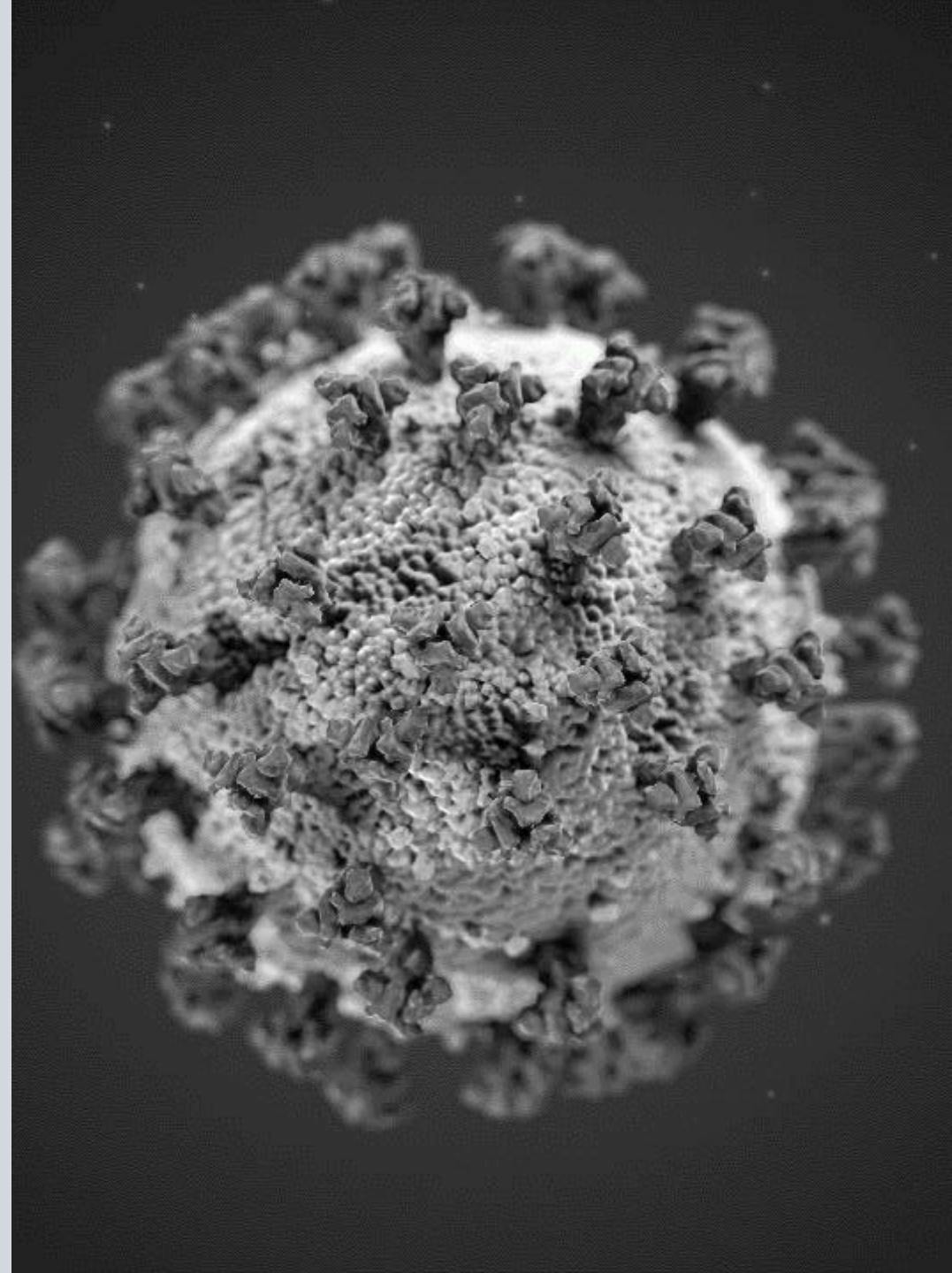


# COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 18 –

12<sup>th</sup> 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.

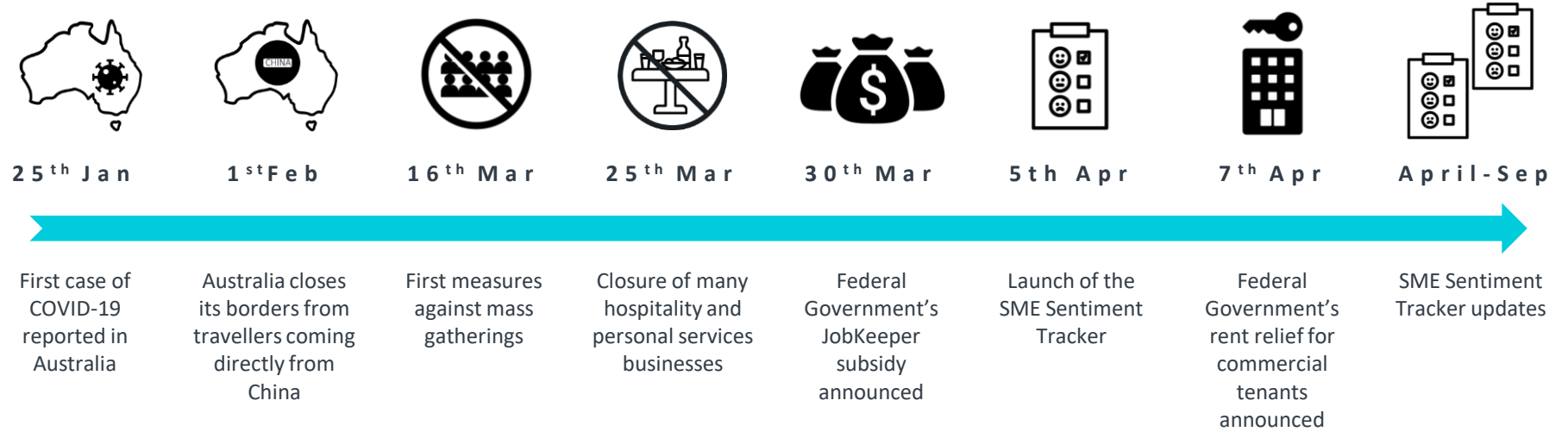
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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
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
DAILY NEW CASES	200	10	26	15	20	14	17	3	10	5	25	87	361	641	253	123	44	24
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

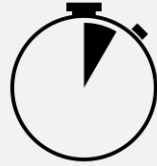
Source: <https://www.worldometers.info/coronavirus/>

# 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



**60% of SMEs reporting a decline in revenue, lowest since the inception of this research**



**44% of SMEs expect business revenue to return to pre-COVID levels by the end of 2020**



**37% of SMEs receiving JobKeeper compared to 47% a month earlier**



**12% of SMEs are now hiring**

Positive to report optimism continues to grow this wave, with 44% of SMEs now expecting revenues to return to pre COVID-19 levels by the end of 2020. This is an increase of 10%, from 34%, since the end of August. In line with rising revenues, the proportion of SMEs receiving JobKeeper has fallen to 37% from 47% a month earlier. We can also report that 28% of those currently receiving JobKeeper, claim they will not be eligible for payments moving forward and hence the cost burden for the Government should reduce significantly.

Profit increases and short-term revenue expectations are also trending upwards. The easing of lockdown in VIC has driven a significant uplift in confidence, with nearly 1 in 4 decision makers now expecting stronger revenues over the next 4 weeks, a 15% increase since the end of August.

We can also report initial signs of improvement in employment trends with 12% of SMEs currently hiring staff for both new and replacement roles. Larger businesses, particularly in the retail sector are leading the way in the employment recovery.

While expectations regarding the long-term impact on both the global and Australian economies remain weak, SMEs are more confident that both wage increases and business spending will rebound faster than indicated in previous waves of the research. Only 44% expect wage increases to be impacted for longer than 12 months compared to 58%, in early September.

Following a decline in the previous wave, satisfaction with the Federal Government's response to the pandemic has rebounded slightly from 55% to 59% this wave. However, satisfaction with State Governments in VIC, QLD and SA continue to decline as ongoing restrictions and border closures persist. Sentiment towards the Banks also continues to decline with an increasing proportion of SMEs unable to access finance and many others recommencing loan repayments.

In summary, confidence amongst SMEs is growing across the country, with rising revenues and profits reported in September. This trend is predicted to continue as the number of cases drop and borders reopen. This data is very positive bearing in mind the reduction in JobKeeper payments and the termination of other stimulus and incentives. It is now very important that any new COVID-19 outbreaks are contained to ensure SMEs have a clear pathway to recovery that will support job growth and business investment.

# CONTENT

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

1 IMPACT OF COVID-19 ON REVENUES

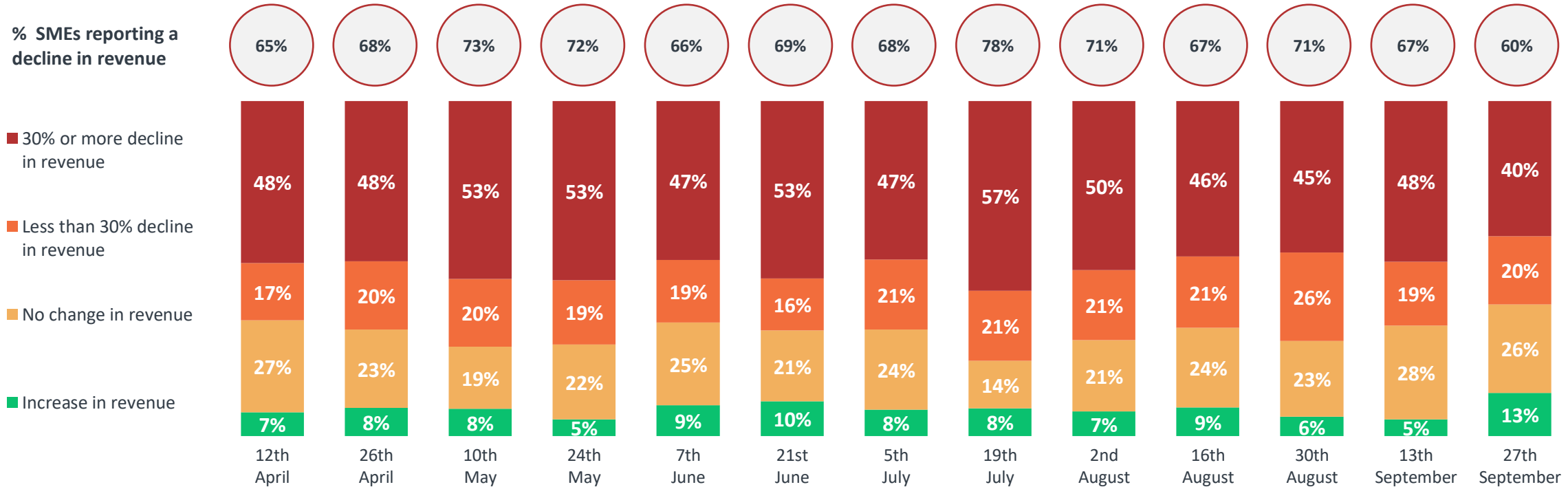
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

# DECLINE IN REVENUE DUE TO COVID-19

It is positive to report that the proportion of businesses reporting a fall in revenue due to COVID-19 has dropped to 60%, which is the lowest since the inception of the research.

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



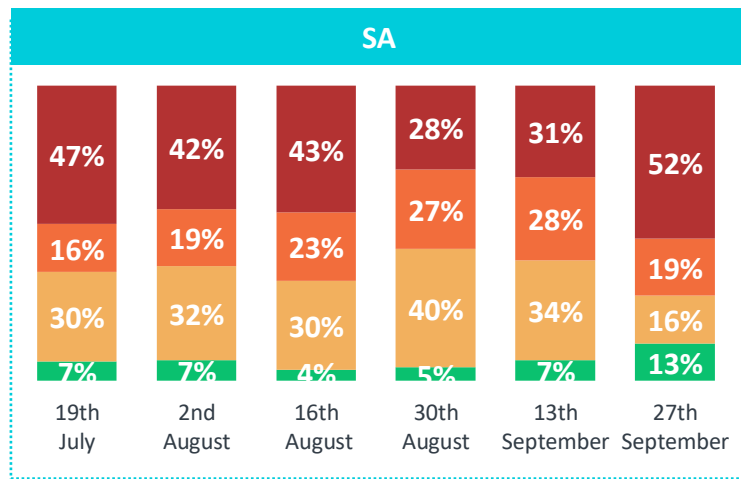
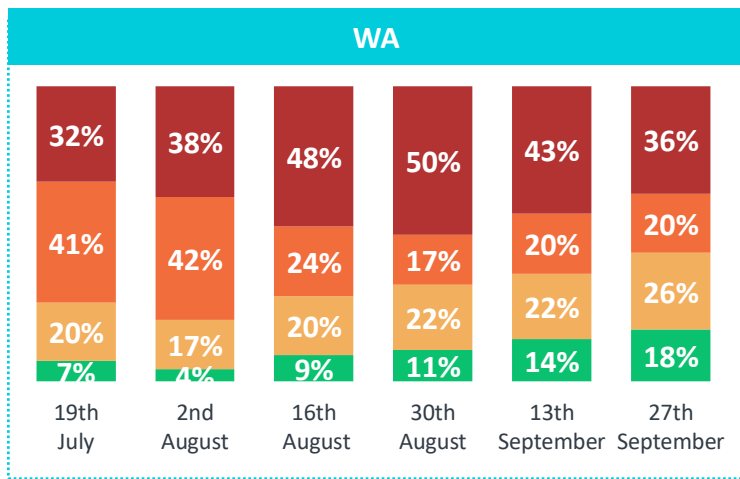
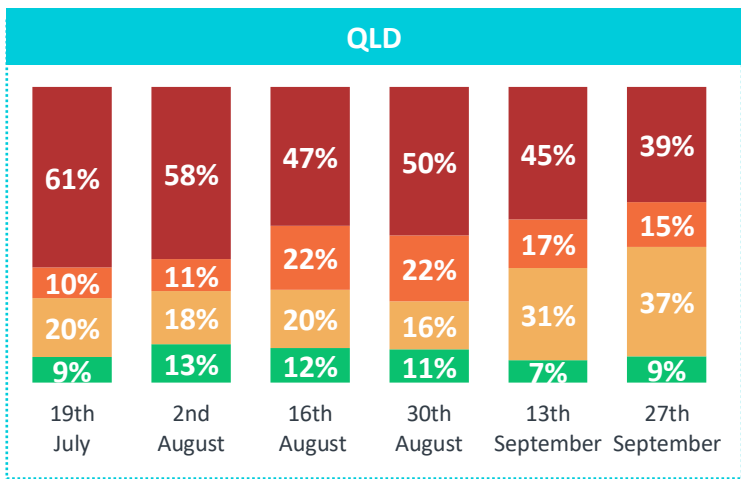
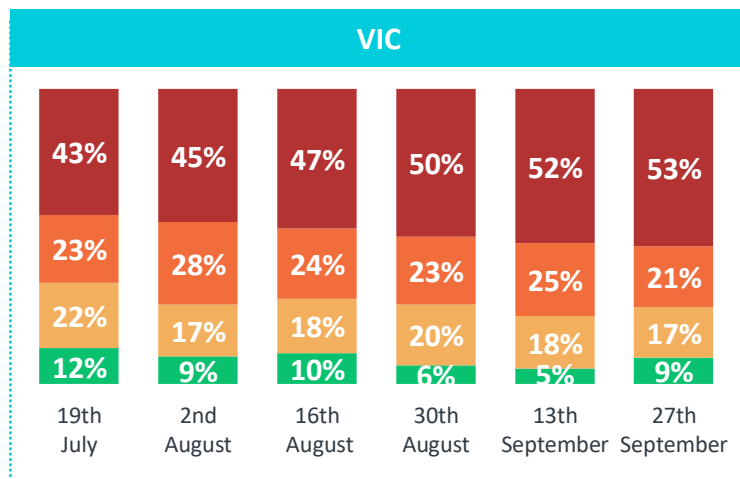
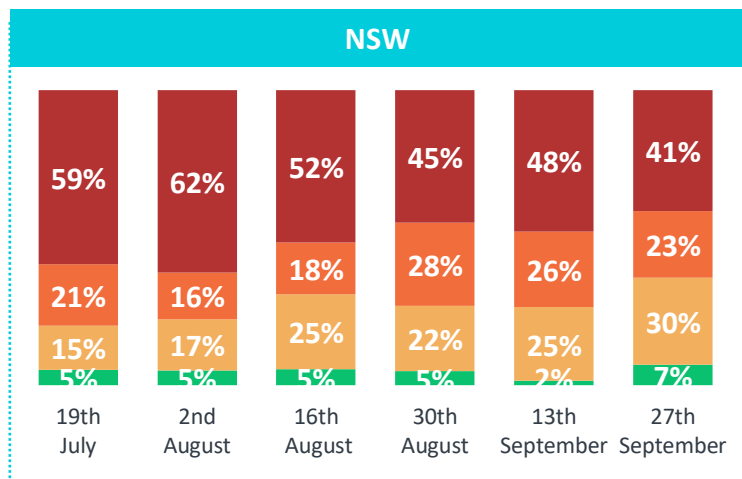
Mean % Change in revenue (all SMEs)	-34%	-35%	-34%	-32%	-29%	-29%	-31%	-33%	-29%	-30%	-29%	-29%	-23%
Mean % Change in revenue (amongst those reporting a decline in revenue)	-56%	-54%	-50%	-46%	-48%	-47%	-49%	-46%	-44%	-48%	-43%	-49%	-45%

# DECLINE IN REVENUE DUE TO COVID-19 BY STATE

With case numbers in VIC nearing single digits, positive to report declines in revenue look to have plateaued. The positive trend is strong in NSW, QLD and WA.

