



# Sensis Business Index

## Australia's Leading Small and Medium Business Outlook & Confidence Survey

### August 2020

How Australia's small businesses are coping with Covid-19

 9222 2222

# Introduction

---

The Sensis Business Index is based on 1,015 online interviews conducted between 29 July to 5 August 2020 with small and medium business proprietors or managers employing up to 199 people. This sample is drawn from metropolitan and major non-metropolitan regions throughout Australia with targets set for location and industry on page 22. Glow is responsible for fieldwork and Dynata for sampling.

The Index is a survey of Australia's small and medium businesses (SMBs) which commenced in 1993 to measure and track:

- SMB business activity over the last three months
- Expectations for the current quarter
- Overall confidence among SMBs

The Index samples SMBs nationally, enabling broad scrutiny of this sector and relevant trends and issues. It examines differences by location, business size and industry. The aim is to reflect the attitudes and behaviour of SMBs, which comprise some 98%\* of Australian businesses and make up 67%\* of the country's GDP (\*Deloitte).

# Executive Summary

Australia's small business community has certainly been doing it tough in 2020. First it was fires, then Covid-19 and lockdowns. It has been a hard year and more than half of the businesses in Melbourne surveyed say they will see a decrease in profitability over the next three months.

The survey was conducted just as Melbourne went into Lockdown 2.0 and it showed with 54% of businesses saying their profitability will decrease. Compare that to Sydney which had just 27% of businesses believe their profitability will decrease over the same period.

In fact, nearly one in three Sydney businesses (29%) said they expected to increase their income compared to just 18% of Melbourne businesses.

The most optimistic sectors of the SMB economy were the Wholesale and Manufacturing sectors with 31% believing they would be more profitable over the next three months. The least optimistic were the Transport/Storage and Cultural and Recreational Services both at 13%.

Of all the businesses we surveyed nearly half (49%) of those in hospitality and accommodation said Covid-19 had had a severe impact on their business. That was easily the highest figure of the 10 sectors we surveyed. To put that number in perspective, the Construction sector figure was 22%, Health and Community Services at 19% and Wholesale at 15%.

What had not helped the hospitality and accommodation sector was that it had been difficult to get finance. 43% said it was more difficult to get finance. That was well ahead of any other sector with the industry average at 36%. One in three (33%) said they were knocked back for finance compared to the industry average of 26%.

39% of Canberra businesses are either Fairly Worried or Extremely Worried whilst it is 38% in Melbourne. Perth (12%) and Canberra (12%) were the most Extremely Worried. Brisbane was the most optimistic with 49% of businesses either Extremely Confident or Fairly Confident for the next 12 months. Brisbane was followed by Hobart (44%) and Sydney (43%).

The Construction and Building sector was the most confident with 47% either Extremely or Fairly Confident of the next 12 months ahead of Transport/Storage (46%), and Wholesale and Finance and Insurance both at 45%.

Cont..



**John Allan**  
**Chief Executive Officer**  
**Sensis**

# Executive Summary

---

13% of Melbourne businesses surveyed said they will close their doors sometime in the next 12 months. This was just ahead of Perth with 12% followed by Brisbane and Sydney at 7%. Metropolitan businesses are nearly twice as likely to close over the next year with 5% of Regional businesses saying they will close compared to 9% in Metropolitan areas.

Transport/Storage believes it will be the hardest hit sector with 13% of businesses saying they will close over the next year followed by Cultural and Recreational and Other Services at 12%. Interestingly only 6% of Accommodation/Cafes/Restaurants intended to close.

One of the most disturbing findings was that 56% of Melbourne businesses said they had seen a significant reduction in sales against a national average of 44%. Just 39% of Sydney businesses and 23% of Hobart businesses said they had been significantly impacted.

One surprising fact from the survey was that SMBs who applied for and received JobKeeper were more likely to have laid off staff than those who didn't apply or applied but didn't receive JobKeeper. 40% of SMBs applied for JobKeeper of which 90% were successful.

