

Retailers expand online reach



By [Wesley Lynch](#)

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According to a 2012 report by technology research company, World Wide Worx, e-commerce growth is accelerating in South Africa. The study predicts that the Internet economy will increase its contribution to the overall economy from 2% in 2011 (R59-billion), to as much as 2.5% by 2016.

It adds that it takes up to five years before new Internet users gain the confidence and experience in the medium to become active participants in the Internet economy. With the number of Internet users having accelerated from 2008, the number of experienced users will begin accelerating in 2013 and this trend will continue until 2018.

Partners add to success

As South African e-commerce gains momentum, retailers can expand their reach significantly by adding online and mobile channels and picking the right technology and fulfilment partners for the journey.

South Africans are becoming far more comfortable buying online, with value offerings such as Groupon group buying playing a crucial role in making it more attractive. The natural appeal of ecommerce is the accessibility it gives products, something that store-only retailers cannot offer. The convenience of buying from anywhere in the world and having a physical product delivered at your doorstep is hard to beat.

The market for digital products has further grown substantially, with music, books and other downloads leading the way. The instant gratification of a digital download is even more of an incentive to buy online.

Online boost for academic site

Academic book retailer Van Schaik confirms excellent uptake of its online presence and a significant change in trading patterns and a net growth in sales. The company says an increase in website traffic occurred after Realm Digital took over its development in 2011.

"From 5000 unique visitors per month 12 months ago, the site now registers on average 340,000 visitors per month," says digital manager Melvin Kaabwe, adding that the company has had to invest in considerable extra capacity to manage the load. Besides the effect of a new partner, he puts it down to a combination of progressively cheaper Internet access over time and the proliferation of non-PC devices sold with data bundles.

The prevalence of low-cost BlackBerrys on campuses - for two years the youth's favourite phone according to the Sunday

Times Generation Next survey - has also helped. "We view mobile commerce as key to accessing this market, and a boon for our serious entry into e-commerce as an academic resource. Making the site as accessible as possible to mobile users was one of the formative briefs for the site."

If retailers dither about the online investment and the additional cost of selling (including distribution to customers), they should consider the spike in volumes they are likely to experience, though they must not expect to be Amazons overnight.

While Van Schaik's increase in online sales has been less pronounced than its increase in visitors (30% up year-on-year in February), that is a healthy increase in anyone's terms. In addition, online retail is now competitive, with Kalahari, Loot, Wantitall and others all making their mark, so there can be no clearer argument for getting online now.

Kaabwe concedes other extraneous factors. "Only about 2% of South Africans are shopping online 'properly', in the sense of using credit cards. The course most likely to lend itself to card purchases is the MBA - students are a more affluent demographic."

Future

With e-commerce finally shaping up to be the force it was always expected to become, real-world retailers will have to work out how to compete with a new generation of leaders.

At the heart of embarking on this new direction will be choosing the right digital partner, one that can greatly assist with working out a winning e-commerce and marketing strategy that will get the volumes to justify the leap into new territory.

With competition intensifying, Van Schaik is currently piloting a number of initiatives that will give it an edge over competitors, including multiple digital entry points to the company's catalogue; any-device downloads of texts; same-day delivery and extra call centre capacity.

ABOUT WESLEY LYNCH

Wesley Lynch is a serial technology entrepreneur. He is the CEO and Founder of Realmdigital, a leading South African e-business strategy and technology partner, specialising in Web, Social and Mobile platforms as well as the CEO of Snapplify, an innovative digital publishing solutions provider. Contact details: website www.snapplify.com
www.realmdigital.co.za | Twitter @WesleyLynch
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