

SEIZING THE MOMENT: UNLOCKING SOUTH AFRICA'S ECOMMERCE PROMISE

EFSA Ecommerce Report 2025



 Ecommerce Forum
South Africa

TO:
South Africa's
Digital Future

FROM: Ecommerce Forum South Africa (EFSA),
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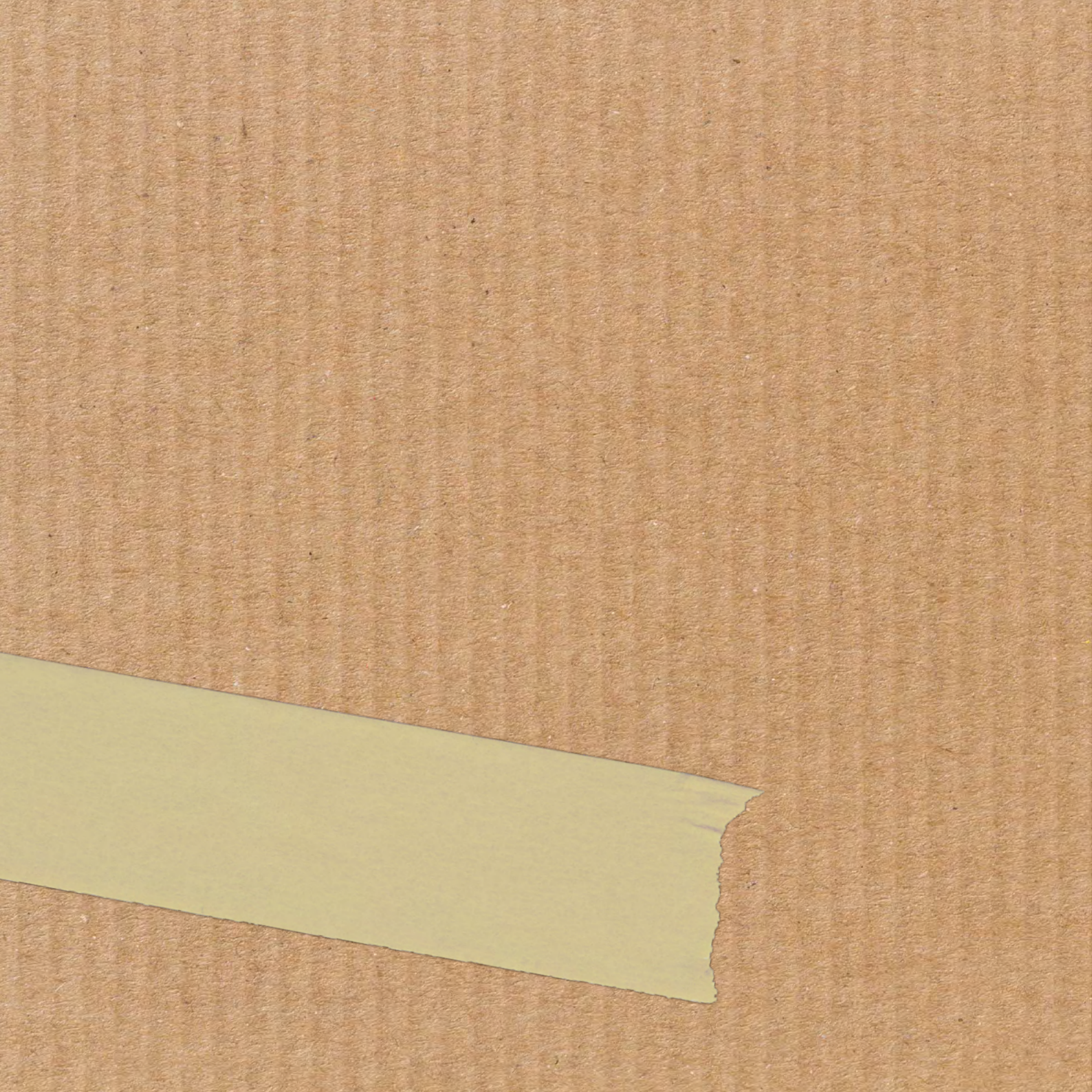
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PREPARED BY

MAPUNGUBWE
INSTITUTE FOR STRATEGIC REFLECTION (MISTRA)

IN COLLABORATION WITH
takealot.group



**Delivering SA's ecommerce future is in our hands.
Here's how we can do this.**

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DISCLAIMER

This report is the product of professional research. It does not necessarily represent the position or opinions of Ecommerce Forum South Africa, its members, or South Africa’s stakeholders at large. References and citations are indicative and intended for wider and inclusive debate.

FOREWORD



Why South Africa's ecommerce "moment" really matters

"Seizing the Moment: Unlocking South Africa's E-Commerce Promise" highlights a critical inflection point for the country's online commerce sector. This moment demands reflection and collaboration among all stakeholders to foster enterprise growth by easing business regulations and ensuring consumer protection—a careful balance crucial for South Africa's ecommerce future.

Key elements mark this turning point. The ecommerce sector has rapidly grown into a major employer and economic driver, fuelled by advances in technologies. South Africa's ecommerce share of retail jumped dramatically from less than 1% in 2019 to almost 10% now, moving South Africa from "emerging" to "expanding" in ecommerce development. This impressive growth, which focused largely on Business-to-Consumer (B2C) markets, signals the need to emphasise Business-to-Business (B2B) digital commerce as a key growth area for both domestic and export markets.

Dr Alastair Tempest
Chief Executive Officer, EFSA

Another transformative force is social commerce—selling via social media platforms like TikTok, Facebook, and YouTube. This has empowered micro, small, and medium enterprises (MSMEs) to reach niche markets in sectors ranging from farm-to-table foods to fashion, sometimes attracting international buyers. Established merchants leverage social commerce alongside their own websites and sell on platforms like Zulzi, Bash, Takealot and Amazon, supporting a diverse and dynamic selling environment.

This entrepreneurial spirit is central to South Africa's ecommerce success and relies on a complex ecosystem of logistics, fintech, warehousing, customer relations, and digital marketing. Government initiatives such as the Digital Economy Masterplan and the forthcoming Ecommerce Strategy, alongside negotiations with African Continental Free Trade Area (AfCFTA), are positive steps toward shaping a robust ecommerce landscape.

RMB research indicates South Africa could tap into a R1.3 trillion export market. Much will rely on selling via ecommerce, underscoring the need for focused upskilling and training programmes. Early digital literacy education is vital, ensuring children from all backgrounds understand the digital ecosystem. This is an essential skill set for all South Africans in future. It is also an important safeguard against cybercrime.

South Africa faces new opportunities through the AfCFTA, especially as global trade disruptions underscore the importance of regional trade. The AfCFTA's country-of-origin rules aim to concentrate production within Africa, benefiting the continent's economies and reinforcing local manufacturing and service industries.

This report recognises the challenges, including bridging the digital divide and the need to guard against cybercrime. The report also warns against the influx of 'ultra-fast fashion', which threatens national manufacturing and ecommerce. South African consumers' high uptake of cross-border fast fashion must have a balanced regulatory response. There must be a level playing field which will not stifle national industry growth.

While ecommerce alone won't solve deep socio-economic inequalities, it plays a pivotal role in driving inclusive and fair trade. "Seizing the Moment: Unlocking South Africa's Ecommerce Promise" calls for urgent and purposeful action from all stakeholders to realise the potential of ecommerce for South Africa's economy and society.

EFSA commends the Mapungubwe Institute for Strategic Reflection (MISTRA) for this insightful report, and thanks the Takealot Group for sponsoring the report. As South Africa's apex ecommerce body, EFSA urges all participants to engage proactively and seize this moment to unlock ecommerce's promise for the nation's future.

FOREWORD



Frederik Zietsman
Chief Executive Officer, Takealot Group

Building South Africa's digital economy, together

Ecommerce is growing rapidly and is increasingly becoming a vital part of South Africa's economy and its recovery – connecting consumers and small businesses, creating jobs and driving innovation, supporting re-industrialisation efforts and economic growth. As the sector continues to evolve, it is essential that policy and regulation evolve alongside it, guided by credible research and inclusive dialogue.

Takealot Group appreciates the opportunity to have supported this study, undertaken independently by the Mapungubwe Institute for Strategic Reflections (MISTRA) and published by Ecommerce Forum South Africa (EFSA).

This collaboration reflects our shared commitment to deepening understanding of South Africa's digital economy and contributing to evidence-based policy making that enables sustainable growth and innovation.

We are encouraged as an industry by MISTRA's rigorous research and EFSA for its leadership in fostering dialogue between business, policy makers, and civil society.

As a homegrown South African company, Takealot Group remains committed to engaging constructively in efforts that strengthen our digital ecosystem and expand opportunity for as many South Africans as possible.



EXECUTIVE SUMMARY

South Africa has the potential to build the continent's most inclusive and competitive ecommerce ecosystem that can drive much-needed economic growth and support the livelihoods of millions.

But potential must be realised and the time for that is now.

This is about 'Seizing the Moment'.

The agenda that will drive South Africa's ecommerce competitiveness requires urgent attention with immediate actions. By way of analogy, South Africa's ecommerce status is best expressed as a "share of CART".



The South African ecommerce CART is a compelling acronym that can be seen as the Key Performance Indicator (KPI) for stakeholders and policy makers. It is not a long-term ideal. This is what South Africa's ecommerce must immediately initiate to see tangible results in the short to medium term. South Africa's ecommerce CART must:

- | | |
|--------------|--|
| Connect - | a connected and inclusive ecommerce ecosystem |
| Accelerate - | ecommerce for accelerated economic growth and job creation |
| Regulate - | a competitive, regulated, and trusted digital marketplace |
| Trade - | cross-border digital trade integration |

This report provides a three-pronged strategic overview (Parts 1, 2, and 3), with a plan of action, to drive South Africa's ecommerce competitiveness:

1. **Firstly**, a review of South Africa's ecommerce status in an international context.
2. **Secondly**, a situational analysis identifies the specific enablers and hindrances impacting South Africa's ecommerce ecosystem.
3. **Thirdly**, strategic objectives give clear direction for executing a robust, sector-leading digital economy.

PART 1

SOUTH AFRICAN ECOMMERCE FROM A GLOBAL PERSPECTIVE

Ecommerce is emerging as a key enabler of inclusive growth, industrial competitiveness, and regional integration. The past two decades have seen exponential growth, with total international sales volumes now reaching US\$6,419 trillion (R120 trillion), or 20.5% of total international retail sales. South Africa has also experienced rapid ecommerce growth, especially post-COVID-19. However, by global comparison in 2025, South Africa's retail sales are expected to reach US\$6,95 billion (R130 billion), approaching 10% of total retail sales nationally.



Why is this? And what are the interventions that need urgent attention to make South Africa's ecommerce more accessible and competitive?

The research for this report is guided by the underlying question: **What regulatory and policy mechanisms can South Africa implement to advance inclusive economic growth, local industrial development, and digital sovereignty, while ensuring fair competition between domestic and offshore ecommerce firms?**

There is a significant and mostly positive impact of large multinational ecommerce companies, commonly known as Very Large Online Platforms (VLOPs), on domestic economies. However, there can also be "level playing field" concerns, from labour practice to product and customs duty concerns, amongst others. It is also evident that VLOPs tend to react swiftly to public concerns. Regulatory bodies still need to monitor and legislate as rapidly as ecommerce expands.

As ecommerce expands, as declining data costs broaden digital adoption, and as last-mile delivery and fulfilment continue to innovate, South Africa must embrace global ecommerce competition while supporting and growing the local ecommerce ecosystem. Regulation and policy must safeguard national interests. All said, it is a delicate balance.

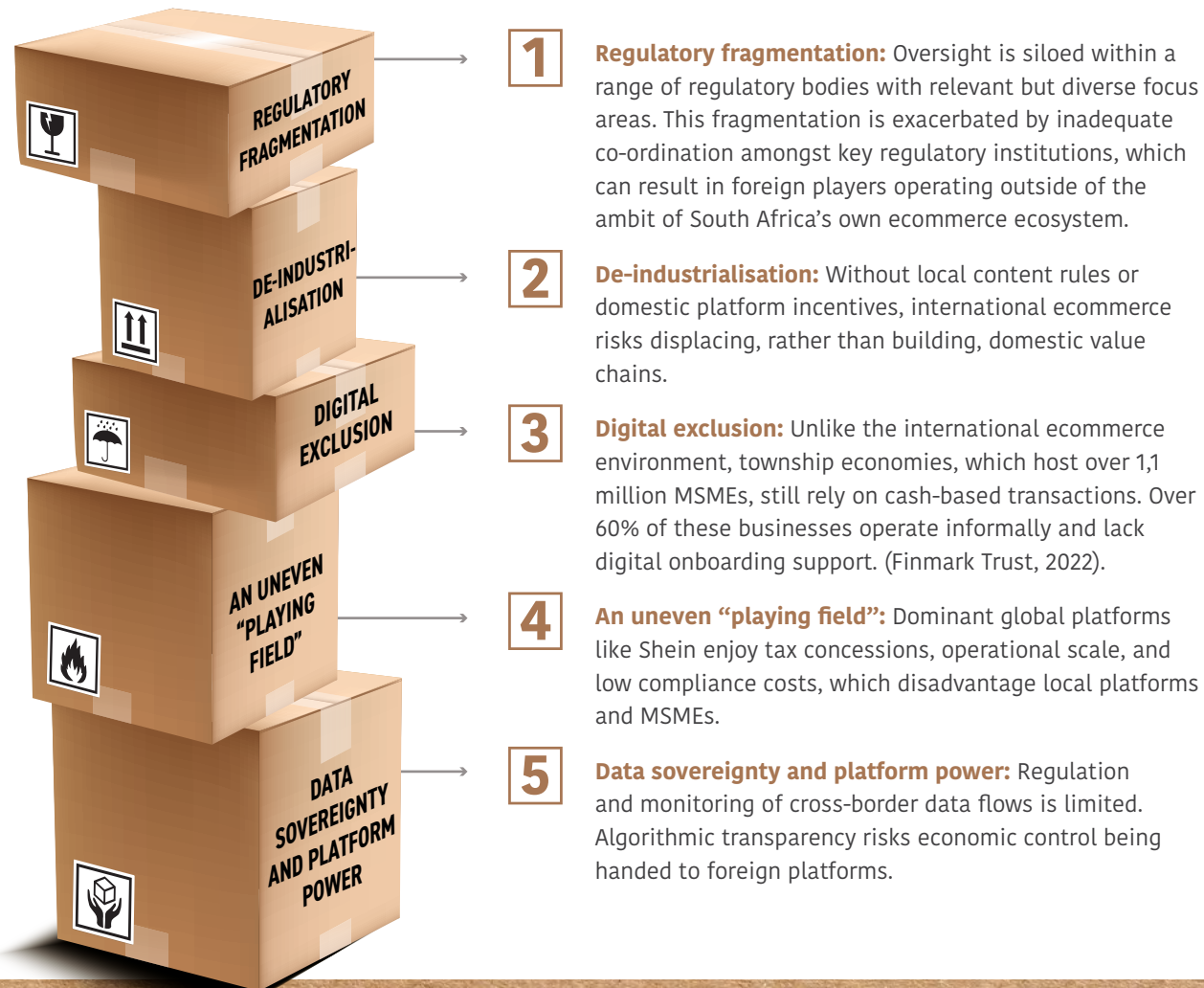
Compared with ideal international development, South Africa is at imminent risk of an ecommerce ecosystem asymmetry, one of exclusion rather than opportunity. This is underscored by key data from the research. It shows a high prevalence of outward ecommerce flows rather than inflows, undermining domestic economic value and worsening the dual characteristic of the

ecommerce landscape. Hence, the timely sharing of this report and the need for urgent attention to its findings and recommendations in terms of a national ecommerce strategy:

- A national, data-informed roadmap inducing trust and inclusivity aligned to South Africa's broader developmental aspirations
- Analysis of prevailing regulatory gaps
- Modelling South Africa's ecommerce maturity with the strategic commitments embedded in the National Development Plan (NDP)
- The Digital Economy Master Plan (DEMP)
- The integrated Information and Communication Technology (ICT) Policy White Paper
- The African Union Digital Transformation Strategy for Africa (2020-2030)
- The African Union Agenda 2063
- The African Continental Free Trade Area (AfCFTA) Digital Trade Protocol

South Africa's "Big Five" challenges

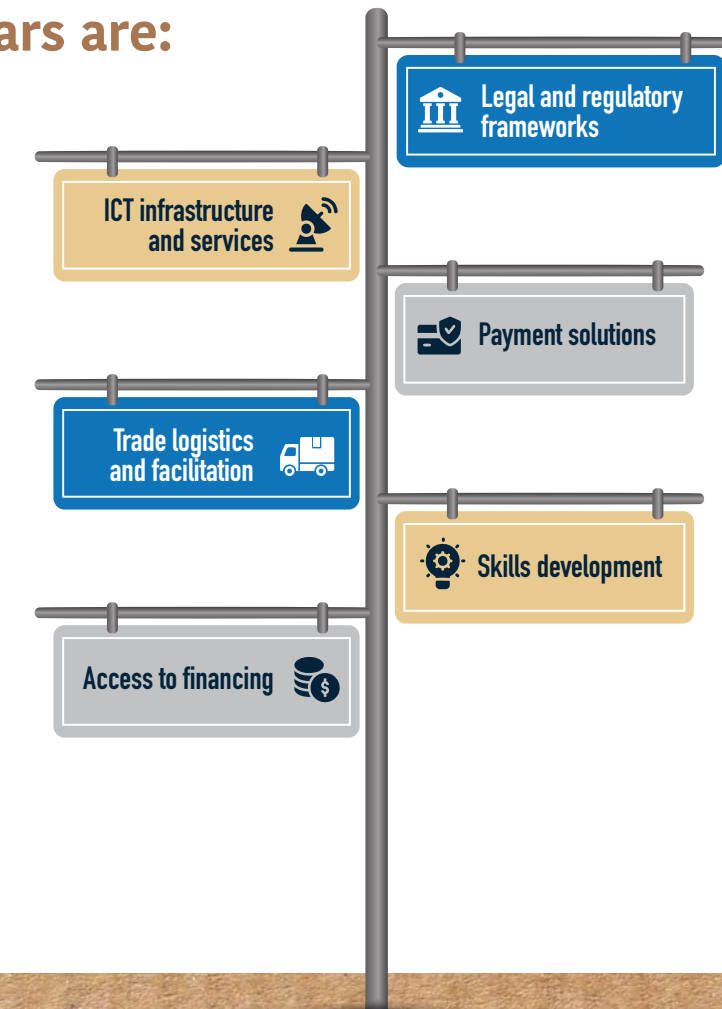
To build South Africa's inclusive and globally competitive ecommerce ecosystem, these are the "Big Five" challenges the country must address. Essentially, these are the challenges that must be engaged and overcome to reposition South Africa's share of CART:



South Africa's strategic objectives

Overlaid with this is an internationally accepted framework for assessing a country's ecommerce readiness. United Nations Conference on Trade and Development (UNCTAD) provides an eTrade Readiness Assessment framework to evaluate a country's ecommerce ecosystem (UNCTAD, 2023). There are seven pillars, however the six pillars used to assess ecommerce readiness are:

The six pillars are:



From these combined pillars comes an empirical model that reflects the developmental stages of ecommerce. Countries have a comparative maturity index (see also Fig. 7 and Fig. 6 on page 18):

- Below 0.00 → Nascent:** early-stage adoption, minimal consumer engagement, limited digital infrastructure, small number of emerging platforms.
- 0.00 to 0.50 → Emerging:** improved internet access stimulates online trade. Logistical inefficiencies, trust deficits, and the prevalence of counterfeit goods can still persist.
- 0.51 to 1.00 → Expanding:** rapid growth in supply and demand, mobile internet access using smartphone technology. Policy making for systemic support and regulation to ensure fair competition with inclusive growth.
- Above 1.00 → Maturity:** slower growth, vastly increased transaction volumes, global integration.

Factoring a dual economy, South Africa's ecommerce maturity is both emerging and expanding. Compared with similar (CART-for-CART) dual economies such as India, China, Kenya and Nigeria, South Africa is well above the average. Yet there is ample and immediate opportunity to fast-track South Africa's maturity index to make it more inclusive. Again, this involves both regulatory and non-regulatory enablers.

Regulatory factors include consumer protection, data privacy, payment and finance, logistics and supply chains, and monitoring for fair competition. Non-regulatory considerations include public-private investment in platforms and logistics, digital skills training, enterprise development programmes, a reduction in technology adoption costs, and cybersecurity awareness to build greater consumer confidence and trust.

As a regional leader that ranks 73rd of 152 indexed countries, South Africa is well-positioned to champion digital trade negotiations and promote harmonised ecommerce protocols across the African continent. The shared opportunity to further integrate dual economies is present and immediate.

Here is a snapshot comparison of South Africa's ecommerce maturity:

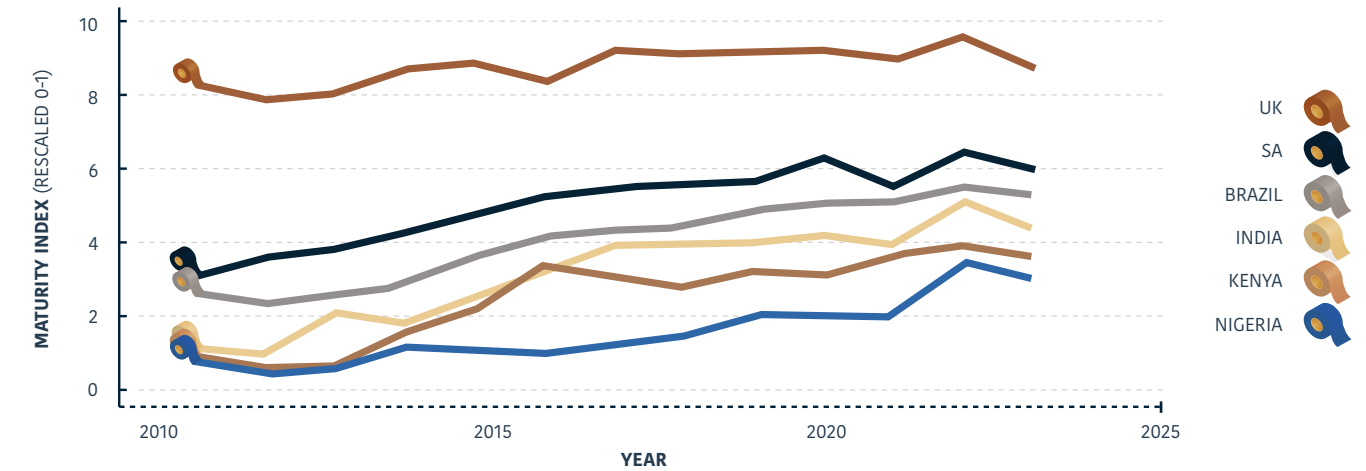


Fig 7. South Africa's composite ecommerce ecosystem maturity index: cross-country comparison (2010-2025)

Definitions of ecommerce do vary, to the inclusion or exclusion of influencing factors. This can affect comparisons of ecommerce maturity. A review of South Africa's ecommerce, for instance, will factor its dual economy and strategic priorities for inclusive ecommerce.

