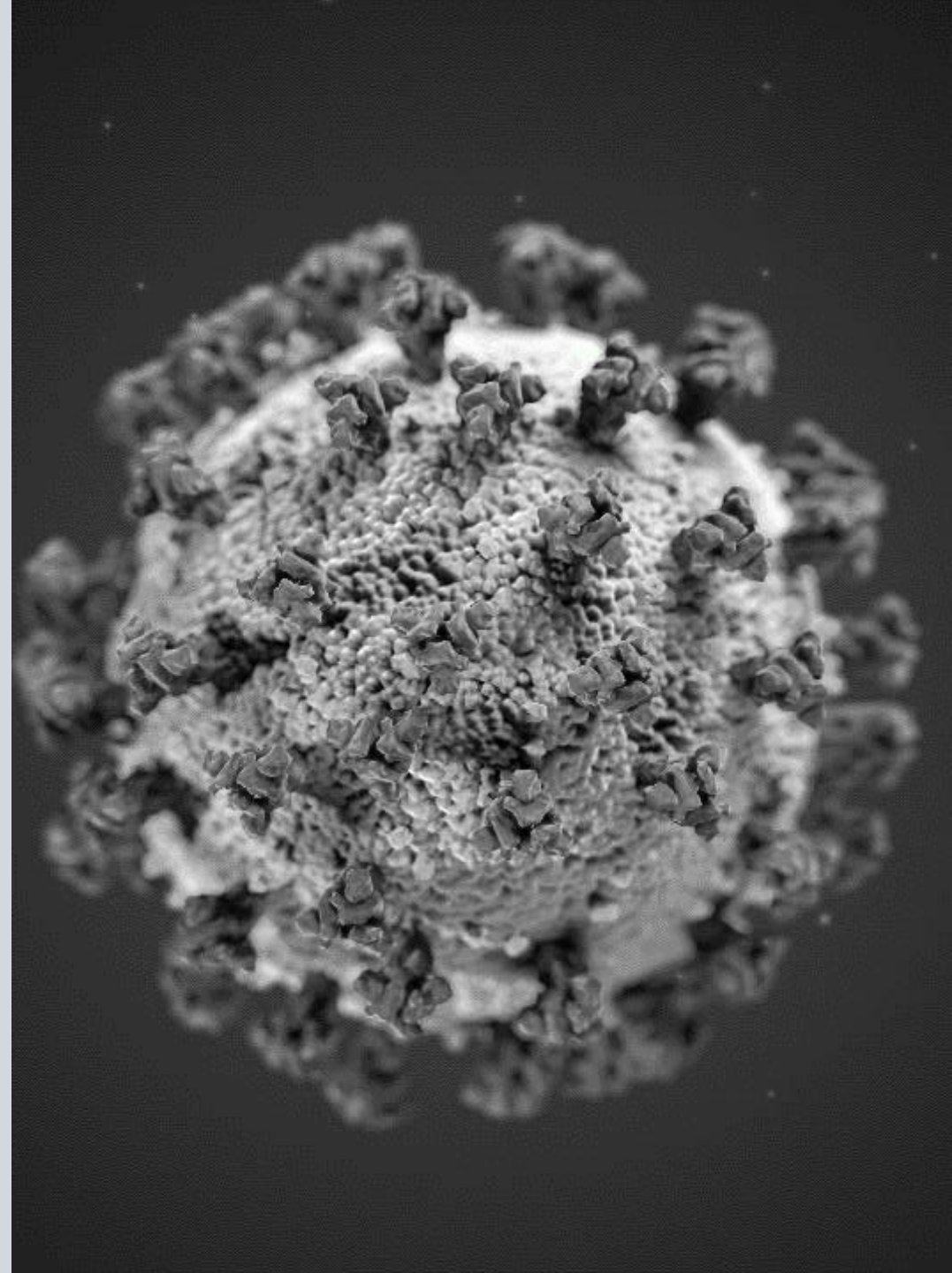


# COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 20 –

5<sup>th</sup> November 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.

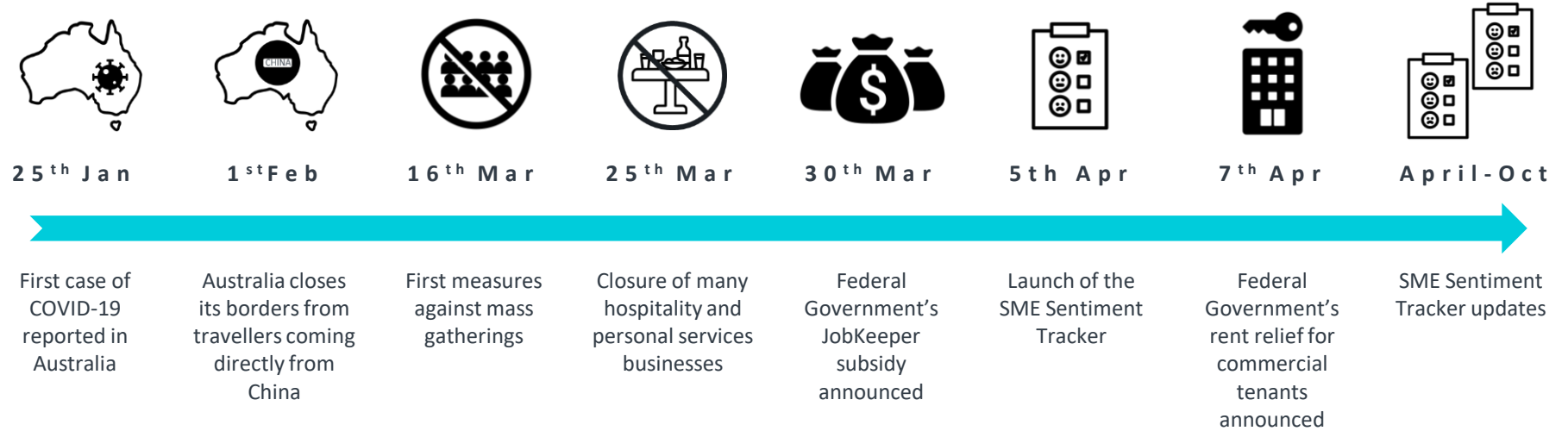
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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	WAVE 20 25/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	27,520
DAILY NEW CASES	200	10	26	15	20	14	17	3	10	5	25	87	361	641	253	123	44	24	21	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	1,427

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



**59% of SMEs reporting a decline in revenue due to COVID-19, down from 69%**



**45% of SMEs expecting Pre-COVID revenues by the end of the year**



**20% of SME's very concerned about business survival, down from 32% in September**



**18% of SMEs are now hiring, compared to 12%, 4 weeks earlier**

SME confidence continues to rise as COVID-19 cases drop and restrictions ease. We have recorded the most positive revenue data since the inception of the research in April, with 59% of SMEs reporting declining revenue compared to 69% in the previous wave. With this uplift in revenues, 45% of SMEs are now expecting a return to Pre-COVID revenues by the end of the year.

We can also report very positive jobs data, with a sharp decrease in the proportion of SMEs (26%) reporting a reduction in employee numbers due to COVID-19. We are also seeing a consistent uplift in recruitment activity with the number of SMEs trying to fill roles rising from 12% to 18% over the past month. This is a broad-based recovery across most industry sectors, but hospitality continues to drive demand.

Despite the positive revenue and jobs data, most SMEs continue to expect long term implications for the global economy as many countries struggle to contain COVID-19. However, monthly tracking data demonstrates SMEs are gradually becoming more confident regarding the Australian economy, staff numbers and capital expenditure. The positivity regarding short term capital expenditure has risen across several asset categories, noting that nearly 50% of SMEs intend to purchase IT/Office equipment over the next 3 months.

With the rise in sentiment it is not surprising that the proportion of SMEs very concerned about business survival has dropped to 20%, from 32% in early September.

In summary, the speed of recovery amongst SMEs is ramping up with strong revenue and jobs data signaling a boost for the Australian economy as we approach the Christmas period.

The reduction of the JobKeeper payments and other stimulus programs does not seem to have dented confidence as SMEs continue the road to recovery. While other countries struggle to contain the COVID-19 pandemic, Australian SMEs are increasing recruitment and investment activity to drive growth.

# CONTENT

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

1 IMPACT OF COVID-19 ON REVENUES

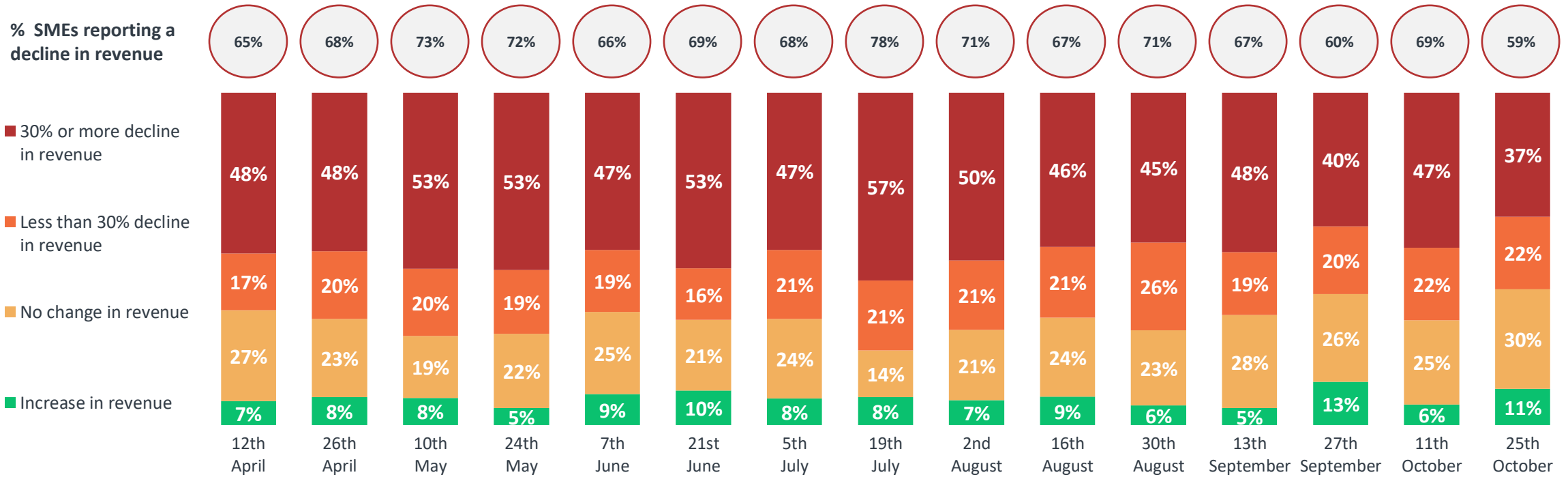
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

# DECLINE IN REVENUE DUE TO COVID-19

Most positive revenue data since the inception of the research in April, with 59% of SMEs reporting declining revenue compared to 69% in the previous wave.

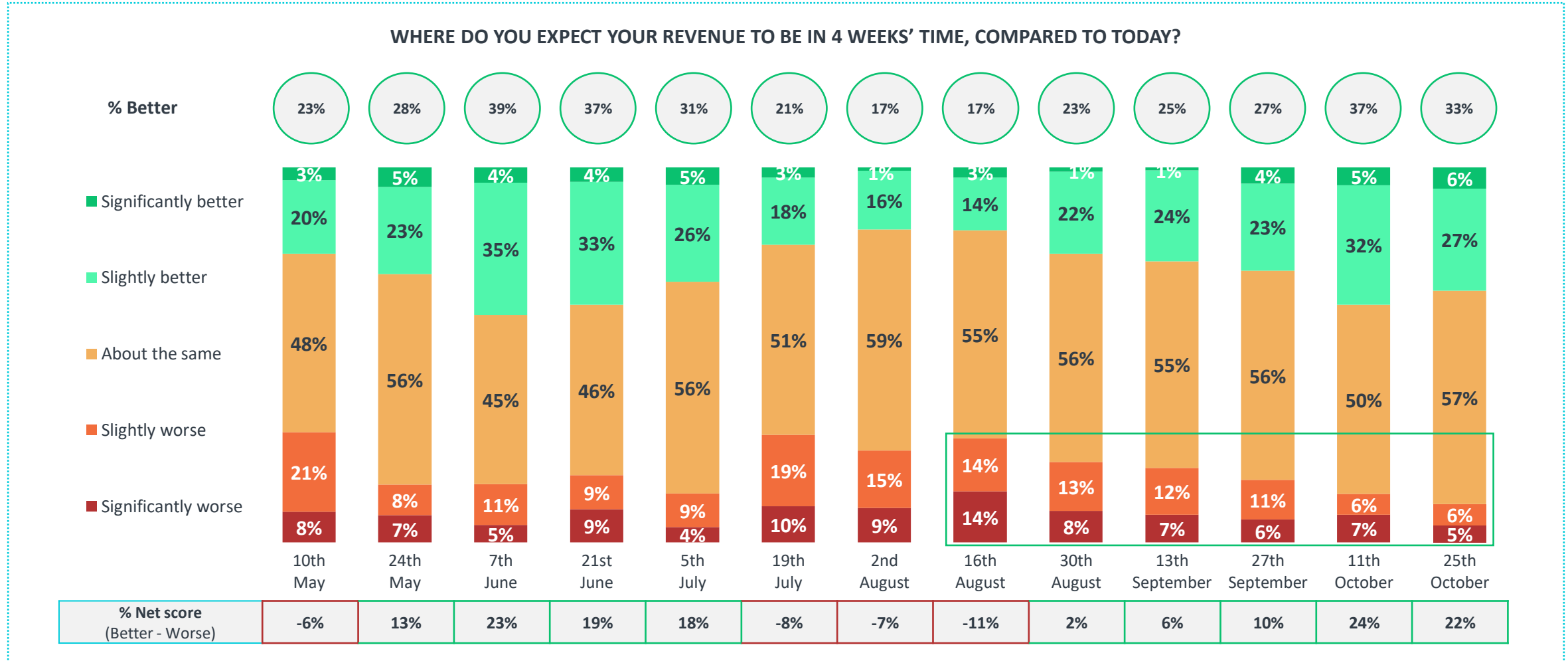
## WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS REVENUE?



