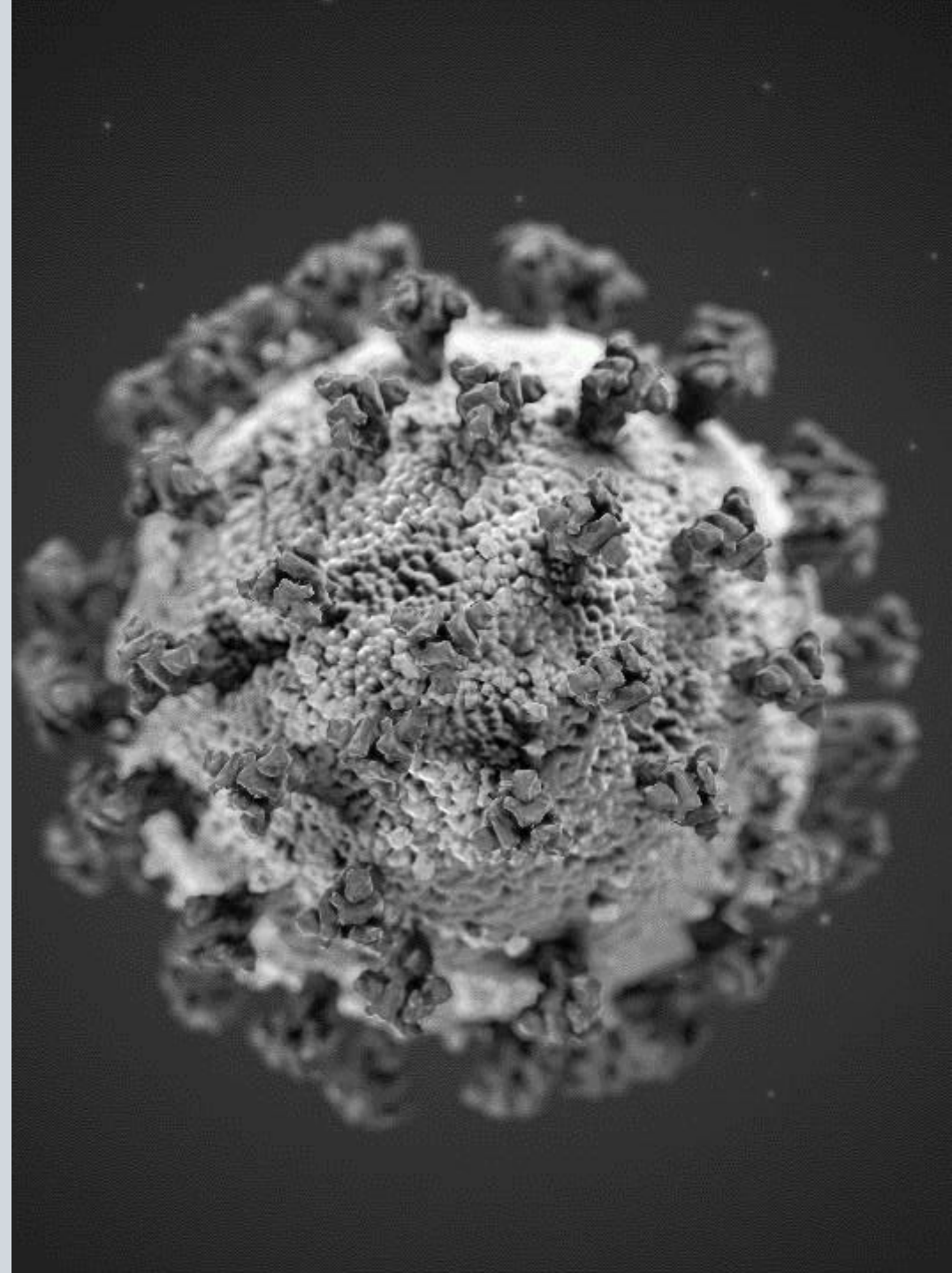


COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 15 –

25th August 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.

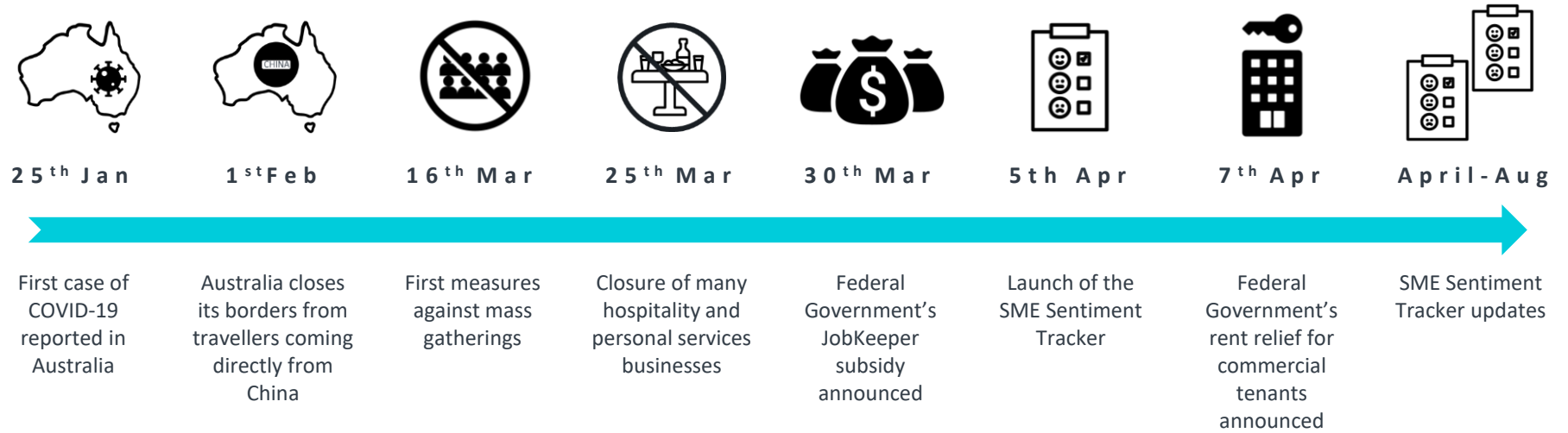
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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	WAVE 14 2/Aug	WAVE 15 16/Aug
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	17,923	23,288
DAILY NEW CASES	200	10	26	15	20	14	17	3	10	5	25	87	361	641	253
CURRENTLY INFECTED	4,633	2,916	2,311	1,258	889	674	580	504	479	455	463	946	3,407	7,295	8,812

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



67% report declining revenues due to COVID-19.



41% of SMEs in VIC expect revenues to decline over the next 4 weeks.



47% of SMEs expect salary freezes for the next 12 months.



64% are concerned about business survival compared to 73% in the previous wave.

It is positive that the proportion of SMEs reporting a decline in revenue has decreased to 67%, from previous highs of 78% reported a month earlier. Consequently, 32% of SMEs are now at pre-COVID revenues compared to just 24% in mid July.

However, expectations for the short term continue to slide, with 28% of SMEs expecting declining revenues over the next 4 weeks, compared to the 24% reported in the previous wave. This rises to 41% in Victoria and hence the level of support for the Victorian Government has continued on a downward trend with only 41% satisfied with their performance, compared to 43% who are dissatisfied.

The majority of SMEs expect the pandemic to have a long term impact on the global and Australian economies and hence it is no surprise that 47% expect salary increases to be frozen for the next 12 months. However it is very encouraging to note that wage increases in the retail sector are likely to resume earlier than in other subgroups, underlining a level of confidence driven by increasing sales.

Cashflow remains a major challenge for 35% of SMEs and therefore many are looking to extend loan deferral periods or restructure loans to reduce repayments. We can also report that nearly 20% of SMEs have required additional finance during the pandemic with another 23% indicating a need to borrow funds over the next 6 months. Of those that have already applied for finance during the pandemic, 21% have been unsuccessful securing the funds including many in the hardest hit, hospitality sector.

Accordingly concerns about business survival (64%) and personal health and wellbeing (69%) remain high. It is particularly disturbing to report that 38% of SME decision makers in both NSW and VIC are now very concerned about their own health.

In summary, sentiment remains negative with little confidence over the short term. However there are a few green shoots in relation to recovering revenues and an underlying positivity in the retail sector, which should flow into other sectors such as production and distribution.

Hopefully as the number of new cases continues to fall in Victoria these green shoots will develop, and we will start to see a more consistent recovery. However, it won't be easy, and therefore SMEs will need continued support from Government, Banks and importantly their employees.

CONTENT

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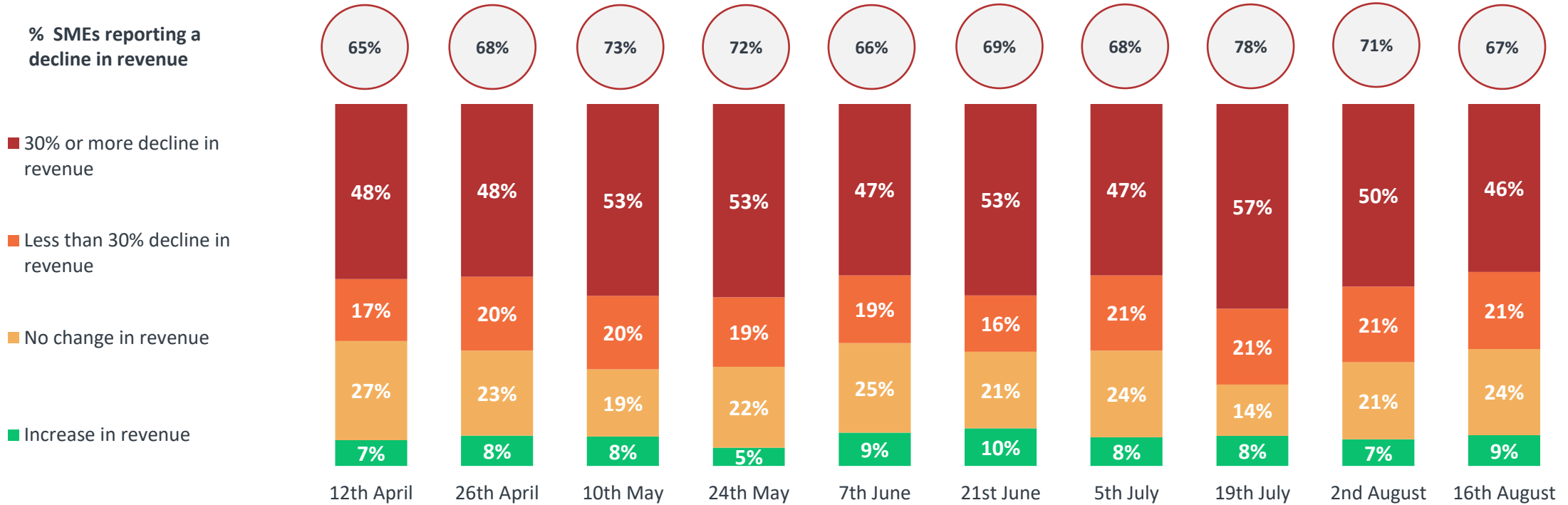
3 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

4 SURVIVAL

DECLINE IN REVENUE DUE TO COVID-19

Positive to note that the proportion of businesses reporting a decline in revenue is back at pre-Victoria lock down levels, in line with early July.

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



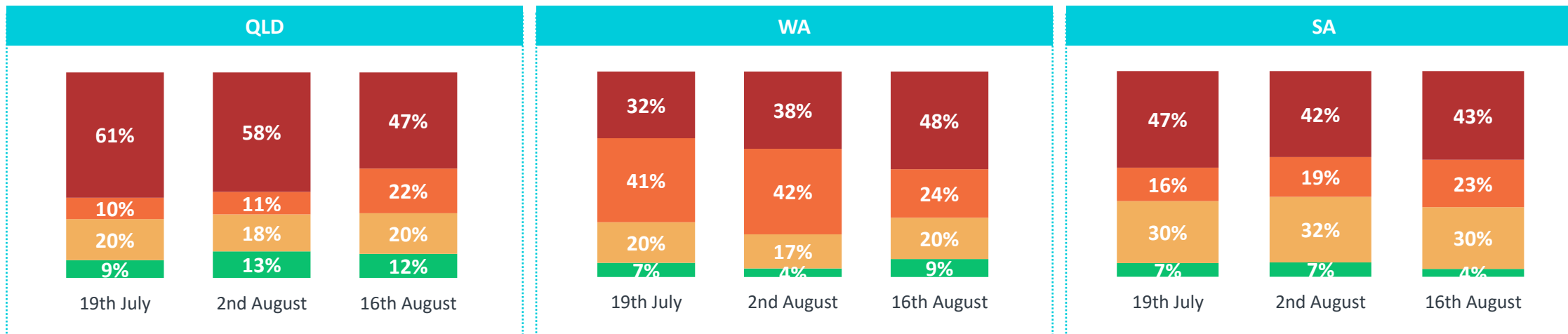
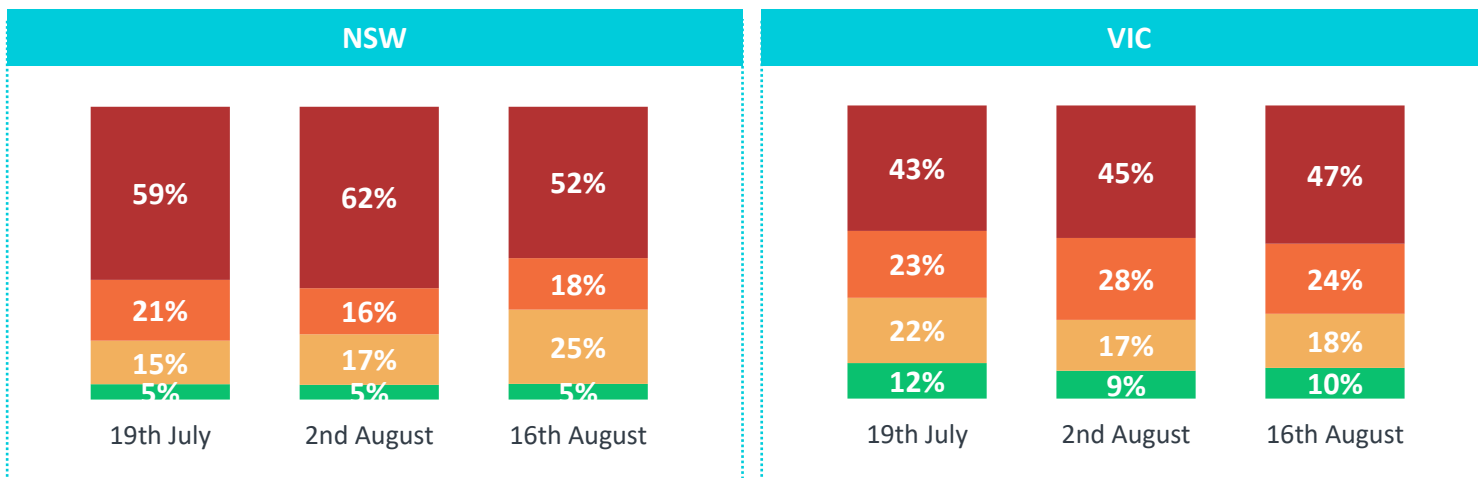
Mean % Change in revenue (all SMEs)	-34%	-35%	-34%	-32%	-29%	-29%	-31%	-33%	-29%	-30%
Mean % Change in revenue (amongst those reporting a decline in revenue)	-56%	-54%	-50%	-46%	-48%	-47%	-49%	-46%	-44%	-48%

DECLINE IN REVENUE DUE TO COVID-19 BY STATE

While revenue declines in WA is concerning, the steady numbers in Victoria, despite the stage 4 lockdown, and the improvements in NSW and QLD provide some silver lining.

