

# Impact of COVID-19 on Micro-Retail Businesses

PAYED III,  
MAY, 2020



# Summary of Findings

## STATE OF THE BUSINESSES



of businesses had closed temporarily as a result of the crisis and **1.8%** closed permanently.

## EMPLOYEES



of businesses had suspended their employees.

## REVENUES



decrease in daily revenues, comparing May 2020 to pre-COVID-19 figures.

## CUSTOMERS



decrease in the number of daily customers frequenting the outlets, comparing May 2020 to pre-COVID-19 figures

## CHALLENGES



reported low sales as the biggest challenge they were facing.

## CONCERNS



indicated that if the crisis continued, they are at risk of closing their businesses permanently.

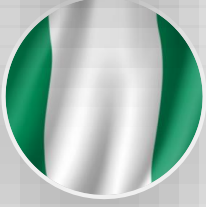
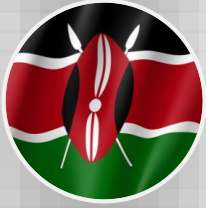
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# About the PAYED Program



**The PAYED program is being implemented in four African countries to reduce youth unemployment:**

- Kenya
- Nigeria
- Tanzania
- Côte d'Ivoire

Working with the youth in the micro-retail sector, the program builds the capacity of these micro-enterprises by training them in financial management, marketing, supply chain, and inventory management.

The program supports linkages to finance, promotes adoption of digital technology for record keeping and inventory management, and builds sustainable linkages with key market actors in the ecosystem.

**Since 2017, the program has worked with more than 3,600 micro-retailers.**

# About the Survey

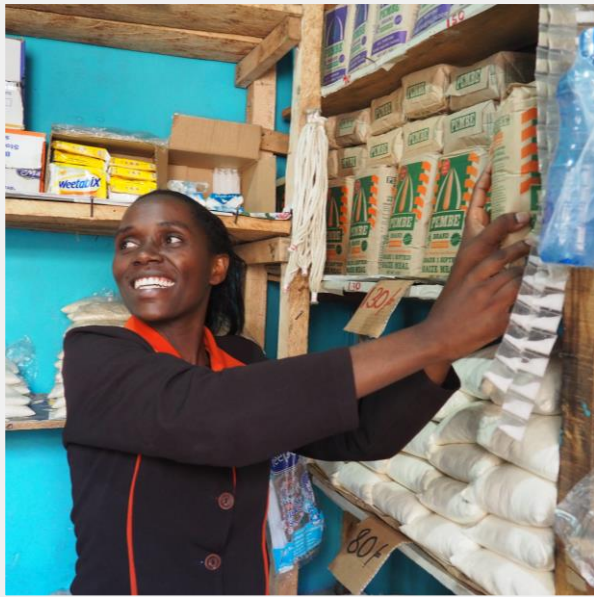
**As the impact of the COVID-19 pandemic grows, it is threatening the survival of micro and small businesses, especially in the developing countries.**

Micro and small businesses form the backbone of emerging economies and, according to the International Labor Organization, generate **approximately 90% of employment in Sub-Saharan Africa.**

Furthermore, micro-retail outlets are an essential source of basic goods and services for vulnerable communities and serve as a vital link in food supply chains.

It's against this backdrop that the PAYED program conducted a survey in order to gauge the impact of COVID-19 on micro-retailers, enable the program develop better strategies for supporting the micro-retailers, and spotlight the impact of the disruption on the micro-retail businesses.

# Methodology



1

**The survey is to better understand** the challenges faced by micro-retailers during the COVID-19 crisis and how they are responding to growing economic uncertainties.

2

**The survey questions focus on** the impacts of COVID-19 on micro-retail enterprises in business operations, employment, customers, revenues, fast-moving products, cashless transactions, steps taken in response to the pandemic, challenges, and support required in the face of the crisis.

# Methodology, *cont.*



3

**Overall, 337 micro-retail program participants** were interviewed in Nigeria (150), Kenya (82), Tanzania (54) and Côte d'Ivoire (51).

