

Retail

Business sentiment for Q1 2020

The Retail industry sentiment has normally followed the average quite well, but during the pandemic, retail businesses are slightly more negative than the average.



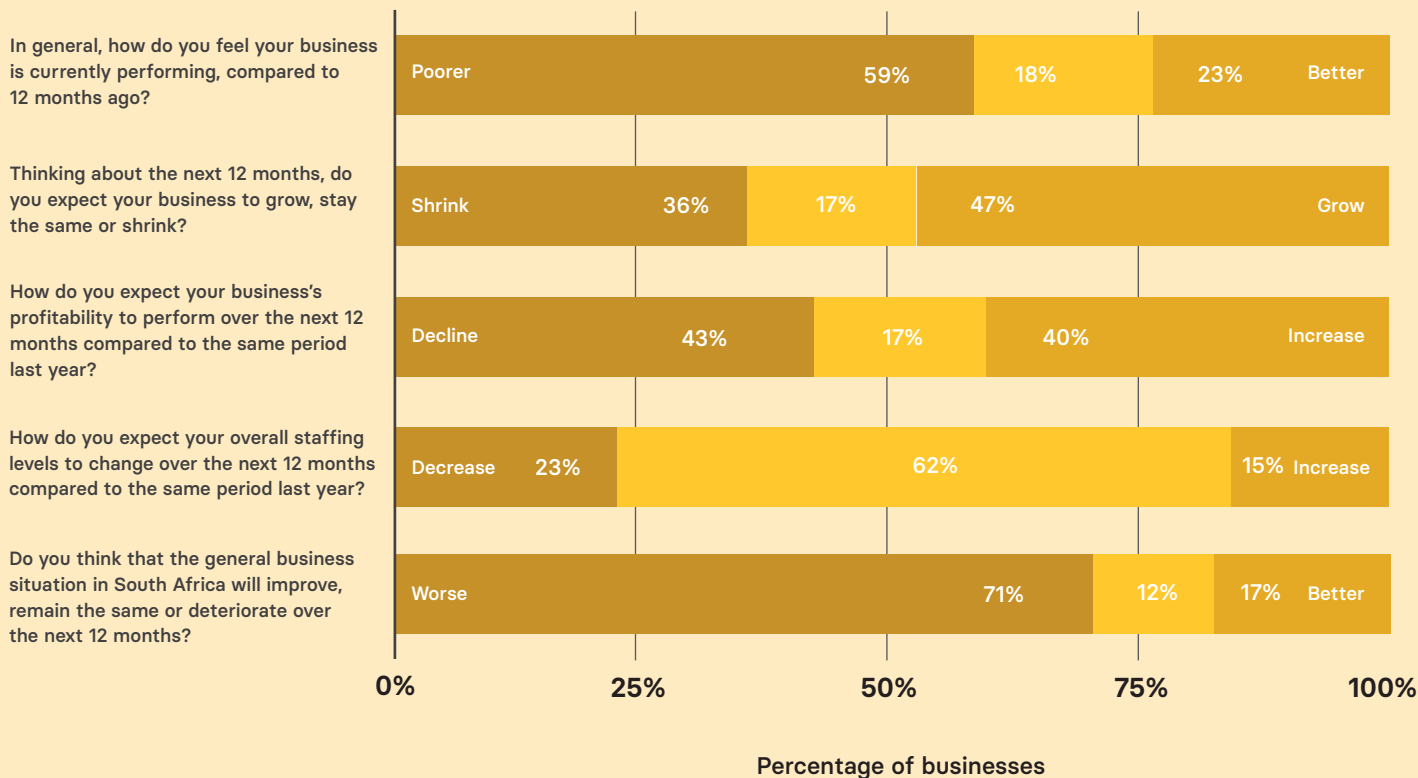
General Business Sentiment
Q1 2020



Retail Business Sentiment
Q1 2020

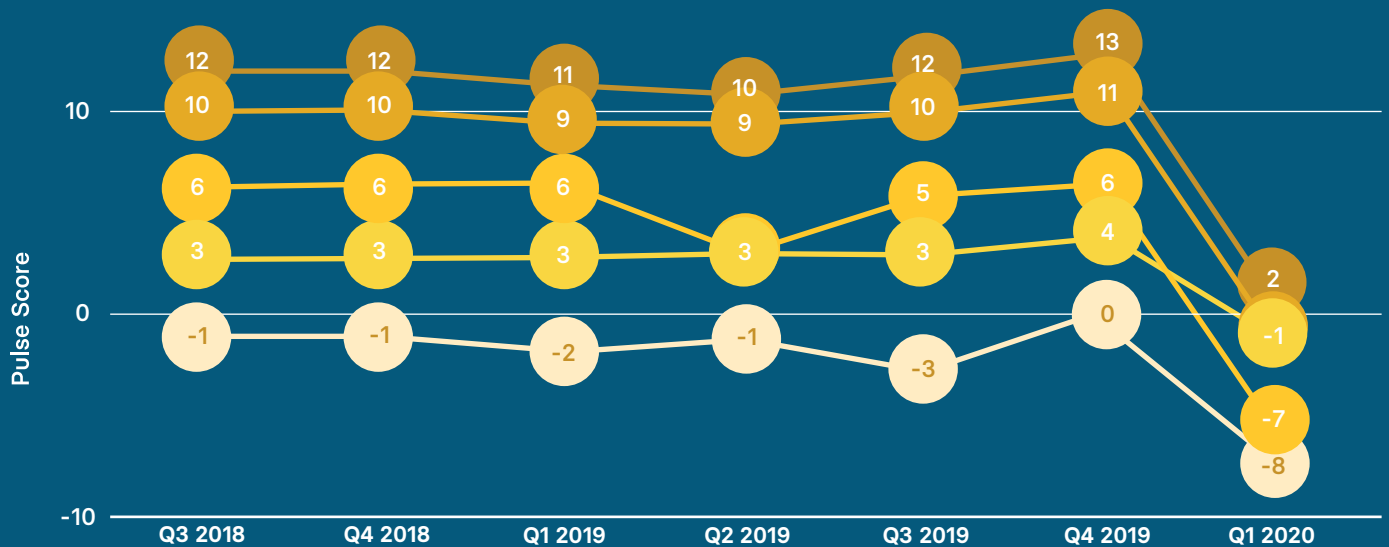
The Yoco Small Business Pulse is created by ranking the sentiment across five key business factors. We ask business owners to rank their sentiment to each question on a scale of one to five, where one is the most negative and five is the most positive. Three is neutral or shows no change.

