



21 Small Business Trends for 2021

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Introduction

If we're honest, we'll all remember 2020 as a more Mad Max inspired war party chase type of year – complete with spike hubcaps, flaming exhausts and spectacular smashes – rather than a Sunday drive through the Midlands. What a wild ride.

It's safe to say that in the last 12 months the world has turned upside down. Arguably, no one in commerce was more adversely affected during this global capsizing than small businesses.

The business landscape has changed dramatically since the outbreak of COVID-19. While the initial damage control from small businesses was understandably reactionary, the new world which we're all adapting to under the pandemic will inform new ways of working for small businesses in 2021.

From recruitment to finance, marketing to operations, the unfamiliar landscape we find ourselves in has created radical shifts in all aspects of business. These shifts will demand agility. Those who refuse to move with the times by adapting to the new socio-economic climate may find themselves short-changed in the year ahead.

To ensure that your business is up to speed, we've compiled a list of small business trends for 2021 from rigorous research, global observations and predictions, and the lessons we've learnt from our daily work with SMEs. Through this paper, we hope to play our part in ensuring that small businesses are prepared for the year ahead, no matter what 2021



The SME Struggle

For context, let's take a look at the hand dealt to SMEs in 2020. While this retrospective view may seem out of place in a 2021 analysis, it'll help clarify the reasoning behind the trends to follow.

Cast your mind back to the evening of the 23rd of March 2020. South African President, Cyril Ramaphosa, announced that South Africa would enter a 21-day lockdown to stop the spread of COVID-19. At the time, opinions differed on his decision, but by and large, most South Africans agreed that the president had made the right choice. We were going to flatten the curve together!

And so, we entered a strange new world, filled with challenges and excitement. Kids chanted the president's name as schools closed their doors, employees revelled in the opportunity to work from home and tails wagged as pets got to spend more quality time with mom and dad.

But as the days wore on, the stark reality of lockdown started to set in. Supply chains were interrupted. Demands for goods and services dropped dramatically. Liquidity was impacted, jobs lost and consumer confidence dipped. Soon we all realised that flattening the curve could come at an irreversible cost – the flatlining of our economy.

80-90%

Drop in SME revenue

15%

SMEs who received government support during lockdown

55 000

55 000 Small businesses that closed during COVID-19.

51%

Annualised decrease in the South African economy



Still, the days grew colder. Winter dug in its heels and our active cases continued to rise. But we're a resilient bunch, so we stuck to the plan. We stayed at home, we wore our masks, bathed in sanitiser and kept our distance, even from our nearest and dearest.

Slowly but surely our active cases began to decline and business started to open up again. As the dust settled, we took stock of the economic ramifications the lockdown had on SMEs.

Eight months have passed since that initial address to the nation. For many, it feels considerably longer. However, in every disaster there is opportunity. Whether it's a new business, a heroic pivot, a savvy side hustle – humans are adaptable, and entrepreneurs are in humanity's top tier of adaptability.

So, as we look ahead to another year, we know that the threat of COVID-19 is still very much part of our lives. Talk of a second wave or looming future lockdowns permeates every conversation, business or otherwise. 2020 caught us all off guard, and it was small businesses – those who are the most vulnerable to sudden economic fluctuations – who bore the brunt of the crisis.

It's unsurprising then that the trends for 2021 are heavily influenced by rapid tech adoption, contingency plans and rapid modernisation as small business seek to prepare and safeguard themselves for the future.

Ready to see what the year ahead has in store for you?

Let's dive right in!



Cash Flow Forecasting



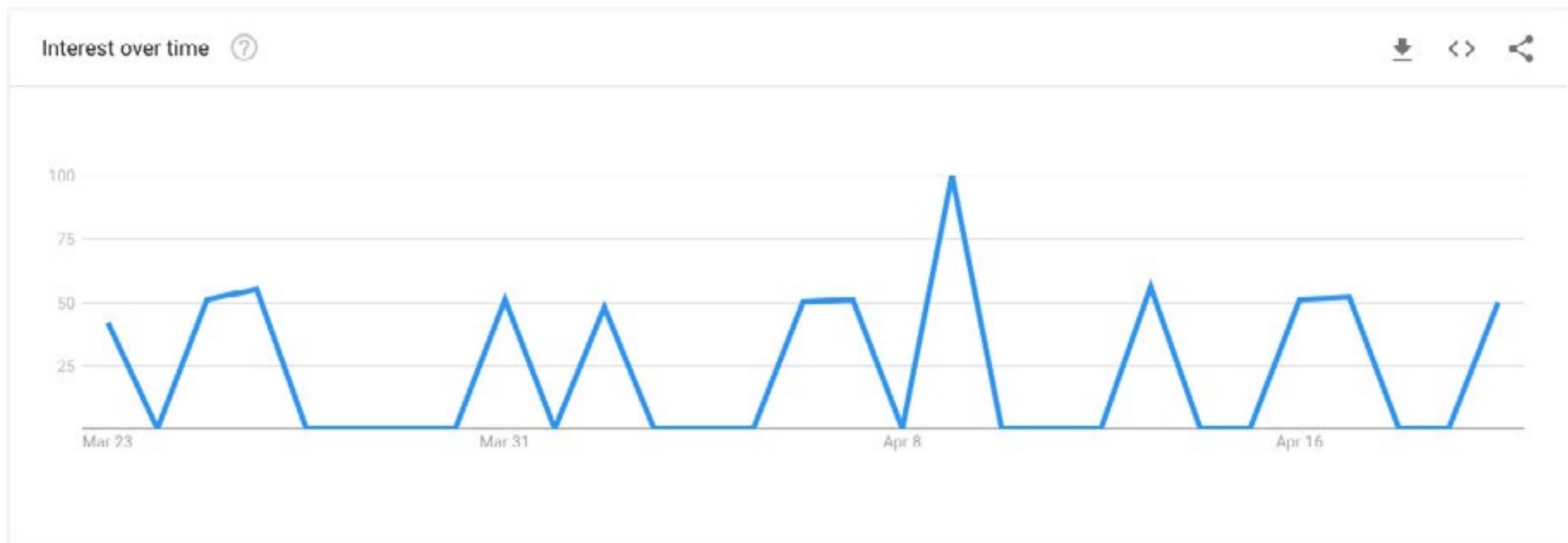


Keeping an Eye on the Future

Cash flow forecasting isn't new. Still, it saw an incredible resurgence in popularity in 2020 as the term skyrocketed on Google shortly after lockdown was announced. Suddenly business owners realised the need to manage their liquidity and scrambled to upskill themselves in an attempt to peer into the financial abyss which lay ahead.

100%

Increase in Cash Flow Forecasting on Google Search 2-weeks after lockdown.





Businesses in 2021 won't risk being unprepared once again. Interest should continue in forecasting apps and tools well into the new year as businesses set up contingency plans and aim to see around the corners in an uncertain financial landscape.

While there are several apps, templates and models available to assist small businesses with forecasting their cash flow, many business owners choose to neglect this handy troubleshooting tool. This is interesting seeing as 4 out of 5 companies which enter insolvency do so because of cash flow issues.

82%

Companies that go out of business due to poor cash flow visibility and management.

While many business managers and owners will claim they didn't see the red flag of financial crisis waving in 2020, the proverbial cat is now well and truly out of the bag. So, business owners will look to cash in on the benefits of forecasting to try and stay on the front-foot this year.

The Benefits of Cash Flow Forecasting

- Identifies imbalances in cash advances
- Flags issues with customer payments
- Helps businesses create strategies to get paid faster
- Ensures the business can remunerate vendors
- Aids financial planning and long-term growth
- Assists in planning a financial forecast, which is required when applying for loans.

Moreover, businesses which took loans to cover the financial shortfall in 2020 will need to take a thoughtful approach to repay their debts in 2021, making accurate forecasting an essential in the 2021 business playbook.

Nest Eggs

02



Save it for a Rainy Day

Unsurprisingly, businesses will be more conservative with their spending in 2021. Given the financial pressures anticipated for the year ahead, businesses will look to squirrel away what they can to give them a buffer should we face another lockdown.

Looking back on 2020, the contingency line in small business budgets became the save and grace for many businesses. When lockdown began and businesses needed to pivot, the rainy day fund enabled them to reimagine their businesses by moving their operations online, invest in new in-demand products or adhere to government regulations.

70%

Decline in overall revenue businesses expected for 2020.

As small businesses look to stockpile in 2021, they'll need to drawback in other areas. In the year ahead, we may see less capital investment from small businesses as they endeavour to play it safe. Marketing budgets may also be reined in as businesses avoid the added expenditure of going above and beyond with their marketing campaigns.

How much should small businesses be saving?

There is no hard and fast rule when creating a contingency budget. However, following this outline for small businesses will help you create a rainy day fund that suits your needs:



Having the funds to retain core staff based on salary and benefits needs to be the top priority in every contingency plan. In a downturn, you may need to lay-off secondary staff or place them on furlough. Either way, you must have a runway to give them notice.

Necessary expenses such as rent and insurance also need to be taken into account. Remember that variable costs, such as lawyers' fees for new contracts, will decrease in difficult financial times. You will, however, need enough funds to pay your essential vendors.

Do you have liquid or semi-liquid outside funds? What is the risk profile of your business? Is it more cost-effective to retain an employee or rehire in their position? These are all questions you need to ask when forming a contingency budget.

Finally, managing a contingency is a constant balancing act. Saving too little may risk insolvency while saving too much can hinder growth and result in missed opportunities.



Business Continuity Planning



Planning for the Worst

In 2020 it became clear that many businesses were not prepared for a pandemic (and who could blame them). 2021 will be a different story as small businesses look to the future and the possibility of further lockdowns and interruptions. With this in mind, 2021 will see an increase in Business Continuity Planning (BCP) as more business owners attempt to safeguard their businesses should history repeat itself.

Will Kenton of Investopedia defines business continuity planning as: "The process involved in creating a system of prevention and recovery from potential threats to a company".

As part of a company's broader risk management strategy, a BCP involves defining all the risks that may impact company operations. At the beginning of 2020, very few small businesses would have taken the time to create a BCP. It was seen by many as a process for the paranoid and an unnecessary way to spend valuable company time. But, knowing what we know now, and after seeing the devastating effects of COVID-19 on small business, continuity planning is likely to become a staple in every business strategy.

“The process involved in creating a system of prevention and recovery from potential threats to a company”

What should be in a BCP?

First and foremost, a BCP should outline the risks facing a business. In 2021, these risks will most likely include the impact of lockdown, supply chain interruption, drop in demand and liquidity issues. After assessing the risks facing a business, a BCP should:

1.

Ascertain how these risks impact operations.

2.

Create procedures to mitigate these risks.

3.

Test these procedures.

4.

Constantly review the process to ensure relevance.

Once a business has created their BCP processes, they'll be prepared to continue operations in a crisis and speed up recovery once the crisis is over.



“After seeing the devastating effects of COVID-19 on small business, continuity planning is likely to become a staple in every business strategy.”



