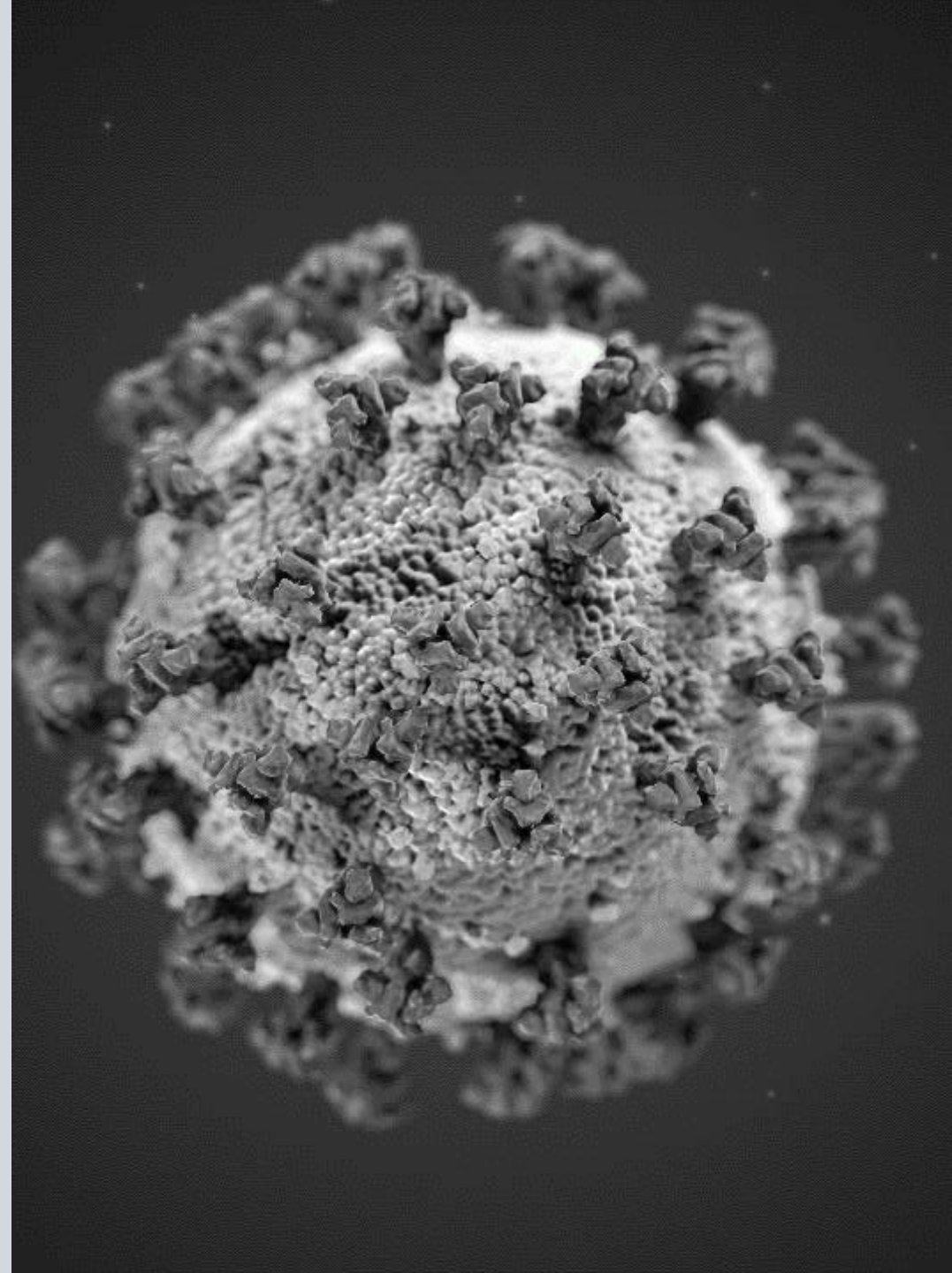


COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 19 –

23rd October 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.

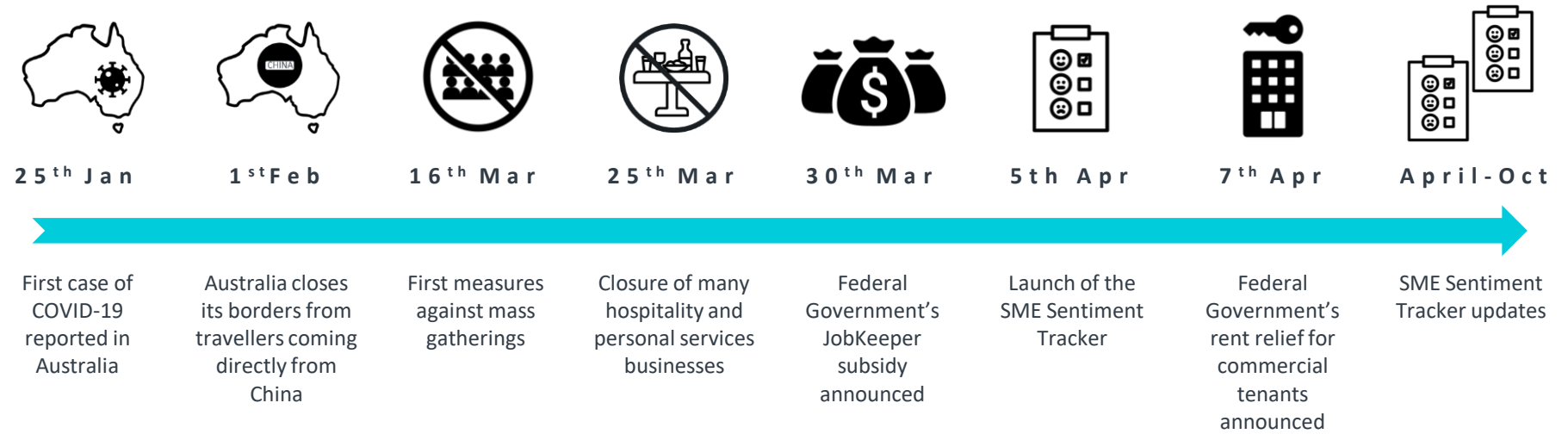
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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	WAVE 18 27/Sep	WAVE 19 11/Oct
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	27,040	27,265
DAILY NEW CASES	200	10	26	15	20	14	17	3	10	5	25	87	361	641	253	123	44	24	21
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	1,536	1,369

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



69% of SMEs reporting a decline in revenue due to COVID-19



41% of SMEs report higher revenues in September than in August



37% expecting revenues to increase over the next 4 weeks



15% of SMEs are now hiring, compared to 12%, 2 weeks earlier

Despite most SMEs (69%) still experiencing the negative impact of the pandemic, it is very evident that revenues are rebounding with 41% reporting higher income in September, than in August.

Expectations regarding the short term also continue a strong upward trend with 37% now expecting better revenues in 4 weeks time. Short term confidence is increasing in all states including Victoria.

Despite revenues improving, job data is more negative with 38% now reporting COVID-19 related job losses compared to 31% in September. Hopefully, this is a short-term trend, and not an indication that the reduction in JobKeeper payments is triggering more job cuts.

Notwithstanding negative job data at an overall level, it is positive to report an uptick in the number of SMEs currently hiring (up 3% to 15%), with the Hospitality sector driving the demand for new staff members.

In summary, confidence is continuing to improve as business conditions and revenues increase. However, it is concerning to see a bounce in job losses now that the JobKeeper payments have reduced. Let's hope the proportion of SMEs hiring continues to trend up to counter any further losses amongst those SMEs battling through these difficult times.

CONTENT

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

1 IMPACT OF COVID-19 ON REVENUES

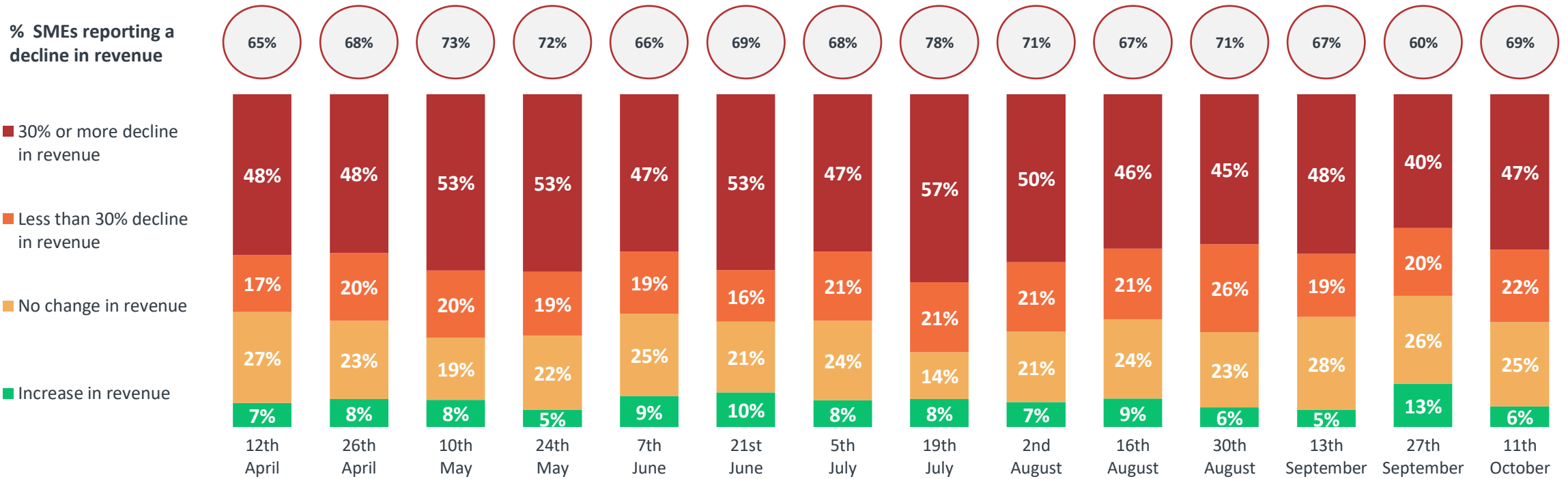
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

DECLINE IN REVENUE DUE TO COVID-19

Disappointing that the positive revenue trend has reversed to 69% of SMEs reporting declining revenues due to COVID-19. Hopefully, just a temporary reversal as restrictions continue to be lifted.

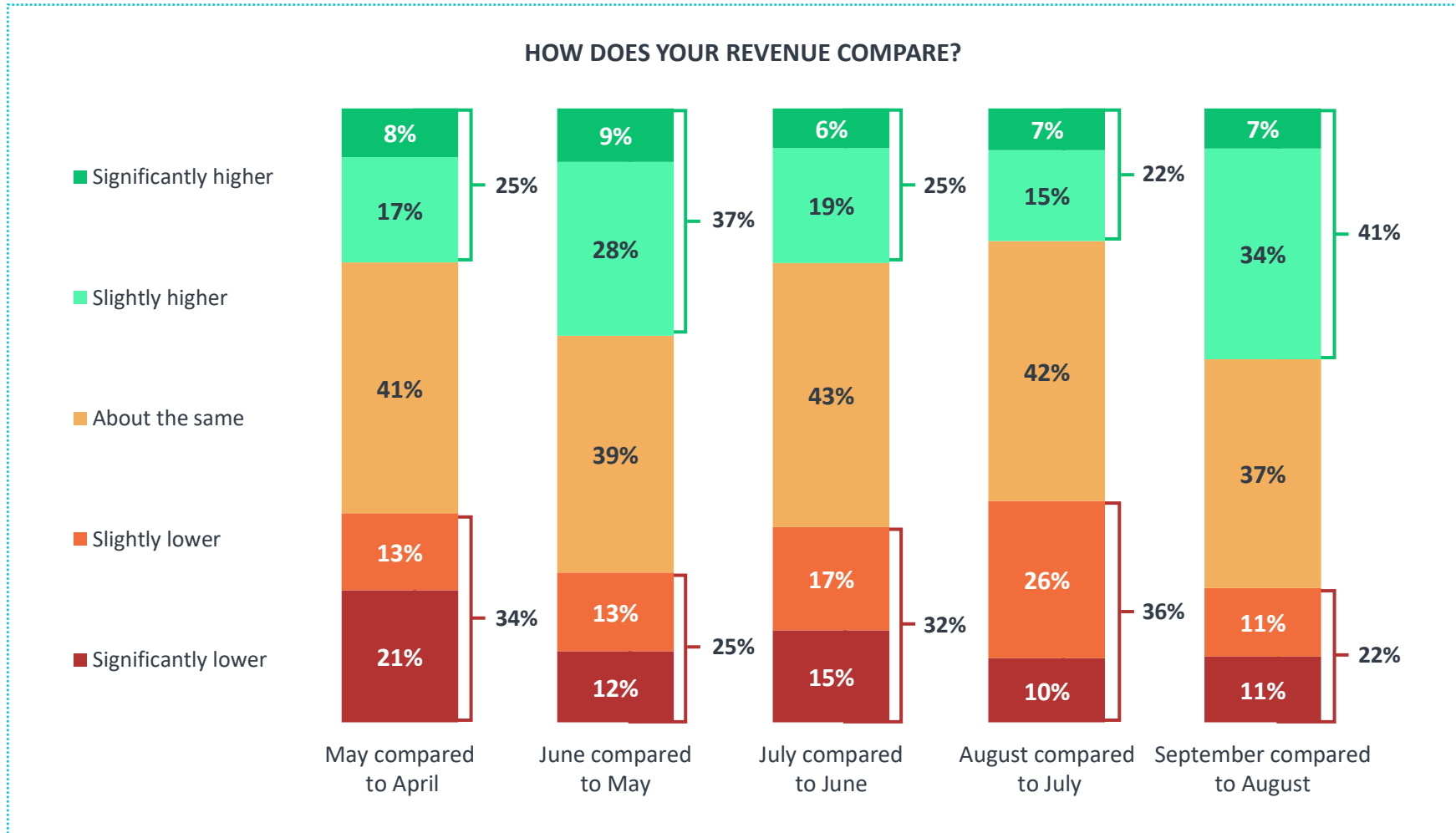
WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS REVENUE?



