

Women entrepreneurs boom online



By

UPSKILLING NEEDED: *Though small retail businesses are doing well, their proprietors need training to grow*

HAVE you ever bought anything through Facebook or Instagram recently? What are the items you would most likely buy over social media?

Social media commerce, or s-commerce, is becoming more popular, driven largely by "Facebook commerce" ("f-commerce") and "Instagram shops" ("instashops").

The role of women in these ventures is significant. According to entrepreneurship consulting firm Accel Partners, in India, where purchasing power of women is still low (a survey reported that only 10 per cent of urban women own a credit card), women shoppers account for a quarter of total e-commerce sales last year. Not surprisingly, 52 per cent of online shopping transactions are in fashion and accessories, baby care, jewellery and home decor.

But women are not just shoppers. Social media shops set up by women, especially housewives, are mushrooming by the day. The reason is obvious, social media is the perfect platform for new female entrepreneurs with little capital -- drop shipping (where the retailer does not keep stock but transfers a customer's order to a manufacturer or wholesaler), for example, requires zero capital -- and it can be used as an avenue to test the market before operating on a larger scale.

Because it supports home-based businesses, s-commerce is often the only solution for certain types of entrepreneurs, such as specially-abled persons and mothers.

However, it also encourages the informal economy, particularly for women, who are traditionally more prone to informality than men.

Although many social media entrepreneurs are earning quite handsomely, a large number of women still consider their endeavour as a supplementary, rather than main, source of income for the household.

Some women, however, are more creative and seek to make a transition to formality by setting up vendor concept stores, where store owners, apart from selling their own products, rent out small floor spaces to vendors in return for zero profit from the latter's goods.

The vendors manage their own inventories while store owners provide customer service, either themselves or by employing staff. Most of the vendors are fellow social media entrepreneurs, making up a small network in each store. Some vendors keep their informality as they accumulate experience, capital and customer base before setting up their own stores.

The above is only an example of the ways women entrepreneurs progress from informality to formality. Though increasing, those who make that leap are outnumbered by those who don't.

A major barrier for online and offline female entrepreneurs alike is the lack of knowledge to grow their businesses. Although social media businesses face lower barriers to entry, they also operate in a competitive environment, which means a very thin margin.

Many female entrepreneurs, because of the part-time nature of their businesses, lack even the most basic skills, such as book-keeping and financial management.

Most do not separate business funds from their personal savings. Also, a great number of them, particularly those operating only in social media, focus on the final end of the supply chain, with very little value creation.

These women should be encouraged to add value to their goods, which may require skills training. Access to capital, such as micro-finance, for female entrepreneurs remains limited and should be expanded to enable them to achieve economies of scale. A lot more can be done in these areas to assist these businesswomen.

Aspiring social media businesswomen should learn from the more successful businesses, both online and offline. More often than not, the latter is characterised by a strong brand presence, originating from either a differentiated product or an effective marketing strategy, or both. Innovation remains a critical success factor.

For many female entrepreneurs, their businesses are real and viable. They have the potential to grow and become an important source of household income. What these women need are a bridge to help them transition to formality. Public policy can help build this bridge.

Mazlena Mazlan is a Researcher in Economics at ISIS Malaysia