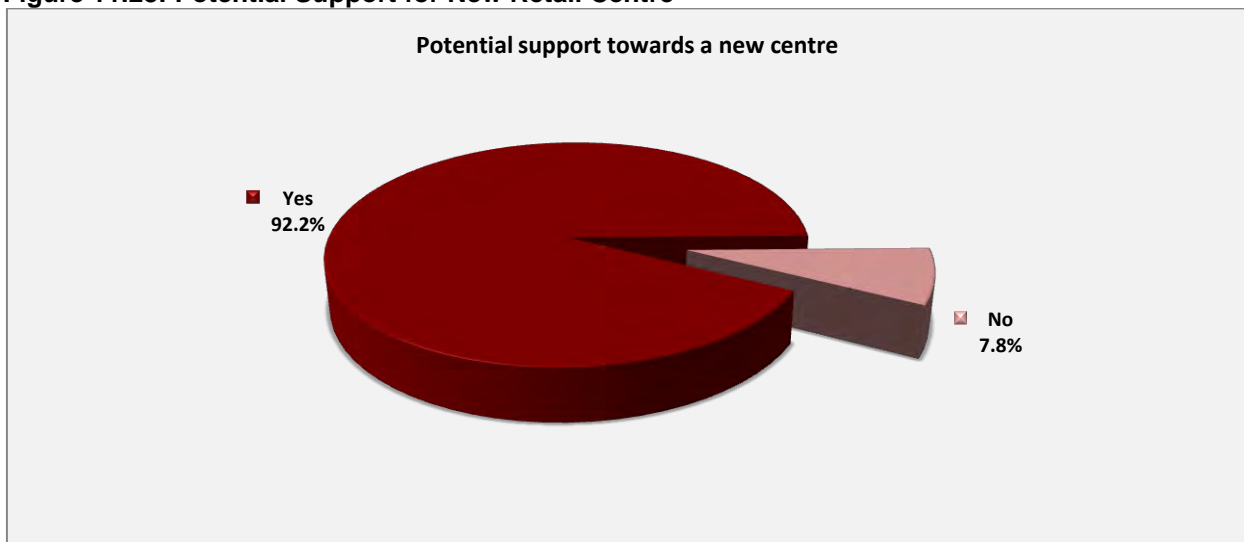
Source: Demacon Household Surveys, 2009

Figure 11.29: Preferred Nature of Shopping Centre

Preferred Nature of Centre

Combination of the Two 30.2%

Open Mall 27.0%

Enclosed Mall 42.9%
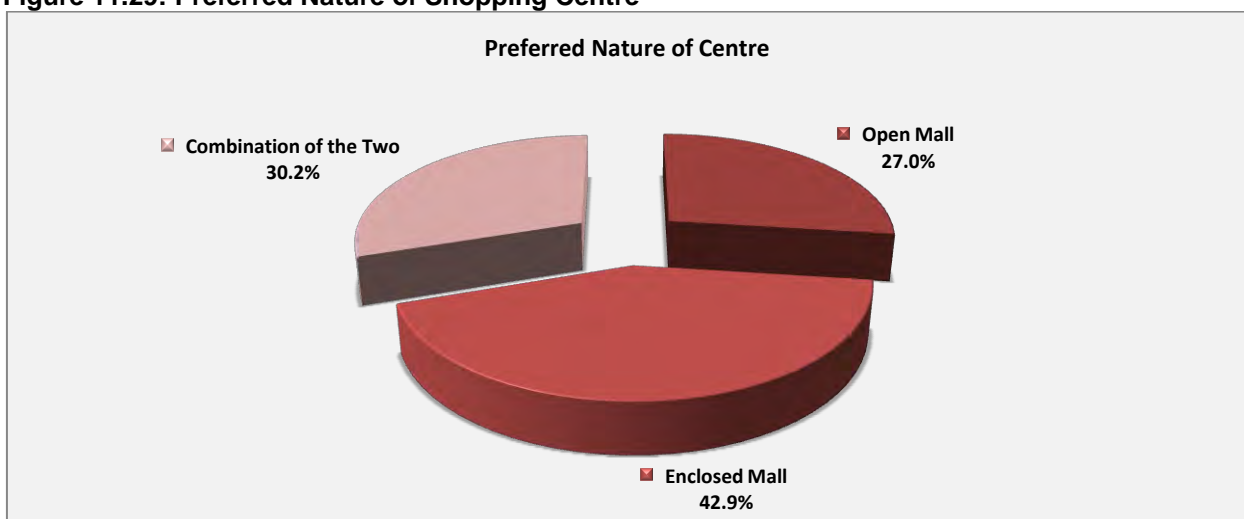
Source: Demacon Household Surveys, 2009

