

Health, Beauty & Fitness

Business sentiment for Q1 2020

The Health, Beauty and Fitness industry sentiment has always been slightly more positive than the average, and this has not changed during the COVID-19 pandemic.



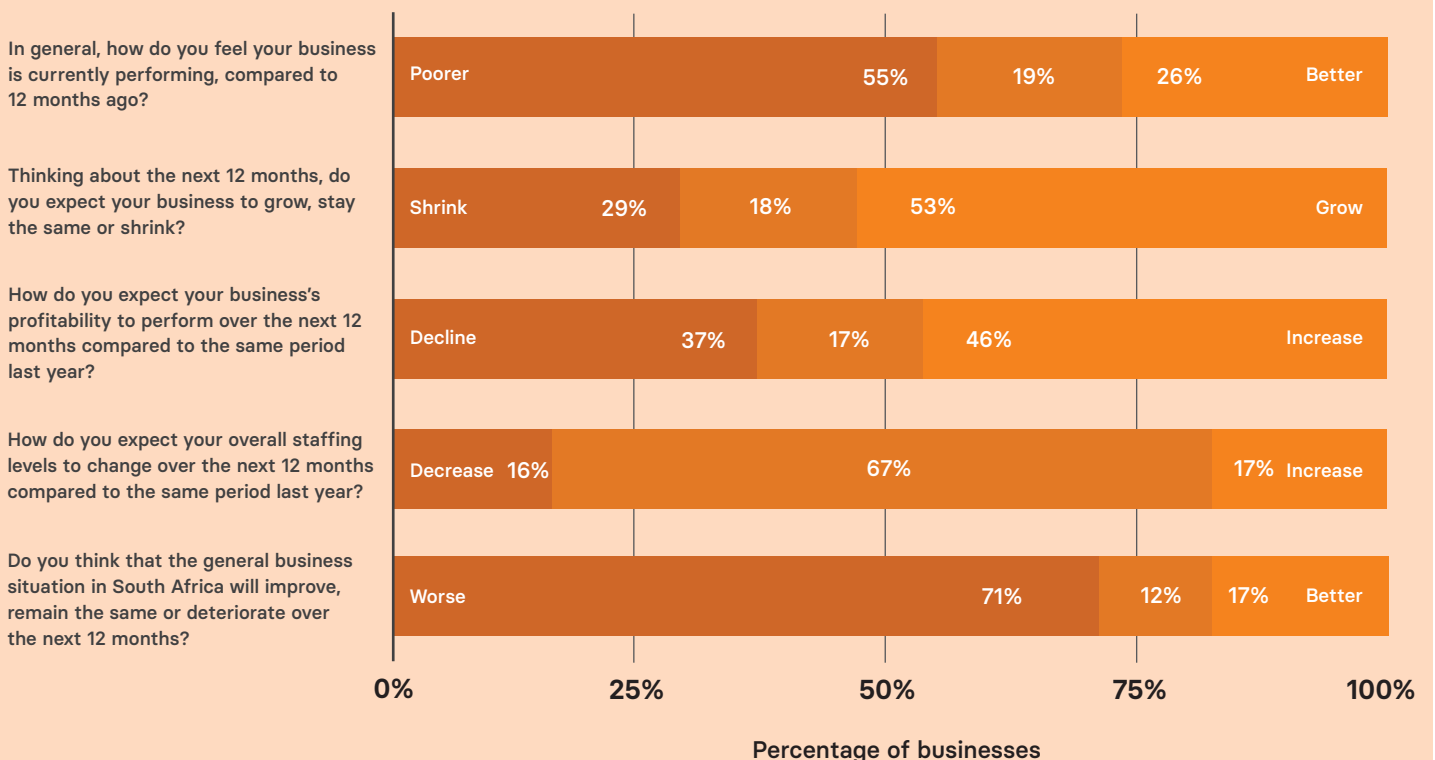
General Business Sentiment
Q1 2020



HBF Business Sentiment
Q1 2020

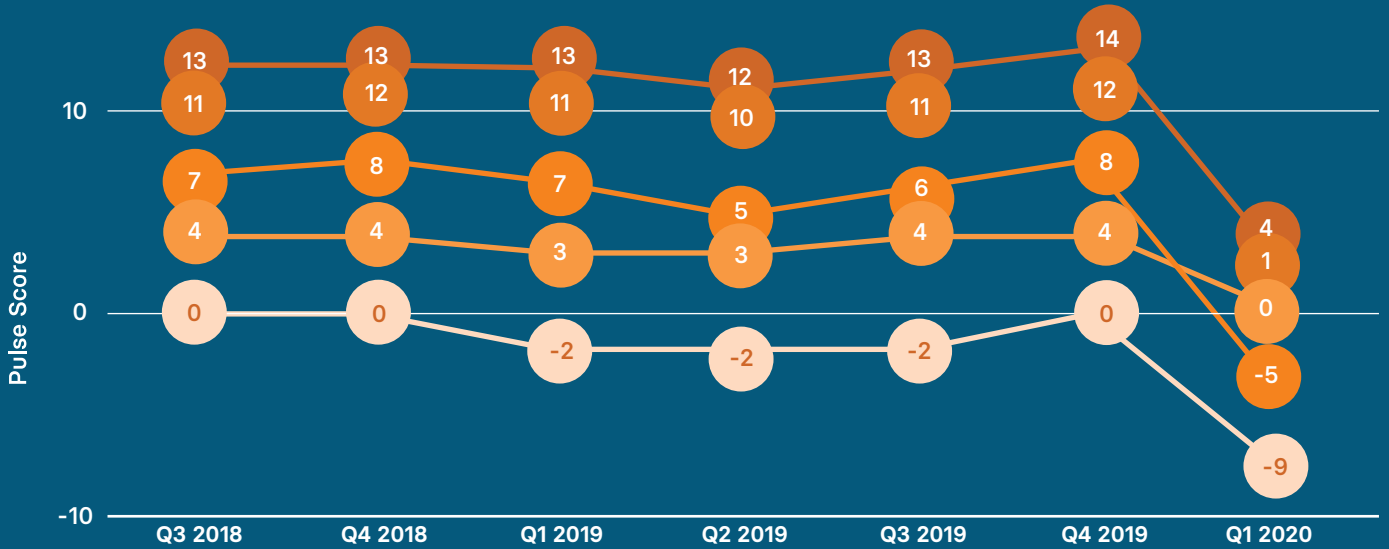
The Yoco Small Business Pulse is created by ranking the sentiment across five key business factors. We ask business owners to rank their sentiment to each question on a scale of one to five, where one is the most negative and five is the most positive. Three is neutral or shows no change.

