



OPINION ARTICLE

E-commerce's role in lifting spirits *(and other types of alcohol)* – Some thinking on drinking

By Lerato Sedibe, Senior Research Analyst | August 2021

At which point do we remove the 'new' in "new normal"? Until we have a clear answer on that, I will, like many others, keep referring to the times we are living in as just that. COVID-19 has undoubtedly shaken things up across categories, but what I have found fascinating, particularly in the South African context, is the lockdown restrictions and what these have meant for e-commerce, particularly in the alcohol industry.



Research firm World Wide Worx revealed that **South Africa's e-commerce sales** grew by +66% to total online retail revenue of R30.2 billion last year. While e-commerce has been steadily on the rise, it would be remiss of us not to acknowledge how COVID-19 and the restrictions that came with it have catapulted the growth of e-commerce. Travel restrictions and curfews meant that fewer people were going into stores to shop for what they needed, thus turning to e-commerce to do their shopping..

There are retailers who had an e-commerce arm to their businesses before COVID-19 struck and others who did not. A great example of this is Checkers' Sixty60, which was introduced in 2019 but really took off in 2020 because of the increased need for staying at home and limiting social interaction. Retailers who had not previously considered an online offering are now starting to do so, and who can blame them? The data we are seeing indicates that this is a trend set to continue and not a fad that will fade over time.

In a survey conducted by Ti on e-commerce (which can be found in our E-commerce report [here](#)), it was revealed that only 30% of shoppers had started shopping online in 2020 with 80% of the total sample indicating that they planned to shop more online in the future.

This applies to online shopping in general; but **what about alcohol?** PayFast released its E-commerce Performance Index (PEP Index) which revealed that beer, wine, and liquor was the fastest growing e-commerce category in South Africa (as at Sept 2020), showing an increase of +1,787%. Where shoppers would typically go to physical stores to make their purchases, they are now using online platforms more, trolling the web so that their beers (or wine or ciders) can come to them.

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The alcohol online space is varied in that there are retailers that only sell specific categories of alcohol and others who have a wide range. In the latter category, we have a newcomer, **Liquor.co.za**, that launched its online shopping website in July 2021. When commenting on its overall intention, it claimed to want to “shake-up SA’s growing online delivery services market”. This platform, which services both customers and other businesses, has an extensive product list across alcohol categories as well as offering complementary products such as bar tools and gifting.

What Liquor.co.za founders point out is that this platform is run by people who are experienced in both the liquor trade and digital landscape, all of which sets them up to win. This suggests that insights drawn from both fields will be used in a manner that will offer a shopping experience that differs from the ones currently on the market in order to address unmet shopper needs.

