



UNIVERSITY OF KWAZULU-NATAL

**CONQUERING BARRIERS TO E-COMMERCE IN AFRICA'S
E-TAIL BUSINESS: A CASE OF SPREE**

By

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Glossary of Acronyms

3D Secure	3 Domain Security
API	Application Programming Interface
ARDI	African Retail Development Index
B2B	Business-to-Business
B2C	Business-to-Consumer
E-business	Electronic Business
E-commerce	Electronic Commerce
E-loyalty	Electronic Loyalty
E-payment	Electronic Payment
E-transaction	Electronic Transaction
EFT	Electronic Funds Transfer
GDP	Gross Domestic Product
ICT	Information Communication Technology
IP	Internet Protocol
IS	Information System
ISP	Internet Service Provider
IT	Information Technology
KSF	Key Success Factors
OECD	Organisation
MBA	Master of Business Administration
SME	Small and Medium Enterprises
UA	Uncertainty Avoidance
UNCTAD	United Nation Conference on Trade and Development
UX	User Experience
WTO	World Trade Organization

Abstract

In Africa, organisations that want to increase their involvement in the multilateral trading system need to overcome the e-commerce barriers in the continent. Many have failed due to their deficiency on contextual African business acumen and comprehensive adaptability. They have come short on many instances to understand the full advantages and opportunities offered by e-commerce adoption in Africa as opposed to global strategies. This study analyses a South African case-related e-commerce business model to investigate the barriers to successful venturing into African market through electronic commerce. These constraints and barriers range from technological, socio-economic and cultural issues including governmental and cognitive barriers.

Using a qualitative research methodology with a sample size of 12 sample subjects, the study finds among other findings that the most pertinent issues to the adoption of e-commerce are infrastructural, socio-economic and cognitive conditions. The availability of Internet infrastructure, an efficient logistics system, the ability to offer customers various methods of online payments, the choice of language as well as management's understanding of the core business, are found as the most important factors for the successful adoption of e-commerce. Findings of the study also indicate that developing mobile applications which can counterbalance limited Internet accessibility, is important for supporting the growth of e-commerce activities. Lastly, the study reveals factors which support the success, growth and sustainability of e-commerce adoption. Although it is beneficial for online companies to offer a personalised experience and consider cultural differences, a brand's identity as well as an understanding of customer demographics, take on a more important role in driving e-commerce sustainability and success.

Keywords: E-commerce, African e-commerce, business strategy, business models

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Chapter One

Introduction to the Study

1.1 Introduction

Electronic commerce has created a significant change in the way business is carried out. It is the primary reason that businesses now have opportunities for expansion and an ability to reach far-flung areas of the world without incurring additional costs (Agarwal and Wu, 2015). More importantly, developing countries that were previously excluded from international markets and global activities have the opportunity to participate in international trade (Oluyinka, Shamsuddin and Wahab, 2013). In order to reap the benefits offered by e-commerce, organisations in developing countries need to overcome the barriers associated with the online trading system (Nabareseh and Osakwe, 2014). This is an issue that only a few researchers have examined, and one which this study begins to address. This is accomplished by analysing existing literature as well as completing an exploratory study conducted to better understand barriers of e-commerce in Africa. In this chapter, the manner in which the study sets out to achieve the research objectives is outlined.

1.2 Background of the study

The adoption of technological business practices has a positive correlation to the level of economic development in a country (Li and Xie, 2012), which in turn is determined by the availability of infrastructural, economic, social and cognitive factors. When adopters have the financial capacity and the technological infrastructure to adopt technology, they are in a position to adopt e-commerce (Lin and Chen, 2012). In today's global economy, markets on the African continent have shown much more dynamism (Moriarty, Warschun, Savona, van Dijk, Prinsloo and Witjies, 2015: 2) than in previous years, as well as major potential which in relative terms has been unexplored (Rossi, Murugesan and Godbole, 2012). The African market is rapidly growing and presents opportunities to reach people living in far-flung rural areas; this is a huge benefit that is driving e-commerce growth on the continent. In areas where it is hard for people to access traditional brick-and-mortar stores, local and global websites can deliver high quality, domestic and international products right to the doorsteps of consumers. A growing number of consumers are realising that they do not have to be restricted by the limited number of good brick-and-mortar stores in their neighbourhoods - they can simply access the products and services that they need on the Internet (Horton, 2015). Furthermore, the African middle class, as well as their consumption, is rising steadily. This presents an opportunity for organisations in that the increasing population numbers are the volume needed for the consumption of many goods (Deloitte, 2012).

1.3 Motivation for the study

In spite of the growing number of studies on barriers of e-commerce, literature suggests a need to understand these barriers in relation to Africa which when compared to international markets, is developing significantly differently (Kyobe, 2011). While the literature shows that research has been conducted in developed economies, only a few studies exist on developing countries. In his study to identify challenges of e-commerce in Africa, Murray (2012) indicates that due to differences in infrastructure and economic growth, companies operating in Africa cannot simply adopt business models that have been implemented in international markets. Business models that have worked for international e-commerce companies, will not work in Africa. The opportunities and challenges that exist in Africa can only be identified and overcome when organisations pay particular attention to Africa (Hattingh, Russo and Sun-Basorun, 2013). Addressing the factors influencing the adoption of e-commerce by focusing specifically on Africa can be of great value to e-commerce companies in the region. The proposed research delves into some of the environmental factors which hinder the adoption of e-commerce in Africa. The study proposes solutions that can assist e-commerce companies with the successful adoption, growth and sustainability of their business initiatives. The results of the study will add to the scarce body of knowledge on e-commerce barriers in developing countries.

1.4 Problem statement

Presumably, e-commerce can allow businesses in developing countries to reduce trading costs and become a new driver of economic growth, provided that significant e-commerce barriers are overcome. Yet developing countries are still not accessing the full value of e-commerce as the adoption and possible benefits of e-commerce are hindered by infrastructural, socio-economic, socio-cultural, governmental and cognitive barriers.

1.5 Research objectives and questions

This study seeks to establish how organisations in developing countries can overcome barriers of e-commerce adoption in Africa in order to identify and implement business models which can assist these companies to take advantage of the benefits offered by e-commerce.

1.5.1 Research questions

1. What are the barriers to e-commerce that impact the success and failure of e-commerce adoption in developing countries?
2. To what extent do relational objective dimensions improve integrated connectivity?
3. What value-based objective dimensions have placed Spree in its market position.

1.5.2 Objectives of the study

1. To analyse the barriers to e-commerce – at business level models - that influence e-commerce adoption in developing countries.
2. To analyse the extent to which the relational objective dimensions of e-commerce adoption improve integrated connectivity.
3. To establish the value-based objective dimensions at Spree in positioning itself as one of the most loved e-commerce websites of its kind.

1.6 Significance of the study

Regardless of the growing number of research studies on the barriers of e-commerce adoption in developing countries, the literature suggests that the key barriers need to be understood collaboratively and not in isolation (Kyobe, 2011). Furthermore, while numerous studies on e-commerce adoption barriers have been carried out, few have been conducted on developing countries (Agarwal and Wu, 2015). Taking into consideration the various challenges facing African e-commerce companies, it is evident that organisations in developing countries cannot simply adopt business models used in the developed market (Hubbard, 2015). What has worked for international e-commerce will not work in Africa, which is developing significantly differently in terms of infrastructure and economic growth (Murray, 2012).

Addressing the barriers of e-commerce adoption in Africa will allow organisations operating on the continent to identify and implement business models that will be effective in overcoming these barriers, in order to reap the benefits of trading online. This research identifies and describes the environmental barriers present in Africa, as well as how these barriers can be overcome. This may assist organisations in developing countries to adopt suitable business models in Africa. The results of this study will add to the existing knowledge on the barriers of e-commerce adoption in developing countries.

1.7 Preliminary literature study

The term 'e-commerce' was first used in the 1990s when it was used to reflect the anticipated growth in the business-to-business (B2B) market sector, which included other forms of electronic interaction between businesses (Chester, Kaura and Linton, 2013: 36). In recent years, researchers have suggested that the definition of e-commerce is not conclusive, and can instead be viewed from different perspectives. Researchers and practitioners in the discipline have generally provided definitions that support their research or professional orientation, or the product, service or technological infrastructure involved. E-commerce is generally accepted as forming part of e-business (Brown and Jayakody, 2008). E-business activities and applications include simple things such as electronic mailing to more complex activities such as supply chain management, which are supported by the Internet (Parker and Castleman,

2007). The nature of suppliers and recipients of e-commerce is such that it leads to two well-known categories, namely, business-to-business (B2B) and business-to-consumer (B2C) (Hande, Debleena and Atingovil, 2015).

1.7.1 Barriers of e-commerce

Studies into e-commerce barriers have suggested that e-commerce has the potential to grow the markets of businesses in developing countries, either through online intermediaries or through using corporate websites (Hwang, 2007). E-commerce adoption enables developing countries to access global markets at reduced costs and decreased capital investment, it improves customer services and their ability to compete with competitors, and reduces costs of trading and expenses (Mohapatra, 2013). A detailed investigation into e-commerce adoption and diffusion in developing countries reveals that these emerging markets have not benefited from the expected gains offered by e-commerce (Terza, 2011). The use of the Internet for business practices has meant that the different characteristics of infrastructural, socio-economic and socio-cultural factors have created a difference in the adoption of e-commerce in Africa compared to developed countries (Iddris, 2012). A study by Lawrence and Tar (2010) described and suggested that the technological infrastructure and socio-economic, socio-cultural and governmental policies present in a country are the barriers which hinder the adoption of e-commerce in developing countries. Lee and Coughlin (2015) meanwhile suggested that cognitive barriers play an important role in the early stages of e-commerce adoption. While the reasons for e-commerce barrier hindrances vary considerably among countries, they are most commonly linked to infrastructural, cost, security and trust factors, as well as ineffective distribution logistics, the impersonal nature associated with online transactions and problems associated with returning products (Lawrence and Tar, 2010). This study will take a closer look into the e-commerce barriers as suggested by both studies.

The first of these is infrastructural barriers. ICT infrastructure is generally related to technology, telecommunications and wireless technologies. In developing countries, there are serious infrastructural barriers. Among the ones that are in need of immediate attention are access to technology, restrictions on bandwidth, poor telecommunication infrastructures and scarce electricity supply (Lawrence and Tar, 2010). The second is socio-economic barriers. Lawrence and Tar (2010) identify economic conditions, the educational system, payment systems and distribution systems, as the major socio-economic barriers hampering e-commerce adoption in developing countries. This study identifies governmental policies and a country's legal framework as the third barrier. In many developing countries, the ICT policies needed to guide the delivery of Internet services are unavailable. Without clear policies and the willingness to implement these policies no progression can take place. Governments also play a vital part in the adoption of e-commerce (Lawrence and Tar, 2010). The fourth barrier is related to socio-cultural set up in a given country. Many cultures in developing countries do not trust technology and the online culture, and thus do not support e-commerce (Lee, Trimi and Kim, 2013). While online

transactions which have preceded e-commerce have existed and have been used for long periods of time in developed countries, in developing countries these systems are novel and new. They also do not fit with the culture and the manner of conducting business (Lawrence and Tar, 2010). Lastly, cognitive barriers are identified as the fifth barrier. Cognitive barriers refer to the reasoning of individuals and organisational decision-makers. A number of effects including a lack of skills, awareness and confidence, all form part of cognitive response (Kshetri, 2007).

1.7.2 The e-commerce business model

Chaffey (2009) suggests that online business models that have been made available through e-commerce are important to existing companies. Existing companies need to use the Internet to develop current business models, while simultaneously testing the new business models. These new business models are essential for gaining competitive advantages over a company's existing competitors, while also deterring new similar business models from new entrants to the market (Chaffey, 2009). In the context of e-commerce, Kshetri (2007: 445) describes a business model as "a description of a company's intention to create and capture value by linking new technological environments to business strategies."

Lam and Harrison Walker (2003) thoroughly investigated business models used by online companies and summarised them using a two-dimensional model. The two dimensions are relational objectives and value-based objectives (Lam and Harrison Walker, 2003). According to the researchers, the relational objectives dimension classifies e-commerce models based on the Internet's connectivity characteristic. It involves determining the connectivity related objectives, which can be further divided into three categories, namely corporate communications, network development and direct access (Lam and Harrison Walker, 2003). On the other hand, the value-based objectives are concerned with establishing what value e-commerce business models add to an organization. These values can include but are not limited to revenues, increased marketing effectiveness or improvement in consumer attitudes (Hedman and Kalling, 2003).

1.8 Research methodology

1.8.1 Research design

According to Yin (2007), case studies are epistemologically acceptable when research questions are focused on the explanations supporting observed phenomena, when behavioural events are out of the researcher's control, or when modern-day events are being highlighted. This study used the interpretivism research philosophy because it could not be assumed that what was observed from the participants would be interpreted in the same way (Yin, 2007). Part of the research aimed to assess whether there were differences in understanding among the participants. The research design was

conducted using an exploratory research strategy. Saunders, Lewis and Thornhill (2006) indicate that exploratory research studies are a valuable way of establishing what is happening, to establish new insights, to ask questions and to evaluate phenomena in a new light. This study made use of a single-case research design. A qualitative approach was used for this study. By analysing qualitative data, the researcher was able to propose valid suggestions from the large volume of information collected.

1.8.2 Sampling design

Target population

The target population of this study includes a total of 64 employees who work for Spree. The population was chosen because the location of the e-tailer is conveniently situated in close proximity to the researcher. This made it easier for the researcher to travel to the study site, which saved time and costs.

Sample technique

This study will use purposive sampling which forms part of non-probability sampling. According to Sekaran and Bougie (2011) purposive sampling allows the researcher to collect information from members of a target group who are most likely to provide the required information. Therefore, instead of collecting data from members of a population who are conveniently available, as done in convenience sampling, purposive sampling enabled the researcher gather information from the top-level employees at Spree who are in a decision-making position, and therefore, had the knowledge and expertise to answer the questions that were asked during the interview process.

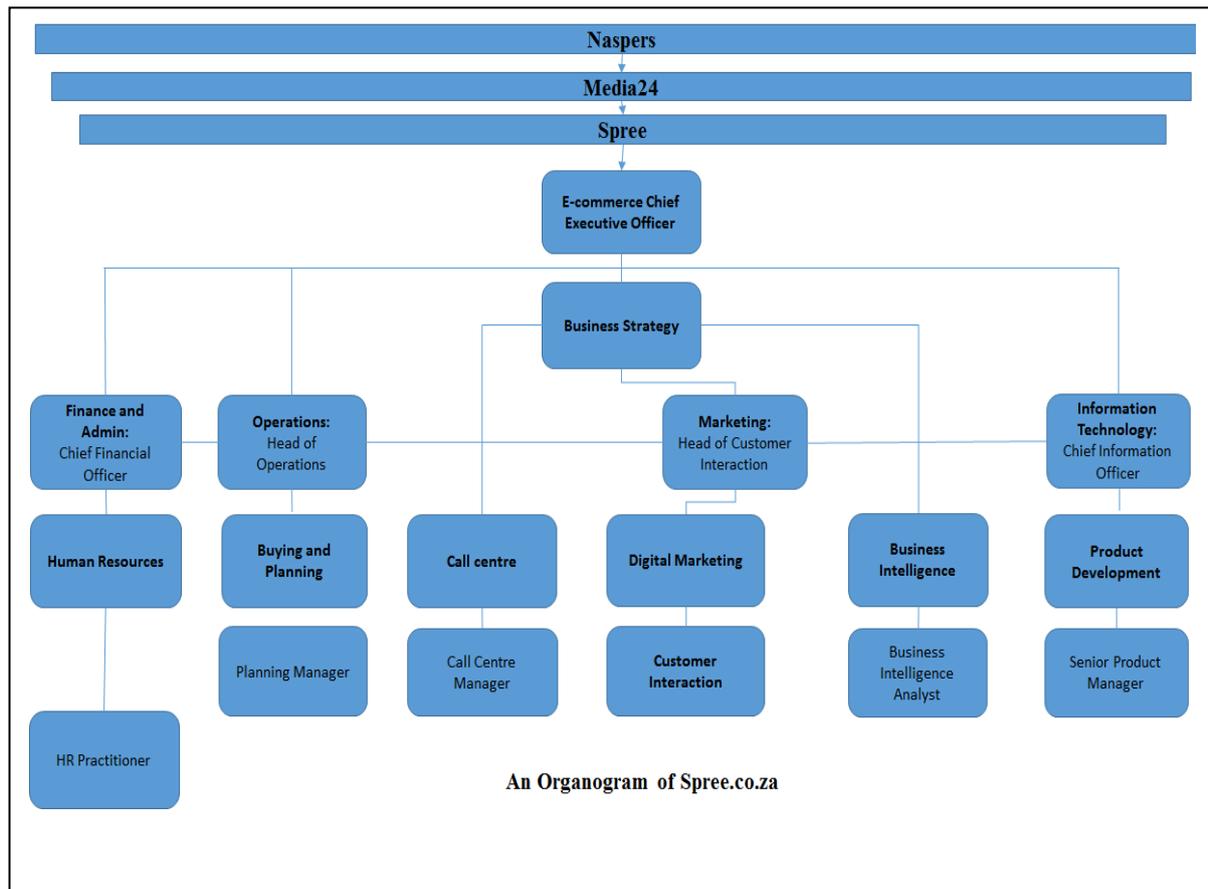
Sampling size

Sekaran and Bougie (2011) suggest that it is crucial to choose a sample size that best represents the population. Although the chance of choosing a sample that is a replica of the exact population is highly unlikely, when the sample is chosen in a scientific manner, the researcher can be assured that the sample statistic will be a fair representation of the population. In this study, the sample size was made up of a total of 12 top and middle managers from Spree, as depicted in Figure 1.1.

Study site

This single case study was conducted at the Head Office of Company Z which is situated in the central business district of Cape Town, Western Cape. Spree forms part of Company Z's e-commerce business units. Figure 1.1 illustrates the population of the study, including top management and middle management at Spree.

Figure 1.1: Spree organogram



1.8.3 Data collection

This study applied a qualitative approach by using qualitative data which was acquired through interviews. Interviews may be categorized as structured, semi-structured or in-depth (Lewis *et al.*, 2009: 320). Structured interviews make use of questionnaires which contain a set of standardised questions. In a semi-structured interview, a list of questions and themes may be covered based on the progress of the discussion (Lewis *et al.*, 2009: 320). In-depth interviews are informal. This study made use of semi-structured interviews.

1.8.4 Data analysis

Interviewer-conducted interviews were administered in this study; however, a qualitative approach was applied through the use of the qualitative data acquired during the interviews. The qualitative data were analysed using thematic analysis, which is a form of content analysis (Shapiro and Markoff, 1997: 14). Thematic data enables the researcher to analyse a large quantity of textual data to identify words, patterns or themes (Sekaran, 2010: 385). This form of analysis required that the text be coded into categories, after which it was analysed using conceptual and relational analysis. The conceptual analysis enabled the researcher to identify the frequency of concepts, while the relational analysis examined the

relations between the concepts (Schindler and Cooper, 2008: 423). The data was processed using the NVIVO programme. Quantitative data can be analysed using descriptive and inferential statistics to facilitate univariate, bivariate and multivariate analysis. Although this form of data analysis was not applicable to this study, it is suggested for further research.

Quality control

McMillan and Schumar (2006) maintain that researchers should use of more than one method when collecting and analysing data in order to ensure trustworthiness. These methods can be interviews, recordings and observations. In qualitative research, reliability and validity are conceptualised as rigour and trustworthiness. A researcher can achieve this by eliminating bias and improving truthfulness regarding the proposition of a certain social phenomenon using triangulation (Golafshani, 2003). In this study, the standards of measuring the degree of trustworthiness in qualitative data, namely, credibility, transferability, dependability and confirmability, are taken into consideration (Guba, 1981).

1.9 Ethical clearance

The intention of ethical clearance is to provide participants and the researcher with protection (Aguinis and Henle, 2004). The interviews conducted between the researcher and the participants were face-to-face, meaning that confidentiality was exercised, and subsequently trust was created. This study fulfilled the steps required by the University of KwaZulu-Natal's ethical process (see Appendix IV) in order to protect the rights of the participants. A gatekeeper's letter was provided by an employee from Spree to the researcher.

1.10 Scope of the study

This study only investigated the external barriers to e-commerce. The internal barriers, which may include factors such as the characteristics of the organisation, were not included. Exploratory studies are intended to explore research questions, and do not intend to provide conclusive findings (Cooper and Schindler, 2008). Due to the nature of exploratory studies, this study could not provide conclusive evidence. The population of the study consisted of 12 participants as these were the only people in the organisation who could provide the data required in the study. In addition, the study site chosen, made it easier and cheaper for the researcher to conduct the study. Furthermore, in order to improve the reliability and validity of studies, Babbie and Mouton (2006) suggest that quality control should be administered through test-retest methods, where a similar study is conducted on the participants more than once. Due to time constraints, this method could not be used, however replication logic was administered.

1.11 Structure of dissertation

Chapter One: Introduction

The introduction provides a brief overview into the study. To achieve this, the overall purpose of the study is discussed; the objectives and research questions are given. The background which gives an introduction to barriers of e-commerce is also included, as is a brief view of the whole study. All of the abovementioned is completed to define how will fill a gap in the research, and how it will be concluded.

Chapter Two: Literature Review and Framework

This chapter discusses the concept of barriers of e-commerce in greater depth. The concept is analysed and explained within the context of the study. The study examines the theories that form the basis for the discussion of the research topic; where both the environmental factors and characteristics of business models are discussed and a theoretical framework is given. Furthermore, the study will explain where the research topic fits into the existing literature. It will further focus on the literature concerning Spree, which will also form the basis of the discussion of the research topic.

Chapter Three: Research Methodology

In this chapter, the process of the actual research on which this study is based, is revealed. This ranges from the instrument that is used to collect the data and how the instrument was used. The sampling techniques are also explained and details on the interview process are also given. The method used to analyse the results and testing for reliability and validity were discussed and the motives for their use are also provided.

Chapter Four: Data Analysis and Presentation of Results

In this section the results that were found from the data collection and analysis are presented in their most realistic form. The results are presented in relation to the objectives of the study.

Chapter Five: Discussion of Results

This chapter discusses the conclusions drawn from the results presented in the previous chapter. The process in the discussion of the results of the study involved two steps. First, the implications of what was revealed from the barriers of e-commerce, are provided. Second, the results are compared to the literature discussed in chapter two. The understanding of the concepts formed was also illustrated.

Chapter Six: Conclusion

Using information provided by the research results, certain conclusions were drawn. The research findings that differentiate e-commerce barriers in Africa were revealed, and the implications thereof were discussed. Lastly, recommendations for organisations operating in Africa were provided.

1.12 Conclusion

This chapter begins by identifying how the thesis will be conducted. The fundamentals of the concepts which structure the study are explained. The literature most relevant to the study; the effect of e-commerce on companies, the barriers which hinder its adoption and the importance of business models; are introduced. All of the aforementioned is provided in order to contextualise the impact of barriers to e-commerce in developing countries. This chapter also explains the research methodology used to collect and analyse the data gathered. Lastly, the ethical issues are outlined.

Chapter Two

Literature Review

2.1 Introduction

Many researchers on the topic of e-commerce business practices have generally proposed numerous environmental factors that affect the adoption of e-commerce. While many of these researchers have agreed on the effects of barriers of e-commerce adoption, a few have collaboratively studied the effects of these barriers and their subsequent impact on a company's business model. This chapter aims to provide a collective analysis of the environmental factors influencing e-commerce adoption in developing countries, in order to identify a business model that can be successfully implemented in the context of the environmental factors present in a given country. To achieve this, this chapter will present a two-part literature review. The first part provides an objective and critical summary of the relevant works on the phenomenon of e-commerce and the barriers to e-commerce adoption in developing countries. It specifically focuses on Africa and analyses the key success factors necessary to overcome the barriers on the continent. It also provides a background of Spree and the e-tailer's position within the e-commerce industry in South Africa and globally. The second part of this chapter uses the two-dimensional business model developed by Lam and Harrison-Walker (2003) as a guide to examine the characteristics of business models that may be successfully implemented in developing countries.

2.2 Theoretical framework

Many researchers have analysed the adoption of the Internet and other related information communication technologies (ICTs) to conduct business practices in developing countries (Awa, Awari and Lebari, 2015: 143-164). While some of the benefits offered by e-commerce may certainly be advantageous for businesses (Wresch and Fraser, 2011), many studies have suggested that organisation in developing countries have not fully benefited from the expected gains offered by e-commerce (Terza, 2011; Aboelimged, 2014; Abbad, Abbad and Saleh, 2011). However, few studies have evaluated how organisations in developing countries can overcome the barriers associated with e-commerce in order to gain from the potential benefits (Lambert and Davidson, 2013; Ghobakhloo, Arias-Aranda and Benitez-Amado, 2011; Zaied, 2012).

The factors which impact the adoption of e-commerce need to be understood in relation to developing countries (Savrul, Incekara and Sener, 2014). In African countries, specifically, technology usage lags behind other markets (Kyobe, 2011). Furthermore, the use of the Internet for business practices has meant that the different characteristics of infrastructural, socio-economic and socio-cultural factors have created a difference in the adoption of e-commerce on the continent (Iddris, 2012). A study by Lawrence and Tar (2010) describes and suggests that the presence of technological infrastructure and socio-economic, socio-cultural and governmental policies in a country are the barriers which hinder the

adoption of e-commerce in developing countries. Lee and Coughlin (2015) meanwhile suggest that cognitive barriers play an important role in the early stages of e-commerce adoption. This study will use the aforementioned to identify, describe and suggest the barriers which hinder the adoption of e-commerce in developing countries.

Part of this research is concerned with the factors that need to be overcome in order for e-commerce adoption to take place in Africa; researchers who have studied these factors have presented isolated cases in their studies (Kyobe, 2011). For instance, researchers who have proposed the influence of environmental factors as a determinant of e-commerce adoption have emphasised issues such as the economic stability of a country and its infrastructure as critical to the adoption of e-commerce (Toesland, 2014). Others have studied the relationship between the adoption of e-commerce and the importance of an efficient logistics system in supporting e-commerce business practices in a country (White, Afolayan and Plant, 2014; Doherty, Shakur and Ellis-Chadwick, 2015). Yet others have recommended a greater focus on the level of e-commerce knowledge within an organisation (Zamberi, Bakar, Rahim, Mohamed, Zaki and Anwar, 2015), while some have paid attention to the characteristics of e-commerce systems which assist in developing a web presence for companies (Huang and Benyoucef, 2013). Each of these studies have made a significant contribution to understanding the factors that influence e-commerce adoption. However, more research needs to be done in order to understand how the environmental barriers prevalent in emerging markets can be overcome for the successful adoption of e-commerce at an organisational level (Al-Hudhaif and Alkubeyyer, 2011). An understanding of how these barriers can be overcome will enable the identification of a business model that may be suitable for organisations operating in Africa. Online business models that have been made available through e-commerce are important to existing companies (Cavalcante, Kesting and Uloi, 2011). Many business models that have passed their prime must be updated to meet the changing demands of the digital age consumer (Baird and Gonzalez-Wertz, 2011). These new business models are essential for gaining a competitive advantage over a company's existing competitors, while also deterring new, similar business models from new entrants to the market (Chesbrough, 2010). In this study, Lam and Harrison-Walker's (2003) two-dimensional model is used as a framework for business model implementation. This framework uses relational and value-based objectives to investigate and summarise business models used by Internet companies. The focus of this study will be on evaluating these dimensions and investigating how they can be used for the successful adoption of e-commerce. The theory will be presented through a model which illustrates the various phases a company needs to overcome in order to successfully adopt e-commerce business practices.

Table 2.1: Studies contributing to the adoption and implementation of e-commerce

Authors	Study relevance
Lawrence and Tar (2010)	The presence of technological infrastructure and socio-economic, socio-cultural and governmental policies in a country are barriers which hinder the adoption of e-commerce in developing countries.
Kyobe (2011)	Technology usage in African countries lags behind, impacting the adoption of e-commerce on the continent.
Huang and Benyoucef (2013)	It is paramount for online companies to implement relevant social commerce design features into their platforms.
Toesland (2014)	The economic stability of a country as well as the development of its infrastructure play a critical role in the adoption of e-commerce.
White, Afolayan and Plant (2014)	A country's supply chain management can pose a challenge on the adoption of e-commerce.
Lee and Coughlin (2015)	Cognitive barriers have an important role to play in the success of e-commerce during the early stages of its adoption.
Shakur and Ellis-Chadwick (2015)	The quality of an e-tailer's operations needs to develop as the scale of its e-commerce operations grow in order for the value of e-commerce to be realised.
Zamberi, Bakar, Rahim, Mohamed, Zaki and Anwar (2015)	The adoption of e-commerce is impacted by management's level of knowledge and experience in the field.

Source: Researcher's own

Generally, frameworks have been defined in many ways, including a conceptual tool or model, a framework and a structural template. However, these definitions explain frameworks without providing an explicit definition or concept. Furthermore, the present definitions only partially overlap, the result of which is numerous possible interpretations and confusion. Nonetheless, the most prevalent definitions of frameworks explain three phenomena: (1) e-business and the use of information technology in companies; (2) strategic matters, including competitive advantage, value creation and organisational performance; and (3) innovation and technology innovation (Zott, Amit and Massa, 2011). According to Magretta (cited in Mutsembi, 2015: 3), frameworks are defined as:

Stories that explain how enterprises work. A good framework answers Peter Drucker's age old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost? (Magretta, 2002: 4).

In the context of e-commerce, Kshetri (2007: 445) described a framework as "a description of a company's intention to create and capture value by linking new technological environments to business strategies".

2.3 The Two-dimensional business model

Researchers and authors of e-business models have made several attempts to classify online business models, but with no mutual classification. As such, Lam and Harrison-Walker (2003) thoroughly analysed business models adapted by online companies, and narrowed them to a two-dimensional business model. From a strategic viewpoint, the e-business model attempts to establish why online companies need to develop an e-business in the first place (Matook, 2012). According to the researchers, rapid advancements in e-commerce have made it essential to find a robust typology which relates to the strategic objectives of e-business models, in addition to the technicalities of how e-business models should be operated (Lam and Harrison-Walker, 2003). The aim of a typology is essentially to conceptualise the dimensions that underline the phenomena being studied. According to Lam and Harrison-Walker (2003), when deciding on e-business models two prominent questions arise. The first question relates to the relational objective and attempts to find out what purpose a company's website will serve, while the second question is value-driven that attempts to establish how an e-business can add value to a company.

In developing economies, not all e-business models are equally attractive (Robert and Davison, 2013). In his adaptation of the e-business typology, Kshetri (2007) asserts that e-business models which are developed-country focused need to be adapted to fit the developing world. As such, his study analyses how the environmental factors in Nepal, a developing country, impact the relational and value-based dimensions of the model. Using the same approach, this study determines how the environmental factors in Africa affect the characteristics which underline each of the dimensions, and subsequently the adoption of suitable e-business models. This will allow the study to examine the extent to which relational objective dimensions improve integrated connectivity, as well as identifying the value-based objectives; meeting the main objectives of the study.

2.3.1 Relational objectives

The relational objectives dimension classifies e-commerce models based on the Internet's connectivity characteristic; the Internet gives companies the ability to reach any consumer regardless of distance. It

is further divided into three categories, namely corporate communications, network development and direct access (Lam and Harrison Walker, 2003). Corporate communications serve as a media and communications tool so that companies can connect with their existing and potential customers. In other words, companies in this category will develop an e-business to disseminate information related to the company and its offerings in order to create demand for a product category or brand (Lam and Harrison-Walker, 2003). Network development aims to develop more efficient and effective links among external stakeholders. In this category, commercial websites may also be built to establish supplier networks for industrial products (Lam and Harrison-Walker, 2003). Lastly, direct access eliminates wholesalers and retailers to create direct access to existing and potential consumers. The main benefit to direct access is that companies have the opportunity to customise their products to their consumers' needs, usually at a lower cost than traditional distribution channels (Lam and Harrison-Walker, 2003).

