CM.com Report

Understanding the Gap

Between what SA consumers want, vs what businesses are delivering online.

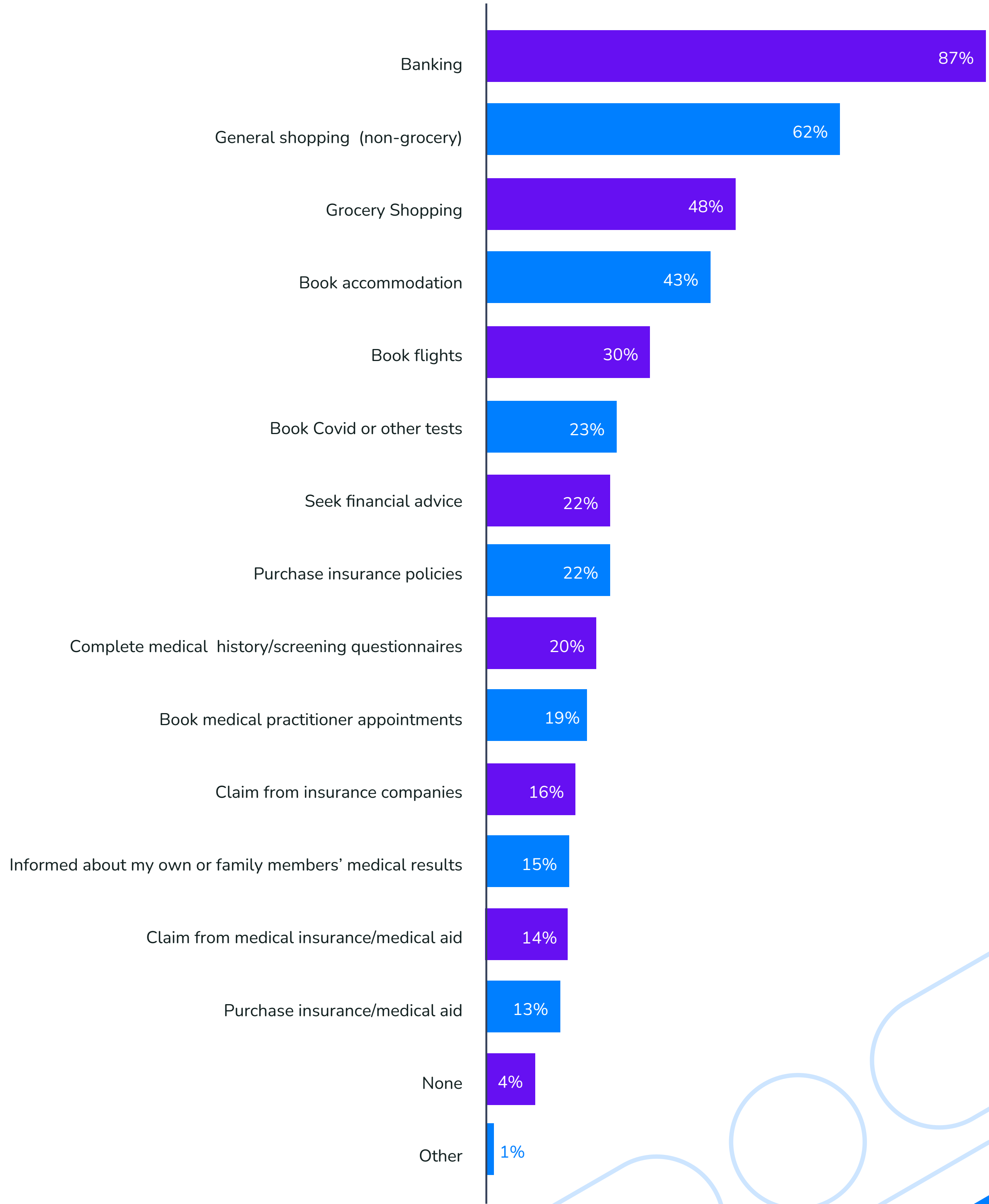
Online, For Everybody And For Everything

Even a few years ago, it was inconceivable that South Africans would embrace online to the extent they have today. Now, life has moved online for people across all income brackets in South Africa.

The appetite for online banking and for purchasing grocery and non-grocery goods has been well established, fuelled in part by the pandemic and the resultant lockdowns.

87% of this sample claim to use digital channels to bank, 62% use digital channels to shop for non-grocery items and 48% to shop for groceries.

Q. Which of the following have you ever done online or through digital channels?



Other includes:
Shopping for clothes and beauty products, Looking for and applying for jobs, Attending classes online, Renewing driver's license, Online trading, Booking transport (bus tickets)

But what is noteworthy is the increasing percentages of purchases in other sectors: over 40% of this sample has booked accommodation online and 30% has booked flights. Even insurance policies have been purchased online by more than a fifth of this sample.

Although people across various age and income brackets have embraced online, there are some differences in the extent to which the different segments choose online as a channel to get things done.

Unsurprisingly, those earning a household income of more than R10 000 a month are more likely to bank online and do grocery and non-grocery shopping online, as well as to book accommodation and flights and purchase insurance only.

More affluent households –those earning over R30 000 a month – tend to be very deeply entrenched in the online space and use it significantly more than their less wealthy counterparts. They are more likely to complete medical screening questionnaires, book medical appointments, claim from medical aid and insurance companies, keep informed about medical results for themselves and their families and even purchase medical aid.

As people of all ages and incomes become increasingly confident using the internet, there is likely to be a larger demand to move services online that used to be done via other channels: in branches, in store, on the phone or via email. Only 4% of this sample did not do any of the highlighted activities online, although even those respondents completed the survey on the internet.

This mass movement online offers huge opportunities for businesses willing and able to keep up. By removing friction and making transacting online easy and pleasant for customers, companies can acquire new customers, increase sales, improve customer satisfaction and free up staff for more tasks that add value. There are also massive benefits for the bottom line, as online channels are undoubtedly less costly to manage.

By implication, this broadens the number of industries that need to consider how well they are able to provide end-to-end online services both to existing and to potential customers.

Neverending Shopping Channels

In its infancy, online shopping was driven solely by websites. Now, South Africans want to shop wherever they are, on any device – and what makes this more complicated for retailers is that different age groups appear to have different preferences.

At a glance, websites and mobile apps appear to be the most popular shopping channels. However when you add together Facebook and Instagram, social media actually dominates, with nearly a third of the sample (27%) claiming either Facebook or Instagram as their preferred platform for shopping.

