

Key risks for small and medium enterprises (SMEs) in 2015

Global survey report

October, 2015

Group Marketing & Communications Insights



Key risks for small and medium enterprises in 2015

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Key risks for small and medium enterprises in 2015

Method



Telephone Interviews (CATI)
Average length: 6 minutes

Sample structure



200 interviews per country,
representative for SMEs relating to
enterprise size (in terms of
full-time employees) and industry

Target Group



SME
(0-250 Full-time employees)



CEO/Owner, GM,
CFO/Treasurer,
COO/Head of Operations

Indication of differences

Throughout the report, significant
differences (95% confidence level)
are highlighted through **Letter**
Codes which indicate the
comparison data set

Illustrative example

2015 (a)	2014 (b)	2013 (c)
17.0 ^{b,c}	8.0	8.8
14.5	20.5	33.2 ^{ab}
29.5 ^c	28.5 ^c	17.6
9.5	10.0 ^c	4.8
8.5	5.0	6.4

Indication of a trend in 2015

If fieldwork conducted in 2015, 2014 and 2013

 2015 score is significantly higher vs. 2013 and NOT significantly lower vs 2014

 2015 score is significantly lower vs. 2013 and NOT significantly higher vs 2014

If fieldwork in 2015 and 2014 only

 2015 score is significantly higher vs. 2014

 2015 score is significantly lower vs. 2014

Key risks for small and medium enterprises in 2015

Europe						
						
Switzerland (2013-2015)	Austria (2014-2015)	Germany (2013-2015)	Ireland (2013-2015)	Italy (2013-2015)	Portugal (2013-2015)	Spain (2013-2015)
Latin America			North America			
						
Brazil (2013-2015)	Mexico (2013-2015)	USA (new 2015)				
Middle East & Africa						
						
Morocco (2014-2015)	Turkey (2014-2015)	UAE (2013-2015)				
APAC						
						
Hong Kong (2014-2015)	Malaysia (2014-2015)					

Management summary

Key risks for small and medium enterprises in 2015



Key risks for small and medium enterprises in 2015

2015 global results

- i) From a total list of 14 potential business risks, **'High competition/dumping prices impacting sales margins'** and **'Lack of consumer demand'** are of the greatest concern. **'Corruption'** and **'Riots and malicious damage'** are the two business risks SMEs worry about the least.
1 out of 10 SMEs do not foresee any risks for their businesses at present.
- ii) 2015 results show similar response patterns among the different regions and countries for the most and least concerned business risks with a few exceptions:
 - SMEs in **LATAM** are more concerned about the risk of **'Fire'** (ranked 4th) than most SMEs in other regions. However, this seems to be particularly true for SMEs in **Brazil** – more so than for their Mexican peers.
 - SMEs in the **USA** seem to be more worried about **'Technological vulnerabilities / IT failures'** (ranked 5th) than SMEs in any of the other countries.
 - **'Natural catastrophes / unpredictable weather'** ranks 3rd as a key risk amongst SMEs in **APAC** – higher than in many of the other markets.
 - Comparing European countries, SMEs in **Germany** and **Austria** are particularly concerned about **Customer or employees health & safety** (ranked 3rd).
 - Unlike other MEA countries, SMEs in **UAE** are much less concerned about **Failure of partners and suppliers** (ranked 15th vs. 3rd in Morocco and Turkey).

Key risks for small and medium enterprises in 2015

Global results over time

Emerging trends in the comparison of response patterns of global SMEs over time (i.e. 2013, 2014, and 2015).

- i) Whilst '**lack of consumer demand**' always was and still remains a key concern (ranked 2nd), its importance has increased substantially over time.
- ii) Rising concerns about potential business risks can also be observed for '**legal and fiscal problems**' and '**reputation damage**' (now ranked 3rd and 4th respectively in 2015).
- iii) SMEs around the world are less concerned about business risks '**theft**' and '**failure of partners & suppliers**' (now ranked 5th – down from 3rd in 2013 and 8th respectively – down from 4th in 2013).

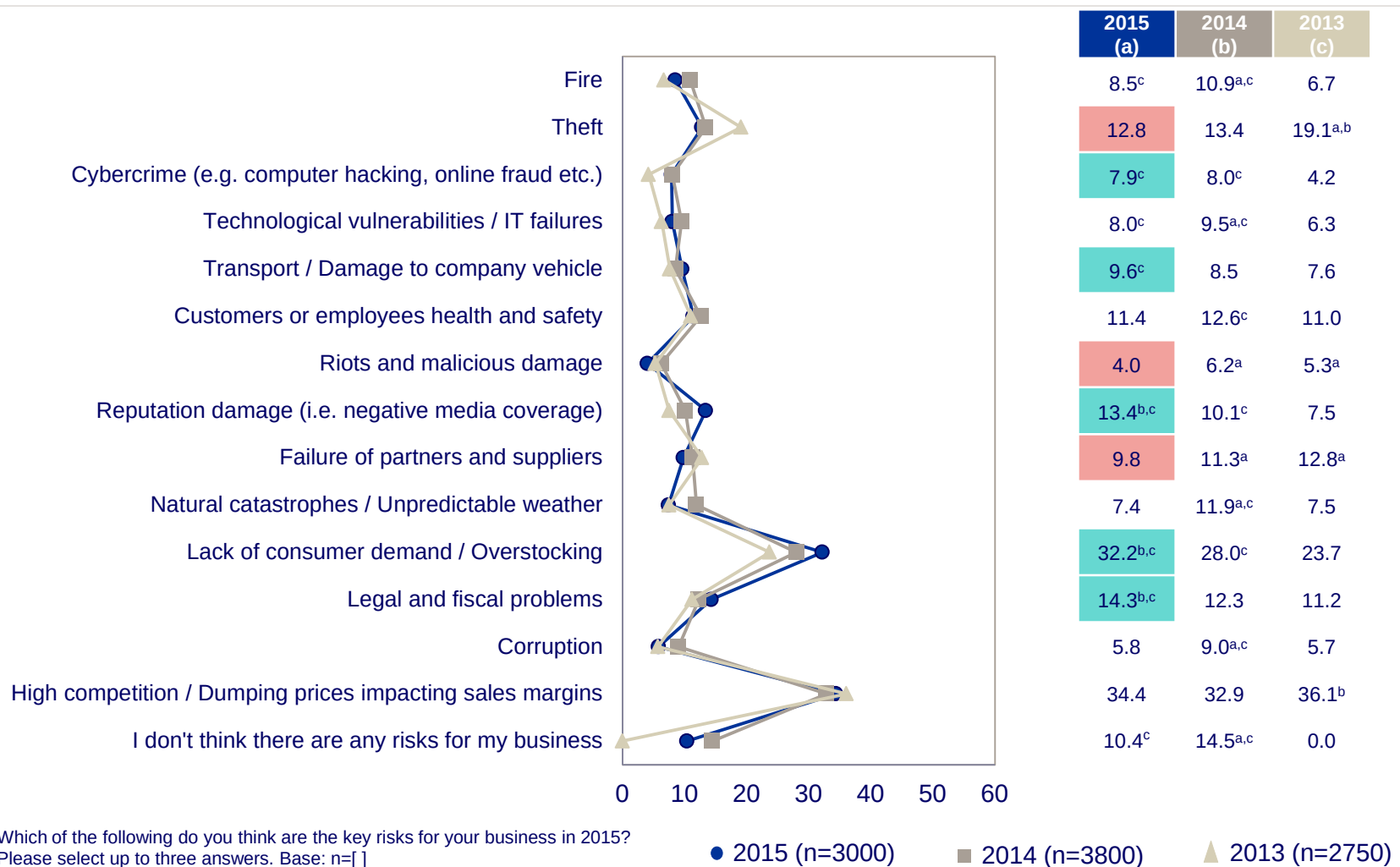
Global results

Key risks for small and medium enterprises in 2015



Global results: The importance of 'lack of consumer demand' as a business risk increased substantially over time

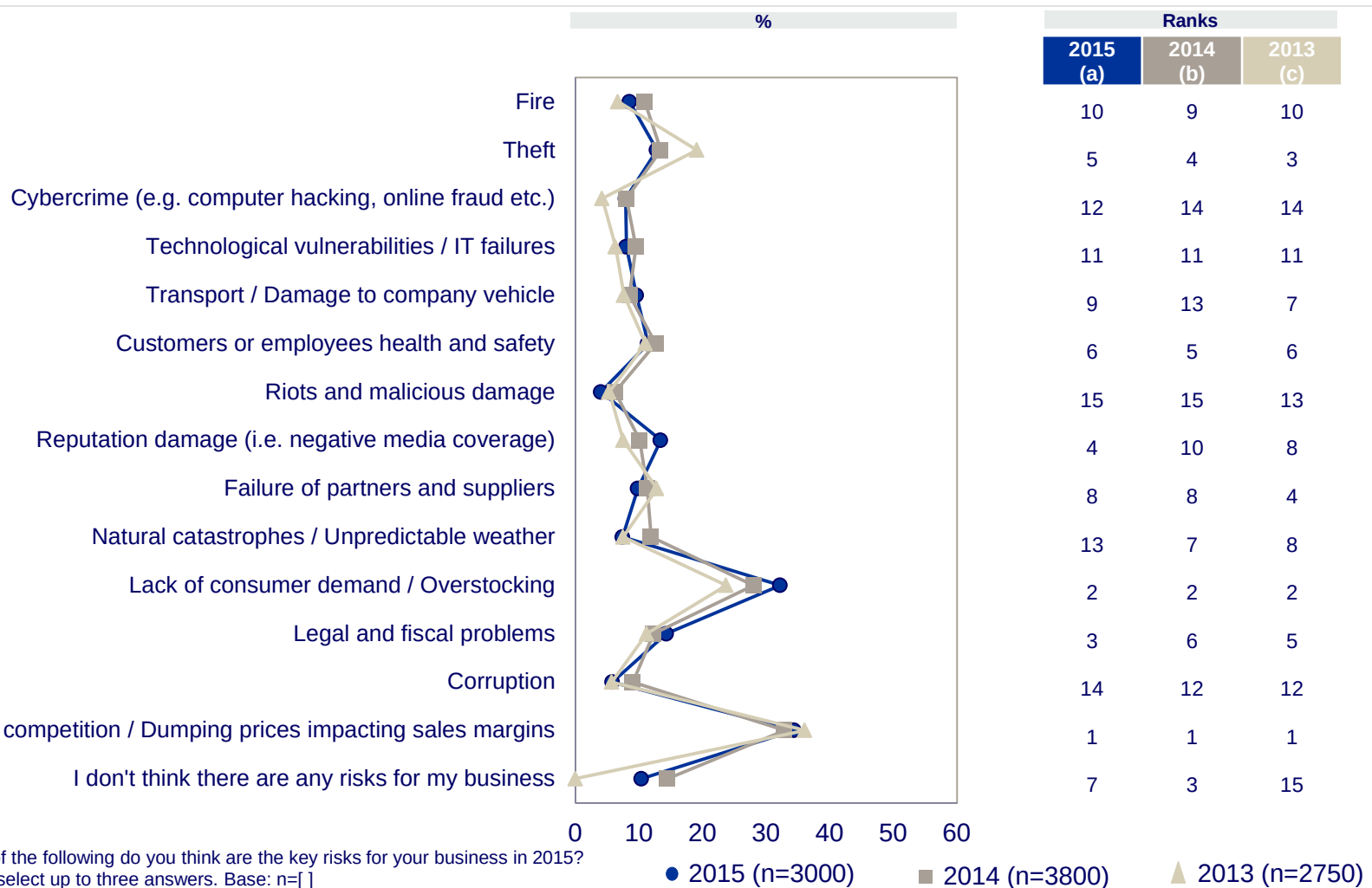
Key risks for small and medium enterprises / statistics in %
All countries



Global results: As in previous years, the greatest concerns of SMEs are 'high competition' and 'lack of consumer demand'

Key risks for small and medium enterprises / statistics in % and ranks

All countries



Results by region

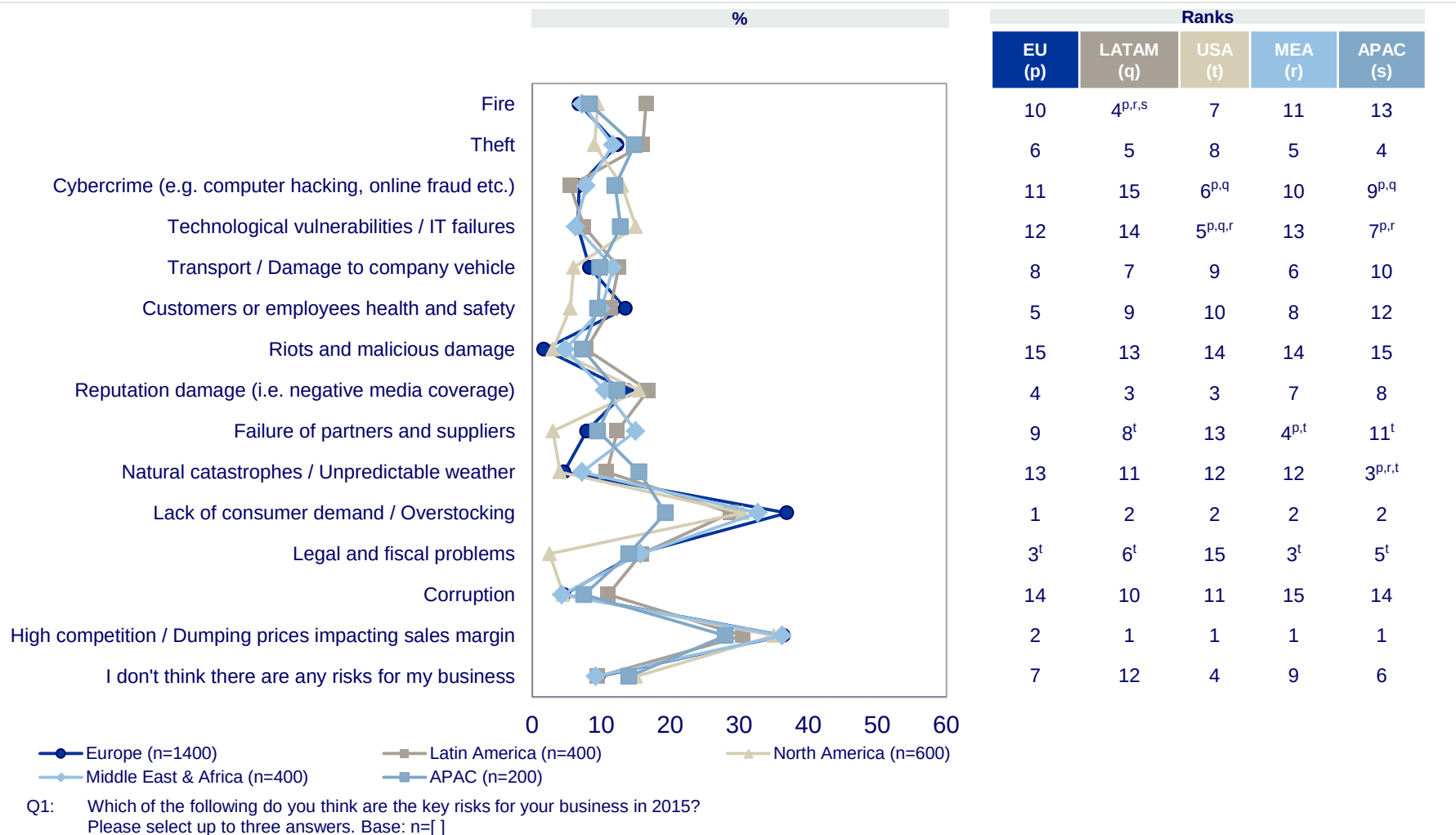
Key risks for small and medium enterprises in 2015



