

# Research reveals tablet growth in online shopping

The latest research from the kalahari.com 2013 Mobile Shopping Survey indicates that tablets are poised to take over smartphones as the drivers of local e-commerce growth.

In 2012, the survey indicated that just over a third of South Africa's connected shoppers were using tablet devices whilst this year's figures show that number to be over 40% with close to 66% of those who do not own tablets indicating an intention to purchase one.

## Research highlights

- Tablet device ownership up by 10%
- Close to 70% of South Africa's connected use tablets to shop online
- 124% growth in tablet driven traffic for Q1 and Q2 on kalahari.com
- South Africa's T-Commerce growth could mirror US and UK growth trends
- Samsung on the heels of Apple in race for local tablet market share
- Tablet ownership still dominated by men
- Email, entertainment and social networking rank as higher tablet uses than business
- Smartphones still key driver of mobile commerce



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"Growth in tablet traffic to kalahari.com is growing at a slightly lower rate than that of mobile traffic, but we are seeing conversion rates that are four-and-a-half times higher," says Caren Genthner-Kappesz, CEO of kalahari.com.

"We recorded a 70% increase in tablet traffic on kalahari.com over the last year and we predict that this growth will go up with the vigorous uptake of tablets by consumers."

The etailer says that the popularity of tablets has the potential to catalyse the local T-Commerce industry to growth levels that could mirror the bullish growth playing itself out in Western countries.

## International e-commerce increases

According to Forrester, a global research and advisory firm, the \$231 billion in sales generated through e-commerce for US retailers in 2012, is expected to increase by 13% to \$262 billion this year. This is expected to overtake sales growth of bricks-and-mortar stores over the next five years, reaching \$370 billion by 2017. For Western Europe, Forrester predicted e-commerce sales to grow at an even faster rate than the US in the next five years, from €112 billion in 2012 to €191 billion by 2017. This represents a compound annual growth rate of 11% (versus 9% in the US).

"Forrester cites the ubiquity of tablets in these markets, which boost the amount of time consumers spend online, as one of the reasons for the stratospheric growth in those markets," explains Genthner-Kappesz.

## Apple vs Samsung

When asked which tablet device they owned, the majority of respondents (50%) said Apple's iPad, whilst 33.4% said Samsung's Galaxy tablet. "Samsung seems to be gaining a sizeable portion of the tablet market share. Last year's mobile shopping survey revealed that Apple had a more than 40% lead on Samsung, but this year that gap has closed to 25%," says Genthner-Kappesz.

The trend is indicative of the global market activity. According to Forbes, Apple continues to be the biggest player by tablet sales, but its first quarter 2013 market share slipped to around 40% from approximately 60% a year ago. In the same

period, Samsung's market share grew from 11.3% to 17.9%. In terms of growth rates, Samsung is reported to be the undisputed winner with massive 282% year-over-year growth rate.

## **Boys' tech toys**

In 2012, the site saw an interesting surge in the number of women who were purchasing tablet devices. In 2010, 36% of tablets sold on kalahari.com were sold to women, which increased quite dramatically in 2011 to 46%. It seems this year though the trend has reversed with men accounting for about 60% of tablet sales again.

## **Appeal of Apps**

Around 73% of tablet users and 81% of smartphone users revealed that they have used their tablets to purchase applications (Apps). "There is no denying the appeal of apps for South Africa's connected consumers. Apps can be used to facilitate a rich user experience, which can be augmented through the use of a device's inherent technologies such as cameras and GPS systems."

At the end of 2012, the site released a scan-and-shop app that allows users to compare the prices of goods on the site by scanning the item's barcode. "The uptake on that application has been great and helps bridge the divide between brick and mortar and online. However, the conversion rates are not yet as high as on other mediums, which confirms suspicions that people still tend to use their mobile phones to compare goods rather than to make purchases."

This is confirmed by the survey, which indicated that more people like to use their smartphones to browse and compare goods (81%), or read product reviews (77%), rather than actually order items (59%). "We think the way shoppers transact on smartphones will evolve over the next few years and that our local trend is likely to mirror the picture in the US. There mobile commerce sales are predicted to go up to \$39 billion by the end of 2013, up 56.5% from 2012, as a direct result of both smartphones and tablets becoming commonplace devices for shopping and buying online."

## **Smartphones in mCommerce**

Smartphones continue to be important drivers of mobile commerce in the local market. Given the prevalence of smartphones in the local market, the devices are currently the bedrock of local mCommerce growth. "The survey revealed that compared to last year, smartphone ownership has increased by 7%, meaning that 86% of the online shoppers own smartphones. Smartphones are still key players in fuelling e-commerce growth. A large proportion of South Africa's connected use the devices to access the internet and for online shopping."

The survey indicates that the number of shoppers that have made purchases using their phones has gone up by 26%. "We view this as quite a conservative number, as we've seen a 145% year-on-year increase in revenue from our mobile sites. The proportion of traffic generated by smartphones on the site reveals just how key smartphones will continue to be in fuelling e-commerce growth: mobile traffic as a proportion of total traffic increased from Q4 2012 to Q1 2013 by 110%. It then increased again from Q1 2013 to Q2 2013 by another 129%, a picture that shows very aggressive growth."

## **Mobile safety perception high**

The key to cracking the M-Commerce space lies in understanding users. The mobile and tablet survey indicated that 67% of smartphone users admitted to playing on their phones while watching television and 60% of people felt that they were most active on their smartphones at home in the evenings. "Our survey has indicated that 87% of people feel that it is as safe, if not more so, to purchase goods through a phone rather than through a PC. More than that, 91% of people feel that it is as safe, if not safer to use your mobile phone than it is to swipe your card in a mall. Clearly there is a propensity in South Africa to purchase goods via mobile device, the key is going to be in closing that loop."

The online retailer will be releasing a series of analyses from its 2013 Mobile Shopping survey, looking at digital device trends and mobile Commerce.

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