

Stoic Aussie SMBs positive about post-pandemic prospects but about half lack the capital needed to make the most of the new normal

Aussie small to medium sized businesses (SMBs) are eager to invest in online growth, but a lack of cashflow and business finance could jeopardise post-pandemic recovery.

- *46% of Australian SMBs maintained a stable position or had positive growth despite the COVID-19 pandemic and Bushfires.*
- *SMBs want to invest in their capabilities online (38%) and on social media (36%), but*
- *48% say cashflow is one of their greatest challenges and have missed business opportunities due to a lack of working capital (38%)*
- *49% find accessing business loans difficult and 38% have been knocked back by traditional lenders*

PayPal Australia has today released research that reveals Aussie small to medium sized businesses (SMBs) feel confident about the future and are eager to invest in making the most of growing consumer demand online, but a lack of cashflow, and difficulty accessing business finance could jeopardise their post-pandemic recovery.

Aussie Businesses are resilient and ready to shift priorities to meet evolving consumer preferences

The past 12 months have taken a toll on Australian SMBs, with the impacts of COVID-19 changing ways of working for businesses. PayPal Working Capital's research shows 54% of Australian SMBs experienced loss over the past year, with the greatest impacts felt due to COVID-19 (77%), a lack of foot traffic (32%) and a lack of online presence (26%).

However, Australian SMBs have fared well considering the unprecedented challenges presented by the pandemic. While 77% of those surveyed said their business performances was impacted by COVID-19 over the past 12 months, 21% managed to break even, 20% experienced some growth, and 5% experienced significant growth. The 25% of SMBs who managed to grow through the pandemic's peak in Australia cited higher demand (35%), growth in customer base (36%) and consumer preference for local goods and services (26%) as major growth drivers.

"Australian small businesses have faced a tough year, with many unexpected challenges thrown at them due to COVID-19," said Eli Nana, Manager, PayPal Working Capital Australia. "Despite the difficult environment, it's encouraging to see our local businesses head down the road to recovery, particularly with growth driven by Aussies wanting to support local."

While eager to invest, businesses crave better access to business finance and cashflow

Many Australian SMBs say cashflow (48%) is one of the greatest challenges facing their business and have missed business opportunities due to a lack of working capital (38%). Just under half (49%) find accessing business loans difficult to extremely difficult, with only 10% finding it easy or very easy and of those who have applied for a business loan, 38% have been knocked back.

Flexible repayments was the most important feature SMBs consider when applying for a business loan (29%), followed by low-risk terms (18%), annual fees (14%) and quick access (12%).

"After the rollercoaster year that Australian small business owners have just experienced, it's no surprise that they're prioritising flexible repayments for business financing," said Eli Nana, Manager, PayPal Working Capital Australia. "While we all hope the next 12 months will be far more stable and predictable than the past 12, it's clear that businesses will continue to value finance solutions that can adjust to changing business realities in real time, and that can be accessed quickly and easily when they're needed to help seize sudden opportunities or overcome unexpected challenges."

Building customer relationships and strengthening eCommerce capabilities key to unlocking growth

Customer relationships are at the heart of small business operations in Australia, and local SMBs are keen to

build connections with their consumers in order to help them stay ahead in an increasingly competitive eCommerce landscape. Two in five (41%) are looking to prioritise expanding existing customer relationships this year, with 40% also looking to grow their customer base. Almost a quarter (24%) highlighted improving their eCommerce offering to customers as a key immediate focus, and more than 1 in 3 (36%) are looking to improve their social media presence or social selling.

However, online presence was one of the top five areas where Australian SMBs need more business financing help, with 38% highlighting this as their greatest need closely followed by increasing marketing outreach (36%).

About the Research

The 2021 PayPal Working Capital research was commissioned by PayPal Australia Pty Limited, and was conducted by Pure Profile Australia, an independent research provider. The online survey interviewed Australian SMB owners and operators aged 18-75, selected by the research provider. The study consisted of a 15-minute survey of n=401 Australian SMB owners and/or operators, exploring the greatest challenges and business priorities, as well as exploring their previous experience with traditional financing solutions to understand key features they look for in a loan. Numbers may not add to 100% due to rounding. Several questions also offered respondents the opportunity to answer questions with multiple responses.

https://newsroom.au.paypal-corp.com/Australian_SMBs_keen_to_invest_in_online_growth_but_lack_capital