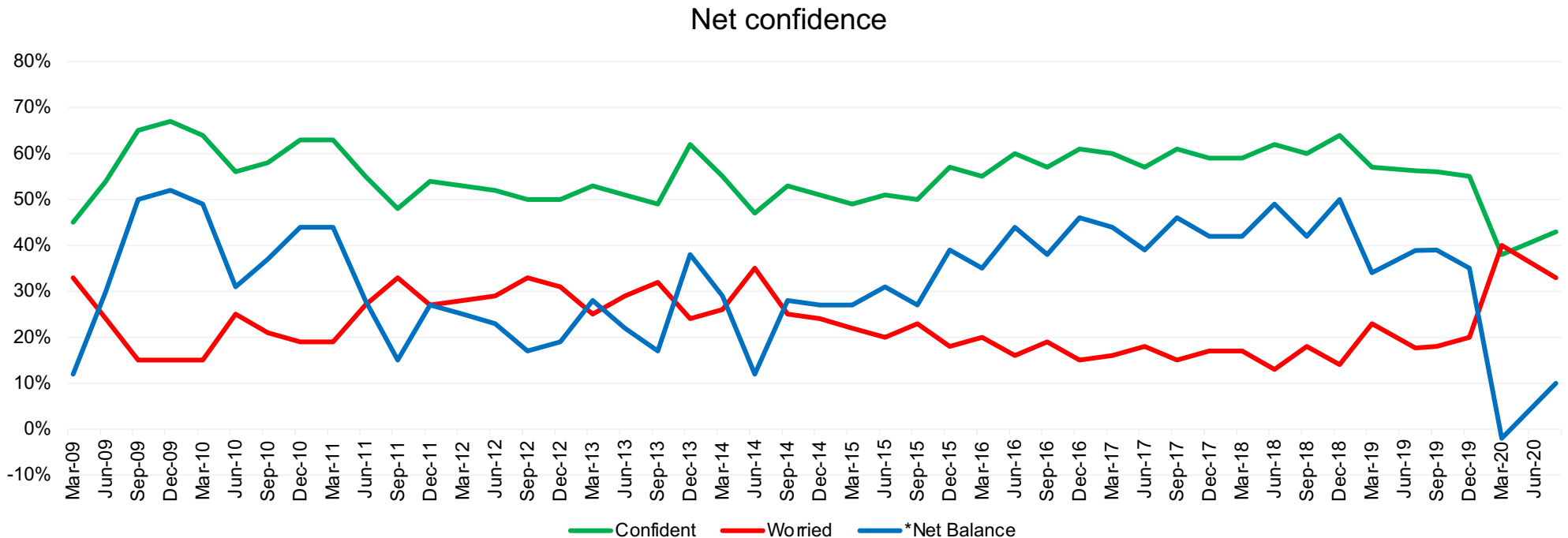
John Allan, CEO, Sensis

# SMB confidence



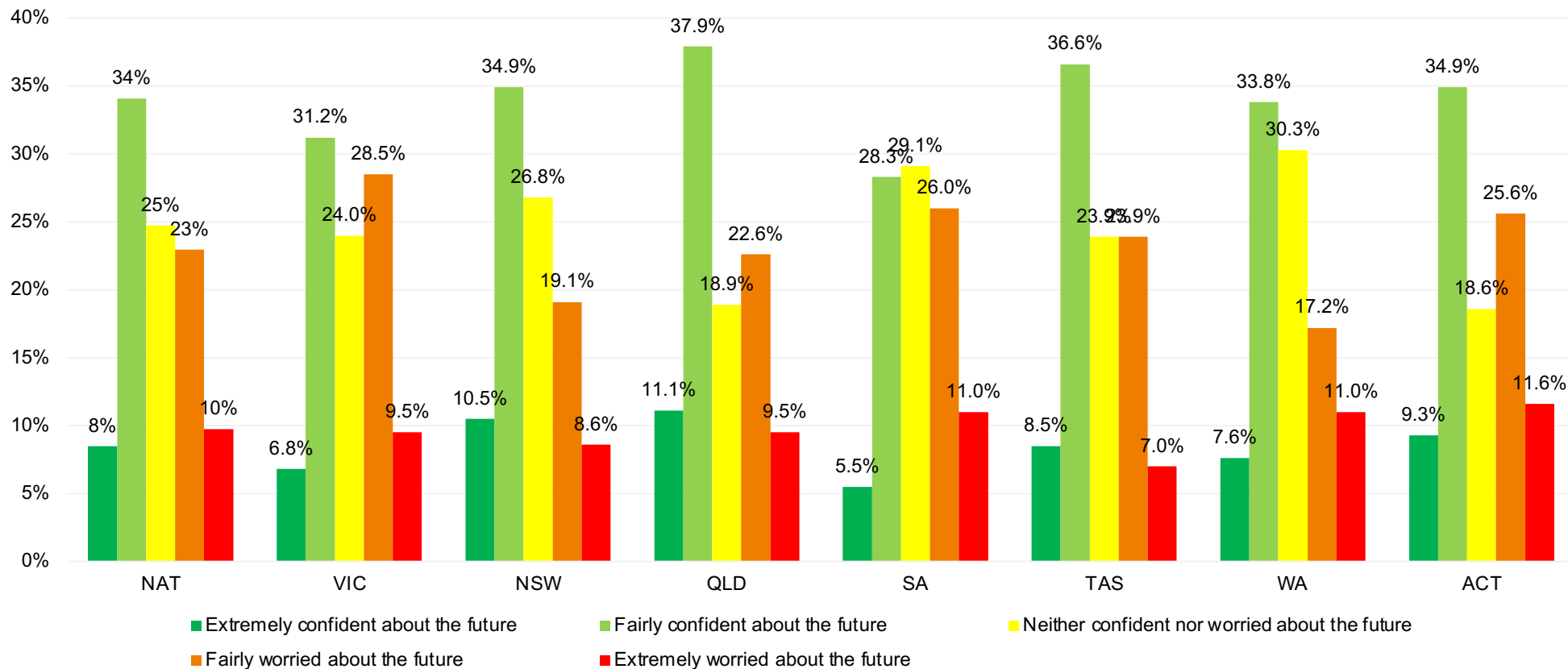
# SMBs confidence improving

- Despite the impacts of Covid-19 and the nations lockdowns over the last three months, small business owners are less pessimistic about the future than might be expected.
- 8% of businesses are extremely confident about the next 12 months, 34% fairly confident, 25% neither confident or worried, 23% fairly worried about the coming 12 months and 10% extremely worried.
- After March's massive drop in confidence, it is pleasing to see small and medium business confidence improving.



# SMBs confidence improving

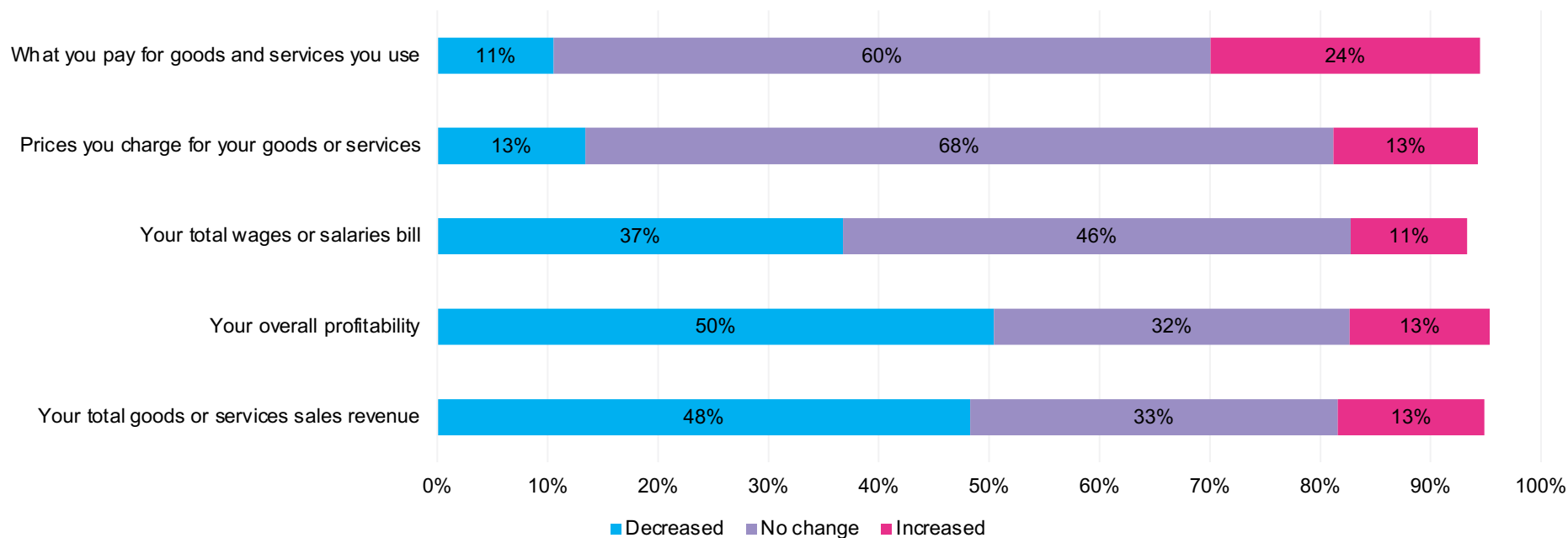
## Confidence for the next 12 months



# Factors underpinning confidence

- 50% of SMBs reported falls in profitability for the quarter and 48% reported decreases in revenue.

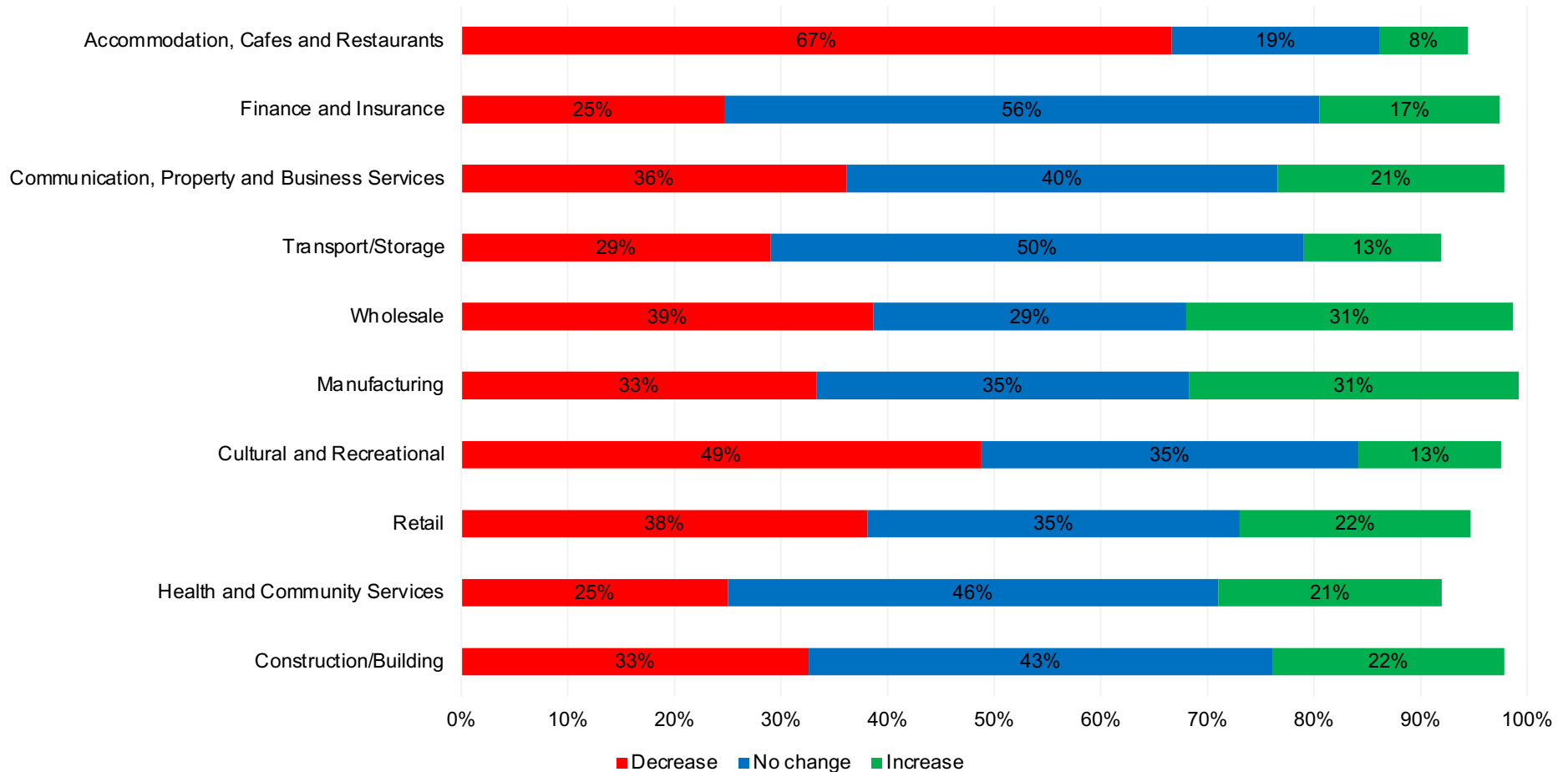
In the past quarter, (excluding normal seasonal changes) how have the following business indicators changed at your business?





