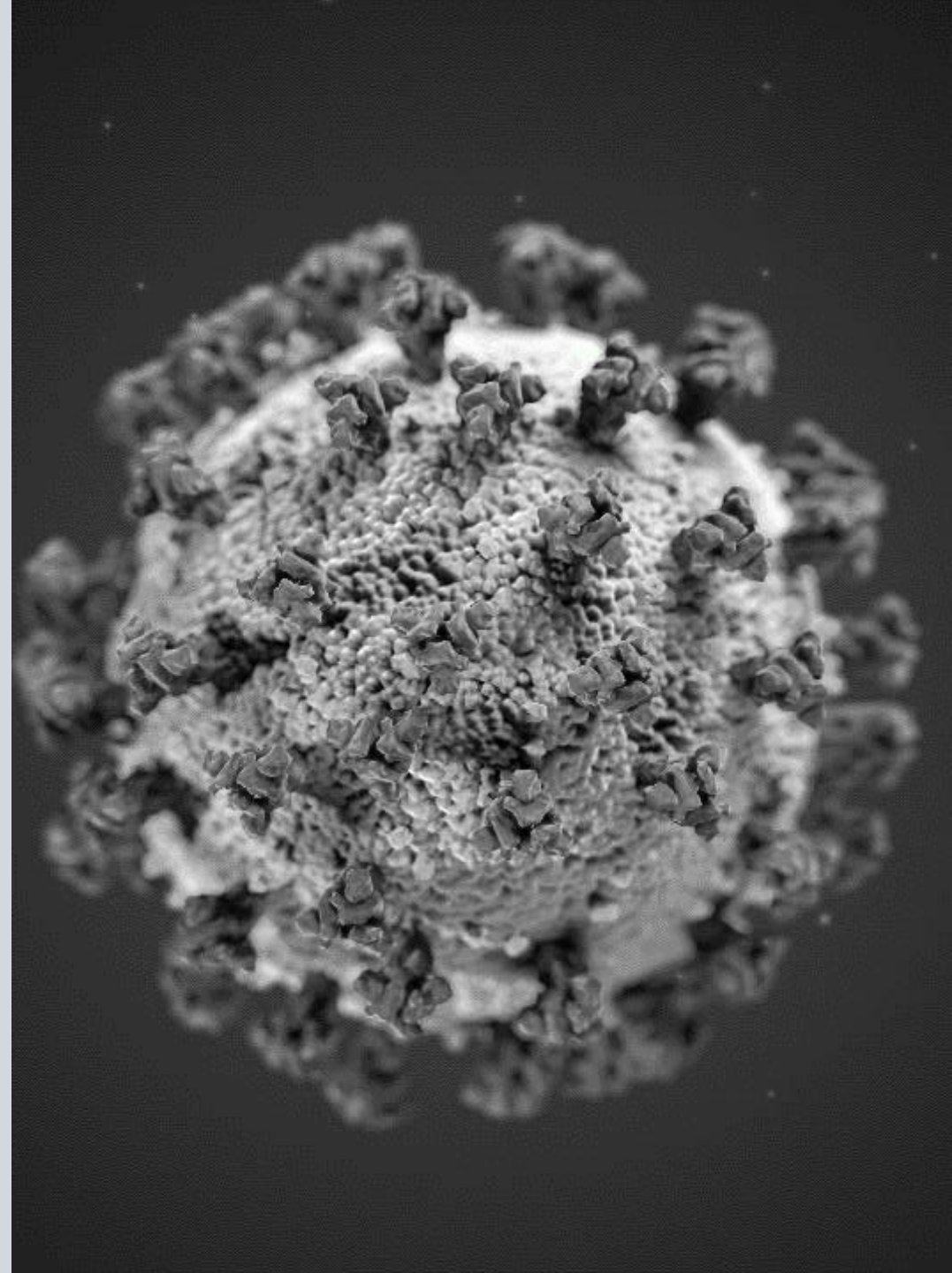


COVID-19 SMALL AND MEDIUM ENTERPRISE SENTIMENT TRACKER

– WAVE 12 –

14th July 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.

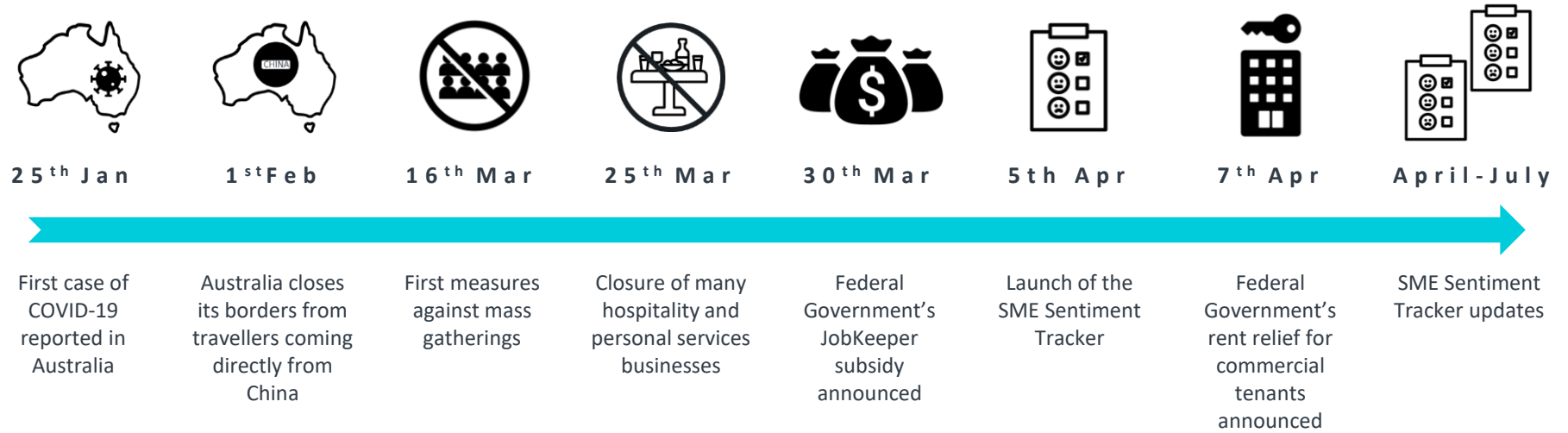
TEG Insights is committed to delivering quality data, analytics and online research services with access to **one of Australia's largest and most responsive online research panels.** Our wide reach includes professionals, from small business owners to executives, across a variety of industries.

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
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
DAILY NEW CASES	200	10	26	15	20	14	17	3	10	5	25	87
CURRENTLY INFECTED	4,633	2,916	2,311	1,258	889	674	580	504	479	455	463	946

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

METHODOLOGY

The COVID-19 Tracker was first launched w/e 5th 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



68% report declining revenues due to COVID-19



Only 40% expect revenues to return to pre COVID-19 levels by October compared to 53%, four weeks earlier



81% believe JobKeeper should be extended until 2021



48% likely to reduce employee numbers if JobKeeper is not extended

As the so-called economic cliff draws closer, the sentiment amongst SMEs continues to deteriorate. Only 40% now expect revenues to return to pre-COVID levels by October, a fall from 53%, four weeks earlier.

Accordingly, 80% of SMEs support the introduction of a COVID-19 insolvency regulation to protect businesses from bankruptcy until business conditions and revenues recover.

Despite 37% of SMEs reporting higher revenues in June, 68% are still trading below pre-COVID revenues including 47% with declines of more than 30%.

Consequently, the demand for Government stimulus and support measures to be extended until 2021 is increasing. 81% of SMEs now believe JobKeeper needs to continue. Underpinning this data, 48% of SMEs claim they are likely to reduce employee numbers if no extension to JobKeeper is forthcoming.

Weak data across hospitality, distribution, retail and services suggest a broad-based extension of the stimulus measures will be required to avoid significant job losses and bankruptcies.

While satisfaction with the Federal Government remains steady, the proportion of SMEs who are extremely satisfied continues to decline, suggesting support is waning as the spike in new cases continues and the lack of clarity regarding future stimulus continues to increase levels of concern regarding business survival.

In summary, the data reported this week is very weak yet again. The speed of recovery is slowing, and expectations of improving revenues is waning. Confidence is fragile as the new outbreak in VIC threatens to spread and once again have a catastrophic impact on the economy.

Concern about business survival is on the rise, as is the level of anxiety associated with the lack of clarity regarding stimulus and support beyond September. The impending Federal Government announcements later in July will be critical in providing the SME community a level of reassurance required to endure this ongoing battle for survival.

CONTENT

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

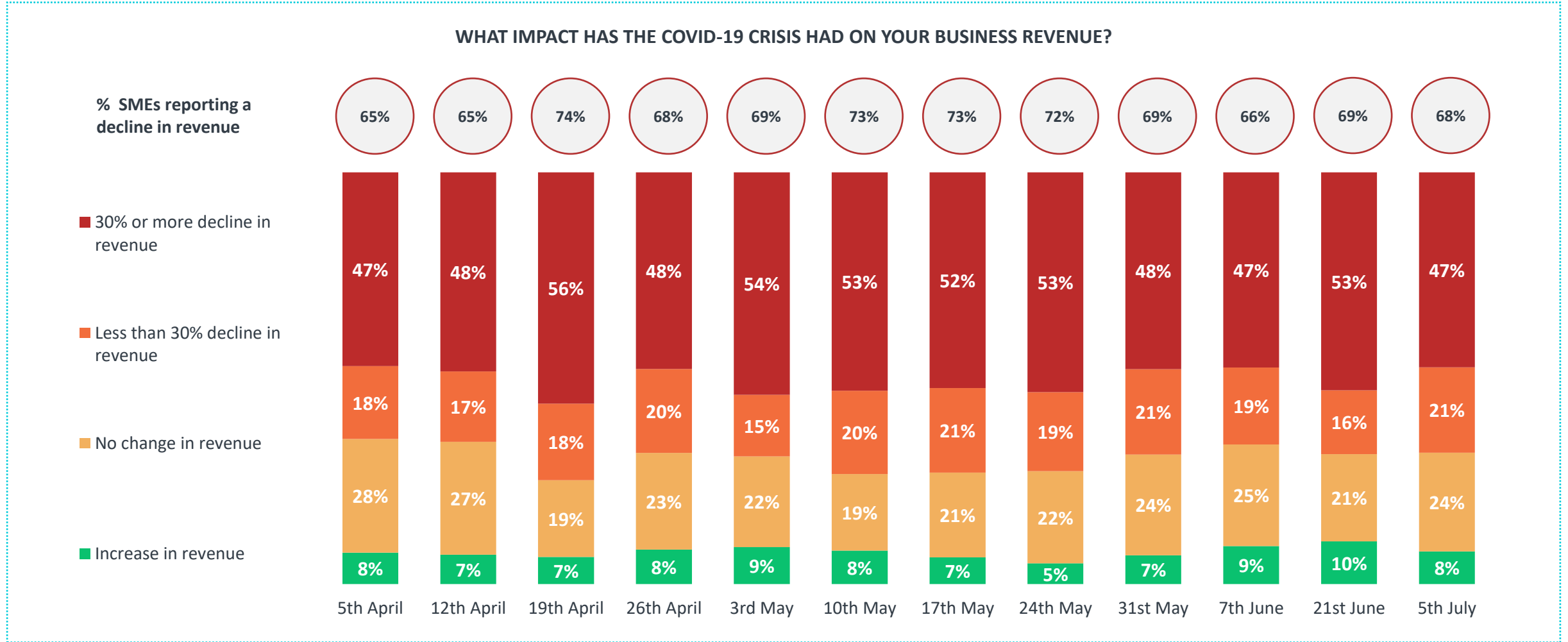
1 BUSINESS REVENUE

2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 BUSINESS CONFIDENCE

DECLINE IN REVENUE DUE TO COVID-19

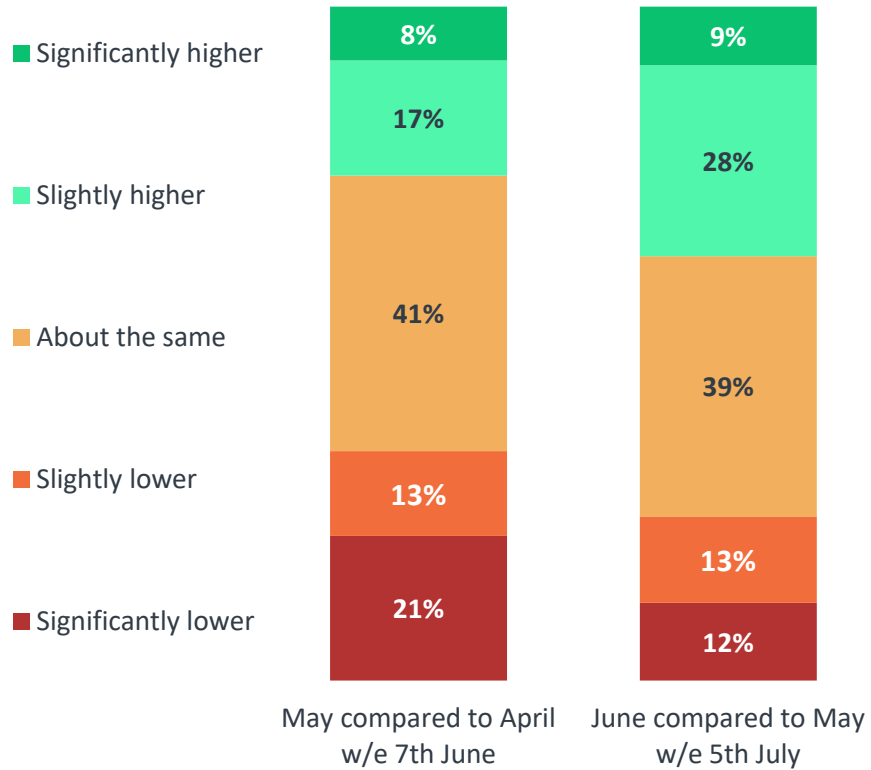
Still no reversal in declines with 68% of SMEs reporting lower revenues due to COVID-19.



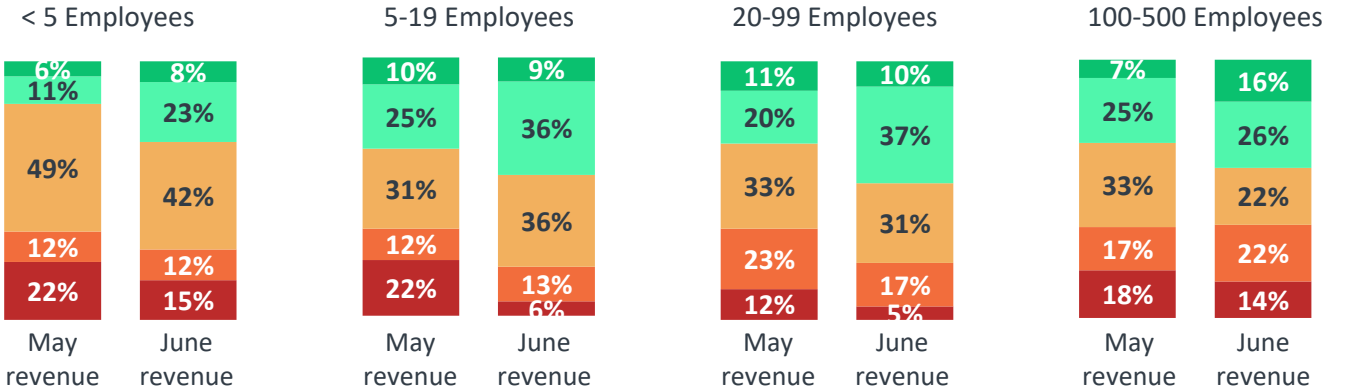
CURRENT REVENUE COMPARED TO PERVIOUS MONTHS' REVENUE

It is positive to report that 37% of SMEs enjoyed higher revenues in June, than in May.