Sustainability





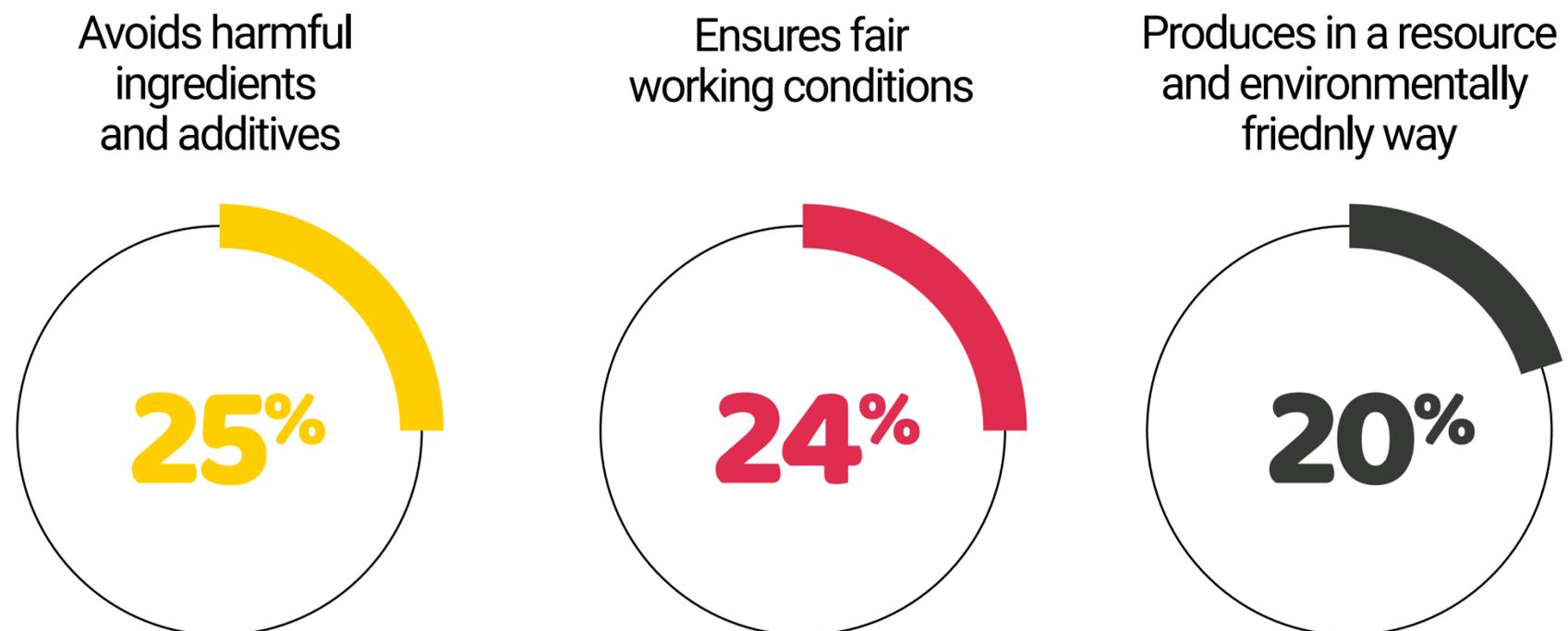
The Future is Green

We've seen an increase in consumers demanding brands commit more to sustainability in recent years, and 2021 seems to hold another surge for greener practices and more environmental responsibility.

Sustainability doesn't only refer to being environmentally responsible. It also applies to a variety of workplace processes and policies. These include fair working

conditions for all employees, a diverse workforce, an inclusive company culture, environmentally friendly production and avoiding harmful ingredients.

What Consumers Look for in Sustainable Brands



Source: Think with Google

These factors don't only impact consumers' perception of a brand, but also directly impact purchase decisions and commands brand loyalty.

82%

Consumers who care about at least one aspect of sustainability.

Brands that wish to invest in sustainability this year should do so by being open with customers. Don't be afraid to broadcast your commitment to sustainability, label your environmentally friendly products or announce your plan for implementing greener processes in your business.

From eliminating single-use plastics to reducing carbon emissions, sustainability is now essential for all businesses who wish to resonate with public opinion. While one might expect consumers to focus on the pandemic rather than sustainability, a recent study from the Boston Consulting Group (BCG) revealed that 90% of consumers are equally or more concerned about environmental issues as they were before the pandemic.

COVID-19 has accelerated environmental concerns, meaning that brands can no longer avoid the issue in 2021 if they wish to stay in consumers' good books.

“Being a good human is good business”

– Paul Hawken, environmentalist and entrepreneur



Go Cashless



Card is King

With hygiene playing a more significant role in the public's consciousness, expect your customers to look for alternative ways to pay in 2021. This trend was always on the table as debit and credit card usage has steadily increased in recent years. However, the pandemic has rapidly accelerated card adoptions as consumers are opting for safer transactions.

In their Q2 Industry Insights Report, consumer credit reporting agency TransUnion noted that credit card enquiries have increased by 62% year-on-year. While this is partly due to an ailing economy and the essential need for a line of credit becoming a stark reality for many consumers, TransUnion notes that cash use globally is in decline as electronic payments, contactless technology and mobile wallets continue to increase in sophistication.

4 in 10

millennials carry cash on a regular basis.



62%

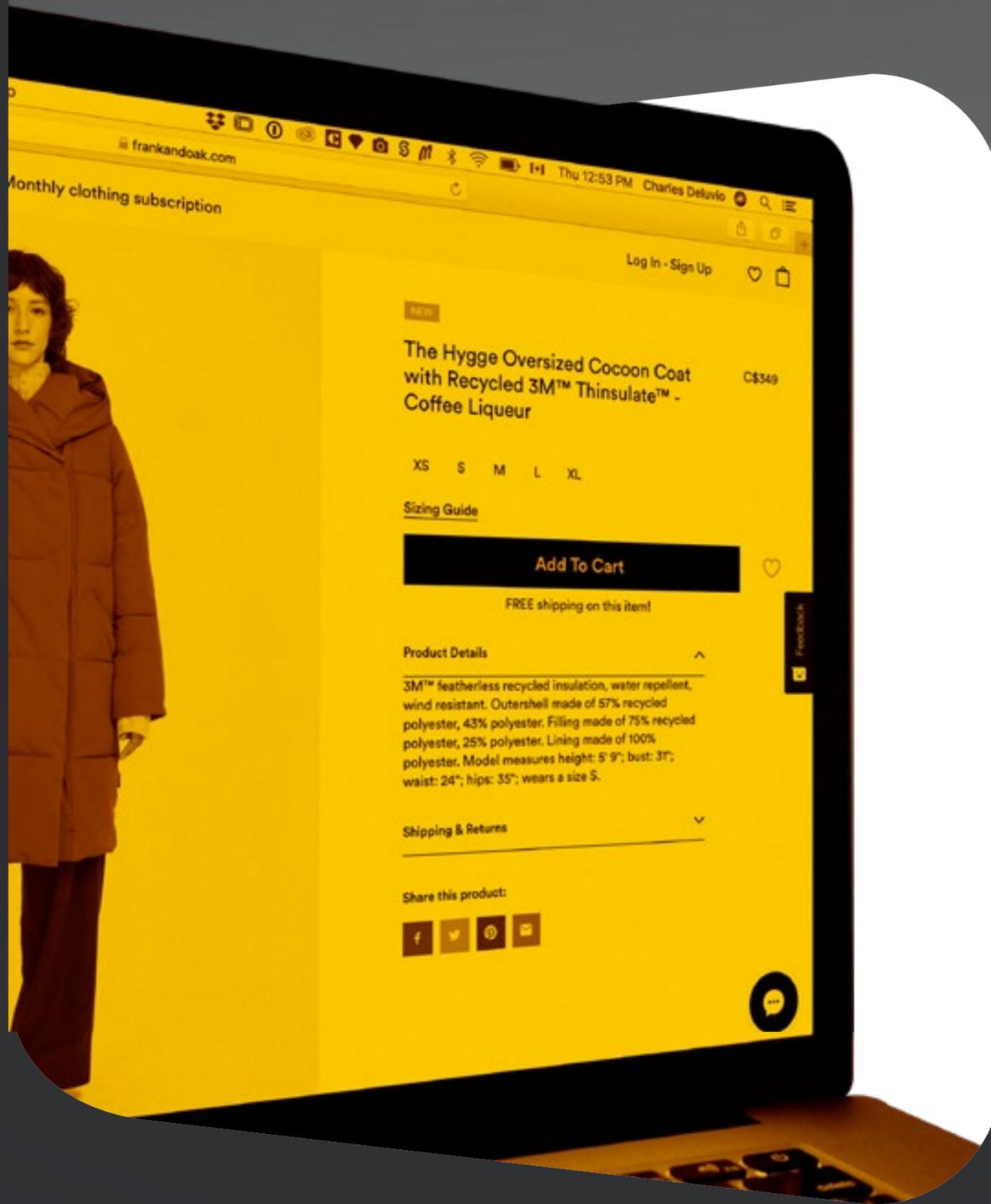
Increase in credit card enquiries year-on-year.

Add to this the swirling rumours which surfaced mid-2020 that cash was acting as a COVID-19 transmitter and it's easy to understand why more consumers are going cashless. According to reputable sources, including the World Health Organisation, paper and polymer banknotes were aiding the spread of COVID-19, as the virus was able to live on notes for several days. While these claims have since been discredited, the stigma around cash as an unhygienic payment method remains.

With this in mind, expect more small businesses to make the transition to electronic payments in 2021. While cash will still play a vital role in South Africa (we are still a way behind countries like Sweden who are on the verge of going cashless), more businesses will likely look at getting their hands on a speedpoint to offer their customers alternative ways to pay in 2021.



E-commerce





A Rise in Digital Stores

In 2020 many businesses who may have been on the fence whether or not to start selling their wares in the digital arena had their decision made for them. As lockdown wore on, more businesses needed to find innovative ways to connect with their customers and get their products out into the market outside of their traditional brick and mortar stores.

