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SA retailers need to up their e-commerce game ahead of Amazon's expansion to SA shores



South Africa's e-commerce landscape saw unprecedented growth amid Covid-19.

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South African retailers need to up their e-commerce game ahead of Amazon's expansion into South Africa next year.

This is an insight from the 2022 South African Digital Customer Experience Report, which has just been released.

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The report, authored by Rogerwilco's CEO Charlie Stewart, ovatoyou's Amanda Reekie and CX consultant Julia Ahlfeldt, examines the impact of the ever-expanding digital customer experience on the bottom lines of brands and businesses.

The report said: "Amazon, in a long-mooted move, will finally open in South Africa around February 2023. This is thrilling for consumers but a headache for local brands.

"Consider Takealot. Regarded as the darling of the e-commerce world (22 percent say it is their shopping place of choice), with its universe of products it is quick, easy and offers reliable delivery. But in less than six months Amazon arrives on our shores and is expected to bring with it its suite of product catalogues as well as its vaunted Prime service, which bundles delivery with access to Amazon TV. Will the slick experience prove to be too much for Takealot loyalists to withhold?" it said.

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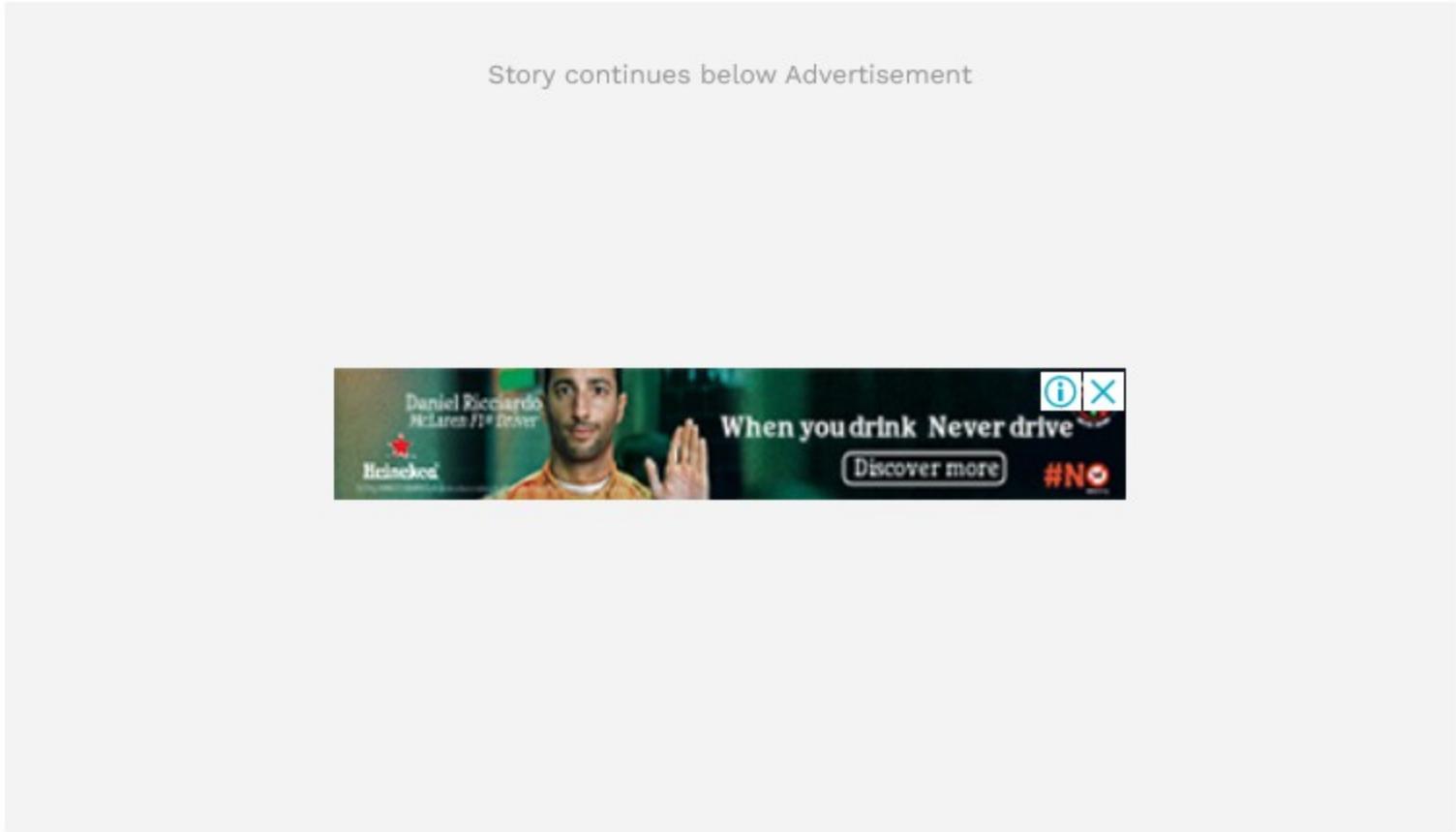
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Ahlfeldt said: “No brand, regardless of size or product, ‘owns’ the customer. Conversely, the customer is given a smorgasbord of shopping options, often comparing international sites or pages with local varieties.

