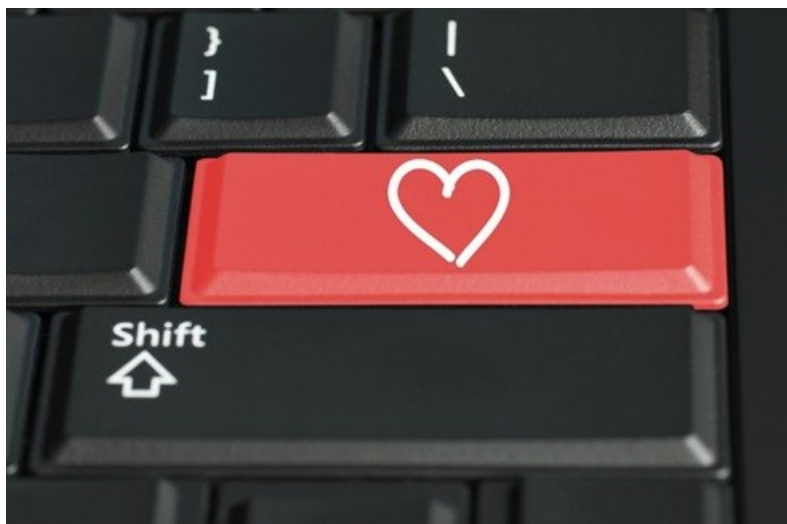


Viva e-revolution

A recent study conducted in South Africa by Ipsos, a global market research company, on behalf of PayPal and FNB, shows a growing interest by South African internet users to shop online. Out of South Africa's internet users, 22% have said they have made purchases online and 48% expect to do so in the future.



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"E-commerce penetration in South Africa is still relatively low by global standards," says Efi Dahan, Regional Director for Africa and Israel at PayPal. "However, the number of online shoppers is expected to nearly triple in South Africa, making the country a significant e-commerce force in the region."

Safer ways to pay are key

The key drivers that would encourage South African online shoppers to shop on line more often are lower product costs (88% of online shoppers say this would make them more likely to shop online), faster delivery (selected by 85% of online shoppers), flexible delivery options (selected by 82% online shoppers) and safer ways to pay (selected by 75% online shoppers).

In addition, 71% of current online shoppers indicated that if they did not have to keep re-entering payments or delivery details, they would be more likely to shop online more often. Moreover, 51% South African online shoppers indicated that not having to register to a website to make a purchase would make them shop online more often.

When asked about main barriers for online shopping, 67% of non-online shoppers indicate that online security of payments

is a reason for not shopping online, while 58% of those who have not shopped online say that concerns about not receiving items they have ordered is a reason they do not shop online.

"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. 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."

As a result, over one million South African PayPal accounts have been opened. Of online shoppers who are aware of PayPal, 59% agree that PayPal is the safest online payment method. Overall, South Africans who have heard of PayPal think it is fast (80%), convenient (80%) and a safe (74%) way to pay.

Well informed South African shoppers

Ipsos' research found South African consumers are big fans of coupons and promotions, with 85% of online shoppers indicating that it would encourage them to shop online more often. The focus on promotions and online safety makes South African online shoppers perceptive.

The most popular shopping categories for South Africans online are digital goods (purchased by 52% of online shoppers in the past 12 months), event tickets (purchased by 50%), travel or transportation (45%), and fashion, consumer electronics and physical entertainment (all purchased by 38%). Looking at future behaviour, 58%-70% of online shoppers indicate that they expect to spend the same or more on those categories online next year.

Increased use of mobile devices in the future

The research also suggests a future increase in South Africans shopping online using mobile devices. About 50% of online shoppers who own a smartphone or a feature phone have used it to shop online, while an additional 21% expect to do so in the future.

Significantly, mobile phones are making shopping more convenient; 70% of mobile shoppers use their phone to shop from their home or office. Searching on mobile devices when shopping is also a common trend, with 94% of mobile shoppers saying they use their phone to search for information about products, stores or businesses. In addition, 62% of mobile shoppers use their phone to compare product prices while shopping in store.

Concerning browser preferences, 45% of mobile shoppers prefer to shop by using an app while 26% of mobile shoppers prefer to shop from a mobile browser. However, some barriers remain to mobile shopping, including 51% of those who have shopped on a mobile stating that the experience is not user friendly while 42% flag security concerns when shopping from mobile.

Regional comparison - South Africa, Kenya and Nigeria

With 70% of South African internet users shopping online or expecting to shop online in future, South Africa has the second largest number of potential online shoppers, compared to Nigeria (89%) and Kenya (60%).

Perhaps of even more interest is how South African e-commerce sites are popular destinations for shoppers from Nigeria, the research shows 30% of Nigerian cross-border shoppers (online shoppers who have made purchases online from another country) have purchased goods from South Africa in the past 12 months.

With South Africans and shoppers from elsewhere turning to online shopping, it is clear e-commerce will continue to grow in the country.

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