

SA retailers look to future with digital marketing



By [Melase Peppetta](#)

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In the past twelve months or so, what has occurred in the South African digital marketplace can only be described as an explosion of innovation. Whereas "innovation" in the digital marketplace is usually the domain of the small, nimble start-up, South Africans have suddenly started seeing the big retail names they're used to encountering in malls take up position in the digital marketplace.

Looking at the past year, Mr Price, one of South Africa's largest clothing retailers, made a massive investment in its digital storefront. The retailer joined other South African retail giants like Woolworths and Pick n Pay, in a strong focus on the digital marketplace.

The most recent entrant to the major retailer digital game is the Protea Hospitality Group, which has announced an investment of R15 million in its digital real estate. Considering that the purely retail driven South African players in this space, such as Pick n Pay and Woolworths, derive less than 1% of their total sales from internet retailing according to reports, the hotel group's expenditure on its new digital platforms may raise a few eyebrows.

But Danny Bryer, director of sales, marketing and revenue for the Protea Hospitality Group, says not spending money at this stage to create online real estate to take one's business into the next decade would be a mistake.

"Driven by consumer behaviour and demand"

He says the thinking behind creating completely new digital real estate rather than the more cost-saving option of upgrading the existing platforms was entirely driven by consumer behaviour and demand.

"The whole story is contained in Google's 2012 Traveller survey, which was released in August 2012 and polled a sample of 5000 respondents. It's very simple; approximately 70% of travellers research their trips online and 96% of them decide on a hotel based on what they've researched.

"Interestingly, leisure and business travellers used different methods to obtain information. Most leisure travellers (62%) used search engines to find information, while most business travellers (69%) go directly to hotel websites."

According to Bryer, the biggest lesson he's taken away from the survey is that the hospitality industry nowadays has to be all things to all people - an incredibly tall order for any brand to fulfil, but one that is achievable if one invests wisely now in creating digital and mobi platforms that'll take one through the next decade.

Prakash Patel, CEO of digital agency, Prezence Digital, feels that this is the key moment for major services and retail companies to enter the online marketplace.

"In the UK, which is streaks ahead of us in terms of the online shop front, we've recently witnessed the effects of what happens when major retailers ignore the changing realities of the economy."

Patel cites the recent perils of British High Street retailers, such as Blockbuster, Comet and HMV, as a warning to South African business.

"Now is the time"

"Though the issues these retailers faced were manifold, a running theme has been how these businesses failed to anticipate the growth of the online marketplace. Though sales figures may currently be lower in South Africa, with the rapid pace at which broadband prices and access to the web is growing in this market, now is the time for local businesses to stake their claim in the digital marketplace."

"What companies need to know is that going digital isn't about creating sales-opportunities for today, but rather for tomorrow when online shopping for just about everything is as ubiquitous as going down to the mall to buy a television or visit a travel agent. Failing to do so opens up the space for small start-ups to start amassing their monopoly in the marketplace."

Patel is also keen to point out that although emerging markets are following the technological developmental path of the emerging market, there is a difference and he issues two warnings: "While in the developed markets mobile technology is only now starting to gain ascendancy over desktop, in our market mobile is the undisputed king. For retailers, the digital ecosystem is vast and sometimes complex. Careful planning, identifying target market needs and then fishing where the fish are - be it mobi, web or apps.

"Any major retailer or services company that enters the digital marketplace but does not keep this in mind with every decision taken about its digital offering is signing the death-certificate of its business."

Patel also points to security being a concern: "With digital being the fast growing industry it is, the number of agencies out there offering services to big brands has proliferated greatly. Major retailers have to ensure that the agency they choose to partner with have a good track record. One security breach could kill any nascent goodwill your company has built in the digital realm and also lose the faith and trust consumers are putting in brands when they go online to make a purchase."

ABOUT MVELASE PEPETTA

Mvelase Peppetta, a graduate of the University of Cape Town, holds a degree in Social Sciences majoring in Politics and History. He currently works at Irvine Bartlett whilst continuing to write on a freelance basis. He was formerly a staff reporter for www.Merreburn.com. Follow him on Twitter at [@mvelasep](https://twitter.com/mvelasep).

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