

# Delivery key to m-commerce growth

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E-commerce is expanding faster in the developing world, driven by the rapid penetration of smart phones. Coupled with Africa's above-average economic growth, this presents unprecedented retail opportunities and is timeous, given that it is probably not a good time to invest in building new shopping malls across Africa.



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The concept is taking off faster in developing countries than in the developed world. In Brazil, e-commerce is growing at a rate of 84% per year and it is already a \$500-million per year market.

Brazilians shop online chiefly for fashion, health products and electronics, which illustrates why the growth of e-commerce is so marked in the developing world, shopping online allows consumers access to globally recognised brands that may not have a retail footprint in their area, or even in their country.

By expanding and prioritising their online shopping portals and partnering with the right express courier, retailers are no longer bound by their country's borders anymore; they can sell to anyone, anywhere.

## M-commerce capitalising on smartphone uptake

The key to it all is internet connectivity and, in this area, the trend is firmly towards mobile. Cellphones and now smartphones are another sector where growth is taking off in developing countries. They already have a high per-capita penetration across Africa and smartphone ownership on the continent is expected to grow by 30% in the next year alone.

So much of e-commerce is rapidly becoming m-commerce. Some retailers are now designing their shopping portals initially for smartphones and only when that is up and running do they focus on the desktop or tablet version. Already, 30% of shopping in the US is m-commerce and it is up to 10% in Brazil - a country with poor 3G smartphone coverage, compared to South Africa and many other African countries.

## African boom

Sub-Saharan Africa is enjoying an economic boom in a global climate still trying to exit a recession; African growth rates average over 4% per annum, with several countries achieving 6-8% or higher. The result is a burgeoning middle class, which has tripled over the past 30 years and is expected to reach 1.1 billion by 2060. They have disposable incomes, cosmopolitan tastes and an increasing need for instant gratification - all perfectly attuned to what m-commerce has to offer.

Therefore, even if the South African economy is not growing as fast as retailers would want it to, there is still a huge market right on our doorstep. As more African countries roll out reliable broadband connectivity to more consumers - as some South African municipalities are already doing, through the free wi-fi Project Isizwe - e-commerce and m-commerce have

unlimited potential.

## **Rapid distribution essential**

Rapid distribution is essential for sustainable success. It's an odd quirk of human nature but once consumers have ordered the goods from the factory on the other side of the world by tapping on their magic box, they expect the genie to teleport them instantly. The ease of online shopping creates an expectation that delivery will be equally souped-up. The idea of 'wait two to three weeks for delivery' is as out-dated as a mail-order catalogue.

When it comes to delivering a reliable service in foreign countries, local knowledge is vital, which is why our company seeks to partner with the best local CEP company in each new country they enter. However, rather than outsource last-mile delivery, we merge the new partner into our operation, so that every link along the supply chain maintains the same standards, and deliveries are monitored from factory floor to customer's door by the tracking network.

It is the final link - fast, reliable delivery - that allows expanding connectivity, increased smartphone penetration and the growth in Africa's consumer spending power to combine in an opportunity for South African retailers. The online shopping revolution enables them to open an outlet in everyone's pocket.

## **ABOUT THE AUTHOR**

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