Figure 11.30: Preferred Shops and Services

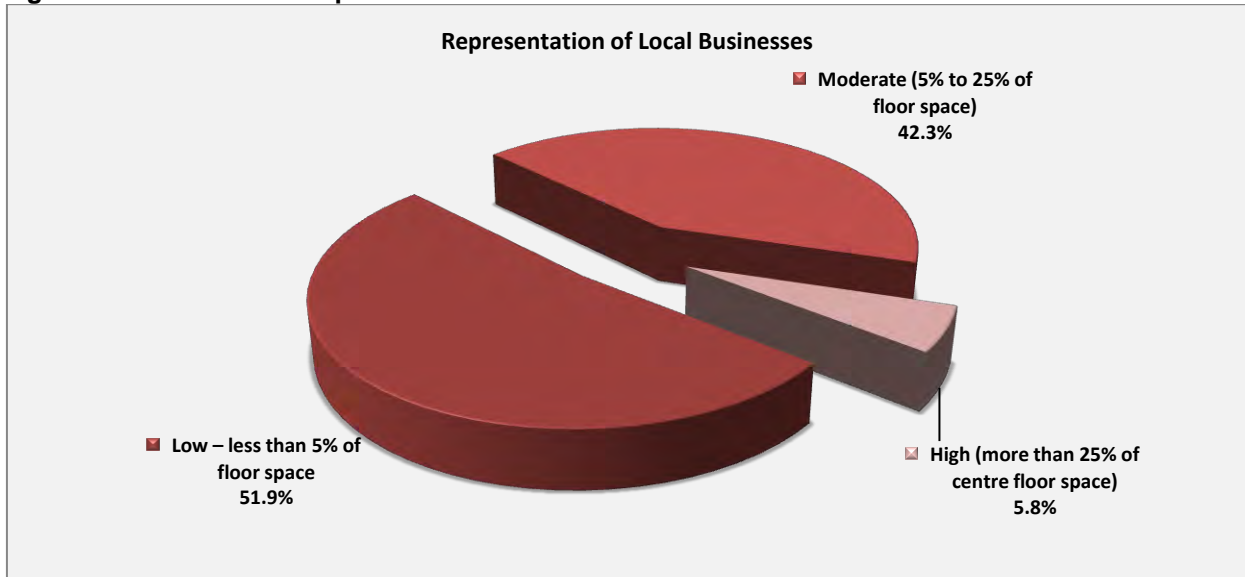Source: Demacon Household Surveys, 2009
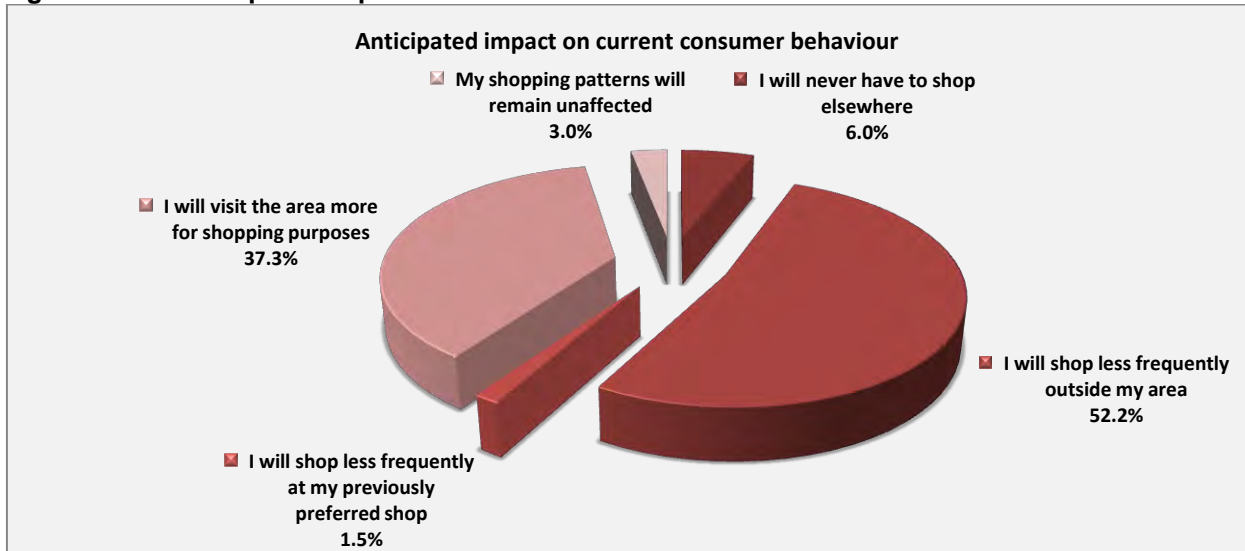
Major Tenants That Will Determine Success

