

Is e-business the saving grace for retailers during Covid-19?

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When posing the question whether e-business is the saving grace for retailers during Covid-19, the immediate answer will be yes. As the world has turned upside down towards the end of 2019 due to the outbreak of Covid-19 while South Africa felt the effect of Covid-19 as from March 2020, the business environment changed rapidly. Customers have the lived experiences of not being able to patronise these retailers due to the hard lockdown restrictions. Retailers therefore had to find different ways to reach and provide need satisfying products to their customers. Whether retailers are implementing a new strategy or expand an existing strategy, retailers were required to adapt their strategies with the focus on business survival. The revenue from e-commerce has increased significantly due to the pandemic although brick-and-mortar businesses had to compete with online businesses even prior to Covid-19.

Brick-and-click businesses are brick-and-mortar business with some form of online presence, ranging from having limited online presence to selling products online. Four retailers have been analysed in terms of five financial performance measurements, namely return on equity, return on assets, growth in net profit after tax, net profit margin and economic value added. The results of the retailers for the 2017 to 2021 period are compared to the 2007 to 2011 period, as both periods experience economic difficulty, that is due to the pandemic and the financial crisis respectively. The four retailers are Shoprite Holdings Ltd (limited online presence to interactive stage), The Spar Group Ltd (interactive to e-commerce stage), Pick n Pay Stores Ltd (e-commerce stage) and Naspers Ltd (fully online). Based on the e-business model, the retailers were classified according to the online presence as evident from their homepages.

The biggest winners during Covid-19 were the brick-and-click retailers in the e-commerce stage. Although the brick-and-click retailers with an interactive online presence did survive the pandemic, this strategy may not be sufficient in the long run. In addition, to attract customers to return to the brick-and-mortar businesses and not only to remain an online shopper, brick-and-mortar businesses will have to create an extraordinary experience when visiting the physical stores worthwhile while ensuring an unique online shopping experience. It is therefore recommended that brick-and-

mortar and brick-and-click retailers move into the e-commerce stage rather sooner than later to capture and retain their online customers while those already in the e-commerce stage need to ensure that the online experience is memorable to retain these customers.