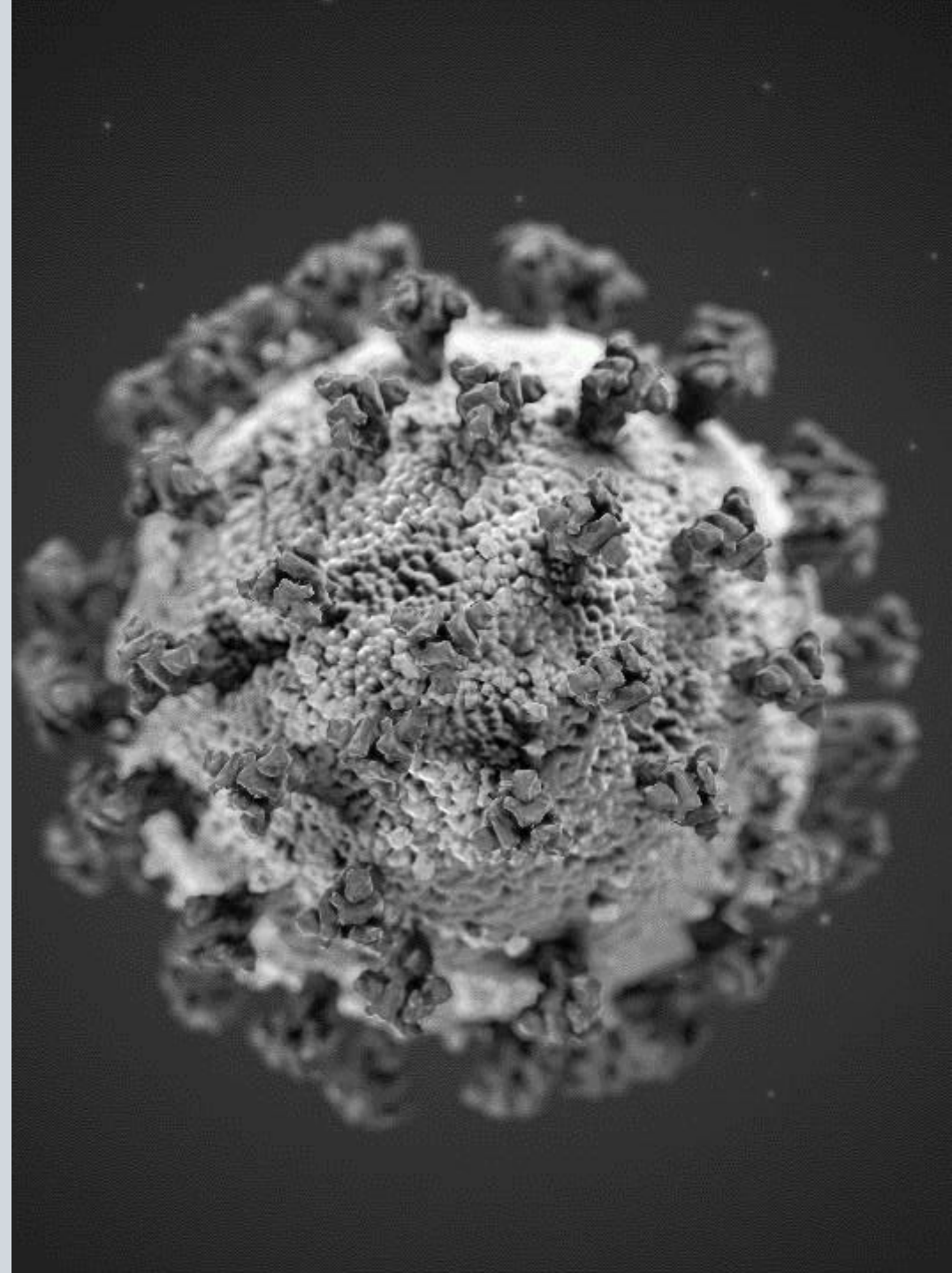


# COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 23 –

18<sup>th</sup> December 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.

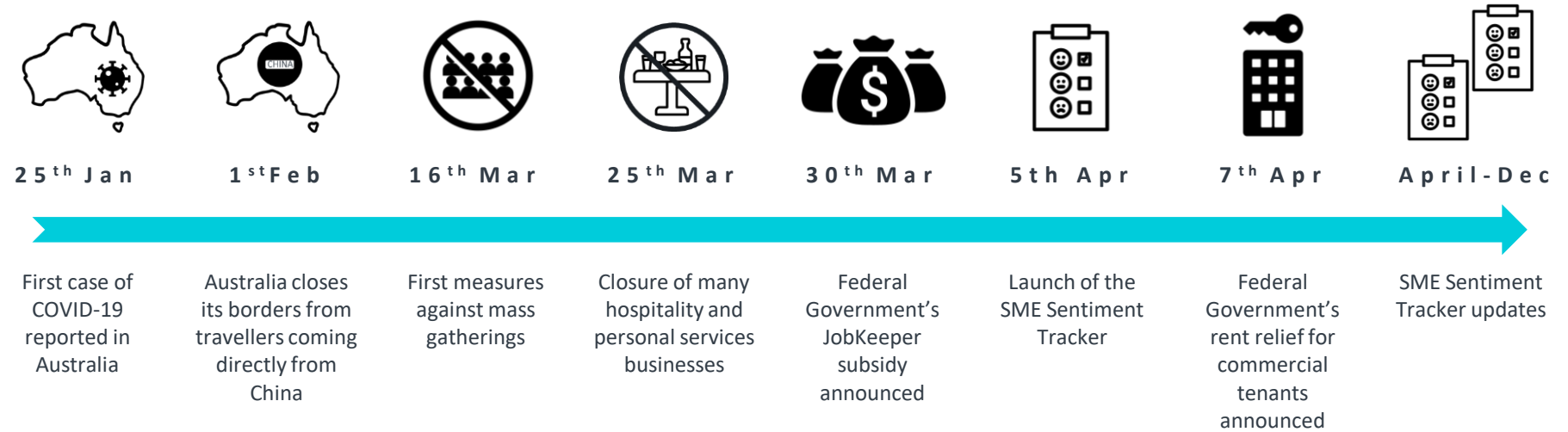
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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 2 12/Apr	WAVE 4 26/Apr	WAVE 6 10/May	WAVE 8 24/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	WAVE 22 22/Nov	WAVE 23 6/DEC
TOTAL CASES	6,313	6,716	6,941	7,114	7,260	7,461	8,449	11,802	17,923	23,288	25,670	26,651	27,040	27,265	27,520	27,658	27,821	27,965
DAILY NEW CASES	10	15	14	3	5	25	87	361	641	253	123	44	24	21	21	6	22	9
CURRENTLY INFECTED	2,916	1,258	674	504	455	463	946	3,407	7,295	8,812	3,943	2,379	1,536	1,369	1,427	1,300	1,392	1,418

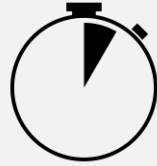
Source: <https://www.worldometers.info/coronavirus/>

# 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



**54% of SMEs reporting a decline in revenue due to COVID-19, down from 63% the last month**



**46% of SMEs are trading at pre-COVID revenues**



**20% of SMEs are now hiring, compared to 16% in the previous wave**



**Only 9% are very concerned about their health and wellbeing**

Sentiment amongst SMEs is very positive as a tumultuous 2020 draws to a close. Recovery continues to gain momentum with strong data reported across revenue, jobs and investment criteria. In line with the COVID vaccine rollout in the UK and the USA, all long-term impact indicators are firmer, driven by stronger sentiment regarding the Australian and Global economies.

46% of SMEs are now trading at pre COVID revenue levels or better and only 30% are reporting revenue losses of more than 30%. This compares to 39% in the last wave. Short term expectations are also very good with 41% of SMEs expecting better revenue in 4 weeks time.

Jobs data has also rebounded with 26% of SMEs reporting job losses due to the pandemic, compared to 38% in November. Simultaneously, the proportion of SMEs recruiting new employees has again reached 20%. Recruitment momentum continues in the retail sector with the upward trend climbing from 8% to 18% since the end of September. Despite, 86% of those hiring finding it difficult to fill roles, only 16% are now claiming it to be very difficult, compared to 33%, two weeks earlier. This suggests the gap between employer and employee expectations is closing.

Also encouraging to report the demand for funds to support cashflow is reducing as SMEs redirect finance to growth initiatives including new plant and equipment and mergers/acquisitions. Purchase intentions for the first quarter of 2021 are also robust, with SMEs lifting investment in new plant and vehicles, with the truck market being particularly strong. The instant asset write off is stimulating investment with 29% of SMEs taking advantage of the support compared to 24% in the last wave.

With all the good news it is pleasing to convey that only 9% of respondents (down from 18%) are now very concerned about their own health and wellbeing.

In summary, Christmas is looking more cheerful and optimism regarding the New Year is strong amongst SMEs. While the road to recovery is a long one, the revenue and jobs data reported in this wave suggest that most SMEs are confident business will return to the new normal soon.

While new outbreaks continue to be disconcerting, SMEs are generally satisfied that the Government has the correct approach and protocols in place to prevent widespread infections that could quickly dampen consumer and business confidence.

Merry Christmas to you and your families. Wishing you a less eventful and safer 2021.

# CONTENT

HOW IS THE  
COVID-19 PANDEMIC  
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2 IMPACT OF COVID-19 ON JOBS

3 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

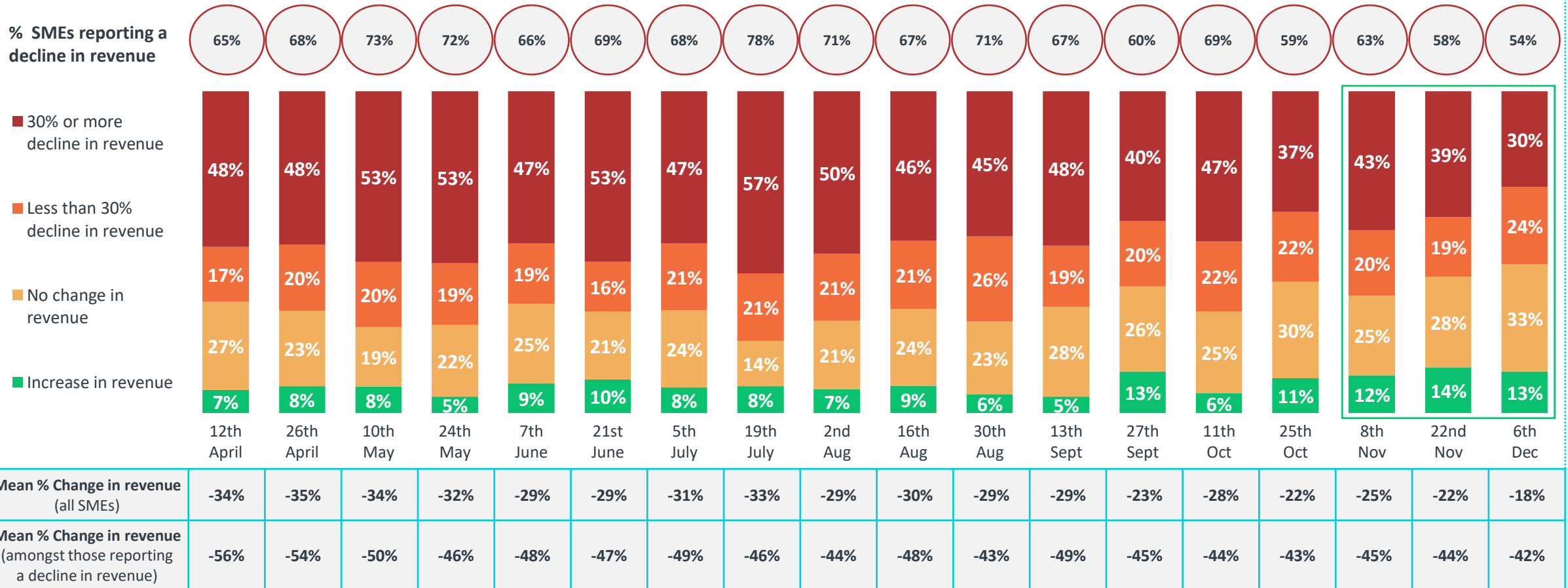
4 WORKING FROM HOME

5 THE RECOVERY

# DECLINE IN REVENUE DUE TO COVID-19

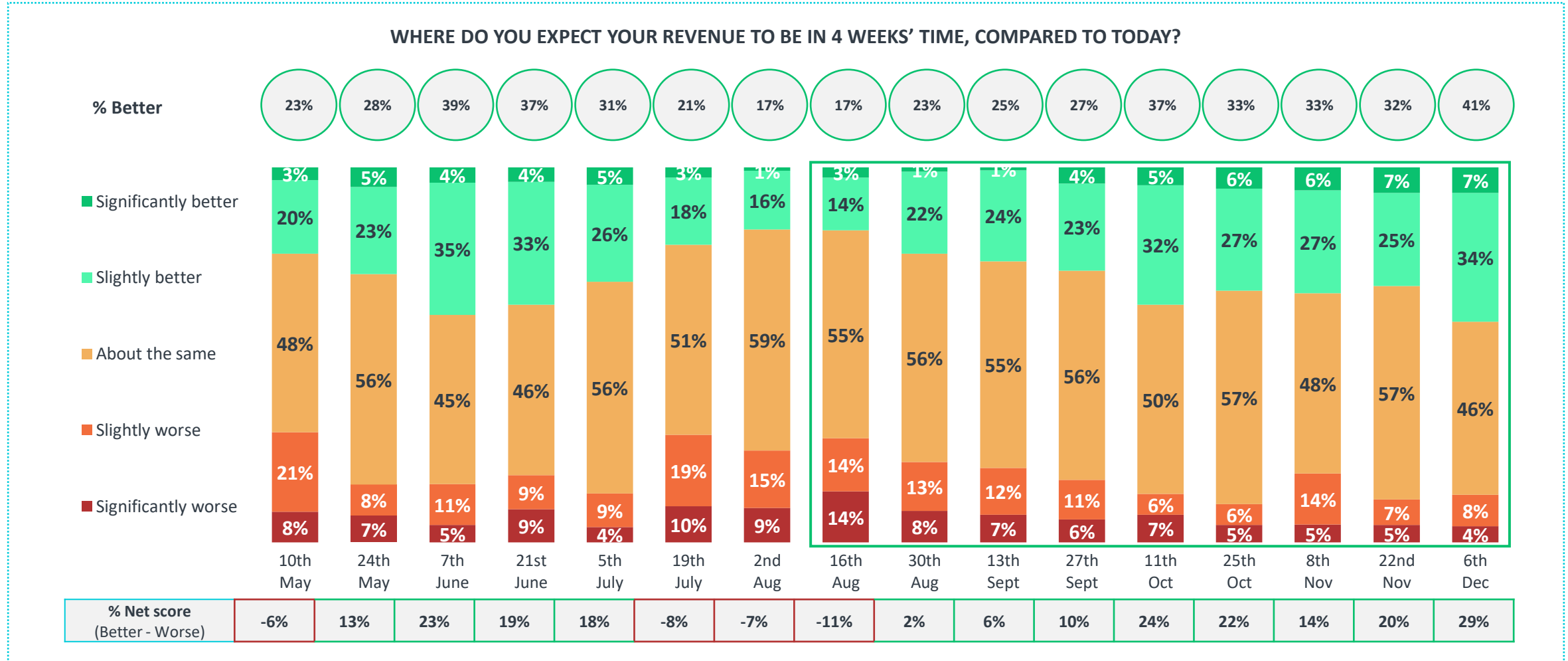
Positive trend continues with a reduction in SMEs reporting significant revenue declines.

