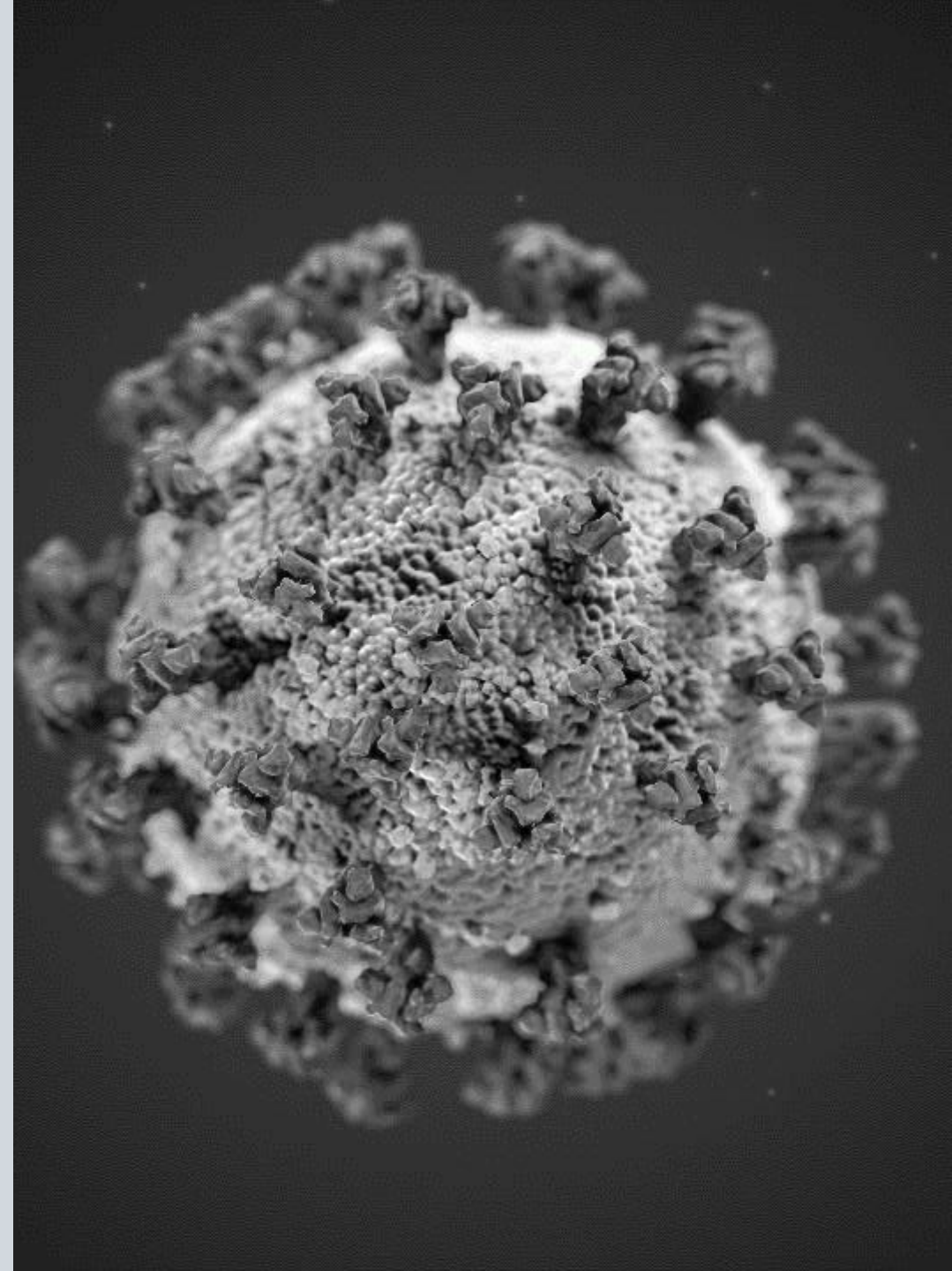


# COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 21 –

19<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.

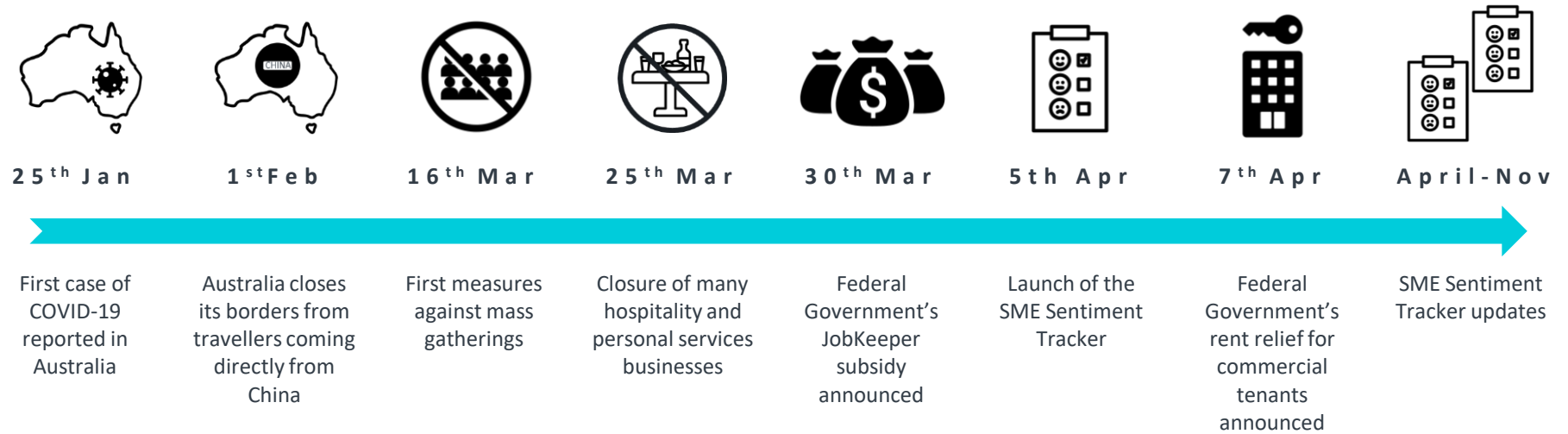
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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	WAVE 21 8/Nov
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	27,658
DAILY NEW CASES	200	10	26	15	20	14	17	3	10	5	25	87	361	641	253	123	44	24	21	21	6
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	1,300

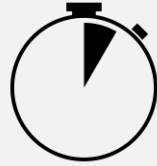
Source: <https://www.worldometers.info/coronavirus/>

# 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



**63% of SMEs reporting a decline in revenue due to COVID-19, up from 59%**



**39% of SMEs expecting pre-COVID revenues by the end of the year**



**20% of SMEs are now hiring, compared to 15%, a month earlier**



**73% of SMEs finding it difficult to fill available job roles**

Slightly negative sentiment in this wave, as the proportion of SMEs reporting a decline in revenue rises to 63%, compared to 59% in the previous wave. However, short term prospects remain steady with one-third of all SMEs expecting better revenue in 4 weeks' time. Expectations continue to be lower in QLD as borders remain closed.

Despite slightly weaker jobs data overall, the proportion of SMEs recruiting new employees continues to increase with 20% now trying to fill vacant roles, compared to 15% a month earlier. Recruitment activity in the construction and production sectors has increased strongly over the past month.

However, it is very concerning that 73% of SMEs looking for new employees are finding it difficult to fill roles, with the lack of suitable candidates being the key challenge.

Overall it is clear that SMEs continue to gain confidence from the Australian economic recovery and hence expectations regarding business investment are stronger in the short-medium term.

In summary, confidence regarding the economic recovery in Australia continues to increase despite some slightly weaker revenue data. It is very positive to see the upward trend in recruitment, but the lack of candidates needs to be addressed to ensure the recovery is not hindered by a lack of productive people in the workforce.

# CONTENT

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

1 IMPACT OF COVID-19 ON REVENUES

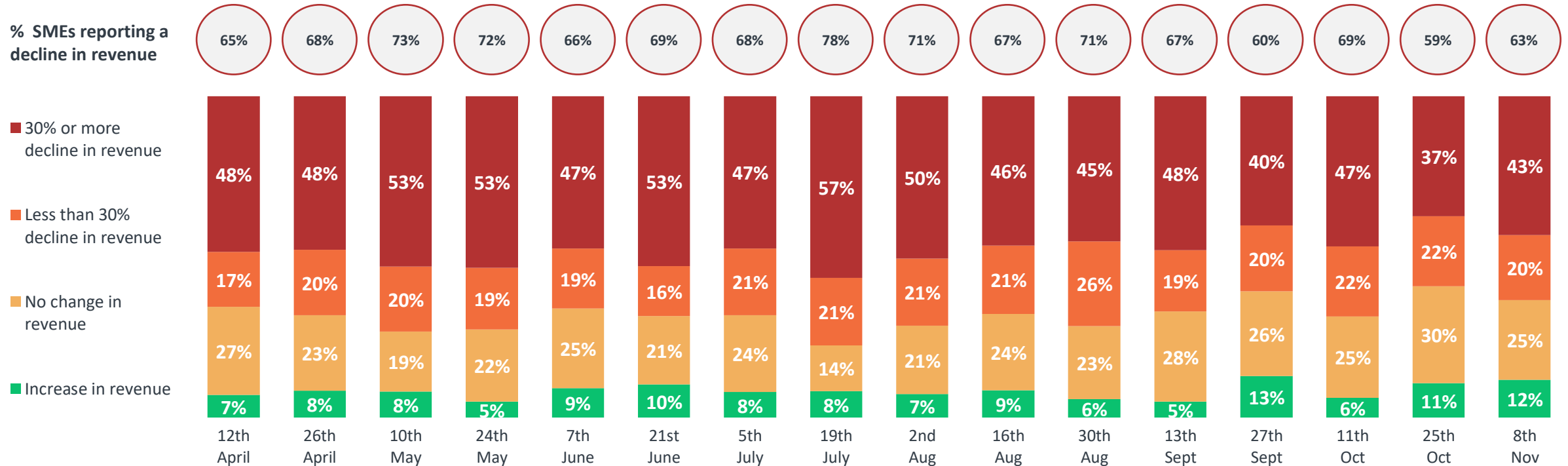
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

# DECLINE IN REVENUE DUE TO COVID-19

Slightly negative sentiment as the proportion of SMEs reporting a decline in revenue rises to 63%, compared to 59% in the previous wave.

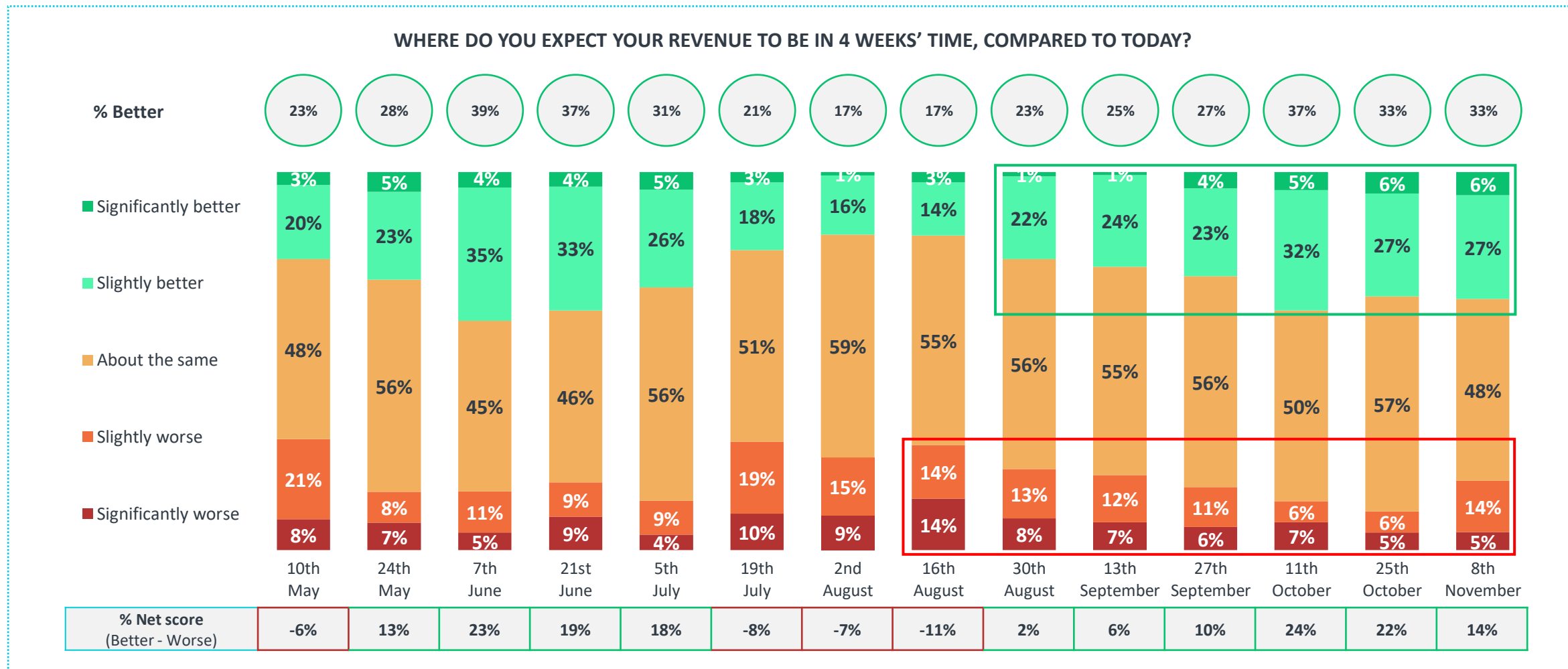
## WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS REVENUE?



