

THE R34bn OPPORTUNITY COST OF ONLINE CX

THE 2019 SOUTH AFRICAN DIGITAL CUSTOMER
EXPERIENCE REPORT

An independent study commissioned by digital marketing agency,
Rogerswilco with support from Julia Ahlfeldt (CCXP) and ovatoyou.

CAN ONLINE CX MAKE OR BREAK A SALE?

There are 18.43 million eCommerce users in South Africa today, with an additional 6.36 million users expected to be shopping online by 2021, yet eCommerce generates just [R14-billion](#), or 1,4%, of all retail sales in South Africa. This is in sharp contrast to the [USA's 14,3%](#) and [UK's almost 8%](#). While reasons for this vary – national smartphone usage, high data fees, access to the internet, etc. – new research suggests that brands are losing sales at the digital till point, with 71% of South Africans reporting that they abandon a sale, leaving a significant amount of money on the table: R34-billion p.a. to be exact.

This study sought to understand why: are sites too slow, are products out of stock, is the payment gateway clunky or do customers need service support before checking out?

To find out, digital marketing agency, Rogerwilco, teamed-up with Certified Customer Experience Professional (CCXP) Julia Ahlfeldt and researcher Amanda Reekie from ovatoyou to conduct a survey among South African consumers in Q3 2019 to better understand if a brand's digital CX can make or break a sale.



KEY FINDINGS

44,5% of South Africans said that they would increase the amount of business they do with a brand if they were pleased by its online experience.

Among those who earn more than R30k pm, if a brand pleases them, the likelihood of them doing more business increases to **57%**.

71% have abandoned a purchase or an online transaction: this accounts for a loss of R34-billion p.a.

53% said there is often no-one to help them online when they get stuck.

45% complained that sites or apps are too slow.

30% complained about a lack of information about a product or service.

99,7% confirmed they would share a negative experience with friends and family, which should put a thrill of fear into all brands.

32% would not use a brand again if they had a negative online experience, leaving brands with very little room for error.

49% of consumers have been disappointed by a brand, and **26%** of them would share their negative experience on social media.

48% still don't like sharing their credit card details online.

37% said because of online's shortcomings, it's easier to go into a store or a bank branch.

73% of consumers said that when they do invariably need to contact a business for help, they are most likely to use old-school email.

39% reported that retailers often were out of stock of a product.

METHODOLOGY

The 20-question survey was served to ovatoyou's panel of 18 000+ online South Africans through its App, website and social media platforms over the course of 14 days. 1 700 consumers completed the survey. The sample's demographics are:



74% female



26% male



14% - 18-24 years old
36% - 25-34 years old
34% - 35-59 years old
16% - 50+ years old



36% GP
25% WC
17% KZN

39% Black
31% White
17% Coloured



42% less than 10k
39% 10-30k
19% 30k +

EXPERT PANEL

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



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 eco-system of technology, processes and physical innovation. She is also responsible for digital marketing, precision marketing, CRM, LMS, Data integration, Data science and E-commerce.

Kia Abbott 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 our customer in our 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.



James Mentz runs award-winning digital agency Tenacity Works and is a co-founder of the information design startup, Agent Jones. For the last 24 years, from London to Cape Town, he's led teams that have designed and developed award-winning websites, mobile applications and corporate communications for clients like Microsoft, Nokia, Sony Ericsson, Unilever, GSMA, The United Nations, and The European Union.



As digital marketing manager at Gumtree South Africa, an eBay company, **Michael Walker** ensures that all marketing efforts work harmoniously to drive the best ROI. He has over 17 years of experience in the online world, across varied industries including ecommerce, search agencies and publishers.



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.



Luisa Mazinter is the Chief Marketing Officer of TymeBank – the first new retail bank to be launched in South Africa since 2001 and the first fully digital bank to go live in the country. She is also the Board Chair of the Mobile Marketing Association South Africa, sits on the International Advisory Board for the DMA India, and sits on the Board of the Ecommerce Forum Africa (EFA). She is invited regularly to be a keynote speaker and panellist at local and international conferences.



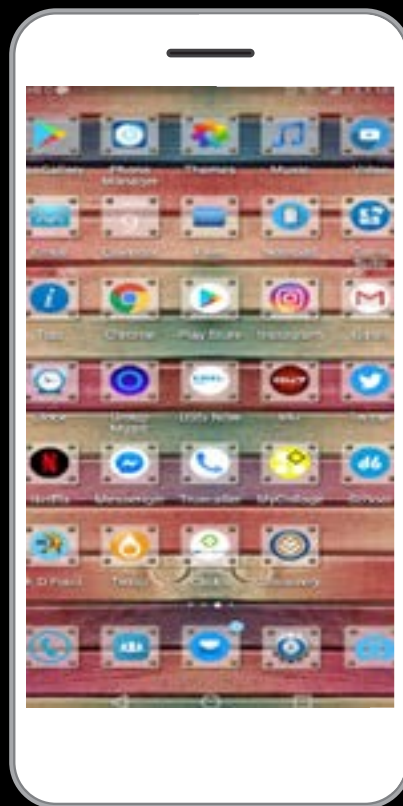
Customer Experience Professional (CCXP), **Julia Ahlfeldt** has dedicated her career to helping organisations gain market leadership through customer-centricity. She has worked with the C-Suite of businesses including Virgin, ABSA and Cell C to deliver on their brand promise and foster customer loyalty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

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 18 000 online South Africans. Amanda was nominated for Shoprite/Checkers woman of the year in 2006 for the womenNATION* project.



