

# **Food, Drink & Hospitality**

# Business sentiment for Q1 2020

The Food, Drink & Hospitality industry sentiment has always been slightly more positive than the average small business, and this has not changed during the COVID-19 pandemic.



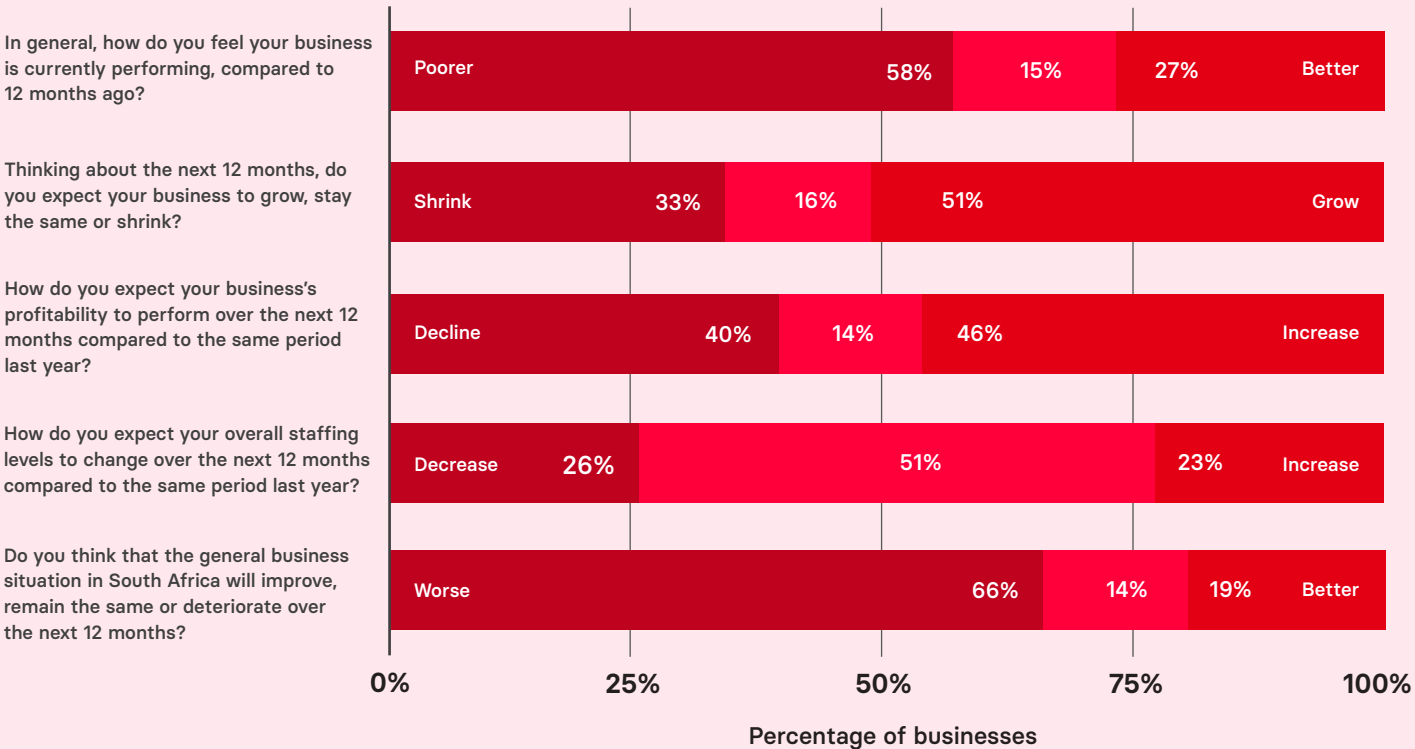
**General Business Sentiment  
Q1 2020**



