

Measuring digital
touchpoints

TAKING CHARGE OF YOUR ECOMMERCE DATA STRATEGY

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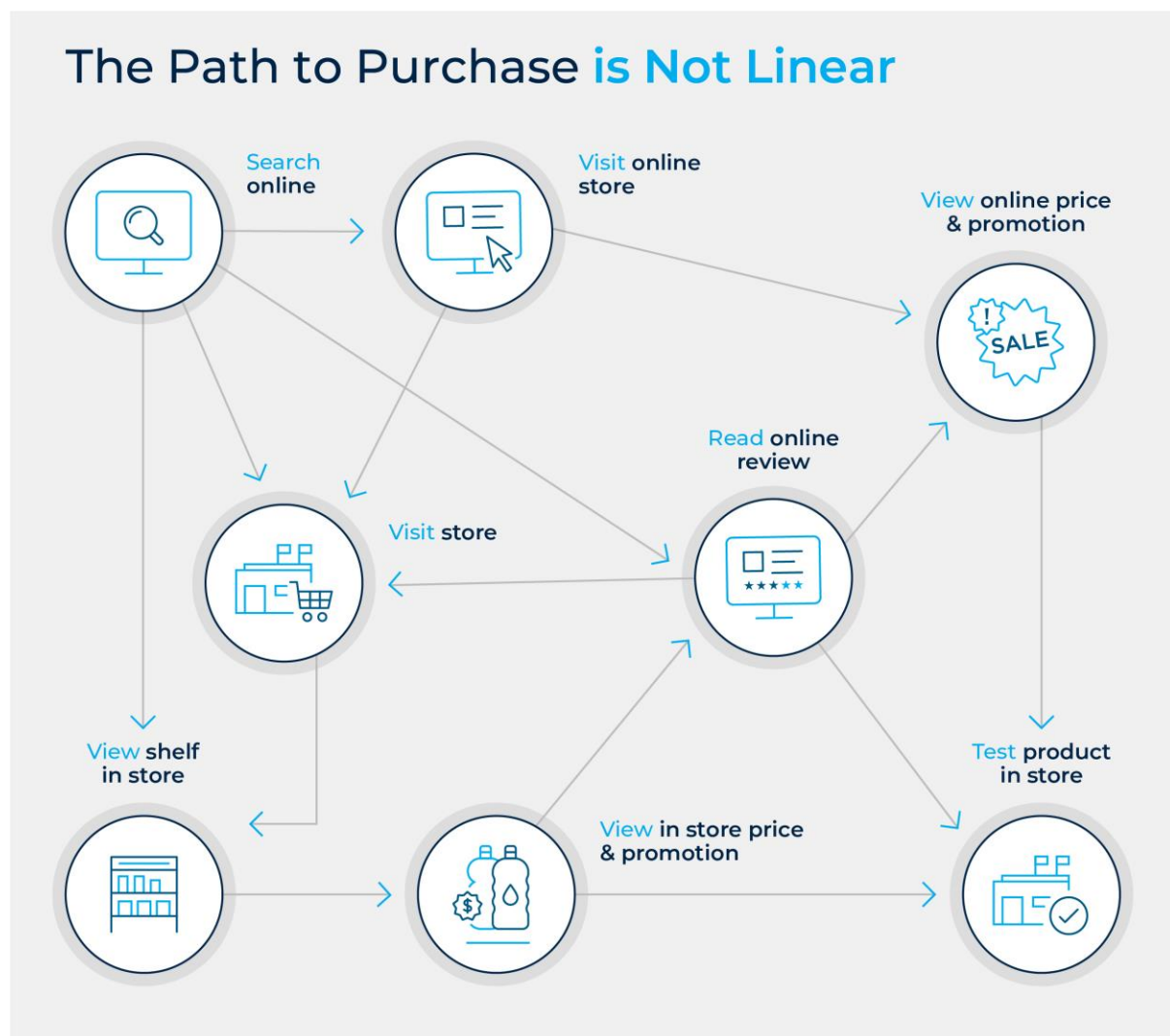


INTRODUCTION – USHERING IN THE OMNICHANNEL SHOPPER

The linear customer journey has been scrambled.

