

# Covid-19 shifts online sales from desirable to essential

The Covid-19 pandemic has exposed the precariousness of a solely bricks and mortar model. According to a recent report [by McKinsey](#), consumers expect a relative shift to online shopping in most categories in the short term, driven primarily by a sharp decrease in in-store shopping. In the longer term, 40% of consumers plan to increase online shopping once the crisis is over.



“Previous epidemics have foreshadowed this online trend,” says Derek Cikes, commercial director at buy now pay later fintech, Payflex.

“The SARS epidemic in 2003 expedited China’s path in launching digital payments and e-commerce in the country, creating a permanent shift in consumer behaviour. Similarly, the coronavirus has caused a marked change in South Africa’s consumer behaviour and habits, with social distancing, hygiene measures and self-quarantine now integral parts of our everyday realities,” says Cikes.

With the impacts of the pandemic are expected to remain for the foreseeable future, and the aforementioned consumer behaviours are anticipated to become further entrenched and remain even as the crisis eventually ebbs.

## Shopping: an altered reality

Cikes explains that shopping is no longer a leisurely, sensory-filled experience. Instead, retailers have replaced sampling of beauty items or delightful food temptations with an antibacterial touch-averse world of hand sanitisers and plexiglass barriers.

This interaction or rather fear of interaction is driving new shopping behaviour, with consumers opting for the safety and convenience of e-commerce. And retailers are hastening to adapt to what they view as lasting changes in the way that people choose to shop as millions of consumers choose online as their preferred medium of shopping.



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## Retail trends fast-tracked

According to a Global Shopping Index published [by Salesforce](#), the number of unique digital shoppers rose 40% year-over-year for Q1 2020.

In a South African context, 29% of online consumers say they are doing far more shopping online than before the coronavirus outbreak while 65% say they are visiting physical stores less, according to a [Nielsen study](#) of 10 markets in Africa and the Middle East, including South Africa.

“The pandemic has fast-tracked trends that were already budding in the e-commerce space including digital and alternative payments. The 40% increase in shoppers and 25% increase in e-commerce merchant sign-ups to our platforms highlights this monumental shift towards digital as an increasingly preferred avenue of shopping and transacting,” says Cikes.

Cikes says the increased availability of click-and-collect models, digital payment models like buy-now-pay-later platforms and other alternative payment options, as well as faster delivery models, are anticipated to further fuel this online revolution.



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## Global players wake up to e-commerce opportunity

Major tech and retail stores are waking up to the huge potential of e-commerce, Cikes says, as millions of consumers choose online space for their shopping. Facebook is making a major push into e-commerce with the launch of Shops, a way for businesses to set up free storefronts on Facebook and Instagram.

While [Zara-owner Inditex](#) recently announced plans to close up to 1,200 smaller-sized stores, and to invest \$3bn in digital commerce.

“Retailers and tech companies are recognising the significance, need and value to move online in order to accommodate consumer behaviour and sentiment for safer, seamless shopping alternatives. It will be interesting to see the kind of personalised, targeted spin they can put on it based on their collected user data around interests and geolocation,” says Cikes.

## Shift in consumer mindset

The consumer mindset has changed in terms of their relationship to e-commerce. Online has become an accepted, go-to

shopping alternative with the digital environment providing consumers with convenience, safety and access to a wide range of shopping options.

And while hygiene and safety concerns have provided the initial impetus in driving consumers online, shoppers have now experienced this environment as a feasible option with its accompanying convenience and benefits. This is entrenching the shift to online shopping, extending its impact to long after the pandemic has passed.



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“We’re reaching a tipping point for e-commerce. Standalone bricks and mortar are no longer sufficient as consumers demand more rapid digitisation solutions. The fact that more people than ever are relying on the internet to shop for their everyday needs makes it imperative to have an online shopping model in order to remain competitive and viable.

The e-commerce revolution is here. Those that will survive will be retailers who have a multichannel approach to sales that provides customers with an option for a seamless shopping experience from the comfort of their own homes. This is no longer a luxury. It’s critical,” concludes Cikes.

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