

What's holding SA retailers back from achieving the omnichannel vision?

 By [Lindy Lee](#)

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Many South African retailers remain steadfast in their traditional business models, characterised by high-touch, 'bricks-and-mortar' engagements, as they try to create the best possible in-store experiences.



Truly omnichannel strategies in South Africa have yet to take off in the same way as they have in the United States and other developed markets. A number of local retailers believe that mass adoption for digital and mobile retail offerings is still some way from becoming mainstream. Saying this, there are some that have successfully implemented omnichannel initiatives and are reaping the benefits. However, embracing omnichannel as a core business model can be complex, expensive, and even risks jeopardising one's core in-store revenue streams.

The so-called proliferation of channels, touchpoints, devices and digital identities throws up a myriad of concerns around back-end systems, data management platforms, marketing tools and more. For most retailers, the concept of omnichannel remains an enigma.

Missed opportunities

The risk is that these retailers may be missing out on the massive opportunities presented by the digital revolution. Buzzwords aside, we are now living in an era that could be defined as 'the Internet of Me': where the consumer has unprecedented power and control over the purchasing journey.

We're able to shop online, on mobile, or in stores. We can 'click and collect', or arrange for home deliveries (even drone deliveries in some countries). In some cases, we can even enter virtual and augmented reality realms, to see just how that item of clothing might look on us, or how that couch would look in our lounges, before purchasing (Ikea in Europe is a great example of a retailer pushing the boundaries by blurring these 'realities').

We can instantly call up peer reviews, perform real-time price comparisons, or buy goods with just a tap of our screens or a click of our mouse on our favourite social media platform. Connected devices on washing machines allow us to re-order our regular detergent with just a press of a button, for example.

As consumers, we've never had so much power. And while some of these trends may not have reached South African shores, we can be sure that they will do at some stage.



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Understanding the reasons

When it comes to innovation in retail, South Africa is not alone in its slow pace of transformation. At a global level, a recent [CapGemini survey](#) revealed that "more than half (54%) of the retail executives surveyed admit they have been slow to digitise their physical stores."

So just what is holding back many of our local retailers?

- **Back-end IT systems:** With retail typically being a low-margin industry, costs are very tightly managed. IT budgets remain highly constrained, inhibiting CIOs from building the modern digital platforms and new user interfaces that make omnichannel a reality.
- **Lack of data strategy:** It's critical for retailers to have a structured approach to gathering, securing, analysing and monetising their data. It's only by establishing and then executing on a strong data strategy that a retailer can achieve the vision of 'intimacy at scale'
- **Not considering the entire journey:** Today, the purchasing and buying journey has become splintered across multiple touchpoints. For each of the key stages in the buying lifecycle – awareness, choice, transaction, delivery and finally after-sales – consumers are using various channels. It is only by understanding this holistically that retailers can hope to craft an omnichannel strategy.
- **Not placing CX at the top of everyone's priorities:** Retailers have traditionally been focused on generating efficiencies in value chains and logistical processes, delivering products to people in the lowest-cost manner. From what we have seen from the millennial generation entering the economy, people are willing to pay slightly more in return for excellent service and personalised engagements. It is only by putting customer experience at the very top of the boardroom agenda (and in fact at the top of everyone's agenda) that retailers can step out from the pack to create differentiation and competitive advantage.

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E-commerce player Magento says that its research indicates that “retailers and wholesalers were more likely to report a slower pace of digitisation than other industries.” The business case for omnichannel may be difficult to prove, particularly in the short-term, but the long-term effects of neglecting digital may be disastrous for local retailers. My advice is to look towards the local retailers that have successfully embraced omnichannel and lean into the trend.

ABOUT LINDY LEE

Lindy Lee is the sales & service management head: Retail at T-Systems South Africa

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