

Changing consumer behaviour driving logistics challenge

Results from consumer surveys conducted by McKinsey & Company in South Africa, Europe and the US show that the Covid-19 pandemic has materially changed consumer behaviour, perhaps permanently, as people either increased their use of online shopping, or used e-commerce for the first time during lockdown.



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This has resulted in many retailers looking to alter their supply chains to compete in the new normal. The survey in South Africa took place between 18 to 29 September, in the US between November 9 and 13 and in Europe between 9 and 16 November.

Demand patterns

Shannon Wellcome, general manager for Bidvest International Logistics' (BIL) road-freight division, says, "There certainly has been an increase in demand for our services over the last two quarters, dating back to the start of July, with a significant jump in demand for October and November months. I believe this is due to the easing of restrictions related to the national lockdown."

He adds that demand for deliveries with BIL started increasing noticeably from the end of September to the end of November. "There has, however, been a decent spike in orders experienced in December," he elaborates. "In my opinion, this is due to the uncertainty caused by the lockdown and Covid-19, as most industries attempt to play catch-up on lost sales during the hard lockdown that restricted sales."

Craig Lubbe, CEO of bidorbuy, says their experience was slightly different. "We went from exceptional low in April 2020 to a dramatic surge in July. We've seen this increase gradually return to a more 'normal' pattern of expected year-over-year shopping behaviour."

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Adapting to changing sales patterns

One of the challenges BIL's road-freight division faced this year was to be flexible and adapt to the changing sales patterns and fulfilling additional orders due to the rise in e-commerce. At the same time, the company had to adjust operations as clients and suppliers moved back to just-in-time (JIT) ordering patterns. "As a result, our teams had to become extremely savvy and agile in our services offering to clients," Wellcome explains.

With protocols which restricted the amount of employees physically present at a workplace, the company learnt to do more with less, in the process maximising output with minimal input. "This led to us partnering with more third party service providers to increase our delivery footprint," Wellcome adds.

New online shoppers more comfortable with e-commerce

Lubbe is also seeing a pattern as new online shoppers became more comfortable with e-commerce - seeing its advantages in terms of safety, convenience and user experience.

"Consumers who in the past never shopped online, or did so only infrequently, have become regulars, and this new acquired behaviour is becoming entrenched," he states. "Continued concerns over the safety of public spaces such as malls, have also reinforced this trend, which we expect to see continuing in 2021 and beyond."

Earlier in the pandemic's trajectory, essential items like cleaning products, stationery, airtime and hygiene products sold well on bidorbuy, as did health-related products, including masks and thermometers. Demand in all these categories remains robust, reflecting growing consumer pro-activity about health and wellness.



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Growth in home and living categories

As people spend more time at home, demand for virtual and tangible entertainment products such as gaming and Spotify vouchers, and sports equipment, like indoor bike trainers, continues to show excellent growth. "We've also seen impressive interest in our home and living categories, including small and large appliances. These categories have effectively doubled overnight, while music and instruments, as well as crafts, have also shown valuable increases in sales volume," he elaborates.

"With incredibly high-demand, businesses and their courier partners must adapt to unprecedented fluctuations in demand," he states. "Initially, this led to some delivery delays in certain circumstances, but courier companies have adapted well.

"This will include adapting to the on-demand economy by providing accelerated deliveries, possibly at

premium rates, as more consumers choose to shop online and home delivery volume increases will need to be accommodated. As South African e-commerce shoppers and platforms become more sophisticated, we can expect to see returns options and subscription-based models move to the mainstream,” Lubbe concludes.

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