

South Africa's small businesses are struggling in digital progression, report finds

More than half of small businesses in South Africa are not ready for the digital future, a new survey has found. This is according to the DigiBiz Small Business Digital Progression Index Report, to be released in early December. The report is based on a survey by the DigiBiz Programme, conducted during September 2023 with 442 respondents.



Source: [Unsplash](#)

The study into digital adoption trends shows that small businesses are mostly not preparing for change and are only reactively introducing digital tools. In addition, the study shows that female entrepreneurs are better prepared to take on new digital solutions than their male counterparts and that city-based small businesses significantly outperform those that are township- or rural-based.

“The survey methodology allows for measuring a Digital Progression Score for each respondent, which is combined into a Digital Progression Index for overall respondents and for sub-categories of respondents,” says Dr Andre du Preez, the lead researcher of the DigiBiz Programme.

DigiBiz is currently attending the Kenya Innovation Week in Nairobi, where they have been invited to present their Digital Progression Model and key survey findings.

Women are better prepared digitally

The average performance of the respondents is fairly low, at an index score of only 41 out of 100, showing that there is lots of room for improvement in the uptake of digital solutions by small businesses. “The finding that more than half of small businesses are slow to take up digital tools and are also not preparing for change, is particularly pertinent,” says Du Preez.

On the index, women are doing better than men (index score of 42 for women and 40 for men), businesses based in city centres or suburbs do noticeably better than those based in townships, informal areas or rural locations (index of 44 compared to 38) and larger businesses that are VAT registered perform better than those that are smaller and not VAT registered (index of 45 compared to 39).

“These trends are underscored by noticeable variances in the uptake of digital solutions,” says Du Preez. “For instance, we found that 48% of women respondents use an email address with their unique company URL, compared to 44% of men; and in terms of location, the variance is even bigger, with 61% of city- or suburb-based small businesses using unique URL email addresses, compared to only 31% from townships, informal areas and rural locations.”

Men prefer digital systems

The survey found that the same trend is observed in the use of social media pages, with 44% of women and 38% of men using it for marketing, while 67% of city or suburb-based businesses use social media pages compared to 60% from townships, informal areas and rural locations.

Interestingly, these gender trends are reversed when it comes to introducing digital systems. Says Du Preez: “For men, 21% are reporting that they make use of digital customer relation management (CRM) systems, with only 16% of women saying the same. This indicates that men are better at introducing systems, while women excel at digital marketing.”

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