

The mobile retail revolution

 By [Bevan Ducasse](#)

31 Jan 2013

The 2012 African Mobile Factbook (Blycroft Publishing) revealed a few interesting revelations. We know that commerce in Africa is steadily becoming dependent on mobile. Some analysts are even predicting that Africa will become the world's first post-PC region of the world, with countries such as Botswana, Gabon and South Africa having a mobile penetration of more than 100%. And with mobile being such a pervasive, sophisticated, and personal device, comes new and exciting opportunities.

Kenya is already known for having one of the most successful mobile money transfer stories in the world, as mobile transactions have become firmly entrenched in their cultures. By 2010, 50% of Kenya's population were making use of mobile payments. Even traditional herdsman are paying for cows with their phones and chatting away on social media. South Africans like other African people are also extremely dependent on their mobile phone, as landlines were skipped by a large portion of the market, unlike the first world countries we know of where landlines are not only pervasive but also extremely cost effective in comparison. The difference between South Africa and Kenya however, is that mixed into the rural elements of South Africa is an advanced retail and formal sector, that have systems in place similar to that of our first world counterparts. It is in this blend of two contrasting market sectors that lies the obstacle, as well as the opportunities.

Take M-Pesa for instance. This mobile-phone based money transfer enjoyed huge success in Kenya and Tanzania, and has proven that it is the most popular mobile payment system in the developing world. When they first launched in South Africa in 2010, they expected huge results yet, the service struggled to get off the ground. Despite projections that the service would sign 10 million users up within its first year, they only managed to register under 200,000.

Doing it the Kenyan way

This does not reflect any faults on M-Pesa's part - it remains an excellent service - but rather, the subtle differences between the Kenyan and South African markets. Kenya mostly makes use of mom-and-pop shops, with no point of sale infrastructure, whereas South Africa has a sophisticated retail industry with systems to compliment this (not to mention more stringent local regulations).

Retail will be the big driver (and enabler) of mobile transactions in South Africa, with many large organisations already rolling out various transactions and services across the board. The key for every market is starting the customer on a journey by keeping the services simple, ensuring the services are focused on answering a need, and adding value to the end customer. It is within this simplicity and mastering the basics, that the market thrives.

Here is why mobile transacting in SA is fast-becoming popular:

- **The consumer saving drive:** With information and technology being at consumers finger tips, it has driven two key changes to consumers. Firstly, individuals may be more price aware and product aware, and can get information on anything at anytime, and secondly everything happens faster, driving individuals requirements for instant gratification. This has therefore lead customers to look for value for money which includes information and price. Coupons are nowhere near as popular in South Africa as they are anywhere else in the world...or so we've thought. The truth is that coupons have traditionally been expensive for brands to roll out. It involves graphic design, printing, dye-cutting, delivery, collection, redemption...all of which reduces the size of the actual discount provided. Not only that but there is no control on the redemption amount or trackability of the campaigns. Consumers aren't too pleased with the arrangement either - no one likes carrying around little scraps of papers in their wallets, and having to redeem one coupon at a time. These coupons have been limited in its ability to be relevant or targeted, and people have become frustrated with clutter in their post box or email in-box.

Now, with retail applications such as the Checkers Eezi Coupon app, users can access information and dozens of mobile coupons while redeeming these discounts effortlessly at the point of sale. This solution not only provides information, but also drives savings straight to the consumers' pockets, while allowing brands to drive spend of their products in a targeted manner, ensuring they only pay the discount when someone has interacted with the campaign. This specific application ranked number one in the i-Phone app store in the first week of launching, indicating that consumers were more than eager to try it out. As an added bonus, the discounts offered can be significantly larger, because the campaigns are so cost effective to roll out.

- **Access to a wider customer base:** South Africa has more than 13 million "economically active" citizens that do not have a bank account, but a mobile phone penetration well-over 100%. This means that mobile transacting will open up a whole new interactive customer base to retailers and mobile payment companies alike.
- **Closing the marketing loop:** A recent study showed that more than 70% of CEOs feel that marketers have lost credibility, because they fail to demonstrate the ROI of their advertising campaigns. Mobile transacting means that they can fully close the marketing loop with their campaigns and promotions. For example, an ad campaign run during the World Cup can offer a R5 discount or reward on the purchase of a specific canned drink to viewers. This campaign can be across all channels including, TV, radio, and print, or targeted to interactive Facebook fans, or users searching on Google for local relevant information. The addition of mobile coupons allows digital coupons to be instantly delivered to the user, on interaction, and the marketers will be able to log in to a web portal to see how many people interacted with the advertisements, and how many actually went and bought the specific product in-store that was being promoted. New campaigns can be created within minutes, and monitored in real time, which will reduce the spend on marketing that is ineffective. The use cases for brands are numerous including, driving spend, driving customer feedback and insights, launching new product ranges, new line listings, testing the price sensitivity of their categories / products, getting rid of stock that's not moving, rewarding loyal customers, and driving promotion lines.
- **A platform approach:** Best of all, retailers now have access to all the [mobile applications](#) and services that are more readily becoming available all through one mobile transaction platform. There are hundreds of applications and transaction options being developed every single day. But many of these great ideas are never realised due to retailers being hesitant to implement them by backing one opportunity. They require training, time, investment and complex integration with their existing point of sale systems - and even then, they are restricted because they can't add other transactional services from different companies to that system once implemented. Using a platform approach ensures, that the problem is solved, and any mobile transaction type, by any company, can be used in any store, using any device.

2012 was the start of this mobile move with Shoprite and Checkers enabling their customers to get instant shopping discounts on their cell phones with EeziCoupons, an app that has effectively replaced outdated paper coupons. Consumers simply need to view coupons on their cellphones, purchase those products in store and enter their one unique [wiCode](#) at the till's pin pad in the store. Pick n Pay and MTN introduced Mobile Money, allowing their clientele to send and receive money through any active cellphone number in South Africa, pay for goods and services, and deposit and withdraw cash at participating outlets. 2012 also saw some of SA's leading hospitality brands, including one of the largest of these being KFC,

integrate their tills to enable digital discount and reward campaigns.

These are just the first signs that a mobile retail revolution is well and truly under way - and we all stand to benefit.

ABOUT BEVAN DUCASSE

After completing his Financial Analysis studies at Stellenbosch University, Bevan joined UCS solutions as a junior consultant. He went on to work at a firm in the mobile payment industry, and slowly started to connect the dots between business, retail and mobile systems and seeing how the three could work seamlessly together.

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