**Introduction**

1. **Competition in the online retail industry**

The term competition refers to a rivalry among the companies selling similar products and/or targeting the same target audience to get more sales, increase revenue and gain more market share as compared to others. Every organisation that tries to sell a service/product in the market environment is constantly up against existing competition. There is a lot of competition in the retail industry in South Africa as the online industry gets popular and in demand like never before. Companies like takealot.com, bidorbuy, Makro, Superbalist are among the big players in this space and the competition is high. Takealot.com currently have the competitive advantage over its counterparts.

* 1. **Competitive advantage**

For companies to survive in the market they need a condition or circumstance that puts them in a favourable position and that is what is called an advantage. When we say you have a competitive advantage we simply means that you outperform your competitors, it simply means that you are better than your competitors. There are a lot of factors that causes other companies to outperform other companies for the same product, some of the well-known factors includes but are not limited to high quality, unique technology, customer loyalty and first adopters status. Takealot.com have a lot of this factors in its DNA and the way in which they conduct their business. There are two facets of competitive advantage, namely the sustainable competitive and transient advantage.

* + 1. **Sustainable Competitive advantage**

Sustainable competitive advantage is the ability of an organisation to perform better than its rivals over a long term. It’s about generating profits over a long time. This is however not the strength of takealot.com “While Takealot.com is dominating the South African market, it has one big challenge, becoming profitable”, Takealot.com has been running on venture capital and has been burning through cash at a rapid rate.

* + 1. **Transient Competitive advantage**

Transient competitive advantage is the ability of an organisation to build up temporary advantages where they seize opportunities, exploit it and then move quickly when they have exhausted the opportunity. This is where Takealot.com is thriving. For example they have recently rolled out a number of pickup points across the country making them the first (early adopter) online retail to do so in the country.

1. **Organization level of strategy**

In large multi-business organisations like Takealot.com, strategic management and decision-making takes place at different levels. They take place at corporate level, business level and functional level. There are fundamental differences between those levels and below I will explain the difference between corporate and business level.

* 1. **Corporate level**

This is the highest level of decision making, decisions are mainly done by the board of directors and the focus is mainly to create stakeholder value. Takealot.com merged with Kalahari to create a platform of scale, this is a corporate level decision that was taken by the board of both companies. *“We are very excited about this transaction and the efficiencies and scale that it can generate for the merged business. We will continue to make sure that our primary focus is on the customers of the merged entity as they are the life blood of our business*” takealot CEO Kim Reid

* 1. **Business level**

Business level strategy takes place at the level of a single business unit, this is done by the business unit manager and the goal is to for it to achieve competitive advantage within the markets in which it is competing. Business level strategy often helps companies to achieve a competitive advantage. For example Takeolot have implemented a network of physical pickup points to help overcome the limitations inherent in a delivery-only business, they have also have pickup points that dramatically simplify the returns process of items, this was a decision done at the business level

1. **The vision statement**

The vision statement expresses a desired future position and it is often referred to as the dream of the organisation, it must be powerful, ambitious, imaginable and specific statement that has the ability to inspire the whole organisation.

There are no specific format for a vision statement, however it should present a clear picture where the organisation would like to be in the future. It should also be easy to understand, explain, communicate and flexible enough to allow the organisation to adapt to changes in the environment

* 1. **Evaluation of the vision statement by takealot.com**

|  |  |  |
| --- | --- | --- |
| Characteristics | Yes/No | Reason(s) |
| Is it future oriented? | No | They used the term “be” instead of become, this implies they would to continue unchanged |
| Is it powerful? | Yes | They mentioned that they want to be the largest in Africa |
| Is it imaginable? | Yes | They are already dominating the markets in south Africa and they have done so consistently for some time now |
| Is it motivational? | No | They are not raising the bar high enough, it looks like they are targeting online shopping and that is their playground, they don’t seem to look for other challenges and expand beyond Africa |
| Does it guide decision making? | Yes | It tells quite clearly what they have decided to be known for |
| Is it Flexible? | No | It is focused on online shopping and only Africa, it looks like there is no aspirations to expand beyond that |
| Is it easy to communicate? | Yes | It uses simple language |
| Is it easy to remember? | Yes | It can fit at the back of a T-shirt |
| Does it align with what the company do? | Yes | They mentioned online shopping and that is what they do |

