

Australia

HSBC Navigator: the voice of business 2021

A resurgence of COVID-19 and disruptions to supply chains are top concerns for businesses in Australia, but many remain optimistic that pre-COVID profitability will return before the end of 2022.

Australian businesses are hopeful that growth is on the horizon. In line with their international peers, **65% are optimistic about growth in the next 12 months.**

Along with the threat of COVID-19 (43%), **Australian businesses identified supply chain disruption (26%) and decrease in demand due in part to more conservative consumer spending (25%) as the most significant threats** to this growth. Supply chain disruption was consistently cited as a major concern by most regions included in the survey, although strategies to combat this threat – including a heavy reliance on internationalism – were slightly different across markets. Businesses in Australia expressed a desire to increase international trade in response to supply chain issues, with **other countries in the Oceania region (48%) and North America (43%) topping the list of potential new trade partners.**

Anticipating a number of future challenges, businesses

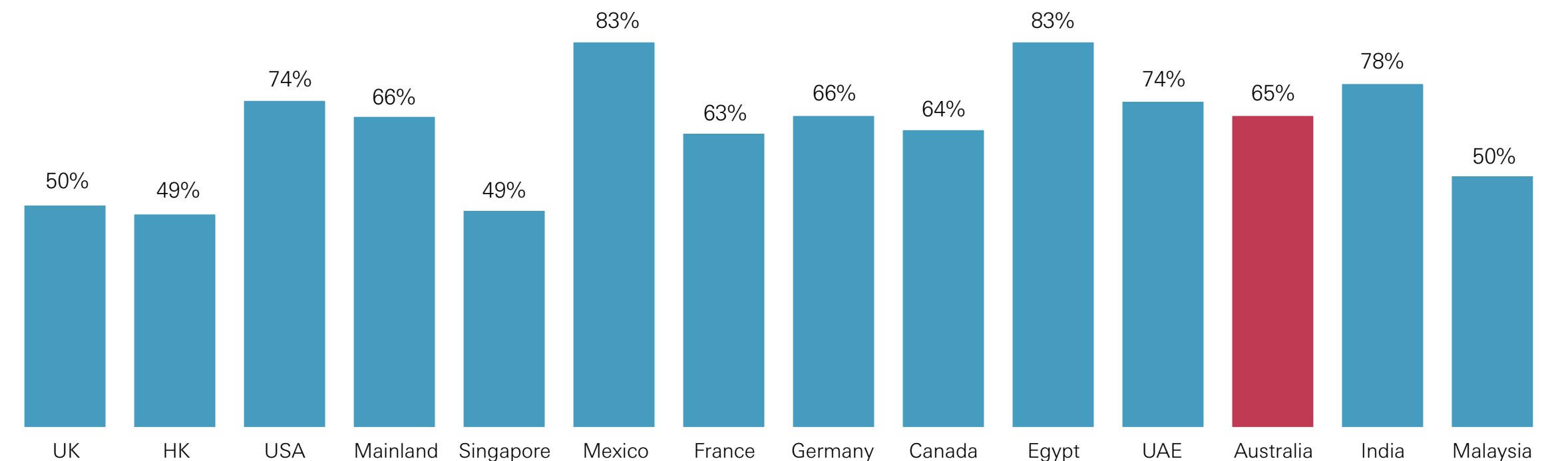
in Australia expressed a few main ways they would arm themselves against shocks. Not unlike the global consensus, **investing in new technology and digital tools was flagged as a key defence for 37% of Australian businesses.** Specifically, their mention of investments in cloud-based software over the next three years was five points more than the global average (47%). Also, and like other regions, about half (49%) of businesses in Australia thought technology to enhance hybrid or remote work would be critical to improving their margins.

An increased focus on sustainability also persisted across regions, with **32% of Australian businesses looking to improve sustainability or set sustainability targets.** Sustainability actions identified as most important to businesses in Australia included supporting their local community (43%) and improving human rights (36%).

