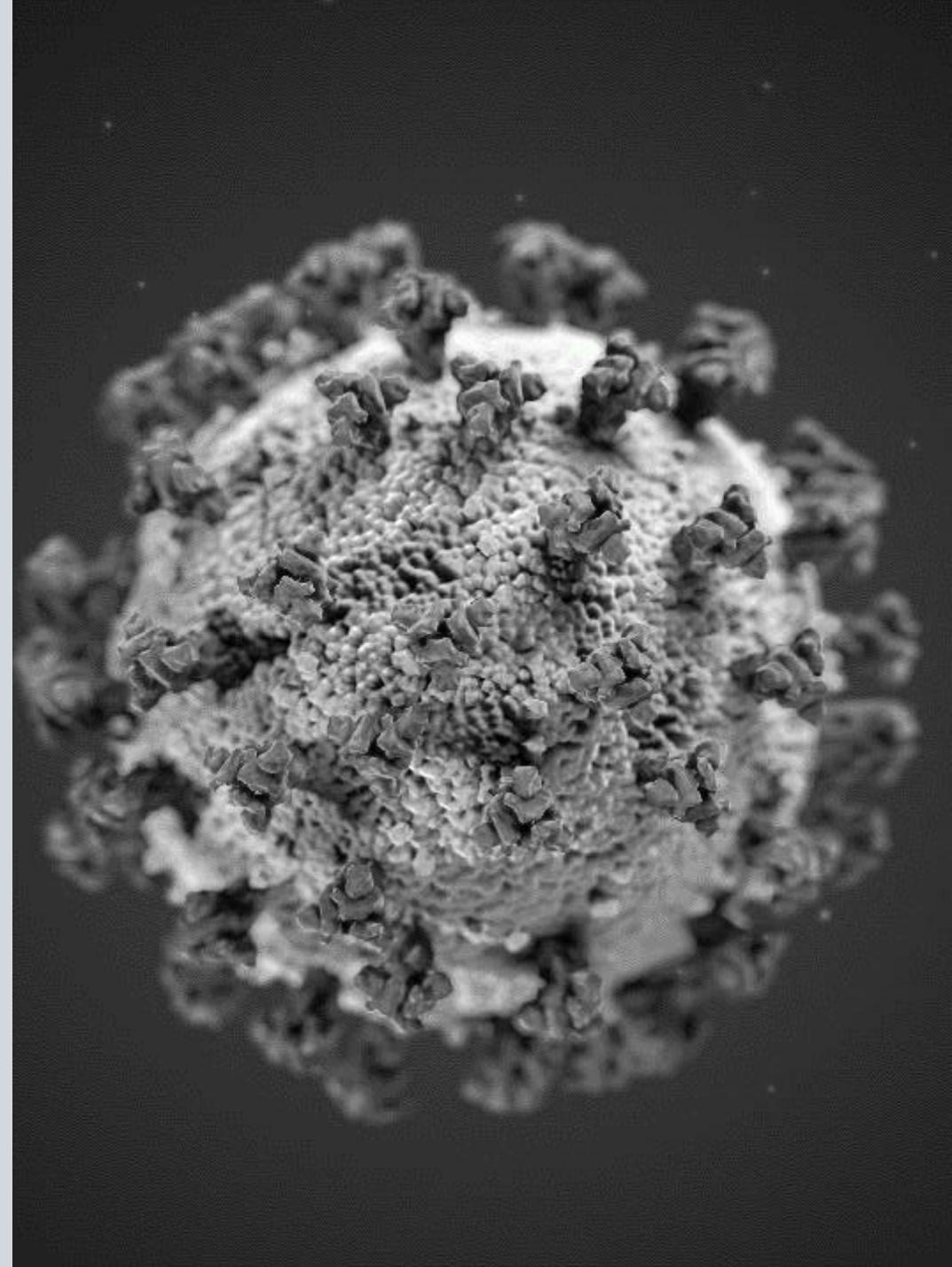


COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 13 –

28th July 2020



ABOUT US



ACA Research & Fifth Quadrant have worked closely with TEG Insights on business and consumer research projects for over a decade. Our strong partnership allowed us to collaborate on this new tracker aiming at understanding the impact of COVID-19 on SMEs during these unprecedented times.

Please do not hesitate to contact us should you have any questions!

TWO BRANDS OPERATING UNDER A SINGLE MANAGEMENT

ACA Research is a full-service market research consultancy, with a **strong focus on B2B projects.**

Our consultants provide strategic qualitative and quantitative research solutions to support business decision making.

Fifth Quadrant is our **specialist customer experience brand** providing industry analysis, benchmarking, research and consulting services.

Our consultants work on strategic and operational projects to help clients optimise CX delivery and reduce cost to serve.

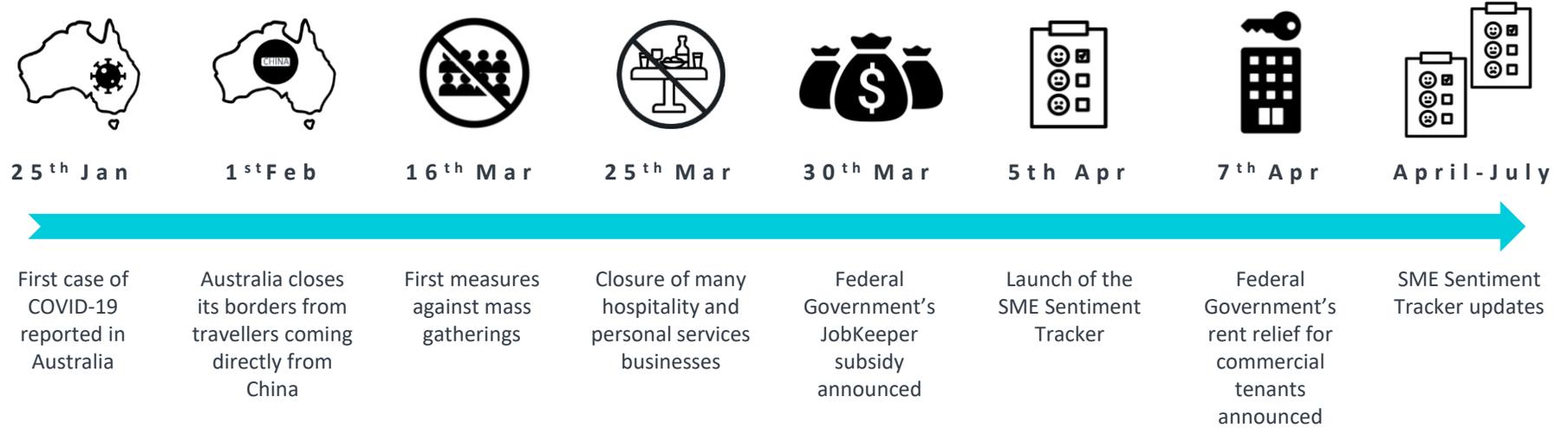
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

Our continued success is based on integrity and passion to ensure the best outcomes for both our Clients and Members alike.

CURRENT STATE

As in other countries all around the world, COVID-19 has had a significant impact on Australia's economy, with travel bans, restrictions on outdoor and indoor gatherings, and hence the forced closure of business across a range of sectors. The tourism & hospitality sectors were the first to be affected worldwide.

To support the economy, businesses and employees that have been severely impacted by the strict measures & restrictions, the Australian State/ Territory & Federal Governments have introduced a range of stimulus measures.



NUMBER OF COVID-19 CASES IN AUSTRALIA	WAVE 1 5/Apr	WAVE 2 12/Apr	WAVE 3 19/Apr	WAVE 4 26/Apr	WAVE 5 3/May	WAVE 6 10/May	WAVE 7 17/May	WAVE 8 24/May	WAVE 9 31/May	WAVE 10 7/June	WAVE 11 21/June	WAVE 12 5/July	WAVE 13 19/July
TOTAL CASES	5,750	6,313	6,612	6,716	6,801	6,941	7,045	7,114	7,195	7,260	7,461	8,449	11,802
DAILY NEW CASES	200	10	26	15	20	14	17	3	10	5	25	87	361
CURRENTLY INFECTED	4,633	2,916	2,311	1,258	889	674	580	504	479	455	463	946	3,407

Source: <https://www.worldometers.info/coronavirus/>

METHODOLOGY

The COVID-19 Tracker was first launched w/e 5th April 2020.

In each wave we get minimum n=300 completed surveys.

TEG Insights ensures a consistent sample of financial decision makers and influencers at Small and Medium Size Businesses each wave.



5-minute questionnaire



All surveys completed **online**
(TEG Insights Business Panel)



All respondents are **financial decision makers/influencers** in Small and Medium Businesses with up to 500 employees



Respondents are from across Australia, including **metro and regional** areas



A wide selection of **industry sectors** are represented, allowing for deep dive analysis on a regular basis



Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

KEY LEARNINGS



78% report declining revenues due to COVID-19 up from 68% in the last wave



50% of SMEs in VIC expect revenues to decline over the next 4 weeks



41% of SMEs report reducing staff numbers compared to 34% reported in the previous wave



44% believe the Government needs to slow down their approach to winding back restrictions, up from 22% earlier in July

As outbreaks persist, **revenues continue to fall** with 78% of SMEs now reporting a decline due to the pandemic. This is the highest level reported since the inception of the research. Consequently, only **29% expect revenues to return to pre-COVID levels by October**, compared to 53% in early June.

Not surprisingly, the reinstatement of restrictions has worsened expectations in the short term, with **just under 50% of businesses located in VIC anticipating declining revenue** over the next 4 weeks.

Consequently, there has been a clear upward trend in the proportion of SMEs reporting to be **very concerned about business survival rising to 72%** from 62% in the last wave.

We can also report a **significant rise in job losses with 41% of SMEs reporting they have had to reduce their staff numbers** compared to 34% only two weeks earlier. The extension of JobKeeper is certainly validated by these concerning numbers.

With the rapid increase in cases seen in VIC and the threat of these cases spreading to other states, there has also been a significant **increase in concern regarding personal wellbeing**.

44% of SMEs now believe the **Government needs to slow down their approach to winding back restrictions**. This is double the 22% at the beginning of July. In line with increased concern, SME decision makers are now much **less comfortable travelling** or allowing their employees to travel.

With these renewed levels of uncertainty, **purchasing intentions for the next 3 months have also declined** in most asset categories.

In summary, the resurgence of COVID-19 is having a devastating impact on SME confidence with much of the tracking data at all time lows. Despite the extension of the JobKeeper program it is hard to foresee any return in confidence until the curve in VIC is flattened and any hotspots in NSW and other parts of Australia are controlled.

With concern about business survival rapidly rising, it is difficult to believe that the majority of SMEs will be in a position to survive without JobKeeper when the program is reset in October. Accordingly, the Government must brace for a substantial number of SMEs to be eligible despite the stricter criteria outlined last week.

CONTENT

HOW IS THE
COVID-19 PANDEMIC
IMPACTING SMES
ACROSS THE
FOLLOWING AREAS:

1 BUSINESS REVENUE

2 BUSINESS CHALLENGES

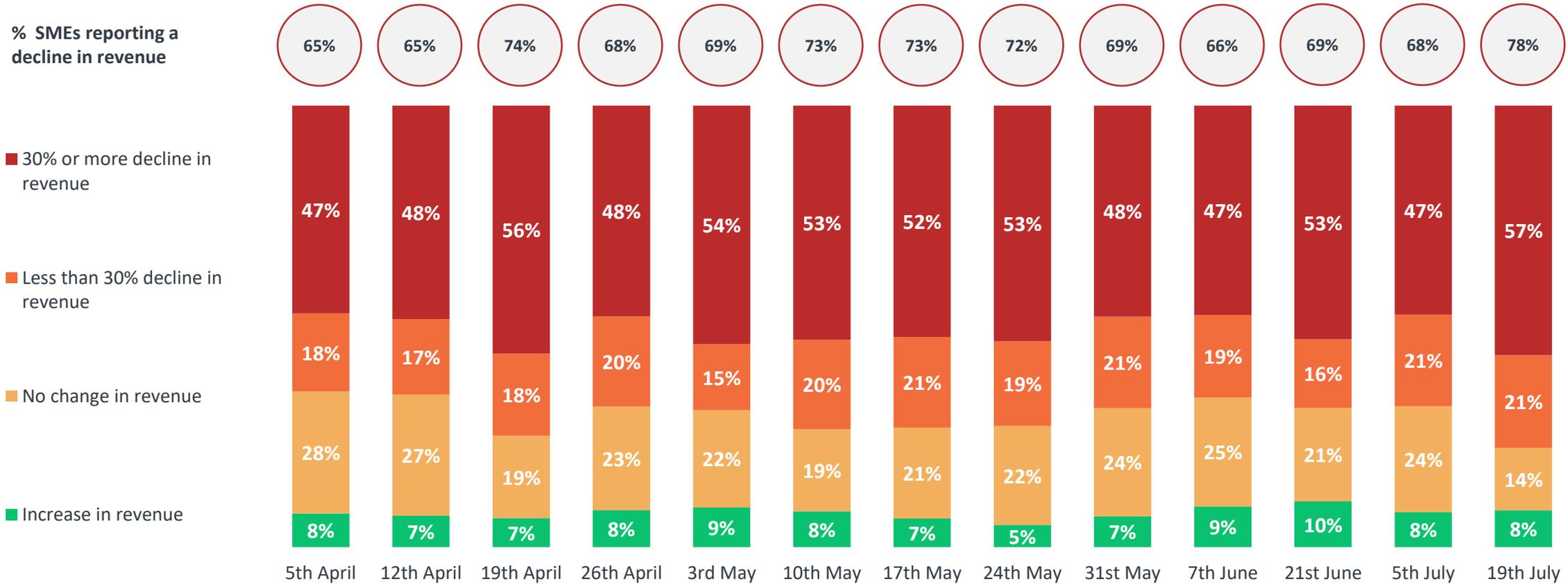
3 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

4 BUSINESS CONFIDENCE

DECLINE IN REVENUE DUE TO COVID-19

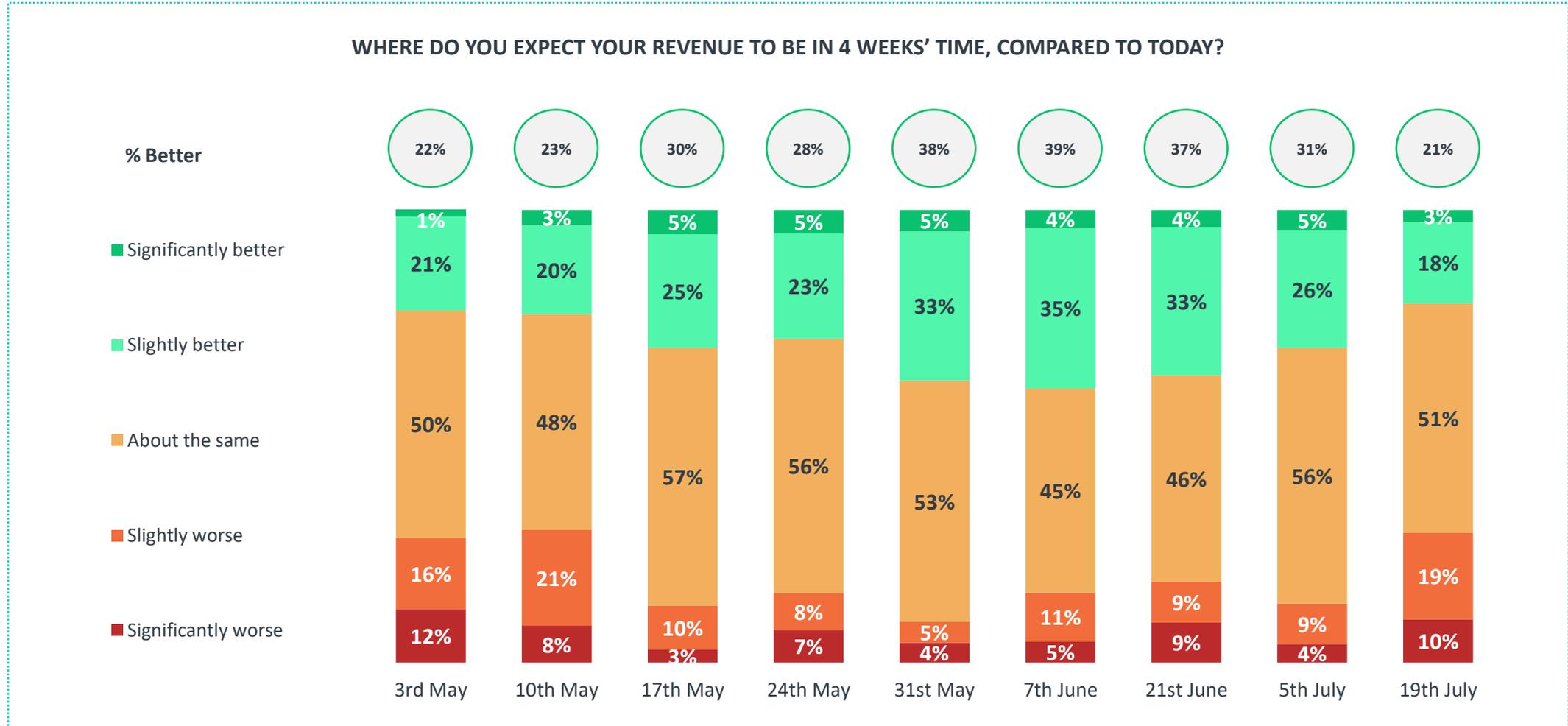
As outbreaks spread, revenues continue to fall with 78% of SMEs reporting a decline. This is the highest level reported since the inception of the research.

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS REVENUE?



