

IPSOS SOUTH AFRICA, JOHANNESBURG, 27 June 2021

SMME's – What business owners say they need to recover from the impact of Covid-19

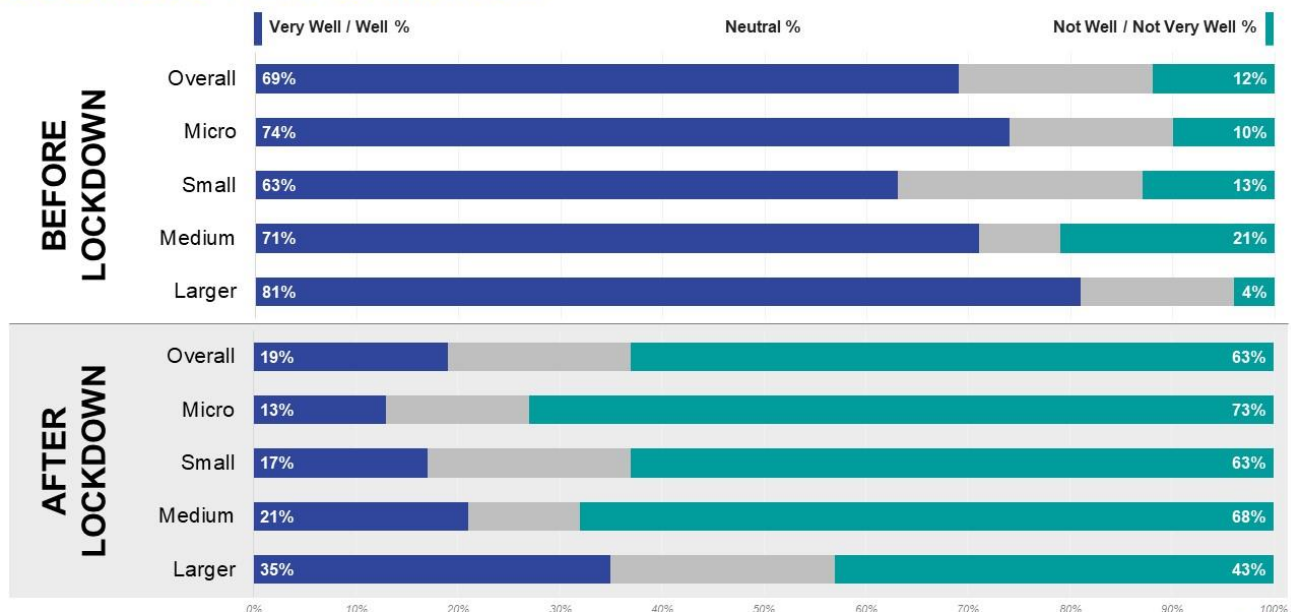
The impact of the pandemic and subsequent lockdowns, have had a significant impact on businesses, with a key need within the SMME sector for advice and support on how to grow their businesses arising.

In October 2020, Ipsos shared insights into the [SMME sector and how these businesses were impacted because of the Covid-19 pandemic](#), with more than half of the owners of Small, Medium and Micro Enterprises (SMME's) saying they experienced great uncertainty regarding the sustainability of their businesses. We continue the story by unpacking what advice and support the SMME business owners state they need to recover in these pressing times.

A quick recap on the business impact:

The impact of the pandemic and subsequent lockdown on business performance have been significant, with 63% of SMME's stating that they are performing "Not Well" or "Not Very Well" after lockdown, while larger enterprises are seemingly more resilient, with a third (35%) stating that they are still performing "Well" or "Very Well" after lockdown.

