

6 steps to starting an e-commerce store in South Africa

By  Maroefah Smith

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Starting an online business in South Africa can be a tricky minefield. Luckily, [Insaka E-Commerce Academy](#) CEO Warrick Kernes, using his 12 years of experience in e-commerce, let us in on his six top steps to start an online business at the Seamless Southern Africa Expo in Cape Town.



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While his six steps are useful and helpful when trying to navigate e-commerce here in South Africa. He insists that “This isn’t an exclusionary list in which your products must meet my criteria; this is just a guideline to consider when researching the products you’re going to sell.”

1. Pick a product

Before launching your site, make sure you select a product or service that will have people coming back for more, advises Kernes. “A subscription business is the golden goose of e-commerce,” he says.

Once you’ve locked down a repeat-purchase product, take the size into consideration. Think of something that will be easier to import and deliver to your buyers. “It’s quite obvious, it brings down your shipping costs and reduces your warehousing costs and a whole lot of hassle at the same time,” he adds.

Save yourself some time and money and ensure that your product requires low-sales support and has low returns. Returns “may be a hassle”, says Kernes, “but it’s a necessary evil and gives you the opportunity to engage with your customer. But it’s also a mission. And if you have a product that doesn’t require a lot of pre-sales support, that’s better.”

Keep local regulations and restrictions in mind when choosing a product. “Different products have different regulations, any electronic product or anything that needs a Wi-Fi signal needs to be Icasa-certified and that’s going to cost you R4,000 and three weeks. So work that into your planning process,” he says.



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Aim with your margins. “Don’t shoot yourself in the foot by accepting something that has low margins. Anything lower than 20%, don’t consider it. If you have a product that has 45+% margins, you’re giving yourself a cushion that you’ll need when you make mistakes. And you will make mistakes,” advises Kernes.

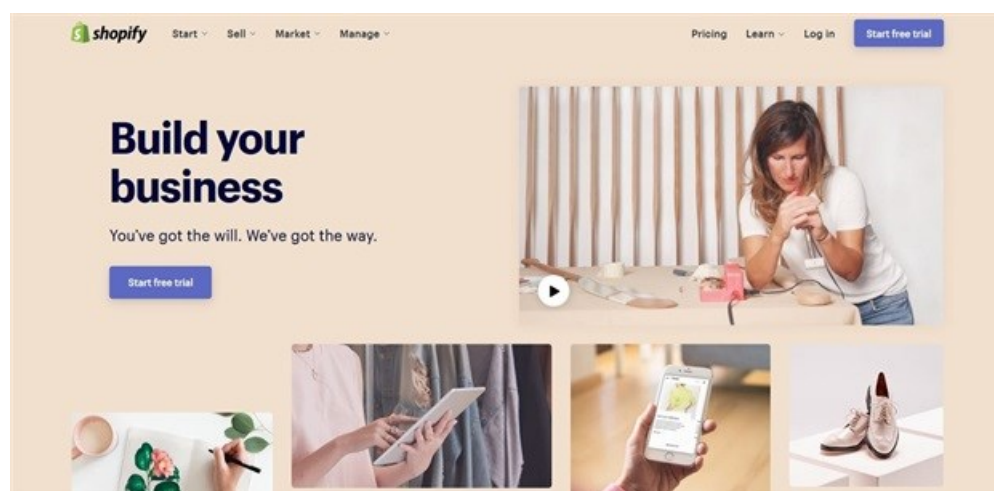
Work in import duties. Kernes says that be prepared for what may come with import duties or you might get the shock of your life with the South African Revenue Service (Sars). “Import duties can be 0% but they can also be 45%. You can get a document from Sars that breaks down all the import duties if you want to be prepared.”

Finally, look at what’s being sold overseas. “You can use websites like TrendHunter and look what the trending products are and see if it’s being sold in South Africa and if it’s not, it might your opportunity to plug the gap,” he says.

2. Select a CMS

After you’ve selected the product you’re going to sell, it’s time to consider the website for it. Kernes has narrowed down the best content management system (CMS) options for aspiring South African online entrepreneurs: WordPress, WooCommerce and Shopify. “These sites let you sell in rands, which is important. They have support structures as they integrate with all of the South African service providers,” he says.

However, he adds that “Unless you’re a WooCommerce or WordPress wizard, go with Shopify. As it will allow you to go live sooner.” He says that as an entrepreneur, one of the first things you’d like to identify is if your company is a winning one or a losing one. If you find that it’s a lemon, you want to know sooner rather than later.



3. Pick a payment gateway

Next stop to your online shop is selecting a way for customers to pay. According to Kernes and 77% of online business in

South Africa (based on an Insaka Facebook poll), Payfast is the way to go. “There are many different payment gateway options – there are 11 of them in South Africa. Some of them are suitable for startup entrepreneurs and SMMEs and some of them definitely don’t cater to us. The ones that do are Paygate and Payfast,” he adds.

Don’t get delayed if you don’t have a business bank account, Kernes advises. “Not many people know this but you can set up a Payfast payment gateway using your personal bank account. You can take credit card transactions on your site online and have that money goes into your personal bank account. This shouldn’t be a stumbling block. If you can’t do that and think it’s not possible, turn on your site anyway and enable EFT payments,” he says, adding that most important thing is to get your site live and start taking payments.