2.3.2 Value-based objectives

Value-based objectives are concerned with establishing what value e-commerce business models add to an organisation. These values can include, but are not limited to, revenue, increased marketing effectiveness, and/or improvement in consumer attitudes (Hedman and Kalling, 2003). Financial rewards, the first dimension, directly adds monetary benefits through mechanisms such as user fees, merchandise sales, advertising and so forth. These revenue streams can be further divided into user-paid, where users are charged directly for website content, products or services; and provider-paid, where revenue is acquired through advertising fees, market research fees and sales commissions (Lam and Harrison-Walker, 2003). The second dimension, product and channel enrichment, generates revenue indirectly. Models that are carefully designed can improve customer loyalty, create and raise brand awareness, decrease operating costs, decrease time to market or build synergy among brands that supports new product acceptance. By focusing on customer loyalty, companies can protect themselves against competition (Lam and Harrison-Walker, 2003).

From these two dimensions, e-business models can be classified into six cells, namely: Internet merchants and portals; virtual product differentiation; brokerage networks; interactive networks; Internet providers; and image building (Lam and Harrison Walker, 2003), as illustrated in Figure 2.1.

Figure 2.1: An objective-based typology of e-business models

		II. VALUE-BASED OBJECTIVES	
		<i>Financial improvement</i>	<i>Product/channel enrichment</i>
I. RELATIONAL OBJECTIVES	Direct access	CELL 1 Internet merchants and portals <i>User-paid</i> <ul style="list-style-type: none"> • Manufacturer • Subscription • Pay-per-use • Product line extension • Voluntary contributor • Public support 	CELL 2 Virtual product differentiation <ul style="list-style-type: none"> • Online product enhancement • Bundling • Post-purchase support
	Network development	CELL 3 Brokerage networks <i>User-paid</i> <ul style="list-style-type: none"> • Online auction • Dutch auction • Reverse auction • Bounty broker • Online exchange Purchase assistance networks <i>User-paid</i> <ul style="list-style-type: none"> • Buyer cooperative • Manufacturers' agent Retail networks <i>User-paid</i> <ul style="list-style-type: none"> • E-tailer 	CELL 4 Interactive networks <ul style="list-style-type: none"> • Dealer support • Collaborative design • Community-building
	Corporate communications	CELL 5 Internet promoters <i>User-paid</i> (Not available)	<i>Provider-paid</i> <ul style="list-style-type: none"> • E-coupon • E-contest
			CELL 6 Image building <ul style="list-style-type: none"> • Category-building • Brand-building • Free trial

Source: Lam and Harrison-Walker, 2003:17-26

2.4 An overview of e-commerce

Since the late 1990s, when many traditional brick-and-mortar organisations became completely Internet-based, e-commerce promised to be the key to business development and economic growth (Hughes and Beukes, 2012). It was believed that e-commerce would offer substantial changes in the way that firms buy and sell products, and that this would mean major reductions in costs associated with trading internationally (Gomez-Herrera, Martens and Turlea, 2014). In fact, in 1999, the United Nation Conference on Trade and Development (UNCTAD) stressed the potential for e-commerce to be a major driver of trade and development on a global scale (Fredriksson, 2010: 13).

Two decades later, e-commerce has shown no signs of slowing down and has instead grown at five times the rate of traditional retail channels (Hughes and Beukes, 2012). The Internet is bringing about a rapid change in the business environment and enabling new and diverse ways of trading (Cunningham and Froschl, 2013: 1). Organisations are faced with an unparalleled rate of change in the way they operate to meet the current business challenges. The success of a business is now measured in the ability of a workforce to absorb change, while also exploiting new and emerging technologies (Chesher and Kaura, 2012: 3). Organisations that have been quick to realise and adopt business practices associated with ICT are even more globalised and have secured a competitive advantage (Bigliardi, Dormio and Galati, 2012). Furthermore, e-commerce offers companies cost reductions, timely dissemination of information, a consistency in information distribution, an enhanced emphasis on quality, significantly improved customer service, customisation of products, convenience of doing business (Makame, Kang and Park, 2014) and improved financial margins (Chesher and Kaura, 2012: 3).

The term ‘e-commerce’ was first used in the 1990s when it was used to reflect the anticipated growth in the business-to-business (B2B) market sector, which included other forms of electronic interaction between businesses (Chester, Kaura and Linton, 2013: 36). In later studies, researchers have viewed the definition of e-commerce from different perspectives, but are yet to come to a conclusive definition. Mukhtar (2014) suggested that the lack of a single definition could be due to the fact that e-commerce has multi-faceted elements and researchers and practitioners in this discipline provide definitions that lean towards their research or professional orientation, or the product, service or technological infrastructure involved.

Çelik and Yılmaz (2011) suggested that e-commerce can be defined from a communications, business, service or online perspective. From these four perspectives, Boateng, Heeks, Molla and Hinson (2008: 564) proposed a definition of e-commerce as “sharing of business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks”. Other researchers suggest that e-commerce should not only be viewed in terms of the use of ICT, nor should it only be restricted to commercial or business characteristics that involve the actual buying and selling of products or services. As e-commerce forms part of electronic business (e-business), it should also

involve pre-sale and post-sale activities, where the commercial exchange of products, goods and services takes place (Mahajan and Agarwal, 2015). The nature of suppliers and recipients of e-commerce is such that it leads to two well-known categories, namely business-to-business (B2B) and business-to-consumer (B2C) (Hande *et al.*, 2015). For purposes of this study, only B2C e-commerce will be considered.

2.4.1 The adoption of B2C e-commerce in developing countries

A developing country can be defined as a country with “a low middle income level, a low standard of living, restricted technology infrastructure and limited access to products and services” (Kurnia, Karnali and Rahim, 2015: 518). These are countries that do not form part of the “industrialised capitalist democracies” of Europe and North America. Developing countries are found in Africa, Asia, Latin America and the Pacific region, and usually share structural and historical traits such as “a colonial experience, weak industrial base, failing economies, military interventions, mutinies, domestic insurgencies, civil wars, interstate skirmishes and, in extreme circumstances, state collapse” (Lawrence and Tar, 2010: 24). As China, India and Brazil are catching up to the developed world, they are considered an exception to these countries, even though they are still emerging economies (Lawrence and Tar, 2010).

In the era of globalisation, developing countries have played a significant role in world trade and commerce, mainly due to their large markets and cheap labour (Kurnia *et al.*, 2015: 518). Companies in developing countries are most likely to gain major benefits not only from the Internet, but also from mobile technologies and other forms of ICTs (Kordić, 2014). Singh (2015) claimed that while almost every market stands to gain from e-commerce, organisations in developing countries have a better chance of gaining more from e-commerce practices than developed countries because they can bypass several stages of the technological development that developed countries had to go through, i.e. developing countries can capitalise on digitalisation. Beyond the costs incurred by replacing old infrastructure with high-speed, information-laden channels, the initial cost investment in digital technologies can be counter-balanced by a large leap into a more information-reliant economy. Developing countries that invest in digitalisation have the potential to use digital technologies more efficiently than developed economies that have functional infrastructures, that may also take longer to change toward advanced digitalisation (Hanson and Narula, 2012).

Just how much developing countries can gain from e-commerce transactions cannot be accurately measured. The estimates available on the Internet and other sources about the size, number of transactions and value of e-commerce vary drastically from one source to the next, mostly due to the difficulties in measuring e-commerce transactions (Curran, Fenton and Freedman, 2016). If statistics from the United Nations Conference on Trade and Development (UNCTAD) (2013) are anything to go

by, however, it is believed that the share in global e-commerce between the Middle East and Africa is expected to rise from 1.6% to 3.5% in 2016. In Africa specifically, it is estimated that between 2016 and 2020, annual consumer revenues will have grown by \$410 billion. Private consumption is already higher in the region when compared to India and Russia. Africa's GDP growth is now second only to Asia's, and matches that of the Middle East. Furthermore, in terms of e-commerce readiness, South Africa is the leading e-commerce player on the continent, ranking in 61st place in the UNCTAD B2C E-Commerce Index 2016, which measures the readiness of countries to partake in e-commerce activities (UNCTAD, 2016).

As e-commerce is said to reduce barriers to entry (Mirmiran and Shams, 2014), for developing countries adopting e-commerce practices, this means solving issues related to their exclusion from international markets and increasing their involvement in the multilateral trading system (Lawrence and Tar, 2010). Furthermore, because the costs of running an e-business are markedly low, e-commerce gives companies in developing countries an opportunity to increase their profit margins (World Trade Organization, 2013). More importantly, for B2C e-commerce organisations, the Internet presents a potential revolution in international commerce: the individualisation of trade (Terzi, 2011: 747).

However, various issues emanating from the adoption of e-commerce have impeded the ability of organisations in developing countries from fully harnessing the benefits offered by e-commerce (Nabareseh and Osakwe, 2014). Setting up a business online is not merely a matter of signing up with an Internet Service Provider (ISP) - there are potential barriers, risks, security fraud and marketing issues that arise with e-commerce adoption. Moreover, technical, business and external factors, including environmental, political, cultural and legislative issues, are also common (Al-Fawaeer, 2014). In order for B2C e-commerce to take off, rapid Internet diffusion, which includes high IT literacy, strong IT infrastructure and government support, as well as the desire for business to reach new markets or guard against existing markets, need to be present. Furthermore, the consumer needs to have a desire for convenience, lifestyle enhancements, and greater product or service selection (AlGhamdi, Nguyen and Jones, 2013).

2.5 Nature of e-tailing

“Retailing refers to the buying of products in bulk from manufacturers and selling them in smaller quantities or individual units to the end consumer. E-tailers are defined as transactional websites which make products available for purchase online” (Koch and van Brakel, 2012: 5). In essence, e-tailers (online retailers) purchase products in bulk from manufacturers and offer them for sale to end consumers in smaller quantities or individual units. One main difference between e-tailers and retailers is that the physical traditional store is replaced by a website, however the fundamental difference is that unlike traditional retailers, e-tailers do not keep stock - products are shipped straight from the warehouse or manufacturer to the end consumer (Koch and van Brakel, 2012).

The Internet's scope, interactivity and power has provided e-tailers with the potential to transform their customers' shopping experience, and by doing so, improve their competitive position (Kataria, Abhinav and Hasan, 2014). Through the Internet's capability to provide information, facilitate dual communication between the customer and business, collect market research data, promote goods and services, and ultimately support the online ordering of merchandise, retailers have been provided with an extremely powerful and flexible new channel. The Internet offers retailers a mechanism for expanding target markets, cultivating customer communications, extending product lines, improving cost efficiency, strengthening customer relationships and delivering offers tailored to customers' needs (Doherty and Ellis-Chadwick, 2010). Generally speaking, retailers have received a positive response from customers, with apparel purchases receiving a significant portion of online purchases (Kim and Lennon, 2013).

However, purchasing apparel online represents a new form of consumer behaviour, and e-tailers selling apparel are faced with high levels of competition. E-commerce is expensive, and in order to cover the costs incurred and make profits, e-tailers need to find ways to attract the consumers who are most likely to purchase their products. Liao, Wang and Yeh (2014) maintained that customer loyalty is of utmost importance for retailers who operate in a competitive market. When compared to non-loyal customers, loyal customers contribute a higher share of profits and customer retention costs are less than the costs associated with attracting new customers. Given the advantages of customer loyalty, retailers and researchers have examined the factors influencing a customer's intention to make repeat purchases (Liao *et al.*, 2014).

Among others, these include store image, refund policy (Chiu, Wang, Fang and Huang, 2014), product quality (Ou, Shih, Chen and Wang, 2011), switching costs (Yen, 2010), and value and satisfaction (Liao *et al.*, 2014). Much of the research also focuses on understanding the concerns, motivations and characteristics of online shoppers (Wu, 2013). Numerous studies reveal that customers prefer popular brand names as these are perceived to have a lower risk factor. Furthermore, online shoppers are concerned with privacy and security over the Internet, particularly when they use their credit cards (Nepomuceno, Laroche and Richard, 2014). Other studies suggest that consumers with more years of Internet experience tend to be less risk-averse and as such, present a greater chance of purchasing goods over the Internet (Mee and Huei, 2015). Some studies suggest that consumers will purchase over the Internet to save time and because of the increased variety (Heitz-Spahn, 2013).

2.5.1 The state of the African e-tailing industry

Although the African retail market is still relatively fragmented and informal, economic and GDP growth as well as an emerging shopping culture is growing the retail sector of the continent. Growing Internet penetration, the expansion of mobile technology and an improvement in payment and delivery

infrastructure has enabled the growth of e-commerce on the African continent. Kearney's 2015 African Retail Development Index (ARDI) established that apart from the often discussed markets, including Nigeria, Ghana, Kenya and South Africa, small and dynamic markets such as Gabon, as well as mid-sized, fast-developing countries such as Angola, are showing potential.

As the middle class grows, there is a greater need for more convenient shopping and better quality, driving local and international companies to establish operations in the region. A number of local companies that already hold a strong presence in Africa include South African online fashion retailer Zando, and Nigeria's online mass retailers Jumia and Konga (Horton, 2015). The rising middle class is also becoming more brand aware, yet a wide range of products remaining unfamiliar (Hattingh *et al.*, 2013). This suggests that the consideration stage of the consumer decision path is important, and in a region where mobile commerce has a high potential, word-of-mouth is a critical tool for product knowledge (Ramsunder, 2011). As a result, a wide range of companies are testing social media channels in order to observe what consumers are saying about their products (Hattingh *et al.*, 2013).

2.5.2 The growing importance of omni-channel strategies

Today's customer is well-informed and empowered, and as a result is driving marketplace changes that have a significant impact on the market and service approaches of companies. With the large amount of product and service information that is at the consumer's disposal, they have the ability to tune in or out of messages (Baird and Gonzalez-Wertz, 2011). This consumer demand, as well as the proliferation of online shopping behaviour, has presented retailers with challenges and opportunities in terms of how to promote and protect customer loyalty (Hutchinson, 2014) and thereby gain a competitive advantage (Dakora and Bytheway, 2013).

Consumers are in need of a more efficient and seamless omni-channel experience from retailers (Verma and Verma, 2013). Omni-channel retailing can be defined as a unified operating model that enables all company channels to be aligned so as to present a single face to the customer as well one way of conducting business (Bernon, Cullen and Gorst, 2015). Omni-channel retailing is perceived as an evolution of the multi-channel, in that omni-channel retailing provides the customer with an ability to move freely between the online store, mobile devices and the physical store. On the other hand, multi-channel retailing means a division between the physical and online store (Piotrowicz and Cuthbertson, 2014). Researchers have argued that the implementation of omni-channel retailing allows retailers to widen their target markets, as well as satisfy the demands of a broader market, which can result in increased sales and profit-margins (Dakora and Bytheway, 2013).

Practitioners and scholars have outlined a number of strategic and conceptual elements which are important for the success of a company in an omni-channel environment. These include aligning in-

store, online and personal interactions, developing an omni-channel community, channel integration, community synergy, and enabling anytime, anywhere problem-solving solutions (Herhausen, Binder, Schögel and Herrmann, 2015; Verhoef, Kannan and Inman, 2015; Hansen and Sia, 2014). When administered in the correct manner, a smooth omni-channel experience can blur the distinctions between online and physical interactivity. This movement gives companies the opportunity to move potential customers to actual customers to advocates for the brand, by creating a truly unique information-acquisition-and-use environment (Cummins, Peltier and Dixon, 2016). However, along with the opportunities, various challenges arise with the integration of physical and online stores (Piotrowicz and Cuthbertson, 2014). In order to effectively implement and manage omni-channel retailing a significant investment in infrastructure is required, as well as the processes and capabilities necessary for warehousing and distribution (Gallino and Moreno, 2014).

2.5.3 Global case study: Spree

Spree.co.za (Spree) is an online fashion retailer which was established in April 2013 on the back of *Sarie.com* (Blaine, 2015), a magazine of choice for Afrikaans-speaking women (Media24, n.d.), and also in collaboration with seven other magazines (Blaine, 2015). Spree forms part of the e-commerce division at the Media House, and is part of the Naspers group of companies (Naspers, n.d.). Naspers is a broad-based multinational media group with principal operations in Internet services, pay television and print media. The company provides services in over 120 countries and mainly focuses on markets that show a potential for strong growth. These markets include Africa, China, Latin America, Central and Eastern Europe, Russia, India, South-East Asia and the Middle East. Many of Naspers' businesses are market leaders in their various sectors (Naspers, n.d.). Naspers' strength is focused on three main areas. The first is a focus on its local approach, which includes valuing language and culture. The second is a focus on its entrepreneurial spirit, and the third is the quality of its workforce. The global platform operator which was founded in 1915 has developed a successful track record over the years in which it has been at the forefront of identifying trends, modelling them to fit the markets it operates in and leveraging these trends to its advantage. Naspers' expertise lies in connecting people, distributing media products, creating media content of its own, encouraging its users to also create content and e-commerce (Naspers, n.d.).

Spree is the first online store of its kind to offer customers a magazine-styled shopping experience. The website has an aesthetic similar to that of ASOS (Kissane, 2015), which is the "United Kingdom's largest independent online fashion and beauty retailer" (ASOS, n.d.). According to an article published online, Spree, like any other online magazine, is presented in editions and customers can receive style tips. "As you page through, you can click and buy there and then. It is based on the idea that if you engage people you will sell your products" (Blaine, 2015). The website also acts as a personal stylist,

providing customers with fashion advice about why they should purchase an item and what to wear it with (Media24, n.d.).

Spree sells apparel that ranges from women and menswear, to clothes for children and babies. The e-tailer also provides editorial content (Kissane, 2015). Visitors to Spree's online store can shop international brands such as Ben Sherman, Fossil Watches, Guess and Superga. Customers also have the option to shop South African brands such as Blackcherry, Revenge and Zoom. Apparel from South African designers such as Adam & Eve, Cheryl Arthur, Maya Prass and Tart is also available for visitors to the website. A Spree boutique which showcases clothes from local high-end designers, including Gert-Johan Coetzee, Gavin Rajah and David Tlale also forms part of Spree's product offering. A further offering is The Collective, which showcases urban street culture apparel (Spree, n.d.). In South Africa, Spree has become one of the leading online retailers, with a 10% market share (Kissane, 2015). An article on *Business Day Live* reported that the e-tailer's revenue grew by almost 250% in just a year, while the growth in the number of visitors to the website was just under 200% (Blaine, 2015).

When Spree first launched, shoppers were offered free delivery if orders were made in South Africa, regardless of the size of the order or whether the order was door-to-door or door-to-counter. The e-tailer also made deliveries to areas outside of South Africa, specifically in Namibia. Customers in Namibia who placed orders with Spree were charged a fixed delivery fee of R350, which excluded customs and import duties, however the e-tailer has since stopped deliveries to areas outside of South Africa (Dazzle-It, n.d.). Currently, the e-tailer's delivery policy offers free deliveries for orders over R250 within South Africa, either through door-to-door or door-to-counter depending on where the customer is located. Customers who place orders under R250 are charged a non-refundable fee of R50 either from door-to-door or door-to-consumer, depending on their location. During the checkout process, Spree determines the customer's delivery method via the details provided when the customer signs up on the company's website for the first time. For orders made in South Africa, whether door-to-door or door-to-counter, Spree promises to deliver orders within two to six working days, depending on the customer's location (Spree, n.d.).

Regarding its return policy, customers within South Africa are entitled to return any purchase made on Spree, excluding underwear, swimwear and earrings. Returns can be made within 30 days of the delivery date of the product(s) at no extra cost. The company also pays for all the costs associated with collecting the return from the customer. In order for the customer to receive the total amount of the items being returned, they need to comply with the return procedure set out on the company's website (Spree, n.d.). One of Spree's single major challenges is the delivery and return of products purchased by customers. The e-tailer considers offline user experience, which includes delivery, returns, payments, refunds and customer service, as pivotal in taking the company to the next level (Hoogduijn, 2016). Customers making purchases on Spree have a number of payment options, including paying by

Visa or MasterCard credit or debit card, electronic funds transfer (EFT), SnapScan or payment on delivery depending on the customer's location. The e-tailer also makes use of 3D Secure in order to enhance online security (Spree, n.d.).

Moving ahead, Naspers is looking at continuing its efforts on the Internet, especially through its e-commerce businesses (Naspers, n.d.). Spree in particular is looking at creating more convenience for its customers. “[Customers] should be able to collect their goods at their convenience or book a time slot for delivery that fits into their schedule” (Hoogduijn, 2016). Through models of crowdsourcing, Spree is aiming to give its customers more flexibility in the method in which they accept deliveries and return the products they have purchased. “We are looking at using collection points and offering three-hour delivery and collection slots to make life easier for our customers” (Hoogduijn, 2016). The e-tailer sees speed of delivery or collection, accuracy and communication as vital to its success.

2.6 Barriers of e-commerce

This study identifies the environmental factors which hinder the adoption of e-commerce in developing countries, and how these may be overcome. This section of the study will take a closer look at these environmental barriers.

2.6.1 Infrastructural barriers

Access to ICT infrastructure can facilitate access to markets by breaking down barriers related to distance (Wresch and Fraser, 2011). In order to effectively adopt ICT, however, basic infrastructural requirements (Kyobe, 2011) such as energy, software and hardware vendors, affordable bandwidth and a constant supply of electricity, must all be readily available for communities to integrate services on the web (Awa, Awari and Lebari, 2015). In developed countries, the rapid growth of e-commerce is attributed to readily available infrastructure (Kshetri, 2007), however because information and telecommunications infrastructure is inadequate in developing countries, the growth and participation of organisations in developing countries is limited both internationally and domestically (Hashim, 2012).

Telecommunications infrastructure is needed to connect numerous regions and parties within a country and across borders. Without adequate basic infrastructure, there is a possibility that the potential benefits offered by e-commerce can turn to disadvantages (Lawrence and Tar, 2010). In Nigeria, insufficient energy supplies as well as the use of old and outdated technological infrastructure has resulted in poor service delivery, an under-developed state of Internet Service Providers (ISPs) and a lack of fixed lines for consumers (Awa, Awari, and Lebari, 2015). In the developed world, company websites are protected by secure servers which safeguard their assets against internal and external threats and vulnerabilities (Bloomfield, 2013). In many developing countries, a lack of Internet security has the potential to present

economic challenges, however (Solaymani, Sohaili and Yazdinejad, 2012). In West Africa and Anglophone West Africa, there is a serious lack of secure Internet servers per one million people. This severely hampers trust in online transactions, consequently reducing the desire for, and actual adoption of, B2C e-commerce (Wresch and Fraser, 2013).

The availability of broadband technologies is a key component in ICT development, adoption and use (Lawrence and Tar, 2010). The opportunities for broadband growth effects are stronger in developing countries than in developed countries, as developing countries are “technology followers benefiting from lower costs and technological leapfrogging” (Yamakawa, Cadillo and Tornero, 2012). In Africa, small, low-income Internet markets have been unable to attract sufficient investment in infrastructural technologies, however. When combined with a lack of competition, the result is bandwidth costs that can cost up to 100 times more than in developed countries (World Trade Organization, 2013). Even in more stable countries such as Angola and Kenya that have managed to build substantial broadband backbones, engineers are still uncertain how to extend cheap, dependable Internet services to rural areas (Cottrell, 2013).

Economics plays a major role in the adoption of new technology; high costs associated with the Internet limit the number of users it is accessible to. Kyobe (2011) highlighted two critical challenges faced by developing countries. First, raising funds for technology investment, and second, the need to make sure that developing countries benefit from these investments. These two challenges are major constraints to the development and use of ICT in developing countries. Lawrence and Tar (2010) suggested that the priority for most developing countries should be to put in place the necessary infrastructure, a competitive environment, and a regulatory framework to promote affordable Internet access.

2.6.2 Socio-economic barriers

The socio-economic conditions in developing countries have been recognised as a major hurdle to the adoption of e-commerce. The prominent indicators for the condition of a country are the gross domestic product (GDP) and income per capita (Lawrence, 2012: 152). Generally, richer countries are first to adopt new technologies, and do so extensively. These countries have the financial means, the human capability and the infrastructure to invest in these technologies (Hanson and Narula, 2012). Technology infrastructure, which e-commerce is heavily reliant on, is expensive for many developing countries, and with unfavourable economic conditions, many developing countries are unlikely to partake in e-commerce (Pires, Stanton and Salavrakos, 2010). While the initial and continuing costs of accessing the Internet have generally declined, they are still a major barrier in developing countries. As a result, constant costs present a challenge in terms of entry to markets which hampers the use of the Internet. Consequently, this impacts the development of e-commerce business practices within and beyond the borders of a country (Olatokun and Kebonye, 2010).

The cost of accessing the Internet has a direct impact on the frequency that consumers use it (Wessels and Drennan, 2010); in many developing countries, monthly Internet access charges are still very high (Lawrence and Tar, 2010). The presence of the digital divide, which refers to the disparities between groups and societies that can adopt ICTs and e-business practices and those that cannot (Alyoubi, 2015), means that a large group of people in rural areas cannot afford the Internet (van Deursen and van Dijk, 2010).

A poor educational system in developing countries is recognised as a barrier of e-commerce adoption (Kumar, 2013). Technological knowledge, which is fundamental for the development and effective use of e-commerce related activities, may not be available in countries where populations are poorly educated (Spring, 2015). Due to a lack of necessary IT education, the potential value of computers and the Internet as mechanisms of participating in e-commerce is not appreciated in developing countries (Weerakkody, El-Haddadeh and Al-Shafi, 2011). According to Tan (2012), the use of ICT depends on a manager's ability to manage the organisation, as well as the owner's level of education. This observation supports a number of studies conducted on the importance of managerial expertise in the successful implementation of information systems. One factor which is particularly relevant to organisations considering e-commerce initiatives, is their vision on the role IT can play in an organisation. This includes "the role of IT to fundamentally alter the industry or organisation through new products or business strategies, often including redefined relationships with customers and suppliers" (Tan, 2012: 208). In order to effectively adopt e-commerce business practices, high levels of educational attainment are essential. Furthermore, human capital is widely acknowledged as fundamental to the research and development sector in a country, where innovative ideas and products related to technological processes are generated. To improve the economic growth of a country, it is important that the educational requirements and human capital resources that the country needs are attained within the country, rather than from outside (Apulu, 2012).

E-payments are fundamental for e-commerce, and as e-commerce becomes a major part of business operations for many companies, e-payments have become the most critical issue for the success of businesses (Fang, Qureshi, Sun, McCole, Ramsey and Lim, 2014). E-payment systems have a number of favourable characteristics, such as scalability, security, reliability, convenience, efficiency and privacy (Hanzaee and Alinejad, 2012). Forms of online payments are rapidly evolving, increasing the methods through which consumers can pay for online transactions. Online payment systems are divided into three types, namely account-based payment systems, electronic currency payments and others. Account-based payment systems allow for a payment through an already existing personal account. They include credit and debit cards; mediating systems, such as e-wallets; mobile payment and telephony account systems; and online banking. Electronic currency systems allow payment as long as the payer has sufficient electronic currency. These payments can be made through smart card systems

or online cash payments (UNCTAD, 2015). Other forms of payment include automated mechanisms for bill payments, escrow services and cash-on-delivery (UNCTAD, 2015).

While online payment systems have their advantages, they come with a number of conditions. In comparison to brick-and-mortar retailers, often online retailers are not willing to process a transaction without payment. In addition, in order to be effective, e-payment systems must be free of security breaches. Security is a significant factor for the success of e-payments, especially as the current e-commerce environment becomes more globalised (Halaweh, 2011). While developed countries such as France, the United States and the United Kingdom have made headway in e-payment systems (Angelakopoulos and Mihiotis, 2010), Africa's inadequate payment systems present a major barrier in e-commerce growth (Hubbard, 2015). Furthermore, the security concerns of customers remain a key impediment to expanding e-commerce services and business. Probably the biggest drawback is the reluctance of customers to provide information about their credit cards online (World Trade Organization, 2013).

Regarding logistics, in order for e-commerce to be successful it relies on a dependable (Wresch and Fraser, 2011) and efficient delivery service and transportation infrastructure (Lawrence and Tar, 2010). Wresch and Fraser (2011) defined dependable delivery services as post services or other delivery services. When the right products or services are delivered to the right consumer at the right time, it results in consumer trust (Colla and Lapoule, 2012). In Africa, dependable delivery services have been a problem for a long time. A study on the e-commerce activities in sub-Saharan Africa found that postal services are slow and that there are a high number of incidences involving theft among postal employees. Undependable postal systems in many countries make it very difficult for vendors to ship products to their consumers, yet e-commerce websites in African countries rely on traditional transport networks, including motorcycles and buses, which are also inefficient. Furthermore, companies in Africa generally outsource most of their distribution tasks, which results in increased operational costs (The African Exponent, 2015), limited customer relationships and decreased knowledge of customer buying behaviour (Hattingh *et al.*, 2013). While courier services are available, they can be very expensive (Al Ghamdi, Alfarraj and Bahaddad, 2014).

In order to successfully adopt e-commerce, businesses need to have distribution and delivery channels with the capability of meeting customer demands. One of the most essential exemplifiers of e-commerce is speed. Overnight deliveries, just-in-time processing and operations that are available around the clock, are some of the distribution methods needed for fast and precisely-timed economic activities in e-commerce (Lawrence and Tar, 2010). Major obstacles which hamper the growth of e-commerce in developing countries include inefficient distribution channels, an unmanageable delivery system and the absence of good transport and postal systems. More importantly, the incentives for the private sector

to innovate and invest in new technologies is determined by the effectiveness of the distribution and delivery systems in a country (Zaied, 2012).

2.6.3 Socio-cultural barriers

The cultural and social characteristics of many developing countries and the concepts linked with e-commerce present major obstacles to its adoption and diffusion. The distance between consumers and companies, as well as a lack of real-time visual and oral interaction, often create an e-commerce adoption barrier for companies in developing countries (Lawrence and Tar, 2010). Argawal and Wu (2015) suggested that as the informal institutional distance between the consumer and company increases, so the ability for the company to interpret signals from the local environment decreases. “Being embedded in local interactions, historical and cultural nuances, and identity-specific artifacts, differences in norms, values, and beliefs are difficult to detect and manage” (Argawal and Wu, 2015: 208).

Although many researchers have investigated the impact of cultural differences on e-commerce business practices, one researcher who is well-known for his extensive work in understanding cross-cultural differences is Hofstede (1980). Hofstede’s national culture theory shows that cultures with increased levels of power distance, uncertainty avoidance, group orientation and masculinity are less inclined to accept media technologies (Browaeys and Price, 2011). More importantly, culture-related studies have commonly included Hofstede’s uncertainty avoidance (UA) dimension as the main reason for cultures not accepting online technologies (van Slyke, Lou, Belanger and Sridhar, 2010). In other words, people will keep away from situations where they sense vulnerability and uncertainty. The adoption of new technology poses a degree of risk, and in countries where a high level of UA exists, people are more risk averse and thus there is a slow diffusion rate of e-commerce (Kyobe, 2011).

Researchers have suggested that e-commerce is an entirely different behavior that goes beyond experience and culture (Boateng, Heeks and Molla, 2011); the shift to online trading tests many of the basic assumptions of trust (Cheshire, 2011). Confidence, which is a dimension of trust, as well as trust, are crucial requirements to secure an online transaction (Liao, Liu and Chen, 2011). According to Ferro, Padin, Svensson and Payan (2016), trust is so crucial to relational exchange that it is the foundation of the strategic partnership between the buyer and the seller. The online retailer’s reputation plays a significant role in the level of confidence that customers have in them (Chang, Cheung and Tang, 2013), while the brand name, endorsement from trusted third parties and previous interactions online and/or offline also develop customer confidence (Wang, Wang and Liu, 2016).

Well-known South African brick-and-mortar brands, such as Woolworths and Mr Price, have had the opportunity to transfer their in-store customers to their websites, allowing them to be industry leaders. Others, such as Takealot.com, a South African-based online retailer, have over the years engaged in

aggressive marketing campaigns that have resulted in significant returns in the form of brand awareness. In comparison, smaller websites with low budgets that lack in content and user experience (UX) have failed to retain customers (Durrant, 2015). When customers have low levels of confidence in an e-tailer, they hesitate to make an online purchase. In order to increase confidence, customers also look to the abilities of the retailer, including the skills and competencies that the e-retailer espouses in electronic transactions (Lim, Heng, NG and Cheah, 2016). Trust has become an increasingly important aspect of web design (Li and Yeh, 2010), especially across cultures. As such, it is important to understand how to build trust and loyalty for diverse cultures. Trust is also an important element in the process of conducting global business (Lawrence and Tar, 2010).

Where opportunism is rife, trust is difficult to build, especially in a relatively new area like e-commerce, which is not a face-to-face medium (Lee, 2015). In South Africa, Durrant (2015) suggested that customers want to know what they are getting; they want to have the ability to touch and try items before making a payment, especially as the underlying concern is that a return may be impossible. However, in cases where company websites offer a quick dissemination of information, an exchange of complementary assets, and a culture of norms and trust, these companies can find themselves in a favourable market governance position, where they are structurally and relationally embedded (Van Slyke *et al.*, 2010).

