

Survey shows huge growth potential for e-retailers in Africa

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Africa offers enormous growth potential for e-retailers given that online shopping is in its infancy in the region. The recently released 'Shop the World!' report reveals that emerging markets offer the highest growth potential for the e-commerce industry.

Although global e-retailer Amazon celebrated its 20th anniversary in July, e-commerce companies in Africa are only now beginning to mark and/or accelerate their presence in the marketplace. An example is Nigeria online retailer, Jumia, which despite being founded only two years ago, is quickly gaining market share within the country which reiterates the region's potential.



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A recent report by McKinsey & Company^[1] also revealed that e-commerce could account for 10% of retail sales in the African continent's largest economies by 2025. In comparison, online retail in the U.S. already accounts for around 9% of total retail sales^[2].

Globally, it took over 2,000 years for a formal monetary system to evolve and over 600 years for a formal banking system to be implemented. It's taken over 50 years for credit and debit cards to be introduced and still not every person has a bank account. With all these milestones that have taken place in the evolution of commerce, it goes to show that how we shop (e-commerce), is still in its infancy.

Obstacles for buying online

A recent Jana^[3] survey conducted in the continent's largest economy, Nigeria, revealed that close to a quarter of respondents (23.55%) cited the lack of security as the largest obstacle for buying products online. 38.81% of respondents also picked cash, compared to 29.52% who chose credit cards, as the payment mechanism they would prefer to use when purchasing goods and services online. This highlights that consumers on the continent are still familiarising themselves with the online payment methods.

The DHL *Shop the World!* report revealed that Asia Pacific took center stage in the global e-commerce market, which is largely attributed to increased access to internet.

Technology on the African continent is a hindrance in terms of connectivity, but we are noticing a rising trend in retailers growing significantly due to advances in this area. According to figures by the International Communications Union, 16% of the African population have internet access, up from 10% in 2010.

Predicted rise in mobile commerce

The 2014 Mobile Media Consumption report^[4] by InMobi, which includes data from 14,000 users across 14 countries, including Nigeria, Kenya and South Africa, predicted that 83% of consumers plan to conduct mobile commerce in the next 12 months, up 15% from the current figure.

As technology continues to evolve in the respective African countries, as will the levels of online shopping. It is my opinion that many African businesses will start to skip the traditional 'bricks and mortar' formal retail environment, and instead move straight into online shopping space due to the rise in mobile and internet services within Africa.

The study is available at www.dhl.com/shop-the-world.

Sources:

[1] [*McKinsey & Company - Lions go digital: The Internet's transformative potential in Africa*](#)

[2] [*US eCommerce Forecast: 2013 to 2018*](#)

[3] [*Jana: Online Shopping in Emerging Markets*](#)

[4] [*2014 Mobile Media Consumption report*](#)

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