

## Media Release

# SMEs Enter Holiday Season with Growth Ambitions Amid Economic Headwinds

- 30% are generating more revenue than 12 months ago, but 37% note a decline in YoY revenues
- 85% are concerned about rising interest rates
- 38% are focusing on growth, the most since October 2022
- Satisfaction with the federal government has dropped to 25%

### 6<sup>th</sup> December 2023:

The November findings indicate that in the face of escalating business challenges, a significant number of small and medium-sized enterprises (SMEs) are shifting their focus towards growth. A record 38% of SMEs have plans to prioritise growth in the coming 12 months, the highest percentage observed this year.

Concurrently, the proportion of SMEs anticipating a rise in capital expenditure has also reached a peak, with one-third (31%) expecting to increase their investments, marking a notable high point in investment intentions.

This increased appetite for growth comes amidst the ongoing concerns regarding wage (70%), fuel (84%) and energy (82%) costs, as well as the possibility of future interest rate rises (85%).

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.

Even with escalating worries about rising costs and a cautious stance regarding both global and local economic conditions, short-term revenue forecasts among businesses have remained consistent. For the third month in a row, 29% of businesses anticipate a revenue increase in the upcoming four weeks.

This stability in revenue expectations is likely influenced by heightened marketing efforts, particularly in preparation for the Christmas season, as evidenced by 25% of businesses increasing their marketing investments during this period.

Satisfaction with the federal Labor government has seen a notable decline, dropping from 33% in October to 25% in November. This significant decrease in approval is likely a reaction to the latest interest rate hike and ongoing increases in operating costs.

*Fifth Quadrant, Managing Director, James Organ said: "In summary, higher growth intentions and steady short-term revenue expectations provide cause for positivity heading into the Christmas period. While the potential for further rate rises in 2024, coupled with higher input costs, are causing much anxiety for SMEs, recession readiness and the ability to pass on higher input costs remain steady. Thus, many SMEs will enter the Christmas period optimistic, and hopeful of easing inflationary and cost pressures in the new year".*

ENDS

**For further information contact:**

James Organ  
Managing Director  
Fifth Quadrant  
E: james@fifthquadrant.com.au  
M: 0414 552 240

**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 13<sup>th</sup> – 29<sup>th</sup> of November 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.