Today's path to purchase includes multiple touchpoints both off and online. Brands are having to prioritise and measure their data strategy to keep up with the demands of more informed customers with a range of competing products at their fingertips.

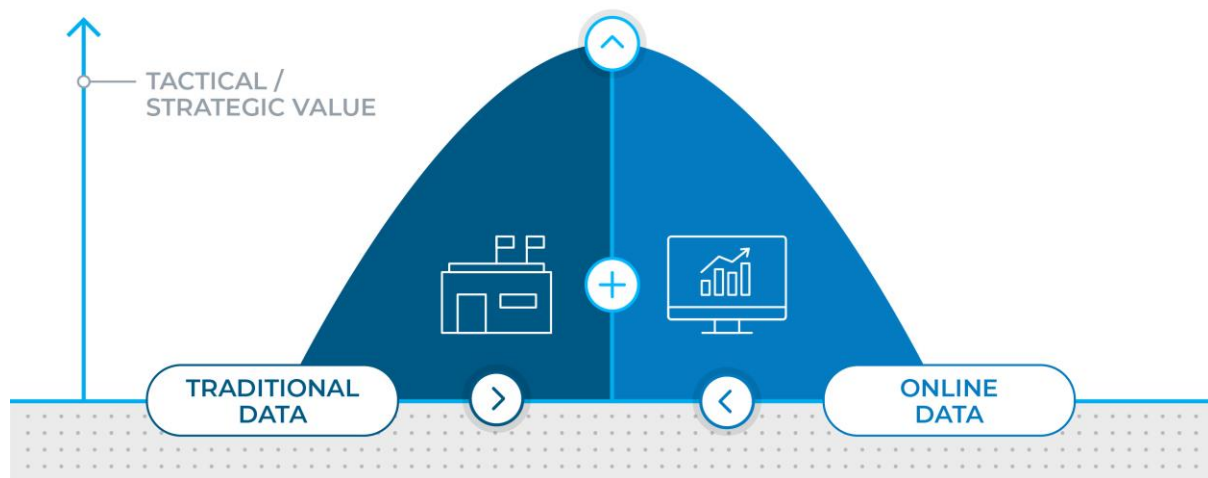
The evolution of the omnichannel shopper, who uses a combination of brick-and-mortar and online channels, is a massive opportunity for brands and poses a dangerous risk if ignored. The opportunity lies in the data.



UNDERSTANDING THE ONLINE DATA OPPORTUNITY

Historically, manufacturers have relied on traditional data (e.g. ePOS, ex-factory, distributor data) to measure value generation across the supply chain to achieve brand success. However, with the pervasiveness of the internet and eCommerce, manufacturers now have the potential to source additional online data (e.g. search data, eCommerce product listings, blog/social media data). This can be integrated with existing traditional data to measure and draw tactical and strategic insights at each customer touchpoint.

Integrating Traditional and Online Data



To capitalise on the eCommerce data opportunity, it is vital to understand the eCommerce landscape, the customer journey and how to measure the digital shelf.

