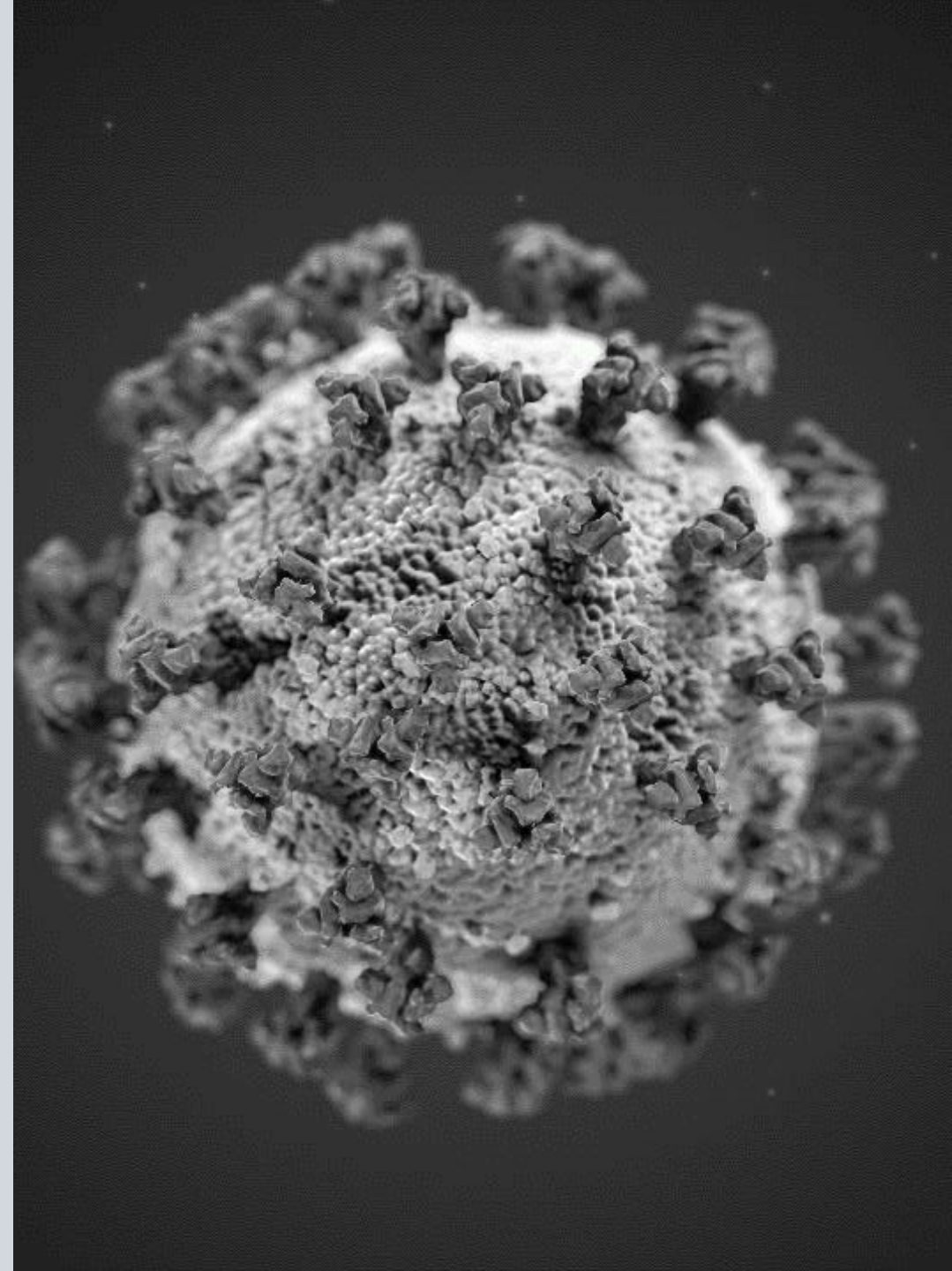


# COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 17 –

24<sup>th</sup> 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.

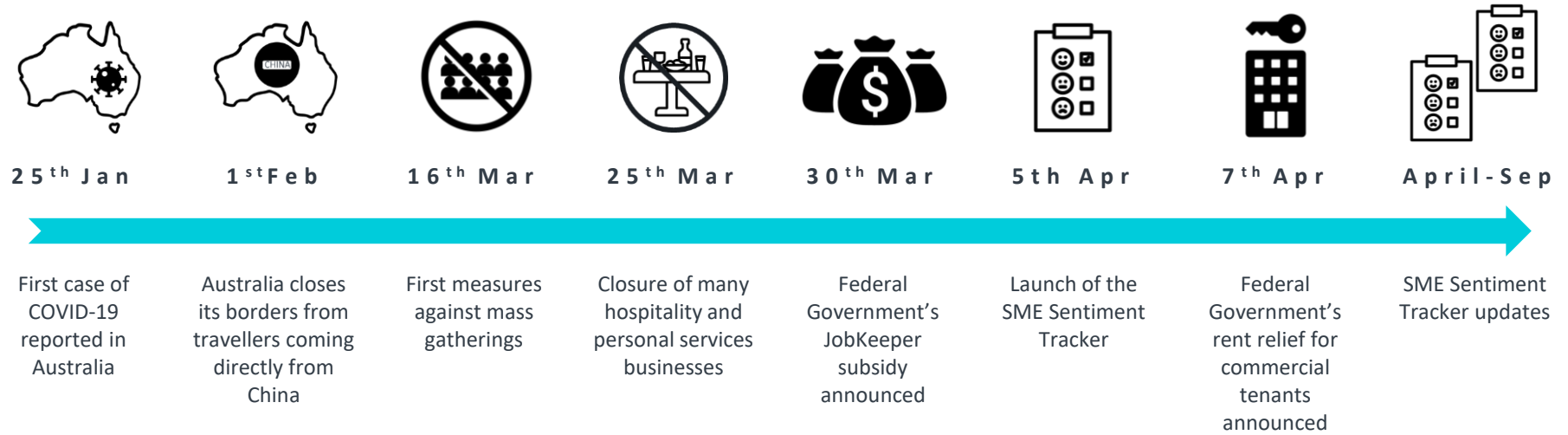
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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	WAVE 17 13/Sep
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	26,651
DAILY NEW CASES	200	10	26	15	20	14	17	3	10	5	25	87	361	641	253	123	44
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	2,379

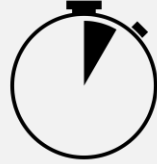
Source: <https://www.worldometers.info/coronavirus/>

# METHODOLOGY

The COVID-19 Tracker was first launched w/e 5<sup>th</sup> 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



**25% of SMEs expect higher revenues over the next 4 weeks**



**Satisfaction with crisis management by the Federal Government has dropped to a low of 55%**



**44% of Victorian SMEs are dissatisfied with the State Government response**



**64% concerned about business survival, up from 58%**

Despite a tough August, SME expectations regarding short term revenues continue to improve across all states, including Victoria. 25% of SMEs predict their revenue to increase over the next 4 weeks, compared to 17% in August. Accordingly 38% now expect revenues to be at Pre-COVID levels by the end of 2020, compared to the lows of 34% reported in previous waves.

With the imminent changes to JobKeeper, it is positive to report most SMEs (61%) using the program will continue to support all eligible staff when the payments are reduced. Only 10% of those currently using JobKeeper claim they will reduce staff numbers when these changes are implemented. It is also encouraging that 20% of SMEs expect to withdraw from the program as their revenues will have recovered sufficiently by October.

Despite slightly higher levels of optimism, SMEs have less confidence in both the State and Federal governments. As a result of the ongoing bickering and perceived lack of collaboration, only 55% of SMEs are now satisfied with how the Federal Government is managing the crisis. This is a sharp drop, from 69% only two weeks earlier. Furthermore, satisfaction with all State governments has declined, including Victoria where 44% of SMEs are now dissatisfied.

Clearly the exchange of rhetoric between various Governments is disconcerting for many SME decision makers. This is evidenced by an increase in the number of SMEs concerned about the survival of their business (up 6% to 64% since last wave). Unsurprisingly concern remains the highest amongst Victorian SMEs (71% are concerned).

Concern regarding business survival also appears to be on the rise as many SMEs are struggling to access finance (43% of those needing finance have been unsuccessful). Many SMEs have also started repaying loans which were previously deferred. Clearly, this will impact cashflow and the working capital required to navigate through the next few months when stimulus and support measures are wound back.

In summary, optimism is growing with SME decision makers feeling slightly more confident. Seemingly the second wave is under control and therefore SMEs are expecting economic activity and revenues to increase as restrictions ease and borders reopen.

However, the lack of collaboration between State and Federal Governments is not well received and hence support is dwindling. As cashflow stimulus, rental relief and JobKeeper support are all reduced or withdrawn over the short-medium term it is critical that Government leaders reunite to provide a clear pathway forward for SMEs concerned about their future.

# CONTENT

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

1 IMPACT OF COVID-19 ON REVENUES

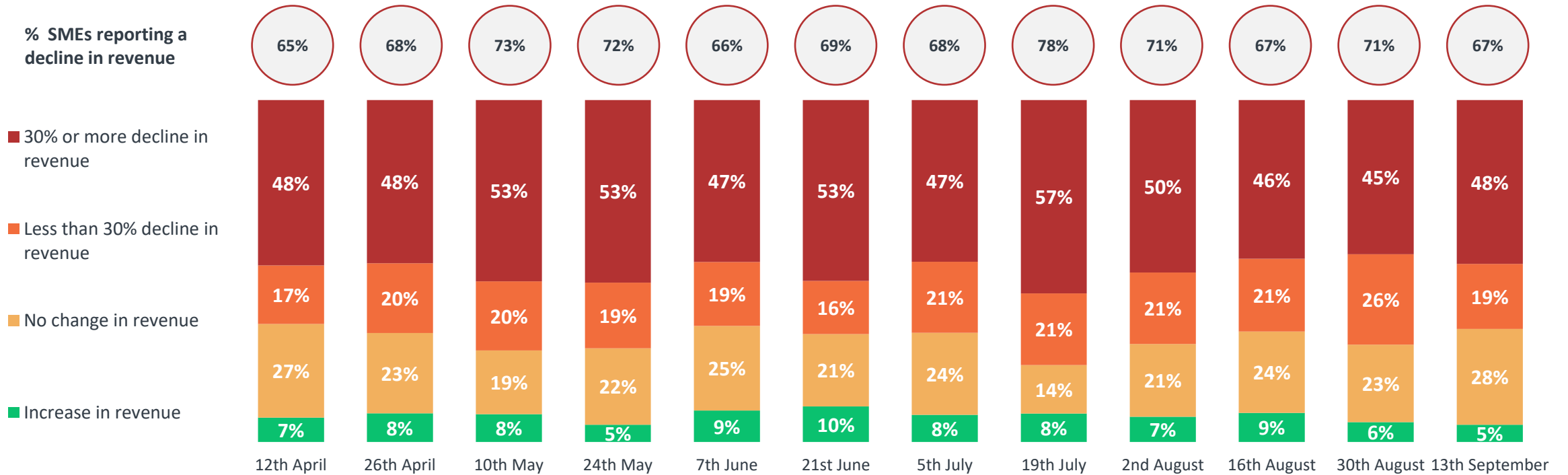
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

# DECLINE IN REVENUE DUE TO COVID-19

Revenue declines slightly lower again with 67% reporting negative revenue due to the pandemic.

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



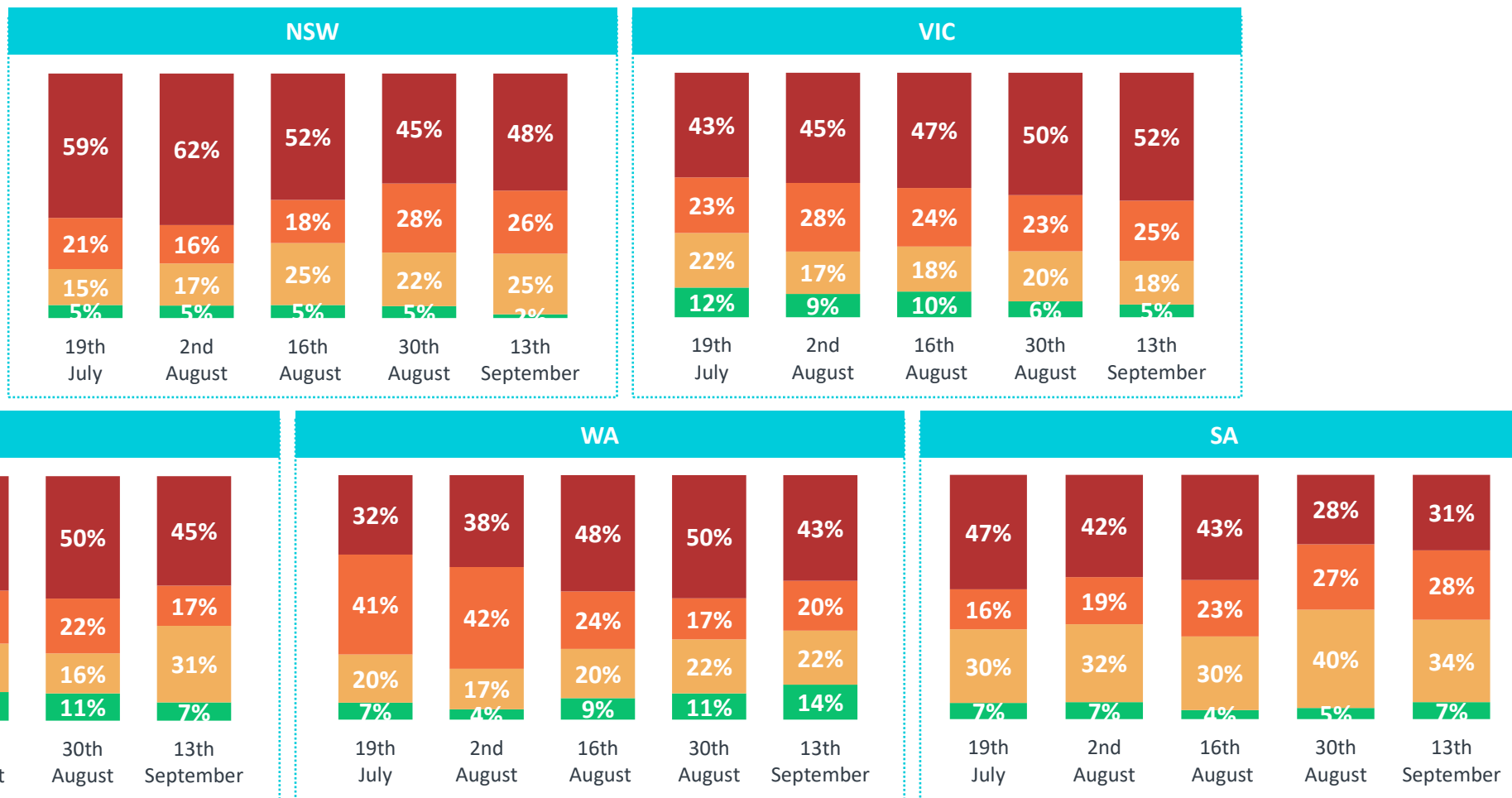
Mean % Change in revenue (all SMEs)	-34%	-35%	-34%	-32%	-29%	-29%	-31%	-33%	-29%	-30%	-29%	-29%
Mean % Change in revenue (amongst those reporting a decline in revenue)	-56%	-54%	-50%	-46%	-48%	-47%	-49%	-46%	-44%	-48%	-43%	-49%

# DECLINE IN REVENUE DUE TO COVID-19 BY STATE

Downward trend in VIC continues, but stronger data for WA with those reporting higher revenues continuing to climb.