**FDH Business Sentiment  
Q1 2020**

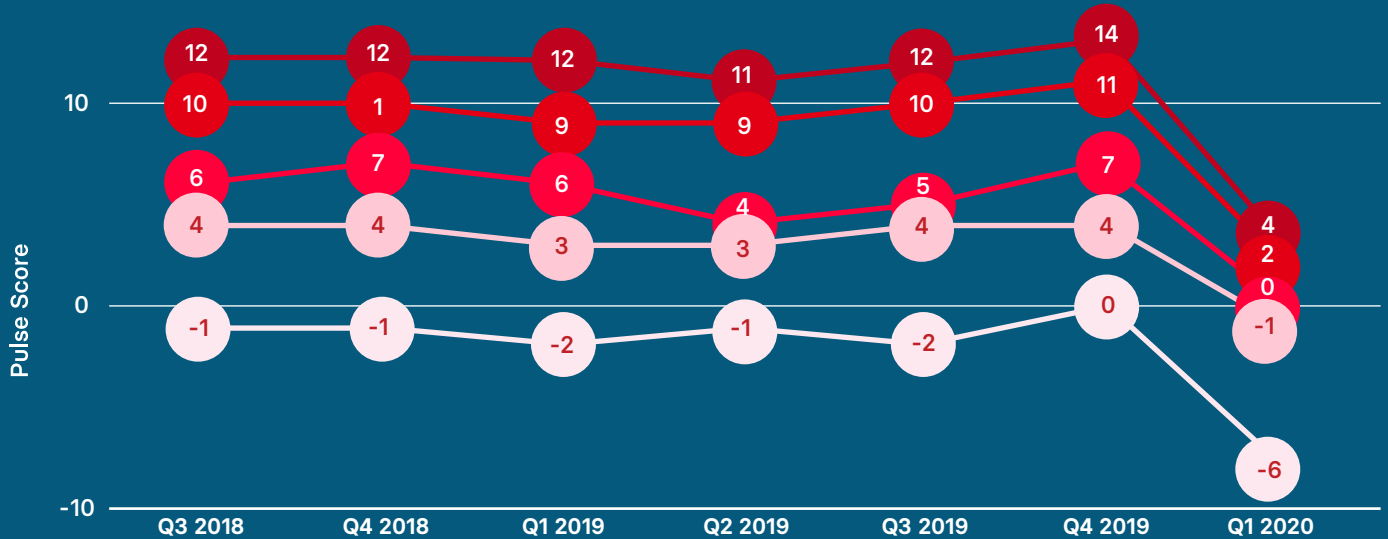
The Yoco Small Business Pulse is created by ranking the sentiment across five key business factors. We ask business owners to rank their sentiment to each question on a scale of one to five, where one is the most negative and five is the most positive. Three is neutral or shows no change.

**Food, Drink & Hospitality business owners are particularly worried about the state of the business environment and their current business performance. Most expect no change in staff levels and they remain fairly positive about their opportunity to grow their profits over the next 12 months.**



# FDH sentiment per Pulse question over time

The Pulse score is composed of five questions that respondents are asked about their business environment. The cumulative score of these questions give us the overall Pulse score. When we breakdown the Pulse into these questions we see a dramatic decrease in sentiment across all five questions this quarter.

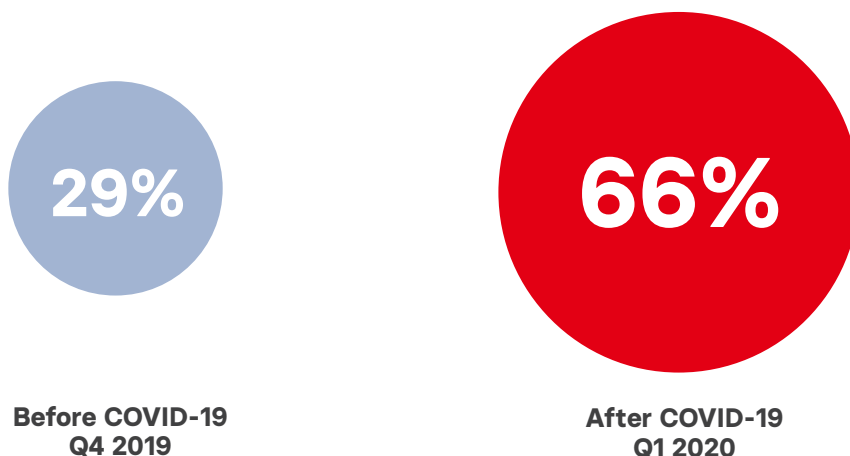


- In general, how do you feel your business is currently performing, compared to 12 months ago?
- Thinking about the next 12 months, do you expect your business to grow, stay the same or shrink?
- How do you expect your business's profitability to perform over the next 12 months compared to the same period last year?
- How do you expect your overall staffing levels to change over the next 12 months compared to the same period last year?
- Do you think that the general business situation in South Africa will improve, remain the same or deteriorate over the next 12 months?

