

Innovative e-commerce approaches can help small businesses in Africa

By [Mercy Mpinganjira](#)

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Africa's growing digital economy is fast changing how business is done on the continent. Trading of goods and services online, for example, is estimated to be worth [\\$24 billion](#). It's growing at [around 25%](#) a year.



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This rapid growth has been supported by the continent's burgeoning mobile phone industry. Africa is home to [1.28 billion people](#). It comes second only to Asia-Pacific region in terms of unique mobile subscribers. Forecasts suggest that there will be [well over a billion](#) mobile subscriptions on the continent by 2022. It's not surprising, then, that mobile phones have become the platform of choice for people in Africa who engage in e-commerce.

It's important that the growth of the digital economy – including e-commerce – involves and benefits Africa's small and medium business sector, which is the acknowledged [engine of economic growth](#) on the continent. Small and medium enterprises make up [more than 90%](#) of businesses in most African economies. This makes them the biggest employer and a big contributor to the growth of the region's middle-class population.

But not many small and medium enterprises will be able to benefit much from e-commerce and developments in the digital economy as a whole without the development of proper digital innovation ecosystems.

In the natural world an ecosystem refers to a community of living organisms in a given area and the complex relationships that exist between them and their environment. So an [innovation ecosystem](#) includes all the players and environmental factors that facilitate innovation. In e-commerce these include idea generators, trading platform developers, seller, buyers and those that provide surrounding support services.

The manner in which these different players are connected and interact among themselves and with their environment creates an innovation ecosystem. And when these connections function well, innovation ecosystems can help to deliver economic and social benefits to a country.

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What's required

Several elements are needed for an innovation ecosystem to be successful.

A facilitation platform or hub is crucial. Innovation centres, universities, industry bodies and individual firms can all act as platforms or hubs. Some good examples exist. Apple is one; it lets individuals and other companies develop and publish apps which they can then sell through its app store.

Complementary resources and capabilities are also vital. These include knowledge resources, technology-related skills and funding to support the creation and commercialisation of products and services. This helps to ensure that each member of an innovation ecosystem derives value that's greater than what it can generate alone.

Small and medium enterprises can work together with members of the ecosystem that specialise in knowledge creation through research and development – universities, for instance. In this way businesses gain the knowledge they need to develop high-quality technical products or services.

[Trust](#) is also crucial. It can be fostered by focusing on information, knowledge sharing and investment in skills. If small and medium enterprises' employees are equipped with specialised technical skills, for example, they'll be more likely to trust the technological and service solutions offered by another player in the ecosystem.

Adaptability, sustainability and the ability to scale up matter in any innovation ecosystem.



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Value in Africa

There are already a few well-known hubs in Africa doing this kind of work. Kenya has the [i-hub](#). This gives tech entrepreneurs the physical space to connect with others in their field. It also hosts workshops related to product development; provides mentorship and offers business support services.

Uganda is home to [hive-colab](#), which provides similar support infrastructure and services to the country's tech

entrepreneurs.

And [AfriLab](#) helps to coordinate innovation hubs across the continent. It does this by creating platforms, organising events and supporting projects that bring its members together. This is a good example of collaboration, knowledge sharing and capacity building in an innovation ecosystem.

Innovation challenges are another valuable way of pushing for such ecosystems. The [MTN Entrepreneurship Challenge](#) is one example. It's a pan African competition which challenges students to develop digital applications or smart solutions aimed at solving problems facing the continent. It brings together entrepreneurs, students and investors.

Events like this offer an easy, affordable way for entrepreneurs – including those in the small and medium enterprises space – to participate in the development of home-grown innovations, to promote them for the benefit of society, or both.

More of these initiatives are necessary if the continent is to develop innovation ecosystems that really bolster its invaluable small and medium enterprises.

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