Nonetheless, in some developing countries where shopping is considered a pastime, the thought of purchasing goods that one cannot see or touch and from a seller who is far away may take time to become the norm. This is especially true for consumers who are used to personal interactions and who negotiate deals when purchasing goods (Leahy, 2011). The lack of face-to-face contact as a barrier for e-commerce adoption reflects consumers in developing countries who prefer to interact with their merchants directly. There is a belief that less contact with consumers could mean a reduced understanding of customer needs for businesses. This is largely due to the idea that consumers may not always be able to leave comments, criticisms and requests for new products as they engage with a website (Aldiri, Hobbs and Qahwaji, 2010: 16).

A major contributor to the success of doing business online is the quality and sometimes quantity of personal relationships (Lawrence and Tar, 2010). In any industry, customer loyalty is crucial in building a competitive advantage. When a customer's attitude towards an e-tailer is favourable, electronic loyalty (e-loyalty) is established which results in repeat purchases (Pratminingsih, Lipuringtyas and Rimenta, 2013). Customisation plays a critical role in e-loyalty. Customisation is "the ability of an e-tailer to tailor products, services, and the transactional environment to individual customers" (Arya and Srivastava, 2014: 305). Other methods used by e-tailers to enhance customer e-loyalty and customer retention include contact, interactivity, care, community features, a website's ease of use, wide product variety and creativity in the user interface design (Wang, Cavusoglu and Deng, 2016).

2.6.4 Institutional environment

In order for the sustainable growth of e-commerce to take place, the institutional environment needs to be in favour of the online trading system. A supportive institutional environment enables the development of trust online and allows for security of online transactions between companies, customers and public authorities (UNCTAD, 2015). Government policies and regulations can provide incentives or disincentives for businesses to invest in a specific country. According to Agarwal and Wu (2015), these conditions can be caused by the location factor. When government policies are favourable, it attracts businesses. This then creates a critical mass of buyers and sellers to accelerate growth. Most developing countries do not have policies that monitor the provision of Internet services (Lawrence and Tar, 2010), and as such, many legal issues are left unresolved (Abbad *et al.*, 2011). Due to these limitations, in most cases there is insufficient critical mass for e-commerce to be a profitable operation (Turban, King, Lee, Liang and Turban, 2015: 27).

Awa, Awari and Lebari (2015) also viewed it as necessary for governments to have transparent policies that foster socio-economic development. Governments are expected to openly create frameworks that will allow the private sector to develop in terms of encouraging the growth and sustainability of businesses, especially in the adoption of ICT. Some economies in Africa such as Botswana and South Africa have seen value in this, and through e-commerce solutions have prepared their financial environments and regulated their competitive environments for readiness of businesses. However, in other African countries like Nigeria, policies have barely been implemented objectively, even though these policies have been well thought out and carefully formulated (Uzor, 2013). The World Trade Organization (2013: 23) also identified bottlenecks in the network backbone of some developing countries which stifle competition and the development of broadband. Backbone network providers are vertically integrated with the local access network operators, which results in a monopoly as one provider exercises great power; other service providers may not be able to access the backbone or may have to pay high costs for interconnectivity.

A country's legal framework also plays a crucial role in its economic growth (Agarwal and Wu, 2015), as the legal system of a country influences the breadth and depth at which e-commerce is adopted. This is especially true for developing and newly industrialised countries (Zhu and Thatcher, 2010). Legal environments that are stable, secure and predictable decrease uncertainty and promote trust and confidence in online marketplaces (Li and Xie, 2012). One of the major concerns for many companies wishing to conduct business in developing markets is the protection of their Internet Protocol (IP) rights. In cases where opportunism and uncertainty are a high risk, businesses will generally start their globalisation activities in markets where there are fewer regulatory threats and similar legal frameworks. Furthermore, research conducted by the UNCTAD indicates that in economies where electronic transaction (e-transaction), consumer protection, privacy and cybercrime are not legally

supported, consumer confidence in e-commerce is decreased. As such, developing countries need to formulate cyber laws that elaborate on a legal framework for Internet transactions (Argawal and Wu, 2015: 207). Lawrence and Tar (2010) maintained that in many developing countries, there are neither government policies on Internet provision or on the future of e-commerce, nor any comprehensive information policy. The lack of information policies in developing countries suggests that many governments are not involved in the provision of the Internet.

2.6.5 Cognitive barriers

Cognitive issues play an important role in the early stages of e-commerce adoption (Fang, 2014); a lack of awareness is among the critical factors that contribute to cognitive barriers (Almarabeh and AbuAli, 2010). Other factors include a lack of knowledge, an absence of the local language, a lack of English language skills, and poor managerial perceptions (Edwin and Peter, 2014). Research indicates that investments in human capital are especially important for the advancement of e-commerce in emerging economies, as these allow them to “catch up” to developed economies, even though the rate of economic growth diminishes as the economies get richer (Hanna, 2016).

2.7 Overcoming barriers of e-commerce

Alyoubi (2015) suggested that in order for e-commerce adoption to be successful, there are a number of common critical factors that need to be present in a country. Colle and Lapoule (2012) also maintained that there are key success factors (KSFs) that need to be available in order to motivate consumers to purchase online, which are essentially related to value creation from the consumer’s point-of-view. The consumer’s perception of value varies according to the kind of business unit in question.

2.7.1 Preconditions for the success of e-commerce

According to Karahanna, Williams, Polites, Liu and Seligman (2013), the most important factor for e-commerce success is consumers’ propensity for e-commerce. The “cultural layer”, as Travica *et al.* (2007) referred to it, relates to the readiness that shoppers may or may not show towards adopting e-commerce practices. This degree of readiness comes from consumers’ historical association, or a lack thereof, with e-commerce (Alyoubi, 2015). It is crucial for companies to understand local customs, customer needs and the particularities of local markets before entry (ARDI, 2015). A major factor in this cultural layer, and hence the adoption of e-commerce practices, is trust (Lu, Fan and Zhou, 2015). Even in developed markets such as the United States, where customers are generally used to the practice of online shopping, trust issues are still evident (Alyoubi, 2015). In developing countries where e-commerce is still in its infancy, Sim Shagaya, the founder and chief executive of DealDey and Konga in Nigeria, suggested that companies need to do things differently for consumers (Media24, n.d.). To

build trust and create brand awareness, Konga and DealDey rely on social media and word-of-mouth, which is significant in Nigeria (Media24, n.d.).

Other important factors that support the success of e-commerce adoption are technical and managerial skills (Alyoubi, 2015). In order to enhance their competitive positioning, countries need to concern themselves with factors such as skills, higher education and training, efficient markets and the sophistication of business (Yunis, Koong, Liu, Kwan and Tsang, 2011). When countries can create and maintain an environment that sustains the competitiveness of businesses, they are in effect contributing to the competitive intelligence of organisations, which in turn improves a country's competitive advantage. Competitive intelligence provides a significant advantage for companies and plays an important role in their strategic management. It also provides a company with an analysis and understanding of its external environment (Coff and Kryscynski, 2011). It has been proven that in countries considered to be leading competitors in the global market, quality education and high investments in research and development are common denominators (Strauss and du Toit, 2010). In Africa, where governments have not done enough to invest in education, companies such as Konga and DealDey have had to rely on technical and retail skills from skilled people outside of Nigeria. These companies also need collaboration and investment from other countries in order to operate (Media24, n.d.).

In countries where successful e-commerce adoption and progress is the aim, e-payment and banking systems, as well as software services, need to be available as well. In Africa, overcoming payment barriers is a work in progress, with banks equipping themselves with systems for e-payments and local software (Alyoubi, 2015). Emerging retail markets in Africa have the potential to leapfrog brick-and-mortar stores, as poor transport infrastructure and high levels of crime in many African cities may make it easier and safer for customers to purchase products from their homes (Media24, n.d.).

Telecommunications infrastructure, which remains a key challenge in Africa, is also important for e-commerce adoption (Hubbard, 2015). In Kenya, where several factors have been identified as inhibiting access to the country's markets, M-Pesa has established itself as the most successful mobile phone-based financial service in the region and in other developing countries (World Trade Organization, 2013). The telecommunications company was founded in Kenya in April 2007 by Safaricom. According to the World Trade Organization (2013), the continuing success of M-Pesa in Kenya is the result of the development of a highly popular, affordable payment service with only limited involvement from a bank. As a branchless banking service, M-Pesa enables users to complete basic banking transactions without having to visit a bank branch. It offers consumers mobile-based payment and money transfer services, including depositing money into an account saved in a customer's mobile phone and sending balances using SMS technology to other users, which include sellers of goods and services. Users are

charged a small fee for sending and withdrawing money using the service. By 2012, a total of 17 million accounts had been registered with M-Pesa (Kiveu and Ofafa, 2013).

Logistics systems, including both delivery services and traffic infrastructure, are preconditions to the development of e-commerce (Alyoubi, 2015); many researchers and practitioners argue that infrastructural barriers are the greatest challenge for e-commerce in developing countries (Lawrence and Tar, 2010: 23-35; Hajli, Sims and Shanmugam, 2014). A country cannot be successful if e-commerce companies have to build major infrastructure before undertaking any business initiatives (Hubbard, 2015). Delivery services are dependable, and when combined with technology that is out-of-date and stringent custom laws, international shippers become hesitant to do business in developing countries (Wresch and Fraser, 2011). When compared to the United States where anyone can run an e-commerce business, in Africa, businesses need to have a delivery system that can assist with delivering products to customers. Even in a country like South Africa where infrastructure and transportation networks are more developed, logistics is still a concern (Hubbard, 2015).

To overcome problems of inefficient logistics systems, merchants need to experiment with various fulfilment models to ensure that products are delivered on time (Dholakia and Zhao, 2010). For instance, in Nigeria, last-mile courier services company MAX, allows customers to use a custom-built Application Programming Interface (API), text messaging or other platforms to book a courier, and the package arrives within three hours. While many logistics companies charge deliveries according to weight, customers using MAX are charged for distance. Furthermore, the company offers same day and next day courier options (Adepoju, 2015). To overcome a lack of delivery infrastructure, Konga invested in motorbikes with reliable drivers who deliver products in Lagos, Nigeria (Media24, 2015). In addition, Konga customers have the option of paying for their products using cash on delivery, or using a wireless terminal on a mobile network – a payment system which is essential in a country where consumers do not trust online payments (Adepoju, 2015). Other models that can be used in the African context include micro-jobbing, where customers sign up via mobile devices to do small jobs such as making deliveries; or acquiring entire logistics businesses, such as Takealot.com which acquired 60% of Mr Delivery - a national fast food home delivery business (Hubbard, 2015).

2.8 Alternative business models

With all the various challenges facing African e-commerce companies, it is evident that organisations in developing countries cannot simply adopt business models used in the developed market (Hubbard, 2015). What has worked for international e-commerce companies such as Amazon and eBay, for example, will not work in Africa, which is developing significantly differently in terms of infrastructure and economic growth (Murray, 2012). E-commerce companies that view Africa through a continent-

wide perspective will miss the numerous opportunities and challenges that the continent with 54 countries and more than 2 000 dialects has to offer (Hattingh *et al.*, 2013).

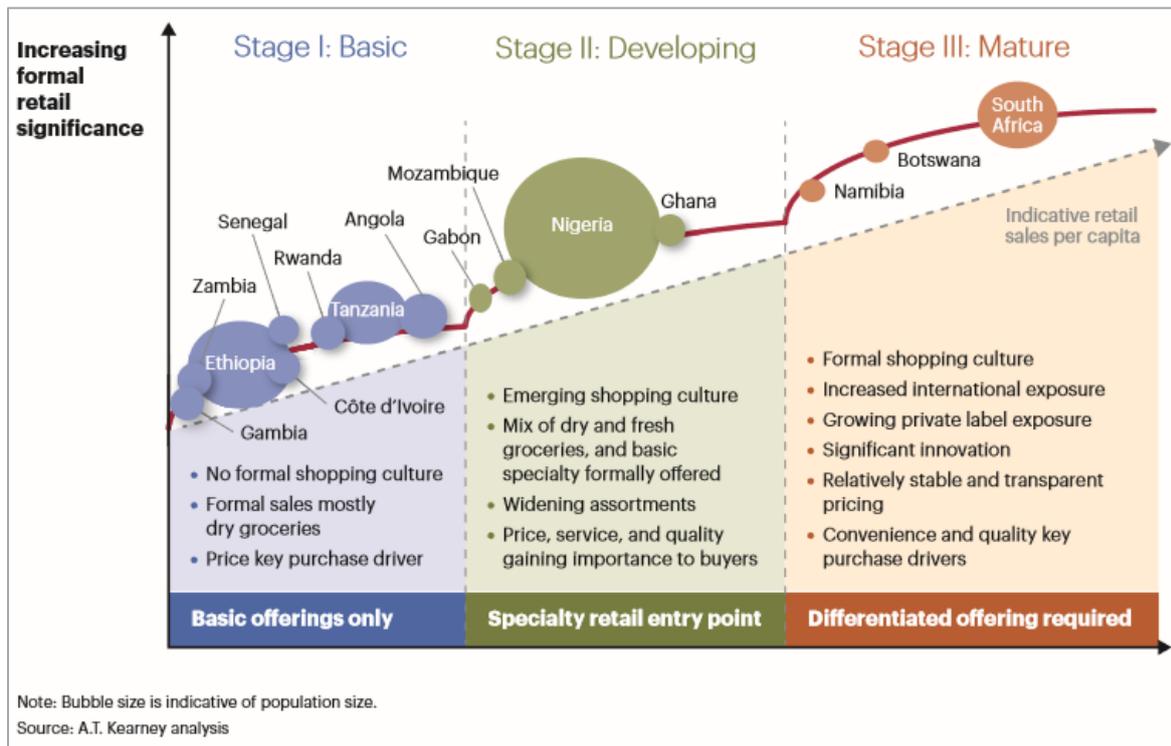
It is important to think of Africa as a set of opportunities that can be expanded and added to one another. How a company chooses the opportunities present in the continent will depend on its product or service offering; entering a different part of the continent may make sense in the right situation. A good place for retail companies to start is by understanding the local markets and their competitive advantages. In this way companies can align their offering by working off their strengths, and customising where necessary in order to be successful. Figure 2.2 illustrates three main categories that African markets primarily fall under: basic, developing and mature (ADRI, 2015).

Stage 1: Basic. Little to no formal shopping exists in these markets. As such, the key factor for buyers in these markets is price. For retailers entering basic markets, the discount “value for money” format may offer a firm proposition and opportunities for scaling and growth (ADRI, 2015).

Stage 2: Developing. Mainstream retailers may prove the most logical entry-points for these markets. In this stage, retailers can follow one of two expansion opportunities - they can move upwards by developing more targeted or larger varieties, or downwards with smaller varieties. Both paths offer retailers unexplored growth potential with a steadily improving infrastructure (ADRI, 2015).

Stage 3: Mature. If retailers entering at this point are not primarily concerned with scaling, entering Africa’s mature markets remain a solid point of entry. These markets offer established shopping cultures, relatively high wealth levels and well-established infrastructure. Retailers in this stage have the option to move downwards to test basic versions of their current formats. With more demanding consumers and stiff competition in these markets, differentiation is a key factor (ADRI, 2015).

Figure 2.2: African Retail Proposition Stages



Source: Adapted from the African Retail Development Index, 2015.

E-tailers should embrace what the African Institution of Technology calls a “city-centric” approach, i.e. they should look at the African e-commerce sector in terms of the opportunities that specific cities can offer (Hubbard, 2015). For instance, while it may be too early for basic cities in Nigeria to trade online, Lagos is ready due to its affluent and highly dense population (Apulu, Latham and Moreton, 2011). Therefore, even within a country, it is important for e-tailers to look at opportunities by city because of a lack of infrastructure that can assist with scaling (Hubbard, 2015). Furthermore, e-tailers need to share some resources, at least until there are significant improvements in infrastructure. If they do not reduce costs related to logistics, e-tailers may be unable to beat traditional stores on price. Another major element shaping e-commerce in Africa is the rise in traffic coming from mobile technology; it is important for e-tailers to build a responsive website experience across all devices (Hubbard, 2015).

2.9 Conclusion

In this chapter, the various environmental factors which hamper the successful adoption of e-commerce were explained. Numerous researchers have studied barriers to e-commerce adoption. However, only a few researchers have collaboratively studied the effects of these barriers and their impact on a company’s business model. This chapter provided a two-part literature review which gave both a critical summary of the relevant works on the phenomenon of e-commerce and the barriers to adoption for companies in developing countries, as well as a guide for examining the characteristics of business

models that may be successfully implemented in developing countries. It also provided a background of Spree and the e-tailer's position within the e-commerce industry in South Africa and globally.

Chapter Three

Research Methodology

3.1 Introduction

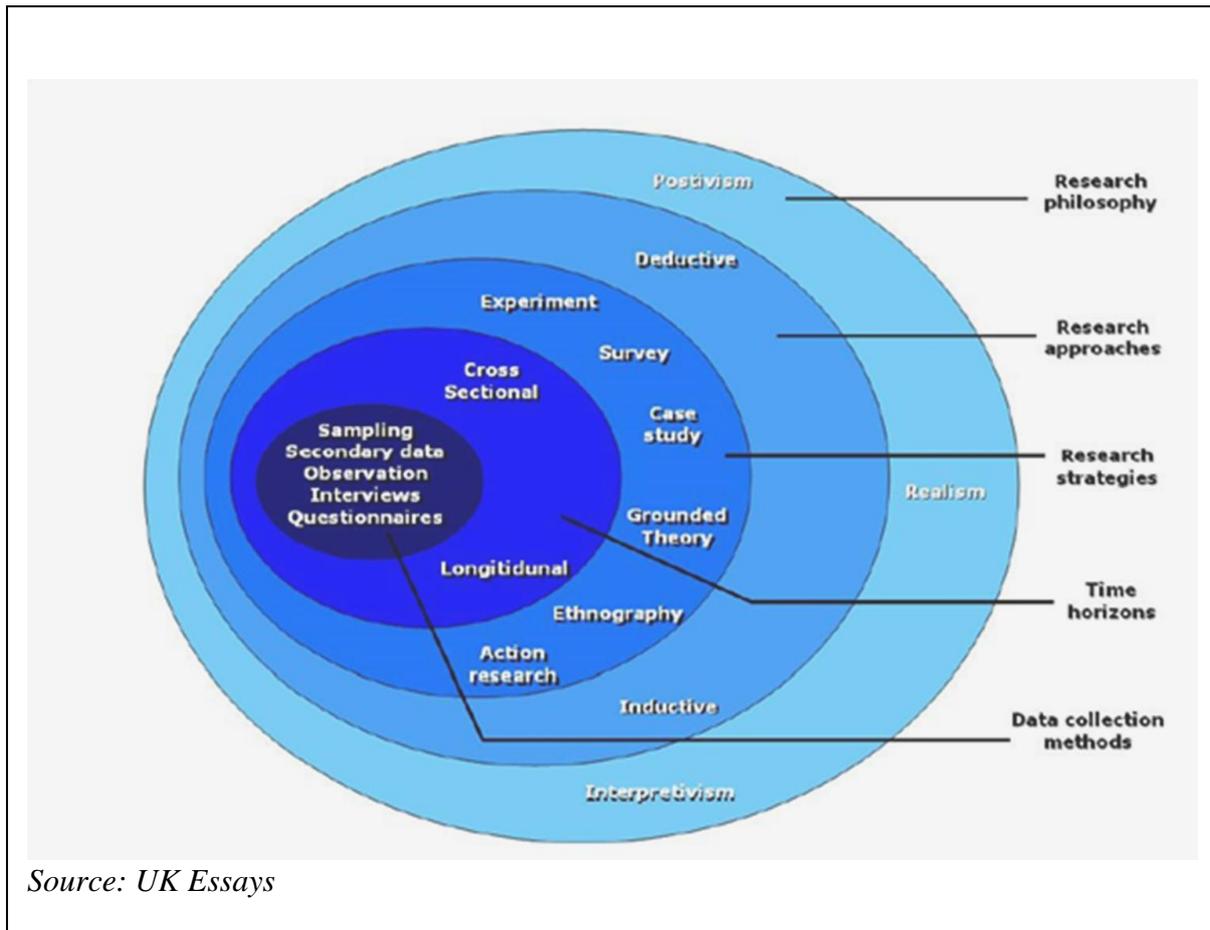
In this chapter the research methodology of the study is described in terms of the research design, research approach, study site, target population, sampling method, sampling size as well as the instruments and procedures used for collecting and analysing the data. The research design that was selected enabled the aim and objectives of the study to be achieved.

3.2 Research design

The purpose of the research design is to describe how the research process will be completed. Research designs can be descriptive, explanatory or exploratory (Collis and Hussey, 2014), depending on how much knowledge is available on the research topic (Sekaran and Bougie, 2011). This study used an exploratory research design. Orlikowski and Baroudi (1991) indicate that exploratory research designs are intended to identify the real nature of a research problem and the variables associated with the issue in question. They provide valuable insights and are highly flexible. As such, there is a firm grasp of the important character and purpose of certain research surveys. Using the exploratory research design will enable the researcher to investigate and gain a clear understanding of the various factors which influence the adoption of e-commerce by developing countries.

To conduct this research, the research onion developed by Saunders, Lewis and Thornhill (2007) (see Figure 3.1) was used as a reference in order to guide the research methodology process. The research onion provides an effective progression by which a research methodology can be designed, and shows the different stages that a researcher must cover in order to develop a research strategy (Saunders *et al.*, 2007).

Figure 3.1: The Research Onion



3.3 Research philosophy

The first layer of the research onion is the research philosophy. It refers to the set of beliefs that relate to the nature of the reality under investigation (Bryman, 2012). The deduction made from the research philosophy provides the justification for the manner in which the research will be conducted. The research philosophy is made up of positivism, realism and interpretivism (Lewis *et al.*, 2009: 119). This study used the interpretivism research philosophy for two reasons. First, it will allow the researcher to understand the natural environment of the research participants from their point of view. In this case, Saunders *et al.* (2007) maintain that it is imperative to the interpretivist approach for researchers to adopt an empathetic stance. Second, it could not be assumed that what would be observed from the participants would be interpreted in the same way by others. The fact that business situations depend on unique circumstances and individuals suggests that what is observed cannot be generalised (Saunders *et al.*, 2007).

3.4 Research approach

The research approach reflects a strategy for answering the research question (Blackmom and Maylor, 2005: 154). It is made up of deductive and inductive reasoning. The deductive research approach draws on what is already known about a particular field of study and theoretical ideas in order to develop a hypothesis that must undergo an empirical investigation (Bryman, 2012). Conversely, the inductive approach theory is deduced by drawing from observations made during the research. Bryman and Bell (2012) contend that although this is a point when theories may be developed, the analysed data may correspond to a theory that may already exist. This research made use of the inductive research approach as it is commonly used in qualitative studies when a theory to inform the research process does not exist. This is advantageous in that it minimises the potential for a one-sided or biased approach during the data collection process (Bryman and Bell, 2012).

3.4.1 The quantitative approach

The quantitative research approach “entails a deductive approach of the relationship between theory and research, in which the emphasis is on testing the theories” (Bryman and Bell, 2011: 37). Although the quantitative research approach is derived from the positivist philosophy, it can be used for the investigation of social phenomena (May, 2001). Strauss and Corbin (1990) main that conducting qualitative research allows for a better understanding of a phenomenon for which limited information is available. Furthermore, it can be used to gain more in-depth insights which may be difficult to convey if quantitative research is used. Lastly, qualitative research is necessary in situations where a researcher needs to first identify variables which may be tested quantitatively at a later stage. It is for the aforementioned reasons that this study did not make use of the quantitative research approach.

3.4.2 The qualitative approach

In the qualitative approach, the researcher is restricted from imposing their own view of social phenomena on the participant. The aim of this is to gather the participant’s own understanding of the topic under investigation (Banister, Bunn, Burman and Daniels, 2011). In this case, it becomes important for the researcher to develop a research methodology framed by the participant and not by their own ideas. In order to achieve this, Feilzer (2010) suggests conducting interviews where the researcher can ask open-ended questions. These will also allow for more questions to be asked during the interviewing process. This study developed the research methodology using the qualitative approach.

3.4.3 The mixed method

In the mixed method research approach, the qualitative and quantitative data collection techniques and analysis processes are combined. This provides the researcher with the ability to start the research methodology with qualitative data collection and analysis, followed by quantitative data collection and

analysis (Saunders *et al.*, 2007). Another option is to quantitatively analyse qualitative data using quantitative analysis techniques. The reverse is applicable as well (Saunders *et al.*, 2007).

3.5 Research strategy

The third layer of the onion is made up of the research strategy and concerns how the researcher plans to conduct the research. It includes various approaches, including the use of experiments, surveys, case studies, grounded theory, ethnography or action research (Lewis *et al.*, 2009). The case study, an approach this research used, evaluates a single unit in order to identify the main features in a study and draw generalisations (Bryman, 2012). Case studies provide an understanding of the nature of an investigation, and also form a basis regarding the importance of culture and context in the variations between different cases (Silverman, 2013).

According to Kshetri (2007), many researchers have debated whether case study research should rely on deductive or inductive research. Some researchers believe that in order for research to have meaning, good ideas on ways to focus the study and analyse the data should guide the research (Whyte, 1984). Yin (2007), meanwhile, argues that despite what many social scientists believe, the case study is used as a method for describing and testing research propositions.

3.6 Time horizon

The fourth level of the research onion is the time horizon, which outlines the timeframe within which the study is intended to be completed (Saunders, *et al.*, 2009). The time dimension can either be cross-sectional or longitudinal. Cross-sectional studies are conducted once-off (Schindler and Cooper, 2008), and are used in instances where a study is focused on a specific phenomenon at a certain time. Longitudinal studies, on the other hand, are conducted repeatedly to track changes over a period of time, and are used in cases where an important factor in the research needs to be analysed over time (Schindler and Cooper, 2008). According to Saunders *et al.* (2009), the time horizon used in a study does not depend on the research approach or research methodology used. This study made use of the cross-sectional dimension.

3.7 Study site

This single case study was conducted at Company Z's head office which is located in Cape Town's central business district in the Western Cape, South Africa. This study site was chosen because it is where Spree's offices are located. Furthermore, by focusing the research at Spree, it would be easier and cheaper for the researcher to complete the data collection, as the researcher would not have to travel long distances.

Target population

According to Marsden and Wright (2010), a target population is the group of participants that the researcher intends to study. The target population of this study included a total number of 64 employees at Spree. The population is based in Company Z's head office in Cape Town in the Western Cape Province, South Africa. The population was chosen for three reasons: First, the location of the e-tailer is conveniently situated in close proximity to the researcher. The researcher is employed at Company Z which made it easier for the researcher to visit the e-tailer. This saved time and reduced costs. Second, Spree is Company Z's first online retailer established out of a company mainly focused on providing media services in Africa. Third, the researcher also has a background in the field of commerce, as well as an interest in understanding the relatively new field of e-commerce.

Sampling size

A sample is defined as the subset of a group (Marsden and Wright, 2010). In this study, the sample was 12 middle and top management employees at Spree, situated in Company Z's head office in Cape Town in the Western Cape province, South Africa. The sample subjects represented the heads and deputy heads of each of the company's six departments. Purposive sampling was used to target only the top and middle managers because they are in a decision-making position, and as such, have the knowledge and expertise to answer the questions which were asked during the interview process. The subordinates/lower-level management of the company were not included in the study because they are not the strategists. Instead they drive the organisation's goals based on management's directions. (Refer to Figure 1.1 for the organogram matrix of Spree.)

3.8 Sampling method

A sample is classified as either a probability or non-probability sample. In non-probability sampling, the chance of each case being selected is unknown as judgement is used. As a result, the findings of the study may not generalised to the population. Non-probability sampling is comprised of methods such as convenience sampling, purposive sampling, judgement sampling, quota sampling and snowball sampling (Sekaran and Bougie, 2011). Conversely, in probability sampling there is a known and equal chance of each case being selected (Creswell, 2014). Within this sampling technique, there are methods such as simple random sampling, systematic sampling, stratified sampling, census sampling and double sampling (Schindler and Cooper, 2008). The type of sampling technique most suitable for this research is purposive sampling. Sekaran and Bougie (2011) define purposive sampling as collecting information from members of a target group who are most likely to provide the required information. The sampling is confined to a specific group either because its members are the only ones who have the information needed, or they meet some criteria established by the researcher. Therefore, instead of collecting data from members of a population who are conveniently available, as done in convenience sampling,

purposive sampling enables a researcher to gather information from relevant subjects. In this study, the criteria for the sample was that the subjects hold a top-level management position in the company because they have the knowledge and experience to answer the questions that were asked during the interview process. Furthermore, the six departments in the company needed to be equally represented in order to obtain comprehensive data.

3.9 Sample size

Sekaran and Bougie (2011) suggest that it is crucial to choose a sample size that best represents the population. The chance of choosing a sample that is a replica of the exact population is highly unlikely. However, when the sample is chosen in a scientific manner, the researcher can be assured that the sample statistic will be a fair representation of the population. In this study, the sample size was made up of a total of 12 middle and top managers from Spree, as depicted in the organogram in Figure 1.1. The sample was recruited via email and the study attempted to reach all 12 managers. However, the researcher only succeeded in reaching 11 managers, as one other manager was unable to take part in the data collection process due to other commitments.

3.10 Data collection approach

In academic research, qualitative and quantitative data are the two main forms of data collection approaches (Brynard and Hanekom, 2006). This study followed the qualitative research approach. Providing a single, definitive definition of qualitative data is an impossible endeavour; yet despite the variations, numerous authors have attempted to provide a definition which identifies a set of characteristics evident in qualitative data. Denzin and Lincoln (2003: 3) suggest the following definition:

“Qualitative research is a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible. These practices turn the world into a series of representations, including fieldnotes, interviews, conversations, photographs, recordings and memos to the self. At this level, qualitative research involves an interpretive, naturalistic approach to the world. This means that qualitative researchers study things in their natural settings, attempting to make sense of, or to interpret phenomena in terms of the meanings people bring to them.”

Ritchie and Lewis (2003) offer a definition of qualitative data in terms of what it is not. As an example, Strauss and Corbin (1998) describe qualitative research as that which is not based on counting or quantifying empirical material. In order to avoid over-analysing and potentially complicating the definition of qualitative research, Ritchie and Lewis highlight the key elements that are often suggested

to provide the research approach with its distinctive nature. These are “aims which are directed at providing an in-depth and interpreted understanding of the social world of research participants by learning about their social and material circumstances, their experiences, perspectives and histories” (2003: 3). This qualitative study made use of a single-case research design. According to Yin (2007), case studies are epistemologically acceptable when research questions are focused on the explanations supporting observed phenomena, when behavioural events are out of the researcher’s control, or when modern-day events are being highlighted. Ritchie and Lewis (2003) describe epistemology as concerning methods of learning and gaining knowledge about the social world. These methods relate to questions such as: how can people gain knowledge about reality, and what do people base their knowledge on?

Stuart, McCutcheon, Handfield, McLachlin and Samson (2002) suggest that case studies are suitable and important when theory is non-existent or unlikely to apply; when even if there is a theory, the setting in which the case study is based is different to existing theory; or when cause and effect are in doubt and involve time lags. There are reasons to believe that e-commerce theories are at a new stage of development, more especially in the developing world (Kshetri, 2007). For instance, Mueller (1999) suggests that studies on developing countries have placed assumptions about the “normal process” of Internet growth to a “severe test”. As such, the general opinion of studies conducted in developed countries is uncertain in the context of developing countries. In spite of arguments, researchers accept that single-case studies are applicable to the construction of elementary theory (Liu *et al.*, 2012). This applies even more when research is in its early phase, as evident in the current emerging markets (Kshetri, 2007).

