

Logistics is adapting to the changing business landscape. Here's how

By [Natasha Parmanand](#)

6 Jul 2023

The global e-commerce revolution has transformed the business landscape, and logistics providers are navigating these waves of change. Here we explore how the logistics industry is adapting to the evolving business landscape and supporting businesses in meeting customer expectations.



Natasha Parmanand, MD of FedEx Express Sub-Saharan Africa operations | image supplied

The origin of e-commerce industry can be traced back to orders being placed from television shows and a landline phone to sell just about everything. Internet has transformed modern-day e-commerce in the way, we acquire and interact for goods and services. We have become accustomed to purchasing anything we want online, including industrial, aerospace, automotive and healthcare shipping solutions.

Growth and transformation in e-commerce

In South Africa, the e-commerce market is estimated to be worth \$6.3m and is predicted to grow by 17.9% by the end of 2023. Even traditionally hesitant online shoppers have adopted e-commerce. Covid-19 also accelerated the increase in no-contact purchasing, and online shopping sites have become easier to navigate.

With low barriers to entry, e-commerce and the internet mean businesses anywhere in the world are now able to trade across borders. Even companies with small production numbers can create a presence online.

With an increase of social media channels and platforms, that can help businesses directly target their desired audience, small and medium enterprises (SMEs) are able to compete with retail giants on a global stage. Outside the traditional retail model, costs for e-commerce traders can be kept down and lower prices can be passed on to consumers.

Challenges to logistics adapting to the business landscape

South Africa is only the 42nd largest online shopping market, despite being ranked 33rd by per capita GDP. This difference can be attributed to several factors, inadequate road infrastructure and sometimes insufficient address data. Logistics companies that remain technologically innovative are looking to overcome such challenges by utilising GPS systems, and robust delivery fleets.

Beyond this, there is also unequal access to reliable internet connectivity, limited digital literacy, and low technology adoption rates in certain communities, which hinder the growth of e-commerce and logistics.

Opportunities

Logistics is an enabler of e-commerce. Data by logistics consulting firm Knight Frank shows that the cost of transportation represents 50% to 75% of the retail price of goods. With an estimated five billion internet users and a 2022 e-commerce sales sector valued at \$5.7tn, this represents a massive proportion of the total value of the e-commerce industry.

Logistics and e-commerce have developed a symbiotic relationship and created excellent user experiences – from the click of a mouse at online checkouts, to the fulfilment of the order at the customer's chosen delivery location.

The evolution of e-commerce gives small and medium-sized enterprises (SMEs) a unique opportunity not just to boost sales, but also to position themselves for long-term success—although it is important to realise that competition is stiff. As consumer expectations continue to evolve, SMEs reliant on logistics service providers must be able to offer cost-effective services that combine convenience with speed. To this end, many players are employing innovative technology to deliver more tailored shopping and shipping experiences that increase the chances of a sale.

One potential pitfall is the significant gap between SMEs' assessment of how they're meeting customer expectations and how consumers view the experience. Our analysis shows that the biggest expectation gaps occur around having an efficient returns service and access to customer support.

ABOUT THE AUTHOR

Natasha Parmanand, MD of FedEx Express Sub-Saharan Africa operations.

For more, visit: <https://www.bizcommunity.com>