

The rise and rise of the on demand economy

By [Alex Thomson](#)

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Today, owning DVDs and CDs seems like a quaint idea - why would you clutter your home with physical media when you can get the music or movies you want over the internet on a pay-per-download or subscription basis? But the digitalisation of our entertainment is just the start of an on-demand economy that is rapidly changing our lives.



Image source: Getty/Gallo

From fast food to personal transport, more and more of the products and services we use every day are being transformed into on-demand products. Think about the rise of ride-hailing companies like Taxify, Uber and Lyft, for example, and how they allow us to buy transport as a service with a swipe on a smartphone.

Though startups referring to themselves as the “Uber of tutoring” or the “Uber of car washing” and so on has become a cliché, there is a profound change underway in market. Many of us are moving away from owning stuff or getting tied into long-term service contracts to buying what we want or need as a service, as and when required.

As Accenture puts it in its [Technology Vision 2019](#): “Digital tech means businesses are no longer able to just capture markets. They can capture moments, delivering goods or services to a particular customer at their particular moment of need.” Some of 85% of executives in Accenture’s global research agreed integration of customisation and real-/near-time delivery is the next wave of competitive advantage.

One of the most important factors driving the trend is the way that digital technology enables companies to deliver instant gratification. Think about how we have quickly learnt to take it for granted that an Uber will arrive five minutes after we order it, or how the global ecommerce industry has evolved towards same-day or even two-hour delivery, or how you can binge-watch a series of Netflix as soon as it drops.

Though South Africa is a bit behind the curve when it comes to delivery of ecommerce goods on the same day, we are seeing a range of startups come to market with on demand offerings that are enjoying strong consumer adoption. From domestic cleaning on demand via SweepSouth Services to WumDrop's local courier service to OrderIn's fast food delivery, innovation abounds.

The benefit for consumers is that they pay for the service they use – no more, no less – and get it when they need it. Here are some examples of this trend in action:

Telecoms The mobile network operator, rain, is disrupting its market with a 4G, data-only service priced at 5c per meg, R50 a gig. You pay only for the data you use at the end of the month – no complex contracts or bundles to understand, no risk of high out of bundle charges, and no danger of your data expiring.

- **Television and music**

Pay television survives in South Africa because of its local content and exclusive sports rights – but streaming services such as Netflix are giving it a run for its money. For many viewers, it's attractive to pay R100 or R200 a month for a service that offers completely on-demand entertainment. You can also subscribe to a growing selection of international sport streaming services when you want to watch a big golf or tennis match. In months where money is tight or you will be travelling or there is simply nothing that you want to watch, you can easily switch off your subscriptions.

- **Banking**

Tyme recently launched its digital-centric bank and Discovery looking to deliver its own app-driven Discovery Bank later this year. Then there is Bank Zero, an initiative headed by former FNB CEO, Michael Jordaan.

- **Insurance**

Insurance, traditionally a grudge purchase for most consumers, is also becoming an on-demand service as insurtechs and larger insurers alike offer customers digital-only customer experiences that give them more control over their insurance products and services. One example is the Sanlam-backed Go Cover – an app-based, on-demand accident cover product - which offers adrenaline junkies, holiday-makers and seasonal workers life cover of up to R1 for as little as R30. Car insurance, too, is turning into an on-demand service. For example, you can sign up for car insurance with Naked in a matter of minutes, and you to switch your accident cover off when you are not using their vehicle for a while.

The next wave of consumer choice

It's no coincidence that most of the companies above are young, mobile-first startups that are unencumbered by legacy systems, processes and infrastructures. The success stories in on-demand commerce tend to start with a clean slate, building their businesses with the goal of addressing consumers' needs and wishes at the moment they emerge.

They use technologies such as mobile apps, big data analytics and artificial intelligence to gather real-time information from their customers, and respond to their needs nearly instantaneously. As autonomous vehicles, 3D printing, drones, smart home devices and other technologies reach maturity, we can expect to see the growth of on-demand explode.

This will usher in a new era for consumers, with more freedom of choice, more flexibility and more transparency into their relationships with companies. One day we may see fixed-term contracts for cellular telephony or opaque and impersonal insurance offerings to be as old-fashioned as needing to buy an entire CD album because there was one song on it that

you liked.

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