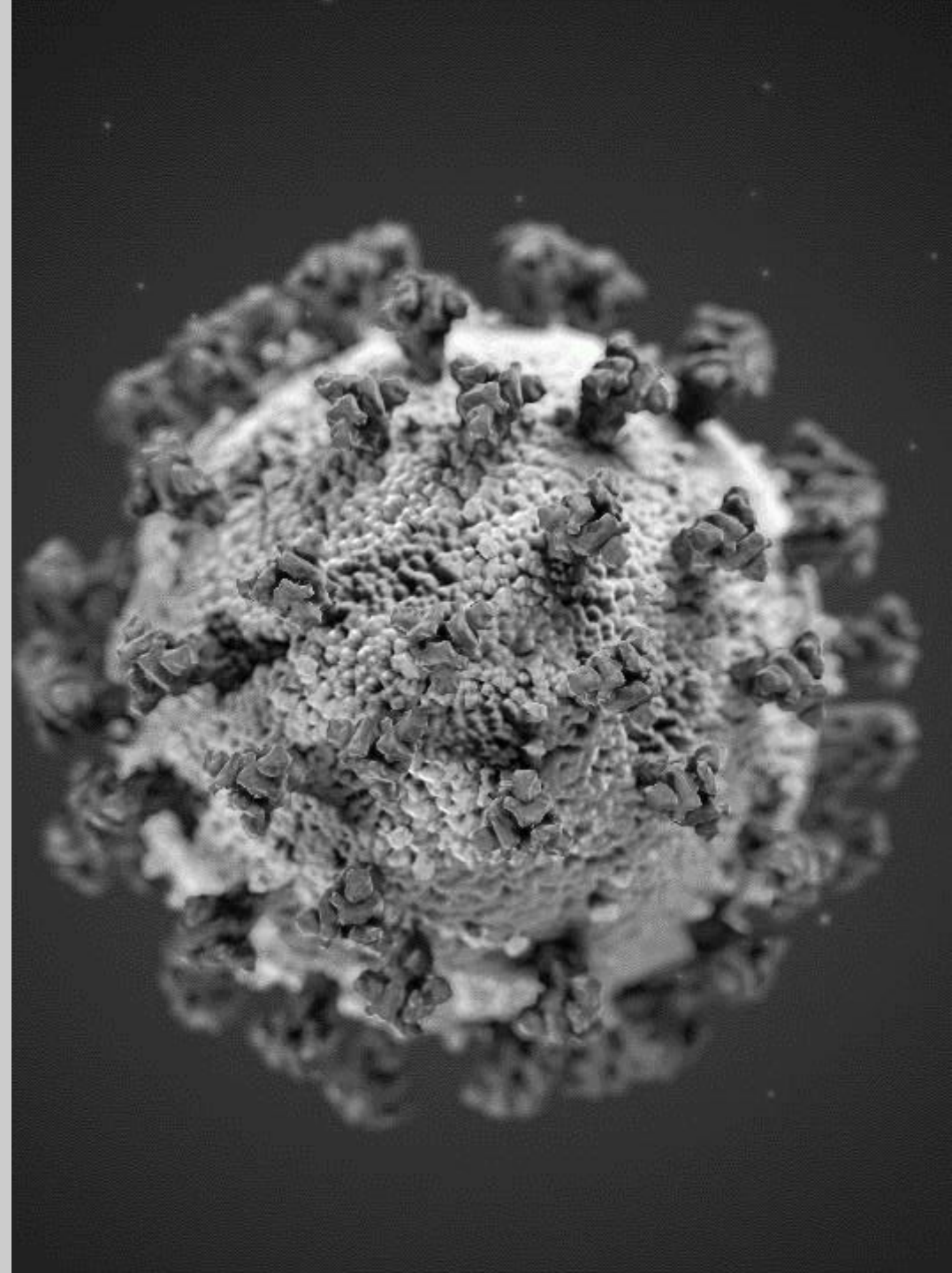


COVID-19
SMALL AND MEDIUM ENTERPRISE
SENTIMENT TRACKER

VEHICLE FLEET SNAPSHOT

25th May 2020



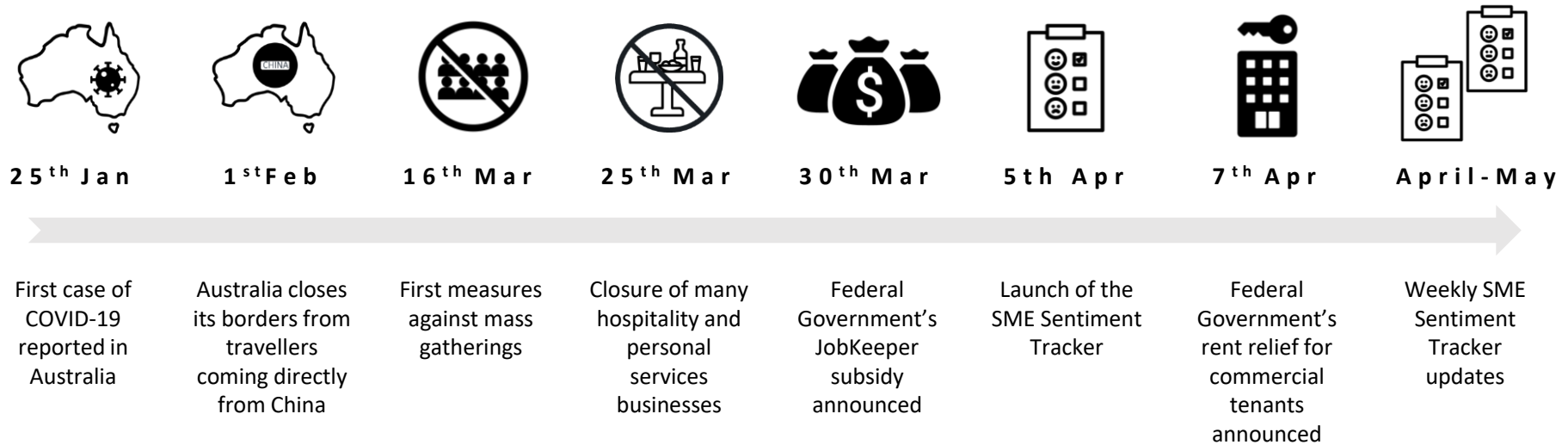
THE COVID-19 SME WEEKLY TRACKER

Each week we survey 300 financial decision makers, from SMEs with up to 500 employees.

We cover a range of businesses across all industry sectors, states & territories in regional, rural & metro Australia.

Our focus in this fleet snapshot are businesses with a vehicle fleet. They make up 76% of the total sample interviewed across waves 4-6.

Weekly report and blog published on our website.



	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
TOTAL CASES	5,750	6,313	6,612	6,716	6,801	6,941
DAILY CASES	200	10	26	15	20	14
CURRENTLY INFECTED	4,633	2,916	2,311	1,258	889	674

VEHICLE FLEET SNAPSHOT KEY LEARNINGS



COVID-19 has decimated sales of new automotive vehicles.

Compared with April 2019, new sales to businesses of passenger, SUV and light commercial vehicles were down 50% from 31,244 to 15,758 in April 2020.



The Government stimulus package includes fiscal incentives to encourage investment in plant machinery and equipment.



Purchasing intent for light commercial vehicles, light duty trucks and passenger vehicles is buoyed by the Instant Asset Write-off and Accelerated Depreciation Deductions tax incentives.



Revenues are declining with 56% of businesses using vehicles reporting falls of greater than 30%. As restrictions are now relaxing throughout Australia we expect these numbers to start looking more positive over the next few weeks.

There has been a **rise in the proportion of fleets intending to use the Instant Asset Write-Off and Accelerated Depreciation Deductions** provided by the Government to invest in new plant and equipment.

Nearly a third of SMEs with business vehicles now intend to use the Instant Asset Write-Off and a quarter intend to use the Accelerated Depreciation Deductions. These numbers are likely to increase as another quarter are undecided at this stage.

The proportion of truck fleets intending to use the instant asset write-off has remained strong and intent among those with a passenger vehicle has increased indicating a **much needed boost for automotive dealerships** before the end of financial year.

Businesses with vehicles are **most likely to purchase light commercial vehicles, light duty trucks and passenger vehicles** to take advantage of the instant asset write-off increase or accelerated depreciation deductions. Among those that plan to use these tax incentives, 43% of businesses with trucks intend to purchase light duty trucks, 39% of businesses with light commercial vehicles intend to purchase a ute or van and 36% of businesses with only use passenger vehicles (including SUVs) intend to purchase passenger vehicles.











