



MEDIA RELEASE

UK small business data in June suggests sales recovery, but jobs continue to decline

- UK employment drops again to 8 per cent lower than pre-crisis levels but payment times to small business improve
- Xero data compares the impact of Covid-19 on small businesses across the UK, New Zealand and Australia depending on the lockdown approach taken

London — July 29, 2020 — New analysis from [Xero](#), the global small business platform, and AlphaBeta (part of Accenture), released today reveals trends relating to the recovery of the UK’s small business economy following the impact of COVID-19, showing tentative improvements in revenue and payment times.

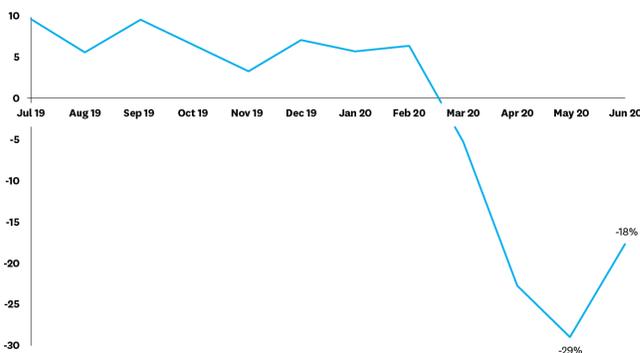
Based on anonymised and aggregated data from hundreds of thousands of Xero customers in the UK, Xero’s Small Business Insights (SBI) showed signs of recovery, with small business revenue improving by 11% in June. Although revenue was still down on last year, it improved from 29% down in May (YoY) to 18% down in June (YoY).

The data shows the construction (12% down in the year to June, compared with 41% down in May) and manufacturing (3% down in June, compared with 24% in the year to May) sectors saw the most revenue improvement in June. The hospitality (51% down in the year to June, compared with 63% in May) and arts and recreation (37% down in June, compared with 48% in May) sectors experienced the lowest revenue improvement.

Small business revenues began to recover in June, but were still 18% lower than 12 months earlier

Revenue growth of UK small businesses

% year on year, monthly



Source: Xero Small Business Insights and AlphaBeta



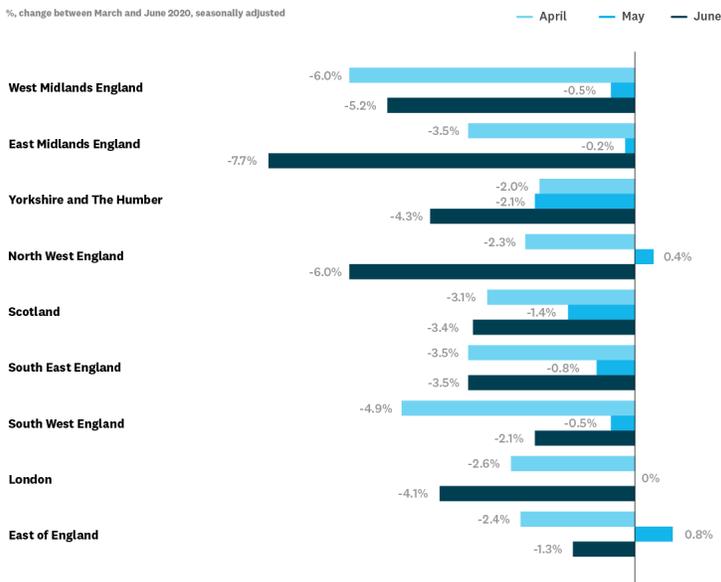
The length of time it took for small businesses to receive payments on invoices has shown tentative signs of improvement, decreasing by 1.1 days between May and June but remaining 5.7 days higher than pre-crisis levels.

Despite signs of recovery being seen in revenue figures, job losses have continued. Employment dropped another 4% in June, marking an overall decline of 8% since March 2020. Most UK regions shed jobs, with the East Midlands (-7.7% m/m) and the North West (-6%) experiencing the biggest drops in employment between March and June.

Jobs declined further across nearly all industries in June too, except information media and telecommunications which saw a small increase of 0.5% between May and June.