GREAT EXPECTATIONS

“Look at anyone’s mobile phone screen and it’s likely you’ll see local and international brands’ apps sitting side by side,” says Amanda Reekie. “Consumers dip in and out of these brands all day long, switching from Uber to News24 or Netflix to Takealot in milliseconds. And they expect a seamless experience across all of their apps; there is no differentiation in their minds between South African and global brands – they all need to work as well as each other.”



screenshot of a research participant’s mobile phone home screen

This presents a massive challenge to local brands: the Ubers and Amazons of the world employ the best CX and UX experts around, setting the bar very high. Their experiences are seamless and smooth, and as a result, “undercooked comparative experiences on a local platform will be particularly jarring and definitely not encourage customer loyalty or sales,” comments James Mentz.

Nancy Reddy concurs saying that “the more convenient and innovative one industry becomes, customers’ expectations increase across industries. There is no international or local divide, especially among millennials. The expectation is growing fast, and we can no longer differentiate ourselves locally. The world has become too small for people to separate their expectations or experience.”

THERE IS NO LOCAL AND INTERNATIONAL DIVIDE.
– Nancy Reddy

THERE'S AN APP FOR THAT

Despite the fact that customers have very high expectations of brands' apps, there is no shortage of local platforms popping up, with Namola, Snapscan, SweepSouth and EskomSePush considered to be among the [most essential](#) to have on a phone.

Consumers also tend to have a screen full of apps, often organising competing brands and services into easy-to-find pockets. They also multi-app, as is the case with financial services or telcos. "Gone are the days when you put everything into one basket, so to speak. If you look at banks, people are no longer banked monolithically; they have a bond with one, a current account with another and a savings account with another," says Luisa Mazinter.

BANKING AND PAYMENT APPS ABOUND ON SCREENS



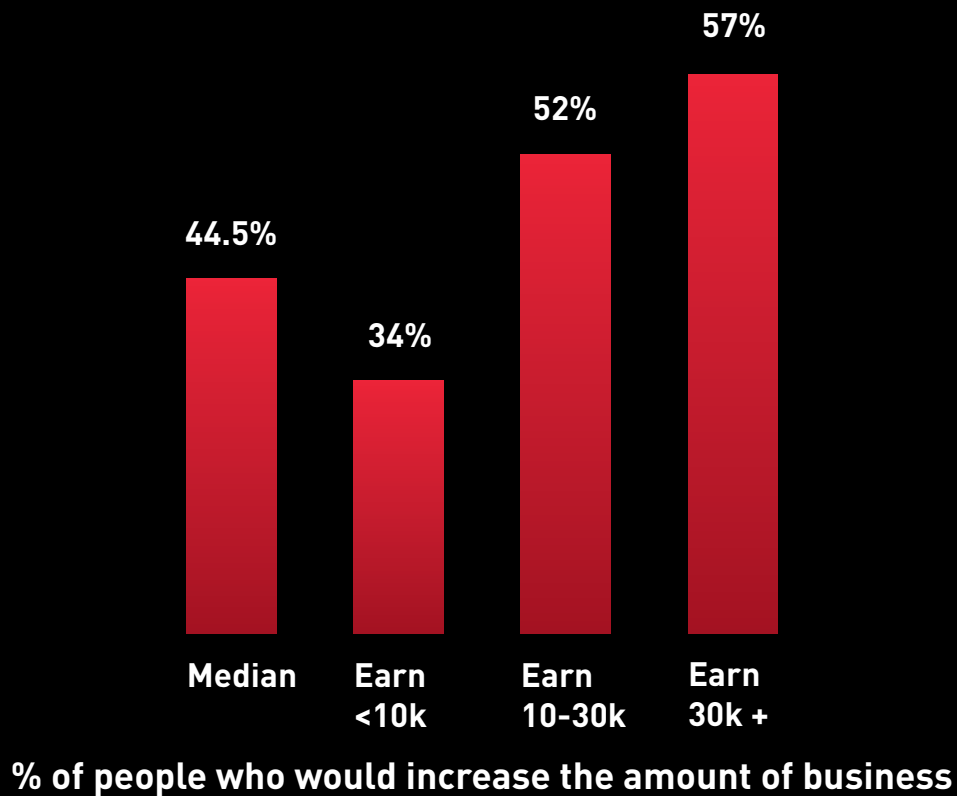
screenshot of research participants' mobile phone home screens

The implications for brands are significant, bringing new meaning to the concept of 'shopping around.' "In the past, customers might visit a few stores to compare a product or a price. Today, they have easy access to competitive brands just by opening up their apps – meaning there is very little margin for error," says Julia Ahlfeldt. "To overcome this, brands must invest more in their apps' usability to make sure that the experience is intuitive and not only as good as their nearest competitor but as good as Uber."