3.10.1 Data collection instruments

Quantitative data can be acquired through surveys, of which there are three categories: self-completion, interviewer completed and observation surveys (Hair, Joseph, Money, Samouel, and Page, 2007). This study, however, did not use quantitative methods, but instead applied a qualitative approach through the use of qualitative data, which can be acquired through interviews as was the case in this study. Qualitative interviews may be categorised into unstructured, semi-structured and structured interviews (Lewis *et al.*, 2009). While no interview can be considered as unstructured, unstructured interviews are generally conducted as guided conversations. Data is collected by observing participants and taking notes as the researcher observes from the sidelines. In the process, the researcher identifies key informants who will provide the researcher with information pertaining to the observations made (DiCicco and Crabtree, 2006). Semi-structured interviews are generally the only source of information for the qualitative research. Furthermore, semi-structured interviews are usually scheduled in advance during a pre-determined time and place. They are made up of open-ended questions, with additional

questions emerging during the interview. Furthermore, semi-structured questions can be held either between an individual or a group and are often conducted only once. For this study, semi-structured, individual interviews were administered. In addition to the abovementioned, this data collection process gave the researcher the opportunity to deeply investigate the social matters of the study (DiCicco and Crabtree, 2006). Structured interviews use questionnaires which contain a set of standardised questions, while semi-structured interviews use a list of questions and themes that may be covered based on the progress of the discussion (Lewis *et al.*, 2009). In-depth interviews require the observation of participants' perspectives, either individually or in groups (Creswell, 2003). Structured interviews are often used when the researcher needs to produce quantitative data (DiCicco and Crabtree, 2006).

3.10.2 Interviews

Yin (1994) indicates that interview questions can either be open-ended or closed. Open-ended questions allow participants enough freedom to provide a detailed response. In contrast, closed questions restrict responses and can give participants alternatives to choose from. Participants in this study were interviewed independently in order to identify the factors inhibiting e-commerce adoption as well as the adoption and implementation of business strategies. The population consisted of eleven top and middle managers from various departments at Spree. The target population is deemed to have the power to influence business decisions in the company. The participants were interviewed in a detailed manner and each of the interviews lasted 30 to 45 minutes on average. In order to preserve confidentiality, the participants' anonymity was ensured. All the interviews were held in the company's offices, they were tape recorded and were carried out in English.

3.11 Data quality control

The following section explains the practices that ensure that reliability and validity are achieved in qualitative research. It also outlines the measures taken to ensure reliability and validity in this study.

3.11.1 Trustworthiness assessment

According to Golafshani (2003), qualitative research requires credibility, which is determined by the researcher's ability and effort. Muhammad, Muhammad and Muhammad (2008) suggest that credibility, trustworthiness and transferability are all terms that may be used to explain the reliability and validity of a qualitative research study. Researchers in qualitative research rely on personal experience as well as literature in order to address issues related to validity, reliability and the potential to generalise (Patton, 2002). McMillan and Schumar (2006) maintain that researchers should make use of more than one method when collecting and analysing data in order to ensure valid and reliable results. This could include numerous methods such as interviews, recordings and observations. In qualitative

research, reliability and validity are conceptualised as rigour and trustworthiness. A researcher can achieve this by eliminating bias and improving truthfulness regarding the proposition of a certain social phenomenon using triangulation (Golafshani, 2003).

According to Shenton (2004), many positivist researchers have questioned the trustworthiness of qualitative research. These researchers maintain that the concepts of validity and reliability cannot be approached in the same manner in naturalistic studies, however Shenton (2004) argues that numerous writers on research methods have demonstrated in their own qualitative research that issues related to reliability and validity can, in fact, be incorporated into this type of research. Nonetheless, in an attempt to dissociate themselves from the positivist way of thinking, naturalistic researchers have used different terminology (Cho and Lee, 2014). Guba (1981) is one such author, who proposes four standards of measuring the degree of trustworthiness in qualitative data: credibility, transferability, dependability and confirmability. This set of criteria correlates closely to positivist researchers (Shenton, 2004). This study will look at these criteria in more detail.

Credibility

In positivist research, one of the most fundamental criteria is internal validity, which ensures that a study measures or tests what it set out to prove (Shenton, 2004). In qualitative studies, the equivalent of this is credibility, which sets out to establish how consistent the research findings are with reality (Reksoatmodjo, Utomo, Hartono and Djunaedi, 2012). In order to fulfil credibility, Lincoln and Guba (1985) (cited in Schwandt, Lincoln and Guba, 2007), suggest the following strategies:

- Adopting research methods that have been well established in qualitative research.
- Developing an early familiarity with the culture by participating in the organisation before the collection of data.
- Adopting random sampling of individuals who will serve as informants
- The use of triangulation

Transferability

External validity is “concerned with the extent to which the finding of one study can be applied to other situations” (Shenton, 2004: 69). In terms of positivist work, the issue is in demonstrating that a particular study can be applied to other populations, however many researchers argue that the findings in qualitative research cannot be applied to other populations, as they apply to a small number of specific environments or individuals. Nonetheless, contrary to this argument, Stake (1999) suggests that while the case in a qualitative study may be unique, it is a case within a broader group, and thus the potential for transferability should not be completely ruled out. Lincoln and Guba (1985) offer the same argument, suggesting that the researcher has a responsibility to ensure that sufficient contextual

information about the fieldwork is provided in order for the reader to make a transfer. It is important for the researcher to also provide a thorough description of the phenomenon being investigated in order for the reader to have a good understanding. This will also enable the reader to compare the occurrences in the study with broader situations.

Dependability

When assessing the issue of reliability, Shenton (2004) suggests that positivists implement techniques so that if their work were repeated using the same methods and participants, it would yield the same results. In qualitative research, however, because the nature of phenomena is ever-changing, it results in possible issues (Marshall and Rossman, 1999). However, Lincoln and Guba (1985) emphasise the close relationship between credibility and dependability, and that if credibility is evident, then dependability may be present as well.

To ensure dependability, the researcher needs to provide a detailed process report. This is what Lincoln and Guba (1985) refer to as a “prototype model”, which will enable future researchers to undertake the same work and may even yield the same results. In addition, an in-depth report will assist the researcher to analyse the extent to which proper research practices have been followed.

Confirmability

Confirmability, according to Patton (2002), is comparable to objectivity. Qualitative researchers are faced with a challenge when it comes to ensuring real objectivity, as the researcher’s bias may be inevitable. Nonetheless, the onus is on the researcher to ensure that the findings of the study reflect the experiences and ideas of the participants, and not those of the researcher. Shenton (2004) stresses the role of triangulation in order to ensure confirmability. In this regard, the beliefs underpinning the methods adopted and decisions made need to be explained in the report. Furthermore, regarding the results, preliminary theories which were not the result of data should be explained. Shenton (2004) suggests that a large amount of content in relation to the aforementioned may result from the continuous reflective commentary.

3.11.2 Data analysis

Qualitative data will be analysed using thematic analysis, which is a form of content analysis. According to Shapiro and Markoff (cited in Duriau, Reger and Pfarrer, 2007: 6), content analysis is “any methodological measurement applied to text (or other symbolic materials) for social science purposes” (Shapiro and Markoff, 1997: 14). Duriau *et al.* (2007) suggest that there are numerous advantages to content analysis. First, content analysis applies to a wide range of organisational phenomena as it provides a replicable methodology that enables access to structures such as norms, intentions, attitudes and cognitions. Furthermore, the use of content analysis allows analytical stability in that data can be

analysed using two levels. The first level reveals the captured text in a number of text statistics, while the second level allows the researcher to analyse the deeper meaning of the content which may require interpretation. It is for these reasons that content analysis was administered in this study.

Thematic data allows the researcher to analyse a large quantity of textual data to identify words, patterns or themes (Sekaran, 2010). This form of analysis requires text to be coded into categories, after which it is analysed using conceptual or relational analysis. Conceptual analysis identifies the frequency of concepts, while relational analysis examines the relations between the concepts (Schindler and Cooper, 2008). The data were processed using the NVIVO programme. To conduct the data analysis, the data collected were transcribed word for word in order to capture all the important information. Copies of the data have been kept for future reference. Using the NVIVO programme, the researcher reviewed and reduced the research data by identifying and noting down the relevant concepts, textual phrases and quotes by the participants which were related to the major elements of the research objectives. The textual phrases of each participant were laid out under each participant's name, coded according to relevant themes, grouped according to each concept, and presented in a tabular format. The textual phrases were then analysed, and key concepts, themes and patterns were identified. Interpretations were made and the results were presented.

3.12 Ethical and confidentiality issues

There were several measures taken to ensure the integrity of the data collected. The ethics form, list of interview questions and gatekeeper's letter were all submitted to and approved by the university's ethics research committee before the data collection process took place. Furthermore, the participants participated voluntarily in the research and were not forced to disclose information. The data which was collected was only used for purposes of the research. The personal details of the participants were not included in the data collected and each participant was given a codename. The data collected was kept confidential and no third party had access to the data.

3.13 Conclusion

This chapter discussed the steps and strategies that were used to address the aim and objectives of this study. Following the detailing of the research methodology the data collection process was described. Thereafter, the manner in which validity and reliability were achieved in the study, was discussed. This was followed by details of data analysis. In the next chapter, the results of the study's findings will be detailed in.

Chapter Four

Data analysis and Presentation of Results

4.1 Introduction

In this thesis, the barriers of e-commerce adoption present in emerging markets, specifically in Africa, are investigated. The study also investigates how these barriers can be overcome in order for a suitable business model to be implemented in developing country firms. The literature has assisted in guiding how the research was conducted leading to the data collection process as depicted in chapter three. The objectives of the study look at the barriers of e-commerce; what barriers are prevalent in Africa and the business model that can be implemented in the context of these environmental factors. In this chapter, the results that were gathered from the data collection process are analysed and presented. They are presented in a way that shows the key barriers faced by organisations operating in Africa, as well as the business model that may be used to overcome these barriers. The chapter which follows, chapter five, provides a discussion linking these findings to the objectives of the study.

4.2 Analysis procedure

The researcher used NVivo to read and analyse the transcripts. The interview transcripts were individually added to NVivo where they were read numerous times to find the meanings of the text and label them as nodes. The nodes were added under the relevant categories. The categories developed as the coding process progressed. Once all the transcripts were read and the categories created, the researcher established links between the categories. From the analysis, a total of 63 nodes and 20 categories were identified. The categories were categorised under the relevant sub-themes which were constructed from the literature review. A table which presents the themes, categories and nodes is illustrated in Table 4.23 in Appendix II.

4.3 A description of the demographics

This section describes the demographic variables of the participants in the study. Eleven participants participated in the study, of which five were female and six were male. Six of the participants were in top management, while the remaining five were from middle management.

4.3.1 Gender

Figure 4.1: Gender

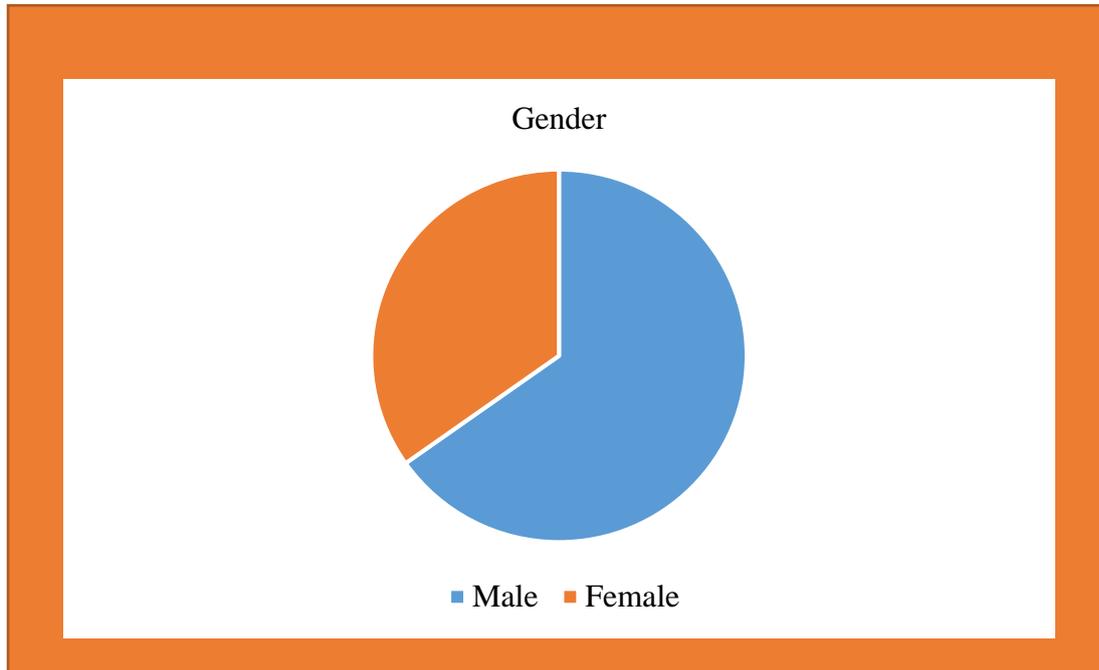


Figure 4.1 depicts the gender of the participants that the gender was made up of males (65%), with females making 35% of the participants.

4.3.2 Age

Figure 4.2: Age

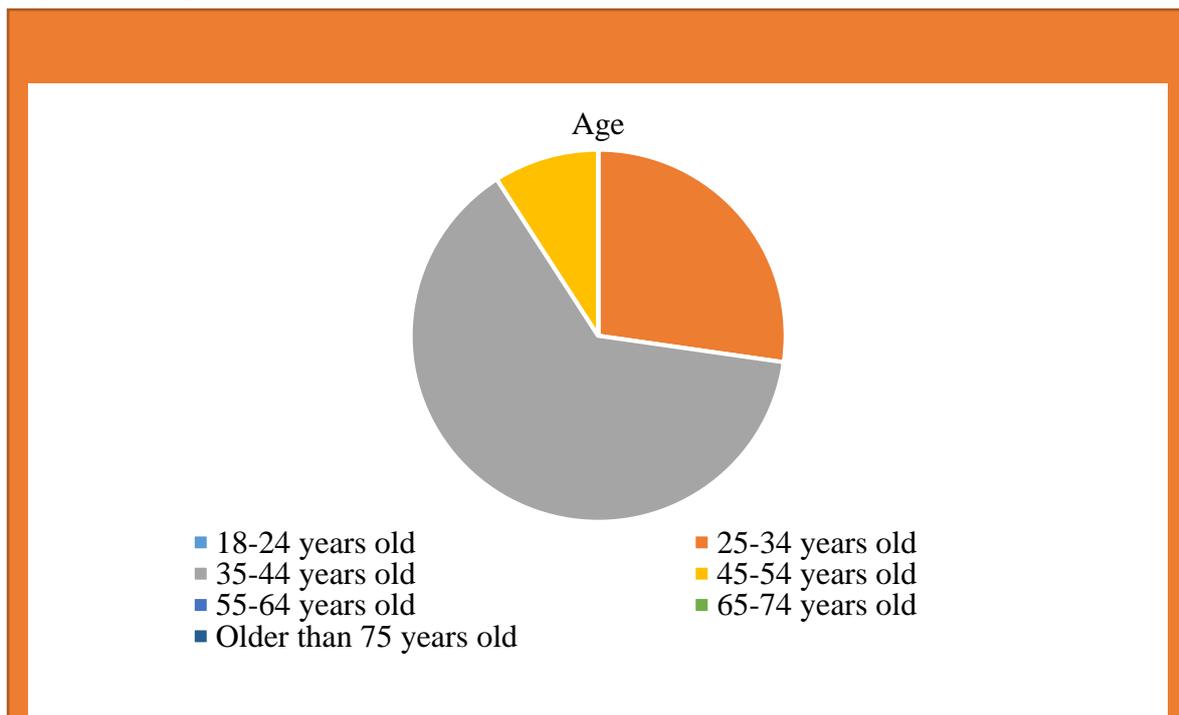


Figure 4.2 shows the age of the participants that between the ages 35-44 years old made up the largest percentage, at 64%. The second largest group by age was participants between the ages 25-34 years old (27%). The last representation of participants by age was those between the ages 45-54 years old, at 9%. There were no participants between the ages 18-24, 55-64 and 65-74 years old.

4.3.3 Ethnicity

Figure 4.3: Ethnicity

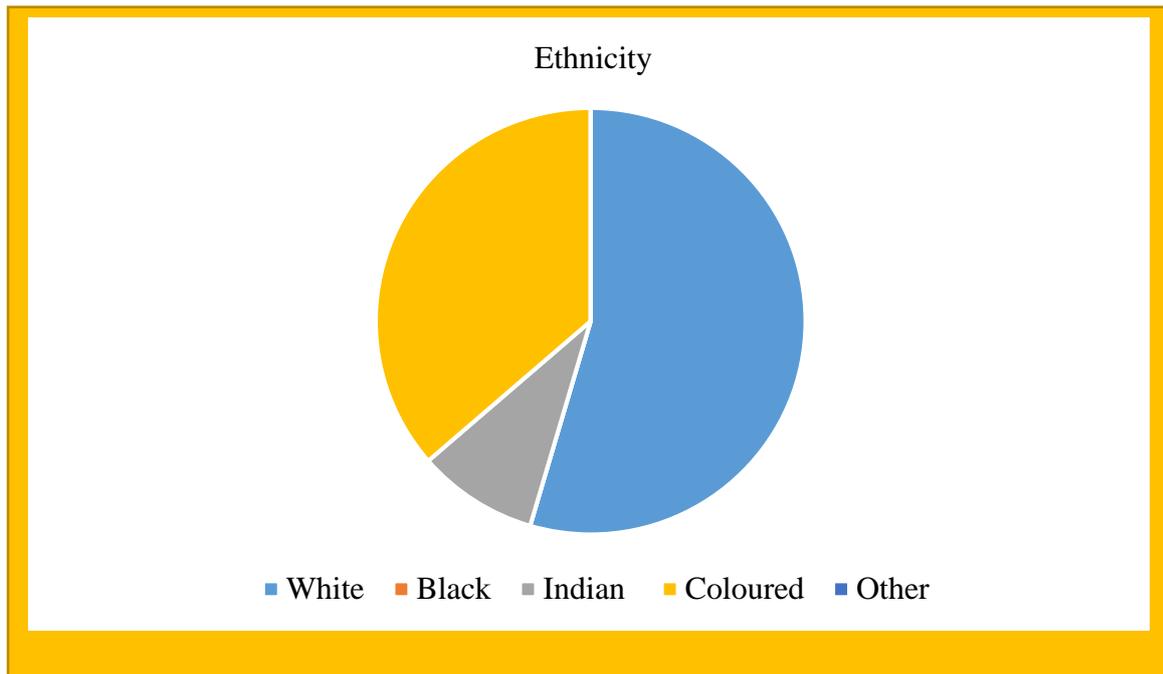


Figure 4.3 illustrates the ethnicity of the participants. The figure shows that the largest percentage of participants by ethnicity was white at 55%. The second largest percentage of participants was coloured at 36%. This was followed by Indian participants who made up 9%. None of the participants were black or of other ethnicities.

4.3.4 Highest level of education obtained

Figure 4.4: Highest level of education completed

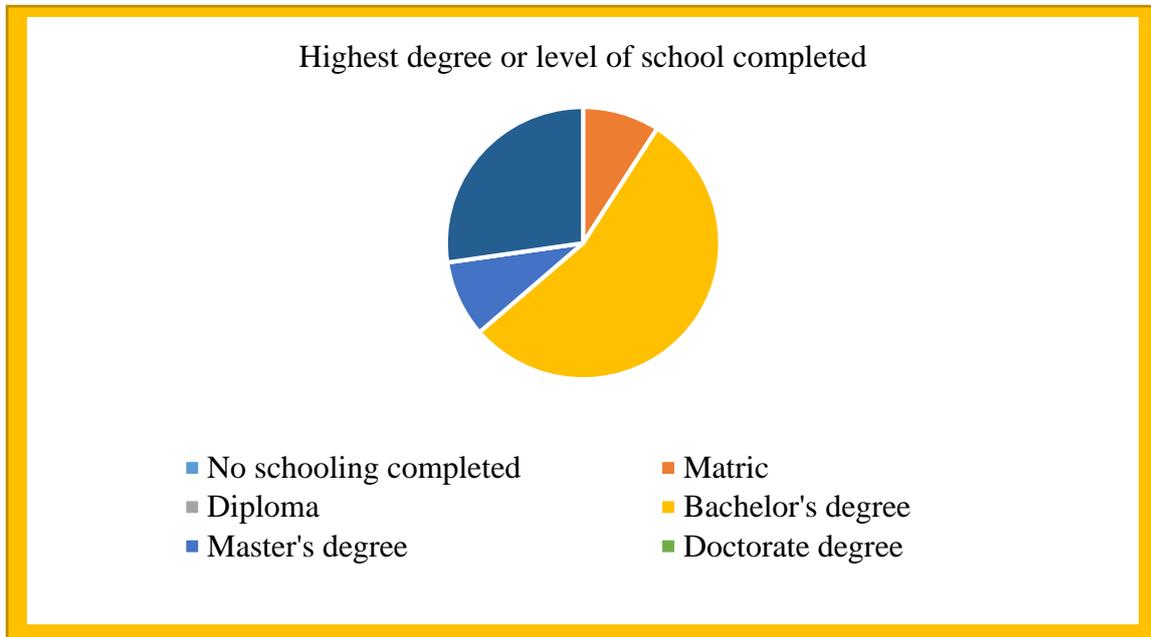


Figure 4.4 depicts the highest level of education obtained by the participants. It shows that the greatest percentage of participants (55%) hold a Bachelor's degree. 27% of participants represented the second largest percentage with MBAs, while 9% hold a Master's degree and another 9% have qualified with a matric. None of the participants hold a diploma or a Doctorate degree.

4.3.5 Years of experience in e-commerce

Figure 4.5: Years of experience in e-commerce

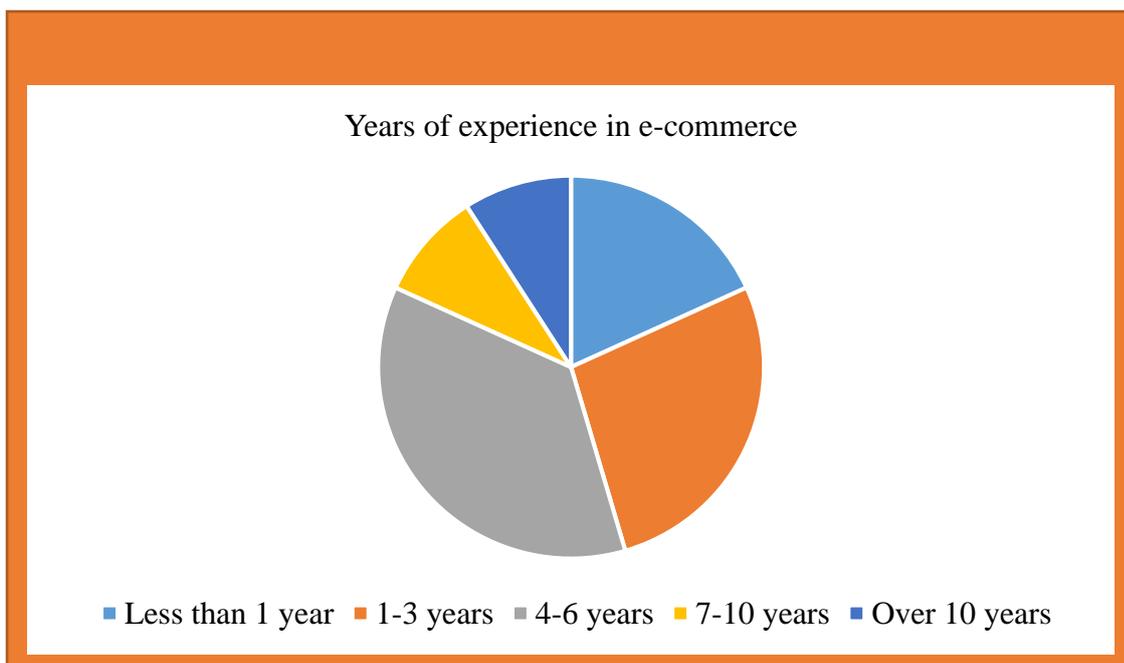


Figure 4.5 illustrates the number of years that the participants have working in an e-commerce environment. The largest percentage of participants have 4-6 years' experience in e-commerce (36%). The second largest percentage of participants have 1-3 years' experience working in an e-commerce environment (27%). This is followed by participants with less than a year in e-commerce at 18%. 9% of participants have 7-10 years in e-commerce while another 9% have over 10 years' experience in the e-commerce industry.

4.4 Infrastructural barriers

This section aims to show the infrastructural barriers which are prevalent in the African market and how Spree has attempted to overcome these barriers in the markets it operates in.

4.4.1 Internet security

Table 4.1 shows that it is important for a company to be protected from internal and external threats in order for e-commerce adoption to take place. The participants revealed two main challenges that occur when Internet security measures are not implemented, the first of which was a "lack of trust" that the customer has in performing online transactions.

"Internet security minimises the confidence our customers have in making online purchases. Even though many customers recognise our brand name, they are still very hesitant and fearful of making online purchases." [Participant 9]

The second is the difficulty businesses experience when conducting their operations.

"If we cannot maintain security, we cannot do business." [Participant 3]

Regarding barriers to overcoming a lack of Internet security, the participants revealed the importance of online companies putting measures in place that ensure that their websites cannot be hacked.

"Spree has put measures in place to ensure that our website is protected and also to pick up potential fraud." [Participant 6]

4.4.2 Broadband connectivity and high access costs

Table 4.2 shows that participants confirmed that Internet accessibility, as well as the speed, quality and the cost of the Internet, are barriers that prevent e-commerce adoption.

"Access to high speed data is very limited in South Africa, and the speed itself is also very poor and expensive. I think that in South Africa a lack of Internet penetration and solid Internet infrastructure has held South Africans back." [Participant 4]

The participants suggested that for e-commerce companies to overcome broadband inefficiencies, it is important that they focus on optimising their web pages.

“We are vigilant of the size of our website pages, making sure that we optimise.” [Participant 4]

The majority of the participants reflected on the advantage that the growth of “mobile penetration” has brought about in terms of mitigating barriers to broadband connectivity.

“Apps (applications) come in very handy in this instance. You need to design your app so that it works well offline and ensure that it is not too data heavy.” [Participant 8]

4.5 Socio-economic barriers

This section aims to show the socio-economic barriers of e-commerce adoption that are present in Africa, and the strategies that Spree has used to overcome them. Tables 4.3, 4.4 and 4.5 show that e-commerce adoption and diffusion in developing countries are an expensive practice for e-commerce companies operating in African markets. The majority of the participants suggested that compared to international markets, African markets have “slow e-commerce growth” and “small and underdeveloped markets”, which create barriers for organisations in developing countries that attempt to enter African markets.

“If you look at countries such as Nigeria, Ethiopia, Rwanda and Ghana, retail in these countries is relatively new, especially in the brick-and-mortar format, and the infrastructure and supply chain elements are unable to support a mature environment.” [Participant 2]

Furthermore, the participants cited country-specific challenges that also present barriers to entry, as well as the “economic disparity” between rich and poor people in African countries, which presents challenges to e-commerce diffusion in African e-tail industries. Notwithstanding the above, the participants suggested that a “growing market” and a “developing middle class” mean that e-commerce companies in developing countries will in the long-term need to expand to other markets if they are to succeed.

“Our competitors are expanding across Africa, and for us to keep up with the competition, we will probably have to move into Africa too.” [Participant 9]

4.5.1 Educational system

Table 4.3 reveals that the majority of the participants felt that it is not necessary for every employee employed in the online retail space to have IT knowledge and experience. According to the participants,

the reason for this is that an employee's technological know-how largely depends on the department in which the employee works, and whether the employee holds a management or lower-level position.

“It depends on the specificity of the role the employee is in. It is important for the developers and marketing employees to have quite a strong IT background. Developers are constantly working with code and building the website and systems, and marketers need to be able to perform certain tasks with certain levels of coding. But other functions within Spree, such as warehousing, and buying and planning, do not require an IT background.” [Participant 3]

However, the participants did suggest that there is a “lack of (the) appropriate skills” needed to support the growth of the e-commerce industry. This often results in e-commerce companies turning to international markets for candidates with the calibre of talent required in the industry.

“There is a lack of appropriate skills needed in an e-commerce environment. It is very difficult to find someone who is very analytical, or with a developer nature but who is also business-centric. We have developers who are unaware of the future of the business, how it is growing and what impact that will have. Sometimes because the skillset is so rare, the price point is high, and so we will end up having to go to a foreign firm to find the right set of skills.”
[Participant 8]

4.5.2 Logistics

Table 4.4 reveals that poor logistics is a major barrier in developing countries. A majority of the participants indicated that efficient logistics systems are beneficial for e-commerce adoption, however they suggested that in many African countries, logistical networks are not well set up.

“While other e-commerce companies in countries like Nigeria, Kenya and other middle African countries are doing well, the logistical networks in these countries are not well set up.”
[Participant 3]

Many of the participants also stressed the need for developing countries to have functioning courier and postal services if firms are to adopt e-commerce. The majority of the participants also cited the importance of e-commerce companies having the ability to exercise control over the courier services that they work with in order to provide a seamless experience for the customer, and in that way, they can reduce the risk of losing customers. Spree works with internal and external couriers, and it is important for the e-tailer to maintain a relationship with each of its courier services who are the last engagement with the customer and have been entrusted to deliver products to customers in time. The participants also indicated that couriers are the face of the brand. In addition, the participants suggested that it is essential to offer a seamless experience, both on- and offline. Currently, Spree is faced with the challenge of “controlling the last mile”.

4.5.2.1 Product returns

Table 4.5 shows that the participants suggested that for e-commerce adoption to occur, an efficient logistics system is also important for product returns. The majority of the participants cited “retaining the customer’s trust” as the reason behind needing an efficient logistics system. Many of the participants indicated that in order to maintain trust with the customer, a seamless experience needs to be provided.

“When goods are returned, you need the system to work in such a way that the goods are collected from the customer, they are returned to the warehouse and the customer receives their money back. If an order is lost along the way or the customer receives the wrong parcel, you will have a very unhappy customer.” [Participant 9]

At Spree, the participants revealed that before product returns are processed, the customer needs to log a return using the account they have on the website and provide a reason for the return. A courier is then sent to the customer’s address to pick up the parcel, which is returned to the warehouse. After performing a quality check on the product to ensure that there are no defects, the customer has to wait a few days before their money reflects in their account. This process impacts on the customer experience, a theme which was also popular among the participants. Regarding product returns from Namibia, a prevalent theme among the participants was the poor experience that customers in Namibia encountered as the e-tailer experienced difficulties when customers wanted to return goods. In addition, the participants suggested that high shipping costs are a challenge for e-commerce companies operating in emerging markets. The participants cited high costs incurred by Spree when it shipped orders to Namibia, and it was also expensive for Namibian customers to return products back to Spree.

4.5.3 Method of payment

Table 4.6 shows that the majority of the participants suggested that a “lack of confidence in e-payments” still exists among many online shoppers.

“People would rather deposit money than to add their credit card details online.” [Participant 8]

They commented that there is a “lack of education” on the customer’s part regarding the convenience and safety of shopping online.

“Many people are afraid of fraud, which I do not understand because the risk of fraud impacts us, the merchants and not the consumer. If a customer suspects any suspicious behaviour on their Visa or MasterCard, the bank will not subtract any funds from their card. We also offer EFT (Electronic Funds Transfer) which many people still rely on. EFT can be risky because if a customer’s money is taken, it is very challenge to get it back. Although it is important not to

bully your customer into using payment systems they would rather not use, it is equally important to educate them.” [Participant 1]

The participants revealed that credit card payments are the most commonly used method of online payment among customers who shop on Spree. However, a few of the participants suggested that South Africa is still behind in making credit card payments.

“Africa struggles with credit card fraud, and many people thought that they needed a credit card or another form of payment method to shop online – both an educational and trust barrier.” [Participant 2]

Another frequently used method of payment is the debit card while the third is an Electronic Funds Transfer. The e-tailer also offers Snapscan, which many of the participants said was not used by many customers. In an attempt to mitigate against the lack of comfort which many online shoppers experience when making payments, the participants mentioned that payment-on-delivery is an alternative payment method available at Spree.

“We offer payment on delivery for Cape Town shoppers for the reason that we are trying to instil confidence in people.” [Participant 3]

4.6 Socio-cultural barriers

In this section, the socio-cultural barriers present in the African market will be revealed, as will the strategies that Spree has used in an attempt to overcome the barriers in the markets it operates in.

Table 4.7 shows that cultural differences are the factors that need consideration in an e-commerce company’s business strategy; the participants indicated the importance of businesses keeping things local because of local differences.

“A Nigerian customer will not necessarily purchase what a South African customer will.” [Participant 9]

From a business strategy perspective, the inclusion of cultural factors is revealed as being especially important for Spree, which operates in South Africa where the market is demographically diverse.