As there is no significant difference between usage statistics for website and apps for shopping, it is clear that a mobile-first design is a prerequisite for any ecommerce platform.

The rise of WhatsApp is also worth noting: there are now more people claiming to use WhatsApp for shopping than there are using online classifieds.

Q. When shopping online, which of the following mediums (online channels) do you prefer?

Instagram 9%

Websites 24%

Online classifieds 11%

Mobile Apps 23%

WhatsApp 14%

Facebook 18%

This picture becomes even more interesting when viewed through the lenses of income and age. It is clear that, to serve the broad market, ecommerce businesses need to be able to offer services and ecommerce seamlessly across all platforms.

Eighteen to twenty-four-year-olds significantly less likely to shop on websites and apps, but are more likely to shop on Instagram. Twenty-five to thirty-four-year-olds are more likely to shop on mobile apps, while 35-49 year-olds are more likely to shop on Facebook and less likely – along with the 50+ age group – to shop on Instagram.

The numbers also skew somewhat along income lines. Those earning household incomes under R10 000 a month are less likely to shop via websites (browsers), and those in households with an income over R10 000 a month are more likely to shop on websites. Those in the highest income brackets –households earning over R30 000 a month – are more likely to use apps to shop and less likely to shop on WhatsApp.

Facebook's parent company, Meta, has done an impressive job of leveraging its extended reach as a social media giant and has become the powerhouse of classifieds, dwarfing actual classified sites. The internet does tend to be a "winner-takes-all" environment and this is a good example of that.

WhatsApp, another Meta entity is another such powerhouse, not only being used for shopping by 37% but also the chosen channel for communication by 52%.

Businesses Are Not Keeping Up With The Surge In Online Activity

For most customers, the biggest barrier to moving even more of their business online is poor user experience. Only 9% of this sample could see no issues with online channels, and simply preferred offline channels. The balance of the 35% who claim to prefer personal contact have other issues with online channels. This implies that improved online experience could convert them. People with a preference for offline channels tend to be older and less affluent. They prefer the real world, especially for shopping, where they like to be able to make sure the items are fresh or of good quality, or to try on items in store.

Q. What stops you from doing more online?

42%	I don't like getting stuck in a loop with automated responses	Online could be better
25%	Online businesses are not responsive enough	
22%	Businesses have no human when I get stuck	
35%	I prefer personal contact	Preference
32%	In-person service is better than online service	
24%	It's easier to phone	The online channel under delivering
22%	My problem does not get solved online	

42% of this sample cite getting automated responses as being their key issue, 25% believe that online businesses are not responsive enough and 22% would like a human there when they get stuck.

“Nothing stops me from shopping online, but the automated response would be the worst culprit”

Male, 35-49 years old, KwaZulu-Natal

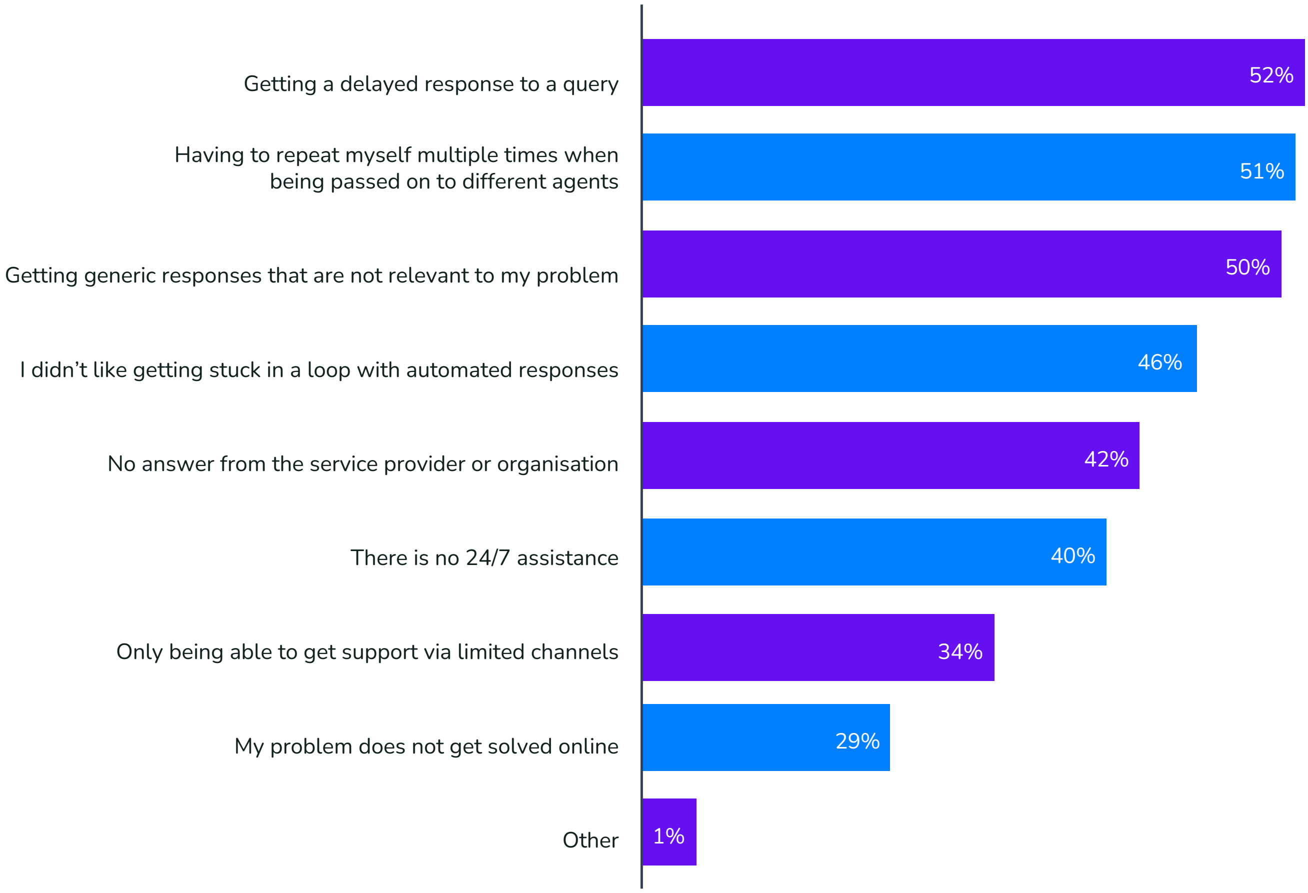
“I’ll buy anything online except shoes and clothes. I like to go see the product in the store and fit it as well. I am very worried about ordering from a site like Wish and then getting clothes that don’t fit. The hassle of exchange is too great”

Female, 35-49 years old, Gauteng

Key frustrations when trying to resolve a problem online were ultimately all linked to a lack of convenience. The advantage of online is its immediacy and its constant availability; this convenience is negated by delayed or generic responses, by customers having to repeat themselves frequently and getting irrelevant automated responses.