Definitions of ecommerce and their implications for regulation

- Laudon and Traver (2021) define ecommerce simply as digitally enabled transactions between and among organisations and individuals.
- UNCTAD and The Organisation for Economic Co-operation and Development (OECD) jointly view ecommerce as computer-mediated networks specifically designed for the exchange of goods and services (Fredriksson, 2017; UNCTAD, 2017).
- The World Trade Organization (WTO) incorporates the production, distribution, marketing, and sale of goods and services through technology that is specifically designed to place and receive orders (Ismail, 2020).

This excludes transactions via telephone and email, but implies channels of distribution (i.e. employees) and marketing must be included in ecommerce regulation. The South African VAT Act further recognises various product segments, such as digital content and financial services (excluding telecommunication services) (SARS, 2019).

South Africa can foster a competitive, inclusive, and sovereign digital economy.



Regulatory and non-regulatory approaches

Ecommerce regulation can easily become convoluted. This report presents the necessary groundwork, interrogation, and applicable modelling for South African stakeholders to reach a strategically informed, regulatory consensus.

With insights from the countries compared above, we can identify immediate regulatory and non-regulatory interventions needing urgent response.

Regulatory ecommerce interventions:

- Consumer protection laws
- Data privacy regulations
- Payment and financial regulations
- Taxation and trade policies
- Logistics and supply chain standards
- Competition regulation

Non-regulatory ecommerce interventions:

- Digital skills training for entrepreneurs and MSMEs
- Enterprise development programmes to build business capacity
- Public-private partnerships to invest in platforms and logistics
- Development finance to reduce technology adoption costs
- Cybersecurity awareness campaigns to build consumer trust and transparent review systems to enhance credibility and participation

As a regional leader, South Africa can champion digital trade negotiations and harmonise ecommerce protocols

across Africa. This includes tariff neutrality, cross-border data standards and payment protocols, as well as both physical and digital infrastructure for intra-African trade and innovation.

South Africa should invest in homegrown digital platforms and services, but not to the exclusion of embracing foreign investment and competition. South Africa's CART needs to check both within and without. This means blended finance models for MSMEs and township entrepreneurs, localised digital services, and dedicated digital zones like China's Digital Free Trade Zones and Taobao Villages (Wang, 2024; Chen, Zang & Miao, 2023).

With regulatory agility and targeted developmental interventions, South Africa can foster a competitive, inclusive, and sovereign digital economy. This approach not only addresses spatial and structural inequalities but also positions the country as being proactive in the future of global ecommerce governance.

It is with this international context that South Africa focuses on its own challenges, requirements, and obligations.

PART 2

THE SOUTH AFRICAN ECOMMERCE LANDSCAPE

UNCTAD provides an eTrade Readiness Assessment framework to evaluate a country's ecommerce ecosystem. Six original pillars - legal and regulatory frameworks, ICT infrastructure and services, payment solutions, trade logistics and facilitation, skills development, and access to

financing - provide the model for a maturity assessment. A seventh pillar is added to define and accommodate a country's unique requirements. It allows for a strategically fit-for-purpose approach.

Here is South Africa's ecommerce maturity progression across the past fifteen years:

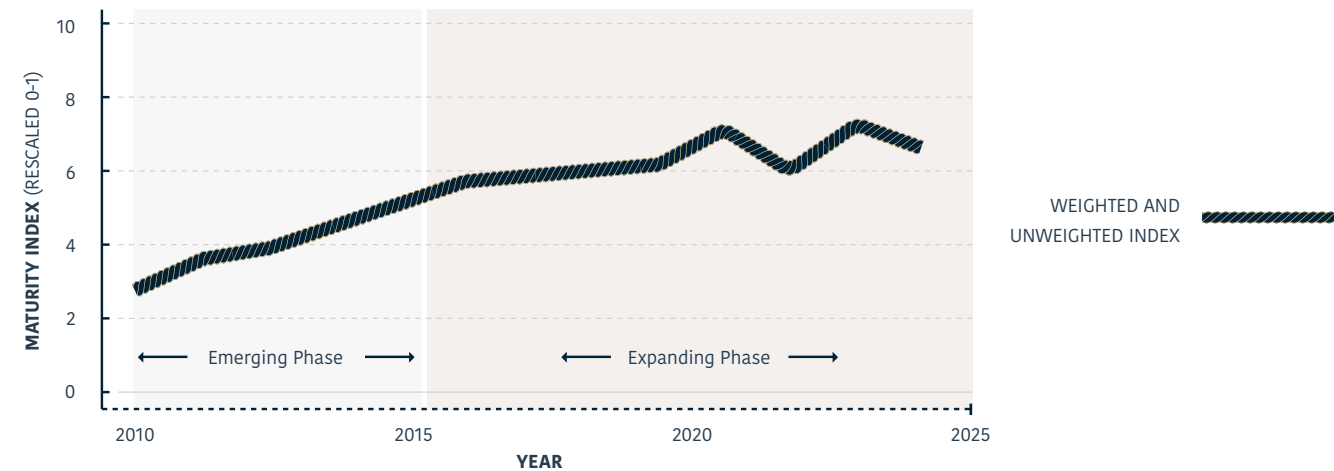


Fig 6. South Africa's composite ecommerce ecosystem maturity index (2010–2025)

South Africa's ecommerce market has shown consistent double-digit growth. Latest figures reflect online retail expansion estimated at R96 billion (US\$5,6 billion) in 2024.

This is roughly 8% of total retail sales. Projections for 2025 reach R130 billion. (Worldwide Worx, 2025)

Ecommerce sales grew sharply during COVID-19. After a post-COVID-19 dip, sales continue to grow, driven by these key factors:

- Digital infrastructure
- Smartphone penetration
- Fintech (digital) innovation
- Paved road network and physical address locations
- Logistics expansion
- Regulatory momentum

The South African landscape is in an early stage of maturity, with rapid digital advancement and global platform disruption reshaping competitive dynamics (Mordor Intelligence, 2025).

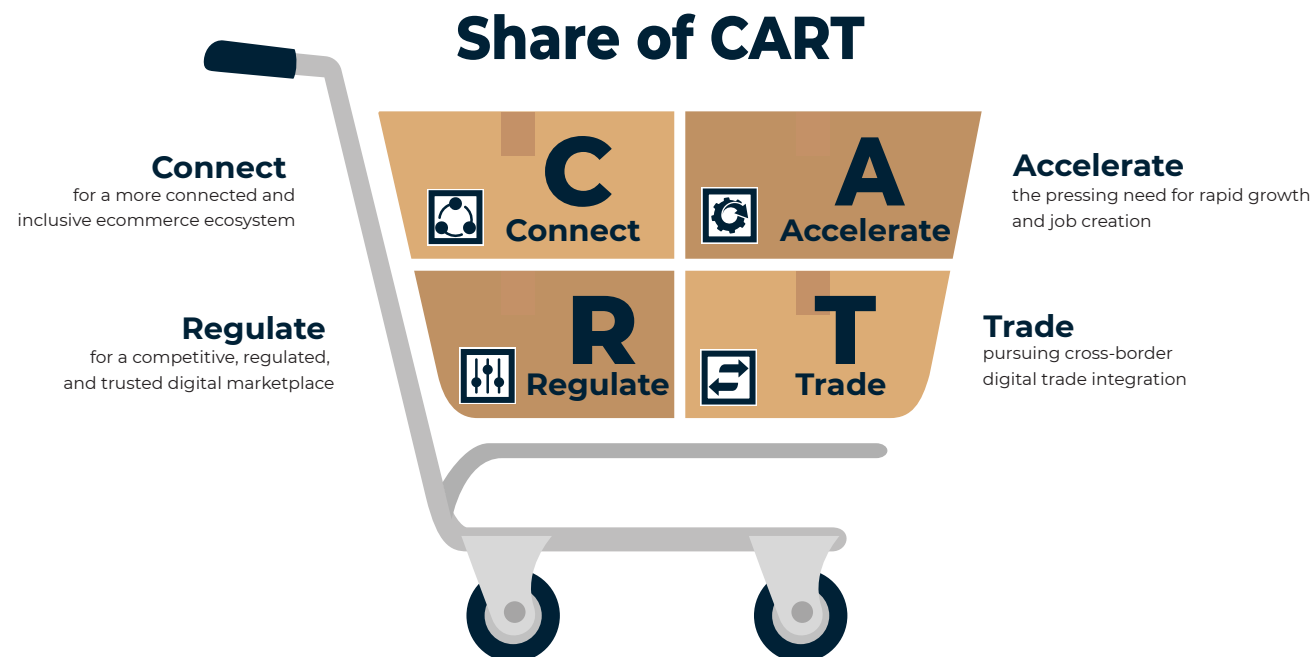
With South Africa's dual economy, key stakeholders must engage in viable, inclusive solutions, both regulatory and non-regulatory. These include:

- Government departments and regulatory agencies
- Domestic ecommerce platforms and logistics
- MSMEs, informal traders, and entrepreneurs
- Consumers and Civil Society
- Development Partners and Regional Institutions

PART 3

STRATEGIC ACTIONS AND OUTCOMES FOR ECOMMERCE DEVELOPMENT IN SOUTH AFRICA

This is where the ecommerce CART analogy brings sharp, cohesive focus to four urgent action statements:



South Africa's four required ecommerce ecosystem actions

Action 1: A connected and inclusive ecommerce ecosystem

Ecommerce in South Africa should be underpinned by universal digital access, reliable broadband infrastructure, and inclusive digital participation that empowers all citizens, urban and rural, to engage meaningfully in online commerce.

- National Development Plan (NDP) reference: Expand ICT access and reduce infrastructure disparities to unlock innovation and opportunity. Ensure energy security by building a robust energy sector that is not disrupted by power shortages and can support industrial and technological advancement
- South African (SA) digital roadmap goal: Achieve 90% broadband coverage and full digital citizenship by 2030
- African Union (AU) digital strategy goal: Connect every African to the internet affordably

Action 2: Ecommerce for accelerated economic growth and job creation

Ecommerce will be a driver of economic diversification, MSME growth, and employment generation. This is particularly pertinent to underserved regions and informal economies, with a focus on youth- and women-led enterprises.

- NDP reference: Support small enterprises and informal businesses as engines of inclusive economic growth
- SA digital roadmap goal: Develop high-growth sectors through digital platforms and innovation support
- AU digital strategy goal: Use digital technologies to create 300 million new jobs by 2030, particularly for women and youth

Action 3: A competitive, regulated, and trusted digital marketplace

South Africa will develop and regulate an open, secure, and competitive ecommerce environment that protects consumer rights, promotes digital trust, and ensures fair platform practices.

- NDP reference: Ensure institutions that strengthen and uphold competition, consumer protection and economic inclusion
- SA digital roadmap goal: Establish trust in digital platforms through robust cybersecurity and data protection, and through a trustmark
- AU digital strategy goal: Harmonise the continental digital market with secure and interoperable platforms

Action 4: Cross-border digital trade integration

South Africa will leverage its strategic position within the Southern African Development Community (SADC) and the African Continental Free Trade Area (AfCFTA) to become a driving participant in a regional ecommerce hub and promote the digital economy across the continent.

- NDP reference: Deepen regional integration to improve market access and trade competitiveness
- SA digital roadmap goal: Harmonise ecommerce policy with regional frameworks and expand trade in digital services
- AU digital strategy goal: Build a digital single market in Africa with full digital trade interoperability by 2030

Desired outcome statements for the four actions

Trust: Secure, transparent, and accountable digital ecosystem

Engineer and build a digital commerce environment, fostering consumer and seller trust through cyber protection, data governance, dispute resolution, and platform transparency.

- Launch of a nationalitrustmark for compliant platforms
- Strengthened enforcement of POPIA, CPA, and the Cybercrimes Act
- Real-time consumer complaint resolution mechanism
- Public dashboards for platform performance, Dark Patterns and consumer ratings

Access and growth: Expanded digital and market infrastructure

Drive universal digital access, affordable connectivity, and efficient logistics. Ecommerce must enable the broadest possible participation with sustained market growth.

- 90% broadband coverage by 2030
- Establishment of rural ecommerce hubs and smart logistics corridors
- Reduced data and delivery costs, particularly in underserved areas
- Platform and payment innovation supported by Digital Public Infrastructure (DPI)

Inclusion: Equitable participation of products, sellers, and spaces

Create a vibrant, stimulating ecommerce sector that empowers MSMEs, attracts women and youth-led enterprises, draws in township and rural businesses, opens up digital markets, scales operations, and grows national GDP.

- 60% MSME participation in ecommerce
- Digital onboarding toolkits for township and rural sellers
- Targeted support for local crafts, agro-processing, and informal businesses
- Training programmes in local languages and in community-based centres

Trade: Regional integration and digital export capacity

South Africa becomes a regional ecommerce hub, with efficient cross-border trade and increased participation in AfCFTA and SADC digital markets.

- 50% growth in cross-border ecommerce trade volumes by 2030
- Harmonised customs and payments frameworks with SADC/AU partners
- Platform localisation and multilingual interfaces for African markets
- Support for digital exporters and MSME trade corridors

Industrialisation: Ecommerce as a driver of local value addition

Ecommerce facilitates backward linkages to manufacturing, agro-processing, services sectors, and creative industries, streamlining reindustrialisation and local value addition.

- Support for domestic platform development and MSME logistics providers
- Digital marketplaces linked to local production hubs
- Incentives for ecommerce platforms sourcing local content
- Green infrastructure investment aligned with industrial policy

Level playing field: Fair competition and balanced regulatory environment

A regulatory regime should ensure equitable market participation through consistent taxation, rational Foreign Direct Investment (FDI) rules, and enforcement of fair competition across local and foreign platforms.

- Enforcement of taxation and relevant customs duties on foreign platforms
- FDI reforms for marketplace vs inventory-based ecommerce models
- Local licensing and registration requirements of international platforms based on volumes
- Implementation of the Competition Commission market inquiry recommendations to all players
- Clear digital trade rules aligned with AfCFTA digital trade protocol



CONCLUSION

KEY FINDINGS AND RECOMMENDATIONS

South Africa's ecommerce CART actions are motivated by specific finding: There is a need to **connect** to digitally excluded communities by making online access more affordable. Structural constraints are preventing the **acceleration** of ecommerce expansion. Siloed or fractured **regulation** compromises governance and enforcement. Disruption of local market dynamics by foreign platforms can hamper fair **trade**.

Here are the specific recommendations for each finding:

Recommendations for Finding 1: South Africa's ecommerce ecosystem is in the expanding phase but faces structural constraints

- Launch a "National Ecommerce Maturity Dashboard" to monitor progress across infrastructure, payments, inclusion, and trade
- Expand township and rural fulfilment centres to decentralise logistics and reduce last-mile delivery costs
- Introduce targeted MSME onboarding incentives, including homepage advertising subsidies and digital onboarding toolkits

Recommendations for Finding 2: Foreign platforms are disrupting local market dynamics

- Mandate local registration and tax compliance for foreign platforms exceeding a transaction threshold
- Differentiate FDI rules between marketplace and inventory-based models to protect local vendors
- Introduce platform neutrality and algorithm transparency laws, modelled on the EU's Digital Markets Act (DMA) and UK's Strategic Market Status (SMS) regime

Recommendations for Finding 3: Township and rural MSMEs remain digitally excluded

- Scale the township inclusion initiatives to include warehousing, logistics, and digital training
- Develop vernacular digital literacy programmes and community-based training centres
- Subsidise mobile payment systems and smart lockers to improve transaction reliability and delivery
- Pilot localised Free Digital Trade Zones (FDTZs) in township and rural areas to stimulate digital exports, MSME growth, and regional integration

Recommendations for Finding 4: Regulatory fragmentation weakens governance and enforcement

- Establish a dedicated ecommerce regulatory unit within the Department of Trade, Industry and Competition (DTIC) to co-ordinate oversight and enforcement
- Strengthen the Consumer Goods and Services Ombud's (CGSO) jurisdiction to include foreign platforms and enforce cross-border consumer protection
- Digitise customs and import tracking systems to monitor small parcel volumes and enforce compliance

A top priority for South Africa's continued ecommerce maturity is to close the dual economy gap while still competing with VLOPs. All regulatory and non-regulatory measures need to be leveraged. The urgency of a more inclusive ecommerce system must be a focal point both locally and internationally. South Africa's ecommerce CART can be grown with common purpose and shared values.

A granular, substantiating analysis is detailed in the full report that follows. The state of South Africa's ecommerce CART is scrutinised and reassembled for a more **connected**, **accelerated**, fairly **regulated** ecommerce **trade** ahead.



SEIZING THE MOMENT: UNLOCKING SOUTH AFRICA'S ECOMMERCE PROMISE

EFSA Ecommerce Report 2025





01

PART 1

SOUTH AFRICAN ECOMMERCE FROM A GLOBAL PERSPECTIVE

Day and night in the life of a driver

It is Tumi, the driver, who delivers. He is the “last-mile” in every online purchase. Except, he is on two wheels, covering many miles. He either works around the clock or chases it. There are long hours with relentless rushing. Roads can be perilous. His turf is wherever the densest concentration of upscale neighbourhoods, office blocks, shopping malls, and restaurants happens to be. He competes against countless other riders with the same game plan.

Typically, Tumi works off mainstream apps, delivering goods, groceries, and meals. But he needs to keep topping up data. To be thrifty, he might turn off his device whenever possible. But he cannot afford to lose the next closest order. He has to think swiftly. Which order does he take to where? And how busy are the orders he is likely to find when he gets to the other side? Decisions are like scrambled chessboard moves, except Tumi is playing against dozens of others, in the exact moment, on different boards.

Tumi’s bike runs on almost empty, filling up only when he has covered the trips to pay for petrol. So, it helps to have filling stations along his routes. Mornings might be breakfast runs, mostly to early-bird office workers. When the shopping centres and malls start opening, the orders start streaming in. It is still commuter rush hour. Perhaps a bike is best in tail-backed

traffic. But the weaving in and out can be hazardous. Lunch hour means mostly restaurant pickups. The afternoon is back to grocery deliveries. Come evening, dinner-time pickups ping from everywhere. Tumi, along with every other “last-mile” operator, is like a first responder who treats every next order like his life depends on it. And it does. The sheer intensity of challenges is confronting. But it is still a livelihood.

But whose livelihood are we really talking about? South Africa’s most marginalised communities – the townships, the rural areas, the informal settlements – remain excluded from this digital opportunity. The home-based entrepreneur, the township workshop owner, the rural trader are invisible to our current e-commerce ecosystem.

In addition, South Africa’s township economy is worth almost R900 billion. Yet Tumi’s access to opportunities here are limited. Why?

It is time to reimagine inclusiveness. South Africa’s e-commerce future must extend beyond traditional boundaries. Now is the opportunity to create pathways for drivers, small businesses. Draw in underserved communities, not just as consumers, but as active economic participants.

South Africa's ecommerce status as a global player

Ecommerce is emerging as a key enabler of inclusive growth, industrial competitiveness, and regional integration. The past two decades have seen exponential growth, with total international sales volumes now reaching US\$6,419 trillion (R120trn), or 20,5% of total retail sales. South Africa has also witnessed significant ecommerce growth, particularly in the period following the

COVID-19 pandemic. By global comparison, South Africa's retail sales reach an estimated US\$6,95 billion (R130bn), approaching only 10% of total retail sales. Why is this? And what are the interventions that need urgent attention to make South Africa's ecommerce more accessible and competitive?

The research for this report is guided by the underlying question: What regulatory and policy mechanisms can South Africa implement to advance inclusive economic growth, local industrial development, and digital sovereignty, while ensuring fair competition between domestic and offshore ecommerce firms?

First, there should be an informed overview of developments and initiatives across international ecommerce. By global standards, the share of South Africa's ecommerce sales relative to total retail sales is small. So, it is hardly surprising that there is a “gold rush” sense of

rapid digital development and migration. Advancements in mobile connectivity, smartphone penetration, fintech innovation – especially mobile wallets and peer-to-peer payments – and the emergence of ultra-fast global supply chains, are spurring ecommerce.

Consumer behaviours are reshaping. Traditional business models are having to adapt, and for the better. Every new trend brings new opportunities. It is open season for dynamic, inclusive, and thriving local ecommerce ecosystems to build on this.

Across both developed and developing economies, the growing penetration of ecommerce has led to the prioritised introduction of appropriate policies and legal frameworks. The ecommerce “gold rush” needs proper oversight and regulation.

The primary drive of ecommerce should be inclusive and enabling. To this end, policies and regulations must navigate a complex interplay between global trade, retail freedom, market access, competition, taxation, and industrial policy.

Consumer protection, data governance, and intellectual property protection are also crucial. This is why regulatory challenges and interventions, in both developed and developing economies, primarily address unfair competition. There is a significant and mostly positive impact of large multinational ecommerce companies, commonly known as Very Large Online Platforms (VLOPs), on domestic economies. However, there can also be “level playing field” concerns. These might include labour, customs, products and data integrity, amongst others. This by no means generalises VLOPs. In the interests of their own brand reputations and business safeguards, they tend to react swiftly to public concerns. Regulatory bodies need to monitor and legislate as rapidly as ecommerce expands.

Some countries adopt a more developmental approach. Ecommerce regulation is integrated into mainstream national ecommerce policies with national development plans that protect localisation. For example, China's 14th five-year plan has a target to grow ecommerce to 47 trillion yuan (about R114,2 trillion or US\$6,6 trillion). This is expected to generate 70 million jobs. Key levers of the plan include establishing rural ecommerce public services, fostering supply chains, enhancing connectivity between agriculture and commerce, and providing training for ecommerce entrepreneurs.

The success of ecommerce in Indonesia, India, and other developing economies, shows that its benefits extend beyond high-income countries and urban areas. There is significant potential to employ unskilled and semi-skilled workers in delivery, shop design, packaging, and fulfilment centres.

Established ecommerce nodes in villages have fostered local supply chains, connecting rural businesses to global markets. Impoverished regions have created opportunities by promoting local industry and cross-border trade.

The influx of powerful offshore ecommerce platforms is driving ecommerce acceleration, yet many operate without substantive brick-and-mortar presence, labour commitments, or local tax or customs duty obligations. This poses a strategic risk to domestic ecommerce ecosystem development, industrialisation, and a level playing field (United Nations Conference on Trade and Development (UNCTAD), 2022; IMF, 2023; National Treasury, 2023).

While there is no denying the convenience and competitive pricing that consumers enjoy, an uneven playing field can develop. Local businesses are forced to compete against global giants with ultra-fast supply

chains, industrial scale, globally optimised logistics, and minimal regulatory obligations. Estimates suggest that Temu and Shein have captured a disproportionate share of South Africa's online clothing sales. Demand is diverting away from local value chains. Up to 34,000 local manufacturing and retail jobs could be at risk by 2030 (Localisation Support Fund, 2025).

As ecommerce expands, as declining data costs broaden digital adoption, as last-mile delivery and fulfilment keep innovating, South Africa needs to embrace global ecommerce competition while supporting and growing the local ecommerce ecosystem. Regulation and policy must safeguard national interests. It is a delicate balance.

An empirical analysis gives a clear perspective. UNCTAD provides an eTrade Readiness Assessment framework to evaluate a country's ecommerce ecosystem. Six definitive pillars provide the model for a maturity assessment.