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



# FUTURE REVENUE EXPECTATIONS

Short term expectations are also very good with 41% of SMEs expecting better revenue in 4 weeks time.





# CONTENT

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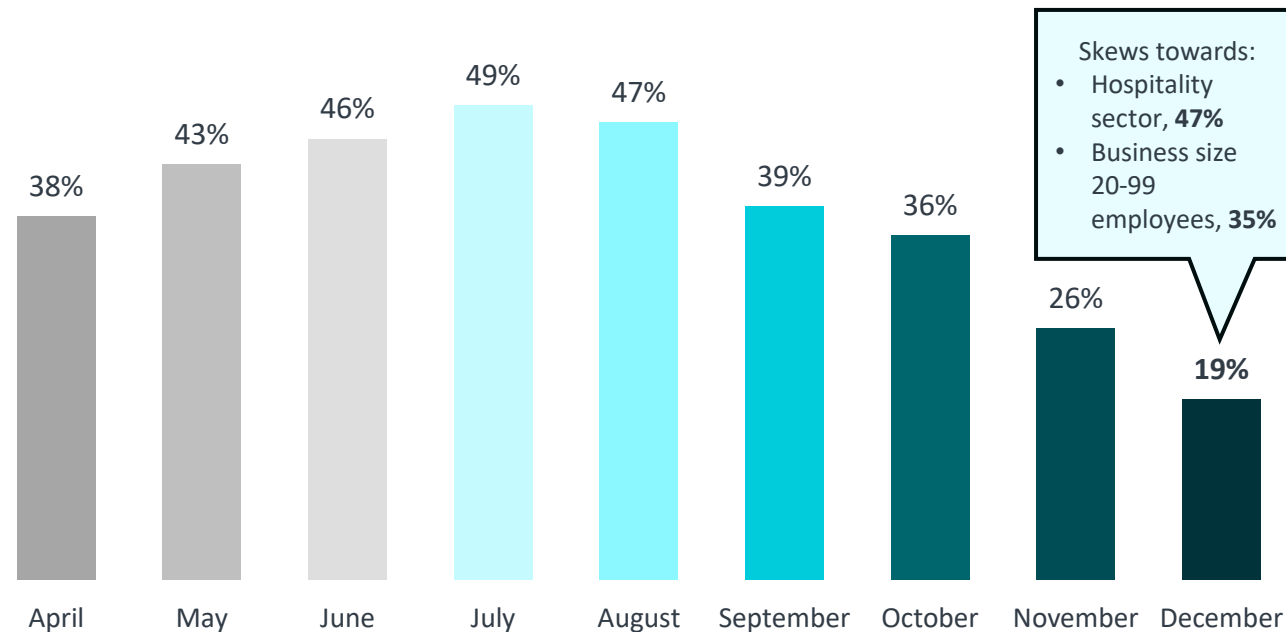
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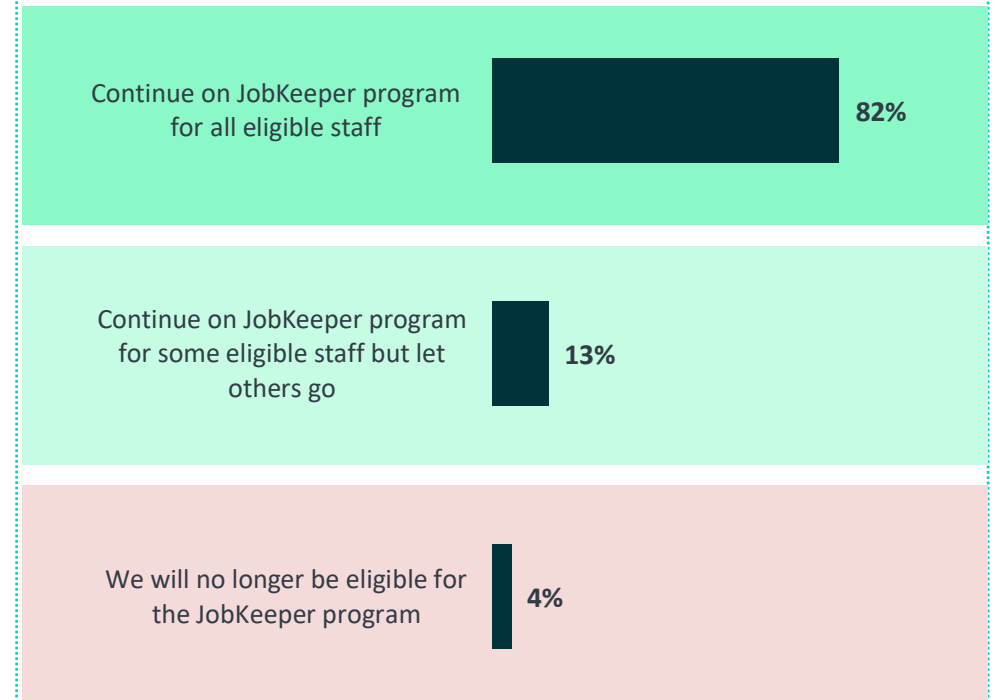
5 THE RECOVERY

The proportion of SMEs using JobKeeper continues to drop sharply as revenues recover. Not surprising that the hard hit hospitality sector remains the most dependent on support.

## GOVERNMENT STIMULUS & SUPPORT MEASURES: JOBKEEPER

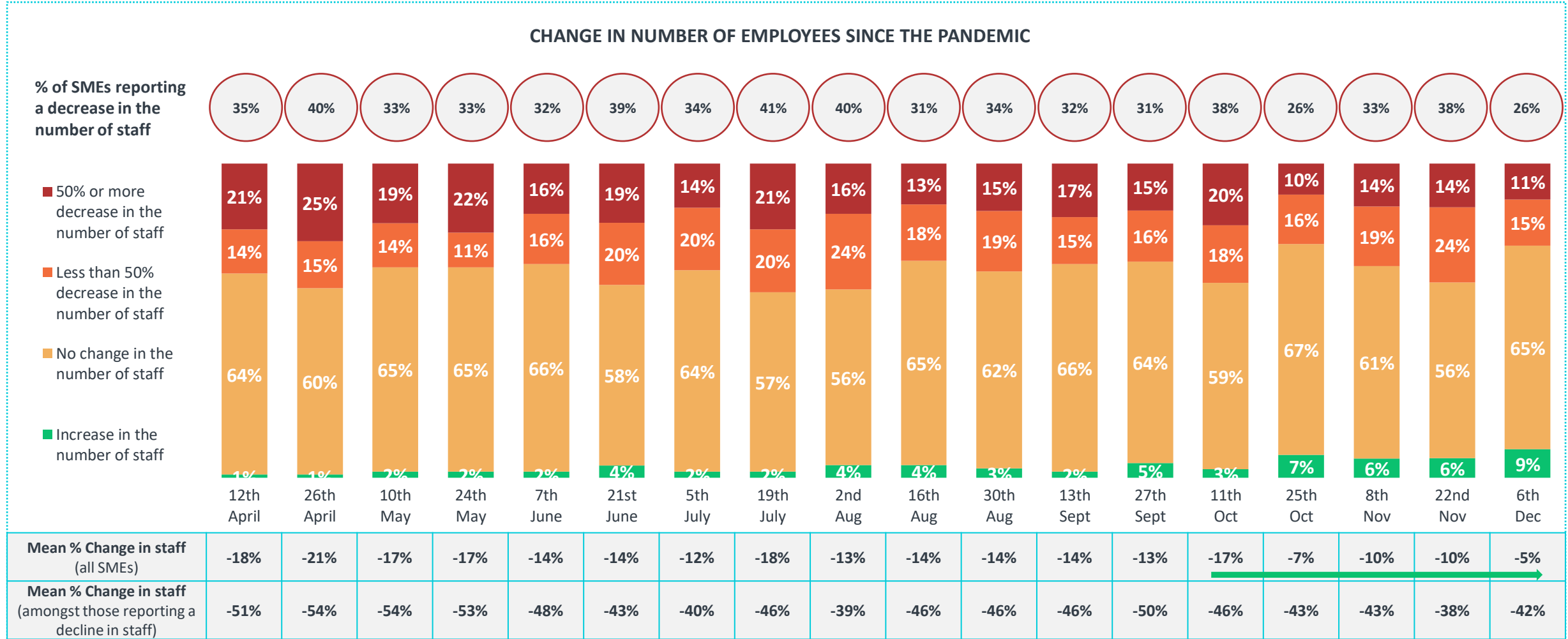


## WHAT WILL YOU DO WHEN JOBKEEPER PAYMENTS ARE REDUCED TO \$1,000 PER ELIGIBLE EMPLOYEE PER FORTNIGHT IN JANUARY? (AMONGST THOSE UTILISING JOBKEEPER)



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

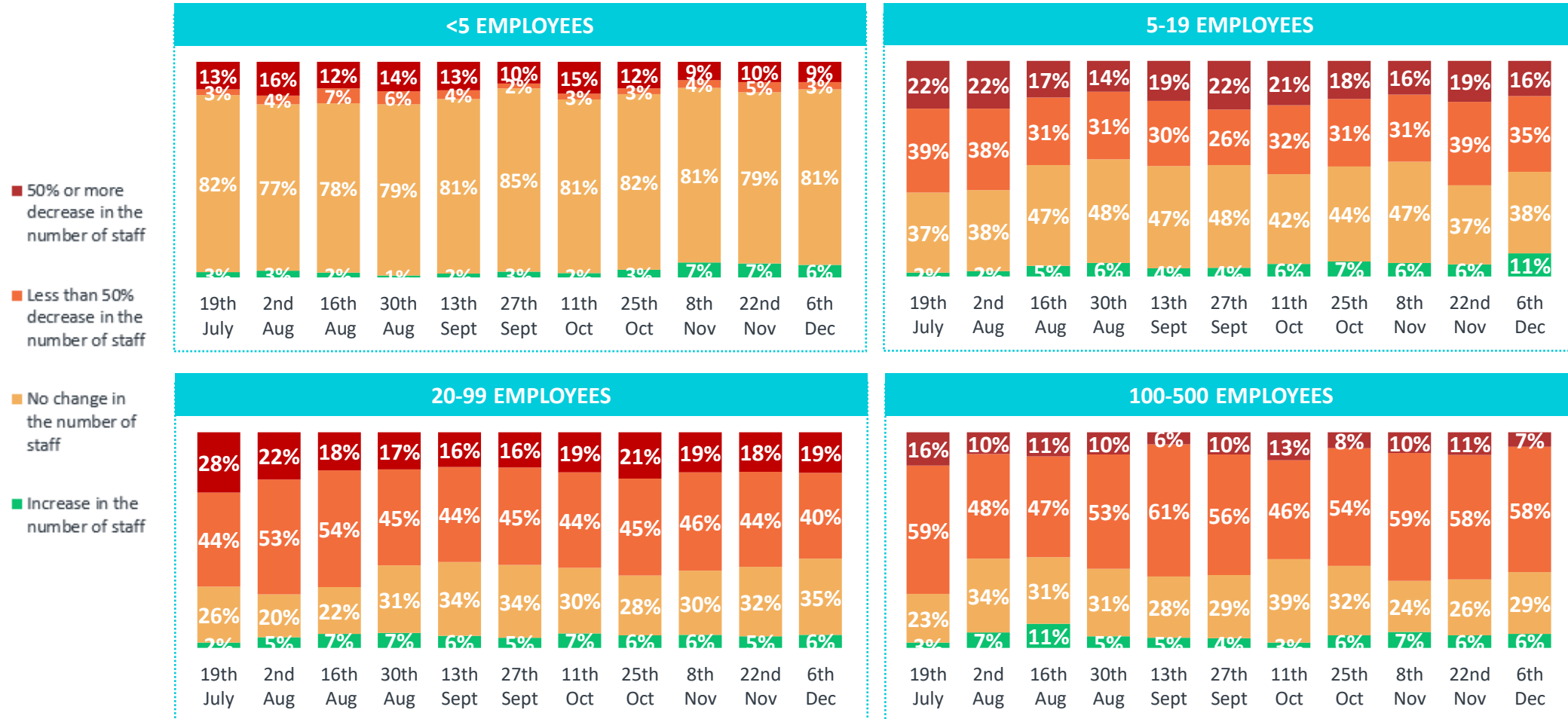
Jobs data continues to fluctuate, with strong data recorded this wave with only 26% of SMEs reporting job losses compared to 38% in November.