HBF 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 businesses over the next 12 months.



HBF 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.

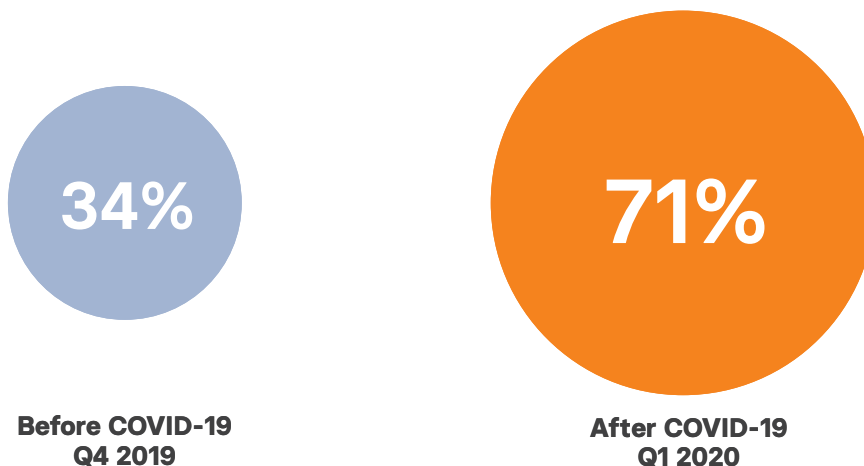


- In general, how do you feel your business is currently performing, compared to 12 months ago?
- Thinking about the next 12 months, do you expect your business to grow, stay the same or shrink?
- How do you expect your business's profitability to perform over the next 12 months compared to the same 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 1 to 5. 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.