Mean % Change in revenue (all SMEs)	-34%	-35%	-34%	-32%	-29%	-29%	-31%	-33%	-29%	-30%	-29%	-29%	-23%	-28%	-22%	-25%
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%	-45%

# FUTURE REVENUE EXPECTATIONS

Short term expectations are steady with one-third of all SMEs expecting better revenue in the next 4 weeks.



Slightly concerning that 19% expect their short term revenues to decline, breaking the downward trend reported since August.



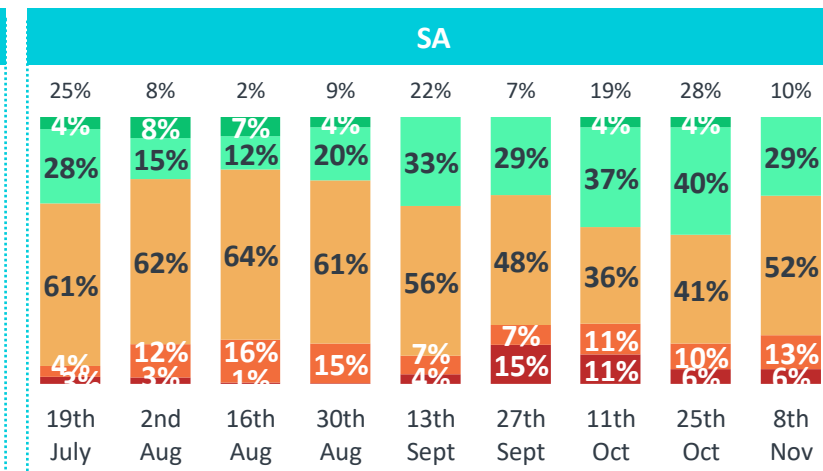
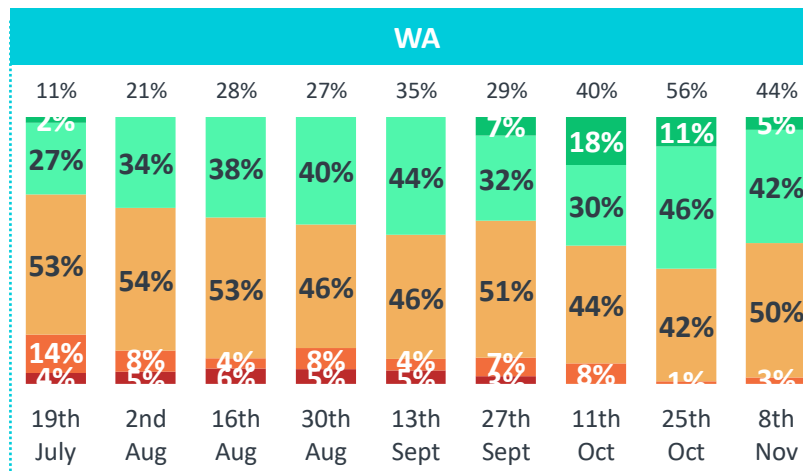
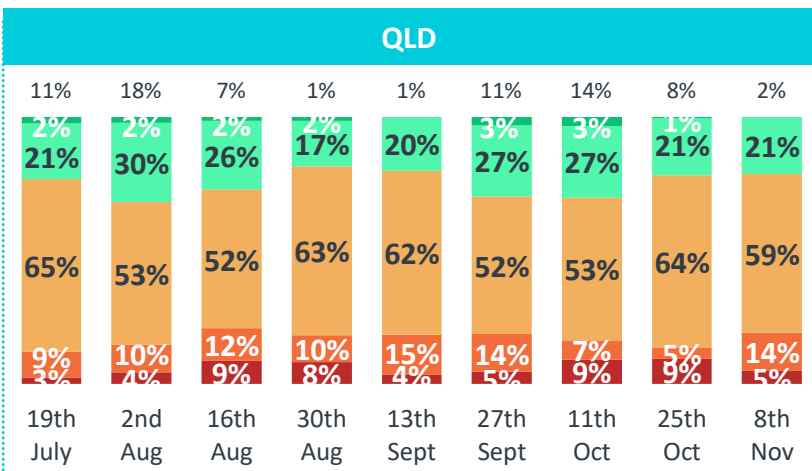
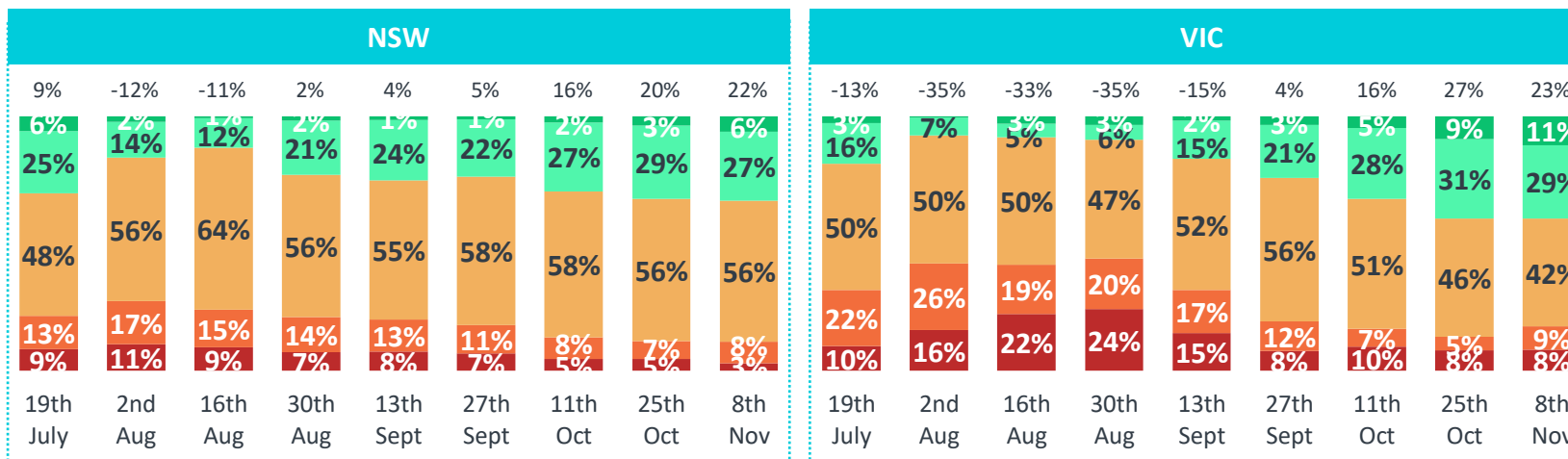
# FUTURE REVENUE EXPECTATIONS BY STATE

Short term revenue expectations remain weak in QLD while borders remain closed.

