

The intersection between online and offline retail



By [Danette Breitenbach](#)

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While the lines between online and offline retail have become blurred and call for a more holistic view, there was once a time when many believed that online retail would destroy its brick-and-mortar counterpart.



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One of these was Andy Higgins, now MD of uAfrica.com, who in August 1999 launched Bidorbuy. Higgins addressed delegates at the Consumer Goods Council of South Africa Summit 2014 that was held recently at Vodaworld in Midrand, Gauteng.

"At the time, I thought, as many did, that online retail would take over commerce and crush traditional retailers. It was arrogant, but it was what we thought."

Then came the dot-com crash. Sixteen years later, online retail in South Africa is less than 1%, and with its shopping mall culture, retail malls seem here to stay. However, says Higgins, be careful, retailers can ill afford to ignore the online world.

"The retail environment will experience much more disruption because of technology, and while there is a lag in this country, it is coming and it will have an impact. Retailers need to have a holistic view that comprises offline and online offerings."

Some of the trends that will impact, or are already impacting the retail environment include:

Multiple devices

People are using many devices. This requires different formats, but with responsive design and screen size adjustments based on the device. The fact is that there are cost effective design solutions out there that even big businesses are using, not because they cannot develop these themselves, but it is just more agile and cost-effective to use what has been

developed. Previously building a site cost millions and took months.

Showrooming

Consumers are using a mixture of retail solutions from online research to online purchase, offline research to offline purchase, online research to offline purchase and offline research to online purchase. Showrooming is when consumers price a product in-store on their mobile device and then purchase it online instead of at the store. "It has been a big threat in the United States where some stores tried to block the internet in their stores to prevent it. However, this is not a solution. Showrooming is coming to South Africa and retailer will need to find a way to embrace it, or their competitors will," Higgins warns.

Retailers also need to think about other solutions such as click-and-collect as an option for consumers.

Traditional POS hardware

This is one area in retail that will be disrupted by technology. To set up point-of-sale equipment can cost R20,000, but that is old school, says Higgins. "We will be seeing more and more cloud-based solutions running through tablets - which can now be picked up for a few hundred rand."

The system gives a business the advantage of centralising its selling, and have all its products in one central place listed across channels. "This allows you to know whether you have a product in stock before the client orders it. Another trend to watch here is managing the multiple sales channels a retailer will have," he explains.

Pop-up stores

Agile and mobile, these are popping up everywhere - from flea markets to shopping malls. With a temporary location, tablet and Bluetooth scanner and printer, they are in operation.

Multi-tenant warehousing

In the US and developed markets this is a well-established practice. Higgins explains that it entails keeping stock in a location alongside the stock of other manufacturers. "This can give you a faster turnaround time to your clients, as you can now keep stock in different cities, not just Johannesburg."

Online to offline

"We have seen offline retailers moving into the online space - and they have to, but a more recent development is the move of traditional online retailers into the offline space. For example, Bonobas, which make trousers to fit; Warby Parker, a vertically integrated e-commerce business that sells spectacles for under US\$100; and Harry's, which produces and sells razor blades."

Higgins notes that the brands or businesses that have achieved real success online are the ones that sell their own brand and not someone else's.

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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