## Do you think that the general business situation in South Africa will deteriorate over the next 12 months?

Every quarter we ask business owners to rate the general business environment in South Africa from one to five. This is usually the lowest scoring question in the Yoco Small Business Pulse, this quarter is no exception. Although, the degree to which the sentiment has dropped during the COVID-19 pandemic is worth taking note of as it shows the confidence in the SA economic recovery after COVID-19.

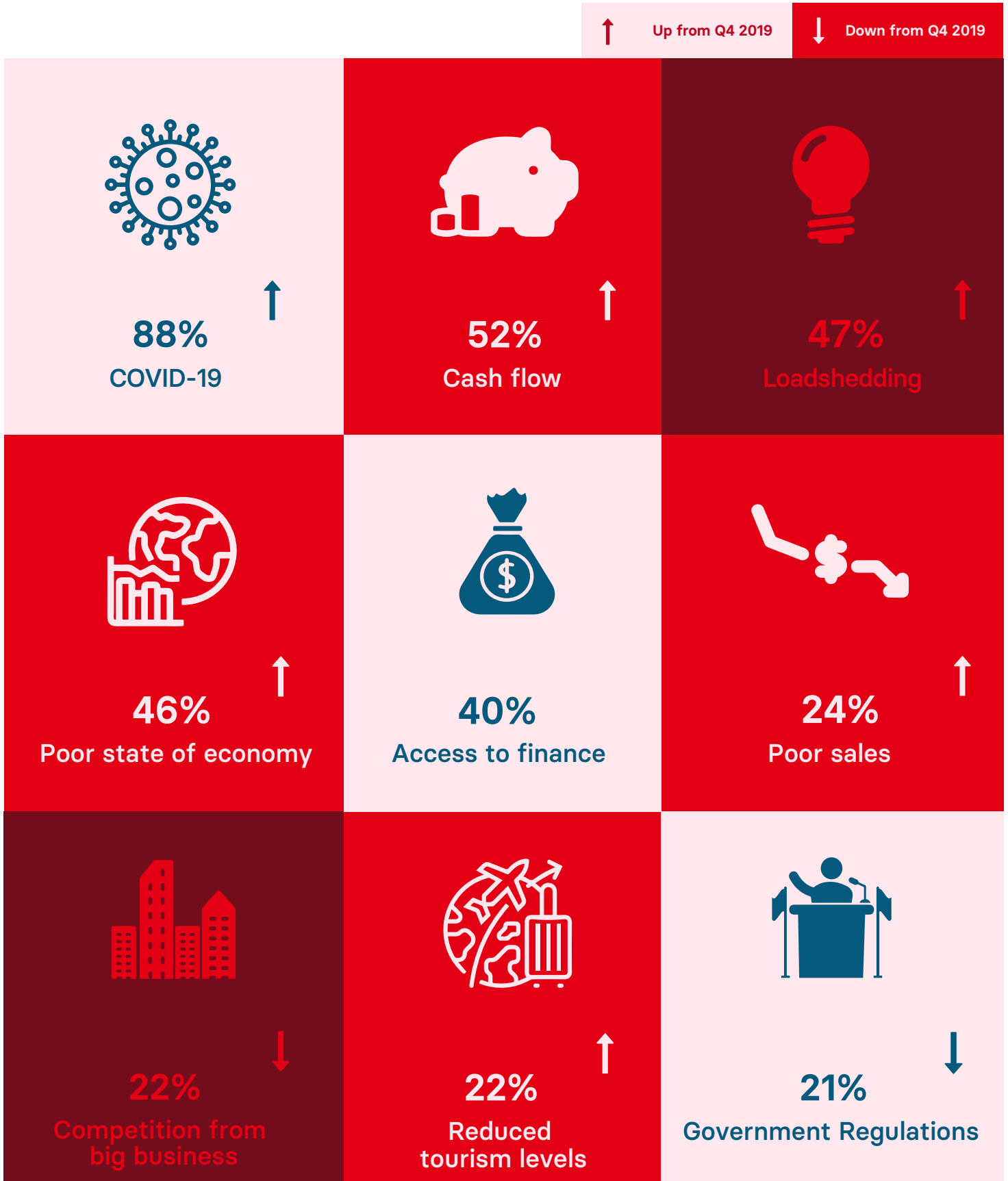
**37% more of FDH businesses believe that the general business environment will be worse in 12 months time.**



