

# E-commerce - a way to share the market while protecting market share

African consumers are increasingly searching online platforms with commercial intent, which include querying prices of goods, and researching where one can purchase products or services. According to research by Google South Africa, there was an increase of 49% in query volumes in Nigeria, 37% in South Africa and 33% in Kenya, during 2014.



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Charles Brewer, Managing Director of DHL Express Sub Saharan Africa, says that understanding your consumer, knowing how to target communications to them and ultimately deliver what they want, when they want it, is key to the ongoing success of this platform in the region.

"Africa's growing middle class is driving consumer demand and in turn, the e-commerce industry on the continent. As a result, retailers need to ask themselves if they are ready for this 'new' and evolving client base. Logistically and operationally speaking, businesses will need to shift from a business-to-business approach to a more business-to-consumer approach as retailers will now have to meet the demand of transporting products to individual clients. New structures will need to be implemented to ensure that the company's supply chain is agile enough to respond quickly and effectively to the increased demand."

## Untapped potential

Brewer adds that while there is huge potential for e-commerce in the region, compared to emerging markets, e-retailing in Africa is still in its infancy. A recent retailing study conducted by Urban Studies on behalf of South African Council of Shopping Centres (SACSC), revealed that Africa and the Middle East's share of global e-commerce in 2015 is just 2%, but that it shows high potential. This is supported by a recent report by McKinsey & Company, which revealed e-commerce could account for 10% of retail sales in Africa's largest economies by 2025. Google also predicts that a massive e-commerce market will emerge in Africa by 2017 as the continent becomes more familiar with technological advances.

As this platform gains momentum, it once again highlights the potential for local retailers and entrepreneurs. A great success story is that of Bethlehem Tilahun Alemu, who founded soleRebels, a footwear company in Addis Ababa, Ethiopia in 2005. Within less than a decade, she has been able to grow her business from an organization of just five people, producing for her local market, to a global organization of over 300 employees with eight stand-alone stores, serving over 50 countries. The key to her success in a fiercely competitive retail environment was a combination of traditional African artisan skills and technologies, innovative use of local (often-recycled) materials, personal drive and energy, and a global vision.

"This is just one example of the many opportunities that we are seeing in the region. In this developing market, the needs of the emerging e-commerce players have played a key role in our aggressive expansion strategy in Africa," concludes Brewer.

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