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Living pay cheque to pay cheque

2020 South Africa
Consumer Sentiment Survey

How South African consumers make ends meet in difficult times and what their changing behaviour means for retailers and consumer packaged goods manufacturers.

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The economic outlook remains grim

Consumer sentiment in South Africa mirrors the grim situation of the country's economy—regardless of whether you compare it to the global average, to BRIC benchmarks, or its peers in Africa, such as Nigeria and Morocco.[1]

According to the latest results from McKinsey's Global Consumer Sentiment Survey, an annual survey taken by more than 20,000 people across 19 markets, less than a quarter (24 percent) of South Africans are optimistic about the country's economy. This is well below the average across all markets surveyed (36 percent) and sub-Saharan Africa's leading economy, Nigeria (43 percent). South Africans are also more concerned about job security than respondents in other countries. Sixty-eight percent of them worry that they, or a member of their household will lose a job in the next year. This reflects the high unemployment rate of 29 percent (2019, up from 24 percent in 2014)[2] and the fact that GDP is growing at a lower

rate than the population (0.2 percent for 2019 vs. 1.5 percent per annum).[3] The IMF recently lowered its South African growth forecasts to 0.8 percent for 2020 and 1 percent for 2021.[4] These forecasts, however, still predate the outbreak of COVID-19, which can be expected to place further downward pressure on GDP growth.[5]
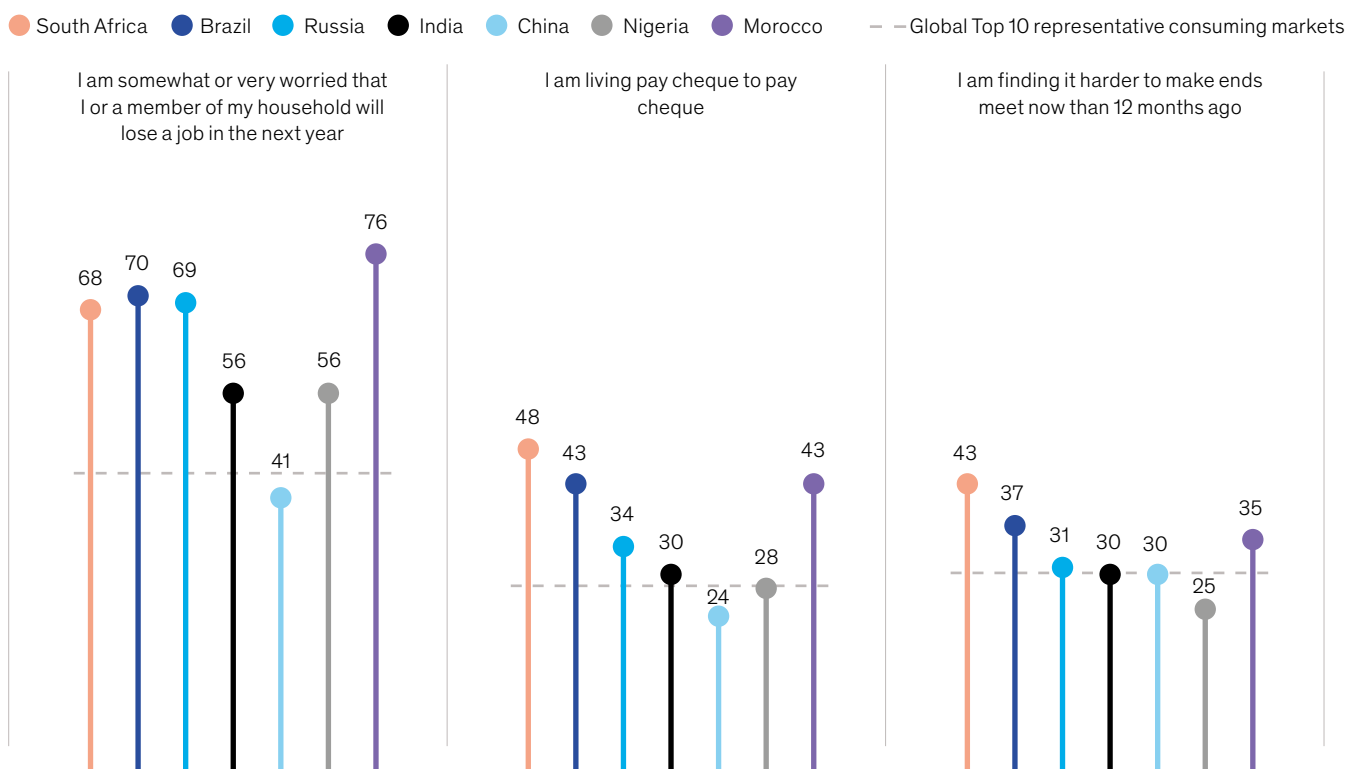
South Africans find it hard to make ends meet

Forty-three percent of South Africans find it harder now to make ends meet than 12 months ago. This number is higher than the average of all countries in the survey, as well as the numbers in Nigeria and Morocco. Almost half of all respondents in South Africa (48 percent) say that they are living pay cheque to pay cheque—the highest value of all countries surveyed (Exhibit 1). In 2019, 9.3 percent of household income was spent to pay interest on debt, and

Exhibit 1

South Africans are under more financial distress than global, BRIC and African markets

Percent of people agreeing/strongly agreeing with each statement, 2019

● South Africa ● Brazil ● Russia ● India ● China ● Nigeria ● Morocco – – Global Top 10 representative consuming markets

I am somewhat or very worried that I or a member of my household will lose a job in the next year

68 70 69 56 41 56 76

I am living pay cheque to pay cheque

48 43 34 30 24 28 43

I am finding it harder to make ends meet now than 12 months ago

43 37 31 30 30 25 35

Source: McKinsey 2019-2020 Sentiment Survey

48%

of South Africans
say that they are
living pay cheque
to pay cheque

38%

of South Africans
say paying off debt
is a top priority

the household debt-to-income ratio was
73 percent, compared to 65 percent in 2005.[6]
In Russia and Brazil, for example, the debt-to-
income ratio was only 30 percent and 55 percent
respectively (latest figures available at the time of
writing).[7] According to our survey, paying off debt
is a top priority for South Africans (38 percent),
on par with saving (39 percent) and ahead of
spending money (24 percent) on everyday
necessities, education, or clothing. To free up
cash, South Africans are cutting back on spending
at the highest rate among all countries surveyed.

