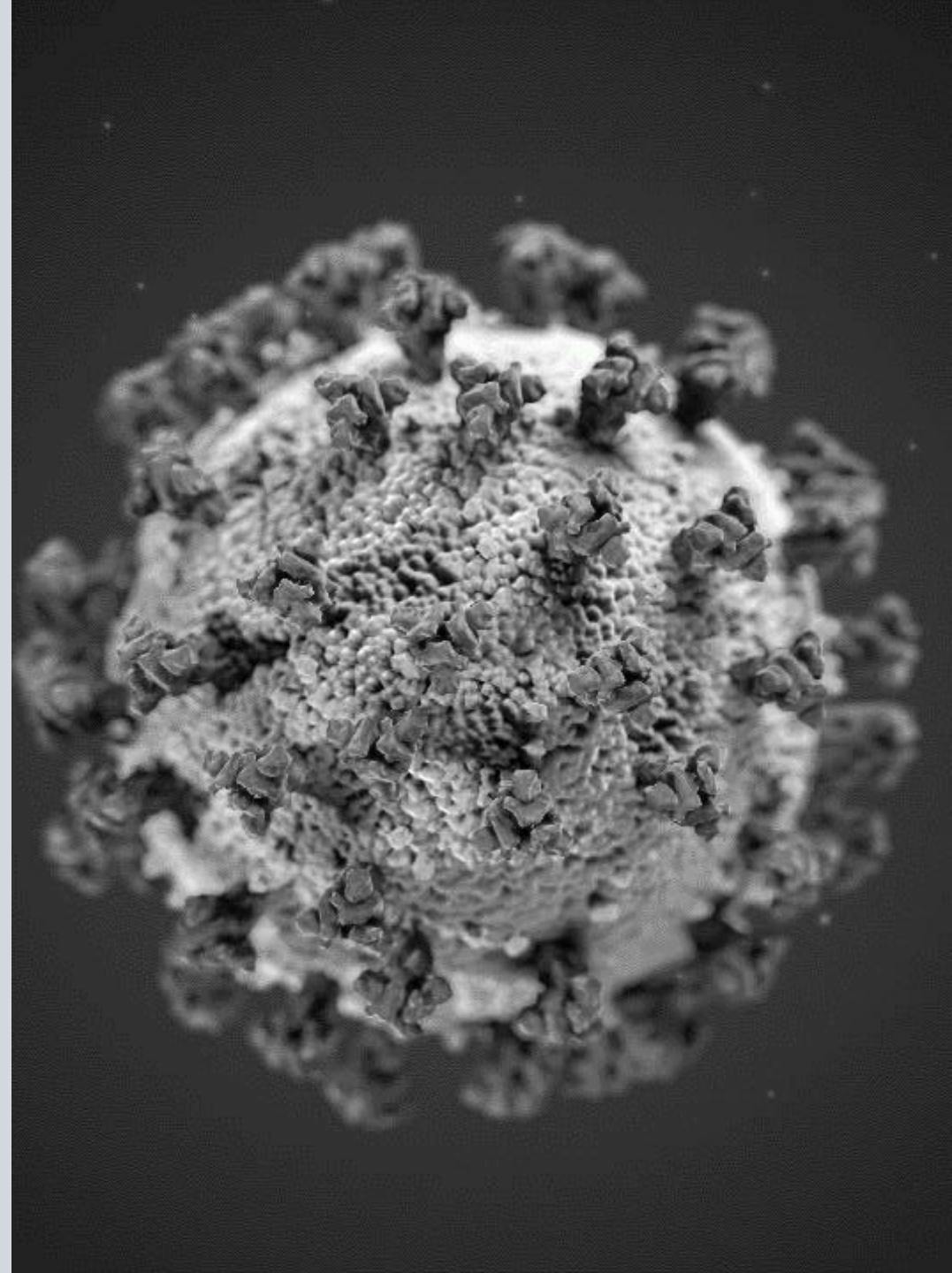


COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 8 –

1st June 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.

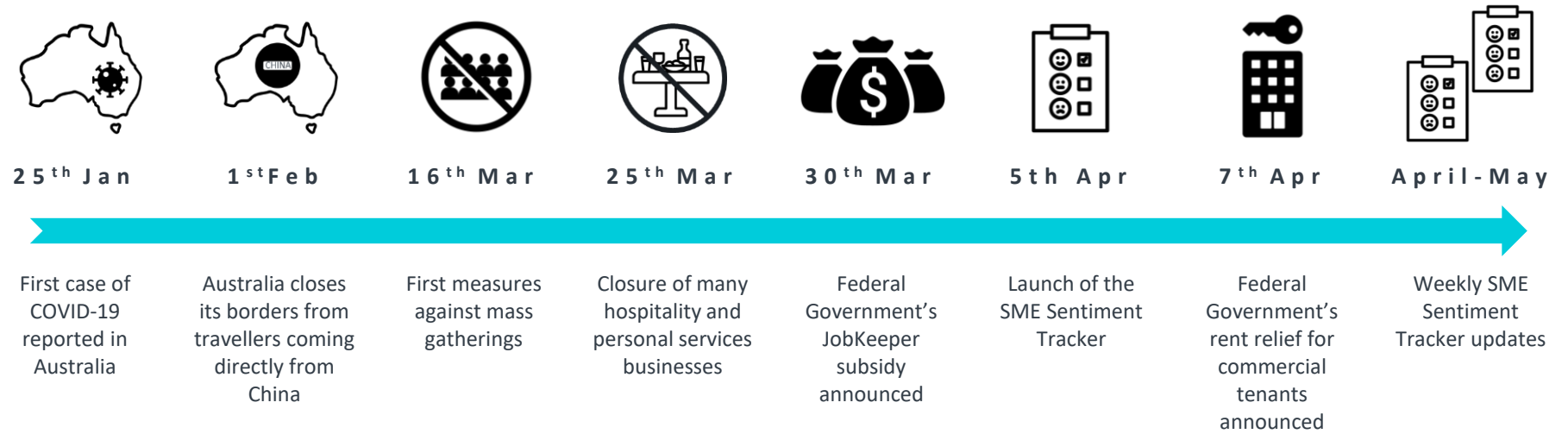
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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 measures.



NUMBER OF COVID-19 CASES IN AUSTRALIA	WAVE 1 5 th Apr	WAVE 2 12 th Apr	WAVE 3 19 th Apr	WAVE 4 26 th Apr	WAVE 5 3 rd May	WAVE 6 10 th May	WAVE 7 17 th May	WAVE 8 24 th May
TOTAL CASES	5,750	6,313	6,612	6,716	6,801	6,941	7,045	7,114
DAILY NEW CASES	200	10	26	15	20	14	17	3
CURRENTLY INFECTED	4,633	2,916	2,311	1,258	889	674	580	504

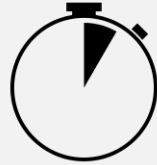
Source: <https://www.worldometers.info/coronavirus/>

METHODOLOGY

The COVID-19 Weekly Tracker was first launched w/e 5th April 2020.

In each week 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 week.



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

Satisfaction with the Government's response to the pandemic drops to 65% from a peak of 74%.



Revenue declines are ongoing, with 72% now reporting falls compared to 73% last week.



Only 44% of businesses expect revenues to return to pre COVID-19 levels by October compared to 51% over the last 2 weeks.



Concerns about health and wellbeing rises back to 56% from 45% only 2 weeks prior.



Support for the Federal Government response to the COVID-19 crisis has seen a decline to 65% since its mid-May peak of 74%.

Despite satisfaction ticking up with the Government's approach to winding back restrictions, the ongoing mudslinging between various state and federal leaders is clearly impacting business confidence. Accordingly, concern about business survival is again on the rise across most industry sectors, demonstrating a high level of uncertainty about the recovery.

Despite this uncertainty, nearly one third of businesses now expect revenues to increase over the next 4 weeks, compared to only 22% in early May. This includes the hard-hit hospitality and retail sectors.

It is also positive that we can report a net gain in online sales, with 28% of businesses now reporting an increase vs only 19% declining.

However, businesses are less optimistic about the time required to return pre-COVID-19 revenues, with only 44% confident their numbers will rebound by October 2020, compared to 51% in the previous 2 weeks.

With shifting business confidence, the health and wellbeing of business decision makers also continues to fluctuate. The low of 45% reporting concerns only 2 weeks ago has increased back to 56% this week.

As restrictions continue to be wound back, it is important for all governments to align to ensure business confidence is optimised. The recent mudslinging by various state and federal leaders is creating mixed messages and leading to a high level of uncertainty amongst SME decision makers. This uncertainty will impact on businesses reopening, job creation and therefore economic activity. Let's get some clear direction so we can all ride the road to recovery quickly!

CONTENT

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

1 BUSINESS CONFIDENCE

2 BUSINESS REVENUE

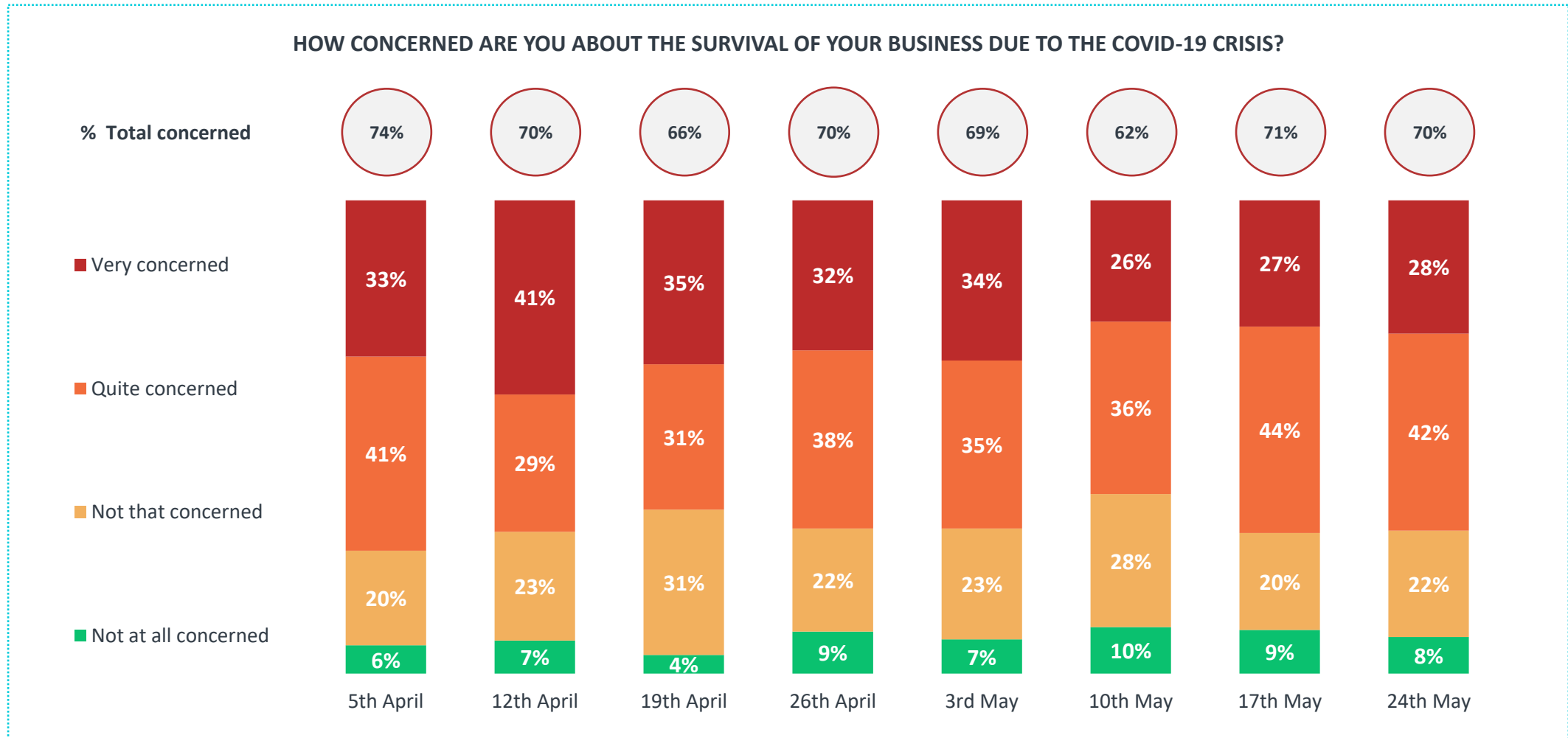
3 HUMAN RESOURCES

4 SATISFACTION WITH GOVERNMENT

5 SUPPORT FROM GOVERNMENT & BANKS

LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

While overall the level of concern about survival has regressed over the past 2 weeks, it is positive to note the decline in the proportion of SMEs that are very concerned has not increased.

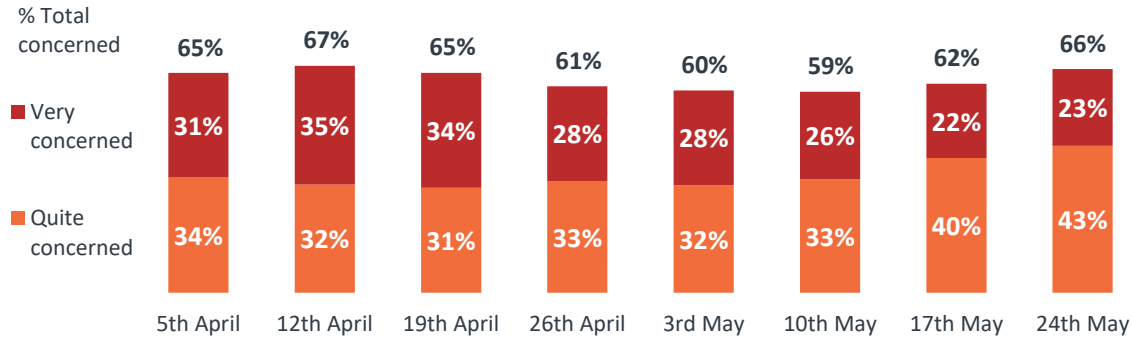


LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

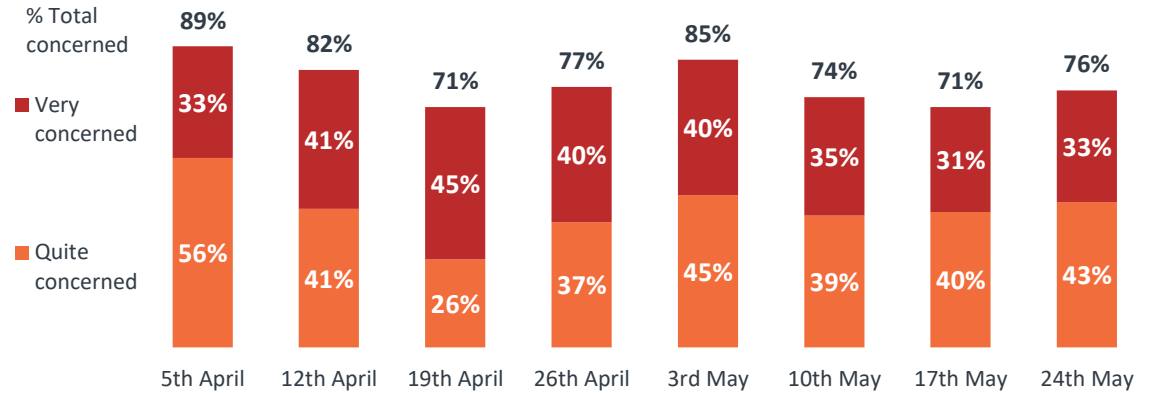
Confidence in business survival has seen a considerable improvement amongst the larger SMEs (100+ employees). However, we cannot report any major improvement amongst the other cohorts during May.