Regional comparison: 'High competition' and 'lack of consumer demand' are the greatest concerns in all regions

Key risks for small and medium enterprises in 2015

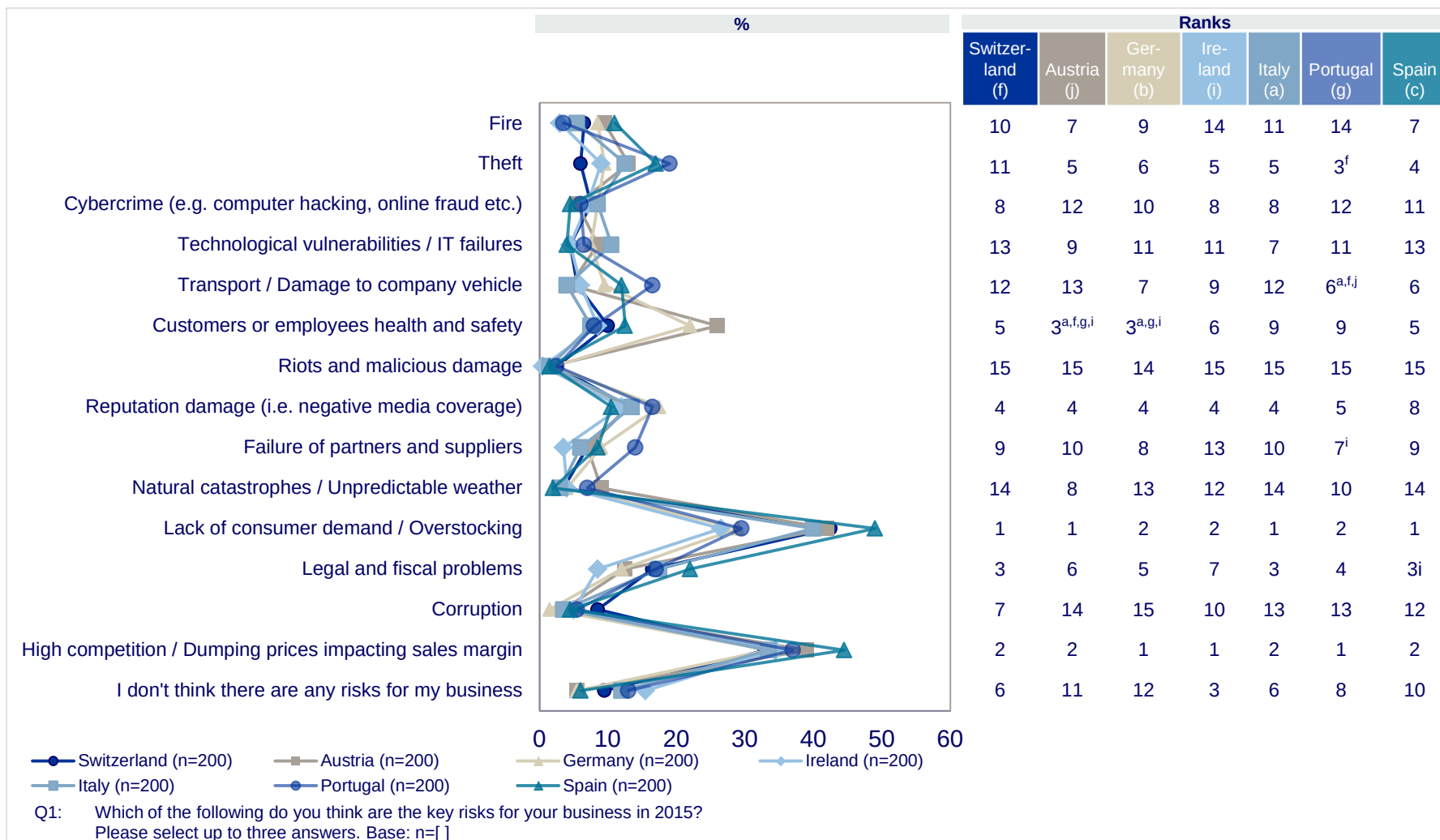
Regional comparison / statistics in % and ranks



In EUROPE: 'Customers or employee health & safety' is of higher concern in Germany and Austria

Key risks for small and medium enterprises in 2015

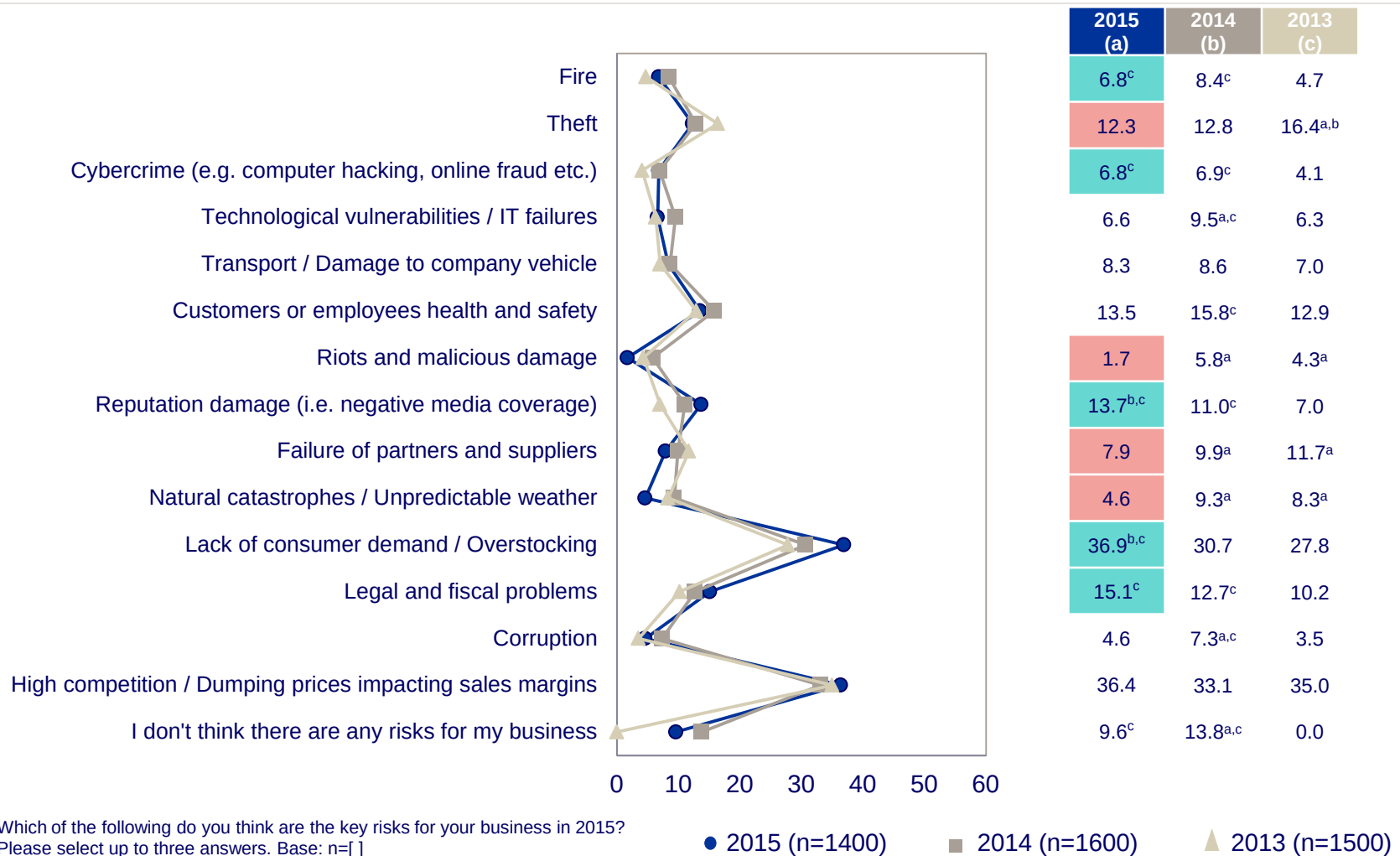
Europe / statistics in % and ranks



In EUROPE: 'Lack of consumer demand' is perceived as an increasing risk

Key risks for small and medium enterprises

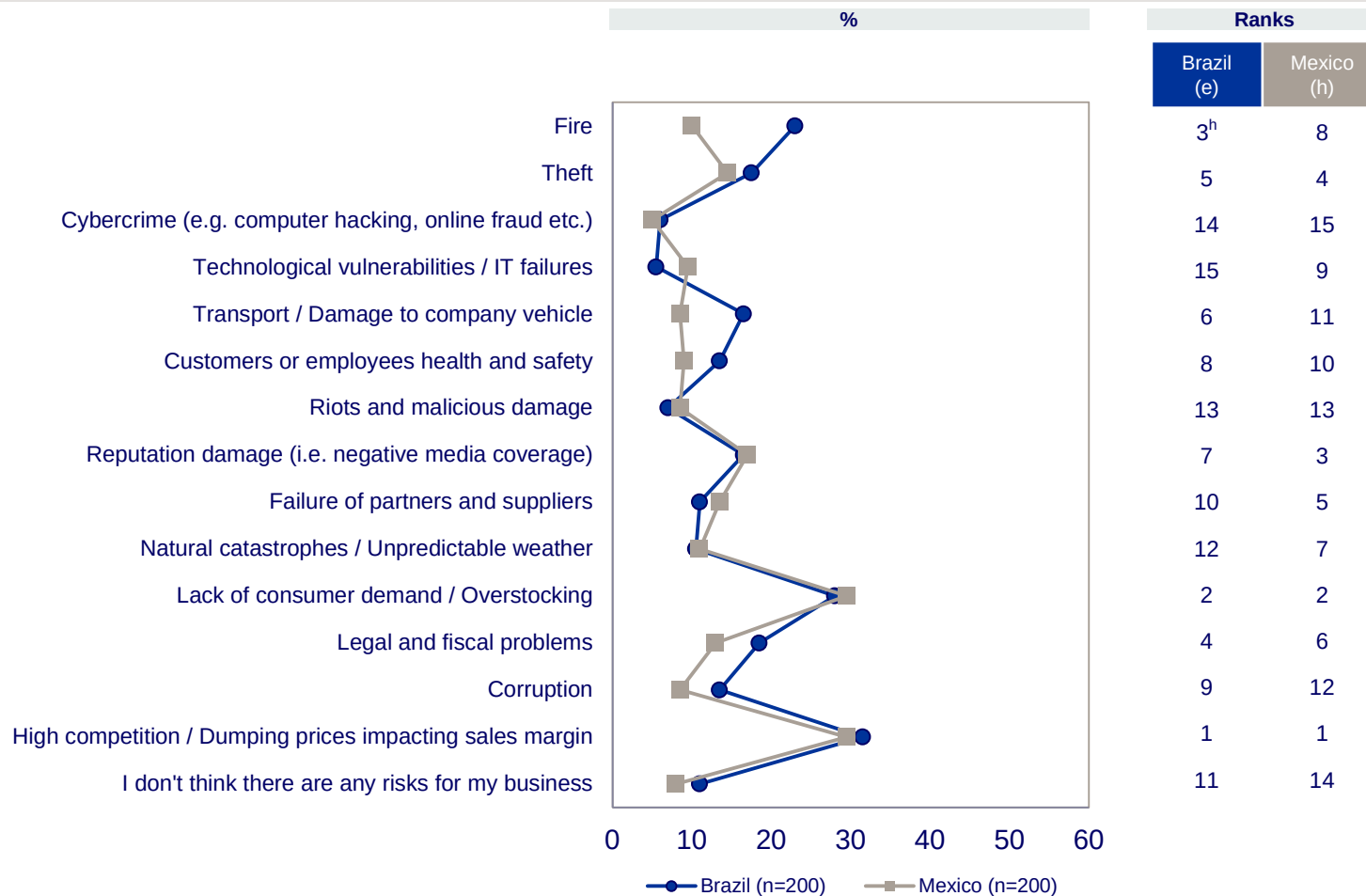
Europe / statistics in %



In LATAM: 'Lack of consumer demand' and 'high competition' are perceived to be the key risks

