Te Waka
Anga Whakamua Waikato

Waikato Regional Business Sentiment Survey February 2021

Objective The Waikato Regional Business Sentiment Survey is designed to provide a snapshot of business confidence regarding the future state of their business and the economy.

History The survey was run for the the first time in August 2020. This is the second survey.

Methodology Between 15 February and 12 March 2021 responses were collected via online survey. During this period Auckland went into Level 3 lockdown and the Waikato went to Level 2.

BUSINESS CONFIDENCE

When asked to reflect on business confidence at a national, Waikato, sector and business level - these were the results:

34% net confidence in own business[1]

11% net confidence in sector economy versus **-10%** in the August 2020 survey

11% net confidence in Waikato economy versus **-14%** in the August 2020 survey

-3% net confidence in NZ economy versus **-31%** in the August 2020 survey

1. This question was altered from the August 2020 survey, no comparison is available as a result
2. Net confidence is calculated by taking the difference of those who see deterioration to those who see improvement

While overall economic confidence has improved from August 2020, respondents remain more optimistic about their own business performance compared to their sector, Waikato or New Zealand economic performance as a whole.

SKILLS SHORTAGES

Skills Shortages remain a key theme.

67% of respondents believe there is a skills shortage versus **54%** in the August 2020 survey

79% of respondents with 11+ employees believe there is a skills shortage versus **74%** in the August 2020 survey

48% believe the shortage is driven by a lack of skilled NZ residents

4% believe the shortage is driven by a lack of skilled immigrants

48% believe the shortage is driven by a mix of a lack of skilled NZ residents and skilled immigrants

KEY SECTORS WITH SKILLS CHALLENGES

Construction	85%
Manufacturing	84%
Primary Industries	84%
Transport	83%

When considering the type of skills shortage a business has, **management and leadership skills and specialised technical skills** feature prominently in responses.

STAFF NUMBERS

25% ↑ **22%** ↓
Respondent employee percentage change since this time last year

35% ↑ **7%** ↓
Respondent employee change looking ahead to the next six months

30% ↑ **35%** ↓
Respondent employee change looking ahead to the net six months for 1-10 FTE

52% ↑ **11%** ↓
Respondent employee change looking ahead to the net six months for 11+ FTE

Those with 11+ FTE were more likely to take on staff in the next six months.

Te Waka
Anga Whakamua Waikato

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CHANGES TO EMPLOYEE WORK PATTERNS

61%
no change to employee hours worked
versus **56%** in the August 2020 survey

7%
increased staff hours
versus **6%** in the August 2020 survey

7%
decreased staff hours
versus **25%** in the August 2020 survey

15%
mix of increased and decreased staff hours
versus **13%** in the August 2020 survey

8%
of respondents noted remote working had continued
versus **17%** in the August 2020 survey

15%
of Hamilton CBD continue to work remotely
versus **28%** in the August 2020 survey

Other districts with significantly different remote working situations versus the region included Waikato District at 10% and Waipā at 13%.

GREATEST CHALLENGES

Overall respondents saw the top ten challenges in the current economic environment as:

	February 2021	August 2020
1	COVID-19 impact 56%	COVID-19 impact 68%
2	Wage rate/cost of staff 47%	Wage rates/cost of staff 37%
3	Skills shortage/challenge recruiting 44%	Declining market 33%
4	Increasing price of goods 36%	Recruting issues 26%
5	Material input costs 30%	Increasing competition 22%
6	Logistics & distribution: import/export 21%	Material input costs 19%
7	Declining market 18%	Lack of finance 18%
8	Transport issues 15%	Weather related challenges 15%
9	Increasing competition 15%	Fuel price 12%
10	Lack of finance 14%	Transport issues 11%

Significant changes occurred in the top ten challenges when consider skills shortages, logistics, transport and materials costs.

SALES

January to December 2020

33% of respondents recorded increased sales compared to 2019

TOP THREE SECTORS

- Retail Trade 49%
- Construction 45%
- Manufacturing 42%

A significant decrease was recorded for the hospitality sector with 74% recording reduced sales. 17% of these recording 50% or more reduction.

