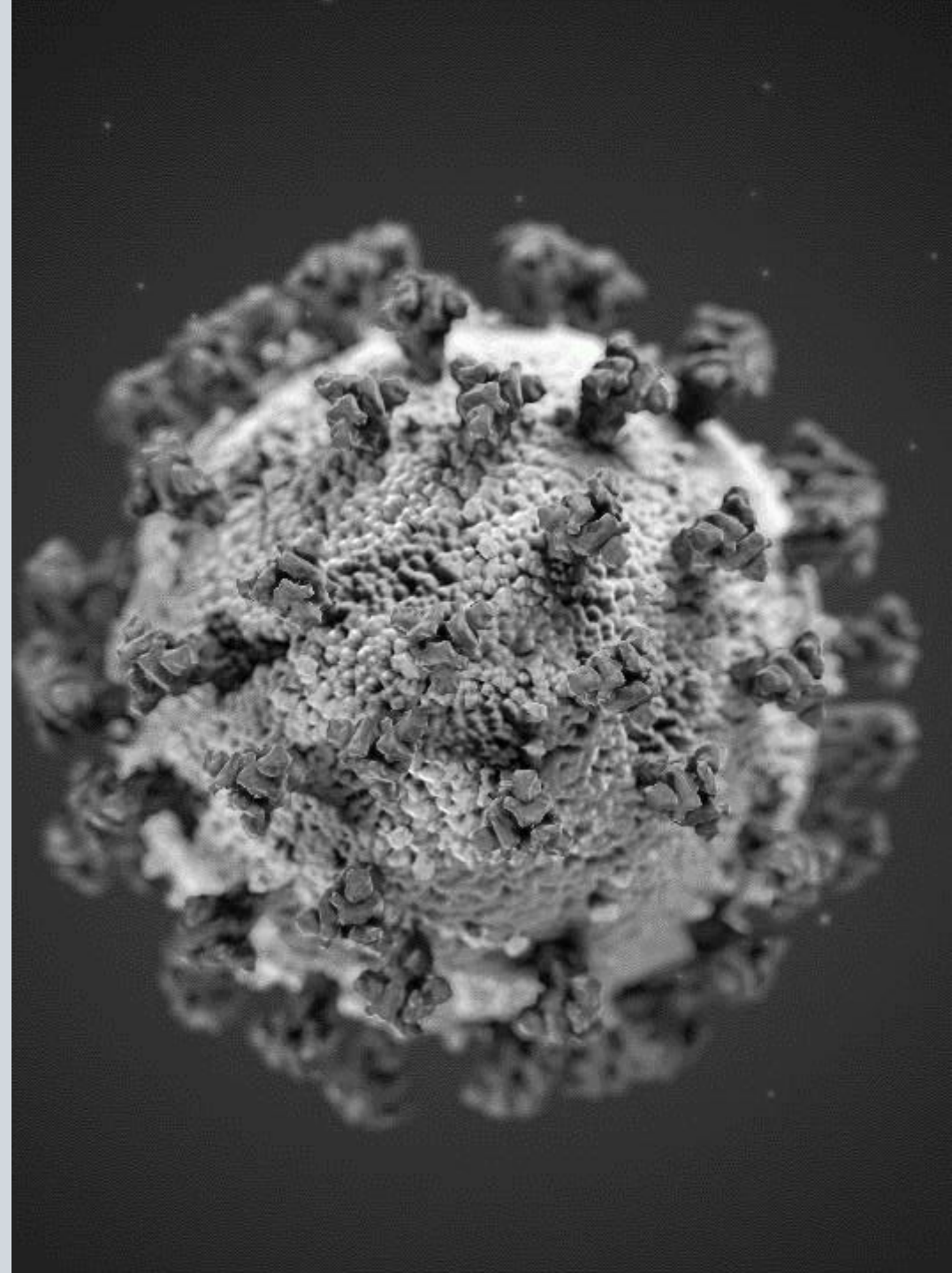


COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 16 –

9th September 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.

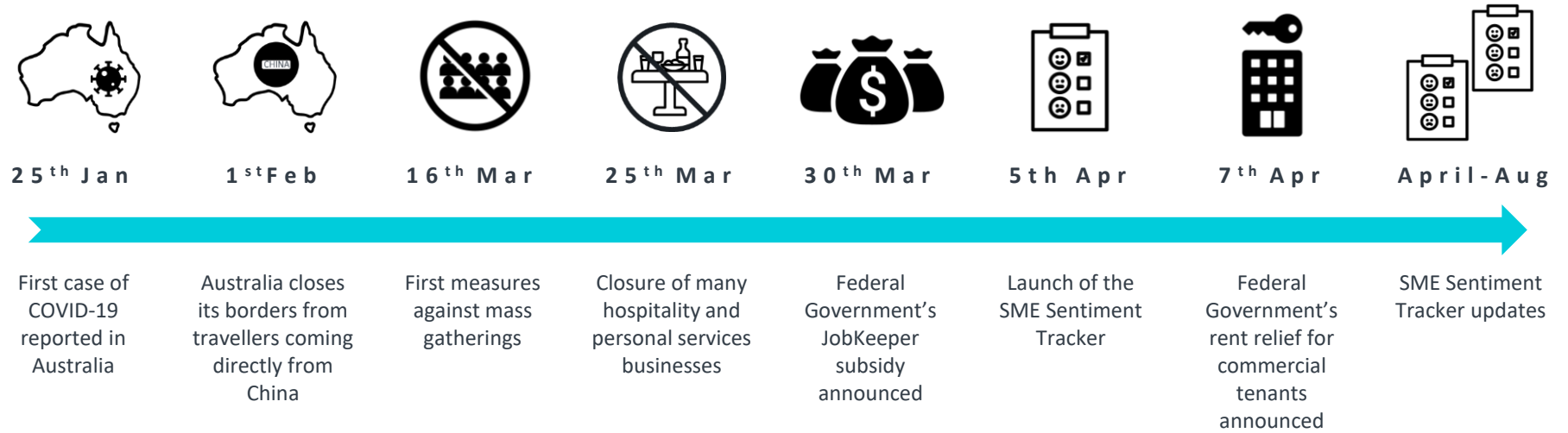
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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	WAVE 16 30/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	25,670
DAILY NEW CASES	200	10	26	15	20	14	17	3	10	5	25	87	361	641	253	123
CURRENTLY INFECTED	4,633	2,916	2,311	1,258	889	674	580	504	479	455	463	946	3,407	7,295	8,812	3,943

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



45% of SMEs have lost more than 30% of their revenue due to the pandemic. This is a decrease from 57% in July



23% expecting revenues to increase over the next 4 weeks



25% of Victorian SMEs are extremely dissatisfied with the State Government response



58% are concerned about business survival. This is the lowest level since June.

Despite the ongoing issues associated with suppressing the pandemic, it is positive to report the proportion of SMEs with more than 30% revenue declines has reduced from 57% in July to 45% now. This is the lowest level since the inception of the research. Short term revenue expectations are also on the rise with 23% of SMEs predicting higher revenues over the next 4 weeks. Only 21% are expecting revenues to fall which is a drop of 7%, from 28% in the last wave.

Accordingly, the number of businesses using the JobKeeper program in October is predicted to decline. 19% of those currently using the program now claim they will no longer be eligible in October. This is an increase of 5%, up from 14% last month. This is good news for the Government as funds can be redirected to other areas of the economy that require support.

In line with more positive revenue expectations, the proportion of SMEs very concerned about business survival has fallen to 26% compared to 36% in mid July. Consequently, the proportion of SME decision makers very concerned about their own health and wellbeing has declined to 16% from 21% in the previous wave.

With a more optimistic outlook, it is not surprising that support for the Federal Government has also jumped, with 69% of SMEs now satisfied compared to 61% in early August. However, support for the State Government in Victoria continues to sink, with 25% of SMEs now extremely dissatisfied with their management of the pandemic.

A couple of other areas of negativity can be reported this week.

- More than two thirds of SMEs needing finance during the pandemic have been unsuccessful or not obtained the required amount.
- 35% of SMEs report lower levels of productivity from employees working from home, especially amongst businesses with 5-19 employees.
- 54% (up from 47% last wave) of SMEs expect salary increases to be impacted for at least 12 months.

In summary, the level of optimism this week is greater than expected. SMEs are demonstrating a high level of resilience despite the ongoing challenges of the pandemic. While most SMEs recognise the impact on Global and Australian economies will be long term, we are seeing signs that revenues and confidence are slowly improving. Of course, these trends could easily reverse once stimulus and support measures begin to be wound back, but hopefully the run into Christmas will support further optimism for 2021.

CONTENT

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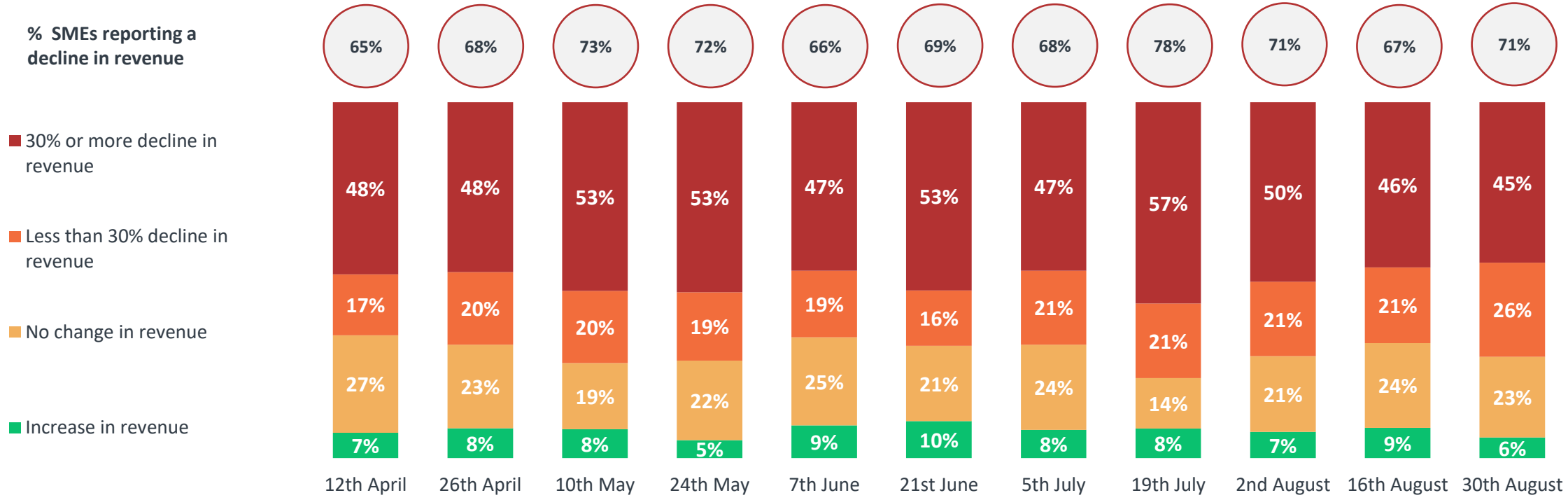
3 WORKING FROM HOME

4 SURVIVAL

DECLINE IN REVENUE DUE TO COVID-19

Revenues declines back over 70%, but positive to report the proportion with more than 30% declines continuing to reduce and now at the lowest levels since the inception of the research.

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



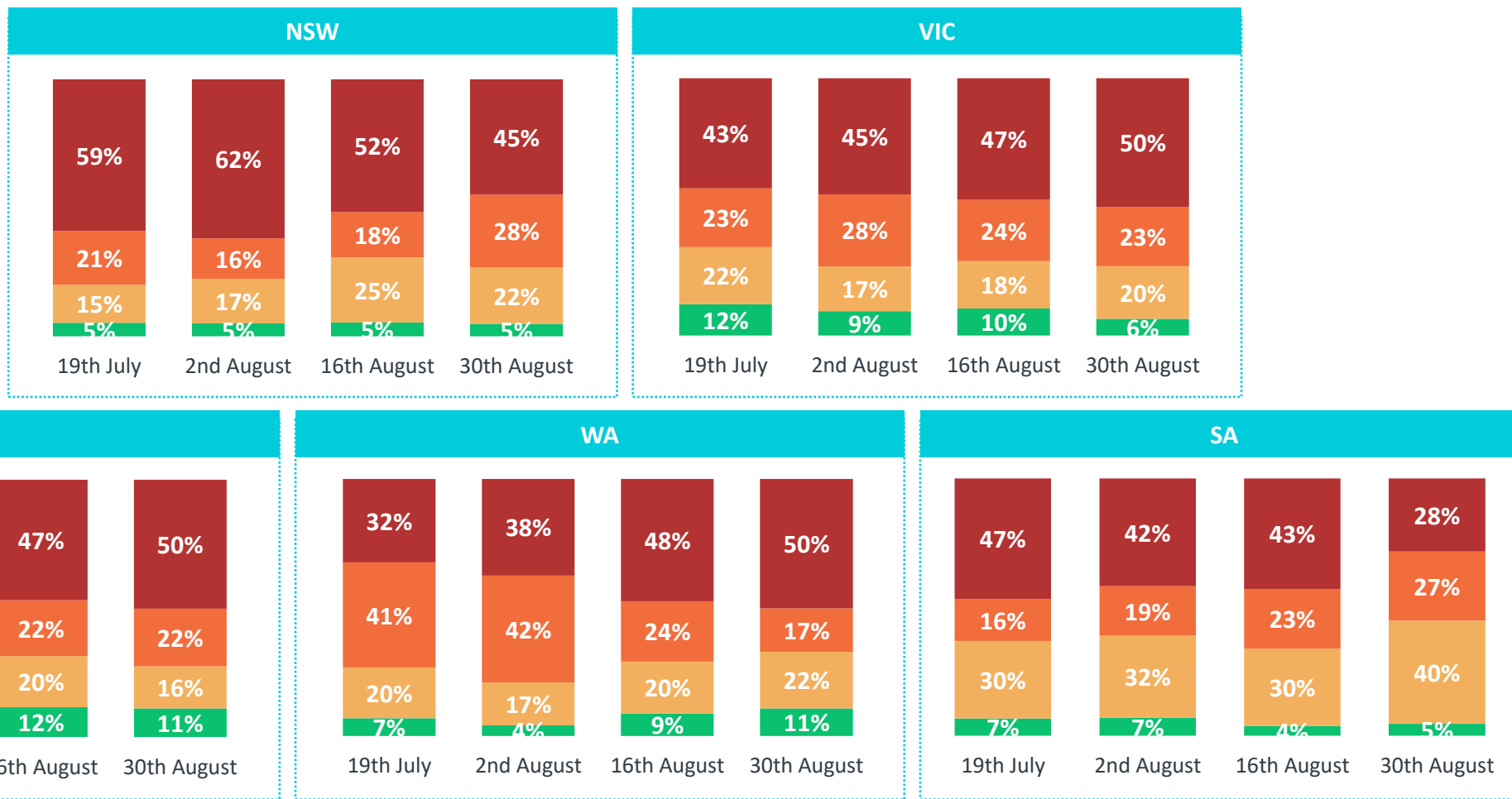
Mean % Change in revenue (all SMEs)	-34%	-35%	-34%	-32%	-29%	-29%	-31%	-33%	-29%	-30%	-29%
Mean % Change in revenue (amongst those reporting a decline in revenue)	-56%	-54%	-50%	-46%	-48%	-47%	-49%	-46%	-44%	-48%	-43%

DECLINE IN REVENUE DUE TO COVID-19 BY STATE

As a consequence of the second wave, revenue declines in VIC continue to climb, but NSW data continues to look more positive.

