

SA trends for brick and mortar stores - the present and the future

By [Beate Stiehler-Mulder and Mariëtte Frazer](#)

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It's a new year and a blank page is ready to be filled with the retail story of 2020. As much as we would all like to have a crystal ball to see the future, the reality is, we don't, and we cannot exactly say what the retail future for 2020 will hold. We can however propose possible trends that retailers may consider for 2020 from our research, in order to help them develop preferable futures.



Beate Stiehler-Mulder and Marëtte Frazer



The year 2020 will definitely be all about planning for a lot of future developments and changes as the world moves faster every year, but also about a reality check on what can be improved in the immediate future.

Get the basics right

You visit a retailer and a) you could not see a price on the item, b) there was no sales person in sight, c) once you found a sales person, they merely took you to the product, and there was no further engagement. Sounds familiar?

Retailers need to get the basics right before anything else in 2020, and should fall in love with service delivery all over again and embrace the fact that their customers are in the store. You can engage, build a relationship and get input to understand your customers in a store environment.

One of the reasons Amazon provided for opening up brick and mortar stores, was the fact that they wanted to create a space where customers can view and feel products and engage and ask questions. Brick and mortar has its place and it has opportunity. Appoint people-centred staff with confidence and personality and train them - not only on layout and product knowledge, but also on the soft skills of people engagement.



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Data – don't wait any longer

Retailers have access to an array of customer data. The reality is that the integration of data to create a picture for decision-making does not happen overnight. Solid systems and structures need to be in place, and for those retailers who are still just paying lip service to big data – 2020 is the year to invest in those systems, to integrate data and to proactively use the data for decision-making or risk falling behind your competitors.

Data should be shared

Customer data needs to be accessible to frontline staff in an ethical fashion, and more importantly, staff need to be upskilled in using these insights to improve the customer experience when interacting with their customers. The reality is that customers are getting used to algorithms that suggest products online and that anticipate their needs by analysing their online search and purchase behaviours, which may leave their human counter parts in store lacking.

Customers are therefore demanding flexibility from retailers showing that retailers' considered the customers' needs and individual circumstances – this can be achieved through access to better customer information.



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Sell solutions, not products: Grow the basket in trying times

Part of embracing brick and mortar is the fact that staff have the opportunity to engage. Don't just take customers to the product, ask them questions and sell a recommended solution. In trying economic times, South African customers are seeking value, and by providing solutions, staff are not only creating value, they are also cross-selling and thereby enlarging the basket size. Train staff to sell solutions and to embrace engagement opportunities.

Upskill staff for the future

Terms like 'big data', 'artificial intelligence' and 'machine learning' may instil some anxiety as the skills needed for these technologies in the SA retail industry are severely scarce. The need for these skills must to be carefully anticipated and planned for by retailers in 2020.

Technology and operations: Saving costs are always key

The international retail front suggests that robotics and automation, and blockchain technology is growing in popularity. With a high unemployment rate, technologies such as these are still met with dismay in South Africa, but retailers cannot ignore these.

Robotics and automation: From a logistics and warehousing perspective, robotics and automation systems come with a heavy investment cost, but have saved retailers in the USA as much as 80% on distribution and labour costs, and have enabled USA retailers to run warehouses that are 25% to 40% smaller.

Managing costs remain essential and retailers should make it their mission to research and do cost comparisons in 2020 to pave the way for future efficiencies, but with cognisance of its impact on its labour force – a gradual approach to implementing these technologies will be key.

Blockchain technology: Definitely worth investigating further in 2020, as blockchain technology has the ability to connect ledgers from across the supply chain to improve product accuracy and tracking of product journeys. Solutions also include tracking temperatures, quality assurance, and warranties and potential fraud. Anti-counterfeit databases can also be built and stolen products tracked to name but a few.

Again, a heavy investment cost that requires solid research, but South African retailers should not fall behind. Investigate these in 2020 – the opportunities with this technology are becoming endless and will aid in managing costs.



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Technology and customers

New technologies are emerging all the time: Drone deliveries, VR and AR experiences, mobile payments, self-checkout and scanning, artificial intelligence, machine learning – these are all technologies that retailers are encouraged to explore and research in 2020, but these should be researched and considered with caution. Retailers should be careful of chasing the shiny, and be reminded to think solutions.

Rather map the customer journey and match the technology accordingly. In a market as diverse as South Africa, it is imperative that retailers invest in acquiring only those technologies that are fitting to its consumer profile in 2020 – e.g. have mobile payments available if your market has a smartphone, use USSD technology if your market does not (don't disregard "old technology" if it's still relevant, and can enhance an experience).

Explore and map the customer journey meticulously and incorporate supporting technology across platforms to achieve a seamless experience. If VR or AR will enhance the experience and support the purchase decision for a relevant product category, invest in it. If your market will be keen on drone deliveries in future, then explore these options in 2020 – the regulations will be in place before we know it.



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Competition from small businesses

The strained economy has led to an increase in competitors. Many consumers are searching for alternatives and therefore small businesses have started to gain support, especially in niche products and personalised goods areas. This trend has resulted in many salaried citizens and homemakers starting a small business to provide additional income based on a niche need that retailers are not satisfying. Many of these products are homemade, locally sourced and highly customised.

Sellers sell on social media such as Facebook, reaching a large audience at a relatively low cost. Due to the nature of personalisation and personal relationships these small businesses create, very few large retailers can compete as effectively in this market.

Facebook and sites like OLX have also created a platform for the growth of second-hand resales of used goods, with few retailers competing in this space, so many consumers opt to purchase second-hand products eroding the retail market even further. Retailers need to keep a close eye on this development in 2020.

ABOUT THE AUTHOR

Dr Beate Stiehler-Mulder is a senior lecturer, marketing specialist and researcher and the marketing coordinator for the UJ Department of Marketing Management. She is based at the Kingsway Campus where she teaches Digital Marketing (undergrad and Honours level) and Strategic Marketing. She holds a PhD in Industrial Economics and Management from the Royal Institute of Technology (KTH) in Stockholm, Sweden. She is also a Certified Digital Marketing Professional. **Mariëtte Frazer** is a lecturer and the Academic Coordinator: Online & Continuing Education Programmes (CEPs) and the Programme Coordinator for the Advanced Diploma Retailing. She is based on the Bunting Road campus, and specialises in Retailing and Sales Management and holds a MCom (Marketing Management) from the University of Johannesburg. In addition, she is the chairperson for the W&R Seta's HET QMB forum, which focuses on the quality of the skills development of the retail industry in South Africa.

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