January to June 2021

45% of respondents are forecasting increased sales compared to the same period last year

TOP THREE SECTORS

- Health Services 61%
- Manufacturing 60%
- Construction 57%

Administration Services, Arts and Recreation Services, Education, IT Services, and Professional Services all have greater than 50% projected increase.

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SUPPLY CHAIN DISRUPTION

41%
of respondents reported disruption with imported product distribution

31%
of respondents reported disruption with NZ purchased product distribution

14%
of respondents reported disruption with NZ sold product distribution

7%
of respondents reported disruption with export of products sold

Supply chain disruption a new theme occurring in various ways for respondents.

PRICE CHANGES

58%
of respondents are considering raising prices

BUSINESS PLANNING TOOLS

Respondents recorded increased planning tools in the areas of:

CASHFLOW FORECASTING
57%
versus **53%** in the August 2020 survey

PERFORMANCE REPORTING
45%
versus **33%** in the August 2020 survey

BUSINESS CONTINUITY PLANNING
36%
versus **32%** in the August 2020 survey

ASSET MANAGEMENT PLANNING
22%
versus **15%** in the August 2020 survey

Business with 11+ employees continue to have more business planning tools in place across all business tools queried:

	1-10 employee business	11+ employee business
Business plans	55%	75%
Cashflow forecast	49%	75%
Personnel plan	28%	47%
Business continuity plan	30%	50%

LOOKING AHEAD – business support

32%
of all respondents noted they do not need any support
versus **36%** in the August 2020 survey

The top three areas respondents felt they continue to need support include:

BUSINESS STRATEGY
28%
versus **24%** in the August 2020 survey
29% vs. 27%
1-10 employees | 11+ employees

MARKETING
27%
versus **28%** in the August 2020 survey
29% vs. 22%
1-10 employees | 11+ employees

DIGITAL OPTIMIZATION
25%
versus **26%** in the August 2020 survey
29% vs. 19%
1-10 employees | 11+ employees

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RESPONDENT OVERVIEW

565
respondents

A significant response rate consistent in size to the August 2020 survey (589) and greater than ANZ National Business Confidence Survey

81%
Limited Liability Company

8%
identified as Māori or Pasifika businesses

96%
of respondents were Business Owners or Senior Managers

Respondents are largely business owner or senior manager (96%), knowledgeable about their own business and with invested interest in their business future (compared to 80% August 2020 survey).

Majority of those sampled are SME's (consistent with August 2020 survey).

FOOTNOTES:

- Respondent profiles do not align to either district population or sector GDP contributions responses are indicative as a result .
- Sector refers to the primary sector in which the business operates.
- Results have been rounded to enable summation of data, some rounding errors may occur.
- All insights and observations are provided from the 565 responses received.
- Surveys were conducted via online survey.

GEOGRAPHIC REPRESENTATION OF RESPONDENTS

	February 2021	August 2020
Hamilton Total	240	236
- Hamilton non-CBD	155	NA
- Hamilton CBD	85	NA
Waikato	69	42
Waipā	56	53
Thames-Coromandel	54	69
Matamata-Piako	47	51
Ōtorohanga	27	34
South Waikato	25	52
Hauraki	23	24
Taupō	17	8
Waitomo	7	20
Overall Total	565	589

SECTOR REPRESENTATION OF RESPONDENTS

	February 2021	August 2020
Admin/Support Services	5	7
Arts and Recreation	17	17
Construction & Related	67	39
Education	18	13
Financial Services	10	18
Health Services	33	27
Hospitality & Tourism	77	96
IT & Communications	16	25
Manufacturing	55	41
Mining	1	2
No Response	10	5
Other Services	71	79
Primary Industries	37	31
Professional Services	53	83
Real Estate & Related	5	16
Retail Trade	63	70
Transport & Related	12	8
Wholesale Trade	15	12
Overall Total	565	

Sentiment Survey data collection took place 15 February to 12 March 2021 by Te Waka in partnership with Waikato Regional Council, Hamilton City Council, Waikato Chamber of Commerce, Hamilton & Waikato Tourism, Hamilton Central Business Association, South Waikato District Council, Hauraki District Council, Matamata Piako District Council, Ōtorohanga District Council, Ōtorohanga District Development Board, Thames Coromandel District Council, Destination Coromandel, Waipā District Council, Cambridge Business Chamber, Waitomo District Council and Legendary Te Kuiti.