# FDH Business Challenges

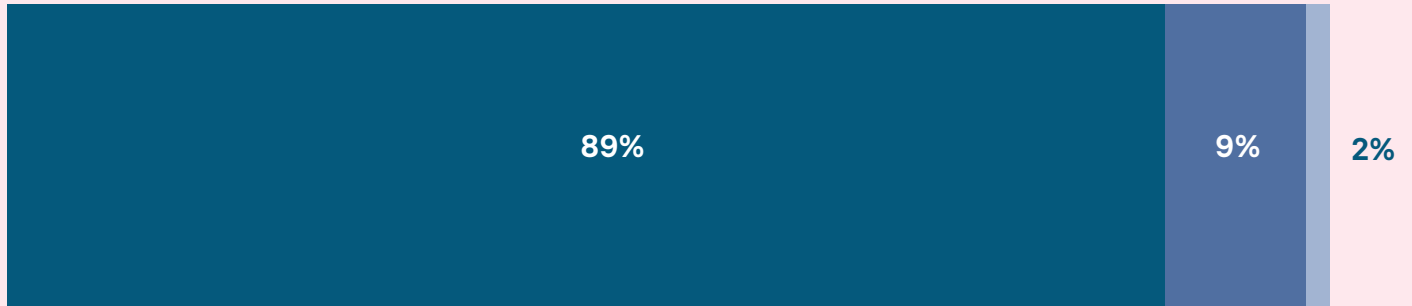
The number one challenge facing small business owners in the Food, Drink & Hospitality industry is the COVID-19 pandemic – 88% of businesses list it as one of their major challenges at the moment.

Challenges for each industry are slightly different. Businesses in Food, Drink & Hospitality are less concerned about fluctuations in currency and their customer base not growing. Those challenges are replaced by their worries around reduced tourism levels and government regulations and red tape.



## Is your business still operating in the lockdown?

The impact of COVID-19 on small businesses in SA is massive. Looking at the lockdown period alone, **almost nine in every ten FDH businesses have been forced to close down** during the five-week lockdown.

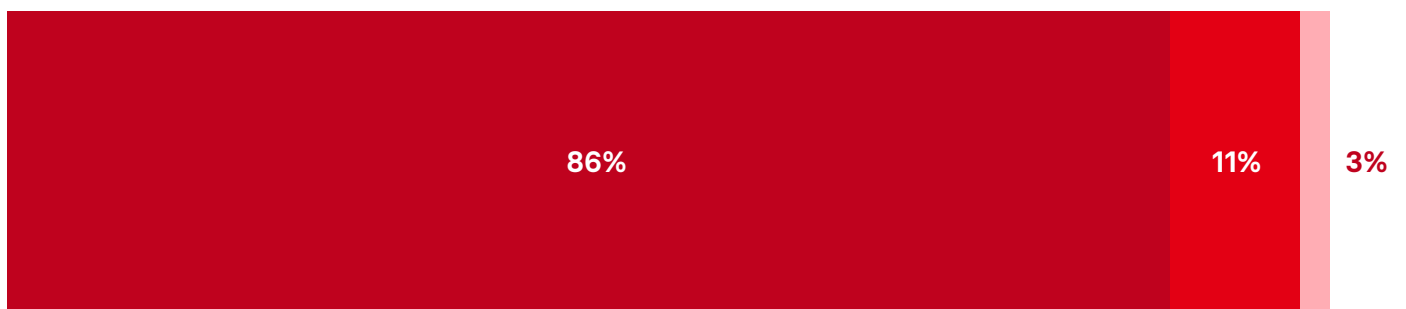


0% Percentage of businesses 100%

- No
- Yes, I have been deemed an essential service
- Yes, I am able to operate online

## How is COVID-19 impacting your business?

83% say that their businesses have been severely impacted by the COVID-19 pandemic.

