Stuck in a timewarp

By Glen Tomlinson

Large retailers in South Africa seem to be stuck in a time warp when it comes to their online presence. Retailers in the rest of the world have somehow burst through the dot com bubble to emerge with powerful and effective online marketing and retail platforms, as opposed to simply bursting with the bubble as so many South African retailers have done.

Lesson: 90% of South Africa’s top earners are online

One of the misconceptions fuelling this complacency is that South Africans are not ready to purchase online. This is completely untrue. South Africans are buying millions of rands worth of products online every year, just not from the traditional retailers. Almost no major retailer in this country has an up-to-date catalogue of products, never mind a payment gateway and fulfilment service.

According to AMR Research, 35% of retail sales in the US will come from online in 2008. Research from Online Retailer shows retail purchases continue to grow by about 18% year on year. Why are these figures not getting local retailers excited? This is no doubt due to another huge fallacy: that the South African online audience is insignificant.

The truth is we have a larger online market than Switzerland. Albeit it is slow, the South African online market shadows international online trends in almost every way. Dozens of small dot-coza online retailers with non-existent brands, without a square foot of bricks and mortar retail space between them, have cropped up online because they see a market for the taking.

90% of South Africa’s top earners are online. If you are selling a R8 000 camera or R18 000 flat screen TV, the odds are excellent that your target audience is online. These consumers are busy and are researching makes, features, pricing and availability of big ticket items online before they even step into a crowded store.

Comparative shopping sites like jump.co.za make it even easier for consumers to compare pricing and features. That said, you will be hard pressed to find one major retailer on these pages despite the fact that consumers would far rather purchase the product from a recognisable brand.

Despite the current haemorrhaging of US retailers as a result of the credit crunch, they have got online retail right. Not only do they realise that 60% of people research their purchases online, but that they will search for in-store availability before heading out to the store. Most US retailers allow you to book a product online and then hold it for you at the store for collection. Intelligent mechanisms are used to ensure that the online shopper comes in to make a purchase, for example rewards for printing a coupon and handing it in at the store. This way, retailers have metrics of who is shopping online and converting at store level.

The US and European standard of marketing products online is light years ahead of our gloomy offerings. Search engine optimisation and search engine marketing is aggressively employed, while the science of user behaviour, user paths and navigation logic are intelligently applied on every aspect of the online website. As every element of a website is measurable, analytics are used to mastermind the operation of the website. If you apply the correct conversion processes you will get a good picture of pricing tolerance of the visitors to your website. While behavioural tracking is relatively young, huge strides are being taken to convert the behavioural trends of visitors into sales.

Traditional retailers in South Africa persist with their badly designed websites, broken functionality, outdated content and product catalogues.Apparently they remain oblivious to the damage they are doing their brands and the revenue losses incurred.

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