

Rethinking ... ecommerce & township entrepreneurs



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Townships are considered key to unlocking the South African ecommerce retail industry representing at least 40% of the national grocery market where despite the small basket size, the benefits offer a high return and the possibility of incredible growth.

With ecommerce spend only accounting for 2% of SA's total retail transactions compared to the global average of 16%, according to Business Insider our local ecommerce market remains untapped. That said, Statista projects that at least 30 million citizens could be converted to online shopping by 2024 making informal and township markets an obvious consumer base with the potential to provide what big retailers offer such as delivery, customer service, variety, and refund policies, as an automated process.

With the world's highest data costs and unequal infrastructure seen as the sticking point to unlocking our township neighbourhoods, a critical understanding of this sector to break the cycle is key as reported on www.xtraspace.co.za. Add the fact that ecommerce deliveries in townships are hampered by unpaved roads, overcrowding, high



“Ecommerce deliveries in townships are hampered by unpaved roads, overcrowding, high delivery costs, especially true for outlying and rural areas and security concerns”

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delivery costs, especially true for outlying and rural areas and security concerns, this is no insignificant undertaking.

That said the eshopping potential to pivot in this space affords the opportunity to mould our ecommerce township ecosystem. As suggested on www.izi98fm.co.za, we already have the product skills, the resources on the most part and a critical understanding of township consumer behaviour – opening up a fresh space for innovators and collaborators to step up and drive township business on digital platforms. The fact

is that townships have sustained small business ecosystems to the point that “if we listed every product and service that every registered township business offers on a single database – we would have everything.”

With the government announcing in May this year that R10 billion will be spent on upgrading townships and a recently proposed Township Economic Development Act formally tabled targeted at changing how commercial activity is governed and supported in township areas – the practical realisation of shared economic



acceleration, using townships and informal settlements for the greater benefit of SA are being realised. Business Live reported that the Act will put in place incentives to install broadband infrastructure and heralds a game-changing intervention for small township businesses to “reach a ladder rung of formality.”

A strong ecommerce offering is not just about having the right tech available, it is also about developing a new way of generating growth and revenue and future-proofing a business as far too often the ones providing access want too much in return and aren’t using it to build the market. The starting point in developing any ecommerce strategy has to be based around what is the collective value for the ecom provider, the trader as well as the consumer.

“We need innovative partnerships to provide platforms for informal and township traders. Where perhaps online courses facilitate creative business ideas that inspire ecommerce opportunities for township entrepreneurs and significant investments are made to support reliable infrastructure – the two go hand in glove. eCommerce has to become more inclusive; be seen as a value-add for all parties to allow for sustainability and easily understood so it can benefit everyone – that’s when this sector will take off,” said Michael Smollan, Chief Growth and Innovation Officer, Smollan.

The 2021 South Africa Township Marketing Report found that almost a third of township residents have a side hustle, no surprise as townships have



always been a hub of entrepreneurial activity.

With the average SA consumer still predominantly bound to cash sales, communicating the functionality and safety mechanisms of online shopping is crucial. Kantar’s Jack Hlongwane, in the same report, believes that one of the greatest obstacles to expanding township ecommerce is education and trust which is a huge issue in townships, suggesting that the definition of ecommerce needs to be reworked and energy spent making things understandable and simplifying the terminology around payments.

Tapping into Kasi (township) culture as the formal economy finds its feet from the effect of the pandemic has encouraged many people to successfully adopt a more entrepreneurial mindset in this sector.

Tim Hogins launched Blacqmarket the first online global marketplace securely backed by a block-

chain in SA townships. A former security guard turned business magnate he created an ecommerce platform to allow any businessperson the opportunity to trade online in so doing kick-starting the largely informal sector to bring people online, safely, and securely. A consumer can place an order, pay for it, and pick it up at a PostNet branch with all packages below 5kgs shipped for free.

Fintech start-ups like A2Pay and Vuleka offer solutions that can help spaza shop owners access better prices for inventory, improve stock management and business finances and more easily access financial services allowing them the opportunity to compete with supermarket chains, as detailed in a www.bfaglobal.com article. While Yebo Fresh partners customers by catering exclusively to Cape Town townships allowing households to order goods online via WhatsApp or over the phone with a call-back feature and have them delivered to their doors

There are a lot of keen buyers in townships. **SR**

“Retailers will potentially succeed when the online shopping experience becomes more inclusive; a trusted way of doing business; dependable; easy to get to and safe. 🏠”