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SMEs and new marketplace

“THE IMPACT OF THE EPIDEMIC HAS MADE IT AN URGENT TASK FOR SMES TO REALIZE DIGITAL TRANSFORMATION AS SOON AS POSSIBLE”

IN MANY parts of the world, the Covid-19 pandemic has badly hurt companies of all kinds — but particularly those with smaller operating margins, such as micro-, small- and medium-sized enterprises (MSMEs). Business and liquidity have dried up, jobs are at risk and entrepreneurs have dramatically curtailed if not closed their businesses — at least temporarily.

“This is an unprecedented situation. The key will be to ensure that businesses are returned to their state before the crisis,” said an entrepreneur during an online discussion animated by VERDE. Held on 24 April, the webinar was the first in an SME assistance effort to help small businesses struggling with the effects of Covid-19.

While the full marketing impact of Covid-19 on consumer buying habits, brands and agencies is largely unknown, there are many factors that will guide short-term decision making. There are still many uncertainties as to how the next few months will impact the community and it is essential to look at both spectrums to make educated decisions regarding current and future operations.

As the impact of Covid-19 continues to unfold, businesses need to keep a close eye on the changing consumer behaviours and impacts on individual industries to ask the right questions, ensure they are prepared for any outcomes and find new opportunities. Many advertising platforms

have offered digital marketing resources for small- and medium-sized businesses for those affected by Covid-19.

The impact of the epidemic has made it an urgent task for SMEs to realize digital transformation as soon as possible. Digital transformation will help SMEs enhance their operating efficiency and create new advantages. Digital transformation was once a smart strategy but now it is simply a question of survival. The current pandemic is testing the rigour of many businesses and leave some scrambling to quickly keep up.

We herewith share insights from the Webinar conducted with business owners.

1. Need for speed

Companies agreed that they have to be able to move really fast to seize new opportunities. And really, the way to do this is to leverage on digital tools and solutions, by making investments today, even if cash flow is very difficult.

2. Freelancers to the rescue

Business owners have agreed that they have to be very agile and think differently. For example, most companies today are not set up to work with freelancers, highlighting the need to facilitate such processes going forward.

3. Understanding of consumer behaviour and their impact on different industries

When making decisions on, for example, advertising

campaigns, the two primary areas to consider are changing consumer behaviours and impacts on individual industries (from supply chains to point of sales). Strategically thinking through will be crucial in making the right decision for brands and clients. Using traditional channels and working the pre-Covid-19 way will only make businesses lose money.

4. Digital solutions to consumers

As many people opt to remain in their homes, delivery services are likely to have sustained business. With loyalty in online shopping developing, this could bring new segments to businesses, even when normality resumes. Navigating with online service and delivery will be critical and collaborations could prove useful for many, with shared services bring down costs and improved business model.

5. Marketing to a new consumer

With the economic downturn, consumer behaviour is likely to change drastically. For those without significant disposable income, an economic downturn might result in a sharp decline in their propensity to spend. While consumers could take a “wait and see” approach, advertisers should consider their new target audience and how their buying habits may change as a result of the current economic climate.

At VERDE, we realise the many issues which business owners are facing.

Overarchingly, entrepreneurs will have to do what they have always done best — adapt. Staying on top of the latest trends, researching market information for cues, and understanding new consumer behaviours will be key in driving successful marketing strategies moving forward. With this crisis, small businesses have little margin for error. Prudent management, focusing on the changing needs of customers and even greater adoption of technology, rather than good fortune, will be essential to business recovery and ongoing future success.

While it is wise to focus on cash flow and financial health at this time, businesses should also be looking to how they can meet the fast-changing needs of customers, especially through increasing online sales for those operating in distribution and sales. In-store traffic and demand will remain low in, for example, retail industry. As this trend grows, in-home online activity will remain high and may continue to increase as brands will target users during this time by investing more heavily in television (traditional advertising), digital, and direct mail advertising over in-store, out-of-home, and physical advertising due to decreases in public foot-traffic.

Ensuring that companies take a compassionate approach to their customers, with ultimately being agile and adopting change will lead to long-term consumer trust, satisfaction and loyalty.