

# South African consumers reveal what makes them 'click' online

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Market research company Synovate uncovers the online spending habits of South African Internet users.

One-fifth of South African consumers state that they have shopped online in the past six months and the most popular choice for online purchasing are movies and music downloads - cited by 44% of respondents as regularly purchased. This is according to a survey conducted by global research company Synovate.

Synovate conducted research with 500 Internet users in the metropolitan areas of Johannesburg, Cape Town, Durban and Pretoria. "With the advent of cheaper and faster Internet access in South Africa, Synovate investigated attitudes and perceptions around banking and shopping online as these activities have become easier for our consumers," states Alicia Gaddin, ITT Sector Head for Synovate. "However, having Internet access does not necessarily mean that customers will shop online. Convenience, variety and saving money are big push factors when it comes to online shopping."

Of the fifth that do shop online, the main advantages of doing so were mostly around convenience - 43% stating that it was more convenient than offline shopping and 33% stating that they shop online because it is "always open". Further benefits of online shopping include not having to endure a busy shopping environment or having to deal with salespeople (mentioned by 23% and 22% of respondents respectively). Another plus is that one can browse many items at once (18%) and that it's easy to compare details (16%).

Aside from movie and music downloads, the top online purchases were books, travel, CDs and DVDs and mobile content.

"Movie and music downloads, as well as mobile content and games are easy to buy online and also provide instant gratification compared to some of the other online purchases," states Gaddin. "Buying books, CDs and DVDs and even groceries all come with a waiting period while the goods are delivered."



The good news for South Africa is that the majority (68%) of these purchases are made on local sites. World Wide Worx recently released a study revealing that the online shopping amount in rand value in 2010 will come to R2-billion and that there is evidence that consumers are becoming more familiar and comfortable with the process and are therefore spending

more online.

"This is good news for South African retailers," states Gaddin, "and does not necessarily mean that money is being taken away from the traditional (offline) business. It offers an extra channel for distribution, one which is growing rapidly. The challenge for retailers now is to build upon their offering so as to increase the amount of local spend further."

The overall experience of shopping online was rated as "very good" or "excellent" by 85% of respondents. This was broken down into convenience, security (shopping and goods), the amount and variety of goods online as well as the quality of customer services, and of course the ever-important cost factor. Ratings for each are depicted below:

Overall experience with online shopping – rated "excellent" or "very good"		
Convenience	81%	👍👍👍
Customer Services	77%	👍👍
Amount and variety of goods online	74%	👍👍
Overall cost compared to the same item in a store	71%	👍👍
Security – shopping online	66%	👍
Security – delivery of goods	65%	👍
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## Mallrats?

Of those who indicated that they do not shop online, 40% stated that the reason for this is they enjoy going to shopping centers. Related to the experience of offline shopping, 24% state that they like to browse in other shops and 23% say they like to be able to touch or try on the items that they buy.

"In South Africa, going to shopping centers is still seen as leisure activity, or a day out. They are entertainment opportunities that can include the whole family," states Gaddin. "This is because of the fact that there are many brands and outlets that are being introduced to our market - for example a high-end outlet such as Mango being introduced to the relatively 'sophisticated' shopping market in Sandton. Then on the flipside there are some areas in South Africa where shopping malls are a brand new phenomenon - take Maponya Mall in Soweto for instance. For most South Africans the experience of shopping in a mall is still very exciting and offers variety that we did not see before."

## Other barriers to online shopping

A third indicated that security risks acted as a barrier to online shopping and related to this, 24% stated that they were worried that their goods would not be delivered. 18% believe that the process is too difficult whereas 19% state that they simply do not have a credit card to do so. "This is a public knowledge issue," says Gaddin. "For many online sites you can pay with a debit card or even do an electronic transfer and so this should not be perceived as a barrier."

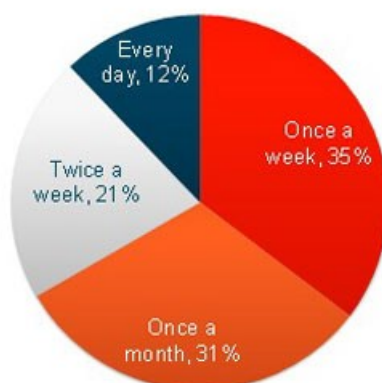
## Alternative payment options: Paypal

With FNB introducing PayPal into the South African market, Synovate spoke to respondents about awareness and perceptions of the newly introduced service in South Africa. Twenty-two percent of those interviewed know what PayPal is and of those, only 29% have used this for making an online payment. An even smaller proportion has used PayPal to receive money, having sold something online. The majority (63%) of those who had knowledge of the service agree with the sentiment that it is a safer option compared to giving out card details online and 33% believe that this will encourage further online spending in South Africa.

## Putting your money where your mouse is

Respondents were asked to comment on online banking as an alternative to banking in a branch and 44% of those interviewed indicated that they bank online. The majority (35%) bank at least once a week and the most popular online banking activities include checking account balances (88%); paying bills (73%), transferring funds into other accounts (63%) and managing debit orders (36%).

### How often do you bank online?



© Synovate E-commerce study 2010 (n = 220 online bankers; n = 500 for the full study)

Twenty-eight percent of those interviewed go so far as to say that they would actually change banks based on what the bank's online offering is like. "Online banking is becoming more important to consumers as they realize the benefits of this service," states Gaddin. "Making sure it is an easy or intuitive process is vital for banks that regard it as a differentiating factor for their brand."

Customers were asked to rate the experience of banking online with regards to a number of factors. The convenience of online banking was rated highest at 92%, followed by ease and user-friendliness of the service (82%). Areas in most need of improvement are online customer service and ease of opening / setting up online:

Overall experience with online banking – rated “excellent” or “very good”		
Convenience	92%	👍👍👍
Ease / User friendliness	82%	👍👍
Amount of activities available online	76%	👍👍
Security	76%	👍👍
Online customer service (FAQs and help text etc)	72%	👍
Ease of opening / setting up online	72%	👍
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Of those who do not bank online, 43% say that there is *no need* to bank online whereas 36% cite *security* as a reason not to. A quarter say that online banking is too difficult and 32% agree that they would be encouraged to bank online if they received *training* on the service. Twenty-three percent stated that online banking might be an option for them if it involved *rewards and/or bonuses*. "The loyalty model is becoming a pull factor for a lot of businesses in financial services in their aim to attract new customers. This might easily and successfully be applied to the online business world too," concludes Gaddin.

Cellphone banking is slightly more popular than Internet banking with 47% of the full sample stating that they are users of cell phone banking. Forty-two percent of those who do not use it say they would consider using it in the future.

## About the survey

Synovate conducted research with 500 Internet users in the metropolitan areas of Johannesburg, Cape Town, Durban and Pretoria. They were interviewed using a face-to-face CAPI methodology and were asked questions relating to online shopping, online banking, PayPal and cell phone banking. Respondents were asked to exclude 2010 World Cup tickets in their definition of online shopping within the last 6 months.

## About Synovate

Synovate, the market research arm of Aegis Group plc, generates consumer insights that drive competitive marketing solutions. The network provides clients with cohesive global support and a comprehensive suite of research solutions. Synovate employs over 6, 000 staff in 121 cities across 57 countries.

More information on Synovate can be found at [www.synovate.com](http://www.synovate.com) and [www.synovate.com/southafrica](http://www.synovate.com/southafrica).

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