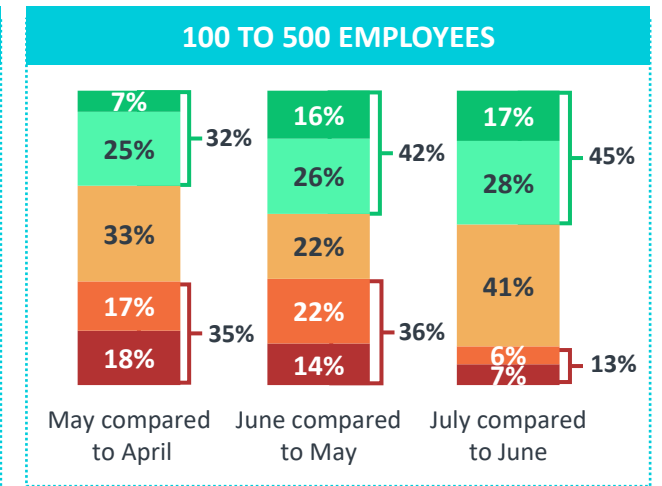
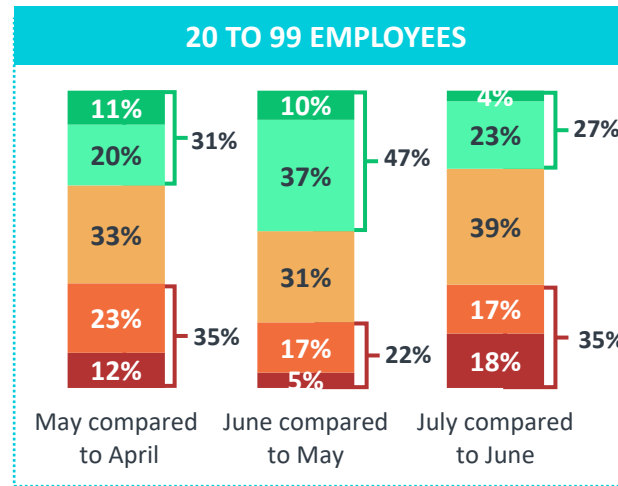
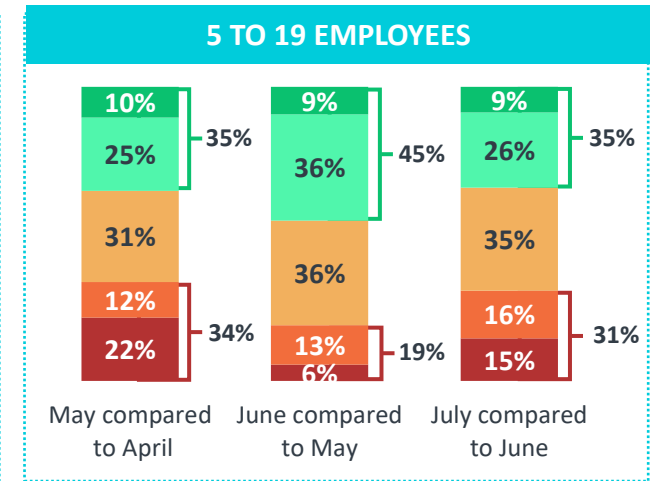
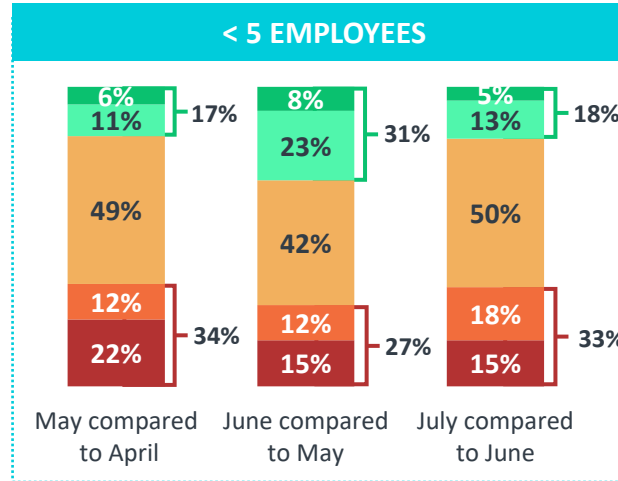
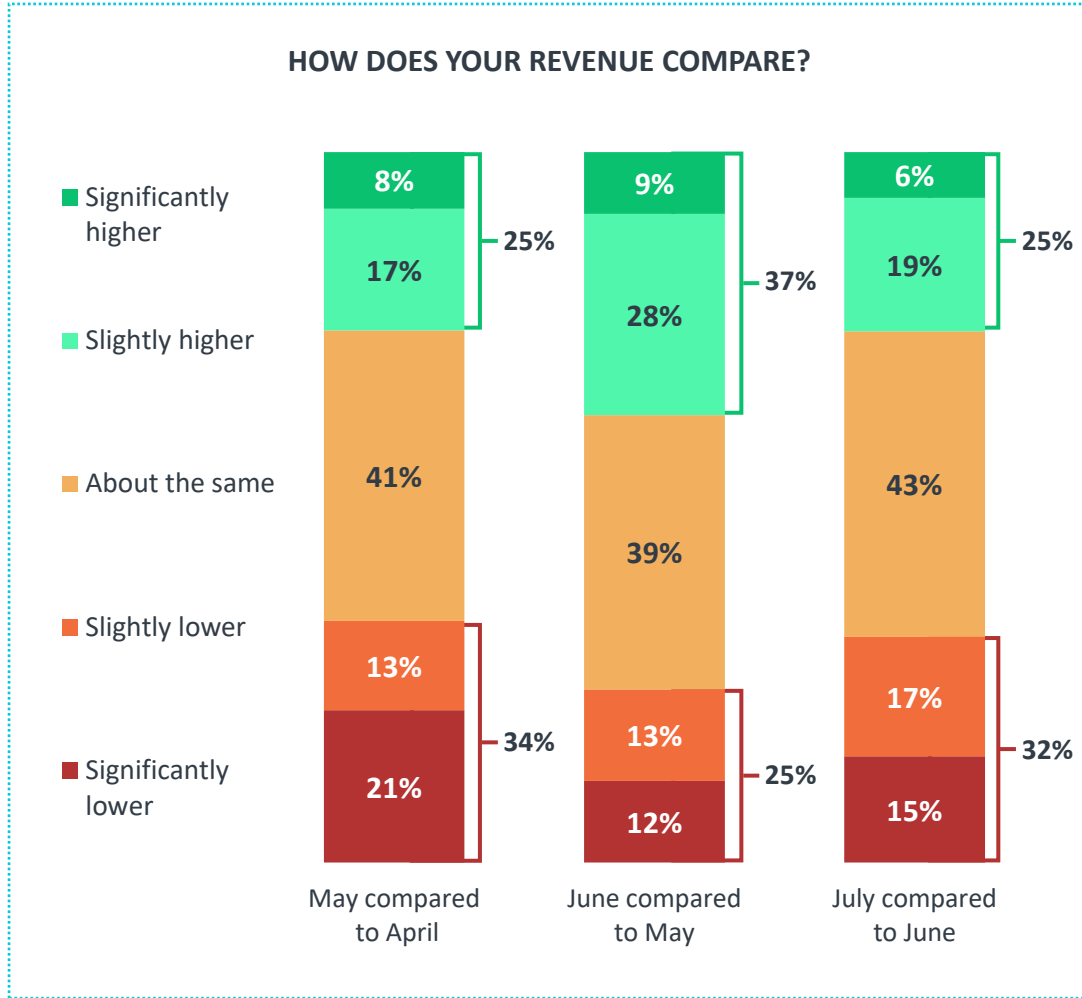
WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS REVENUE?

- 30% or more decline in revenue
- Less than 30% decline in revenue
- No change in revenue
- Increase in revenue



CURRENT REVENUE COMPARED TO PREVIOUS MONTHS' REVENUE

After relatively strong June, revenues in July did not continue the upward trend with one third reporting lower numbers compared to the previous month.

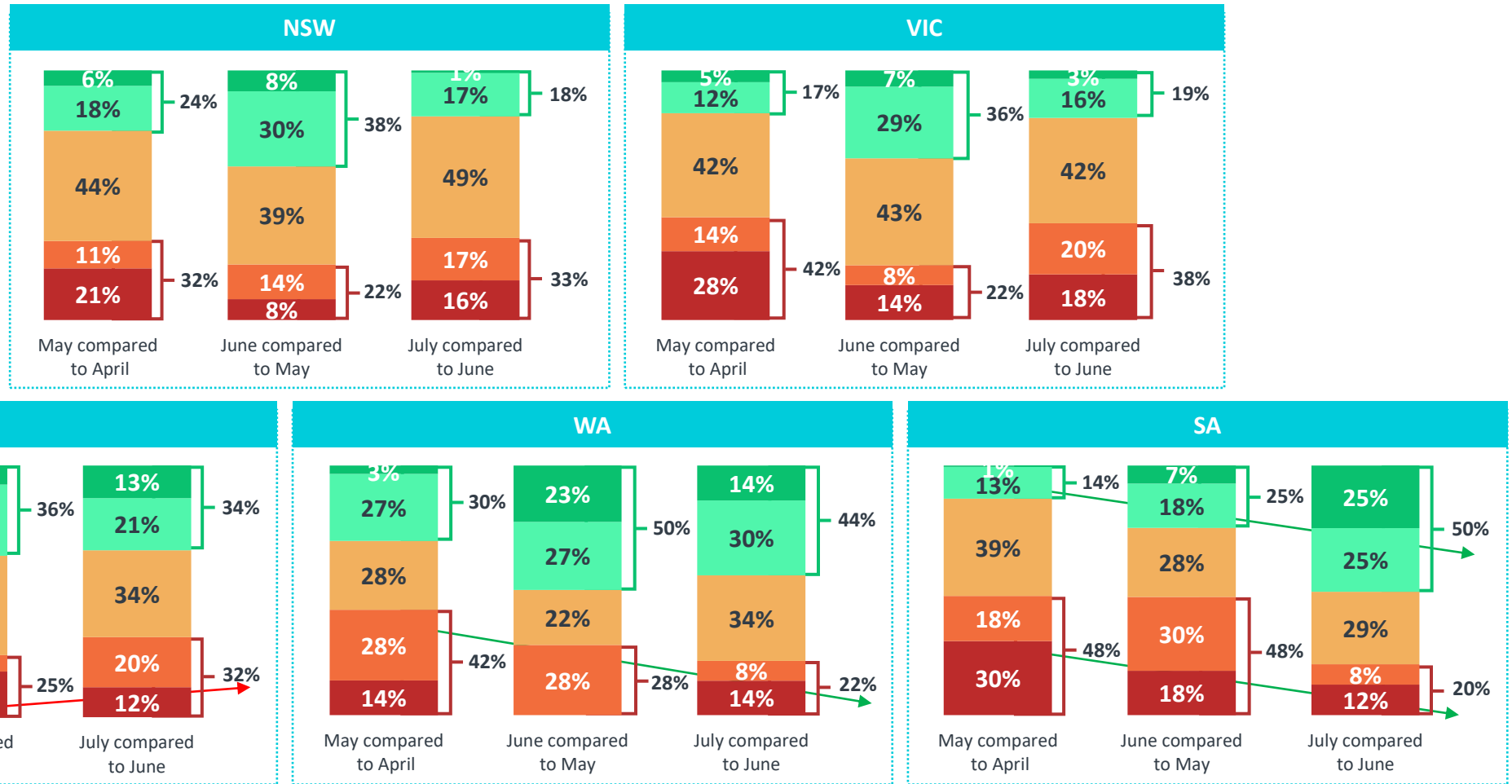


CURRENT REVENUE COMPARED TO PREVIOUS MONTHS' REVENUE BY STATE

Decline in month on month revenue is driven by the three most populated states, NSW, VIC and QLD.

HOW DOES YOUR REVENUE COMPARE?

- Significantly higher
- Slightly higher
- About the same
- Slightly lower
- Significantly lower

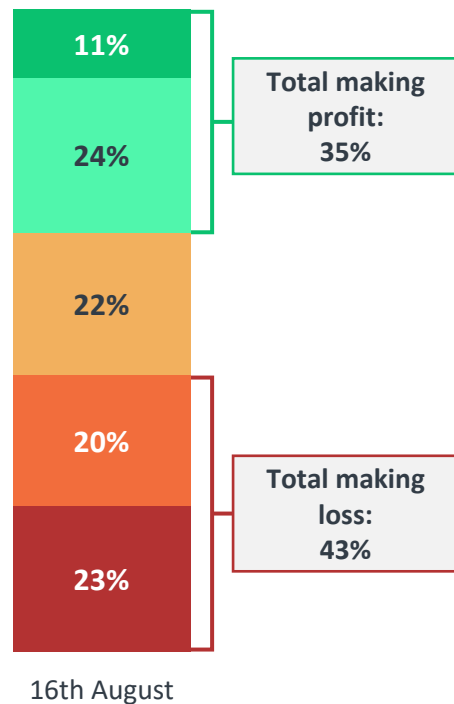


PROFIT MARGIN

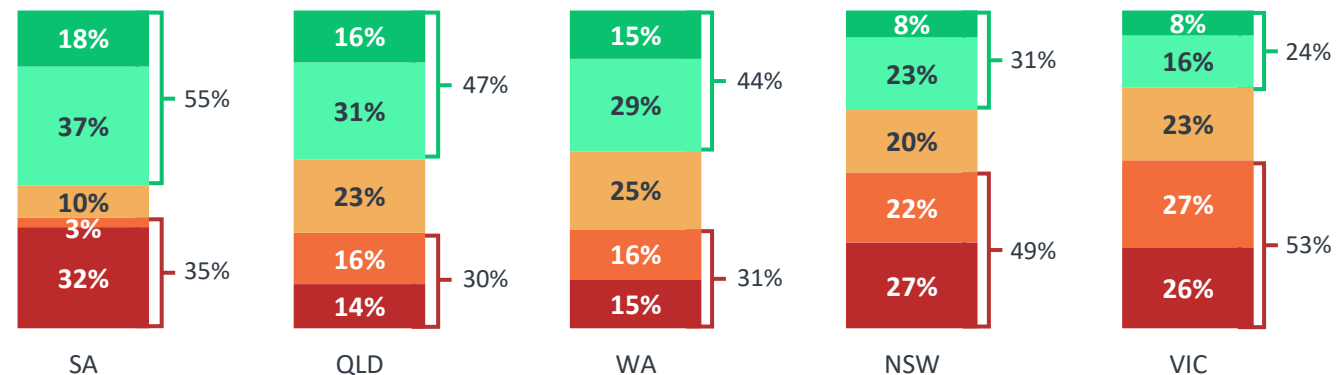
The Victorian lock down and other restrictions nationwide is understandably hitting profit margins in the hospitality sector the hardest.

HOW WAS YOUR PROFIT MARGIN IN JULY? Including any Government stimulus and support measures included on profit and loss statement.

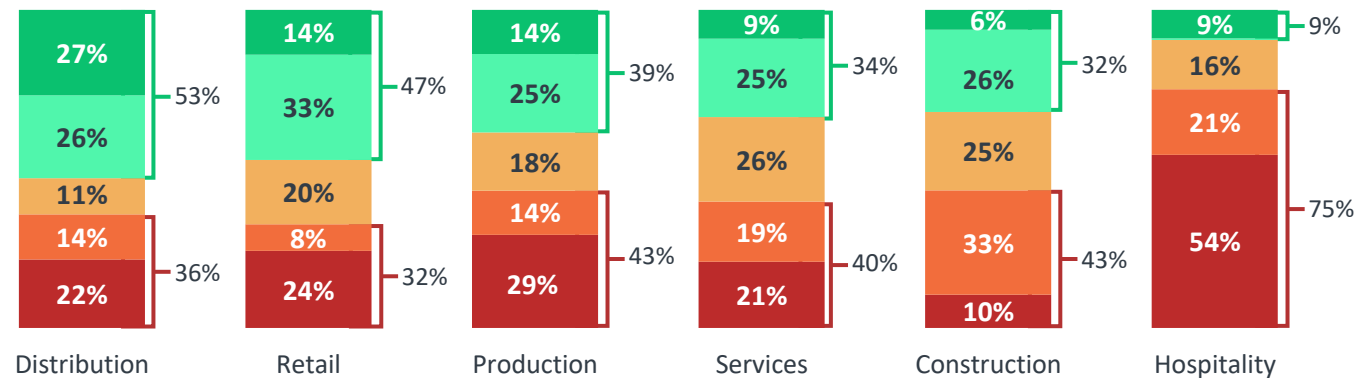
- Significant profit (more than 10%)
- Slight profit (up to 10%)
- Breakeven – no profit or loss
- Slight loss (up to 10%)
- Significant loss (more than 10%)



STATE



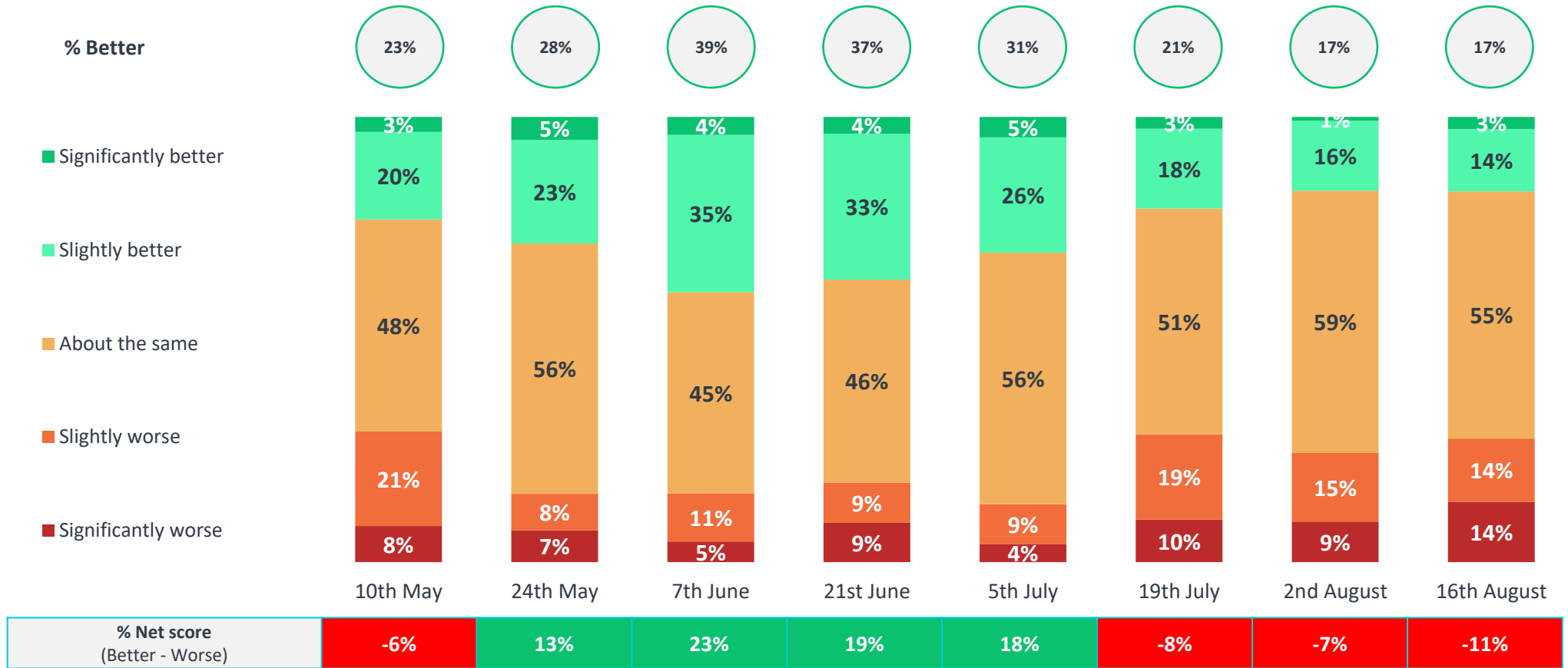
INDUSTRY



FUTURE REVENUE EXPECTATIONS

With ongoing restrictions and border closures, SMEs continue to be pessimistic about their short term revenue expectations.

