

# Early-stage entrepreneurial activity in SA surges by 62% over the past 2 years

We are seeing a surge in entrepreneurial activity despite the difficult economic conditions South Africa has endured over the past two years with many many entrepreneurs reporting that they have identified new opportunities because of the pandemic. Yet the Global Entrepreneurship Monitor (Gem) reveals that ease of access to finance remains a perceived barrier for the country's entrepreneurs.



Source: [Unsplash](#)

Gem, one of the largest ongoing studies of global entrepreneurial activity, shows that South Africa's total early-stage entrepreneurial activity increased to 17.5%, from 10.8% in 2019, while established business ownership increased to 5.2% in 2021 from 3.5% to 2019. These numbers paint an encouraging picture of business resilience, says Steven Heilbron, CEO of Capital Connect.

"There can be little doubt that entrepreneurs have experienced a taxing two and a half years, thanks to the pandemic, the unrest in July 2021, and the current landscape of exchange rate volatility, high inflation and load shedding," says Heilbron. "Nonetheless, entrepreneurs remain resilient despite these challenges."

## Spotting opportunities that others miss

Gem gives interesting insights into the psyche of a South African entrepreneur, revealing that their top motivations are making a difference, building wealth and earning a living. "Our country's entrepreneurs are risk-takers who spot opportunities that others miss," says Heilbron. "They are willing to invest in growth and progress, even when the odds appear insurmountable to others."

According to Gem, wholesale and retail have been the largest sector worldwide for early-stage entrepreneurial activity. This sector also reported the highest difference in South Africa from 2015 to 2021, with many merchants looking to seize the post-pandemic opportunity to reach customers with new products and via new channels.

## Old status quo will never return

Heilbron says, “As we emerge from the Covid-19 pandemic, it’s increasingly clear that the old status quo will not return. Change spells risk and opportunity. As we saw from the rise of fast delivery services like Checkers Sixty60 during the pandemic, there’s opportunity in crisis. Ambitious entrepreneurs in retail are showing resilience and agility in creating new businesses to disrupt the status quo and target evolving consumer trends and tastes to compete in a new normal world.”

Among the opportunities retailers are seeking to capitalise on is rebuilding their business to serve customers via digital channels such as apps and e-commerce websites. Home delivery, store pickups, browse in-store and ordering online are great revenue opportunities. Smaller retailers, meanwhile, can play to their strengths with personalised, one-on-one service.

Other retailers are focusing on shopper-tainment and experiential offerings to entice people into spending more time in their stores. Take the example of the Makro Distillery Experience at the Woodmead store, an immersive digital installation with a personality test booth, a whiskey pairing station and mixology quiz.

Another innovation is an office pod setup for premium coffee shops and other venues. Customers can book and pay for these spaces to meet and work during load shedding, boosting revenue for the retailer and attracting footfall.

“Whether it’s investing in a coffee shop and bistro for their shop or putting solar panels and batteries in place to keep trading through load shedding, South African retailers are getting in front of today’s risks and opportunities,” says Heilbron. “And despite perceptions to the contrary, there are some avenues they can explore to access financing to bring their visions to life.”

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