Mean % Change in revenue (all SMEs)	-34%	-35%	-34%	-32%	-29%	-29%	-31%	-33%	-29%	-30%	-29%	-29%	-23%	-28%	-22%
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%	-43%

# FUTURE REVENUE EXPECTATIONS

Future revenue expectations remain steady, but positive to report a continuing decrease in the proportion of SMEs expecting revenues to decline.



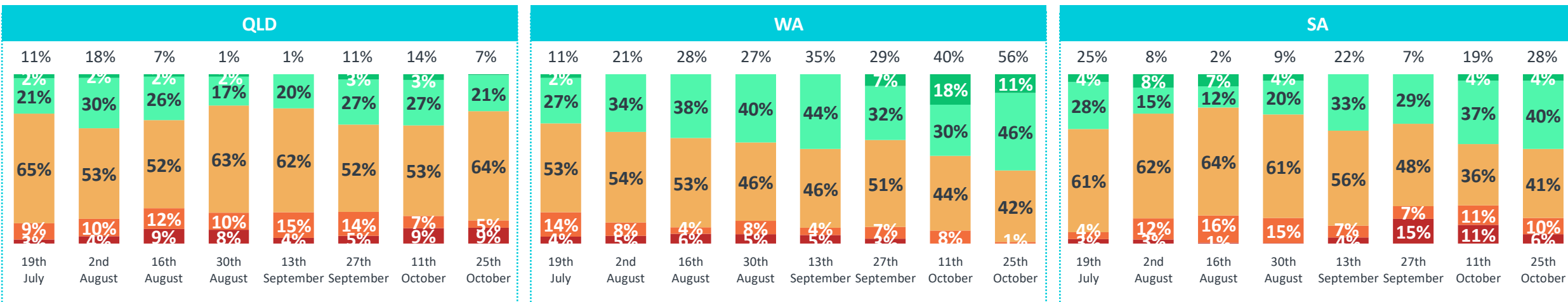
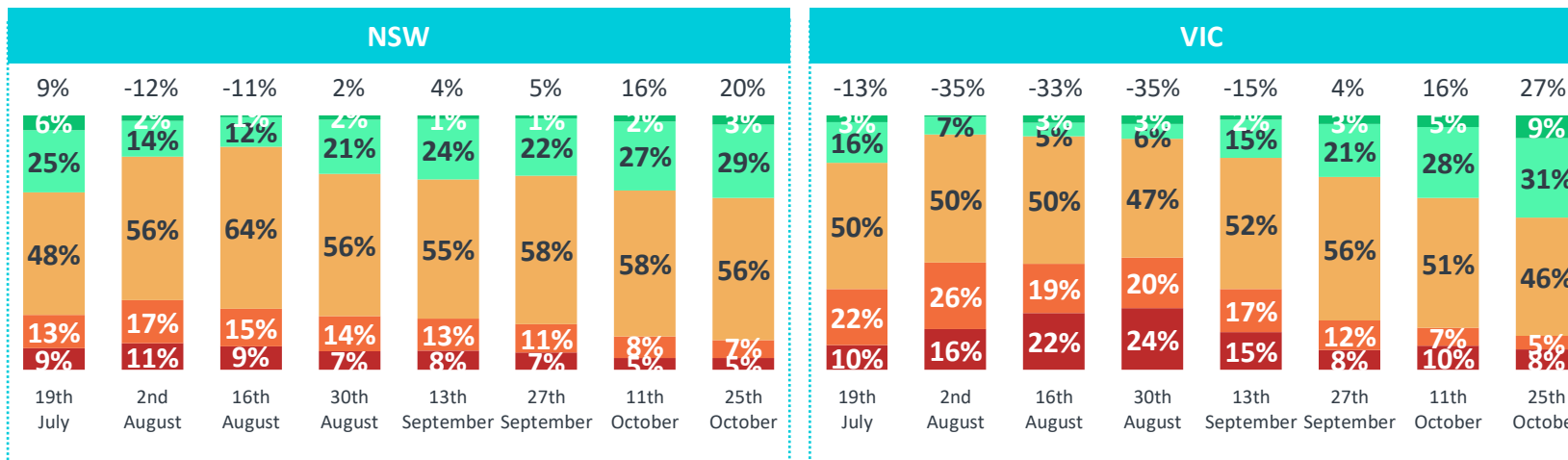


# FUTURE REVENUE EXPECTATIONS BY STATE

Short term revenue expectations increasing in all states except Queensland, where borders remain closed.

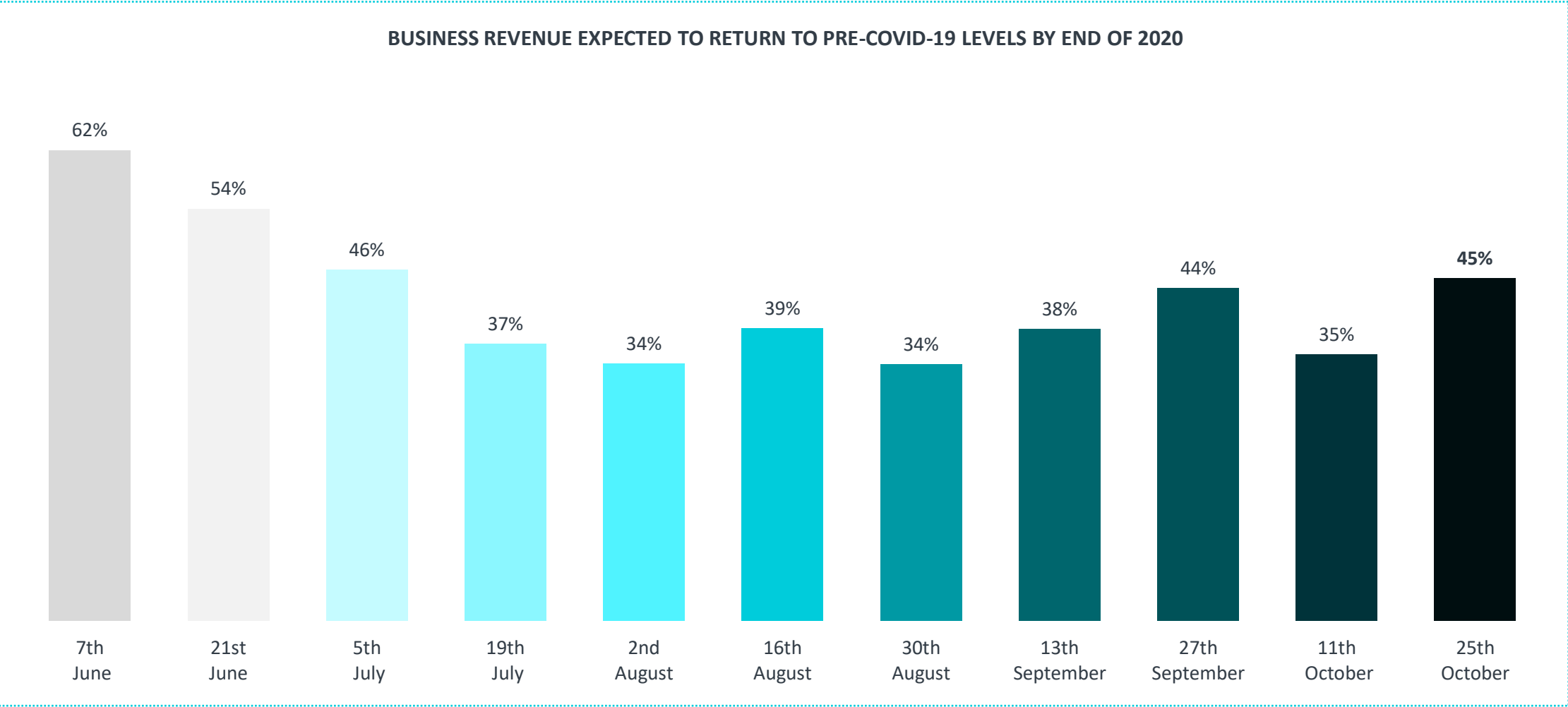
## WHERE DO YOU EXPECT YOUR REVENUE TO BE IN 4 WEEKS' TIME, COMPARED TO TODAY?

- % Net score**
- Significantly better
  - Slightly better
  - About the same
  - Slightly worse
  - Significantly worse



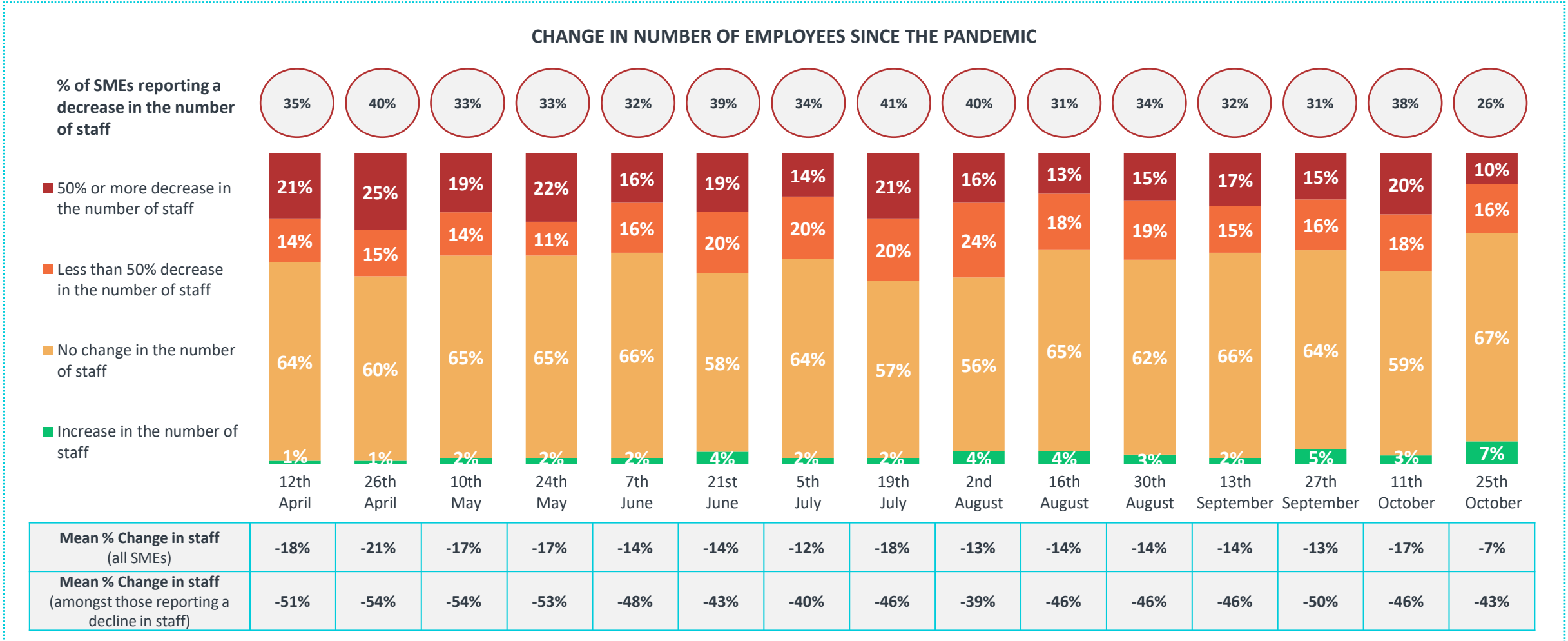
# REVENUE RETURNING TO PRE-COVID LEVELS BEFORE END OF 2020

With the uplift in revenues, we see a rebound in the proportion of SMEs expecting a return to Pre-COVID revenues by the end of the year.



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

Very positive jobs data, with a sharp decrease in the proportion of SMEs reporting a reduction in employee numbers due to COVID-19.