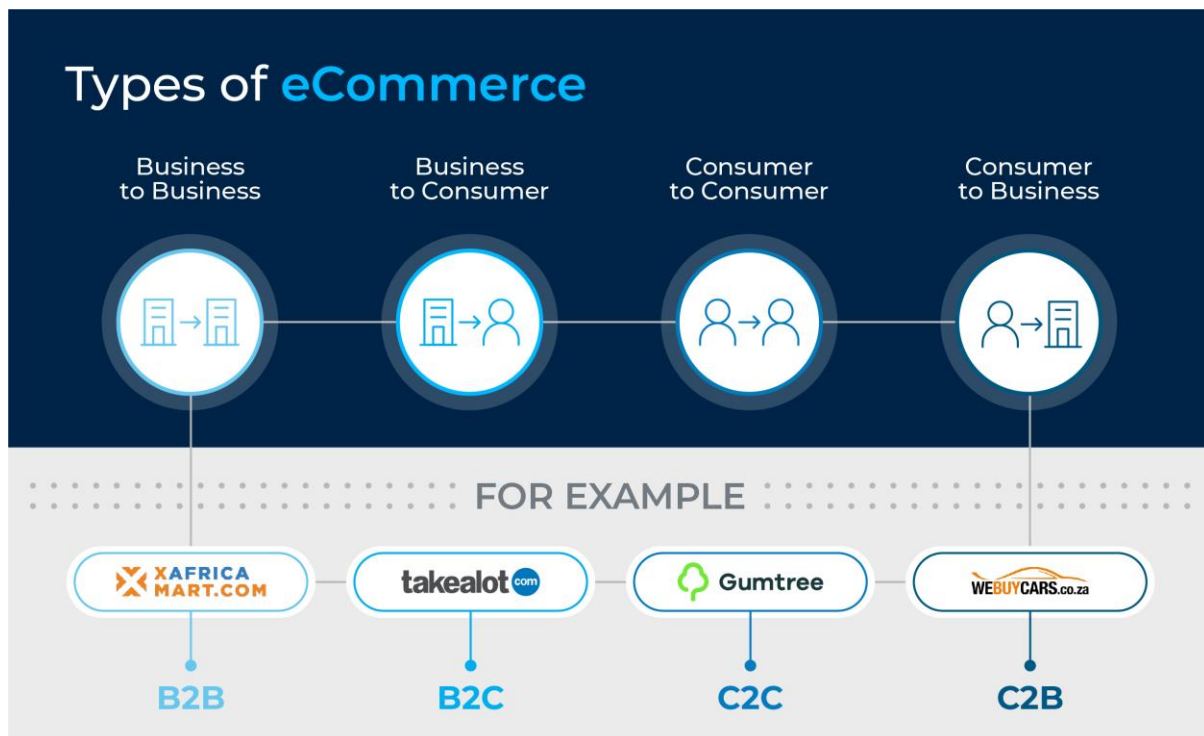


Defining eCommerce

When formulating an eCommerce data strategy, manufacturers need to understand the various eCommerce segments and channels available to them.

eCommerce is broadly defined as the buying and selling of goods or services on the internet by consumers and businesses. Over the years, eCommerce has evolved to include mCommerce which is the use of handheld devices like cell phones or tablets to conduct online transactions.

eCommerce can be segmented into: B2B (Business to Business), B2C (Business to Consumer), C2C (Consumer to Consumer) and C2B (Consumer to Business) each with their own unique considerations.



eCommerce can be split between two main channels: retailer web stores (e.g. Pick 'n Pay Online) and online marketplaces (e.g. Takealot). An online marketplace is an eCommerce website platform where third parties can sell their products or services to consumers. These online marketplaces can also be integrated into social media channels (e.g. Facebook Marketplace) and search engines (e.g. Google Shopping).

eCommerce has been growing steadily and has been further accelerated by Covid-19

While the onset of pandemics, like SARS and more recently Covid-19, have accelerated eCommerce growth, the industry has been steadily growing in popularity since Michael Aldrich first invented electronic shopping in 1979.

Statista predicts that eCommerce will reach 22% of global retail sales by 2023. Retailers who fail to incorporate eCommerce into their business models are at risk of falling behind. In 2020, retailers Neiman Marcus, JCPenney, and J. Crew all filed for bankruptcy, while online superstore, Amazon is now worth more than America's largest nine retailers combined.

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Global Retail Sales (\$ bn)



Source: Statista, August 2020

● eCommerce ● Non-eCommerce

There has been a surge in eCommerce orders during Covid-19 with a 146% YoY growth in all online retail orders in April 2020 (Forbes)



Consumers will increase their online shopping post Covid-19. 44% of consumers say their increased online shopping during Covid-19 will continue in a post Covid-19 world (ChannelAdvisor)



SARS provided Alibaba the greatest chance to promote, at that moment everyone was forced to use the Internet.

Former CEO, Alibaba
David Lee



There was the quantum shift. We probably advanced two to three years in terms of online demand because of Covid-19.

CEO, TFG
Anthony Thunstrom



10 Largest Public Retailers by Market Value



Source: Deloitte, <https://www.visualcapitalist.com/amazon-worlds-most-valuable-retailer>

1 July 2020

The eCommerce opportunity in South Africa is significant as it grows off a small base

While the eCommerce channel in South Africa is relatively small (1.4% of retail industry. World Wide Worx) compared to other more developed countries, the opportunity is enormous and rapidly growing. According to an Accenture research report released in August this year, SA online sales are expected to grow almost three times (19% p.a.) as fast as in-store sales (6% p.a.) in the period between 2018 and 2023.

