

SA slow to adopt online shopping, with logistics a problem

In South Africa, buying food and beverages as well as clothes online continues to lag behind global norms, an Ernst & Young (EY) survey revealed yesterday, 22 July 2014.



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Though online activity is rising in SA, markedly through mobile platforms, complex logistics have seen few major retailers set up e-commerce functionality and the effect on the bottom line is yet to be seen.

EY retail and consumer products sector leader Derek Engelbrecht said the cost of a single delivery could be substantial compared to the value of the order, and substitution for unavailable items, particularly where a consumer had a strong affinity for a brand, was not handled properly.

Furthermore, the food and beverage category continues to suffer from the underlying logistical inability, or extra-mile challenge, to consistently and reliably ensure that the product is delivered to the front door.

In a retail market worth more than R500bn, online transactions account for less than 1% in SA. Grocery retailers have shied away from pushing e-commerce hard as shoppers tend to make fewer impulse purchases online.

When it comes to clothing, the cost and effort involved when an item is deemed unsuitable adds to the lag in local sales.

"Anecdotal evidence suggest that sizes across brands in store or across stores are not consistent, and therefore adds to buyer anxiety," Mr Engelbrecht said. Also, buying clothing continues to be an experience where consumers want to touch and see products.

Roger Tejjwani, an independent analyst, says online shopping over the next five to six years would "certainly" take off in SA.

"If you look at the very high mobile-phone penetration in SA, it's one of the highest globally and the fact that South Africans are quite savvy when it comes to tech, they are already doing a lot online in terms of browsing and price comparability," he said.

"You have to take into account that there are some difficulties around logistics and the postal service is not the most reliable. What has held the process up is the supply side - retailers themselves have been relatively late to the party, but are speeding up."

The EY report, titled Consumers on board: how to copilot the multichannel journey, found the only categories in SA to remain stable in-store were cars, telephone contracts and loans.

Source: Business Day

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