All that said, most consumer sentiment indicators
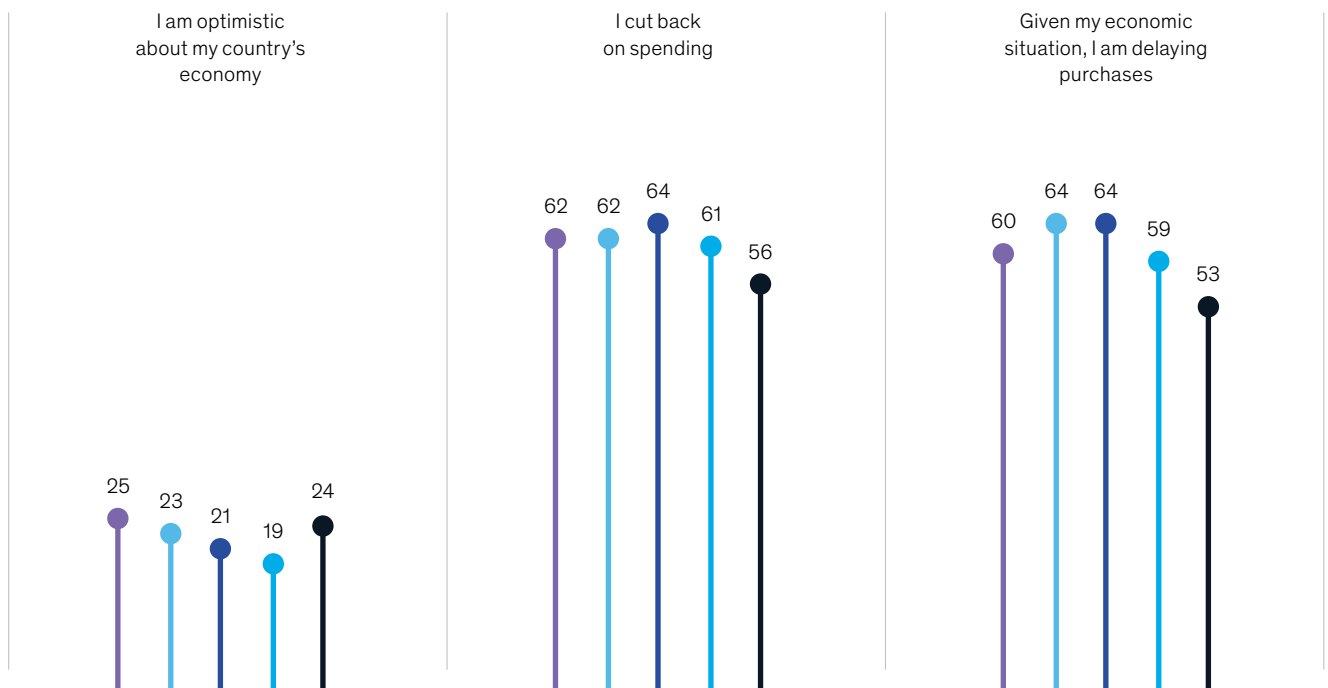in South Africa are slightly more positive than they

were in 2018 (Exhibit 2). We see improvements
in the magnitude of five percentage points on
some indicators. For example, this year more
respondents are optimistic about their country's
economy than in 2018 (up five percentage points),
and fewer respondents said that they cut back on
spending (down five percentage points) or delay
purchases because of their current economic
situation (down six percentage points). In the
absence of objective macroeconomic indicators to
support this improvement, it could be interpreted
as a sign that a growing share of consumers are
accepting the current economic situation as a new
normal and finding ways to adjust to it.

Exhibit 2

Consumer spending is still cautious but less so than in previous years

Percent of people agreeing/strongly agreeing with each statement

● 2015 ● 2016 ● 2017 ● 2018 ● 2019

I am optimistic
about my country's
economy

25 23 21 19 24

I cut back
on spending

62 62 64 61 56

Given my economic
situation, I am delaying
purchases

60 64 64 59 53

Source: McKinsey 2019-20 Global Sentiment Survey

65%

of South Africans are paying more attention to prices

But consumers are resourceful

South African consumers employ a wide range of strategies to get what they value, which includes good overall product quality and good ingredients, while cutting back on their overall spending. For example, they shop around to get the best deals (55 percent), and they look for their favourite brands at cheaper stores (40 percent), especially when it comes to household products (43 percent). Although they aren't cutting back on spending as aggressively as they say they did in previous years, South African consumers are still value-conscious.