- eCommerce makes up only 1.4% of South Africa's retail industry yet in the United States and China it is closer to 20% (World Wide Worx, 14 May 2020)
- Covid-19 has kick-started this growth. SA eCommerce revenue saw a 24% growth in 2020 as a result of the Covid-19 pandemic (Statista, 25 August 2020).
- SA consumers plan to increase their online shopping. 40% plan to increase their online purchases post Covid-19 (McKinsey, August 2020)

As a mobile first economy it is essential that manufacturers also consider the mCommerce opportunity with 96% of active internet users accessing online portals from their phone.

South Africa Market Size Growth CAGR 2018-2023



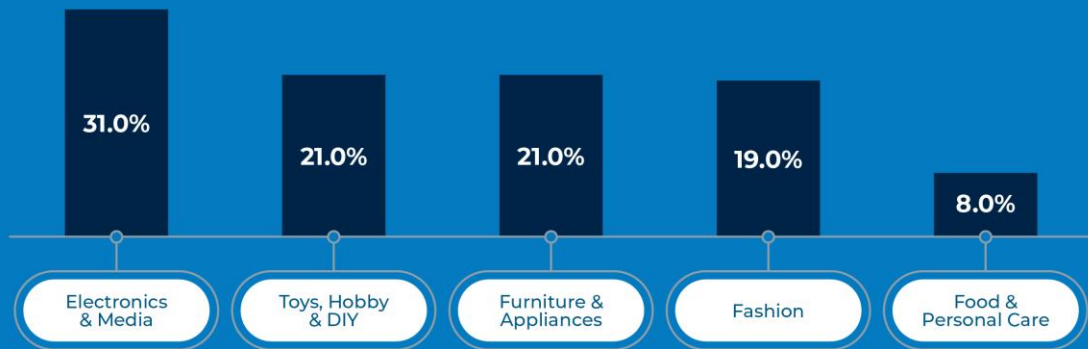
Source: Accenture research based of Euromonitor International data, August 2020

Despite it's relatively small size, over the last decade the South African landscape has evolved to include several pure-play eCommerce retailers (and online marketplaces) as well as traditional brick-and-mortar retailers who have launched online offerings (hybrid retailers). It is worth noting that while the online offerings of traditional retailers are still relatively small in revenue terms, they are growing at a rapid pace.

Historically, electronics and media have dominated online retail, but the Covid-19 pandemic has accelerated the rise of other categories (e.g. food and personal care).

- Takealot is South Africa's largest online retailer with 33% market share in 2019 (Euromonitor International). Its revenue was R7bn for the year ended 31 March 2020 (Naspers Integrated Annual Report)
- The rest of the eCommerce market is fragmented with Superbalist second largest (5.5% market share 2019) and Pick 'n Pay third largest (4.2% market share 2019) (Euromonitor International)