* 1. **Suggestions to improve the version statement**
     1. Make it more future oriented
     2. It should not limit to only online shopping
     3. It should not only be limited to Africa
  2. **Suggested vision statement**

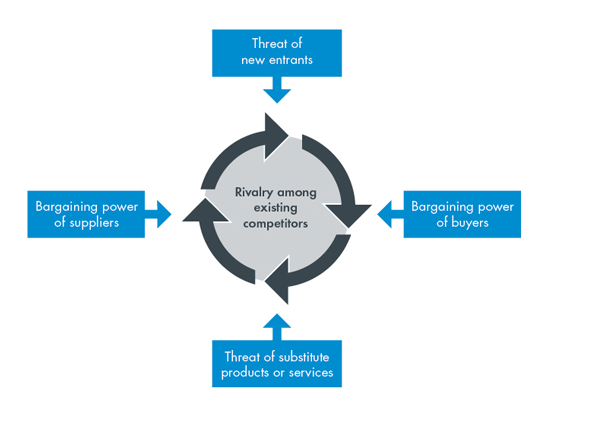
To become the largest, simplest, most customer-centric digital destination around the world

1. **Profitability of the online retail industry**
   1. Profitability is the ability of a company to generate revenues in excess of its expenses, this simply means it is the company’s capability to generate profit from its operations. There are two well-known analysis used to determine the company’s profitability, namely the PESTEL(G) and the Porter’s five forces analysis,
      1. **PESTEL(G)**

This analysis helps to analyse the external environment more specifically, the macro environmental factors. This factors includes Political, Economical, Social, Technological, Environmental, Legal and Global factors.

* + - 1. Political factors: Include aspects such as the government and its political policy and economic interventions and policies
      2. Economical factors: Include factors such as the economic growth rate, the inflation rate, interest rate and exchange rates.
      3. Social factors: include factors such as social values, culture, lifestyles and demographics
      4. Technological factors: Includes factors such as research and development, new products, processes and the new technologies
      5. Environmental factors: includes the ecological and environmental forces of nature as we weather
      6. Legal factors: Include factors such as regulations and laws with which organizations must comply
      7. Global factors: Includes global trends that affects all the organizations across the globe
    1. **Porter’s five forces**
       1. This analysis consists of five different forces which determine the market’s attractiveness and therefore its profitability, this forces are customer, suppliers, existing competition, potential competitors and substitute providers.
          1. Customer: Bargaining power of buyers
          2. Supplier : Bargaining power of suppliers
          3. Existing competition : The rivalry among existing competitors
          4. Potential competitors : Threat of new entrants
          5. Substitute provider : Thread of the similar products/services

The image below summarizes the Porter’s five forces



* 1. Model Suitable Model for Takealot

Takealot need to use Porter’s five model forces base on the below

* **Threat of new entrants**
* Discuss here
* Current situation : High/Medium/Low
* Near future: High/Medium/Low
* **Bargaining power of buyers**
* Discuss here
* Current situation : High/Medium/Low
* Near future: High/Medium/Low
* **Bargaining power of suppliers**
* Discuss here
* Current situation : High/Medium/Low
* Near future: High/Medium/Low
* **Threat of substitute products/services**
* Discuss here
* Current situation : High/Medium/Low
* Near future: High/Medium/Low
* **The rivalry among existing competitors**
* Discuss here
* Current situation : High/Medium/Low
* Near future: High/Medium/Low

There are two extra forces that complement the Porte’s five forces

* **Barriers to enter**
* Discuss here
* Current situation : High/Medium/Low
* Near future: High/Medium/Low
* **Barriers to exit**
* Discuss here
* Current situation : High/Medium/Low
* Near future: High/Medium/Low

**Conclusion**

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