KEEP CUSTOMERS HAPPY

Among stand-out survey stats, the study found that 44,5% of the sample said they would happily give a brand more business if their online experience was good. This jumps to 57% among wealthier consumers. **Read that again: 57%.**

GOOD EXPERIENCES DRIVE REPEAT PURCHASE

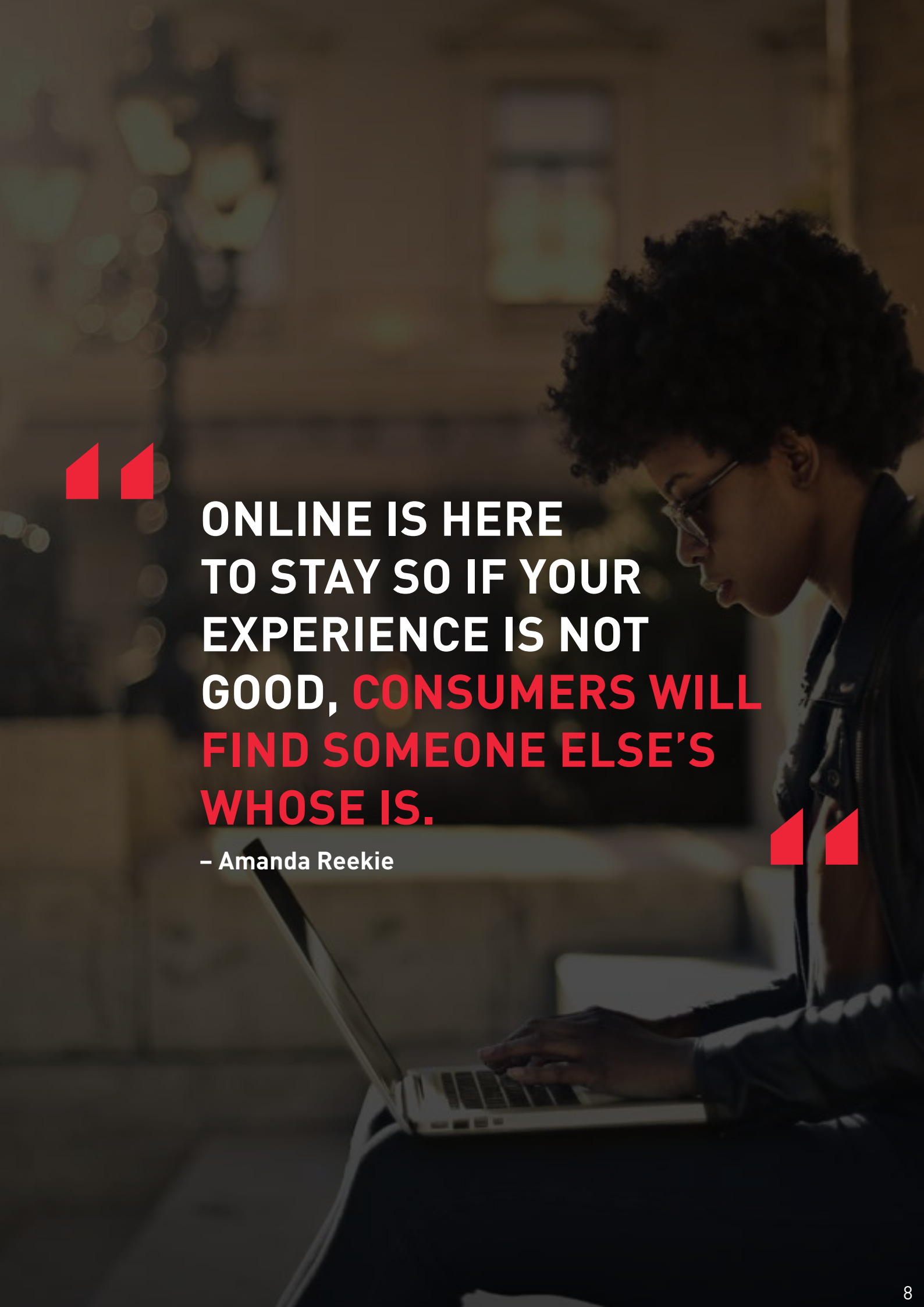


“Brands care a lot about the customers that can pay more. So if close to 60% of those earning more than R30k a month are willing to give you more business if your customer experience is good, then it significantly pays to invest in this. Don’t duck out of fixing your online experience; people are choosing to transact online, so it is key that brands fix these things,” says Reekie.

