

Securing sustainable business growth in post-election SA is a question of strategy and customer experience

By [Grant Sieff](#), issued by [UCT Graduate School of Business](#)

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Applying the lessons of customer-centricity perfected by the Big Tech giants like Google and Amazon and strategically applying these in our own context is key to building long-term and sustainable business success.

Business confidence in South Africa remains fragile following the May election. While the results, as Sanlam Investment economist Arthur Kamp put it, were broadly welcomed as providing political continuity and opening a window of economic opportunity for the country, that window is closing fast.

In this climate, business will have its work cut out for it. Power shortages, slow growth and continued inequality in the country all need to be anticipated and planned for. Another looming issue, which often does not get the attention it deserves, is the role of big tech-driven businesses, more specifically, the immense influence they wield over the behaviour of their own – and everyone else's customers!

These days, everyone accessing the internet and the services made available by it are essentially customers of Facebook, Amazon, Google, Microsoft and, to a degree, Apple. Dubbed the "Frightful Five" by *New York Times* columnist Farhad Manjoo, these companies collectively control and influence how much of the market behaves at any given time. Amazon determines how people shop, Google how they acquire knowledge, Facebook how they communicate. We could reasonably infer that Microsoft plays a big part in this last aspect and that Apple has a history of driving what technology people actually engage with, and what other tech companies emulate.

And of course, the confluence of these tech behemoths has also created the social media influencer and crowd-sourced opinion (think the Kardashians and Trip Advisor), which in turn wield significant influence in this new "market space".

Local businesses ignore the tech, retail, social and behavioural disruptions that the frightful five have spawned - at their own peril. Deciding how to negotiate the (rather rough) terrain is, of course, a question of strategy.

In securing their own future business and growth, business leaders and strategists have to ask themselves: what kinds of relationships do they build with the big data controllers and influencers, if at all? How does South Africa, and South African business, control what kind of influences these mega-players have on the lives of their consumers and producers? How can local businesses define a niche and successfully occupy this alongside the mega tech companies? And, possibly, what can they learn from their success?

While the frightful five are increasingly coming under public scrutiny around ethical, practical and competitive concerns due to their monopolistic practices, it is undeniable that there is much to be learned from them too. Notably, one of the common denominators of these companies is that they have achieved much of their success by focusing their technology innovations and strategies on their customers' needs and behaviour.

Jeff Bezos of Amazon, for example, is said to be one of the great customer-centric CEOs. His 2008 letter to shareholders famously emphasised the notion of working backwards from what customers (he calls them share-owners) need, in order to innovate. His latest letter reminds us that Amazon is creating a customer-centric ecosystem that emphasises listening to customers and responding to their needs swiftly (speed matter sin business). It's an ecosystem that includes other businesses too. As a percentage of total sales, independent third-party sellers have grown from 3% in 1998 to 58% in 2018, from \$0.1 billion to \$160 billion – a compound annual growth rate of 52%.

Says Bezos: "We helped independent sellers compete against our first-party business by investing in and offering them the

very best selling tools we could imagine and build. We could not foresee with certainty what those programs would eventually look like, let alone whether they would succeed, but they were pushed forward with intuition and heart, and nourished with optimism.

“The biggest needle movers will be things that customers don’t know to ask for,” writes Bezos. “We must invent on their behalf. We have to tap into our own inner imagination about what’s possible.”

South African businesses need to go further than just emulating this approach to customer centricity and digitisation blindly; they must craft their own unique strategies that take their own strengths and weaknesses into account. In contemplating their own strategic execution for growth, they need to not only understand their own customers and operating environment (outside in) but find a way to leverage their organisational competencies to exert appropriate influence on these customers’ behaviour (inside out). Business needs to take a multi-dimensional approach to strategy that also takes into account a top down (leadership and vision of the company) and bottom up (enrolling all stakeholders including, especially, employees).

Ultimately, it’s now all about creating, managing and delivering the ideal customer experience.

Digitisation has given us unprecedented opportunities to connect with our customers, but at the risk of being over-simplistic, in using this power we need to make sure we know first what customers want; what kind of strategy would align with their preferences; and what kind of company culture and competency and leadership vision is needed to execute that kind of strategy.

If we get this right, as with Amazon and Google and the other tech giants, we may even get to make the rules for our unique geography, context and culture.

The watchwords here are alignment and experience. Business leaders and strategists need to make sure that their key business elements - including leadership, culture and competency of the organisation, strategy and customer preferences - are optimally aligned to not only react to how consumers are behaving but to influence that behaviour in order to better monetise it. Strategic leaders build organisations with the best employee experiences which are then optimally aligned to deliver the most desirable customer experiences.

In a country like South Africa, we have to do this while staying mindful of the immense social challenges we face and seek a path towards inclusive growth.

We are living in complex and challenging times with socio-political imperatives, technological disruption and shifting consumer culture, that pull us in many directions. The better leadership can cultivate a culture of passion, customer obsession and competency to drive a relevant strategy that creates the experiences customers desire for today and tomorrow, the more likely it is that we will be able to stay on course and take advantage of the current window of opportunity in South Africa to build long-term, sustainable business success.

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