



**Exploring the challenges of e-commerce as an emerging
market in the SA retail sector**

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Mini-dissertation accepted in fulfillment of the requirements for the
degree *Master of Business Administration* at the North-West
University

Supervisor: Dr NK Ndlovu

DECLARATION



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SOLEMN DECLARATION – MINI-DISSERTATION

Solemn declaration by the student

I, Thembisile Martin Thompson, hereby declare that the mini-dissertation which I herewith submit to the North-West University in completion of the requirements for the Master of Business Administration degree is my own work.

I further acknowledge all the sources used or quoted using complete referencing and in-text citation. Moreover, I declare that this mini-dissertation has never, on any previous occasion, been presented at another university or institution for any degree purposes.

DEDICATION

This research study is dedicated to my family, my wife Neliswa Miya, my two daughters Amahle Thompson and Nqobile Miya as well and my newborn son Nqabayethu Thompson. Most importantly, it is dedicated to my parents, Mr Semanga and Mrs Nombulelo Thompson who have always prayed for my success in all that I do in life. Without their support structure throughout the two years, this would not have been possible.

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ABSTRACT

The retail sector in South Africa is actively participating in the multilateral trading system and is finding great opportunities to expand its target market. Strong groundwork has been laid for the development of e-commerce in South Africa by the swift rise in internet penetration, mobile phone usage and the uptake of mobile innovations. These factors have greatly increased financial inclusion and increased the use of electronic payments. However, low bank rates, lax industry laws and regulations and a dearth of reliable power sources are various obstacles that hinder the growth of e-commerce. To promote e-commerce activities, it is essential to reduce load shedding, improve infrastructure and strengthen the legal framework.

The study conducted a sample-based qualitative research of 10 subjects and found that infrastructure availability, efficient logistics systems, various online payment methods for customers, language preferences in the South African retail industry, management's comprehension of the core business are some of the most important requirements for successful e-commerce. The research also revealed that broadband connectivity and electricity are important for supporting the growth of emerging markets in this sector. The sustainability and success of e-commerce is largely dependent on brand identity and customer demographics, even though it is advantageous for online businesses to provide a personalised experience and to take cultural differences into account.

Key terms: e-commerce, broadband connectivity, brand identity, sustainability, retail sector

TABLE OF CONTENTS

DECLARATION	i
DEDICATION.....	ii
ACKNOWLEDGEMENTS	iii
ABSTRACT	iv
LIST OF TABLES	ix
LIST OF FIGURES	x
CHAPTER 1.....	1
INTRODUCTION AND SCOPE OF THE STUDY	1
1.1 INTRODUCTION	1
1.2 BACKGROUND TO THE STUDY	2
1.3 PROBLEM STATEMENT	3
1.4 PRIMARY OBJECTIVE	5
1.5 SECONDARY OBJECTIVES	5
1.6 RESEARCH QUESTIONS	5
1.7 SIGNIFICANCE OF THE STUDY	6
1.8 RESEARCH APPROACH	6
1.9 RESEARCH DESIGN AND METHODOLOGY	6
1.9.1 Empirical Study	6
1.9.1.1 Research Paradigm	7
1.9.1.2 Research Approach	7
1.9.1.3 Research Design	7
1.9.1.4 Scope of the Study/Delimitations	8
1.9.1.5 Field of Study	9
1.9.1.6 Geographical demarcation	9
1.9.1.7 Time horizon.....	9
1.10 RESEARCH METHODOLOGY	9
1.10.1 Methodological Choice	9
1.10.2 Instrumentation	9
1.10.3 Study sample.....	10
1.10.4 Data Analysis	10
1.10.5 Trustworthiness and Confidentiality	11
1.11 ETHICAL CONSIDERATIONS.....	11
1.12 CONTRIBUTION OF THE STUDY	12

1.13	CHAPTER BREAKDOWN.....	12
1.14	SUMMARY	12
CHAPTER 2.....	14	
LITERATURE REVIEW.....	14	
2.1	INTRODUCTION	14
2.2	SOUTH AFRICA'S E-POTENTIAL.....	14
2.3	E-COMMERCE IN SOUTH AFRICA.....	16
2.4	CHALLENGES FACING E-COMMERCE	16
2.4.1	Infrastructural barriers.....	16
2.4.2	Socio-economic barriers.....	17
2.4.3	Socio-cultural barriers.....	18
2.4.3	Cognitive barriers	20
2.5	ADVANTAGES OF E-COMMERCE FOR SMALL BUSINESSES	20
2.5.1	Mobile phones and social media.....	21
2.5.2	Size Matters.....	22
2.6	CURRENT TRENDS IN E-COMMERCE	22
2.7	REGULATORY ISSUES IN E-COMMERCE	22
2.8	SUMMARY	23
CHAPTER 3.....	24	
RESEARCH METHODOLOGY	24	
3.1	INTRODUCTION	24
3.2	RESEARCH APPROACH	24
3.3	RESEARCH PARADIGM	24
3.4	RESEARCH DESIGN.....	25
3.5	RESEARCH PROCESS.....	26
3.6	STUDY SITE.....	27
3.6.1	Population of the study	27
3.6.2	Sampling size.....	27
3.6.3	Sampling Strategy	28
3.7	SAMPLING METHOD	28
3.8	DATA COLLECTION AND ANALYSIS	29
3.8.1	Interview.....	30
3.9	DATA QUALITY CONTROL.....	31
3.9.1	Trustworthiness.....	31
3.9.2	Confirmability.....	32

3.9.3	Dependability.....	32
3.10	DATA ANALYSIS	32
3.11	RESEARCH ETHICS	33
3.12	SUMMARY	34
CHAPTER 4.....		35
DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS		35
4.1	INTRODUCTION	35
4.2	ANALYSIS PROCEDURE	35
4.3	DESCRIPTION OF THE DEMOGRAPHICS	35
4.3.1	Gender	36
4.3.2	Age Distribution.....	36
4.3.3	A respondent who has an internet footprint.....	37
4.4	EMPIRICAL FINDINGS.....	38
4.4.1	The prevalence of e-commerce in the retail sector in South Africa	38
4.4.2	The challenges that come with e-commerce as an emerging market in the South African retail sector	39
4.4.3	Challenges Facing E-commerce	41
4.4.4	Infrastructure barriers.....	41
4.4.5	Connectivity and high access costs.....	41
4.4.6	Internet security	42
4.4.7	Socio-economic barriers.....	42
4.4.8	Logistics and delivery issues	42
4.4.9	Load shedding.....	43
4.9.10	Educational system	43
4.5	USING NVIVO TO SHOW RELATIONSHIPS	44
4.5.1	Data Analysis Stages	44
4.5.1.1	Stage 1: Descriptive	45
4.6	DISCUSSIONS OF FINDINGS	47
4.6.1	Introduction.....	47
4.6.2	The prevalence of e-commerce in the South African Retail Sector	48
4.6.3	Challenges of e-commerece as an emerging market in the South African retail sector	48
4.6.3.1	infrastructure barriers.....	48
4.6.3.2	Social economic barriers	49
4.6.3.3	Cognitive barriers	49
4.6.4	Are businesses and customers willing to participate in the emergence of e-commerce market in the South African retail sector?	50

4.7	SUMMARY	50
CHAPTER 5	.....	52
CONCLUSION AND RECOMMENDATIONS	.....	52
5.1	INTRODUCTION	52
5.2	PROMINENT FINDINGS.....	52
5.2.1	Load Shedding.....	52
5.2.2	Broadband connectivity	53
5.2.3	Logistics	53
5.3	RECOMMENDATIONS	54
5.4	FURTHER RESEARCH	56
5.5	RESEARCH LIMITATION	56
5.6	CONCLUSION.....	57
REFERENCES	.....	58
ANNEXURE A	.....	64
ETHICAL CLEARANCE LETTER	.....	64
ANNEXURE B	.....	66
PERMISSION LETTER	.....	66
ANNEXURE C	.....	67
CONSENT FORM	.....	67
ANNEXURE D	.....	69
INTERVIEW QUESTIONS	.....	69

LIST OF TABLES

Table 4-1. Stages of data analysis in this research study	46
Table 4-2. Case selection and data collection within respondent.....	46
Table 4-3. Respondent interactions (Relationship factors).....	46

LIST OF FIGURES

- Figure 4-1: Showing the gender of the participants and that the gender was made up of males (50%) and females (50%) of the participants. 32
- Figure 4-2: Shows the age of participants in percentage..... 33
- Figure 4-3: Illustrates the respondents who have internet every day and are 5 years participating in e-commerce. 34

CHAPTER 1

INTRODUCTION AND SCOPE OF THE STUDY

1.1 INTRODUCTION

South Africa, like every other developing country in the world, faces both opportunities and challenges. Although internet use has been limited in developing countries previously, it is rapidly expanding (Isaac & Storm, 2018; Globe Bank, 2018). Internet bandwidth has also been rapidly expanding, with growth rates in developing countries about twice as fast as in affluent countries (Lamb *et al.*, 2017). African nations stand to gain greatly from e-commerce as a major contributor to their economies (Lamb *et al.*, 2017). Breakthrough advances in technology and infrastructure coincide with rising levels of digital literacy and previously unheard-of-demand (Lamb *et al.*, 2017). Due to low consumer trust and restricted access to formal banking, African entrepreneurs are coming up with innovative solutions en masse (Lamb *et al.*, 2017). The continent appears to be thriving and producing new digital business models as evidenced by reports of successful investment rounds for regional e-commerce platforms, rising mobile money usage and widespread internet connectivity (Rae *et al.*, 2019).

There is a common misconception that e-commerce will improve just because the internet and its infrastructure exist (Howe, 2015). According to Howe (2015), the fact that mobile marketing provides continuous access to consumers 'anytime' and 'anywhere' makes it the most dynamic, effective and personal medium for marketing. Perhaps this is not the whole story. To promote an atmosphere that supports the growth of e-commerce, businesses, individuals and the government must take the initiative and be willing to do so. Although the COVID-19 pandemic presented an even greater opportunity, there was undoubtedly a rise in e-commerce in South Africa prior to the pandemic (Peleckis *et al.*, 2022). The expansion of electronic commerce presents a singular chance for small and medium-sized businesses (SMEs) in developing and least-developed countries (LDCs) to gain entry to global markets.

In the South African retail industry, e-commerce is a growing market and this study seeks to investigate the challenges that this presents. The market is defined as the competitive

constraints faced by the company, that is, potential substitutes in the demand and supply areas would be captured as accurately as possible (Peleckis *et al.*, 2022). It further examined how businesses are adapting to e-commerce, especially retail businesses and what can be improved to make it easy for customers even during difficult economic challenges. This study intended to benefit businesses in terms of improving what the customers need and how to be able to reduce costs on what customers do not prefer.

1.2 BACKGROUND TO THE STUDY

Businesses in South Africa are trying to find ways to reach many customers hence they are moving into e-commerce. The ever-improving technology is making life easier for both customers and businesses, especially in the wake of the COVID-19 pandemic (Heizer *et al.*, 2020). Customers want the ease of one-stop shopping as it is prevalent and easy to do in today's consumer market. Technology and the internet are becoming increasingly important in South Africa, according to Heizer *et al.* (2020) as retailers enhance their ability to provide customers with efficient and all-encompassing e-commerce experiences and as multi-channel retailing proves popular with customers, especially the internet (Rudrabasavaraj, 2010) Retailers are a type of socio-economic system that connects people by facilitating the exchange of goods and services for a nominal fee. They also bridge the gap between the needs of customers and manufacturers and farmers, fostering new lifestyles that bring about prosperity, happiness and peace in the community while also satisfying the basic needs of daily life.

A study by e-marketer (2014) reported that global mobile marketing expenditure in 2014 amounted to US\$ 17.96 billion. By the end of 2016, this number was expected to triple. Consequently, it is abundantly evident that both large and small organizations must embrace mobile marketing to survive (Heizer *et al.*, 2020). However, South Africa is also comprised of rural areas where the population receives low incomes, lives in the outskirts without access to power and has no basic services with low literate communities (Mkasi, 2021). With the emergence of e-commerce in South Africa and the world, there is still a gap in terms of how e-commerce works as most people lack access to the internet or if they do, they use mobile phones without the necessary applications to practice trading goods and services online.

As a developing nation, South Africa has always been traditional in its retail trading practices for all items (Heizer *et al.*, 2020). The traditional method is to visit the shops and make appearance-related purchases. Access to international markets has been made possible by the emergence of e-commerce applications and systems in the South African retail sector over the past 15 years and e-commerce is anticipated to drive low-cost access to global trade and supply processes for developing country businesses (Heizer *et al.*, 2020). The empirical question of whether the growth of e-commerce in the South African retail sector benefits businesses seeking access to international markets, consumers seeking convenience and developing countries' interests modernising supply chain processes for all stakeholders remains unanswered (Heizer *et al.*, 2020). Because e-commerce transactions have become increasingly common in retail over the past 20 years, this study concentrated on this industry in particular (Reinartz *et al.*, 2019; Mkasi, 2021).

1.3 PROBLEM STATEMENT

E-commerce allows startups, small businesses and large companies to sell products at scale and reach customers across the world. This gives businesses and customers the advantage of trading goods without a hustle, especially with customers who are technically savvy as they can browse options and make purchases from anywhere with just a few clicks. According to Mkansi (2022), while e-commerce has many advantages for customers, it also exposes them to all-in-one convenience, competitive shopping amongst several suppliers and the ability to choose the best option more quickly. However, due to inequalities in terms of resources and capital, e-commerce favours businesses and people in urban areas as the goods can easily be ordered and delivered within a convenient time (Maduku *et al.*, 2016).