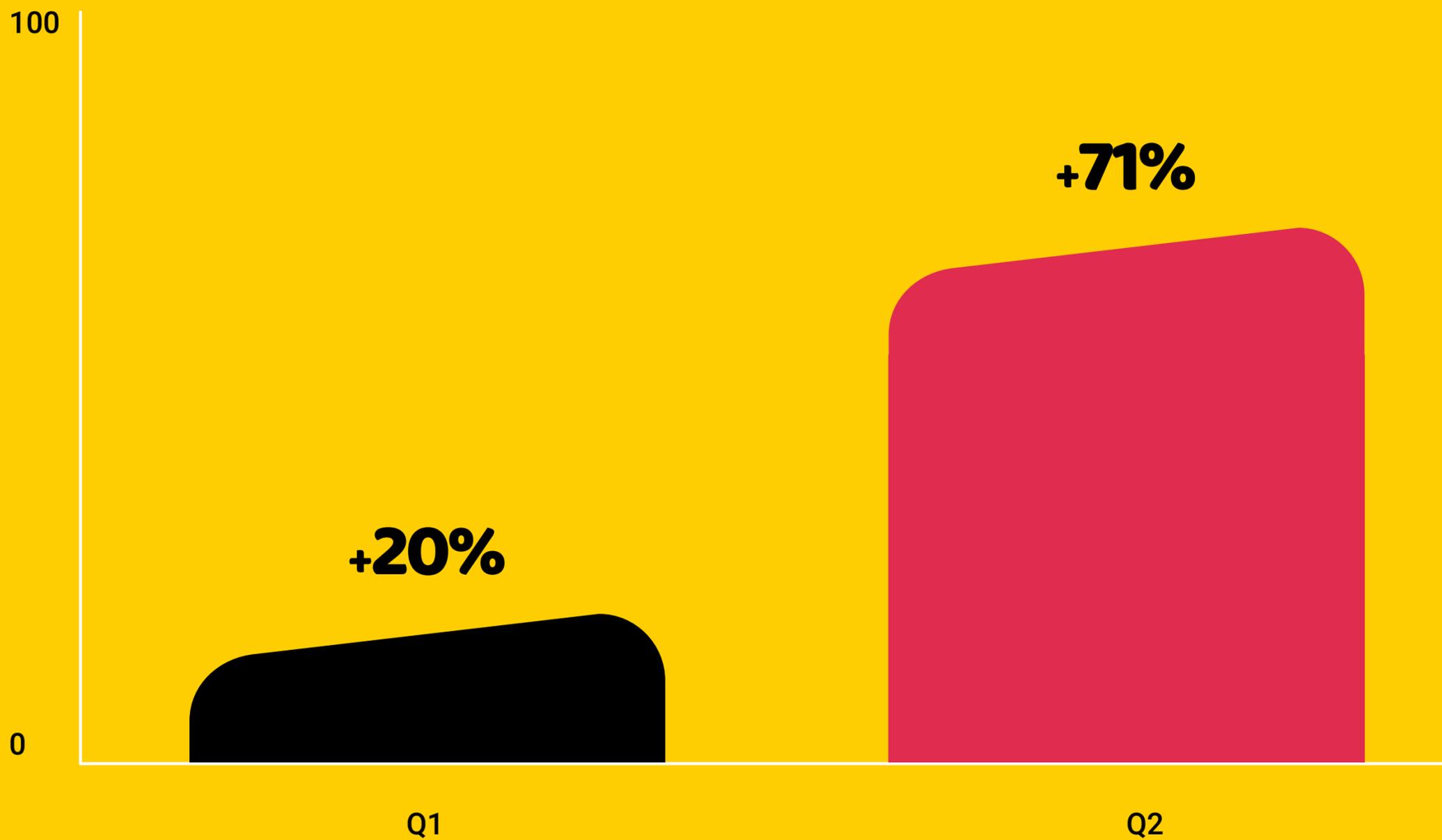
It seems that South Africans are also reluctant to visit physical stores, even outside of lockdown. According to Nielsen, 65% of South Africans have reduced their visits to physical supermarkets, traders and malls.

\$5 Trillion

Growth of global e-commerce predicted in the next 4 years.

The market researcher has also seen a notable increase in specific categories, such as online grocery retail and delivery. In addition, 29% of South Africans are now doing more online shopping than before the pandemic, a trend that will continue in 2021 as more businesses shift their focus to e-commerce.

Digital revenue growth in 2020



This won't be easy for many small South African businesses, especially those in the informal sector who continue to struggle with technology, expensive data charges and slow internet speeds.

Nevertheless, McKinsey & Company recently highlighted in their SA Consumer Sentiment report that approximately 40% of South Africans would look to increase their online shopping spend in 2021.

With this in mind, it's up to business owners to upskill and invest in getting their e-commerce up to scratch to ensure that they can deliver the products that their customers want in the channels where they are choosing to shop.

“There is the potential for a digital consumer renaissance beyond the COVID-19 pandemic.”

– Robin Fisher, Senior Area Vice President of Salesforce Emerging Markets.



Social Commerce



Bringing Personalisation to Purchase

2021 will see a rise in social commerce. As businesses are forced online and to sell their products through digital channels, smaller enterprises may need to find more affordable ways to do business. For these businesses, social commerce will become the lifeline that enables them to connect with their customers without investing in an e-commerce website.

What is social commerce?

Social commerce involves using existing social media platforms as a purchasing channel by promoting products and services on platforms like Facebook, Instagram and Pinterest to complete a transaction in a personalised way.

At its core, social commerce is about bringing natural, communicative social media style conversations to retail interactions.

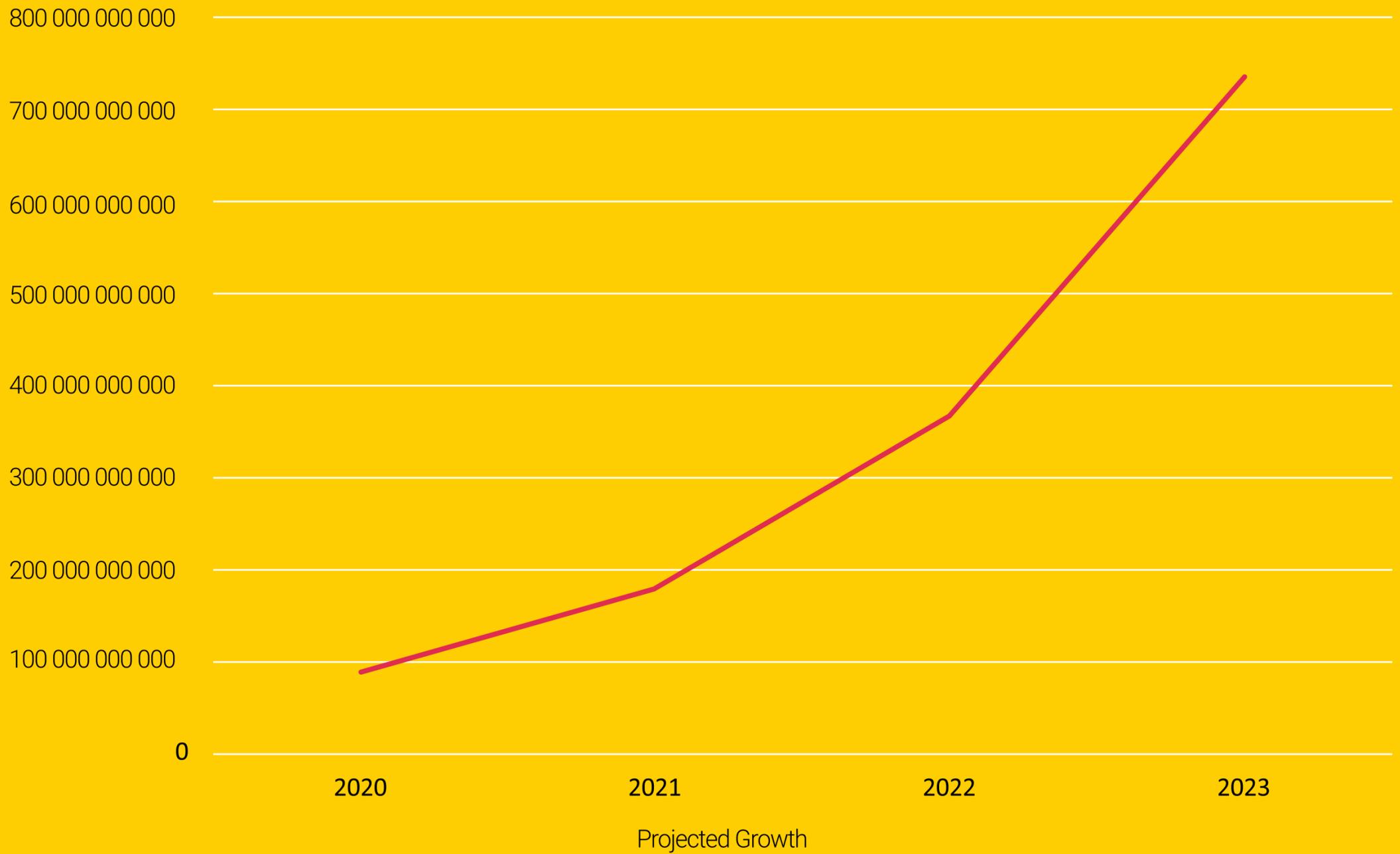
While shopping, social media users can browse products, read reviews, interact with the brand and get their friends opinions and make a purchase directly from their smartphone.

\$735 Billion

Value of the global social commerce market in the next 3 years.



Global Social Commerce Market Worth



Social commerce also offers a frictionless shopping experience. By speeding up the transaction, social commerce can nudge a prospect towards a purchase without requiring them to leave their social media platform of choice.

Furthermore, as a business owner or marketer, these platforms give you supreme power simply based on the amount of data available to you. Using this wealth of customer data, you can tailor your advertising to be hyper-targeted, helping you reach your ideal customer on a platform where they are comfortable to interact with your brand.

It's also the ideal platform for Millennials and Gen-Z as both generational groups are already online and ready to shop. If your business targets these shoppers, consider posting your products on Facebook Shop or Instagram Shop. That's a great place to start. While there are other social commerce platforms available to you, such as Pinterest or Snapchat, and a host of others in the works, Facebook and Instagram are still the most lucrative options for businesses looking to test the waters in 2021.

Remote Work



Work from Home is Here to Stay

While many business owners may have been sceptical of moving their workforces into a remote working model, many are now seeing the benefits of working from home. Many employees have also now developed an appetite for remote work and the lifestyle that it creates.

53%

Employees who want to work from home after the pandemic

Without the COVID-19 pandemic, progress towards a work-from-home (WFH) model would likely have taken years to implement – especially in South Africa where we still cling to traditional business practices. Indeed, central to the WFH model is a foundation of trust between employers and employees. Until the pandemic, WFH had never materialised because employers believed it would result in a drop in productivity which would impact their bottom line.

13%

Improvement in performance when working from home.

On the contrary, studies as far back as 2017 from Stanford University have revealed that employees who work remotely are more productive than those who work on-site. There are many reasons for this, including fewer distractions, removing the commute from the daily routine, an increased sense of responsibility and a need to protect the WFH lifestyle.

300%

Rise in remote work compared to pre-COVID levels

However, with the onset of the pandemic, business owners were left with little to no choice as they were forced to adopt a WFH model to continue running. Now that employees have experienced the WFH lifestyle and business owners have experienced the cost-saving benefits, such as downscaling to smaller office space while also saving on utility bills and travel costs, working for home will likely continue to gain popularity in 2021.

In his report, Professor Nicholas Bloom of Stanford University notes that one to two days of remote work a week is probably the ideal balance for employers and employees alike. Having two or three days a week where your team meets face-to-face is essential for team cohesion while still maintaining employee job satisfaction.

“The need to go into the workplace five days a week started because people had to go to a factory to make products. But companies that treat their employees like that are increasingly finding themselves at a disadvantage.”

**– Professor Nicholas Bloom,
Stanford University**



The Gig Economy





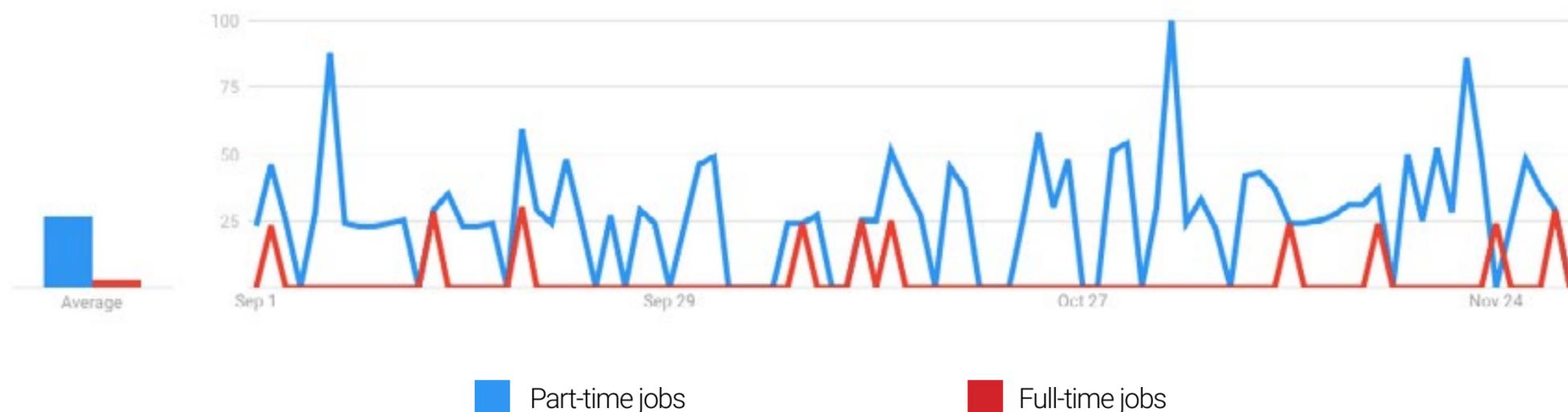
Side Hustles All Round

In the last year, we've seen the true entrepreneurial spirit that resides within many South Africans. As companies tightened their belts and the retrenchments began, those laid off were left with no other choice – entrepreneur or else.

a clear picture of the imminent side hustle economy predicted for 2021. It seems more South Africans are on the lookout for part-time work as they look to establish multiple streams of revenue to avoid putting all of their eggs in one basket.