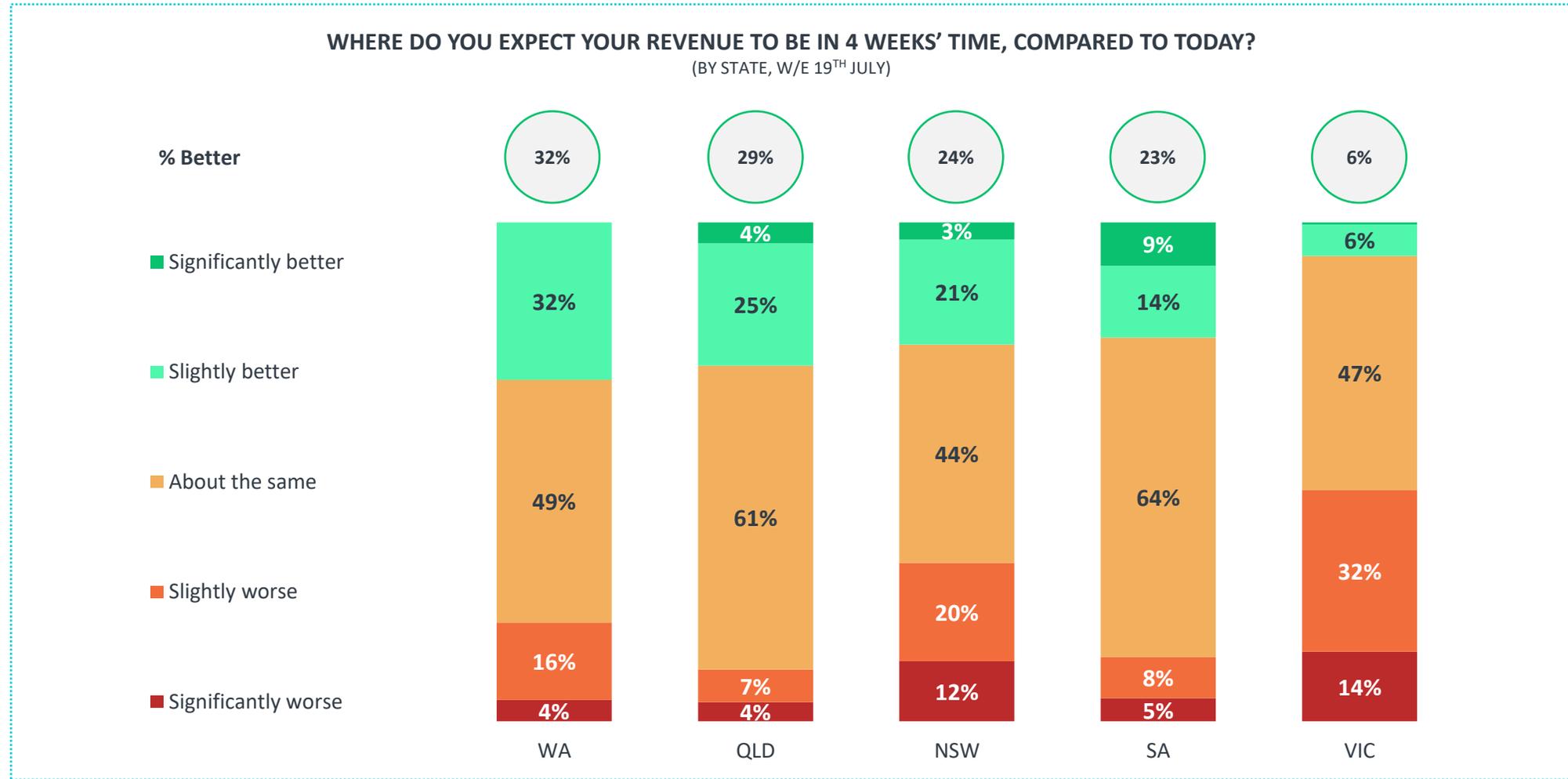
FUTURE REVENUE EXPECTATIONS

Short term revenue recovery looking grim in comparison to the growth predicted in early June.



FUTURE REVENUE EXPECTATIONS BY STATE

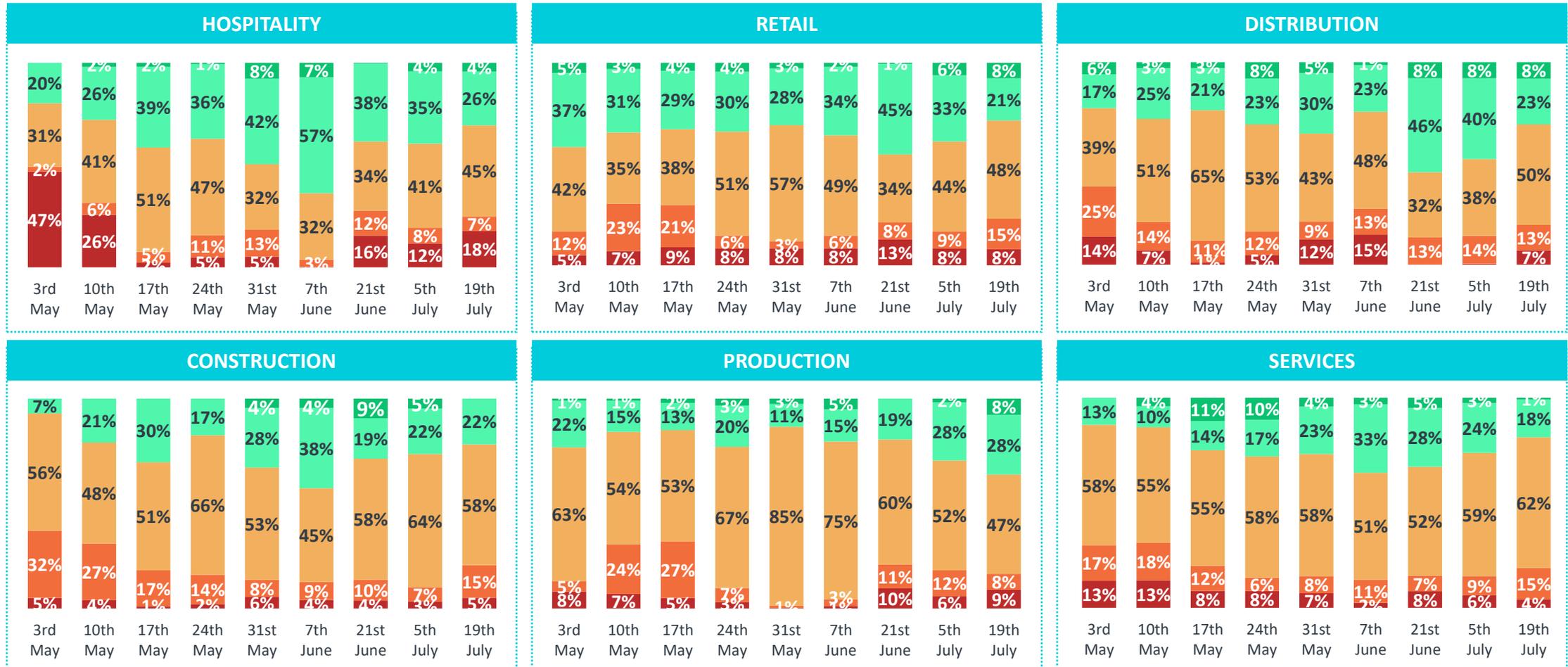
The reinstatement of restrictions in VIC has worsened revenue expectations in the foreseeable future, with just under 50% anticipating declines in revenue over the next 4 weeks.



FUTURE REVENUE EXPECTATIONS BY INDUSTRY

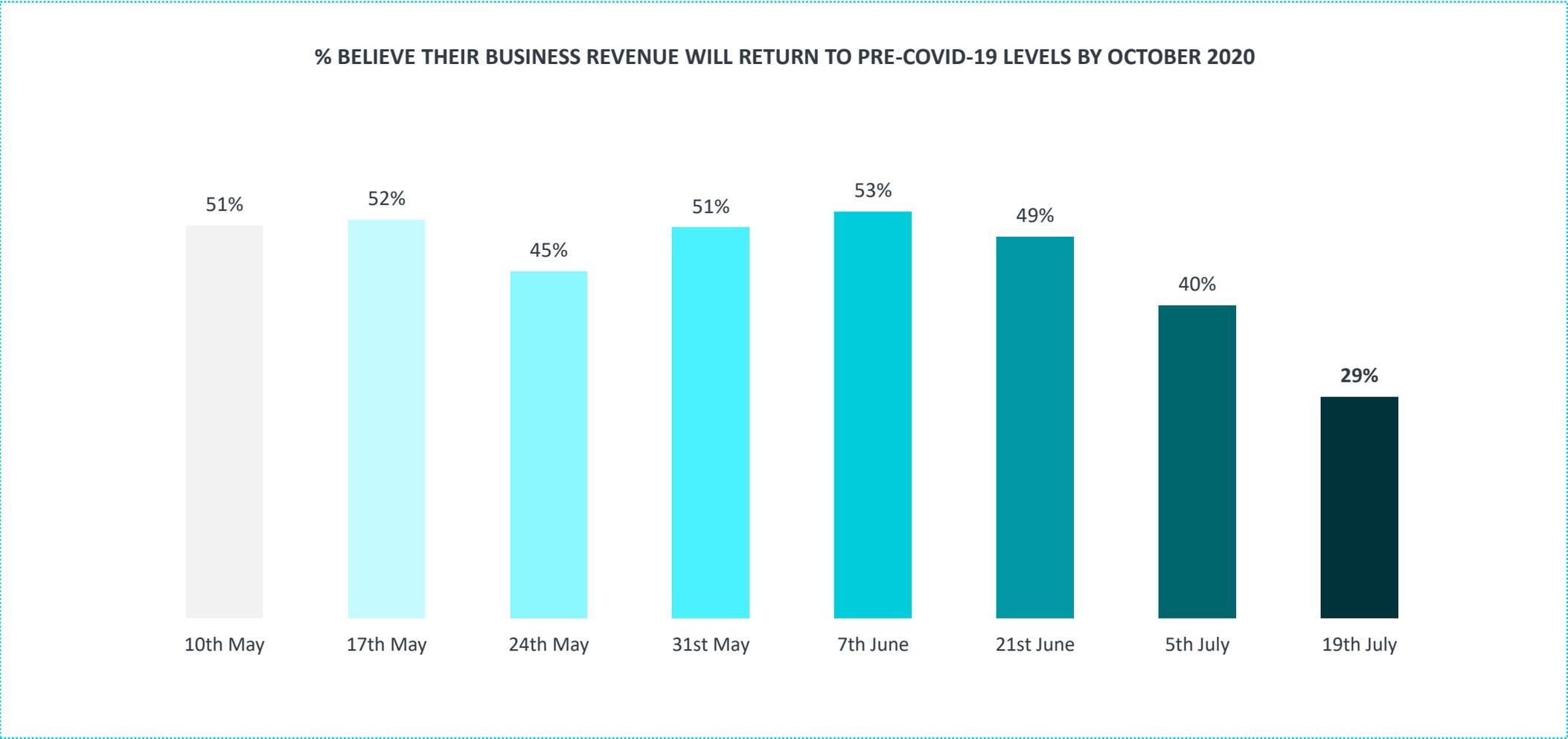
Most industry segments have seen drops in their revenues and expectations for the next 4 weeks continue to be negative.

WHERE DO YOU EXPECT YOUR REVENUE TO BE IN 4 WEEKS' TIME, COMPARED TO TODAY?



REVENUE RETURNING TO PRE-COVID LEVELS

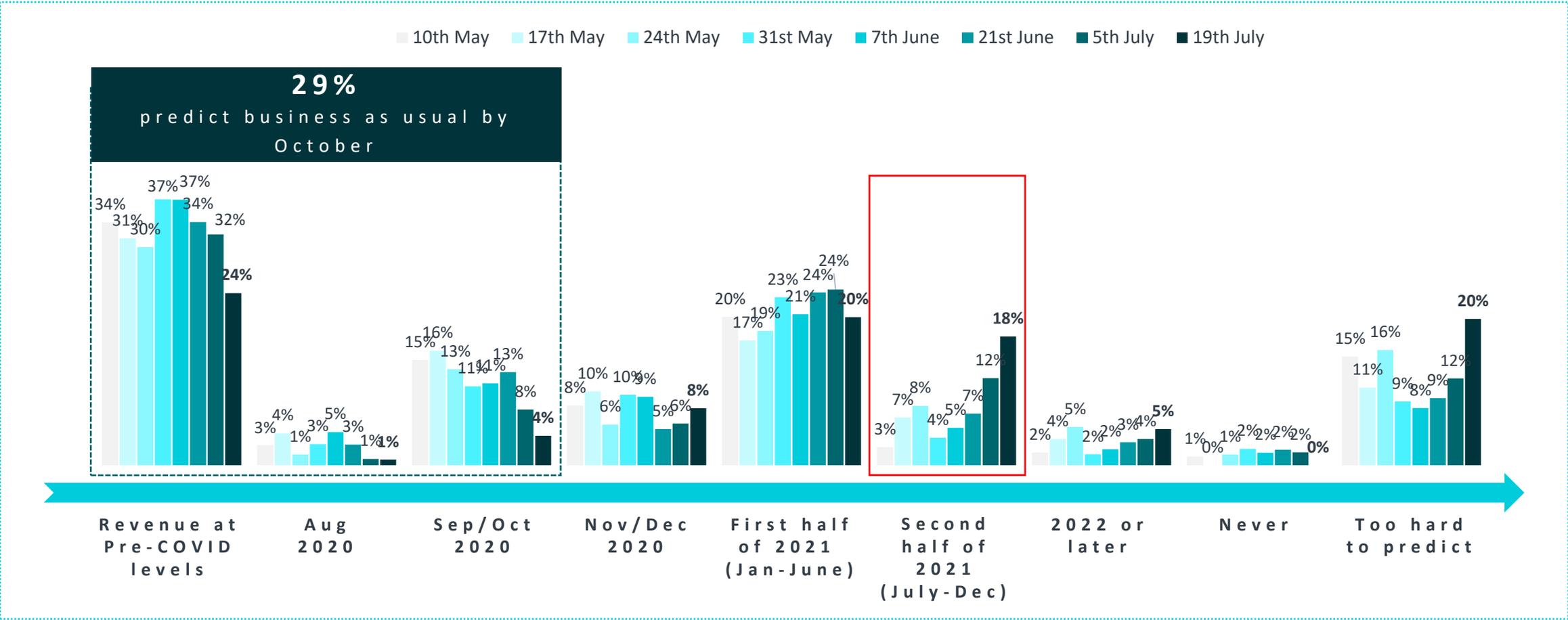
In line with other data, there has been further significant drops in the proportion of businesses expecting revenues to return to pre-COVID levels by October.



REVENUE RETURNING TO PRE-COVID LEVELS

Uncertainty continues to rise as a clear upward trend can be seen amongst SMEs not expecting revenues to recover until the second half of 2021.

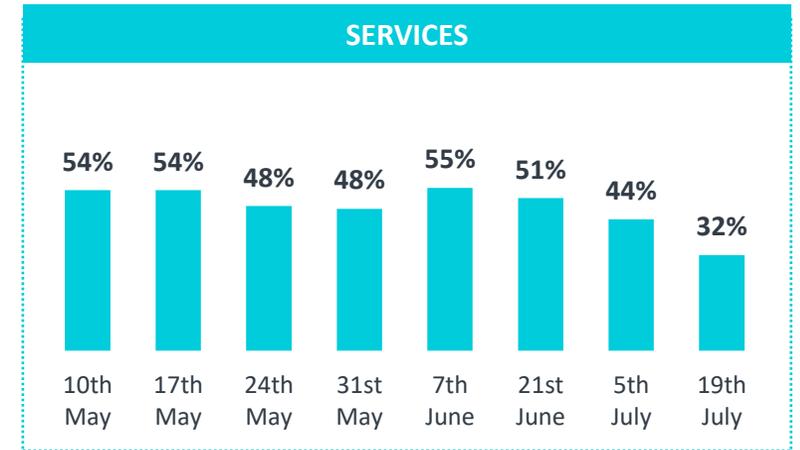
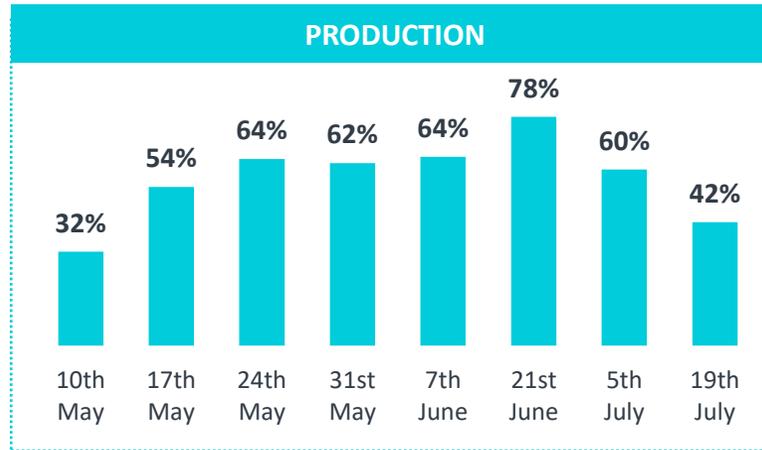
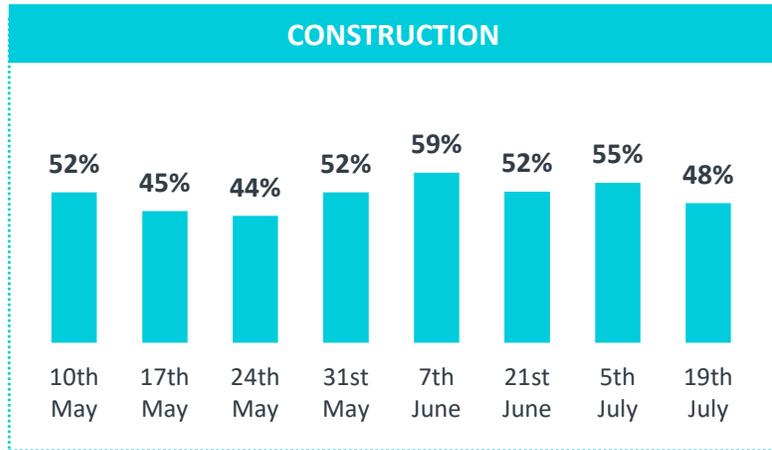
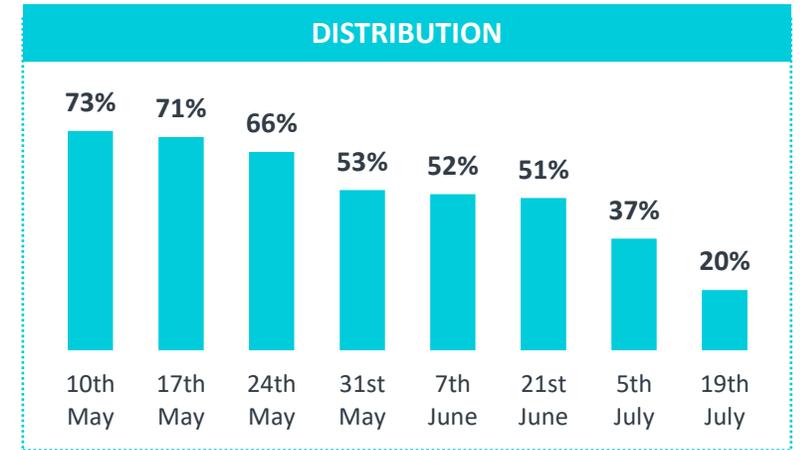
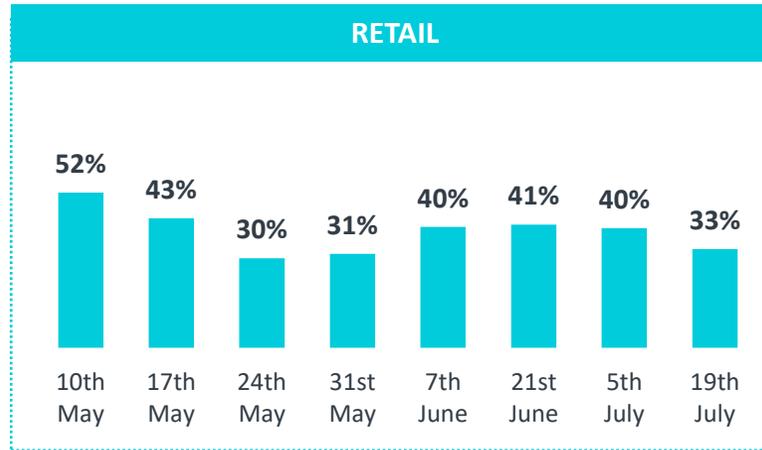
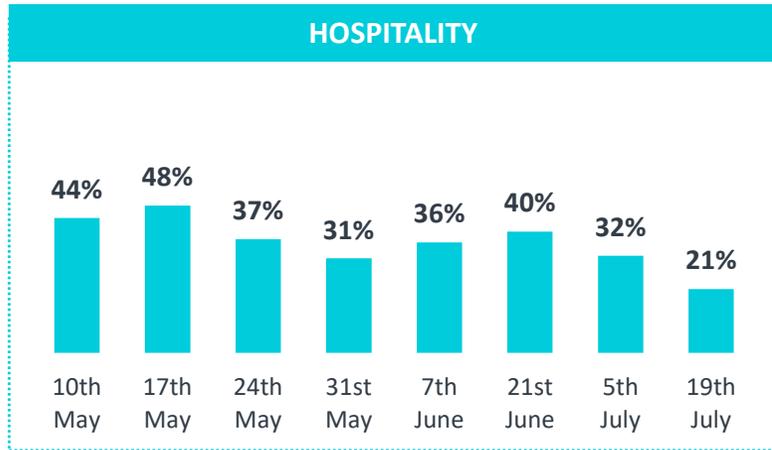
WHEN DO YOU BELIEVE YOUR BUSINESS REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?



