



Impact of loadshedding on small businesses in the Township Economy

Nedbank in partnership with TEA

see money differently

NEDBANK



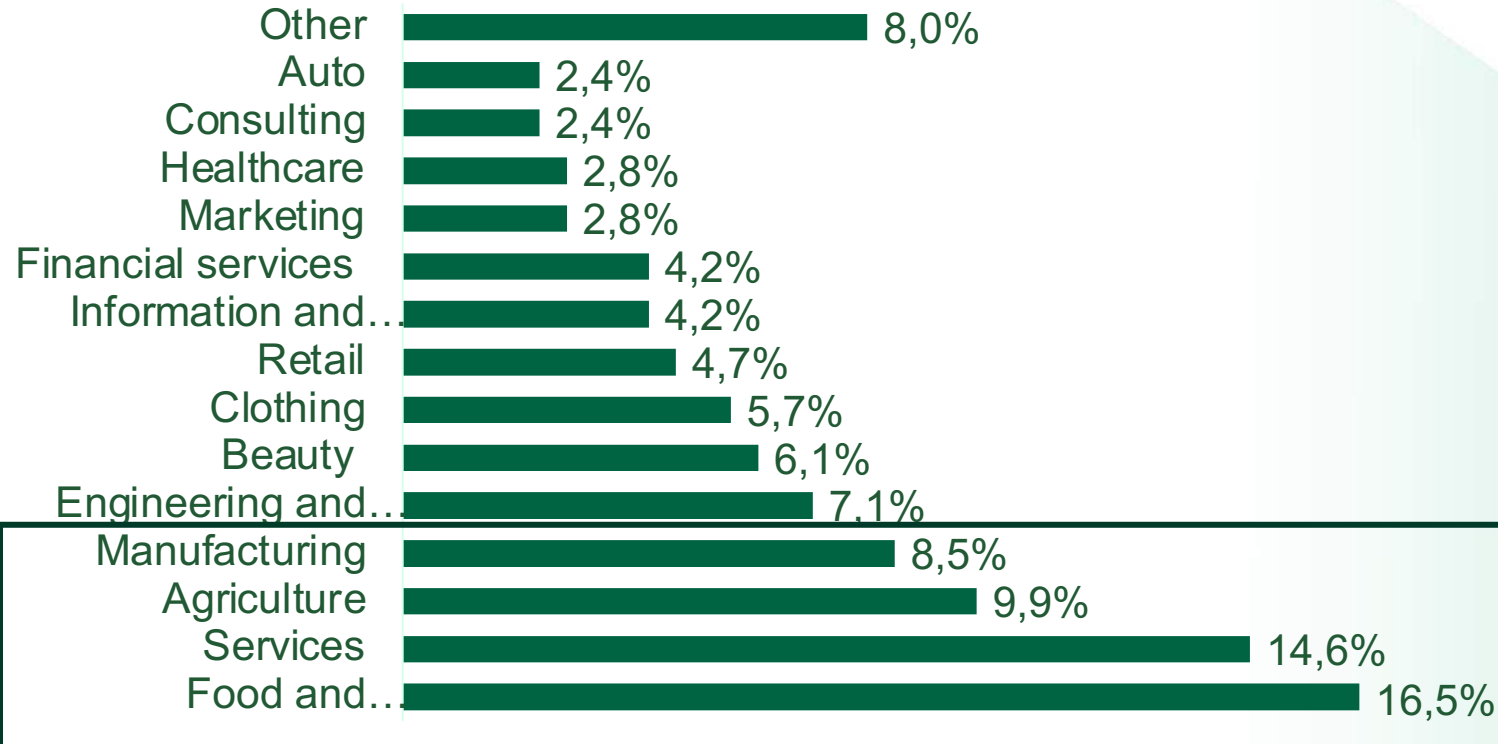
Intent of the survey

- Quantify the impact of load-shedding on small businesses
- Unpack the drivers behind the impact
- Draw insights to help develop solutions

