

Omnichannel retail in 2025

The boundaries between digital and physical shopping continue to crumble



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While growth in pure online sales in South Africa has steadied following an explosion in adoption during the pandemic, we now live in a truly omnichannel world. Many shopping journeys that start with online engagement now conclude instore and vice versa. From the perspective of the South African consumer, the boundaries between digital and offline shopping will continue to dissolve throughout 2025.

To thrive in a dynamic and interconnected retail environment, retailers must provide a seamless omnichannel experience that meets the demands of convenience, affordability, and accessibility. Here are some omnichannel trends for retailers and manufacturers to watch in the year to come.

Data-driven strategies will be more important than ever

NIQ's Omnichannel Commerce tracking shows that online sales of consumer Technology & Durables goods have stabilised at high levels. In the Middle East and Africa region, online sales in this sector now stand at 19% and we are also seeing online sales ramp up in categories such as groceries.

To continue growing sales, even the most physically focused retailers need to deliver a consistent experience

across all relevant platforms as well as master the art of leveraging digital data to drive personalised marketing campaigns with tailored messages, product recommendations, and promotions that resonate with customers.

Winners will increasingly differentiate themselves by not only using data in tactical campaigns, but also using

cross-channel insights to predict future trends and customer behaviour.

Retail media networks (RMNs) turn retailers into B2B advertising machines

With margins under pressure and competition fiercer than ever, retailers will continue to focus on retail media networks (RMNs) as a revenue stream. Indeed, the likes of Amazon, Takealot, Pick n Pay and Checkers are already successfully monetising



The past few years have seen a renaissance in creative, humorous, personality-filled B2B marketing. B2B advertising campaigns can't be boring if they are to be effective. Today, talented marketers are pushing the envelope for what B2B marketing can be. They're combining creativity and strategy to reach audiences, earn attention, and inspire action. Sean Callahan/www.linkedin.com/

product placement ads on their apps, websites or in-store digital signage. This reflects a global trend. McKinsey estimates that by 2026, retail media will add \$1.3 trillion to enterprise values in the US alone, with profit margins between 50% and 70%.

RMNs have transformed the traditional B2C positioning of retailers and squarely positioned them as B2B advertising machines. Amazon alone earned a staggering \$46.9 billion in 2023 from sponsored ads on its site.

Manufacturers and distributors will need to carefully consider how to maximise their investment across RMNs, focusing on those that offer the best return on ad spend (ROAS) and organic visibility.

Marketplaces on the march

Large ecommerce platforms including international players like Amazon, Temu and Shein as well as South African online stores like Takealot and Makro have turned their marketplaces into gold mines.

As well as selling products themselves, they earn fees and commissions by allowing other retailers and brands (big and small) to sell to customers on their platforms. Data shows that consumers worldwide spent \$3.25 trillion on the top 100 marketplaces in 2022.

“ Today, around two-thirds of global e-commerce sales take place on marketplaces. We're expecting strong growth for marketplaces in South Africa as Amazon gains traction and the market catches up to global trends. ”

Chinese players continue to grow despite headwinds

Chinese platforms Temu and Shein have gained enormous market share in South Africa over the past two years, particularly at the expense of clothing and beauty retailers. Their aggressive pricing has delighted consumers. However, their local competitors argue that they are bypassing paying VAT and duties by taking advantage of tax loopholes.

Tougher enforcement of import taxes by the South African Revenue Service may slow their momentum, but they can be expected to adjust quickly. They have already built loyal customer bases and maintain a pricing advantage, even when taxes are considered.