Nevertheless, some businesses may suffer in adopting the e-commerce route because they rely on physical contact with customers or are not able to trade due to the products and goods they sell. According to Deng (2019) and Alnoor (2020), businesses may suffer from adopting e-commerce as shoppers love being able to compare prices, providers find it too restrictive as numerous prices are eliminated from suggested or recommended

items based on the price range the customer sets. Additionally, it is claimed that comparing a company's offering to that of a rival is more difficult when using personal contact and touch (Al-Abbrow *et al.*, 2019; Deng, 2019). The fear of diminished viability is also allayed to some extent by Casseta *et al.* (2020) who argue that businesses that venture into e-commerce achieve considerable returns in inventory reduction, customer relationship enhancement, efficiency and ultimately financial returns. Previous studies found that e-commerce had a substantial impression on customer interface (Maduku *et al.*, 2016):

- It broadens the reach, the number of consumers reached and the number of items that can be offered to them; and
- It improves wealth, the quality thereof concerned with items offered and the consumer's behaviour in going about purchasing.

South Africa still needs to invest in its infrastructure as seen by the ongoing delays in broadband spectrum auctions (Maduku *et al.*, 2016). Foreign investment in the sector as well as improved infrastructure that would have seen e-commerce flourish in the country more than it has have been delayed due to policy uncertainties and delays around the spectrum auction (Maduku *et al.*, 2016). To succeed and benefit everyone, e-commerce needs a solid foundation and security (Maduku *et al.*, 2016).

According to the literature analysis, the advent of e-commerce in the South African retail sector has the potential to boost corporate profitability and cut costs but it could also lessen restrictions due to increased market competition (Maduku *et al.*, 2016). The size of the investment needed by firms to enter e-commerce and whether its effects can be replicated across various industry demographics, including small and large organizations may be the limitation in the literature examined (Maduku *et al.*, 2016). Therefore, the study sought to explore various challenges of e-commerce as an emerging market in the South African retail sector. The study focused on whether there are enough consumers who are willing and able to play an active role in e-commerce in the South African retail sector to justify investment into e-commerce solutions and systems by businesses. For the shopping experience, it emphasizes the need to pay attention to consumers' shopping needs in terms of marketing methods in order to build online marketing positions and experiences (Jinzhi, 2020). Because it is not face-to-face sales, the e-commerce platform

needs to pay extra attention to customer needs and the service quality needs to be improved as much as possible to achieve the purpose of establishing a comprehensive service terminal. In this study, customers personal experience and challenges will be the focus to provide insights into e-commerce in the South African retail sector.

1.4 PRIMARY OBJECTIVE

The primary objective is to explore the challenges of e-commerce as an emerging market in the South African retail sector. This will entail examining all the role players and participants in e-commerce activities in South Africa, particularly in the retail sector. The aim is to identify challenges it presents in the market of the retail sector in South Africa.

1.5 SECONDARY OBJECTIVES

- a) To determine the prevalence of e-commerce in the South African retail sector.
- b) To determine the challenges that come with e-commerce as an emerging market in the South African retail sector.
- c) To determine the risks and barriers of e-commerce in the current retail sector market.
- d) To determine if businesses and customers are willing to participate in the emergence of the e-commerce market in the South African retail sector.

1.6 RESEARCH QUESTIONS

The above problem statement ultimately leads us to the main research questions:

- a) How prevalent is e-commerce in the South African retail sector?
- b) What are the challenges that come with e-commerce as an emerging market in the South African retail sector?
- c) What are the risks and barriers of e-commerce in the current retail sector market?
- d) Are businesses and customers willing to participate in the emergence of e-commerce in the South African retail sector?

1.7 SIGNIFICANCE OF THE STUDY

However, despite the increasing amount of studies on the difficulties facing South Africa's e-commerce industry as it develops, the literature indicates that various difficulties must be examined and comprehended in concert (Maduku *et al.*, 2016). This will enable the e-commerce retail sector to deal with such challenges and find possible solutions. Furthermore, while there are numerous studies on the challenges of e-commerce as an emerging market, few have been conducted in the South Africa's retail sector. Africa, and especially South Africa, which is rapidly developing in terms of infrastructure and economic growth, is not a suitable market for international e-commerce models. Addressing such challenges of e-commerce in South Africa will allow organizations operating in the country, even beyond the borders of the country to identify and implement business models that will be effective in overcoming these challenges to reap the benefits of trading online. This research identifies and describes the challenges that South African e-commerce faces, especially since the country is adopting these business models. The study shall make a valuable contribution, especially to the existing knowledge of e-commerce in the retail sector in the context of a developing country.

1.8 RESEARCH APPROACH

An approach to addressing the research question is reflected in the research methodology (Bryman & Bell, 2015). It consists of both inductive and deductive reasoning. In deductive research, the researcher develops a hypothesis and then designs the research in such a way that the theory is being tested. In inductive research, the researcher first collects the data and then from the data analysis, develops a theory. According to Gay and Airasina (2003), "an inductive research is typically qualitative in nature, while a deductive research approach is typically quantitative in nature". The advantage of the inductive research approach is that it minimizes the potential for a one-sided or biased approach during the data collection process (Bryman & Bell, 2015).

1.9 RESEARCH DESIGN AND METHODOLOGY

1.9.1 Empirical Study

1.9.1.1 Research Paradigm

Two reasons exist for which this study employed the interpretivism research philosophy. In the first place, it made it possible for the researcher to see the research participants' natural surroundings through their eyes. Bryman and Bell (2015) describe this philosophical framework as a means of navigating appropriate scientific research practises. Since each participant has a unique perspective on the world, there will be no presumptions about how others interpret or comprehend. According to Bryman and Bell (2015), knowledge was thus acquired through personal experience rather than always being imposed from without.

1.9.1.2 Research Approach

This study employed the inductive research methodology, which is frequently employed in qualitative investigations in the absence of a theory to guide the investigation. This is beneficial because it reduces the possibility of using a biased or one-sided approach when gathering data (Bryman & Bell, 2015). This study explored various challenges of e-commerce as an emerging market in South Africa using a qualitative research methodology. The research used historical data and interviews to obtain data from participants (Kersop, 2019). These are means and methods that were applied in this study and therefore the study qualified as a qualitative research approach.

1.9.1.3 Research Design

The research examined e-commerce as an emerging market and its challenges using a qualitative approach based on narrative. With the qualitative design technique, the participants could not be forced to accept the researcher's interpretation of social phenomena. This was done to determine how well the participants understood the subject being researched (Gravetter & Forzano, 2013). In this situation, the researcher created a research approach that is framed by the participants rather than by their thoughts. Gravetter and Forzano (2013) suggested doing interviews with participants in which the

researcher can ask open-ended questions. These were done to make it possible to ask questions during the interview.

According to Gravetter and Forzano (2013), qualitative research responds to more in-depth expressions of relationships, interactions and experiences that cannot be haphazardly quantified and reduced to operationalized variables. It operates within the universe of meaning, attitudes, aspirations and values. Therefore, structured interviews and site visits were used as a means to collect the primary data. Historical data were used as secondary data for the study. The researcher formally invited each participant to participate in the study through a formal invitation letter. The interviews took place at each participant's workplace, open park, community hall and through the SecurityEnsure link via emails. Secondary data were requested through writing to business who has conducted interviews on e-commerce and how many people use e-commerce on a daily, monthly and yearly basis.

1.9.1.4 Scope of the Study/Delimitations

The study focussed on South Africa, covering commercial enterprises. The study's goal was to investigate how e-commerce is being adopted in South Africa, which is a developing nation. As an extraction criterion, the focus was on enterprises and customers in general as these are the only populations that can engage in e-commerce. Due to the foundational level at which business has digitalized at least fundamental information for trade and transaction, these businesses would have had e-commerce capacity (Rahayu & Day, 2017). Men and women in South Africa who were interested in taking part in the study were the target audience and they belonged to all age groups, races, societal classes, levels of education and residential areas. Based on the presumption that urban residents are tech-savvy and knowledgeable about the topic being studied, these decisions were made. According to Rahayu and Day (2017), the goal of this study was to provide interested parties with equal opportunities without excluding anyone. Consequently, the study has a high chance of success and is reasonably priced.

1.9.1.5 Field of Study

This study is classified under the Information Communication and Technology Management (ICT) cluster.

1.9.1.6 Geographical demarcation

Since Adorbs Online is headquartered in Johannesburg, Gauteng, the Gauteng office will be the exclusive focus of this research's study area. One-on-one interviews were used for the sampling and the size of the sample was decided upon after saturation was reached plus one based on the participants' interest in and familiarity with the topic of the study (Reinartz *et al.*, 2019).

1.9.1.7 Time horizon

Cross-sectional studies are one-time experiments that are employed when a study is concentrated on a particular phenomenon at a particular point in time (Bryman & Bell, 2015). This study's interest was to explore various challenges of e-commerce as an emerging market in the South African retail sector.

1.10 RESEARCH METHODOLOGY

1.10.1 Methodological Choice

Qualitative research is often regarded as research that constructs the descriptive data of what has been spoken, observed or written by people and their evident behaviour (Bryman & Bell, 2015). The study was based on qualitative research, with qualitative data collected through interviews which aligns with the research aim and objectives.

1.10.2 Instrumentation

The study used an interview guide and used historical data as an instrument to collect data. The only sources of data used in qualitative research are typically semi-structured

interviews. It is also common for semi-structured interviews to be prearranged for a specific time and location. Open-ended questions make up their format and as the interview progresses, more may come up. It is also possible to conduct semi-structured questions with a group or with an individual. Individual, semi-structured interviews will be used in this investigation. Along with this, this procedure of gathering data will enable the researcher to thoroughly explore the social aspects of the study (Bryman & Bell, 2015). Annexure D has examples of derived questions. The study was estimated to be undertaken over 12 months.

1.10.3 Study sample

Since individual interviews, for example, require a lot of interaction with the participants, data collection methods for qualitative research are typically time-consuming. As a result, researchers using the qualitative method are more likely to be content with a small sample size than those using other research methods, such as the quantitative method (Mayer, 2015). The study employed purposive sampling as participants were primarily selected because of the expectation that they were well-informed regarding the subject under investigation. After achieving saturation point plus one, the sample size was calculated.

The sample population included both Adorbs Online customers and employees who have been active on the internet for at least the last five years and are essentially in charge of the company's commercialization. For this study, a sample size of ten (10) participants or more was deemed sufficient. For qualitative research, the recommended sample size according to Bryman and Bell (2015), is between 10 and 40. Qualitative samples are purposive because their sample sizes are also determined by their capacity to offer comprehensive and relevant information about the subject under study (Bryman & Bell, 2015).

1.10.4 Data Analysis

Qualitative data were analyzed using thematic analysis, which is a form of content analysis. The data were processed using the NVIVO program. Using the NVIVO program, the researcher was able to review and reduce the research data by locating and recording

pertinent ideas, passages from texts and participant quotes that connected to the main goals of the study. The textual phrases of each participant were laid out under each participant's name (e.g. X, not to disclose a person's identity), coded according to relevant themes, grouped according to each concept and presented in a tabular format. The textual phrases were then analyzed and key concepts, themes and patterns were identified. The interpretation of the results and discussion were then made from the derived results.

1.10.5 Trustworthiness and Confidentiality

During the interview, human participants signed an indemnity form that explained the issue of trustworthiness and confidentiality and that their names were not published without their concern. Ethical considerations were applied when dealing with human subjects in the study. The reliability was based on what the participants offer and thorough checks will be accessed to check if there is no copy and paste and no double forms completion. Bryman & Bell (2015) defined measurable data to be considered reliable if it yields the same results consistently and multiple times when what is being measured is not varying.

Validity is concerned with the extent to which the research findings accurately represent what is happening in the situation, meaning it is a true representation of the picture being studied (Bryman & Bell, 2015). Confidentiality refers to the importance keeping all information provided from the interviews, the organization they are representing and their biological information private. The researcher followed the university and the South African Constitution and business law on confidentiality.

1.11 ETHICAL CONSIDERATIONS

For ethical, anonymity reasons, participants were assigned an indemnity form that protected their biological information. The names of participants were referred to by alphabets e.g., X, Y during the analysis of information. Permission to carry on with this research was obtained from participants and Adorbs Online as it is the business the research is focusing on (Annexure C). The University of the North West Ethics Committee

reviewed the proposal and ethics application based on human participants. The research project proceeded upon ethical approval.

1.12 CONTRIBUTION OF THE STUDY

The research problem has the interest of all civil society, businesses, government and everyone who utilizes e-commerce or day-to-day activities. The study allowed future researchers who share the same interest to expand further on the research topic.

Various key and practical contributions of this study:

- Expose limitations in ICT infrastructure for intervention by all stakeholders.
- Raise awareness on the part of the consumer on the possible risks of e-commerce.
- Explore opportunities in the retail sector for new players to enter the market.
- Foster engagements between business and government on how the government can create an enabling environment for e-commerce to thrive and contribute to the country's GDP growth.

1.13 CHAPTER BREAKDOWN

The research project was comprised of five chapters;

Chapter 1: Presented the introduction, research problem, research objectives, the significance of the study and study limitations.

Chapter 2: Discussed the literature review of possible gaps in the literature.

Chapter 3: Describe in detail the materials and methods that were employed during the study. The selected study geographical demarcation and ethical considerations for each study site are also presented.

Chapter 4: Includes results and discussions of data relating to the aim and objectives of the study.