“It’s certainly a dog-eat-dog world, which is why local brands must up their ante to guarantee that they can confidently stand-up against, or alongside, international apps, and offer a seamless customer experience that keeps up with the next best customer experience out there.”

South Africa’s e-commerce landscape saw unprecedented growth amid Covid-19 with the ranks of makro.co.za, loot.co.za, bidorbuy.co.za and others now competing with the omnichannels of retailers such as Shoprite’s Sixty60 grocery delivery app, Pick n Pay and so on.



Underscoring the significance of e-commerce, Claude Hanan, the co-CEO of TFG Labs, maintains that, for many physical retailers, their website is their biggest sales outlet.

“For almost all local retailers it is the number one flagship store and in many cases already the number one mall, ” Hanan said.


Christele Chokossa, a consultant at Euromonitor International, confirms that the South African retail e-commerce market has expanded significantly in the past two years.




“Our data indicates consumer spending grew by over 40 percent in 2021, and we project a further 39 percent growth this year. While Covid and government policies played a key role in driving demand for first-time users during lockdowns, the South African online landscape remains under-penetrated. As a result, leading retailers’continuous investments in omnichannel strategies to improve aspects like last-mile delivery services and shoppers’ experiences is expected to remain key factors in consolidating demand.”


The report also shone a light on the massive increase in off-line sales in South Africa due to people browsing on their cellphones.

“This year, the stand-out insight was the phenomenal impact that the combination of social selling, the astounding impact of reviews and also how the major impact of online – in all of its facets – have on off-line sales ... collectively they impact R294 billion in physical sales, strongly contributing to the total retail (on and off-line) sector,” it said.


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Almost 90 percent of respondents to the survey had made an online purchase – in doing so they’ll have contributed to a projected 39 percent growth in the e-commerce market this year.

While the bulk of respondents reported making purchases on local websites (67 percent) and retailer apps (63 percent), almost half of those surveyed (48 percent) buy directly through Facebook and Instagram.

A notable growth area had been the near trebling of spend on international websites – which rose from 13 percent last year to 33 percent in 2022.

While before brands might have dismissed a Google review potentially leading to an in-store purchase, it was imperative that they now took note that any activity taken online – browsing, researching, comparing, looking at reviews, etc – was done with a means to an end: the consumer wants something, but is using the ease of use of online to gather all their information, even though they will most likely make the sale in the physical store, the authors said.

Retail Woolworths noted that more than 60 percent of its online browsers claimed to buy in-store, which had reinforced its focus to lead in omnichannel retail.

Stewart urged brands to reconsider their thinking, saying: “It’s dangerous to disregard other channels and transactions that contribute to the broader construct of online shopping – these are no longer niche behaviours. Our research suggests that it’s time to rethink – and broaden – their definition of e-commerce in keeping up with the actual consumer behaviour.”

But while the e-commerce playground is highly competitive, customers don’t suffer bad service readily.

Stewart warns: “It’s clear from this fourth year of research that consumers are savvier about how to use all of online, from social media to chat platforms, in addition to web and app, all the while expecting better service and delivery.

“They are beginning to dabble in new technologies while holding brands to account on their promises by reviewing products and services online before they buy off-line. They indeed have all the power and can turn on a dime and switch brands instantly and spend elsewhere from the palm of their hands.”

The hard facts are that consumers – when they are unhappy or disgruntled – will tell others about it: 43 percent will take their grievances to social media. Exactly half would tell their family and friends.

Reekie says: “This puts huge pressure on brands. Given switching is so easy, brands need to retain their customers’ happiness and put in place guardrails to prevent issues from occurring as far as possible.

“Then there’s that little chestnut of cart abandonment, where 70 percent are pulling out from the sale at the last minute (down from 2021’s 76 percent) and are mostly frustrated by payment failure, high shipping fees, clunky sites and slow delivery. Given this, this year the authors estimate that the cost of cart abandonment could be as high as R26.621 billion.”

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