# Profitability predictions

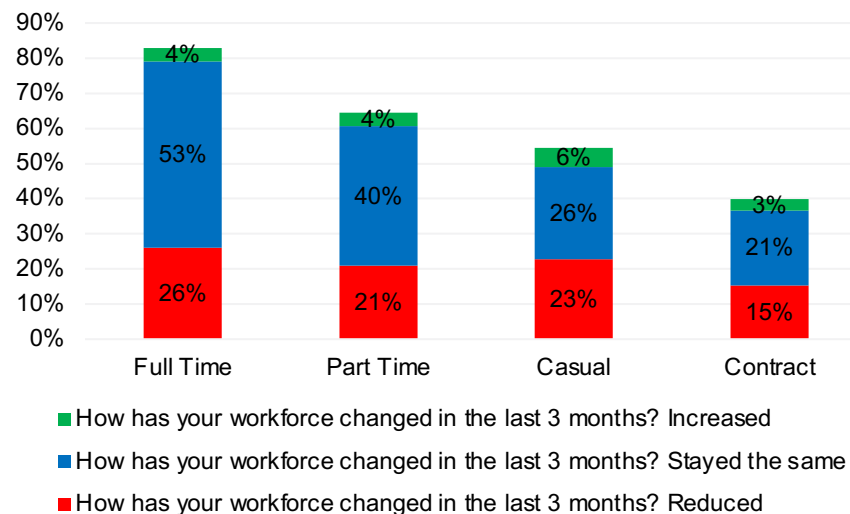
How do you estimate your profitability will change (excluding normal seasonal changes) for your business over the next three months?



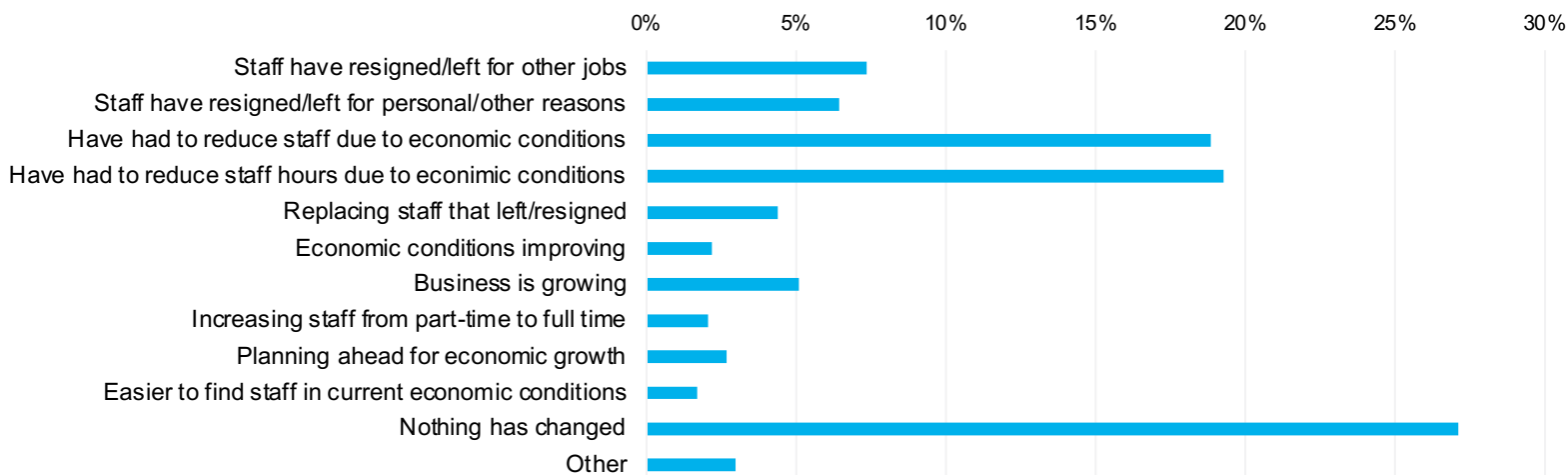
# Workforce changes

Across the states and territories, ACT and Victoria saw the biggest decrease in full time roles (30% of SMBs reporting decreases) South Australia (14% of SMBs) and Queensland (20% of SMBs) lost fewer part-time roles than the national average (21%) Victoria lost below average casual roles (20% of SMBs reporting losses of casual staff). Western Australian SMBs reported the largest loss of casual jobs (26% of SMBs)

How has your workforce changed in the last 3 months?

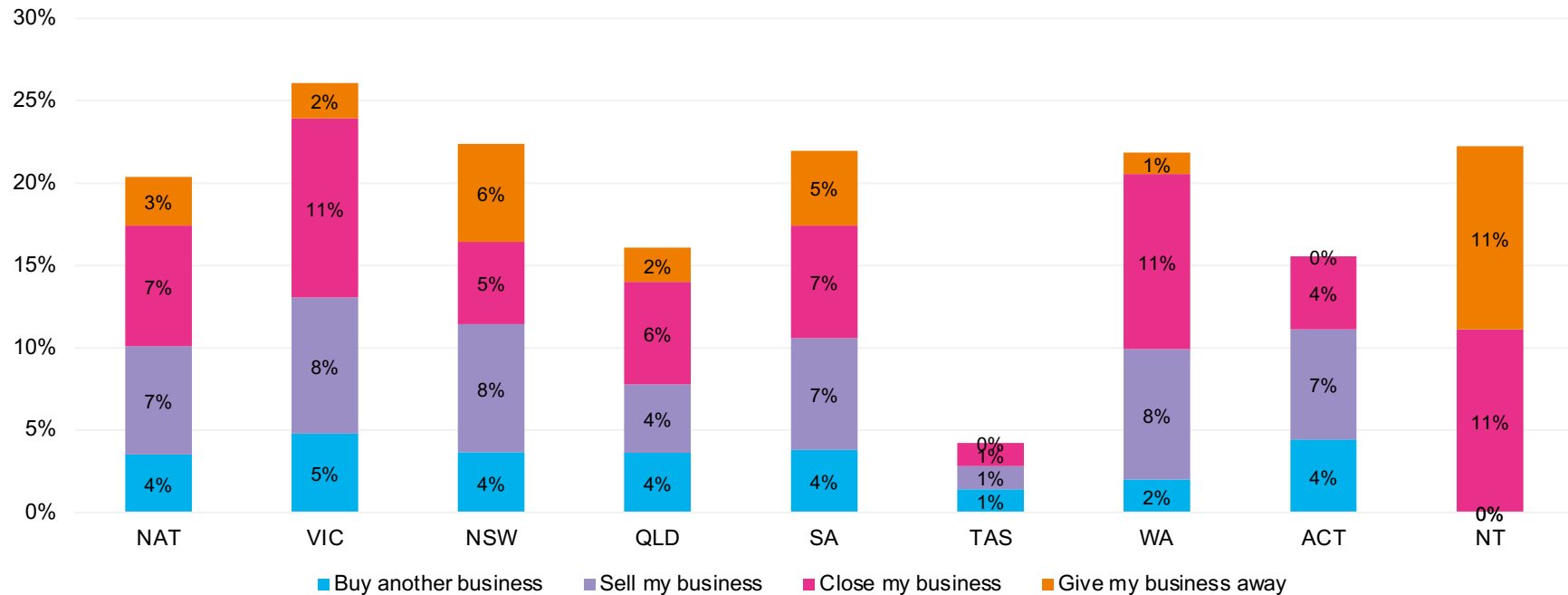


Which of these factors has driven the growth or decline in parts of your workforce?



