

# 3 top small business trends and opportunities to tap into in 2023

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All things considered, 2022 was a year of recovery for the thousands of South African small businesses who weathered the turbulence of the pandemic, including several systemic economic hurdles.



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“Resilience” was the word that many analysts used to describe the character of local entrepreneurs, and the cornerstone of how to become a successful entrepreneur in South Africa.

Research by cloud-based software company, Xero, found that over 60% of South African businesses reported growth over the last year, despite a few challenges. This steady progress is reflected in the most recent SME Confidence Index, conducted by Business Partners Limited, which found that small and medium enterprises’ (SMEs’) confidence saw a strong upsurge heading into the last quarter of 2022.

Small business owners seemed more confident that they would be able to grow their businesses, that ease of access to finance will improve and that economic growth will foster a more conducive environment for business.

Here are three of the most prominent small business trends and developments and what they mean for 2023’s emerging cohort of business owners:

## **Township SMEs bridge the gap**

There is arguably no better place to be positioned as a prospective SME owner than in the vibrant townships of South Africa, where the thriving township economy is providing thousands of business-minded individuals with opportunities to start and grow businesses. According to Gauteng Finance MEC, Jacob Mamabolo, the township economy will take the place of gold mining as the province’s most promising economic driver in the years to come.

Initiatives such as the SMME Crisis Partnership Fund and the Township and Rural Entrepreneurship Programme (TREP), will undoubtedly continue to proliferate over the next year, providing SME founders with much-needed access to funding, mentorship and training on key factors such as how to write a business plan.

The key for township-based entrepreneurs is to apply laser-focus in order to identify and provide a product or service that can fulfil a direct and pressing need. Opportunities within this arena include home deliveries of medication and pharmaceutical products, on-demand services such as laundry and transport, boutique bakeries, rental accommodation and township tourism.

### **Mental wellbeing in the spotlight**

Covid-19 and lockdown regulations brought the mental wellbeing of South Africans into stark focus. The 'Great Resignation,' which saw the en masse resignation of workers, affected businesses across the world and 2022 also saw the rise of 'quiet quitting' – a phenomenon that sees employees resorting to doing the 'bare minimum' due to feelings of discontent and unfulfillment.

With ongoing suggestions that new approaches to work, such as the 4-day work week are well on their way, SMEs can tap into the renewed focus on mental wellbeing by positioning themselves as suppliers within the wellbeing sub-sector.

Some of the business opportunities that this trend gives rise to include meditation classes for corporate groups, a mobile yoga business, on-demand healthy snack delivery for employees, corporate training and workshops on topics such as healthy diet and exercise, as well as subscription self-care gifting for employees.

### **Social commerce supports micro-enterprise development**

E-commerce took centre stage during the pandemic, with many SMEs using rapid technological development as a springboard into the 'new normal.' Entering the digital world is not however, without its snags, with many aspiring entrepreneurs having limited skills or knowledge to build and run their own e-commerce platforms, along with the digital marketing measures that are needed to support and scale such growth.

However, with platforms like Instagram and WhatsApp, enabling in-app shopping functions, SME owners can now sell and market their goods directly from their audience's favourite apps.

Some ideas include using social commerce to sell homemade goods delivered within a specific geographical radius. Social platforms also provide a quick and easy way of promoting one-on-one interactions with consumers, adding a new level of convenience to the sales process. Social platforms can be used to book appointments for personal services, such as hairdressing, dog-walking and pet care, as well as childcare services.

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