

THE 2020 SOUTH AFRICAN DIGITAL CUSTOMER EXPERIENCE REPORT

A billion rand lesson in customer advocacy

Foreword

Internet adoption continues to expand in South Africa with almost three-quarters¹ of the population having access to the web.

But with the growth in digital channels, customer expectations have evolved, making it necessary for brands to adopt new strategies to engage, acquire and retain their customers.

The 2020 South African Digital Customer Experience (CX) report is the second major study undertaken by digitally-driven marketing and advertising agency, Rogerwilco, market research company, ovatoyou and certified customer experience professional, Julia Ahlfeldt.

For this year's report, we polled 2 000 consumers, interspersing their feedback with commentary from senior marketing practitioners and business leaders across a range of industries. With the survey being conducted during the Covid-19 pandemic, the report also draws out interesting behavioural changes that took place under lockdown and postulates as to whether these will endure.

The research demonstrates that digital customer experiences have held steady since last year. This augurs well given that global trends show a marked decline in satisfaction - largely attributed to rising consumer expectations about online service delivery.

More strikingly, the research shows that when consumers have a positive encounter with a brand, they become advocates who will gladly share news of their experience with their circles.

This raises questions as to whether brands who weight their marketing budgets to customer acquisition are deploying their resources as efficiently as they could. A recent study by PwC² for the ISBA in the UK found that only half of programmatic advertising spend reaches its intended audience. In a South African context, this suggests brands are wasting over R1bn on failed acquisition - money that could perhaps be better spent on building a better understanding of existing customers and providing experiences that foster loyalty.

As a whole, the CX frustrations our panel highlighted indicate that fundamental challenges remain with inefficiencies in underlying business models, impairing brands ability to deliver consistently good experiences.

However, if ever evidence was required to support the need for continued investment in digital CX, the 2020 South African Digital Customer Experience report provides it.

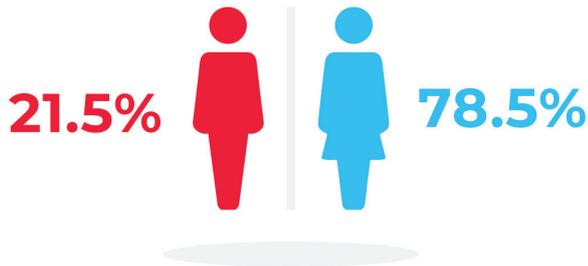
¹ <https://www.statista.com/statistics/484933/internet-user-reach-south-africa/>

² <https://www.isba.org.uk/media/2424/executive-summary-programmatic-supply-chain-transparency-study.pdf>

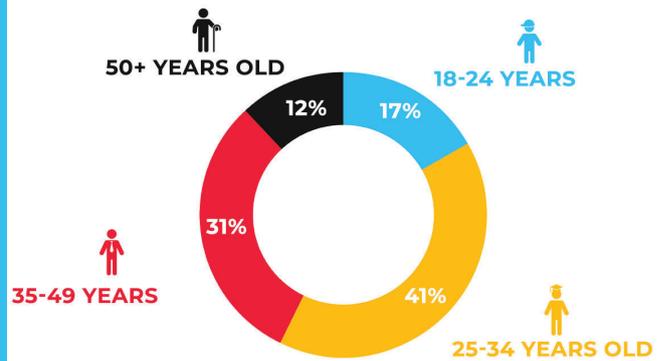
About the research

The 24 question survey was served to ovatoyou's panel of 18 000+ online South Africans through its mobile and web apps and promoted on social media platforms during May 2020. In total 2 000 consumers completed the survey. The sample's demographics are:

GENDER



AGE



RACE



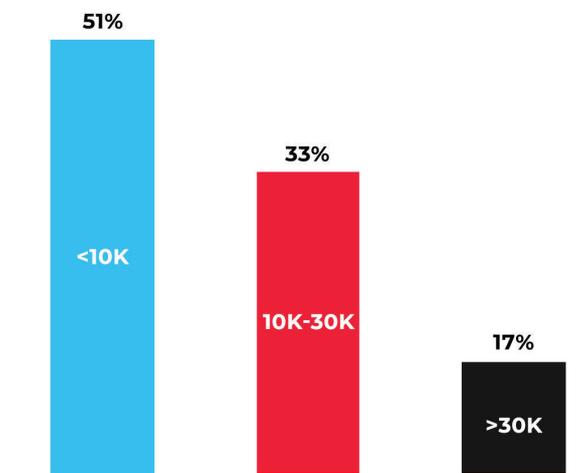
48% - BLACK
22% - WHITE
15% - COLOURED
12% - INDIAN
2% - ASIAN
1% - OTHER

PROVINCE

23% - WC
20% - KZN
6.55% - EC
3.45% - MP
4.2% - LP
36% - GT
3% - FS
4% - NW
1% - NC



MONTHLY HOUSEHOLD INCOME (ZAR)



Expert panel

The study's key findings have been supported by qualitative interviews with experts in the South African CX and marketing fields.



Charlie Stewart

Rogerwilco

Charlie Stewart, Rogerwilco's chief executive, has worked in the marketing industry for over 25 years. A Scot by birth, he began his career in London before moving to South Africa in the early 2000s. At Rogerwilco he takes a leadership role in crafting high impact ROI generating marketing interventions for the agency's multinational clients. His book on B2B marketing, co-authored by Mark Eardley, was published by Penguin Random House in 2016. He contributes a monthly column on all things digital to MarkLives.



Amanda Reekie

ovatoyou

Amanda Reekie is an experienced brand strategist and researcher who thrives on uncovering insight and wrangling meaning out of data. She has over 30 years of marketing and consumer insights experience starting in fast-moving consumer goods, retail and e-commerce. She is the founder of ovatoyou, an HTML and app based research tool with an associated panel of over 20 000 online Africans. Amanda was nominated for Shoprite/Checkers woman of the year in 2006 for the womenNATION project.



Julia Ahlfeldt

CCXP

Customer Experience Professional (CCXP), Julia Ahlfeldt has dedicated her career to helping organisations gain market leadership through customercentricity. She has worked with the C-Suite of businesses including Virgin, ABSA and Cell C to deliver on their brand promise and foster customer loyalty through great experiences, across their organization. Julia is also the producer and presenter of a monthly podcast called Decoding the Customer.



Michael Walker

Gumtree

As head of marketing at Gumtree South Africa, an eBay company, Michael Walker ensures that all marketing efforts work harmoniously to drive the best ROI. He has over 18 years of experience in the online world, across varied industries including ecommerce, search agencies and publishers.



Thabo Ramushu

Nestlé

Born digital, Thabo, who is Category eBusiness Lead East and Southern Africa Region (ESAR) at Nestlé, has extensive experience in digital marketing, having worked as a client lead across different digital creative agencies with specialization in the FMCG vertical. His current role includes management of digital and technology solutions across 23 countries in Nestlé's East and Southern African Region.



Sam Wilson-Späth

Woolworths

Sam Wilson-Späth is the Head of Digital Marketing at Woolworths and has 20 years of digital media experience. After qualifying as an attorney, Sam moved into publishing and, as lifestyle editor in chief, was responsible for Media24's women's magazines online presence.



Kia Abbott

Cape Union Mart

Kia is the head of Customer Experience for Cape Union Mart. Her team is driving the journey to becoming a customer-led, data driven organisation that can effectively create meaningful customer experiences that delight the customer in their stores and online. She has extensive consulting experience across strategy, innovation and communication, and is a passionate customer champion, using customer experience strategy and data-driven insights to solve business problems.



Rahul Jain

Peach Payments

Rahul is a co-founder of Peach Payments, a leading payments gateway in South Africa. He has worked with Edcon, Pepkor, Zando, SweepSouth and many more e-commerce websites and apps to improve their conversion rates, mitigate risk and optimise customer experience. Previously, Rahul worked with a strategy consulting firm in Boston, USA where he consulted large retailers and airlines regarding e-commerce, marketing and ancillary revenue streams.



Nancy Reddy

Nissan

Nancy Reddy leads the Customer Experience transformation across Nissan Group of Africa, breaking silos to create a centre of excellence cross-functionally through a consolidated symbiotic ecosystem of technology, processes and physical innovation. She is also responsible for digital marketing, precision marketing, CRM, LMS, Data integration, Data science and E-commerce.



Vutlharhi Valoyi

Zulzi

Vutlharhi is the CEO of Zulzi, an on demand grocery delivery app. While working as a software developer and technical team lead for one of South Africa's leading retail banks, Vutlharhi became fascinated by the opportunity for rapid (less than 60 minute) ecommerce delivery and founded Zulzi to meet a market gap. In 2018 Zulzi won the breakthrough app of the year category in MTN's annual business app awards.



Mpumelelo Cindi

Old Mutual

As Head of Design at Old Mutual, Mpumelelo is a User Centered Design practitioner with over a decade's experience in UX. Passionate about the application of human-centered design and research methods to all levels of organisations from strategy definition to product design-execution as well as omni-channel experience strategies, he has a background in omnichannel experience design in the financial services sector with a recent focus on design leadership.



Kenneth Kayser

Nedbank

Kenneth is Head: Mobile, E-Commerce & Open Banking at Nedbank where he develops innovative fintech propositions for the group's Corporate Investment Banking division. A multi-award winning innovator, he co-founded Barclays Rise Africa (Barclays Africa Open Innovation business unit) that connects and co-creates solutions with fintechs. With Techstars, he helped Barclays Africa build the best fintech accelerator in Africa. Kenneth is one of Africa's leading fintech thought leaders, having served as lead judge at the 2016 and 2017 Africa FinTech Awards.



Dane Reddy

WesBank

WesBank's Head of Digital leads a team of passionate and savvy individuals, who all have an eye to make their customers' lives easy through digital innovation. They formulate and execute on WesBank's digital strategy, for their customers, dealer networks, Joint Ventures and OEM's. Reddy is also accountable for creating new digital channels, for creating new meaningful digital interactions and for transforming WesBank's business processes to work seamlessly with digital.