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

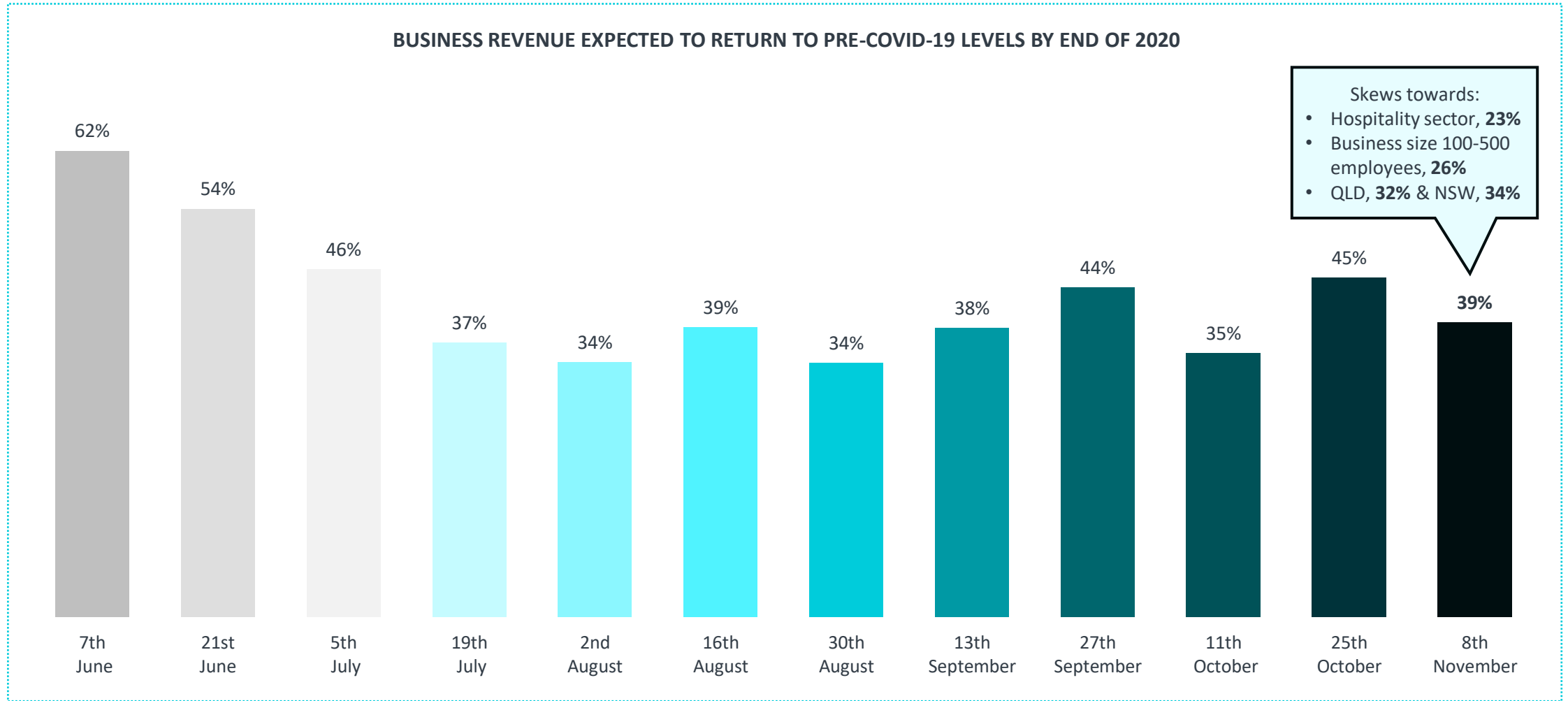
**% Net score**

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



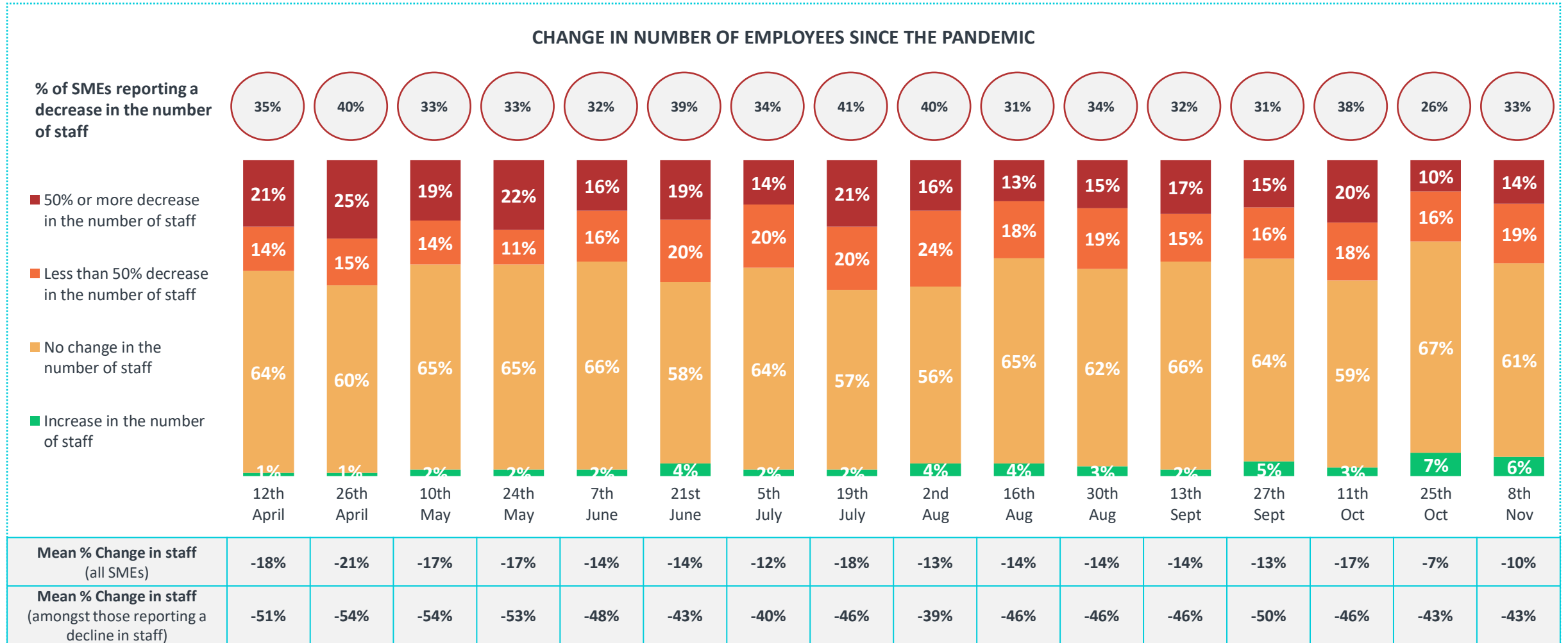
# REVENUE RETURNING TO PRE-COVID LEVELS BEFORE END OF 2020

Expectations of returning to Pre-COVID revenues continue to fluctuate, in line with ongoing outbreaks and uncertainty about the lifting of restrictions.



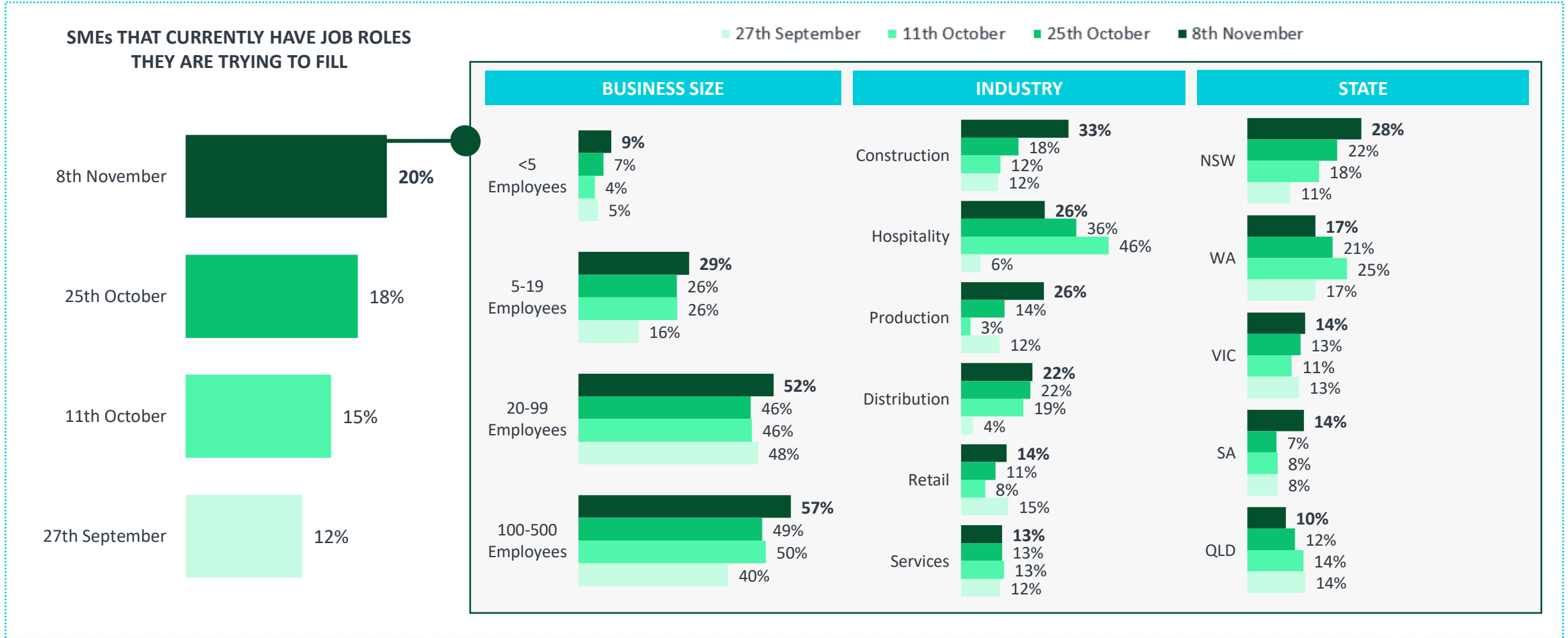
# PERCENTAGE CHANGE IN THE NUMBER OF STAFF BEFORE THE CRISIS VS NOW

Jobs data is also slightly weaker in line with other less positive data recorded in this wave.



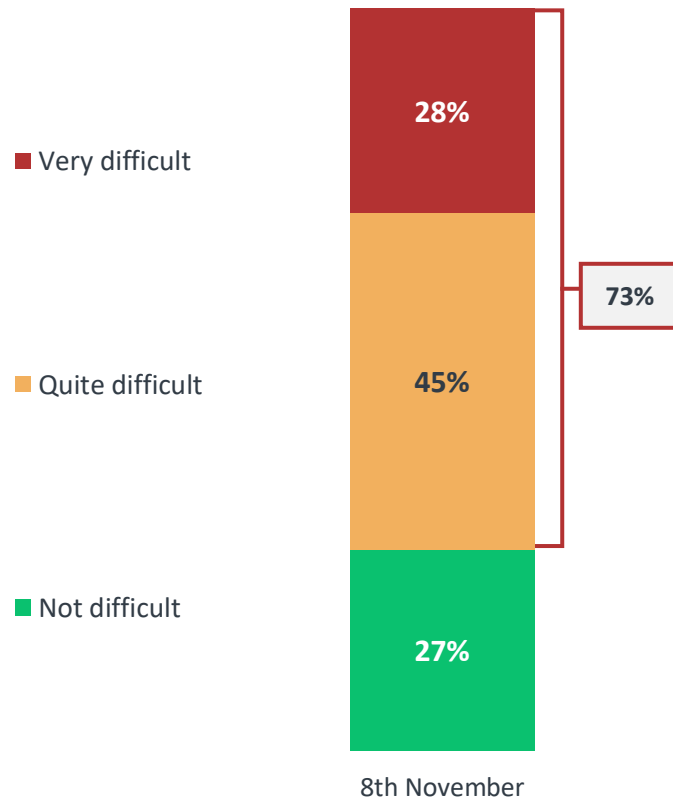
# JOB ROLES

Despite slightly weaker jobs data overall, the proportion of SMEs recruiting new employees continues to increase with 1 in 5 now trying to fill vacant roles.

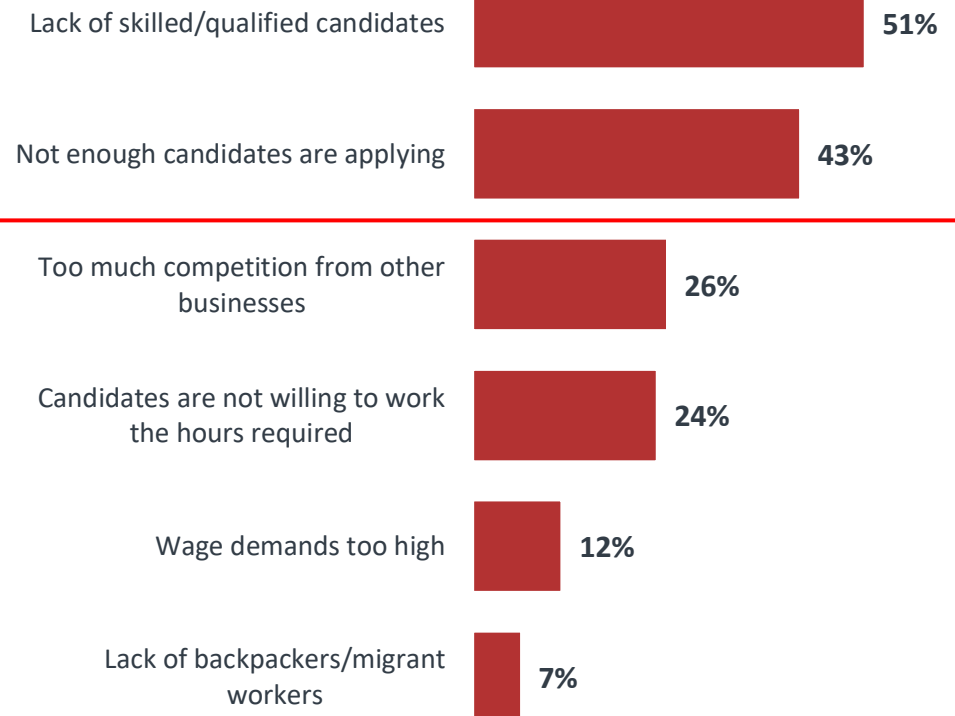


Concerning that 73% of SMEs looking for new employees are finding it difficult to fill roles, with a shortage of suitable candidates the key challenge.

## HOW DIFFICULT IS IT TO FILL THESE ROLES?



## WHY IS IT DIFFICULT TO FILL THESE ROLES? (AMONG THOSE WHO FOUND IT DIFFICULT TO FILL THOSE ROLES)



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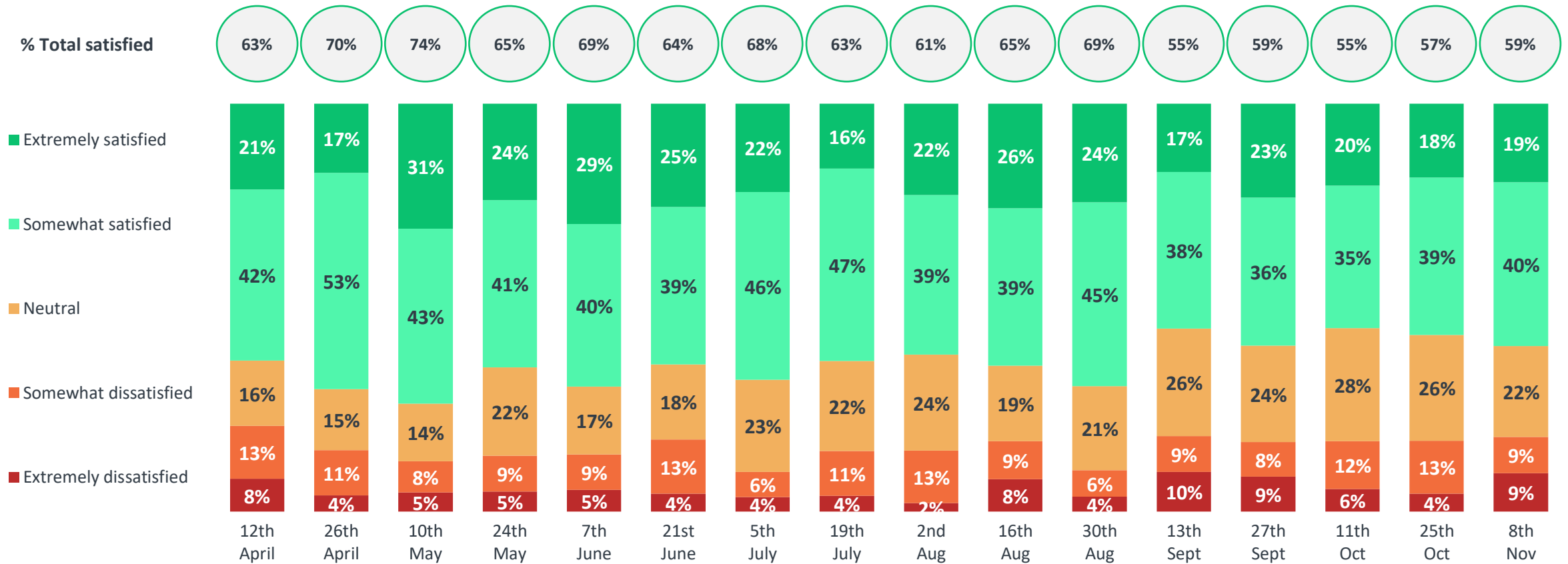
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

# SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE

Positive to see an upward trend over the last month in satisfaction with the Federal Government.