Chapter 5: featured the summary, conclusions and recommendations based on the findings from the study.

1.14 SUMMARY

This chapter introduced and described the research problems of the mini-dissertation. It further outlined the goals and methodology of the study. The explanations cover the

foundational ideas of the concepts that organise the study. This chapter also covers the research methodology and approach that were employed to gather and examine the data. All of the afore-mentioned is provided to contextualize the challenges of e-commerce as an emerging market in the South African retail sector. Lastly, the moral dilemmas are explained.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The review of literature delves into an examination of the emergence of e-commerce in recent times, its advantages for both businesses and customers, as well as the obstacles it faces and potential solutions.

2.2 SOUTH AFRICA'S E-POTENTIAL

South Africa in the earlier years of online adoption was characterized by slow uptake of small, medium and micro enterprises (SMMEs) for several reasons (Mkansi, 2022). Most of these reasons stemmed from a mixture of infrastructural, sectoral and cultural issues with internet provision for and usage by potential customers. Additionally, many SMMEs lacked the expertise to run online operations effectively, with many having to outsource Information Technology operations at high cost (Mkansi, 2022). Even though many SMMEs have pointed out the lack of expertise, access and customer uptake of online services, many surveys conducted in the earlier part of the new millennium suggested they had already identified the importance of online communication and services in expanding the reach of their business, enabling them to compete with larger players, both locally and abroad (Mkansi, 2022).

Since the advent of mobile phones and the internet, e-commerce has grown steadily in South Africa (Garg & Choeu, 2015). A woman paid R800 for a pair of shoes from an internet retailer in 2005, marking the first sale ever documented. The limitations imposed on traditional retail establishments, which resulted in a 30% decrease in in-store shopping, were the main factors contributing to this increase (Garg & Choeu, 2015). Virtual reality (VR) and artificial intelligence (AI) are two more emerging technologies that are credited with the growth of e-commerce (Garg & Choeu, 2015). These have made it possible for businesses to develop cutting-edge solutions that enhance customer satisfaction and boost revenue. Additionally, compared to other African nations, South Africans have higher levels of disposable income and spending power, which has been

linked to this increase (Garg & Choou, 2015). South Africa is one of the world's fastest-growing e-commerce markets, with over \$100 billion spent annually on sites like Amazon and eBay (Garg & Choou, 2015).

Early in 2018, there was an increase in confidence and the country may be recovering from a challenging 2015 and 2016 that saw the end of the super-commodity cycle and a severe drought, according to a recent upward revision of the national accounts for the period 2015 to 2017. The Gross Domestic Product (GDP) was expected to grow at an accelerated rate, rising from 1.3% in 2017 to 1.4% in 2018, 1.8% in 2019 and 1.9% in 2020 (Mkansi, 2022). According to First National Bank (2023), fresh information reveals that the e-commerce market in South Africa has expanded quickly, with an approximate value of less than R200 billion annually. Global growth as a whole, emerging markets, developing economies and commodity exporters all benefited from this in turn. The government's commitment to debt stabilisation objectives was reaffirmed in the 2018 Budget Review, which did not leave much room for fiscal stimulus but should encourage more private investment (Mkansi, 2022).

Companies and businesses are all adapting to new consumer habits. The exponential acceleration of e-commerce usage by COVID-19 is demonstrated by the increase in the estimated value of e-commerce (Goga & Paelo, 2021). According to Business Today (2023), prior to the pandemic, 35% of all card payments made in the retail sector went towards travel and lodging; by the end of 2021, e-commerce had taken up 14% of all card payment sales, while travel and lodging accounted for just 11%.

The world economic crisis and South Africa's limited growth potential continue to be obstacles to the country's economy. Slow growth in private investment and a lacklustre integration into global value chains keep the nation from taking advantage of the new economic opportunities that are opening up globally and from catching up to peer economies in terms of living standards (Mkansi, 2022). In order to create new domestic and foreign markets through increased productivity and innovation, South Africa must capitalise on its comparative advantages as an industrialised and skilled economy (Mkansi, 2022).

2.3 E-COMMERCE IN SOUTH AFRICA

Globally, internet shopping has grown in popularity. Online shopping is popular throughout Europe, Oceania, South America, North America and Africa according to data provided by Business Tech (2015). Oceania is the continent with the highest rates of online shopping, with New Zealand having the highest rates of participation among its consumers (95%) (Kwarteng & Pilik, 2018). Finland, with 97% of consumers participating, has the highest usage in Europe. With 97% and 87% of users, respectively, the service is equally popular in the USA and Canada (Kwarteng & Pilik, 2018). Argentina has the highest South American usage rates at 75% (Kwarteng & Pilik, 2018). Nigeria, South Africa and Kenya have the highest levels of online shopping activity on the African continent (Kwarteng & Pilik, 2018). With a 0.9% purchase rates and a 0.7% transaction rates, South Africa trails Brazil, Russia and China amongst the BRICS countries (Brazil, Russia, India, China and South Africa) in terms of online shopping activity. Russia makes up 4.2%, China makes up 10.7% and Brazil makes up 11% (Kwarteng & Pilik, 2018).

South Africa's limited growth potential continues to be a constraint. Slow growth in private investment and a lacklustre integration into the global value chains keep the nation from taking advantage of the new economic opportunities that are opening up globally and from catching up to peer economies in terms of living standards (Mkansi, 2022). Increased productivity and innovation are required to expand South Africa's domestic and international market reach by leveraging its comparative advantage as an industrialised and skilled economy (Mkansi, 2022). Will South Africa, under these circumstances, lessen its heavy reliance on fluctuations in commodity prices, which do not appear to be in the best interests of the nation in the long run?

2.4 CHALLENGES FACING E-COMMERCE

2.4.1 Infrastructural barriers

Through the removal of distance-related barriers, access to ICT infrastructure can make markets more accessible (Clement, 2020a). In order for communities to integrate web services, however, they need certain basic infrastructure requirements (Clement, 2020b)

to adopt ICT effectively. These include constant electricity supplies, affordable bandwidth, software and hardware vendors (Reinartz *et al.*, 2019). According to Reinartz *et al.* (2019), easily accessible infrastructure is credited for the e-commerce industry's explosive growth in developed nations. According to Reinartz *et al.* (2019), however, the lack of adequate telecommunications and information infrastructure in developing countries, limits these organisations' ability to grow and engage on a local and international level.

Recently in South Africa, power outages also known as “load-shedding” are threatening internet access and connectivity and there is nothing consumers can do (Lekhanya *et al.*, 2017). Reliability of backup batteries at cell towers is reportedly compromised by load shedding according to cellular networks. Manufacturing and processing are also impacted by these power outages. Consider how essential it is for businesses to have an internet connection these days, which requires power to run. Due to the fact that load shedding frequently affects mobile networks, businesses cannot access emails. When they are unable to log onto their network, they cannot use payment gateways, online banking, digital shop systems (online stock or logistic management systems) or simple communications (Kufeoglu & Lehtonen, 2016; Charles, 2019). In order to quantify the impact of unstable electricity, like load-shedding, an extensive analysis of spoilage, idle production and the recovery of lost production during regular business hours and after hours is necessary. This results in a low level of business performance and can be used to estimate the industrial outage cost (Bhorat *et al.*, 2016; Lekhanya *et al.*, 2017). The serious danger to South Africa's expanding e-commerce market is the challenge of power outages.

2.4.2 Socio-economic barriers

The acceptance of e-commerce has been found to be significantly impeded by the socio-economic circumstances in developing nations. According to Lawrence (2012), the GDP and per capita income are important measures of a nation's health. Richer nations are typically the first to significantly adopt new technologies. According to Rahayu and Day (2017), e-commerce relies heavily on technology infrastructure, which can be costly for developing nations. As a result, e-commerce is unlikely to occur in many of these nations

due to dismal economic conditions. Based on Rahayu and Day (2017), these nations possess the infrastructure, human capital and financial means to invest in these technologies. Even though initial and ongoing internet access costs have typically decreased, they remain a significant barrier in developing nations such as South Africa. Constant costs make it difficult to enter some markets, which makes it difficult for people to use the internet. As a result, this affects how e-commerce business practices are developed both in and outside of national borders (Rahayu & Day, 2017).

One acknowledged obstacle to the adoption of e-commerce is a deficient educational system (Kumar 2013). Other parts of South Africa might not have access to technological knowledge, which is essential for the creation and efficient use of e-commerce-related activities. This is especially true in rural areas lacking access to information technology education and the majority of the population are old people (Spring, 2015). Because of a lack of appropriate IT education, people do not recognise the full potential of computers and the internet as e-commerce tools and consider them unnecessary (Weerakkody *et al.*, 2011; Lekhanya *et al.*, 2017).

In rural areas and other parts of urban areas where there is a lack of internet and use of computers, consumers rely on cash on delivery as the preferred payment mode (Suryawanshi, 2017). This mode of business has been used for a long time and gives consumers confidence as they can touch their products when purchasing. Adopting e-commerce business practices requires a high level of education. A nation's ability to grow economically depends on its ability to produce the human capital and education it needs domestically, as opposed to importing it from elsewhere (Rahayu & Day, 2017).

2.4.3 Socio-cultural barriers

The notions associated with e-commerce and the cultural and social traits of many emerging nations pose significant barriers to its adoption and proliferation. Companies in underdeveloped nations frequently encounter adoption barriers for e-commerce due to the distance between customers and businesses and a dearth of real-time oral and visual communication (Lin, 2017). Lin (2017) made the argument that an organisation's ability to interpret signals from its immediate environment increases with the informal

institutional distance that separates it from its customers. Lin (2017) asserts that differences in norms, values and beliefs are difficult to recognise and address because they are embedded in neighbourhood interactions, subtle historical and cultural contexts and identity-specific artefacts.

The move to internet trading challenges a lot of fundamental beliefs about trust (Garg & Choeu, 2015). To ensure the security of an online transaction, confidence - a component of trust - is essential (Jones *et al.*, 2015; Kabanda & Brown, 2015). According to Lin (2017), trust is so important in relational exchange that it serves as the foundation for the strategic partnership between the buyer and the seller. Customers' degree of trust in an online retailer is largely determined by their reputation (Siyao, 2012; Oreku *et al.*, 2013). Additionally, brand name, recommendations from reliable sources and prior online and/or offline interactions all contribute to the development of customer confidence (Spring, 2015).

Pricing and customer segmentation are two of the most neglected aspects of the customer experience when switching to e-commerce, according to George Dunham, CEO of epaCUBE, as reported by *Business News Daily* (2023). When launching an e-commerce initiative, customer experience is especially crucial because customers expect to be treated just as well, if not better, online as they are in person. Reputable brick-and-mortar companies in South Africa, like Checkers and Woolworths have benefited from the ability to move their in-store clientele online, enabling them to lead their respective industries (Durrant, 2015). Others, like the South African online retailer Takealot.com have run aggressive marketing campaigns over the years that have paid off handsomely in terms of increased brand awareness. But smaller, less well-funded websites with poor user experiences and little content have not been able to draw in new visitors (Durrant, 2015). Customers are reluctant to make online purchases when they do not trust an online retailer.

Numerous other socio-economic factors, such as family size, education, culture, lifestyle and social class also have an impact on consumer behaviour. It would not be a wise move to market luxury goods to customers who live in impoverished areas in South Africa, where 46% of the working class earns less than R1,000 a month (Orthofer, 2016). It would

be more wise to focus advertising on needs like food, water, shelter, clothes and other items that are necessary to achieve basic human comfort. Understanding consumer needs and behaviours requires an understanding of culture. An individual's socio-cultural environment will have an impact on them throughout their life. In South Africa, the environment influences the tastes, routines and expectations of consumers. A marketer creating a brand strategy needs to take culture into account.

2.4.3 Cognitive barriers

In the early phases of e-commerce adoption, cognitive challenges are significant (Woods & West, 2020). One of the major causes of cognitive obstacles is ignorance (Woods & West, 2020). According to Woods and West (2020), there are additional concerns such as inadequate knowledge of the local language, poor English language proficiency and unfavourable attitudes from managers. While economic growth tends to decelerate with national wealth, studies show that investing in human capital is particularly crucial for the expansion of e-commerce in developing nations (Woods & West, 2020). This is so that the economies in these areas can "catch up" to those in more developed ones.

There are still places in South Africa where it is hard to get a bank account. According to Edwin and Peter (2014), there are numerous reasons for this low bank rate, such as the requirements for opening an account and the high expense of transactions. South African customers reside in townships in large numbers. Unpaved roads, an inconsistent residential address system, traffic congestion and security issues all impede e-commerce deliveries. Another significant element is the legal framework of the nation, which affects the extent and intensity of e-commerce adoption (Agarwal & Wu, 2015). The legal system of a nation affects the extent and intensity of e-commerce adoption. According to Zhu and Thatcher (2016), this is especially true for developing and recently industrialised countries. Online market places are made more trustworthy and confident by stable, predictable and secure legal environments.

2.5 ADVANTAGES OF E-COMMERCE FOR SMALL BUSINESSES

The business environment has changed dramatically as a result of the COVID-19 pandemic (Goga & Paelo, 2021). The hunt for new methods to sell goods and services was spurred by revenue reductions, especially for small businesses. Therefore, using e-commerce (electronic commerce) is an effective technology that should be mentioned because it offers a chance to maintain market competitiveness in the context of the current economic crisis (Mkansi, 2022). An increasingly attractive option for business owners is online shopping. Because there are less barriers to entry, a lot of small businesses are moving to online sales. Globalisation and the flow of information were expedited by the growth and development of e-commerce. Simultaneously, one of the primary global trends in the advancement of the economy is the growth of online commerce. The growth of small businesses may take advantage of new global trends.