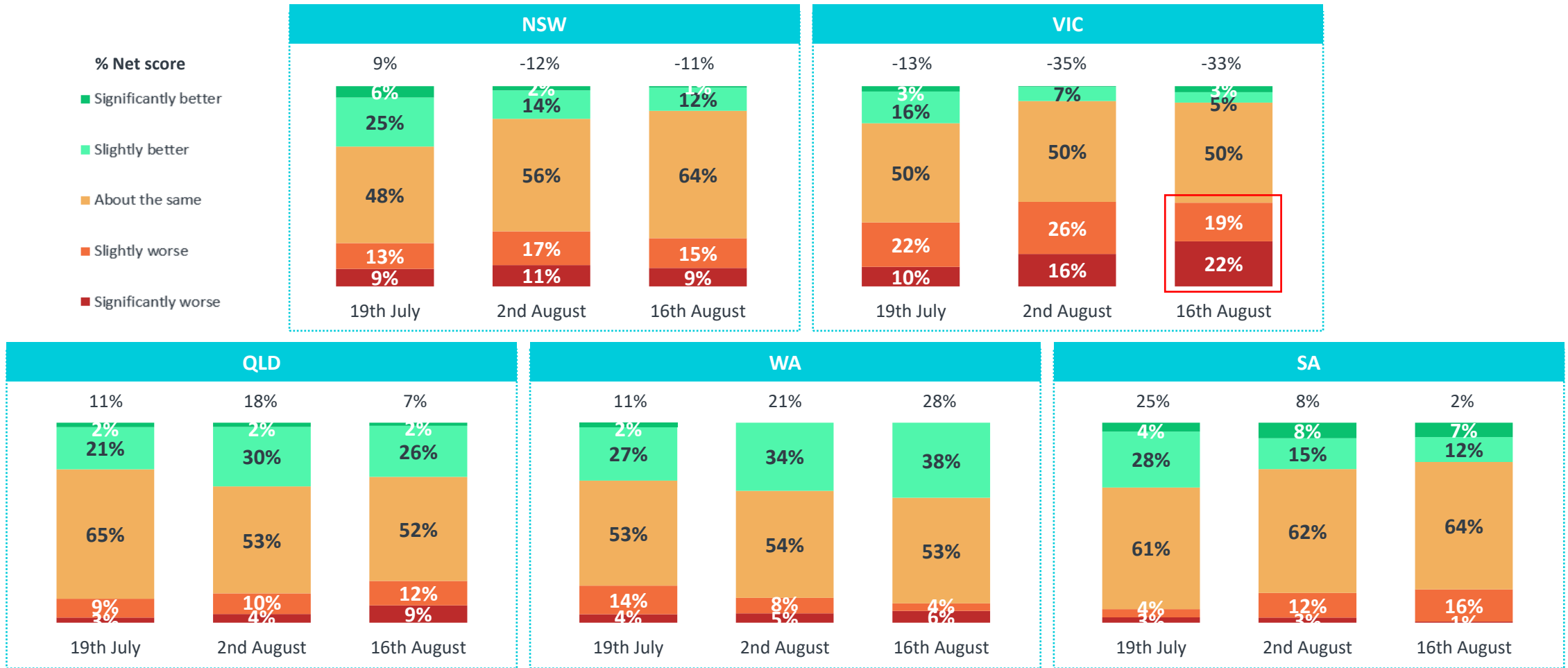
WHERE DO YOU EXPECT YOUR REVENUE TO BE IN 4 WEEKS' TIME, COMPARED TO TODAY?



FUTURE REVENUE EXPECTATIONS BY STATE

With stage 4 lock down measures in place, 41% of Victorian businesses are predicting their revenues to fall over the next 4 weeks.

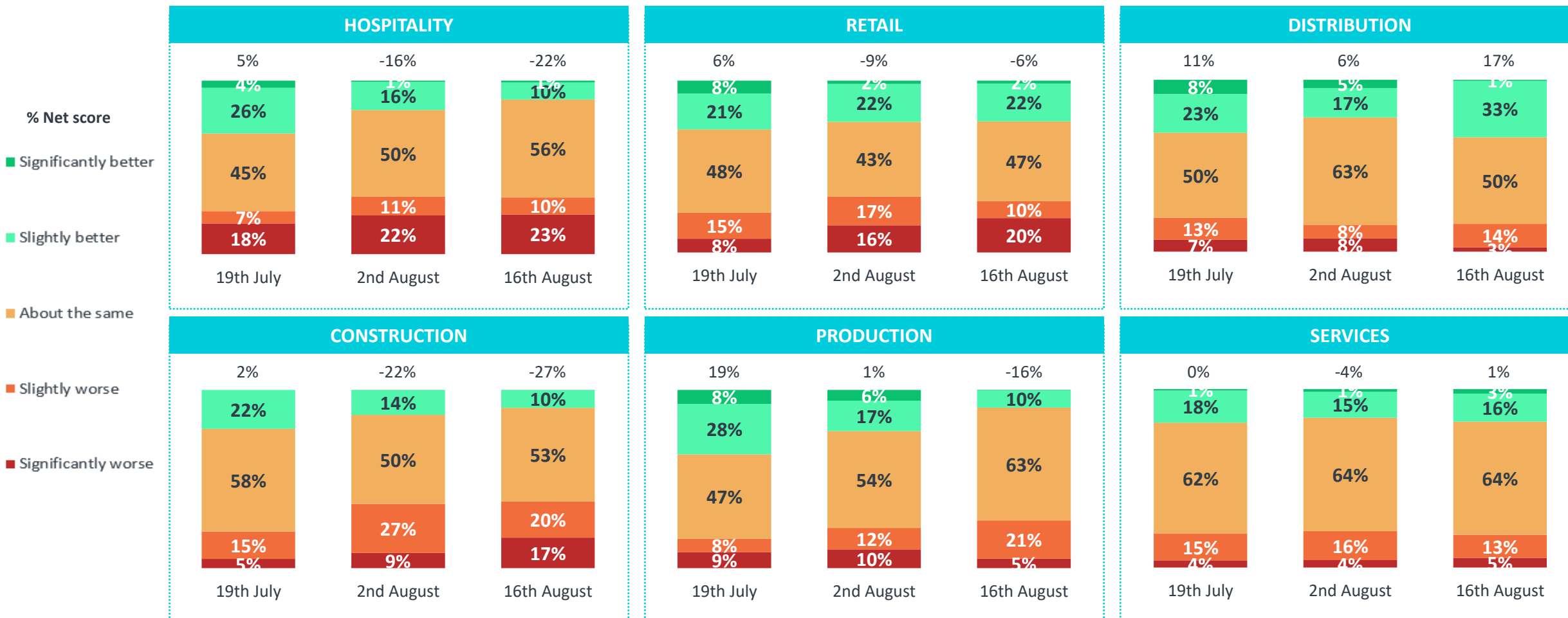
WHERE DO YOU EXPECT YOUR REVENUE TO BE IN 4 WEEKS' TIME, COMPARED TO TODAY?



FUTURE REVENUE EXPECTATIONS BY INDUSTRY

Pessimism around the next 4 weeks' revenue has increased over the past month across most sectors, specifically hospitality, retail, construction and production.

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



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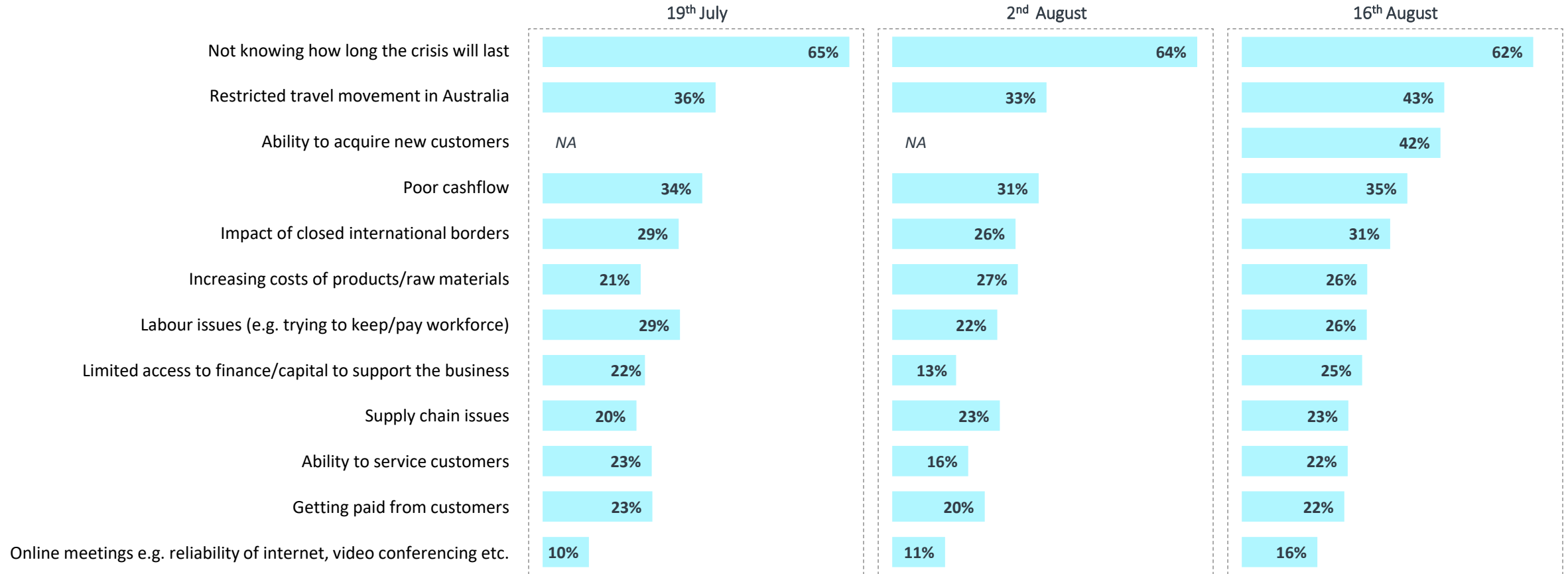
4 SURVIVAL

BUSINESS CHALLENGES

The uncertainty surrounding the virus continues to be the biggest issue for SMEs, with restricted domestic & international travel an increasing challenge for many.

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

% VERY CHALLENGED



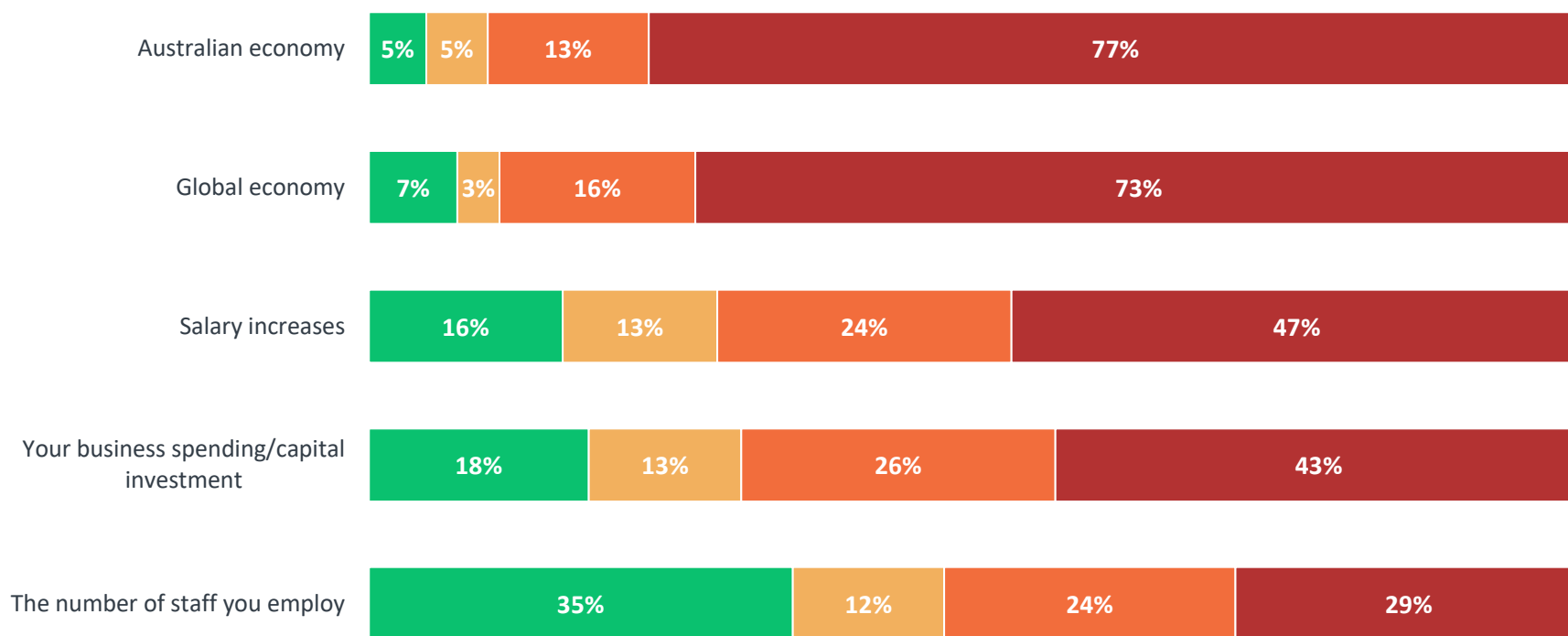
NEGATIVE IMPACT OF COVID-19

SMEs continue to be concerned about the medium to long term impact of COVID-19, but sentiment is slightly more positive following very negative sentiment in the previous wave.

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

(W/E 16th AUGUST)

■ 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	W/E 19 th July	W/E 2 nd August	
Australian economy	66%	69%	73%	82%	-5%
Global economy	77%	76%	77%	88%	-15%
Salary increases	-	-	-	-	-
Your business spending/capital investment	29%	32%	33%	37%	6%
The number of staff you employ	18%	16%	25%	32%	-3%

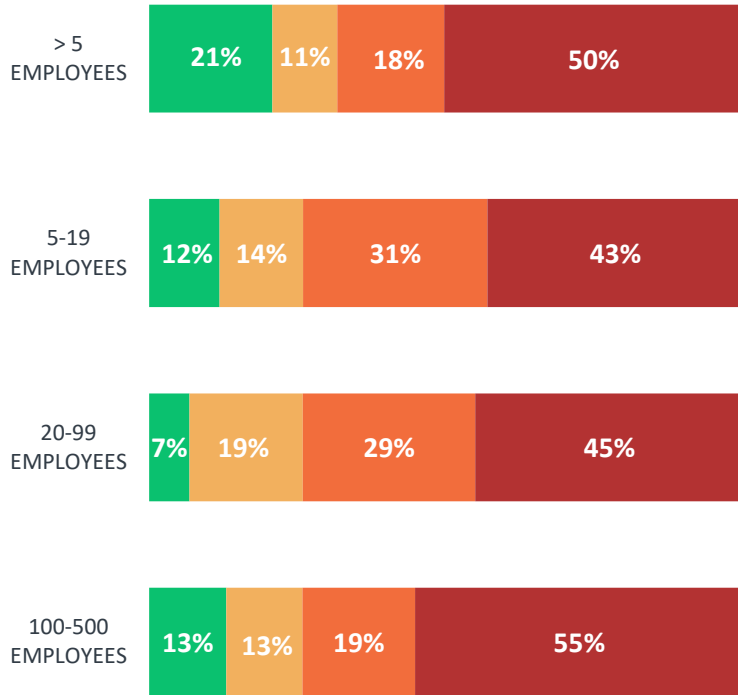
NEGATIVE IMPACT OF COVID-19 – SALARY INCREASES

Positive to note that wage increases in the retail sector are likely to resume earlier than in other subgroups.

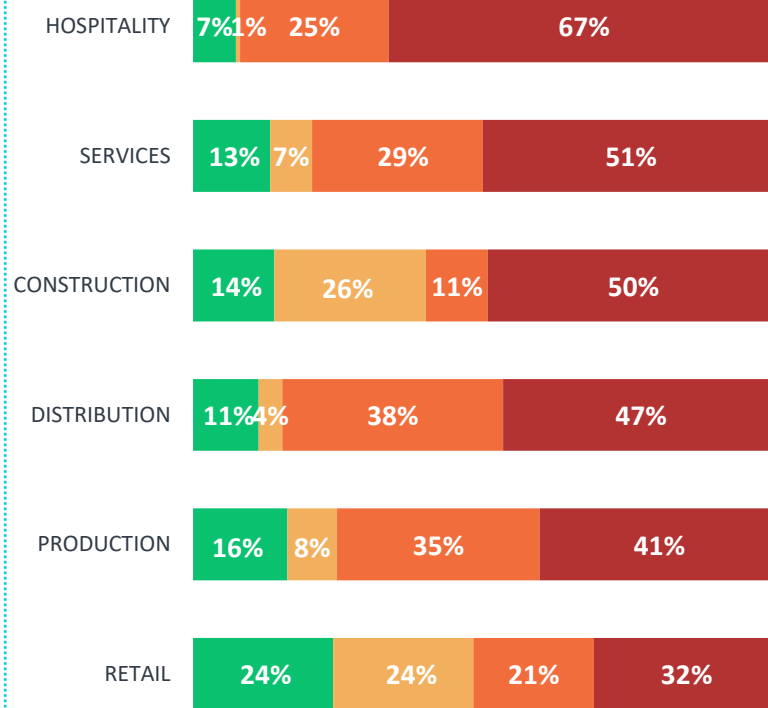
WHAT NEGATIVE IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING? SALARY INCREASES