“Spree was the product of Sarie.com which demographically is a magazine targeted at the Afrikaans middle-aged white women – a small percentage of the South African population. Taking a look at the other South African demographic groups who represent a higher percentage of the population, the question became how to expand our brand and messaging to reach the broader base within South Africa, which was very tricky.” [Participant 2]

However, a number of participants suggested that for e-tailers operating in small e-commerce markets such as South Africa, it is generally difficult to focus heavily on cultural differences. Of the four participants who held this view, one participant highlighted the importance of e-commerce companies focusing on building their brand.

“I think that as a business operating in such a small market, it is more important to focus on building your brand and brand identity than worrying about differences in culture.”
[Participant 5]

While it may be a challenge for Spree to include cultural differences in its business strategy, the participants maintained that the e-tailer focuses on localising international trends.

“We always have to localise the trend to keep it in line with the South African market. We also have international brands that are available on our website that infuse international styles with the local market.” [Participant 11]

4.6.1 Trust

Table 4.8 shows that a majority of the participants, especially in top management, believe that trust in online shopping is crucial. A few of the participants revealed the importance of “instilling trust in customers”.

“It is all about building trust and loyalty with your customer so they feel safe to shop online.”
[Participant 6]

They also revealed that online shoppers are still hesitant to make online payments because of a lack of trust in the payment system.

“We need to convince our customers that buying fashion online is easy, pleasurable, and risk-free.”
[Participant 5]

In an effort to help minimise the barriers to online payments, the participants described how Spree offers alternative payment methods, including payment-on-delivery and EFT. Another important element of building trust was highlighted by top management, who suggested that there is a benefit which results from being part of a “trusted company”.

“It really helps that we are part of the Naspers group of companies and part of Company Z which are already hugely trusted brands in South Africa.” [Participant 4]

4.6.2 Lack of personal interaction

Table 4.9 shows that the participants believe in the importance of working with local people and understanding the local market when it comes to mitigating barriers related to interaction between the customer and the e-tailer. However, one of the participants argued that personal interaction is more important when it comes to the touch and feel of the garment a customer intends on purchasing. The ability to have a partner in a foreign country who knows and understands the local market helps with understanding the culture, politics and the government set-up in the country.

“When it comes to socio-cultural barriers and personalisation, their importance has less to do with the relationship between the customer and the company, and more to do with the customer missing the touch and feel of a garment.” [Participant 3]

A few of the participants maintained that in order to overcome this barrier, it is beneficial for e-tailers to adapt their communication efforts to meet the customers’ needs. Another participant suggested that Spree is looking for ways to reach its large customer base.

4.6.3 Quality of personal relationships

Table 4.10 reveals that the participants realise the importance of e-commerce companies including personalisation in their business strategies, however a few participants cited the “difficulty e-commerce companies are faced with in trying to meet each customer’s needs”.

“Essentially, what you want is massclusivity so that even if you are buying for many, you still maintain a level of exclusiveness. However, that is very difficult to achieve.” [Participant 1]

The participants suggested personalisation in terms of fulfilling customers’ experiences, and added two methods for overcoming barriers to personalisation. The participants in middle management maintained that knowing the products that appeal to customers is an important method for e-commerce companies to meet each customer’s needs.

“In terms of personalisation, it is important to know what products we sell, and from there we can make conclusions about the products the customer is opting for.” [Participant 9]

In contrast, top management suggested that maintaining a daily line of communication with the customer is important for personalisation.

“It is important to craft a daily line of communication with your customer to grab and keep their attention. If you do not communicate with your customer, they forget about you very quickly.” [Participant 5]

4.7 Institutional environment

The section aims to illustrate how the institutional factors present in a country affect e-commerce adoption, and how the institutional environment present in the markets Spree operates in affects its operations.

4.7.1 Government policies and regulations

Table 4.11 shows that a few of the participants suggested that for e-commerce companies operating in South Africa, there are no specific governmental policies or laws that directly impact e-commerce or retail business operations.

“The laws that apply to e-commerce are standard to those that apply to other companies.”
[Participant 10]

The laws that do exist, such as the Protection of Personal Information Act, protect both the e-commerce company and the consumer. In addition, Table 4.12 shows that investors play a crucial role in the “growth, sustainability and success” of e-commerce companies, and that any company that does not have the support of investors cannot survive.

“Investors play a vital role in supporting the adoption of e-commerce. We have big internal investors, which is important for a business like Spree. Start-ups and small-to-medium enterprises are the future, but at the same time, a business is not going to break even from the first day. Therefore, a business needs investors who are willing to accept some sort of trading loss because they know that they are getting growth and that there will be a profit target and that e-commerce is an investment for the future.” [Participant 8]

However, despite the aforementioned, a few of the participants revealed the crucial role that a supportive government would in reducing customers’ lack of trust in online shopping, as well as the impact that it would have on South Africa’s economic growth.

Regarding Spree’s operations in Namibia, a few of the participants suggested that government policies in the country were unfavourable in sustaining an e-commerce business. Many of the participants added that shipping goods through the Namibian border was a challenge for Spree.

“In Namibia, the risk was compounded by the fact that there was a government involved who wanted to ensure that import and export duties were adhered to. Therefore, our experience was not what we wanted it to be, and we could not get it to the standard that we wanted it to be.”

[Participant 4]

4.8 Cognitive barriers

In this section, the cognitive barriers present in Africa will be revealed, as well as the strategies which Spree has used to overcome these barriers.

4.8.1 Integrating the local language

Table 4.13 shows that half of the participants indicate that English is the universal language on the Internet in many countries, including South Africa where Spree operates. The participants further revealed that it was easier for the e-tailer to establish a presence in Namibia because that country has a similar demographic to South Africa.

“Namibia was considered because the brand was very keen to expand and also because Namibia is an English-speaking country.” [Participant 4]

Should a business wish to expand its operations into markets where English is not the language of commerce, the participants recommended the following local principles.

“Any serious e-commerce business needs to follow local principles and if the main language is not English, one would need to translate everything to the local language, and therefore hire local native speaking staff.” [Participant 1]

An interesting factor to consider is the below comment that a few participants made regarding Naspers, however. *“Where Naspers is more international, language is not an issue as the company employs many foreign people because they have foreign operations.”*

4.9 Business models

The section aims to show how Spree fits its business model to meet its e-commerce business strategy. Although the sub-headings in this section were not constructed from the literature review, the analysis of the data provided required a sub-section to discuss in detail the impact of Spree’s business strategy on its business model.

4.9.1 Business strategy

Table 4.14 reveals that from a top management perspective, when Spree first entered South Africa’s mature retail market, its strategy was to make fashion accessible online and to dominate the South African e-commerce fashion industry. Regarding Spree’s expansion into Namibia, participants revealed that the e-tailer was keen to expand its operations, and with a similar demographic as South Africa, expanding into Namibia made sense. However, from a business strategy point-of-view, one participant argued that expansion into other markets requires a thorough understanding of the potential for growth in the market of interest.

“As a start-up, any company’s appetite for growth is huge, but you have to be careful not to look for expansion in the wrong places. If you want to grow you need to know where your biggest potential market lies. What Spree did was to quickly launch high-end women’s fashion and too soon after, launch other verticals as well as expanding into Namibia. So, growth was stretched all over the place which affected our brand identity and we somewhat lost our focus and scope.” [Participant 1]

Many participants indicated the importance of e-commerce companies ensuring that they “get the basics right first” before expanding into other markets.

4.9.2 Traditional business models

Three main points are revealed in Table 4.15 - first, a majority of the participants suggested that it is vital for e-commerce companies to “keep their traditional business models the same” and not to deter from their “core objectives”.

“It is important not to change your business model all the time.” [Participant 1]

Second, the participants emphasised the importance of online businesses “constantly re-evaluating their business models” and making changes where necessary.

“The smaller components of e-commerce evolve. For example, in looking at couriers, we may consider using a different courier, and perhaps the way that we take payments may also evolve. But the overall business model does not necessarily evolve.” [Participant 7]

Third, the participants revealed the importance of e-commerce companies updating their business models in order to meet “customer demands”.

“Personalisation of customer experience is all about evaluating your business, and looking at where there are successes as well as inefficiencies, and constantly trying to improve the business for the satisfaction of the customer.” [Participant 5]

4.9.3 The influence of international markets

Table 4.16 shows that all the participants pointed out the importance for online businesses operating in developing markets to use international business models as a basis for developing their local models.

“E-commerce started in the United States, so everything that has been built on top of that is based on what was first established in the USA in same way or another. Therefore, this means using methods that have already been in existence for years.” [Participant 7]

A majority of the participants also cited the necessity for emerging markets to be aware of “trends that are happening internationally”.

“We cannot ignore the fact that international markets are always ahead, even in fashion, they are always a season ahead of us. Therefore, by keeping with international markets we are aware of what trends will be available in the next season.” [Participant 11]

Participants also cited the importance of “learning from international companies”, as illustrated in Table 4.16.

“What is important with international activities is seeing how these markets deliver on customer experience and giving the local customer what they want using international standards.” [Participant 6]

Specifically, for a fashion retailer like Spree, looking at international markets means having the ability to stay up-to-date with “fashion trends” which are always a season ahead. However, the participants also emphasised the importance of e-commerce companies being cognisant of local activities and meeting local standards.

4.9.4 Relational objectives

This section demonstrates the relational-based objectives that Spree has adopted in order to establish the extent to which adopting e-commerce business practices has improved integrated connectivity.

4.9.4.1 Purpose of the website

Table 4.16 shows the two main purposes of Spree’s website. A majority of the participants revealed that the purpose of the website is for Spree to place fashion online and sell it.

“It is to get people to visit our website and buy our product offerings.” [Participant 3]

The second purpose is having the ability to engage with the customer and ensuring that Spree offers products that the customer needs. While the participants generally indicated the aforementioned, it was top management who provided the details in this regard when they said that when customers browse Spree’s website they are able to view the products on sale. The website communicates the e-tailer’s product offering to customers by showcasing all the products that Spree sells, demonstrating how a specific garment can be worn as well the price tag.

“How we try to get around that is by taking photos which show how exactly the garment will sit on the customer and also try and give a descriptive explanation about the material and details around the item.” [Participant 3]

The customer also has the ability to order online, and if they want to return a product they are able to visit the website and log a return which notifies Spree of the customer's intention to return a product.

"A customer has a 30-day period to log a return from the account they have on our website. They can click on a product within an order and choose the items they want to return, and that automatically informs our couriers to pick up the product." [Participant 2]

4.9.5 Value-based objectives

This section aims to show the value-based objectives that Spree has adopted in order to generate income.

4.9.5.1 Financial rewards

Tables 4.16 and 4.17 show that a majority of the participants revealed that Spree adds monetary value directly to the company by selling fashion online.

"It is to get people to visit our website and buy our product offerings." [Participant 3]

4.9.5.2 Product and channel enrichment

Table 4.18 shows that Spree also adds value indirectly through "brand promotion" and "brand loyalty". A number of participants added that when Spree was first established, value was created through "brand awareness".

"When we started out, our initial barrier was to try and start an online retail store from a company that is purely focused on media. To achieve this, we had to be aggressive in our strategy in order to make ourselves known." [Participant 6]

Now that the brand has established a presence in the market, it is focused on building and retaining "brand loyalty" through digital marketing efforts and customer service. In terms of marketing, the business intelligence department provides the marketing team with data it can use to communicate with the customer.

"Within our product offering we receive statistics from the business intelligence team and from those we can see what our customer is buying, and then try and gage a customer profile."
[Participant 9]

The "customer profile" enables the e-tailer to "keep track of customer shopping habits", and from there "meet customer demands".

"The more the business intelligence division knows about the shopper, the more information we can give to the marketing team who can tailor marketing strategies more appropriately."
[Participant 8]

A majority of the participants suggested that the marketing department uses various channels to “target the right customers” and “communicate with the customer”. From a marketing point of view, one of the participants commented that:

“when we look at brand acquisition and retention, as a marketer you know which channels are relevant to what, and then you plug in the channels, then from there you have a mix of channels that you take to market.” [Participant 4]

In terms of customer service, it is vital for Spree to provide a positive experience in order to improve brand loyalty. Table 4.19 shows that the participants revealed that Spree aims to provide their customers with a “seamless experience”. A customer’s experience during their interaction with the website is vital for Spree in order to establish and maintain trust with them.

“Building trust is largely the result of the customer’s first interaction with the website. Does the website look secure? Has the customer been referred to the website by a friend? Has the friend used the website in the past?” [Participant 7]

From a customer service point of view, the participants discussed the importance of Spree dealing with customer complaints, some of which may be the result of a bad experience with a courier.

“We view every complaint as an opportunity to win the customer over so that they become promoters of our brand.” [Participant 10]

The participants added that building trust through customer service also means building a strong “relationship with couriers” who control the last mile, and subsequently are the last engagement with the customer, as illustrated in Table 4.20.

Lastly, Table 4.12 shows that being affiliated with a company such as Naspers, which has a large presence in Africa and internationally, assists Spree in building trust with its customers.

“It really helps that we are part of the Naspers Group company and part of Company Z which are already hugely trusted brands in South Africa.” [Participant 4]

4.9.5.3 Decreasing operating costs

Table 4.21 shows that resource sharing is beneficial in decreasing operating costs. Regarding Spree, resource sharing is evident in two themes. The first theme is revealed through the opportunity that the magazine titles owned by Company Z presented for the establishment of an e-tailer like Spree.

“Spree was setup to leverage off the Company Z’s magazines business. So it made sense to build an e-commerce company off the strong magazine titles.” [Participant 3]

Second, as Table 4.21 illustrates, is Company Z’s internal logistics company which Spree uses to deliver products to its customers. Participants also revealed that it is important for Spree to constantly work towards improving “speed-to-market”.

4.10 Conclusion

The data presented revealed that a country’s economic growth determines the success or failure that companies have in the adoption of e-commerce. In particular, infrastructural barriers; in terms of Internet infrastructure, and socio-economic barriers; in terms of logistics, are fundamental in adopting e-commerce in any region. Regarding socio-cultural barriers, it was revealed that while it is beneficial for companies to consider cultural differences, it is difficult for e-commerce companies operating in small e-commerce markets to overcome cultural barriers. It was revealed that a country’s institutional environment has no direct influence for a company such as Spree, that operates in a market where the laws and regulations protect both the company and the consumer. However, in order for e-commerce growth, sustainability and success to occur, participants suggested that e-commerce companies operating in developing markets need to have financial support.

Regarding the business model, participants suggested that the purpose of Spree’s website is twofold; first, to place fashion online and sell it and second, the website is essential for engaging with the customer and ensuring that Spree offers products that meet the customer’s needs. In terms of the value-based objectives, it was revealed that Spree generates income through the sale of its products. It was also revealed that Spree aims to create and maintain customer loyalty through digital marketing efforts and delivering on customer service. In addition, participants suggested that the fact that the e-tailer is part of the Naspers’ group of companies assists in retaining customer loyalty. With these results in place, the next chapter provides the link between these findings and the objectives of the study in order to assist with answering the overall question.

Chapter Five

Discussion of Results

5.1 Introduction

In the previous chapter, the results which pertain to the research questions and objectives of this study were revealed. This chapter aims to discuss in detail the meaning and importance of the major findings of the research in relation to the objectives of the study, and similarities and differences are identified and justified. The chapter is structured as follows: Section 5.2 discusses the barriers of e-commerce which influence the success or failure of e-commerce adoption, Section 5.6 assesses the extent of relational objective dimensions to which e-commerce adoption improves integrated connectivity, and Section 5.7 looks at the value-based objective dimensions at Spree in positioning itself as one of the leading online retailers (Kissane, 2015). A model illustrating the barriers which influence e-commerce adoption and diffusion, as well as characteristics of e-business models, are offered in the last section of this chapter.

5.2 Research objective one

To examine the barriers to e-commerce – at business level models - that influence e-commerce adoption in developing countries.

This study conducted an intensive interrogation analysis on the barriers of e-commerce adoption that led to findings related to the infrastructural, socio-economic and cognitive conditions that are pre-requisites for the adoption of e-commerce. Socio-cultural, institutional policies and a country's legal framework and support from investors were found to be important factors for the growth, sustainability and success of e-commerce. The first set of factors relate to the following:

5.3 Pre-requisites for e-commerce adoption

The following section discusses the barriers that the study found to be essential for the adoption of e-commerce.

5.3.1 Infrastructural barriers

The ability for e-commerce businesses to access ICT infrastructure can facilitate access to markets by breaking down barriers of distance (Wresch and Fraser, 2011). In his study on the challenges of internationalisation faced by SMEs, Hashim (2012) suggested that the ability for organisations in developing countries to participate in international and domestic e-commerce practices is limited because of inadequate information and communications infrastructure.

Internet security ensures business operations: In this research, it was revealed that the infrastructure that supports Internet adoption activities is vital for e-commerce adoption in organisations in developing countries. Awa, Awaru and Lebari (2015) indicated that when infrastructural facilities are available, they enable communities to integrate online services. This study's findings support this argument by revealing that when Internet infrastructure is available, businesses can conduct online operations. In addition to enabling business operations, the availability of Internet security allows e-commerce companies to put measures in place that ensure that their websites are protected from internal and external threats. Online companies like Spree generally have large amounts of information stored in their databases; these companies need to put security measures in place that safeguard against any potential threats that may extract this information. Furthermore, when online companies implement security measures such as 3D Secure, the results are increased customer trust.

5.3.2 Socio-economic barriers

This study found that the socio-economic condition of a country plays a significant role in determining the success or failure of e-commerce adoption, which is supported by Lawrence and Tar (2010) who indicated that the socio-economic conditions in developing countries hamper the adoption of e-commerce. GDP and income per capita are major indicators of the economic condition of a country, and unfavourable economic conditions in developing countries have presented major hurdles to the adoption of e-commerce practices (Pires, Stanton and Salavrakos, 2010) while also adding to high operating costs.

The presence of the digital divide in developing countries means that large groups of people living in rural areas cannot afford the Internet (van Deursen and van Dijk, 2010). In fact, many of the participants revealed that not only are e-commerce companies operating in African markets faced with small and underdeveloped markets, but they also encounter slow e-commerce growth.

“There is a huge portion of the South African population who do not earn enough money to shop online, and if the gap were to be narrowed, it would grow our market which would promote the growth of the economy.” [Participant 7]

Murray (2012) asserted that the business strategies that have worked in international markets will not be suitable in developing countries because they are developing significantly differently in terms of infrastructure and economic growth. As such, firms that target countries such as Nigeria, Ethiopia, Rwanda and Ghana, where the brick-and-mortar retail industry is still relatively new, are unlikely to succeed, as the infrastructure and supply chain elements in these countries are unable to support a mature retail environment. It is important to note that country-specific challenges also present major barriers to entry to e-commerce adoption, and therefore what works in one country may not necessarily work in another.

Logistics systems: This study shows that logistics systems are fundamental for e-commerce adoption; according to certain studies, the success of e-commerce adoption has a direct correlation to dependable (Wresch and Fraser, 2011) and efficient delivery service and infrastructure (Lawrence and Tar, 2010) in the omni-channel distribution business. When the right products or services are delivered to the right consumer at the right time, the performance cycle increases consumer service excellence and trust (Colla and Lapoule, 2012). In many African countries, logistical networks are not well set up for effective distribution and delivery channels. This impacts the ability for e-commerce companies to meet customer demands in the region (Lawrence and Tar, 2010). In terms of this study, the responses suggest that inefficient distribution networks make it difficult for customer convenience to become a benefit of e-commerce. Convenience is an important aspect for winning customer trust, which allows e-commerce companies to gain from the benefits of online activities. When a proper logistics system is not in place, businesses have the propensity to lose customers.

The study also reveals that in order for e-commerce to be successfully adopted, it is important for businesses to have the ability to exercise control over their courier services. The participants suggested that couriers are the last engagement with the customer, and therefore can be considered as the face of the business. Couriers are not only entrusted with delivering products to customers on time, but they also need to contribute to providing a seamless experience to the customer. When a seamless experience is present it increases the customer's trust in the company on forward and backward logistics systems. The participants maintained that in order for e-commerce adoption to occur, an efficient logistics system is important for the forward delivery service cycle as well as the functional reverse logistics service to sustain the customer's trust. In developing countries, customers endure poor experiences when attempting to return products purchased, because they have no control over the last mile. As such, the propensity to lose the customer's trust is increased. Hattingh *et al.* (2013) asserted that when businesses outsource their distribution services, the results can be increased operational costs, limited customer relationships and a decreased knowledge of the buying habits of customers. One participant stressed the importance of a consolidated logistics system that can offer one-day deliveries to customers in order for the convenience aspect of e-commerce to be met.

Promising 2-5 working days to deliver to your customer is not appealing enough to buy online. What we need is an efficient logistics system that will offer one-day deliveries to the customer so that the convenience aspect of e-commerce is met. [Participant 1]

Method of payment: The study found that e-commerce is based on the credit card, which is why online payments are fundamental for the adoption of e-commerce activities. The credit card emerged as a popular form of e-payment method among shoppers at Spree, however online shoppers still lack confidence in making online payments. The World Trade Organization (2013) maintained that the

security concerns of customers are a key impediment to the expansion of e-commerce services and business. It further suggested that the reluctance of customers to provide their credit card details online is probably the greatest drawback to the expansion of e-commerce. The study finds these facts to be true as online shoppers are afraid of fraud, and prefer to deposit money than to add their credit card details online.

“EFT also comes from a security point because people would rather deposit money than to add their credit card details online.” [Participant 8]

The participants attribute these hindrances to a lack of education on the customer's part. One participant emphasised that when banks suspect suspicious behaviour on a customer's account any money transfers are suspended, so it is the merchant who is impacted by fraudulent behaviour and not the customer. Halaweh (2011) argued that overcoming security concerns is a significant factor for the success of e-commerce payments, especially for expansion into international markets. In Africa, security concerns are still a problem and have impacted the slow uptake of online payments. This problem is further aggravated by the fact that online shoppers believe that it is fundamental to have a credit card in order to shop online. The participants commented that this is both an educational and trust barrier.

This study found that to overcome the hesitation of making online payments, it is fundamental to educate shoppers about the convenience of shopping online. It is also important to offer various forms of e-payment methods in order to instil confidence in the customer. In addition to the credit card, Spree offers its customers the option to make e-payments using EFT, instant EFT, debit card payments and SnapScan. It is important to note that the e-tailer has also introduced payment-on-delivery in order to meet the needs of South African customers who prefer to make cash payments. In addition, the company has 3D secure displayed on its website. This additional security measure acts as an additional security layer for debit and credit card payments, and assures the customer that their credit card details are secure. The participants stated that by introducing this security measure, the company has gained the trust of some of its customers as these customers are often unwilling to add their personal information online.

5.3.3 Cognitive barriers

English: A universal language of the Internet: Operating in markets where English is the medium of communication is essential for the success of e-commerce adoption. Edwin and Peter (2014) indicated that not knowing a country's local language as well as English have an impact on the success of e-commerce adoption. This study further suggests that should businesses wish to expand to markets where English is not the language of choice, it is essential that they hire local native speakers in order to translate everything to the local language.

Understanding the core business: While managers' technical skills are not fundamental to the adoption of e-commerce, their understanding of the core business is important. This study stresses that technological expertise is essential for managers working in departments such as marketing and information technology departments, as they need to have skills such as coding and website development in order to support the business. It is also fundamental for managers of a company to understand the strategic purpose of the business that drives e-commerce adoption.

A study by Coff and Kryscynski (2011) indicated that it is important for the competitive intelligence of companies for a country to create and maintain an environment that sustains the competitiveness of businesses. Competitive intelligence is defined as "a system of environmental scanning that integrates the knowledge of all organisational members and encompasses marketing, structural, strategic and other organisational elements" (Adidam, Banerjee and Shukla, 2012). It plays a significant role in a company's strategic management while providing a company with an analysis and understanding of its external environment.

5.4 Conditions supporting e-commerce growth

Appropriate e-commerce skills: This study discovered that an employee's level of IT knowledge and experience depend on the job role of the employee. The findings also revealed that developing countries lack the essential skills needed to support the growth of the e-commerce industry.

There is a lack of appropriate skills needed in an e-commerce environment. It is very difficult to find someone who is very analytical, or with a developer nature but who is also business-centric. Sometimes because the skill set is so rare the price point is high, and so we will end up having to go to a foreign firm to find the right set of skills. [Participant 8]

This supports Weerakkody *et al.*'s (2011) argument that suggests that due to insufficient IT education in developing countries, the potential value of the Internet and computers as essential mechanisms for participating in e-commerce is not appreciated. Firms in developing countries often need to turn to international markets to employ candidates with the right set of skills and talent needed in the industry.

Internet accessibility, speed, quality and cost concerns: This study found that the high costs of broadband connectivity as well as the speed and quality of the Internet are e-commerce components that are affecting the growth of e-commerce in developing countries, but not necessarily its adoption. In terms of broadband connectivity, Lawrence and Tar (2010) maintained that the accessibility of broadband technologies is a vital component in ICT developments, adoption and use. In its study of e-commerce development and SMEs, the World Trade Organization (2013) noted that in developing countries, an inability for small, low-income Internet markets to attract sufficient investment infrastructural technologies, combined with a lack of competition, has resulted in significant bandwidth costs. This study's findings reveal that Internet accessibility, its speed, quality and cost are parameters

that companies cannot control. In addition, broadband connectivity allows for e-commerce adoption, but access to high speed, quality data is still an issue in emerging markets.

“Although it would be beneficial for us if the costs of data were to decrease, the cost of bandwidth is an area we do not focus heavily on because we cannot control it. we are more concerned with connectivity issues related to things such as wireless and broadband penetration.” [Participant 2]

These are the same reasons that even stable countries such as South Africa are still so underdeveloped in terms of high bandwidth costs and the speed of the Internet. Despite this, the growth in the use of mobile technologies is slowly minimising the excuse of poor Internet capabilities.

The findings reveal that to overcome barriers associated with Internet accessibility and costs, e-commerce companies need to take advantage of the growth of mobile penetration in developing countries. In Africa, specifically, the growth in the use of smartphones has supported e-commerce activities (ARDI, 2015).

“I think that the rise in the use of affordable smartphones and the number of people who now have access to them has slowly eroded the excuse of poor Internet. In some countries, improvements to smartphones are constantly being made and the consumer can have access to a quality smartphone at a fraction of the price.” [Participant 2]

The development of applications for mobiles comes in handy to counterbalance limited Internet accessibility, quality, speed, and access costs. Kordić (2014) suggested that companies in developing countries are most likely to gain major benefits from mobile technologies and other forms of ICTs, particularly because emerging markets can leapfrog a number of the stages of technological development which developed countries had to go through (Singh, 2015).

5.5 Factors for growth, sustainability and success

The following section discusses the factors which the study found to support e-commerce growth, sustainability and success.

5.5.1 Socio-cultural barriers

Factoring cultural differences: Accommodating the cultural differences present in a market is important for the sustainability of e-commerce practices. Karahanna *et al.* (2013) asserted that the most important factor for e-commerce success is the consumer’s propensity for e-commerce, which is determined by the readiness that the customer may or may not show towards shopping online (Alyoubi,

2015). This readiness is determined by the customer's historical association with e-commerce, or lack thereof; a determinant which was also pointed out by one participant in the study.

"I think that it is less about the cultural influence and more about the experience. Therefore, if you were to take a European customer who has never shopped online before, I think a company will experience the same problems trying to convince them to shop online as you would an African customer who has never shopped online. The reverse applies too. If an African customer is well-travelled and has experienced e-commerce, they will have no problem shopping online." [Participant 7]

Contrary to suggestions by the ARDI (2015), which stated that it is crucial for companies to understand a country's cultural differences before entry, this study found that it is customer demographics as well as a brand's identity that determine the success of e-commerce practices.

"As a business operating in a small market, it is more important to focus on building your brand and brand identity than worrying about the differences in culture. It is more important to offer products that appeal to everybody." [Participant 5]

One participant revealed that when the company first entered the e-commerce market, one of its greatest challenges was establishing how it would expand its brand and messaging to reach South Africa's broader customer base which is demographically diverse.

"Taking a look at the other South African demographic groups who represent a higher percentage of the population, the question became how to expand our brand and messaging to reach the broader base within South Africa, which was very tricky." [Participant 2]

The responses also show that for e-commerce companies such as Spree that operate in small markets such as South Africa, it is generally a difficult task for these companies to focus heavily on cultural differences. The problem is further aggravated by the fact that in Africa there is no free trade, which presents a barrier to the adoption of e-commerce.

"Cultural variances are a factor we are currently not focused on, mainly because in Africa, there is no such thing as free trade which presents a barrier." [Participant 1]

Therefore, while the ARDI (2015) maintained that an understanding of customers' cultural backgrounds is important, it would seem that e-commerce companies operating in developing markets focus less on these differences, and more on building the brand and improving the experience that the customer has with the brand.

Customer trust: This study finds that trust in the e-commerce industry is a crucial determinant of its success. The study also discovered that organisations in developing countries are still faced with online shoppers who are hesitant to make online transactions. A major factor in understanding cultural

differences, and hence e-commerce adoption, is trust (Lu *et al.*, 2015). When confidence exists then trust is gained, which increases the chance of securing an online transaction (Liao *et al.*, 2011). The same was revealed in the research in which the findings suggest that trust is built through a customer's level of confidence. Instilling confidence in customers is about meeting their demands, which includes factors such as responding to customer complaints, delivering products on time, offering various methods of online payments, and ensuring that reverse payments are made on time.

The study also revealed that when online companies are associated with well-established brands, it is beneficial for new players to the e-commerce market as they have the potential to gain customer confidence through such partnerships. Chang *et al.* (2013) mentioned that the brand name, endorsement and/or accreditation underwritten from trusted third parties, as well as previous interactions online and/or offline, assist in developing customer confidence. However, even if strategic partnerships are in place, the onus is still on the e-commerce company to build trust with the customer in order to maintain their confidence. The responses revealed that by its association with the Naspers group of companies as well as Company Z, the company has been able to gain customer confidence, but has also worked hard to establish the trust it has built with its customers.

Understanding the local conditions: The study finds that in order for e-tailers to succeed in other markets, it is essential that they work with the local people and that they gain an understanding of the local market. The research results reveal that while fashion and fashion trends are universal, it is generally very difficult for e-tailers to operate in other countries without the support of the local people. Leahy (2011) indicated that in developing countries where shopping is considered a pastime, it may take some time for customers to adjust to the thought of purchasing items that they cannot see or touch. The research reveals that some online customers do indeed want to have the ability to touch and feel a garment before making a purchase.

To overcome this barrier Spree uses various channels, including using social media, to communicate with its customers, travelling to cities in which it has business operations, establishing ambassadors in these cities, and ensuring that it stays up-to-date with the latest industry trends and market-related news; a strategy which van Slyke *et al.* (2010) suggested is important for the successful adoption of e-commerce. When company websites offer a quick dissemination of information, an exchange of complementary assets and a culture of norms and trust, they have the potential to find themselves in a favourable market governance position.

Personalisation: Personalisation in e-commerce is beneficial for the growth and sustainability of e-commerce adoption, but it is difficult for e-commerce companies to achieve. The responses show that Spree understands that offering customers a personalised experience is vital because it retains customer loyalty towards a business. Lawrence and Tar (2010) claimed that one of the most important contributors to the success of doing online business is the quality, and sometimes even the quantity of

personal relationships. A company's ability to maintain positive relationships with its customers is vital for retaining loyalty, which results in repeat purchases (Pratminingsih *et al.*, 2013). However, while it is every company's dream to be able to offer personalised experiences, customising customers' experiences is an expensive practice, and the fact that it can be achieved in many ways makes it even harder. In this regard, Spree ensures that it attracts and retains its customers' attention by offering a daily line of communication. Furthermore, the e-tailer's website is designed so that it is easy to use, as well as the manner in which it displays and sells its products. These are among the strategies that Wang *et al.* (2016) emphasised are essential for enhancing customer loyalty and retention.

5.5.2 The institutional environment

Argawal and Wu (2015) maintained that the incentives or disincentives for businesses to invest in various countries are provided by the government policies and regulations in place, i.e. when the location factor is favourable, businesses are attracted. The responses show that in South Africa there are no specific governmental policies or laws that have a direct impact on the adoption of e-commerce, however, because the laws that do exist protect both the company and the consumer, they allow for the sustainability of e-commerce practices and the economic development of a country. This is a factor which Argawal and Wu (2015: 207) insist is fundamental in increasing consumer confidence in e-commerce. When consumers have trust in e-commerce, it has a positive impact on the creation of the critical mass needed to accelerate the growth of e-commerce. In contrast, when a country's legal environment and government policies do not provide a provision for Internet services, it creates a barrier for the private sector to grow. This was demonstrated by Spree's operations in Namibia, where the company encountered difficulties shipping goods over the border due to unfavourable government policies. This provided a disincentive for the e-tailer to conduct operations in Namibia, and as such, operations were withdrawn.