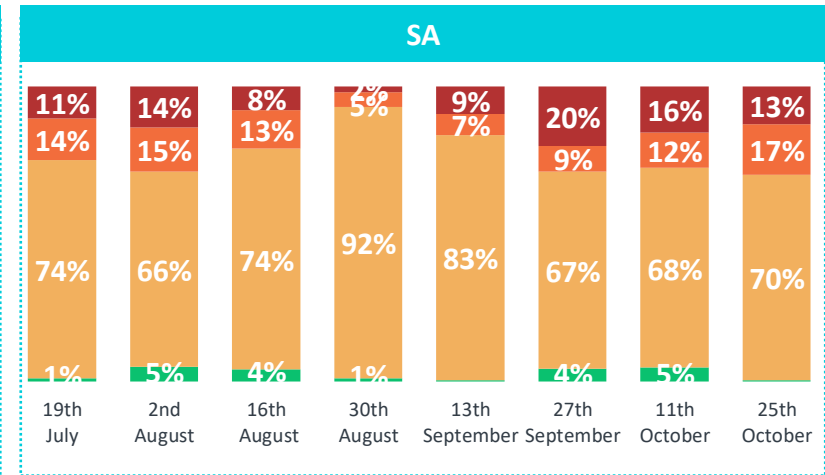
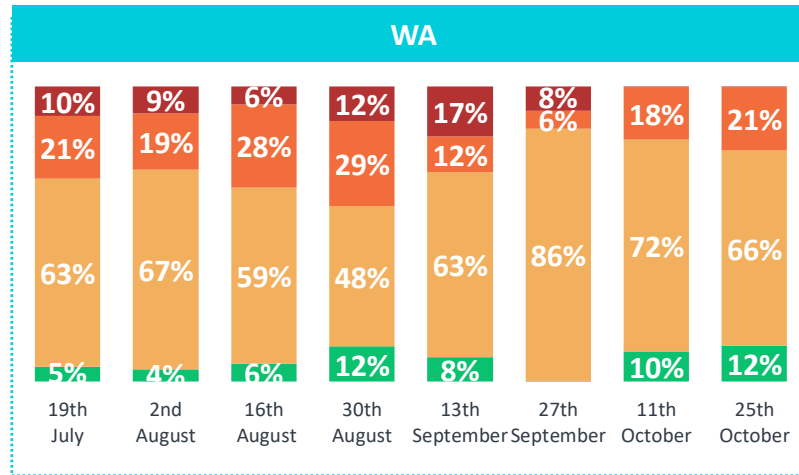
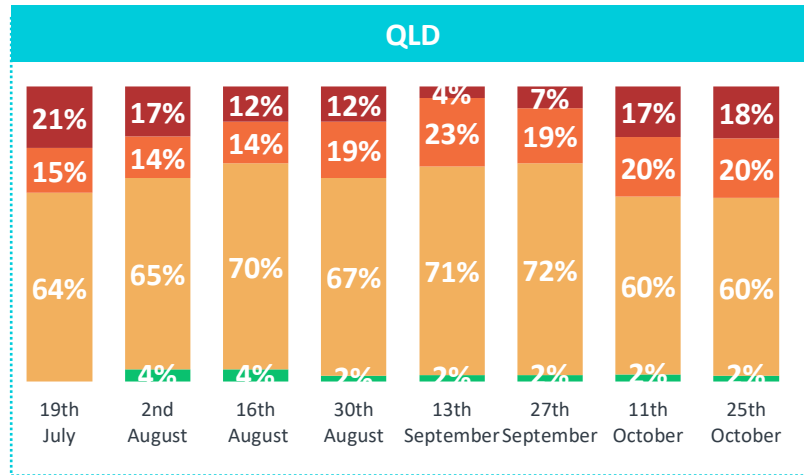
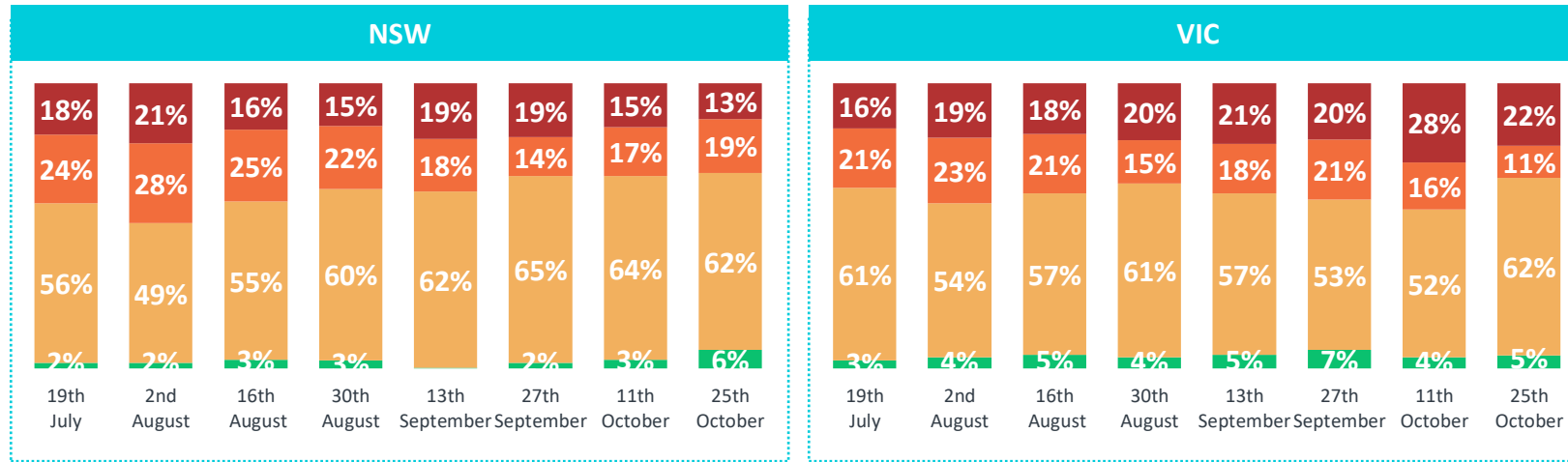


# PERCENTAGE CHANGE IN THE NUMBER OF STAFF BEFORE THE CRISIS VS NOW

Positive jobs data in VIC as restrictions are eased.

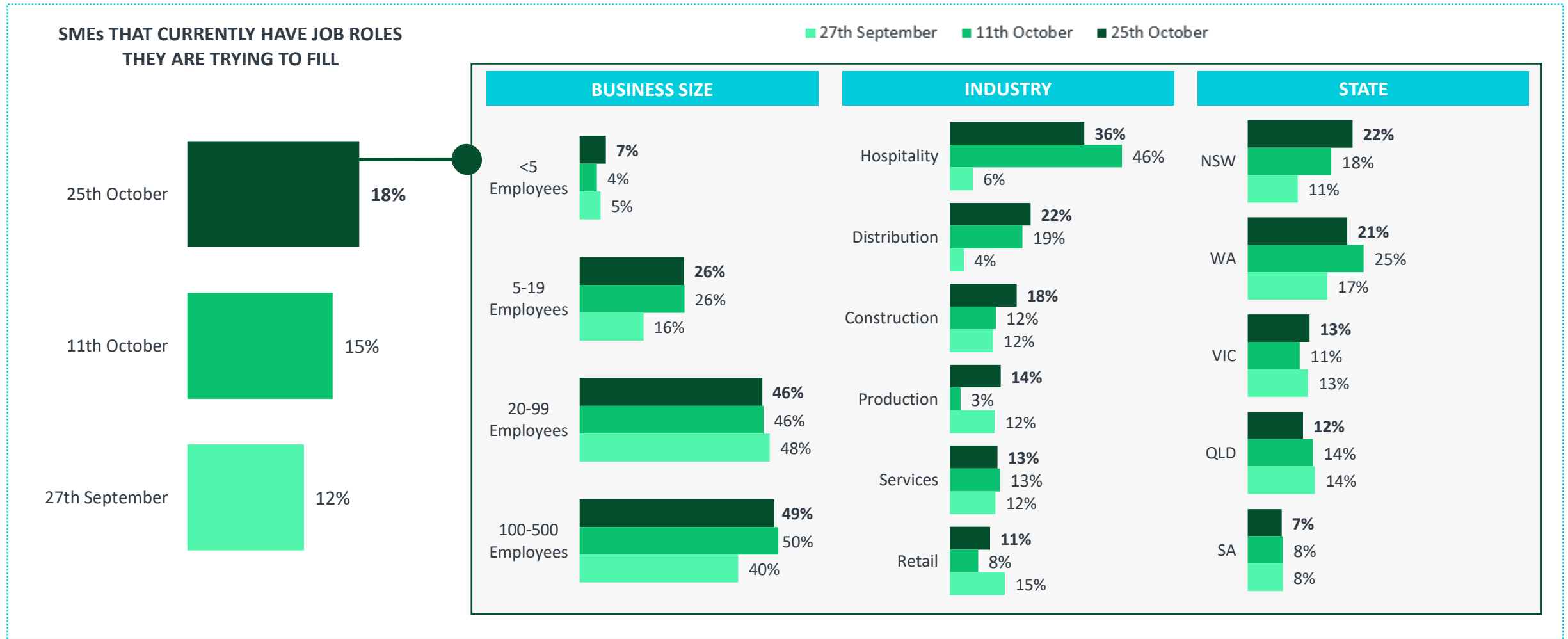
## CHANGE IN NUMBER OF EMPLOYEES SINCE THE PANDEMIC

- 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

Positive job data is also reflected in the proportion of SMEs currently recruiting rising 6%, to 18% over the past month.



# CONTENT

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

1 IMPACT OF COVID-19 ON REVENUES

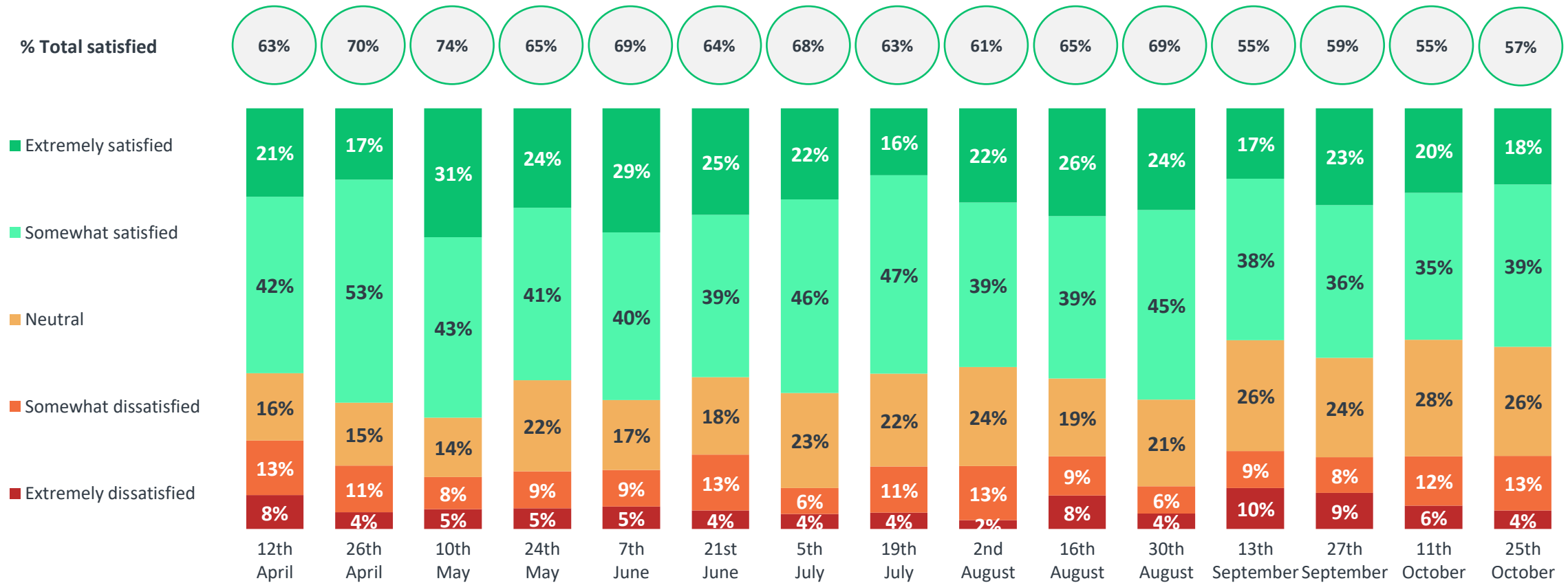
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

# SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE

Despite business conditions improving, satisfaction with the Federal Government's remains steady.

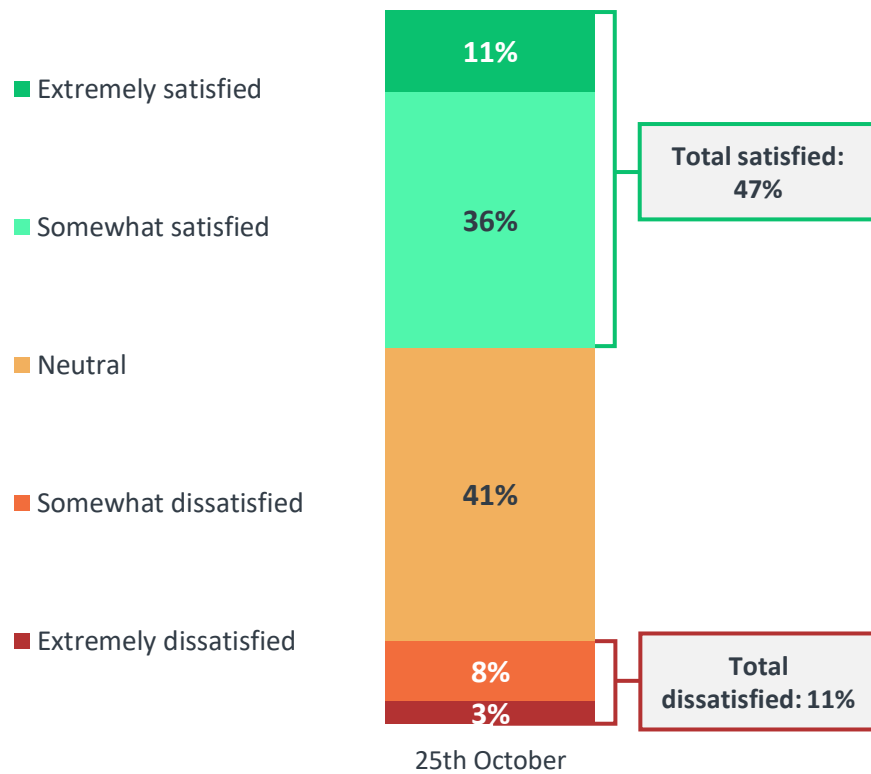
HOW SATISFIED ARE YOU WITH THE WAY THE AUSTRALIAN FEDERAL GOVERNMENT HAS MANAGED THE COVID-19 CRISIS OVERALL SO FAR?