4

**Structured questionnaire** was administered by phone & entered into a mobile application (CommCare).

5

**Data was compiled, coded, cleaned, and analyzed** in MSEXCEL & SPSS statistical package.

6

**Means, percentages, frequencies, graphs, and charts** were used to help describe the findings illustratively.

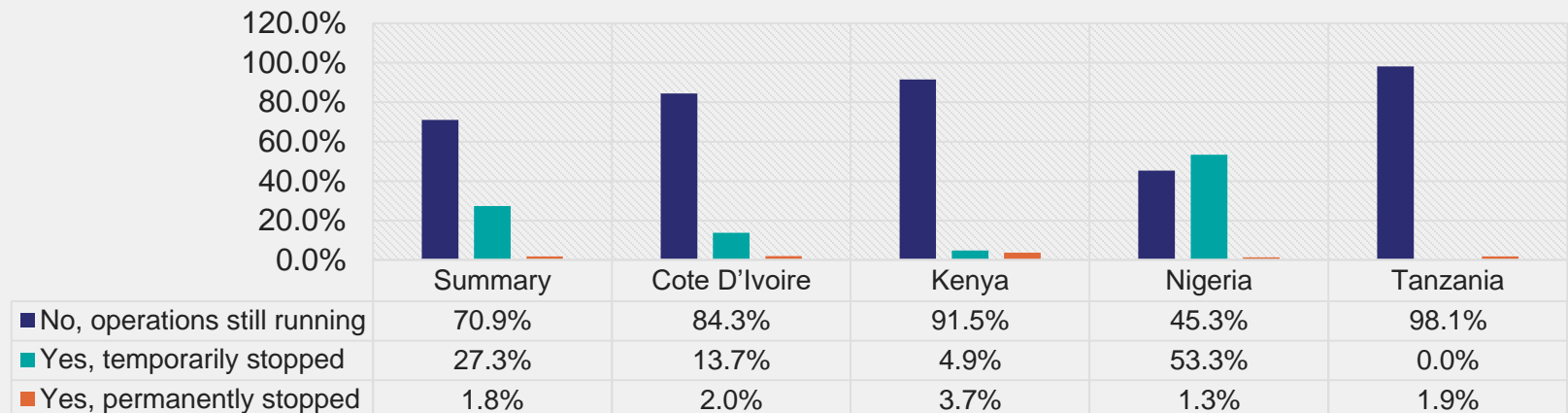
# State of Businesses

**27.3%** of businesses are closed temporarily – *and* – **1.8%** are closed permanently.

Nigeria is most affected with **54.7%** of businesses closed, while Tanzania is least affected with **1.9%** of businesses closed.

**28%** indicated that, if the crisis continued, they were at risk of closing their businesses permanently.

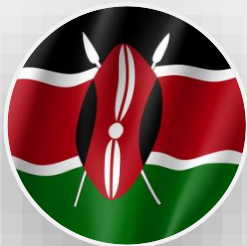
## State of the Businesses: Has Your Shop Closed?





# Employment: Staff Suspended & Laid off

Share of businesses with paid workers who have laid off or suspended staff



**30%**  
Kenya



**28%**  
Nigeria



**24%**  
Cote D'Ivoire



**11%**  
Tanzania

**23% of those businesses with employees** had suspended their employees. This could create profound livelihoods challenges.