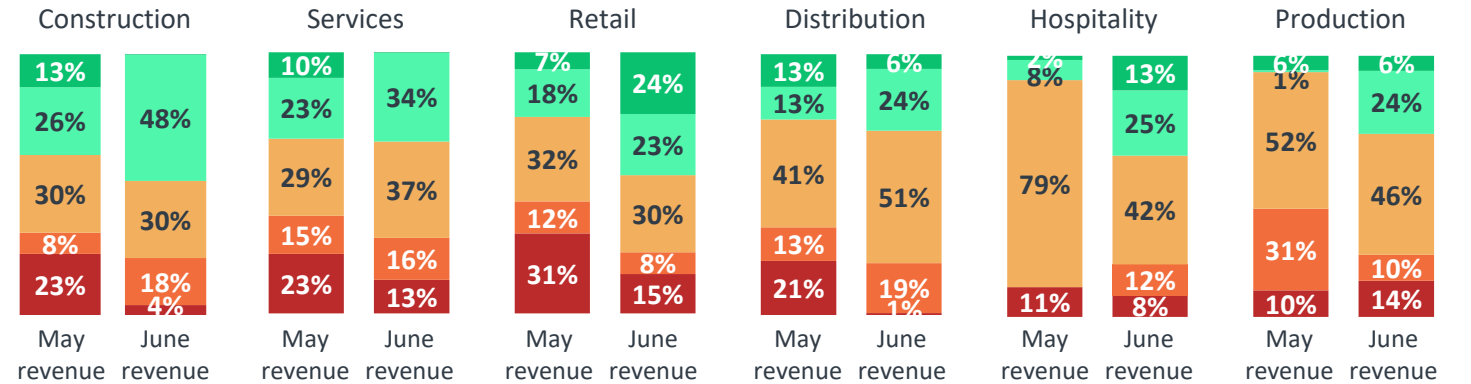
HOW DOES YOUR REVENUE COMPARE?



BUSINESS SIZE



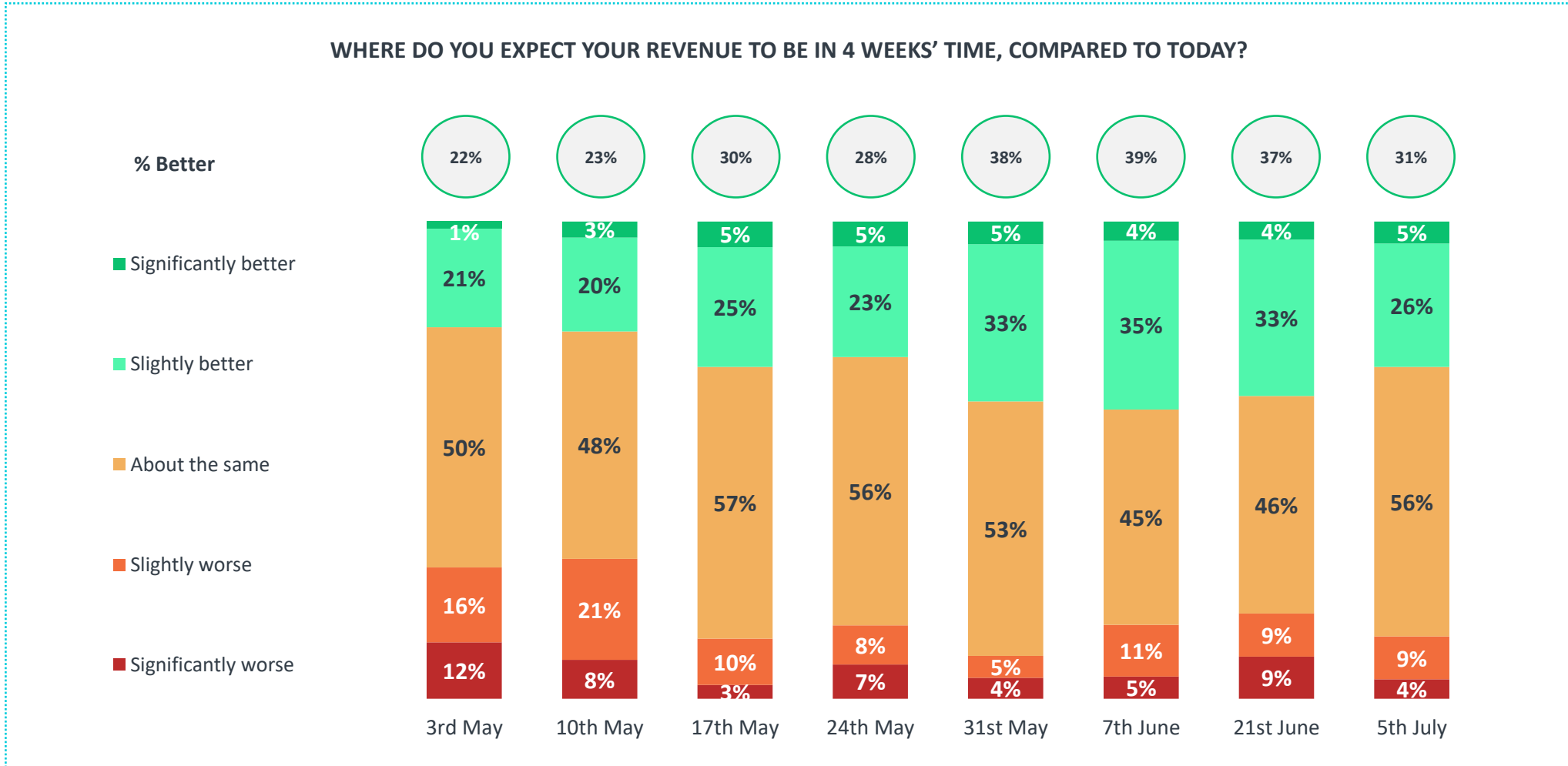
INDUSTRY



The incremental shift remains relatively low as only 9% reported significantly higher revenues month on month.

FUTURE REVENUE EXPECTATIONS

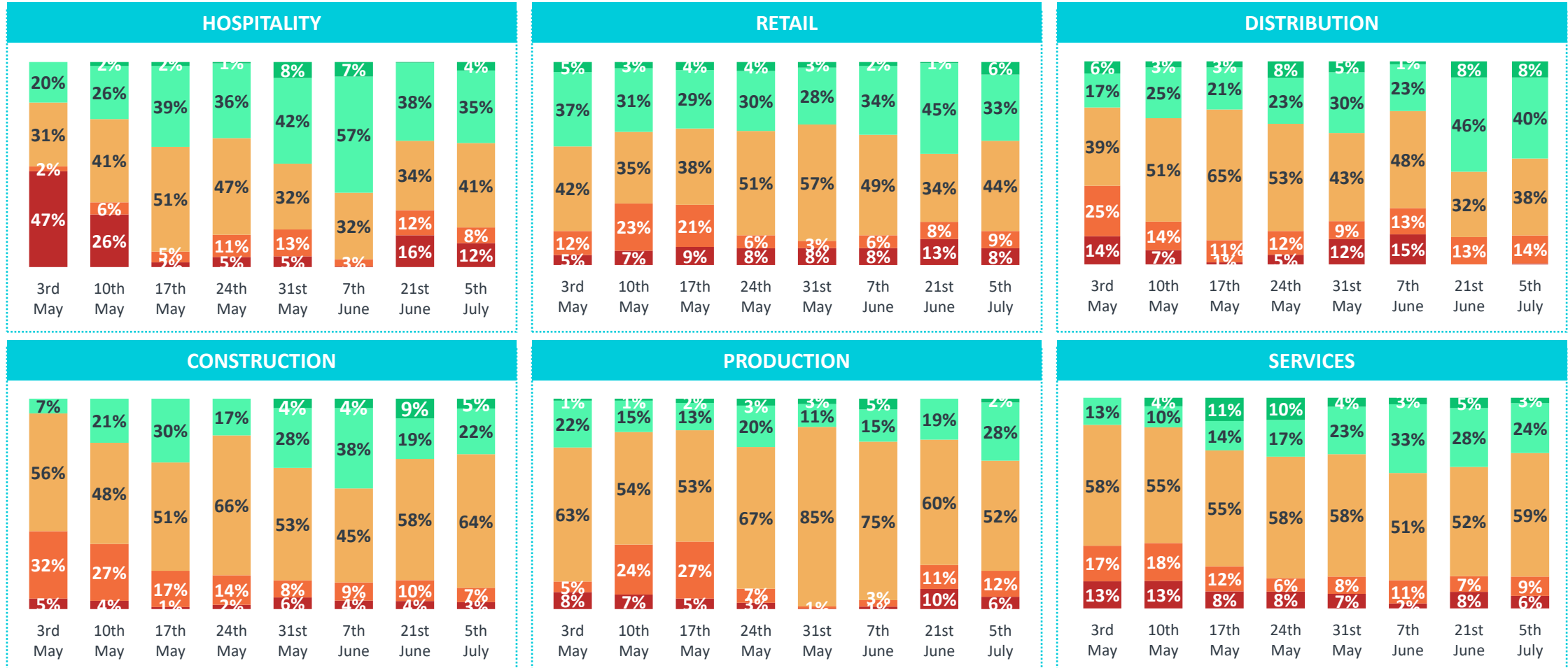
Despite, higher revenues reported in June the outlook for the short term continues to trend down with only 31% expecting better revenues in 4 weeks' time.



FUTURE REVENUE EXPECTATIONS

Expectations for increasing revenues in the short term are trending down across most industry segments.

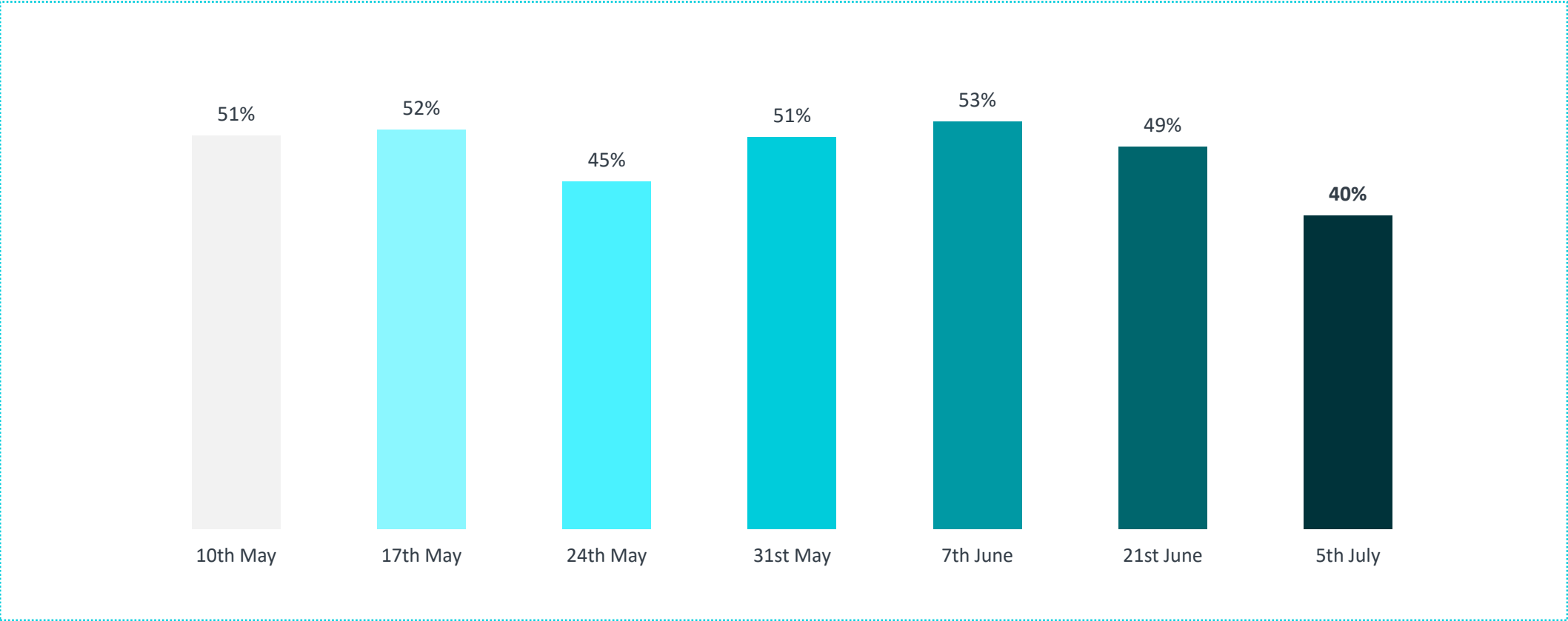
WHERE DO YOU EXPECT YOUR REVENUE TO BE IN 4 WEEKS' TIME, COMPARED TO TODAY?



REVENUE RETURNING TO PRE-COVID LEVELS

In line with other data, the proportion of businesses expecting revenues to return to pre-COVID levels by October has decreased significantly to 40%, from highs of 53%, only 4 weeks earlier.

