

Nurturing the growth of e-commerce in South Africa

By  Lauren Hartzenberg

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While the majority of South Africans remain drawn to physical retail and the tactility and engagement it provides, investments in e-commerce are essential for future business growth.



Source: [Pexels](#)

According to the *Online Retail in South Africa 2022* study by World Wide Worx and Mastercard, online retail in South Africa passed [the R50bn milestone](#) in 2022. While online sales still comprise under 5% of total retail sales, there's been close to 40% annual growth in total online retail spend over the past two years and a [similar growth rate](#) in the total number of people shopping.

As a dynamic industry on the precipice of explosive growth, "staying relevant in the e-commerce world requires keeping up with the constantly shifting landscape – be it through the rise of sales through TikTok, and how businesses can adapt to the potential impact of artificial intelligence, or learning about selling to the Gen Z market," said David Adams, chief commercial officer at online payment gateway Payfast.

The payments company is once again the headline sponsor of the annual PayFast eCommerce Virtual Summit taking place this month on 14 and 15 March. Hosted by Insaka eCommerce Academy, the summit gathers representatives from global e-commerce players including Meta, Google, Amazon Web Services, WooCommerce, Shopify and more to share valuable insight and guide entrepreneurs and businesses at any stage of their e-commerce journey to leverage trends and grow online sales.



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Speaking during a virtual roundtable this week ahead of the summit, Adams commented on some of the evolving challenges and opportunities in the e-commerce space that PayFast is witnessing.

“We’ve seen significant change in what we’re being asked from consumers and what we are being asked from merchants; the dialogue has shifted a bit. Previously, conversations revolved around ‘how do you give me safety, security, stability?’ Now, conversations have moved on to ‘how can you deliver more of an immersive experience for me?’”

Adams also noted that for merchants wanting to capture the attention and spend of Gen Z shoppers, the challenge is less about migrating consumers from the physical channel to online, but satisfying digital-native buyers who have grown up online. Gen Z shoppers have significantly higher expectations when it comes to experiencing a convenient, frictionless journey, he said.

Mobile optimisation

[Marko Stavrou](#), an 18-year-old entrepreneur, Gen Z marketing consultant and founder of HustlersGlobal and Stavrou Consulting, was also present and expanded on the importance of Gen Z consumers particularly in the African context. “Africa has the fastest-growing population, and over 60% of Africans below the age of 25,” he noted.

He stressed the importance of customer segmentation for the purposes of personalisation, and the critical mobile-first approach required to engage with younger consumers. “Mobile converts 137% better than the web, and yet for most of the SMEs in Africa, mobile isn’t optimised. You go onto their landing pages and the text is diverted and the images distorted. How can you expect someone who’s grown up online, who expects it to just work, to buy your product or service? They won’t.”

Stavrou said that since Gen Z spends large amounts of time interacting on social media and mobile messaging apps, platforms such as WhatsApp and iMessage are far more effective at engaging with this generation than email is. “When looking at customer acquisition strategies with clients, we don’t focus on email. If we do, we make sure that it’s optimised for video.”



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Quick commerce

Donald Valoyi, founder and CEO of on-demand grocery delivery service Zulzi, unpacked the growing importance of convenience and quick commerce in boosting the growth of e-commerce.

Zulzi was the first retailer in South Africa to offer one-hour deliveries, and this delivery window has since been whittled down to just 15 minutes. “Speed is so critical in driving growth for e-commerce. People don’t want to wait for too long. If you look at South Africa in terms of convenience stores, they are everywhere. The moment you are not able to offer services that are quick enough, then people ask themselves, ‘why can’t I just drive to the store?’”

The Zulzi team also had a hand in building the popular Checkers Sixty60 app. “After Sixty60, people recognised the importance of speed. Today Shoprite Checkers has got almost 75% market share, and that market share has to do with speed. In the areas that we operate, Zulzi comes second after Shoprite Checkers in terms of volumes, and that tells you that speed is critical,” Valoyi said.

New era of the internet

David Lockie, the Web3 lead at Automaticc, the company behind WooCommerce and Wordpress, expanded on the meaningful impact the internet has in modern society and its evolving role as Web3 presents the next era of the world wide web.

“The internet is now fundamental for people to make a living, which is what people care about. They care about putting food on the table. The internet is the way that people are increasingly relying on doing that. I think that’s a trend that’s going to continue as we see the encroachment of more immersive experiences, more ‘softwarisation’ of societies that we live in, and more connections between the real world and the digital world, such that those lines become increasingly blurred.”

Lockie spoke of the number of brands that wanted to leave Twitter when Elon Musk bought the platform. “They realised that they couldn’t because their content and their social graph were stuck on Twitter. I don’t think that’s the most anti-fragile or creative way that humans can connect and create value together.

“Web3 offers us a chance to do that, a chance for us to all own our own identities if we choose to do so, or to trust another organisation to manage them on our behalf, to tie those identities to our content, to our social graph, and to transact freely. For me, Web3 is about the freedom to transact so that I can choose to sell anything to anyone, anywhere, at any time, and that anyone else can interact with that transaction in interesting ways.”



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Practical tools and advice

Web3, quick commerce, selling to Gen Z, online advertising, social commerce, NFTs, and other topics will form part of the two-day Payfast eCommerce Virtual Summit programme. A new addition to this year’s summit is the introduction of online courses – 60 to 90 minutes masterclasses that will provide audiences with a more in-depth look into specific topics.

“With our masterclasses, we want attendees to leave with tangible knowledge and practical tools to take their online business to the next level. For those who have yet to set themselves up online, but are on the precipice, we want to provide them with the confidence to set up a platform, that they know will cater to what they need as a business,” said Warrick Kernes, founder of Insaka eCommerce Academy.

The Payfast eCommerce Virtual Summit is open to the public and free to attend. [Find more info here.](#)

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