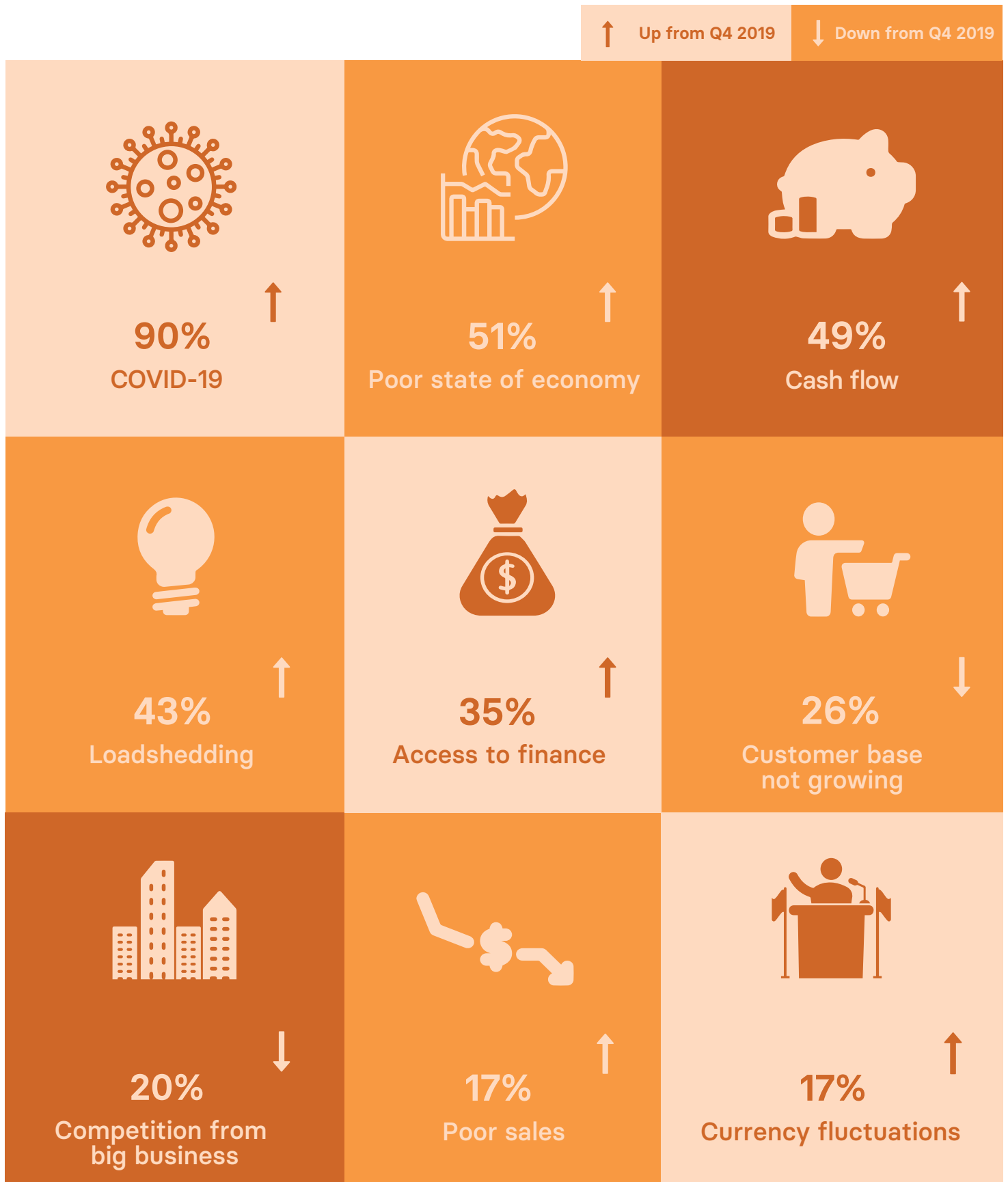
37% more of HBF businesses believe that the general business environment will be worse in 12 months time.



