

Tiger in the ecommerce henhouse

By Herman Manson: @marklives

21 Jul 2011

[Kim Reid](#), diplomatically perhaps, doesn't care what the competition of his online retail venture, [Takealot.com](#), is up to. The ecommerce market in South Africa is so nascent that it makes more sense to focus on successfully implementing your own strategy and building your own business, rather than fretting about what other players are doing, he says.



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Reid, an 11-year veteran at Naspers, where he served as CFO of MultiChoice, CEO at MWEB, CEO at MIH Mobile TV Platforms and CEO Internet Africa at MIH, helped drive the buy-out of popular local online retailer [Take2](#) in partnership with New York-based hedge fund Tiger Global Management late last year.

Reid had had several interactions with Tiger in his Naspers days - Tiger had bought some of the companies he was looking after - and when it found out he had left Naspers, it approached him to see if he would want to drive a local business. Of course, he said yes.

Scouring the local marketplace, especially around e-retail, Take2 stood out as best suited to Tiger's own strategic vision. The company had been in operation since 2002 and, in its last financial year, had managed a turnover of R75 million off a customer base of 50-60 000 active consumers (it has around 200 000 on its database).

Not much out there to buy

There's not that much out there to buy, says Reid, who is taking Takealot.com ([@takealot](#)) up against rival such as the Naspers-backed [Kalahari.net](#) and [Loot.co.za](#). It means growth will come organically for the business, which has stated it wants to generate revenue of R1 billion within five years.



Kim Reid

Currently, it's growing at an annual compounded rate of 35% and Reid has upped its staff from 25 at the time of the acquisition to 55 today. The R1 billion target is quite achievable, says Reid, who points out that SA desperately lags other markets in the ecommerce stakes. Of our total retail market of R561 billion/year, ecommerce only constitutes 0.3-0.4% of that figure, as against offshore markets where it stands at 8-12% of the total retail market.

It leaves lots of headroom for growth. If online commerce doesn't take off in SA, it will be an anomaly in the world. In the meantime, the market is stimulating growth itself as more SA move online thanks to cheaper and more readily available bandwidth. People are also getting used to spending time online and so becoming more likely to make purchases online.

That said, the company has launched a comprehensive online and offline marketing campaign with the help of its ad agency, [M&C Saatchi Abel](#). Reid is happy with the results, saying sales and traffic are up, and the campaign will run through the rest of the year.

Position new brand in the market

Its primary aim is to position the new brand in the market - Reid and his team had to jettison the Take2 name after it became apparent that "a prominent group" already owned the trademark in some of the classes Take2 wanted to register in.



But it's just as well, says Reid; not only did they gain a .com domain but they could also register all

the derivatives of the new brand name. Reid had worked with M&C Saatchi Abel CEO [Mike Abel](#) in the past, so the choice of an ad agency was simple for him, he says, as he trusts and admires Abel's strategic thinking and valuable advice on both the marketing and business sides of the business.

While Reid isn't interested in further local EC acquisitions for the moment, he does say that he is acquiring businesses that fill out key parts of his own business, such as the unnamed logistics company he has acquired a stake in (a formal announcement will follow in the next 45 days).

Reid is driving the relaunched Takealot.com around great service, a stable platform, good logistics and a variety of products of which he wants to carry a substantial amount in his warehouses to ensure speedy turn-around times. Meanwhile, competitive pricing, a breadth of payment options and ample stock should help lure consumers to the relaunched retailer, Reid says.

Rest of Africa in target sights

While the initial focus remains on the SA market, the rest of the continent is also in Reid's target sights over the medium term. For the moment, the broader market in Africa remains quite small, with small localised players in countries such as Nigeria and Kenya. When this changes, expect Reid to be ready and moving.

While the local online retail industry is still lagging behind rest of the world, Reid is confident of the market's potential, saying the continent is ready for growth, especially with the proliferation of mobile devices used to access data. A mobile site is currently in development at Takealot.com and will be ready to launch in a couple of months' time. Reid describes its development as one of the most important initiatives at Takealot.com.

If anybody is going to ruffle feathers in the local ecommerce space, it's likely to be Reid and his team. Which is just as well - SA's online consumers deserve a lot more than they have been getting.

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The inaugural Vodacom Social Media Journalist of the Year in 2011, Herman Manson (@marklives) is a business journalist and media commentator who edits industry news site www.marklives.com. His writing has appeared in newspapers and magazines locally and abroad, including Bizcommunity.com. He also co-founded *Brand* magazine.

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