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

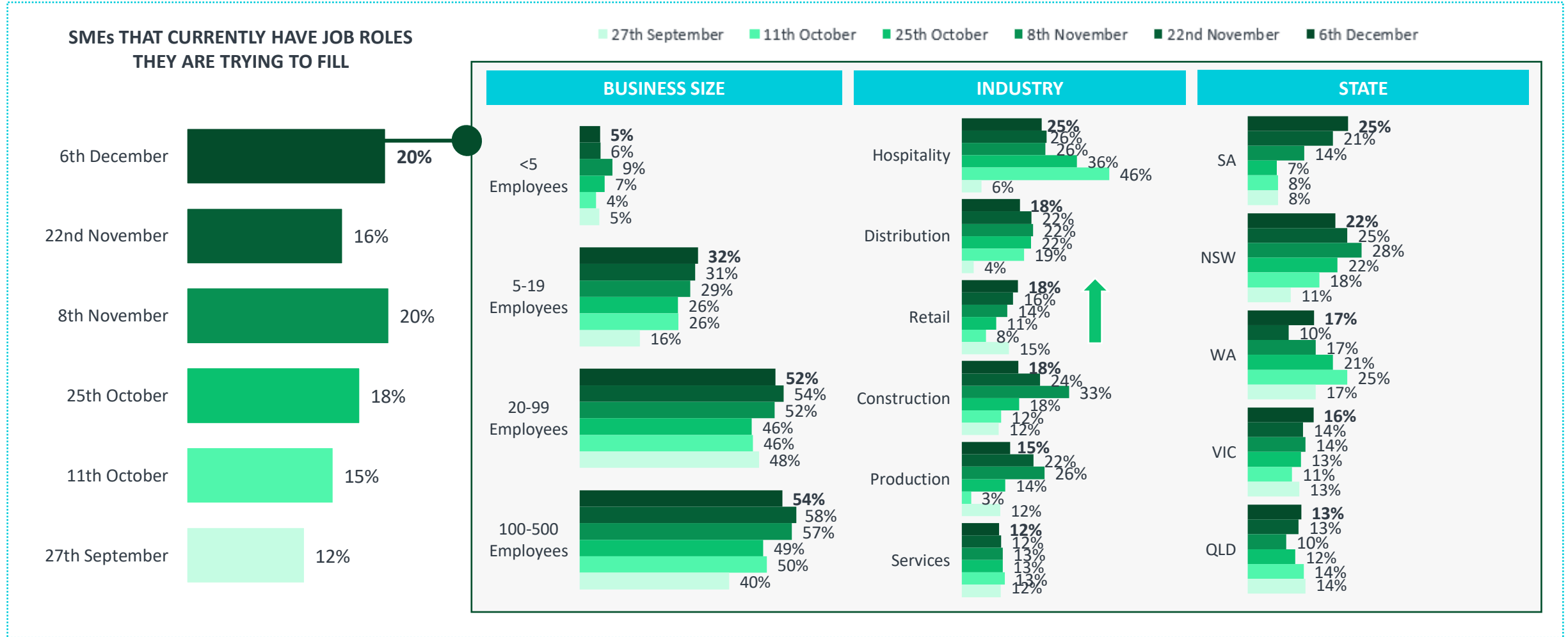
The proportion of SMEs reporting a decline in staff is more positive across all business sizes.

## CHANGE IN NUMBER OF EMPLOYEES SINCE THE PANDEMIC



# JOB ROLES

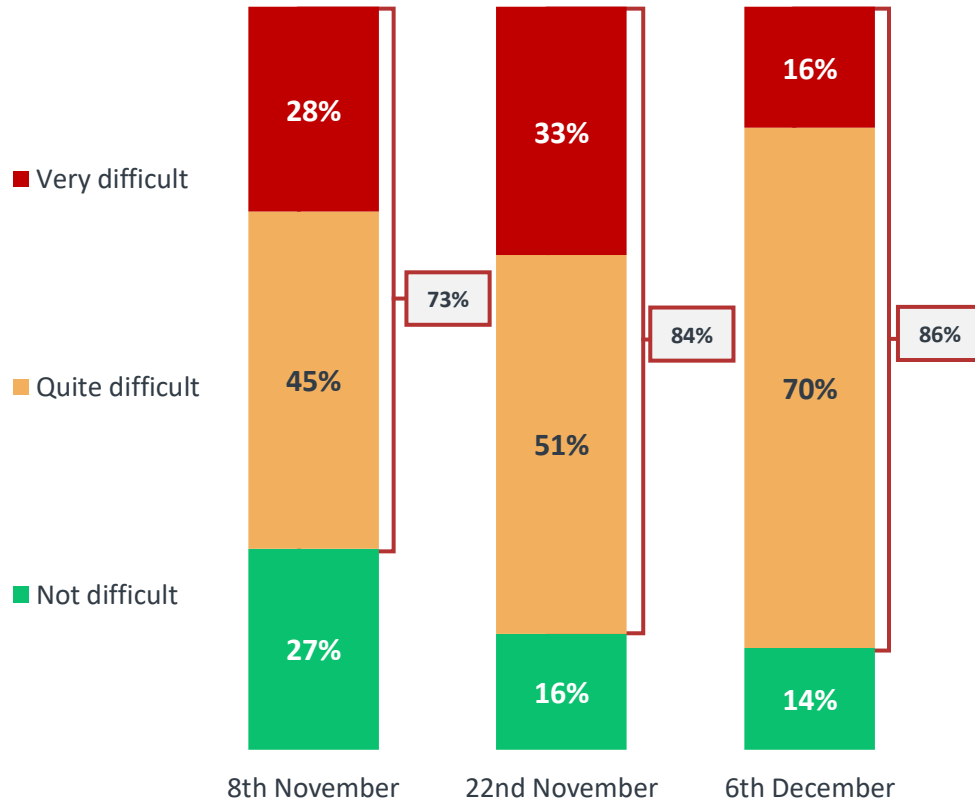
As we approach Christmas, the proportion of SMEs recruiting new employees has rebounded to 20% after a drop in the last wave. The strong trend amongst retailers continues.



# JOB ROLES

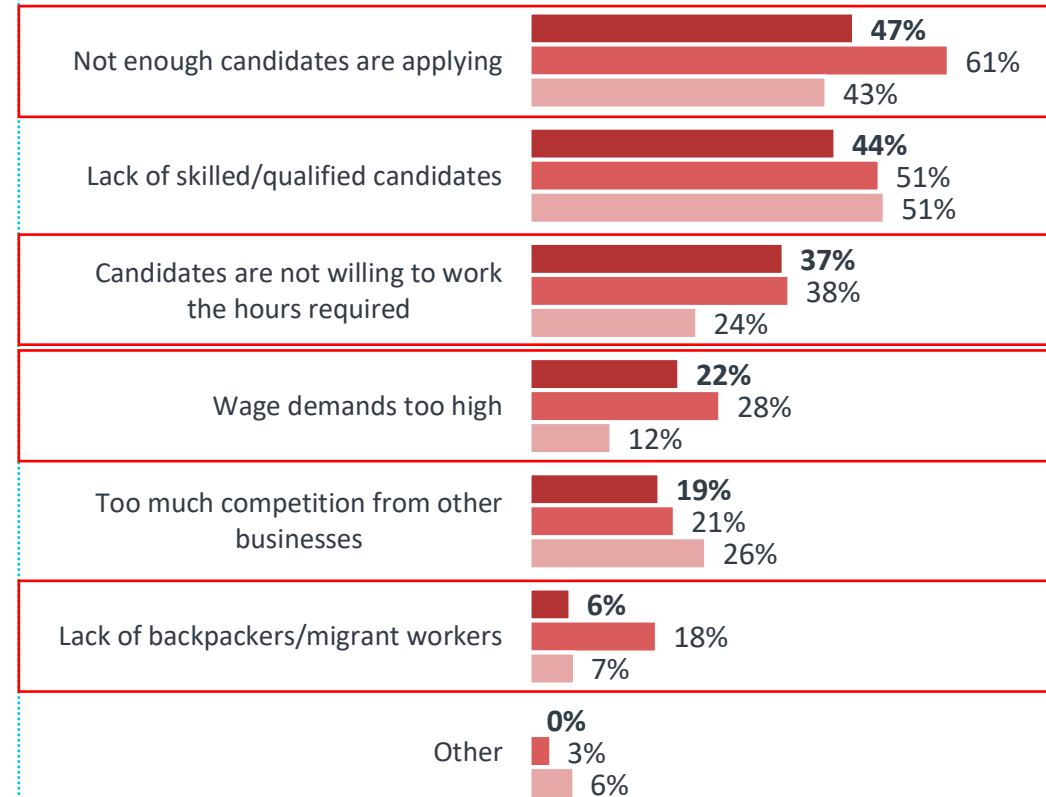
Although, 86% of those hiring are finding it difficult to fill roles, only 16% are now claiming its very difficult. This suggests the gap between employer and employee expectations is closing.

## 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)

■ 8th November ■ 22nd November ■ 6th December



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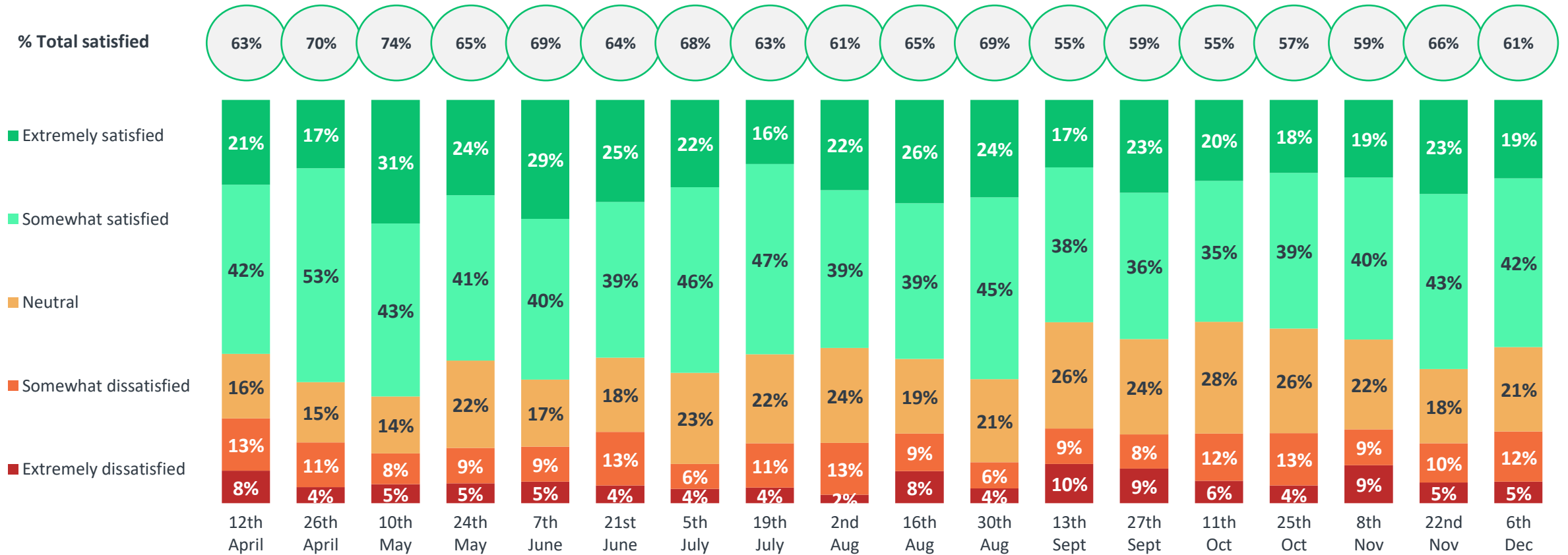
4 WORKING FROM HOME

5 THE RECOVERY

# SATISFACTION WITH THE FEDERAL GOVERNMENT'S RESPONSE

The upward trend in satisfaction with the Federal Government has ended, but overall satisfaction remains above 60%.

