Digital Intelligence Briefing

2017 Digital Trends in South Africa

in association with Adobe
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# Contents

1. Foreword by Adobe ................................................................. 4
2. Executive summary ................................................................. 5
3. Striving for digital maturity as nation catches smartphone bug ....... 7
4. Social media and brand building are top priorities .................. 12
5. Future of the customer experience ........................................ 16
6. Fit for the future: three key areas South African marketers should focus on ................................................................. 20
7. Appendix: respondent profiles ............................................. 21
Foreword by Adobe

We are delighted to release our first South Africa-focused Digital Trends report, published in partnership with Econsultancy and based on data from a survey of more than 14,000 marketers globally. The huge response to this research reflects its growing importance as an influential barometer of digital trends around the world.

While exploring the digitally-related themes impacting marketing at a global level is very valuable, we are acutely aware that there are important differences and nuances across different regions and in different countries. We are delighted to collaborate on a report that is focused on South Africa, giving us an opportunity to compare trends in this quickly evolving market with the wider global picture.

We are living in exciting times in Africa, with huge opportunities for economic growth and increased prosperity afforded by digital technology, particularly the mobile internet. It is fascinating to see where South African companies are focusing their efforts in the context of changing consumer behaviour and healthy disruption across so many business sectors.

Customer experience (CX) is a theme that features prominently in this report, and it is something that marketers are increasingly focused on. Even though the ability to deliver in this area transcends the marketing function of a business, requiring co-operation across the whole organisation, it is great to see marketers taking a lead in this area. The research shows there is a clear desire to seize the initiative in CX-related disciplines such as service design.

Service design is a key ingredient in being able to deliver an integrated customer experience. We have found that those companies that are succeeding in the digital age tend to be those that make this a priority.

Another priority in the digital age is ensuring the experience is a good one for the increasing numbers of consumers engaging with brands on smartphone devices. The research suggests that agencies see this as a higher priority than their client-side peers. We have seen across different markets that agencies can play a key role in helping their clients deliver a great mobile experience as part of the overall brand proposition.

Here at Adobe, we believe that our unrivalled Experience Cloud, combined with our understanding of the South African market, makes us uniquely positioned to help businesses move to the next level of digital maturity. While technology alone is never a silver bullet, it is a vital building block to underpin your digital endeavours. Thank you for taking the time to read this report, we hope you find it valuable.

Grant O’Connor
Director, Sub-Sahara Africa
Adobe
Executive summary

The 2017 Digital Trends in South Africa report, published by Econsultancy in partnership with Adobe, is based on data from almost 250 South Africa-based respondents from our global survey of more than 14,000 digital marketing and ecommerce professionals across markets including Europe, the Middle East, Africa, North America and Asia Pacific.

These are the key findings of the report:

Companies strive for integrated approach to digital marketing activities

- Around a third of in-company respondents say their businesses are either digital-first (17%), or that digital permeates all their marketing activities (15%). Forty-four percent of client-side respondents say that digital permeates most of their marketing activities, and just under a fifth (18%) say that digital marketing is very much separate.

- However, asked about their clients, agency respondents are significantly more likely than their client-side counterparts to say that digital marketing is very much separate (30%), and correspondingly less likely to say their clients are digital-first (only 1%).

- The research also looks at where companies are focusing their digital marketing efforts over the next few years.

Those surveyed are typically committed to developing an integrated approach to communications across all digital and non-digital channels. From the client-side perspective, from a range of options, the main focus is on ensuring consistency of message across channels, with 83% of respondents saying this is ‘very important’.

- The second highest priority for client-side respondents is training teams in new techniques, channels and disciplines (79%), suggesting a high level of commitment to the digital transformation that is required in a fast-changing business environment.

Agencies are more tuned in to the mobile challenge

- Agencies are more focused than their client-side peers on how mobile is changing the business landscape as South Africa transitions from being a feature phone nation to a smartphone nation. More than three-quarters (77%) of supply-side respondents report that understanding how mobile users research/buy products is ‘very important’, 17 percentage points higher than for company respondents (60%).