Mean % Change in revenue (all SMEs)	-34%	-35%	-34%	-32%	-29%	-29%	-31%	-33%	-29%	-30%	-29%	-29%	-23%	-28%
Mean % Change in revenue (amongst those reporting a decline in revenue)	-56%	-54%	-50%	-46%	-48%	-47%	-49%	-46%	-44%	-48%	-43%	-49%	-45%	-44%

CURRENT REVENUE COMPARED TO PREVIOUS MONTHS' REVENUE

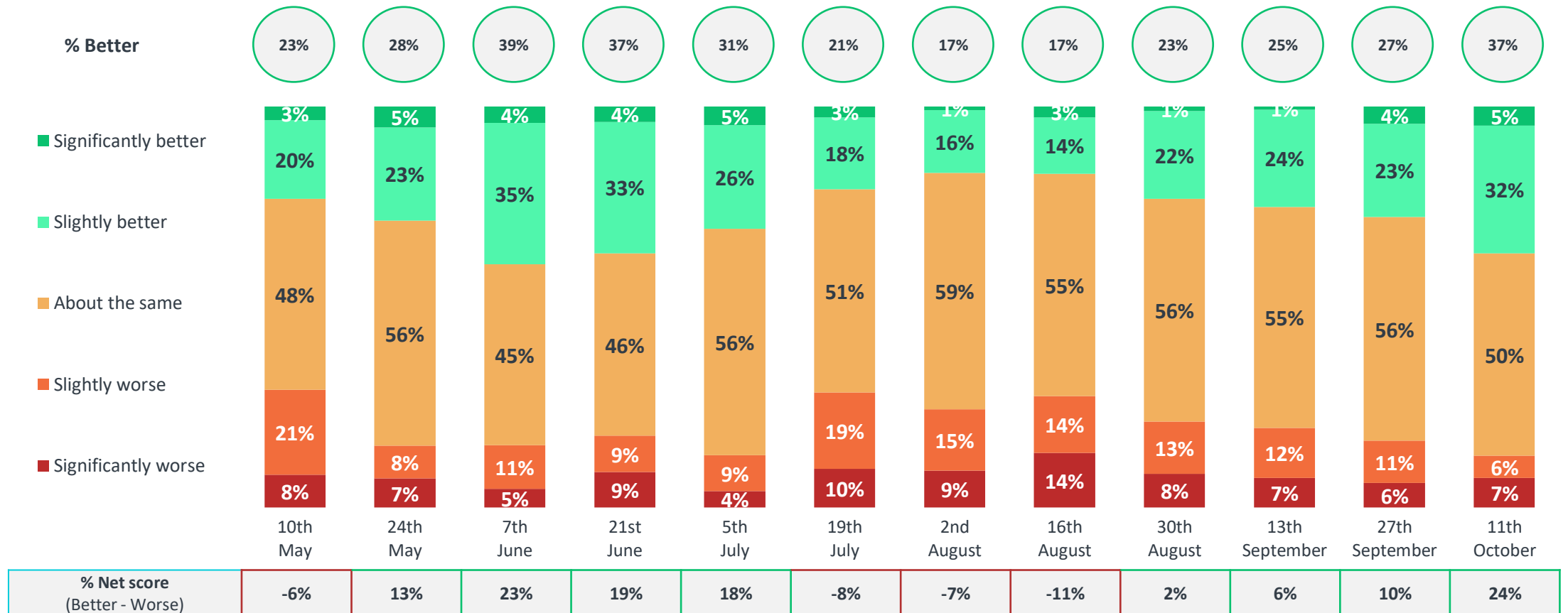
Despite most SMEs still reporting this negative impact, it is very evident that revenues are rebounding with 41% of SMEs reporting higher income in September.



FUTURE REVENUE EXPECTATIONS

Compounding the positive revenue data from September, expectations regarding short term increases also continue on a strong upward trend with 37% now expecting better revenues in 4 weeks time.

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



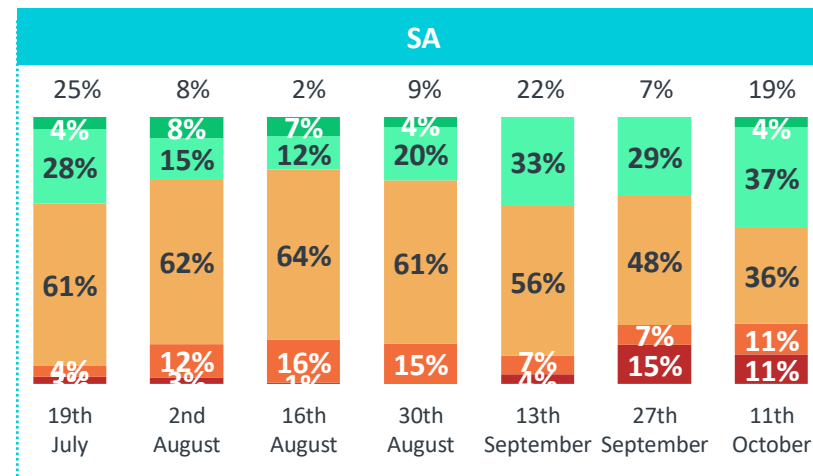
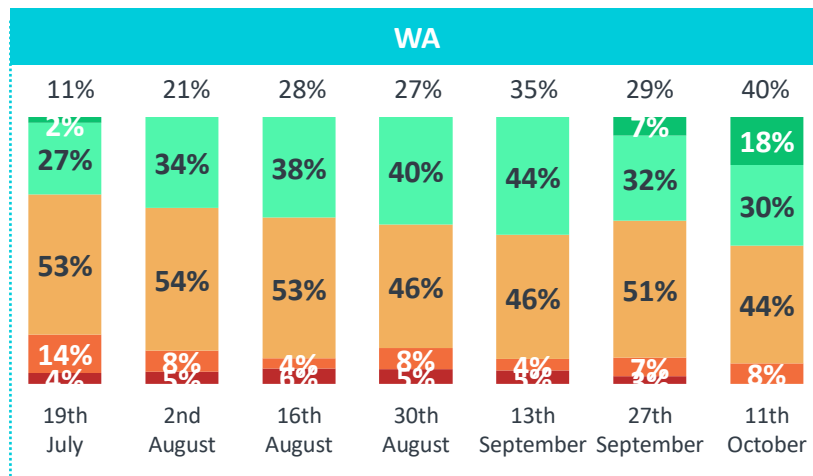
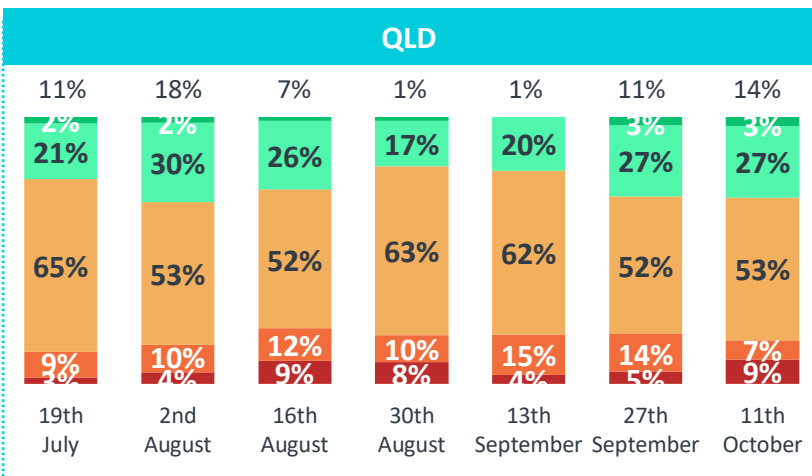
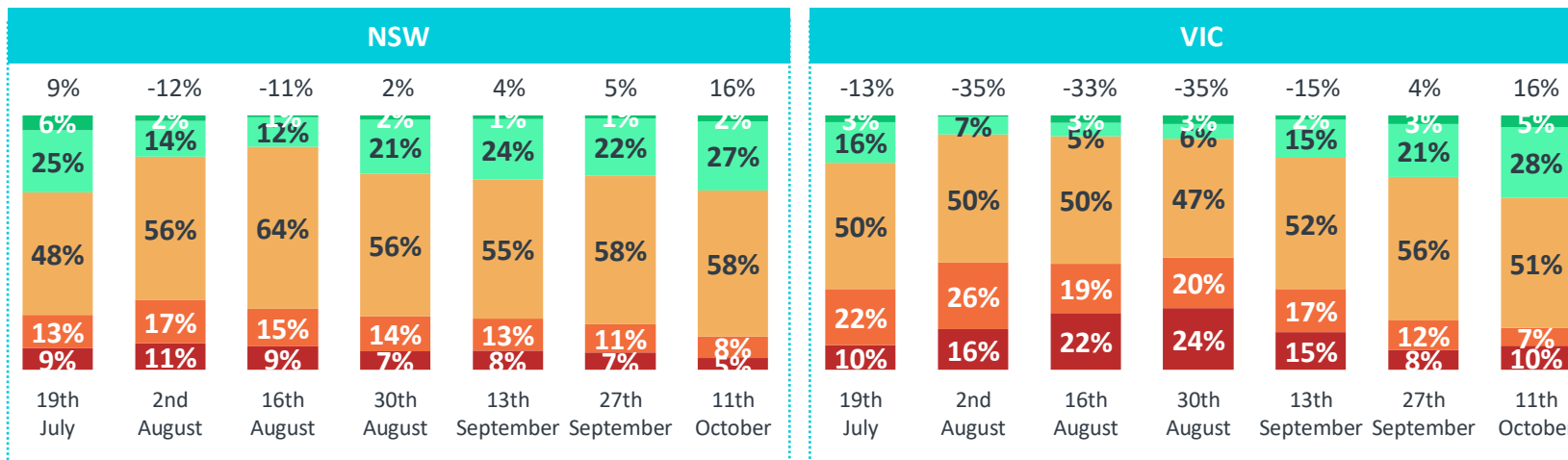
FUTURE REVENUE EXPECTATIONS BY STATE

Short term revenue expectations increasing in all states including Victoria.