HOW SATISFIED ARE YOU WITH THE WAY THE AUSTRALIAN FEDERAL GOVERNMENT IS MANAGING THE COVID-19 CRISIS OVERALL?

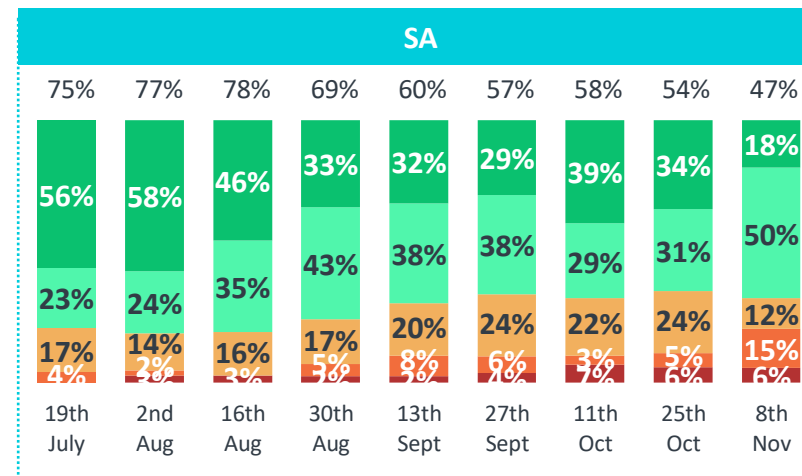
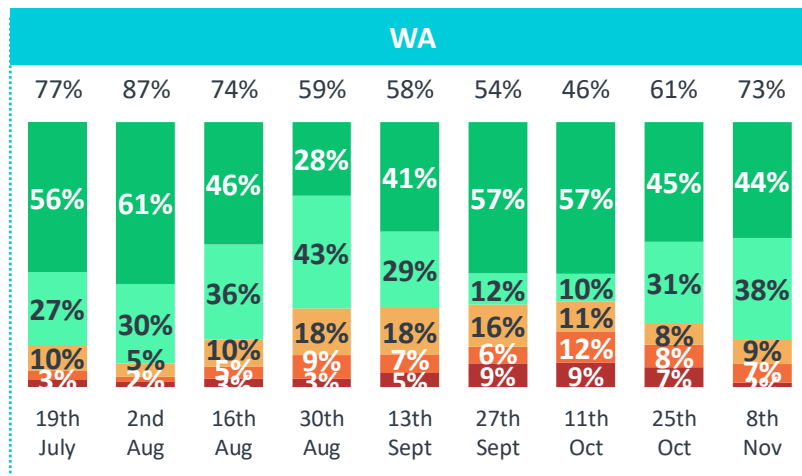
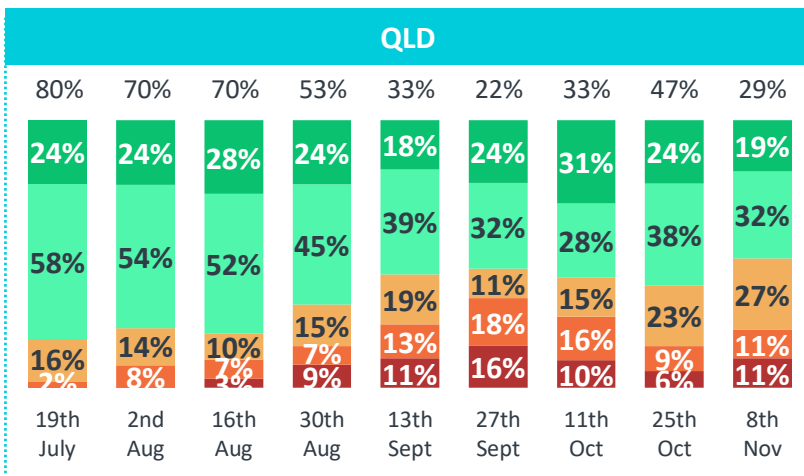
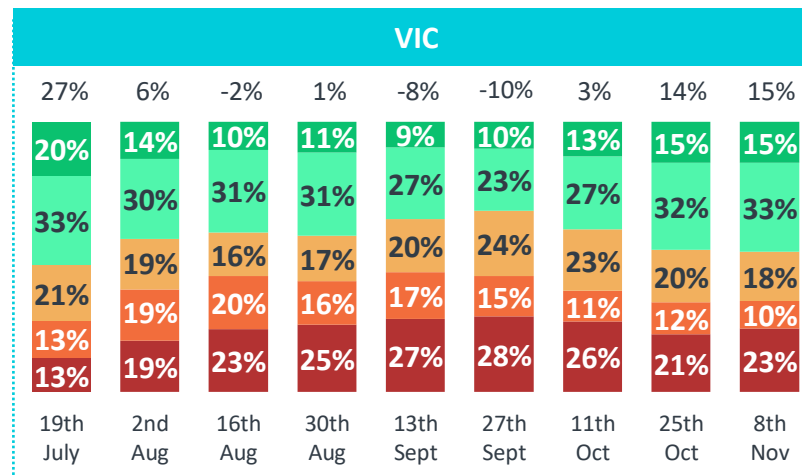
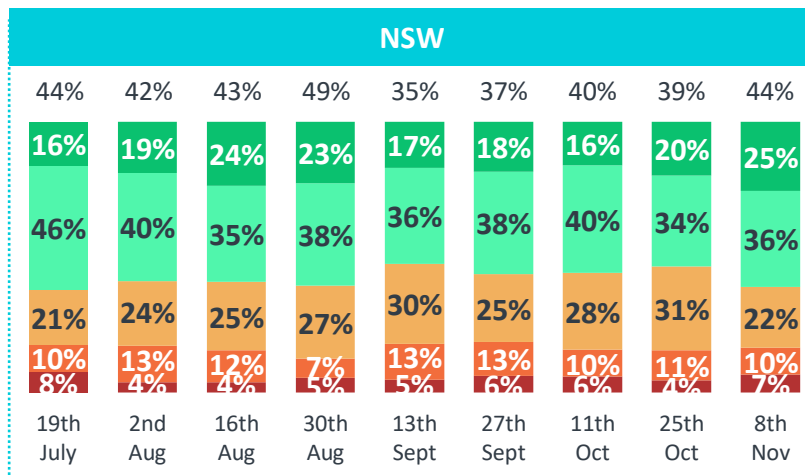


# SATISFACTION WITH THE STATE GOVERNMENT'S RESPONSE

Satisfaction with the VIC Government remains low compared to other States, but QLD has also weakened following the election in October.

## HOW SATISFIED ARE YOU WITH THE WAY YOUR STATE GOVERNMENT IS MANAGING THE COVID-19 CRISIS?

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

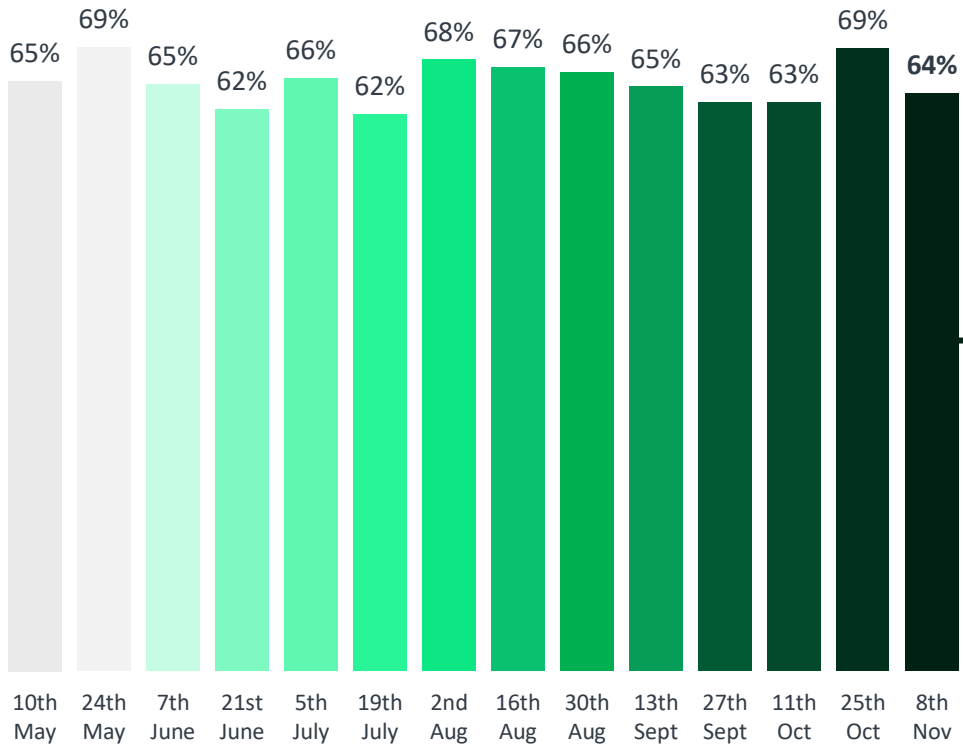




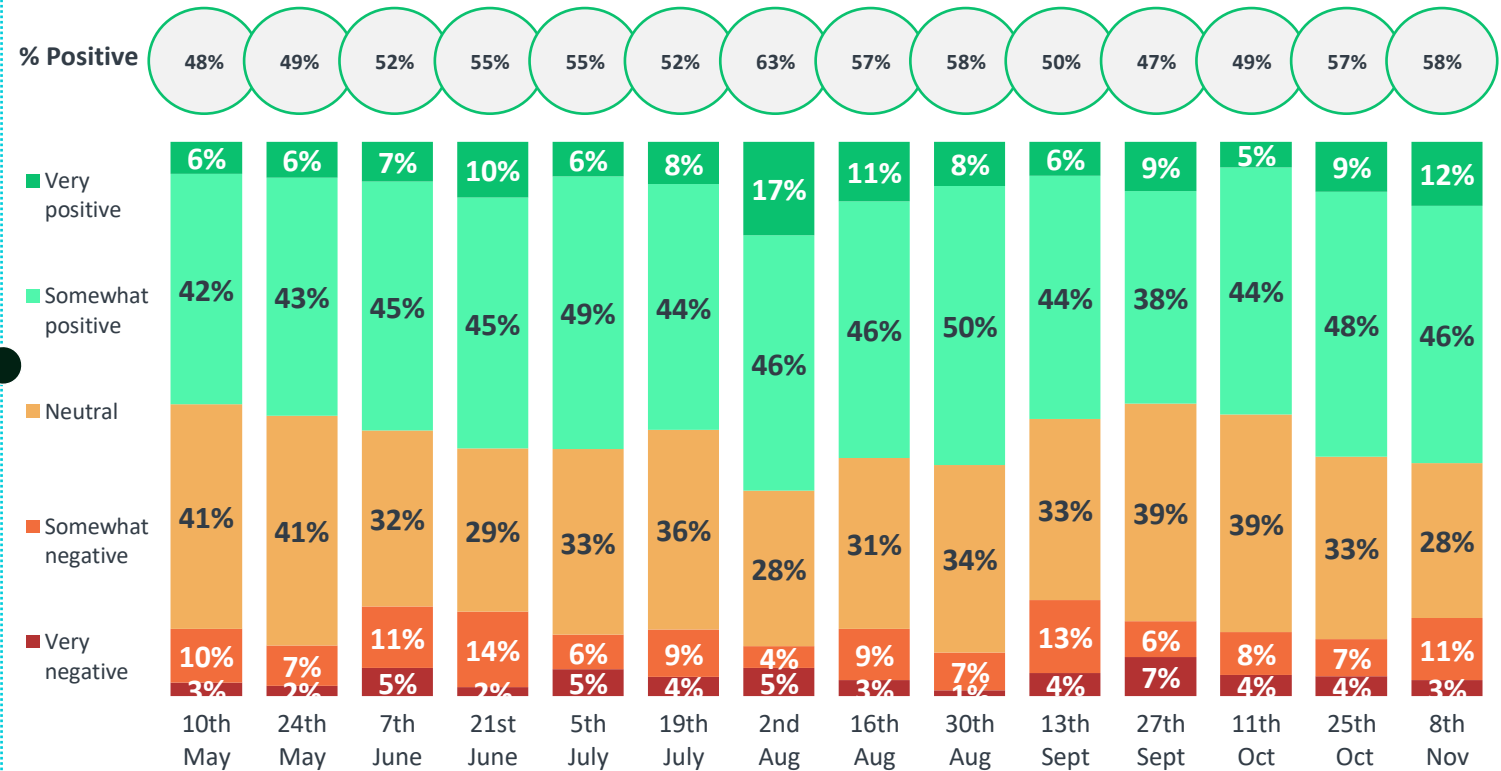
# SUPPORT FROM THE BANKS

Perception of the banks remains steady.