Key risks for small and medium enterprises in 2015

Latin America / statistics in % and ranks

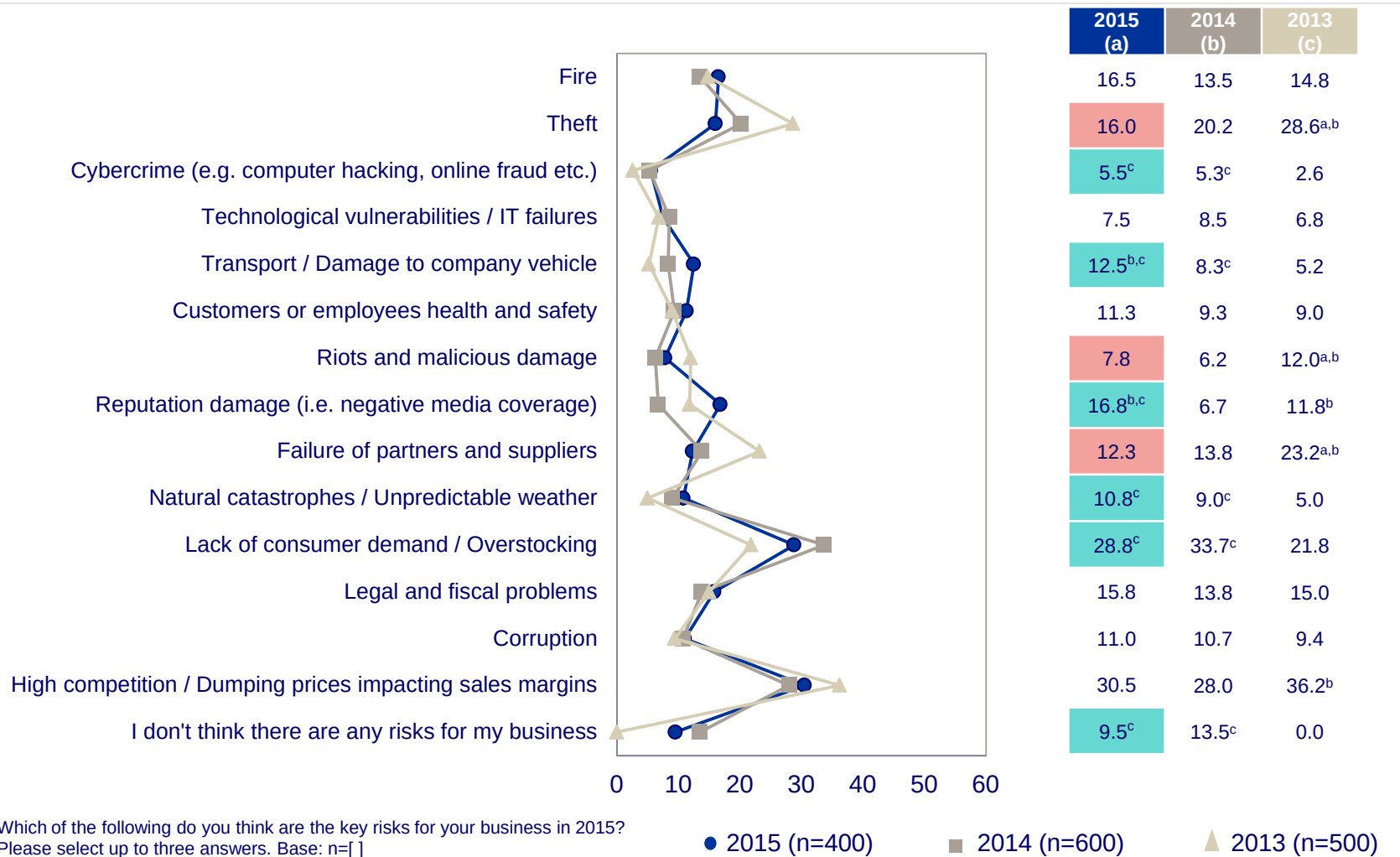


Q1: Which of the following do you think are the key risks for your business in 2015?
Please select up to three answers. Base: n=[]

In LATAM: 'Theft' is perceived to be a steadily decreasing risk for SMEs

Key risks for small and medium enterprises

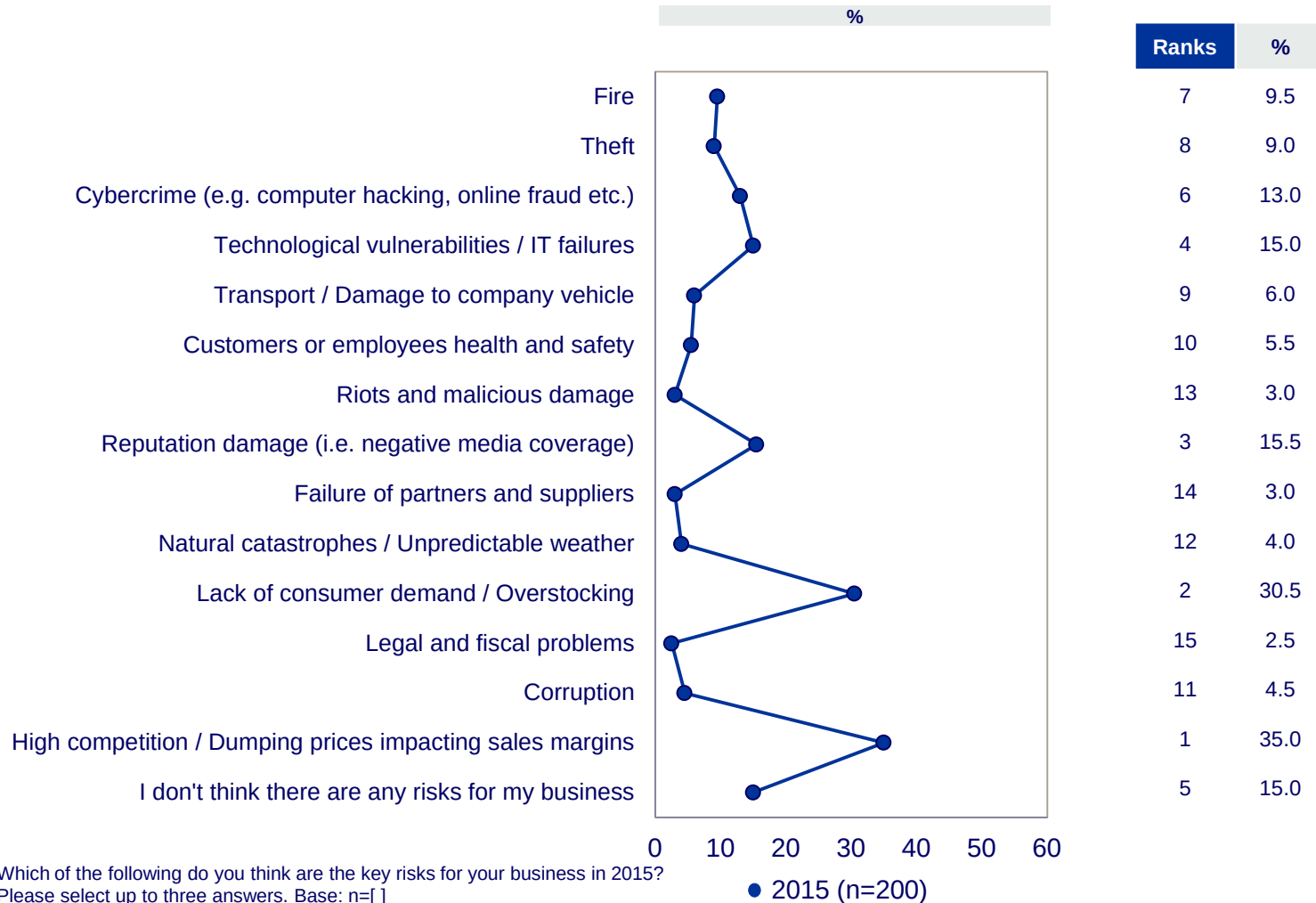
Latin America / statistics in %



In USA: The main concerns of SMEs are 'high competition' and a 'lack of consumer demand'

Key risks for small and medium enterprises in 2015

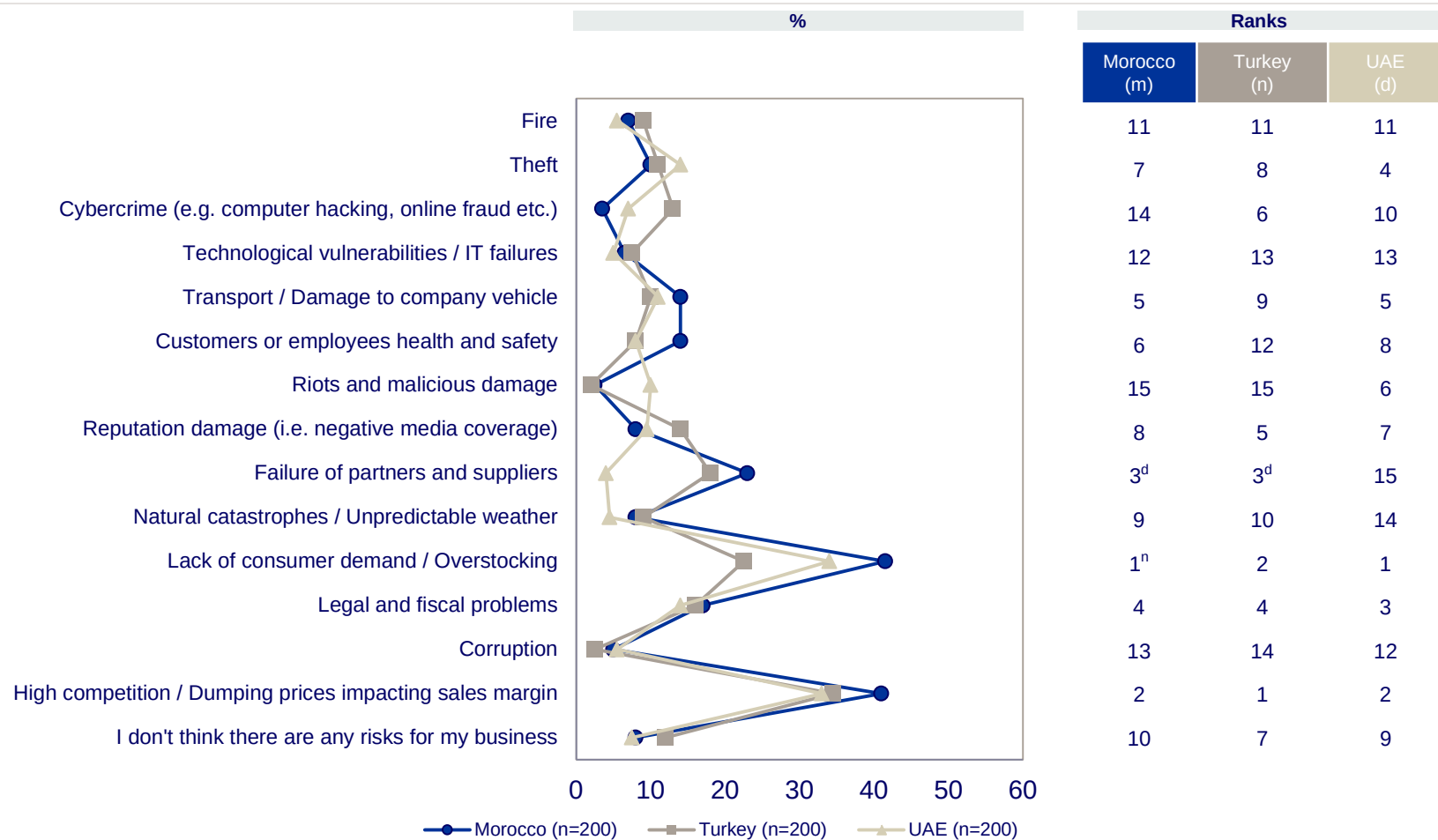
USA / statistics in % and ranks



In MEA: Different from other MEA countries, SMEs in UAE are less concerned about 'failure of partners and suppliers'

Key risks for small and medium enterprises in 2015

Middle East & Africa / statistics in % and ranks

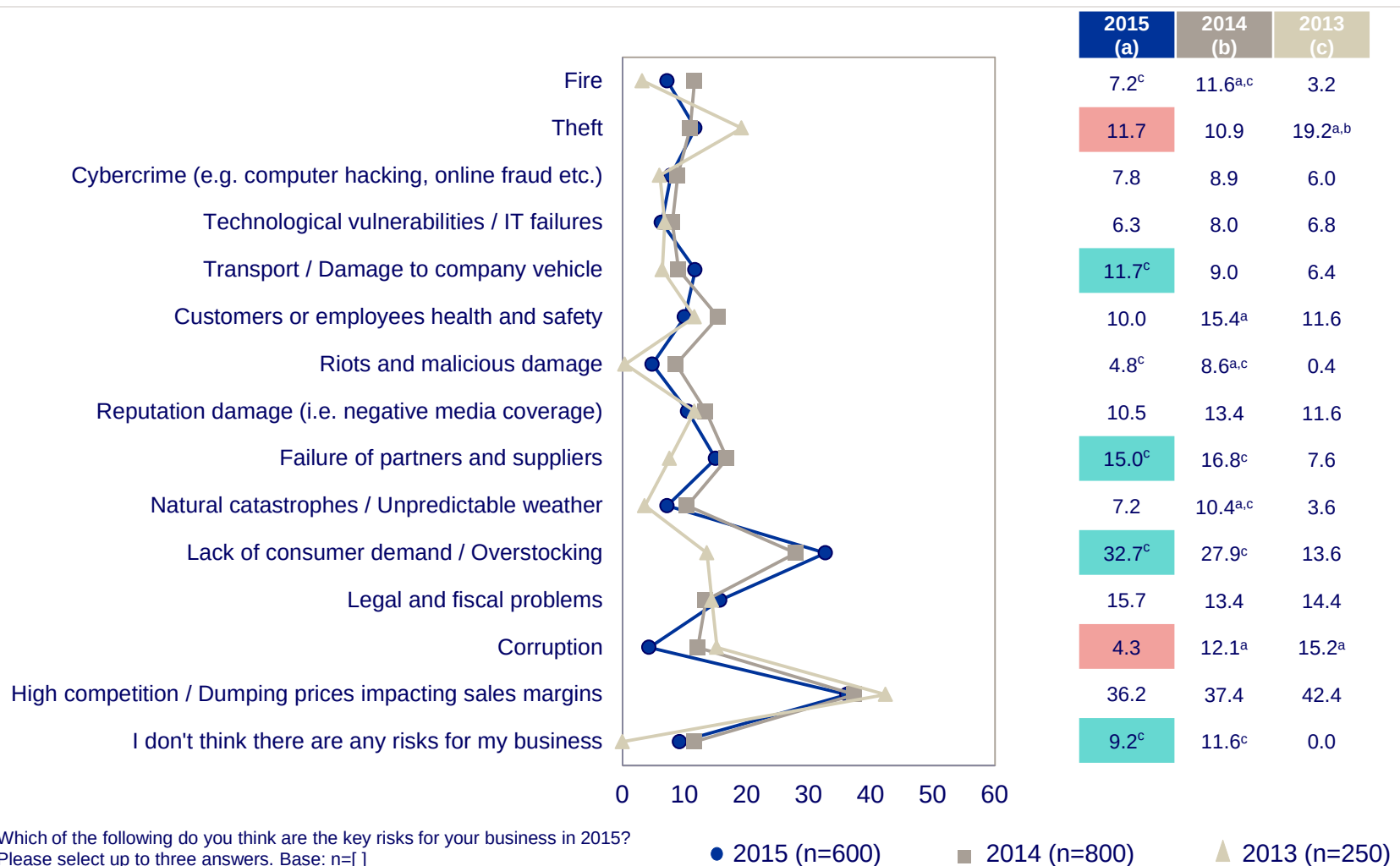


Q1: Which of the following do you think are the key risks for your business in 2015?
Please select up to three answers. Base: n=[]

In MEA: Whilst 'lack of consumer demand is a growing concern, 'corruption' is a decreasing one

