

# The State of SMEs in New Zealand

## May 2023



A survey of small to medium sized New Zealand businesses



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## 1. Summary

New Zealand is a nation of small and micro enterprises, with SMEs totalling 546,000 and making up 99% of all businesses.

Whilst the past three years have presented countless challenges for SMEs, New Zealand SMEs have well and truly survived the pandemic and experienced significant growth due to the shift to digital which occurred during this time. As a result, the New Zealand SME market now represents a unique microcosm which has been largely unaffected by the volatility of global events and economic uncertainty. Whilst neighbouring countries like Australia have seen mass redundancies, employee dissatisfaction and forced in office working policies, New Zealand businesses have retained staff, emphasised workplace culture and have plans to expand locally or overseas.

Given these unique factors, our team at Pin Payments, an online payments provider for small-to-medium sized businesses, decided to undertake research into the SME landscape to better understand what makes New Zealand businesses so unique.

The survey we conducted had a sample pool of over 300 respondents who either owned an SME or were employed at an management or executive level in one. The results provided us with a unique snapshot of the state of play in New Zealand for SMEs.

We're excited to share these results and celebrate what makes New Zealand unlike any other country in the world, when it comes to operating a business.



**Chris Dahl & Caitlin Zotti**  
Co-CEOs  
**Pin Payments**

## 2. Overview: SMB demographics

# What does a typical New Zealand SME look like?



### SMEs are well-established in New Zealand

Most have been operating for over 3 years but only sell to 1-50 customers.



### B2C and retail rule the business roost in New Zealand

Majority sell to consumers followed by retail.



### Businesses have big plans despite the economy

Most New Zealanders are worried about the global economy but still have plans to expand.



### Most businesses still work from home or in a hybrid fashion

- Flexibility is still key in workplaces across the nation with 60% percent still working either remotely (from home or outside the workplace) or in a hybrid fashion.
- Over 88% said their working style had not changed in the last 12 months.



### New Zealand is a digitally savvy nation

Over 81% currently take online payments and over 81 use digital tools to manage their business.



### New Zealanders embrace artificial intelligence

New Zealanders do not see AI as a threat but as a revolutionary tool which could better business.



### Global redundancies have not hit New Zealand businesses

Most businesses have been largely protected from tech and business layoffs, with 75% stating they did not have to retrench staff in the last 12 months.

### 3. Online payments insights



#### **New Zealand online payments ahead of the game**

81.5% of New Zealand businesses currently accept online payments, with just 18% remaining who do not accept online payments.

#### **SMEs confident with online payments**

89.4% said they were not looking to improve how they manage online payments.

#### **Breakdown of payment types**

87% use bank transfers as their main type of online payment.

57% use credit cards as a method to take online payments.

22.7% of businesses use Buy Now Pay Later.

Very few businesses use BPAY anymore, with only 8.5% of respondents including BPAY as a business payment method.



#### 4. Digital tools insights




#### New Zealand businesses are digitally savvy

81.5% of respondents stated they currently use digital tools to manage their business.

## How are New Zealand SMEs using digital tools?

 70% use digital tools for accounting

 45% use digital tools for running operations

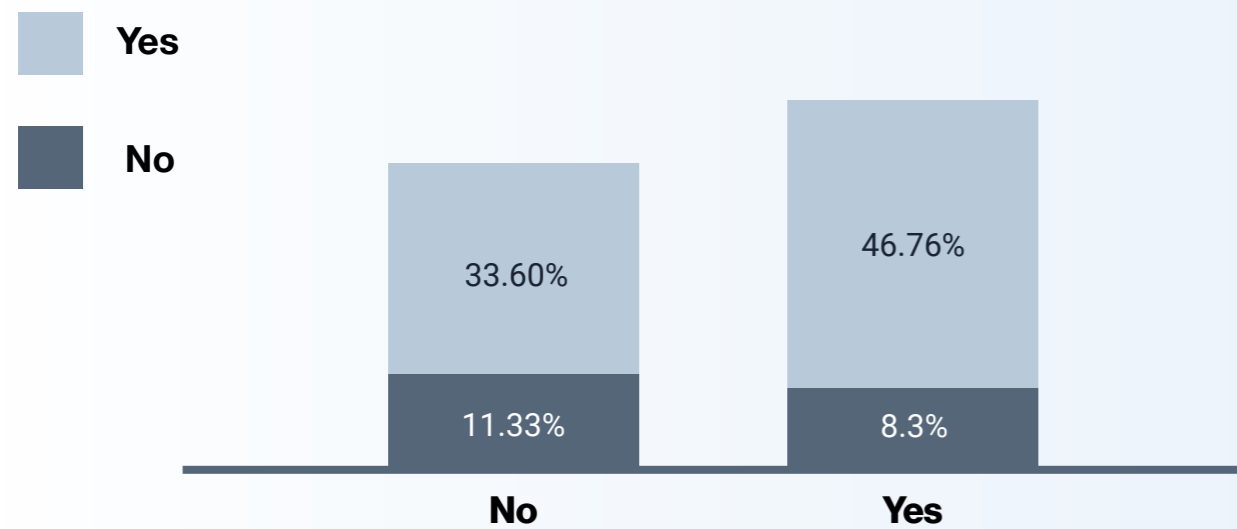
 44% to grow sales

 40% to enhance marketing

## 5. Future growth plans

### Kiwi businesses are set to boom

57.4% said they had future growth or expansion plans.