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

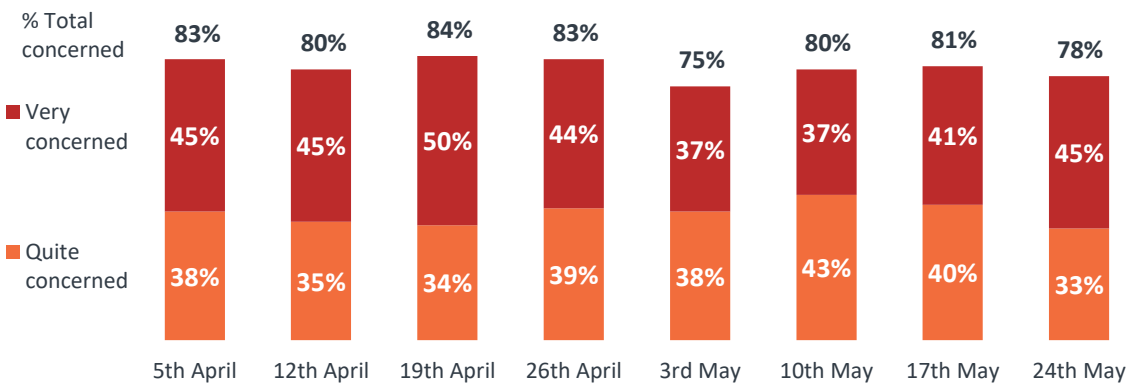
< 5 EMPLOYEES



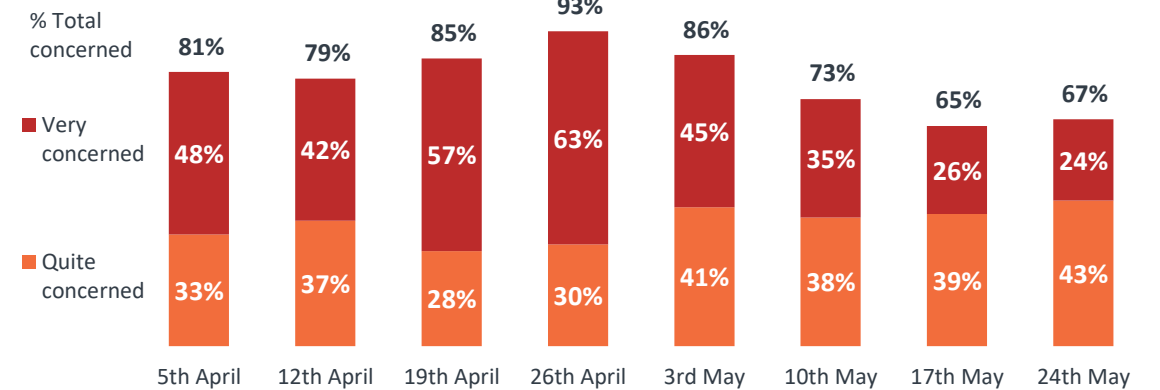
5 TO 19 EMPLOYEES



20 TO 99 EMPLOYEES

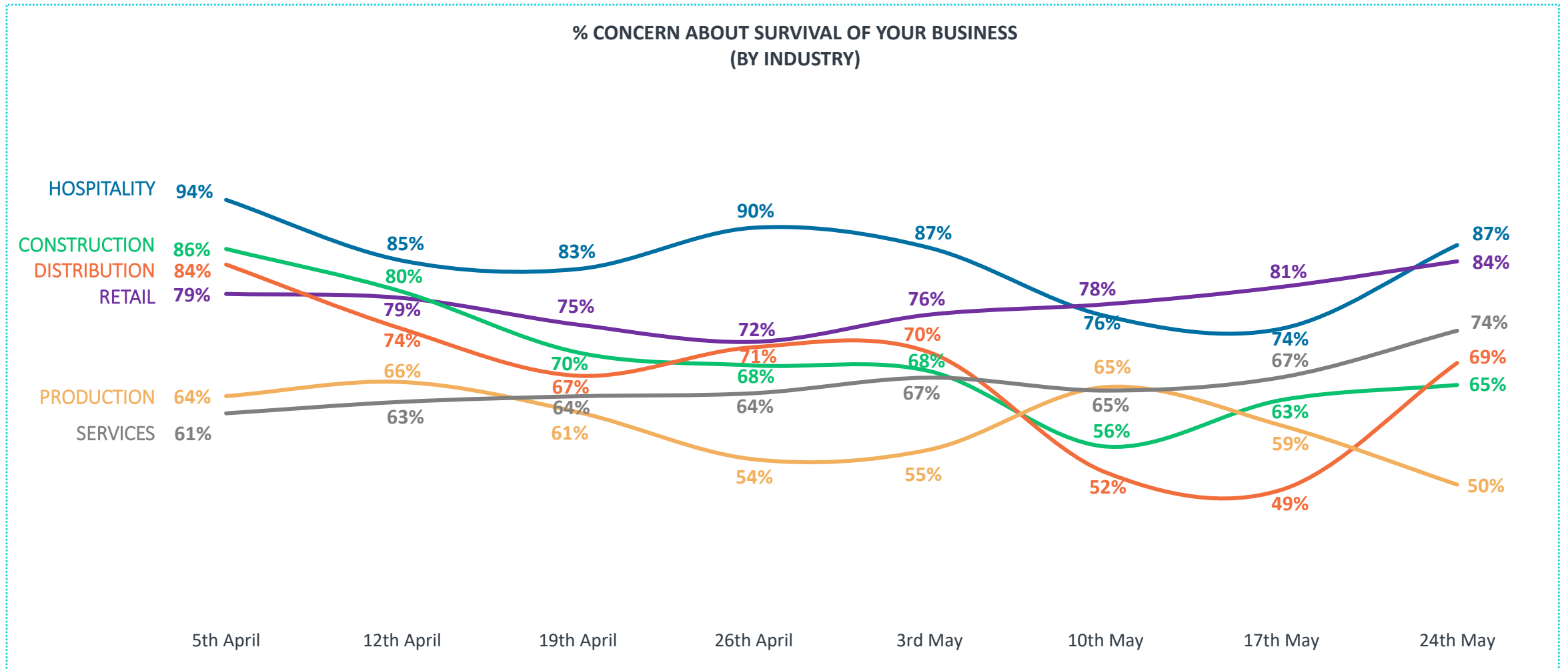


100 TO 500 EMPLOYEES



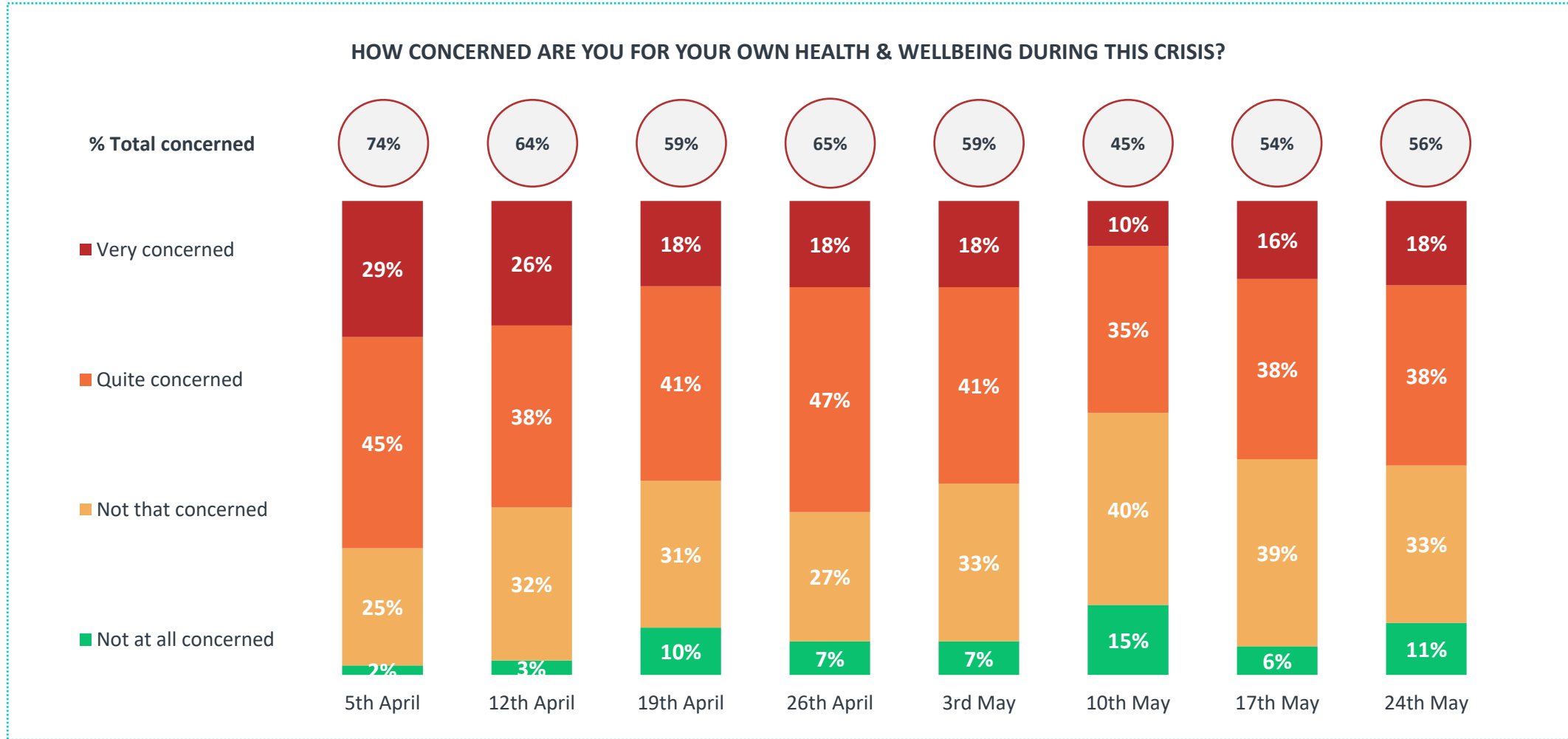
LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

Concern about business survival is again on the rise across most industry sectors, which demonstrates a high level of uncertainty about the recovery as restrictions start to ease.



LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

With shifting business confidence, the health and wellbeing of business decision makers also continues to fluctuate.



CONTENT

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

1 BUSINESS CONFIDENCE

2 BUSINESS REVENUE

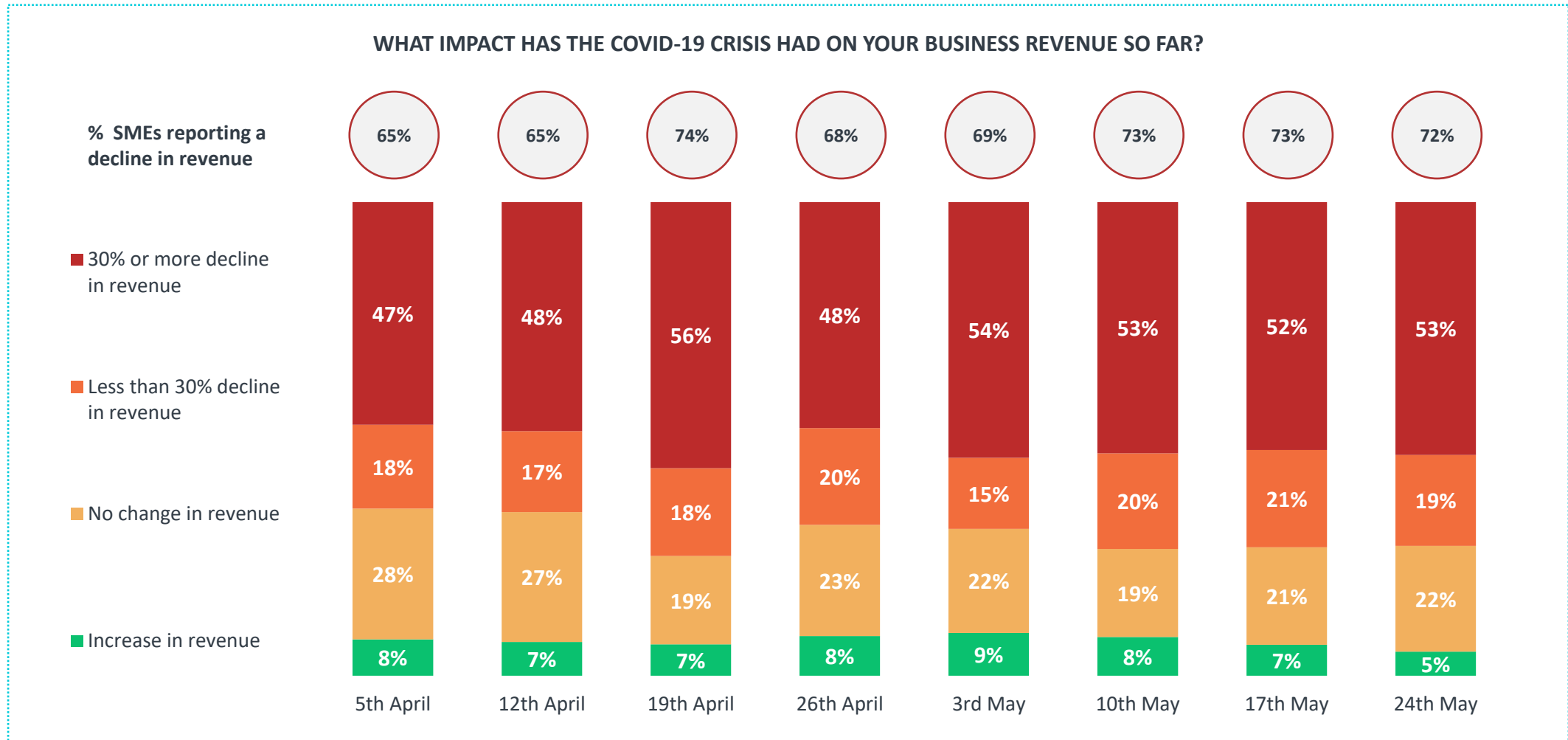
3 HUMAN RESOURCES

4 SATISFACTION WITH GOVERNMENT

5 SUPPORT FROM GOVERNMENT & BANKS

DECLINE IN REVENUE DUE TO COVID-19

High levels of concern is not surprising, as businesses continue to report revenues well below pre-COVID-19 numbers, with no significant changes over the past three weeks despite easing restrictions across Australia.

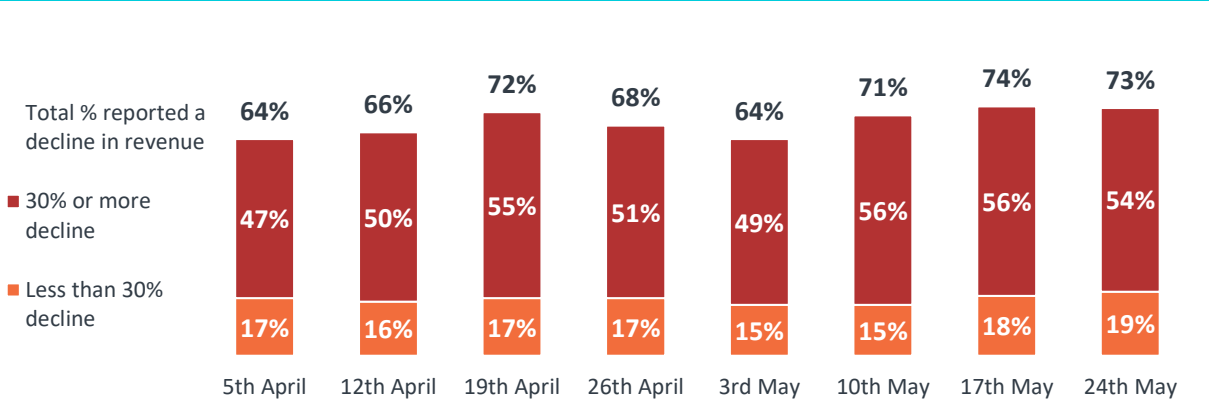


DECLINE IN REVENUE DUE TO COVID-19

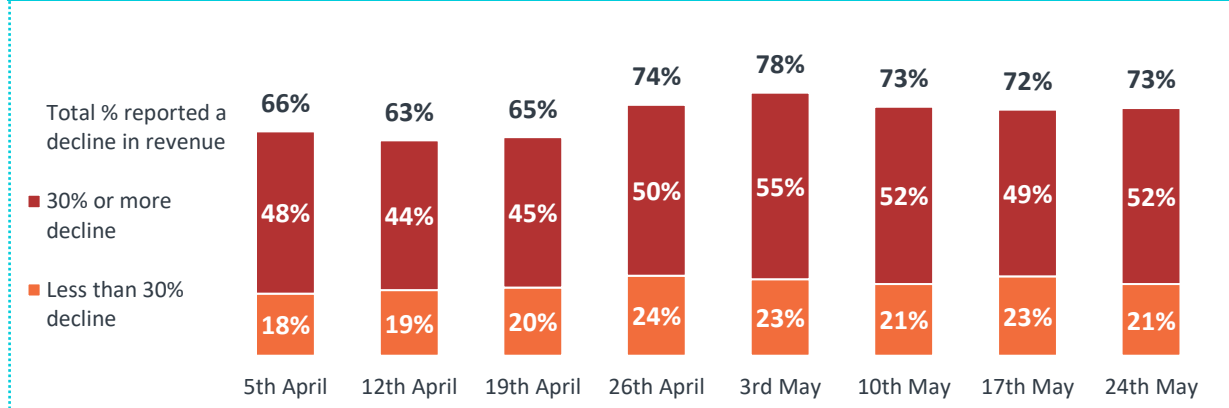
While low revenues are prevalent across most business sizes, larger SMEs, with 100-500 employees have been showing signs of recovery over the past three weeks.

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

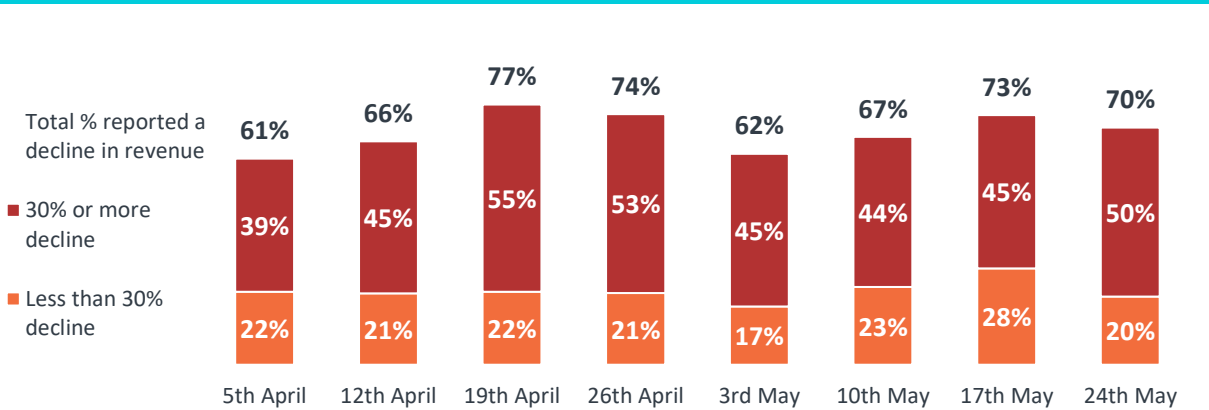
< 5 EMPLOYEES



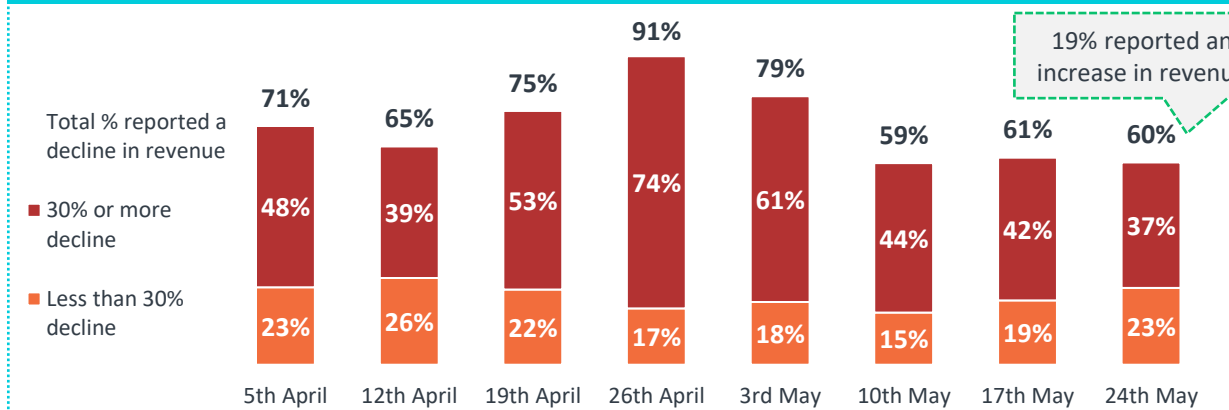
5 TO 19 EMPLOYEES



20 TO 99 EMPLOYEES

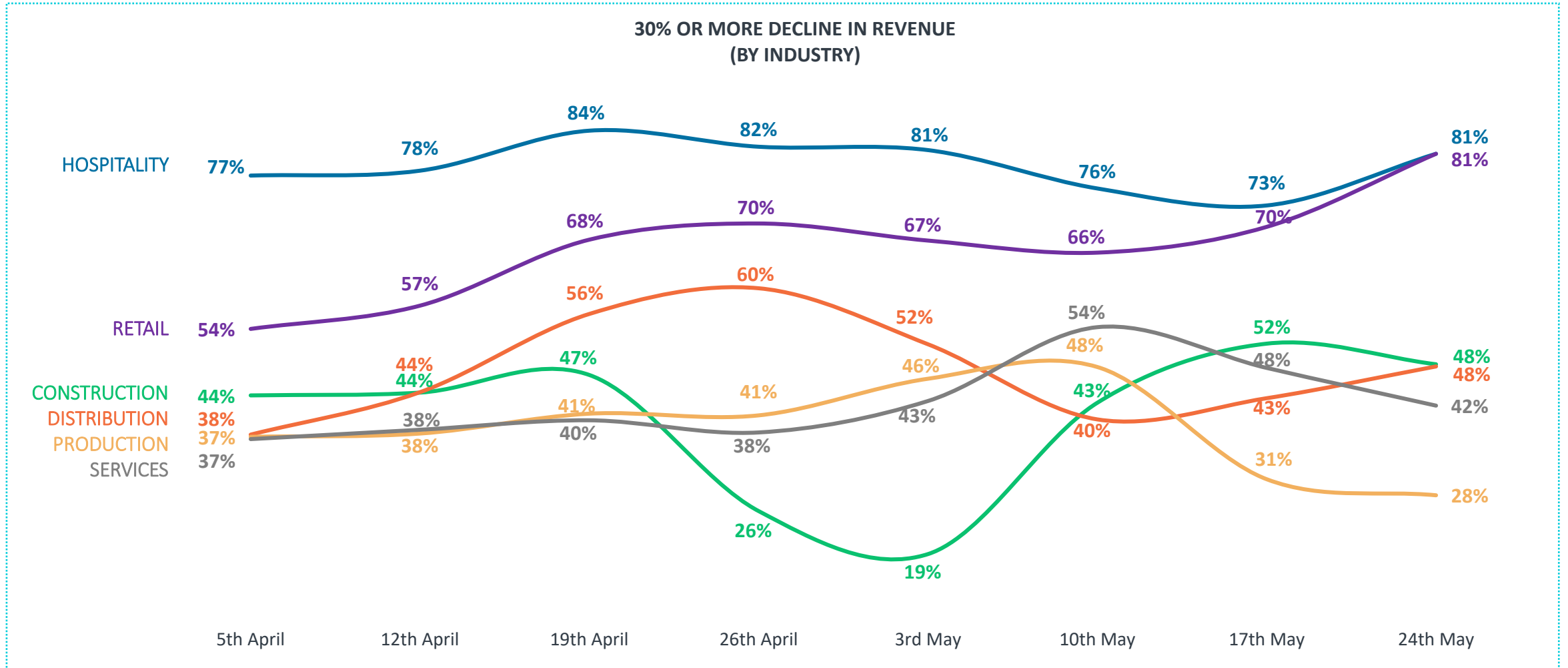


100 TO 500 EMPLOYEES



DECLINE IN REVENUE DUE TO COVID-19

Positive to note some signs of recovery in the production and services sectors over the past two weeks.

