

# Data companies collaborate to advise on SMME recovery strategies

By [Lynette Dicey](#), issued by [Ask Afrika](#)

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At a time when more than half of all small to medium-sized businesses (SMMEs) are under severe strain, many are doubting their ability to survive the crisis caused by the Covid-19 pandemic. According to research conducted by TransUnion's Consumer Financial Hardship report, 90% of small businesses are either struggling or have closed temporarily because of the pandemic, and half are extremely concerned about their ability to meet current payment obligations.



Despite payment holidays from creditors and government funding and grants, cracks are already starting to form, reported Lee Naik, CEO of TransUnion, at a recent JSE webinar, which focused on how small businesses are facing an increasingly uncertain future post Covid-19.

Ask Afrika's weekly Covid-19 Tracker study reveals very similar findings to TransUnion's Consumer Financial Hardship report, revealing constrained household budgets, which impacts many SMMEs.



*Ask Afrika CEO Andrea Rademeyer*

Speaking at the same JSE webinar, Ask Afrika CEO, Andrea Rademeyer said that the pandemic has pushed many individuals and businesses into financial distress. "From a consumer perspective, grocery expenditure has declined both in terms of day-to day shopping, which is down 36% and weekly top up shopping, which has declined 19%," she revealed.

Declining household expenditure is having a knock on effect on most businesses, including SMMEs, which have seen their incomes drop correspondingly. In order to survive, businesses are diversifying their product range (31%), implementing salary cuts or retrenching employees (21%), and cutting overhead costs (15%).

Ask Afrika has been conducting the weekly Covid-19 Tracker survey since the first week of April in order to better understand the socio-economic impact that the coronavirus, lockdown and gradual re-opening of the economy has on South Africans. To date, more than 9,000 interviews have been conducted. The research firm has been tracking consumer behaviour in South Africa for the past two decades through the Target Group Index (TGI) survey, which measures psychographics, service, products, media and brands.



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Small businesses already operating on digital or online platforms prior to Covid-19 appear to have fared better through this crisis, as have those who have employed sound business principles and enforced stricter credit management controls, reported Naik.

To ensure their survival SMMEs will need to be vigilant in the credit management practices and carefully monitor changes in their customer base. Those businesses that are successfully weathering the current economic crisis have adapted their operations to adjust to a new normal. What they have in common is an innovative approach, a digital infrastructure and have invested in work-from-home technology and marketing.

There are opportunities, insisted Rademeyer. Quoting Tony Robbins, she advised SMMEs to “Expect change. Analyse the landscape. Take the opportunities. Stop being the chess piece; become the player. It’s your move.”

The opportunities, she said, are around attracting new customers, correctly segmenting new customers and implementing sound marketing strategies. “There is no question that new collaborative models between government, business and NGOs can yield new markets, sustainable cash flow and real value to consumers and society,” she said.

However, to survive, SMMEs need to change the way they approach their customers. “Consumers want businesses to amend their product and pricing to meet changing customer needs. The irony, however, is that only 10% of companies have adjusted their prices to attract customers and only 13% have moved their businesses online. This is resulting in declining brand loyalty.”

The Covid-19 pandemic has changed the consumer landscape and businesses need to respond to this changed landscape. “Businesses are going to be judged in the future by how they behaved and what they did during this period to provide value to their customers,” said Rademeyer. “In shrinking markets, challenger brands will be the winners.”

She urged SMMEs to take cognisance of new customer segments (women, consumers with a heightened sense of personal agency and online consumers) and new financial models, which incorporate both the formal and informal sectors and amend their communication messages accordingly.

Predicting that the only large companies that will thrive post Covid-19 are those that are able to think like SMMEs, she said a new consumer segmentation and marketing strategy could potentially mitigate the effects of reduced consumer wallets on SMME businesses.



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### About Ask Afrika

Ask Afrika is a **decisioneering** company. We support our clients' decisions through facts. Our clients' decision requirements are around social research and philanthropy, experience measures and consulting and brand dynamics.

Social research decisions are required around HIV/Aids and most recently Covid19. Educational and early childhood development, fair-trade shopping, media and financial research are some of the areas we love to work in. NGOs, public- and private sector clients work with us to get the pulse of nations.

Besides being decisioneers in brand and customer experience research, Ask Afrika is well known for creating some of the most useful, go-to industry benchmarks, including the Ask Afrika Orange Index®, the Ask Afrika Icon Brands®, the Ask Afrika Kasi Star Brands and the Target Group Index (TGI). Ask Afrika's knowledge of brands is extensive and the Target Group Index (TGI) survey, which measures psychographics, service, products, media and brands, has been used by the majority of the top 50 advertisers and media owners in South Africa for nearly two decades.

Our clients operate across various industries; including retail, telecoms, finance, and the public sector. We offer tailor-made and ready-to-use offerings for all our clients regardless of the size of project.

We are brave, agile, vibrant and experimental. We apply deep thinking and are great in everything we do, to make an impact that matters.

With us, you can make game-changing business decisions confidently.

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