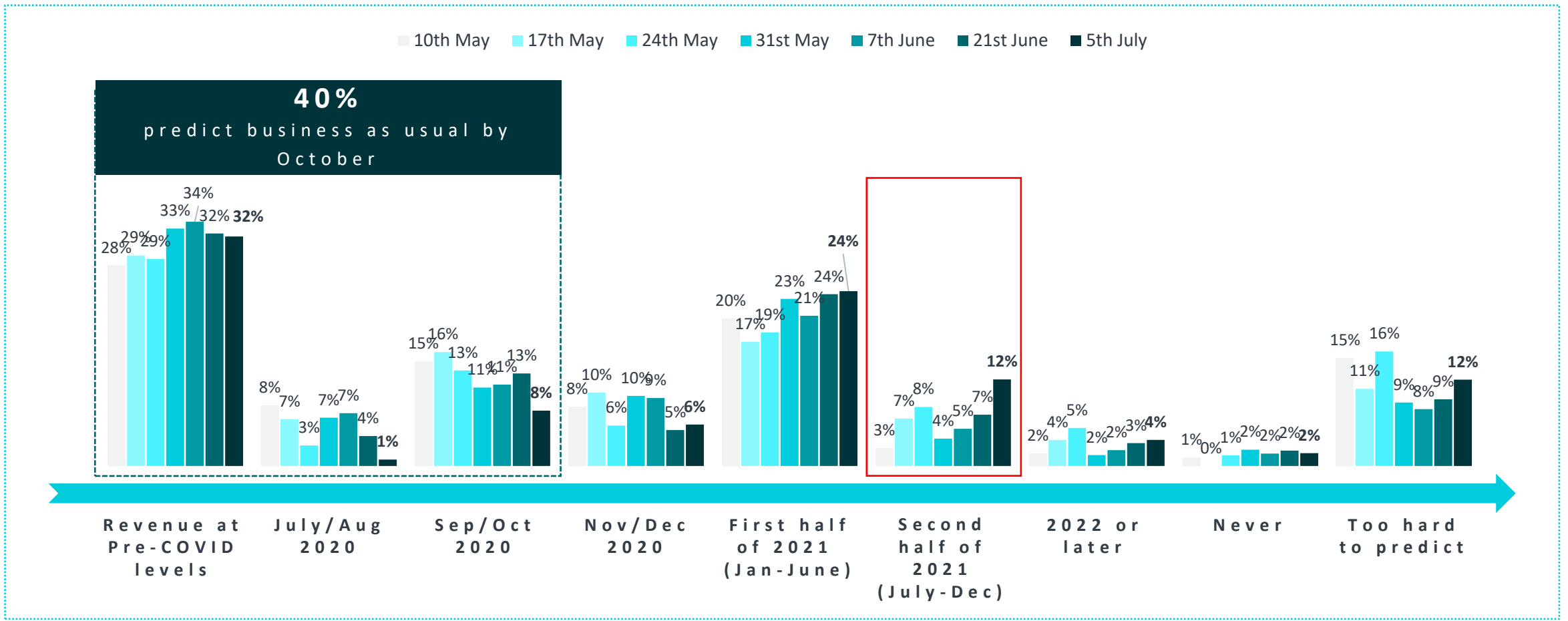
% BELIEVE THEIR BUSINESS REVENUE WILL RETURN TO PRE-COVID-19 LEVELS BY OCTOBER 2020



REVENUE RETURNING TO PRE-COVID LEVELS

Continued upward trend in the proportion of SMEs not expecting revenues to recover until the second half of 2021.

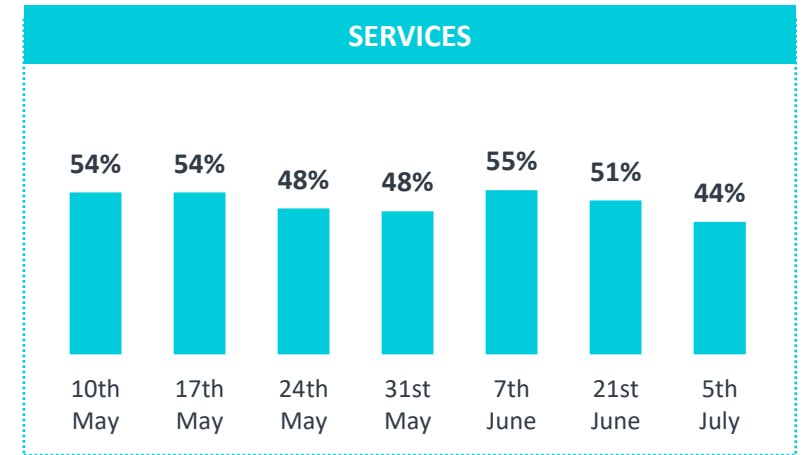
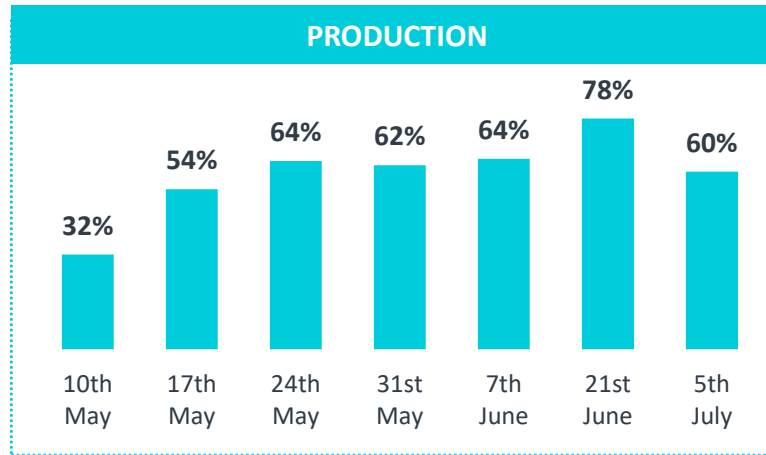
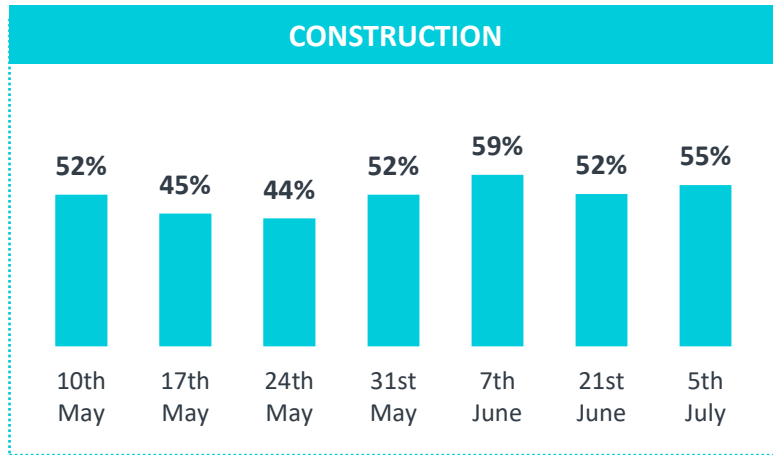
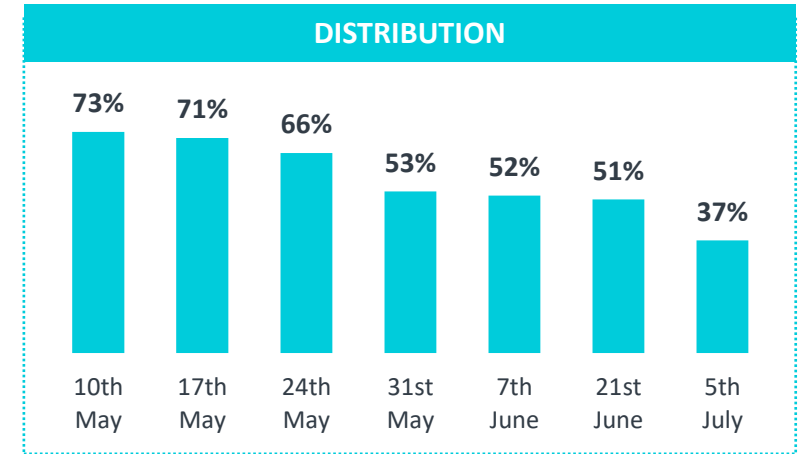
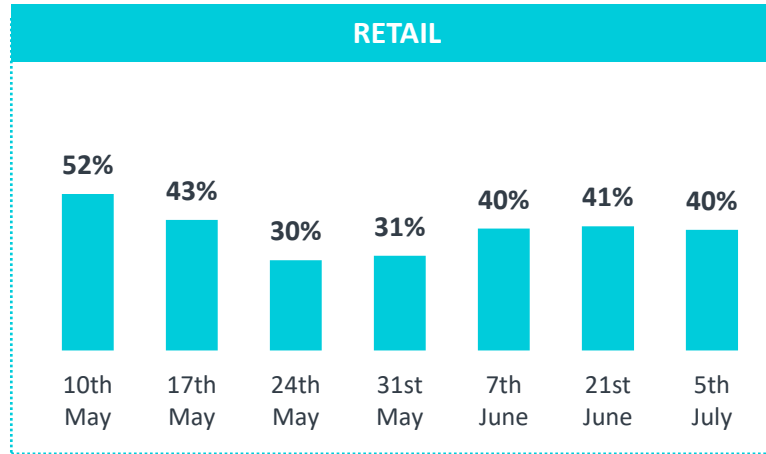
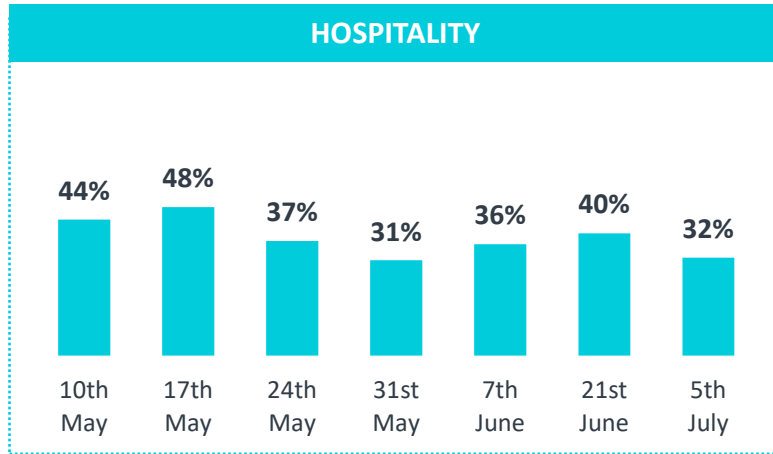
WHEN DO YOU BELIEVE YOUR BUSINESS REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?



FUTURE REVENUE EXPECTATIONS

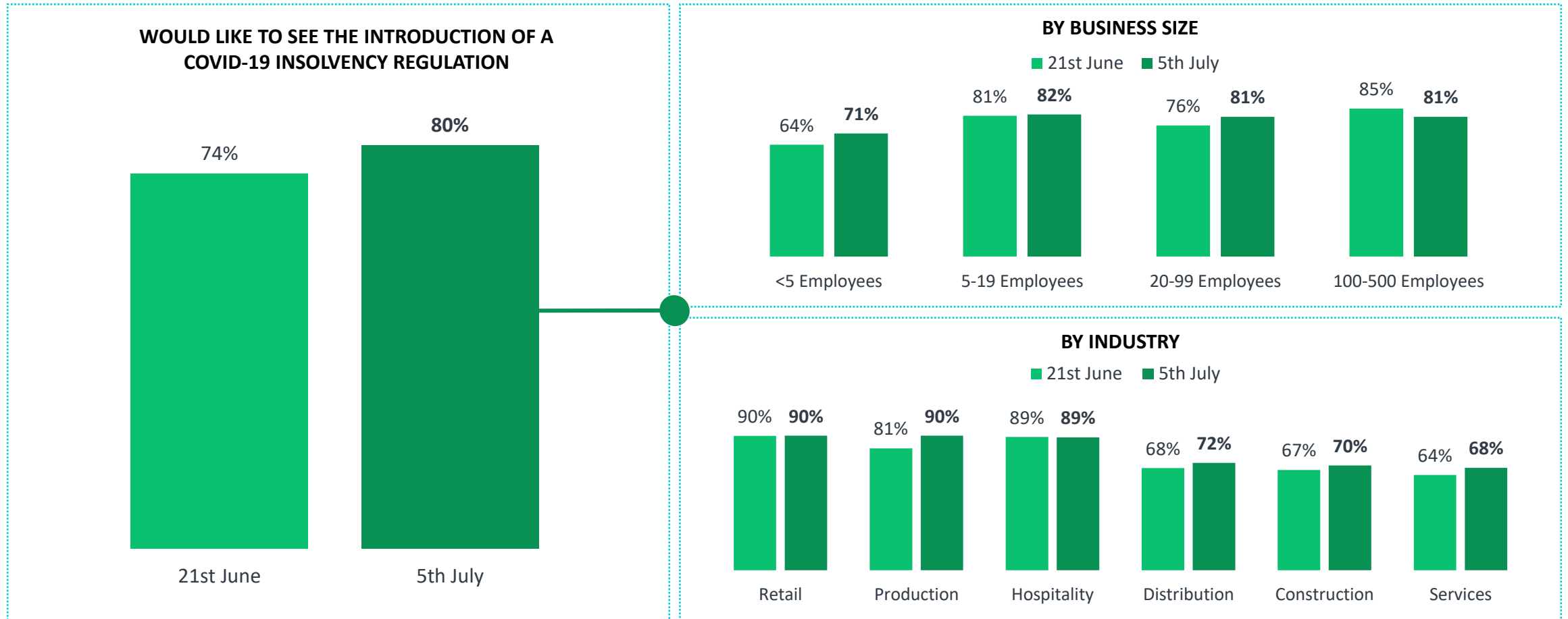
Weak data across hospitality, distribution, retail and services suggests a broad-based extension of the stimulus measures will be required.

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



Increasing number of SME decision makers would like to see the introduction of bankruptcy protection until business conditions and revenues recover.

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?



CONTENT

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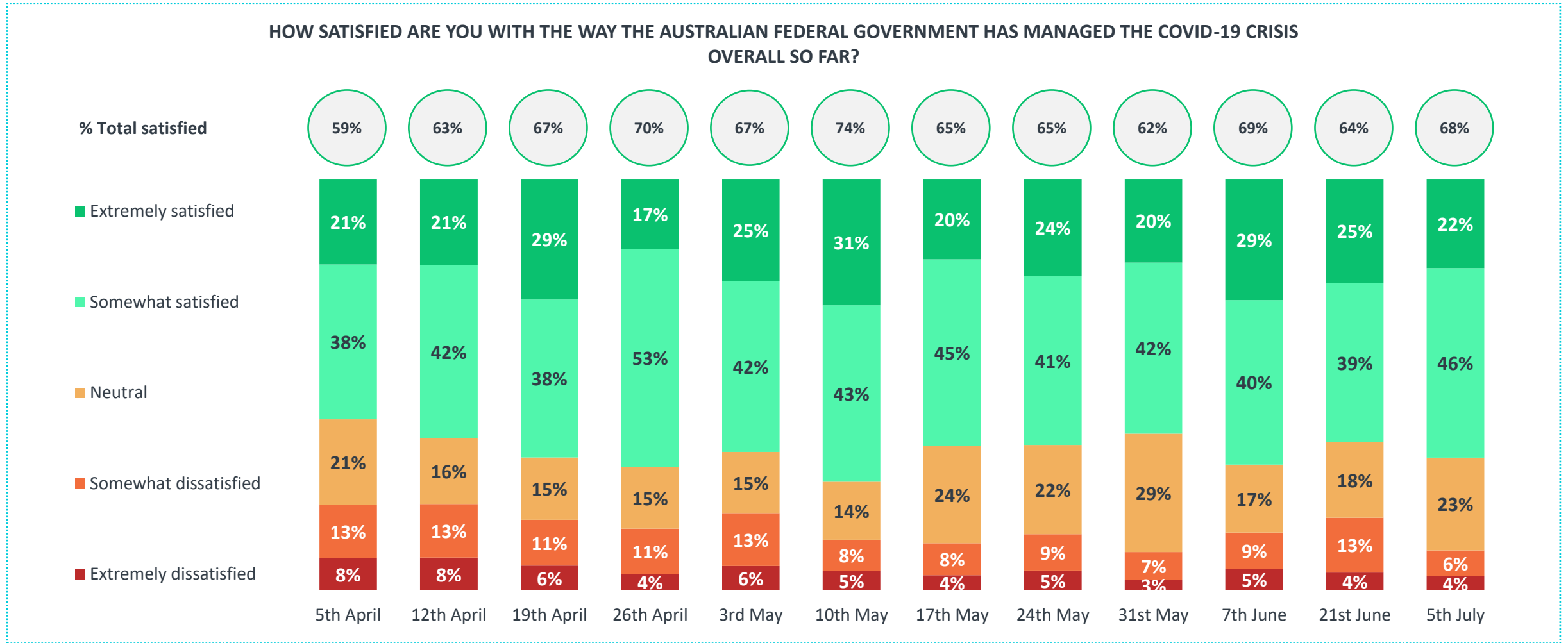
1 BUSINESS REVENUE