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

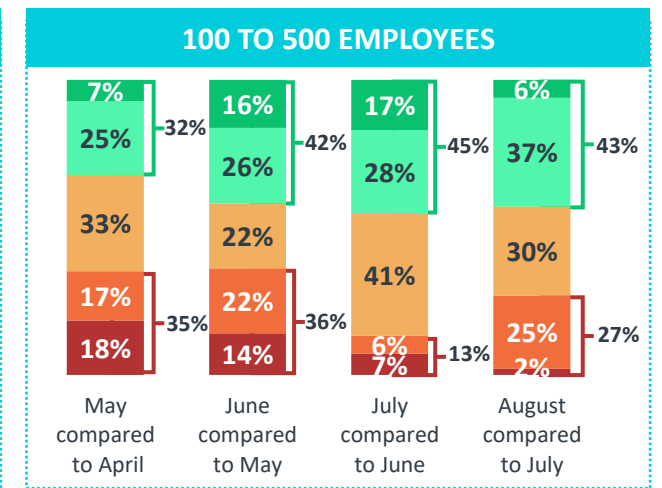
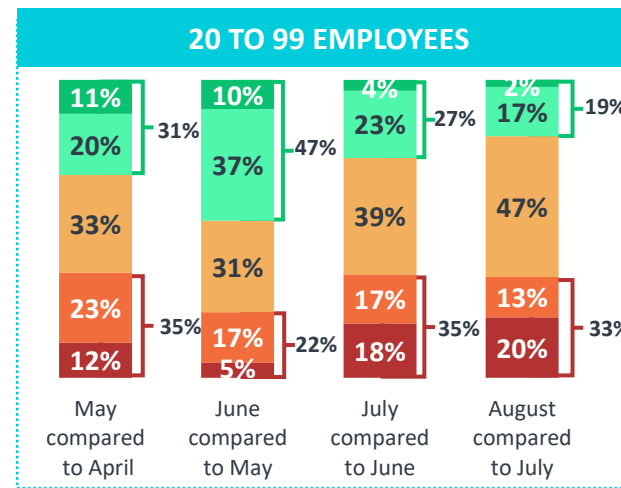
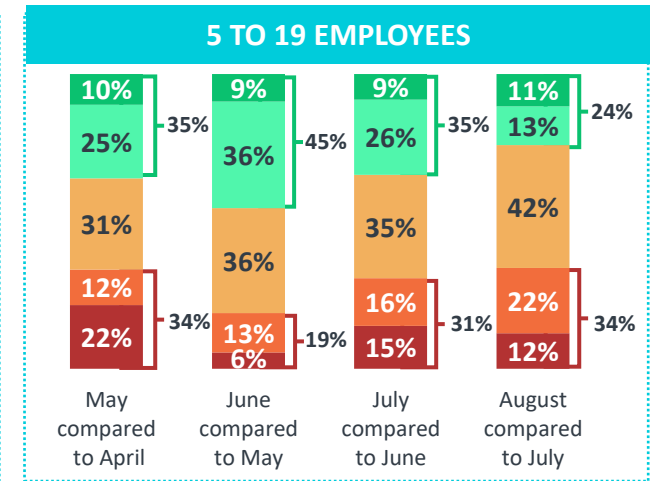
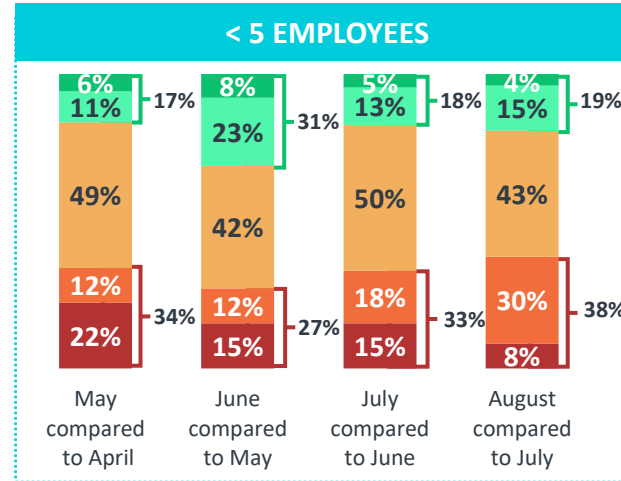
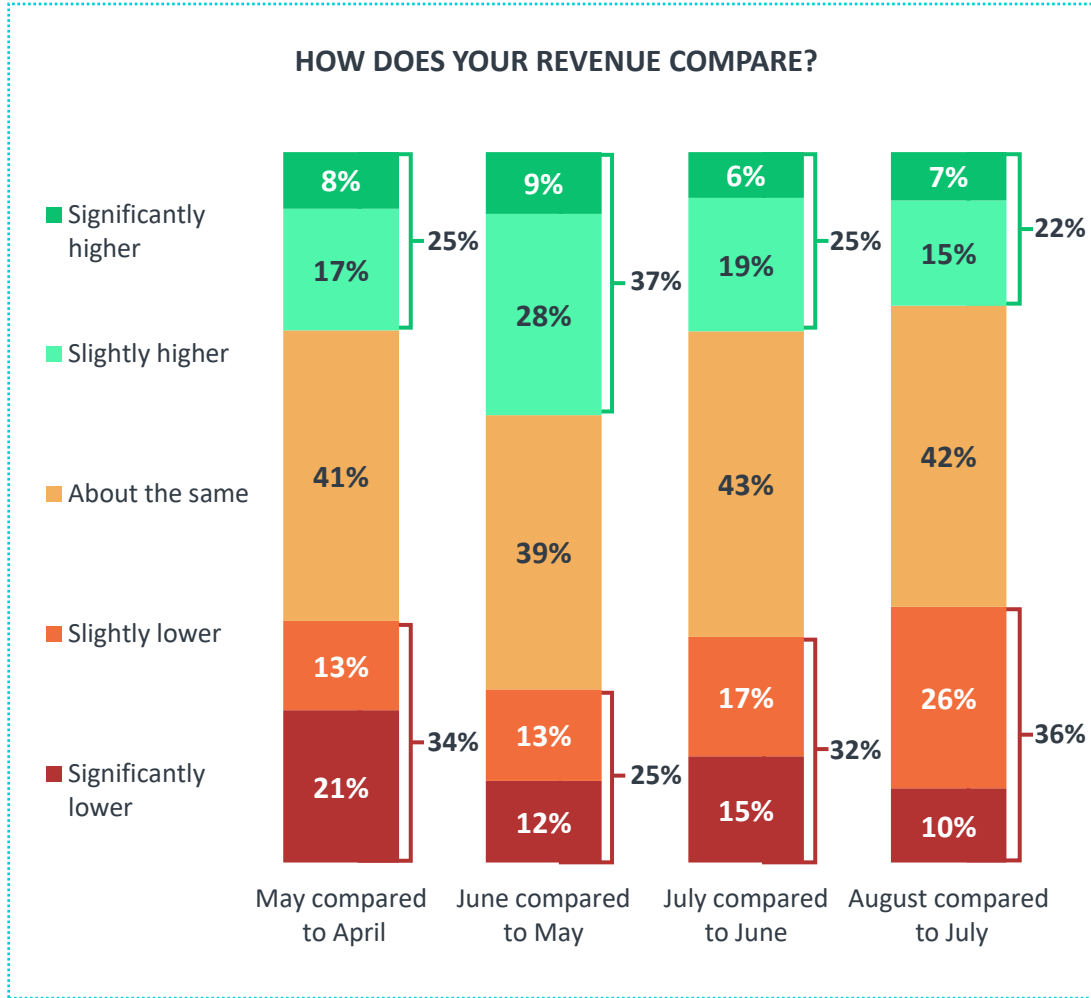
- 30% or more decline in revenue
- Less than 30% decline in revenue
- No change in revenue
- Increase in revenue





# CURRENT REVENUE COMPARED TO PREVIOUS MONTHS' REVENUE

Not surprisingly, month on month revenues declined again in August as the lockdown measures took their toll. Hopefully, this is the peak of the trend and we start to see a turnaround as restrictions are eased.

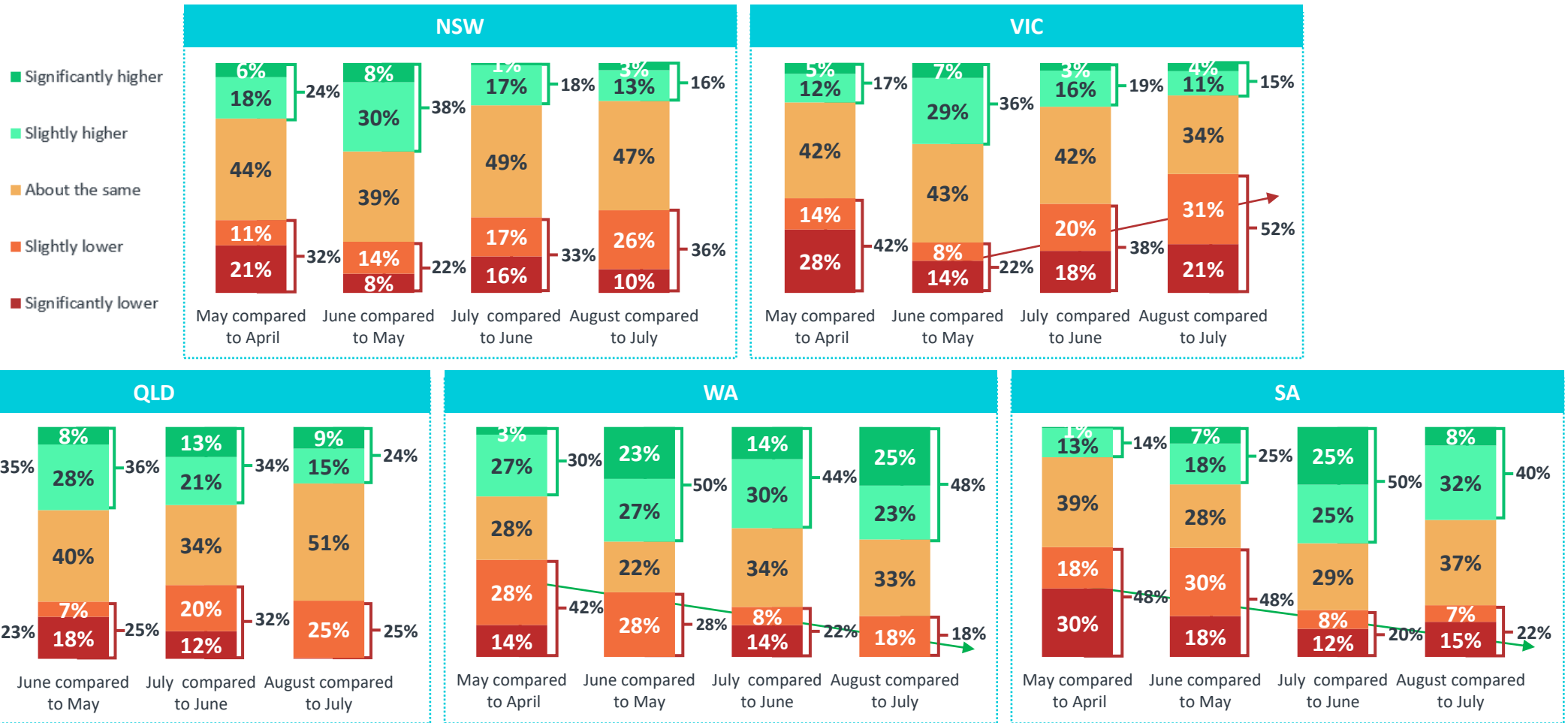


Businesses with 20-99 employees have been hit hard with 1 in 5 reporting significantly lower revenue in August compared to July.

# CURRENT REVENUE COMPARED TO PREVIOUS MONTHS' REVENUE BY STATE

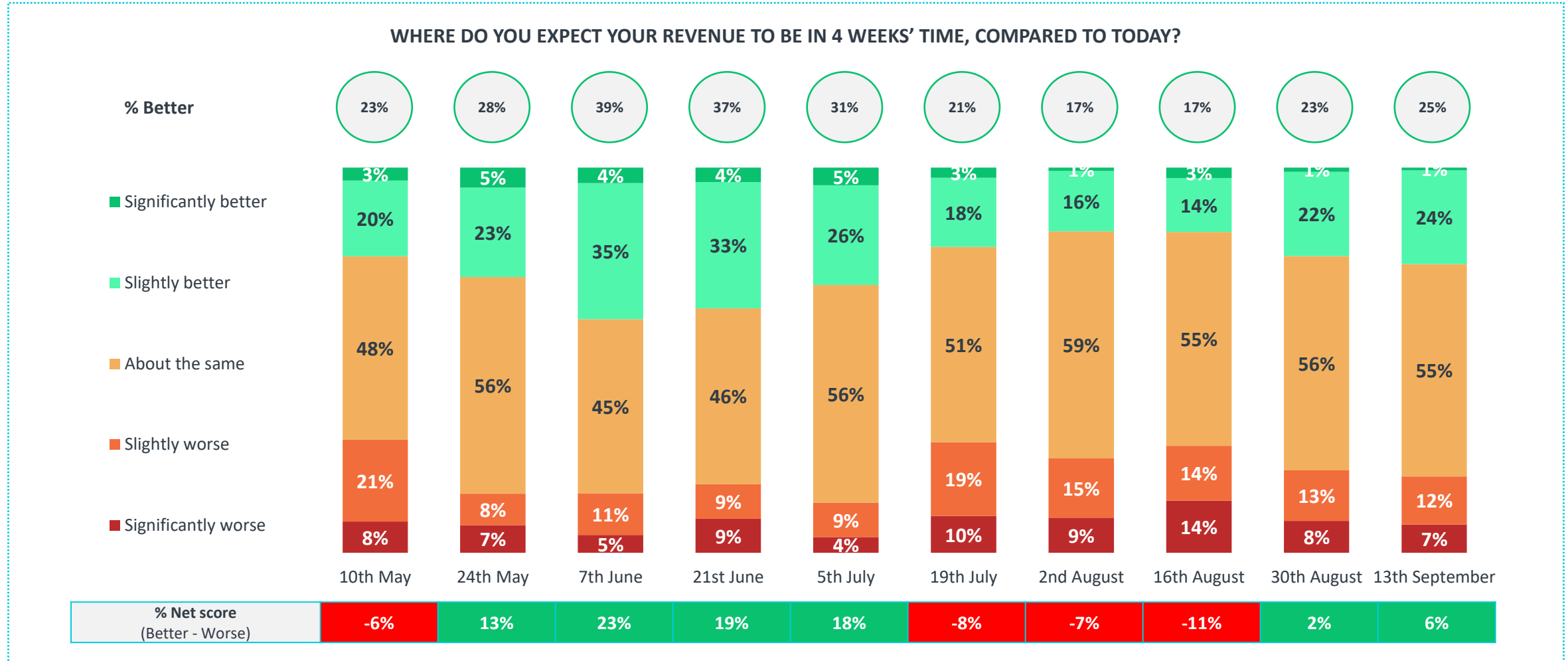
More than 50% of SMEs in VIC reported lower revenues in August, with NSW also heavily impacted by the second wave.

