



Small & Medium Enterprise Sentiment Tracker

Wave 69 – November 2024



who we are

We are a research consultancy that partners with major brands to execute strategic market research programs.

We are passionate about helping our clients make better decisions by providing them with actionable insights and well-informed recommendations.

Our culture is built on collaboration, curiosity, and open-mindedness. We believe that the best ideas come from working together, and we are always looking for new ways to challenge the status quo.



what we offer

We are fiercely committed to providing our team with the skills and knowledge they need to be successful in their careers.

We believe that when people feel valued, respected, and supported, they are unstoppable forces for good. They are also more likely to be creative and innovative, which is essential for driving growth and innovation.

Our culture is one of our greatest strengths. It is what attracts and retains top talent, and it is what drives our success. When everyone feels like they belong, they are more likely to be their best selves.



Trump Return Lifts SME Confidence Amid Longer Term Concerns



54% believe Trump will have a negative impact of the Australian economy

SME optimism regarding global and local economic conditions has increased since the re-election of the Trump administration. However, this optimism is tempered by concerns about the long-term implications of Trump's presidency, particularly among those in the production sector who may be directly impacted by increased tariffs and changes to trade policies.



Only 22% of SMEs reported higher revenue compared to 30% in 2023

A majority (54%) of SME decision-makers believe the Trump administration will have a negative impact on the Australian economy, with this sentiment rising to 76% among those in the production sector. Notably, 59% of female respondents also anticipate adverse outcomes for Australia.



Only 22% expect revenue to increase over the next 4 weeks, compared to 29% in 2023

Supporting these concerns, SMEs are reporting weaker short-term revenue expectations and subdued 12-month growth projections. In fact, short-term revenue expectations for November are the lowest in three years, signalling a tough December ahead and potential cashflow problems in the first quarter of 2025. Additionally, only 30% of SMEs are focusing on growth over the next 12 months, down from 38% in November 2023, with 19% of smaller SMEs anticipating downsizing or exiting during this period.



Only 30% are growth focused over the next 12 months compared to 35% in September

Despite these headwinds, there are positive signs regarding profitability. SMEs have shown resilience by focusing on optimising their product and service offerings. Many have discontinued unprofitable lines or expanded their range to drive new revenue streams, contributing to improved profit margins. Additionally, fewer SMEs are carrying debt, with the proportion of debt-free businesses rising from 30% in August to 35% in November. This shift underscores an increased focus on cost and debt management, helping to strengthen financial stability across the sector.

The re-election of the Trump administration has created a mix of optimism and uncertainty for Australian SMEs. While global confidence is boosting local sentiment, concerns about the longer-term implications could hinder growth. This presents both opportunities and challenges for SMEs heading into 2025.



01 Key Performance Indicators

02 People

03 Business Sentiment

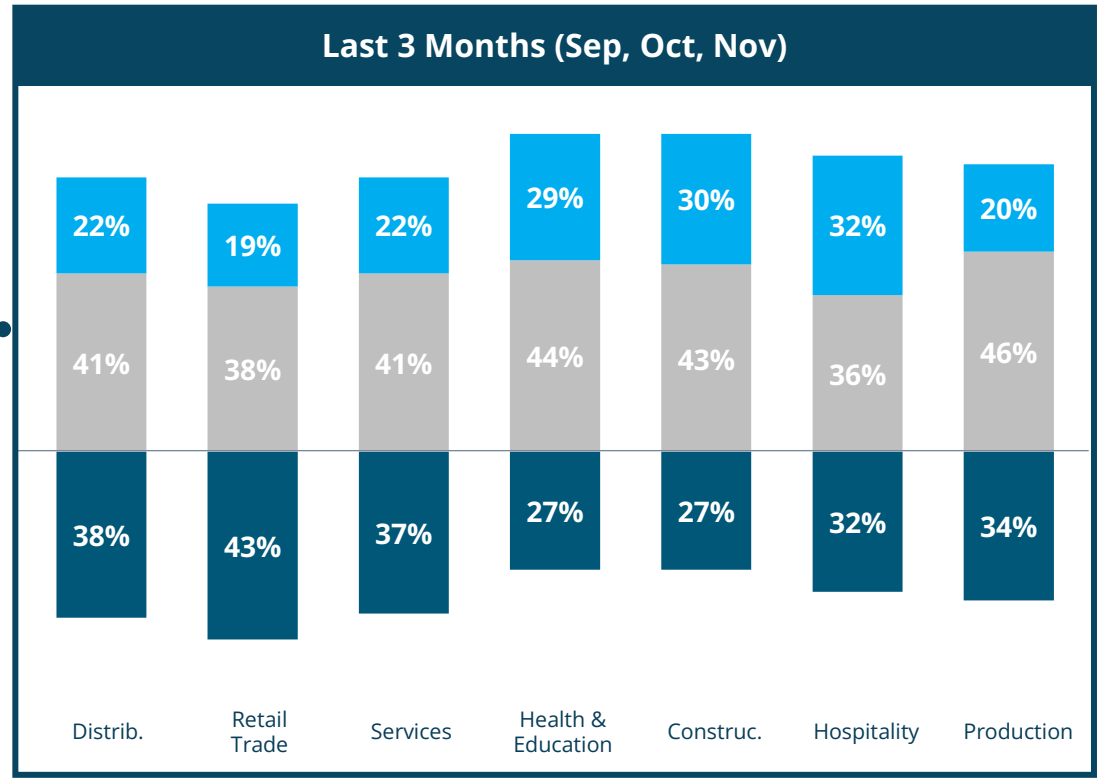
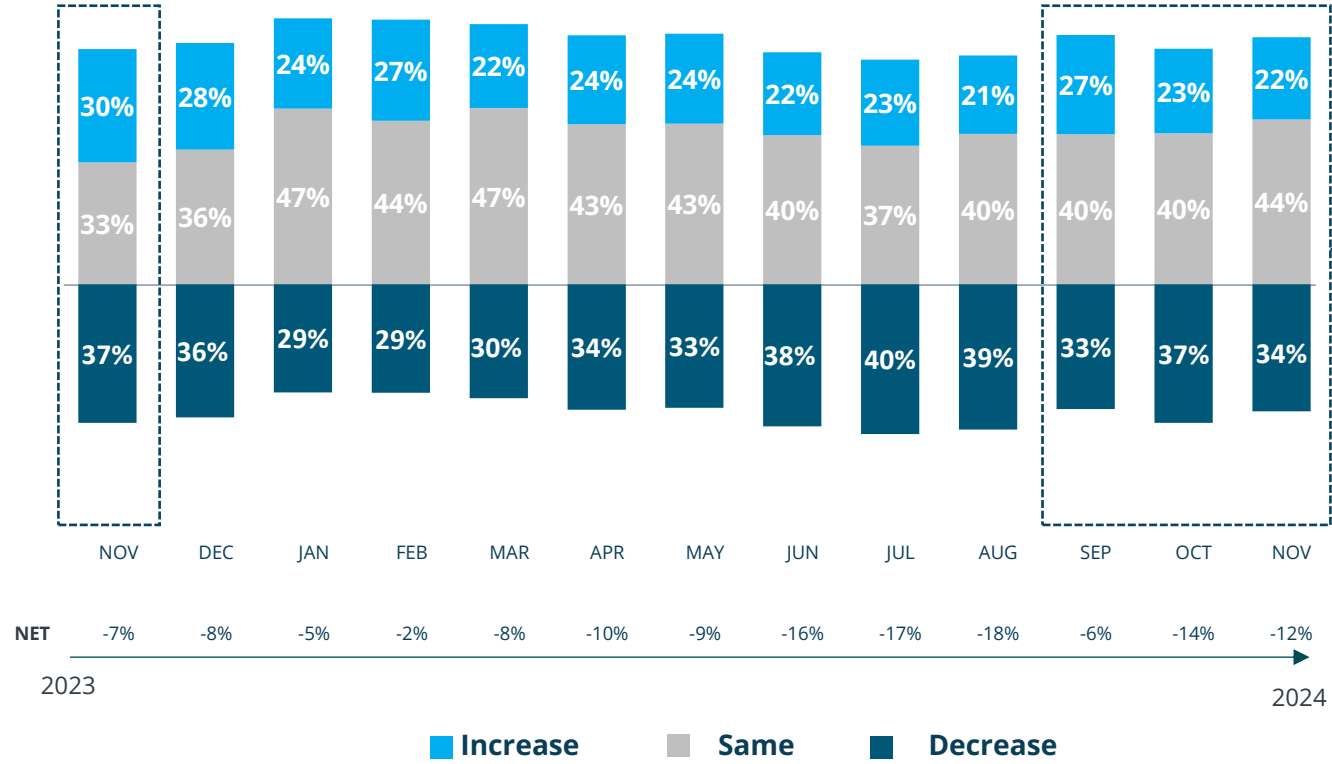
04 Business Investment

05 Methodology & Sample

Key Performance Indicators | Revenue

SME revenue remained stable in November but showed a decline compared to the same period in 2023. The retail sector continues to face challenges, despite an anticipated rise in holiday spending, indicating that larger retailers are likely capturing the bulk of the expenditure.

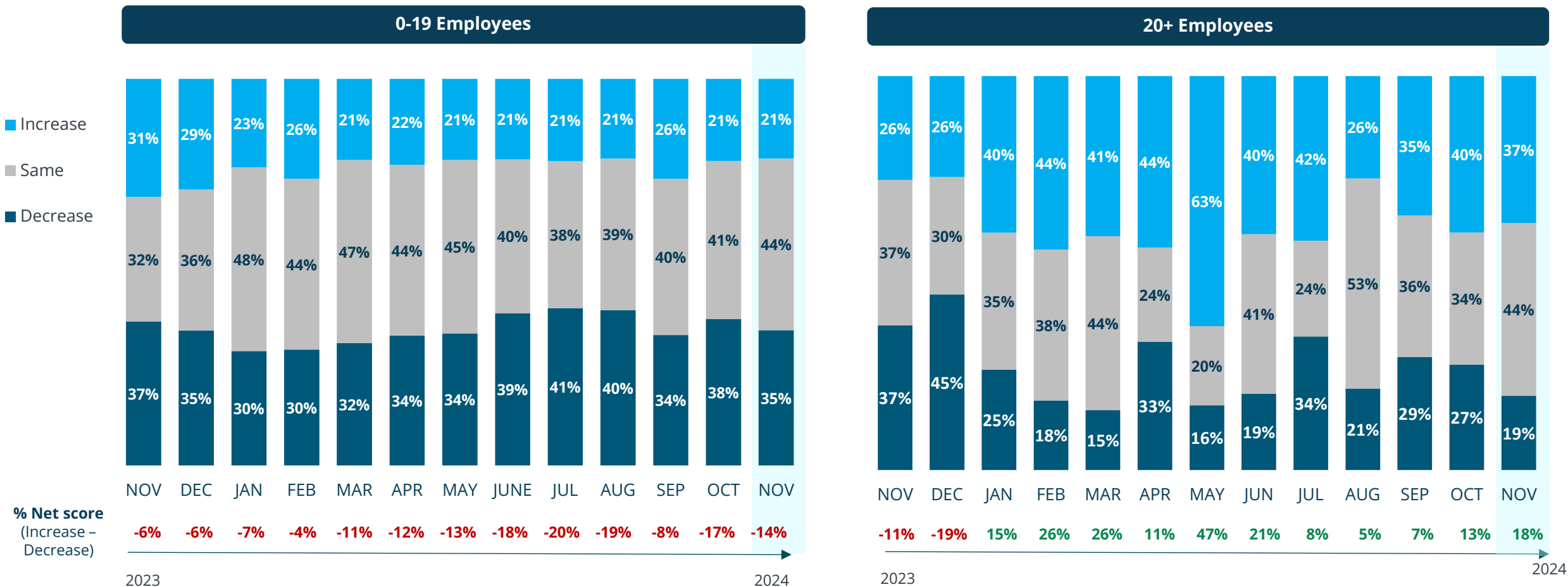
How Does Your Current Monthly Revenue Compare To Your Monthly Revenue 12 Months Ago?



Key Performance Indicators | Revenue

While smaller SMEs continue to face challenges, revenue among larger SMEs is on an upward trend, showing a significant increase compared to November 2023.

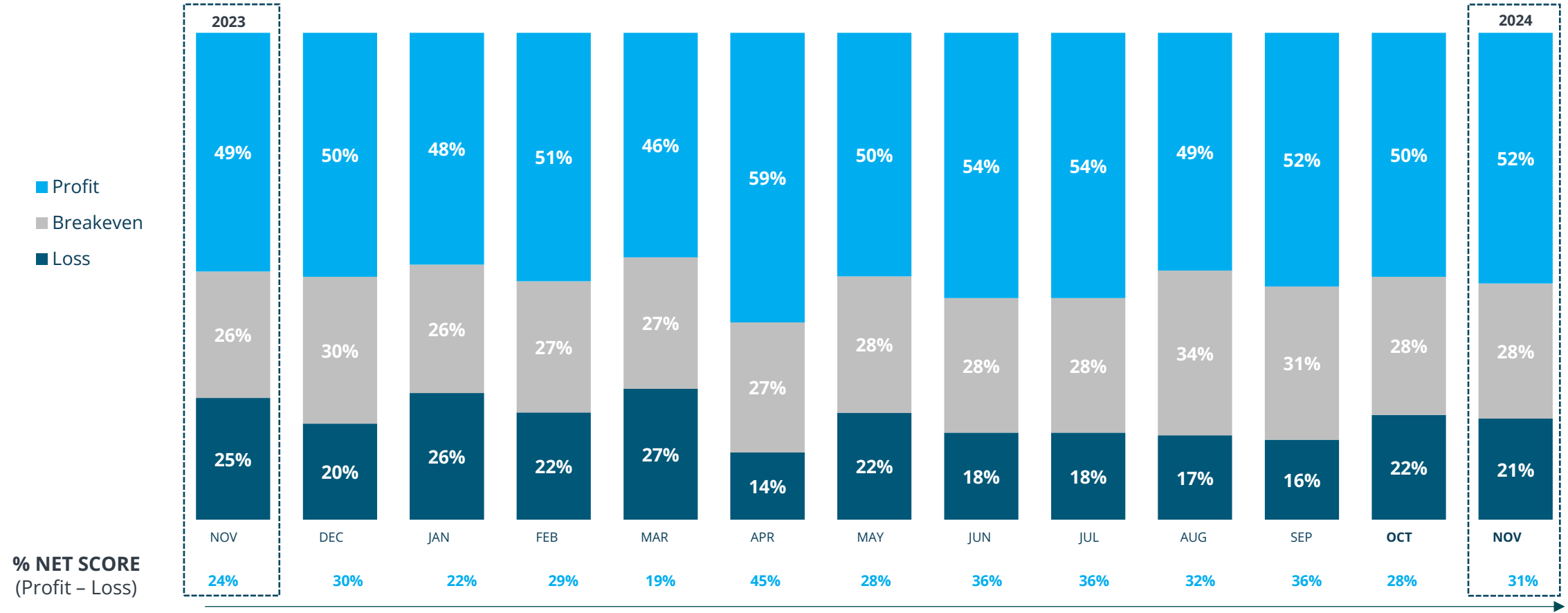
How Does Your Current Monthly Revenue Compare To Your Monthly Revenue 12 Months Ago?



Key Performance Indicators | Profit

Although revenue growth remains elusive for many, profitability has improved significantly following a weaker October and is now well ahead of the same period last year.