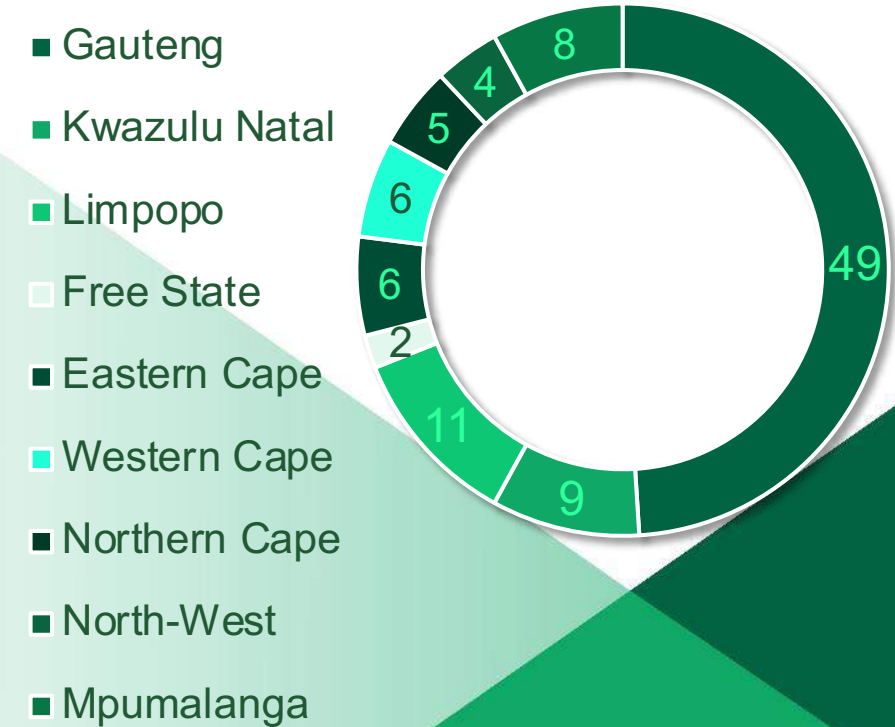


More than 200 small businesses surveyed

Trader sector



Provincial Breakdown %



Five key insights from the survey

1

Over **60%** of township small businesses stop operations during loadshedding

2

Almost **66%** mentioned they have shed jobs because of load shedding

3

Increased **operating costs** and lost revenue and declining margins

4

Solar is the most popular alternative, though most business don't know where to start looking for this solution

5

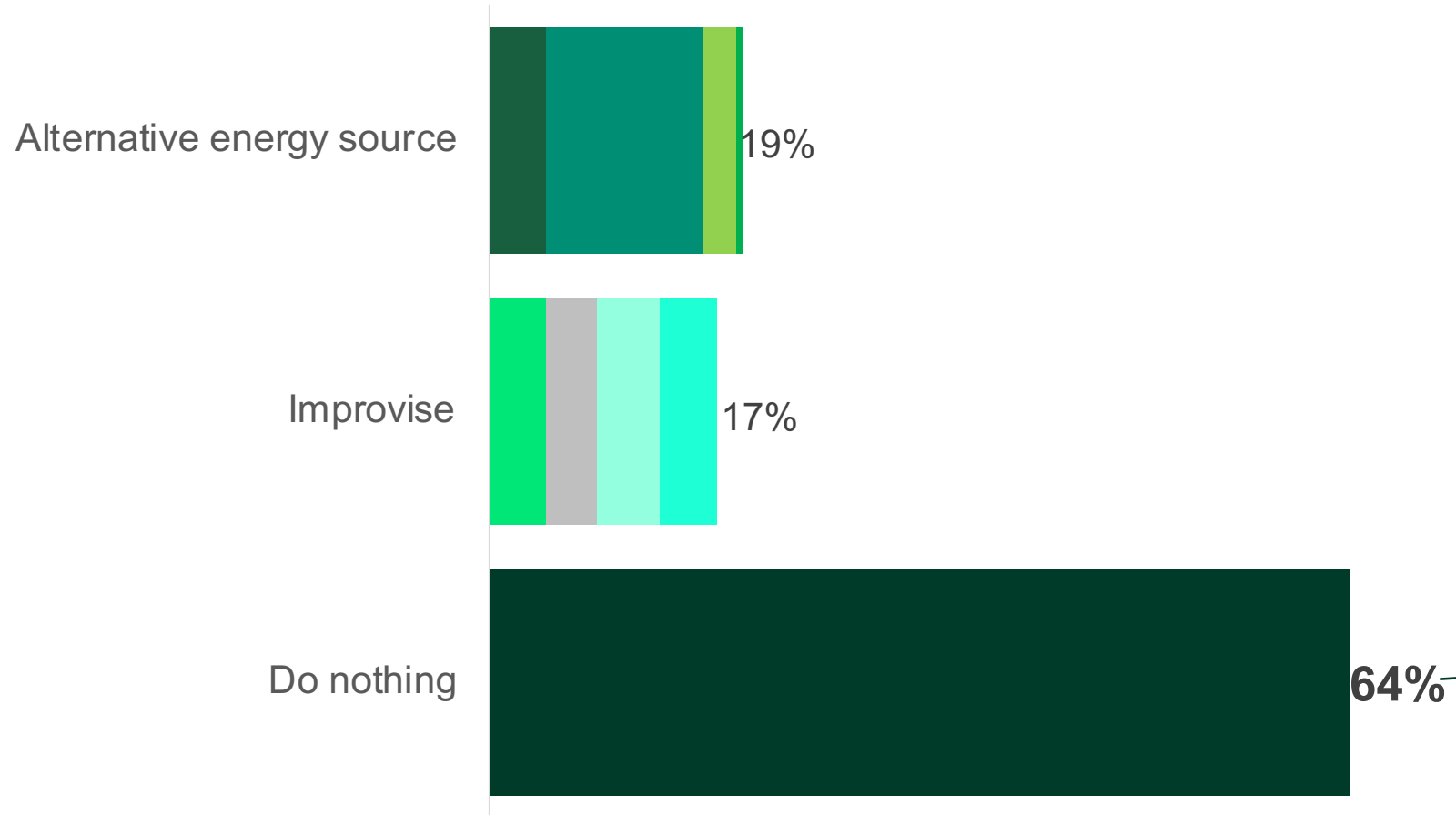
Threat of **mental health & hustling resilience impact**



