

# How digital disruption is *really* redefining retail

 By Leigh Andrews 6 Feb 2015

If you've seen digital as a pure replacement for traditional 'bricks and mortar' retail, you may need to rethink your business model, says Colin Fleming, group e-commerce executive at Massmart.

Fleming was the second speaker on the second day of the eCommerce Africa conference. He said his current role is an interesting one as he has no operational responsibility and no one reporting to him.

Fleming disagrees with the common sentiment that 'e-commerce is about to take off', stating that he's been attending conferences stating so for the 20 years. Instead, he says e-commerce has already taken off and is flying elsewhere.

“ *"E-commerce has NOT taken off in South Africa yet. Sorry to piss on the campfire"* - Colin Flemming, Massmart [#eComConfex](#)- Tammy Binedell (@chookazoo) [February 4, 2015](#) ”

That said, he points out that e-commerce is about redefining the existing business model and not necessarily replacing which may be what's holding some companies back.

Delving into his work history, Fleming said that by 2007, Walmart had realised e-commerce was being disruptive to the way things were and that it was worth taking notice of. As a result, they created [Walmart Labs](#), and the face of retail has been constantly changing since then.

“ *"Retailing is a dark art and placing a catalogue online does not an online retailer make"* colin fleming [@Techzim @TechtalkZw#eComConfex](#)- the tech lair (@thetechlairzw) [February 4, 2015](#) ”

## **New form of commerce, new form of customer**

It's important to note that it's not just about the business model - the customer is changing, too. Now, she is her own merchant with new expectations, active on social media, with a need to access information about your products and services anytime, anywhere.

Fleming says Walmart's response to this was to combine innovation with its existing physical stores, to create a better overall experience. That said, Walmart.com functions completely separately to the physical Walmart stores, with a different supply chain, different prices and a different corporate culture.

Interestingly, Walmart also sells their competitors' stock, as Walmart itself is so popular it simply can't satisfy demand based in its own physical store space. Fleming says this is the true concept of marketplace control. The following tweet is a good example of the digital/physical intercept:

“ *Mobile app team is 120 man strong. Wow* [@Walmart #eComConfex @pwc\\_za @PwC\\_Accelerator](#)- Maija de Rijk-Uys (@maijaderijkuy) [February 4, 2015](#) ”

This 120-strong team write Walmart's own software, which fosters a strong internal culture of ownership.

## **The true impact of the digital disruption on retail**

Fleming says we should see mobile as the nexus of physical and digital and social media as the key to relevance, which is why 'know your customer' is the Walmart.com mantra. But why are more companies not taking part in disruptive technologies? Firstly, Fleming acknowledges that most disruptions are seen as scary and dreaded, like how self-service stores led to the demise of department stores roughly 70 years ago. But it's happening even faster in the music industries, with the internet changing the face of music transport. Now, even iTunes faces declining revenue due to streaming services.



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Remember that physical brick and mortar stores have always relied on product information being placed on the packaging. Now, the online space has become a data repository where consumers can do side-by-side product comparisons and find out all the information they'd ever want without setting foot in a store. It's taking shopping beyond what's in the store and getting fulfillment beyond the till, with a lower cost to serve on big-ticket items that lend themselves to self-service.

If you're daunted by the new dimensions of retail, follow the tried and tested strategy of adding incrementally, as true disrupters creatively destroy the existing model to build something new. The product controls the supply chain now, with stores serving as digitally augmented showrooms. If you need help rethinking the value proposition, Fleming recommends [\*The Innovator's Solution\*](#) by Clayton M Christensen.

## ABOUT LEIGH ANDREWS

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