Like Brazil, India, and China, South Africa's ecommerce ecosystem is in a healthy 'expanding phase'. However, there is a glaring contrast. South Africa's local ecommerce market has yet to reach corresponding levels of integration, scale, and technological sophistication of these other countries.

Structural weaknesses persist in areas critical to platform scaling and digital export readiness:

- Fragmented regulatory enforcement, allowing unfettered foreign competition
- Underdeveloped last-mile logistics
- Limited Micro, Small, and Medium Enterprises (MSME) onboarding
- Digital literacy gaps
- Insufficient support for township and rural economies

Compared with the ideal international development, South Africa is at imminent risk of an ecommerce ecosystem imbalance, one of exclusion rather than opportunity. Hence, the timely sharing of this report and need for urgent attention to its findings and recommendations in

terms of a national ecommerce strategy that includes:

- A national, data-informed roadmap inducing trust and inclusivity aligned to South Africa's broader developmental aspirations
- Analysis of regulatory gaps
- Modelling South Africa's ecommerce maturity with strategic commitments embedded in the National Development Plan (NDP)
- The Digital Economy Master Plan (DEMP)
- The National Integrated Information and Communication Technology (ICT) Policy White Paper
- The African Union's (AU) Digital Transformation Strategy for Africa (2020-2030)
- The African Union Agenda 2063
- The African Continental Free Trade Area (AfCFTA) Digital Trade Protocol

The key challenges



These comprehensive research findings can be summarised as a "Big Five List" that identifies the specifically South African issues at hand:

- **Regulatory fragmentation:** Oversight is siloed within a range of regulatory bodies with relevant but diverse focus areas. This fragmentation is exacerbated by inadequate co-ordination amongst key regulatory institutions. This can result in foreign players operating outside of the ambit of South Africa's own ecommerce ecosystem.
- **De-industrialisation:** Without local content rules or domestic platform incentives, ecommerce risks displacing, rather than building, domestic value chains.
- **Digital exclusion:** Township economies, which host over 1,1 million MSMEs, still rely on cash-based transactions. Over 60% of these businesses operate informally and lack digital onboarding support. (Finmark Trust, 2022).
- **An uneven playing field:** Dominant global platforms like Shein enjoy customs duty and tax concessions, operational scale, and low compliance costs, which disadvantage local platforms and MSMEs.
- **Data sovereignty and platform power:** Limited regulation and monitoring of cross-border data flows, as well as algorithmic transparency, risks economic control being handed to foreign platforms.

Methodology

The UNCTAD eTrade Readiness Assessment Framework

In order to provide a snapshot of South Africa’s ecommerce ecosystem, together with an analytical framework, the six pillars of the UNCTAD’s eTrade Readiness Assessment were applied. Each pillar has a particular focus area with key substantiating indicators:

Table 1: UNCTAD eTrade Readiness Assessment – pillars and indicators

Pillar	Focus	Key indicators
 Legal and regulatory frameworks	Reviews the legal and regulatory environment for ecommerce, focusing on laws related to electronic transactions, consumer protection, data privacy, and cybersecurity.	Laws on electronic transactions, consumer protection, data privacy, cybersecurity legislation, intellectual property rights, and confidence-building mechanisms for online transactions.
 ICT infrastructure and services	Evaluates the availability, quality, and affordability of ICT infrastructure and services necessary for digital connectivity and ecommerce operations.	Internet penetration rates, affordability and availability of internet services, mobile network coverage, access to electricity and digital devices, and quality of ICT services.
 Payment solutions	Examines the accessibility and reliability of digital payment systems, financial inclusion, and the regulatory environment supporting secure electronic transactions.	Penetration of digital payment systems, financial inclusion indicators, regulatory frameworks for electronic payments, and availability of secure payment gateways.
 Trade logistics and facilitation	Analyses the efficiency and reliability of logistics and trade facilitation systems, including postal and courier services, customs procedures, and delivery infrastructure.	Efficiency of postal and courier services, customs procedures and clearance times, existence of national single windows and paperless trade systems, and infrastructure for warehousing and last-mile delivery.
 Skills development	Measures the level of digital skills and training available to individuals and businesses, including formal education and capacity-building programmes for MSMEs.	Digital literacy rates, availability of ICT and ecommerce training programmes, integration of digital skills in education curricula, and capacity-building initiatives for MSMEs.
 Access to financing	Assesses the availability of financial resources and support mechanisms for ecommerce businesses, including access to venture capital, tailored financial products, and inclusion in financial systems.	Availability of venture capital and start-up funding, financial products tailored for ecommerce businesses, government or donor support for digital entrepreneurship, and inclusion of MSMEs in financial systems.

Source: UNCTAD, 2023. *Fast Tracking the Implementation of eTrade Readiness Assessment*

Using the UNCTAD pillars as a structural base, this document articulates a co-ordinated set of core interventions to address:

- The narrowing of South Africa’s ecommerce divide
- Protecting revenue generation for local ecommerce vendors
- Enabling level “playing fields” in local digital markets
- Stimulating industrial and MSME value-add and integration within a national ecommerce ecosystem and niche ecommerce zones
- Leveraging South Africa’s position as a leading regional hub for ecommerce

This strategic guideline establishes a framework for comprehensive non-regulatory and regulatory interventions. As international platforms expand their market reach with minimal local obligations, South Africa requires adequate policy and regulatory responses. In short, the future of South Africa’s digital commerce needs to be both locally equitable and globally competitive.

The Digital Horizon Report by MISTRA and Naspers (2024) emphatically underscores this. It estimates that digital platforms in 2025 could contribute upwards of R90 billion to the country’s GDP by 2035. The key enablers are:

- Accelerating the pace of digital development
- Augmenting the digital skills base
- Future-proofing investment in digital infrastructure
- Aligning regulation with ecommerce maturity
- Creating opportunities and inclusivity for MSMEs

To recap, the critical policy objective from this report is the need to harness and take in hand the challenges and opportunities of the rapidly evolving ecommerce ecosystem.

How do we optimise digital commerce for national development without inadvertently allowing offshore platforms to undermine local capacity, innovation, and competitiveness?

There is a pressing need to mature the ecommerce model responsibly and effectively to secure South Africa's competitive standing in the international arena. A qualitative situational analysis is followed, using all the tools outlined in the above table. In doing so, the analysis will draw on the comparative, international examples of regulatory and targeted, state-led interventions, including:

- India's FDI restriction model
- China's rural inclusion, or Taobao, model
- The European Union (EU) Digital Market Act

Using an empirical approach to market analysis, we examine the structure, dynamics, and performance of South Africa's ecommerce landscape. There will be specific emphasis on enablers, local and international players, product categories, and spatial characteristics. Importantly, a stakeholder analysis is then carried out to identify key performers that are likely to influence or stifle South Africa's ecommerce regulatory and policy environment.



The analytical framework for ecommerce maturity

This is an internationally applicable model for gauging the developmental stages of South Africa's digital commerce ecosystem. It segments ecommerce evolution into four phases:

- **Nascent:** This is early-stage adoption. There is minimal consumer engagement with limited digital infrastructure and a small number of emerging platforms. Contributing factors are structural challenges, such as poor connectivity, low digital literacy, and restricted access to finance. Government intervention is crucial in laying the groundwork through infrastructure investment, entrepreneurial training, and basic legal architecture.
- **Emerging:** Here, improved internet access leads to the rise of online and consumer-to-consumer (C2C) commerce. However, there can still be issues such as logistical inefficiencies and trust deficits, including the prevalence of counterfeit goods. Regulatory support needs to build market credibility, focusing on consumer protection, secure payment systems, and enforcement of intellectual property rights.
- **Expanding:** This is a rapid growth stage in both supply and demand. A key driver is the adoption of mobile internet with smartphone access. Ecommerce platforms become more sophisticated, competition intensifies, and product offerings diversify. Policy efforts will begin to include more systemic support, including interoperable payment systems, logistics innovation, and regulation of platform behaviour to ensure fair competition with inclusive growth.
- **Maturity:** This is marked by slower user growth but increased transaction volumes and global integration. Ecommerce becomes increasingly embedded in global value chains. Consumer demand and expectations continue to rise. Regulatory frameworks now begin to emphasise international alignment, digital rights, and fair taxation. The state's role becomes that of a facilitator, and to an extent, a referee. It monitors the level playing field in safeguarding the public interest.

Ecommerce markets do not develop evenly. They remain fluid and intuitive. There are trade-offs and even opportunity costs for every national economy, each defined by distinct ecosystem attributes (the UNCTAD pillars) and corresponding market attributes (the share of ecommerce to total retail sales and fulfilment rate with average delivery times). However, a life-cycle-based policy approach ensures that interventions can tackle this asymmetric nature. It pinpoints specific needs in different market segments in navigating towards the most robust and fair ecommerce maturity.

By grading maturity, appropriate strategies for specific challenges can be applied, such as township integration in the nascent phase or export promotion in the expanding phase. It will also guide inclusive development, identifying when and how to integrate underserved communities and MSMEs into the digital economy. Most importantly, in the collective drive towards ecommerce maturity, it is essential for coherent planning and policy.

An ecommerce maturity index construction

This study applies a weighted Composite Ecommerce Maturity Index (CEMI) to evaluate South Africa’s digital commerce ecosystem. The period under review is from 2011 to 2022. The analytical framework is built on the six foundational pillars which are already noted above.

An overall ecommerce maturity index was constructed by averaging an equal-weighted approach assigned to each pillar based on:

- Their theoretical importance in digital economy ecosystems
- Their empirical contribution to overall variance, as revealed through Principal Component Analysis (PCA) eigenvalues (essentially the results of applying different scaling factors), and explained variance scores (Nardo et al., 2008; OECD, 2019; World Bank, 2023).

This additive composite index provides a unified measure of maturity over time. Higher scores indicate a more developed and inclusive ecommerce ecosystem.

The CEMI is given as follows:

$$CEMI_t = \frac{1}{N} \sum_{i=1}^N w_i P_{it} \dots\dots\dots \left(1\right)$$

Where:

- CEMI_t = Composite Ecommerce Maturity Index in year “t” (so, any year from 2011 to 2022).
- N = Number of pillars (in this case, **the 6 reviewed in Table 1 above**).
- w_i = Assigned weight of a particular pillar “i”.
- P_{it} = Score of a particular pillar which is defined as “i”, in a particular year “t”.

Maturity classification thresholds

The higher the index score, the more mature the ecommerce status. Maturity scores were classified into four categories based on their composite values:

- Below 0.00 → Nascent**
- 0.00 to 0.50 → Emerging**
- 0.51 to 1.00 → Expanding**
- Above 1.00 → Maturity**

This classification is adapted from UNCTAD (2022) and modified to reflect typical growth trajectories of digital ecosystems in developing contexts (Banga & te Velde, 2020; GSMA, 2023). Comparative insights from international markets (Brazil, India, China, Kenya, Nigeria, UK) are used to benchmark South Africa’s ecommerce readiness and inform policy recommendations. This approach ensures that regulatory proposals are grounded in actual market conditions and tailored to South Africa’s unique, dual-economy context.

Data limitations

CEMI does have data limitations, which include:

- Gaps in time-consistent time series data, disaggregated across regions and sectors
- Limited data availability on township economies, or underserved communities
- A lack of platform-level or market attributes data on ecommerce penetration rate, average order value, fulfilment rates, churn rates, and user engagement

Addressing these limitations is important for more realistic benchmarking, policy formulation, and monitoring progress toward ecommerce maturity. Note in the table below how the study balances proxy (or approximating) indicators with more direct and ideal indicators. Below is the outline of proxy indicators used in the CEMI construction for which data is available for South Africa and comparator countries between 2011 and 2022.

Table 2: Proxy indicators used in CEMI construction vs ideal indicators

UNCTAD pillars	Proxy indicators used in the CEMI model	Ideal indicators needed to improve model robustness
 Legal and regulatory frameworks	Regulatory Tracking Index (Source: International Communications Union)	- Number of consumer complaints - Cybersecurity legislation and enforcement - Digital identity and authentication frameworks - Cross-border data flow regulations - Existence of ecommerce laws
 ICT infrastructure and services	2G, 3G and LTE mobile network coverage % of household with internet access at home – proxy for broadband % of household with access to electricity	- Availability and affordability of broadband services - Quality of ICT services (speed, reliability) - Number of secure internet servers - Number and capacity of data centres
 Payment solutions	% age 15+ who have made, or received, digital payment	- Access and penetration of digital payment system - Availability of international payment gateways - Sophisticated and secured payment platforms - Transaction cost - Financial inclusion indicators.
 Trade logistics and facilitation	Logistics performance index, which includes metrics on customs clearance, infrastructure quality, and shipment tracking (Source: World Bank)	- Logistics performance index - Delivery times for domestic and cross-border shipments - Ecommerce parcel tracking capabilities - Warehousing and fulfilment infrastructure
 Skills development	Proportion of youth up to age 25 who completed primary school education.	- Digital literacy rates - Ecommerce adaption by mainstream consumers and businesses (i.e. % of active internet users shopping online) - ICT education and training - Number of entrepreneurs in digital sectors
 Access to financing	Financial Inclusion Index – measuring access, usage and quality of financial products. (Source: World Bank)	- Financial inclusion metrics - Venture capital and start-up funding - Government incentives for ecommerce businesses

Conceptual analysis: The rise of ecommerce as a global trade enabler

Seemingly boundless opportunities for global ecommerce have been established. This also recognises the possible impact on local economies and national interests. Several countries' ecommerce regulatory regimes are therefore guided by national economic interests and security. Factored into this are international accords and geopolitical dynamics. Their ecommerce ecosystems are thus not entirely autonomous.

As a result, growth in global ecommerce inevitably leads to concerns of how countries safeguard their national economic interests. How do countries exercise their own national regulatory discretion without compromising the broader, global free trade agenda? Global ecommerce needs to be increasingly aware of the regulatory and policy approaches of participating national ecommerce ecosystems – and vice versa.

Definition of ecommerce and implications for regulation

As expected, the landscape of ecommerce is filled with academic and policy-orientated definitions. This is partly due to the relentless innovation and the multifaceted nature of ecommerce. In pursuit of clarity, definitions can

become too narrow or rigid, forestalling the innovative progress of ecommerce. There can also be a lack of response or inadequate anticipation in terms of the risks presented by new business models. The various definitions of ecommerce itself – by highly regarded academics and institutions – give us a sense of complexity:

- UNCTAD and OECD jointly view ecommerce as computer-mediated networks specifically designed for the exchange of goods and services (Fredriksson, 2017; UNCTAD, 2017).
- WTO encompasses the production, distribution, marketing, and sale of goods and services through technology that is specifically designed to place and receive orders (Ismail, 2020).
- Laudon and Traver (2021) define ecommerce simply as digitally enabled transactions between and among organisations and individuals.

These definitions exclude transactions conducted via telephone and email but imply that channels of distribution (employees) and marketing (online advertising) must be included in ecommerce regulation. The South African Value Added Tax (VAT) Act further recognises various product segments, such as digital content and financial services (excluding telecommunication services), as part of ecommerce (SARS, 2019).

The implications are explained in more detail below.

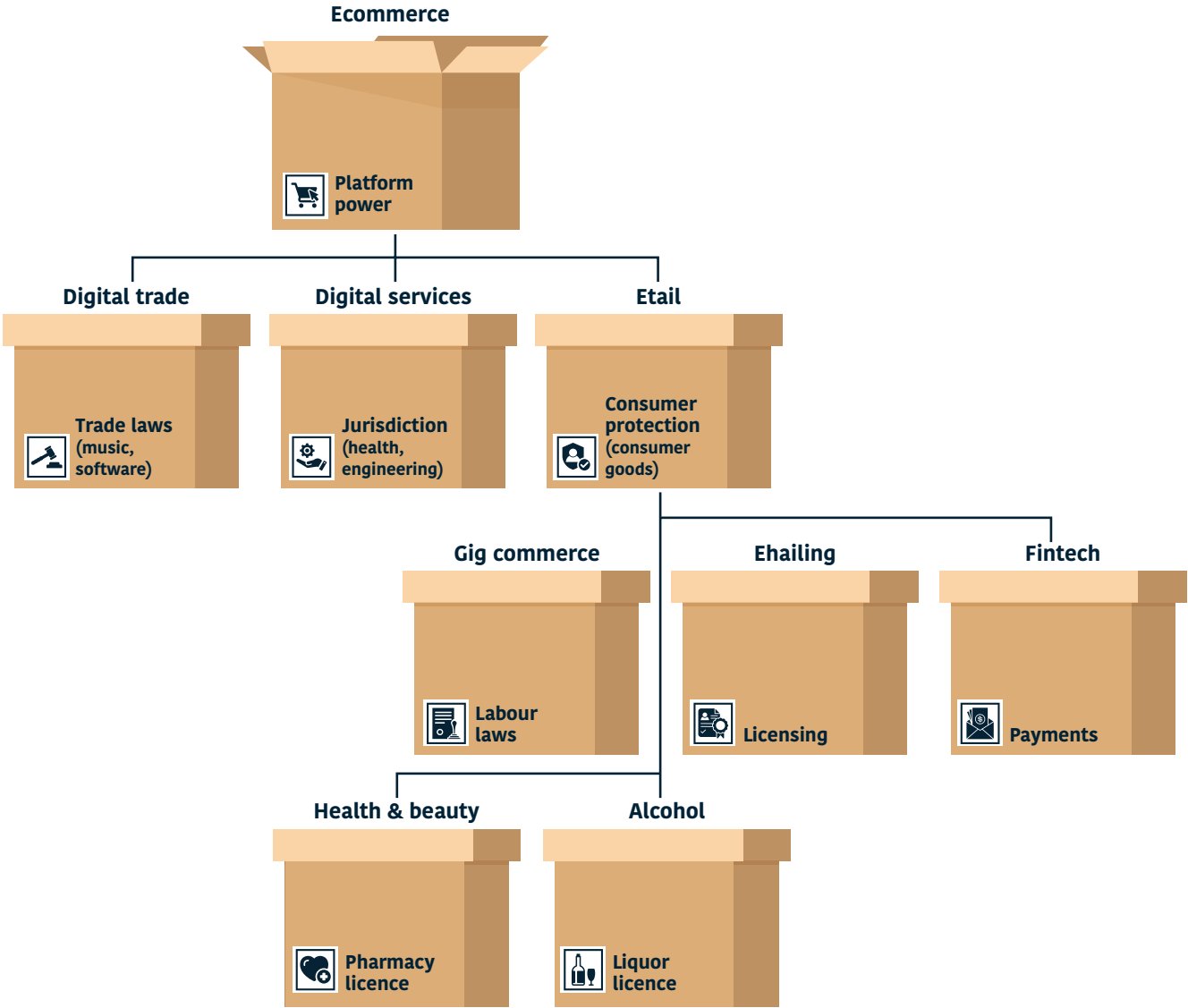


Figure 1: Ecommerce transactions and market segments

It is clear that ecommerce straddles numerous categories of digital trade:

- Different transaction types like Business-to-Business (B2B) or Business-to-Consumer (B2C) have distinct regulatory requirements.
- Etrade specifically focuses on cross-border buying of goods and services online, where trade laws might be applicable.
- Eservices focus on the delivery of services through the internet or other ICT technologies.
- Etail narrowly captures the online retailing of goods and services but is strategically integrated with subsegments like gig work, ehailing, and fintech.

All play a critically enabling role in the broader ecosystem. Controlled product categories (like medication and

alcohol) that are sold through ecommerce platforms require stringent compliance beyond standard ecommerce regulations like consumer protection. A similar example would be the surge in Buy Now, Pay Later (BNPL) gateways.

While this facilitates ecommerce growth through boosting affordability and conversion rates, supplementary regulation will need to include ecommerce vendor compliance under strict consumer credit laws. Likewise, the integration of gig work and ehailing within the ambit of etail would imply ancillary compliance with labour and transportation laws.

It becomes apparent that an ecommerce regulatory environment can easily become convoluted. This report presents the necessary groundwork, interrogation, and applicable modelling for South African stakeholders to reach a strategically informed, regulatory consensus.

An adopted definition of ecommerce, therefore, needs to be fit for purpose. It helps create a regulatory paradigm with which to safeguard and support the specific needs and development of the ecommerce ecosystem.

Table 3 illustrates the various dimensions of ecommerce definitions, including regulatory implications and

alignment to the UNCTAD framework. This framework is adapted to formulate South Africa’s specific definition of ecommerce in the following section, PART 2. This approach allows for targeted policy interventions in infrastructure, regulation, and digital onboarding that can unlock inclusive economic opportunities for small businesses and township-based entrepreneurs.

Table 3: Dimensions for defining ecommerce

Dimension	Scope	Regulatory implications	UNCTAD pillar integration
Transaction nature	Sale/purchase of goods/services	Trade restrictions, payments	Trade logistics and facilitation
Transaction channel	Online via networks	ICT and connectivity	ICT infrastructure and power
Parties involved	Businesses, individuals, governments	Inclusion, compliance, enforcement	- Skills and capacity development - Access to finance
Business models	B2C, B2B, B2G, C2C	Licensing, competition, FDI, taxation	Law and regulation
Order placement method	Internet or EDI	Privacy, consumer protection	- Law and regulation - ICT infrastructure - Skills development
Payment method	Digital and other means	Fraud, transaction costs, mobile payments	Payment solutions
Delivery channel	Digital and physical	Labour, consumer protection, taxation, product safety	- Trade facilitation and logistics - Law and regulation

Source: (UNCTAD, 2023 – Kenya Ecommerce Strategy.)

Etail is the most visible and fastest-growing ecommerce sector. It encompasses both B2C and to a lesser extent, B2B. This report therefore places emphasis on etail as being the most relevant sector for South Africa’s regulatory focus. It incorporates all the pertinent touchstones, including:

- Value chain integration
- MSME onboarding
- Strong consumer uptake via mobile phones
- High growth potential in domestic retail and SADC trade corridors
- The knock-on effects for logistics, warehousing, digital payments, and employment

Why ecommerce matters: Insights from grey literature

Grey literature refers to the broad archive of materials like government reports, dissertations, conferences and white papers. It is largely independent research, observation and commentary which gives us a more objective scope, as opposed to subjective literature that originates from ecommerce participants themselves. This is a more objective approach of looking from the outside in.

Ecommerce drives industrialisation and inclusive development

Ecommerce is increasingly recognised as a catalyst for industrialisation and inclusive economic development. It enables small, rural, and township-based businesses to access broader markets, both domestically and internationally. This expanded market access encourages increased production, supply chain modernisation, and improved logistics co-ordination, all of which foster industrial growth (Goga et al., 2019; Tempest, 2020; FAO, 2021).

The integration of ecommerce technologies enhances supply chain resilience and competitiveness, allowing manufacturers to reduce costs and reach new suppliers. Of particular interest is China’s rural ecommerce model, demonstrating how targeted infrastructure and policy support can alleviate poverty and reduce inequality (World Bank, 2019; Cortese, 2020).

In South Africa, MSMEs contribute about 40% of GDP (UNDP, 2024), yet many township and rural enterprises remain informal and digitally excluded. Investment in ICT infrastructure and logistics is essential to integrate these businesses into the digital economy.

The township economy, valued at around R900 million, employs 2,6 million people and contributes significantly to GDP, with R150 billion spent annually at local spaza shops (Rogerwilco, 2024). Ecommerce also facilitates participation in global value chains, enabling skill and knowledge transfer and the upgrading of local products to higher value offerings (Lee, Gereffi & Barrientos, 2011).