## HOW DOES YOUR REVENUE COMPARE?



# FUTURE REVENUE EXPECTATIONS

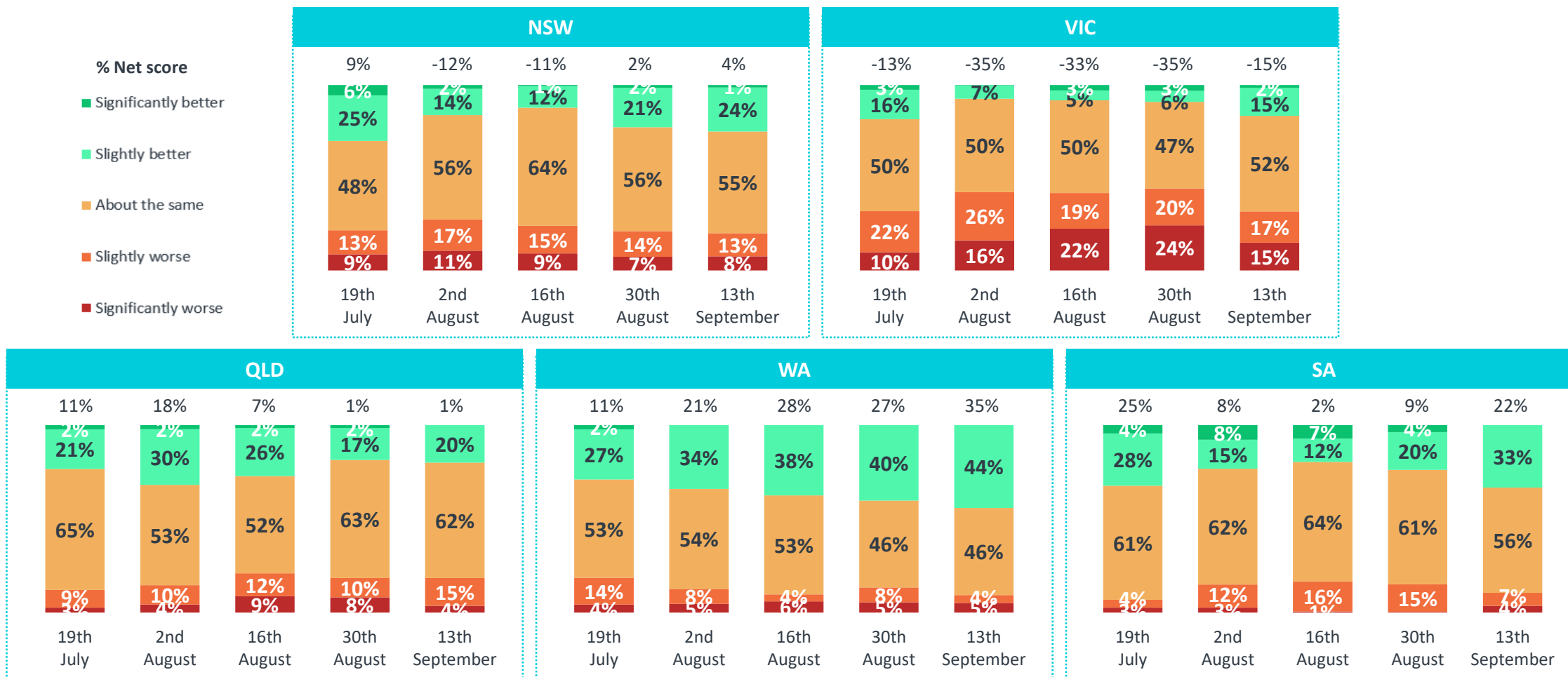
Despite a tough August, expectations regarding short term revenues continue to improve as lockdown and border restrictions are lifting.



# FUTURE REVENUE EXPECTATIONS BY STATE

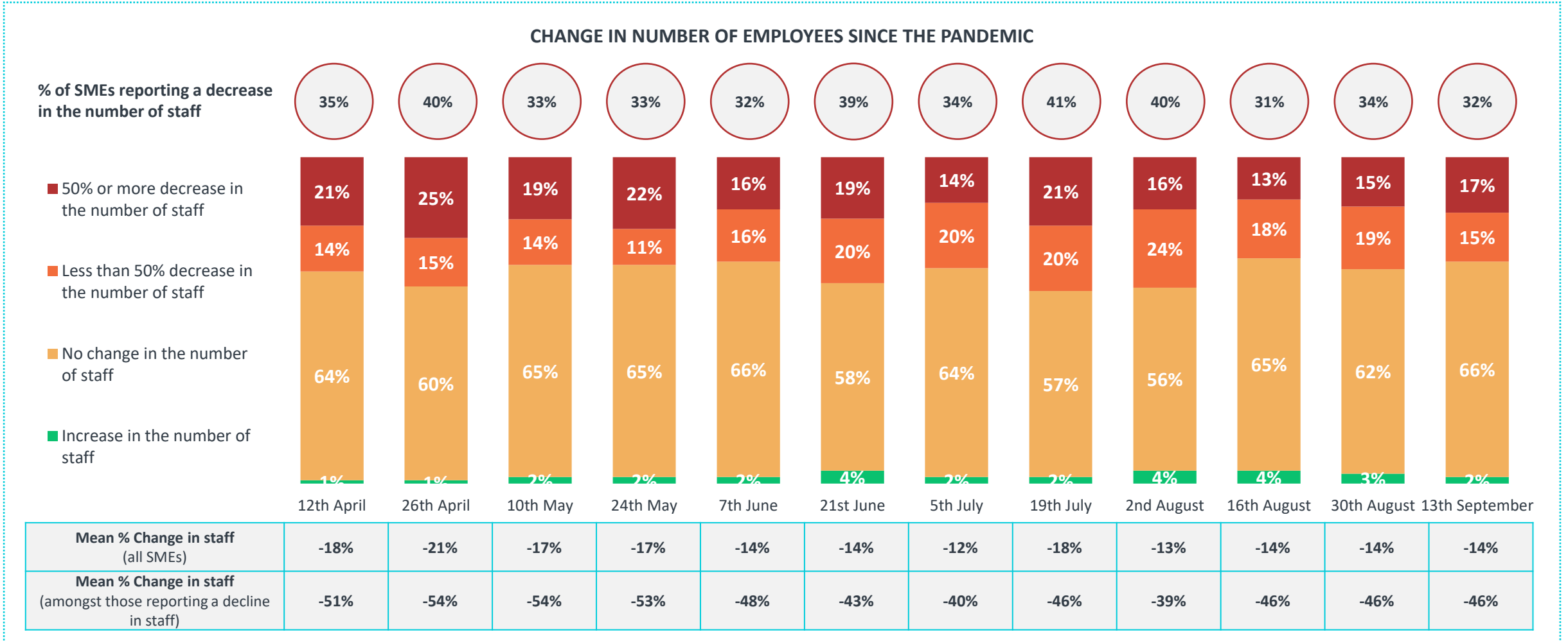
There are positive signs of stronger revenues across most states, including a significant jump in VIC.

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



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

Employee data has remained steady with one third of SMEs reporting overall declines in their staff numbers due to the pandemic.

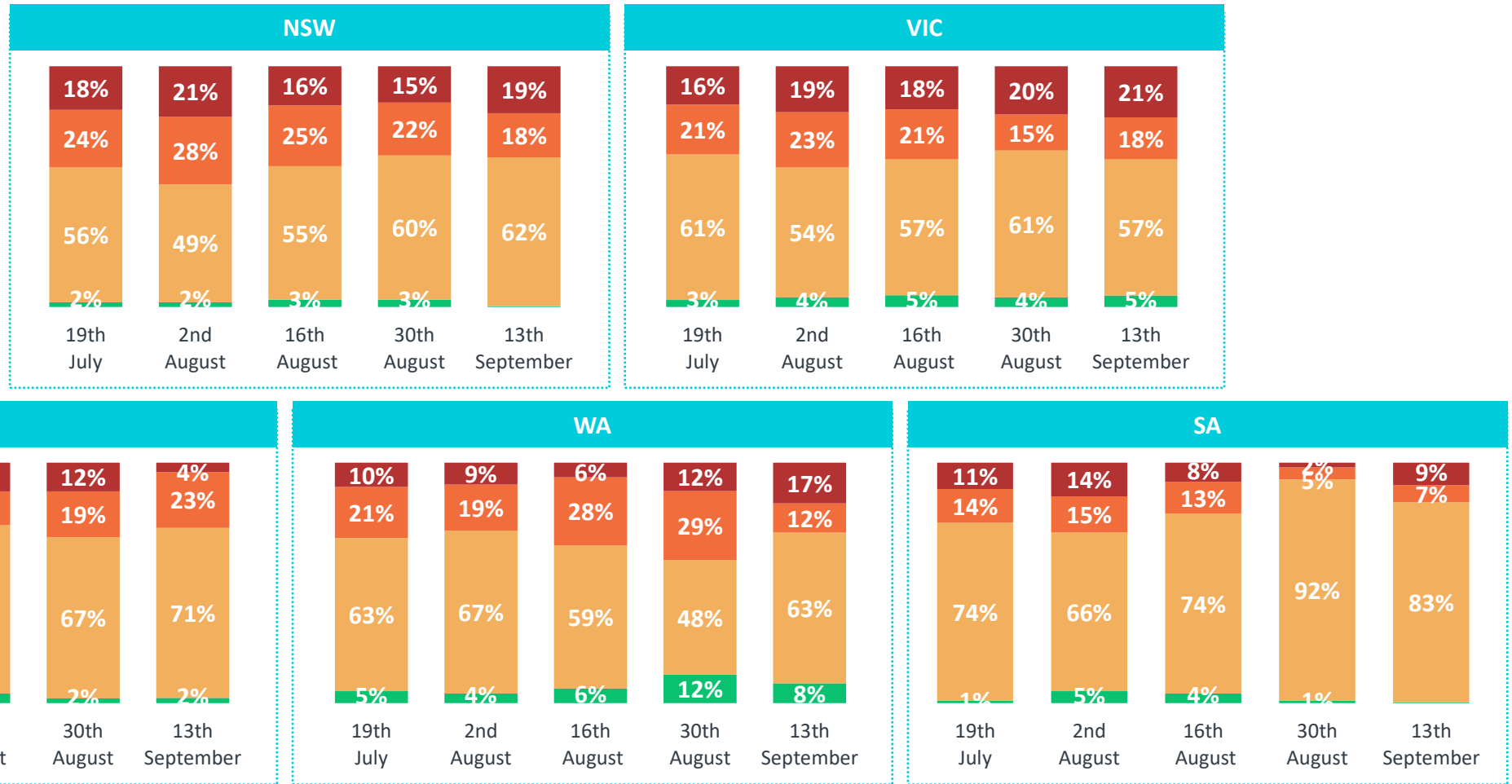


# PERCENTAGE CHANGE IN THE NUMBER OF STAFF BEFORE THE CRISIS VS NOW

Despite a slight decline in employment numbers in VIC, the majority of SMEs across all states continue to keep their teams in place.