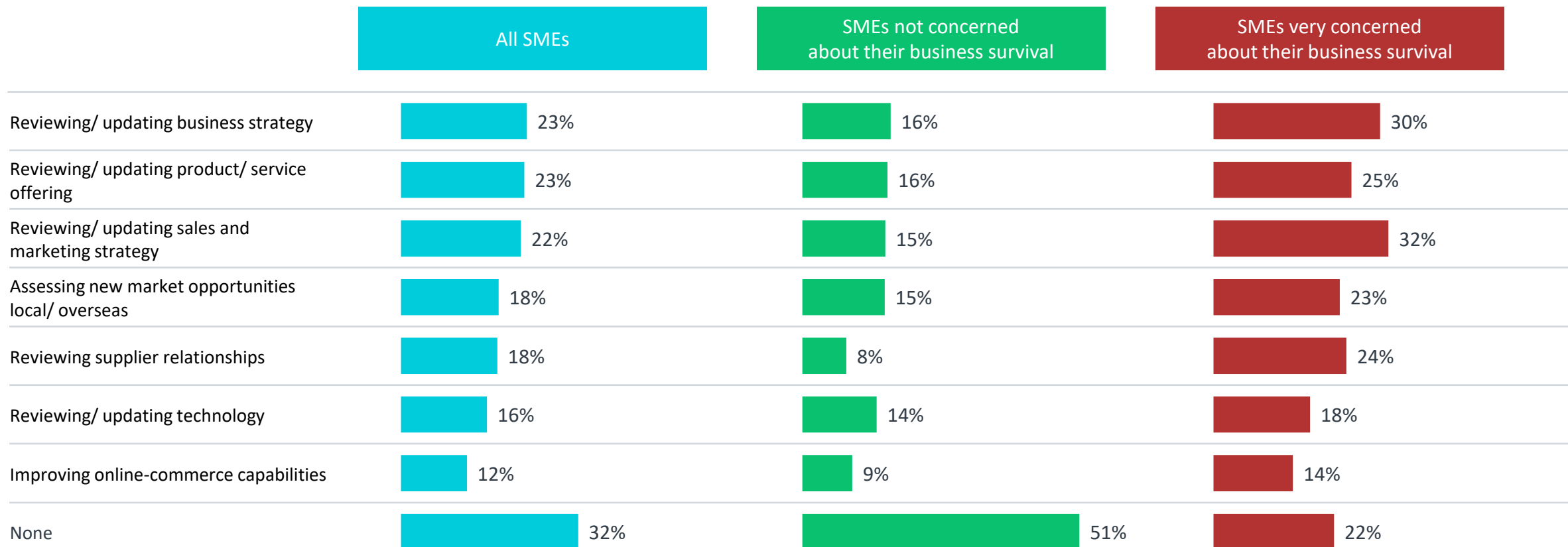


INITIATIVES INSTIGATED TO ENSURE BUSINESS RECOVERY

2 in 3 SMEs are active in instigating initiatives to support fast business recovery, with many focusing on overarching business strategies, including reviewing their product & service offering and sales & marketing.

WHAT INITIATIVES HAS YOUR ORGANISATION INSTIGATED TO ENSURE YOUR BUSINESS RECOVERS QUICKLY FROM THE COVID-19 CRISIS?

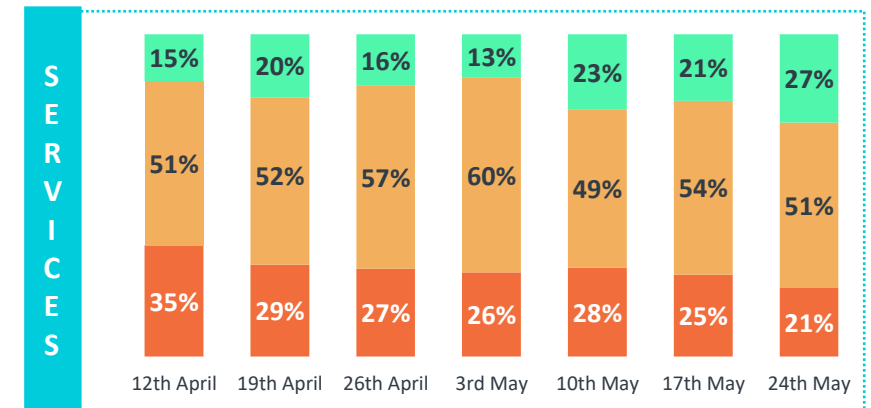
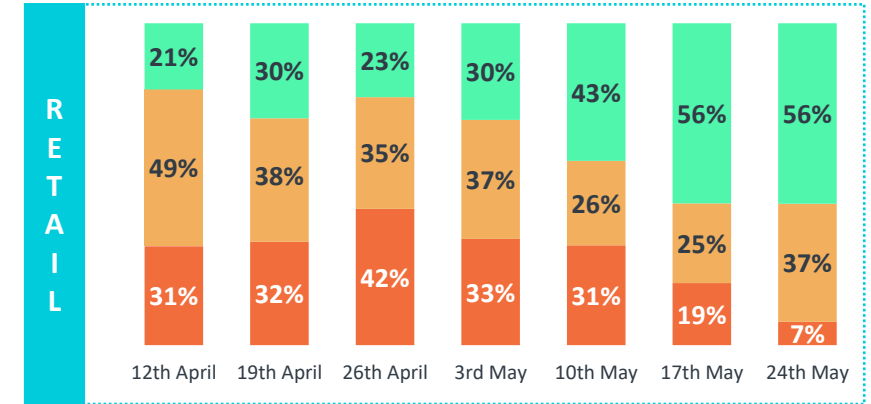
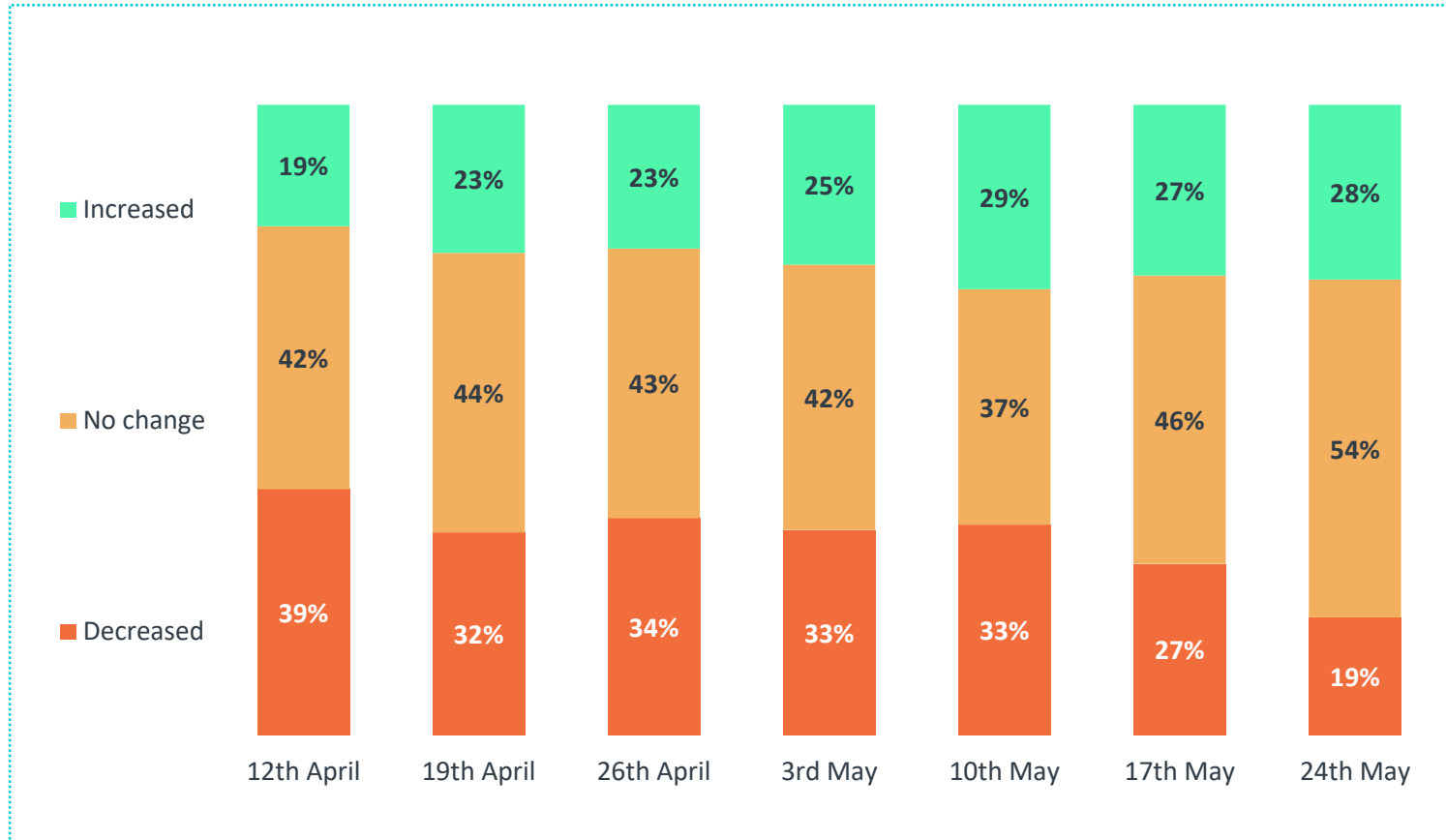
(w/e 3rd May – w/e 24th May)



CHANGE IN ONLINE SALES VOLUMES

As expected during the lockdown, business survival is also dependent on the ability to shift sales online. Hence the trend in increased online activity, particularly in the retail and services sectors is promising.

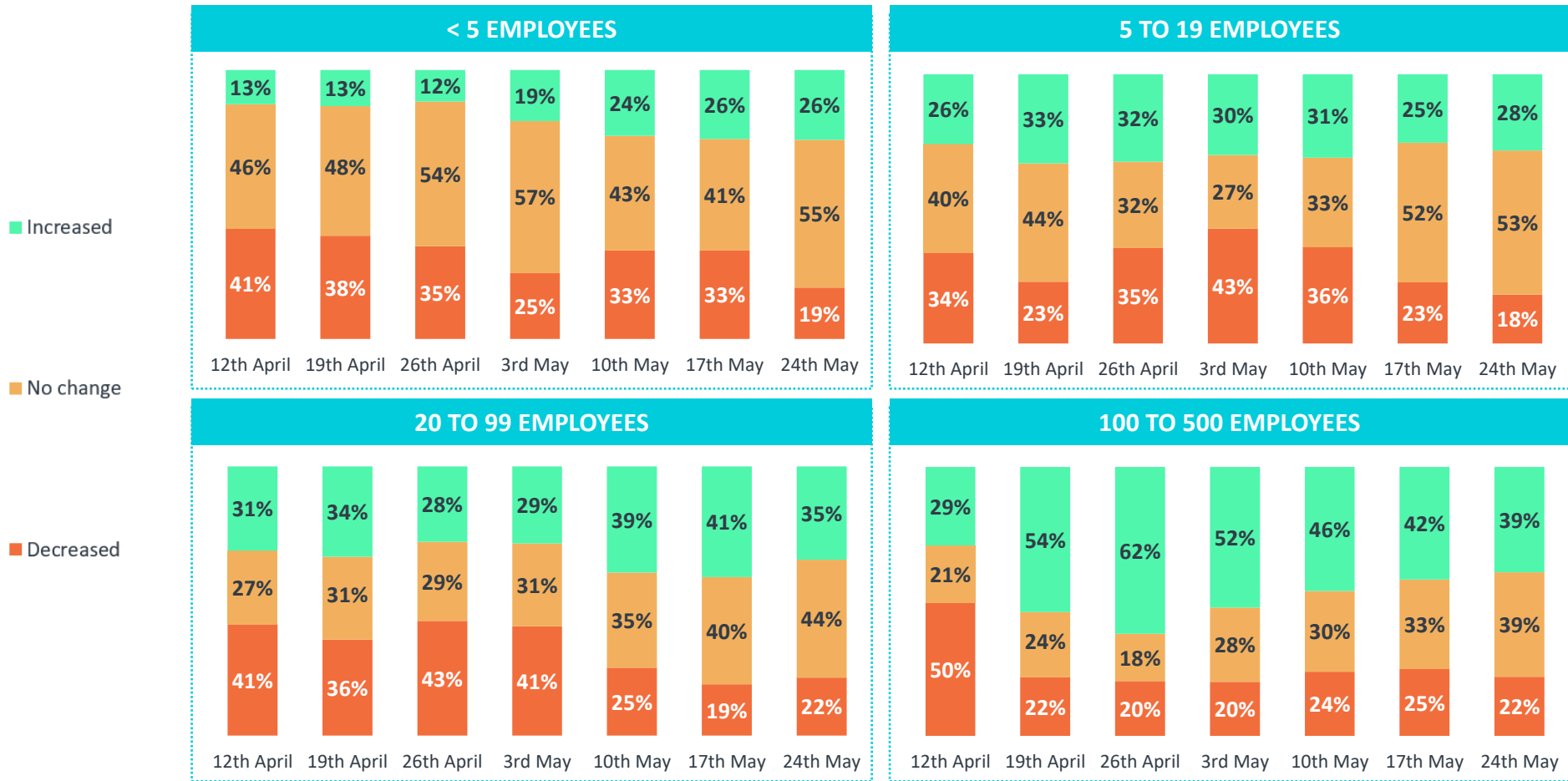
**HOW HAS THE PROPORTION OF YOUR ONLINE SALES VOLUME CHANGED SINCE THE COVID-19 OUTBREAK IN AUSTRALIA?
(AMONGST THOSE WHO SELL ONLINE)**



CHANGE IN ONLINE SALES VOLUMES

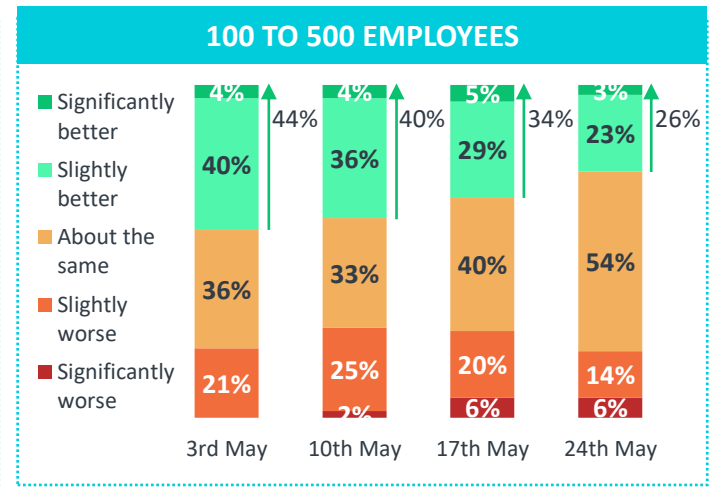
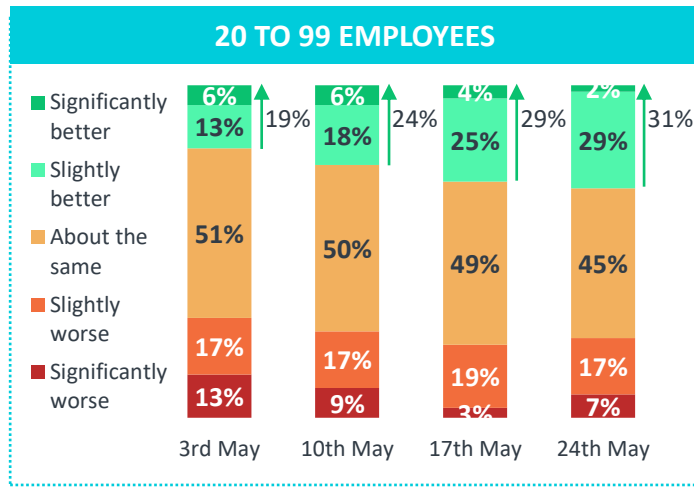
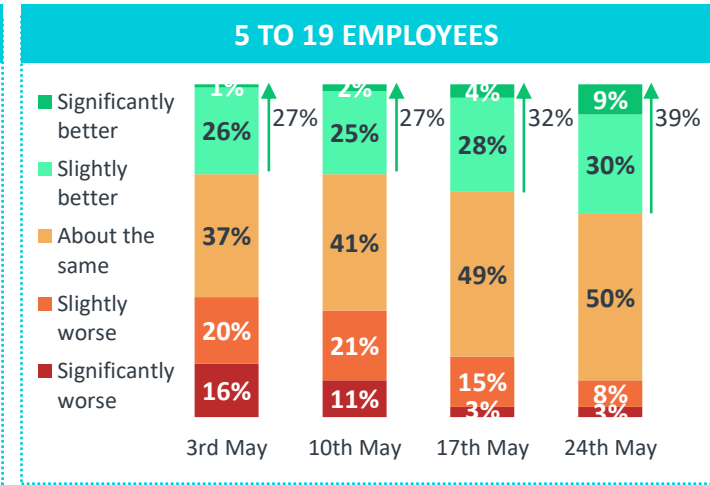
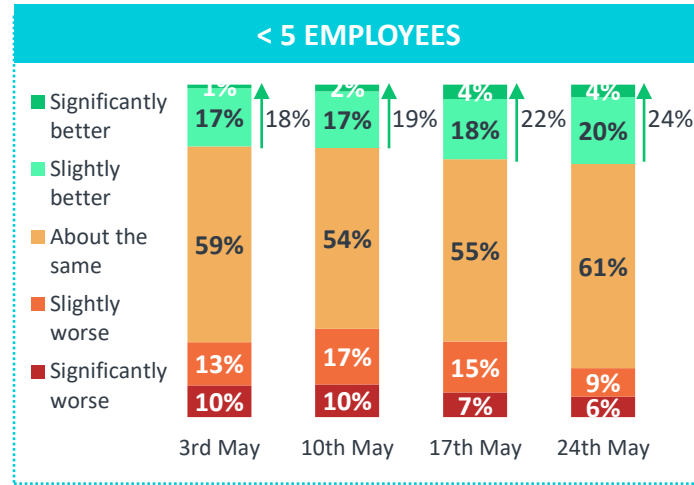
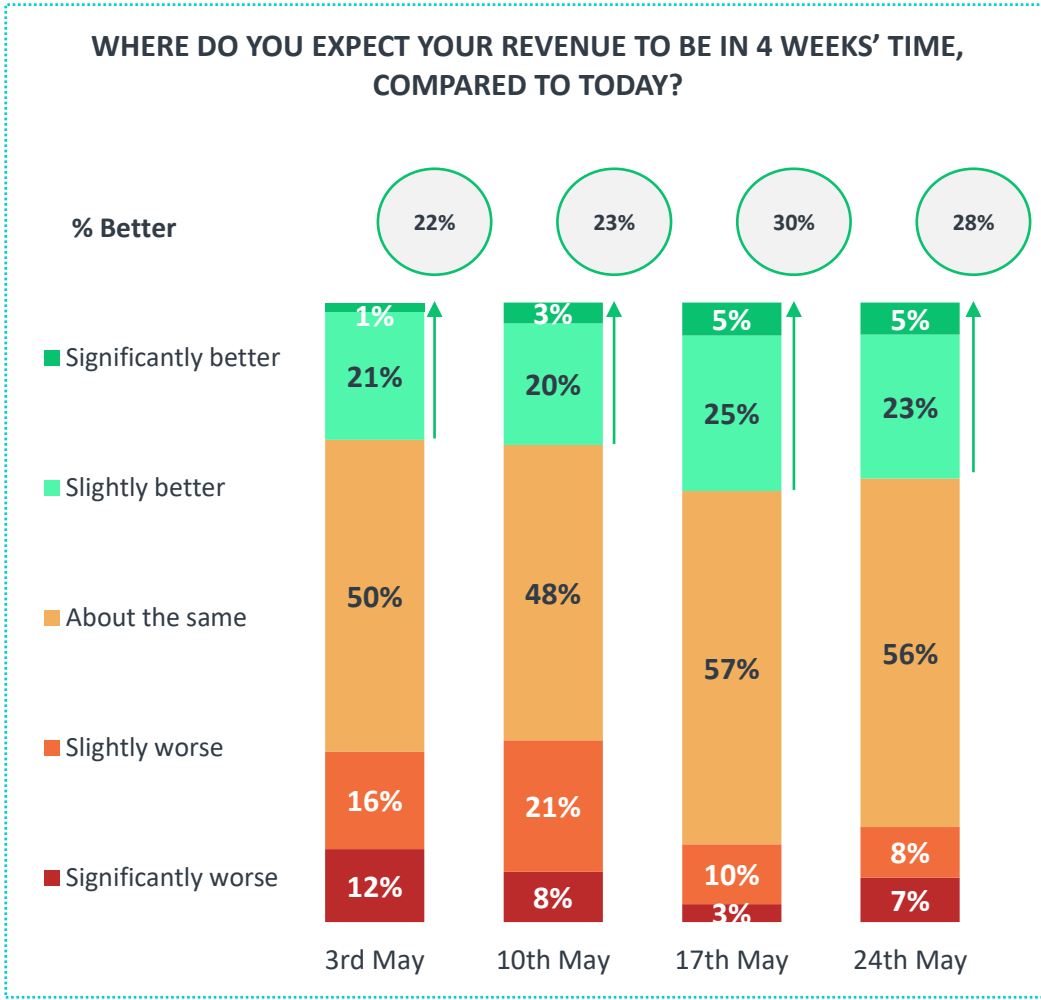
Despite significant declines in revenue, the increase in online activity can provide a path to survival for all business sizes.

