



Taking a look at South Africa's growing service station sector

As the outlook for South Africa's mainstream retail sector continues to deteriorate, expansion in the forecourt convenience retail industry continues.

The forecourt convenience retail store market in South Africa is led by FreshStop at Caltex, which has opened 255 stores nationwide, followed by Pick n Pay in association with BP, and Woolworths Foodstops at Engen.

The outlook for the South African fuel industry is looking strong with the sector as a whole contributing in excess of 6% to the country's GDP and it supports employment of more than 100,000 people directly or indirectly, according to a report by the South African Petroleum Industry Association (SAPIA).

"As a growth sector for entrepreneurs, fuel retail continues to pay dividends. Our stores' year-on-year growth stands at 8% compared to the industry norm of 1% and the growth figure jumps to 14% when new stores are included," says Joe Boyle, Director at FreshStop, named International Convenience Retailer of the Year 2013 by NACS Insight.

A related study by Nielsen showed that when selecting a supermarket, South African consumers are highly influenced by convenience of location (71%), speed (61%), high-quality fresh produce (71%) and product availability (68%), more so than price (56%) and promotions (56%).

"Another key trend is that consumers want to lead healthier lives and health involves eating healthily but also having the opportunity to have a healthy state-of-mind; so taking time out to relax, take a break and treat yourself is important," adds Boyle.

With time becoming more precious and commuting takes longer, customers want to be in and out quickly. Research shows that 7 in 10 shoppers globally say that a long queue would make them abandon their purchase in a c-store.