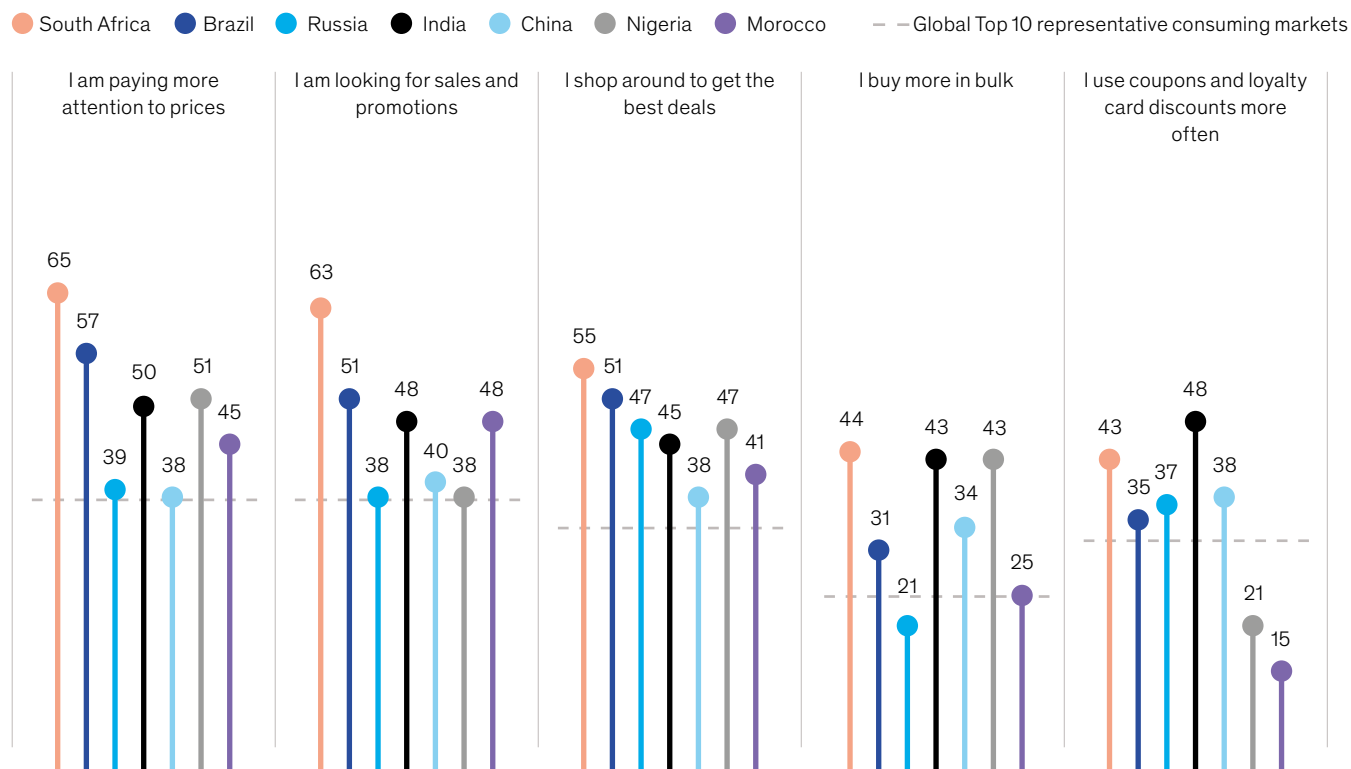The most widely used strategies to save money include:

— Paying more attention to prices (SA: 65 percent; global: 36; Nigeria: 51; Morocco: 45)

— Looking for sales and promotions (SA: 63 percent; global: 36; Nigeria: 38; Morocco: 48)

— Shopping around to get the best deals (SA: 55 percent; global: 32; Nigeria: 47; Morocco: 41)

The least-used strategies in South Africa include buying in bulk (44 percent) and using coupons or discounts associated with loyalty programmes (43 percent, down eight percentage points from 2018) (Exhibit 3).

Exhibit 3

South Africans seek value more aggressively than global, BRIC and African markets

Respondents who claim to have changed buying behaviour in some way in the last year
Percent, 2019

● South Africa ● Brazil ● Russia ● India ● China ● Nigeria ● Morocco — — Global Top 10 representative consuming markets

| I am paying more attention to prices | I am looking for sales and promotions | I shop around to get the best deals | I buy more in bulk | I use coupons and loyalty card discounts more often |

Source: McKinsey 2019–2020 Sentiment Survey

South Africans trade down more than shoppers in any other country

South Africa has the highest trade-down rate of all countries covered in the survey.[8] Twenty-two percent of shoppers say they substitute branded products with cheaper alternatives, such as more affordable brands or private labels/retailer brands (compared to only 9 percent globally). Across categories, shoppers trading down outnumber those trading up, especially when it comes to staples such as cleaning products, pasta, and bottled water. The South African trade-down rate is not only higher than in BRIC countries (Brazil: 19 percent; Russia: 15; India: 7; China: 3), but also than in other African countries (Nigeria: 16 percent; Morocco: 15). Conversely, South African trade-up rates of 6 percent are lower than all other countries covered in the survey, including African and BRIC peers (Exhibit 4).

Both low-income households and high-income households are looking for ways to save money (LSM[9] 1-6: 73 percent; LSM 9-10: 70 percent), but they do it in different ways. Low-income households primarily trade down to less expensive brands or private labels.[10] The trade-down rate reported by respondents in low income households (LSM 1-6) is 26 percent, compared to 20 percent in high income households (LSM 9-10). High-income households employ a wider range of strategies to cut spending, such as looking for promotions, shopping around, buying in bulk, or using coupons and loyalty cards.

About half (49 percent) of those who trade down are pleased with the experience, and 61 percent say that they do not intend to trade back up, indicating that many value brands and private labels offer decent quality and good value for money; 50 percent of those respondents who do intend to trade back up say that cheaper alternatives are good enough for everyday use, and 38 percent say that cheaper alternatives provide equal quality for less money.