Among those that plan to use these tax incentives, demand varies by sector with 41% of those in construction looking to purchase a light commercial vehicle and 30% of those in distribution looking to purchase light duty trucks. Intent to purchase passenger vehicle sales is strongest among services (43%) and production (32%) businesses that plan to use these tax incentives.

In summary, the Government's Instant Asset Write-off and Accelerated Depreciation Deductions tax incentives are likely to provide a much needed boost to automotive dealerships. We also expect the growth in ecommerce, and demand for contactless delivery services to drive an uptake in sales of vans and light duty trucks. This will only become evident once May and June new vehicle sales data are released.

OUR SAMPLE

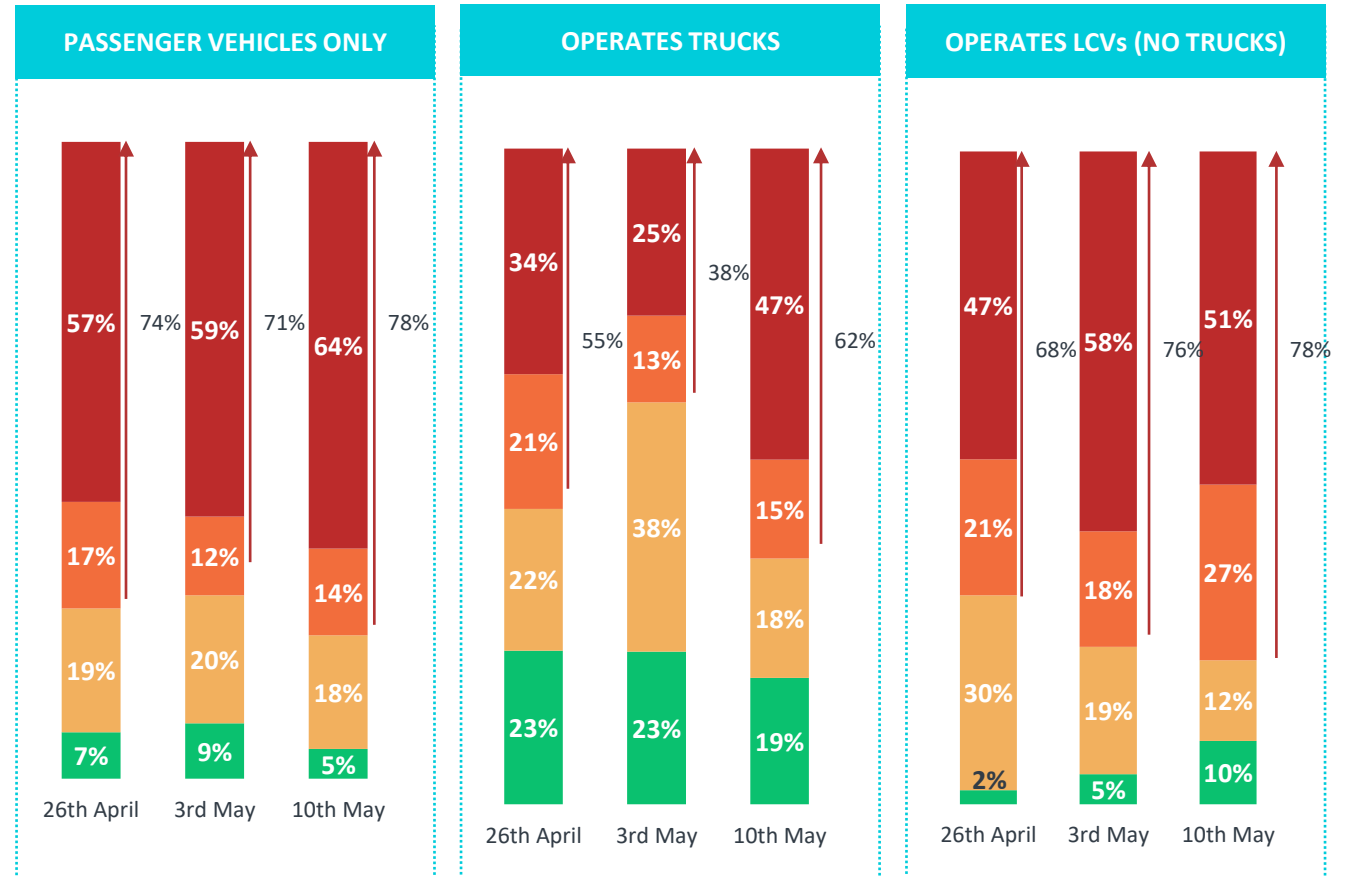
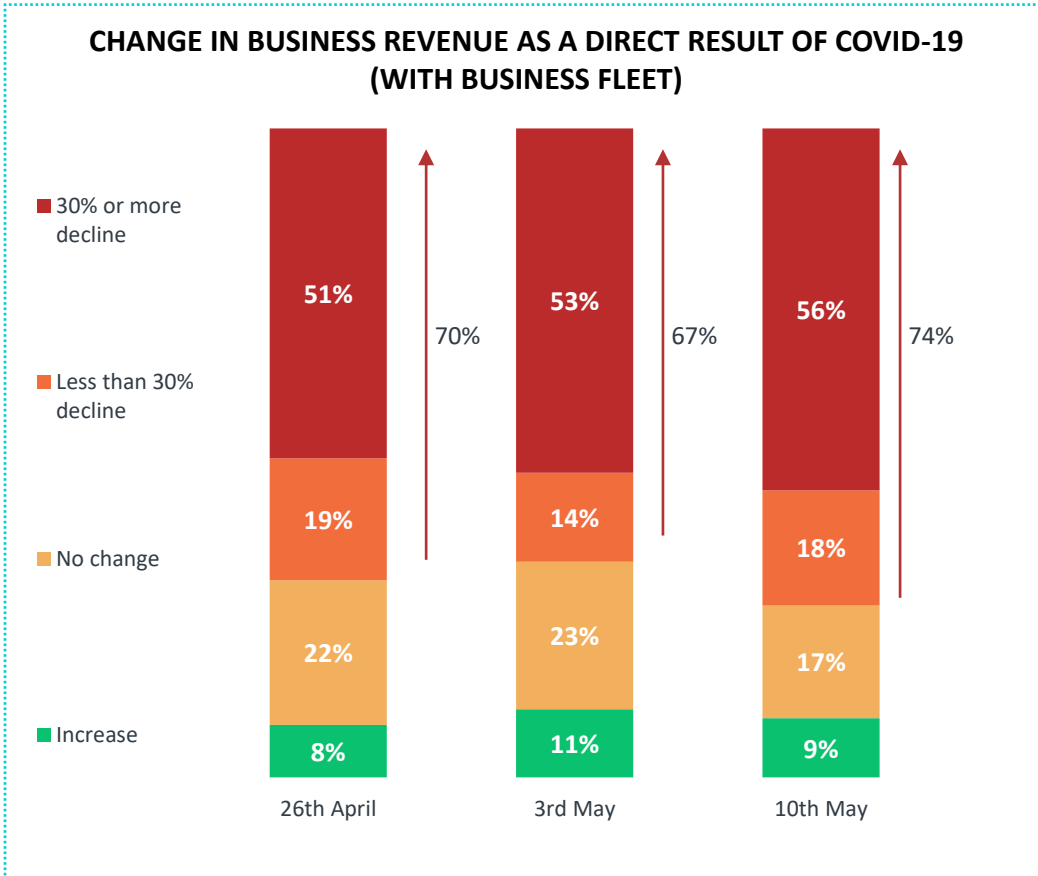
Construction, distribution and production businesses are most likely to be using light and heavy commercial vehicles in their business.