Ecommerce offers an accessible route to market and cross-border trade

Ecommerce serves as a powerful route to market, enabling businesses to engage in both local and international trade. It lowers traditional barriers to entry by eliminating the need for physical storefronts and reducing overhead costs (World Bank, 2019). Digital platforms and mobile applications allow even small businesses to create online stores, manage inventory, and process payments efficiently.

The global ecommerce market was valued at US\$24,5 trillion in 2024 and is projected to reach US\$73,52 trillion by 2030 (Research and Markets, 2025). Cross-border transactions are increasingly common, with MSMEs leveraging digital platforms to expand exports and participate in global value chains (World Customs Organization, 2018).

Technological innovations such as Software-as-a-Service (SaaS) and cloud-based delivery systems have made ecommerce more accessible. Mobile usage, with over 7,21 billion smartphones globally, enables businesses to reach consumers through mobile-friendly platforms (Howarth, 2025). Integrated payment gateways support multi-currency transactions and offer fraud protection, making international trade safer and more efficient (Stripe, 2024; PXP Financial, 2025). Ecommerce also enables businesses to collect and analyse consumer data, allowing for targeted marketing and access to niche markets regardless of geographic location (Sanjeevram and Narmatha, 2025).

Factors contributing to flourishing ecommerce

The flourishing of ecommerce is driven by a combination of technological, infrastructural, and behavioural factors. Key enablers include improved internet and mobile connectivity, secure and flexible digital payment systems, and advancements in logistics and delivery infrastructure. These developments have made online shopping more accessible and trustworthy for consumers (Goga et al., 2019; World Wide Worx, 2024).

Consumer trust is reinforced through mechanisms such as clear return policies, strong customer support, and secure transaction systems. Additionally, the shift in consumer preferences toward convenience and sustainability is reshaping shopping habits and further propelling the growth of ecommerce platforms.

Digital transformation initiatives, including the adoption of faster payment systems and contactless technologies, have expanded financial inclusion and facilitated broader participation in the digital economy (Finscope, 2021). Collectively, these trends indicate a robust foundation for continued ecommerce expansion.

Table 4: Key drivers of ecommerce success and expected outcomes

Focus Area	Key Drivers / Insights	Impacts / Outcomes	Sources
Ecommerce drives industrialisation and inclusive development	- Market access for small and rural businesses - Supply chain modernisation - Real-time coordination - Infrastructure investment	- Industrial growth - Cost reduction - Inclusion of informal MSME participation in global value chains	(Tempest, 2020; FAO, 2021)
Ecommerce offers accessible route to market and cross-border trade	- Digital platforms enable global reach - Lower entry barriers (no storefront needed) - Mobile apps and SaaS tools - Multi-currency payment gateways	- Export growth for MSMEs - Access to niche markets - Enhanced customer targeting - Safer cross-border transactions	(Research and Markets, 2025; Stripe, 2024)
Additional factors contributing to flourishing ecommerce	- Improved internet and mobile connectivity - Secure digital payment systems - Efficient logistics and delivery - Consumer trust mechanisms - Shift toward convenience and sustainability	- Increased accessibility and trust in online shopping - Expansion of digital transactions - Growth in ecommerce participation	(Goga et al., 2019; Peach Payments, 2024)

Global ecommerce regulatory overview

The development of inclusive ecommerce and digital markets will require that governments make use of regulatory and non-regulatory measures to support the inclusion of MSMEs, job creation, and investment. Regulation can provide the legal tools necessary for remote contracts, clarify the rights and obligations of the multiple players involved in digital transactions, and establish a framework that promotes consumer trust in digital markets (Daza Jaller et al., 2020). Current gaps in terms of ecommerce readiness, between and within countries, imply that benefits from ecommerce are not evenly shared. Regulation can address this by fostering the inclusion of small businesses by promoting competition and lowering barriers to entry into ecommerce and digital markets.

Regulatory enablers and constraints of ecommerce

As ecommerce becomes increasingly central to the global economy, it also raises complex regulatory challenges across multiple dimensions. Platform power, cross-border trade, taxation, and product regulation are coming under global scrutiny. The internet’s global reach challenges the jurisdictional scope of regulations. Rapid technological innovation requires constant updating of the regulatory framework, while cross-border transactions aggravate enforcement challenges. The growing dominance of multinational offshore platforms makes fair playing field regulations difficult, and susceptible to geopolitical pressures (Goga et al., 2019).

Governments across the globe are adopting and co-ordinating responses to address anti-competitive behaviour, protect consumers, and ensure fair taxation and trade practices. While ensuring fair practice and safe transactions, regulations can present an added layer of complexity and cost for online businesses that can stifle innovation. Table 5 outlines some of the key areas of regulatory concerns with common international responses.

Table 5: Strategic areas of ecommerce regulation and intervention

Focus Area	Key regulation issues	Common responses/interventions
Platform power and route to market	- Market concentration - High entry barriers - Data control - Exclusive arrangements - Self-preferencing	- Fines for abuse of dominance - Regulation of advertising charges - FDI restrictions - Data, portability and interoperability - Anti-counterfeit and review authenticity requirements
FDI regulation	- Dominance of multinational platforms - Inventory control by foreign entities - Price manipulation	- Restriction to marketplace model - Prohibition of inventory-based FDI - Ban on exclusive vendor agreements - Limits on equity stakes in sellers
Cross-border trade	- Tariff moratoriums - Data sovereignty - Low-value shipments - Digital manufacturing	- WTO agreements on tariff-free digital trade - Data localisation - Legal recognition of electronic contracts - Digital services taxes - Protection of local ecommerce players
Taxation	- Tax avoidance - Lack of physical presence - Uneven playing field - Data value	- Expanded digital residency rules - Digital services levy - Taxation based on substantial digital presence
Product restrictions	- Safety and legality of cross-border goods - Restricted items (pharmaceuticals, alcohol, weapons)	- Licensing and permits - ISO standards enforcement - Country-specific import regulations
Consumer protection	- Fraudulent transactions - Misleading advertising - Data misuse - Lack of redress mechanisms	- Clear return and refund policies - Transparent pricing and reviews - Data privacy laws - Dispute resolution systems

Regulatory enablers and constraints of ecommerce

Regulatory measures further provide the legal infrastructure for secure transactions and equitable participation by small businesses and underserved communities. The enabling features of the regulations include:

- Consumer protection laws:** These laws safeguard buyers against fraud, misleading advertising, and defective products. They mandate clear return policies, transparent pricing, and dispute resolution mechanisms to build trust in online shopping (Daza-Jaller et al., 2020).
- Data privacy regulations:** Laws such as the General Data Protection Regulation (GDPR) in Europe, and South Africa’s Protection of Personal Information Act (POPIA), ensure responsible handling of personal data and empower users with control over their information (European Union, 2016; SA Government, 2013). POPIA also applies to all registered businesses and includes cross-border protection of South Africans’ personal data.
- Payment and financial regulations:** These govern electronic payment systems, mobile money, and digital wallets to prevent financial fraud and promote financial inclusion (Agrawal & Fox, 2017).
- Taxation and trade policies:** Simplified tax frameworks help small businesses comply with regulations while reducing administrative burdens. Trade policies can also address cross-border ecommerce operations and ensure fair competition (Agrawal & Fox, 2017).
- Logistics and supply chain standards:** Regulations governing shipping, warehousing, and last-mile delivery – often supported by technologies such as blockchain and barcodes – enhance traceability and consumer safety (das Nair & Nontenja, 2023).

- Competition regulation:** These rules prevent monopolistic behaviour by dominant multinational platforms, lower entry barriers, and ensure fair market access for SMEs (Goga et al., 2019)

Non-regulatory enablers of ecommerce

Regulatory frameworks are essential for upholding legal certainty and consumer protection in digital markets. Non-regulatory enablers play a crucial role in harnessing inclusive ecommerce adoption and participation, innovation, and market growth. Non-regulatory enablers of ecommerce are especially relevant for small businesses, digitally excluded entrepreneurs, informal enterprises, and communities that endure structural barriers to participation. Some of the non-regulatory initiatives may include:

- Digital skills training for entrepreneurs and MSMEs
- Enterprise development programmes to build business capacity
- Public-private partnerships to invest in platforms and logistics
- Development finance to reduce technology adoption costs
- Cybersecurity awareness campaigns to build consumer trust and transparent review systems to enhance credibility and participation
- Trustmarks provided by associations to assist in building consumer trust

These non-regulatory enablers are common in Kenya, Nigeria, and India, which have introduced overarching ecommerce strategies and policies. Initiatives include upgrading postal logistics, broadband expansion, and government-backed ecommerce platforms.

China has a hands-on, state-led approach, yet it also has a compelling model for a co-ordinated and enabling non-regulatory environment. These catalysts nurture broader digital transformation and inclusive growth through ecommerce. By 2024, China had become the world's largest ecommerce market, accounting for over half of global online retail sales and serving over 710 million digital buyers.

The achievement was supported, in part, through a succession of five-year development plans. The 14th Five-Year Plan (2021–2025) set a target of growing the digital economy's share of GDP from 7.8% in 2020 to 10% by 2025. Concerted attention was given to the upgrading of digital infrastructure. Data is now treated as a core economic resource. Digital transformation is promoted across industries. There is significant innovation and advancement in AI, blockchain, and quantum computing. Correspondingly, there is a marked strengthening of regulatory digital governance and cybersecurity.

Integral to China's digital forays is its soft power strategy to influence global ecommerce through the Belt and Road Initiative (BRI), which now includes the Digital Silk Road (DSR) (Silva, 2025). By 2024, China had established over 160 local cross-border ecommerce pilot zones across 31 provinces, responsible for 90% of the country's cross-border ecommerce trade volume, as part of the DSR.

Internationally, China has established Digital Free Trade Zones (DFTZs) in Malaysia, aiming to boost MSME exports to US\$30 billion and create 60,000 jobs. Key features of the DFTZs are regional fulfilment hubs. They are optimised specifically for ecommerce and platforms that enhance

MSME connection to global markets. They also offer simplified customs processes with prompt cargo handling, among other things (Wang, 2024).

Critically, China's ecommerce surge has firm financial backing. The People's Bank of China's Fintech Development Plan (2022–2025) complements the broader strategy by promoting digital finance. The Chinese eBridge initiative in 2021 is based on a central bank digital currency. It now counts over 20 national partners and observers. It offers extremely fast currency exchange at low costs. The government also incentivises commercial banks and investment funds to support ecommerce MSMEs through tax incentives, direct development finance, and enterprise development programmes. China has effectively closed the rural-urban digital economy divide with targeted, flagship programmes that integrate rural communities with ecommerce.

The Taobao rural programme (Rural Ecommerce Demonstration Programme) was introduced in 2014. Its dedicated focus was to build rural ecommerce services, supply chains, and training programmes. By 2018, it had reached over 1,000 counties, many of which were poverty-stricken. Initiated by Alibaba in collaboration with local governments and co-operatives, Taobao promotes local industry, localisation, and improves access to goods and services by linking distant rural producers with other rural buyers and urban consumers. The programme has evolved through stages, focusing on building ecommerce service networks, improving logistical connections, promoting entrepreneurship, and providing rural financial services (World Bank, 2019).

International examples of bold ecommerce-specific regulations

The EU's Digital Markets Act (DMA, 2023) sets an international precedent in curbing the dominance of "gatekeeper" platforms. These are large and dominating digital intermediaries whose size allows them to impose unfair terms on users and limit competition. The DMA mandates obligations such as platform neutrality (no self-preferencing), data interoperability, transparency in price advertising, and data portability for business users. The Digital Services Act (DSA) complements this by regulating content moderation and algorithmic transparency. It prohibits potential harm by upholding fairness and compliance, as well as cross-border liability for illegal or defective products and services. The EU member states are presently implementing the regulation.

The United Kingdom follows a principle-based regulatory framework. The Digital Markets, Competition, and Consumers Act of 2024 creates a new digital market competition regime. The Competition and Markets Authority (CMA) now has the authority to designate powerful digital firms with Strategic Market Status (SMS) for digital activity. Interventions can then be imposed to promote greater competition and innovation. Enforcement authority is given latitude in both defining and applying the appropriate requirements (UK Parliament, 2024).

India's ecommerce sector is rapidly expanding. The ecommerce landscape is vast and diverse, supported by an extensive network of contracted informal manufacturers. Projections to reach US\$136,47 billion by 2026 are driven by rising incomes, smartphone penetration, and affordable internet access. However, its regulatory framework faces mounting challenges from the dominance of foreign platforms, as well as geopolitical frictions. Growth in hyperlocal services and social commerce (Meesho,

GlowRoad) has increased participation of small sellers, especially women, in rural areas. Platforms allow sellers to reach customers via social media with minimal investment.

Some offshore and highly organised ecommerce platforms have entered the Indian market through the acquisition of local start-ups. This has triggered concerns about competition for local ecommerce vendors, brick-and-mortar businesses, as well as FDI. Consequently, India introduced ecommerce-specific FDI restrictions that limit inventory-based models, but allow 100% FDI in marketplace models. Foreign platforms must act as intermediaries, rather than direct sellers. The regulations prohibit control over inventory, exclusive vendor agreements, and price manipulation. Despite these rules, investigations found violations by Amazon and Flipkart, including preferential treatment and indirect inventory control.

In 2019, India introduced the National Ecommerce Policy to ensure fair competition, consumer protection, and data governance. Key proposals in the policy include:

- Localisation of data within India through third-party Indian companies
- Transparency in algorithms and platform operations
- The designation of infant industry status for small businesses to support their growth
- The use of India Post to reduce logistics costs for MSMEs

The policy has faced delays due to intense lobbying by foreign governments and companies (Walmart). Geopolitical tensions have escalated, especially between the USA and China (following the 2020 ban on Shein). There are now concerns of trade retaliation and FDI slowdown. Consequently, India recently repealed its digital ad tax (dubbed the equalisation levy or Google Tax), possibly in response to US pressure.

Geopolitical dynamics of ecommerce regulation

The regulation of ecommerce is increasingly shaped by global geopolitical dynamics, particularly the influence of powerful multinational corporations and the strategic interests of major economies like the United States and China. While regulation is essential for ensuring fair competition and protecting domestic markets, its enforcement is often constrained by international power asymmetries and political pressures.

Multinational corporations (MNCs), especially in the digital and ecommerce sectors, possess resources and influence that often exceed those of many nation-states. This enables MNCs to lobby against regulations that threaten their market dominance, reinforcing global inequalities and limiting the regulatory autonomy of developing countries (Roach, 2007).

Under the second Trump administration, the US adopted an aggressive trade stance, including the “America First Trade Policy”, which proposed retaliatory tariffs against countries imposing digital service taxes or regulations perceived as discriminatory toward American firms (The White House, 2025; EY, 2025). This has led to tensions with the EU, Canada, and China. As noted above, countries like India are under pressure to delay or soften their ecommerce regulations (Policy Circle Bureau, 2025).

In contrast, China follows an assertive model of digital diplomacy. The Chinese government has historically restricted foreign ownership in its digital economy, requiring joint ventures and limiting foreign equity in value-added telecom services (Livdahl et al., 2016). These policies have facilitated the rise of domestic giants like Alibaba, Tencent, and Baidu. Further, China actively

engages in digital diplomacy through the DSR initiative with regions like Africa, ASEAN, and Latin America. Through the DSR, China has arguably played a transformative role in promoting cross-border ecommerce, both internally and externally, by creating Digital Free Trade Zones (DFTZs). This includes the digital infrastructure of the Africa Digital Highway, with technology and skills transfer led by Chinese tech companies like Huawei and Alibaba. The DSR’s agenda, however, goes beyond technology expansion and transfer. It is also about leading and shaping the global digital rules on trade, data flows, and platform governance. This is reflected in the technological rivalry between the US and China (Chen, Zang, and Miao, 2023). Tugendhat and Voo (2021) observe that China–Africa technology, post DSR launch, has decreased. This suggests that DSR commitments have become more akin to diplomacy than actual investment.

For smaller developing economies such as South Africa, these geopolitical dynamics present a regulatory dilemma. Aligning with China may yield investment opportunities from DSR and access to its expansive digital markets. Yet this could also expose local industries to competition from dominant foreign platforms. Conversely, implementing stringent ecommerce regulations to protect national interests may provoke retaliatory trade measures from major powers such as the United States and China.

In this context, South Africa must adopt a nuanced, strategic approach to digital market regulation that balances the imperatives of sovereignty, inclusivity, and global integration. This includes engaging in multilateral digital trade negotiations, promoting regional ecommerce protocols, and safeguarding domestic innovation and consumer data.

Lessons for South Africa

South Africa’s pursuit of a resilient and inclusive ecommerce ecosystem must be informed by global regulatory experiences, yet tailored to its unique socio-economic context. The preceding analysis reveals several instructive lessons for policy makers, regulators, and businesses.

The country must adopt a dual approach that promotes inclusive digital participation while safeguarding against market concentration and platform dominance. This entails designing an agile, principle-based regulatory framework similar to those employed in the European Union and the United Kingdom. There is a need to uphold competition, platform neutrality, and data governance, without stifling innovation or deterring investment (European Commission, 2023; UK Parliament, 2024).

China’s co-ordinated strategy demonstrates the importance of investing in digital infrastructure, logistics, and human capital to catalyse ecommerce growth. In this regard, South Africa should prioritise broadband expansion, digital skills development, and enterprise support programmes. This is particularly important in township and rural areas to foster equitable access and participation (Silva, 2025; World Bank, 2019).

India’s experience underscores the risks associated with foreign lobbying and trade retaliation, which can delay or dilute domestic regulatory efforts. South Africa must carefully weigh the implications of enforcing strict

digital market regulations, especially given its economic interdependence with major powers such as China and the United States, its first and third largest trading partners, respectively (Policy Circle Bureau, 2025; EY, 2025).

As a regional leader, South Africa is well-positioned to champion digital trade negotiations and promote harmonised ecommerce protocols across the African continent. This includes advocating for tariff neutrality, cross-border data standards, and regional digital infrastructure to facilitate intra-African trade and innovation.

To reduce dependency on dominant foreign platforms, South Africa should invest in homegrown digital platforms and services. This involves enabling environments for MSMEs and township entrepreneurs through blended finance models, localised digital services, and dedicated digital zones modelled on China’s Digital Free Trade Zones and Taobao Villages (Wang, 2024; Chen, Zang & Miao, 2023).

By integrating regulatory agility with targeted developmental interventions, South Africa can foster a competitive, inclusive, and sovereign digital economy. Such an approach not only addresses spatial and structural inequalities but also positions the country as a proactive player in shaping the future of global ecommerce governance.

It is with this overarching international context that the focus narrows to South Africa’s own challenges, requirements, and obligations.

02

PART 2



THE SOUTH AFRICAN ECOMMERCE LANDSCAPE

It all seems uphill for the South African entrepreneur

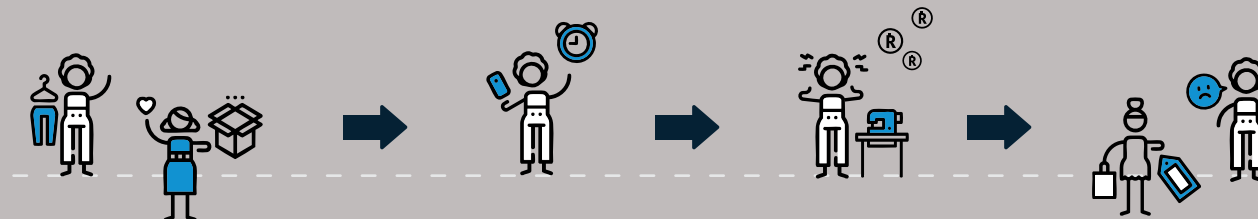
Samira is going places. That is what every entrepreneur has on their mind. Our start-up fashion entrepreneur is awake first thing in the morning on the outskirts of Mbombela. She checks for new orders. There are just five. The hoodie she is marketing sells for half the price on a big platform. Mid-morning is time to do warehouse admin. Check inventory, order packaging, and print labels. Back online, she updates marketing, pays the rent, and finally uploads that POPIA file. Her email pings. The NRCS has sent her an inspection fee. Now the phone pings. She needs more data to keep her workstation going.

But let us jump ahead a few years. Things are going quite well for Samira. It is a memorable afternoon when our ecommerce entrepreneur secures a listing on a major marketplace. It does come with a 12% listing commission, of course. It also does not take Samira long to realise that

cross-border sellers dominate prime homepage exposure. That evening, there is an important investor call. She's been worrying about it all week. The balance sheet falls short. The deal falls through. Desperate to maintain cash flow, Samira drafts a "flash sale" notice. Her heart sinks a little. It feels more like her very business is "50% off".

She flops into bed but hardly sleeps. There is little rest when margins are so tight and tax compliance just piles up and up. It is hard enough being an entrepreneur, let alone climbing a mountain of regulation. If only competition could be fairer, more level.

Not every South African ecommerce entrepreneur feels on top of the world. Samira certainly does not. She will likely need to quit her ecommerce dream. It is just not the happening eplace she thought it would be.



South African ecommerce landscape: market and regulatory overview

Developing economies like South Africa are yet to fully maximise the socio-economic role of ecommerce in industrialisation, trade facilitation, and market access. Ecommerce connects distant buyers and sellers, reduces transaction costs, and fosters niche markets. It enhances resource allocation and integrates various actors in the industrial value chain, such as producers, traders, logistics, financial institutions, and tech providers.

Ecommerce is not exclusive to high-income or urban areas. It has empowered unskilled and semi-skilled workers. Ecommerce has created jobs in logistics and digital services, and fostered economic activity in rural

and township areas. These developments highlight ecommerce's potential for inclusive growth, poverty alleviation, and cross-border trade (FAO, 2021; World Bank, 2019).

Ecommerce penetration in South Africa is rising, with an estimate of 38% adult online shopping (Mastercard, 2022). However, challenges such as high internet costs, poor delivery infrastructure, and limited industrial competitiveness persist (Goga et al., 2019). The following working definition of ecommerce for South Africa acknowledges these constraints.

Ecommerce in South Africa is defined as the digital buying and selling of goods and services across platforms that are supported by an inclusive digital infrastructure, efficient logistics systems, coherent legal and regulatory frameworks, and empowered users and enterprises with the necessary digital skills and capacity. It is a strategic enabler of industrialisation, MSME growth, and regional trade integration.

The following situational analysis assesses South Africa's digital commerce landscape in order to identify regulatory gaps, market dynamics, and enabling conditions that support inclusive growth and industrialisation.

South African ecommerce market overview

International ecommerce is now a major pillar of retail activity. It accounts for about 19.5% of total retail sales in 2023 (eMarketer, 2024). Total ecommerce retail sales are projected to reach over 22.6% of global retail sales by 2027, primarily driven by increasing smartphone penetration and the extension of cross-border online platforms (Statista, 2024).

South Africa's ecommerce market has shown consistent double-digit year-on-year growth, with estimates suggesting online retail exceeded R96 billion by 2024. This accounts for almost 10% of total retail sales by the end of 2025 (Worldwide Worx, 2025). Ecommerce sales grew sharply during and post the COVID-19 pandemic and continue to grow exponentially at more than 30% per annum. The key drivers are:

- Mobile-centric consumer behaviour
- Logistics expansion into underserved communities
- BNPL revolution
- Growing traction in wallet and contactless payment
- Modernisation of fulfilment centres

The market landscape is broadly described as **early-stage maturity** with rapid digital advancement and global platform disruption reshaping competitive dynamics (Mordor Intelligence, 2025).