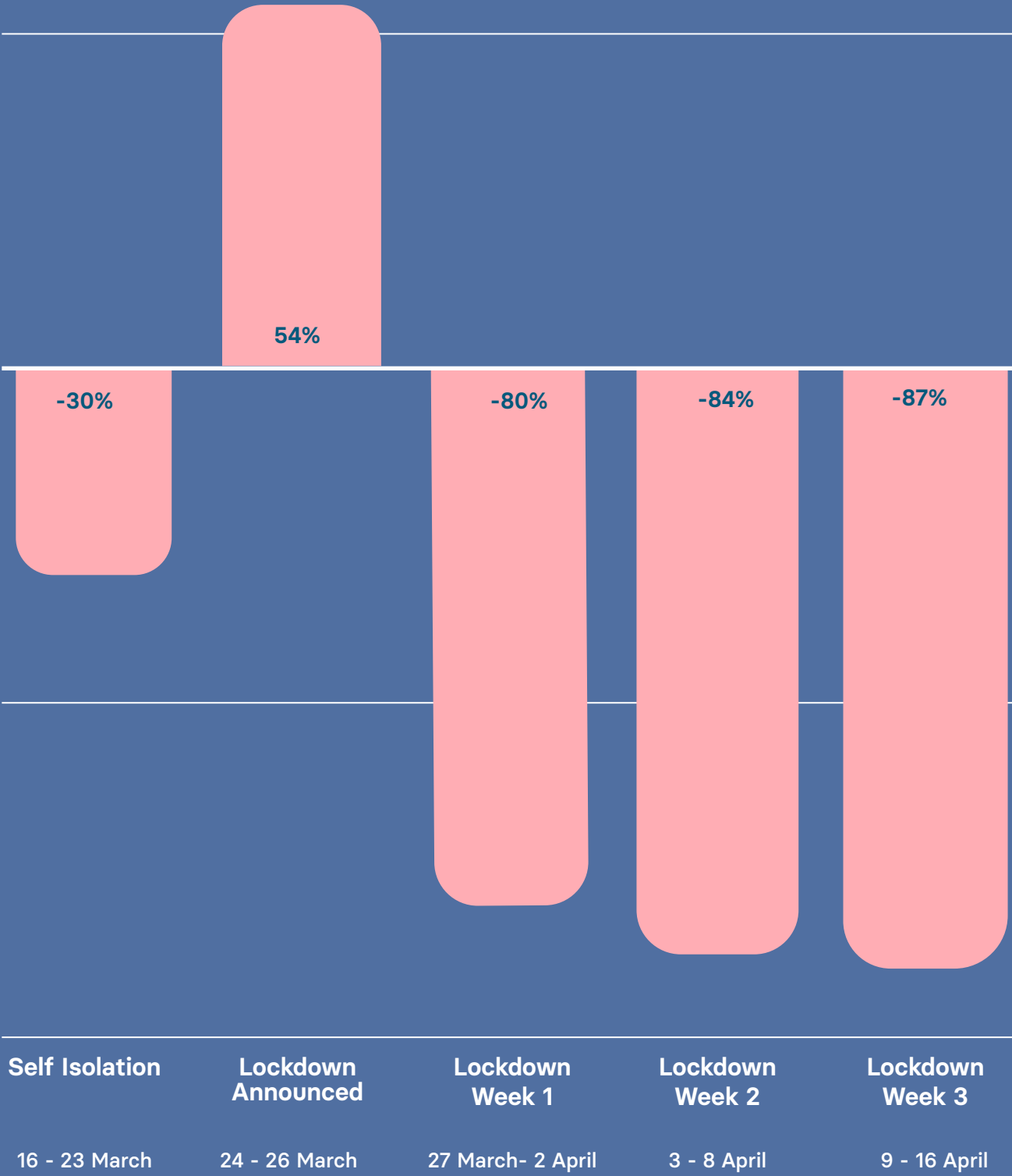


0% Percentage of businesses 100%

- My business is severely impacted
- My business is impacted
- My business is not impacted

# Percentage change in FDH transaction value (ZAR)

Lockdown has caused an average reduction of **84%** in transaction volume for the Food, Drink & Hospitality industry.

