

Reinventing the business model

The focus of the fifth consecutive UCS Solutions' Beyond Retail event was on reinventing retail and how business models need to harness the innovation the industry demands.

The conference took place at The Table Bay Hotel at the V&A Waterfront, Cape Town on Friday, 11 September. This year's speaker line-up comprised: Colin Fleming, Group E-commerce Executive of Massmart, on rethinking the value proposition; Mike Cotterell, Head of Online and Mobile at Pick n Pay, on the fulfilment journey; Peter Allerstorfer, Founding Partner of Silvertree Capital, on what makes a winning online retail business; Justin Drennan, CEO and Co-founder of Parcelninja, on disruptive online fulfilment models; Andre de Wet, CEO of Pricecheck, on digitising bricks-and-mortar commerce in a mobile economy; and Professor Jon Foster-Pedley, Dean and Director of the Henley Business School, South Africa, on the challenge to innovate.



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A common thread through most of the presentations was the topic of e-commerce logistics, to the extent that the retailer's ability to deliver at the right place, at the right time and profitably can make or break the online shopping experience, and this requires innovation with regard to your business model.

According to the [2015 South African E-commerce Awards](#) survey, to be released in full at the Gala Awards Dinner this evening, high delivery costs rank as the second most likely factor to cause a shopper to abandon their online shopping cart, followed by lengthy delivery times in third place.

Speed to market is critical

Sharing insights from Walmart, Fleming said that home deliveries are becoming inconvenient, with 57% of online orders collected in store. This requires a change in mindset, or what De Wet calls "the uberfication of shopping". Shopping is no longer somewhere you go, it's something you do, and, furthermore, e-commerce now means 'everywhere commerce', which presents the opportunity for retailers to optimise their mobile experience using location (and immediacy). Easy access to location information is key, he says.

Drennan explained that speed to market is critical. Customers want same-day solutions or exact-time delivery. Five tech-heavy companies in South Africa that are getting this right are Uber, WumDrop, Mr Delivery, Picup and The Courier Guy.

Allerstorfer mentioned that, at start-up stage in 2011, Zando was happy delivering a product to a customer within three to five days. "Nowadays, the customer expectation is very different," he said. "If you order a product, you expect it to be delivered within three to five hours."

It's turning an order into a profitable delivery business that's really the challenge, said Cotterell.

Commenting on the US 'sort of' success story of Amazon and the success of the UK market, he posed the question of localising it to South Africa: 'Could a similar retailing approach work here?'

Through trial and error, he learnt that simply playing copycat with foreign business models was not the answer. "We had to borrow the best ideas, but innovate on execution," he said. Because that's where the money is, said Prof. Foster-Pedley: "The biggest bang for your buck is business model innovation."

For more on the subject and shipping costs in particular, read [*Transforming logistics in the ever-changing e-commerce environment*](#).

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