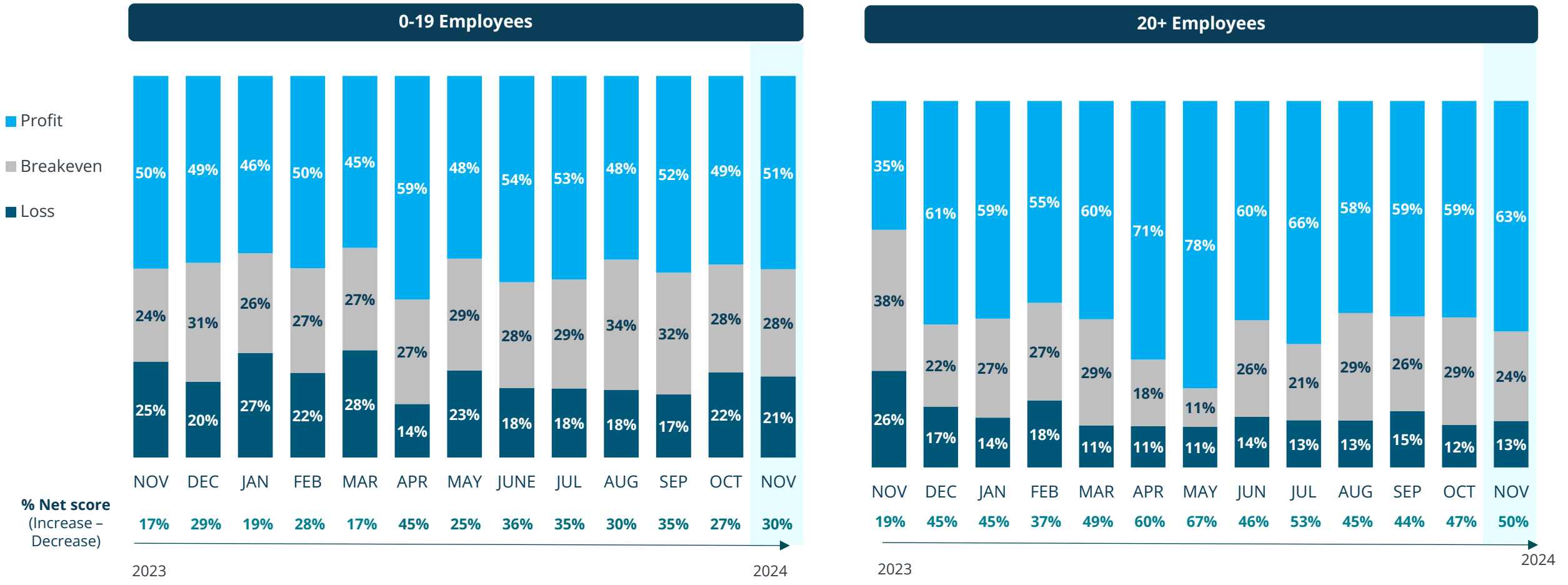
What Was Your Profit Margin Last Month



Key Performance Indicators | Profit

Profitability has increased for both employee size cohorts and is now much stronger than reported in 2023.

What Was Your Profit Margin Last Month?



Key Performance Indicators | Initiatives To Counter Cost Pressures

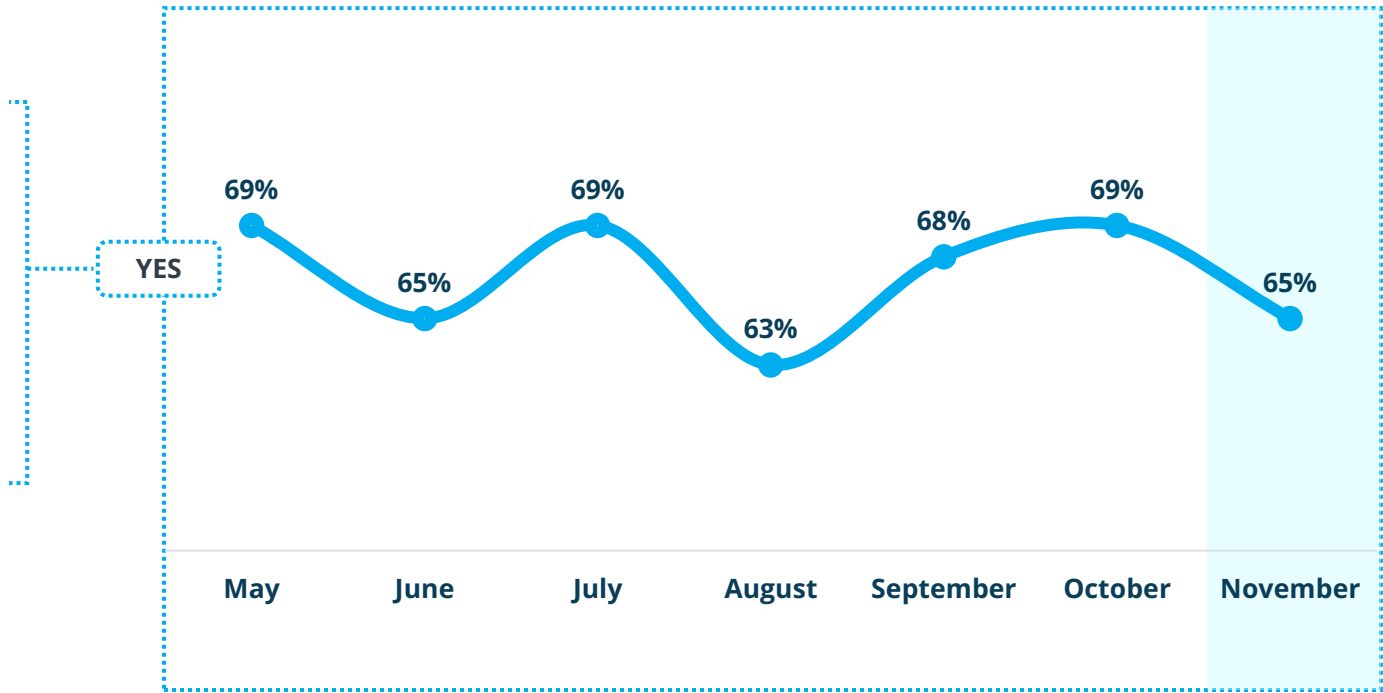
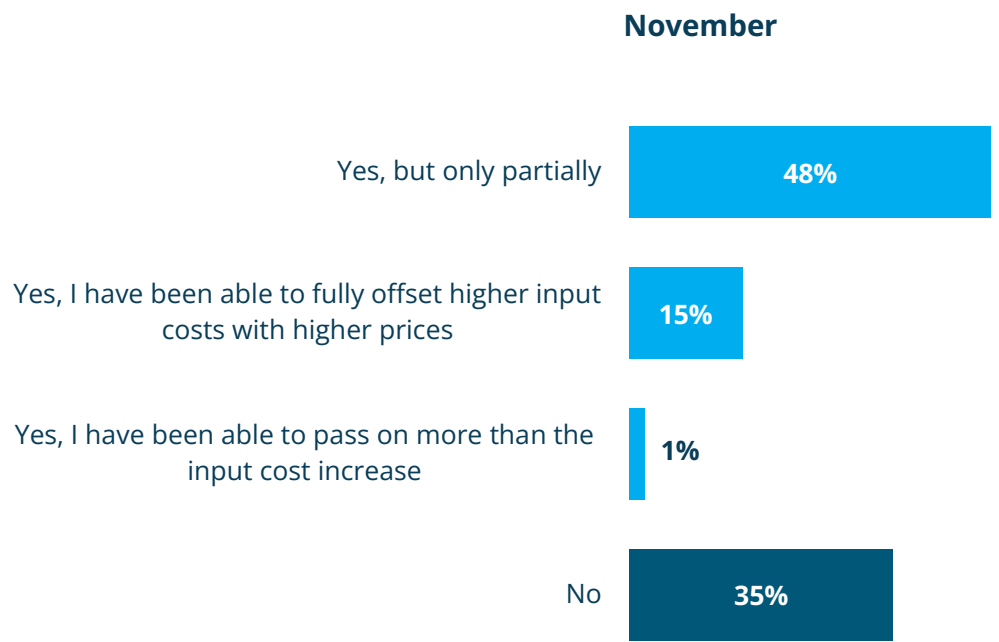
Profit growth is being driven by a stronger focus on optimising product and service offerings, with many SMEs discontinuing unprofitable products and/or expanding their range to generate new revenue streams.

How Is Your Business Responding To The Challenges Posed By Ongoing Inflation And Increasing Costs

	November	July	August	September	October	November
Discontinuing products/services that are not profitable	26%	27%	27%	24%	24%	26%
Enhancing efficiency by streamlining business operations	23%	29%	24%	29%	24%	23%
Expanding the range of products/services to generate new revenue streams	22%	19%	23%	24%	14%	22%
Renegotiating supplier contracts or seeking new supply sources	20%	17%	26%	21%	23%	20%
Maximising staff productivity through better training and optimisation	20%	19%	20%	17%	16%	20%
Reassessing current projects and significant investments for viability and impact	18%	18%	23%	24%	14%	18%
Adopting new technologies for increased automation and operational efficiency	14%	15%	16%	16%	15%	14%
Refining inventory management practices for better efficiency	14%	16%	14%	14%	12%	14%
Delegating non-essential functions to external providers	14%	8%	10%	10%	14%	14%
Undertaking debt restructuring to reduce financial burdens	13%	11%	12%	11%	8%	13%
Implementing workforce reductions, such as layoffs or hiring freezes	10%	14%	12%	13%	9%	10%
Shifting towards the use of renewable energy sources	10%	8%	10%	10%	8%	10%
Consulting banks and/or financial counsellors about financial hardship	6%	6%	9%	10%	6%	6%

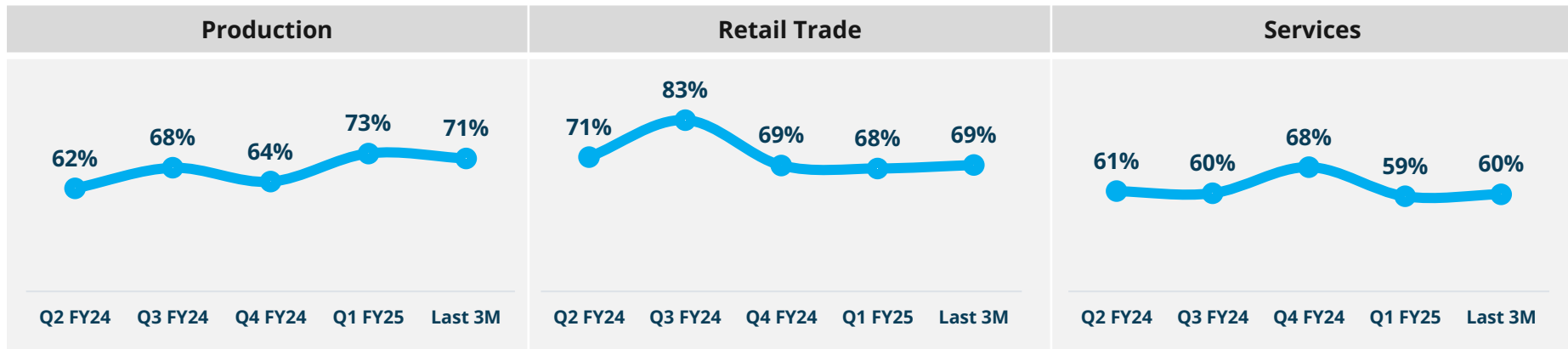
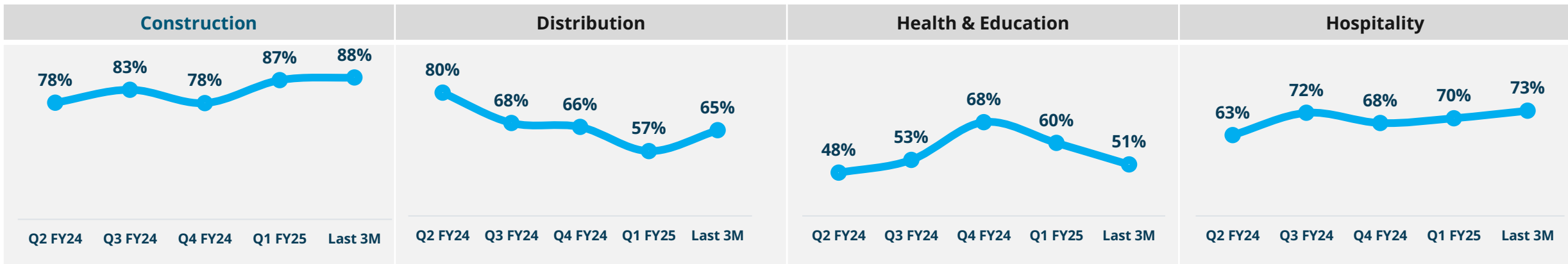
But cost recovery remains volatile as businesses navigate the pricing opportunities and challenges typical of this time of year.

Have You Been Able To Pass On Higher Input Costs To Your Customers?



Notably, the Health & Education sector has faced greater challenges in passing on costs to customers over the past three months.

Have You Been Able To Pass On Higher Input Costs To Your Customers? (Yes)





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Key Performance Indicators

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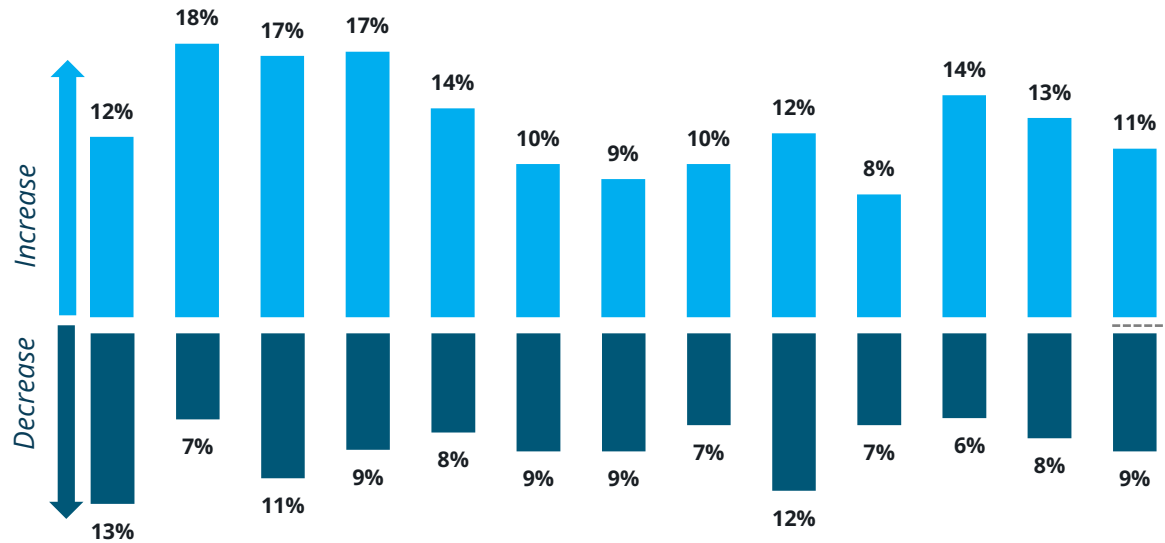
**Methodology &
Sample**

Key Performance Indicators | People

Following increased recruitment activity over the past two months to meet pre-Christmas demand, fewer SMEs are expected to increase staff numbers until after the holiday period.