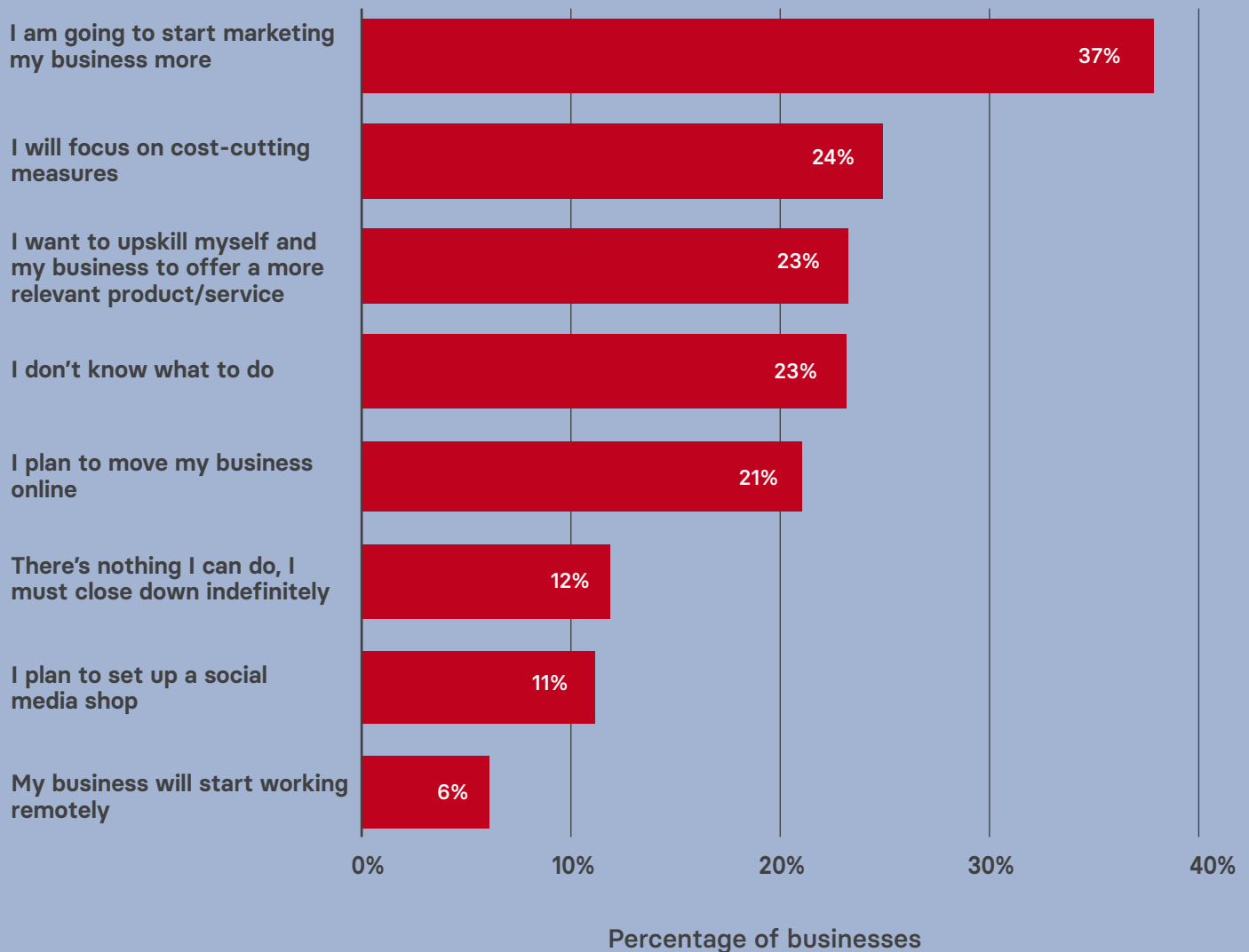


Lockdown being compared to comparative weeks prior to lockdown

## How will you manage your business during lockdown?

Business owners are trying their best to respond to the pandemic, but it's difficult to know what precautions to put in place when the business environment is so unpredictable.