• **Shoprite**	• Clothing	• Game
• **Pick n Pay**	• Discom	• Mac Donalds
• **Mr Price**	• Fruit & Veg	• Miladys
• **Jet**	• Boxer Cash & Carry	• Nandos
• **Spar**	• Butchery	• Ok
• **Edgars**	• Identity	• Restaurant
• Ackermans	• Pep	• Russels
• Checkers	• Cinemas	• Sports Scene
• KFC	• Debonairs	• Wimpy
• Woolworths	• Fashion World	
• Dischem	• Fresh Food	
• Truworths	• Furniture	

Figure 11.31: Preferred Representation of Local Businesses

Representation of Local Businesses

- Moderate (5% to 25% of floor space) **42.3%**
- Low – less than 5% of floor space **51.9%**
- High (more than 25% of centre floor space) **5.8%**

Source: Demacon Household Surveys, 2009

Figure 11.32: Anticipated Impact on Current Consumer Behaviour

Anticipated impact on current consumer behaviour

- My shopping patterns will remain unaffected **3.0%**
- I will never have to shop elsewhere **6.0%**
- I will visit the area more for shopping purposes **37.3%**
- I will shop less frequently outside my area **52.2%**
- I will shop less frequently at my previously preferred shop **1.5%**

Source: Demacon Household Surveys, 2009

Figure 11.33: Brand Consciousness

Anticipated impact on current consumer behaviour

- Medium **73.2%**
- High **12.7%**
- Low **14.1%**

Source: Demacon Household Surveys, 2009
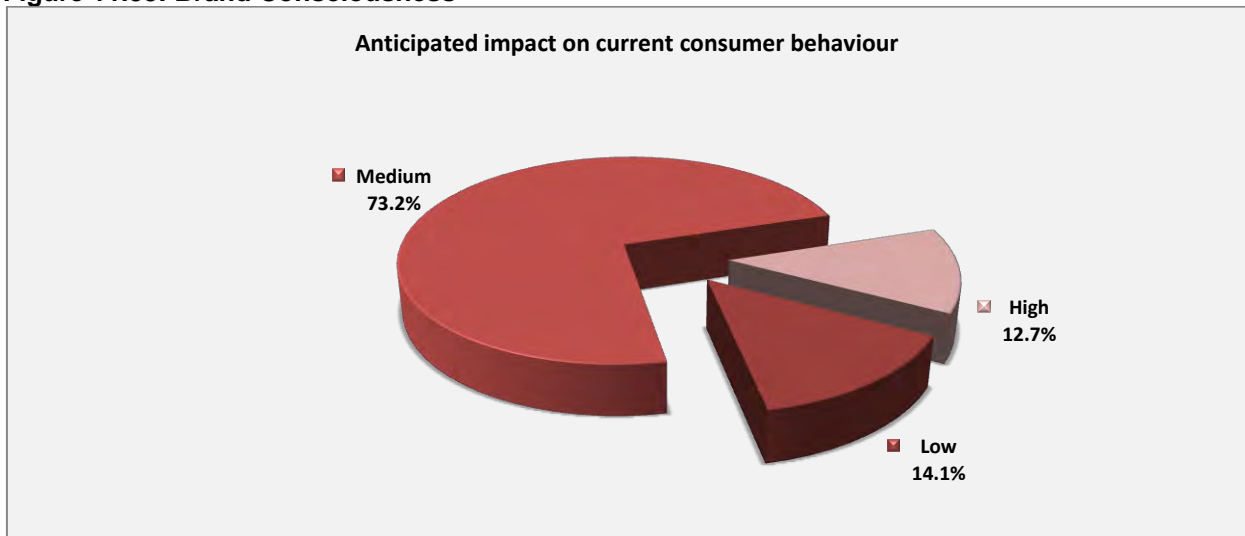
DEMACON
market studies