### % 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)

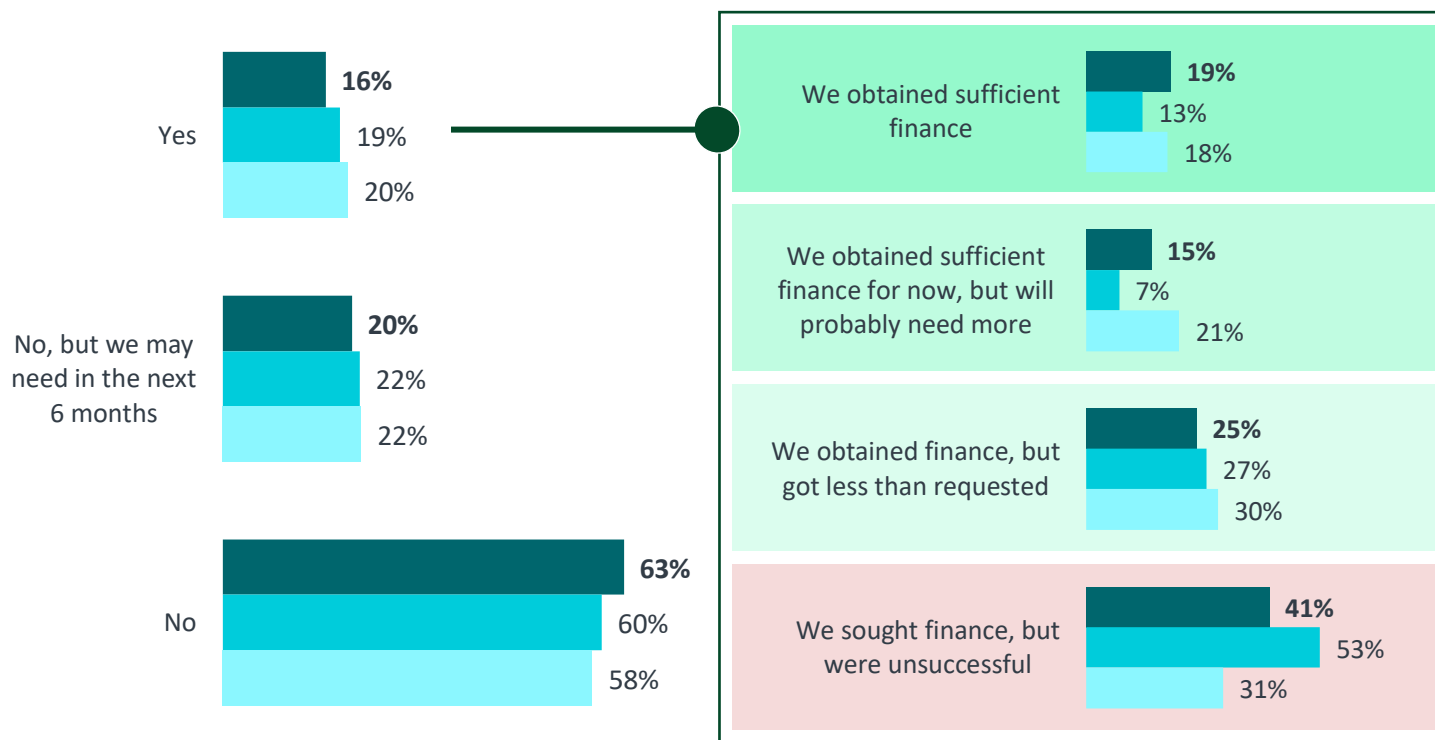


# ADDITIONAL FINANCE

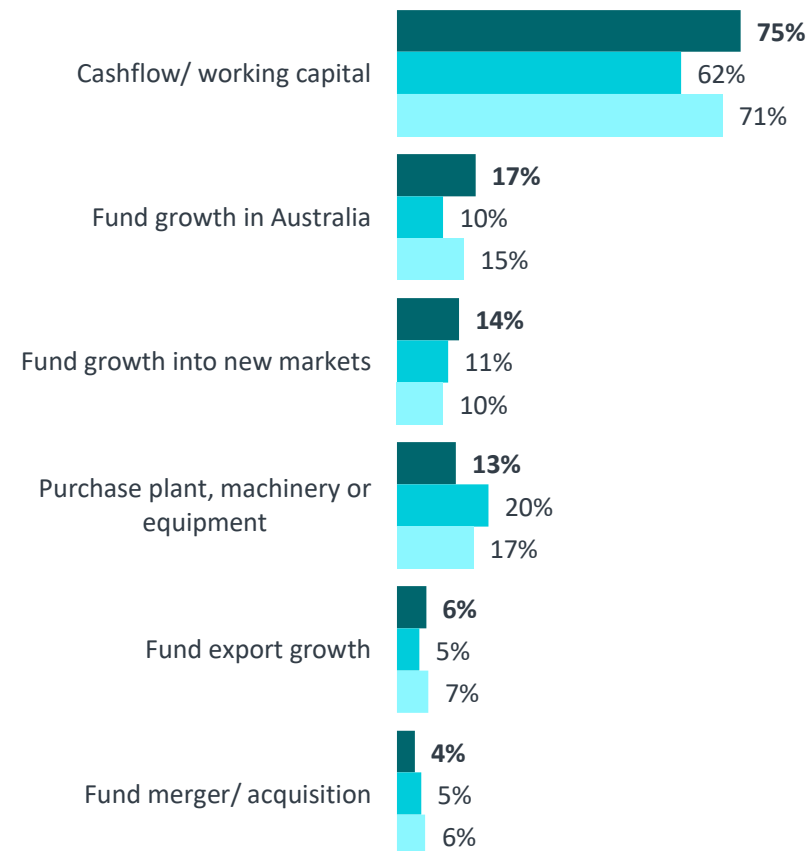
The need for additional finance is on a downward trend, but access to finance appears to be getting easier.

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

August September October



## AND WHAT IS THE PURPOSE OF THIS FINANCE?



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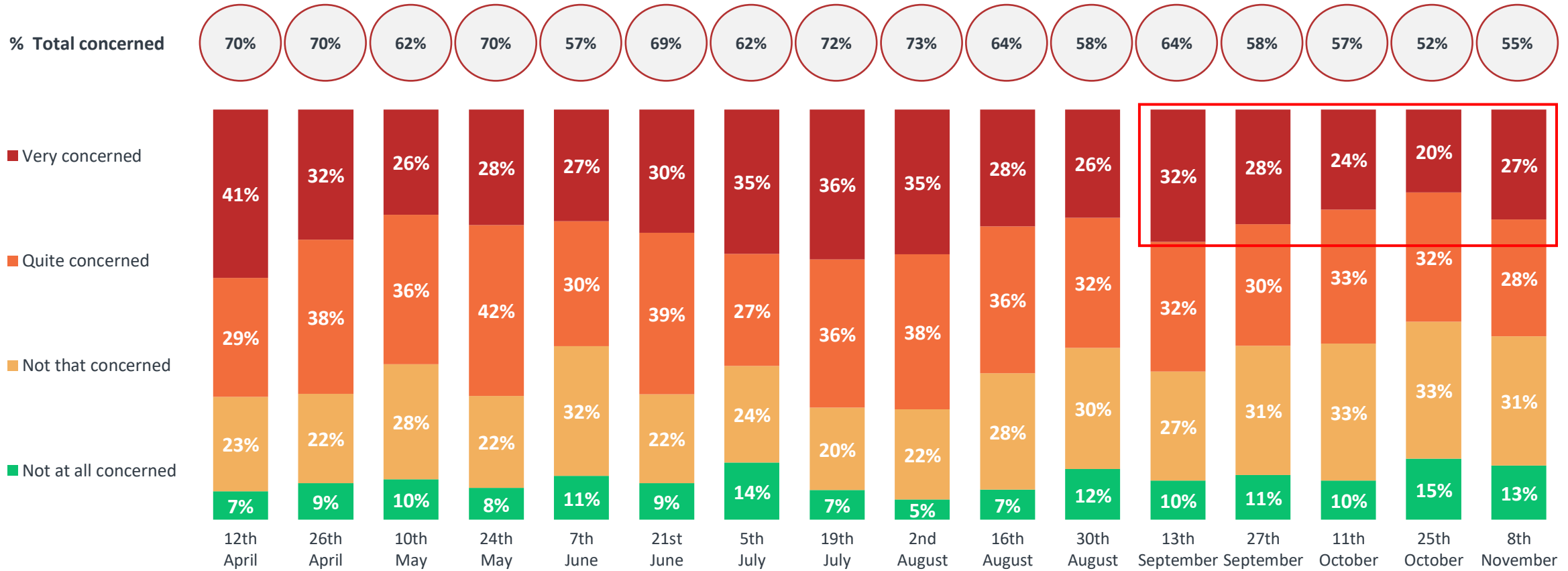
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

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# LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

In line with other data, the level of concern about business survival has broken the downward trend reported since mid-September.

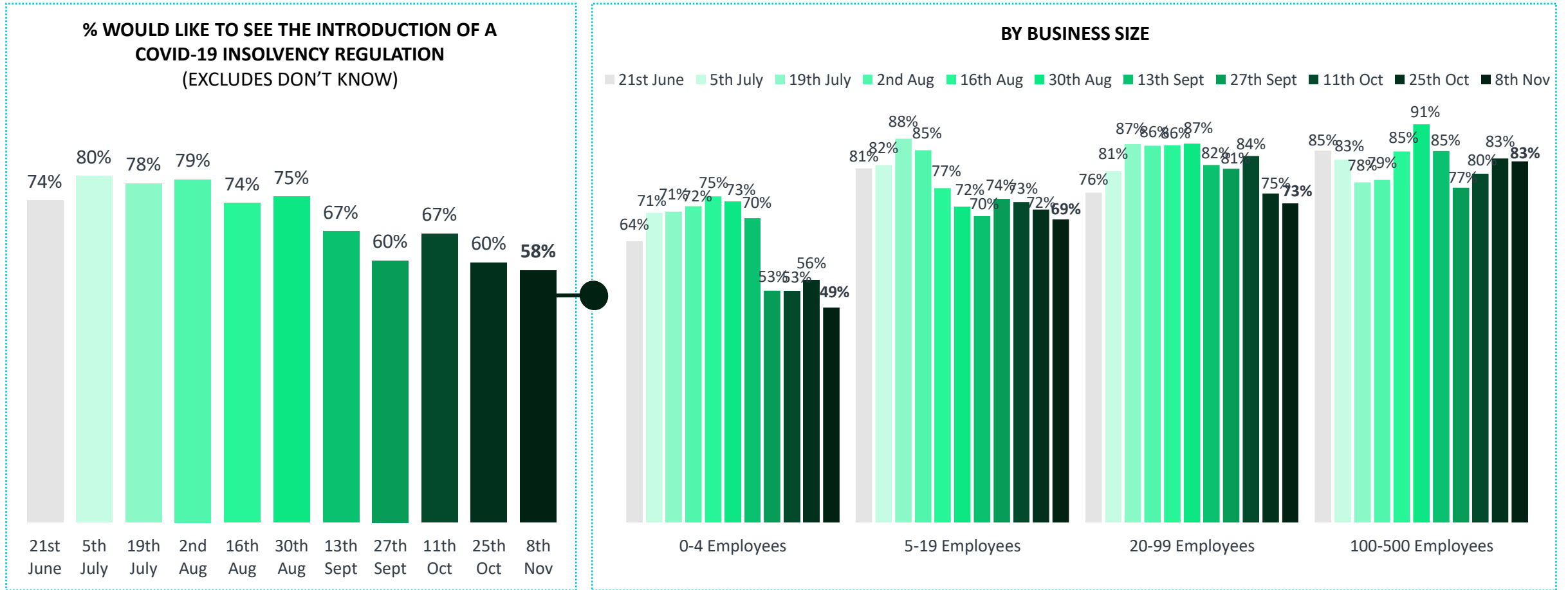
HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



# COVID-19 INSOLVENCY REGULATION

Support for insolvency regulation has dropped further down to 58%, with a notable 7% drop in smaller SMEs (0-4 employees).