Retail business owners are particularly worried about the state of the business environment and their current business performance. They show higher levels of concern and negativity than any other industry.



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.

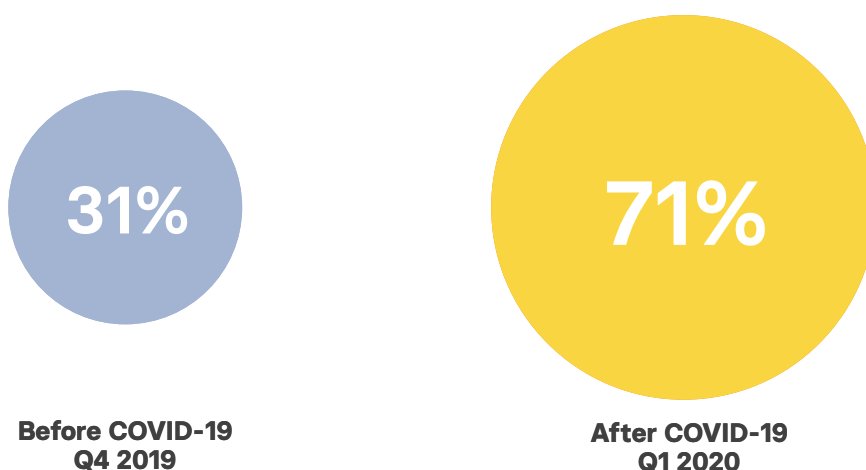


- In general, how do you feel your business is currently performing, compared to 12 months ago?
- Thinking about the next 12 months, do you expect your business to grow, stay the same or shrink?
- How do you expect your business's profitability to perform over the next 12 months compared to the same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

