



## Online Shopping Systems in Nigeria: Evolution, Trend and Prospects

J. M. O. Gabriel<sup>1\*</sup>, T. D. Ogbuigwe<sup>1</sup> and L. U. Ahiauzu<sup>2</sup>

<sup>1</sup>Department of Management, Faculty of Management Sciences, Rivers State University of Science and Technology, Port Harcourt, Nigeria.

<sup>2</sup>Federal College of Education (Technical), Omoku, Rivers State, Nigeria.

### Authors' contributions

This work was a collaborative effort of all three authors. Author JMOG conceptualized the study and wrote the first draft of the manuscript, whereas authors TDO and LUA managed the literature searches, did the final write-up and formatted the paper. All authors read and approved the final manuscript.

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### ABSTRACT

This paper is a literary reflection of online shopping systems in Nigeria, its history, trends and prospects. The paper recognized online shopping systems as the collection of tools and telecommunication elements that enables the shopping behavior of initiating and completing business transactions without or with minimal direct human to human contact. The paper observed that this style of shopping has reached advance stage in developed climes, but still at infancy in most third world countries; including Nigeria. The Internet has made online shopping not only a possibility but also a huge success contributing to economies around the globe. The paper pinpointed the role of trust in the integrity of online shopping and advocated the need to build trust in the system because the more reliable consumers perceive a business domain to be, the more willing they are to transact there in. the paper also suggests that vendors should introduce online reviews of their products and encourage customers who have bought and used a product to honestly share their experiences on the product page as a way to create improved customer experiences.

\*Corresponding author: Email: [gabriel.justin@ust.edu.ng](mailto:gabriel.justin@ust.edu.ng);

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## 1. INTRODUCTION

Online shopping is a term belonging to the general family of electronic commerce. Advances in information and communication technologies and emergence of the Internet have revolutionized business activities enabling new ways of conducting business referred to as electronic commerce [1]. Electronic commerce, commonly known as e-commerce or e-business consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks. Through this mode, business activities are triggered via electronic funds transfer, supply chain management, Internet marketing, electronic data interchange (EDI), inventory management systems, automated data collection systems and online transaction processing [2].

A complete online shopping and e-commerce transaction consists of series of actions, especially: (1) the customer searching for the desired product online (2) making a choice and placing the order online (3) the payment stage (which could be done online or offline) and finally (4) the delivery of the products. These can be referred to as the major stages of a typical e-commerce transaction. Online vendors are therefore faced with the responsibility of ensuring that these four major stages operate in a seamless manner that creates a pleasurable and functional shopping experience for online customers. While online retailers in developing economies have gone a long way in achieving the synchronization of these four stages, retailers in developing economies are faced with technological, operational and social constrictions that have prevented e-commerce and online shopping from reaching its full potential. This paper therefore aims to reflect the status of online business operations in Nigeria by reviewing its meaning, trend, challenges and prospects.

## 2. ONLINE SHOPPING

Online shopping refers to the shopping behavior of consumer in an online store or a website used for online purchasing purposes [3]. Online shopping is one of the widely and commonly used mediums for convenient shopping. In fact, it is a popular means of shopping in the Internet community across several parts of the globe [4]. One advantage of internet shopping is that it

provides the consumers with detailed information and multiple choices so that they can compare products and prices. The more the choice and convenience, the easier it is to find what one is looking for online [5]. It has been seen that online shopping provides more satisfaction to the modern day consumers who are seeking convenience as well as speed [5].

Online shopping has experienced a rapid growth during the recent years due to its unique advantages for both consumers and retailers, such as shopping at round the clock facilities, decreasing dependence to store visits, saving travel costs, increasing market area, decreasing overhead expenses and access to multiple options. The Internet has made online shopping not only a possibility but also a huge success contributing to economies around the globe. A survey carried out in 2009 on world internet usage and population statistics reveals that 26.6% of the total world populations are internet users, showing a growth rate of 399.3% in the last decade [6].

With the number of internet users on the increase globally, it is little wonder that the number of online shoppers have increased greatly over the past few years. A 2008 global survey conducted by The Nielsen Company on trends in online shopping reveals that over 85% of the world's internet users have ever made a purchase over the Internet. This percentage shows an increase of 40% from the number of online shoppers, with more than half of internet users being regular online shoppers, making online purchases at least once a month [7].