FUTURE REVENUE EXPECTATIONS BY INDUSTRY

Most industries continue to struggle with the proportion of SMEs expecting to recover by October diminishing rapidly.

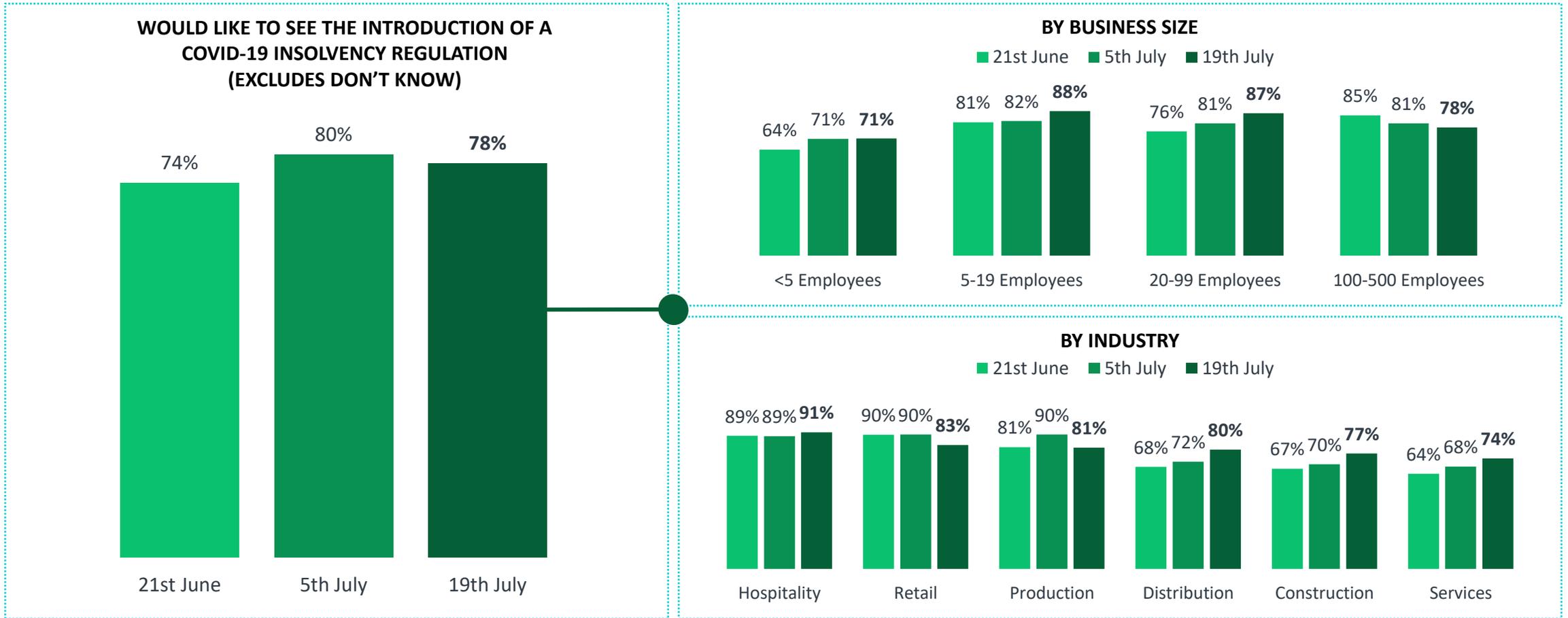
% BELIEVE BUSINESS REVENUE WILL RETURN TO PRE-COVID-19 LEVELS BY OCTOBER 2020



COVID-19 INSOLVENCY REGULATION

The desire for bankruptcy protection is increasing within most sectors, but interestingly not retail.

WOULD YOU LIKE TO SEE THE INTRODUCTION OF A COVID-19 INSOLVENCY REGULATION TO PROTECT YOUR BUSINESS FROM BANKRUPTCY UNTIL BUSINESS CONDITIONS AND REVENUES RECOVER?



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2 BUSINESS CHALLENGES

3 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

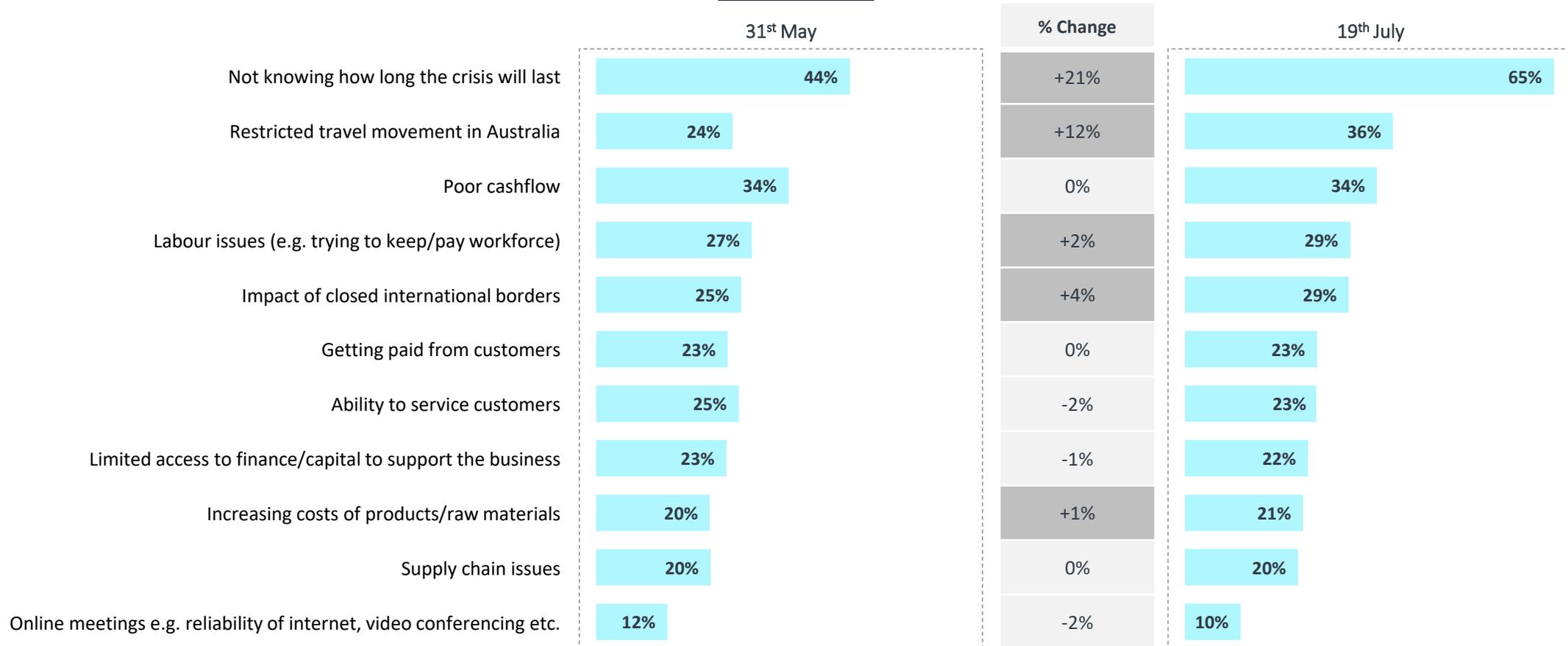
4 BUSINESS CONFIDENCE

BUSINESS CHALLENGES

Not surprisingly the level of uncertainty associated with the unknown is significantly higher than reported 6 weeks earlier. Travel restrictions in Australia have also become significantly more challenging.

HOW CHALLENGING ARE THE FOLLOWING ISSUES AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

% VERY CHALLENGED



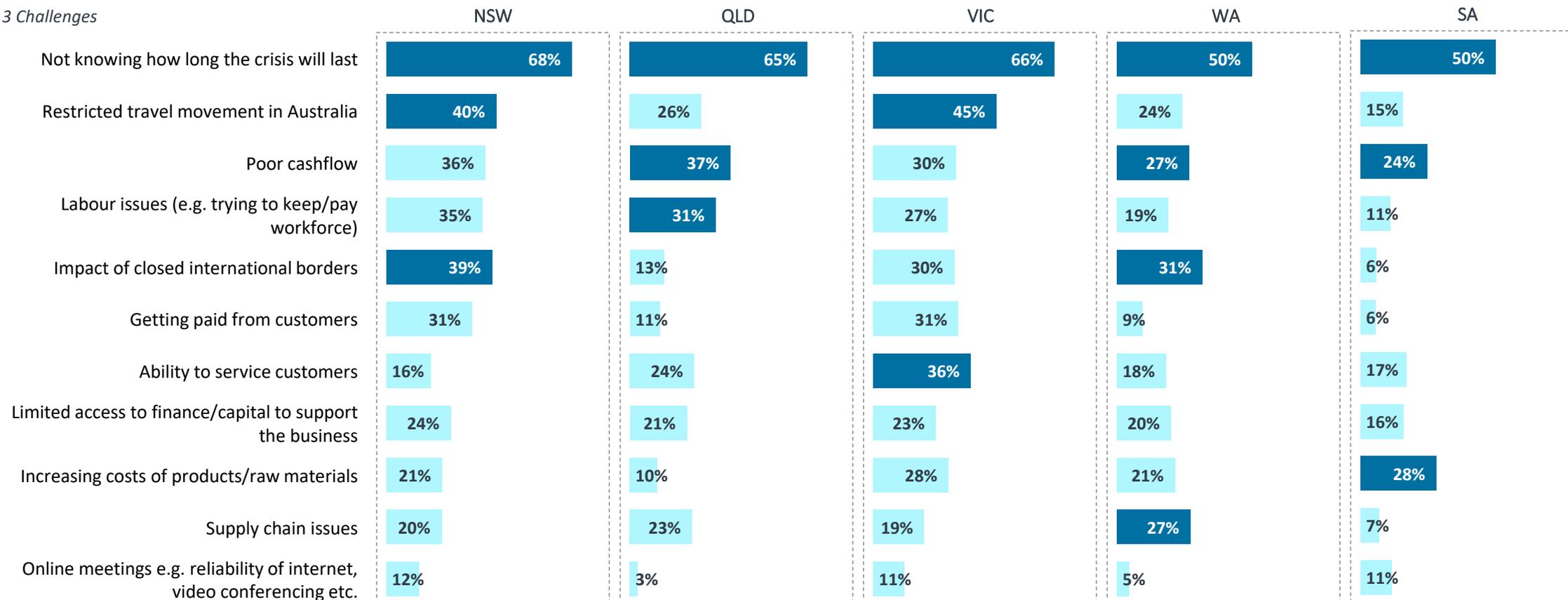
BUSINESS CHALLENGES BY STATE

The impact of travel restrictions is being felt hardest by businesses in VIC and NSW now that Melbourne is once again in lockdown.

HOW CHALLENGING ARE THE FOLLOWING ISSUES AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

% VERY CHALLENGED (W/E 19th JULY)

■ *Top 3 Challenges*



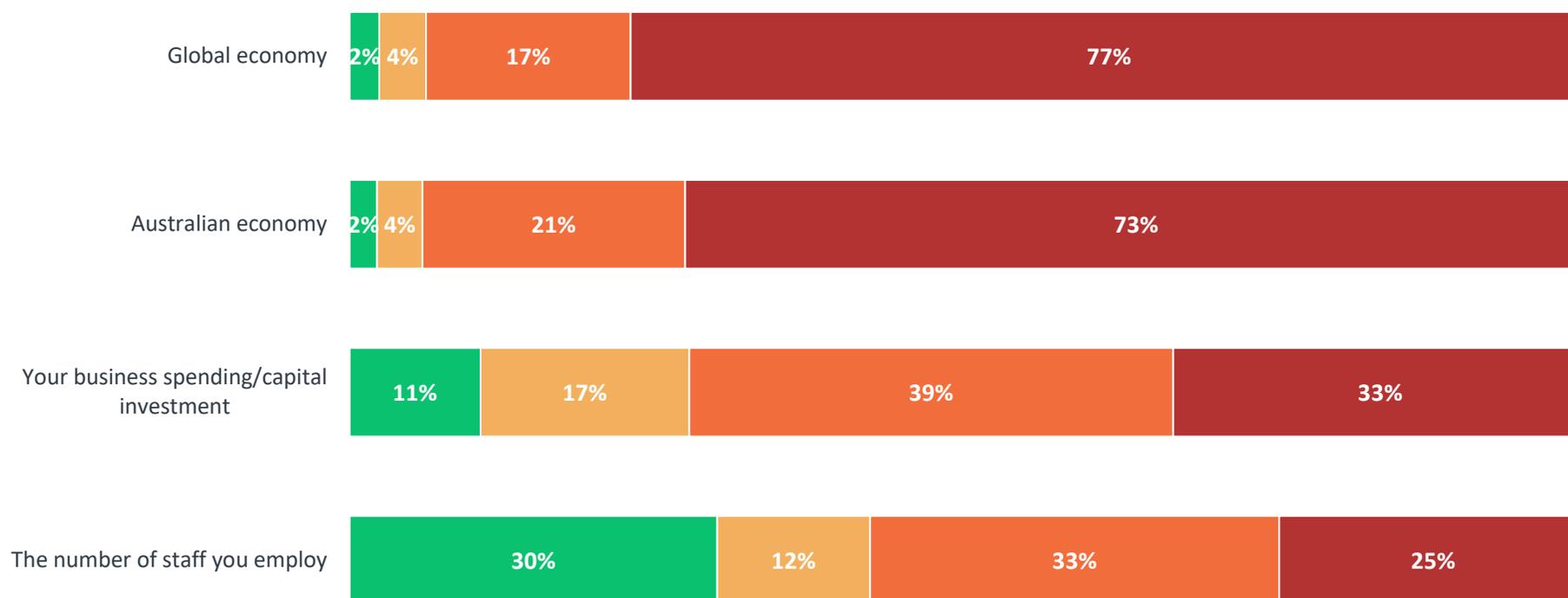
NEGATIVE IMPACT OF COVID-19

Expectations in regard to the long-term impact of the pandemic continue to decline, especially in relation to the Australian economy and the number of employees.

WHAT NEGATIVE IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING?

(W/E 19th JULY)

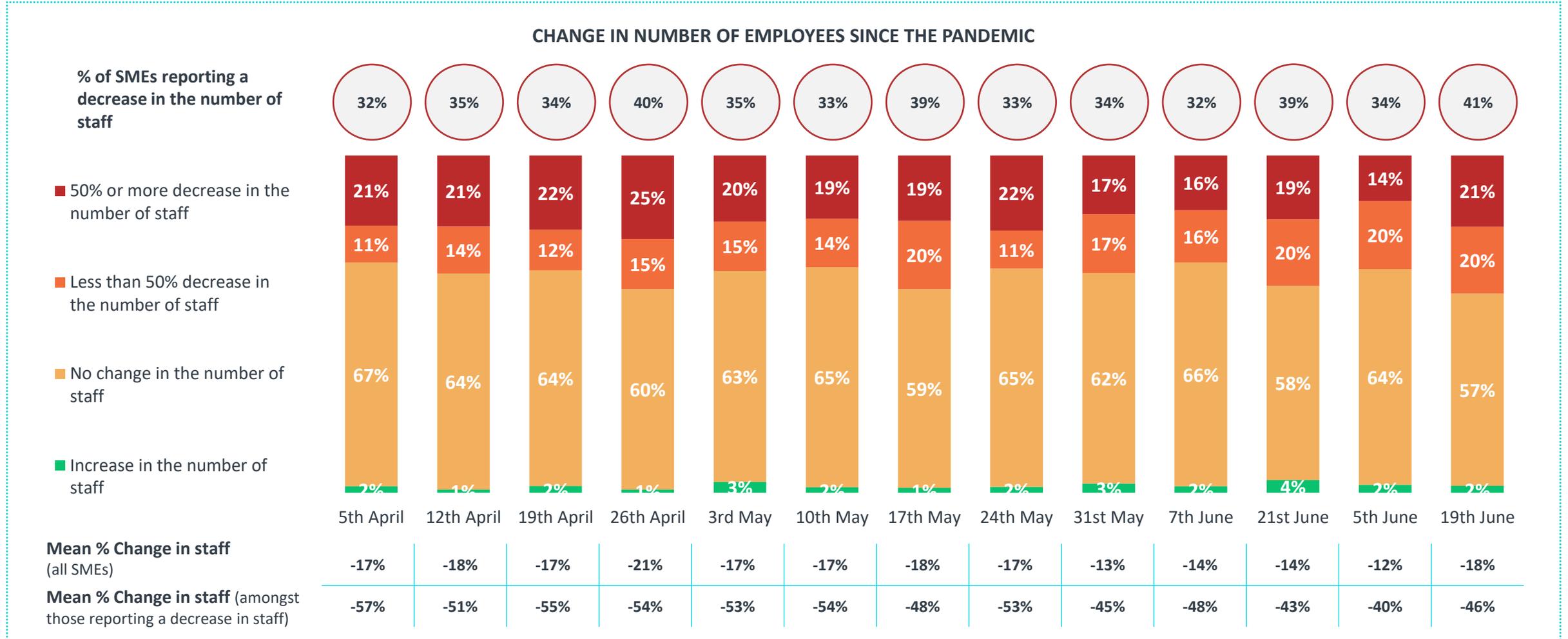
■ No negative impact ■ Short term impact (up to 6 months) ■ Medium term impact (6-12 months) ■ Long term impact (more than 12 months)



	% Long term impact		% Change from last wave
	W/E 21 st June	W/E 5 th July	
Global economy	77%	76%	+1%
Australian economy	66%	69%	+4%
Your business spending/capital investment	29%	32%	+1%
The number of staff you employ	18%	16%	+9%

PERCENTAGE CHANGE IN THE NUMBER OF STAFF BEFORE THE CRISIS VS NOW

Over the past two weeks there has been a significant rise in job losses with 41% of SMEs reporting they have had to decrease their staff numbers.



