

Online retail in SA soars to R30bn, comprising 2.8% of total retail

A new report reveals that total growth for online retail in South Africa rose to 66% in 2020, exceeding the 25% growth predicted three years ago, and bringing the total of online retail in South Africa to R30,2bn.



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The *Online Retail in South Africa 2021* study was conducted by World Wide Worx with the support of Mastercard, Standard Bank and Platinum Seed, and was released today, 12 May. The findings illustrate that local online retail more than doubled in just two years, thanks to the explosion in demand for home deliveries brought about by the Covid-19 pandemic.

“The most astonishing aspect of this total is that it is more than double the R14,1bn reached in 2018, in just two years,” says World Wide Worx MD Arthur Goldstuck, principal analyst on the research project. “It is also 50% higher than the total forecast for 2020 three years ago, when online retail in South Africa was expected to reach R20bn by 2020.”



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Online outpaces traditional retail

The figure comes into the most dramatic context when it is compared to traditional retail. In 2018, the R14,1bn in online retail represented 1.4% of total retail, estimated at the time at R1,07tn. Online had outpaced traditional retail growth throughout the past 20 years, since it came off a low base, but traditional retail still grew every year until 2019. In 2020, it slumped as a result of lockdown as well as economic stress.

According to preliminary data from Stats SA, at current prices, total retail fell by 4.2%, to R1,05tn at current prices. The percentage of retail made up by online retail sales came to 2.8% – exactly double the

percentage for 2018.

“ Online retail revenue more than doubled in 2020, compared to 2018. The [#OnlineRetailSA](#) report shows this is expected to continue to grow exponentially in the coming years. This is presented by [@art2gee](#) with [@StandardBankZA](#) and [@MastercardMEA](#), over at: <https://t.co/24pCHS1jS7> [pic.twitter.com/IL7Q5MMjit](#)— World Wide Worx (@WorldWideWorx) [May 12, 2021](#) ”

“While equivalent growth cannot be expected for 2021, it can be stated fairly confidently that it will exceed the 30% growth of 2019, when expansion was organic and a factor of the evolution of shopping habits & retail strategies,” says Goldstuck. “Those factors remain in place, along with the massive boost given to both areas of evolution since the pandemic began.”

This means we can expect to see total online retail sales of around R42bn in 2021, taking the online percentage of total retail to around 4%, assuming traditional retail returns to its previous growth path.



RESEARCH

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Category growth

The findings were hardly a surprise, states World Wide Worx. Already in November 2020, [Mastercard released the findings](#) of a survey of 1,000 South African consumers, which found that 68% of respondents were shopping more online since the onset of the pandemic.

The categories experiencing the highest growth, aside from data and airtime top-up, were clothing at 56% and groceries at 54%.

“ Online shopping open for all ages! [@art2gee](#) unveiled the latest [#OnlineRetailSA](#) research, which shows older South African online shoppers are shopping as much as younger shoppers. This is presented with [@StandardBankZA](#) and [@MastercardMEA](#), over at: <https://t.co/24pCHS1jS7> [pic.twitter.com/wWB9w1Ma81](#)— World Wide Worx (@WorldWideWorx) [May 12, 2021](#) ”

More than two-thirds – 68% – of these consumers said they used the time during the pandemic as a positive learning experience, while the demand for online entertainment also surged, with 52% of respondents saying they have spent more money on virtual experiences than they did before the pandemic.

The majority had participated in video calls for work or leisure (88%), three-quarters (75%) had watched TV or films through an online subscription service, and nearly half (47%) had taken part in a virtual cooking class.

“This trend appears to be here to stay as 71% of respondents say they will continue to shop online post-pandemic,” says Suzanne Morel, country manager at Mastercard, South Africa. “Now more than ever people need access to the digital economy and all of us at Mastercard are constantly working to make the online shopping experience more inclusive, simple, seamless and secure for everyone, whether you’re shopping for essentials or experiences.”

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Three-phase study

The study is being released in three phases, with the first focused on overall market size and online consumer demographics. The first report is based on data drawn from the TGI consumer survey of 16,000 participants, conducted by Ask Afrika over six months.

Subsequent phases of *Online Retail in South Africa 2021*, to be released later in the year, will include an analysis of the performance of online retailers, based on a survey of a wide range of providers, while the third phase will provide deep insights into global trends.

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