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

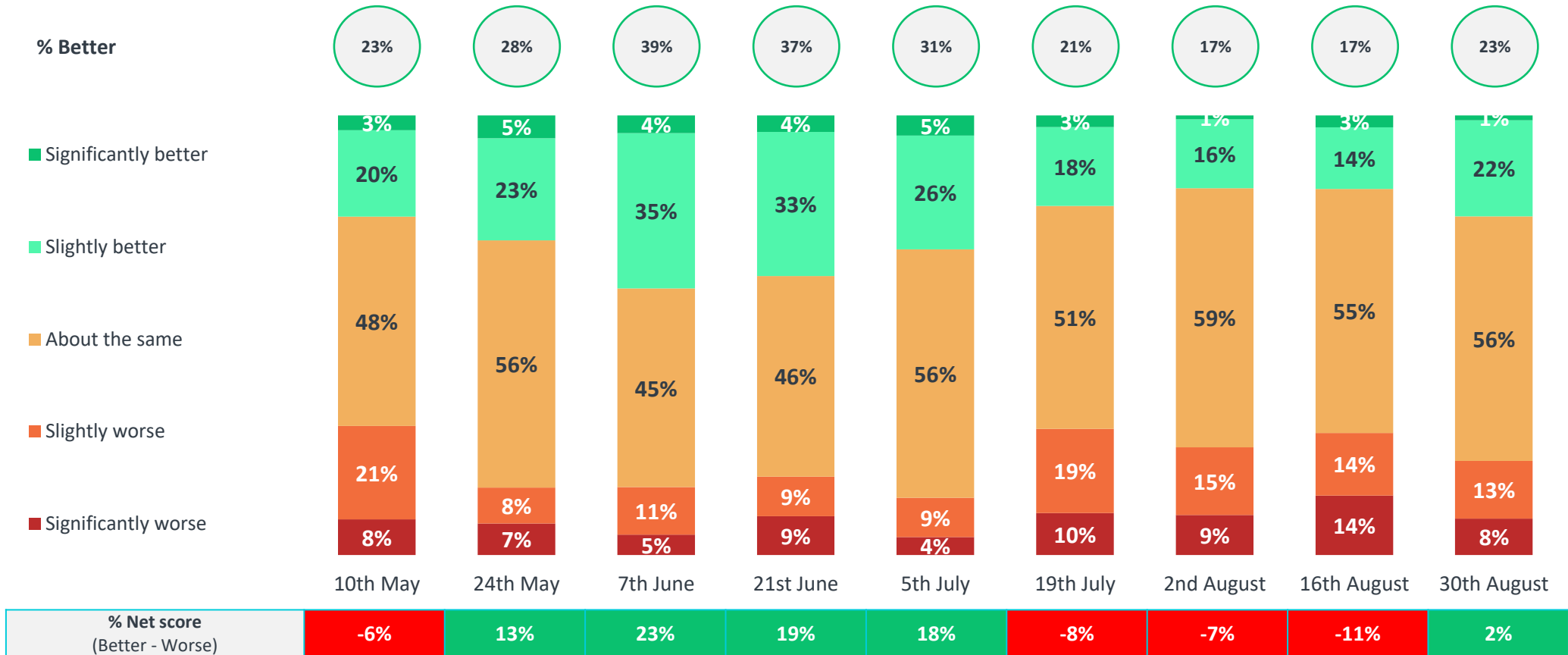
- 30% or more decline in revenue
- Less than 30% decline in revenue
- No change in revenue
- Increase in revenue



FUTURE REVENUE EXPECTATIONS

Looking forward, short term optimism is recovering. Revenue expectations slightly more hopeful with a positive net score for the first time since early July.

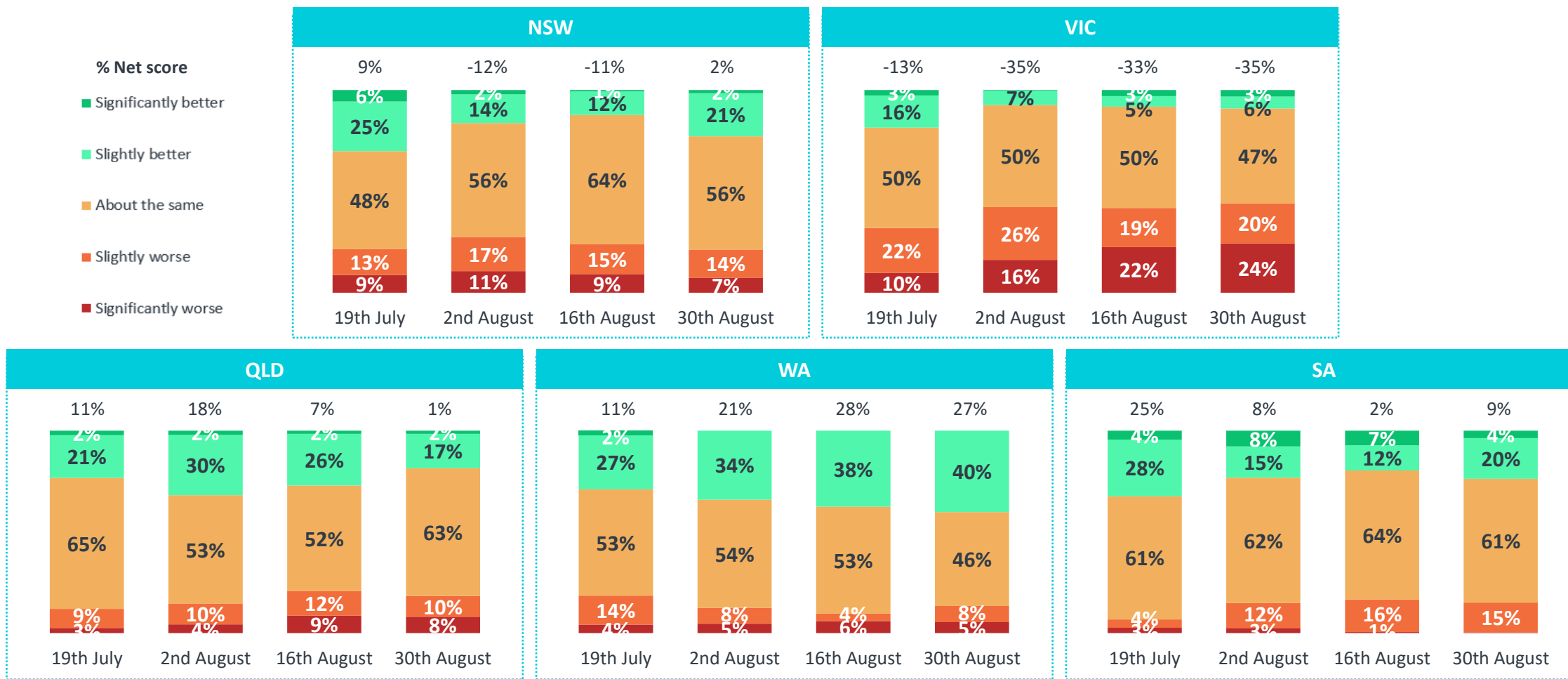
WHERE DO YOU EXPECT YOUR REVENUE TO BE IN 4 WEEKS' TIME, COMPARED TO TODAY?



FUTURE REVENUE EXPECTATIONS BY STATE

Again weaker expectations in VIC is offset by greater optimism in NSW.

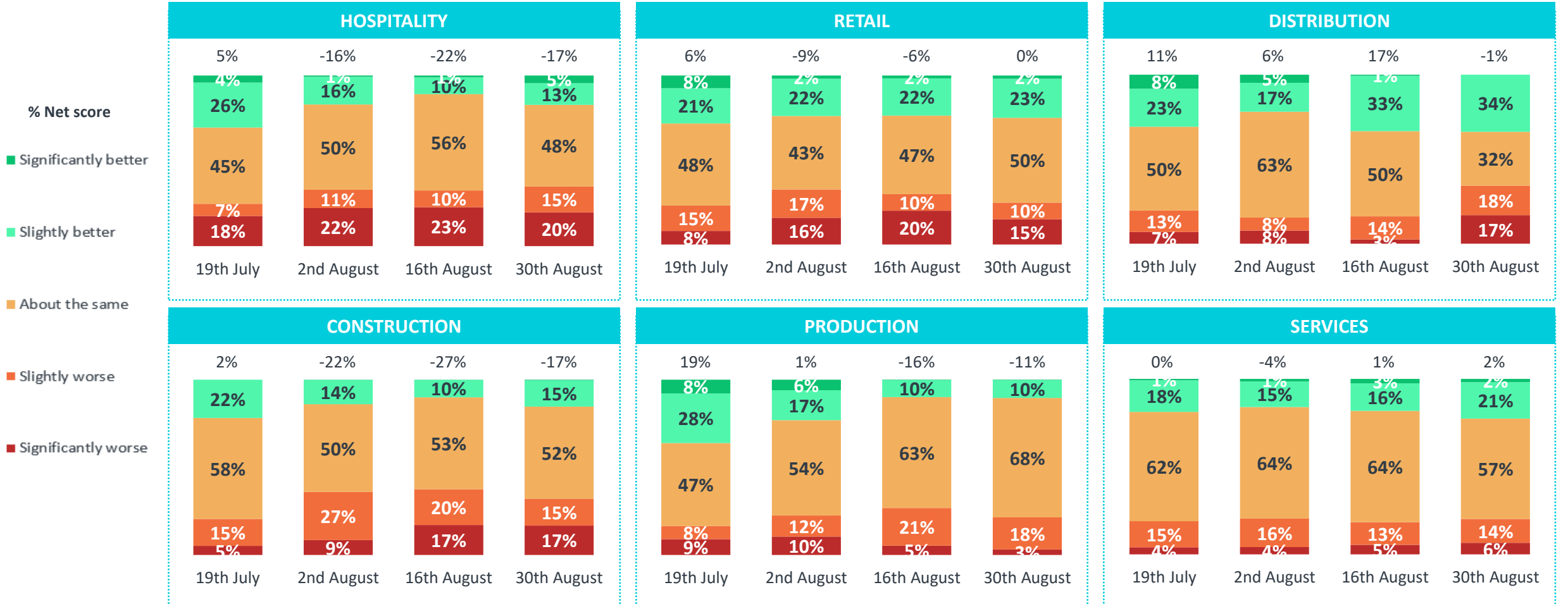
WHERE DO YOU EXPECT YOUR REVENUE TO BE IN 4 WEEKS' TIME, COMPARED TO TODAY?



FUTURE REVENUE EXPECTATIONS BY INDUSTRY

Slight uptick in confidence in all industry sectors, with optimism highest within retail and services. Expectations within the distribution sector are mixed.

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



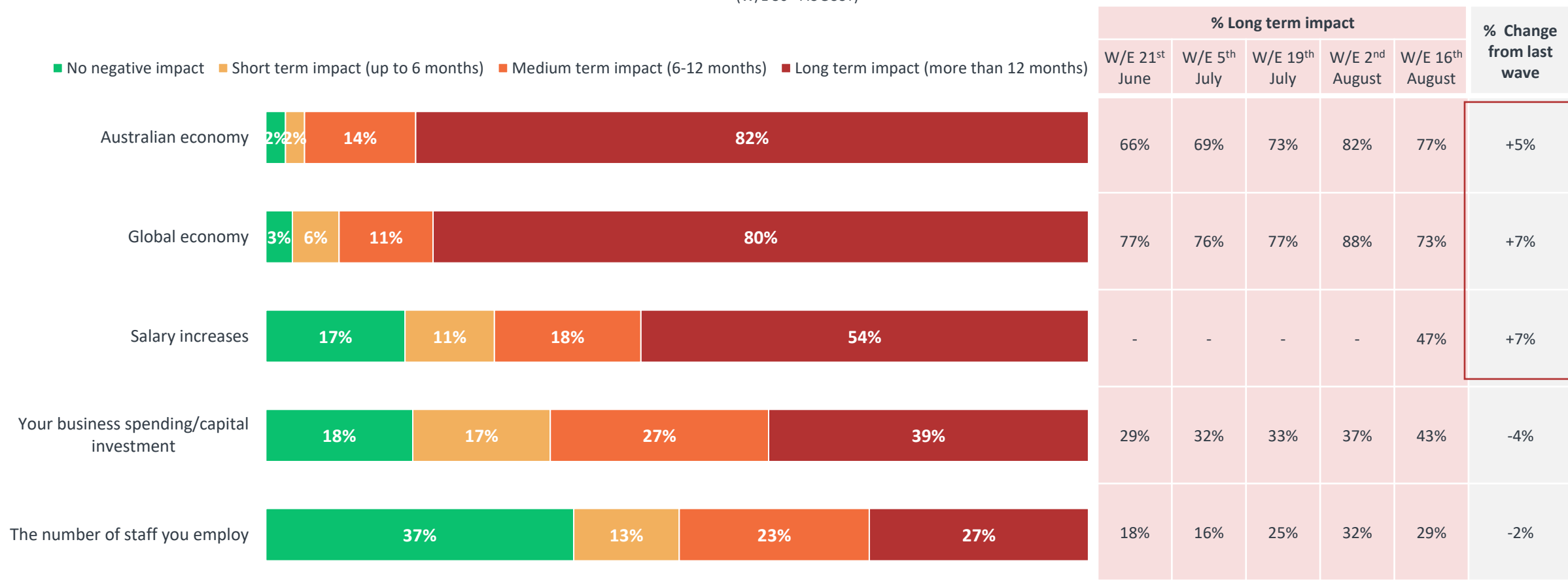
NEGATIVE IMPACT OF COVID-19

There has been an increase in SME decision makers that believe the pandemic will have a long term negative impact (more than 12 months) on both the global and Australian economy.

