

Online sales of technical consumer goods soar as South Africans seek bargains

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E-commerce retailers grew their share of the South African technical consumer goods market by 52% in 2017, accounting for 6.9% of total consumer spending by rand value for the year. This means they have nearly doubled their share of the market since 2015, according to research from [GfK South Africa](#).



GfK South Africa's new report, E-commerce 360: Navigating the Technical Goods E-Commerce Market in South Africa*, indicates that more than 44% of connected consumers claimed to have made a technical goods purchase** online in 2017.

The report fuses two GfK product suites to provide a holistic view of the e-commerce market, with a focus on technical consumer goods. The first product suite is GfK's retail point of sale tracking data and the second is GfK's FutureBuy data (from online interviews with 2,000 Internet-connected South African consumers).

Says Cherelle Laubscher, Senior Retail Manager at GfK South Africa: "E-commerce in South Africa is still in its infancy compared to European markets, where a quarter of technical goods spending goes through digital channels. However, growth in South Africa is strong and shows no signs of declining as bargain-seekers flock online to buy technical consumer goods like smartphones, IT, consumer electronics, and major home appliances."

Though they dominate the market, traditional stores are not growing the value of the sales they generate in technical goods as quickly as the digital players. E-commerce retailers are seeing strong growth in smartphones, panel televisions, small domestic appliances, gaming consoles and laptops.

Survey respondents cited better prices, attractive promotions and wide product selections as major reasons for shopping online rather than at a traditional store. By contrast, experiential factors such as getting to see and feel goods motivate

shoppers to go to physical stores.

GfK South Africa's point of sale data indicates that the consumer perception that e-commerce prices are lower than in-store prices is accurate—more than two-thirds of the top 100 sellers among technical goods products in South Africa are cheaper through digital stores than at physical retailers. Across the top 100 products, online prices are an average of 4.7% cheaper.

Online retailers perform particularly well during seasonal promotions—they seized their highest monthly share of the South African technical goods market in November 2017, largely thanks to the impact of their Black Friday promotions.

Meanwhile, 45% of connected consumers in the survey claimed to increasingly use the internet to buy products online compared to the previous year. “However, a consumer journey often straddles both physical and digital channels, meaning that the most successful retailers should have an omnichannel strategy,” says Odette Jardim, Client Solutions Manager at GfK South Africa.

Just under half of survey respondents have made an online purchase after seeing a product in store. About six in 10 went to a physical store to buy a product after seeing it online. Mobile phones also play an important role in the customer journey, with two thirds of connected consumers using their smartphone to help shop for a product or service in the past six months.

The study highlights delivery costs, information security fears, and concerns about the ease of returning goods as reasons consumers cite for caution when shopping online. Connected consumers say better delivery options, discounts and loyalty programmes are among the pull factors that could entice them to shop for technical goods online.

** The full report is available for purchase.*

*** Technical consumer goods include consumer electronics, telecom devices, IT, photo equipment, TV, audio and video, office equipment (printing devices & cartridges), multifunctional technical goods, small and major home appliances.*

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