FLEET PROFILE BY INDUSTRY (Waves 4-6 combined)

							
	TOTAL	Hospitality	Retail	Construction	Distribution	Production	Services
 With business fleet	76%	71%	70%	95%	90%	96%	70%
 Passenger vehicles only	38%	34%	41%	16%	32%	15%	51%
 Operates trucks	14%	6%	12%	30%	35%	27%	4%
 Operates Light Commercial Vehicles (LCVs) (no trucks)	23%	28%	17%	50%	23%	43%	16%
Base n =	910	67	166	87	96	118	265
Note: respondents were asked which types of vehicles are used for company purposes which may include personal as well as company owned vehicles				Sig higher than total at 95% CI		Sig lower than total at 95% CI	

IMPACT OF COVID-19 ON BUSINESS REVENUE

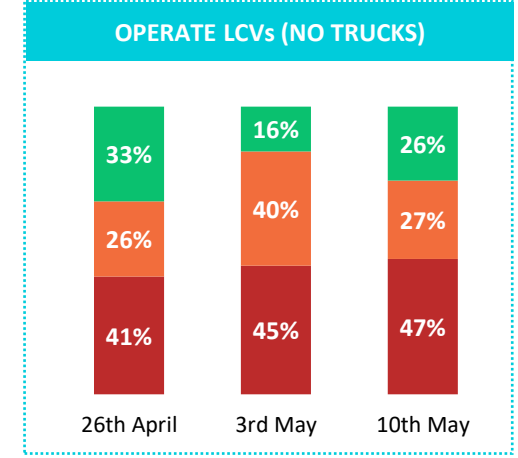
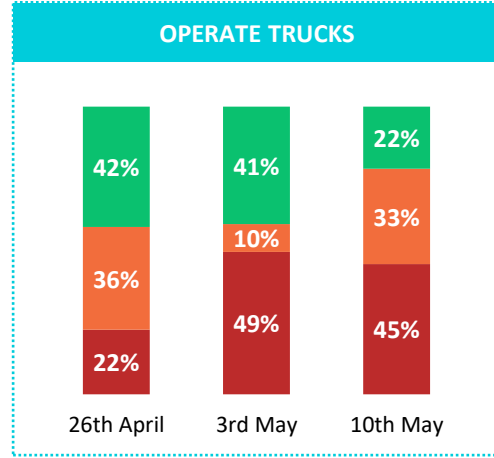
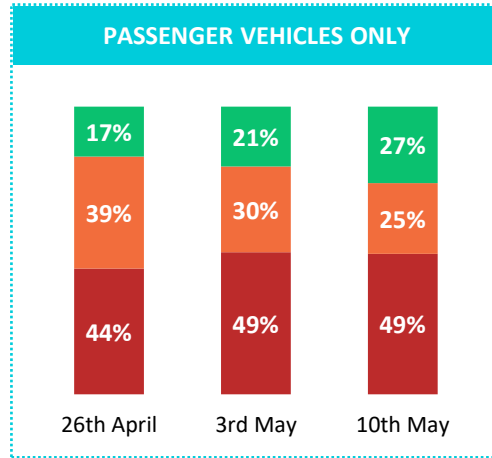
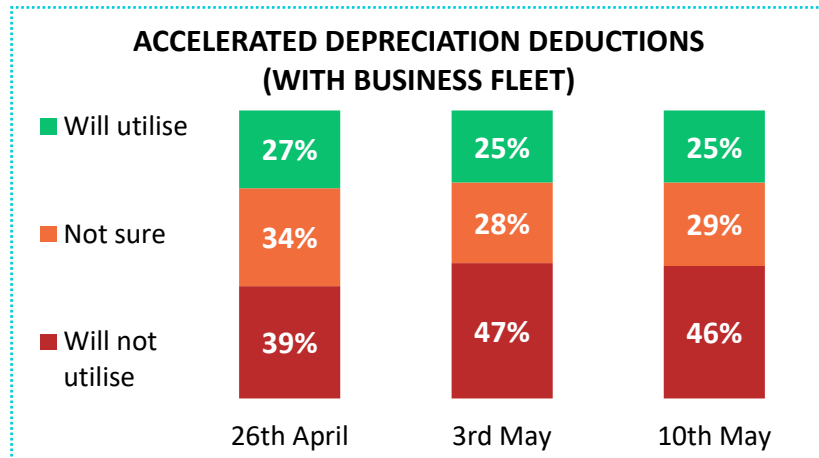
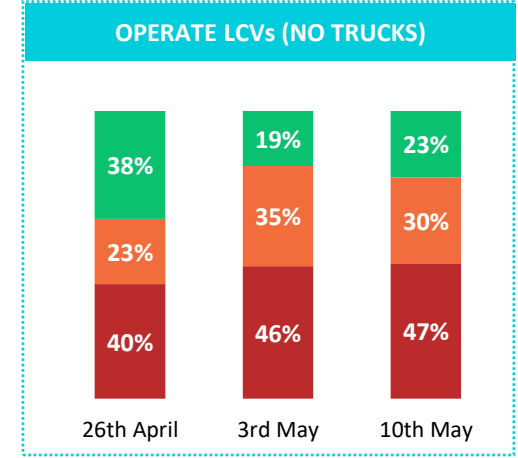
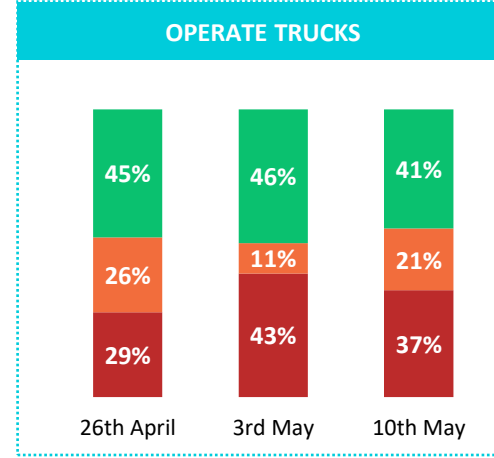
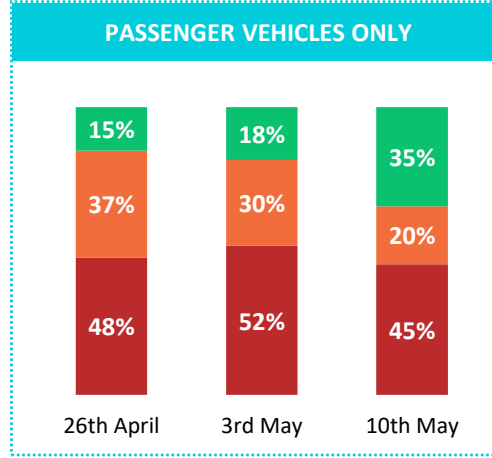
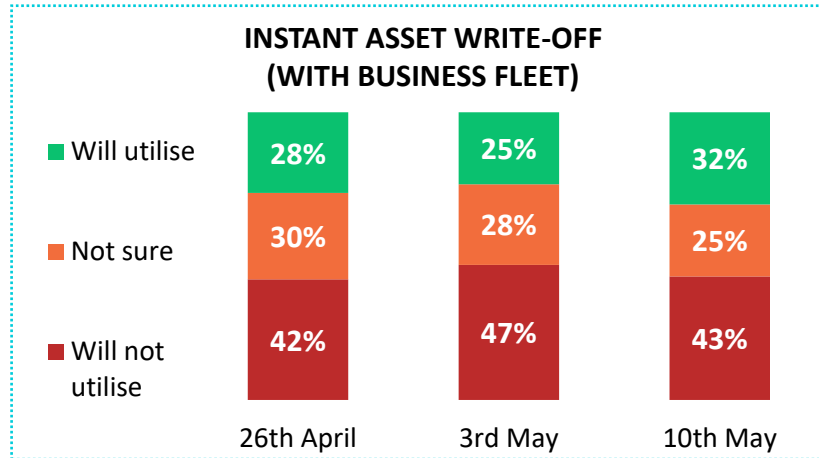
Weak revenues continue for most fleets, with truck operators starting to see numbers declining.



