

South African retail vs the coronavirus

Mark Leon Goldberg, senior editor of the *Global Citizen-DAWNS Digest*, said in 2016: "China sneezes. South Africa gets a cold". Many have used this analogy when describing how one country's economy reacts to another.

 By [Mariette Frazer](#) 9 Mar 2020



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When a linked economy slows down, the effects are felt across the globe. However, this time around China has a serious cold, and the world is bracing itself for a possible pandemic, leaving many to speculate about the impact of the new coronavirus (Covid-19) on more than just the health of the general population.

Economic impact

As the infection counts continue to rise and the number of countries reporting new cases of the coronavirus increases, we see the financial markets reacting. It seems as if investors are moving away from risk, and as a result, the South African Rand is weakening against major currencies such as the US Dollar and the British Pound. When the Rand weakens, we know that our imports become more expensive and that local prices may need to increase.

South African consumers are well-known for being under pressure due to slow economic growth and high unemployment rates. However, the economic impact of China on South Africa reaches further: many of our natural resources exports – such as ore and wood – will now slow down as some Chinese industries shut down temporarily to deal with the outbreak. As a result, local retailers will face even tougher economic times and the scarcity of products sourced from abroad will result in higher prices.



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Retail product sourcing

Retailers are known for sourcing products abroad. Many imported products are produced in China and in other countries that have reported large numbers of coronavirus infections. South African retailers' product sourcing may therefore be affected negatively: products may be delayed or shipments may be quarantined (because how the virus spreads is still a matter of speculation).

Retail buyers and procurement specialists also embark on buying trips to visit suppliers and to investigate new products, and these will most likely be put on hold due to the risks of the outbreak.

Sourcing new suppliers takes substantial amounts of time and money, and in some cases there may not be an alternative supplier, resulting in the retailer being unable to secure stock of a certain product. Depending on the role of the product or category, retailers may, at worst, find themselves unable to continue selling a key product, and having to close their doors.

This said, the coronavirus may also create opportunities for new products or increased sales of products that were less popular in the past; for example, facemasks and sanitising wipes will see a sharp rise in demand.

One thing retailers need to keep in mind is that there might be much misleading information in the press, as the general public might avoid products sourced from coronavirus-infected countries. Retailers may need to reassure customers that the products are safe, and that items were sanitised.



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Retail operations

We see in the news the regions where the infection rates are high, and that whole cities are being sanitised using special equipment. Retailers may need to prepare to sanitise their retail stores in a similar way now that the outbreak has [reached South Africa](#). This would mean that specialised equipment and supplies would need to be sourced.

Furthermore, consumers might avoid highly populated areas and unnecessary contact with potentially infected individuals. They would adopt different shopping habits, perhaps buying more online or shopping during less busy times. Shoppers might use call-and-collect services to limit the time they spend in retail outlets.

From a staff perspective, retailers may need to train their staff on the extra sanitation that would be needed to contain the virus, and even provide them with protective workwear in certain instances. In the event that South Africa experiences a large-scale outbreak, retail staff may be less available to perform their normal duties because they are being quarantined. And with retailing being such a high contact environment, this may result in a whole store being closed for a long time on the orders of health officials.

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In conclusion

Retailers in South Africa surely need to be proactive at this time. They should look for alternative suppliers key products, and be prepared in case the virus spreads in South Africa by already identifying weak points for sanitation in their operations.

Developing additional services such as call-and-collect or home delivery – if these are not already in place is also recommended. And technology should be used to retailers' best advantage to minimise human-to-human contact during the outbreak of a possible pandemic.

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