

Pandemic ushers in brave new world of e-commerce

Since leaving one's home now comes with the additional risk of contracting the Covid-19 virus, online shopping has become the new retail therapy. For some of the country's online businesses, this situation has led to a notable spike in sales.



Credit: Anna Shvets via Pexels

“Without stating the obvious, more people are shopping online – we’ve seen this with a significant increase in the number of transactions on our site,” says Craig Lubbe, CEO of Bidorbuy, a local online shopping and auction marketplace.

SkinMiles, an established online skincare store, had shown a 40% increase in sales for the year ending February 2020 compared to the year before; now it’s heading to a 60-100% higher turnover.

And DPO South Africa, the nation’s largest payment service provider, which boosted capacity by 700% to meet consumer needs as the economy opened up in Level 3, saw its transactions on 30 May peak at four times that of its busiest minute during Black Friday last year. Its monthly volumes for the rest of the year are expected to settle at around 40% higher than in 2019.



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Category sales shake-up

Essential items like cleaning products, stationery, airtime and hygiene products have sold well on Bidorbuy, as have health-related products including masks and thermometers. And as people have spent more time at home, demand for otherwise quieter categories has also grown, including entertainment items such as gaming wallets and Spotify vouchers, sports equipment like indoor bike trainers, and home and living categories that include small and large appliances.

“We’ve seen some big shifts relative to their normal performance,” says Lubbe. “Home and living, toys and hobbies, and gaming have doubled overnight, and music and instruments, as well as crafts have also shown incredible growth.”

Brendon Williamson, chief sales officer at DPO South Africa, agrees. “With people spending more time at home during Level 5 and 4, it meant they had a greater amount of time to plan and think about what they’d like to buy, especially when it came to improvements around the house and garden. As soon as they were able to access products, they jumped at the opportunity.”

Anticipating the level of pent-up demand, DPO quickly scaled up its systems to meet an increase in transaction volumes, and on Saturday 30 May, two days before Level 3 started on 1 June, the payment service provider experienced double the quantity of pre-lockdown averages (measured in transactions per minute) with liquor, food and gaming being the biggest drivers.



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Online retail drivers

Dr Alek Nikolic, director of SkinMiles, believes that four reasons underlie these shifts when it comes to his business. Firstly and most obviously, consumers are concerned about shopping in stores and feel safer buying online. Secondly, all salons were closed during Levels 5 and 4, necessitating a total shift to online purchases.

Thirdly, consumers had more time on their hands, so their online presence increased. And finally, consumers were spending more time on social media, which increased their exposure to advertising, and specifically ads, encouraging them to take care of skincare and beauty needs.

The stricter levels of lockdown created a whole new category of shopper. Without the option of physically window-shopping in brick-and-mortar malls, people had no choice but to browse online. Lubbe points out that this was the catalyst for people who weren't online shoppers before to embrace this particular digital learning curve.

Bidorbuy reports that its registered users have increased to over two million. And, reflecting the much wider variety of goods being shopped for online, Lubbe says they've seen high double-digit growth in the number of pages viewed by shoppers in May and June this year versus 2019.



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A permanent change?

Nikolic believes this is a permanent change, as “new online consumers have learnt how convenient and safe and secure it is”. Added to this, he points out that courier companies have perfected the art of next-day delivery to major centres in South Africa, making it easy to get products to consumers very quickly.

This upscaling by courier companies of their services has had another positive knock-on effect, with Bidorbuy having seen a marked improvement in the number of merchants selling on the site.

“During the early stages of lockdown, there was a downturn in the number of merchants because they weren’t able to ship. But now that couriers are able to deliver again, those merchants are back up and trading on our site, and new merchants who were once traditional brick-and-mortar stores have now transitioned to online – so our offering and appeal to a greater number of shoppers will only increase and get better,” says Lubbe.

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