HBF Business Challenges

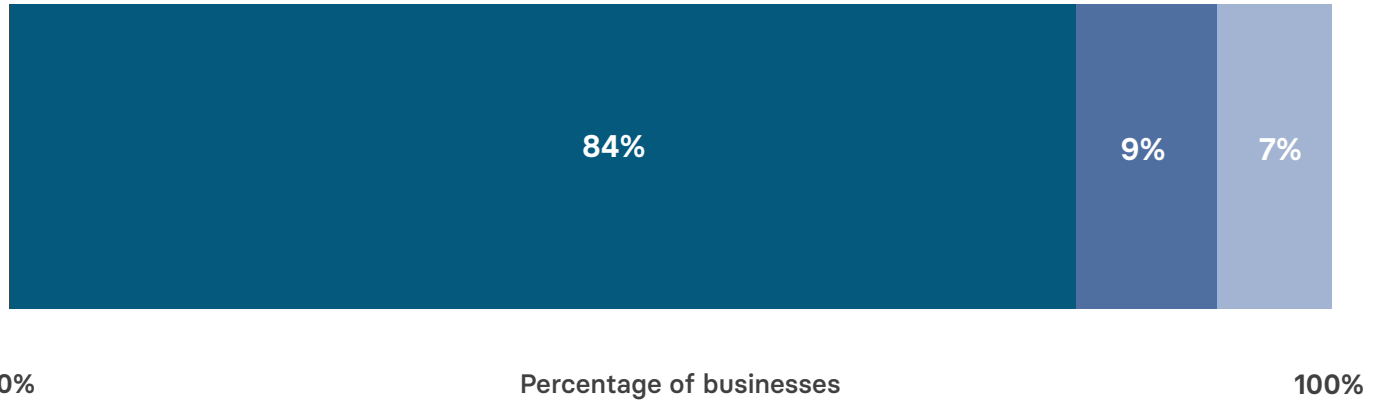
The number one challenge facing small business owners in the Health, Beauty & Fitness industry is the COVID-19 pandemic – 90% of businesses list it as one of their major challenges at the moment.

Challenges for each industry are slightly different. Businesses in Health, Beauty & Fitness are more concerned about the poor state of the economy, fluctuations in currency and their customer base not growing.



Is your business still operating in the lockdown?

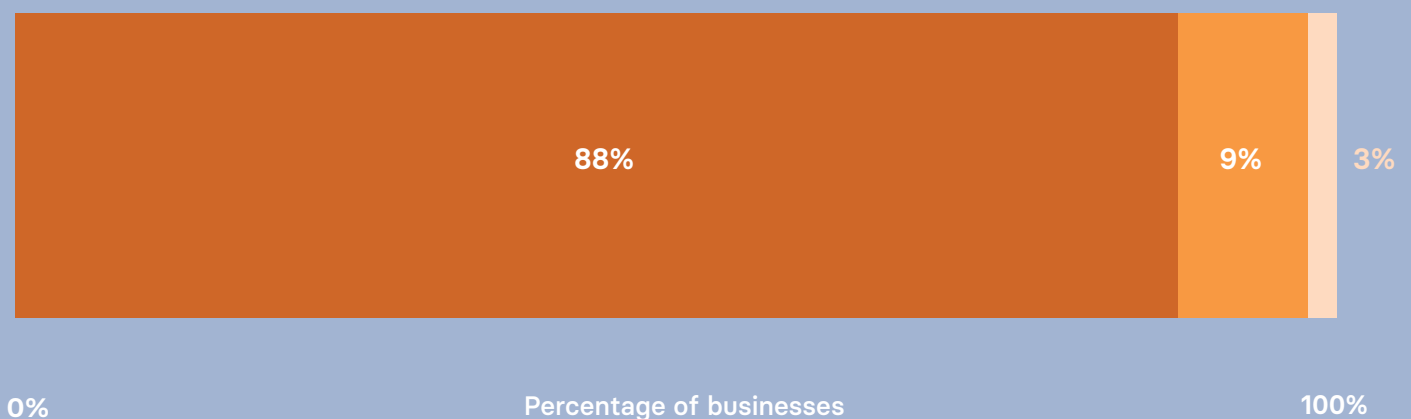
The impact of COVID-19 on small businesses in SA is massive. Looking at the lockdown period alone, **four in every five HBF businesses have been forced to close down** during the five-week lockdown.