2.5.1 Mobile phones and social media

This is not a coincidental rise in mobile commerce. Khan (2017) claims that an abundance of new products and flagship devices that make shopping fun for consumers have caused the mobile device market to explode in recent years. Also steadily rising is the number of people using mobile devices. An industry that is changing quickly is e-commerce. New trends that can support the expansion of small businesses if properly executed appear every year. On the other hand, online retail has been expanding far faster than traditional retail in South Africa and growth is expected to reach 20–35% annually (Euromonitor, 2017). There is a reason why e-commerce is growing. With so many new products and flagship devices that make shopping so easy, the mobile device market has exploded in recent years (Statistics South Africa, 2017). Additionally, there is a steady rise in the number of people using mobile devices.

Social media is a novel platform for small businesses. Social media platforms are more than just a way for people to connect with one another or communicate. They have developed into powerful marketing instruments that help companies reach new customers and grow their existing ones. Facebook and Instagram already have buy buttons available, enabling businesses to operate within the network. Online retailers utilise social media platforms to advertise their goods and services. A strong social media marketing plan may boost sales, bring in a large amount of new traffic and improve brand

recognition and conversation. Without a social media presence in 2021, a company would cease to exist entirely (Mkansi, 2022). A presence strategy is being actively developed by both big and small brands who are also actively creating accounts. Search engine advertising and social media platforms make it simple to target customers. An online reputation can be developed by a business with reviews and ratings once it has a customer base. Likewise, online retailers utilise social media platforms to advertise their goods and services.

2.5.2 Size Matters

Online retail's potential to provide SMMEs opportunities is one obvious advantage. Smaller businesses now face much fewer obstacles in creating an online shopping website than larger online retailers, who frequently have custom-built platforms. Without having to write the code themselves, businesses can set up online stores at a low cost thanks to platforms like Shopify and Magento (Jacobs, 2018). SMMEs now have a simple way to reach wider geographic markets thanks to this (Khan, 2017).

2.6 CURRENT TRENDS IN E-COMMERCE

Big South African merchants have embraced internet purchasing. Many businesses have made large investments in IT infrastructure and the development of online platforms, including those that are mobile-friendly (Euromonitor, 2017). Retailers in South Africa, including grocery chains like Woolworths and Pick 'n Pay, general merchandise like Makro and clothing like Edcon, Foschini Group, Truworths Group and Mr. Price are utilising e-commerce to their advantage, particularly in urban areas where delivery is convenient (Prandtstetter *et al.*, 2021). These big retailers are taking advantage of substantial innovation around payment options such as credit cards and pay just now. Delivery innovations, such as delivering goods to lockers, store counters and people where they are at that precise moment, help to prevent theft and robbery (Hofer *et al.*, 2020; Schodl *et al.*, 2020).

2.7 REGULATORY ISSUES ON E-COMMERCE

Since businesses and clients may be located in different jurisdictions, one aspect of international e-commerce; namely, the capacity of companies to transact across borders - has significant regulatory implications (Banga, 2017; KPMG, 2017). According to Jacobs (2018), e-commerce has an impact on a number of policy and regulatory domains, such as trade, intellectual property, taxes and payment control. Since e-commerce has grown, there have been worries about how this may impact a nation's capacity to impose internal laws. That comprises of the following:

- a) Ensuring that taxes, duties and VAT are paid on products.
- b) They are making sure businesses pay taxes and do not receive favourable treatment when it comes to offshore taxes. As previously mentioned, a significant number of multinational corporations function on a profit-neutral model resulting in low tax payments. This tax liability is typically further minimised by situating their headquarters in countries with favourable tax policies.
- c) Ensuring the enforcement of trade laws to guarantee fair competition for regional manufacturing.
- d) We are making consumer protection easier. Major consumer protection issues, such as those pertaining to payment systems security against fraud and data protection are brought about by e-commerce.

2.8 SUMMARY

This chapter explains the various challenges of e-commerce as an emerging market in the South African retail sector. Numerous researchers have studied the challenges that affect e-commerce in developed and developing countries. In the South African retail industry, e-commerce presents a number of challenges and only a small number of researchers have jointly examined these issues and potential remedies. It also further explains regulatory issues such as taxation, intellectual property, trade and payment regulation that may be impacted by e-commerce, especially on the international level.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter concentrates on the research approach used to investigate the difficulties associated with e-commerce as a developing market in the retail industry in South Africa. The research methodology is defined in this chapter as a methodical and scientific sequence comprising research paradigms, the research design and strategy, data collection instruments, study site, target population, sampling strategies, sample size, data quality control, data analysis, triangulation, study limitations and ethical considerations.

3.2 RESEARCH APPROACH

When there is no existing theory to guide the research process, inductive research methodology - which is frequently employed in qualitative studies - is employed in this study. This is beneficial because it reduces the possibility of a biased or one-sided approach being used during the data collection procedure (Bryman & Bell, 2015). E-commerce is examined in this study as a developing market in South Africa. The study employs a qualitative research methodology, utilising historical data and participant interviews to gather information (Kersop, 2019). Because of the means and techniques that will be used in this investigation, it is eligible to be classified as a qualitative research approach.

3.3 RESEARCH PARADIGM

The study will concentrate on South Africa, covering urban enterprises. The study's goal is to investigate how e-commerce is being adopted in South Africa, a developing nation. As an extraction criterion, the focus will be on enterprises and customers in general as these are the only populations that can engage in e-commerce. Due to the foundational level at which business has digitalized at least fundamental information for trade and

transaction, these businesses would have had e-commerce capacity (Rahayu & Day, 2017).

This study employed the combination of positivism and interpretivism paradigms as the research approach theory. The term paradigm refers to the fundamental belief system or worldview that directs an investigator not only in methodological decisions but also in ontological and epistemological decisions as well (Guba & Lincoln, 2015). This is beneficial because it reduces the possibility of using a biased or one-sided approach when gathering data (Bryman & Bell, 2015). Positivists hold that there is only one objective reality that can be quantified and comprehended. To quantify this reality, therefore, quantitative approaches are applied. One philosophy associated with the idea of genuine inquiry in research is positivism. When conducting a methodical analysis of data sources, positivist research philosophy applies rigour.

According to Moser and Korstjens (2018), interpretivist researchers hold that reality is derived from people's subjective perceptions of the outside world. According to exegetists (Aliyu *et al.*, 2014; Taherdoost, 2022), there is no one right way to learn anything and no objective knowledge that is unaffected by thought or human reasoning. For this reason, exegetists try to establish their theories through a thorough analysis of the phenomenon they are interested in. The methods that interpretivists employ enable them to generate qualitative data. During the process, numerical data might be generated but it is unreliable. Numerical data in qualitative research should not be used to make assumptions or conclusions. In any case, qualitative data were characterised and intended to add rigour to the comprehension of the phenomenon being studied. Qualitative research can also be further explained by figures and tables.

3.4 RESEARCH DESIGN

According to Creswell and Creswell (2018), research design refers to the set of guidelines or approach that a researcher uses to accomplish the goal of the study. Although it does not provide definitive answers to the current issues, the exploratory research design serves to define precisely the nature of the problem that needs to be solved (Tuovila, 2020). To find the solution, it is a methodical, scientific process that involves analysing

and analysing a phenomenon in a particular field (Swedberg, 2020). Qualitative, quantitative and mixed-method research are the three types of research method designs used in social science. The researcher can accomplish the study's goals with the help of an appropriate research design. For this study, a qualitative approach grounded in the interpretivism research philosophy was used to gather and analyze a sample of the managers and workers at Adorbs Online to explore various challenges of e-commerce as an emerging market in the South African retail sector.

3.5 RESEARCH PROCESS

To accomplish the goals of the study, which are shown in Figure 1, the investigation was divided into three stages. In order to guarantee a smooth research process, the first phase involved establishing a specific research problem and creating a research proposal. Reference materials from historical data sources were employed. The semi-structured research instrument was used to collect data during phase two, which was the implementation phase. Semi-structured interviews were arranged in advance at a prearranged time and location. An open-ended set of questions was provided to the respondents prior to the interview and more questions surfaced during the process. Enclosed in Annexure A are the derived questions. The dissertation was assembled, edited, proofread and submitted as the final step in phase three of the research process.

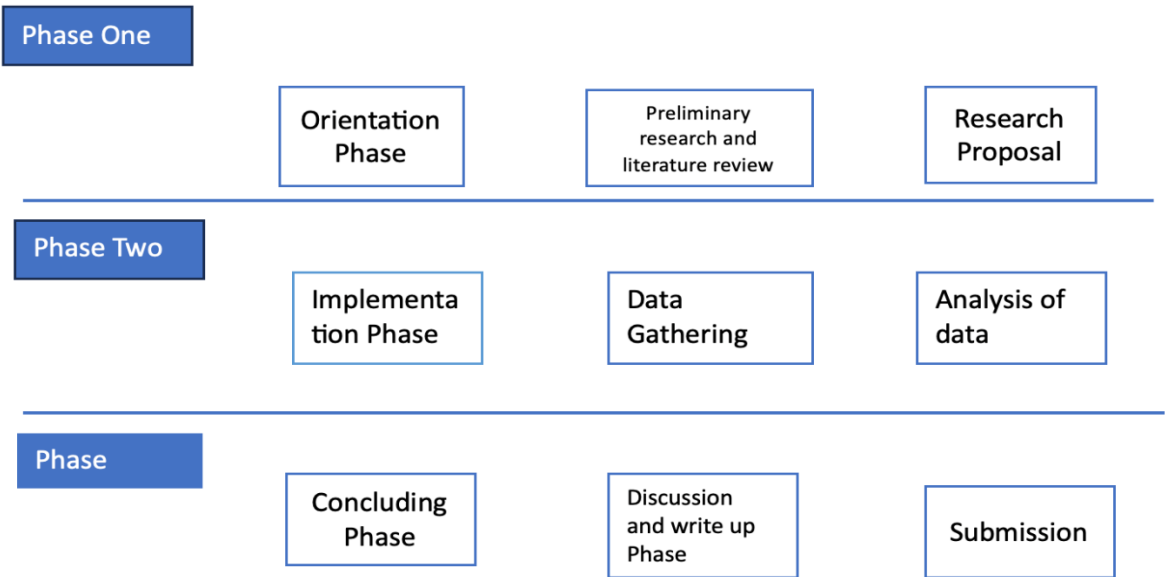


Table 3-1: Research process used for the study

3.6 STUDY SITE

Since Adorbs Online is headquartered in Johannesburg, Gauteng, the Gauteng office will be the exclusive focus of this research's study area. One-on-one interviews will be used for sampling and the size of the sample will be decided upon when saturation is reached plus one, depending on the participants' interests and level of knowledge about the topic being studied (Reinartz *et al.*, 2019).

3.6.1 Population of the study

Population is the total group of individuals or entities from which information is required, according to Wild and Diggines (2018). Men and women of all races in South Africa who are above the age of 18, have an educational background, a certain socio-economic standing and live in residential areas are the study's target audience. They are also the people who are interested in taking part in the research. These decisions were made under the presumption that urban residents are tech-savvy and knowledgeable about the topic being studied. This study aimed to provide interested parties with equal opportunities without discriminating against any individual (Rahayu & Day, 2017). The study is therefore very feasible and does not cost a lot of money.

3.6.2 Sampling size

As stated by Busetto *et al.* (2020), the target population is the total set of objects or people from which the researcher wishes to draw conclusions. This population can naturally be homogeneous or heterogeneous. Upon reaching saturation point plus one, the sample size will be ascertained. The sample will include both Adorbs Online customers and employees who have been actively involved in the company's commercialization for at least the last five years and have a web presence. For one study, it is deemed sufficient to have a sample size of ten (10) or more participants. The ideal sample size for all qualitative research, according to Rahayu and Day (2017), is between 10 and 40. Qualitative samples are purposive since their sample sizes are also determined by their

capacity to offer comprehensive, relevant information about the subject under investigation (Bryman & Bell, 2015). Not every participant or unit can be included in the sample when using purposive and non-probability sampling (Creswell & Creswell, 2018). Participant accessibility and availability are often determining factors for the non-probability approach (Rahayu & Day, 2017).

3.6.3 Sampling Strategy

According to Bryman and Bell (2015), sampling is the process of selecting a sample from the population. According to Rahayu and Day (2017), a purposive sample is a non-probability sample that is chosen based on the study's goal and the characteristics of the population. Selective, subjective or fair judgement sampling are other names for purposeful sampling. When sampling for proportionality is not the primary concern and the researcher needs to rapidly reach a specific targeted sample, purposeful sampling can be helpful (Crossman, 2018). An extreme variance A purposive sample was chosen in order to present a wide variety of cases pertinent to e-commerce within the province of Gauteng. Purposive sampling aims to obtain a great deal of insights and participants are primarily chosen with the expectation that they are knowledgeable about the topic of the study.

After achieving saturation point plus one, the sample size will be decided. Customers and staff members of Adorbs Online who have been active on the internet for at least the last five years and are primarily in charge of the company's commercialization will make up the sample population. For one reason, a sample size of ten (10) or more participants is deemed sufficient for this investigation. According to Bryman and Bell (2015), the ideal sample size for any qualitative study is between 10 and 40. Qualitative samples are purposive because sample sizes are also determined by their capacity to offer comprehensive, relevant information about the subject under study (Bryman & Bell, 2015).