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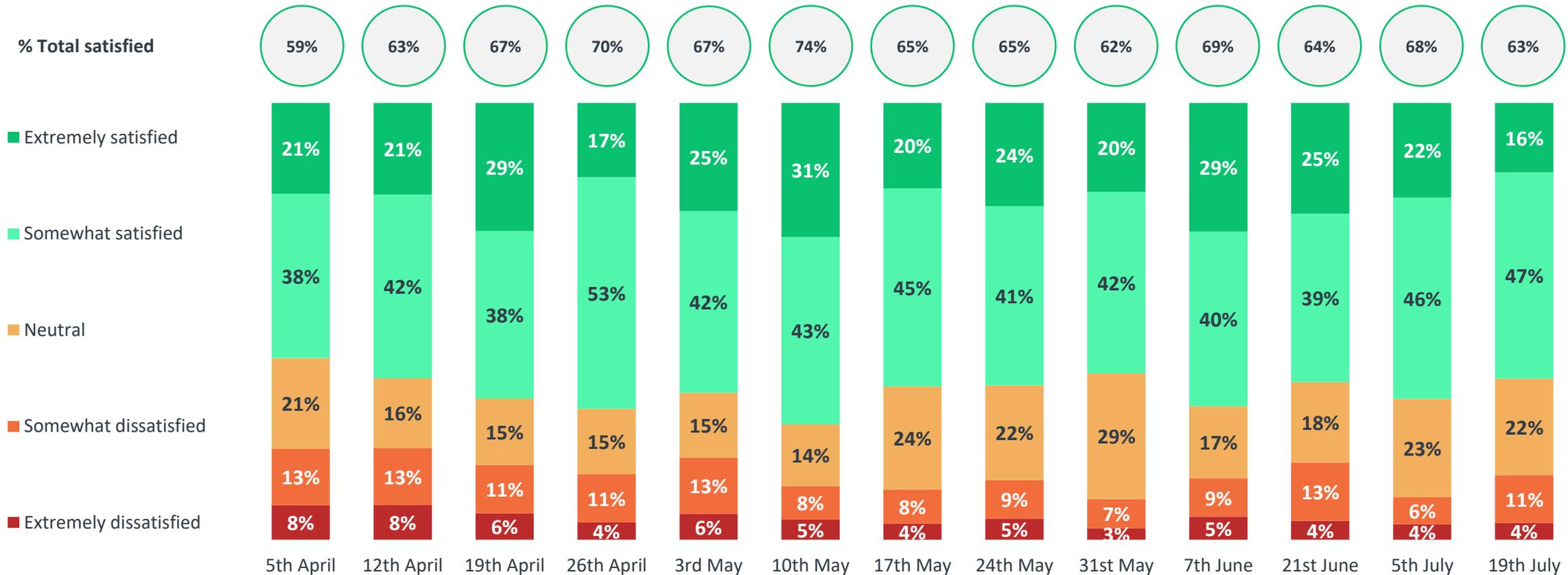
3 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

4 BUSINESS CONFIDENCE

SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE

Overall satisfaction with the Federal Government has decreased slightly, with those extremely satisfied at their lowest since this study commenced.

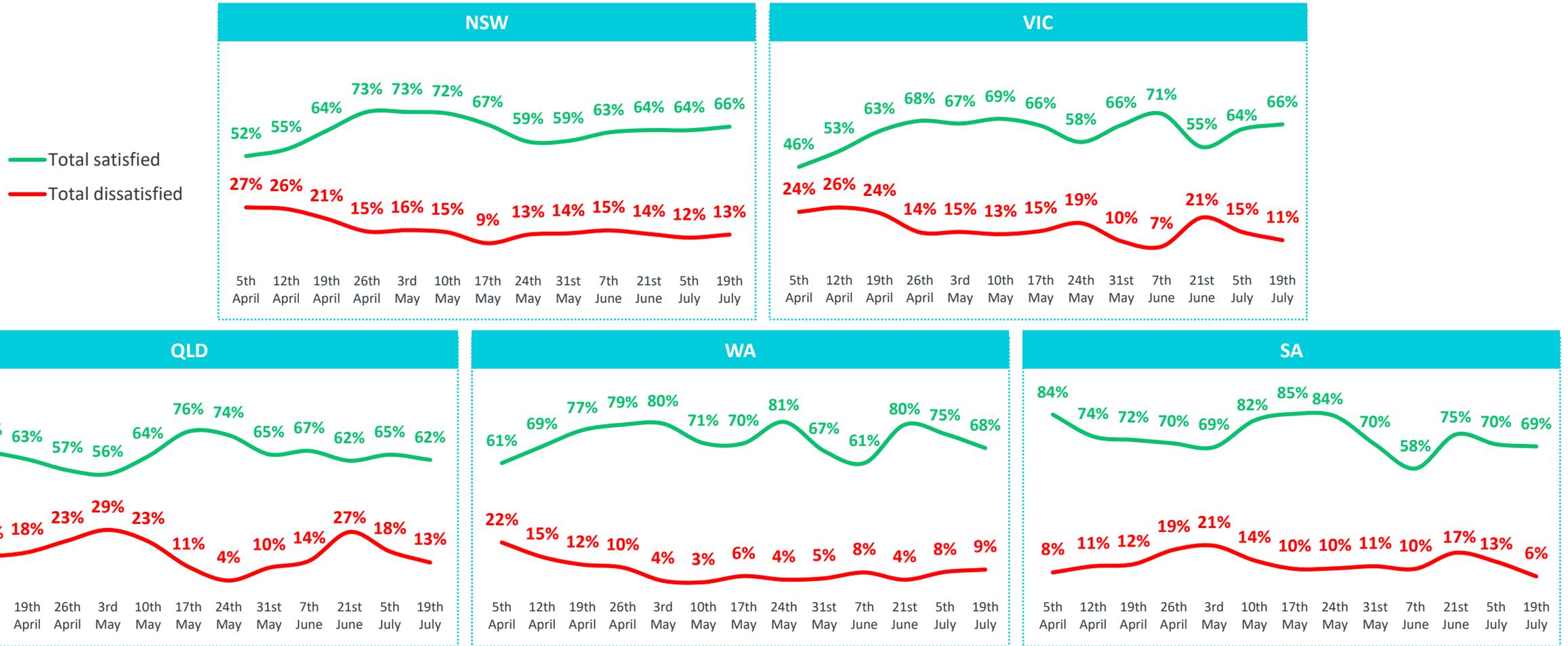
HOW SATISFIED ARE YOU WITH THE WAY THE AUSTRALIAN FEDERAL GOVERNMENT HAS MANAGED THE COVID-19 CRISIS OVERALL SO FAR?



SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE BY STATE

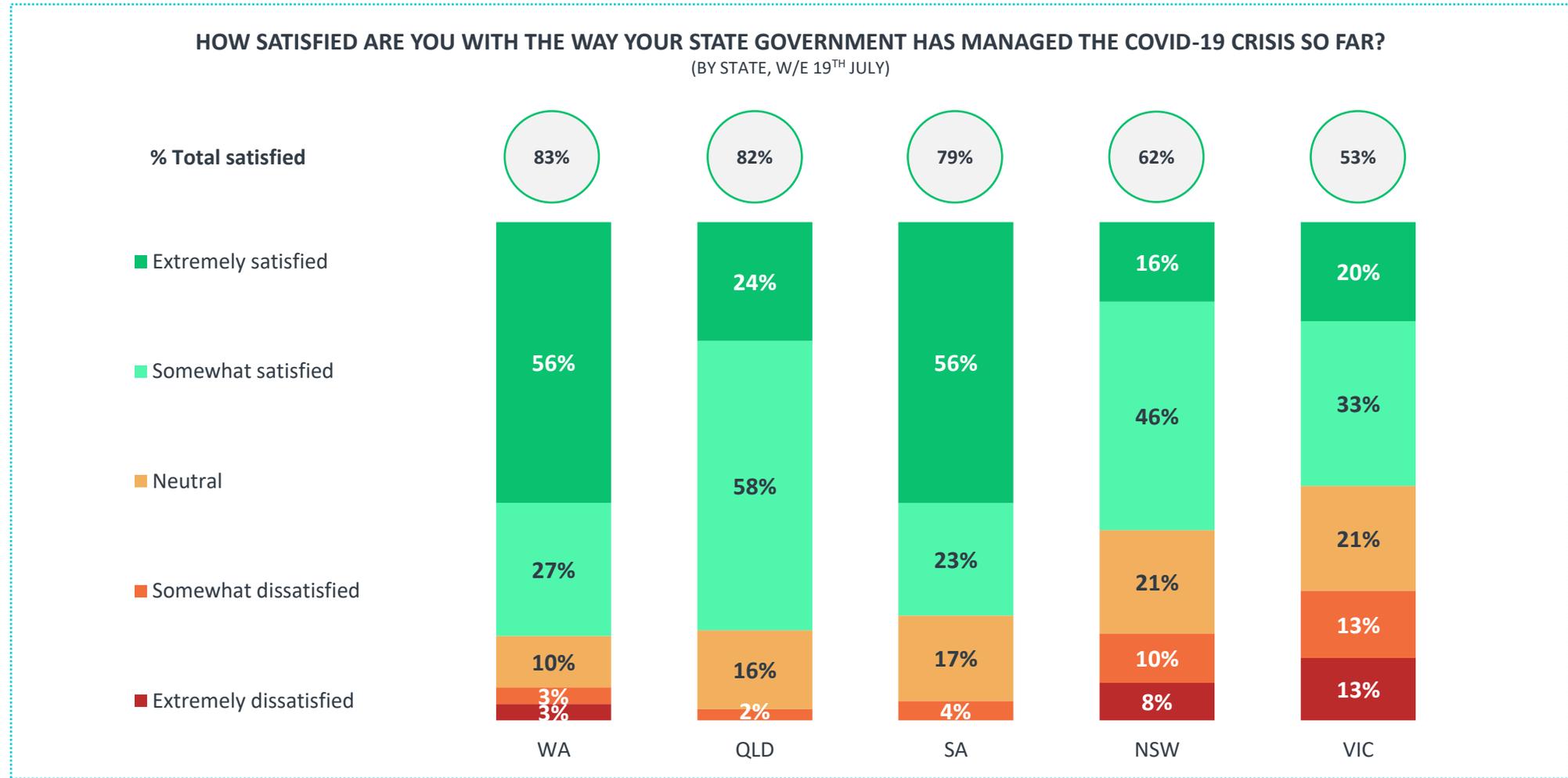
Satisfaction across the states has remained relatively stable.

% SATISFIED WITH THE GOVERNMENT'S MANAGEMENT OF THE COVID-19 CRISIS OVERALL SO FAR



SATISFACTION WITH THE STATE GOVERNMENT'S RESPONSE

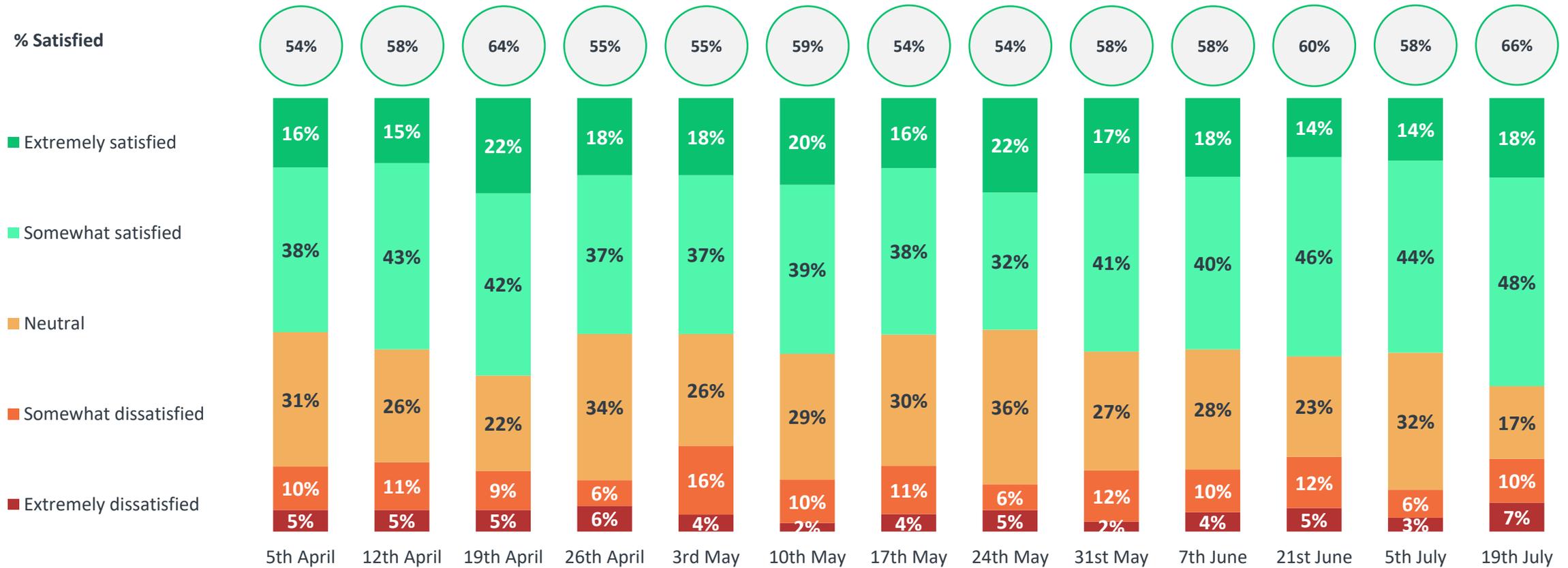
Satisfaction with the State government in VIC is significantly lower than all other States, but NSW is also struggling to maintain support.



SATISFACTION WITH THE STIMULUS PACKAGE FOR BUSINESSES

Despite declining support for the Federal Government, satisfaction with the business stimulus package has seen a significant increase over the past couple of weeks. This data was collected before the extension of JobKeeper was announced and hence could continue to rise.

HOW SATISFIED ARE YOU WITH THE AUSTRALIAN FEDERAL GOVERNMENT'S STIMULUS PACKAGE FOR BUSINESSES?

