E-commerce is growing faster than businesses can adapt - Accenture study finds

According to a new report from Accenture, 95% of South African leaders (vs 83% globally) think that e-commerce is growing faster than they can adapt, and are finding it costly to be where customers are. This shared feeling of falling behind affirms how difficult it is to keep up with the pace of change.

Photo by Clay Banks on Unsplash

Additionally, the cost of doing business is increasing as companies grapple with ad hoc systems, legacy technology, skills gaps, and poor infrastructure.

Meanwhile, global e-commerce companies with a wealth of know-how are rapidly intensifying competition. The influx of best-in-class global players into the South African market is reshaping industry dynamics, posing a challenge for local companies across the board.

“The days when e-commerce was simple are long gone – if they ever actually existed,” says Mushambi Mutuma, sales and commerce lead for Accenture, Africa.

“The reality today is that e-commerce is complex, dynamic, disruptive, and competitive. In this environment, companies have a choice to make – one that is potentially existential,” he says.

To understand executives' perspectives on e-commerce and how they execute their strategy, Accenture surveyed 1,300 global C-suite leaders and decision-makers spanning 12 industries and 16 countries. Seventy-five of these companies were based in South Africa.

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“About 100% of South African executives surveyed think they’ve made the right investments in e-commerce. These executives’ strong confidence surprised us. It may reflect that they assess their e-commerce business channel by channel rather than as an integrated capability that needs ongoing reinvention."

"It is also possible that the high level of confidence emanates from the short-term gains accrued lately at the expense of a long-term strategy,” says Mutuma.

E-commerce redefined

The Accenture report also shines a light on the companies around the world that do things differently.

These Champions have redefined their e-commerce playbook and lead in revenue, profitability and non-financial outcomes, delivering value for the business and its stakeholders. They know how to do e-commerce without compromise.

“Our analysis of the global survey data revealed three distinct groups of companies: Champions, Coasters and Compromisers,” says Sheetal Patel, retail lead for Accenture, Africa.

“The analysis compared companies’ performance across seven non-financial e-commerce outcomes: e-commerce experience, business partner and vendor experience, conversion rates, customer satisfaction, Net Promoter Score, competitiveness with digital disruptors and competitiveness with industry peers,” she says.

Topping the list but making up just 20% of respondents, are Champions. Champions are doing it right, taking a life-centric and innovative approach to their e-commerce strategies, achieving 85% more revenue growth and 31% more profitability than their peers.

They’re bold and making big moves in terms of technological advancement, growing talent, and transforming organisational structures. Most importantly, they see consumers as people first, aiming to meet their needs holistically and effectively.

Coasters (about 55%) are getting by on business as usual. Although some are finding limited success getting to know their customers as people, change is slow thanks to leadership, cultural and organisational resistance.

Compromisers (25%) are pouring money into e-commerce, chasing the latest shiny object without achieving outcomes. They operate reactively, out of touch with customers’ lives and hampered by their own organisational structures.

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Getting e-commerce right

“To become Champions means thinking beyond silos and recognising that the overhaul of traditional models and existing structures is necessary to stay ahead. As the digital e-commerce landscape continues its rapid evolution, Champions are one step ahead, overcoming the risk of stagnation through ongoing assessment, evaluation and continuous reinvention," says Patel.

Becoming a Champion is underpinned by one core principle: simplifying the e-commerce journey to improve profitability and consumer experiences. The report details three paths observed across different organisational models and company structures.

The first involves prioritising investments that drive better experiences over operational and talent investments – a path often pursued by Consensus companies with multiple leaders influencing decision-making.

These organisations must take a more holistic approach or risk being stuck with technology that they are unable to optimise due to fragmented structures.

Organisations with command and control management structures tend toward prioritising operational and talent change over technology and experience investment at the expense of creating a strong digital foundation.

Many South African organisations find themselves entrenched in these outdated models and urgently require transformation to thrive in the evolving e-commerce landscape.

The third and most desirable path involves creating a balanced journey, where companies simultaneously build capabilities in experience, technology, operations and talent without breaking the bank.

This approach takes patience, vision, and strong leadership with clear alignment across the C-Suite on the way forward.

"In an era where e-commerce evolves with astonishing speed, our 'Commerce Without Compromise' study illuminates the path for South African businesses to harness the vast potential of digital markets. We urge leaders and decision-makers to act decisively, adopting a life-centric, innovative approach that champions the consumer experience," says Mutuma.

"By bridging technology, operations, and talent, you can transcend traditional boundaries and elevate your business to champion status, achieving unmatched profitability and growth," he concludes.