

Lockdown transaction data reflects acceleration of e-commerce in SA

South Africans have historically been cautious about shopping online, but faced with the realities of lockdown restrictions have turned to online shopping in unprecedented numbers since the start of 2020.



Transaction data recently released by Mobicred, the largest digital credit facility in South Africa, shows significant changes in online shopping behaviour both in terms of adoption rates and product selection. This trend is however not unique to South Africa.

"With a clear flight to e-commerce South Africa has, in line with international markets, experienced an acceleration of online retail. Our stats have clearly shown the SA population behaviour to be in line with other markets," explains Jason Sive, CEO of Mobicred.

40% increase monthly online transactions

Trends emerging from the transactional data, extracted across 2,000 online retailers accepting Mobicred customer payments over the last six months, reveal some interesting shifts over the period. Across this customer base some of the key changes between pre- and post-lockdown purchases included an overall increase of 40% in monthly online transactions.

Demographically, customers older than 60 years, traditionally hesitant to transact online, grew by over 90% in terms of applying for Mobicred credit facilities. In a wider context, the average purchase size across the entire customer base also increased, showing an uptick of more than 25% while the frequency of transacting online also grew by more than 30%.

The increased appetite of South Africans for online shopping has not gone unnoticed by retailers as they look to offer customers greater freedom and more options to transact. Over the same period, Mobicred reports a 50% monthly increase in the number of new online retailers signing up with the credit facility.



FNB reports 30% y/y increase in e-commerce spend

28 Jul 2020



Having access to an ever-increasing basket of options and benefitting from concerted efforts by retailers to engage more meaningfully with their customers, the purchasing choices and behaviour of South Africans is producing interesting insights into what we spend our money on, says Mobicred. Segmenting online retailers into various industries, the data produced by the credit facility shows significant shifts in pre- and post-lockdown purchasing choices.

The company says these shifts largely follow what can be assumed to be the impact of lockdown restrictions, limiting movement which, in turn resulted in spending more time at home and therefore a greater focus on purchases relating to households.

Auto and tourism slump

Unsurprisingly, the auto industry experienced a sharp decrease in sales, dropping by a substantial 45% over the period. Also suffering heavy losses in spending, the tourism industry took an 85% hit. Less affected, but still showing a decline, the health and beauty industry was down by 14%.

Showing considerable growth, sales in the fashion industry were up by 22%, just a few percent shy of the 26% increase achieved by general retail. Similarly, the tech industry revealed a strong rise, growing by 27%. Profiting most over the period, compared to pre-lockdown figures, the bed industry was up by 95% with home and furniture showing significant growth as it rocketed by 140%. This sharp rise in spending on household items is expected to keep growing as the so-called 'stay-home economy' continues to develop.



Big brick-and-mortar retail needs to up its online game to survive

David Jenkins 7 Jul 2020



Mobicred says as lock-down restrictions ease, South Africans, having overcome previously held concerns relating to online shopping, are likely to continue embracing this convenient means of transacting. Added to this, the continued threat of contracting the coronavirus in a public space may well deter would-be in-store shoppers from venturing out.

"In order to capitalise on the shift to the stay-home economy, retailers will need to continue expanding their online offerings and further embrace technology to produce online customer experiences that will keep customers coming back, just as they would in a brick-and-mortar store. Critical would be to refine online shopping journeys, making sure that every little step in the purchasing process is optimised.

"The stay-home economy presents an opportunity to reinvent businesses and those that do will emerge stronger and more profitable," the company says.

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