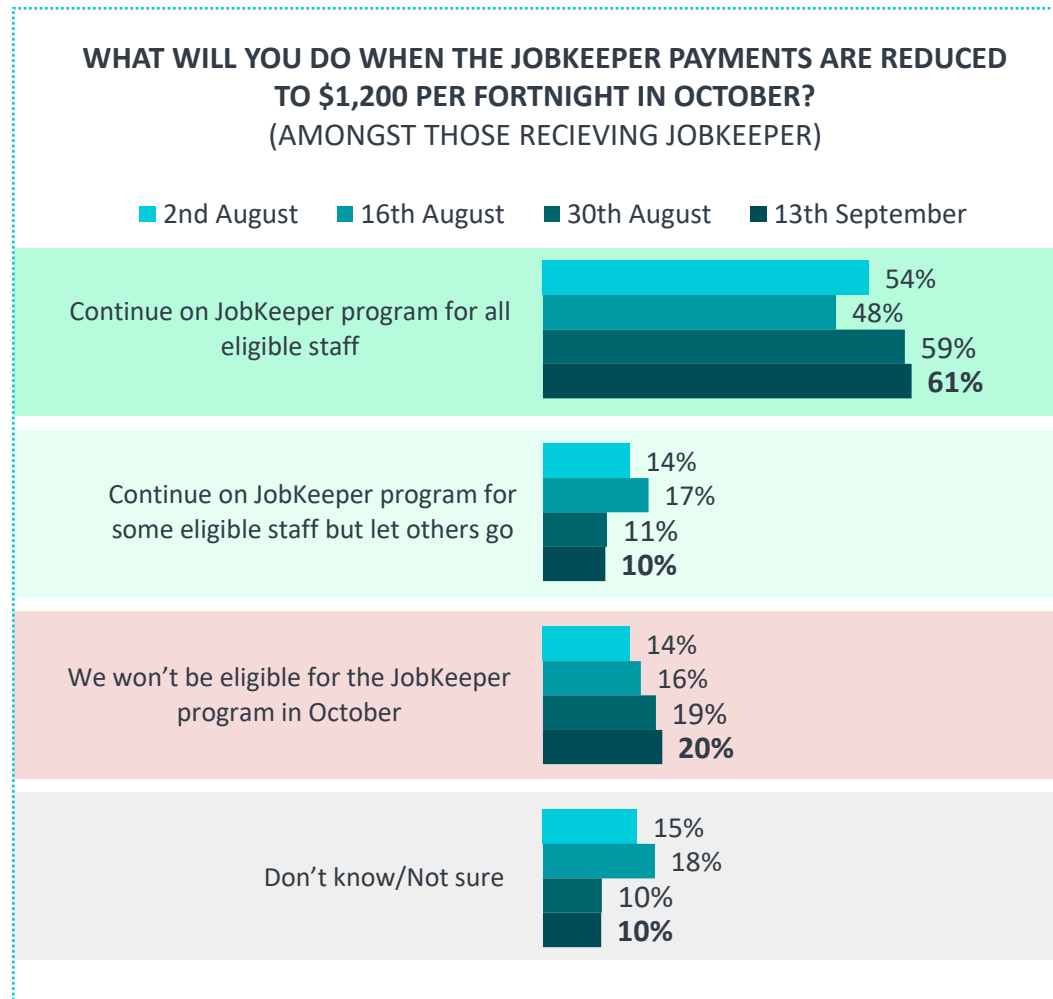
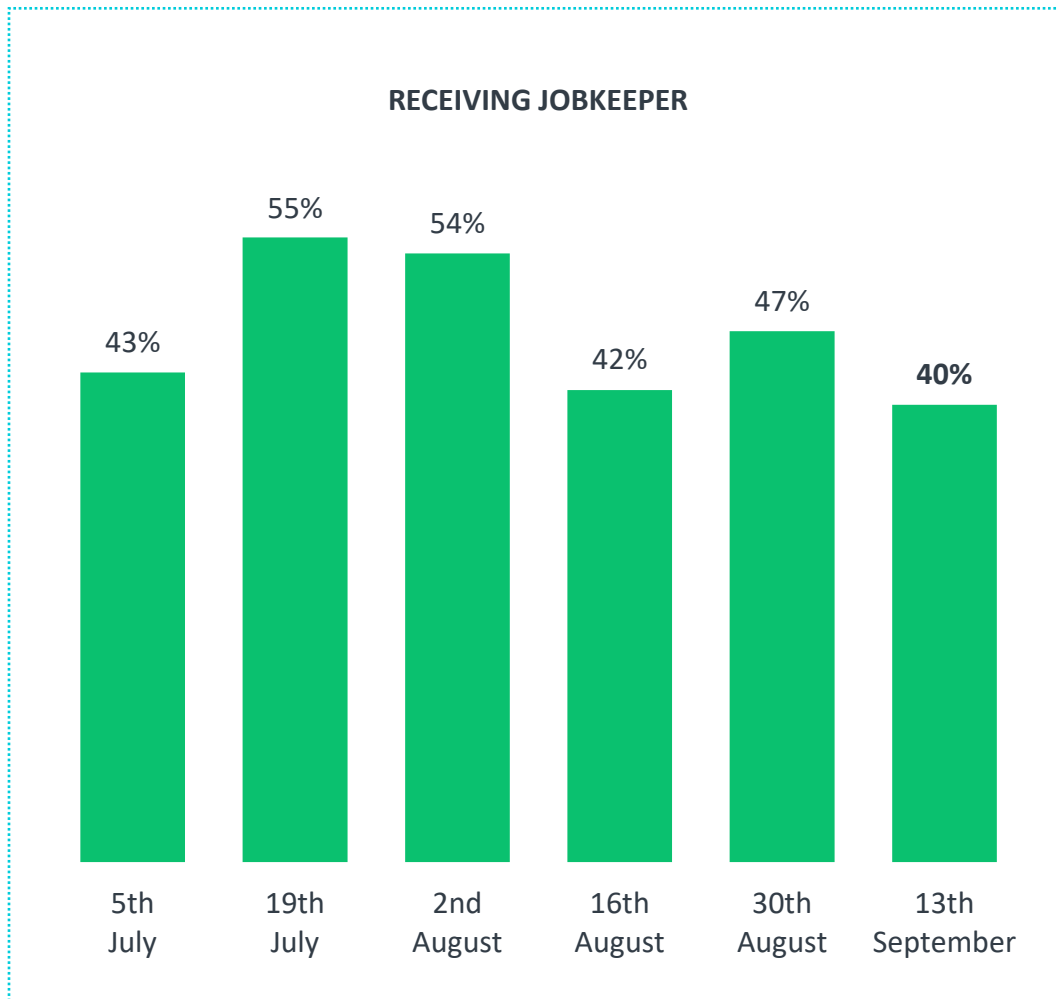
## CHANGE IN NUMBER OF EMPLOYEES SINCE THE PANDEMIC

- 50% or more decrease in the number of staff
- Less than 50% decrease in the number of staff
- No change in the number of staff
- Increase in the number of staff



# JOBKEEPER EXTENSION

Positive that most SMEs will continue to support all staff when the JobKeeper payments are reduced in October.

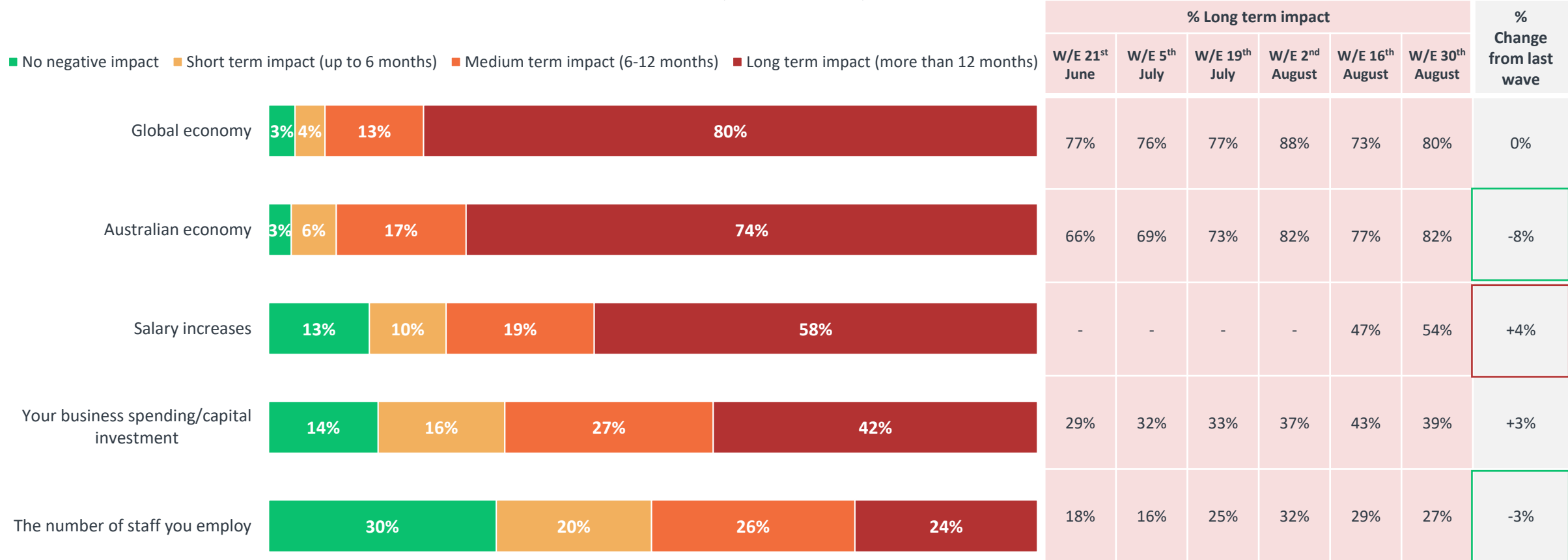


# NEGATIVE IMPACT OF COVID-19

In line with short term revenue expectations, we can also report more optimism regarding the longer term impact on the Australian economy and the number of staff employed by SMEs.

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

(W/E 13<sup>th</sup> SEPTEMBER)





# CAPITAL EXPENDITURE (NEXT 3 MONTHS)

Despite expectations that capital expenditure will be impacted for the long term, short term spend intentions are more positive across the majority of asset categories.

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

(W/E 13<sup>th</sup> SEPTEMBER)

■ Definitely will not    ■ Probably will not    ■ Probably will    ■ Definitely will

					% Total will					% Change from last wave
	W/E 5 <sup>th</sup> July	W/E 19 <sup>th</sup> July	W/E 2 <sup>nd</sup> August	W/E 16 <sup>th</sup> August	W/E 30 <sup>th</sup> August	W/E 5 <sup>th</sup> July	W/E 19 <sup>th</sup> July	W/E 2 <sup>nd</sup> August	W/E 16 <sup>th</sup> August	
IT / Office equipment, including hardware & software	25%	33%	34%	7%	35%	44%	52%	44%	37%	+4%
Passenger vehicle(s) including SUVs	66%	20%	13%	2%	15%	13%	14%	14%	13%	+2%
Light commercial vehicle(s) including utes, vans, and minibuses	68%	19%	11%	3%	16%	10%	12%	9%	11%	+3%
Other types of vehicles, equipment, machinery or plant	68%	19%	10%	3%	19%	13%	16%	17%	14%	-1%
Agricultural, construction or earthmoving vehicle(s)/equipment	78%	12%	7%	3%	11%	9%	6%	10%	7%	+3%
Medium and large bus(es) with more than 12 seats that require a bus driver licence	82%	11%	5%	1%	9%	6%	3%	6%	5%	+1%
Truck(s) less than 4.5 tonnes that can be operated with a car licence	78%	16%	4%	2%	9%	9%	5%	7%	5%	+1%
Truck(s) more than 4.5 tonnes that require a heavy vehicle licence	81%	14%	4%	2%	8%	8%	4%	6%	5%	+1%

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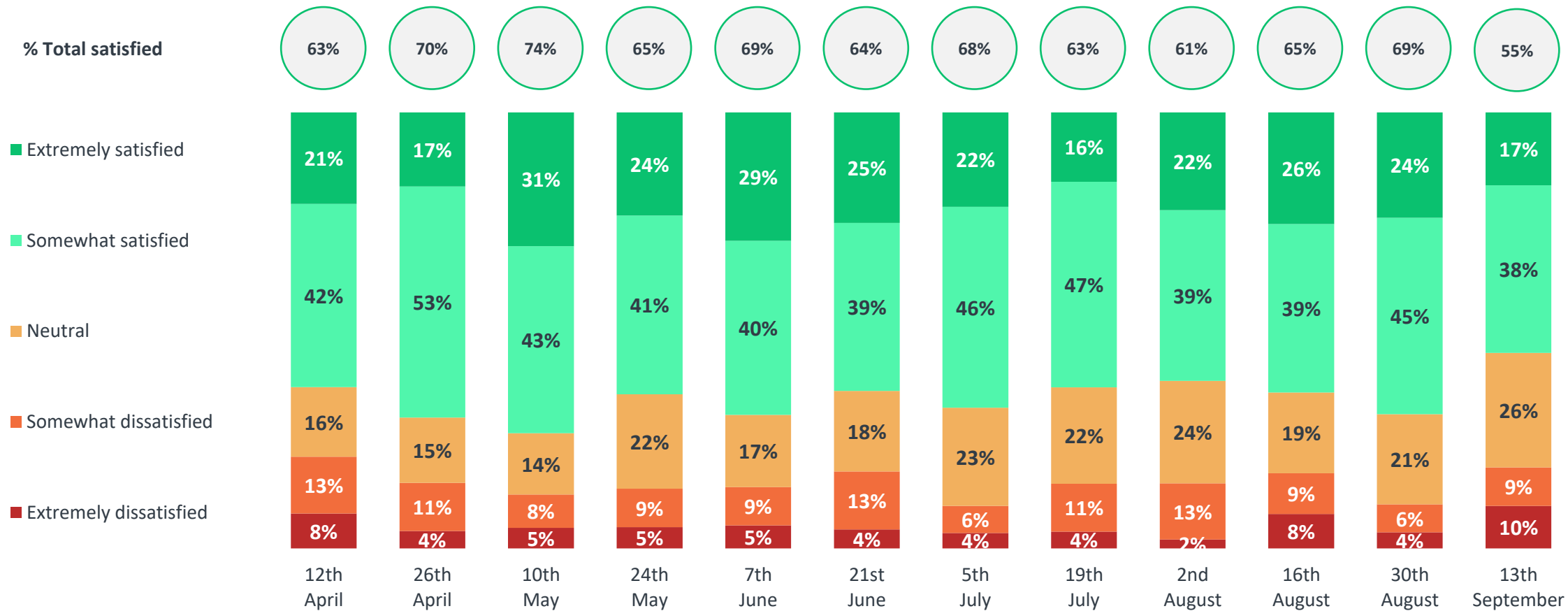
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

# SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE

Support for the Federal Government has been negatively impacted by the ongoing bickering with various State Governments. Satisfaction with the overall management of the crisis has dropped to a low of 55%.

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

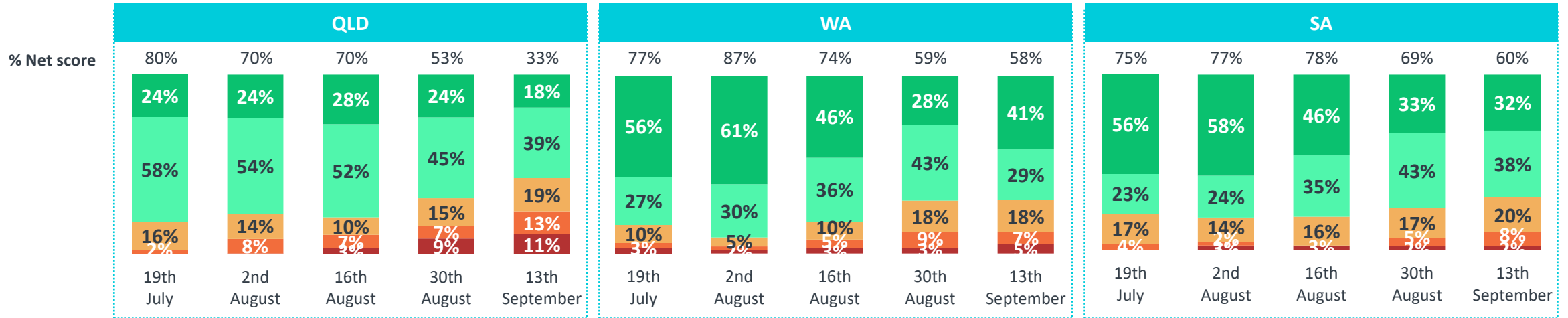
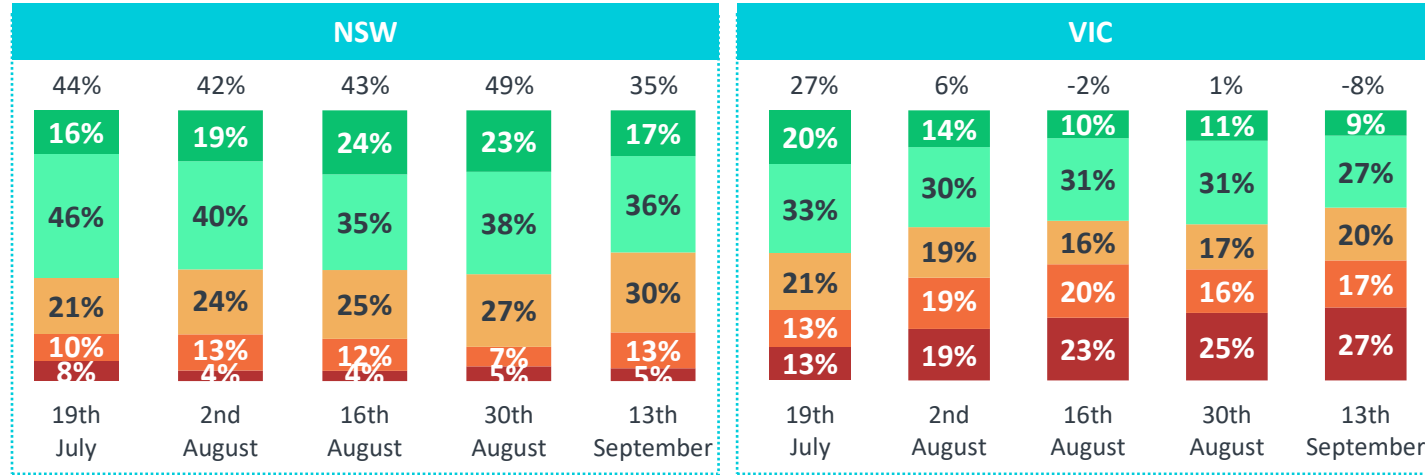


# SATISFACTION WITH THE STATE GOVERNMENT'S RESPONSE

Satisfaction with most State Governments is declining, with pressure on the VIC Government continuing to mount, with 44% of SMEs now dissatisfied.