Businesses Are Not Keeping Up With The Surge In Online Activity

Q. What is you biggest frustration when trying to resolve a problem online?



When businesses fail to resolve their customers' key frustrations, those customers are very likely to switch. The opposite is also true: businesses that can solve these frustrations better than their competitors are likely to come out on top.

55% of the sample said that getting no answer from a service provider or organisation is the issue most likely to make them switch from one service provider to another. Getting a delayed response to a query is a switching risk for 53%, while getting generic responses that are not relevant to their problems increases the likelihood of switching for 46% of the sample. 39% claimed that they were at risk of switching if they could only get support via limited channels.

Q. Which of these are most likely to make you switch from one service provider or organistion to another?

55%	No answer from the service provider or organisation
53%	Getting a delayed response to a query
46%	Getting generic responses that are not relevant to my problem
39%	There is no 24/7 assistance
35%	Only being able to get support via limited channels
18%	Nothing, I stick with the service provider or organisation I know
1%	Other

It is clear that being able to answer people immediately and to answer their questions correctly first time at any time of the night and day are what businesses need to retain their existing customers and stop them from switching.

The correlation between frustrations and switching is undeniable; fixing key frustrations is likely to lead to increased levels of customer retention.

Q. What would help you close the gap between your expectations and the service levels you actually get?

71%
Immediate response to my queries

64%
If companies offered more convenient and instant support wherever I am transacting or shopping (for example live chat)

53%
If I'm able to shop and get services wherever I prefer to transact or shop online

It is important to note that the opposite is also true: not being able to solve these core frustrations will mean that more will have to be spent on acquisition, as customers will continue to switch out of the offer in favour of those that are able to serve them efficiently online.

Q. What would you say is a realistic and acceptable waiting time to get assistance or get a problem solved?

36%	24%	20%	18%	2%	0.1%
Immediately (in real-time)	Within an hour	Within one business day	It depends on the situation	Within one business week	Unsure

The pace of change has been swift, and it's only going to get faster. Businesses not only need to keep up, but to find ways of getting ahead of the curve and anticipating changes before they happen.

Online users will become increasingly demanding, and businesses will be judged against the best in class in not only their own sectors but other sectors as well. Banking appears to have led the way in terms of satisfaction across all of the sectors. Banks have been rewarded by high usage levels, which in turn has allowed them to improve their margins. They have been able to close branches and still keep satisfaction levels higher than in other sectors.

The Empowered, Impatient Consumer Is Here To Stay

Convenience is a key driver for going online and these savvy consumers' demand for a great user experience is clear. But convenience rapidly becomes inconvenience when online fails to deliver.

Respondents go online whenever the need arises, especially when it comes to booking flights and accommodation and doing their banking.

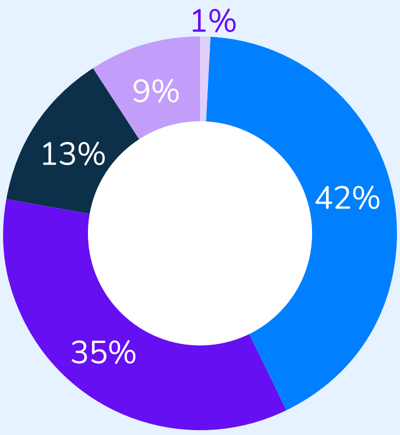
Q. When in the day do you tend to do these activities online?

An Industry View Demonstrating That Some Industries Are More Time-Sensitive Than Others

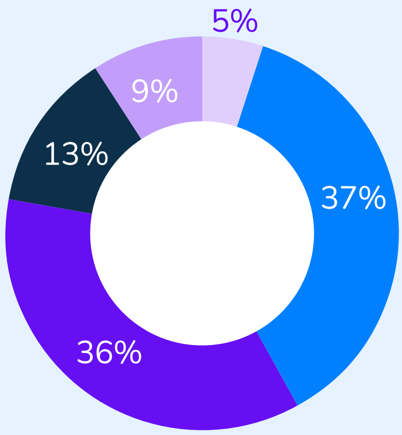
Q. When in the day do you tend to do these activities online?

- Whenever the need occurs
- In the week within core business hours
- In the week after hours
- Over the weekend
- Unsure