- The second highest priority from the agency perspective is optimising the customer journey across multiple touchpoints (73%), a task that is implicitly very much about how mobile consumer behaviour is changing the way we research, buy and even consume products and services.
Customer experience and cross-channel marketing are major areas of strategic focus

- Customer experience (CX) is a major focal point. Almost nine in ten (89%) South African companies say that CX is one of their top-three strategic areas of priority for 2017, including 58% who make it their first choice. This is a significantly greater proportion than for the rest of the world, where just under two-thirds (63%) of respondents say that CX is a top-three priority, and 40% say it is the single top priority.

- South African companies are, relative to their international peers, particularly focused on cross-channel marketing. Compared with four other strategic areas, namely customer experience, data-driven marketing, mobile and programmatic buying, cross-channel marketing is second only to CX for the proportion of companies that rank this as the first-choice priority area for their businesses. South African marketers are 54% more likely than their international counterparts to make this their first choice (20% versus 13% for the rest of the world).

- In a separate question about more tactical areas of focus, multichannel campaign management emerged as the third highest priority for South African marketers, whereas internationally it comes only seventh in the pecking order.

- In their quest to improve the customer experience, companies are increasingly embracing a service design approach. This is to ensure they are delivering the best possible customer experience end to end, rather than treating different parts of the customer journey in isolation without an understanding of the whole picture. Just under a third (32%) of respondents in South Africa regard their companies as ‘definitely’ being design-driven, and a further 37% say this is ‘somewhat’ the case. By comparison, only 21% of their international peers say they are ‘definitely’ design-driven, while a further 41% say this is ‘somewhat’ the case.

Focus on social media engagement and brand building

- Research published last year¹ found that 13m South Africans were on Facebook, with over three-quarters (77%) using it on mobile devices. According to figures released by Facebook in April 2017 the social platform has grown its African user base to 170m in total, with the vast majority (94%) using mobile to access it.

- Companies are embracing the burgeoning marketing opportunity afforded by these social platforms, with social media engagement and brand building / viral marketing sharing first place in terms of tactical priorities for businesses in South Africa. More than a third of respondents (37%) say these tactics are among their top three priorities.

Businesses embrace technology to enhance the customer experience

- Asked about the primary way their organisations will seek to differentiate themselves from competitors over the next five years, respondents are most likely to point to customer experience in the context of making the experience on their properties easy / fun / valuable. A quarter (25%) of client-side respondents chose this option, putting it narrowly ahead of product / service quality (22%) in second place.

- Respondents were most likely to select engaging audiences through virtual reality and augmented reality and utilising artificial intelligence / bots to drive campaigns and experiences as the most exciting prospects for 2020.

Striving for digital maturity as nation catches smartphone bug

This Digital Intelligence Briefing focuses on exploring digital trends in South Africa through the lens of marketers and other digital professionals, working either client-side for brands, or for agencies and consultancies as suppliers to these businesses. But before examining the business survey data, it is worth looking at the digital environment from a consumer perspective to provide essential context for the rest of the report.

In terms of the number of consumers who use the internet, South Africa was 25th in the 2016 world rankings with just under 29m people online, amounting to 52% of the population. In order to catch up with more digitally mature countries such as the United Kingdom or Japan, where, respectively, 93% and 91% of the population are internet users, the South African government is improving Wi-Fi coverage as more citizen services are migrating online.

Like other countries across the continent, South Africa is transitioning from being a feature phone nation to a smartphone nation, with Chinese handset producers such as Infinix, Huawei and Tecno now undercutting the likes of HTC and Samsung to make smartphones more affordable. According to research company Ovum, the smartphone penetration rate in Africa is growing at 53% year-on-year. Currently, there are 294m smartphone users across the continent, and Ovum predicts that there will be 930m by 2021.

Research by the GSMA, which represents the interests of mobile operators worldwide, found that in 2015, mobile technologies and services were already generating 6.7% of Africa’s GDP, amounting to $150bn of economic value and supporting 3.8m jobs.

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5 http://www.gsma.com/mobileeconomy/africa/
A third of client-side respondents say their companies are either digital-first (17%), or that digital permeates all their marketing activities (15%)

It is not just handset producers and phone networks that are benefiting from the rise of mobile. The upsurge in smartphone usage and data consumption presents major opportunities for companies across all sectors, both for marketing products and services online, and for selling them. For the media and entertainment sector, content is being consumed digitally to an unprecedented degree.

Figure 1 shows the extent to which the companies we surveyed say that digital permeates their own (or their clients’) marketing activities, a useful barometer for understanding the extent of digital transformation across the nation’s businesses.