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4. Go live and start making sales

Once you’ve got the basis of your business, get going and go live. “Turn on your website as soon as you can because the perfect is never going to come, get it live and then start working from there. It’s always going to be a work in progress, never think that it will be done because no site is ever done. Takealot changes all the time because it’s never done and never will be. Just turn it on,” he recommends.

Afterwards, get the ball rolling and start making sales. Kernes advice here is to:

- Sell to family and friends
- Promote your business on social media
- Go to a flea market, expo or event and sell your products in person
- Offer launch specials

Another way to drive traffic and sales to your site is to up your SEO (search engine optimisation) game. “SEO is a good way to drive traffic to your site when you don’t have a lot of money for marketing. Basically, it’s all about the relevance of your content and authority of the links,” says Kernes.

His SEO advice includes:

- Registering your business with Google Business
- Joining relevant Facebook groups and forums
- Blogging or guest blogging on sites with a higher SEO rank



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5. Start delivering

When you start making sales, you’ll have to pick a courier company to deliver. Kernes’ courier picks for e-commerce entrepreneurs include The Courier Guy, MDS Collivery, Dawn Wing, FastWay and SendR.

These are the courier companies he’s relied on for years, but he’s also got options for those just starting out: Rush and uAfrica. Rush allows you to book once-off waybills, he says that “you can just say ‘collect from me and deliver to there’,”

you don't need an account, you just pay with your credit card once-off and they let you choose between multiple couriers."

uAfrica, on the other hand, is for when you want to take it a step further as you're getting more sales and you've established your systems. Kernes says that it integrates straight into a WordPress or Shopify site – when someone orders something on your site, it's replicated on uAfrica and multiple couriers then bid against your waybill in real time and all you have to do is select the cheapest one.

Kernes' other tip with deliveries is to consider outsourcing your warehousing. "It'll make your life easier and your work far less. It is a bit more expensive, but if you have a high margin then you can do these things," he says.

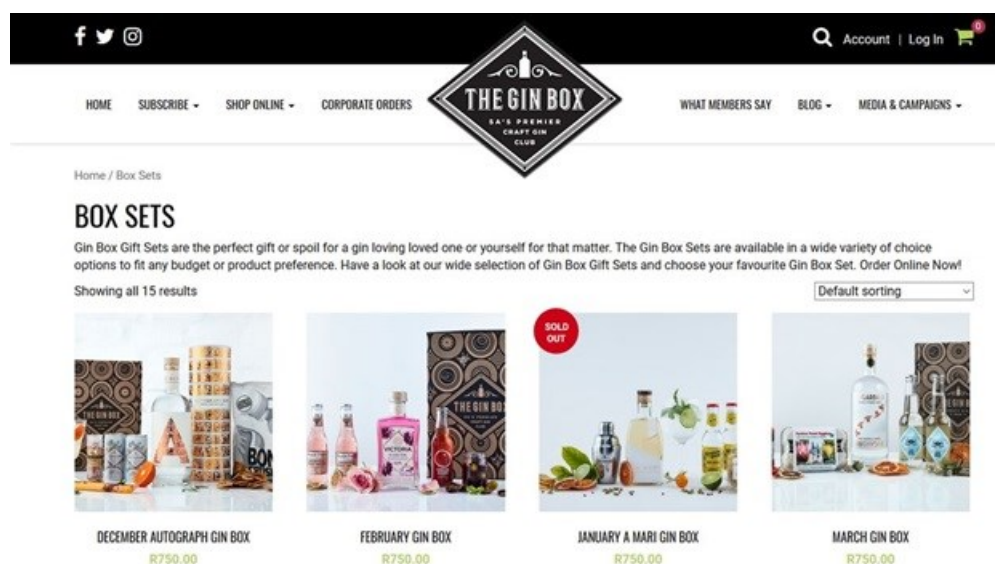
6. Grow and scale your business

Now that your online business is up and running, it's time to start looking at ways of growing it.

Kernes says that outsourcing services and staff are the way to go. "This is an ideal business model for e-commerce because online companies often expand and contract depending on the time. So when you need more help during busier times like Black Friday and Christmas, you don't have to hire more people, you can just make it someone else's problem," he says.

Look at your database and expand your product offering based on what your customers want. Additionally, subscription-based offerings are a good way to increase sales. "It's a good business opportunity so if you can get a product or service that requires a subscription, it's a good way to grow and scale your business."

He adds that: "South African consumers are now very much into this. With the likes of FitChef and some of the other food companies, where you just buy things repeatedly on your credit card. [Gin Box](#) delivers different types of gin to your house once a month or once every two months, whatever you decide and you pay with your credit card and that's it so you subscribe to that service and people love it."



Selling your products on marketplaces, like Takealot and Bid or Buy, is another way to scale and grow your business and, in the process, make some additional sales. "It's a fantastic opportunity to get your product in front of millions of customers and the sales that you get there and, yes, you're giving away a percentage of your sale, but it's probably sales you wouldn't have had anyway," says Kernes.

Open your business to the rest of Africa. "Sell to our neighbouring companies. Just turn it on and tell them to collect. And your sales could go up by as much as 20%," he says.

Now that you've got some helpful steps to launch your e-commerce site, let's get to (online) business.

ABOUT MAROEFAH SMITH

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