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



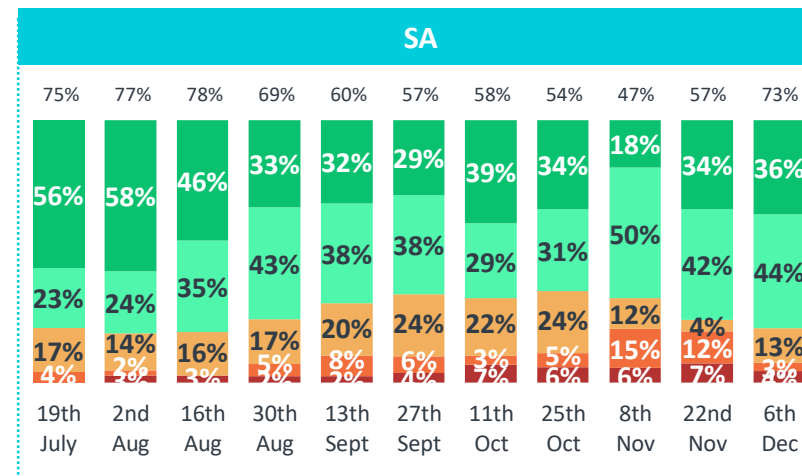
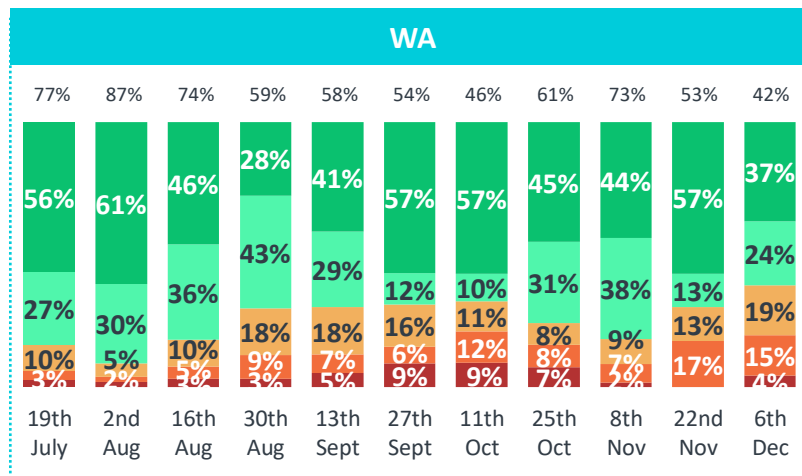
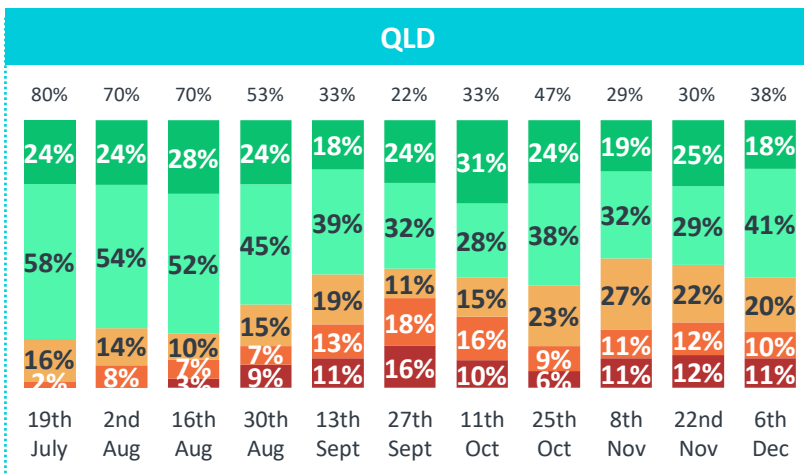
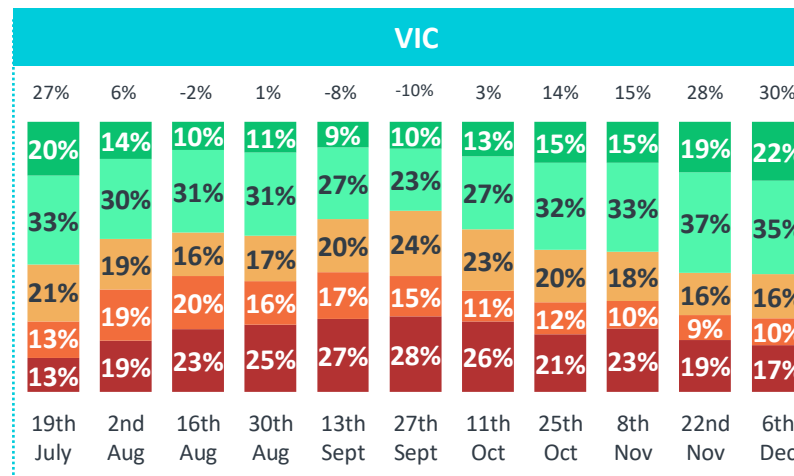
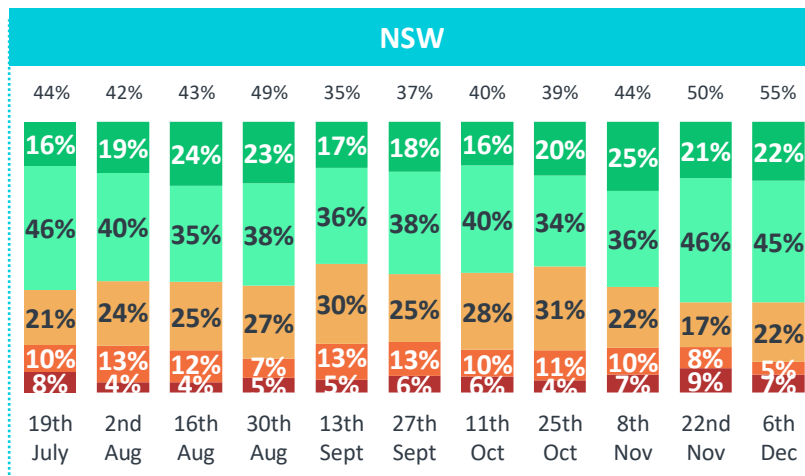


# SATISFACTION WITH THE STATE GOVERNMENT'S RESPONSE

Satisfaction levels with all State Governments is very positive, but the decline in WA continues as border restrictions remain in place.

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

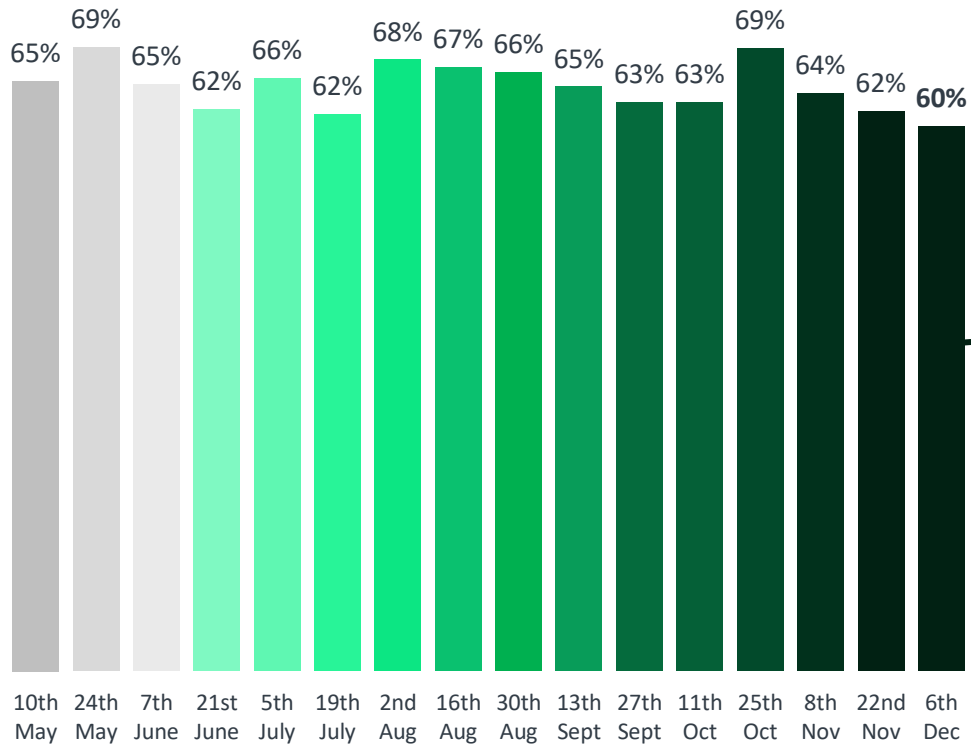
- % Net score**
- Extremely satisfied
  - Somewhat satisfied
  - Neutral
  - Somewhat dissatisfied
  - Extremely dissatisfied



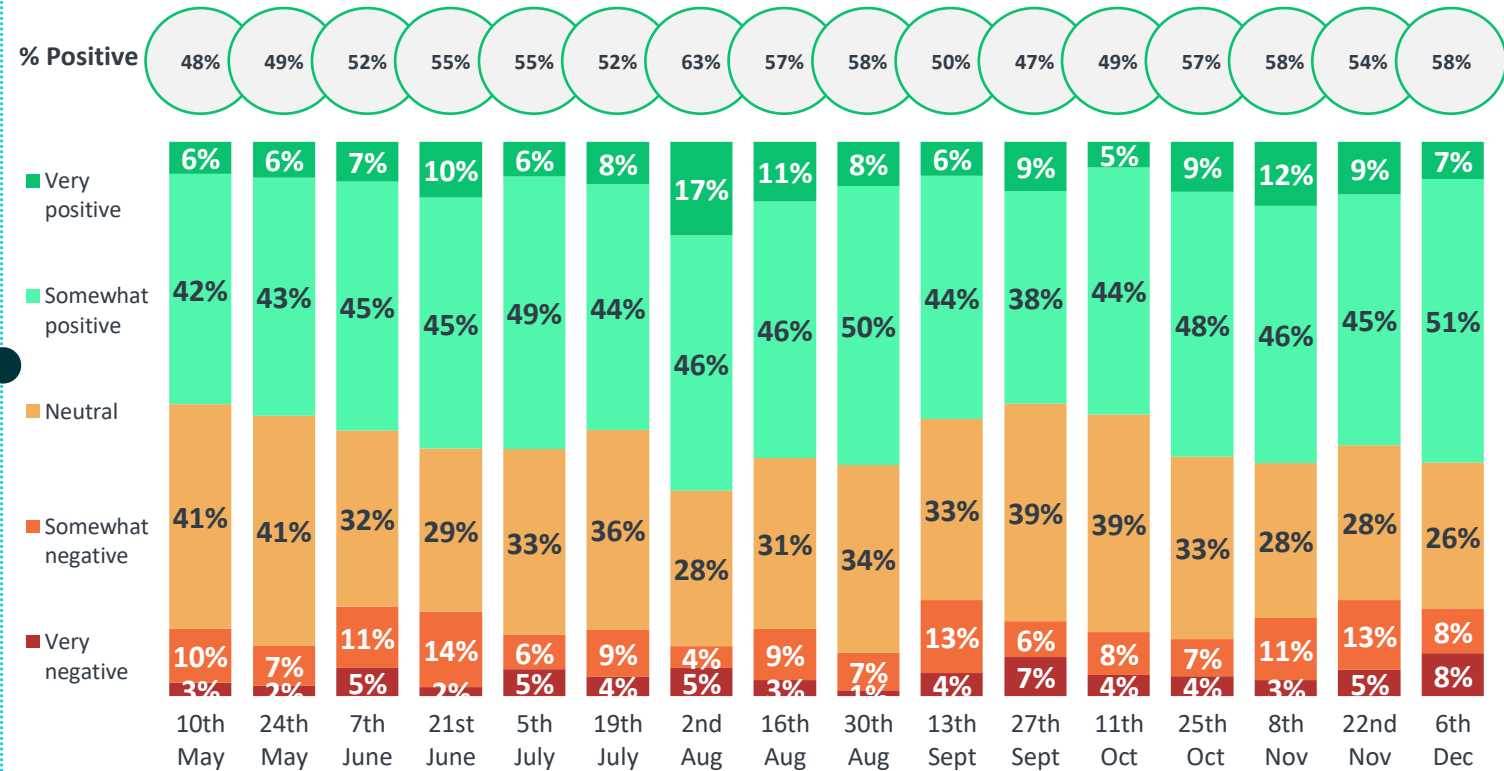
# SUPPORT FROM THE BANKS

Perception towards the support provided by banks remains steady.

### % AWARE OF THE SUPPORT THAT BANKS ARE PROVIDING BUSINESS CUSTOMERS AFFECTED BY THE COVID-19 CRISIS



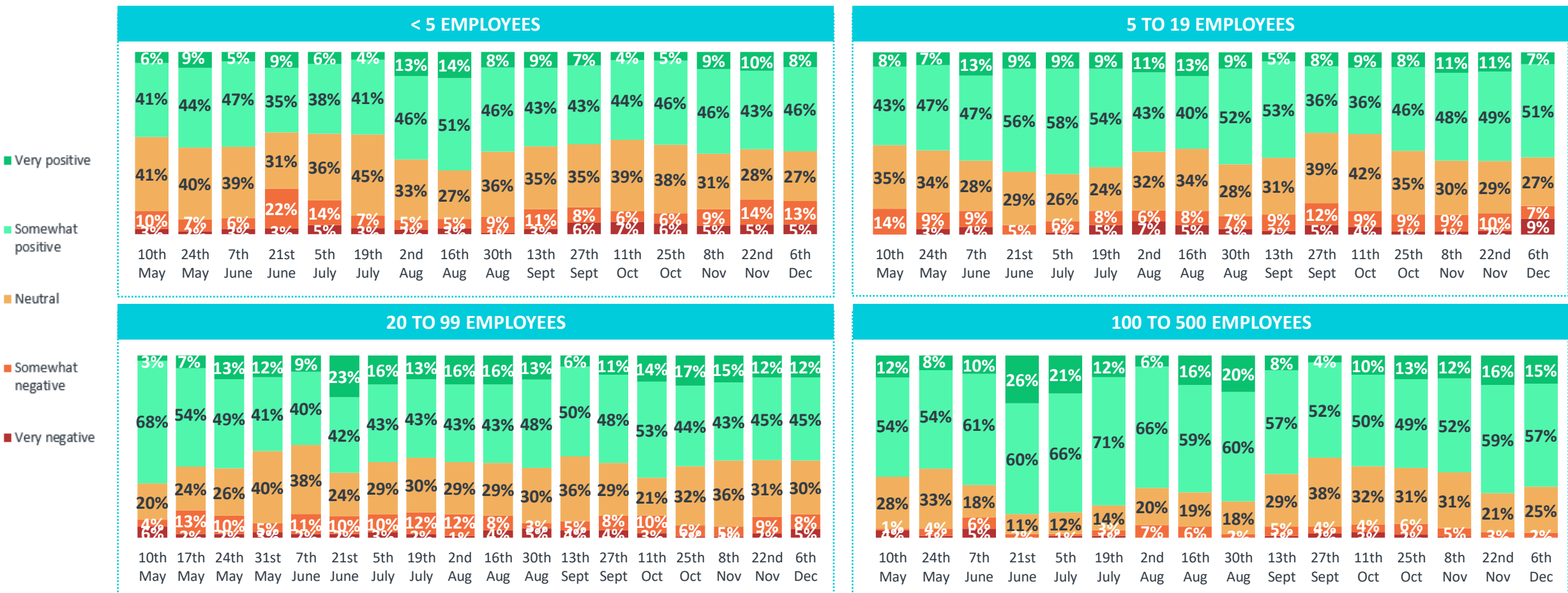
### PERCEPTIONS OF SUPPORT PROVIDED BY THE BANKS TO BUSINESS CUSTOMERS (AMONGST THOSE AWARE OF BANK SUPPORT)



# SUPPORT FROM THE BANKS BY BUSINESS SIZE

Support for the banks remains steady across all the size subgroups.