3.7 SAMPLING METHOD

As stated by Creswell (2014), sampling is the process of selecting a sample from the entire population. Based on the goals of the study and the characteristics of the population, a purposive sample is a non-probability sample that is chosen (Crossman, 2018). It is also well known that purposeful sampling produces subjective, selective or fair judgement. When achieving a specific target sample quickly is important to the researcher and sampling proportionality is not the primary concern, then purposeful sampling can be helpful (Crossman, 2018).

A purposive sample with maximum variation was chosen in order to provide a wide variety of cases that are pertinent to e-commerce in the Gauteng Province. Purposive sampling aimed to obtain a great deal of insights and participants were primarily chosen based on the assumption that they would be knowledgeable about the topic of the study. The sample size will be determined after achieving saturation point plus one. The sample will include both Adorbs Online clients and employees who have been active on the internet for at least the previous five years and are primarily in charge of the company's commercialization. For one reason, a sample size of ten (10) or more participants is deemed sufficient for this investigation. According to Bryman and Bell (2015), the ideal sample size for any qualitative study is between 10 and 40. Qualitative samples are purposive because sample sizes are also determined by their capacity to offer comprehensive, relevant information about the subject under study (Bryman & Bell, 2015).

3.8 DATA COLLECTION AND ANALYSIS

Surveys can be used to gather quantitative data. Three types of surveys are available: self-completion, interviewer-completed and observation surveys (Kabir, 2016). Using qualitative data – which can be obtained through interviews, as this study did – this investigation employed a qualitative methodology. Three categories exist for qualitative interviews: semi-structured, structured and unstructured (Kersop, 2019). Unstructured interviews are most often conducted as guided conversations, though no interview can truly be described as unstructured. The researcher watches from the sidelines while gathering data by noting participant behaviour. Key informants are selected during the

process to supply the researcher with information regarding the observations made (Gravetter & Forzano, 2013).

Typically, semi-structured interviews serve as the sole information source for qualitative studies. Furthermore, a prearranged time and location are typically chosen in advance for semi-structured interviews. Throughout the interview, more questions may come up and they are composed of open-ended questions. Additionally, semi-structured questions are typically only asked once and can be used with either a group or an individual. Individual interviews that were semi-structured were used for this investigation. Apart from the previously mentioned, the researcher was able to thoroughly examine the social matters under investigation thanks to this data collection process (Bryman & Bell, 2015).

As per Bryman and Bell (2015), semi-structured interviews employ a list of questions and themes that can be discussed contingent on the direction of the conversation, whereas structured interviews employ questionnaires with a predetermined set of questions. According to Kabir (2016), the process of collecting and analysing data on relevant variables in a predetermined, methodical way allows a researcher to address research questions, test theories and assess results. The primary data collection occurred over two (2) months and was dependent on the availability of the respondents. To achieve the objectives of this study, the following data collection method was used:

3.8.1 Interview

Open-ended and closed-ended interview questions are both possible, according to Bryman and Bell (2015). Open-ended questions provide the respondents with enough leeway to reply with a thorough answer. Closed questions, on the other hand, limit responses and may present participants with options. Independent interviews with study participants were conducted to examine the difficulties e-commerce faces as a developing market in the South African retail industry. One popular technique for gathering data from subjects is conducting interviews. An interview is a verbal exchange that takes place verbally, usually face-to-face but can also take place over the phone, with the goal of gathering information about the participant and the researcher (De Vos, Fouche &

Delport, 2016). The population consisted of up to 10 people and more. Each in-depth interview with the participants lasted, on average, between 30 and 45 minutes.

The researcher employed semi-structured interviews with all the participants as an instrument for data collection. The use of semi-structured interviews was suitable as each of the respondents and their subjective views on the topic of exploring various challenges of e-commerce as an emerging market in the South African retail sector. Participants' anonymity was guaranteed to maintain confidentiality. Every interview was conducted in English, tape-recorded and in a location that was convenient for the participants as well as the researcher.

3.9 DATA QUALITY CONTROL

The procedures that guarantee validity and reliability in qualitative research are described in the section that follows. It also describes the steps taken to guarantee the validity and reliability of this investigation.

3.9.1 Trustworthiness

In the field of social science, trustworthiness refers to the credibility of a researcher's findings. It encompasses everything the researcher did in designing, conducting and reporting the research to make the results credible. While there are competing claims about what constitutes good quality research, Nieuwenhuis (2007) uses the term trustworthiness to describe research that is both credible and trustworthy. When qualitative researchers speak of research 'validity and reliability', they are usually referring to research that can be trusted. By using multiple data collection strategies such as multiple observations and interviews as data gathering instruments, the researcher enhances the trustworthiness of the study. An experienced peer researcher assisted with coding and interpreting the data, thus improving its trustworthiness (Nieuwenhuis, 2007). According to Moretti *et al.* (2011), trustworthiness is a modern term that defines quality research. According to Schreier (2012), "academics from various practise and social science fields have endeavoured to delineate the characteristics of a high-quality, reliable and valid qualitative study, to document and arrange past attempts to arrive at this

definition and to outline and standardise methods for assuring and identifying high-quality studies". Sandelowski and Barroso (2002) also state that despite their efforts, these scholars appear to be no closer to reaching an agreement on quality criteria.

3.9.2 Confirmability

In qualitative research, it is challenging to achieve true objectivity because the researcher's bias is inevitable. The responsibility of the researcher is to make sure that the findings reflect the participant's experiences and ideas, rather than their own. Confirmability is comparable to objectivity, which can be ensured through triangulation as emphasized by Robson and McCartan (2016). The report must explain the methods used and the decisions made, including the underlying beliefs. Additionally, the study should explain any preliminary theories that were not derived from the data. Continuous reflective commentary can lead to a substantial amount of content on these aspects as suggested by Robson and McCartan (2016). According to Stahl and King (2020), confirmability is a crucial aspect of qualitative research.

3.9.3 Dependability

Robson and McCartan (2016) state that positivists prioritise the use of procedures that guarantee that their findings will hold true if the same procedures and subjects are used again. According to Stahl and King (2020), there could be problems with qualitative research due to the dynamic nature of a phenomena. As noted by Grey *et al.* (2013), dependability and credibility are closely related and if dependability is present, credibility may also be apparent. The researcher must provide a comprehensive process report to ensure dependability. Gray *et al.* (2013) refer to this as a "prototype model," which will enable future researchers to replicate the work and potentially obtain similar results. Moreover, a detailed report will aid the researcher in evaluating the extent to which appropriate research practices have been implemented.

3.10 DATA ANALYSIS

As stated by Leedy and Ormrod (2014), qualitative research analysis comprises employing data to characterise the phenomenon and its meaning in an effort to find or understand the big picture. The most challenging part of the case study, however, has been found to be data analysis in qualitative research because it requires the researcher to look over, classify and test information in order to respond to the research questions. A type of content analysis called thematic analysis was used to examine the study data. The NVIVO programme was then used to process the data. By finding and highlighting pertinent concepts, textual phrases and participant quotes that were connected to the important aspects of the research objectives, the researcher was able to review and condense the research data using the NVIVO programme. To avoid revealing a participant's identity, the textual phrases of each were arranged under their name (e.g. X), coded in accordance with pertinent themes, grouped in accordance with each concept and then presented in a tabular format. After that, the textual phrases were examined and important ideas, themes and patterns were found.

3.11 RESEARCH ETHICS

In order to maintain participant rights and meet the study's goal and objectives, ethical considerations pertain to the protocols used to direct the research project and address any potential research issues that may arise (Gray *et al.*, 2013). With any empirical study, ethics should be observed. To balance the pursuit of scientific knowledge while taking the rights of those being studied into consideration, ethical considerations were important for this study (Chetty, 2016). Informed consent and confidentiality were two other areas where the ethical guidelines adhered to in the research were effectively addressed, even though knowledge generation received the appropriate attention (Chetty, 2016).

Requests for informed consent were made with the respondents in order to protect informants' voluntary participation, confidentiality and anonymity as well as to minimise any danger to them. In the analysis section, the focus is on the responses and no mention of names of the respondent institutions of affiliation is mentioned. The organisations and participating respondents were asked for permission to conduct the research (Annexure D). The interview guide was sent to the university for approval. The data were all collected and conducted within the agreed procedures and rules.

3.12 SUMMARY

In this chapter, the methods and approaches utilised to address the goal and objectives of this investigation were covered. It was explained how the data were collected and the research methodology used. Next came a discussion of how validity and reliability were achieved in the study. The details of the data analysis were then provided. In the next chapter, the study's findings will be thoroughly discussed.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 INTRODUCTION

This mini-dissertation investigated the difficulties that South Africa's retail industry faces as e-commerce develops as a new market. The research was directed by the literature review, which resulted in the procedure for gathering data in Chapter 3. The goal of the study was to determine the difficulties that e-commerce poses for South Africa's retail industry. An analysis of the data collection process's findings is presented in Chapter 4, which also identifies the main challenges that South African organisations must overcome and offers a potential business model. The relationship between these results and the study's goal is covered in Chapter 5.

4.2 ANALYSIS PROCEDURE

The researcher utilized the NVIVO program to read and analyze the transcripts. Each interview was added to the NVIVO program individually and read multiple times to uncover the text's meanings and label them as nodes. The nodes were then categorized under relevant categories, which were developed during the coding process. After reading all the transcripts and creating the categories, the researcher established links between them, ultimately identifying four questions from the analysis. The categories were then further organized under appropriate sub-themes derived from the analysis of the literature.

4.3 DESCRIPTION OF THE DEMOGRAPHICS

The study participants' demographic characteristics are covered in this section. Ten (10) responses were received in total and various statistics are summarised in the tables and graphs below. The respondents are primarily in charge of the organization's commercialization and who are at least five years old, female and active on the internet.

4.3.1 Gender

A total of ten (10) participants participated in the study, which included five males and five females. The participants were 50% male and 50% female as shown in Figure 4.1.

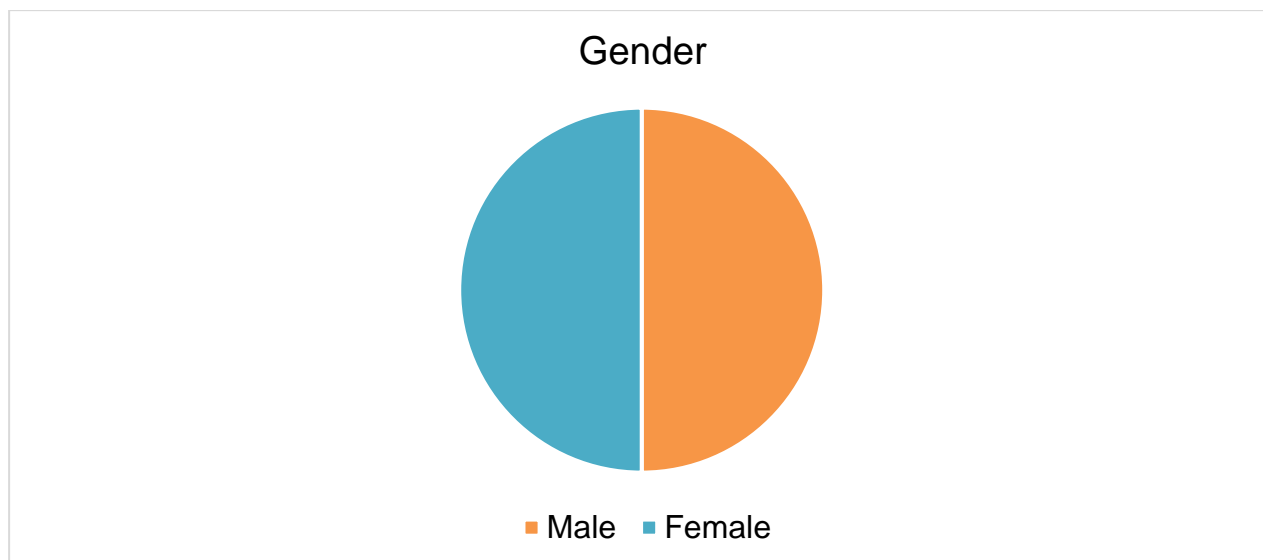


Figure 4.1: Showing the gender of the participants. Gender was made up of males (50%) with females (50%) of the participants.

4.3.2 Age Distribution

Figure 4.2 shows the age of the respondents, with the largest group of the respondents age range of 25-35 years old at 40%. The second largest group by age was the respondents between the ages 35-44 years old at 30%. Then it was followed by the age of 44 and above at 20% and the last was the age between 18-24 at 10%.

