

New Vision

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ONLINE SHOPPING



How do Ugandans pay for online shopping?

According to research, cash on delivery is still the most preferred means of payment when shopping online across Africa, with 39% of online shoppers using cash and 32% indicating it is a preferred payment method for online purchases.

Otherwise, there are different ways of paying for goods online, with the commonest world-wide being by credit card. Not many Ugandans have credit cards, though, so they use debit cards, or VISA. Most banks in Uganda, if not all of them, issue their customers with VISA cards, although most of us just use them as ATM cards.

According to Ron Kawamara, the managing director of Jumia, one of the largest online shopping firms in Uganda, most people prefer paying cash on delivery. "It is mostly cash, although some use mobile money," he said. "Very few use their VISA cards, maybe because very few sellers have the machines needed."

On average, Ugandans only shop online 11 times a year, according to KPMG, an international auditing firm

The next big trend in Uganda

By Kalungi Kabuye

Gloria (not real name) was faced with a huge problem; her wedding was just weeks away, and the person she had entrusted with bringing in her gown from the UK was playing games. She turned to two guys she knew to be good at solving such problems.

"I had a VISA card, so paid for the gown online, and had it delivered to a friend's address in London," says Bonny Madrawi. "We then got DHL to bring it in as fast as they could. Gloria was so happy to get her gown in good time that she paid us a lot of money."

That singular event was the beginning of one of the several companies that deal in online trading and shipping in Uganda. Their clients either buy goods online and have them delivered to their workshop in either UK or USA; or determine what they want to buy online and the company buys the goods and ships them to Uganda.

From buying and delivering a bridal gown worth about £100 (sh4.5m), the company now does business worth over sh50m every month and it is growing fast.

Of course that is a drop in the ocean compared to online giants, such as Amazon, which earned a 'disappointing' \$44b in the last quarter of 2016 (estimates have it that Chinese people spent over \$700b shopping online in 2016). But generally, more and more Ugandans are turning to online shopping as a matter of routine.

Onset of online shopping

Like in any other part of the world, the ease of online shopping is what is driving the trend in Uganda. Going to shopping malls, or venturing into downtown Kampala, can be a very stressful endeavour to many people. While shopping in the latest malls such as Acacia or Village Mall can be a pleasant experience, they are generally seen as excessively expensive (somebody has to pay for the rent).

Going to Luwum Street or Wilson Road to buy a pair of shoe or trousers is not for the faint-hearted. With online shopping, on the other hand, you can spend a whole day (or even weeks) browsing through what is available; nobody is pushing you to buy anything, only your bank account, maybe.

"I hate shopping in those streets, first of all the shops are crowded, there are several different people selling the same things in the same shopping space, they all want your attention so they are all over you. It can be extremely stressful. Then there are hang-outs outside trying to convince you they can get you a better deal; and the streets are crowded with all kinds of people and con men just waiting to rob you. I'm not going back, ever," says one Jonathan, an online shopper.

The almost unlimited choices available online, compared to the relative lack of variety in what shops in Uganda offer, also plays a big part. Online shoppers have an almost unlimited choice between goods.

"Traders in Uganda, who supply most of the shops, generally buy

Types of online shopping

Basic online shopping involves a customer going online, ordering for goods and paying for them. In Uganda companies like Intership, Salabed and countless others that claim 'buy in the USA or Europe and receive in Uganda' do just that.

Individuals can also order and pay for goods online; the problem is that, apart from things like books or CDs and DVDs, many online sellers do not deliver to Uganda. There is also the use of the Internet as a market place, where buyers meet sellers, in the model made popular by e-Bay. Companies such as Jumia, OLX and many others act as market places.

from the same places, mostly in China, and the same goods", says David Musoke, a business consultant. "So you can find a whole street of shops in Kampala, for example, selling the same things. There is very little variety."

Another advantage for shopping Online is that you can read any number of users reviews before making up your mind. This is especially useful in electronics, where people that have bought and used the items give you their experiences, something you may not get when buying from a store. Like Jonathan found out when he bought a home theatre he had saved up for.

"First I checked on the Internet for the kind of home theatre I wanted, and went to this shop and had it tested," he said. "It seemed okay so I paid for it and took it home. But then I discovered it did not have an allowance for an auxiliary input. I mean, every piece of music equipment I have ever used has an auxiliary input, but this one didn't. When I went back to complain, I was told that particular model did

not have it, and I would have to pay more for a model that did," he says.

The desire for genuine goods

According to Madrawi, while Ugandans might have a reputation for liking cheap goods (especially the type brought from places like China), it was the urge for genuine goods that contributed to the growth of online shopping, and thus their business. "From clothes to computer parts, many Ugandans that order goods with us want genuine stuff, mainly from Europe and the USA," Madrawi said. "It began with mostly consumer stuff, like clothes and branded materials, but now almost anything is being ordered, up to car spare parts."

