

Why agility is key to unlock value in the new (hybrid) world of online retail

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South Africa's small but aspirational e-commerce sector has been ushered into sharp focus as a result of the entirely unexpected shock of Covid-19 and the resulting national lockdown.



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As consumers have turned to online offerings to avoid the need to travel and come into contact with others, the brands and businesses that have invested many years (and significant resources) into their e-commerce platforms were very easy to identify – and similarly – so were the late movers.

Some brands have offered almost seamless online purchasing journeys, causing many shoppers to question why they hadn't used such channels before. On the other hand, retail latecomers that hustled to piece together an online offering during the crisis were radically exposed for having platforms with glaring flaws.

Winners and losers aside, however, it is clear that e-commerce – and some form of hybrid retail (where online is an extension of the offline journey) – is here to stay. Moreover, there is phenomenal room for growth and innovation: South Africa's online retail industry accounts for just 1.4% of total retail, according to research firm World Wide Worx. In the United States and China, this is closer to 20%.



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Having gained many critical insights from a collectively difficult period, there are very clear lessons for local retailers and e-commerce providers to consider. What will propel growth for savvy retailers in the fast-evolving online sphere?

Here are five key elements to consider:

1. Differentiate your brand

With new entrants competing for attention online (with the pandemic likely to ignite new competition) those that gain consumer loyalty will be doing so by differentiating their offering and service in some way. For example, retailers that can deliver on the same day, or within an hour, are quickly winning the loyalty of consumers who value both speed and consistency.

As consumers become more reliant on online offerings, the opportunities to differentiate will arguably increase. For example, those that offer easy return policies, or take customers on an interesting purchase journey with highly personalised offerings, will stand out and win the all-important loyalty.

2. Built-in agility

Now that we have seen how quickly and unexpectedly a crisis can put countries and economies at a standstill, the only way to truly future-proof a retail offering is to make it agile and responsive from the ground up.

For e-commerce providers and retailers, for example, agility enables them to reduce costs and adjust product lines where needed – serving the actual customers' needs as their realities change from day to day. This type of agility also relies on strong partnerships and a culture of transparency – agile retailers work closely with logistics partners and other suppliers to ensure that every part of the value chain can respond quickly and efficiently to disruptions.

In addition to strong, transparent partnerships, the underlying technology and software that powers online retail has to be designed for agility and responsiveness – harnessing advanced Cloud-based technology and data-driven systems to respond and adjust to the inherent volatility of the environment today.

3. Create a true omnichannel experience

With national lockdowns around the world demonstrating the need and appetite for efficient online retail offerings, it is clear that even established brick and mortar retailers will have to offer an online platform to act as a digital extension of the brand. This is placing the omnichannel approach central to success and ongoing brand loyalty.

Put simply, omnichannel retailing is a fully-integrated approach to e-commerce, providing shoppers with a compelling, unified experience across all channels and touchpoints. According to recent studies, consumers actively spend more on brands with a clear omnichannel strategy – responding to the consistency of experience (which is the same online and offline) and the trust this engenders.

As the e-commerce company Shopify puts it, “omnichannel is consistent, yet unique. It’s about allowing consumers to purchase wherever they are while communicating in a way that is in tune with why they use a given channel and showing awareness of their stage in the customer lifecycle.”

Moreover, this user journey harnesses information about one sales channel to encourage the customer to participate in another. “Those actions feel native to the given channel rather than forced or contrived,” explains Shopify.



4. Leverage smart technology

There is no doubt that any successful omnichannel retail offering today will have to leverage new and sophisticated technology. For example, beacons are increasingly being used within location technology and proximity marketing. Essentially, these are small, wireless transmitters that use low-energy Bluetooth technology to send signals to other smart devices nearby.

For savvy retailers, beacons can provide information around queues (allowing customers to gauge waiting times before they leave home), as well as providing insight to retailers around how and where customers are moving through stores. Notably, retailers can use this data in tandem with e-commerce stats to adapt and improve product listings and in-store layouts.

In addition, retailers can use this type of Bluetooth-enabled technology and image recognition to enable 'smart shelving' – providing a real-time view of stock levels both in-store and in distribution centres. Increasingly, these types of real-time insights into consumer behaviour as well as stock levels will be critical to enabling the type of seamless and efficient purchasing journeys that today's consumers demand.

5. Make data-driven decisions

Within each of the steps outlined above, success will arguably be determined by the extent to which retailers are informed by relevant data. This requires retailers to design and implement a robust data capture and data management strategy (within the bounds of legislation such as POPIA and GDPR), which will involve technology mentioned above and the increasing use of Internet of Things (IoT) systems.

The next step is to understand the nature and structure of this data using advanced Business Intelligence (BI) tools, and then translating the data into meaningful insights using machine learning and artificial intelligence. These insights must be harnessed to provide personalised offerings to consumers, often through mobile devices, and thus personalising and enhancing both their in-store and online experiences.

This will be critical: according to McKinsey, "83% of customers say they want their shopping experience to be personalised in some way, and research suggests that effective personalisation can increase store revenues by 20 to 30%."

As South Africa's retailers look to accelerate growth in an increasingly competitive environment, their ability to harness the digital sphere – and responsive software and technology – will be key to unlocking value in the coming months.

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