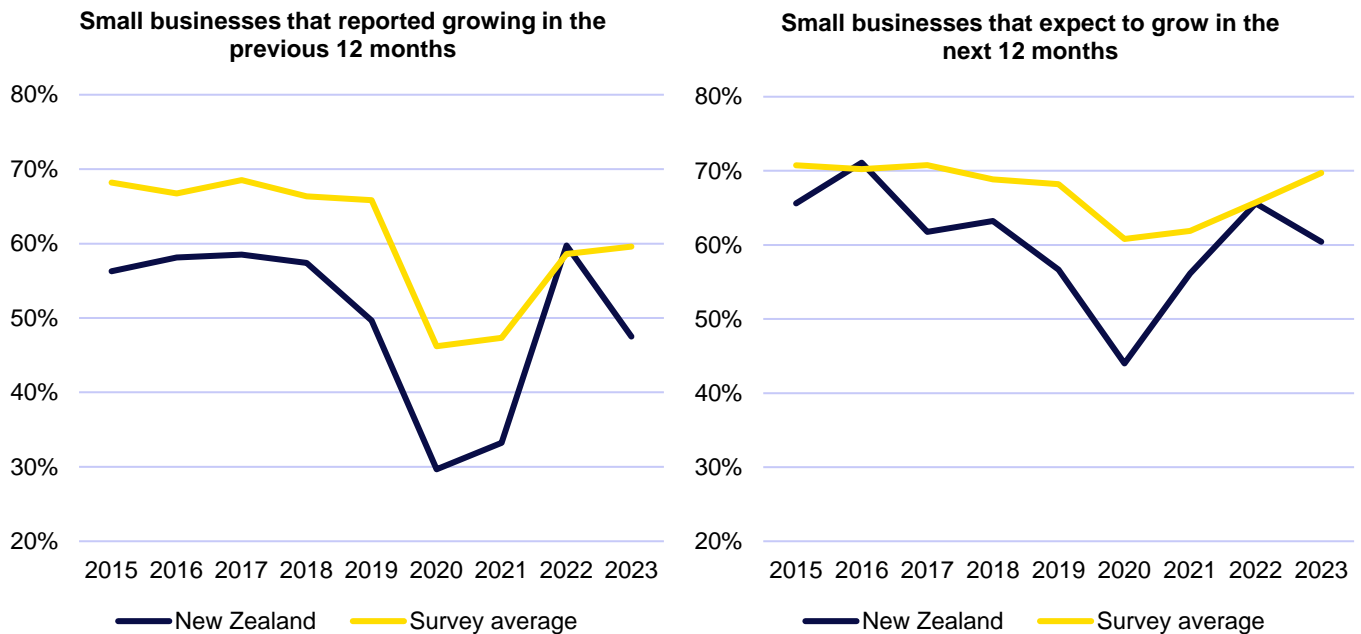


# CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2023-2024

New Zealand market  
summary

# New Zealand

## Business and economic conditions



	New Zealand 2023	Survey average 2023	Rank 2023	New Zealand 2022	Rank 2022	New Zealand 2021	New Zealand 2020	New Zealand 2019
<b>Businesses that grew in the last 12 months</b>	47.5%	59.6%	9/11	59.7%	5/11	33.2%	29.7%	49.7%
<b>Businesses that expect to grow in the next 12 months</b>	60.4%	69.7%	8/11	65.6%	7/11	56.1%	44.0%	56.7%
<b>Businesses that expect the local economy to grow in the next 12 months</b>	50.5%	65.0%	10/11	40.3%	10/11	51.9%	41.7%	38.3%
<b>Satisfied or very satisfied with the financial return of the business<sup>1</sup></b>	51.1%	65.3%	9/11	57.0%	7/11	N/A	N/A	N/A

<sup>1</sup> Limited to owner, director, CEO/managing director or principal.

2023 was a weaker year for New Zealand small businesses than 2022, and it was weaker than expected. 48 per cent of New Zealand's small businesses told us they grew last year, down noticeably from 60 per cent in 2022. It was also 18 percentage points lower than expected.