Expectations Over The Next 3 Months Regarding Staff

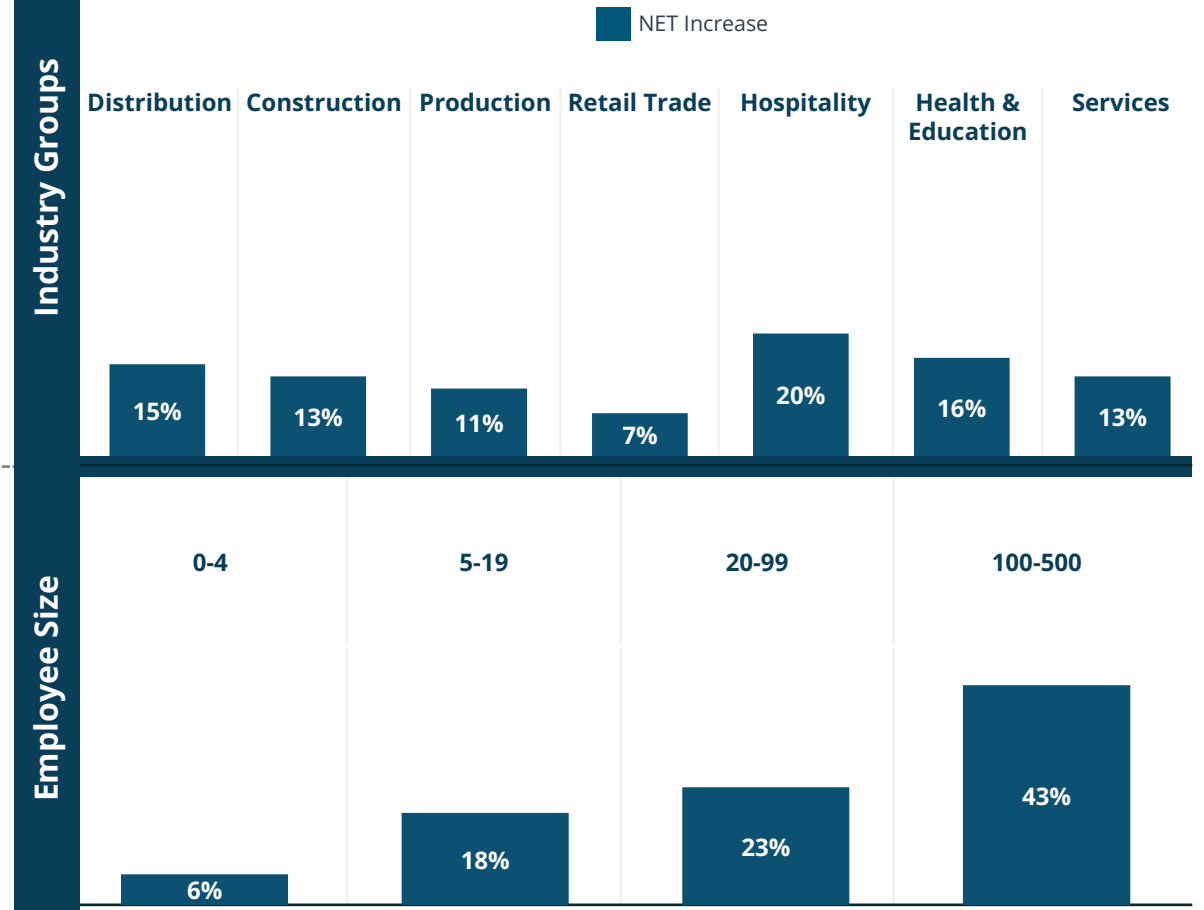
The Number Of Staff You Employ



% Net score (Increase - Decrease)

Month	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
2023	-1%	11%	6%	8%	6%	1%	-	3%	-%	-1%	8%	5%	2%
2024													

Last 3 Months (Sep, Oct, Nov)

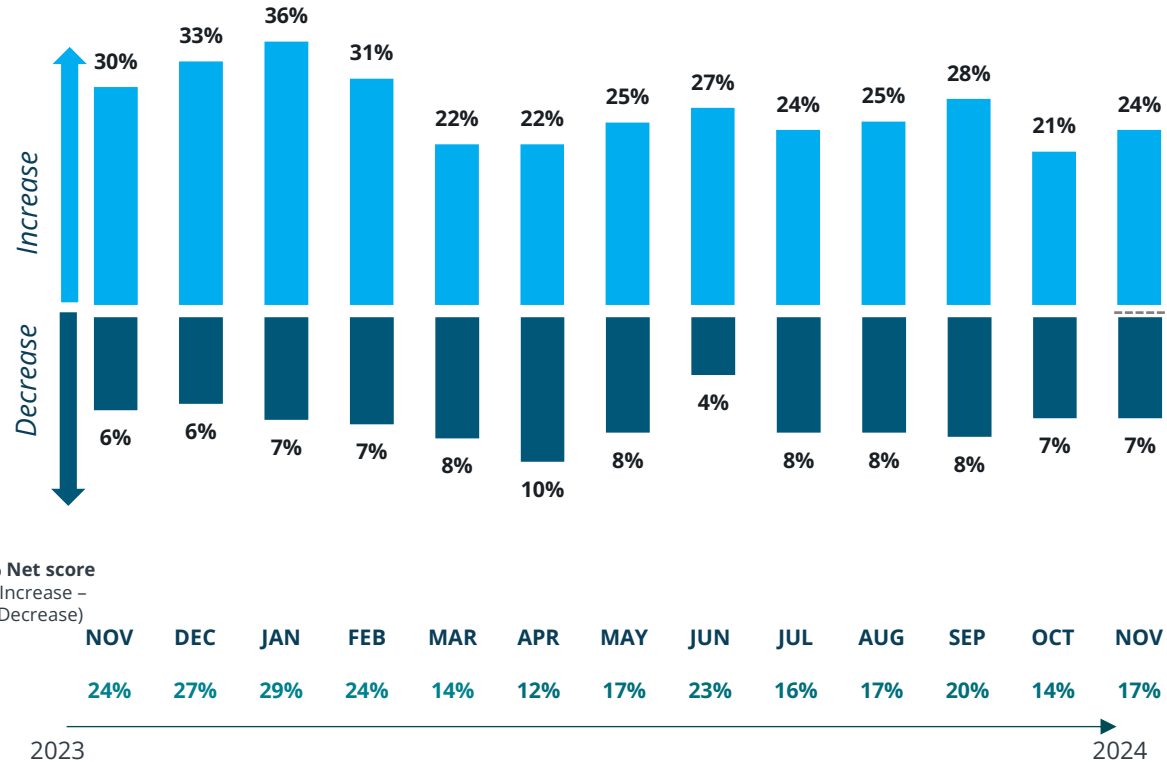


Key Performance Indicators | People

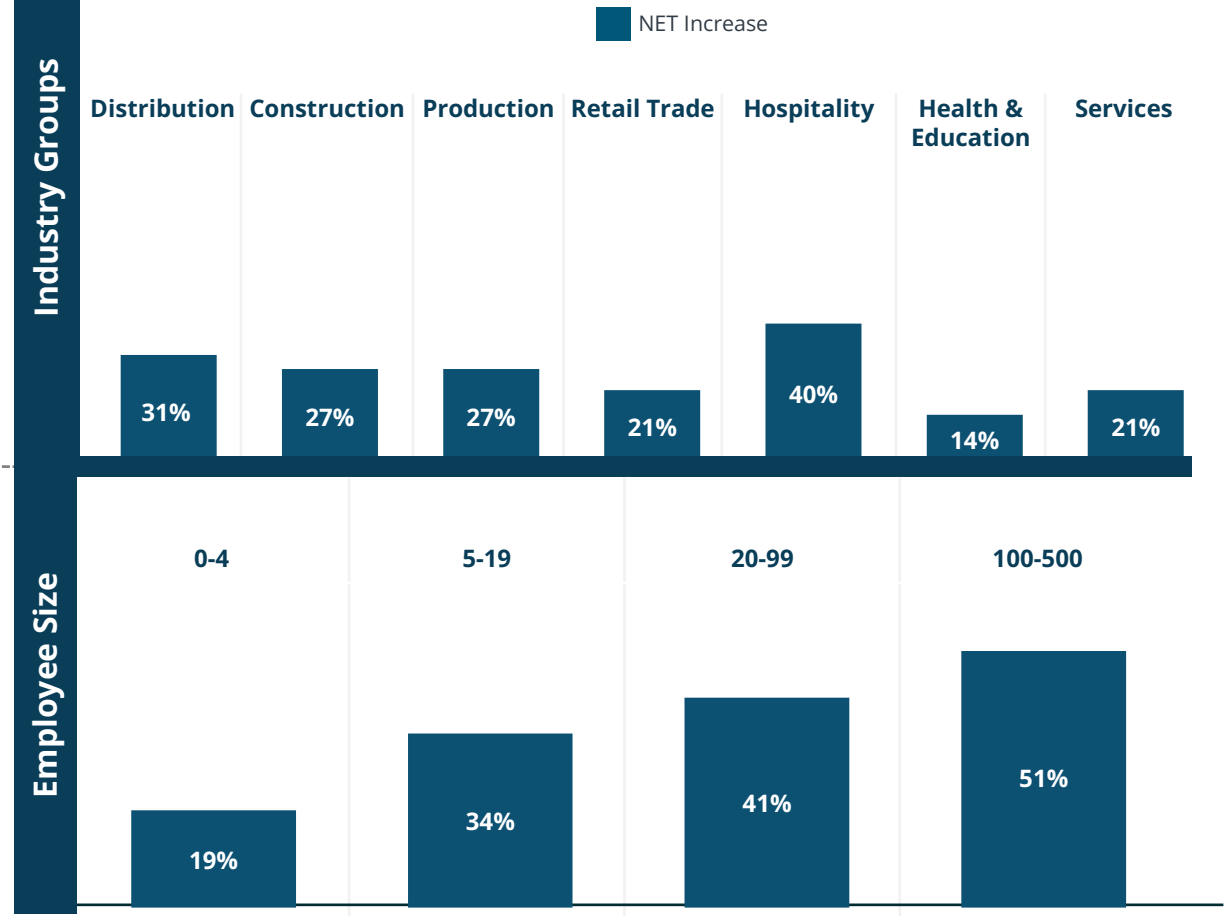
Wage growth remains stable but significantly lower than the same period in 2023. The hospitality sector faces the greatest wage pressure as businesses aim to maximise returns during this critical trading period.

Expectations Over The Next 3 Months Regarding Wages

The Wages You Pay



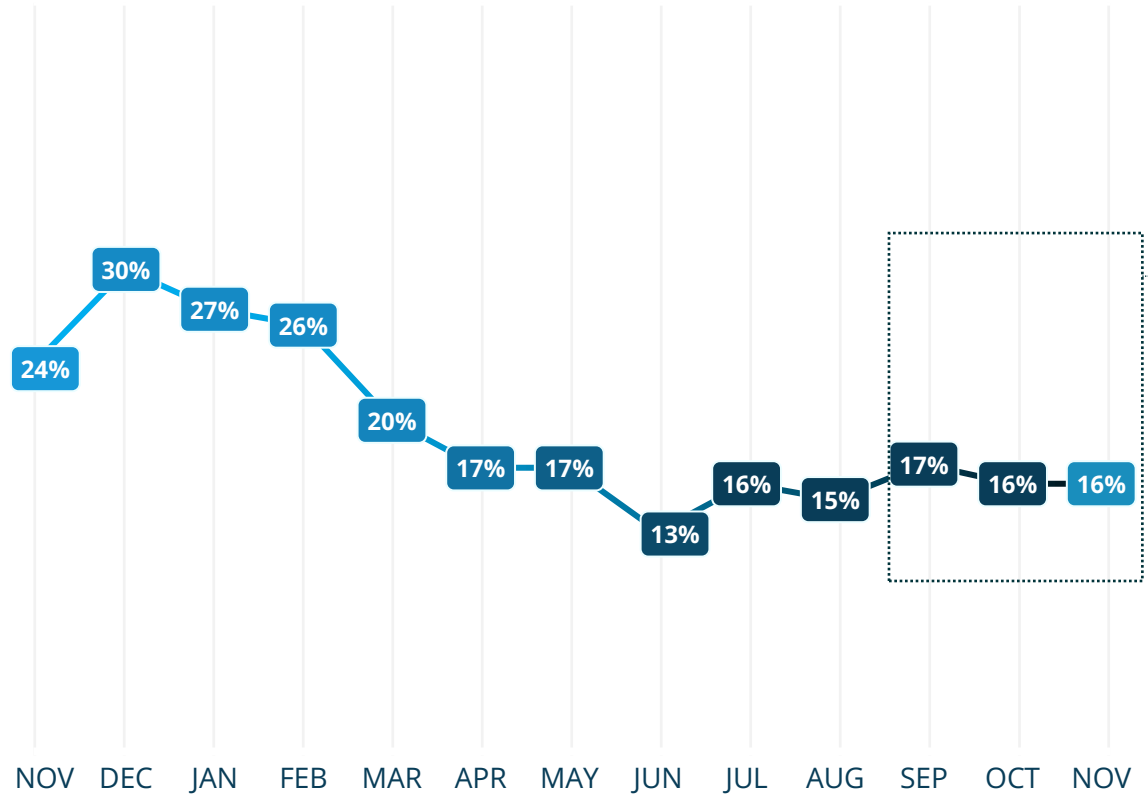
Last 3 Months (Sep, Oct, Nov)



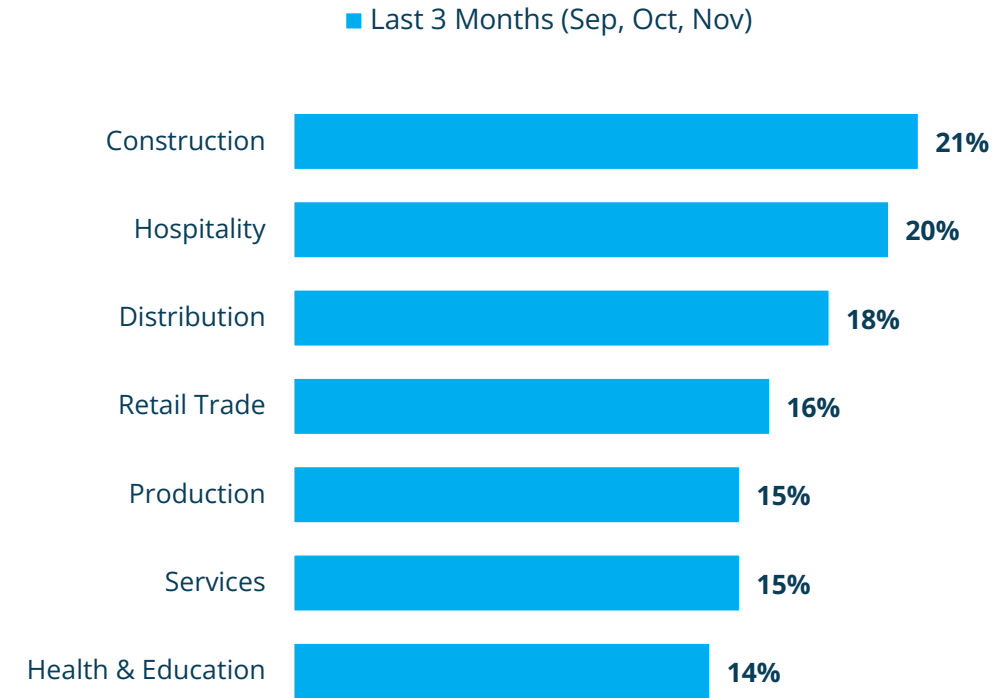
Key Performance Indicators | People

The proportion of SMEs actively recruiting remains steady at 16%, with the construction and hospitality sectors showing the highest activity over the past three months.