Ya'eesh Cader

Sanlam Investments

A multiple local & international award-winning senior digital executive, Ya'eesh Cader is Head of Digital & e-Commerce at Sanlam Investments. He has been involved in online sales and advertising initiatives across four continents, conceptualising and implementing digital marketing and business strategies on both the agency and client-side for brands including Investec, Sanlam, SATRIX, Pam Golding Properties, Adidas and the PGA.

Ya'eesh was recently named as "one of the most innovative and award-winning heads in digital for the financial industry" by Kurtosys.



Mumbi Odame

Rand Merchant Bank

Mumbi Odame is the Head of Human Centred Design at RMB. She was one of the first three Certified Customer Experience Professionals (CCXP) in Africa. She has diverse and significant experience in the financial industry. She has a passion for strategy and people giving her an edge in developing and implementing CX strategies underpinned by a truly human element.



Clint Payne

MultiChoice

A customer experience veteran, Clint is an accomplished speaker on CX matters. In his current role as Programme Manager for Customer Experience at MultiChoice he has developed award winning CX measurement frameworks and oversees the creation and implementation of CX strategies that link everyday activities to customer promises, customer strategy, brand promise and ultimately organisational strategy.

1. The Advocacy Opportunity

When customers have a positive experience with a brand, they become powerful advocates.

Three-quarters of those surveyed (75%) stated that they would share news of their positive experience with friends and family and 43% said they would post about their experience on social media (up from 37% last year). And a full 42% say that they intend to buy more from a brand that pleases them.

Indeed, a good experience is likely to elicit an action, but so is a bad one and the brand damaging effects can be profound: while more than half the audience acknowledged they'd received poor online service from a brand, just **56% agreed that they would share their negative news with friends and family**, while a third (32%) would post on social media and 39% said they would never use the brand again.

The inference is clear, says Charlie Stewart from Rogervilco. "Delight your customer, and your customer will delight you. Disappoint your customer and risk permanently damaging your brand."

But the data presents an interesting conundrum - particularly for those brands who weight their marketing budgets to customer acquisition to the detriment of investing sufficiently in loyalty/retention. Great experiences, says Julia Ahlfeldt, help brands get the most out of their investment in customer acquisition.



It's no use throwing money at acquiring new customers if they don't stick around, or worse, they become vocal detractors."

-Julia Ahlfeldt

Well documented research from Bain and Harvard Business School³ suggests that acquiring a new customer is anywhere from five to 25 times more expensive than retaining an existing one. What's more, increasing customer retention rates by **5% increases company profits by 25% to 95%**.

And with a recent study from PwC⁴ on behalf of the Incorporated Society of British Advertisers showing that inefficiencies in the online advertising ecosystem lead to just 51% of programmatic ad spend reaching a publisher (and thus turning into an advert), it does beg the question: are we investing our marketing spend to best effect?

Extrapolating programmatic advertising inefficiency data across South African online adspend suggests that over R1bn of local brand advertising is consumed by fraud and service fees. Was this 'wasted' ad spend to be applied to cultivating relationships with existing customers it could generate exponential sales.

3 <https://hbr.org/2014/10/the-value-of-keeping-the-right-customers>

4 <https://www.isba.org.uk/media/2424/executive-summary-programmatic-supply-chain-transparency-study.pdf>

Rogerwilco's Charlie Stewart notes that the remaining R1bn of programmatic advertising that does reach its target audience goes to attracting customers who may not stick around if their experience disappoints. "While advertising is essential to attracting new customers, in today's recessionary climate where budgets are under greater pressure than ever, savvy marketers would do well to consider shifting allocation from some acquisition channels to activities that foster loyalty by providing delightful experiences."

According to Mumbi Odame from RMB, businesses continue to be overly focussed on acquisition and efficiency because this is easier to draw a direct correlation to the revenue.

"Often the customer wallet size is not known and businesses have not built the right relationships to get this kind of information. It therefore becomes easier to go for what is known (sales) when setting targets. To focus on retention, businesses will have to deepen their relationships with customers to get to a trusted partner level where the customer is willing to disclose their wallet size and why they would or would not give it to the business."

Building an optimal customer experience won't only increase a brand's average revenue per customer. It will also create a motivated base of consumer advocates whose active endorsement of your brand will be far more authentic than your own sales team's rhetoric.

Key Insights

- Consumers wield considerable power as potential brand advocates. To earn that advocacy, businesses must deliver good customer experiences.
- Loyal customers deliver value to the business bottom line, but with that in mind, marketers may not be investing their time, energy and money in the right places. Too much focus on acquisition, followed by a fraught experience, will not create advocacy. It will do just the opposite.

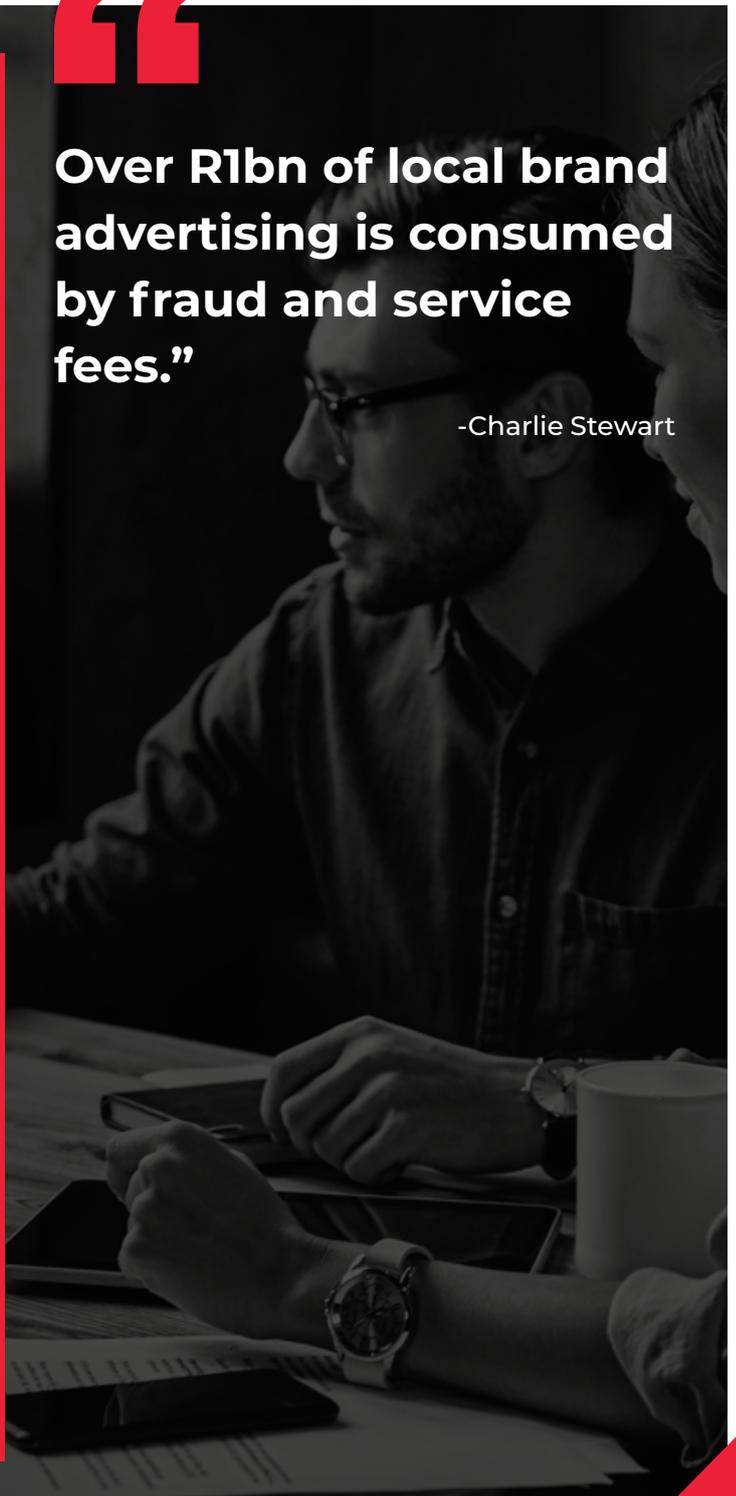
Actionable Outcomes

- Understand your customer's journey. Measure, monitor and manage this to ensure you are delivering on your promise, especially after the customer acquisition
- Regularly monitor customer satisfaction metrics to better understand your customers' sentiment towards your brand
- Review your loyalty and reward programmes - today's consumer is more inclined to be loyal to a brand that shares its values and delivers relevant, personalised communications than one that simply hands out rewards
- Encourage customers to rate your service/offer and make it easy for them to share news of their experience with you
- Reduce your dependency on third-party data and develop a single view of the customer through the deployment of technology like a customer data platform



Over R1bn of local brand advertising is consumed by fraud and service fees."

-Charlie Stewart



2. Quality Of Experience More Important Than Price

Warren Buffet made famous the adage that “Price is what you pay. Value is what you get.” And it appears that South African consumers agree with his sentiment by making it extremely clear that poor experiences erode online’s primary benefit - that of convenience.

Of those who had abandoned an online purchase, **60% claimed** to have switched to a rival retailer’s website because it made it easier for them to buy the product they wanted, even if it was more expensive than their first choice e-tailer.