Figure 11.34: Perceived Need for Informal Trade Area as Part of Centre

Perceived Need for informal trade area as part of new centre

- No 32.9%
- Yes 67.1%
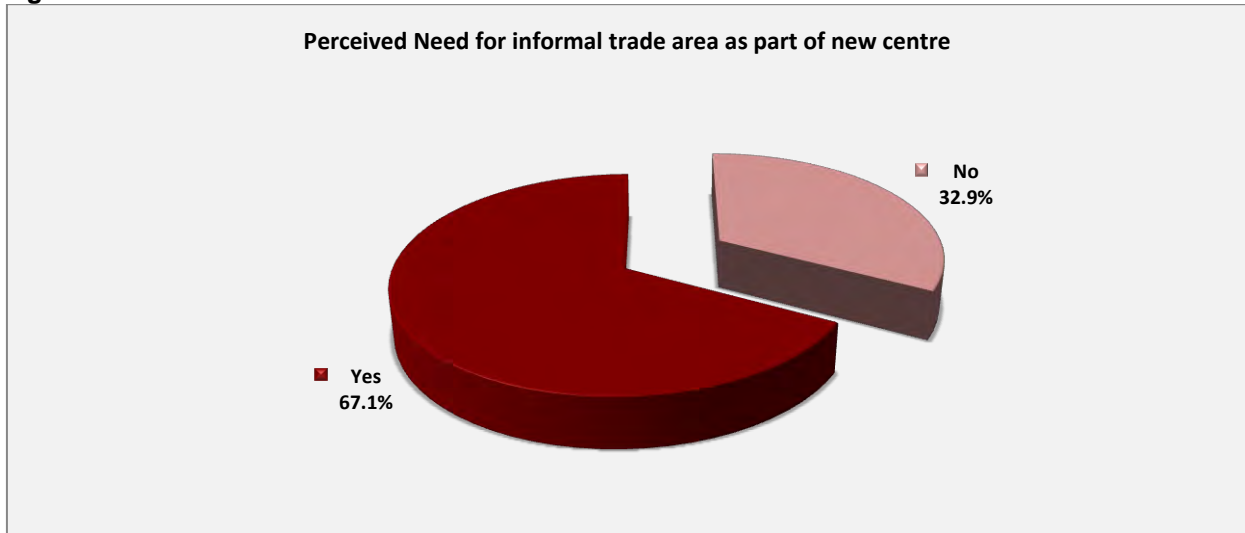
Source: Demacon Household Surveys, 2009

Figure 11.35: Size of Informal Trade Area as Part of Centre

Size of informal trade area

- Medium (10 to 20 hawkers) 51.1%
- Small (< 10 hawkers) 42.2%
- Large (20 to 50 hawkers) 6.7%
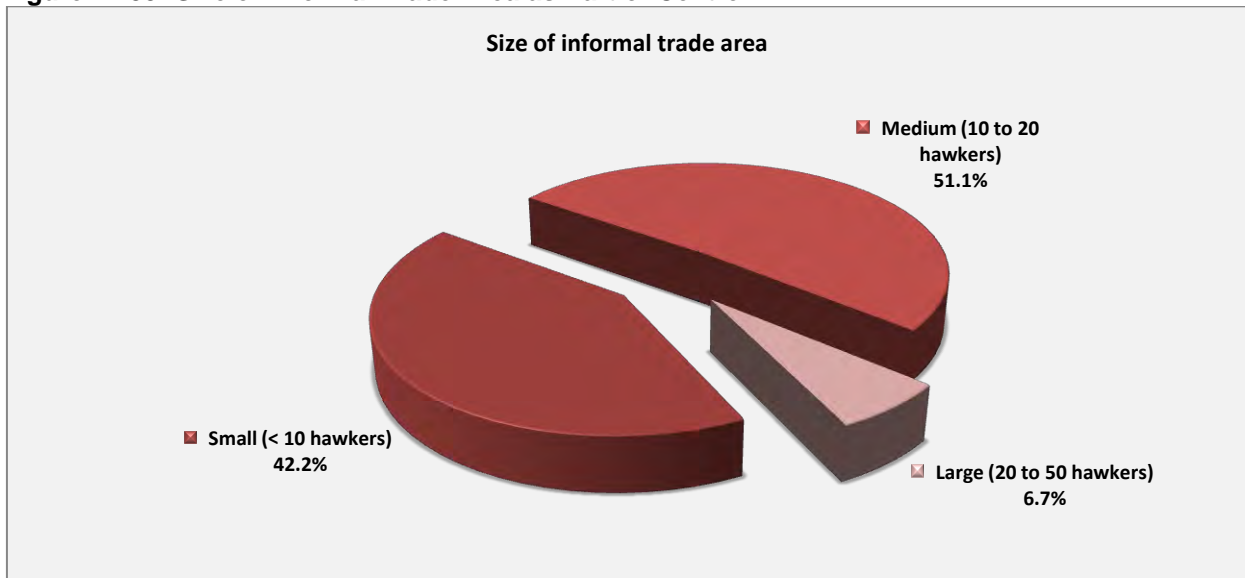
Source: Demacon Household Surveys, 2009