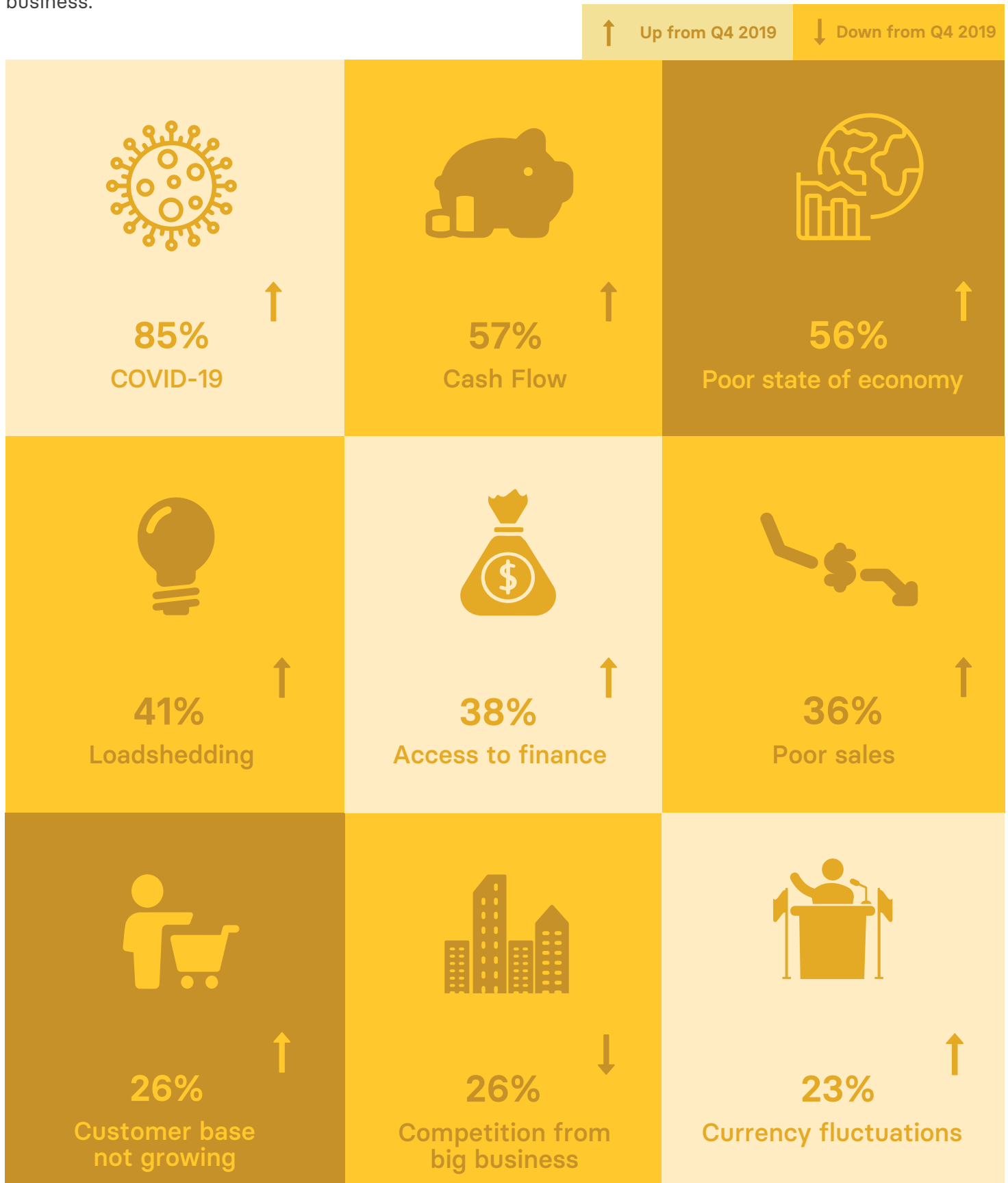
40% more of Retail businesses believe that the general business environment will be worse in 12 months time.