SMEs That Currently Have Job Roles They Are Trying To Fill



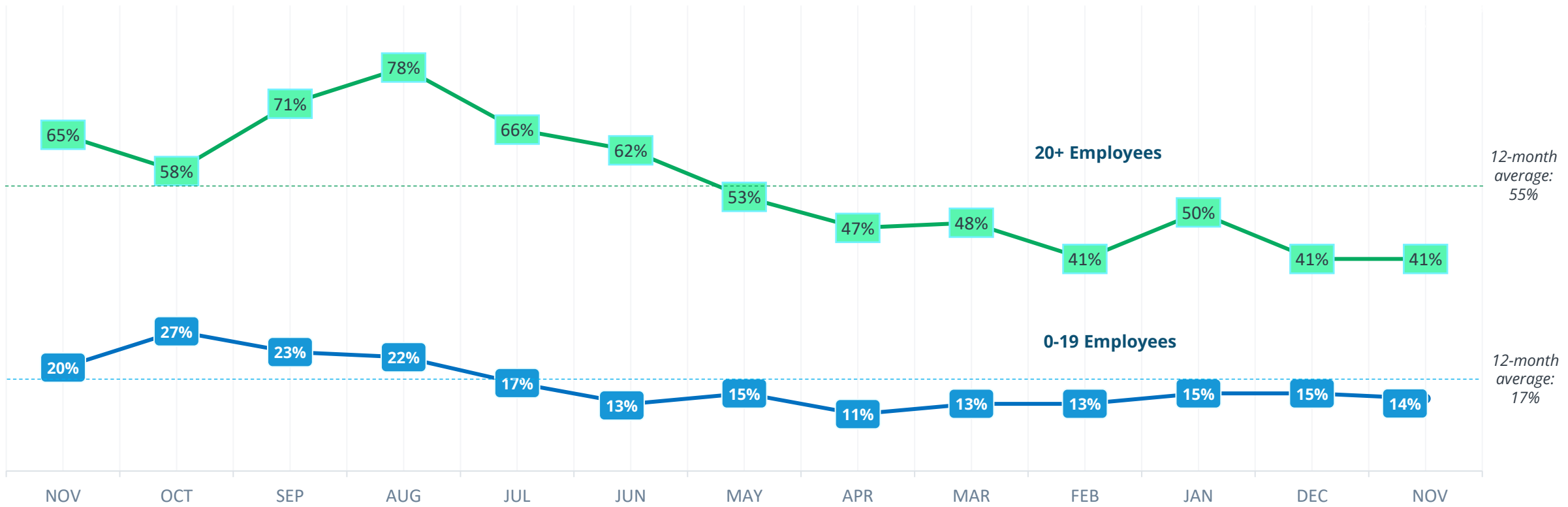
Current Job Vacancies By Industry



2023 → 2024

Recruitment activity across both employee cohorts remains below the 12-month average.

SMEs That Currently Have Job Roles They Are Trying To Fill



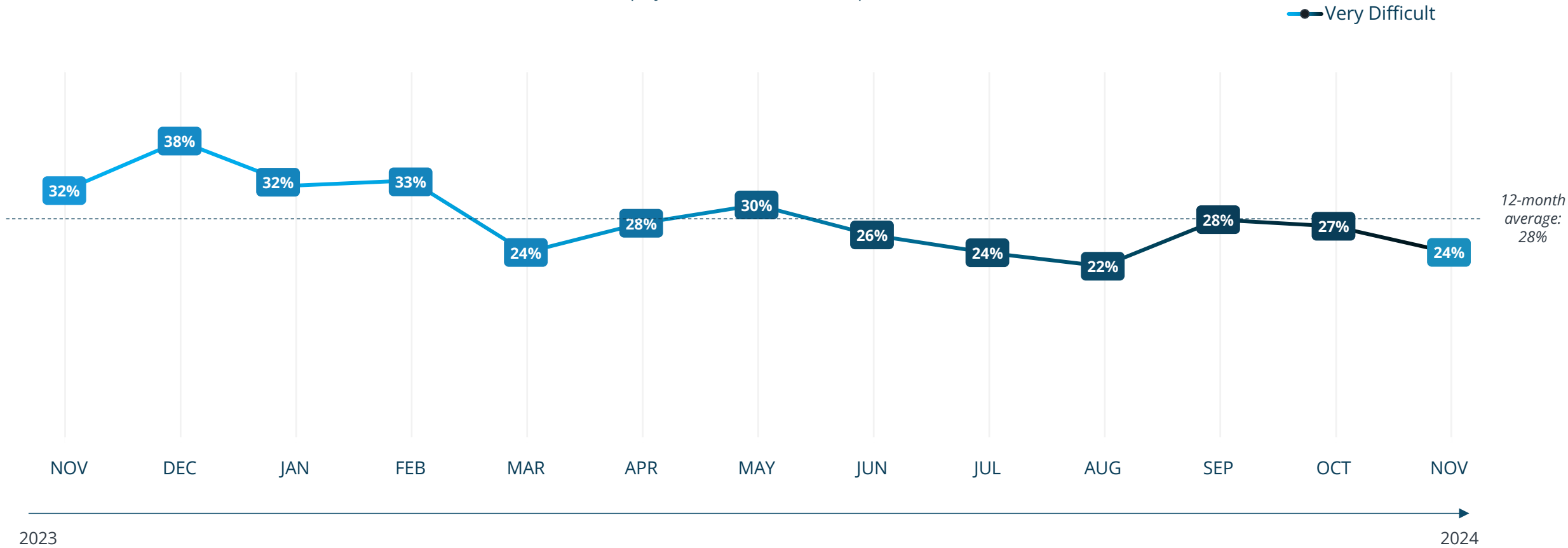
12-month average: 55%

12-month average: 17%

Accordingly, difficulty recruiting staff continues to decline.

How Difficult Is It To Fill These Roles?

Data displayed as a last 3 months (Sep, Oct, Nov)



Key Performance Indicators | People

While competition for talent has eased over the past three months, SMEs continue to struggle with finding candidates willing to work the required hours.

Why Is It Difficult To Fill These Roles?

3-month rolling average (Sep, Oct, Nov)

		Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Last 3M
Lack of skilled/qualified candidates	57%	58%	58%	56%	59%	57%
Wage demands too high	41%	45%	37%	39%	41%	41%
Not enough candidates are applying	37%	38%	37%	35%	42%	37%
Candidates are not willing to work the hours required	30%	33%	32%	38%	22%	30%
Too much competition from other businesses	22%	25%	26%	26%	28%	22%
Lack of backpackers/migrant workers	8%	18%	11%	6%	9%	8%



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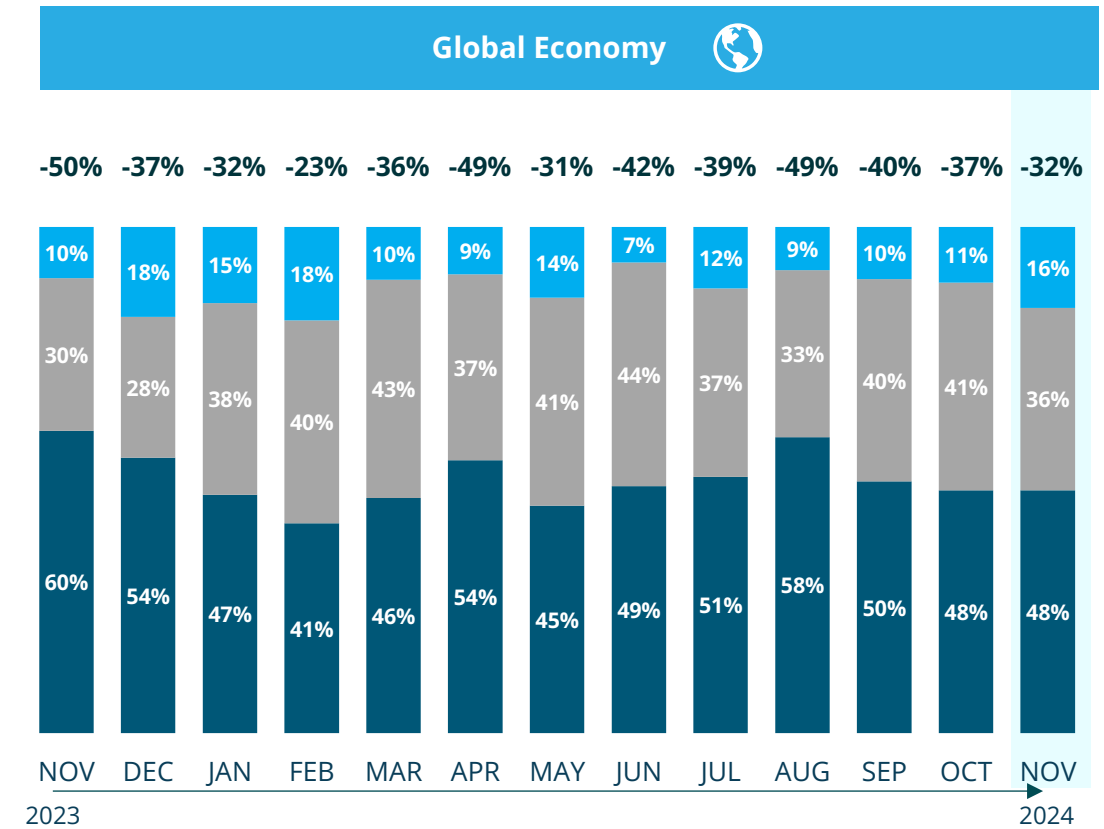
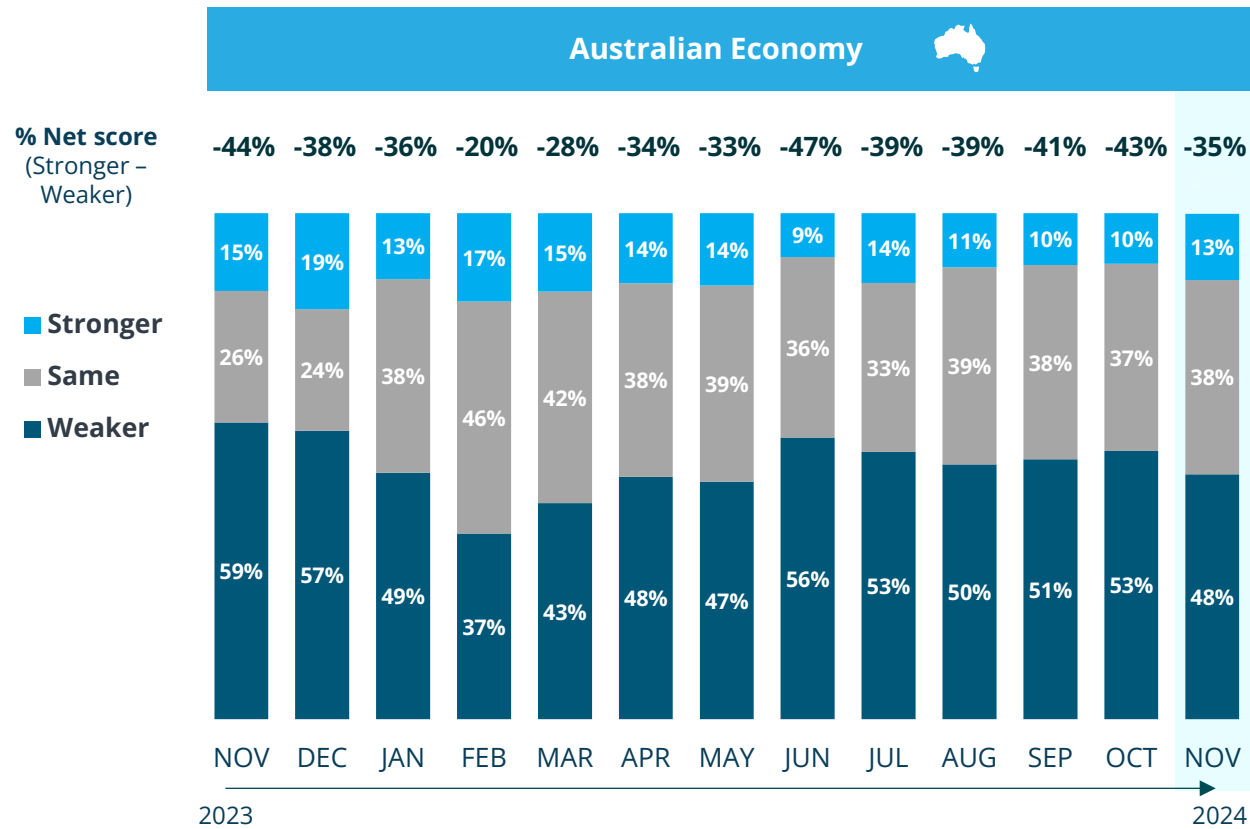
05

Methodology & Sample

Business Sentiment | Expectations Regarding Economic Conditions (Next 3 months)

The re-election of the Trump administration in the USA appears to have bolstered confidence in global economic conditions, while also influencing sentiment in Australia.

Expectations Over The Next 3 Months Regarding Economic Conditions

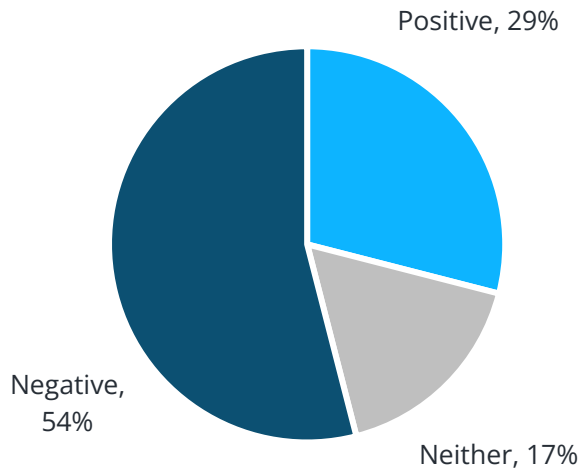


Business Sentiment | The Trump Impact

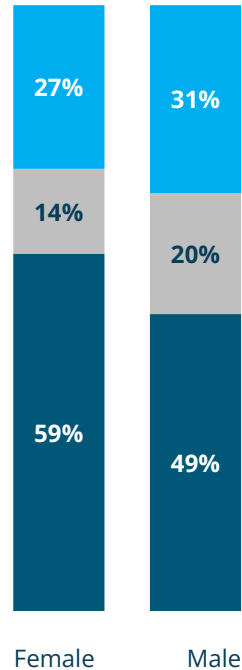
Despite the post-election boost in confidence, SME decision-makers remain largely negative about the longer-term impact of Trump's presidency on the Australian economy. Concerns are most pronounced among those in production, with potential tariffs being a key issue.

What will the impact of the Trump Administration be on the Australian Economy?