The client-side perspective paints a rosier picture of the digital maturity of organisations in South Africa. Around a third of in-company respondents say their businesses are either digital-first (17%), or that digital permeates all their marketing activities (15%). Forty-four percent of client-side respondents say that digital permeates most of their marketing activities, and just under a fifth (18%) say that digital marketing is very much separate.

Although the nation is becoming more digitally dependent, logistics efficiency, which is particularly vital for the retail sector, remains a significant challenge. New startups that offer last-mile delivery, or private delivery firms offering better levels of service, can help support the digital economy, with retail being the biggest beneficiary.

Figure 1: To what extent does digital permeate your own organisation’s (or your clients’) marketing activities?

<table>
<thead>
<tr>
<th>Company respondents</th>
<th>Agency respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital marketing is very much separate</td>
<td>Digital permeates most of our / their marketing activities</td>
</tr>
<tr>
<td>18%</td>
<td>30%</td>
</tr>
<tr>
<td>Digital permeates all our / their marketing activities</td>
<td>Digital permeates all our / their marketing activities</td>
</tr>
<tr>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>We are a digital-first organisation / they are digital-first organisations</td>
<td>Don’t know</td>
</tr>
<tr>
<td>17%</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>11%</td>
</tr>
</tbody>
</table>
In the context of digital marketing capabilities, the survey data suggests that South African companies are further ahead in their digital journey than the global average (Figure 2), with only 26% of client-side respondents across the rest of the world categorising their businesses as either digital-first (11%), or as companies where digital permeates all their marketing activities (15%).

However, the South African agency response to this question tells a conflicting story (Figure 1), with supply-side respondents significantly more likely than their client-side counterparts to say digital marketing is very much separate (30%, compared to 18% for client-side respondents), and correspondingly less likely to say that their clients are digital-first (only 1%, compared to 17% for the client-side).

Why is there such a discrepancy? It is not unusual for agencies to take a less rosy and sometimes more realistic view of digital capabilities within a business, given that they often have the wider perspective of working across many clients in different sectors, and sometimes across different international markets.

Agency respondents may have significant experience working for larger, traditional businesses where the divisions between digital and non-digital departments are very apparent. Similarly, they may also be less likely to have worked for truly digital-focused companies that may have grown up without the need for agency support.
Figure 3 shows how companies are focusing their digital marketing efforts over the next few years. From the client-side perspective, the main focus is on ensuring consistency of message across channels, with 83% of respondents saying this is ‘very important’. With the emergence of digital channels such as social media and programmatic display advertising, and the growth of email and search engine marketing, it is understandable that companies are focused on developing an integrated approach to messaging across all digital, and indeed non-digital, channels.

The next highest priority for client-side respondents is training teams in new techniques, channels and disciplines (79%), a laudable goal in an environment where companies need to learn about digital quickly, in order to prevent themselves being disrupted by emerging brands that are more likely to have digital within their DNA.

Agencies appear to be more focused on how mobile is changing the landscape, in line with the most evident consumer-related digital trend of increased smartphone usage outlined earlier in this section. More than three-quarters (77%) of supply-side respondents report that understanding how mobile users research / buy products is very

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<table>
<thead>
<tr>
<th>Activity</th>
<th>Company Respondents</th>
<th>Agency Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring consistency of message across channels</td>
<td>62%</td>
<td>83%</td>
</tr>
<tr>
<td>Training teams in new techniques, channels and disciplines</td>
<td>64%</td>
<td>79%</td>
</tr>
<tr>
<td>Optimising the customer journey across multiple touchpoints</td>
<td>73%</td>
<td>73%</td>
</tr>
<tr>
<td>Using online data to optimise the offline experience</td>
<td>54%</td>
<td>63%</td>
</tr>
<tr>
<td>Understanding how mobile users research / buy products</td>
<td>60%</td>
<td>77%</td>
</tr>
<tr>
<td>Using offline data to optimise the online experience</td>
<td>41%</td>
<td>55%</td>
</tr>
<tr>
<td>Understanding when and where customers use different devices</td>
<td>54%</td>
<td>60%</td>
</tr>
</tbody>
</table>

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*Econsultancy / Adobe Digital Intelligence Briefing*
important, 17 percentage points higher than for company respondents (60%).

