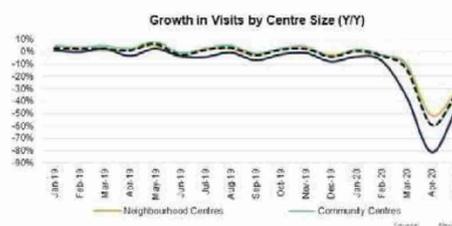


Over the past few years, there has been a noticeable worldwide trend of shoppers moving toward destination malls, as online shopping lures customers away from the traditional mall environment. South African trends have observed the same pattern emerging especially with recent mall developments - like the Mall of Africa and large refurbishments at Fourways Mall, both in Northern Johannesburg - trying to establish themselves as market leaders by offering flagship stores and unique amenities.

In South Africa, however, another trend has emerged as evidenced through work done by Navigare Securities, a local stockbroking firm that also tracks the performance of mall-owning companies. Aggregated and anonymised data from Tracker, analysed by data and analytics firm, Lightstone, showed that small community and neighbourhood centres outperformed the larger super-regional centres in 2019. For that year, visits to super-regional centres by Tracker vehicles were down 1.8% compared to the previous year, while visits to community centres and neighbourhood centres grew 3.0% and 0.7% over the same period. Navigare believes that this movement in 2019 was primarily due to the economically constrained consumer not visiting large malls to spend on luxury items, but continuing to visit closer, smaller centres for necessities.

This shift from large to smaller malls has now been amplified by the COVID pandemic, with the large super-regional centres experiencing the most significant decline. For May 2020, visits to super-regional malls were down a hefty 46% when compared to the previous May, while visits to community centres were down 36% and neighbourhood centres down 32%. "This is a definite improvement from the total visits down 59.3% in April compared to April the

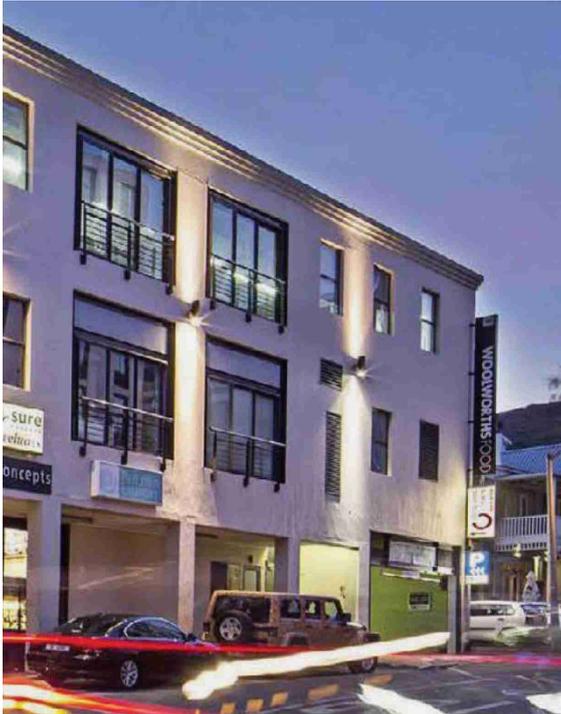
previous year, but again, we can see the super-regional malls taking the brunt of the decline," says Ruanne Foster, Head of Research for Navigare Securities.



To get an indication of which retailer would be most affected by this trend, Lightstone overlaid the retail locations of grocery and pharmacy chains with their Tracker-tracked shopping centre database (over 1300 sites).

Higher-end grocery retailers (which tend to have more sites in larger malls) were mostly impacted as visitors stayed away from the large centres, while grocery retailers servicing the lower-income customer as well as retailers with more standalone stores were less impacted. In the pharmacy sector, Dis-Chem and Clicks seem to be impacted similarly according to insights derived from the Tracker data, although it must be noted that there is a strong likelihood of less frequent visits alongside increased basket sizes during the lockdown period.

A list of the individual outlets that gain the most in terms of having the highest proportion of their customer base



being either new, or old customers now frequenting them more than before, is listed below.

These stores are either in small centres or standalone stores and generally serve the lower income customer. These stores benefitted from people who live in the area potentially not being able to shop at their usual places closer to work due to being locked down at home, or not being able to travel to their usual possibly larger malls. Another reason could be that the lower income consumer cannot stock up for longer periods due to their constrained budgets and thus will still frequent local stores for necessities.

“Given the shift in patterns to smaller centres, it becomes more important to understand when the best time of day is to make your regular shopping trips which is why we have created the ShopSafe app in partnership with Tracker,” says Linda Reid, Head of Data at Lightstone.

The Shopsafe app allows the user to view the relative attendance at a shopping centre on any specific day of week and identifies how busy the centre throughout the day. “People are now able to plan their shopping trips by understanding how busy each shopping location is, any hour of the day,” she concludes.

SOURCE Lightstone, Navigare Securities

Mall or Chain	Town	Size	How many more visits than before lockdown?	How many visits are from new customers or those shopping more at this centre than before?
Shoprite-Usave	Greater Tshwane / Fetakgomo NU	Alone-standing, or small centre	153%	57%
OK Value	Weenen	Alone-standing, or small centre	140%	49%
Spar	Viljoenskroon	Alone-standing, or small centre	137%	45%
OK Minimark	Emalahleni	Alone-standing, or small centre	133%	53%
Choppies	Pretoria	Medium (15000-40000 GLA)	129%	53%
Shoprite	Shakaskraal	Alone-standing, or small centre	129%	24%
Boxer Superstores	Melmoth	Alone-standing, or small centre	129%	58%
CBW	Mokopane	Alone-standing, or small centre	108%	50%
Spar	Collins Chabane NU	Alone-standing, or small centre	107%	40%
Spar	Heidelberg	Alone-standing, or small centre	100%	47%
Newlands City	Durban	Medium (15000-40000 GLA)	106%	41%
Magovani Shopping Centre	Soshanguve	Small (<15000 GLA)	106%	47%
Choppies	Groblersdal	Alone-standing, or small centre	104%	50%
Boxer Superstores	Jozini	Alone-standing, or small centre	103%	43%
CBW	Welkom	Alone-standing, or small centre	102%	43%