Financial sector

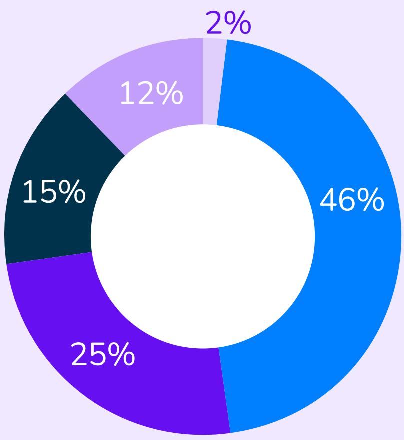


Banking

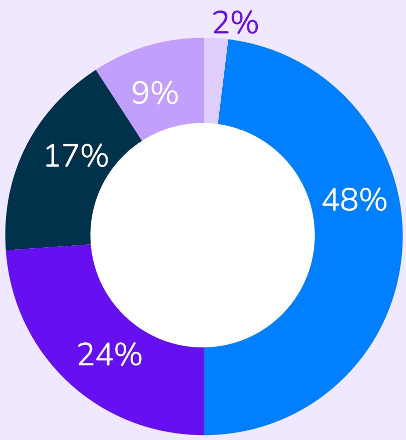


Seek financial advice

Travel and leisure sector



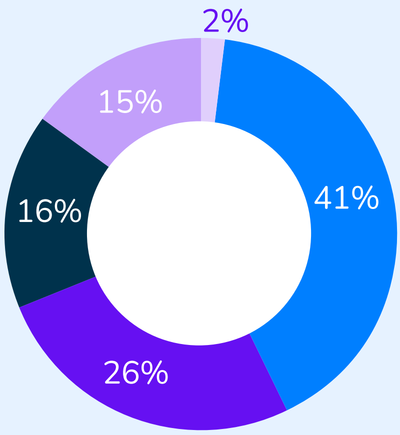
Book accommodation



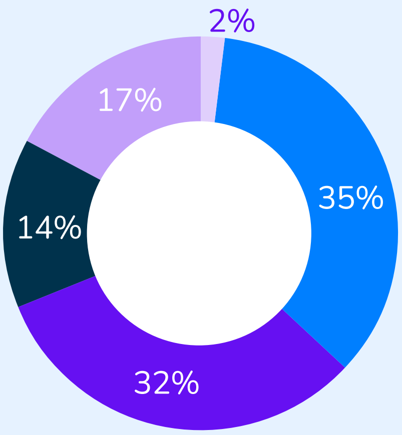
Book flights

Retail and eCommerce sector

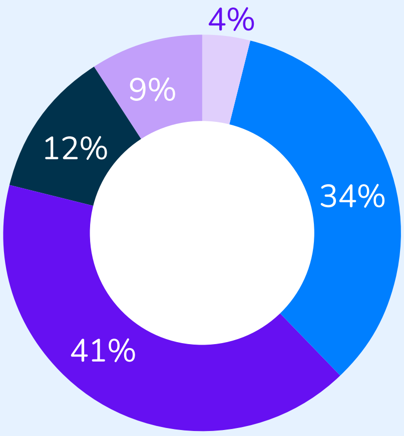
- Whenever the need occurs
- In the week within core business hours
- In the week after hours
- Over the weekend
- Unsure



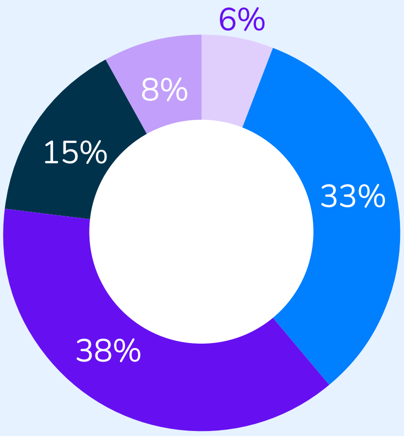
General shopping



Grocery shopping



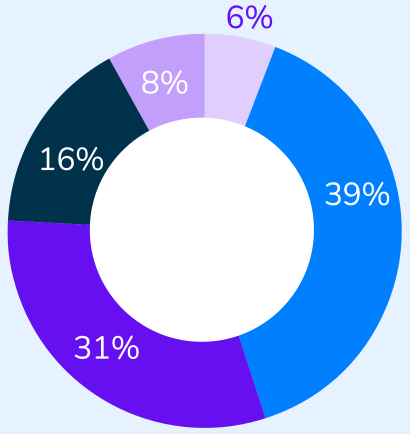
Purchase insurance / medical aid



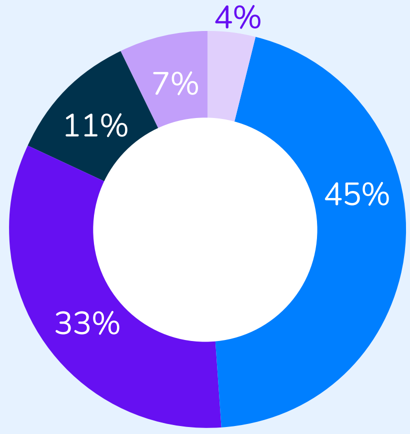
Purchase insurance policies

Healthcare sector

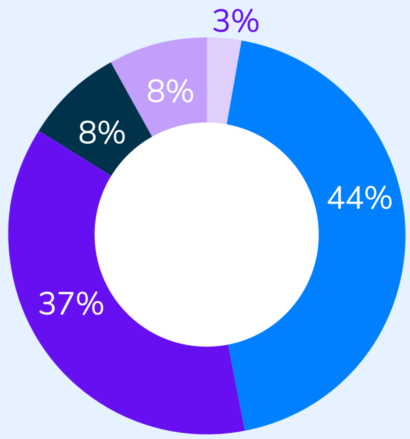
- Whenever the need occurs
- In the week within core business hours
- In the week after hours
- Over the weekend
- Unsure



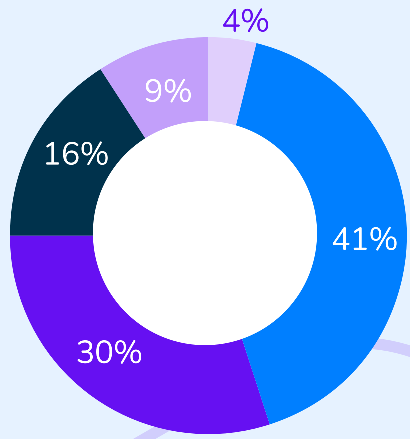
Been informed about my own of family members medical results