It was also discovered that the country with the highest number of online shoppers was South Korea (99% of Internet users have shopped online), while Egypt had the least number of online shoppers (67% of internet users have never made a purchase online). The most frequent online shoppers in the world also come from South Korea (79% of internet users have shopped online in a span of one month) and the least frequent online shoppers come from Philippines (59% of online shoppers have not made a purchase in the span of 3 months) [8].

These trends and figures show that although online shopping is gaining popularity and growing exponentially across the globe, this growth is not uniform. Some countries are quick to adopt and

use the Internet for their commercial activities (e.g. South Korea, UK, USA, France, Ireland, Germany, etc), while others are slow adopters and would rather carry out business the traditional way either due to technological deficiency or outright distrust for the online mode of transaction.

Recent years have seen an increase in different forms of online shopping platforms from the traditional single online stores, there has been an increase in online shopping malls representing different vendors, online auction sites and online buying groups. The availability of variety plays a role in encouraging consumers' involvement in online shopping.

## 2.1 Motivation for Online Shopping

The uses and gratification theory seeks to identify and explain consumers' motivation for engaging in online shopping [8]. Of the various measures used to probe consumers' online involvement, the most in-depth dimensions identified are entertainment gratification, informativeness gratification and web irritation [9]. According to the U & G theory, the entertainment gratification construct indicates the extent to which media users are entertained by the web media [10]. When shopping online, consumers expect a certain level of satisfaction from the entire experience which if provided by the web media serves as a motivation for them to return. According to [11], sites that provide superior entertainment value have a higher propensity to motivate consumers to use the media more.

The web irritation (WI) is another major factor that explains the use of the internet under the U & G theory. This construct denotes the extent to which the web contains details that users perceive as irritating [10]. According to [12], when a media engages systems that manipulate, aggravate or are upsetting, consumers are likely to perceive it as irritating influence. Some of such systems include pop-up ads, marketing schemes, and animated banners. These systems have been identified as factors that annoy and irritate consumers leading to avoidance behavior [13]. In retrospect, avoiding such tactics would reduce said avoidance behavior and increase interest in online shopping.

## 2.2 Trends of Online Shopping in Nigeria

With e-commerce being at an early stage in most third world countries of the world, online

shopping trend in Nigeria is not as advanced as it is in other developed climes. Although, the people engage in online banking (e-banking), most people are still not open to the idea of shopping online and prefer to carry out their transactions traditionally, i.e. face-to-face.

The reasons for such preference may not be unconnected to issues of distrust and poverty. Poverty has a role to play because online shopping does not allow for buy-today, pay-tomorrow; which is a common shopping trend among Nigerians under the offline shopping platform. Similarly, online shopping does not allow for haggling which is an inherent tendency among Nigerians, especially the usual request for what is popularly referred to as *jara* (meaning add a little of the purchased item to the gains of the buyer) as part of the sealing of any buying and selling transaction.

In furtherance, previous studies on e-commerce and online shopping have identified several factors, especially poor internet accessibility as responsible for its slow adoption [see 14,15]. Similarly, a study on internet usage in the UK revealed that 82.5% of the total population (62,348,447 people) uses the internet and 29.4% (18,354,000 people) are broadband subscribers [6]. This ease of access to the Internet according to [16] has been identified as one of the factors encouraging the adoption and growth of e-commerce and online shopping in the UK.

In contrast, majority of the Nigerian population do not have access to the Internet. A major study on internet usage in Nigeria reveals that about 16.1% of the total populations (149,229,090 people) are internet users and less than 1% of the populace (i.e. 67,800 people) are broadband internet subscribers [6]. From these percentages, it is evident that only a fraction of the population uses the Internet and even those who access it do so through numerous cybercafés scattered all over urban parts of the country [17,18]. However, due to the public nature of these cybercafés, people were not comfortable carrying out e-commerce activities there for privacy, security and network reliability issues, and this negatively affected online shopping trends in the country [18].