2 SATISFACTION WITH STIMULUS & SUPPORT MEASURES

3 BUSINESS CONFIDENCE

SATISFACTION WITH THE GOVERNMENT'S RESPONSE

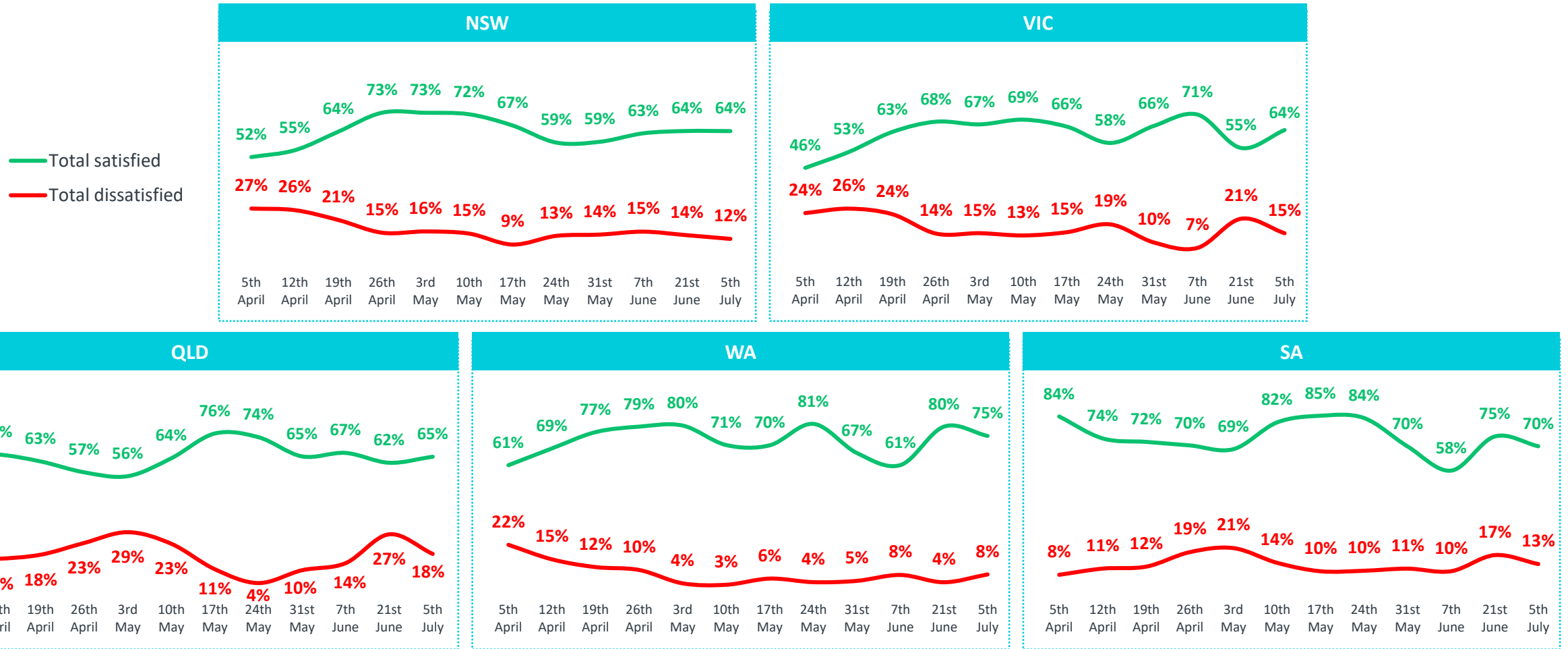
Satisfaction with the Federal Government remains steady, but it is notable that the proportion of SMEs who are extremely satisfied is declining.



SATISFACTION WITH THE GOVERNMENT'S RESPONSE

The spike in cases in VIC does not seem to have impacted satisfaction with the Federal Government.

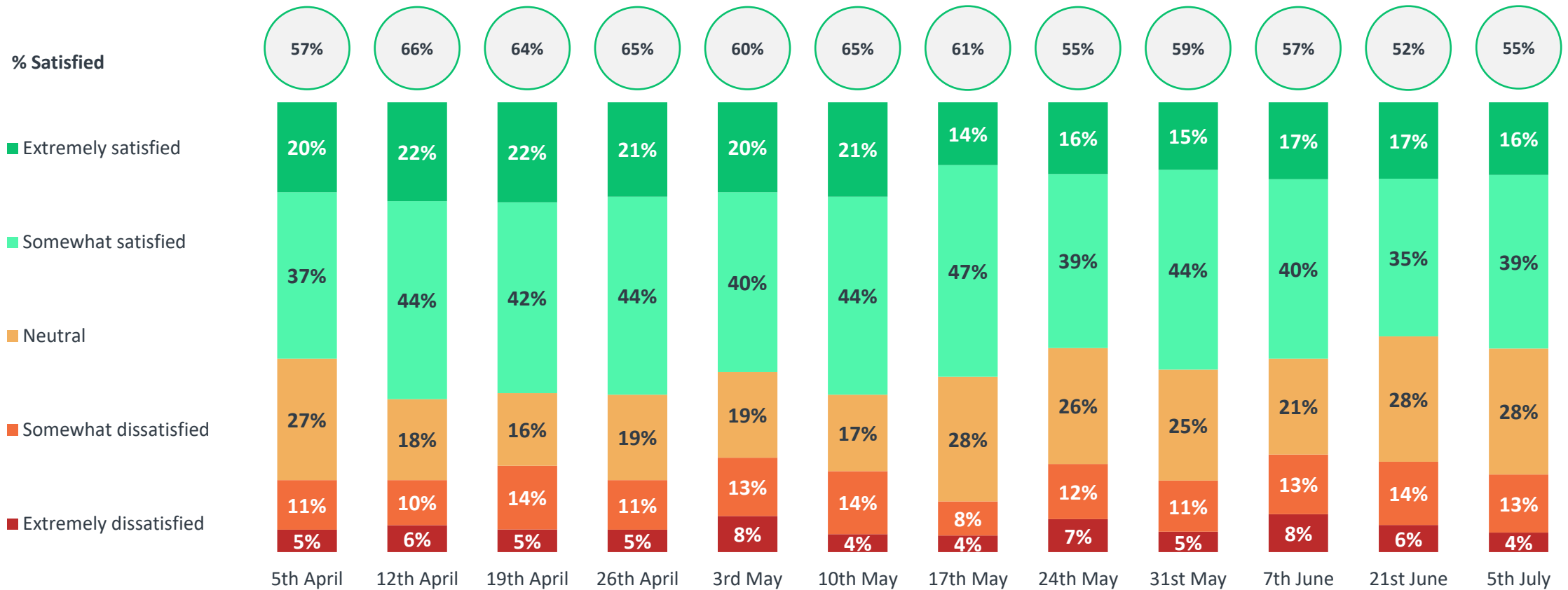
% SATISFIED WITH THE GOVERNMENT'S MANAGEMENT OF THE COVID-19 CRISIS OVERALL SO FAR



SATISFACTION WITH THE COLLABORATION OF GOVERNMENTS

Satisfaction with the collaboration between the State and Federal Governments is showing signs of improvement in the first week of July following the continuous decline throughout June.

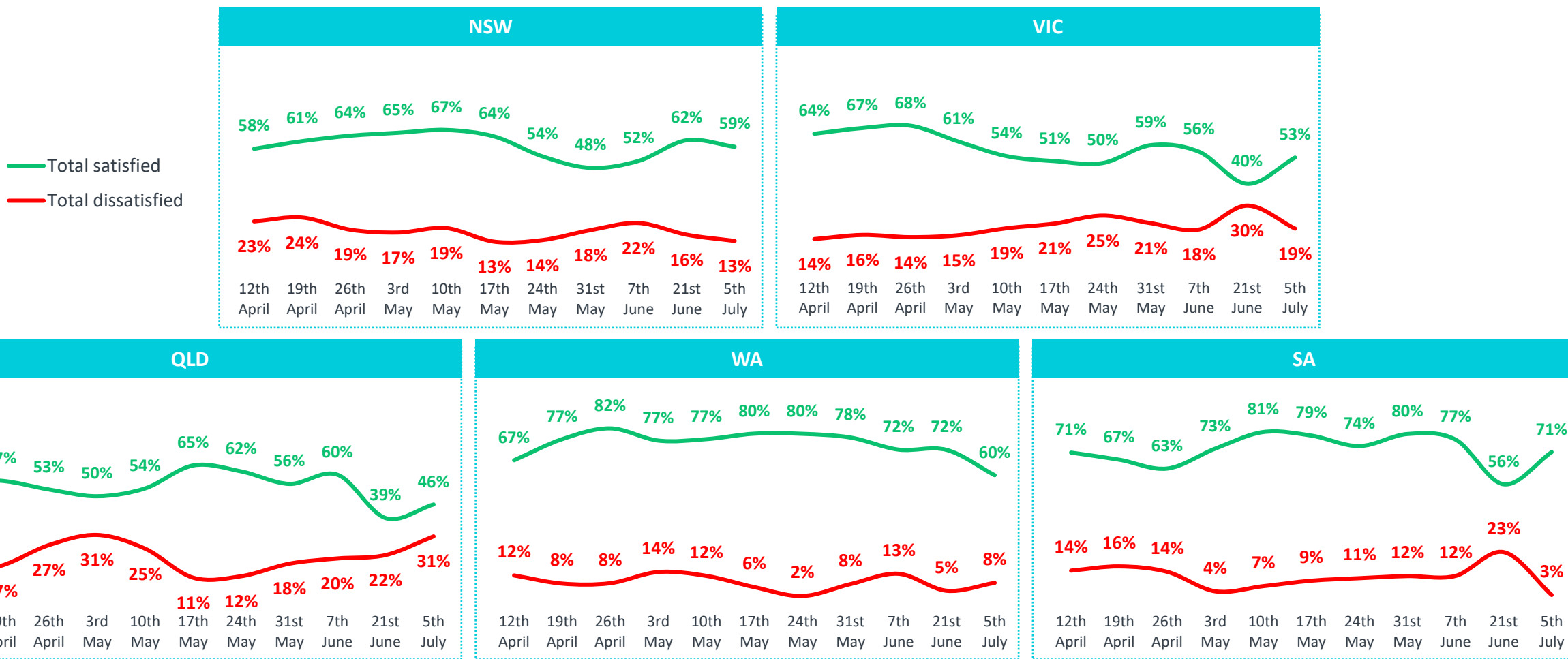
HOW SATISFIED ARE YOU WITH THE COLLABORATION BETWEEN THE AUSTRALIAN FEDERAL GOVERNMENT AND YOUR STATE GOVERNMENT WHEN IT COMES TO MANAGING THE COVID-19 CRISIS?



SATISFACTION WITH THE COLLABORATION OF GOVERNMENTS

Satisfaction regarding State and Federal collaboration has increased in VIC. It will be interesting to track these results now that new lockdown measures have been implemented.

% SATISFIED WITH FEDERAL & STATE GOVERNMENT COLLABORATION



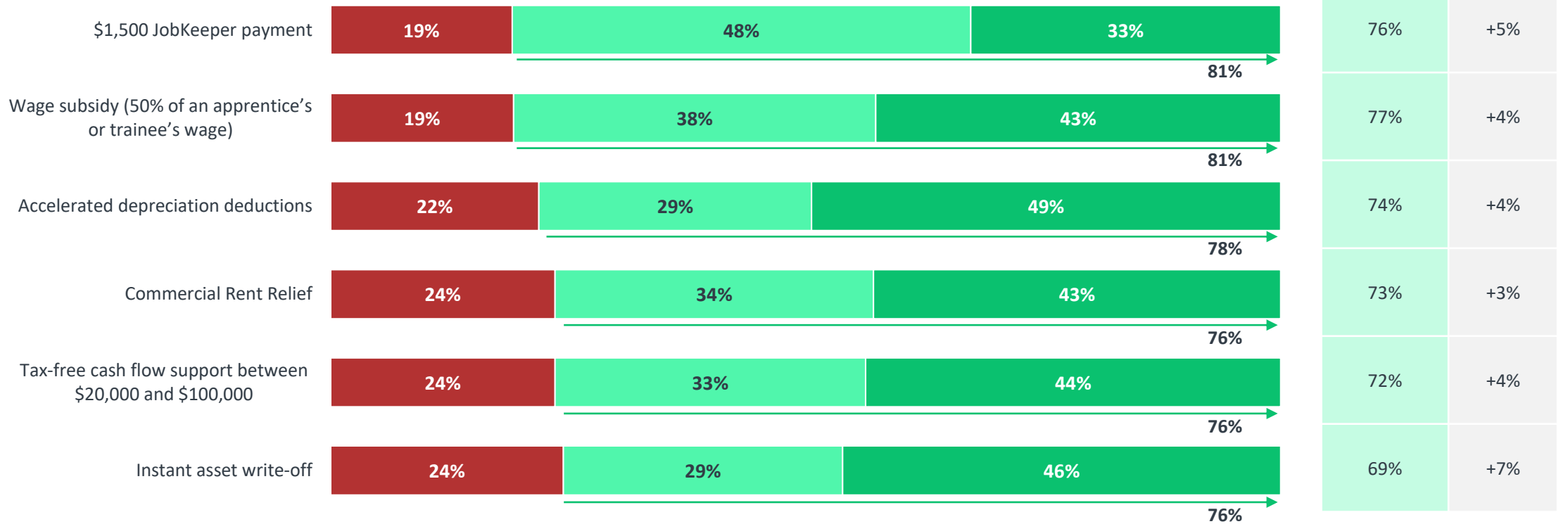
GOVERNMENT STIMULUS & SUPPORT MEASURES

The proportion of SMEs supporting an extension to Government stimulus measures continues to rise.

DO YOU THINK THE FOLLOWING GOVERNMENT STIMULUS AND SUPPORT MEASURES SHOULD BE EXTENDED UNTIL 2021?