The second highest priority according to agencies is optimising the customer journey across multiple touchpoints (73%), a task which is implicitly very much about how mobile consumer behaviour is changing the nature of the customer journey. Optimisation of the customer journey across touchpoints is also the top priority for companies globally, with 71% of client-side respondents across the world deeming this to be very important (Figure 4).

Linked to this priority is the need to understand when and where customers use different devices. In the context of the fast growth in smartphone usage, this is an increasingly important requirement for companies across a range of business sectors. More than half (54%) of South African companies label this as ‘very important’.

It is clear from Figure 4 that, relatively speaking, South African companies are particularly aware of the need to focus on this range of activities, with respondents more likely than their international counterparts to attach high importance to every single one of these areas over the next few years.

It may be that the average company outside South Africa is more likely to regard these activities as ‘business as usual’, and therefore less likely to merit the ‘very important’ label. That said, it is surely a positive sign that there is high recognition in South Africa of the importance of initiatives relating to these areas.

**Company respondents – South Africa vs. rest of world**

*Figure 4: Proportion of respondents rating the following as ‘very important’ for their digital marketing over the next few years*

- Ensuring consistency of message across channels
  - South Africa: 65%
  - Rest of the world: 83%
- Training teams in new techniques, channels and disciplines
  - South Africa: 58%
  - Rest of the world: 79%
- Optimising the customer journey across multiple touchpoints
  - South Africa: 71%
  - Rest of the world: 73%
- Using online data to optimise the offline experience
  - South Africa: 46%
  - Rest of the world: 63%
- Understanding how mobile users research / buy products
  - South Africa: 50%
  - Rest of the world: 60%
- Using offline data to optimise the online experience
  - South Africa: 39%
  - Rest of the world: 55%
- Understanding when and where customers use different devices
  - South Africa: 44%
  - Rest of the world: 54%
This section looks in more detail at how companies are prioritising their digital-related marketing activities in 2017. Social media engagement and brand building / viral marketing share first place, with more than a third (37%) of respondents saying these tactics are among their top three priorities.

The rise of social media, and related opportunities for brand marketing, go hand in hand with the growth of the mobile internet. According to Cisco figures, mobile data traffic in South Africa will grow eight-fold by 2021, a compound annual growth rate of 50%. Much of this traffic is social media-related, with Instagram and Facebook showing particularly strong growth, according to the South African Social Media Landscape 2016 report, published by World Wide Worx in partnership with Fuseware.

The study showed that 13m South Africans were on Facebook, with 10m of those people (or 77%) using it on mobile devices. Just under 8m South Africans were using smartphones to access Facebook, while 1.6m were using more basic feature phones to do so. According to figures released by Facebook in April 2017, the social platform has grown its African user base to 170m in total, 94% of whom use mobile to access it. Seven out of ten internet users in Africa now log on to Facebook.

The World Wide Worx research also found that there were 7.4m Twitter users, 8.3m YouTube users and 2.7m Instagram users in South Africa. Instagram, owned by Facebook, is showing the fastest growth, with the number of users increasing by 133% year-on-year. The research found that 42% of major brands were using Instagram, with Mr Price (more than 257,300 followers in April 2017) and Mercedes-Benz South Africa (142,900 followers) being examples of brands that have enjoyed success with the platform.

The success enjoyed by brands using social media is partly driving the attention that companies are paying to brand building and viral marketing. While social media can be used for direct response marketing, it lends itself particularly well to top-of-funnel marketing activities designed to raise awareness about brands and their campaigns.

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6 http://www.cisco.com/assets/sol/sp/vni/forecast_highlights_mobile/
The fast growth of social media in South Africa, fuelled by smartphone usage, explains why it is a higher priority in this market than for the rest of the world (Figure 5). Globally, content marketing (30%) is the top priority, ahead of social media engagement (28%).

**Cross-channel marketing and the customer experience**

It is also clear from Figure 5 that South African companies are, relative to their international peers, particularly focused on multichannel campaign management and cross-channel marketing. Multichannel campaign management is the third highest priority for South African marketers while internationally it comes only seventh in the pecking order.