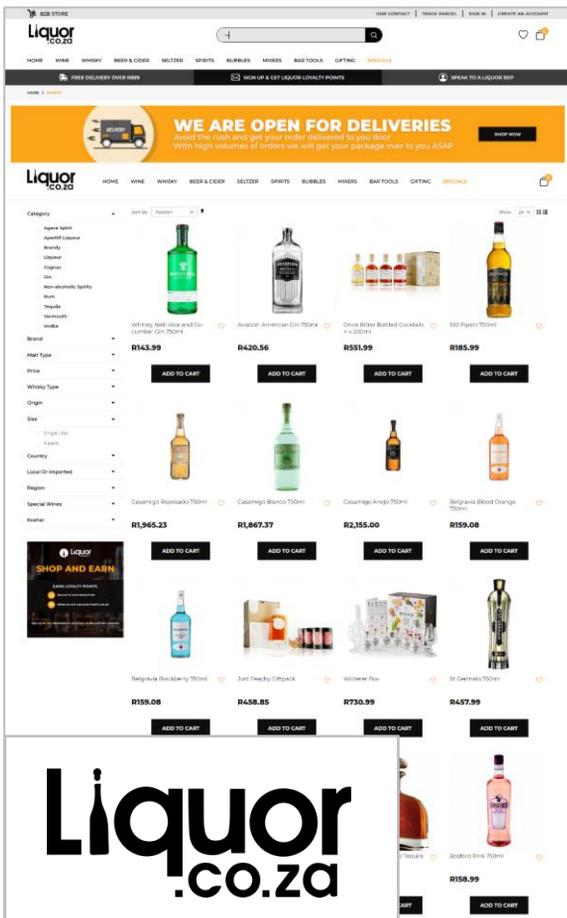


Image source: Liquor.co.za

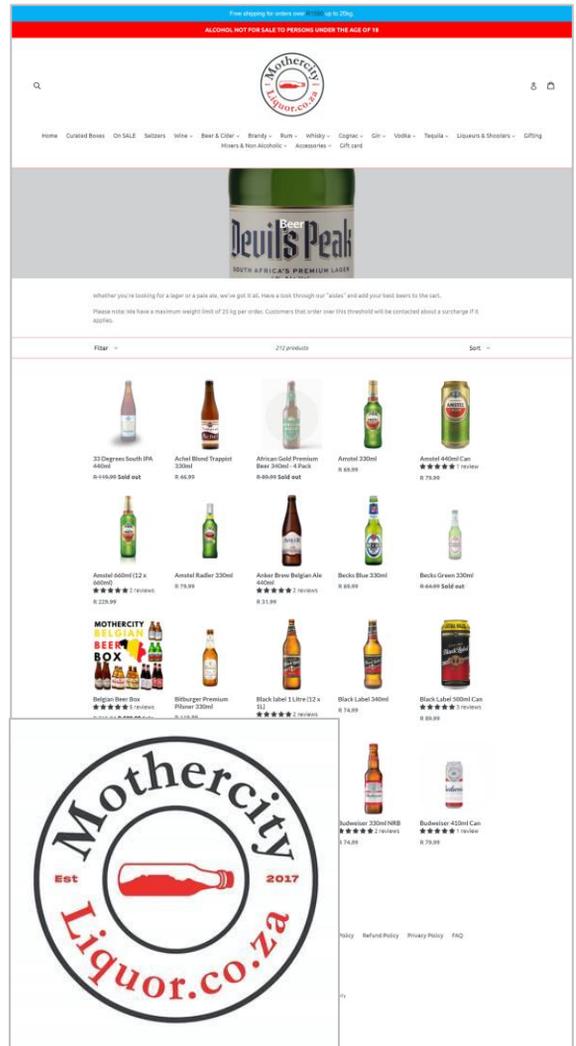


Image source: mothercityliquor.co.za

Mothercity Liquor has a different story. Where an online store was not a consideration previously, the implications of COVID-19 and lockdown restrictions forced the owner to reconsider his business model and course correct or, to use the popular expression, pivot. Faced with the loss of business that came with lockdown restrictions, Mothercity Liquor initially began selling alcohol online as part of its operations, however eventually it moved completely to online. While the move has not been without challenges, it has proven to be a good one for the business.

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With all that e-commerce is doing where alcohol is concerned, what does this mean for the traditional brick-and-mortar liquor retailer? Enter the omni-channel strategy. The omni-channel approach versus the multi-channel approach needs to play a bigger role in business models, including liquor businesses, to ensure that they **deliver on the ultimate shopping experience** for their shoppers, particularly those who shop across platforms. The experience that online-only liquor retailers offer is different to those who sell both online and in physical stores. These online-only retailers have mastered the online shopping experience.

While most brick-and-mortar stores have adapted to having an online offering, an online strategy that offers what shoppers have come to know and expect from their favourite retailer and an online shopping experience that delights, is something that will become increasingly important in order to maintain loyalty amongst existing shoppers and draw in new shoppers.



There are aspects that these retailers, termed 'click-and-mortar' retailers, will need to consider and dial up if they are to compete with those who operate purely in the online space. It certainly will not be enough to take a strategy that is being implemented in physical stores and apply it to the online realm, as some have been known to do. While a seamless experience and look and feel are important, tailoring the online experience to meet the needs of shoppers is critical to stay relevant and to resonate.

The changing landscape of the liquor category is something that retailers have to keep abreast of. What will be important is to determine what the changing needs of shoppers are and how these can be best met. The **Ti Liquor Report** seeks to provide information on what the landscape looks like as well as equip suppliers with information on how to win based on shopper needs and trends.

Look out for its release in October 2021.

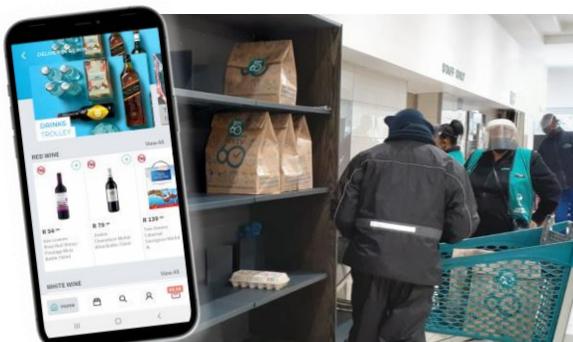


Image source: Food24



For more on the latest in local and international e-commerce finds and trends, refer to Trade Intelligence's new E-Commerce Special Report.

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