Key risks for small and medium enterprises

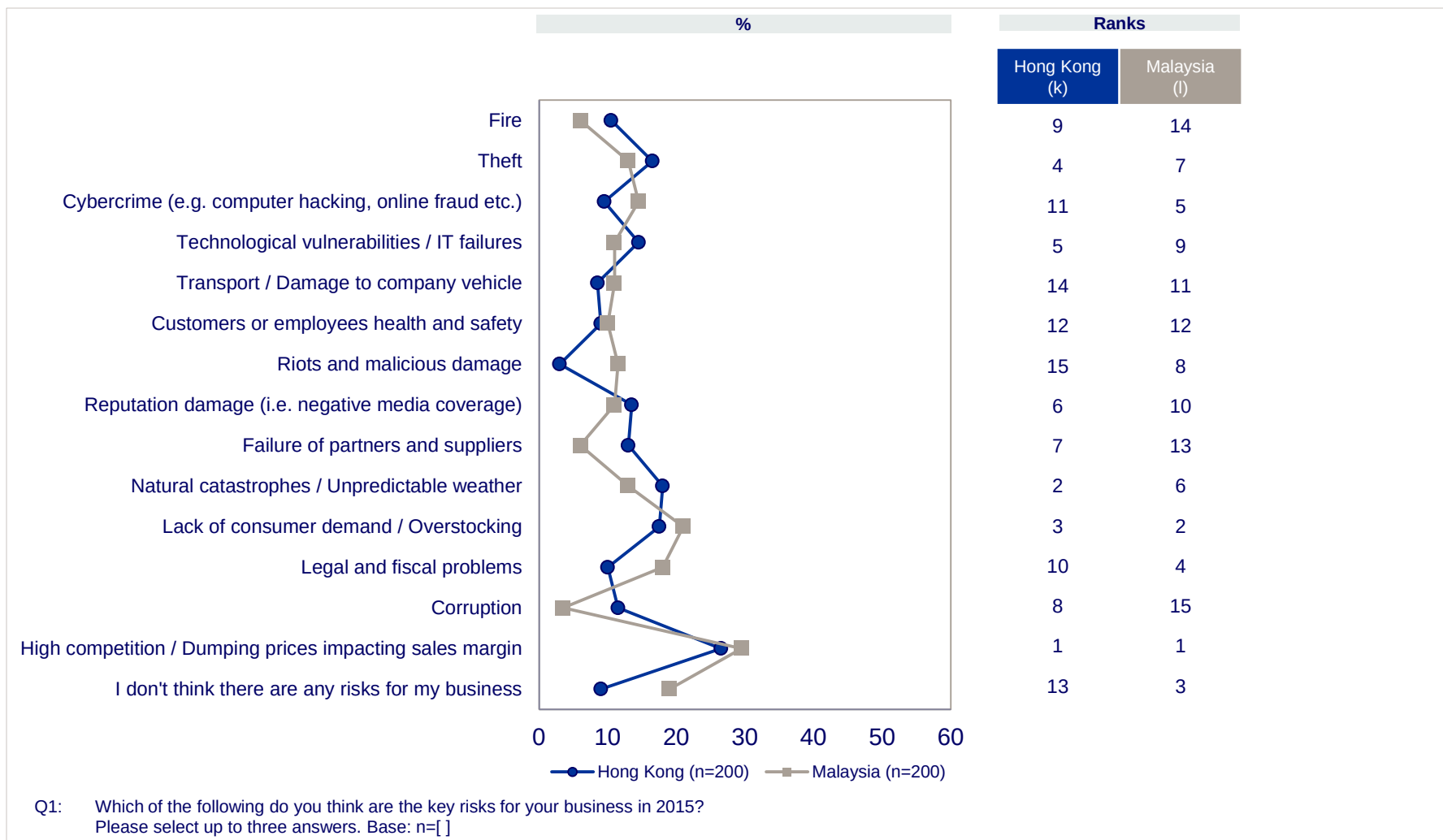
Middle East & Africa / statistics in %



In APAC: 'High competition / dumping prices' is the top concern shared across Hong Kong and Malaysian SMEs

Key risks for small and medium enterprises in 2015

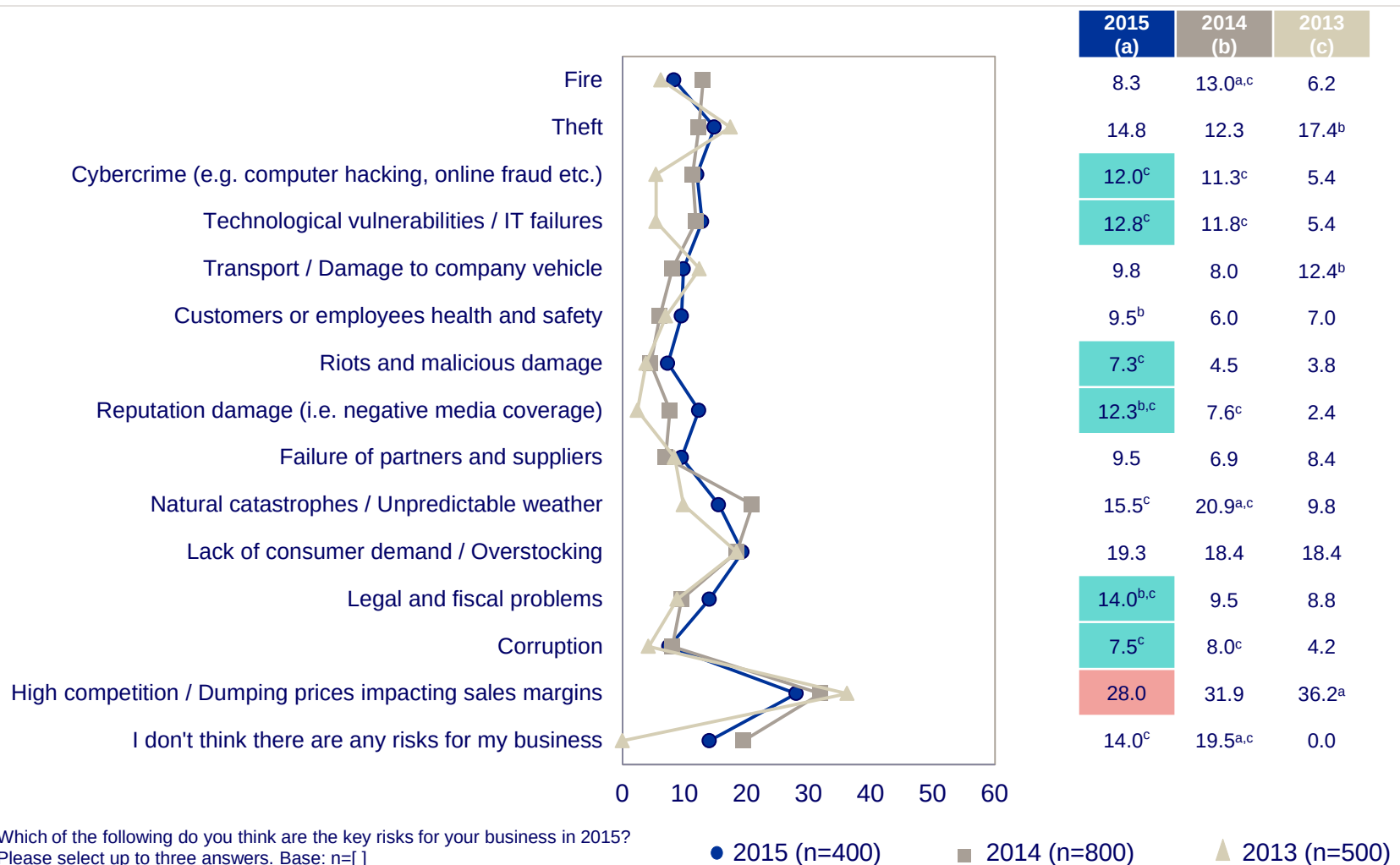
APAC / statistics in % and ranks



In APAC: Although ranked 1st, 'high competition / dumping prices' is a decreasing concern

Key risks for small and medium enterprises

APAC / statistics in %



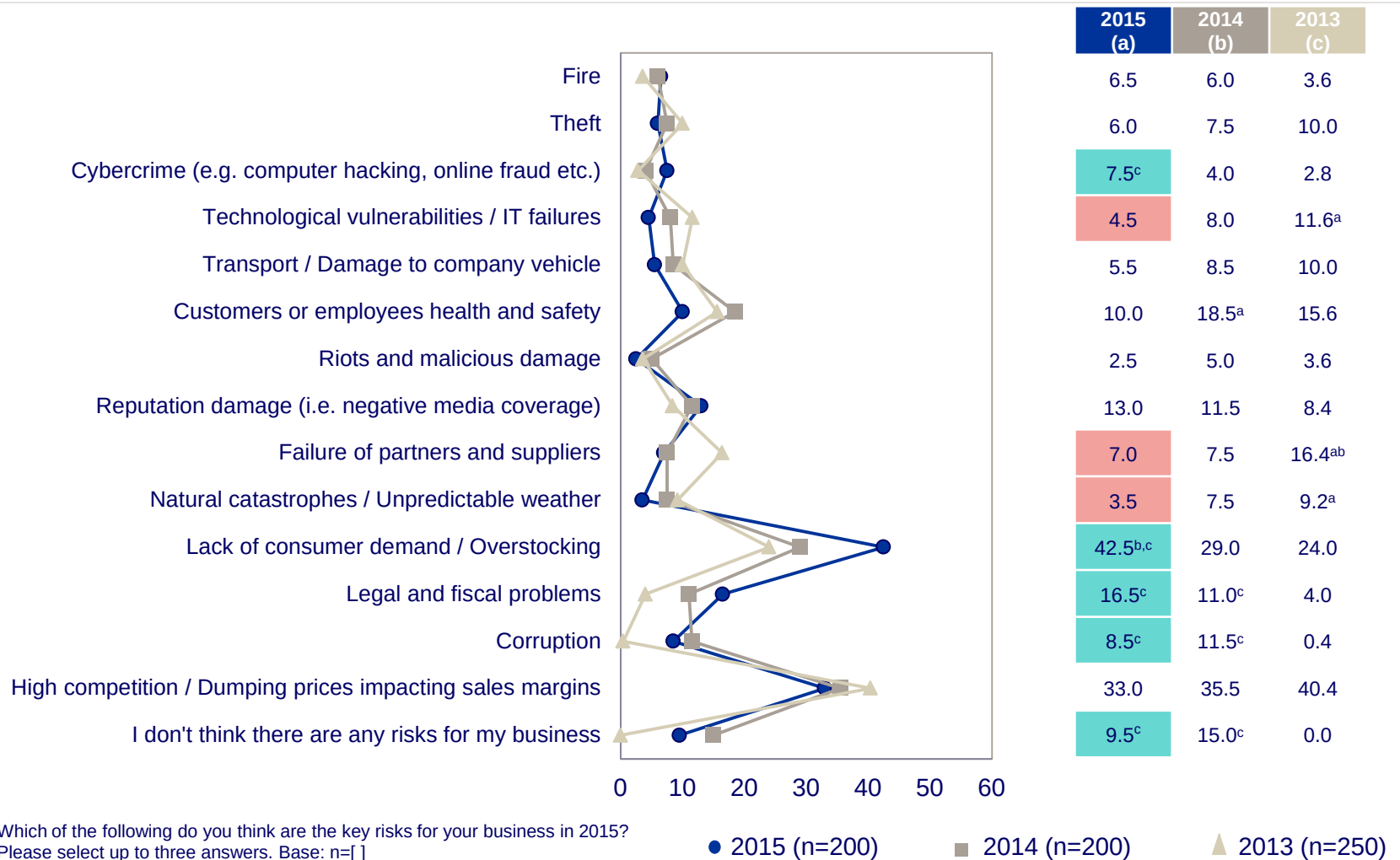
Results by country

Key risks for small and medium enterprises in 2015



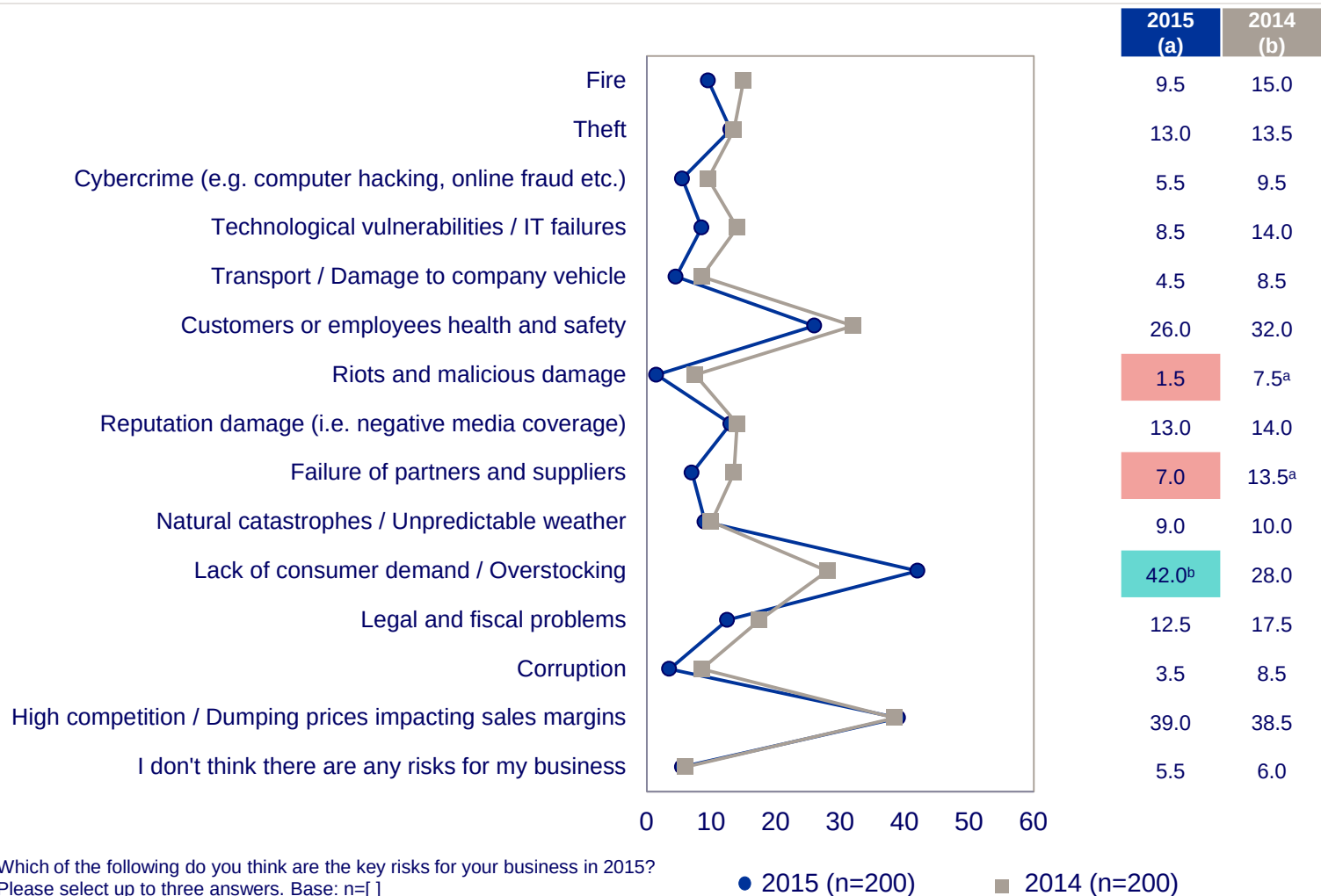
'Lack of consumer demand' is by far the main concern of SMEs in Switzerland; higher than in 2014

