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New Zealand's COVID-19 response presents opportunity for NZ businesses

Company culture, sustainability key to their future success

As the world awaits widespread access to Covid-19 vaccines, a new report from HSBC signals an opportunity for New Zealand businesses due to the country's successful COVID-19 response.

Drawing on the views of over 10,000 companies in 39 countries and territories – including New Zealand - HSBC's annual Navigator survey finds that with supply chain disruption becoming more commonplace due to COVID-19, businesses globally are reviewing and reshaping their supply chains to build resilience.

More than nine in ten companies globally (93%) have concerns relating to their supply chain, and more businesses are diversifying (28%) than reducing (20%) their suppliers in response. The most significant short-term change they're making is choosing suppliers based on countries' COVID-19 situation.

"New Zealand's outstanding response to the COVID-19 pandemic presents a real opportunity for New Zealand businesses with almost a third of companies globally looking to diversify their suppliers based on their country's control of COVID-19," said Rob Roughan, Interim Chief Executive Officer of HSBC New Zealand. "New Zealand companies also recognise that company culture, including employee well-being and improving environmental and ethical sustainability, is key to their future business success," he added.

90% of New Zealand businesses also have concerns about their supply chains, of which the greatest is increasing costs (50%), followed by financial resources/time spent on managing supply chain (30%).

Of the New Zealand businesses surveyed, 8% are more profitable than they were before the COVID-19 outbreak (in line with businesses globally) and 28% expect to return to pre-COVID profitability by the end of 2021 (vs. 45% globally).

Six in ten New Zealand companies are projecting sales growth in the year ahead (vs. 64% globally), and three in ten businesses are expecting sales growth of more than 5% in 2021 (vs. 42% globally).

One of the most striking differences between New Zealand businesses and their global counterparts was that they viewed company culture/great place to work to be the dominant quality of a successful business in future (42% vs. 25% globally). New Zealand businesses viewed this as being even more important than resilience to market changes, reputation and leadership team (all 36% for NZ businesses vs. 32%, 31% and 27%, respectively, globally).

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