

SA online retail passes R50bn mark in 2022

The total growth for online retail in South Africa in 2022 came to 35%, bringing the total of online retail in South Africa to R55bn. This comes after 40% growth the previous year took the total to R42,3bn in 2021.



Source © prykhodov [123rf](#) Online retail in South Africa passed the R50bn milestone due to an ongoing boom in demand for home deliveries

Online retail in South Africa passed the R50bn milestone due to an ongoing boom in demand for home deliveries according to a study by World Wide Worx with Mastercard, *Online Retail in South Africa 2022*.

For the year, stellar performers included Checkers Sixty60, which grew turnover by 150% from July 2021 to July 2022, Mr Price, which reported online retail sales up 48.2% for the year to April 2022, and Pick 'n Pay, which reported in its annual results for the year to the end of February 2022 that online sales had seen annual compound growth of 72.5% over the previous two years.

The pandemic dividend

"One can call this the pandemic dividend," says World Wide Worx MD Arthur Goldstuck, principal analyst on the research project. "The 2020 boom in home deliveries has continued for the past two years, as retailers compete aggressively in every area of online shopping."

Online sales were boosted by Black Friday, with all banks reporting massive increases in card and online spending on what has become one of the biggest shopping days of the year.



Bumper Black Friday for Takealot

30 Nov 2022



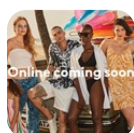
Total retail stagnates

The relentless rise of ecommerce is occurring at the same time as total retail stagnates.

Stats SA, in its Statistical Release for Retail Trade Sales for January 2022, reported that total retail for 2021 had reached R1,166tn, up from R1,063tn in 2020 – making for healthy 9.7% growth, but after a 4.4% fall in 2020.

For 2022, the data is less promising, with the most recent quarterly report, for the three months to the end of September 2022, showing retail trade sales had declined by 0.6% in the year to September.

The last quarter saw a 1.9% fall for the three months to the end of September, representing a second quarter of retail decline.



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15 Dec 2022



A fundamental shift in shopping behaviour

One of the biggest drops came in the category of food, beverages and tobacco, with a 8.1% fall in sales. Online retail sales, however, benefit from a fundamental shift in shopping behaviour.

Gabriel Swanepoel, country manager of Mastercard South Africa, says: “Since physical shopping was limited during the hard lockdown, it was during this time that we first saw a rise in consumers resorting to online shopping.

“Due to this, consumers got comfortable - but with comfort of use we are seeing emerging consumer needs and expectations that go beyond being able to shop online.”

The result is that growth in online retail comes not from increasing demand, but from consumers shifting existing purchase behaviour from physical shops to online stores and apps.

“Based on our observation, consumers are expecting online retailers to offer fast delivery with apps such as Uber Eats and Superbalist, that offer same day delivery,” says Swanepoel.

“Additionally, there seems to be an expectation from the highest levels of security before shopping at a particular online retailer.

“Lastly, we are seeing consumers wanting an omnichannel shopping experience, that allows customers to pick up where they left off on one channel and continue the experience on another.

“Consequently, consumer attitudes seem to have changed, and we anticipate that with those changes we will see the evolution of online shopping and some interesting innovations from the retailers, thus responding to these changes.”



Online retail percentage

The World Wide Worx findings are compiled from accumulated figures and projections from listed companies, interviews with unlisted online retailers, and data on card transactions.

A key question the study addresses is what percentage online retail makes up of total retail in South Africa.

For 2021, the online total of R42,3bn made up 4% of the R1,166bn total, marking healthy growth from the 2.8% recorded in 2020. In 2022, with total retail expected to reach R1,16tn, online retail will make up 4.7% of the total.”

“Total online retail comfortably surpassed our previous forecast of R52bn for 2022,” says Goldstuck.

“However, it will fall just below the 5% mark, a milestone that had previously been anticipated for the end of 2022. We are confident it will be reached in 2023.”

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