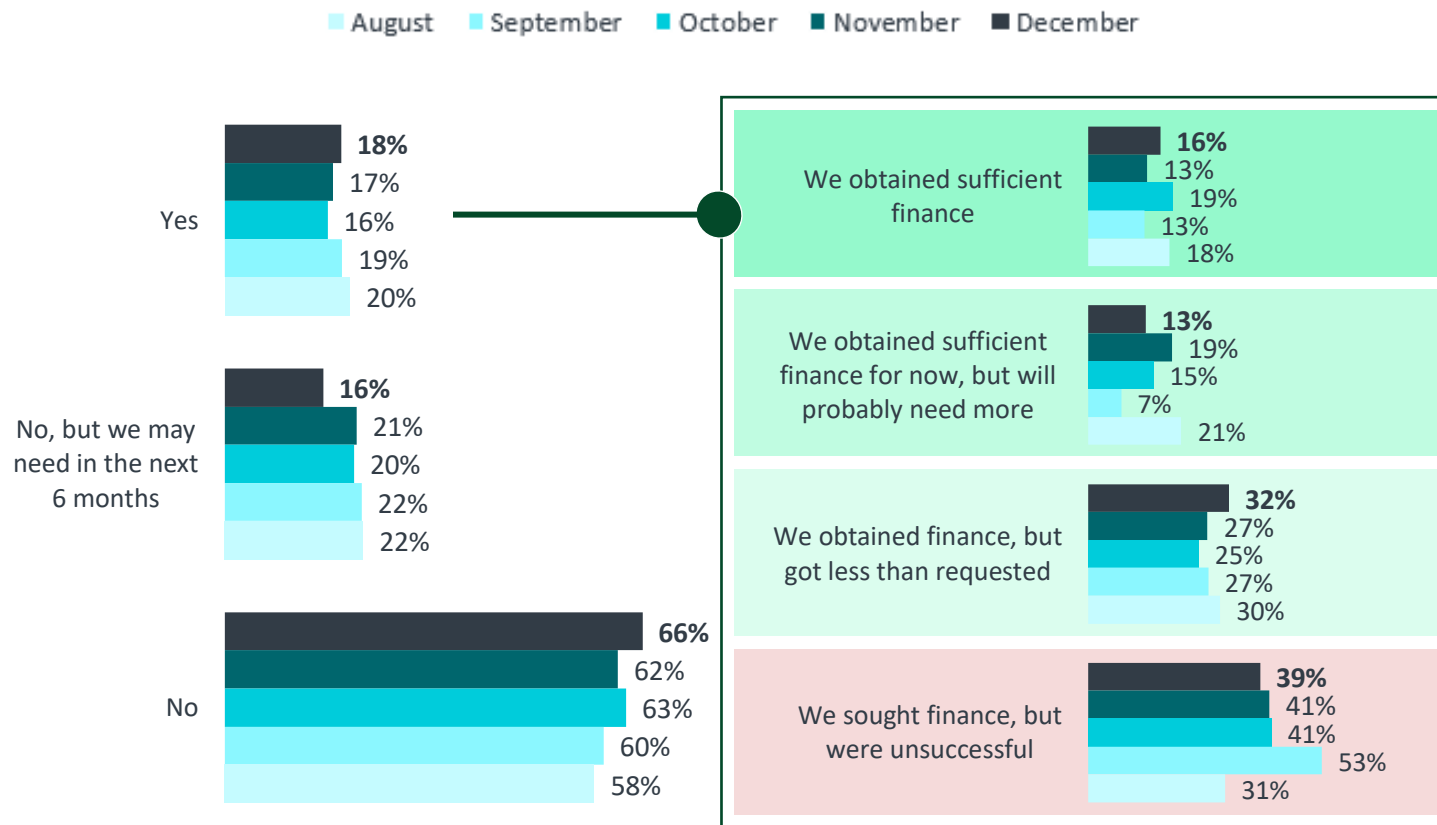
PERCEPTIONS OF SUPPORT PROVIDED BY THE BANKS TO BUSINESS CUSTOMERS  
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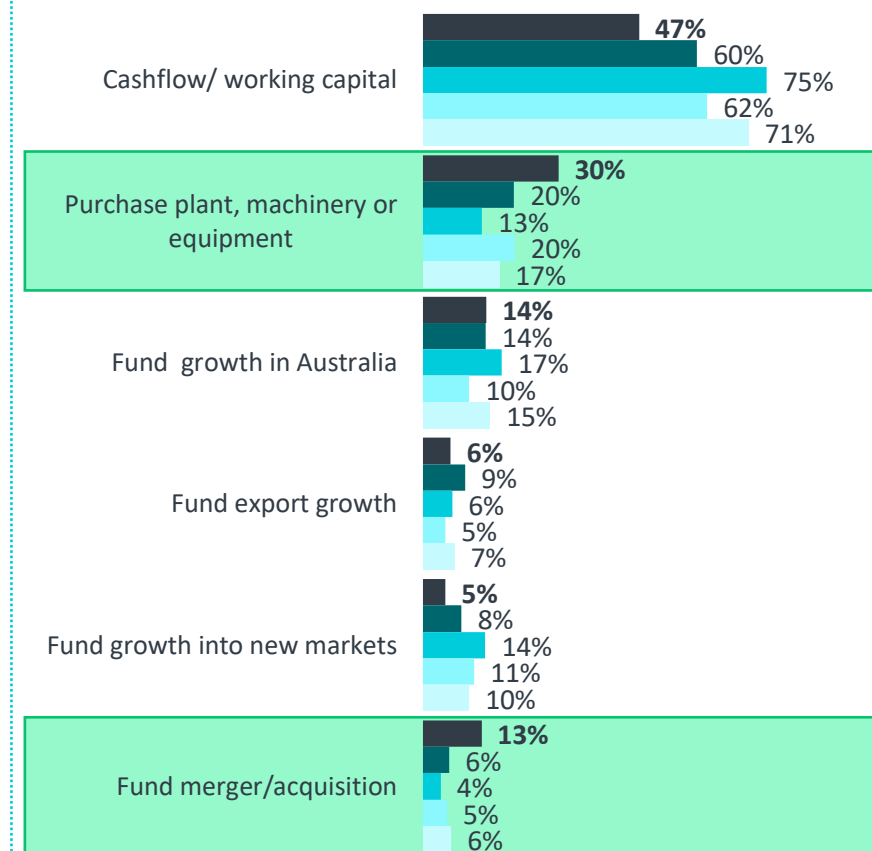
# ADDITIONAL FINANCE

Positive to report the demand for funds to support cashflow is reducing as SMEs redirect finance to new plant and equipment and mergers/acquisitions.

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



## AND WHAT IS THE PURPOSE OF THIS FINANCE?



# CAPITAL EXPENDITURE (NEXT 3 MONTHS)

Very strong purchase intention data for the first quarter of 2021 across most categories.

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

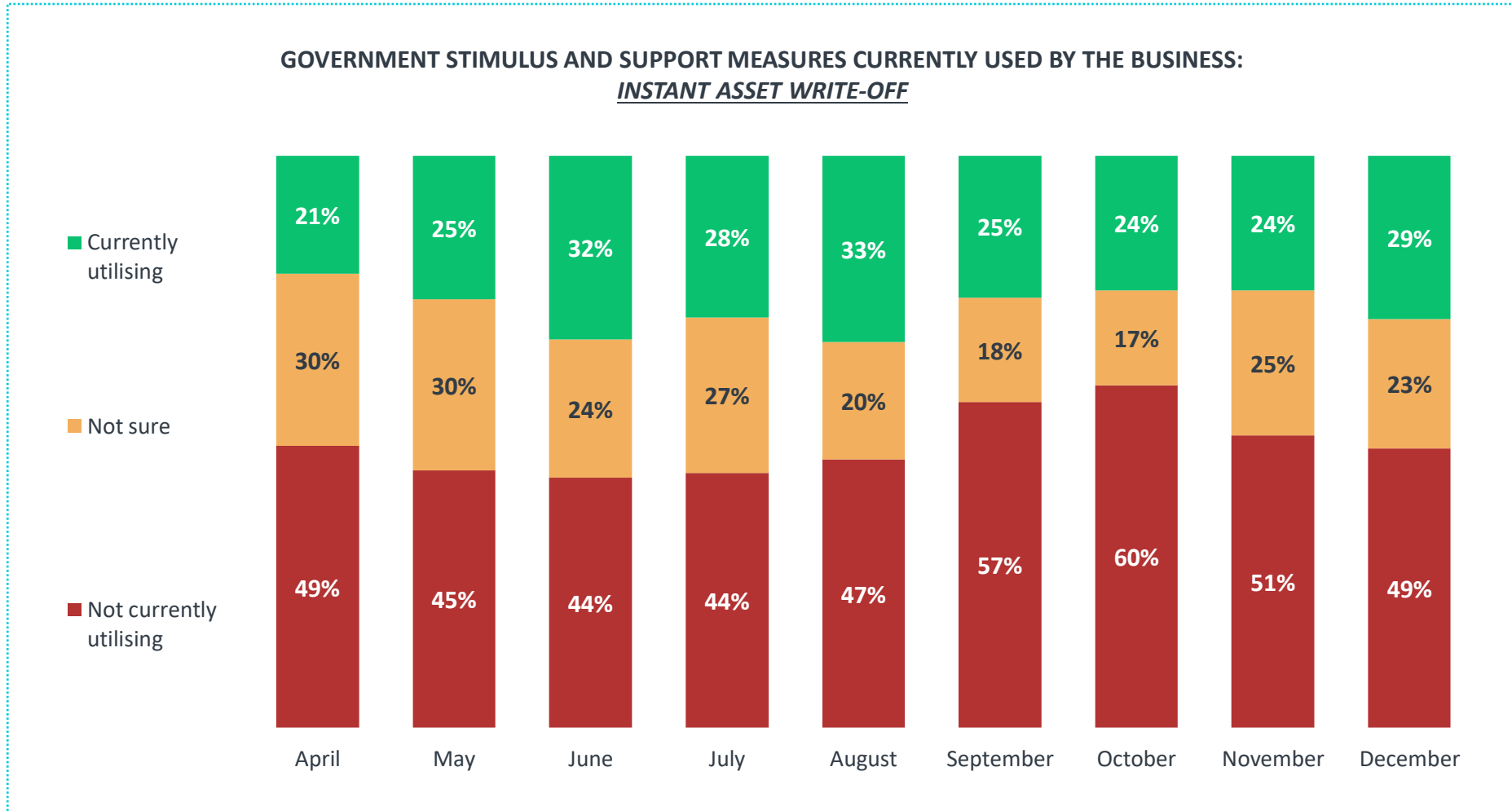
(W/E 6<sup>TH</sup> DECEMBER)

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

	% Total will					% Change from last month
	July	August	September	October	November	
IT / Office equipment, including hardware & software	40%	44%	43%	46%	43%	-2%
Other types of vehicles, equipment, machinery or plant	16%	16%	14%	15%	15%	+7%
Light commercial vehicle(s) including utes, vans, and minibuses	13%	11%	13%	11%	16%	+3%
Passenger vehicle(s) including SUVs	14%	14%	14%	14%	15%	+4%
Truck(s) more than 4.5 tonnes that require a heavy vehicle licence	8%	6%	6%	5%	6%	+9%
Agricultural, construction or earthmoving vehicle(s)/equipment	11%	7%	9%	8%	10%	+3%
Truck(s) less than 4.5 tonnes that can be operated with a car licence	9%	6%	8%	7%	7%	+5%
Medium and large bus(es) with more than 12 seats that require a bus driver licence	7%	5%	7%	4%	8%	+2%

# INSTANT ASSET WRITE-OFF

Instant asset write off is stimulating new investment with 29% of SMEs taking advantage of this support program.

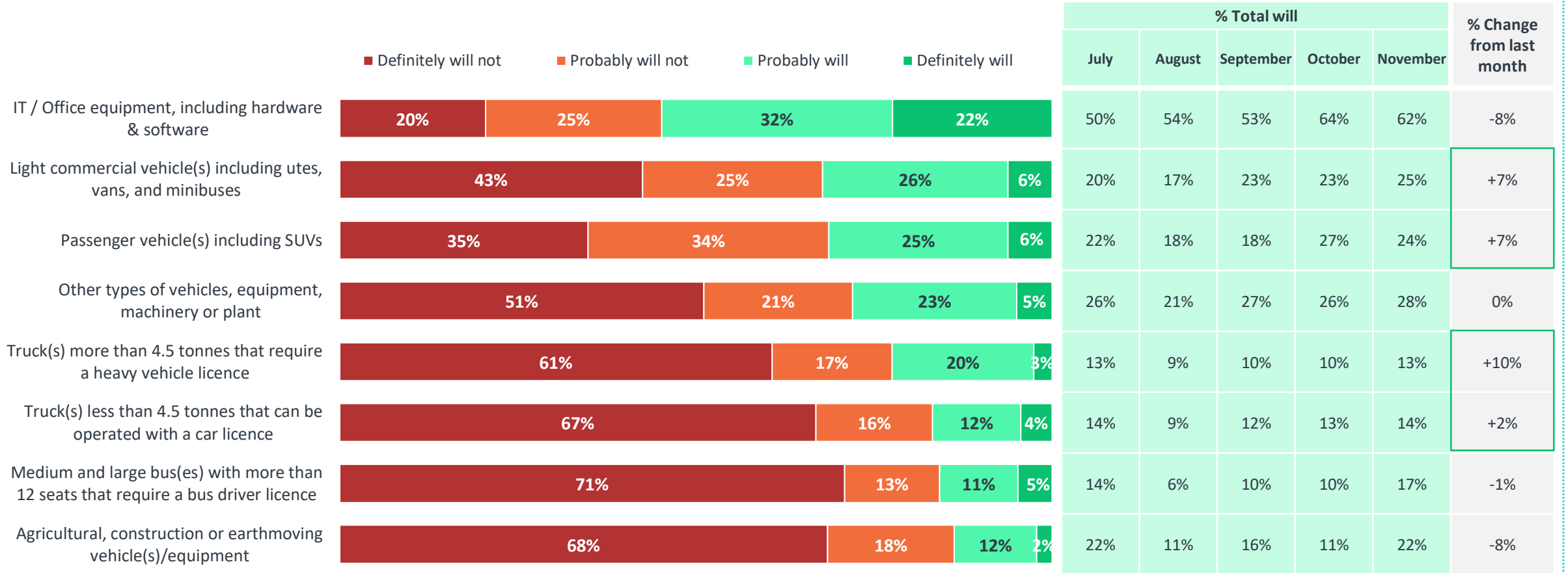


# CAPITAL EXPENDITURE (NEXT 3 MONTHS) BY THOSE UTILISING INSTANT ASSET WRITE-OFF

Those using instant asset write off have indicated they will be purchasing passenger vehicles, light commercial vehicles and trucks over the next 3 months.

