

Report identifies key gaps in e-commerce entrepreneur education

Heavy Chef, through its non-profit Heavy Chef Foundation, has partnered with xneelo to launch the Heavy Chef E-commerce Entrepreneur Education report, a research study focussing on the learning needs of e-commerce entrepreneurs.



Source: www.pexels.com

There's been a marked increase in e-commerce activity since the pandemic, in South Africa and globally. With an estimated 68% of South African consumers currently doing their shopping online, it's safe to say that local e-commerce has gone mainstream. And in an economic landscape like South Africa's, this is proving to be a massive benefit to small business owners, accelerating digital transformation in a space that was previously monopolised by a handful of tech innovators.

"There is a need for us to fast-track the growth of e-commerce in Africa in a way that allows for the participation and benefit of many more individuals and companies," says Heavy Chef Foundation chairperson Lukhanyo Neer. "The Foundation is particularly excited about this research because it details the learning needs of e-commerce entrepreneurs. The insights from this research are integral to creating solutions that level the e-commerce playing field in South Africa."

While information around e-commerce is widely available, very little, if any, zooms in on the actual knowledge and skills required of entrepreneurs to start online businesses – at least not from the mouths of entrepreneurs themselves. The Heavy Chef Foundation and xneelo have set out to uncover precisely this with the Heavy Chef E-commerce Entrepreneur Education Report. The foundation interviewed 298 e-commerce entrepreneurs for a first-hand deep dive into the skills demands of running an online business in South Africa.



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“Entrepreneurs solve societal problems innovatively and create purposeful employment. This is especially true of South African entrepreneurs. At xneelo, we’re proud to do what we can to support, grow and sustain such tremendous resourcefulness and potential,” says Athena Turner, brand manager at xneelo.

Key findings

- **Micro and small is the future**

South Africa has had a handful of e-commerce successes we can be proud of. However, the real story of e-commerce in South Africa is the ‘long-tail’ of micro and small online stores that have increased in their numbers and their collective power.

The Heavy Chef report found that 72% of e-commerce stores in South Africa have a turnover of less than R500,000 per year, with 59% of these being less than two years old in operation. Of these micro to small online shops, 64% generally operate full-time and 36% are side-hustles. An interesting insight is that from the entrepreneurs surveyed, 71% of the people starting businesses are older than 30 years old, with 63% of them being women.

- **Women are leading the pack**

Even though they hold most of the purchasing power in South African households, women have a somewhat dim presence in traditional retail spaces. Happily, the same can’t be said of the e-commerce space. Sixty-three percent (63%) of e-commerce businesses surveyed in the Heavy Chef report were founded and led by women.



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This, according to the report, is pointing to a much larger shift where the traditional demographics of business is changing due to the unique dynamics of operating an online store. This is especially exciting but not at all surprising on a continent with the highest number of women entrepreneurs in the world.

- **Pay-to-Play is the way**

Effective marketing remains at the centre of the e-commerce success story. As digital platforms have transformed over the years, so too have the ways in which businesses can increase their visibility on these platforms. Social media and search engines have to be optimised for efficiency while advanced targeting tools demand that you Pay-to-Play to reach and grow your business audience.

According to findings from the report, 85% of the entrepreneurs interviewed find it “moderate to hard to attract new clients”, 46% rate their marketing and sales skills as poor to average, and 52% wished they had invested earlier in digital tools to market their products online.

- **E-commerce business skills are lacking**

A large percentage of online businesses currently find themselves operating in the digital space as a matter of necessity due to the pandemic. As such, online shop owners are less worried about the technology side of their e-commerce business and more focused on investing in core skills of traditional business fundamentals. Data from the

report supports this claim, with 46% admitting to not having focused on developing their operational skills prior to starting their online business.

Additionally, 62% of the entrepreneurs consider their knowledge of running a business to be poor to average, while 43% admit to struggling with daily planning as part of managing their business and 38%, with long-term planning.

- **The value of partnerships**

Partnerships are incredibly beneficial for small businesses and collaborating with businesses with similar values and objectives is imperative for growing your business, online and off. Entrepreneurs are fast recognising this and the need to cultivate and nurture relationships in their business sphere.



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Fifty-two percent (52%) of the e-commerce business owners interviewed for the report state that access to operational and funding partners is currently on top of their list. Sixty-eight percent (68%) had no prior exposure to other entrepreneurs in e-commerce at the start of their journey and 71% still have limited access to networking opportunities to help them find new partners for their business.

- **Learning from each other**

Because they are often sidelined by formal institutions, small business owners have learned to turn to each other for support. By banding together, entrepreneurs increase their range of influence on the business ecosystem and can assist each other with various services to save costs and provide the support system that they need on an often arduous journey.

Seventy-two percent (72%) of the e-commerce business owners interviewed agree that interactions with other business owners have had the most positive impact on their business. And they regularly return the favour too – 56% revealed that they often share what they've learnt on their journeys with their peers, usually in a one-on-one setting.

As for more traditional sources of networking, 42% revealed that they no longer consider educational institutions to be as effective for forming lasting business relationships.

- **Striving to stand out from the crowd**

While affordable tech solutions have lowered the barrier to entry into e-commerce, it's become more imperative for online business owners to build unique brands with authentic cultures. As a result, e-commerce entrepreneurs see the need to sharpen their skills in areas that sustain their businesses. For example, 58% of the entrepreneurs interviewed consider people management as the most important skill set to develop, as opposed to tech skills.

Additionally, 74% believe that creativity and critical thinking are essential assets on their business journey while for 62%, creating value in innovative ways is their most important skill to develop for the future.

"The burgeoning e-commerce community in South Africa will no doubt benefit from this unprecedented analysis of the learning needs of local online shop owners," says Heavy Chef Foundation CEO, Louis Janse van Rensburg. "The e-commerce entrepreneur report is full of valuable insights for any e-commerce entrepreneur as well as the organisations that support them".

In light of these findings, the Heavy Chef Foundation and xneelo have ascertained that there are three key areas in which e-commerce entrepreneurs could do with additional support from the South African business ecosystem. These are creating more mentorship opportunities for e-commerce entrepreneurs to learn from other e-commerce entrepreneurs, providing monetary resources to help create the sort of learning opportunities that e-commerce entrepreneurs need to grow and sustain their businesses, and measurements to track the effectiveness of e-commerce learning programmes.

Says Janse Van Rensburg about working in partnership with xneelo on the report, "The SA entrepreneur ecosystem can only go from strength to strength when organisations like xneelo thoughtfully engage with entrepreneurs the way they've done with this collaboration. Another indispensable partner to Heavy Chef and our community."

Download the Heavy Chef E-commerce Entrepreneur Education Report [here](#).

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