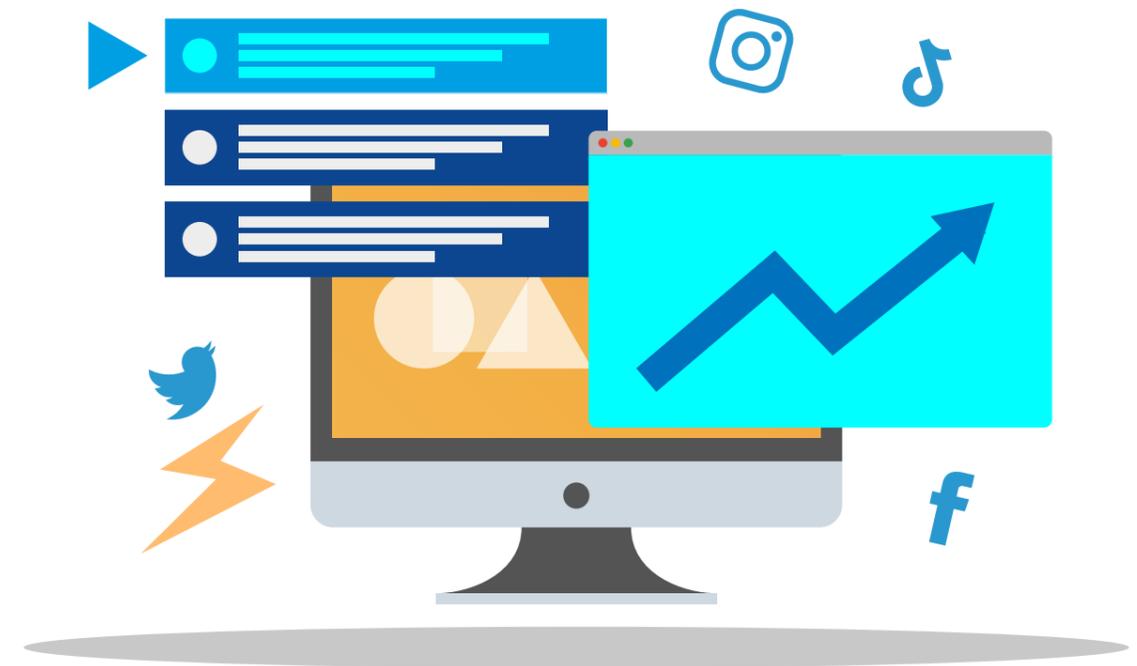


Small Business: Moving Forward 2023

1 Christmas and Beyond





Small Business Britain, Square, and Clearpay are teaming up to help small businesses during these challenging times by finding out what they're doing to overcome challenges, particularly in the digital world, and share the best insight to help businesses move forward. This insight will be shared in monthly papers in the first quarter of 2023 and in a report to be launched in April 2023. This is the first paper in the series.

Small Business Britain, Square, and Clearpay have surveyed 1,000 businesses and spoken at length to many small businesses to see how they have managed the challenges of the last year, how they are looking to the future and thinking about growth, and how they have adapted to manage the turbulent times.

While many businesses were optimistic about the first Christmas period without lockdown restrictions, they faced an additional challenge with disruptions to transport services negatively impacting on footfall. Despite these difficulties, it was encouraging to see that 41% of businesses reported having a good or great festive trading season. This is a testament to the resilience and determination of small businesses to succeed. Another 36% found the season was not as good as usual, but they got by. This is a big group of small businesses, and a concerning statistic.

Whilst it is great to see that businesses are getting by, they often rely on the Christmas trade to bolster their year's results. A less than enthusiastic result is bad news for businesses that may struggle to catch up in the new year. When considering the 10% of businesses that had a poor festive season and are worried about the future, as well as the 7% who found Christmas trading to be a major issue, it becomes apparent that the Christmas period was not the lifeline many businesses were hoping for after such a challenging year.

Entrepreneurs are known for their optimism and even though 87% of businesses are worried about the recession, 61% of respondents still believe they will experience growth in the next 12 months. That is very encouraging indeed! This ability to continue to be optimistic in difficult times is a defining characteristic of entrepreneurs which we have seen demonstrated time and time again. It takes optimism to start your own business: the belief that you can make something happen out of nothing is inherently optimistic. Seeing this characteristic still playing out in a recession is good news. It will give entrepreneurs the very best chance of weathering the current storms, facing challenges with courage and innovation.

The response to difficult trading conditions over the festive season is interesting and potentially suggests opportunities for a change in direction in 2023. Businesses that have pressed on or are facing serious challenges are looking for the best route forward in the new year, and some concerning trends are emerging – or perhaps some opportunities to do things a bit differently.

Small businesses have responded to challenging market conditions over the past six months by managing spend – specifically, and concerningly, in marketing. Nearly a third (31%) of businesses have delayed marketing spend whilst 27% have cut it. Marketing drives sales, supports future sales and engages customers to continue to bring cash in the door over coming months. When businesses are concerned about income, it is natural to look for areas to cut.