2024 is expected to be a better year for New Zealand small businesses with 60 per cent expecting growth. Yet even this more optimistic outlook is below the survey average of 70 per cent and is the third lowest of the 11 markets surveyed.

New Zealand's small businesses are more optimistic about the state of their local economy. More than half anticipate economic growth this year, a notable rise from 40 per cent last year. However, this level of optimism is the second lowest of the 11 markets surveyed.

Major contributors to the relatively low number of New Zealand small businesses forecasting growth this year are the state of the economy, rising costs and the low percentage that invest in or undertake activities that characterise growing businesses, being:

- innovation
- e-commerce
- social media use
- export.

Another contributing factor is the older age profile of New Zealand small business owners. According to our survey, half were aged 50 or over, compared with the survey average of 28 per cent. Our survey data shows older owners are much less likely to run businesses that are growing, and use technology such as e-commerce and social media in their business. They are also much less likely to innovate or export and are more risk averse than younger owners.

The comparatively low number of New Zealand's small businesses that grew in 2023 is reflected in the lower satisfaction owners had with the financial return received from their business.

## Technology uptake

	New Zealand 2023	Survey average 2023	Rank 2023	New Zealand 2022	Rank 2022	New Zealand 2021	New Zealand 2020	New Zealand 2019
<b>More than 10 per cent of revenue came from online sales</b>	34.3%	62.2%	11/11	35.7%	11/11	40.0%	25.7%	26.0%
<b>Did <u>not</u> use social media for business purposes</b>	32.7%	15.4%	1/11	34.1%	1/11	36.8%	38.3%	39.3%
<b>Investment in technology by the business over the past 12 months has improved profitability</b>	19.5%	52.8%	11/11	36.7%	9/11	32.3%	17.7%	23.0%
<b>Technology the business invested in most heavily over the past 12 months</b>	Computer equipment	Computer equipment	N/A	Website	N/A	Computer equipment	Computer equipment	Computer equipment
<b>Consider the business likely to be cyberattacked in next 12 months</b>	20.8%	44.2%	11/11	31.2%	9/11	30.3%	16.3%	18.7%
<b>Reviewed the business' cybersecurity protections in past six months</b>	38.3%	49.5%	11/11	46.4%	6/11	42.6%	33.3%	35.0%

<b>Lost time and/or money due to a cybersecurity incident in the past 12 months</b>	11.6%	40.7%	11/11	N/A	N/A	N/A	N/A	N/A
<b>More than 10 per cent of sales is received through digital payment options such as PayPal, Google Pay, Apple Pay, Klarna, Alipay</b>	40.6%	70.8%	11/11	42.3%	11/11	39.7%	37.9%	42.1%
<b>Sought advice from IT consultants/specialists</b>	17.5%	25.8%	10/11	17.2%	10/11	12.9%	11.3%	N/A

New Zealand small businesses continue to be much less likely to use technology than their counterparts in Asia. They significantly lag their counterparts in Asia in the following areas:

- Social media use - New Zealand small businesses are the most likely to report *not* using social media for business purposes (33 per cent compared with the survey average of 15 per cent).
- Online sales - New Zealand's small businesses continue to be significantly less likely to earn revenue from online sales (34 per cent earned more than 10 per cent of revenue from online sales compared with the survey average of 62).
- Offer new payment technologies - New Zealand's small businesses were the least likely to receive more than 10 per cent of sales through new digital and payment technologies such as Apple Pay and PayPal (41 per cent compared with the survey average of 71 per cent).

One possible explanation for this lag is the poor short-term returns New Zealand small businesses achieve on their technology investment. Only 20 per cent reported that their investment in technology last year improved their profitability. This is the lowest of the markets surveyed and compares to 76 per cent of small businesses from Vietnam.

The older age profile of New Zealand small business owners is skewing these results. The survey data shows that overall, business owners 50 and over (and especially 60 and over) are much less likely to be investing in technology or using technology such as e-commerce in their business.