However, in recent times, things have relatively changed because, great populations of Nigerians now have access to the internet through their various gadgets, and hence the dependence on cybercafés has drastically plummeted. Another

factor affecting the use of e-commerce for online shopping in Nigeria “is the lack of a nationally acceptable payment method for online goods and services” [19]. It was averred [18] that the low level of e-Payment infrastructure in the country, serves as a hindrance to public participation in e-commerce.

More so, [15] identifies another crucial factor affecting online shopping in Nigeria to be the shortage of indigenous online vendors. Accordingly, most people who shop online do so from foreign online vendors like Amazon and EBay because there are very few credible online vendors in Nigeria. However, shopping from these foreign vendors can be discouraging due to high shipping costs and most orders not being given smart attention because Nigeria has been negatively reputed for years as one of the world’s most corrupt countries engaging in wide scale internet fraud. A survey by the Internet Crime Complaint Center (IC3) ranks Nigeria third in the world with 8.0% of perpetrators of cybercrime living in Nigeria after the US (65.4%) and UK (9.9%) [6]. This percentage when compared with the total population of Nigerians (i.e. over 140 million people) poses a considerable threat to the Internet world. Hence, most online vendors are wary when dealing with orders from Nigeria for fear of fraud.

It was also observed that, the few online vendors that exist do not have a “structured way of presenting information (product categories) to users and besides, they offered little assistance in helping customers find appropriate products” [20]. This makes it difficult for customers to use their websites for online shopping purposes and this could be the reason why most Nigerian companies with online presence had minimal commercial activities taking place [18]. Till date however, only a fraction of the Nigerian populace engage in online shopping since most people would rather engage in face-to-face transactions than go through the rigors associated with online shopping.

### **2.3 The Role of Trust in Online Shopping in Nigeria**

Trust is of indescribable importance in human relations because it determines the confidence parties may have concerning the integrity of a transaction. Several scholars have lent their views regarding what trust is; among such are: Trust as a “willingness to be vulnerable to another party” [21]; “the confidence a person has

in his or her favorable expectations of what other people will do, based, in many cases, on previous interactions” or as “one’s belief that the other party will behave in a dependable, ethical, and socially appropriate manner” [22].

Similarly, [23] describes trust “as the belief that the other party will behave in a socially responsible manner, and, by so doing, will fulfill the trusting party’s expectations without taking advantage of its vulnerabilities”. From these definitions of trust, it can be deduced that trust is vital for interaction and relationship building between parties involved which has informed position that some degree of trust is essential in environments perceived to be risky, however minimal [24,23].

[24] state that “trust is central to interpersonal and commercial relationships because it is crucial wherever risk, uncertainty, or interdependence exist”. The Internet is one of such environments due to its shifting and somewhat unpredictable nature. In face-to-face transactions, customers build trust based on physical interactions and human mannerisms of vendors. People are less likely to make purchases from individuals perceived to be dubious, or who are rascally adorned even on a first time basis.

However, online customers do not enjoy such benefits of human interaction and can only base their perceptions on vendors’ websites. Hence, the need for trust in online environments is as important (or more important) as it is in physical interactions. To this effect, the significance of trust as a contributing factor of consumer acceptance and use of online shopping has been studied by many researchers [24,22,23,25].

[24] State that “trust is important because it helps consumers overcome perceptions of uncertainty and risk and engage in “trust-related behaviours” with Web-based vendors, such as sharing personal information or making purchases” [22]. also suggest that “trust is crucial in an online environment because of the greater ease with which online customers, compared with bricks-and-mortar store customers, can be taken advantage of in an online environment, even without their knowledge”.

Previous studies have investigated the reasons why people engage in online shopping and identified various contributing factors including trust. A study by [3], shows that “attitudes toward

online shopping and intention to shop online are not only affected by ease of use, usefulness, and enjoyment, but also by exogenous factors like consumer traits, situational factors, product characteristics, previous online shopping experiences, and trust in online shopping” [26]. in a recent study on e-consumer behaviour, also link image (in terms of product selection, fulfillment, and customer service), emotional states, social factors and learning to attitudes and intention to shop online. However, much emphasis has been placed on trust in e-commerce and online shopping because of the reasons suggested earlier [23]. states that “the importance of trust is elevated in e-commerce because of the high degree of uncertainty and risk present in most on-line transactions”.