Category Market Share by Online Revenue



Source: ecommercedb.com, August 2020

eCommerce Websites in South Africa

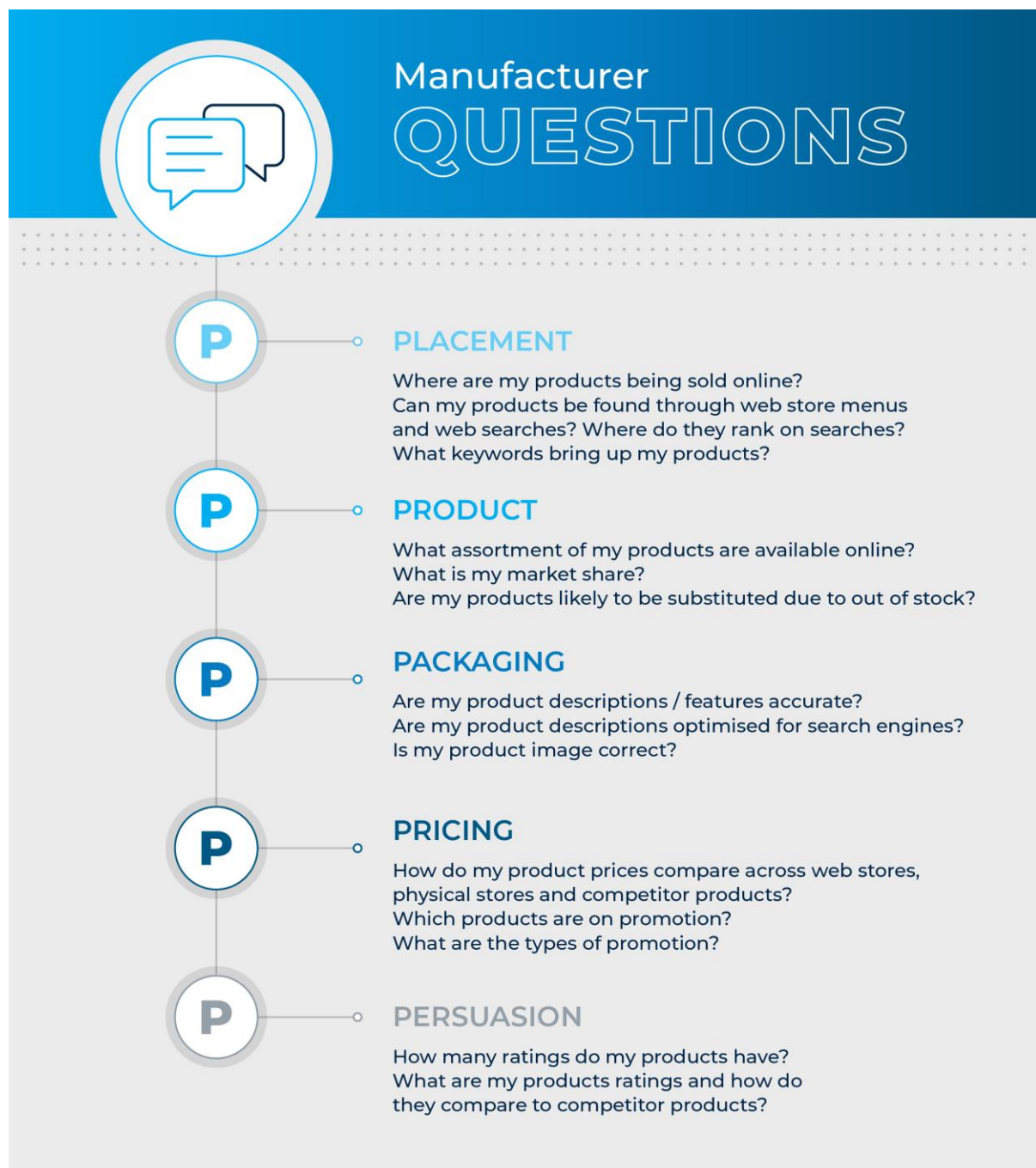
MULTI-CATEGORY	ELECTRONICS	FASHION	WINE SELLERS	OTHER
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Source: <https://weetracker.com/2018/10/26/the-african-e-commerce-saga-chapter-south-africa/>

QUESTIONS MANUFACTURERS SHOULD BE ASKING

With the evolution of eCommerce and the increasingly complex shopper journey, manufacturers need to gain insight not only at each one of the brick-and-mortar customer touchpoints, but also at each digital touchpoint. However, data for data's sake is unnecessary. It is important to understand how to leverage off the data available to enable manufacturers to execute on their eCommerce data strategy. Without these key insights, manufacturers are likely to fall behind their competitors.

We classified the questions manufacturers should be looking to answer into our 5P's of eCommerce: Placement, Product, Packaging, Pricing and Persuasion.



