Retail or e-tail? Brick or click? Is e-tailing the ideal solution for all industries?

S Barnard

sunebarnard@gmail.com

OPINION

"How do you evaluate a technology that has completely captured the public's imagination? A technology that has come to indicate innovativeness, where failure to appreciate it is taken as a sure sign of belonging to the wrong side of the generational divide. Which has led, almost overnight, to the creation of new companies, brands, industries and fortunes."[1]

Contrary to popular belief, this statement was made in the early 1920's and is not based on e-tailing, the internet or the mobile generation, but rather based on the vigour with which wireless radio technology was suddenly taking the world by storm.

If a supposed business expert almost 100 years ago were to predict a communication channel even more powerful and vigorous than this, with an even greater influence on the human race, their expertise would certainly be questioned. In 1920, one could not imagine the ability to purchase anything from clothing to groceries or even a type of service, any other way than face to face. The ability to browse through a catalogue of options, customise an order, finalise the payment and arrange delivery on a personal handheld computer by the click of a few buttons, would sound ridiculous. Today anyone from 13 year old youngsters to 80 year old golden agers can order almost anything their hearts desire online and have it delivered to their doorstep.

E-tailing, or electronic retailing through the internet, originated as early as 1979 and was developed to full functionality in the 1990's. An industry worth billions emerged out of thin air as companies from across the globe started creating corporate websites, most of which are allowing e-commerce functionality. The combination of over 300 million online consumers formed a near perfect marketplace, where supply and demand is balanced, satisfaction meets gratification and want and need finds one another.[2]

When considering traditional retailing compared to e-tailing, companies have various options. Some prefer the traditional brick-and-mortar stores where they have the opportunity to build face-to-face relationships with consumers; others started out with brick-and-mortar stores and expanded into e-tailing to make their business offering more accessible to non-residents and clients who can only shop after hours – thereby transforming into click-and-mortar stores; and finally some businesses decided to avoid the drawbacks of a brick-and-mortar store and opted for a strictly online business model[3].

The increasingly expanding reach of e-tailing, including the amount of people reached, the soaring number of locations an internet connection is available and the variety of products and information obtainable online, holds a variety of benefits for consumer and marketer alike. Consumers can enjoy the convenience of shopping when, where and how they prefer, at a variety of providers in a range of price brackets. Products can be compared to one another to ensure the ideal solution is acquired. A multitude of information is available on most e-tailing websites, including reviews from other like-minded consumers, offering trustworthy feedback on previous purchases, be it successful or not. On the other side of the coin, marketers can evade

the cost of a physical store, limiting retail hours and the drawbacks of an unattractive location. They can benefit from ever-improving market research, modern retail models and enriched consumer relationships due to customisation and convenience offered[4].

But is e-tailing the ideal solution for every type of industry? Traditional retail is generally categorised in the four broad categories:

- food products including all food items, most of which requires cold storage facilities;
- solid, durable goods including a variety of items that do not wear out easily and can provide utility over a long time period, namely automobiles, appliances, electronics, furniture, sporting goods, lumber, etc.;
- soft goods or consumables which are depleted within a limited time period including clothing, fabrics, footwear, cosmetics, medicines and stationery; and
- arts including a variety of contemporary art galleries, bookstores, handicrafts, musical instruments, gift shops and supplies for these.

Food products are widely available online in the form of fast food options, online grocery shopping as well as pre-prepared meals. While the purchase decision is easy in some cases like ordering tried and tested fast food items, certain food products, for example meat or fresh fruit and vegetables, may require physical inspection from the buyer. Many consumers may prefer a quick takeaway for dinner instead of spending hours in the kitchen, and many busy housewives thanked their lucky stars when online grocery shopping – including doorstep delivery – was introduced! But for the connoisseurs who appreciate the journey of fine dining, the traditional brick-and-mortar restaurant will always be a crucial part of their lives.

Solid, durable goods are attainable online more extensively than food products and most product categories are easy to purchase online, based only on the information provided. While it may be enjoyable to visit an appliance store and go through all the options available, most consumers can make an informed decision based on the information provided online and purchase a new

appliance strictly by the click of a button; and the same could be said for electronics, especially with all the customisation options offered online. In certain cases though, most consumers would prefer either a traditional brick-and-mortar purchase, or at least settle for a click-and-mortar option including online research followed by a traditional retail purchase. If the consumer knows exactly what is required, purchasing a brand new vehicle does not require physical inspection by the buyer and the decision can be made strictly on product specifications online. On the other hand, many consumers prefer to shop around and undergo a test drive before committing to a specific vehicle, making e-tailing a less favourable option. Therefore a click-and-mortar store might be most preferred before spending a large amount of money on a durable product.

Soft goods or consumables allow consumers to make a purchase decision under less pressure as it is generally more affordable than hard goods and typically consumed within a period of less than three years. Even if the purchase decision was ignorant or hasty, the consequences are easily dismissible. Clothing and footwear are often bought online, but many consumers might prefer visiting a brick-and-mortar retailer to experience the fit and feel the texture of the items before making a purchase. Repeat purchases of cosmetics can easily be made through e-tailing, but first time buyers might prefer trying out the product before spending money on it. Medicines are not as widely available online since prescriptions are required for various medicinal needs. For these reasons, click-and-mortar retailers might be the ideal solution where soft goods are concerned.

Arts may be more complicated as most artworks can be appreciated best in person, especially pieces of high value. Handicrafts, musical instruments and gift shops are most likely more popular as brick-and-mortar purchases as taste differs, while bookstores are one of the most popular types of e-tailers. Thousands of modern readers are either opting for electronic books or purchasing hard copies online; but there will always be those true booklovers who prefer visiting the small shop around the corner, going through piles of dusty old books and selecting an original print. Click-

and-mortar might be the ideal solution for the art industry for the time being.

Retailers might be convinced that e-tailing is the only way forward, but don't close the doors on the brick-and-mortar store just yet. Be careful to turn your business upside down because of industry trends. Rather do proper research on what is best for your clients as well as your company and try to incorporate new trends with traditional methods. Bill Gates stated: "We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction." [5]

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