5.5.3 Support from investors

Investors are fundamental for the growth, sustainability and success of e-commerce operations, yet e-commerce is still a relatively new area of business (Cunningham and Froschl, 2013) with many uncertainties and risks that have prevented organisations in developing countries from gaining fully from its benefits (Nabareseh and Osakwe, 2014). The study's responses indicate that if e-commerce businesses are to succeed, they require investors who are willing to accept some sort of trading loss, but know that they are investing towards future growth.

“E-commerce is an investment player, and so investors play a crucial role in the growth of the business because without them we would not be able to survive. In fact, there are not many e-commerce companies that are making massive profit. Some are simply at a stage where they

cannot make any profits and others choose not to so that they can focus on growing exponentially first. But in order for massive growth to happen, the interest of investors to buy into the company is crucial because they provide the funds for us to operate.” [Participant 1]

One participant stressed that without the support of investors, businesses in the start-up phase of their operations need to be willing to either put their personal wealth into their start-ups or have investors who can front the costs of a business’ logistics and products, as well as the payment of salaries and all the costs which arise from business operations.

“Unless a start-up is willing to put their personal wealth into their start-up, they need an investor who can front the costs of the business’ logistics and product, as well as the payment of salaries, etc.” [Participant 8]

5.6 Research objective two

To examine the extent to which the relational objective dimensions of e-commerce adoption improve integrated connectivity.

The strategic purpose of Spree’s website is to place fashion online and sell it. Lam and Harrison-Walker (2003) stated that the strategic purpose of an e-business’ website can be classified in one of three categories under the relational objective dimension of the two-dimensional business model. A company can develop an e-business as: 1) a media and communications tool; 2) to create an effective and efficient network among stakeholders; or 3) to gain direct access to potential and existing customers by eliminating third party stakeholders. The corporate communications category was confirmed in this study as the participants mentioned that the company’s website serves to place products online and sell them. In addition to selling products online, this study asserts that the website also enables the e-tailer to engage with the customer as a critical and tactical strategy for meeting customer product demands.

“It is vital to keep the customer engaged and to ensure that they feel we are offering products that suit their lifestyle. We have email marketing which is a very direct way of communicating with the customer. We also connect with the customer when they are visiting our website; we can track the customer’s behaviour and from that, show new products which fit with the customer’s previous browsing and purchasing experience.” [Participant 5]

Hanson and Narula (2012) suggested that emerging markets can capitalise on digitalisation, because when they invest in digitalisation they have the potential to use digital technologies more efficiently than developed economies. This is because of functional infrastructures which may cause developed countries to take longer to change toward advanced digitalisation. In this study, the responses suggested that conducting business operations online eliminates the distance between the customer and the e-tailer, enables online payments and increases speed-to-market. However, these e-commerce benefits

can only be realised if online businesses achieve sufficient accessibility to infrastructural and logistical investments. In Africa, the adoption and use of technology lags behind other markets (Kyobe, 2011). Therefore, in order for e-commerce companies to benefit from e-commerce, there needs to be rapid Internet diffusion and a desire to reach new markets or guard against existing markets (AlGhamdi *et al.*, 2013). More importantly, the responses indicate that e-commerce companies are essentially full retail businesses operated like brick-and-mortar stores. The technology that these companies rely on provides a way of presenting products to the customer, which improves customer experience. The aspects of the business that drive it forward are marketing, brand experience and brand image. When that experience is created, there is potential for the customer's desire for convenience, lifestyle enhancements and a greater product selection to be created, which will prompt the customer to shop online (AlGhamdi *et al.*, 2013).

5.7 Research objective three

To establish the value-based objective dimensions at Spree in positioning itself as one of the most loved e-commerce websites of its kind.

Spree's e-business model adds value to the company both directly through the sale of merchandise and indirectly through product and channel enrichment, decreasing operating costs and logistics. According to Hedman and Kalling (2003), when a company's activities result in revenues, products and/or reduced operating costs, value is created and added to the company. This fulfils the value-based objectives of the two-dimensional business model.

During the start-up phase of the company, the aim of the business was to generate revenue through the development of an e-business model that would service a latent customer base in the fashion industry. The company aimed to achieve this by placing products online that would enable online shoppers to purchase these items, i.e. the e-tailer identified a gap in the market that turned offline readers to online fashion buyers. Hubbard (2015) maintained that e-commerce companies operating in the African market cannot adopt business models that have been used by companies in international markets, as Africa faces numerous challenges and is developing differently in terms of infrastructure and economic growth (Murray, 2012). When entering the African market, it is important for companies to understand local markets and their competitive advantages (ARDI, 2015). For Spree, having an affiliation with Company Z's magazine titles provided the e-tailer with a competitive advantage. The e-tailer leveraged off Sarie.com and several other magazines that already had a presence in the South African media industry and are associated with Company Z and the Naspers group of companies, both which are trusted multi-national companies in Africa.

In terms of product and channel enrichment, Spree initially engaged in aggressive marketing campaigns. Durrant (2015) indicated that marketing strategies of this nature enable e-commerce companies to gain significant returns in terms of brand awareness. With an established brand, the e-tailer continues to add

value by focusing its digital marketing and customer service efforts toward building and maintaining brand loyalty. In a competitive market, maintaining customer loyalty is vital for ensuring a higher share of profits and decreasing the costs of attracting new customers (Liao *et al.*, 2014). E-commerce is expensive, so in order to cover the costs incurred and make profits, e-tailers need to find ways to attract the consumers who are most likely to purchase their products (Liao *et al.*, 2014). In the study, it was found that Spree uses the statistics received from its business intelligence team to create a customer profile that gives the company an understanding of its customer segment.

The statistics also enable the marketing team to get a better understanding of Spree's customers' buying habits, and in that way, the e-tailer can tailor its communication efforts to meet those shopping habits. This information provides Spree with the opportunity to meet customer demands, which increases brand loyalty so that the e-tailer can drive repeat purchases. Furthermore, various channels are used to communicate the right message to the right customer.

"We look at brand acquisition and retention to see which channels are relevant to what. We then plug in the relevant channels, and from there, you have a mix of channels that you can take to market." [Participant 4]

The company also builds and maintains brand loyalty through its customer service department. The responses showed that customer service plays a pivotal role in adding to the experience of the customer, and that the customer's first interaction with the website impacts their level of trust. Customer complaints are viewed as an opportunity for the e-tailer to win the customer over, and potentially turn the customer to a brand promoter.

"An indirect way of generating income is by always aiming to retain our customers. We want to win customers over so that they keep coming back to us. It is more expensive to get a new customer in, than to keep an old one. Therefore, our aim is to win customers for life."
[Participant 10]

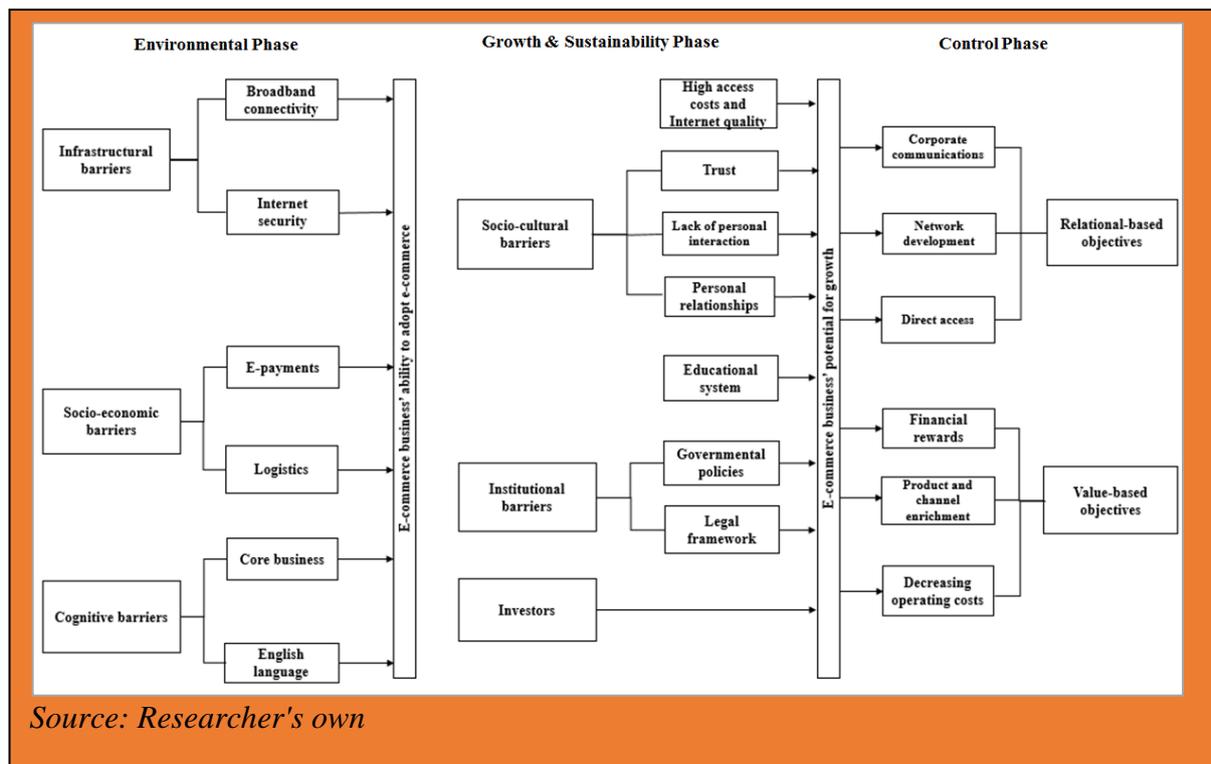
Lastly, building brand loyalty and customer trust is achieved by maintaining a strong relationship with the courier services that the e-tailer relies on for deliveries. Couriers control the last mile, and are therefore the last engagement with the customer.

The last dimension in which Spree's e-business model adds value to the company is by decreasing operating costs. Hubbard (2015) asserted that in order for e-tailers to reduce the costs related to logistics they need to share some resources, at least until there are significant improvements in infrastructure. If they do not, they may be unable to beat traditional stores on price. Resource sharing at Spree is demonstrated through the use of Company Z target's internal logistics company, which the e-tailer uses for some of its customer orders. From the above dimensions, it can be said that Spree can be classified in the product differentiation cell of the two-dimensional e-business model.

5.8 A model for overcoming barriers of e-commerce adoption

Based on the aforementioned, this study proposes the model below for overcoming the barriers to e-commerce adoption in Africa and implementing an appropriate e-business model. The first part of the model, illustrated as the Environmental Phase, shows the environmental factors which are fundamental for e-commerce companies to overcome in order for e-commerce adoption to take place. These are: (1) infrastructural barriers; (2) socio-economic barriers; and (3) cognitive barriers. The second part of the model, shown as the Growth and Sustainability Phase, shows the factors which companies should take into consideration for the growth and sustainability of e-commerce practices. These are: (4) institutional barriers; (5) socio-cultural barriers; and (6) support from investors. The third part of the model, illustrated as the Control Phase, shows the e-business model that could be implemented in order for a company to control these environmental barriers.

Figure 5.1: Modelling Barriers of E-commerce



5.9 Data quality control

In qualitative research, credibility, transferability, dependability and confirmability are used to measure the degree of trustworthiness of a study (Shenton, 2004). To ensure credibility, this study adopted purposive sampling; a technique which is often used by researchers who need to select a certain unit for a particular case rather than randomly (Teddlie and Yu, 2007). Although the sample size was small, using purposive sampling allowed the researcher to obtain greater depth of information from the participants who were carefully selected for their expertise and knowledge on the phenomenon. In

addition, before undertaking the study, the researcher held prior meetings with a few of the participants in order to become familiar with the workings of the organisation.

In order to ensure transferability, Lincoln and Guba (1985) suggest that the onus is on the researcher to ensure that sufficient contextual information is provided about the fieldwork. Beyond discussing the fundamentals of e-commerce adoption in Africa, this study also provided empirical evidence of e-commerce organisations in Africa that have faced challenges in adopting the online trading system. To achieve dependability, this study provided a thorough report about the data collection and data analysis process, which may allow another researcher to conduct the same work to yield similar results. In addition, Lincoln and Guba (1985) also maintain that if credibility is achieved, then dependability is present as well. To ensure confirmability, during the data collection process, the researcher made a point to translate the participants' feedback without bias. Furthermore, the ability to use NVIVO to categorise the data instead of relying on the researcher's own judgement ensured objectivity.

5.10 Conclusion

In this chapter, the results of the exploratory study are discussed by linking the literature defining the phenomena being investigated to the findings of the study. The similarities and differences between the literature and the results regarding overcoming the barriers of e-commerce and adopting appropriate business models were presented. The chapter which follows offers the final conclusions for this study.

Chapter Six

Recommendations and Conclusion

6.1 Introduction

This study set out to investigate the environmental factors which influence e-commerce adoption in developing countries. This study was prompted by the importance of e-commerce adoption in increasing the involvement of developing countries in international trade. While previous studies have focused on the inability of organisations to gain from e-commerce, fewer studies have investigated how e-commerce barriers can be overcome for its successful adoption. To this effect, the study proposed a two-part analysis which first outlined and analysed the key success factors necessary in overcoming the barriers prevalent in Africa. The second part of the study used the two-dimensional business model proposed by Lam and Harrison-Walker (2003) as a guide to analyse the characteristics of business models that may be implemented in developing countries. Using a qualitative research methodology, the researcher conducted interviews with eleven middle and top management employees at Spree, which assisted in meeting the requirements of the study. The process began with providing a brief background of the challenges faced by e-commerce organisations, discussing relevant literature and presenting and discussing the research findings. This chapter will present the conclusion of this study based on the research objectives, and provide recommendations for further research.

6.2 Study conclusions

This section explains in detail the conclusions of the study, based on the research objectives which were set out in Chapter One.

6.2.1 Research objective one

The first research objective of this study examined barriers of e-commerce that at a business level influence e-commerce adoption in developing countries. It identified various factors that need to be overcome in order for the adoption of e-commerce to be a success in developing countries. While some of the barriers identified are specific to the South African market, most are generally prevalent in other African countries. The most prominent barriers are infrastructural, socio-economic and cognitive barriers, which include factors such as broadband connectivity, Internet security, online payments, logistics, management's understanding of the core business as well as a comprehension of the English language. In particular, the study revealed that businesses cannot operate without broadband connectivity and Internet security. While the quality, speed and cost of the Internet are factors businesses cannot control, they can partially overcome these barriers by optimising their websites. In addition, the growth of mobile penetration in Africa has meant that businesses need to focus their efforts on developing mobile applications which work well offline and do not consume large amounts of data.

Further analysis revealed that logistics play a fundamental role in the success or failure of e-commerce adoption. When logistical networks are not efficient the customer is inconvenienced, and subsequently, the customer's level of trust is impacted. The ability for e-commerce businesses to exercise control over courier services plays a vital role in this regard. Another aspect is online shoppers who are still hesitant to add their personal details online, and would rather pay cash for a product or service. For this reason, when businesses can offer online shoppers the e-payment systems they are most comfortable using, it increases the success of e-commerce adoption. Also, it is important for businesses to operate in countries where English is the medium of communication, as the English language is the language of the Internet. Lastly, for e-commerce adoption to be successful, it is important for managers to understand the core business.

Beyond the pre-requisites of e-commerce adoption, the study also revealed a number of recommended conditions that can assist businesses with supporting e-commerce operations. These include socio-cultural barriers, support from the government, a favourable legal environment and support from investors. The findings indicate that it is beneficial for e-commerce businesses to pay attention to the cultural differences that may be present in a given market and to offer a personalised customer experience. However, for businesses such as Spree which operate in small markets where customers are demographically diverse, it is a difficult task to meet their cultural differences and preferences. Employing local people who have an understanding of a country's local market does offer e-commerce businesses an advantage. Furthermore, it improves customer trust which is essential for retaining customers. Another factor that contributes to customer trust is support from a country's local government and a favourable legal environment. While businesses such as Spree do not rely on government support for the successful adoption of e-commerce, when government policies and the legal framework are in support of e-commerce business operations, customer trust is increased. Notwithstanding the aforementioned, in order for e-commerce businesses to grow and be sustainable, investors play a crucial role, as e-commerce is still a new area of business with many uncertainties and risks that have prevented many organisations in developing countries from fully benefiting from the advantages offered by the online trading system.

6.2.2 Research objective two

The second and third research objectives were based on the two-dimensional business model. The second objective, which aimed to analyse the extent to which relational objective dimensions improve integrated connectivity, found that the strategic purpose of Spree's website is to place fashion products online for customers to purchase. In addition, the website gives the e-tailer an opportunity to engage with its customer base - an essential aspect of meeting customer demands. The study further revealed that having a website improves integrated connectivity by eliminating the distance between the

customer and the company, enabling online payments, and increasing the speed at which products are released into the market. However, these benefits can only be realised when infrastructural and logistical barriers are overcome. More importantly, the study findings reveal that e-tailers need to understand that online companies are e-commerce businesses supported by technology; they are not technology companies. The technology which these companies depend on aids in improving customer experience.

6.2.3 Research objective three

Lastly, the third research objective was based on the value-based objectives of the model. It found that Spree's e-business model adds value directly through the sale of merchandise, and indirectly via product and channel enrichment, a reduction in operational costs, and by sharing resources with affiliated companies.

6.3 Study recommendations

This section provides practical recommendations for e-commerce companies operating in Africa. Recommendations for further research are also presented in this section.

6.3.1 Recommendations for e-tailers in developing countries

This research has highlighted a number of factors which influence the successful adoption of e-commerce, and therefore, new and existing e-tailers can learn from the findings of the study. It has also identified numerous factors which support the growth, sustainability and success of e-commerce. The pre-requisites of e-commerce adoption, as well as the supportive factors, can assist in identifying an e-business model which can be implemented by organisations operating in developing countries. Based on the findings, the researcher can make the following recommendations:

- E-tailers need to focus on providing a seamless experience to their customers, especially during activities which take place after a sale has been made, and a major part of this includes improving the last mile.
- Investors play a crucial role in the sustainability and growth of e-commerce. Although e-commerce companies do not rely on the support of investors for adoption to take place, their buy-in is crucial because they enable businesses to continue operating.
- Government should invest more in educating and creating programmes that help local people to develop their ICT skills, so that the scarce skills which are critical for supporting e-commerce growth are available.

6.3.2 Recommendations for further research

Taking into account the participants' point of view, mobile penetration is growing significantly in the market. Cheaper, higher quality smartphones have increased the number of people buying mobile devices and accessing the Internet via their mobiles, thus there needs to be a more detailed analysis on the role mobile phones can play in reducing and overcoming barriers related to e-commerce adoption. The research could include the development of data mobile applications which are data conscious while fulfilling business needs. It would also seem that from the participants' perspectives, consumers play a crucial role in the success or failure of e-commerce. More research thus needs to be conducted on consumer education regarding e-commerce adoption, as well as on their lack of trust in e-commerce activities. Lastly, a quantitative research study approach with a larger sample would render conclusive results.

6.4 Delimitations of the study

- The main focus of this thesis was investigating how by their business model, e-commerce companies can overcome the environmental barriers present in the markets they operate in. Internal factors, such as the organisation's characteristics, were not included in the study.
- Lawrence and Tar's (2010) work on these external environmental factors was chosen as a basis to frame the study as the researchers conducted extensive work on the barriers present in developing countries. Furthermore, their study investigates and presents these barriers, collectively.
- The population used in the study was based in South Africa because the country is one of the leading e-commerce markets on the African continent.
- The population only included individuals with positions in senior or middle management because they had the knowledge and experience to provide the data required for the study.

6.5 Limitations of the study

- The data collection was conducted over a short period of time, which may have hampered the comprehensiveness of the insights gathered.
- The fact that the data was collected once-off, hampered the ability for the researcher to observe the adaptation of e-tailers to the environmental changes in the e-commerce industry.
- Due to time constraints, test-retest methods could not be conducted during data collection process. Therefore, any shortcomings of this research could not be supported by the data in the test-retest method.

- The sample of this study was only drawn from Cape Town, South Africa. This study does not represent other parts of the continent, and therefore, the findings of the study cannot be generalised to other countries, due to the environmental differences that may be present.

6.6 Conclusion

In order for businesses in Africa to adopt e-commerce practices, they need to overcome infrastructural, socio-economic and cognitive barriers. Businesses simply cannot function without Internet security and broadband connectivity. When e-commerce organisations account for varying cultural differences and preferences, and the country in which they operate in has a supportive legal framework and government policies, e-commerce adoption is enhanced. When these aforementioned factors are taken into account, e-commerce companies have a better chance of identifying and implementing e-business models which will support their initiatives. It is important to note that the study identifies the post-sale customer experience as a factor which requires future research. In addition, the role investors play in improving e-commerce sustainability, and government's role in increasing the pool of people with the right set of skills for improving e-commerce adoption, also need further investigation.

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Appendix I Research Instrument

Section 1: Demographics

This section is intended to collect the biographical data of the company's employees.

1. Gender

Female	Male

2. What is your age?

Under 18 years old	18-24 years old	24-34 years old	35-44 years old	45-54 years old	55-64 years old	65-74 years old	Older than 75 years old

3. What is your ethnicity?

White	Black	Indian	Coloured	Other

4. What is the highest degree or level of school you have completed?

No schooling completed	Matric	Diploma	Bachelor's Degree	Master's Degree	Doctorate Degree	MBA

5. Years of experience in e-commerce.

Less than 1 year	1-3 years	4-6 years	7-10 years	Over 10 years

6. What is your profession?

Section 2: E-commerce adoption

The section will attempt to get an overview of the company's e-commerce adoption strategy.

7. In which developing countries do you have business interests in?

(Reasons for choosing specific countries, initial barriers and barriers during e-commerce diffusion, short-term challenges)

8. In your opinion, what are some of the e-commerce benefits that are fuelling its e-commerce adoption in Africa?
(Potential benefits for B2C e-commerce)

9. In your experience, which internal business practices are key to the success of e-commerce?
(Importance of managerial IT knowledge and experience)

Section 3: E-commerce Barriers

This section will look at the e-commerce barriers the company has faced, and how it has dealt with each barrier.

3.1 Infrastructural Barriers

This sub-section will investigate the infrastructural barriers and their significance for e-commerce adoption.

10. In order to adopt e-commerce practices, which infrastructural barriers would you say need to be available in a country?
(Consequences)

11. When Internet security is unavailable in a specific region, as a business what do you do?

12. How have you overcome challenges of high costs of bandwidth?

3.2 Socio-economic Barriers

This sub-section will investigate the socio-economic barriers and their significance.

13. What impact do increasing economies of scale have on your business?
(Costs of Internet access, inefficient logistics system, delivery of products)

14. What payments systems can your customers use to make purchases?
(Most popular payment systems, confidence in the use of e-payments, use of offline payments)

15. What do you do when a customer wants to return a purchase they've made?
(Policies for local and international returns)

16. How important is it for new hires to have an ICT background?
(Advantages and disadvantages)

3.3 Socio-political Barriers

In this sub-section, the aim will be to investigate what socio-political barriers are present, the consequences thereof and how they can be overcome.

17. What are some of the major socio-political barriers you've encountered in the countries you operate in?
(Inefficient ICT policies and regulations)

18. Why is a supportive institutional environment important for your business?

19. In unfavourable socio-political environments, what steps do you think governments should take to foster e-commerce adoption?

3.4 Socio-cultural Barriers

In this sub-section, the aim will be to investigate the impact of socio-cultural barriers on e-commerce adoption and how the company has dealt with them.

20. How important are socio-cultural factors to your e-commerce business strategy?

(Cultural-orientation, personalisation and its benefits)

21. In countries where English is not the main medium of communication, what do you do to overcome the language barrier?

22. How do you counter the geographical separation between your business and your consumers?

Section 4: Business Model

In this section, the aim will be to evaluate how the company fits its business model to meet its e-commerce strategy.

23. When you initially developed your business strategy, what purpose did you want the business model to serve?

24. How do you fit your current business model with emerging models?

25. Why would you say it is important to use international business models as a basis for developing local business models?

Relational Objectives

This sub-section will focus on investigating the extent that relational objective dimensions improve integrated connectivity in the company.

26. From a strategic point of view, what is the purpose of your website?

(Strategies for reaching the consumer, benefits, development of network, expansion of network with external parties, demand for products)

27. How do you use your business model to instil confidence in your consumers?

Value-based Objectives

The aim of this sub-section will be to investigate the company's value-based objective dimensions.

28. What avenues do you use to generate revenue?

(Tracking consumer trends in the market, strategic aim of marketing efforts, brand awareness, brand loyalty, investors, relationship with third parties)

29. How do you control inventory?

30. How do you deliver products to your consumers?

31. How do you use your business model to promote brand awareness?

Appendix II Data Analysis Tables

Table 4.1: Internet security

Participant 1	We push hard for alternative payment methods, such as EFT, Snapscan, payment-on-delivery, etc.
	Many people are afraid of fraud which I do not understand because the risk of fraud impacts us, the merchants and not the consumer. If a customer suspects any suspicious behaviour on their Visa or Mastercard, the bank will not subtract any funds from their card.
Participant 2	It seems that South Africans are still very much a 'see-it-to-believe-it', and so this might help eradicate the barrier.
	The infrastructure that supports the Internet is fundamental for an emerging economy. However, even in countries where e-commerce growth rates have been substantial, including Africa, these are countries that have not necessarily supported the infrastructure behind the Internet, such as broadband and wireless Internet.
Participant 3	Most of our security is controlled, maintained and provided by independent service providers. If we cannot maintain security, we cannot do business. So we need to make sure that our service providers keep up their side of the agreement in this respect.
	We constantly highlight how safe it is to pay online and how easy it is to buy online. We will need to keep doing that until e-commerce is a part of daily life for South Africans.
Participant 4	Many consumers will visit a company's website without having trust issues because they are not giving any personal information. But to get people to give their personal information you need to be a massive brand because security is a barrier in South Africa.
	The introduction of 3D Secure/Verified by Visa has made people feel a bit safer.
	A radial change in the price of data and an increase in the speed of the Internet would make many more people open to considering online activities that they have never done before. However, I do not think that the speed of data is a major barrier to the connected market.
Participant 5	In South Africa, we store our data in such a way that we cannot be hacked or penetrated in the infrastructure.
Participant 6	Spree has put measures in place to ensure that our website is protected and also to pick up potential fraud.
Participant 7	There are a certain set of security measures that need to be in place, specifically around credit cards and credit card processing. If this is not available in a country then it can be moved to an International provider.

Participant 8	Businesses always need to be cognisant of the fact that Internet security is important for the operation of a business. If for instance, a banking system in a country cannot be trusted or the customer does not trust a company's payment method, there will be challenges.
Participant 9	Internet security minimises the confidence our customers have in making online purchases. Even though many customers recognise our brand name, they are still very hesitant and fearful of making online purchases. To overcome this barrier, we have introduced various payment systems to try and make the customer feel as comfortable as possible to purchase online.
Participant 10	Putting measures in place to protect a business from threats should be the highest priority. A business can get attacked and get viruses, so we rely very heavily on our internal IT processes and programmes such as Firewall, that ensure that we remain risk-free or at the least risk possible. Data penetration is also vital in informing us about how easy it is to infiltrate the system and retrieve customer details.
	It is absolutely vital that we have a trust relationship with our customers because of the nature of the business. We have a large amount of information on our database, and so it is vital to put measures in place that will prevent people from extracting that information from our system. Internet security is even more important internally; a business needs to have policies in place that outline issues such as what rights people have to download information, what they require if they do have access, etc. All these measures need to be conducted continually in order to optimise security.
	In countries where the laws may be a bit more relaxed, it would be prudent to go in with an internet security system that would be more robust. It is important to cater for the worst possible scenario so that you are still protected.
	As a growing concern, a company does want to ensure that it cannot be hacked in order to maintain availability for the customer, and therefore institutional support would ensure that IT frameworks are implemented.
Participant 11	Internet security is fundamental for e-commerce adoption. At Spree, we have a group of engineers who are responsible for protecting our data and website. So there are systems and processes that have been put in place to ensure that the website does not crash and to also ensure that internal and external threats are elevated.
	We have 3D Secure displayed on our website, which assures the customer that their credit card details are secure. I think that by introducing this security measure, we have gained a bit more trust from our customers.

Table 4.2: Broadband connectivity and high access costs

Participant 1	Although it would be beneficial for us if the costs of data were to decrease, the cost of bandwidth is an area we do not focus heavily on because we cannot control it.
	So we are more concerned with connectivity issues related to things such as wireless and broadband penetration. The cost of data is certainly an issue because there is a huge middle segment who do not have access to broadband.
	So for instance, our app is high quality and offers an easy-to-browse catalogue, and that is where the experience counts.

Participant 2	The third and largest barrier we had when we were starting out was Internet accessibility, speed and the quality of the Internet.
	These countries have smartphones which can now be used to shop online, whether through a mobile site or an application.
	I think that the rise in the use of affordable smartphones and the number of people who now have access to them has slowly eroded the excuse of poor Internet. In some countries, improvements to smartphones are constantly being made and the consumer can have access to a quality smartphone at a fraction of the price.
Participant 3	The high costs of bandwidth, as well as the speed of the Internet, are part of the reason we are so underdeveloped in South Africa versus the rest of the world.
	Costs are coming down and will continue to decrease, so we are positioning ourselves in a way that when the Internet is at an affordable rate and more people are able to get online, we will be able to catch that market.
Participant 4	Access to high speed data is very limited in South Africa compared to other countries, and the speed itself is also very poor and expensive. I think that in South Africa a lack of Internet penetration and solid Internet infrastructure has held South Africans back in terms of adopting an Internet-savvy lifestyle.
Participant 6	Internet accessibility and speed are fundamental. There is a whole market that has been untapped because in South Africa and Africa because Internet accessibility is limited and slow. We are not as advanced as other European or American economies.
	If the Internet dies, the server crashes or the Internet is slow, a business can go an entire day without operating, which means that people will not be able to shop. Therefore, productivity will be affected which will affect sales, the bottom-line and business targets will not be reached. Therefore, in order to do anything, as a business we depend on the fibre optic cables and the speed of the Internet.
Participant 7	The increase in Internet connectivity, specifically mobile Internet connectivity. I think that because people have access to e-commerce, they will make use of it because it is more convenient to shop online than having to drive a long distance to buy whatever one may need.
	In Africa specifically, because mobile penetration is so high, it is the one thing that mainly drives e-commerce.
	This is done by optimising the mobile website page size, and in extreme cases talking with the network operators to zero-rate traffic to your website
Participant 8	Online businesses help with efficiencies if you can access them without infrastructural problems.
	So to overcome the challenges of broadband, we try to reduce the heaviness of our web pages. However, apps come in very handy in this instance, and it is important to know that the development of an app comes before mobile. You need to design your app so that it works well offline and ensure that it is not too data heavy.
Participant 9	Most people appear to purchase at work where they have Internet access, and now on our app is also doing well, which means people will use their handsets to access spree to purchase.

	I do not think the high costs associated with bandwidth are a priority within the firm. It also depends on the customer type.
Participant 10	About 6-7 years ago, Southern Africa was the biggest growing mobile market in the world.
	We launched our app towards the end of 2015 because it is vital for an online company to have an app.
	We are vigilant of the size of our website pages, making sure that we optimise. We also need to ensure that our website is as quick as possible because a slow website means a drop in conversion.
	Mobile has certainly helped because it has given more people access to the Internet which has made Internet penetration grow more quickly than if it were only landline based.
Participant 11	The point of having a website is so that it can be accessed by the customer at any place and at any time. If there are high costs of bandwidth, it places a restriction on the customer who cannot access the website and the business that cannot grow its customer base. So, I do not think we would be able to establish business in countries where costs of bandwidth are extremely high.