Retail Business Challenges

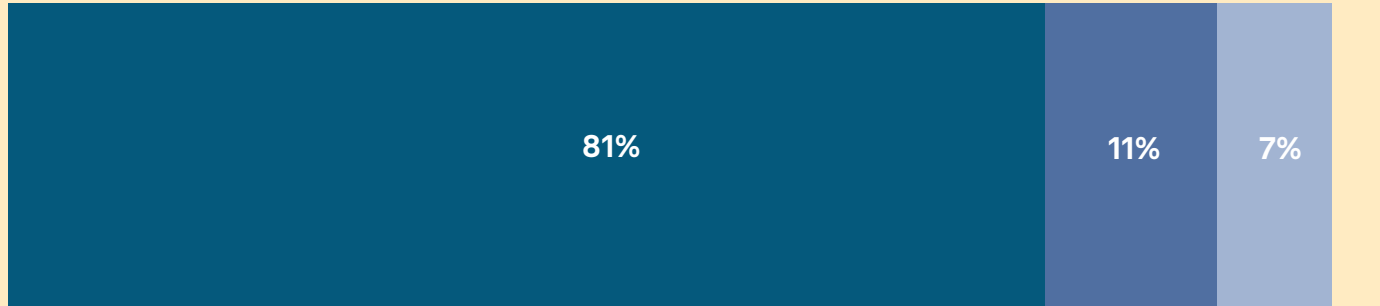
The number one challenge facing small business owners in the Health, Beauty & Fitness industry is the COVID-19 pandemic – 90% of businesses list it as one of their major challenges at the moment.

Challenges for each industry are slightly different. Businesses in Retail are actually less concerned about competition from big business than they were before. Although their worries have increased around each of the other top 9 challenges mainly due to the pandemic worsening each of their effects on the business.



Is your business still operating in the lockdown?

Looking at the lockdown period alone, **four in every five Retail businesses have been forced to close down** during the five-week lockdown. It has caused an 85% reduction in transaction volume for the Retail industry.

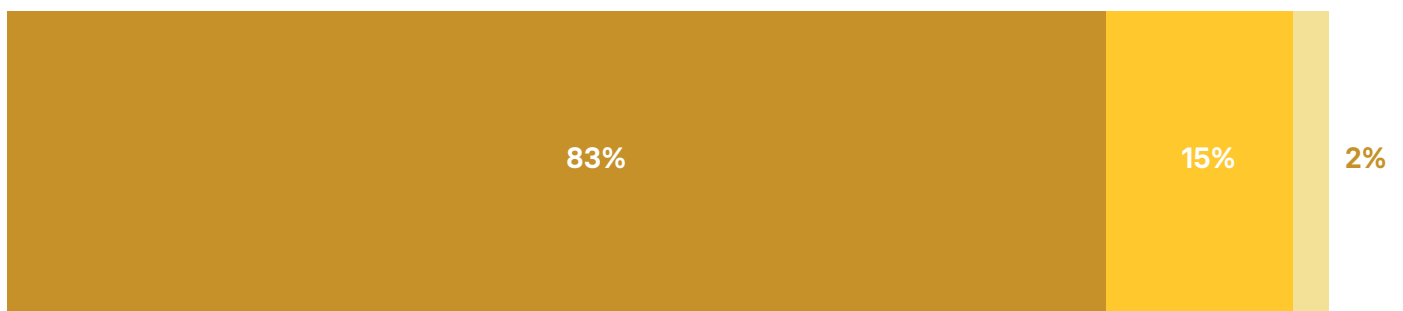


0% Percentage of businesses 100%

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

How is COVID-19 impacting your business?