1 Over 60% of township small businesses stop operations during loadshedding.

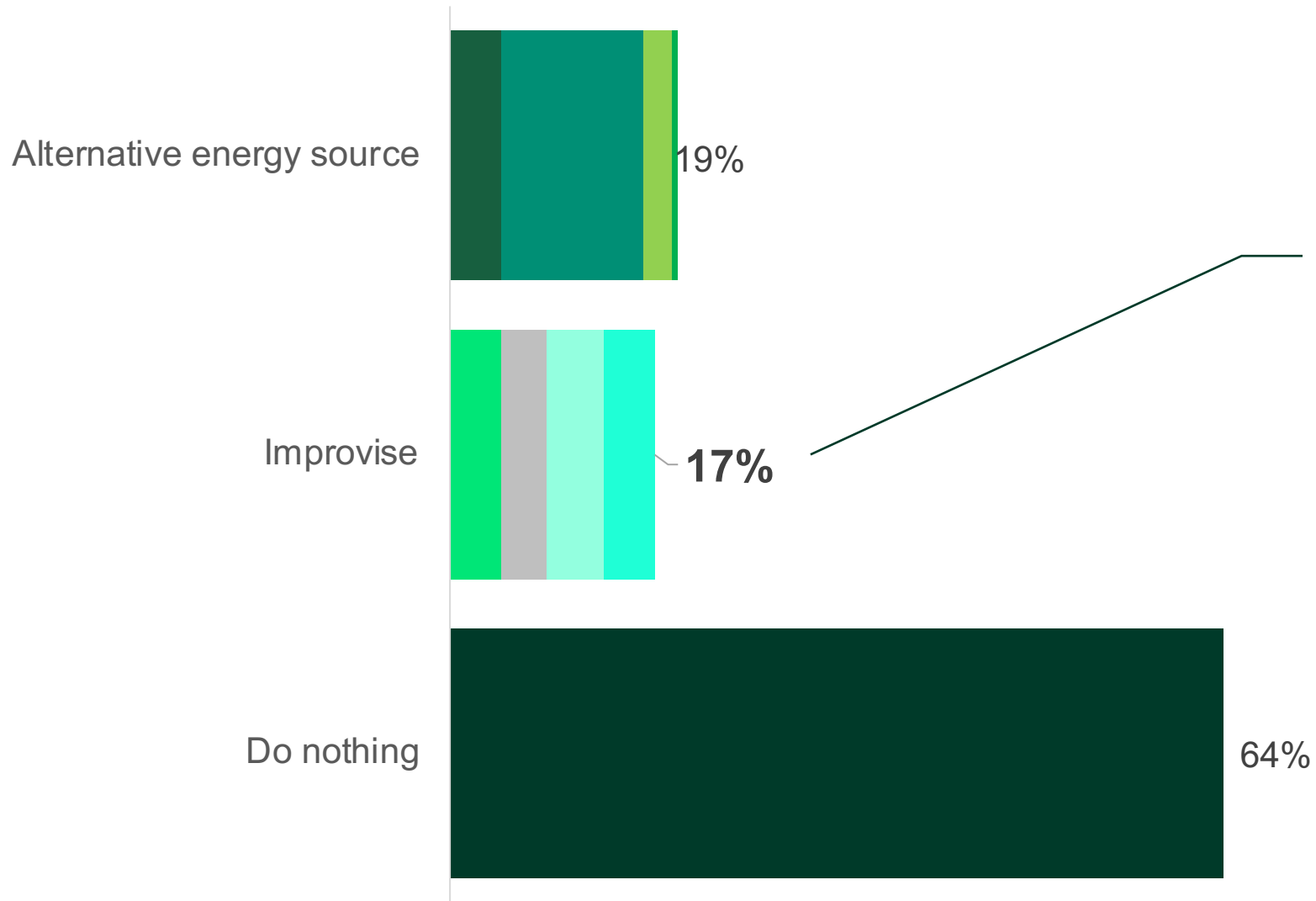
**SORRY
THIS
LOCATION
IS
TEMPORARILY
CLOSED**

What do you do when load shedding hits?



- **No have plan** of dealing with loadshedding
- E.g. motor spares dealers, driving schools

What do you do when load shedding hits?