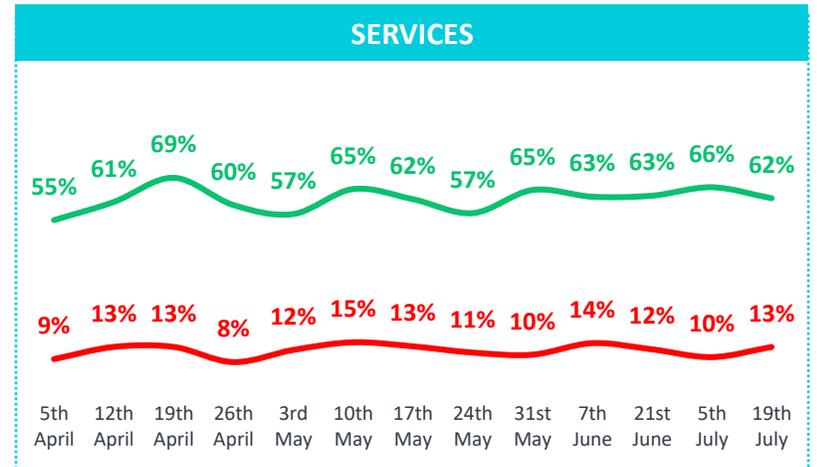
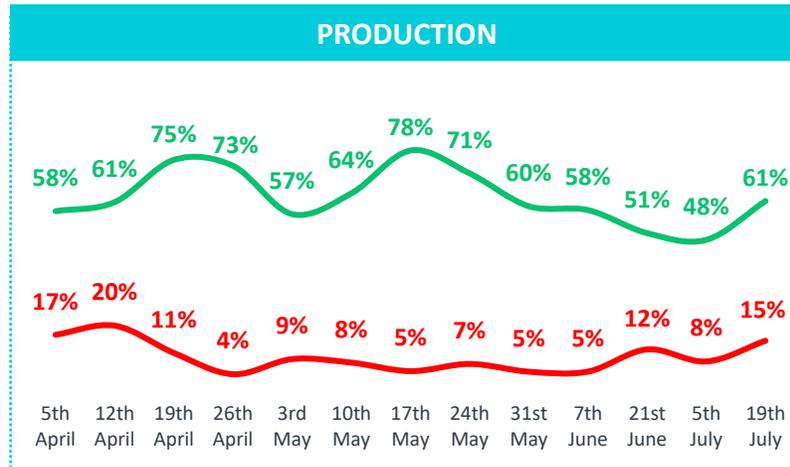
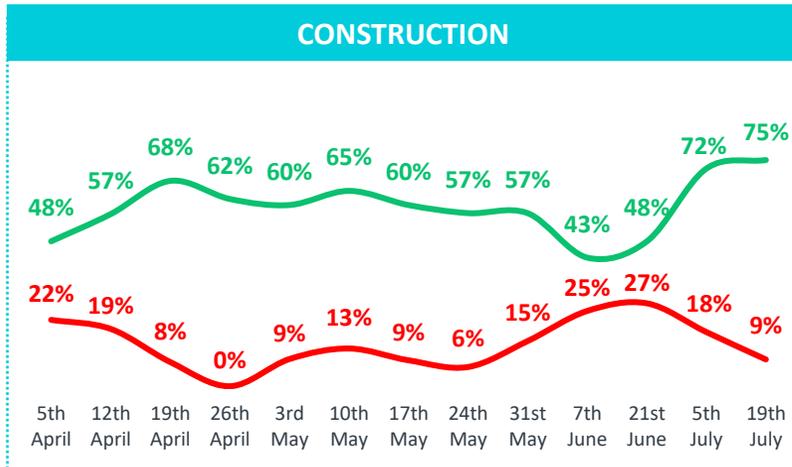
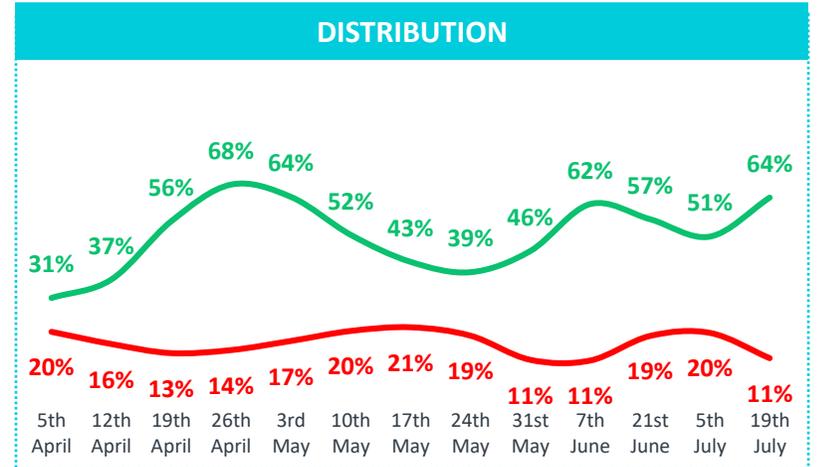
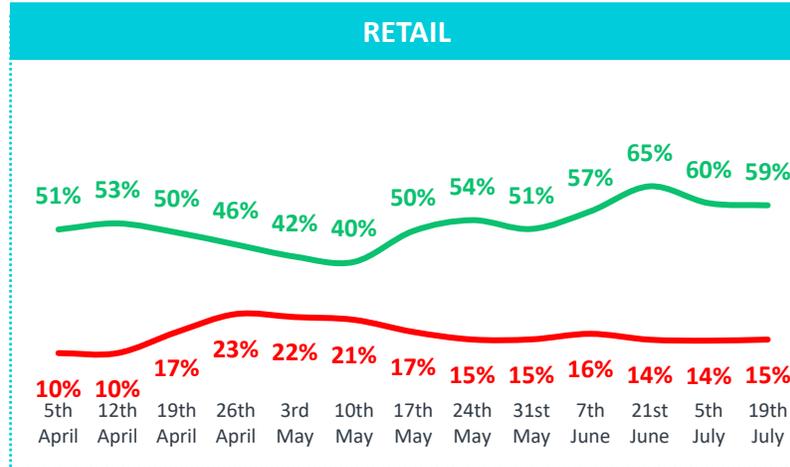
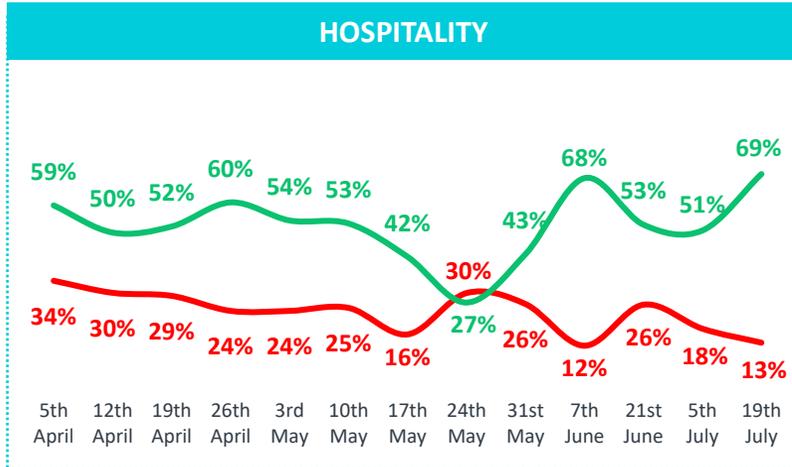


SATISFACTION WITH THE STIMULUS PACKAGE FOR BUSINESSES BY INDUSTRY

Positive sentiment is highest within the construction sector, but is also on the rise within hospitality, distribution and production sectors.

HOW SATISFIED ARE YOU WITH THE AUSTRALIAN FEDERAL GOVERNMENT'S STIMULUS PACKAGE FOR BUSINESSES?

— Total dissatisfied — Total satisfied



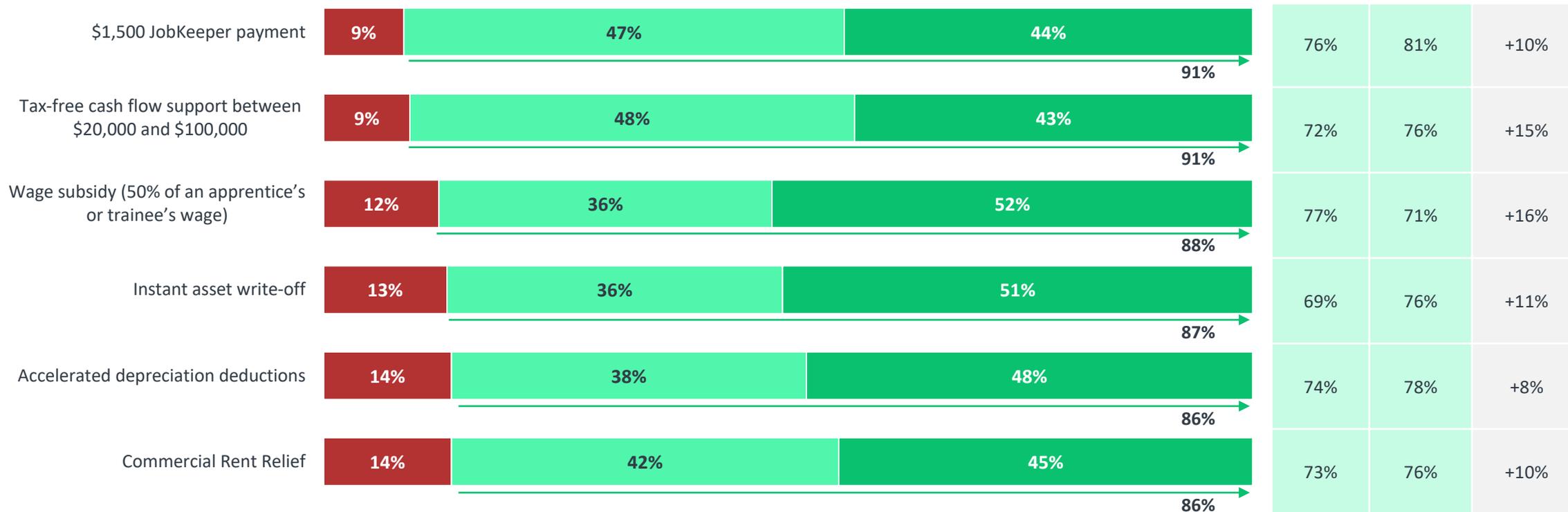
GOVERNMENT STIMULUS & SUPPORT MEASURES

Significant increases regarding the need for the stimulus and support measures to be extended, aligning with the announcement this week that JobKeeper will be extended until March 2021. The wage subsidy for apprentices has also been extended.

DO YOU THINK THE FOLLOWING GOVERNMENT STIMULUS AND SUPPORT MEASURES SHOULD BE EXTENDED UNTIL 2021?

(W/E 19th JULY)

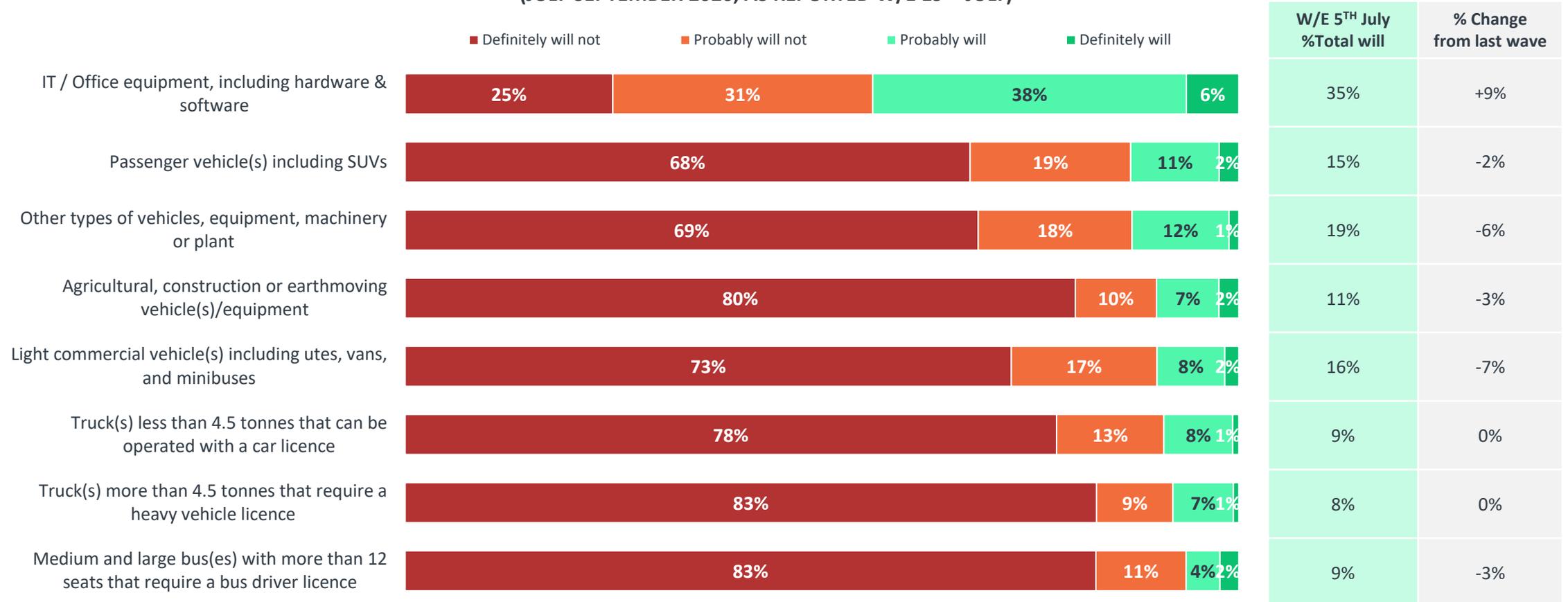
■ No ■ Yes, but with stricter/ revised eligibility criteria ■ Yes, for all currently eligible businesses



ACQUISITION OF ASSETS

In line with the lack of confidence, purchasing intentions for the next 3 months have also declined in most asset categories over the past 2 weeks. However it is positive that the intention to spend on technology has seen a strong lift.

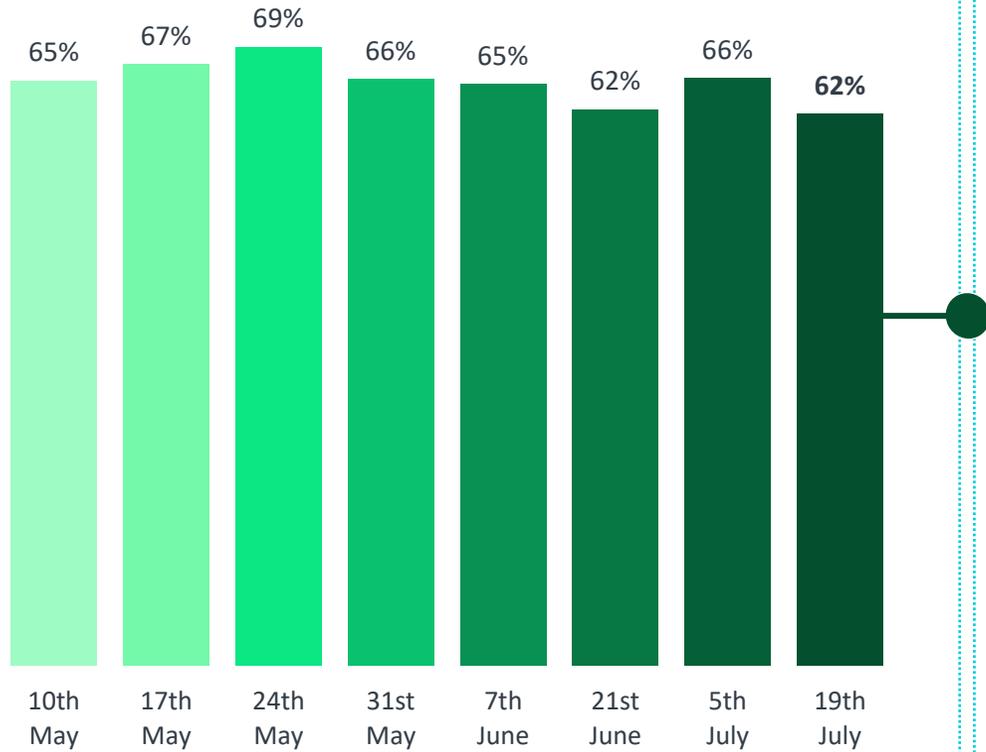
**WHICH OF THE FOLLOWING WILL YOU PURCHASE FOR YOUR BUSINESS OVER THE NEXT 3 MONTHS?
(JULY-SEPTEMBER 2020, AS REPORTED W/E 19TH JULY)**



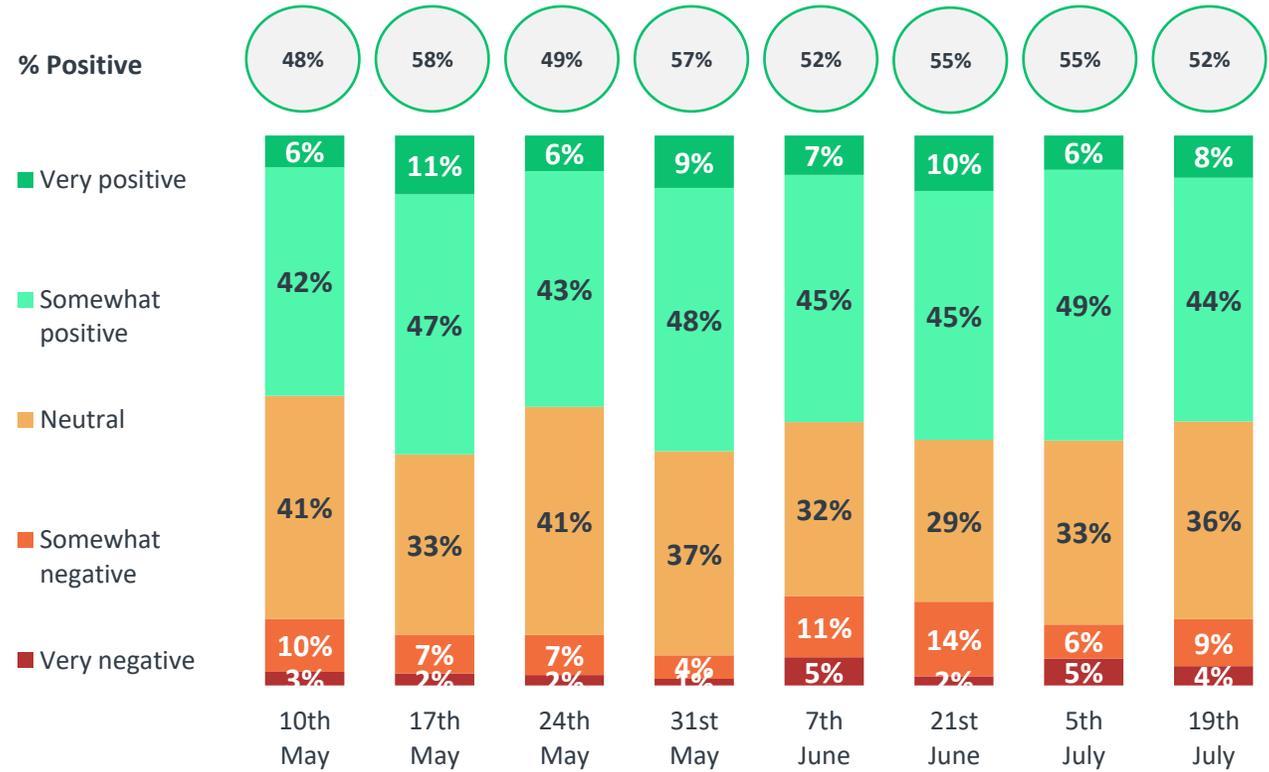
SUPPORT FROM THE BANKS

Awareness of bank support for SMEs during COVID-19 has again dropped this wave to 62%, in line with a slight decrease in satisfaction.