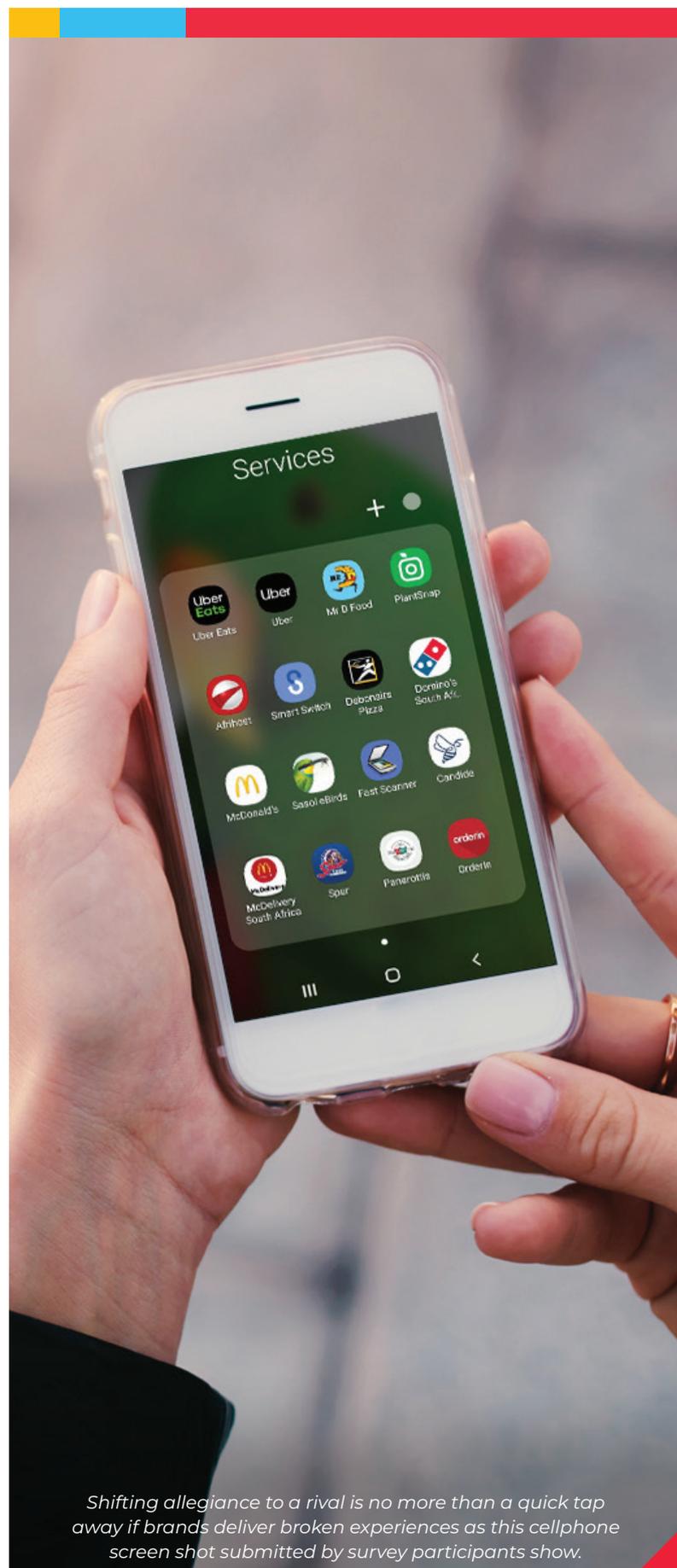
Household income had no bearing on this, with lower earners just as likely to place a premium on the quality of experience as their wealthier counterparts. However, a skew was seen with gender and age. Men were more inclined to pay more for good service than women, as were those in the 25 - 34 year age bracket.

Michael Walker, head of marketing at Gumtree, cites his own company’s research into their top selling merchants. “Our data shows that the most successful rarely have the best priced product - what they do have though is an ability to fulfil buyers’ needs and to deliver a superior sales experience.”

At Cape Union Mart Kia Abbott notes that while first time customers might select based on price, keeping customers loyal in the long run will depend on the quality of the shopping experience. But this is no easy task: “Delivering a consistently excellent experience, at scale, across a complex value chain, is easier said than done – and getting the business processes to back the promise requires a company wide commitment that extends far beyond the marketing department.”

Online has undoubtedly made it easier for shoppers to switch between brands. An analysis of the apps respondents house on their phones shows that many consumers group their favourite apps by type or functionality.

While general food delivery services such as Mr D and Uber Eats sit next to each other, so do specific food brands like Debonairs and Dominos.



Shifting allegiance to a rival is no more than a quick tap away if brands deliver broken experiences as this cellphone screen shot submitted by survey participants show.

The same is true of banks, grocery retailers, fashion houses and marketplaces such as Takealot and OLX, illustrating that shifting allegiance to a rival is no more than a quick tap away if brands deliver broken experiences.

“Although people obviously have the choice to switch brands in the real world too, the screenshots demonstrate so clearly just how frictionless that change can be with the apps they have nestled side by side on their phones” says Amanda Reekie.

Consumers' willingness to buy on value (defined by the quality of their experience) rather than price begs the question: do good experiences really cost more? Regardless, the data shows that e-tailers who make an effort to invest in a seamless digital customer experience will attract a more loyal clientele with a bigger basket size.

Gumtree's Walker contends that when a customer has a seamless experience in fulfilling today's need, they will become repeat buyers for other 'jobs' that they need to help with in the future. “Consumers will gladly pay a premium to shop on platforms that consistently deliver a superior experience.”

Overall, **67% of shoppers have abandoned an online transaction**, which is similar to 2019 data. While 64% leave items in their cart less than 20% of the times they shop, **almost a quarter of shoppers (23%) fail to checkout between 21% and 50%** of their potential ecommerce purchases. This suggests that brands continue to leave eye-boggling sums of money on the table, often because they miss the mark on the basics.



Our most successful sellers rarely have the best priced product - what they do have though is an ability to fulfil buyers' needs.”

-Michael Walker, Gumtree

Key Insights

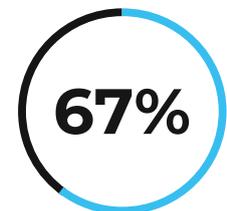
- It's easy to switch - consumers are more loyal to experiences than they are to brands
- Switching can be as easy as tapping the screen of a phone
- Retailers can charge more if they deliver consistently good online experiences
- Sites providing a poor experience erode the key benefit of convenience
- Making small improvements to CX improves checkout rates, bolstering profits

Actionable Outcomes

- Work on the friction points that break digital experiences and make them less convenient or appealing - site speed, product/service descriptions
- Dig into your analytics data and run experiments across audience groups to identify behavioural differences / triggers



60%
claimed to have switched to a rival retailer's website because it was easier



67%
of shoppers have abandoned an online transaction



23%
fail to checkout 21%-51% of their potential purchases

3. Covid-19 Catalyses Online Behaviour

Covid-19 has accelerated South Africa's use of the internet to find information and engage with brands.

Despite the government's decision to ban online shopping for all but essential purchases under Level 5 Lockdown, ecommerce has received a shot in the arm with large numbers of consumers making online purchases for the first time. **61% of respondents cited social distancing as a driver for going online.** This indicates that these consumers were likely to increase their online engagement or ecommerce spending in the future.

Rahul Jain's Peach Payments reports that his business saw new merchant acquisition increase by 400% in March and April with the vast majority of his new customers being SMEs who pivoted their business models to launch ecommerce plays.

The big online category winners were grocery shopping, health and fitness, and education.

While less than a third (31%) of interviewees had bought groceries online before the pandemic, 15% did so for the first time under lockdown, and 22% said they would make greater use of digital channels to purchase their groceries in the future; despite many of the sample citing limited (and expensive) delivery options, items being out of stock, slow websites/apps, issues with payment processing and a lack of online support.



We rolled Click n Collect out in three weeks!"

-Sam Wilson-Späth, Woolworths

Vutlharhi Valoyi, CEO of Zulzi, the on-demand delivery app believes groceries will play a critical role in driving the growth of e-commerce in South Africa. "We have seen growth of over 500% during the lockdown and we have maintained the growth even as restrictions eased".

He maintains that, provided retailers satisfy customers by working hard on stock levels and delivery windows, we will continue to see accelerated adoption of online grocery shopping.

This sentiment is echoed by Sam Wilson-Späth, Head of Digital at Woolworths, whose company also experienced phenomenal growth in online shopping during lockdown, particularly in the foods area.

"Demand was so high that we launched a Click n Collect option across the country to facilitate the huge demand for new delivery slots. This was a project that had been on our roadmap for a while, but lockdown made it an urgent priority... and was rolled out in three weeks!" she says.

Covid-19 Catalyses Online Behaviour

Some 42% of the sample reported that they had used websites or apps to improve their health or fitness before Covid-19 reached our shores, 15% reported doing so for the first time during the pandemic and 21% said they would use online more for health and fitness-related activities in the future. While the major gyms were quick to add online workouts, consumers also flocked to YouTube and specialist fitness websites.

Online education also saw a boost with **41% saying they had studied online prior to the Coronavirus outbreak**. A further 13% took advantage of the lockdown to study online for the first time since lockdown with 21% indicating they would do so more in the future. Platforms like LinkedIn saw a surge in members posting short course certificates as people sought to update or add to their vocational qualifications.

