Prospects & Challenges of Online Retail Market in Nigeria
The growth of Internet usage in Nigeria continues to increase, recording a growth rate of over 90% between 2000 and 2008. While businesses in Nigeria are reported to have online access with opportunity for e-commercial activities, customers in the country tend to access business websites only to source for information; they continue to make purchases the traditional way. The Internet has revolutionized the mode of business transactions by providing consumers with the ability to bank, invest, purchase, distribute, communicate, explore, and research from virtually anywhere, anytime where there is Internet accessible.

In line with the Nigerian vision of being amongst the top 20 economies by the year 2020, the apex bank of Nigeria (CBN) proposed a cashless policy scheme. The aim is to drive development and modernization of the current payment system that will positively correlate with economic development and will be a key enabler for online retailing.

While the main use of the Internet among the Nigerian populace is for email and social networking, this practical article explains the online retail market’s challenges and prospects. Presently, many online shopping sites are thriving in Nigeria, servicing thousands of searchers every week. Some of these online shopping sites include: jumia.com, dealdey.com, buyonnow.com and konga.com. Several of these sites make the transaction process so easy that buyers forget about the open market. A site like konga.com allows buyer to pay on delivery after making online purchases. Considering this, it is expected that the number of people engaging in online retailing activity will increase. Online retailing has however not been widely tapped into. Many Nigerians still treat its benefits with deep skepticism. They do not believe that online retailing transactions can be successfully conducted.

Challenges of the Online Retail Market in Nigeria

According to experts, there are many challenges facing the online retail market in Nigeria. They are as follows:

- **Security**: Privacy problems have existed on the Internet since its inception, but have grown much worse in recent years largely due to the growth of the Internet. When a consumer shops on the Internet, there can be many threats to personal security. These threats can have major impacts on the users, websites, businesses and even internet service providers (ISPs).

- **Network Reliability**: Instability of Internet service provider networks, which is prevalent across all operators, poses a problem as a barrier to usage, especially when the network fluctuates in the middle of a transaction.
• **Literacy Issues:** In Nigeria, not all targeted populace are literate enough to use the Internet. As earlier mentioned, most Nigerians use it mainly to check emails and access social networks; however, some of them do not know how to make use of the Internet for anything beyond this. For instance, a dubious individual may see a customer that does not know how to operate the Internet trying to make a purchase online and deduct more money than the valued of what the person purchased.

• **Inadequate Infrastructural Development:** The lack of infrastructural development, particularly energy (power), creates a lot of constraints around online shopping.

### Prospects of the Online Retail Market in Nigeria

A variety of benefits are expected to be derived by various stakeholders from an increased utilization of online retailing in any country. Potential stakeholders include:

1. **Consumers:** Increased convenience, more service options, reduced risk of cash related crimes, cheaper access to shopping and getting goods delivered to your doorstep.

2. **Corporations:** Faster access to capital, reduced revenue leakage and reduced cash handling costs, especially with the new policy by the federal government regarding the cashless society.

3. **Government:** Increased tax collections, greater financial inclusion and increased economic development.

### Conclusion

Major challenges identified as impediments to online retail acceptance include the high tendency of Internet fraud, reliability of the payment instrument, insufficient information on the online retail site and the cost of accessing the Internet, especially those who use public café.

In conclusion, this article suggests that use of the Internet for online retail should depend on usefulness, the appropriateness of the task, and trust. Web retailers must put up websites that are rich with information for consumers to be certain of being informed and making right choices. Online vendors need to take perceived risk into account in their website planning efforts and improve on increasing consumers trust. To diminish perceived risk, adequate information (such as contact information of the vendors) must be made available on the web site. An adaptive website approach can also be adopted to improve consumers’ sense of privacy.
Recommendations

In order to achieve the ideal atmosphere for secure online retailing in Nigeria, a clear and practical communication must be put in place by the online vendors, with a high level of security for online retail customers. Shopping through an online retailer should be difficult for scammers/fraudsters, but yet have simple processes especially for those that are not computer literate and or tech savvy. The lack of trust in online companies is a primary reason why many web users do not shop online. These vendors should be able to build trust with potential customers in order for them to go beyond window shopping and admiring what they see to also take the step of purchasing with the belief that their information will be safe and goods purchased will arrive to them in due time.

References


Analyst
Moyo Cole

Partner
Chukwuka Monye

ereditorial@ciuci.us

Office: +234-1-903-5397