

# Retail and etail to work as a team not the opposition

By  Julia Ahlfeldt

23 Oct 2018

In South Africa, going to a mall is part of our culture - particularly in Johannesburg where there seems to be a mall on every street corner. Malls entertain visitors with restaurants and coffee shops, play parks for kids and shops with all kinds of products. Why then is etail still considered to be such a game-changer in the retail market?



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Truth is, for most retailers and etailers it's not. Against the [US's 9%](#) and [UK's 16.9%](#), e-commerce in South Africa is tiny and hovers around 1%. Even with projections by online fashion retailer Spree that [etail will surge](#) in coming years to 4%, it is still a sliver of the total retail pie in comparison with international peers.

## Not what some expected

In South Africa, etail kicked off around 2006. It's also when South African success story, Yuppiechef launched. They saw a gap in the market for posh kitchen products that could be ordered online and delivered to the shopper's preferred address. And while this online approach has served the brand well, the etail darling recently diversified to include three flagship bricks and mortar stores.

I chatted to CEO and co-founder Andrew Smith about this when I interviewed him for my [podcast](#). Simply put he said that in-store shopping is still the preferred choice for many South Africans. And, despite the hype that etail might someday replace the physical retail environment, that never fully materialised.

Instead, some shoppers began moving a portion of their purchases from particular categories online, while others remained cautious of sharing their credit card details, and some maintained that they just enjoy the tangible experience of shopping for products in-store. As the dust settles, it seems that consumers sometimes prefer the convenience of shopping online, but still value the in-store experience for many purchases.

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## Blended retail the disruptor

In an unexpected twist, retail could be considered as the game-changer of e-tail, rather ironically. Yet this is not to say that retail is taking its own back. Instead, e-tail and retail work best in tandem: shoppers browse online and buy in-store, or browse in-store and buy online. Even as consumers are spending more of their time on their phone and in the digital realm, some purchases are just not suited for e-commerce.

As Andrew so aptly put it, "When you buy a bunch of bananas in-store, you're more forgiving of a few black spots on the product. But buy the same bunch of bananas online and you'd send it back as damaged goods."

Outside of South Africa, the same is true. In more developed countries where one might assume that e-tail is fast taking over retail, an omni-channel approach is actually the norm.

A recent [Forbes article](#) included a relevant stat from a survey of 46,000 shoppers: 73% have bought a product online and collected it in-store while making additional purchases while there. It also reveals that offline is where shoppers connect with brands on an emotional level which then increases their chance of buying more than what they come to collect.

Amazon is an often quoted example of this omnichannel experience. Since [purchasing Whole Foods](#) in 2017 for \$13,7-billion, it has created a tangible channel for shoppers to buy their groceries with Amazon. They can shop online and collect in-store, and customers who have an Amazon Prime account – estimated to be half of all Americans – receive discounts. Amazon Prime will also replace Whole Foods' loyalty programme, and the brand recently launched a [30-minute curbside order pick-up](#) at selected stores.



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Another great example is Nordstrom. Its president Blake Nordstrom has [been quoted](#) as saying that "We invested early in our omnichannel capabilities, integrating our inventory across our stores and online over a decade ago. This has enabled us to serve customers in multiple ways. [...] In our Nordstrom business, we have made meaningful progress in meeting customers' expectations around speed, convenience and personalisation. We offer a number of ways to serve them on their terms seamlessly across stores and online. Our services such as Buy Online, Pick Up In-Store, Reserve Online & Try In Store, and Style Board grew by more than 30% over last year."

## Customers drive the demand

What's true for all brands that have either introduced a retail store or an etail platform is that they are doing so in response to their customers' needs. Shopping doesn't happen in a business silo; browsing online is complemented by physical touch points in-store, while in-store products can be tried and tested and ordered online. As such, retailers or etailers are wise to respond to this buying behaviour by making available customers' channels of choice.



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But Andrew Smith is quick to caution that thinking the other format, retail or etail, is easy to crack. Retailers may assume opening an online store is as simple as building a website, while etailers may think opening a store involves renting a space and hiring shop fitters. Neither are simple and he says that the same investment should be made in the integration of both to truly deliver a great experience to the customer.

So, while international stats suggest etail accounts for 11% of the total retail pie, physical store retail isn't going away. A bit of both is best: retail serves its purpose as does etail but the sweet spot is to integrate the two so that they work as a team not as the opposition.

## ABOUT JULIA AHLFELDT

Julia Ahlfeldt is a Certified Customer Experience Professional (CCXP). She consults to blue-chips and multi-nationals and advises them how to retain relevance and increase profits by transitioning from inwardly focused silos to being dynamic and customer-centric. She has worked with Virgin Active, Momentum, ABSA, American Express (USA), Ross Stores (USA) and JP Morgan Chase (USA), among others.

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