Compared to countries in which private label penetration is high, such as Germany and the UK, South Africans who are trading down are less likely to choose private labels. In South Africa, only 35 percent of shoppers who trade down choose private labels over cheaper manufacturer brands, compared to 61 percent in Germany and 73 percent in the UK. This could be a sign that retailer private label offerings are less developed in South Africa, or an indication of South Africans' love of brands, or a combination of both effects.
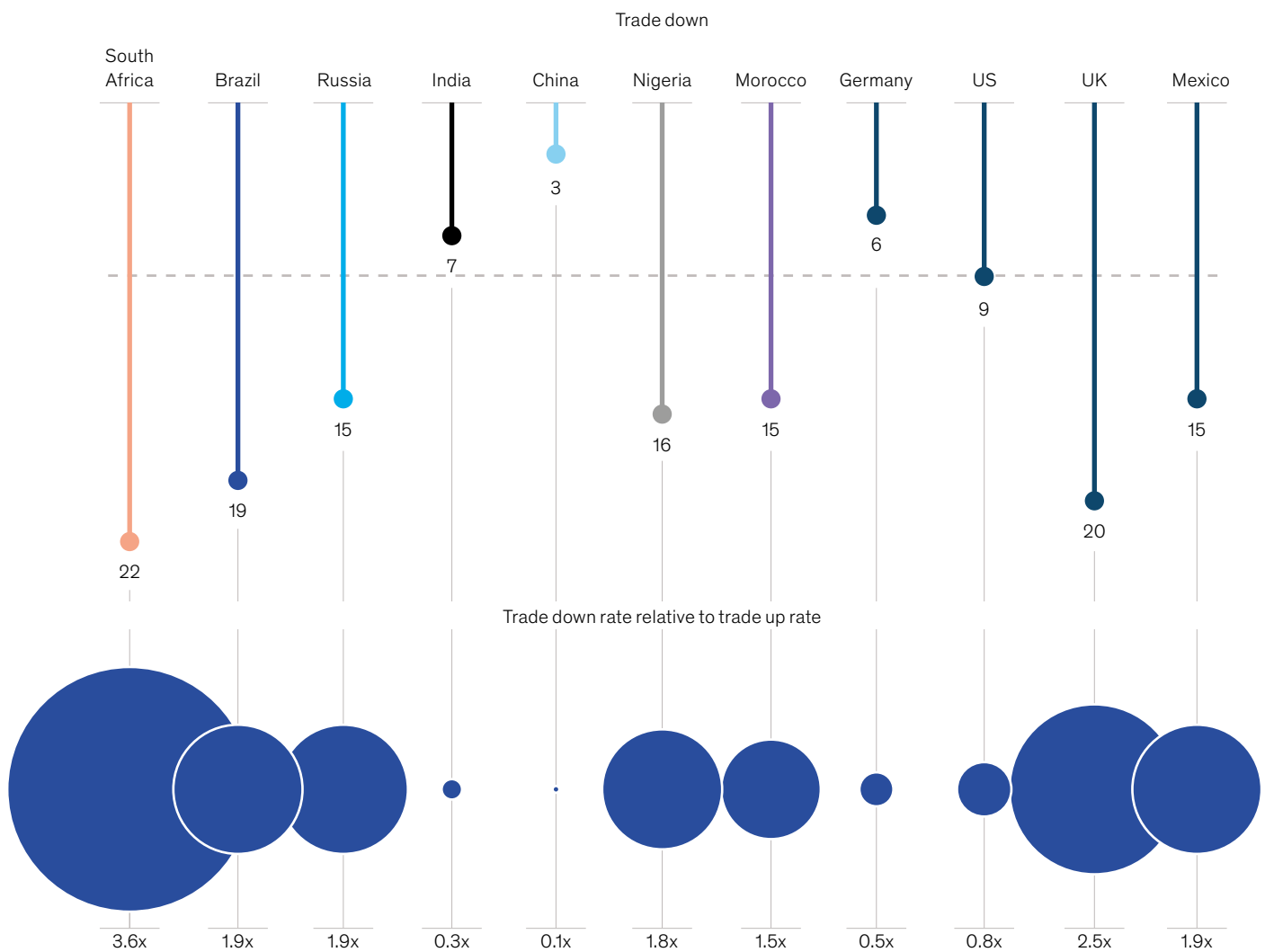
In two category groups, South African shoppers are less likely to trade down than in others: personal care, especially oral care, and alcoholic beverages. Conversely, these category groups also have the highest trade-up rates; cosmetics (12 percent), hair care (10 percent), and spirits (8 percent) top the list.[11] Baby boomers are even less likely to trade down in these categories than younger shoppers, but they are also less likely to trade up than the average consumer. This may be a sign that older consumers know what they like and are reluctant to change their habits in these high-involvement categories. Additionally, we find that some South Africans are more likely to trade up when it comes to dairy milk (8 percent) and fresh produce (7 percent). This observation is in line with the fact that an increasing share of South Africans care about healthy eating and locally sourced products.

Exhibit 4

In comparison to other countries, South Africans trade down more aggressively and rarely trade up

Trade down rates in the last year among those who changed buying behaviour
Weighted average for categories in basket, Percent, 2019

Trade down

South Africa	Brazil	Russia	India	China	Nigeria	Morocco	Germany	US	UK	Mexico
22	19	15	7	3	16	15	6	9	20	15

Trade down rate relative to trade up rate

| 3.6x | 1.9x | 1.9x | 0.3x | 0.1x | 1.8x | 1.5x | 0.5x | 0.8x | 2.5x | 1.9x |

— — Global Top 10 representative consuming markets

Source: McKinsey 2019-2020 Sentiment Survey

Health matters to a growing number of South African consumers

Increasingly, South Africans adopt a lifestyle of health and sustainability (LOHAS). Twenty-seven percent of South Africans report that they eat more healthy foods (up from 22 percent in 2018) and buy more locally-sourced products now than they used to a year ago (18 percent, up from 10 percent in 2018) (Exhibit 5).