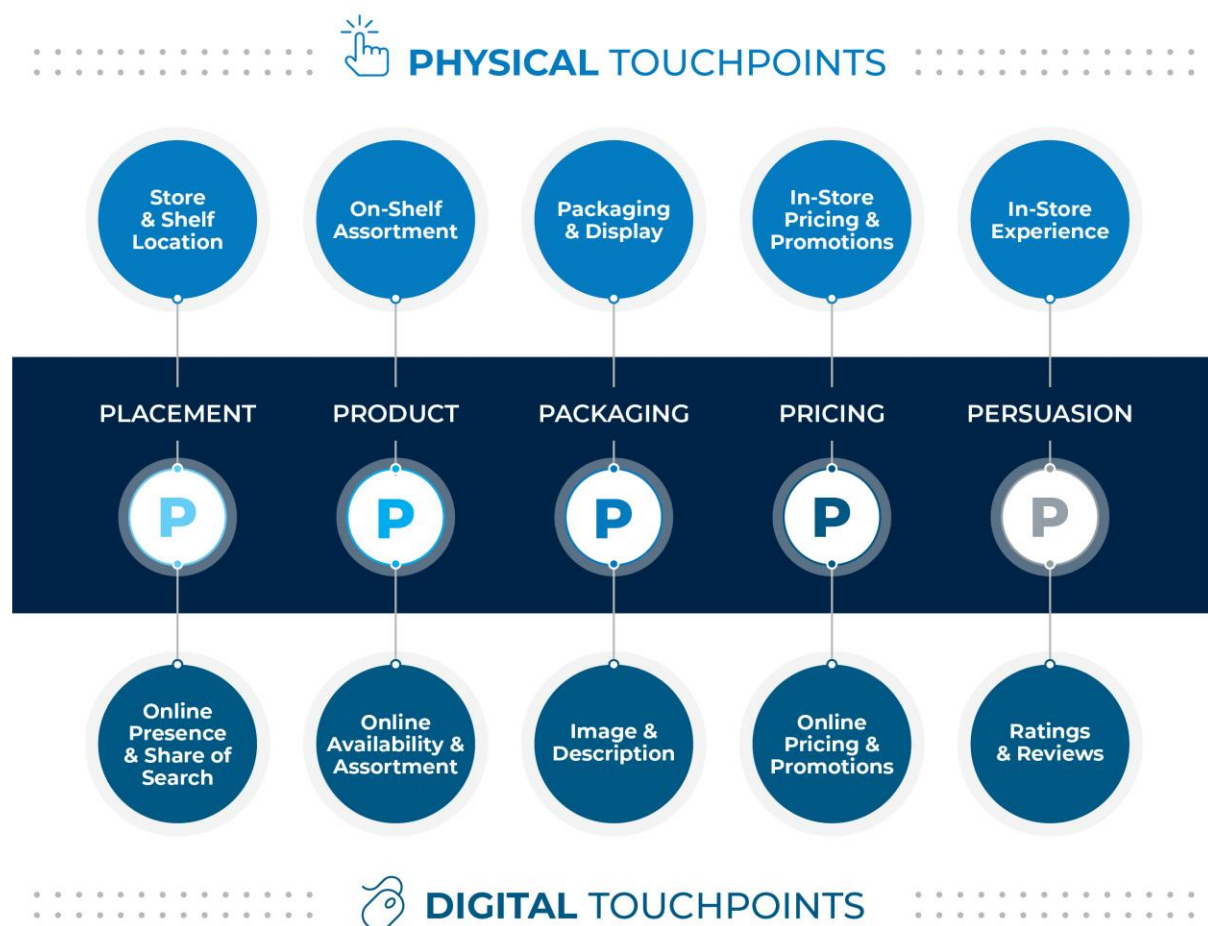
SIMPLIFYING THE CUSTOMER JOURNEY

To answer these questions, we simplified the customer journey by isolating the digital touchpoints from the physical touchpoints, while still recognising that the omnichannel shopper may visit these touchpoints in a non-linear way on their path to purchase.

While the physical touchpoints are well defined, quantified and reported on; digital touchpoints are less understood and measured. Additionally, manufacturers have less control of these digital touchpoints as they can't dictate the search ranking, assortment, availability, and portrayal of their products online.