Despite this growth, South Africa's ecommerce share of total retail lags behind that of advanced markets like China (30%), the UK (26%), and the U.S. (20%). A peer-to-peer analysis further shows that South Africa trails Brazil by an estimated 11.6% and India by 8.4%, albeit that South Africa's ecommerce retail is projected to reach 13-15% by 2028. (Economic Times, 2024; Agencia E-Plus, 2021). 2024 estimates are limited and vary by source, but generally suggest 6% for Nigeria and 10% for Kenya (Statista, 2024). Sales volumes reflect the low-income status of these economies. In 2024, Kenya reached US\$760 million compared with Nigeria's US\$2.5 billion (ECDB, 2025).



DRIVERS OF ECOMMERCE GROWTH IN SOUTH AFRICA

Several structural and technological enablers have supported the expansion of South Africa's ecommerce ecosystem:



Rapid digital adoption and a competitive ecommerce landscape

South Africa's ecommerce landscape is a blend of local and global players. Local marketplaces such as Amazon, Takealot (general goods), Bash, Makro Online, and OneDayOnly have national footprints and are growing their delivery capacities. These are supported by fintech and payment platforms (such as Yoco, Peach Payments, Ozow, SnapScan, PayU) that are vital for seamless digital transactions.

The vast network of paved roads, warehousing fulfilment, and distribution infrastructures attracts a wide array of local and global logistics and delivery partners such as DSV, SkyNet, DHL, Aramex, and Buffalo, which offer crucial last-mile fulfilment services. Platforms like Checkers Sixty60 and ParcelNinja have addressed urban and semi-rural end-distribution challenges by pioneering fast delivery and last-mile logistics.

The past twenty years have seen South Africa's ecommerce evolve, driven by the digital adoption of traditional businesses and the expanding presence of foreign digital platforms. Yuppiechef, launched in 2006, is acclaimed for its premium kitchenware range. It was acquired by Pick n Pay in 2021, reflecting a rising appetite of traditional retailers for ecommerce innovators (BusinessTech, 2021). Another relatively early domestic entrant is Takealot, founded in 2011. After acquiring Mr Delivery in 2014, Takealot has become one of the country's most recognisable and largest online retailers. Focused initially on books and electronics, it has now expanded into general merchandise (Worldwide Worx, 2024; Deloitte, 2022).

Figure 2 below offers an overview of prominent South African ecommerce players, including their founding years and current ownership or affiliation structures. These platforms laid the foundation of the local digital retail environment and are vital to domestic job creation, tax contributions, and infrastructure growth.

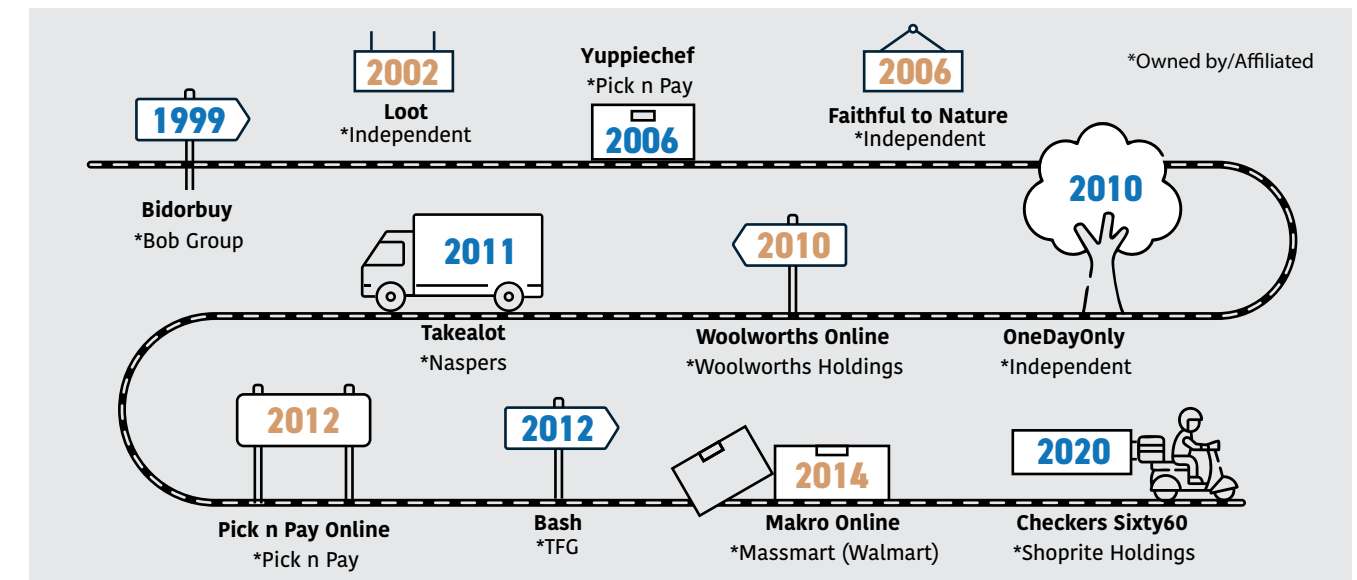


Figure 2: Major South African ecommerce companies and their ownership affiliations

Since 2017, prominent South African retailers such as Woolworths, Pick n Pay, Shoprite, and Checkers have increasingly adopted online sales channels, leveraging improved broadband access and shifting consumer behaviour. The launch of Checkers Sixty60 during the COVID-19 pandemic marked a significant boost in urban grocery ecommerce. Similarly, Makro and Game expanded their digital operations with backing from Walmart's global infrastructure.

This retail growth was supported by parallel expansion in local logistics and distribution, with companies such as The Courier Guy, Dawn Wing, RAM, and Fastway scaling up to meet rising parcel volumes. These logistics providers have played a vital role, supporting urban and rural ecommerce fulfilment, and enhancing market efficiency and innovation. Figure 3 highlights major logistics providers serving South Africa's ecommerce market, including their year of establishment, ownership structures, and operational models.



Leading logistics and courier companies in South Africa serving the ecommerce sector

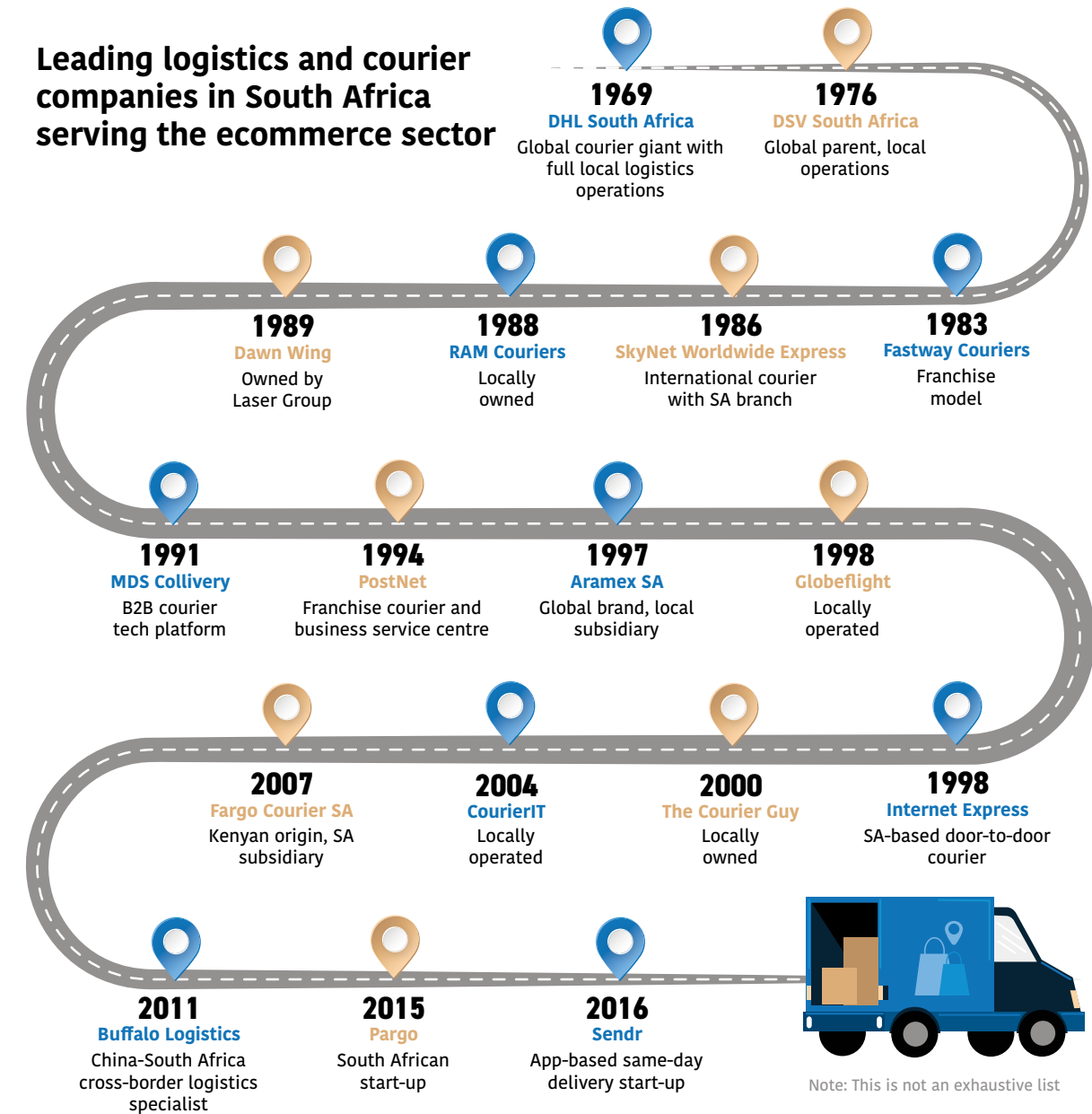


Figure 3: Selected leading logistics and courier companies in South Africa serving the ecommerce sector

South Africa’s ecommerce product demand patterns are highly diversified due to rapid urbanisation and rising disposable income (Mordor Intelligence, 2025). The influence of social media and digital marketing has amplified awareness and the benefits of online shopping. Increased product diversity and specialisation across categories have significantly contributed to revenue growth and logistics innovation and attracted new entrants. Electronics, fashion, and apparel account for a substantial share of total online purchases. South Africa leads globally in the online purchase of clothing and accessories, beauty products, and health supplements.

Leading product categories in South African ecommerce:

- Electronics
- Fashion and apparel
- Home and kitchen
- Beauty and health
- Groceries and food
- Automotive accessories
- Baby and maternity
- Toys and games
- Jewellery and accessories
- Sports and outdoor
- Office and school supplies
- Tool and home improvement

Some of the top-selling products on ecommerce platforms fall into categories where regulation is unclear or poorly enforced regarding product safety and standards. At the same time, the sales pattern provides a crucial demand and industrialisation signal for local manufacturers to penetrate local and global ecommerce markets.

Notwithstanding South Africa’s economy and ecommerce’s share of total retail sales, compared with economic powerhouses like the US, China, and the UK, and peer developing economies like India and Brazil, South Africa’s ecommerce market is experiencing intense competitive disruption. The local market faces a structural imbalance in market participation and benefit distribution.

Local marketplaces, many of which maintain physical infrastructure, employ domestic labour, and contribute directly to the national tax base, are increasingly displaced or marginalised by international platforms. Some VLOPs have grown rapidly through direct-to-consumer shipping models, which bypass traditional retail networks and benefit from minimal accountability for customs duties, taxation, labour laws, or digital infrastructure development (UNCTAD, 2022; IMF, 2023).

In 2024, both Shein and Temu achieved about R7.3 billion in sales, accounting for 3.6% of the total Clothing, Textile, Footwear, and Leather (CTFL) market, gaining 37% of the segment’s ecommerce sales within a few years of launching in South Africa. Their market share is projected to amass 20.2% of local sales or R22,2 billion in 2030, placing more than 34,000 local manufacturing and retail jobs at risk (Localisation Support Fund, 2025). While the success of foreign ecommerce platforms in South Africa can be credited to innovative and efficient business models, they also benefit from pre-existing, functional ecosystem enablers such as ICT, logistics networks, paved roads, and payment innovations.

South African domestic ecommerce firms face significant disadvantages due to cost asymmetries as foreign digital platforms extract value from local consumers without reinvesting in the local economy (National Treasury, 2023). This challenge is compounded by the absence of a robust, real-time, and disaggregated ecommerce data infrastructure (ITU, 2022; IMF, 2023). While macroeconomic indicators show overall sector growth, critical variables such as MSME onboarding rates, consumer trust, platform employment, cybersecurity, and logistics efficiency remain largely untracked or unavailable. This data gap limits the country’s ability to develop timely, evidence-based regulations to protect strategic domestic interests.

There is also growing concern that international digital platforms may precipitate South Africa’s ecommerce sector into an advanced stage of maturity before foundational elements are fully in place – such as MSME competitiveness, digital skills development, equitable tax policies, and cross-border trade readiness (SARB, 2024; UNCTAD, 2022). If left unchecked, this could trap local firms in low-margin, high-volume product segments while ceding control of high-value sectors (electronics, mobility, and digital services) to offshore companies. Such a scenario would hinder domestic innovation and industrial growth as well as jeopardise South Africa’s ambition to lead in a digitally integrated African economy (OECD, 2019; World Bank, 2023).

South Africa’s ecommerce landscape reflects a tension between rapid consumer adoption and limited domestic industrial capacity to meet domestic demand. The DHL 2024 Online Shopper Trends Report revealed that South African consumers are highly engaged: 74% shop internationally, 52% spend over R1000 monthly, and 75% consider the delivery provider when making purchases.

Consumers value affordability, with reduced prices (85%) and free delivery (67%) being top priorities. Yet this demand is primarily met by global platforms like Shein and AliExpress, which dominate the market without obligations to invest in local infrastructure, employment, or skills transfer. Figure 4 below provides a snapshot of the countries where South Africans purchase goods online.

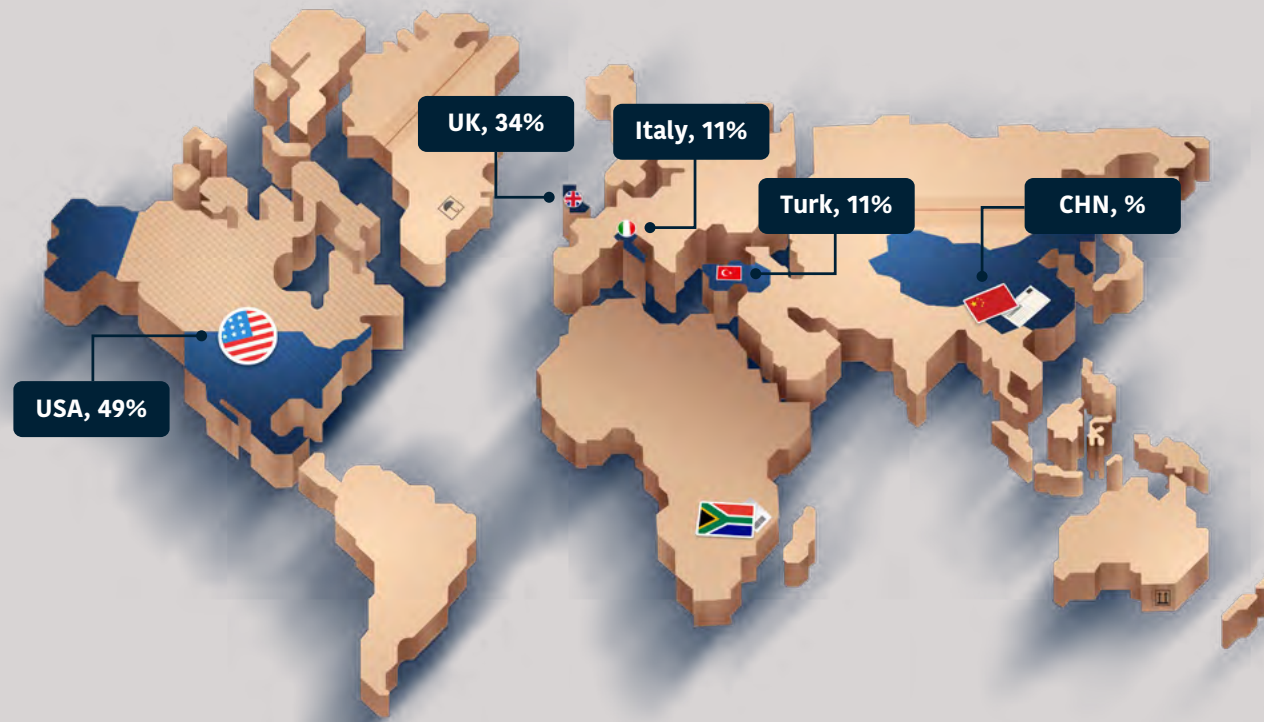


Figure 4: South Africa cross-border online purchases. Source: based on DHL (2024)

Market overview through the lens of the UNCTAD framework

Integrating the above market analysis within the broader UNCTAD eTrade Readiness Assessment Framework gives valuable insight into South Africa's regulatory and non-regulatory ecommerce interventions.

Firstly, the decision by Amazon and Temu to establish warehousing in South Africa signals an important development for the digital infrastructure pillar of ecommerce maturity. The addition of localised logistics also enhances delivery reliability, reduces shipping times, and benchmarks efficiencies that domestic competitors must emulate.

While this increases competition in the ecommerce sector, it also highlights the vast differences between international actors with huge financial and capital resources and local actors with resource constraints. On the other hand, other VLOPs continue to leverage the market by using efficient cross-border logistics. This allows them to contain operating costs, since they do not have to be directly vested in local infrastructure or supply chain development.

Secondly, from the perspective of digital skills, the surge of new international actors has increased the familiarity of consumers with online retail. However, actors like AliExpress and Shein have no local warehouses in South Africa. This constrains the diffusion of skills, transfer of technology, and enterprise upgrading in South Africa. Conversely, the entry of Amazon is likely to stimulate workforce development. As Chen and Wu (2021) put it, in the context of global ecommerce, transformation is unequal when platforms dominate markets without building local technological capacity or entrepreneurial ecosystems. In the absence of regulatory intervention, South Africa risks becoming a market for mere digital consumption rather than a hub for digital innovation.

Thirdly, from a competitive perspective, the presence of international actors in the market has spurred ecommerce growth in South Africa by expanding consumer choice and normalising digital purchasing behaviour. However, as already stated, access and growth are distributed unevenly. According to UNCTAD (2022), foreign actors take advantage of economies of scale and global supply chains to undercut local retailers on price. This crowds out

domestic firms with limited ability to scale. The market power and brand recognition of international players challenges the sustainability of local platforms like Takealot and Superbalist.

Fourthly, South African consumers are increasingly integrated into global supply chains through platforms like AliExpress, Shein, and Temu. According to a report by DHL (2024), 74% of South African online shoppers purchase items from retailers in other countries. There is a predominance of cross-border eshopping. While this may deepen import flows, it also marginalises local producers. There is no reciprocal access for South African MSMEs to global markets. By contrast, India has enacted industrial policy to ensure that local firms remain competitive through platforms like Flipkart and Paytm (KPMG, 2021; UNCTAD, 2022).

Lastly, from a social inclusion and information perspective, international platforms increase access to affordable goods and extend the reach of ecommerce to consumers previously excluded from traditional retail. However, this inclusion remains narrowly defined around consumption rather than broader participation in the digital economy.

There are concerns about fairness and long-term sustainability, as cross-border platforms typically do not contribute to local tax bases, employment creation, or enterprise development. Ensuring inclusivity, therefore, requires regulatory frameworks that capture customs duties and tax revenues, support digital literacy, and enable equitable participation by MSMEs in the ecommerce value chain.

Without measures commensurate with ecommerce regulation, South Africa risks losing out on dividends from the dynamic local ecommerce demand pattern, high ecommerce consumption spend, the fledgling local industry, and the developed ecommerce ecosystem.

Ecommerce market fundamentals in underserved communities – bridging the divide

Disparities in infrastructure, connectivity, and market access lay bare the urban-rural divides in South African ecommerce consumption and production. In urban settings, deeper penetration of the internet and the existence of dense logistics networks facilitate lifestyle-driven categories, such as clothing, accessories and beauty products, where delivery fees are low and supply chains more developed (Gillwald et al., 2022).

According to UNCTAD (2021), urban MSMEs can also take advantage of large consumer markets and grow in popular global categories such as fashion and beauty through platforms like Takealot and Superbalist. Rural consumers, however, fare better when it comes to essentials such as household products and food. Ecommerce has the potential to alleviate local supply shortages and spatial inequalities. However, poor supply chain logistics, limited broadband coverage, low digital literacy, and high delivery costs are still impediments in rural regions (OECD, 2020).

On the production side, the potential for ecommerce to enable rural farmers and small businesses to circumvent middlemen and link to national or even global markets for food and beverages is hampered by a shortage of cold storage facilities, suboptimal payment systems, and disconnection between ecommerce and digital markets (Gillwald et al., 2022).

Although lifestyle categories are currently the driver of ecommerce consumption in urban areas, there is untapped potential in rural access to necessary, rather than discretionary, consumption. Co-ordinated policy is needed to overcome infrastructural and institutional constraints and open up digital value chains to small-scale producers.

Township businesses, while dynamic and central to South Africa’s informal economy, face structural limitations in meeting the demand patterns that define ecommerce growth. They cannot match the scale, technology and supply chain capabilities to compete in strategic categories like electronics, fashion, home and kitchen appliances, beauty products, health, and games.

Most operate as survivalist or micro-enterprises, with minimal capital, industrial equipment, and access to formal supply chains. This limits the volume and quality of products that they can produce and distribute competitively (Charman et al., 2017; DTIC, 2021). For example, while township tailors and small retailers can contribute in niche segments of fashion and apparel, they cannot match the economies of scale and distribution efficiencies of large domestic and international players. Instead, township businesses often enter the ecommerce market as resellers rather than as core producers of high-demand goods.

Township inclusion initiatives present a unique opportunity to bridge this ecommerce divide, by boosting South Africa’s local industrialisation and localised ecommerce infrastructure. In urban areas, the initiative enables entrepreneurs to extend beyond local markets by leveraging Takealot’s logistics and digital payments infrastructure, particularly in categories such as fashion, beauty, and groceries, where township businesses already operate. In rural areas, the initiative has the potential to bridge spatial inequalities by connecting small producers to national markets and improving consumer access to essential goods.

By stimulating hyperlocal ecommerce, this model supports last-mile delivery, local warehousing, and community-based retail, which is essential to scaling ecommerce in informal economies. Similarly, the DTIC newly launched B2C and B2B platforms provide additional space for

underserved businesses to access wider national and international markets. The success of these initiatives depends on complementary non-regulatory interventions in connectivity, logistics hubs, and digital literacy to ensure township and rural enterprises can participate meaningfully alongside their urban counterparts.