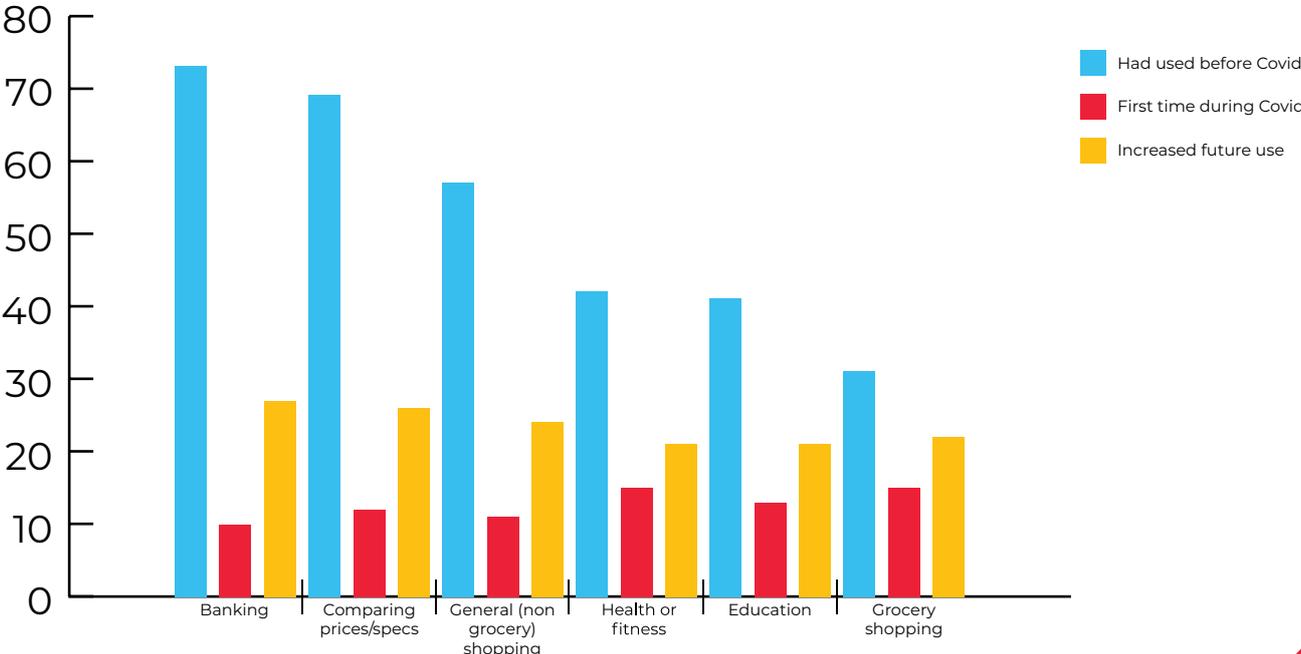
“If customers were on the fence about trying digital experiences, then Covid gave them the motivation to take the leap.

-Julia Ahlfeldt



Existing behaviours, such as online banking, have been entrenched under lockdown with more than a quarter of those polled (27%) stating that they will make greater use of online and app-based banking solutions in the future (73% already bank online). A quarter (25%) of respondents said they would increase their frequency of general (non-grocery) shopping (57% had shopped online prior to Covid). In comparison, 26% will step up their use of the internet to find new products/services and compare pricing (69% had done so before).

Online Trends



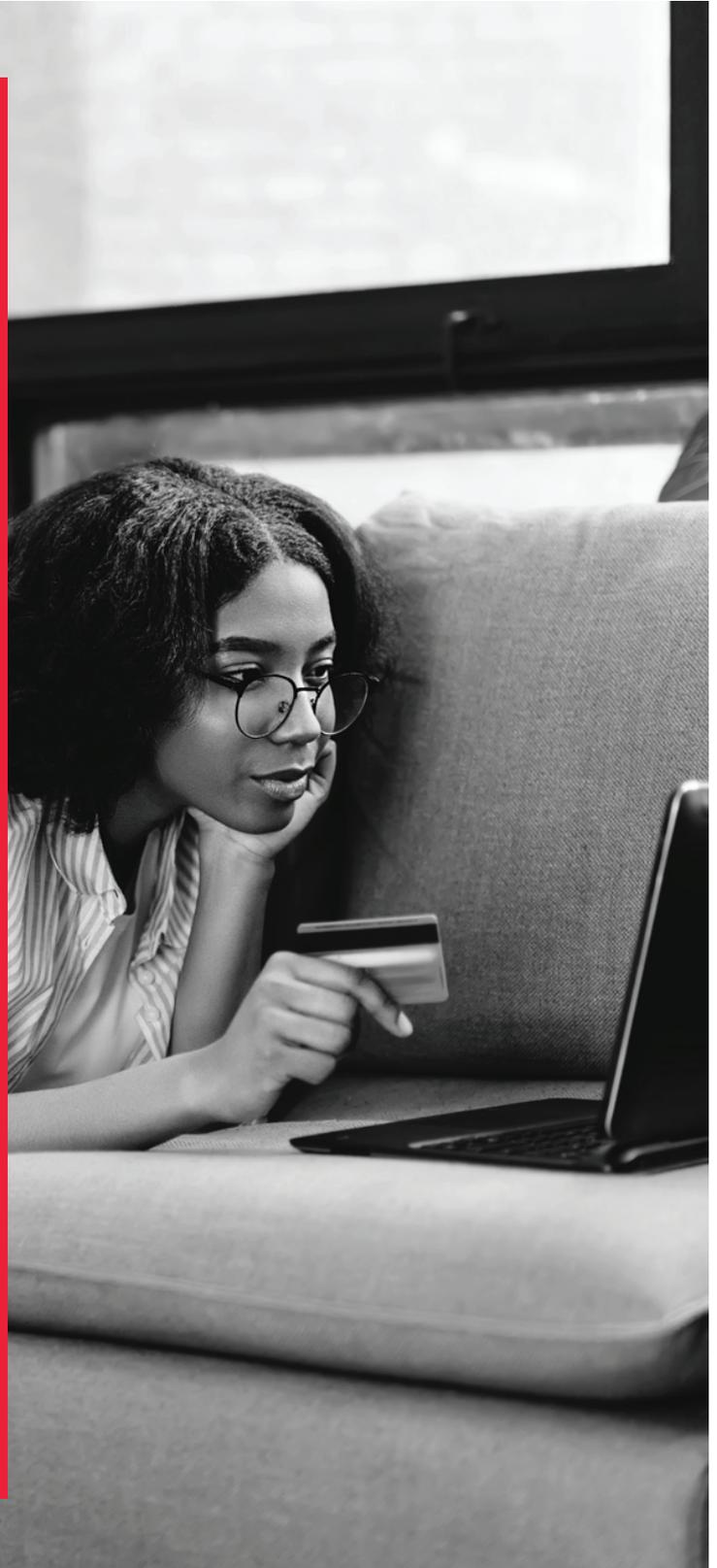
Key Insights & Actionable Outcomes

Key Insights

- Uncertainty creates opportunity - Covid-19 has pushed more South Africans online, exposing brands to new audiences and reaffirming the importance of delivering great online experiences
- Some categories have won, perhaps in spite of themselves. Grocers saw significant demand, but feedback suggests they may have left money on the table and may not hold onto their new online customer base unless they address fundamental CX issues
- The agility and customer-centricity demonstrated by many of the new entrants shows brands that their online competition is often very different from their traditional rivals
- To be great online, brands need to ensure all parts of the experience - from browsing to fulfilment - are consistently strong

Actionable Outcomes

- Understand the needs and map the journeys of new 'digital converts'. Design journeys that will help retain these customers in the months and years to come, even as social distancing eases
- Ensure inventory management systems are aligned to highlight out of stocks automatically
- Segment databases to identify new customers and monitor their activity in the coming months - consider special offers to encourage continued engagement



4. Omnichannel - The Co-Existence Of Digital And Physical

Almost two-thirds of respondents (63%) gather information online but prefer to transact in a physical brick and mortar environment.

Kenneth Kayser, Head: Mobile, E-Commerce & Open Banking at Nedbank, believes that an omnichannel approach will remain vital: "This is especially the case for brands with consumers who value the physical in-person buying experience".

The internet has been credited with giving rise to the self-sold customer, i.e. an individual who has spent significant time online comparing products, reviews and prices (74% cited digital's 24/7 convenience as one of the main reasons for going online, and 57% of those surveyed indicated that they find better information on products and services on the internet than anywhere else).

This has been a common theme over the last 3-4 years says Thabo Ramushu of Nestlé. "It has become ever more important for brands to ensure that they create a seamless online consumer experience both on owned and eRetailer platforms. Direct relationships with eRetailer partners are critical through the formation of joint business plans. Ensuring you have the right eContent, detailed product descriptions, and keeping a close eye on ratings and reviews will go a really long way as all these factors play a massive role in easing the offline purchasing decision."

Ramushu adds that the spike in online sales, due to lockdown restrictions, is a trend that is likely to stay even when restrictions are lifted as people overcome the safety

and security barrier and become more comfortable with shopping online.

Woolworth's Wilson-Späth concurs that customers research online and purchase offline "We make sure our customer journeys accommodate omnichannel browsing and basket curation options to make that as easy as possible."

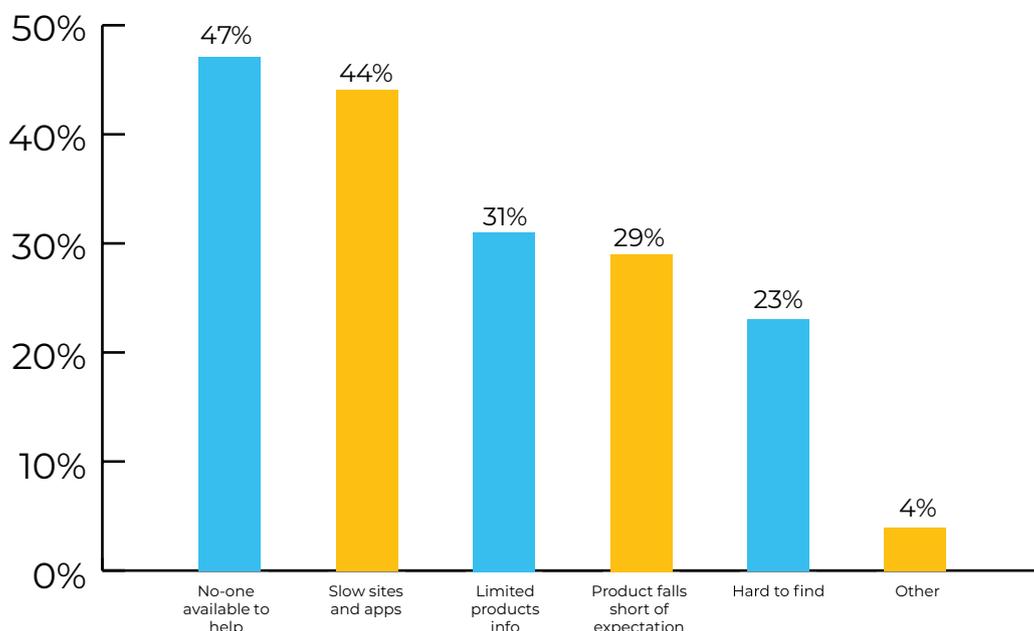
Self-sold customers are of disproportionate value to brands as, when one walks into a store, they are at a point in their journey where they are ready to buy.

