

The year in review: 3 key takeaways from 2023 for SA's small businesses

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Heading into 2023, the local small business community was 'cautiously optimistic'. 2023 was the start of a fresh, new, pandemic-free year and many small businesses were looking to recover their losses and return to business as usual. However, the ongoing and deteriorating energy crisis, the knock-on effects of geopolitical tensions abroad and cost-of-living crisis, put a damper on these positive prospects and drove 2023 in another direction. In response to these mounting pressures, many small businesses renewed their focus on getting the basics right and emerged more productive and efficient than ever.



David Morobe

In retrospect, 2023 was indeed a year characterised by adversity, but as Business Partners Ltd's executive general manager of impact investing, David Morobe, often says, South African small businesses have a high 'adversity quotient'. Even in the face of seemingly insurmountable odds, overall, small businesses have proven resilient. This was made evident in the measures many took to mitigate the impact of worsening loadshedding by investing in alternative and back-up energy supplies.

As the quarterly Business Partners Limited SME Confidence Index demonstrated, the impact of loadshedding on the small sector has been tangible and far-reaching. Fortunately, many heeded our advice to remain agile – to be ready for plan A, but keep 'plan B (and C) close at hand.

2024 will undoubtedly bring with it its fair share of challenges and opportunities, so more of the same approach will be needed. Business owners need to prepare for any eventuality, keep budgets lean, innovate, adopt emerging technology and most importantly, prioritise adaptability.

These are three lessons that can take into the new year:

1. Invest in the right tech for the right job

Metrics like productivity and efficiency are the mainstay of the business world. When business output is optimised and operations are streamlined, half the job to building a successful business is done. Next year, small businesses need to maintain a laser-focus on these areas.

Sage's most recent Small business, big opportunity report found that 78% of small businesses reported an increase in their productivity, compared to 68% in 2022. These businesses further reported that increased efficiency and productivity has been one of the major drivers of business confidence this year.

Fortunately, the proliferation of technological tools that can automate manual processes, ease the administrative burden of keeping a business afloat, and help team members perform better at everyday tasks, is a sign of good things to come. Investing in these tools can help small businesses gain a competitive edge, while keeping their costs as low as possible. In 2024, it's time to cash in on free software and ensure that digital tools are being optimised for maximum efficiency.

2. Shopping is becoming more social - your business should too

Entering 2023, we anticipated that the rise of social commerce would open doors of opportunity for small businesses. These predictions were well-founded. A report by agency, Rogerwilco, forecasted that over the next few years, social commerce would contribute nearly R6bn in sales revenue in South Africa with the very real probability of exceeding R21bn over the next decade at least.

In the small business ecosystem, this trend has played out in the increasing use of WhatsApp and Instagram, which have reshaped customer perceptions and the shopping experience. Larger brands are now also realising the role that customer reviews and testimonials play in guiding consumer choices and buying behaviour.

This trend is poised to further dominate in 2024 as the interconnectivity of consumers across various platforms becomes more pronounced. In general, shopping is becoming more 'social'. Add to this greater than ever levels of smartphone penetration and social media adoption, and the groundwork is being laid for a more communal approach to decision-making, based on the experiences and ratings of others.

Small businesses, heading into the new year, should capitalise on this trend by making use of platforms like WhatsApp and Instagram to create compelling content that offers a significant return on investment without a substantial financial outlay.

3. Make it your business to deliver better customer experiences

A refocus on customer experience was something we recommended as a worthy New Year's Resolution for small businesses heading into 2023. The Ask Afrika Orange Index®, known to be the most comprehensive benchmark on customer experience in South Africa, found that the brands making the biggest headway exhibit traits such as empathy, responsiveness and reliability. According to the report, South African customers are more than willing to pay up to 18% more for better customer experiences.

For small businesses, this should be a signal to focus on aspects such as a quick and easy transaction process, excellent service delivery, speedy complaint resolution and an intuitive online shopping journey. Making small advancements in these areas of business could enable massive gains in customer acquisition and retention, sales volumes and profitability.

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