The South African Government has been implementing strategies to support small, rural, and township businesses to penetrate the ecommerce market. These efforts aim to bridge the digital divide, promote economic inclusion, and empower local entrepreneurs to take advantage of the country’s growing ecommerce market. Programmes include the National Digital and Future Skills Programme, adopted by cabinet in 2020 in collaboration with the private sector to provide training in ecommerce, digital marketing, and other essential business skills (DCDT, 2021; OECD, 2021).

The government also encourages local small businesses to use digital applications launched by the Department

of Small Business Development (DSBD). The application is designed to help small business entrepreneurs access key resources, support, and networking opportunities more effectively. The app forms part of the DSBD’s broader effort to digitise services and create a more accessible platform for small business development in South Africa.

South African ecommerce regulatory overview

South Africa’s regulatory framework for ecommerce has several foundational laws designed to promote fairness, protect consumers, and enable digital trade. These include the Competition Act (1998), the Electronic Communications and Transactions Act (ECTA, 2002), and the Consumer Protection Act (2008). While these laws offer broad coverage, the digital economy has evolved faster than regulation, leaving key gaps in enforcement, cross-agency co-ordination, and protection for emerging domestic players. Table 6 outlines some of the key regulations applicable to ecommerce and related regulatory gaps.

Table 6: Ecommerce regulations in South Africa

Regulation	Selected Issues applicable to ecommerce	Etail	Regulatory gaps/concerns
Electronic Communications and Transactions Act (ECTA)	Cooling-off period for electronic transactions	Y	Limited enforcement mechanisms for cross-border platforms. lacks comprehensive provisions on algorithmic transparency, intermediary liability, and protection of sellers on third-party platforms
Protection of Personal Information Act (POPIA)	Privacy policy requirements, liability for data breaches	Y	New 2025 amendments provide multi-channels for how consumers can consent and object; many platforms lack updated systems
Cybercrimes Act	Criminalises cyber fraud, forgery, and extortion; addresses liability for data breaches caused by malware	Y	Enforcement challenges posed by foreign platforms lacking a local presence

contd.

Regulation	Selected Issues applicable to ecommerce	Etail	Regulatory gaps/concerns
Consumer Protection Act (CPA)	Right to cancel transactions from direct marketing, sets down rules on promotions or misleading advertising	Y	Proposed 2025 amendments introduce opt-out registry for telephone marketing and pre-emptive blocks; enforcement against foreign platforms remains weak
Basic Conditions of Employment Act; National Minimum Wage Act	Worker protections for logistics and platform workers	N	Gig economy workers are often excluded from protections
National Land Transport Act	Licensing for ehailing drivers	N	Enforcement inconsistencies across provinces
Bank Act and Financial Services Laws	FinTech registration and compliance thresholds	Y	Fragmented licensing requirements for hybrid ecommerce-fintech platforms
Tax Laws	Jurisdictional challenges in tax recovery	Y	Foreign platforms often avoid local tax obligations
Competition Act	Addresses platform monopolies and pricing practices	Y	Enforcement against unfair competition coming from abroad is limited due to jurisdictional constraints
National Payment Systems Act	Regulate digital payments	Y	Lack of interoperability and high transaction costs for MSMEs
National Liquor Act	Regulates online alcohol sales	Y	No clear framework for age verification and delivery compliance
Pharmacy Act	Regulates online medicine sales	Y	Ambiguity around licensing and prescription verification for epharmacies
Credit Act	Regulates online credit offerings	Y	Many platforms offer credit-like services without registration
AML/CTF Amendment Bill (2025)	Strengthens anti-money laundering and terrorism financing compliance	Y	High compliance costs for MSMEs; new biometric and eKYC requirements
Electronic Services VAT Regulations (2025)	B2B VAT exclusion for foreign suppliers	Y	Unworkable 100% vendor-only rule; excludes suppliers with minor non-vendor clients
Broad-Based Black Economic Empowerment (BBBEE) Act	Requirements for ecommerce platforms to demonstrate ownership, management, and supplier diversity	Y	Limited compliance among foreign-owned platforms; lack of digital BBBEE scorecard integration
AfCFTA E-Commerce Rules (2025)	Harmonises cross-border digital trade regulations	Y	Subject to implementation at national level; limited SME awareness and readiness
Consumer Goods and Services Ombud (CGSO)	Handles consumer complaints, can escalate cases to the National Consumer Tribunal	Y	Jurisdiction gap with foreign platforms like Shein and Temu; CGSO cannot enforce rulings

Source: Adapted from Naspers 2024

Key regulatory concerns

The uneven application of ecommerce regulations between local and foreign platforms in South Africa is a growing concern, particularly as global digital giants expand their footprint. Foreign platforms may avoid certain local taxes and customs duties due to cross-border loopholes, especially in corporate tax and VAT on digital services. Local platforms are required to comply fully with SARS regulations, including VAT registration and reporting. This puts domestic firms at a disadvantage.

Lately, complaints and regulatory investigations have highlighted an unequal playing field between foreign ecommerce giants and local retailers, particularly regarding the special customs duty concession. Until recently, ecommerce goods valued under R500 were allowed to pass customs with an import duty of just 20%, without VAT and the usual 45% duty paid by local retailers when importing textiles (Webber Wentzel, 2024). Some ecommerce enterprises also consistently undervalue their imports.

Other concerns relate to scale-driven pricing and remote operations exempted from compliance faced by domestic businesses. The phasing out of the concession loophole is an essential step towards enforcing tax parity and protecting local businesses, especially in the apparel

sector. However, enforcement mechanisms and digital customs capabilities need to be strengthened to ensure consistent application. Questions remain about the ability to monitor volumes and predatory pricing strategies in small, low-value parcel ecommerce, gamified shopping, and aggressive advertising.

Third-party sellers can also impact customer trust, as well as damage the brand reputation of an original product range. Brands can be copied with counterfeit or low-quality merchandise. The support given to Global Standards 1 (GS1) by some leading platforms assists to reduce counterfeit goods. GS1 is the global body that oversees barcodes and QR Codes. Furthermore, using customer data, third-party sellers can manipulate competition by prioritising their own products.

While the POPIA and Consumer Protection Act apply to all entities that process personal data or engage in direct marketing, enforcement is generally more vigorous for local entities. For example, although POPIA’s protection of personal data applies to South African citizens’ data extra-territorially, foreign platforms may operate without full compliance due to jurisdictional challenges.

Assessments and insights from stakeholder interviews indicate that institutions such as the Competition Commission, ICASA, the National Consumer Commission, the Information Regulator, and SARS often operate in silos. This impedes holistic policy responses and creates gaps in enforcement for rapidly evolving digital markets.

Furthermore, the rising trend in ecommerce consumer-related complaints is likely to impede digital adoption and the emergence of new ecommerce zones or markets. Over 74% of consumer complaints received by the CGSO are

attributed to online transactions, appliance manufacturers and retailers, as well as satellite and telecommunication. Complaints relate to goods not delivered on time, defective goods, and poor complaint resolution.

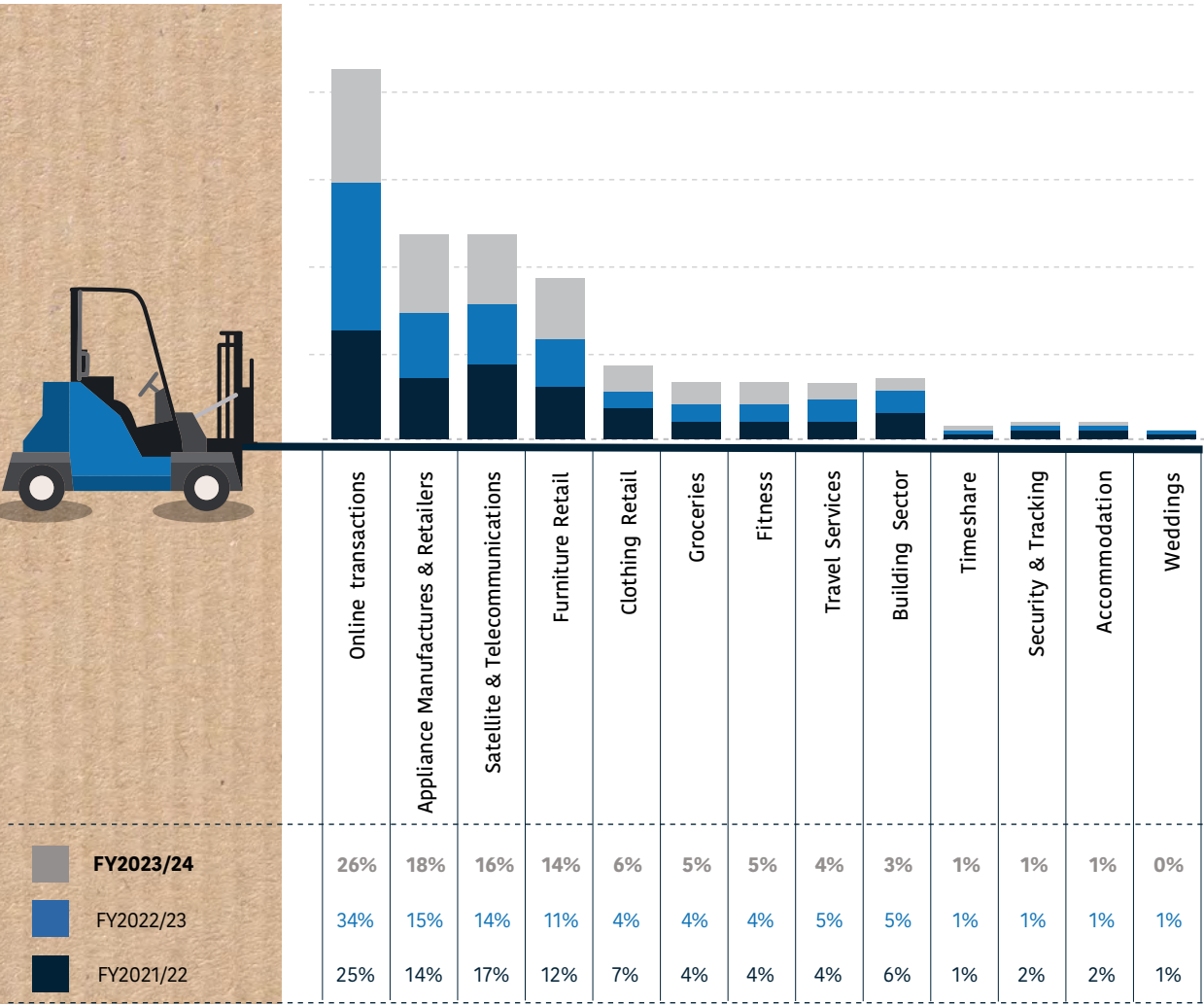


Figure 5: Consumer complaints by sector 2021 – 2024
Source: Consumer Goods and Services Ombud, Annual Report 2023/24

Foreign platforms often benefit from network effects, data dominance, and economies of scale, allowing them to undercut local competitors. The Market Inquiry into Online Intermediation Platforms (Competition Commission, 2024) underscores mounting concerns about anti-competitive practices, including self-preferencing, exclusivity clauses, and control over data and delivery networks.

Interview responses from local businesses highlight the challenges of competing with dominant platforms that bundle services, extract user data, and employ opaque pricing mechanisms. South Africa lacks harmonised digital standards for cybersecurity, data interoperability, and platform governance. This allows foreign platforms to operate under different technical and legal standards, creating regulatory asymmetries (ITAC, 2025).

While South Africa has the foundational regulatory architecture in place, there is a clear need to address the implications of regulatory gaps on arbitrage, market distortion, consumer risk, and digital sovereignty. The regulatory framework must evolve to ensure integrated enforcement and fair competition, protect consumers and sellers alike, and empower domestic platforms and MSMEs to thrive in a rapidly digitising marketplace.

Regulatory gap assessment: UNCTAD approach

This section uses the UNCTAD eTrade Readiness Assessment Framework, with the added seventh pillar to evaluate specifically South Africa’s ecommerce preparedness in terms of national strategy formulation. Table 7 below presents the full spectrum of South Africa’s seven pillars of strength and gaps.

Table 7: SA etrade readiness assessment across seven pillars

Pillar	Strengths	Gaps
Ecommerce readiness and strategy formulation	Regional leader in digital trade, ranking 73rd of 152 countries in UNCTAD’s index	Implementation bottlenecks persist regarding stakeholder co-ordination, data-driven policy-making, and awareness among MSMEs and consumers
Legal and regulatory frameworks	- Policy recognition of the need for digital transformation and inclusion of ecommerce in national strategies - Some government initiatives to support broadband rollout and digital literacy	- Slow progress in executing broadband policy targets - Lack of agile, enabling regulation for ICT and ecommerce, including spectrum allocation and competition policy - Insufficient targeted support for small businesses to access ecommerce platforms

contd.

Pillar	Strengths	Gaps
ICT infrastructure and services	• High mobile network coverage: over 87% 4G and 50% 5G coverage • Strong international connectivity, with six undersea cables and high bandwidth per user, ranking 18th globally	• Only 84% of the population has reliable electricity, with rural areas at 67% • Only 2% of households have fibre • Fixed line speeds are nearly 50% below the global average • Data costs are among the highest in Africa—134% higher than BRICS peers • Persistent regulatory bottlenecks, limited spectrum, and insufficient competition • Urban areas are 15 times more likely to have fixed line access than rural areas
Payment solutions	• A robust banking sector underpins the digital economy	• Cash continues to be widely used; credit card penetration and epayments among MSMEs remain low • Financial maturation among informal sellers is constrained
Trade logistics and facilitation	• Existing logistics networks and firm-level platforms (Takealot) support urban ecommerce	• Rural last-mile delivery remains inefficient • Cross-border customs lack full digital integration
Skills development	• Government efforts to align education and eskills programmes with industry	• Shortage of employees with critical digital skills • Basic and secondary education throughout digital pathways is low • Rural and disadvantaged communities have limited access to quality digital skills training, exacerbating inequality
Access to finance	• Development finance institutions and enterprise development target MSMEs	• MSMEs and informal enterprises face difficulty securing startup capital or affordable credit for ecommerce ventures • Rural entrepreneurs are particularly disadvantaged

Overall, South Africa shows strengths in mobile network coverage, international connectivity, and financial inclusion. It has a robust banking sector and growing digital payment adoption. Government initiatives like SA Connect, the DEMP, and a focus on Science, Technology, Engineering, and Mathematics (STEM) education aim to expand broadband access and digital skills. However, gaps remain in rural connectivity, last-mile logistics, regulatory agility, and MSME access to finance. Township and rural businesses face challenges in adopting digital technologies due to limited infrastructure, low financial literacy, and limited support mechanisms.

The analysis highlights the need for targeted interventions to bridge the digital divide, improve regulatory responsiveness, and support small businesses. Emphasis on strengthening logistics, expanding fibre access, and enhancing digital literacy in underserved areas is critical for inclusive ecommerce growth.

South African ecommerce ecosystem maturity status (based on empirical model)

From the composite maturity index compiled on p10, an empirical metric is constructed by averaging an equal-weighted approach. This additive composite index provides a measure of maturity over time, with higher scores indicating a more mature ecommerce ecosystem. South Africa has evolved from an emerging phase (below 0.50 between 2010 and 2015) to an expanding maturity status (above 0.50 from 2015 onwards):

- Below 0.00** → Nascent
- 0.00 to 0.50** → Emerging
- 0.51 to 1.00** → Expanding
- Above 1.00** → Mature

As indicated earlier, the expanding phase is characterised by rapid growth in both supply and demand, driven by the adoption of mobile internet and smartphone-enabled transactions. Ecommerce platforms become more sophisticated, competition intensifies, and product offerings diversify. Policy efforts shift towards systemic support, including the development of interoperable payment systems, innovation in logistics, and regulation of platform behaviour to ensure fair competition and inclusive growth.

Figure 6 below reflects a linear representation of South Africa’s ecommerce maturation over time. Interestingly, the spike over the COVID-19 pandemic is followed by a marked dip, suggesting the onset of structural limitations or market saturation in the ecommerce sector. This signals the need for targeted regulatory and policy measures to mitigate these challenges.

In addition, the South African context is a dual economy reflecting disparate levels of ecommerce development. As the more advanced segment expands, the peripheral economy remains emergent, hindered by expensive and slow mobile internet, logistical challenges, and safety concerns. Efforts to broaden fibre networks, BNPL solutions, and secure pick-up points (smart lockers) in townships aim to bridge this gap and promote broader ecommerce adoption and participation (Mordor Intelligence, 2025).

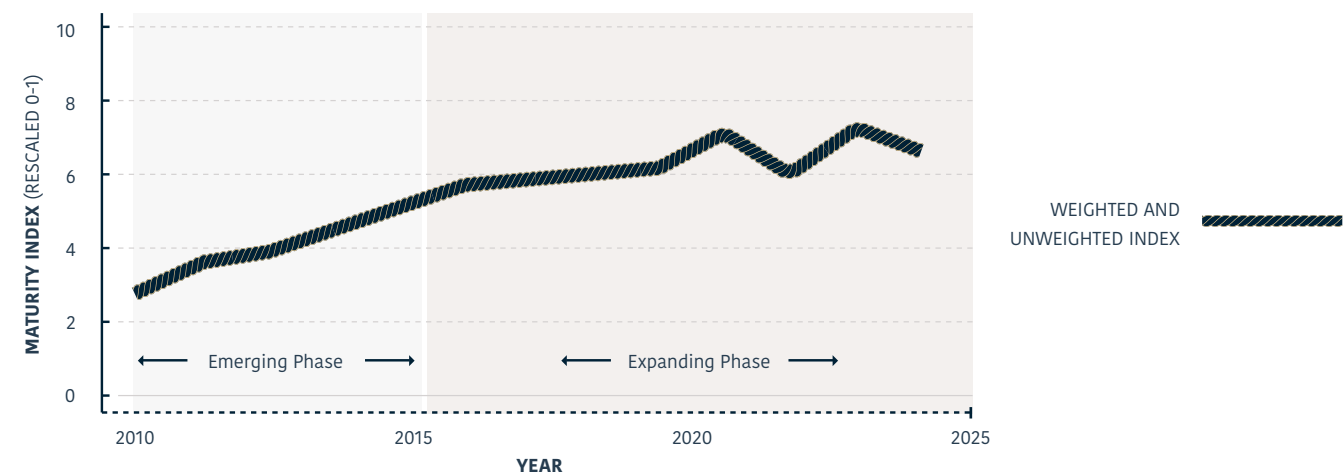


Figure 6: South Africa’s composite ecommerce ecosystem maturity index (2010–2025).

Source: based on index construction.

Nevertheless, a comparative ecommerce ecosystem maturity analysis, in Figure 7 below, shows that South Africa outperforms peer developing countries like India, Brazil, Kenya and Nigeria. The UK has long reached the mature phase, with a score above 0.8 throughout the period, given its established digital retail environment.

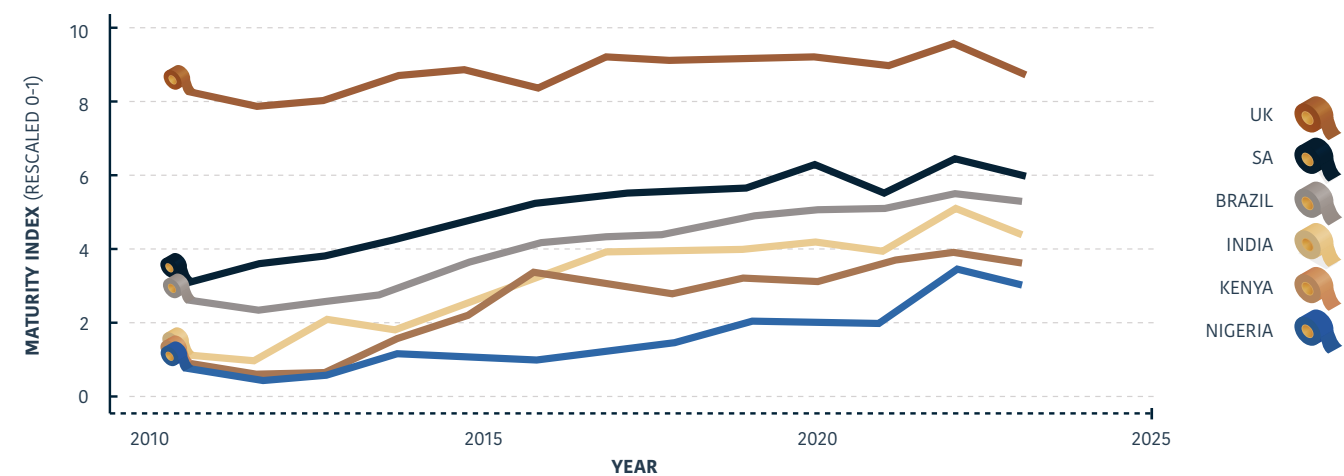


Figure 7: South Africa’s composite ecommerce ecosystem maturity index: cross-country comparison (2010–2025).

Source: based on index construction.

The results highlight South Africa’s position as a digitally advancing economy, showing progress in some pillars but remaining far from the systemic depth, integration, and scale of mature markets like the UK and China. Again, this underscores the need for deliberate, multi-stakeholder interventions to accelerate ecommerce more inclusively. A further comparison of South Africa’s expanding status with the size or retail share of ecommerce suggests that the country is losing out on the ecommerce dividend commensurate with its prevailing ecosystem status. The dividend loss may be attributed to the 74% of South Africans who buy from online retailers in other countries, higher than the global average of 55% (DHL, 2024).

Qualitative assessment of ecommerce ecosystem and selected market maturity elements across comparator countries

To triangulate the CEMI results, Table 10 provides a qualitative comparative analysis of South Africa’s ecommerce ecosystem maturity across six key pillars – Legal Framework, ICT Infrastructure, Trade Facilitation and Logistics, Payment Solutions, Skills Development, and Access to Finance—against countries like Kenya, Brazil, Nigeria, India, the UK, and China.

South Africa performs strongly in areas such as internet penetration, secure internet servers, logistics performance, and parcel tracking, often ranking ahead of Kenya, Nigeria, and India but trailing more advanced markets such as the UK and China. Its broadband affordability and ICT service quality are moderate, and while warehousing and fulfilment infrastructure is robust, it still lags global leaders. Legal frameworks are well-established, particularly in cybersecurity and ecommerce laws, though digital identity rollout remains slow.

In terms of payment solutions, South Africa shows high financial inclusion and access to digital payment systems, with platforms like PayShap enhancing accessibility. However, transaction costs are higher than in countries with PIX, such as Brazil and Nigeria. Skills development is improving, especially in urban areas, but rural gaps persist in digital literacy and ICT education.

Entrepreneurship in digital sectors is expanding, supported by mobile access and fintech innovation. Access to finance is growing, with notable venture capital activity and government incentives, though it is still behind the UK, China, and Brazil. Overall, South Africa’s ecommerce ecosystem is competitive and well-positioned regionally but requires targeted improvements to match global leaders.