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

(W/E 30th AUGUST)

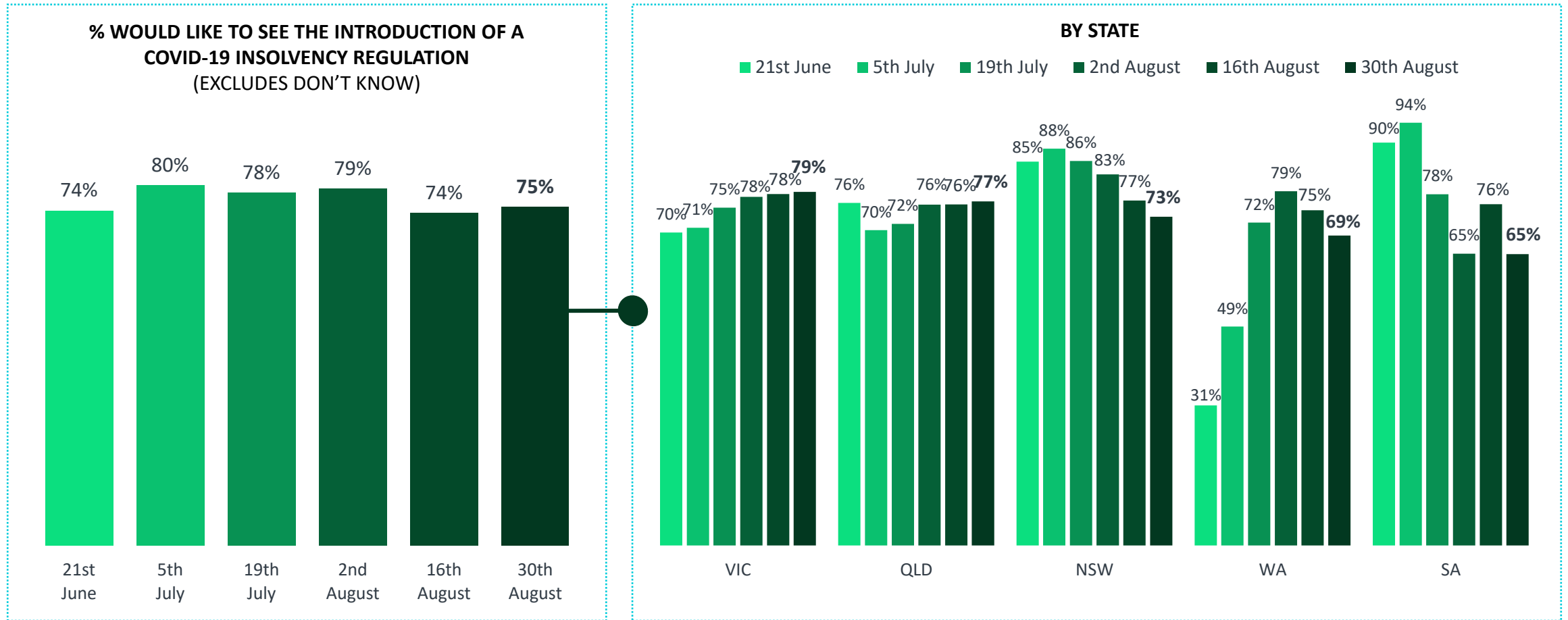
■ No negative impact ■ Short term impact (up to 6 months) ■ Medium term impact (6-12 months) ■ Long term impact (more than 12 months)



COVID-19 INSOLVENCY REGULATION

Support for a COVID-19 insolvency regulation remains high particularly in VIC. Support in NSW is declining, indicating confidence is growing.

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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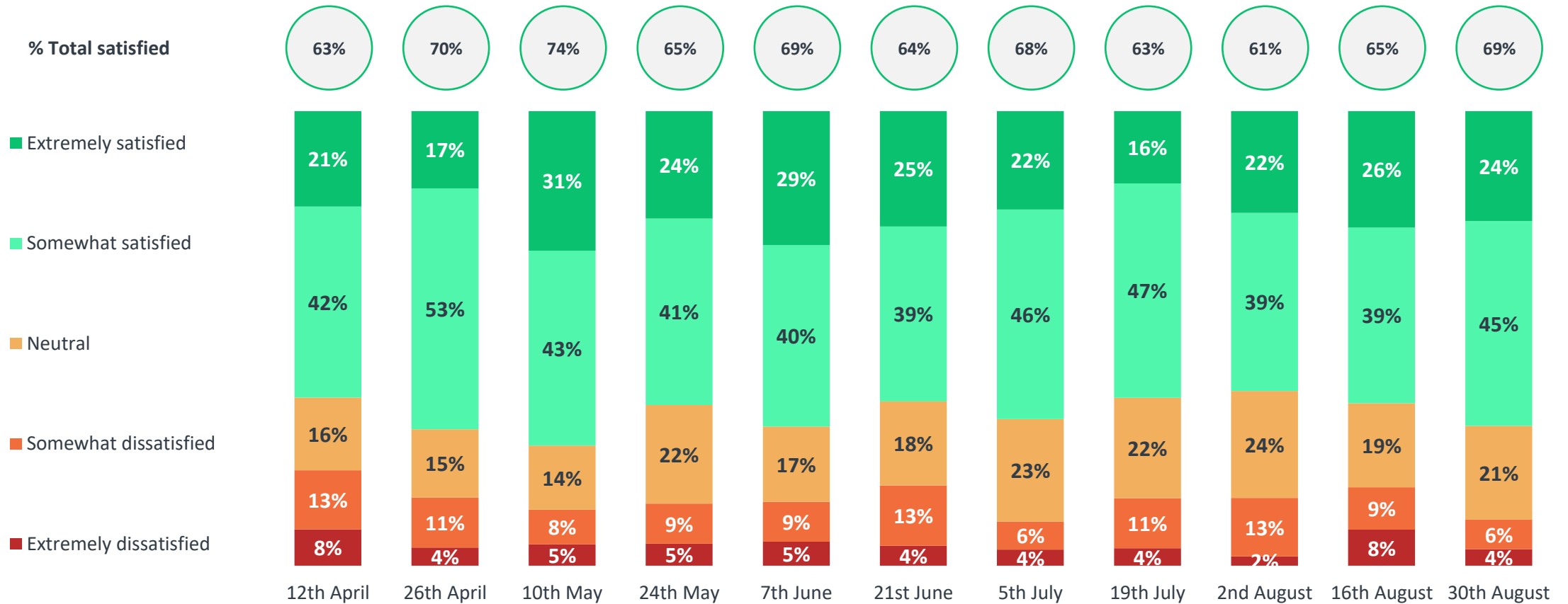
3 WORKING FROM HOME

4 SURVIVAL

SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE

Support for the Federal Government is at its highest since early June, with 69% of decision makers satisfied with the overall management of the crisis.

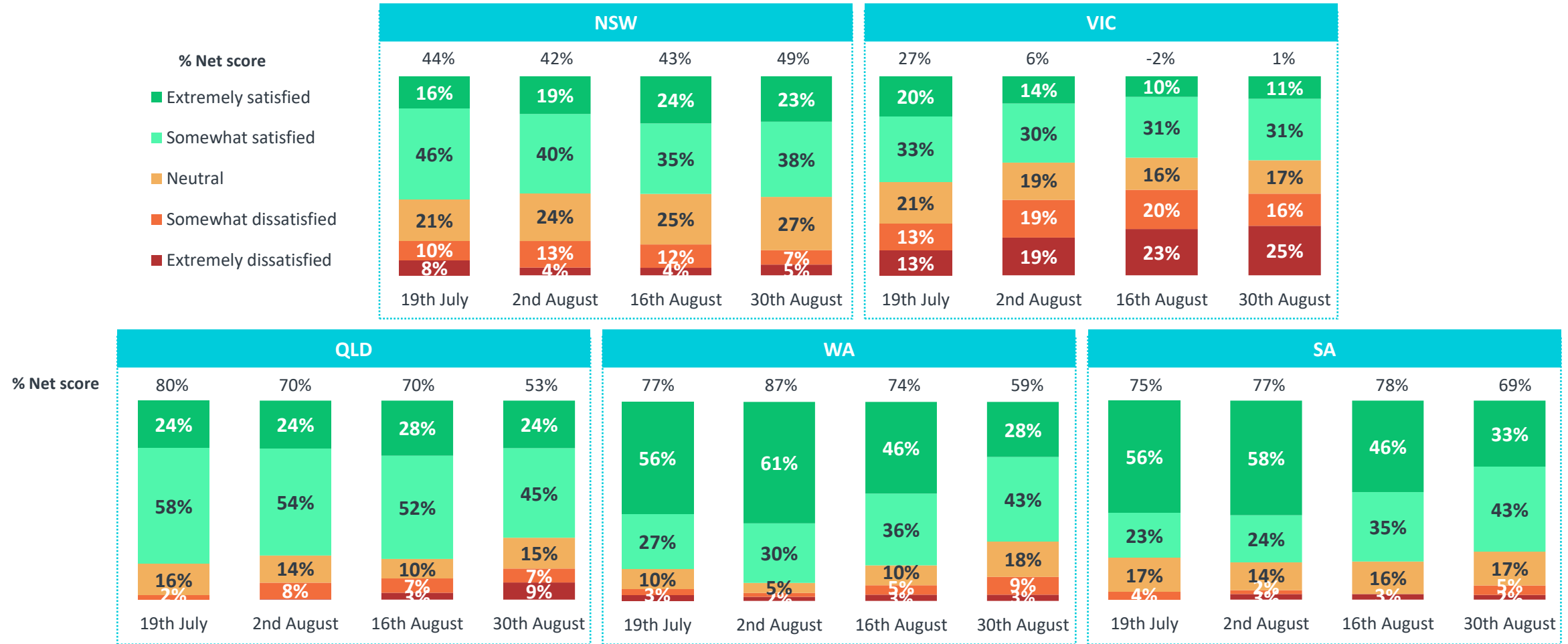
HOW SATISFIED ARE YOU WITH THE WAY THE AUSTRALIAN FEDERAL GOVERNMENT HAS MANAGED THE COVID-19 CRISIS OVERALL SO FAR?



SATISFACTION WITH THE STATE GOVERNMENT'S RESPONSE

However, support for the VIC State Government has reached new lows with one in four Victorian SMEs extremely dissatisfied with their response.

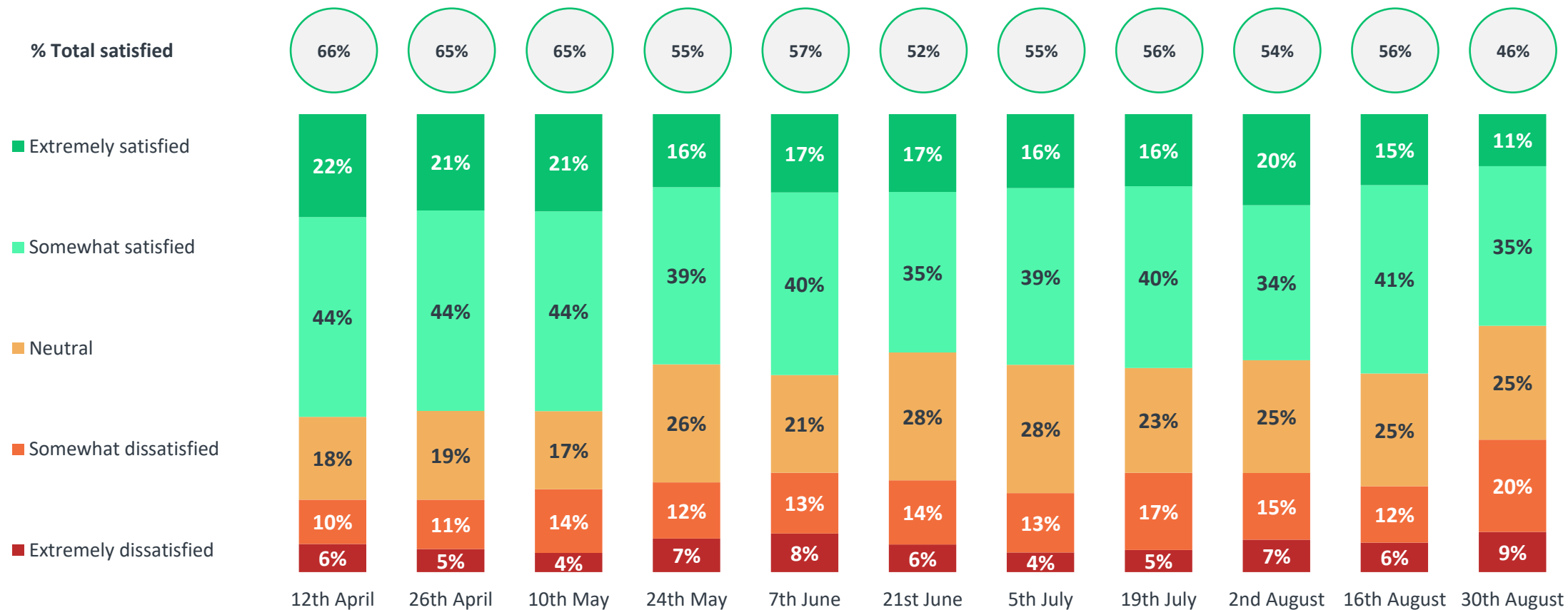
HOW SATISFIED ARE YOU WITH THE WAY YOUR STATE GOVERNMENT HAS MANAGED THE COVID-19 CRISIS SO FAR?



SATISFACTION WITH THE COLLABORATION OF GOVERNMENTS

There has been a distinct drop in satisfaction with collaboration between Governments, with currently less than half of SME decision makers satisfied.