## 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?

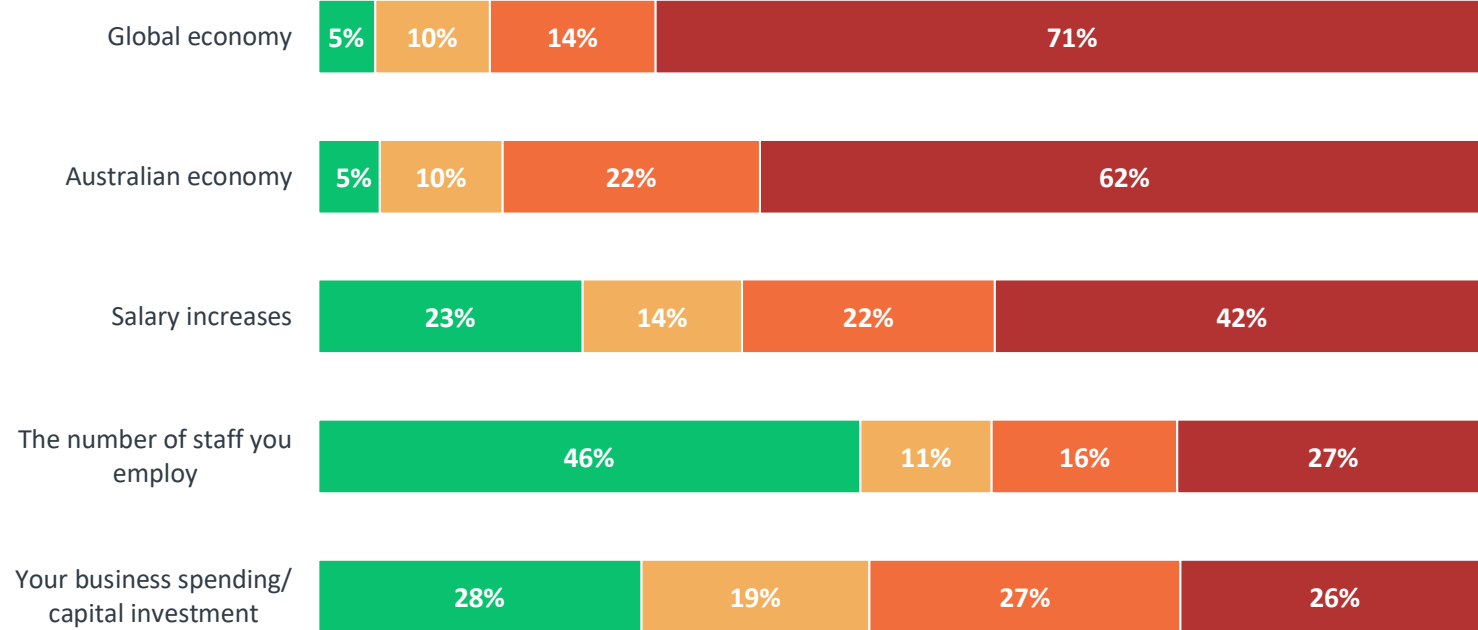


# IMPACT OF COVID-19

Long term impact indicators are moving in the right direction, particularly in relation to the Australian economy and business investment.

**WHAT NEGATIVE IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING?**  
(W/E 8<sup>th</sup> NOVEMBER)

■ 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	W/E 25 <sup>th</sup> Oct	
Global economy	77%	76%	77%	88%	73%	80%	80%	78%	73%	73%	-2%
Australian economy	66%	69%	73%	82%	77%	82%	74%	74%	66%	67%	-5%
Salary increases	-	-	-	-	47%	54%	58%	44%	54%	44%	-2%
The number of staff you employ	18%	16%	25%	32%	29%	27%	24%	24%	25%	23%	+4%
Your business spending/capital investment	29%	32%	33%	37%	43%	39%	42%	36%	30%	32%	-6%

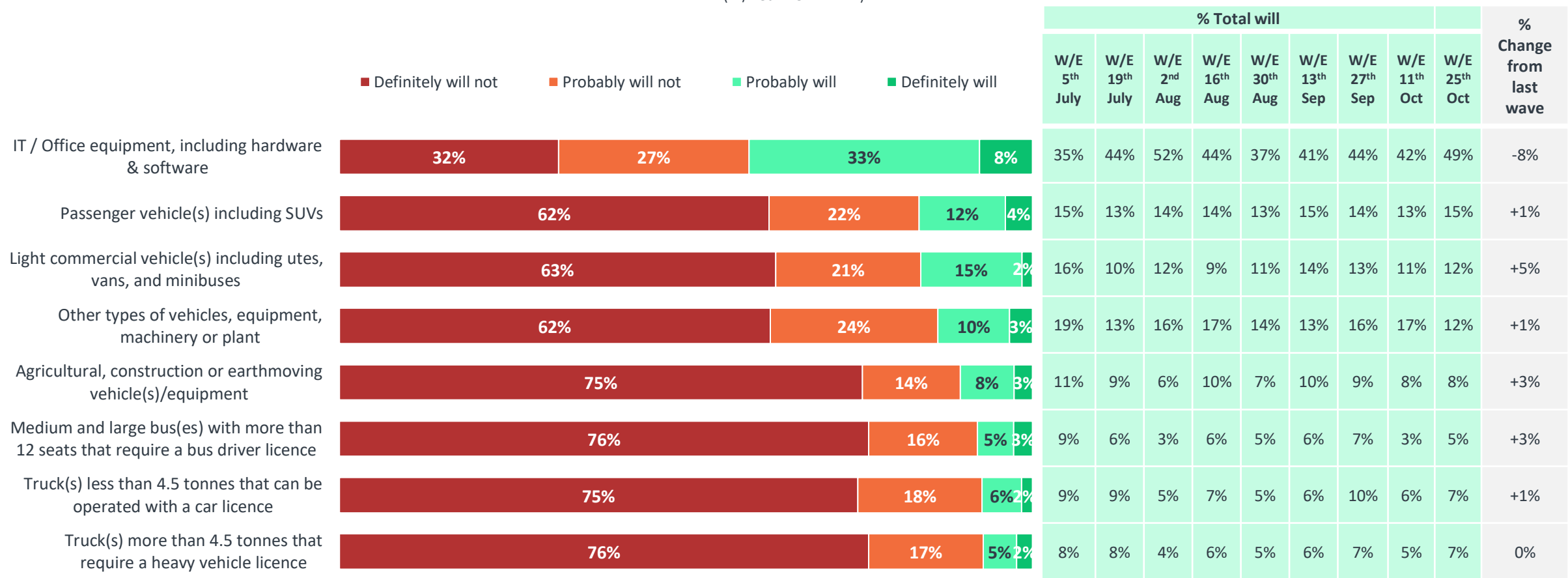
# CAPITAL EXPENDITURE (NEXT 3 MONTHS)

The positivity regarding short term capital expenditure continues to rise across a number of asset categories, but particularly light commercial vehicles.

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

(W/E 8th NOVEMBER)

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

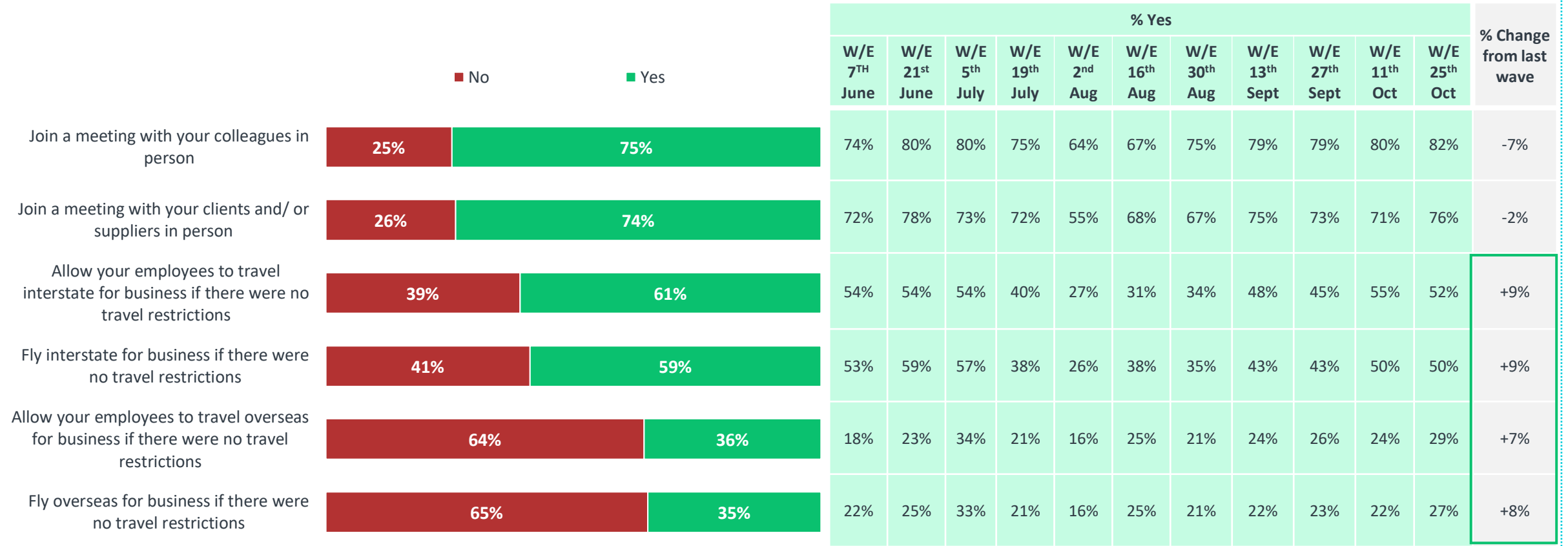


# MEETINGS AND MOBILITY

Interesting to observe a significant rise in the willingness to travel locally and overseas for the purpose of business but a decline in the willingness to meet in person.

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

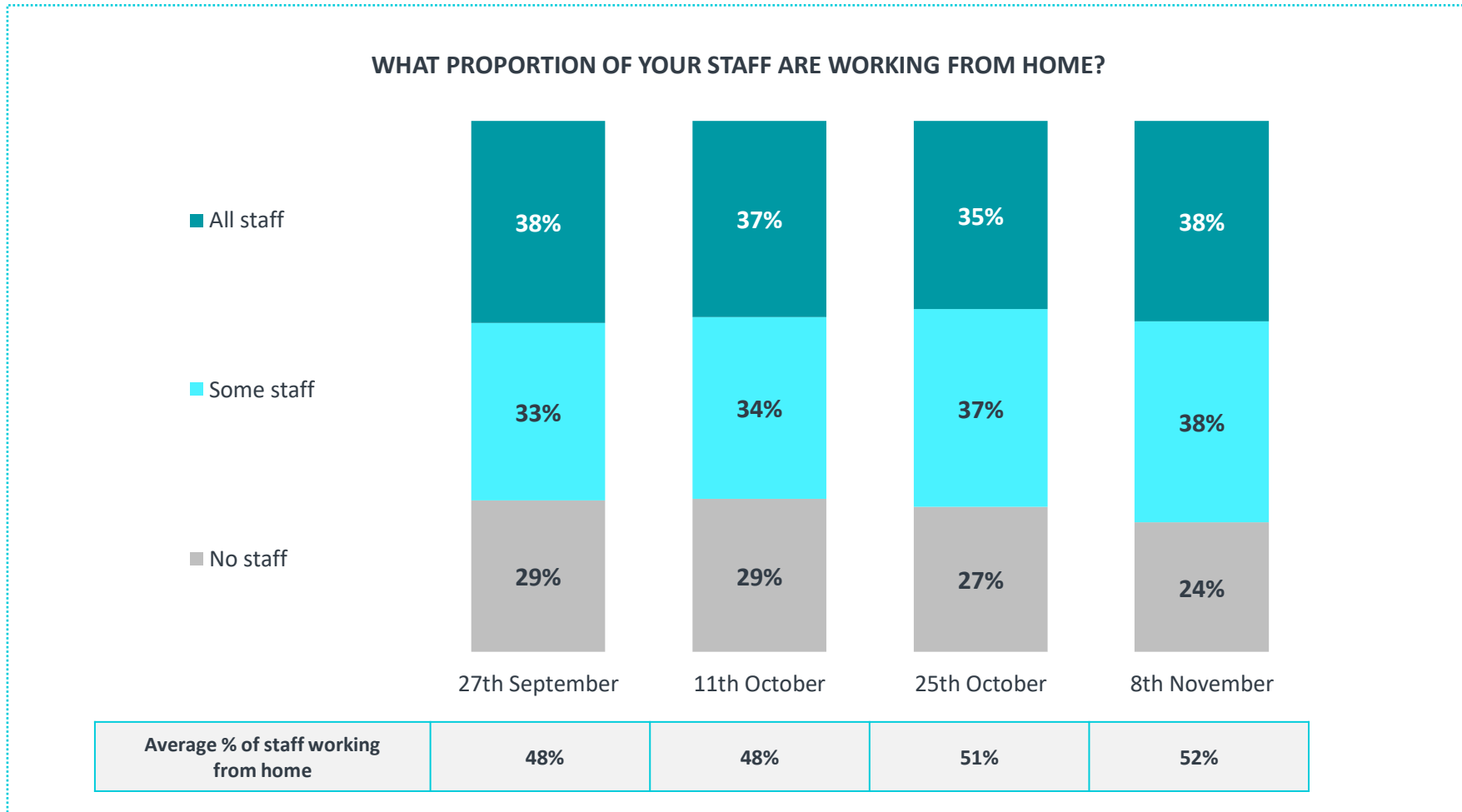
(W/E 8<sup>th</sup> NOVEMBER)