(W/E 5th JULY)

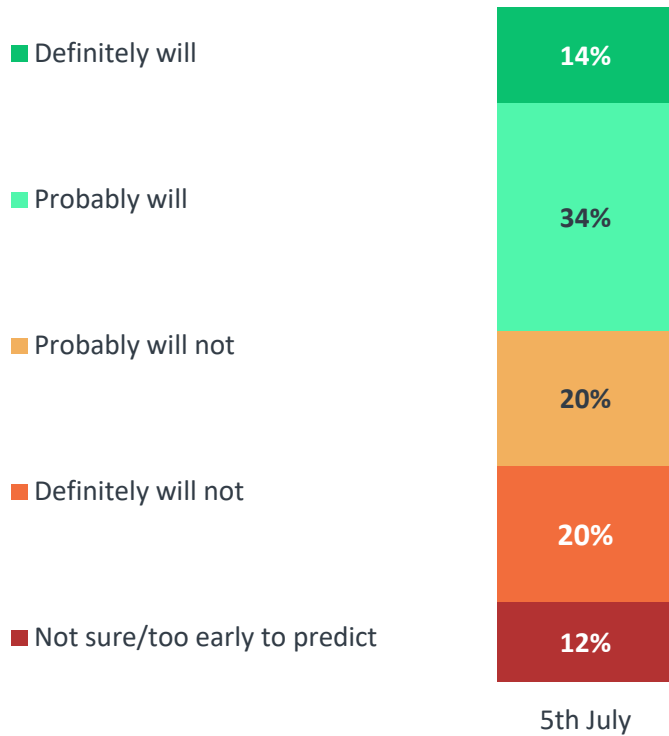
■ No ■ Yes, but with stricter/ revised eligibility criteria ■ Yes, for all currently eligible businesses



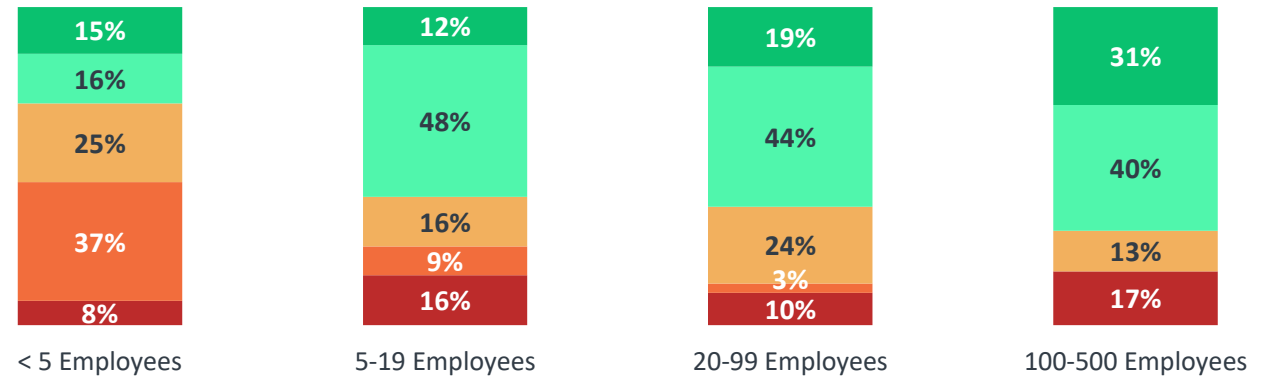
STAFF REDUNDANCIES WHEN JOBKEEPER ENDS

48% of SMEs are likely to make staff redundant if the JobKeeper payments are not extended.

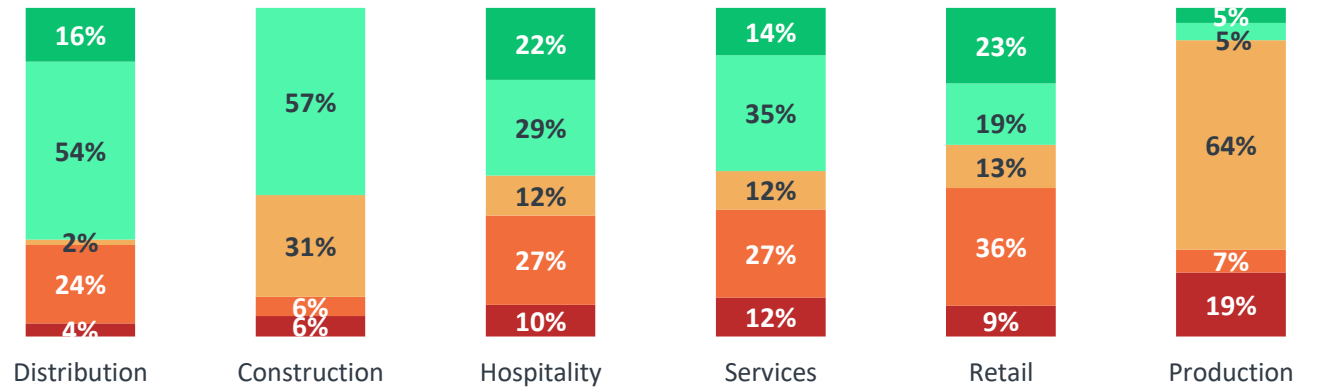
DO YOU THINK YOU WILL NEED TO MAKE ANY STAFF REDUNDANT IF THE JOBKEEPER PAYMENTS ARE NOT EXTENDED?



BUSINESS SIZE



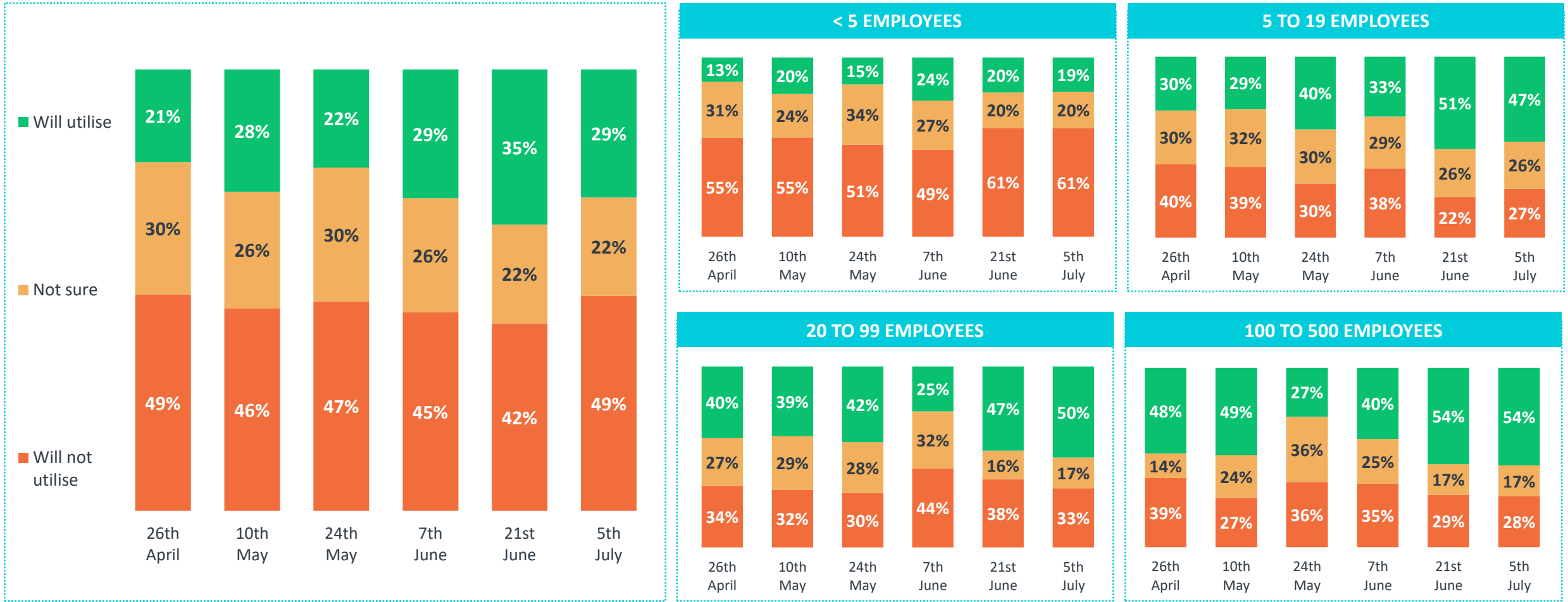
INDUSTRY



GOVERNMENT STIMULUS & SUPPORT MEASURES

The Instant Asset Write-Off continues to stimulate spending, particularly amongst larger SMEs.

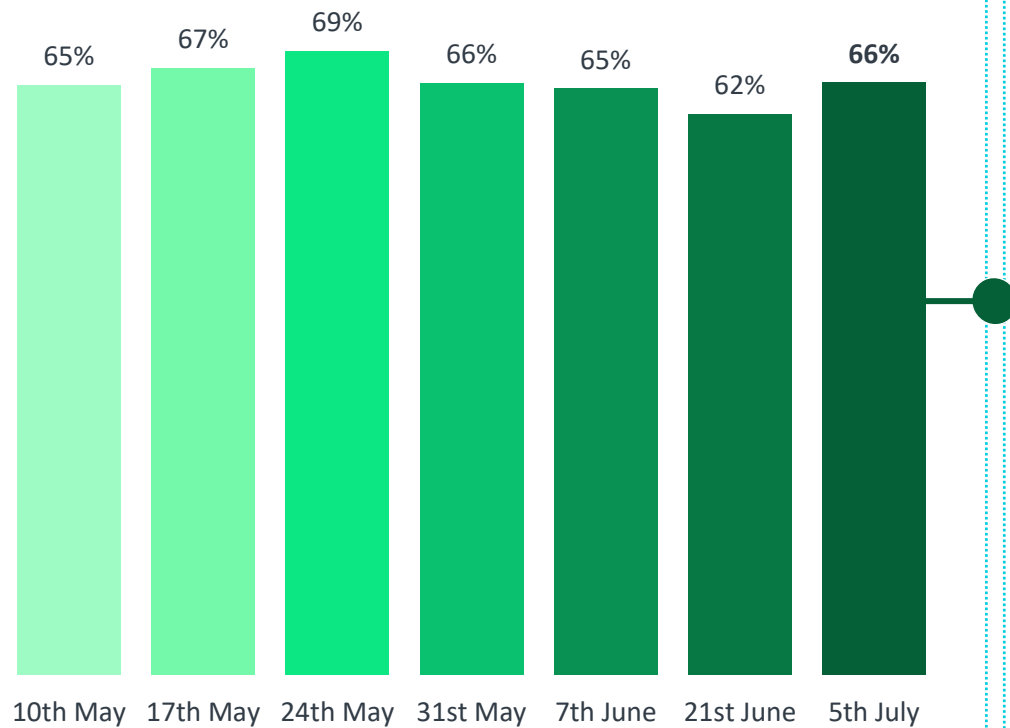
GOVERNMENT STIMULUS AND SUPPORT MEASURES TO BE USED BY THE BUSINESS: INSTANT ASSET WRITE-OFF



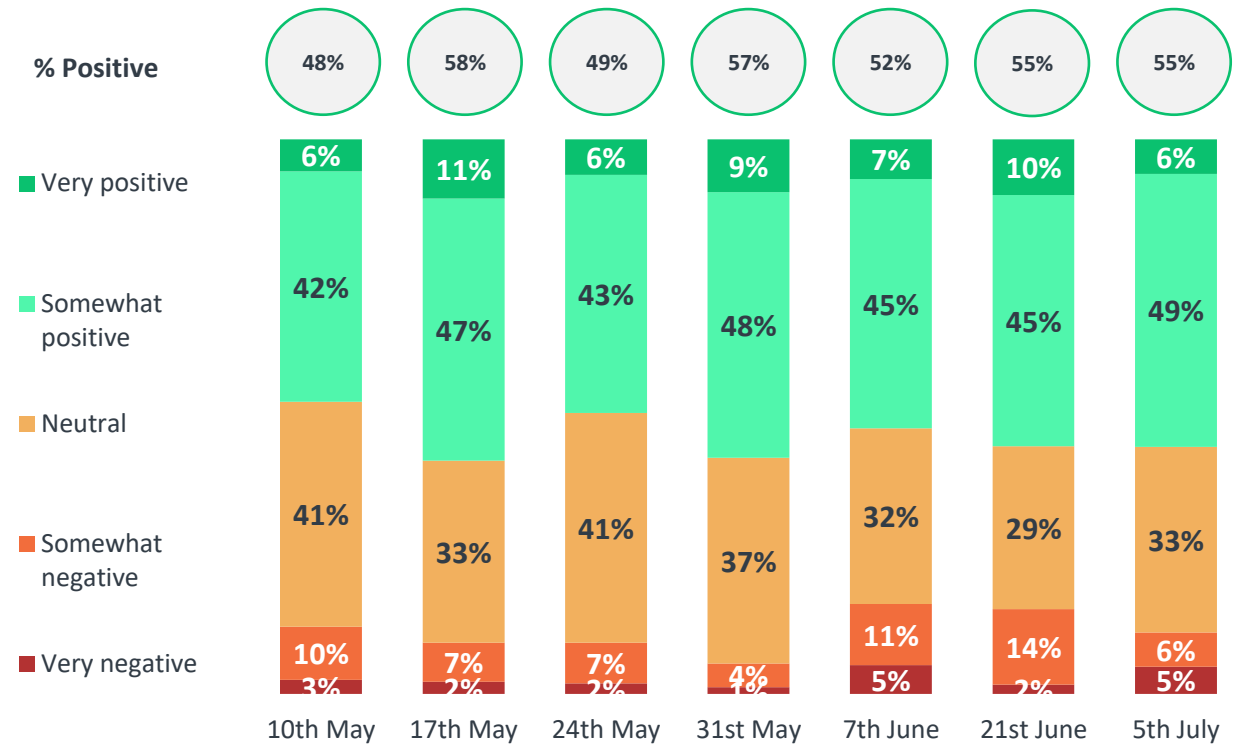
SUPPORT FROM THE BANKS

Awareness of bank support for SMEs during COVID-19 has reversed the downward trend in line with the announcement to extend repayment holidays.