Interestingly, this new entrepreneurial drive seems to have taken hold. While Google Trends searches showed initial spikes for terms like “side hustle” and “side hustle ideas”, it is the search results months down the line that paints

Interest Over Time



Source: Google Trends

Diversification for Businesses

In 2021, businesses will look for new product lines, service offerings and partnerships to increase their revenue streams. As we've seen, the need for contingency planning in 2021 is essential. Businesses that are determined to bolster their options next year will turn their attention to new ways of doing business. Possibly even outside their current industry, to give themselves the best chance at maintaining liquidity should South Africa enter a more intensive downturn.

How Businesses Can Profit

Business owners can cash in on the boom in the gig economy, too. Hiring freelancers enables business owners to structure their salary bill and save in certain areas by giving them the ability to access specific skillsets for a limited amount of time. Not having to commit to long-term contracts and monthly salaries can help businesses save every month and give them extra breathing room if they need it.

Additionally, freelancing may help business owners access a particular skillset or specialisation that they might not be able to afford permanently. Ultimately, freelancing gives businesses more flexibility and with more people looking to side hustle in 2021, business owners should have a wide variety of options.

3.9 Million

Freelancers in South Africa



Cybersecurity





Mitigating Risk with Increased Security

As small businesses get wrapped up the digital revolution, they will become vulnerable to hackers and other online criminal activity. It should come as no surprise then that small business owners will invest considerably in cybersecurity systems to safeguard their businesses against opportunists searching for a digital chink in the armour.

In 2021, businesses will look to increase their security systems and create more robust networks to combat these attacks. This approach won't only be reserved for top companies. In their 2021 Predictions report, research house Forrester estimates that businesses across the spectrum will invest in cybersecurity, from market-leaders to smaller, struggling companies who are looking to leapfrog the competition.

30%

Businesses that will increase their spend on security and cloud-technology.

33%

Data breaches caused by insider attacks.

Forrester also predicts that insider incidents may increasingly drive data breaches and attacks. These incidents, which rose in 2020, will continue to grow in 2021 for the following reasons:

1. **Remote work leaves companies vulnerable to data breaches**
2. **Increasing job insecurity amongst employees**
3. **The increased ease of moving stolen company data.**

Insider threats are also inextricably linked with employee satisfaction in the workplace. To this point, business owners will seek to improve the employee experience in 2021 to minimise these incidents by addressing areas such as employee privacy, company culture and ethical labour practices.



Employee Experience (EX)



Happiness is a Currency

Employee Experience (EX) will be a hot topic in 2021 as business owners look to manage their teams who have a renewed outlook on what is important to them.

There's a quote doing the rounds on social media at the moment which goes something like this: "I thought 2020 would be the year I get everything that I wanted. Turns out, 2020 was the year I learnt to appreciate everything I have". More than any year in recent memory, 2020 has caused us to take stock of how we're working and how we're living.

In 2021, expect business owners to invest in their employees by ensuring that they have the job satisfaction they need to perform. According to Connecteam, employee

happiness is directly tied to productivity and output, and business owners who wish to get the most out of their workforce should strive to create a recognisable company culture.

“Keeping [employees] happier at work ... boosts productivity by 10 to 25 percent”

– Scott Crabtree, chief happiness officer at Happy Brain Science.

What employees want in 2021:

Beyond ping pong tables, fully stocked bars, creative murals and fat paychecks, employees' wants and needs are relatively simple. These needs are tied to clear communication, transparency and appreciation for their hard work.

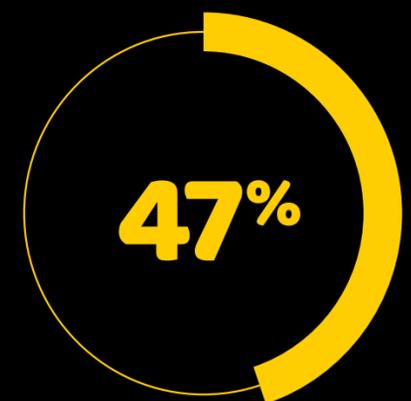
In a small business, it is essential to manage morale as one dissatisfied employee can have an abject effect on the workforce. This can create unnecessary additional work for business leaders who then need to dedicate time to managing employee expectations and attitudes.

Establishing a company culture that resonates with your employees will turn them into brand advocates who are not only aware of the company expectations but can manage dissatisfied employees.

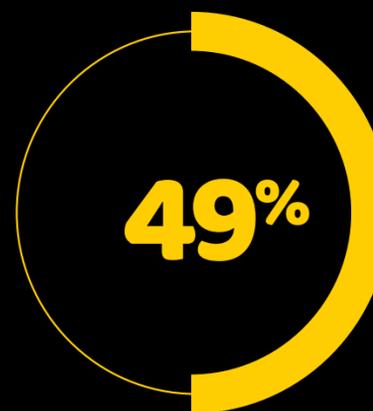
Regular and candid communication



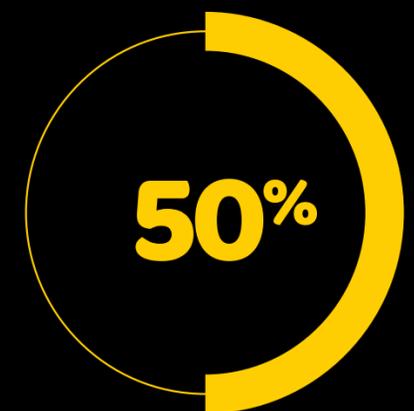
Access to leadership



Employee recognition



Close work friendships





88%

Employees who believe a distinct workplace culture is vital for success.

84%

Employees who say engagement and motivation are the top factors that contribute to a company's success.

Moreover, businesses who establish a recognisable culture that prioritises EX are more likely to attract and retain top talent in 2021.



Mobile First Communication



More Digital Conversations

As of 2021, millennials will comprise approximately 50% of the global workforce. This percentage may increase to 75% by 2025, meaning that business owners should consider how millennials like to work to ensure that they are getting the most out of their team.

Millennials are the first generation of digital natives to enter the workforce. Growing up with internet connections, gaming consoles and mobile phones, these digitally savvy workers embrace tech with ease, using it wherever possible to make their lives easier. To keep this generation engaged, small business owners will seek a move towards Mobile First Communication in 2021 to connect with their teams in ways that suit them.

There are several tools you can use to keep your millennial workforce engaged. Here are some of the most popular business communication apps available to you:

“Business owners should consider how millennials like to work to ensure that they are getting the most out of their team.”

Top Communication Apps for Business



WhatsApp

The most popular global mobile messaging app of 2020, WhatsApp racked up an astounding 2 billion downloads in 2020.



Microsoft Teams

MS Teams experienced a massive upturn in 2020, with over 44 million daily active users logging into the platform.



Zoom

In April 2020, Zoom reported 300 million daily participants and clocked in 2.13 million daily downloads in March 2020.



Google Meet

A free app for all users, Google Meet reached over 50 million downloads in May 2020.

Each of these apps appears in Cyberclick's Top 10 Most Downloaded Apps of 2020, which is an indication of the year we've had and the rapid increase in demand for offsite communication. While 2019 saw the likes of Netflix, Spotify and Snapchat occupy the top 10; necessity dictated that these apps drop down the list in 2020.

As remote working continues to grow in popularity, these platforms will continue to grow, along with their download numbers. The question is: will these apps still hold the top spots this time next year or will other chat-based app innovations or new video chat solutions steal the show in 2021?

“2019 saw the likes of Netflix, Spotify and Snapchat occupy the top 10.”



Gen Z in the Workplace





The New Kids Have Arrived

The 23-year-old guinea pigs of Generation Z may have already joined the workforce, but for the most part in 2021, they'll start becoming a more significant part of your team. What does this mean for business leaders and management?

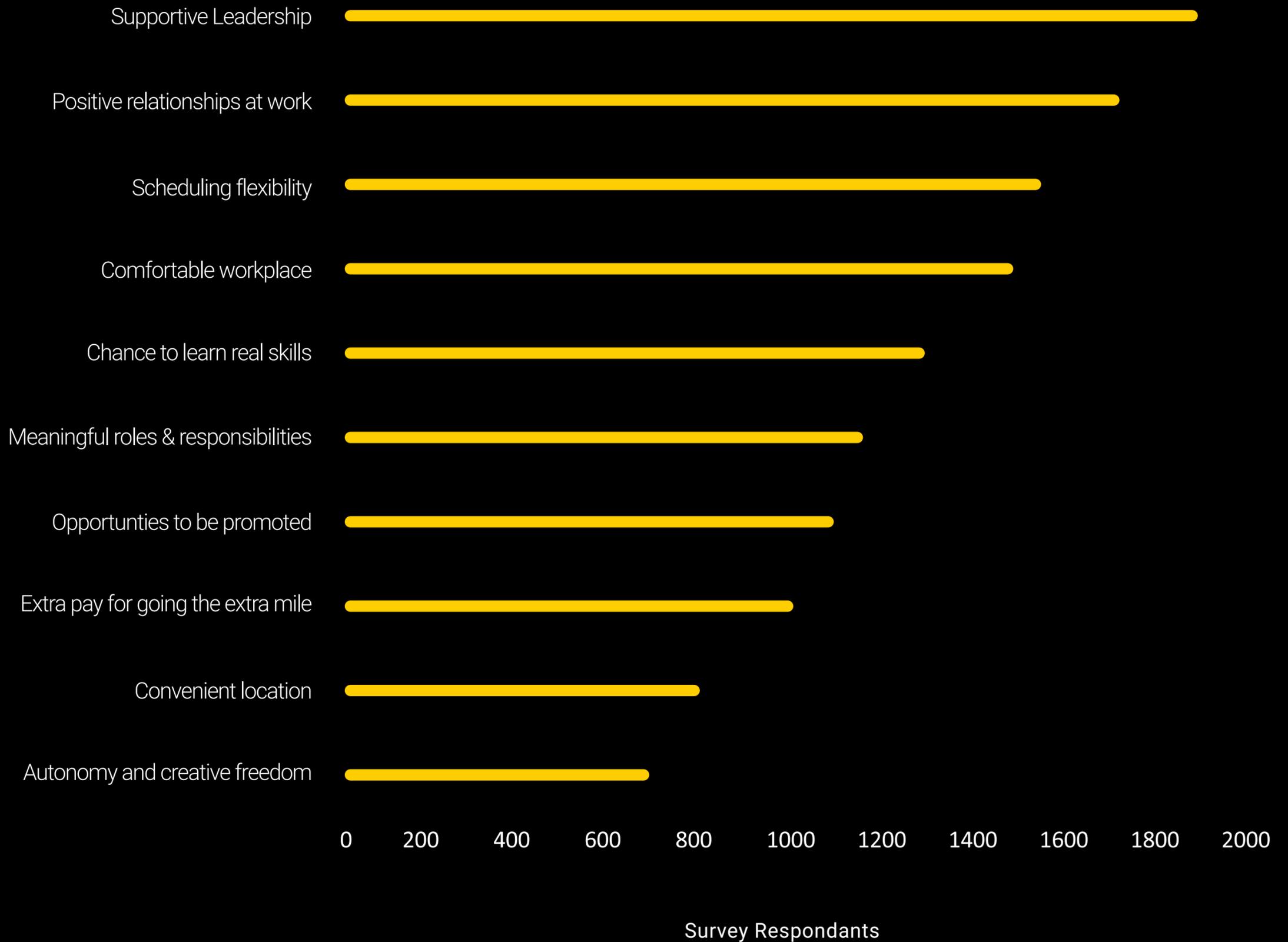
Even before the pandemic, Gen Z was always going to throw managers a curveball. The simple reason is that their needs are so radically different from the traditional workforce. However, with 40% of the entire Gen Z population soon to feature in the working and consumer population, it's time we started to pay attention to what makes them tick to ensure we maintain balance in our teams.