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

How is COVID-19 impacting your business?

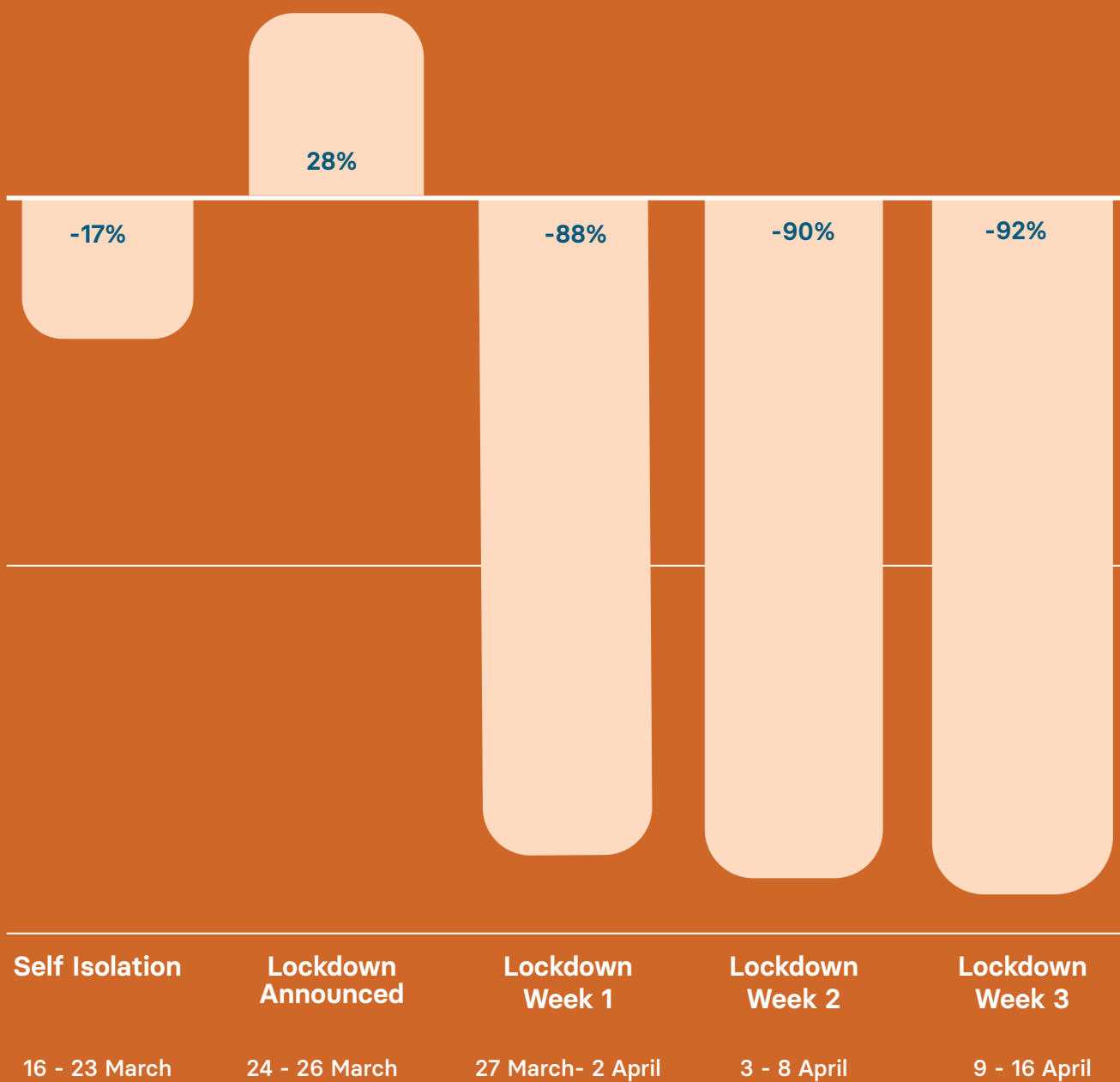
83% say that their businesses have been severely impacted by the COVID-19 pandemic.