Book Covid or other tests

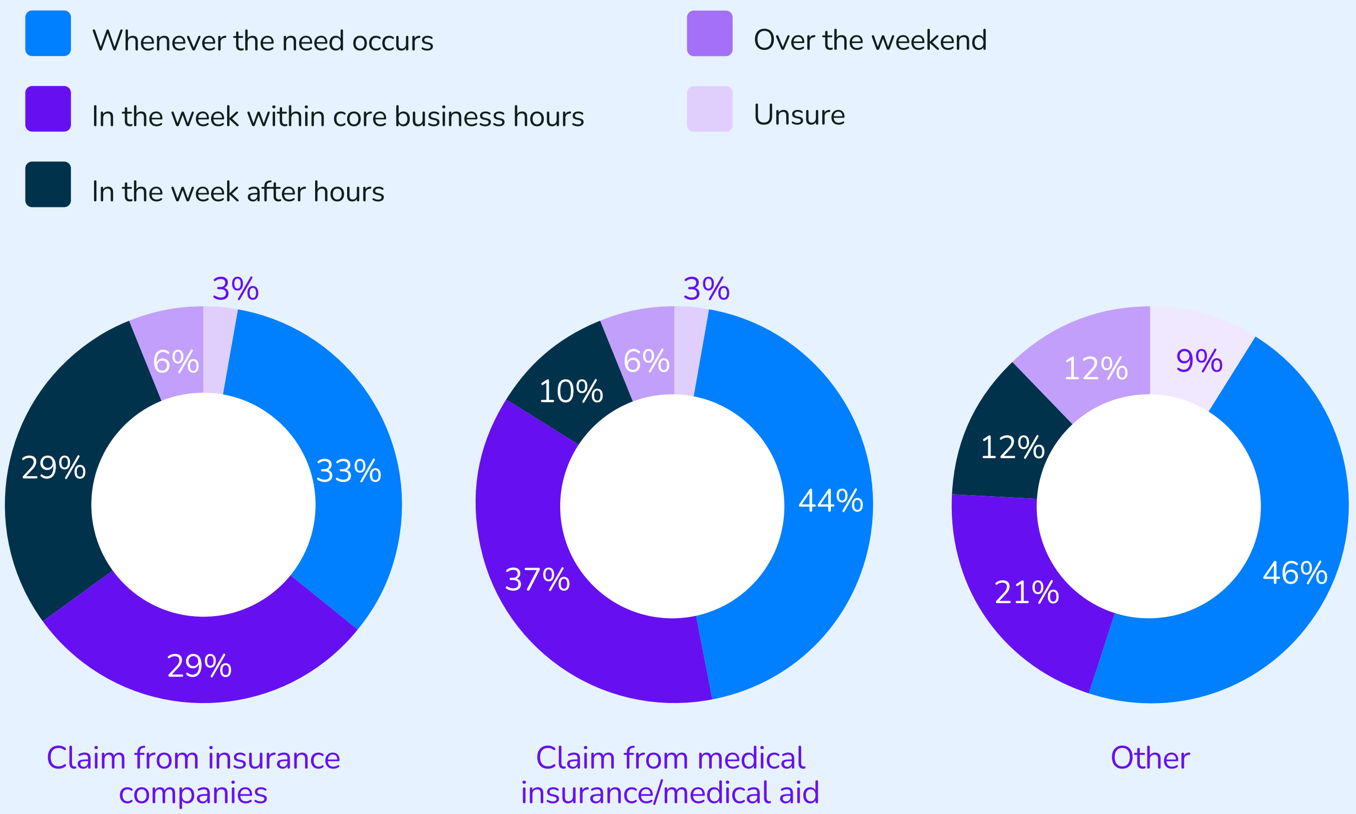


Book medical practitioner appointments



Complete medical history/ screening questionnaires

eServices sector

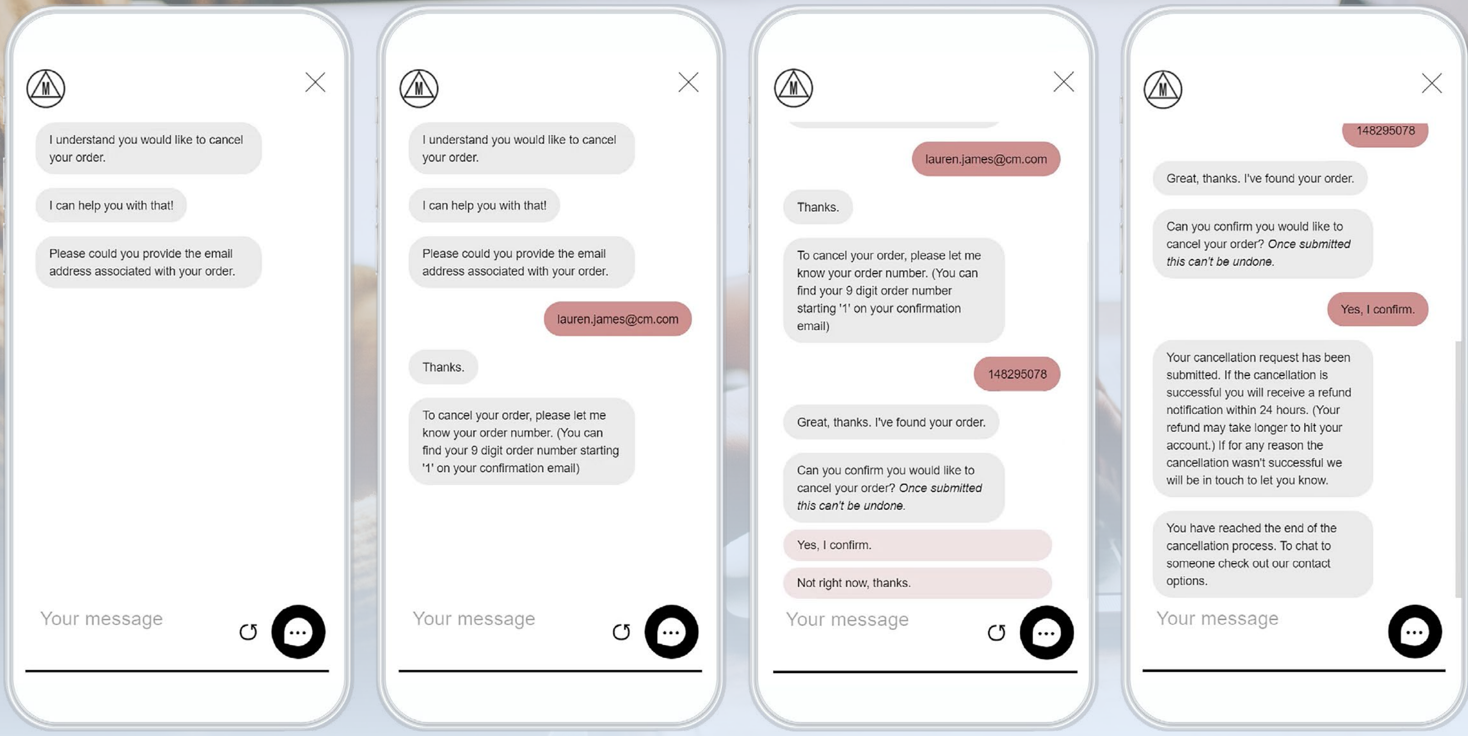


When transacting online, customers have heightened expectations of immediate service. Only 22% of the entire sample was happy waiting for longer than 24 hours for a response. 36% of the sample wanted an immediate response that happens in real time, and a further 24% said that a realistic and acceptable time for a response is within an hour.

Given this need for real-time servicing, there is an opportunity for the use of chatbots. However, it's important that the chatbot's answers are natural and appear human. When asked whether they had ever had a sense that they were dealing with a chatbot and not a real person, 82% of this sample answered yes. Clearly, too many businesses are getting this wrong through poorly implemented chatbots. Chatbots should understand and interpret natural language, and respond in a similar way.