The relatively limited integration of technology is evident in the reduced likelihood of New Zealand's small businesses experiencing lost time or money due to a cybersecurity incident. Only 12 per cent reported such losses last year compared to the survey average of 41 per cent. Adding to this, only 21 per cent believe that their business is likely to be cyberattacked this year, compared to the survey average of 44 per cent. Despite this, 38 per cent of New Zealand small businesses took the initiative to review their cybersecurity measures within the past six months.

## Business activity over the past 12 months

	New Zealand 2023	Survey average 2023	Rank 2023	New Zealand 2022	Rank 2022	New Zealand 2021	New Zealand 2020	New Zealand 2019
Increased employee numbers	13.2%	32.0%	10/11	31.8%	5/11	22.3%	9.3%	14.7%
Improved customer satisfaction had a major positive impact on the business	25.4%	28.6%	7/11	20.8%	9/11	14.1%	11.0%	24.7%
Improved business management had a major positive impact on the business	13.9%	23.5%	9/11	15.6%	9/11	12.3%	11.3%	11.7%
Increasing costs had a major negative impact on the business	52.5%	39.7%	1/11	37.0%	3/11	28.7%	18.0%	33.7%
Required funds from an external source	30.4%	62.7%	10/11	44.2%	10/11	45.5%	39.7%	28.7%
Sought external funds for business growth	43.5%	52.6%	9/11	28.7%	11/11	24.8%	11.8%	31.4%
Sought external funds for business survival	23.9%	39.7%	11/11	24.3%	11/11	40.4%	49.6%	31.4%
Found it easy or very easy to access external finance	32.6%	43.3%	7/11	25.7%	10/11	61.0%	52.9%	41.9%
A bank was the business' main source of external finance	47.8%	40.2%	2/11	37.5%	5/11	24.1%	21.8%	47.7%
Did <b>not</b> spend any time and resources on ESG practices	47.9%	19.9%	2/11	42.2%	2/11	N/A	N/A	N/A

## Planned business activity over the next 12 months

	New Zealand 2024	Survey average 2024	Rank 2024	New Zealand 2023	Rank 2023	New Zealand 2022	New Zealand 2021	New Zealand 2020
<b>Expect to increase employee numbers</b>	18.2%	43.1%	11/11	34.1%	8/11	28.1%	11.3%	19.3%
<b>Will introduce a new product, service or process unique to their market or the world</b>	6.9%	28.7%	11/11	24.0%	8/11	23.2%	8.7%	7.3%
<b>Expect revenue from overseas markets to grow strongly</b>	7.3%	18.9%	10/11	20.1%	5/11	17.1%	4.7%	7.7%
<b>Will seek external funds</b>	7.3%	28.7%	11/11	22.7%	9/11	18.4%	9.0%	9.7%
<b>Expect easy to very easy access to finance</b>	26.7%	40.3%	7/11	20.5%	11/11	41.5%	25.9%	32.2%

### Employment

The lower number of New Zealand small businesses that experienced growth in 2023 is reflected in the decrease in those that created new jobs. Only 13 per cent added to their headcount in 2023, compared to the survey average of 32 per cent.

Reflecting the decline in the number of New Zealand small businesses that expect to grow in 2024, only 18 per cent expect to increase employee numbers this year.

### Innovation

Small businesses in New Zealand remain highly unlikely to innovate. Only 7 per cent state they will introduce a new product, process or service that is unique to their market or the world in 2024, compared with the survey average of 29 per cent. This may affect the growth of many New Zealand small businesses, as over many years the survey results show a correlation between innovation and business growth.

### Access to finance

New Zealand small businesses remain unlikely to seek external finance. 30 per cent required external finance last year, the second lowest result of the markets surveyed. Possible reasons for this include the relatively smaller proportion that said they were growing, investing in technology, innovating and expanding into new markets.

### Exports

Only 7 per cent of New Zealand small businesses expect their revenue from overseas sales to grow strongly in 2024, the second lowest result among the 11 surveyed markets. Seeking alternative markets is one way of growing and diversifying business in difficult conditions. Exporting also exposes businesses to more competition and ideas. It's therefore not surprising that there is a correlation between business growth and increasing revenue through exporting.