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

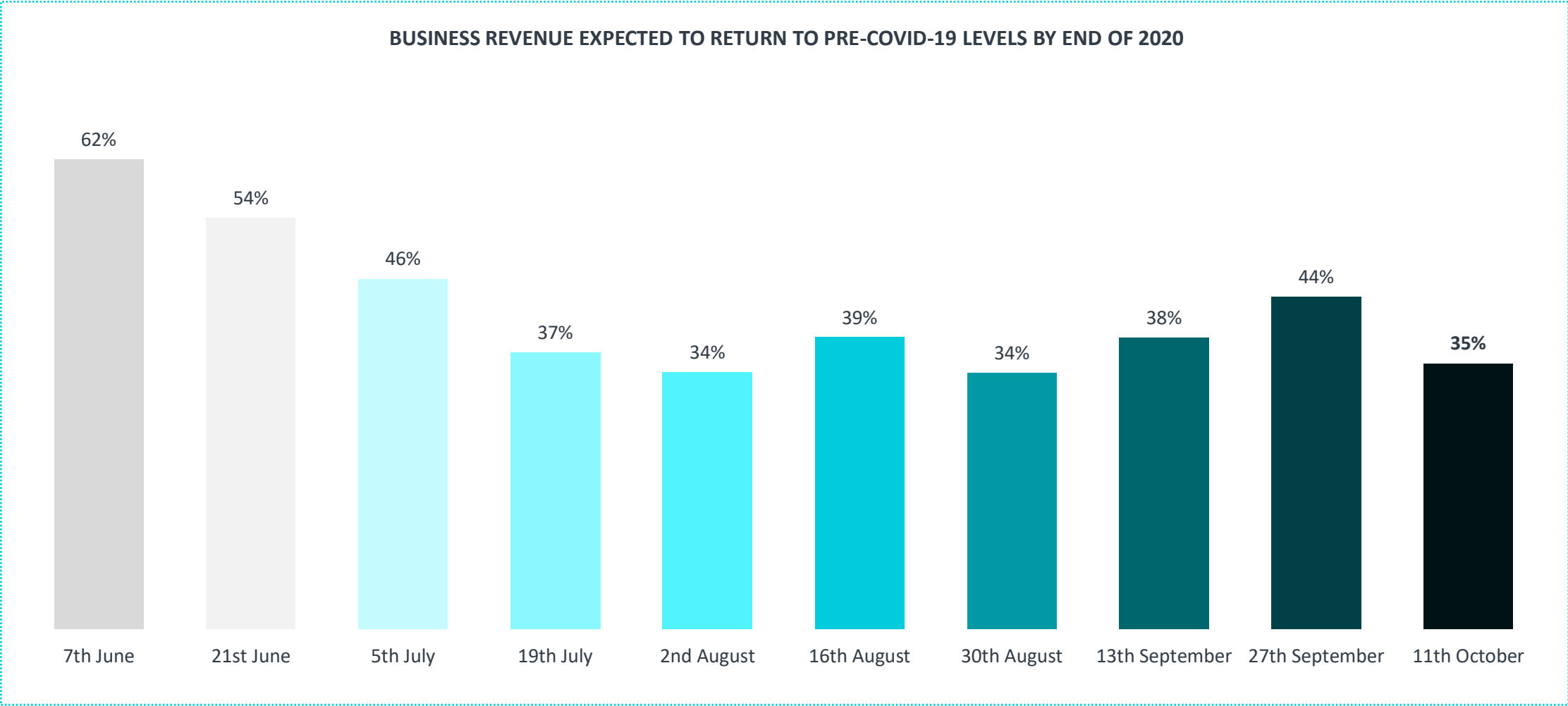
% Net score

- Significantly better
- Slightly better
- About the same
- Slightly worse
- Significantly worse



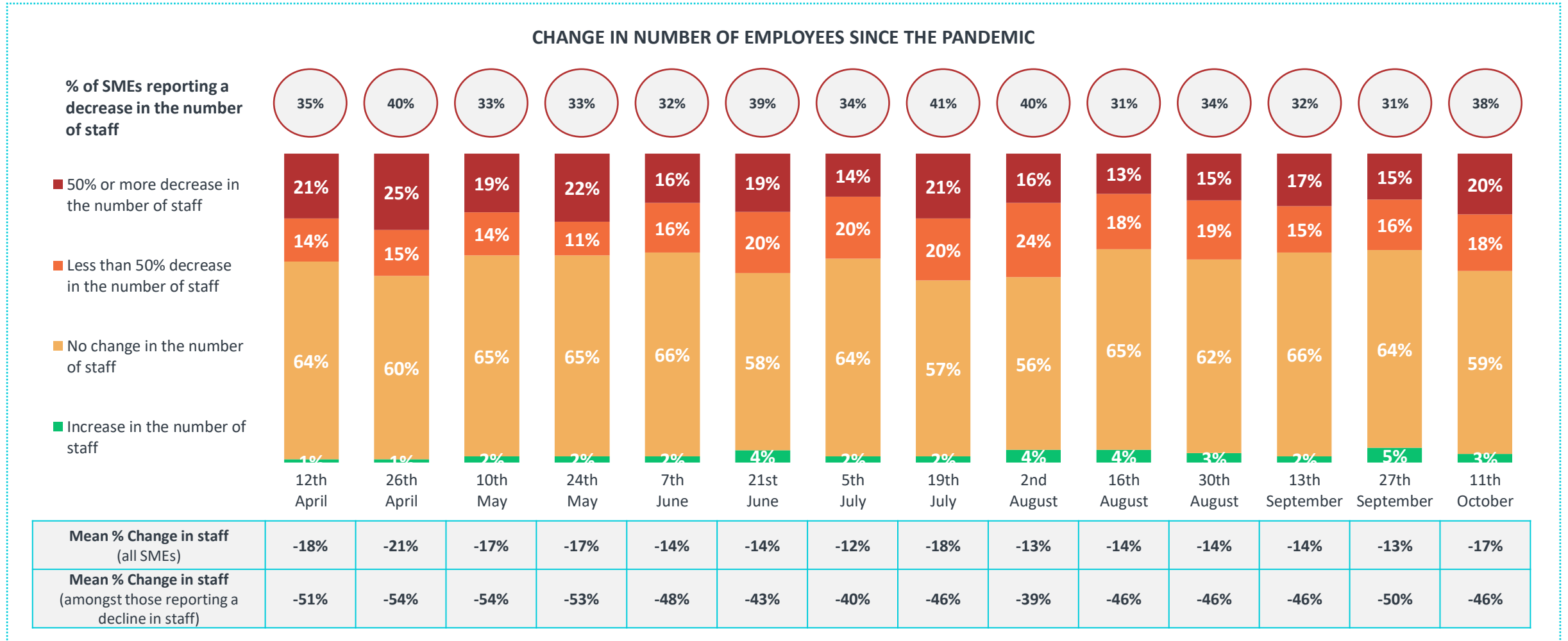
REVENUE RETURNING TO PRE-COVID LEVELS BEFORE END OF 2020

Despite increased optimism about short term revenue increases, the proportion of SMEs expecting revenues to return to pre-COVID levels before the end of 2020 has again declined.



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

Despite revenues improving, job data is more negative. Hopefully this is a short term trend and not an indication that the reduction in JobKeeper payments will trigger more job losses.

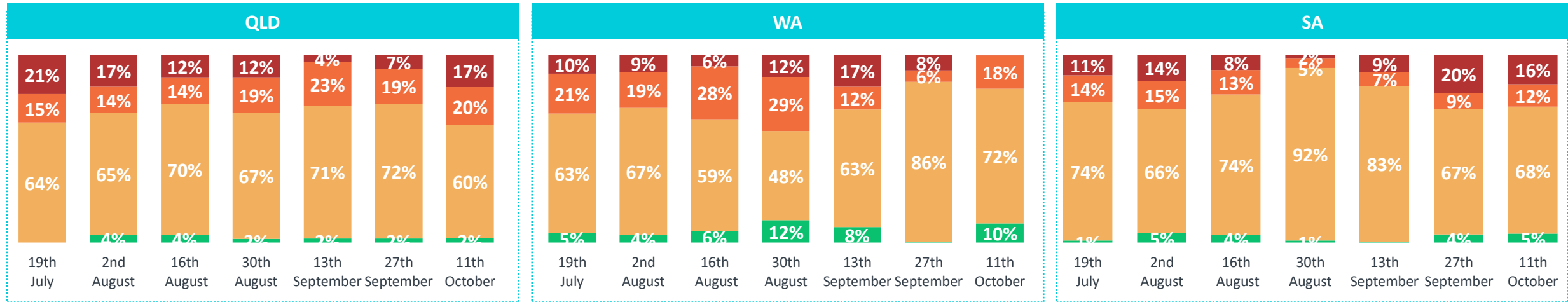
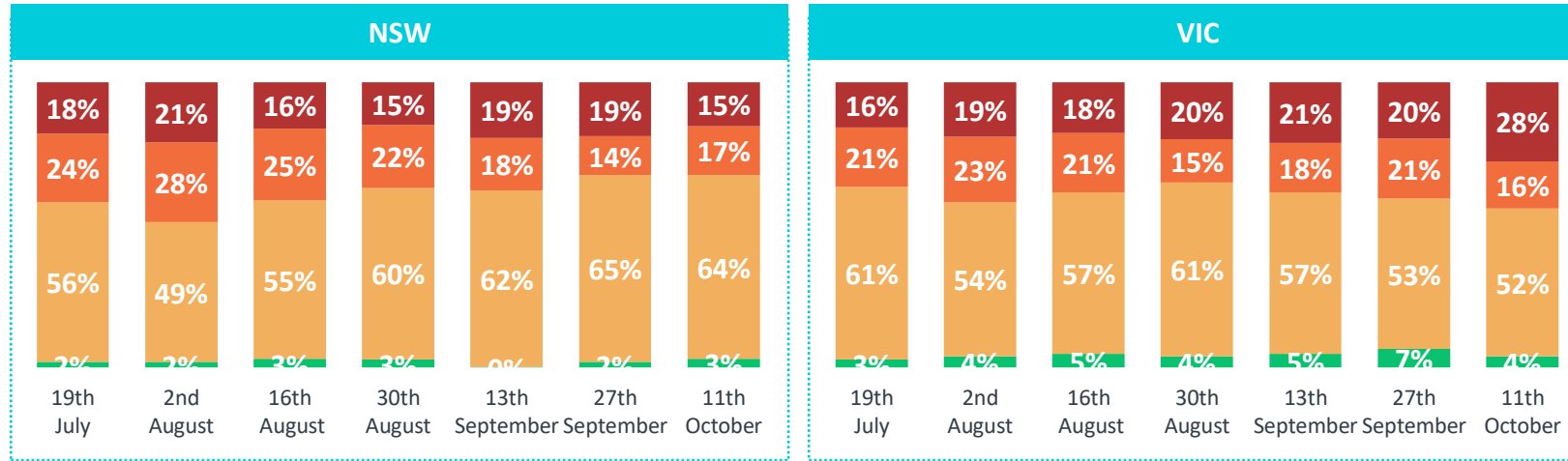


PERCENTAGE CHANGE IN THE NUMBER OF STAFF BEFORE THE CRISIS VS NOW

Job losses continue to increase in Victoria. Hopefully, this trend reverses as restrictions continue to be lifted.