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

Percentage change in HBF transaction value (ZAR)

Lockdown has caused an average reduction of **90%** in transaction volume for the Health, Beauty & Fitness industry.

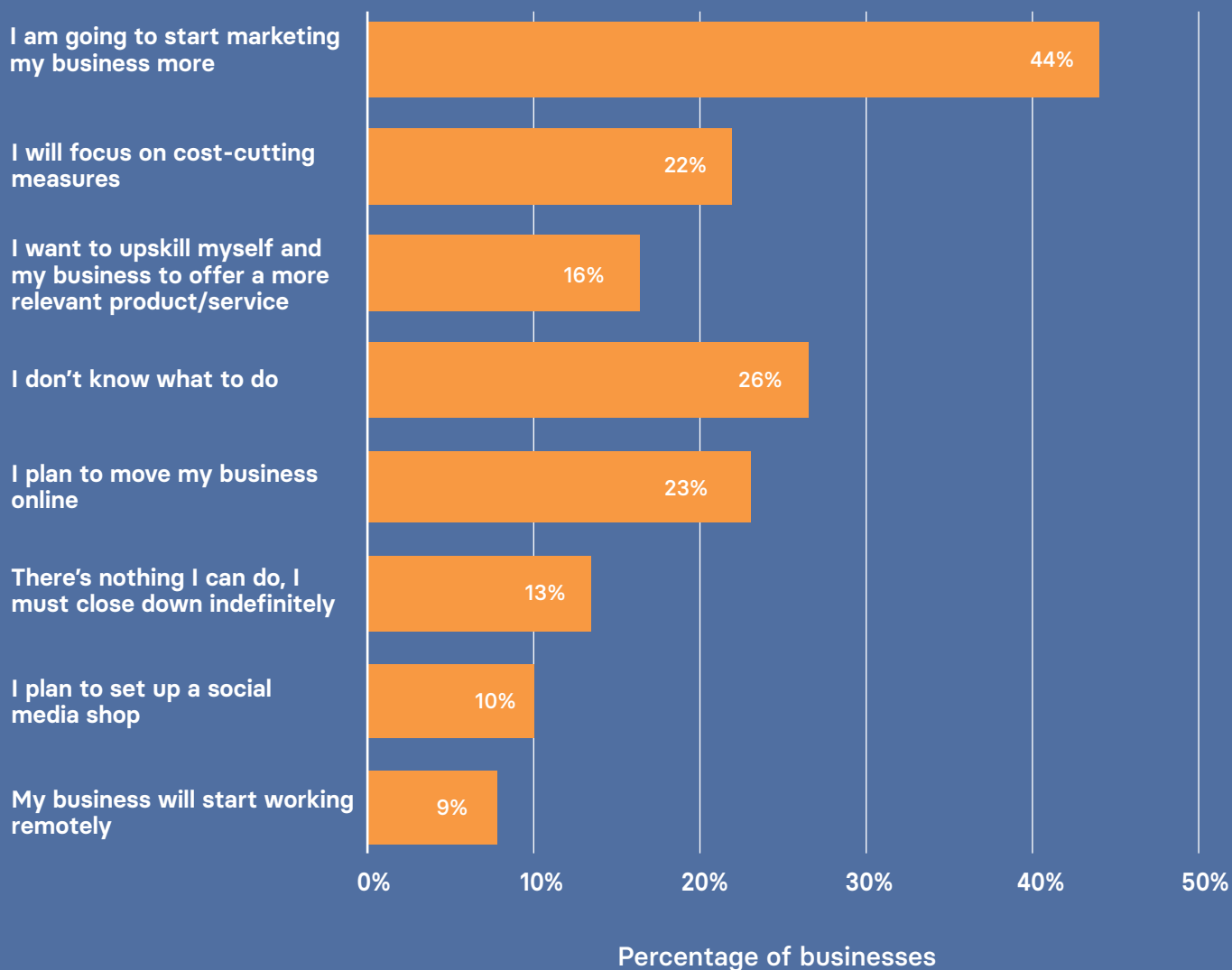


Lockdown being compared to comparative weeks prior to lockdown

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.

Businesses in HBF are slightly less paralysed than those in other industries. **Nearly half of these businesses plan on marketing their businesses more during COVID-19.** They're also focused on using this time to upskill themselves and their businesses.