# Buying, selling or closing the business

At any time in the next 12 months, do you intend to...

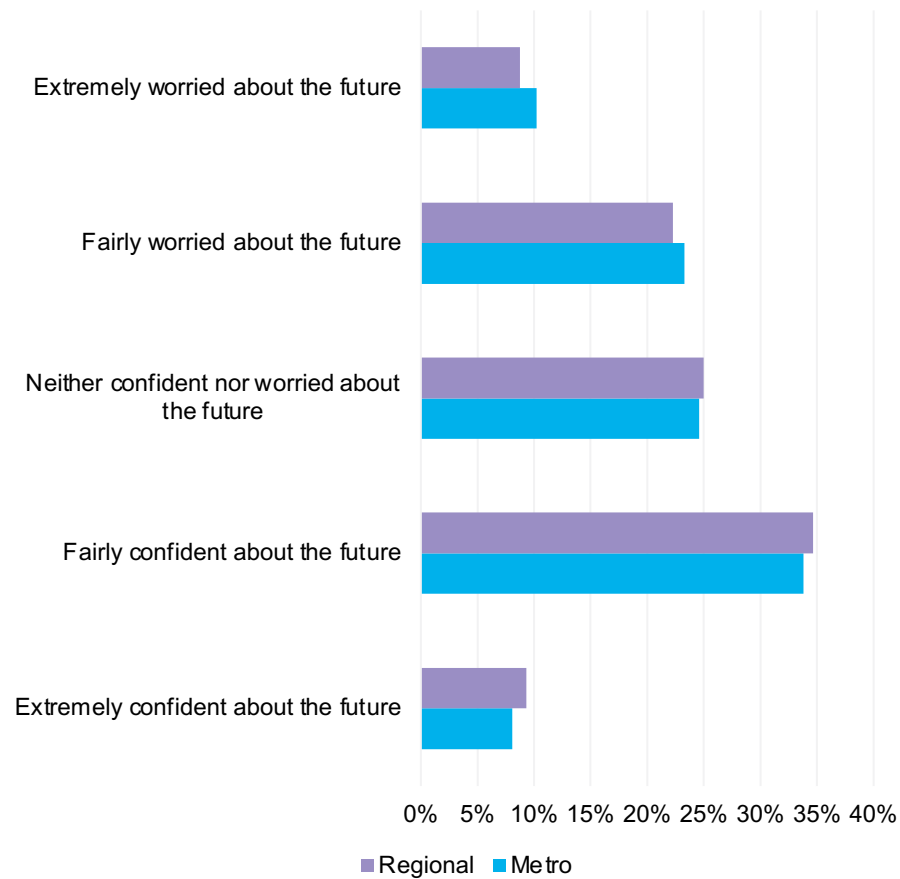


Note : small sample size for ACT & NT

# The bush faring better than city businesses

- Over the past three months 21% of Regional businesses reported that Covid-19 has had no impact on their business compared to 12% of Metropolitan businesses.
- Additionally, 29% of businesses in our capital cities reduced their workforce compared to 20% in Regional Australia. 42% of Regional businesses said there had been no change in their workforce compared with 36% in our cities.
- 26% of Regional businesses have had sales slightly reduced due to Covid-19 compared to 34% of Metropolitan businesses. But sales for 48% of Regional businesses and 43% of Metropolitan businesses have had a significant drop.
- 34% of Regional businesses applied for JobKeeper compared to 43% in Metropolitan businesses.
- Regional businesses were also more optimistic about the future with just 5% saying they are likely to close their doors over the next 12 months. That compares to almost double that of Metropolitan businesses at 9%.

Regional vs Metro confidence

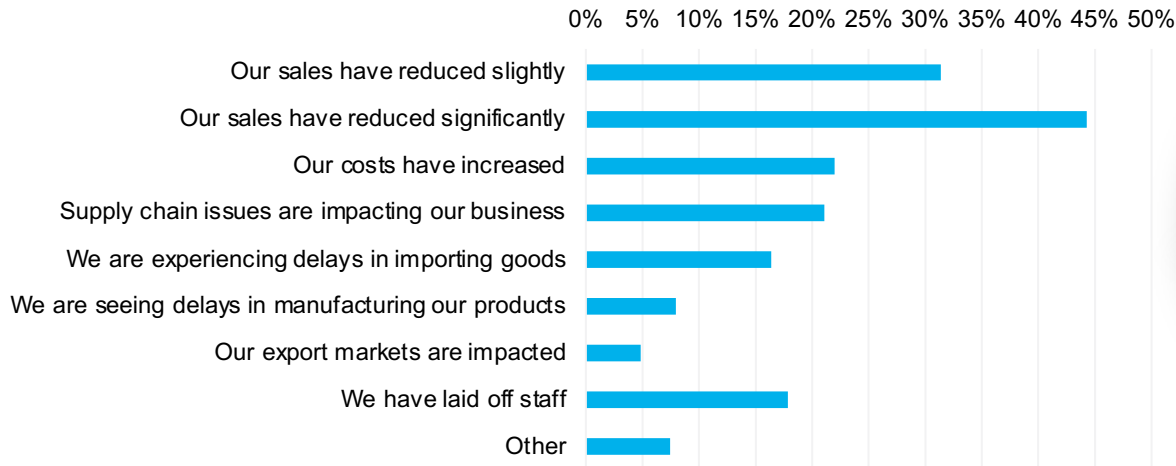


# Impacts of Covid-19

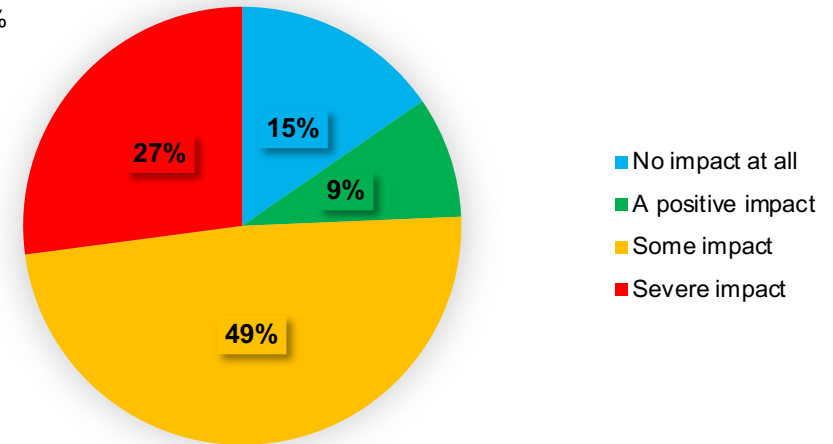


# Covid-19 impacts

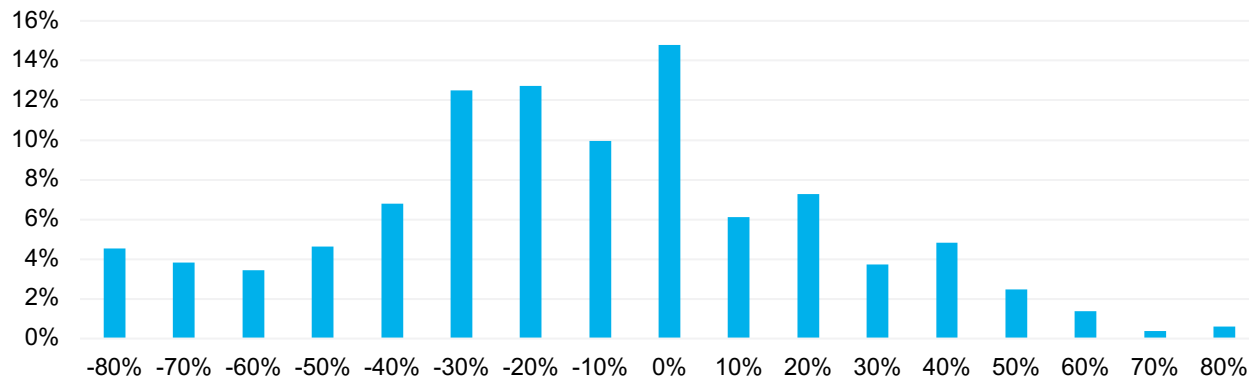
In what ways is the Coronavirus impacting your business?



