

Beyond Survival for SMEs

Improving customer experience and embracing digital innovation can help smaller companies to ramp up business even amid disruption to normal operations

The fifth Covid wave in Hong Kong earlier this year brought unprecedented challenges to small and medium-sized enterprises (SMEs), but signs of recovery have started to emerge. A survey of SMEs in Hong Kong, conducted by CPA Australia in April, found that 57% of respondents expected their revenue to stay at a normal level or even grow in the months ahead.

While the relaxing of social-distancing restrictions has undoubtedly eased some of the burdens SMEs are facing, there is another factor contributing to the optimistic outlook – investment in innovation.

According to the same survey, the pandemic has pushed local SMEs to become more creative in their business models. Over half of the surveyed businesses said that they generated more than 10% of revenue through e-commerce in 2021 – the highest figure since 2017.

In other words, transforming the need to stay afloat during the pandemic into drivers of innovation can help SMEs not just survive but thrive.

Embracing innovation in times of crisis

Innovation has become synonymous with the tech industry in recent years but its central ideas are more relevant to SMEs than ever. At its

core, the concept simply means using creativity to improve in three areas: products and services, business model and customer experience.

The effects of the pandemic will be felt for years to come. Nonetheless, there is no better time to innovate than in periods of crisis. According to a report by McKinsey in 2020, companies that prioritise innovation in times of crisis outperform their competitors by 30% during the recovery.

While radical shifts in consumer behaviour and market needs are pushing SMEs to the brink, these factors are also key dynamics that allow disruptive products, business models and customer experiences to emerge. For instance, the e-commerce boom spurred by the pandemic has offered an excellent gateway for SMEs to reach new markets and a wider consumer base by adopting digital technologies.

It has also challenged businesses to create new customer experiences as they now need to cater to more diverse needs and preferences from all around the world.

Here are three tips for SME owners who are looking to transform survival into innovation.

Listen to your customers

Starting the process of innovation can seem daunting, especially

for SME owners who are already strapped for time and resources. But it's important to remember that investing huge sums in R&D is not the only way to kick-start the innovation journey.

Not all businesses need to come up with ground-breaking products and services to succeed. To ensure that new offerings bring extra value to consumers, SMEs can turn to one resource they all have free access to – customer feedback. According to a survey of consumers, 90% of respondents said that "listening to customers" is the best way for companies to drive innovation.

In addition, paying closer attention to peers and joining trade networks can help business owners find new sources of inspiration to improve their products and services.

Build a digital-first business model

Establishing an innovative business model does not require rebuilding your business from scratch. For traditional brick-and-mortar stores, simply expanding sales channels into the digital world can create new revenue streams.

Setting up a social media account and building an online presence is a fast and low-cost way for SMEs to generate sales through e-commerce. In a recent PayPal survey, 41%



中小企疫境自強

面對業務運作受阻，提升客戶體驗和應用數碼創新科技將有助中小企開創商機

of Hong Kong SME respondents said social media was their most important channel for stimulating growth during the pandemic.

Not only can e-commerce generate growth in the domestic market, but it can also help SMEs access overseas markets through cross-border trade.

A survey in the United States by Alibaba, released earlier this year, found that 39% of SMEs with digital sales channels were confident that their exports would grow in 2022, compared to just 13% of those who only use offline channels.

Going global is no longer an option, but a driver of growth and a key priority for SMEs.

Create customer-centric experiences

Building trust with customers is the cornerstone of success for every SME. When it comes to e-commerce, providing a seamless user experience can go a long way in enhancing brand loyalty and increasing bottom-line results. For example: two-thirds of consumers are willing to pay more for a great user experience when shopping online, according to research by Yottaa.

Optimising the payment process is one of the best ways to enhance the user experience. Innovation in this area means making the process more intuitive by reducing the number of

steps involved, offering payment options that consumers prefer, and simply reducing load time. Research by the Baymard Institute found that close to one in five consumers abandoned their shopping cart during checkout because the process was too complicated or taking too long.

The good news is that even incremental improvements can lead to a significant reduction in cart abandonment and increase conversion. For instance, speed improvement of as little as 0.1 seconds can increase conversion rates by an average of 8% and the order value by an average of 9%, according to the Deloitte report "Milliseconds Make Millions."

Looking ahead

The first half of 2022 has been tough for SMEs in Hong Kong, but there is no reason to lose hope. The pandemic has provided fertile ground for breakthroughs in the market. Therefore, it is critical that business owners use this time to explore new ideas and prepare for the future.

