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UNLOCKING AFRICA'S POTENTIAL

How social media is powering small business in Africa

This research explores how the digital economy can accelerate African development - with small business being the vehicle to achieve three big Africa-wide opportunities.



The research is informed by a survey of 4,020 small- and medium-sized businesses (SMBs) with fewer than 250 employees in eight countries, namely Senegal, Côte d'Ivoire, the DRC, South Africa, Nigeria, Kenya, Ghana and Mauritius to understand the use and impact of the Facebook apps.



Africa has three big opportunities on its side:

Creating economic opportunities for the **YOUTH**

MEDIAN AGE BY 2030

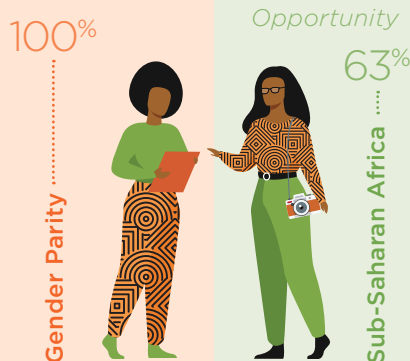
The first opportunity is a much **younger population**. This is a long-term competitive advantage over the aging developed world.¹



Supporting **GENDER PARITY**

FEMALE-OWNED BUSINESSES

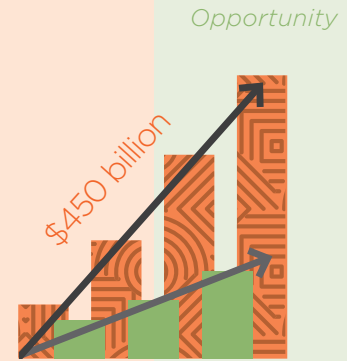
In the sample countries, only 63% of the gender gap in economic participation, earnings and opportunity has been closed.²



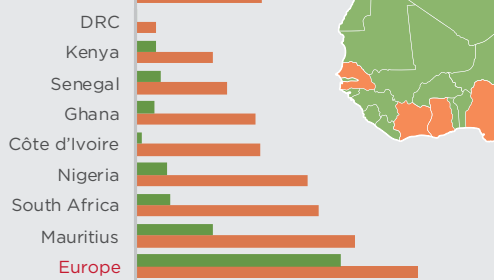
Enabling diversification and **INCREASED TRADE**

AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA)

has the potential to deliver real income gains of almost \$450 billion by 2035.³



Average of sample countries



Internet penetration (as percentage of population in 2009 and 2019)⁴



The digital economy in Africa has been driven by growth in internet penetration

Of surveyed SMBs that use the Facebook apps:

84% report that the apps have been important in the **growth of the business.**

77% report that the **business is stronger** today because of the apps.

55% believe that the apps helped them to **start the business.**

How businesses use the Facebook apps to support business growth



Brand Presence

- Publicly share company information by creating a profile



Networking and Learning

- Join groups to connect with other businesses
- Join and live-stream events via Facebook and Instagram



Sales and Communication

- Directly message customers and suppliers
- List products and services on Facebook Marketplace



Recruitment

- Post job listings and monitor applications via Jobs on Facebook



Market Research

- View account insights like post views and customer reviews
- Conduct surveys and polls



Paid Advertising

- Target specific audiences based on demographics or interests

Start Up Business

Small Business

Medium Business



Social media and messaging platforms empowered SMBs during the COVID-19 pandemic.

65%

of surveyed SMBs across all eight sample countries report an **increase of usage of social media and online messaging** during the COVID-19 pandemic.

25%

of surveyed SMBs that use the Facebook apps report an **expectation that business revenue will be much better in 2021**, relative to only 18% of surveyed SMBs that do not use the apps.

The vast majority of businesses in Africa are small and informal and face four main barriers:



poor access to finance and financial services;



poor access to markets;



poor access to information;



and insufficient business resources.

Resolving the blockages will help to drive development.

Digital tools can help.

✓ Using Facebook apps

✗ Not using social media



Social media helps young people to find jobs and create economic opportunities for themselves and others.

The **average business owner age** for surveyed SMBs that use the Facebook apps:

36 years ✓

✗ 41 years

Surveyed SMBs that use the Facebook apps have younger employees with an average **share of employees under 30** of:

45% ✓

✗ 37%

Social media brings women into formal economic activity.

Surveyed SMBs using the Facebook apps report a higher frequency of being **owned by women**:

36% ✓

✗ 30%

Across the surveyed SMBs, men comprise the majority of employees. However, surveyed SMBs owned by women report a **higher percentage of female employees** - on average, employing more than 60% female employees.

Female-owned
60% ✓
Female employees

Average SMB
40% ✓
Female employees

Digital tools are powerful enablers of economic diversification and increased trade.

✓ **67%** of surveyed SMBs using the apps report having **innovated their product or service offerings** in the prior six months based on information gathered through the apps.

✓ On average, surveyed SMBs in the manufacturing sector rank the ability to **access new foreign markets** as the most beneficial advantage of the apps.



In 2016, Aïcha Diop started Fémézon, a fruit and vegetable company that specialises in locally sourced, natural and organic products in Dakar, Senegal. In 2019, Aïcha heard about **Facebook for Business**, signed up and followed the Facebook Blueprint e-learning courses. Within 12 months she had doubled her turnover and more than doubled her profits. Aïcha hired some of her team of six through **Facebook**, after posting a vacancy in a women's group, and estimates that 90% of her sales are closed via **WhatsApp**.

The pillars of digital inclusion must be achieved for SMBs to access the benefits of digital tools:

...Content

Relatable content shared on platforms



Facebook apps

...Platform & Tools

Accessible platforms and applications



...Skills & Knowledge

Awareness, trust and skills for using digital tools

...Device Access

Affordable access to digital devices

...Network Connectivity

Fast and reliable network connectivity



When surveyed SMBs were asked why they do not use social media more, the most cited reasons were that **“the costs for internet usage and mobile data are too expensive”** and that they **“do not trust that data on social media is private”**.

Recommendations

- Reduce the costs of using the internet for consumers by, for example, implementing more flexible spectrum licensing rules in rural areas, introducing policy to improve competition between internet service providers, and investing in fibre network infrastructure.
- Bring down the costs of owning and using mobile devices by reviewing ICT and digital device taxes, and encouraging local production, assembly or recycling of mobile devices.

Recommendations

- Invest in digital literacy and awareness campaigns.
- Include ICT training and digital literacy in basic and secondary education.
- Ensure that digital platforms are transparent about data collection and usage.

The report calls on governments and private companies to partner and grow a digital environment that can power small businesses to unlock Africa’s three rich opportunities.

1 UN Population Division (2017). *World Population Prospects, 2017 Revision*. Available [here](#).
 2 World Economic Forum (2020). *Global Gender Gap Report 2021*. Available [here](#).
 3 The World Bank (2020). *The African Continental Free Trade Area*. Available [here](#).
 4 International Telecommunication Union Country ICT data (2020). WeAreSocial (2020). Genesis Analytics (2021).

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FACEBOOK

This study was commissioned by the Facebook Company and independently researched and prepared by Genesis Analytics.

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