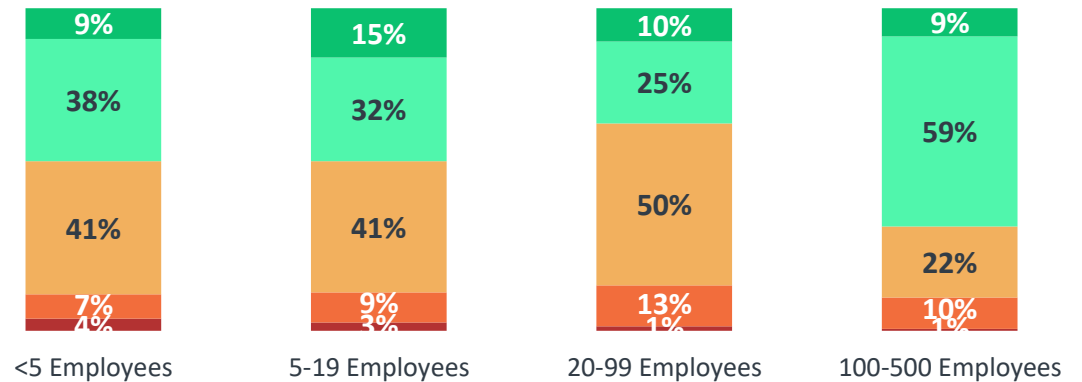
# 2020-21 FEDERAL BUDGET INITIATIVES

Satisfaction with the Federal Budget is reasonably strong, particularly amongst larger SMEs involved in production (manufacturing, mining and agriculture).

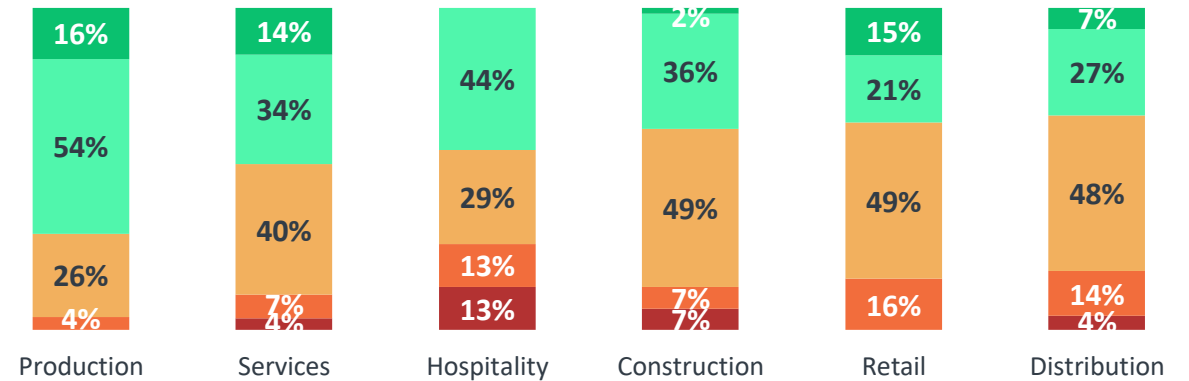
## HOW SATISFIED ARE YOU WITH THE RANGE OF INITIATIVES FOR BUSINESSES ANNOUNCED IN THE 2020-21 FEDERAL BUDGET ON 6 OCTOBER 2020?



## BUSINESS SIZE



## INDUSTRY



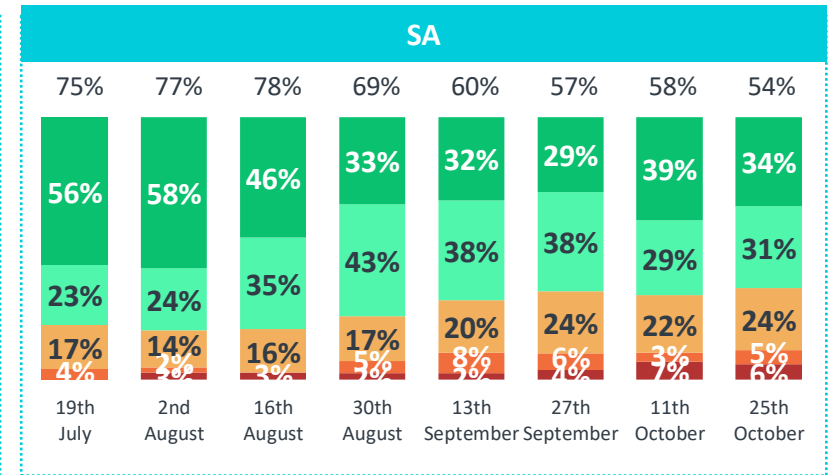
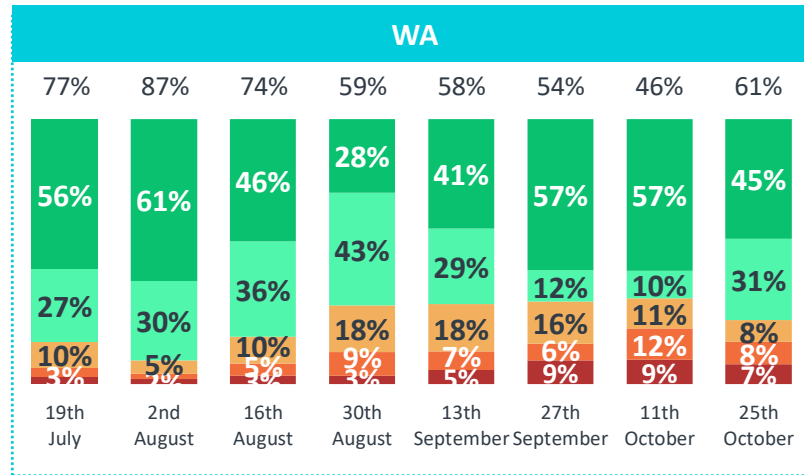
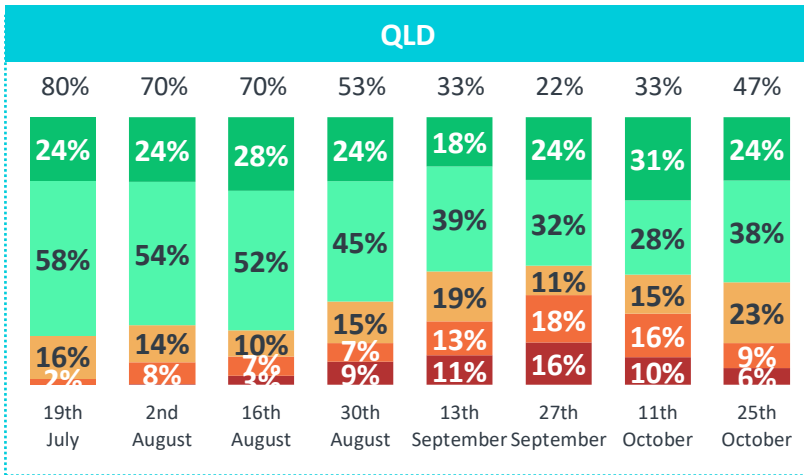
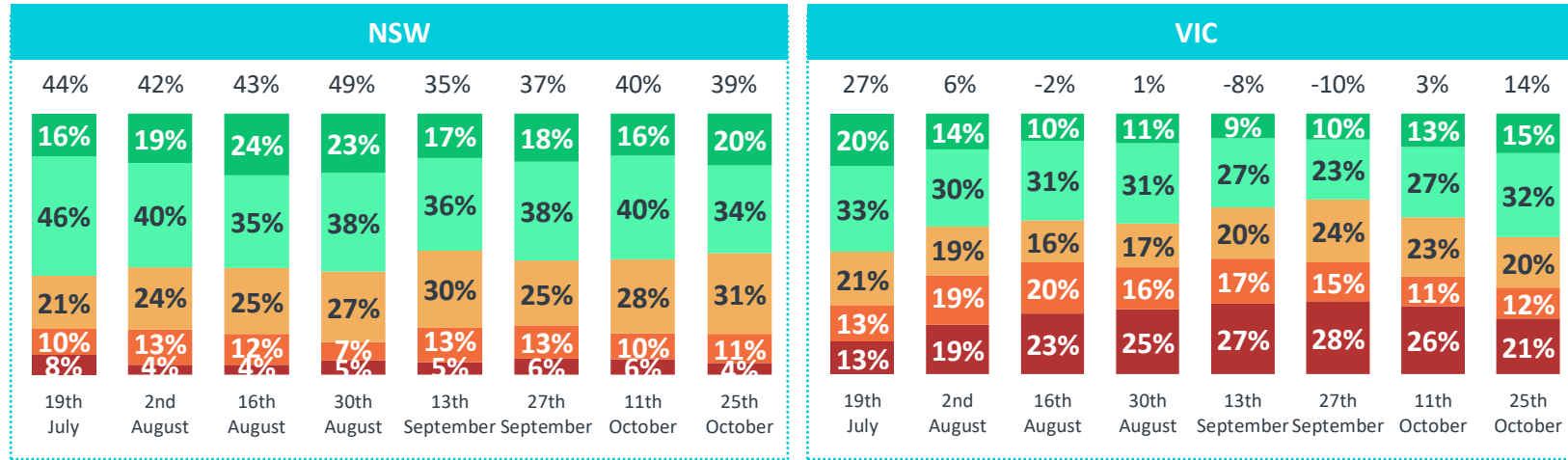


# SATISFACTION WITH THE STATE GOVERNMENT'S RESPONSE

Support for the State Governments in VIC and QLD continue to rebound strongly.

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

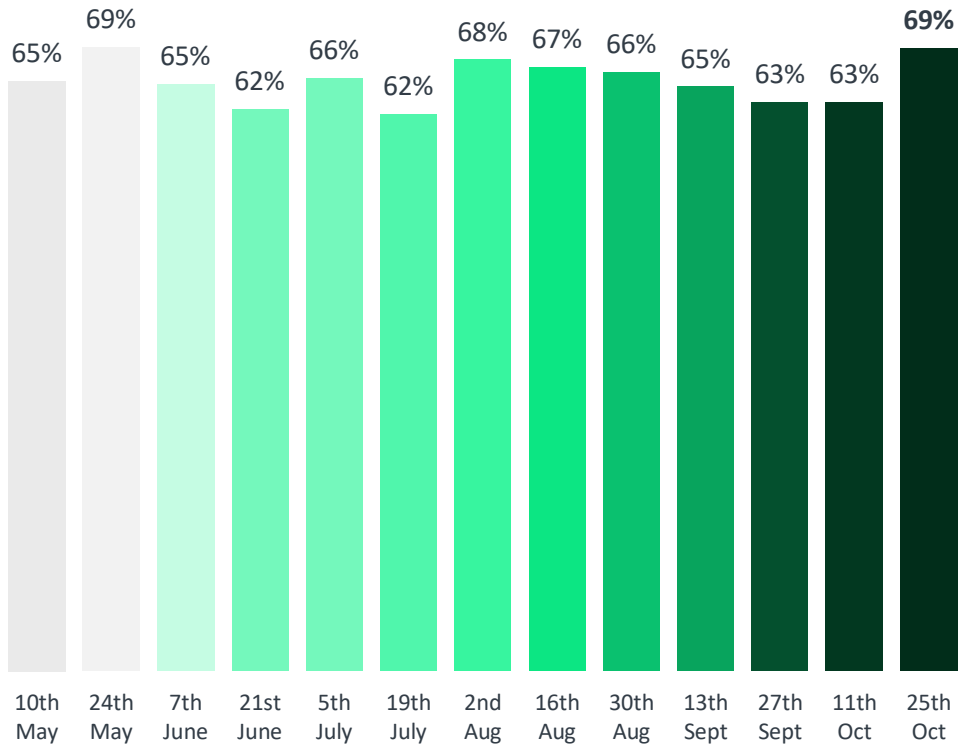
- % Net score**
- Extremely satisfied
  - Somewhat satisfied
  - Neutral
  - Somewhat dissatisfied
  - Extremely dissatisfied