It's especially difficult when you're in the FDH industry. **23% of business owners in this industry believe that there is nothing that they can do, except close their businesses for the foreseeable future.**

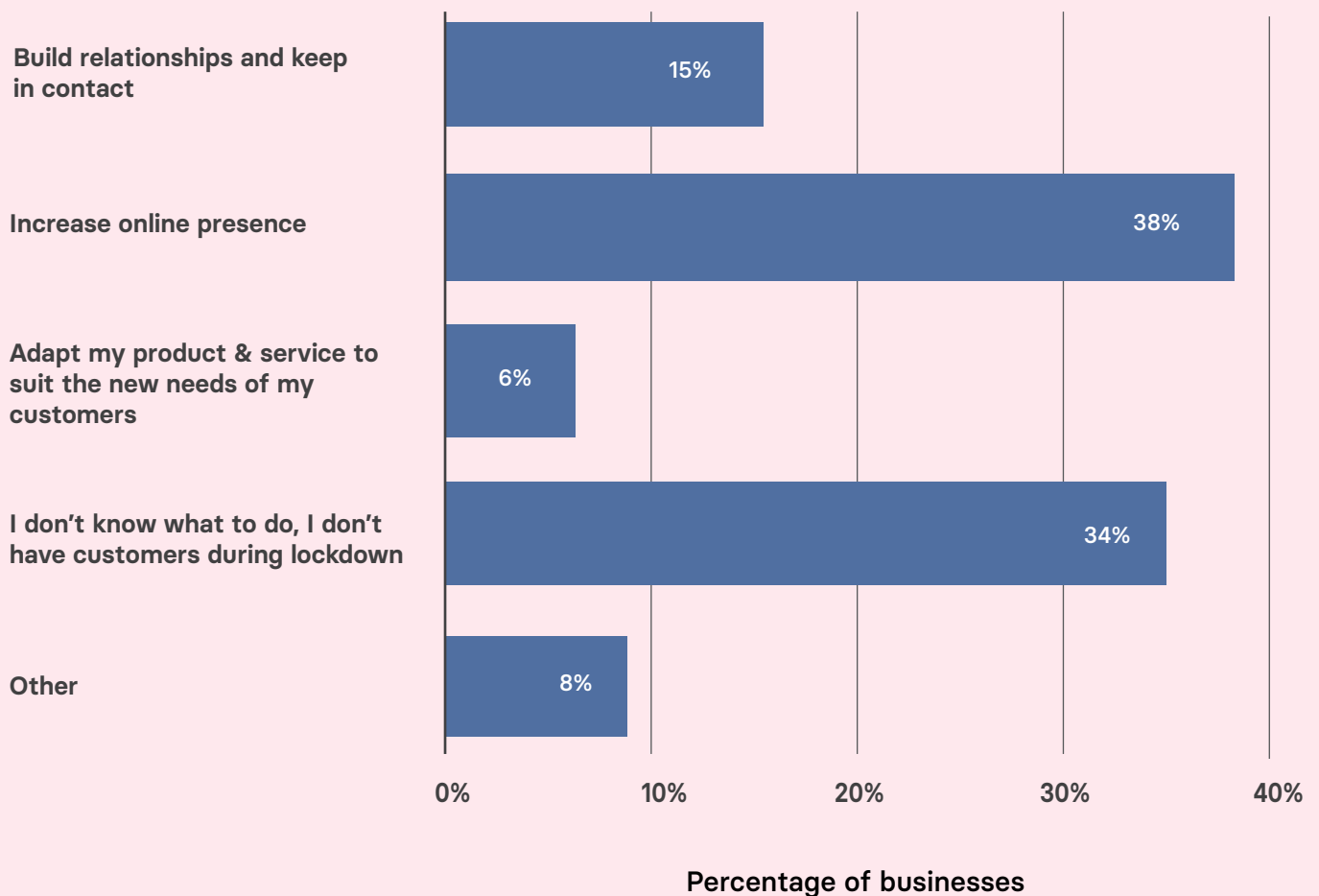


***“Depending on your industry move business online. This is not the last pandemic we will have to face. Diversify your product offering to generate other streams of income.”***