When it comes to packaged foods, the things they care about the most are the use of real sugar instead of artificial sweeteners (48 percent, up one percentage point), all-natural ingredients (44 percent, up three percentage points), and organic ingredients (33 percent, up one percentage point).
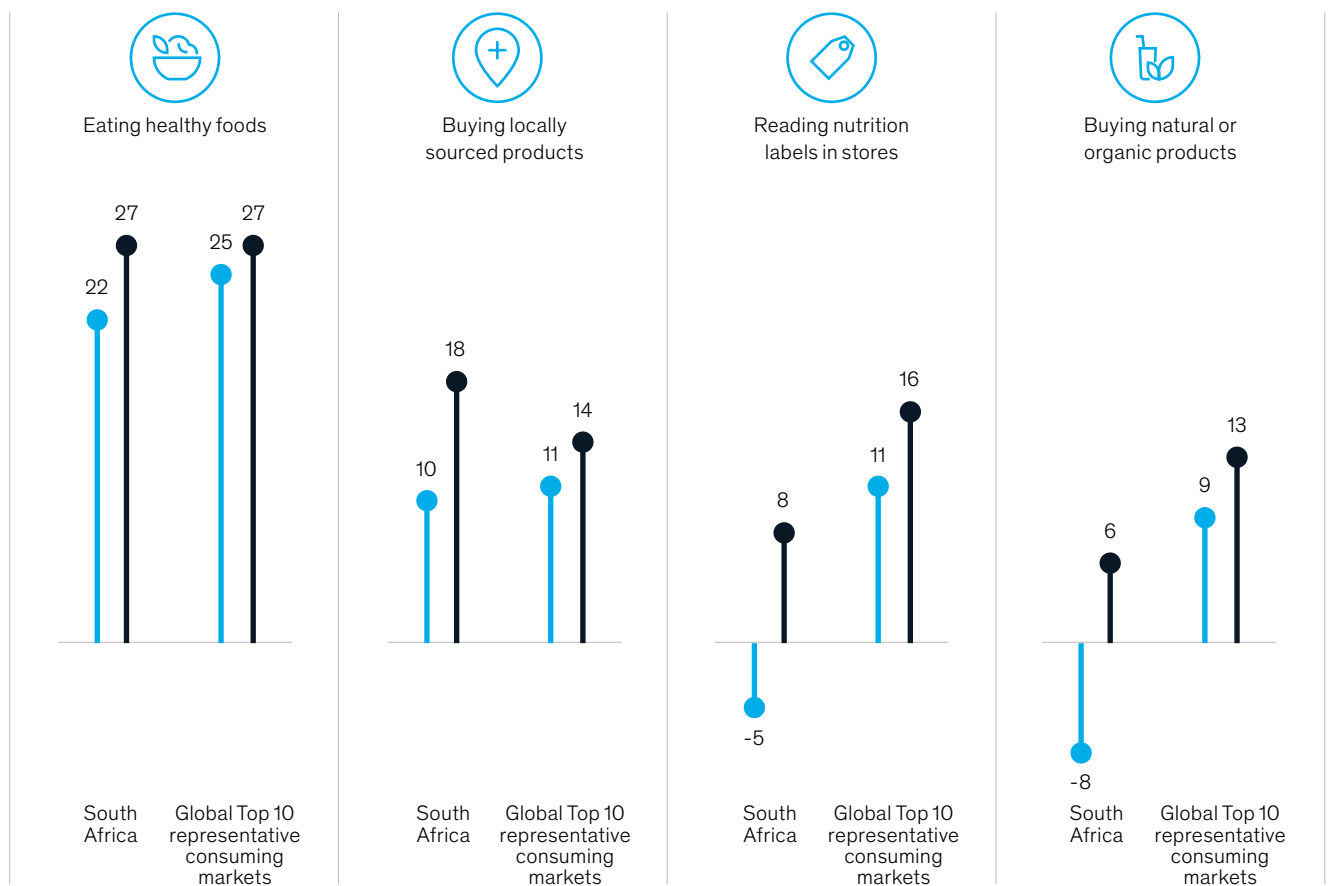
Exhibit 5

South Africans increasingly focus on eating healthy foods

Net changes in eating habits in the last 12 months
Difference between doing more and doing less, Percent

● 2018   ● 2019

Eating healthy foods

	South Africa	Global Top 10 representative consuming markets
2018	22	25
2019	27	27

Buying locally sourced products

	South Africa	Global Top 10 representative consuming markets
2018	10	11
2019	18	14