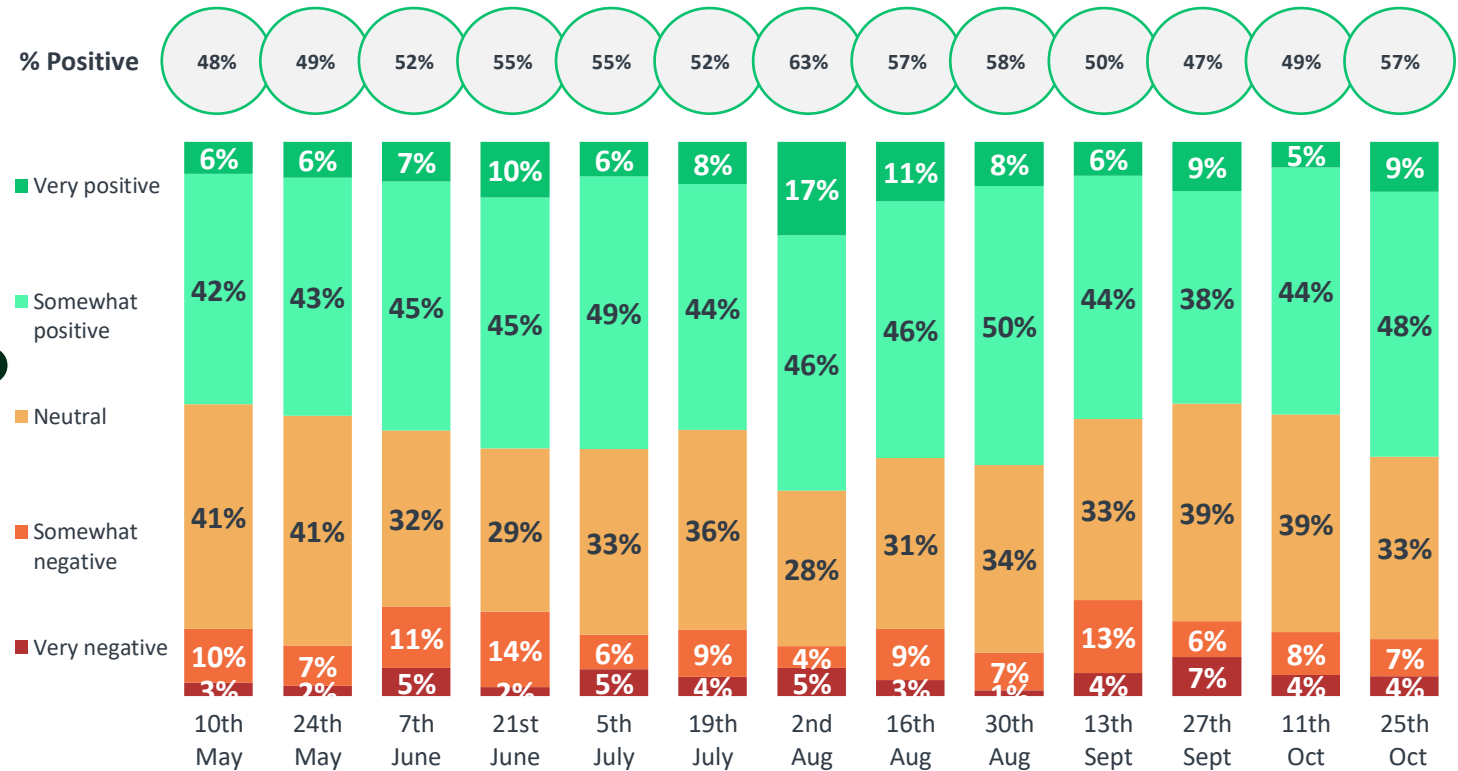
# SUPPORT FROM THE BANKS

Support for the Banks has also increased as business conditions improve.

### % 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)



# 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

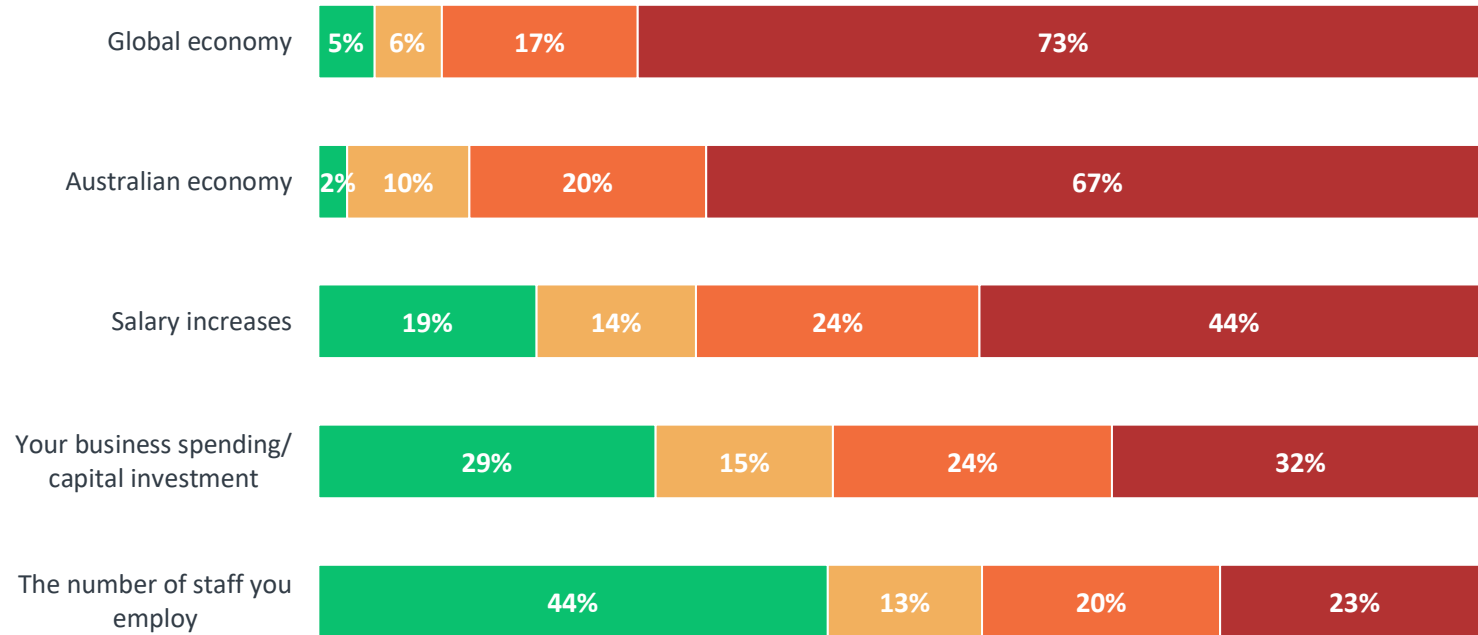
3 THE RECOVERY

# IMPACT OF COVID-19

Despite the positive revenue data, the majority of SMEs continue to expect long term implications for economies both globally and locally. However, positive to note the long term impact on salary increases is again reducing.

**WHAT NEGATIVE IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING?**  
(W/E 25<sup>th</sup> OCTOBER)

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



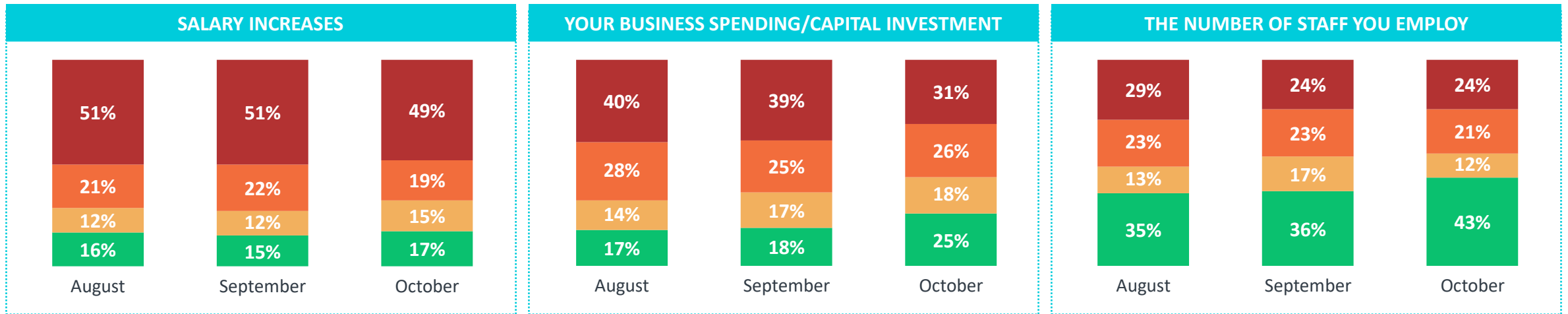
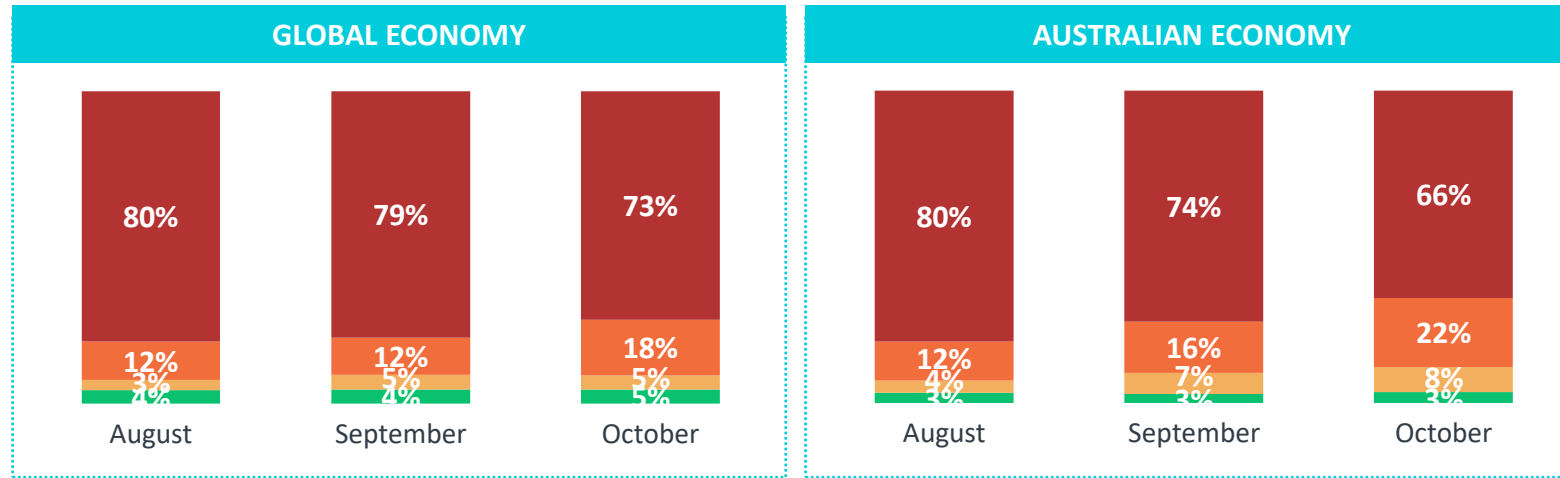
	% Long term impact									% Change from last wave
	W/E 21 <sup>st</sup> June	W/E 5 <sup>th</sup> July	W/E 19 <sup>th</sup> July	W/E 2 <sup>nd</sup> Aug	W/E 16 <sup>th</sup> Aug	W/E 30 <sup>th</sup> Aug	W/E 13 <sup>th</sup> Sept	W/E 27 <sup>th</sup> Sept	W/E 11 <sup>th</sup> Oct	
Global economy	77%	76%	77%	88%	73%	80%	80%	78%	73%	0%
Australian economy	66%	69%	73%	82%	77%	82%	74%	74%	66%	+1%
Salary increases	-	-	-	-	47%	54%	58%	44%	54%	-10%
Your business spending/capital investment	29%	32%	33%	37%	43%	39%	42%	36%	30%	+2%
The number of staff you employ	18%	16%	25%	32%	29%	27%	24%	24%	25%	-2%

# IMPACT OF COVID-19

Monthly tracking data demonstrates SMEs are steadily becoming more confident regarding the Australian economy, business investment and staff numbers.

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

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



## CAPITAL EXPENDITURE (NEXT 3 MONTHS)

The positivity regarding short term capital expenditure has risen across a number of asset categories, noting a 7% increase in those expecting to purchase IT/Office equipment over the next 3 months.

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

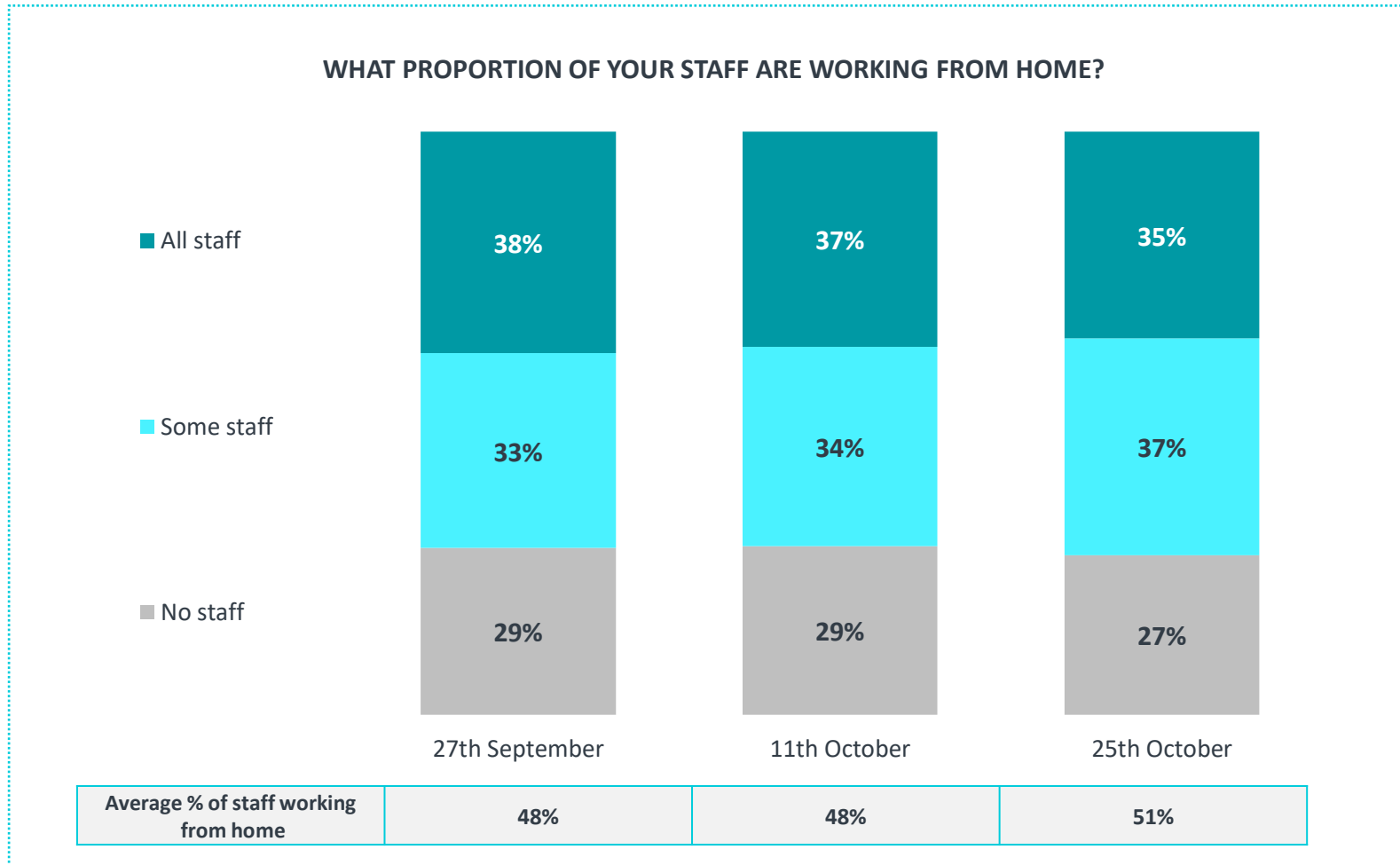
(W/E 25th OCTOBER)