Do you have any future growth or expansion plans?

### To those who answered yes

- 47% are already accepting online payments for their business.
- 60.9% plan to sell to different customer base.
- 30% to sell overseas.
- 28.2% to change their business model.



## 6. Industry insights



Have New Zealanders gone back to the office like other countries?

- **60% still work either remotely** (from home or outside the workplace) or in a hybrid fashion.
- **88.1% said their working style has not changed** in the last 12 months (only 11 said yes).
- **Only 35.6% work in a physical office or store.**

- **New Zealanders have been largely protected by retrenchment** (as has been happening globally).
- **Retaining staff is important to New Zealand businesses,** who implement strategies to keep staff.

## 7. Staff and culture

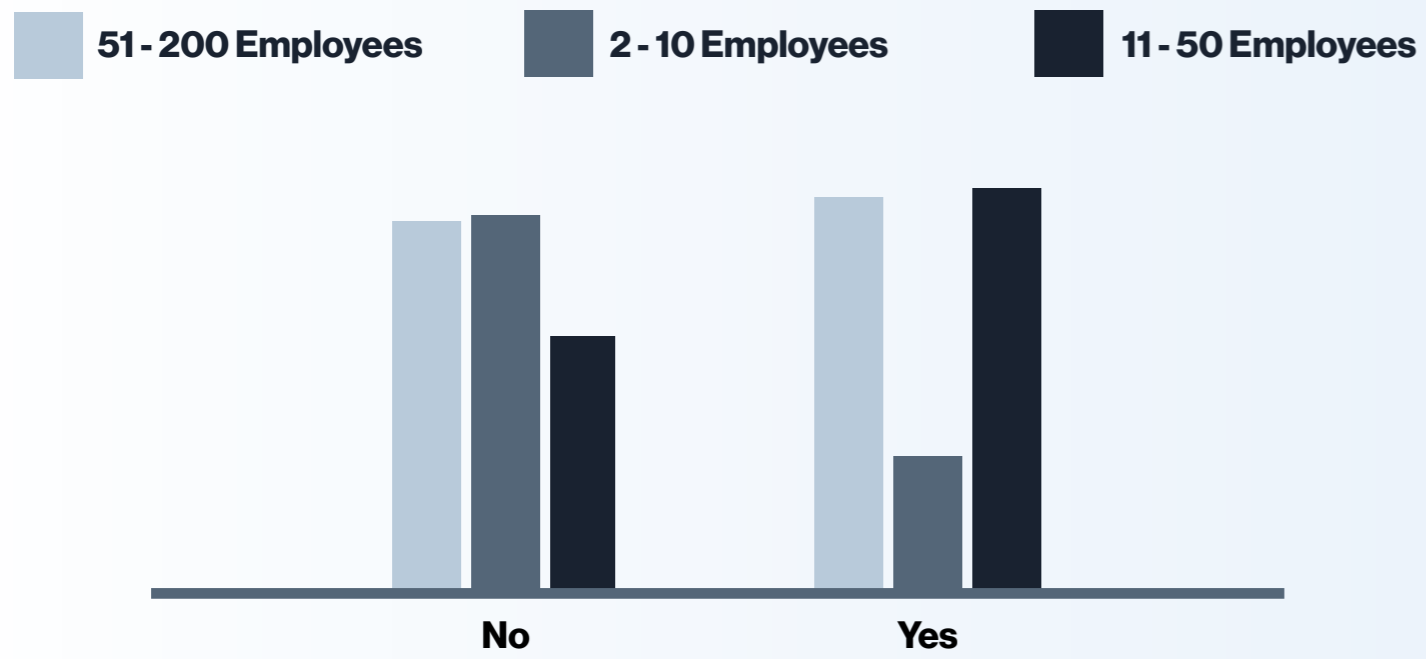


# New Zealand SMEs have been shielded from international economic uncertainty and redundancies

- Over 75% said they did not have to retrench staff in the last 12 months

- Businesses with more than 11 employees are more likely to retrench their staff





Has your business had to retrench staff due to financial or other considerations in the last 12 months?





To keep staff happy and avoid turnover, the SMEs in the survey implemented these strategies.