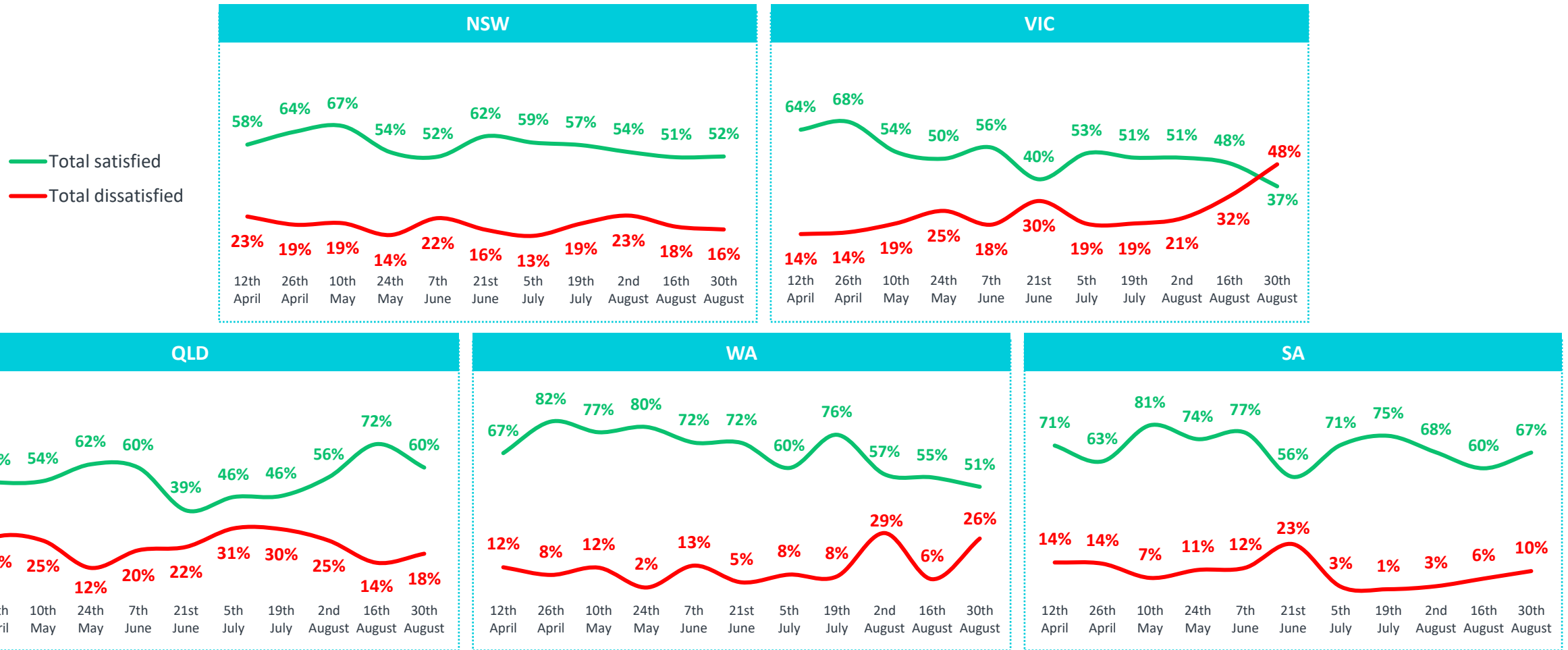
HOW SATISFIED ARE YOU WITH THE COLLABORATION BETWEEN THE AUSTRALIAN FEDERAL GOVERNMENT AND YOUR STATE GOVERNMENT WHEN IT COMES TO MANAGING THE COVID-19 CRISIS?



SATISFACTION WITH THE COLLABORATION OF GOVERNMENTS

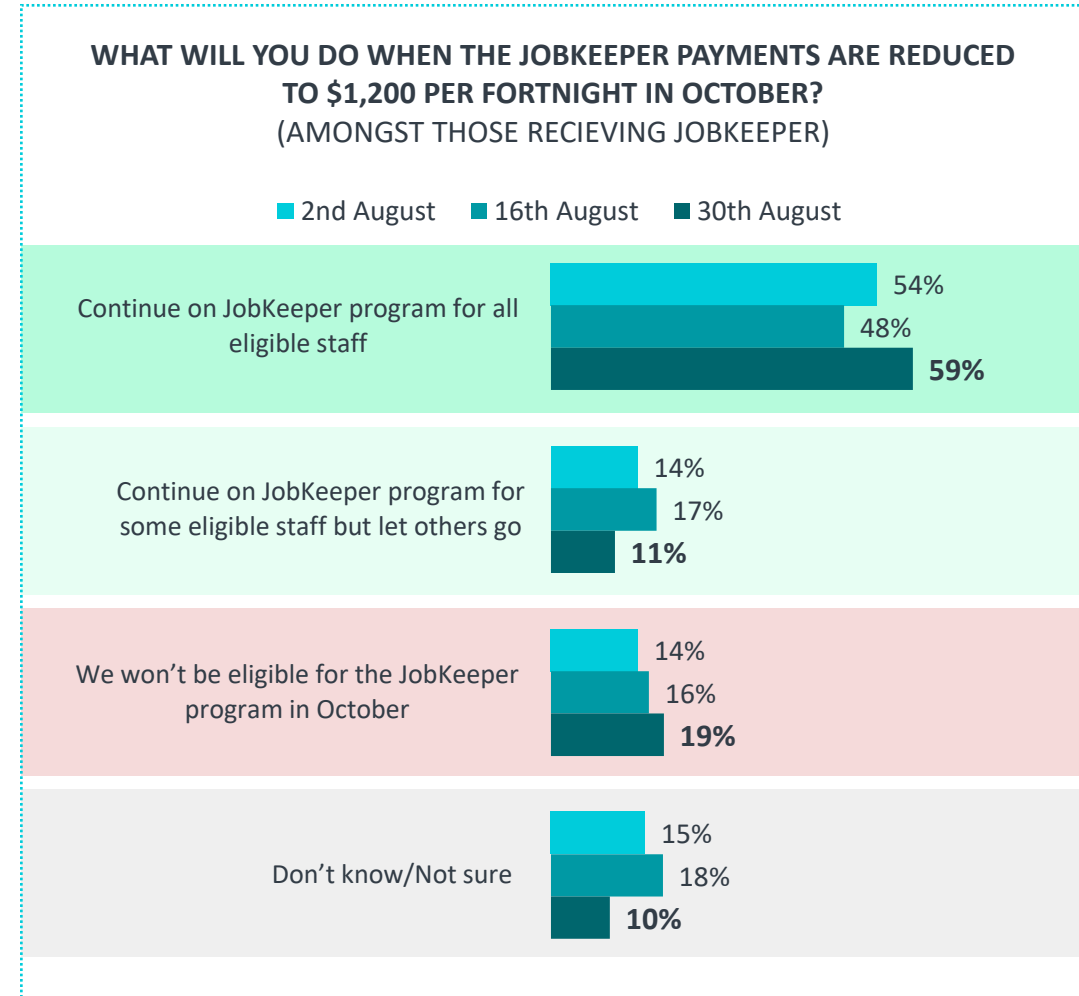
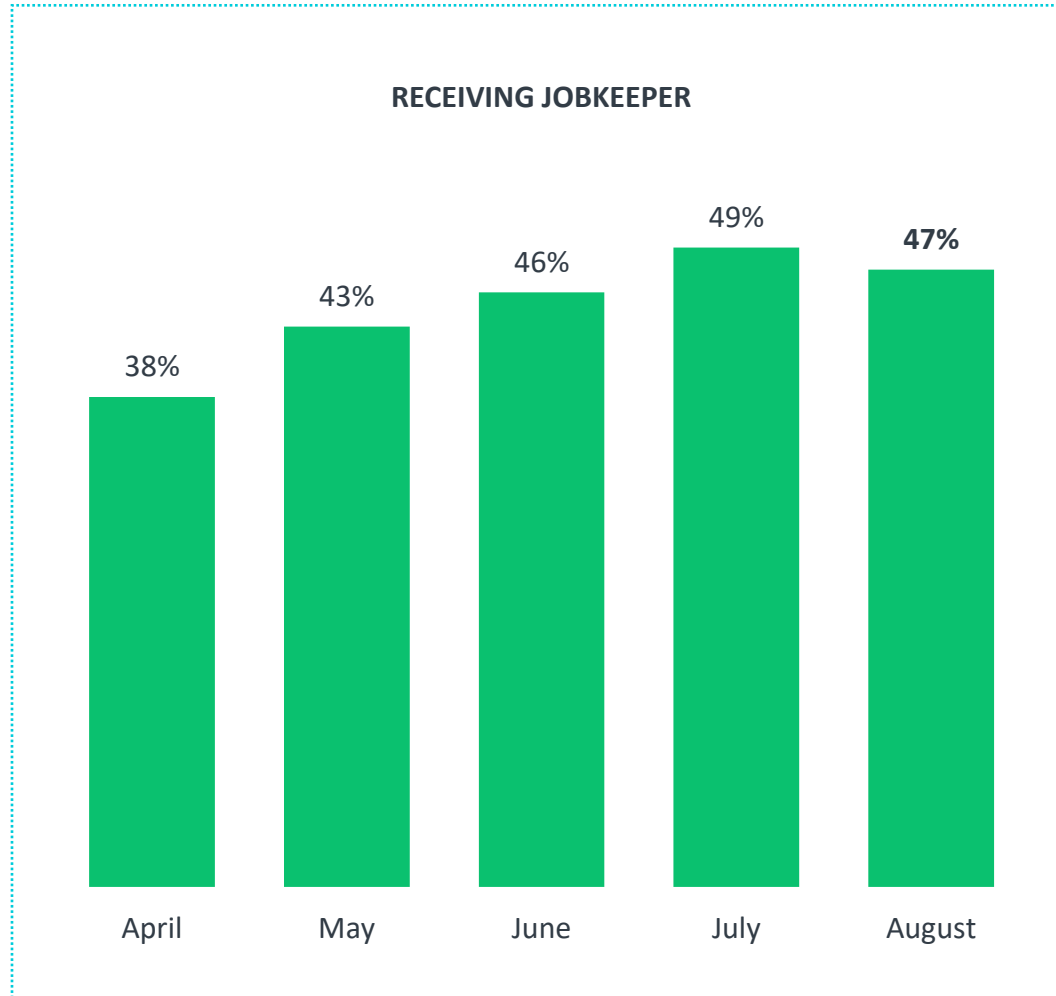
Clearly SMEs don't believe the VIC and Federal Government are collaborating effectively during the second wave. SMEs in WA are also becoming increasingly disgruntled.

% SATISFIED WITH FEDERAL & STATE GOVERNMENT COLLABORATION



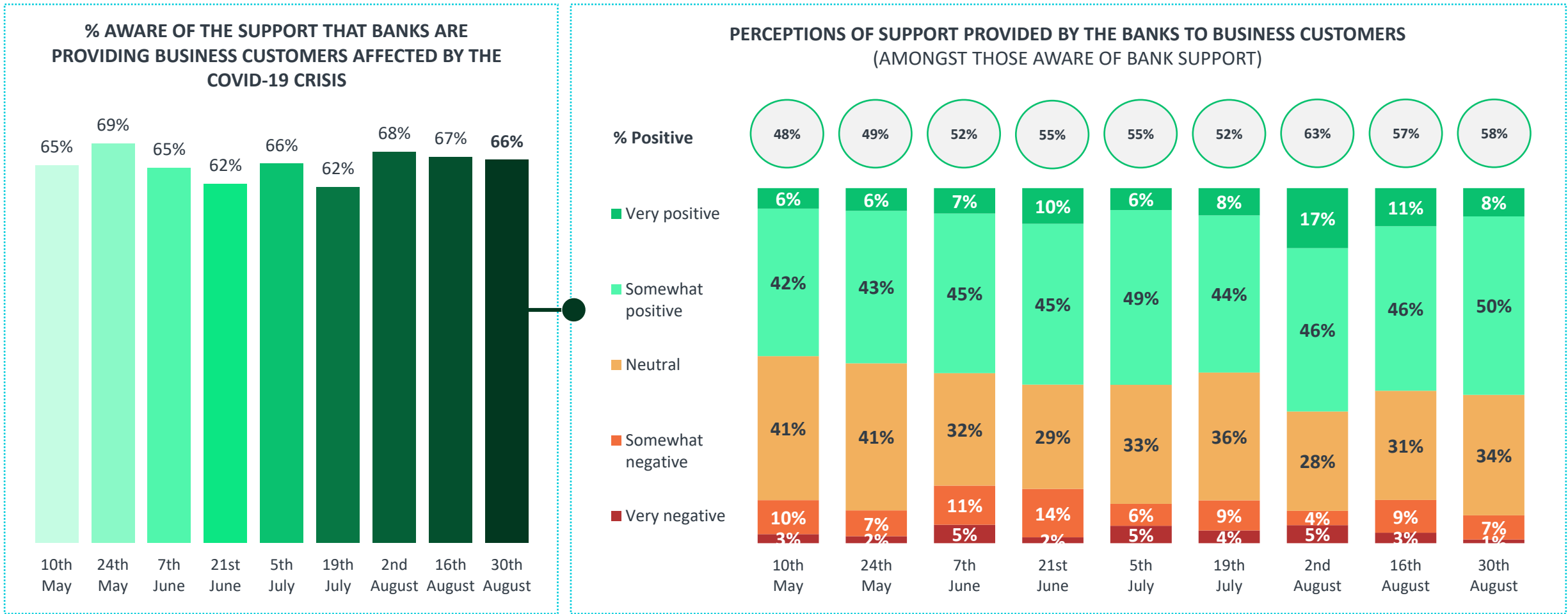
JOBKEEPER EXTENSION

Positive to see that an increasing number of businesses will continue to support all eligible staff when the JobKeeper payments reduce in October.