Reading nutrition labels in stores

	South Africa	Global Top 10 representative consuming markets
2018	-5	11
2019	8	16

Buying natural or organic products

	South Africa	Global Top 10 representative consuming markets
2018	-8	9
2019	6	13

Source: McKinsey 2019- 2020 Sentiment Survey

Online shopping is becoming more popular, especially in personal care

Currently, online shopping accounts for just over 1 percent of retail revenue in South Africa, but it is growing fast.[12] This development is reflected in our survey. Thirty-four percent of consumers claim to have increased online spending in 2019. On average, online shoppers are younger and more affluent than those who shop exclusively offline; 85 percent of online shoppers are LSM 7 and above, and 73 percent are less than 40 years old. Consumers are using the online channel disproportionately to buy products like skin and hair-care products, cosmetics, wine, and disposable nappies.[13] The top reasons online shoppers cite include saving time (60 percent), being able to compare prices more easily than offline (42 percent), and the freedom to order whenever they feel like it (35 percent). About one in two online purchases is made using a mobile device (43 percent in personal care). An overwhelming majority (63 percent) of those who spend more money online report a positive experience. It stands to reason that online grocery retail will further expand its market share at the expense of traditional brick-and-mortar grocery retail, especially in categories such as personal care (Exhibit 6).
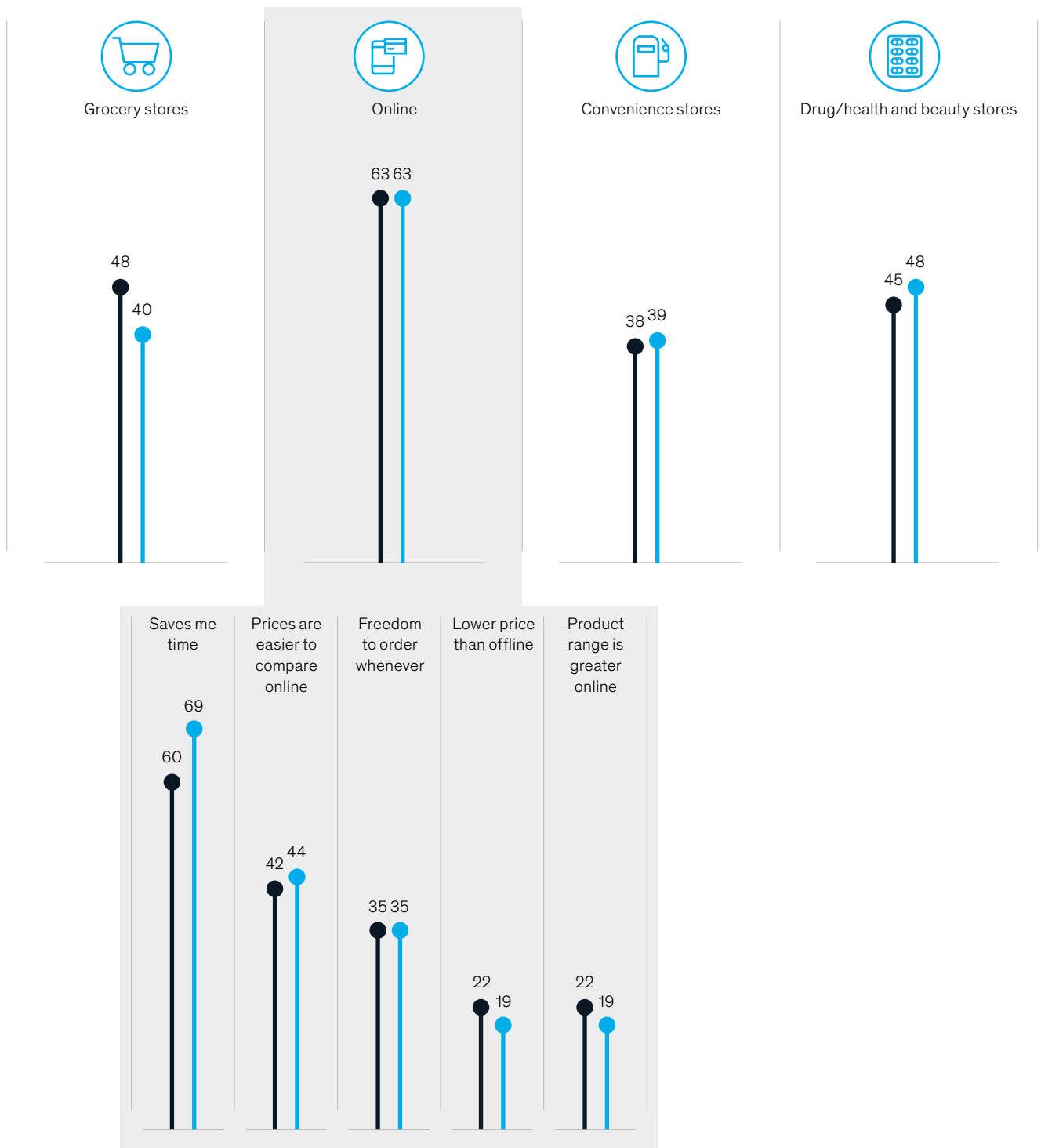
Exhibit 6

The shift to online is largely driven by time savings and price visibility

Positive experience for those spending more in the channel in the last 12 months
Percent

● 2019   ● 2018

Grocery stores

Online

Convenience stores

Drug/health and beauty stores

48
40

63 63

38 39

45 48

Saves me time
Prices are easier to compare online
Freedom to order whenever
Lower price than offline
Product range is greater online

69
60

42 44

35 35

22
19

22
19

Source: McKinsey 2019-2020 Sentiment Survey

Opportunities for manufacturers and retailers

The survey results demonstrate how South African shoppers are changing their behaviour in response to tight household budgets and high economic uncertainty. And according to most forecasts, things won't get easier any time soon. This is an enormously challenging outlook for both manufacturers and retailers. On the one hand, they need to ensure short-term profitability despite the fact that consumers are cutting their spending. On the other hand, they cannot compromise the long-term health of their businesses. In what follows, we look at some of the avenues companies could consider as they face this delicate balancing act.

Drive value perception through advanced pricing and promotion management

Value is top of mind for South African consumers. To drive improved value perception without risking margin erosion, companies should adopt advanced approaches to pricing and promotion management, leveraging data and analytics. For example, advanced analytics can help to identify items that have an above-average influence on consumer value perception at a much more granular level than traditional market research. Leading players also use advanced analytical approaches to model the direct and indirect ("halo") effect of promotions on value perception.[14]

A leading European non-food retailer sought to identify and prioritise items that shoppers consider value for money. The company built a model that statistically scored each product's importance to consumer price perception by analysing granular internal and external data, such as consumer research, the number of competitors carrying the product, and competitor pricing. It also identified which other retailers were the true competitors for each item. The resulting index was linked to a dynamic pricing solution that suggests competitive pricing changes. For instance, if inventory levels for a certain item are high, or if a competitor reduces the price of that item, the solution might recommend a price drop for that item. At the end of a three-month pilot, the retailer saw a 4.7 percent improvement in operating income in pilot categories, while simultaneously improving shoppers' value for money.[15]

In another case, a European retailer faced declining market share. Research showed that promotions were essential to attract customers. But the retailer's promotions weren't working. Although about one in four items was on promotion at any given time, 40 percent of promotions did not lead to sales and margin increases. It turned out that the approach the company used to measure promotion success was not adopted by all stores, and did not take all relevant effects into account. For example,

stocking up, cannibalisation, and incremental wastage were not covered by the existing tool. By leveraging advanced analytics, the retailer was able to measure the true impact of promotions including all relevant effects. To embed the new approach across the organisation, the retailer implemented a solution based on machine learning to facilitate the promotions planning process, established a promotion centre of excellence, and set up a capability development programme. As a result of this holistic promotions performance programme, sales increased by 1.3 percent and the gross margin increased by 0.5 percentage points.

Create stronger consumer engagement to foster loyalty

South African consumers are willing to trade across retailers, and trade away from preferred brands, in their ongoing search for value. To counter this decline in loyalty, it is imperative for manufacturers and retailers in South Africa to create stronger engagement with consumers. Many South African retailers have implemented loyalty card programmes. These programmes create a treasure trove of data. The next phase in the evolution of consumer relationship management, which is still nascent in South Africa, will be to use loyalty card data to engage with shoppers in a more personalised way. For example retailers can use this data (if opted into by consumers) to develop tailored communication and provide personalised offers that typically not only drive additional sales in the short term, but also foster long-term emotional engagement and loyalty.[16] South African retailers might want to take inspiration from pioneers elsewhere. A US grocery retailer, for example, uses advanced analytics to distribute personalised promotional coupons to over 10 million customers monthly. Thanks to superior targeting, 65 percent of these vouchers are redeemed, creating a substantial increase in store traffic, more transparency about returns on promotions spending, and a significant increase in long-term customer loyalty.