What impact, if any, is the coronavirus having on your business?



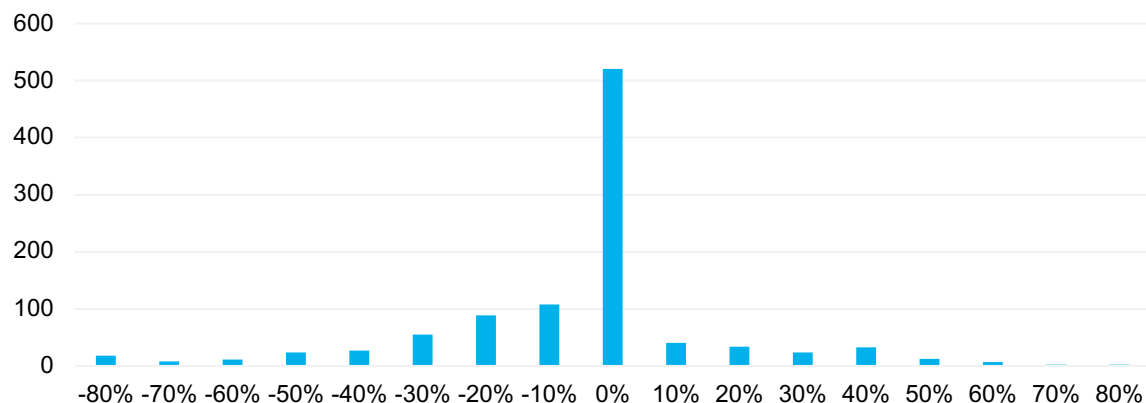
By how much has COVID-19 changed your sales?



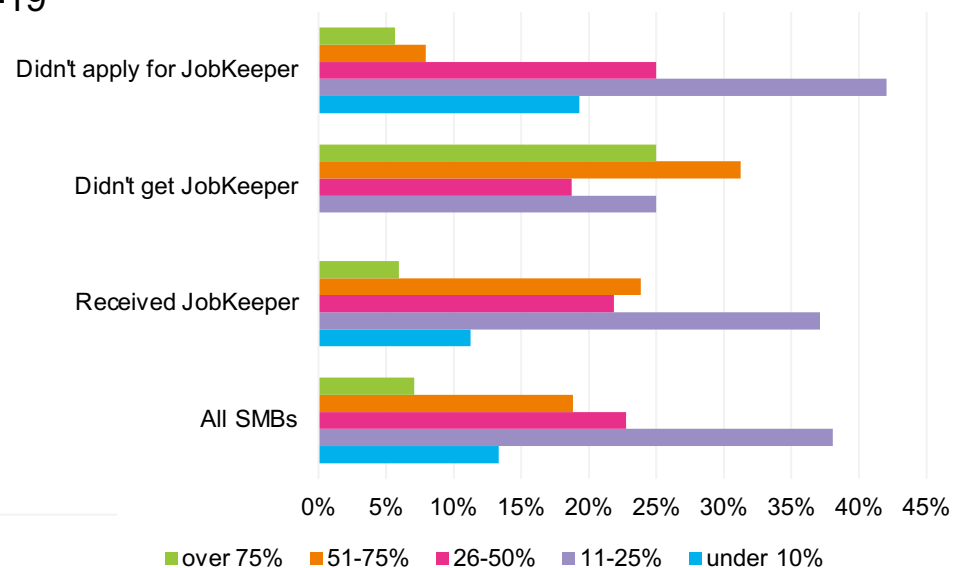
# JobKeeper

- 40.2% of SMBs stated they had applied for JobKeeper. Of these, 89.5% were successful.
- 25.1% of SMBs reported having laid off staff due to Covid-19
- 41.4% of SMBs which received JobKeeper laid off staff, compared to just 14.5% of SMBs that didn't apply for JobKeeper laying off staff. 37.2% of SMBs that didn't get JobKeeper reported laying off staff.

By how much has COVID-19 changed your staffing numbers?



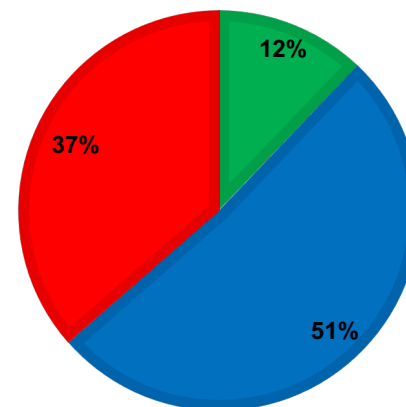
What percentage of your workforce did you lay off?



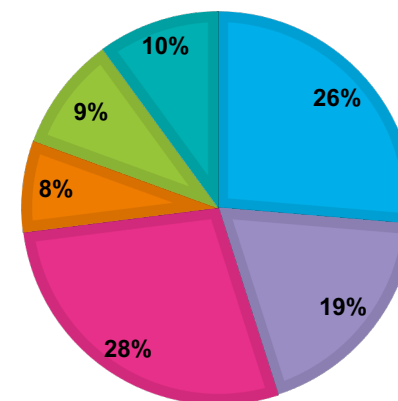
# Access to finance

- More than one in four businesses (26%) have been knocked back in trying to get finance over the past three months.
- The figure was worse in the bush with 37% of those applying in our Regional towns being knocked back compared to 25% in our cities. The number of businesses applying for finance has dropped to 13% (16% in March 2020, 17% in December 2019).
- 37% of SMBs believe it is more difficult to get finance since the start of Covid-19 with 51% saying it was about the same and 12% saying it was easier.
- In the March report, 14% of SMEs believed it was getting easier to access finance, 32% thought it was harder and 54% saw no change.
- Overall 13% of businesses surveyed sought finance assistance with 22% in Melbourne applying, 21% in Sydney and 17% in Canberra.
- Of those who applied, 59% were successful, 26% were unsuccessful and 14% are still awaiting a decision.
- Regional businesses said it was 40% more difficult and 35% in our major capital cities.

