

E-commerce poised to support Africa's massive consumer boom

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E-commerce in Africa has grown dramatically over the past year, and is poised to support the massive consumer boom on the continent, according to Robin Philip of payment services provider PayGate.



Online shopping is a global consumer trend and it is anticipated that affordable tablets and smartphones will accelerate the use of services in markets where the group had a presence.

Media and internet group Naspers has identified the e-commerce sector as one of its growth areas and said last month it would focus on growing its existing e-commerce business through bolt-on acquisitions and organic growth.

While SA is ahead of some of other countries on the continent, the e-commerce market is still far from mature but growing rapidly, said Brendan Peo, chief operating officer at Vaimo, this week.

But the growth in Internet connectivity among users will also boost e-commerce growth.

SA's Internet economy has been steadily increasing over the years, in part because of the increase in online shopping.

Africa ready

"A year ago we said e-commerce in Africa wasn't ready for take-off yet, largely because there weren't enough banks to make the system work. The lack of business infrastructure was a real brake on development. But things have changed fast," said Philip.

Established banks in many African countries now had a much better understanding of e-commerce and an appetite for it, he said.

"There are now many more e-commerce banks in key African countries than there were a year ago, especially in Nigeria, Kenya, Mozambique, Tanzania, Rwanda and Namibia."

"A year ago it was about which banks were going to take the lead when it came to accepting online payments and whether the returns were going to be worth the costs. But we have learned how to make a clear business case for these markets and the links are coming. Once a bank is open for e-commerce business, they can attract a lot of business," he said

Peo said for e-commerce to flourish, Internet access must become more accessible, affordable and faster. "As a very large portion of South African Internet users, access Internet on their mobile devices, a few things needs to be done in the mobile environment to encourage more online purchases," he said.

According to Peo, bigger brands and established retailers need to make sure their mobile strategy is in place and that they offer a better user experience. "Moreover, mobile payments must be secure," he said. "Any business website should offer some type of buying facility," he added.

A study published recently by MasterCard showed that 91% of South Africans who shop online are happy with their overall experience, a four percentage point increase from the 87% who said the same thing in last year's survey.

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