

SA's rising e-commerce space brings new opportunities for businesses

By Charles Mburugu

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Last year, the e-commerce industry globally accounted for around \$1.5 trillion in sales. It is expected to reach \$2 trillion by the end of this year. The emergence of e-commerce and its advancement is beginning to change the attitude of shoppers in South Africa.



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Although South Africa's e-commerce space is relatively small (\$3 to \$4 billion), the market still holds a tremendous potential for growth, and [South Africa has indeed made great progress in online marketing](#). With around 70% of South African internet users shopping online or expecting to shop online in the future, South Africa now holds the second-largest promising number of online shoppers compared to countries like Nigeria (89%) and Kenya (60%).

The study behind SA's e-commerce growth

A study by [Ipsos](#), a leading market research company, suggests that the number of online buyers has increased significantly. Twenty-two percent of internet users in South Africa shop online and 48% have shown potential of shopping online in future. Efi Dahan, PayPal's regional director for South Africa and Israel, said online shopping in South Africa is likely to grow up to three times higher in the near future.

According to the study, there are four key drivers that would encourage South Africans to shop online:

1. **Lower product costs:** Around 88% of users believe that lower product costs would make them more likely to buy online. E-commerce sites, such as [Bay](#), [Get The Gloss](#) and [AiryHair](#), serve thousands of women per week with their quality products and promotional price offerings;

2. **Faster delivery:** Eighty-five percent of users would want to buy online if the vendor could provide a fast way to deliver the product;
3. **Flexible delivery options:** Eighty-two percent of users like the idea of a flexible-delivery option;
4. **Safer ways to pay:** Seventy-five percent of users would want online retailers to provide a safer payment option.

Other statistics gathered from over 90,000 respondents during the 2015 South African e-commerce Awards showed that the vast majority of online shoppers were women between the ages of 18 to 39. Also, the majority of South Africans spend between R250 to R1,000 when making a purchase online.

The Ipsos study also showed that the e-commerce shopping would be more comfortable if there were no need to re-enter payment details or sign-up on websites before buying. Sixty-seven percent of non-online shoppers mentioned payment security concerns as the reason for not shopping online, while 57% say that they are concerned about not receiving the item ordered.

Safety matters

As the research indicates, security is a big deal for South Africa's digital e-commerce space. And, thus, South Africans are choosing PayPal to be their primary payment method. Currently, [over one-million PayPal accounts](#) have been opened. PayPal users in South Africa believe that this is the fastest, most convenient and safest online payment method.

"Online security matters. This is why PayPal provides a simpler, easier and more secure way to shop and pay on millions of websites around the world," said Dahan.

"The fact that PayPal does not share financial information with the seller when authorizing a transaction reassures consumers that their financial details are more secure. PayPal also offers buyer protection for eligible purchases and can help protect consumers in cases where the purchased goods didn't reach them, a big concern amongst South African consumers."

The spread of e-commerce

According to the study, cellphones are making online shopping more convenient. Many South African online shoppers have gone across the border with their businesses. For example, 30% of cross-border shoppers from Nigeria have purchased goods from South African sources. All of this indicates that there's a huge potential for the growth of e-commerce currently present in South Africa and that it further promises to achieve even higher position globally.

"E-commerce is constantly evolving in South Africa," said Andy Higgins, MD of uAfrica.com. "The way consumers shop online, and what they buy defines what they expect from online stores. We are seeing online merchants taking up the challenge and evolving with their customers."

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