82% say that their businesses have been severely impacted by the COVID-19 pandemic.

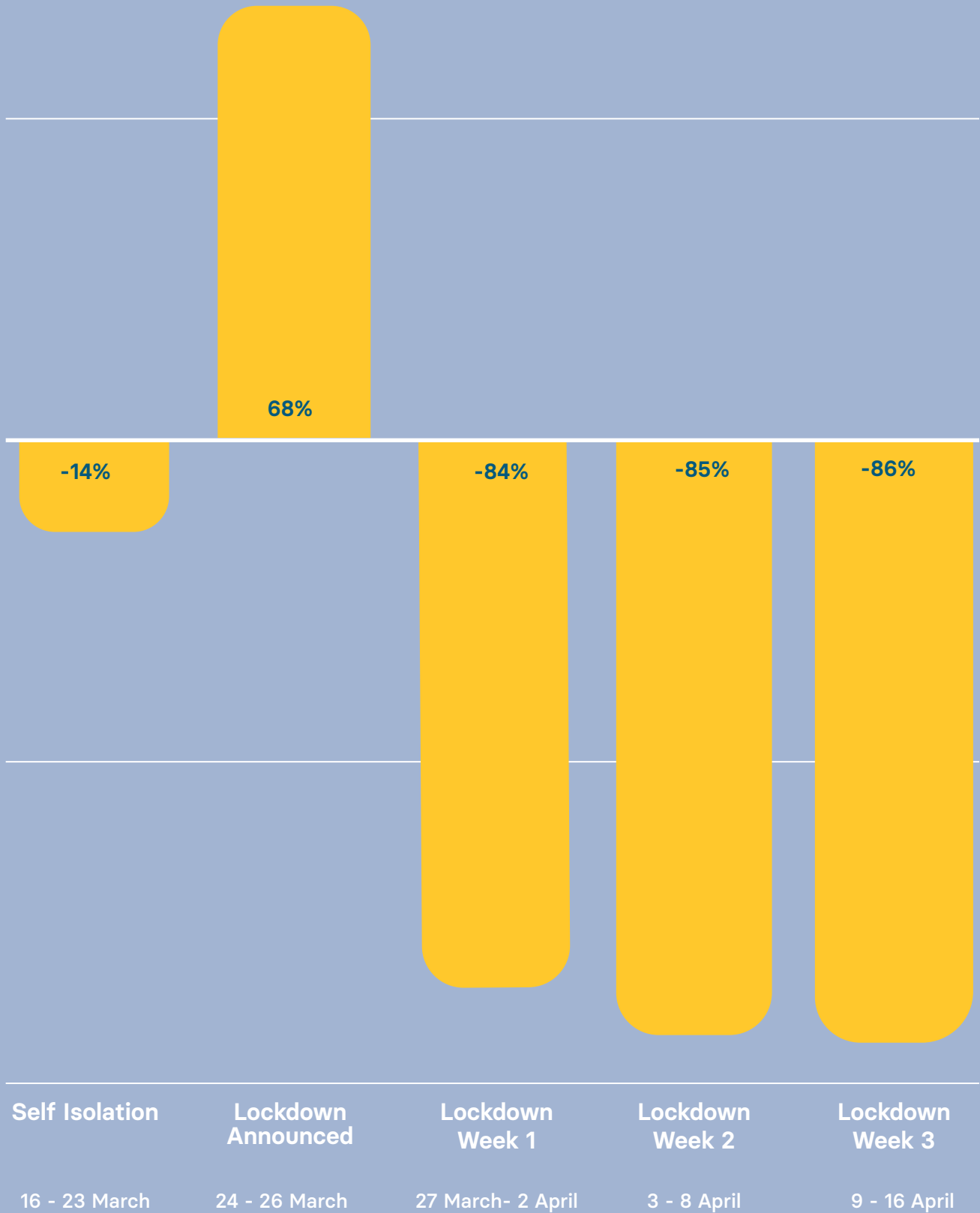


0% Percentage of businesses 100%

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

Percentage change in HBF transaction value (ZAR)

Lockdown has caused an average reduction of **85%** in transaction volume for the Retail industry.