Figure 11.36: Manner of Inclusion as Part of Centre

How should it be accommodated

- Within the parking area of the centre 35.6%
- Accommodated on the perimeter of the centre 31.1%
- As part of the retail centre 33.3%
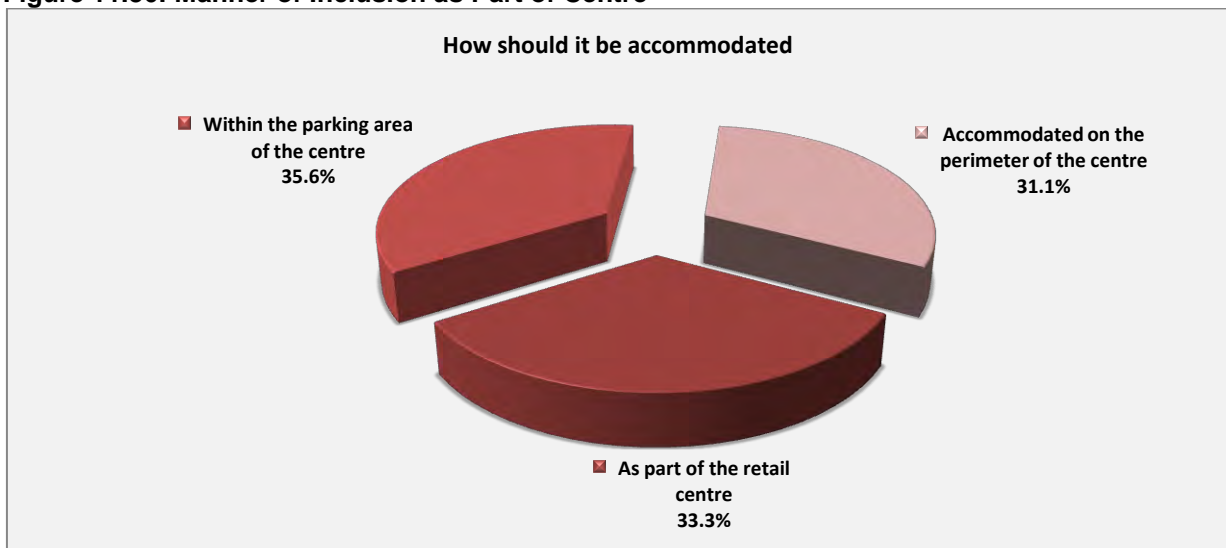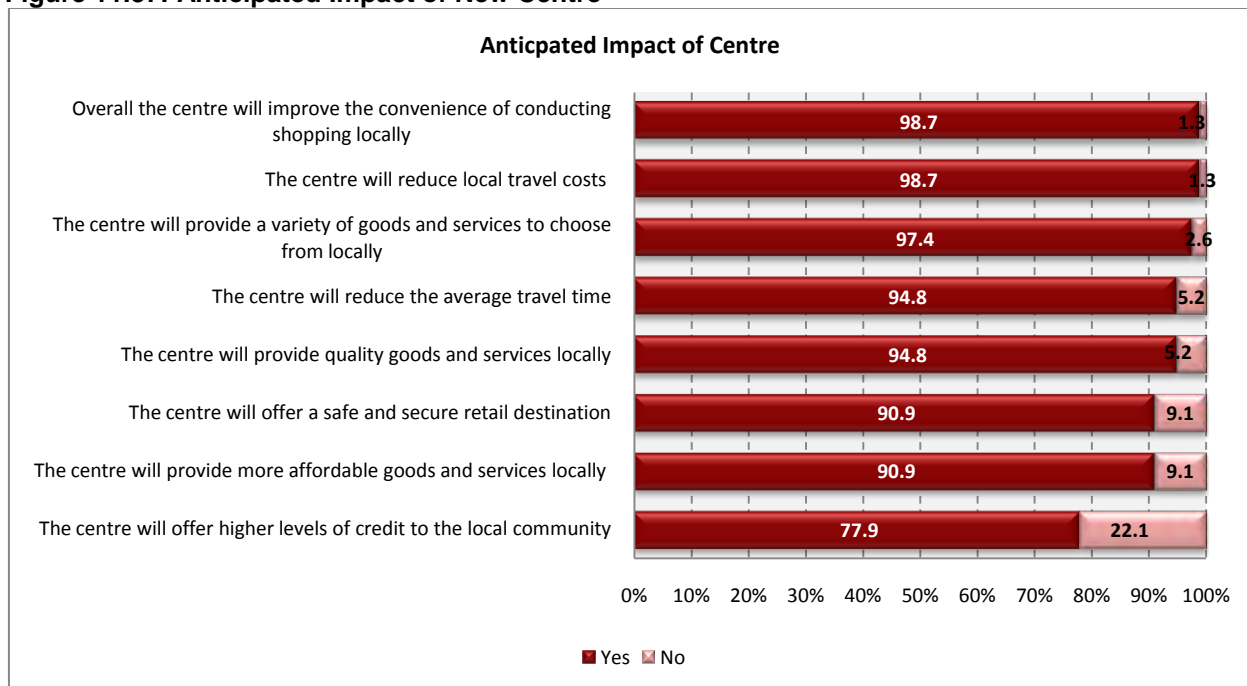
Source: Demacon Household Surveys, 2009

Findings: (Figures 8.30 to 8.36)

✓ Tenants identified as critical for the success of the centre include Shoprite, Pick 'n Pay, Mr Price, Jet, Spar, Edgars and to a lesser extent, the remainder listed above.