Table 4.3: Educational system

Participant 1	It is beneficial when they have an understanding of how various technologies work, but it is not essential for everyone to have an ICT background.
Participant 2	Education on the whole is beyond poor, especially in South Africa, so we do not have the candidates and the calibre of talent to employ. There are a lot of companies that are moving into cities such as Cape Town that provide a web base for them to start up operations. The tech industry is also becoming a hub for start-ups which is driving up salaries, and this results in larger competition for labour.
	If you take a look at other African countries, they have huge issues of inefficient infrastructure, but in terms of technology and the number of people who are employable, they are in a far better position than what the situation is in South Africa.
Participant 3	It depends on the specificity of the role the employee is in. It is important for the developers and marketing employees to have quite a strong IT background. Developers are constantly working with code and building the website and systems, and marketers need to be able to perform certain tasks with certain levels of coding. But other functions within Spree, such as warehousing and buying and planning, do not require an IT background.
Participant 4	An employee's role at Spree dictates the experience they will need to bring to the table. For example, ICT experience for a developer is non-negotiable. If hiring a buyer or a brand marketing person, then it is less important.
Participant 5	Spree is primarily an e-commerce business supported by technology. It is not a technology business. So, what drives Spree is the marketing, brand experience and brand image that is created as well as the products that our buyers purchase from suppliers – it is a full retail business that is run like a brick-and-mortar store, and that is what drives the product.

	Technology plays a vital role in everything but it is essentially about creating a retail experience, which includes factors such as the immediacy, impulse buying experience, the content displayed on the website, what the product is, how it is presented, how it is photographed, etc. There are many elements, not just technology.
Participant 6	E-commerce skills can be learnt as you go along. I do not think there is any university or technikon that teaches people anything about e-commerce. Each role is very specific to a particular part of the business. What is important is understanding the core business.
Participant 7	It is a digital business meaning that we have moved away from the manual processes. Therefore, even if an employee works in the warehouse, they are still interfacing with a computer system even though they may be using a scanner to scan stock in, they still need to be able to read and navigate whatever is reflected on the screen. There is not a department in the business that does not touch on some level of digital interaction on a daily basis.
Participant 8	It is very important. There is a lack of appropriate skills needed in an e-commerce environment. It is very difficult to find someone who is very analytical, or with a developer nature but who is also business-centric. We have developers who are unaware of the future of the business, how it is growing and what impact that will have. Sometimes because the skill set is so rare the price point is high, and so we will end up having to go to a foreign firm to find the right set of skills.
Participant 9	An IT background is crucial if you are part of the technology department. But for other departments, such as planning and buying, it is not essential. However, it is necessary to have basic computer skills.
	The business needs to have locals, position them into various departments of the business and use their knowledge to integrate the right business practices in that country.
	Having experience in IT is beneficial, but it is not vital for an e-commerce company. I think that what is more important is online experience and an ability to use the Internet. In a department like marketing, where everything is online, having a thorough understanding of how the Internet, social media and SEO work, and how all these marketing tools drive traffic and what impact they have on the business, is essential.
Participant 11	It is very important for new hires in fields such as engineering to have an ICT background because their technological experience impacts on how e-commerce as an industry works. However, employees in departments such as sourcing and buying need to have a retail background more than ICT skills.
	When it comes to recruitment, the South African government penalises companies that hire foreigners. A business needs to have a very strong motivation for why it is hiring externally instead of locally. However, there is a serious lack of people with a strong technological background – which is a critical skillset for people working in this kind of industry.
	If the government could roll out more of these kinds of colleges, it would assist in the adoption of e-commerce and also supporting the local economy.

Table 4.4: Logistics

Participant 1	Promising 2-5 working days to deliver to your customer is not appealing enough to buy online. What we need is an efficient logistics system that will offer one-day deliveries to the customer so that the convenience aspect of e-commerce is met.
Participant 2	If you look at countries such as Nigeria, Ethiopia, Rwanda and Ghana, retail in these countries is relatively new, especially in the brick-and-mortar format, and the infrastructure and supply chain elements are unable to support a mature environment.
Participant 3	While other e-commerce companies in countries like Nigeria, Kenya and other middle African countries are doing well, the logistical networks in these countries are not well set up.
Participant 5	We only exported to Namibia because it was relatively easy to get goods to Namibia.
	Being able to have a product delivered (and returned) to you overcomes a host of issues like the risk of carrying cash, transportation and logistics issues is a big driver as well.
Participant 8	We only operate in South Africa. I think that the choice to base Spree in South Africa was related to the fact that we have a lot of logistics in the country. Unlike an organisation based purely on the Internet, we as a fashion business need to ship our product. So, I think it was a decision that was made on cost, infrastructure and scalability.
Participant 9	Customers also do not have to worry about going into a busy store or standing in a long queue because they can have their order delivered to them. Whether they are accessing the store on their mobile devices, iPads or their PC, access is right there.
	Although we have not looked at any plans of expansion into Africa just yet, expansion to other African countries is probably on the cards. Our competitors are expanding across Africa, and for us to keep up with the competition, we will probably have to move into Africa too.
Participant 10	We recently stopped deliveries to Namibia because of their import duties and payments, as well as the infrastructure.
	The infrastructure available in South Africa is immature and our third-party logistics is a big problem. I think that wherever a business does not have control over its operations, it presents a problem. We are not geared for the infrastructure needed to provide an efficient service to the customer, although we are slowly getting there.
	The biggest benefit to e-commerce is the accessibility to things such as product information and services, and manoeuvrability.
Participant 11	Having an efficient logistics system is something we are still trying to work towards improving.
	A sharp and efficient logistics system is essential. Customers do not want to wait long periods of time for their goods to be delivered. They want to receive their goods as soon as possible because the money they spent purchasing their product has already been deducted from their card. Therefore, if a proper logistics system is not in place to get the goods to the customer on time, a business will lose customers because it cannot be trusted.

	Online businesses help with efficiencies if you can access them without infrastructural and logistical problems. I think it also gives opportunities to people that previously, were unavailable.
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Table 4.5: Product returns

Participant 1	They decide to return it, which takes another couple of days for the courier to arrive. Once it has been collected, it takes another 15 days for the customer's money to reflect on their account, and so because the experience is poor, the customer will not want to shop online. So, returns are a challenge we are working to overcome.
Participant 2	Generally, in South Africa, the experience for returns is poor. With Spree, a customer has a 30-day period to log a return from the account they have on our website. They can click on a product within an order and choose the items they want to return, and that automatically informs our couriers to pick up the product. The product is then picked up and returned to the warehouse. During that time, we release a refund or a store credit depending on what the customer has chosen, and we perform a quality check on the product to ensure it is in a good condition. If there are no defects, the product is booked back into stock and it is ready to be resold.
Participant 4	In Namibia, the costs of returning an order were incurred by the customer, and that did not work for our free returns policy. Another challenge we faced was that we could not control the pace at which the order got back to our warehouse because of the numerous red tape involved in trying to get the order through the border.
Participant 5	But one of the biggest challenges came when customers wanted to return their goods. An inability for customers in Namibia to return products they had purchased caused a lack of customer support and the experience for the customer was not great.
	Before their money can be returned, the customer needs to visit our website and log a return. They need to substantiate why they want to make a return, and once that has gone through our website, a courier will be sent to the customer's address to pick up the item. Then it needs to go to the warehouse where it is checked for any defects. If all is in order, we are notified of this and the customer has to wait a few days before their money reflects in their bank account.
Participant 6	The customer needs to start off by logging a return on our website or using our app which is new and doing well.
	Before the customer can receive their money back, the product needs to go back to the warehouse where it will be inspected for any damages and then put into the system to notify us of the return. After all of that is done, the customer can then get their money back. This can present a problem to some customers, and therefore in an aim to provide the customer with a seamless experience we have recently introduced instant refund, which enables the customer to receive their money as soon as the courier scans in the product.
Participant 7	Keeping the trust has to do with keeping to our promises. For example, have we delivered the order to the customer in time? Have we delivered everything we promised to deliver? Have we only charged their credit card once? If they return something, have we paid their money back to them? Unless the entire experience is flawless, we completely lose the customer's trust, and they will not come back to shop with us.

Participant 9	An efficient logistics system is essential for product returns too. When goods are returned, you need the system to work in such a way that the goods are collected from the customer, they are returned to the warehouse and the customer receives their money back. If an order is lost along the way or the customer receives the wrong parcel, you will have a very unhappy customer.
	Before their return can be processed, they need to visit our website and log a return and give a reason for the return.
Participant 10	But one of the biggest challenges came when customers wanted to return their goods. An inability for customers in Namibia to return products they had purchased caused a lack of customer support and the experience for the customer was not great.

Table 4.6: Method of payment

Participant 1	In South Africa, approximately 2.5million people share about 4.5million credit cards among themselves. But approximately 95% of payments are done through credit card and EFT.
	Credit card is one option that is very popular with our customers.
	We also offer EFT which many people still rely on. EFT can be risky because if a customer's money is taken, it is very challenge to get it back. We also launched payment on delivery which also presents challenges, such as card rejections upon payment or the customer decides that they no longer want what their order.
	Although it is important not to bully your customer into using payment systems they would rather not use, it is equally important to educate them.
	Now it is all about educating the consumer to see the convenience of shopping online and overcoming the hesitation with making online payments.
Participant 2	The second barrier was payments. Africa struggles with credit card fraud, and many people thought that they needed a credit card or another form of payment method to shop online – both an educational and trust barrier.
	Payments are still a bit of a problem because people still feel that they need a credit card or chipped debit card, and very few know that they can use EFT online. There are new e-payment methods that are being introduced and thus, opening up payment opportunities and minimising the barrier of payment problems for the consumer, but it is not quite there.
Participant 3	We offer payment on delivery for Cape Town shoppers for the reason that we are trying to instil confidence in people.
Participant 4	Credit and debit cards are most regularly used by Spree customers. Our second most popular payment option is EFT.
Participant 5	The premise of e-commerce is the credit card; everybody needs to have a credit card, but we know that in South Africa that is not the case.
	There are other alternative payment methods that the country has and that we could offer, but what really matters is what our market works with, and we found that a large number of our transactions were made through the credit card.

	When we started out we only had EFT as an alternative e-payment, so customers could reserve an order, pay for it at the bank or do an online transaction and before their goods were released, they had to produce proof of payment. This system is very inefficient, so we have also added SnapScan. But the uptake of SnapScan has not been so great.
	If we want to look at expanding our market we are going to have to look at other options, such as Maestro Electron cards which we do not accept online yet. But there are other companies that are allowing customers to use those cards in order to save them from having to do an EFT. We have rolled out an EFT solution from PayU called EFT Pro which allows the customer to log straight into their Internet banking from the checkout page, click pay and as soon as the payment is transferred into Spree's account, the order is released.
Participant 6	We have EFT, credit and debit card payments, payment on delivery and SnapScan. I think that because we started out by offering credit and debit card payment options, they have remained our most popular form of payment.
	However, one of our main challenges at the moment is offering customers a payment system they are comfortable with using. Some customers do not want to own a credit card, and therefore to overcome this, we have recently launched payment on delivery.
	I think that once more people are aware that they can use SnapScan and payment-on-delivery to make payments, the use of these payment system options will increase.
	But we do not have anything tangible for a customer to have a real connection with Spree, which I think is important, especially in educating people on how to shop online. It would also be another way to promote the brand via word-of-mouth.
Participant 7	We offer credit and debit card. The most popular payment methods are credit card and instant EFT. We also offer instant EFT. There are a certain set of security measures that need to be in place, specifically around credit cards and credit card processing.
	We only offer payment-on-delivery to customers based in the central business district of Cape Town.
	The deliveries and the payment systems we offer are tailored to meet South African standards.
Participant 8	Credit cards are one option that is very popular. We also have EFT, but whereas with a credit card the payment is immediate, with EFT, if a customer does not deposit the money, they may change their mind and their order must be cancelled.
	EFT also comes from a security point because people would rather deposit money than to add their credit card details online. We have also introduced EFT Pro, an instant EFT as well as SnapScan.
	We also offer payment on delivery, but instead of taking cash from a customer, a courier will have a card machine available with him once an order is delivered.
Participant 9	We offer e-payments via credit or debit card and Snapscan.
	A lack of sufficient education so that from a young age, people can learn how to use the Internet.
Participant 10	The customer can also pay using their credit card, which is a popular payment system amongst those who are in the know. South Africa is very behind in terms of the number of people who have made payments using their credit cards, but as e-commerce grows, there will be more payments made via the credit card.

	We offer EFT which is the most popular form of online payment. There is also instant EFT which speeds up the payment process of EFT.
Participant 11	We offer credit and debit card payments which are currently the most popular methods of payment. We also offer EFT.
	We have introduced methods such as payment on delivery which is available only in certain areas and SnapScan

Table 4.7: Cultural differences

Participant 1	Cultural variances are a factor we are currently not focused on, mainly because in Africa, there is no such thing as free trade which presents a barrier.
	Then you have your local trends which although influenced by the international market, tend to have a local touch to them. But even with strong brands, they may have an established formula that they work with, but they tweak their offering to meet the cultural demands of different markets. But in order to succeed in any country, a company needs to have a better understanding of the local market.
Participant 2	Then there is the case that Spree was the product of Sarie.com, which was an Afrikaans demographic of middle-aged white women – a small percentage of the South African population. Taking a look at the other South African demographic groups who represent a higher percentage of the population, the question became how to expand our brand and messaging to reach the broader base within South Africa, which was very tricky.
Participant 3	Customising our offerings to each customer’s needs is very expensive and can be done in many ways. It will take us a long time to achieve this, so what we do right now is customise our mailer advertising. A subscriber to our mailers can choose to either receive a ladies’, men’s, or children’s mailer. So we personalise the communication, but to do it on our website is difficult.
Participant 4	Namibia was considered because the brand was very keen to expand and also because Namibia is an English-speaking country.
	How each customer chooses to wear the trend is where things start becoming a bit more complicated. That is where we start looking at how we position ourselves as the Spree brand. We have looked at our market size and have tried very hard not to position ourselves based on one segment of our market.
Participant 5	I think that as a business operating in such a small market, it is more important to focus on building your brand and brand identity than worrying about the differences in culture. It is important to offer products that appeal to everybody. So, to completely specialise in something is difficult, and if you are looking at growing the business you need to be able to offer products that appeal to a broader spectrum of people.
	In order to operate in any market either than your own, it is vital to work with someone local who understands how things work in their home country.
Participant 6	Factoring social-cultural factors into our business strategy is not an easy task. In terms of customer service, it is still a challenge to make the customer feel as if they are the only customer.
Participant 7	A customer’s cultural background will have a slight influence on whether or not they shop online. For example, a customer who has lived in Europe and has been exposed to e-commerce will shop online.
	But I think that it is less about the cultural influence and more about the experience. Therefore, if you were to take a European customer who has never shopped online before, I think a company will experience the same problems trying to convince them

	to shop online as you would an African customer who has never shopped online. The reverse applies too, in an African customer is well-travelled and has experienced e-commerce, they will have no problem shopping online.
Participant 8	Where we see that Naspers is more international, language is not an issue as the company does employ many foreign people because they have foreign operations. So, if we were to have operations in Africa, we would employ people from those countries too, because someone from South Africa would not know much about business, in say Kenya. So, the same thing applies to Naspers where they hire people from Poland or America because that is where they have business operations.
	Two companies could be doing the same thing but very differently because of where they operate. There may be different growth, rules, legislation or support.
Participant 9	I think that it is important to partner with an existing entity in a foreign country because a business you can have access to the local people who understand the barriers to entry and what the local customers want.
	For example, a Nigerian customer will not necessarily purchase what a South African customer will and the local people will have a better understanding of this.
	Again, the ability to have a partner from the foreign country who knows and understands the local language and who can work within the business is essential. It also helps with understanding the culture, politics and the government setup of the country. A foreign business cannot expect to set up operations in a foreign country whilst relying on how things are done in their home country.
Participant 10	Looking at Namibia, I think that having a similar demographic to that country, made the cultural aspects less of a challenge.
	The ability to be able to communicate in different languages is vital and sets you apart as a business. It is easier to communicate in English, but to be able to communicate in other languages is key. Language will be something we will have to take into consideration should we wish to expand to other markets.
Participant 11	I think that it is important for a business to have fashion buyers who have exposure to different markets so that it can broaden its buying ability.
	We also have international brands that are available on our website that infuse international styles with the local market. So, we always look at what we can adopt from international markets and try and see what we can take away from them.

Table 4.8: Trust

Participant 1	We also offer EFT which many people still rely on. EFT can be risky because if a customer's money is taken, it is very challenge to get it back.
	Now it is all about educating the consumer to see the convenience of shopping online and overcoming the hesitation with making online payments.
	Brand awareness and education are key to developing trust in customers.
Participant 2	We would look at creating marketing campaigns focusing on creating trust, and potentially look to combine offline events. It seems that South Africans are still very much a 'see-it-to-believe-it', and so this might help eradicate the barrier.
	We use our messaging to instil confidence in our customers.
Participant 3	Payment on delivery for Cape Town shoppers for the reason that we are trying to instil confidence in people.

	Cash-on-delivery allows them to pay when their order is delivered, and the theory behind that is that they will come back and pay using a credit card or EFT. Trust is a barrier of entry which I think that once you have gone through once and the customer realises that you are a reputable dealer that is giving them their stock and not just taking their money, they will come back to make repeat purchases.
	We constantly highlight how safe it is to pay online and how easy it is to buy online. We will need to keep doing that until e-commerce is a part of daily life for South Africans.
Participant 4	We are very vigilant on fraud and have placed various measures in place to check and catch any fraudulent behaviour. So we have worked hard to make ourselves a trusted destination.
	Payment security does remain a concern for shoppers but my sense is that it is becoming less of a barrier as the market matures and more people successfully transact online.
	Many consumers will visit a company's website without having trust issues because they are not giving any personal information. But to get people to give personal information you need to be a massive brand because security is a barrier in South Africa.
	It really helps that we are part of the Naspers Group company and part of Company Z which are already hugely trusted brands in South Africa.
	We also have as much branding on our website as we possibly can to say that we are a secure website and we always educate our customers to look out for any signs of phishing.
Participant 5	Trust in the online space is crucial - we need to convince our customers that buying fashion online is easy, pleasurable, and risk-free. To do this we offer extremely safe payment methods, like 3D secure credit card payments, EFT's, SnapScan, etc., free delivery and most important of all free returns. If you don't like the product, it is easy and cost free to send it back to us. We come collect it from you. And you will get your money back to via the method of your choice - credit card, EFT or store credit. Of course, being one of the bigger players in the market in itself instils trust, but we had to work hard to establish that implicit trust in the Spree name.
Participant 6	I think it is important for a brand to have a good name for itself so that people feel secure enough to make online purchases.
	It is all about building trust and loyalty with your customer so they feel safe to shop online.
	I think much needs to still be done to enable the customer to be comfortable and trust online shopping.
Participant 7	It is vital to establish and maintain trust with your customers. Building trust is largely the result of the customer's first interaction with the website. Does the website look secure? Has the customer been referred to the website by a friend? Has the friend used the website in the past?
Participant 8	If for instance, a banking system in a country cannot be trusted or the customer does not trust a company's payment method, there will be challenges.
	But EFT also comes from a security point because people would rather deposit money than to add their credit card details online.
	People do not like parting with money and not getting their item immediately. Customers have this fear that if the parcel does not arrive, they will lose their money.

Participant 9	A sharp and efficient logistics system is essential. For instance, if a customer orders something from a website that promises to have the order delivered within 48 hours, if the company does not have an efficient logistics system and the customer only receives their goods in 72 hours or longer, they will think that the retailer cannot be trusted. Customers do not want to wait long periods of time for their goods to be delivered. They want to receive their goods as soon as possible because the money they spent purchasing their product has already been deducted from their card. Therefore, if a proper logistics system is not in place to get the goods to the customer on time, a business will lose customers because it cannot be trusted.
	Internet security minimises the confidence our customers have in making online purchases. Even though many customers recognise our brand name, they are still very hesitant and fearful of making online purchases. To overcome this barrier, we have introduced various payment systems to try and make the customer feel as comfortable as possible to purchase online.
	We currently we do not have a cash-on-delivery option because we are currently faced with barriers in that regard. I think having a cash-on-delivery option would be a good way to instil confidence in a customer and win them over because they would be able to see the order coming to them, open it up, try it on and if they do not like, send it back or pay for it if they like it.
	We also pay attention to what our competitors are stocking. From there we can source the right products which help with keeping our portfolio credible to the customer. If they see that our product offering is limited compared to our competitors', they will question our credibility.
Participant 10	Trust is a factor that is very important when it comes to online payments. Customers trust the banking services they are used to using every day, and therefore, we rely heavily on the trust that these payment portals have built with their customers because it instils trust to our customers. The better and more robust the payment portal is, the better it is for us because we become a trusted source.
	Confidence is all about building trust with your customer and you do that by gaining their trust. Many times, you will find that customers will not complain, but they will not come back, and they say that for each customer that does complain, there are another eight who do not complain. So, instilling customer confidence is about meeting the demands of our most critical customer because if they are happy, the other eight customers who are unlikely to complain, will also be happy. The customer must want to contact us when they need to – it is that dependability that builds confidence. It is important for us to be solution driven in order to become a reliable and trustworthy source.
Participant 11	I think that people are starting to trust the online payment system a bit more. However, there is still much that needs to be done in getting people to be comfortable with using online payment systems. So, we have introduced methods such as payment on delivery which is available only in certain areas and SnapScan, in order to accommodate for the lack of trust. I think it also helps that we have become a trusted brand in the market, so some consumers are willing to purchase our products, even though they may be uncomfortable with adding their details online.
	We have 3D Secure displayed on our website, which assures the customer that their credit card details are secure. I think that by introducing this security measure, we have gained a bit more trust from our customers.

Table 4.9: Personal interaction

Participant 1	Fashion is about curation, in other words what products or brands you want to sell, and curation is a mix of brands. But in order to succeed in any country, a company needs to have a better understanding of the local market.
Participant 2	We are looking at ways of reaching our larger customer base which will lead to a better customer experience and quicker deliveries. Currently, the only part of the business that really interacts with the customers in other provinces are couriers who are outsourced. It is not in our mandate to deliver a product, but we manage how a product is delivered. So, in this sense, there is no difference.
	However, in terms of marketing, more of our messaging and the fashion styling is becoming more influenced by our larger customer base who are more indicative of the type of market we need to capture. From there, the manner in which other departments conduct their operations will follow in the same direction.
Participant 3	When it comes to socio-cultural barriers and personalisation, their importance has less to do with the relationship between the customer and the company, and more to do with the customer missing the touch and feel of a garment. How we try to get around that is by taking photos which show how exactly the garment will sit on the customer and also try and give a descriptive explanation about the material and details around the item.
Participant 4	In my opinion, fashion is to a certain degree, a universal language. For instance, trends are universal and so when we talk about trends at Spree, we are looking at trends that spread across the country. How each customer chooses to wear the trend is where things start becoming a bit more complicated. That is where we start looking at how we position ourselves as the Spree brand. We have looked at our market size and have tried very hard not to position ourselves based on one segment of our market.
	It is generally very difficult to operate in other countries without the support of local people. But to counter our separation between local cities, such as Johannesburg, we use social media, we travel to Johannesburg quite often, we have ambassadors in the main cities we operate in and our content and marketing team are responsible for staying up-to-date with the country's latest news and trends.
Participant 5	In order to operate in any market either than your own, it is vital to work with someone local who understands how things work in their home country.
Participant 6	We currently only despatch from Cape Town. If a customer in Cape Town orders an item in the morning, they can receive it by the end of the day, even though the Standard Operating Procedure (SOP) stipulates they will receive it in 2-4 days. For a customer in a different location, the delivery of their product will take a few days. We are however working on providing a seamless customer experience for customers in other locations too.
Participant 7	I think that because we are as e-commerce company, we do not have much of a choice like brick-and-mortar stores do. We are not like an omni-channel retailer and so what is important for us is to do everything we can to convince the customer that shopping with us is a good choice. We need to provide a seamless experience from start to finish.
Participant 8	If we were to have operations in Africa, we would employ people from those countries, because someone from South Africa would not know much about business, in say Kenya. The same thing applies to Naspers where they hire people from Poland or America because that is where they have business operations.

Participant 9	As we only operate in South Africa at the moment, we do not have a counter partner set up in any foreign countries. Should we move to other African countries, we may consider setting up local operations in those countries.
Participant 10	I do not believe the separation matters. As a business, I think we are doing quite well as far as geography is concerned. We are an online business and so we are available from anywhere. If we were to expand to other African countries, we would have to conduct market research in order to solve the problem of distance. Also, if the country of interest did not fall within our framework and where we as a business are headed, we would have to consider whether it is worth going into that market.
Participant 11	I think that reaching out to a segment of our target population is tougher given our separation from them. At Spree, we try and offset the separation between us and our customer base by looking at items that are popular versus those that are not so popular, and from our findings, we can decide on the items we need to purchase.

Table 4.10: Quality of personal relationships

Participant 1	In terms of personalisation, it is important to meet each consumer's needs, but at the same time, it is difficult, especially because we want to grow massively. Essentially, what you want is massclusivity so that even if you are buying for many, you still maintain a level of exclusiveness. However, that is very difficult to achieve. Personalisation boils down to how a business handles its customer segmentation.
Participant 3	In terms of personalisation, the importance of cultural differences has less to do with the relationship between the customer and the company, and more to do with the customer missing the touch and feel of a garment. How we try to get around that is by taking photos which show how exactly the garment will sit on the customer and also try and give a descriptive explanation about the material and details around the item. Customising our offerings to each customer's needs is very expensive and can be done in many ways. It will take us a long time to achieve this,
Participant 5	Personalisation of customer experience is vital because it is all about customer retention. There are so many other distractions that people are faced with on a daily basis, and therefore, it is important to craft a daily line of communication with your customer to grab and keep their attention. If you do not communicate with your customer, they forget about you very quickly.
Participant 7	When it comes to personalising each customer's experience, I do not think that personalisation by an e-commerce company is any different to that of a traditional brick-and-mortar store.
	However, there are three instances where we do offer a level of personalisation. First, it is the types of products displayed on our website. Spree is currently a hybrid between South African and European fashion – two very different things. The second is the customer's interaction on the website which is tailored for the South African market. The third is the actual products that we sell.
Participant 8	In terms of establishing and maintaining a personal relationship with each of our customers, we have marketing who use social media platforms such as Facebook, Twitter and Instagram to communicate with the customer. People can call in, email or write a Hello Peter, and our customer service team will respond to their queries. Therefore, there is online interaction with the customer. But I do believe that people who are shopping online are used to online communication, therefore a business is getting a selection bias. If as a customer you are uncomfortable with technology and feel the need to touch and see a product or speak to a sales assistant, then you will not be an online shopper whether or not you have a credit card and Internet access.

Participant 9	In terms of personalisation, it is important to know what products we sell, and from there we can make conclusions about the products the customer is opting for. We also pay attention to what our competitors are stocking. From there we can source the right products which help with keeping our portfolio credible to the customer. If they see that our product offering is limited compared to our competitors', they will question our credibility.
	It goes back to personalisation, in that we try and keep track of what our customer is purchasing. It is important to keep our brand offering credible and in line with what other e-commerce entities are offering. We also need to see what our private label is selling so we can keep up with the trends in what our customers are purchasing in order to give the customer what they want so that they make repeat purchases.

Table 4.11: Government policies and the legal framework

Participant 1	A lack of access to certain brands, which leads people to buy products from overseas. Also, we have import duties that are standing at 40% which is not healthy for the growth of the economy.
	I think that the government needs to understand that e-commerce is one of the important levers that can give the economy a boost. I do not consider e-commerce as cannibalising retail, instead, it is extending retail and customer experience.
Participant 2	E-commerce is really about habitual tendencies – if the government can target areas such as generic medicine, there may be an easier adoption of e-commerce, as it is promoted by the government. This will help two-fold, it will promote the ease of business through digital channels and minimise 'distrust-barriers' as a public institution supports the channel.
Participant 3	We are fully compliant with all the South African laws because we are part of a much bigger entity.
	The distance is too vast and the red tape for imports and exports is too extensive. We would have to open up a separate operation in the country of interest.
	In South Africa, we are not directly impacted by a lack of government support.
Participant 4	In Namibia, the risk was compounded by the fact that there was a government involved who wanted to ensure that import and export duties were adhered to.
	Another challenge we faced was that we could not control the pace at which the order got back to our warehouse because of the numerous red tape involved in trying to get the order through the border.
Participant 5	We have very strict government policies that we have to implement. For instance, being part of Naspers, a listed company, we are audited regardless of the fact that we are kind of in start-up mode. There is a framework that is being introduced called Cobit 5, an IT government's framework, which we are implementing as a group. It places quite strict conditions on how you can operate, but it also ensures that the business and consumers are protected.
	A lack of government support is not a barrier at all. But as a growing concern, a company does want to ensure that it cannot be hacked in order to maintain availability for the customer, and therefore institutional support would ensure that IT frameworks are implemented.

	POPI will be coming in soon as well, which places quite a burden on data retention policies because a company is only allowed to keep data for a certain amount of time and it is only allowed to keep the data if it is in the best interests of the customer in the service that you are providing. It is also a matter of who has access to the data because there are multiple systems. So, we have auditing processes that are run every month to check who has access to the data? Why they have access? If they still need the access? What are they allowed to do? So, it all goes to back to POPI to ensure the customer's information is protected.
Participant 6	There are a number of legalities that we are faced with in international countries that we import our products from.
	We are lucky in that we are under Naspers, a multi-national company with business operations around the world which allows us to work and collaborate with some of these international companies. Therefore, we are not necessarily impacted by a lack of government support
Participant 8	In South Africa, there are no strict laws governing e-commerce or retail business practices. We do have POPI which protects consumers' information.
	In e-commerce, we have many foreign and domestic companies that have sufficient money supporting them, and we are not facing many governmental or legal issues. For big players, such as Spree, we have not had to deal with a lack of governmental support.
Participant 9	Institutional support allows an organisation to venture into foreign markets, grow its business operations and sustain itself. In some cases, it is easier for an organisation to gain a counterpart in a foreign market that can help with setting up business operations.
Participant 10	We recently stopped deliveries to Namibia because of their import duties and payments, as well as the infrastructure.
	I am not aware of any socio-political factors that we have encountered as an e-commerce company. The laws that apply to e-commerce are standard to those that apply to other companies, and in a way, laws such as the Consumer Protection Act protect both the customer and us.
Participant 11	When you want to roll out business in any country, it is important to have the support of the institutional environment because the way of doing business differs from country to country.
	Regarding Namibia, I do not think that we offered returns because it was so difficult to get the items over the border.

Table 4.12: The role of investors

Participant 1	The reason that Spree was established in South Africa is because it is a Naspers' player and from learning from other developing countries, Naspers has invested in a number of e-commerce companies in South Africa.
	E-commerce is an investment player, and so investors play a crucial role in the growth of the business because without them we would not be able to survive. In fact, there are not many e-commerce companies that are making massive profit. Some are simply at a stage where they cannot make any profits and others choose not to so that they can focus on growing exponentially first. But in order for massive growth to happen, the interest of investors to buy into the company is crucial because they provide the funds for us to operate. Fortunately, we have the backing of Naspers which is very helpful.

Participant 2	In terms of stability, Naspers who invest in Company Z and who in turn invest in us will be less likely to invest in us if the economy is unstable and does not show potential growth
Participant 3	For our investors, it is important to ensure that we are performing according to our budget so that they are happy with us.
Participant 4	We leverage on our Naspers network as much as possible, so we all communicate with counterparts in different countries and get advice from them because much of the things we do are universal.
	It really helps that we are part of the Naspers group of companies and part of Company Z which are already hugely trusted brands in South Africa.
	We need investors who believe in online retail because e-commerce is a tough business and profitability only comes with scale.
Participant 5	Spree is in an advantageous position because we have the ability to pay attention and learn from a large number of huge international e-commerce companies that are affiliated with Naspers. The closer we can view the developments that are taking place in these international markets, the more we can improve on our own customers' experiences.
	No e-commerce business generates any revenue when starting out, and so to make a success of the business, you need to have investors who are willing to provide the necessary capital and who also have a very patient view of the long-term benefits of getting an unassailable lead in a market that is going to grow substantially.
Participant 6	We are under Naspers, a multi-national company with business operations around the world which allows us to work and collaborate with some of these international companies. Therefore, we are not necessarily impacted by a lack of government support.
Participant 7	Our investor, Naspers, plays an essential part in the sustainability of our business. Without their involvement, we simply would not exist. I believe that any small e-commerce business depends on investment for growth and real scalability to take place. It costs a huge amount of money to build the technology systems needed to scale.
Participant 8	In e-commerce, we have many foreign and domestic companies that have sufficient money supporting them, and we are not facing many governmental or legal issues.
	A supportive institutional environment is not important for Spree because we are a big e-commerce business and a number of our competitors are owned by Naspers which we also fall under.
	We as Spree are lucky in that through Naspers, we have access to those trends because Naspers owns a portion of Tencent, which is WeChat and Flipkart in India. So, we can look at the trends and see the scale.
	Investors play a vital role in supporting the adoption of e-commerce. We have big internal investors, which is important for a business like Spree. Start-ups and small-to-medium enterprises are the future, but at the same time, a business is not going to break even from the first day. Therefore, a business needs investors who are willing to accept some sort of trading loss because they know that they are getting growth and that there will be a profit target and that e-commerce is an investment for the future. Unless a start-up is willing to put their personal wealth into their start-up, they need an investor who can front the costs of the business' logistics and product, as well as the payment of salaries, etc.