To cater to the self-sold customer's needs, organisations must stop thinking about customer journeys in terms of operational silos as it is evident that customers have a multichannel path to purchase.

Driving customer experience has been a priority from a Nissan global perspective for the last few years, says Nancy Reddy.

"The level of acceleration and adoption across the various markets is varied in pace. Less mature markets were more reluctant or sluggish to priorities internally due to customer adoption levels."

Where Online Fails



Reddy notes that the one stand-out observation since COVID-19 is the increase in acceptance to accelerate customer experience solutions within Africa specifically within the automotive industry which is directly linked to the new normal that our businesses are forced to embrace and the rapidly changing customer needs.

With this comes the necessity to provide solutions that are not only seamless, but are as engaging and as close to reality as possible.

“With this in mind the solutions that we are deploying are bringing the showroom into your home. From shop@home tools, virtual dealerships to interactive sales video calls, the customer experience is not only ensuring the engagement, but the goal is to preserve the physical experiencing as we rapidly transition into the new normal”, says Reddy

She believes that if we have empathy and consider the human element as the core of customer experience solutions, this new normal would actually be a catalyst for the next generation of customer expectation. The marriage of physical plus digital needs to be in perfect harmony.

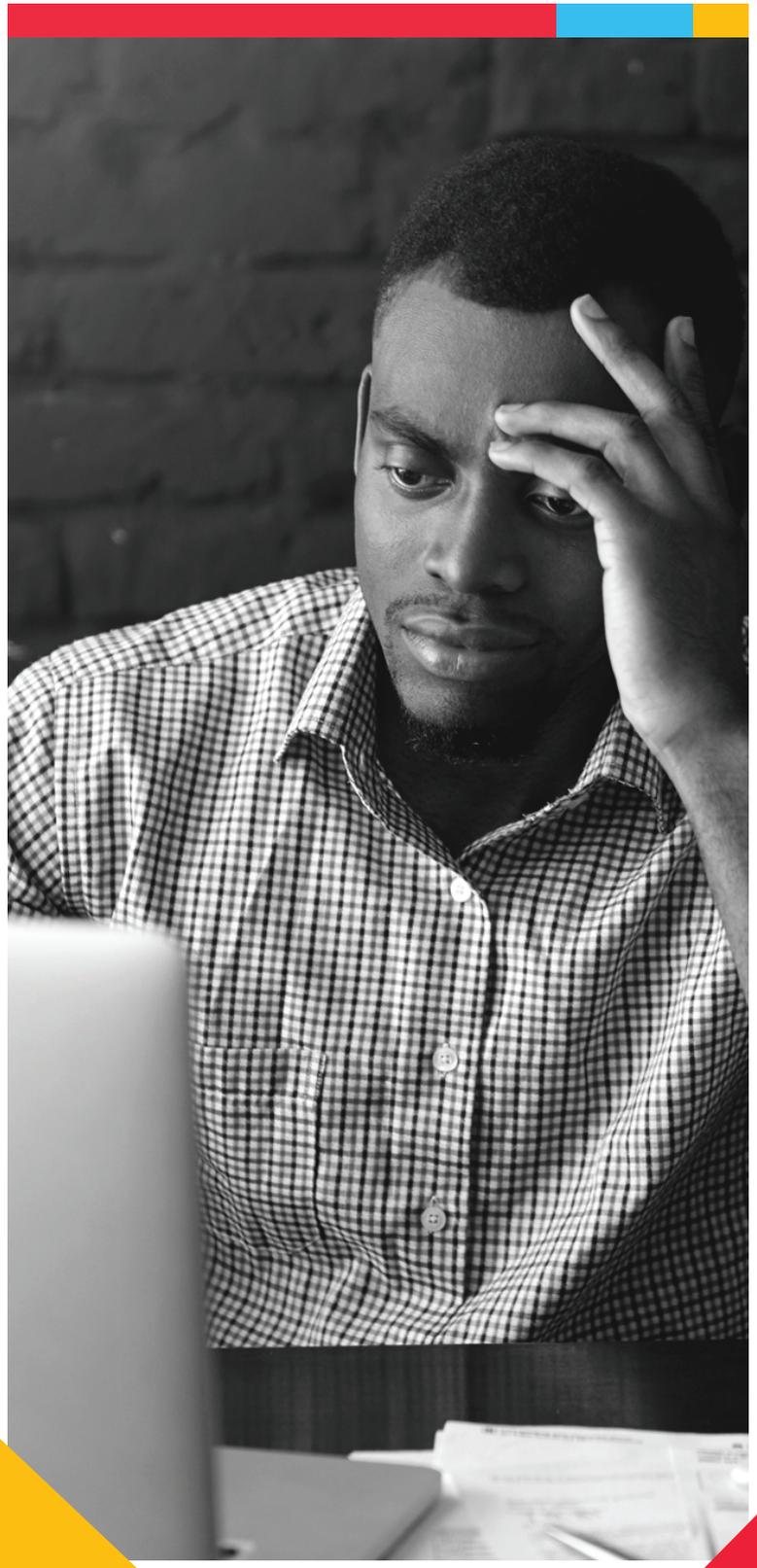
Cape Union Mart’s Abbott notes that as more and more customers have adopted digital channels during Lockdown, there has been a breakdown of perceived silos. “Customers are agnostic of which medium or interface they are currently engaging with. They might see a traditional advert, look for product information on the website, and finally make the decision to purchase based on a recommendation from an Instagram influencer.

“Each of these touch-points adds to their experience, their product knowledge and their desire to purchase. The customer’s journey, their experience and their motivations are not linear. It is no longer reasonable to account for which touchpoint was eventually responsible for the conversation.”

Friction in the awareness and product discovery phase of the process will lead to brands losing customers before they knew they had them. And while a limited availability of online help topped the list of customer grievances with digital experiences, simple housekeeping matters such as a slow website or app (cited by 44%) and an absence of sufficiently detailed product information (31%) create unnecessary friction. This friction could make your self-sold customer someone else’s self-sold customer.

Brands also must recognise that the digital experience does not end once the purchase has been made. In the eyes of some customers, this may even be when the real experience begins.

A poor offline after-sales experience (and respondents cited issues ranging from product quality to problems with delivery and follow-up service) may turn a customer away from engaging with a company online in the future: a full **39% of our interviewees stated that they would never use a brand again following a bad experience.**



“The marriage of physical plus digital needs to be in perfect harmony.

-Nancy Reddy



Key Insights

- The internet will not replace the physical shopping experience - instead, the two will work in tandem
- Online is an important channel for product awareness and discovery, as well as preparation for purchase
- Self-sold customers should be cultivated

Actionable Outcomes

- Regularly refresh your product and service descriptions, ensuring they are authentic and accurately represent what's on sale
- Fix website and app speed issues
- Focus more effort and resources on the experience after purchase to keep the customers that you have acquired
- Understand and manage how your organisation supports its digital offering through the entire journey or risk losing out to competitors and/or damaging your brand



It is no longer reasonable to account for which touchpoint was eventually responsible for the conversation.”

-Kia Abbott

5. Getting The Goods - The Delivery Problem

Logistics is one of the primary causes of consumer disappointment, with a combination of high delivery fees (**cited by 63% of respondents**), items being damaged in transit, and delivery **taking too long (34%)** impairing the customer experience.

Delivery fees were a significant issue, even among customers with more spending power.

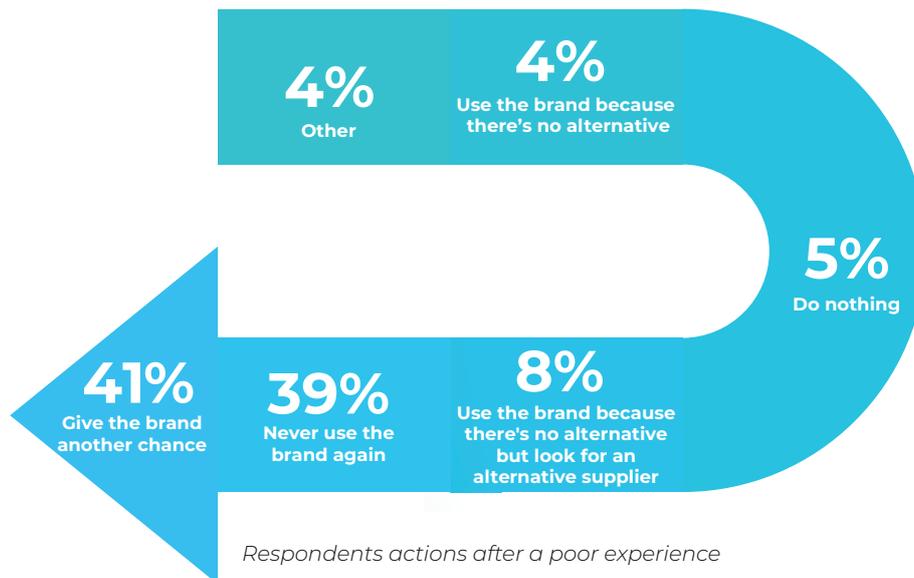
Kia Abbott hopes that as more of the major retailers shift their focus to ecommerce, a much more efficient supply chain will develop especially around home deliveries. "This scale will do a lot to bring down the costs of deliveries, and improve the options for all retailers as greater competition and efficiencies emerge".