SUPPORT FROM THE BANKS

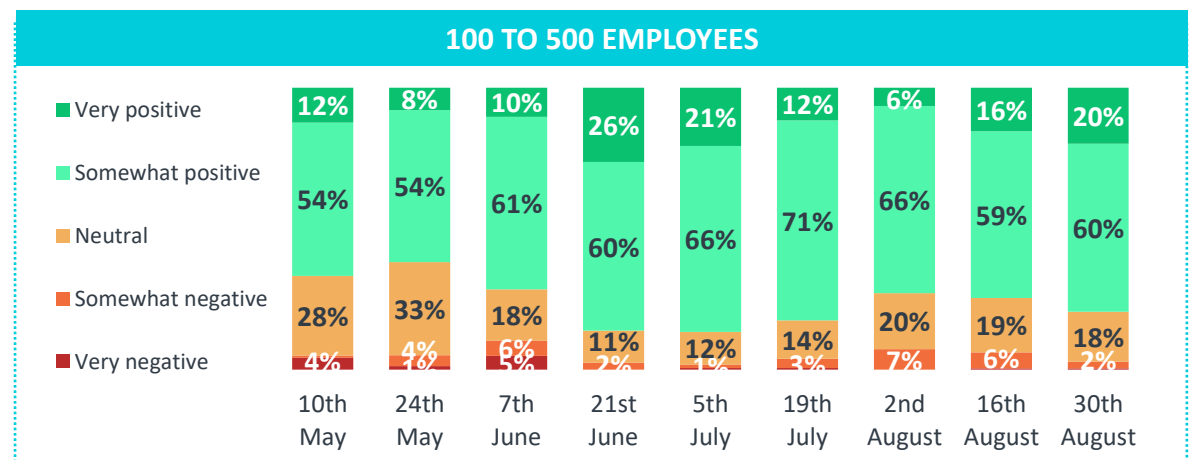
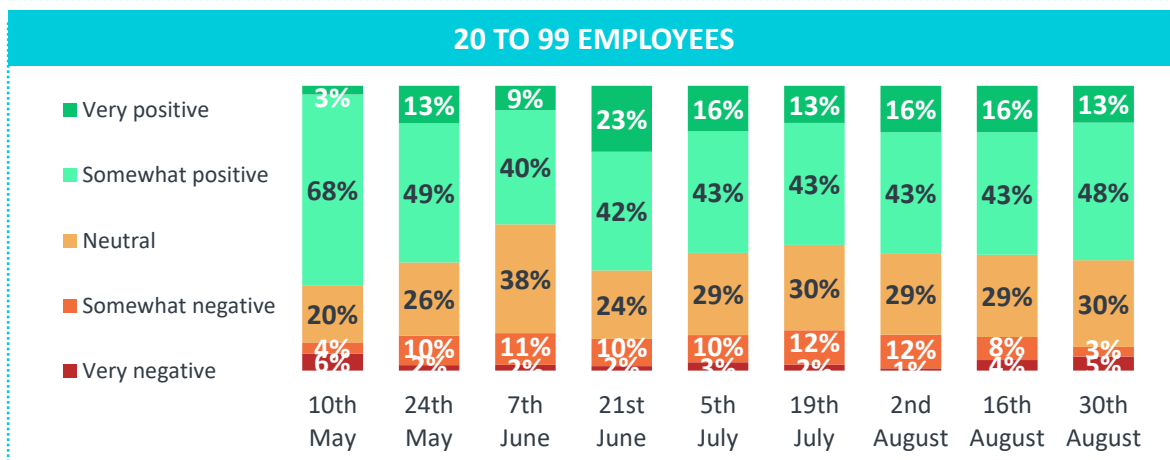
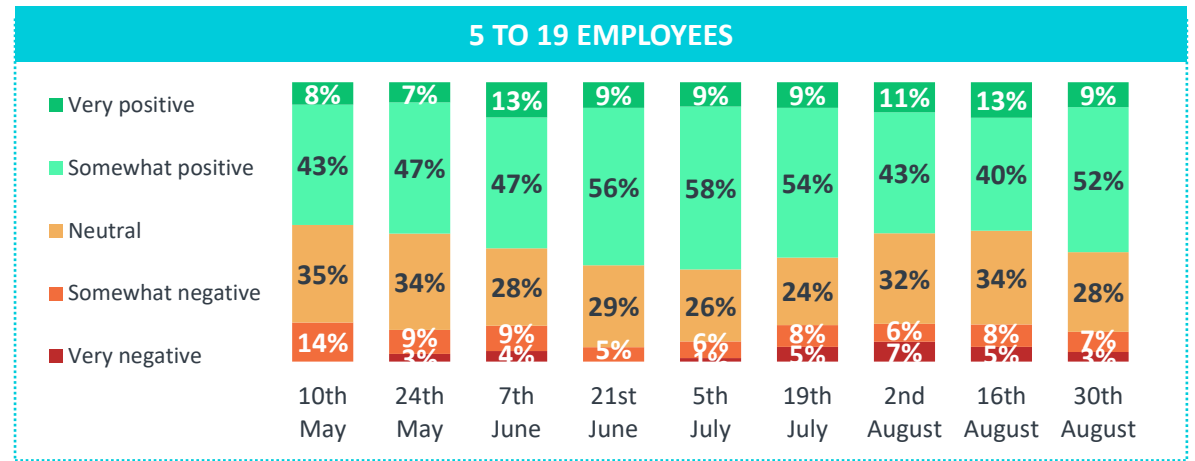
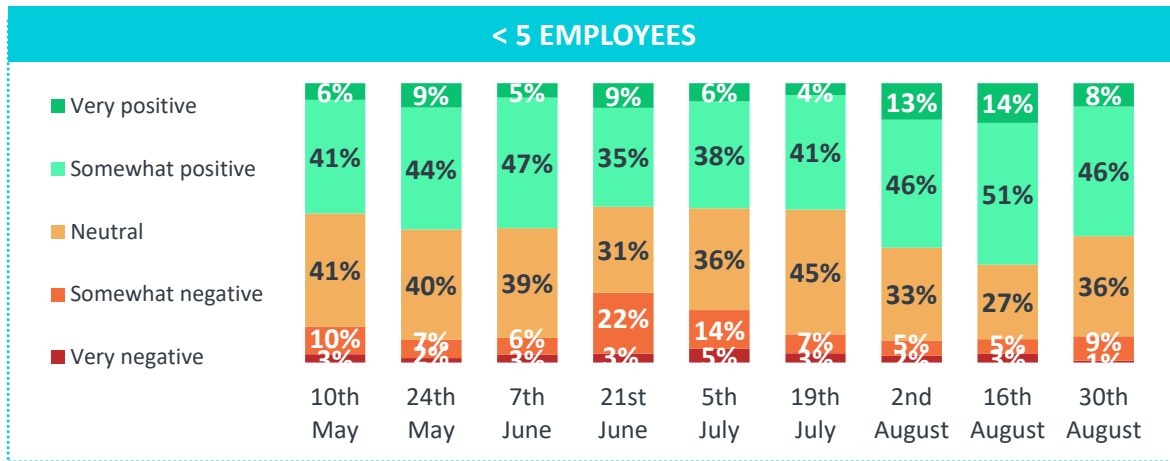
Awareness and positive perceptions of support from Banks remains steady.



SUPPORT FROM THE BANKS BY BUSINESS SIZE

Upward trend continues in large businesses (100-500 employees), with 80% reporting a positive perception of the Banks.

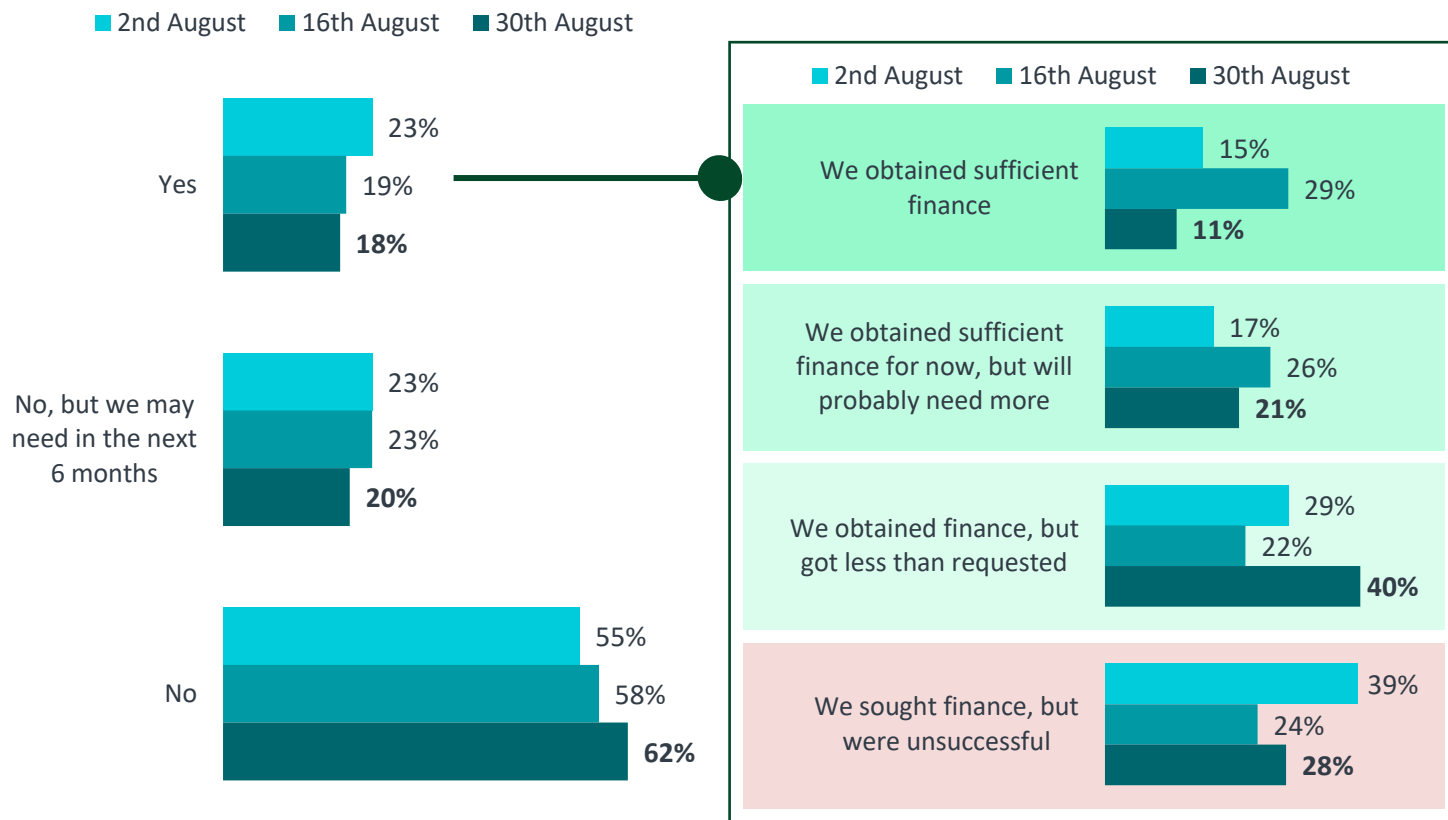
PERCEPTIONS OF SUPPORT PROVIDED BY THE BANKS TO BUSINESS CUSTOMERS (AMONGST THOSE AWARE OF BANK SUPPORT)



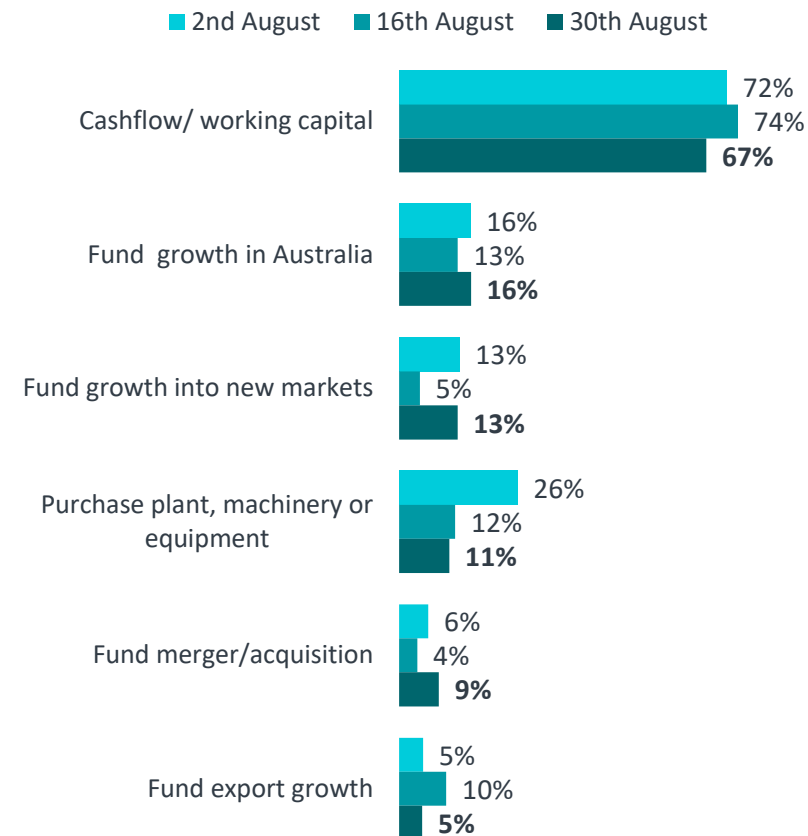
ADDITIONAL FINANCE

More than two thirds of SMEs needing finance during the pandemic have been unsuccessful or not obtained the required amount.

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



AND WHAT IS THE PURPOSE OF THIS FINANCE?