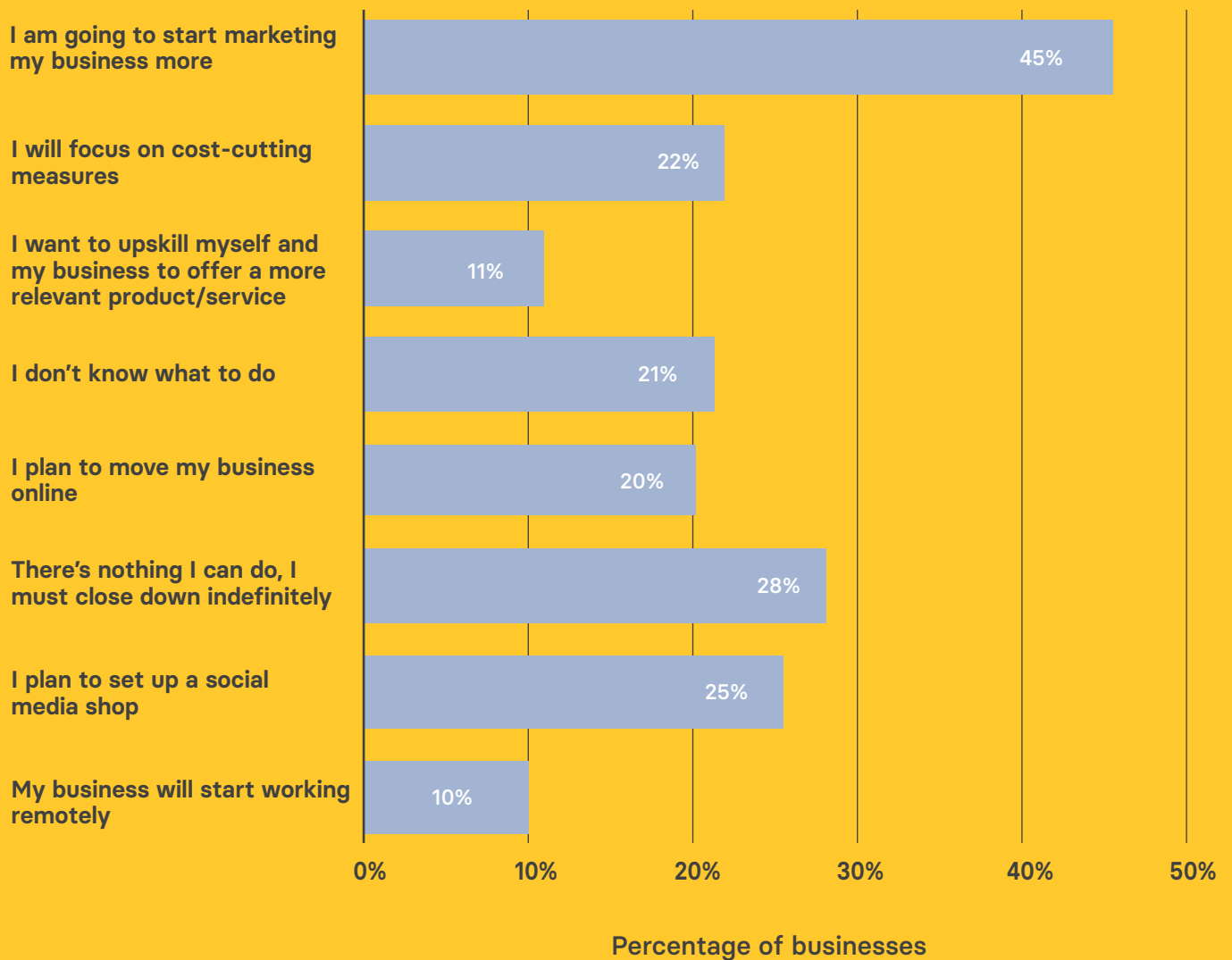


Lockdown being compared to comparative weeks prior to lockdown

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.