Respondents who were willing to pay higher fees discovered that their next hurdle was extended delivery turnaround

times. Ecommerce sites were guilty of promising delivery dates that they were unable to meet. Frustrations led to cancelled orders. Cancelled orders led to negative feelings towards the brand.

Vutlharhi Valoyi's Zulzi, which offers a 60 minute delivery service, attributes his company's growth to meeting promised timelines. "Customers want accurate delivery windows and the ability to have clear visibility during the shopping process".

After a bad experience, 39% of our respondents vowed never to use the brand again. While 41% said they'd give the brand another shot, there is still a high chance that they **will share their poor experience with others (56% of respondents said they would)**. Getting delivery right would mitigate much of the fallout caused by brands' failure to meet customer expectations.



Julia Ahlfedt reminds us that the digital customer experience doesn't end at checkout. "This merely marks the start of a new chapter in the same journey, where delivery is a key moment of truth. When the delivery goes wrong, a consumer's faith in the entire online experience might falter."

There are two choices when it comes to delivery fulfilment. The first is to outsource deliveries and the second is to manage deliveries within the business.

Both come with pros and cons, the most notable being that insourcing allows for complete control over the customer

experience, while outsourcing could save your customer money on delivery fees.

"The final mile of the customer journey is incredibly important in determining the total level of satisfaction for the entire experience," says Cape Union Mart's Abbott. "While it might be necessary to outsource the service, we must still retain responsibility for the experience. The customer remains our customer, not our delivery partner's customer."

Regardless of the insource vs outsource model, the increase in ecommerce deliveries has placed a considerable load

on South Africa's transport and logistics infrastructure, with very little attention being paid by city planners and policymakers.

The Southern African Institute for Industrial Engineering has embarked on a detailed research project⁵ to determine the inherent problems and how they can be solved, looking to international territories like Europe for best practice guidance.

Fortunately, the marketplace has seen some innovation

Key Insights

- Product delivery is a 'moment of truth' for customers; a third-party may control it, but it reflects on the retailer's brand
- Supply chain management is difficult when necessary infrastructure has not been geared for it
- Outsourcing deliveries will likely be the best solution for small businesses for the time being, but delivery alternatives based on international best practice may improve customer experience
- Customers take late delivery very seriously and losing them could not only cost you revenue but also damage your brand

Actionable Outcomes

- Seek ongoing feedback as to how your customers' experience of your delivery service matches their expectations of what delivery should look like - it's your moment of truth
- Change your delivery model completely or change your logistics company
- For outsourced logistics, work with delivery partners as an extension of your brand's digital experience



Customers want clear visibility during the shopping process."

-Vutlharhi Valoyi

which could reduce traffic congestion caused by ecommerce fulfilment. Larger platforms have implemented a click-and-collect model - while "last mile" delivery challenges have started to be addressed with the emergence of delivery lockers in retail parks and petrol station forecourts.

But further innovation is required in the logistics field if South Africa e-tailers are to extend their reach to the population as a whole by providing delivery solutions that are accessible to all.

"Delivery is a key moment of truth. When it goes wrong, a consumer's faith in the entire online experience might falter.

-Julia Ahlfeldt



We must still retain responsibility for the experience. The customer remains our customer, not our delivery partner's customer."

-Kia Abbott



6. Communication Breakdown

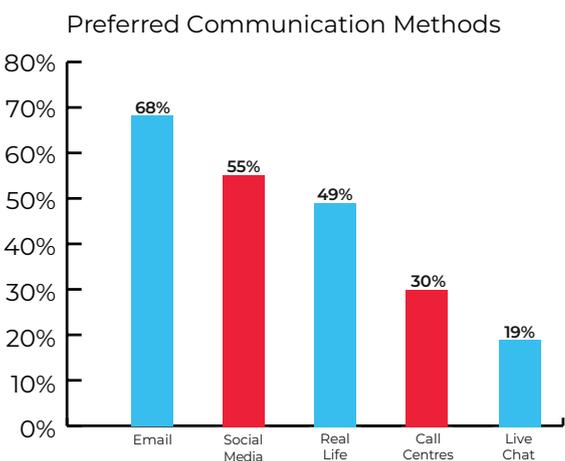
Poor communication during the shopping process was an obstacle for 47% of those surveyed, with many noting that there was no-one to turn to for help if they were struggling with their online experience.

Indeed, communication (or lack of it) was a recurring theme with nearly a third of respondents (31%) stating that websites provide too little information - particularly when it comes to product descriptions and photographs. This led to purchases failing to live up to expectations - 29% felt that what they received fell short of what was promised.

Other issues flagged by our respondents included enquiries that were never answered, rude customer agents, and a lack of information around order progress.

Brands have to up their communications, says Rogerwilco's Stewart. "The current state of affairs is akin to running the first 42km of a marathon and giving up in the final 200m."

Communication is a vital part of the overall experience and it was interesting to note while there has been a marginal increase in consumers favouring live chat as their preferred way to interact with brands (13% in 2019 vs 19% in 2020), it seems that more conventional methods of communication are still favoured locally with 68% stating a preference for email and 49% wanting real-life interactions with businesses.



The lack of immediacy offered by these channels presents a real challenge to the delivery of excellent customer experiences.

In the US, a study⁶ shows the picture is very different - 41% of consumers prefer live chat support, versus 32% who prefer phone support, 23% who prefer email support, and 3% who prefer getting help via social media.

Chatbots still have untapped potential says Mpumelelo Cindi, head of design at Old Mutual. However, they are often implemented as an auxiliary channel, where they are more likely to interrupt the user and linger on the screen.

"This means they often have rudimentary functionality that doesn't lend itself to adoption because they fail to yield the intended engagement benefits of humanising digital platforms through instant conversational interactions".

Perhaps the challenge in South Africa is a lack of awareness - among both consumers and brands - of the potential for live chat. According to a 2019 study⁷, only 2% of ecommerce stores in South Africa had implemented live chat. The problem may lie in the fact that South Africans have not been exposed to live chat enough for it to become a natural behaviour.

Cindi maintains that the digital experience begins to transform when organisations shift toward the enablement of key interactions and experience outcomes instead of leaving it to the digital team or the support team. "We hope to see more and more of this as digital continues to be a primary channel for customers to engage with brands", he says.

47%
said poor communication was an obstacle

31%
said websites provide too little information

49%
wanted real-life interactions with businesses

6 <https://www.helpscout.com/blog/live-chat-statistics/>
7 <https://chatmarshal.com/shameful-less-than-2-of-ecommerce-shops-in-sa-use-live-chat/>

“The current state of brand communication is akin to running the first 42km of a marathon and giving up in the final 200m.

-Charlie Stewart

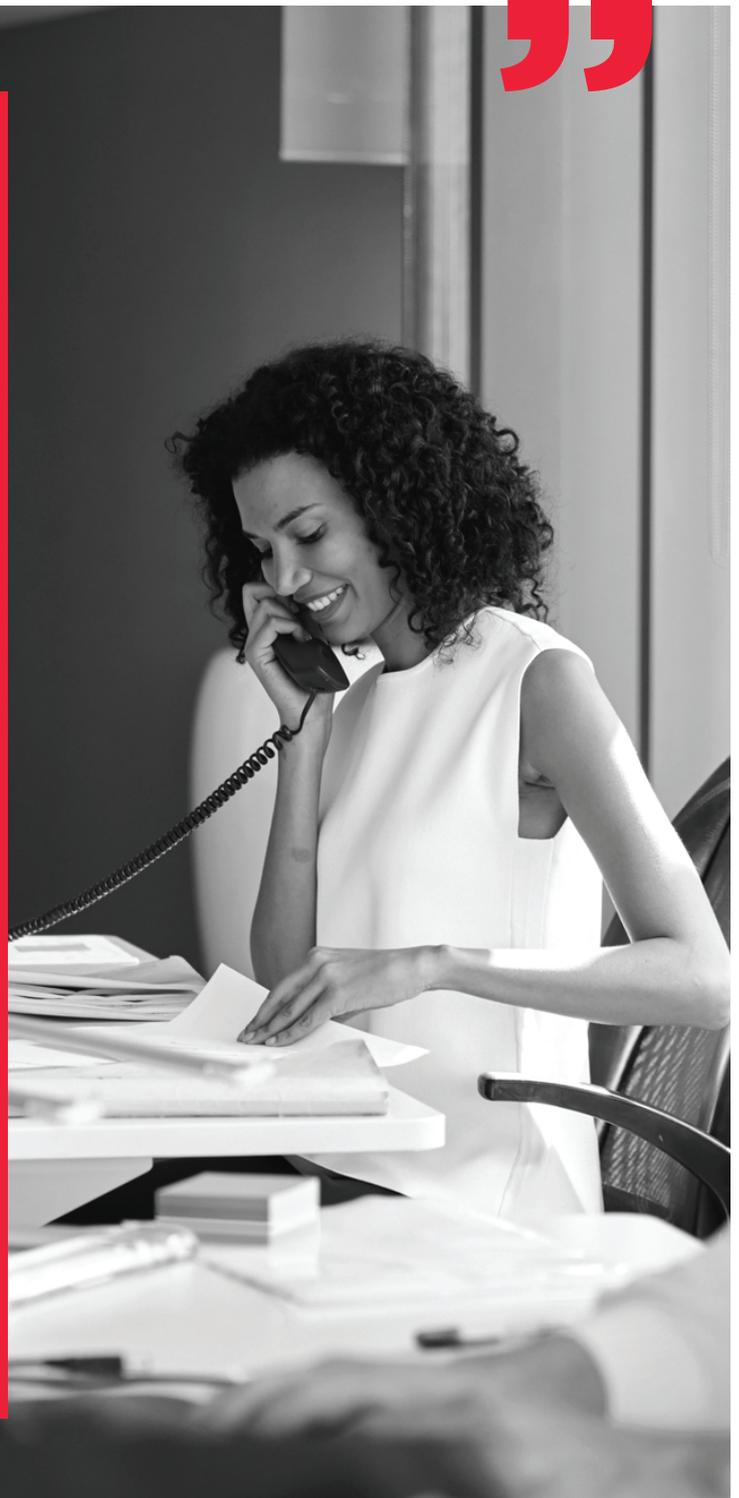


Key Insights

- Consumers expect better communication from online businesses
- When consumers need assistance, they want it available quickly, through their channel of choice. There is no single silver bullet
- The problem extends beyond help desk support and is reflected in the information on the product and logistics information
- Poor communication leads to poor customer experience, which leads to lost customers

Actionable Outcomes

- Assess the root cause of inbound customer queries. Can the underlying issue be addressed to avoid unnecessary hassles and communication?
- Evaluate your current communication standards; is there a strategy in place to align them with your customers' expectations?
- Be prepared to support quick and effective communication through various channels on and offline
- Do your agents work off a script? Are there communication guidelines? Do you need to implement voice analytics or call recording to maintain quality?