✓ There is a strong preference for a low representation of local businesses in the centre – 51.9% of respondents, followed by 42.3% indicating a preference towards moderate inclusion of local businesses as part of the centre (5% to 25% of floor space).

✓ Overall, it is anticipated that the centre would have a **positive impact on current consumer behaviour – 52.2%** indicated that local residents would shop less frequently outside their area, 37.3% indicated that they would visit the area more for shopping purposes, 6.0% indicated that they would never have to shop elsewhere. Only 3.0% indicated that their shopping patterns would remain unaffected. This reflects a **high degree of anticipated consumer behaviour elasticity**.

✓ The majority of respondents indicated that they are **moderately brand conscious – 73.2%.**

✓ The majority of respondents indicated a perceived need for an **informal trade area** as part of the retail centre – **67.1%.**

✓ The majority of respondents also indicated that they would prefer a small to medium sized facility (less than 20 hawkers) – 93.3%.

✓ There is also no dominant preference as to how informal trade should be included – 35.6% indicated that it should be located in parking area, 33.3% indicated that it should be developed as part of the centre and 31.1% indicated that it should be accommodated on the perimeter of the centre.

11.4.5 OVERALL ANTICIPATED IMPACT OF A NEW FORMAL RETAIL CENTRE

Respondents also indicated the anticipated impact that a new formal retail centre would have on their local community and economy.

Figure 11.37: Anticipated Impact of New Centre

Source: Demacon Household Surveys, 2009
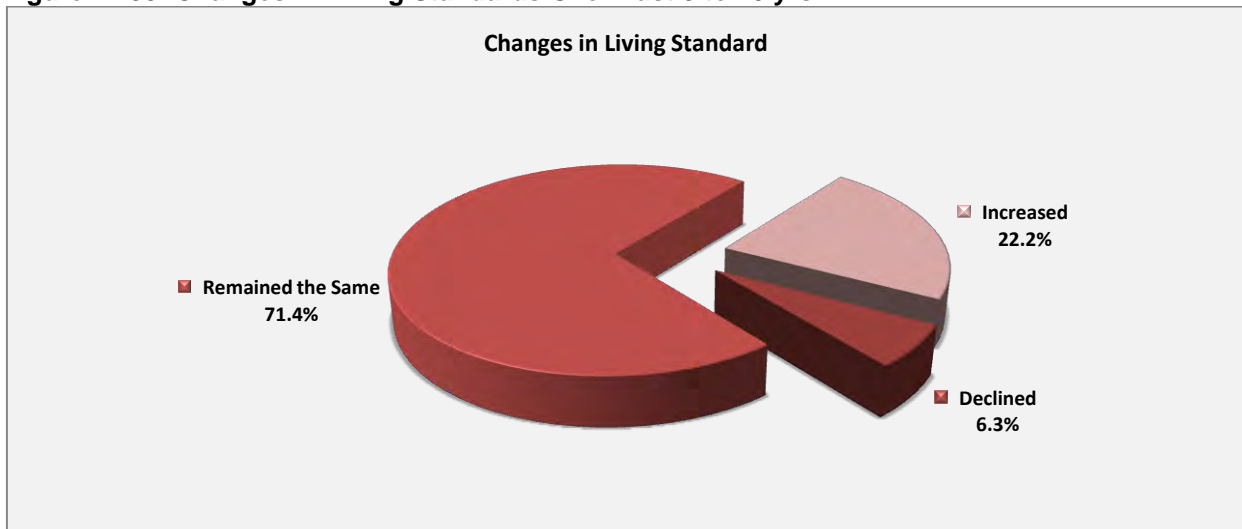
Findings: (Figure 11.37)

Overall, it is evident that a new retail centre would have a positive impact on the local community, with emphasis on the fact that it will improve the convenience of conducting shopping locally, it will reduce travel costs, will provide a variety of goods and services to choose from locally, will reduce average travel time, and it will provide quality goods and services locally.

11.4.6 LIVING STANDARD AND AVERAGE MONTHLY INCOME

Respondents indicated changes to their living standard over the past five to 10 years and indicated their average monthly household income. They also indicated the proportion of their incomes originating from remittances and social grants.

These factors provide important base information regarding household income, sources of income and changes affecting the overall level of disposable income. Changes in these aspects also have an impact on household retail expenditure.