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

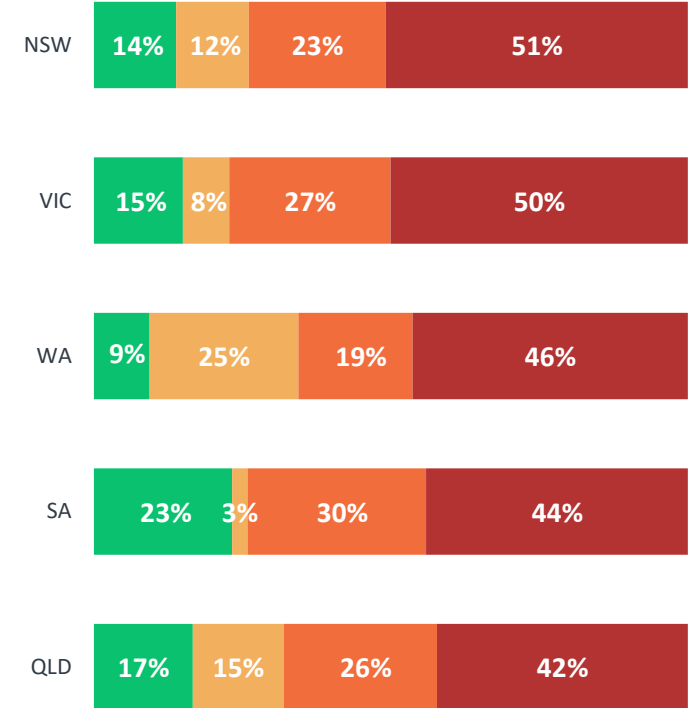
BUSINESS SIZE



INDUSTRY

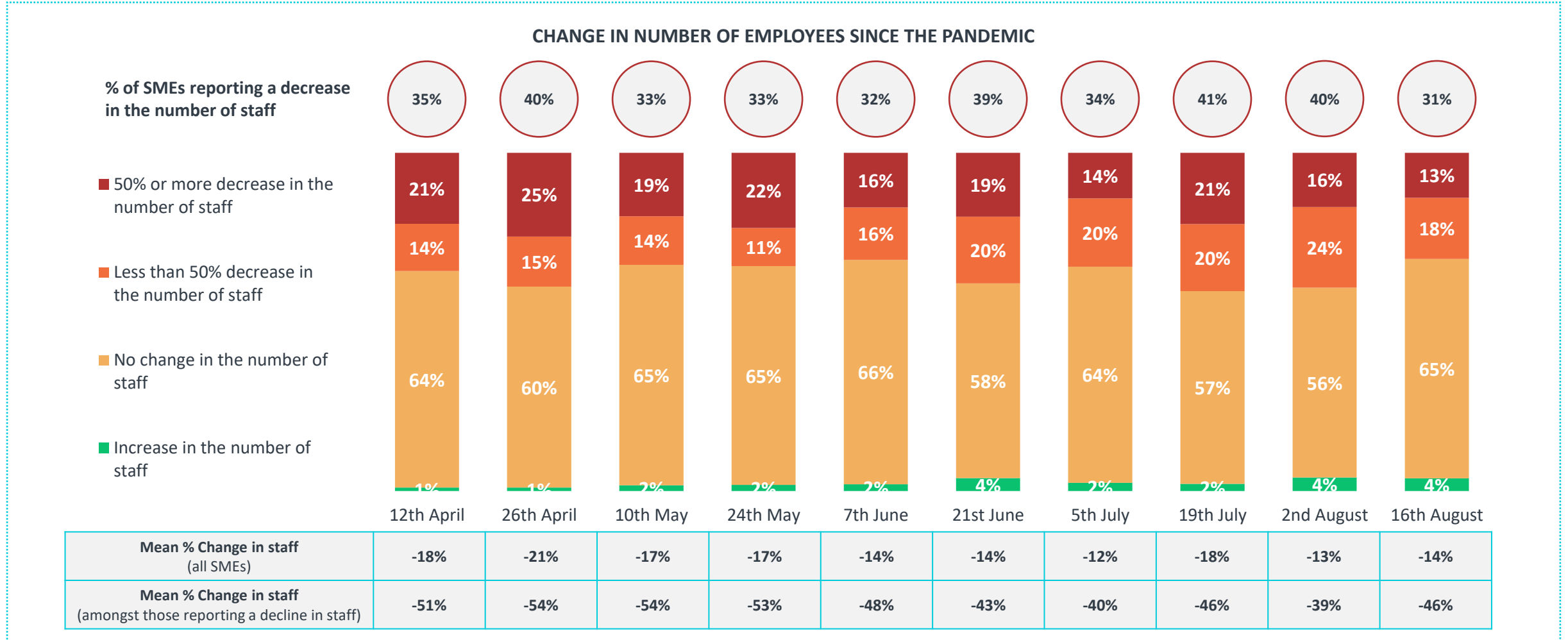


STATE



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

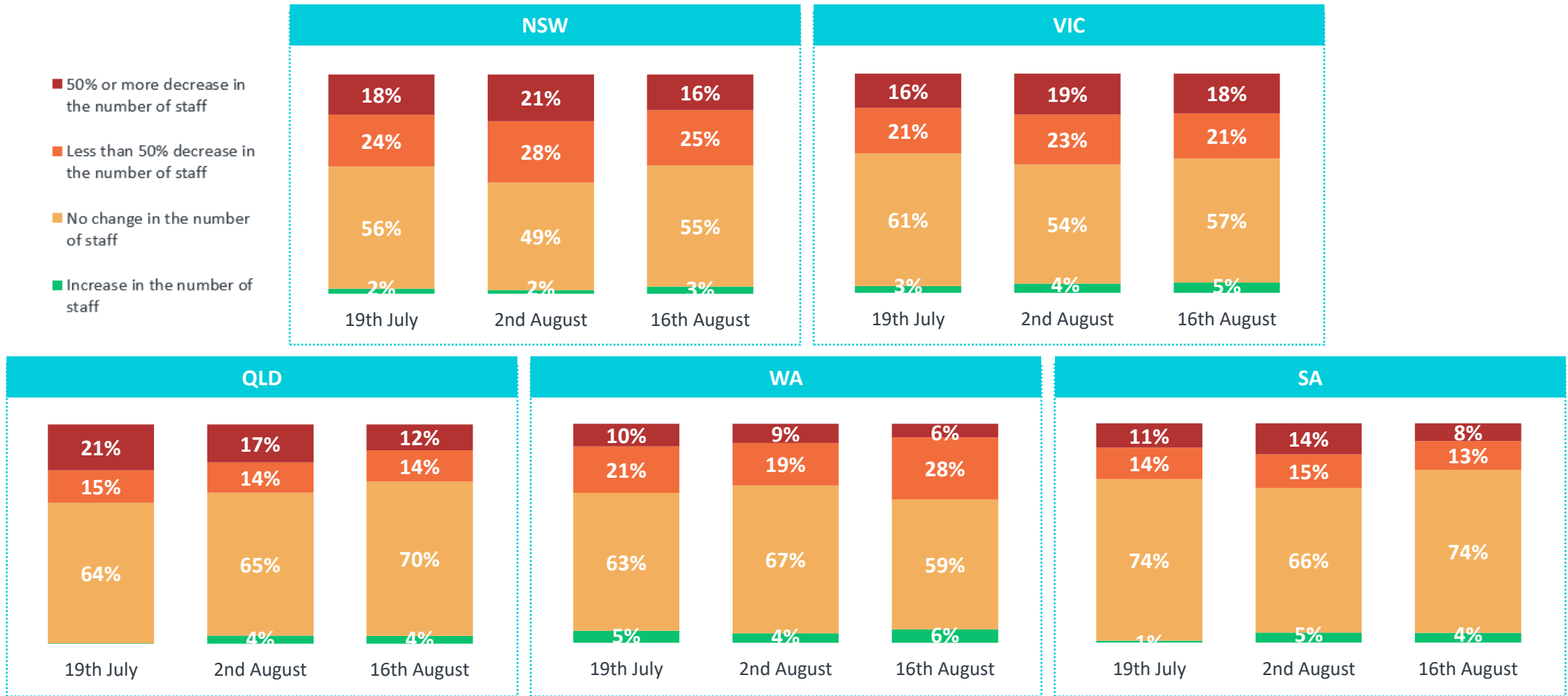
It is positive to note that fewer businesses are reporting a decline in the number of employees compared to pre-pandemic times.



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

Apart from WA, employment numbers remain relatively steady despite other negative data.

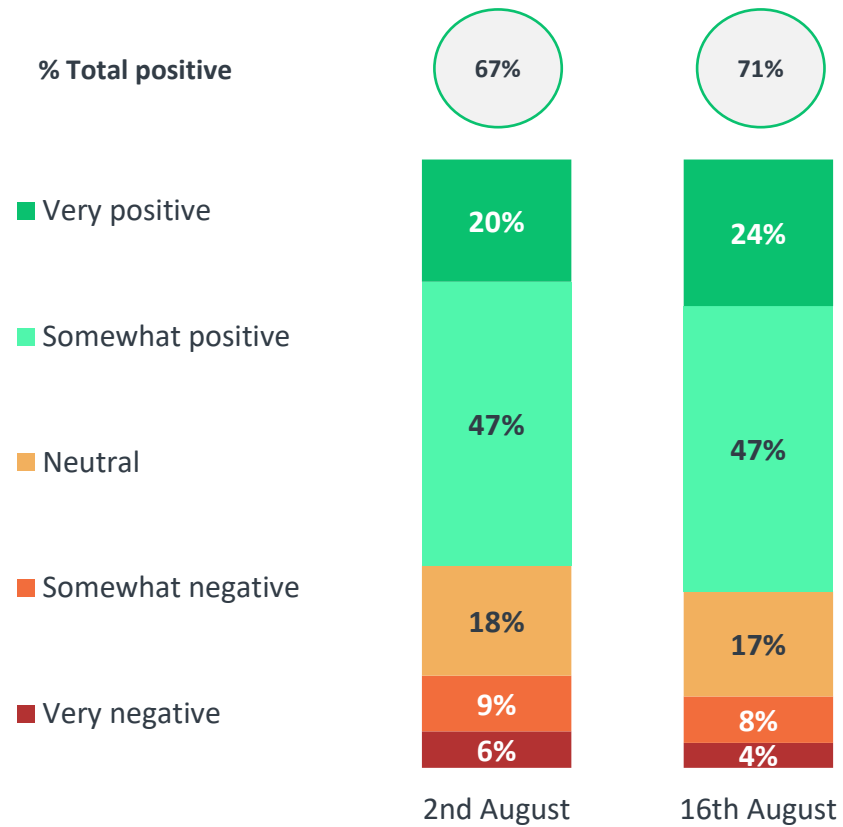
CHANGE IN NUMBER OF EMPLOYEES SINCE THE PANDEMIC



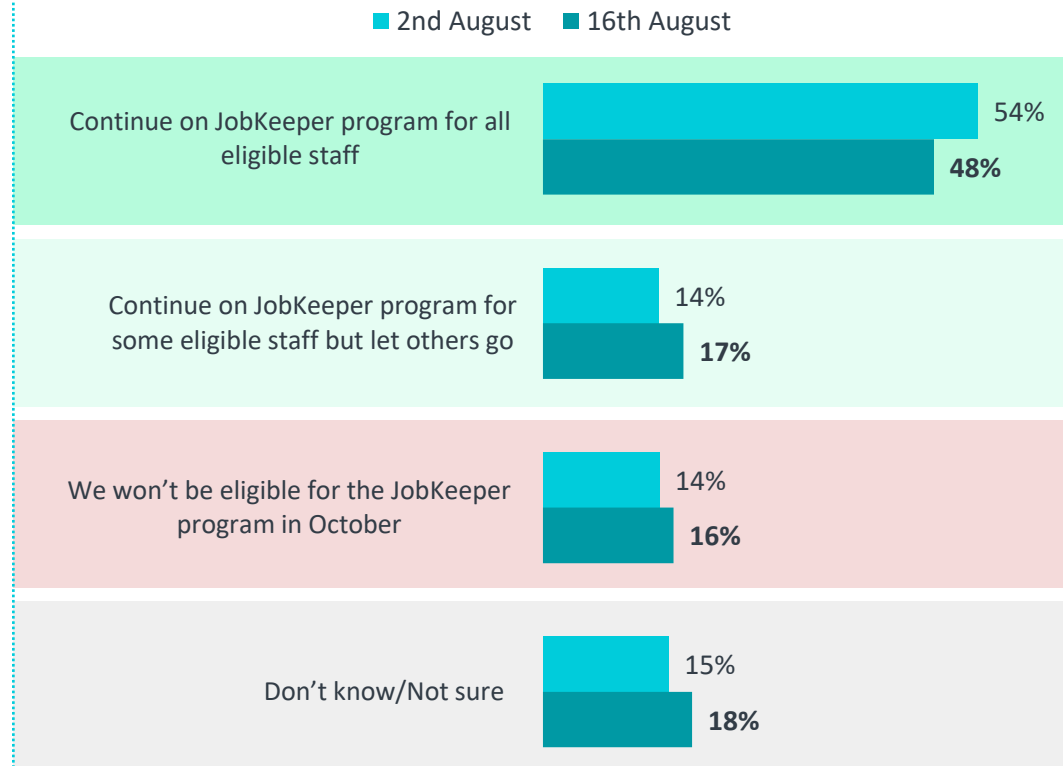
JOBKEEPER EXTENSION

While SMEs continue to support the extension of the JobKeeper Program, it is looking more likely that more job losses will occur when the payments are reduced in October.

WHAT DO YOU THINK ABOUT THE EXTENSION MADE TO THE JOBKEEPER PROGRAM ANNOUNCED BY THE FEDERAL GOVERNMENT LAST WEEK?



WHAT WILL YOU DO WHEN THE JOBKEEPER PAYMENTS ARE REDUCED TO \$1,200 PER FORTNIGHT IN OCTOBER? (AMONGST THOSE UTILISING JOBKEEPER)



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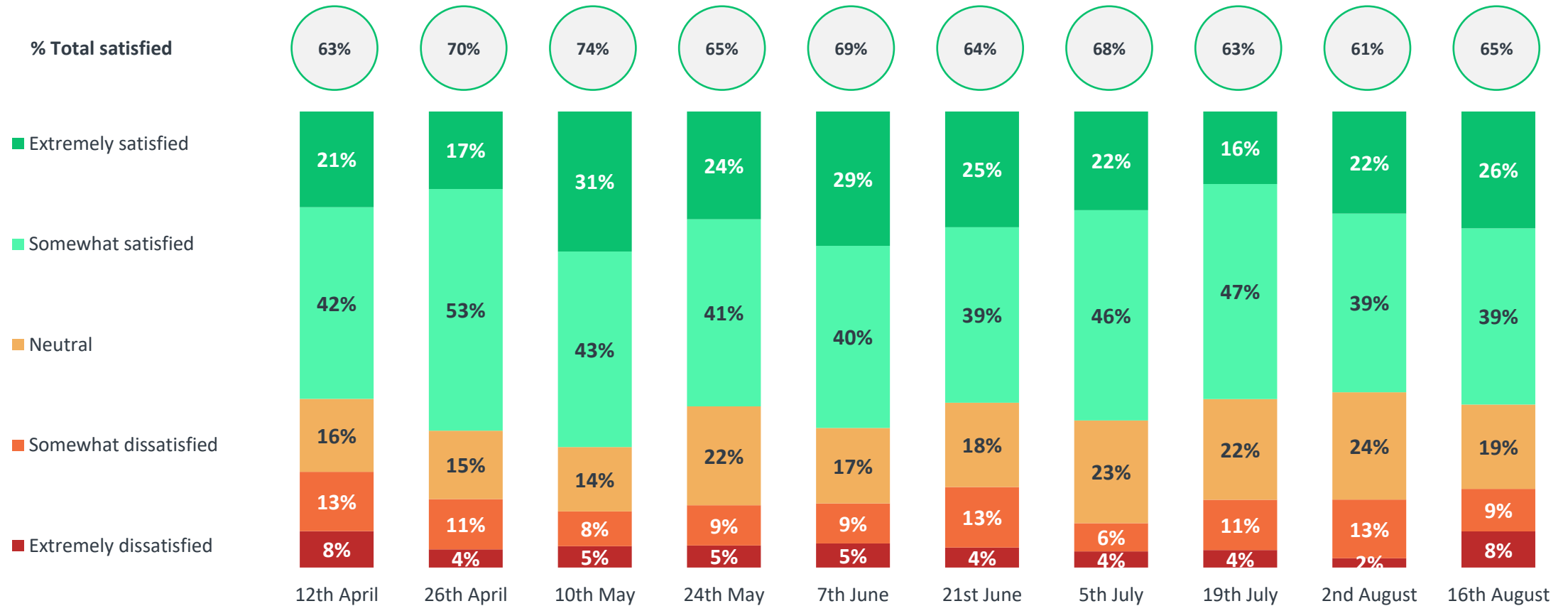
3 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

4 SURVIVAL

SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE

Despite ongoing COVID-19 outbreaks, support for the Federal Government remains relatively steady.

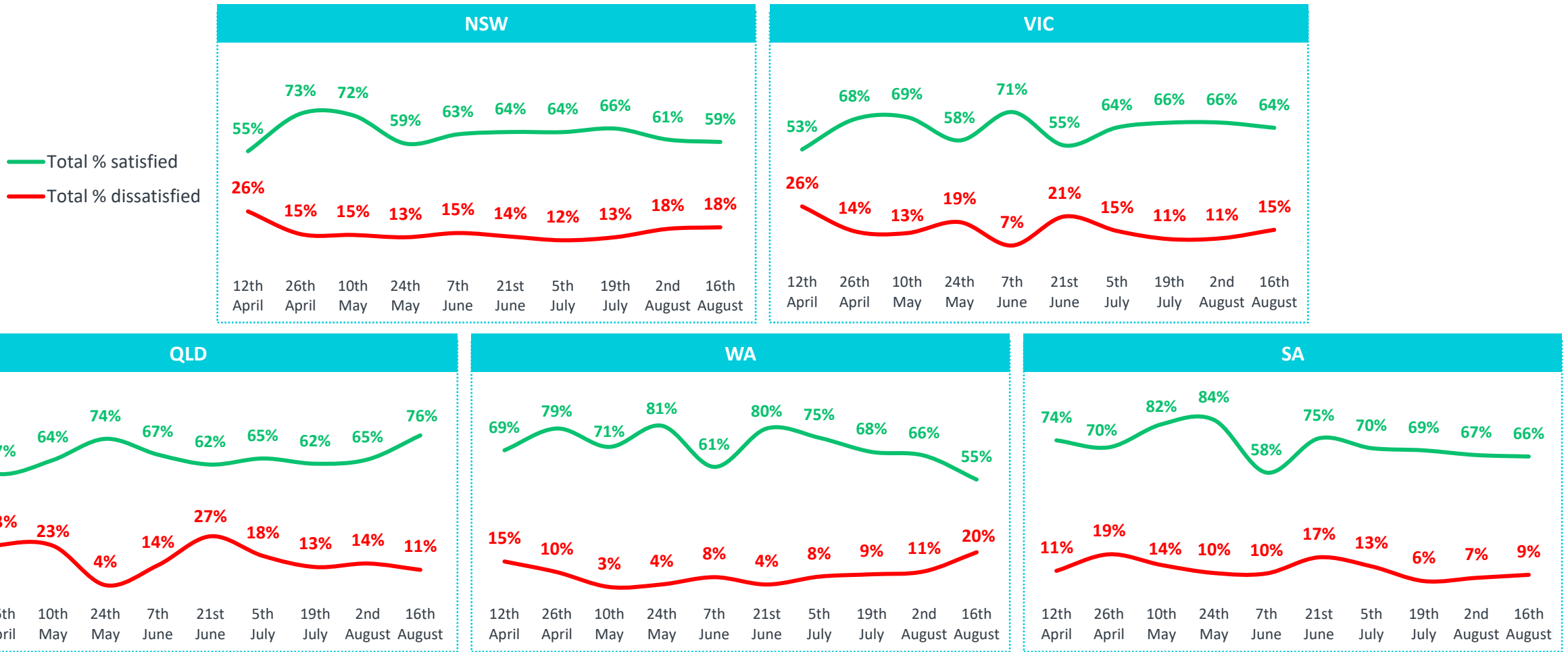
HOW SATISFIED ARE YOU WITH THE WAY THE AUSTRALIAN FEDERAL GOVERNMENT HAS MANAGED THE COVID-19 CRISIS OVERALL SO FAR?



SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE BY STATE

Satisfaction for the Federal Government remains steady in VIC despite the second wave, but in WA support continues to dwindle.