When a brand does improve its experience, customers reciprocate by displaying loyalty. So says the [Tempkin Group](#). It found that 86% of those who received a great customer experience were likely to repurchase from the same company. This compared to just 13% who received a poor CX.

“Take Netflorist, for instance. It reminds you in the morning that it is someone’s birthday and you can order and deliver on the same day. This is fulfilling a function in a consumer’s life, it’s highly useful. Websites make things easier, but if your online experience is not good, consumers will just find someone else’s whose is,” says Reekie.





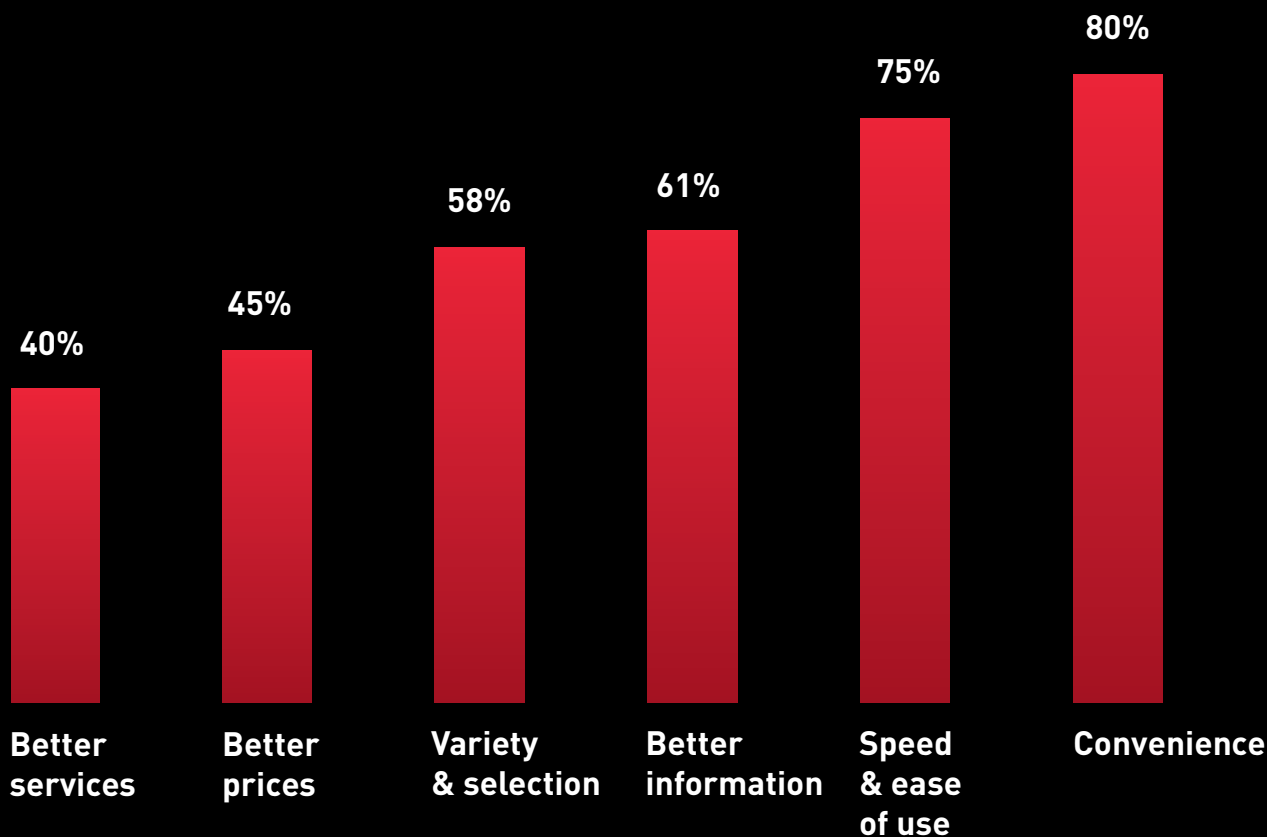
“
**ONLINE IS HERE
TO STAY SO IF YOUR
EXPERIENCE IS NOT
GOOD, CONSUMERS WILL
FIND SOMEONE ELSE'S
WHOSE IS.**

– Amanda Reekie

THE GOOD AND THE BAD

So what constitutes a “good online experience”? Convenience (80%), speed and ease-of-use (75%), better information (61%), variety and selection (58%), better prices (45%) and service (40%).

ONLINE OFFERS CONVENIENCE



“Whether it is a bank, a retailer or an entertainment brand, what people expect from an online experience, compared to when they do it in the real world, is convenience; they don’t need to drive anywhere. You need to build around the concept of flow, ask if it’s intuitive and simple to understand and doesn’t need an instruction manual,” says Luisa Mazinter.

Yet, while some brands are delivering against these fundamental consumer needs, many others are not: 20% of those surveyed said that brands’ sites are hard to navigate, 34% report sites as being slow and a noteworthy 39% said that it is hard to get customer service or support online.