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



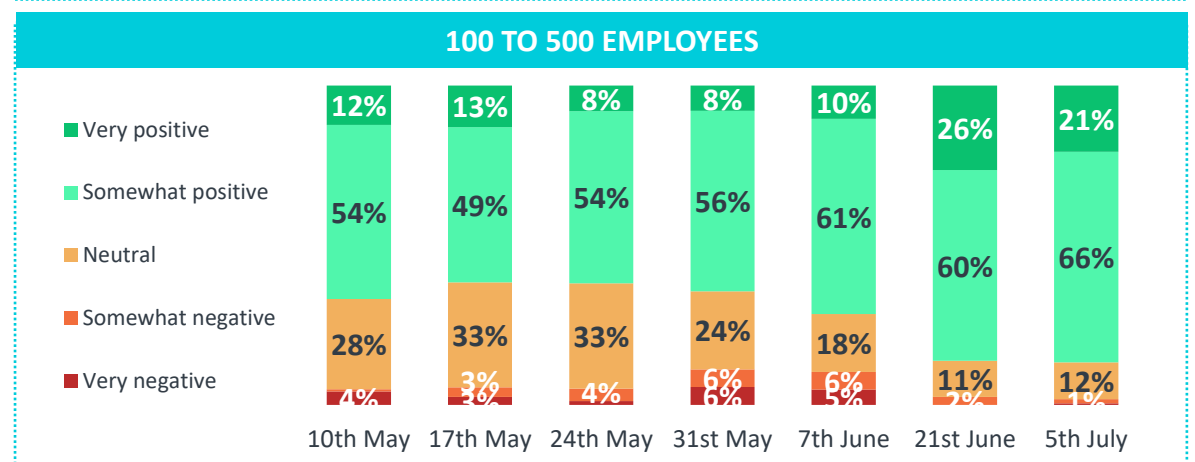
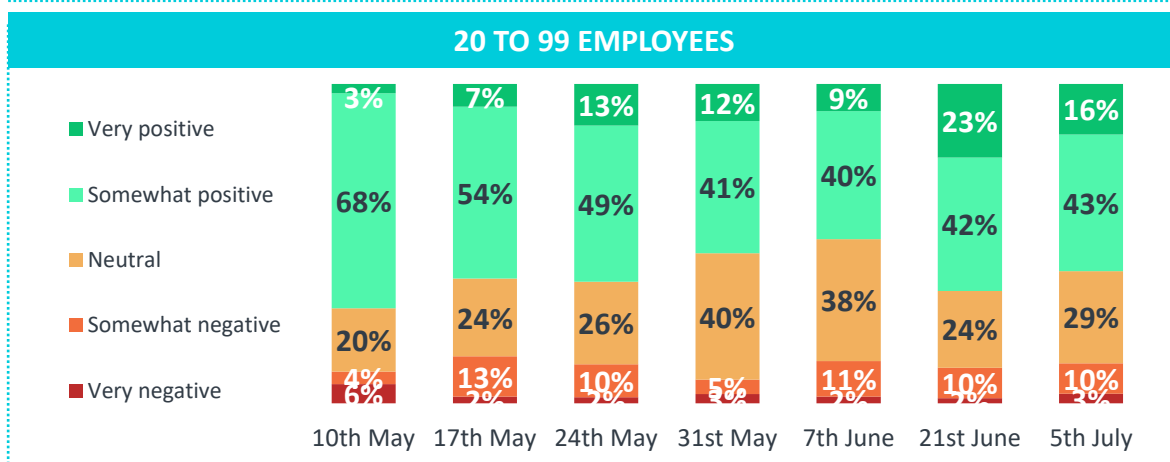
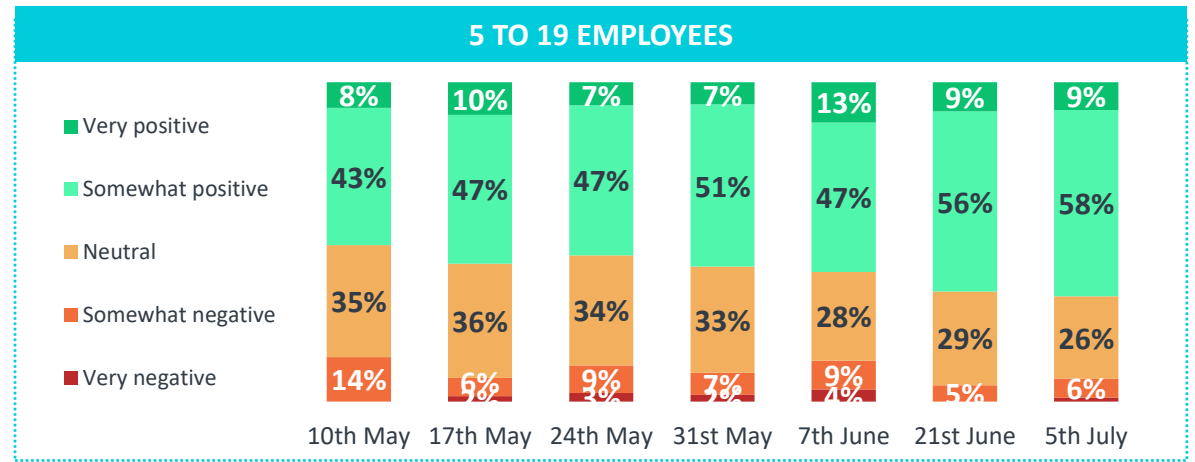
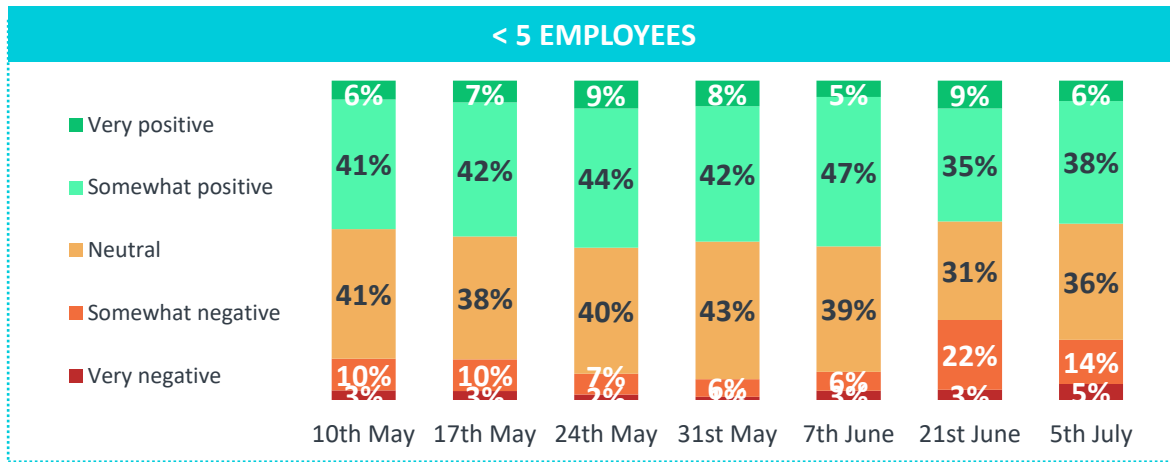
PERCEPTIONS OF SUPPORT PROVIDED BY THE BANKS TO BUSINESS CUSTOMERS (AMONGST THOSE AWARE OF BANK SUPPORT)



SUPPORT FROM THE BANKS

Positive sentiment continues to be more evident amongst larger businesses.

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



CONTENT

HOW IS THE
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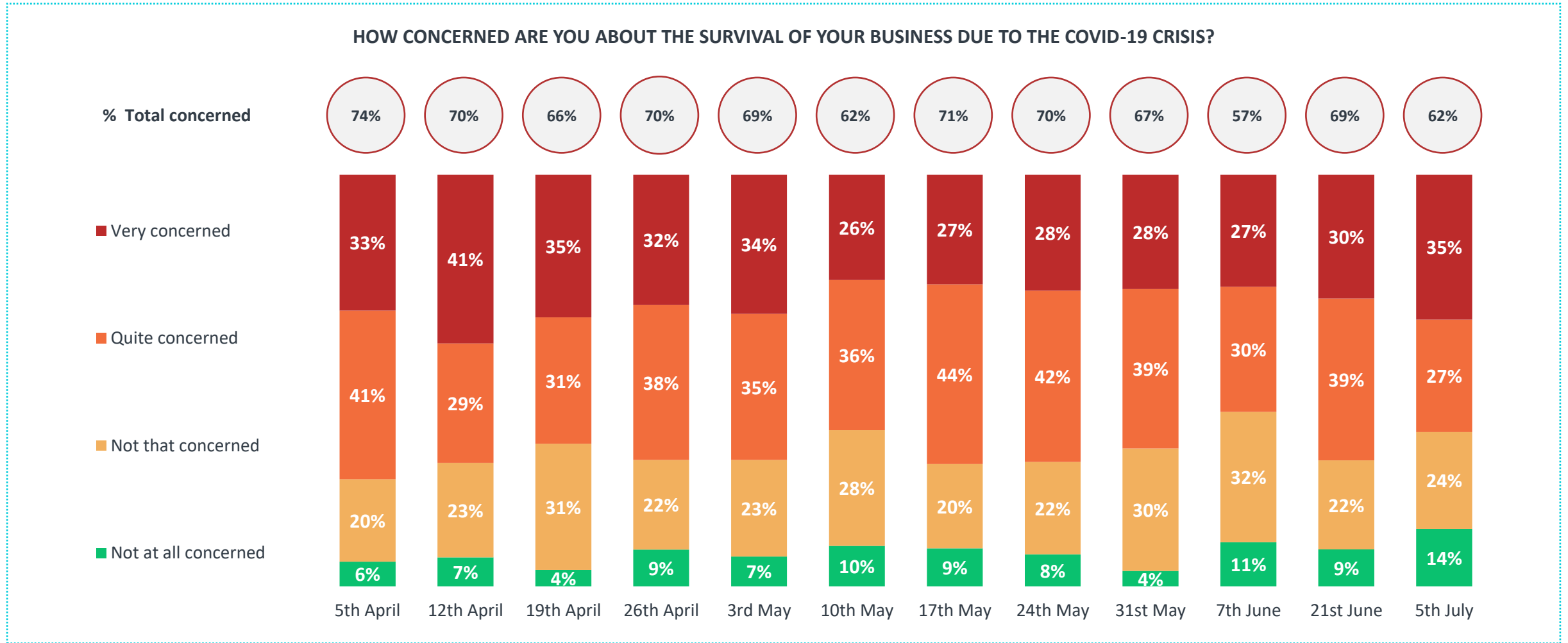
1 BUSINESS REVENUE

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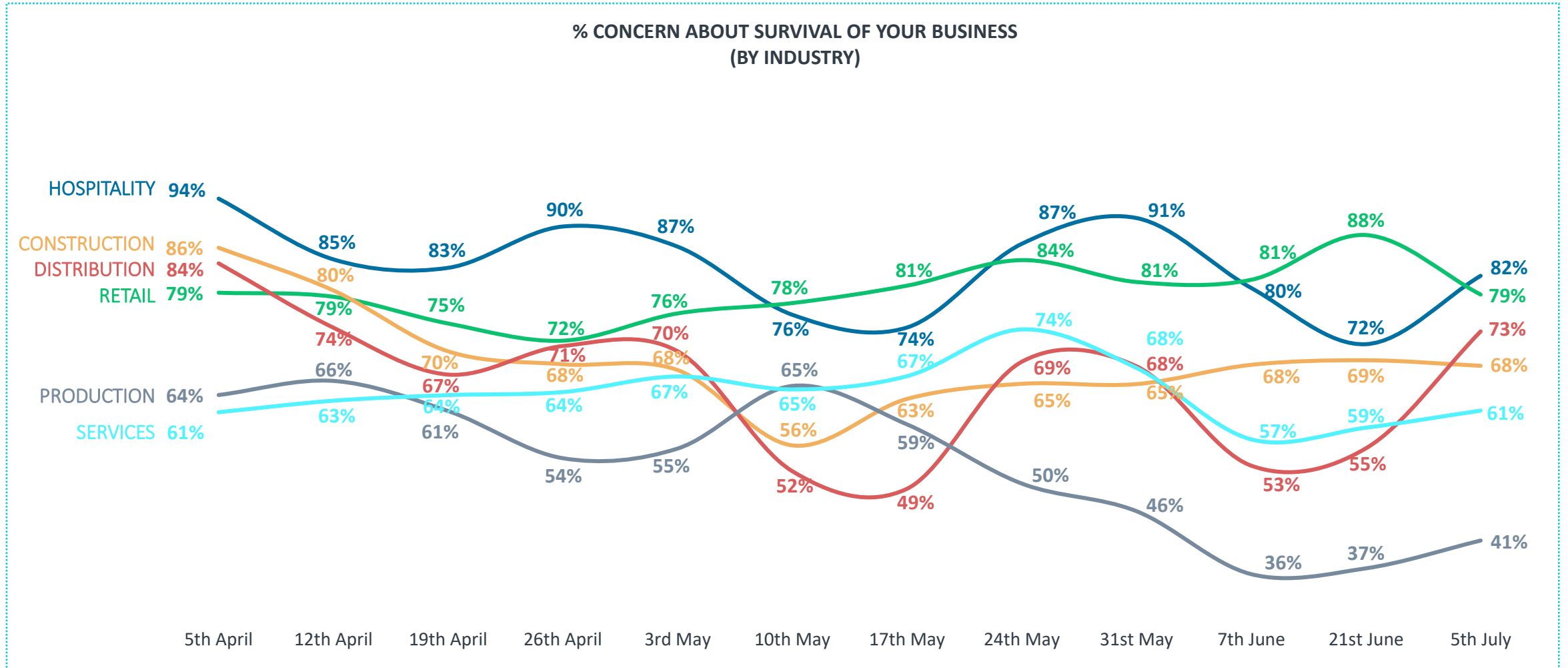
LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

The proportion of SMEs reporting to be very concerned about business survival has increased from 27% to 35% over the past 4 weeks.



LEVEL OF CONCERN ABOUT BUSINESS SURVIVAL

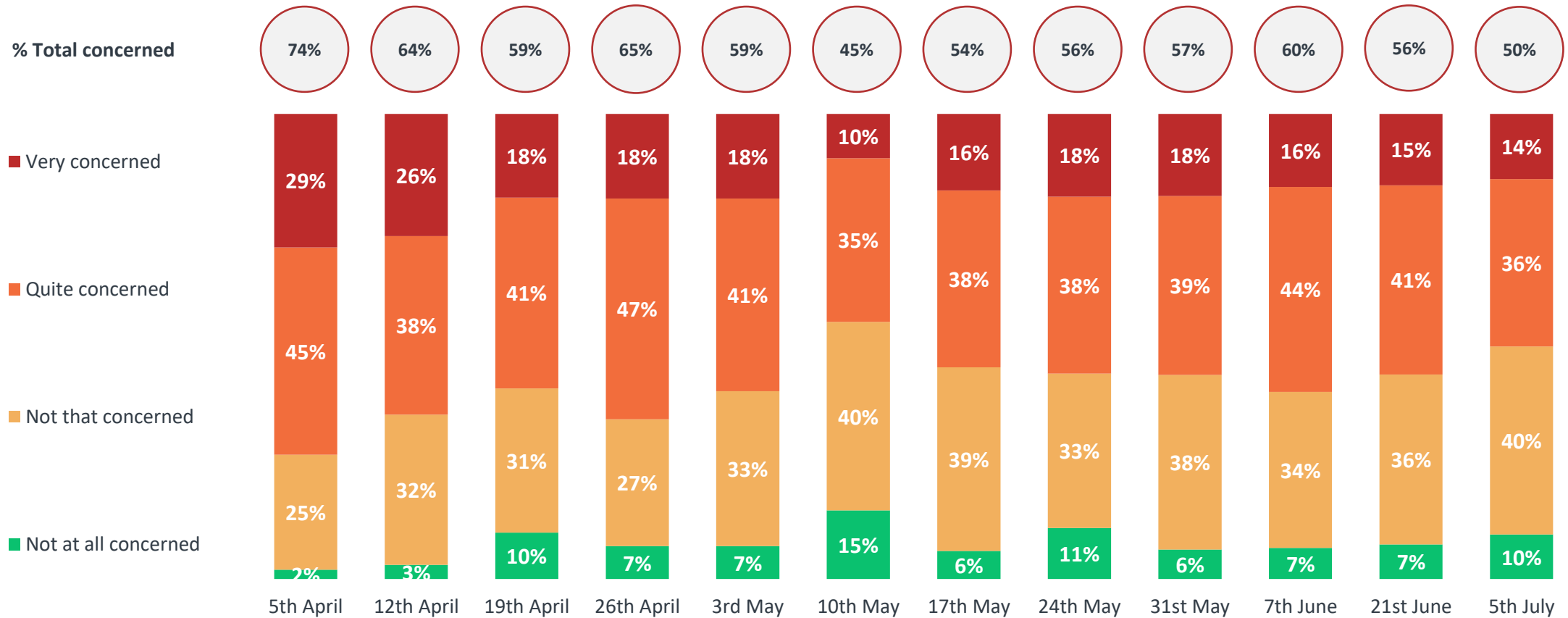
Concerns about survival continue to fluctuate significantly in both the hospitality and distribution sectors.