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

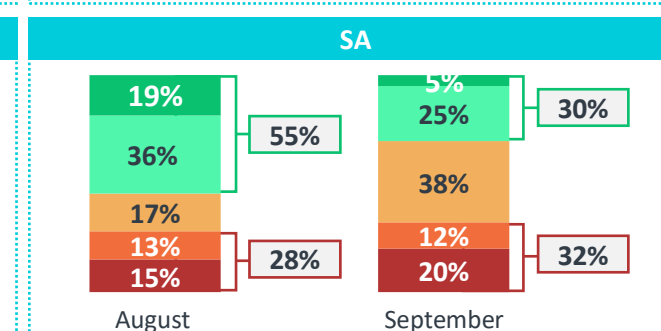
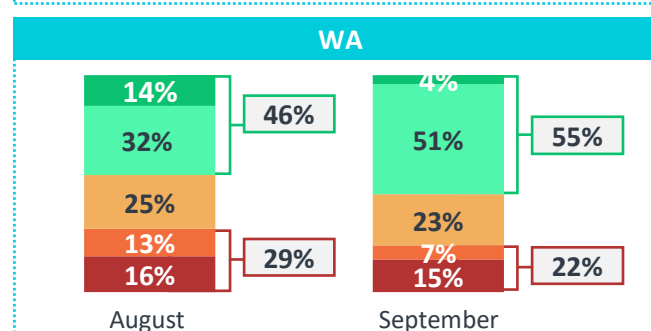
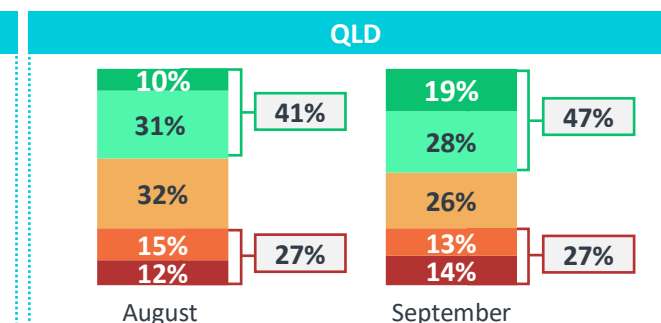
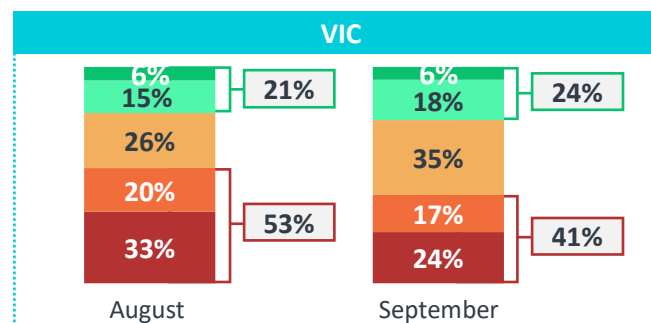
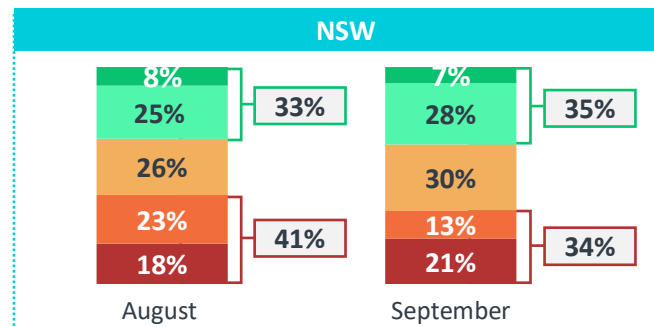
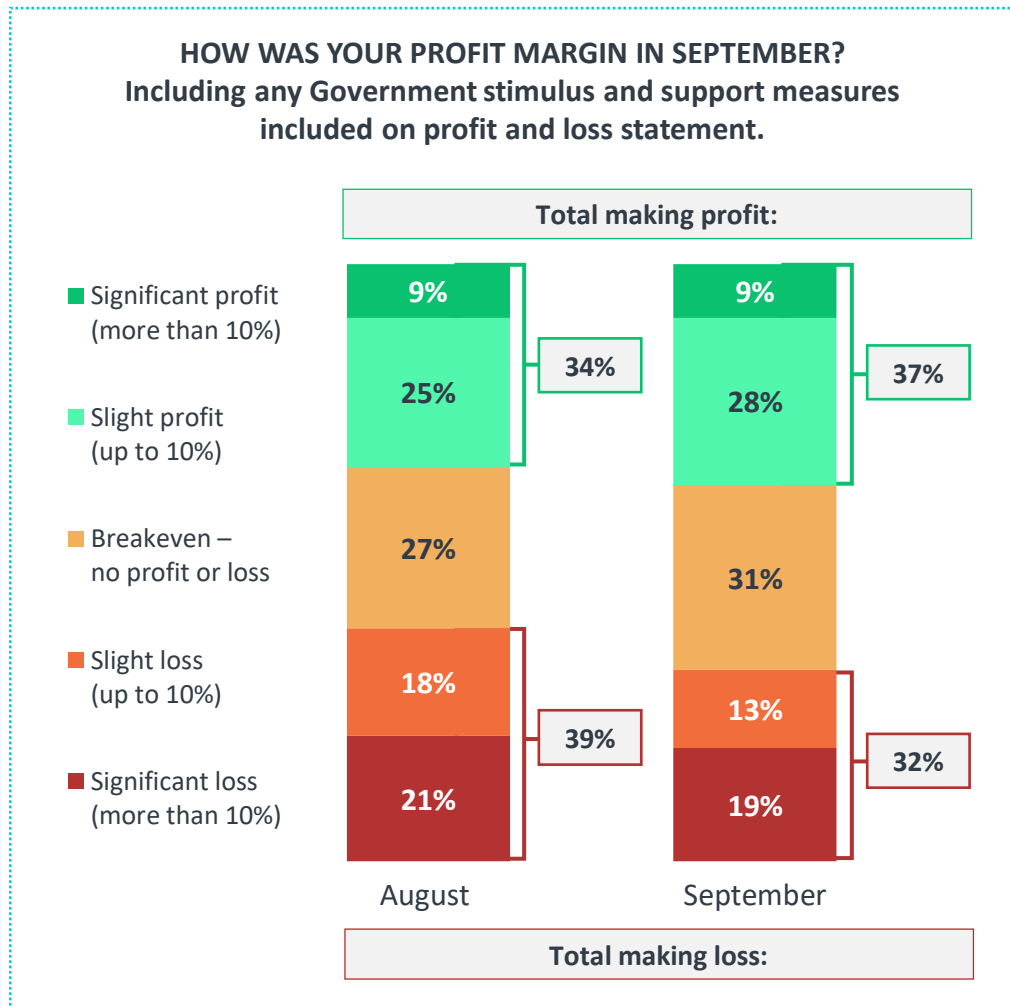
- 30% or more decline in revenue
- Less than 30% decline in revenue
- No change in revenue
- Increase in revenue





# PROFIT MARGIN

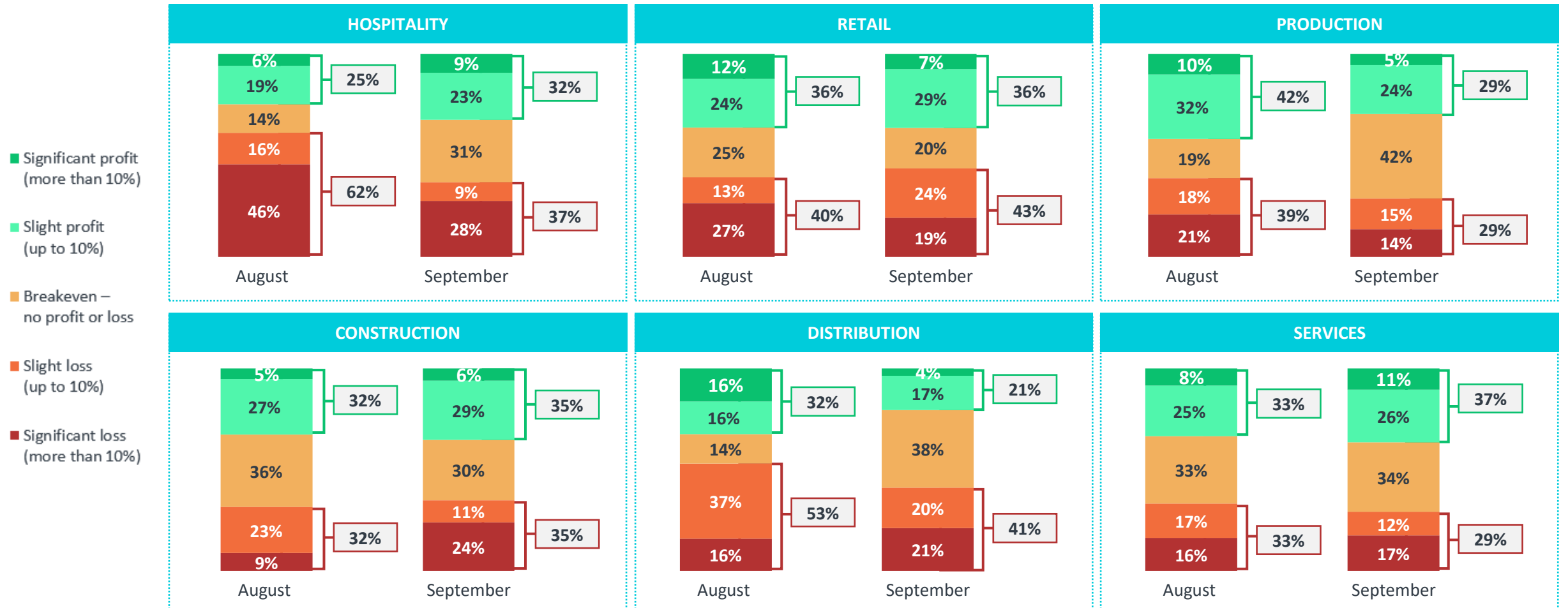
Proportion of businesses making a profit increased in September with QLD and WA SMEs leading the strongest performers.



# PROFIT MARGIN BY INDUSTRY

Profit trended up in most sectors including the hard hit hospitality sector, but the higher proportion of SMEs reporting a significant loss in construction is concerning.

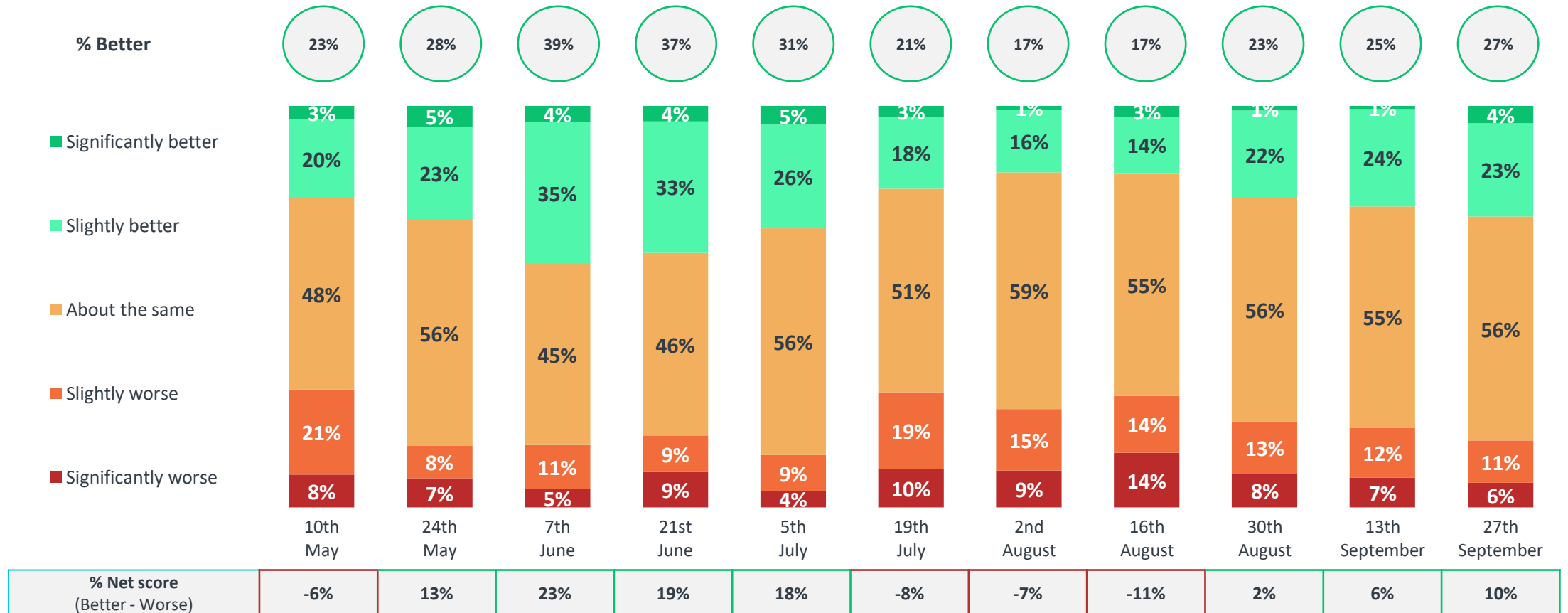
## HOW WAS YOUR PROFIT MARGIN IN SEPTEMBER?



# FUTURE REVENUE EXPECTATIONS

Improved revenues continue to increase optimism about short term revenue expectations.