Emphasising this last point, when consumers were asked if there was any part of the online experience that often didn't work, 53% complained that there was no-one there to help when they got stuck.

WHERE ONLINE FALLS DOWN



"There needs to be improved on-demand support for customers, and they also need to look at why customers need help to make online purchases in the first place – you shouldn't need a support service if the experience works. What is failing in the customer journey that is causing customers to feel that they need support? This is a big red flag. Digital shouldn't be a channel where you need customer service, it should be seamless self-service," comments Ahlfeldt.



**DIGITAL SHOULDN'T
BE A CHANNEL
WHERE YOU NEED
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IT SHOULD BE
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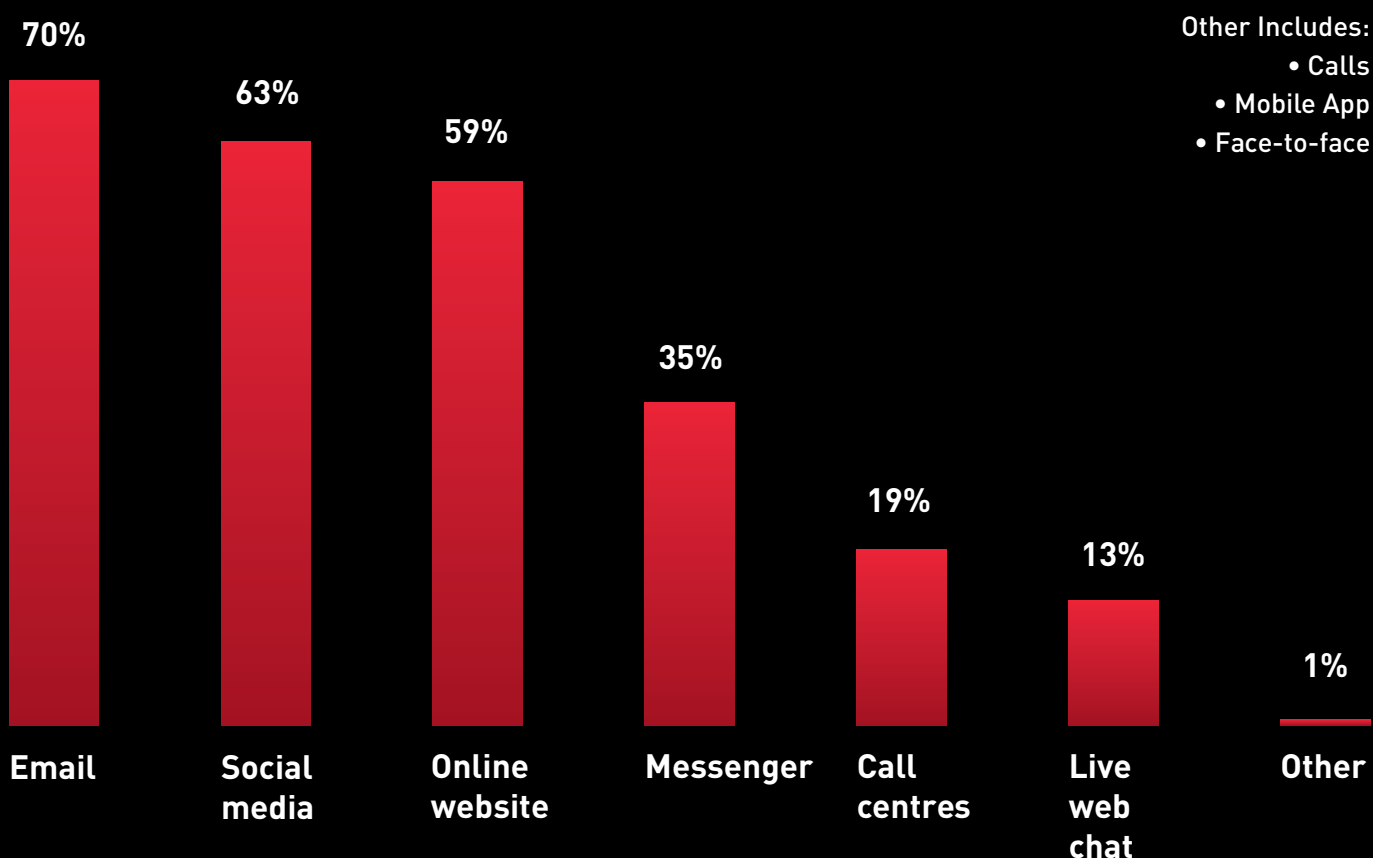
– Julia Ahlfeldt

SNAIL MAIL STILL TOPS

When consumers do invariably need to contact a business for help, they are most likely to use old-school email (73%). This is particularly true of older consumers. Social media is the second most used channel to engage with a brand (63%).

