

Online shopping blasting holes in traditional retailer profits

By [Colleen Goko](#)

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Faster, cheaper and more convenient online alternatives stalk traditional retail sector.



Picture: [Freddy Mavunda](#)

A deadly but invisible hitman is targeting traditional retail departments and chain stores across the country.

Edcon, SA's largest nonfood retailer, remains in the intensive care unit as its new owners painstakingly try to stop the bleed of customers to new technology and competition.

Stuttafords, once the grande dame of SA's department stores, is on life support, having voluntarily submitted itself for business-rescue proceedings. Its rescue plan will be presented in February following the festive trading season.

Trading updates from listed players Woolworths, Truworths and Mr Price Group showed poor performances last year, suggesting that shoppers might be spending elsewhere.

While reduced discretionary income and a tightened credit environment are the widely acknowledged culprits, underwhelming financial results from traditional retailers also indicate that customers' shopping habits are changing.

Julia Ahlfeldt, a certified customer experience professional, said what was happening to retailers was not dissimilar to what happened to travel agents years ago and to the publishing industry more recently.

"Online alternatives that are faster, cheaper and more convenient have significantly changed how these sectors do business. Retail is simply the next in line," said Ahlfeldt.

She said to compete for their share of wallet, traditional retailers had to develop strategies that embraced digital as the touchpoint of choice, while providing compelling in-store experiences that drove traffic to their bricks-and-mortar locations.

"Consumers — particularly those in higher-income segments — are savvier and more connected than ever before. Gridlock traffic, queues and mall crowds, coupled with poor in-store service and limited product availability, make armchair shopping a more convenient and appealing alternative," Ahlfeldt said.

A Nielsen survey on mobile shopping, banking as well as payments points to a rise in online transactions.

The survey, which polled online consumers across 63 countries, showed that South Africans were outpacing other countries in terms of online mobile adoption.

"Mobile commerce has enormous implications for the entire retail ecosystem," said Nielsen SA country head Bryan Sun. He said mobile devices were not only bringing new consumers into the modern, connected economy, but were also enabling a more customised experience, as products and services could be more closely tailored to behaviours, needs and preferences.

"But driving higher adoption and usage starts when companies develop a deep understanding of how consumers are shopping," he said.

Source: Business Day

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