- Find hacks to operate without using alternate sources of energy

Case studies: Improvise

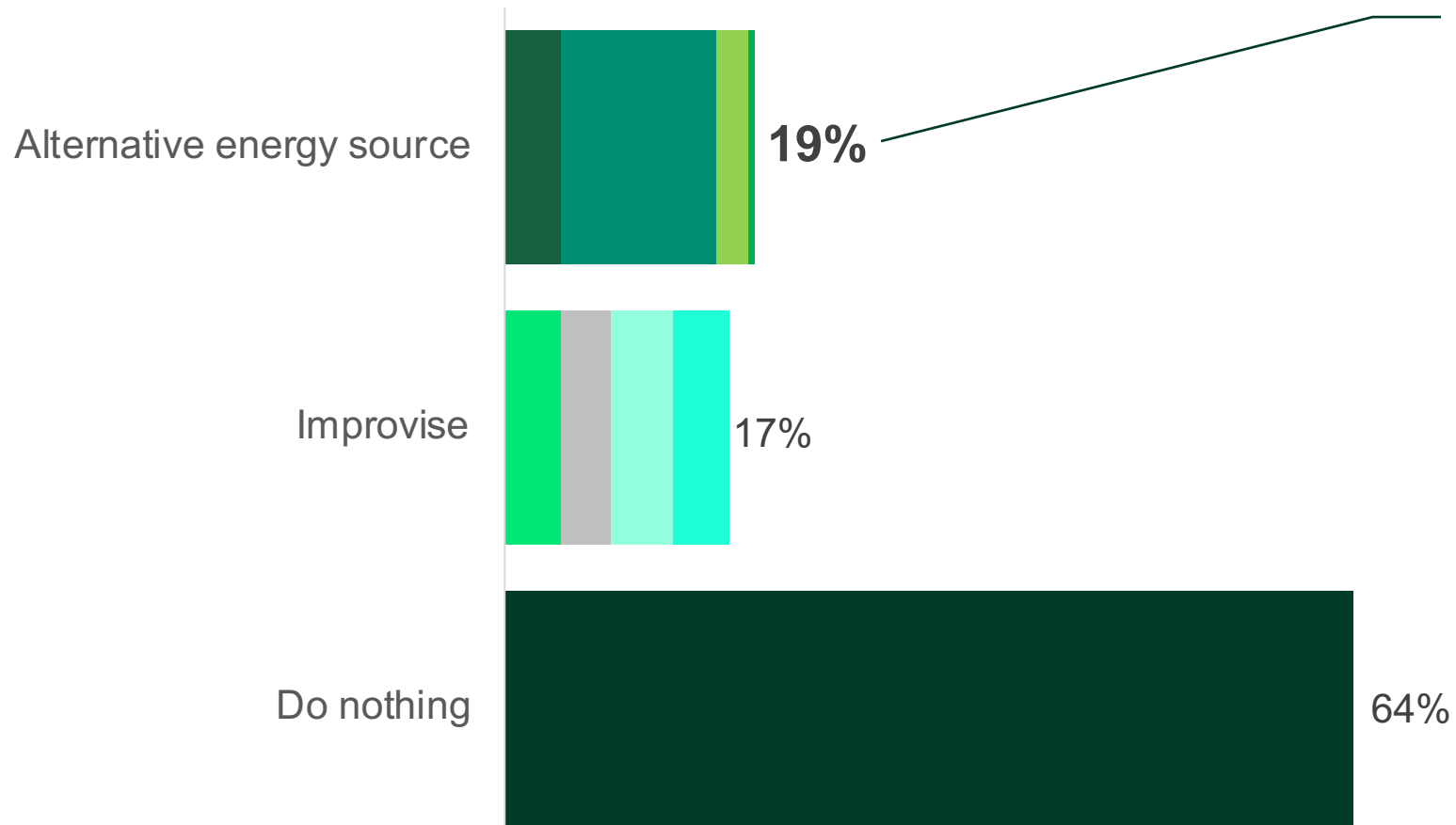
Moved vaccine fridge from the clinic to my house. Carry a small cooler box with vaccine every day from house to the clinic.

Health care services in Galeshewe

Broiler producer in Polokwane

I run a Broiler Chicken Farm and when load shedding hits, usually I light a gas for the chickens or make a "mbawula"

What do you do when load shedding hits?