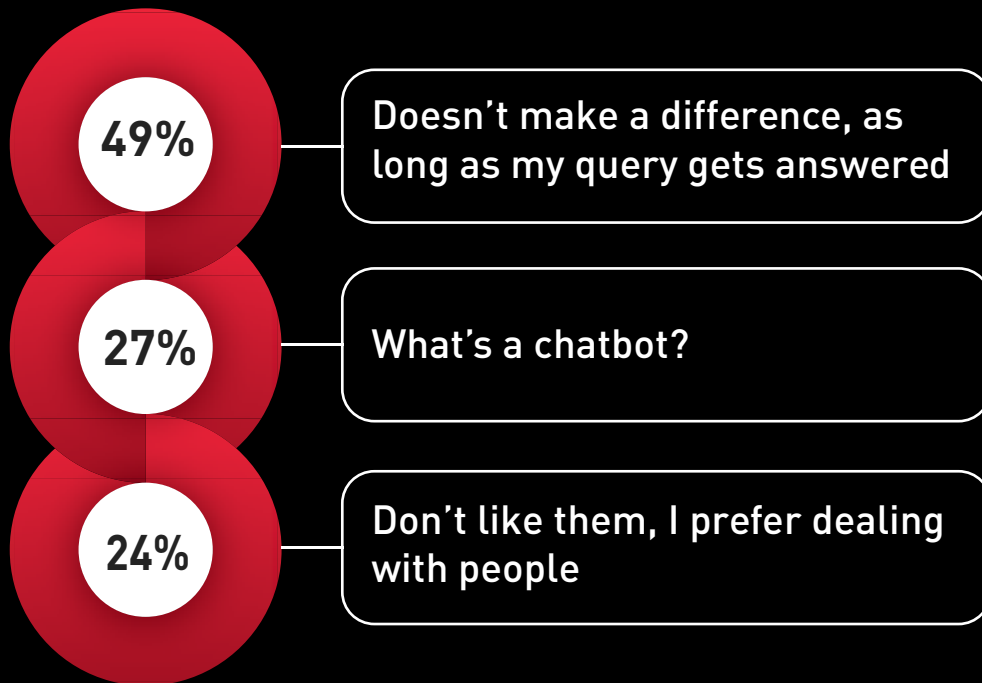
MULTIPLE CHANNELS FOR BRAND ENGAGEMENT

NOTE: Messenger (29%) and social media (39%) are less used by the 50+ age group, and email is used less by the 18-24 age group (64%).



Call centres (19%) and live chat (13%) were the least preferred mediums to use. On the one hand, this is good, as call centres are expensive cost centres for brands and the digitisation of the process is more economically viable, yet on the other, chatbots have yet to be widely adopted by consumers, as evidenced by the fact that among those surveyed, 27% did not know what a chatbot was.

BOT AGNOSTIC - JUST SERVE ME



NOTE: There is an income skew to this response. Within the 30k+ income, far fewer people (22%) didn't know what a chatbot was.

"Too few people have been exposed to brands with chatbots where you get an immediate response. There is a lot of misconception about what a chatbot is. Businesses can address this by creating a persona that has some human traits which make it more relatable. Anything that can ease the journey is a good thing," says Stewart. "Doing so can lead to a [30%](#) saving in customer service costs. Furthermore, chatbots are bringing in the bacon; it is estimated that by [2023](#) retail sales via chatbots will account for \$112-billion!"



BY 2023 RETAIL SALES VIA CHATBOTS WILL ACCOUNT FOR \$122-BILLION.

– Charlie Stewart



Yet despite the obvious commercial benefits of chatbots, it might not always be the right platform to use, especially in the retail environment which is dynamic and ever-changing.

"A percentage of our customer service queries can be solved using AI, but the majority can't – highly personalised recommendations are an important part of our offering. Over time we intend to build a repository of information that will enable AI chatbots to deliver at a similar standard, but this is years away. Will a chatbot be able to talk a customer through the essentials for a summit of Kilimanjaro; it will take time before it can really understand customer needs. Retail is so dynamic, it is so hard to make sure that the chatbot is up-to-date with all our product information – humans have an incredible capacity for new information; in-store the guys learn about new products all the time," comments Kia Abbott.

When consumers do engage with a brand online, they have very high expectations of response times and expect 24/7 immediacy.

“When you are looking for a customer service person in-store, a customer can easily see who is available to help, and who is busy. Online, if you click the chat button and you don’t get immediate service, it’s not satisfactory; the same goes for 10pm at night. To solve this with human resources inside, a customer service team is an expensive proposition. People don’t expect stores to be open all hours of the day; the expectations of online are harder to meet,” comments Abbott.

A man with a beard and glasses is pointing at a computer monitor. The monitor displays several mobile app designs. The background is a blurred office setting. A large black diagonal bar is overlaid on the left side of the image.

PEOPLE DON'T EXPECT STORES TO BE OPEN ALL HOURS OF THE DAY; THE EXPECTATIONS OF ONLINE ARE HARDER TO MEET.