**HOW HAS THE PROPORTION OF YOUR ONLINE SALES VOLUME CHANGED SINCE THE COVID-19 OUTBREAK IN AUSTRALIA?
(AMONGST THOSE WHO SELL ONLINE, BY BUSINESS SIZE)**



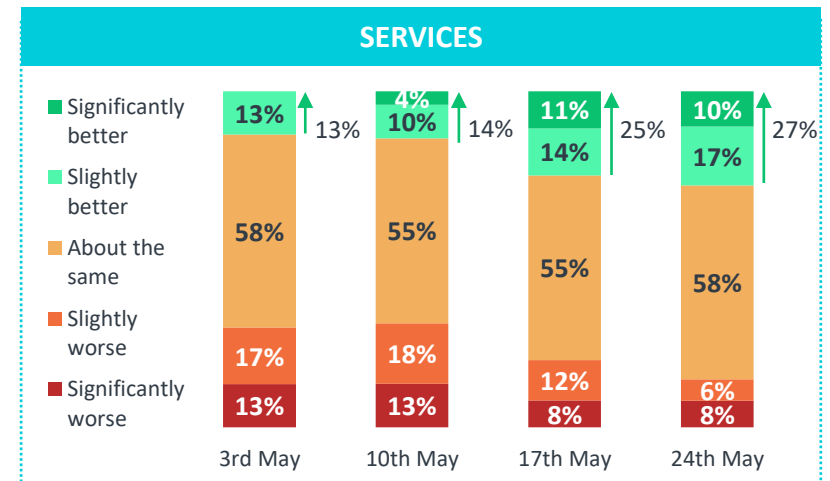
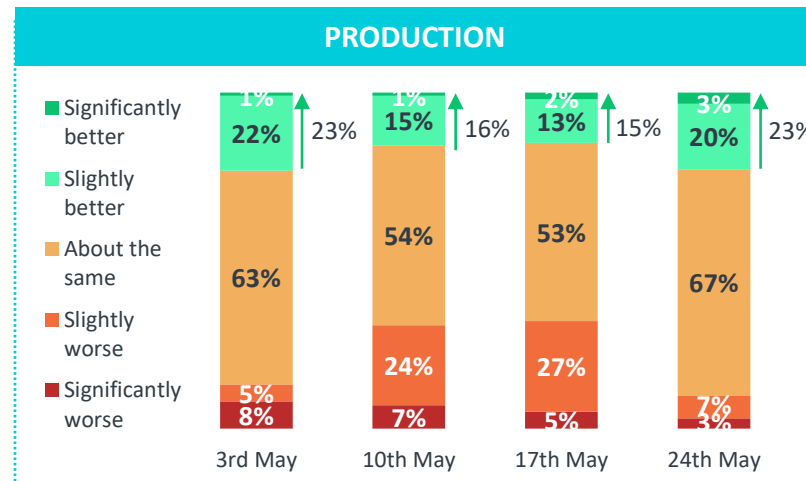
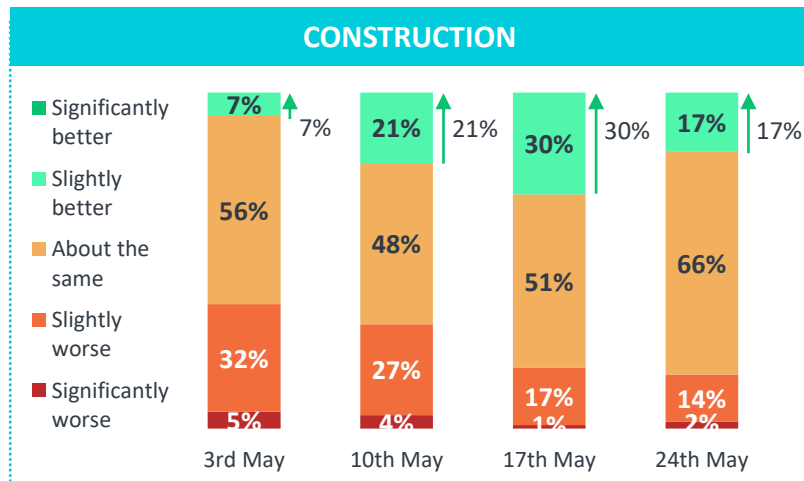
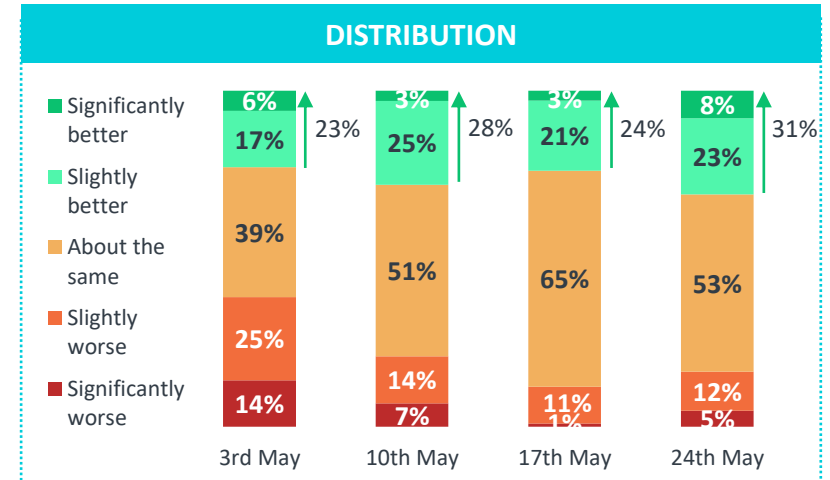
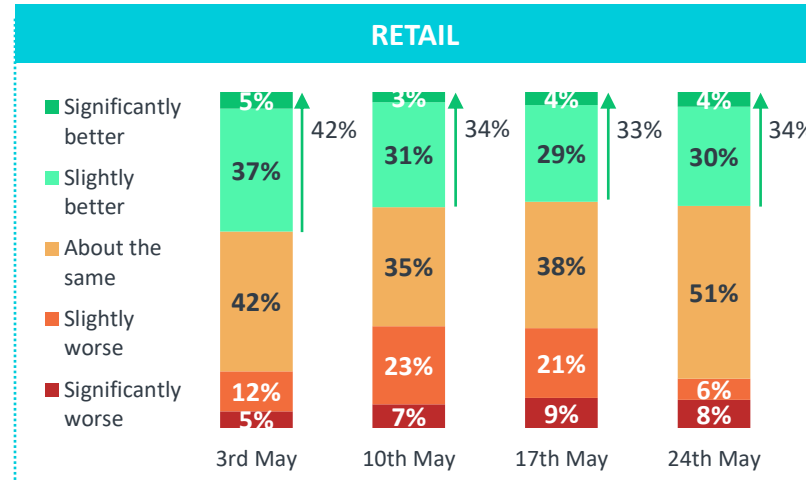
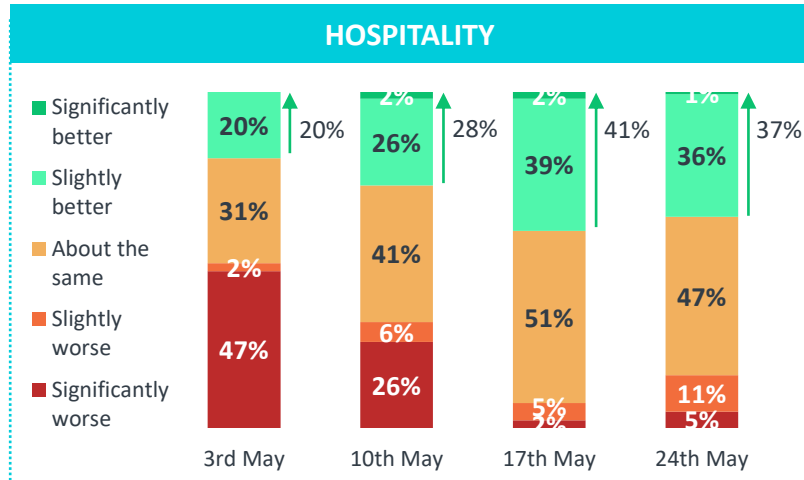
FUTURE REVENUE EXPECTATIONS

Despite continuous weak business activity, nearly one third of businesses now expect revenues to increase over the next 4 weeks.



FUTURE REVENUE EXPECTATIONS

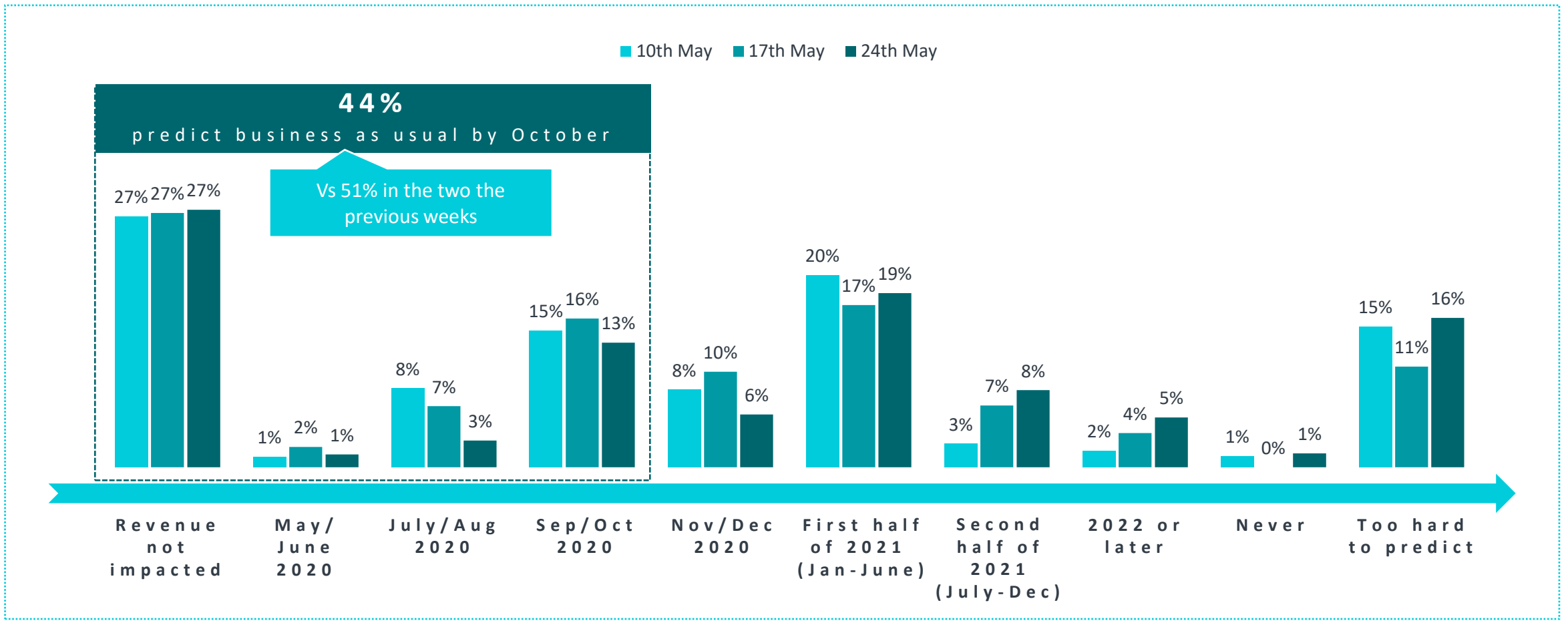
More than one third of the hard hit hospitality and retail operators are now confident of increasing revenues over the next 4 weeks.



REVENUE RETURNING TO PRE-COVID LEVELS

Despite increasing expectations that revenues will improve over the next 4 weeks, businesses are less optimistic about the time required to return to pre-COVID-19 revenues.

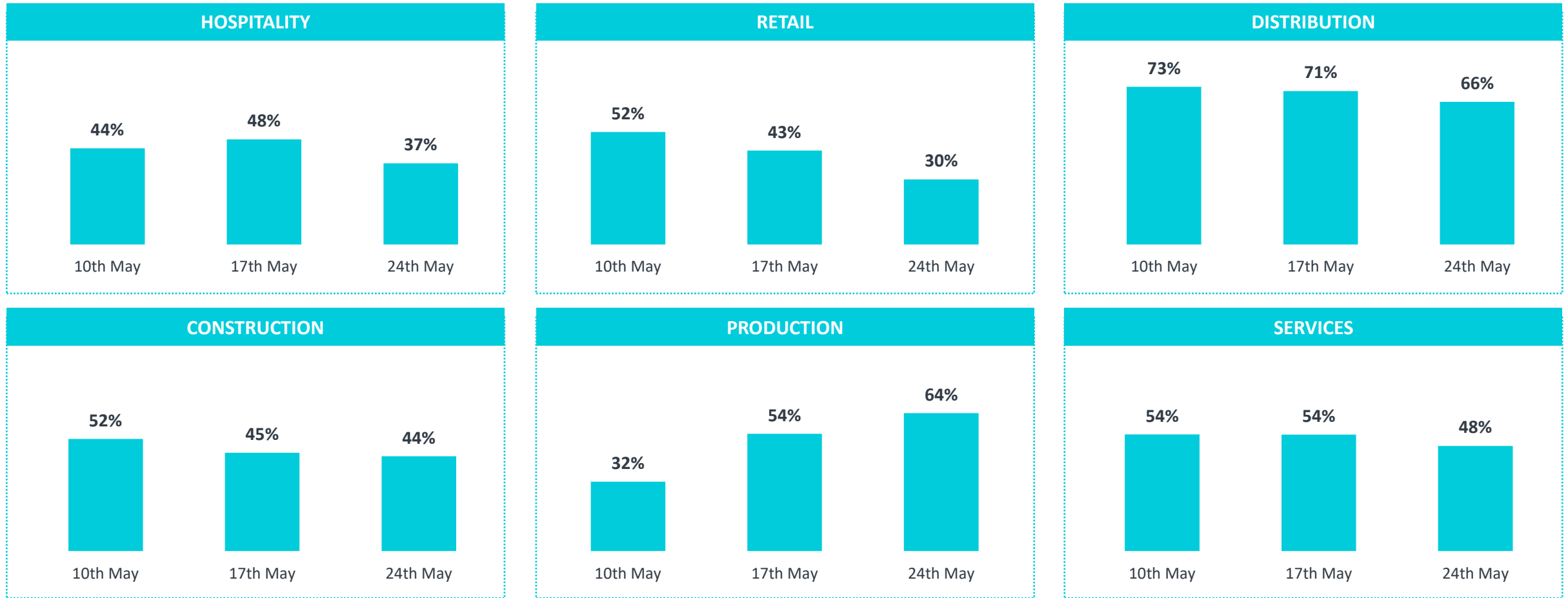
WHEN DO YOU BELIEVE YOUR BUSINESS REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?



FUTURE REVENUE EXPECTATIONS

The distribution and production sectors are the most optimistic, with two-thirds expecting revenue recovery to be complete by October 2020.

% BELIEVE BUSINESS REVENUE WILL RETURN TO PRE-COVID-19 LEVELS BY OCTOBER 2020



CONTENT

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

1 BUSINESS CONFIDENCE

2 BUSINESS REVENUE

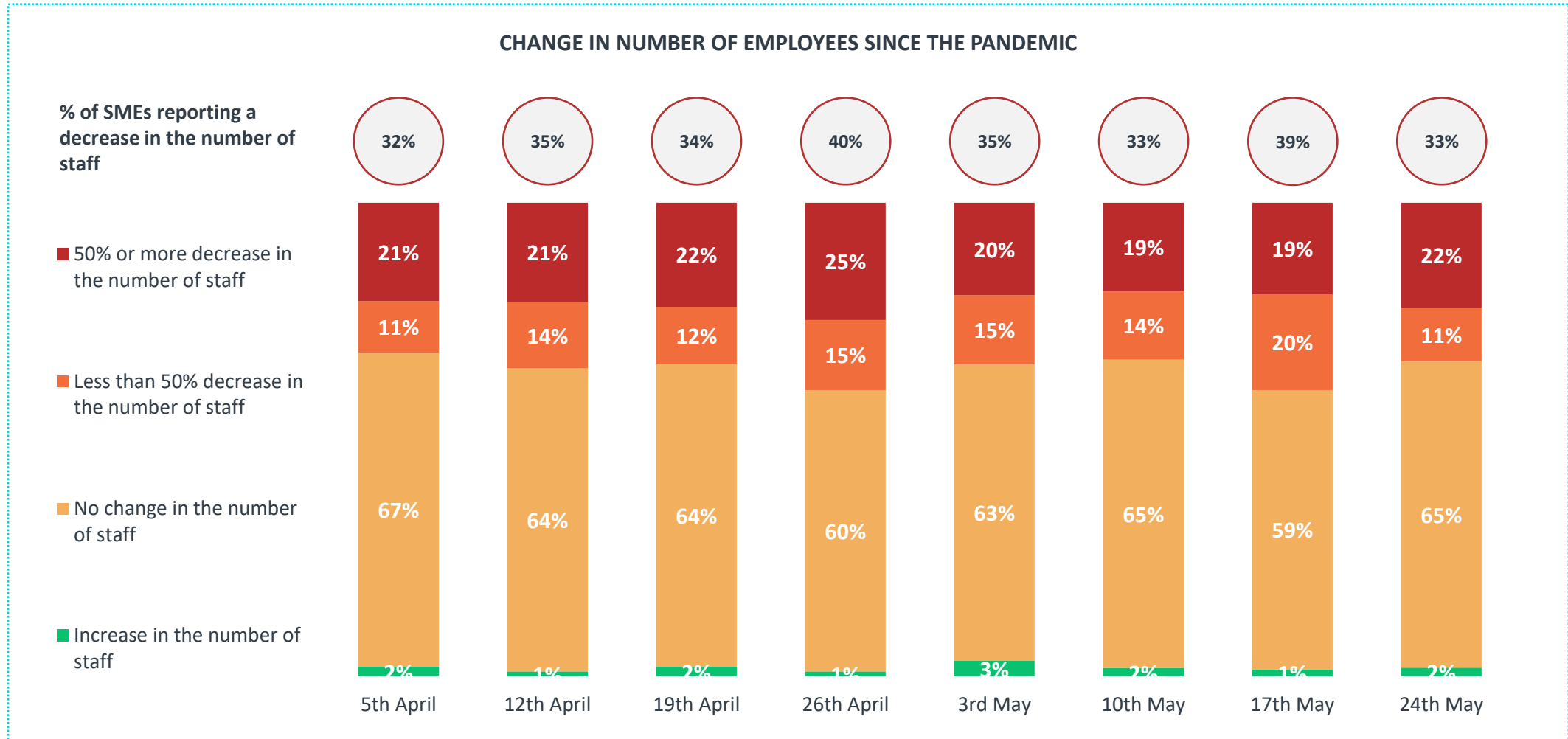
3 HUMAN RESOURCES

4 SATISFACTION WITH GOVERNMENT

5 SUPPORT FROM GOVERNMENT & BANKS

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

Businesses reporting job cuts continues to remain steady, with approximately one-third of businesses reducing the number of staff.

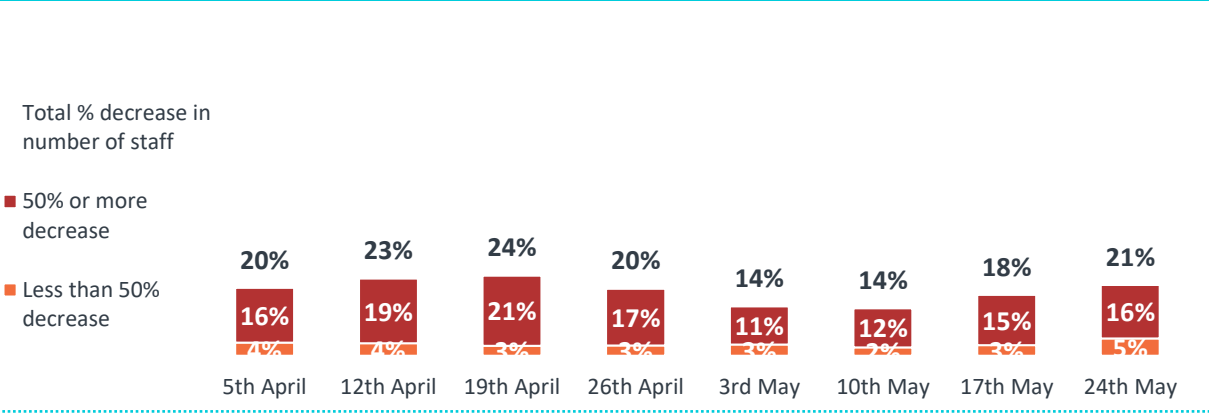


PERCENTAGE CHANGE IN THE NUMBER OF STAFF BEFORE THE CRISIS VS NOW

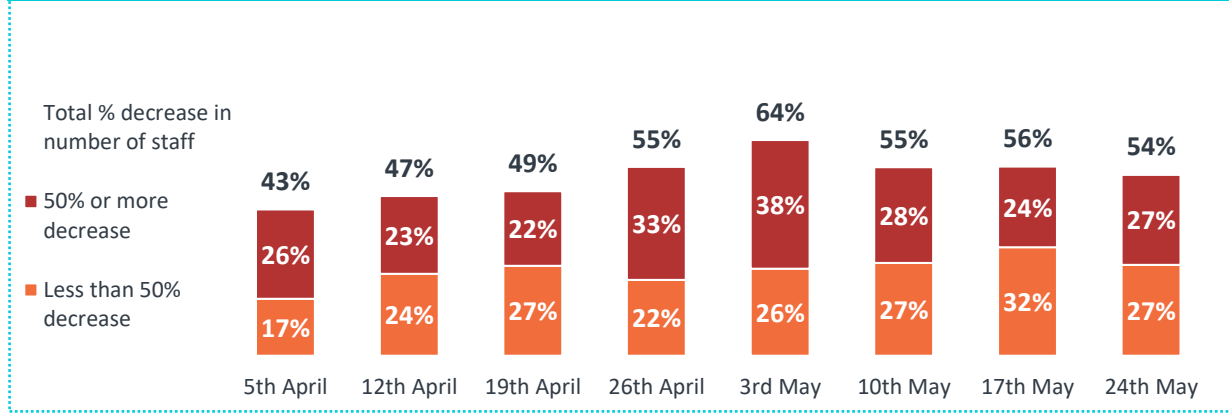
Positive to note that the signs of recovery in business revenue amongst larger SMEs also translates into higher employment rates.