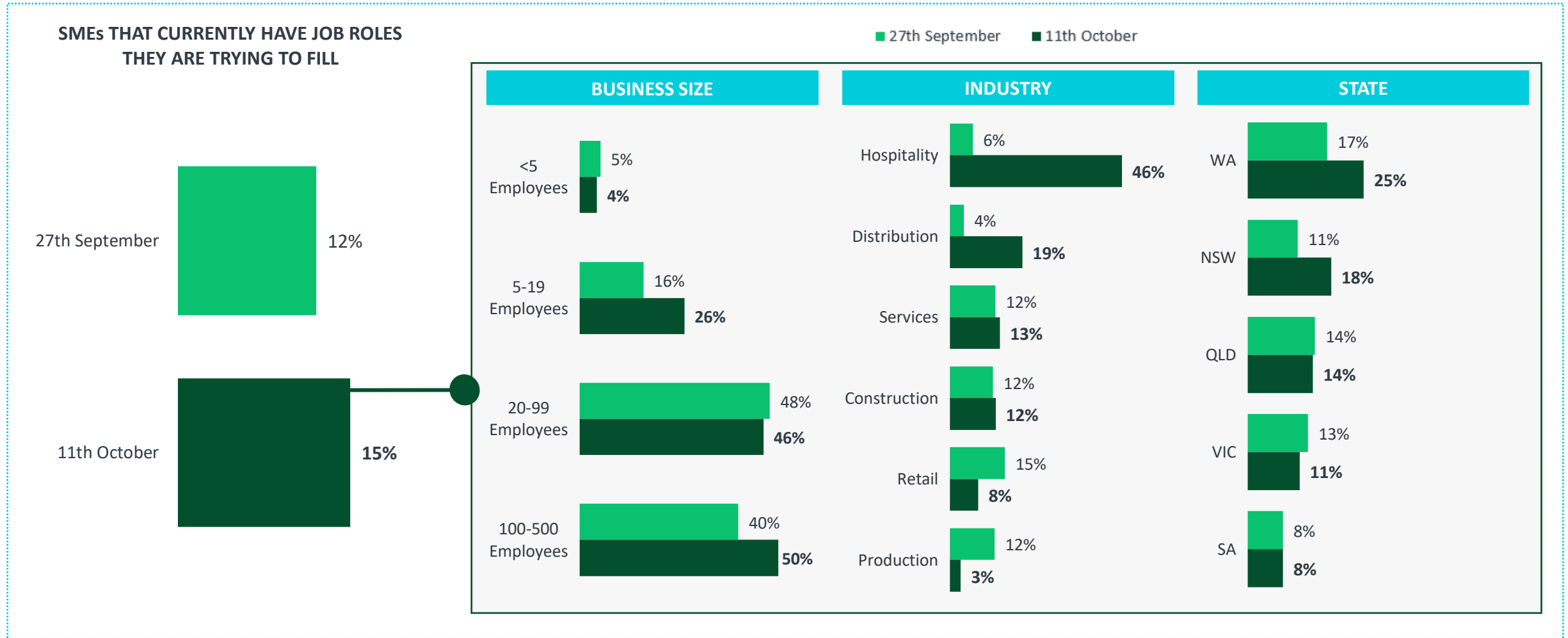
CHANGE IN NUMBER OF EMPLOYEES SINCE THE PANDEMIC

- 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



JOB ROLES

Despite an increase in job losses at an overall level, it is positive to report an uptick in the number of SMEs looking to employ staff.



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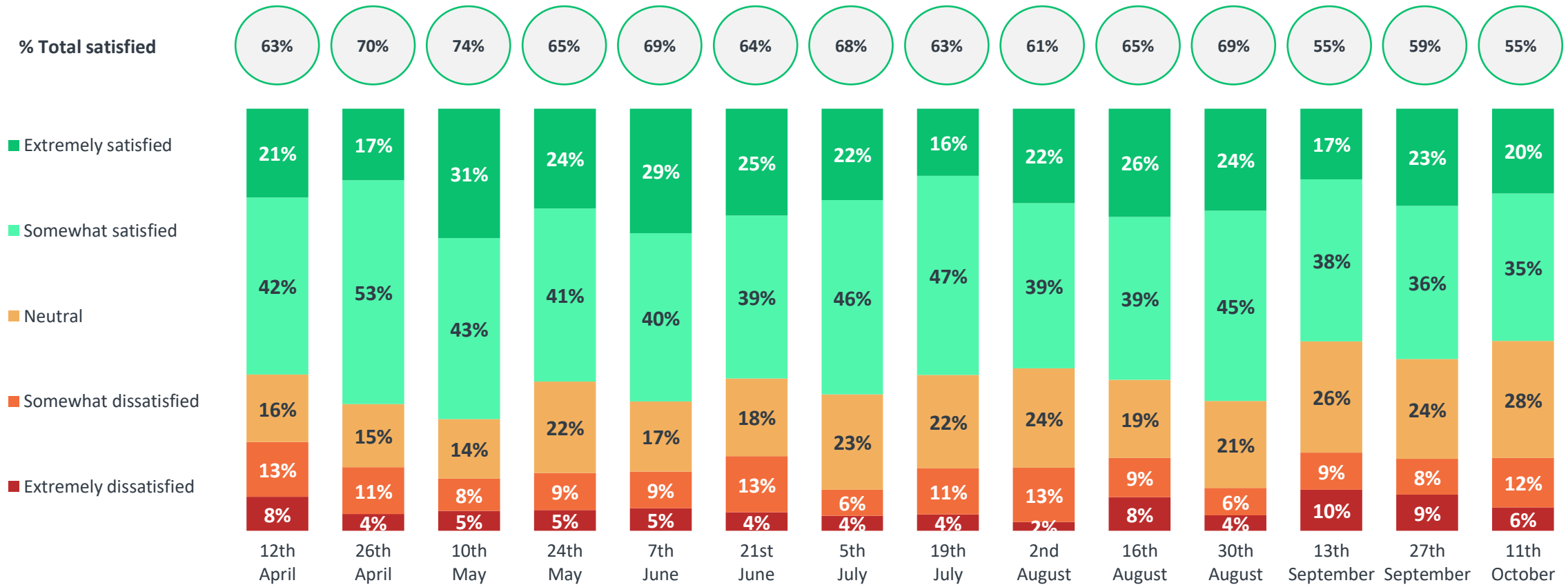
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE

Despite business conditions improving, satisfaction with the Federal Government's response to the pandemic is once again at its lowest levels.

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

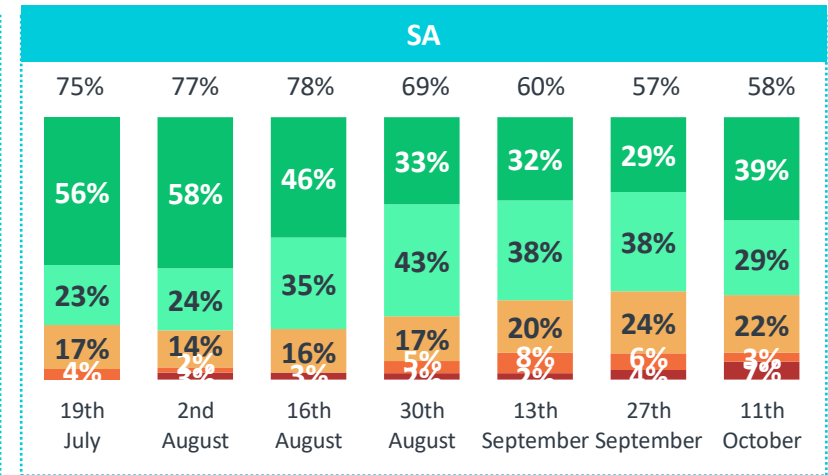
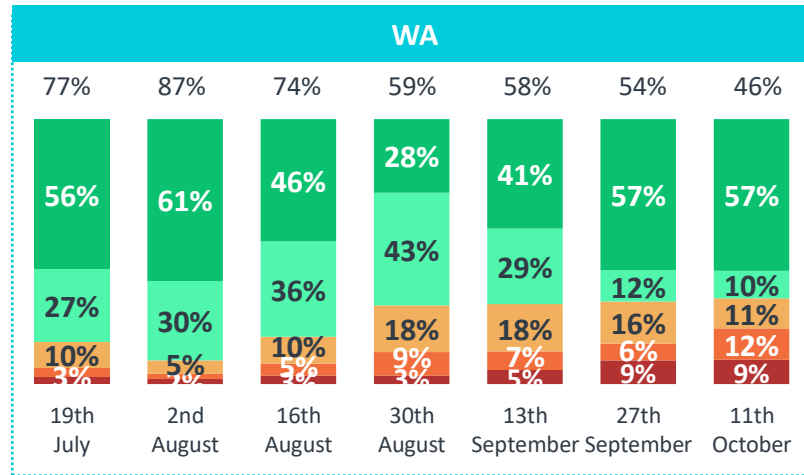
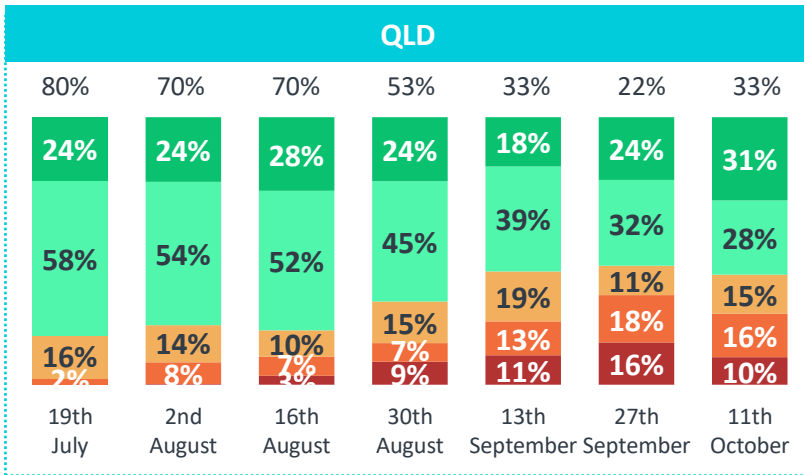
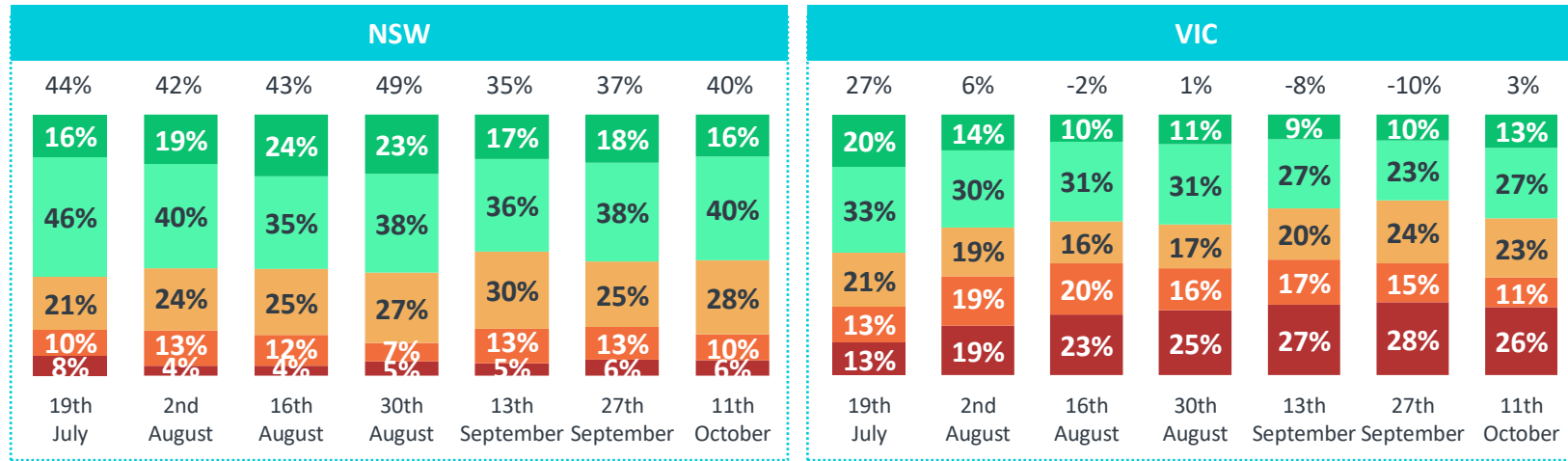


SATISFACTION WITH THE STATE GOVERNMENT'S RESPONSE

After some negative data in September, satisfaction with State Governments in VIC & QLD has rebounded. However satisfaction in VIC remains very poor compared to all other States.