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

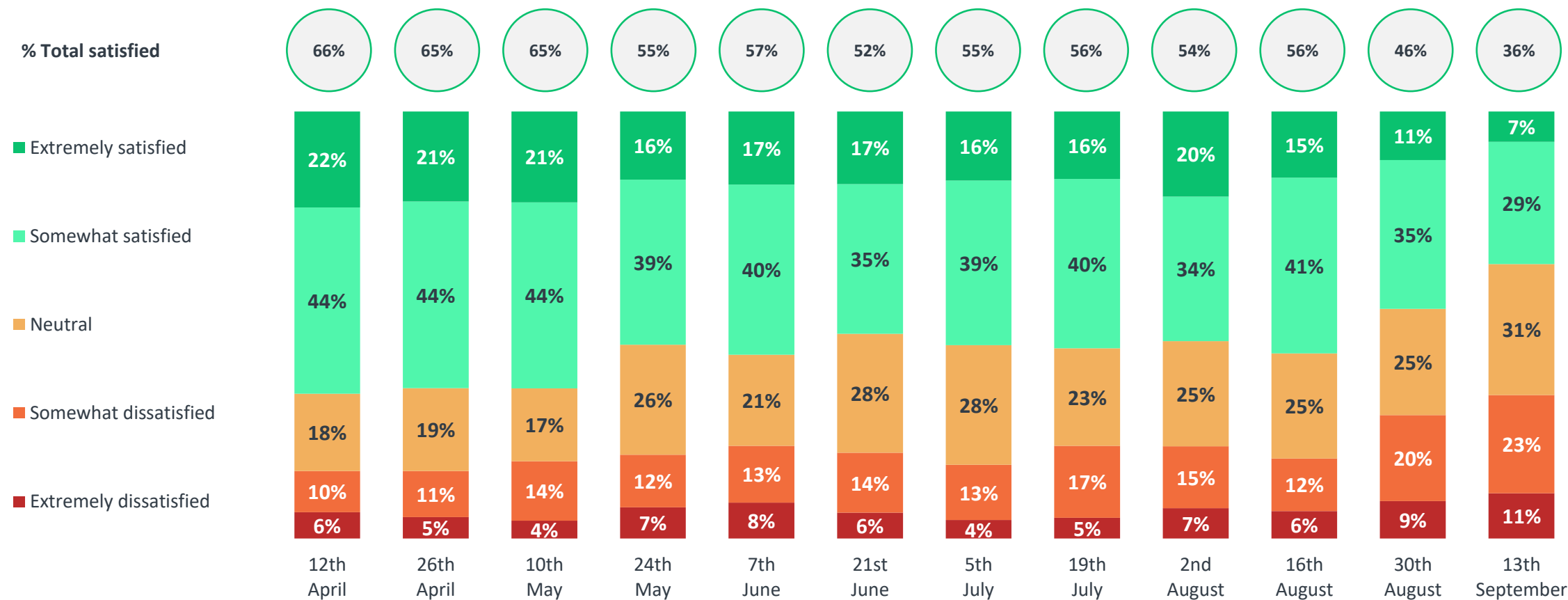
- % Net score**
- Extremely satisfied
  - Somewhat satisfied
  - Neutral
  - Somewhat dissatisfied
  - Extremely dissatisfied



# SATISFACTION WITH THE COLLABORATION OF GOVERNMENTS

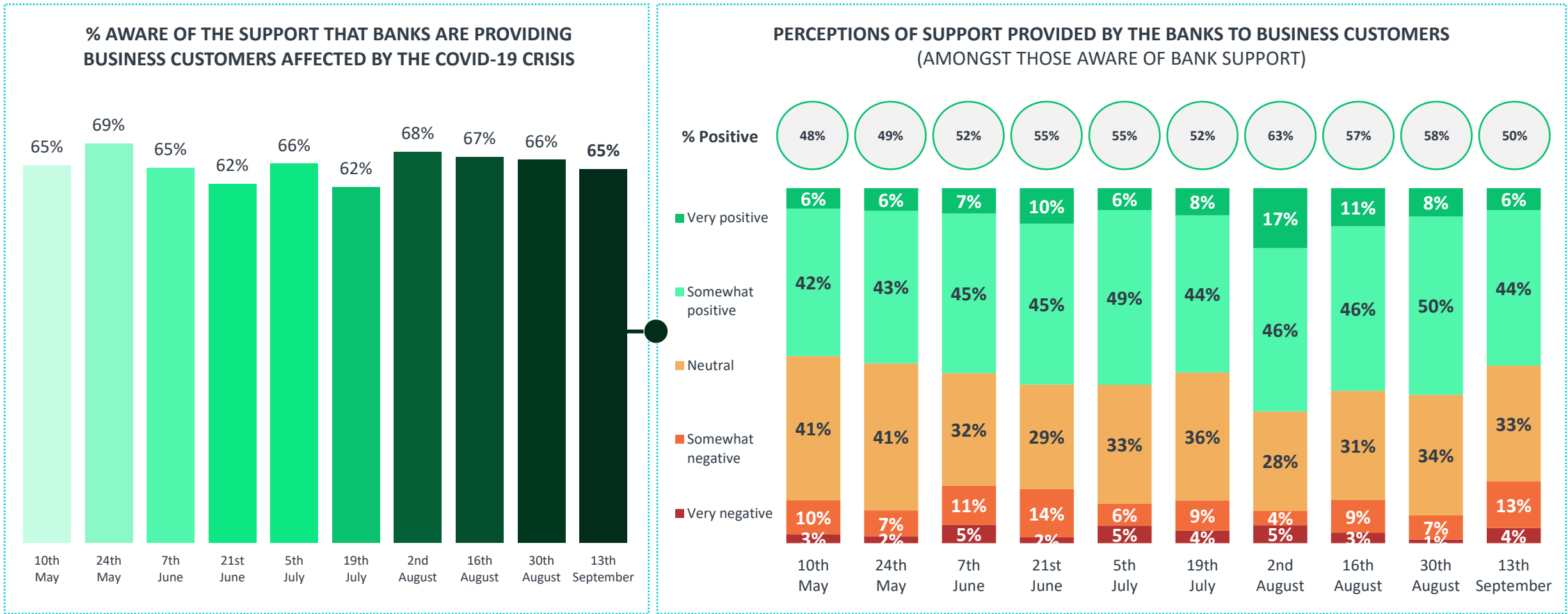
The lack of collaboration between State & Federal Governments is undermining the goodwill developed with SMEs throughout the pandemic. Only 36% of SMEs are now satisfied with the ongoing collaboration.

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?



# SUPPORT FROM THE BANKS

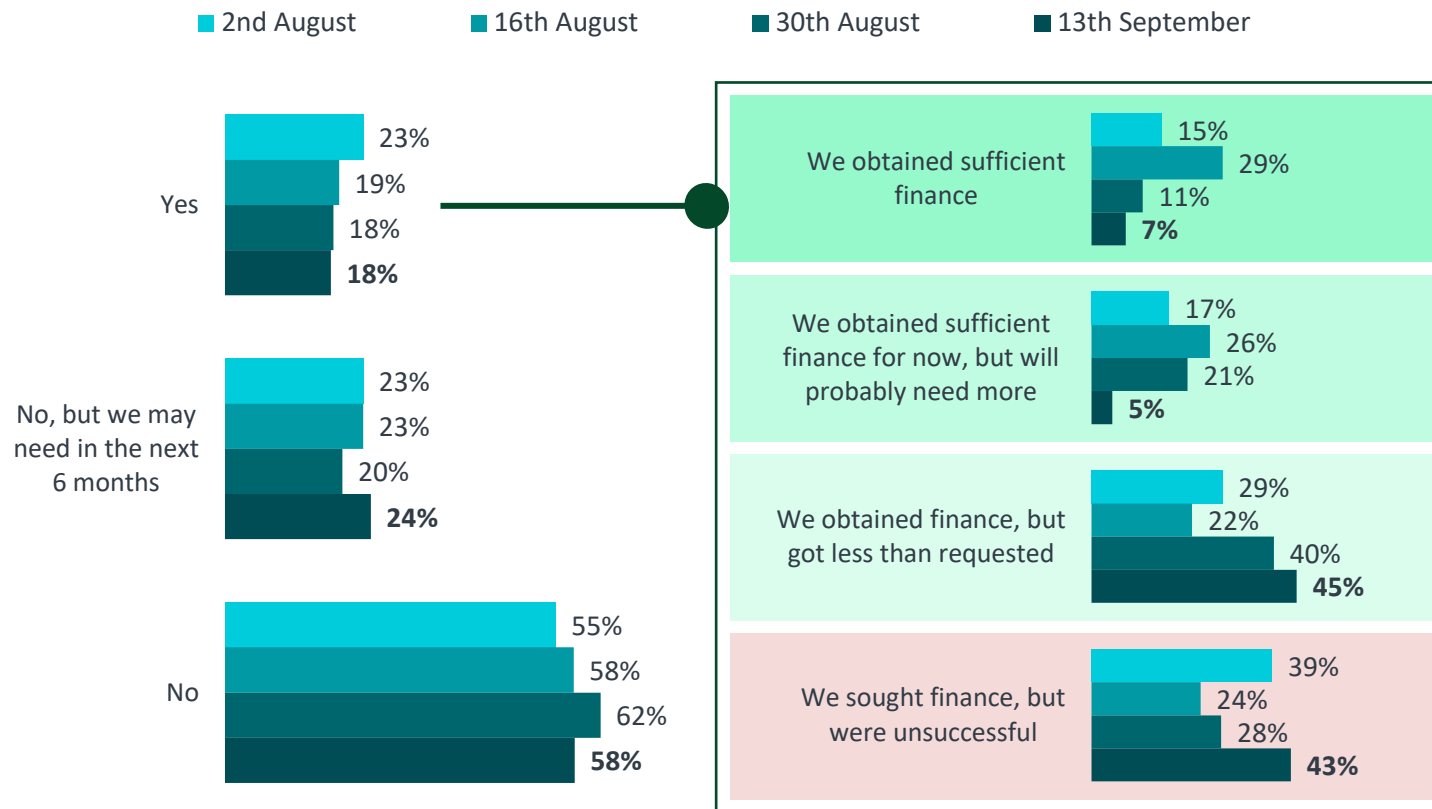
The level of positive sentiment towards the Banks has also continued the downward trend, with 17% now negative about the support banks are providing.



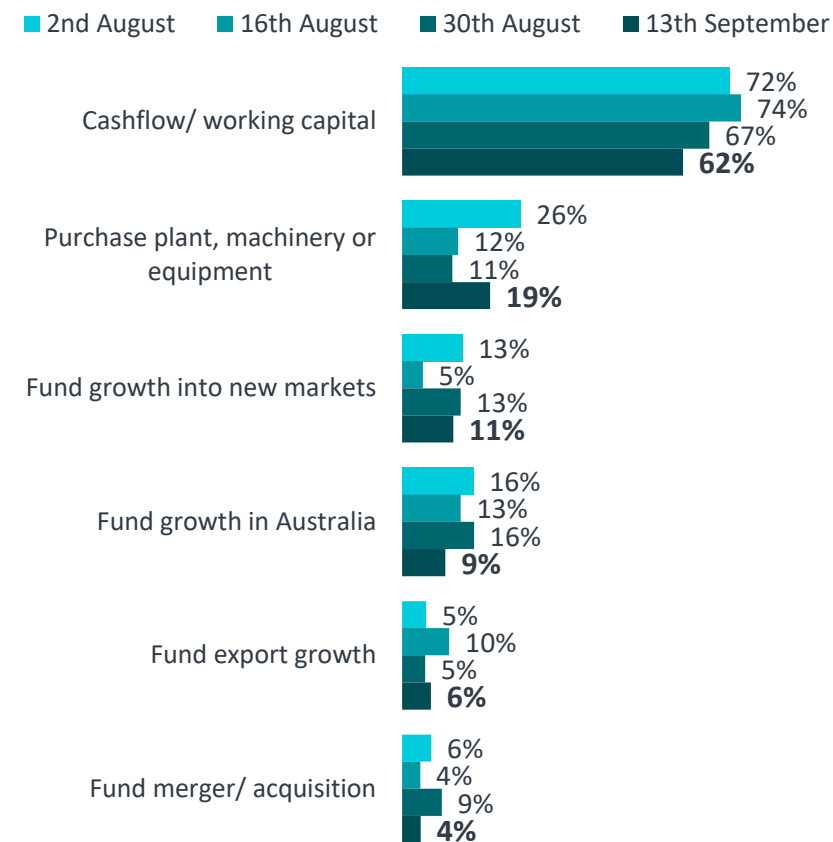
# ADDITIONAL FINANCE

Decreasing positive sentiment towards the Banks is probably linked to the increasing number of SMEs unable to access finance.