BUSINESS PERFORMANCE



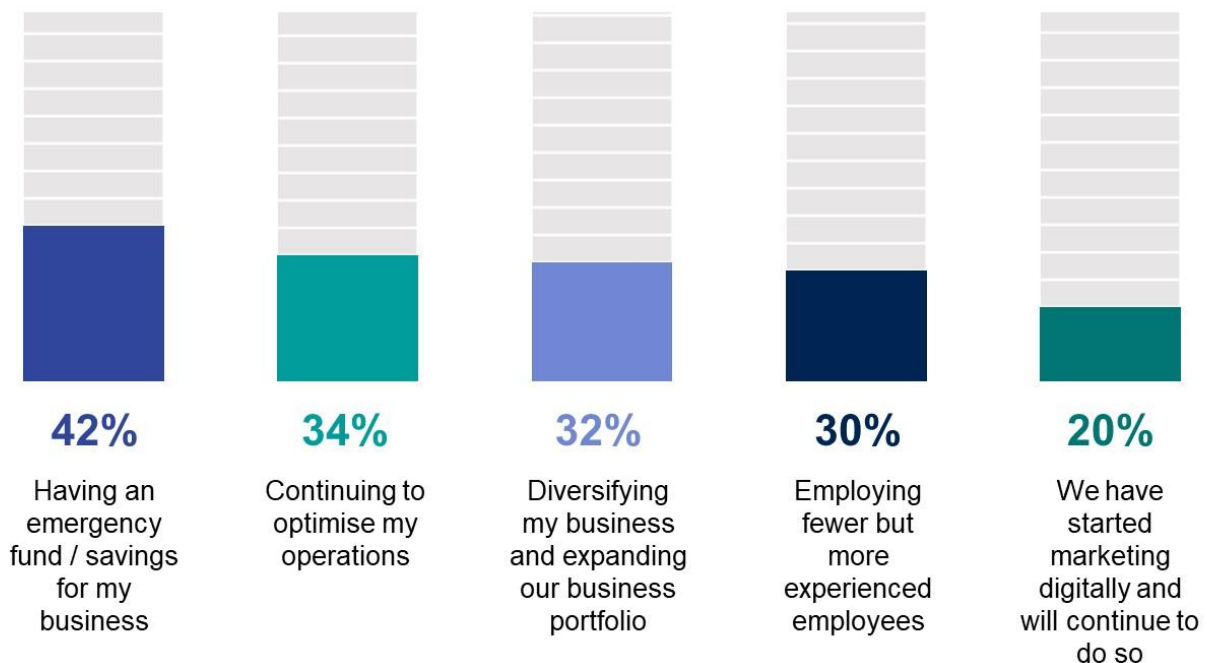
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More than half (54%) of business owners used their personal savings to keep their businesses running and 36% had to revise their company spending to reduce expenses. Staff and suppliers were also impacted, and about a quarter (26%) of businesses had to let staff go, stating that they could not pay their suppliers or accounts.

Nevertheless, [South African business owners stayed true to their entrepreneurial spirit](#), adapting to survive by implementing key changes within their business model.

What behaviour changes do business owners say they will continue with?

We asked business owners what the main lessons were that they learnt during the pandemic and that they will continue to do in the future, with the top 5 mentioned lessons being:



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Taking a closer look at the marketing changes that these business owners had to implement, we see that the SMME sector still heavily relies on Word of Mouth as their main marketing source, however a prominent shift towards digital marketing can be seen.

This shift leans towards channels such as their own websites (+12%) and other digital advertising channels such as social media and Google Adverts (+8%). The largest decline of marketing material used have been in the use of business cards, down by 11%.

HOW HAVE THEY CHANGED THEIR MARKETING APPROACH?

Overall SMME

Overall we see the biggest increase has been in using Websites. Interestingly, Google Adverts is only used by roughly a quarter of the segment



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BEFORE
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What advice and support do SMME Business Owners need

With various external forces playing a role in the impact on their businesses such as customers spending less (55%) and price increases from suppliers (44%), the majority are still looking to financial institutions for advice, with the top advisory need raised by business owners being advice / support on how to increase their cashflow (56%), followed by payment of UIF (24%) and a fifth requesting advice on how to growth their businesses.

However, advice / support on increasing cashflow and growing businesses are broad topics that can include many different elements, the top needs (10%+) provide more direction in terms of which topics need more support and include topics such as Tax Assistance (17%), Marketing and sales support and information (17%) and linking business to bigger business (16%).

With varying levels of digital marketing experience and limited marketing budgets, it is no surprise that marketing advice and support was called out as one of the top 10 advisory requirements from SMME business owners.

“

As I said previously, we've never been good at marketing. Now it has become much more difficult to do

“

I have created, with the help of an IT expert, my own invoices, marketing materials and quotation forms using my own letter head.

