

# Pep, Truworths and Ackermans lead clothing retail customer satisfaction rankings

In South Africa's fashion retail sector, Pep Stores and Truworths score the highest in terms of customer satisfaction, according to the latest South African Customer Satisfaction Index (SA-csi) for Clothing Stores, conducted by Consulta. The index ranks the country's largest clothing retailers based on scientific insights into the overall level of satisfaction of customers.



Credit: Pepkor

The SA-csi is a causal model that links customer expectations, perceived quality and perceived value to customer satisfaction (the SA-csi score), which in turn is linked to customer complaints (and recovery) and customer loyalty intentions. The 2018 sample for the SA-csi for Clothing Stores included 2,208 customers who were randomly selected to participate in the independent survey.

Pep Stores leads the clothing store rankings with 79.8 on overall customer satisfaction score, followed closely by Truworths (79.5) and Ackermans (79.2). Woolworths (78.9) and Jet (77.5) follow on industry par (77.9), while Mr Price (76) and Edgars (74.7) are missing the mark when it comes to keeping customers satisfied and loyal to their brands.

## Room for improvement

While all clothing stores are meeting customer expectations, there is little differentiation and none are raising the bar on superior customer experiences. As consumers increasingly look for value, quality and ease of shopping as economic conditions bite, even seemingly luxury brands riding on a 'quality' ticket are finding that customers increasingly question the link between perceived quality and perceived value, and whether the pay-off justifies it.

"Dreary results have been coming through from South Africa's major listed clothing stores as local market conditions, increasing competition from international brands and rapidly changing consumer preferences culminate to bite into their bottom line. Edgars has been through the mill in recent months in terms of its [dire financial position](#), while Woolworths has taken a number of [big reputational hits](#) in the court of public opinion with regard to alleged copyright infringements with small businesses.

"It is likely that these highly publicised events also played a role in how consumers relate to the brands and there is much work needed to restore the trust deficit," explains SA-csi Founder and Chairperson, Professor Adré Schreuder.

“While the retail industry is highly competitive and increasingly international, we’re simply not seeing the much-needed ‘real innovation’ for these brands to compete and differentiate against globalisation and changing consumer habits and preferences. There is clearly a dearth of innovation within the industry and very little is being done to address and create superior customer experiences. There is a level of ‘sameness’ across stores, layouts, experiences, service, offerings and locations.

“Fashion retail has been slow and disjointed in creating true multichannel, surround-sound customer experiences. Much of what is touted as being ‘innovation’ – developing products or processes that are entirely new – is in fact simply ‘iteration’ - the repetition of a process with small incremental changes, along a known path. Innovation and iteration are patently not the same thing, and the industry is desperately in need of the former,” says Schreuder.

## Quality versus value

In South Africa, consumer spending is under tremendous constraints while GDP growth is on the skids. The expectations that consumer confidence would pick up again post elections has not materialised in an increasingly uncertain political and economic environment.

“Anecdotally, it has been interesting to note that even consumers in higher income brackets who are less exposed to financial knocks are questioning the link between perceived value and quality, and whether the price paid justifies it. Clothing retailers will need to invest in understanding how the current socio-economic and technological environments impact consumer behaviour, and how they will create exceptional shopping experiences for their customers,” says Schreuder.



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7 Mar 2019



## Key take-outs

### Customer expectations and perceived quality

- Although Truworths and Woolworths did not meet customer expectations, they performed above industry on customer expectations, with scores which have also increased in 2018 compared with previous years.
- Woolworths has a negative – albeit negligible – gap between customer expectations (84.4) and perceived quality (84.3); the risk exists that customers experience a mismatch between their expectations and quality received.
- While customer expectations for Ackermans and Pep are both on par, both brands have significantly higher perceived quality scores which means that they are exceeding customer expectations by a healthy margin.
- Edgars and Mr Price are performing below par on perceived quality.

## Perceived value

- Perceived value measures how much value customers feel they receive for the price paid against the quality of the experience.
- Ackermans and Pep Stores are the leaders in perceived value, although Pep had a decrease in perceived value score of 2.5 index points from the previous study. However, customers still perceive Pep Stores' quality to exceed the price.
- Woolworths scored below par on perceived value with a very large -7.8 index point gap where customers feel that the price paid is not justified by the quality and experience they receive. Woolworths struggles with this aspect of its value proposition and is driving the perception of being the most expensive brand.
- Edgars scored below par and the lowest when it comes to value.

## Complaints handling and resolution

- When it comes to problems experienced and complaints handling, Pep comes out top when dealing with complaints (72.9) and resolving them.
- Edgars has the highest incidence of complaints (10.4%) as well as the lowest complaint handling score. Edgars customers key complaints were around poor service, account issues and unavailable items.

## Loyalty

- Across the industry, loyalty has shown a big decline from 77.2% in the previous index compared with 73.8% in 2018. This indicates that customers are more likely to switch brands as they have a lower price tolerance. These customers are the soft target for new competitors, especially from international entrants.
- All brands have declined in customer loyalty scores compared with the previous index - Edgars' Loyalty score has dropped by a marked 6.2% from 2015 and its customers are also the least price tolerant, supported by its below par score on perceived value.

## Net Promoter Score

- Net Promoter Score measures the likelihood of a person recommending a brand. Ackermans and Pep outperform the industry par (35.6%) with NPS scores of 47.1% and 46.2% respectively.
- Edgars scored the lowest on NPS with 17% of customers likely to recommend the brand. Edgars also has the highest percentage of brand detractors at 26%.
- Woolworths shows a massive -16.9% decline in NPS score compared with the 2015, dropping from 54% in 2015 to 37.1%.

To read more about the SA-csi 2018 Clothing Stores report, [click here](#).

\*The survey wasn't conducted in 2016 and 2017, and the latest figures are compared with 2015 figures.)