

Learn from the past then act swiftly to win at retail

As South African consumers place an increasing premium on the goods they buy, it's more important than ever that retailers give them the best possible customer experience. In order to do so, they shouldn't shy away from the digital disruption impacting the industry, but embrace it.



Google Africa's Bryan Nelson

That was the message from the Think With Google Retail Summit, which took place in Cape Town on Wednesday.

If retailers are to make the most of those opportunities, they can't think in the same way as they have in the past. Furthermore, they cannot afford to be insular and must look beyond South Africa for examples of where retail is headed in the next few years.

Exponential rate of change

"Using the internet, we can transform the retail space in South Africa," says Bryan Nelson, sector lead: finance, retail, travel at Google Africa. "But it's going to take a team effort and a shared vision of what the future should look like."

In order to achieve that vision, Nelson points out, it's imperative that retailers and technologists remember how quickly technology changes. South Africa provides a great example of exactly how fast this change can happen.

"In 2012, nearly all South African mobile internet users were on BlackBerry or Nokia," he says. "People thought that would last forever, that South Africa was different to the rest of the world. Two years later, BlackBerry was almost non-existent."

This took some people by surprise, but had they looked at the rest of the world, they would've seen that it was inevitable. A similar, globally aware outlook is required now. "We need to start preparing for a world where everyone in SA has internet access and browses on their phones," says Nelson.

Look to Jeff and Jack

Fortunately, there are examples in both the East and West that South Africa can draw from.

Mike Vincent, Deloitte consumer industry consulting lead for Africa, suggests, for example, that South African retailers should take cues from Alibaba's Jack Ma and Amazon's Jeff Bezos. "They succeeded because they dared to imagine a new future, one where business decisions are based on science and data," he says.

But they aren't the only ones providing inspiration. The entire Chinese retail space holds lessons for South Africa. In that country, e-commerce represented a tiny fraction of total retail spend as recently as 2010. Today, it is a \$1-trillion market, with growth rates at 32% year on year.

According to Linda Zhu, industry head, retail at Google APAC, that growth hasn't just been driven by internet access, but innovation among the mobile payment players. "Companies like WeChat and Alibaba made mobile payments incredibly simple," says Zhu. "As a result they account for 94% of mobile payments in China."



Google APACs Linda Zhu

They also used their local knowledge to make people comfortable with the new technologies. An example of this involves the Chinese practise of giving red packets containing small amounts of money over the Lunar New Year. WeChat started allowing people to send digital versions of these red packets, using WeChat pay. In 2018, 768-million people used WeChat to send out digital red packets.

Add in the increasing use of powerful mobile tools, such as Google AMP and Flutter, and China's mobile buying explosion looks unlikely to slow down.

An omnichannel world

But technology has a much bigger role to play in retail than just enabling online and mobile payments. It is the glue holding the entire retail experience together.

As Zeina Belouizdad, Google omnichannel products lead - Europe, Middle East & Africa, notes, we live in an omnichannel world. "Nothing is linear anymore," she says, pointing out that "search has become intuitive to everything we do".

Unfortunately, Belouizdad warns, "businesses haven't advanced as quickly as consumers." For the most part, she says, they haven't gotten to grips with the fact that the same customer will engage with them on multiple channels.

"It doesn't matter whether a person is frustrated with your in-store experience or your online customer service, they'll take it out on you. It's therefore vital that you break down the silos separating your customer channels."

Fortunately, it's becoming easier to get a complete picture of how customers operate in an omnichannel world.

Retailers can figure out when shoppers prefer in-store to online buying, what they're most likely to buy in different channels, and what brought them to your store in the first place. There's also a much greater degree of integration between getting people into stores and keeping them there.

The good news for any South African retailers who feel left behind, Belouizdad confirms, is that many of their global counterparts "still have a long way to go in terms of omnichannel perfection". It's imperative, however, that they embrace whatever technological opportunities they're presented with.

"Companies like Sears and Blockbuster were retail monsters," says Belouizdad, "but they didn't change fast enough. The opportunities for South African retailers are there, but they have to take them."

Sticking with the theme of outside inspiration, Vincent suggests that SA retailers should take serious cues from Alibaba's Jack Ma and Amazon's Jeff Bezos: "They succeeded because they dared to imagine a new future, one where business decisions are based on science and data."

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