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



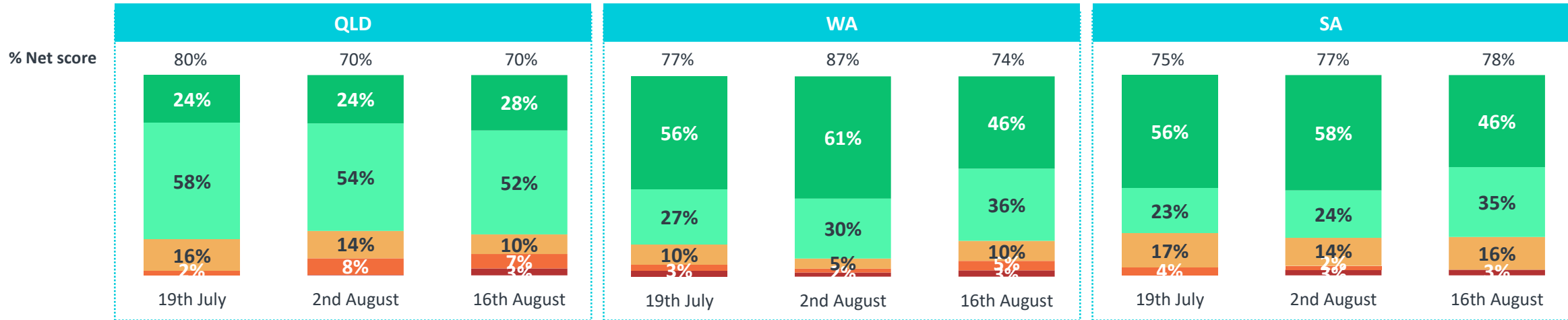
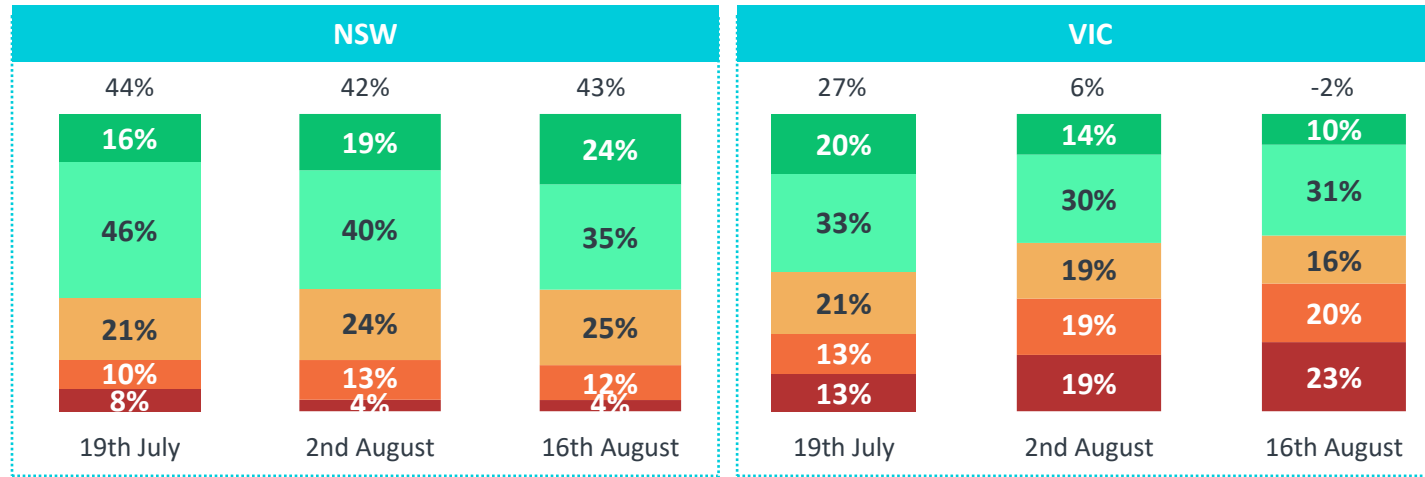
SATISFACTION WITH THE STATE GOVERNMENT'S RESPONSE

Support for the VIC Government continues a downward trajectory.

HOW SATISFIED ARE YOU WITH THE WAY YOUR STATE GOVERNMENT HAS MANAGED THE COVID-19 CRISIS SO FAR?

% Net score

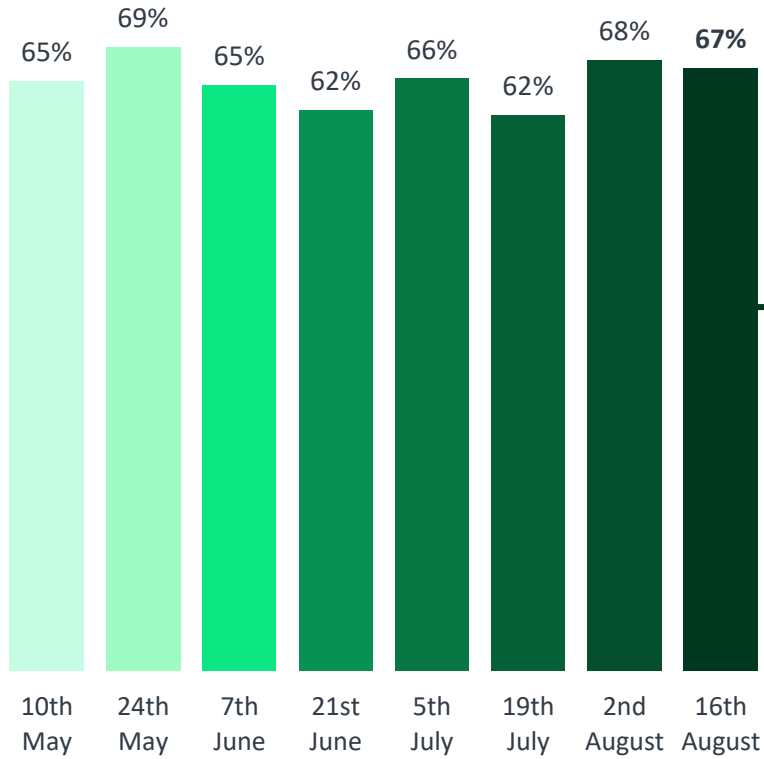
- Extremely satisfied
- Somewhat satisfied
- Neutral
- Somewhat dissatisfied
- Extremely dissatisfied



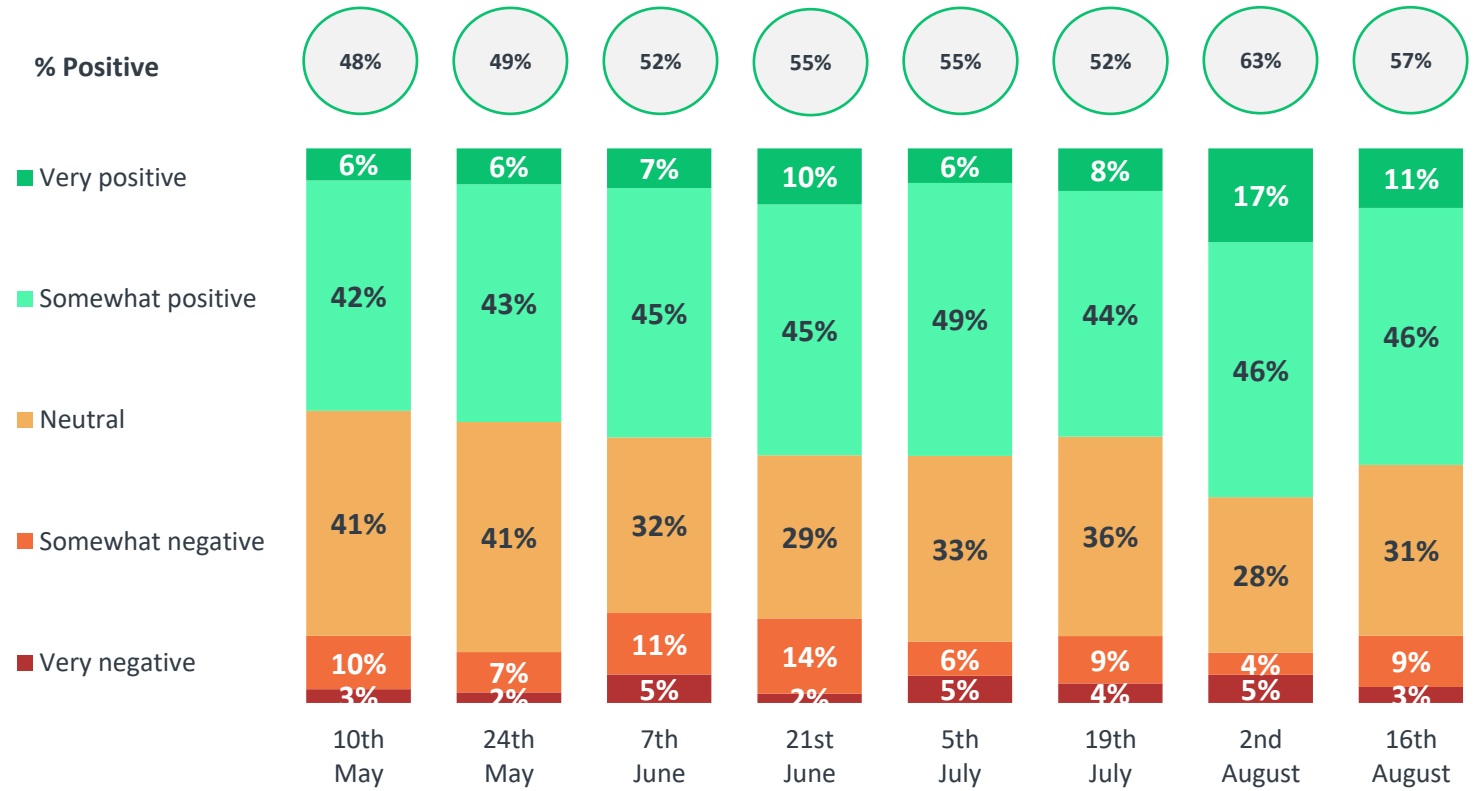
SUPPORT FROM THE BANKS

Perceptions of the Banks remains relatively strong, despite a slight decline in this wave.

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



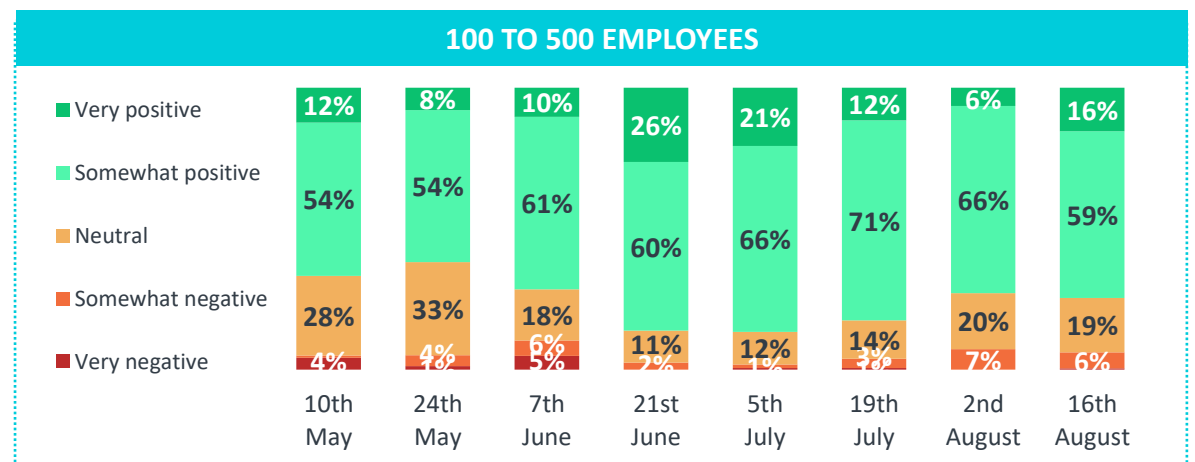
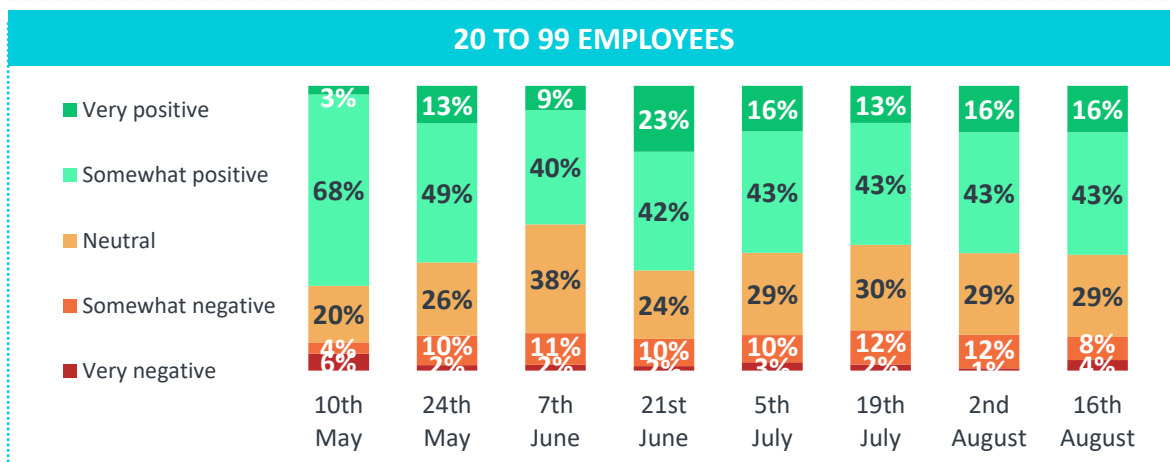
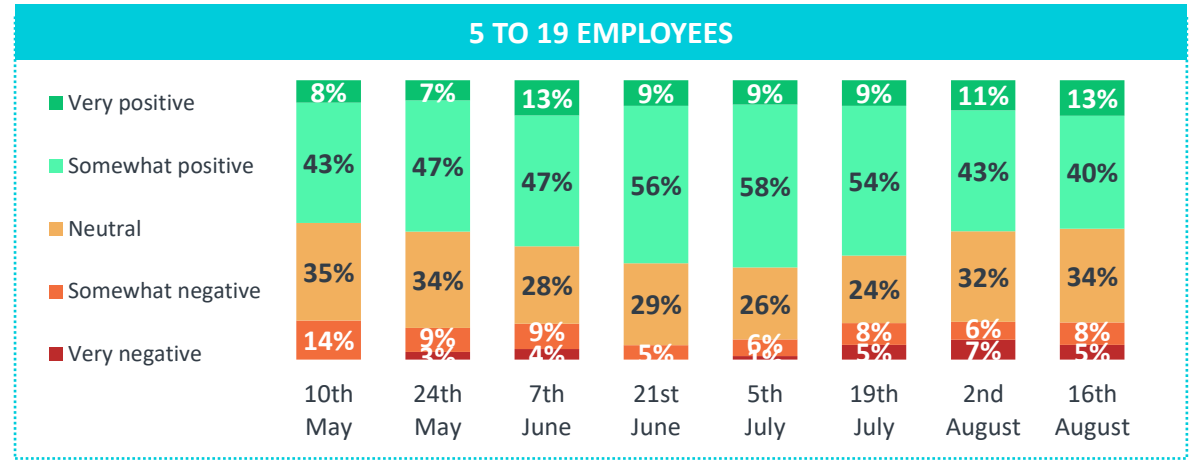
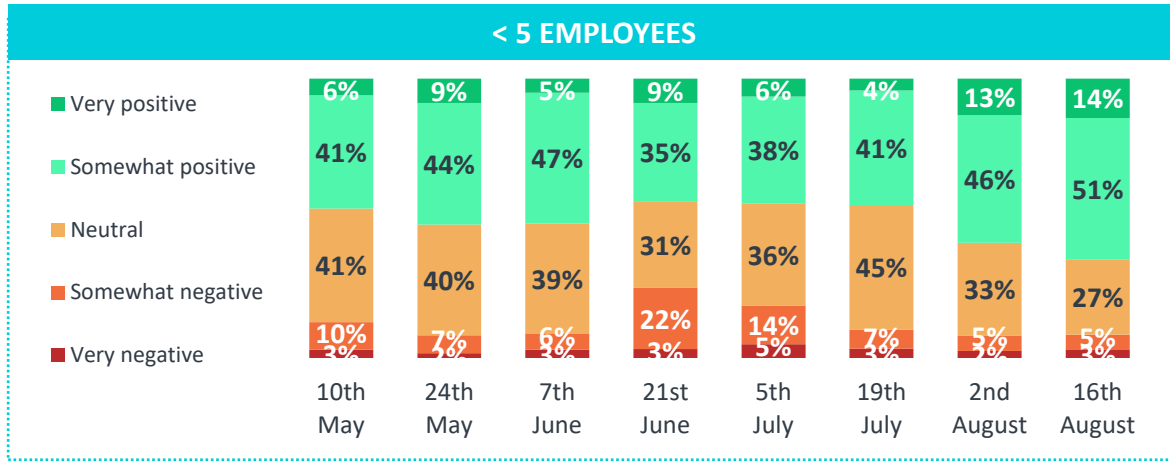
PERCEPTIONS OF SUPPORT PROVIDED BY THE BANKS TO BUSINESS CUSTOMERS (AMONGST THOSE AWARE OF BANK SUPPORT)



SUPPORT FROM THE BANKS BY BUSINESS SIZE

Very positive to report that support amongst micro businesses with less than 5 employees continues to grow.