## Environmental, social, and governance (ESG)

New Zealand small businesses were the second least likely to undertake activities linked to ESG. The ESG activities they were most likely to undertake were:

- staff health and safety (22 per cent)
- supply chain sustainability (13 per cent)
- ethics and compliance policy (12 per cent).

## Factors that had positive and negative influences on business

Top four factors that had a positive influence on New Zealand small business in 2023	Top four factors that had a positive influence New Zealand on small business in 2022	Top four factors that had a positive influence on New Zealand small business in 2021
Customer loyalty	Customer loyalty	Customer loyalty
Good staff	Good staff	Good staff
Improved customer satisfaction	Improved customer satisfaction	COVID-19
Cost control	Cost control	Improved business strategy^ Improved customer satisfaction^

Top four factors that had a negative impact on New Zealand small business in 2023	Top four factors that had a negative impact on New Zealand small business in 2022	Top four factors that had a negative impact on New Zealand small business in 2021
Increasing costs	COVID-19	COVID-19
Poor overall economic environment	Increasing costs	Increasing costs
Tax	Poor overall economic environment	Government regulation
Cash flow difficulties	Rising interest rates	Poor overall economic environment

^equal rank

Like previous years, New Zealand small businesses found that “customer loyalty” had the most positive influence on their business in 2023. However, improving customer satisfaction is a strategy more closely linked to high growth businesses.

“Increasing costs” was the biggest challenge facing New Zealand small businesses in 2023. 53 per cent said that increasing cost was a major barrier for their business, up from 34 per cent in 2019 and 37 per cent in 2022. Small businesses chose “fuel for vehicles, machinery etc.” and “materials” as their most detrimental costs in 2023.

## Entrepreneurship



<b>Biggest concern when first started a business</b>	Irregular income / cashflow
<b>Most common attitude and approach to managing business risk of owner</b>	Adaptive risk manager

When starting their businesses, New Zealand small business owners are, like owners in all of the other surveyed markets, most likely to be motivated by a desire to be their own boss. Their biggest concern they had was over irregular income and cashflow.

As adaptive risk managers, New Zealand small business owners are more likely to prefer to adjust their risk strategies to the circumstances, such as taking more risks in times of growth and less risks in difficult times.

## Demographics

	New Zealand 2023	Survey average 2023	Rank 2023	New Zealand 2022	Rank 2022	New Zealand 2021	New Zealand 2020	New Zealand 2019
<b>Respondent aged under 40</b>	38.0%	46.0%	9/11	43.5%	7/11	24.8%	26.0%	25.0%
<b>Business established for less than 11 years</b>	52.8%	61.1%	9/11	57.1%	8/11	51.0%	52.0%	49.3%
<b>Respondent is the business owner</b>	57.8%	37.4%	4/11	48.4%	6/11	49.0%	61.0%	62.7%
<b>Business has 10 to 19 employees</b>	18.5%	38.3%	10/11	29.5%	6/11	19.7%	13.0%	12.0%

New Zealand has the second highest percentage of respondents aged 50 and over. Data collected over the life of this survey series shows there is a strong correlation between this and lower levels of digital uptake by small business. That is, the use of digital technologies falls for respondents aged 50 and over, and falls sharply for respondents aged 60 and over, regardless of market. The survey data also shows that respondents aged 50 or over are also less likely to own or work in a business that is growing.

## Policy suggestions

For policymakers looking to support New Zealand's economy and increase its competitiveness, significantly increasing the proportion of small businesses that incorporate technology into their business is essential. With most of New Zealand's small businesses having fewer than five employees and the owners being time poor, external advisers are essential to assisting the sector embrace technology and equipping employees with digital skills so the technology is used effectively. One way is incentivising them to access business advice from their adviser of choice. Another important question for New Zealand's policymakers is how to encourage more young New Zealanders to start or buy their own small businesses.