BUSINESS INVESTMENT

There has been a rise in the proportion of fleets intending to use the Instant Asset Write-Off and Accelerated Depreciation Deductions provided by the Government to invest in new plant and equipment. These numbers are likely to increase as another quarter are undecided at this stage.

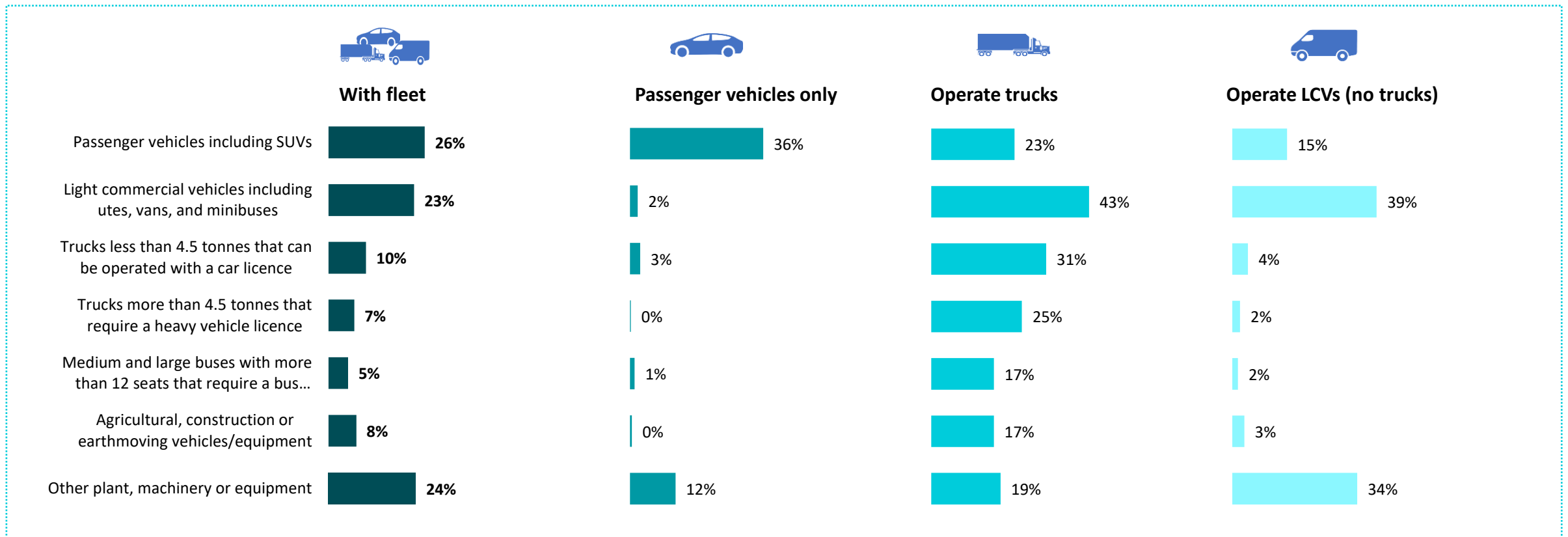
WHICH OF THE FOLLOWING GOVERNMENT SITMULUS AND SUPPORT MEASURES WILL YOUR BUSINESS UTILISE TO HELP YOU THROUGH THE COVID-10 CRISIS?



Purchasing intent is highest for light commercial vehicles, light duty trucks and passenger vehicles

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?








Data from 20th April – 10th May 2020



Demand varies by sector with those in construction looking to purchase vans and utes and those in distribution looking to purchase light duty trucks

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?

WITH BUSINESS FLEET INTENDING TO USE EITHER TAX INCENTIVE BY INDUSTRY (Weeks 4-6 combined)

								
	Total with business fleet	Hospitality	Retail	Construction	Distribution	Production	Services	
Passenger vehicles including SUVs	26%	23%	20%	20%	8%	32%	43%	
Light commercial vehicles including utes, vans, and minibuses	23%	14%	41%	41%	21%	24%	4%	
Trucks less than 4.5 tonnes that can be operated with a car licence	10%	20%	4%	14%	30%	6%	3%	
Trucks more than 4.5 tonnes that require a heavy vehicle licence	7%	12%	8%	10%	14%	4%	2%	
Medium and large buses with more than 12 seats that require a bus driver licence	5%	17%	6%	0%	11%	3%	3%	
Agricultural, construction or earthmoving vehicles/equipment	8%	4%	7%	3%	1%	30%	3%	
Other plant, machinery or equipment	24%	33%	21%	32%	12%	48%	10%	
	<i>Base n =</i>	305	25	49	38	40	53	70
					Sig higher than total at 95% CI	Sig lower than total at 95% CI		

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

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.