% AWARE OF THE SUPPORT THAT BANKS ARE PROVIDING BUSINESS CUSTOMERS AFFECTED BY THE COVID-19 CRISIS



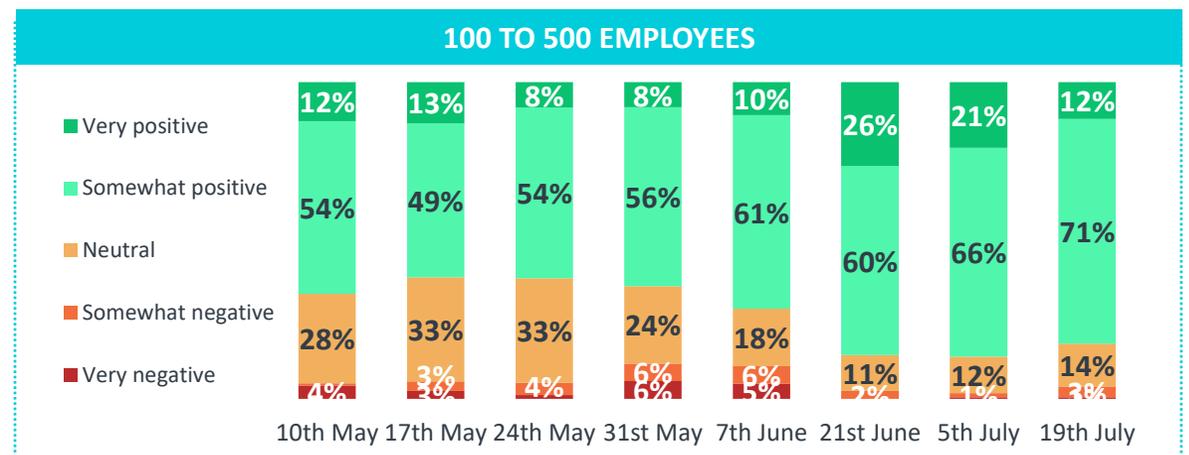
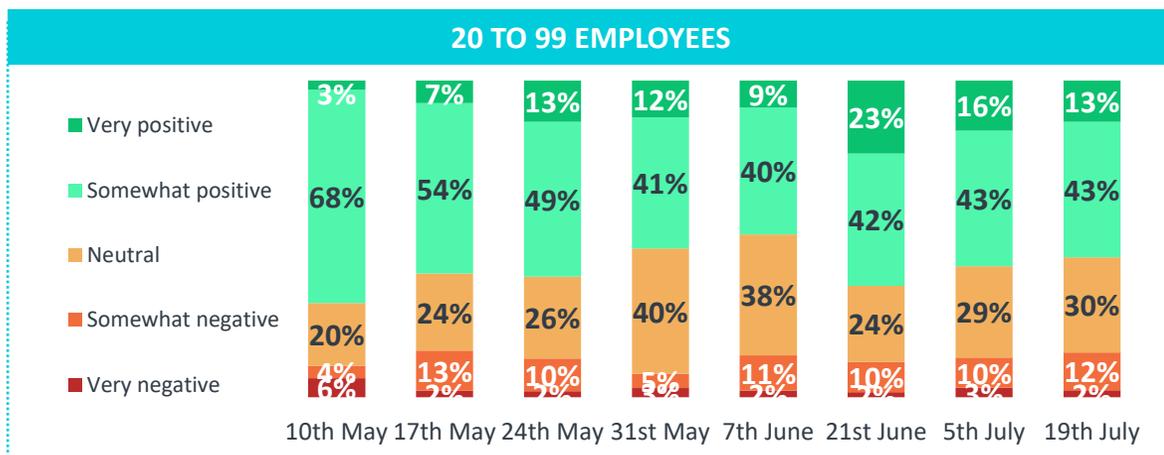
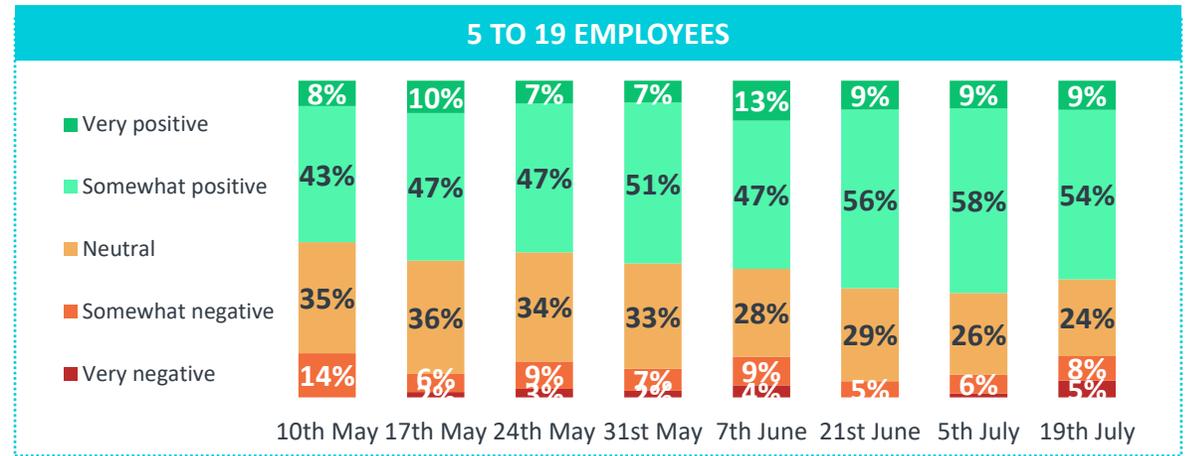
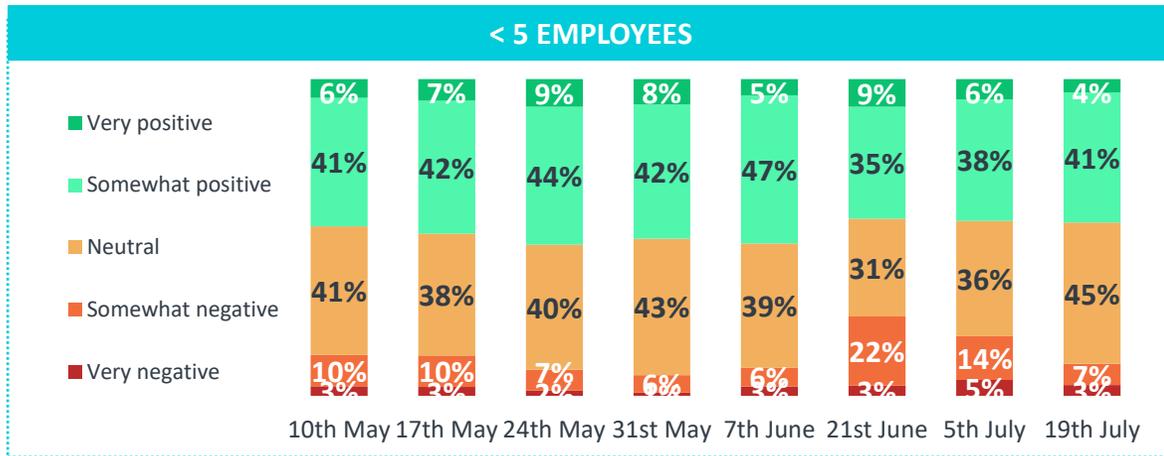
PERCEPTIONS OF SUPPORT PROVIDED BY THE BANKS TO BUSINESS CUSTOMERS (AMONGST THOSE AWARE OF BANK SUPPORT)



SUPPORT FROM THE BANKS BY BUSINESS SIZE

There has been a slight downward trend in positive sentiment by SMEs with 5-99 employees.

PERCEPTIONS OF SUPPORT PROVIDED BY THE BANKS TO BUSINESS CUSTOMERS
(AMONGST THOSE AWARE OF BANK SUPPORT, BY BUSINESS SIZE)

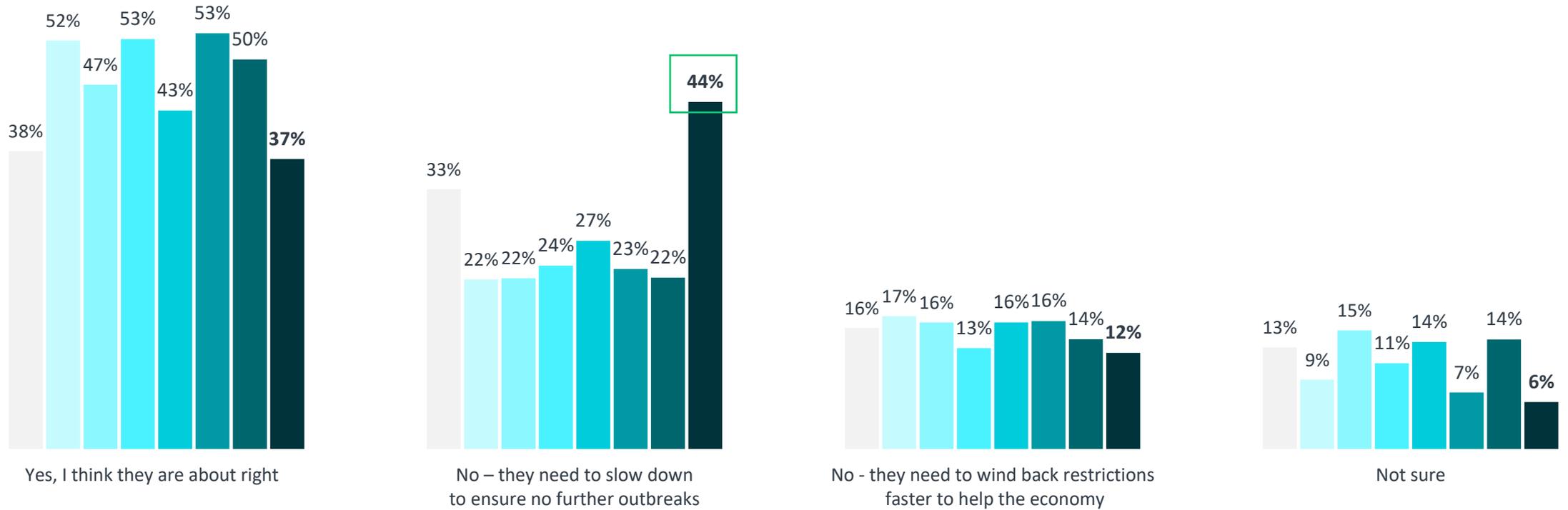


SATISFACTION WITH THE GOVERNMENT'S RESPONSE

44% of SMEs now believe the Government needs to slow down their approach to winding back restrictions.

DO YOU THINK THE GOVERNMENTS SCHEDULE FOR WINDING BACK THE CURRENT LOCK DOWN MEASURES IS APPROPRIATE?

10th May 17th May 24th May 31st May 7th June 21st June 5th July 19th July

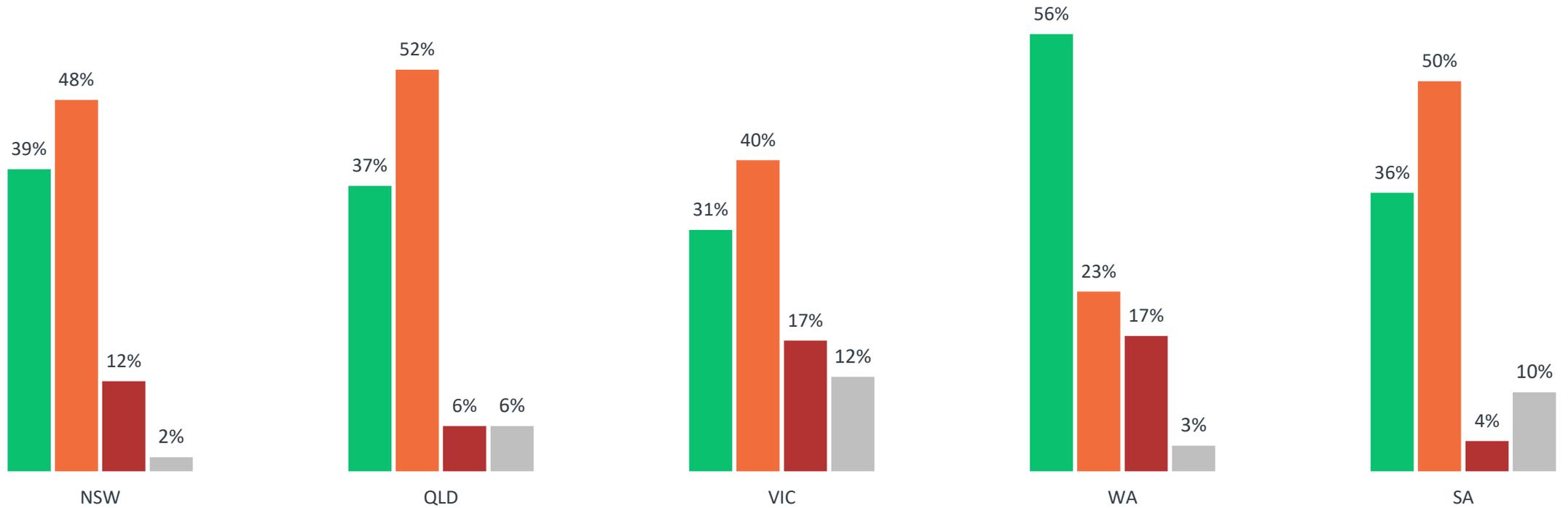


SATISFACTION WITH THE GOVERNMENT'S RESPONSE BY STATE

All States see the need to slow down the winding back of restrictions, except for WA.

DO YOU THINK THE GOVERNMENTS SCHEDULE FOR WINDING BACK THE CURRENT LOCK DOWN MEASURES IS APPROPRIATE?

- Yes, I think they are about right
- No – they need to slow down to ensure no further outbreaks
- No - they need to wind back restrictions faster to help the economy
- Not sure



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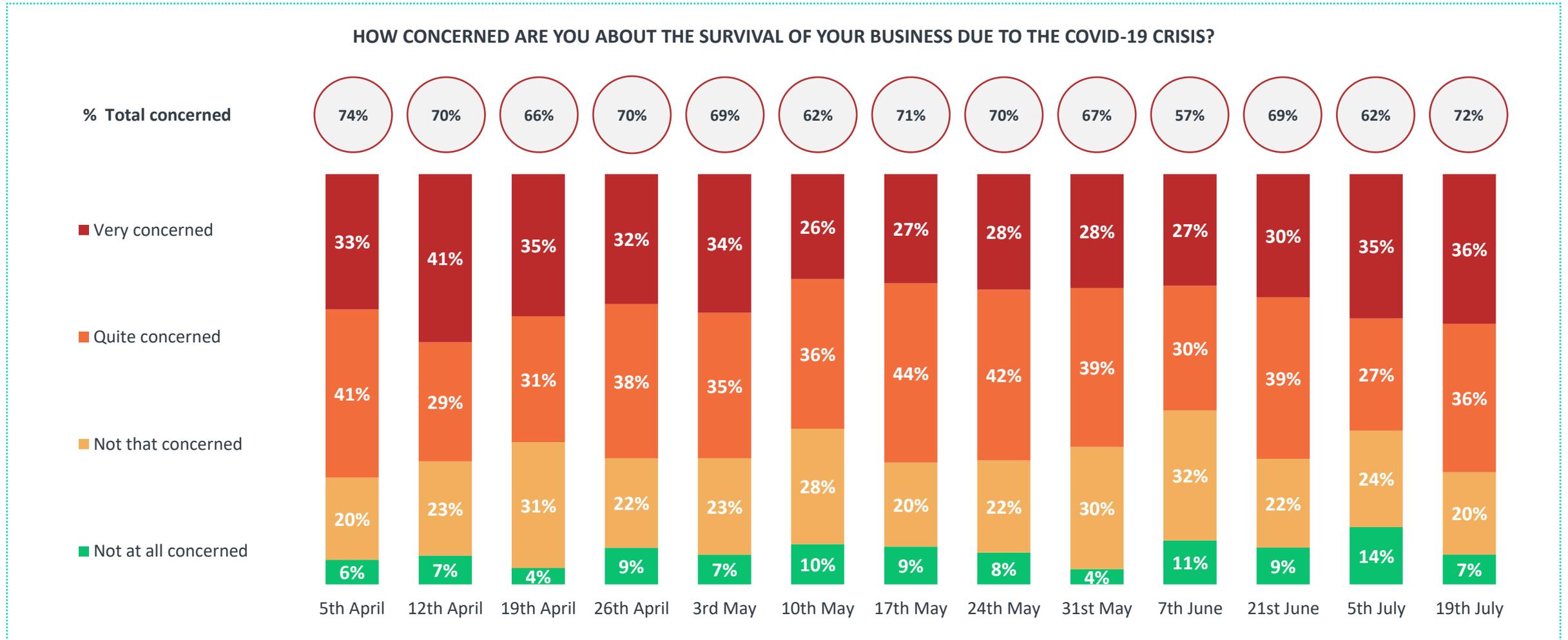
2 BUSINESS CHALLENGES

3 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

4 BUSINESS CONFIDENCE

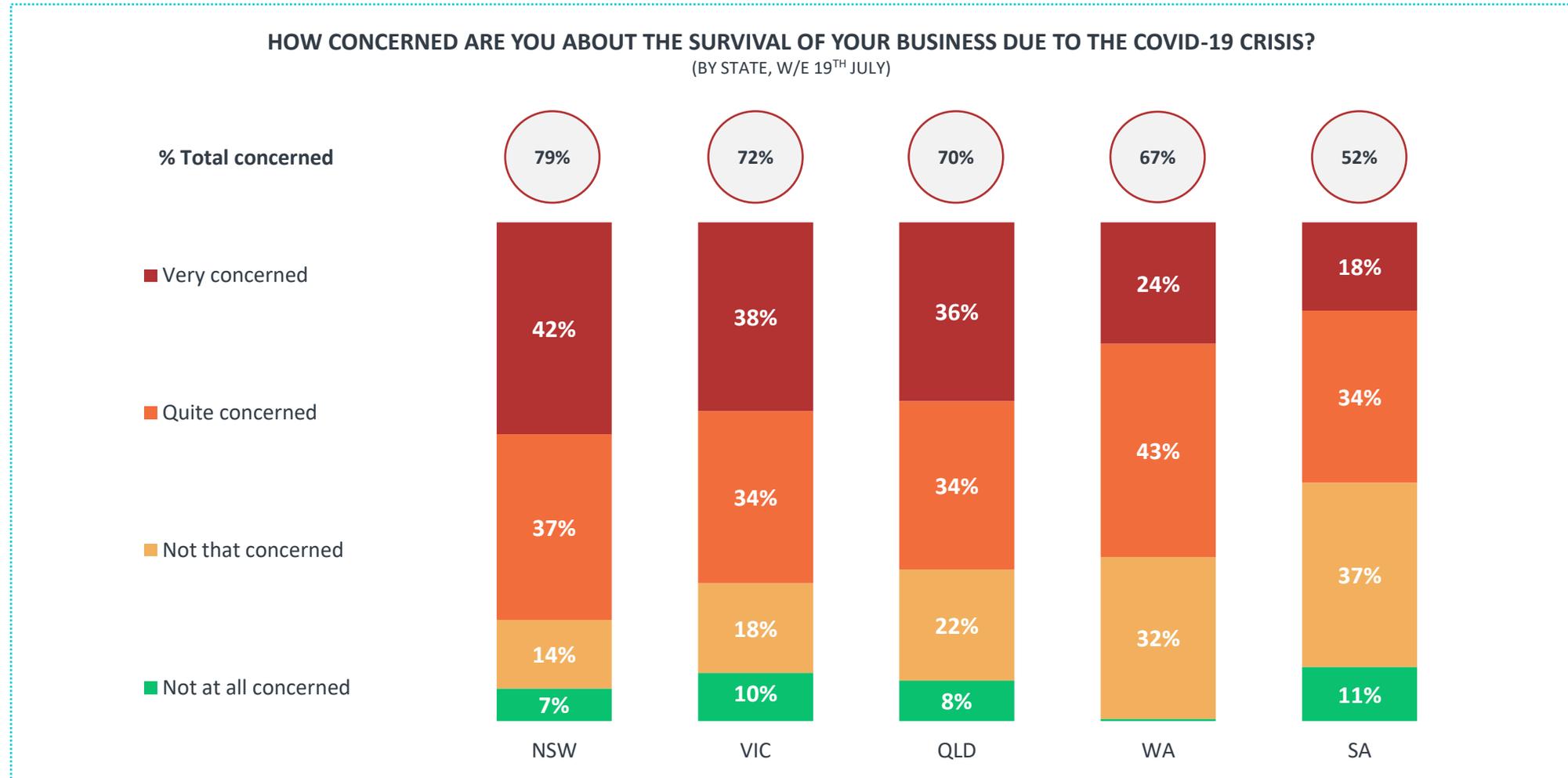
LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

There has been a clear upward trend in the proportion of SMEs reporting to be very concerned about business survival over the past two months.