The Gen Z Worker's Wishlist

In a study conducted by Rainmaker Thinking on what Gen Z expected from their workplace, it became evident that the youngest members of the workforce aren't there to chat big salaries. Rather, they're looking for a positive work/life balance, a company that shares their beliefs and leadership that is inspiring and supportive.



The Gen Z Worker's Wishlist



“Digital natives will modernise the workplace by bringing in new technologies and techniques.”

Gen Z also expects technology to influence every facet of their lives, even at work. While most of the current workforce remembers fax machines and dial-up connections, Gen Z only knows about them from films, history books or dad jokes.

The point is that these digital natives will modernise the workplace by bringing in new technologies and techniques. As a business owner or manager, it's advisable to be part of, if not the driving force, behind this tech adoption to avoid getting left behind.



Accelerated Mobile Pages (AMP)



Stay Up to Speed with Mobile

By 2021 most SMEs should be aware of the advantages of Search Engine Optimisation (SEO). Optimising your website for SEO can drive valuable free traffic to your website from search engines like Google. Assuming your SEO is up to date, your focus for 2021 should be on another 3-lettered acronym – AMP or Accelerated Mobile Pages.

Google launched AMP in 2015 as a competitor to Facebook Instant Articles and Apple News. It's essentially an open-source HTML framework that optimises webpages for faster mobile browsing to improve the user experience.

According to the team at Linchpin, there's a direct correlation on mobile between page load time and the bounce rate of your website. Using AMP, your webpages can load in an instant – 0.5 seconds to be exact. In South Africa, the vast majority of internet usage and browsing happens through mobile devices. Making sure your website is mobile-ready is therefore even more critical to ensure you don't lose traffic.



96%

Active South African internet users who access the web and social media from their phones.

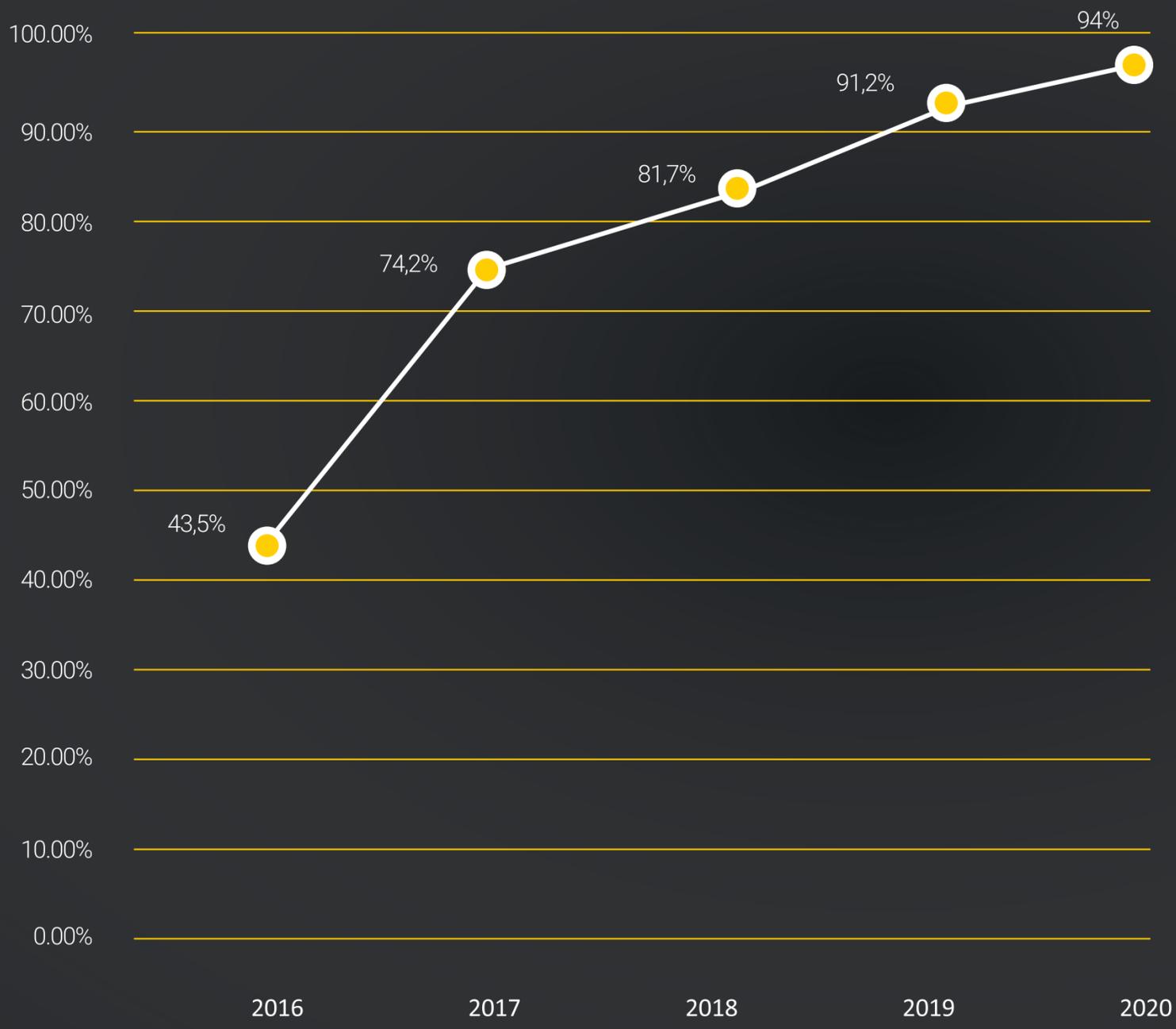
40%

People who will abandon a webpage if it takes more than 3 seconds to load.

In South Africa, where smartphone penetration continues to rise year-on-year due to an influx of cheaper models into the market, brands must take the user experience on mobile seriously to keep up with the rest of the pack in 2021.



Smartphone penetration South Africa



It is worth noting that AMP isn't a DIY job unless you have some knowledge of HTML code. Should you choose to implement AMP on your website, it is advisable to enlist the services of a web developer to ensure that your website continues to function correctly.



Social Proof



Nudge Prospects with Real Experiences

If you've ever bought something on Takealot after scanning through a list of 5-star reviews or followed a social media page because of their already substantial following, then you've seen social proof in action.

We've already seen the increasing shift to mobile and the need for business owners to enhance these channels, both for employee communication and web browsing. As small businesses put more emphasis on their online efforts, invest in their websites and establish their e-commerce stores, social proof will become vital in 2021.

56%

South African internet users who say their choice is influenced by social media when buying online.

92%

Consumers who will not purchase a product if there are no reviews online.

The digital cousin of word-of-mouth marketing, social proof is playing an essential role in connecting new customers with brands in the digital realm. So much so that 88% of consumers say that they trust online reviews as much as a personal recommendation while the average consumer will read 10 reviews before making a purchase.

Simply put, people will sooner believe the word of others before they trust an ad. It's an inherent human quality; the need to belong and find safety in numbers. If you want to attract new customers, make sure you make the transition as smooth as possible. Pave the way for them with words from fellow customers who enjoy your service.

How to Harness Social Proof?

Social proof is so much more than social media and online reviews. While it may seem very 2010, email marketing is still the chief driver of ROI for small business marketing, and it can be a reliable channel to deliver social proof.

Some examples:

- **Ratings**
- **Reviews**
- **Media and endorsement logos**
- **Testimonials**
- **Awards**
- **Shares and social counts**
- **Case studies**

Sharing these stories, accreditations and endorsements with your potential customers will help nudge them further down the funnel to purchase with less apprehension and more familiarity with your brand before they've even made a purchase. In 2021, it's a no-brainer.

Understand Your Market



Learn About Your People

If this year is anything to go by, 2021 will be the year that brands (and that includes your small business) have the chance to show their true colours. In the year to come, authenticity is key as brands strive to understand their market better than ever before.

Looking back over the year, 2020 wasn't all about the pandemic. Yes, the pandemic laid the foundation, but 2020 also brought a series of other systemic issues to the fore, such as racism and gender-based violence. These issues presented brands with a golden opportunity; a chance to back their customers and fall on the side of the people, instead of big business. And yet, some brands managed to get it so spectacularly wrong.

The leading issue brands experienced in 2020 was charging into a conversation without taking the time to read the room or understand what their followers were really saying. Brands that tried to dominate the

conversation or use it for profit gain, instead of seeing themselves as a participant in a larger issue, fell short. On the other hand, those who engaged with their audience rather than broadcasting to them fared better.

“We can't plan for much, but we can begin to understand how people are feeling.”

