

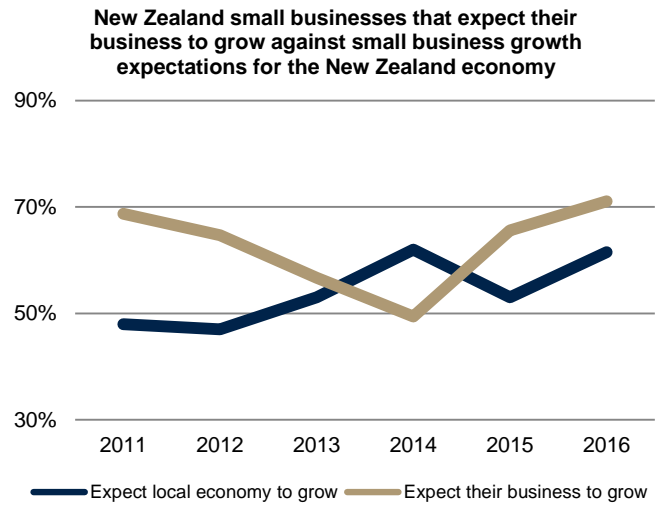
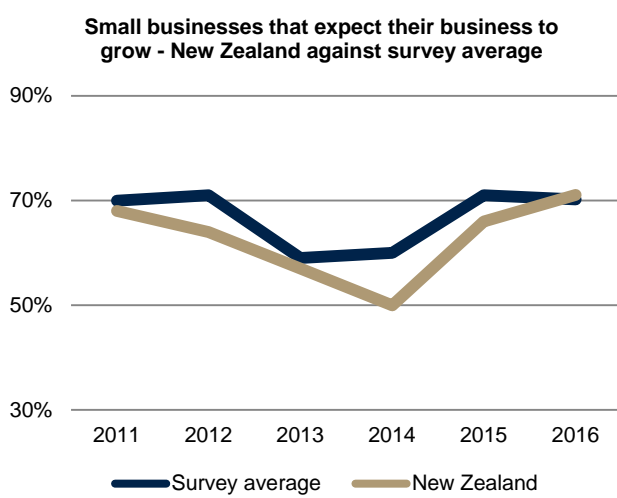
MARKET SUMMARY

NEW ZEALAND



Data snapshot

Business and economic growth



	2016	2016 survey average	Rank 2016	2015	Rank 2015	2014	Rank 2014
Businesses that grew in last 12 months	58.1%	66.7%	6/8	56.3%	7/8	18.4%	6/8
Businesses that expect to grow in next 12 months	71.1%	70.2%	5/8	65.6%	5/8	49.4%	6/8
Businesses that expect the local economy to grow in next 12 months	61.5%	60.2%	4/8	53.1%	4/8	62.3%	5/8

BE HEARD.
BE RECOGNISED.



Business activity over the past 12 months

	2016	2016 survey average	Rank 2016	2015	Rank 2015	2014	Rank 2014
Increased employee numbers	19.6%	31.7%	7/8	16.4%	7/8	9.4%	7/8
Improved business management had a major positive impact on their business	15.6%	22.8%	7/8	15.4%	7/8	N/A	N/A
Increasing costs had a major negative impact on their business	26.6%	36.1%	8/8	25.1%	8/8	N/A	N/A
Required funds from an external source	25.2%	59.3%	7/8	27.0%	8/8	30.6%	8/8
Sought external funds for business growth	36.8%	58.5%	7/8	25.0%	8/8	31.6%	8/8
Found it easy or very easy to access external finance	48.7%	31.5%	1/8	50.0%	4/8	53.7%	2/8

Planned business activity over the next 12 months

	2016	2016 survey average	Rank 2016	2015	Rank 2015	2014	Rank 2014
Expect to increase employee numbers	24.3%	40.5%	7/8	19.9%	7/8	14.5%	7/8
Definitely expect to introduce a new product, service or process unique to their market or the world	10.6%	21.2%	6/8	6.8%	7/8	N/A	N/A
Expect to grow their e-commerce presence to a large extent	11.0%	33.7%	7/8	9.6%	7/8	N/A	N/A
Expect revenue from overseas markets to grow strongly	6.0%	15.9%	7/8	7.1%	7/8	N/A	N/A
Expect to grow their investment in assets strongly	7.3%	21.2%	7/8	8.0%	7/8	N/A	N/A
Expect to increase their focus on training	23.6%	37.2%	6/8	N/A	N/A	N/A	N/A
Definitely will seek external funds	8.6%	26.5%	7/8	8.0%	8/8	10.6%	7/8
Expect easy to very easy access to finance	24.6%	29.0%	4/8	39.1%	4/8	44.6%	2/8

Social media, e-commerce and technology

	2016	2016 survey average	Rank 2016	2015	Rank 2015	2014	Rank 2014
Earned revenue from online sales	38.2%	69.4%	7/8	37.0%	7/8	32.6%	7/8
Used social media for business purposes	55.8%	79.7%	7/8	56.5%	7/8	46.5%	7/8
Business internet connection is fast enough for their needs	55.5%	46.2%	2/8	N/A	N/A	N/A	N/A