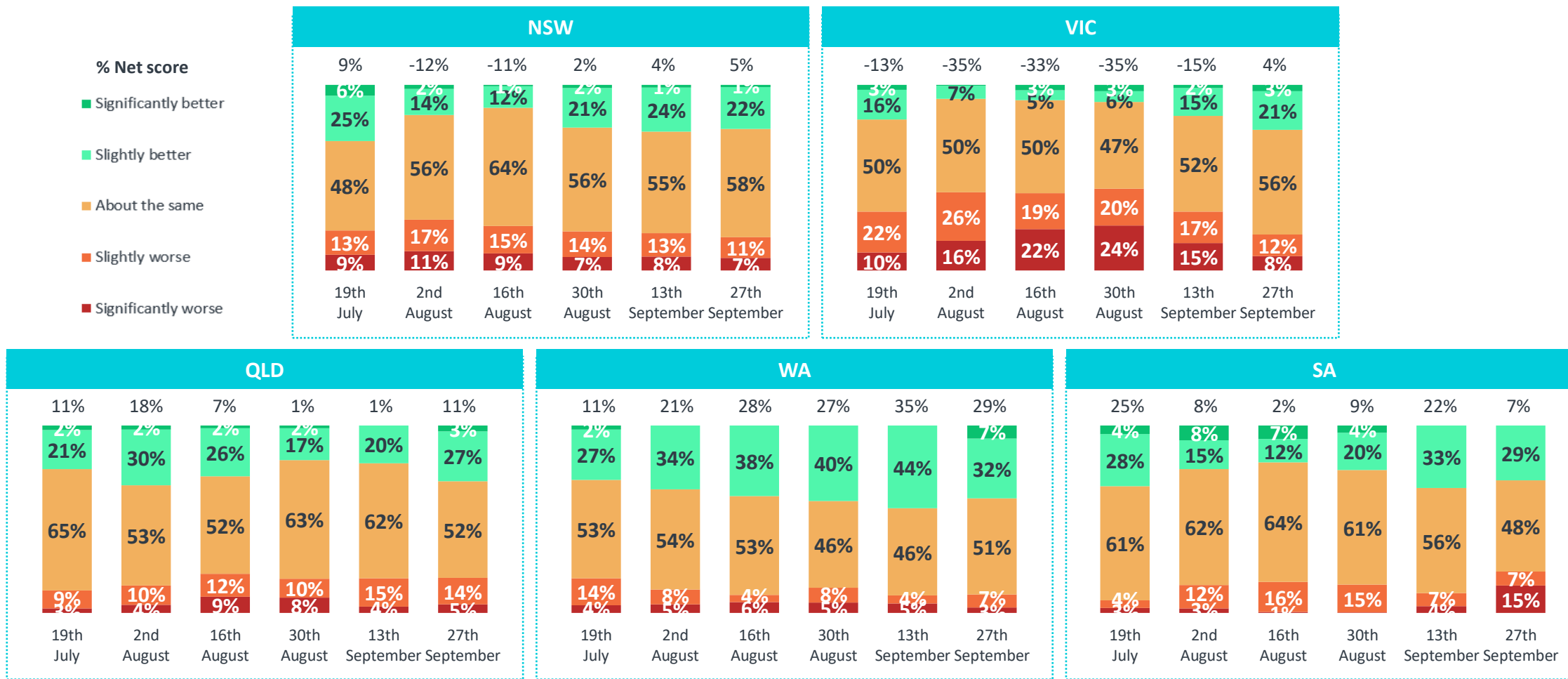
WHERE DO YOU EXPECT YOUR REVENUE TO BE IN 4 WEEKS' TIME, COMPARED TO TODAY?



# FUTURE REVENUE EXPECTATIONS BY STATE

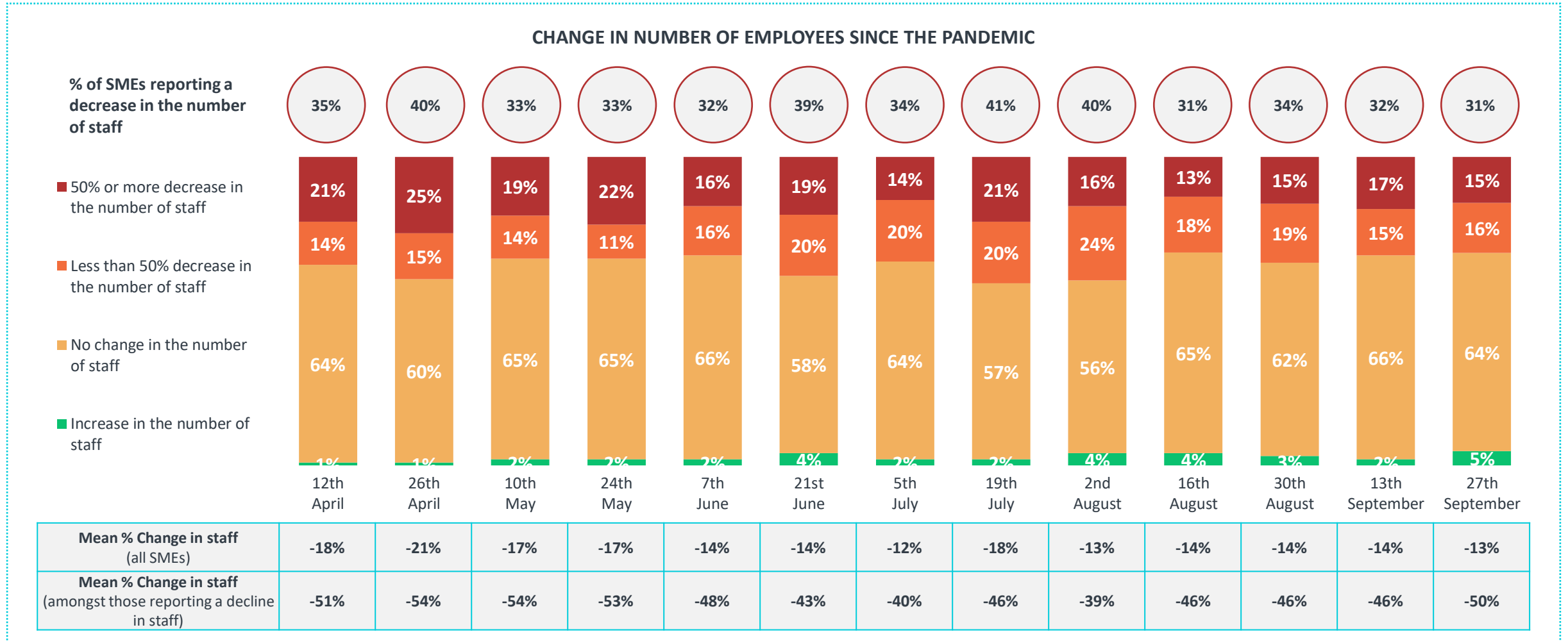
The easing of the lockdown in VIC has driven a significant uplift in optimism, with nearly 1 in 4 SME decision makers now expecting stronger short-term revenues, a 15% increase since the end of Aug.

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



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

Although no significant changes over the past month, there are initial signs of a slight improvement in employment numbers.

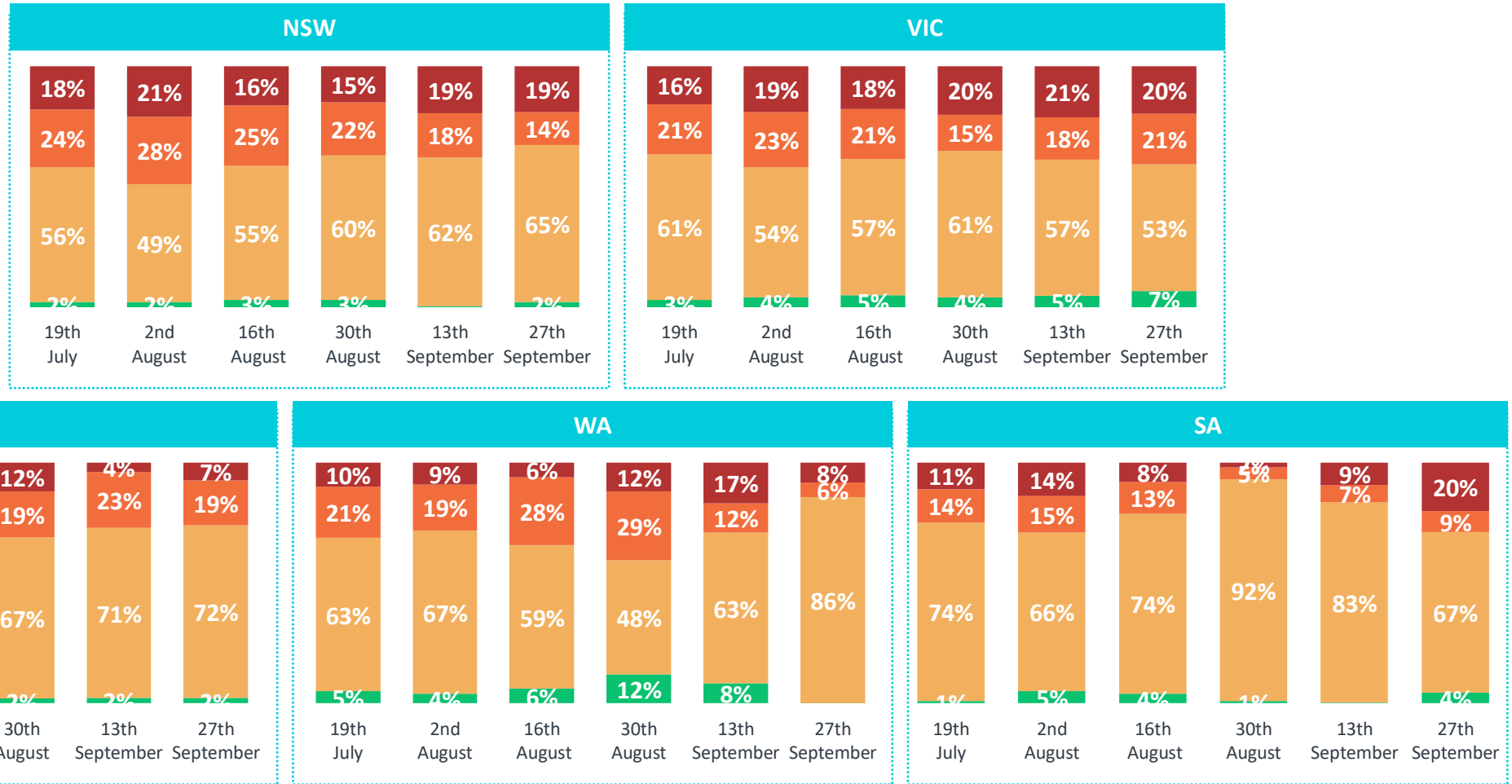


# PERCENTAGE CHANGE IN THE NUMBER OF STAFF BEFORE THE CRISIS VS NOW

Positive to see downticks in the proportion of SMEs decreasing staff numbers in NSW and WA.

