

How SA retailer Dry Dock Liquor adapted its strategy during lockdown

Lockdown Levels 4 and 5 had an adverse effect on the South African liquor industry, with producers, logistic companies and liquor stores having to play an intense game of catch-up in order to rebound from two months of inactivity.



michaelvave via Pxabay

“The first month since opening has been a rollercoaster ride, seeing our business transform from a local community store into an e-commerce startup with a national footprint,” says co-owner Jonah Naidoo of Dry Dock Liquor, a boutique liquor store in Johannesburg which has expanded from a local community business into an established online retailer as a result of the pandemic.

Rollercoaster rides are known for the steep vertical challenges and the freefall plunges, and the last 30 days in the alcohol industry were no exception. Dry Dock went from not knowing if or when it was going to open to seeing both May and June sales doubling the company's previous best sales month in November 2019.

Here, Naidoo shares insights into the experiences and lessons learned since the business officially resumed trade on 1 June.

Week 1

The first week in June saw record sales, with basket size quadrupling, making June the highest turnover month since Dry Dock opened for business nearly four years ago.

“We had been placing orders with our suppliers since the third week of May, making sure we had a place in their queues,” says Naidoo. One of the key areas of focus was boosting orders with smaller producers to support them during this tough time.

With regulations only giving three days to receive incoming stock before the 1 June opening, the Dry Dock team needed to find solutions to maximise their capacity to get orders out as quickly as possible. Dry Dock needed to triple the size of the permanent team in order to manage the orders, enabling the store to provide employment to waitrons from neighbouring restaurants and car guards who had been left destitute by the crisis.

One of the challenges was creating a national logistics infrastructure. This was achieved through motorcycle e-hailing couriers and traditional long-distance couriers.

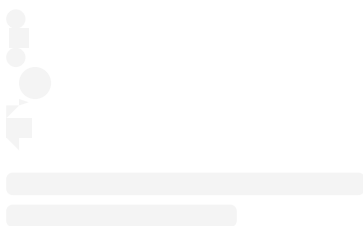
“Our primary focus was to fulfil the orders, so we decided not to open the physical store during the first week. We also needed to bolster our current infrastructure to cater for social distancing,” says Naidoo.

As a solution, Dry Dock set up a drive-through to allow clients to receive their orders without leaving their cars, a move which has proved to be a popular solution with many customers.

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A post shared by Dry Dock Liquor (@drydockliquor) on Jun 1, 2020 at 12:04am PDT

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Learnings:

Communication is key, as is being transparent.

“Proactive communication is vital,” says Naidoo. “While you can’t always control incoming supply or delays with couriers, we maintained our trusted relationship with our clients through our open communication channels.”

Challenges included a problematic inbound supply after 8 weeks of shutdown, finding solutions by offering thirsty clients alternative products.

There was also the issue of needing a lot of space to receive stock and pick and pack orders. Community spirit came to the rescue with Dry Dock using spare space in the restaurant next door which could not accommodate seated customers.

Week 2

This week saw the Dry Dock team still struggling to get products from some suppliers resulting in many incomplete orders. There were also some system issues, resulting in orders being duplicated. Fortunately, clients were honest and advised the team.

Despite these challenges, the team started to make serious inroads into the backlog of orders placed in May, while receiving substantial new orders at the same time.

It was during this time that news started circulating that a further alcohol shutdown was looming, resulting in a surge in orders, with basket sizes increasing 4-5 times over that which was spent in store previously, and the team was seriously pressured to fulfil orders.

“Although the potential threat of closing was a deep concern, we focussed on what we could do – getting out orders as quickly as possible, knowing that we would face the possibility of having close if and when that was a reality,” says Naidoo.

Adding to the pressure was being restricted to four days of trading, resulting in clients becoming concerned about whether they would receive their orders in time for the obligatory closing of trade on Fridays and over weekends.

Learnings:

Selecting the right team is key. Our team worked hard from early morning until into the night to ensure clients got their orders. They had no infighting or turf battles. The spirit of camaraderie ensued and they all worked together, ensuring that the clients came first.

“Just like any tech startup, we tucked into lots of delicious food (and strong coffee), keeping our spirits and energy levels up, allowing the team to focus on the orders,” says Naidoo.



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Week 3 and 4

At this time inbound logistics started easing and most incoming stock had arrived, allowing the team to tick off orders promptly.

"We were able to start stocking the store and started allowing a limited number of walk-in customers, ensuring safe distancing and health protocols at all times," says Naidoo.

Marketing efforts could resume and flash sales commenced to keep customer interest high. Sales around this time were around double the usual levels.

The initial pressure had dissipated sufficiently to keep up the Dry Dock Friday afternoon virtual tastings, an innovation started during the lockdown as a way of connecting with their audience. These have become a fixture in the Dry Dock customers' late Friday afternoon schedules, hosting some of South Africa's top winemakers who share the story behind their wines.

"Having worked through the mountain of orders, we are now planning exciting changes to our virtual tastings by moving tasters to clients before the event and making the events much more interactive, watch this space!" says Naidoo.



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Learnings:

Having great relationships with suppliers is key. "We regard the producers as partners. This has resulted in extraordinary service delivery, which in turn allows us to offer our customers a great service," says Naidoo.

"Communication is key – both written and talking one-on-one. This has allowed us to form and cement new relationships and retain those clients as business has normalised," he adds.

"A crisis of the magnitude we have all experienced made us rethink our entire offering. We were able to pivot from being a tiny neighbourhood store into a substantial online retailer with a national delivery capability.

"What started out as a very small online platform with a primary focus on our in-store offering before the pandemic has evolved into a fully-fledged e-commerce platform, with online sales accounting for 45% of all sales over the past month since re-opening," concludes Naidoo.

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