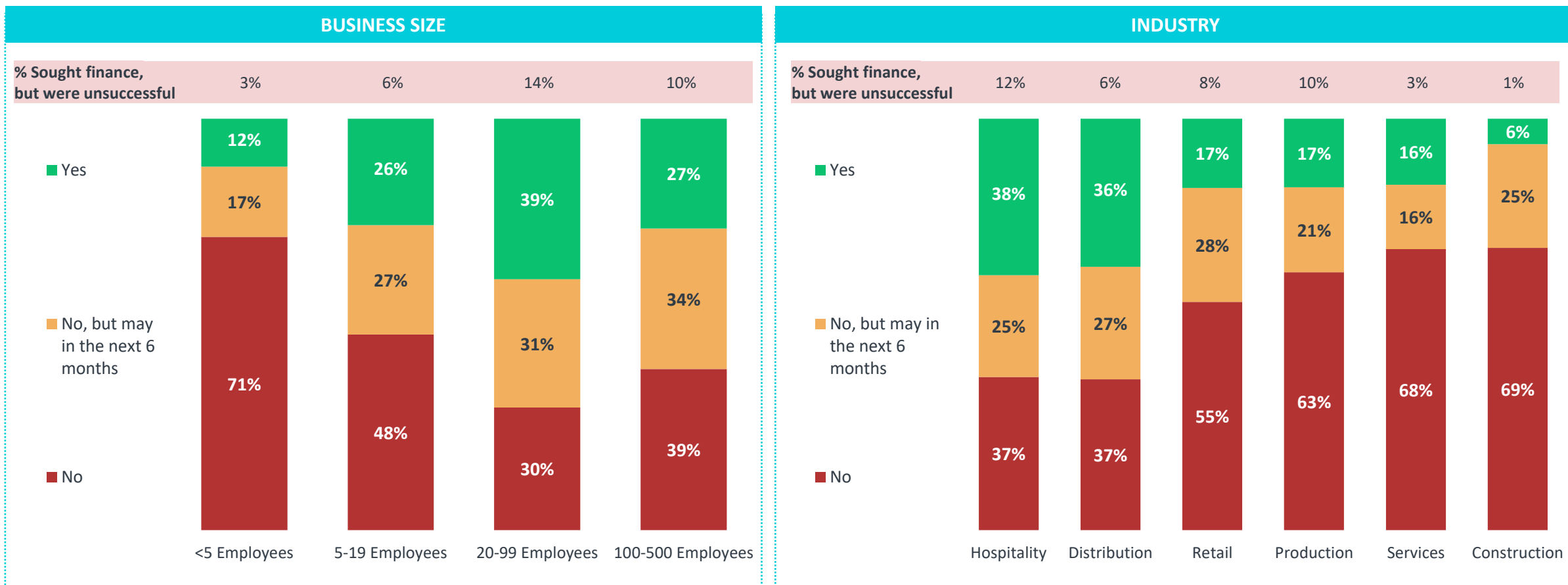


ADDITIONAL FINANCE

Businesses with 20-99 employees, as well as those in the hospitality sector have been the least successful in obtaining finance through the pandemic.

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

(W/E 30TH AUGUST)

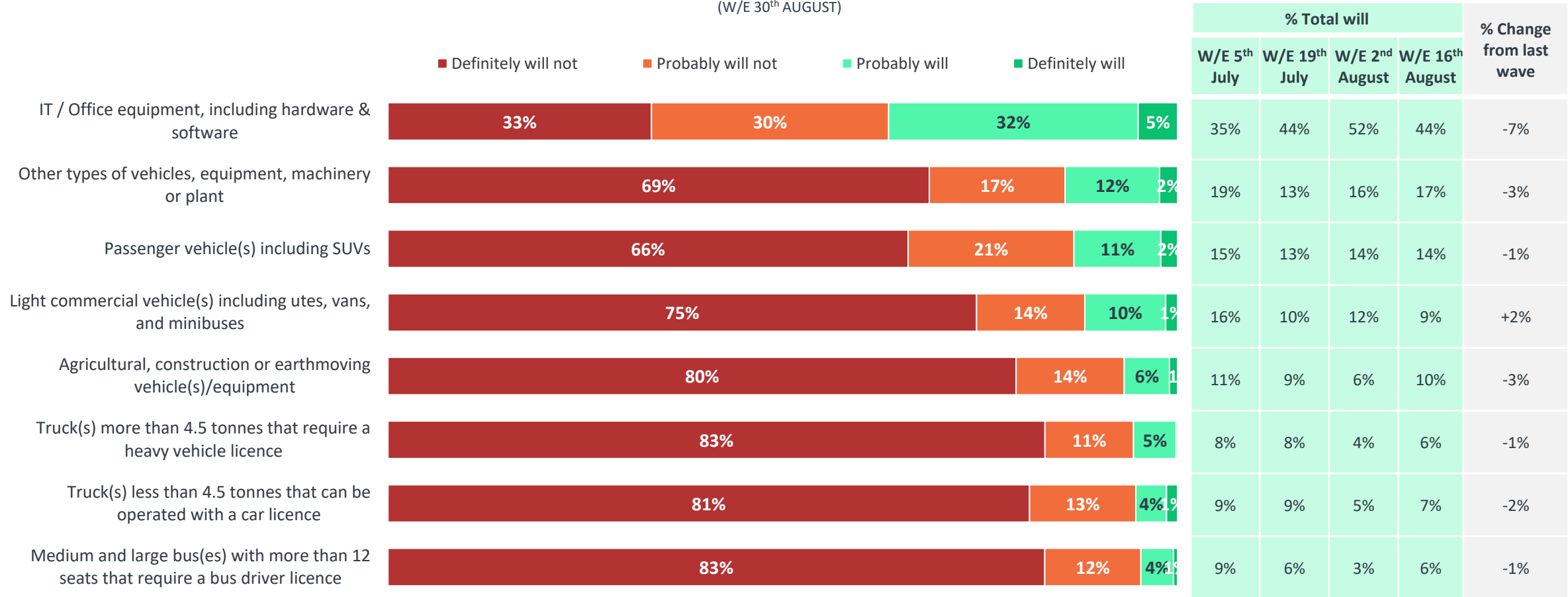


ACQUISITION OF ASSETS

Intention to spend data is less positive across the majority of asset categories, but particularly IT.

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

(W/E 30th AUGUST)



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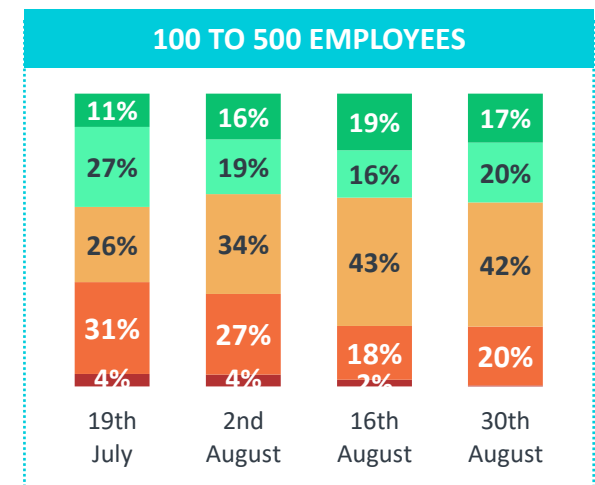
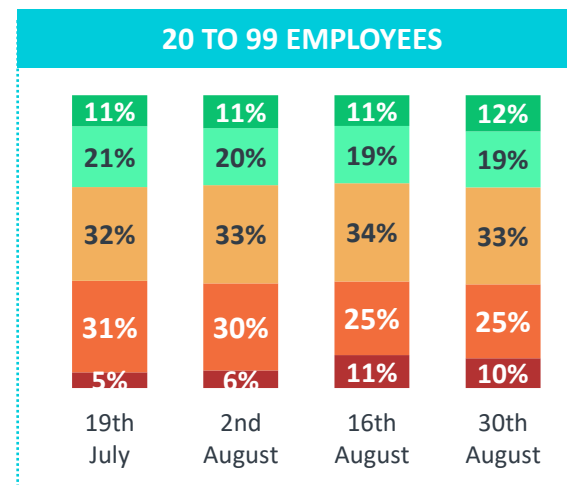
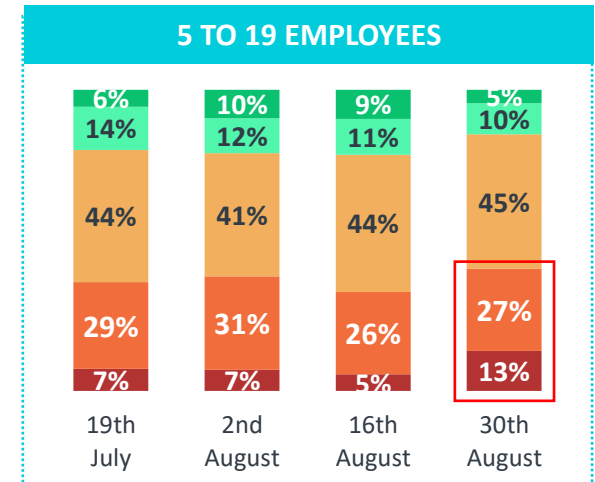
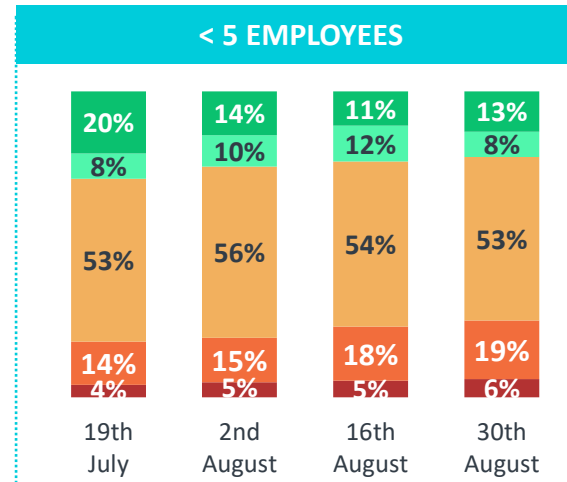
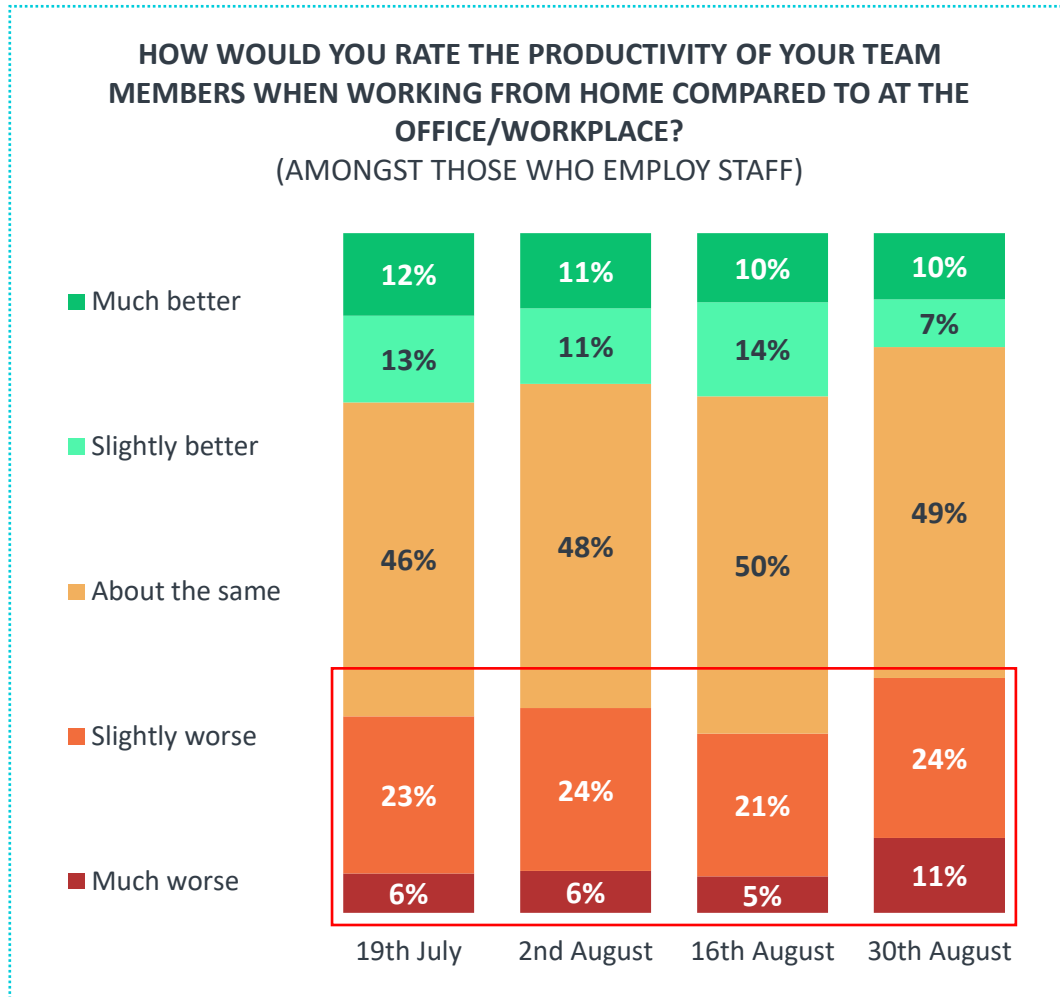
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 WORKING FROM HOME

4 SURVIVAL

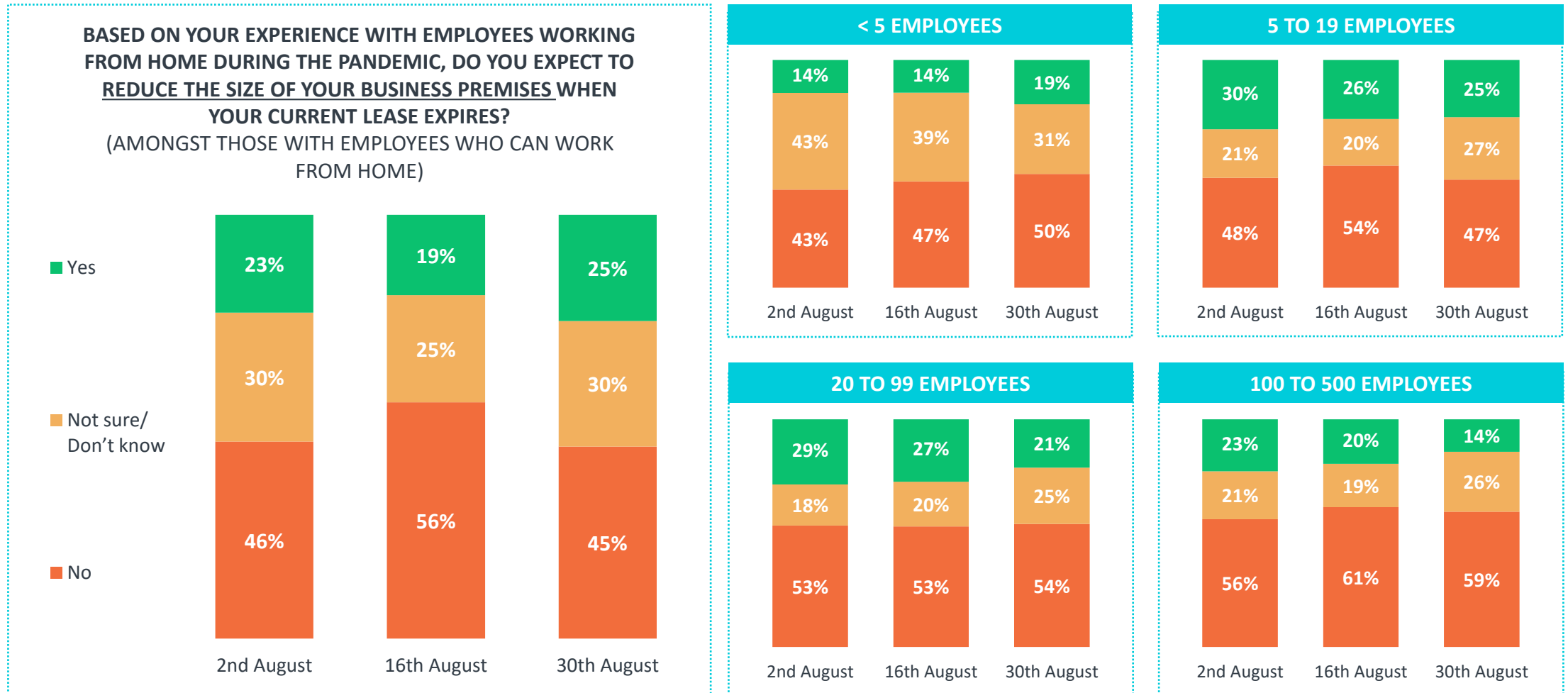
PRODUCTIVITY OF TEAM MEMBERS WORKING FROM HOME

Significant downturn productivity for employees working from home this wave, specifically in smaller businesses (5-19 employees).



