

SMEs fret over competitive pressure and weak consumer demand

While SMEs globally are generally optimistic about the future, they remain concerned about the risks of high competition and the associated impact of dumping on sales margins, and weak consumer demand/overstocking. The Zurich 2014 SME survey also shows that concern over cyber risks has almost doubled since 2013.

Zurich, November 25, 2014 – In a recent study on behalf of Zurich, 3,800 senior executives of small and medium sized businesses (SMEs) around the world were asked to list the top three risks faced by their businesses. The latest report follows on from surveys published [in September 2014](#), showing that SMEs are generally more optimistic, and [in October 2014](#), which revealed that new customer segments and cost/expense reduction are the most commonly identified opportunities.

Most SMEs surveyed are concerned about the risks of high competition and the associated impact of dumping on sales margins, as well as weak consumer demand/overstocking. Theft ranks third among the biggest risks globally, though it is a lower priority than in the prior year.

Failure of partners and suppliers was one of the top three risks in the Middle East & Africa (17%), while only 7% of companies in Asia Pacific were concerned about it.

While cyber-crime is one of the lowest ranked risks globally, concern about it has almost doubled since 2013. In Malaysia, cyber-criminality is perceived as the 3rd biggest risk faced by SMEs today, and it ranks 4th in Turkey. [A recent report by Advisen and Zurich](#) shows that 52% of big companies in the U.S. have already purchased cyber

liability insurance and 54 % of those who haven't purchased coverage said they were considering doing so in the next year.

Corruption is a more important risk for SMEs in South Africa (16%), Mexico (13%) and Morocco (13%) than for Europe (7%). Generally, concern about corruption has increased moderately in almost all countries since 2013, and strongly in Switzerland where it rose to 12%.

Mike Kerner, Zurich's CEO General Insurance, said: "These findings strongly suggest that smaller companies around the world are mostly focused on risks that are likely to affect their bottom line rather than tail risks like supply chain or natural catastrophes that could destroy their business. It is also interesting to see that smaller companies are growing more worried about cyber-crime. While it is one of the lowest ranked risks globally, concern about it has almost doubled since 2013. Our role as an insurer is to help companies and individuals understand all their risks, prioritize them and protect themselves against them."

Regional differences

In Europe, SMEs are more focused on customer and employee safety, particularly in Germany (24%) and Austria (32%) where it is an even greater concern than lack of consumer demand/overstocking.

Companies in Latin America are generally more concerned about theft, raising the global average, with the exception of Brazil which sees a greater emphasis on legal and fiscal problems (16%), the potential failure of a partner or supplier (18%) and fire (17%).

In the Middle East & Africa, concerns over the potential failure of a partner or supplier in Morocco (25%) and Turkey (24%) lifted the regional average for this risk to 17%, above health and safety risks in fourth place (15%).

Similarly, in Asia-Pacific concerns over natural catastrophes and unpredictable weather in Hong Kong (28%) and Taiwan (34%) lifted the regional average to 21%, while this is of less concern to SMEs from the other countries.

Further information

Zurich's second annual SME survey was carried out by research company GfK in summer 2014. The leaders of 3,800 small and medium sized enterprises (0 to 250 full-time employees) around the world were asked to identify up to three risks faced by their business in 2014. A representative sample of 200 CEO/owners, general managers, CFO/treasurers, COO/head of operations from each of the following 19 countries were included: Argentina, Australia, Austria, Brazil, Germany, Hong Kong, Ireland, Italy, Malaysia, Mexico, Morocco, Portugal, South Africa, Spain, Switzerland, Taiwan, Turkey, United Arab Emirates and the UK.

Supporting material

- **Presentation 'SME – biggest risks'** with detailed survey results available in [English](#) and [German](#).
- **Infograph** available in English.
- **Video** with quotes from **Mike Kerner, CEO General Insurance**: watch the video in our **Videos Library** or download it from our **Multimedia Pressroom**.
- [Light-hearted online risk game – How would you survive in the wild?](#)

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Contact

Zurich Insurance Group Ltd
Mythenquai 2, 8022 Zurich, Switzerland

www.zurich.com

SIX Swiss Exchange/SMI: ZURN, Valor: 001107539

Media Relations

phone +41 (0)44 625 21 00, fax +41 (0)44 625 26 41

twitter [@Zurich](https://twitter.com/Zurich)

media@zurich.com