– Daniela Vieira, Senior Director of Digital & Social at Fluent360

Shut Up & Listen

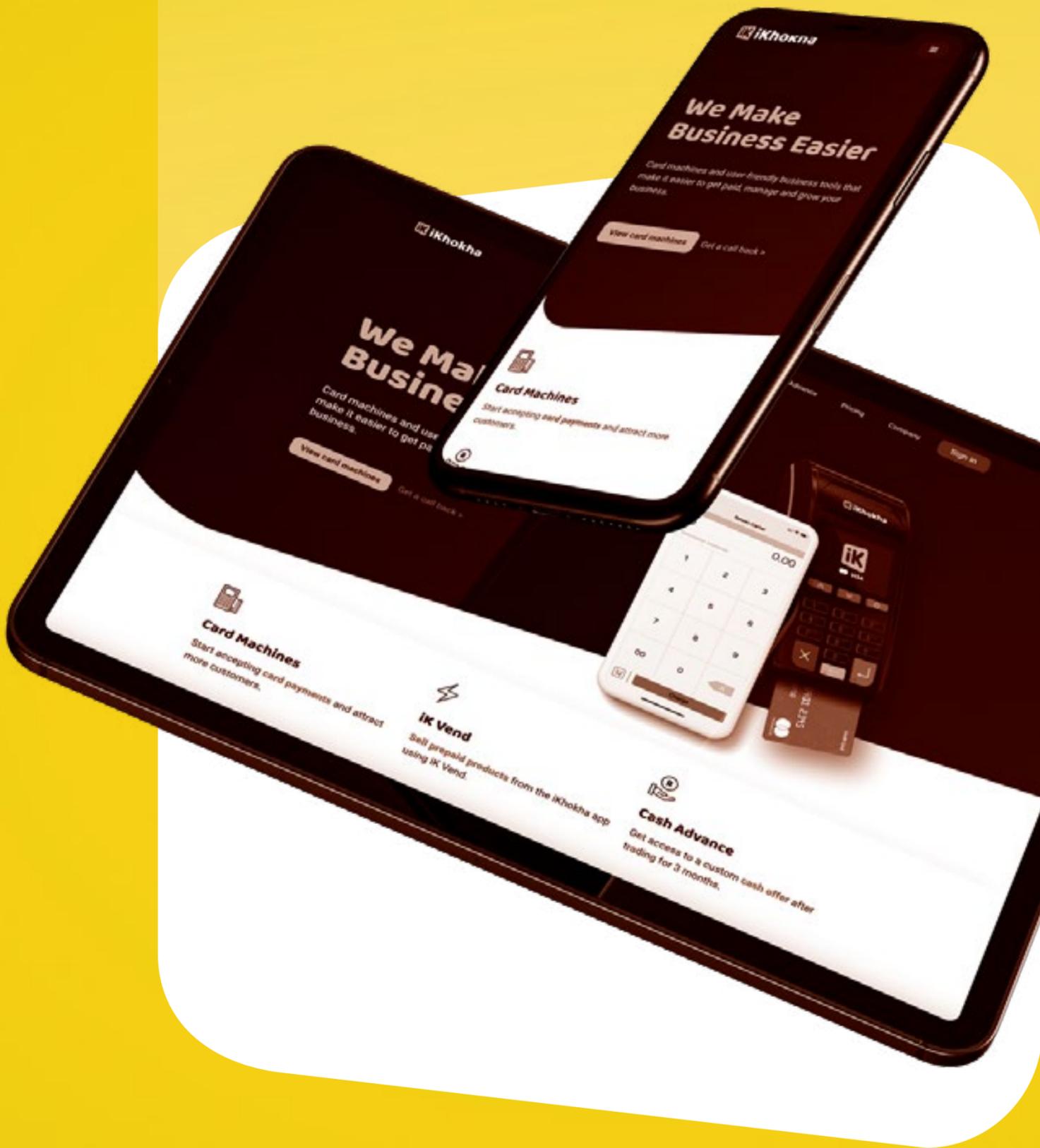
If you're looking for success on social media in 2021, you must become a good listener. Understanding who people are, the challenges they face and what drives them is now non-negotiable if you want to connect with them. How do they view the world around them? What are their pain points? What would they change about their world? Once you know the answers to these questions, you'll be in a better position to decide how your brand can make a positive influence.

However, in 2021 authenticity may not even be enough. While consumers demand authentic messaging and input from brands, what they want to see is action in a way that fits with the brand vision and voice. Again, look to your followers to find out how you should act. They will give you cues that determine what they need and expect, giving you the best way to engage with them.

“While consumers demand authentic messaging ... what they want to see is action.”



Omnichannel Marketing





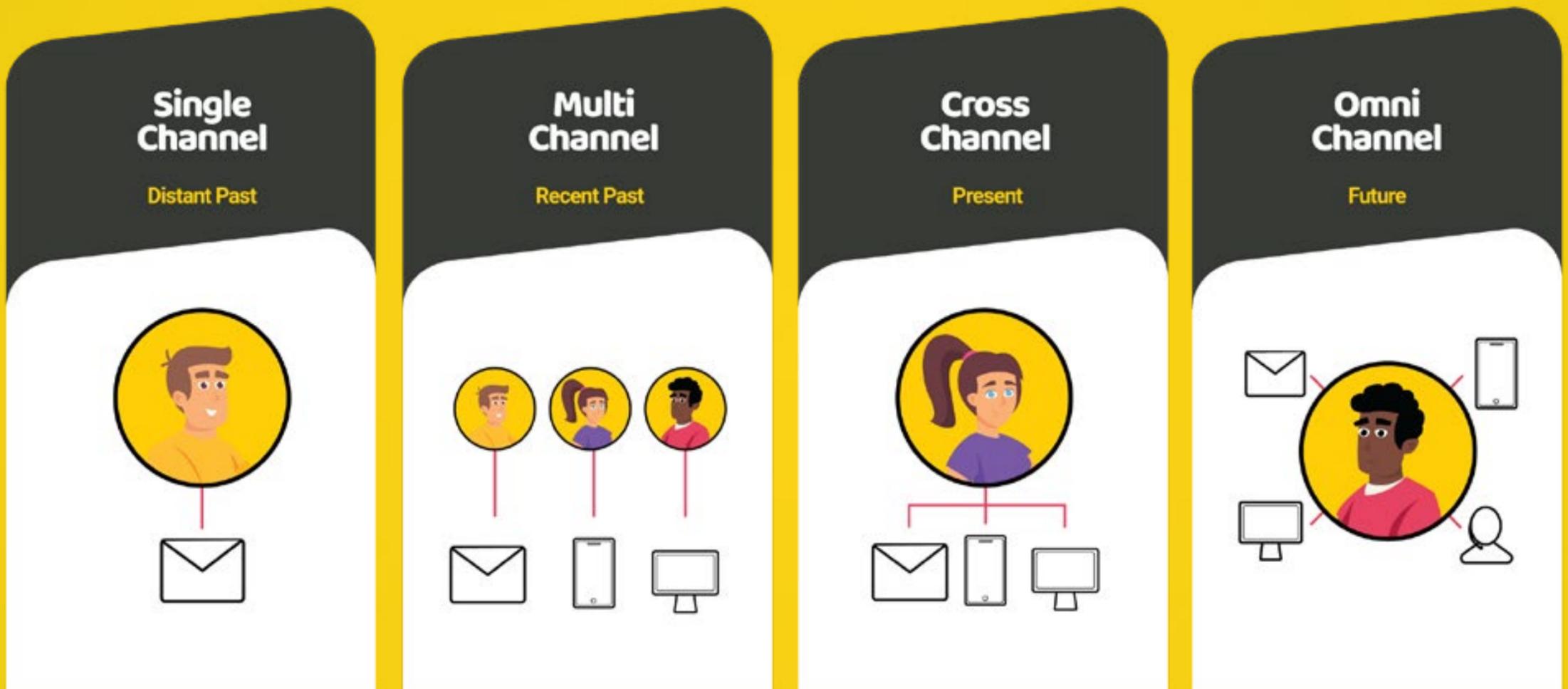
The User Experience Becomes Seamless

Omnichannel marketing refers to creating a seamless brand presence across various channels to develop an integrated and personalised user experience for your customers before, during and after they've made a purchase. Essentially, an omnichannel approach puts the customer at the centre of the experience.

Despite its predicted popularity, omnichannel marketing may be difficult for small businesses to implement. In the past, multi-channel marketing has been the go-to for small businesses. In a multi-channel strategy each channel has its own purpose and goals, based on the understanding that consumers used each channel independently. This approach is outdated.

As we've seen throughout this research paper, the rapid development of digital commerce for small businesses in 2020 has created the need for brands to take a different approach in 2021. Small businesses who are unable to implement an omnichannel strategy in 2021 should choose a cross-channel marketing approach, which requires brands to interact with customers over multiple digital channels, rather than a traditional multi-channel strategy.

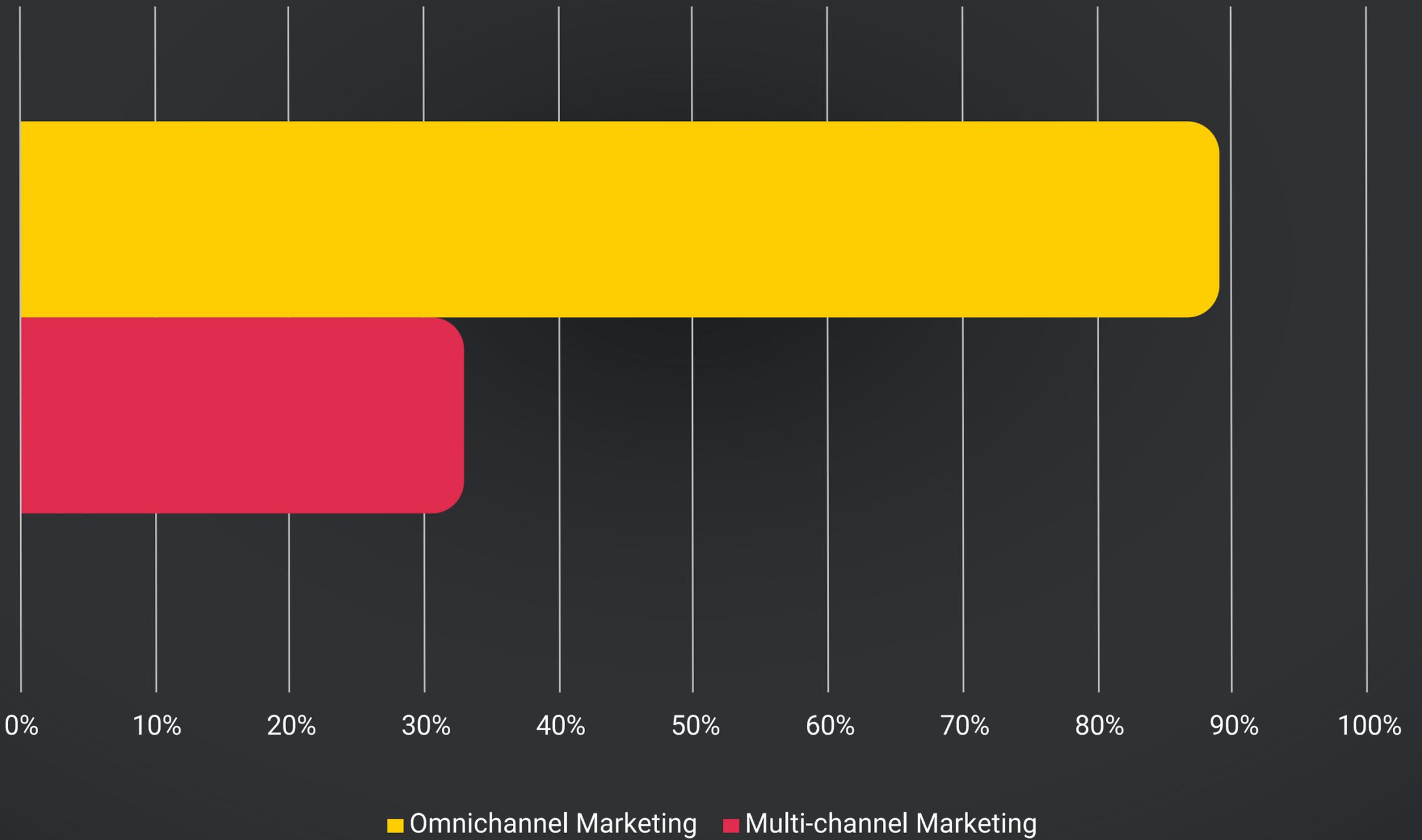
“Essentially, an omnichannel approach puts the customer at the centre of the experience.”



Marketing Channel Strategies



Customer Retention



A study based on companies using omnichannel marketing vs multi-channel marketing companies revealed that omnichannel strategies offered a 56% boost in customer retention in 2020. Judging by the lay of the land in 2021, small businesses may not have the personalised upper hand of face-to-face interaction. Ultimately, an omnichannel strategy is just as important for small businesses as it is for larger enterprises.