Ugandans that want to be seen as fashionable and not wearing the same things that every Mukasa, Okello or Tumusiime does, have also turned to online shopping. Buying something from a shop in Kampala means several other people have also bought the same thing, since traders inevitable buy many of the same good for

economies of scale reasons. But there is a smaller chance somebody ordered the same thing online, so one can look and appear unique.

There also used to be the belief that the best goods were either sent from abroad by a friend or colleague, or were bought there on a journey. Not anymore, one can sit in a small room in Nansana, a city suburb and order the latest in fashion.

How often do Ugandans shop online?

On average, Ugandans only shop online 11 times a year, according to The 2017 Global Online Consumer Report by KPMG, an international auditing firm. This is about the same as eastern European countries, but falls far behind Asian countries which have an average of 22. By contrast, Americans average 19 and western European countries 18.

But this is changing, according to recent studies. One of the main reasons given is that Africa's middle class is growing, and more people have more money to spend. The Africa Development Bank (ADB) estimates that about a third of the continent spends between \$4 to \$20 a day, and that group is expected to grow to 42% by 2060. That is more than a billion people.

The ADB states that consumption in Africa rose to more than \$1 trillion in 2012, up from \$364m in 2000, an annual rate of growth of 10.7%. With deepening internet penetration (50% of the continent is expected to have access to the internet by 2025), some of this spending is starting to happen

Ugandans embracing online shopping

online.

It is also estimated that online shopping could account for 10% of total retail sales (or \$75b), as more African consumers migrate to e-commerce. While the global growth rate of e-commerce is 16.8%, Africa's e-commerce is growing at a rate of 25.8%. A recent study by Ipsos, a global market research company, discovered that 89% of Nigerian Internet users shop online or expect to do so in the future. In South Africa, it was 70%, while it was 60% of Kenyans.

The study did not include Uganda, but we cannot be very far off. The World Bank has it that about 19% of Ugandans used the Internet in 2015 and this is growing at about 10% annually. That means about eight million Ugandans are actively using the Internet and probably about five million could potentially be shopping online. Research also reveals the overwhelming usage of mobile phones in online shopping. 90% of online shoppers that own a smartphone have used it to shop online, while 51% use their device to shop online once a month or more.

Do Ugandans trust online?

In the beginning, what hindered many people from ordering things online was basically trust; from not trusting that whatever was ordered for would be delivered by the Posta Uganda, to fear that online



companies in Uganda might take their money and disappear (The writer regularly orders for books through Posta Uganda and they arrive on average after two weeks. In two years, not a single item has gone missing).

Kawamara tells stories of people ordering goods online and getting surprised when they are delivered; in effect they were just trying to see if it actually works.

While trust in online shopping has increased, what with payment on

delivery, high delivery costs within Kampala discourage many people (a shop selling mosquito nets from the former Equatorial Hotel asked for sh10,000 to deliver the sh30,000 net to the *New Vision*).

What do Ugandans shop online?

Electronics and fashion top the list of goods Ugandans buy online. This goes for those buying from international sellers and those buying from sellers. Things like smart phones and shoes are the

How to avoid being conned while shopping

By Agnes Kyotalengerire

Denis Wasswa a sales executive working with UG unlocked says before you pay or send money, it is important to know the company you are dealing with.

Their reliability and financial status matters. Ask to talk to them on phone and if you are interested in the item they are selling, Wasswa advises to go ahead and ask a few questions about it.

Elaborating on the importance of knowing the company's financial status, Wasswa said there are some people who start online companies without sufficient start-up capital and have to rely on customers' money to clear up the expenses.

Having a Physical address or location where they seller is situated is enough evidence that you are not dealing with

con men. Cases of people downloading images from Internet and posting them on their Facebook pages are common. Below are more tips to help you avoid scam while you shop online.

When buying online, there is always the risk that the seller has just taken a photo someone else has posted online of the item you are looking to buy.

If in doubt, ask for a second opinion. Usually people will try and sell you those fakes. If you are unsure of the authenticity of the item, always ask for a second opinion. Alternatively seek a second opinion from a friend.

Shopping online is tricky, to avoid someone not actually sending you their item or from just sending you something random, use a trusted middle man, and pay the extra shipping costs.

most common items ordered for.

Who are the big players?

At any given time, there are dozens of companies offering online and shipping services in Uganda. Some don't last for very long; others survive for a few months and then go into oblivion. Many shops and companies selling goods now offer online service via social media, but there is no dedicated strategy to follow up customers.

The dark side of online shopping

The main problem with Online shopping in Uganda is not knowing where to go when things go wrong. Facebook is full of people complaining about goods not delivered and poor services offered. There are also connmen posing as bona fide sellers and some buyers have turned out to be robbers. There have been stories where after picking up goods they have bought from private sellers, they come back at night and rob the premises.