By paying closer attention to consumers, investing in e-commerce channels and minimising friction in the user experience, SMEs can go beyond short-term survival and start building a solid foundation for long-term growth and success.



香港於年初爆發第五波疫情，為中小企帶來空前挑戰，惟目前市場已呈復蘇跡象。澳洲會計師公會在四月進行的一項調查顯示，57%受訪的香港中小企業預期未來數月的收益將維持穩定或有所增加。

放寬社交距離限制無疑減輕了中小企的負擔。除此之外，投資於業務創新亦是利好前景的另一因素。

根據調查結果，疫情促使本地中小企尋求業務模式上的創新。逾半受訪企業表示，2021年有超過一成收益來自電子商貿，比例為2017年以來最高。

換言之，將疫情下的求存心態轉化為創新動力，不但有助中小企站穩陣腳，更可望再上層樓。

逆境中求創新

近年，創新一詞與科技行業劃上等號，但其核心理念與所有中小企息息相關。創新是指利用創意來提升三大範疇——產品和服務、業務模式及客戶體驗的表現。

疫情影響將延續至未來數年，不過危機正是創新的最佳時機。麥肯錫在2020年發表的報告指出，企業在危機時期注重創新，在復蘇期間的業績將較競爭對手高出三成。

消費者行為和市場需求大幅轉變，一方面令中小企瀕臨倒閉的邊緣，另一方面卻促成顛覆性產品、業務模式和客戶體驗的誕生。舉例說，疫情下的電子商貿趨勢為中小企提供良機，透過數碼科技進軍新市場及擴大客戶群。

這一趨勢亦驅使企業打造全新顧客體驗，以迎合全球各地客戶的不同需要和喜好。

要把求存的心態轉化為創新的動力，中小企可參考以下三項建議：

聆聽客戶意見

開展創新的過程往往令人卻步，對於缺乏時間和資源的中小企尤甚。但要記

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住，在研發領域投放巨額資源，並不是展開創新之旅的唯一方式。

企業要取得成功，未必要有嶄新破格的產品和服務。要確保新產品能為消費者創優增值，中小企不妨從客戶的反饋入手，而這種資源不費分毫。一項消費者調查結果顯示，有九成受訪者認為「聆聽客戶意見」是企業推動創新的不二法門。

留意行業動向和加入貿易網絡亦有助企業尋找新的靈感來源，從而改良產品和服務。

建立數碼驅動的商業模式

要建立創新的業務模式，無需由零開始重組公司業務。例如，傳統的實體店舖只需把銷售渠道擴展至網上平台，便可開拓新收入來源。

開設社交媒體帳戶及建立網上業務是中小企利用電商促銷的快捷途徑，而且成本低廉。根據PayPal最新一項調查，41%的受訪本港中小企表示社交媒體是在疫情期間刺激業務增長最重要的渠道。

電子商貿不但能促進本地業務增長，還可協助中小企進行跨境貿易，拓展海外市場。阿里巴巴於今年年初在美國進行的一項研究發現，39%設有數碼銷售渠道的中小企有信心2022年的出口會有所增長，只利用線下銷售渠道的公司的有關比率則僅為13%。

對中小企來說，進軍國際不再是一種選擇，而是推動業務增長的動力，亦是優先要務。

創造以客為本的體驗

與客戶建立信任是中小企成功的基石。就電子商貿而言，無縫的用戶體驗能大大提升顧客對品牌的忠誠度和盈利能力。舉例說，Yottaa一項研究結果顯示，三分之二的受訪消費者表示網購時願意多付點錢，以享受更佳的購物體驗。

完善支付流程是提升用戶體驗的最佳方法之一。革新付款程序，具體來說就是減少所涉步驟、提供客戶偏好採用的付款方式，以及縮短頁面載入時間，令支付流程更簡便。Baymard Institute一項研究結果發現，近五分之一的受訪消費者在網購付款時曾因手續過於繁複或需時甚久而放棄下單。

可幸一小步的改善也能大幅減少購物車棄單率和提高轉換率。例如，德勤的「毫秒成就百萬」（Milliseconds Make Millions）報告指出，即使載入速度只加快0.1秒，已可令轉換率和訂單金額分別提高8%和9%。

展望

香港中小企在2022年上半年舉步維艱，但無需為此氣餒。疫情為市場帶來突破的契機，企業務必把握時機求新求變，為未來籌謀部署。

透過緊貼消費趨勢、投資電商渠道及避免不快的用戶體驗，中小企將可克服短暫的時艱，更可為長遠發展和成功奠定穩固的基礎。