Takealot, Kalahari merger approved

The Competition Commission announced the approval of the merger application of Takealot.com and Kalahari.com, two of South Africa's leading e-commerce players, yesterday, 5 January 2015. This pioneering online retail merger becomes effective on 1 February 2015.

Takealot.com's founder and co-CEO Kim Reid said, "We are super excited about the approval of the transaction. This will allow us to build a significant retail entity in South Africa, one that continues to be truly customer focused."

Currently the retail market for consumer goods in South Africa is approximately R800-billion, of which less than 2% is online. Worldwide online retail as a percentage of total retail is growing. China has an online retail market share of 10%, whilst in the US and the UK it is already approaching 15%.

With the merger of the two businesses, which will see Takealot Online (Pty) Ltd acquiring Kalahari.com, a single platform of scale is created to take advantage of the significant growth opportunities in online retail in South Africa.

"This is a necessary step in the evolution of online retail in South Africa and exciting news. The South African e-tail market is a highly dynamic one, and we foresee significant growth in the future," said Oliver Rippel, senior executive responsible for Kalahari.

The newly formed e-commerce market leader will eventually trade under the Takealot.com brand, using its platform and technology, and led by Takealot's existing co-CEO's Kim Reid and Willem van Biljon.

For now, existing customers of both sites will continue to shop as usual on the respective sites.

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Details and conditions

"In the first step of the transaction, Takealot will acquire Kalahari from MIH Internet Africa (Pty) Ltd (MIH), and in the second step of the transaction, Tiger Global - which is a parent company of Takealot - will reduce its shares in Takealot in favour of MIH such that Tiger Global and MIH will hold equal shareholding in the merged entity," the Competition Commission said.

"Both merging parties are active in the online retailing of consumer goods and products. There are public interest concerns arising from this proposed transaction, specifically in respect of employment.

"To address the employment concerns, the Commission imposed a condition that no more than 200 employees will be retrenched as a result of the merger. A training/res-skilling fund will also be established to support the affected employees."