## WHICH OF THE FOLLOWING WILL YOU PURCHASE FOR YOUR BUSINESS OVER THE NEXT 3 MONTHS? (AMONGST THOSE UTILISING INSTANT ASSET WRITE-OFF)

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



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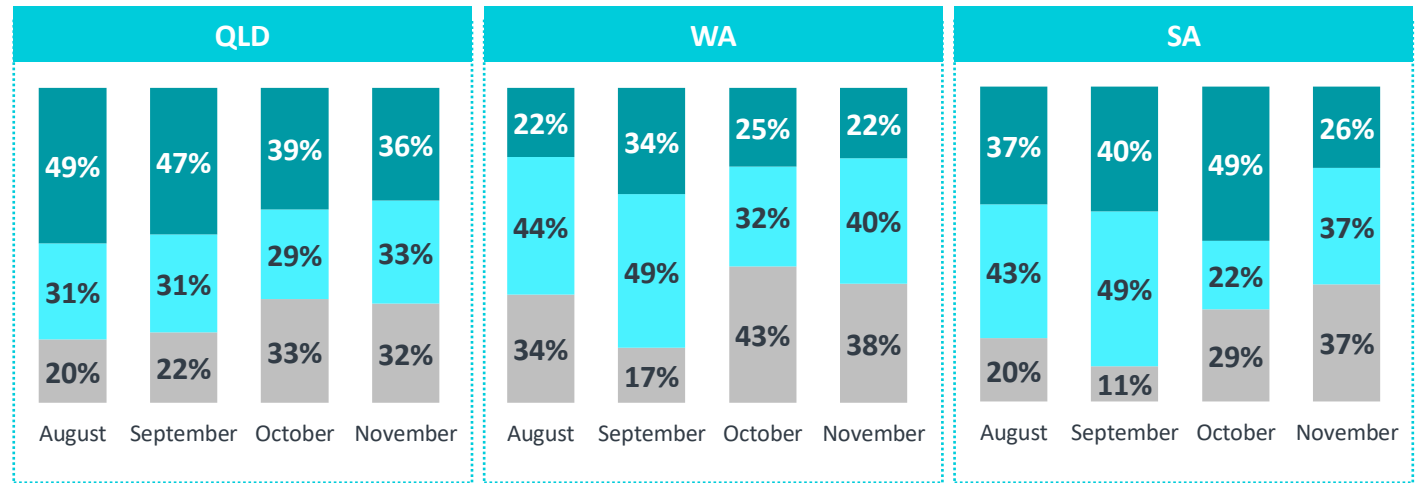
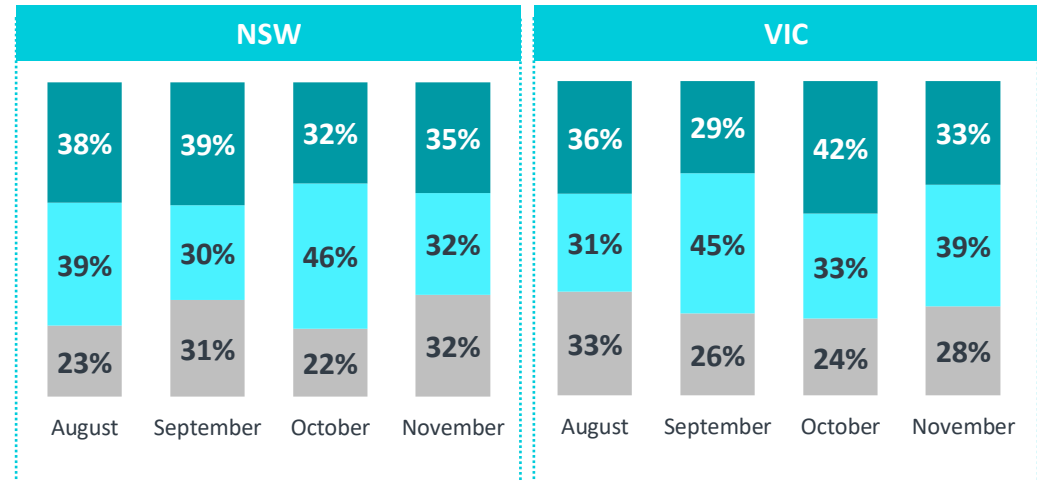
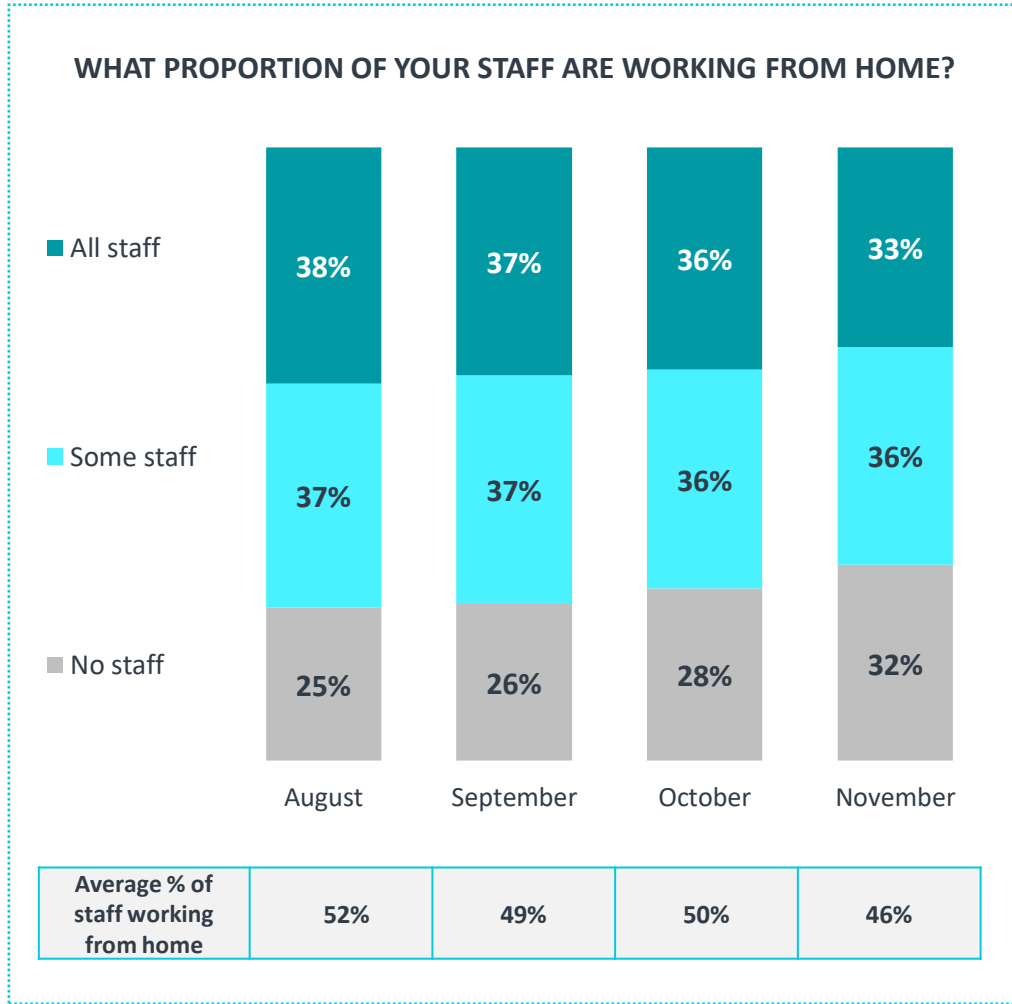
4 WORKING FROM HOME

5 THE RECOVERY



# PROPORTION OF STAFF WORKING AT HOME

Drop in the proportion of staff working from home as restrictions ease.



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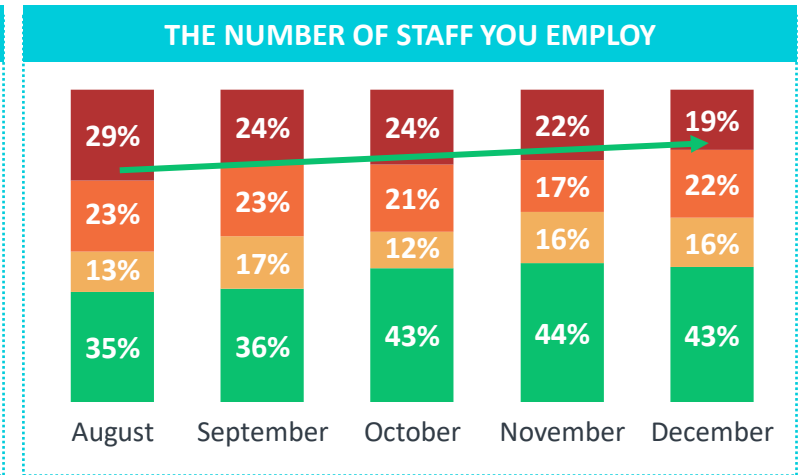
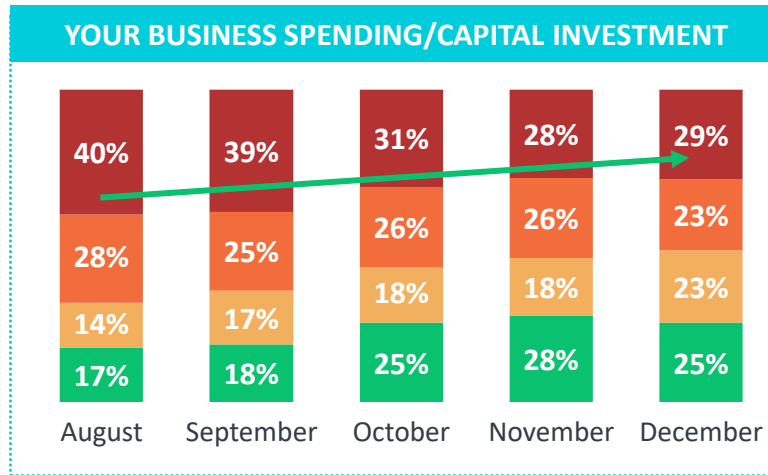
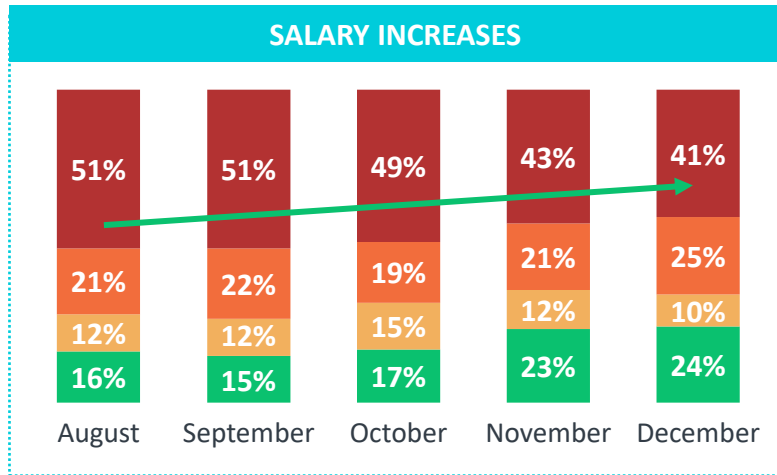
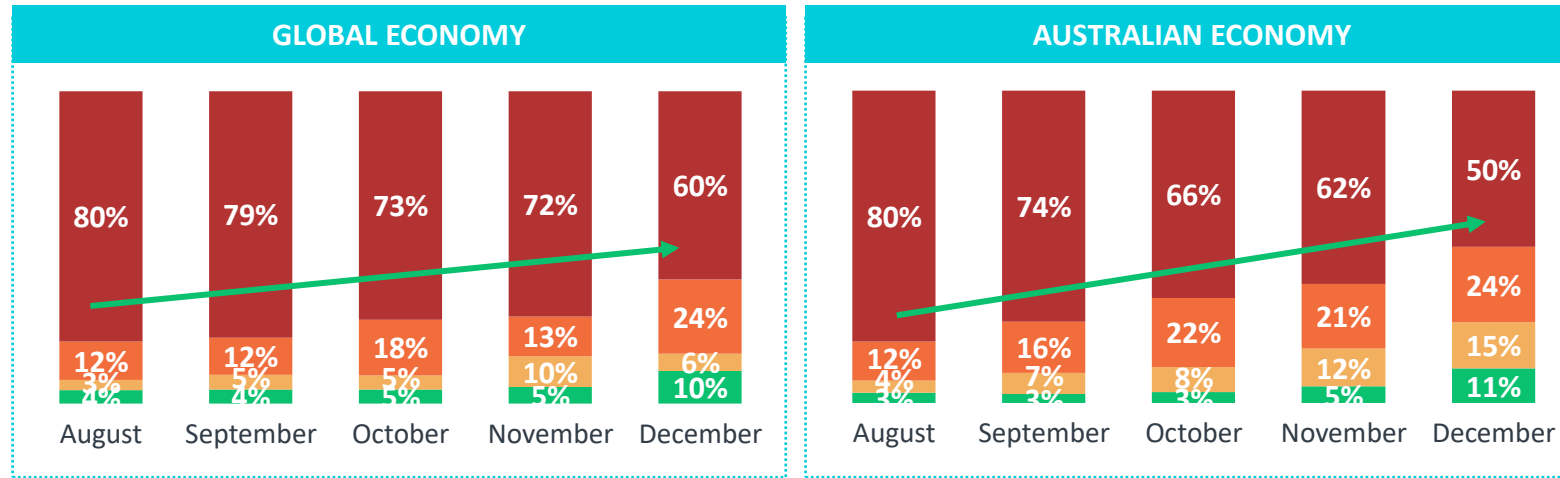
- 1 IMPACT OF COVID-19 ON FINANCIALS
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# IMPACT OF COVID-19

All long term impact indicators continue in a positive direction, driven by much stronger sentiment regarding the Australian and Global economies as vaccines are rolled out.