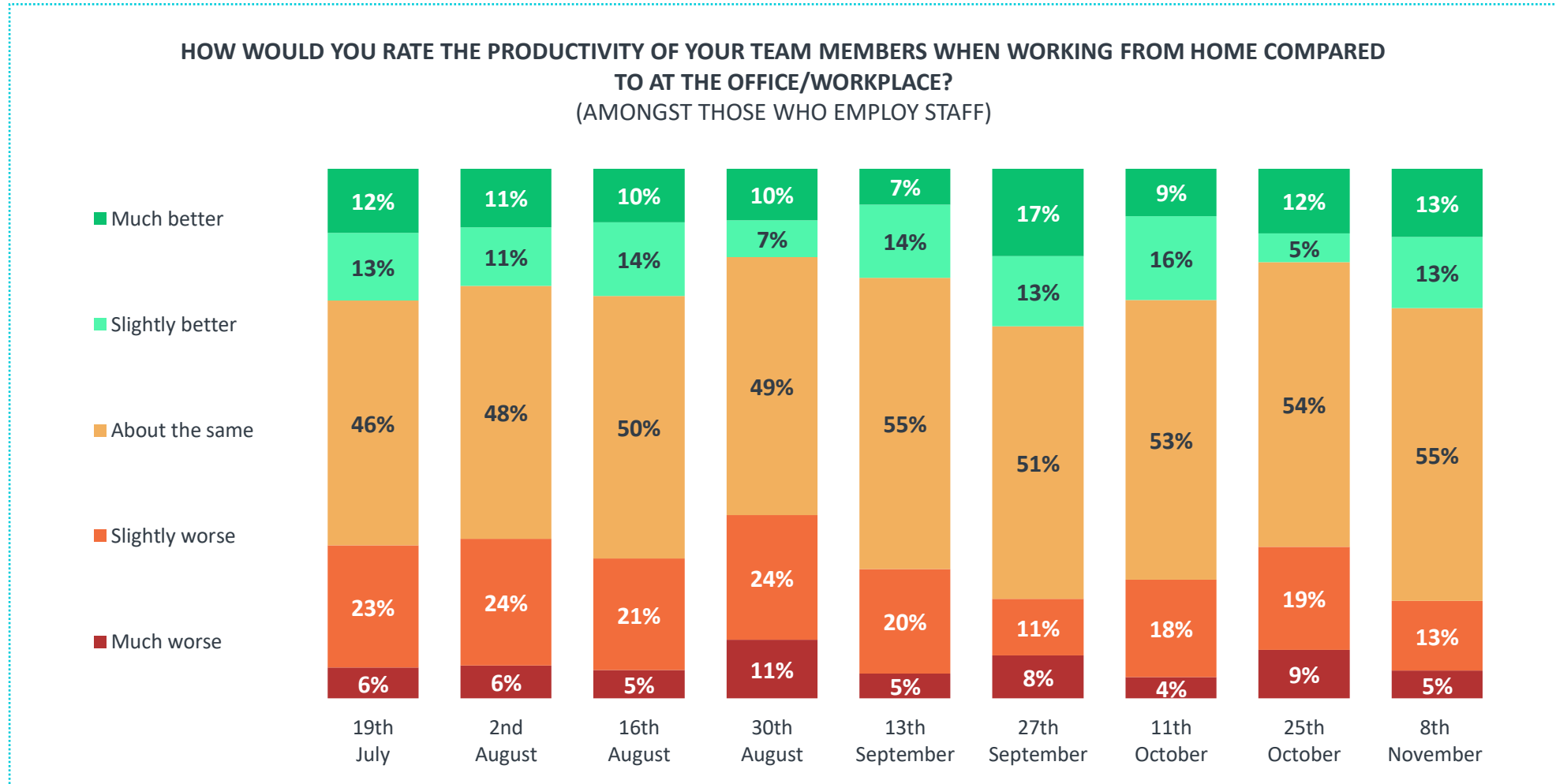
# PROPORTION OF STAFF WORKING AT HOME

Regardless to changes in restrictions, the majority of businesses continue to have team members working from home.



# PRODUCTIVITY OF TEAM MEMBERS WORKING FROM HOME

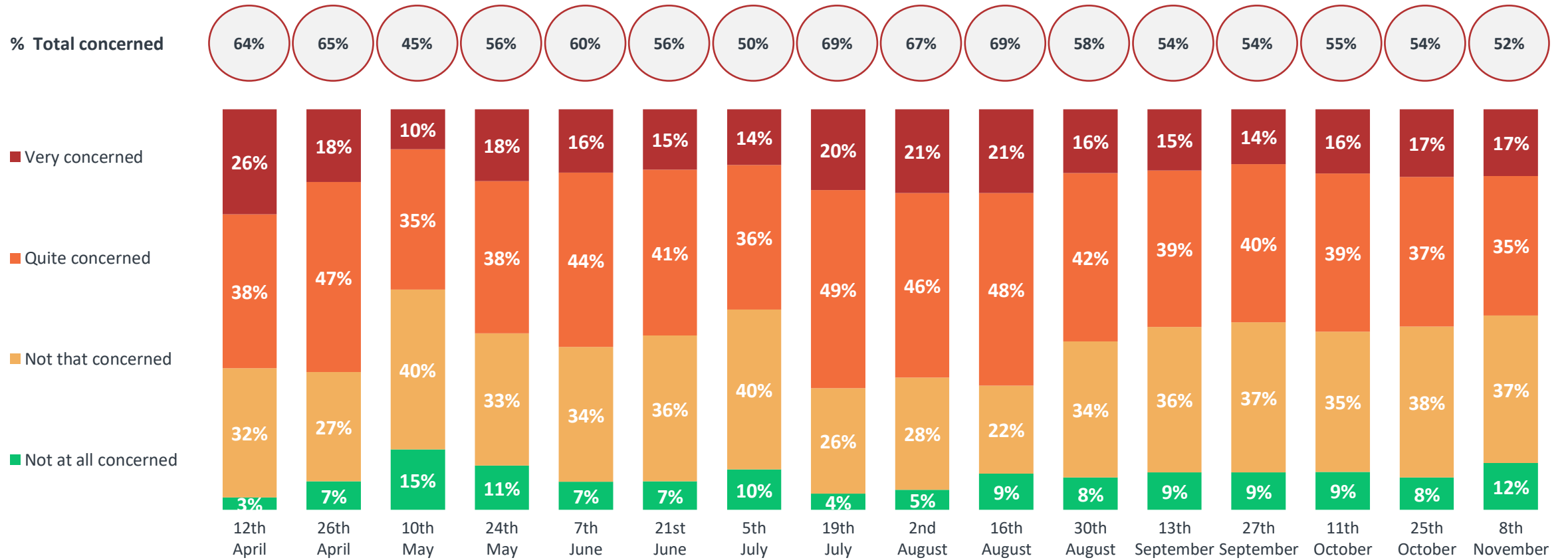
The level of staff productivity when working from home continues to fluctuate, with more positive data recorded in this wave. Again demonstrates that businesses and employees are still adapting to the WFH model.



# LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

Concern for personal health and wellbeing continues to slowly decline.

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



# CONTENT

APPENDIX:

1 METHODOLOGY & SAMPLE

2 ABOUT ACA RESEARCH & FIFTH QUADRANT

# METHODOLOGY

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**5-minute** questionnaire



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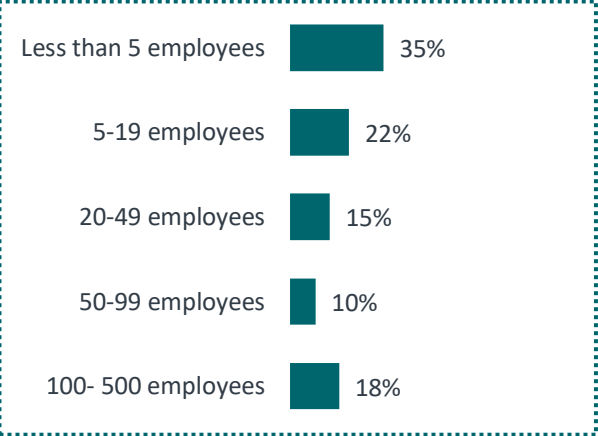


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

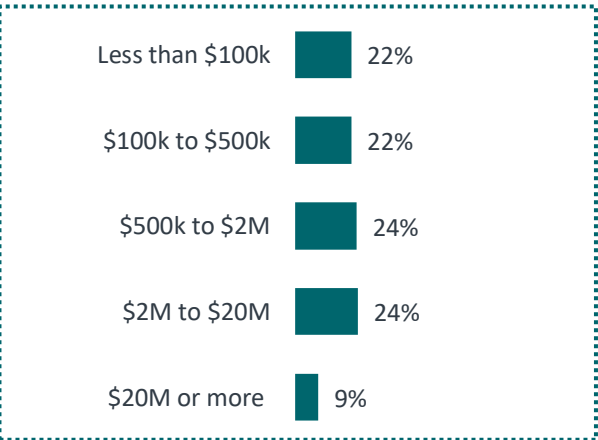
# OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