Table 8: Qualitative assessment of ecommerce ecosystem maturity across comparator countries



ICT INFRASTRUCTURE

INTERNET PENETRATION RATE ¹	AVAILABILITY AND AFFORDABILITY OF BROADBAND SERVICES	QUALITY OF ICT SERVICES (SPEED, RELIABILITY)	SECURE INTERNET SERVERS PER ONE MILLION PEOPLE
 78% high urban access; moderate national coverage	+\$40/mth Available in cities, but relatively expensive	Good urban reliability	14,421 robust hosting capacity
 47.8% (2024) with persistent urban-rural disparities	Available in urban areas; limited in rural zones; Entry-level plans are very affordable, starting from \$13.51/mth	Regional disparities exist	297 with low hosting capacity
 83.15% high national coverage; strong urban access	\$30/mth Widely available in cities; affordable	Good urban reliability	3,087 moderate hosting capacity
 40% moderate coverage; mobile-driven access	\$45/mth Good urban reliability but limited availability in rural areas; expensive	Regional disparities exist	74 very low hosting capacity
 70.2% high coverage; rapidly expanding in rural areas	\$20/mth Widely available through Jio, Airtel; very affordable	Reliable in urban areas	480 low but growing hosting capacity
 96% Very high coverage across urban and rural areas	\$30/mth Fast and widely available; affordable	High-speed, reliable services nationwide	36,379 Very strong hosting infrastructure
 78.6% high coverage; strong urban and expanding rural access	\$15/mth Advanced 5G and fibre networks widely available; very affordable	Fast and reliable nationwide	949 moderate hosting infrastructure
Development status in South Africa			
Above average better than Kenya, Nigeria, and India; behind Brazil, UK, and China	Moderate less affordable than India, China, UK, and Brazil; better than Nigeria	Average comparable to India and Brazil; behind UK and China; ahead of Kenya and Nigeria	Strong far ahead of Kenya, Nigeria, India, and China; behind UK

contd.



TRADE FACILITATION AND LOGISTICS²

LOGISTICS PERFORMANCE INDEX	DELIVERY TIMES FOR DOMESTIC AND CROSS-BORDER SHIPMENTS	ECOMMERCE PARCEL TRACKING CAPABILITIES	WAREHOUSING AND FULFILMENT INFRASTRUCTURE
 3.7/5 highest in Africa; reflects strong infrastructure, customs, and tracking	1–3 days cross-border; 3–7 days via FedEx, DHL, and road networks	Advanced real-time tracking via Parcel Monitor, Aramex, FedEx, and DHL	Highly developed includes multi-temperature centres, automated systems, and national coverage
 2.8/5 moderate performance	1–2 days cross-border; 3–5 days via rail/road to Uganda/Rwanda	Advanced APIs available; real-time tracking via Kenya Post and platforms like Parcel Monitor	Strong urban hubs Nairobi, Mombasa, Eldoret, Kisumu, and Nakuru support next-day delivery and regional distribution
 3.2/5 above average; reflects solid infrastructure and tracking capabilities	1–10 days cross-border; 3–30 days depending on method and customs	Advanced real-time tracking via Correios, DHL, FedEx, and Parcel Monitor	Strong and modern automated systems, national distribution centres, and tech-driven logistics
 1.9/5 ranked 88th out of 141 countries	1–3 days cross-border; 5–14 days depending on courier and customs	Advanced real-time tracking via Parcel Monitor, Nigeria Post, GIG Logistics, DHL	Growing capacity urban centres like Lagos and Abuja host modern fulfilment hubs with tech integration
 3.4/5 ranked 38th globally in 2023; reflects strong infrastructure and reforms	1–3 days cross-border; 3–15 days depending on service and customs	Advanced real-time tracking via Ekart, India Post, FedEx, and Parcel Monitor	Rapidly expanding – grade A warehouses growing at 25–30% CAGR; strong presence in Tier 2 & 3 cities
 3.7/5 high global ranking; strong infrastructure, tracking, and timeliness	1–2 days cross-border (US to UK); 3–10 days depending on service	Advanced real-time tracking via DHL, Parcelhub, Royal Mail, and other platforms	Highly developed – strategic hubs in London, Midlands, Manchester, and Scotland
 3.7/5 ranked 19th globally; reflects strong infrastructure and logistics competence	1–7 days cross-border; 3–45 days depending on air or sea courier	Highly advanced real-time tracking via Alibaba, JD.com, China Post, and third-party platforms	Extensive and tech-driven smart warehouses with AI, robotics, and global reach via Cainiao ³
Development status in South Africa			
Strong matches UK and China; ahead of Kenya, Nigeria, Brazil, and India	Efficient comparable to UK, Kenya, and India; faster than Brazil, Nigeria, and China	Competitive on par with all countries listed; global standard	Strong comparable to Brazil and India; behind UK and China; ahead of Kenya and Nigeria

contd.



LEGAL FRAMEWORK

CYBERSECURITY LEGISLATION AND ENFORCEMENT	DIGITAL IDENTITY AND AUTHENTICATION FRAMEWORKS	CROSS-BORDER DATA FLOW REGULATIONS	EXISTENCE OF ECOMMERCE LAWS
 Computer Misuse and Cybercrimes Act (2018); Data Protection Act (2019); Enforcement, co-ordination need improvement	National Identification Registration Bill; Department of Home Affairs, rollout is slow and needs improvement	POPIA Section 72, aligned with global standards	ECTA; POPIA; CPA; Cybercrimes Act, provide strong consumer protections
 National Cybersecurity Strategy (2022-2027); advanced, strategic and co-ordinated	Maisha Digital ID and Unique Personal Identifier (UPI) is in early-stage implementation	Section 48 of Data Protection Act (2019) – limited clarity and enforcement needs Improvement	Communications Act (2008); Finance Act (2020), lacks modern provisions.
 Cybercrimes Act (2015, amended 2024); outdated provisions and limited enforcement needs improvement	Inclusive and secure digital public infrastructure initiative	Comprehensive General Data Protection Law (LGPD).	Civil code; Internet Civil Framework; Consumer Defence Code (CDC); LGPD is comprehensive and enforceable
 Information Technology Act (2000); Bhartiya Nyaya Sanhita (2023); policy is comprehensive and evolving	Coverage gaps remain for National Identity Management Commission (NIMC) and ID4D initiative	Nigeria Data Protection Act (2023); recent and progressive	Cybercrimes Act; CPA; Electronic Transactions Act; regulated by CAC, NITDA; fragmented and under-enforced
 Cyber Security and Resilience Bill (2025) is modern and proactive	Widely adopted and integrated Aadhaar, India Stack, DigiLocker; and UPI	Digital Personal Data Protection Act (DPDP), evolving and privacy-focused	IT Act; Consumer Protection Act; FDI Policy, robust and evolving
 Cybersecurity Law (2017); Data Security Law (2021) is strict and state-controlled	Advanced secure Digital Identity and Attributes Trust Framework, aligned with ISO and ITIL standards	UK GDPR, IDTA and BCR adequacy decisions; advanced and globally recognised	Consumer Rights Act (2015); E-Commerce Regulations (2002); well-established and protective
 Governed by the Cybersecurity Law (2017) and Data Security Law (2021); emphasises data localisation, cyber sovereignty, and national security	Centralised and mandatory cyberspace Identity system. Issuance of internet ID numbers and certificates linked to real identities	CAC regulations; advanced and strict but opaque	E-Commerce Law (2019); well regulated
Development status in South Africa			
Strong matches UK and China; ahead of Kenya, Nigeria, Brazil, and India	Efficient comparable to UK, Kenya, and India; faster than Brazil, Nigeria, and China	Competitive on par with all countries listed; global standard	Strong comparable to Brazil and India; behind UK and China; ahead of Kenya and Nigeria

contd.



PAYMENT SOLUTIONS

ACCESS TO DIGITAL PAYMENT SYSTEMS	AVAILABILITY OF INTERNATIONAL PAYMENT GATEWAYS	SOPHISTICATED SECURED PAYMENT PLATFORMS	TRANSACTION COSTS
 Very high 94% financial inclusion; 82% have bank accounts; PayShap boosts accessibility ³	Available PayFast, Peach Payments, PayPal, Stripe, and Adyen support global transactions	Advanced platforms like Yoco, Ozow, SnapScan offer PCI-DSS compliance and real-time security	Moderate card fees range 2.6-3.5%; EFTs 1.5-2.0%; PayShap aims to lower costs
 High 83.7% financial inclusion; mobile money (M-PESA) widely used ⁴	Available PayPal, Pesapal, Flutterwave, DPO Group support global transactions	Advanced M-PESA, Equitel, PesaLink, iPay offer encrypted, interoperable services	Moderate to high mobile money fees vary; cross-platform and cash-out costs remain a challenge
 Very High driven by PIX and fintechs like Nubank; 85%+ have access ⁵	Widely available – PayPal, Stripe, Wise, PagSeguro support cross-border payments	Advanced includes biometric security; encrypted apps (PicPay, Mercado, Pago	Low PIX is free; card fees range from 0.5% to 2.3% depending on type
 Very high over 85% access; PIX and fintechs like Nubank drive inclusion ⁶	Widely available PayPal, Stripe, Wise, PagSeguro support global transactions.	Advanced encrypted apps PicPay, Mercado Pago; biometric security tools.	Low PIX is free; card fees range from 0.5% to 2.3%.
 High 64% inclusion; mobile money and fintechs like OPay and PalmPay expanding ⁷	Widely available Paystack, Flutterwave, GTPay, Interswitch support global payments	Advanced platforms like Quickteller, Paystack, and eTranzact offer PCI-DSS security	Moderate local fees 1.5%; international 3.8%; mobile money fees vary.
 Very High modernised systems like FPS, Bacs, CHAPS; broad access for fintechs ⁸	Extensive Stripe, PayPal, Adyen, Checkout.com, Airwallex support global trade	Advanced AI-powered fraud detection by GoCardless, Pelican AI, TrueLayer	Moderate domestic cards 1%, international 2.9%; varies by provider
 Very High over 960mn users; Alipay, WeChat Pay dominate; e-CNY gaining traction ⁹	Extensive Alipay+, WeChat Pay, UnionPay Int'l and PayEase support global merchants	Advanced biometric payments (face/palm scan); encrypted wallets; QR-based systems	Low to Moderate Alipay+ fees range 1.6-2.2%; WeChat/UnionPay vary by provider
Development status in South Africa			
Strong close to UK and China; ahead of Kenya, Nigeria, Brazil, and India	Competitive on par with all countries listed; global standard	Strong comparable to Brazil and India; behind UK and China; ahead of Kenya and Nigeria	Moderate higher than Brazil, Nigeria, and China; comparable to UK and India; behind PIX-enabled countries

contd.



SKILLS DEVELOPMENT

DIGITAL LITERACY ¹⁰	ICT EDUCATION AND TRAINING	ENTREPRENEURSHIP IN DIGITAL SECTORS	ECOMMERCE ADAPTION BY MAINSTREAM CONSUMERS AND BUSINESSES
 Improving urban areas show progress; rural/township communities face major gaps	Growing schools show awareness but lack infrastructure and trained educators	Expanding driven by mobile access, fintech, and ecommerce platforms	Rapid 11.7mn users in 2025; strong growth in mobile shopping and digital payments
 Expanding government's DLP programme trained 75,000+ teachers; rural gaps remain	Strengthening National ICT policy and Huawei partnership supports TVET training	Growing supported by accelerators, innovation hubs, and government programmes	Rapid 12mn+ users; mobile money (M-Pesa) drives growth; 16.4% annual market growth
 Improving 83% internet access; rural gaps persist; national programmes underway	Expanding ProInfo, Connected Education, and Huawei partnership boosts capacity	Strong AI, cybersecurity, and cloud services drive innovation; edigital strategy supports growth	Rapid US\$186bn revenue in 2023; mobile-first shopping and PIX payments dominate
 Improving currently insufficient; large digital skills gap exist; rural-urban divide	Improving integrated into national curriculum; National Digital Literacy Framework; NITDA Digital Skills Initiative	Growing Fintech, ecommerce and edtech startups like Flutterwave and Paystack thrive	Rapid \$9.35bn market in 2025; mobile-first users and platforms like Jumia dominate
 Improving large-scale programs under Digital India; rural gaps remain	Expanding large-scale initiatives under Digital India and Skill India; strong focus on coding, AI, and cloud skills	Expanding Fintech ecosytem is vast; PhonePe, Razorpay, and Paytm; Digital India and Startup India Initiatives	Rapid \$111bn market in 2024; booming B2C and social commerce; rural inclusion growing
 Strong highly integrated in education and workforce; global leader	Advanced comprehensive integration in schools, universities, and vocational training; advanced programs for emerging tech	Strong mature market with high digital payment adoption; Wise, Revolut, Zopa.	Rapid \$186bn revenue in 2023; dominated by Amazon UK, ASOS
 Strong national 2025 plan aims to boost digital skills and inclusivity	Advanced SEC platform supports 293mn learners; 10K+ vocational courses	Thriving ecommerce, AI, and fintech drive innovation, even in rural areas	Very High 25%+ of goods sold online; largest global ecommerce market
Development status in South Africa			
Improving matches Brazil and Kenya; behind UK and China; ahead of Nigeria and India	Growing behind Brazil, Nigeria, India, and China; comparable to Kenya	Expanding behind UK and China; comparable to Brazil and Nigeria; ahead of Kenya	Rapid more than Kenya; behind Brazil, Nigeria, UK, India and China

contd.



ACCESS TO FINANCE

VENTURE CAPITAL AND START-UP FUNDING	GOVERNMENT INCENTIVES FOR ECOMMERCE BUSINESSES	FINANCIAL INCLUSION METRICS
 Growing over US\$800mn raised in 2021; fintechs like TymeBank and Yoco lead	Available grants via DTIC, EMIA, and Co-operative Incentive Scheme support ecommerce	High 85% of adults have bank accounts; mobile money adoption at 37% ¹¹
 Strong US\$561mn raised in 2022; top VC firms include Savannah Fund, TLcom, Novastar	Active national ecommerce strategy supports MSMEs, digital skills, and infrastructure	High 84.8% of adults included; 52.6% use mobile money daily
 Strong over US\$2bn raised in 2024; São Paulo leads with top start-ups like Nubank	Active tax exemptions, accelerated depreciation, and LGPD compliance support growth	High 84% of adults have formal accounts; PIX and open finance boost access
 Strong US\$218mn raised in 2024; top firms include Future Africa, EchoVC, TLcom	Active grants via NYIF, YouWin!, SMEDAN, and LSETF support tech and MSMEs	Improving 64% formal inclusion in 2023; 74% total inclusion; rural gaps persist
 Thriving supported by \$1.2bn crore Fund of Funds and \$57.45mn Tech Adoption Fund in 2025.	Active startup India, Digital India, BharatNet, and Skill India programmes	Strong RBI's FI Index rose to 67/100 in FY25; driven by UPI, Jan Dhan, and Aadhaar
 Leading \$20bn raised in 2024; fintech, AI, and deep tech dominate; strong regional growth	Active R&D tax relief, Innovate UK grants, Freeport benefits, and MSME support schemes	Moderate progress varies; gaps in affordable credit and savings persist despite policy focus
 Robust top firms like Sequoia China, Qiming, and ZhenFund support 1,000+ startups	Strong tax breaks, pilot zones, and cross-border trade support digital commerce	High rapid digital inclusion; rural outreach and MSME lending exceed RMB40trn
Development status in South Africa		
Growing behind UK, China, and Brazil; ahead of Nigeria and comparable to Kenya	Available comparable to Kenya, Nigeria, India, and Brazil; behind UK and China	High matches Kenya, Brazil, and China; ahead of Nigeria and UK; slightly behind India

Note: All dollar amounts are expressed in the currency values as of 27 August 2025

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Stakeholder interest views analysis

Effective implementation of a national ecommerce development strategy for South Africa requires co-ordinated engagement across a broad range of stakeholders. Each actor brings unique interests, capabilities, and risks to the ecommerce policy landscape. This section outlines key stakeholder groups, their core interests, and potential policy levers to align incentives toward inclusive and sustainable digital commerce growth. Table 9 gives a list of the stakeholders by area of regulatory interest and role.

Table 9: Key stakeholders in South Africa’s ecommerce ecosystem

CATEGORY	STAKEHOLDER	INTERESTS AND ROLES
 Government departments and regulatory agencies	Department of Trade Industry and Competition (DTIC), SABS	Policy coherence; MSME enablement; AfCFTA trade readiness; digital industrialisation
	Department of Communications and Digital Technologies (DCDT)	Broadband expansion; digital literacy; cyber regulations
	National Treasury and SARS	Ecommerce taxation; fiscal sustainability; closing cross-border tax loopholes
	Competition Commission, National Consumer Commission and sector Ombuds	Ecommerce taxation; fiscal sustainability; closing cross-border tax loopholes
	ICASA (Communications Authority)	Platform regulation; market fairness; consumer rights protection
 Domestic ecommerce platforms and logistics	Takealot, Superbalist, and OneDayOnly	Market growth, regulatory certainty, and fair competition regarding global entrants
	Pargo, uAfrica, South African Post Office, and logistics start-ups	Enabling last-mile delivery; MSME integration; customs digitisation for cross-border trade
	Payment Platforms (e.g. PayFast, SnapScan)	Fintech innovation; transaction security; access to underserved markets
 MSMEs, informal traders, and entrepreneurs	Township MSMEs and vendors	Platform access; digital onboarding; mobile payment integration; affordable logistics
	Youth and women-led enterprises	Training; finance; exposure; market linkages
	Start-up enablers (accelerators, incubators)	Ecosystem building; mentoring; policy advocacy
 Consumers and Civil Society	Urban and rural consumers	Data protection; product safety; redress mechanisms; affordable access to goods
	Civil society and digital rights NGOs	Monitor equity, inclusion, and algorithmic accountability
	Trade unions and labour groups	Monitor gig work conditions; digital displacement risks; fair platform labour practices
 Development Partners and Regional Institutions	AfCFTA Secretariat and AUDA-NEPAD	Alignment with the AfCFTA digital protocol; cross-border trade corridor development
	UNCTAD, UNECA, World Bank, UNDP, WTO, WCO, and GIZ	Technical support; funding; digital maturity diagnostics
	SADC, SACU and regional regulators	Harmonisation of digital rules; ecertification; customs integration

Stakeholder tensions and alignment strategy

Despite shared aspirations for a robust ecommerce ecosystem, divergent interests among actors may create friction over the direction of regulatory policy. For instance, local MSMEs seek protection from foreign platform dominance, while FDI-linked actors demand open digital markets. Consumers demand low prices, but unchecked global platforms could displace local producers and hollow out domestic value chains. The government may prioritise a regulatory framework that promotes consumer protection, while the private sector advocates for minimal regulation to foster innovation and competition.

Addressing these tensions may require a multi-stakeholder ecommerce roundtable (MER). This will co-ordinate strategy implementation and monitoring, facilitate stakeholder consultations, and promote accountability and data sharing across public-private partners.

The thematic analysis of stakeholder interviews conducted as part of the research attests to a complex and evolving ecommerce landscape in South Africa. Key issues raised are consistent with the literature, including unfair competition from international platforms, outdated regulatory frameworks, and gaps in consumer protection and product safety. Stakeholders emphasised the need for streamlined policies, improved enforcement mechanisms, and greater support for local MSMEs and youth employment.

Challenges such as fragmented regulatory oversight, digital infrastructure limitations, and customs unpredictability further complicate the ecosystem. The views underscore a strong call for cohesive, forward-looking strategies that strike a balance between innovation, fair competition, and inclusive economic growth. Table 10 below summarises the issues raised by the thematic area, with proposed regulatory and non-regulatory interventions.

Table 10: Stakeholder consultation views by thematic area

Theme	Issues identified	Regulations/policies proposed or discussed
Protection of local industry and fair competition	- Unfair competition from international ecommerce platforms - High volume of small parcel imports affecting local sectors (furniture) - Lack of enforcement on foreign sellers - Regulatory arbitrage by resellers exploiting duty and compliance gaps	- Flat rate customs duties and import VAT for parcels. - Licensing and operational requirements for foreign platforms (Amazon’s 10% local ownership). - Volume restrictions and technological tracking systems - Proposal to lift both duties and compliance requirements to reduce arbitrage
Regulatory gaps and policy modernisation	- Outdated regulatory frameworks (ICASA’s 25-year-old policy) - Lack of a dedicated ecommerce law or ministry - Jurisdictional challenges with international sellers	- Need for a comprehensive ecommerce policy framework - Updating the Electronic Communications and Transactions Act - Proposed requirement for foreign sellers to register a local address
Consumer protection	- Non-delivery, poor product quality, and misleading marketing - Lack of awareness among consumers about complaint channels - Limited enforcement power of consumer protection bodies	- Recommendations for disclaimers on imported electronics - Calls for more explicit cross-border transaction protections - Advocacy for consumer education and awareness programmes
Compliance and safety standards	- Non-compliant or unsafe products entering the market - Difficulty in monitoring small parcel imports. - Gaps in product certification and inspection	- Over 3000 national standards enforced by NRCS - Daily inspections at ports and engagement with platforms like Takealot, Amazon, and Temu - Detainment and destruction of non-compliant goods

contd.

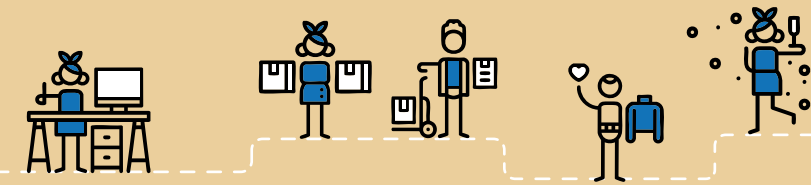
Theme	Issues identified	Regulations/policies proposed or discussed
Licensing and operational barriers	- Lengthy licensing processes for alcohol and medicine. - Difficulty legalising foreign drivers - Complex permit systems.	- Streamlining licensing via online platforms - Empowering local youth in delivery services - Simplifying permit processes for faster industry growth
International trade and tariffs	- Debate over imposing tariffs vs enabling competitiveness - Loss of investor confidence and capital flight	- Suggestion to avoid tariffs and instead adopt international best practices - Emphasis on enabling local businesses to compete globally
Jurisdictional and enforcement challenges	- Difficulty enforcing laws on international ecommerce platforms without a physical presence in South Africa - Lack of binding authority for consumer protection bodies like the Ombudsman	- Use of the Consumer Protection Act and the Electronic Transactions Act to assert jurisdiction - Escalation of unresolved cases to the National Consumer Commission and Tribunal
Product-specific safety and compliance risks	- Unsafe or non-compliant products entering the market - Specific concerns about children's clothing, electronics, skincare, and synthetic hair	- NRCS monitoring and lab testing of high-risk categories at SABS - Detainment, return, or destruction of non-compliant goods
Fragmented regulatory ecosystem	- Multiple agencies involved with overlapping or unclear mandates (Consumer Goods Ombudsman and National Consumer Commission) - Lack of co-ordination across departments	- Call for a unified ecommerce policy and interdepartmental collaboration - Need for a dedicated ministry or regulatory body for ecommerce
Uniform listing and safety requirements (ITAC)	Local platforms must meet safety and listing standards, which foreign platforms can avoid	Uniform listing requirements across all platforms to ensure consumer safety and fair competition
Customs transparency and predictability (ITAC)	Consumers face uncertainty about customs duties before purchasing	Minimum customs requirements and scaling process to estimate charges before checkout

contd.