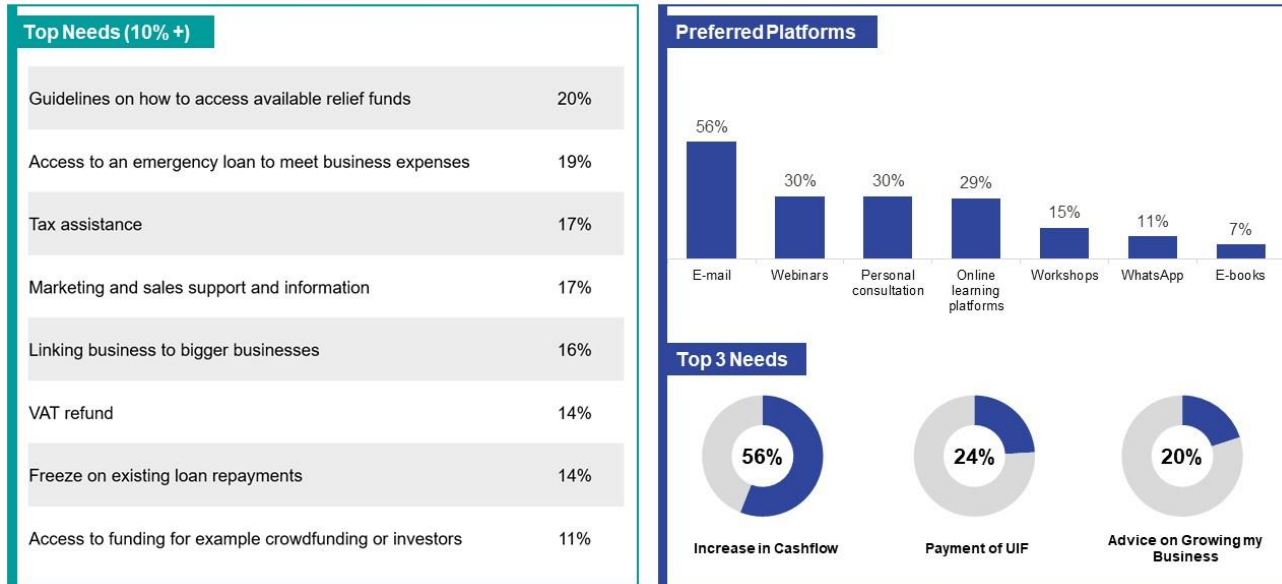
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Looking at how they prefer to receive advice, it is interesting to see that 56% of business owners still prefer email as the main communication method, followed closely by webinars (30%), personal consultations (30%) and online platforms (29%).

OVERALL DASHBOARD: SUPPORT & ADVISORY

Overall
SMME



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Technical Detail:

- Ipsos interviewed 724 businesses within the SMME sector with the aim to understand the business impact that the Covid-19 pandemic had on their businesses. The interviews were conducted online from 3 to 18 September 2020. Respondents included the Owners, CEO's, MD's, and Directors of the SMME businesses.
- As the project is syndicated and sponsored by various corporate organisations, the sponsor organisations provided lists of SMME businesses who were invited to participate in the survey.
- We appreciate that every organisation has a different definition for the classification of SMME businesses into micro, small, medium, and larger enterprises. For simplicity, we have defined these splits using the annual turnover of the SMME businesses.
 - Micro Enterprises – Total Annual Turnover of less than R5million
 - Small Enterprises – Total Annual Turnover between R5million and R10million
 - Medium Enterprises – Total Annual Turnover between R10million and R20million
 - Larger Enterprises – Total Annual Turnover of more than R20million
- The total sample is broken down as (Q6. Thinking about your main business, in which sector is your company operation in?):

Size					
	Total	Micro	Small	Medium	Large
Base	724	176	385	68	98
Agriculture, Forestry and Fishing	52 (7%)	-	41 (11%)	8 (12%)	3 (3%)
Mining and Quarrying	15 (2%)	-	-	14 (21%)	1 (1%)
Manufacturing	89 (12%)	-	77 (20%)	-	12 (13%)
Electricity, Gas, Steam and Water Supply, Sewage, Waste Management and Remediation Activities	27 (4%)	-	20 (5%)	-	7 (7%)

Construction, Building and/or Maintenance	95 (13%)	-	86 (22%)	-	9 (9%)
Retail, Motor Trade and Repair Services	62 (9%)	-	45 (12%)	-	17 (18%)
Wholesale	35 (5%)	-	-	32 (47%)	3 (3%)
Catering, Accommodation and Other Trade	86 (12%)	71 (40%)	-	14 (21%)	1 (1%)
Transportation, Storage and Communication	31 (4%)	-	28 (7%)	-	3 (3%)
Finance, Business, Consulting, Insurance and Administrative Services	76 (11%)	-	65 (17%)	-	11 (12%)
Community, Health, Social and Personal Services	62 (9%)	48 (27%)	-	-	14 (15%)
Arts, Recreation and Entertainment	25 (3%)	22 (13%)	-	-	3 (3%)
Education and Aftercare	32 (4%)	24 (14%)	-	-	8 (8%)
Real Estate Activities	26 (4%)	-	23 (6%)	-	3 (3%)
Legal Services	11 (2%)	11 (6%)	-	-	-

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