

# Learning lessons from online shopping in 2016

While the estimated R8.9bn spent annually online in South Africa may not be on a par with the UK or USA, things are changing as demographics and perceptions shift. In a turbulent 2016 for the consumer, the online shopper may have escaped with the least scars, as the online environment has become more flexible and secure.



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Karen Nadasen, PayU South Africa CEO, says, “E-commerce growth is being driven by an increasingly sophisticated consumer market, which values the convenience of online shopping and recognises the layers of security that surround online payment solutions. Our business has witnessed a 15% increase in volumes over and above our projected year-on-year increase for November, largely thanks to Black Friday and Cyber Monday. We have also seen a 76% decrease in the number of chargebacks processed in 2016 versus 2015, through effective fraud monitoring tools.”

According to a survey undertaken by Urban Studies for the South African Council of Shopping Centres, security, especially around credit cards, was a major concern in 2013, but this has reduced significantly over the past three years. The survey found that credit card security had dropped from the second biggest issue in 2013 to one of the lowest in 2016. Now, the primary consumer concerns are being unable to touch or see a product and uncertainty around quality and size.

Leading payment gateways recognise that not all consumers are created equal – consumers want to enjoy a host of payment methods eg credit card, debit card, EFT, scan, etc. There is a definite decline in consumers carrying sums of cash.

“People want a variety of payment solutions they can trust,” says Nadasen. “For instance, we have seen EFT, as an online payment method, grow by over 92% year on year, coupled with a 183% increase in EFT as a payment method for November 2016 versus November 2015.”

It seems that the hard work put in by financial institutions and payment solution providers has paid off – 2016 was the year when Black Friday and Cyber Monday took flight in South Africa. In an interview on IOL, Takealot’s chief marketing officer, Julie-Anne Walsh, revealed that the site saw 300% of the usual traffic, while Facebook showed it to be the biggest online shopping day of 2016 in the country. In the US, the total desktop e-commerce spend for Thanksgiving, Black Friday and Cyber Monday was \$1.28bn, \$1.97bn, \$2.67bn respectively, according to data from Statista.

## **Increased demand for variety and innovation**

The trends, which have shaped online shopping in 2016, are an increased demand for variety and free delivery. The biggest drivers of online shopping are convenience and time – people are increasingly frustrated with queues, traffic and delays when heading out to spend money, whether on groceries or gifts.

As trends go, the new Amazon offering hits the proverbial nail on the head. Recognising that shoppers do not want queues and inconvenience while still wanting to experience the tactile pleasures of the items they purchase, Amazon has created a store with no checkout. Consumers simply download the Amazon Go app, enter the store, take what they want and leave. It is a unique blend of the physical store with the convenience of the online shop and it will be interesting to see how successful it is when it launches to the public in 2017.

Back on the African continent, however, innovation appears to be redefining local e-commerce trends. The PwC Total Retail 2016 report showed that innovation is where the consumers are spending – people want the omni-channel experience that seamlessly carries them from social media to online store to product to play with at home.

“It could be that when we look back at 2016, we will see the year when innovation and consumer trust turned the e-commerce corner in South Africa,” concludes Nadasen. “Retailers will learn from online stores and secure payment solutions will continue to support consumers as they take advantage of the convenience and cost offered by online.”

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