IMPACT OF WORKING FROM HOME ON BUSINESS PREMISES

One quarter of SMEs believe they will reduce the size of their business premises. Despite the lower levels of productivity, smaller businesses (5-19 employees) are most likely to downsize.



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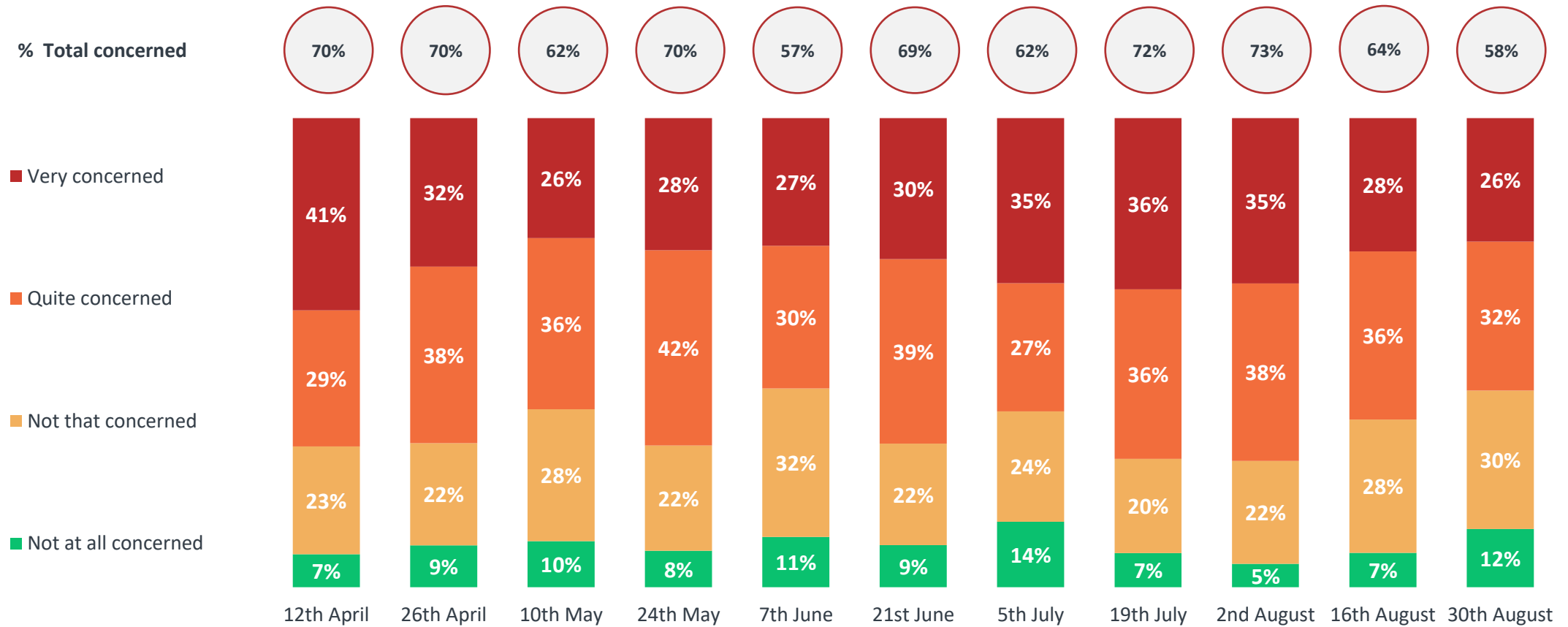
3 WORKING FROM HOME

4 SURVIVAL

LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

Positive to report the lowest level of concern about survival since the inception of this report, with only one in four now very concerned.

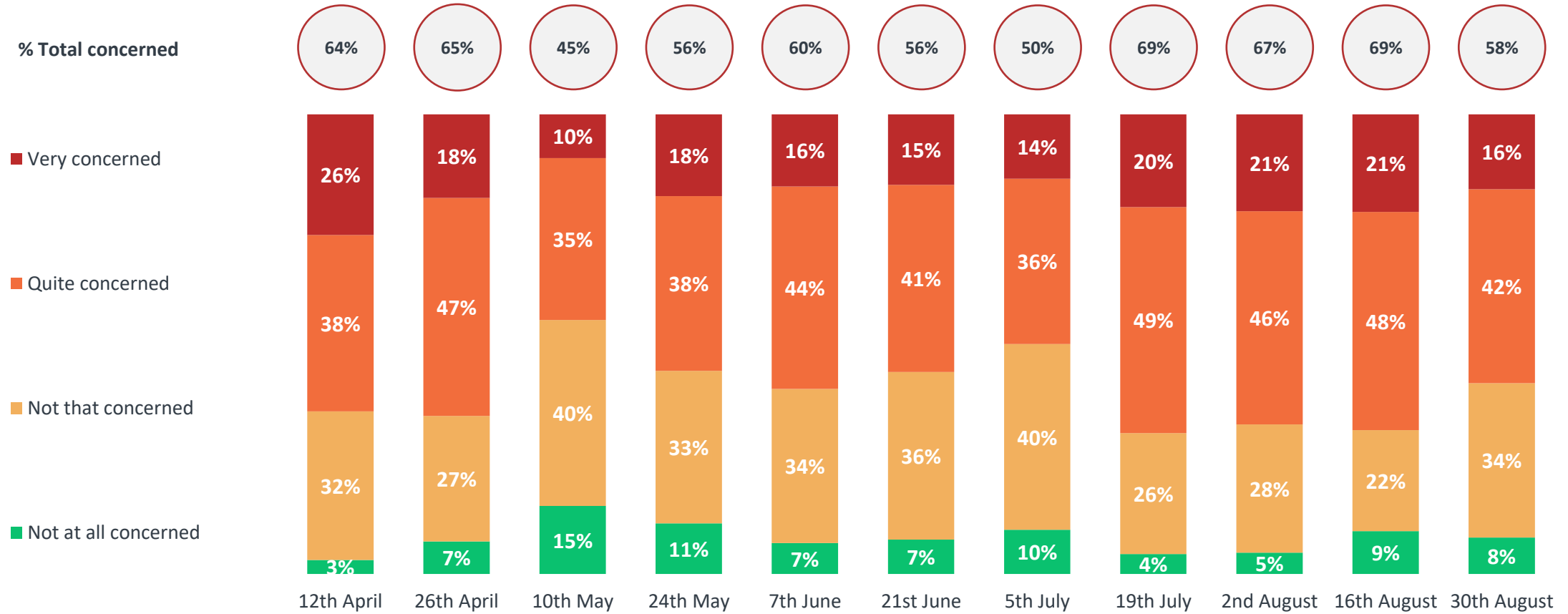
HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

Subsequently, concerns for personal health and wellbeing has also dropped significantly in the past fortnight.

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

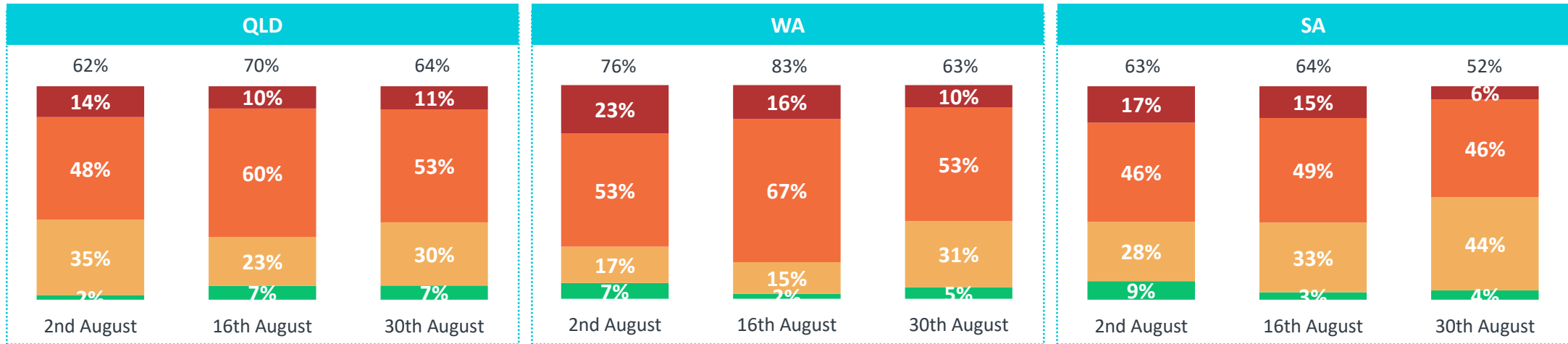
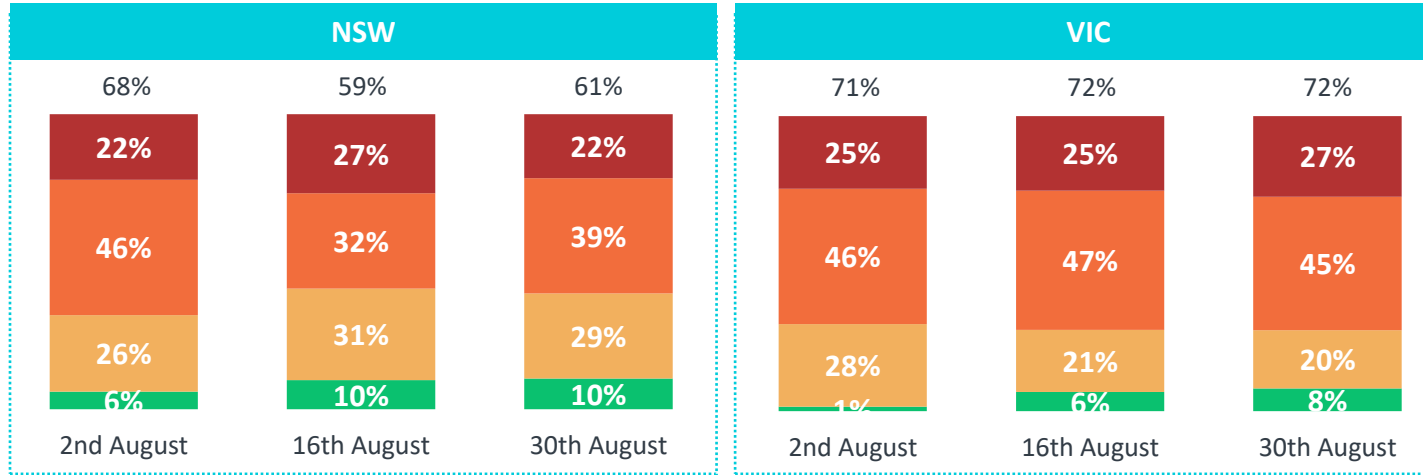


LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

Although health concerns remain prominent in VIC, positive to report significant drops in concern in WA and SA.

