

SMEs are key to driving e-commerce success in South Africa

The mere act of using your phone or computer to order things that you need, which then show up at your door within hours still seems quite magical. Add to this that those few clicks could boost South Africa's economic recovery, and the thought becomes quite astonishing. But, it's true.



Source: [Pexels](#)

Offering convenience, accessibility and choice to South African consumers, e-commerce could have a key role to play in driving economic growth through innovation, increased productivity, and delivering on better customer experiences. And with South Africa recording its first economic contraction since the 2008 global financial crisis in 2020, this is sorely needed.

Financial experts predict that the national economy is expected to reach [pre-pandemic levels](#) this year but the long-lasting impact of the pandemic will still be felt for years to come.

In 2020, when the pandemic forced a massive closure of the economy, e-commerce recorded [66% growth](#) year-on-year to become a sector worth over R30bn.



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So we can see just how substantial its contribution has been and how crucial it is that we nurture and sustain this growth. With more than 98% of businesses in South Africa being small and medium-sized enterprises (SMEs) who are responsible for 50 to 60% of employment, it's clear that realising the potential of e-commerce will be reliant on SME adoption.

And yet, many SMEs have not expanded their business into the e-commerce space despite the many business benefits it offers. In fact, some SMEs don't even have an online presence at all. So, what's stopping them?

Overcoming the challenges of e-commerce

One of the biggest challenges that SMEs often face when looking to move into the e-commerce space is resources. Simply put, they don't have the capital, skills or time to build, manage, and run the complex infrastructure needed to coordinate online purchasing and deliveries.

With the effects of the pandemic resulting in constraints on their budgets, many are hesitant to invest in developing their own capabilities, despite the fact that they would significantly increase their revenue in the long-term and drive their recovery much faster.



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What South African SMEs might not know is that Delivery-as-a-Service (DaaS) platforms like Orderin enable businesses to gain access to e-commerce and on-demand delivery services without the need to build their own costly, internal infrastructure. These kinds of services leverage the power of technologies such as AI and data analytics to provide fast and affordable shopping and delivery services.

DaaS providers also make last mile delivery more accessible for businesses and empower SMEs to remain competitive in this space, even against larger enterprises, through significant cost savings, timely delivery, flexibility, and reach.

A good DaaS provider will allow a business to track drivers in real-time, provide automatic notifications on the status of a delivery, and provide customers with accurate arrival times. Overall, enabling them to improve customer experience while meeting customer needs.

Leveraging the opportunities of e-commerce

The pandemic changed the face of business as we know it. The world is no longer moving to a digital-first society, it's already here and SMEs need to keep pace with this shift if they want to remain competitive.

In 2022, this has only perpetuated the need for all businesses to cultivate a robust online presence. This rings true for not only already established businesses, but also for up and coming small businesses.

The pandemic has also had a long-lasting impact on South African consumers, in regards to where and how they spend their money, as well as their expectations from retailers. Small businesses are not excluded from the need to fulfil these

expectations.



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More than half of South Africans are now shopping online with [71%](#) of those consumers noting that they would continue to do so post-pandemic. There is, therefore, a massive potential for SMEs to benefit from this demand by adopting e-commerce into their business.

SMEs have borne the brunt of the negative economic impact of the pandemic, but e-commerce presents an opportunity for SMEs to not only recover from the losses sustained over these past two years, but also to grow and become more profitable in a post-pandemic economy.

Through e-commerce, South Africa's SMEs will also be able to build the resilience needed to easily adapt to changes in the marketplace and withstand any future disruption.

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