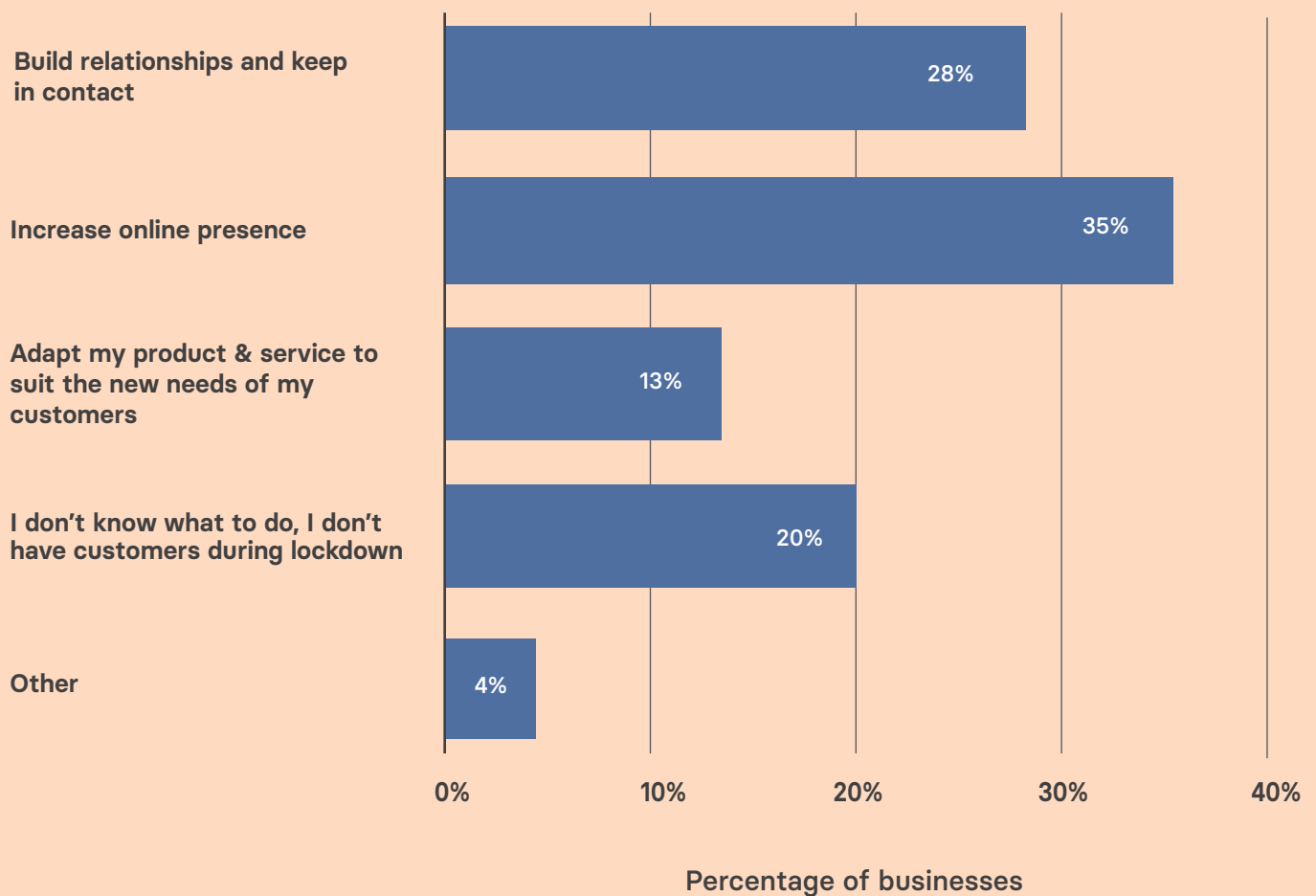


“Right now to focus on strategies to put in place for when everyone gets in the clear to work.”

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?

Business owners in HBF rely heavily on their customers and the relationships that they have formed with them over the years. Many believe that once this is over, their customers will come back and business will resume as normal. **They will continue to build these relationships, by checking in with their customers during lockdown and by increasing their activity on social media.**



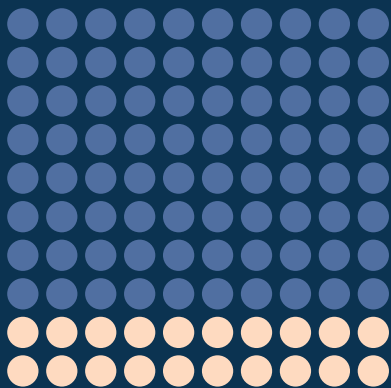