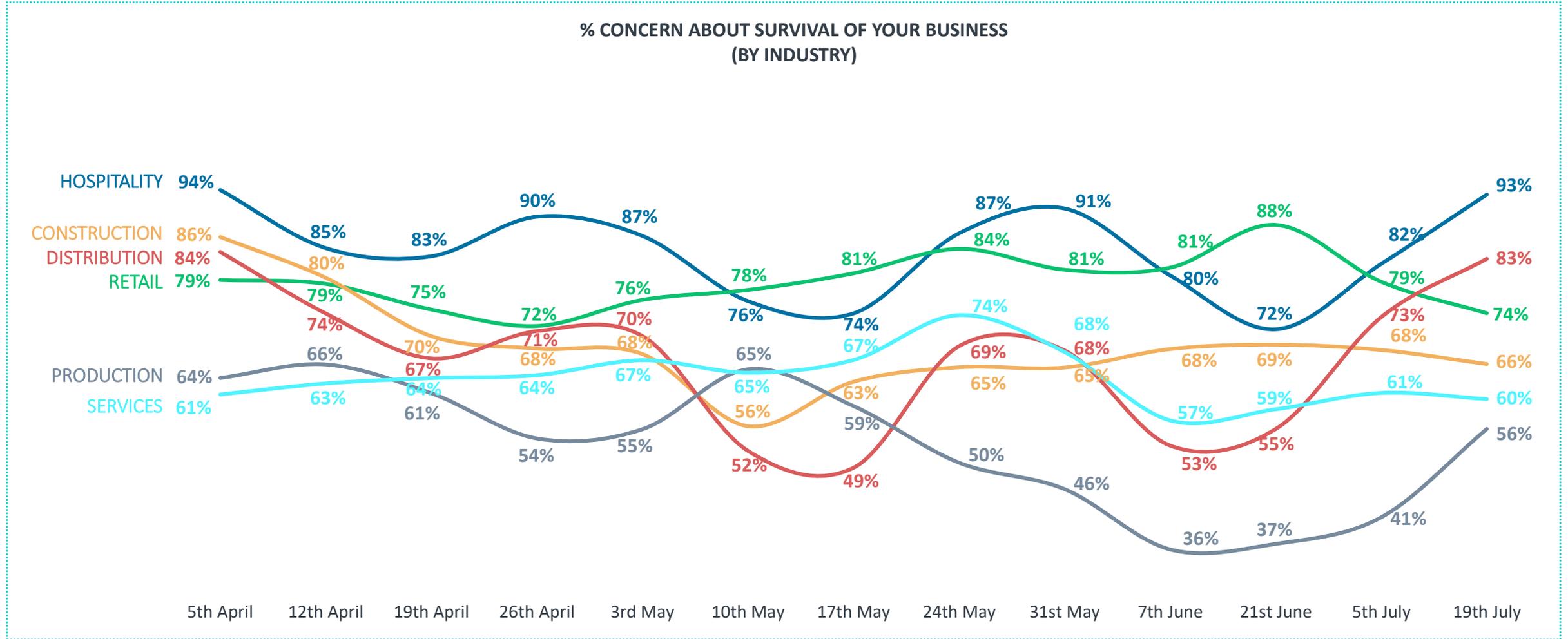
LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL BY STATE

As expected concern is high in VIC as well as NSW, where hotspots continue to emerge.



LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL BY INDUSTRY

The upward trend in concern about survival continues in the hospitality and distribution sectors, whereas construction and services remain steady.



BUSINESS CHALLENGES BY LEVEL OF CONCERN

Those who are most concerned about survival nominate access to finance/capital and online communication as their key challenges.

HOW CHALLENGING ARE THE FOLLOWING ISSUES AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

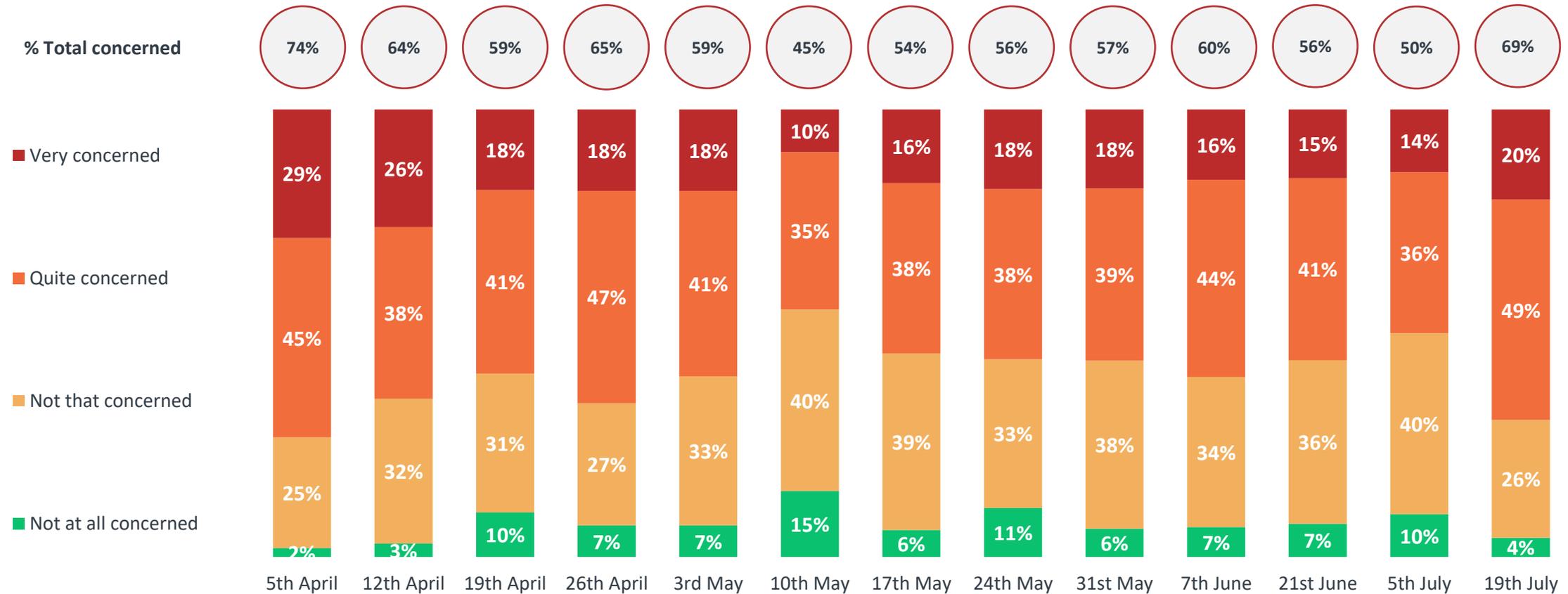
% VERY CHALLENGED, (W/E 19th JULY)



LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

With the rapid increase in cases seen in VIC and the threat of these cases spreading to other states, there has been a significant increase in concern regarding personal wellbeing.

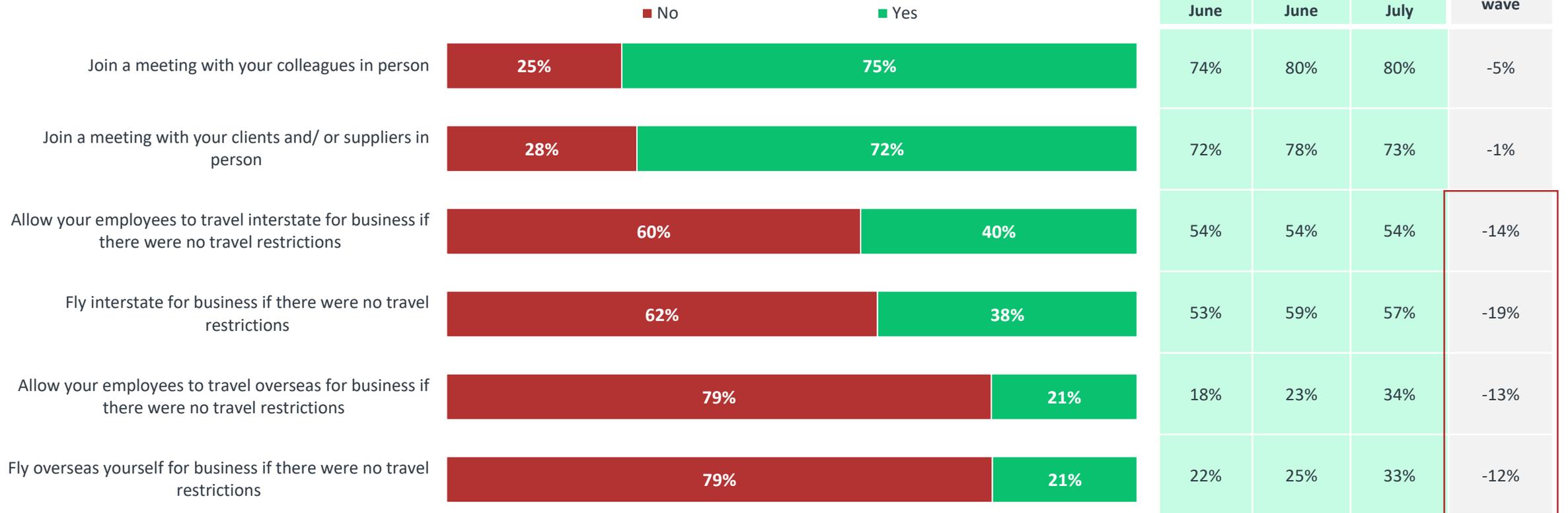
HOW CONCERNED ARE YOU FOR YOUR OWN HEALTH & WELLBEING DURING THIS CRISIS?



BUSINESS CHALLENGES

In line with increased concern, SME decision makers are now much less comfortable travelling or allowing their employees to travel.

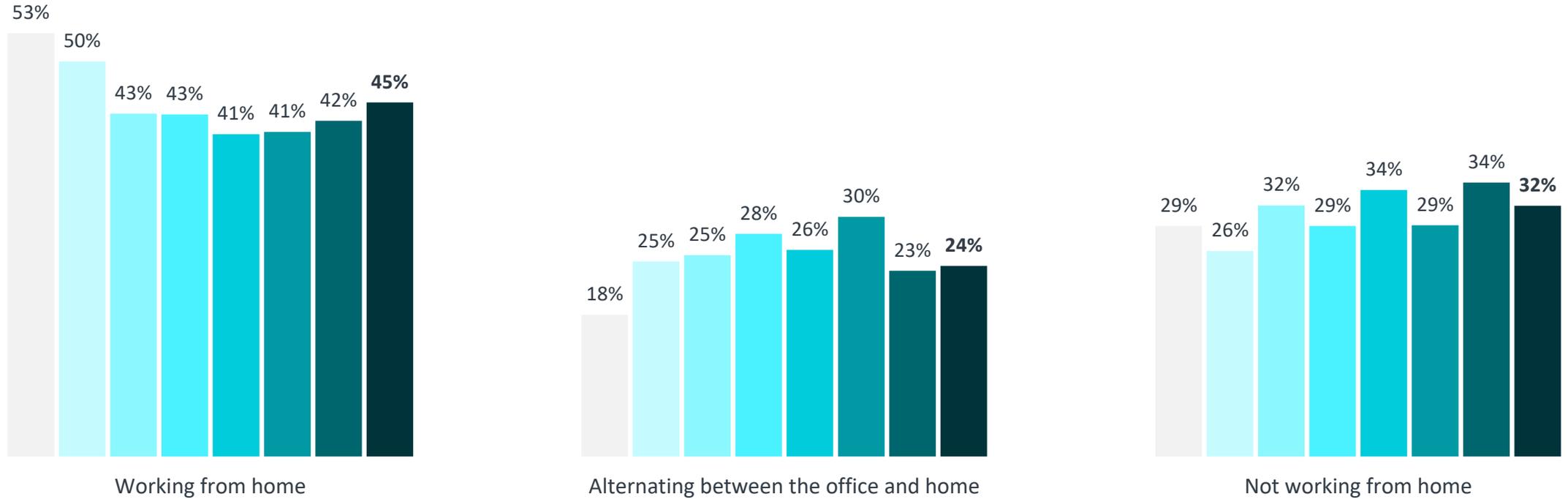
WOULD YOU BE COMFORTABLE DOING THE FOLLOWING ACTIVITIES IN THE CURRENT ENVIRONMENT? (W/E 19th JULY)



As expected more people are working from home as lockdowns are reintroduced.

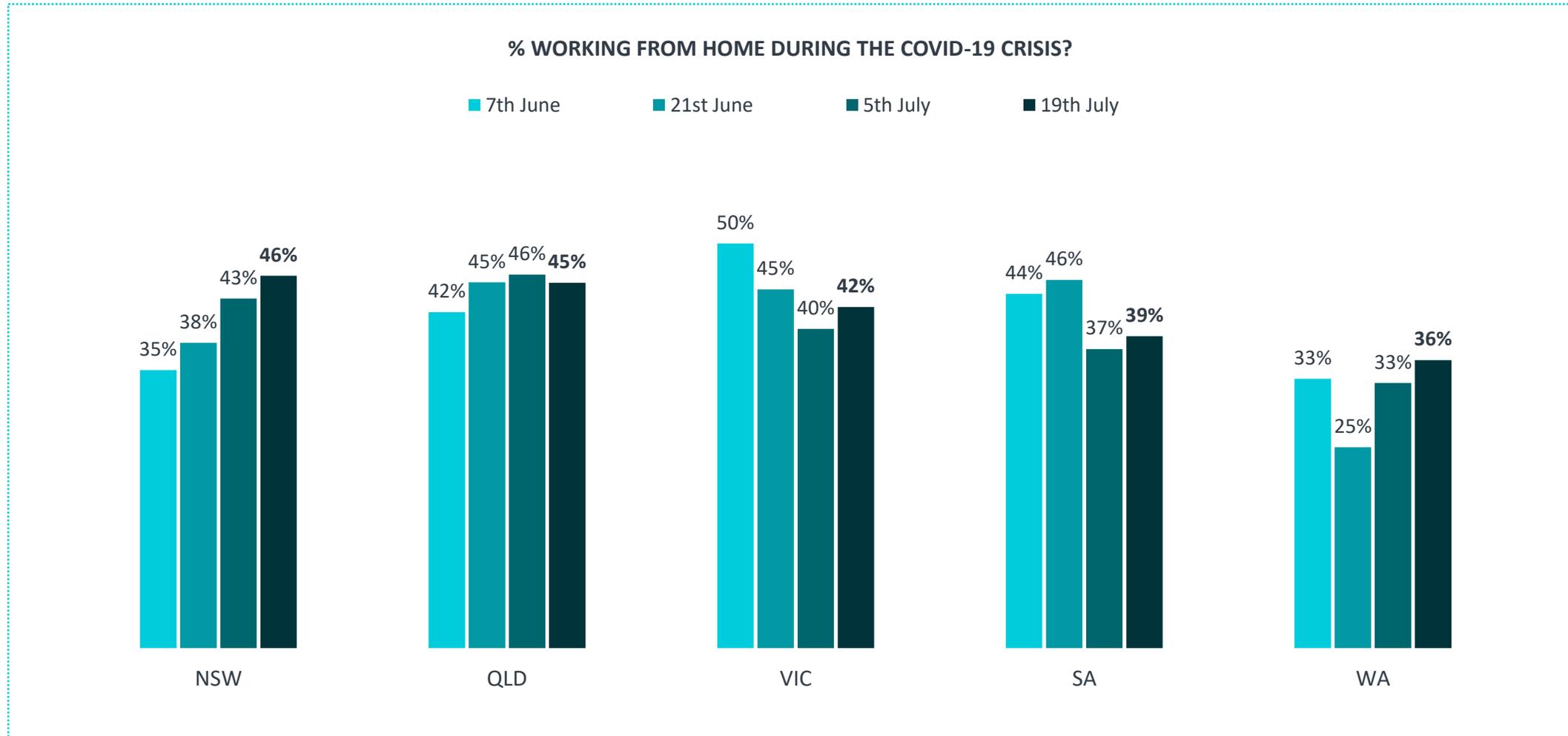
ARE YOU WORKING FROM HOME DURING THE COVID-19 CRISIS?

12th April 26th April 10th May 24th May 7th June 21st June 5th July 19th July



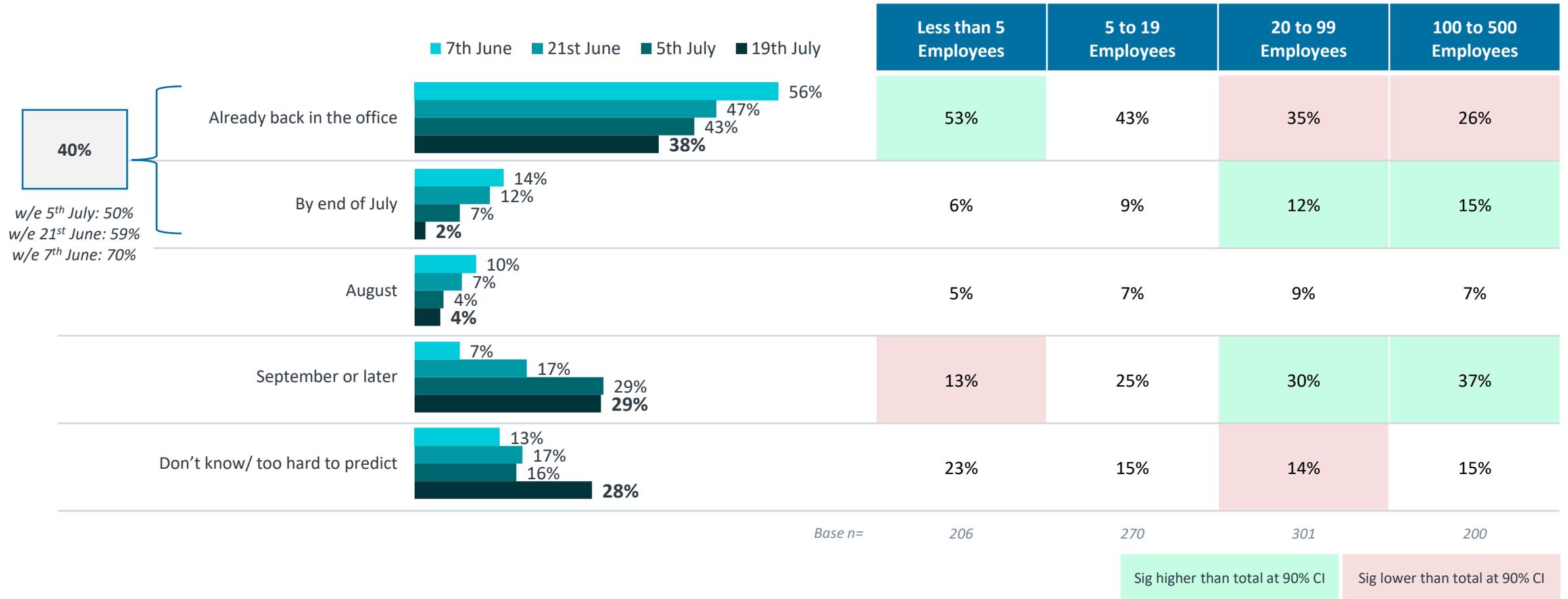
WORKING FROM HOME BY STATE

More decision makers in both NSW and QLD are working from home, but again trending up in VIC, SA and WA.