CHANGE IN NUMBER OF EMPLOYEES SINCE THE PANDEMIC

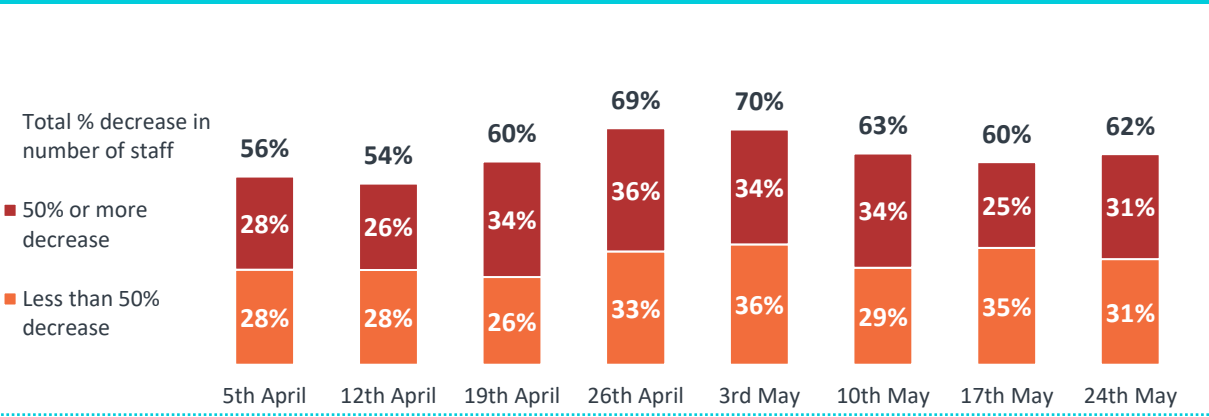
< 5 EMPLOYEES



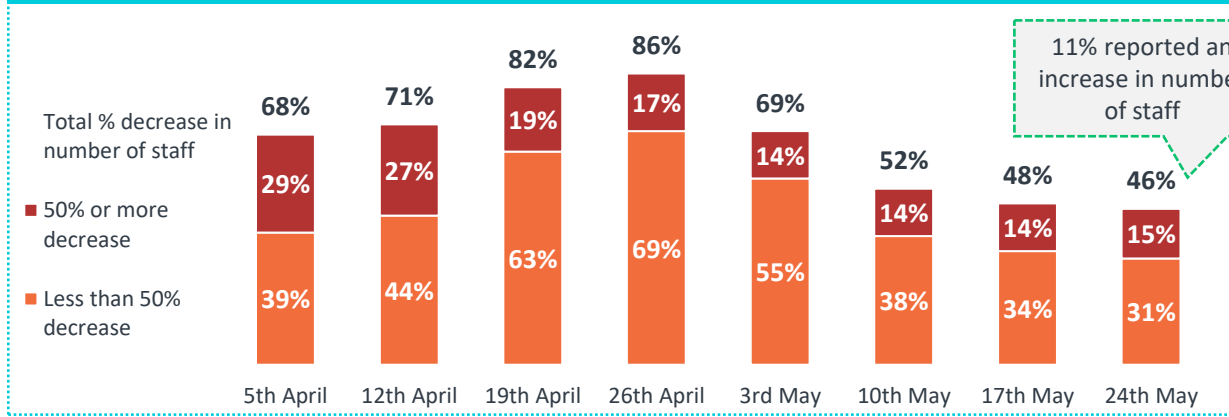
5 TO 19 EMPLOYEES



20 TO 99 EMPLOYEES



100 TO 500 EMPLOYEES

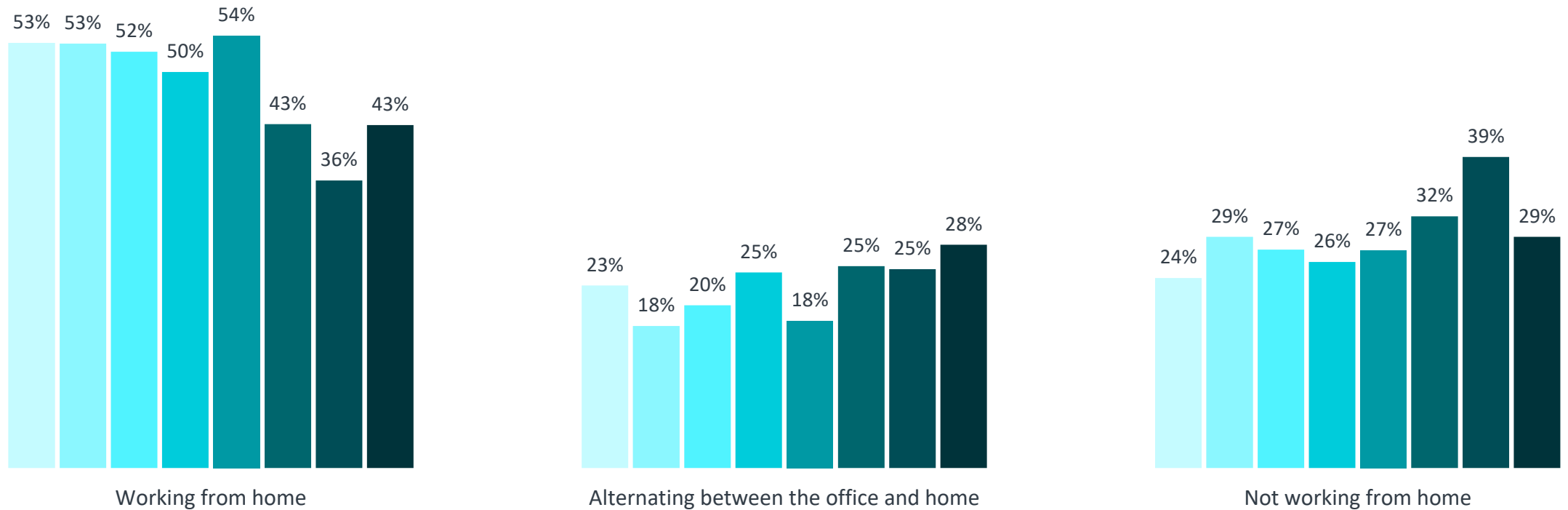


WORKING FROM HOME

Signs of returning to business as usual, as the proportion of business decision makers working from home drops well below April figures, while those alternating between their home and office increases.

ARE YOU WORKING FROM HOME DURING THE COVID-19 CRISIS?

5th April 12th April 19th April 26th April 3rd May 10th May 17th May 24th May



CONTENT

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

1 BUSINESS CONFIDENCE

2 BUSINESS REVENUE

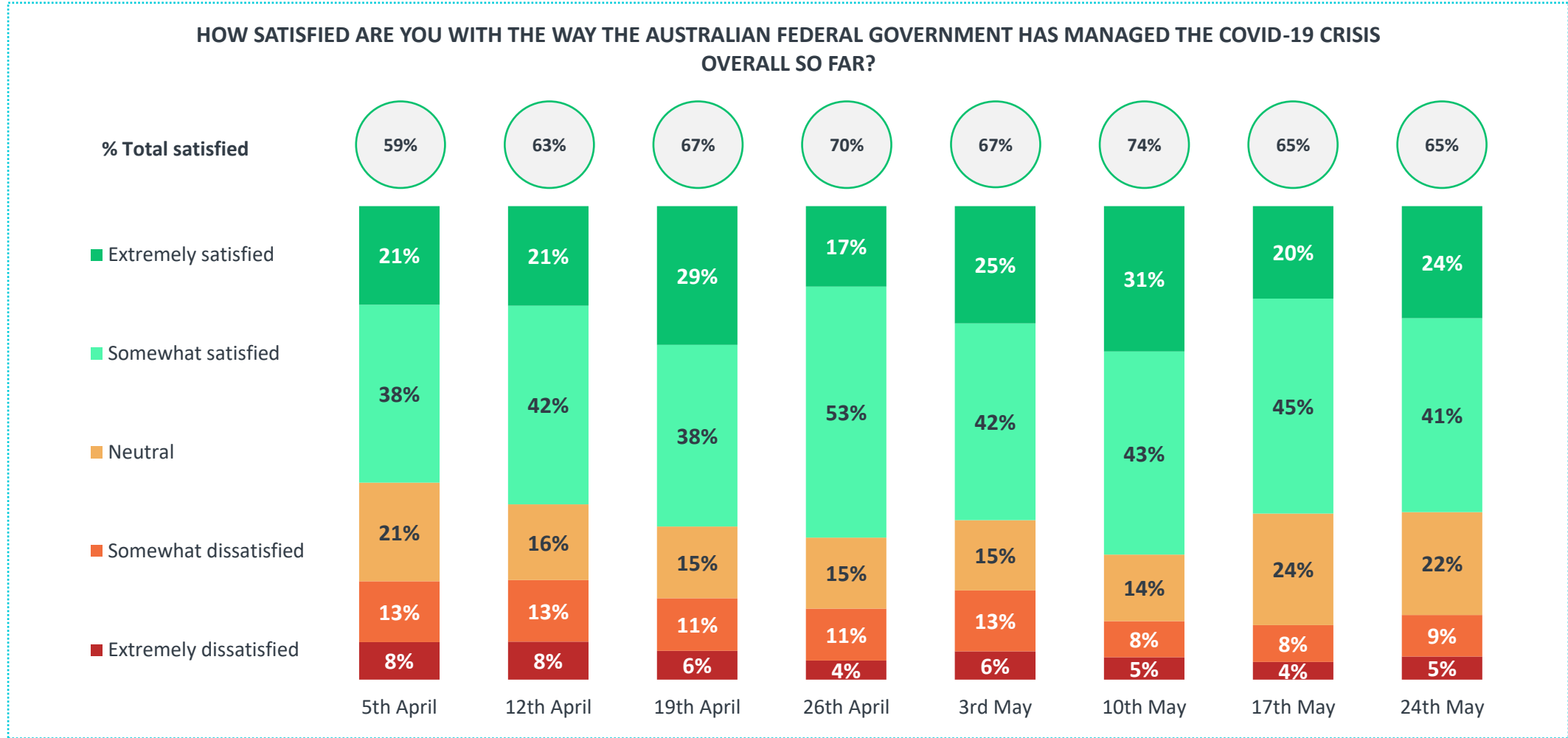
3 HUMAN RESOURCES

4 SATISFACTION WITH GOVERNMENT

5 SUPPORT FROM GOVERNMENT & BANKS

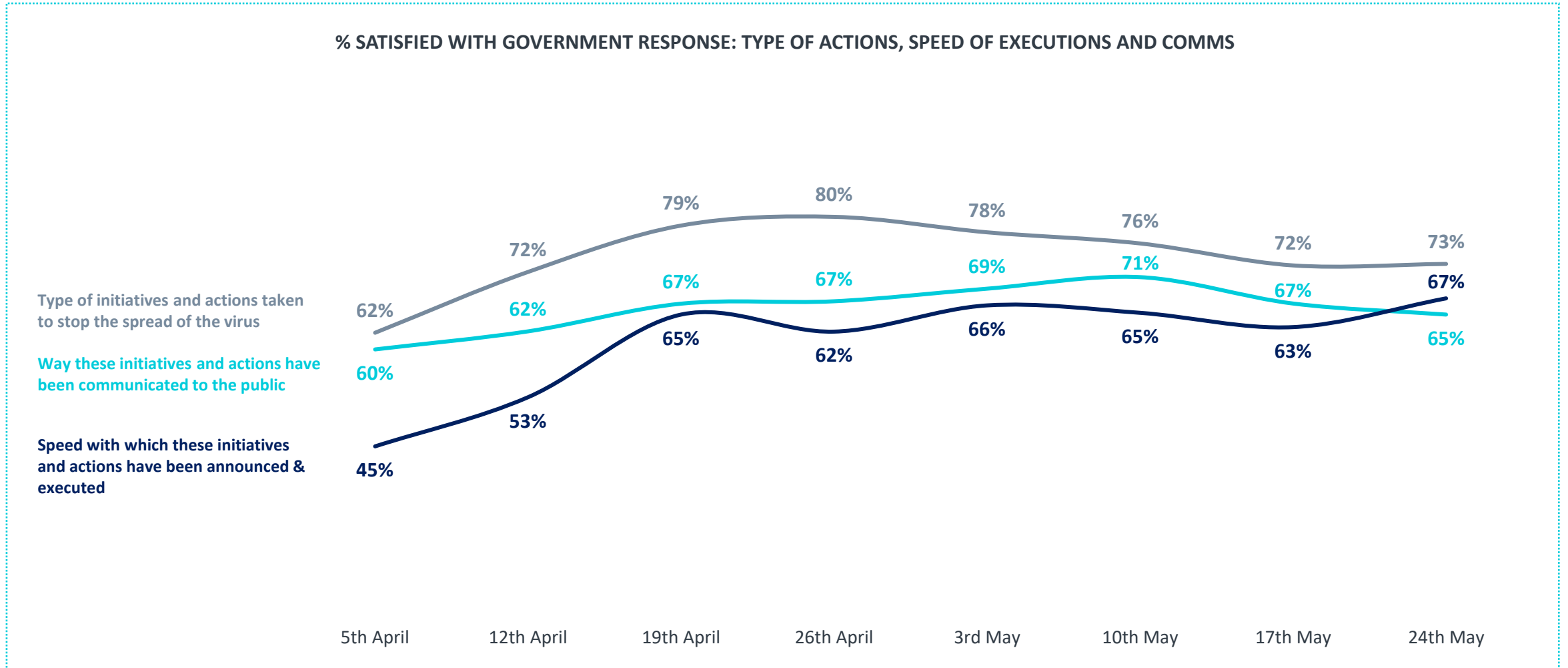
SATISFACTION WITH THE GOVERNMENT'S RESPONSE

Support for the Federal Government has seen a decline since the mid-May peak, which might be attributed to state specific measures rather than a nationwide policy.



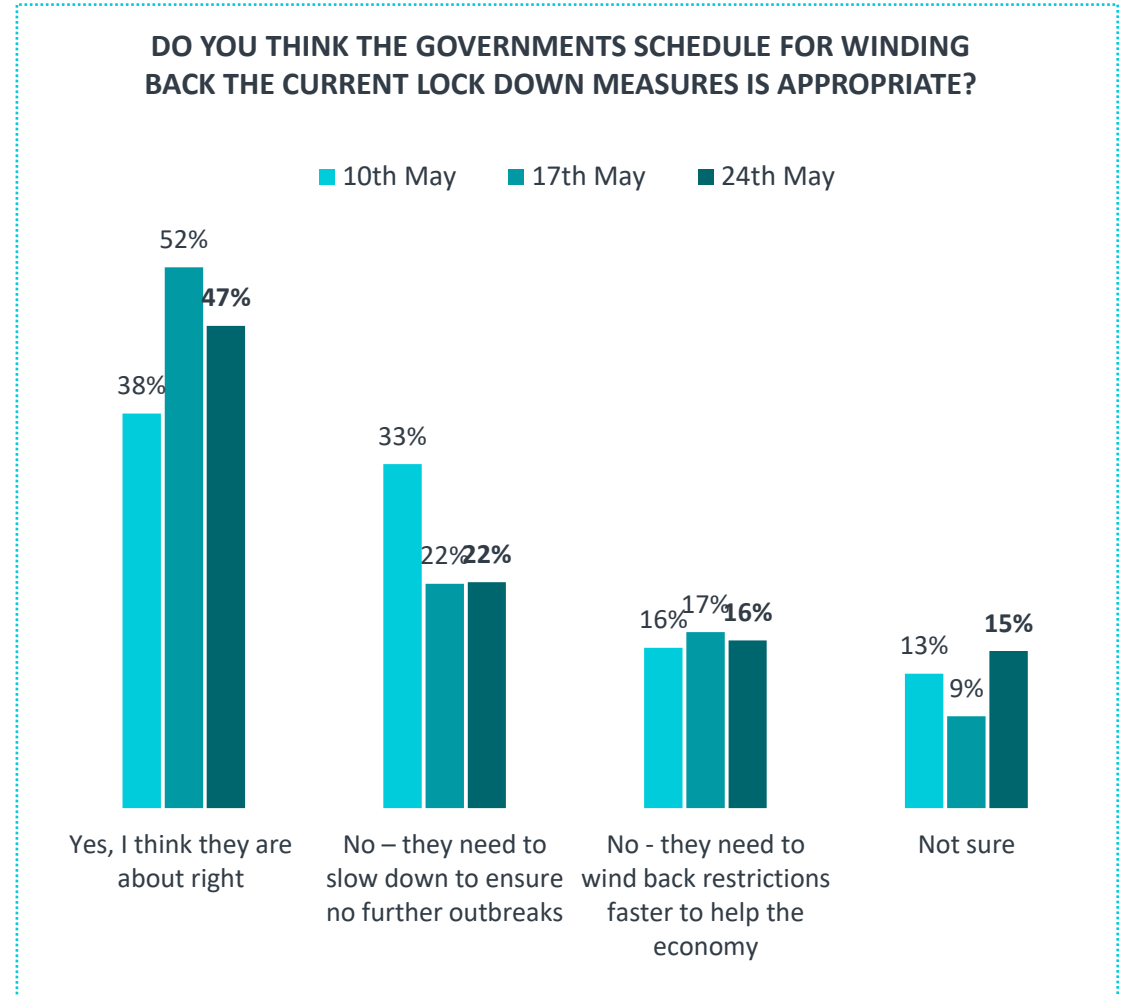
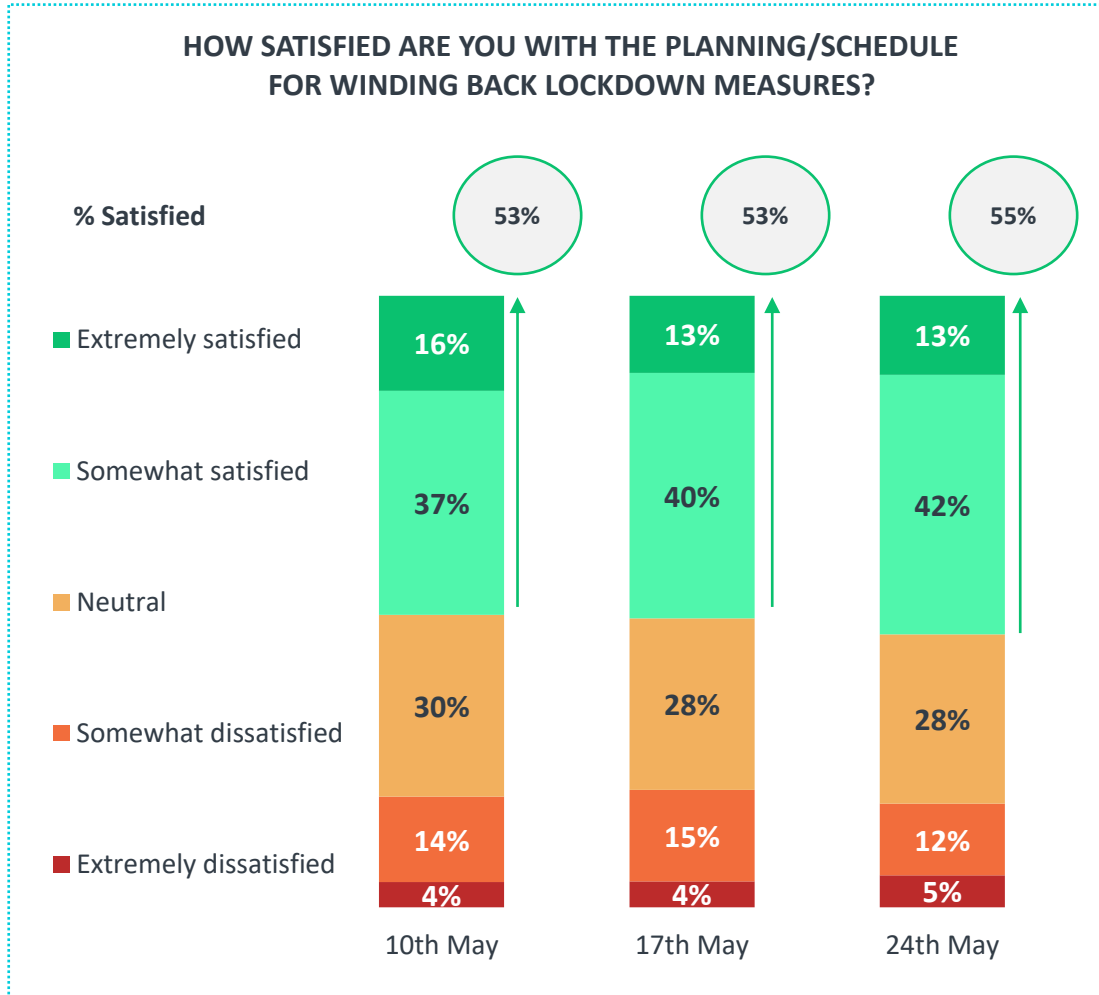
SATISFACTION WITH THE GOVERNMENT'S RESPONSE

Mixed messaging over the past 2 weeks has impacted satisfaction with the way initiatives and actions have been communicated.