Key risks for small and medium enterprises / statistics in %



The fear of 'lack of consumer demand' has increased in comparison to 2014 and is the main concern of SMEs in Austria ZURICH®

Key risks for small and medium enterprises / statistics in %

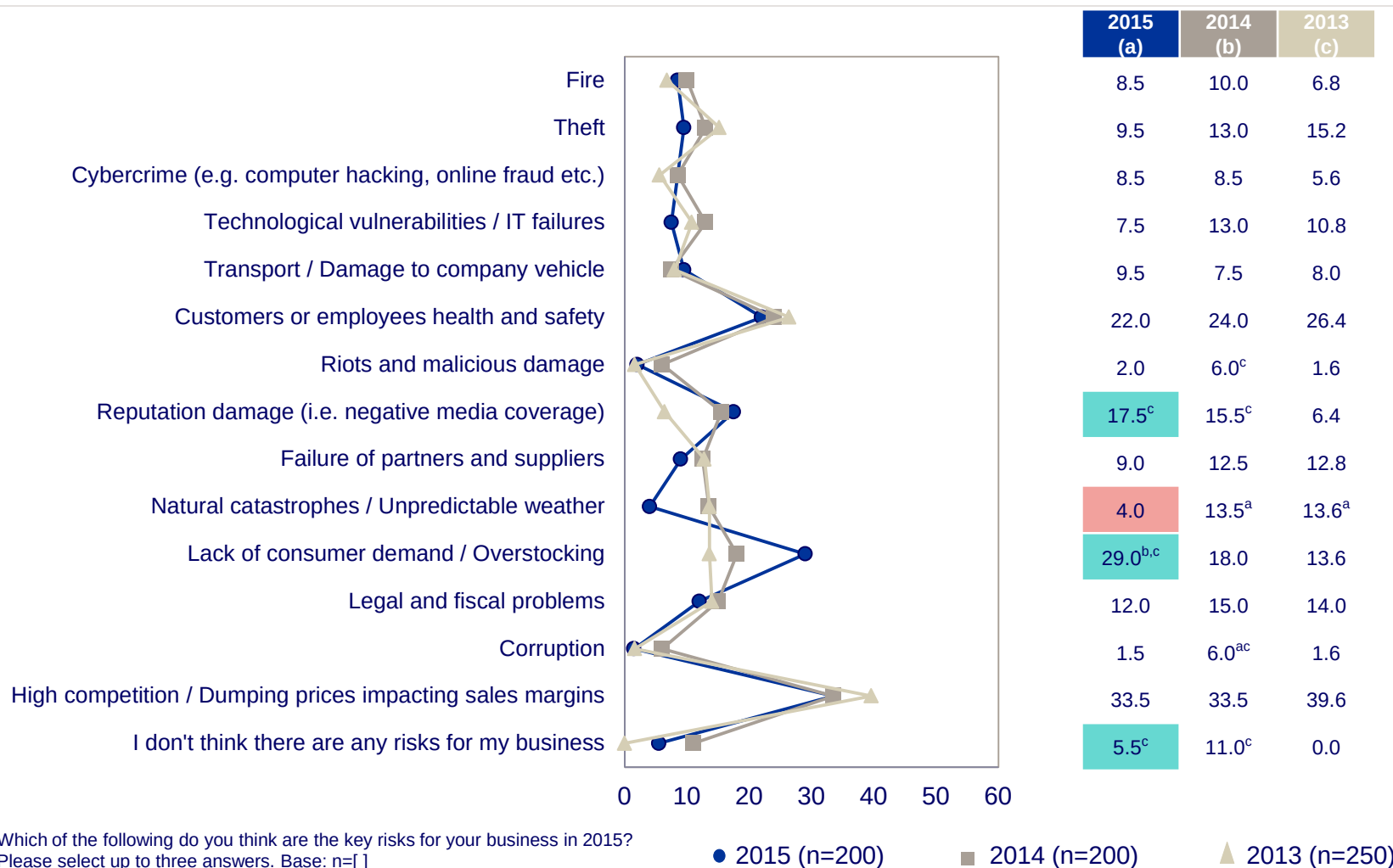


SMEs in Germany are particularly concerned about 'high competition and dumping prices'

Key risks for small and medium enterprises / statistics in %

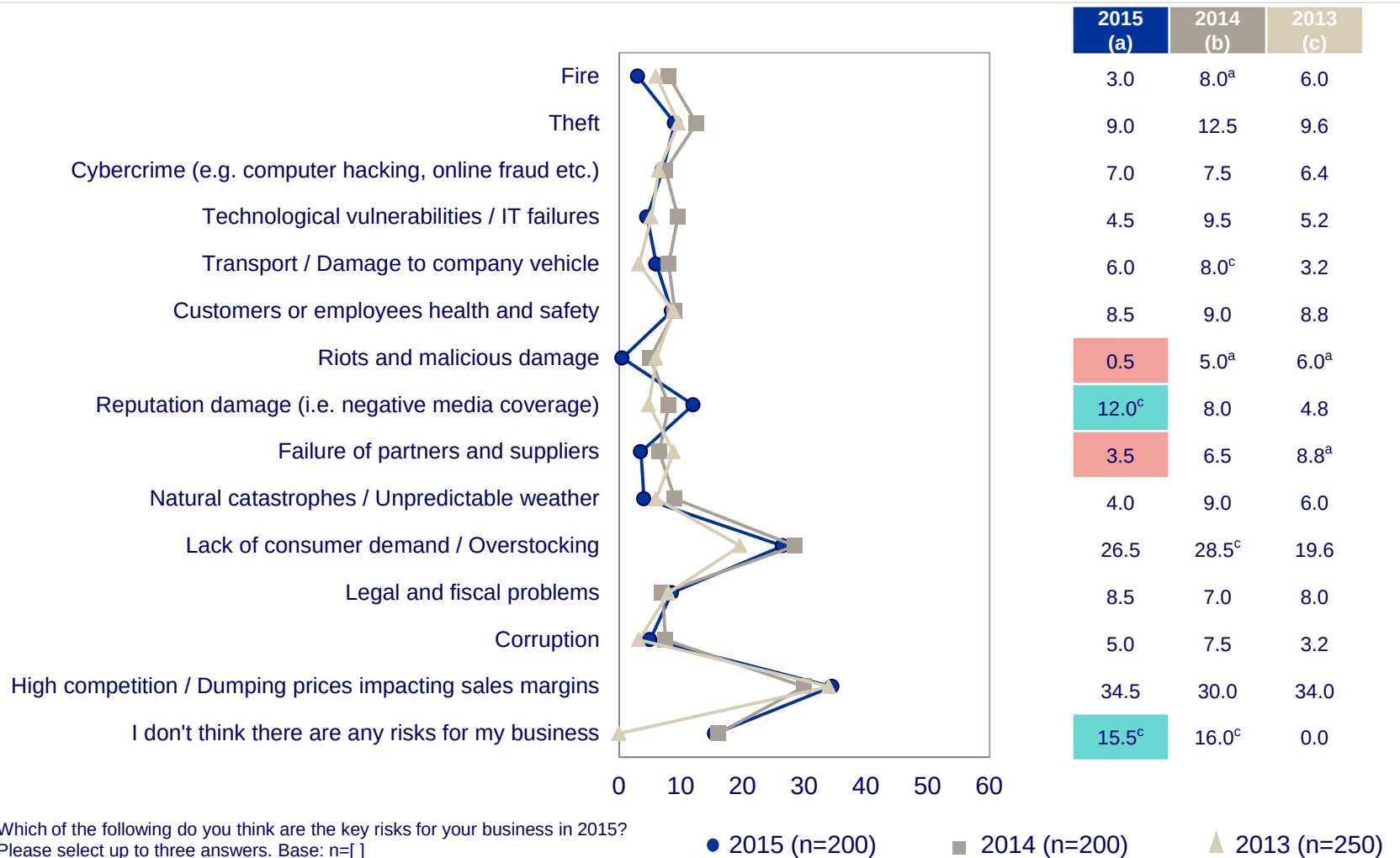


Germany



'Reputation damage' is assessed as being a risk that has increased gradually since 2013

Key risks for small and medium enterprises / statistics in %

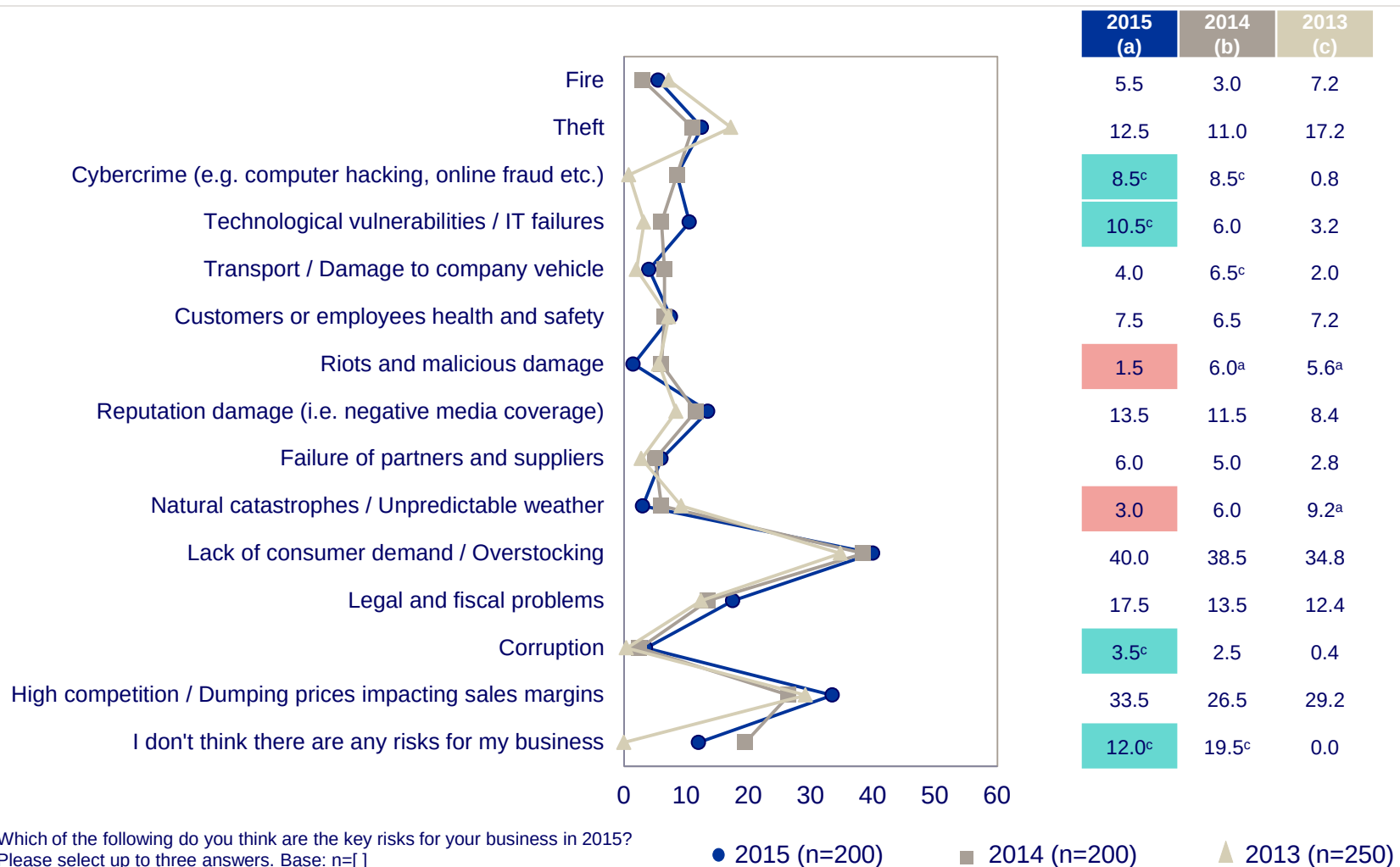


SMEs in Italy key concerns are 'lack of consumer demand' and 'high competition'

