

Strategies for SME success in 2024: The top 3 trends to watch

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Last year came with its fair share of opportunities and challenges for the SME sector. A lagging economy, rising interest rates and cost of living coupled with high unemployment held many small businesses back from reaching their full potential. On the upside, many businesses who were able to innovate their way through tough times emerged more resilient and ready to take on the challenges of the new year. Now, as 2024 begins to gain momentum, SMEs need to leverage the latest industry trends to build sustainable, robust ventures that are built to last.

This is the opinion of Rene Botha, regional investment manager at Business Partners Limited, who encourages small business owners to invest in ongoing market research as well as personal and professional development.



Rene Botha, regional investment manager at Business Partners Limited

“A good place to start is to subscribe to newsletters that can help entrepreneurs gain insights into what is happening in the sector from a global and local standpoint. By paying close attention to industry trends and details, small business owners can make the small but significant changes that will align their ventures with important changes in consumer behaviour, business operations, digital transformation, marketing and technological integration,” she says.

Greater AI adoption to drive efficiencies

Shedding light on one of the biggest trends to look out for in the year ahead, Botha says that with generative AI being the buzzword of 2023, decision-makers at the helm of SMEs across the country need to find out how to make AI work for them and optimise business operations.

ChatGPT, now one of the most prevalent generative AI tools in the world, was released at the end of 2022. Since then, businesses across various industries across the globe have adopted its usage to complete tasks such as email drafting, content writing, proofreading and other natural language processes. It has also been a useful tool for small businesses by assisting them with tasks such as creating executive summaries, keyword research, brainstorming and drafting customer service emails.

The adoption of AI by South African businesses has, however, lagged behind. One study, conducted for the University of Cape Town, reported anecdotal evidence suggesting that SMEs who have access to AI tools, are not using them. Some of the most significant barriers to greater adoption include perceptions around the risks involved, lack of information and training on how to use AI in the world of business and technological skills shortages.

In Botha's opinion, “AI – and generative AI in particular – is not going anywhere. Despite contestations from multiple global stakeholders, AI has already become an ingrained part of how businesses produce content, conduct research and market their ventures. In 2024, entrepreneurs need to spend the time and resources needed to upskill themselves on how to use AI to save time and money in the long-term. Thankfully, there are now many free guides and tutorials online that can help them to do so.”

Pricing as a key priority

In 2023, South African consumers faced several economic challenges. The rising cost of fuel and food, as well as the rising cost of borrowing, placed consumer pockets under severe strain. In 2024, with the national elections looming and geopolitical tensions abroad mounting, this picture will likely remain the same.

This added financial strain has impacted the way many South African consumers shop. The most recent Consumer Confidence Index, produced by FNB and the Bureau for Economic Research, found that just under 50% of consumers are prepared to buy big-ticket discretionary goods when they are on promotion. In general, the study also found that consumers plan to reduce their spending across all retail categories, except for grocery items.

For Botha, these are indicators that small businesses looking to gain a competitive edge this year need to pay close attention to their pricing strategies. "In previous years, it may have been wise to position product or service quality, customer service, value, branding or uniqueness as the most attractive unique selling proposition.

In 2024 however, several market indicators suggest that price will reign supreme as the most vital contributing factor to how consumers make buying decisions. Now is the time to go back to the drawing board and find creative ways of bringing the price down on products and services or at least keep them similar to 2023 figures. There are several pricing strategies that can be used to do this with as little an impact on the bottom-line as possible," she adds.

From compliance to commitment: a focus on better data protection

The implementation of the Protection of Personal Information (POPI) Act in mid-2020 represented a seismic shift in the way that South African businesses could operate. Initially, the requirements of the Act were regarded as a compliance issue for larger firms, but small businesses also needed to implement measures to safeguard customer data and communicate those measures transparently to their customer bases.

Now, with South Africa poised to overtake Nigeria as the cybercrime hotspot of the continent, protecting customer data will become increasingly important. To this end, the most recent study conducted by Sage, found that just under 70% of South African SMEs are calling for more support, education and training on how to protect their businesses and sensitive information from cyber criminals.

As Botha concludes: "While the surge in data collection empowers businesses, it also necessitates a commitment to data transparency for the benefit of customers. As businesses gather extensive information, customers deserve access and control over their data to mitigate security risks.

"Customers now expect to know how their data is collected, how it is used, how it is stored and whether it is shared. By taking measures to be completely transparent in this regard, small businesses can foster a greater sense of trust with their customers and build on that foundation as their businesses grow."

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