SATISFACTION WITH THE GOVERNMENT'S RESPONSE

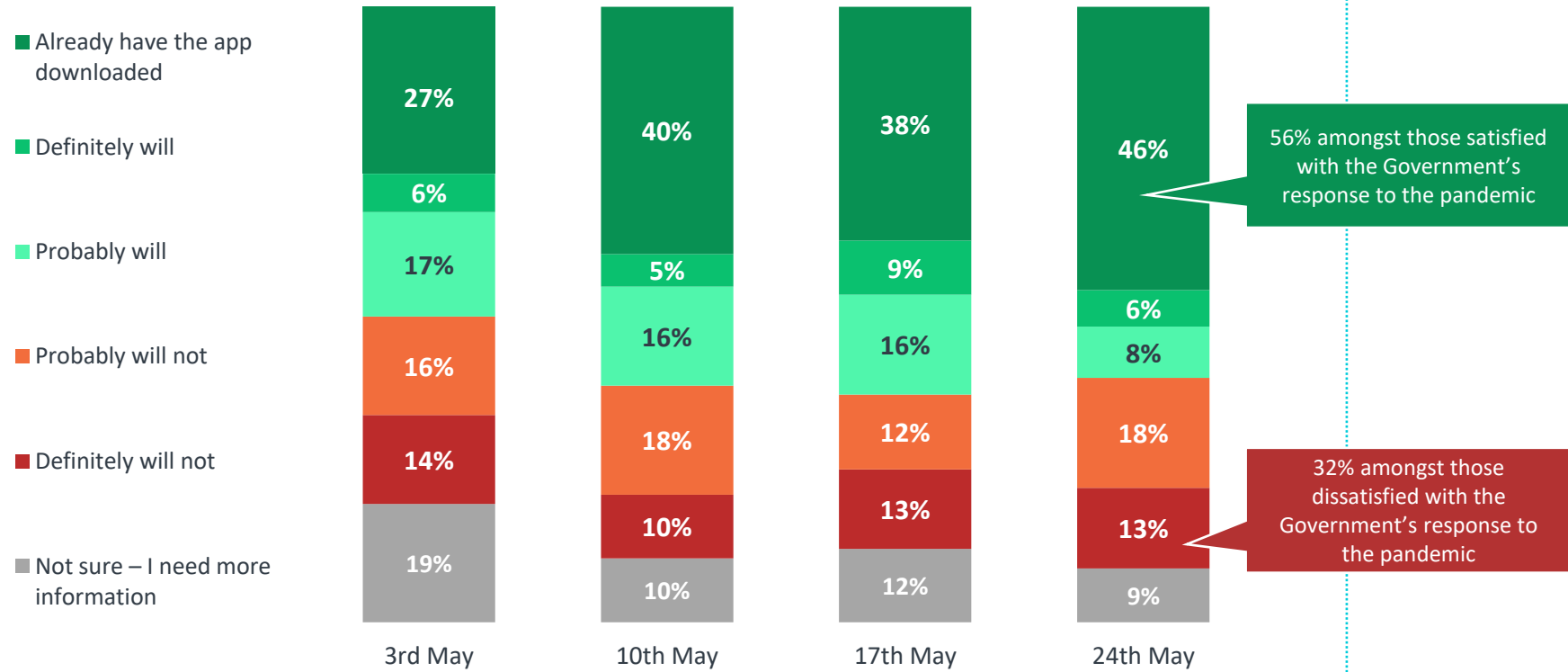
Satisfaction with the Government's approach to winding back restrictions is ticking up, but it is interesting that over 1 in 5 business decision makers are worried the approach is too fast and risks further outbreaks.



Nearly half of business decision makers have downloaded the COVIDSafe app.



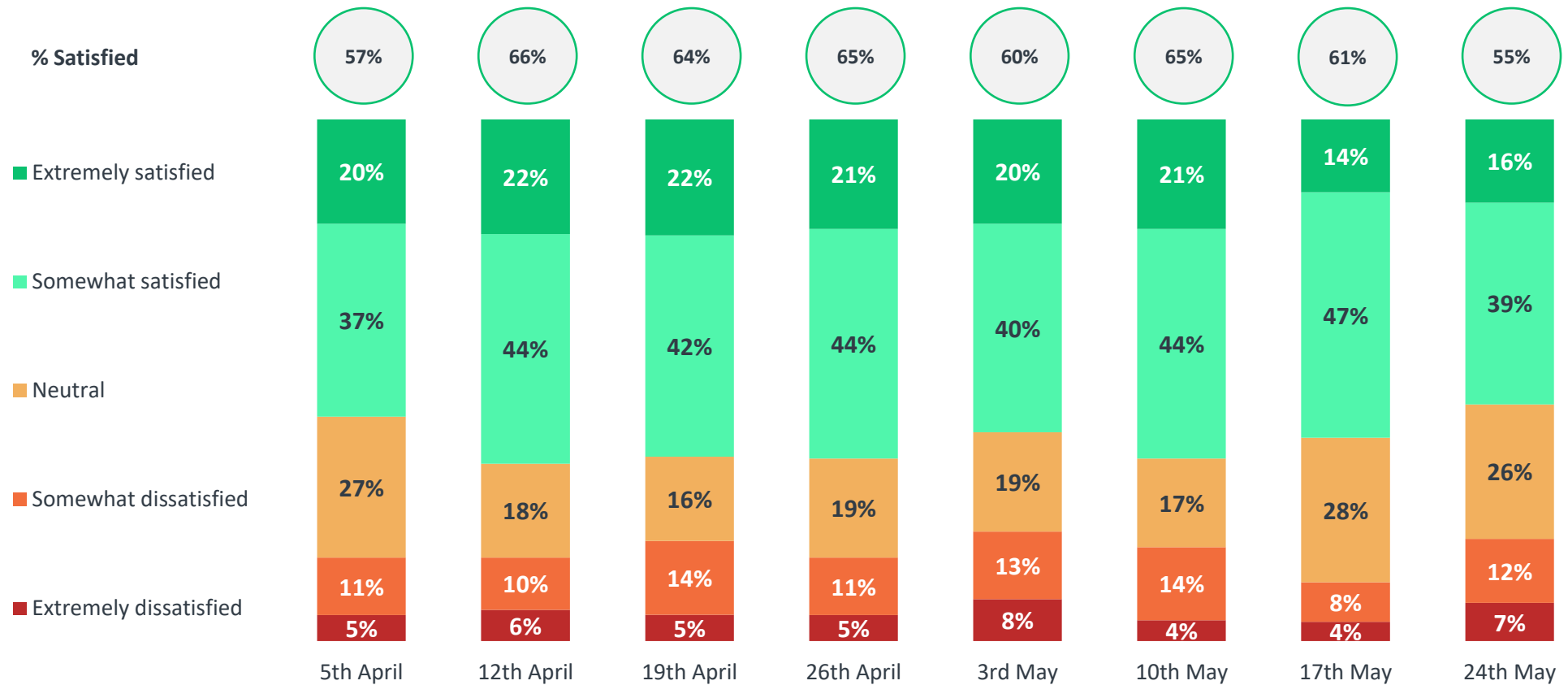
HOW LIKELY ARE YOU TO DOWNLOAD THE FEDERAL GOVERNMENT COVID-19 APP, COVIDSAFE ONTO YOUR MOBILE PHONE?



SATISFACTION WITH THE COLLABORATION OF GOVERNMENTS

Satisfaction with collaboration between the State and Federal Governments is at its lowest since early April. Ongoing mud slinging between state and federal leaders is clearly impacting business confidence.

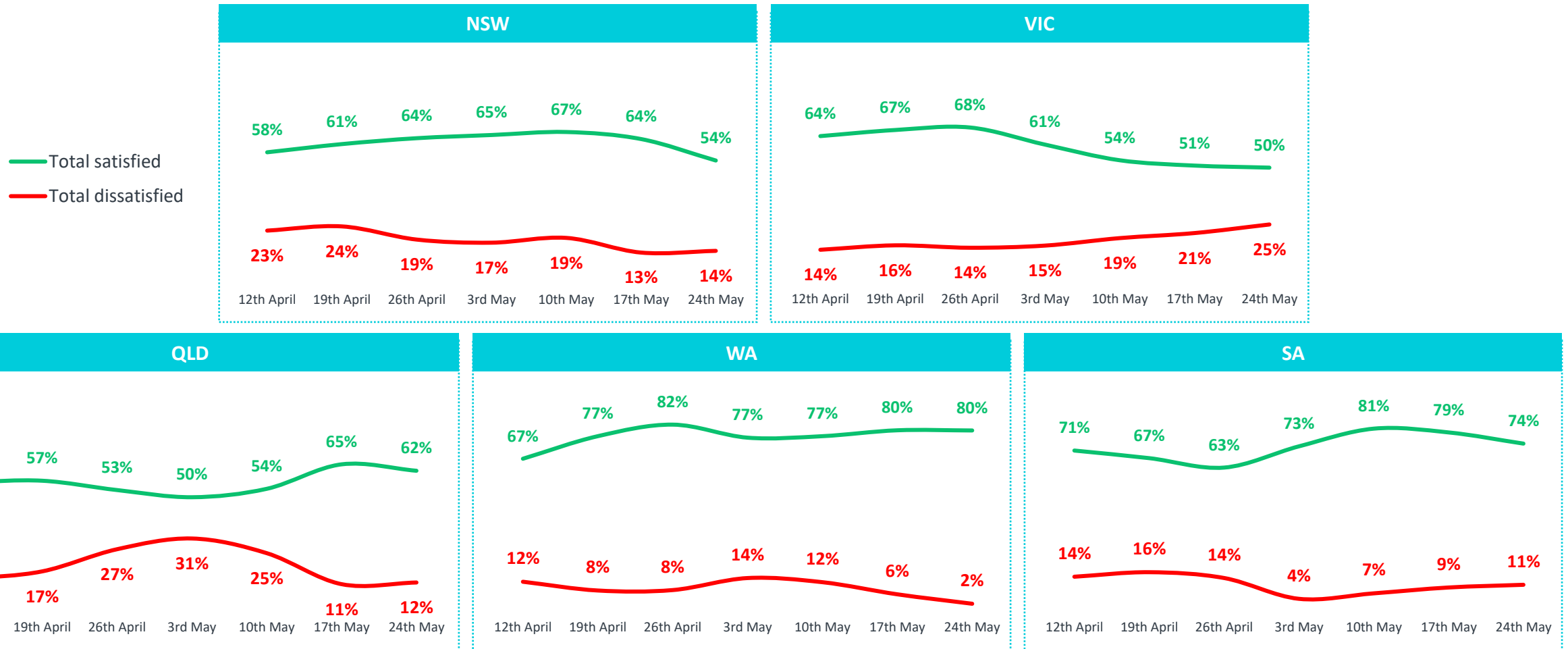
HOW SATISFIED ARE YOU WITH THE COLLABORATION BETWEEN THE AUSTRALIAN FEDERAL GOVERNMENT AND YOUR STATE GOVERNMENT WHEN IT COMES TO MANAGING THE COVID-19 CRISIS?



SATISFACTION WITH THE COLLABORATION OF GOVERNMENTS

Satisfaction with the collaboration between the state and federal governments is declining in NSW and VIC.

% SATISFIED WITH FEDERAL & STATE GOVERNMENT COLLABORATION



QLD will be interesting to watch over the next couple of weeks, as the State Government continues to support border closures.

CONTENT

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

1 BUSINESS CONFIDENCE

2 BUSINESS REVENUE

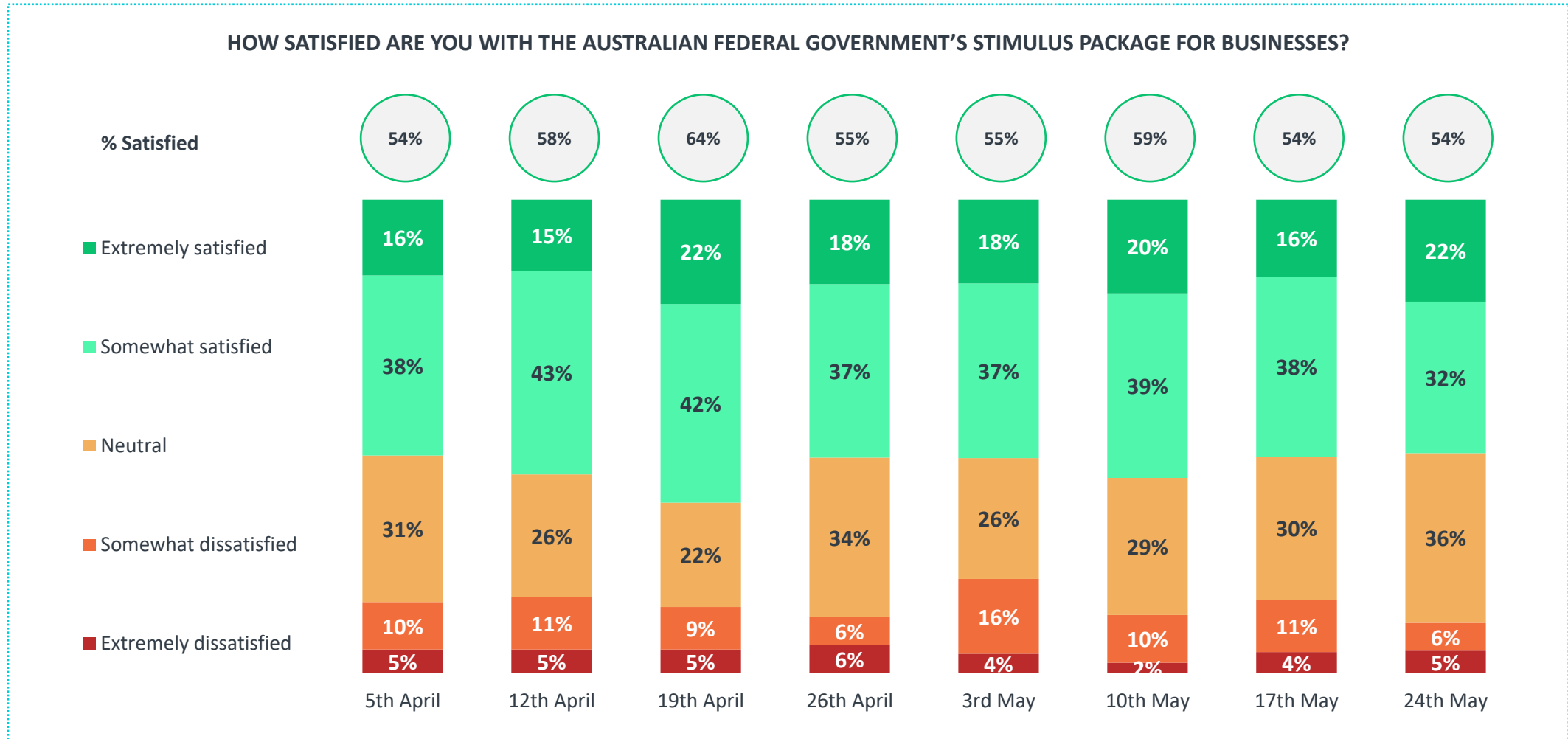
3 HUMAN RESOURCES

4 SATISFACTION WITH GOVERNMENT

5 SUPPORT FROM THE GOVERNMENT & BANKS

SATISFACTION WITH THE STIMULUS PACKAGE FOR BUSINESSES

In line with other data, we also see a dip in support for the business stimulus package over the past couple of weeks.

