

Australian & New Zealand Small Businesses Feeling Brunt of Inflation as Consumers Spending Less

BRISBANE, AU, September 18, 2024 – Small-to-medium businesses (SMBs) in Australia and New Zealand are feeling the brunt of inflation more than the United States (U.S.), United Kingdom (U.K.) and Canada, according to a 2024 study conducted by global digital marketing and automation platform, [Constant Contact](#).

The company's [Small Business Now: Holiday Crunch](#) report found that, in response to inflationary pressures, 60 per cent of A/NZ consumers are reducing spending at SMBs – the highest of any region polled. According to the report, 43 per cent of A/NZ SMBs have had to increase costs to combat inflation – slightly below the global average (44 per cent).

“Small businesses make up almost 98 per cent of businesses in Australia and New Zealand, and supporting them right now will genuinely help some of these businesses survive the economic storm,” said Renee Chaplin, VP Asia Pacific, Constant Contact.

“Big businesses have the economy of scale to weather inflation and decrease costs in the face of competition. But small businesses are rarely in this position and instead need to find ways to stay top of mind and connect with the community to keep them coming back.”

A/NZ SMBs less reliant on end-of-year spending than other regions

Unlike the U.S., Canada and the U.K., A/NZ SMBs are less reliant on spending over the Christmas and New Year period to boost spending.

U.S. businesses are significantly more dependent on Q4 (Oct-Dec) and, therefore, feel the most pressure to drive revenue during this time than other regions. However, in A/NZ SMBs report to have the most evenly distributed dependency throughout the year, with just 29 per cent feeling the most pressure to drive revenue during this period (Q4) - the lowest among polled regions. A/NZ businesses report a fairly even distribution in pressure throughout the year, with 23 per cent in Q1 (Jan-Mar), 25 per cent in Q2 (Apr-Jun) and 23 per cent in Q3 (Jul-Sep).

“It’s reassuring to see that the Christmas and New Year period isn’t ‘make or break’ pressure for small business as is the case in other regions,” said Chaplin.

“Although, it’s clear that SMBs are missing an opportunity to further drive revenue in what is typically the busiest spending season of the year for many industries – particularly at a time when, regardless of inflation, people are looking to spend more than usual.

“It comes down to marketing and being prepared in areas like labour and training for staff. SMBs in Australia and New Zealand seem to be lagging behind their global counterparts.”

CEO and Founder of the Small Business Association of Australia, Anne Nalder, believes this can be attributed to the culture in Australia and New Zealand.

“The ‘she’ll be right’ mentality in this region is a part of who we all are, but it doesn’t bode well when it comes down to a small business owner assessing how their business is going, and whether they’ll be able to survive some of the hardest times we’ve seen for businesses in this country in thirty years,” said Nalder.

“Small businesses do need to be taking opportunities to educate themselves, train their staff and promote their business. Communication is essential to being competitive, and many small businesses don’t prioritise it enough.”

A/NZ region slowest to think about Christmas/New Year period spending and marketing

The report found that A/NZ consumers begin to plan on spending over the Christmas and New Year period at the last minute.

The report found that 72 per cent of A/NZ consumers typically only start thinking about end-of-year spending from October onwards, with 26 per cent beginning their end-of-year spending plans in October, 28 per cent in November and 18 per cent in December – the latter of which is the highest among polled regions.

“The opportunity is there for SMBs to drive revenue at a time when local customers are looking to spend in what, comparatively to the world, is a relative flurry,” said Chaplin. “But much like their customers, A/NZ SMBs are leaving things to the last minute when it comes to marketing and promotion.”

SMBs in the ANZ region tend to start marketing for this busy end-of-year rush later than in other regions, according to those surveyed.

In fact, nearly half (48 per cent) of ANZ SMBs surveyed wait until Q4 (18 per cent in Oct, 20 per cent in Nov and 10 per cent in Dec) to start preparing their marketing for the peak spending period of Christmas and New Year. By way of comparison, just 40 per cent of SMBs in the U.S., 31 per cent in the U.K. and 41 per cent in Canada start marketing preparations as late in the year.

“When customers do have money to spend, SMBs need to have those customers thinking of them first,” said Chaplin. “Now granted, ANZ consumers typically start to think about holiday shopping later than other regions, but that’s no reason to wait. In tight economic times, being first to market and working hard to be top-of-mind is not only smart, it’s good business practice.

“A focus on customer service should also be a priority for small businesses in the lead up to peak spending periods, which can often be an afterthought,” said Nalder. “This stems from the owner level down, and it can really impact a business if they don’t get this right — so it’s important to make the time and invest in training of employees.”

Lack of Marketing Budget Amid Inflationary Environment

In some cases, the reason for a lack of marketing may come down to financial constraints and budgets, particularly amid an inflationary environment.

Budget limitations were cited by 38 per cent of A/NZ businesses as the biggest barrier to marketing ahead of and during the Christmas and New Year period – slightly above the global average of 37 per cent.

“Inflation is clearly having an impact on small business owners who are looking to reduce expenses by trimming the fat where they can,” said Anne Nalder. “It’s important for marketing to continue; this isn’t the time to go into a holding pattern. Embracing new technology to fill gaps in knowledge, or to do the work an owner doesn’t have time to do, can really help companies stay top of mind and compete against the corporations with more people and bigger budgets.”

Research [conducted last year](#) revealed that less than half (49 per cent) of shoppers at a small business receive an email after making a purchase, and 27 per cent never hear from the business again.

“To survive in tough economic times, particularly when competing against big business who have the economies of scale to discount heavily, SMBs must stay top of mind and communication and marketing is essential to that,” said Chaplin.

To learn more about the findings from Constant Contact’s Small Business Now report, [download the report](#).

Study Methodology:

[Constant Contact](#)’s Small Business Now report analyses insights from decision-makers at over 1,600 small businesses – 284 across A/NZ – from companies with 250 employees or less. The study was conducted in Australia/New Zealand, Canada, the United Kingdom and the United States, and results were aggregated to determine global trends. All stats are representative of their associated demographics. The businesses surveyed included those in retail, hospitality, health/wellness, financial and law, technology, real estate, non-profits, professional services, public services, construction/manufacturing, entertainment/recreation and transport SMBs, among others.

It also combines data from over 3,000 consumers – 511 across A/NZ - aged 18+ in each of these regions. The survey was conducted by [Ascend2 Research](#) in August 2024.

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