Indeed, as more retail transactions take place in digital channels and consumers' appetite for not only a seamless but a personalised experiences increases, omnichannel marketing is becoming more critical than ever. While omnichannel may seem intimidating to small businesses, there are varying degrees to which a strategy can be implemented that suits both the organisation and the customer.

“An omnichannel strategy is just as important for small businesses as it is for larger enterprises.”

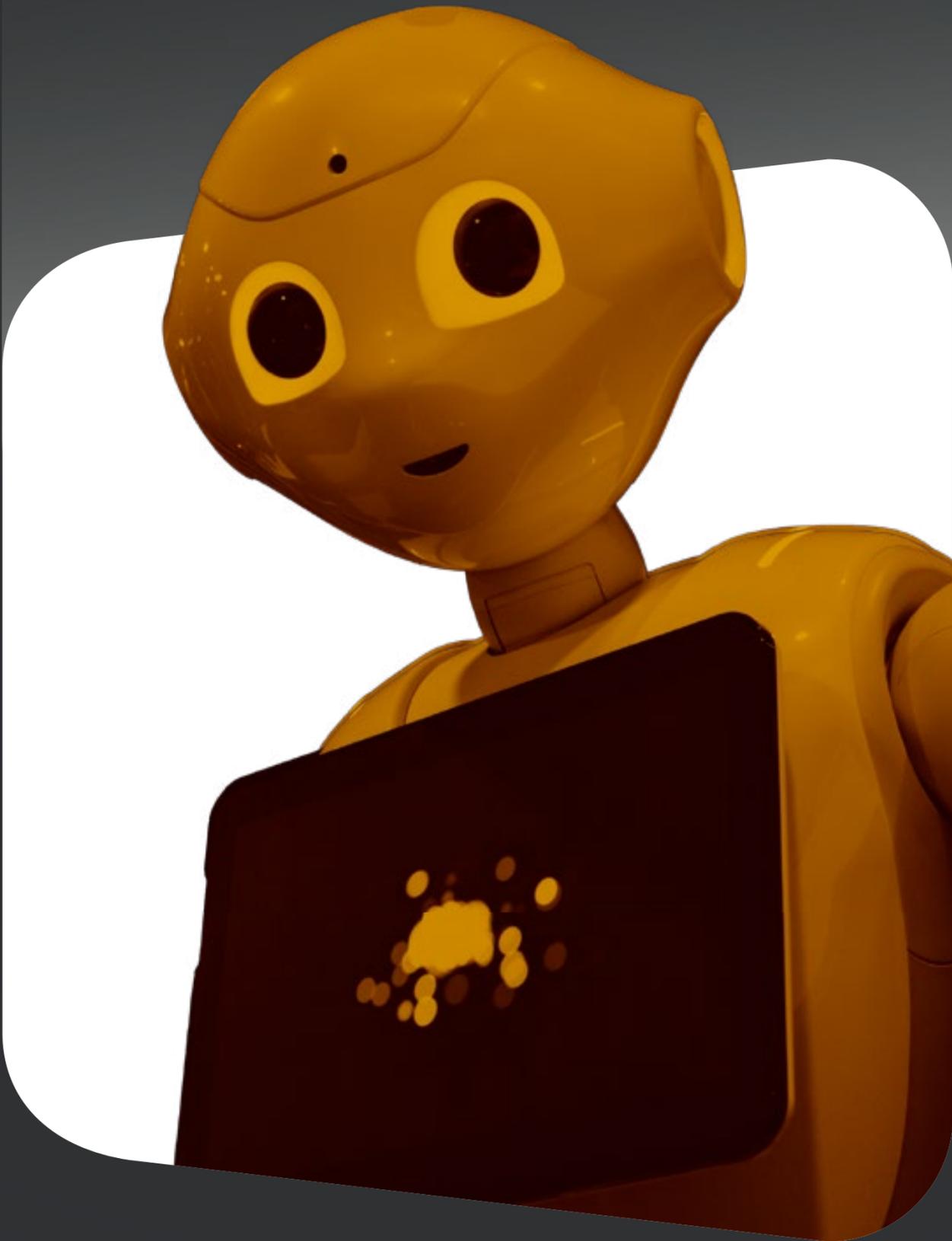
The Buyer's Journey in an Omnichannel Strategy



The above is just an example, of course. You should tailor your strategy to suit your specific goals and the channels you have available to you. This strategy is the process of unifying these channels to deliver a clear message and experience, and the value of that journey to digitally-savvy consumers in 2021 cannot be underestimated.



Chatbots



The Bots are Here to Help

Chatbots are no strangers to trends predictions. If you had a rummage in your archive of annual trends decks and research papers, you'd probably find the bots in last year's prophecies. Nevertheless, the bots are back and it seems that 2021 may be their chance to make a statement.

In their 2021 Predictions Report, Forrester sums up the state of chatbots to date and predicts what needs to be done to ensure these AI assistants fire on all cylinders in 2021.

As more businesses and marketers vie for omnichannel strategies and more enriching digital experiences for their customers, the interest and investment in chatbots will most likely increase. In the past, and especially in South Africa, we have a checkered history of chatbot implementation. Businesses that were too quick on the draw rushed untested and unfinished bots to market to get

ahead of the competition. Unfortunately, customers found their clunky nature more annoying than innovative and quickly became lost in their incoherent bleeps and blurps.

“Yet many of today’s implementations are ham-handed, yielding nothing more than a click pathway to a human seller. With practice, and as the technologies mature, chatbots and virtual assistants will leverage first- and third-party data along with AI and machine learning to offer more personalised, guided experiences.”

– Forrester

Welcome Bots 2.0

That said, when executed correctly, chatbots can be a game-changer. Not only can they create memorable, helpful and personalised experiences for customers, but they can also take considerable pressure off customer service teams and provide 24-hour service. With that in mind, small businesses overseas (especially in the USA) will look to invest considerably in chatbots in 2021, setting the trend for small businesses elsewhere to follow suit.

\$4.3 Billion

Global chatbot market value in 2021

67%

Customers who used a chatbot in the past year

Globally chatbots are expected to manage 85% of customer interactions by the end of 2021, especially in the banking sector. While 2021 may not see a chatbot revolution, more and more businesses will start making the shift to Artificial Intelligence and Machine Learning enabled services. If you have the opportunity, jump on the train because it's unlikely to return to this station as we hurtle full steam ahead towards the future of customer service and digital brand interactions.



Surge in Search



Easy Discovery is Essential

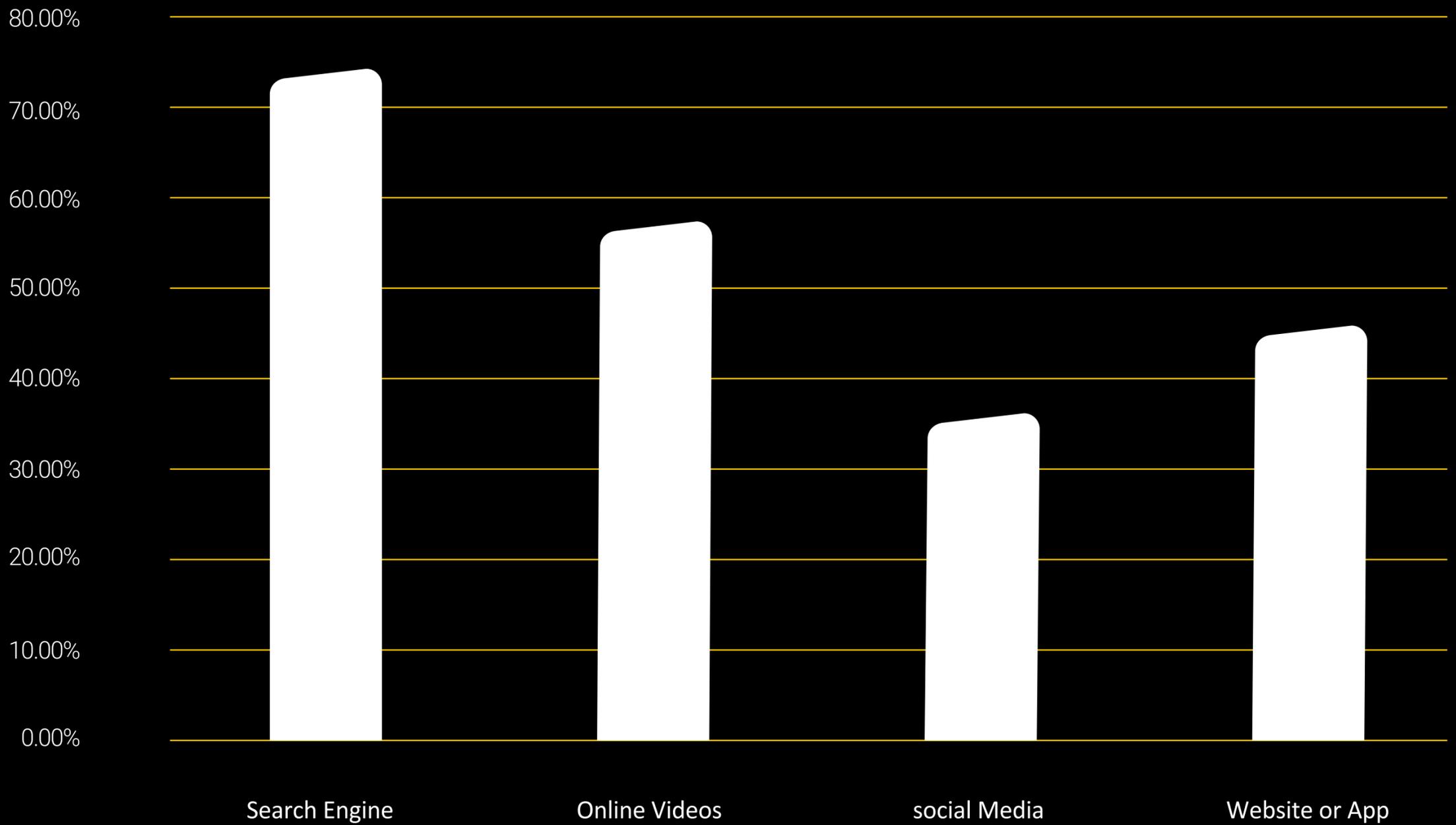
As more South Africans took to the digital plains to research, shop, connect with others and keep themselves entertained in 2020, Search Engine Optimisation (SEO) and Search Engine Marketing (SEM) became critical for businesses. As we look forward to 2021, it is evident that being discoverable on search engines such as Google – whether organically (SEO) or through paid advertising (SEM) – is a must.

The below example highlights popular search channels during lockdown in May 2020 across categories such as home and garden, electronics and fashion. Consider the possibility of a similar situation in 2021 and its clear why business owners will see the need to tighten up their SEO strategies, and possibly even invest in SEM, next year.