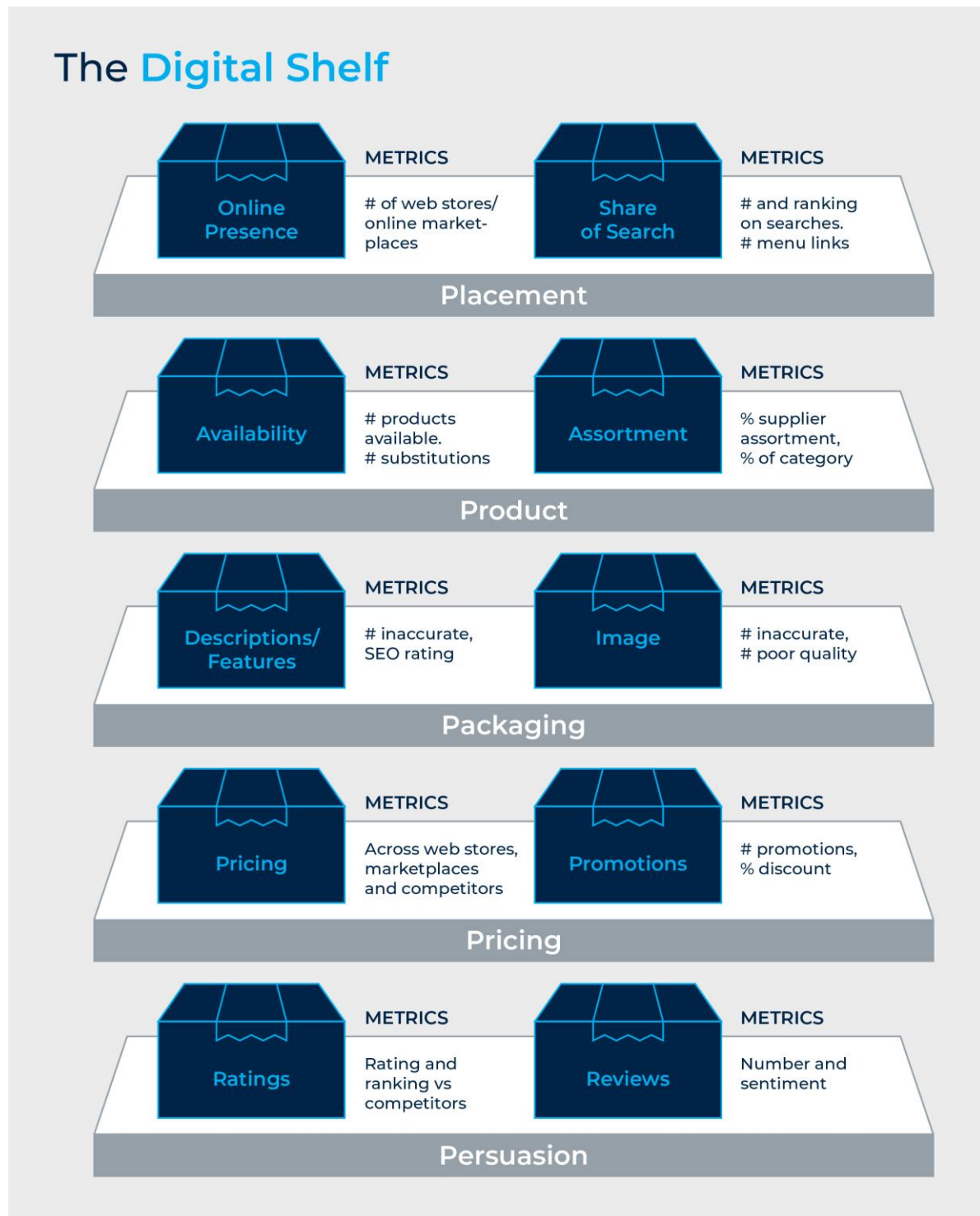
It is becoming critically important that they can measure these touchpoints to inform their eCommerce data strategy and optimise the positioning of their brands online.

To assist in drawing a comparison between the physical touchpoints and the digital touchpoints we again classified the touchpoints into the 5P's of eCommerce:



MEASURING THE DIGITAL SHELF

These digital touchpoints are known as the digital shelf. Here quantifiable metrics can be defined for each section of the digital shelf under the 5P's.

