



Drive sales with the right tech

Ease of use and convenience are driving more and more shoppers to their mobile devices. You can't ignore the benefits this technology will bring to your bottom line...

Technology is evolving at a rapid pace and people are frantically trying to keep up. The speed of this change has a direct impact on the way you do business and the systems and tools you use to ensure you stay relevant and cater to your customers' increasing demands.

The tablet and smartphone sector has seen some of the biggest investments and enhancements of recent years. Manufacturers and software vendors have realised that people are increasingly engaged with their smart devices, which have become an extension of their lives.

According to the *South African e-Commerce Report* issued by Effective

Measure/IAB South Africa during February 2014, roughly 23% of online shoppers in South Africa use their tablets when making purchases, while another 23% use their smartphones. Companies that haven't done so yet need to take note because the mobile payment era has just begun.

A new willingness to buy online

In recent years we've seen an amazing growth in the South African consumer's willingness to buy online. Initially, online customers were only comfortable with online banking. Subsequently they started to discover the convenience of buying airline and concert tickets online, avoiding the frustrations of having to stand in long queues and risk coming to the front of the line only to find that tickets have sold out.

Airline and events tickets were among the top four items bought online in 2013, but online shoppers are now also buying books, music, computer hardware, DVD's, games, electronic equipment, homeware, clothing and accessories, cosmetics and health supplies, groceries, toys, sporting goods and even car parts. These were some of the top online items sold in South Africa during 2013, all contributing to what is estimated to be a 30% year-on-year growth for online retail.

According to home-grown payment service provider, Setcom Payment Solutions, the rapid growth in online retail in South Africa can be partly attributed to a clear shift in consumer perception of the security of the online retail environment. South African consumers have gained greater confidence in online payment facilities, and rightfully so.

Security is paramount

Many South African payment service providers now comply with the highest global standards for payment data security. Our local online payment security is therefore on par with our international counterparts.

South African consumers are by no means naive about the possible risks of making online purchases. In the latest *MasterCard Online Shopping Survey*, South Africans were clear about what sways their online purchasing decisions, with 90% of respondents noting that secure payment facilities and convenient payment methods were the most important considerations when making an online purchase.

The migration to mobile

Another contributor to the growth in online retail in South Africa is the rapid rise of smartphone and mobile broadband usage.

Ease of use and the convenience of instant access are also driving more and more shoppers to their mobiles. This migration to mobile browsing and shopping has triggered the development of mobile payment facilities which provide the same security, convenience and speed of payment as conventional online payment methods.

Innovative payment service providers have re-engineered and streamlined their payment platforms to allow for complete mobile compatibility. "As a payment partner, Setcom's philosophy is to provide clients with an opportunity to grow their business and revenue through both traditional and non-traditional payment platforms by allowing business to seamlessly partner with technology," says Setcom Payment Solutions CEO, Kumalan Naidoo.

Are you equipped to service mobile customers?

With an incredible 80% of South Africans accessing the internet purely through their mobile devices, it's becoming increasingly important to ensure that your business is equipped to service mobile customers.

When trying to define what the key to the success of online retail could be, one overlapping element can be regarded as the biggest contributor across all the most successful e-commerce sites globally, and that is convenience. Online buyers enjoy browsing for items in the comfort of their own homes or offices and desire to receive their goods at the destination of their choice.

According to the *South African e-Commerce Report*, groceries are currently the 13th most popular online category. What makes this remarkable is the challenge companies involved with fast-moving consumer goods (FMCG) have to manage stock levels the moment they start trading in a live environment like online. Nonetheless, the fact that

FMCG, one of the toughest categories to sell online, is becoming one of the most popular categories, means that the convenience level for the online buyer will just keep on improving. This beckons the question: what can we expect next?

What's next?

In my mind, the answer is impulse buying or 'buying-on-the go'. If you analyse the current browsing hours of the South African market, as well as the most active trading hours online, it's clear that consumers are premeditating their purchases. They plan ahead, calculating when they will receive their goods and where they will be on that day.

Many customers have also figured out how frequently their favourite online retailers have promotions, and only buy when products are marked down accordingly. Retailers would naturally hate to see this become a trend!

If the next big move is impulse buying, the perfect device to do this on is a smartphone or tablet. I am not saying that people aren't already using these devices to shop online, they are, roughly 23% of online sales are already completed on these devices.

Social media integration on e-commerce sites mean that your friend and family are acting like content aggregators. This combined with the fact that it is now easier than ever to buy things like groceries online, means that more people will be more comfortable seeing a product being shared, more likely to click on it, and buy it due to recommendations from these trusted sources. Whether they arrange delivery or collect it at their closest store, this is what I consider to be the evolution from online shopper to online impulse buyer.

Smart retailers will get rid of the fear of cannibalisation and embrace the fact that their customers are buying online. In addition, they will improve their current

online features if they don't want to lose market share to their competitors.

Now that we've established that impulse transactions will increase, it's fair to assume that mobile payments and payment methods will increase to supply the online shopper's insatiable appetite for convenience.

Credit cards lead the way

In South Africa, credit cards are currently the most popular method of payment, followed by assisted EFT solutions like SID (Secure Internet Deposit) Instant EFT and electronic transfers with PayPal, all offering secure payment options to online shoppers.

I am making a calculated assumption that we will see more and more companies like SID Instant EFT develop software and think up faster ways to get money out of a consumer's account and into the merchant's bank account in exchange for product.

Consider a company like Amazon. It is constantly exploring innovative ways to get products to buyers faster than anyone else. They have projects on the go that predict customer buying behaviour, and they adjust their warehouses accordingly. The company is also looking at delivering via adapted military drones...

In the near future you may very well find that browsing on your mobile device at home does more harm to your budget than a trip to the mall. **VB**

Cassie van Wyk heads up the e-commerce team at Digital Planet with a diverse mix of clients ranging from some of the world's strongest technology brand to the biggest financial houses in South Africa.