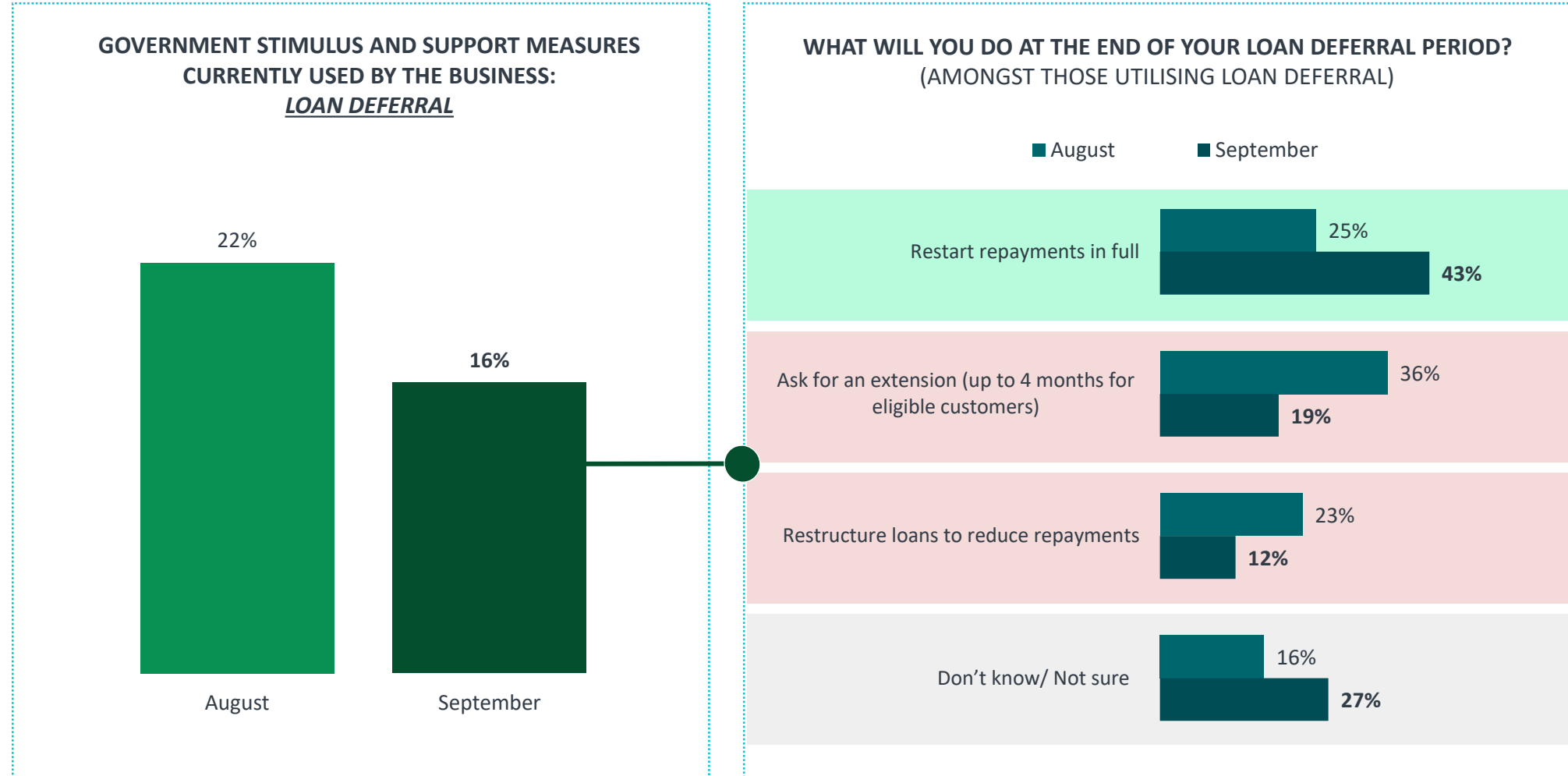
## HAVE YOU REQUIRED ANY ADDITIONAL FINANCE SINCE THE ONSET OF THE COVID-19 CRISIS?



## AND WHAT IS THE PURPOSE OF THIS FINANCE?



Likely that positivity towards the Banks is also impacted by SMEs having to restart payments on deferred loans.





# CONTENT

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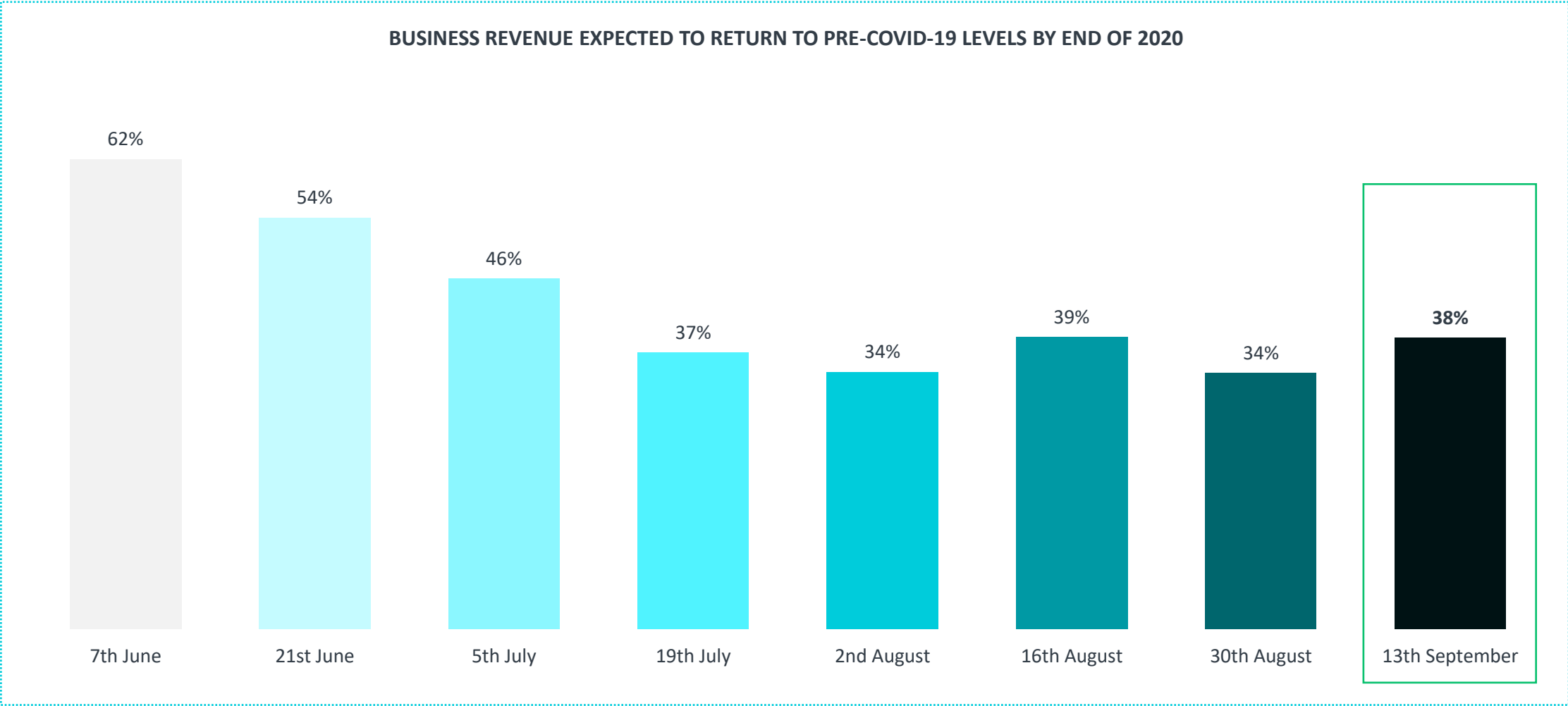
1 IMPACT OF COVID-19 ON REVENUES

2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

# REVENUE RETURNING TO PRE-COVID LEVELS BEFORE END OF 2020

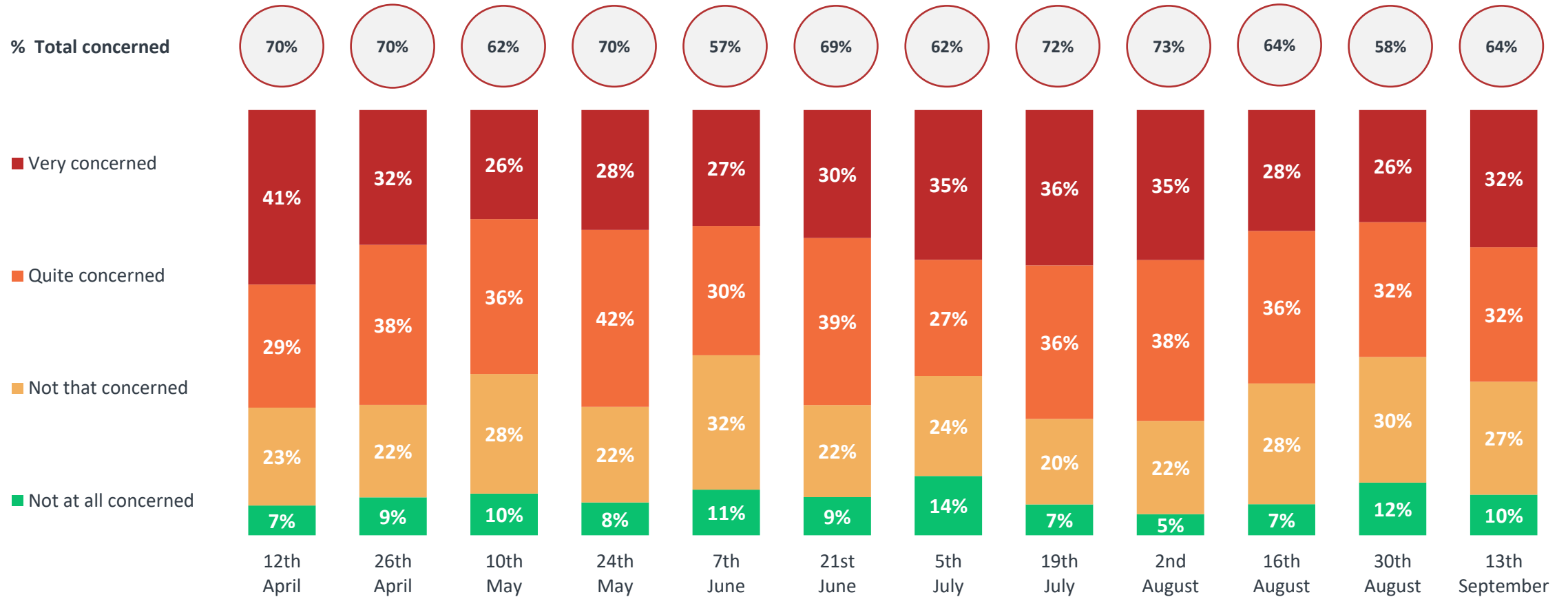
Although expectations of returning to Pre-COVID revenues remain low compared to June, we would expect an upward trend moving forward if cases continue to drop and restrictions are lifted.



# LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

Despite signs of positivity in this wave, 2/3s of SME decision makers remain concerned about the survival of their business.

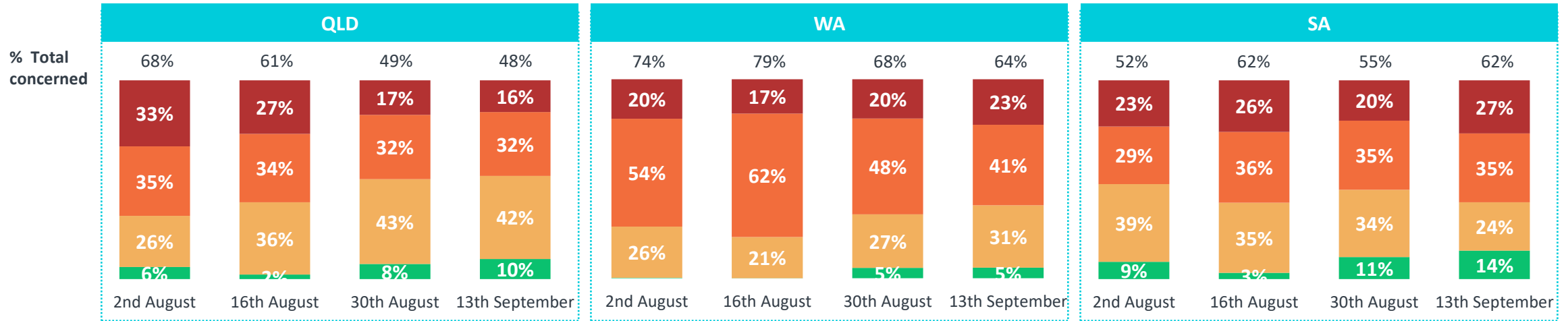
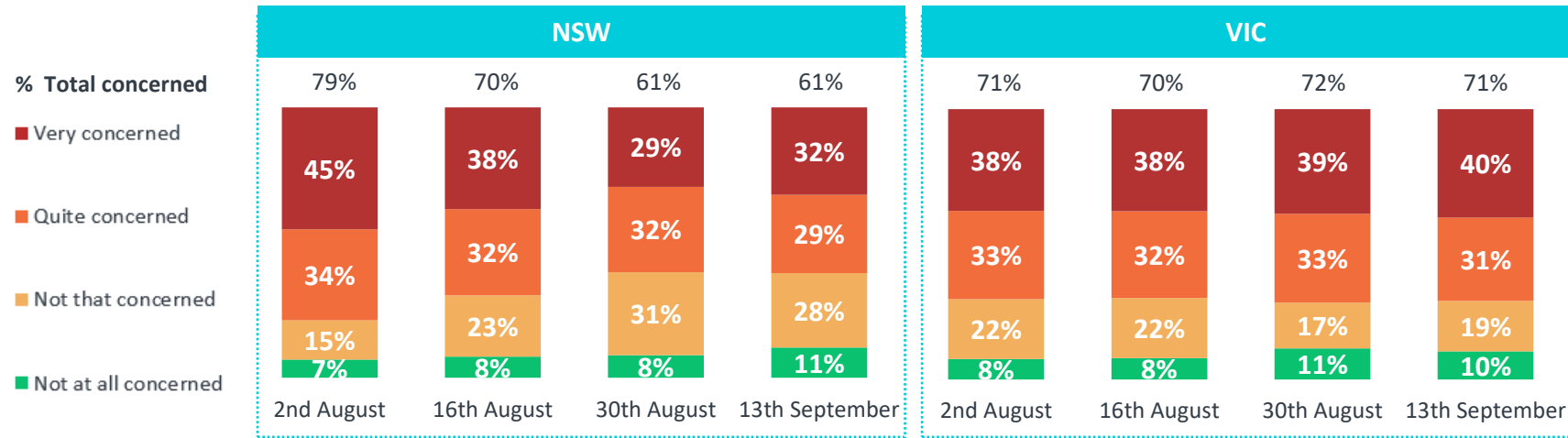
HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



# LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

Unsurprisingly concern remains the highest for Victorian SMEs.