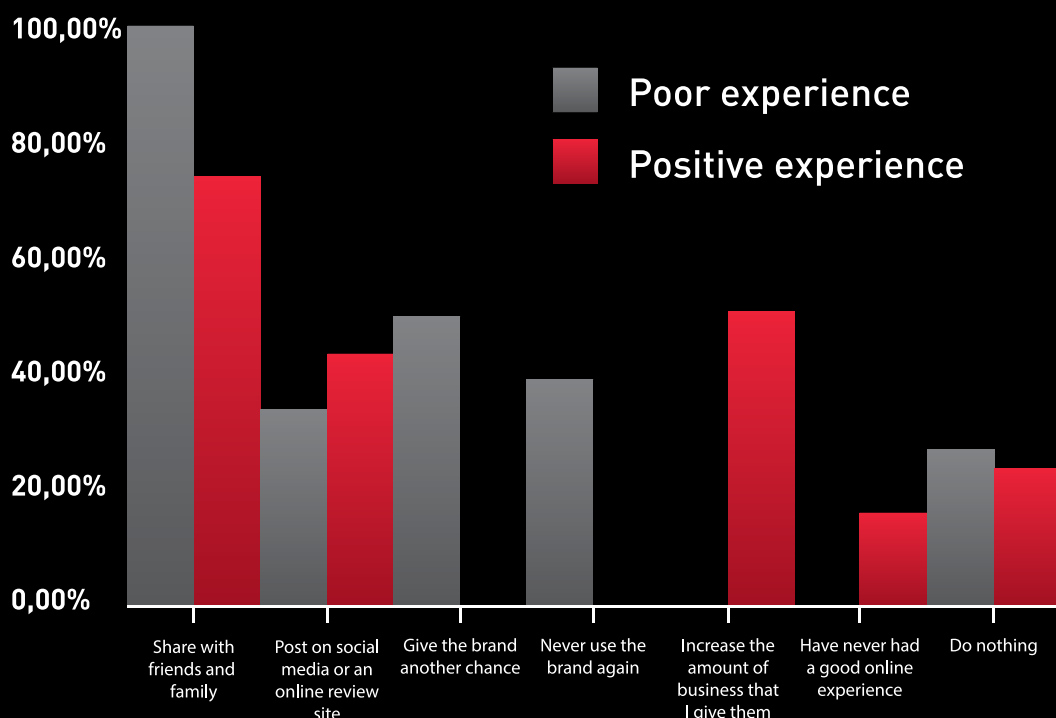
– Kia Abbott

VICIOUS VENTING

When they don't get what they want from a brand or have a negative experience, consumers very quickly make it known: a whopping 99% of those surveyed said that they would complain to friends and family, while 26% take to social media.

BRANDS SHOULD FEAR A SCORNE CUSTOMER

Negative experiences are shared by almost everyone to friends and family but it is encouraging to see how many people claim to also share positive experiences and to swing more business to the business that has impressed them.



"In a world where people rely more and more on advice and recommendations from friends and family – and that then influences them as to where they spend their money – these experiences are more powerful than above the line marketing; you believe your friend over an ad. For existing brands, if there are negative experiences out there, it just piles onto the brand. People still talk about experiences that happened years ago; it's hurting you today and will hurt you tomorrow. On the other hand, those who had a good experience leads to a repurchase (44,5%). I think that if brands can look at this and understand this, that if I deliver a good experience, then 44% will spend more and recommend to friends and family, what is the knock-on effect of this? Experiences are the silent killer; you don't feel the pain until it's too late," says Ahlfeldt.

EXPERIENCES ARE THE SILENT KILLER; YOU DON'T FEEL THE PAIN UNTIL IT'S TOO LATE.

– Julia Ahlfeldt

HUMANS HAVE UPPER HAND

Despite digital platforms' many attributes, almost a quarter of those surveyed still prefer dealing with a person. This is especially true for financial services.

"When considering our customer journey, across income groups, consumers prefer to engage with us through human-manned channels. They're comfortable with searching for information in the first part of their journey, when looking for options to meet their needs; however, when they get to the buying phase they seem to be hesitant to make that in a digital environment and they want to fulfil the buying decision in a human environment, such as a call centre or face to face. This is a nuance of financial services as people tend to like human touchpoints," comments anonymous.

Reinforcing this preference for a human over a machine, 37% of those surveyed said it's easier to go into a store or a bank branch.

ONLINE PAIN POINTS

48%

I don't like putting my credit card details in online

39%

It is hard to get customer service or support online

37%

It is easier to go into a store or bank branch

34%

Sites are slow

20%

Sites are hard to navigate

"One of our strengths is our in-store experience, both the physical experience for people to try garments on and the quality of our customer service in-store, who also give recommendations and can talk you through products; having that level of engagement online is not so easy. So I don't think we will lose our bricks and mortar business anytime soon as it sets us apart from Amazon," says Abbott.