Key risks for small and medium enterprises / statistics in %



Italy

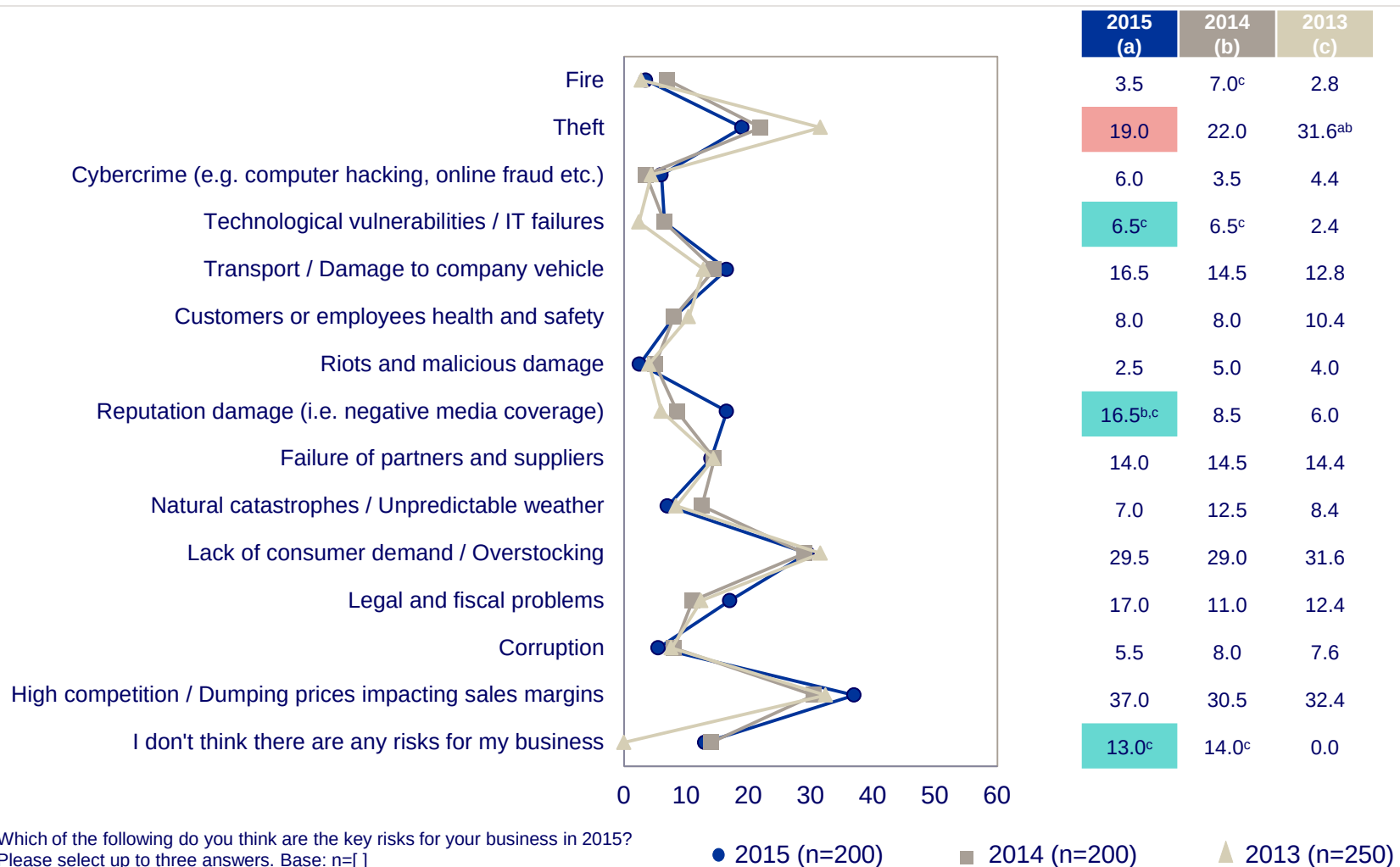


'High competition / dumping prices' and 'lack of consumer demand' are the key risks for SMEs in Portugal

Key risks for small and medium enterprises / statistics in %



Portugal

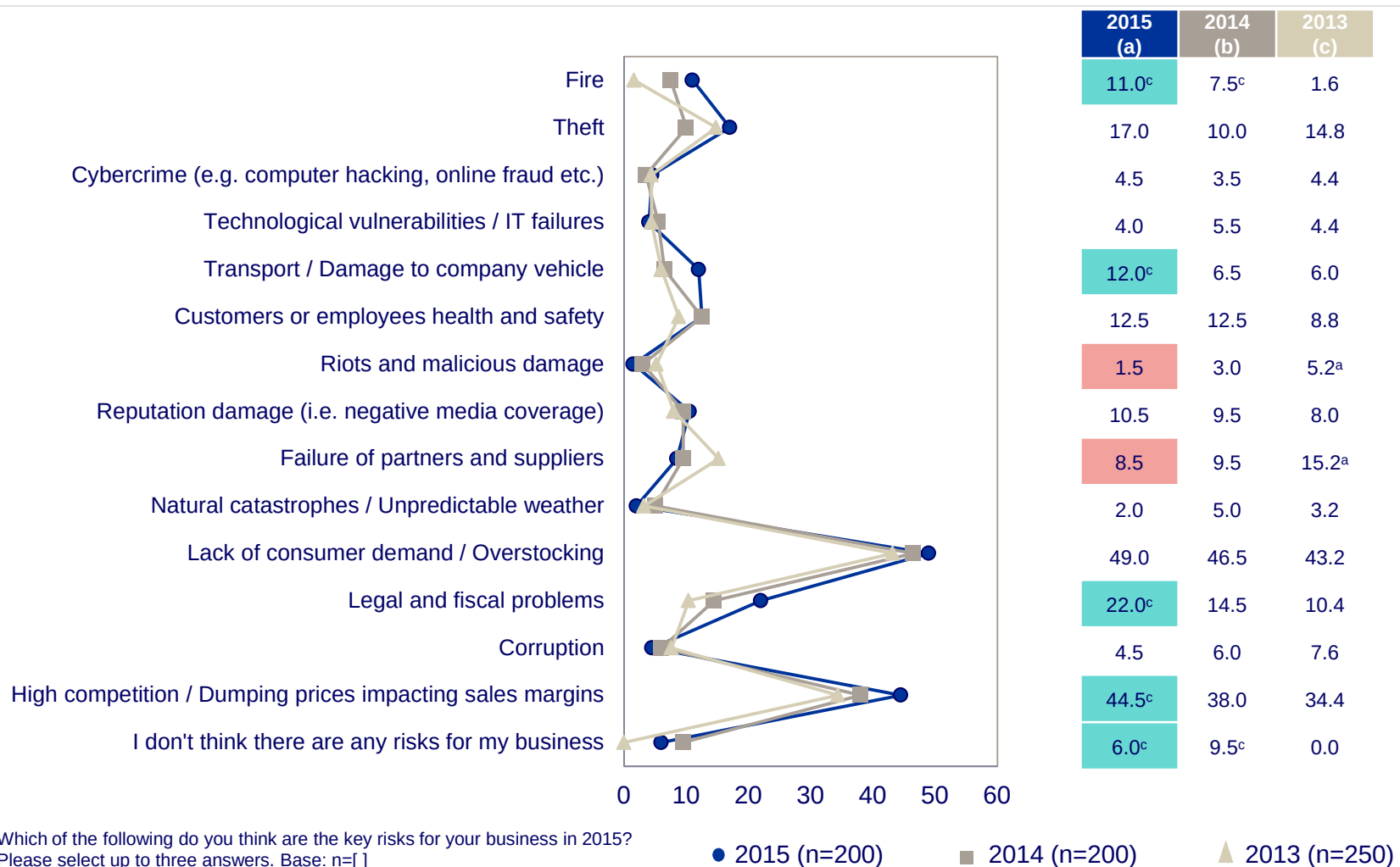


Both perceived key risks of 'high competition' and 'lack of customer demand' have increased over the last two years

Key risks for small and medium enterprises / statistics in %



Spain

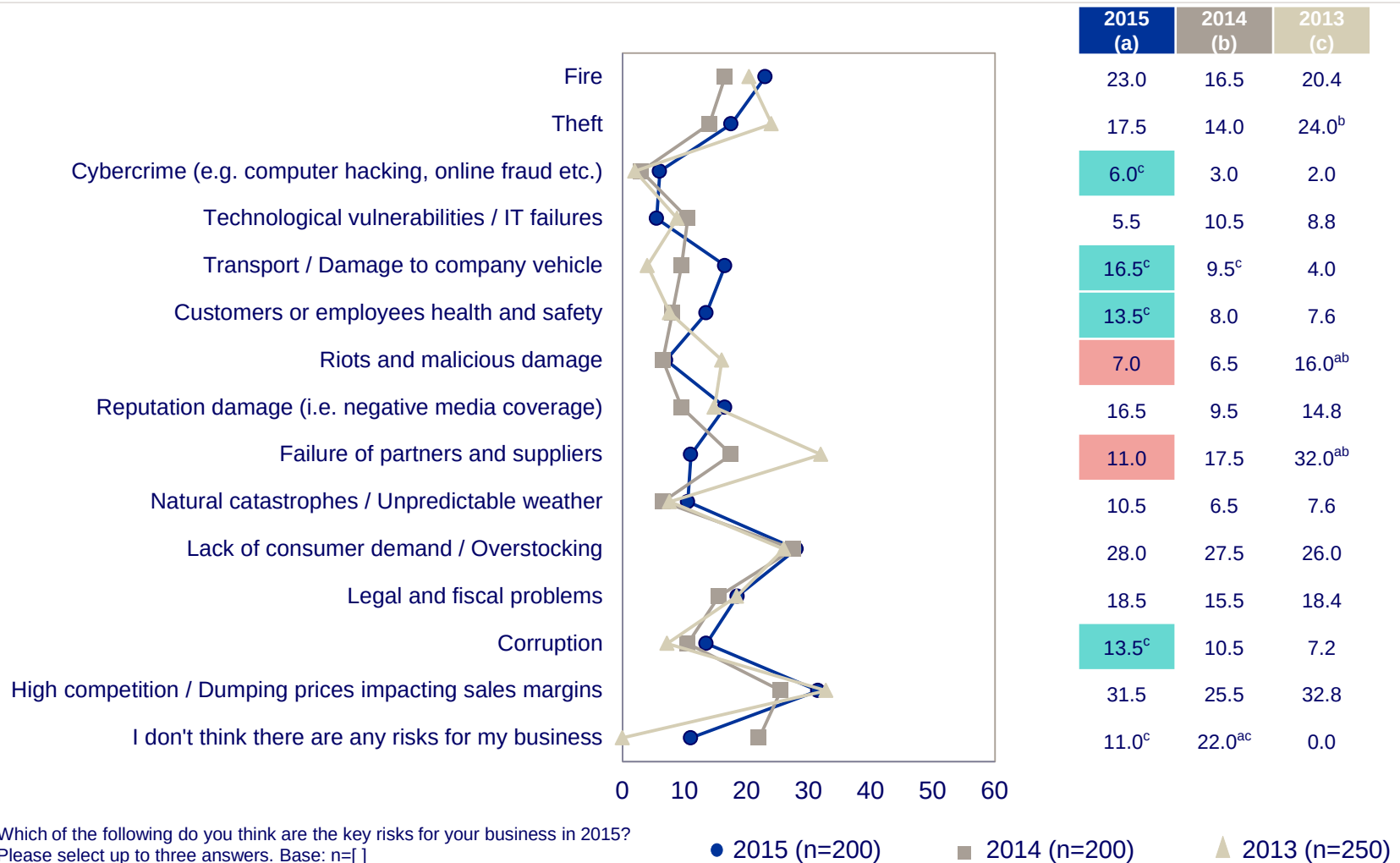


The two perceived key risks for SMEs are 'high competition' and 'lack of consumer demand'

