

Anticipating SA's embrace of digital distribution

As part of our #LockdownLessons series, Bizcommunity is reaching out to South Africa's top industry players to share their experience of the current Covid-19 crisis, how their organisations are navigating these unusual times, where the challenges and opportunities lie, and their industry outlook for the near future.



Stuart Bishop

Stuart Bishop is the CEO of GretMol Online, an online consumer brands company that is a key product supplier and distributor to some of SA's largest e-commerce retailers, including Takealot.

■ ***What was your initial response to the Covid-19 crisis and lockdown, and has your experience of it been different what you expected?***

Approximately two weeks before the lockdown 70% of our team started working from home. The speed and severity of the lockdown still surprised us, and I was surprised it was extended to e-commerce as well.

■ ***Comment on the impact of the Covid-19 pandemic on your company or the economy as a whole.***

We are an e-commerce led consumer products company, most of our products are considered 'non-essential'. Revenue down over 90% since the lockdown began. Only a small range of our products are deemed essential and Takealot, our primary partner, has plenty of stock of these.

I wonder how sustainable the lockdown will become economically. The government has an enormous challenge on its hands one which developed countries have struggled with despite their better access to resources.

We believe that e-commerce shouldn't have been restricted at all. The WHO has developed working guidelines that I know Takealot has already implemented. The continued restrictions on e-commerce are a mistake in our view. As South Africans we should embrace digital distribution of all goods as a way to save both lives and livelihoods.

■ ***How is GretMol Online responding to the crisis?***

So far we have cut costs where we can. Negotiations were entered into with various stakeholders to defer payments where possible. We are awaiting further information from the bank and government with regard to accessing the R200bn SMME loans. TERS help has been applied for salaries and we are still awaiting an outcome. Full salaries were paid in the meantime.

We are also intensifying our planning for a post-Covid-19 world where people will favour shopping online.



RESEARCH

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■ **Comment on the challenges and opportunities.**

Challenges:

Making sure that we are still in business to take advantage of the Post Covid-19 opportunities.

Weakening rand vs US dollar situation.

Avoiding making staff redundant, it will be very difficult for them to find jobs post the crisis. They are critical to our success after the crisis and we have paid them fully so far.

Keeping our spirits up, as tough as it is for us there are many people around us in dire personal circumstances.

Taking a 100% pay cut personally whilst the crisis plays out, to ensure we can retain our key staff.

Opportunities:

Increasing move towards digital distribution. Being ready to fully capitalise on the opportunities that are presented.

Possibilities of new partnerships or M&A post-crisis as the retail industry pivots towards digital.

Great talent being available in the employment market to supplement our team due to unfortunate job losses.

■ **How has the lockdown affected your staff? What temporary HR policies have you put in place regarding remote working, health & safety, etc.?**

We have paid full staff salaries so far and I am proud of this. All of our staff that can work remotely have. When we come back to work we will follow all of the guidelines. My warehouse staff travelled to work in Ubers paid for by the company each day pre-lockdown, which is no small expense. We will attempt to instigate something similar once we return to work.

Ultimately we will be looking to go above and beyond the legislative guidelines. The health and wellbeing of our team is paramount.

■ **How are you navigating 'physical distancing' while keeping your team close-knit and aligned and your clients happy?**

With some difficulty, our work requires a tremendous amount of planning. We have key partner relationships we have to manage. Luckily they are understanding of our position for the most part; this is a global crisis impacting everyone.



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■ **How have you had to change the way you work?**

We have shifted our focus from a growth strategy pre-crisis to a survival strategy for now. Once the crisis is over we will evaluate where we think the best opportunities are and change our strategy accordingly.

■ **Has this global crisis changed your view of the future of the industry in any way?**

I believe this crisis will accelerate the trend towards digital distribution of goods and services. Currently, e-commerce accounts for 1.4% of customer spending in SA, the 30% annualised growth in the sector should accelerate from here.

We haven't needed to raise investment capital yet, though I imagine more VC and PE funding coming towards the space

overall, especially towards players with a proven track record and solid businesses.

■ ***Any trends you've seen emerge as a result of the crisis?***

Working remotely - this is here to stay in one form or another. A wider digital distribution of goods and services once the restrictions are lifted.



FMCG

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■ ***What do you predict the next 6 months will be like?***

The government eventually allowing unrestricted e-commerce, though slower than we would ultimately like. Further weaken of the currency for importers and significant financial problems in the short-term. I also expect to see problems emanating out of the US and Europe with their over-leveraged markets and the possibility of further spillover into emerging markets at SA in particular.

On the other hand, the businesses that survive should be in a very strong position to consolidate and grow. There will be a viable business eco-system post the crisis. Being able to adjust to opportunities quickly will be key. As South Africans we have battled against many issues that developed economies haven't, our hard-earned resilience should be a major asset during this period.

As a nation we still have a rich and varied culture, abundant natural resources and a skilled and capable workforce. There will still be an economy after the crisis and within 6 months we should be moving quickly towards this.

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