PUT OFF BY ONLINE PAYMENTS

Despite the growth in online shopping – according to Arthur Goldstuck's Online Retail in South Africa 2019 study, South Africans were anticipated to spend around R14-billion this year, recording a consistent growth of 20% year-on-year – a significant number (48%) of consumers are still nervous to share their credit card details online.

"This is a big red flag. If consumers feel that their details are not secure, that is an issue. In the US, where I am from, no one thinks about card security. Brands need to invest in more secure payment options and educate consumers about the security that they have in place as they might not have communicated this to consumers," comments Ahlfeldt.

Mazinter concurs saying that "regulation has become even better with 3D secure for instance, this has been the gold standard since 2014. It is surprising and maybe the industry isn't doing enough to tell customers, so when they hear about an international breach they might feel insecure."



**WHEN PEOPLE HEAR ABOUT AN INTERNATIONAL BREACH
THEY MIGHT FEEL INSECURE.**

– Luisa Mazinter



BUILD A BETTER EXPERIENCE

Security might not be the only culprit; if a brand invests too little into a site's online experience it could be disappointing consumers so "sadly, instead of understanding that the online channel can be one that people will return to if the experience is reliable, trustworthy and consistent, companies blame the online channel itself and invest less in the space instead of more." This is according to the team from [Yuppiechef](#), one of South Africa's most famous ecommerce players.

Stewart agrees saying that "at a minimum, brands need to make sure that there's live chat during working hours by implementing a bot and they must fix up their site speed. This will provide a better CX and, with Google emphasising site speed, it'll drive more customers to the site. Writing decent product descriptions is also an essential fix as is encouraging customers to review a product or service," says Stewart.

Among brands that have got it right is Nordstrom, a US retailer. It heavily invested in its ecommerce platform so it wouldn't be left behind in the online shopping arena as shopping habits changed, a move that, in 2018, resulted in it generating [23% of its sales](#) from its online store, accounting for more than a third of its total company sales.

Locally, Naspers has seen a similar surge, reporting in March 2019 that its revenue climbed 16% to \$19 billion. This after it strengthened its [e-commerce segments](#): internet revenues were up 18%, and internet trading profits rose 11% as many e-commerce units accelerated their profitability.

"Brands are hell bent on brand building and client acquisition – at the detriment of conversion. I see brands throwing heaps of money to get people to their sites and then they spend less on creating an ideal environment when they get there. If they curb their acquisition budget and put it into the very fundamental elements to give it a better experience, they will convert more customers. It costs five times less to retain a customer than to acquire one, so I'd caution organisations to curb their brand growth before they've addressed their online site's experience," says Stewart.



**BRANDS ARE HELL BENT ON BRAND BUILDING
AND CLIENT ACQUISITION – AT THE DETRIMENT OF
CONVERSION**

– Charlie Stewart



Emphasising this point is [Marketing's Metrics](#) insight that the probability of selling to a new prospect is 5-20%, while the probability of selling to an existing customer is 60-70%.

Mentz agrees and says, "A user-first approach will result in UX that moves towards a frictionless outcome and drives more conversions."

A case in point is eBay. "We consistently see that customers who have a seamless experience on our platform spend more money with us, so it makes clear commercial sense for us to continue to identify and remove points of friction. This can be as simple as enabling buyers to set up alerts so they are notified as soon as a product they're looking for becomes available and having automated prompts that guide advertisers on how to categorise their products with tools that rate the quality of the images that accompany their ads," comments Michael Walker.



OMNI-CHANNEL: CHALLENGE OR OPPORTUNITY?

It's clear from this study that South Africans are not entirely satisfied by brands' online experiences, and many still want some degree of human interaction. For brands, this means that they need to deliver across platforms, both physical and virtual, to provide the customer with what they want, when they want it, seamlessly. But it's not an easy task says, anonymous, "The utopia of omni-channel is difficult. Not many players get it right."



THE UTOPIA OF OMNI-CHANNEL IS DIFFICULT. NOT MANY PLAYERS GET IT RIGHT.

– Anonymous



Some are certainly trying. "We have created a customer experience department to ensure cross-functionality with a single accountability so the organisation can link all aspects of the business to support a customer experience which covers the entire customer journey from digital to physical, including the dealerships. As we automate, the challenge lies in getting the skills plus cost required to get all the systems and technology working together. South Africa is in need to develop digital, programming and systems specialist skills. This means the future dealer and even the sales consultant of the future is rapidly changing," says Reddy.

Ahlfeldt concludes by saying, "Given the rate at which South Africans are coming online and using the digital platform to engage with and buy from brands, businesses should be investing far more than the average [10 - 24%](#) of their marketing budget on their sites, to prevent them throwing millions of Rands down the drain thanks to high incidences of shopping cart abandonment. This is estimated to be costing brands R34-billion a year.

Site speed, good UX, offering customer support and making sure products are available online are all relatively easy things that brands can do to improve their customers' experience and which when implemented will significantly increase sales."



A REPORT BY

Rogerwilco

HIGH PERFORMANCE DIGITAL MARKETING

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With thanks to our expert commentators