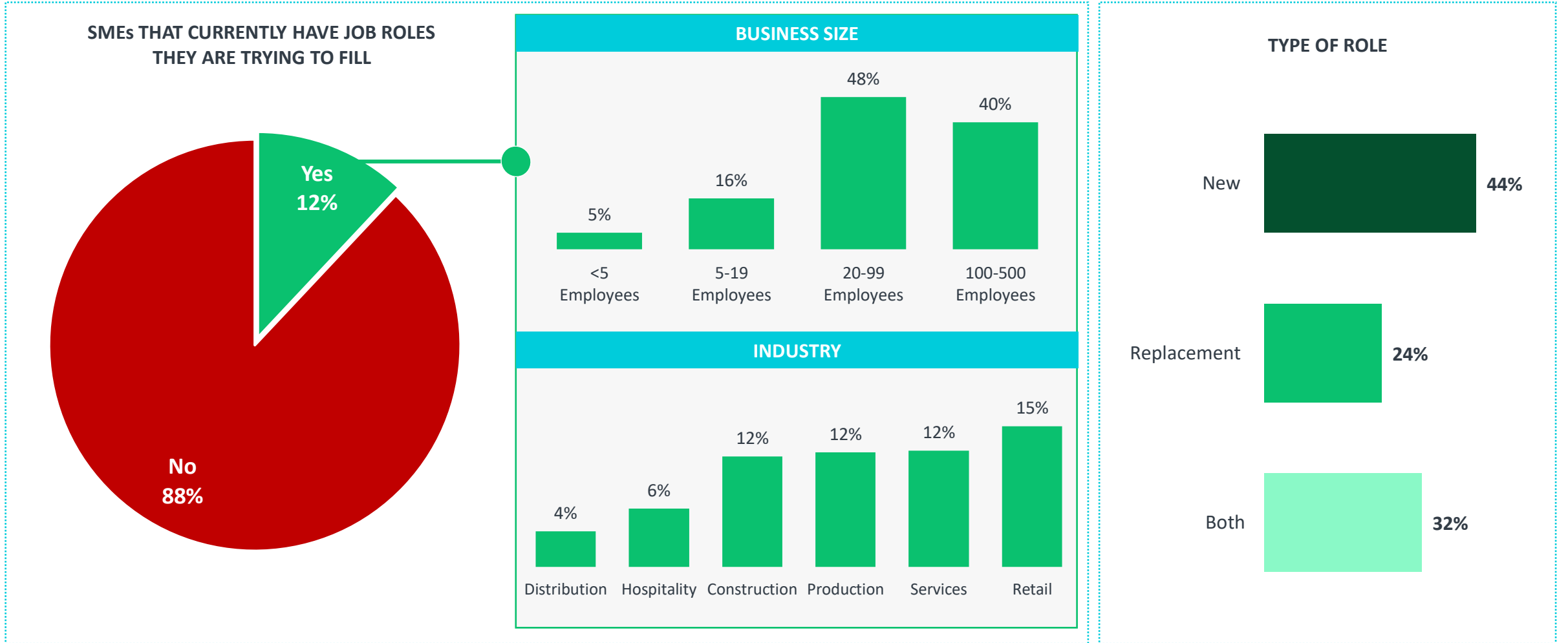
## CHANGE IN NUMBER OF EMPLOYEES SINCE THE PANDEMIC

- 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



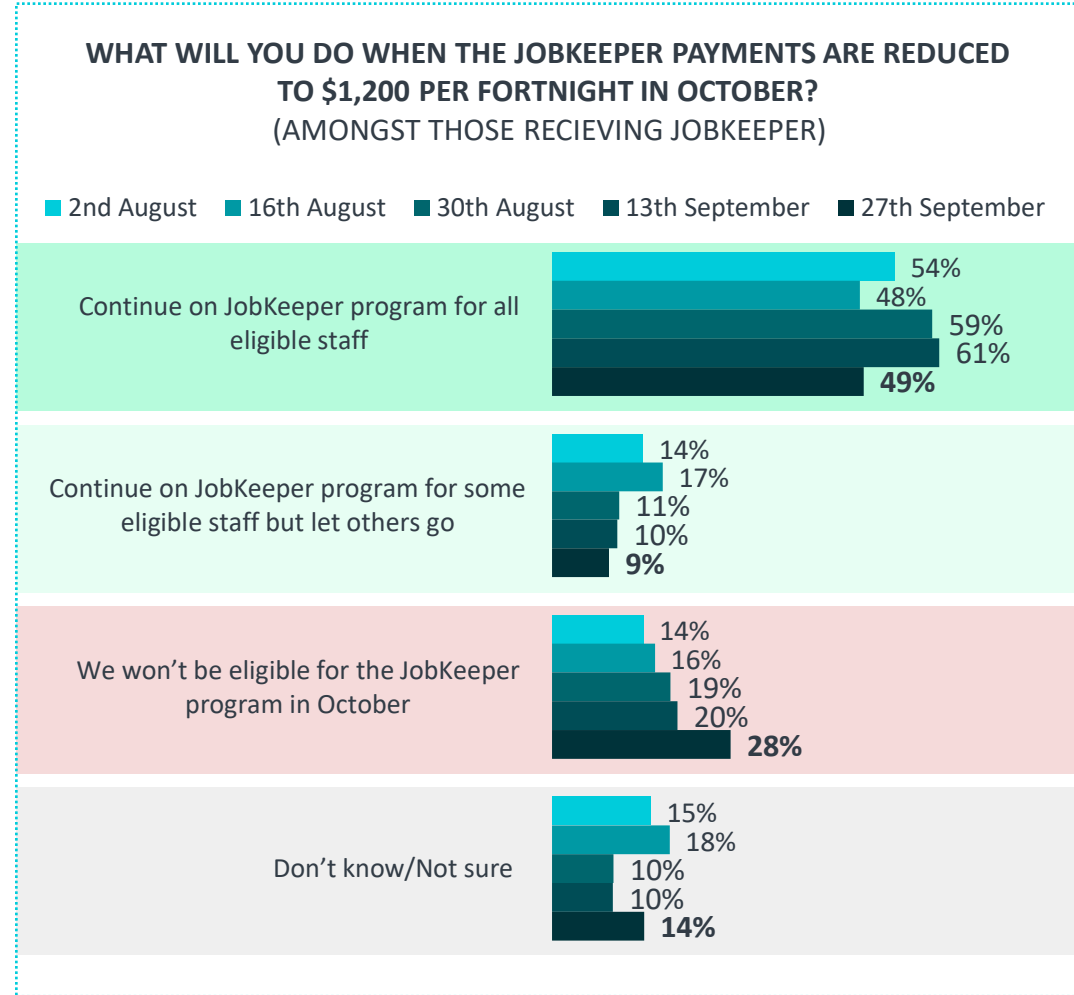
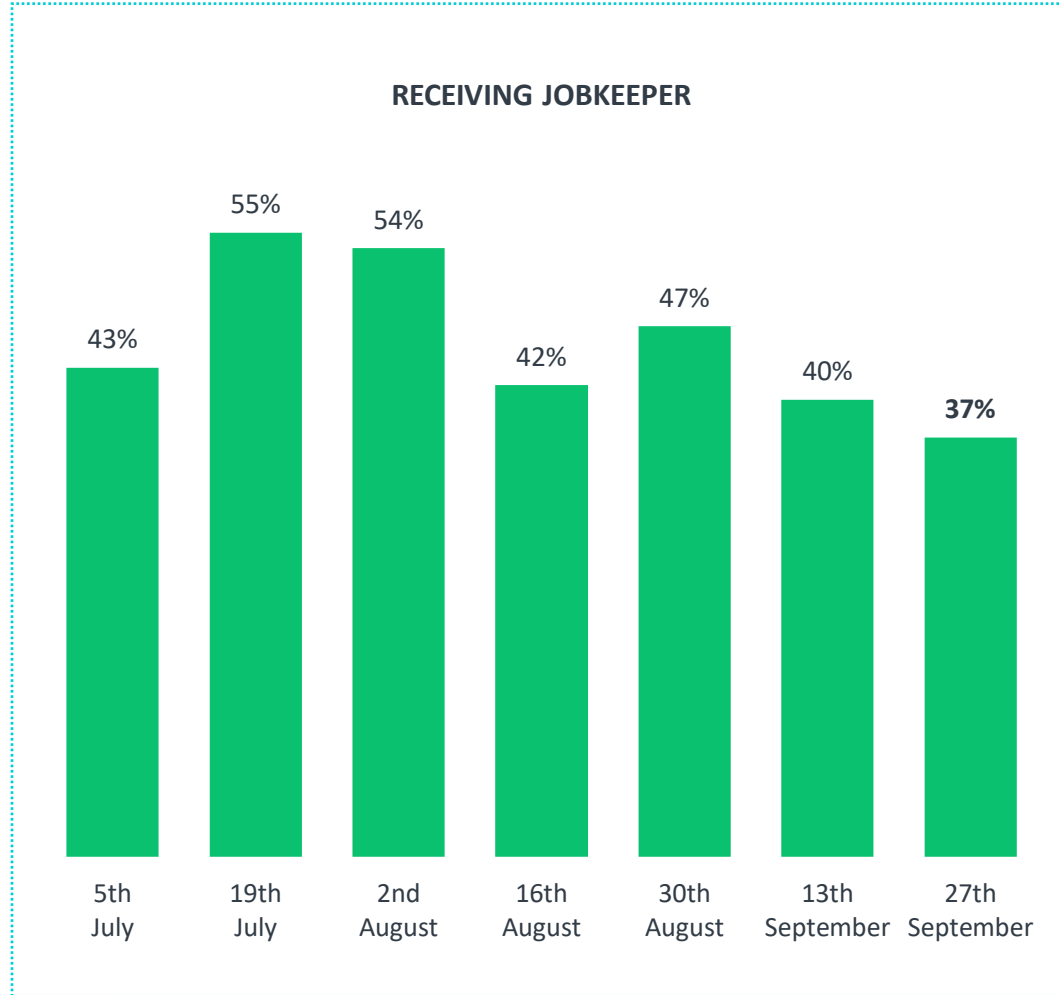
# JOB ROLES

Although a relatively small proportion, it is positive to see SMEs are beginning to hire staff for both new and replacement roles.



# JOBKEEPER EXTENSION

Supporting more positive revenue figures, it is encouraging to report that fewer SMEs will require JobKeeper moving forward.





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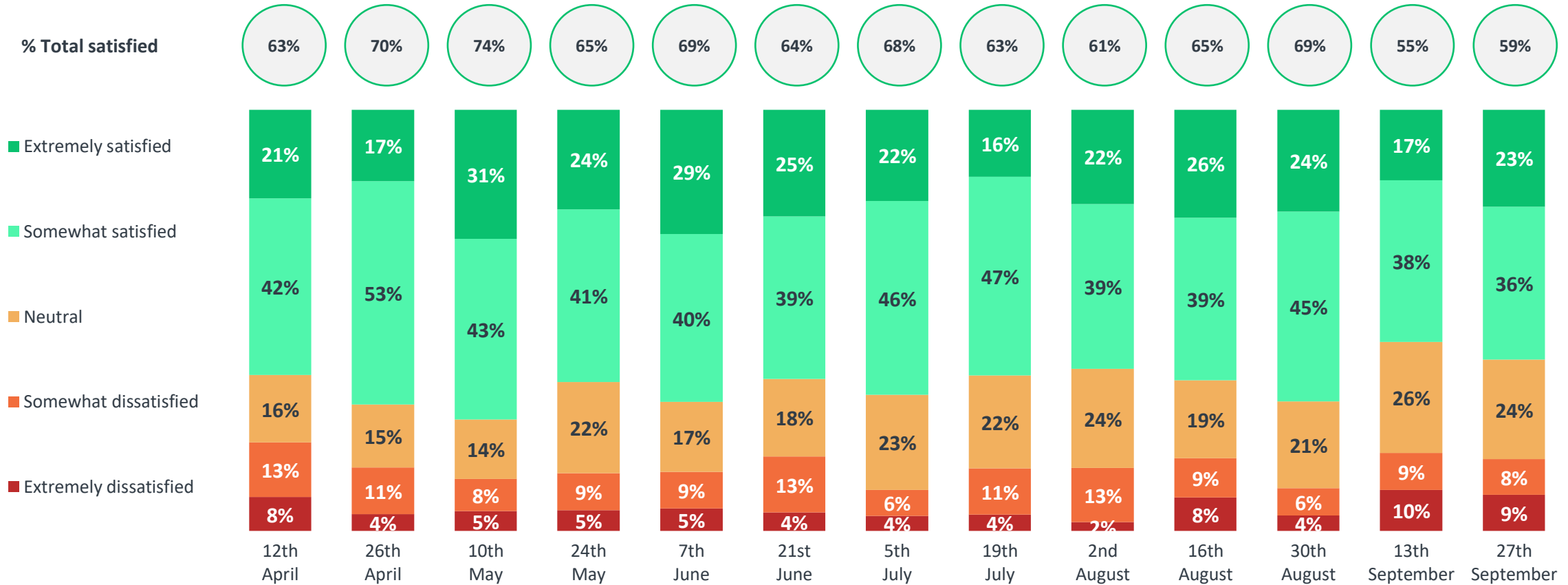
2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 THE RECOVERY

# SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE

After some challenging times in early September, satisfaction with the Federal Government's response to the pandemic has rebounded slightly.

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

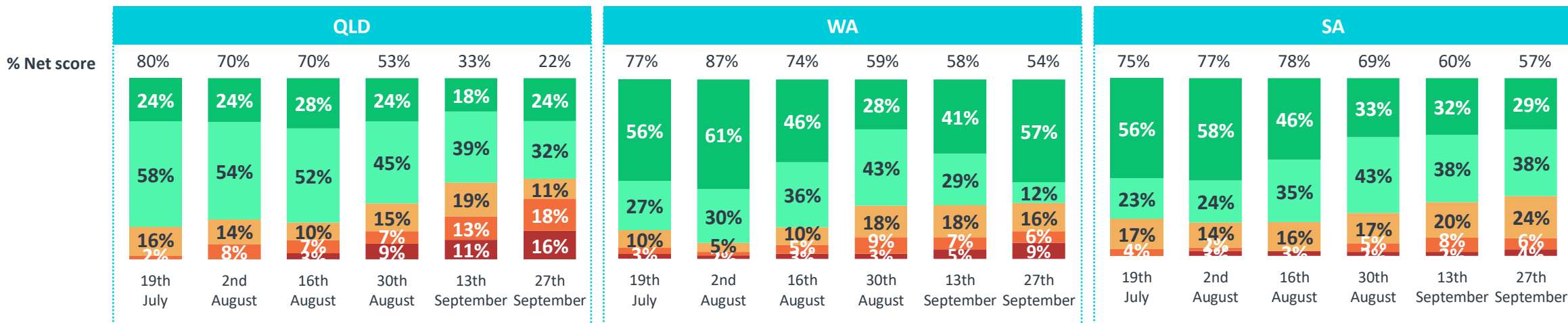
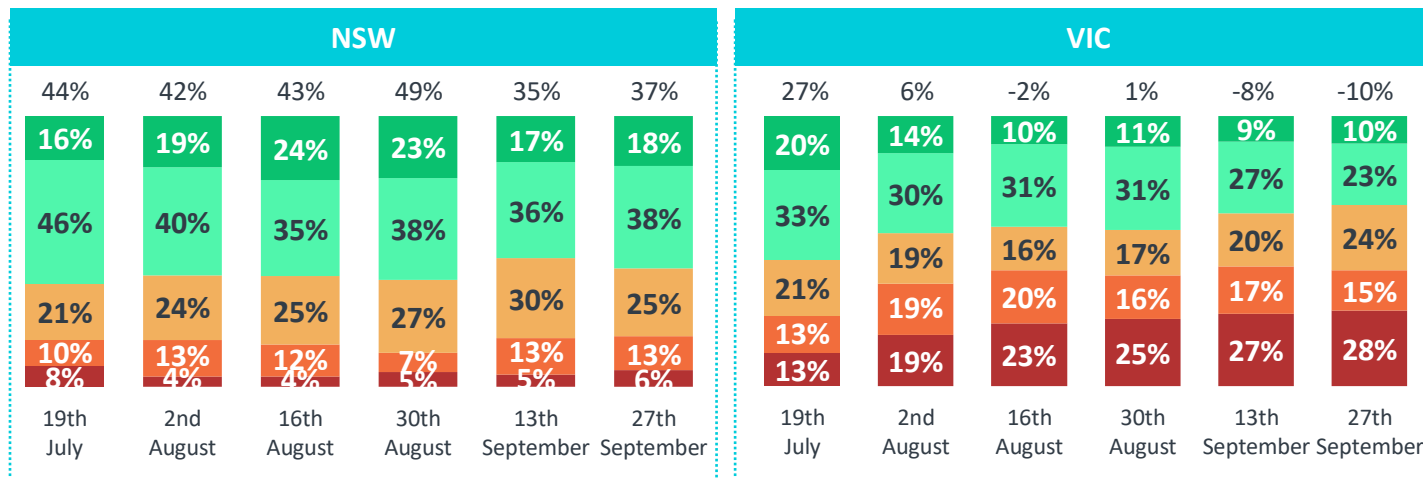


# SATISFACTION WITH THE STATE GOVERNMENT'S RESPONSE

However, satisfaction with State Governments in VIC, QLD and SA continue to decline. The relaxing of restrictions in Victoria and eased border restrictions will hopefully turn this trend around.

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

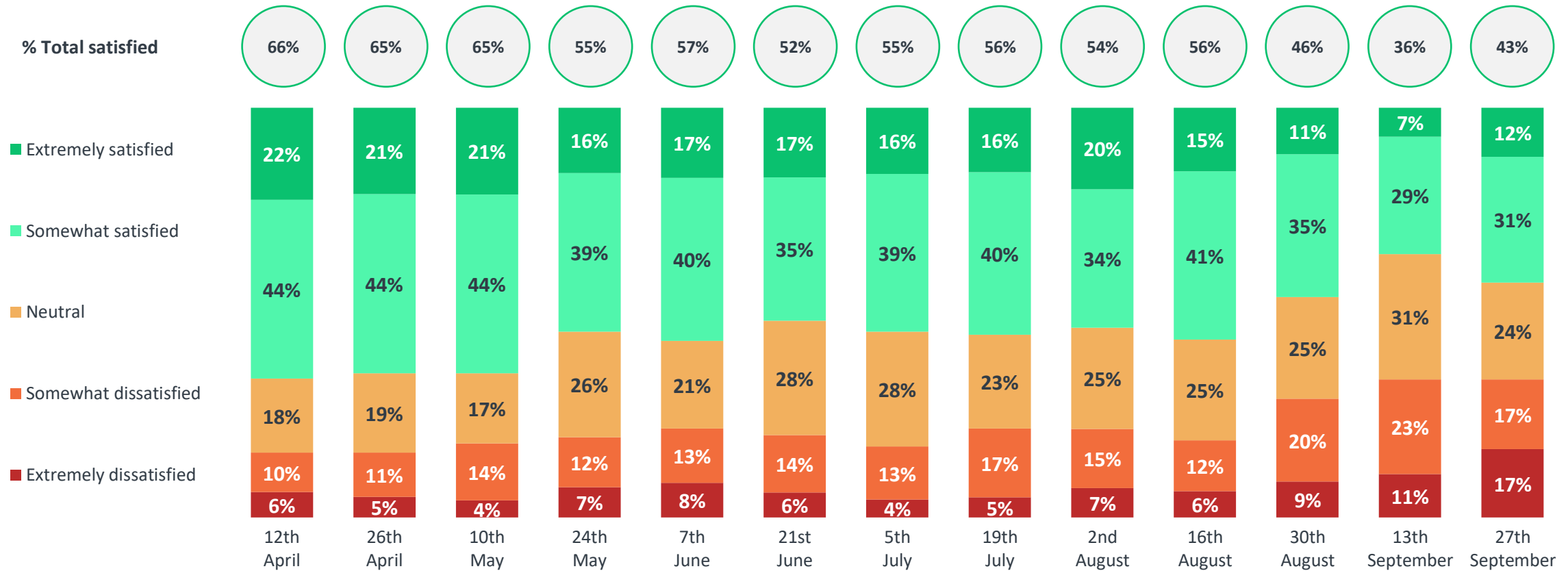
- % Net score**
- Extremely satisfied
  - Somewhat satisfied
  - Neutral
  - Somewhat dissatisfied
  - Extremely dissatisfied



# SATISFACTION WITH THE COLLABORATION OF GOVERNMENTS

Positive to see a turnaround in satisfaction with the collaboration between State & Federal Governments over the second half of September. However, there is a dichotomy, with many still reporting extreme dissatisfaction; the highest proportion since the start of the pandemic.