- Easier to access finance
- About the same to access finance
- More difficult to access finance



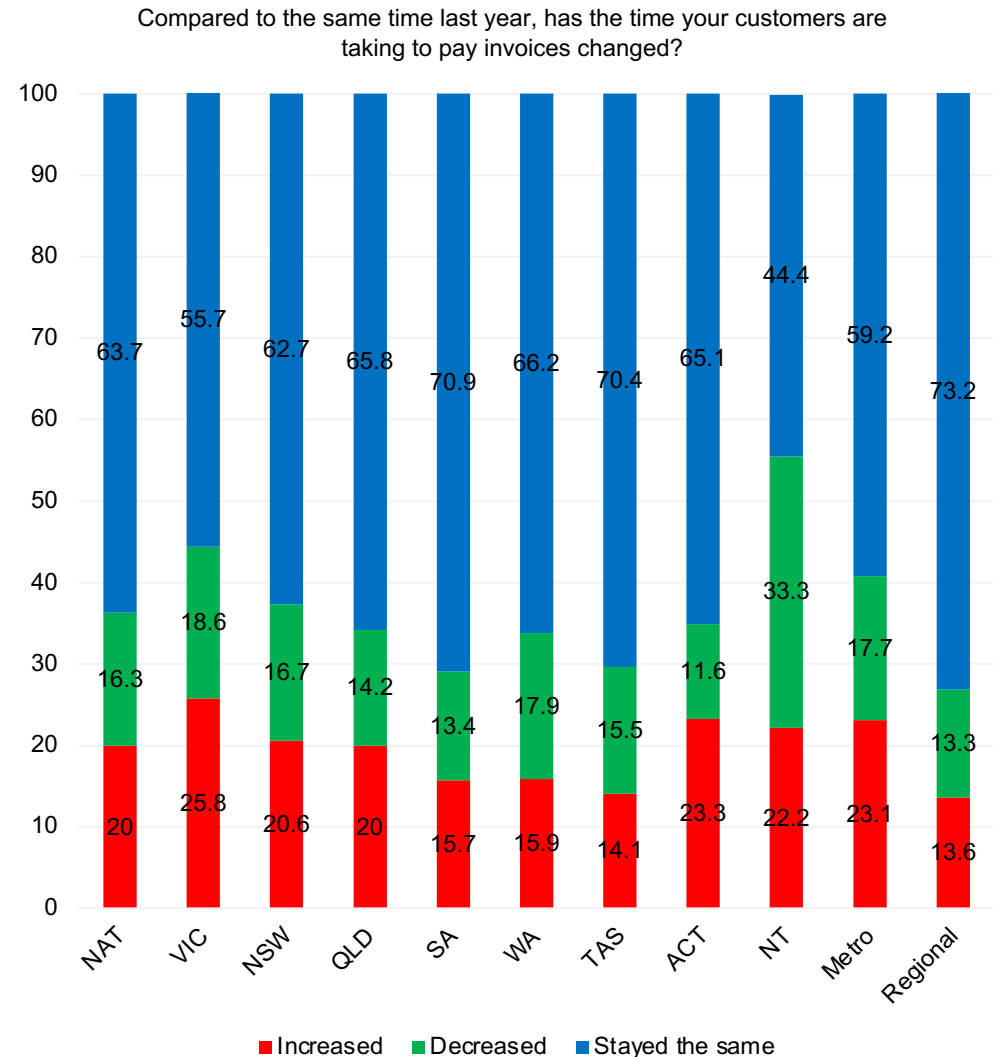
- Credit card
- Bank loan
- Buy Now Pay Later (Afterpay/ZIP)
- Overdraft
- Equity capital raising
- Other





# Time to pay

- 20% of SMBs are seeing time it is taking to get paid by their customers increasing compared to a year ago.
- This is impacting metro businesses far more than regional businesses. 23% of metro SMBs saw time to pay increasing but only 13.6% of regional businesses saw increases.
- In Tasmania and Western Australia, more businesses saw decreases in time to pay than increases.
- Increases in time to pay have significantly hit a number of industries. Tradies (22.5%), Manufacturing (29.4%), Finance (23.4%), Professional services (23.4%) and Wholesale (29.3%) have all seen rises in time to pay above the national average.



Note : small sample size for ACT & NT



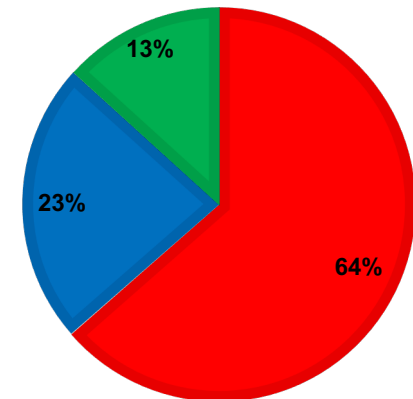
**Confidence in the economy**

# SMBs confidence in the economy continues to drop sensis

- The realities of the Covid-19 recession are hitting SMB confidence in the economy more than in previous quarters.
- Victorian SMBs are the most pessimistic about their economy, with 66.5% believing the Victorian economy will be worse in 12 months time. This is an improvement on last quarter. Despite Victoria's lockdown, this figure is better than last quarter when 70% of SMBs believed the economy would be worse in 12 months' time. 14.9% believe it will be in a better place.
- SMBs in Tasmania are the most positive about their state economy. 23.9% believe the Tasmanian economy will be better in 12 months time, 31% feel it will be the same and 45.1% believe it will be worse. WA SMBs follow closely behind in their positivity. 17.9% believe the economy will be better, 41.4% believe it will be the same and only 40.7% believe it will be worse.

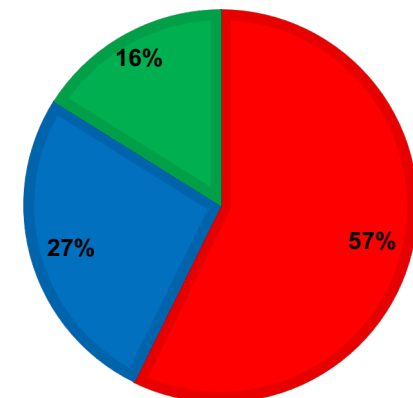
Thinking about the nation's economy overall. In a year from now do you think the nation's economy will be better, worse or about the same?

■ Worse ■ Same ■ Better



Thinking about your state/territory, in a year from now do you think the economy will be better, worse or about the same?

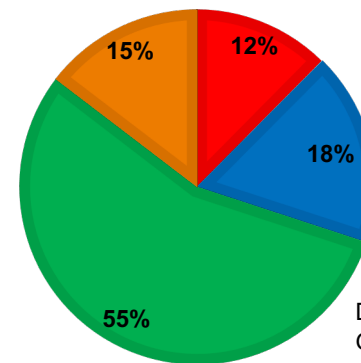
■ Worse ■ Same ■ Better



# SMB attitudes to Governments

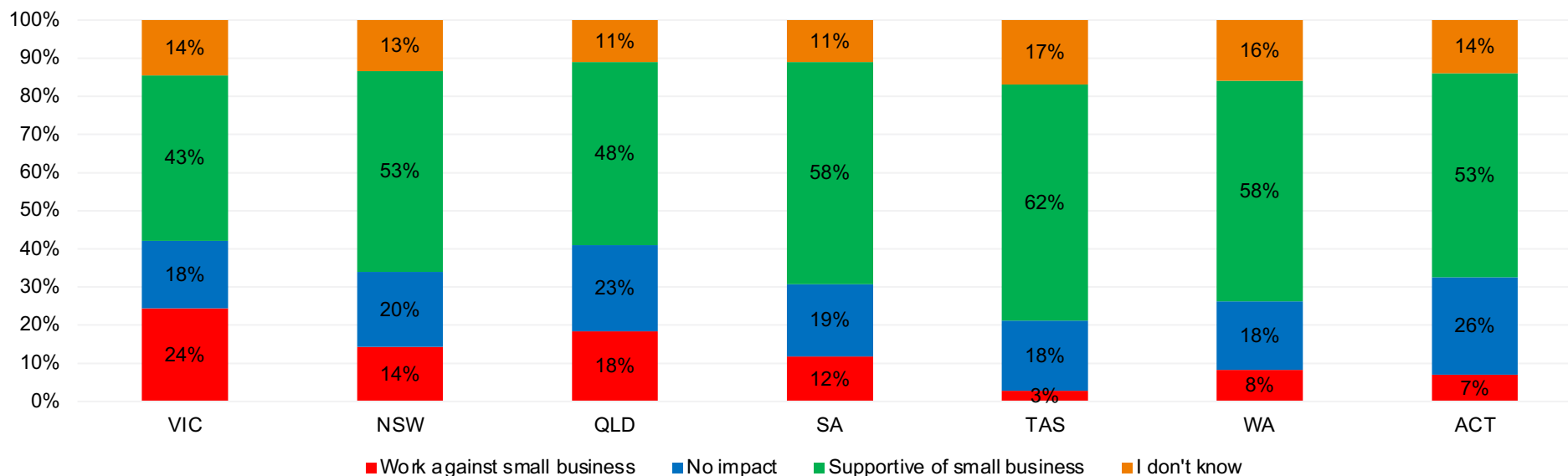
- Tasmanian SMBs once again led the way in believing their Government was most supportive of small business, with 62% saying the Tasmanian State Govt was supportive of small business and only 3% saying it worked against small business.
- 24% of Victorian SMBs, in the midst of stage 4 lockdown, believed the Victorian State Government was working against small business.