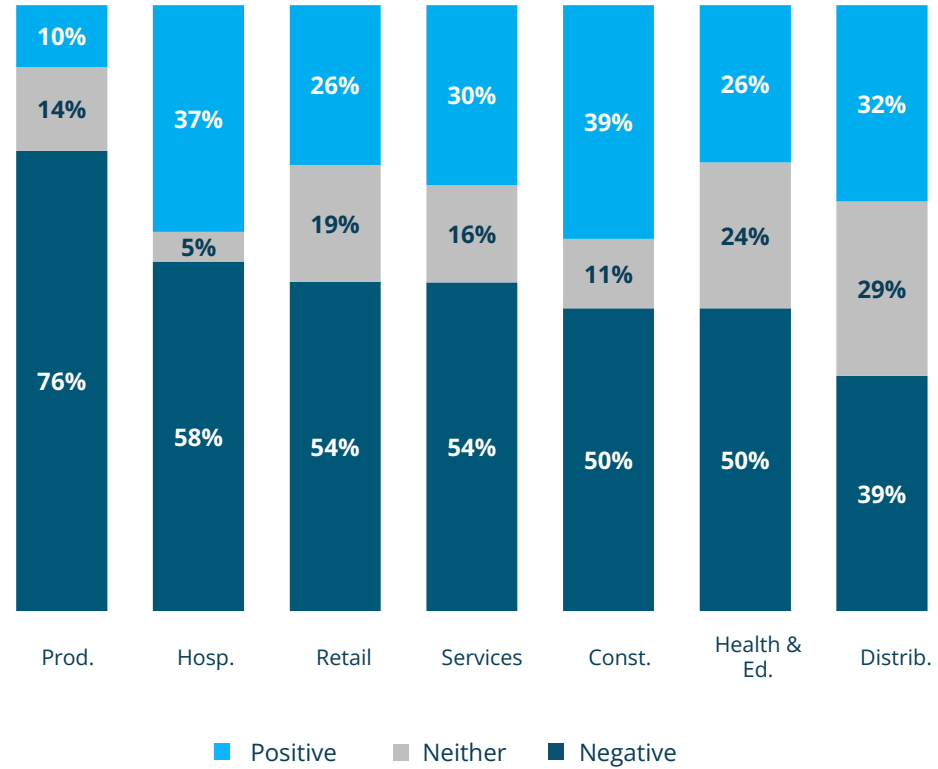
November



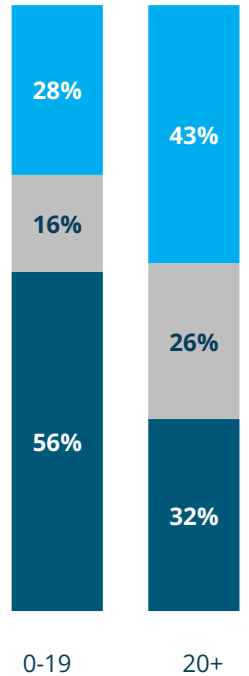
Gender



Industry Groups



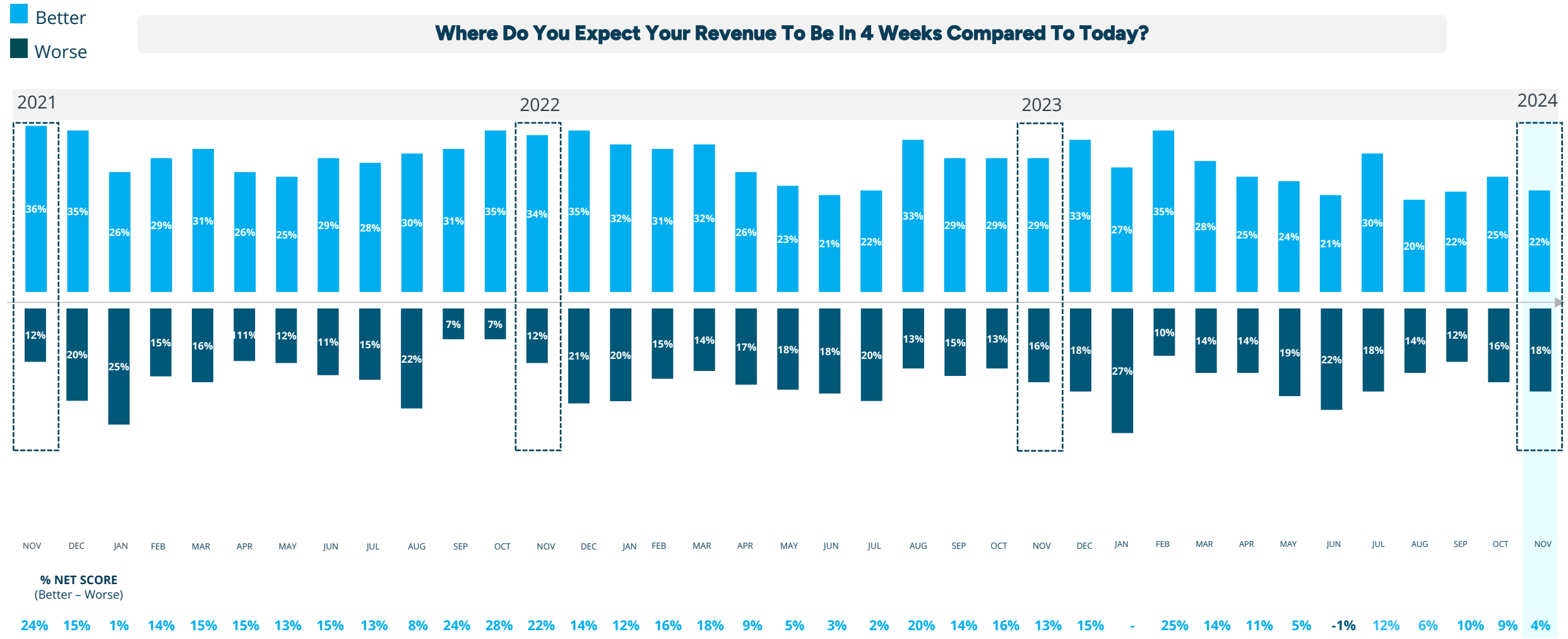
Employee Size



■ Positive ■ Neither ■ Negative

Business Sentiment | Revenue Expectations (Next Four Weeks)

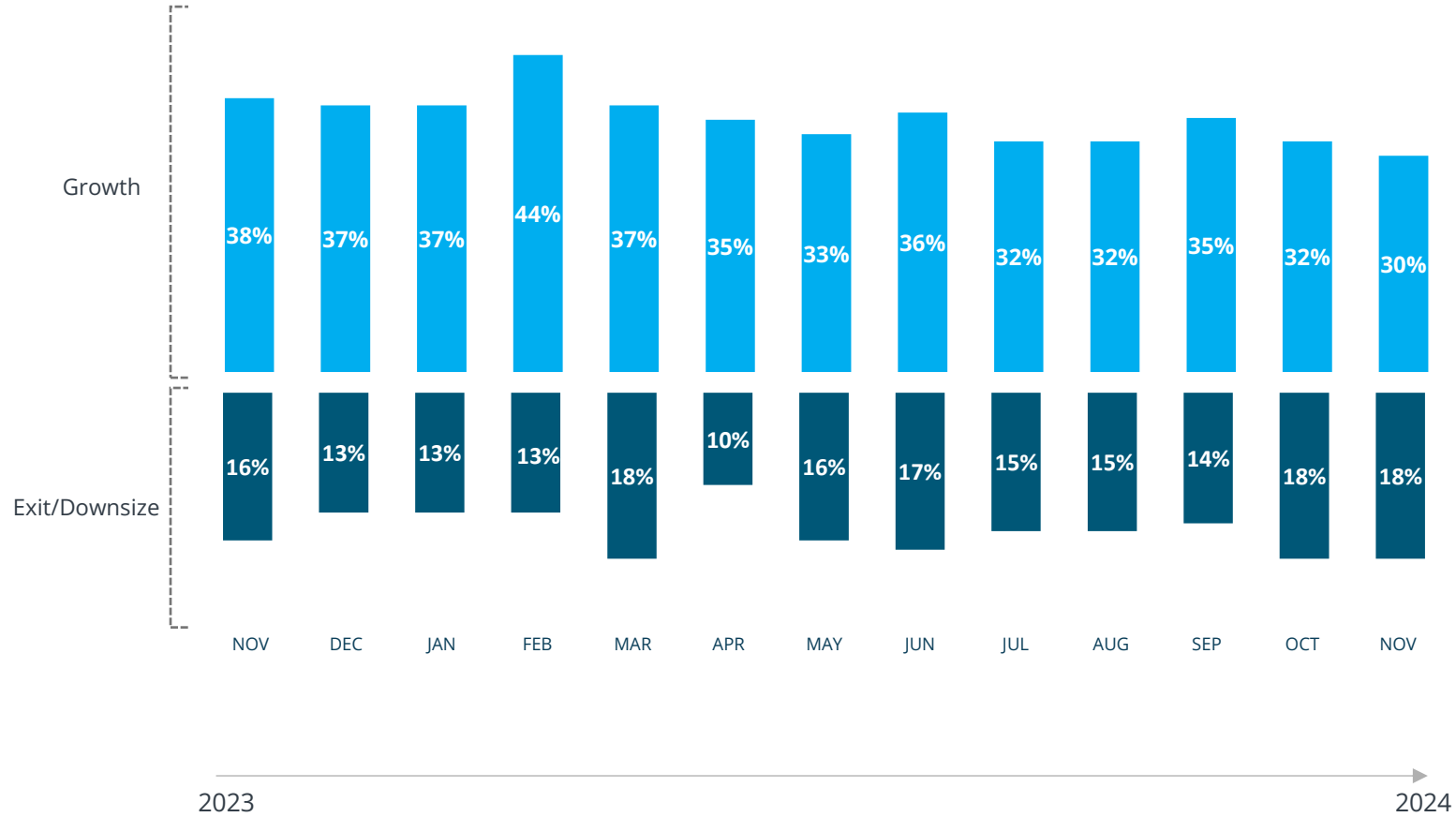
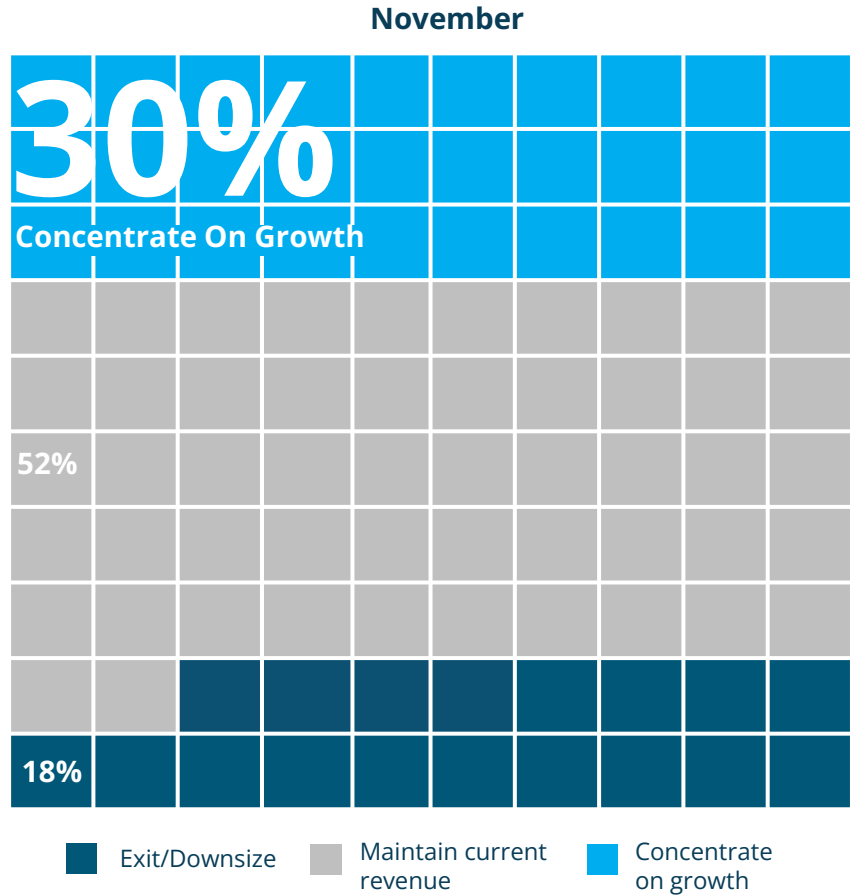
Indeed, short-term revenue expectations for November remain the lowest in three years. This signals a challenging December ahead, potentially leading to cash flow issues for many SMEs in early 2025.



Business Sentiment | Growth Expectations (Next 12 months)

Consequently, only 30% of SMEs are concentrating on growth over the next 12 months, compared to 38% in November 2023

Overall, What Best Describes Your Approach To Business Over The Next 12 Months?



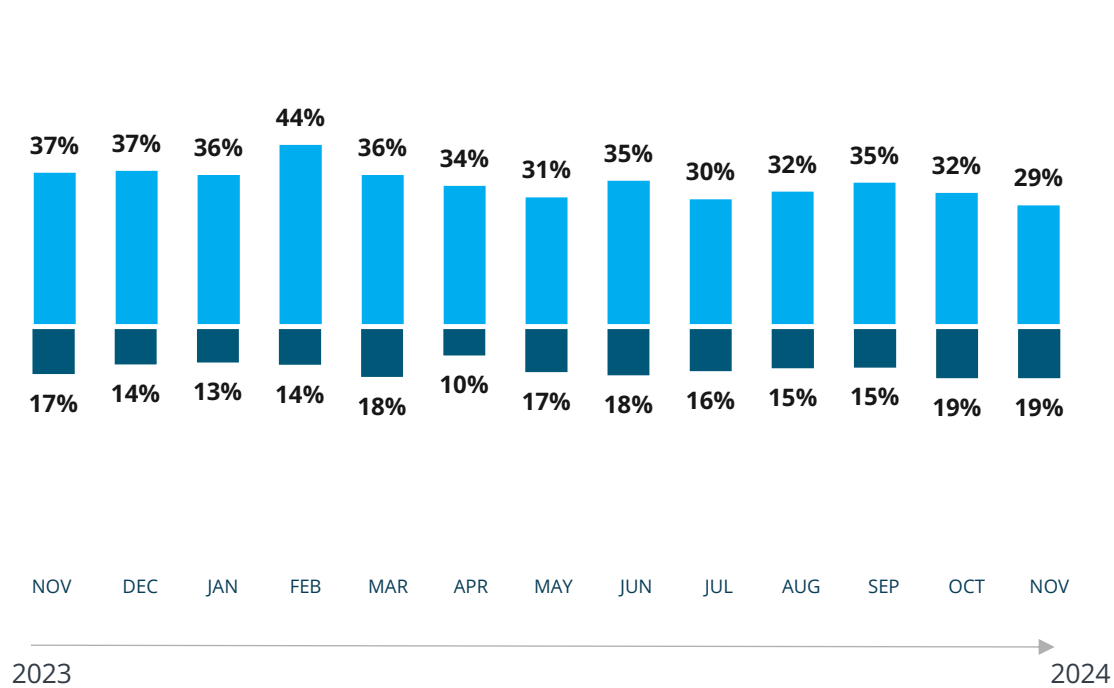
Business Sentiment | Growth Expectations (Next 12 months)

Growth expectations among smaller SMEs continue to decline, with 19% anticipating downsizing or exiting within the next 12 months. Meanwhile, expectations among larger SMEs continue to oscillate.

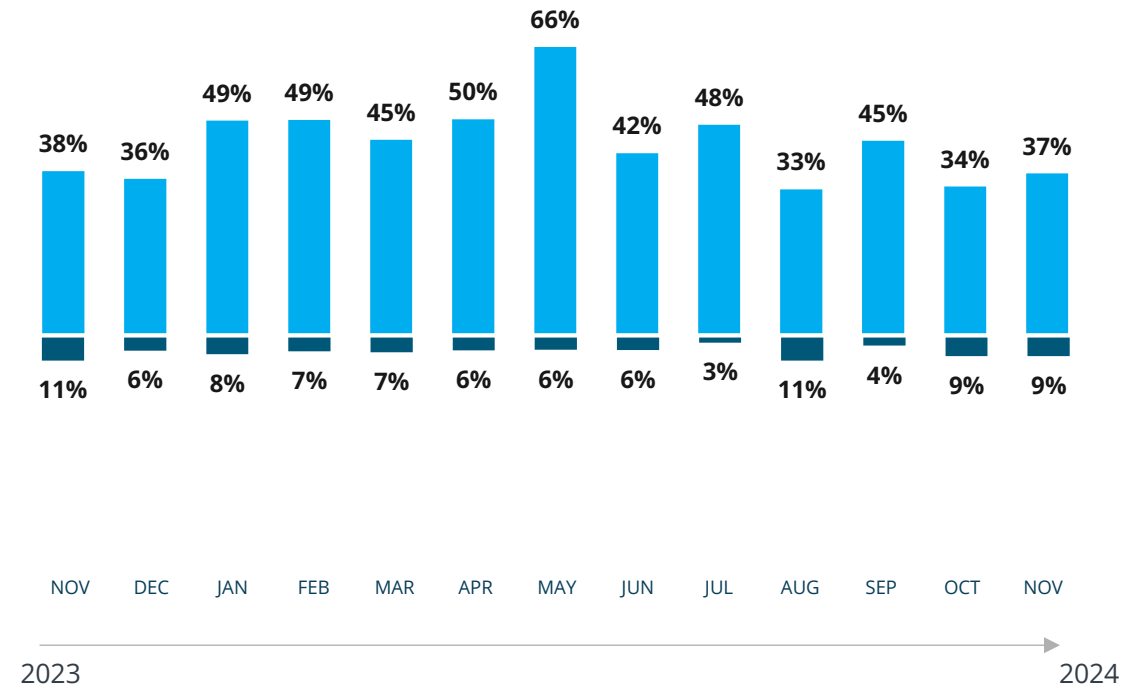
Overall, What Best Describes Your Approach To Business Over The Next 12 Months?