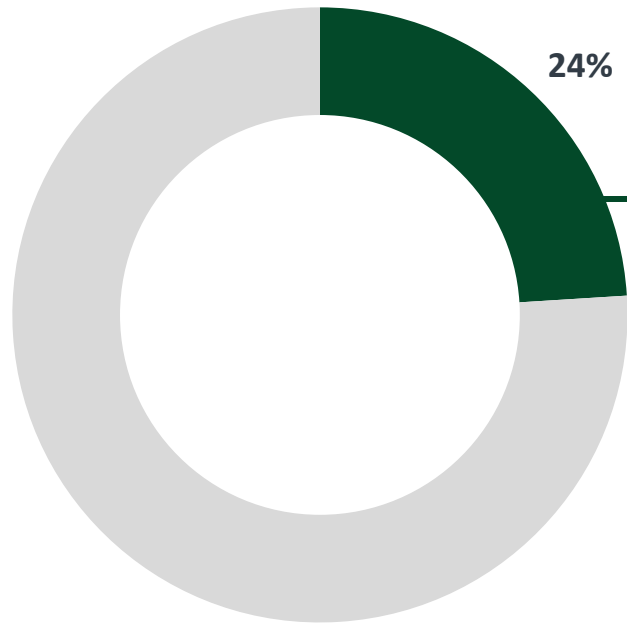
PERCEPTIONS OF SUPPORT PROVIDED BY THE BANKS TO BUSINESS CUSTOMERS (AMONGST THOSE AWARE OF BANK SUPPORT)



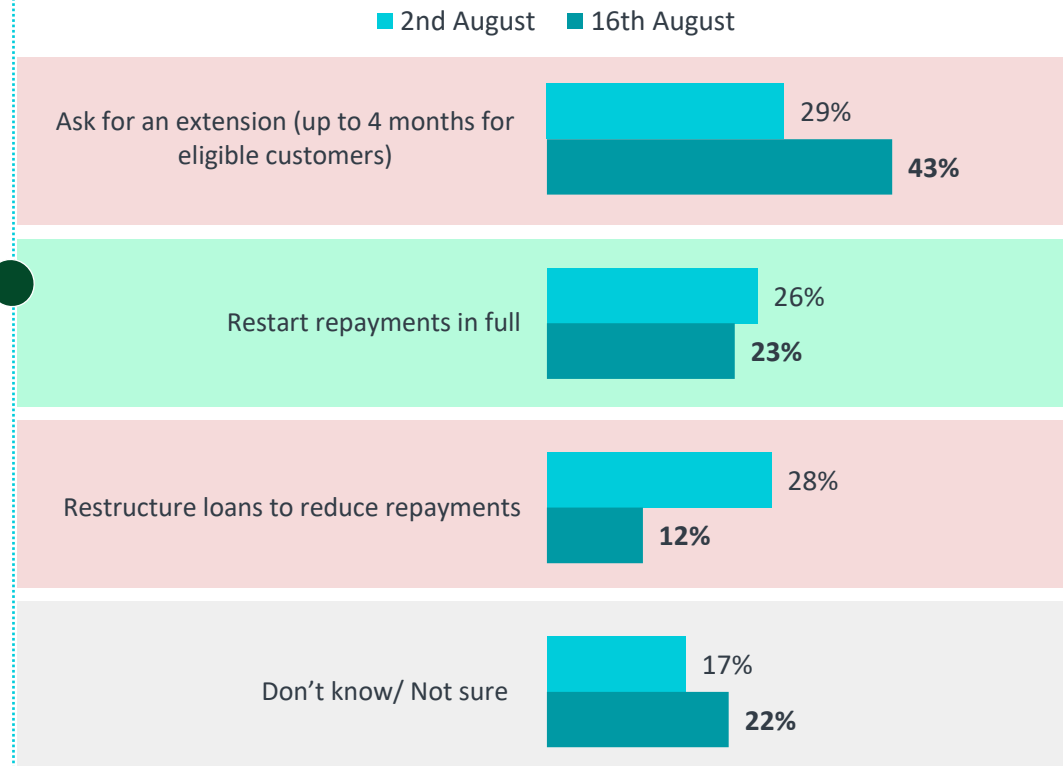
LOAN DEFERRAL

Concerning that one quarter of SMEs have deferred loans, with the majority unable to restart repayments at the conclusion of their six-month deferral agreement.

GOVERNMENT STIMULUS AND SUPPORT MEASURES CURRENTLY USED BY THE BUSINESS: LOAN DEFERRAL



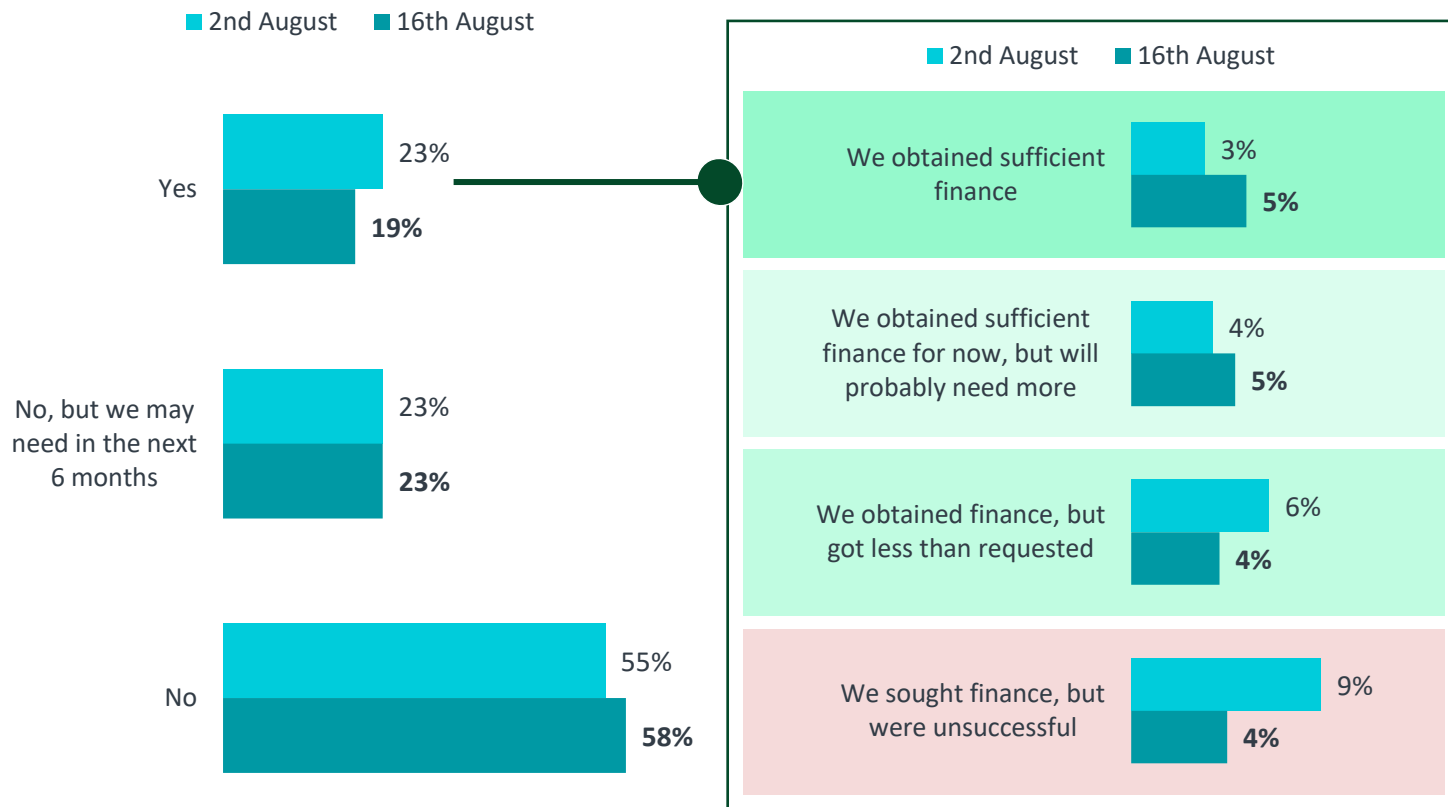
WHAT WILL YOU DO AT THE END OF YOUR LOAN DEFERRAL PERIOD? (AMONGST THOSE UTILISING LOAN DEFERRAL)



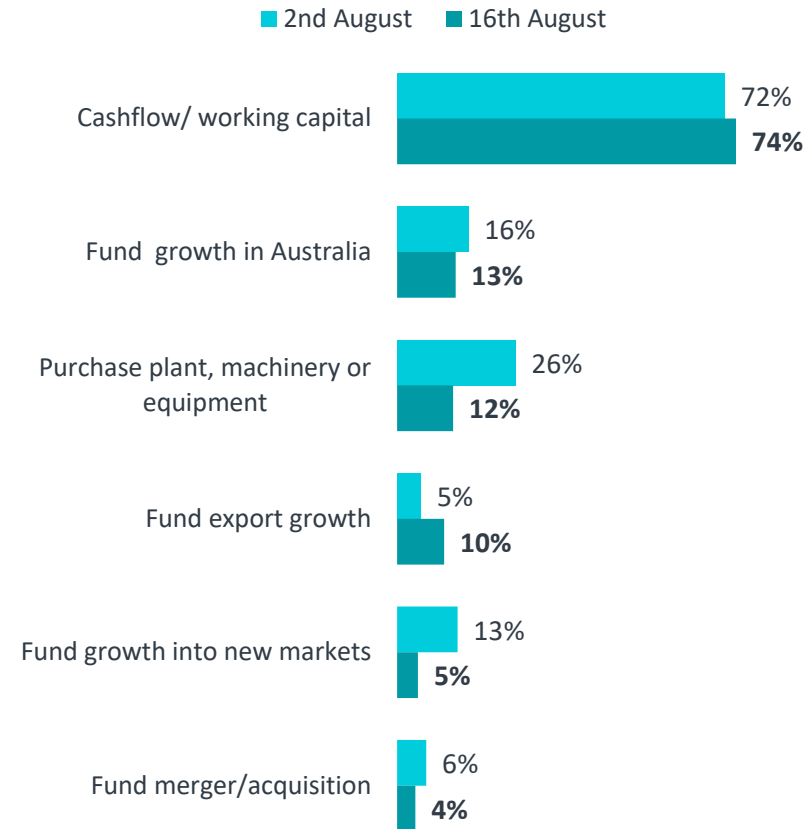
ADDITIONAL FINANCE

Many SME are also needing additional finance for working capital and this is likely to continue for at least 6 months.

HAVE YOU REQUIRED ANY ADDITIONAL FINANCE SINCE THE ONSET OF THE COVID-19 CRISIS?



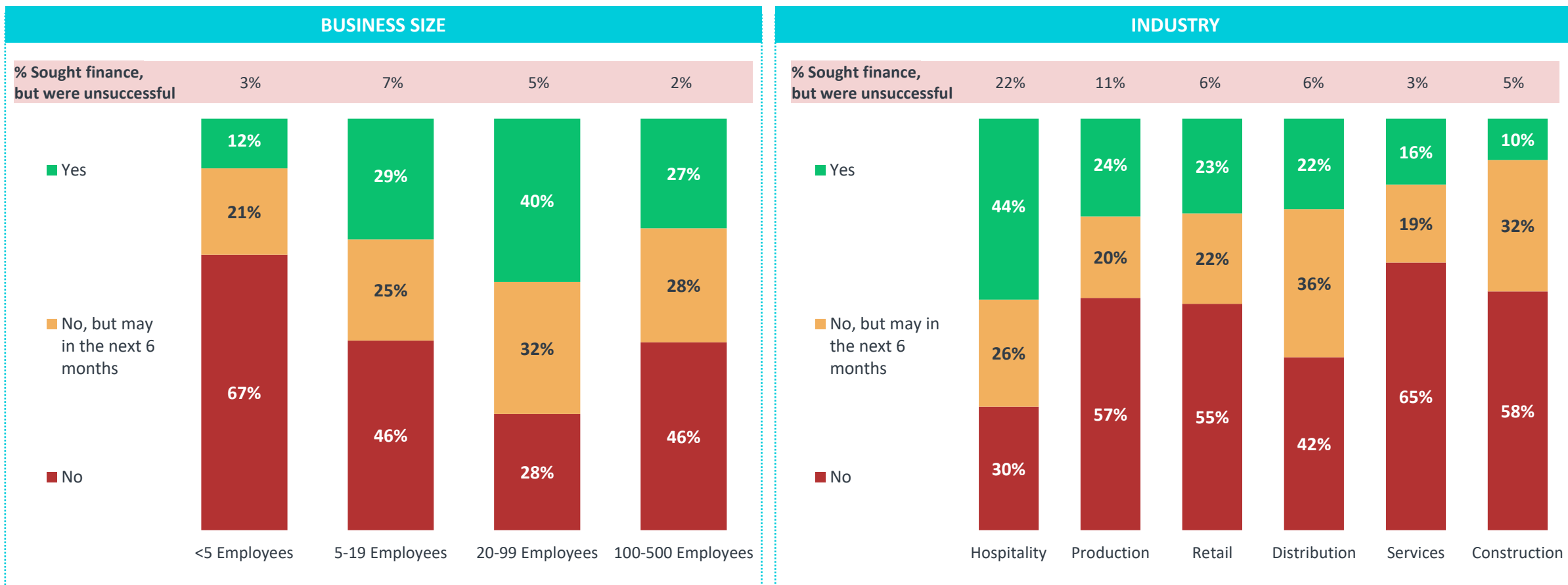
AND WHAT IS THE PURPOSE OF THIS FINANCE?



ADDITIONAL FINANCE

SMEs with 20-99 employees and those in the hospitality sector are more likely to have needed additional finance during the pandemic.

HAVE YOU REQUIRED ANY ADDITIONAL FINANCE SINCE THE ONSET OF THE COVID-19 CRISIS?

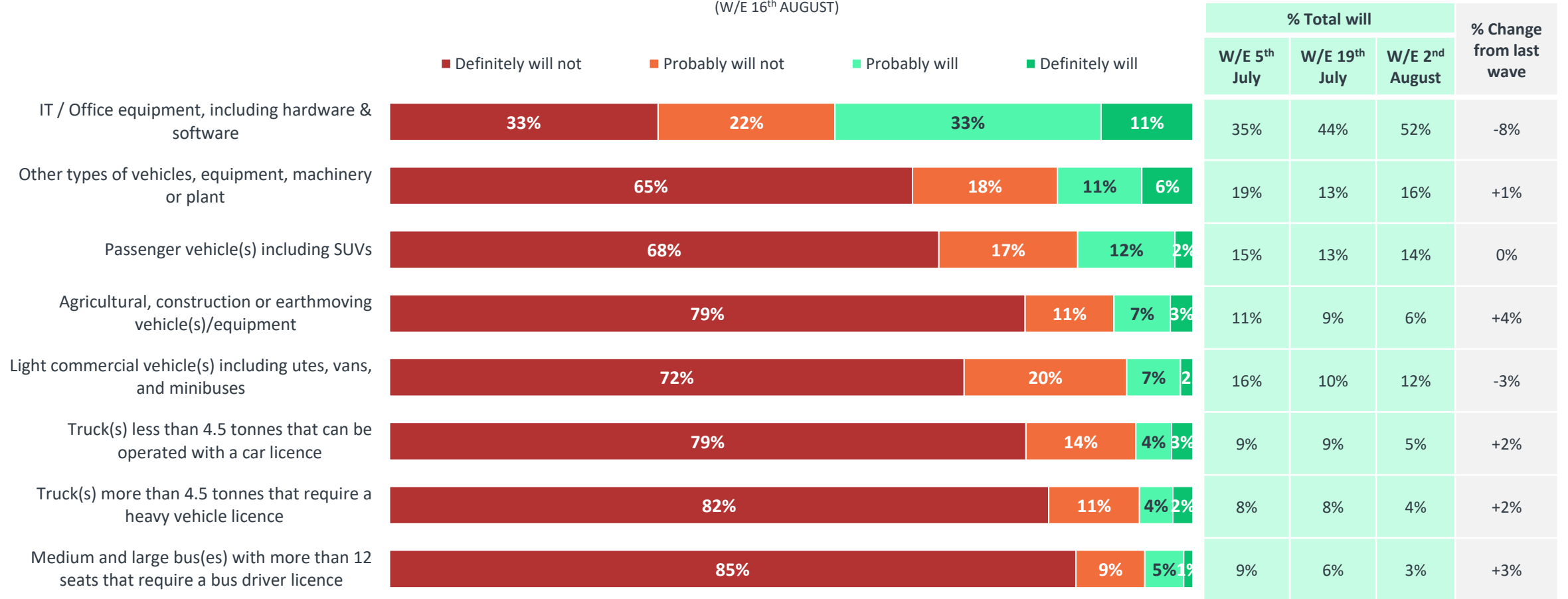


ACQUISITION OF ASSETS

Most SMEs remain sluggish when it comes to purchasing assets, but slightly more positive data across a few equipment and vehicle categories.

WHICH OF THE FOLLOWING WILL YOU PURCHASE FOR YOUR BUSINESS OVER THE NEXT 3 MONTHS?

(W/E 16th AUGUST)



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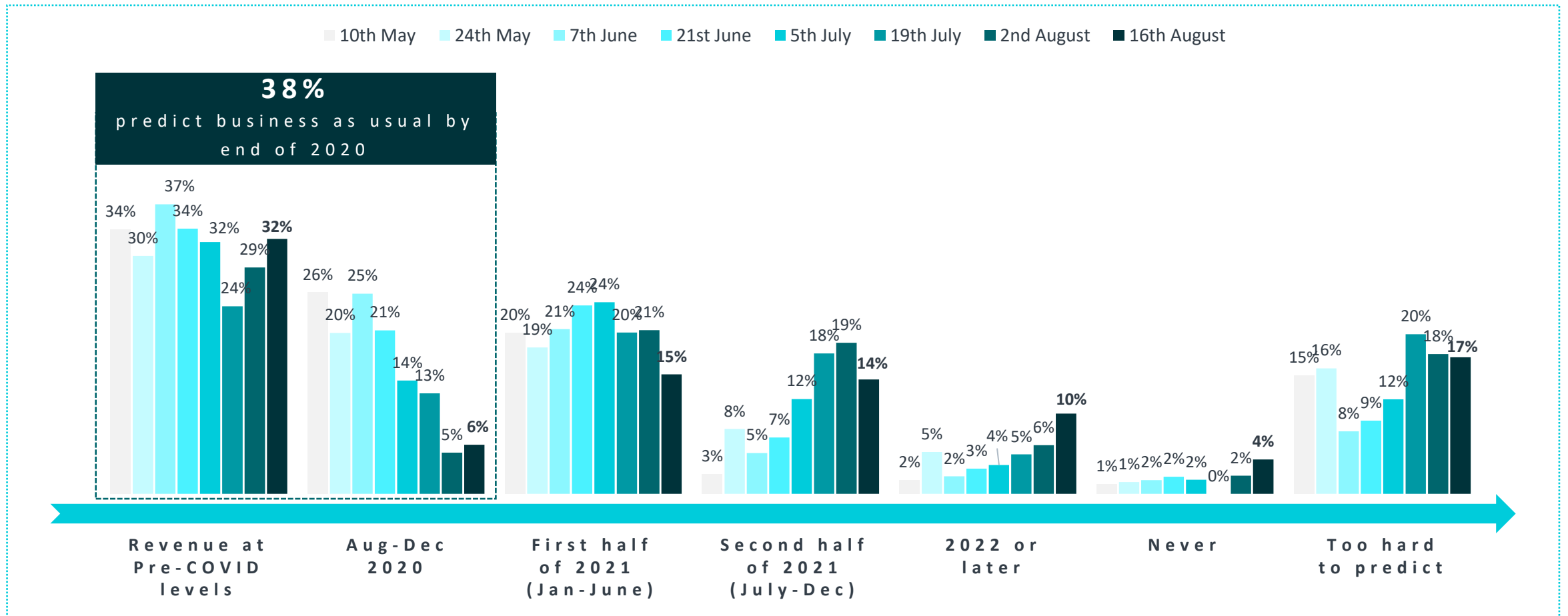
3 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

4 SURVIVAL

REVENUE RETURNING TO PRE-COVID LEVELS

Positive to report an upward trend in the proportion of SMEs that have returned to pre-COVID revenue in the last month.