Figure 11.38: Changes in Living Standards Over Past 5 to 10 yrs

Source: Demacon Household Surveys, 2009

Figure 11.39: Monthly Household Income Before Deductions
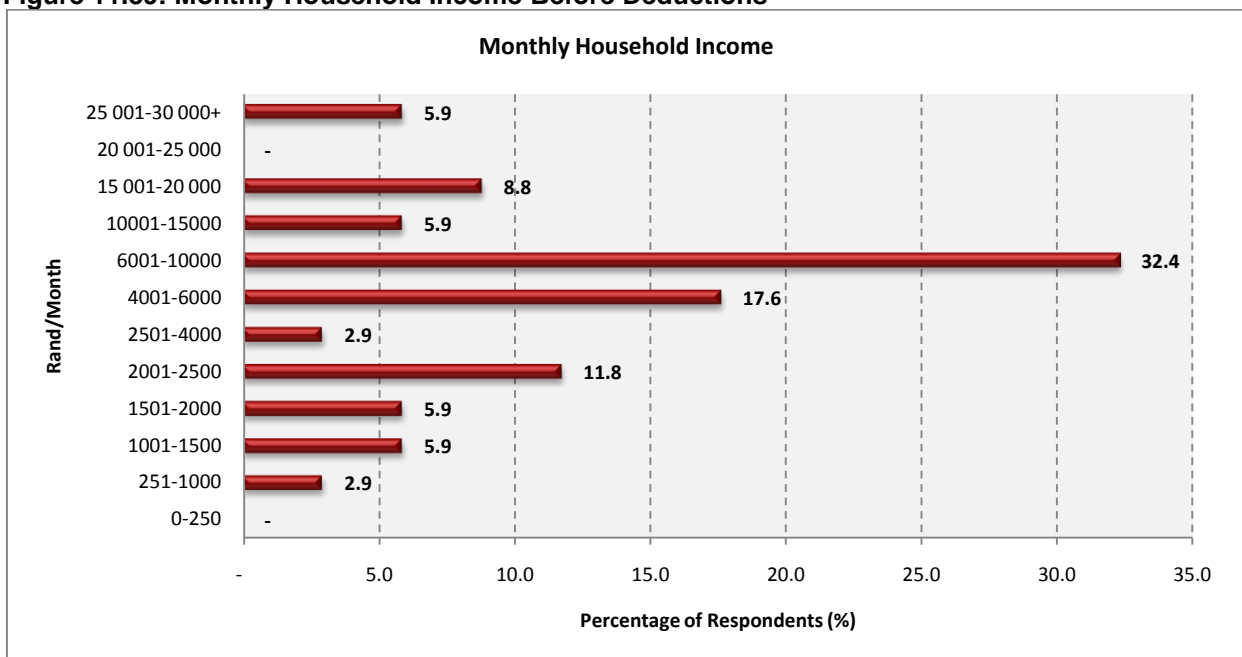
Source: Demacon Household Surveys, 2009

Findings: (Figures 11.38 to 11.39)

✓ The majority of residents indicated that their **living standards** have remained the **same** over the past five to 10 years – **71.4%.** A smaller segment of 22.2% indicated that their living standards improved, mostly as a result of new houses, employment opportunities, upgrading of the residential area and improved services. A smaller segment of 6.3% indicated a decline in living standards, predominantly due to increased living costs.

✓ Monthly household income varies, with a large segment earning incomes between R4 000 and R10 000 a month – 50.0%. 29.4% reflected monthly incomes below R4 000 and 20.6% reflected monthly incomes above R10 000.

✓ The weighted average monthly income amounts to R7 482.1. Note that this is much higher than the incomes reflected in the socio-economic profile – R3 400 for all LSMs and R7 600 for LSMs 4 to 10+.

✓ 33.8% indicated that they obtain a certain percentage of their income from remittances – 1.3% obtain 90% of their income and 32.5% obtain 100% of their income from remittances.

✓ A mere 5.3% of responding households also indicated that they obtain a certain percentage of their income from the social grant system – 3.9% obtain between 10% and 20% of their income from the social grant system and a mere 1.3% indicated that they obtain 100% of their income from the social grant system. However, no physical amounts were indicated in the survey.

11.5   SYNTHESIS

This chapter investigated a rural area characterised by no formal retail centres within a 10km radius. Table 11.3 provides a summary of the key findings of this chapter.

