

Monday, 24 February 2020

## Already 1-in-6 Australian businesses have been affected by the coronavirus (COVID-19)

In mid-February around 1-in-6 Australian businesses (15%) have already been affected by the coronavirus, also known as COVID-19. This new threat to business comes after over a quarter of Australian businesses (28%) said they have been affected by the extensive bushfires over the last few months according to a special Roy Morgan Snap SMS Survey of 1,170 Australian businesses.

### Coronavirus hits Education, Manufacturing and Wholesale industries hard

A little over a week after the Australian Government stopped all direct commercial flights to China in early February the coronavirus (COVID-19) is already striking several industries.

Around two-fifths of Manufacturers are already reporting being affected and closely followed by a third of Education & training businesses and those in the Wholesale industry.

Other industries to already be feeling the effects of the coronavirus include Accommodation & Food services which includes travel and tourism businesses, Community services, Administrative & Support services and Property & Business services.

Respondents to the survey described in their own words the impact the coronavirus was already having and these responses fell into a few broad categories including the issue of workers, or students, being quarantined and kept away from work/study; the impact on supply lines for the import or export of goods and parts to and from China; the decline in forward bookings from Chinese tourists and cancellations by customers in Asia as well as the general hit to confidence which includes a weaker stock-market as well as lower foot traffic in stores due to a combination of the aforementioned.

The issue of quarantine was raised by many businesses:

*'Staff unable to come to work'*

*'We have workers that are in isolation to recover from potential exposure to the virus'*

*'We have a possible case of exposure to deal with'*

*'Staff are away from work because of the possibility of infection'*

*'1 person at our work is under 14 day quarantine at home'*

*'Workers on quarantine leave!'*

*'Our Asian clients are asking about provisions for working at home'*

*'We have enforced staff absence from office due to recent travel to the areas in question'*

*'Some factories – here in Australia – are at half capacity due to workers in quarantine'*

*'People are quarantined in China and can't return here'*

*'Our staff in China are all working from home'*

*'There are many students unable to return due to travel restrictions and quarantine periods'*

*'Many Chinese students are unable to return to their studies in Australia'*

*'Students from China can't return and are banned from travel to Australia'*

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The hit to supply lines runs both ways with importers hit the hardest as the flow of parts and goods from China is halted and products are delayed while at a lesser degree exporters are finding the markets in China are closed for their goods:

*'We have new equipment stuck in China'*

*'There's already been some delay to the arrival of some supplies'*

*'Production of some of our products are in China so there have been delays in manufacturing and delivery'*

*'Less business due to material imports from China'*

*'Our staff have had some concerns unloading containers from China'*

*'Imported goods are being held up'*

*'I import from China so many of my factories have been closed for longer than usual making it hard to keep stock up'*

*'There are definite delays in obtaining orders from factories in China'*

*'We've had problems receiving stock from China'*

*'Access to stock has been hit'*

*'Production delays from Chinese manufacturing plants will impact future deliveries'*

*'Factories in China are still closed and our product isn't being made'*

*'Getting stock out of China has been delayed'*

*'Stock isn't leaving China'*

*'Delays with shipments from China'*

*'Wool exports to China have dropped off a bit'*

*'Commodity prices have fallen'*

*'Loss of export market to China'*

The other impacts felt relate to a decline in forward tourism bookings, and cancellations by Asian customers, as well as the hit to general confidence and the stock-market and all of the above factors are driving lower foot traffic at retail outlets:

*'There's lower than expected forward Chinese tourist bookings'*

*'The travel bans are hitting tourism'*

*'People have more caution travelling, and simply aren't travelling as much'*

*'People don't want to attend seminars where there may be people who have recently travelled in Asia'*

*'We aren't seeing Chinese clients'*

*'There are less tourists from overseas coming through'*

*'Cancellations by customers from Asia'*

*'We have reduced tourism. Particularly after the cancellation of Chinese New Year'*