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

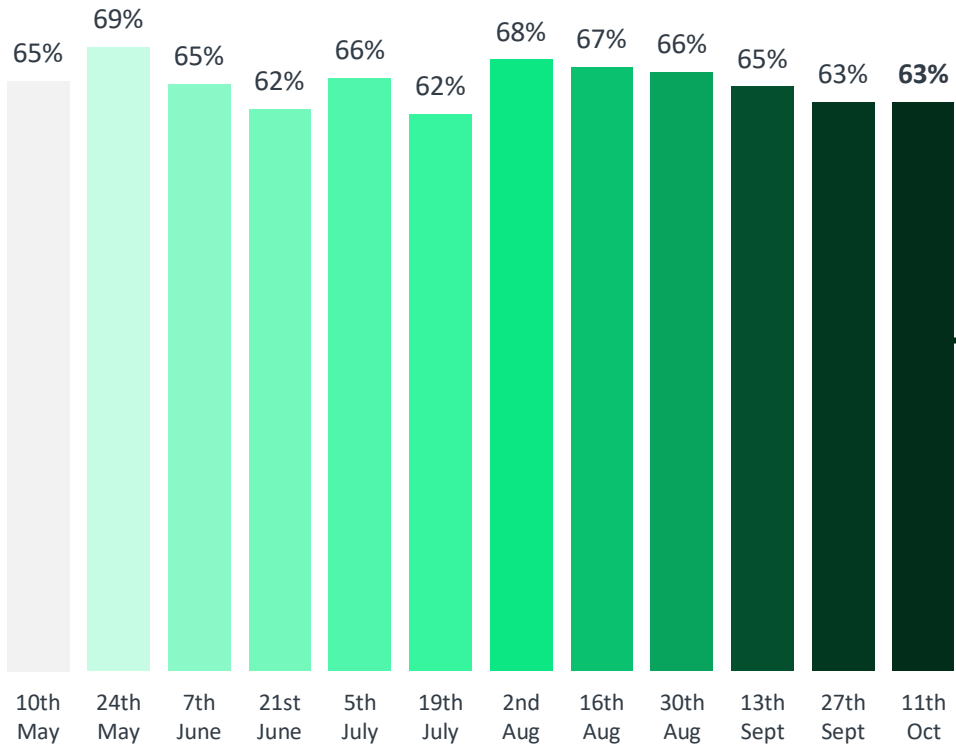
- % Net score**
- Extremely satisfied
 - Somewhat satisfied
 - Neutral
 - Somewhat dissatisfied
 - Extremely dissatisfied



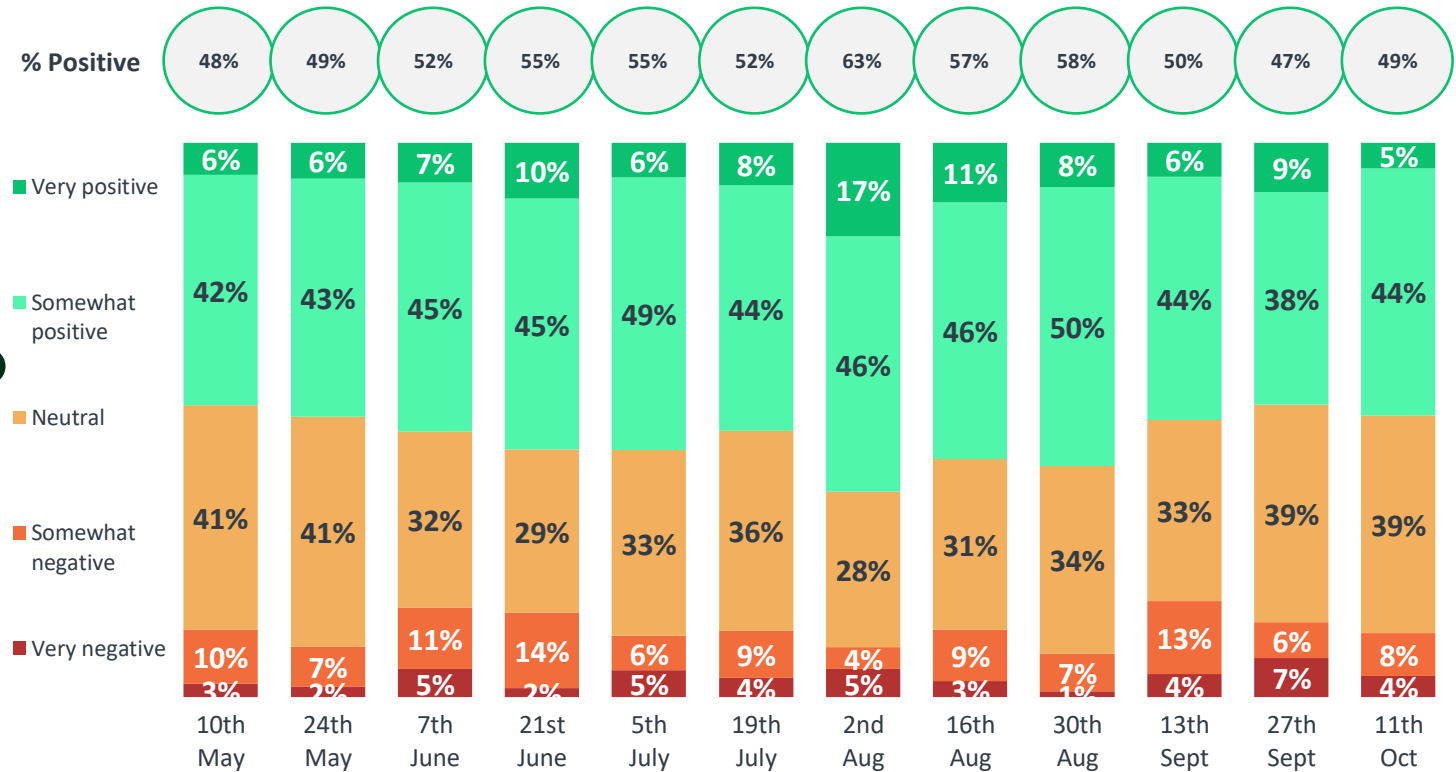
SUPPORT FROM THE BANKS

Sentiment towards the banks also continues to lag previous waves.

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

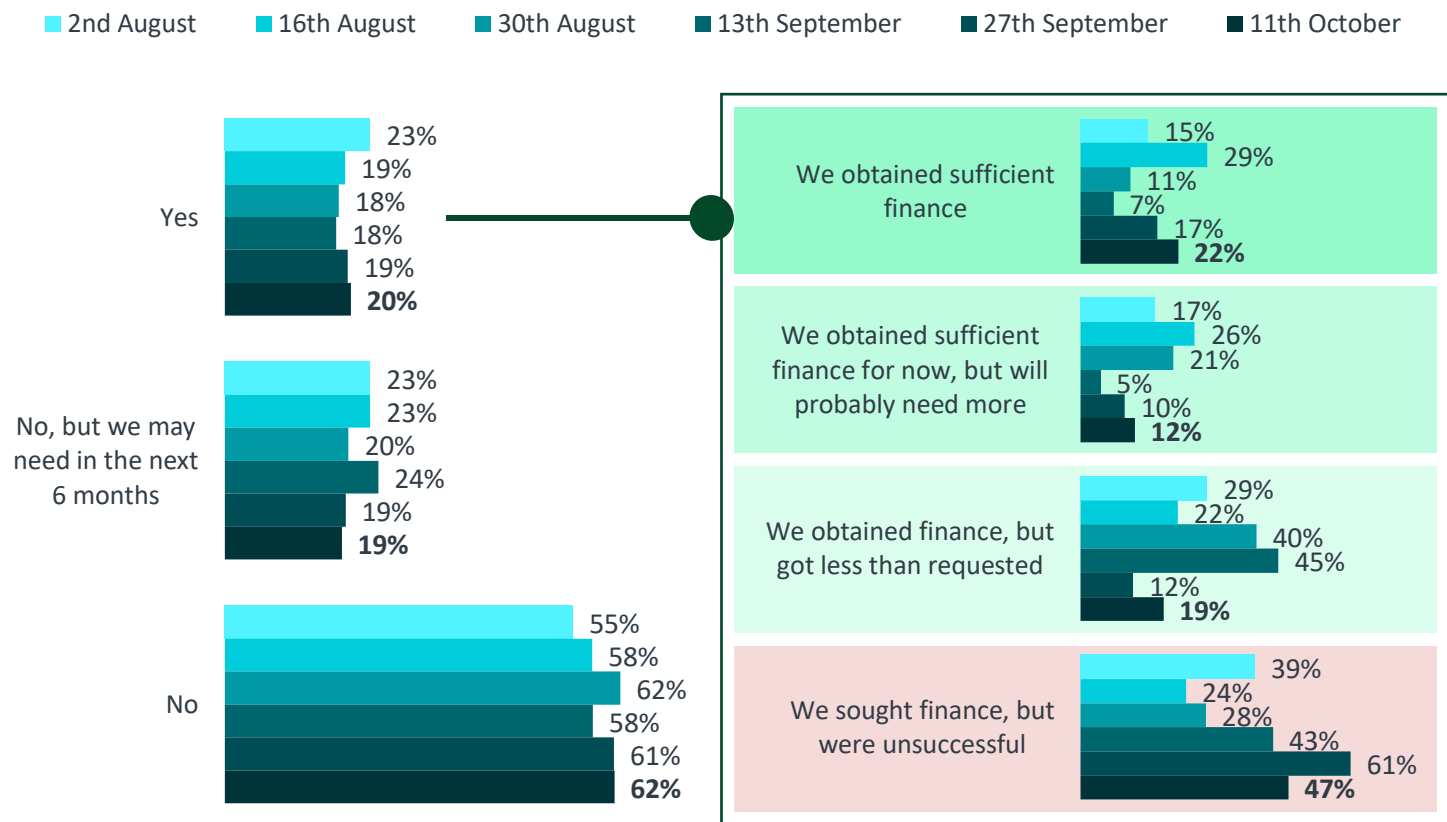


PERCEPTIONS OF SUPPORT PROVIDED BY THE BANKS TO BUSINESS CUSTOMERS (AMONGST THOSE AWARE OF BANK SUPPORT)

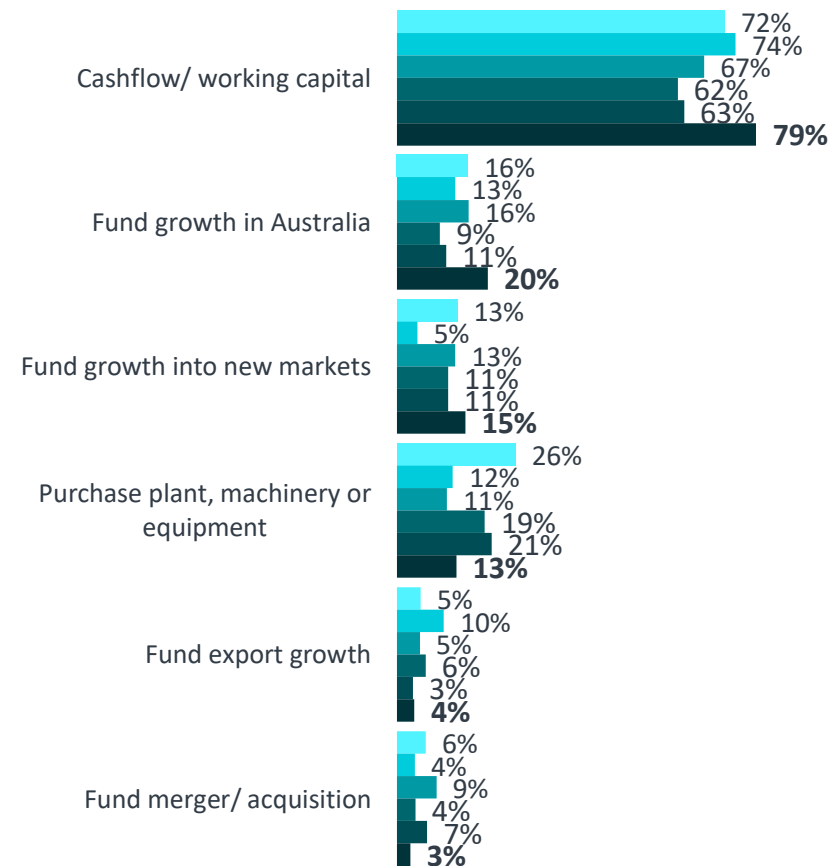


Accessing finance continues to be very difficult for many SMEs.

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



AND WHAT IS THE PURPOSE OF THIS FINANCE?