■ Concentrate on growth
 ■ Exit/Downsize

0-19 Employees



20+ Employees



Accordingly, it is no surprise that Australian SMEs continue to face significant challenges, as the difficult economic outlook and ongoing cost pressures remain their primary concerns.

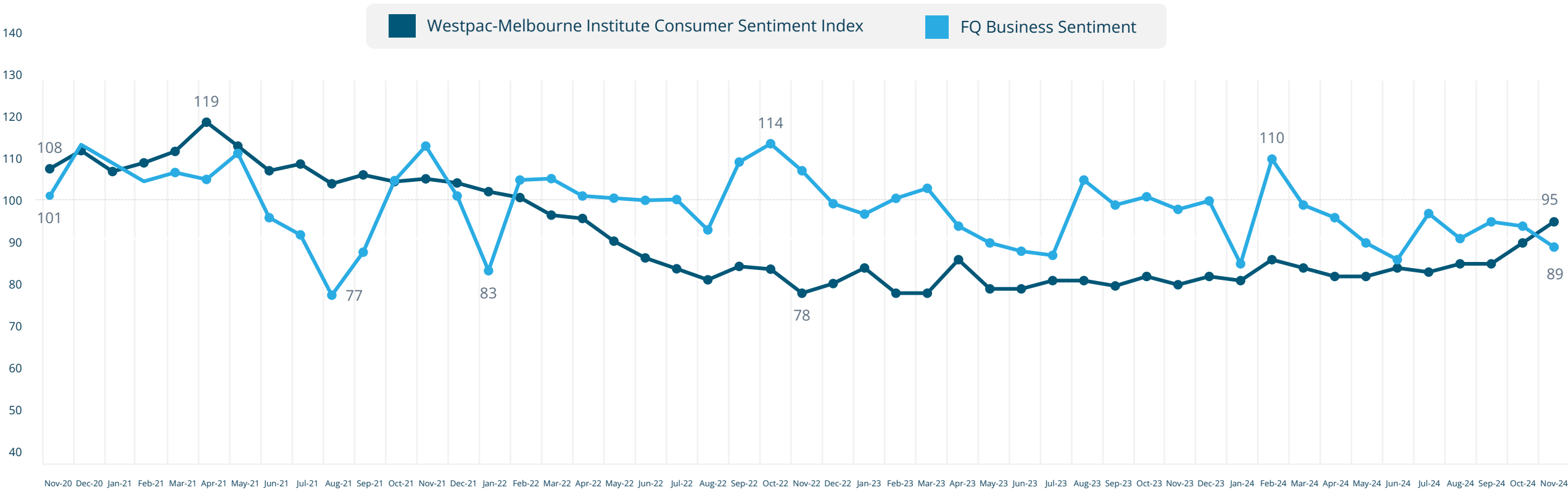
Which Of These Issues Do You Anticipate Will Pose The Most Significant Challenges To Your Business Over Next 3 Months

	November	June	July	August	September	October	November
Addressing the difficult economic outlook and ongoing cost pressures.	45%	53%	50%	50%	43%	46%	45%
Keeping pace with changing customer behaviours and preferences.	35%	40%	36%	37%	40%	33%	35%
Strengthening defences against cyber threats and ensuring data privacy.	20%	23%	19%	24%	22%	19%	20%
Navigating regulatory, compliance, and governance challenges.	20%	20%	21%	24%	25%	16%	20%
Managing the continuous adoption of new technologies and digital transformation processes.	19%	19%	22%	19%	18%	17%	19%
Strengthening supply chain operations for improved efficiency and resilience.	18%	15%	15%	15%	19%	14%	18%
Identifying and implementing measures to boost workforce efficiency and productivity.	18%	16%	16%	22%	24%	15%	18%
Managing risks and uncertainties in the geopolitical landscape.	16%	14%	15%	20%	15%	11%	16%
Overcoming difficulties in securing necessary financing.	15%	14%	15%	16%	15%	16%	15%
Acquiring, training, and upskilling talent in a competitive market.	13%	18%	15%	19%	14%	17%	13%
Prioritising investment in research and development to drive innovation.	8%	7%	8%	7%	8%	6%	8%
Implementing strategies to address sustainability issues and climate change impacts.	8%	11%	9%	11%	8%	9%	8%

Business Sentiment | Sentiment Index

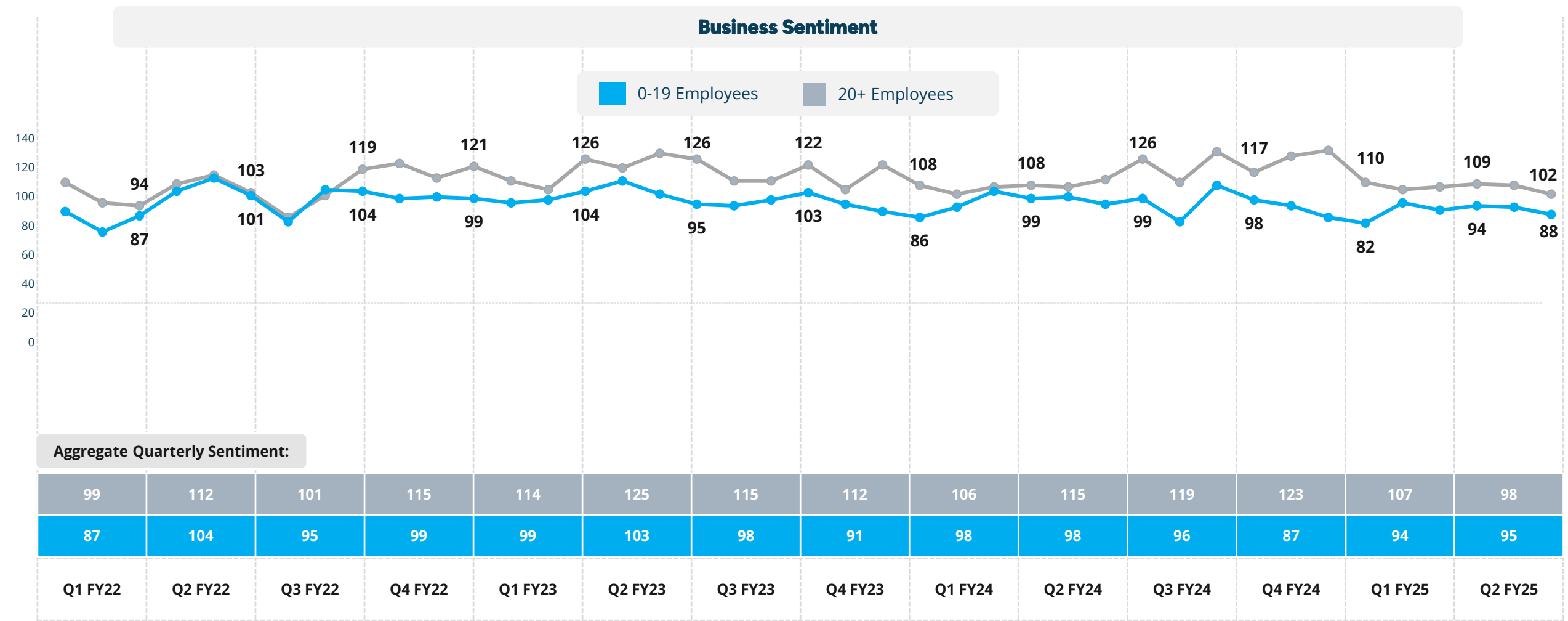
With the decline in short-term revenue expectations, the SME Confidence Index has fallen below consumer confidence for the first time in three years.

Business And Consumer Sentiment



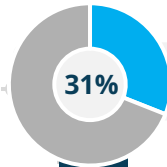
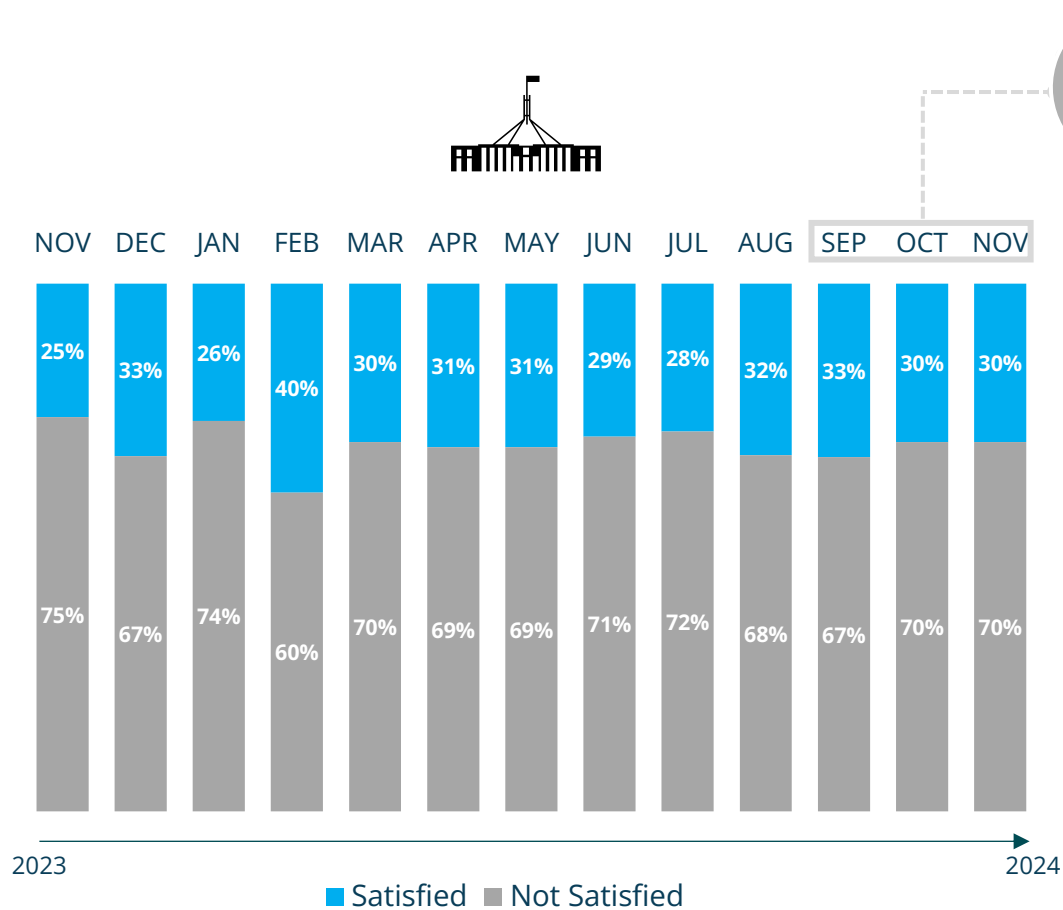
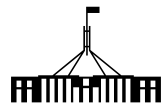
Business Sentiment | Sentiment Index

Sentiment for larger SMEs (20+ employees) continues to track slightly ahead of their smaller counterparts.



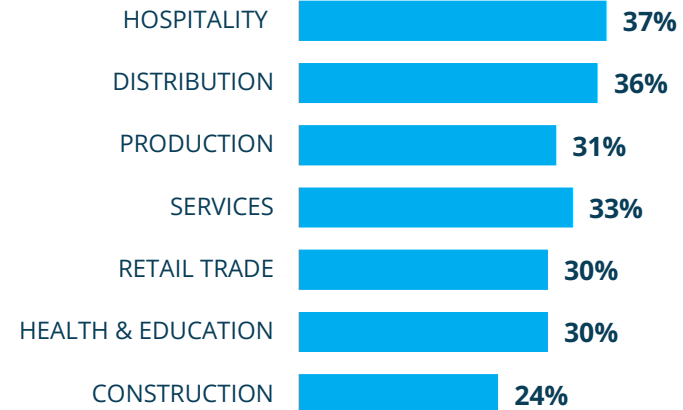
Satisfaction with the Federal Government dipped in October but stabilised in November, remaining higher than at the same time last year.

How Satisfied Are You That The Federal Government Is Delivering Effective Policies That Support The Needs Of Your Business?

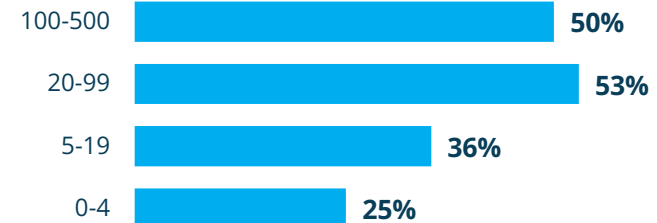


Last 3 Months (Sep, Oct, Nov)

Industry Groups



Employee Size





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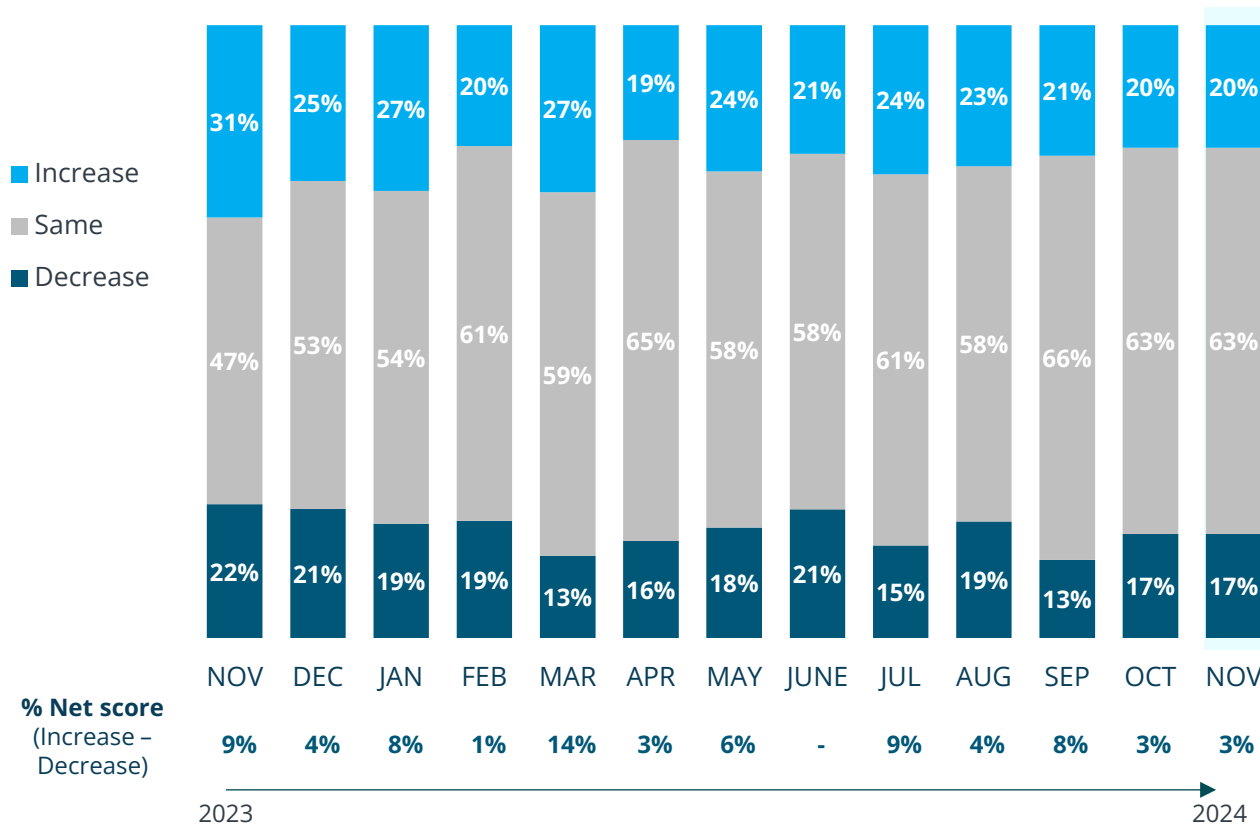
**Methodology &
Sample**