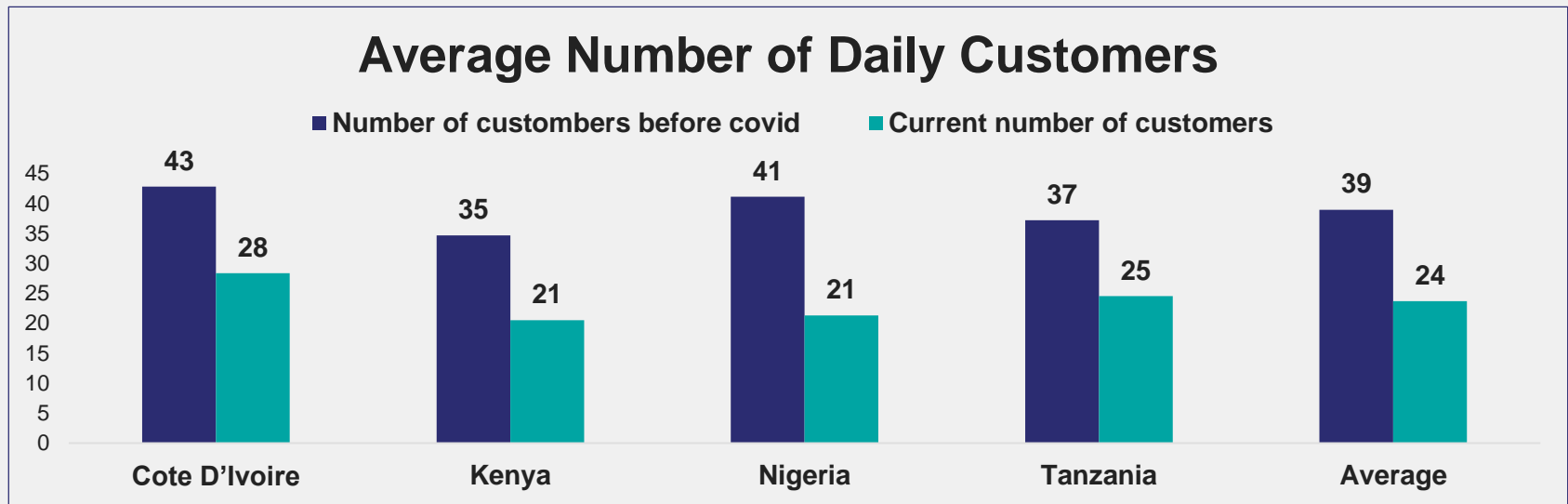
**Sudden reductions in operating hours** due to lockdown and restrictions reduced the enterprises' business activities and labor requirements.

**Without alternative income sources**, employees will have no sustained livelihoods options.

# Drop in Customers

**There is a significant drop in the number of customers visiting micro-retailers each day.**

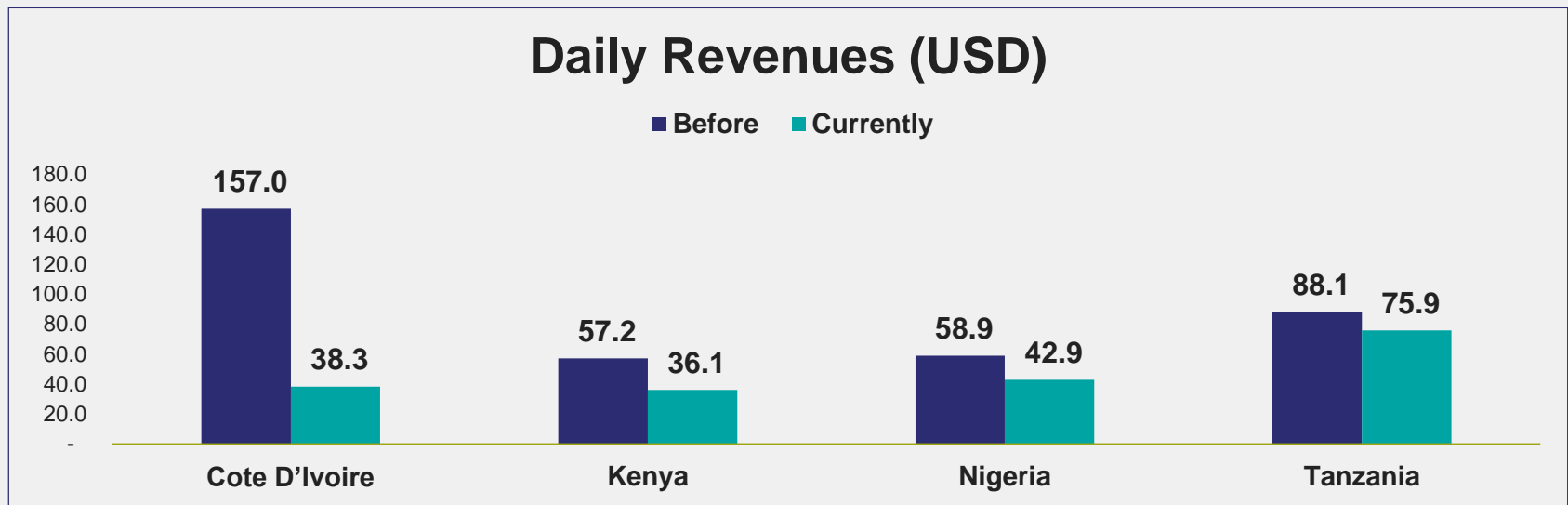
Comparing data before February 2020 (before COVID-19) and May 2020, there was a 38% decrease in the number of daily customers.



