

Transformation in Africa's digital retail landscape

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22 Dec 2017

Undeniably, digital transformation continues to dramatically change the way we live and do business - almost daily it seems. Globally, the retail industry is one of the top industries in which we are seeing massive strides and changes when it comes to the adoption of technology, the evolving customer journey, and innovation in terms of products and services.



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Africa's retail landscape is no exception. On the face of it, markets in Africa are outperforming some first world countries in their pace of transformation to meet the needs of the rising digitally-savvy customer population – a consumer base which is now generally better informed, and demanding a more personalised, convenient, on-demand service.

The retail journey is no longer about merely walking into a store and grabbing something off the shelf; the consumer now embarks on a journey together with a retailer or supplier that has several equally-important touch points that include building awareness and interest, then engagement, and a decision to purchase.

CX at the heart

The customer experience is at the heart of success when it comes to digital transformation in the retail sector. Modern consumers now have the opportunity to interact with brands and companies directly via social media; they can send messages via Facebook, participate in online contests and share their interests and reviews of products online, and customers take full advantage of this.

The business model of the retailer has changed and adapted to these trends. According to the PWC's (2017) *Total Retail Survey*, about 39% of retailers said that social networks provide their customers with the inspiration towards their ultimate decision to purchases.

Innovative retailers have a fantastic opportunity to engage with in-store customers, providing them with memorable digital experiences that will see them spread the word and return with friends and family.

In South Africa, for example, TFG stores are looking to add touchscreen technology and interactive kiosks to enable customers to check the status of their accounts or browse the latest clothing ranges. These will serve as virtual interactive sales associates or as self-service account information kiosks, forming part of the group's decision to use technology to grow turnover and increase customer satisfaction. This is an example of immersive in-store digital experiences, designed to tell a brand's story, boost sales and retain customer loyalty.



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E-commerce opportunity

Apart from evolving consumer needs, Africa's retail landscape is witnessing a significant growth in the number of e-commerce sales being made, which have the potential to outpace total retail sales in the forthcoming years. PayPal and Ipsos third annual cross-border commerce report, released in February 2017, found that 58% of adult internet users in South Africa shopped online over the past 12 months, amounting to an estimated total spend of R37.1bn.

The increase in online spending is also forecast to continue, with over half of online adults interviewed (53%) saying they will increase their online spending in the next 12 months, citing convenience of shopping online (cited by 84% of those predicting an increase), planning to save more money (38%) and change in disposable income (36%) as reasons for the expected increase.

According to PayPal (2016), following South Africa, three other markets in Africa are also seeing significant e-commerce adoption, namely Egypt, Nigeria and Kenya.



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It is no secret that more and more shoppers around the world are choosing their mobile device over their PC's or tablets, when making online purchases. African companies are thus looking to implement mobile-first strategies.

According to Mastercard's *Online Shopping Behaviour Study*, the mobile shopping trend is quickly gaining traction in Africa, with 56% of respondents in Kenya and Nigeria having shopped or intended to shop online via their mobile phones, followed by 55% of Egyptian consumers and 25% of Moroccans. The study found that travel, clothing, accessories and electronics are the products most often purchased by customers online.

Smart stores

It seems obvious that if the physical store is going to remain relevant to consumers in the future, it must be more than just a place where people go to buy goods. The digital-age customer expects more from stores than boxes on shelves, no matter how nicely they are displayed. The physical store needs to be an extension of the complete brand experience and allow the customer to interact with products in a real-life context.

For example, Orange has opened up its Smart Stores in prime locations such as Paris and Cameroon, which are designed to look like houses, not shops, and bring the products to life. Here, customers can test out home automation and IoT devices, such as the Orange Home TV, in the lounge area; or test some communication technology in the home office.

Africa is poised to become the next big e-commerce marketplace and the significant profitability potential of the continent's emerging consumers is undeniable. In order to take advantage of this, enterprises will need to be constantly expanding their product and service offering, and developing strategies that meet the demands of the digital customer.

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