

Media Release

Challenging Landscape Persists as Revenues Decline

- 37% reporting a decrease in revenue compared to 12 months ago
- 20% expect a decline in revenue over the next month
- Concern about rising interest rates has decreased from 87% to 81%
- 74% support the federal increase to the minimum wage

8th August 2023: This month's findings offer a snapshot of persistent challenges and a glimmer of hope. The downward trajectory of year-on-year revenues remains concerning, with a significant 37% reporting diminished revenues compared to this time last year. Profitability also continues its downward trend, with only 40% of SMEs reporting a profit last month.

However, it is encouraging to report that business concerns have gradually receded across various fronts. The gradual easing of inflationary pressures coupled with a steady cash rate in July and August offers SMEs a glimmer of respite. Notably, concern about rising interest rates has fallen from 87% in June to 81% in July.

The SME Sentiment Tracker is conducted by leading business market research firm Fifth Quadrant in partnership with Ovation and tracks business sentiment across more than 400 small and medium enterprises each month.

Recruitment activity remains stagnant; so too the number of growth-oriented businesses. It is notable that two-thirds (65%) of SMEs feel well poised to weather the potential impact of an impending recession over the next 12 months. However, a concerning 48% of those with 20-99 employees express unease about their ability to withstand a recession.

Sentiment towards the Australian economy saw a slight uptick in July, yet remains low overall. Business confidence and short-term revenue expectations continue to trend downwards, with 20% foreseeing a decline in revenues over the next month.

Satisfaction with the federal Labor government's ability to support business needs remains modest at 29%. Despite this, 74% of SMEs stand in support of the recent 5.75% increase to the minimum wage amidst Australia's ongoing cost of living crisis.

Fifth Quadrant, Managing Director, James Organ said: "In summary, this month's data underscores the challenging environment SMEs continue to navigate, with declining revenues and profitability casting shadows on growth prospects. The RBA's decision to leave interest rates unchanged in July and August will be welcomed by SMEs, but the ongoing decline in consumer spending will cause more pain at least for the short term and hence job losses are likely to increase."

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About the SME Sentiment Tracker

- Based on responses from ~400 SMEs with up to 500 employees across all sectors in Australia, including metro and regional locations.
- This wave includes data collected from the 13th – 31st of July 2023.
- Each respondent is a financial decision maker/ influencer in their business.
- Data is weighted by state, industry, and number of employees to reflect the national distribution of businesses across the country.

About Fifth Quadrant

Too often, we see businesses confusing data with insights, but data alone is not enough. We provide organisations with insight about their markets and customers by layering context and expertise on top of data. This allows our clients to make better decisions and unlock tomorrow's opportunities today.

About OVATION

Ovation 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.