

## More African consumers purchasing gifts online

DHL is noting an increase in online shopping in sub-Saharan Africa, with the increased availability of broadband access, more affordable data costs and consistent development of mobile devices. This bodes well for the upcoming festive season.



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Fatima Sullivan, head of retail at DHL Express sub-Saharan Africa says that consumers are increasingly choosing to purchase gifts online from both local and foreign retailers due to the ability to select from a wide range of products at competitive prices, without being limited by geographical locations, at any time that is convenient to them.

"With improved infrastructure, in terms of ICT, and online safety and security, more people are choosing to make use of online shopping over traditional brick and mortar outlets due to the variety of products available to them at just a click of a button."

She points to the successes of local e-commerce start-ups such as Zando in South Africa and Jumia in Nigeria, both part of the Africa Internet Holding. Jumia, which only launched in 2012, has already expanded into six markets, to take advantage of this growth, with Zando planning expansion plans in the near future.

Jeremy Hodara, co-CEO of the Africa Internet Holding and Sascha Breuss, MD of Zando agree, that it is very expensive to buy abroad. They also emphasise the importance of a strong logistics partner to gain the customer's trust. "This is the biggest test, since there are fears of fraud and we have to educate consumers about shopping online securely. For example, we have to be transparent about prices, taxes or shipment costs."

### Imports need customs clearance



Sullivan says that while online shopping has many benefits, not many South African consumers are aware of the regulations involved with importing products purchased online from international retailers, which could lead to consumers incurring additional expenses, thereby making the product less of an attractive buy.

"As an example, all shipments transported across international borders must be cleared through customs, where, depending on the type of goods being shipped, they may also be subject to certain other restrictions."

and regulations. There are goods such as clothing that attract high rates of duty and are subject to interventions by customs where the price, contents and country of manufacture are often interrogated to mitigate a wide range of risks."

She adds that confirming any possible restrictions attached to particular goods is vital and should be the first action taken by consumers before making a purchase online in order to avoid suffering any financial losses in the event that goods are detained by customs.

When purchasing goods online from international retailers, she says that it is important to bear the following factors in mind to avoid additional costs or a delay in delivery of the goods:

- **Import taxes and duty:** Usually taxes and import duty costs are calculated specifically on the value of imported goods. Consumers should also be aware that certain products such as footwear and wines are calculated part in value and/or in quantity, and may be subject to permit requirements based on quantity, while others, such as clothing, jewellery, perfumes and mobile devices, may only be calculated on the value of the product.
- **Customs clearance:** Depending on the item, various levels of customs clearance might be necessary. This could delay your shipment due to processing or physical inspection, so it's important to order your goods well in advance, to ensure they arrive in time.
- **Choose a suitable courier service:** Larger express operators like DHL have a strong footprint in Africa and have a well-established working relationship with Customs and local authorities, ensuring a speedy clearance and delivery of goods.
- **Gifts:** In most countries, gifts are only acceptable between individuals and a full description of the contents is required, the generic description "Gift" is not accepted. Again, this varies per country.
- **Be aware of the different shipment costs:** It is important to establish what costs the shipper and the customer will be responsible for prior to the shipping of the goods.

## **Main costs**

There are three main costs associated with the movement and clearance of goods: a) the cost of the goods payable to the shipper, b) the shipping costs to the customer's door, and c) the duties, taxes and customs clearing costs.

In most instances, the shipper at the point of ordering the goods cannot accurately determine the duties and taxes payable in the country of destination and the shipper does not include these costs in its quotations to the customer. As a result, on arrival, these charges are billed to and payable by the customer before the package can be claimed - often to the customer's surprise. This could result in the landed cost (the total amount of all costs) of the e-retail merchandise becoming much more costly for the buyer than expected and could potentially put them off repeat on-line purchases.

"It is advisable for consumers to speak to the online retailer or a local expert/service provider should they be unsure about any regulations that may apply to their purchase. With the festive season boom expected, you don't want to be in for an unexpected surprise in terms of duties and taxes, or that your Christmas present arrives on December 28th," concludes Sullivan.