

The state of Aussie small businesses: research findings



Prospa carried out research into the state of Australian small businesses. Fieldwork was carried out from 19 - 26 April 2022 and 511 small businesses participated.

Headline findings

Aussie small businesses are confident about the future

- 7 in ten small business owners rate the overall health of their business as good, including 24% who rate it as very good.
- 81% of small businesses are anticipating growth for their businesses over the next 12 months.
- The top sources of growth include:
 - New client/customer referrals from existing clients/customers (45%)
 - Increasing business from existing clients/customers (32%)
 - Acquiring new clients/customers as a result of marketing/advertising (28%)
- Other sources of growth include:
 - Offering new products/services (24%)
 - Business expansion online (18%)
 - Repricing of products and/or services (18%)
 - Greater efficiency/productivity in the business (17%)

The majority of small businesses are expecting revenue to increase, or stay the same

- 42% of Australian small businesses are forecasting revenue growth in the next 12 months, at an average of 23%.
- 40% of small businesses expect their revenue to stay the same.
- Millennial and Gen X business owners are more likely than Baby Boomer business owners to say that they expect their business revenue to increase over the next 12 months (48% and 45% compared to 33%).
- Younger companies (aged up to five years) are more likely than those aged over five years up to 20 years to expect their revenue to increase (56% compared to 41%).



This is despite challenging market conditions

- 87% of small businesses anticipate major concerns or challenges for their businesses over the next 12 months
- The top three concerns facing Aussie business owners/decision makers are the increased operating costs (40%) followed by increasing costs of transport/delivery/freight due to fuel prices (36%), and unpredictable/unstable revenue (34%).
- Small businesses are also concerned about higher inflation (24%), supply chain disruptions (23%) and competition from competitors (22%).

Aussie small businesses are making smart changes to survive and thrive in a tough climate

- 7 in 10 business owners have either made, or are in the process of making, changes to their businesses.
- One in three (34%) have increased the price of products and/or services to keep their business operational, while a similar proportion (33%) have opted to take a pay cut personally and increase marketing activities (32%).
- Nearly three in ten (29%) have contributed extra funds to their business personally, followed by nearly one in four (23%) who have reduced the operating hours of their business and nearly one in five (19%) who have chosen to expand through ecommerce platforms.
- Other changes business owners have made/started to make include investing in digital technology (15%), moving the business to a different location/online (13%), diversifying payment acceptance methods (10%) and training and upskilling employees (9%).

And they're now ready to invest in their future

- 28% of business owners intend to borrow to finance their next phase of growth
- 71% of those who intend to borrow will do so in the short term to help manage uncertainty.