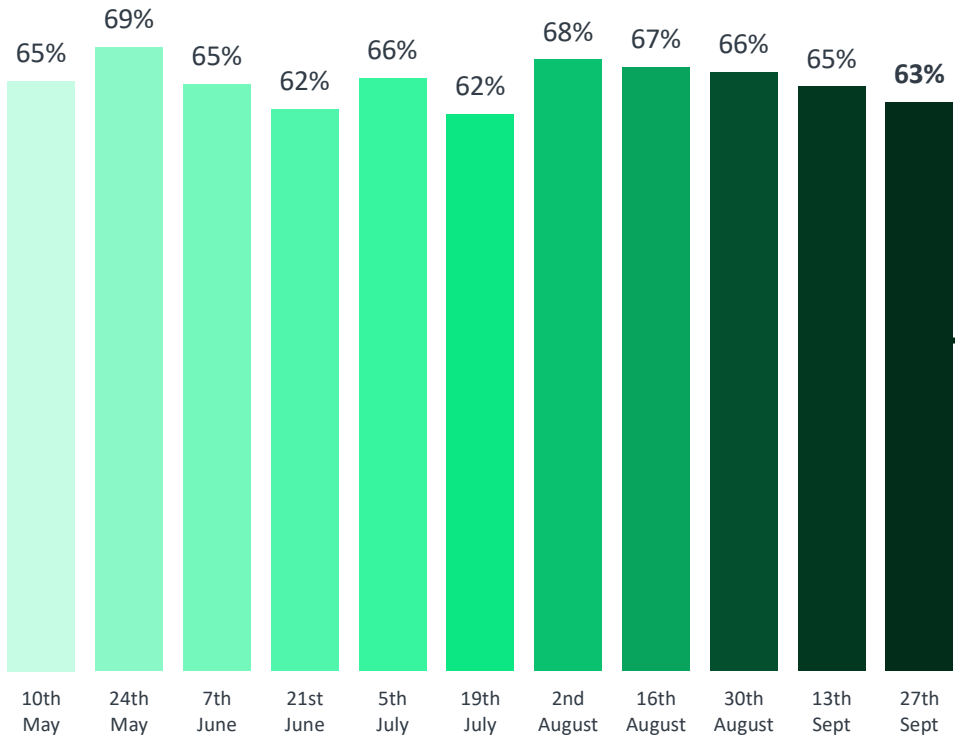
HOW SATISFIED ARE YOU WITH THE COLLABORATION BETWEEN THE AUSTRALIAN FEDERAL GOVERNMENT AND YOUR STATE GOVERNMENT WHEN IT COMES TO MANAGING THE COVID-19 CRISIS?



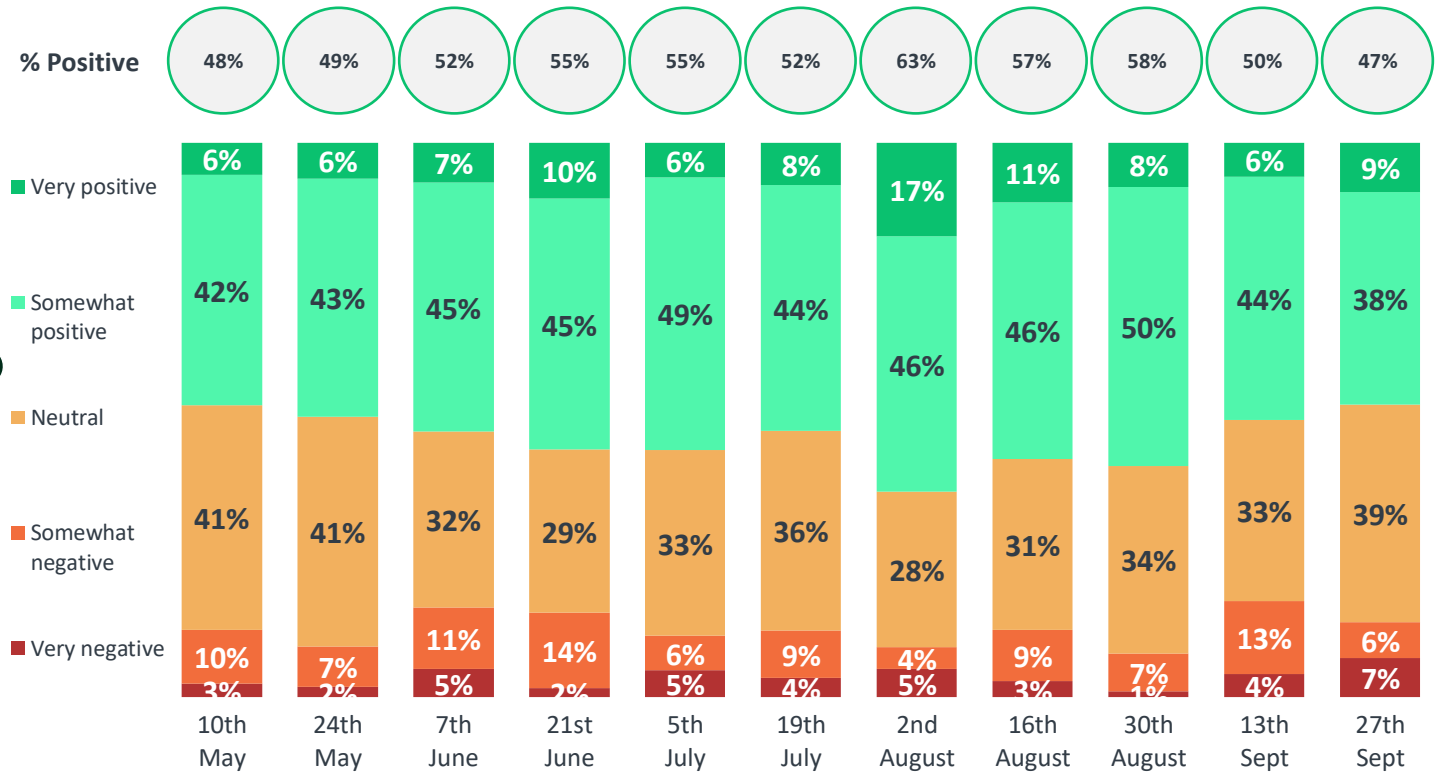
# SUPPORT FROM THE BANKS

The gradual negative trend continues, with positive sentiment towards the Banks and the support they are providing at its lowest (47%).

### % 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)

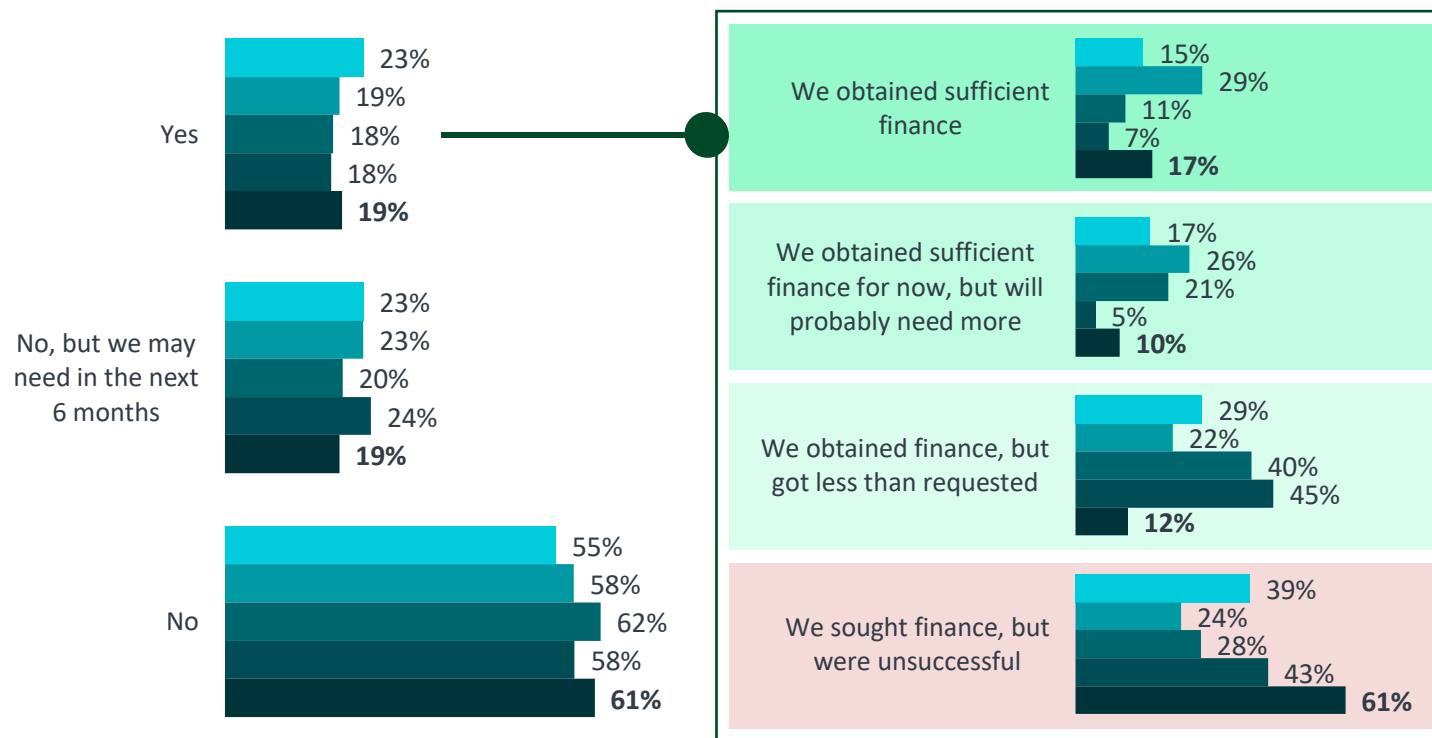


# ADDITIONAL FINANCE

There has been a significant increase in SMEs unable to access finance. This trend aligns with the decreasing positive sentiment towards the Banks.

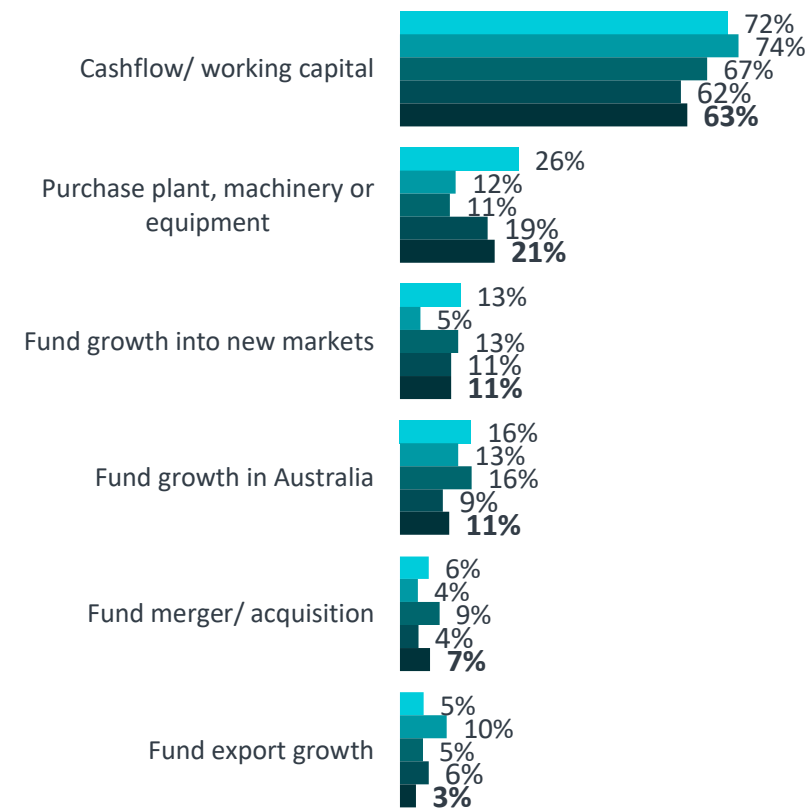
## HAVE YOU REQUIRED ANY ADDITIONAL FINANCE SINCE THE ONSET OF THE COVID-19 CRISIS?

■ 2nd August ■ 16th August ■ 30th August ■ 13th September ■ 27th September



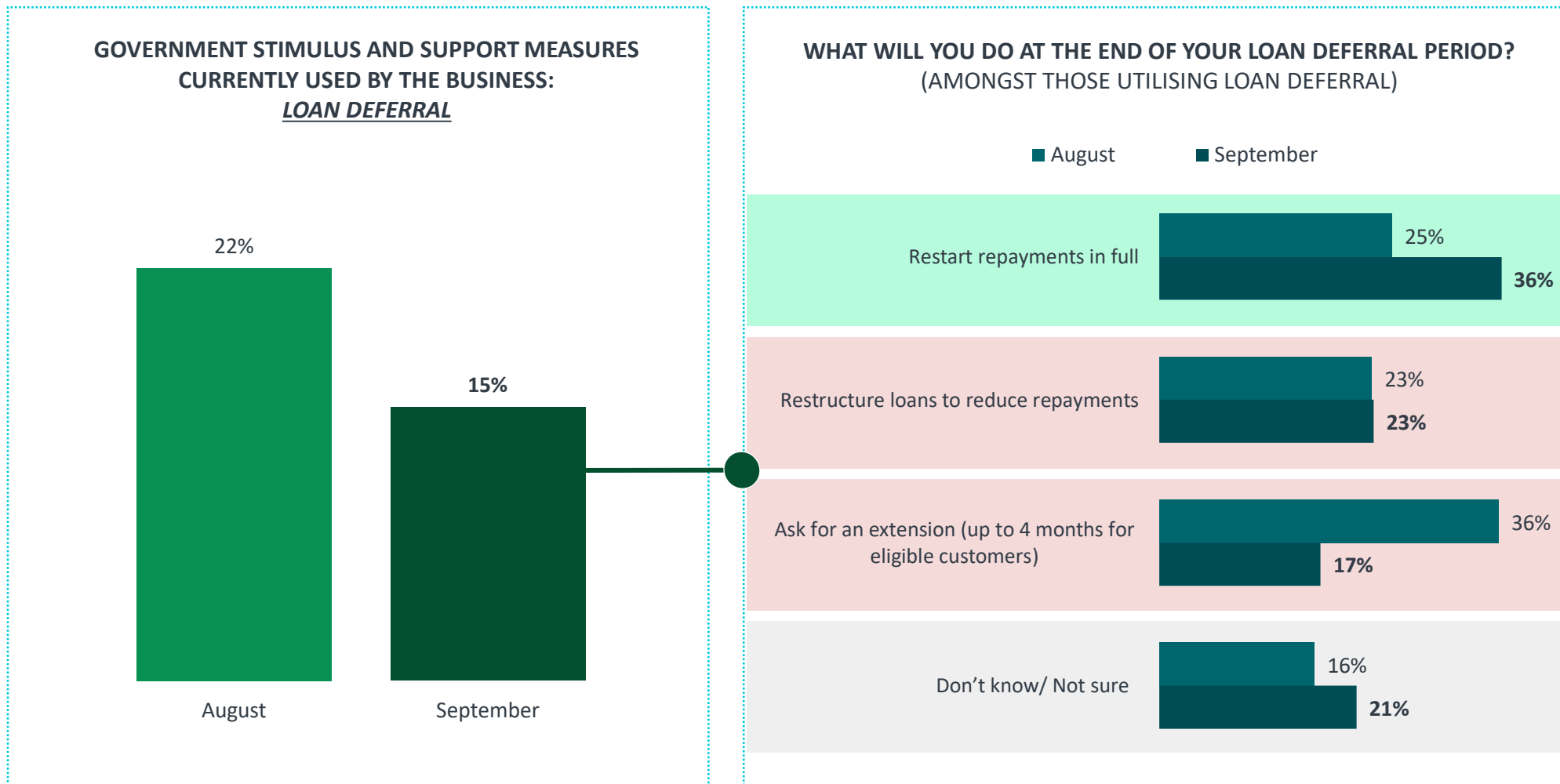
## AND WHAT IS THE PURPOSE OF THIS FINANCE?