# Drop in Revenues

**41% decrease in average daily revenue since COVID-19, from US \$78.10 to US \$45.90. This is largely due to measures put in place by governments to curb the spread of COVID-19.**

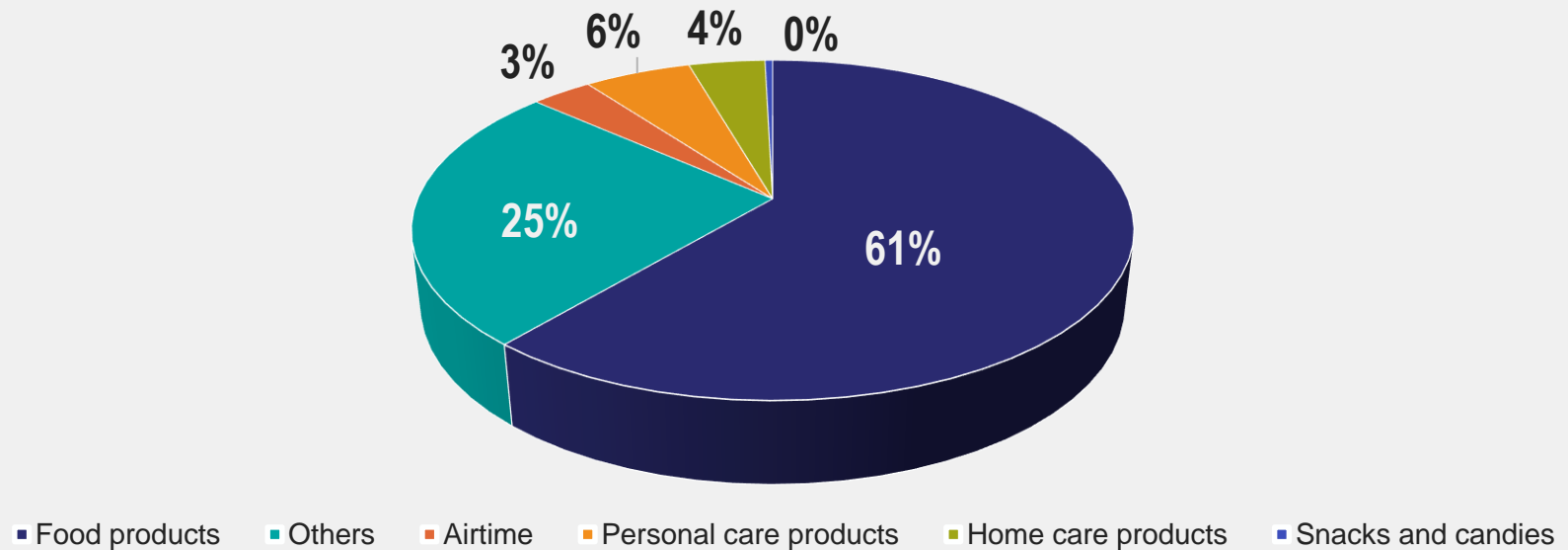
These actions are likely to hurt the businesses, reducing their incomes and profitability and ultimately affecting the livelihoods of the retailers.