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

- % Net score**
- Very concerned
 - Quite concerned
 - Not that concerned
 - Not at all concerned



CONTENT

APPENDIX:

1 METHODOLOGY & SAMPLE

2 ABOUT ACA RESEARCH & FIFTH QUADRANT

METHODOLOGY

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5-minute questionnaire



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(TEG Insights Business Panel)



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



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

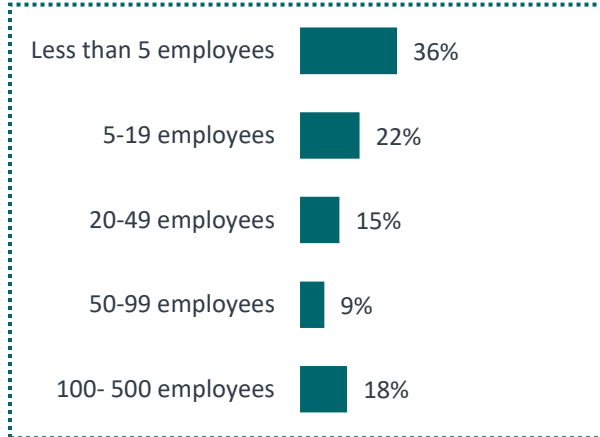


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

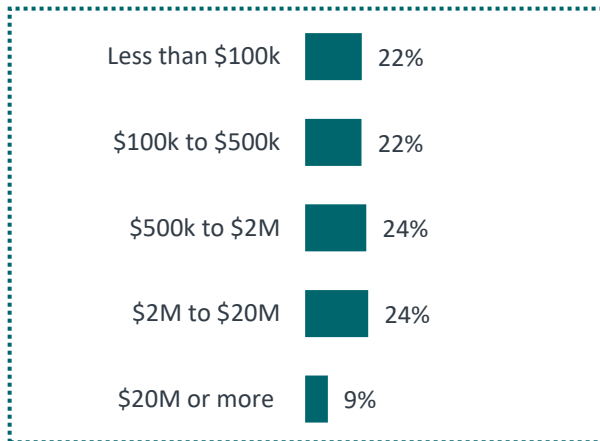
OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

SIZE OF BUSINESS: EMPLOYEES

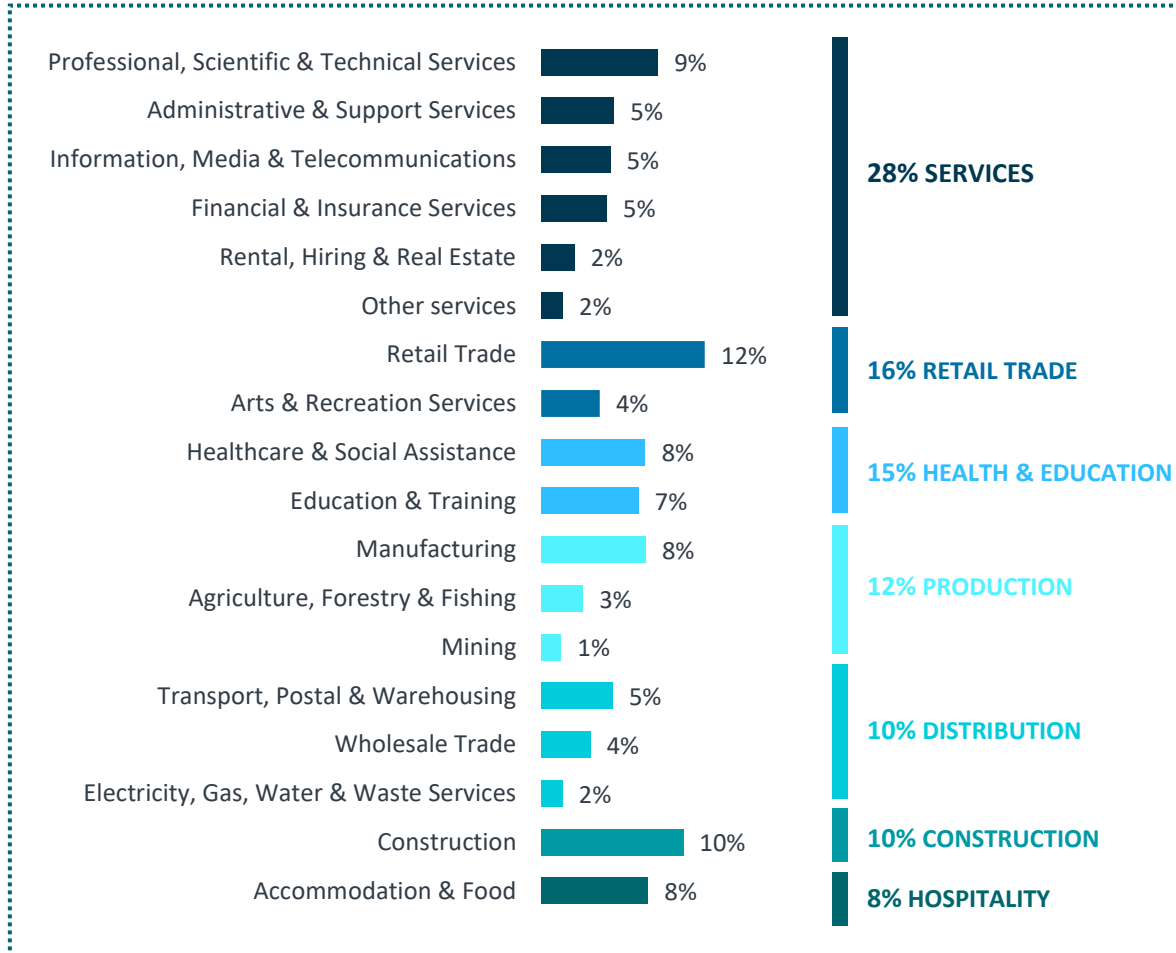


SIZE OF BUSINESS: TURNOVER



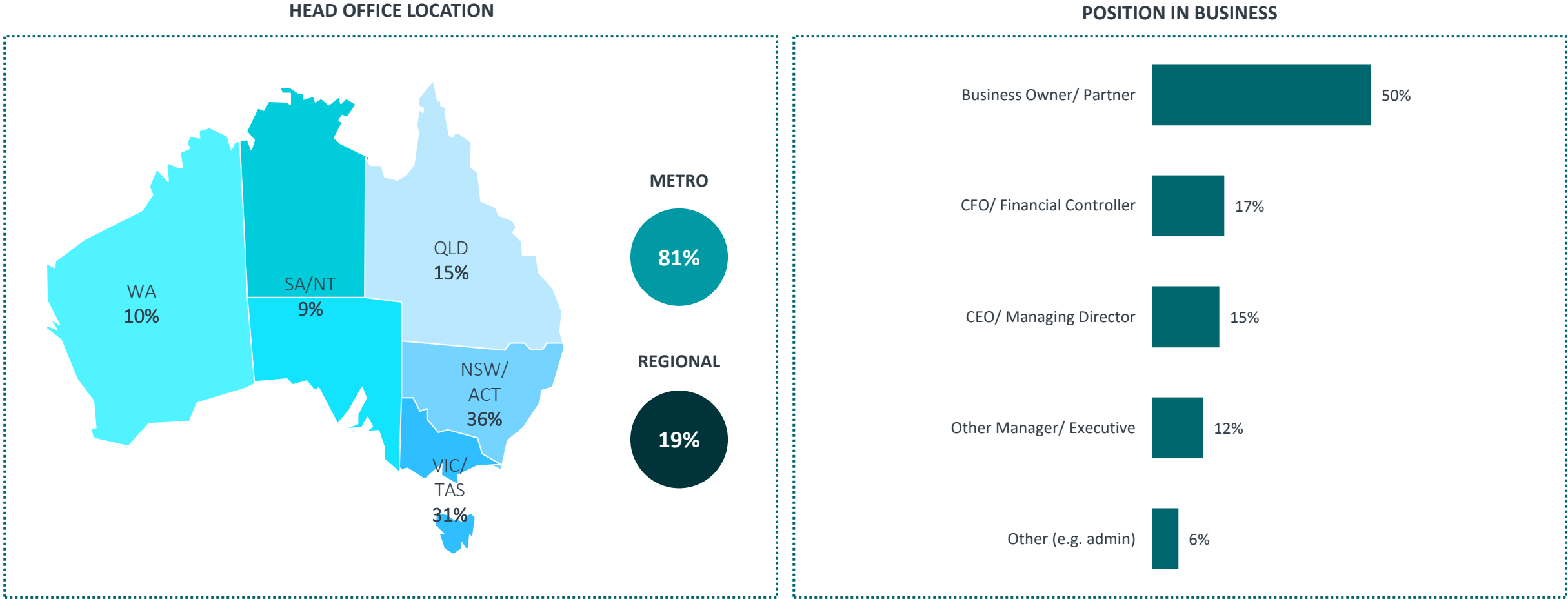
NOTE: CHARTS SHOW UNWEIGHTED DATA

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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1 METHODOLOGY & SAMPLE

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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

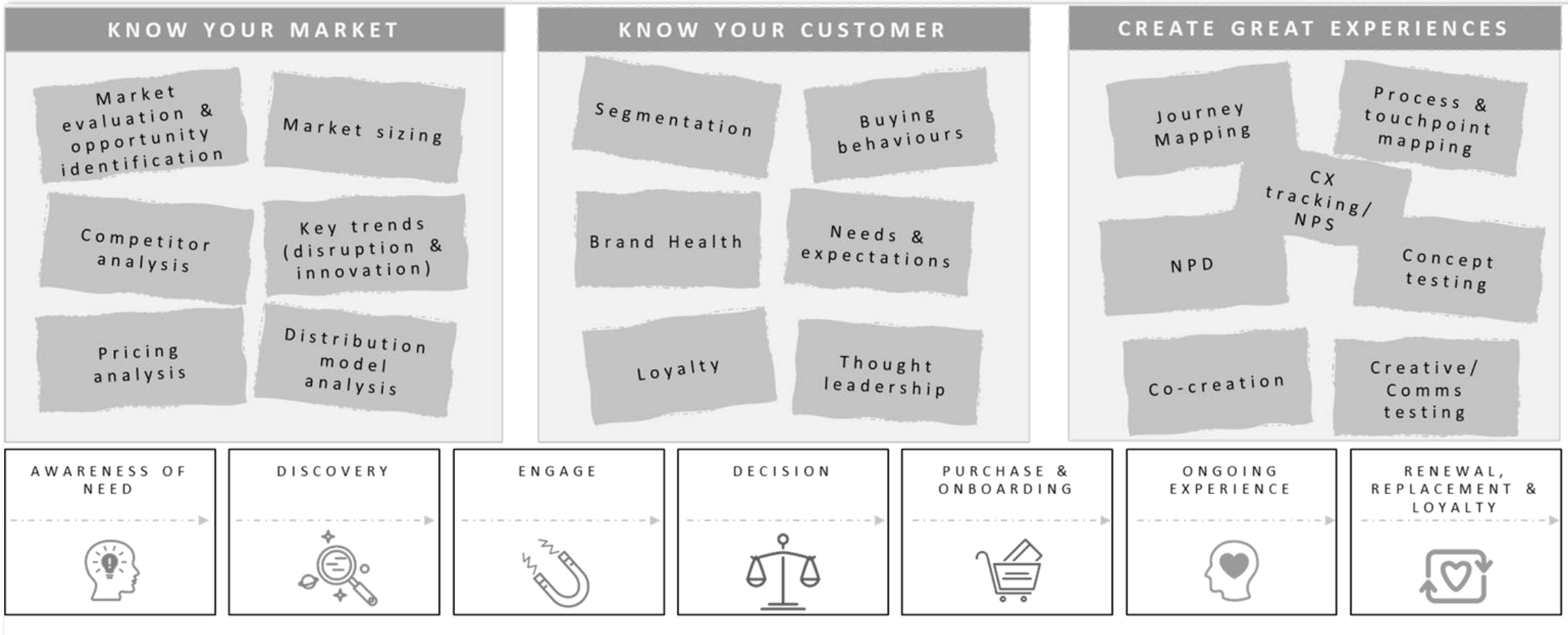
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

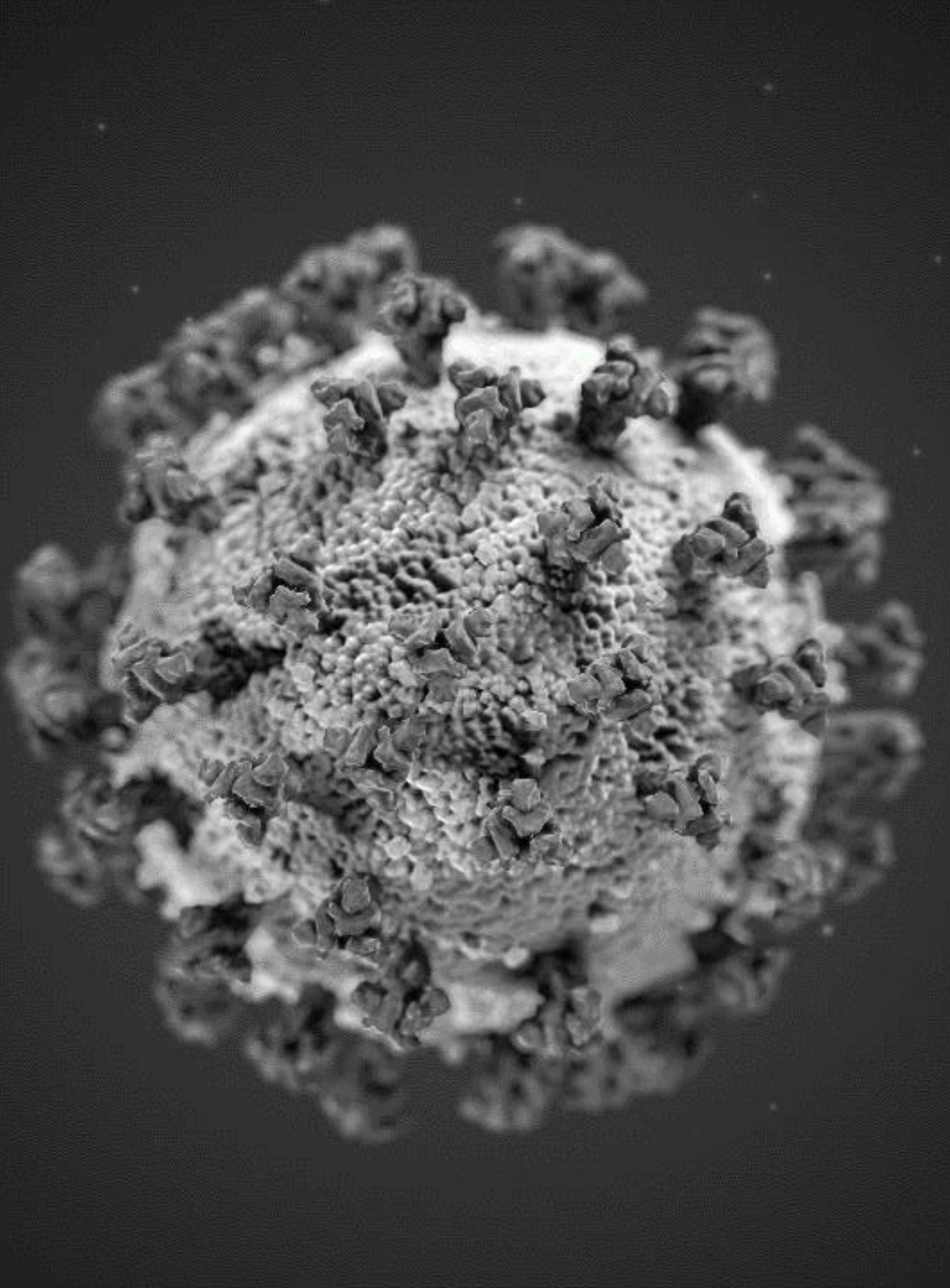
TO DELIVER
ACTIONABLE
RECOMMENDATIONS
AND ADVICE

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:

JAMES ORGAN, MANAGING DIRECTOR
ACA RESEARCH & FIFTH QUADRANT
E: jorgan@acaresearch.com.au

LISA SALAS, HEAD OF COMMERCIAL
TEG INSIGHTS
E: lisa.salas@teginights.com