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

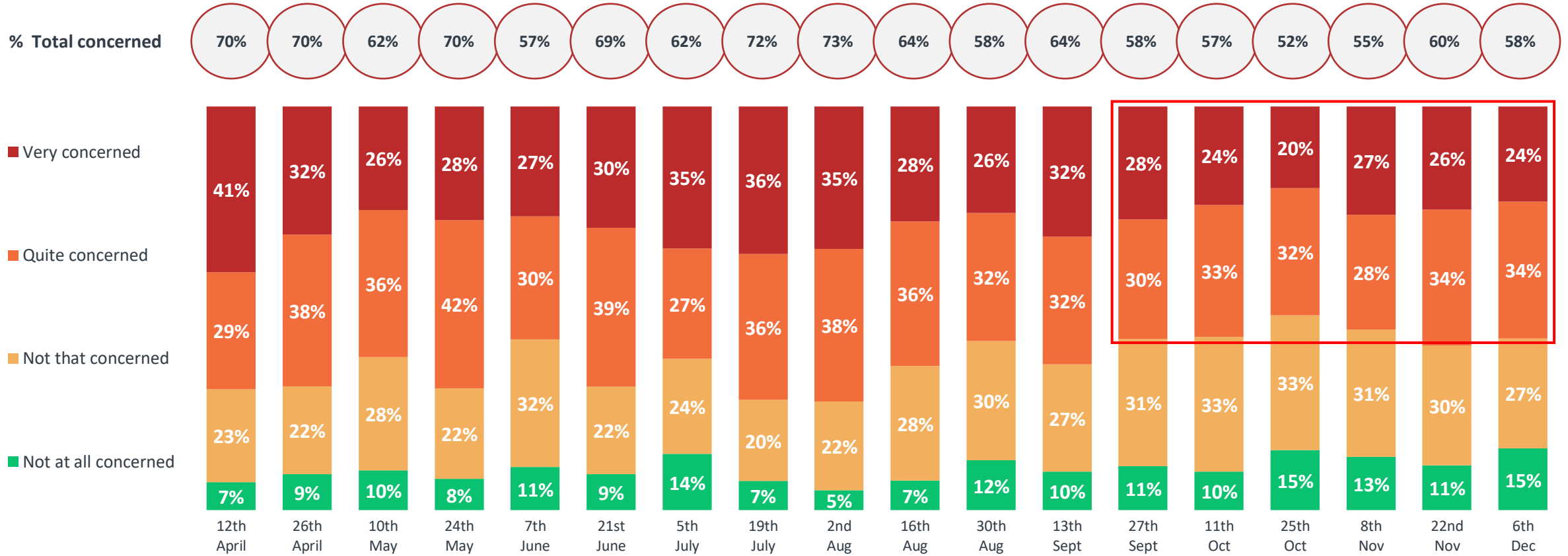
- Long term impact (more than 12 months)
- Medium term impact (6-12 months)
- Short term impact (up to 6 months)
- No negative impact



# LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

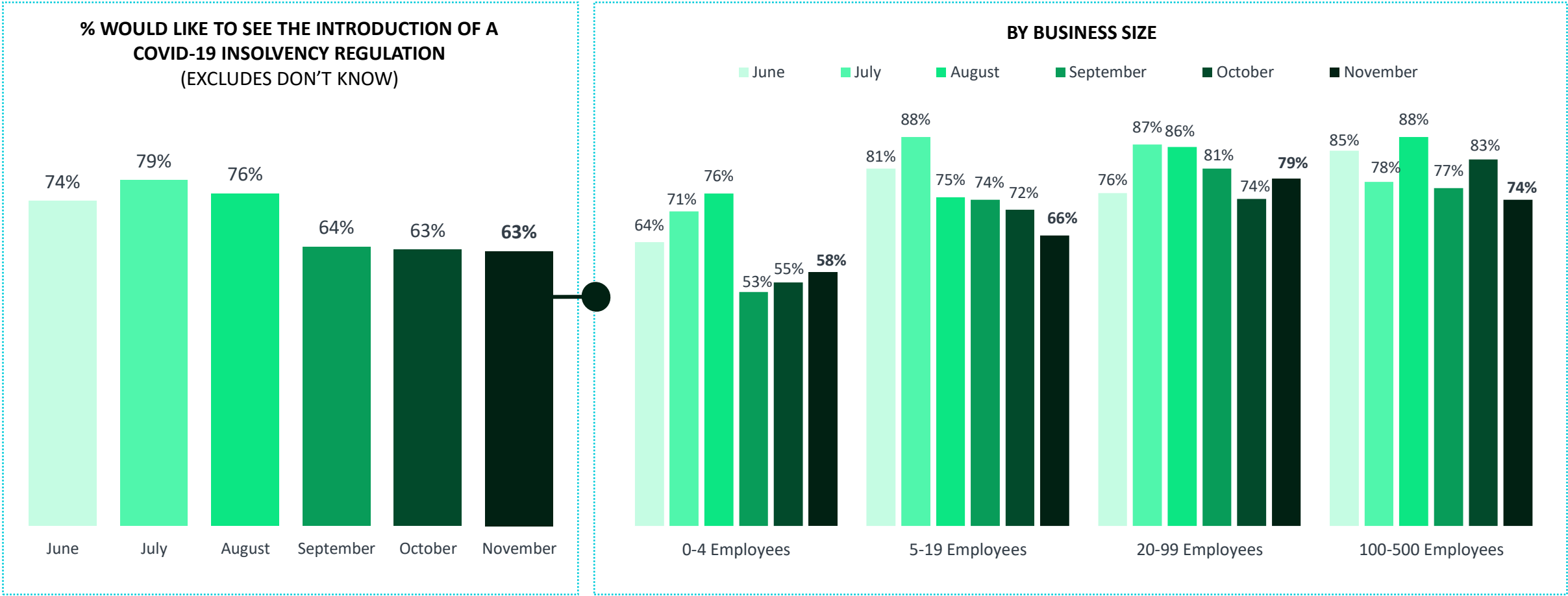
However, the level of concern about business survival remains consistent, underlining ongoing uncertainty about a robust recovery in 2021.

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



Support for insolvency regulation remains at 63% in November.

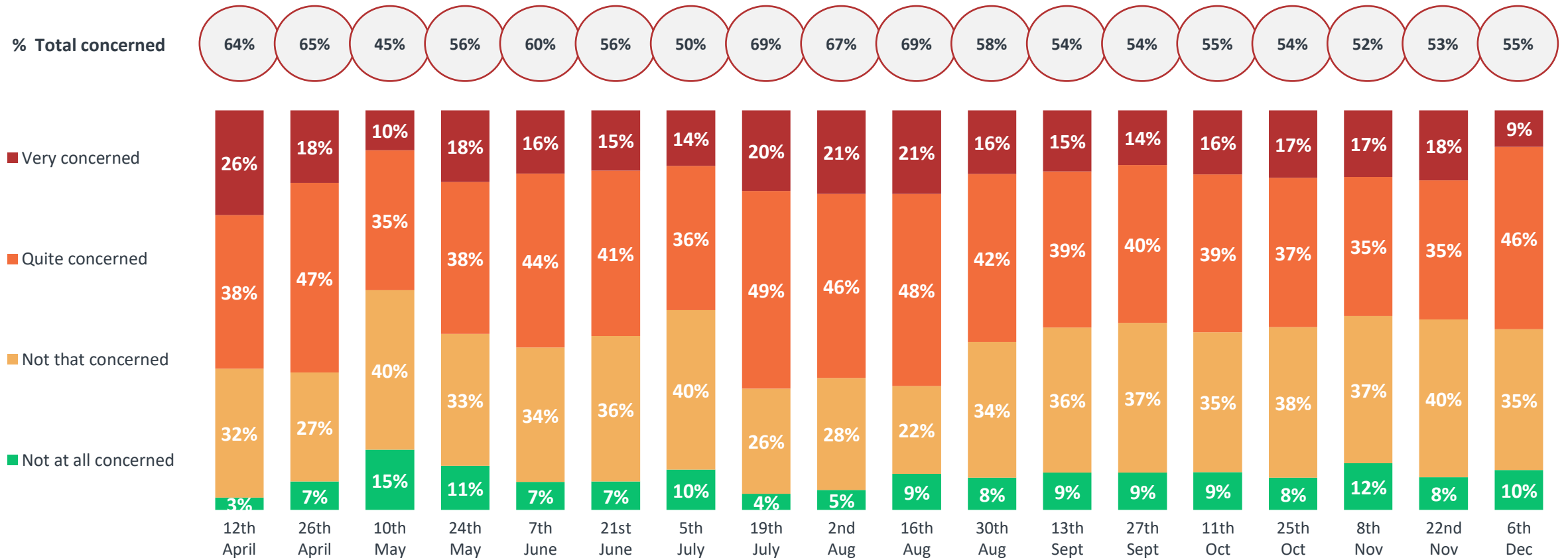
WOULD YOU LIKE TO SEE THE INTRODUCTION OF A COVID-19 INSOLVENCY REGULATION TO PROTECT YOUR BUSINESS FROM BANKRUPTCY UNTIL BUSINESS CONDITIONS AND REVENUES RECOVER?



# LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

Very positive that only 9% of SME decision makers are now very concerned about their own health and wellbeing.

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

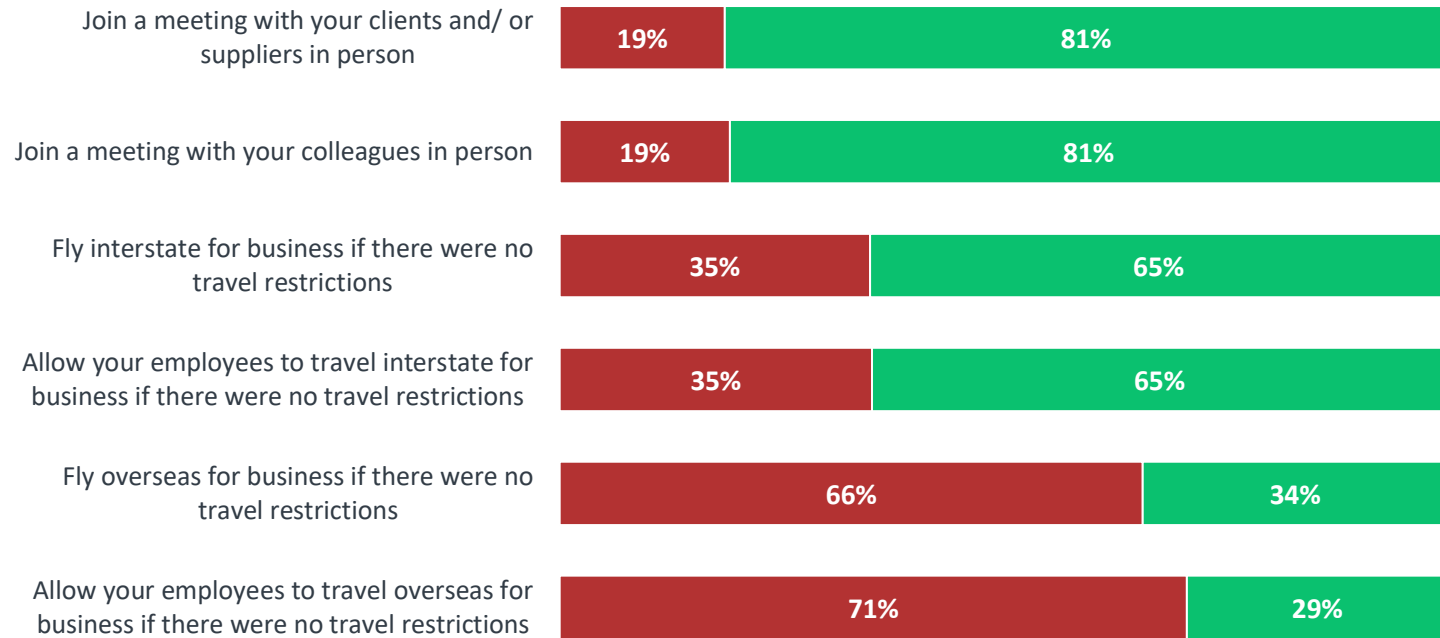


# MEETINGS AND MOBILITY

SME decision makers continue to become more comfortable with local and interstate in person contact and travel.

**WOULD YOU BE COMFORTABLE DOING THE FOLLOWING ACTIVITIES IN THE CURRENT ENVIRONMENT?**  
(W/E 6<sup>TH</sup> DECEMBER)

■ No                      ■ Yes



	% Yes						% Change from last month
	June	July	August	September	October	November	
Join a meeting with your clients and/or suppliers in person	75%	73%	63%	74%	74%	75%	+6%
Join a meeting with your colleagues in person	77%	78%	68%	79%	81%	75%	+6%
Fly interstate for business if there were no travel restrictions	56%	47%	33%	43%	50%	57%	+8%
Allow your employees to travel interstate for business if there were no travel restrictions	54%	47%	30%	46%	53%	56%	+9%
Fly overseas for business if there were no travel restrictions	24%	27%	21%	23%	25%	29%	+5%
Allow your employees to travel overseas for business if there were no travel restrictions	21%	27%	20%	25%	27%	30%	-1%

# CONTENT

APPENDIX:

1 METHODOLOGY & SAMPLE

2 ABOUT ACA RESEARCH & FIFTH QUADRANT



# METHODOLOGY

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**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

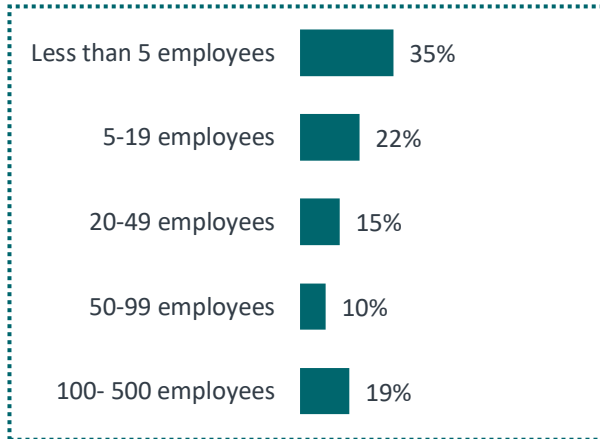


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

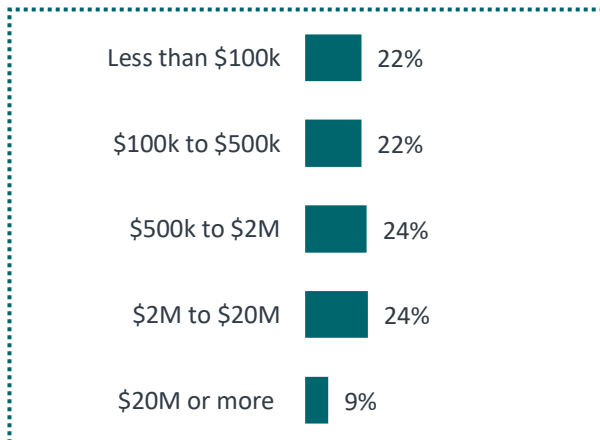
# OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