For manufacturers, strengthening customer engagement can take different forms. In informal retail channels, such as spaza shops, consumer

packaged goods (CPG) companies as far afield as Mexico and Nigeria are driving engagement with hundreds of thousands of small retail customers by using data and analytics to tailor order quantities, assortment, pricing, and promotional strategies to the specific needs of individual outlets. In formal retail channels, such as supermarkets, leading manufacturers use design thinking principles to develop service models that are tailored to the unique context and needs of their most important retailers. Following this approach, a leading global manufacturer improved retailer satisfaction and delivered two percentage points in incremental top-line growth without increasing operating costs.

Use granular consumer insights to capitalise on evolving needs

Even in a constrained economic environment, changes in consumer behaviour and needs present retailers and manufacturers with opportunities to deliver incremental revenue and margin. One example is the trend towards healthier eating. To capture such opportunities, companies need to understand the behaviour and underlying needs of different consumer segments at a granular level. New digital tools and machine learning enable companies to generate highly granular insights 60 percent faster and with 40 percent higher accuracy than in the past. For example, a global beverage company in the US used advanced analytical techniques to identify the particular functional and emotional needs that millennials were most willing to pay a premium for, despite having a lower average income than older shoppers. These insights resulted in the launch of a full range of premium-priced functional beverages positioned to cater to needs such as health and wellness, convenience, and sustainability.

Grow the value segment with an eye on profits

South African consumers are trading down to private label, and other branded products more than consumers in any country covered in our global survey. Private label revenue in South Africa has grown at 9.6 percent per annum, compared

to 4.4 percent for branded products. Private label products currently represent more than R50 billion in retail sales annually, about 21 percent of the total. While this share is higher than in most other developing markets, private label penetration lags developed markets such as Germany and the UK, where the private label share is higher than 40 percent, suggesting further headroom for growth in this area.[17]

For retailers, there is a clear imperative to continue to drive private label sales. In particular, they will want to look for opportunities to position private labels as credible alternatives to branded products—the natural choice for consumers looking to trade down. Global retailers such as Tesco, Kroger, and Loblaws have delivered better performance and improved customer price perception by differentiating their private label portfolios, following a good, better, best logic that provides attractive propositions both to lower-income shoppers and more affluent consumers. Typically, these private label offerings yield better margins than branded alternatives.

For manufacturers, the combination of high trade-down rates and continued private label growth presents a risk to their core brands. Typically, value brands have lower margins than mass or premium brands. Naturally, manufacturers worry about cannibalising their existing brands with lower-tier innovations. To mitigate the risk of margin loss, leading manufacturers use a consumer-back design-to-value (DTV) approach. This helps them design products based on the attributes that value segment shoppers look for, while removing or streamlining those they do not, to improve gross margins. A successful DTV programme can also yield other improvements across the value chain. One branded-food manufacturer used data-driven DTV to create a flavour profile that matched the preferences of a specific consumer target segment, while optimising the ingredient costs of the product range in question. Simultaneously, the company made changes that reduced packaging costs by 15 percent, increased shelf life, and reduced the supply chain's carbon footprint. Overall, the company increased the absolute contribution margin of its value range by eight percentage points, thereby mitigating the impact of cannibalisation on its mainstream brands significantly.

Case example: Digital transformation

While South African companies have started to adopt digitisation and advanced analytics, the next step is to put these capabilities at the heart of everything they do. Companies that develop these capabilities at scale first will be in a privileged position going forward.

A large retail and consumer products conglomerate in the Middle East provides a reference case for what transformative change looks like. The effort was led directly by the CEO. It started with the vision to embed analytics in the DNA of the entire organisation. The objective was to make data-driven decision-making the norm across all functions and divisions. The company developed a self-funding road map comprising more than 150 use cases and recruited 30 professionals in areas such as data science, data architecture, IT architecture, and software engineering. They created an agile, two-speed IT infrastructure, using the most advanced big data platform for lighthouse applications. They also set up a data lake across 20 businesses in 10 countries with a data volume of 200 terabytes. The company established external partnerships to accelerate change and invested in internal upskilling. This included the setup of an analytics training facility for all employees. To date, more than 20,000 employees have completed the curriculum. In addition, the company trained 200 translators to help bridge the gap between analytics specialists and business owners. The expected impact of implementing all use cases is over USD300 million in incremental bottom line impact by 2021.

Improve productivity

Given the current economic outlook, seeking productivity improvements is crucial for retailers and manufacturers to address short-term profit pressure and fund future growth. The challenge is to do it in a way that does not jeopardise the long-term health of the organisation. Two examples of substantial drivers of operating costs that are often overlooked in traditional cost-cutting efforts are outlined below.

— Indirect costs represent a substantial share of total cost for both retailers and manufacturers, and unlike direct costs, are often not optimised systematically. This is because these costs are less visible than direct costs, ownership is often fragmented, and procurement is usually done in silos. By using digital and analytical tools and adopting a cross-functional approach to indirect cost optimisation, retailers and manufacturers can improve the transparency about total spending. This kind of transparency is a key prerequisite for more targeted purchasing, optimising both what and how they buy. Retailers that treat indirect costs as an opportunity for business transformation, rather than just a procurement matter, can boost return on sales by as much as 2 percent.[18]

One European retailer used digital consumer surveys and crowdsourced competitor benchmarks to understand, address, and re-test consumer perceptions of store cleanliness. This allowed them to reallocate spending on cleaning services from outside the store to internal areas such as fitting rooms, delivering higher customer satisfaction and lower costs.

— Many brand managers hesitate to touch marketing spending, given its strategic importance as a driver of sales. But by doing so, they are leaving money on the table.

The trick is not to cut costs blindly, but to use data as the basis for informed optimisation. Our experience shows that a rigorous, data-driven approach to measuring and optimising marketing return on investment can release between 15 and 20 percent of a company's marketing budget without compromising top-line performance.