Like all other industries, businesses in Retail are focusing on marketing their businesses more during this time. They are able to move their businesses online easily and so 28% are going to do just that. A further 25% plan to set up a shop on social media.

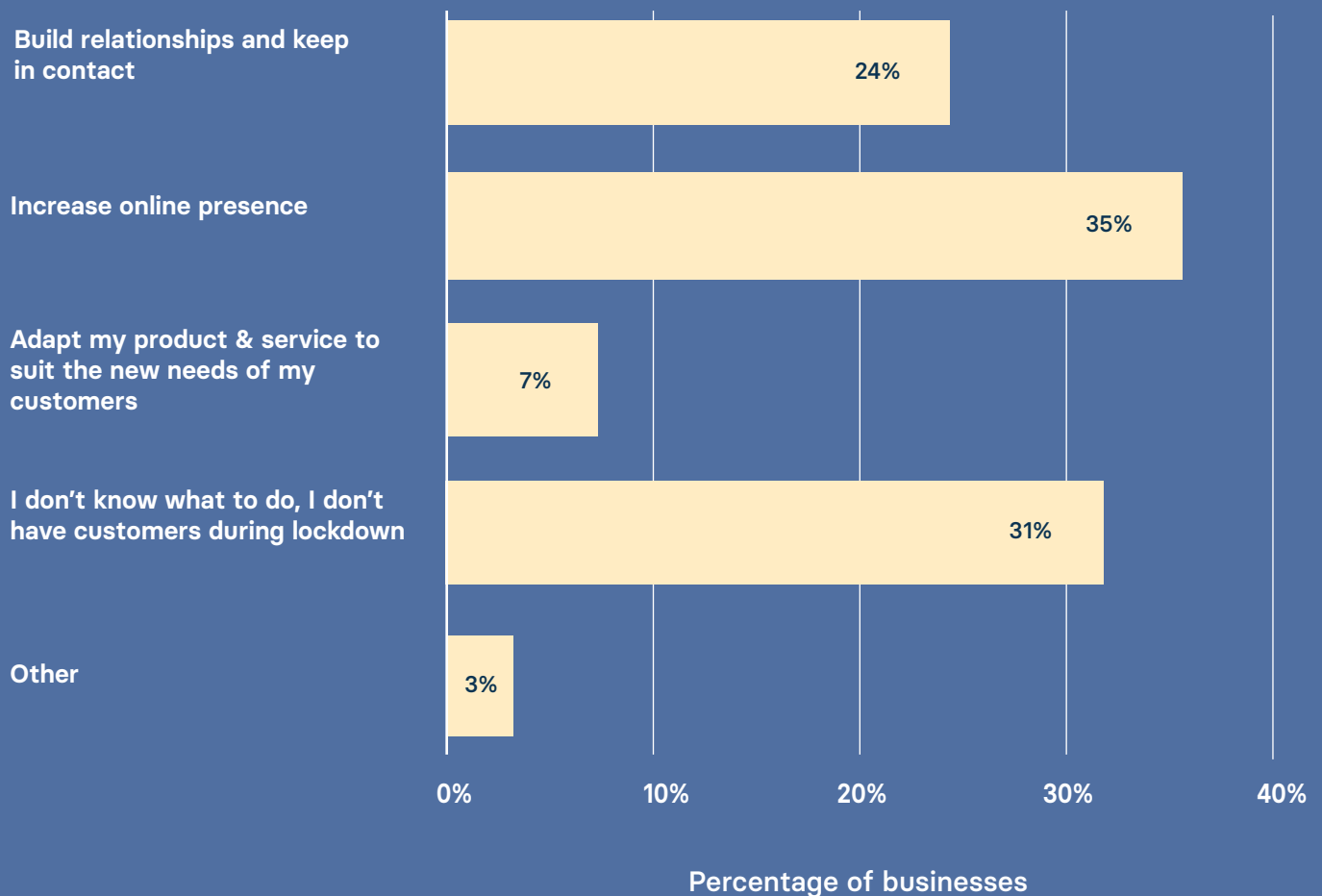


“Stay calm and plan for downtime and put plans into action for when business drops off and income is lower.”