### SIZE OF BUSINESS: EMPLOYEES

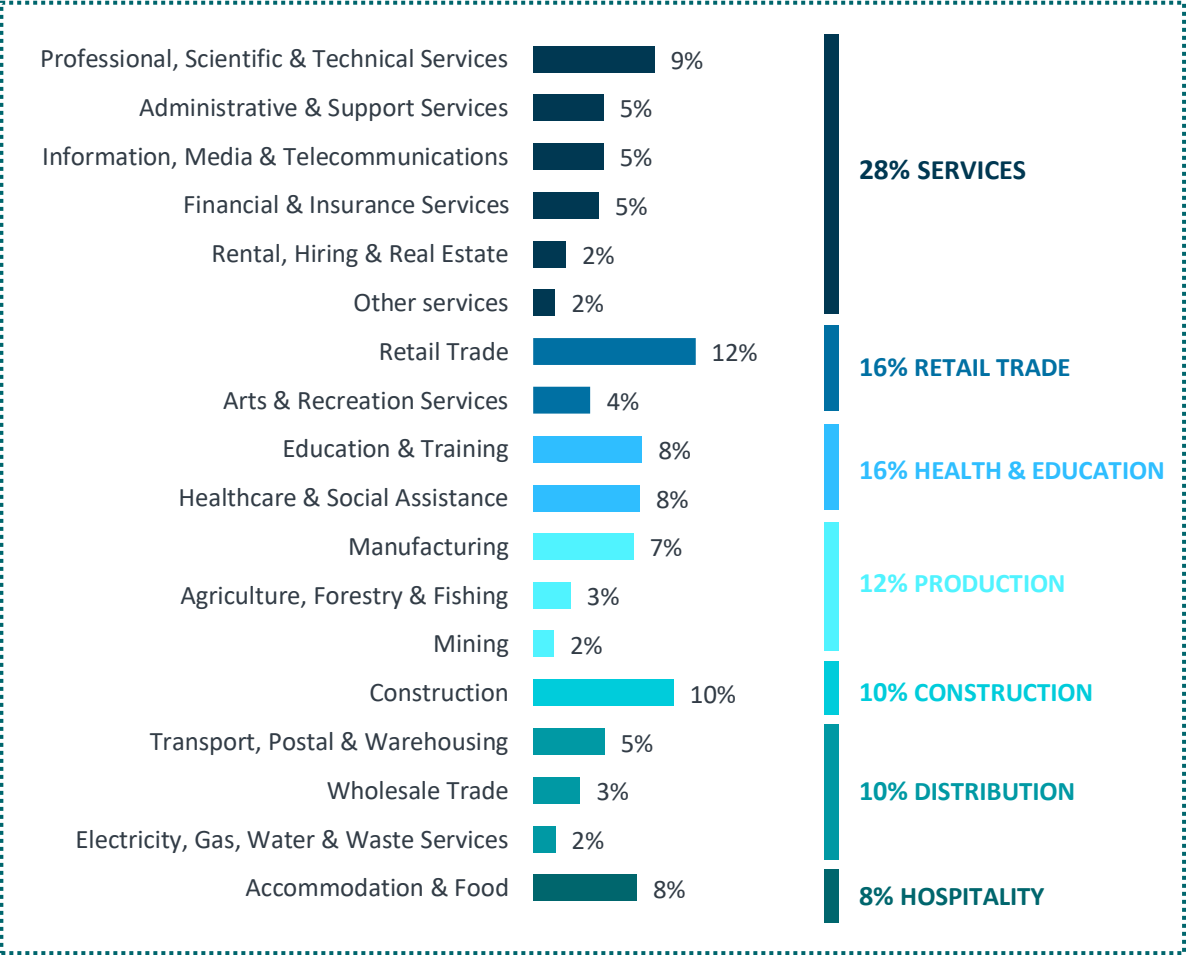


### SIZE OF BUSINESS: TURNOVER



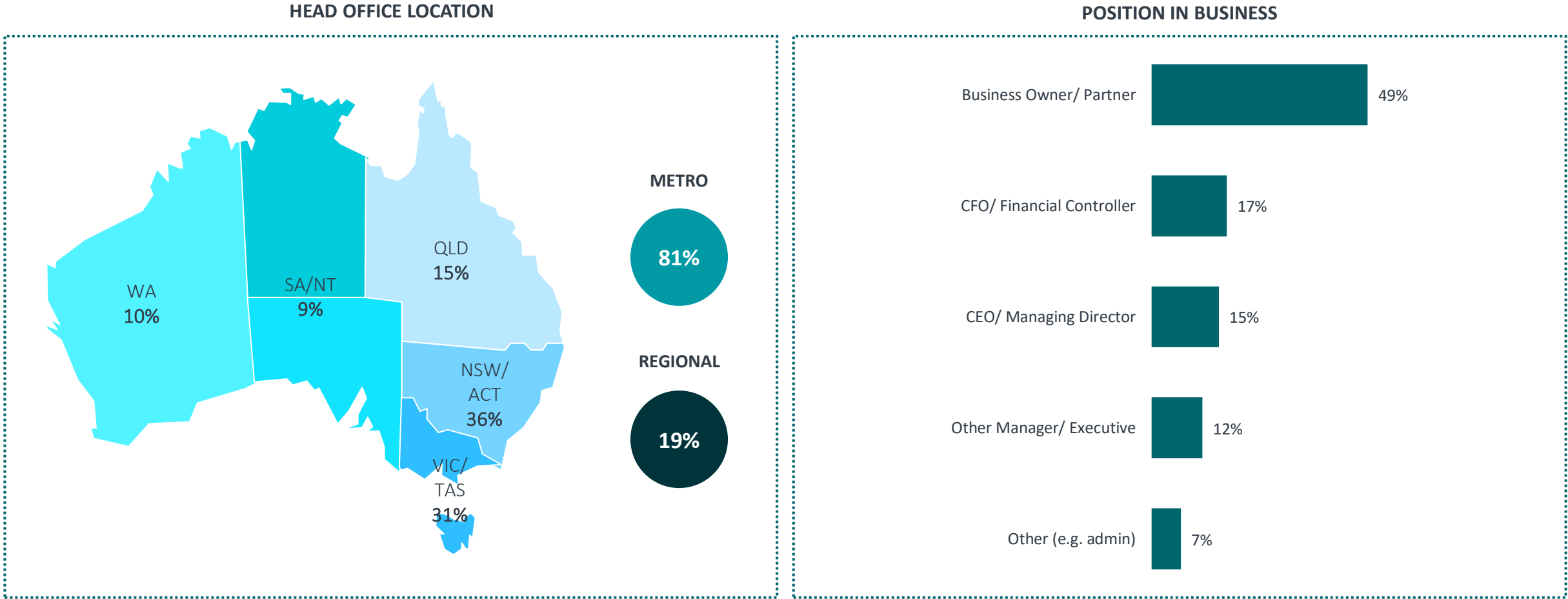
NOTE: CHARTS SHOW UNWEIGHTED DATA

### 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

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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

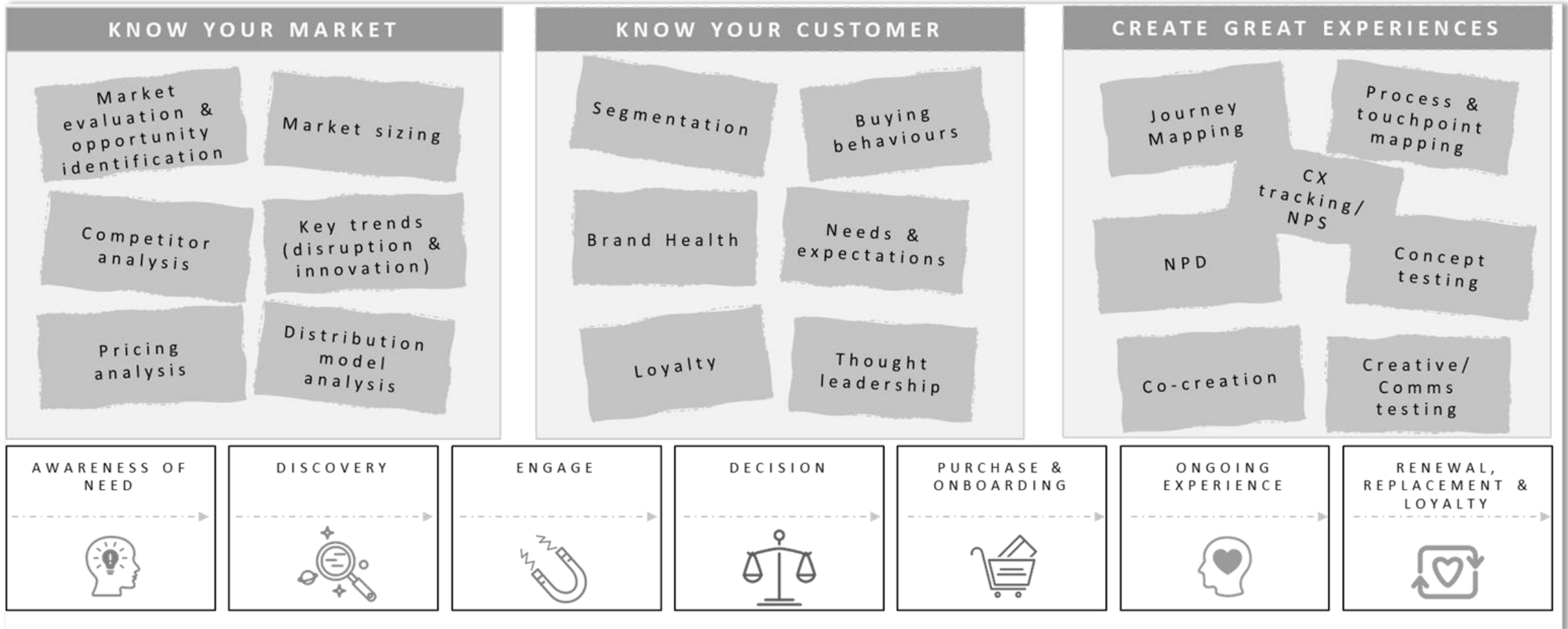
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

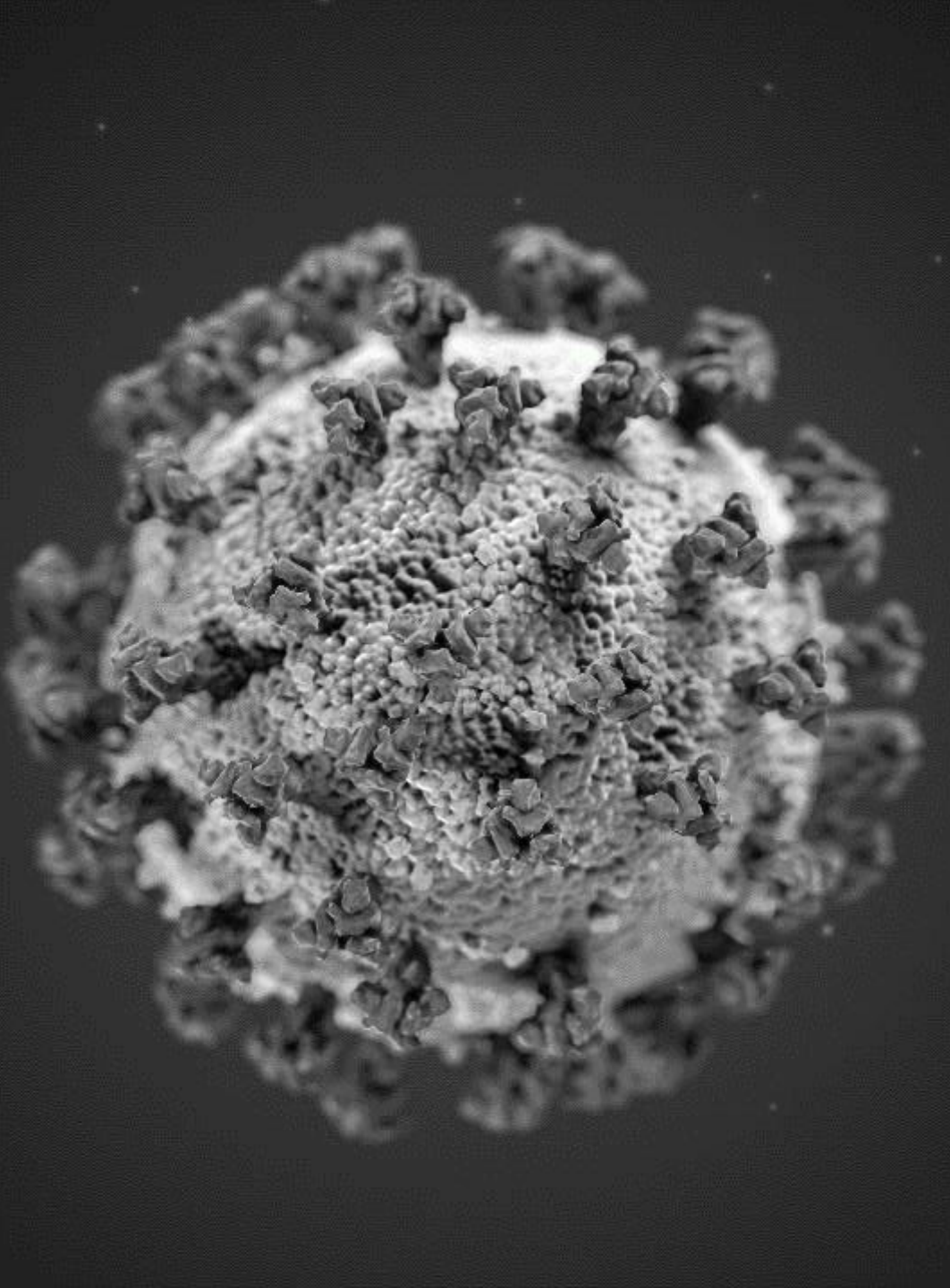
TO DELIVER  
ACTIONABLE  
RECOMMENDATIONS  
AND ADVICE

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](mailto:jorgan@acaresearch.com.au)

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