

Trends helping fashion retail SMEs scale up

Even though 54% of South African consumers are swayed by social media when making fashion purchasing decisions, in-store shopping continues to grow.



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According to PwC's [2019 Global Consumer Insights Survey](#), in-store shopping has shown a year-over-year increase in shoppers who are visiting physical stores daily and weekly.

[StatsSA's latest report](#) on retail sales figures shows that retail trade sales increased by 2,4% year-on-year in June 2019, with the largest contributor to this growth being retailers in textiles, clothing, footwear and leather goods (contributing 0,8 of a percentage point).



June retail trade sales lift by 2.4% - Stats SA

14 Aug 2019



Funder Merchant Capital has seen similar growth patterns amongst the retail merchants it services. The fintech company has found that 10% of the working capital it provides to entrepreneurs and SMEs is in the fashion retail sector.

Dov Girnun, founder and CEO of Merchant Capital, says that access to fast, secure funding plays an important role for SMEs in retail – particularly with the trend towards experiential retail. Pop-up merchandise located in interesting, social zones and smaller limited ranges are on-trend.

Shopping now has to offer customers far more than a place to shop. Retailers have to know their customers, be innovative and know what the emerging trends are in the space they serve – whether it's corporate wear, sports apparel, teen fashion or weekend wear.

Girnun points to a few trends that are good news for SMEs in retail:

Different funding

There is an emergence of alternative financing through local fintechs, which aligns with the prediction of analysts who see fintechs as the solution to closing the staggering financing gap for small businesses across South Africa.

Individuality

Retailers are moving towards creating a blend of both physical and digital retail experiences. "SMEs are ambitious by nature and need faster funding experiences tailored to their specific retail needs," says Girnun. "And just as retailers need to customise their offerings, so do innovative funders because individuality builds the signature of a retail business."



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Eben Esterhuizen 30 Apr 2019



Closing the gap

Working capital is needed in an environment where banks have stricter lending requirements.

This is where alternative funders are filling an enormous gap among underserved SMEs. Capital can be accessed quickly and easily either online or using financing alternatives.

With fashion retail upping the trend for faster funding, entrepreneurs are now in a better position than ever to create the innovative experiences required to provide stand-out retail.

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