*'The travel restrictions are hitting tourist numbers'*

*'Our greater China region isn't operating and regional events and travel are mostly cancelled'*

*'We have curtailed travel to and from China and may extend that to other Asian cities'*

*'Cancelled travel'*

*'Business travel has been affected'*

*'No tourists'*

*'Travel to Asian offices for business has stopped'*

*'Our sales are down. Customer orders are one-third of normal'*

*'Customer numbers are 20% off from busy trade'*

*'Confidence is down'*

*'The stock-market has dropped'*

*'People are not getting out to shop and buy'*

*'There's a definite reduction in activity from customers at our bars and restaurants'*

*'Less customers'*

### **Bushfires/Floods strike Tourism, Retail and Property & Business services industries**

A deeper analysis of the industries most heavily impacted by the bushfires/floods shows that over 40% of businesses in the Accommodation and Food services sector, which includes travel and tourism, say they have been affected either 'A great deal' or 'Somewhat'.

Around a third of businesses in the Retail and Property & Business services industries have been affected while there have also been disproportionately large impacts on Manufacturing, Transport, Postal and Warehousing, Public administration & defence, Education & training and Recreation & personal.

Businesses in the East Coast States of Victoria (39%), NSW (31%) and Queensland (23%) have been the most heavily affected by the bushfires/floods. In contrast only 14% of businesses in Tasmania and 11% of businesses in both South Australia and Western Australia have been affected at all.

**Further details on how the recent bushfires affected Australian businesses can be found [here](#).**

### **Roy Morgan Chief Executive Officer Michele Levine says the long bushfire season has finally ended with drought-breaking rains in recent weeks however the new threat of coronavirus is a growing threat to the recovery of the Australian economy:**

*"The new threat of coronavirus (COVID-19) that has emerged in recent weeks is already hitting the business community in much of Australia – and in several states including Western Australia, South Australia and Tasmania – has already had a bigger impact than the bushfires.."*

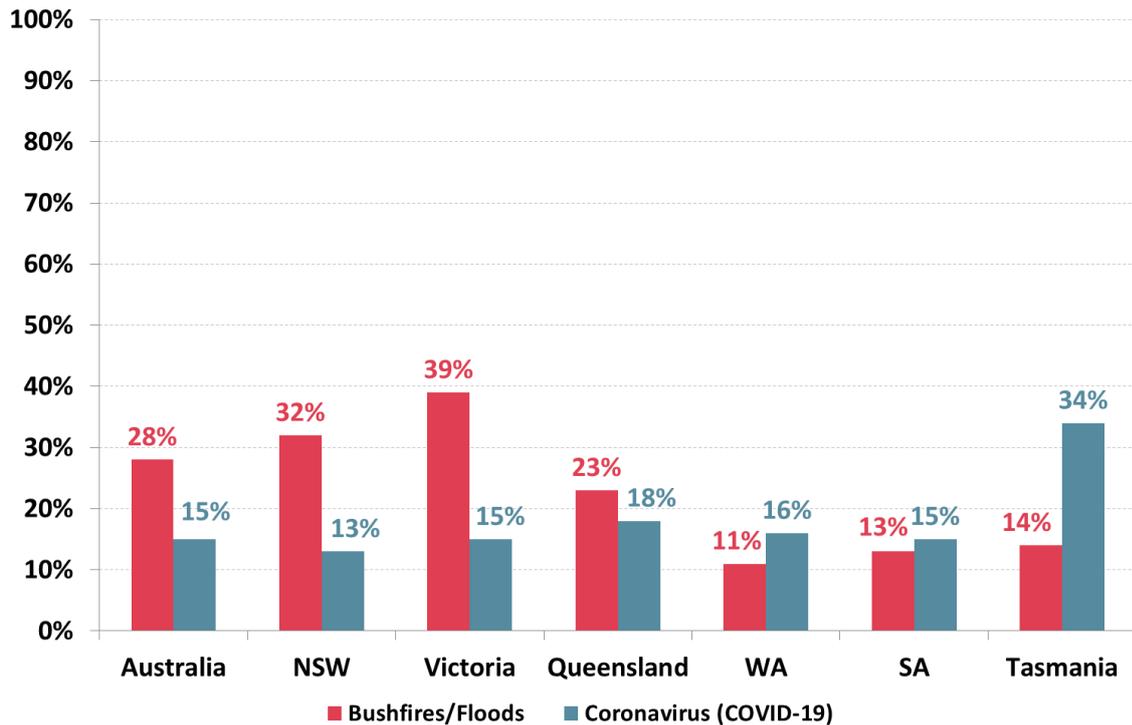
*"The Australian Government halted all flights from China in early February and that ban is still in place on a week-to-week basis as the spread of COVID-19 in China is being monitored."*