Business Investment | Next Three Months

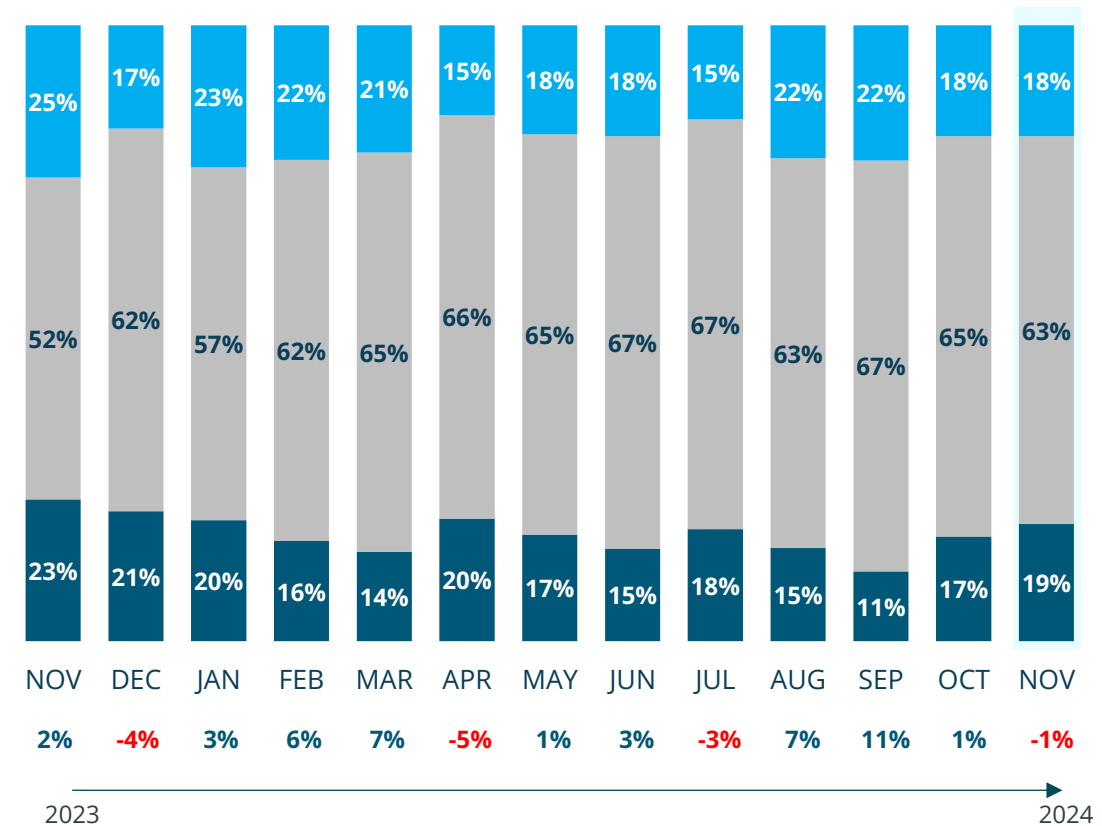
Capital investment and marketing spend remain steady compared to last month but are down compared to November of last year.

Expectations Over The Next 3 Months Regarding Business Investment

Business Spending/ Capital Investment

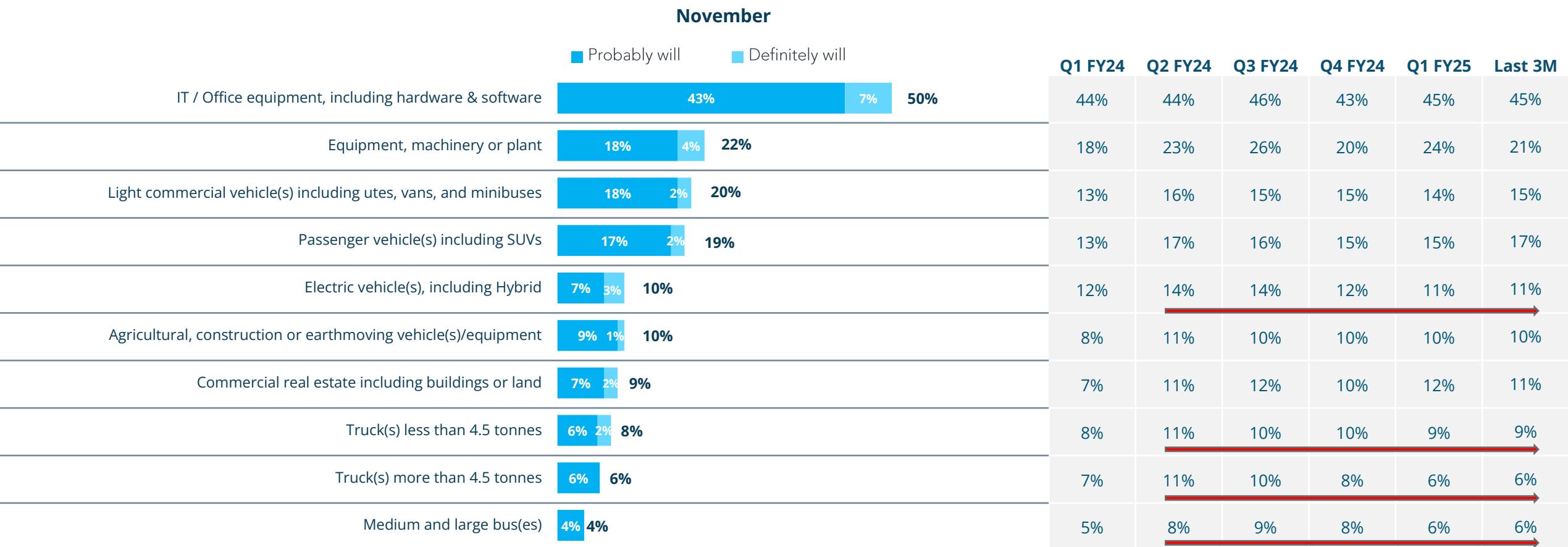


Marketing Spend



As a result, investment in electric vehicles, trucks, and buses has continued to decline.

Which Of The Following Will You Purchase For Your Business Over The Next 3 Months?



Demand for many capital equipment categories has declined among larger SMEs, while smaller SMEs have shown increased demand for IT equipment, light commercial vehicles, and passenger vehicles.

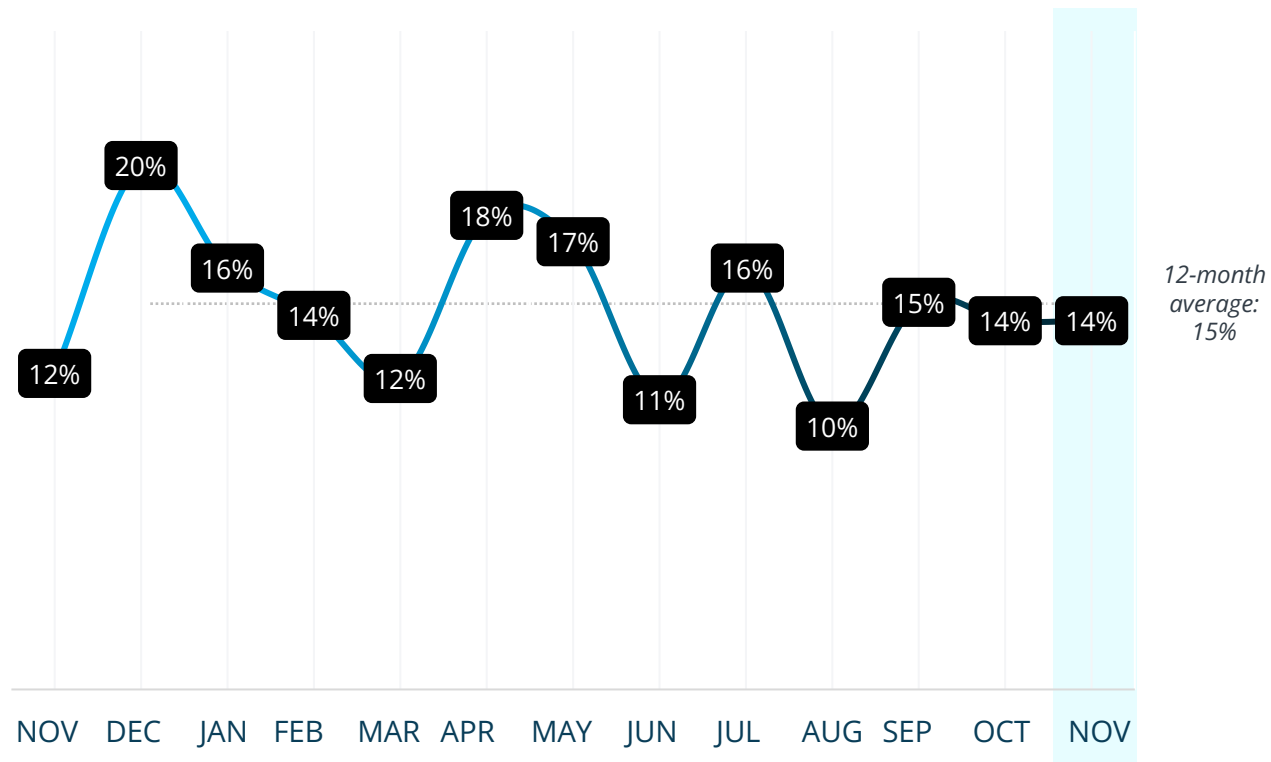
Which Of The Following Will You Purchase For Your Business Over The Next 3 Months?

	0-19 Employees			20+ Employees		
	Q1 FY25	Oct 2025	Nov 2025	Q1 FY25	Oct 2025	Nov 2025
IT / Office equipment, including hardware & software	43%	40%	49%	71%	70%	57%
Equipment, machinery or plant	22%	16%	22%	42%	44%	34%
Light commercial vehicle(s) including utes, vans, and minibuses	12%	9%	19%	32%	37%	32%
Passenger vehicle(s) including SUVs	14%	13%	17%	35%	44%	30%
Electric vehicle(s), including Hybrid	10%	9%	8%	31%	36%	26%
Agricultural, construction or earthmoving vehicle(s)/equipment	8%	7%	10%	28%	27%	15%
Commercial real estate including buildings or land	10%	9%	8%	32%	32%	30%
Truck(s) less than 4.5 tonnes	7%	10%	6%	26%	25%	25%
Truck(s) more than 4.5 tonnes	5%	5%	6%	23%	27%	15%
Medium and large bus(es) with more than 12 seats	4%	5%	3%	24%	27%	25%

Business Investment | Finance Needs (Next 3 months)

Demand for additional finance remained steady in October, just above the levels reported 12 months ago.

SMEs That Will Require Additional Finance Over The Next 3 Months



And What Is The Purpose Of This Finance?

	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Last 3M
Cashflow/ working capital	57%	50%	62%	61%	55%
Purchase plant, machinery or equipment	31%	25%	26%	23%	26%
Fund growth in Australia	23%	29%	20%	16%	17%
Fund growth into new markets	25%	24%	25%	22%	17%
Trade finance to fund import/export activity	19%	17%	12%	13%	14%
Fund merger/acquisition	13%	10%	10%	14%	11%

It is notable that demand for additional finance has slowed amongst larger SMEs and in the Health & Education and Hospitality sectors.

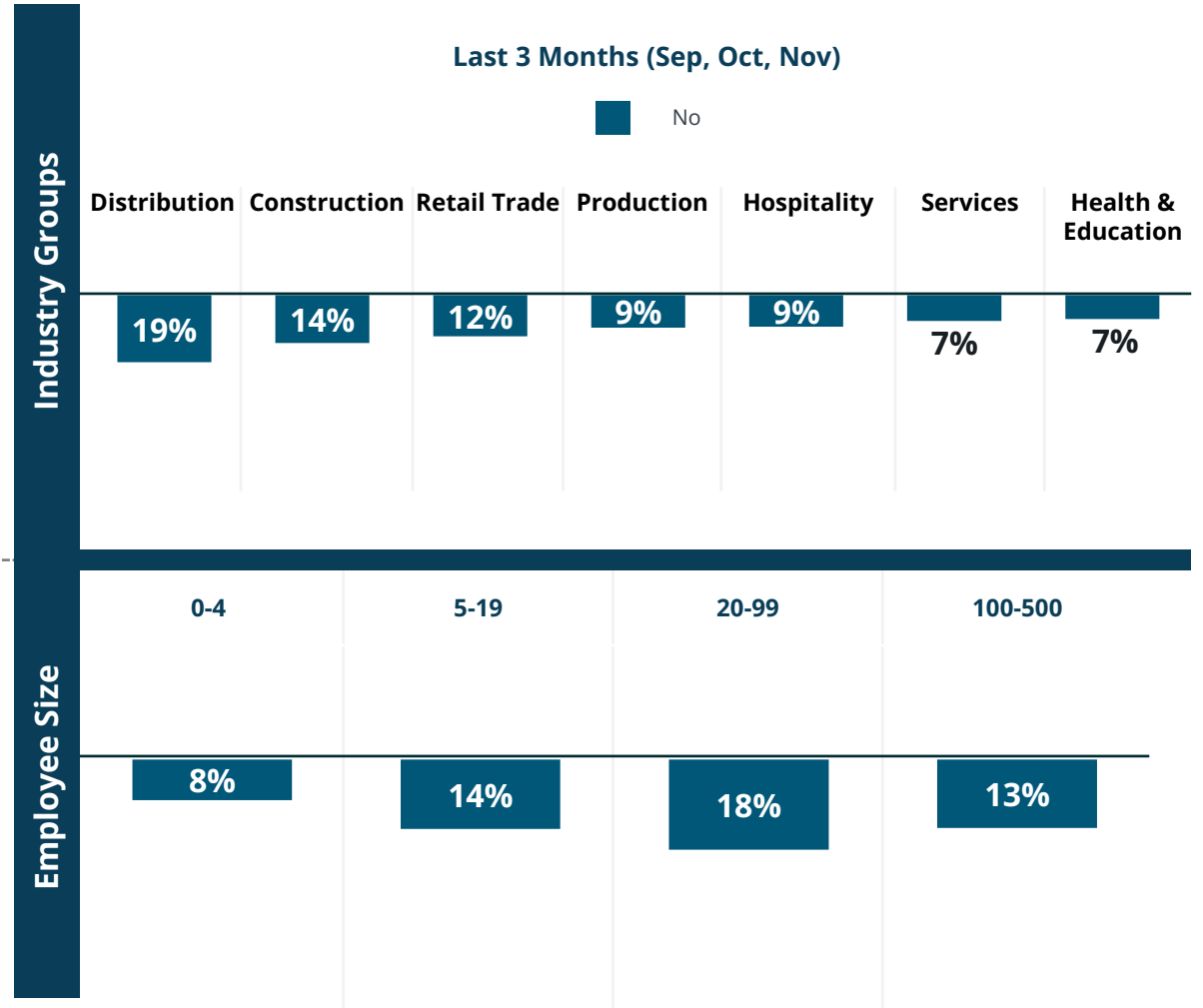
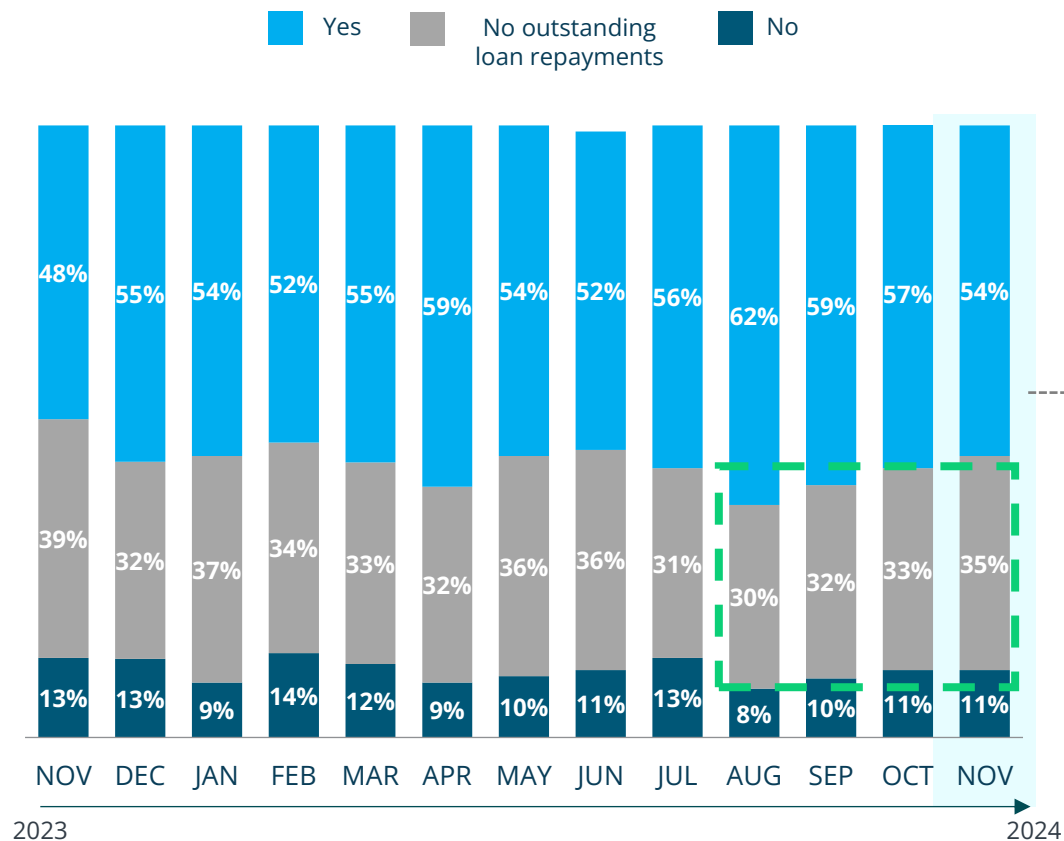
Will You Require Any Additional Finance Over The Next 3 Months? (Yes)

