

# Small e-commerce companies ideally positioned to weather the slowdown

 By [Brendon Williamson](#)

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Talk of a looming global recession continues to impact emerging markets. And, as South Africa continues its longest downward cycle in many decades, local business owners are actively looking for ways to shore up ahead of future uncertainty.



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Small businesses are particularly vulnerable to recession as they often don't have the same type of reserves as their larger counterparts. Managing cash flow becomes the biggest focus of management, often at the expense of business development and future planning.

## Manage your stock

One of the hidden and often unthought of challenges for businesses is managing inventory. Holding too much stock has an associated cost. Even for a small, home business, understanding and ordering enough stock to ensure you can fulfil purchases quickly is incredibly important.

Look into a drop-shipping alternative and use this time to thoroughly assess which products are in demand and which can be dropped from your catalogues. Opting for simple inventory management technology can also greatly assist in building a just-in-time delivery strategy.

## Re-assess your transport or delivery options

Getting your product to the end-user is one of the most important parts in your sales chain. This is the lasting impression your customer will have of your business. Shop around for better delivery and transport options and find companies who are prepared to partner with you in a flexible fashion. Remember, these companies are also working hard to stay competitive in a tightening economy and they should be coming up with new and innovative offerings.

## Don't be tempted into diversifying for the sake of it

When our businesses are under pressure, we are often tempted to diversify to widen our access to revenue. However, simply adding new products to your offering for the sake of it is not good practice. Unless there is a compelling strategic reason to diversify, keep your management focus on your core offering and ensure it is the best it can be.



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## Two brands are better than one

Looking for non-competitive offerings which compliment your own is always a smart thing to do. In tough times this could make a significant difference to your bottom line. If you are selling high-end fashion glasses, for example, why not team up with another brand selling other luxury goods. Joint marketing, delivery and promotional campaigns could halve costs and help you reach new customers too.

## Customer retention has never been so important

Acquiring new customers can be an expensive exercise. Every organisation chases new business, but many make the mistake of doing this at the expense of their loyal, existing customers. When money is tight, your customers will think twice before making a purchase. Finding ways to delight them and actively encouraging repeat business and word of mouth referrals will not only see you through the bad times, but position your business for strong growth when the economy turns.

## Market smarter

The knee-jerk reaction to slash costs is not uncommon when budgets are reviewed. Allowing your marketing budget to be the first casualty of a recession could do you lasting harm. Working with a digital marketing expert can help your business access existing and new customers in a much more effective and cost-efficient manner. Find a reputable agency or individual to help you understand how technology can help you.



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## Make sure your customers can pay you quickly and safely

After all the work you have put into creating the perfect offering, ensuring people know about your service or product, and ensuring you have operations running optimally, it seems silly to lose a sale at the checkout page. Too many small businesses assume adding new payment options to their existing bouquet is expensive and difficult. Find a payment service provider that will work with you to offer as many as possible with the least amount of implementation pain.

Finally, while the prospect of a global recession should be giving everyone pause for thought, the well-prepared small business could be using this time to outmaneuver their slow-moving, big businesses competitors. It all comes down to agility, innovation and choosing the right partners to share the journey with you.

## ABOUT BRENDON WILLIAMSON

Brendon Williamson is the Managing Director at PayFast and PayGate. A veteran of the payments and e-commerce industry, Williamson has over 20 years' experience in sales, marketing, and online fraud management - with a background in online gaming and e-commerce transaction management. He has been part of the DPO Group for more than 10 years as Chief Sales Officer, Chief Marketing Officer, and most recently, Head of Commercial. Looking ahead, his goal is to take digitalisation to the next level.

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