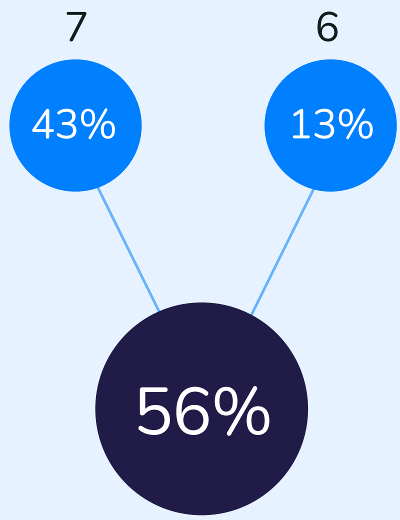
This truly is the era of the empowered consumer: they are in control and, as 69% of the sample expressed, want to engage with service providers who communicate with them through their preferred channels.

The majority of respondents were positive about the functionality, features and the ease of navigation of the response tool using natural language understanding.



*Please note: the sample of respondents were given a video to watch which has been replicated into a text flow above.

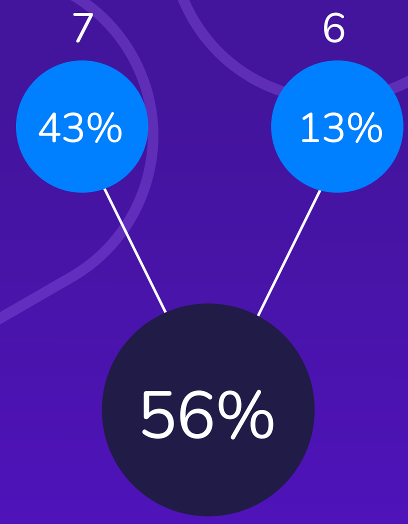
Q. On a scale of 1-7 where 1 is extremely unlikely and 7 is extremely likely. Please look at the example and rate the likelihood of you using a service like this.



Functionality
- Responses are immediate (most popular response)
- Human feel: it feels like interacting with a human
- The design and layout are appealing

Features
- It's convenient
- Reliable, effective, efficient, and provides relevant and useful information
- Innovative
- Eliminates waiting in long queues

Navigation
- Easy to use and effortless
- Clear and easy to understand



Q. Thinking about the video that you have just reviewed in the previous question; how would you feel if a service like this was offered to you? Would you use it and what do you think works about it or does not work about?

"Yes, I would use it as it feels like you are dealing with a competent person, not a bot. Answers are immediate and relevant."

Female, 50+ years old, KwaZulu-Natal

"It was amazing to watch a customer being helped so quickly and efficiently. That takes the stress away and frustration from shopping online."

Female, 35-49 years old, Gauteng

"I feel it is convenient and easy to use. I would use it. Everything about it works because the task you set out to accomplish is executed and done here."

Male, 35-49 years old, KwaZulu-Natal

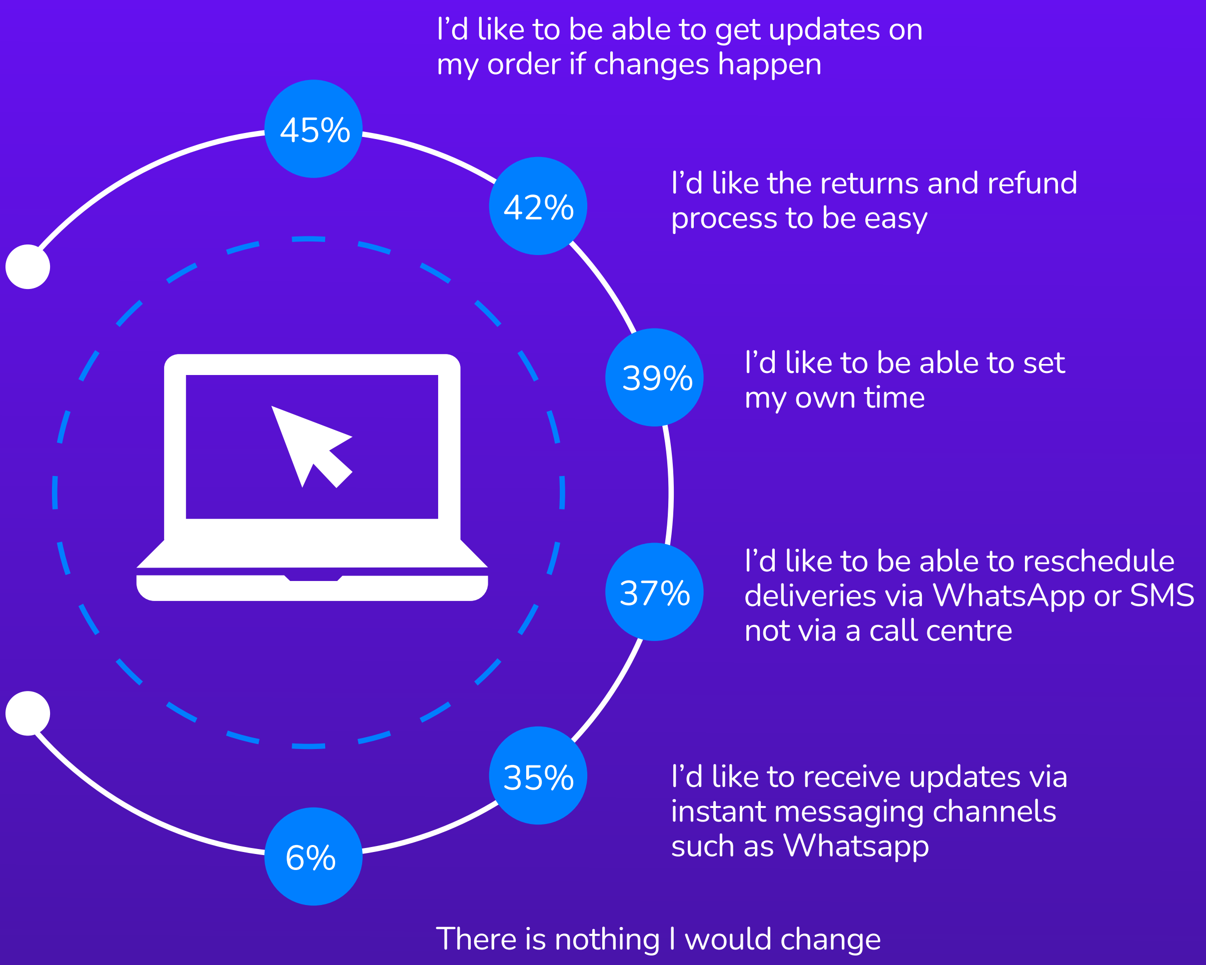
"I would definitely use it. The service delivery is exceptional and intelligently programmed for the best service ever."