Key risks for small and medium enterprises / statistics in %

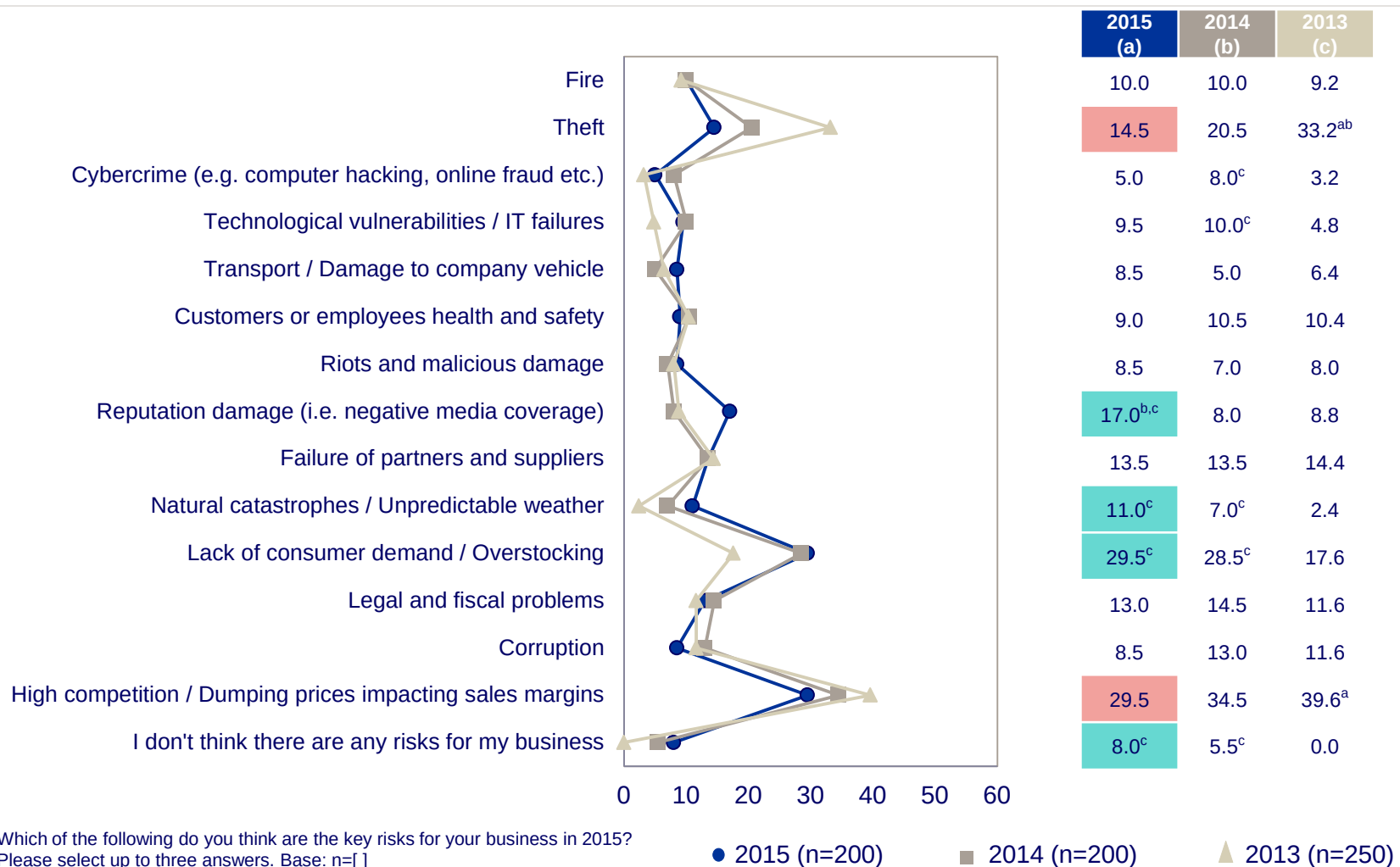


Brazil



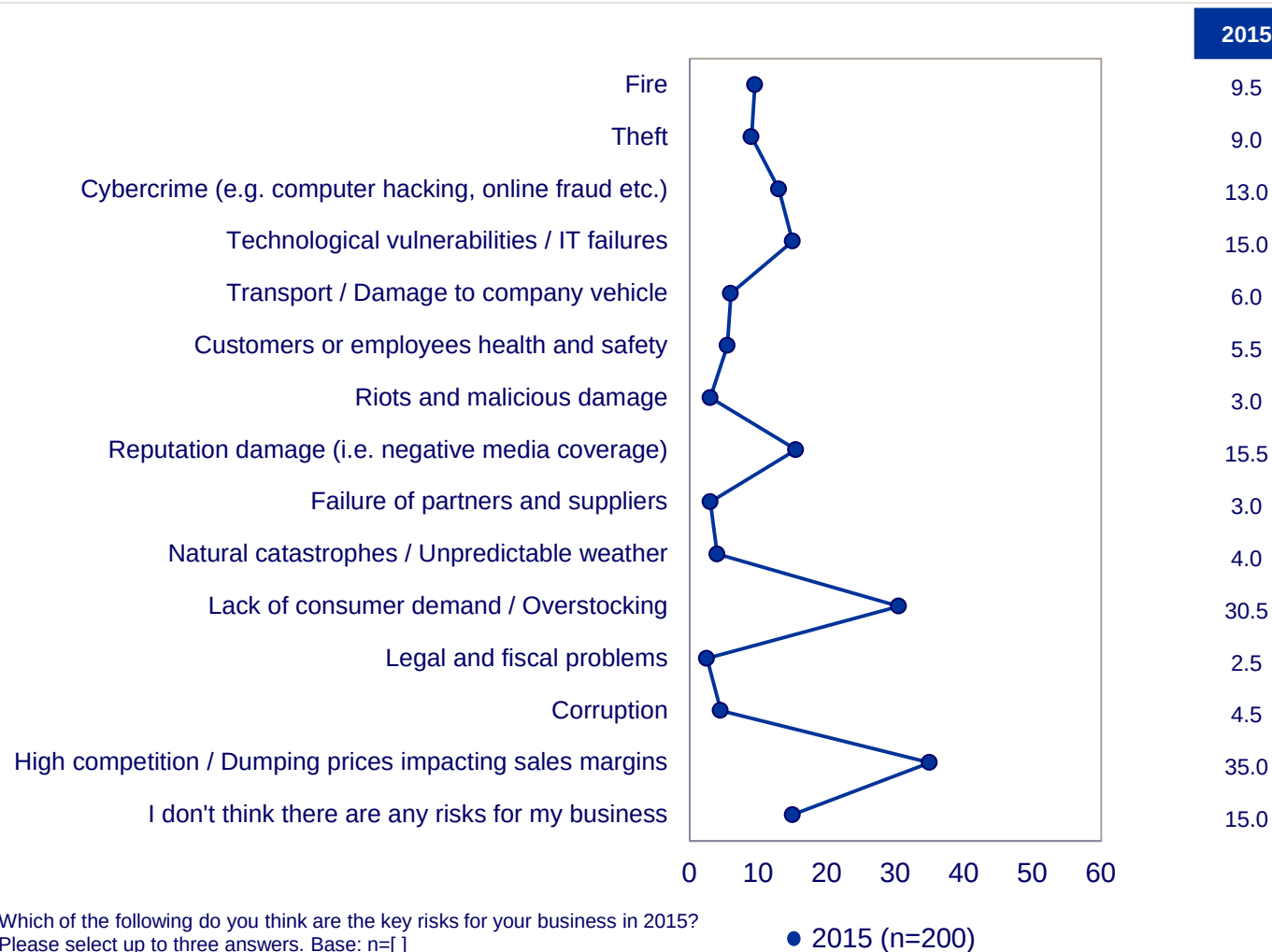
SMEs in Mexico key concerns are 'lack of consumer demand' and 'high competition'

Key risks for small and medium enterprises / statistics in %



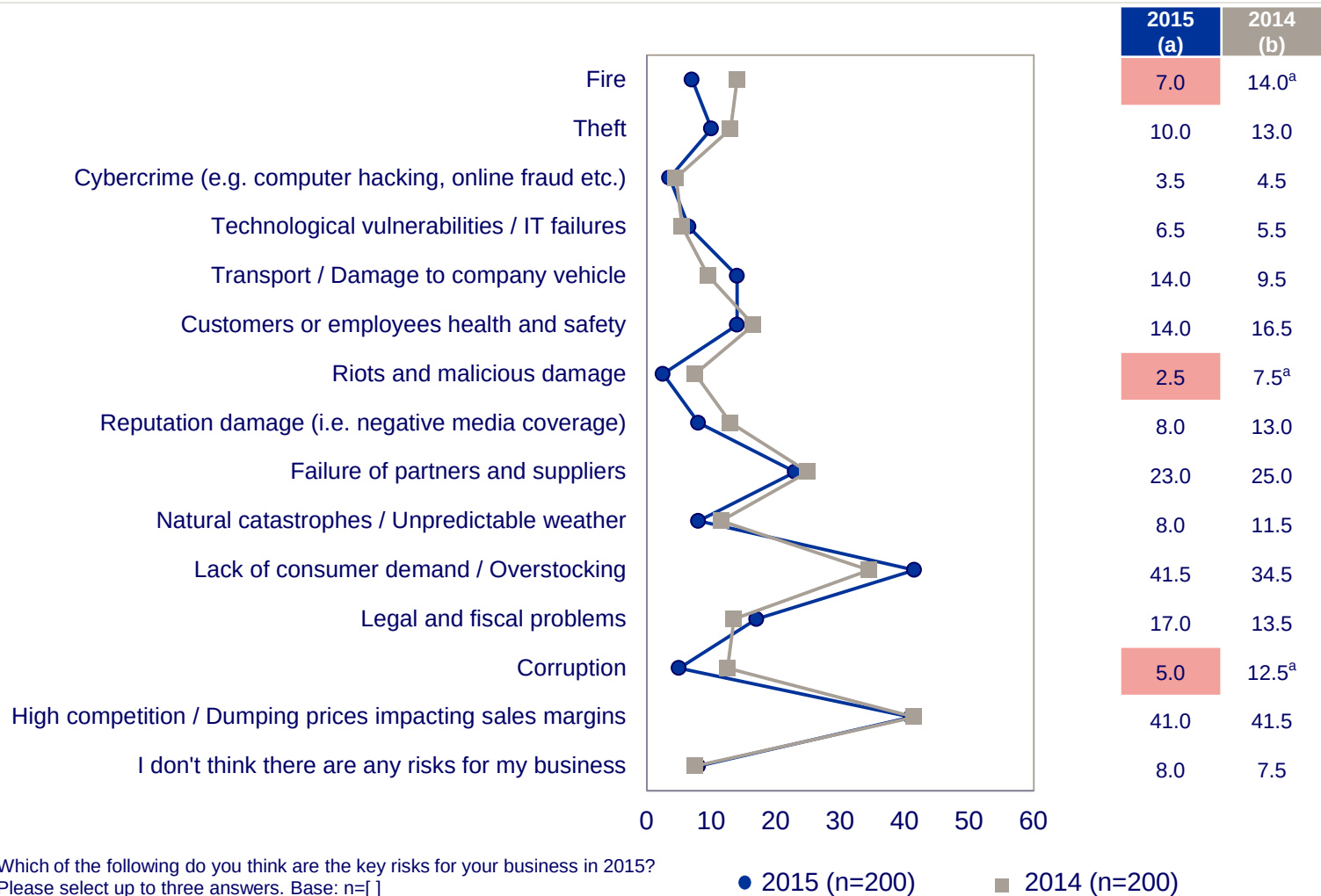
The main concerns of SMEs in USA are a 'lack of consumer demand' and 'high competition/dumping prices'

Key risks for small and medium enterprises / statistics in %



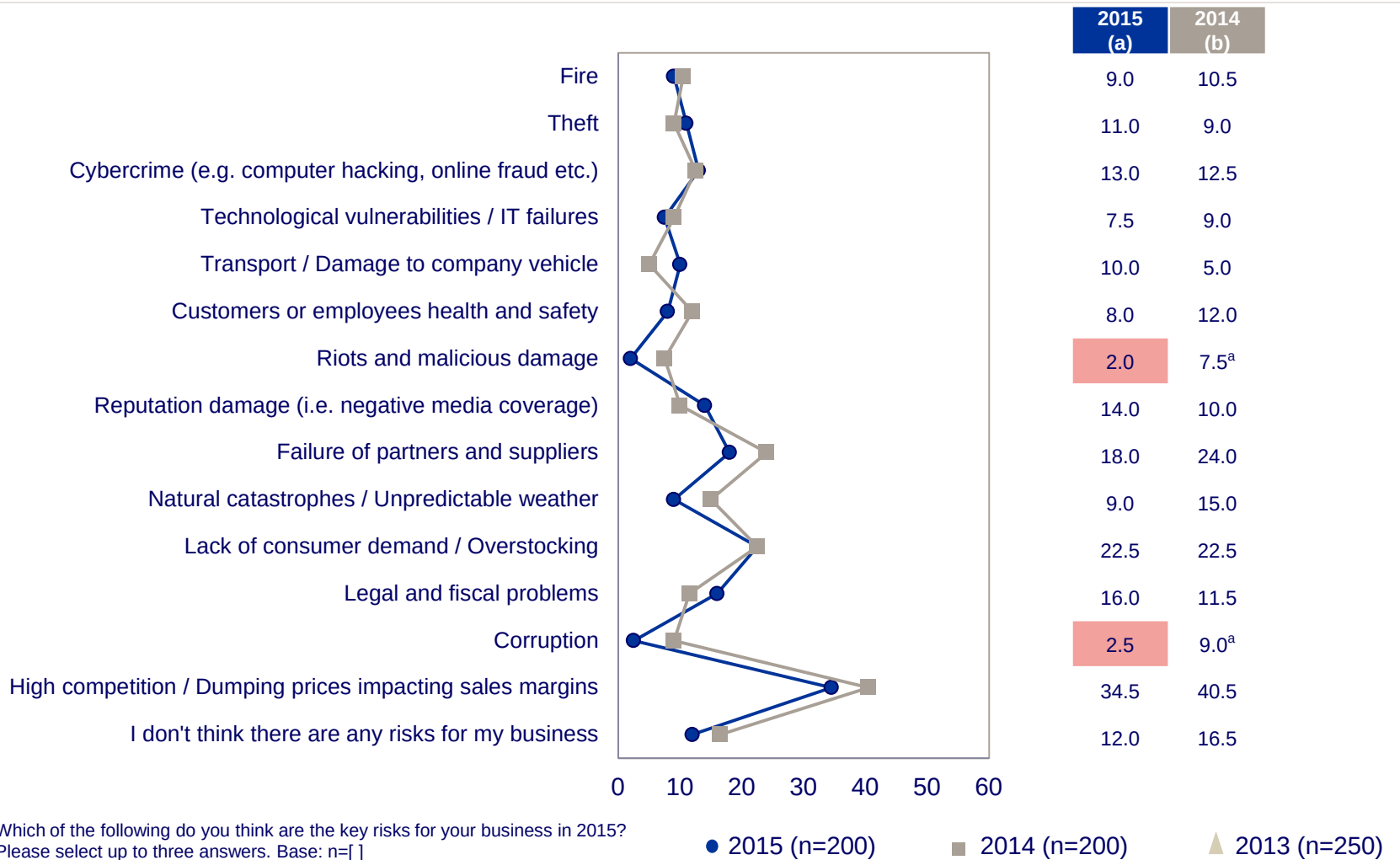
'Lack of consumer demand' and 'high competition' are the main concerns in Morocco

Key risks for small and medium enterprises / statistics in %



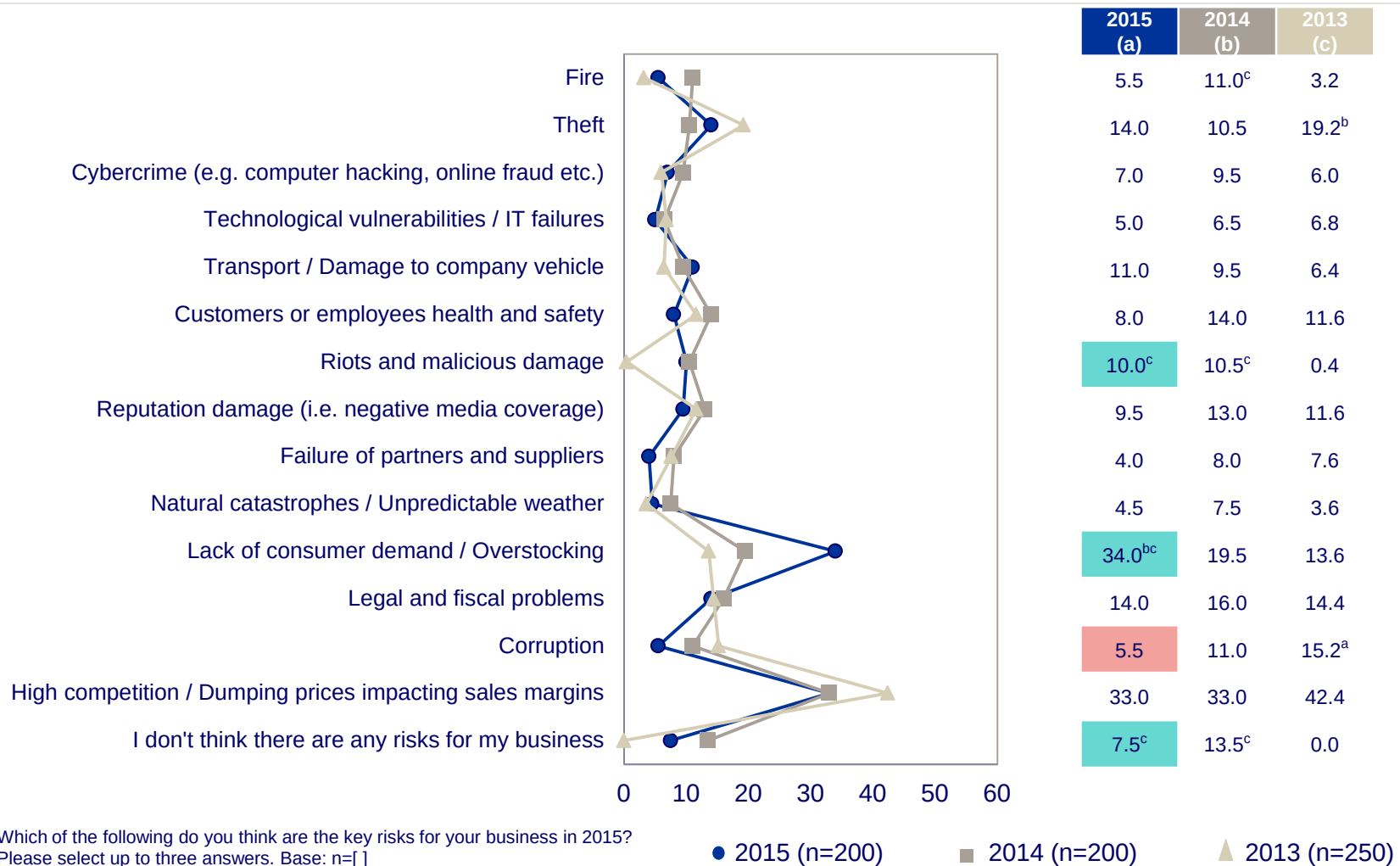
'High competition / dumping prices' are perceived as the greatest risk for SMEs in Turkey

