

6 e-commerce trends to watch out for in Africa in 2024

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As the year begins, Africa's online retailers are ready to hit the ground running in a sector poised for rapid growth. While many African e-commerce markets are in their early stages, demographic trends show they are ripe for expansion.



Natasha Parmanand, managing director of FedEx Express Sub-Saharan Africa Operations. Image supplied

There are likely to be 438 million mobile broadband users in Africa by 2030, which means greater access to digital payments and the benefits of e-commerce. McKinsey also predicts online spending in Africa may reach \$75bn by 2025, as digital payments spread through developing economies.

Retail businesses need to ensure they remain informed of e-commerce developments if they are to unlock the benefits of this predicted growth. These are some major trends set to shape the African e-commerce market in 2024.

Price innovation

Price remains critical when it comes to retail choices. In a tough global economy, signs are starting to emerge that even brand loyalty is under pressure. While buyers may still admire luxury brands, they will look for a wider choice and better quality at competitive prices.

In a recent PWC South Africa retail survey, 99% of respondents said they were adjusting their purchasing behaviour to save money. Customers are looking for deals, so online retailers could consider innovative ways to add value and enhance the affordability of their products. They could offer discounts linked to buying in bulk, early-bird purchases, or cross-selling with related products. Another tactic is dynamic pricing, which shifts with demand, or penetration pricing, where retailers cut prices to encourage sampling.

Localized payment approaches

Every market has its preferred e-commerce channels and payment methods – and Africa is no different. It pays to

embrace cashless networks like Mpesa and similar mobile money services that have already earned the trust of customers through their ease and efficiency.

Another growing trend in emerging markets is towards social commerce through platforms like Instagram, Facebook, and TikTok. This means more opportunities to build localized e-commerce strategies that take advantage of content-creation trends as they emerge. Platforms with in-feed shopping functionality such as Instagram Shopping offer practical, effective ways to find a willing and engaged audience within the social-media environment.

'Promo FOMO'

Many cost-conscious customers are obsessed with finding promotions and trying to avoid missing out on special offers. This has been described as "promo FOMO".

Retailers can embrace this trend by creating exclusive, short-term deals that are only available on specific days, or for a limited period. One idea is to build a countdown into online and social media campaigns with offers like "This offer expires in 6 hours!" or "For the next hour only!"

Customers can be encouraged to earn discounts through additional spending, e.g., "Spend R1 000 and enjoy free shipping!" This instills a sense of urgency, making site visitors feel they will miss out on a great opportunity if they don't act promptly.

Mobile e-commerce growth

While the African e-commerce sector has seen steady, consistent growth over the past decade, what distinguishes Africa is how fast the continent is embracing mobile connectivity.

In Kenya, for instance, the nation's 96% mobile connectivity coincided with a surge in online shopping in the country from 9% in 2017 to 16% in 2021 – the third highest rate in Africa after Mauritius and Tunisia.

The International Trade Association reports that Africa's mobile internet usage is 13% above the global average, supporting a "mobile-first" approach when selling online in African markets.

In building a mobile-commerce strategy, retailers could therefore look to create apps and mobile-friendly algorithms that ease the purchase/sell process on mobile. When users find a product that interests them, they should be able to make a purchase quickly and seamlessly within the mobile environment.

Rapid, flexible shipping options

Customers want to know they can get their orders as quickly as possible. If they can't, they'll shop elsewhere. In the European and US markets, customers expect overnight shipment for international orders. This is likely to become a trend in

South Africa too.

To provide optimal responsiveness, partnering with effective logistics providers can ensure quick, safe, and effective delivery at any time. FedEx, for example, offers an international network, with overnight solutions, as well as an affordable international economy, where clients get their packages delivered, and customs-cleared, in 4-5 days.

The omnichannel approach

While e-commerce continues growing, customers still feel the attraction of physical, brick-and-mortar stores.

Some direct-to-consumer e-commerce stores are now even expanding into the physical world, opening stores at malls and shopping centres. Another trend is showrooming, where customers get to experience products to purchase them online later. In South Africa, physical and online stores are also forming partnerships that combine the best of real-world and virtual shopping.

To take advantage of this retail trend, retailers could look for ways to expand their presence. They can build relationships with other online stores, as well as real-world retailers, where customers can experience their products, and buy online later.

E-commerce is here to stay. But in a competitive marketplace, innovation and delivery for customers will be what sets small-business retailers apart.

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