

# Global e-Commerce expected to hit \$6 trillion

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## ONLINE TOOLS THAT WILL CHANGE THE BUSINESS LANDSCAPE

In 1995, the first online order was placed on Amazon for a book. 25 years later and the e-commerce industry has revolutionized the way we shop. And it has evolved to meet the current and changing needs of customers across the globe with fairly limitless capability. Whether it's improved integration, customisation, enhanced return policies, or fast delivery, all these changes have taken the world of e-commerce by storm. And 2020 is here to push those boundaries' even further.

COVID-19 has thrown the entire e-commerce landscape for a loop, with consumers' buying behaviours seemingly changing overnight. While some trends have accelerated, others have declined unexpectedly, however, the impact your brand is feeling depends largely on your industry.

It is estimated that e-commerce worldwide will reach \$6trillion in 2020 alone. This is nearly double the amount reached for 2019. The reason behind this shift is largely contributed to the pandemic forcing the hygiene sensitive customer to shop within the confines of their homes. However, other factors need consideration.

For a start, consumers becoming more adaptable to new trend and technology in the wake of the Crisis. Customers are displaying higher levels of trust when it comes to online purchases. This is largely due to increased payment security, better website usability and generational influence.

In addition, new payment technology has seen increased customer onboarding in the last year. Contactless payments and QR codes, in particular, are fast becoming adopted by customers in South Africa. Mastercard saw the number of contactless transactions grow 13 times as

fast as non-contactless payments since the start of the pandemic. And online payments have grown 10 times faster than face-to-face payments within the retail sector alone. This is a strong indicator of where businesses need to place their focus to remain relevant in today's world.

Also, with employees suddenly working from home, there was a sharp uptake in the demand for internet. This increased online accessibility is no longer a barrier for a large part of the consumer base in SA.

Furthermore, Machine learning is playing a part in optimising the service offering available to customers. For example, let us consider mobility as a service. The ability for machine learning to optimise routes in order to reduce travel times. Thus, the frictions that use to exist and prevent customers from going online, has steadily been replaced with frictionless services due to this technological gem. It enabled Uber to branch into food deliveries and Amazon to enter the African market. Therefore, payments alone did not attribute to the uptake of customer spending online, but other elements of technology that lead to better customer services.

Payments will always form a large part of the customer journey, and up until recently, South Africa's e-commerce was held back by supporting technology that was only partially developed. But with the birth of technologies like mobility as a service, the online market is perceived as less risky than physical exposure with much greater convenience to boot.

## WHERE IS THIS ALL LEADING TOO?

The future is leading to a new type of customer dubbed 'The digital native', who is better informed, more connected and adapted to online technology.

As a result, businesses have to change to deal with more transparency, have clear value propositions, reduce their brick and mortar for a larger spend on web services, and ensure data security at all costs.

In short, the business of the future needs to ensure a seamless and frictionless process that offers convenience to the digital customer.

## THE BOTTOM LINE...

The way that we do business is changing at a faster pace due to unanticipated conditions. Some of these new trends indicate a sharp shift to e-commerce with reduced reliance on physical presence. It is important for businesses to keep a close eye on these developments.

**Start thinking now about how you can adapt your presence online to better fit the needs of the 'digital natives'.**