Meanwhile, compared against four other strategic areas, namely customer experience, data-driven marketing, mobile and programmatic buying, cross-channel marketing is second only to CX for the proportion of companies that rank this as the first-choice priority area for their businesses. South African marketers are 54% more likely than their international counterparts to make this their first choice (20%, versus 13% for the rest of the world).
This focus is consistent with Figure 3 where we saw that ensuring consistency of message across channels was very much top of mind for businesses surveyed. As the number of channels increases, marketers need to pay closer attention to effective and integrated orchestration of campaigns to ensure that the sum of their combined activities is greater than its parts. This attention to integrated marketing feeds into an even bigger focus area and business trend for companies in South Africa and, indeed, across the world. Customer experience stands head and shoulders above the four other strategic areas of focus (Figure 6), and this is perhaps not surprising as the other areas can be seen as key ingredients for a winning overall customer experience, as well as priorities in their own right.

Like other international markets, South Africa has been positively affected by the global trend towards improved customer experience at a time when consumers have more choice than ever, and reduced switching costs. As we (as consumers) become more accustomed to frictionless digital experiences and benefit from the utility of great online services, we become less tolerant of poor digital execution and confused messaging from brands. The focus on brand building and customer experience makes sense for companies across all sectors that want to avoid competing solely on price.

Encouragingly for both consumers and the business community in South Africa, it is clear that customer experience is a huge focal point. Almost nine in ten (89%) South African companies say that CX is one of their top three strategic areas of priority for 2017, including 58% who make it their first choice. Globally, a similar proportion (90%) rank CX as a top-three strategic priority, with three in five (57%) saying it is the single top priority.

Marketers in South Africa are also increasing their focus on data-driven marketing as they attempt to harness unprecedented levels of information about customers and prospects that is available as a result of increased digital interactions on both first-party and third-party web properties.
As in other markets, the race is on to make sure that a plethora of data sources are being harvested to ensure that campaigns are as targeted and relevant as possible. Just under three-quarters (71%) of responding South African companies say that data-driven marketing is a top-three strategic area of focus, including 13% who say that is the first choice.

Mobile is rated as the fourth priority out of the five options, and this is in line with the wider international research findings. For South Africa, and indeed the international market as a whole, this relatively low ranking could be regarded as something of a surprise given that smartphone usage is really starting to gain traction.

According to internet monitoring company StatCounter, mobile internet access surpassed desktop access in October 2016, when mobile and tablet devices accounted for 51% of internet usage worldwide, compared to 49% from the desktop. According to StatCounter, this should be regarded as a ‘wake-up call’ to businesses to make their digital services mobile-first or at least mobile-friendly.

It may be that South African marketers and their international counterparts are indeed taking mobile seriously, but seeing it as part of the bigger customer experience picture. Rather than focusing specifically on mobile as a channel, many companies may feel that it is preferable to take a device-agnostic approach rather than coming from a mobile-first philosophy which may not be suitable for all businesses.

The customer experience theme that emerged strongly in the previous chapter is also prominent in this section that looks more to the future. Asked about the primary way their organisations (or clients) will seek to differentiate themselves from competitors over the next five years, respondents are most likely to point to customer experience in the context of making the experience on their properties easy / fun / valuable (Figure 7). A quarter (25%) of client-side respondents chose this option, putting it narrowly ahead of product / service quality (22%) in second place. It can be seen that agency respondents chose the same top two options, but the gap between them is much greater.

As was discussed in the previous section, the onus is on companies to offer maximum utility when it comes to the customer experience, with consumer expectations now increasing at an unprecedented rate. Younger generations of consumers, described as ‘Uber’s children’ by Adam Morgan and Mark Barden in their book ‘A Beautiful Constraint’, are now comparing digital experiences offered by brands not just

**Figure 7: Over the next five years, what is the primary way your organisation / clients will seek to differentiate itself / themselves from competitors?**

<table>
<thead>
<tr>
<th>Option</th>
<th>Company respondents</th>
<th>Agency respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer experience – making the experience on our / their properties easy / fun / valuable</td>
<td>38%</td>
<td>25%</td>
</tr>
<tr>
<td>Product / service quality</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Customer service – enhancing our / their reputation for brilliant service across all touchpoints</td>
<td>18%</td>
<td>10%</td>
</tr>
<tr>
<td>Product / service innovation</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Convenience e.g. fast delivery, in-store pickup, buy online return-to-store etc.</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>Joining up online / offline experiences – ensuring consistency across virtual and physical worlds</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Mobile – catering to mobile shoppers / buyers</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Price</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>None of the above</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

with other companies in the same sector, but increasingly with the brands that are most obviously thriving in the new digital economy, including the likes of Google, Facebook and indeed Uber.

