

# Direct-to-customer set to be 2024's retail disruptor

In the ever-evolving landscape of retail, a notable turn has taken centre stage as multiple brands continue their transition from traditional brick-and-mortar sales to a dynamic fusion of e-commerce platforms.

By Joel Bronkowski<sup>29 Jan 2024</sup>



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This move has not only redefined the way businesses operate but has also enhanced their capacity to engage directly with their consumers. The departure from conventional store-centric models marks a pivotal moment, which is now empowering brands to navigate a digital frontier where direct-to-consumer (DTC) interactions have become the cornerstone of their upward trajectory.

Examples of this trend have been backed by market data to show that these narratives go beyond the numbers. Instead, they illuminate compelling ways in which industry giants are redefining their engagement strategies to forge direct connections with their consumers.

It has become evident that the move to DTC not only amplifies consumer awareness but is also a crucial trust-building exercise in the realm of online retail.

In recent years, DTC brands have become prevalent, seemingly more so than ever before. In 2020, global sales grew nearly 45% year-over-year and KPMG has estimated that it will have grown at a rate of approximately 23% from 2019 to 2023.



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## Transforming consumer buying behaviour in South Africa

Digital commerce has revolutionised the way people shop and conduct business in the global arena. South Africa is no exception, as it has experienced a significant surge in e-commerce adoption over the past few years. Enterprises must not

embrace online sales strategies if they want to remain competitive.

According to [go-globe.com](https://www.go-globe.com), South Africa holds the 42nd biggest market for e-commerce in the world, as revenue is expected to show a compound annual growth rate of almost 12%, resulting in a significantly projected market volume. The predicted return is expected to reach US \$6,322 million by the end of 2023, placing it ahead of Singapore.

The biggest player in the South African e-commerce market currently is Takealot.com, with a reported revenue of \$556.6m in 2022. According to data released by World Wide Worx and Mastercard, it is [predicted to grow by a further 25% by the end of 2023](#), with online retail exceeding 5% of total retail in the country for the first time. Next on the list of Big Brands is Superbalist, followed by Makro, Woolworths, and Bob Shop.

Big brands like LG, Bosch, Samsung, Nike, Fila and Under Armour have been reliant on traditional retail channels but are undergoing a strategic shift in South Africa by embracing DTC sales.

This transition not only allows them to exercise greater control over the customer experience but also enables them to respond more swiftly to evolving consumer preferences.

Through this strategic pivot, they are not only adapting to the evolving retail landscape but are also positioning themselves to leverage the benefits of a more direct and intimate relationship with their customers.

Big brands have sequentially invested in technology and infrastructure to support their e-commerce operations, which has given rise to improved online shopping experiences, better website and mobile functionality, enhanced payment gateway security measures, and above all, ultimate consumer trust.

Beyond those enhancements, the investments made by big e-commerce players include creating seamless payment experiences with payment options that meet customers where they are.

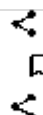
Other examples of this approach include making it easy to accept international cards from foreign shoppers and affordable payment options for industries that sell high value items. A great example of the latter is the rise of "Buy Now, Pay Later" offerings, which provides increased convenience for the generation of users that want it now but can't afford it.



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The entry of these leading brands into the e-commerce realm has had a substantial impact on consumer awareness and trust in online retail. Established names typically have a strong reputation and a history of providing quality products and service. As a result, consumers are more likely to trust online transactions since they associate the brand with reliability and credibility.

### Exploring industry trends of an evolving landscape

The Covid-19 pandemic has triggered an accelerated shift towards online shopping. With the growing use of smartphones and tablets, mobile commerce has continued to grow incrementally, and shoppers increasingly expect personalised buying experiences on their mobile devices.

Businesses are leveraging big data and technology to tailor their product recommendations, marketing messages, and overall shopping to individual preferences. They utilise data analytics and artificial intelligence to personalise customer experiences, provide targeted recommendations and improve overall buying satisfaction.

Social media platforms play a significant role in DTC sales as well. South African businesses make use of platforms like Instagram and Facebook for product promotion, direct selling, and engaging with their audiences. Subscription-based services and products have also gained popularity, as this model provides them with predictable revenue streams and offers

their consumers convenience through regularly scheduled deliveries.

As major brands continue to champion direct consumer engagement, the future of e-commerce looks promising. This optimistic outlook is underlined by the ongoing commitment of these brands to direct engagement, setting the stage for a profound transformation in the e-commerce landscape.

This evolution, marked by innovation, enhanced accessibility, and payment security, is leading to a redefined retail experience. Specifically, these advancements are significantly increasing consumer awareness and trust, thereby fostering a more connected and secure online shopping environment.

## ABOUT THE AUTHOR

Joel Bronkowski, South Africa Country Lead at Paystack

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