However, marketing should not be at the top of the list of things to cut. It is a short-term saving and a long term challenge: when the pipeline dries up it is much harder to get a marketing and sales operation back up and running, and there will always be a lead time to translating it into sales. If businesses are feeling the pinch, there are other ways they can manage costs that will have less of an impact on on-going sales. There are also many ways to engage in marketing that are low or no cost. Businesses should investigate new and innovative approaches to marketing to ensure that they don't put their future sales pipeline at risk.

When it comes to keeping your costs in check, taking a closer look at your supply chain is a great place to start. It is all about getting a handle on the prices you're paying for the products or services you're getting from your suppliers. But it is not just about the cost, it is also important to consider things like delivery times, payment terms and how dependable your suppliers are. From our survey we found that only 19% of businesses have sourced lower cost raw materials to create their products or services.

Re-examining the supply chain can bring great opportunities for margin management. Many small businesses report that they rarely renegotiate, and often have agreements in place that are years old or commit them to long term contracts – including payment terms that have never been reviewed. Taking some time to review and renegotiate these may open up more breathing room in margins for small businesses, and could mean that marketing activities can stay.



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Any way businesses can save money and still generate sales has to be a good adjustment going into 2023. We asked marketing expert, Rhea Freeman PR, for her top tips for marketing on a budget, and she told us this:

1. Use free social media platforms

Focus on platforms such as Instagram with 2 billion monthly active users and TikTok with over 1 billion, and focus on regular posting and video. Instagram has great, free in-platform analytics that can tell you how your posts are doing – so keep an eye and when a post does well, learn and repeat!

2. Start and grow a mailing list

Social media is great, but you don't 'own' it. If you have a mailing list, the power is in your hands. Many providers allow people to start growing their lists for free, and this means you can contact your customers whenever you like, whether this is to tell them about a product launch, a sale, or maybe the opportunity to grow a focus group. You can even automate this to save time and make sure you are communicating regularly.

3. Up-skill yourself

Professional images and videos are great, but if you are on a budget, you don't need to spend this money. Your phone is all you need to create great videos and quality images for social media and beyond if you learn how to use it well. Head on over to YouTube and start learning for free. Even when you have the budget to hire in the pros, being able to take good videos and images when they're not there will be hugely useful.

4. Nurture the press

There are so many free opportunities just waiting to be taken if you put yourself in the right place and offer value. Research (by which we mean have a Google around...) the relevant magazines and websites in addition to bloggers and influencers and start to see what kind of content they produce. Do they like news stories? Tips? Do they create buyer guides? Do they run competitions? Then find the right contact (which can often be done through the website or by calling the office) and start sending them relevant information! And do not think they won't be interested in you- if you provide relevant content in a timely manner, why wouldn't they be?

5. Collaborate

This is such an easy one and one that so many people miss. Working with brands that align but don't conflict or compete with yours is a great way to not only extend your network and find more potential customers, but also to help the other brand too. Whether you run a competition together, share guest blogs, or maybe even do lives on social media that appeal to everyone, you're getting yourself out in front of more relevant people, which is what it's all about!

6. Use online directories

Buy now pay later platforms, web service platforms, and more provide customers with shop directories. This is a great way to reach a new audience without spending extra on marketing.

quietly optimistic



Small Business Britain spoke to Kate Tompsett, Founder of *Happy and Glorious*, about her experience this winter and how she is remaining optimistic, despite the challenging environment:

"I sell British made gifts, art and homeware. I started in 2012 with an online shop. I then had a high street shop in 2016 in Ashford, part of the Mary Portas regeneration scheme, then moved the shop to Cranbrook where I stayed for six years. My shop is now in Canterbury as I moved there in October last year.

Generally, things are feeling kind of medium – it is quiet. I am still finding my feet now in a city rather than in a town. People are being cautious and are enjoying a bargain. I do not think that I have made cutbacks to spending as such, but I have not maybe grown as quickly as I would have hoped. I can't think of any costs I have cut - I think that I will just be gently trying to grow. Selling overseas is something that I would really like to do.

If it wasn't for digital technology then my business would have collapsed in 2020. People were so obedient and I would send out a newsletter saying 'please buy this' and they would! Developing online and installing a POS system has made everything much more seamless - it feels so much more simple and grown up. I want to increase my website sales going forward. Currently online sales make up about 10% of my income, but would like it to be about 45%. I want the website to be a true reflection of what is in the shop. I don't have the ambition of having a chain or having someone else run the business for me. I want to do what I do well and make some money from it.

I would say I am quietly optimistic. I do not think that change is going to happen very quickly but by the end of this year I think things will have settled a little. My one piece of advice to other small businesses is take every opportunity to learn things. I started when I was 17 in retail and I'm now 44 and still don't know everything."

Small Business Britain, Square and Clearpay will be bringing you more inspiration and advice each month to help businesses navigate this challenging time. Keep an eye out and stay in touch.

You can find out more about the partnership and ensure you are the first to hear about help and advice on the Small Business Britain newsletter on the website at www.smallbusinessbritain.uk

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