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



REVENUE RETURNING TO PRE-COVID LEVELS

Those in the production and retail sectors are most likely to be experiencing recovering revenues.

BUSINESS REVENUE ALREADY AT PRE-COVID-19 LEVELS:

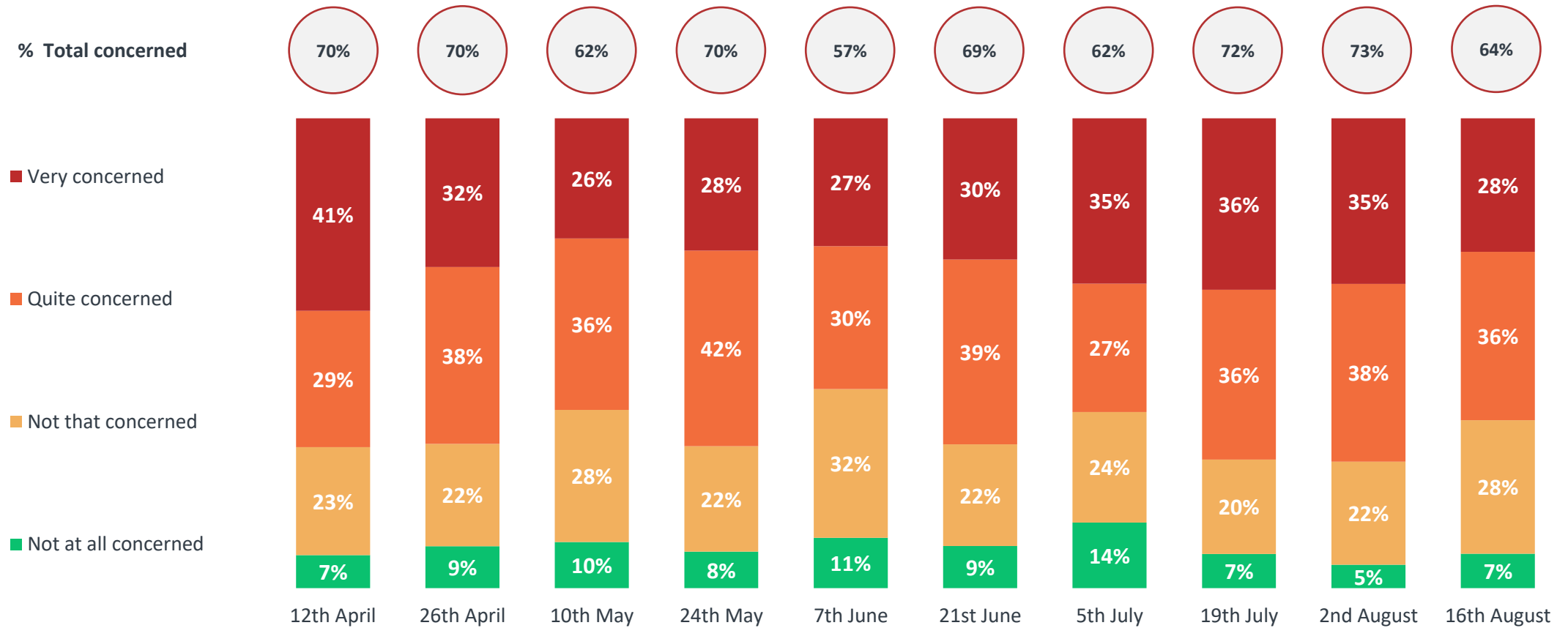
W/E 16th AUGUST



LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

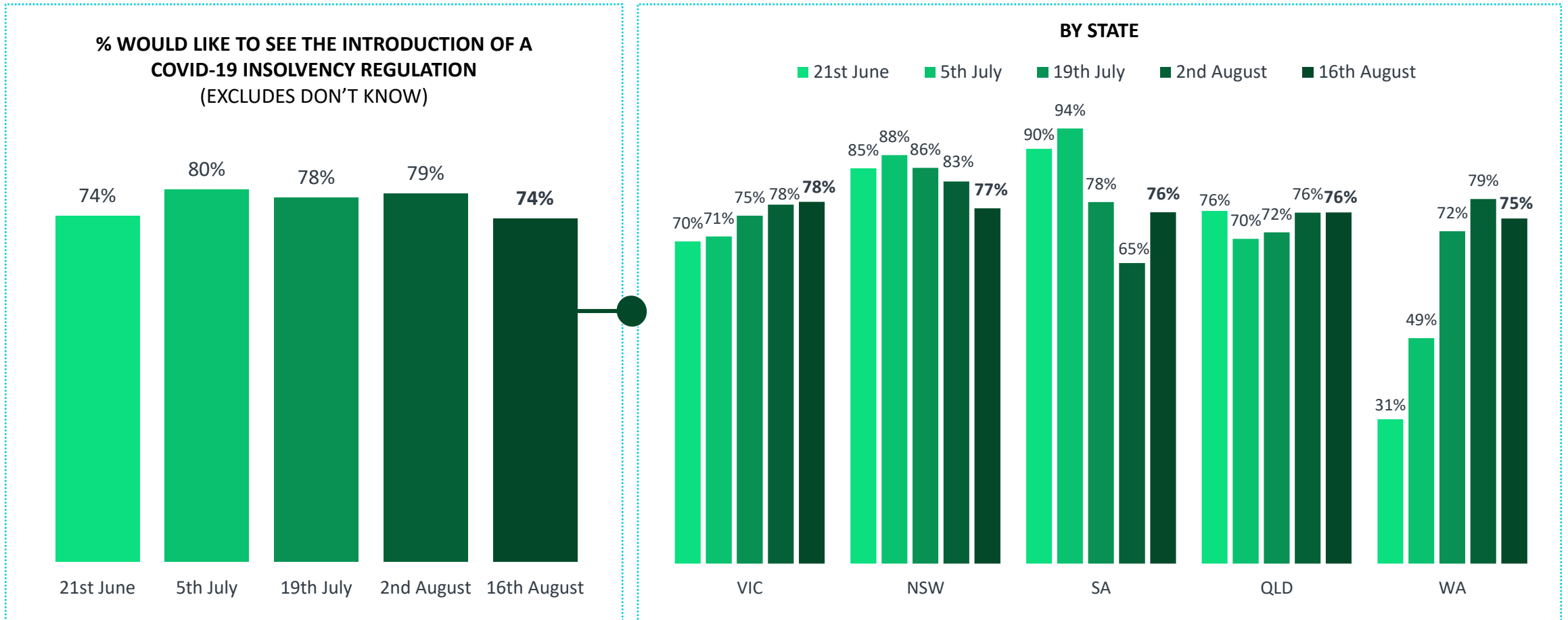
Despite the heightened concern regarding the new outbreaks, concerns about survival have started to decline in line with slight improvements in revenue.

HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



Despite a slight drop, SMEs continue to support a COVID-19 insolvency regulation to protect businesses from bankruptcy until conditions and revenues recover.

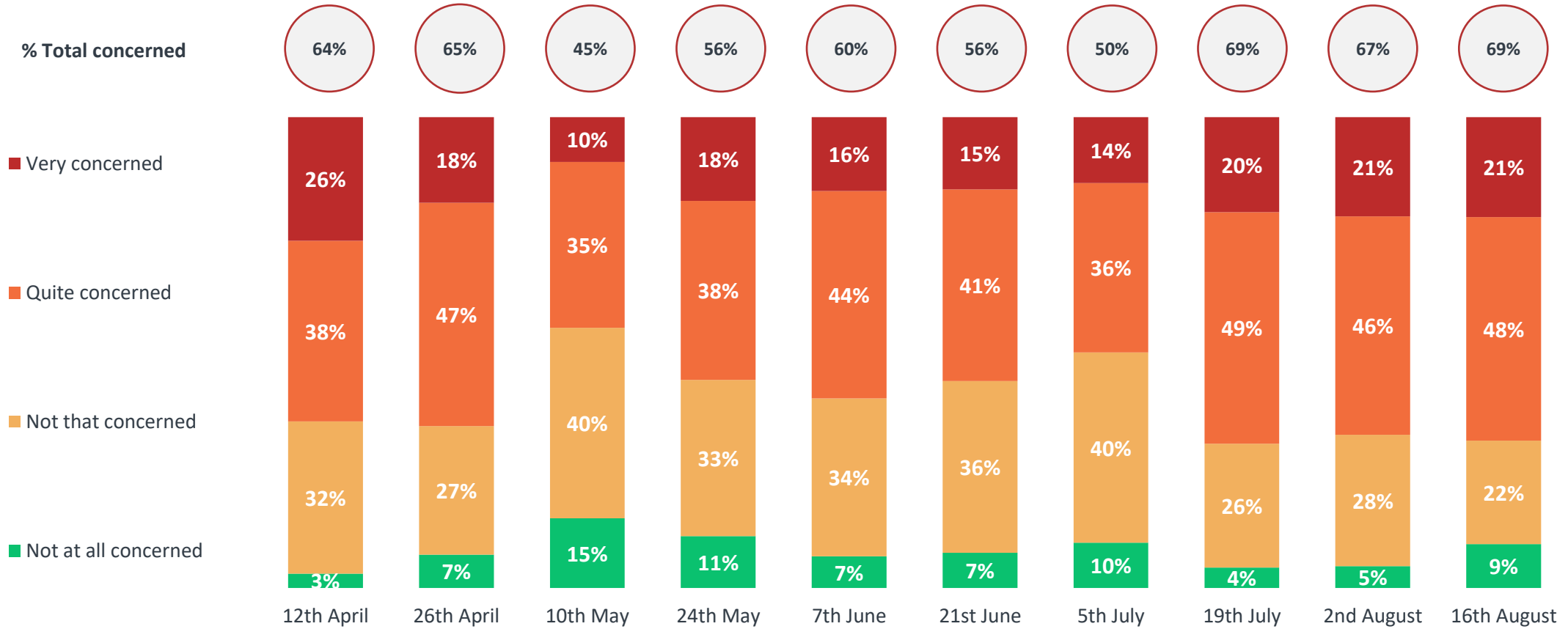
WOULD YOU LIKE TO SEE THE INTRODUCTION OF A COVID-19 INSOLVENCY REGULATION TO PROTECT YOUR BUSINESS FROM BANKRUPTCY UNTIL BUSINESS CONDITIONS AND REVENUES RECOVER?



LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

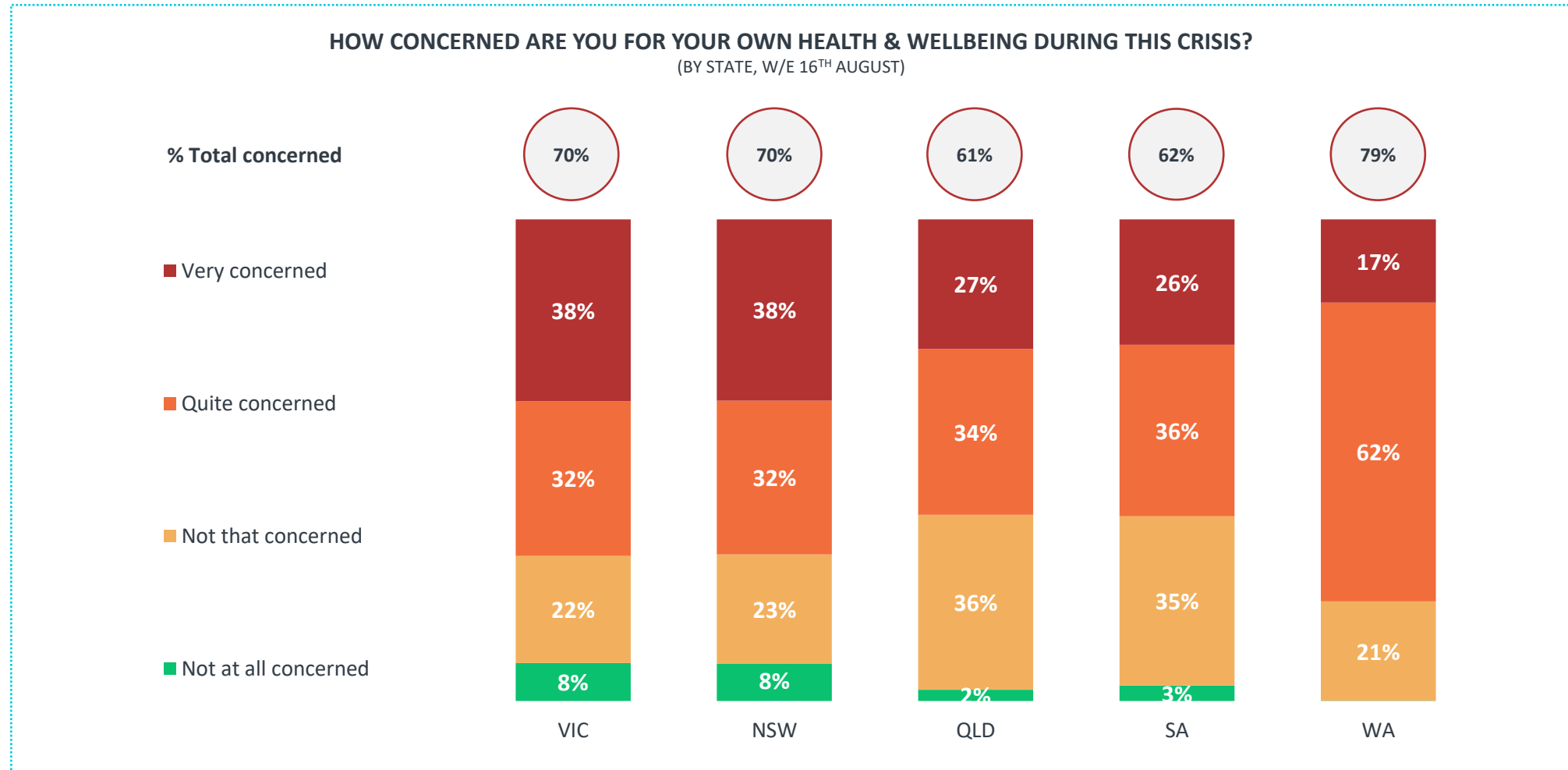
Concerns about health and wellbeing remain at very high levels.

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



LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

Very worrying that nearly 40% of decision makers in VIC and NSW are very concerned about their health and wellbeing.

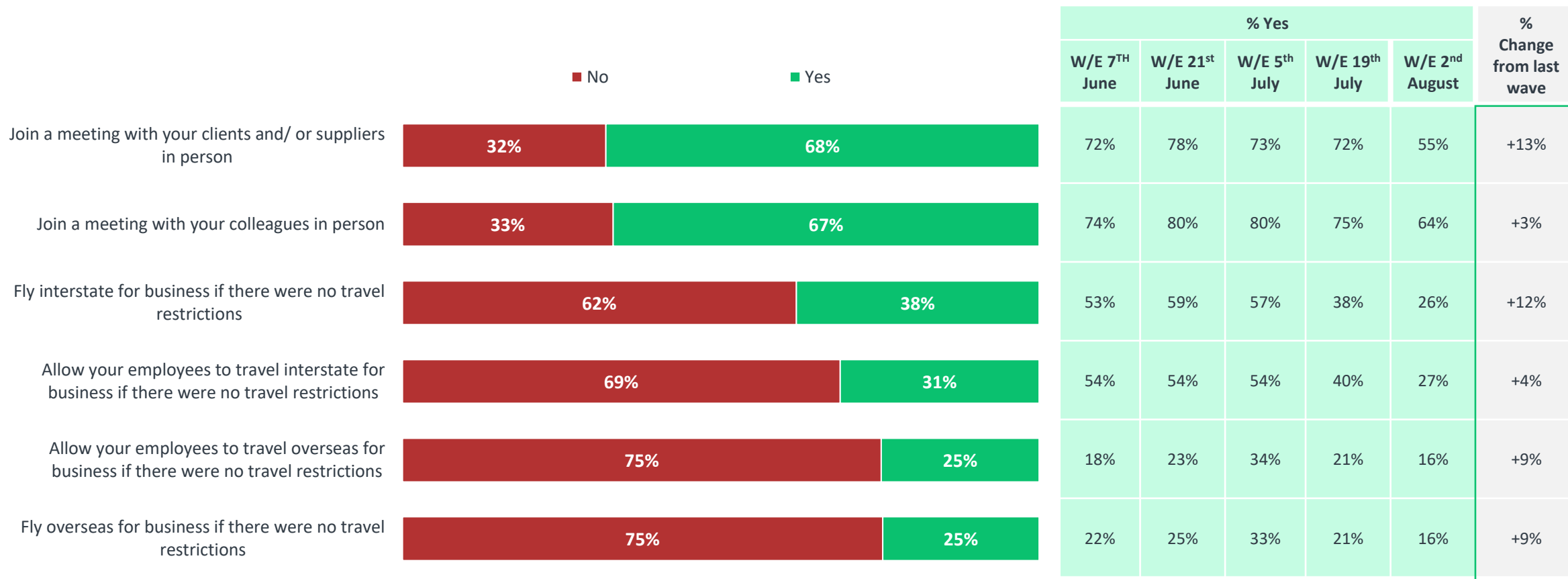


BUSINESS CHALLENGES

Despite the concerns about personal health and wellbeing we have seen a strong rebound in relation to the level of comfort with taking in-person meetings and business travel.