■ 2nd August ■ 16th August ■ 30th August ■ 13th September ■ 27th September



# LOAN DEFERRAL

Positive to see a steep decline in the number of SMEs with deferred loans, but clearly the ongoing discussions between the Banks and their customers have impacted sentiment towards their lenders.



# CONTENT

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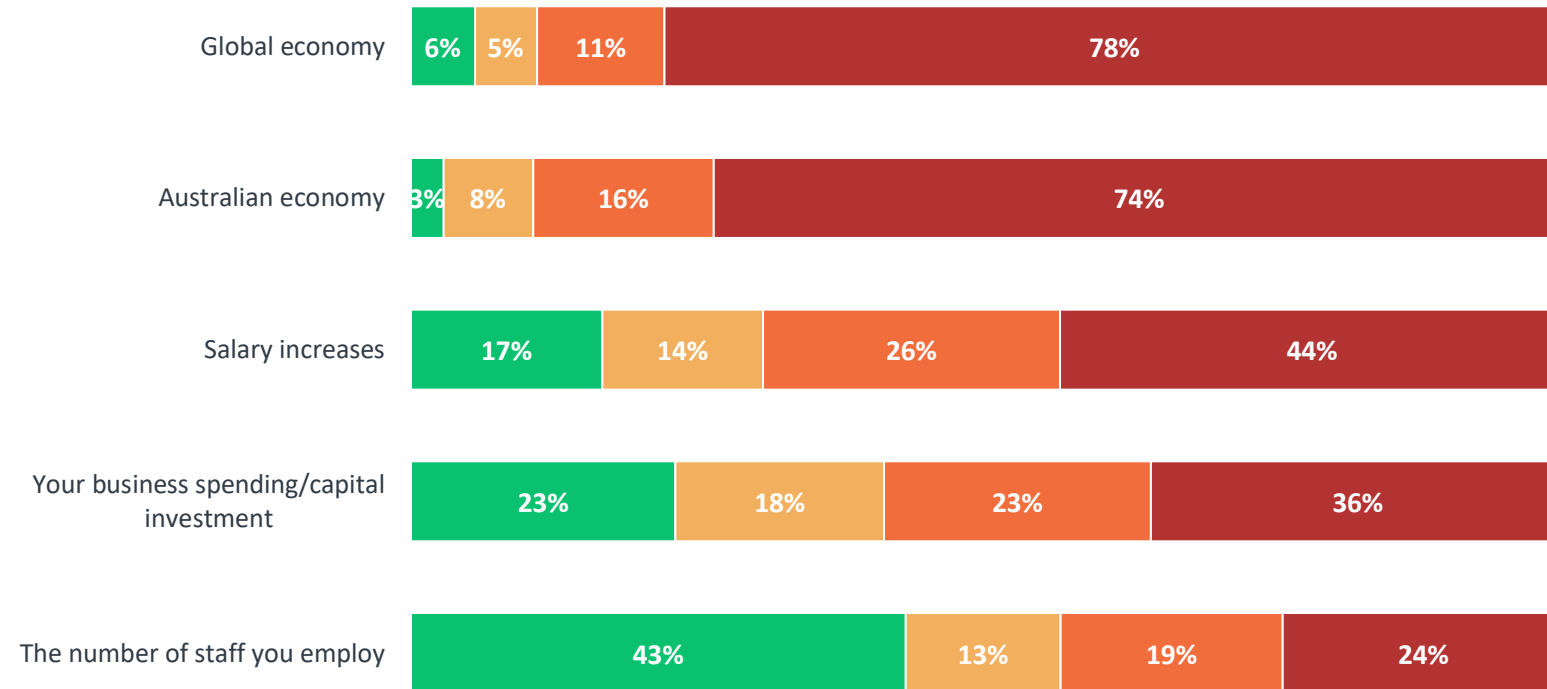


# IMPACT OF COVID-19

While expectations regarding the long term impact of COVID-19 on Global and Australian economies remain relatively unchanged, there is more positive sentiment in regard to salary increases and business investment/capital investment.

**WHAT NEGATIVE IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING?**  
(W/E 27<sup>th</sup> SEPTEMBER)

■ 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> August	W/E 16 <sup>th</sup> August	W/E 30 <sup>th</sup> August	W/E 13 <sup>th</sup> Sept	
Global economy	77%	76%	77%	88%	73%	80%	80%	-2%
Australian economy	66%	69%	73%	82%	77%	82%	74%	0%
Salary increases	-	-	-	-	47%	54%	58%	-14%
Your business spending/capital investment	29%	32%	33%	37%	43%	39%	42%	-6%
The number of staff you employ	18%	16%	25%	32%	29%	27%	24%	0%

# CAPITAL EXPENDITURE (NEXT 3 MONTHS)

The positivity regarding short term capital expenditure is evident across a number of asset categories.

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

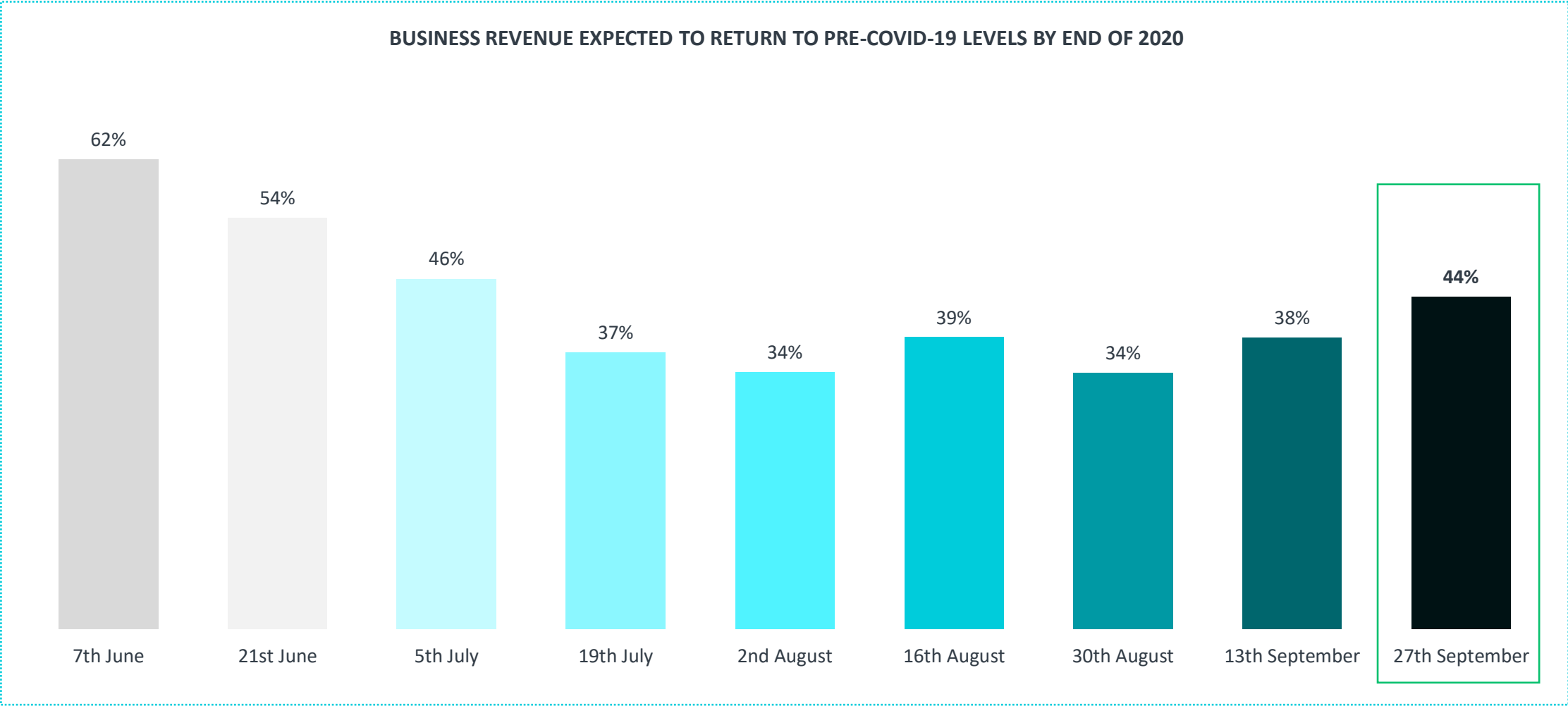
(W/E 27<sup>th</sup> SEPTEMBER)

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

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

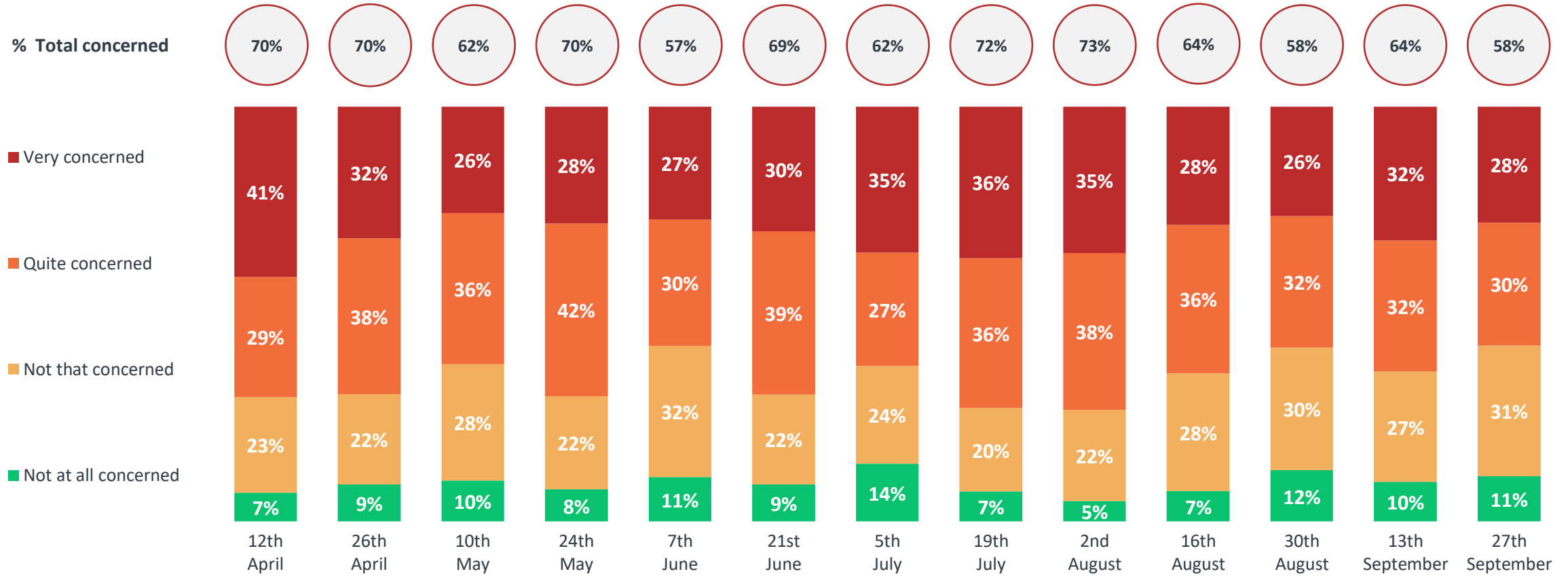
In line with increased optimism, expectations regarding revenue recovery to pre-COVID levels continues the upward trend.



# LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

Accordingly, there has been a drop in concern this wave in regards to business survival.

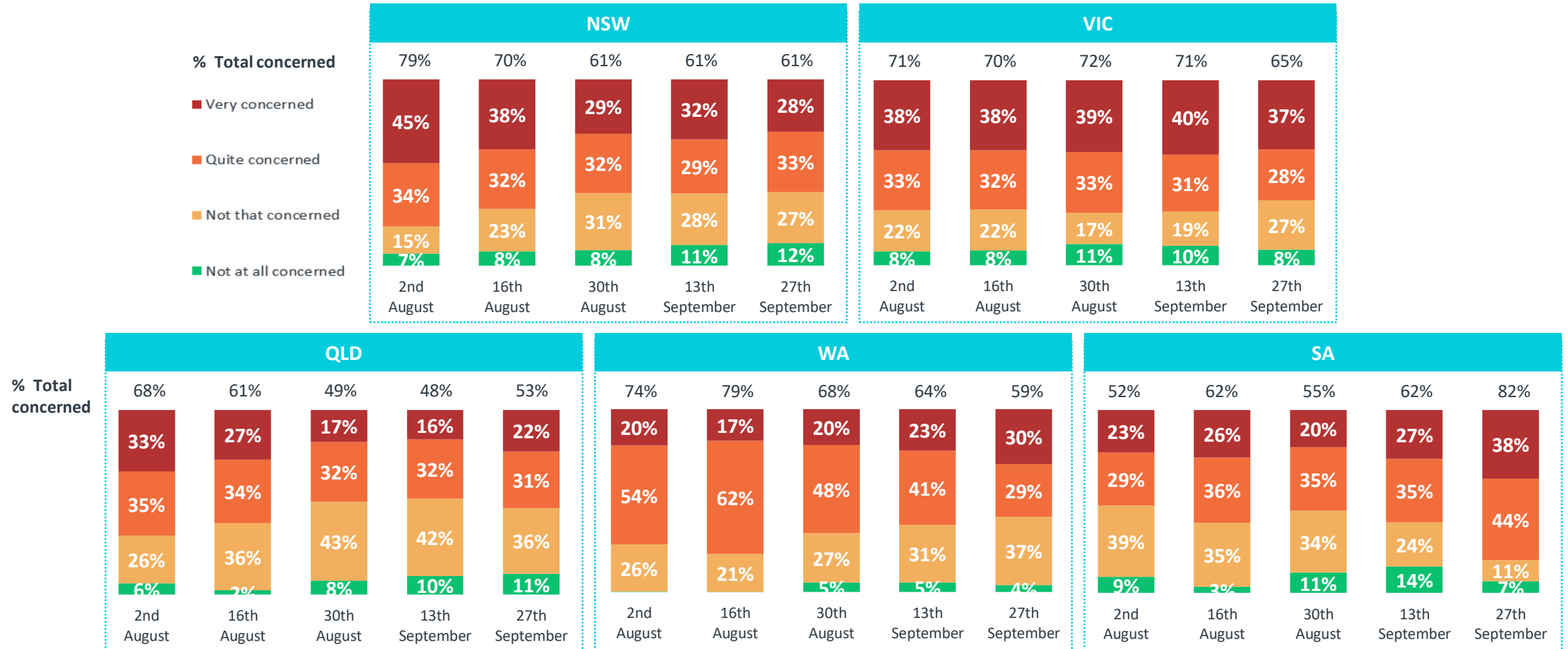
HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



# LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

Positive to see a decrease in the proportion of SMEs concerned about business survival in VIC and WA, however the notable increase in concern in SA is worrying.