CONTENT

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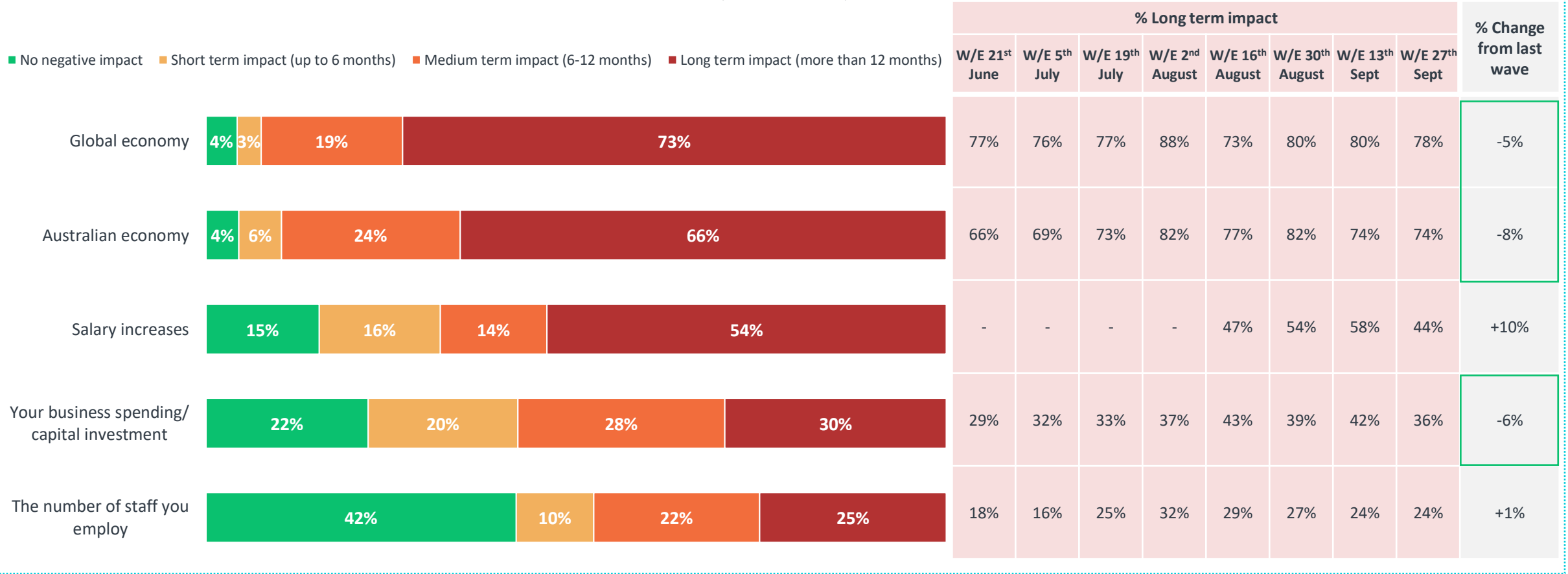
3 THE RECOVERY

IMPACT OF COVID-19

Expectations regarding the long term impact of COVID-19 on Global and Australian economies has improved along with business/capital investment. However, the data is once again more negative regarding the long term impact on salary increases.

WHAT NEGATIVE IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING?
(W/E 11th OCTOBER)

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



CAPITAL EXPENDITURE (NEXT 3 MONTHS)

The positivity regarding short term capital expenditure has declined slightly across a number of asset categories.

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

(W/E 11th OCTOBER)

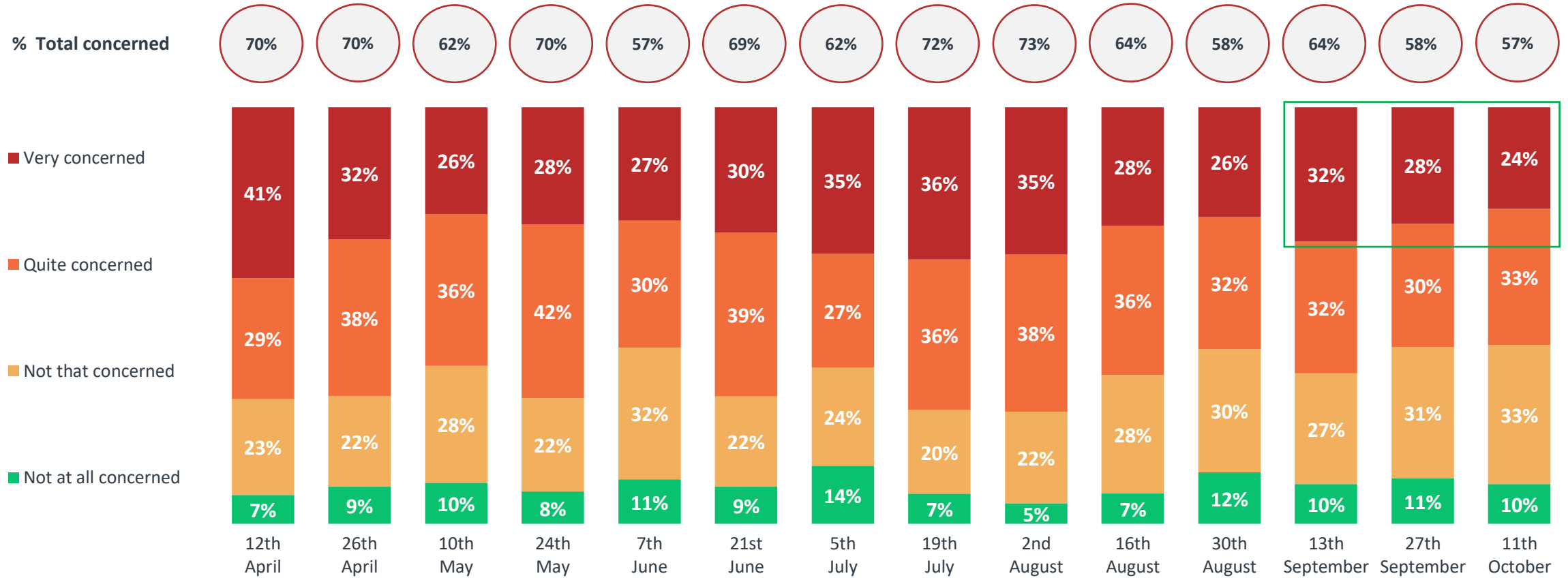
■ Definitely will not ■ Probably will not ■ Probably will ■ Definitely will

	% Total will							% Change from last wave				
	W/E 5 th July	W/E 19 th July	W/E 2 nd August	W/E 16 th August	W/E 30 th August	W/E 13 th Sept	W/E 27 th Sept					
IT / Office equipment, including hardware & software	24%	34%	36%	6%	35%	44%	52%	44%	37%	41%	44%	-2%
Other types of vehicles, equipment, machinery or plant	67%	16%	15%	2%	19%	13%	16%	17%	14%	13%	16%	+1%
Passenger vehicle(s) including SUVs	64%	23%	10%	3%	15%	13%	14%	14%	13%	15%	14%	-1%
Light commercial vehicle(s) including utes, vans, and minibuses	66%	22%	7%	4%	16%	10%	12%	9%	11%	14%	13%	-2%
Agricultural, construction or earthmoving vehicle(s)/equipment	75%	17%	7%	1%	11%	9%	6%	10%	7%	10%	9%	-1%
Truck(s) less than 4.5 tonnes that can be operated with a car licence	76%	17%	5%	1%	9%	9%	5%	7%	5%	6%	10%	-4%
Truck(s) more than 4.5 tonnes that require a heavy vehicle licence	81%	15%	4%	1%	8%	8%	4%	6%	5%	6%	7%	-2%
Medium and large bus(es) with more than 12 seats that require a bus driver licence	81%	16%	2%	1%	9%	6%	3%	6%	5%	6%	7%	-5%

LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

However, the proportion of SMEs very concerned about business survival continues on a steady downward trend.

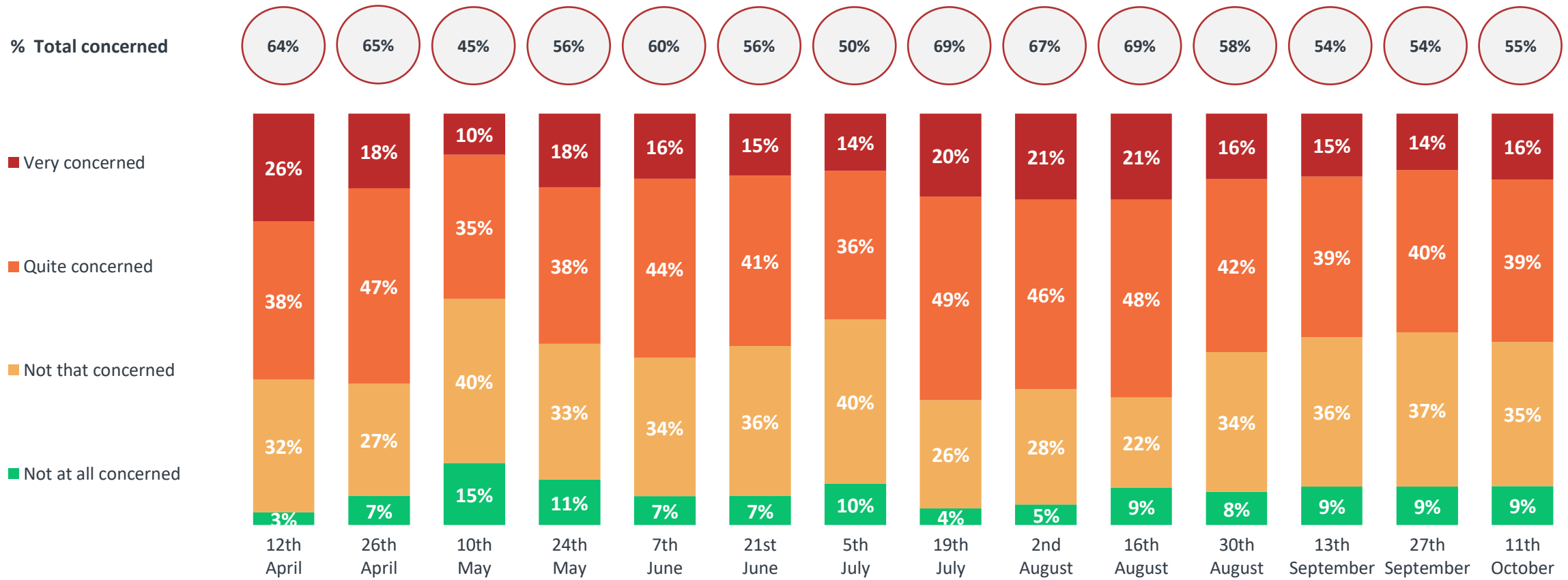
HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

Concern for personal health and wellbeing again remains stable.

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

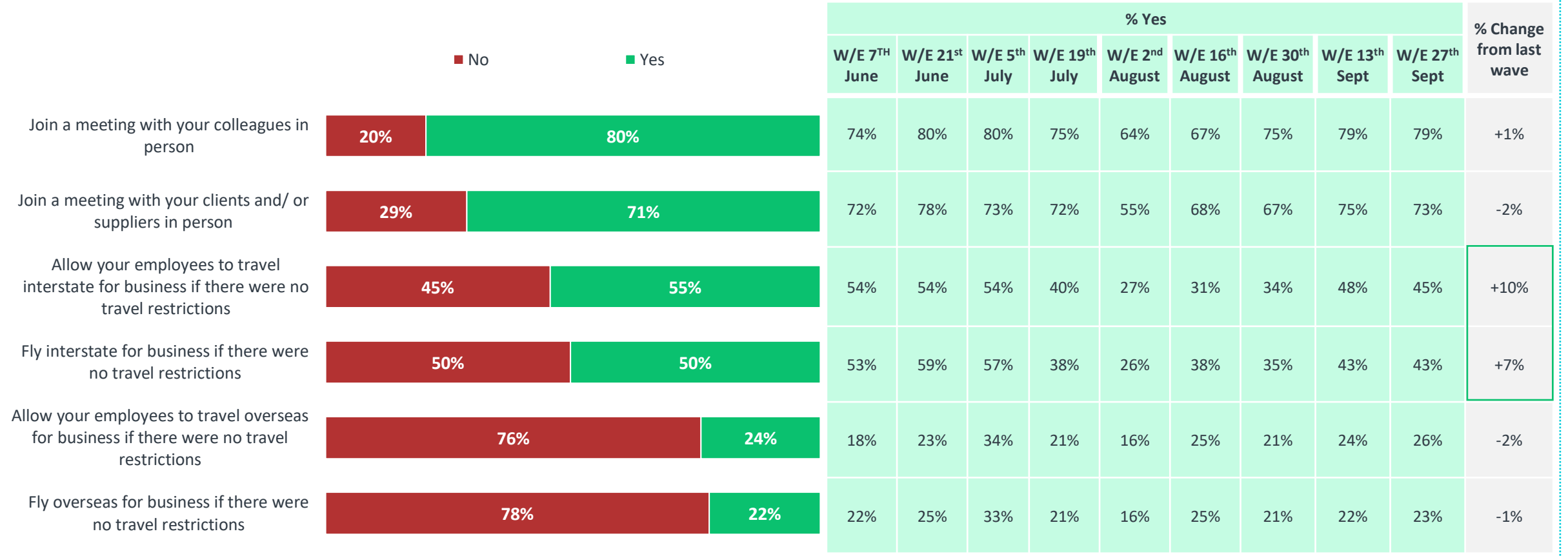


MEETINGS AND MOBILITY

As the number of new cases has dropped, the willingness to travel interstate has increased significantly.