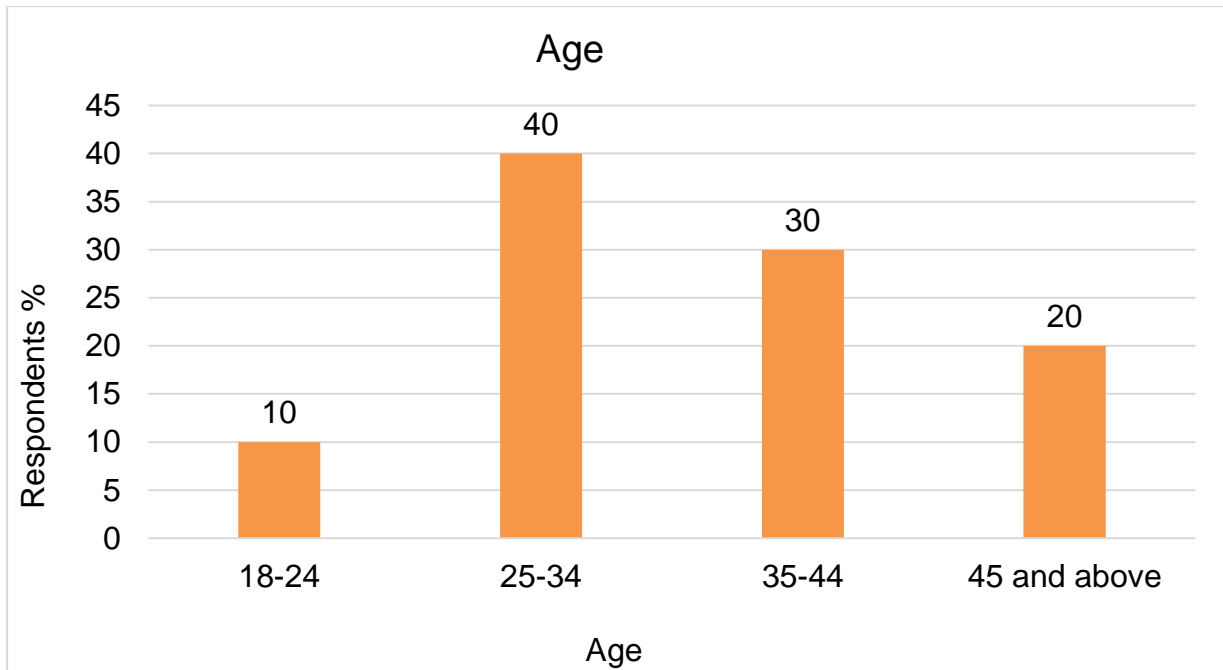


Figure 4.2: Shows the age of participants in %age.

4.3.3 A respondent who has an internet footprint

Figure 4.3 below shows the respondents who have an internet footprint or activity over the last 5 years. 90% of the respondents have an internet footprint while 10% do not.

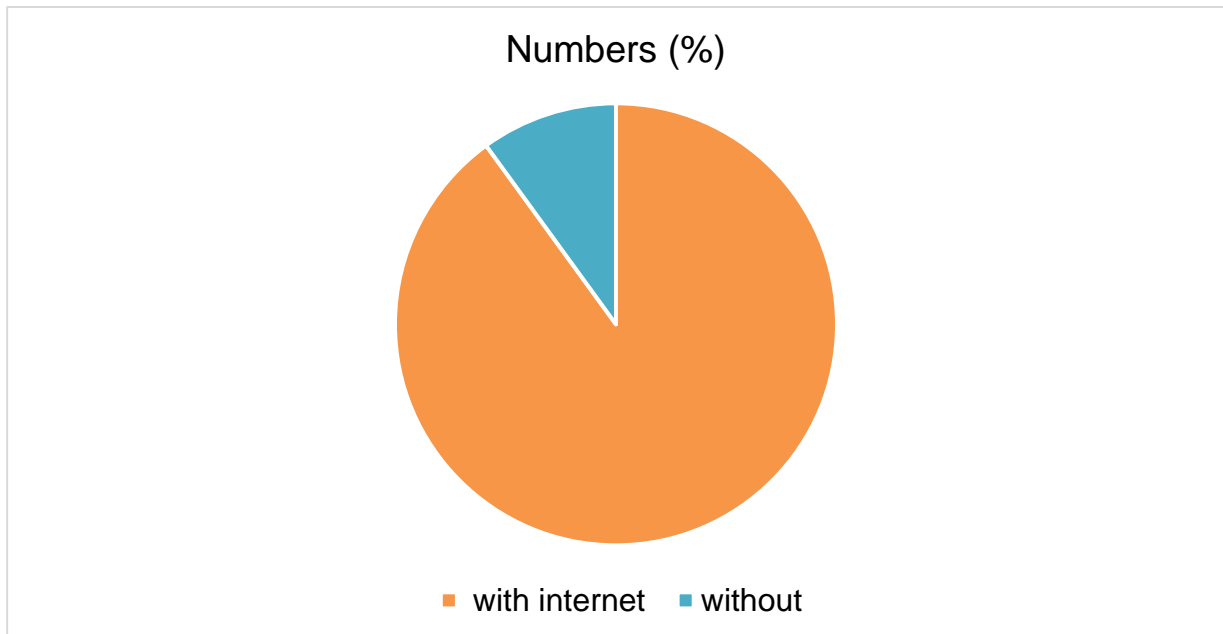


Figure 4.3: Illustrates the respondents who have internet every day and are 5 years participating in e-commerce.

4.4 EMPIRICAL FINDINGS

The purpose of this section is to present the empirical findings of this study. This chapter is divided into four sub-sections as they answer research questions.

4.4.1 The prevalence of e-commerce in the retail sector in South Africa

E-commerce in South Africa has experienced remarkable growth thanks to factors such as increasing internet penetration, rising usage of smartphones and a growing middle class with higher disposable incomes. This growth has transformed the retail landscape and changed the way consumers engage with businesses. The vast array of products available online, convenience and accessibility have contributed significantly to the rapid uptake of e-commerce across the country.

Respondent 1 agrees with that stating that the:

“majority of people are online 24/7 using technology devices, such as laptops, phones and there is where we turn out to browse online stores and shop in the comfort of our homes”.

Respondent 2 says:

“that the prevalence of e-commerce has grown due to a combination of factors such as the infrastructure, internet penetration, and customers behaviour”.

This further explains that the growth is driven by the penetration of smartphone usage and the growth of the middle class. The potential benefits of global markets for buyers and sellers in South Africa are immense through e-commerce. As per ITU's (2015) projections, by the end of 2015, 3.2 billion people, including two billion from developing countries were expected to use the internet. Additionally, the number of mobile cellular subscriptions was expected to exceed seven billion globally, indicating a penetration rate of 97% (ITU, 2015). In order to facilitate more complex transactions, 3G mobile telecom

technology has expanded its coverage of the population, which has led to an increase in mobile commerce (m-commerce) from 45% in 2011 to 69% in 2015. This opens up a wider range of potential clients since anyone can sell their goods without requiring a conventional computer connection.

The rise of e-commerce has had a significant impact on the retail industry and how businesses interact with consumers. With increased disposable income and the convenience, accessibility and vast array of products available online, it is no wonder that e-commerce has been rapidly adopted across the country. Alibaba is one example of a global platform provider that links buyers and sellers and its rise is indicative of the growth of e-commerce. With a valuation exceeding \$200 billion in 2014, Alibaba ranked among the top 20 largest corporations in the US. In 2013, there were 231 million active users on the site and they each made an average of 49 purchases annually, for a total of over 11 billion orders. Online platform providers have made it possible for almost anyone with internet access to buy or sell goods and services globally. In South Africa, Checkers is one example of how e-commerce has transformed the retail industry, allowing groceries to be purchased and delivered to any location, opening doors for small and large enterprises to thrive, even during the COVID-19 pandemic.

E-commerce is starting to make a significant impact in South Africa, as evidenced by the increasing number of platforms that have been developed on the continent and supported by foreign investment. South African online retailer Takealot received a \$100 million investment from American hedge fund Tiger Global Management. Furthermore, the United Nations Conference on Trade and Development (UNCTAD's) B2C e-commerce Index, a new instrument for assessing a nation's preparedness for e-commerce, ranks five African countries in the top 75 globally. In the Middle East and Africa, South Africa (67th), Egypt (66th), Tunisia (74th) and Morocco (75th) are the next most e-commerce-ready nations after Mauritius (54th overall) according to UNCTAD (2015).

4.4.2 The challenges that come with e-commerce as an emerging market in the South African retail sector

According to most respondents in the retail sector and its clients, e-commerce is emerging and fast becoming the dominant business transaction practice. However, there are concerns over the reliability and sustainability of e-transaction and e-commerce as a lot of crime is happening in South Africa. South Africa has the Protection of Personal Information Act (POPI) and other regulations to protect e-commerce companies and consumers from fraud and other challenges. With South Africa being diverse with different people from other countries and cultures, there is a lot of fraud and crime involved in e-commerce. Moodley-Isaacs (2010) has noted that cybercrime is increasing in South Africa, with phishing being the most common type of online fraud. Respondent 2 stated:

“The government needs to improve the laws and regulations regarding the cybercrime in e-commerce and e-transaction. Investors and government need to play a role in the growth, sustainability, and success of e-commerce”.

In South Africa, there has been a noticeable increase in fraudulent online activities directed towards government agencies and retail businesses. In a recent instance, it is believed that knowledgeable insiders assisted suspected cyber criminals in stealing R5,5 million from the Mpumalanga Education Department's bank account. Huge sums that were deposited into a woman's account at Nedbank did not match her bank account's financial profile, which is how the fraud was found out by a clerk at the Bank. Viljoen (2011) said. Respondent 5 noted:

“The confidence that consumers have when making purchases online is diminished by internet security. Even though a lot of consumers are familiar with the brand, they may still be afraid or hesitant to buy”.

With all of the current turmoil in the country - poverty, corruption and crime - the South African government appears to be concentrating on load shedding, basic service delivery and more conventional crimes. In order to stay out of the crosshairs of international cybercrime, South Africa must ratify the cybercrime treaty. While South Africa has

complied with the treaty's substantive obligations, it still needs to update certain procedural provisions, like setting up a round-the-clock contact centre.

4.4.3 Challenges facing e-commerce

There are many challenges in the South African retail sector market especially in terms of e-commerce and this study explores various challenges of e-commerce as an emerging market in the South African retail sector.

4.4.4 Infrastructure barriers

The purpose of this section is to highlight the infrastructure obstacles that the South African market frequently faces.

4.4.5 Connectivity and high access cost

The participants attested to the fact that obstacles preventing e-commerce adaptation include internet accessibility as well as internet speed, quality and cost. Fast internet connections are made possible by broadband, which can handle more sophisticated usage because its dependability and speed surpass those of dial-up access. This is according to a widely referenced 2009's Information and Communication for Development report from the World Bank. According to Harvard Business Review (2015), there could be a 1.4% increase in economic growth in low- and middle-income countries for every 10% increase in broadband penetration. In 2013, South Africa launched South Africa Connect, a broadband policy. It was mandated that by 2016, half of the world's population would have access to 5 Mbps of average user speed and that by 2030, there would be 100 Mbps of average download speed available to all (ITU, 2014).

Participant 2 stated that:

“In South Africa, there is a dearth of high-speed data access, and what little data there is available at high costs. I believe that South Africa has lagged behind other countries due to a lack of internet penetration and dependable connections”.

4.4.6 Internet security

The most crucial thing for a retail business to do in order to adapt to e-commerce is to safeguard customers from both internal and external threats. Participant 1 stated that:

“Customers' confidence in making purchases online is reduced by internet security. The customer is reluctant and afraid to make purchases online, even though they are aware of the brand”.

4.4.7 Socio-economic barriers

The purpose of this section is to illustrate the socio-economic obstacles that the South African retail industry faces when implementing e-commerce. South Africa is a developing country facing many challenges such as “load shedding”, educational background and transportation/logistics problems. Even though South Africa is better than its African counterparts, slow economic growth and underdeveloped markets may pose a challenge to e-commerce.

4.4.8 Logistics and delivery issues

Most of the respondents indicated that logistics are a challenge as their goods and services take time to reach the owners. Many stressed that when buying perishable goods, they arrive late and they do not have the option to return to the store for exchange. Respondent 1 stated that:

“The problem of not returning the perishable food if they not in good condition”. The respondent continued to say, “that goods such as clothes arrive late and sometimes the size doesn't fit them anymore”.

Respondent 2 stated that:

“The demand has increased, and few drivers are available due to so many people now shopping online”.

4.4.9 Load shedding

Most respondents felt that load shedding or the lack of electricity is a barrier to e-commerce adoption:

“Load shedding is affecting business in South Africa, with consumers struggling to do transactions as their phones or devices are off. Sometimes internet accessibility relies on electricity and load shedding will hold back consumers from purchasing” Participant 6 stated.

The respondents suggest that South Africa needs to focus on renewable energy for business and network coverage to assist when there is load shedding.

4.9.10 Educational system

The respondents believed that information technology (IT) knowledge and experience are not prerequisites for employment or participation in e-commerce for anyone working in the online retail industry. As stated by the respondent, this is because as long as an individual can read and conduct transactions over the phone. Respondent 2 stated that:

“It is dependent upon how specific the employee's role is. Employees in development and marketing must have a solid background in information technology. Marketers require developers to possess a certain level of coding proficiency in order to accomplish specific tasks, as they work with code on a daily basis to create websites and systems. However, customers can engage in e-commerce if they can read and choose what they want to buy”.

The respondent did, however, make the suggestion that the expansion of the e-commerce sector is hampered by a "lack of appropriate skills". As a result, e-commerce businesses

frequently search overseas markets for applicants who possess the kind of talent that the sector demands.

4.5 USING NVIVO TO SHOW RELATIONSHIPS

In qualitative research, models and visualisations play a crucial role in characterising and investigating relationships. To visually explore and explain the relationships between different nodes and documents, NVivo offers a Modeller. Concepts or ideas can be created, labelled and connected by the researcher using Model Explorer. The researcher can study the phases of model-building over time by using NVivo, which enables the user to build a model over time and track the development of theories through an infinite number of layers. You can include any kind of document, node or attribute in a model and the researcher can view its properties by clicking on the item.