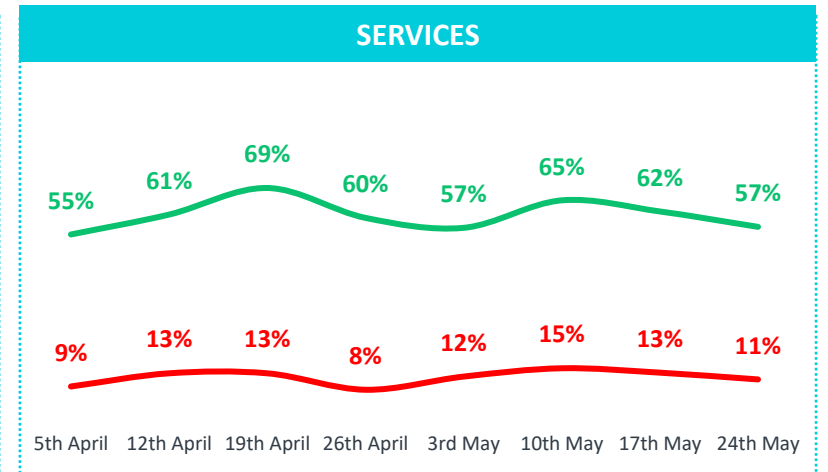
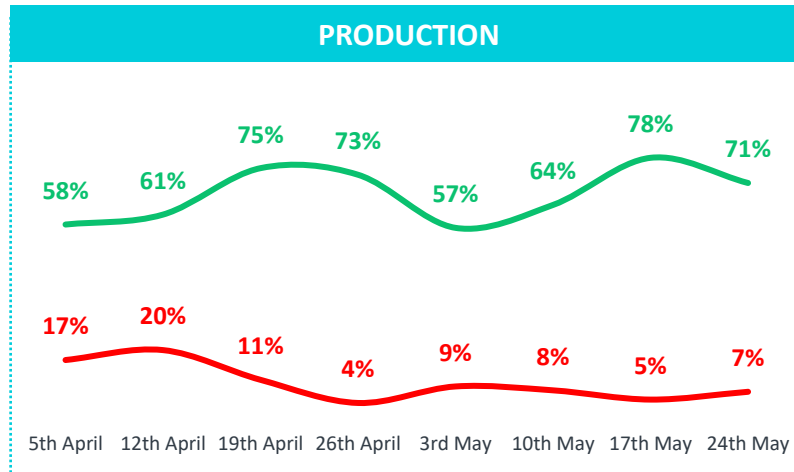
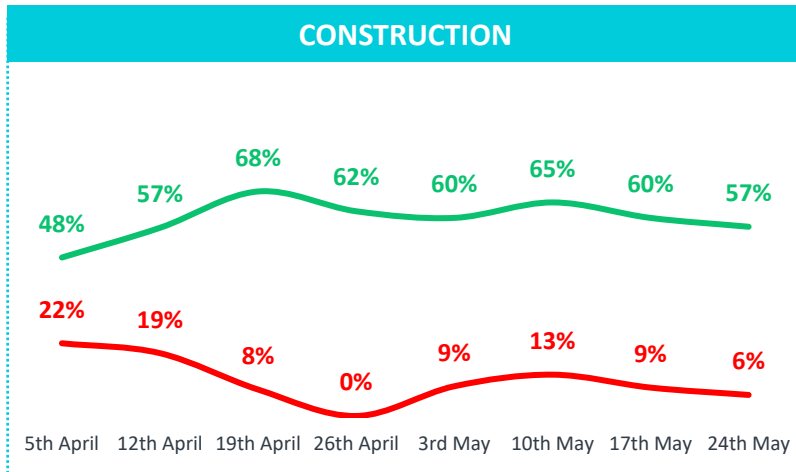
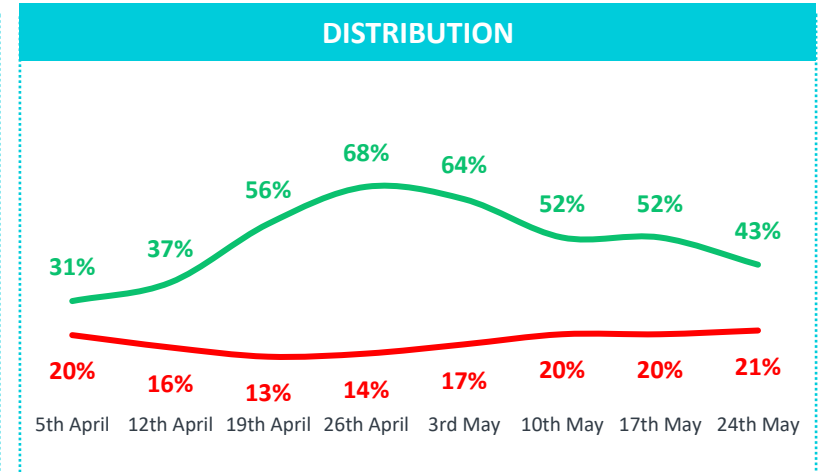
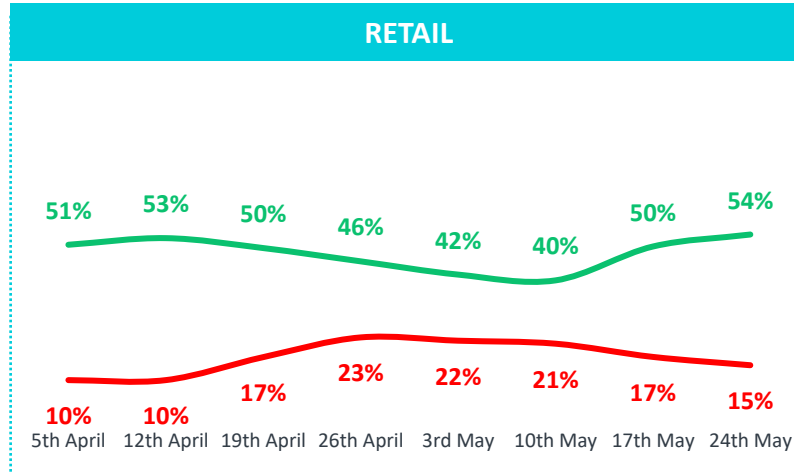
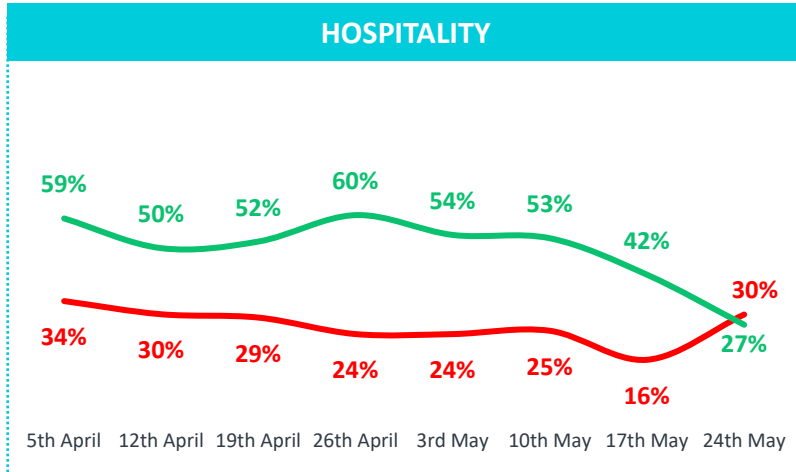


SATISFACTION WITH THE STIMULUS PACKAGE FOR BUSINESSES

The range of opinions on the Government's stimulus package continues to widen across industry sectors. Satisfaction amongst hospitality operators is declining, while more positive sentiment is evident in the retail sector.

HOW SATISFIED ARE YOU WITH THE AUSTRALIAN FEDERAL GOVERNMENT'S STIMULUS PACKAGE FOR BUSINESSES?

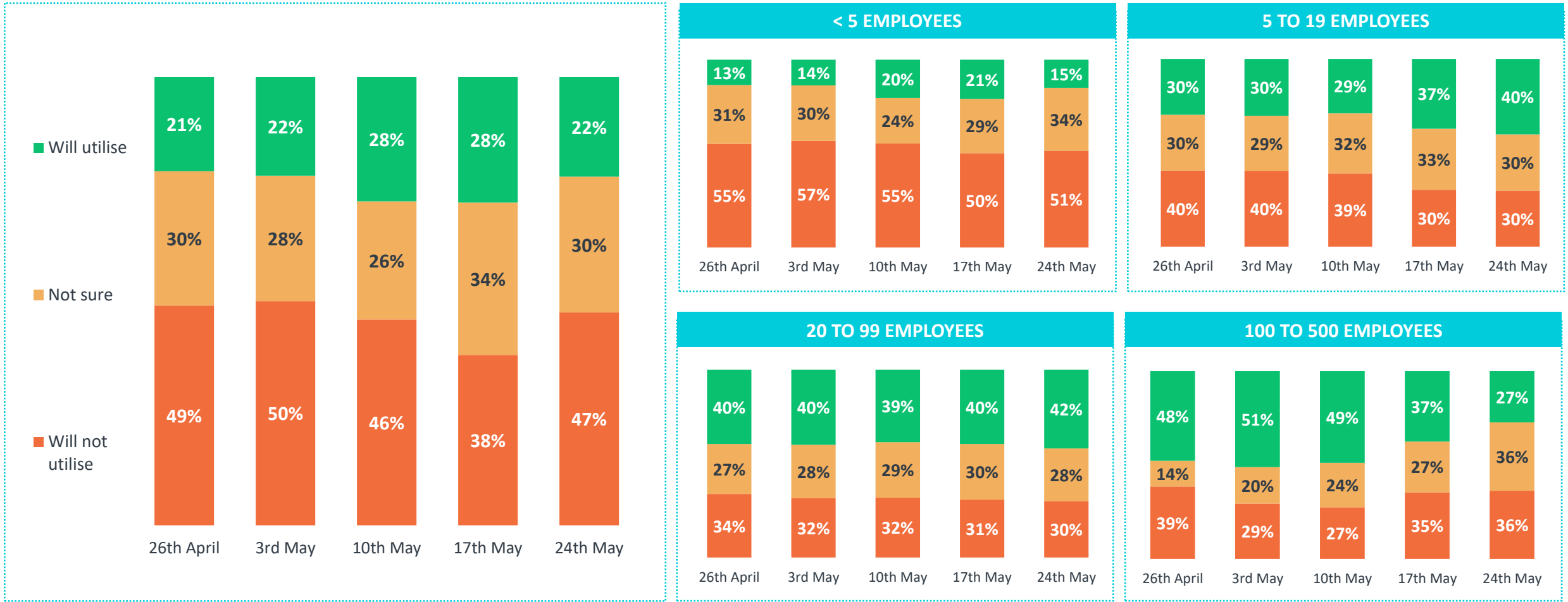
— Total dissatisfied — Total satisfied



GOVERNMENT STIMULUS & SUPPORT MEASURES

In line with other slightly negative data this week, slight declines in those intending to use the instant asset write-off.

GOVERNMENT STIMULUS AND SUPPORT MEASURES TO BE USED BY THE BUSINESS: INSTANT ASSET WRITE-OFF

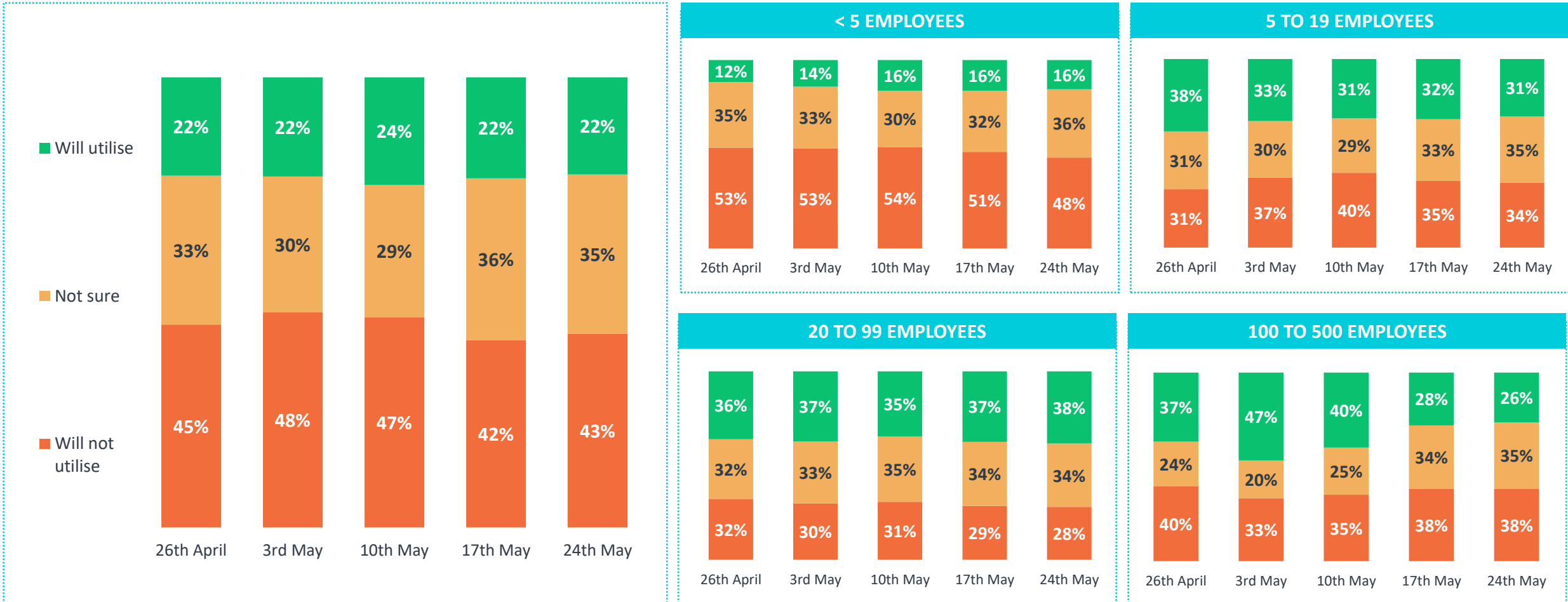


Notable that larger SMEs are becoming more unsure about their intentions, suggesting a higher level of uncertainty regarding the recovery.

GOVERNMENT STIMULUS & SUPPORT MEASURES

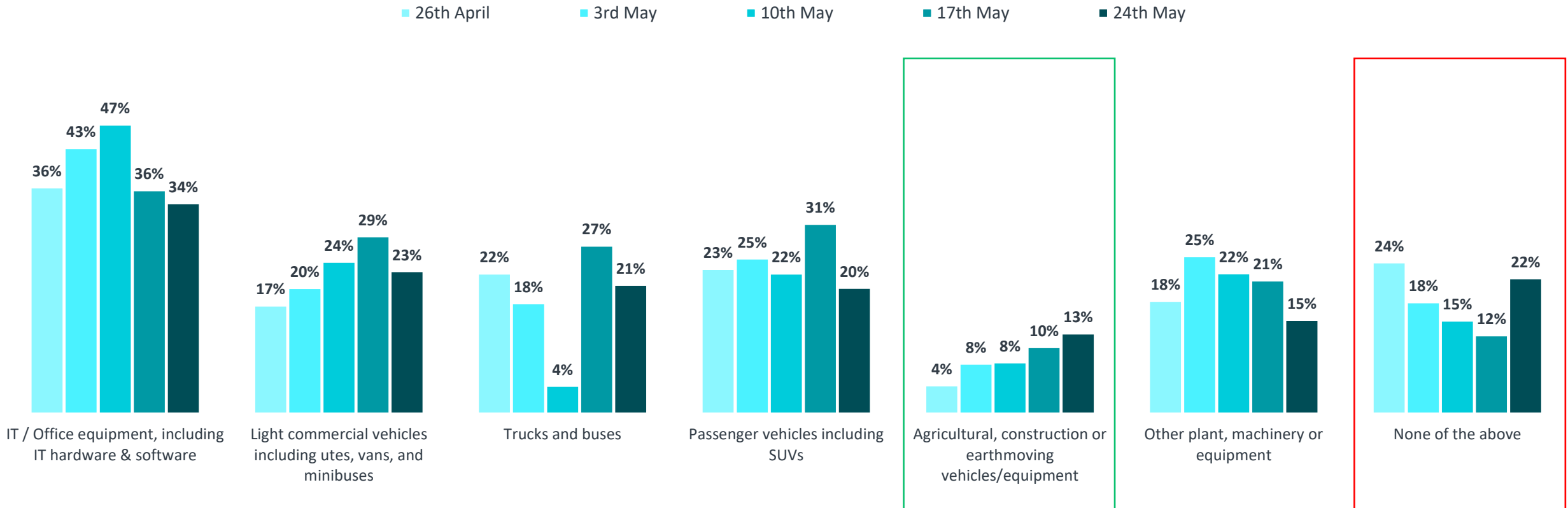
The intent to use the accelerated depreciation deduction has remained steady.

GOVERNMENT STIMULUS AND SUPPORT MEASURES TO BE USED BY THE BUSINESS: ACCELERATED DEPRECIATION DEDUCTIONS



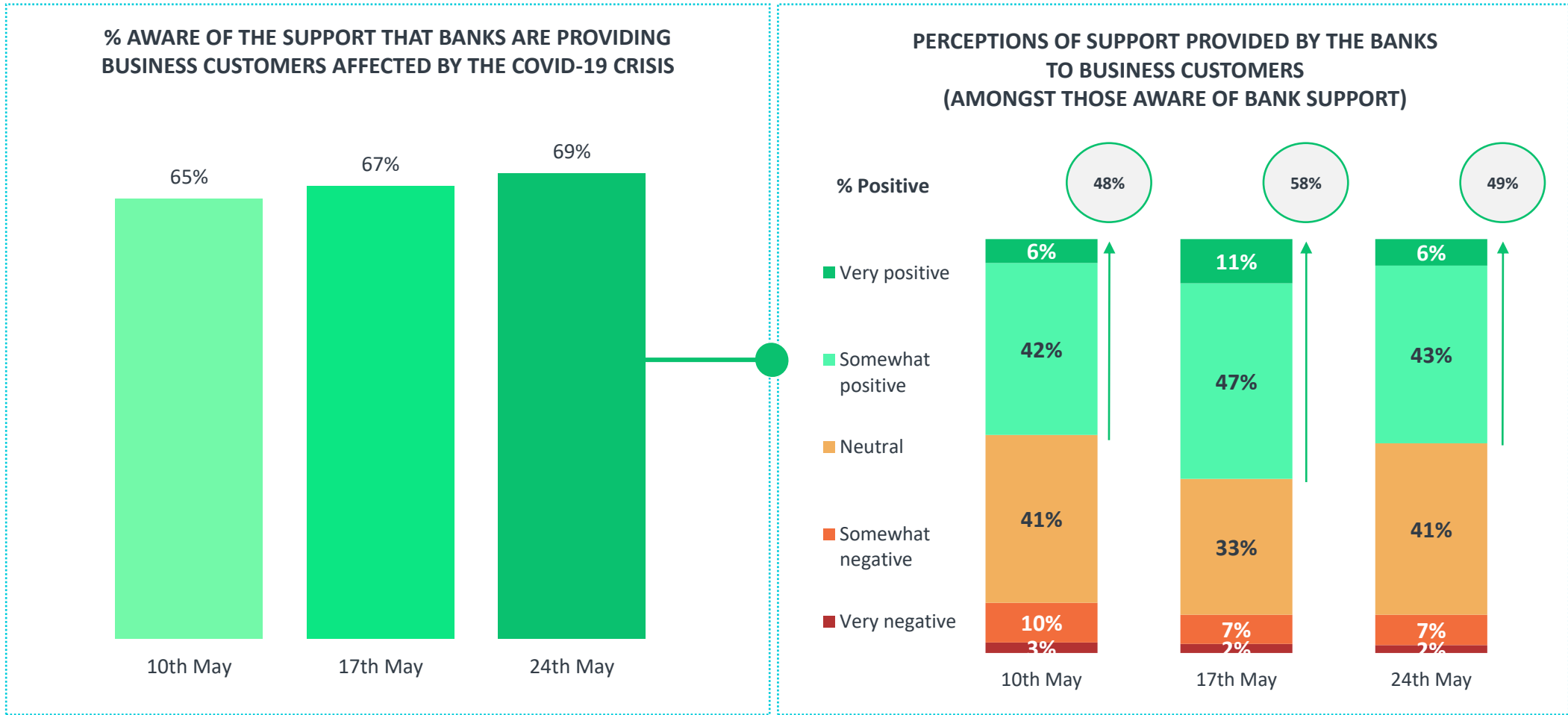
Steady increase in the intent to invest in agricultural, construction or earthmoving equipment.

WHAT TYPE OF EQUIPMENT IF ANY, IS YOUR BUSINESS LIKELY TO PURCHASE TO TAKE ADVANTAGE OF THE INSTANT ASSET WRITE-OFF OR ACCELERATED DEPRECIATION DEDUCTIONS?



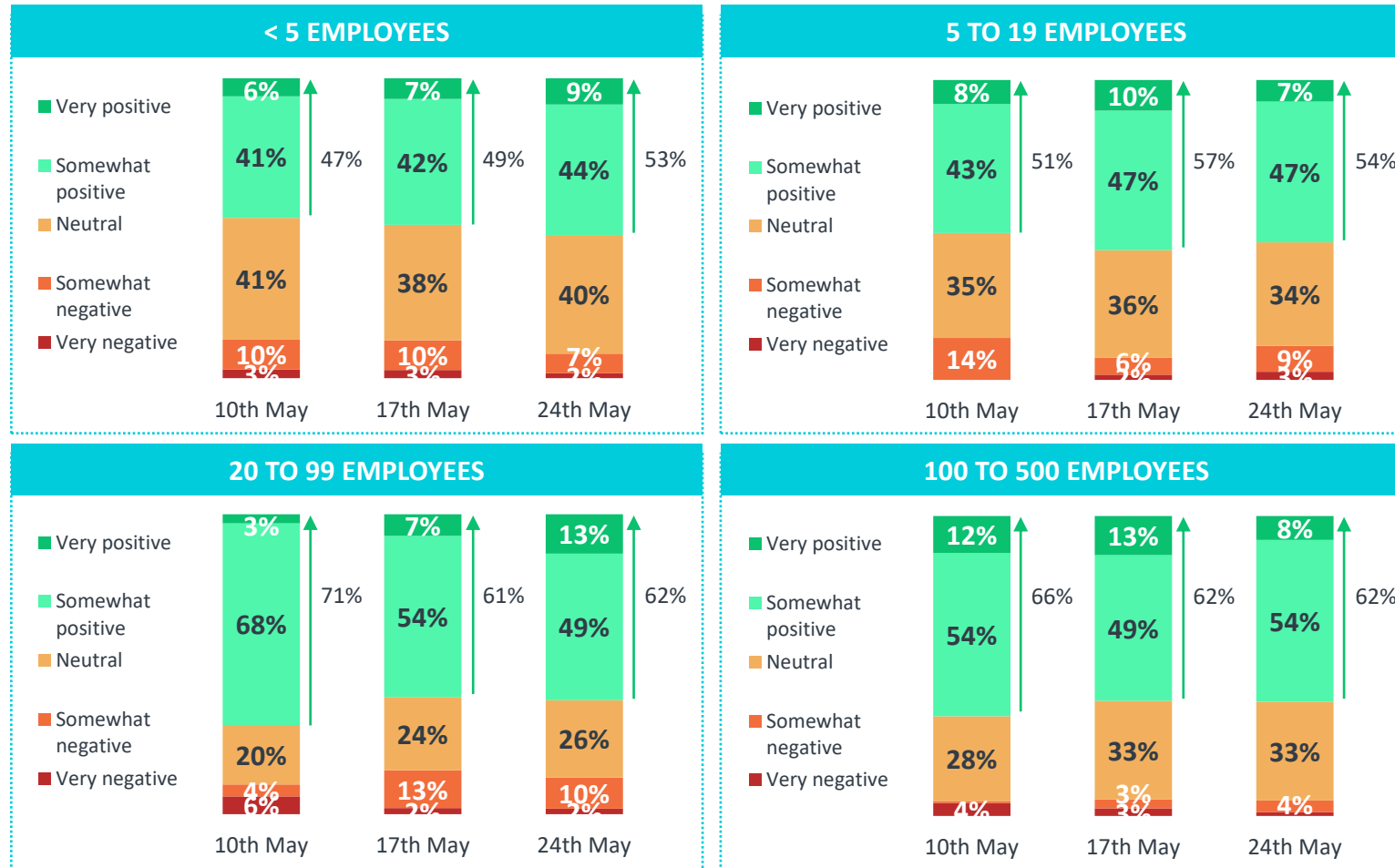
SUPPORT FROM THE BANKS

Awareness of bank support for SMEs during COVID-19 is gradually increasing. SMEs are generally positive with only 9% of respondents expressing negative sentiment.



