


Retail hangover or B12 injection recovery 2021

Despite content fatigue with overused references to last year like, 'unprecedented', 'challenging' and everyone's personal favourite 'new normal' one must metaphorically bundle them up as lessons learnt and opportunities discovered. Two steps back, two steps forward is the new groove as we move beyond.

Falling productivity and high deficits will certainly linger as business investment suffers with a tough forecast in a post Covid market that will not favour, smaller players for some time to come in terms of closures and retrenchments. Along with retailers who are unable to adapt quickly to meeting the needs of a more switched on digitally savvy consumer, with a cost-conscious eye.

"We had so many dynamic moments of change last year, that we could only keep our heads down and focus on getting through this extremely challenging period, and as much as the pandemic exposed vulnerabilities, it has also revealed unseen opportunities. By and large it tested business continuity, planning, digital ecosystems and their stretch capabilities, and supply chain flexibility. This year, retailers will have to continue to pedal fast with adaptability, strategic conviction, and an innovative mindset to sustain growth," said Mike Smollan, Chief Growth & Innovation Officer, Smollan.



Retailers need to adjust to best serve the post-pandemic consumer as comfort levels shift with a sense of slowly getting back to pre-pandemic activities.

PWC, when reporting on the UK economy said, "Our expectation is that the economy will recover on pre-lockdown levels by the end of 2021 under the 'contained spread' scenario and in the middle of 2023 under the 'further outbreak' scenario." A similar footprint will most likely occur in many parts of the world.

In a recent Deloitte's Africa report based on a scenario where pandemic containment efforts prove successful, they expect the South African GDP following a decline in 2020, to gradually improve in the second half of this year. If the pandemic lasts longer,

naturally the economic downturn will lead to extensive liquidity and balance sheet pressures putting strain on businesses and financial systems.

The burning question now is, how retailers need to adjust to best serve the post-pandemic consumer as comfort levels shift with a sense of slowly getting back to pre-pandemic activities. Some of the key focus areas for retailers to consider as they begin this year, should be around building customer loyalty that is authentic; understanding that trust is the new currency; investing in offline and online strategies with an omnichannel approach as well as keeping a keen eye on managing store assets.

With online shopping seeing a huge uptake last year, and an 'offline is online' and 'online is offline' approach to bridging the gap, a new richly interactive environment will benefit both to compliment advances in technology and changing behavioural patterns. Author and CEO of The Retail Prophet Doug Stephens points out, "In the future, all but the most convenience-based retailers will begin to use their stores as media to acquire customers and their media platforms as stores to transact sales. Media is now a cost of sales and rent is now a cost of customer acquisition. Retailers that miss or ignore this shift will do so at their peril."

Retail-Week UK suggests that retailers should take a leaf out of the grocer's books and, rather than batten down the hatches should further lockdowns occur, instead find new ways to innovate and keep customers coming back. Tesco for example has been on a successful drive to boost customer



loyalty with its Aldi Price Match Scheme across 500 branded and own-label lines and its Clubcard loyalty scheme. It is the retailers who have invested and continue to invest in their offline and online strategies that will reap the rewards. Take Ikea who opened 26 new locations across the globe last year with a plan to open a further 50 stores.

In terms of shopping centres and rental space, FNB Property Strategist John Loos during a recent presentation on the 2021 Property Market Outlook said that the commercial property market would continue to experience rental deflation and "ongoing property value correction and would remain under pressure this year, with retail property having to deal with the emerging online retail trend."

MD of the Sandton City precinct, Preston Gaddy interviewed at the Flux Trend Alinea Marketing Master Class pointed out that retailers need to invest in their staff – incentivising and listening to them to understand what the consumers are saying. Along with the need for retailers to collaborate with landlords. Continually engaging with centre management, looking for opportunities and understanding their marketing approach for the coming months.

Despite shifts both positively and negatively as retailers find their footing, the sense is of an industry re-writing the retail history books on a new road to recovery – one that is battling back amidst the most challenging of social and economic backdrops. **SR**