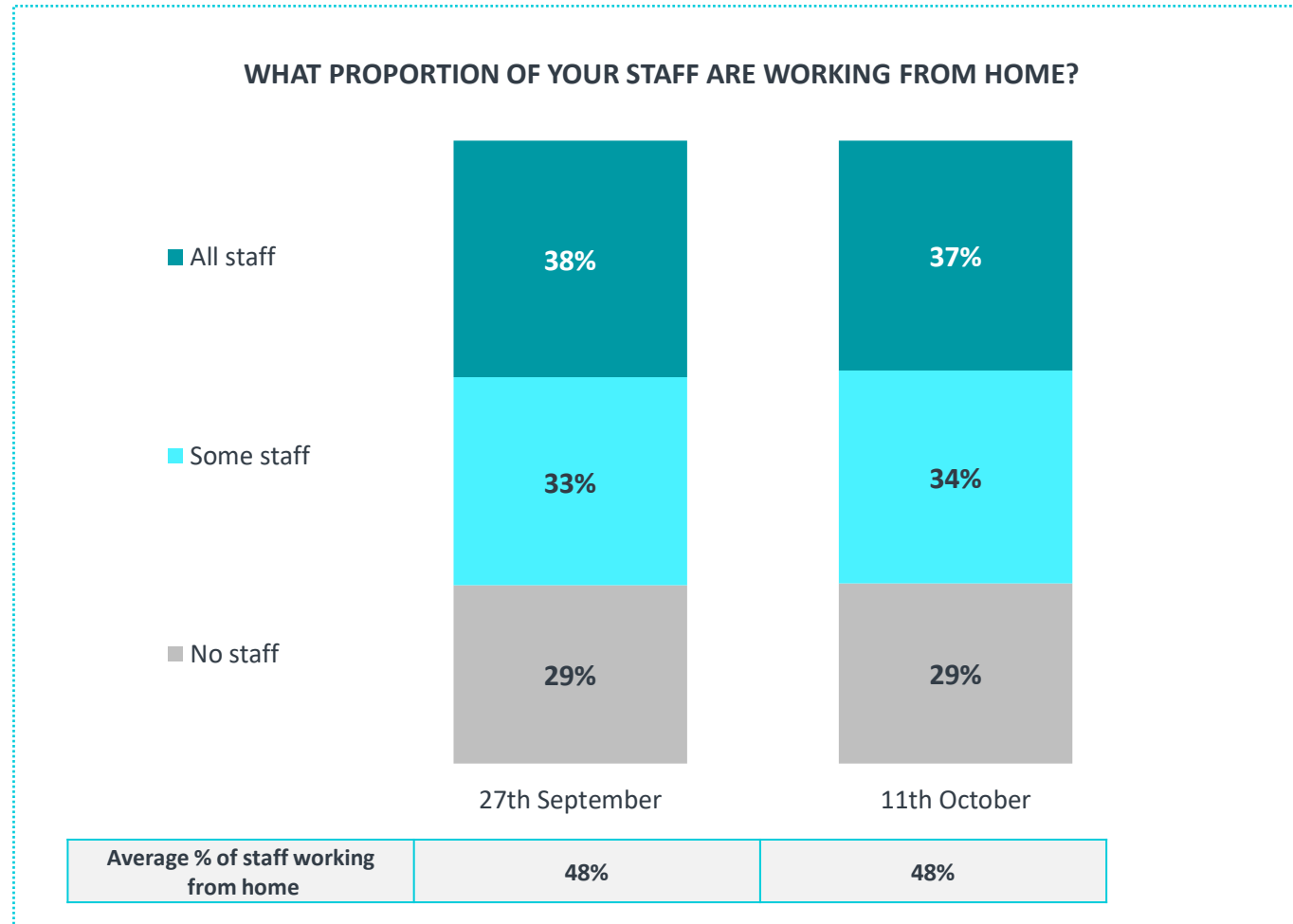
WOULD YOU BE COMFORTABLE DOING THE FOLLOWING ACTIVITIES IN THE CURRENT ENVIRONMENT?

(W/E 11th OCTOBER)



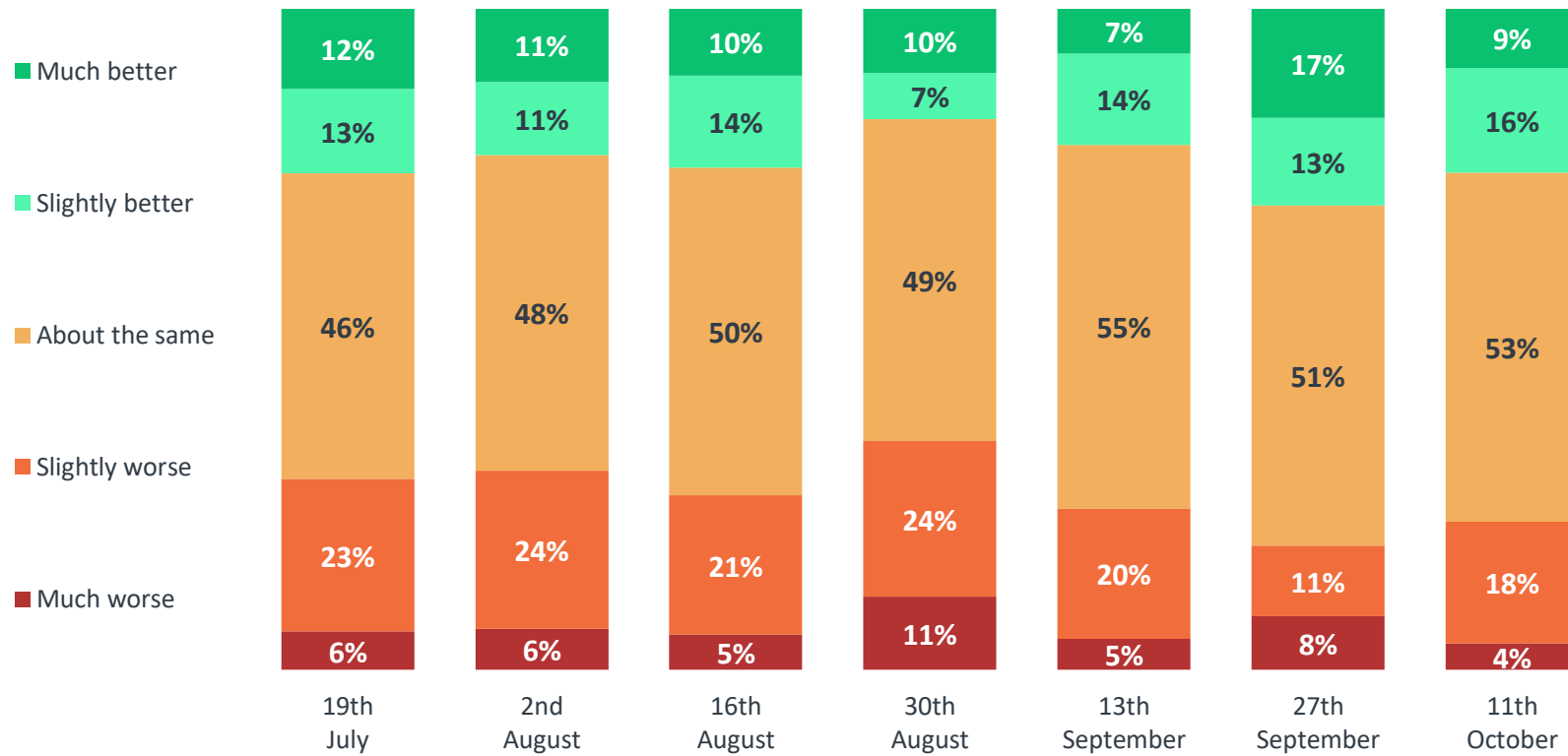
PROPORTION OF STAFF WORKING AT HOME

An average of 48% of staff continue to work from home, with 37% of SMEs maintaining remote working for all team members.



Slight downturn in productivity of staff working from home this wave, with 1 in 4 employees more productive than they are in the office/workplace.

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

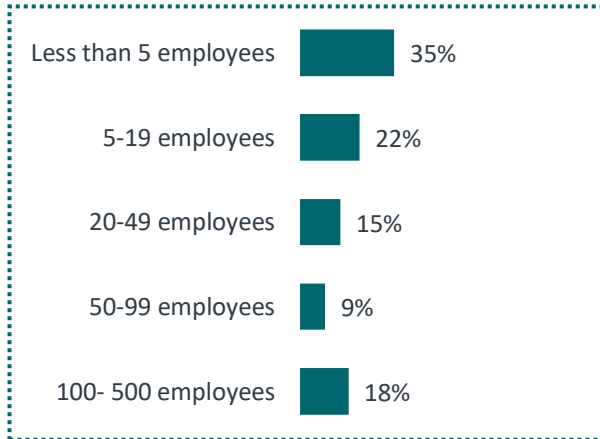


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

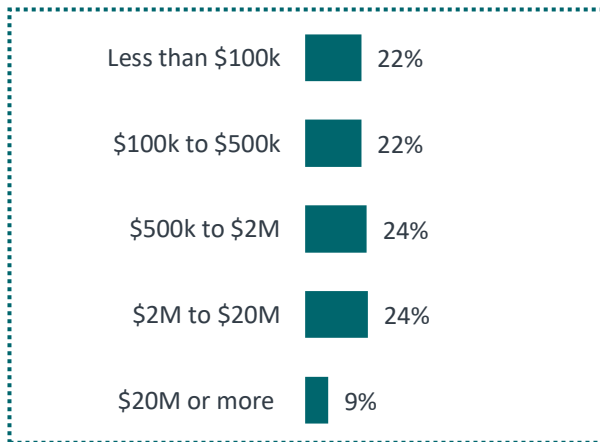
OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