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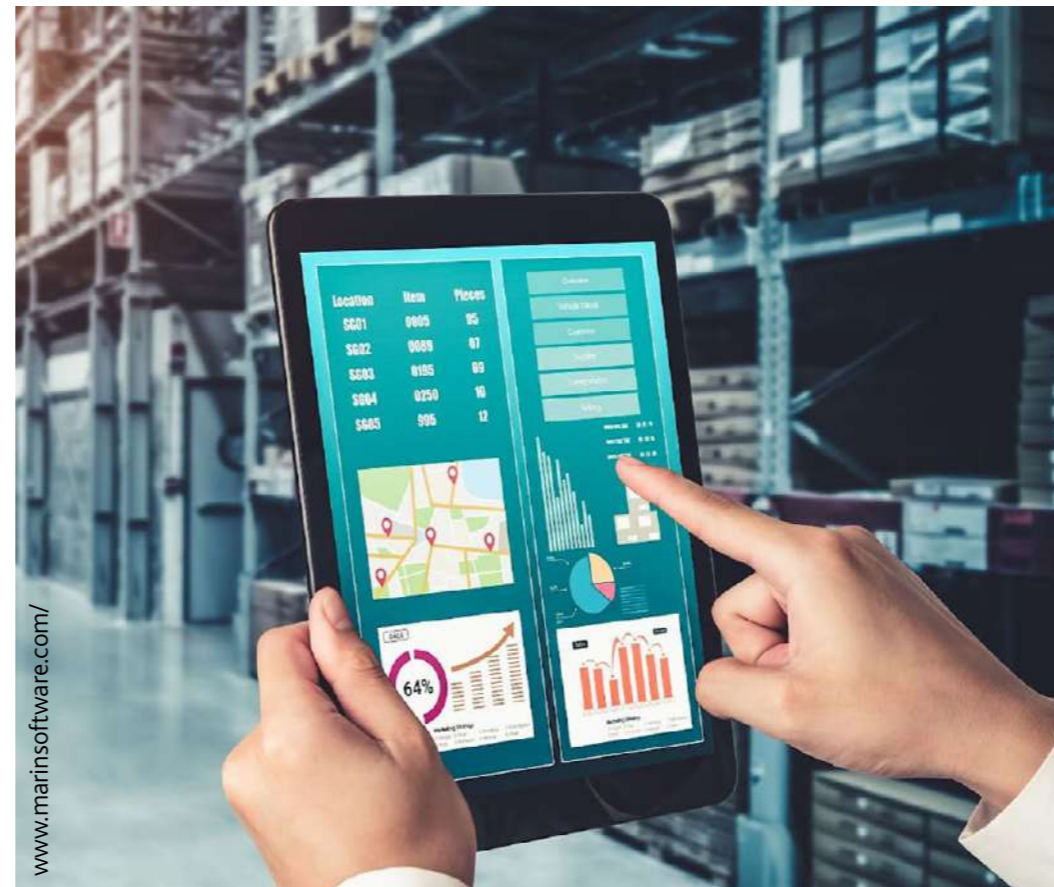
Generative AI is expected to be a catalyst for innovation in retail, enabling companies to rapidly generate creative assets such as videos and image, and even tailor them to deliver personalised messages to different consumers. But most retailers will grapple this year with how they can get the best from this powerful tool, balancing the efficiency and speed of technology against the need to deliver a human touch.



Social commerce starts to deliver on the hype

Social commerce has been on the radar for years, but it's starting to really take off. In 2021, the market size was \$0.62 trillion, and it's predicted to hit \$7.03 trillion by 2030. TikTok is one of the driving forces behind this growth – particularly in the Health & Beauty category.

When it comes to social commerce, Asia-Pacific is leading the way. As South African consumers continue to look to social media for product discovery and direct sales, brands and retailers have an incredible opportunity to capitalise on convenience and impulse buying. Shoppable features on channels and content should be a focus for those that want to stay competitive.



Our research shows that most consumers could not only easily identify AI-produced creative but also rated all AI-generated ads as being significantly more annoying, boring, and confusing. In comparison with traditional video ads, we found that memory – as measured in the brain with EEG – was weak among most tested AI-generated ads, even those perceived as 'high quality'.

Brands and retailers will need to walk a fine line when using AI, ensuring that careful prompting and iteration to deliver a quality final product that resonates with their customers.

Closing words

In today's retail environment, competition for consumer attention is fiercer than ever. Shoppers demand a frictionless journey across all touchpoints (be it in store or online) – and every interaction with a brand or retailer impacts the customer experience. To deliver an exceptional customer experience to every consumer, at every engagement, and across all channels, manufacturers and retailers must craft an omnichannel strategy rooted in best-in-class data.

Here are some steps that they can take in this direction ...

- Create a frictionless user experience via personalised journeys and leveraging connected customer data across all channels.
- Use AI to analyse real-time consumer data from e-commerce shoppers, in-store purchases, loyalty app behaviour, etc., and use this data to drive personalisation.
- Stay on top of emerging technologies by developing customised strategies for every channel.
- Link supply chain and pricing and promotion by leveraging real-time demand forecasting to optimise stock levels (reduce out of stocks, etc.) and by implementing flexible pricing tools that align promotions with inventory and customer demand. **SR**