Table 11.3: Summary of Findings

Elements	Variables
Population	✓ 124 819
Households	✓ 40 219
Household size	✓ 4.2
Population density	✓ 381.9hh/km^2
Average household income	✓ All LSMs: R40 723.8/annum ✓ LSM 4 to 10+: R90 723.5/annum
LSM Status	✓ 1 to 3: 67.1% ✓ 4 to 10+: 32.9%
Household Survey Findings	
Household size	✓ 4 members+ - 69.8%
Number of breadwinners	✓ 2 per hh – 54.7%, 1 per hh – 35.9%
Family member responsible for retail purchases	✓ Mother – 54.1%, father – 32.1%
Dominant mode of transport to centres	✓ Public Transport – 50.7%, private vehicles – 49.3%
Distribution of retail purchases	✓ NkowaNkowa – 60.2%, outside – 40.9%
Local trader support- % of monthly shopping	✓ 6% to 10% - 46.7%, 16% to 20% - 25.0% ✓ Average weighted support – 15.5%
Monthly retail expenditure at retail centres	✓ R751 to R2000 – 66.6% ✓ Average weighted amount – R1 650.9
Monthly retail expenditure at traders	✓ R50 to R150 – 66.7% ✓ Average weighted amount – R111.9
Favourite retail centres	✓ Tzaneen Crossing – 32.5% ✓ Tzaneng Mall – 31.2% ✓ Maake Plaza – 20.8% ✓ Checkers Centre – 9.1%
Average distance to retail centres	✓ 16 to 20km – 50.9%, 21 to 40km – 37.7%
Transport cost to retail centres	✓ R11 to R15 – 84.4% ✓ Average weighted amount – R12.2

Elements	Variables
Transport cost to traders	✓ Less R10 – 92.1% ✓ Average weighted amount – R5.7
Average travel time to retail centres	✓ 16 to 20 minutes – 31.1%, more than 20 minutes – 37.7% ✓ Average weighted time – 20.8 minutes
Average travel time to traders	✓ Less than 5 minutes – 87.2% ✓ Average weighted time – 3.6 minutes
Preferred time of the day: hopping Entertainment	✓ Morning – 58.1%, lunch time – 33.8% ✓ Morning – 66.7%, afternoon – 33.3%
Average dwell time	✓ 3 hours+ -43.1%, 2 to 3 hours – 48.6%
Dominant method of payment	✓ Cash – 86.5%
Level of satisfaction with retail in NkowaNkowa	✓ Not satisfied – 58.0%, acceptable – 22.6%
Commodities not available locally	✓ Services, top-up groceries, restaurants, clothing and shoes, entertainment, gifts, books and confectionary, speciality goods, furniture stores
Type of products purchased from traders & spaza shops	✓ Bread, milk, cool drinks, cigarettes, airtime, top-up groceries, cooking oil, eggs, maize, snacks, candles, meat, newspaper and vegetables
Definite perceived demand for new centre	✓ 96.5%
Strong potential support	✓ 92.2%
Top preferred shops and services	✓ Supermarket, clothing stores, butchery, shoe stores, accessory stores, furniture stores, pharmacies, home decor, hardware, restaurants, banks, doctors, optometrists and hairdressers
Preferred nature of centre	✓ Enclosed mall – 42.9%, combination of closed and open spaces – 30.2%
Top tenants perceived as important for success	✓ Shoprite, Pick 'n Pay, Mr Price, jet, Spar and Edgars
Preferred representation of local businesses	✓ Low representation – 51.9%, moderate representation – 42.3%
Anticipated impact of new centre on current consumer behaviour	✓ Positive – 97.0% - reflecting high level of consumers elasticity
Brand consciousness	✓ Moderate – 73.2% - predominantly prefer medium priced products and services
Perceived need for informal trade area as part of centre	✓ 67.1%
Preferred size of informal trade area	✓ Small to medium sized – less than 20 hawkers – 93.3%
Location of informal trade area	✓ In parking area – 35.6%, part of the centre – 33.3%, on perimeter – 31.1%
Anticipated impact	✓ Very positive ✓ Improve the convenience of conducting shopping locally ✓ Reduce travel cost ✓ Provide a variety of goods and services to choose from locally ✓ Reduce average travel time ✓ Will provide quality goods and services locally
Changes in living standard	✓ Remained the same – 71.4% ✓ Improved – 22.2%
Average monthly household income	✓ R4 000 to R10 000 – 50.0% ✓ Less R4 000 – 29.4% ✓ Weighted average monthly Income – R7 482.1
Contribution from remittances	✓ 33.8%
Contribution from social grants	✓ 5.3%

Overall, the area is characterised by approximately 40 219 households distributed at low population densities within a rural area. The levels of education, levels of employment and occupation profiles reflect a lower to middle income consumer market.

The current consumer behaviour reflects a strong reliance on retail centres in the closest town. Although, respondents indicated that they conduct the majority of shopping locally – local trader support is reflected as low. Transport costs and times result in less frequent visits to formal retail centres. There is a definite perceived demand for a formal retail centre with emphasis on convenience goods and services. Overall, it is anticipated that a formal retail centre would have a positive impact locally.

In order to examine the impact that formal retail centres have on the local business environment, Chapter 12 is employed.