Key risks for small and medium enterprises / statistics in %



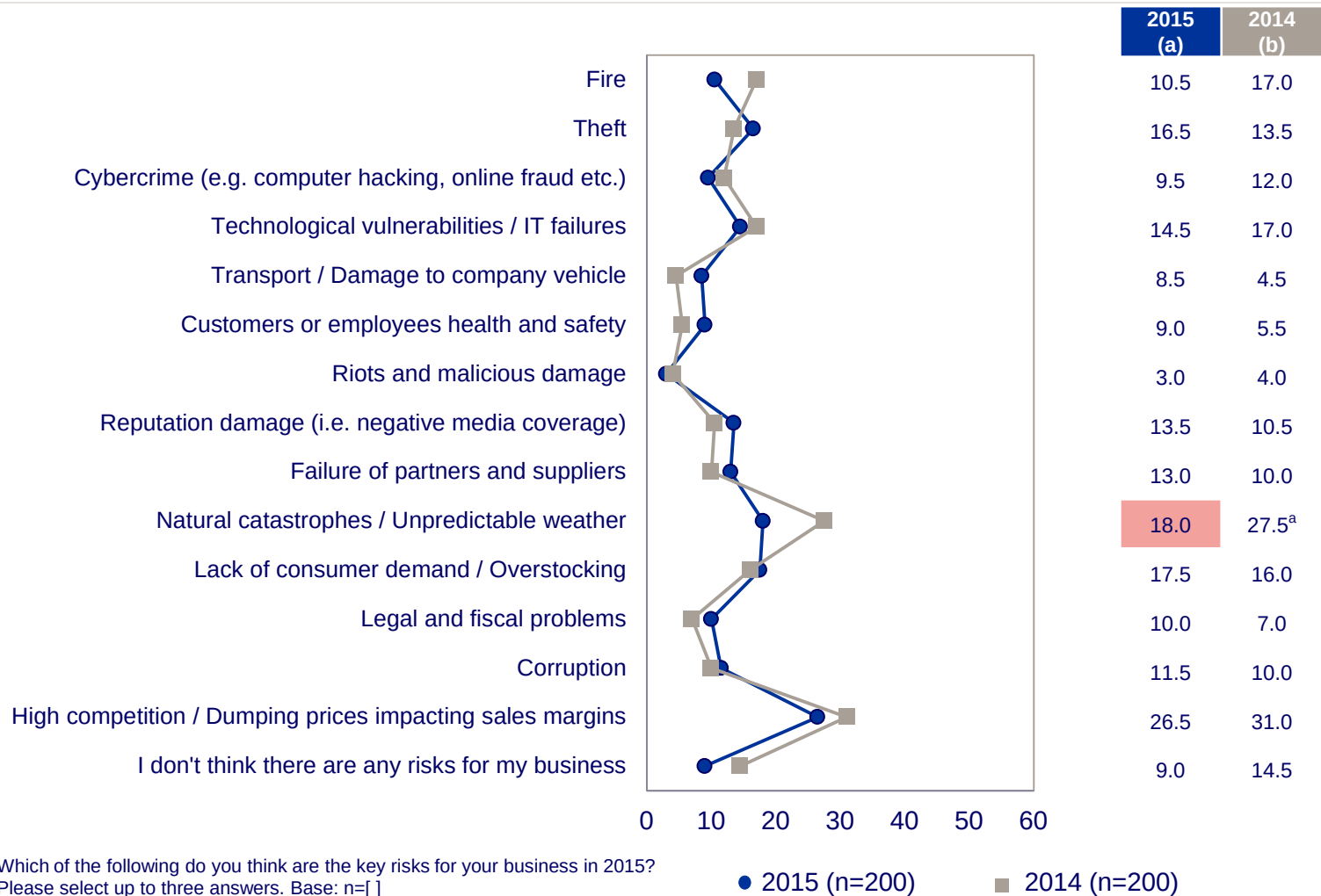
'Lack of consumer demand' has increased significantly and is now one of the major concerns of SMEs in UAE

Key risks for small and medium enterprises / statistics in %



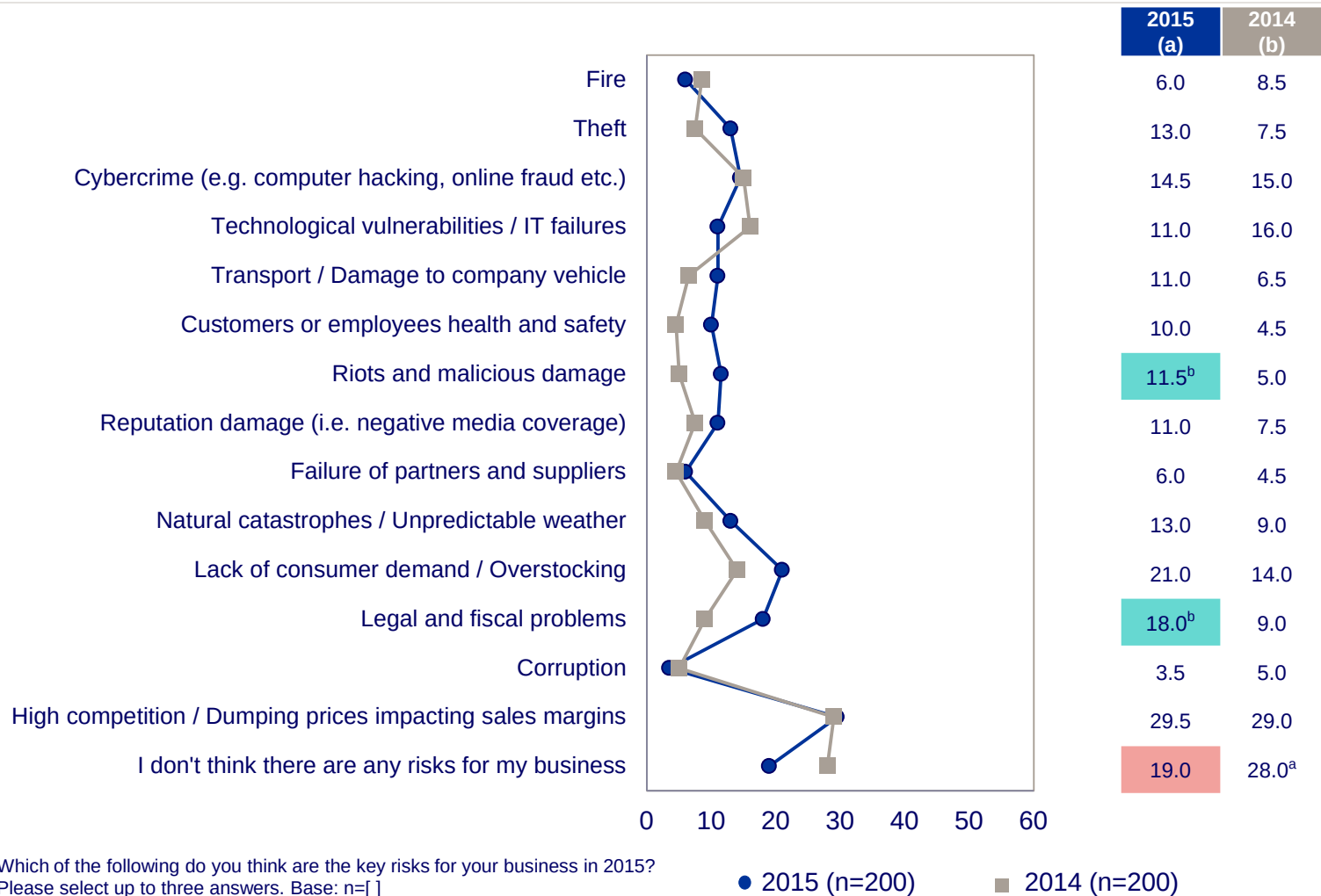
Compared to last year, the perceived risk of 'natural catastrophes' has decreased substantially

Key risks for small and medium enterprises / statistics in %



Concerns about 'legal and fiscal problems' has increased significantly among SMEs in Malaysia

Key risks for small and medium enterprises / statistics in %



Appendix: Sample structure

Key risks for small and medium enterprises in 2015



Sample structure

Function and full-time employees

Key risks for small and medium enterprises in 2015

Distribution in % (n=200 per country)

	Europe							Latin America	
									
	CH	Austria	Germany	Ireland	Italy	Portugal	Spain	Brazil	Mexico
Function									
CEO/Owner	45.0	64.5	60.5	41.5	67.0	47.0	42.0	40.5	44.0
CFO/Treasurer	22.5	13.5	15.0	15.5	15.5	12.0	21.0	21.0	15.0
COO/Head of operations	18.5	17.5	15.5	16.0	15.5	14.5	20.0	15.5	27.0
General Manager	14.0	4.5	9.0	27.0	2.0	26.5	17.0	23.0	14.0
Full-time employees									
0 employees	2.5	3.0	1.5	0.5	3.0	0.0	5.0	0.0	0.0
1 to 9 employees	47.5	57.0	28.5	34.5	50.0	50.0	45.0	35.5	31.0
10 to 19 employees	24.0	21.5	29.0	26.0	23.0	19.5	23.5	33.5	20.0
20 to 49 employees	7.5	4.0	11.0	9.0	8.5	11.0	7.0	7.5	10.0
50 to 99 employees	13.5	10.0	23.0	21.5	12.5	13.0	15.0	20.0	27.5
100 to 250 employees	5.0	4.5	7.0	8.5	3.0	6.5	4.5	3.5	11.5

Sample structure

Function and full-time employees

Key risks for small and medium enterprises in 2015

Distribution in % (n=200 per country)

	North America	Middle East & Africa			APAC	
						
	USA (new 2015)	Morocco	Turkey	UAE	Hong Kong	Malaysia
Function						
CEO/Owner	38.5	59.0	50.0	41.5	46.5	29.5
CFO/Treasurer	10.0	11.5	11.5	14.0	15.5	20.0
COO/Head of operations	9.5	13.0	24.0	15.5	17.5	22.0
General Manager	42.0	16.5	14.5	29.0	20.5	28.5
Full-time employees						
0 employees	2.5	0.0	1.0	0.5	2.0	0.0
1 to 9 employees	33.5	67.5	58.5	48.0	33.5	50.0
10 to 19 employees	26.5	17.5	21.5	24.0	27.5	22.5
20 to 49 employees	12.5	4.0	9.0	7.5	12.0	7.5
50 to 99 employees	11.5	8.5	6.0	11.5	15.5	15.5
100 to 250 employees	13.5	2.5	4.0	8.5	9.5	4.5

Sample structure

Revenue and industry

Key risks for small and medium enterprises in 2015

Distribution in % (n=200 per country)

	Europe							Latin America	
									
	CH	Austria	Germany	Ireland	Italy	Portugal	Spain	Brazil	Mexico
Revenue									
Up to 2 Million EUR	32.0	57.5	41.0	41.0	48.0	37.0	47.5	28.0	32.5
More than 2 to 5 Million EUR	17.0	12.5	20.0	16.5	13.5	13.5	17.5	21.0	15.5
More than 5 to 10 Million EUR	13.0	7.0	9.5	11.0	9.0	10.0	5.0	7.0	9.0
More than 10 to 50 Million EUR	3.0	4.0	4.5	4.5	3.5	4.0	0.5	0.0	7.5
More than 50 Million EUR	0.5	1.0	2.0	1.5	0.5	0.5	0.0	0.0	0.5
Industry									
Agriculture	2.5	1.5	5.5	4.5	4.5	4.5	9.5	10.5	7.0
Manufacturing and construction	9.5	8.5	13.5	11.5	7.0	8.5	10.5	7.0	12.0
Wholesale and retail trade	15.0	13.0	14.5	12.5	8.0	9.0	11.0	18.5	17.0
Information and communication	7.0	9.0	8.5	6.5	5.0	3.0	4.0	7.0	4.0
Financial activities (including insurance)	4.0	9.5	13.0	8.0	13.5	6.0	4.0	2.5	3.5
Administrative and support service	6.0	6.0	3.5	4.5	2.5	3.0	4.0	2.0	4.0
Public administration	5.5	4.5	3.5	2.0	3.5	1.0	4.0	2.0	2.5
Transport and storage	7.5	4.5	5.0	7.0	3.0	14.5	5.0	10.0	5.0
Accommodation and food service	9.5	26.5	9.5	18.5	24.0	17.5	12.0	16.0	24.5
Consumer services	22.5	8.5	7.0	15.5	15.0	8.0	24.0	12.0	16.5
Other service activities	11.0	8.5	16.5	9.5	14.0	25.0	12.0	12.5	4.0

Sample structure

Revenue and industry

Key risks for small and medium enterprises in 2015

Distribution in % (n=200 per country)

	North America	Middle East & Africa			APAC	
						
	USA (new 2015)	Morocco	Turkey	UAE	Hong Kong	Malaysia
Revenue						
Up to 2 Million EUR	29.0	46.5	54.5	40.5	32.5	33.5
More than 2 to 5 Million EUR	11.0	9.5	5.5	15.5	25.5	22.0
More than 5 to 10 Million EUR	6.0	11.5	7.5	7.0	6.5	7.0
More than 10 to 50 Million EUR	7.5	2.0	2.0	6.0	2.5	2.0
More than 50 Million EUR	1.5	0.5	1.0	0.0	2.0	0.5
Industry						
Agriculture	3.0	1.0	3.5	2.5	0.0	2.5
Manufacturing and construction	18.0	18.0	10.5	4.0	10.5	6.0
Wholesale and retail trade	20.5	14.5	13.5	16.0	6.0	17.0
Information and communication	8.0	21.5	15.5	5.0	3.0	2.0
Financial activities (including insurance)	12.5	8.5	7.5	8.5	21.5	12.0
Administrative and support service	2.0	4.0	2.5	5.5	8.0	5.0
Public administration	2.0	2.5	2.0	2.5	10.5	4.5
Transport and storage	9.5	13.0	17.5	13.0	7.5	11.0
Accommodation and food service	10.5	8.5	21.0	27.0	9.5	21.0
Consumer services	5.0	5.0	3.0	12.0	1.5	7.0
Other service activities	9.0	3.5	3.5	4.0	22.0	12.0