## **2.4 Prospects of Online Shopping in Nigeria**

Despite the aforementioned challenges facing the Nigerian online shopping environment and the e-commerce sector, the sector remains the largest e-commerce sector in Africa valued at \$13 billion and growing at a rapid pace of 25% annually [27]. This of course is driven by the increasing number of people getting connected to the internet. As at 2013, Nigeria emerged the country with the largest internet connectivity in Africa with more than 56 million recorded internet users [28]. This growth is further reflected in the number of orders made online from major online retailing vendors which increased from 1,000 orders per day in 2012 to 15,000 orders per day in 2015 [28]. It is therefore evident that Nigeria has a great potential of adopting online shopping and e-commerce however, the aforementioned challenges need to be addressed.

In light of the difficulties facing the e-commerce sector in Nigeria, online vendors are devising techniques to encourage and increase customers’ confidence in online shopping. Popular online vendors like Jumia and Konga have introduced the pay on delivery option where customers make their orders online without having to pay online; payments are made when the customer receives their goods. This has gone a long way with addressing the trust and security issues associated with buying products online. Also, in a bid to increase trust and encourage online shopping, future trend may experience reduction in and more accurate lead time. Presently, most Nigerian online retailers take about 7 working days to deliver goods purchased online. People will be motivated to engage in

online shopping if the option for next day delivery or two day delivery exists even if at a fee.

A commonly identified challenge to online shopping in Nigeria is the authenticity of the products displayed on websites. What happens if the products do not meet the customers’ expectations? Most online vendors do not incorporate an adequate and convenient return policy. Customers are most likely to engage in online shopping if they are assured not only of the quality of the products but also that they are able to return the product conveniently and without loss if expectations are not met. Furthermore, the challenge of product authenticity can also be reduced if vendors introduce online reviews of their products and encourage customers who have bought and used a product to honestly share their experiences on the product page online. With such a procedure in place, customers are able to adjust their expectations and even the vendors are able to tailor their products to better meet the expectations of customers.

Overall, for online retailers to take over the market and get established, it is imperative that they develop strategies for improving customers overall experience online. There is need for retailers to exceed the customers’ expectations of just an automated buying and selling process. Some major online retailers in developed countries have introduced additional online features such as virtual testing of products like clothes and accessories. Customers upload their pictures dresses are tested on the picture online. This can also be done for accessories like sunglasses and prescription glasses. With such an invention, the need to visit physical stores is greatly reduced and customers will begin to enjoy seamless online shopping experience.

## **3. CONCLUSION**

Conclusively, this paper has critically discussed the evolution and trends and prospects of online shopping in Nigeria. It has shown that there is a growing trend in online shopping as this have proven to be more convenient. Also, the issue of trust has been identified as the most relevant factor that seems to be affecting consumers’ online buying behavior. If they (consumers) trust the website, they will be more disposed to buying online. Other factor such as accessibility and network reliability were also highlighted. These variables reflect consumers’ perceptions of technology. Accessibility affects perceived ease

of use and perceived usefulness of the Internet to shop.

Network reliability was also highlighted as factor that affects perceived ease of use. This paper also suggests that the more reliable consumers perceive a network to be, the more willing they are to transact on it because such positive considerations will in turn increase their perceived usefulness of online shopping and intention to shop online thereby encouraging actual purchases.

#### 4. RECOMMENDATIONS

- Taking the above literature into consideration, managers and owners of online business need to employ strategies that will not only induce consumers desire to visit their stores online but also build trust and increase overall buying experience. For instance, a well-detailed description of all products displayed on website should be made available in order to adjust customer's expectation of a product and avoid incidents that impede trust. Also, in light of the idiosyncrasies of the Nigerian online shopping environment, it is essential for E-business owners and managers to build a strong relationship with their customers through sales follow up and other related strategies in order to foster trust and repeat patronage.
- Research in the Nigerian online shopping environment is scarce and requires more in-depth analysis on the role the government can play to foster e-business in the country, identifying the kind of experiences customers are looking to get out of shopping online and most importantly how online shopping is beneficial to both the customers and the vendors.

#### COMPETING INTERESTS

Authors have declared that no competing interests exist.

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