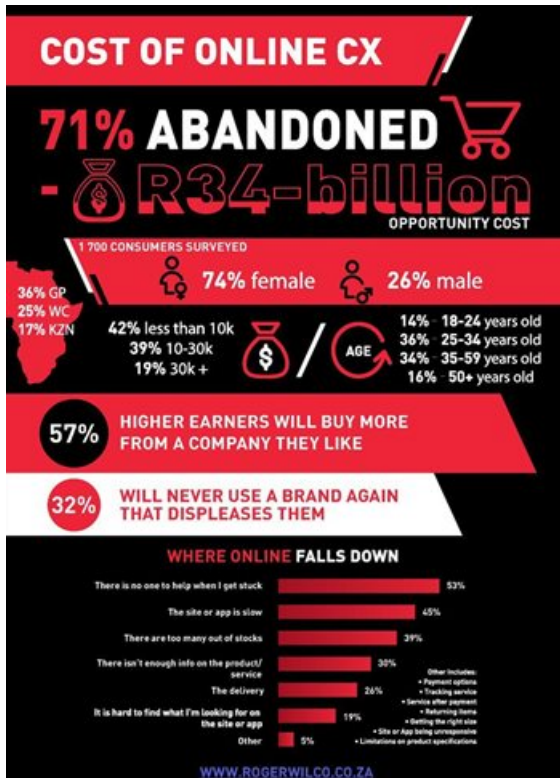


# SA brands missing out on R34bn in e-commerce revenue

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By 2021, [over 20-million](#) South Africans will shop online. This is one-third of the country's population. Yet, while the commercial opportunity is obvious - currently e-commerce accounts for [R14-billion](#) of the total retail pie, or 1,4% - local brands aren't taking full advantage.



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This is according to the newly released [The Cost of Online CX: A R34-billion Opportunity, 2019 South African Digital Customer Experience Report](#), commissioned by performance marketing agency, Rogerwilco.

The study reveals that 71% of South African online shoppers abandon a purchase at the digital tillpoint. The commercial cost of this for local e-marketers is staggering, accounting for a loss of around R34-billion worth of goods per annum, states the research.

## Pain points

So what's going wrong? According to online South Africans, payment failure is a big issue (57%), while site speed (38%), being unable to find what they are looking for (37%) and difficulty in navigating the site (27%) all impact the likelihood of an end sale.

"Brands are hell-bent on brand building and client acquisition – at the detriment of conversion. I see brands throwing heaps of money to get people to their sites and then they spend less on creating an ideal environment when they get there. If they curb their acquisition budget and put it into the very fundamental elements to give it a better experience, they will convert more customers," says Charlie Stewart,

CEO of Rogerwilco.



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KirstyShaman 25 Jul 2019



## Provide a helping hand – or bot

Customer service and support is also a big pain point, with over half of those surveyed saying that there is no-one to help them when they get stuck.

"There needs to be an improved on-demand support for customers and also brands need to look at why customers need help to make online purchases in the first place – you shouldn't need a support service if the experience works. What is failing in the customer journey that is causing customers to feel that they need support? This is a big red flag. Digital shouldn't be a channel where you need customer service, it should be seamless self-service," comments Julia Ahlfeldt, a certified customer experience professional.

Chatbots might well be the answer, although there are some misperceptions about what a chatbot is. "Businesses can

address this by creating a persona that has some human traits which make it more relatable. Anything that can ease the journey is a good thing,” says Stewart. “Doing so can lead to a [30% saving](#) in customer service costs. Furthermore, chatbots are bringing in the bacon; it is estimated that [by 2023](#) retail sales via chatbots will account for \$112-billion.”



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Despite the commercial opportunity, bots aren't every brand's best friend, yet.

“A percentage of our customer service queries can be solved using AI, but the majority can't – highly personalised recommendations are an important part of our offering. Over time we intend to build a repository of information that will enable AI chatbots to deliver at a similar standard, but this is years away. Will a chatbot be able to talk a customer through the essentials for a summit of Kilimanjaro? It will take time before it can really understand customer needs,” comments Cape Union Mart's Kia Abbott.

## Better experiences = better returns

When brands do get it right, 44,5% of consumers report that they'll spend more online. This also increases in relation to higher incomes; almost 60% of those who earn over R30,000 a month said they will buy more from a brand if the online experience is a good one.

“We consistently see that customers who have a seamless experience on our platform spend more money with us, so it makes clear commercial sense to continue to identify and remove points of friction. This can be as simple as enabling buyers to set up alerts so they are notified as soon as a product they're looking for becomes available and having automated prompts that guide advertisers on how to categorise their products with tools that rate the quality of the images that accompany their ads,” comments Gumtree's digital marketing manager Michael Walker.

## Up against the best in the world

Notwithstanding site speed, good navigation and customer support, local brands are also being compared to international giants like Uber and Amazon, whose apps often sit side-by-side local brands.



“Look at anyone's mobile phone screen and it's likely you'll see local and international brands' apps sitting side by side,” says Ovatoyou's Amanda Reekie. “Consumers dip in and out of these brands all day long, switching from Uber to News24

or Netflix to Takealot in milliseconds. And they expect a seamless experience across all of their apps; there is no differentiation in their minds between South African and global brands – they all need to work as well as each other.”

To overcome this, brands must invest more in their apps’ usability to make sure that the experience is intuitive and not only be as good as their nearest competitor but as good as Uber.



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## Face to face

While banking online or via an app is the most common reason why consumers are online in the first place, with 85% of the sample reporting they use the platform for this reason, not everything can be fulfilled online; consumers still want a degree of physical contact, especially with financial services.

“When considering our customer journey, across income groups, consumers prefer to engage with us through human-manned channels. They’re comfortable with searching for information in the first part of their journey, when looking for options to meet their needs, however when they get to the buying phase they seem to be hesitant to make that in a digital environment and they want to fulfil the buying decision in a human environment, such as a call centre or face to face. This is a nuance of financial services as people tend to like human touchpoints,” comments a CX expert from a leading insurance provider.

Reinforcing this preference for a human over machine, 37% of those surveyed said it’s easier to go into a store or a bank branch.

## Vicious venting

If customers don’t get what they want online, they are very quick to bad mouth a brand: a whopping 99% of consumers said they would tell friends and family about their ordeals.

“In a world where people rely more and more on advice and recommendations from friends and family – and that then influences them as to where they spend their money – these experiences are more powerful than above the line marketing; you believe your friend over an ad. For existing brands, if there are negative experiences out there it just piles onto the brand. People still talk about experiences that happened years ago; it’s hurting you today and will hurt you tomorrow. On the other hand, those that had a good experience leads to a repurchase (44,5%),” says Ahlfeldt.

I think that if brands can look at this and understand this, that if I deliver a good experience, then 44% will spend more and recommend to friends and family, what is the knock-on effect of this? Bad experiences are the silent killer; you don’t feel the pain until it’s too late,” she adds.



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## Getting it right

While there are no quick fixes, brands that have online platforms, can and should address common consumer challenges. “Given the rate at which South Africans are coming online and using the digital platform to engage with and buy from

brands, businesses should be investing far more than the average [10 - 24%](#) of their marketing budget on their sites, to prevent them throwing billions of rands down the drain thanks to high incidences of shopping cart abandonment.

“Site speed, good UX, offering customer support and making sure products are available online are all relatively easy things that brands can do to improve their customers’ experience and which when implemented will significantly increase consumer loyalty, return visits and ultimately sales,” concludes Ahlfeldt.

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