Ten (10) responses are included in the research for this study. Numerous techniques were used to collect the data. For instance, primary data were gathered through in-depth interviews and secondary data were gathered from archived information about the retail e-commerce company. Throughout the interviews, notes were also taken. Sony voice recorders were used to record the interviews, which were then transferred to NVivo for transcription. The participants were given the opportunity to review the interview questions prior to the interview, which took place in English.

NVivo allowed for continuous comparisons, progressively progressing from lower-order to higher-order themes. Variations in patterns found in the data were identified by systematic comparisons made at every stage of the analysis (e.g. within and between cases and over time), which aided in the establishment of analytical distinctions (Hutchison *et al.*, 2010). Until theoretical density or saturation was achieved, the data analysis procedure was carried out.

4.5.1 Data Analysis Stages

According to Hutchison *et al.* (2010), the reader must be able to follow the analytical process if the techniques are presented logically. There are several suggested methods

for utilising QSR NVivo for data analysis. A comparable data analysis process is employed throughout the chapter since O'Neill's (2012) toolkit proved beneficial for this study. The stages followed in the data analysis using the NVivo toolkit (O'Neill, 2012) are shown in Table 4.1.

Table 4.1: Stages of data analysis in this research study

Stages of NVivo	Processes involved in each stage
Stage 1: Descriptive	Project details and research design Sources Attributes Values Classifications
Stage 2: Topic	Identifying obvious topics Creating initial nodes
Stage 3: Analytic	Merging nodes into hierarchies Data sets Models and relationships Using queries Running queries Matrix coding query Cross-case query analysis
Stage 4: Drawing Conclusions	Verification Developing theories

Source: Adapted from Edhlund (2011:13).

4.5.1.1 Stage 1: Descriptive

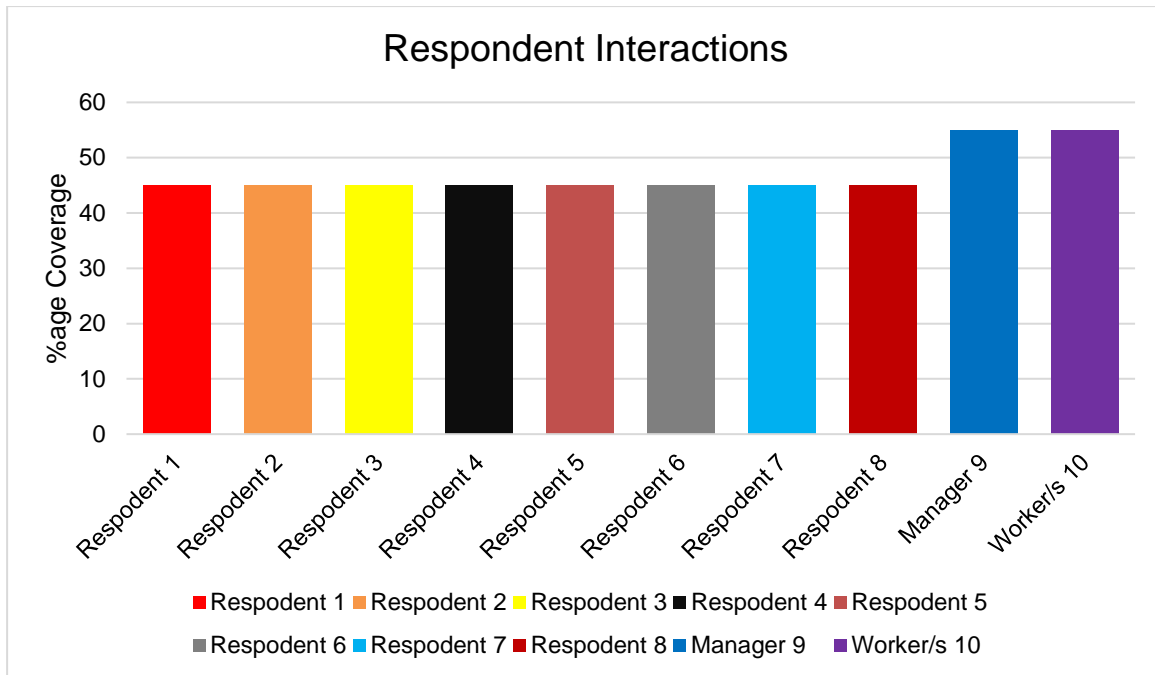
The first stage of data analysis with NVivo is the design and development of a database for the research study. The sources in NVivo contain sub-sections for internals, memos and externals (O'Neill, 2013). In-depth interviews were conducted with managers and workers at Adorbs Online to explore the various challenges of e-commerce as an emerging market in the South African retail sector. The interviews with the participants lasted between 35 and 45 minutes.

In the interview process, a semi-structured guide was developed from the literature and then following the initial interview process, there were some modifications to the questions and how to ask some questions. These questions were modified and finalized with the consent of the research supervisor. In NVivo, cases are managed by creating case nodes, all respondents were ground together as customers and Adorbs Online was grouped. NVivo enables users to establish the percentage coverage of nodes from two different sources to show the relationship between concepts (Figure 4.2).

Table 4.2 Case selection and data collection with the respondents

Unit of Analysis	Participants interviewed	First interview	Second interview	Secondary Data
Other participants	Consumers	Respondent 1	Respondent 2	Personal experiences
		Respondent 3	Respondent 4	Personal experiences
		Respondent 5	Respondent 6	Personal experiences
		Respondent 7	Respondent 8	Personal experiences
Retail Sector	Adorbs Online	Manager 9	Worker 10	Website, Company Profiles

Table 4.3. Respondent interactions (Relationship factors)



Users can demonstrate the relationship between concepts by calculating the percentage coverage of nodes from two different sources using NVivo. By utilising two distinct sources or dimensions, such as managers and customers, these charts can display the percentage coverage of moderating variables, such as commitment, trust, relationship quality, dependability and strong or weak ties. Trust, commitment, strong and weak ties and power or dependency between owner-managers and suppliers are all represented by percentages in Figure 4.3. For owner-manager interactions with rivals and moderating factors, a chart can be made with ease using the majority of codes in that situation.

4.6 DISCUSSIONS OF FINDINGS

4.6.1 Introduction

In this section, the main research findings regarding the study's objectives are discussed in detail, along with the significance and identification of any similarities and differences that warrant further investigation. The challenges of e-commerce as an emerging market in the South African retail sector are discussed and what can influence the success or failure of its implementation.

4.6.2 The prevalence of e-commerce in the South African Retail Sector

Data and interviews showed that there is a significant potential for the growth of e-commerce in South Africa. E-commerce presents a significant opportunity for South African buyers and sellers to capitalise on international markets. Two billion of the 3.2 billion internet users worldwide are expected to be in developing nations by the end of 2015 according to ITU (2015). Additionally, over seven billion mobile phone subscriptions will exist, translating to a 97% global penetration rate (ITU, 2015). The percentage of people using 3G (third generation) mobile telecom technology, which is necessary to carry out increasingly complicated transactions, increased from 45% in 2011 to 69% in 2015. Due to the ability to sell goods without requiring a traditional computer connection, this facilitates mobile commerce (m-commerce) and expands the pool of potential customers. However, there is a substantial challenge to e-commerce developments in South Africa and the continent at large, especially cybercrime, poor legal framework to support e-commerce and inadequate consumer protection.

4.6.3 Challenges of e-commerce as an emerging market in the South African retail sector

The difficulties facing e-commerce as a developing market in the South African retail industry were thoroughly examined in this study and the results included information about infrastructure, socio-economic conditions and cognitive abilities. These difficulties are crucial to the expansion, viability and prosperity of e-commerce. The following are the first set of challenges:

4.6.3.1 Infrastructure barriers

Broadband and internet connectivity have had significant growth in recent years in South Africa. According to the World Bank data from 2019, there were 1 000 times more mobile users than landline users in 2017. South Africa is currently the region with the second-highest number of mobile connections worldwide, thanks to its remarkable growth in this regard (GSMA, 2018). Numerous economic sectors, such as agriculture, fishing, health and education have been greatly impacted by high levels of mobile phone use.

Additionally, by facilitating electoral monitoring techniques and increasing participation, mobile phone use is strengthening democracy (PwC, 2013). By cutting down on travel expenses and information costs, mobile phone use boosts economic efficiency and enhances people's quality of life. Growing e-commerce will also be impacted by rising mobile phone use, as 46% of consumers prefer to purchase electronics, apparel, leisure products and music on their phones as opposed to 10% using computers and 44% in physical stores (PwC, 2012).

However, power outages also known as “load-shedding” is threatening internet access and connectivity in the country and there is nothing consumers can do (Lekhanya *et al.*, 2017). Cell phone networks claim that load shedding leaves them with little time to fully charge the cell tower backup batteries. Manufacturing and processing are also impacted by this power outage. One example of a modern business necessity is an internet connection, which runs on electricity. Due to the fact that load shedding frequently affects mobile networks these days, businesses cannot access email, digital shop systems (online stock or logistic management systems), online banking, payment gateways or basic communications when they are unable to log onto their network (Kufeoglu & Lehtonen, 2016; Charles, 2019).

4.6.3.2 Social economic barriers

Encouraging cultural diversity in a market is critical to the long-term viability of e-commerce initiatives. According to Lin (2017), the most crucial element in the success of e-commerce is the propensity of the consumer for e-commerce, which is based on their degree of readiness for online shopping. The degree of a customer's readiness for e-commerce is based on their past interactions with the retailer or their perception of the online retailer (Siyao 2012; Oreku *et al.*, 2013). Additionally, the brand name and endorsements from reliable sources help to identify and manage the product because they are deeply rooted in local interactions, cultural and historical subtleties and identity-specific artefacts.

4.6.3.3 Cognitive barriers

The absence of local language proficiency, a lack of English proficiency and bad managerial attitudes are further issues (Woods & West, 2020). Investments in human capital appear to be especially important for the growth of e-commerce in emerging economies, even though economic growth slows down as countries get richer (Woods & West, 2020). This is because these investments enable these economies to "catch up" to established ones.

4.6.4 Are businesses and customers willing to participate in the emergence of e-commerce market in the South African retail sector?

The findings indicate that Adorbs Online is open to engaging with its clientele in the nascent e-commerce space in the South African retail industry. New strategies are required for the rapidly evolving digital era, which presents both opportunities and challenges due to the rapid advancement of technology and the emergence of new market channels. Small businesses lack the independence to fight against being shut out of global payment and e-commerce networks. Due to a lack of legislation or inadequate legislation, Woods and West (2020) identify significant barriers to the growth of the mobile industry and consequently, e-commerce in Africa. These include the high cost of licences, the high import taxes on mobile phones, the ambiguity surrounding tax and regulatory requirements and the requirement for improved spectrum harmonisation for mobile phone service across the region. Tax cuts for the technology industry, according to Goga and Paelo (2021) would drive down costs and increase investment. For instance, in Guinea, doing away with the excise duty on call bonuses would result in a 4.4 % decrease in service prices and an increase of 663,000 new mobile subscribers. This would increase economic investment by US\$ 14 million and GDP by US\$ 57 million (GSMA, 2018).

4.7 SUMMARY

This chapter presents the findings from a study on the difficulties facing e-commerce in South Africa's retail industry as it develops. Important elements in the growth of e-commerce include infrastructure (broadband, logistics, financial inclusion and social and economic challenges like load shedding and improving educational backgrounds). In terms of overcoming the challenges presented by e-commerce as a young industry in the

South African retail space, the findings that were consistent and inconsistent with the literature were presented. The following chapter offers a conclusion and suggestions for further research.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter presents the conclusions and recommendations of the study. The goal of this research was to explore various challenges of e-commerce as an emerging market in the South African retail sector. This entailed the role of players and participants in e-commerce activities in South Africa, particularly in the retail sector. The research also aimed to identify the challenges facing the retail sector in South Africa. This study set out to explore the challenges of e-commerce as an emerging market in the South African retail sector. The necessity for e-commerce adaptation to raise developing nations' participation in global trade served as the impetus for this study. Access to international markets has been made possible by the emergence of e-commerce applications and systems in the South African retail sector over the past 15 years and e-commerce is anticipated to drive low-cost access to global trade and supply processes for developing country businesses (Heizer *et al.*, 2020). Few studies have examined the inner workings of e-commerce, with most focusing on how the organisation cannot profit from it.

5.2 PROMINENT FINDINGS

This section provides a detailed explanation of the research's conclusions based on the goals outlined in Chapter 1.

5.2.1 Load Shedding

Load shedding has had a disruptive impact on the retail sector in South Africa. Before the electricity crisis, the retail sector was stable and had a reliable source of power. Many systems and processes used to run stores and online businesses worked well. However, with frequent power outages, the retail sector is currently experiencing a crisis. Most respondents consider the impact of load shedding to be severely negative. One of the impacts of load shedding is the increased vulnerability of stores and customers to internal and external theft. During load shedding, the retail sector often relies on walk-in

transactions, while online payments can be manipulated due to a lack of follow-up. The respondents suggests that South Africa should focus on renewable energy solutions for businesses and network coverage to assist during load shedding.

5.2.2 Broadband connectivity

It is determined that a number of elements are required for e-commerce adoption in developing and even developed nations to be successful. Although a few of the issues raised are unique to the South African market, the majority also generally affect other African nations. The main obstacles are those related to infrastructure, socio-economic status and cognitive abilities. These include things like internet security, online payments, broadband connectivity, logistics, management's comprehension of the main business and English language proficiency.