## SIZE OF BUSINESS: EMPLOYEES

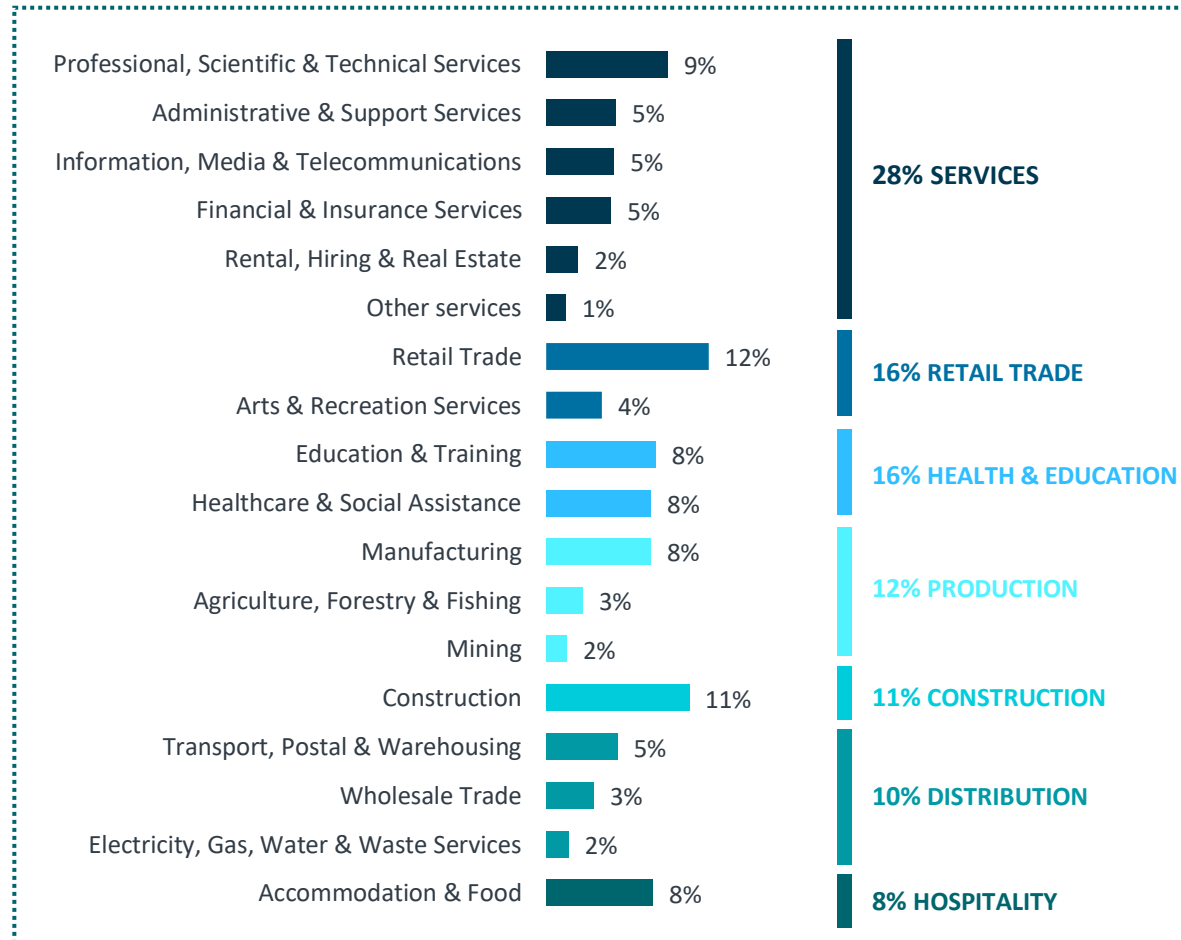


## SIZE OF BUSINESS: TURNOVER



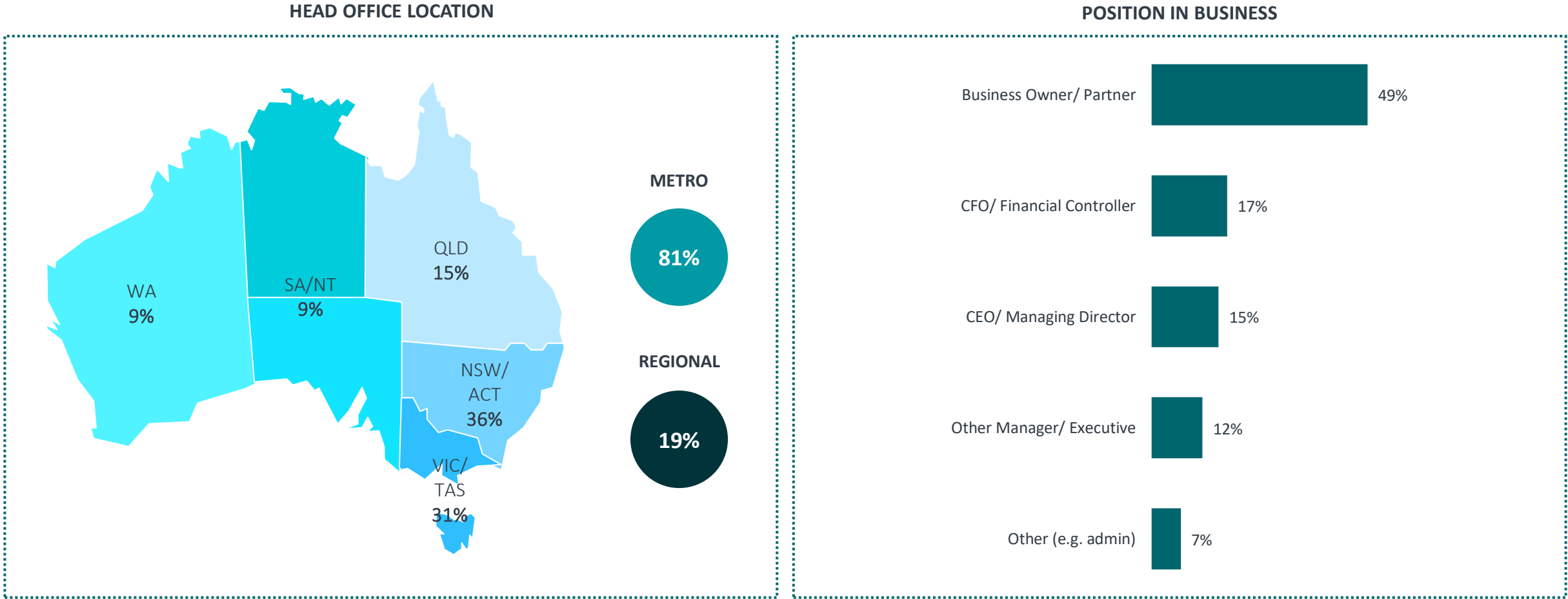
NOTE: CHARTS SHOW UNWEIGHTED DATA

## 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

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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

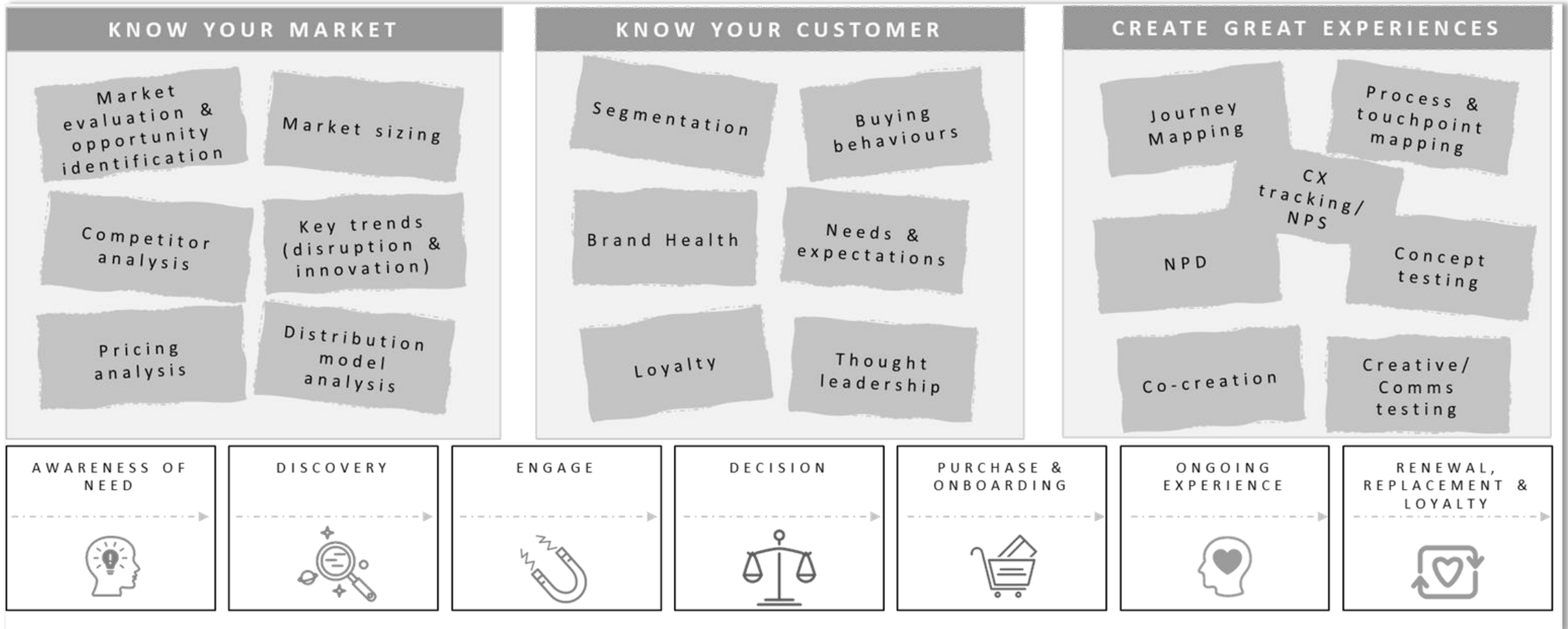
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

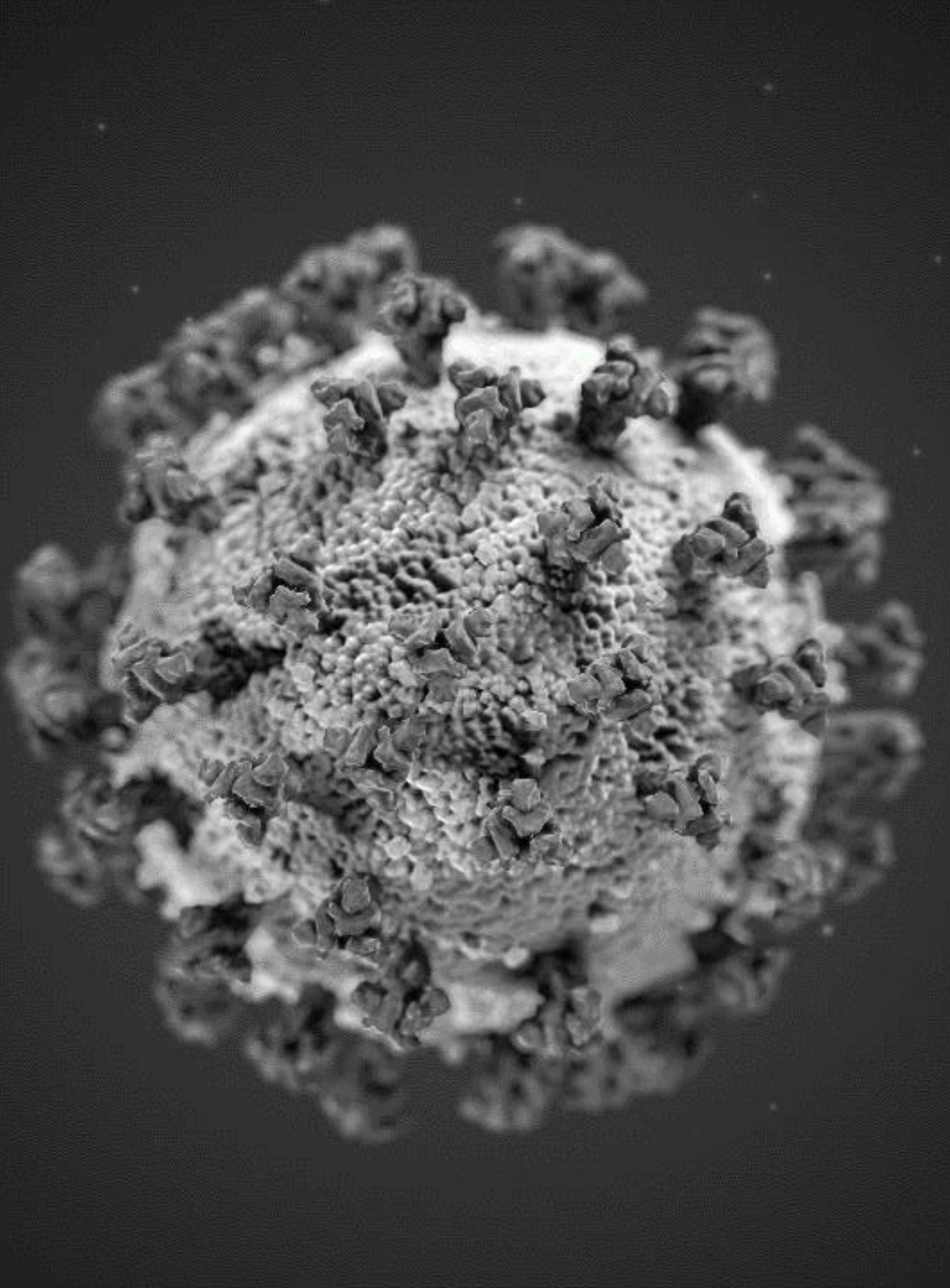
TO DELIVER  
ACTIONABLE  
RECOMMENDATIONS  
AND ADVICE

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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