“If you can do any online business you should. Make plans for the future and try to do anything possible for your business to stay afloat.”

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.

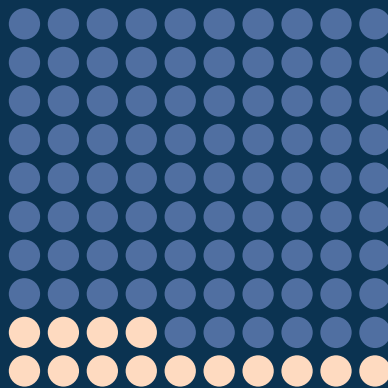
Percentage of businesses

20%



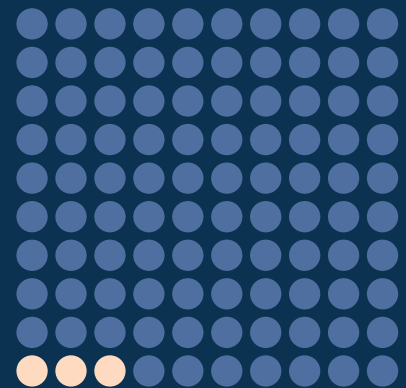
Yes, I will continue paying my employees

14%



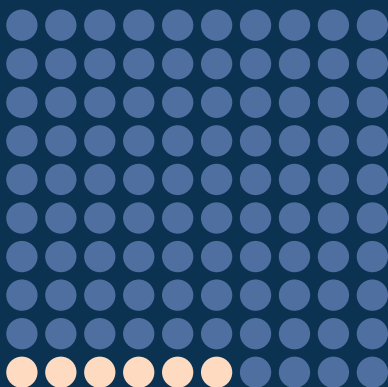
Yes, but I have to reduce the amount I pay them

3%



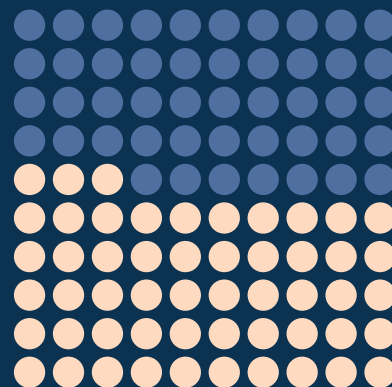
Yes, but only some employees, I have to let go of some of my employees

6%



No, I have to let go of all my employees

53%



I don't have employees