This study revealed that businesses need broadband connectivity and internet security when conducting e-commerce. ITU (2015) states that e-commerce companies that offer services place a premium on connection quality and speed. Broadband is frequently needed in today's highly competitive global environment to transfer large files more quickly, so its absence can pose a significant challenge to service providers operating in the B2B market. Despite a notable global increase in broadband subscriptions, a growing number of people lack access to the internet, posing a challenge to South Africa's emerging market. South Africa is a developing country and some areas are rural without broadband connectivity let alone roads for easy access to transportation. These challenges are a reality and one needs to decide on e-commerce in such areas.

5.2.3 Logistics

Additional investigation showed that logistics are a key factor in determining whether e-commerce adoption succeeds or fails. Namibia ranked 42nd globally, well below international standards in the World Economic Forum's (WEF) Global Competitiveness Report 2014-15. Namibia was the best-rated African nation in terms of overall infrastructure quality, which includes roads, ports and air transportation. In South Africa, most road infrastructure has potholes and some lack proper street names which may

delay deliveries. This may have negative effects on the emerging markets that are trying to establish themselves in e-commerce. Customers become less trusting of businesses when their logistical networks are ineffective because they are not persuaded. In this sense, the ability of e-commerce companies to manage courier services is essential. Many domestic and regional infrastructure deficiencies have led to the development of delivery networks by e-commerce platform providers to get around local conditions. Nowadays, businesses like Uber Eats, KFC and others have built a logistics network using cars and motorcycles to deliver goods to clients that fall within their service areas. Online stores such as Adorbs Online are willing to participate with their customers in the emergence of the e-commerce market in the South African retail sector. Many respondents expressed difficulties with delivery and improvement, so new kinds of partnerships involving local authorities, rival businesses and governments are needed. These partnerships should be part of a number of focused and doable initiatives. On their own, small businesses have no ability to contest their exclusion from the global payment and e-commerce platforms.

5.3 RECOMMENDATIONS

This research has highlighted several challenges of e-commerce as an emerging market in the South African retail sector. Additionally, a number of potential drivers for the expansion, viability and prosperity of e-commerce are suggested. Factors such as technological infrastructure, socio-cultural, socio-economic and governmental policies in a country are the barriers that hinder the success of emerging e-commerce in developing countries such as South Africa. The following suggestions can be made by the researcher in light of the findings:

- *Working with legislators:* practical and helpful measures that could be developed through cooperation between the public and private sectors include laws that facilitate the formation of e-commerce cooperatives, an examination of currency exchange regulations pertaining to digital trade, the adoption of the United Nations Commission on International Trade Law's Model Law on Electronic Signatures and the promotion of an environment that is favourable to e-commerce.
- *Enhancing institutional capacity:* is necessary for local institutions to facilitate small businesses' joint access to global e-commerce. This implies that established trade

associations should assume accountability for managing market place operations, divide up ownership of technology and combine marketing expenditures. Enabling local institutions to assist businesses in adhering to international fiscal transparency regulations is also necessary.

- *Increasing enterprise capacity:* should entail educating people about e-commerce's potential benefits as well as how to get past obstacles and engage in global trade. Effective e-commerce organisations should include packaging, marketing and customer service expertise as part of enterprise capacity building. Additionally, it ought to support businesses in adhering to the financial and legal prerequisites for trading in developed nations.
- *Sharing of corporate structures:* SMEs in South Africa can pool their resources to share a business entity by using a variety of creative solutions. For instance, as big international companies do, they could establish representative structures overseas to properly handle import duties and sales taxes and possibly offer access to financing and banking facilities.
- *Technology-sharing:* groups of local businesses can be assisted on their initial foray into e-commerce by utilising open-source software libraries and global partners' support, all from locally owned and operated shared platforms. Technologies exist to allow products from these locally run portals to be relisted on major global websites.
- *Offline Model:* Building up applications for smartphones, laptops and desktops that will be able to have personal selected retailers in one application. The application may record previous encounters, not use data. This application can assist businesses in building profiles on personal experiences and needs. Retailers can be able to trace its customers, without logging in, using SMS, WhatsApp and phone to update customers about new products and make it possible for customers to buy without having to use data. All personal encounters can be recorded until the customers delete the information. Using this model, reliable customers are given the necessary attention and may be given data should they require to be on the website for long.
- *Enhanced access to logistics and transportation:* South African logistics partners can create efficient logistics and transportation solutions, such as e-commerce-enabled handling and storage (or "e-fulfillment") in global marketplaces. The kind

of products and marketing plans used by South African businesses should be taken into account while creating such solutions.

5.4 FURTHER RESEARCH

From the perspective of the participants, broadband penetration is rising dramatically in the e-commerce industry. Over time, South Africa has seen a rise in the number of more affordable, high-quality smartphones and now internet providers are capitalising on this trend by offering more data plans and bundles. But more needs to be done to understand how mobile technology and broadband infrastructure can help lower and remove obstacles to South Africa's emerging e-commerce sector. The research could include the development of websites that do not use data on smartphones when purchasing an item online. It would also improve the customer's perspectives on the success or failure of the e-commerce market, especially with increasing inflation in South Africa.

5.5 RESEARCH LIMITATION

- a) Geographical area. The study's targeted population was in the Gauteng Province. Time and cost constraints made representation from the other nine provinces challenging to achieve.
- b) The short time span for which the data were collected may have limited the breadth of the insights obtained.
- c) Gauteng province context. Constraints in time, access to potential participants, information and costs made the research to only be in Pretoria and Johannesburg, which does not represent the whole of the Gauteng province.
- d) Network coverage was a challenge during setting up meetings and during the interview, wherein the interview questions were not completed and interviewees lost interest due to these power cuts and load shedding.
- e) Education level on the sample used. The participants are all from urban areas but some people do not have commerce educational backgrounds. This made it hard to interview them as they relied on the researcher and google to ask questions.

5.6 CONCLUSION

For the retail sector to thrive in South Africa, especially using e-commerce there are many challenges that they need to solve, together with stakeholders, other businesses and the South African government. For example, businesses require electricity and broadband connectivity to run properly. E-commerce is bolstered when companies that deal with online shoppers take into consideration cultural variances and preferences and when the nation in which they do business has policies and laws that facilitate it. Retail companies can better identify and implement e-business models that support their initiatives if these challenges are considered. A nation's economy may benefit from finding ways to support both small and large businesses during load shedding, which is a very serious problem. The main obstacles to the growth of e-commerce are the lack of control over cybercrime, flaws in the legal system and insufficient consumer protection. The legal agendas of the various nations on the continent should be harmonised in order to address these issues. New laws pertaining to consumer protection, cybersecurity and the growth of e-commerce should also be introduced. Furthermore, investors have a significant impact on the sustainability and growth of e-commerce, as well as its advancement in South Africa and globally.

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ANNEXURE A

ETHICAL CLEARANCE LETTER



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Tel: 018 299-1111/2222
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Senate Committee for Research Ethics
Tel: 018 299-484
Fezlw.Mseleni@nwu.ac.za

28 August 2023

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the Economic and Management Sciences Research Ethics Committee (EMS-REC) on, 25/08/2023 the Economic and Management Sciences Research Ethics Committee hereby **approves** your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-REC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: Exploring e-commerce as an emerging market in the South African retail sector and the challenges thereof																																	
Study Leader/Supervisor (Principal Investigator)/Researcher: Dr K Ndlovu																																	
Student: M Thompson (22612513)																																	
<table border="1"><tr><td>N</td><td>W</td><td>U</td><td>-</td><td>0</td><td>0</td><td>6</td><td>9</td><td>8</td><td>-</td><td>2</td><td>3</td><td>-</td><td>A</td><td>4</td></tr><tr><td colspan="3">Institution</td><td colspan="5">Study Number</td><td colspan="2">Year</td><td colspan="5">Status</td></tr></table>				N	W	U	-	0	0	6	9	8	-	2	3	-	A	4	Institution			Study Number					Year		Status				
N	W	U	-	0	0	6	9	8	-	2	3	-	A	4																			
Institution			Study Number					Year		Status																							
<i>Status:</i> S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation																																	
Application Type:	Risk: Minimal																																
Commencement date: 28/08/2023	Expiry date: 28/08/2024																																
Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.																																	

Special in process conditions of the research for approval (if applicable):

•

General conditions: <p>While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:</p> <ul style="list-style-type: none">• The study leader/supervisor (principle investigator)/researcher must report in the prescribed format to the EMS-REC:<ul style="list-style-type: none">- annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and- without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.• The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.• Annually a number of studies may be randomly selected for an external audit.• The date of approval indicates the first date that the study may be started.
--

n the interest of ethical responsibility, the NWU-SCRE and EMS-REC reserves the right to:

- *request access to any information or data at any time during the course or after completion of the study;*
- *to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;*
- *withdraw or postpone approval if:*
 - *any unethical principles or practices of the study are revealed or suspected;*
 - *it becomes apparent that any relevant information was withheld from the EMS-REC or that information has been false or misrepresented;*
 - *submission of the annual (or otherwise stipulated) monitoring report, the required amendments, or reporting of adverse events or incidents was not done in a timely manner and accurately; and / or*
 - *new institutional rules, national legislation or international conventions deem it necessary.*

The EMS-REC would like to remain at your service as scientist and researcher, and wishes you well with your study. Please do not hesitate to contact the EMS-REC or the NWU-SCRE for any further enquiries or requests for assistance.

Yours sincerely,

Mark
Rathbone

Digitally signed by Mark
Rathbone
DN: cn=Mark Rathbone,
o=North-West University,
ou=Business management,
email=mark.rathbone@nwu.ac.za
, c=ZA
Date: 2023.08.30 09:45:07 +02'00'

Prof Mark Rathbone
Chairperson: NWU Economic and Management Sciences Research Ethics Committee

ANNEXURE B

PERMISSION LETTER

ADORBS ONLINE

Cellphone/WhatsApp: +27 (0)69 856 8405

Email: info@adorbs.online

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PERMISSION LETTER

27 October 2023

MBA Programme Director

NWU Business School

North-West University, Vaal Campus

Permission for Mr. Martin Thompson (22612513) to conduct research studies at Adorbs Online (Pty) Ltd to explore e-commerce as an emerging market in the South African retail sector and the challenges thereof.

Mr. Martin Thompson is granted permission to conduct research interviews to obtain as much information for use solely for his research purposes.

All information obtained through research must remain confidential at all times.

Regards,

Ms. Lebogang Masemula

Managing Director



ANNEXURE C

CONSENT FORM

INFORMED CONSENT

Dear participant,

INFORMED CONSENT TO PARTICIPATE IN AN INTERVIEW

This Informed Consent Statement confirms the following information as it relates to the academic business science MBA and subsequent research on exploring e-commerce as an emerging market in the South African retail sector and the challenges thereof. This study forms part of a dissertation to be submitted in partial fulfilment of the Master of Business Administration requirements at the North-West University. It is an internationally accredited degree that requires adherence to strict ethical standards as a prerequisite to conducting this research.

1. The procedure to be followed is a qualitative research design, using semi-structured interview questions whereby the participant can communicate their views on the noted topic. Basic background information such as seniority within the organisation will be asked as part of the interview.
2. The estimated completion time for the interview will be approximately 30 minutes
3. If, at any point during the interview, the participant should feel uncomfortable, the participant will have the opportunity to make their discomfort known and immediately end their participation.
4. The interview will be voice-recorded for transcripts purposes and with the consent of the participant. The participant's name will not be recorded. At any time, the participant may request to see or hear the information collected. The interviewer will take notes. This is done for data analysis purposes. The recording will be transcribed by the interviewer and kept confidential in a password-protected computer. The transcripts and recordings will be destroyed after three years.
5. All individual identification will be removed from the hard copy of the transcript. Participant identity and confidentiality will be concealed using coding

procedures. Please note that excerpts from the interview may be included in the final dissertation report or other later publications. However, under no circumstances will your name or identifying characteristics appear in these writings.

6. It should also be emphasised that participation in this study is voluntarily and with the consent of the participant without any form of coercion.
7. The confidentiality, anonymity and privacy of participants are guaranteed.
8. A summarised copy of the final report will be made available to the respondent on request.

I hereby declare that I have read and understood the content of the Informed Consent Statement and give my full consent to Martin Thompson to use the information gathered in his MBA dissertation and subsequent research.

	<i>Name</i>	<i>Designation</i>	<i>Signature</i>	<i>Date</i>
Researcher				
Respondant				

Researcher: Martin Thompson

Mobile number: +27 63 581 6946

E-mail: martin.thompson61@gmail.com



Supervisor: Dr. Kaizer Ndlovu

Email: 35181680@nwu.ac.za

Tel: 0184994023



Date: _____

Participant code: _____

ANNEXURE D

INTERVIEW QUESTIONS

APPENDIX B: Interview Questions

The following examples of questions will be interviewed:

- (a) How prevalent is e-commerce in the South African retail sector?
 - (i) Probe: Can you please elaborate on the rise of e-commerce in the retail sector and what is the impact?
- (b) What are the challenges that come with e-commerce as an emerging market in the South African retail sector?
 - (i) Probe: Do you think government has a role to play in creating a conducive environment for business to promote e-commerce?
 - (ii) Probe: Is load shedding and the energy crisis we face a factor in how well e-commerce thrives in South Africa today?
- (c) What are the risk and barriers of e-commerce in the current retail sector market?
 - (i) Probe: Is government policy on trade as well as POPIA a deterrence?
- (d) Are businesses and customers willing to participate in the emergence of e-commerce in the South African retail sector?
 - (i) Probe: What would you say informs customers to move towards e-commerce?
 - (ii) Probe: Do you think business is investing enough in technology that promotes e-commerce in this day and age?