

The current and future state of retail

By [Dave Nemeth](#)

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You would be hard-pressed to open a newspaper or business publication without stumbling upon an article on the current state of retail. The South African retail landscape has been under a lot of pressure for some time now and whilst 80% are blaming the economy for this downturn in trading; on the other side of the spectrum, however, there are others that continue to grow year-on-year, whilst painting healthy margins, as well as gaining valuable market share from those that continue to do exactly the same as they have always done.



Dave Nemeth

There are a host of misconceptions out there and every analyst and trend forecaster has an opinion about the future of retail, with many of these generic theories and words of wisdom emanating from international reports and studies where the retail industry has similar challenges to here.

I am in the fortunate position where I spent many years in executive positions with some leading retailers. We now consult to a host of retailers giving us invaluable insights into what is happening in the world of retail, as well as who is innovating and who are the laggards with outdated ideals that probably won't be around in the next few years.

We have also done some work with property companies who own these large malls and have realised how they too are changing their mindsets and looking at redefining their age-old models. This brings me to the statement many experts are shouting out, stating 'the death of the mall is eminent'.

In my trend report from six years back, I did warn of the death of the mall if drastic action wasn't taken. Many malls in the US and Europe continue to close down completely, but in many cases, there is high street shopping in close proximity - something we don't have here in South Africa. In the local context, saying it is the era of the death of the mall, is like saying online retail will cause the demise of brick and mortar stores, both of which I don't subscribe to.

Metamorphosis of the mall

You will, however, notice that even the top malls in the country have a vast number of vacant stores, even those that once had a waiting list of prospective tenants. The thing is the mall owners are realising the model is changing and they need to change their business models and adapt - they simply have too much at stake to sit back and wait for a retail apocalypse.

The fact is we are “over-retailed” and there is too much replication of tenants within close proximity of each other; and the convenience of online shopping is having an impact on certain categories of retail. I do believe however we are about to see a metamorphosis of the mall rather than closure.

Strip malls will become more specialised and adopt more of an individual identity focusing on niche retailers that are more suited to the immediate demographic. The larger malls will also start taking more risk on smaller concerns and even adopt new pricing models to accommodate these businesses, a mindset that has never been considered previously.

These malls will become multi-use facilities and include co-working spaces, unique entertainment offerings and utilise roof areas for outdoor leisure. We will probably find malls expanding vertically to include apartments and penthouses. It is all about remaining relevant in a time where consumer attitudes are continually changing.

In the same way, many retailers have come to realise that they have to offer completely different experiences, instead of having boxes filled with merchandise. Very few are currently getting this right and the biggest problem lies in the leadership of many of these retail giants that lack the insights and innovation, which is understandable, but their unwillingness to collaborate and seek outside intervention is quite simply seen as arrogant.

Retail revolution

Like most industries, however, as soon as one or two break the mould we will start seeing a retail revolution that will be innovative and exciting. Unfortunately, the retail fraternity still looks to the international players for innovation and new ideas when in fact the international players are facing the same conundrum.

I do feel that just like we have led the banking industry worldwide in many aspects, with a change in mindset, which will probably be forced, we may make breakthroughs that are replicated internationally instead of the other way round. I am currently dealing with some great retail minds that just seem to “get it” and firmly believe some great things are about to happen.

Retail is so multi-dimensional that it has a myriad of complexities, making it exceptionally difficult for the big corporates to be pliable and adopt new initiatives, but they have to put on a brave face and start taking some risks knowing that most will fail until they find the real nuggets.

Marketing is key in the new age of retail and an area that also needs to adapt as consumers are continually bombarded with brand messaging. It is time to connect with customers and entice them to fall in love with a brand instead of forcing products and price down their throats.

90% of retailers and shopping mall social media pages are just a *Smörgåsbord* of products, price and specials. This is not getting any amount of loyalty and regardless of the amount of likes and followers they have, you will see very little social interaction, which is what social media is all about.

Retailers need to become great story tellers and carefully craft great content that will entice people to continually engage with their brand.

A truly great retail eco system will be one where e-commerce, marketing, physical store and service all speak with a cohesive message and tone, whilst each offering a unique experience differentiating the various platforms. This is no easy task and may be as complicated as retailing itself, but will ultimately separate the winners from the losers.

ABOUT DAVE NEMETH

A leading blue chip international company recently identified Dave as one of the top creative influencers in the country. Dave Nemeth is a qualified designer who has held a variety of senior as well as executive positions with some of the countries leading retail groups, spanning a career of twenty years. Email Dave at daven@worldonline.co.za, follow [@davenemeth](#) on Twitter and connect on Facebook.

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