SIZE OF BUSINESS: EMPLOYEES

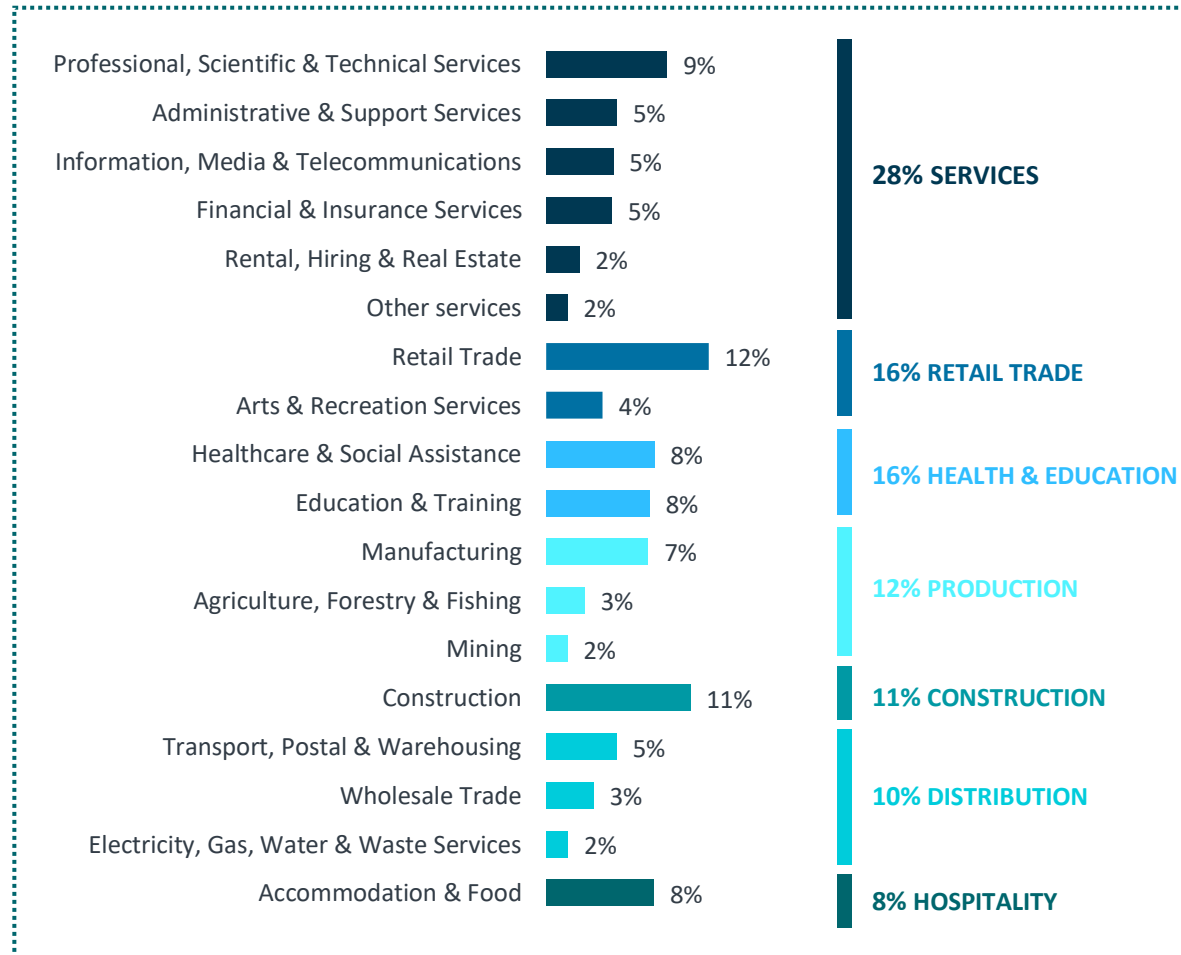


SIZE OF BUSINESS: TURNOVER



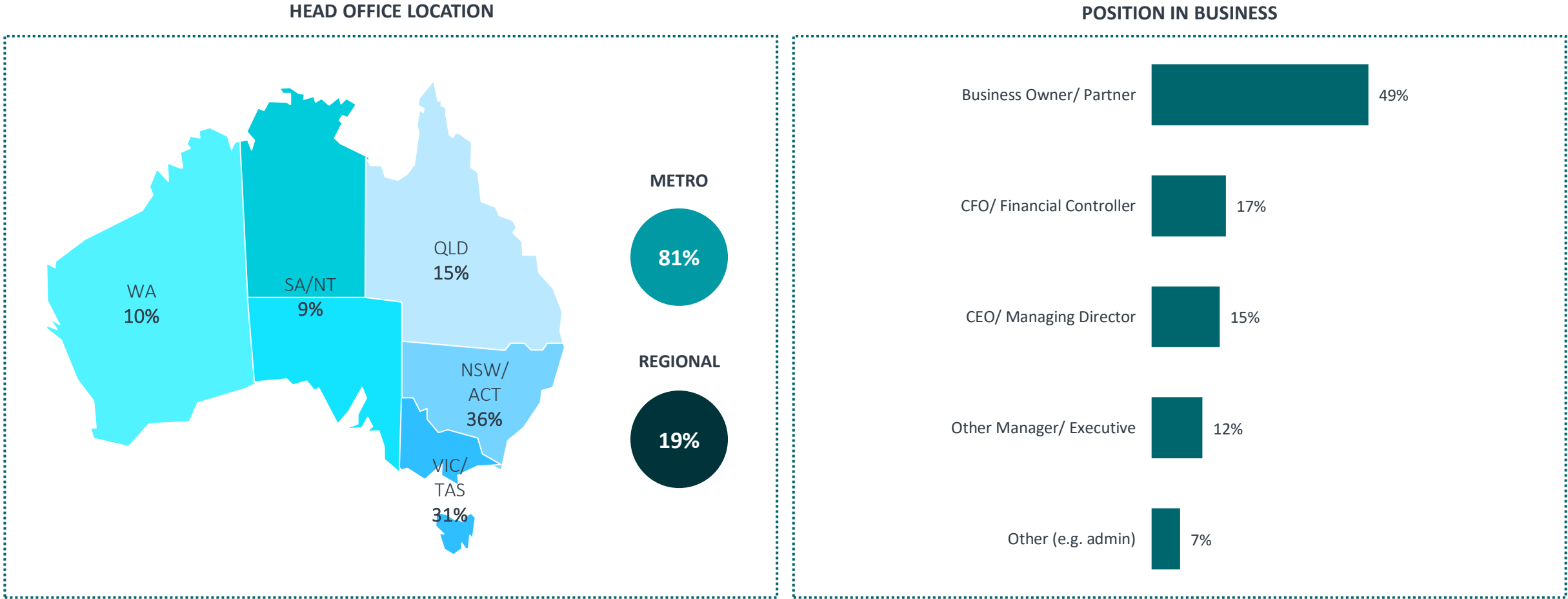
NOTE: CHARTS SHOW UNWEIGHTED DATA

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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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

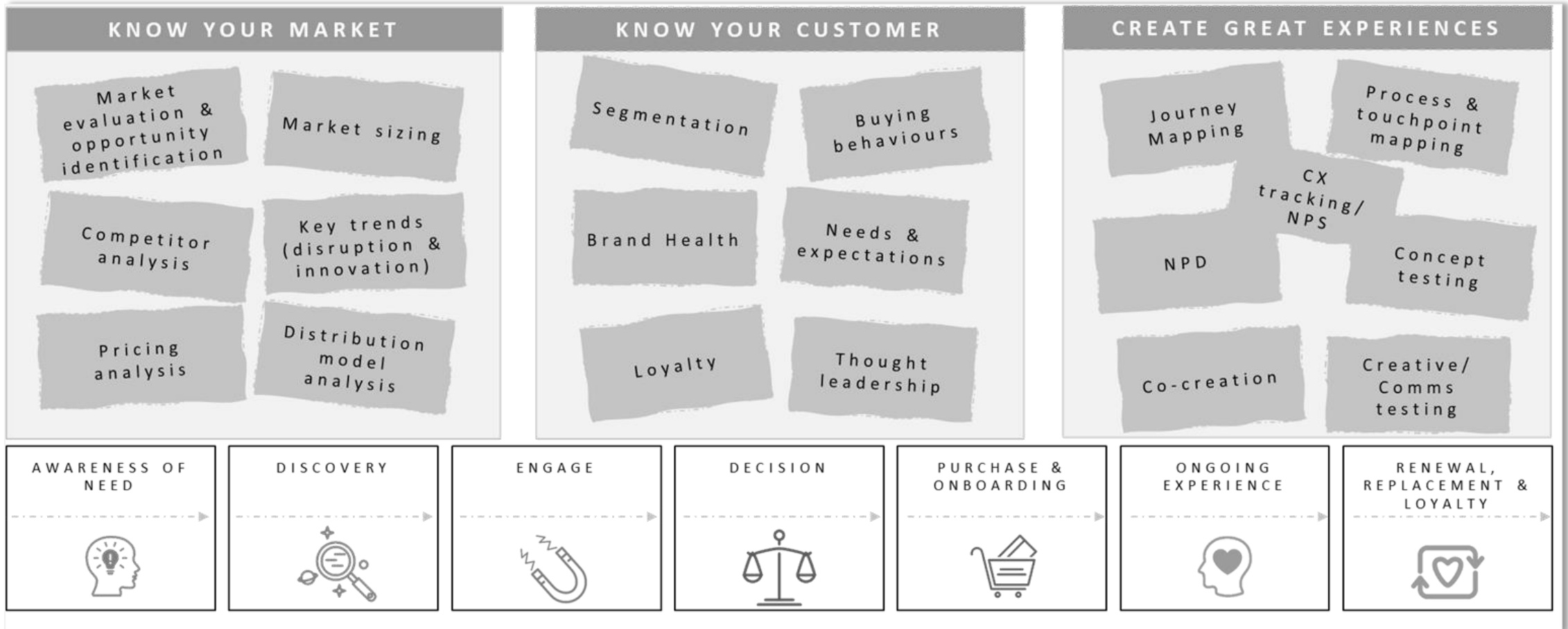
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

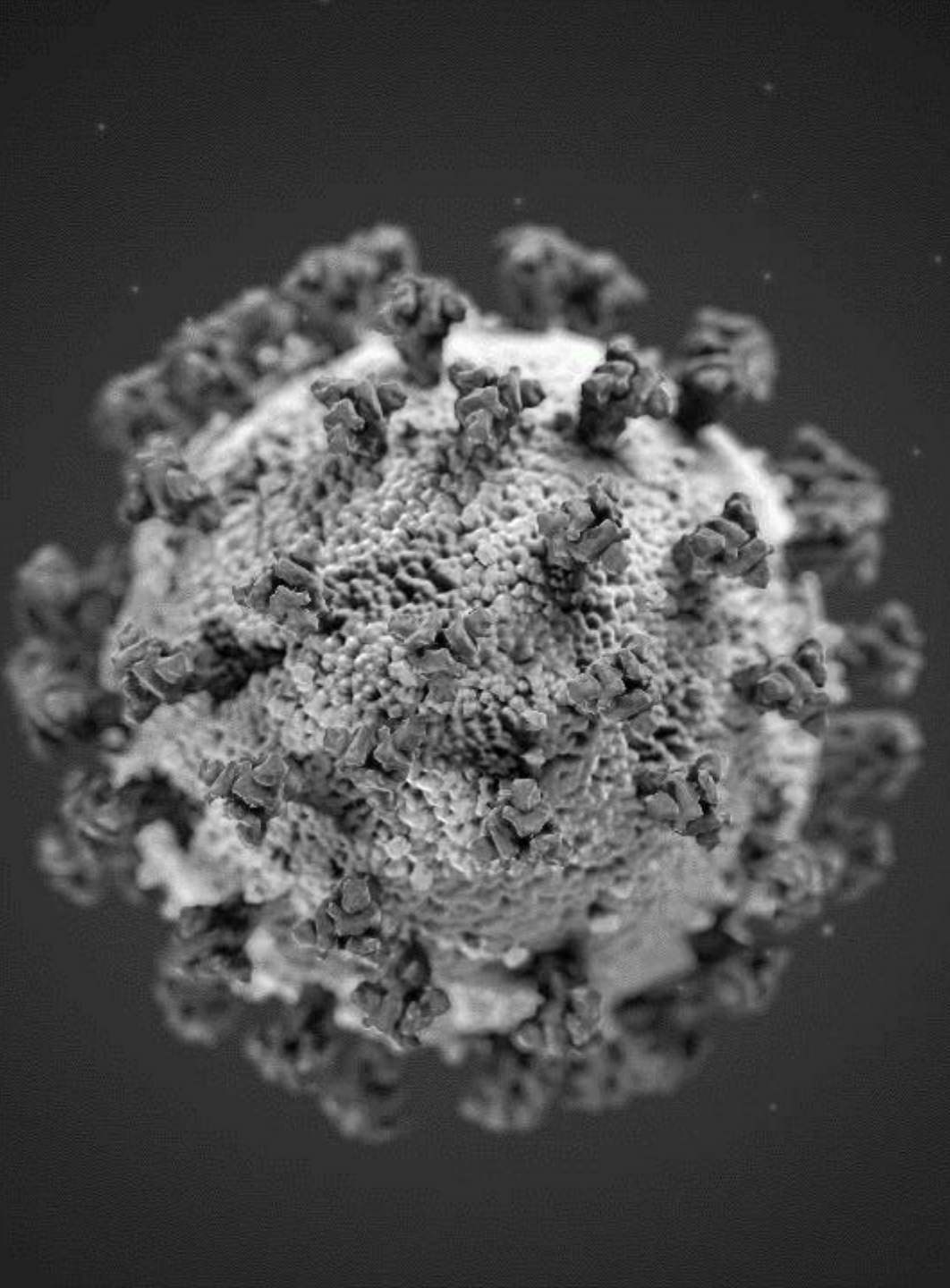
TO DELIVER
ACTIONABLE
RECOMMENDATIONS
AND ADVICE

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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ACA RESEARCH & FIFTH QUADRANT
E: jorgan@acaresearch.com.au

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