SMEs expecting employees to return to the workplace by the end of this month has declined to 40% from 70% only 6 weeks ago.

**WHEN WILL THE MAJORITY OF YOUR STAFF BE BACK IN THE OFFICE/WORKPLACE?
(AMONGST THOSE WHO EMPLOY STAFF)**



PRODUCTIVITY OF TEAM MEMBERS WORKING FROM HOME

Only 22% of SMEs rate the productivity of their team members as better when they are working from home. However, larger businesses (100+ employees) have found WFH to be more successful with 37% rating employees as more productive.

**OVERALL, HOW WOULD YOU RATE THE PRODUCTIVITY OF YOUR TEAM MEMBERS WHEN WORKING FROM HOME COMPARED TO AT THE OFFICE/WORKPLACE?
(AMONGST THOSE WHO EMPLOY STAFF)**



CONTENT

APPENDIX:

1 METHODOLOGY & SAMPLE

2 ABOUT ACA RESEARCH & FIFTH QUADRANT

METHODOLOGY

The COVID-19 Tracker was first launched w/e 5th April 2020.

In each wave we get minimum n=300 completed surveys.

TEG Insights ensures a consistent sample of financial decision makers and influencers at Small and Medium Size Businesses each wave.



5-minute questionnaire



All surveys completed **online**
(TEG Insights Business Panel)



All respondents are **financial decision makers/influencers** in Small and Medium Businesses with up to 500 employees



Respondents are from across Australia, including **metro and regional** areas



A wide selection of **industry sectors** are represented, allowing for deep dive analysis on a regular basis

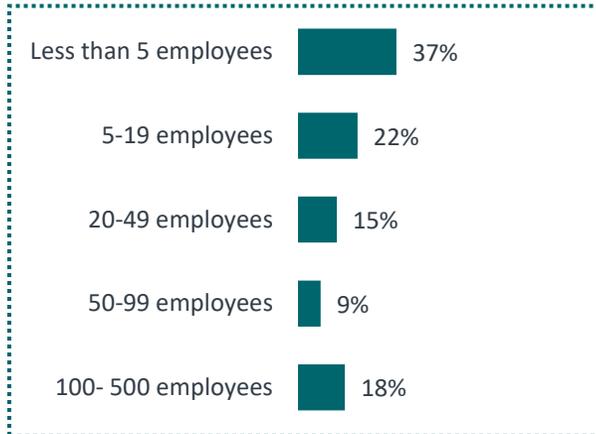


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

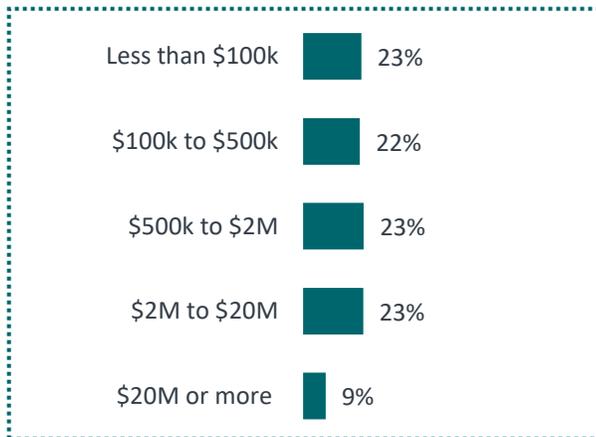
OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

SIZE OF BUSINESS: EMPLOYEES

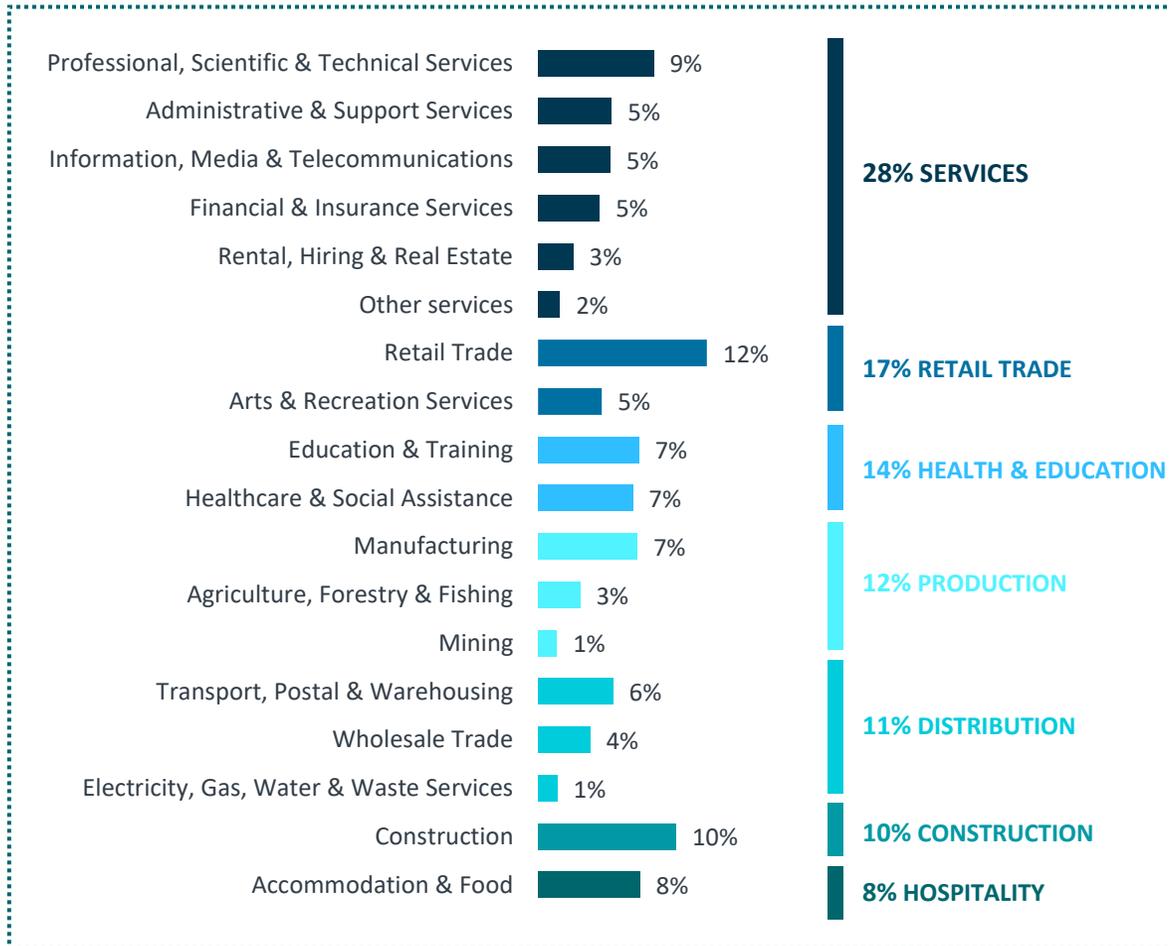


SIZE OF BUSINESS: TURNOVER



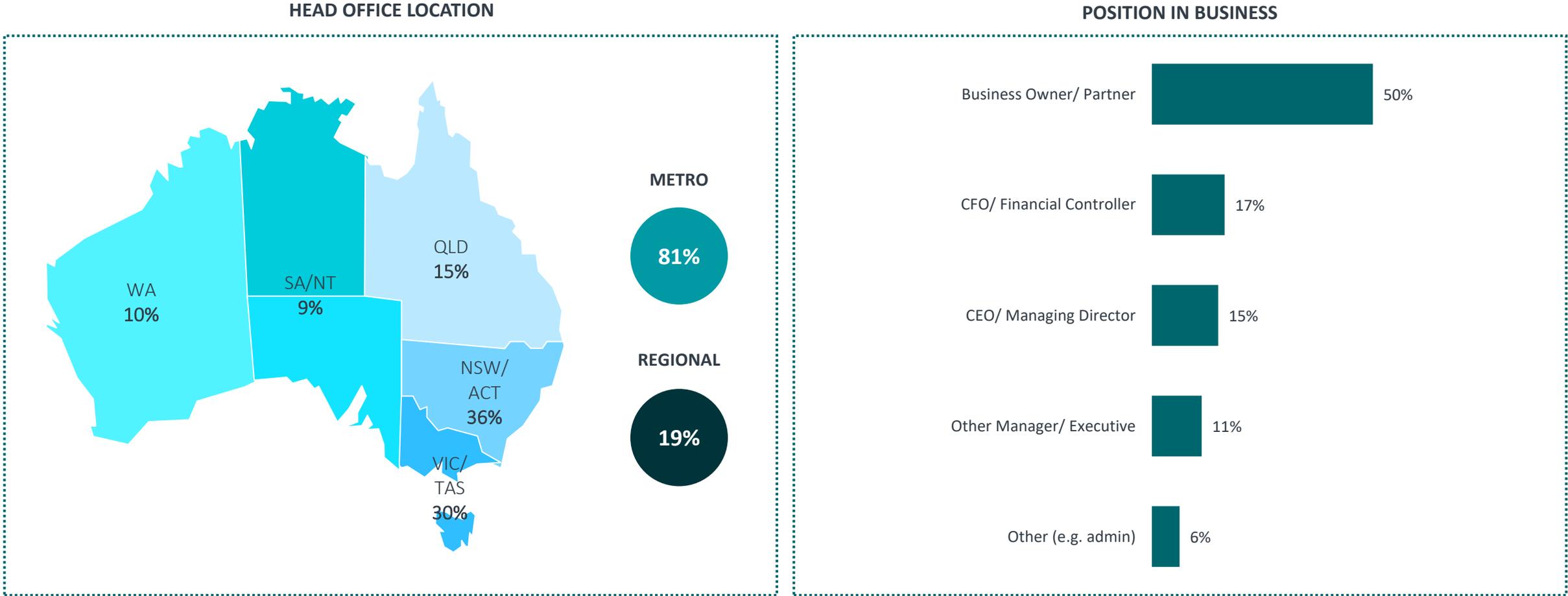
NOTE: CHARTS SHOW UNWEIGHTED DATA

INDUSTRY SECTOR



OUR SAMPLE

Key decision makers and influencers at SMEs across all states and territories responded to the survey, including metro and regional areas.



NOTE: CHARTS SHOW UNWEIGHTED DATA

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APPENDIX:

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OUR PROMISE TO CLIENTS

WE HELP OUR CLIENTS
MAKE INFORMED
BUSINESS DECISIONS

Providing meaningful insight to allow you to make informed business decisions that drive growth, competitive advantage and productivity

BY LEVERAGING OUR
SPECIALIST
CAPABILITIES

Leveraging our deep industry expertise and customer experience specialisation to drive better outcomes for your business, customers, employees, business partners, shareholders and the community

TO EXECUTE
CUSTOMISED RESEARCH
AND CONSULTING
PROGRAMS

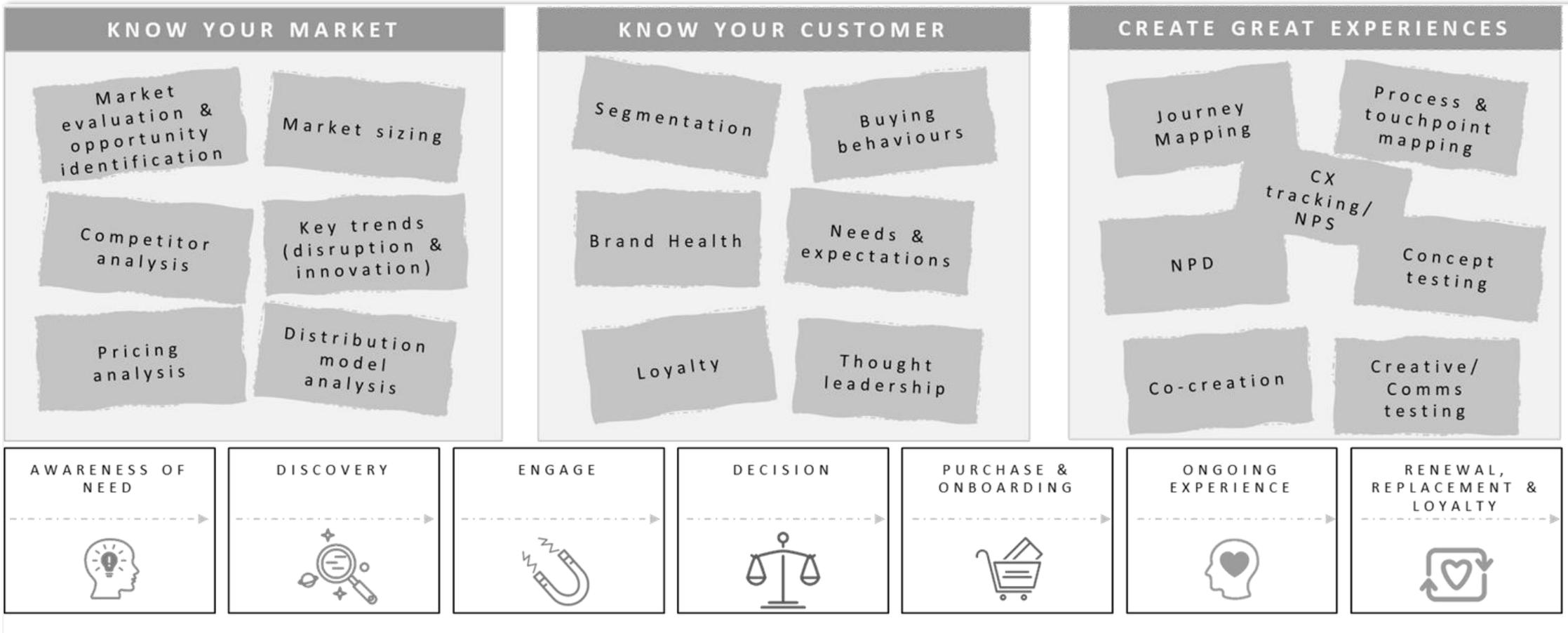
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

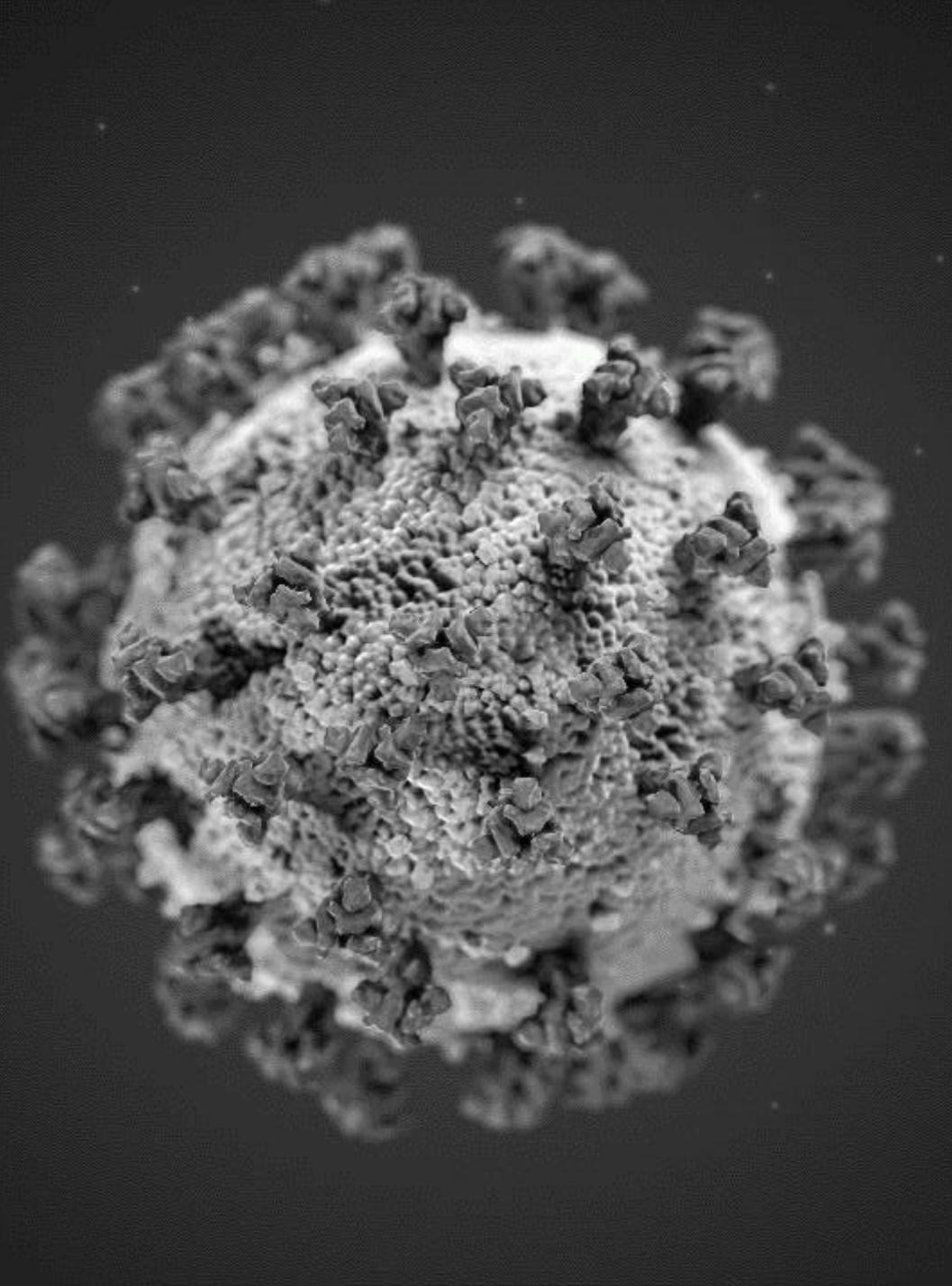
TO DELIVER
ACTIONABLE
RECOMMENDATIONS
AND ADVICE

Helping you achieve your goals by delivering pragmatic, actionable recommendations and strategic advice

OUR RESEARCH FRAMEWORK

We deliver insights throughout the customer journey enabling you to...





THANK YOU!

FOR FURTHER INFORMATION, PLEASE CONTACT:

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