Participant 9	Investors also play a pivotal role in our business model. Money is key for starting a business, so if you have investors who are willing to provide the capital to start the business, it helps with curation. But if a small entity wants to break into e-commerce and it does not have sufficient investment, it will struggle. There are big players in the market who make up a large portion of the market share, and if small entities do not have the right kind of investment they will not survive.
Participant 10	Our investor, Naspers, also plays a vital role in the sustainability and success of the business.
Participant 11	Having Naspers behind us assists with keeping our brand name strong.

Table 4.13: Integrating the local language

Participant 1	You translate. Any serious e-commerce business needs to follow local principles and if the main language is not English, one would need to translate everything to the local language, and therefore hire local native speaking staff.
Participant 2	In many countries, English is the Internet language of choice. Overcoming language barriers depends on where the country is headquartered and where the largest customer base is.
Participant 3	In South Africa, English is the economic language so it makes sense that e-commerce is published in English in South Africa. Other countries use the main language to publish content in e-commerce. For example, the Naspers e-commerce sites in Europe are each made in the language of the relevant country. This is important to stay relevant.
Participant 4	Namibia was considered because the brand was very keen to expand and also because Namibia is an English-speaking country.
Participant 6	We used to have the website in English and Afrikaans, and although we send out our correspondence in Afrikaans and English, the website itself is only in English. Therefore, if a visitor to our website wants to shop, they must understand English. I think the same will apply should we venture into other African countries
Participant 7	From an e-commerce perspective, the website needs to be translated. If this is not possible, then the use of imagery and icons becomes even more important.
Participant 8	We have language barriers in South Africa. Where we see that Naspers is more international, language is not an issue as the company does employ many foreign people because they have foreign operations. So if we were to have operations in Africa, we would employ people from those countries too, because someone from South Africa would not know much about business, in say Kenya. So the same thing applies to Naspers where they hire people from Poland or America because that is where they have business operations.
Participant 9	The ability to have a partner from the foreign country who knows and understands the local language.
Participant 10	Looking at Namibia, I think that having a similar demographic to that country, made the cultural aspects less of a challenge.
	The ability to be able to communicate in different languages is vital and sets you apart as a business. It is easier to communicate in English, but to be able to communicate in other languages is key. Language will be something we will have to take into consideration should we wish to expand to other markets.
Participant 11	In South Africa, the medium of communication is English.

Table 4.14: Business strategy

Participant 1	Spree has moved more into the mainstream market to become an entity focused purely on fashion.
	Looking at Namibia, I think that as a start-up, any company's appetite for growth is huge, but you have to be careful not to look for expansion in the wrong places. If you want to grow you need to know where your biggest potential market lies, and what Spree did was to quickly launch high-end women's fashion and too soon after, launch other verticals as well as expanding into Namibia. So, growth was stretched all over the place which affected our brand identity and we somewhat lost our focus and scope. I think focusing on local South African markets offers much more potential than expanding to other countries. We need to get the basics right first.
	To create access to our fashion product online.
Participant 2	Our aim is to make Spree the online fashion destination of choice for customers
	Namibian market would become aware of Spree's offering and hopefully, try and purchase online because there are a very few online shopping opportunities in Namibia.
Participant 3	To sell clothes to people.
	It is to get people to visit our website and buy our product offerings.
Participant 4	We wanted to create a solid customer experience.
	Offer reasonable prices that the customer would be able to afford.
Participant 5	We wanted to develop a sustainable e-commerce business that would service the fashion industry, and turn existing print media consumers to people who were prepared to use a different service and pay for it.
	To dominate fashion e-commerce in South Africa.
Participant 6	Our aim was to build the base in South Africa, get the business going and do things right here first before taking it anywhere else.
Participant 7	To place fashion online and sell it.
Participant 8	To communicate with the customer.
Participant 9	It was basically to sell goods. Before anything else, we are an e-tailer.
Participant 10	In order for an e-tailer to get the market segmentation right, it needs to develop an excellent strategy.
Participant 11	Put our customers first.

Table 4.15: Traditional business models

Participant 1	It is important not to change your business model all the time. But with that said, you need to choose your strategy and then re-evaluate your business model because although we know where we would ultimately like to end up, we cannot rely on one way to reach our business goals. So, you can make small adjustments by looking at developments within the industry, and consider factors such as how the market is developing, the latest technology, etc.
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Participant 2	If you look at the fashion side, there are a couple of models that we have realised can be adopted. However, we cannot implement all of them given the size of the South African market and how far behind we are compared to other markets. Also, a business cannot change its model every time there are new developments in the industry. It is always important to maintain the core of the business model while tweaking the sides.
	If you specifically look at e-commerce, especially on the infrastructure side, it is important to have a view of what can be done with the infrastructure that is in place.
Participant 3	We operate in an agile environment where we constantly analyse the internal and external environments and take action immediately to ensure we stay current. E-commerce businesses need to stay current and change all the time. It needs to part of the culture.
Participant 4	It is important to keep a close eye on industry developments in order to stay informed and also to know what change is relevant to your business model and which is not. There are many things that change online all the time, but they do not mean you have to change the way you do business. I do think that only changing when the market changes is too reactive to get ahead, and what is important to keep in mind is that markets change because consumer demands are not being met. I do not think that a business can be driven by watching the market and changing as soon as the market changes. Instead, I feel that a business should pre-empt change – I think it needs to watch consumers and understand their needs and how to meet those needs. Overall, a business' strategy should be driven by the customer and not the platform.
	We constantly develop our website and are constantly looking for ways to improve. Even in the backend, we are always looking for new ways to, for example, improve checkout and searching, naming and sorting the stock. So, we are constantly picking up on market tendencies and trying to apply those to our website.
	Constantly developing our business model to meet market changes.
Participant 5	Therefore, where the innovation and new types of business models come in is about looking at the last mile; how do we get the product to the customer quicker? So, we look at innovative ways of distributing our product, such as crowdsourcing. So, it is essentially taking the traditional business model and extending it by using new models of distribution and customer fulfilment and satisfaction.
	Personalisation of customer experience is all about evaluating your business, and looking at where there are successes as well as inefficiencies, and constantly trying to improve the business for the satisfaction of the customer.
Participant 7	It is important to keep the underlying business model the same which in our case is to place fashion online and sell it. The smaller components of e-commerce evolve. For example, in looking at couriers, we may consider using a different courier, and perhaps the way that we take payments may also evolve. But the overall business model does not necessarily evolve.
Participant 9	We constantly benchmark ourselves against competitors in the e-commerce environment and make continuous plans to keep up and grow, and also get ahead by adding new innovations.
Participant 10	Every individual within the company should feel a responsibility to inform the company of any market developments they are aware of.

Participant 11	I think it is vital for any business not to deter from its core objectives. But everything around those objectives can be adjusted. It is important to remain as flexible as possible because the advancements that are constantly taking place cannot be forecasted or ignored. So, we always try to shift our strategy to accommodate changes in the market.
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Table 4.16: The influence of international markets

Participant 1	International trends and developments are extremely important. The difficulty in Africa is that you need to adapt old trends because the market is behind, but at other times, you need to completely leapfrog what has been done in international markets because at that time new technology was unavailable. So, we always aim to go for the new technology, but the level of adaptiveness in the market needs to be high enough. Considering where e-commerce is right now, we cannot expect our customers to adapt to technologies they are not used to, whereas in international markets, even if customers are pushed in all directions they will still complete the order and they are very adaptive.
Participant 3	International models allow us to see what is happening internationally, and how best we can use our technology to develop our model to meet local needs. We are lucky because we are behind the times, and so whatever happens in developed markets will probably only happen here a few years later.
Participant 4	E-commerce is where business is moving to by international standards and it is part of the new economy.
	In my opinion, fashion is to a certain degree, a universal language. For instance, trends are universal and so when we talk about trends at Spree, we are looking at trends that spread across the country.
	We leverage on our Naspers network as much as possible, so we all communicate with counterparts in different countries and get advice from them because much of the things we do are universal.
Participant 5	Spree is in an advantageous position because we have the ability to pay attention and learn from a large number of huge international e-commerce companies that are affiliated with Naspers. The closer we can view the developments that are taking place in these international markets, the more we can improve on our own customers' experiences.
Participant 6	We are under Naspers, a multi-national company with business operations around the world which allows us to work and collaborate with some of these international companies.
	What is important with international activities is seeing how these markets deliver on customer experience and giving the local customer what they want using international standards. It is not necessarily important to do what international websites do, but we need to be as close as possible to what they are doing so we can give the customer a good experience.
	We definitely keep an eye on international trends and on what our e-commerce competitors are doing.
Participant 7	E-commerce started in the United States, so everything that has been built on top of that is based on what was first established in the USA in same way or another. Therefore, this means using methods that have already been in existence for years, but localising them to meet local standards.

	The way that we present email subscriptions, the way we shoot products in the photography studio, the way the products are displayed on the website – all those aspects are similar to how things are done internationally.
Participant 8	We as Spree are lucky in that through Naspers, we have access to those trends because Naspers owns a portion of Tencent, which is WeChat and Flipkart in India. So we can look at the trends and see the scale. But at the same time we need to keep in mind that we are operating in South Africa. When we look at other operations we know where we should be aiming, but always need to be cognisant of what is happening locally. We cannot just translate what is happening somewhere else into our local market.
Participant 9	Compared to developing markets, international markets are very developed. But as Spree, we have grown substantially which shows that if we continue to keep abreast of what is happening internationally, we can sustain ourselves in the future.
Participant 10	In order for the business to grow, I would say it is important to have someone with international experience work for the company, especially because e-commerce is online and available everywhere, we need to be able to compete on an international level otherwise, we will be left behind.
Participant 11	We cannot ignore the fact that international markets are always ahead, even in fashion, they are always a season ahead of us. So by keeping up with international markets we are aware of what trends will be available in the next season.

Table 4.17: Purpose of the website

Participant 1	Launching a website enables instant national reach.
	To create access to our fashion product online.
Participant 2	Our aim is to make Spree the online fashion destination of choice for customers. So originally we wanted to curate fashion and offer people the opportunity to come to our website and shop fashion that they knew had been curated in style and on trend and that matched the price point that they were willing to pay.
Participant 3	To sell clothes to people.
	It is to get people to visit our website and buy our product offerings.
Participant 4	We wanted to create a solid customer experience and offer reasonable prices that the customer would be able to afford.
	We are chasing people for whom fashion is important to.
Participant 5	What the technology provides is a way of presenting that product to the customer which is vital for the experience of e-commerce; integrating all the electronic payment options, and finally integrating the chain of operational events that lead to the delivery of the product to the customer. Technology plays a vital role in everything but it is essentially about creating a retail experience, which includes factors such as the immediacy, impulse buying experience, the content displayed on the website, what the product is, how it is presented, how it is photographed, etc. There are many elements, not just technology.
	Spree is a retail business that sells products to people.

	It is vital to keep the customer engaged and ensure that they feel we are offering products that suit their lifestyle. So, we have email marketing which is a very direct way of communicating with the customer. We also connect with the customer when they are visiting our website. We can track the customer's behaviour and from that show new products that fit with the customer's previous browsing and purchasing experience. So, the experience the customer goes through when they visit our website is important in improving the connectedness the customer feels with the website.
Participant 6	We have product photographers and stylists which are very different from fashion photographers even though they have both work with fashion. The difference is that an e-commerce company focuses on the product while a fashion photographer focuses on the model, the pose, the atmosphere, etc. Yes, we have models, and yes they must look great, but the product needs to look even better because the product is what we are trying to sell.
	Even though we will cater, for example, your plus-size market, the more conservative or older customers, when you look at the models on our website, the customer we are targeting should be able to pull off any one of the looks presented.
Participant 7	It is vital to establish and maintain trust with your customers. Building trust is largely the result of the customer's first interaction with the website. Does the website look secure? Has the customer been referred to the website by a friend? Has the friend used the website in the past?
Participant 9	Before their return can be processed, they need to visit our website and log a return and give a reason for the return.
	It is to offer our consumers a wide variety of products by focusing on our strongest offerings, including those that sold well when we first started. We have made those products the highlight of our website.
Participant 10	The biggest benefit is the accessibility to things such as product information and services, and manoeuvrability. Convenience is another benefit. If someone can access your website from wherever they are, it is the big driver for e-commerce
	In South Africa, they need to log a call on our website and fill in the necessary details before their return can be processed. When we operated in Namibia we realised that we could not collect the item the customer wanted to return,
	We are an online business and so we are available from anywhere.
	I would say that it is to meet our customers' needs.
Participant 11	The point of having a website is so that it can be accessed by the customer at any place and at any time.
	Our third parties play a significant role in this regard because the suppliers need to supply us with the merchandise needed to display on our website

Table 4.18: Financial rewards

Participant 1	We have annual sales budgets where our buying budgets are linked to. We work with stock turns (for example a stock turn of two indicates that anything you buy will sell after an average of six months). If stock ages over that, for example, six-month period, we give it more attention in our marketing communications and, alternatively, include them in discounted sales activities to make sure we clear these items in time.
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Participant 2	The thinking was that with a latent customer base we could provide an offering that would tick many of the e-commerce boxes for the digital customer base, it could present a potential opportunity for a digital revenue stream.
Participant 3	The best way to make more sales is by buying more of the same product.
	To sell clothes to people.
	It is to get people to visit our website and buy our product offerings.
	We always need to ensure that the right stock is available for our customers to purchase so they can make repeat purchases.
Participant 4	Magazines are brilliant at creating demand for a product, so the idea was to establish whether the company could provide a lookbook like a magazine does, but then also enable the consumer to purchase items from the website.
Participant 5	Company Z, a South African group, saw that the fashion industry is being underserved in the country, and the feeling was that given the very close links with South African magazines, such as Sarie and Fairlady, there could be an opportunity to turn the offline readers into online buyers.
	We wanted to develop a sustainable e-commerce business that would service the fashion industry, and turn existing print media consumers to people who were prepared to use a different service and pay for it.
	Spree is a retail business that sells products to people
	It establishes a new line of business for Company Z in a declining market for print publications. The tie between fashion publications and online fashion is a natural progression to opening new avenues to custom revenues.
Participant 6	If the Internet dies, the server crashes or the Internet is slow, a business can go an entire day without operating, which means that people will not be able to shop. Therefore, productivity will be affected which will affect sales, the bottom-line and business targets will not be reached.
	Yes, we have models, and yes they must look great, but the product needs to look even better because the product is what we are trying to sell.
	To sell fashion.
Participant 8	The product offering is the main source for generating income
Participant 9	It is to offer our consumers a wide variety of products by focusing on our strongest offerings, including those that sold well when we first started. We have made those products the highlight of our website.
	It was basically to sell goods. Before anything else, we are an e-tailer.
	When a product does not do well we flush it out the business with discounts. The system will systematically discount the product at certain ages of its product lifecycle, and then it eventually falls into our store where we do massive discounts and then it is sold out on discount where you get things such as end of season sales.

Table 4.19: Product and channel enrichment

Participant 1	When we started out, we focused heavily on building brand awareness through mediums such as television, and we have managed to make ourselves known as a trusted brand. Now it is all about educating the consumer to see the convenience of shopping online and overcoming the hesitation with making online payments.
Participant 2	We focus on brand loyalty which is about delivering on the customer experience so that it feeds back into a returning customer base. We also try and drive repeat shoppers through certain deals.
	It is about the brand and concentrating on your segment, understanding who you are aiming for by profiling your customer and personalising and tailoring communication to reach the end consumer based on their profile.
	We initially started off as a female-based fashion company, we then moved into males and also introduced children which means different messaging for each of these targeted segmented customer bases.
	We also had to look at the age groups because different ages and cultural backgrounds mean different interests. While these different age groups may not need different messaging, the channels and platforms used to engage with them are completely different from the older women.
Participant 3	When we started out, we invested heavily on TV campaigns in order to build the brand and have people associate it with fashion. We have stepped away from that and now, we are focusing on the image that we portray online as the key element for brand awareness.
	Brand loyalty is also an important factor, and how we achieve that is by ensuring that we stock the right goods and give our customers the best service. So, when a customer orders an item we need to ensure that it is delivered as soon as possible. If they return it, we need to collect it as soon as possible and return their money quickly too.
Participant 4	When we look at brand acquisition and retention, as a marketer you know which channels are relevant to what, and then you plug in the channels, then from there you have a mix of channels that you take to market.
	Then you need to bring customers onto the website get them to check what is on offer and make sure that they keep coming back through retention.
	We use social media, we travel to Johannesburg quite often, we have ambassadors in the main cities we operate in and our content and marketing team are responsible for staying up-to-date with the country's latest news and trends.
	In our history, we have been on television, radio and print advertising. Although we are digital we use a range of channels, including through the line channels. Now we use email extensively so we have a big newsletter database, we also use SMS and a lot of digital marketing; Google Search, Facebook ads, cost per impression ads, we display banners on News24 and many other websites.
	Customise our mailer advertising. A subscriber to our mailers can choose to either receive a ladies', men's, or children's mailer.
Participant 5	Spree is primarily an e-commerce business supported by technology. It is not a technology business. So, what drives Spree is the marketing, brand experience and brand image that is created as well as the products that our buyers purchase from suppliers – it is a full retail business that is run like a brick-and-mortar store, and that is what drives the product.

	So, we have email marketing which is a very direct way of communicating with the customer. We also connect with the customer when they are visiting our website. We can track the customer's behaviour and from that show new products that fit with the customer's previous browsing and purchasing experience. So, the experience the customer goes through when they visit our website is important in improving the connectedness the customer feels with the website.
	Our marketing team is responsible for using various digital platforms to reach out to consumers and ensure that our brand image and identity are maintained to the highest standard.
	Personalisation of customer experience is vital because it is all about customer retention. There are so many other distractions that people are faced with on a daily basis, and therefore, it is important to craft a daily line of communication with your customer to grab and keep their attention. If you do not communicate with your customer, they forget about you very quickly.
Participant 6	When we started out, our initial barrier was to try and start an online retail store from a company that is purely focused on media. To achieve this, we had to be aggressive in our strategy in order to make ourselves known.
	When we started off there was a huge budget that went into advertising so that we could build a name for ourselves and the customer would know who we are. Now, we rely on digital marketing efforts and customer service to assist with brand promotion and brand loyalty.
	But we do not have anything tangible for a customer to have a real connection with Spree, which I think is important, especially in educating people on how to shop online. It would also be another way to promote the brand via word-of-mouth.
	We have overcome that and now our challenge is making the customer experience so good that the customer will want to come back to Spree to shop again.
	One aspect is customer loyalty which is something we are always looking to improve.
	People also love free giveaways and discounts, so sometimes we have discount offers for regular customers or those who spend a certain amount.
	We have newsletters that we send out every day to people who have subscribed and there is also constant communication with customers on social media platforms, such as Twitter, Facebook and Instagram.
	Our marketing efforts are aimed towards our target market. We have customer profiles that have been created to get a better understanding about our customer and from there we can tailor our marketing efforts to suit that customer's needs.
Participant 7	Our marketing efforts are aimed towards our target market. We have customer profiles that have been created to get a better understanding about our customer and from there we can tailor our marketing efforts to suit that customer's needs.
Participant 8	The more the business intelligence division knows about the shopper, the more information we can give to the marketing team who can tailor marketing strategies more appropriately
	In terms of establishing and maintaining a personal relationship with each of our customers, we have marketing who use social media platforms such as Facebook, Twitter and Instagram to communicate with the customer. People can call in, email or write a Hello Peter, and our customer service team will respond to their queries. Therefore, there is online interaction with the customer.

Participant 9	Within our product offering we receive statistics from the business intelligence team and from those we can see what our customer is buying, and then try and gage a customer profile.
	Even though many customers recognise our brand name, they are still very hesitant and fearful of making online purchases.
Participant 10	We view every complaint as an opportunity to win the customer over so that they become promoters of our brand.
	It is so expensive to get new customers and there is so much competition out there, so it is important to use the information you have to your advantage, know your customer and remain relevant.
	It is important for any e-commerce company to be able to exercise some kind of control over its external parties because for instance when a customer complains, they do not complain to the courier, they complain to us, even though the fault may be with the delivery guy.
	An indirect way of generating income is by always aiming to retain our customers. We want to win customers over so that they keep coming back to us. In my experience, it is more expensive to get a new customer in than to keep an old one, so our aim is to win customers for life.
	Our marketing department is also indirectly involved in generating revenue. They use our website, app and social media to reach out to our customers. They send out emails to inform customers of new developments, competitions, voucher codes, etc.
Participant 11	I think that partnering with well-known South African designers assists us in promoting our brand.
	For one, they are able to track who has not shopped on our website in a while, and from the data stored in our systems, they can send the customer an email tailored to their shopping habits.
	Spree is big on creating brand loyalty and will award some of our customers with vouchers and other special treatments

Table 4.20: Customer experience

Participant 1	One of the biggest challenges with e-fashion is that customers do not have the ability to try on items before they buy them, which makes the experience very uncomfortable.
	We want to try and create a great experience for our customer, and that is where technology is concerned. So, for instance, our app is high quality and offers an easy-to-browse catalogue, and that is where the experience counts.
Participant 4	We are vigilant of the size of our website pages, making sure that we optimise. We also need to ensure that our website is as quick as possible because a slow website means a drop in conversion.
	We do everything we can within the existing infrastructure to give the customer the best possible experience
	The customer would contact us with a complaint because they wanted their money back, yet we had not received the order. It is very difficult for us to offer a solid service when we do not control the last mile.
	We wanted to create a solid customer experience

	We will never make online shopping more convenient than offline if we do not give the customer a seamless experience from start to finish. So we are looking at ways to take that under control.
	Now our challenge is making the customer experience so good that the customer will want to come back to Spree to shop again.
Participant 5	But one of the biggest challenges came when customers wanted to return their goods. An inability for customers in Namibia to return products they had purchased caused a lack of customer support and the experience for the customer was not great.
	What the technology provides is a way of presenting that product to the customer which is vital for the experience of e-commerce; integrating all the electronic payment options, and finally integrating the chain of operational events that lead to the delivery of the product to the customer.
	It is all about evaluating your business, and looking at where there are successes as well as inefficiencies, and constantly trying to improve the business for the satisfaction of the customer.
	Spree is in an advantageous position because we have the ability to pay attention and learn from a large number of huge international e-commerce companies that are affiliated with Naspers. The closer we can view the developments that are taking place in these international markets, the more we can improve on our own customers' experiences.
Participant 6	We are however working on providing a seamless customer experience for customers in other locations too.
	We are however working on providing a seamless customer experience for customers in other locations too.
Participant 7	Building trust is largely the result of the customer's first interaction with the website. Does the website look secure? Has the customer been referred to the website by a friend? Has the friend used the website in the past?
Participant 8	If a customer in Cape Town orders something, they may have their order delivered on the same day. But orders from Johannesburg take about 3-5 days to be delivered.
Participant 9	We are not like an omni-channel retailer and so what is important for us is to do everything we can to convince the customer that shopping with us is a good choice. We need to provide a seamless experience from start to finish.

Table 4.21: Decreasing operating costs

Participant 1	Launching a website enables instant national reach.
Participant 2	We are looking at ways of reaching our larger customer base which will lead to a better customer experience and quicker deliveries.
Participant 3	Nigeria, Kenya and other middle African countries are doing well, the logistical networks in these countries are not well set up. If we were to establish operations in these countries, we need to go in with a full courier offering as well as the e-commerce offering which would make it very expensive.
	Spree was set up to leverage off the Company Z magazines business so it only made sense to build an e-commerce company off the strong magazine titles.
	The distance is too vast and the red tape for imports and exports is too extensive. We would have to open up a separate operation in the country of interest.

Participant 4	Speed-to-market because it is easier starting up as a website and there are definite cost benefits once you hit scale.
Participant 7	We also had to cut out verticals we had added to our product offering because they were not performing very well.
Participant 9	They impact our product offering because initially we had relatively small units per garment, and as such, we did not get the cost benefits. Now that we know which brands are performing well, we can purchase bigger units from brands. We have also introduced our own private label which allows us to produce our own garments. What we would initially do is produce a small quantity per garment with a local supplier who would give us a certain cost. But now that we have grown, we have opened ourselves up to bigger units per garment which have brought the costs down. This allows us to achieve better margins as we get better costings. Therefore, even though the brands we deal with are quite strict on their cost and selling prices because we can produce our private label, we gain economies of scale as we are able to produce bigger units per garment, and receive a cost benefit on what we sell.
	When a product does not do well we flush it out the business with discounts. The system will systematically discount the product at certain ages of its product lifecycle, and then it eventually falls into our store where we do massive discounts and then it is sold out on discount where you get things such as end of season sales.
Participant 11	After reviewing the cost-benefit analysis of shipping to Namibia, it became clear that continuing business operations in Namibia would not be worthwhile.

Table 4.22: Couriers

Participant 1	In South Africa, courier deliveries are quite poor and unreliable. So, although we definitely need to focus on our product offering and the online experience, what is more important is the offline experience.
	One of the main frustrations I have is the fragmentation of courier services in South Africa. There are about 25 different courier services in the country, whereas in developed countries they have surpassed that stage and have consolidated logistics systems.
Participant 2	Currently, the only part of the business that really interacts with the customers in other provinces are couriers who are outsourced. We work with numerous external couriers and internal couriers.
	A business would not need to partner with couriers, suppliers, etc. if it could control or own everything internally. However, when it does not have control over these factors it needs partners and maintaining these partnerships and understanding between stakeholders in terms of what it is trying to achieve, is very important for business, especially when considering couriers who are the last engagement with the customer.
Participant 3	Nigeria, Kenya and other middle African countries are doing well, the logistical networks in these countries are not well set up. If we were to establish operations in these countries, we need to go in with a full courier offering as well as the e-commerce offering which would make it very expensive.
	We make use of couriers or post office services.
Participant 4	It is very difficult for us to offer a solid service when we do not control the last mile.
	Couriers, on the other hand, are basically the face of our brand, and if they do not represent the brand well, it gives us a bad name. So again, it is very difficult not to be able to control the last mile.

	We will never make online shopping more convenient than offline if we do not give the customer a seamless experience from start to finish. So, we are looking at ways to take that under control.
	We work with various internal and external couriers who are basically the face of our brand. We entrust them with delivering a customer's products on time so that the customer experience is maintained to the standard we want it to be
Participant 5	One of the greatest challenges we are faced with right now is trying to improve the last mile.
	Looking at the last mile; how do we get the product to the customer quicker? So, we look at innovative ways of distributing our product, such as crowdsourcing. So, it is essentially taking the traditional business model and extending it by using new models of distribution and customer fulfilment and satisfaction.
	We work with internal and external couriers who we entrust to deliver products to our customers in time. Controlling the last mile is something we are still working on improving.
Participant 6	We work with a number of couriers who deliver products to customers on our behalf.
Participant 7	We are not like an omni-channel retailer and so what is important for us is to do everything we can to convince the customer that shopping with us is a good choice. We need to provide a seamless experience from start to finish.
	There needs to be a functioning courier and/or postal service within the country and if this is not in place the e-commerce company may need to build and run it themselves. This means a lot more investment, but it can be outsourced to other e-commerce companies at a fee. This is also true for the warehousing element, the e-commerce specific warehouse is fairly specialised.
	We have an internal and a few external couriers whom we entrust with delivering orders to consumers. The challenge with this is that we have no control over the last mile.
	Our external parties play a critical role in the success of the business. We are very lucky because we have an internal courier but we still maintain relationships with other couriers.
Participant 8	We work with various couriers and have our own distribution company which is responsible for delivering products to customers in Cape Town and Johannesburg.
	We have an in-house courier that is part of our logistics company that we manage, and we also use external couriers and we may look to vertically integrate our courier and warehouse.
Participant 9	Why we decided to establish the business in South Africa first is because Company Z, our parent company, is based in South Africa. So, it made sense for Spree to start locally, especially as it used to be affiliated with Sarie, one of Company Z 's magazines.

Participant 10	It is important for any e-commerce company to be able to exercise some kind of control over its external parties because for instance when a customer complains, they do not complain to the courier, they complain to us, even though the fault may be with the delivery guy. Couriers represent us - we have given them control over the last mile and entrusted them to make our deliveries. This is why the relationship with our couriers needs to be exceptional. If not, we are at risk of losing our customers' trust and we will have the responsibility of building that trust again.
	We have a third-party logistics partner that is owned by Company Z and we also work with couriers.
Participant 11	Our couriers need to deliver the products to our customers in time.
	We work with in-house couriers who are responsible for delivering products to our customers.

Table 4.23: Categories and nodes

Themes	Categories	Nodes
Participant demographics		age, gender, ethnicity, years of experience in e-commerce, level of education
Infrastructural barriers	Internet security	lack of trust
	Broadband connectivity and high access costs	Internet costs, Internet infrastructure, Internet security, mobile penetration
Socio-economic barriers		economic disparity, slow e-commerce growth, small and underdeveloped markets, developing middle class
	Educational system	IT knowledge and experience, lack of appropriate skills
	Logistics	couriers, shipping costs, last mile
	Product returns	retaining customer's trust
	Method of payment	lack of education, credit and debit cards, EFT payments, Snapscan, payment-on-delivery, consumer convenience
Socio-cultural barriers	Trust	building customer trust, lack of trust
	Lack of personal interaction	local market, localising offering, cultural differences
	Quality of personal relationships	personalisation
Institutional environment	Government policies and regulations	government assistance, government support, legislative barriers
Cognitive barriers	Integrating the local language	English universal language, cultural differences
Business models	Business strategy	make fashion accessible online, dominating South African e-commerce fashion industry, getting the basics right

	Traditional business models	keeping the traditional business model the same, core objectives, customer demands
	Influence of international markets	international trends, learning from international companies, use of international business models
Relational objectives	Purpose of the website	place fashion online, sell fashion, customer demands, engaging with the customer
Value-based objectives	Financial rewards	selling fashion online
	Product and channel enrichment	brand promotion, brand loyalty, brand awareness, customer shopping habits, seamless experience, customer interaction, relationship with couriers, Naspers
	Decreasing operating costs	resource sharing, speed-to-market

Appendix III

Ethical Clearance Acceptance



UNIVERSITY OF
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18 April 2016

Ms Sinegugu Portia Mthembu (208512088)
School of Management, IT & Governance
Westville Campus

Dear Ms Mthembu,

Protocol reference number: HSS/0304/016M

Project title: Conquering barriers to e-commerce in Africa's e-tail business: A case of Spree

Full Approval —

Expedited Application In response to your application received on 24 March 2016, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....
Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Ms L Kunene and Dr TP Mbhele

Cc Academic Leader Research: Professor Brian McArthur

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

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Appendix IV

Gatekeeper's Letter

UNIVERSITY OF KWAZULU-NATAL
School of Management, Information Technology and Governance

Master of Commerce Research Project

Researcher: Sinegugu Mthembu 072 567 3912

Supervisor: Ms. L. Kunene 031-260 2393

Research Office: Ms. M Snyman 031-260 8350

CONSENT

I _____ (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of Participant

Date

Appendix V

Turnitin Report

Turnitin Originality Report

Draft by P Mthembu

From Proposals & Draft Chapters (Masters FR)

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Appendix VI
Editor's letter

JENNIFER LINDSEY-RENTON

PO Box 68648
Bryanston
2021
20th September

2016

To whom it may concern,

This letter is to confirm that I am a professional editor and proof reader and that I have edited Sinegugu Portia Mthembu's thesis, the title being: 'Conquering barriers to e-commerce in Africa's e-tail business: A case of Spree.

For any queries, please contact me on jenniferrenton@live.co.za.

Yours sincerely,

Jennifer Lindsey-Renton