LEADERS IN AUTOMOTIVE RESEARCH

PURCHASE JOURNEY

Search process



Dealership experience



Finance and insurance



POST SALE JOURNEY

Roadside assistance



Whole of ownership experience



Vehicle replacement



Refinancing



Research We Can Conduct At Different Stages In the Journey:

Lost lead management research

Customer journey mapping

Market evaluation and segmentation

Assessment of channel experience

Assessment of customer transactions

Assessment of brand engagement and advocacy

Concept and new product development

Experts In Accessing Specialised Audiences

Brokers



Fleet Leasing Companies



FMOs



Dealerships

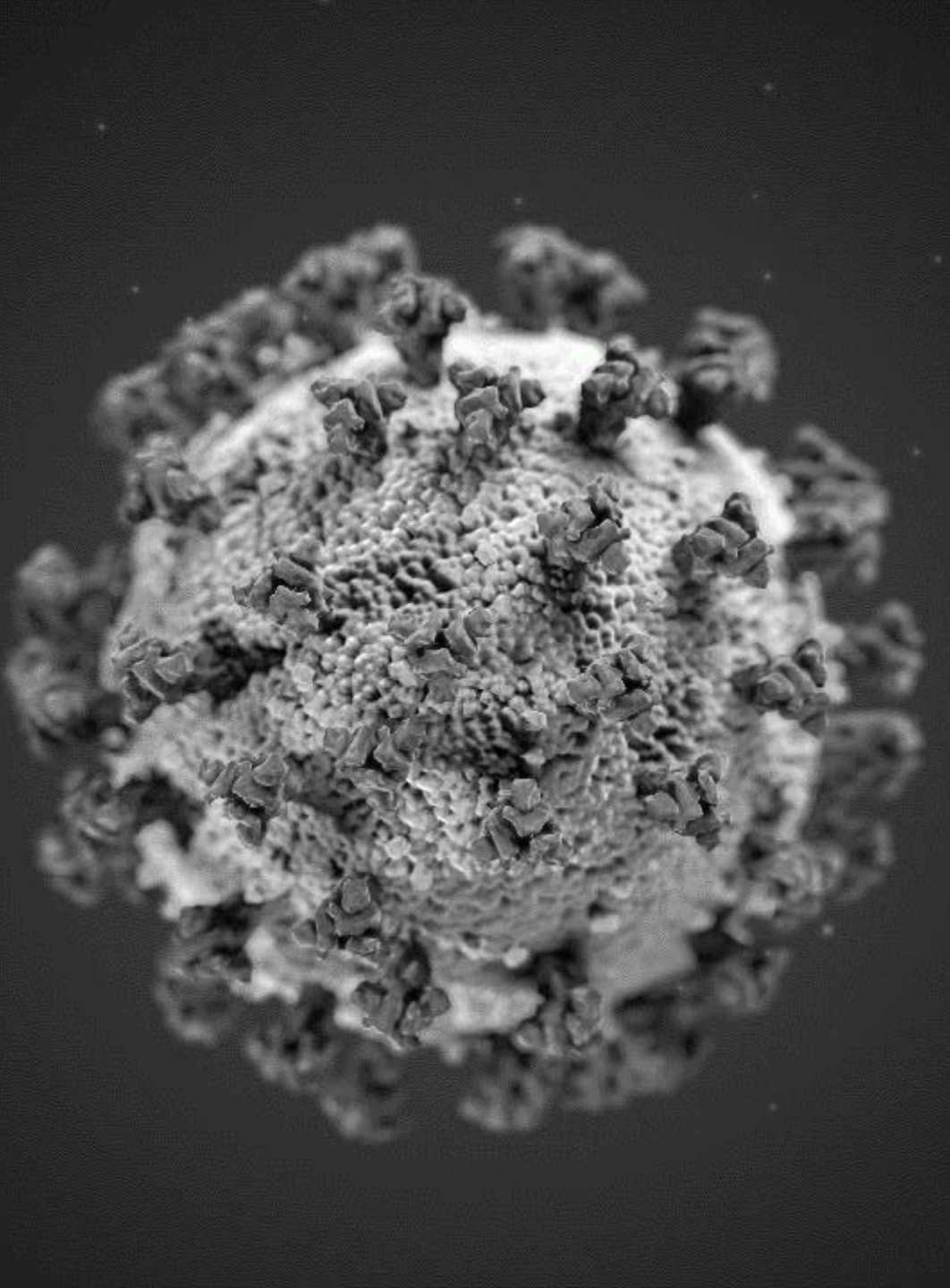


Asset Financing Companies



Accountants





THANK YOU!

FOR FURTHER INFORMATION, PLEASE CONTACT:

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