*"Already feeling the effects are Manufacturing businesses which rely on China for the importation of many parts, Education & training – China is the largest source of foreign students in this \$35+ billion industry and Wholesale which imports many goods manufactured in China for sale at Australian retail outlets."*

*"The Tourism industry is also in the firing line as Chinese tourists (the largest inbound tourism market) are barred from visiting Australia until further notice. In addition, the all-round impact of the coronavirus is having an increasing impact on general confidence which in turn has a negative effect on retail foot traffic. We've already seen restaurants close due to the decline in customers particularly in places heavily reliant on Chinese-owned businesses such as Chinatown."*

*"It is hard to predict exactly how the full impact of the coronavirus will be felt in the Australian economy over the next few months although it's safe to say that the negative economic 'shock' is set to grow after outbreaks of the virus have been seen in such diverse places as South Korea, Iran and Italy over the last few days."*

## Businesses affected by the bushfires/floods cf. coronavirus around Australia by State



**Source:** Roy Morgan Special Snap SMS Poll of Australian businesses in February 2020, n=1,170.  
**Base:** Australian businesses.

### Impact of the coronavirus on Australian Businesses

	Feb 11-13, 2020 Australian Businesses	States					
		NSW	VIC	QLD	SA	WA#	TAS#
	%	%	%	%	%	%	%
A great deal	2	1	2	5	5	-	-
Somewhat	8	8	11	9	4	8	1
A Little	5	4	2	4	6	8	33
<b>TOTAL</b>	<b>15</b>	<b>13</b>	<b>15</b>	<b>18</b>	<b>15</b>	<b>16</b>	<b>34</b>
<b>NOT AT ALL</b>	<b>85</b>	<b>87</b>	<b>85</b>	<b>82</b>	<b>85</b>	<b>84</b>	<b>66</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

#Sample sizes with fewer than 50 respondents should be treated with caution.

## Impact of the bushfires/floods on Australian Businesses

	Jan 21-22, <u>2020</u>	Feb 11-13, <u>2020</u>	<u>States</u>					
	<u>Australian Businesses</u>		<u>NSW</u>	<u>VIC</u>	<u>QLD</u>	<u>SA</u>	<u>WA#</u>	<u>TAS#</u>
	%	%	%	%	%	%	%	%
A great deal	7	5	7	11	1	1	-	-
Somewhat	10	16	17	26	16	4	-	-
A Little	9	7	8	2	6	8	11	14
<b>TOTAL</b>	<b>26</b>	<b>28</b>	<b>32</b>	<b>39</b>	<b>23</b>	<b>13</b>	<b>11</b>	<b>14</b>
<b>NOT AT ALL</b>	<b>74</b>	<b>72</b>	<b>68</b>	<b>61</b>	<b>77</b>	<b>87</b>	<b>89</b>	<b>86</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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### About Roy Morgan

Roy Morgan is Australia's largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 75 years' experience collecting objective, independent information on consumers.

**For further comment or more information contact:**

**Roy Morgan Enquiries Office: +61 (3) 9224 5309 or [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).**

### Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
1,000	±3.0	±2.7	±1.9	±1.3