Kalahari and Takealot become one

Two of South Africa's leading online shopping sites, Kalahari.com and Takealot.com today announced that they are merging their operations.

The move was driven by the fact that, without scale, SA e-tailers simply can't compete successfully against the local brick and mortar retailers and foreign companies such as Amazon and Alibaba.

"After many years of losses on Kalahari and four years on Takealot, we realise we have to work together if we are to survive and prosper," said Oliver Rippel, senior executive responsible for Kalahari.com. "If you also take into account an uneven playing field against foreign operators who do not pay tax in South Africa, and the fact that high broadband costs are impeding the speed of growth in local online shoppers, combining forces gives us a better chance of success."

Online retail only accounts for approximately 1.3% of the total market for consumer goods in South Africa. The channel has great upside potential when one considers that in developed markets like the US and the UK online retail accounts for as much as 14% of total retail of consumer goods.

The merger will bring customers the benefit of a wider selection of products and categories, as well as broader delivery services.

"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," said Takealot CEO Kim Reid, who will manage the merged entity under the takealot brand together with co-CEO and CTO Willem van Biljon.

The merger is subject to Competition Commission approval and will only become effective once the Commission has ruled. The businesses will continue to trade separately and service their customers as usual through the festive season.