“It is evident that being discoverable on search engines such as Google... is a must”



Popular Research Touchpoints May 2020

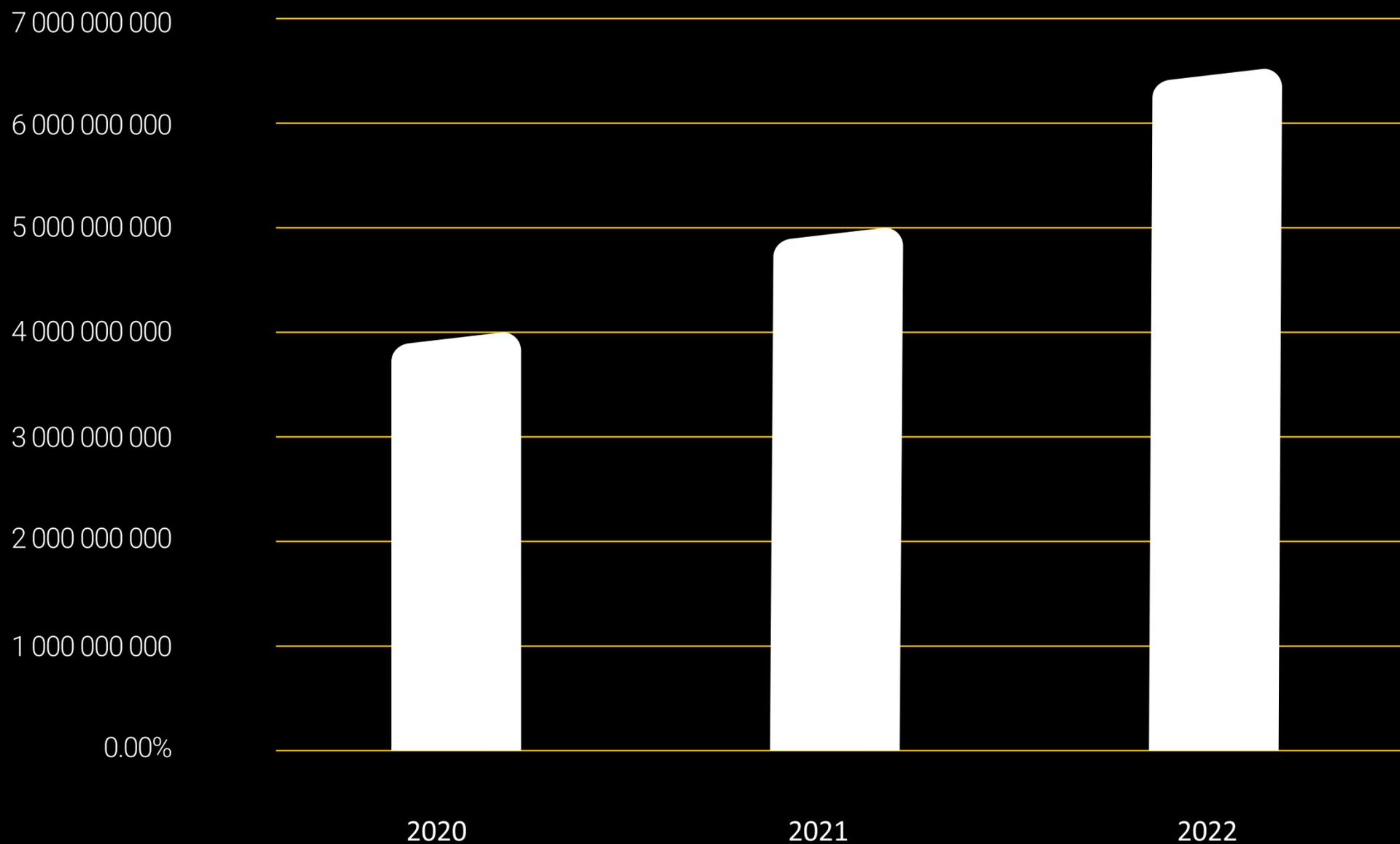




Voice Search

Voice search is another global trend which is making a considerable impact on small businesses abroad. In recent years, voice searches have enjoyed steady growth with many predicting that voice will continue to grow and perhaps even pass text-based searches in the next 5 years.

Voice Search Worldwide Predictions





Back home in South Africa, we haven't quite jumped on the voice search revolution just yet, but with the rapid digitisation expected for 2021, being an early adopter of voice search technology wouldn't be an unreasonable play. Some marketers predict that early voice search adopters may be able to increase digital revenue by up to 30% when the time is right.

Optimising via voice search

- 1. Use easy-to-read content**
- 2. Long-form content with questions phrases**
- 3. Implement structured data via a sitemap or schema markup.**

Each of these is easy to implement, so for businesses who wish to be forward-thinking and ready for a surge in voice-based searches in the near future, add these quick fixes to your content strategy.

Invest in Instagram





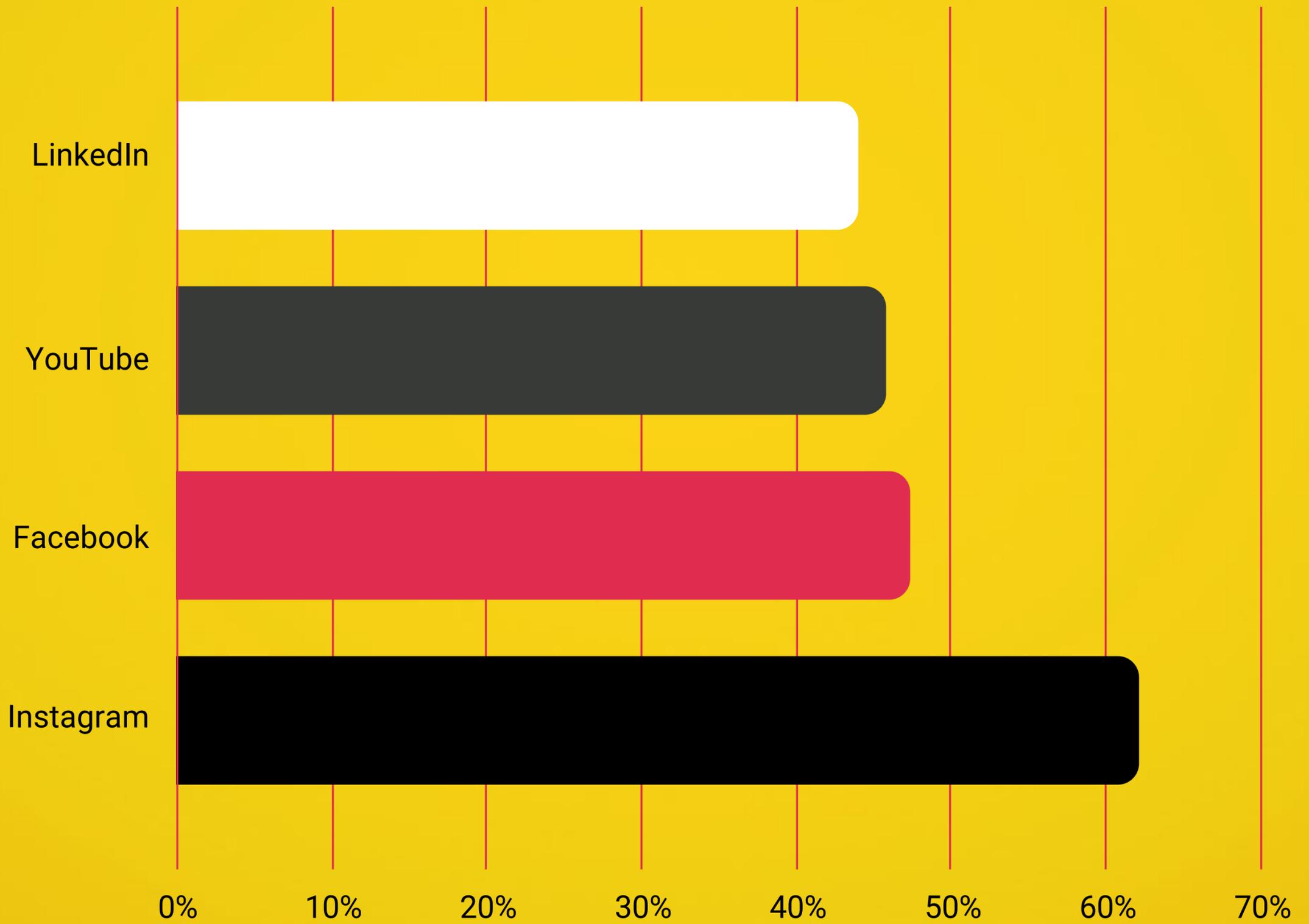
Growth Points to the Gram

Instagram continues to pique marketers' interest and 2021 could be the breakout year for what is increasingly becoming the darling of social media platforms. There has been a noticeable shift over the last three years or so as younger users have consistently moved from the Facebook mothership to Instagram.

While Facebook is still the most popular social media platform by some distance, marketers are taking a closer look at Instagram. The platform has made considerable ground in recent months, and marketers are considering tweaking their 2021 budgets to make more of a splash on the photo and video sharing social network.

“There has been a noticeable shift over the last three years or so as younger users have consistently moved from the Facebook mothership to Instagram.”

Increase in Social Media Spend



One only has to look at the recent growth statistics on Instagram to realise why marketers are pegging 2021 to be a big year for the platform. Between July to September 2020, Instagram's advertising reach grew by 7.7% ahead of Facebook's 2.2% growth, making it a safe bet for marketers heading into 2021.

60% Marketers

who plan to increase their Instagram marketing spend in 2021.

Many may have expected more focus on new platforms, such as TikTok, the social media dance app that recorded 113 million downloads in February 2020 alone. However, with marketing budgets looking slimmer by the minute as we look ahead to 2021, most marketers are looking for a safer bet and more guarantee for their money.



Boomer Marketing





The Boomers are Back

The baby boomers have never been at the top of the digital marketer's list. That might change in 2021. After years of chasing Generation X, Millennials and even Generation Z on social media we've finally realised that there is a very lucrative demographic who might actually know how to work a smartphone or open a laptop.

Currently aged 55 years old and up, the baby boomers may just be the most marginalised generation on the net as marketers insisted that these consumers had no business shopping online. Now, armed with smartphones and a can-do attitude, they are proving us wrong.

70%

Internet users aged 55 – 64 who have purchased something online in the past month.

37%

Are planning to do more online shopping when the pandemic is over.

Like the rest of us, the baby boomers have had to adapt through the pandemic. While boomers, as with other generations, have faced financial struggles through COVID-19, by and large, they came into the pandemic with less financial fragility – having saved and gained assets over their lifetime. Rather, the boomer challenge during the pandemic came in the form of their old nemesis, technology.

They have risen to the challenge and are quickly making platforms such as Facebook their own. This presents an exciting opportunity for small businesses who wish to target an older demographic. Using careful segmentation and representation, which connects with baby boomers, marketers can reach with an increasingly savvy demographic with more financial capacity.

A word of warning, avoid targeting baby boomers only by age. Instead, target them by hobbies and interests to attract a more authentic, cross-generational grouping. Furthermore, prevent stereotypes in your creative such as baby boomers wrangling with the subtle intricacies of a smartphone. The evidence says they're now certified participants in the digital playground, so be sure to treat them as such.

“The boomer challenge during the pandemic came in the form of their old nemesis, technology.”

Conclusion

We hope these trends for 2021 will set you on the right path for the year ahead. Use these new ways of working to open innovative thinking, help discover new technologies and run your business. Perhaps these trends will even help you safeguard your business.

Unfortunately, there's no telling what the year ahead will bring us. It will undoubtedly be another challenging year for entrepreneurs where we'll all do business from a distance.

But, if your business can implement some of these trends and make a more considered move into the digital arena, it won't only stand you in good stead for 2021 – but for years to come. The future is undeniably digital, so take a step in the right direction this year and avoid playing catch-up.

The last year has brought about a radical change in how we live and work. You can expect more of that in 2021. As we've seen, if your business is an early adopter that is open change and innovative thinking, then the year ahead may be more about thriving than surviving.

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