Female, 25-34 years old, Free State

68% of this sample claimed that they appreciate it when businesses that they had engaged with keep them updated with new products, sales and special offers that are relevant to what they have purchased in the past. Relevance of promotional messages is key.

Customers' desire to be in control is evident in responses to questions about deliveries. Parcels should be delivered at a time of the customer's choosing, and should be able to be rescheduled easily via WhatsApp or SMS, and not via a call centre. Customers would also like to be kept informed when things change.

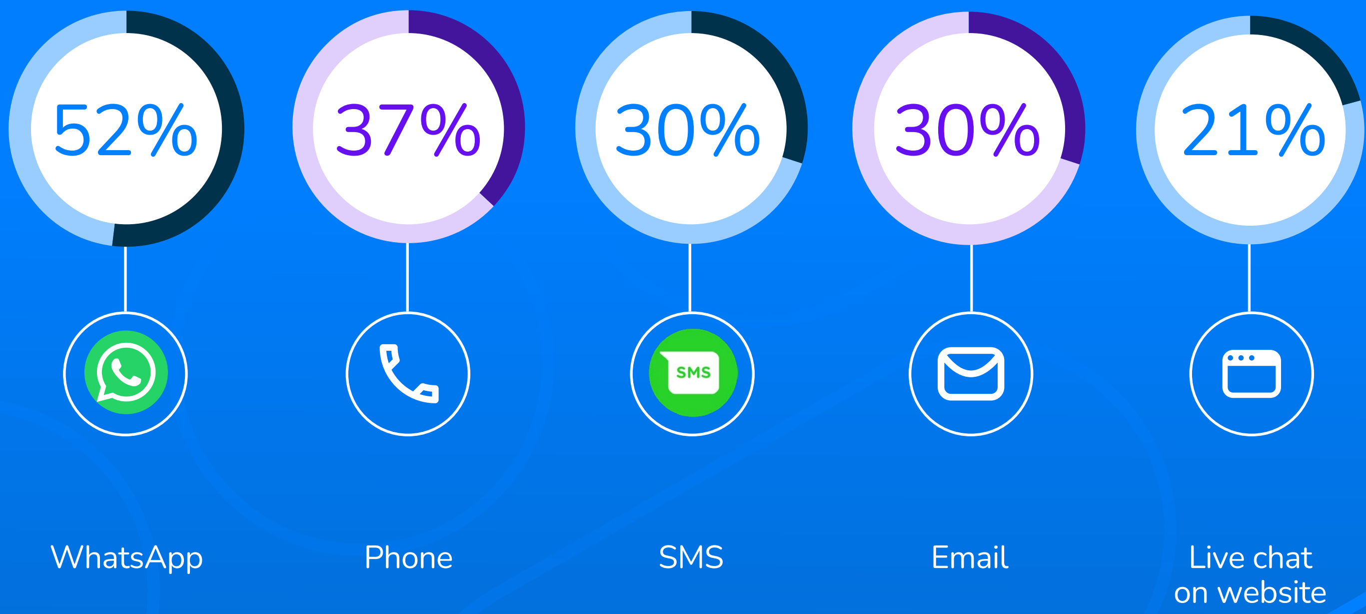
Q. When it comes to ordering online for delivery, what would you change?



52% of this sample said that WhatsApp would be the most convenient way for them to reschedule a delivery. 37% said that they would like to use a phone; 30% prefer SMS and email respectively, and 21% chose live chat on website.

As the most popular messaging channel, WhatsApp was unsurprisingly the preference for rescheduling deliveries. The immediacy of instant messaging suits the desire for instant service.