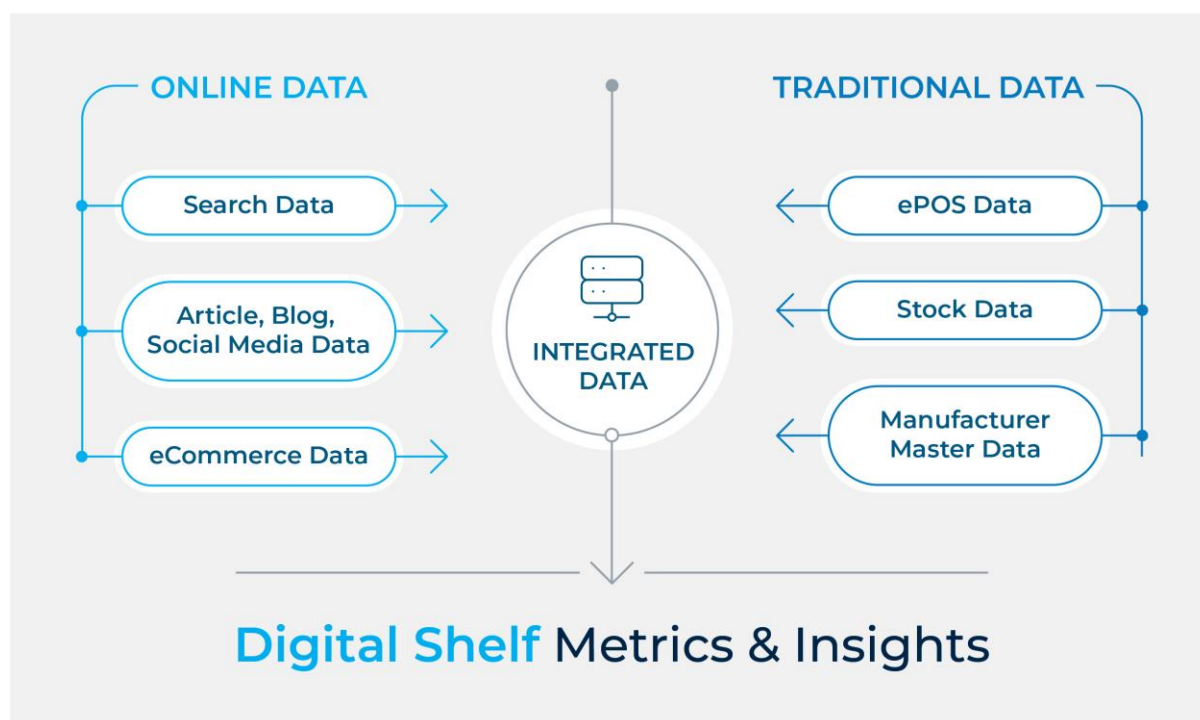


Now that we have defined the digital shelf and associated metrics, one needs a data-led approach to measure the metrics and ultimately execute on an eCommerce data strategy.

Measuring metrics in a brick-and-mortar setting has historically relied on traditional data from ERP systems (e.g. ePOS, ex-factory, distributor data) where the usage is negotiated between parties. However, for measuring the digital shelf we need to integrate this traditional data with online data (e.g. search data, eCommerce product listings, blog/social media data) to deliver the insights. This online data is publicly available on the internet and can be harvested using technology such as web crawlers and scrapers.

Data integration is vital

Importantly, data integration is key to combining the multiple traditional and online datasets to provide a single view of the data and generating consistent insights. Looking at the datasets individually, on disparate analytics platforms, will result in a fragmented view and a loss of intelligence.



While online data is critical in calculating metrics on the digital shelf to make tactical decisions, it can also be used to make broader strategic decisions around brand awareness, business models etc.

Data integration unlocks the true value for a manufacturer.

CONCLUSION – TAKING CHARGE OF YOUR ECOMMERCE DATA STRATEGY

Consumers have evolved into omnichannel shoppers requiring brands to develop an eCommerce data strategy that measures key performance metrics at each stage of the customer journey, whether that be physical or digital, to succeed.

It's not a question of when to invest in such an eCommerce data strategy in this rapidly growing digital landscape, the question is how.

While it is possible to develop in-house capabilities to extract, warehouse and analyse large datasets, the barriers to success are high. A defined data strategy, sophisticated data extraction software, Big Data IT infrastructure and data analyst/science expertise are but a few requirements to develop in-house capability.

The alternative is to partner with an external firm who has the depth and breadth of understanding in data management and analytics to assist in formulating a data strategy, leverage off a robust data platform and generate data-led insights.

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