

Traditional retail alive and well

By [Simon Van der Merwe](#)

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'Online shopping blasting holes in traditional retailer profits.' 'Retailers acknowledge the threat of online retail on physical stores.' Headlines like these appear regularly in the South African business and trade press, but statistics tell a different story.



@dolgachov via [123RF](#)

According to World Wide Worx, it was only in 2016 that online retail sales made just a 1% dent in overall retail sales. Last year, Effective Measure's E-Commerce Industry report noted that more than half of respondents had still not purchased anything online. Then, just-released Statistics SA Retail Trade Sales figures show a [5.3% increase](#) year-on-year in December 2017, with an overall increase of 3% in 2017 compared to 2016.

In November last year – the month of Black Friday, Small Business Saturday and Cyber Monday, neatly packaged by some as Black Friday weekend – Stats SA recorded the highest retail trade sales figures in the second half of 2017. The irony is, of course, that these massive sales originated online in the United States and have only recently seeped into local brick-and-mortar stores looking to cash in on the pre-festive-season-shopping extravaganza.



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Leveraging the strengths of brick-and-mortar retail

By my estimation, traditional retail is as alive and well as it can be given the ongoing economic and political uncertainty that was South Africa's reality last year.

Still, this is no reason for brick-and-mortar retailers to be complacent. After all, a third of Effective Measure's respondents shop online between once a month and once a week, and another third are shopping online more frequently than they did the previous year.

My advice to brick-and-mortar retailers, the cornerstone of our WeFix footprint and therefore a cornerstone of our strategy, is to leverage the many ways that online stores will never be able to compete with 'real-life shops'.

- **Customer service from real people still has an edge:** Invest in sufficient staff on the floor, train them properly and select personnel with engaging personalities.

- **Online stores do not have passing foot traffic:** Sure, visitors may stumble across the online store while browsing the web (and a site's design should certainly be as enticing to these users as possible), but this traffic is arguably less focused and with less volume than customers 'captured' in a shopping mall or other retail space. Take advantage of this fact by making it easy for customers to visit you. In other words, select your store location and décor very carefully.

- **Bring your brand to life for all five senses:** Granted, it can cost more to invest in bricks-and-mortar store space and inventory, depending on the sophistication of a competing online store. However, it is so much easier to create a unique, holistic, creative brand and shopping experience in the physical world and this is something that retailers should take advantage of when designing their spaces, planning inventory etc.

Unifying channels

A final statistic worth reflecting on – again from Effective Measure - is that 30% of respondents report that they often browse in-store before making a purchase online. By contrast, 28% browse online, then purchase in-store. I believe this reflects the trend towards online and offline shopping becoming just shopping.



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A local brand that is recognising the need to unify channels, rather than separate them, is local e-commerce darling YuppieChef. In October last year, the company [opened a bricks-and-mortar store](#) in Cape Town's Willowbridge Mall.

Designed by well-regarded interior design company ARRC, this is a far fancier retail experience than the space from which one could previously collect orders ordered online.

Our approach has been focusing on partnerships with mobile device brands, insurance companies and other machine manufacturers. WeFix originally worked only with Apple devices, but we have since added Samsung, LG and Huawei to the suite of mobile devices that we repair, as well as Yoco wireless card machines and DJI drones.

No longer are we merely a repair shop – we operate sophisticated technician-staffed labs in Cape Town and Johannesburg, supported by a robust framework to manage large corporate trade volume for the likes of FNB and Energizer.



It will be interesting to see how the imminent 1% VAT increase (South Africa's first since 1993) and increased luxury goods taxes which we anticipate will affect at least some mobile devices, will affect the retail trade sales figures in the coming months. I suspect that the upward trajectory will continue, even if at a somewhat more modest pace.

Ultimately, I don't believe that retailers are facing an online vs offline battle at all – we're battling for consumers, period. Our challenge is to integrate the best of both worlds into our business models.

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