Companies are increasingly embracing a service design approach as a way of ensuring that they are delivering the best possible customer experience end to end, rather than treating different parts of the customer journey in isolation without an understanding of the bigger picture.

Figure 8 shows that just under a third (32%) of respondents in South Africa regard their companies as ‘definitely’ being design-driven, and a further 37% say this is ‘somewhat’ the case. By comparison, only 21% of their international peers say they are ‘definitely’ design-driven, and 41% of rest of world respondents say this is ‘somewhat’ the case.

The eagerness for companies to focus on differentiation through experience, rather than through pricing strategy, is very much evident in Figure 7, with not a single client-side South African respondent indicating that price is their primary means of differentiation.
The 2020 vision

While the quality of goods and services will always be paramount, companies recognise the need to embrace the challenge of framing their products and offering within the best possible overall experience.

The rapid speed of technological development and accompanying changes in consumer behaviour means the onus is on companies to experiment and innovate as they seek out a winning formula to satisfy their customers’ growing appetite for utility and frictionless experiences.

Figure 9 helps to give more flavour around the kind of technology-related developments that companies can harness to improve the customer experience. Overall, respondents chose engaging audiences through virtual reality and augmented reality and utilising artificial intelligence / bots to drive campaigns and experiences as the most exciting prospects for 2020.

Figure 9: Looking ahead, which of these do you regard as the most exciting prospect for 2020?

![Chart showing the most exciting prospects for 2020]

- Engaging audiences through virtual or augmented reality: 28% (Company respondents), 23% (Agency respondents)
- Utilising artificial intelligence / bots to drive campaigns and experiences: 28% (Company respondents), 21% (Agency respondents)
- Internet of Things / connected devices e.g. wearables, audience tracking: 24% (Company respondents), 30% (Agency respondents)
- Enhanced payment technologies e.g. mobile wallets, e-receipts: 18% (Company respondents), 21% (Agency respondents)
- Voice interfaces e.g. Amazon Echo, Google Home: 1% (Company respondents), 2% (Agency respondents)
- Other: 1% (Company respondents), 3% (Agency respondents)
Virtual reality (VR) and augmented reality (AR) are related technologies that both offer great potential for businesses across a range of sectors. VR allows consumers to experience a brand’s offering in a very real and visceral way, while AR is about augmenting views of the real world with computer-generated information.

South African Tourism (SAT) is a good example of a brand that has embraced 360-degree VR as a way of enabling people to get a taste of the country without having yet visited. Visitors to a pop-up experience in London last September were able to go virtual shark diving, rock climbing and penguin-spotting at Boulders Beach, while also trying out authentic South African street food and live DJ music as part of a more conventional event experience.10

Artificial intelligence (AI) is a huge global trend that is being seized upon by marketers as a way to make their campaigns more efficient, both through the creation of content and also an increased ability to target the right information in the right context to the right person at the right time.

Companies around the world are moving to a more conversational, responsive and personal type of commerce, with the use of AI-powered bots that enhance the customer journey and help consumers find the products they are looking for through fast and engaging interactions. The growth in voice-to-text technologies and success of intelligent personal assistants like Apple’s Siri or Google Now have cast the spotlight on how this technology can be used to facilitate commerce.

Although the use of AI-driven chatbots is still at an early stage, successful examples are already in evidence, such as cosmetic retailer Sephora’s interaction with its customers on instant message platform Kik, offering make-up tips and product recommendations.11

To give a local example, digital agency iProspect last year worked with Mercedes-Benz South Africa to develop one of the country’s first Facebook chatbots in the automotive industry, with the aim of driving engagement and generating leads. According to Selvin Govender, Marketing Director of Mercedes-Benz Cars: “The Facebook Messenger chatbot is designed to allow users to further engage with the Mercedes-Benz brand and to encourage users to book a test drive with a preferred dealership. MBSA also provides a tailored communications touchpoint for prospective customers.”12

While this is by no means the only example of a company employing innovative marketing campaigns in South Africa, there are some who believe that not enough brands are experimenting with digital technology in order to gain a competitive advantage.

