

Dreaming of an e-Christmas

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The biggest online spending day in history was recorded on Monday when web sales in the US reached US\$1.028 billion. The day was Cyber Monday, when e-tailers offer sizzling Christmas deals online following the Thanksgiving holiday weekend and Black Friday.



According to marketing research company comScore web sales were up 16% versus a year ago driven primarily by an increase in average spending per buyer, which was up 12%.

More and more, shoppers worldwide are taking to the mouse, skipping the nightmare of overcrowded shopping malls, long queues, disapproving looks by shop assistants and harsh fitting room lighting.

Online retail sales in China, which has the world's largest web population of at least 420 million, soared 117% last year to US\$39 billion (about R280 billion), according to iResearch, a Beijing-based research firm.

Upmarket retailer Italian Armani and US fashion giant Gap last month both launched online stores to tap into China's burgeoning e-commerce market, while across the pond in Europe, competition among online retailers is stiff, the sector crowded as fashion giants from low-cost, high street retailers aren't afraid to bear their manicured claws for a well-established prime spot in cyberspace.

Europe's largest clothing retailer, Spain's Inditex, earlier this year took its flagship Zara brand online and Gap, which has been online in the US since 1997, pulled in US\$1.1 billion (about R7.2 billion) in online sales last year.

Even uber-luxe Swiss based group Richemont whose interests include Panerai and Cartier took the plunge and went digital, acquiring an outstanding stake in NET-A-PORTER - the premier online luxury fashion retailer that ships to over 170 countries worldwide.

And in South Africa?

Internationally, e-tailing is leaps and bounds ahead of South Africa but research firm World Wide Worx says there has been a 30% year-on-year growth in sales volumes since 2007.

"We are expecting users to spend more than 3 billion rand by 2013," said managing director Arthur Goldstuck.

By world standards, the e-commerce platform in South Africa is small, but Internet usage has shot up dramatically over the last few years, with the number of South Africans accessing the Internet via broadband connections having increased by more than 50% in the past year.

World Wide Worx estimated that turnover of online retail was about R1.6 billion last year, ahead of R1.2 billion in 2008 and R930 million for 2007.

Managing director of UltiSales Retail Software, Steve Mallaby says that 80% of South Africa's online retailers are profitable, while 46% are very profitable.

"Online retail shopping in SA is still small, but it is growing," Mallaby noted in a report.

In South Africa, groceries, electronics and clothing have generated the most revenue; with online player Pick n Pay dominating the market, followed by Kalahari.net and Woolworths.

Christmas predictions among retailers in SA has moved from cautious in 2009 to optimistic in 2010 and the cheer has caught on to e-tailers as well.

Local search engine Jump Shopping is excited for the Christmas trading season and has already seen a surge in the number of visitors on their site.

"What we're seeing via social networks like Facebook and Twitter is that more consumers are planning on staying out of shopping malls this festive season, preferring to do their gift shopping online," PR and Marketing Manager, Kirsty Henderson told I-Net Bridge.

The company, which provides a one-stop directory and price-search facility, found that Blackberry, Xbox 360, LCD TV, Garmin, Kindle and gas braai were among the most popular searches.

Don't wait to find that 'special gift'

Henderson told I-Net Bridge that given the leeway needed for delivery, online Christmas shoppers don't wait till the last minute to find the perfect gift.

"Starting next week we should see many more shoppers online," said Henderson.

Similarly, South Africa's premium kitchen tool site, Yuppiechef says it is "pretty positive" about the Christmas period. The company, which offers free delivery on all orders in South Africa, has already kick-started its festive activities showcasing an array of products for anyone keen on the kitchen.

"We have two aspects, the one is Festive Cooking, what you need for Christmas and the other is Christmas Gift Ideas, gifts for the people in your life, the Braai Master, Coffee Lovers, Wine Lovers etc," Andrew Smith told I-Net Bridge.

He added that the site has already seen a big pick up in sales leading towards Christmas.

"Because South Africa doesn't have a huge face in online retailing yet, people shop earlier. Where the malls are really busy between the 21-25 December most online shopping is done way before then," he said.

Whether shopping behind their desks at work, like 48.9% of US shoppers did on Cyber Monday or indulging in confines of their bedrooms in their pyjamas, shoppers local and foreign are set to make this Christmas an e-Christmas.

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