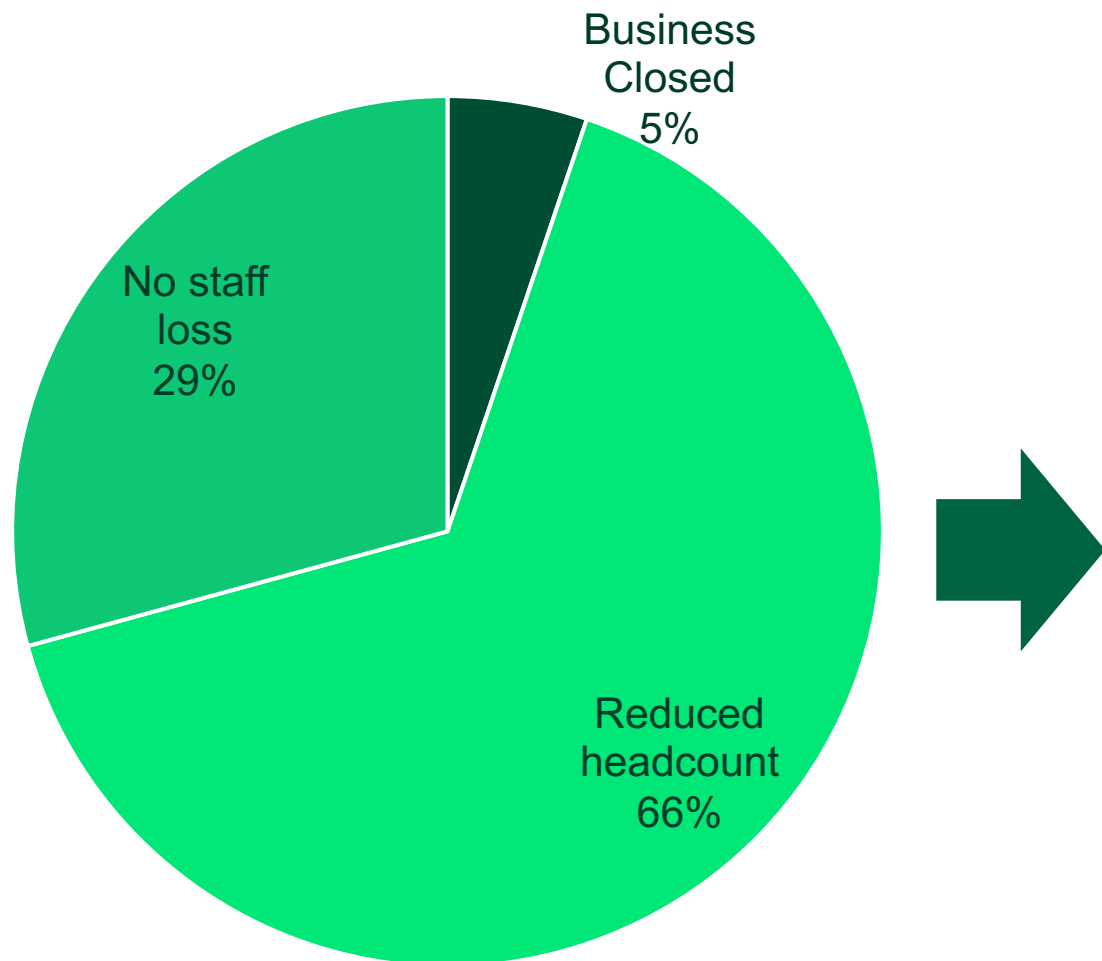


- Generators the most used alternate source
- E.g Engineering , construction sector and property development

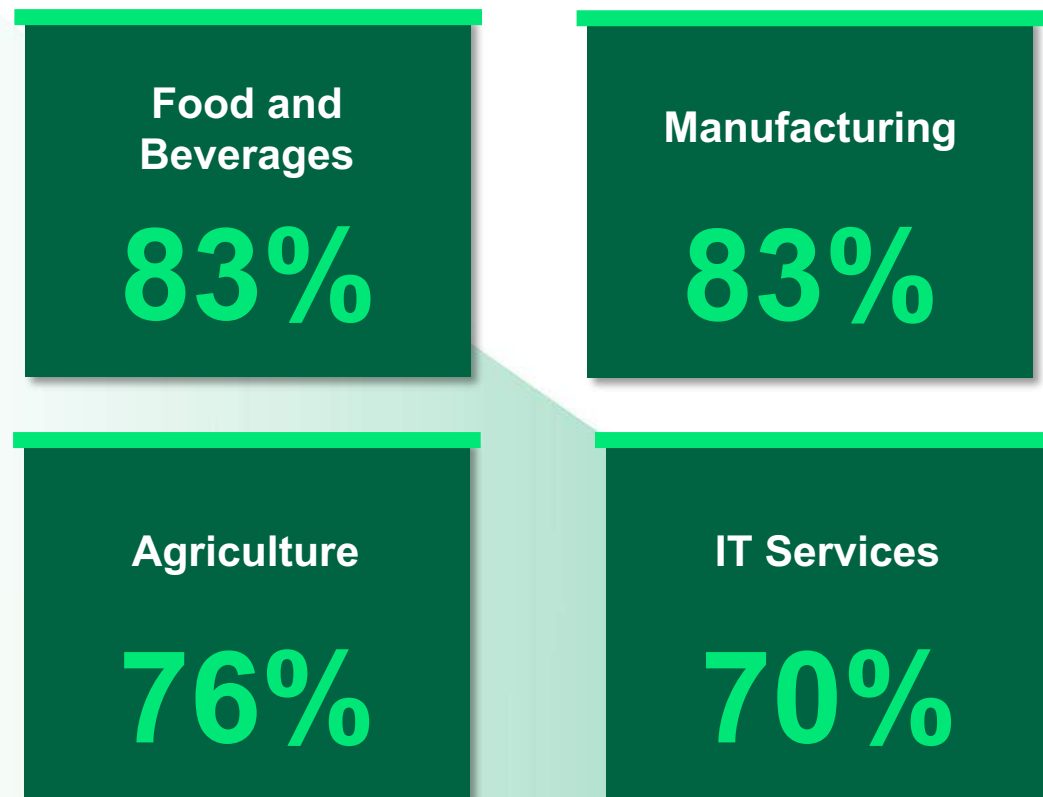


2 Almost 66% mentioned they have shed jobs because of load shedding.





Top 4 sectors that shed jobs due to loadshedding



Example: Manufacturing

Challenges

- Generators have **increased production costs** and decreased production output, which presses them to increase retail prices, although they risk losing clients as a result
- To achieve a **balance** between maintaining the same retail prices and recovering increased costs