LEVEL OF CONCERN ABOUT PERSONAL WELLBEING

The proportion of SME decision makers who remain very concerned about their health and wellbeing continues to trend slightly down, but still half of SME decision makers are at least quite concerned.

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

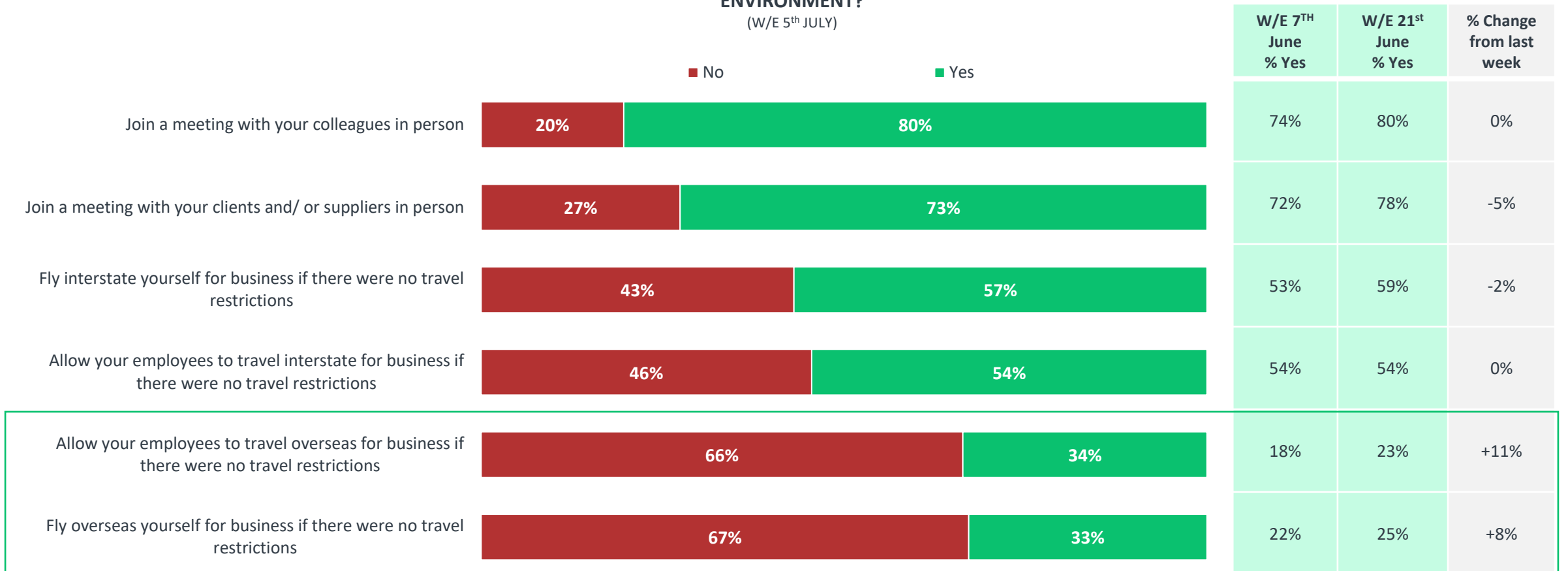


BUSINESS CHALLENGES

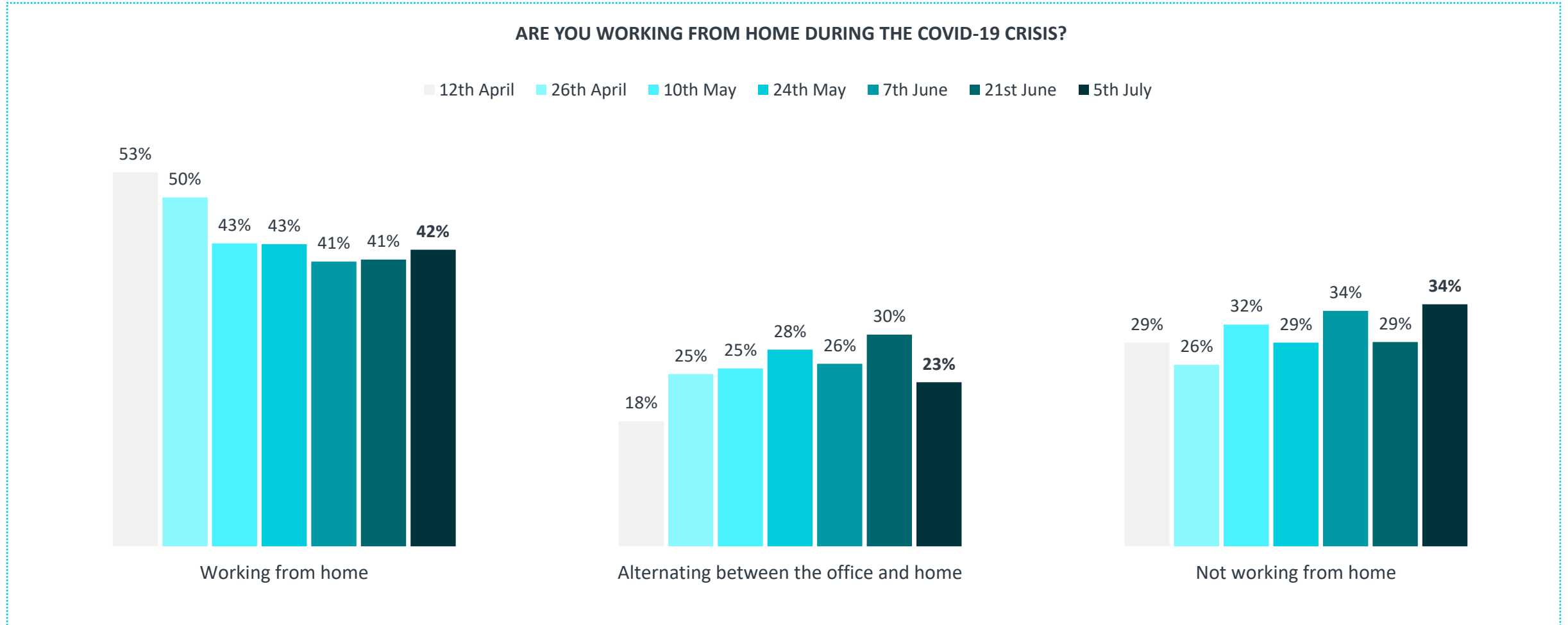
Surprising to note decision makers are increasingly more comfortable with international travel for both themselves and their employees if there were no travel restrictions.

WOULD YOU BE COMFORTABLE DOING THE FOLLOWING ACTIVITIES IN THE CURRENT ENVIRONMENT? (W/E 5th JULY)

■ No ■ Yes



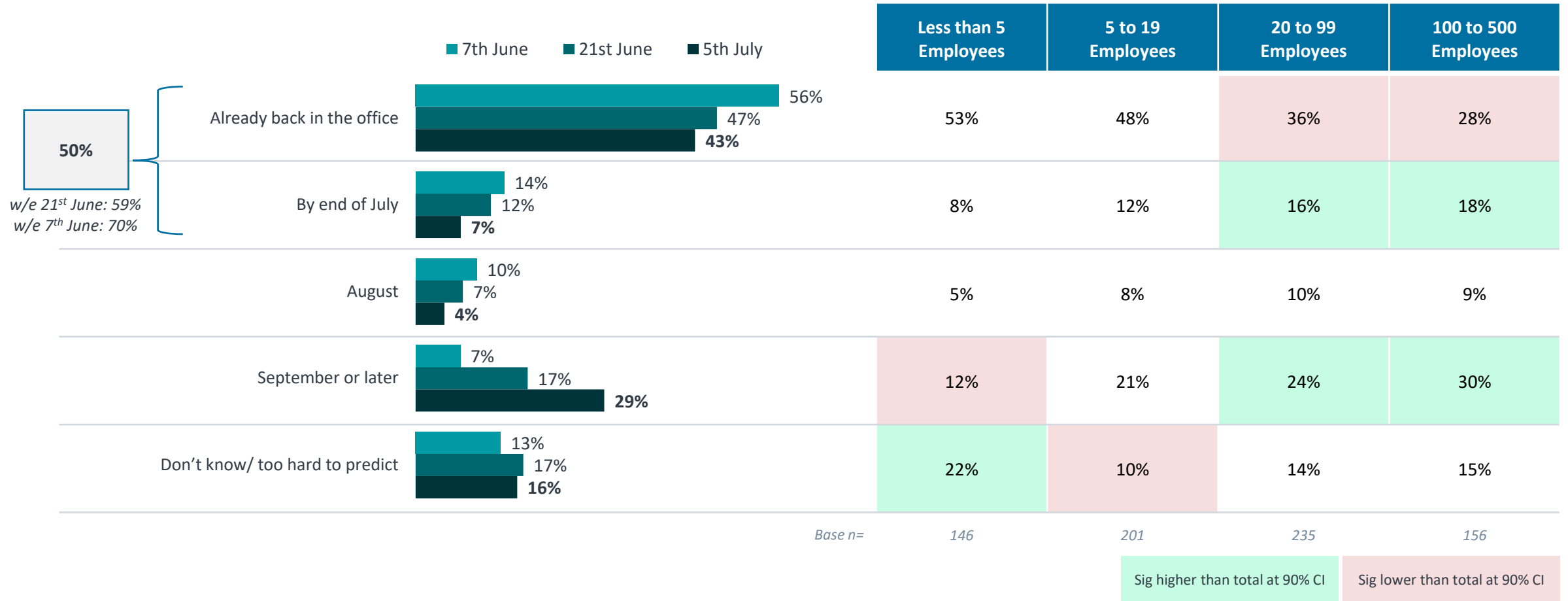
Working from home remains prevalent and likely to become more so with the new lockdown in VIC.



WORKING FROM HOME

The timeline for employees returning to the workplace continues to be pushed back, with an increasing number of businesses expecting their workforce to remain at home until at least September.

**WHEN WILL THE MAJORITY OF YOUR STAFF BE BACK IN THE OFFICE/WORKPLACE?
(AMONGST THOSE WHO EMPLOY STAFF)**



CONTENT

APPENDIX:

1 METHODOLOGY & SAMPLE

2 ABOUT ACA RESEARCH & FIFTH QUADRANT

METHODOLOGY

The COVID-19 Tracker was first launched w/e 5th 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

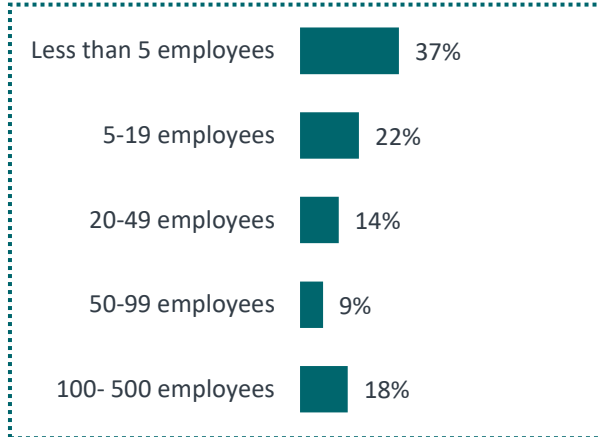


Data is **weighted** by state and number of employees to reflect the national distribution of businesses across the country

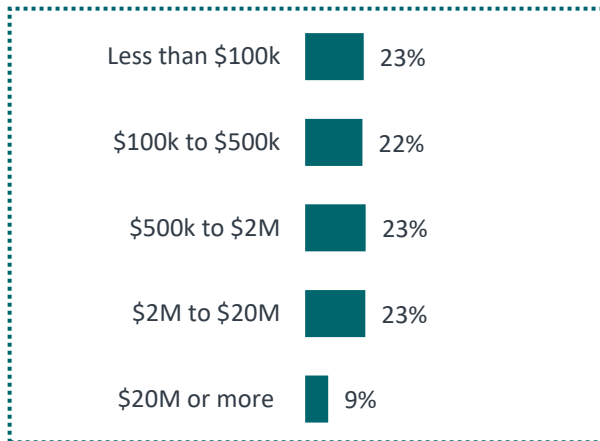
OUR SAMPLE

We targeted SMEs across all sizes and industry sectors.

