Digitalisation key to improving SMEs chances of success

Approximately 75% of South Africa's SMEs (Small and Medium Enterprises) fail within the first five years. However, these companies contribute only 25% to Gross Domestic Product (GDP) when compared to 60% in more developed economies.

Source: www.pexels.com

Speaking at the annual Southern Africa Telecommunication Networks and Applications Conference (SATNAC), Lunga Siyo, CEO of Telkom Consumer, said the inability of SMEs to access the right markets is central to their failure.

Siyo says radical shifts in consumers' digital behaviour needs to be recognised.

"On average connected South Africans are spending more than 10 hours a day on the internet. Mobile connections exceed 100 million while 38.2 million South Africans are internet users and 25 million are active on social media" he said.

"This means repositioning legacy businesses to capture these markets and improve services becomes essential," said Siyo.

"Customer service takes place online which means an intense focus on their digital journey, within your business, that reduces friction and clicks while improving first-time query resolution," he said.

Siyo told delegates that SME's need to focus on:

- An increasingly digital new normal
- Engagement metrics aligned to customer experience improvement
- Personalisation

Siyo says legacy businesses must adopt a start-up mentality to rethink their business behaviours and challenge their approach.

"Consider that pre-registration on your website can be a digital barrier to purchase. It makes the IT security people happy, but the customer doesn't care and moves on to another store providing a simpler interaction. Rather engage the customer on what is relevant to them and suggest add-ons through artificial intelligence" he told delegates.

Siyo concedes this is easier said than done as back-end legacy technologies need to be overhauled to meet the demands of an increasingly digital world.

"To reach critical mass business needs to continue to focus on feature enrichment, strengthen data insights and streamline onboarding engagements," he said. "It is about meeting the customer on their terms".

The speed of acquiring users has sped up exponentially in recent years. It took the airline industry 68 years to reach 50 million users, with credit cards taking 18 years and mobile phones 12 years.

"However, Facebook took three years to reach this milestone, while WeChat did it in a year and Pokémon Go just 19 days," said Siyo.

"Accelerating digitalisation is triggering a cultural revolution we cannot ignore."

For more, visit: https://www.bizcommunity.com