Demographics

	2016	2016 survey average	Rank 2016	2015	Rank 2015	2014	Rank 2014
Business is 10 years old or younger	50.8%	64.3%	7/8	55.6%	7/8	52.9%	7/8
Respondent is aged 39 or younger	17.9%	50.5%	7/8	25.7%	7/8	17.7%	7/8

Summary

Small business conditions were somewhat positive in New Zealand in 2016 - with the majority of respondents from New Zealand stating their business grew in 2016. This outlook appears set to improve strongly in 2017, with a large majority of businesses expecting to grow; despite an uncertain global economic outlook.

New Zealand small businesses have improved one spot from the previous survey and are now the sixth most positive market in 2016 of the eight markets surveyed, with 58 per cent of respondents reporting that their business grew – with New Zealand and Vietnam being the only markets where the percentage of businesses that grew in 2016 was higher than 2015. New Zealand results bettered Australia and Singapore but remain well below Indonesia and Vietnam.

New Zealand small businesses expect that this somewhat positive result will improve strongly in 2017, with 71 per cent of New Zealand respondents expecting their small business to grow – bettering Singapore, Australia and Hong Kong but behind the Indonesia and Vietnam.

This is New Zealand's strongest small business growth expectations reading since New Zealand was included in the survey in 2011. The increase is the largest of all the markets included in this survey.

Small business confidence in the growth prospects for New Zealand's economy in 2017 are reasonably strong and is up slightly from the last survey and betters Australia, Singapore, Hong Kong and Malaysia, but well below Indonesia, Vietnam and Mainland China. Supporting the 'rock star' label attached to New Zealand's economy, New Zealand recorded the largest percentage increase in the number of businesses that expect their local economy to grow in 2017.

The superior performance of New Zealand's small business sector in comparison to Australia is having a positive impact on jobs, with one in five of New Zealand's small business respondents stating that they added to the total number of their employees in 2016, nearly double the figure of Australia. New Zealand was the only market in the survey where expectations for an increase in employee numbers in 2016 matched what occurred – in all other markets expectations exceeded what actually occurred.

Reflecting improving business and economic confidence, even more of New Zealand's small businesses expect to create jobs in 2017 with 24 per cent predicting they will add staff in 2017.

New Zealand and Australian small businesses continue to be significantly less likely to use social media for business purposes compared with businesses from Asia, with over 40 per cent of New Zealand small businesses stating that they don't use social media for business purposes.

This lack of social media use may be impacting the growth of some New Zealand small businesses, with the survey results again showing that businesses, including in New Zealand that use social media for business purposes being significantly more likely to be growing than those that are not.

Similarly, large numbers of New Zealand small businesses continue to not sell online in comparison to their competitors in Asia. This trend is likely to continue into 2017 with only a small percentage of New Zealand small businesses expecting to grow their e-commerce presence to a large extent.

Again, this may be impacting the growth of some New Zealand small businesses, with the survey results also showing that businesses selling online are significantly more likely to be growing than those that are not.

New Zealand small businesses are less likely to expect to focus on growing revenue from exporting in 2017 than their peers from Asia. This may be contributing to lower growth prospects amongst some New Zealand small businesses as the survey results also show that business that are expecting to grow their revenue from overseas sales are significantly more likely to expect to grow than those who are not expecting to grow revenue from exporting.

Small businesses in New Zealand remain less likely to expect to definitely invest in innovation than small businesses from most of the other markets - although the percentage is up slightly from the last survey and is higher than Australia and Singapore. Again, this lack of focus on innovation may be impacting the growth of some New Zealand small businesses with the survey results showing that businesses that definitely expect to invest in a new product, process or service that is unique to their market or the world are significantly more likely to be expecting to grow their business. The strong focus on innovation by New Zealand's government may have contributed to this increased focus on innovation.

Reflecting the stronger business and economic confidence, New Zealand's small businesses are more likely to increase their focus on training in 2017 than Australian small businesses. Increasing the focus on training is one of the building blocks for future business success.

Like Australian small businesses, New Zealand small businesses are significantly less likely to have accessed external finance than small businesses from Asia. With stronger business and economic confidence, we would have expected a strong increase in the number of New Zealand businesses accessing finance to invest back into their business. Difficulties accessing finance cannot be blamed for this as New Zealand businesses reported enjoying the easiest financing conditions in 2016 of all the markets surveyed. Where appropriate, New Zealand small businesses should be considering accessing external funds to help them take advantage of New Zealand's positive economic environment.

Where New Zealand small businesses accessed external finance, banks continue to be the main source of that finance, with other forms of finance being significantly less popular.

Reflecting a more positive business environment, there was an increase in the percentage of New Zealand businesses that sought external finance for business growth purposes in 2016 from 2015.