## How will you manage your customers during lockdown?

You have to focus on your business, but it's also important to think about your customers. How can you prepare your business for lockdown, while also keeping your customers safe and engaged so that they come back once lockdown is over?

More businesses in the Food, Drink & Hospitality industry are paralysed and feel like they don't know how to manage their customers during this time. The ones that aren't paralysed are more likely to **increase their online presence through marketing and social media channels.**



***“Maintain and engage with your customer base through social media. Everyone is on their phones or at home right now so it's a perfect opportunity to market yourself even if you're closed.”***

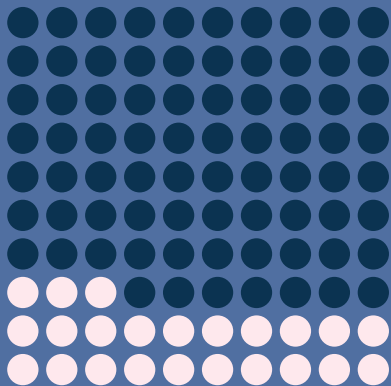


# Will you continue to pay your employees during the lockdown period?

Another major concern for small business owners for the next 12 months, is how best to manage their employees. Fewer businesses in Food, Drink & Hospitality are able to pay their employees' full salaries during the pandemic compared to the average. They are also more likely to reduce employee salaries in order to cope and to retrench their staff.

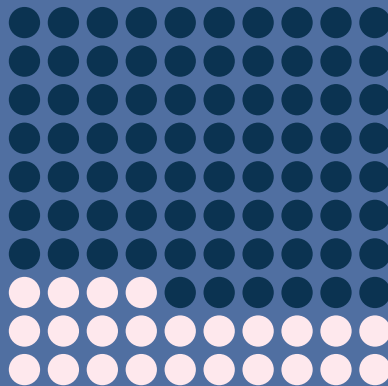
## Percentage of businesses

23%



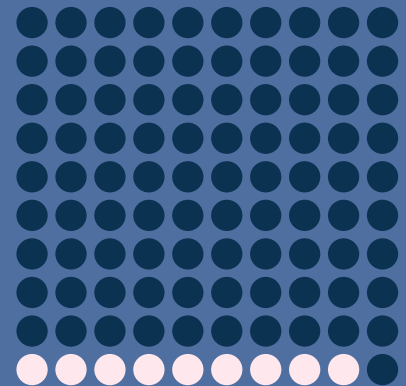
Yes, I will continue paying my employees

24%



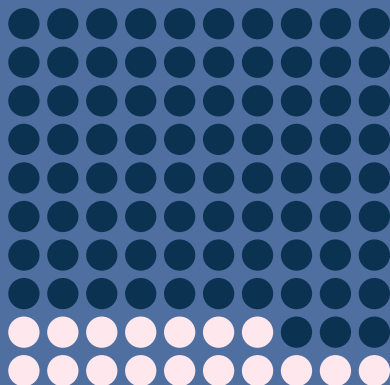
Yes, but I have to reduce the amount I pay them

9%



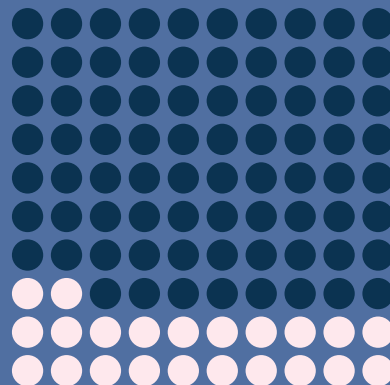
Yes, but only some employees, I have to let go of some of my employees

17%



No, I have to let go of all my employees

22%



I don't have employees