Q. What would be the most convenient way to reschedule a delivery?

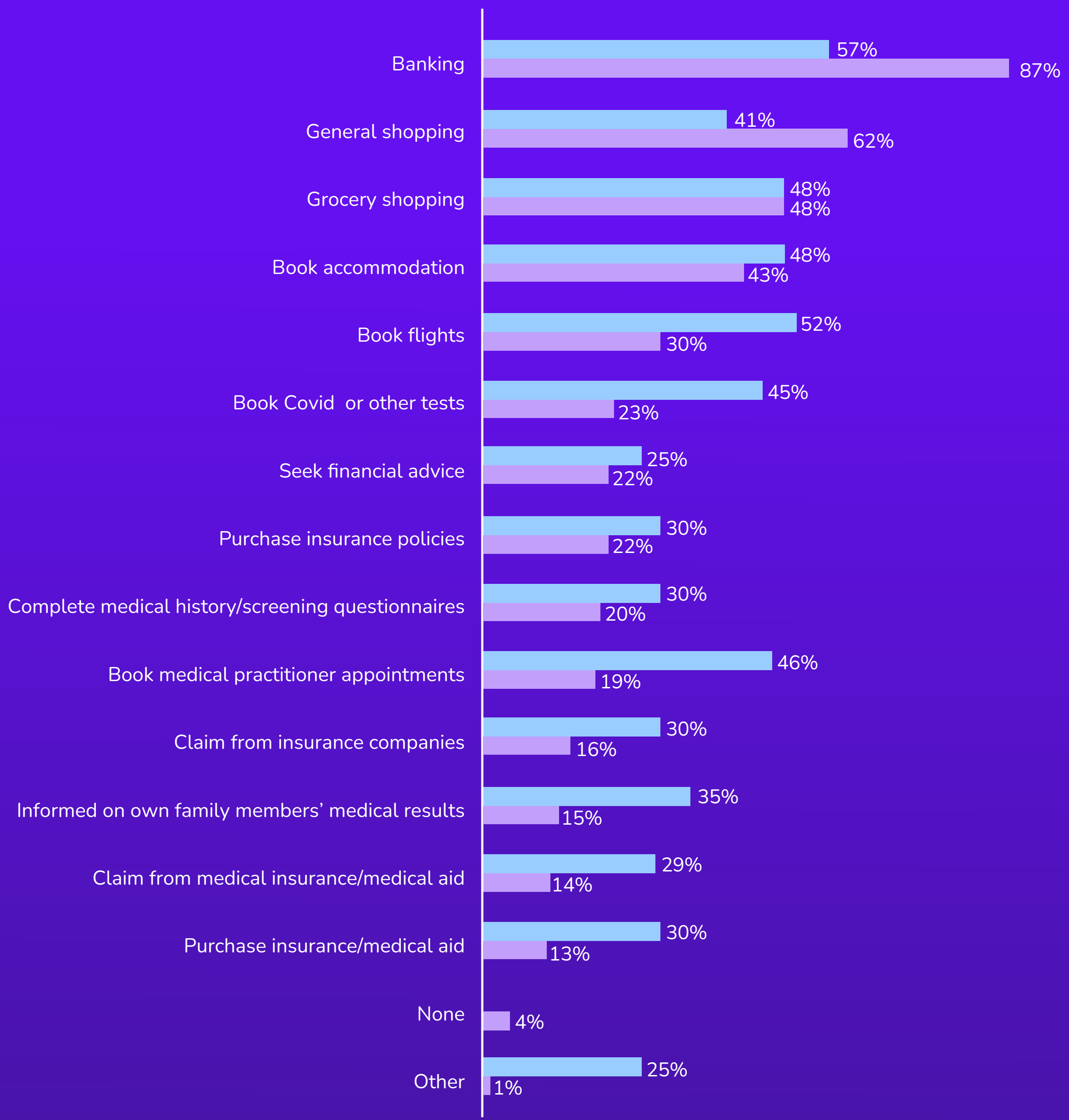


0.1% said Other:
Mobile app, On the website, SSD code

Improving Satisfaction Appears To Lead To Extended Usage

Q. Which of the following have you ever done online or through digital channels?

Q. How satisfied are you with the online experience and online service offered when dealing with the below?



Sectors and individual businesses within each sector encourage usage when their sites operate as they ought to. Satisfying existing users enhances retention and prevents switching, and in this hyper-connected world can also do an acquisition job for brands.

Some sectors have done this considerably better than others, banking being one of them. However, retailers have also done well in terms of getting satisfaction levels relatively high, considering the operational nature of what they are doing.

Key Takeouts

Online, for everybody and for everything

The empowered, impatient consumer is here to stay

Contextual chatbots keep the conversation flowing 24/7

Improved satisfaction leads to extended usage

"Hollard is excited to progress with its digital agenda, making more products and services available on digital platforms. People have grown accustomed to interacting with longstanding institutions by just sending a few keystrokes, and while we will continue to offer face-to-face experiences, we are facilitating new portals through which people can take care of themselves and the ones they love. Life is too short to be spent on paperwork and with the help of CM.com, we are changing that forever."

Brighton Ravele, Senior Manager for Digital Transformation & Automation at Hollard.

Hollard.

"Digital channels are not only changing the way that consumers enact their transactional behaviours, but also the expectation for businesses to accommodate their ever-evolving needs. Ultimately, if we as businesses do not adapt, our consumers will seek alternate solutions for their transactional needs. Profitability and customer-loyalty are reliant on meeting consumer needs, wherever they are – the digital age has taught us this much."

Lee Kleynhans, Digital Marketing Co-ordinator at Cash Crusaders.

"Clarity and ease-of-use sit at the core of the experience we wanted to create. The last thing customers want when applying for insurance is a clumsy application process. Our process takes 3 minutes on any device. On top of that and we think more importantly, the claims process needs to be 'low stress' - clear and simple with high touch communication throughout. There are some great examples of insurers on the short-term insurance side that are successfully solving the online sales and claims experience for things like cars, mobile phones etc, but, it's easier for those customers to understand what they're buying. Converting customers online for life insurance products is more difficult so there has to be a crystal clear value proposition combined with a frictionless experience that offers fast, multi-channel support.."

Gareth Quin, Co-founder at Aynjil.

"With the rapid growth of the consumer Fiber market, we realise that the best way of delivering excellent customer service is by providing our clients with a personalised intuitive chat interface. The chatbot will be able to quickly provide information about things like invoice payments, order status, available discounts, any trouble with specific services or products used. Being able to provide sub 1-second answers pleases customers that are looking for the quickest answers to their problems. In short, provide service to meet customer requirements and expectations, with a balance automation with a human touch."

Peter Vergeer, Solutions Architect at RSAWEB

Sample

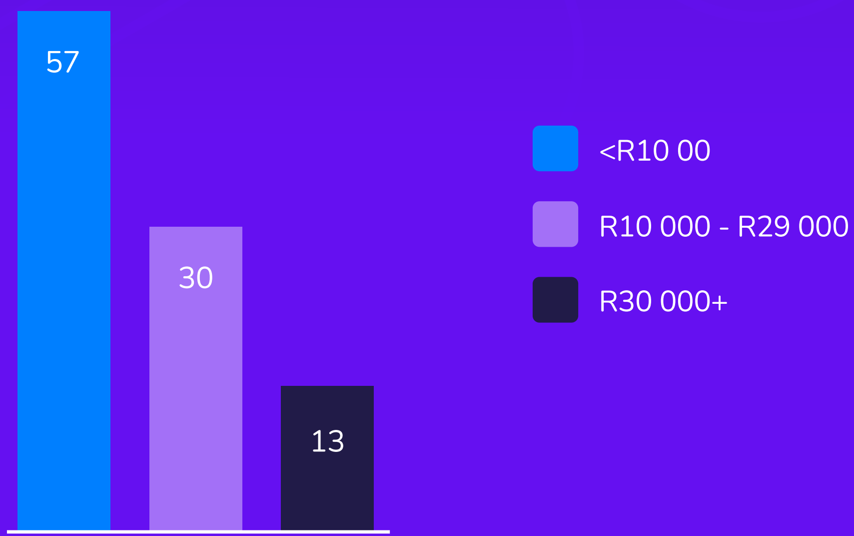
Research was conducted on behalf of CM.com by ovatoyou amongst 2000 digitally active South Africans during April and early May 2022. Differences between demographics are deemed significant only if they vary more than 5% from one another.

Gender

73%
Female

28%
Male

Household income



CM.com

CM.com (AMS: CMCOM) is a global leader in cloud software for conversational commerce that enables businesses to deliver a superior customer experience. Our communications and payments platform empowers marketing, sales and customer support to automate engagement with customers across multiple mobile channels, blended with seamless payment capabilities that drive sales, gain customers and increase customer happiness.