7. Putting The Customer First

Several factors hold the online experience back - almost half of our respondents (47%) chose to abandon their carts due to lack of online help. In comparison, 44% walked away because the site was too slow, and 31% switched to a rival site because there was not enough product information.

Key Insights

- Locally, customer-first culture is not a prevalent approach to customer retention, despite being one of the key strategies for customer retention
- Customers know when they're not being prioritised and will go elsewhere

Actionable Outcomes

- Align your business goals and your CX goals, drive CX strategy from the top
- Develop customer personas to understand who your customers are
- Identify their needs and priorities
- Map user journeys and determine failure points
- Build a road map to a more customer-centric business model

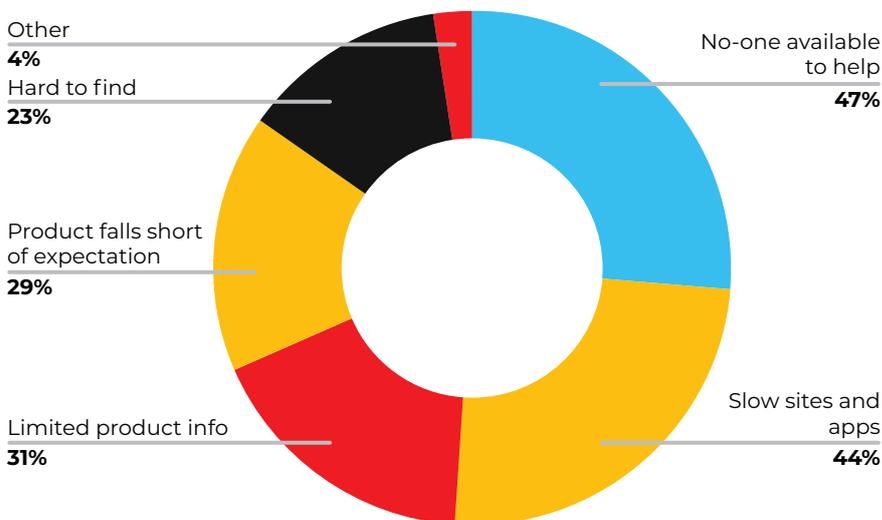
Do these numbers reflect a lack of a customer-centric business model that empowers self-service which is, after all, why most people go online in the first place?

"Absolutely" said ovatoyou's Amanda Reekie "Many of the issues that stood in the way of a great experience related to the way the offering had been designed. No amount of online finesse and functionality can hide weaknesses and a lack of customer-centricity at the heart of an offer. Customers have to be at the core of the design of a business from the start and this means including them in testing both business concepts and the end-to-end experience itself"

Clint Payne, senior manager, Customer Experience at MultiChoice recalls a quote (perhaps dubiously) attributed to Henry Ford - "If I had asked people what they wanted, they would have said faster horses." True or not, he maintains that a key component of delivering customer first, is to pre-empt customer needs with cutting edge market trends.

"Sure, you should ask customers what they want and need, but that information is just going to deliver "a faster horse" unless you can interpret it in a market context. Insight from this report could be the key to unlocking the market context and delivering today's Model T." Payne says.

RMB's Mumbi Odame maintains that a customer-first strategy should focus the organisation on what really matters, their customers.



"Without customers there is no business. Businesses know this, what has been difficult for most organisations is how to make it tangible. Creating a customer-first strategy allows the business to spend time thinking about not just the what, but how they will implement the strategy."

According to a global study⁸ conducted earlier this year, the challenge of building a customer-first culture ranks first (38%) for CX practitioners and second (37%) for industry commenters. The report goes on to state that 38% of all customer feedback never reaches the relevant business units.

Meanwhile, Harvard Business Review research⁹ finds that managers all too often take a dogmatic approach to business priorities, focusing on product and competitors, often putting customers as a distant third in their priorities (if at all).



Until businesses start making strategic decisions with the customer in mind, we can expect to see experiences that miss the mark.”

-Julia Ahlfeldt

Many brands have come to realise that the best customer service is self-service - something the owners of The Piggly Wiggly store discovered when they opened the world's first self-service supermarket in 1916. Once customers familiarised themselves with the concept, they appreciated the fact that they could shop faster while paying less than they would in rival clerk-operated stores.

After Sanlam Investments launched its online 'Robo-advice' investment platform a few years ago, there were some key learnings around user behaviour and the lower than desired conversion rates.

Clients felt unsure and overwhelmed by the entire process, often struggling to understand the complex world of investments. Coupled with this, they struggled to engage with a purely digital platform as the comforting human element was lost. What Sanlam sought to address was this knowledge gap, as well as the human-side to digitising their process.

After years of research and implementation, their newly integrated systems coupled with an overhauled CX resulted in significant improvement in conversion rates, as well as leads/enquiries. Conversion rates grew by just under 97%, whilst leads increased by over 300%.

Ya'eesh Cader, Head of Digital & e-Commerce at Sanlam Investments notes that “these numbers are proof that a CX designed for the user, taking out business bias and processes, has the ability to completely shake up a traditional business approach and subsequent results.”

Dane Reddy, head of digital at WesBank recognises that consumers have certain universal expectations of their service providers - things like digital accessibility; simple, helpful onboarding processes; and easy interaction with their accounts.

He's particularly proud of the simplicity and transparency of their digital vehicle finance application platform, which allows customers to visit the site from desktop or mobile, in their homes or on the dealership floor, and get a quick car finance approval in under 10 minutes. Long, intimidating forms are replaced with a series of short plain-language questions that guide customers along their way, for easy and engaging self-service.

“We wanted applying for finance to feel like a digital conversation, not an interrogation. Ultimately, we and our applicants want the same thing – so let's find out if it can happen. Simple. You tell us about yourself, and the car, and we'll immediately tell you whether you'd be approved for it or not. If not, we tell you what your options are.”

But, as Reddy notes, self-service only works when all aspects of the experience are functional and working in harmony. Digital CX is only as strong as its weakest link, and when basics like site speed or product information aren't up to scratch, the experience can quickly fall apart

“Communication needs to be a digital conversation, not an interrogation.”

-Dane Reddy, WesBank

Julia Ahlfeldt asserts that the customer experience typically falls down when it comes to product availability, delivery, payment, lack of communication. “These point to aspects of the experience that are likely the responsibility of different teams and determined by business decisions well outside of marketing or digital operations. Until businesses start making strategic decisions with the customer in mind, we can expect to see experiences that miss the mark”.

Creating an optimal online experience has been a secondary priority for all too many South African brands - something our respondents make all too painfully clear.

8 <https://www.cxnetwork.com/cx-experience/reports/customer-experience-2020>

9 <https://hbr.org/1999/07/why-good-companies-go-bad>

8. Behaviour Change - A Missed Opportunity For Online Grocery Stores?

In the 1950s, a prominent plastic surgeon, Dr. Maxwell Maltz, noticed an interesting phenomenon amongst his patients. When Dr. Maltz performed an operation, it took a patient 21 days to get used to their 'new' look.

Recently, a health psychology researcher, Phillipa Lally, sought to validate Dr. Maltz's assertions¹⁰. Over a period of 12 weeks, Lally asked 96 people to try one new habit. She discovered that on average, it took 66 days to turn that habit into an automatic behaviour.

Given that 61% of those who participated in the 2020 South African Digital Customer Experience study said that social distancing was a key factor driving them to shop online, the Covid-19 enforced lockdown could, if supported by good digital CX, accelerate the growth of ecommerce across a variety of categories.

However Nedbank's Kayser agrees that Coronavirus will push people to try digital, but if data is still costly, they will go back to physical shopping when they feel safe again. "People will choose a loaf of bread for their family over data"

Nearly three-quarters (74%) of our interviewees visited media portals for their daily news fix before the Coronavirus pandemic, while 13% did so for the first time after Covid-19 struck. Collectively, a third of respondents said they would read online news more frequently in the future. Reading the news is fairly easy, so increased news consumption through digital channels is likely to be a lasting habit.

But when it came to adopting ecommerce for grocery shopping, only 31% of our respondents said they'd done so before Covid-19. Some 15% did so for the first time during the pandemic and 22% of the overall sample said they would go online with greater frequency to buy groceries in the future.

Considering the data around new habits, have the bigger online grocers missed an opportunity that social distancing presented to establish new habits among consumers?

Online shopping is not a new behaviour and it was entrenched long before Covid-19 came along with 57% of interviewees having used ecommerce to buy products or services.

But the relatively slow uptake of ecommerce for groceries is puzzling. Perhaps the stumbling block that has prevented more past and current activity is the poor level of CX (either experienced or perceived) with online grocery stores.

The data supports this - 49% of our respondents said that the items they were looking for were out of stock while 34% abandoned transactions because of lengthy delivery timelines.

Valoyi's experience at Zulzi is clear: "Customers buy items to accomplish a certain mission and when that mission cannot be accomplished because of missing items from the stores it then ruins the entire experience for the customer. Product availability is the number one factor - particularly among grocers - that needs to be addressed to ensure that customers remain happy to shop online."