Coping mechanisms

- Switch to **manual** manufacturing, which is less efficient and requires more staff due to cost
- Introduced **shifts** for staff
- To negotiate **reduced salaries** with existing staff members

Long term solutions – Manufacturing Innovation to explore new ways to do business

I need different packaging to be able to prolong and preserve the shelf life of my product



Manufacturer Katlehong

The loadshedding is requiring me to remodel my business in it's entirety, I would have to introduce a product that requires little electricity.

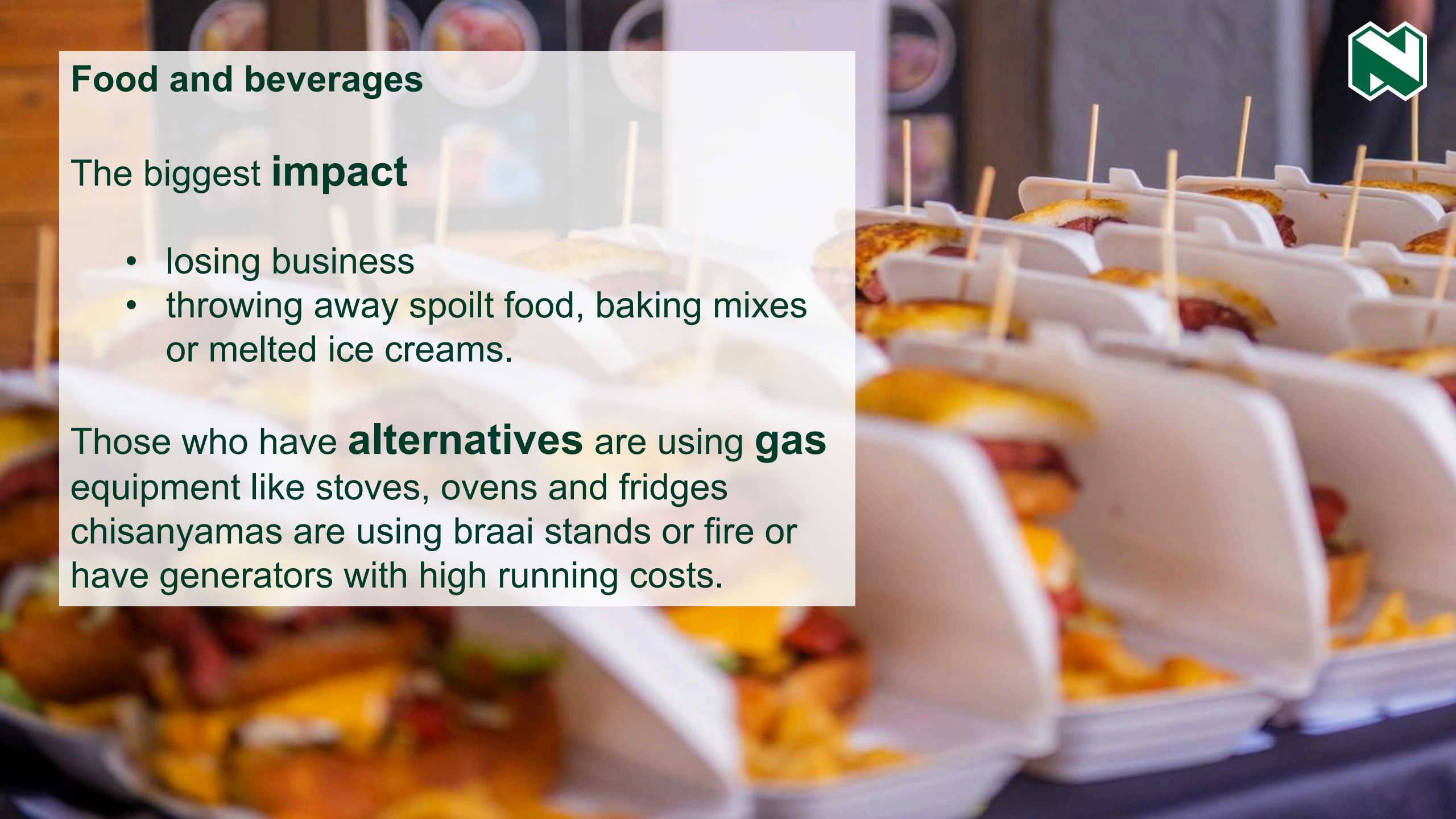


Food and beverages

The biggest **impact**

- losing business
- throwing away spoilt food, baking mixes or melted ice creams.