SUPPORT FROM THE BANKS

Positive perceptions remain highest amongst the larger SMEs (businesses with at least 20 employees).



CONTENT

APPENDIX:

1 METHODOLOGY & SAMPLE

2 ABOUT ACA RESEARCH & FIFTH QUADRANT

METHODOLOGY

The COVID-19 Weekly Tracker was first launched w/e 5th April 2020.

In each week 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 week.



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

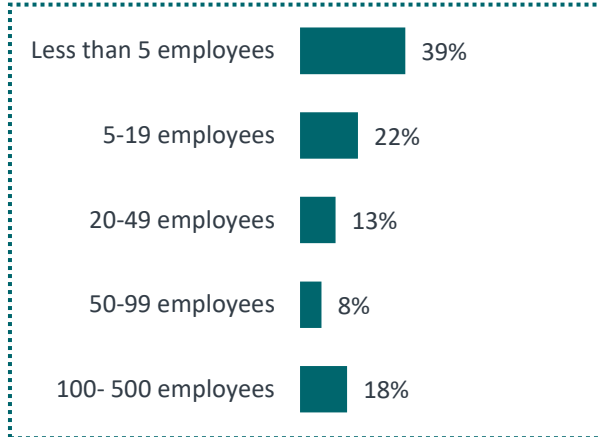


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

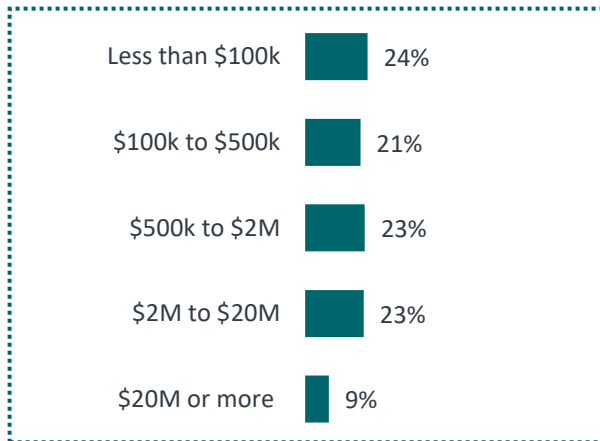
OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

SIZE OF BUSINESS: EMPLOYEES

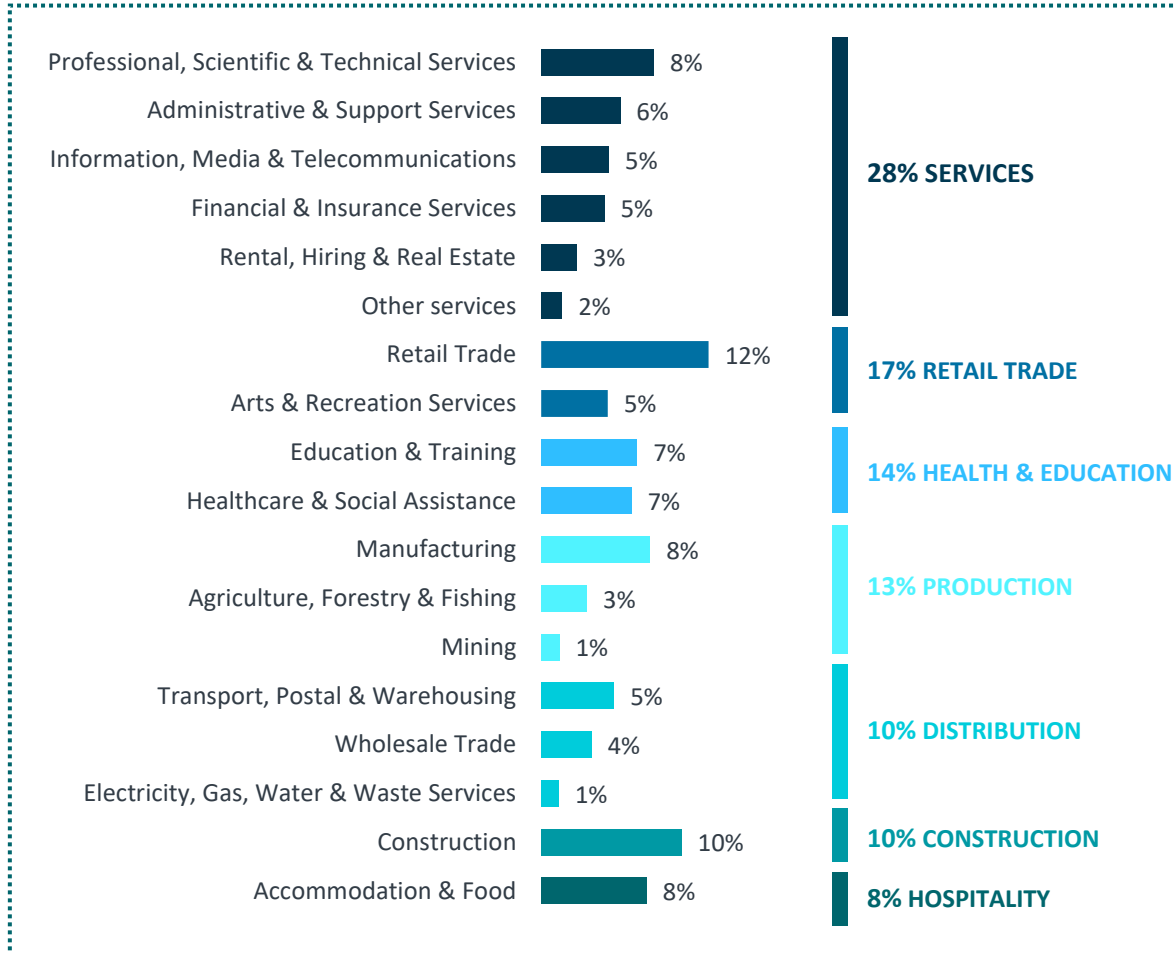


SIZE OF BUSINESS: TURNOVER



NOTE: CHARTS SHOW UNWEIGHTED DATA

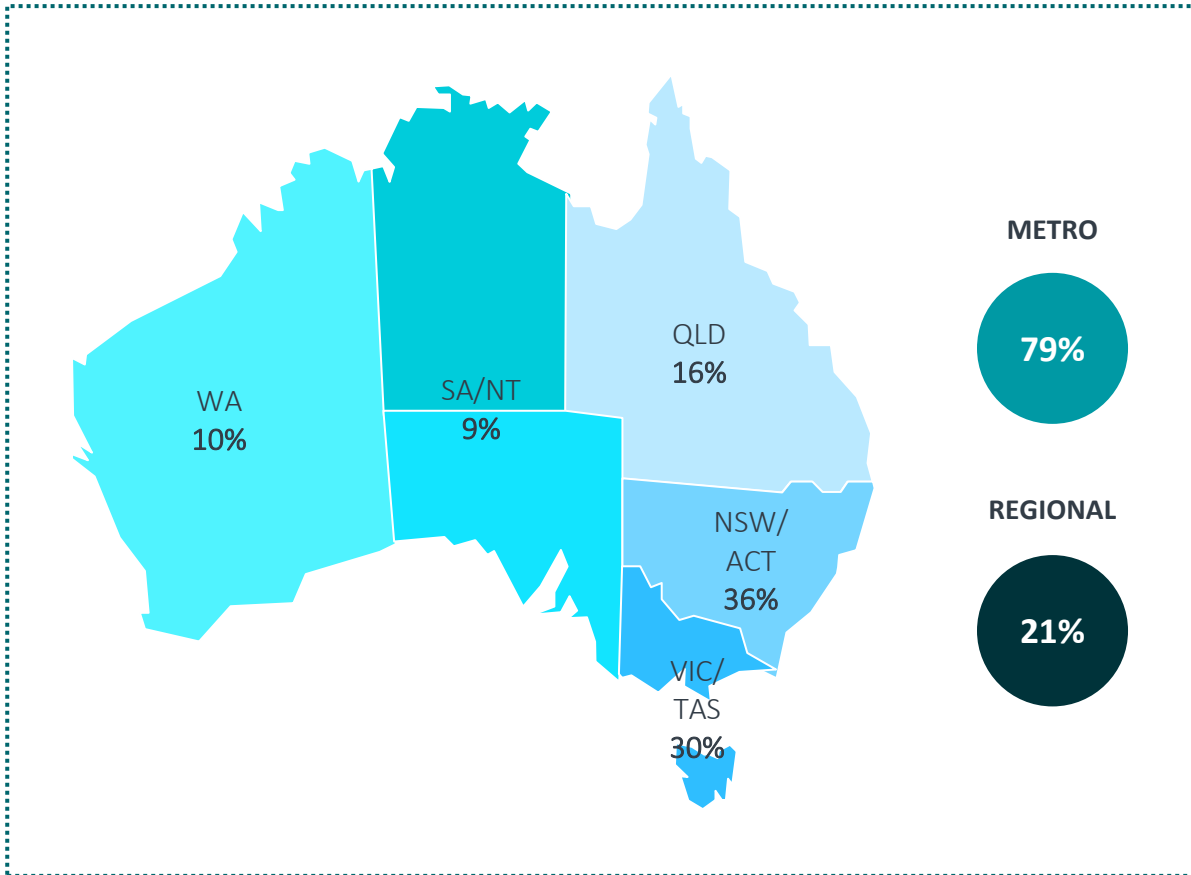
INDUSTRY SECTOR



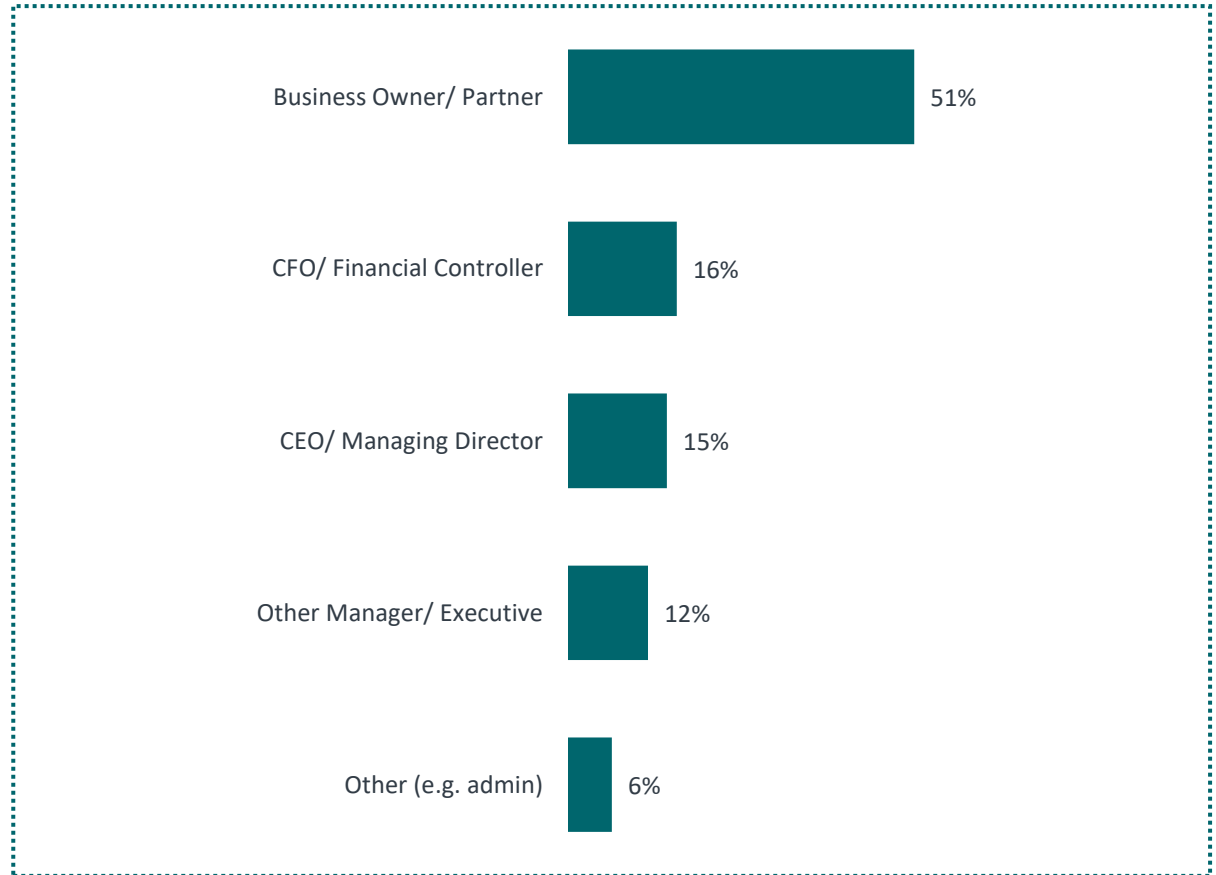
OUR SAMPLE

Key decision makers and influencers at SMEs across all states and territories responded to the survey, including metro and regional areas.

HEAD OFFICE LOCATION



POSITION IN BUSINESS



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

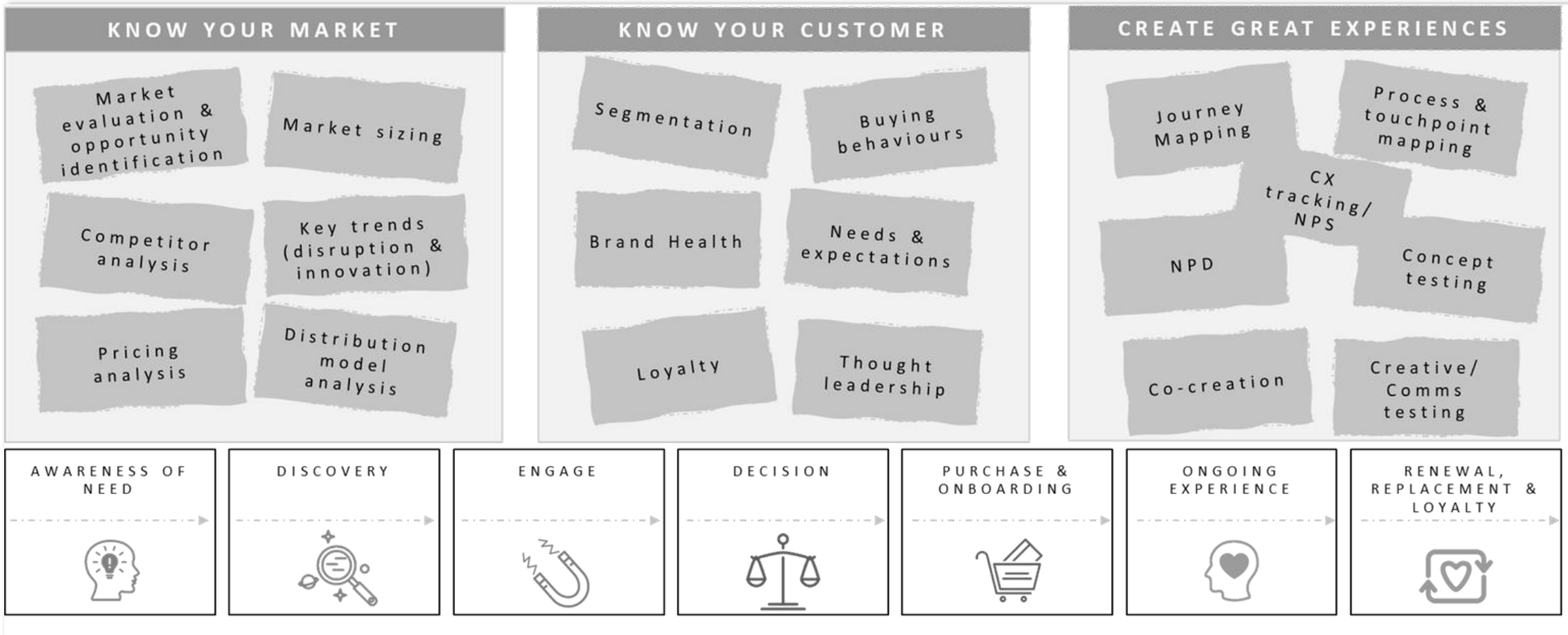
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

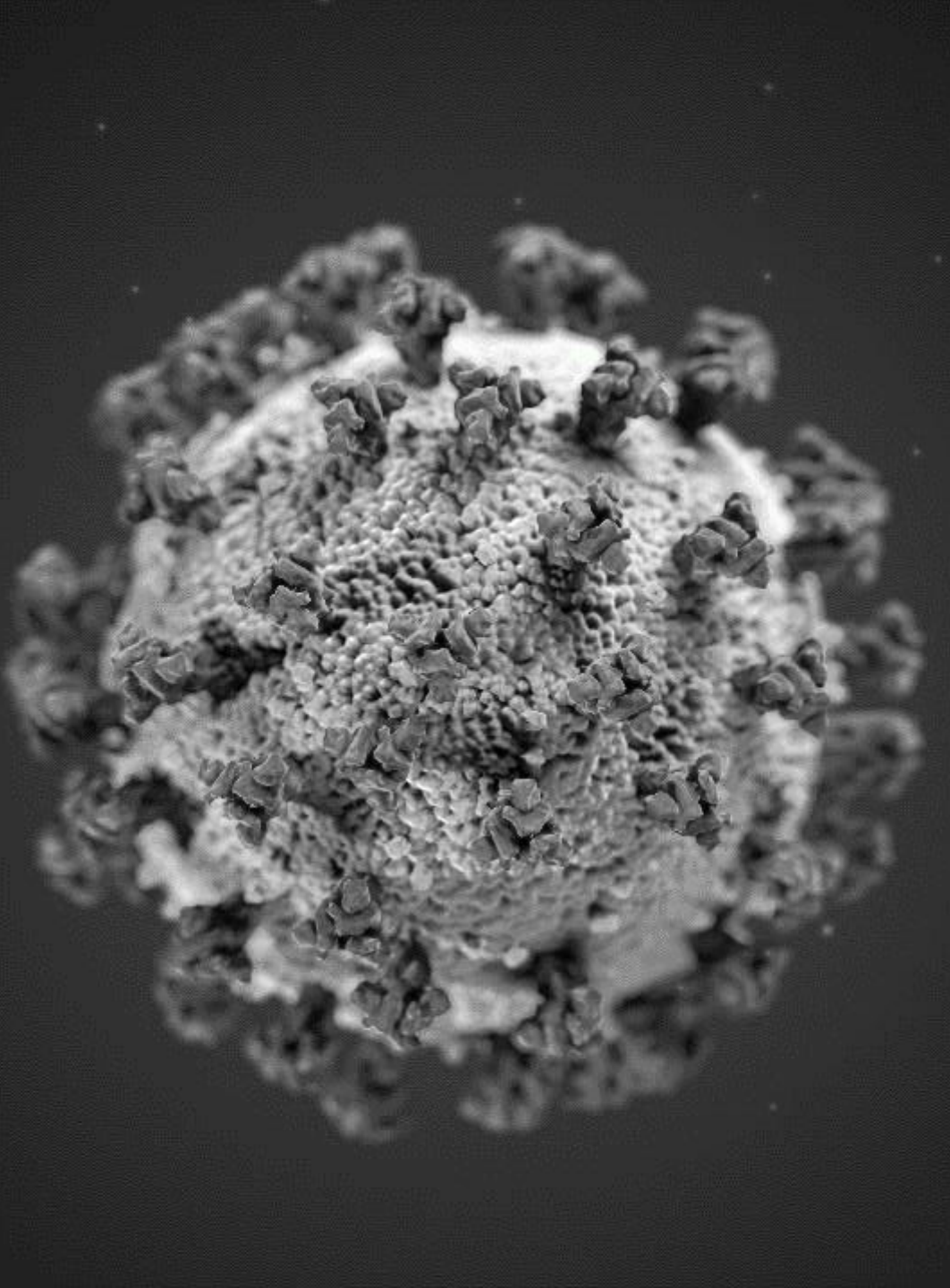
TO DELIVER
ACTIONABLE
RECOMMENDATIONS
AND ADVICE

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

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