■ 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> Aug	W/E 16 <sup>th</sup> Aug	W/E 30 <sup>th</sup> Aug	W/E 13 <sup>th</sup> Sep	W/E 27 <sup>th</sup> Sep	W/E 11 <sup>th</sup> Oct					
IT / Office equipment, including hardware & software	27%	23%	41%	8%	35%	44%	52%	44%	37%	41%	44%	42%	+7%
Passenger vehicle(s) including SUVs	68%	17%	13%	2%	15%	13%	14%	14%	13%	15%	14%	13%	+2%
Other types of vehicles, equipment, machinery or plant <sup>2</sup>	70%	17%	9%	3%	19%	13%	16%	17%	14%	13%	16%	17%	-5%
Light commercial vehicle(s) including utes, vans, and minibuses	77%	12%	8%	3%	16%	10%	12%	9%	11%	14%	13%	11%	0%
Agricultural, construction or earthmoving vehicle(s)/equipment	78%	15%	5%	3%	11%	9%	6%	10%	7%	10%	9%	8%	0%
Truck(s) less than 4.5 tonnes that can be operated with a car licence	83%	10%	4%	3%	9%	9%	5%	7%	5%	6%	10%	6%	+1%
Truck(s) more than 4.5 tonnes that require a heavy vehicle licence	83%	11%	4%	3%	8%	8%	4%	6%	5%	6%	7%	5%	+2%
Medium and large bus(es) with more than 12 seats that require a bus driver licence	83%	12%	4%	1%	9%	6%	3%	6%	5%	6%	7%	3%	+2%

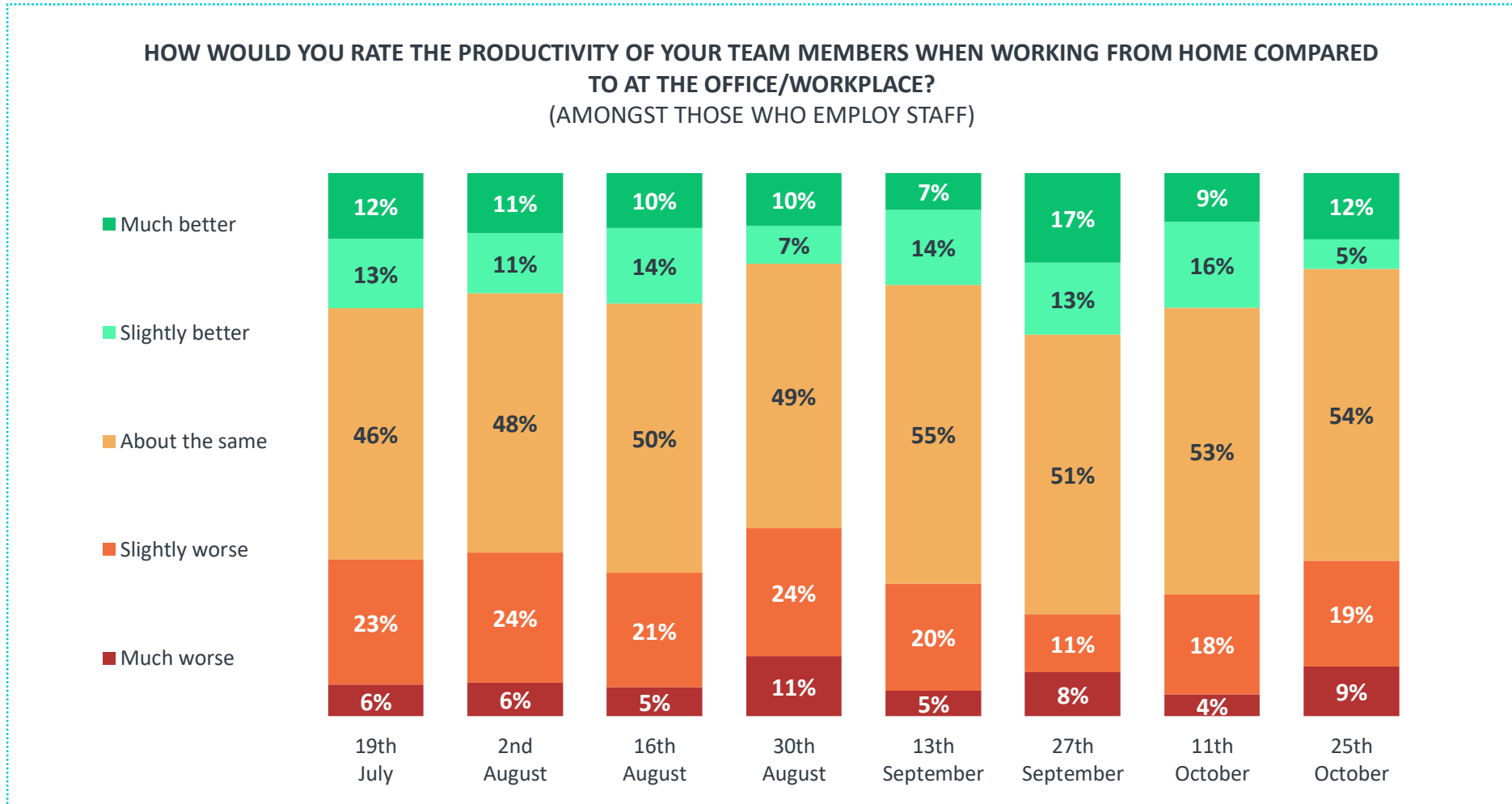
# PROPORTION OF STAFF WORKING AT HOME

Despite easing restrictions, the majority of businesses continue to have team members working from home.



# PRODUCTIVITY OF TEAM MEMBERS WORKING FROM HOME

However, the productivity of staff working from home continues to be a concern with 28% reporting lower productivity compared to 22% in the previous wave.

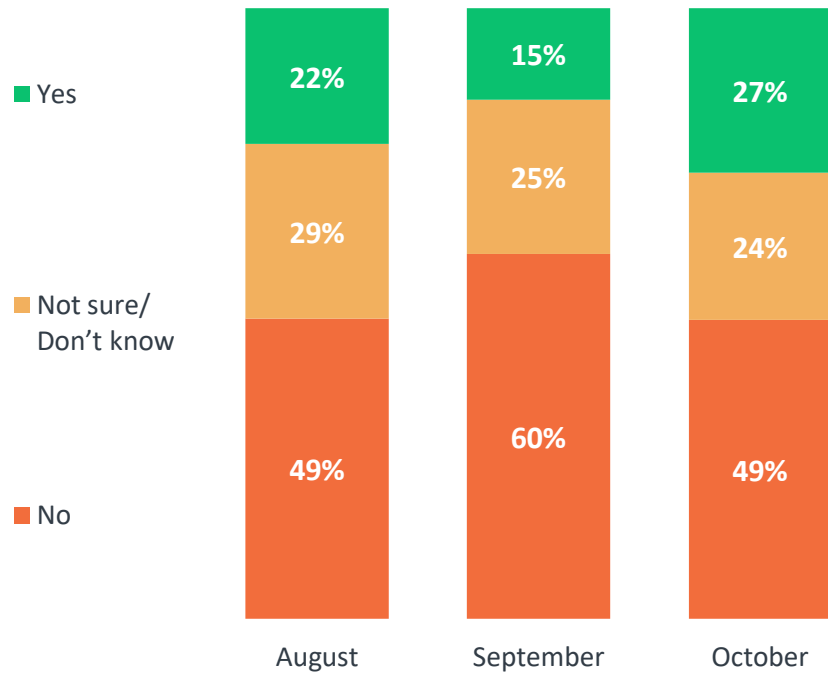




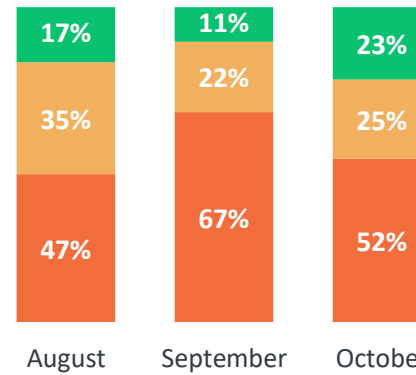
# IMPACT OF WORKING FROM HOME ON BUSINESS PREMISES

Despite productivity issues, more than a quarter of SMEs expect to downsize their business premises based on their WFH experience during COVID-19. Those with 20-99 employees are leading this trend.

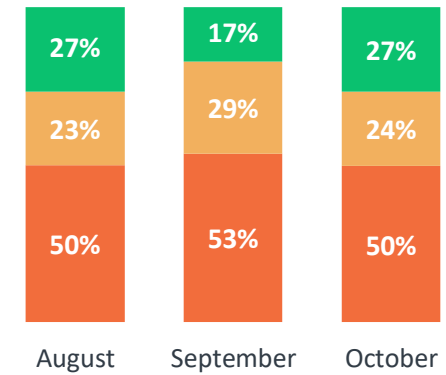
**BASED ON YOUR EXPERIENCE WITH EMPLOYEES WORKING FROM HOME DURING THE PANDEMIC, DO YOU EXPECT TO REDUCE THE SIZE OF YOUR BUSINESS PREMISES WHEN YOUR CURRENT LEASE EXPIRES?**  
(AMONGST THOSE WITH EMPLOYEES WHO CAN WORK FROM HOME)



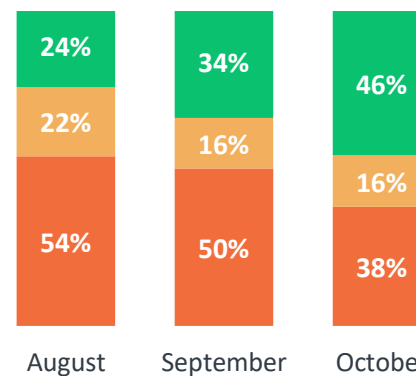
## < 5 EMPLOYEES



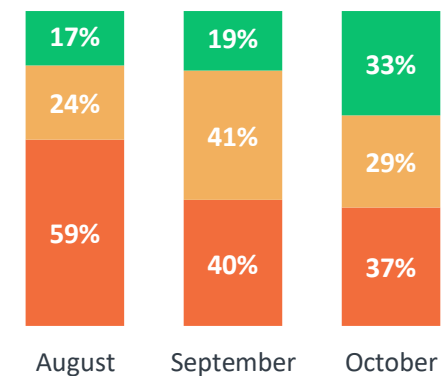
## 5 TO 19 EMPLOYEES



## 20 TO 99 EMPLOYEES



## 100 TO 500 EMPLOYEES

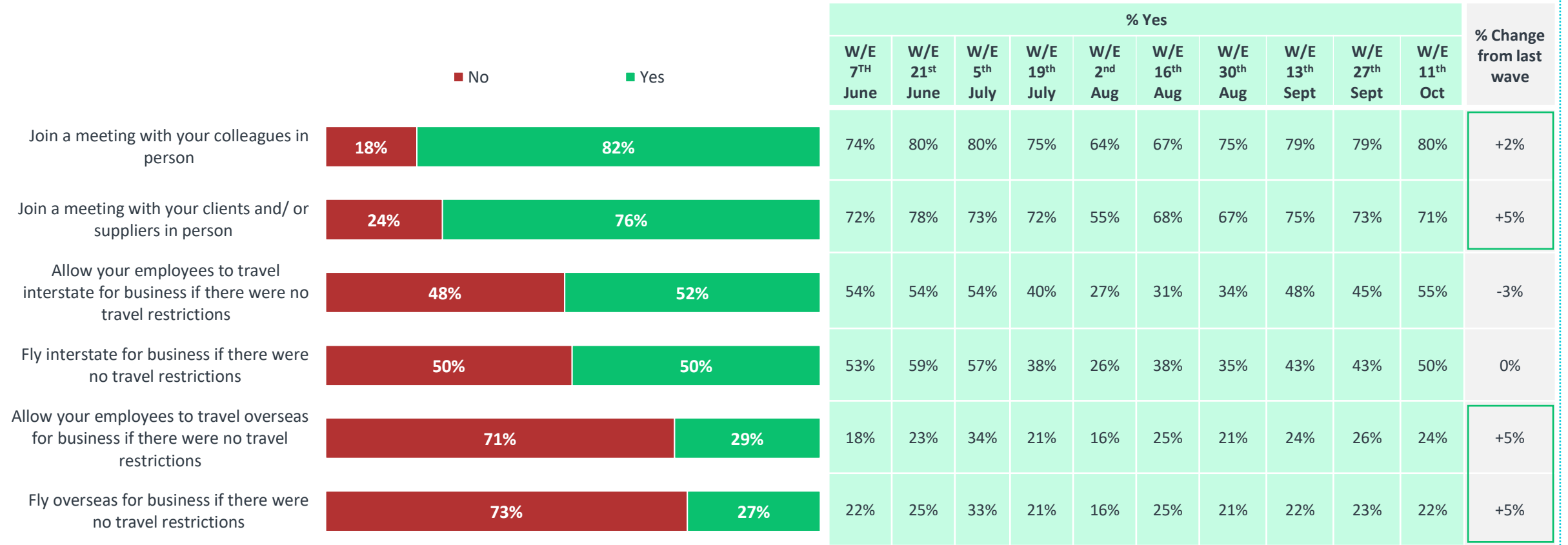


# MEETINGS AND MOBILITY

The willingness to meet people in person and travel overseas for the purpose of business continues to trend upwards.

