

Prepare for self-service and personalised promotions

 By Leigh Andrews

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Two retailers delighted attendees at this year's Beyond Retail event by speaking of what may sound like futuristic plans but in reality is already on offer locally - the self-service checkout, the true power of private label products and winning customer loyalty with personalised promotions.

On Thursday, 13 October 2016, Beyond Retail 2016 took place at The Bay Hotel rotunda in Camps Bay, hosted by UCS Solutions and Business Connexion. Jessica Knight, CEO of UCS Solutions introduced David North, group strategy and corporate affairs director at Pick n Pay and Jacques de Kock, head of supply chain at Clicks Group to present 'the retailers' view'.



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North started with the conclusion that retail definitely can save the SA economy, especially as he clarified that we've "been here before," if not in SA then overseas.

He then backtracked to ask whether anyone speaks up for retail as a positive force in the economy, stating that retail remains a subtext even in 2016. So while retail regularly features in the news with mentions of buoyant consumer spending in the budget speech, as well as the introduction of a new tax on [sugar-sweetened beverages](#) and an increase in the price of carrier bags, he says there's not been any "real embracing by government of retail as an engine of growth". North aligns this to the adage that retail doesn't count as it "doesn't make stuff". We need to rethink this, he says, as retail contributes through collaboration, creating jobs and innovation through new systems to run the business in more efficient ways, which are hopefully cheaper than they were running before.

The catch with self-service check-out technology: Critics

A key feature of his talk was the video introduction of Pick n Pay's new self-service till points, making headlines for the past month. Watch [eNCA's report](#) on this innovation below:

While this is definitely an exciting shift towards the future of retail, Saccawu and Cosatu alike fear this development will lead to job losses. Pick n Pay counters that it's all about convenient shopping and won't affect existing employees. He joked that the new development is much like a fairground ride, with customers who have piloted the process asking if they can swipe their own items through again.

North said it's unfortunate that the current air of fear of innovation means distrust of technology actually changing the way we work for better and insisting "there must be a catch". He says the critics out there just don't see that savings from the service can be invested in further improving the service offered in store.

'Giving a global example, North shared the impact of the Indian government's radical change in upping foreign direct investment and indeed ownership to 100% [for most sectors](#), so while mom-and-pop stores already there will be protected, this is also a drastic vote for progress in letting in global retailers and relaxing local sourcing norms for up to three years for single brand retail outlets.

Similarly, the Competition Commission is investigating the effect of bigger chains moving into peri-urban selling in SA. As an example of how this can work, North spoke of the Monageng Market in Diepkloof, which is an independent spaza store powered by Pick n Pay behind the scenes. Not a franchise model, it's a partnership that shows how Pick n Pay is not just coexisting with, but also helping smaller, informal retailers thus recognising the value of the informal economy. Owner Solly Legae told Pick n Pay he lacked access to products at good prices, as well as regular delivery of stock and knowledge of how to manage and grow the store. Pick n Pay is set to help another four shops similarly before the end of the year.

The power of the private label

De Kock then explained Clicks Group's focus on helping customers feel good while also paying less. He pointed out that retailers fluctuate wildly from a state of depression to optimism based on the previous day's sales. There's no denying that customers are changing the market and retailers need to respond to that change, with the recent McKinsey Study on consumer stress showing the average SA consumer is reducing overall spend while looking for value and savings, not

necessarily [premium private labels](#).



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He spoke of the role of private label in this regard: It's burden is to cut the prices, not the quality. De Kock also spoke of the importance of the baby category as an in-store footfall driver that shifts significant volumes at month-end. Low-sugar, low-carb health foods from the SmartBite range also do well as private label, but De Kock says consumers stick to favourite brands when it comes to soap and anything that's ingested.

Speaking to the future of retail, De Kock noted that specific promotions like the Clicks 'Pay less' and 'Payday savings' options are valued by customers, and that we'll see a rise in personalised promotions or special offers that are based on consumers' specific interests and past purchases. Clicks has also invested in an online channel and allows customers to place an order online that they can then pick up in-store.

With clever thinking, the retail sector definitely has what it takes to save the SA economy. [Click here](#) for more on the Monageng Market]] and look out for further coverage of the #BeyondRetail2016 sessions over the rest of the week on just how the local retail market is boosting the SA economy.

ABOUT LEIGH ANDREWS

Leigh Andrews AKA the #MilkshakeQueen, is former Editor-in-Chief: Marketing & Media at Bizcommunity.com, with a passion for issues of diversity, inclusion and equality, and of course, gourmet food and drinks! She can be reached on Twitter at @Leigh_Andrews.

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