■ Work against small business 
 ■ No impact 
 ■ Supportive of small business 
 ■ I don't know



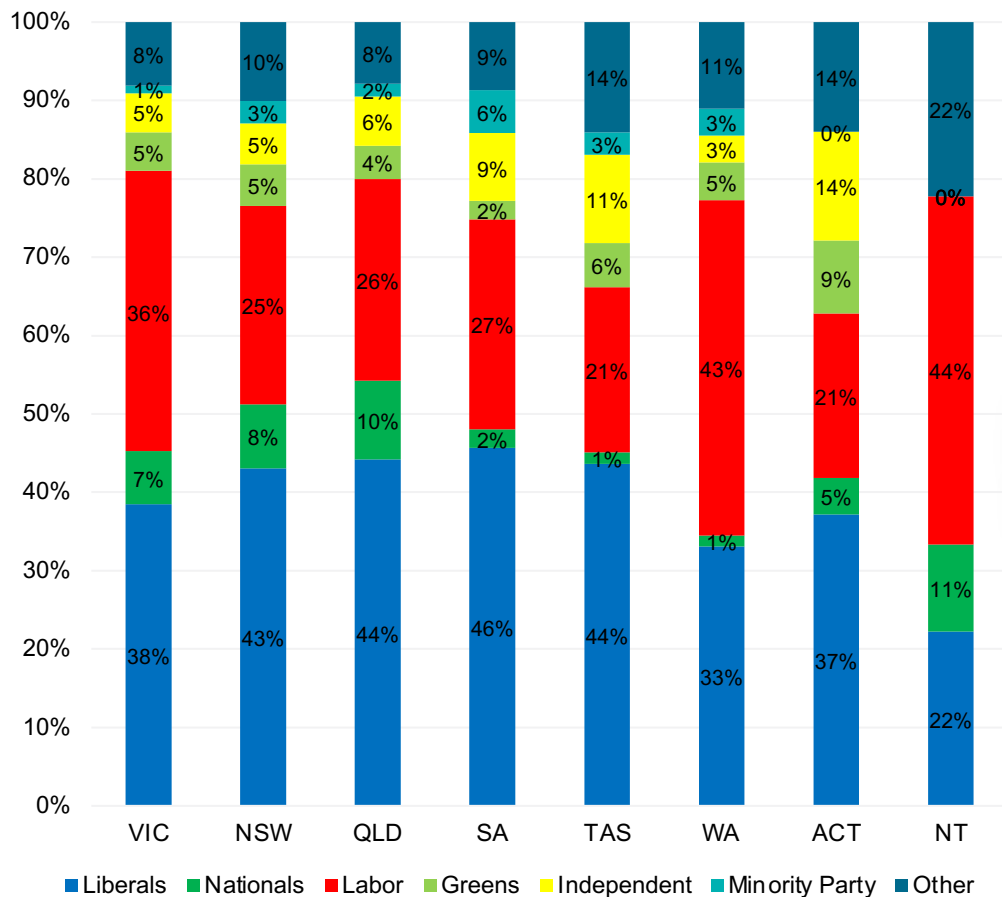
Do you believe the Federal Government's policies are supporting of SMBs?

Do you believe that your State (or Territory) Government's policies are supportive of small business?

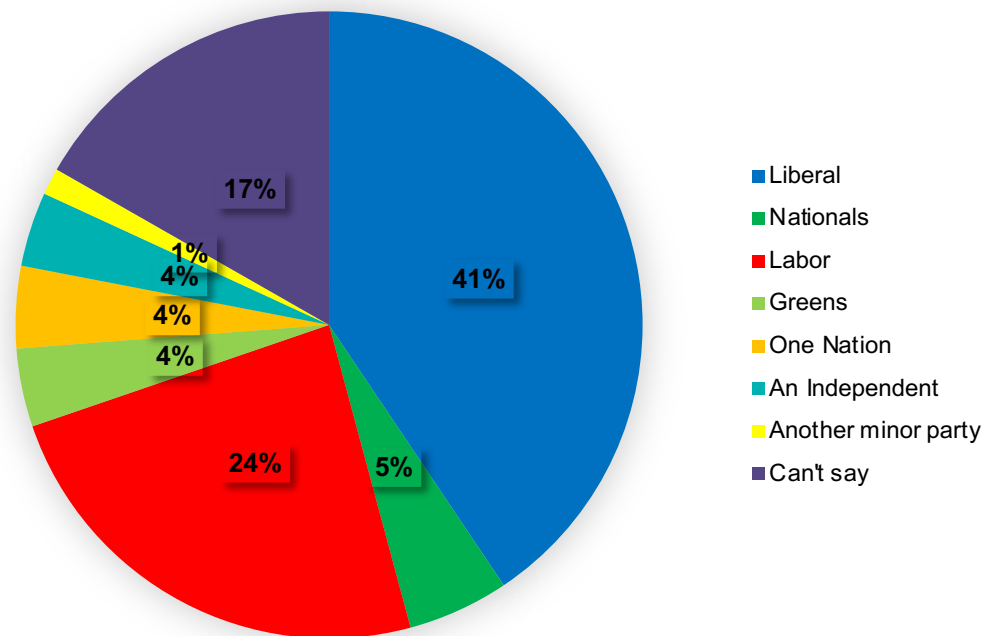


# Voting intentions

If a State/Territory election was held tomorrow and thinking about the prospects for your business, who are you most likely to support?



If a Federal election was held tomorrow and thinking about the prospects for your business, who are you most likely to support?