# Accelerating Food Sales

**61% of respondents indicated that the sale of food products accelerated the most during COVID-19 among items in the fast-moving-consumer-good category during COVID-19.**

As many consumers stay and work from home, they are likely to increase spending on food items as they also spend more time on domestic tasks, including cooking and home improvement.

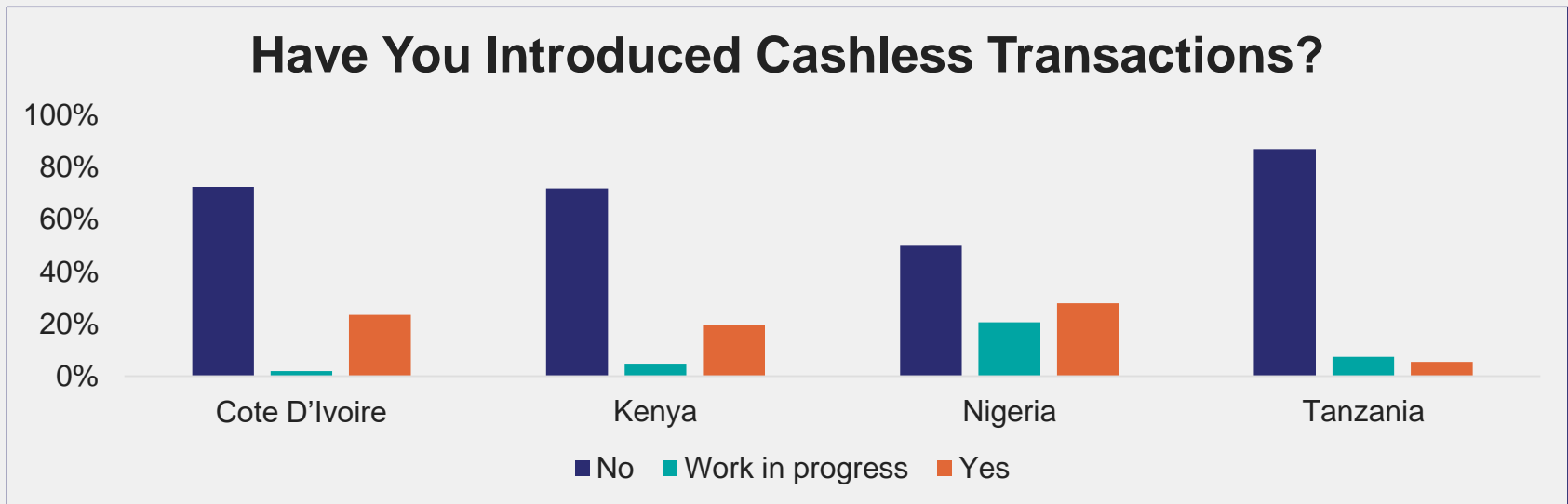




# Introduction of Cashless Transactions

**22% of respondents indicated that they had introduced cashless payments in their businesses, while 12% reported that they were in the process of introducing them.**

Key payment tools are till number, pay bill number, direct phone payment, bank transfer, Masterpass, and post. The use of cashless transaction is rising as COVID-19 makes the use of physical cash less attractive.



# Survival Strategies

In response to the disruption:

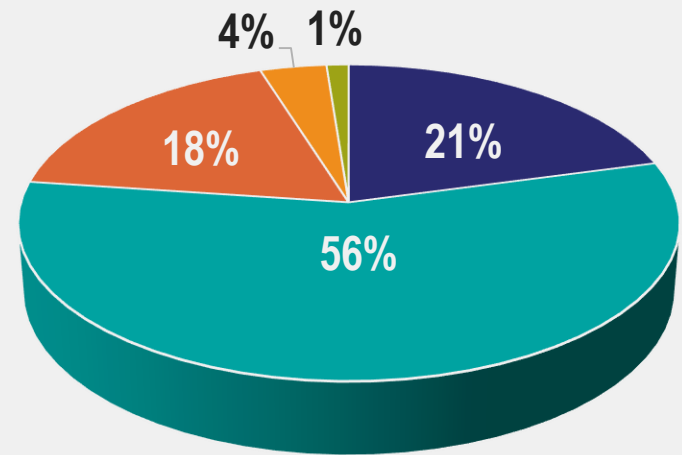
**56%** of micro-retailers diversified sales channels

**21%** diversified product offerings

**4%** reduced number of employees

**1%** rescheduled bank loans

Other steps taken to sustain businesses include reducing credit sales, lowering product prices, reducing purchases, and stocking FMCGs.