	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Last 3M
0-19 Employees	15%	13%	14%	13%	13%
20+ Employees	28%	28%	35%	26%	26%
Construction	19%	13%	17%	14%	16%
Distribution	12%	19%	13%	19%	14%
Health & Education	20%	13%	17%	8%	6%
Hospitality	25%	27%	29%	14%	22%
Production	21%	17%	22%	16%	16%
Retail Trade	15%	8%	11%	9%	9%
Services	12%	12%	13%	13%	14%

Business Investment | Loan Stress

Accordingly, the proportion of SMEs with no outstanding debt has risen from 30% in August to 35% in November, highlighting an increased focus on cost and debt management over recent months.

Do You Expect To Be Able To Meet Your Loan Repayments Over The Next 6 Months?



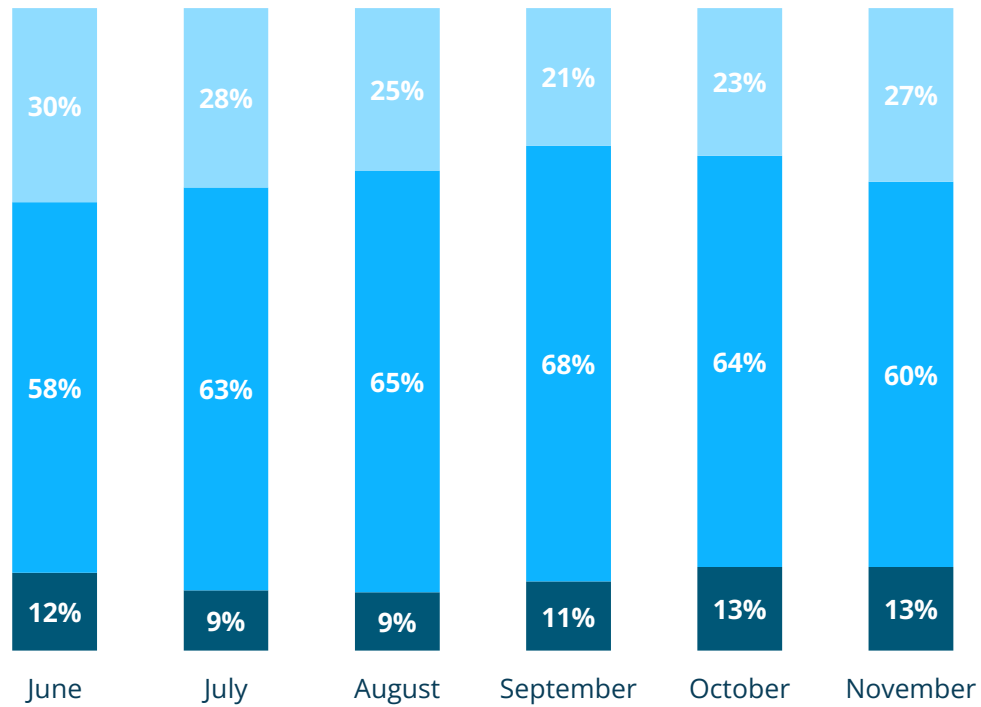
Key Performance Indicators | Financial Hardship

Despite less SMEs servicing debt, the proportion of SMEs experiencing financial challenges over the past 12 months has spiked again, with an increasing number of respondents attributing these difficulties to poor strategic decisions and inadequate planning.

How Would You Rate The Severity Of Your Financial Challenges Over The Past 12 Months?

0 = Not at all challenging
10 = Extremely challenging

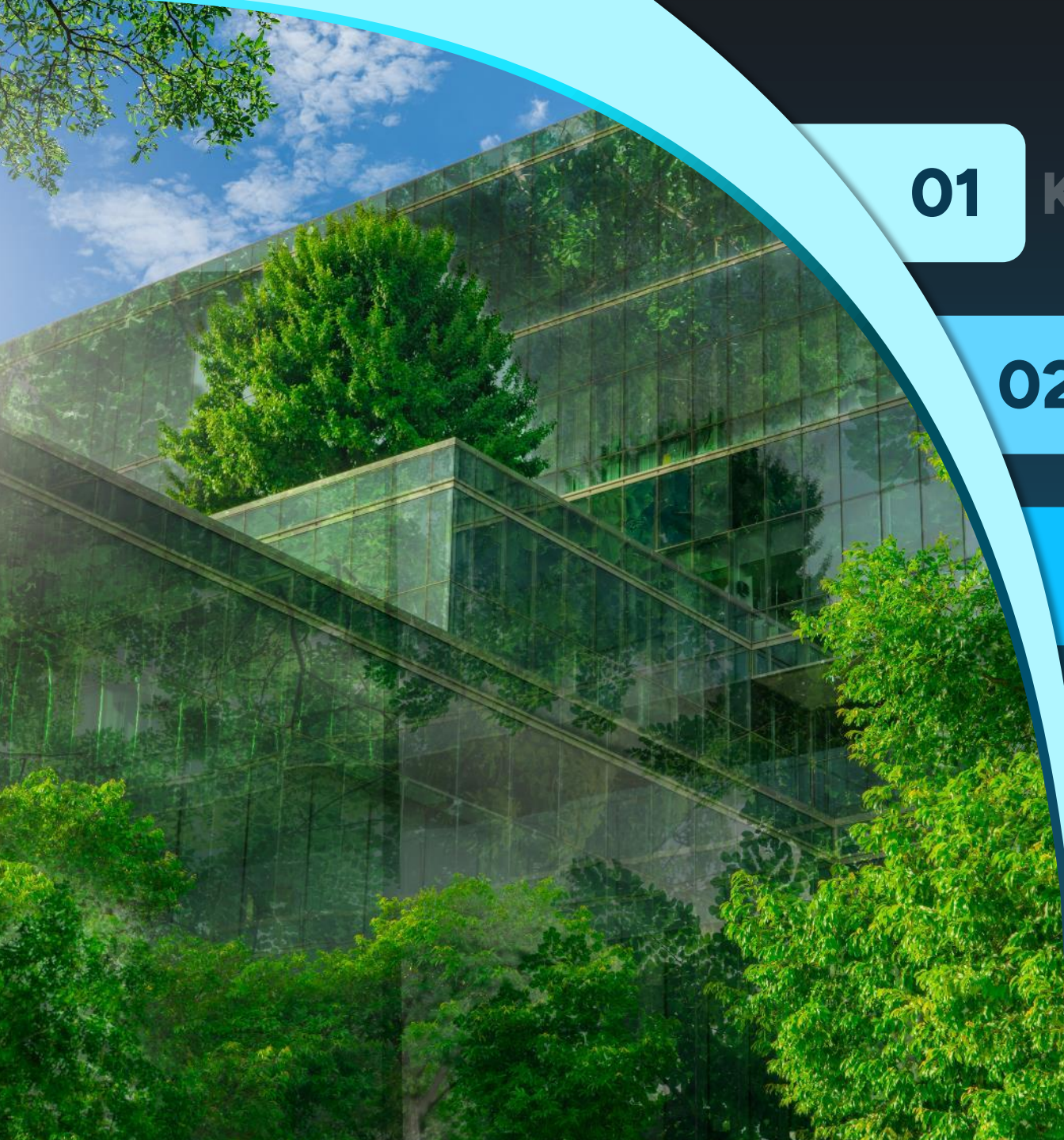
0-3 4-7 8-10



What Impact Have The Following Issues Had On The Financial Health Of Your Business Over The Past 12m?

Medium/High Impact
+5% highlighted from previous month

	August	September	October	November
Weak economic conditions	68%	64%	68%	70%
Increased operational and supplier costs	64%	68%	68%	68%
Reduced customer demand	54%	58%	55%	57%
Increased competition	50%	54%	58%	53%
Personal issues	45%	51%	51%	47%
High levels of debt leading and/or tax liabilities	40%	44%	37%	43%
Poor cashflow management	37%	40%	39%	42%
Inability to access suitable staff or the loss of key employees	37%	43%	38%	42%
Inability to keep up with technological change digital disruption	34%	38%	35%	34%
Poor strategic decisions, inadequate planning, or ineffective management	30%	32%	36%	37%



01

Key Performance Indicators

02

People

03

Business Sentiment

04

Business Investment

05

**Methodology &
Sample**

The SME Tracker was first launched
5th April 2020

Monthly waves with a minimum of 400
completed surveys with small and
medium businesses with up to 500
employees

All respondents are business owners or
financial decision makers/influencers

Use of accredited research panels
ensures a consistent sample of the
national population across states and
territories.



Respondents from across Australia,
including **metro and regional** areas



All **industry sectors** are represented,
allowing for subgroup analysis

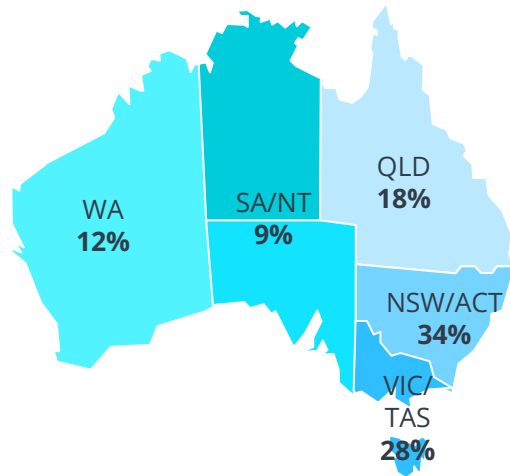


Data is **weighted** by industry, state and
number of employees to reflect the
national distribution of businesses across
the country

Our Sample

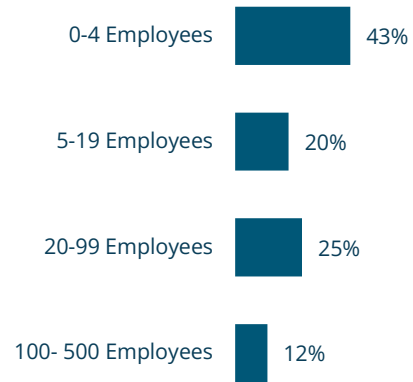
Key decision makers and influencers at SMEs across all states and territories responded to the survey. We target SMEs across all sizes and industry sectors. Data is weighted to reflect the actual distribution by industry, number of employees and state.

Head Office Location

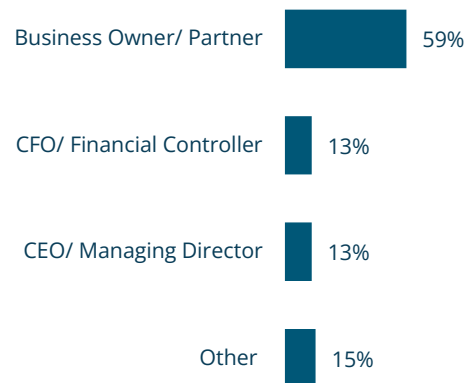


NOTE: CHARTS SHOW UNWEIGHTED DATA

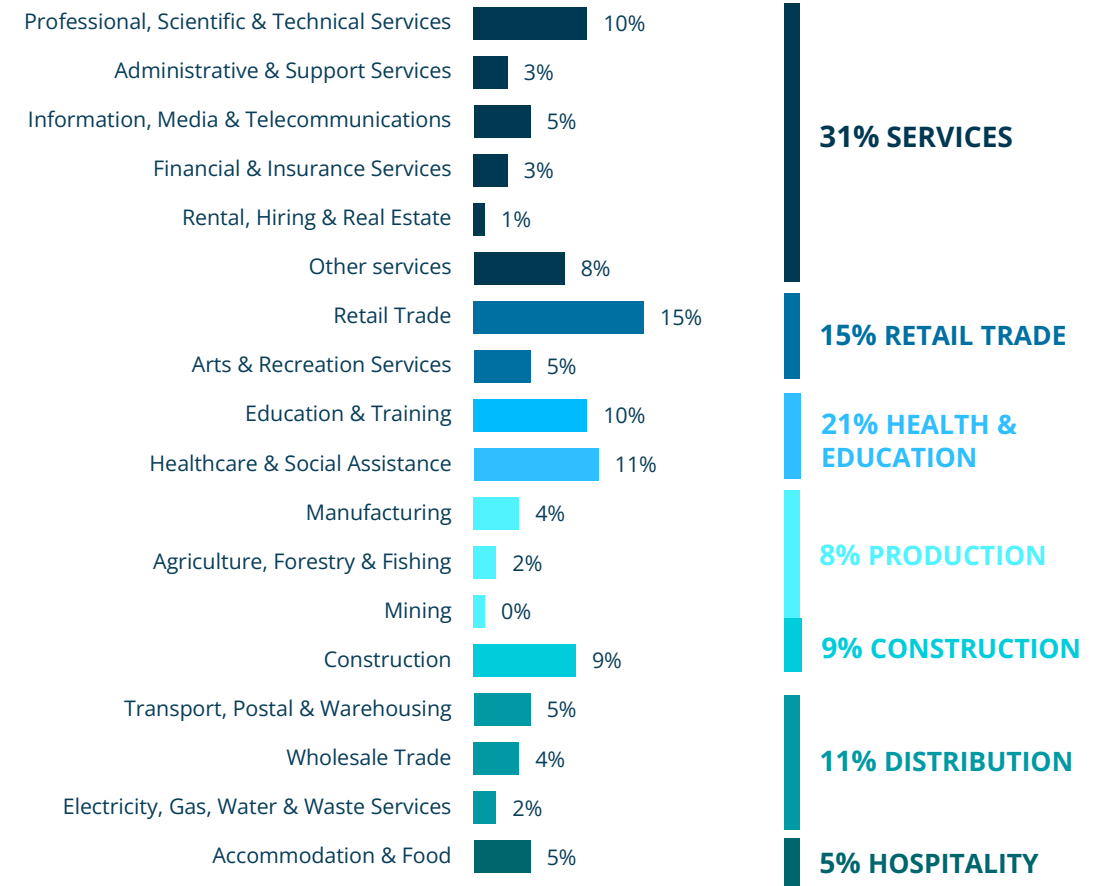
Size Of Business: Employees



Position In Business



Industry Sector



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Thank You

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