

Local e-commerce industry can fast-track economic growth

The growing local e-commerce industry presents an exciting solution for fast-track growth in the SMME sector.



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“E-commerce represents a fundamental change in the way that trade is conducted, and offers up a new, more efficient way to connect producers and merchants directly to customers around the country and in fact the world, bridging the gap between demand and supply. This presents major potential for the expansion of small businesses, improved global competitiveness and economic growth,” says Kevin Tucker, founder of product discovery and comparison service PriceCheck.

Entrepreneurs and SMMEs can enhance their current offering through partnerships with established e-commerce service providers, negating the need to set up their own online store.

Steady online growth

“E-commerce has changed the way that many organisations across the world conduct their day-to-day business. This includes the technology that they use, as well as the business processes and practices that they follow – all of which have a direct impact on their pricing, product availability and transportation methods as well as on consumer demand and purchasing behaviour.”

According to internet and mobile technology trends organisation, World Wide Worx, the local online retail industry has maintained a growth rate of above 20% since the turn of the century – reaching a growth rate as high as 26% in 2015.

“The increase in e-commerce offerings has given consumers more information, variety and price comparison options, as well as the convenience of shopping from anywhere at any time. The company’s recent survey of South African online shoppers revealed that 83% use their increased access to information to go online and compare prices, products and stockists when considering making a purchase.”

Access to opportunities

As e-commerce improves accessibility (to products, services and information), it also enables people, who may not have access to much capital, the ability to pursue opportunities which have not been financially or logistically possible through their brick and mortar operations.

“This broader market reach comes with improved overheads – when compared to traditional brick and mortar operations, as the majority of required functions can be automated or outsourced.

“A small local manufacturer, for example, now has the option to expand nationally or even internationally without having to open physical shops or factories across the country or in major international cities.

“This is just one of the ways that the establishment of a strong e-commerce sector can drive entrepreneurship and the success of SMMEs, which is a vital sector for economic growth due to its contribution to the country’s gross domestic product (GDP) – currently at around 40% – and its ability to create much-needed employment opportunities,” he concludes.

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