Those who have **alternatives** are using **gas** equipment like stoves, ovens and fridges
chisanyamas are using braai stands or fire or
have generators with high running costs.





For food and beverages solution raised was a shift to **mobile trailer** or restaurants, so that business owners can move their businesses to where there is power and be able to serve clients.





For **internet cafes**, the biggest challenges was lack of **network strength** during loadshedding.



Their hope is that network operators will find **solutions** to enable network availability during loadshedding.





Only **5%** of businesses indicated that the loss of jobs was because they closed down.

90% have been operating for less than 10 years



What could assist these businesses to reopen?

Reducing length of loadshedding to just an hour

Affordable solutions

Easily accessible solutions

External funding support



3 Increased operating costs, lost revenue and declining margins.



Key drivers of cost

- 1 Buying gas & petrol
- 2 Buying rechargeable devices
- 3 Traveling to find alternative power sources
- 4 Buying a generator
- 5 Airtime & Data calling clients to reschedule appointments
- 6 Replacing wastage from inputs & supplies going off
- 7 Traveling to clients instead of them coming to me
- 8 Replacing appliances damaged by on & off of electricity

4 hours of loadshedding is bad which means we can only work 5 hours. All our equipment's are electricity operated: sewing machine, compressors, wood cutter and other machinery. Orders get delayed and clients cancel orders.

Manufacturer from Soweto



Pet groomer from Potchefstroom



Wait till loadshedding is over and carry on, but this I can only do in business hours, as clients don't want to leave their dogs to long in the Parlour. I tried a generator but it doesn't work and is not cost effective

Manufacturer from Mdantsane

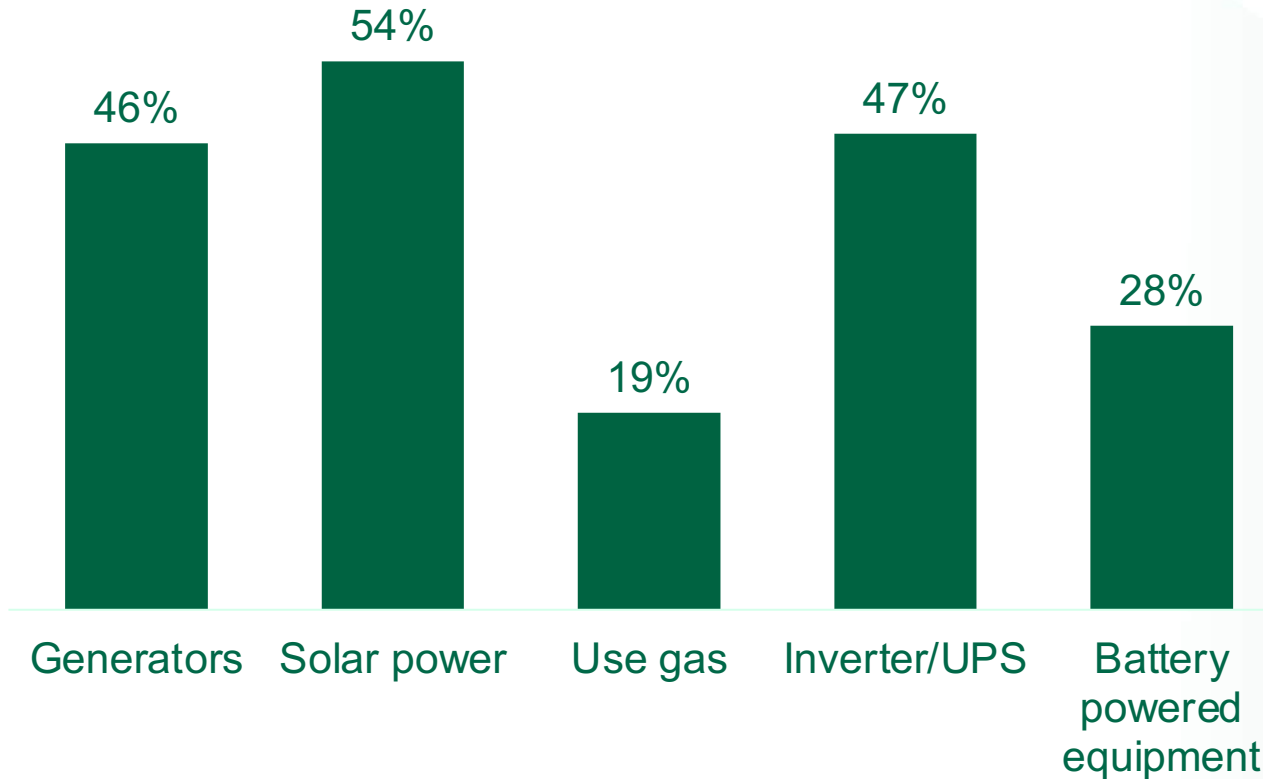
I have had clients that cancel their orders because it now takes longer to finish things. We have had to change our policies to avoid that but our competitors are now gaining momentum and I can't fund extra equipment as I'm refunding a lot.