Most regions have shed jobs as a result of COVID-19

Total change in small business jobs by region



Source: Xero Small Business Insights and Alphabet

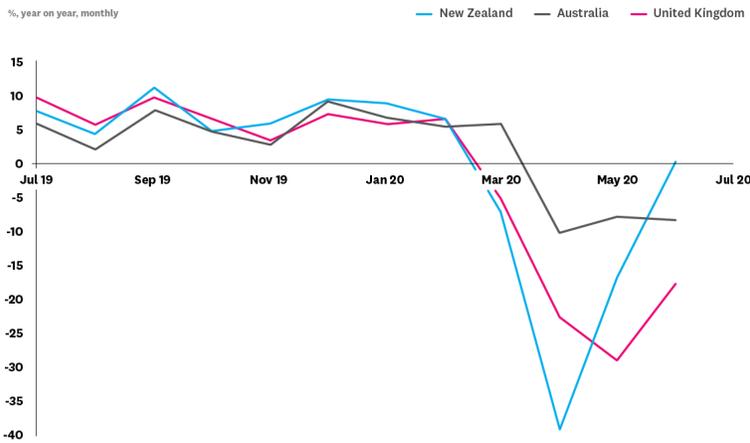
How the UK data compares internationally

The data shows the different stages of economic recovery between the UK, New Zealand and Australia - comparing how small businesses were impacted in each region. The UK, which started to ease restrictions later than the other two countries, is yet to reach a trough in job losses. In comparison, New Zealand and Australia have seen jobs rise from the troughs seen during the crisis. New Zealand showed the strongest signs of recovery of the three countries so far, despite having the largest drop in



revenue when lockdowns were introduced. Its revenues have rebounded strongly to now be similar to June 2019 levels.

Small business revenue impact and recovery, June 2020



Source: Xero Small Business Insights and Alphabet

Gary Turner, UK managing director of Xero, commented: “This data suggests initial signs that the UK’s small business economy is starting to recover from the crisis. However, small businesses are yet to show signs of re-hiring in June, with many still subject to restricted trading conditions. We’re hoping the continued relaxation of restrictions in July will be reflected in improved hiring and revenue figures as small business confidence rebuilds.

“Despite some cautious signs of recovery, small businesses will need more guidance than ever as government support like the furlough scheme and bounce-back loans start to wind down. We’ll be working with our small business customers to help them navigate this next phase - ensuring they get the support they need both from their accountants and the government.”

Xero has identified the key areas of Government support needed by small businesses in order to rebuild. The [Roadmap to Recovery](#) policy recommendations, covering technology access, digital skills development and strengthened local communities, include calls for 30 days payment terms as standard, digital tools tax relief, improved regional internet access and an offset of technology expenses against tax.

The manifesto is part of Xero’s campaign to support small business recovery, and calls for the UK Government to meet the ‘levelling up’ agenda as part of its election promise.

For more information about Xero’s *Roadmap to Recovery* manifesto, visit www.xero.com/behindsmallbusiness.



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Media Contact

Xero UK

Clemmy Stopford

+ 44 (0)7779 982 378

clemmy.stopford@xero.com

About Xero

[Xero](#) provides a beautiful and easy-to-use cloud-based accounting software service for small businesses and their advisors around the world. Xero connects more than two million subscribers with an ecosystem of over 800 third-party apps and 200 plus connections to banks and financial service providers. The [IDC MarketScape](#) recognised Xero as a Leader in the Worldwide SaaS and Cloud-Enabled Small Business Finance and Accounting Applications 2020 Vendor Assessment. On the 2020 Financial Times High-Growth Companies Asia Pacific list, Xero was the largest company by revenue to come from New Zealand or Australia. Xero has also been included in the 2020 Bloomberg Gender-Equality Index and the FTSE4GOOD Australia 30 Index.

About Xero Small Business Insights

The Xero Small Business Insights program provides analysis on the sector's health, with its metrics based on anonymised, aggregated data drawn from hundreds of thousands of our subscribers. The result is a picture of business conditions that's more accurate than most private surveys, which typically have a far smaller sample size, and more frequently updated than much of the data on small business. Xero is currently producing a series of specialised monthly metrics, providing a view of the impact of COVID-19.

About AlphaBeta Australia (part of Accenture)

AlphaBeta Australia (part of Accenture) is a research firm with offices in Sydney, Canberra and Melbourne. It specialises in combining advanced analytical techniques and innovative data to generate new insights and fresh perspectives on the challenges facing business and government.