Furthermore, it seems that many of the larger online grocery stores (most of which are historically brick-and-mortar) were not prepared for the influx of new customers and were unable to scale fast enough, both from a stock and logistics point-of-view.

Amanda Reekie of ovatoyou states "Simply put, a poor experience negates the key benefits that consumers gain by using the online channel. Since convenience, speed and ease-of-use are the primary reasons for going online to get things done, it stands to reason that a process that is less than convenient or fails to deliver on time, will fall short of expectations."

Customers expressed frustration that fresh produce had passed its expiry date, that they were charged for out stock items, that substitutions were made without their consent, that sites were slow and that customer service was poor.

Smaller-scale and specialty grocery retailers quickly stepped in to fill the void.

¹⁰ <https://jamesclear.com/new-habitviewFile/4306/615>

Social distancing is not going away which means the larger grocery chains still have an opportunity to improve their online experience and retain or attract new customers **(41% of respondents said they would give the brand another try after a bad experience)**.

But there's also a lesson to be learned: remain agile, your customer's needs could change in a heartbeat and you need to be prepared.

Key Insights

- Establishing behaviour change may take some time, provided that there are no obstacles. It will be up to grocery retailers to make it easy for consumers to adopt online grocery shopping as a permanent behavior
- Bigger online grocery stores were unprepared for the large demand that COVID-19 would place on them. Their CX did not scale or adapt well
- There are still opportunities to recover. Social distancing will not go away soon and many people see online shopping as a better option when compared to shopping at brick-and-mortar stores

Actionable Outcomes

- Improve the experience of online grocery shopping - particularly around produce expiry dates, substitutions, delivery availability and online support
- Recognize that the needs of the online grocery experience may be different from other ecommerce experiences, tailor CX strategies and journeys accordingly
- Be prepared to delight when customers decide to give you another chance

“Simply put, a poor experience negates the key benefits that consumers gain by using the online channel.

-Amanda Reekie



9. Payment Issues

The study found that the most common reason for abandoning online purchases was an issue with the payment process.

Respondents said that payment options were limited and that not all banks were represented.

Almost half of our respondents (46%) were averse to entering their credit card details when shopping online - however, this did see some variance according to household income with 51% of those earning less than R10 000 per month expressing reluctance versus 36% among higher (HHI R30 000+) earners.

Of those who were happy to shop with their card, **42% claimed to have experienced a failure in the payment process**. This either came in the form of an outright crash or the site not confirming that their payment had gone through. Customers were left with no other option but to resort to reversing payments, which often required a trip to their bank's local branch.

To build confidence in the payment process Rahul Jain, CEO of Peach Payments, recommends that ecommerce stores avoid redirecting to an offsite payment gateway: "If the payment provider enables a no redirect solution then the consumer is more likely to convert. This is because their trust is with the merchant and staying on the merchant's site retains that inherent trust that took them there in the first place".

Kenneth Kayser from Nedbank agrees, noting that about four years ago, the third party payment providers (TPPs) started embedding their platforms into ecommerce sites. "This has helped build trust among consumers".

Kayser adds that interoperability will really open up financial inclusion. "Once peer-to-peer (P2P) payments are easy, it will open up digital commerce in the informal sector, in the townships and among those retailers who can't afford the fees associated with point of sale (POS) solutions. Cash send solutions can empower the whole township, improve customer experience and financial inclusion."

While the number of participants who expressed concern at using credit cards was surprisingly high, it could be that negative sentiment was being reinforced by the payment failure. A further contributory factor may be South Africa's relatively low credit card penetration - data from Payments Journal¹¹ suggests that there are as few as 4m active credit cards in the country.

¹¹ <https://www.paymentsjournal.com/credit-cards-south-africa-move-too-fast/>

Adding to the climate of fear is the sharp rise in **South Africa's concern about online privacy which grew by a whopping 67%** from 2018 to 2019¹², a clear sign that consumers are nervous when it comes to online payments.

Fraud is on the increase, and in its most recent report¹³, the South African Banking Risk Information Centre (Sabric) said the number of **fraud cases across all platforms had increased by 75%** in 2018 and had cost consumers just under R263m.

With this in mind, it makes sense that 63% of our respondents use the web for research only, preferring to pay a visit to a brick and mortar store to complete their transaction.

Jain adds that to encourage more online shopping, brands must support the user's choice of payment method while also recognising where and how they purchase. "Our data shows that in markets like Africa, the majority of consumers are engaging in digital commerce via mobile interfaces. It's not just mobile first - it's mobile only. Sites that do not place a premium on mobile experience will lose much needed revenue".

The inclusion of more payment options could easily mitigate the fear of credit card fraud. However, government should also be addressing these issues. In 2017, GEG (Global Economic Governance) Africa recommended the introduction and expansion of regional accreditation agencies. This has not happened as of yet.

According to Jain, merchants should look to emulate Amazon's one-click checkout or study how Uber managed to make the payment process so seamless that it became inconsequential to the customer's purchase decision.

Kayser reinforces this suggesting that a lack of

trust in the product or the retailer likely contributes to the popularity of cash on delivery payment. "As consumers do more ecommerce they will gain confidence, but only if the customer experience is good. If they do have a bad experience and try again, then every moment becomes a moment of truth."

"If they have a bad experience and try again, then every moment becomes a moment of truth.

-Kenneth Kayser



Key Insights

- Payments can be a significant hurdle in the customer's path to purchase, and a major source of cart abandonment (lost revenue) for online brands
- The reliability of payment solutions was a major pain point for consumers, as were concerns about security
- Consumers without credit cards may be left out of ecommerce until other options are widely adopted
- The majority of Africa's ecommerce transactions happen on mobile devices

Actionable Outcomes

- Improve of current payment options
- Minimise offsite redirects to payment gateways
- Work to enhance the mobile payment experience
- Educate the consumer, with a focus on recognizing fraudulent ecommerce sites and fostering awareness about security payment enhancements



It's not just mobile first - it's mobile only.

-Rahul Jain

¹² <https://www.statista.com/statistics/373322/global-opinion-concern-online-privacy/experience-2020>

¹³ <https://www.sabrics.co.za/media-and-news/downloads/>

10. Conclusion

So, where does this research leave South African brands and the digital CX community as they look to the future?



It's evident that the Covid-19 pandemic has encouraged greater levels of online engagement between organisations and their customers - particularly in the ecommerce space. However, many pain points in the overall digital experience need to be addressed if these new-found audiences are to become long lasting customers.

Some of these are basic housekeeping matters that can be solved with simple tactical interventions: there's little excuse for having a slow site or app in these days of low cost, elastic cloud based hosting. And it remains a concern that so many consumers cite a lack of suitably descriptive content as a major obstacle in their path to purchase.

Others need to be dealt with at a structural and strategic level. Inventory management, the logistics behind shipping, effective customer communications and building confidence (and more options) in online payment solutions will take time to resolve and require a more holistic, multi-disciplinary approach.

One of the more interesting findings was that, even in these financially-strained days, value trumps price as one of the most critical elements of an exceptional customer experience - it was notable how willing consumers were to switch between rival brands and even pay more for identical products / services if they believed the customer experience would be better.

Coupled to the value message was the revelation around the high level of advocacy engendered by a good experience. That in its own right merits serious reflection by marketers and a potential restructuring of campaigns to ensure sufficient emphasis is placed on translating this intent into action.

What is clear is that competition will intensify and markets will continue to be disrupted. If brands fail to deliver exceptional customer experiences they will see their hard earned customers go elsewhere.

About The Report Authors

Rogerwilco

Rogerwilco is a multi-award-winning staff-owned marketing agency with business units in Cape Town, Johannesburg and London.

The company offers a full range of digitally-led marketing services including strategy, creative, social, performance, development and marketing technology solutions to enterprise level customers and leading non-governmental organisations.

For more information on Rogerwilco visit www.rogerwilco.co.za

ovatoyou

ovatoyou is an online market research platform with a panel of well over 20 000 online respondents across South Africa, Kenya, Uganda, Nigeria, Tanzania and Mozambique.

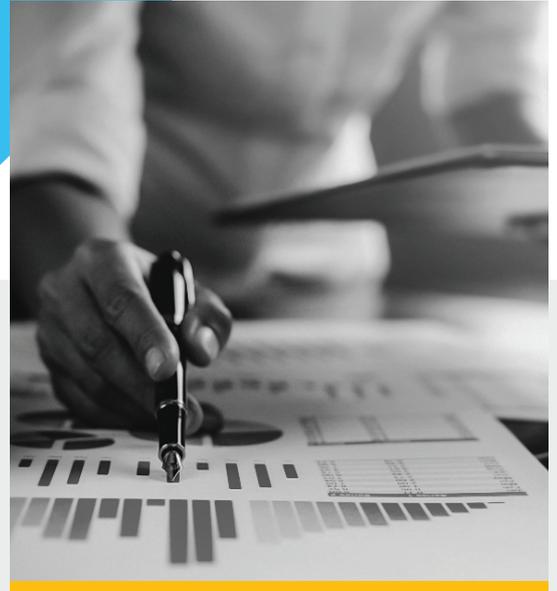
The company has the ability to give businesses and brands both the qualitative, immersive insight they need to understand their markets, as well as the quantitative data they need to make decisions. The platform and responsive panel allows ovatoyou to get results swiftly from a broad spectrum of online South Africans. Surveys can be scaled to meet the needs and budgets of clients with rapid project turnaround times.

For more information on ovatoyou visit www.ovatoyou.africa

Julia Ahlfeldt

Julia, one of the leading customer experience experts in Southern Africa and beyond, works with key stakeholders across business to improve competitiveness by putting the customer at the centre of the organisation. Her interventions range from conducting CX research to customer-centric strategy, journey mapping, experience design and creating CX frameworks and governance.

For more information on Julia and her services, visit www.julia-ahlfeldt.com



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