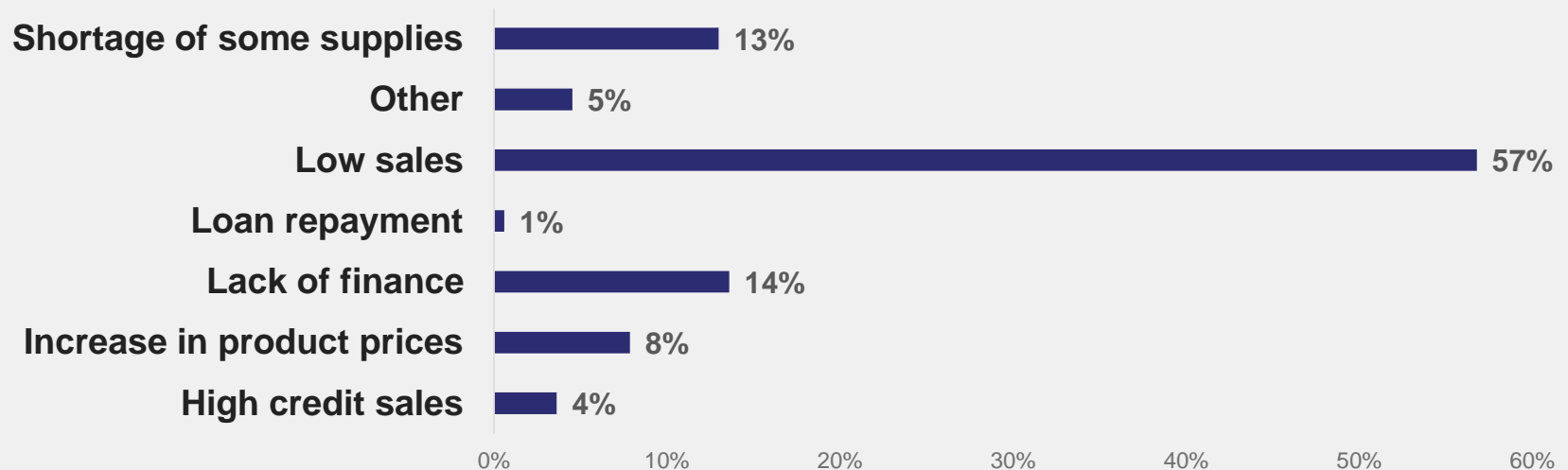
- Diversify products
- Diversify sales channels
- Other
- Reduced number of employees
- Rescheduling of bank loans

# Challenges Faced by Micro-Retailers

The study revealed that micro-retailers are facing numerous challenges in keeping their businesses afloat,

as 57% reported low sales as their major challenge.

Other challenges include a shortage of supplies, lack of finance, increased product prices, high credit sales, loan repayment, and low customer traffic.



# Support Required

The survey prompted retailers to share the type of support they would like to receive.

The top answers were:

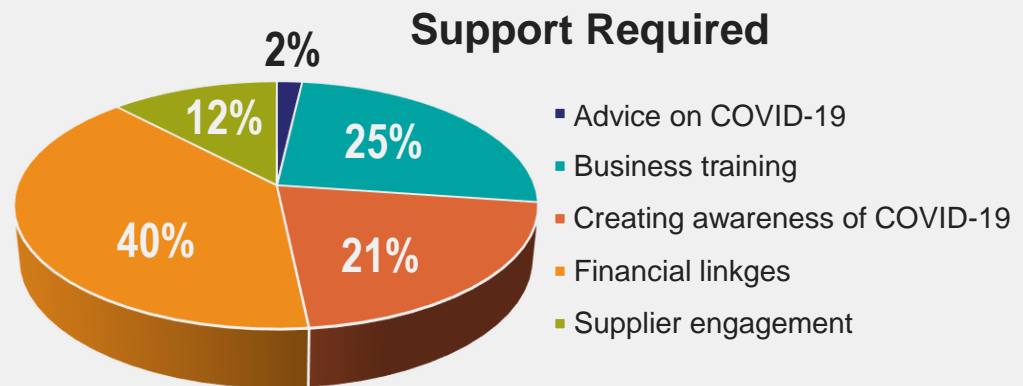
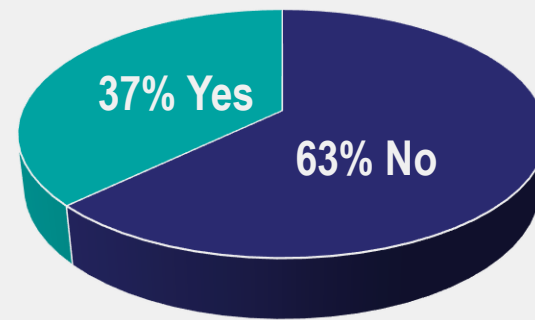
**40%** financial linkages

**25%** business training

**21%** COVID-19 awareness

**37%** indicated they considering engaging lenders to access credit, suggesting that additional business training, linkages, and technical support are required.

Do you need to engage lenders?





# Concerns if the Crisis Continues

The study sought to identify the top concerns for micro-retailers if the crisis continues.

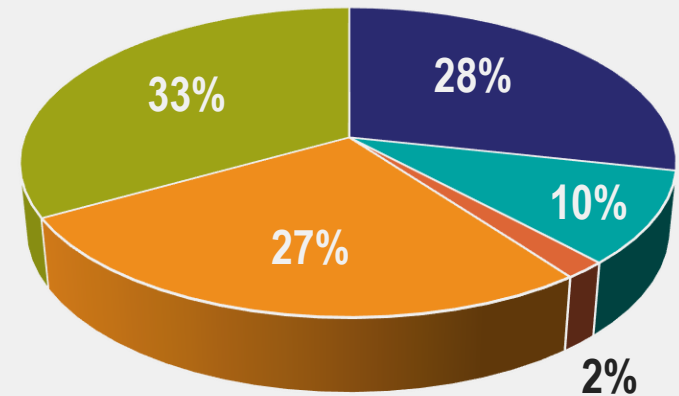
The most cited concerns are:

**33%** Shortage of supplies

**27%** Reduced number of customers

**28%** Possibility that they will have to close their business

**10%** High share of sales on credit



- Closing down the business
- High credit sales
- Other
- Reduce number of customer
- Shortage of supplies

# Conclusion

This survey data provides evidence of how micro-retailers in Africa are impacted by COVID-19. It is evident that the COVID-19 pandemic has brought unprecedented uncertainty and challenges for these small business owners. The containment measures put in place by governments, which includes travel restrictions, states of emergency, and the dusk-to-dawn curfew, have led to supply-chain disruptions which directly affect the micro-retailers. **The disruptions have led to reduced working hours and lower consumer demand, which have resulted in lower incomes for the retailers, posing a risk to their livelihoods.**

Overall,

**30%** of the businesses are closed temporarily

**23%** of businesses with employees had suspended workers

**41%** of businesses reported a decrease in revenues

In response to the crisis, there is need to provide support that will address the challenges faced by the micro-retailers to ensure the survival of their businesses.

# Recommendations



1

To address the immediate cash flow challenges, there is a need to **provide credit to the micro-retailers**. This will be critical in ensuring a reduction in layoffs and business closures.



2

**Leveraging digital training platforms, such as the PAYED application, SMS, and WhatsApp groups**, will be critical in disseminating information to entrepreneurs about how to keep their businesses afloat and how to prevent the spread of the virus in their shops and the communities they serve.



3

The disruption caused by the COVID-19 pandemic is dynamic and requires **continuous monitoring** in order to understand the local contexts, provide real-time information on the impacts, and assess what kind of support is most relevant for micro-retailers.

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