A leading US manufacturer used advanced marketing mix modelling to optimise its advertising budget. The model relies on audience response curves and recognises a variety of business objectives and marketing targets as dependent variables. It produces allocation proposals and simulates the effect of different scenarios on revenue and market share. With the help of the tool, the manufacturer was able to cut advertising spend by 10 percent without impacting top-line performance.[19]

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These are difficult times for South African consumers, retailers and manufacturers, with no immediate relief in sight. Consumers are increasingly mindful of how, and on what, they spend their money. In this situation, it is imperative for retailers and manufacturers to find appropriate ways to meet consumers' needs. Companies that understand the root causes that drive consumers' choices and sharpen their value propositions accordingly will be best positioned to achieve above market growth. In addition, companies will want to take advantage of state-of-the-art approaches to drive higher returns on their investments in marketing, innovation, pricing, and promotions. Those who excel on both fronts will be well set up to succeed in the current environment and in the years to come.

Fast facts on the survey

— The survey was fielded in September 2015, 2016, 2017, 2018, and 2019.

— The sample comprised 19 consumer markets, including South Africa, Nigeria, and Morocco. In South Africa, approximately 1,010 consumers participated in the survey.

— The survey was conducted online, resulting in a skew. This is because internet users are younger, more urban, and more affluent than the average of the population in most countries. To amend for the online skew, the sample was weighted using census data for age and panel data for income/social economic status.

— Category insights were weighted by purchase incidence.

— Regional and country weightings were conducted in line with standards defined by the McKinsey Global Institute:[20]

  • Sentiment questions were weighted by size of the consuming class.

  • Behavioural questions were weighted by size of the consuming class and per capita consumption of the consuming class.

— The results are based on consumer statements and reports, not on observations of actual behaviour. In some areas, actual behaviour may deviate from stated intentions and/or reported behaviour.

Further reading

McKinsey 2020 Global Consumer Sentiment Survey: A tale of two segments

https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/mckinsey-2020-global-consumer-sentiment-survey-a-tale-of-two-segments

Agility@Scale: Solving the growth challenge in consumer packaged goods

https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/agility-at-scale-solving-the-growth-challenge-in-consumer-packaged-goods

How retailers can drive profitable growth through dynamic pricing

https://www.mckinsey.com/industries/retail/our-insights/how-retailers-can-drive-profitable-growth-through-dynamic-pricing

For more highlights from the survey, see our forthcoming articles on mckinsey.com/industries/ consumer-packaged-goods/our-insights.

Footnotes

1 In what follows, percentage figures are given as the share of respondents who agree or agree strongly with the statement in question (unless otherwise noted).

2 Statistics South Africa.

3 Statistics South Africa.

4 https://www.imf.org/en/Publications/WEO/Issues/2020/01/20/weo-update-january2020 (retrieved March 5, 2020)

5 https://www.nytimes.com/2020/02/28/business/economy/coronavirus-economy.html (retrieved Mar 3, 2020).

6 South African Reserve Bank.

7 https://data.oecd.org/hha/household-debt.htm (retrieved February 27, 2020).

8 The trade-down rate is defined as agreement or strong agreement to the statement "I traded down to a less expensive brand or private label". Results are given as weighted averages, reflecting the share of different categories in the average shopper's basket.

9 The SAARF Living Standards Measure (LSM) divides the population into ten LSM groups, 10 (highest) to 1 (lowest). The SAARF LSM is a unique means of segmenting the South African market. It groups people according to their living standards, using criteria such as degree of urbanisation and ownership of cars and major appliances. See http://www.saarf.co.za/lsm/lsms.asp (retrieved March 3, 2020) for details.

10 Baby boomers (born 1946–1964) are slightly less likely to trade down than younger consumers (19 percent: SA average; 22 percent: Gen X; born 1965–1974: 29 percent), possibly a reflection of the high unemployment rate among younger South Africans and the higher willingness of younger consumers to try new things.

11 The trade-up rate is defined as agreement or strong agreement to the statement "I traded up to a more expensive brand". Results are given as weighted averages, reflecting the share of different categories in the average shopper's basket.

12 A figure of 1.4 percent according to World Wide Worx / Ecommerce Forum of Africa. http://www.worldwideworx.com/wp-content/uploads/2018/12/Exec-Summary-Online-Retail-in-SA-2019.pdf (retrieved February 23, 2020).

13 Note that this ranking is not based on observed growth rates. Rather, it is based on the shares of survey participants who said they bought more online in 2019 in the category in question than they did in 2018. Actual behaviour might differ from these statements, and there is no weighting for volume or revenue.

14 https://www.supermarketnews.com/marketing/working-halo-effect-store-promotions (retrieved February 23, 2020).

15 https://www.mckinsey.com/industries/retail/our-insights/how-retailers-can-drive-profitable-growth-through-dynamic-pricing (retrieved April 9, 2019).

16 Companies should consult the latest regulation applicable to the territories in which they operate, such as the Protection of Personal Information Act (PoPI) in South Africa. See https://www.mckinsey.com/business-functions/risk/our-insights/data-privacy-what-every-manager-needs-to-know; https://www.mckinsey.com/business-functions/risk/our-insights/gdpr-compliance-after-may-2018-a-continuing-challenge (retrieved November 23, 2019).

17 https://www.bizcommunity.com/Article/196/168/198153.html; https://www.nielsen.com/za/en/press-releases/2018/private-label-surges-ahead/ (retrieved Feb 26, 2020); Nielsen State of Private Label Report – 2017 Global Report.

18 Steve Hoffman and Patrik Silén, "Beyond procurement: Transforming indirect spending in retail", Perspectives on Retail and Consumer Goods, January 2019.

19 Jonathan Gordon et al., "Marketing Mix Modeling", in Jesko Perrey, Retail Marketing and Branding, John Wiley & Sons, 2013.

20 https://www.mckinsey.com/mgi/overview (retrieved December 10, 2019).