

Local retailers urged to refine in-store service to fight Shein and Amazon

In the face of escalating competition from ecommerce behemoths like Amazon and Shein, South African retailers are urged to refine their in-store customer service and devise captivating omni-channel experiences. Success in these areas will not only preserve their existing customer bases but also capitalise on the burgeoning local interest in ecommerce.



Source: Xianjuan Hu/Unsplash

Steven Heilbron, CEO of fintech firm Capital Connect suggests that agile, inventive retailers view the ecommerce boom in South Africa - which exceeded R55bn in 2022 - as a business expansion opportunity.

He emphasises that progressive retailers are contemplating strategies to secure a portion of the rapidly expanding ecommerce market, while leveraging their local community presence as a competitive edge. Retailers investing in growth strategies, he adds, will outmanoeuvre their competitors and prosper in a rapidly evolving market.



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Heilbron points out intriguing market dynamics, citing [research by World Wide Worx](#) that reveals a post-pandemic surge in online grocery and clothing shopping. This marks a significant shift from a time when consumer electronics were the mainstay of the ecommerce sector.

Shein's stealthy rise

In addition, retailers are facing growing competition from global players, with Amazon expected to formally enter the market in 2024 and drop-shipping companies like Shein showing massive growth. Indeed, while the market has speculated about Amazon's plans for South Africa, Shein has quietly and rapidly built a massive presence in the apparel market.

Shein is consistently among the top smartphone app downloads in South Africa, alongside social media apps like TikTok. According to a [Marketing All Product Survey \(MAPS\) survey](#), around 250,000 South Africans are already shopping on

Shein.

“ Based on its lowcost ‘fast fashion’, the company has grown into a global ecommerce contender with sales exceeding \$24bn for January to September 2023. ”

For its part, Amazon has not yet publicly discussed its plans for direct sales to the South African public. It has, however, confirmed that it will be bringing its marketplace to South Africa to “provide independent sellers throughout the country an opportunity to rapidly launch, grow and scale their businesses while leveraging the innovative capabilities provided by Amazon”.

“These trends show that the market is evolving and becoming more competitive. But it’s not necessarily bad news for SME retailers,” says Heilbron.

“It’s also an opportunity for them to grow by exploring new channels to market. Those that can be agile in every aspect of their business model, from their pricing through to their product range, will thrive.”

Sharpen your competitive advantage

Heilbron says that the *Amazon effect* has forced retailers worldwide to up their game. Retailers should understand and press on their competitive advantage. For some, that will be their local point of presence and their ability to offer personalised, face-to-face in-store experiences that ecommerce stores can’t replicate.

Attractive shop fittings and decor, product demos or food tastings, and expert customer advice are all great ways to attract customers into a shop. Putting a coffee shop with good Wi-Fi in place is another excellent way to bring more business through the door. Another idea is to use formats like shipping containers to create pop-up stores that can be deployed at events.

Retailers that want to win ecommerce business will need to ensure their online platforms and logistics are up to scratch. In this regard, some might find Amazon to be an ally rather than a competitor. The Amazon marketplace offers them another online storefront and logistics partner to extend their reach, bringing competition to existing platforms like Takealot, Uber Eats and Mr D.

Brick-and-mortar businesses that can integrate the digital and physical experience with options like collect in-store or browse in-store and order online could be the biggest winners.

“ Another way to get an edge is to focus on personalised customer experiences and advice this is where online

retailers often fall short. ”

Heilbron says that retailers can access fintech growth capital to finance their competitive advantage, whether that will come from refurbishing their shop, building a mobile app or purchasing products in bulk for promotions and specials.

“Fintech lenders offer growth capital with flexible and attractive terms,” he says.

“Retailers can access short term, unsecured opportunity capital of up to R5m in 24 hours to ensure that they don’t lose out. They simply log into an app to click and borrow, and the funds will appear in their bank account by the next day, or the same day.”

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