

Import costs restrict e-tailing

Despite the continued growth of online shopping in South Africa, the threshold of R500 for duty-free imports remains a significant obstacle to the country truly realising its e-commerce potential. Recent research has an industry consensus aiming at 40% growth in 2012 (the highest rate in almost a decade), indicating a significant opportunity for e-tailing to become a retail bridge between South Africa and the world.



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However, according to Charles Brewer, MD of DHL Express Sub Saharan Africa, import costs continue to prevent local consumers from benefitting from internationally competitive prices and the expansive choice offered by international retailers.

"From a local retail perspective we're seeing a great boom in local e-commerce players and the South African e-commerce environment continues to grow. However, until there is a level playing field in terms of pricing and access to product ranges globally, we cannot truly claim to have joined the online e-commerce revolution," he says.

"It is essential that a system exists whereby South African consumers can compare prices and stock with international online shopping sites, in order to ensure that local providers continue to offer world-class service and competitive pricing."

The group's experience in Australia, where online shopping has grown 30% year-on-year since 2010, reveals that e-tailing surged on the back of a currency that strengthened rapidly against the dollar, coupled with an attractive duty-free structure whereby imported goods to the value of Aus \$1000 (R8 000) were exempt.

"This led to the exponential growth of inbound shipments and, more importantly, resulted in the culture of online shopping in Australia maturing overnight."

He contends that there is a real danger of South Africa falling significantly behind other emerging economies when it comes to online retail spend and adoption of an e-commerce culture. According to the latest Nielsen Global Online Survey 2012/11, 6% of India's population spends between 26-50% of their total monthly expenditure online. "It is also estimated that

8% of China's population spend 26-50% of their total monthly expenditure online."

Despite South Africa having the most successful e-commerce platforms, when compared to other emerging nations, it has one of the lowest Internet penetrations and smaller audiences than other African countries.

He also points to additional factors such as scepticism around online payment safety and exposure to fraud risk as potential inhibitors to growth. "However, with increased education and improvements in online payment facilities, these factors are becoming less of a barrier to shopping online and there is no doubt that there is major focus and investment in these areas.

"The signs remain positive for continued growth, but South Africa still needs to overcome import challenges in order for its online shopping and the e-commerce sector as a whole to grow and mature," Brewer concludes.

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