

DIGITAL COMMERCE

Online is the new ‘shop window’ for consumers who like to browse



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The 2022 South African Digital Customer Experience Report says online shopping gives offline a massive shot in the arm by influencing about R294bn in traditional retail spending.

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The digital customer experience plays a greater role than ever in bottom lines. But for many businesses it is a weakness, says the latest South African Digital Customer Experience Report.

This year, social selling — how brands and businesses leverage relationships as part of the sales process — was a highlight in the report, which probed what effect the combination of social selling, reviews and online have on offline sales.



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Collectively, the online experience has a massive impact on physical sales, which total about R294-billion (on and offline). The integration of online and offline cannot be underestimated: if online shoppers are unhappy with high delivery fees, they switch allegiances or abandon carts.

With delivery margins already low, this is a challenge for online businesses.

The report, by market research expert Amanda Reekie, Rogerwilco CEO Charlie Stewart and customer experience professional Julia Ahlfeldt, asked 2,000 South Africans about brands they engage with online. The 26-question survey was delivered via mobile and web apps in the second quarter of 2022.

The report looks at how online's contribution to e-commerce should not be viewed simply as sales through a website checkout, and at the influence of the digital experience on purchasing behaviour.

Pandemic a game-changer

The pandemic had a game-changing influence on consumer behaviour and expectations of retailers. This plays into how the delivery experience can affect buying decisions, but also "lock in" a customer.

Once burnt, twice shy customers are likely to switch brand loyalty and real-world purchases if their online experience is negative.

"With confidence falling among all income groups, it is evident that those companies [that] take the time to put the customer first and work hard to meet, or preferably exceed, consumer expectations, will be well positioned to weather the economic uncertainty," says the foreword.

Online product research, reviews and discovery influence about R293.8-billion in retail sales of groceries, fashion, medicine, toiletries, furniture and hardware.

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Online selling – no longer simply a case of selling via a website or app – now refers to every interaction a brand has with customers, through a multitude of digital touchpoints such as social selling, marketplaces, search engines, reviews and more.

Many consumers use the internet to browse, but don't complete a purchase online, preferring the physical store experience.

Social selling accounts for a massive 10% of all e-commerce sales, through sales directly via Instagram, Facebook and WhatsApp.

Ahlfeldt says growing levels of trust have permanently changed behaviour.

"People have become comfortable [with online shopping]."

Trusted brands

Citing the examples of Checkers Sixty60 and Takealot, Ahlfeldt says seamless experiences with trusted brands during lockdown encouraged consumers to explore different avenues for getting things they needed.

"We found that concerns around data security, privacy and trustworthiness are a big reason for cart abandonment. The biggest reasons for cart abandonment are a lack of trust and high shipping costs.

"What we've seen grow considerably is the activity that consumers are doing online in general: engaging with brands, product discovery, research, price comparisons, reading reviews, etc. About 25% of retail purchases that happen in a store are actually influenced by online activities."

Brands think about e-commerce too narrowly, with a siloed approach. Ahlfeldt says: "I've had so many experiences where I bought something online and then I go to return in-store and they don't even know about the discount or promotion that their company offered online. The left hand isn't talking to the right; consumers feel that disconnect."

On the metaverse, 53% claim to have never heard of it, and a further 23% don't know what it is. Only 1% have bought something through the metaverse. But 79% of respondents said they would engage with it in future.

Delivery is crucial

The last mile is the only mile: getting products to consumers should not be an afterthought. Getting demand delivery right is the "new commercial battlefield" and those that deliver the fastest at the best price will win.

But delivery costs are high and margins are small, so, for some, it might not make sense to deliver at all. This is a mistake as customers expect this to be seamless and affordable.

Amazon is top of mind: Ahlfeldt says that although South Africans know and trust Takealot, the US juggernaut will be a game-changer.

"It's a suite of products and services. They've expanded well beyond just e-commerce to an ecosystem of products and services that touch on many different ways that consumers consume media and groceries in the online and offline world." **DM168**

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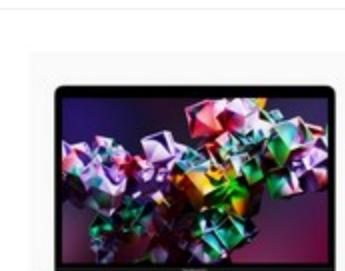
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