

South African retail changes course this festive season

As if you needed a reminder, Covid-19 has certainly rocked the boat of retail with an immense force this year. But as we have seen with the recent Black Friday period, there is no reason to jump ship when you have a solid, seamless online sales strategy in place. It seems retailers who change course to accommodate the concerns and expectations of the times through enabling e-commerce, diverse fulfilment strategies and omnichannel retail experiences are best positioned to capitalise on the very first online festive season and the new era of retail.



The impact of Covid-19 is far-reaching. It goes without saying that budgets are tighter than usual and many consumers are looking for bargains, deals and sales that they can easily access at affordable prices, in fact, a recent survey by Finances Online revealed that 47% of consumers will only buy items that are on sale this holiday season.

While retailers prepare for the festive season, they should also consider how consumers may redefine what and who are considered essential in light of recent budget constraints. By that, I mean holiday spending will likely look very different this year as consumers might not be able to buy gifts for all their usual recipients and they may even completely rethink what items they consider as gifts, for example, a necessity that can no longer be afforded or a product that has scarcely been available. To capitalise on these shifts, retailers and manufacturers should re-examine and redefine what's considered festive for their sales strategies.

Besides a revision of budgets, consumers are also still very cautious about shopping in-store and are likely to do the majority of their holiday purchases online. This assumption is reflected in a report by McKinsey & Company who, in their measurement of South African consumer sentiment during the Covid-19 crisis, found that 80% of consumers still do not feel completely safe doing out-of-home activities with 37% shifting to online channels for holiday shopping.

To prepare for this uptick in online sales,etailers need to think about matching their fulfilment strategies to the needs of their consumers. In other words, they must consider how they can deliver larger volumes of online orders in a way that is most convenient to their customers. I believe the answer lies in optionality — a decision-making metric consumers are increasingly paying more attention to.

According to data shared by Metapack, 60% of customers have chosen a competitor based on the fact that they offer more convenient delivery options. In the Covid-era, what is considered “convenient” likely includes strict hygiene and safety protocols but in South Africa specifically, where the majority of consumers live in areas where they have limited access to goods and services, such as townships, homesteads and informal settlements, “convenience” also means getting goods delivered nearby, quickly and affordably.

One such delivery method that takes all of these considerations of convenience into account is Click & Collect. Pioneered by Pargo in South Africa, Click & Collect gives consumers the ability to shop online and pick up their orders at designated collection points.

Through our growing nationwide network of over 2,500 pickup points located in popular retailers, like Clicks, Fresh Stop and Spar, we bring the convenience of ecommerce to consumers with the added flexibility to choose where and when they would like to collect their orders. For many South Africans, this means they can access goods without having to pay exorbitant delivery fees or travel long distances.

This commitment to convenience also inspired Pargo’s new partnerships with several of South Africa’s largest shopping centres. At The Glen in Johannesburg and Canal Walk in Cape Town, we have created new pickup points where customers can quickly collect all their orders from participating retailers without having to move far from their car. At the V&A Waterfront, we have taken this idea one step further with South Africa’s first drive-through shopping experience.

Diversifying your fulfilment strategy is the best option for your business to alleviate the pressure of delivering larger volumes of online festive sales. If 89% of consumers, who tried new digital shopping methods, state that they will continue with online shopping, etailers must strongly consider updating their fulfilment strategy now not just for the festive season, but also the new era of ecommerce that’s on the horizon.

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