While businesses in Australia are optimistic that the near future looks bright, they are concerned about a resurgence of COVID-19 and a disruption to their supply chains. By investing in digital tools and improving sustainability, Australian business leaders are fairly confident that they can navigate back to pre-COVID profitability in the next 12 months.

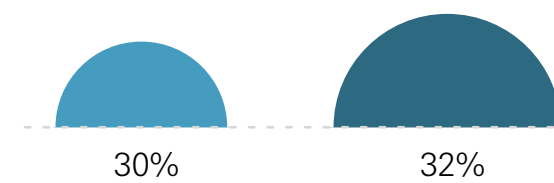
Businesses are confident about growth prospects

(% of businesses that are more optimistic than they were 12 months ago)

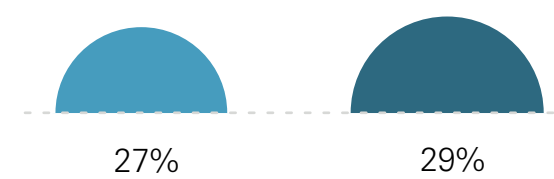


Top 3 ways COVID-19 has impacted business

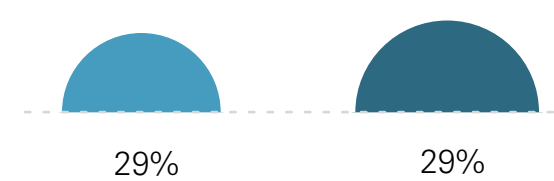
Lower margins/revenues



Shift in consumer demand for products/services



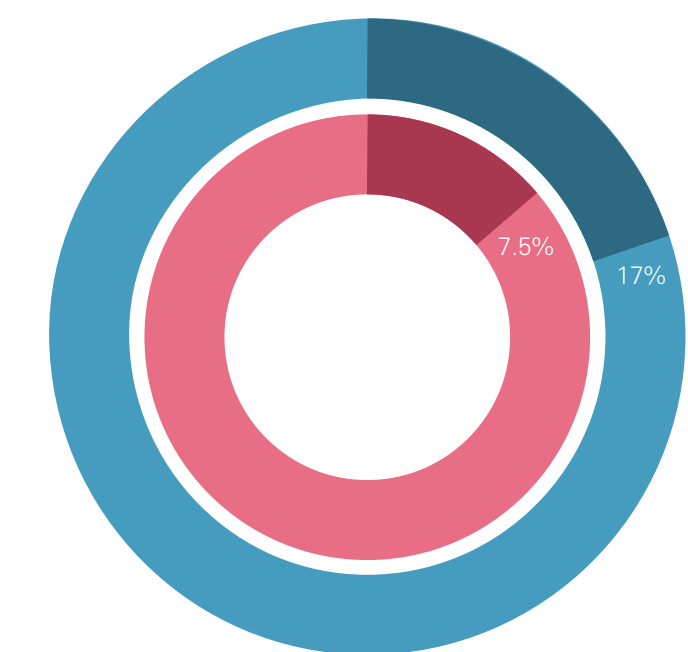
Greater focus on employee well-being



Rest of world
Australia

Anticipated average revenue increase from greater focus on sustainability

(Global figures)



Businesses expecting 30% or more growth
Businesses expecting 30% or less growth

Australia

Key findings:

- Australian business leaders are as confident as their global peers that growth is on the horizon.
- A resurgence of COVID-19 is seen as the main threat to future growth, with supply chain disruption and decrease in demand also on the list of concerns.
- In line with their global peers, Australian businesses are looking to address potential supply chain disruptions by increasing international trade – primarily with other markets in the Oceania region and also North America.
- Investing in new technology and making their businesses more sustainable are the primary strategies for protecting against future challenges.

Buoyant about growth

65%

of businesses are optimistic about their future growth prospects.

Boosting international trade

43%

of companies are looking to increase trade with North America.

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Australian businesses are incredibly resilient, as shown by their optimism for the year ahead. As our borders reopen, we anticipate that local companies will benefit as workforces and supply chains reconnect with international markets.”

Steve Hughes

Head of Commercial Banking, HSBC Australia