4 Solar is the most popular alternative, though most business don't know where to start looking for this solution.

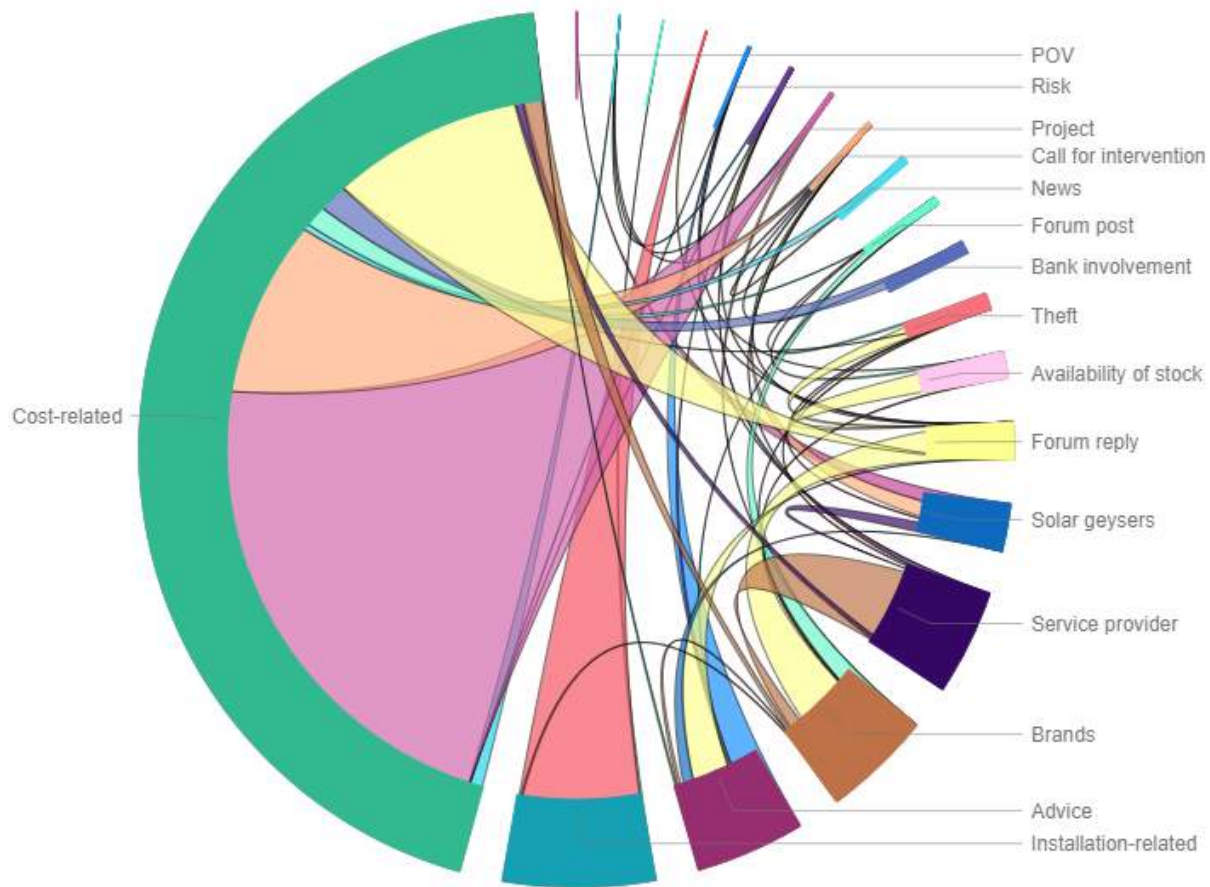


Which options would you consider?



Interesting to see the shift from most using generators to seeing solar is a better alternate.

Analysis of 4000 social media posts about solar



- Cost
- Installation related
- Advice



5

Threat of mental health & hustling resilience impact

.





Recent sequential events:

- Covid-19 lockdowns
- July riots
- Intensified loadshedding
- Looming water shedding



Putting a strain on the mental wellness of these owners and their employees



'A lot of people are starting to give up on their business because of load shedding more especially small businesses, we not making any money most of us we are loosing hope as it feels like we are fighting a loosing battle'

Sudden changes in resources available to business owners such as safety, electricity and water can induce a state of scarcity

Scarcity impacts decision-making, redirecting focus from essential operational considerations and self-care





In addition to finding affordable, cost effective alternatives for energy, there is a need to support small businesses with mental wellness.



Summary of key findings

1

Over **60%** of township small businesses stop operations during loadshedding

2

Almost **66%** mentioned they have shed jobs because of load shedding

3

Increased **operating costs** and lost revenue and **declining margins**

4

Solar is the most popular alternative, though most business don't know where to start looking for this solution

5

Threat of **mental health & hustling resilience** impact



**Be the difference
that impacts our world**



see money differently

NEDBANK



Thank you

see money differently

NEDBANK