Good wages

Increased pay

*Benefits*

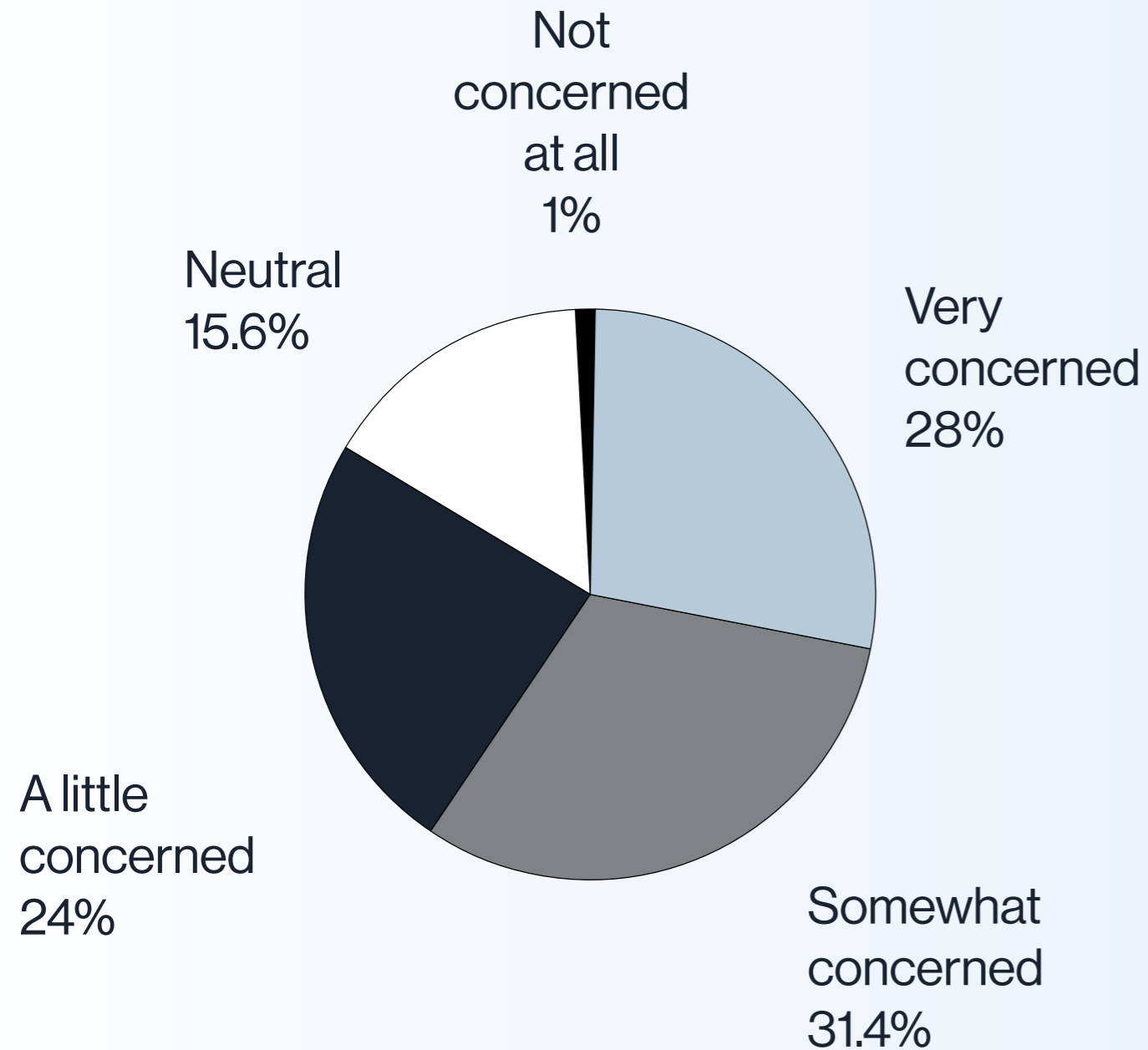
*Training*

Bonus

Flexible work

Leaves

## 8. Economic outlook



### Majority of New Zealand businesses are concerned about the current state of the economy

83% had some level of concern regarding the economy.

60% said they were either very concerned or somewhat concerned about the economy.

15% were neutral and 23.4% were a little concerned.

## 9. Artificial intelligence (AI)

# SMEs are open to the exciting prospects AI could bring to their business

- 28% said they saw AI as a revolutionary tool.
- Only 7.3% said they saw it as a threat.



**Overall businesses see AI as a tool which could change business for the better, with very few people seeing it as a true threat.**

Why do some businesses see AI as a threat?

Humans losing jobs

*Implications of Chat GPT upon businesses*

**The changing nature of work and jobs**

***Automation***

Why do some businesses see AI as revolutionary?

*It will reduce time on tasks*

**Its ability to do mundane tasks**

Enhance efficiency

Smarter AI

**It will remove repetitive tasks**

**Make tasks easier for humans**

*Streamline processes*

Create better tech

## 10. Key takeaways



**New Zealanders are still working from home or in a hybrid fashion:** flexibility is still key in workplaces.

**New Zealanders do not see AI as a threat** but as a revolutionary tool which could better business.

**Most entrepreneurs come from Auckland,** followed by Christchurch.

**Most have been operating for over 3 years** but only sell to 1 - 50 customers.

**Majority sell to consumers** followed by retail.

**Most businesses have plans to expand** despite the uncertainty surrounding the economy.

**New Zealand is a digitally savvy nation:** 81% take online payments and 81% use digital tools.

## 11. About the research

The survey of 303 small business owners in New Zealand was conducted by PureProfile and commissioned by Pin Payments.

## Further information

For further information please visit our website.

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