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

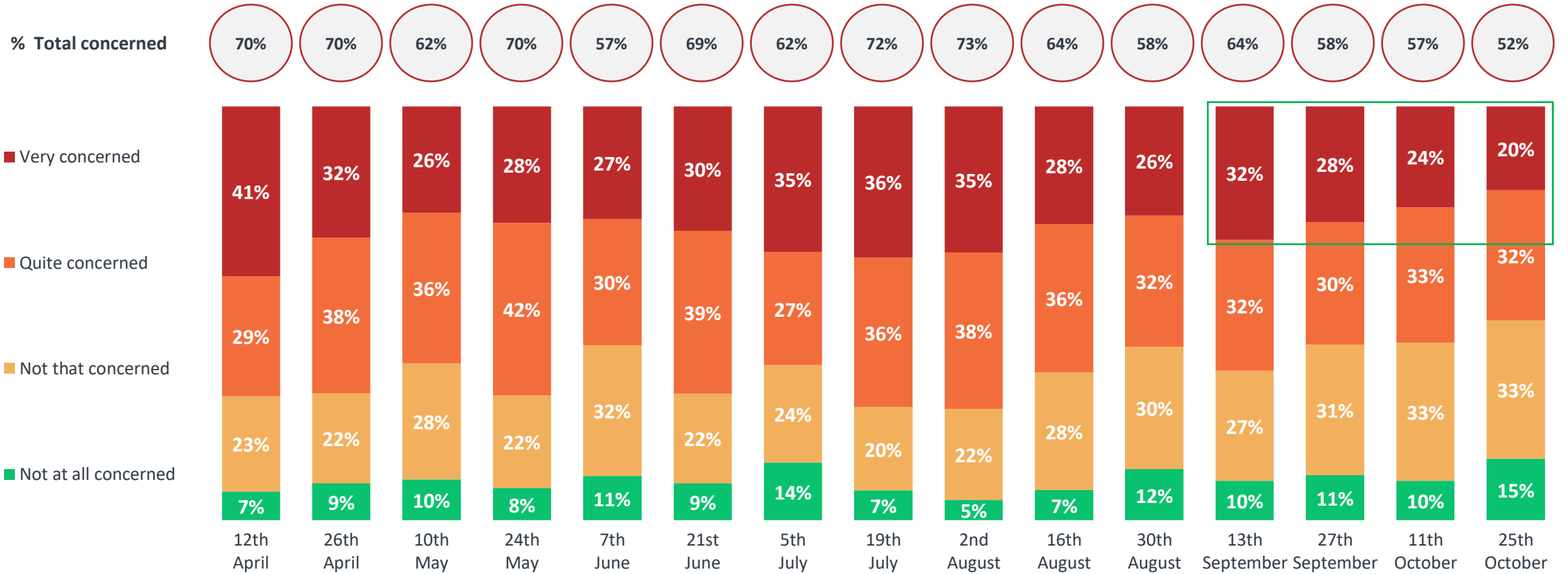
(W/E 25<sup>th</sup> OCTOBER)



# LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

The proportion of SMEs now very concerned about business survival continues on a downward trajectory.

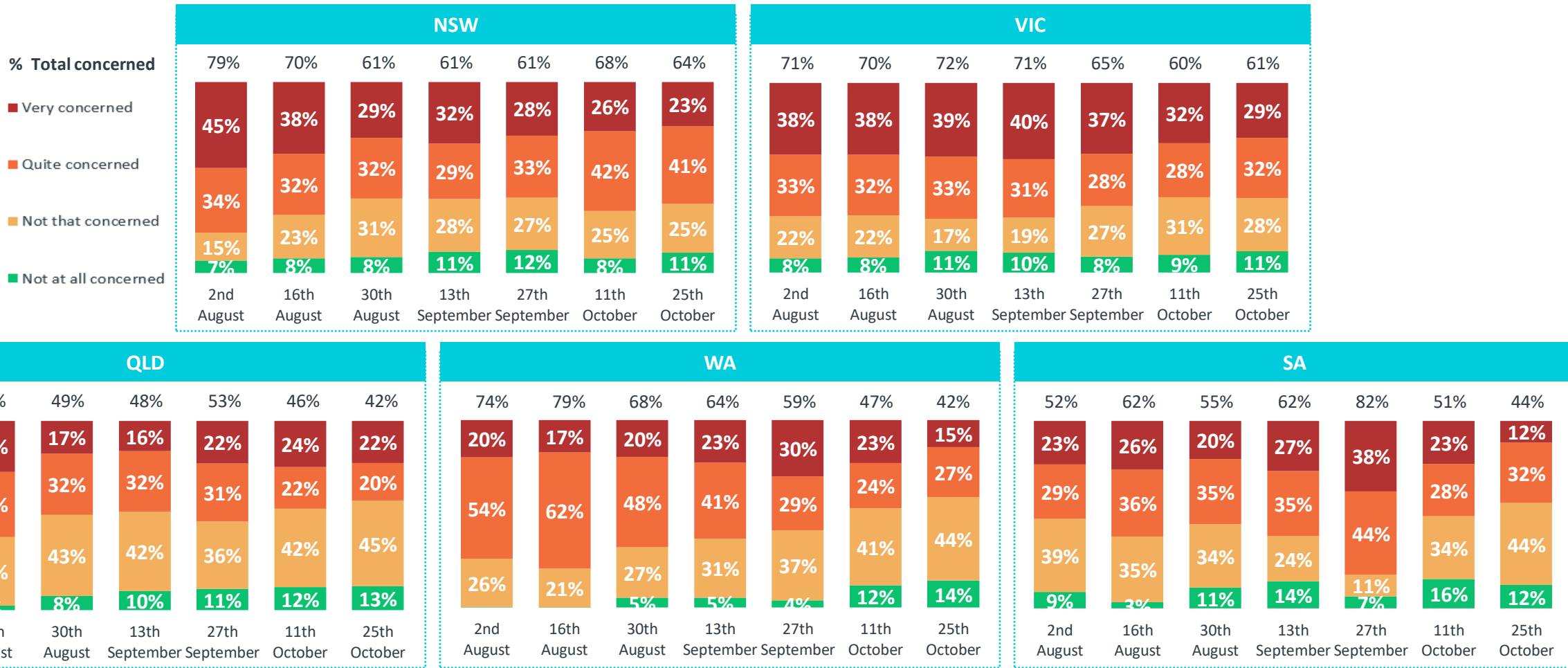
HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



# LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

Those very concerned about survival is declining across all States.

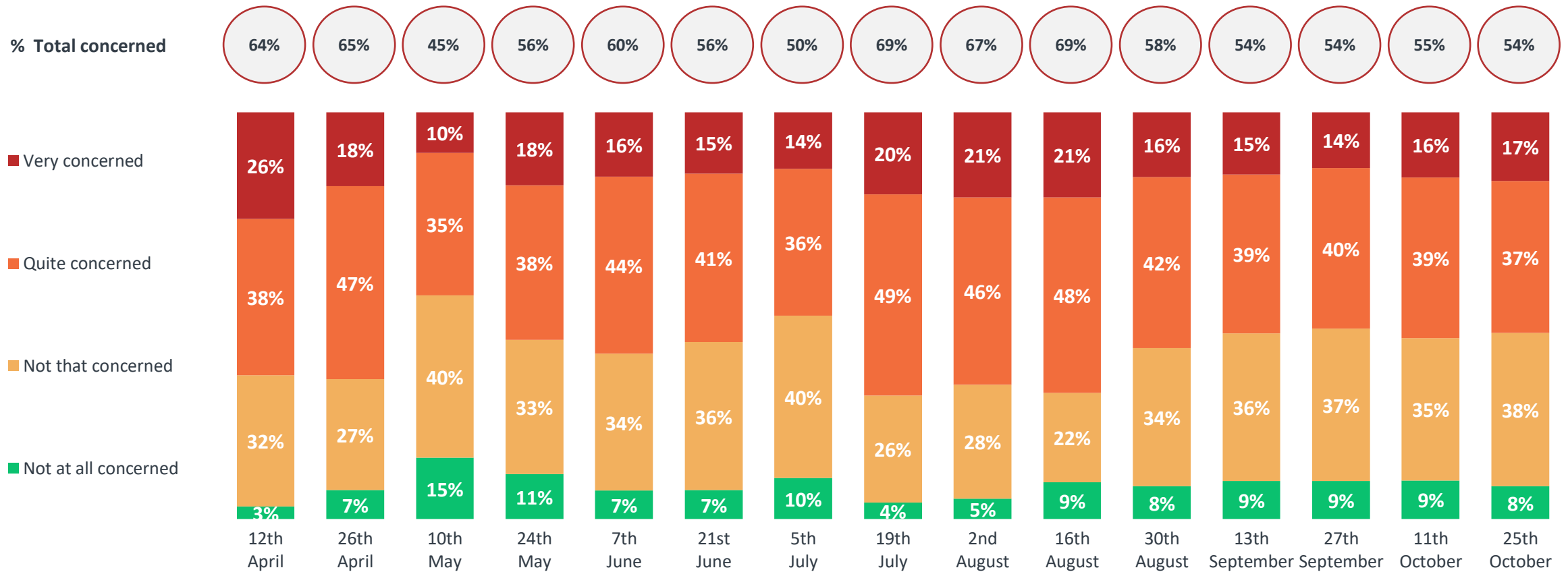
## HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



# 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?



# CONTENT

APPENDIX:

1 METHODOLOGY & SAMPLE

2 ABOUT ACA RESEARCH & FIFTH QUADRANT

# 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

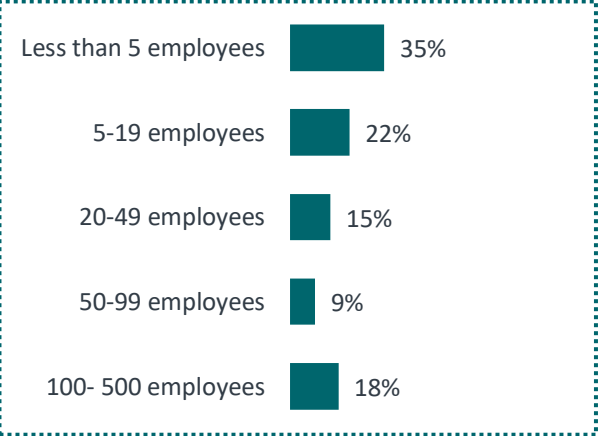


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

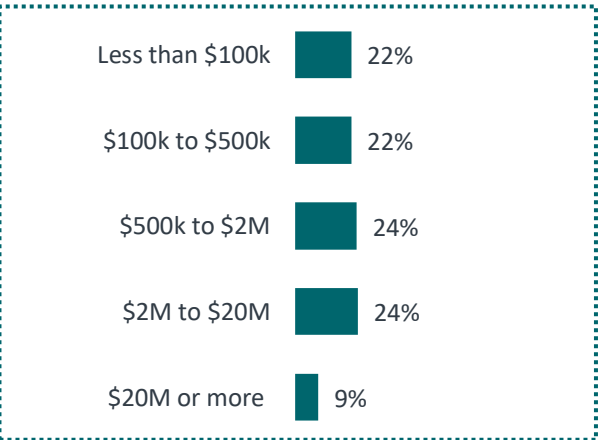
# OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