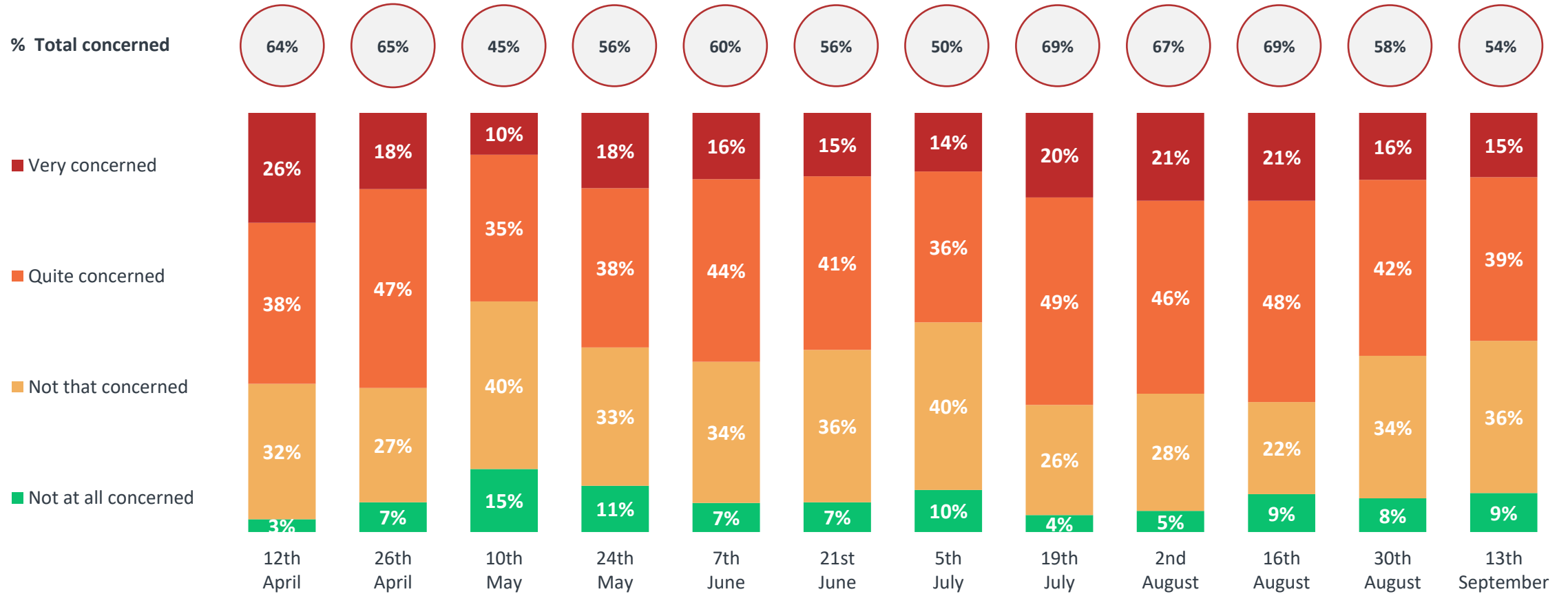
## HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



# LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

Positive to see the ongoing downward trend in concern for personal health and wellbeing.

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



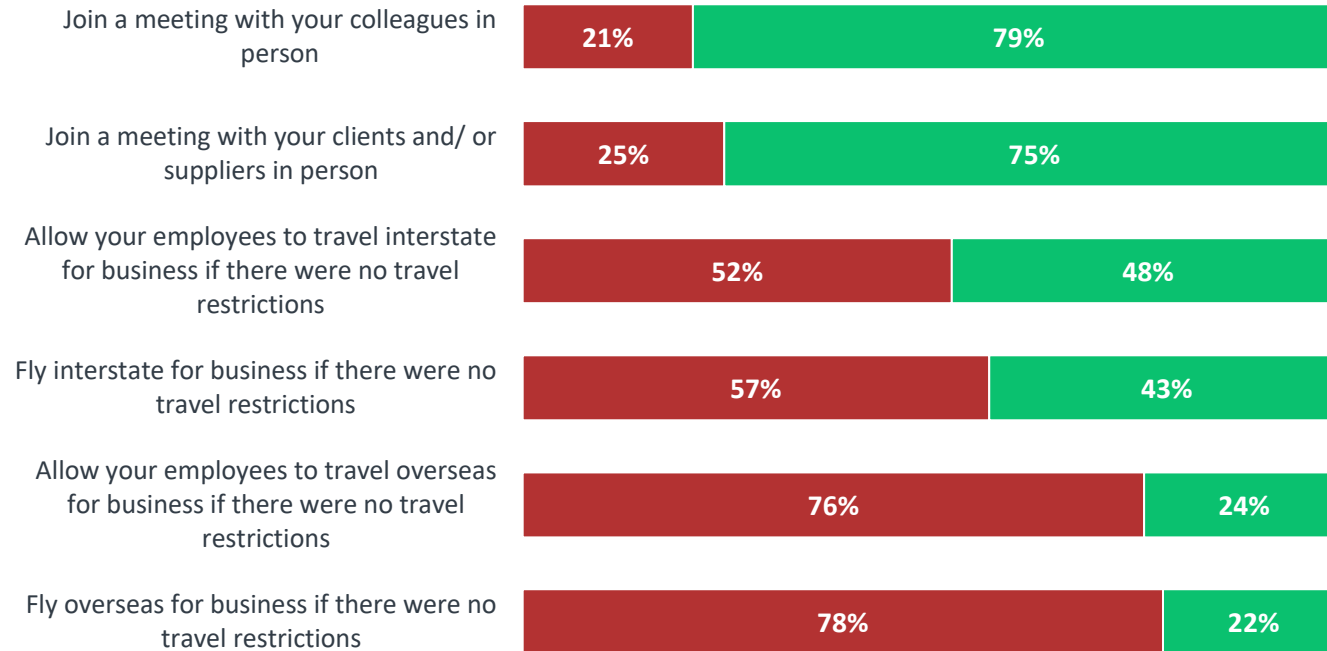
# MEETINGS AND MOBILITY

With the number of COVID cases dropping it is not surprising that the willingness to meet in person and travel interstate is again increasing.

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

(W/E 13<sup>th</sup> SEPTEMBER)

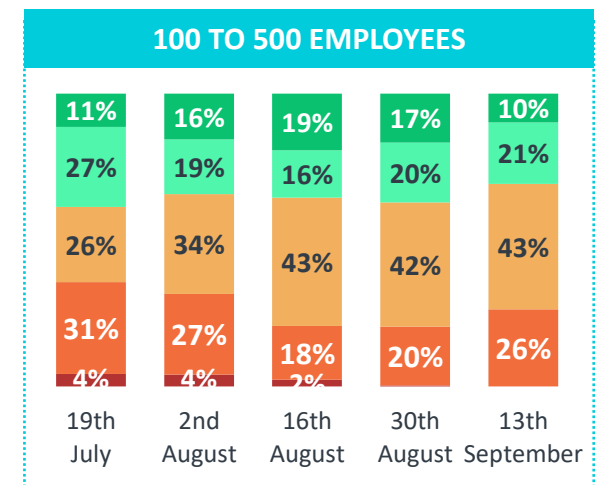
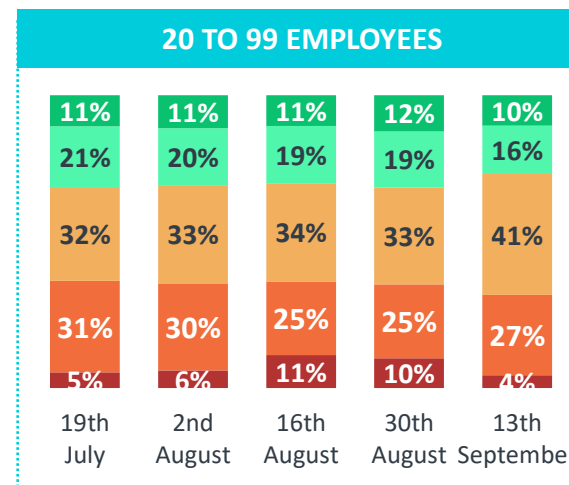
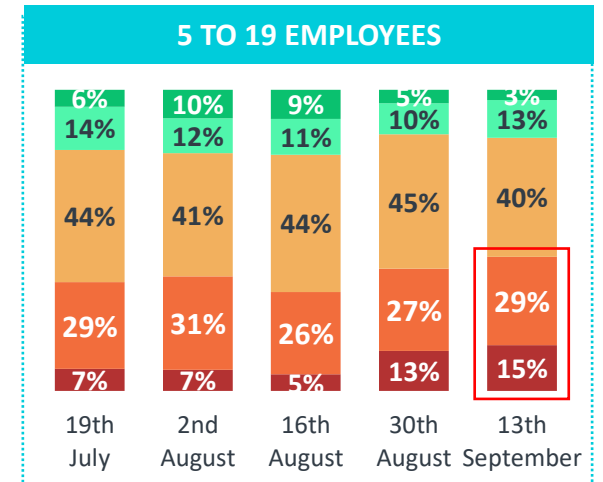
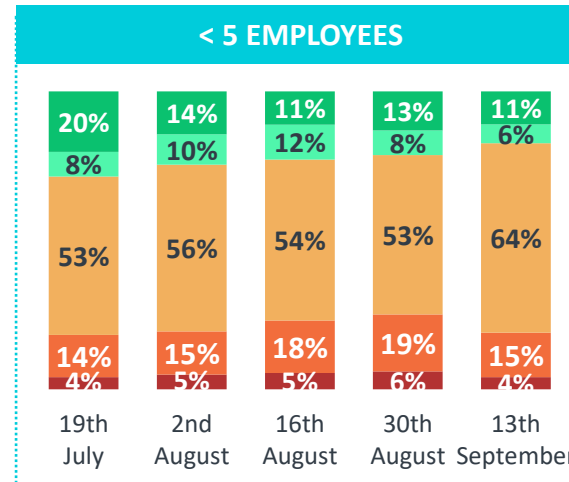
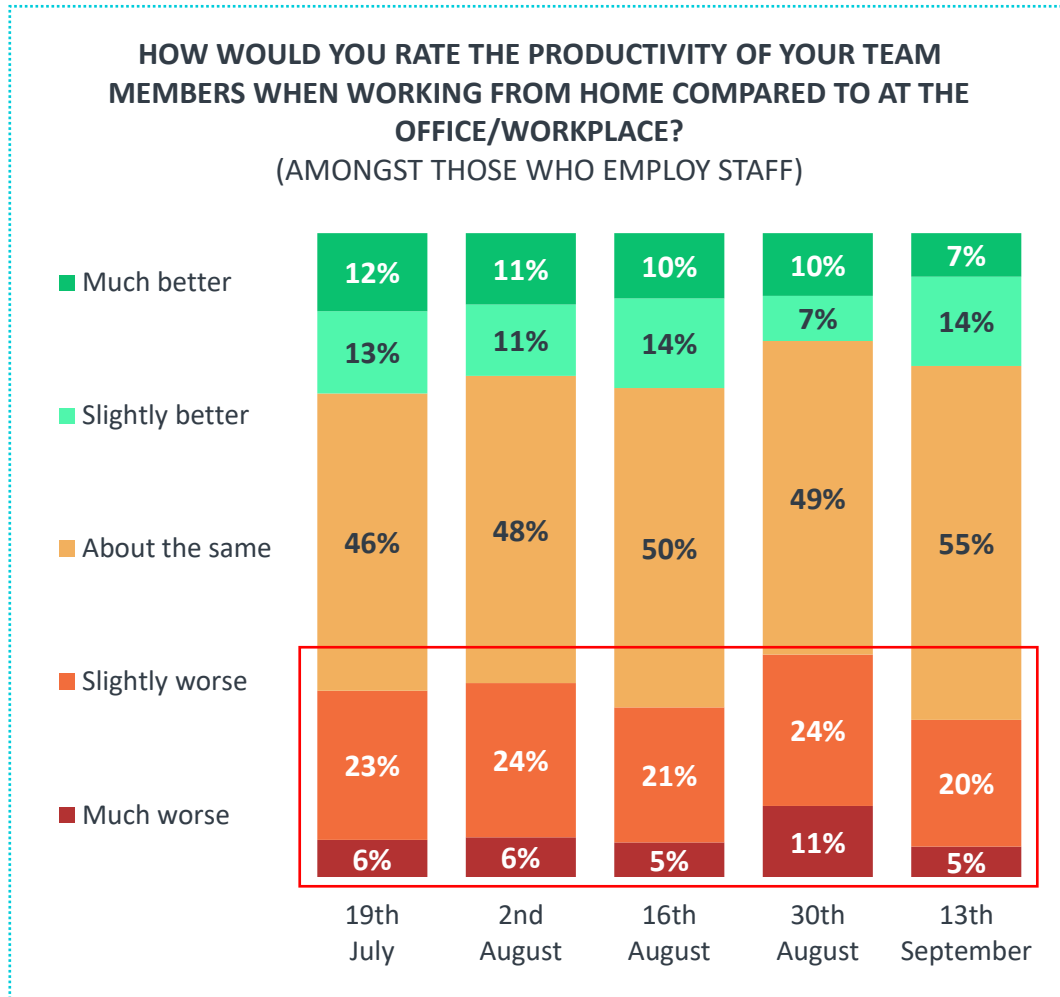
■ No ■ Yes



	% Yes							% Change from last wave
	W/E 7 <sup>th</sup> June	W/E 21 <sup>st</sup> June	W/E 5 <sup>th</sup> July	W/E 19 <sup>th</sup> July	W/E 2 <sup>nd</sup> August	W/E 16 <sup>th</sup> August	W/E 30 <sup>th</sup> August	
Join a meeting with your colleagues in person	74%	80%	80%	75%	64%	67%	75%	+4%
Join a meeting with your clients and/ or suppliers in person	72%	78%	73%	72%	55%	68%	67%	+8%
Allow your employees to travel interstate for business if there were no travel restrictions	54%	54%	54%	40%	27%	31%	34%	+14%
Fly interstate for business if there were no travel restrictions	53%	59%	57%	38%	26%	38%	35%	+8%
Allow your employees to travel overseas for business if there were no travel restrictions	18%	23%	34%	21%	16%	25%	21%	+3%
Fly overseas for business if there were no travel restrictions	22%	25%	33%	21%	16%	25%	21%	+1%

# PRODUCTIVITY OF TEAM MEMBERS WORKING FROM HOME

Overall less negativity regarding WFH productivity, but smaller businesses (5-19 employees) are struggling with 44% reporting productivity is down.