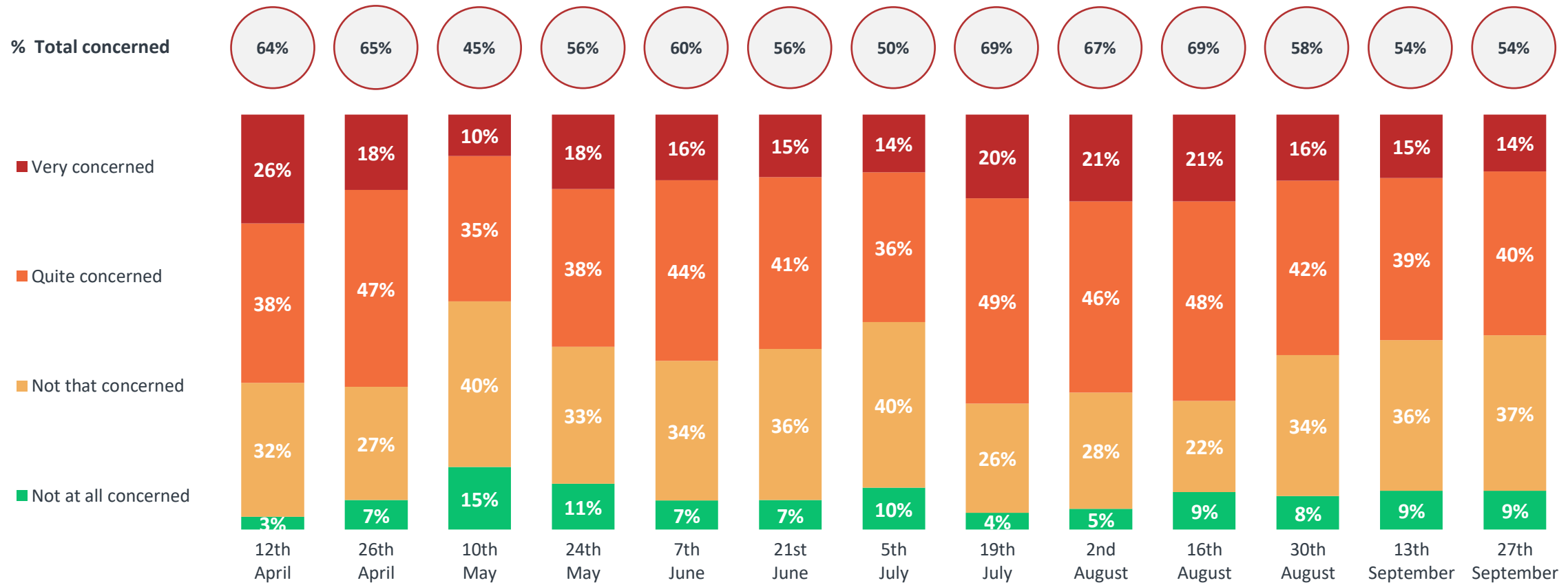
## HOW CONCERNED ARE YOU ABOUT THE SURVIVAL OF YOUR BUSINESS DUE TO THE COVID-19 CRISIS?



# LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

Concern for personal health and wellbeing remains stable.

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



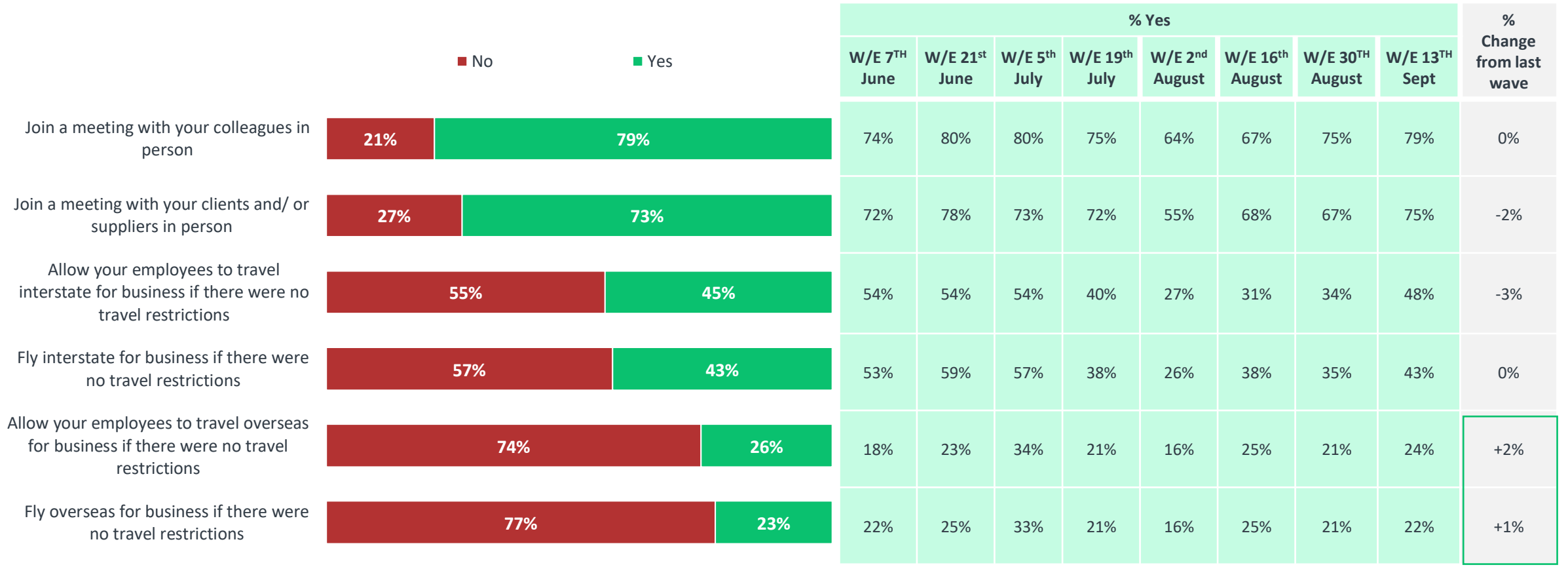
# MEETINGS AND MOBILITY

Despite the number of cases dropping and the reopening of borders there is no significant change in SME decision makers level of comfort regarding meetings and travel.

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

(W/E 27<sup>th</sup> SEPTEMBER)

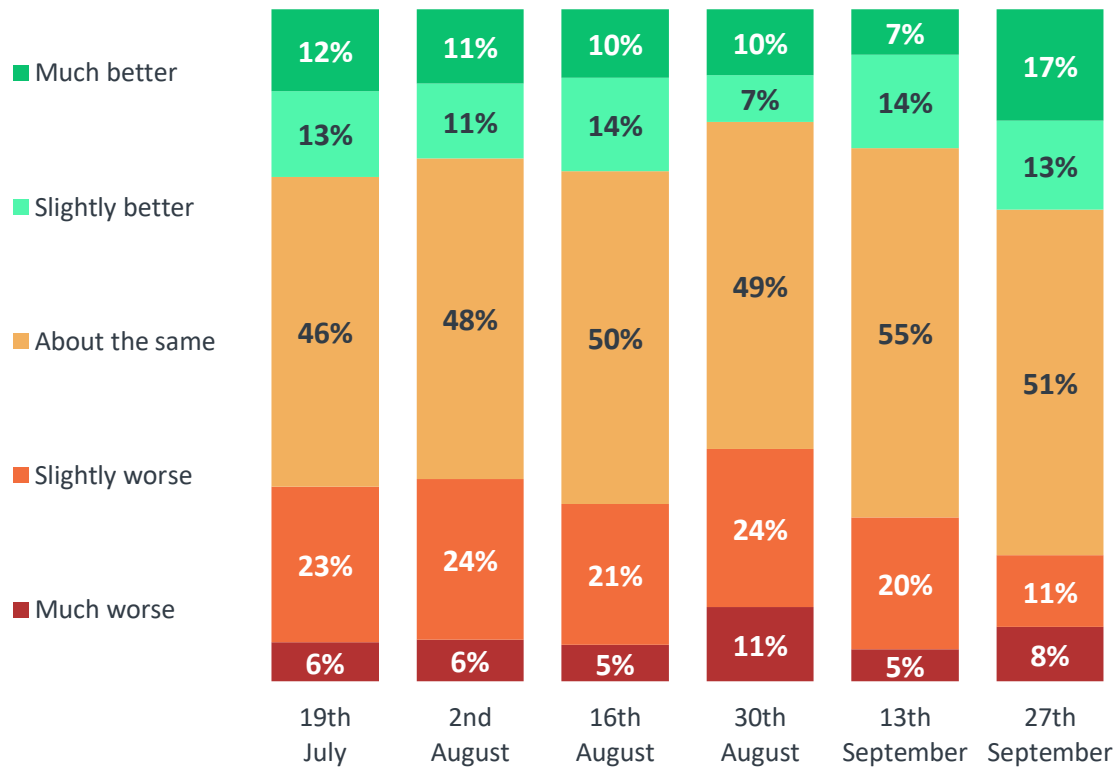
■ No ■ Yes



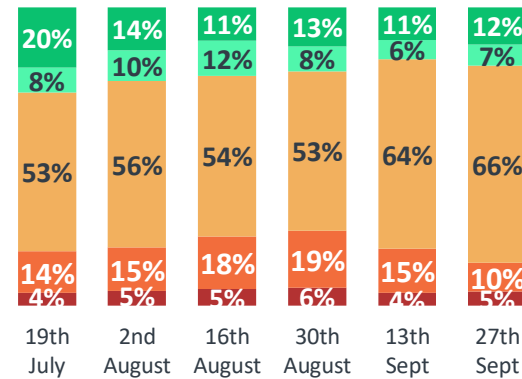
# PRODUCTIVITY OF TEAM MEMBERS WORKING FROM HOME

Overall uplift in WFH productivity to a high of 30%, with a significant turnaround amongst smaller businesses (5-19 employees).

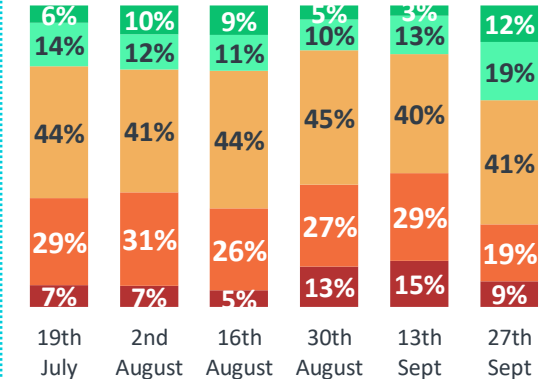
**HOW WOULD YOU RATE THE PRODUCTIVITY OF YOUR TEAM MEMBERS WHEN WORKING FROM HOME COMPARED TO AT THE OFFICE/WORKPLACE? (AMONGST THOSE WHO EMPLOY STAFF)**



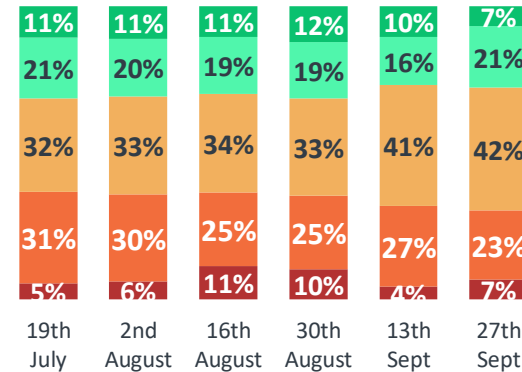
**< 5 EMPLOYEES**



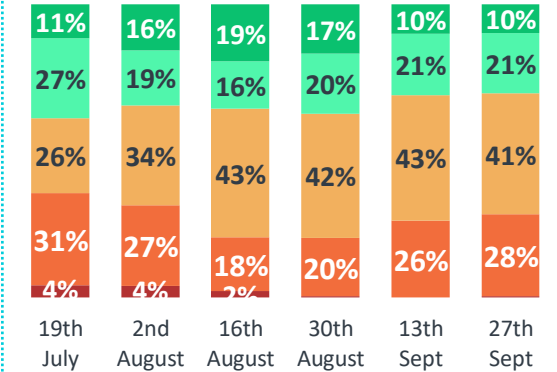
**5 TO 19 EMPLOYEES**



**20 TO 99 EMPLOYEES**



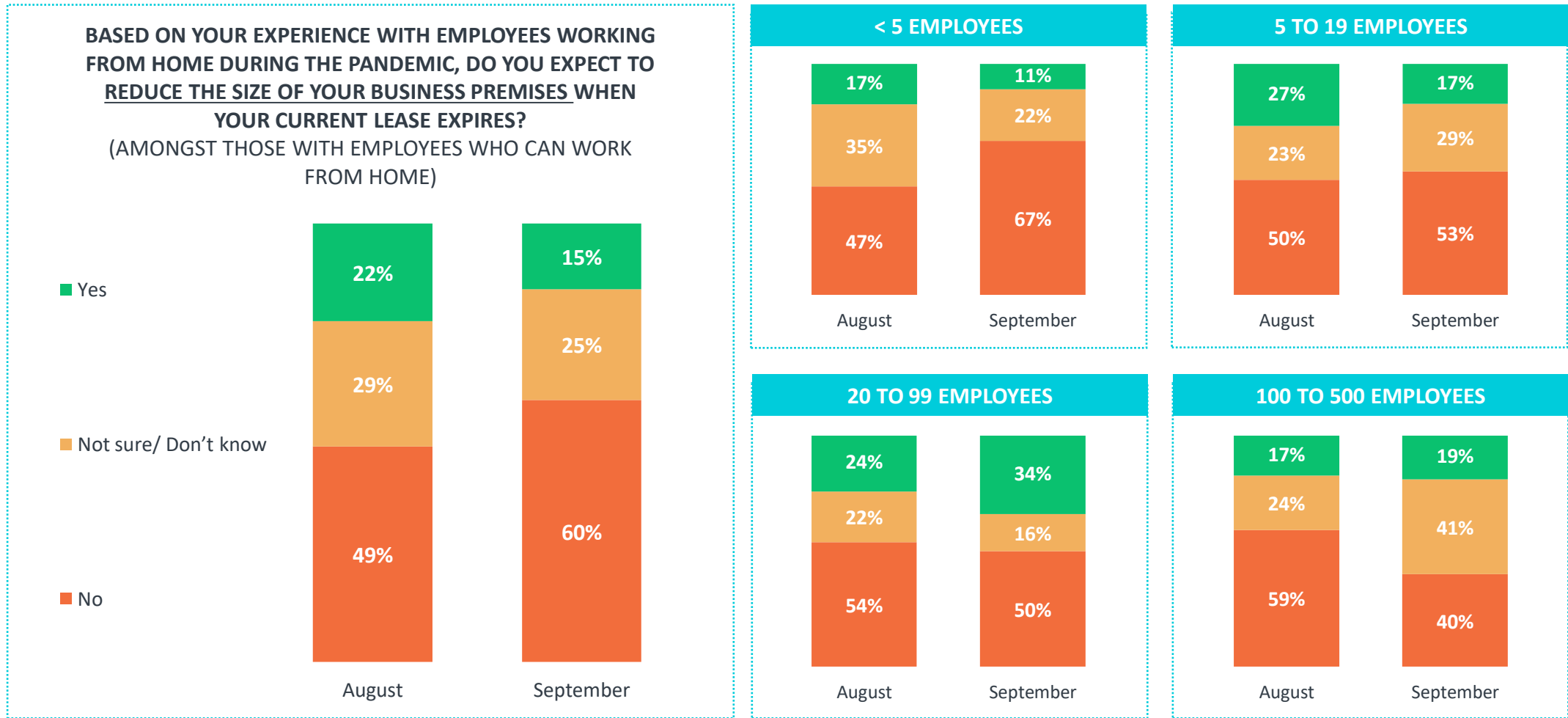
**100 TO 500 EMPLOYEES**





# IMPACT OF WORKING FROM HOME ON BUSINESS PREMISES

Fewer SMEs expect to reduce the size of their business premises. Despite this, 1 in 3 businesses with 20-99 employees are likely to downsize.



