

# Are retailers scoring an own goal in online shopping?

By [Amanda Reekie](#), issued by [imagineNATION Alliance](#)

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Online retail is estimated to still be only about 2% of total retail sales in South Africa vs 16% elsewhere in the globe. This is despite having been given a proverbial shot in the arm by coronavirus and lockdown.



Amanda Reekie

At the risk of alienating those who operate in traditional retail, which still very much has its place, we need to ask if the online pie could be bigger still, and then if so, what can be done to make it a bigger part of the retail mix, not least because there are still a number of faux pas that brands still make.

## It's been 20+ years since the dotcom revolution

In 1999, I was part of the seismic wave that was “online retail” through my work with Wooltru\*. Our mandate was to create an online strategy for the Wooltru retail holdings, the result of which was a business called inthebag. It intended to allow Wooltru to “own the doorstep” by consolidating all of its various retail offers in one consolidated online store – and make it accessible to consumers, wherever they were.

At the time this was revolutionary and these were heady days; we worked in a “new-age” open-plan office with some of the cleverest retail people in South Africa, who had big dreams and big budgets.



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## But we paid our school fees

Our launch period was in line with some big international names, which could have been a huge opportunity, but we made every mistake in the book. The biggest of these was over-estimating the size of the market and how hard it would be to switch consumer behaviour to get people to move from physical stores to shop online.

We also discovered technical challenges while trying to link our “new baby” to the overarching proposition. For example, we designed a shopping cart in a “cookie” that could only handle a certain size, so impolitely kicked off shoppers after an extended period once the “cookie” had reached that size. No-no 101.

A warehouse model was also built to accommodate for full-scale trading, but that need was a while off and we wasted a significant amount of product every day that was not sold. No-no 102.

## Going the extra mile for the consumers' smile

We did, however, have the customer and her needs at the core of our business design, and tried to empathise with our shoppers whose needs were not being met. We sent flowers or chocolates to those who had a bad experience and, if we had an out-of-stock, we were prepared to shop for it even at a competitor to keep our customers happy. Sustainable business model? Probably not, but the principle of keeping customers in the centre drove everything that we did.

## Improvements have been slow at best

Through my work at Wooltru I've been an online shopper since 2000 (that was when many were still getting used to the internet, not getting ready to purchase items from anywhere). And I've seen it all, coming around again.

Back then, the customer was not always at the centre of the proposition, and neither are they now – although to be fair many brands are getting much better at this. Takealot has to be mentioned: it has been a trailblazer and has left some real-world retailers in their dust. Why does it work? Because it's easy for the customer to find what they are looking for, and they can dispatch offline quickly.



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## Key learnings

Looking back, there are a few instances that really stood out to me, that I think are still relevant today (names have been omitted to ensure anonymity).

- A large grocer deleted all of my multiple lists (entitled Monthly shop, Weekly shop, etc.) as I hadn't shopped with them in a 3 month period.
- The same grocer, changed its site to a new URL along with passwords, which involved starting again.
- I had to give directions to the delivery man of another grocer as they didn't have GPS.
- And most recently, a retailer took two weeks to deliver and then delivered to Johannesburg. #fail

## Have we learnt anything?

Certainly, Covid-19 and lockdown did wonders for e-commerce. Now, many of us have probably dabbled just a little bit in the online retail therapy pool. And, according to one of our surveys, only 46% of online South Africans are solely using “bricks and mortar” retailers to shop groceries and only 17% are solely shopping at “real-world” stores for fashion and shoes, so the swing to online and omnichannel shopping has been significant.

As a case in point, the relatively recent launches of Sixty60 (Checkers) the acquisition of Bottles (Pick n Pay) and Dash (Woolworths) have been a much-needed answer to the consumer's need for convenience. But, while all three are “putting the customer first”, as we hear so much of nowadays, I still don't think the customer is where they should be in the marketing mix. This is why:

## 1. Out-of-stocks

Real-world retailers have a lot of out-of-stocks and the customer “fixes” that in-store on their own. Online, I do enjoy being able to Whatsapp my Dash shopper and see what is going to be replaced, or select my substitution beforehand on Sixty60, but am often left with a delivery that is a few items short. If this happens too many times this will get frustrating.

## 2. Poor communication

Communication is a large part of it. In my most recent issue where service had been appalling, I was subjected to emails with a stock standard email response talking about said retailer’s awesome online team. Um, where?

Retailers often fail to manage expectations and changes, which puts the burden back onto the customer and introduces customer service loops for the retailers. In the [2020 South African Digital Customer Experience Report](#), 47% cite poor communication as being an obstacle to them shopping more online.

## 3. Payment (yes, payment!)

While payment options have really opened up and now include the likes of Ozow as an instant EFT option and SnapScan for real convenience, payments still fail a fair percentage of the time. The *2020 South African Digital Customer Experience Report* published by ovatoyou, RogerWilco and Julia Ahlfeldt confirms this as 67% of shoppers have abandoned an online transaction.

Almost a quarter of shoppers (23%) fail to checkout between 21% and 50% of their potential e-commerce purchases. This suggests that brands continue to leave eye-boggling sums of money on the table, often because they miss the mark on the basics.



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## The glaring gap

Twenty years on, I think we are finally learning something. Firstly, there is a growing call to “shop local” as evidenced by ovatoyou’s recent report, *“What’s next, South Africa?”*. It indicated that a growing number (19%) of South Africans actively seek out local and smaller brands to support. This is great news as smaller brands often do have a more customer-oriented and hands-on approach and can carve out niches for themselves

We are also more willing to try online – but only if it works. No customer has the patience or interest in trying to identify how to add to a cart, where to select, how to register and then how to pay. If the experience is cumbersome, those customers are out of there as there are a hundred just like them waiting to take their business.

Adding to this, we must remember a consumer does not differentiate between a Google App and a Superbalist, for instance. They sit side-by-side on our phones, and we expect the UX to be similar if not the same. How frustrating to have local brands playing catch-up when you can just order a product overseas in a matter of seconds.

The online opportunity is not evasive, but it is taking South African brands a long time to “get it”. Many apps or sites are still clunky, slow and payment gateways leave us pulling our hair out. The fact that we first started experimenting online 20 years ago baffles me, especially as I can still see some of the same issues being repeated.

But thanks to the pandemic, we are seeing change happen. Until this passes, which could be years, people are going to want to shop online, so brands need to up their ante and get on board with even just the basics. It will be so much better for

their customers, and their bottom lines.

*\*Wooltru unbundled in 2004 but at the time had Woolworths, Truworths, Makro and CNA in its stable of brands. Reports referenced are downloadable at [ovatoyou.africa](http://ovatoyou.africa).*

The inaugural [E-commerce Day](#) launches on 10 March 2021, with a [special editorial focus on Bizcommunity](#) for the week. E-commerce Day is an initiative by [ecommerce.co.za](http://ecommerce.co.za).

## ABOUT AMANDA REEKIE

Amanda Reekie is founding director of ovatoyou and imagineNATION Alliance, and has spent the large majority of her 31-year career in retail and working with retailers. The ovatoyou research platform has a panel of 23,000+ respondents in SA and more in Africa. The technology allows video, photo and audio sharing so that communication can be tested. It also allows for photo-upload so that a textured view of consumers' worlds is possible.

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