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 Retail will focus on increasing their marketing and online presence in order to keep making sales during lockdown. **Although 31% of businesses rely heavily on foot traffic and now that their stores are closed, they're not sure how best to manage their customers.**



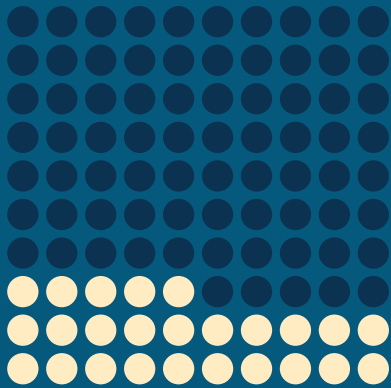
“Investigate the possibility of moving your business online, the only negative thing is that the economy is struggling thus customers have less to spend, even online.”

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. Only a quarter of business owners in the retail industry can afford to pay the employees full salaries during this time. 19% say that they will have to reduce their employees wages over this time, while a further 12% say that they will have to retrench some, if not all of their employees.

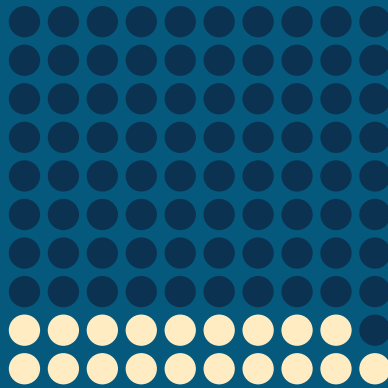
Percentage of businesses

25%



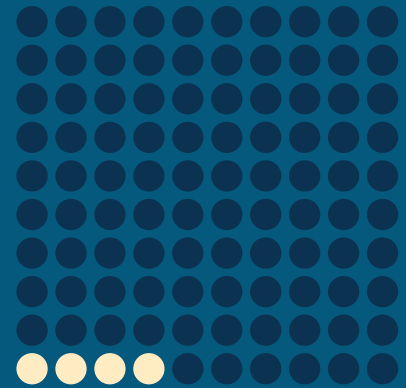
Yes, I will continue paying my employees

19%



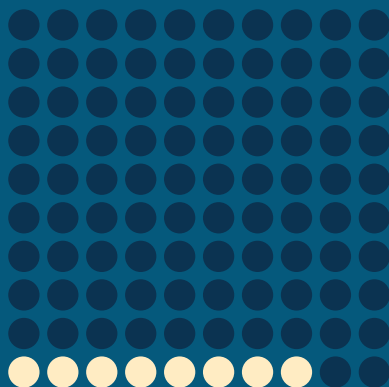
Yes, but I have to reduce the amount I pay them

4%



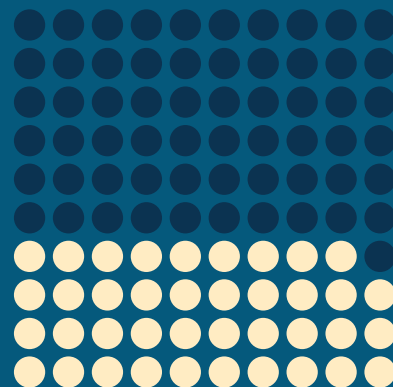
Yes, but only some employees, I have to let go of some of my employees

8%



No, I have to let go of all my employees

39%



I don't have employees