# 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

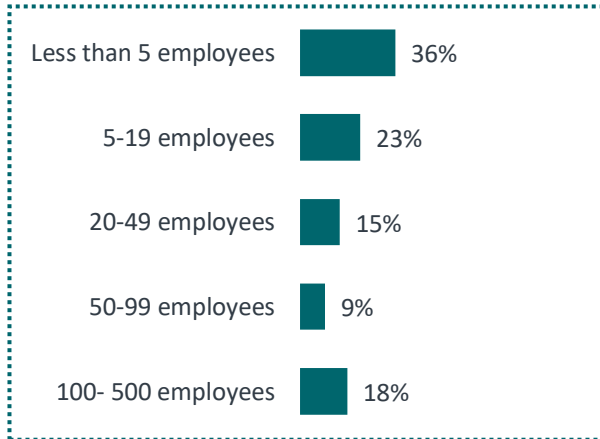


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

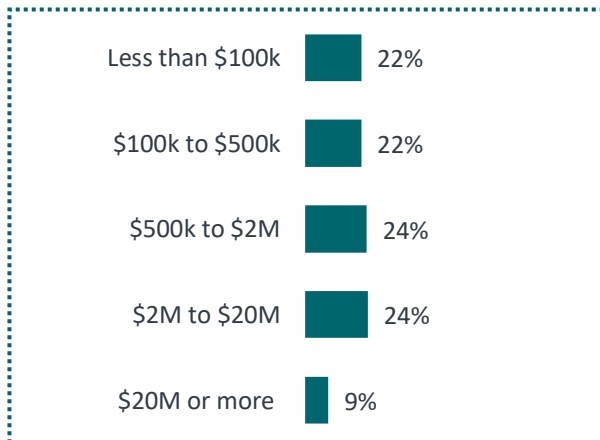
# OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

## SIZE OF BUSINESS: EMPLOYEES

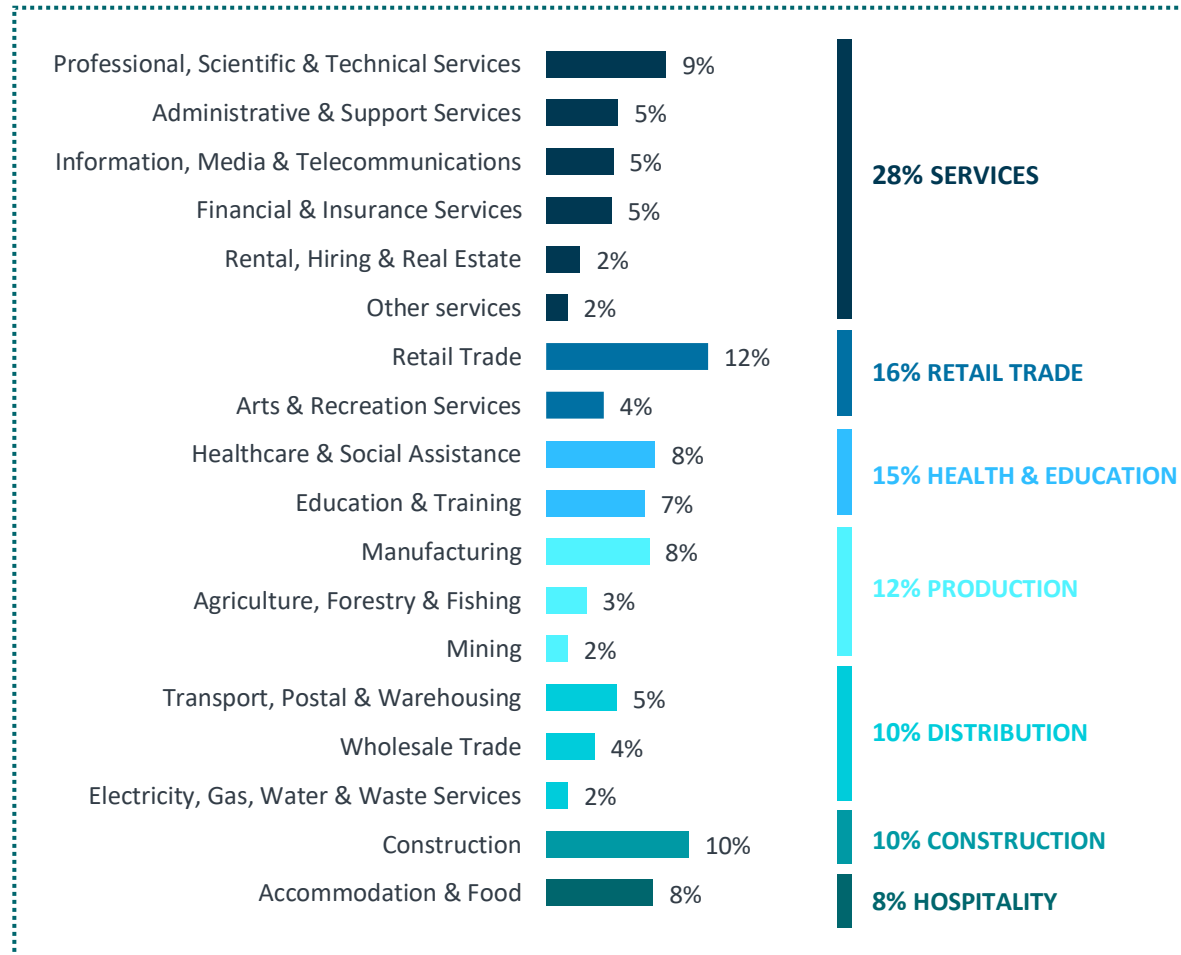


## SIZE OF BUSINESS: TURNOVER



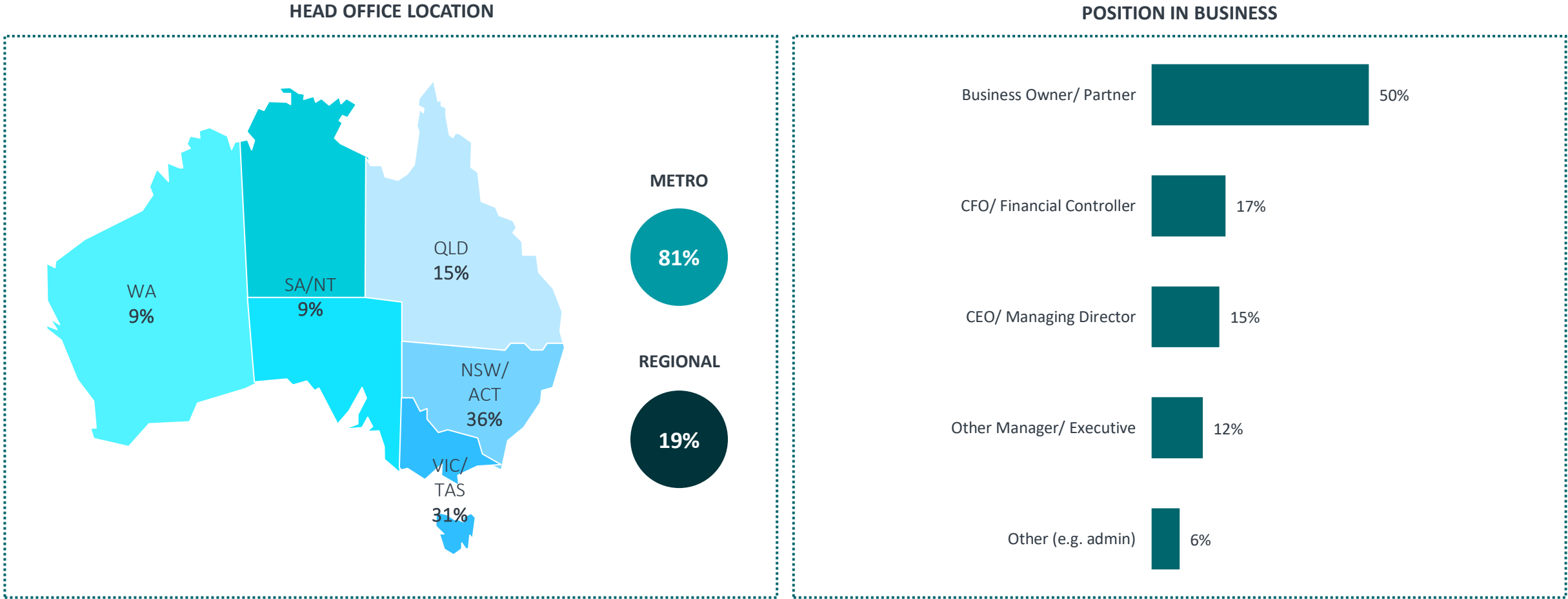
NOTE: CHARTS SHOW UNWEIGHTED DATA

## 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

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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

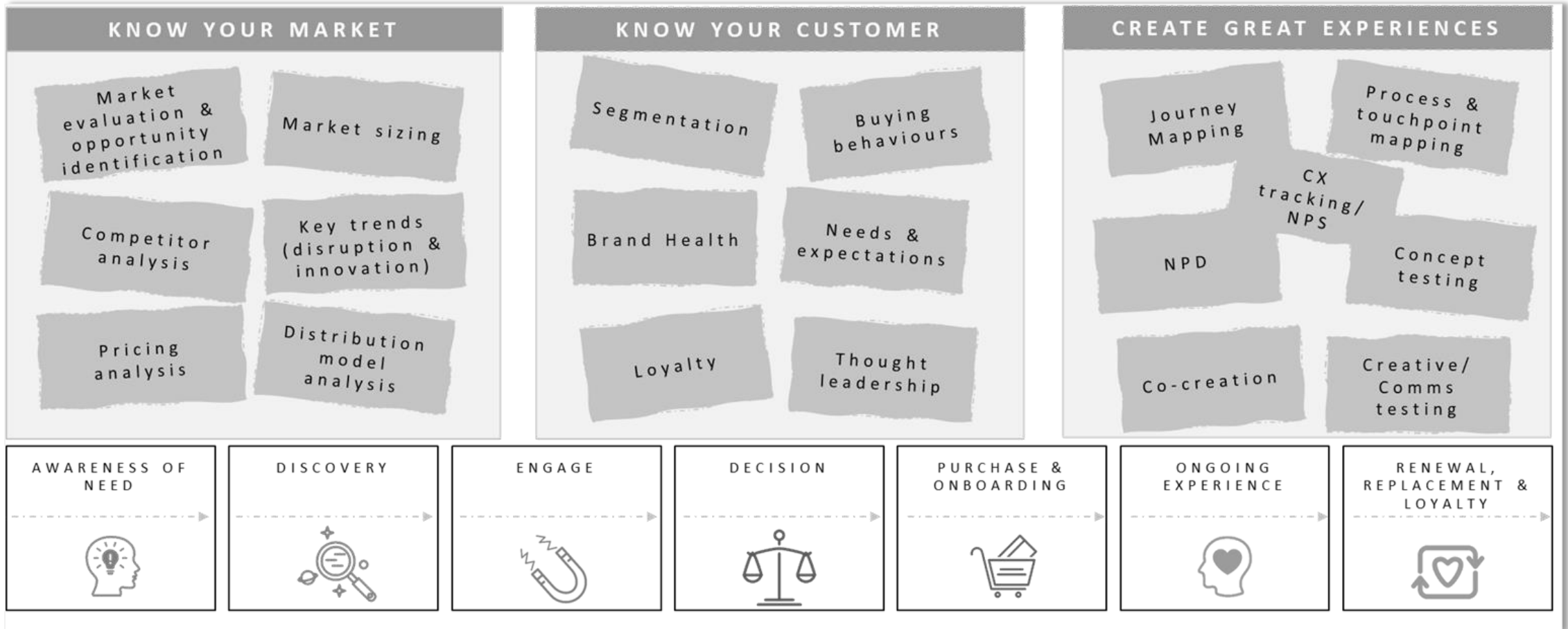
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

TO DELIVER  
ACTIONABLE  
RECOMMENDATIONS  
AND ADVICE

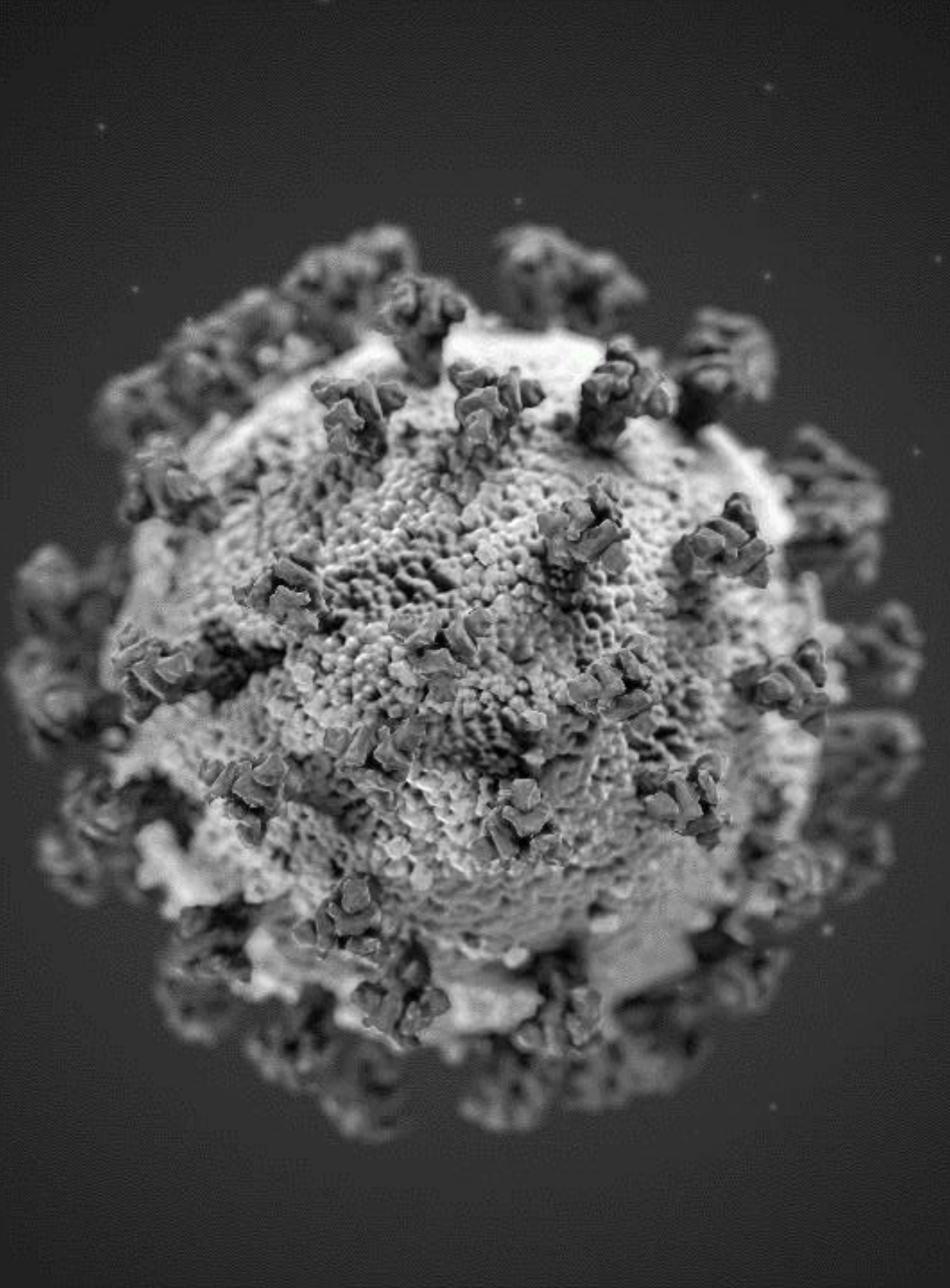
Helping you achieve your goals by delivering pragmatic, actionable recommendations and strategic advice

# OUR RESEARCH FRAMEWORK

We deliver insights throughout the customer journey enabling you to...







**THANK YOU!**

FOR FURTHER INFORMATION, PLEASE CONTACT:

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