Theme	Issues identified	Regulations/policies proposed or discussed
Digital infrastructure and technological gaps	- Lack of systems to track import patterns and enforce compliance - Inadequate digital tools for licensing and monitoring	- ITAC's recommendation to use technology to detect import patterns and classify goods - Online licensing improvements and calls for further streamlining
Capacity and infrastructure challenges	- High production costs and limited scale - Bottlenecks in financing and equipment for MSMEs - Lack of large-scale manufacturing competitiveness.	- Recommendations to improve access to finance - Calls for government support in scaling production - Use of trade portals and supplier databases (Cape Trade Portal).
Youth unemployment and informal labour	- High reliance on undocumented foreign drivers - South African youth are not participating in the delivery economy	Support to legalise drivers and empower local youth through training and access to delivery jobs
Information gaps and consumer awareness	- Consumers are unaware of their rights or where to report ecommerce issues - Lack of centralised, accessible information for manufacturers and consumers	- National databases and advocacy programmes by Wesgro and the National Consumer Commission. - Consumer education on tracing suppliers and reporting issues
Global investment and economic confidence	- Decline in foreign investment due to regulatory uncertainty and economic instability. - Advisors recommending offshore investment for security	Avoiding overregulation and adopting international models to support local producers
Empowerment of local businesses and MSMEs	- Limited visibility and market access for small manufacturers - High cost of advertising and compliance	- Non-regulatory incentives like free homepage advertising - Encouragement for big platforms to list and vet local MSMEs - Support for black-owned businesses and local branding



PART 3



STRATEGIC VISION AND OUTCOMES FOR ECOMMERCE DEVELOPMENT IN SOUTH AFRICA

One day in 2030: Lerato's township label goes viral

She feels like she has arrived in ecommerce heaven. Lerato's day starts just the way any high-end fashion designer's should – seamless. It is 05h30 at her desk. Overnight, she has picked up another 140 orders. Half of them are from Botswana, Namibia, and Zimbabwe. She has built a solid reputation, earning her platform the green SA eTrustmark. Conversion rates have spiked by 30%.

She actually has time for breakfast. At 08h00, her admin hour is a simple compliance upload. POPIA, CPA, and customs forms are handled with a single "ecertificate". The DTIC is like a new best friend. One portal, one submission. And SARS has weighed in. The international giants are now paying local VAT. Lerato's price points are more competitive. A digital services levy is helping to sustain the local ecommerce ecosystem. The local township fulfilment hub is buzzing.

By 10h00, all of Lerato's orders are on the road for delivery at 45% lower cost, because smart logistics now co-ordinates with other local hubs to achieve economies of scale. Distribution includes even smarter locker drops, where onward drivers can pick up and deliver. Come 13h00, cross-border orders are dispatched. What once might have

been a three-day hold-up at border control is now a 3-hour glide through the SADC single-window customs API.

It is 15h00 in Lerato's diary. She makes time to share the love. Her digital dividend is paid forward in skills training. She mentors two interns in creating product influencer videos. It is 60% funded by mandated MSME participation. Learning has never been this cool. Young talent is actually pulling communities out of poverty. 18h00 is not a good time to take a break. An online investor meeting reviews a thriving ebusiness. Besides stellar figures with 12% month-on-month growth, her delivery stats are carbon-neutral, and return clientele is building ever more loyal traction. Lerato gets to sign a R2 million working capital deal.

By 21h00, Lerato takes a moment. She has just completed her 140 orders, including 12 new SADC customers, created three new jobs, and sorted all her compliance admin. Done. Just one more thing. She orders new fabric from her Limpopo supplier for an upcoming pop-up in Mozambique – all immediate, all online.

When Lerato sleeps, she is not just dreaming. She is living it.

South Africa's ecommerce pathway

A national strategy for ecommerce development in South Africa must align with the broader aspirations of the NDP, the South African Roadmap for Digital Transformation, and the African Union Digital Transformation Strategy for Africa. These apex policies collectively aim to position digital technologies, particularly ecommerce, as enablers of inclusive growth, structural transformation, regional integration, and sustainable development. This section sets out the proposed vision, outcomes, and strategic

interventions needed to regulate and support ecommerce in South Africa.

The ecommerce CART analogy brings sharp, cohesive focus to four urgent action statements. If stakeholders and policy makers keep just one motivating factor in mind, it should be to augment South Africa's "share of CART" equitably and inclusively.



Strategic action statements

Action 1: A connected and inclusive ecommerce ecosystem

Ecommerce in South Africa will be underpinned by universal digital access, reliable broadband infrastructure, and inclusive and affordable digital participation that empowers all citizens, urban and rural, to engage meaningfully in online commerce.

- NDP reference: Expand Information Communication Technology (ICT) access and reduce infrastructure disparities to unlock innovation and opportunity
- SA Digital Roadmap goal: Achieve 90% broadband coverage and full digital citizenship by 2030
- AU Digital Strategy goal: Connect every African to the internet affordably

Action 3: A competitive, regulated, and trusted digital marketplace

South Africa will develop and regulate an open, secure, and competitive ecommerce environment that protects consumer rights, promotes digital trust, and ensures fair platform practices.

- NDP reference: Ensure that institutions strengthen and uphold competition, consumer protection and economic inclusion
- SA Digital Roadmap goal: Establish trust in digital platforms through robust cybersecurity and data protection
- AU Digital Strategy goal: Harmonise the continental digital market with secure and interoperable platforms

Action 2: Ecommerce for accelerated economic growth and job creation

Ecommerce will be a driver of economic diversification, MSME growth, and employment generation. This is especially pertinent to underserved regions, informal economies, as well as a focus on youth- and women-led enterprises.

- NDP reference: Support small enterprises and informal businesses as engines of inclusive economic growth
- SA Digital Roadmap goal: Develop high-growth sectors through digital platforms and innovation support
- AU Digital Strategy goal: Use digital technologies to create 300 million new jobs by 2030, particularly for women and youth

Action 4: Cross-border digital trade integration

South Africa will leverage its strategic position within SADC and AfCFTA to become a driving participant in a regional ecommerce hub, as well as promoting the digital economy across the continent.

- NDP reference: Deepen regional integration to improve market access and trade competitiveness
- SA Digital Roadmap goal: Harmonise ecommerce policy with regional frameworks and expand trade in digital services
- AU Digital Strategy goal: Build a Digital Single Market in Africa with full digital trade interoperability by 2030

Strategic outcomes statements for ecommerce development

The strategic outcomes of South Africa's National Ecommerce Development Strategy are both measurable and achievable in building a secure, inclusive, and globally competitive ecommerce ecosystem. These outcomes align with national priorities under the NDP, the South African DEMP, and the African Union's Digital Transformation Strategy (2020–2030).

Trust: Secure, transparent, and accountable digital ecosystem

Outcome statement:

Engineer and build a digital commerce environment that fosters consumer and seller trust through strong cyber protection, data governance, dispute resolution, and platform transparency.

- Launch of a national etrustmark for compliant platforms, including a real-time consumer complaint resolution mechanism
- Strengthened enforcement of the Protection of Personal Information Act (POPIA), Consumer Protection Act (CPA), and the Cybercrimes Act
- Public dashboards for platform performance, Dark Patterns and consumer ratings

Access and growth: Expanded digital and market infrastructure

Outcome statement:

Drive towards universal digital access, affordable connectivity, and efficient logistics systems. Ecommerce must enable the broadest possible participation with sustained market growth across all provinces.

- 90% broadband coverage by 2030
- Establishment of rural ecommerce hubs and smart logistics corridors

- Reduced data and delivery costs, particularly in underserved areas
- Platform and payment innovation supported by DPI

Inclusion: Equitable participation of products, sellers, and spaces

Outcome statement:

Create a vibrant, stimulating ecommerce sector that empowers MSMEs, attracts women and youth-led enterprises, draws in township and rural businesses, and opens up digital markets, scales operations, and grows contribution to national GDP.

- 60% MSME participation in ecommerce
- Digital onboarding toolkits for township and rural sellers
- Targeted support for local crafts, agro-processing, and informal businesses
- Training programmes in vernacular languages and community-based centres

Trade: Regional integration and digital export capacity

Outcome statement:

South Africa becomes a regional ecommerce hub, with efficient cross-border trade systems and increased participation in AfCFTA and SADC digital markets.

- 50% growth in cross-border ecommerce trade volumes by 2030
- Harmonised customs and payments frameworks with SADC/AU partners
- Platform localisation and multilingual interfaces for African markets
- Support for digital exporters and MSME trade corridors

Industrialisation: Ecommerce as a driver of local value addition

Outcome statement:

Ecommerce facilitates backward linkages to manufacturing, agro-processing, and creative industries, streamlining reindustrialisation and local value addition.

- Support for domestic platform development and MSME logistics providers
- Digital marketplaces linked to local production hubs
- Incentives for ecommerce platforms sourcing local content
- Green infrastructure investment aligned with industrial policy

Level playing field: Fair competition and balanced regulatory environment

Outcome statement:

A regulatory regime should ensure equitable market participation through consistent taxation, rational FDI rules, and enforcement of fair competition across local and foreign platforms.

- Enforcement of customs duties and taxation on foreign platforms (reform of the concession, where low value products are tax-exempt)
- FDI reforms for marketplace vs inventory-based ecommerce models
- Local licensing and registration requirements of international platforms based on volumes
- Implementation of Competition Commission market inquiry recommendations
- Clear digital trade rules aligned with AfCFTA digital trade protocol and other AfCFTA protocols and Agreements



Strategic recommendations for ecommerce regulation and development

Table 11: List of recommendations by key findings

Key findings	Key statistics	Recommendation	Details on selected recommendations
1. South Africa’s ecommerce ecosystem is in the expanding phase but faces structural constraints	- Ecommerce sales reached R71bn in 2023, accounting for 6% of total retail sales - South Africa’s CEMI transitioned from emerging (0.00–0.50) to expanding (0.51–1.00) in 2019 - Post-COVID growth plateaued in 2023, indicating structural limitations	- Launch a “National Ecommerce Maturity Dashboard” to monitor progress across infrastructure, payments, inclusion, and trade - Expand township and rural fulfilment centres to decentralise logistics and reduce last-mile delivery costs - Introduce targeted MSME onboarding incentives, including homepage advertising subsidies and digital onboarding toolkits	Create a real-time, data-driven dashboard that tracks the development, performance, and inclusivity of South Africa’s ecommerce ecosystem across key strategic pillars. This will guide policy decisions, sequence regulations, resource allocation, and stakeholder co-ordination while enabling transparency and accountability with the following matrices: - Infrastructure: Broadband coverage, fibre penetration, mobile access - Payments: Digital transaction volumes, mobile wallet adoption, BNPL usage - Logistics: Parcel delivery times, last-mile coverage, rural fulfilment centres - Regulation: Platform compliance rates, consumer complaints, enforcement actions - Skills: Digital literacy rates, training programme reach, MSME onboarding - Finance: Access to credit, VC funding, fintech adoption - Inclusion: Township and rural MSME participation, gender/youth-led enterprise metrics - Trade: Volume/value of cross-border ecommerce, customs clearance times

Key findings	Key statistics	Recommendation	Details on selected recommendations
2. Foreign platforms are disrupting local market dynamics	- Shein and Temu captured 37% of South Africa’s online clothing sales in 2024 - Projected to reach R22,2bn in sales by 2030, risking 34,000 local jobs 74% of South African online shoppers purchase internationally	- Mandate local registration and tax compliance for foreign platforms exceeding a transaction threshold - Differentiate FDI rules between marketplace and inventory-based models to protect local vendors - Introduce platform neutrality and algorithm transparency laws, modelled on the EU’s DMA and UK’s Strategic Market Status regime	Any foreign ecommerce platform conducting more than R10mn in annual Gross Merchandise Value (GMV), or processing over 50,000 transactions per year within South Africa should be required to: - Register a local legal entity or representative office - Comply with South African tax, consumer protection, and data governance laws - Submit periodic reports on product safety, seller practices, and consumer complaints
3. Township and rural MSMEs remain digitally excluded	- Over 1,1mn MSMEs operate in townships; 60% are informal and rely on cash - Only 2% of households have fibre; rural areas have 67% electricity access - Township economy valued at R900mn, employing 2,6 million people	- Scale local township economy development initiatives to include warehousing, logistics, and digital training - Develop vernacular digital literacy programmes and community-based training centres - Subsidise mobile payment systems and smart lockers to improve transaction reliability and delivery - Pilot localised Free Digital Trade Zones (FDTZs) in township and rural areas to stimulate digital exports, MSME growth, and regional integration	- Establish zones with warehousing, customs clearance, and digital infrastructure optimised for small parcel exports - Support co-operatives to aggregate local goods (crafts, agro-products, fashion) and brand them for online sale

Key findings	Key statistics	Recommendation	Details on selected recommendations
4. Regulatory fragmentation weakens governance and enforcement	- Over 74% of consumer complaints in 2023–2024 were linked to online transactions - Multiple agencies (SARS, ICASA, NRCS, NCC) operate in silos - Foreign platforms often avoid local tax and safety regulations	- Establish a dedicated ecommerce regulatory unit within the DTIC to co-ordinate oversight and enforcement - Strengthen CGSO’s jurisdiction to include foreign platforms and enforce cross-border consumer protection - Digitise customs and import tracking systems to monitor small parcel volumes and enforce compliance.	- Create a unified digital platform for customs declarations, parcel tracking, and duty estimation integrated with SARS, ITAC, NRCS, and logistics providers to enable real-time data exchange - Create harmonised system codes tailored for ecommerce goods to improve traceability and policy targeting - Require platforms like Takealot, Amazon, Temu, and Shein to integrate with customs APIs for automated declarations.
5. South Africa has strong digital infrastructure but lags in affordability and inclusion	97% 4G coverage (GSMA), but only 2% fibre penetration - Data costs are 134% higher than BRICS peers - Ranked 73rd of 152 countries in UNCTAD’s digital trade index	- Accelerate SA Connect broadband rollout, prioritising underserved areas - Introduce data cost reduction policies through spectrum reform and infrastructure competition - Promote public-private partnerships to build smart logistics corridors and rural ecommerce hubs	

Specific regulation recommendations

- Update the Electronic Communications and Transactions Act to include algorithmic transparency, data sovereignty, intermediary liability provisions, and seller protection mechanisms on third-party platforms.
- Strengthen enforcement of POPIA and CPA by creating a unified digital consumer rights portal, and establishing a cross-border consumer protection protocol aligned with AfCFTA.
- Introduce a Digital Platform Regulation Framework inspired by the EU’s DMA and the UK’s Strategic Market Status regime to enforce platform neutrality and anti-self-preferencing. Likewise, introduce data portability and algorithmic transparency requirements, apply rules to platforms exceeding defined transaction thresholds, and make provision for a regulatory sandbox for testing new platform models, fintech integrations, and AI-driven commerce.
- Amend the CPA to explicitly extend CGSO jurisdiction to foreign platforms that have substantial digital presence or transaction volumes in South Africa, and cross-border transactions involving South African consumers. Mandate that all ecommerce platforms (local and foreign) operating in South Africa register with CGSO and disclose complaint resolution mechanisms (submitting quarterly complaint reports), resolution rates, and refund policies. Platforms should be required to share anonymised consumer complaint data with CGSO for market surveillance and risk profiling identification of recurring issues.

- Develop digital compliance toolkits for high-risk sectors such as alcohol (age verification, delivery protocols), pharmaceuticals (licensing, prescription validation), and credit services (BNPL integration with consumer credit laws), and harmonise listing and safety standards across local and foreign platforms to ensure product integrity and consumer safety.
- Introduce digital services levies for platforms without physical presence but with substantial digital operations.

The bottom line

South Africa is no exception to both the evolution and revolution of global ecommerce. It has entered the expanding phase of digital commerce maturity, contributing over R71 billion to the retail sector in 2023. This powerful, exponential growth continues to accelerate with greater consumer adoption. However, growth is also uneven. It is increasingly vulnerable to the structural imbalances of dominant foreign platforms, fragmented regulation, and limited MSME participation.

This strategic guideline responds to these challenges with a bold, nationally owned roadmap that aligns with the NDP, DEMP, and the AfCFTA Digital Trade Protocol. It proposes a co-ordinated set of interventions across seven pillars – from digital infrastructure and MSME enablement to platform regulation and cross-border trade integration. It must unlock inclusive growth, protect domestic value chains, and position South Africa as a regional ecommerce leader.

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Key strategic models such as Free Digital Trade Zones (FDTZs), the Taobao Village model, and the Digital Markets Act (DMA) offer proven international frameworks that can be adapted to South Africa’s unique dual economy. These models emphasise local industrialisation, fair competition, and digital sovereignty – principles that are essential for building a resilient and equitable ecommerce ecosystem.

Critical to the success of this strategy is:

- Multi-stakeholder collaboration across government, platforms, MSMEs, and civil society
- Agile and harmonised regulation that balances innovation with accountability

- Targeted investment in township and rural economies to bridge the digital divide
- Platform accountability and consumer protection to build trust and sustainability

Ultimately, ecommerce must be more than a channel for consumption. It must become a strategic objective of national development. By investing in inclusive infrastructure, empowering local entrepreneurs, and regulating for fairness, South Africa’s ecommerce CART can engineer its digital marketplace into a driver of jobs, exports, and industrial competitiveness.

Table 12: Implementation plan for selected recommendations

Recommendation	Action	Stakeholders	Timeline	Success Indicators
Launch a national ecommerce maturity dashboard	Develop real-time indicators across infrastructure, payments, inclusion, and trade	DTIC, UNCTAD, EFSA, DCDT	Short term	Dashboard operational; quarterly updates published; stakeholder usage metrics
Mandate local registration and tax compliance for foreign platforms	Enforce registration for platforms exceeding R10mn GMV or 50,000 transactions	SARS, DTIC, National Treasury	Medium term	Number of registered foreign platforms; tax compliance rates
Scale the local township economy development initiatives	Expand warehousing, logistics, and digital training in underserved areas	Takealot, DTIC, SEFA, local municipalities	Medium term	Number of MSMEs onboarded; delivery coverage; training completion rates
Establish a dedicated Ecommerce regulatory unit	Create a multi-agency unit to co-ordinate oversight and enforcement	DTIC, SARS, ICASA, NCC, CGSO	Short term	Unit operational; enforcement actions; stakeholder coordination reports

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Recommendation	Action	Stakeholders	Timeline	Success Indicators
Promote public-private partnerships for smart logistics	Co-invest in township fulfilment hubs and last-mile delivery infrastructure	DTIC, EFSA, Takealot, Pargo, IDC, local government	Long term	Number of hubs built; delivery time reduction; job creation metrics
Update ECTA to include algorithmic transparency and seller protection	Amend legislation to reflect platform governance and intermediary liability	DTIC, Parliament, legal experts	Short term	ECTA amendments passed; compliance audits conducted
Introduce a digital platform regulation framework	Implement rules on platform neutrality, data portability, and algorithm transparency	DTIC, Competition Commission, NCC	Medium-term	Framework adopted; platform compliance rates
Strengthen CGSO jurisdiction and enforcement powers	Expand CGSO mandate to include foreign platforms and enable binding enforcement	CGSO, NCC, DTIC	Medium term	Jurisdiction expanded; resolution rates; consumer satisfaction scores
Digitise customs and import tracking systems	Develop ecommerce customs portal and smart parcel classification tools	SARS, ITAC, NRCS, DTIC	Medium term	Portal operational; parcel tracking accuracy; customs compliance rates
Mandate multi-channel consent and cross-border data protocols	Strengthen POPIA enforcement and integrate consumer rights portal	Information Regulator, DTIC, DCDT	Medium term	Consent systems deployed; data breach response times; portal usage metrics

THE URGENT TASK AT HAND IS TO ADVANCE SOUTH AFRICA’S ECOMMERCE “SHARE OF CART”.

TO ACHIEVE THIS, SOUTH AFRICA MUST **CONNECT, ACCELERATE, AND REGULATE** FOR MORE COMPETITIVE AND INCLUSIVE TRADE.

THIS REPORT DEMONSTRATES CLEAR ECOMMERCE PATHWAYS WITH GENUINE OPPORTUNITIES.

STAKEHOLDERS AND POLICY MAKERS MUST “SEIZE THE MOMENT”. NOW.

FRAGILE

ABBREVIATIONS

AfCFTA	African Continental Free Trade Area	DFTZ	Digital Free Trade Zone (China)
AI	Artificial Intelligence	DMA	Digital Markets Act (EU)
AMF/CTF	Anti-Money Laundering and Combating Terrorism Financing	DPI	Digital Public Infrastructure
ASEAN	Association of Southeast Asian Nations	DSBD	Department of Small Business Development
AU	African Union	DSR	Digital Silk Road
AUDA-NEPAD	African Union Development Agency	DTIC	Department of Trade, Industry and Competition
B2B	Business-to-Business	DSA	Digital Services Act (EU)
B2C	Business-to-Consumer	EAC	East African Community
B2G	Business-to-Government	ECTA	Electronic Communications and Transactions Act
BNPL	Buy Now, Pay Later	EFSA	Ecommerce Forum South Africa
BRI	Belt and Road Initiative (China)	EFT	Electronic Funds Transfer
C2B	Consumer-to-Business	eKYC	Electronic Know Your Customer
C2C	Consumer-to-Consumer	EMIA	Export Marketing and Investment Assistance Scheme (South Africa)
CAC	Cyberspace Administration of China	EU	European Union
CAGR	Compound Annual Growth Rate	FAO	Food and Agriculture Organisation
CEMI	Composite Ecommerce Maturity Index	FDI	Foreign Direct Investment
CGSO	Consumer Goods and Services Ombud	GDP	Gross Domestic Product
CMA	Competition and Markets Authority (UK)	GDPR	General Data Protection Regulation
CNY	Chinese Yuan	GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
COVID-19	Coronavirus Disease 2019	GS1	Global Standards 1
CPA	Consumer Protection Act	GSMA	Global System for Mobile Communications Association
DBSA	Development Bank of Southern Africa	ICT	Information and Communication Technology
DCDT	Department of Communications and Digital Technologies		
DEMP	Digital Economy Master Plan		

ABBREVIATIONS

ICASA	Independent Communications Authority of South Africa
IDC	Industrial Development Corporation
IMF	International Monetary Fund
IAB	Interactive Advertising Bureau
ITAC	International Trade Administration Commission
ITU	International Telecommunication Union
LGPD	General Personal Data Protection Act (Brazil)
LTE	Long-Term Evolution
MER	Multi-Stakeholder Ecommerce Roundtable
MISTRA	Mapungubwe Institute for Strategic Reflection
MNC	Multinational corporation
MSME	Micro, Small, and Medium Enterprises
NCC	National Consumer Commission
NDP	National Development Plan
NEF	National Empowerment Fund
NRCS	National Regulator for Compulsory Specifications
PCA	Principal Component Analysis
PCI-DSS	Payment Card Industry Data Security Standard
POPIA	Protection of Personal Information Act
POS	Point-of-Sale
PPP	Public-Private Partnership
QR	Quick Response
R&D	Research and Development

SaaS	Software as a service
SADC	Southern African Development Community
SARB	South African Reserve Bank
SARS	South African Revenue Service
SA Connect	South Africa’s National Broadband Policy
SEFA	Small Enterprise Finance Agency
SMS	Strategic Market Status
STEM	Science, Technology, Engineering, and Mathematics
TVET	Technical and Vocational Education and Training
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
USD	United States Dollar
VAT	Value-Added Tax
VLOP	Very Large Online Platform
WCO	World Customs Organization
WTO	World Trade Organization
ZAR	South African Rand

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