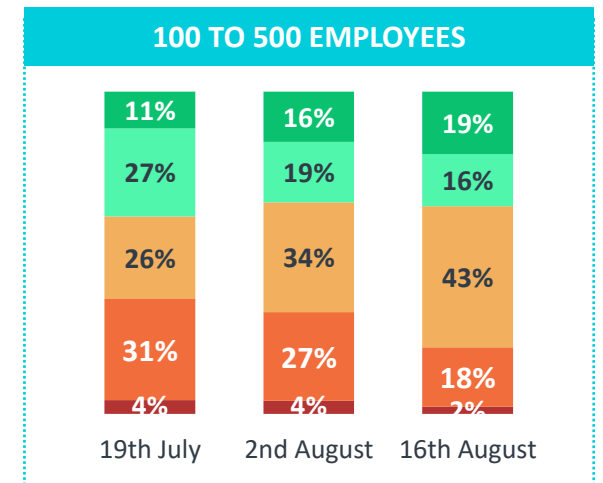
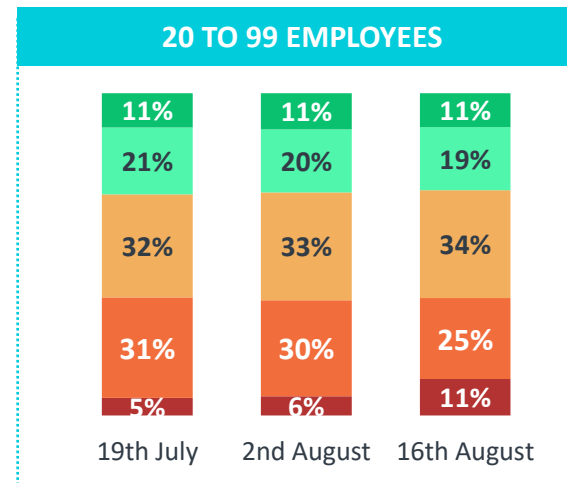
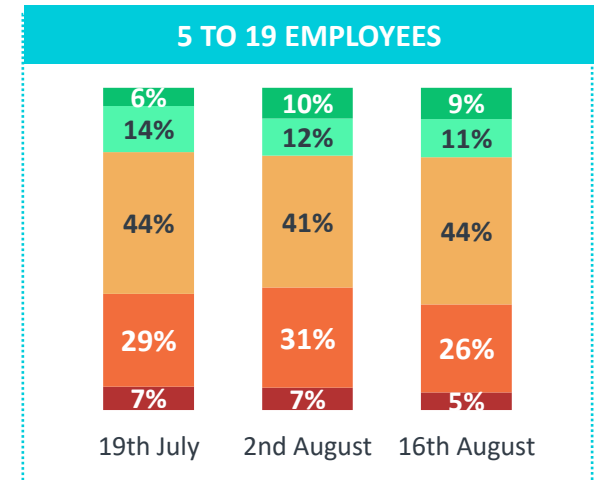
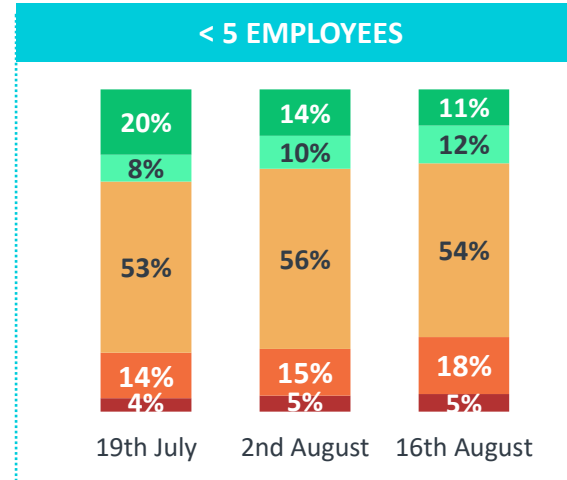
WOULD YOU BE COMFORTABLE DOING THE FOLLOWING ACTIVITIES IN THE CURRENT ENVIRONMENT?

(W/E 16th AUGUST)



PRODUCTIVITY OF TEAM MEMBERS WORKING FROM HOME

Also positive to report a slight uplift in productivity of those working from home, especially amongst the larger SMEs.



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

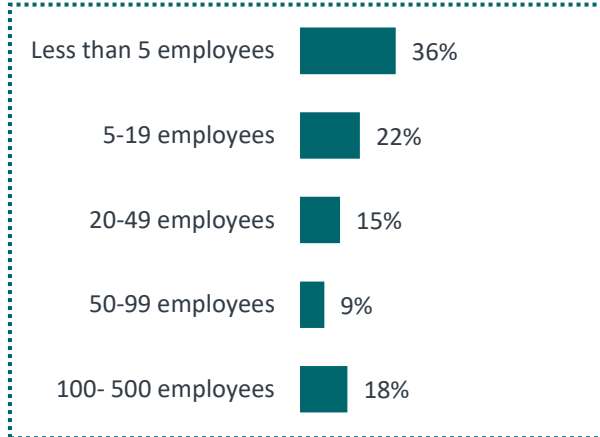


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

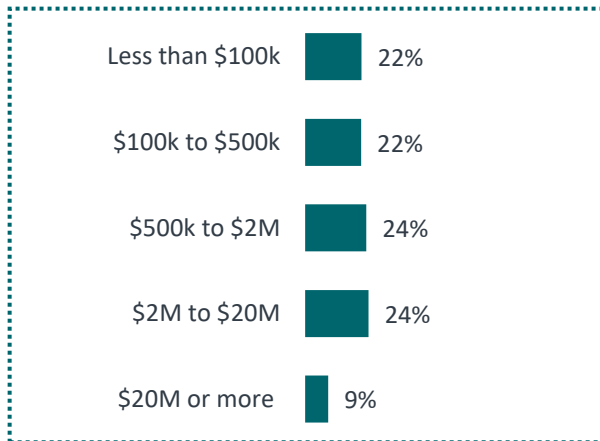
OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

SIZE OF BUSINESS: EMPLOYEES

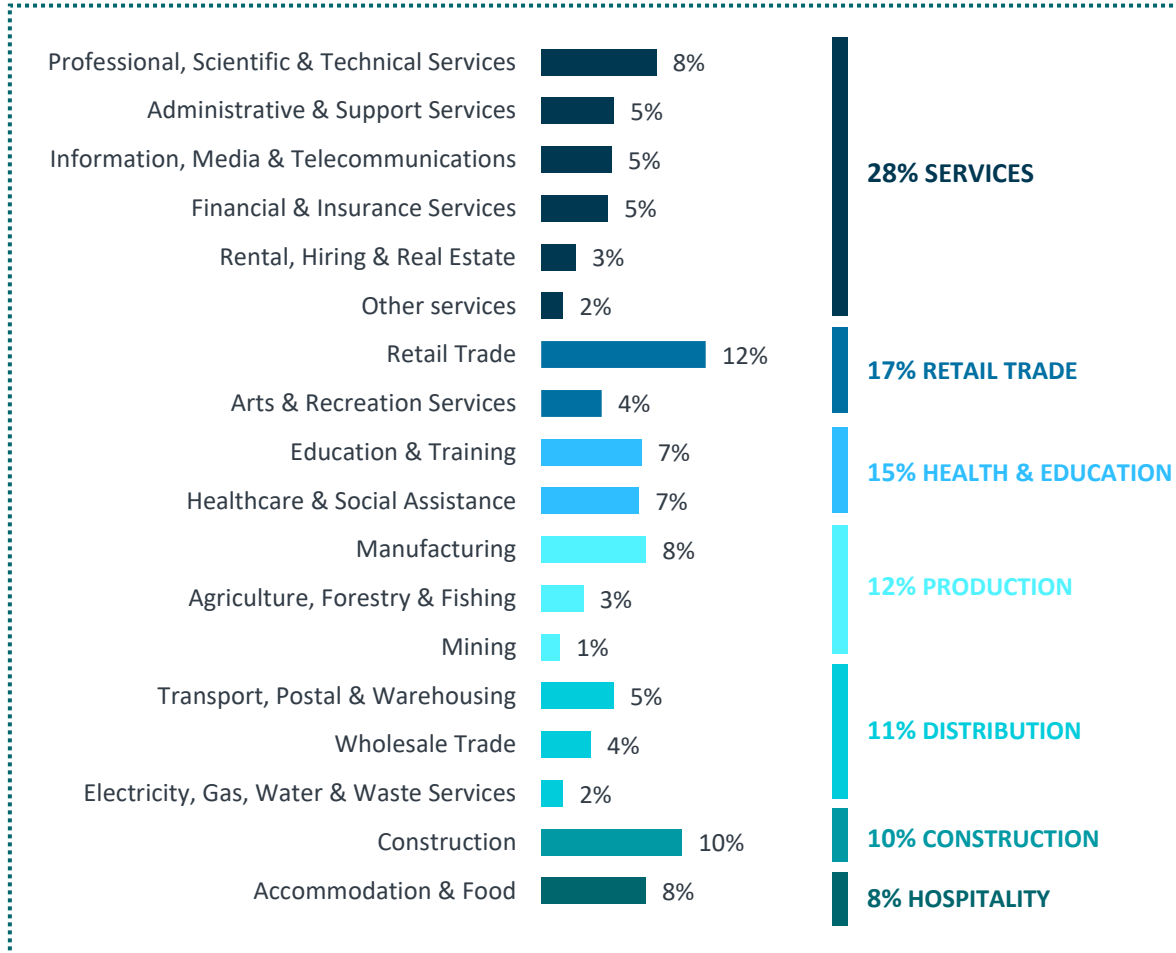


SIZE OF BUSINESS: TURNOVER



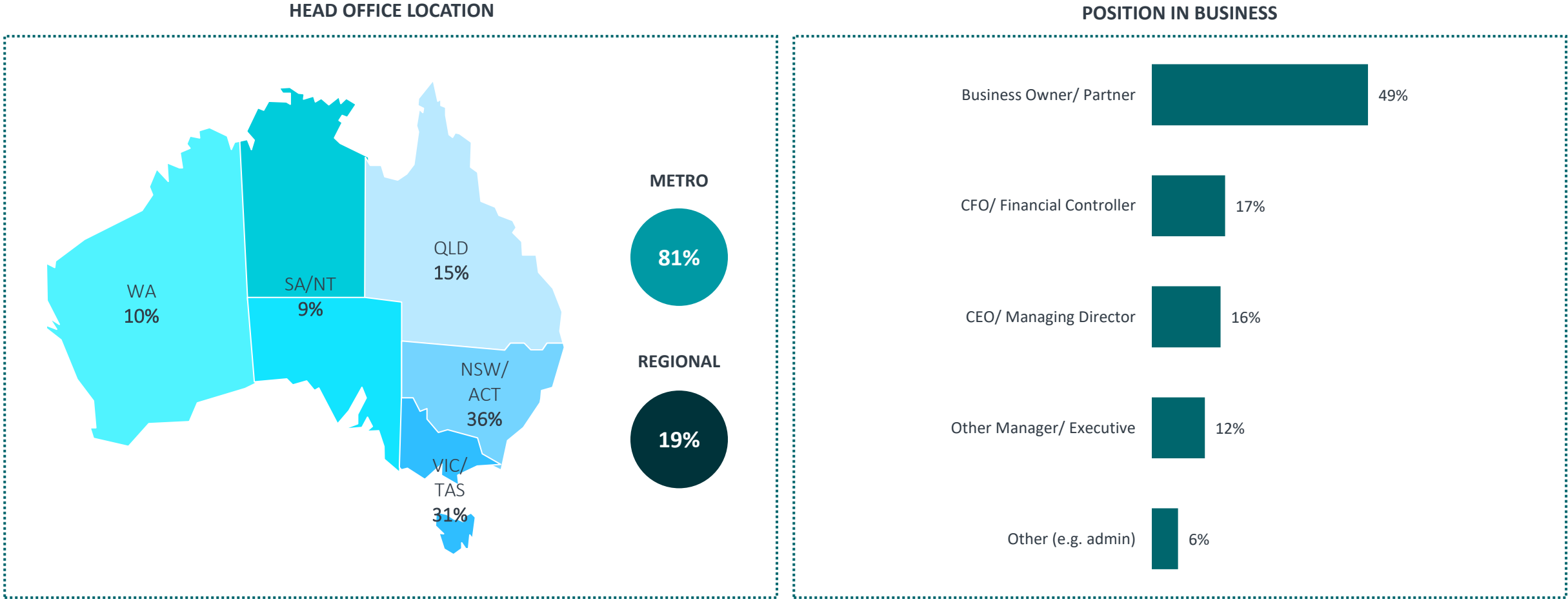
NOTE: CHARTS SHOW UNWEIGHTED DATA

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

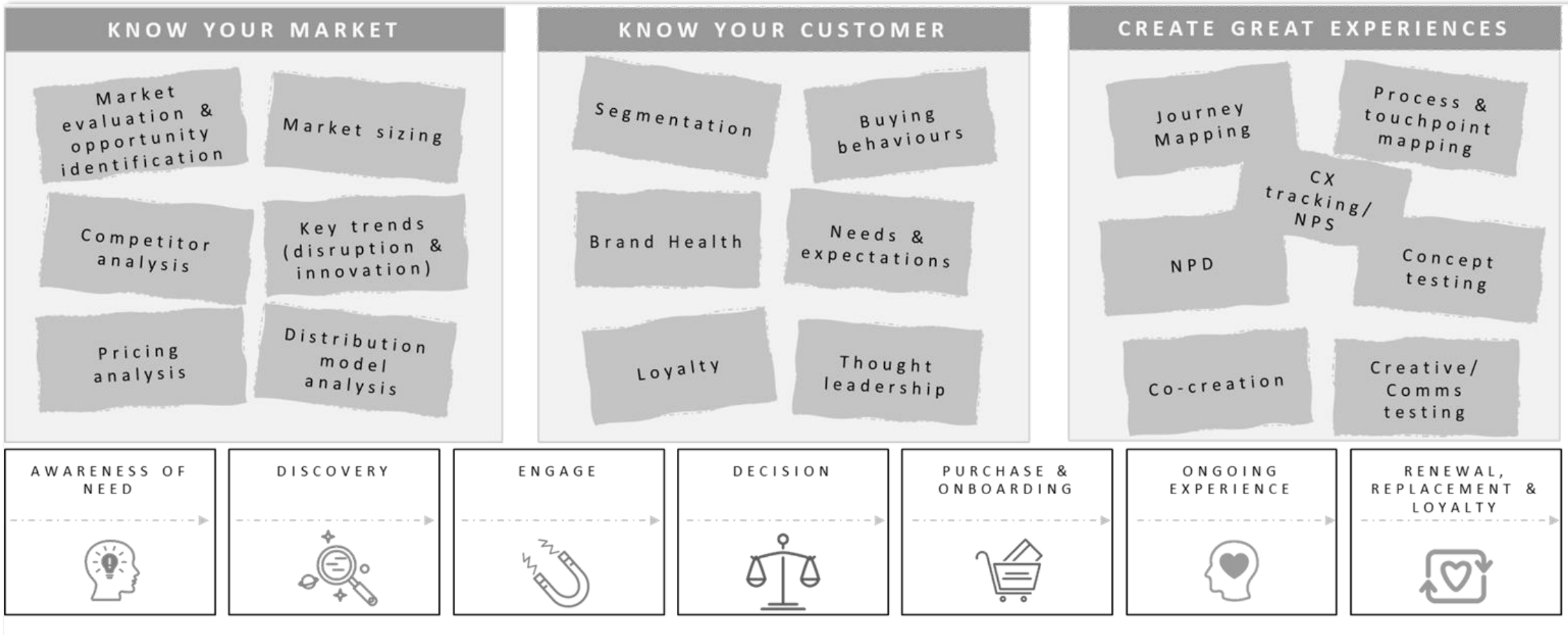
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

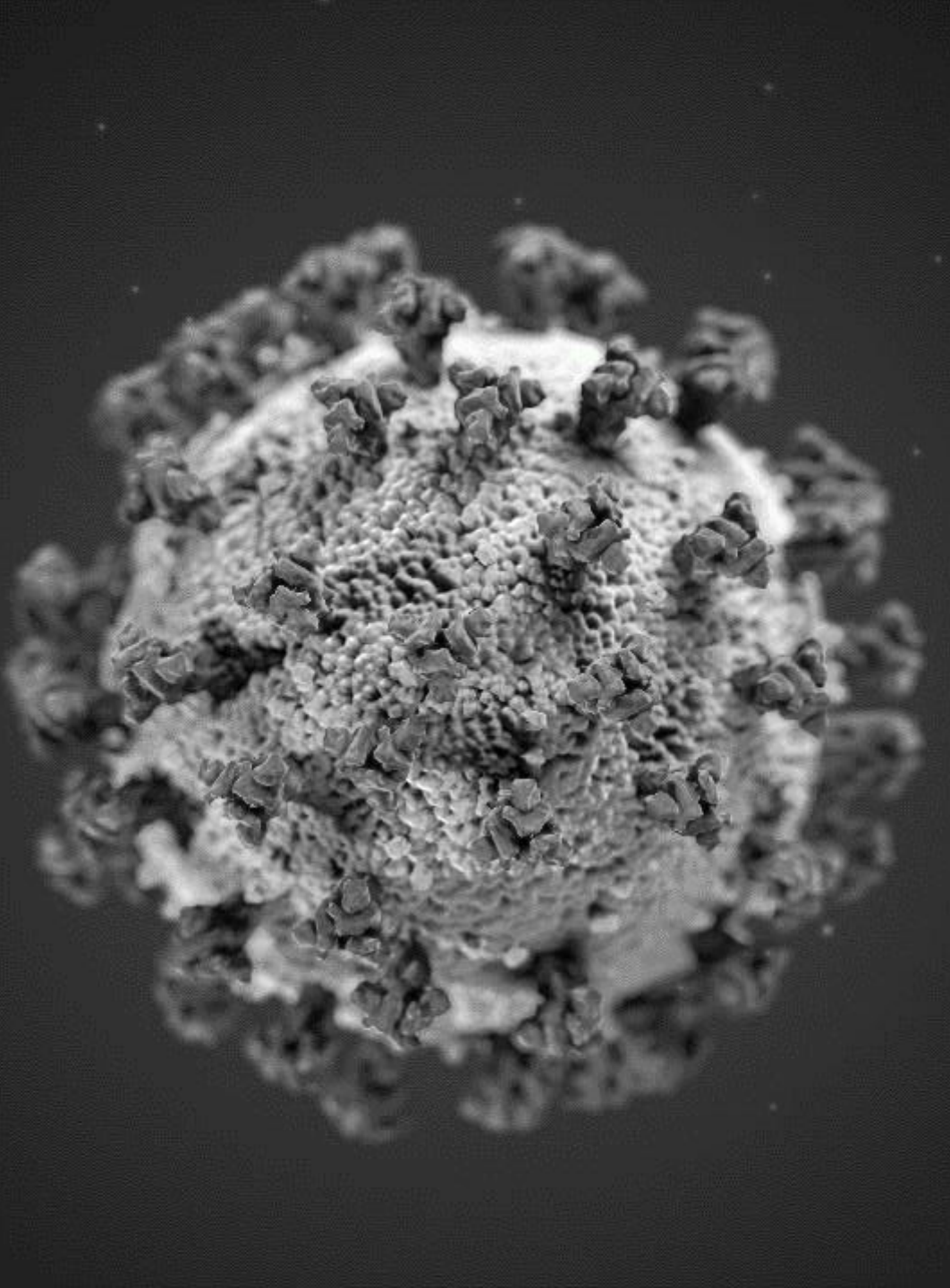
TO DELIVER
ACTIONABLE
RECOMMENDATIONS
AND ADVICE

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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