

Greater online retail expectations and a changing basket at checkout

 By [Frederik Zietsman](#)

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The last few years have seen a sustained growth in the adoption of e-commerce. This has brought about a lot of changes in the industry - and there are many more to come.



Frederik Zietsman, chief executive officer, of Takealot.com Source: Supplied

Heightened consumer expectations – on all fronts

People don't distinguish between different digital experiences, which means they expect the same experience no matter where they are spending their hard-earned rands. As more players enter the digital economy, e-commerce providers must step up to meet expectations that have undergone seismic changes. Across all touchpoints and digital channels, customers expect proactive service, personalised interactions, and seamless, seamless experiences.

This will extend to shipping too. With the maturation of e-commerce, customers will expect better, cheaper, faster and more transparent delivery, something we already see playing out. They seek a rapid response, especially considering that next-day delivery has now been expedited to next-hour delivery in some cases – think grocery delivery providers. This greater demand is positive for industry players who can meet expectations as it will drive innovation and ultimately, higher adoption.

People also expect to discover products more easily, and this is where hyper-personalisation innovation comes into play.

“ Shoppers want to feel special, personally catered to, seen and heard, and recognised and rewarded. Personalisation has elevated the shopping experience – and the customer expectation. ”

While the South African market is still finding its niche in creating custom and targeted experiences through the use of data, analytics, artificial intelligence (AI), and automation, heightened customer experience is a pivotal trend going forward

and simply cannot be ignored.



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Broader product categories

When e-commerce first entered the country, the market predominantly sold consumer electronics and books. But over time, as businesses have matured, consumers are looking for a far broader range of categories including appliances, consumable categories, lifestyle products, and clothing, among others.

It is estimated that 86% of shoppers say product selection/variety is important to them when deciding which brand or retailer to buy from. Since the market is so crowded with other retailers, it is crucial that those who want to stay ahead of the curve carry an assortment of products that broaden categories so that they're optimised to compete with other businesses.

As for the popularity of certain product categories, it is also important to monitor what buying trends are emerging as a result of lifestyle influences. Take for example load shedding. As uncertainty around capacity and stages increase, so are more people shopping for items to combat that uncertainty. Consumers are flocking to purchase backup batteries, inverters, UPS devices and generators, with one retailer reporting a 27% jump in sales over the 2022 period.

“ Retailers must increasingly broaden their categories to cater to the demands of a market looking for on-point variety in 2023. ”

Recession proof?

As macroeconomic pressure continues into next year, together with low consumer confidence and less discretionary income, people will be looking for value across categories. For retailers, this will see a trend of customers buying down into second or third-tier brands in an attempt to stretch their spend without having to make large lifestyle changes. If they can get the same product from a different brand at a lower price, they will.

Globally, e-commerce has been viewed as a recession-proof channel, as the majority of growth comes from consumers switching channels. And while I think this is true to an extent, we will continue to see the effects of more frugal spending. This means affordability will be one of the most important factors that consumers consider when deciding which products to buy, and which brands to stay loyal to.

Buy now pay later arrangements as well as other alternative payment mechanisms will also likely become more prominent in response to consumer needs.

Rather than see this as a threat to business, e-commerce should see this trend as an invitation to remain relevant. We should be asking ourselves: how do we continue to add value to our customers and retain their business?



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Enabling smaller businesses

Something that is fundamental to the continued existence of e-commerce is that we continue to play our part as enablers of small businesses. This is a strong global trend and reflects one of the greatest strengths of e-commerce: democratising access to markets. This enablement will only grow over time and become something society expects from the market as consumers become more conscious of the impact of their purchasing decisions.

In a South African context, this trend is not one to simply watch.

“ Enabling small business enables our economy, which directly impacts our country's growth potential. ”

Responsible retailers must jump firmly onto this bandwagon to continue to strengthen our economy in 2023.

Growth of ecosystem

South African e-commerce and its support structures are still in their infancy and remain underdeveloped. I believe this is set to change with the accelerated development of these ecosystems. By that, I'm referring to practical things such as delivery capability, with more platforms emerging that aggregate this service to expedite delivery.

We'll also see more 'super-apps' starting to emerge. This will see banking apps take on more retail functions and vice versa as the division between verticals blur and fragment. Whether these app functions will be able to scale and allow for a good customer experience remains to be seen.

Social commerce, and live shopping, is also set to grow in prominence, in line with international trends. This is set to become an exponential growth channel as more people tune into live streams to learn more about products and take advantage of specials.

Growing a customer-centric ecosystem that is innovative, consistent, blended, and offers compelling experiences across multiple channels and touchpoints is no easy task given the extraordinary complexity of the retail space. But with that said, it is a must-do for 2023. Customers demand nothing less, and will happily move on to those who lead it.

ABOUT FREDERIK ZIETSMAN

Frederik Zietsman is CEO of Takealot.com, having been with the company since 2015. Working his way up from a Profitability Analyst, he took on the role of Head of Marketplace (the company's online platform that supports SMEs and provides a direct-to-consumer way to market and sell products), followed by growing his portfolio as Head of Retail and Marketplace. He moved into the CEO role in March 2021, driving the business alongside Takealot Group CEO Mamongae Mahlare.

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