Johan Steyn, Chief Technical Officer at Nurun South Africa, a Publicis Groupe agency focused on human-centred design, feels that companies have been slow to adopt chatbot technology. In an interview published in January this year, he told Media Update13: “In my opinion, we are still very conservative in our approach and like to keep things ‘safe’. This means the adoption rate for any new technology or innovation for many brands is still not fast enough, but I am hoping to see this accelerate in 2017. There are some local companies that are investing heavily into the technology.”

It is clear that future success for many brands will be dictated by their willingness to experiment and innovate. In such a fast-changing digital environment, the risk for brands across all sectors is that they will become irrelevant if they stand still.

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10 http://www.eventmagazine.co.uk/south-african-tourism-promotes-destination-vr-activity/brands/article/1409083
6 Fit for the future: three key areas South African marketers should focus on

1. Embrace digital change
As South African consumers increasingly embrace digital technology, the business community needs to step up to the challenge of meeting higher expectations. For organisations seeking to thrive in the digital era, this is partly about having the right processes and software in place, but even more about encouraging the right attitudes, behaviour and skills in the business.

Change is ultimately driven from the top, so senior executives need to ensure they are committing to the digital future through actions and the right investment decisions, rather than just paying lip service to the need for digital transformation.

2. Build a customer-centric culture
South African companies need to continue to embrace customer experience if they want to succeed. Incumbent brands that are not already digital-first should appoint a customer champion who is responsible for ensuring the experience of dealing with their company is as frictionless as possible across digital and offline channels. A focus on service design can help to ensure that the customer is at the heart of all decision making relating to products and services.

A starting point for businesses is to ensure they properly understand customer needs and evolving behaviour at different stages of the customer journey. Marketers also need to examine how increased smartphone usage is impacting how consumers are engaging with brands, including how they are researching and buying from businesses and, most obviously in the case of the media and entertainment sector, how they are consuming products and services.

3. Experiment with innovative technology
The biggest risk for companies across a range of sectors is that they get left behind by startups disrupting their business models due to their failure to innovate. So-called emerging technologies such as virtual reality, artificial intelligence and the Internet of Things are actually already here.

To allay the threat of disruption, companies should set aside some budget for more innovative initiatives, rather than focusing solely on ‘business as usual’. Company leadership teams should encourage and reward innovative ideas and behaviour, rather than instilling an atmosphere where employees are afraid to fail.
Appendix: respondent profiles

This report is based on a sample of 241 marketing, digital and ecommerce professionals based in South Africa, who were among more than 14,000 respondents taking part in the annual Digital Trends survey carried out in November and December 2016.

The sample included 56% marketing professionals from the client-side and 44% from the supply-side (including agency marketers, consultants and those working for technology vendors or other service providers).

The following charts provide further details on the profile of survey respondents.

Figure 10: Which of the following best describes your company or role?

- Client-side (part of an in-house team)
- Agency / vendor / consultant

Figure 11: What best describes your job role?

- Manager: 33%
- Junior executive / associate: 18%
- Director / senior director: 28%
- Board level: 10%
- C-level / general manager: 7%
- VP / SVP / EVP: 3%
- Other: 26%

Econsultancy / Adobe Quarterly Digital Intelligence Briefing
Company respondents

Figure 12: Are you more focused on B2B or B2C marketing?

- B2C: 33%
- B2B: 22%
- B2B and B2C (equally): 45%

Company respondents

Figure 13: In which business sector is your organisation?

- Financial Services and Insurance: 21%
- Print / Publishing: 9%
- Technology: 8%
- Retail / Mail Order (incl. online retail): 7%
- Government: 6%
- Manufacturing and Engineering: 6%
- Healthcare and Pharmaceuticals: 6%
- Charities and Non-Profit: 5%
- Media: 4%
- Professional Services (e.g. consulting): 4%
- Travel and Hospitality: 4%
- Consumer Goods: 2%
- Gaming and Gambling: 2%
- Telecoms: 1%
- Automotive: 0%
- Other: 15%
Figure 14: What is your annual company revenue?

- 58% < £1 million
- 37% £1 – £10 million
- 21% £10 – £50 million
- 20% £50 – £150 million
- 16% £150 million – £1 billion
- 10% More than £1 billion

Company respondents: □
Agency respondents: □