### SIZE OF BUSINESS: EMPLOYEES

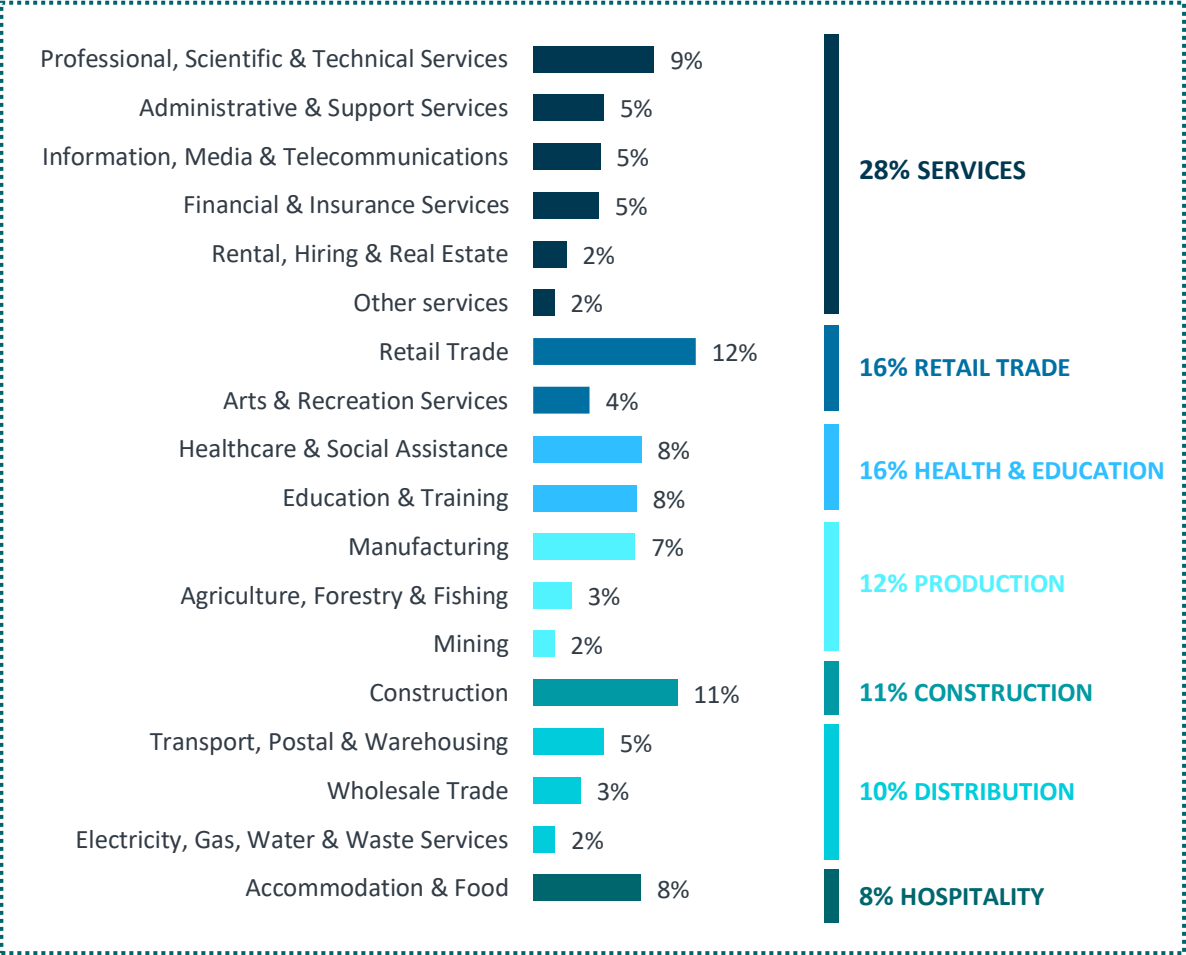


### SIZE OF BUSINESS: TURNOVER



NOTE: CHARTS SHOW UNWEIGHTED DATA

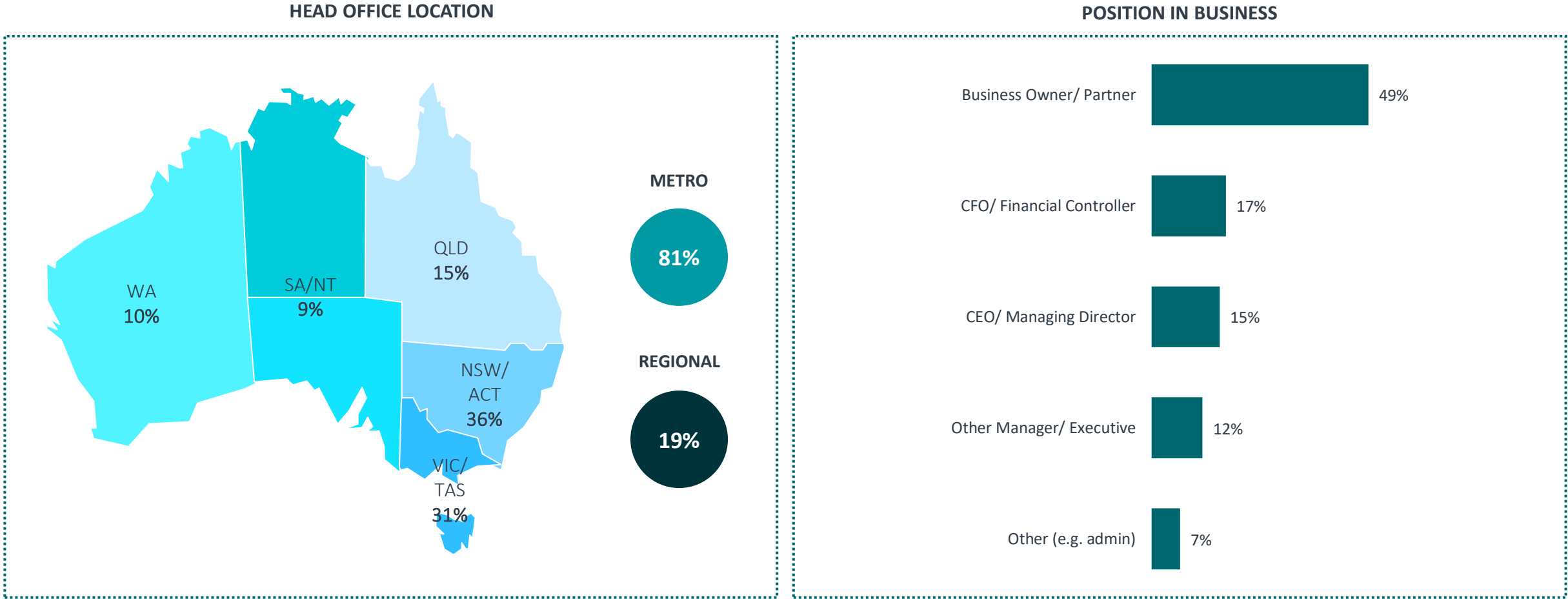
### INDUSTRY SECTOR





# 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

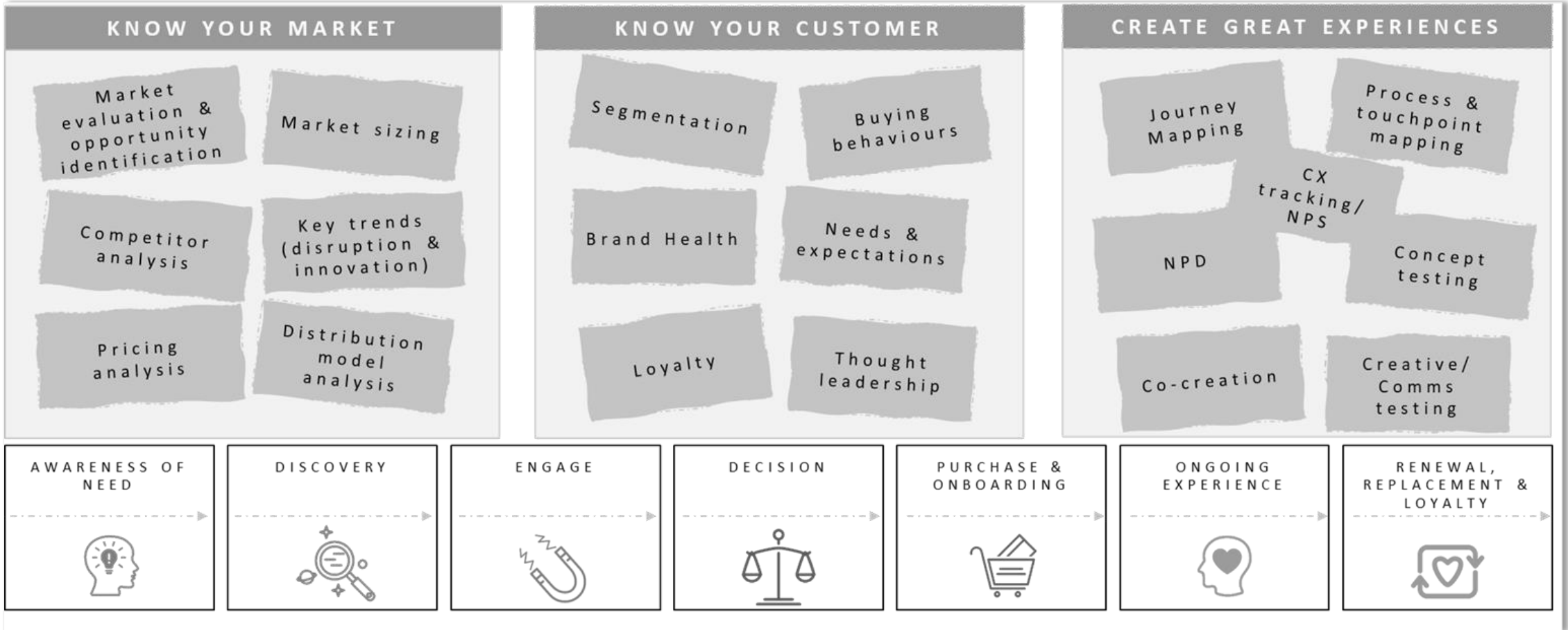
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

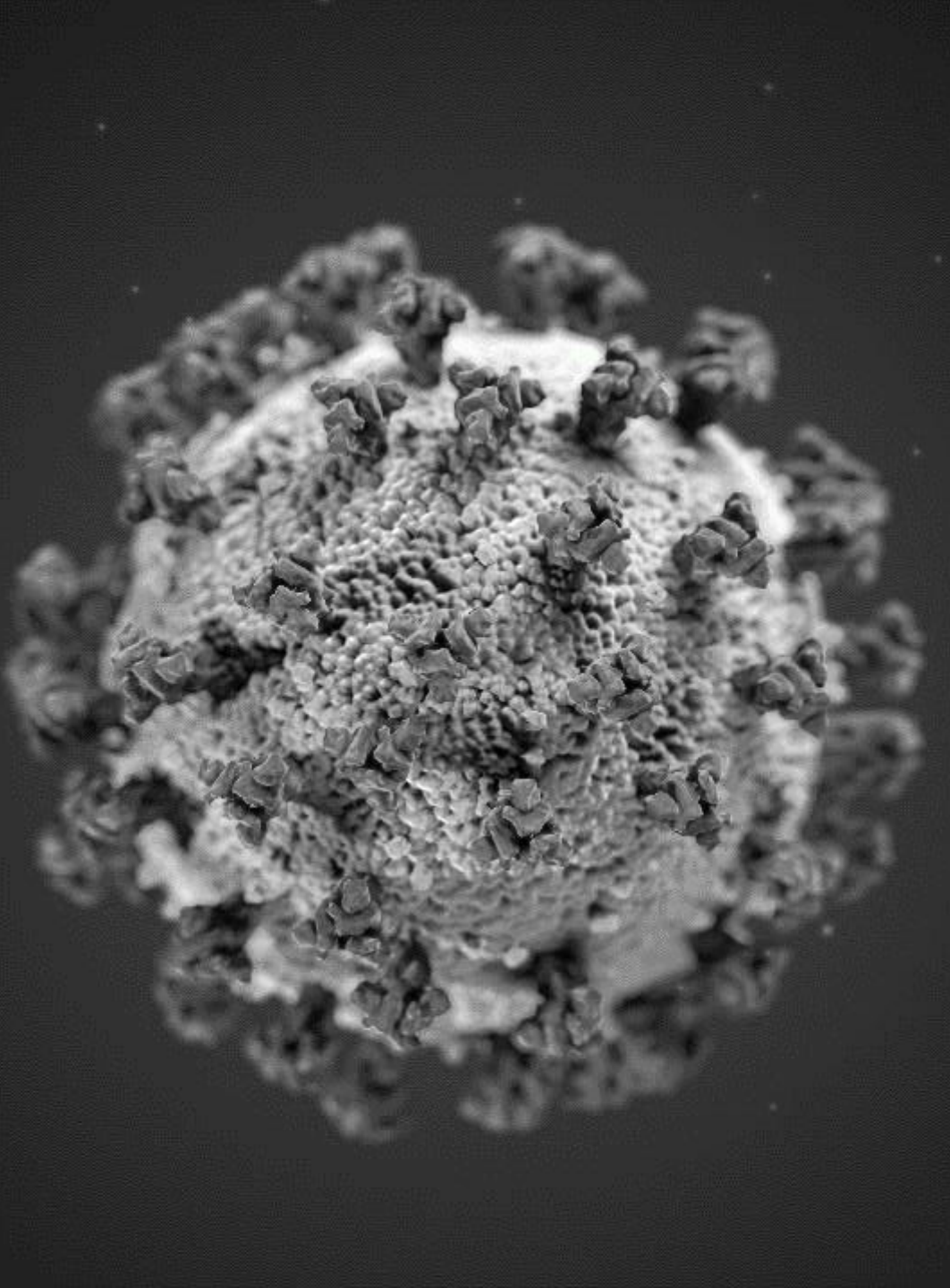
TO DELIVER  
ACTIONABLE  
RECOMMENDATIONS  
AND ADVICE

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:

**JAMES ORGAN, MANAGING DIRECTOR**  
ACA RESEARCH & FIFTH QUADRANT  
E: [jorgan@acaresearch.com.au](mailto:jorgan@acaresearch.com.au)

**LISA SALAS, HEAD OF COMMERCIAL**  
TEG INSIGHTS  
E: [lisa.salas@teginights.com](mailto:lisa.salas@teginights.com)