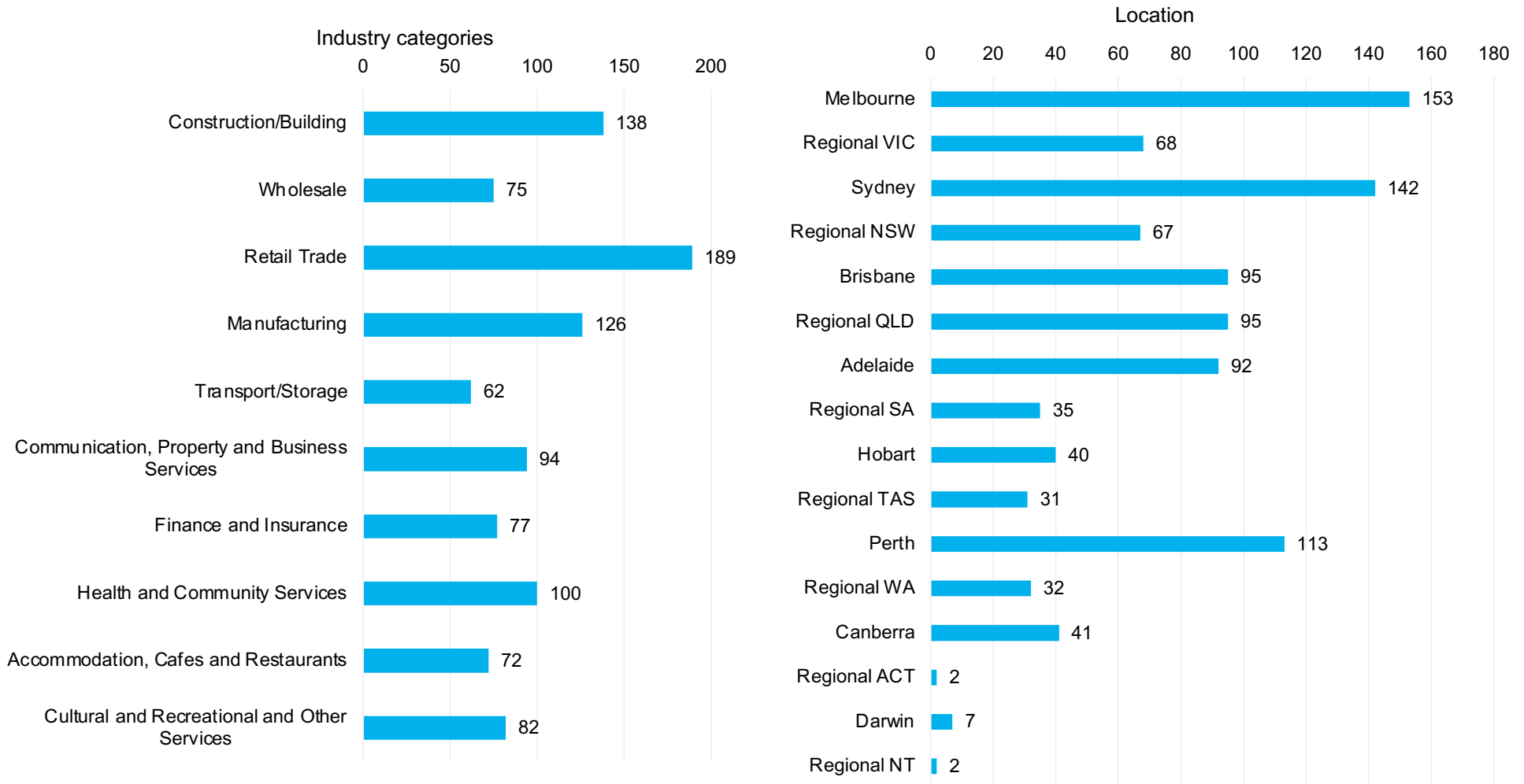


# Sensis Business Index About the survey

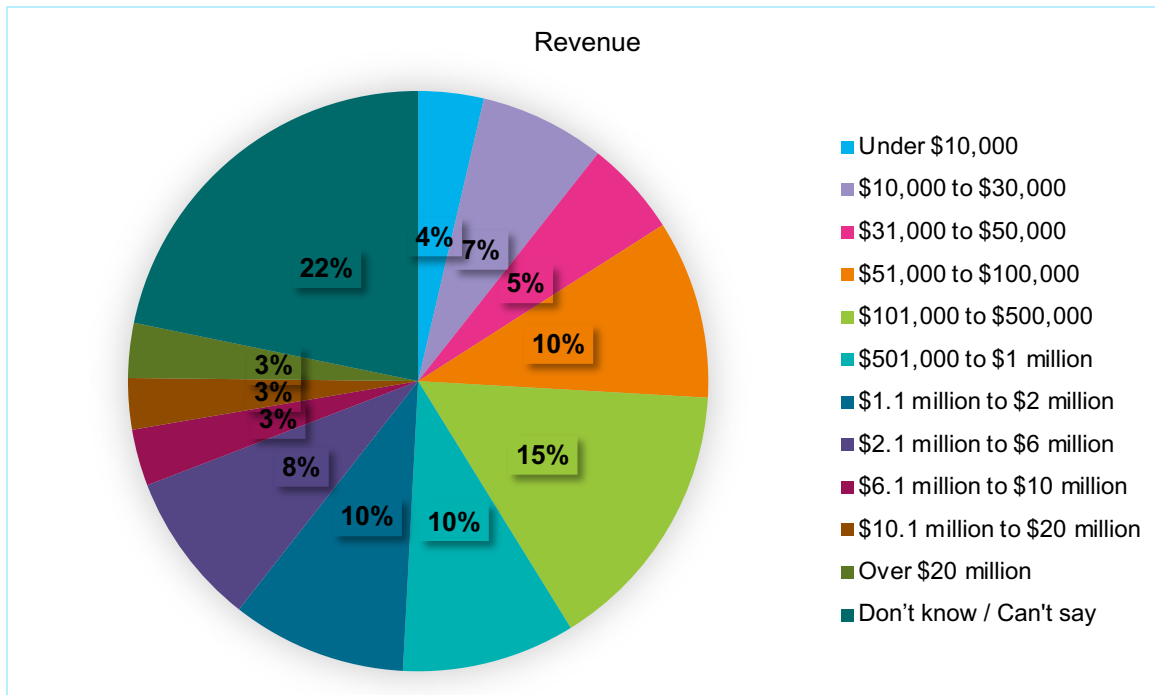
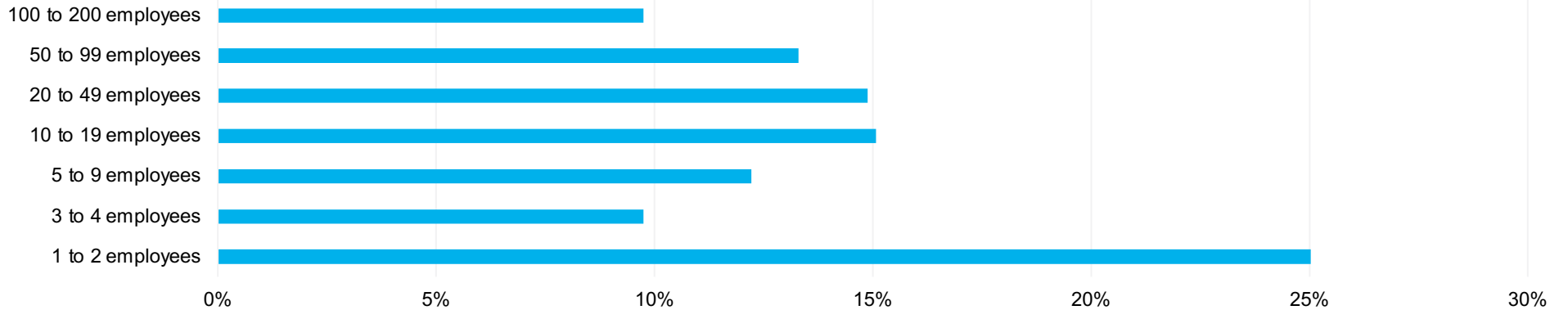


# About the survey

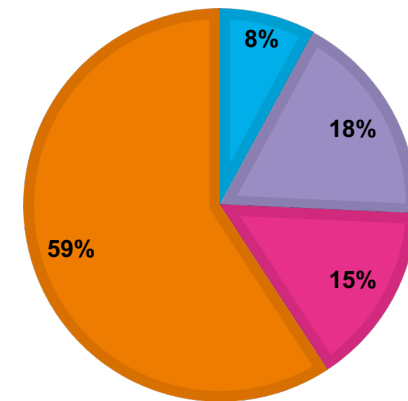
## Breakdown of small and medium businesses surveyed



# About the survey



1 to 2 years    3 to 5 years    6 to 10 years    Over 10 years



How long has your business been operating?



---

Full access to the Sensis SMB Business Index data is available. Access includes full data analysis, state and industry based filtering.

For details, please contact Will Clarke, Head of Corporate Communications  
on 0488 34 54 64 or [will.clarke@sensis.com.au](mailto:will.clarke@sensis.com.au)

Sensis helps Australians connect and engage through our leading platforms. We help create and manage valuable connections via our digital consumer businesses (Yellow, White Pages, True Local, Whereis), search engine marketing and optimisation services, website products, social, data and mapping solutions, and through our digital agency Found. Sensis is also Australia's largest print directory publisher including the Yellow Pages and White Pages.

**[www.sensis.com.au/SBI](http://www.sensis.com.au/SBI)**

**@sensis #SensisBiz**

**[linkedin.com/company/sensis](https://linkedin.com/company/sensis)**

**Sensis Pty Ltd**

222 Lonsdale Street, Melbourne VIC 3000

Tel: + 61 3 8653 5000 | Twitter: @Sensis | [www.sensis.com.au](http://www.sensis.com.au)

ABN: 30 007 423 912

The material contained in this publication is general only and is not intended as advice on any particular matter. No reader should act or fail to act on the basis of this report. Sensis Pty Ltd disclaims to the maximum extent permitted by law all liability, costs and expenses incurred by any person in conjunction with the content of this report.