# CONTENT

APPENDIX:

1 METHODOLOGY & SAMPLE

2 ABOUT ACA RESEARCH & FIFTH QUADRANT



# METHODOLOGY

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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

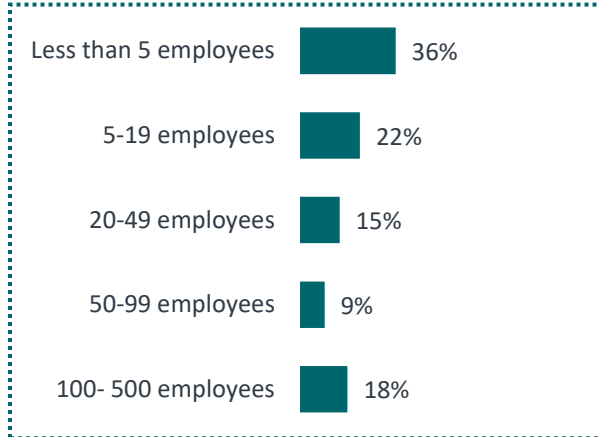


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

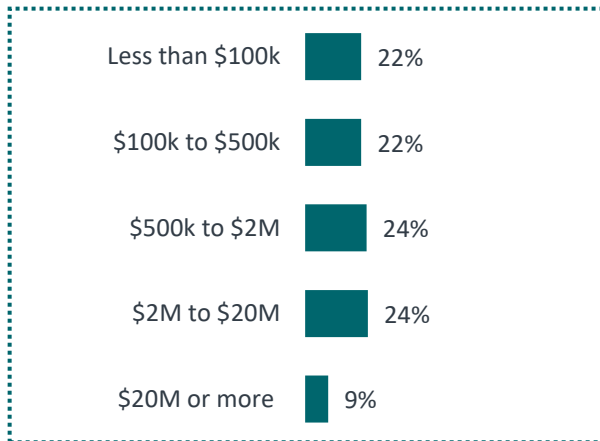
# OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

## SIZE OF BUSINESS: EMPLOYEES

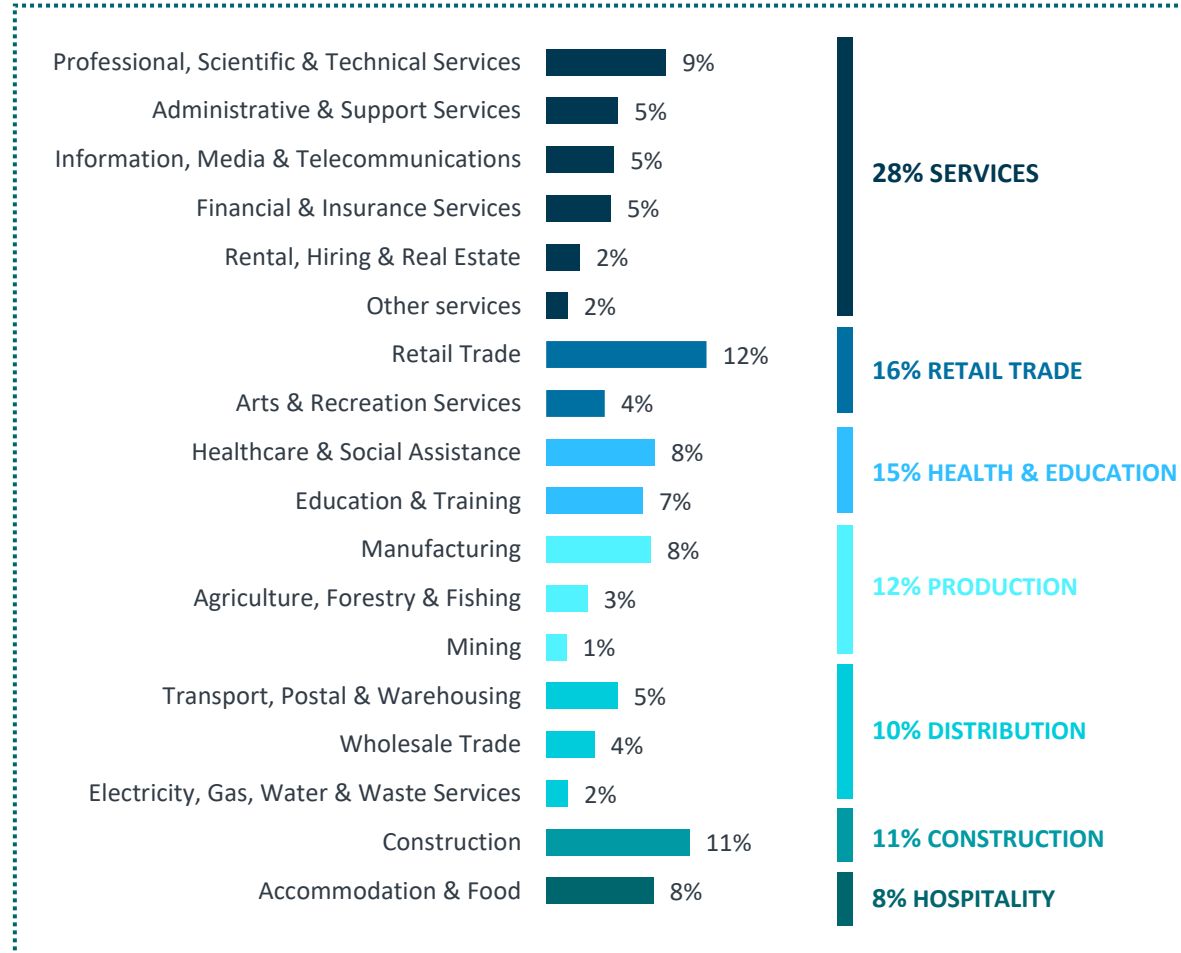


## SIZE OF BUSINESS: TURNOVER



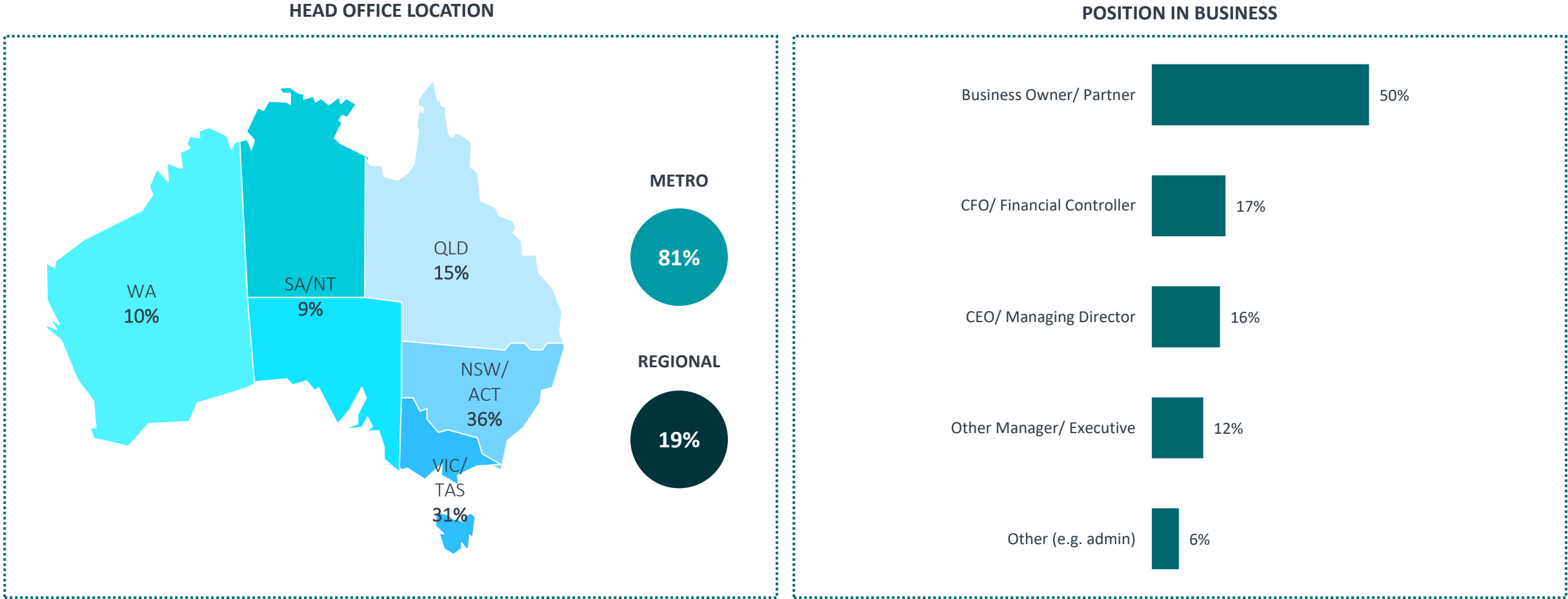
NOTE: CHARTS SHOW UNWEIGHTED DATA

## 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

# CONTENT

APPENDIX:

1 METHODOLOGY & SAMPLE

2 ABOUT ACA RESEARCH & FIFTH QUADRANT

## 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

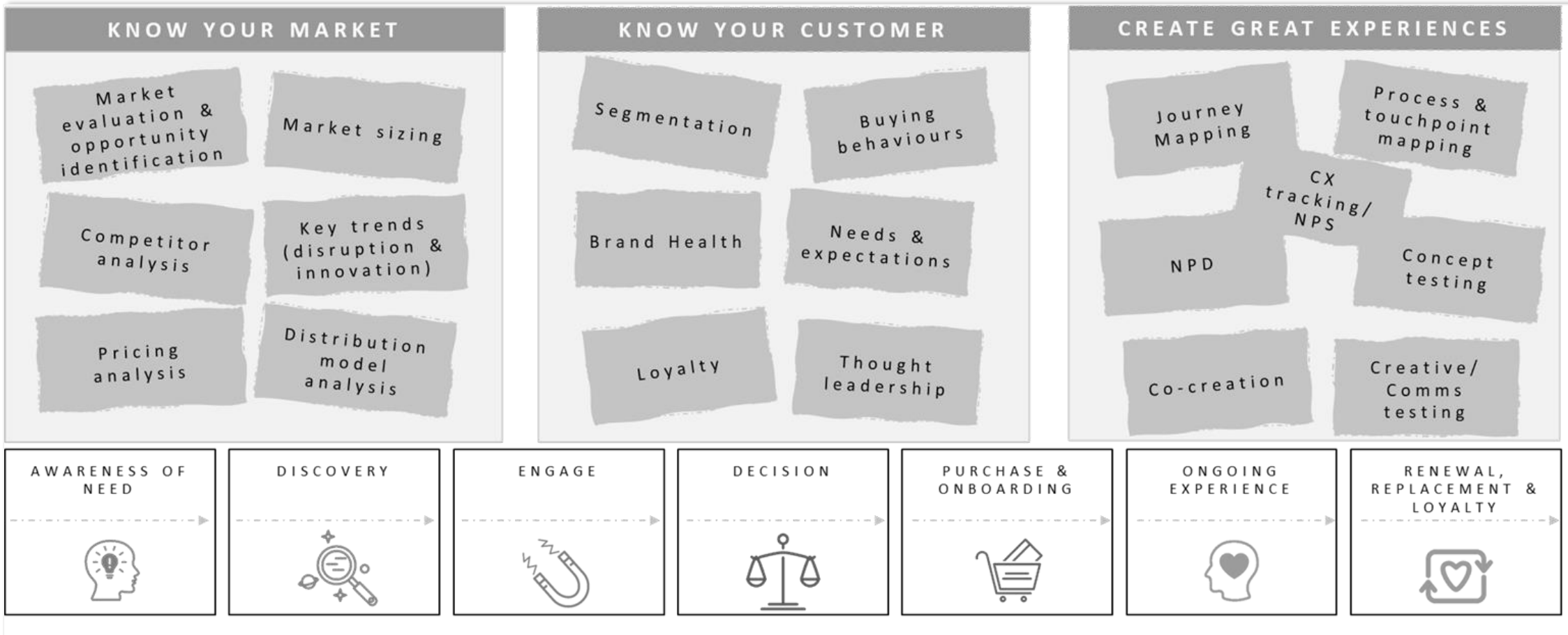
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

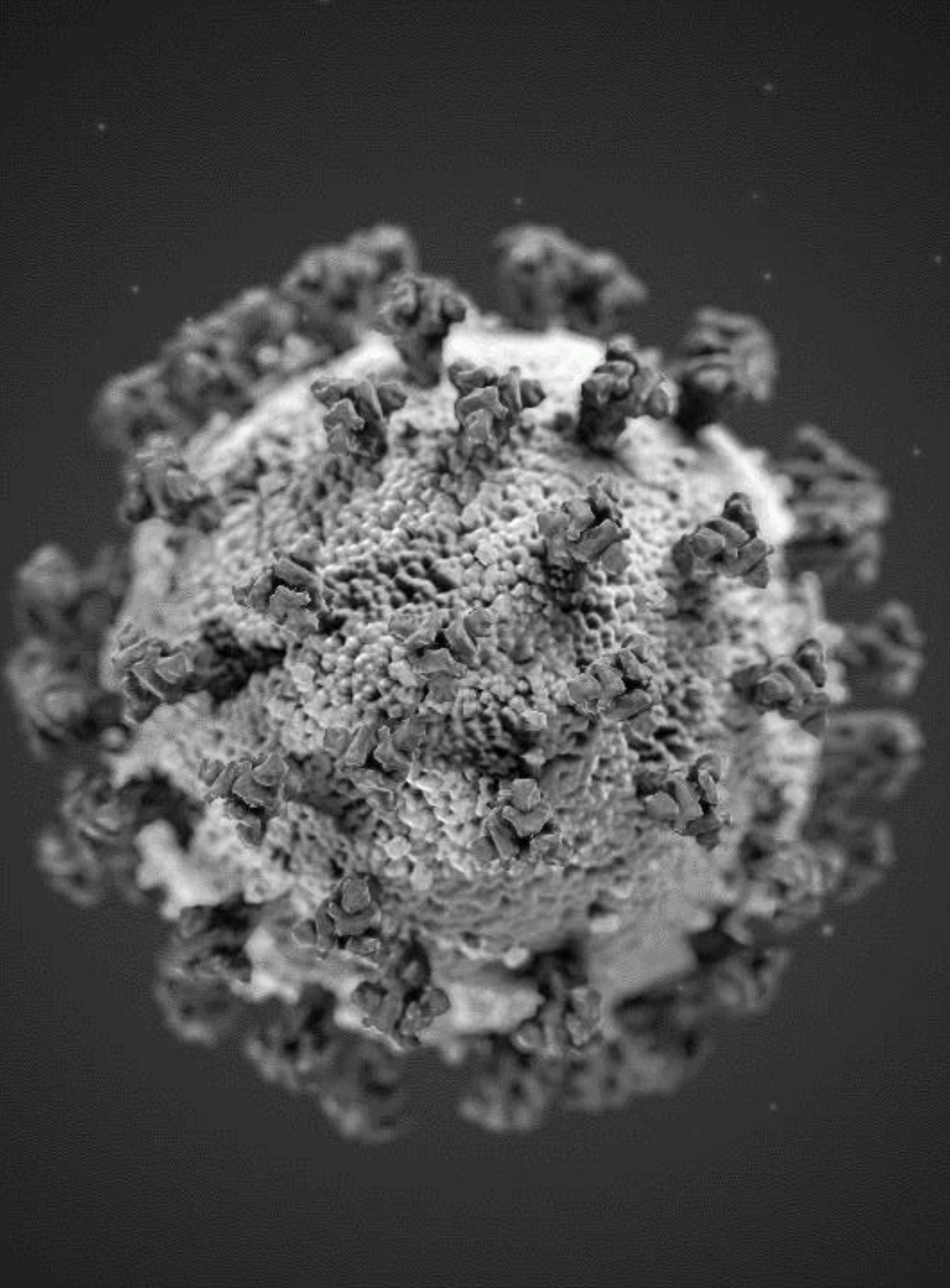
TO DELIVER  
ACTIONABLE  
RECOMMENDATIONS  
AND ADVICE

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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