SIZE OF BUSINESS: EMPLOYEES

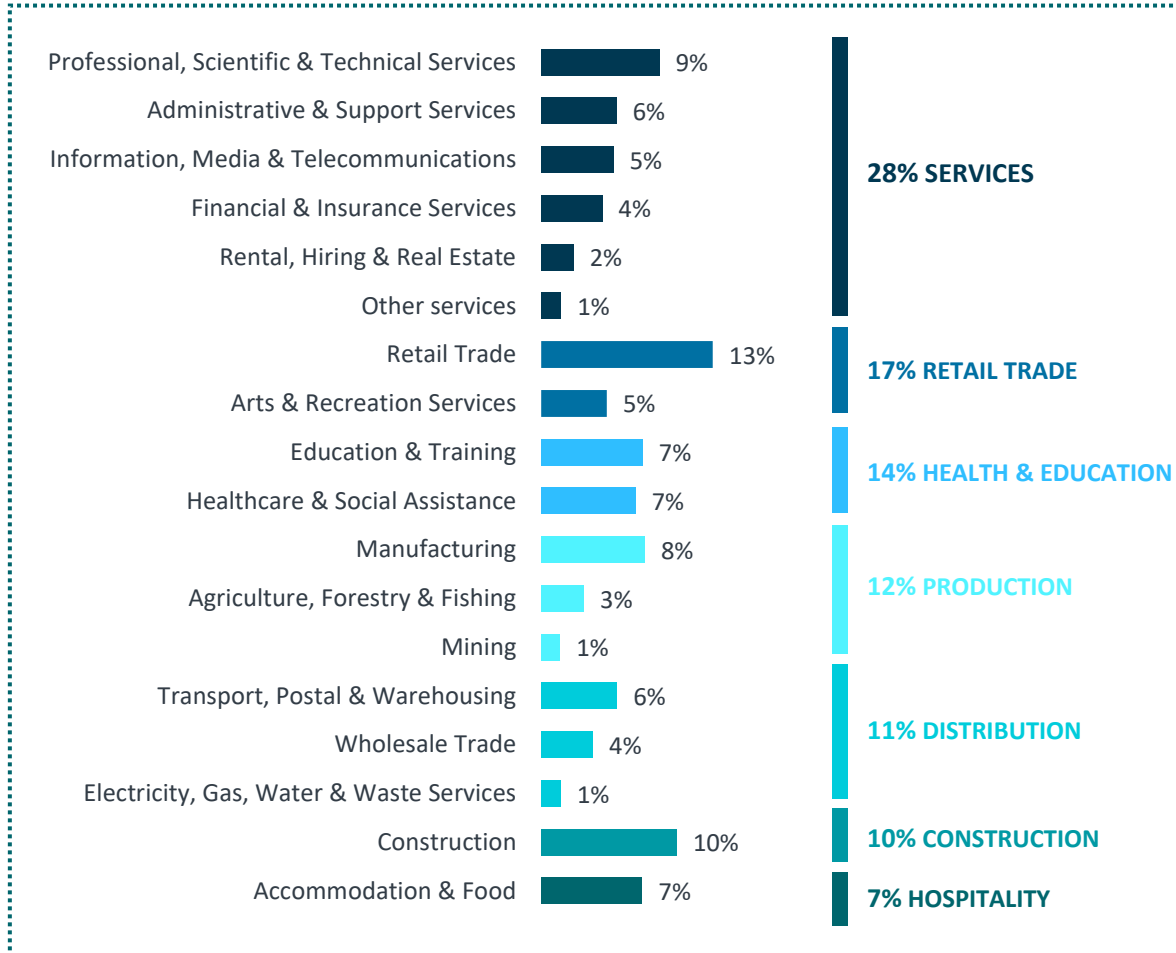


SIZE OF BUSINESS: TURNOVER



NOTE: CHARTS SHOW UNWEIGHTED DATA

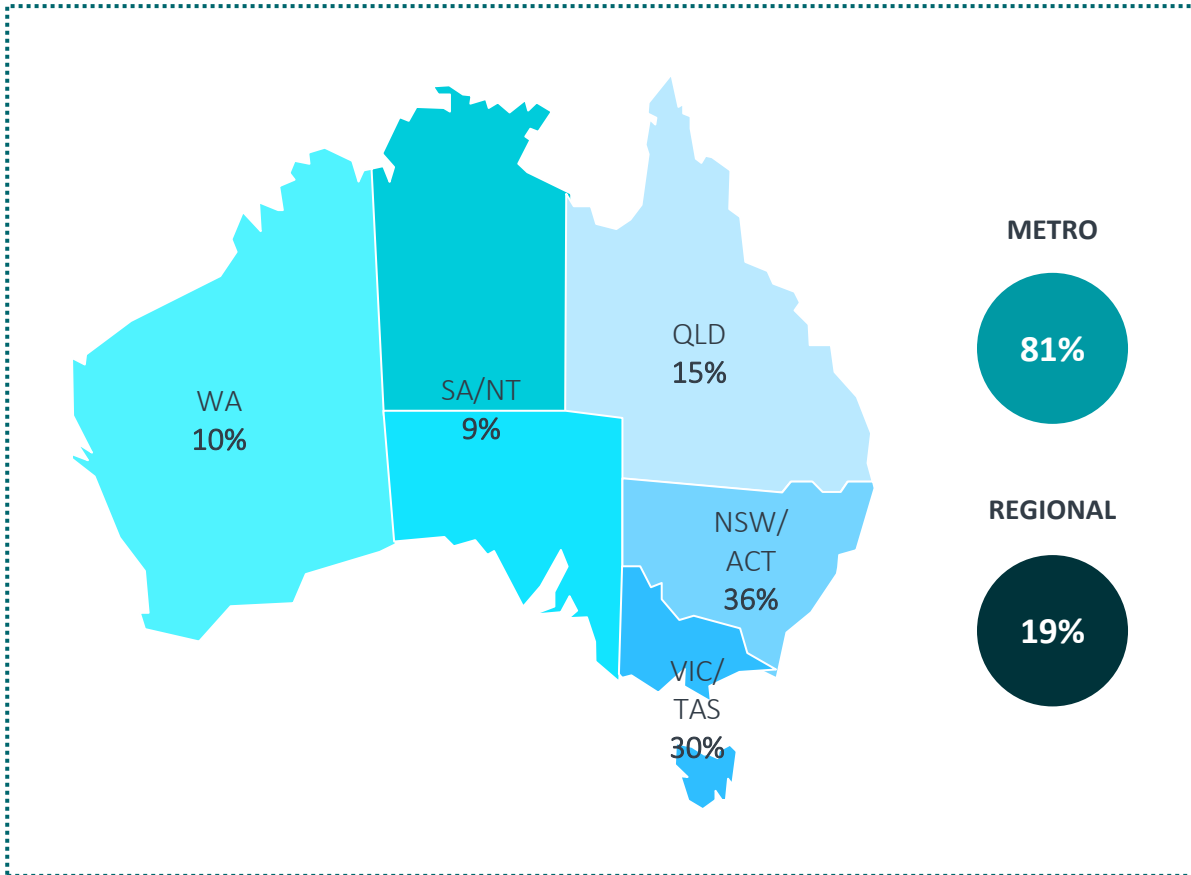
INDUSTRY SECTOR



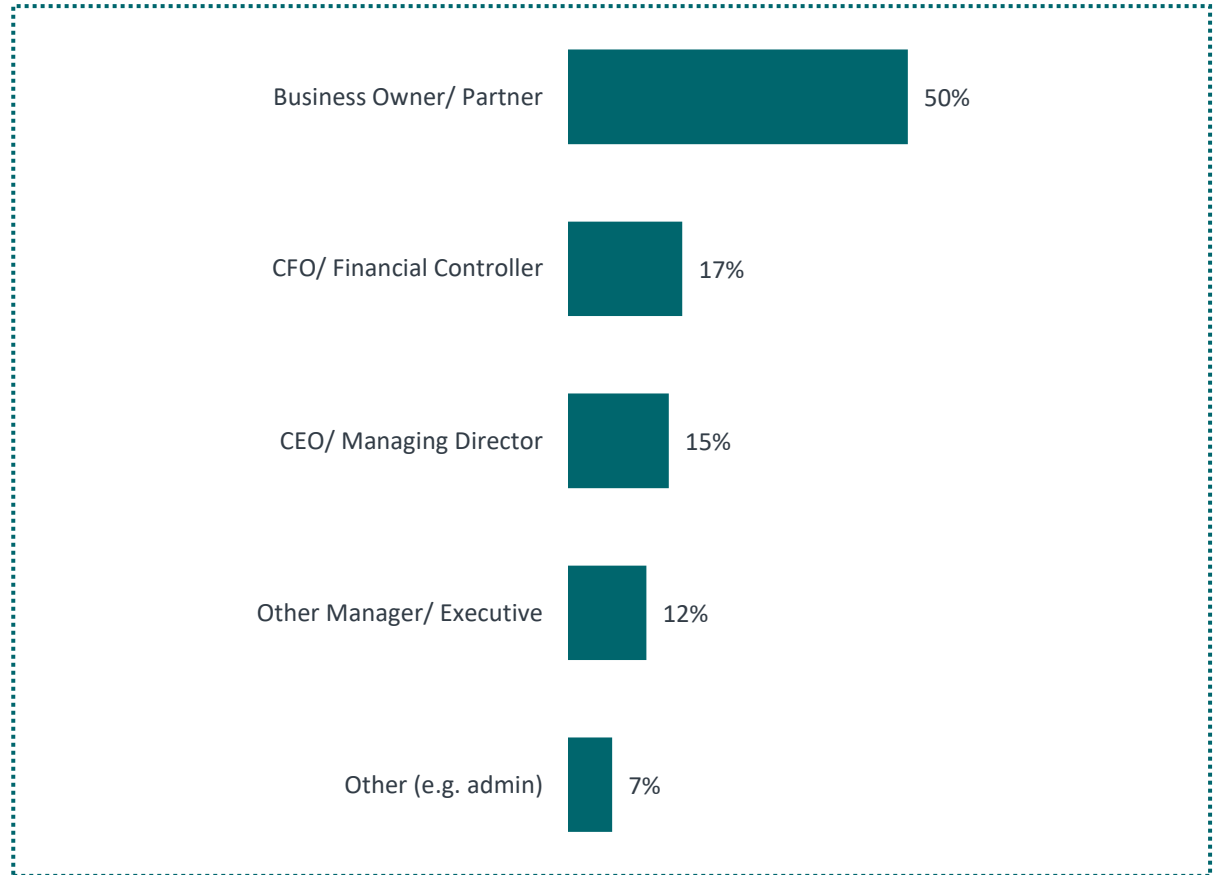
OUR SAMPLE

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

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

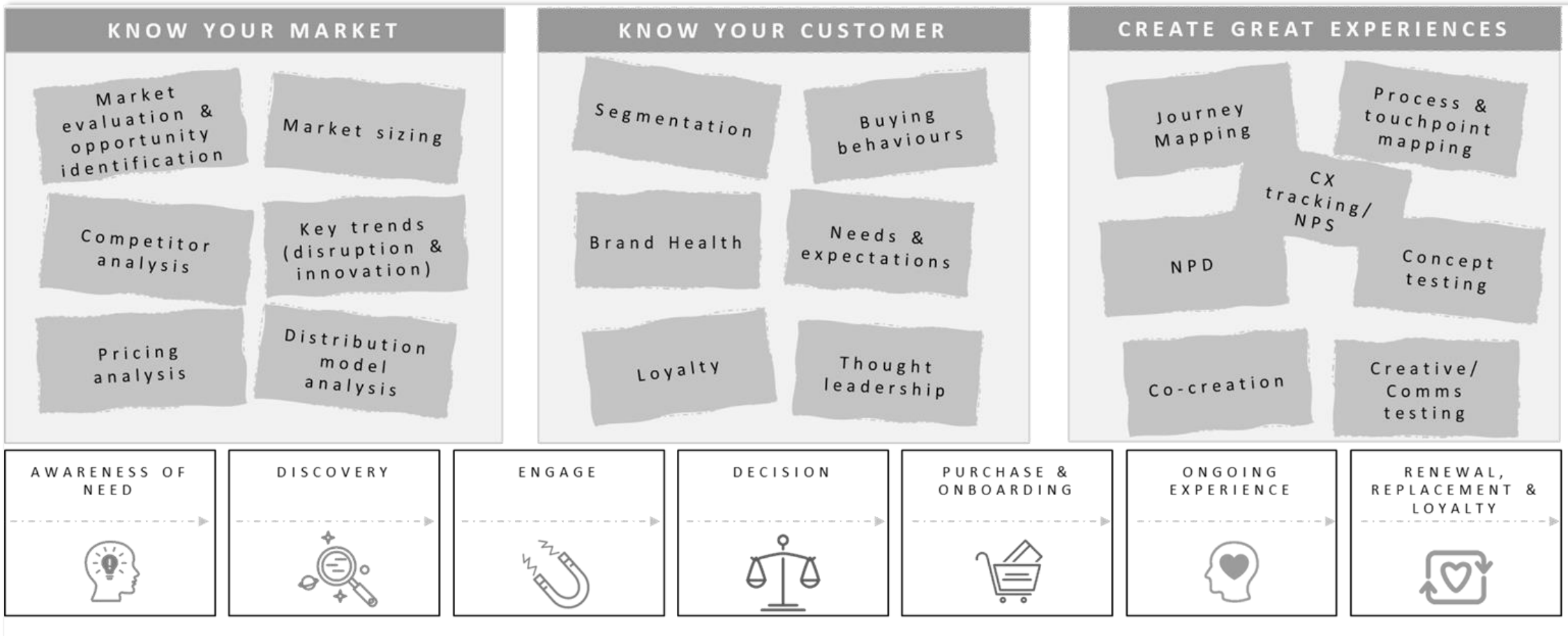
Working in partnership with you to design and deliver research & consulting programs aligned to your individual needs

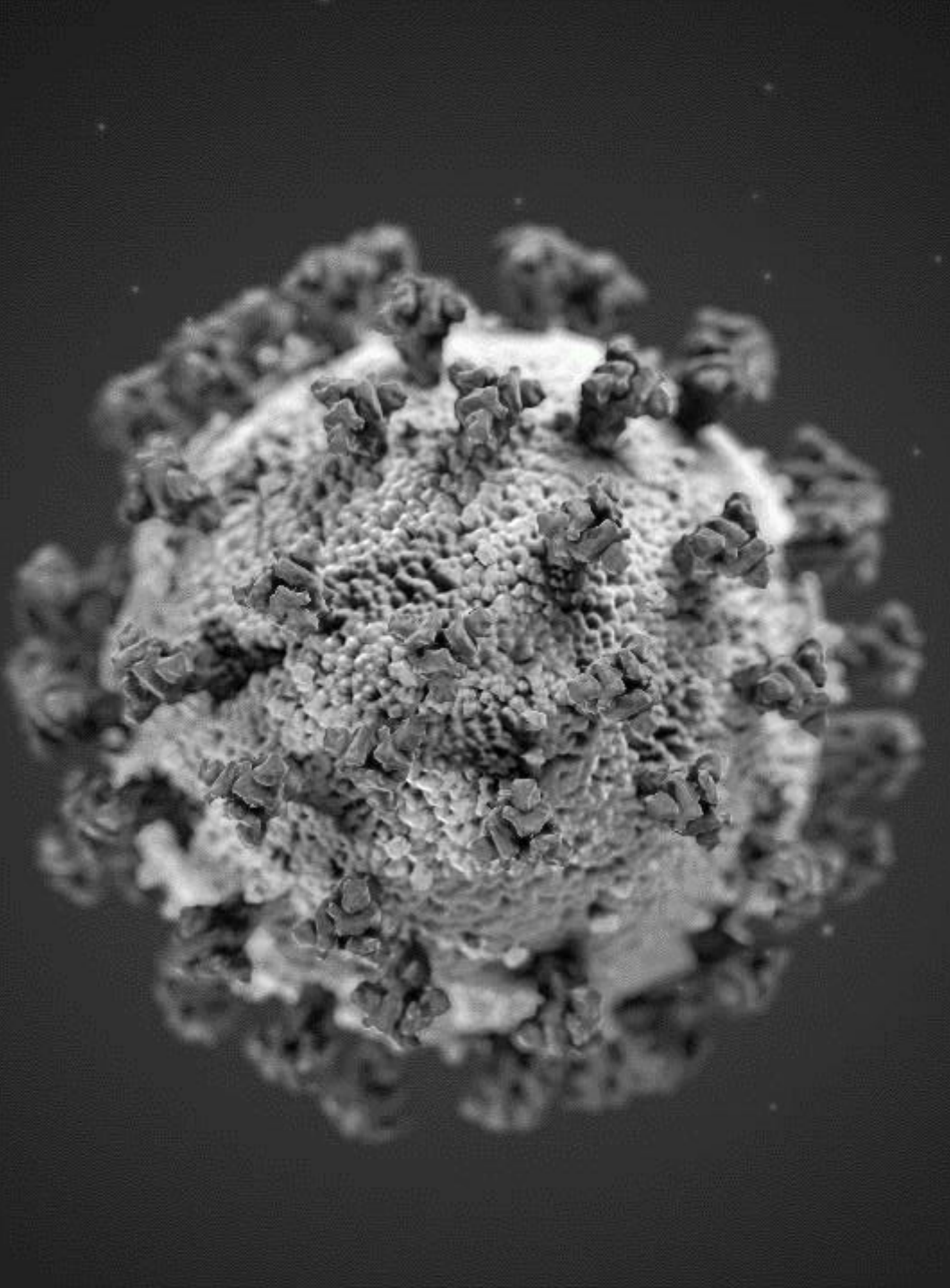
TO DELIVER
ACTIONABLE
RECOMMENDATIONS
AND ADVICE

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