

# Xero Small Business Index Global Update

July - September 2023

---



# Recent trends in sales growth

## Latest results



**Australia**

+5.5% y/y



**Canada**

-5.6% y/y



**New Zealand**

-1.5% y/y



**United Kingdom**

+1.1% y/y



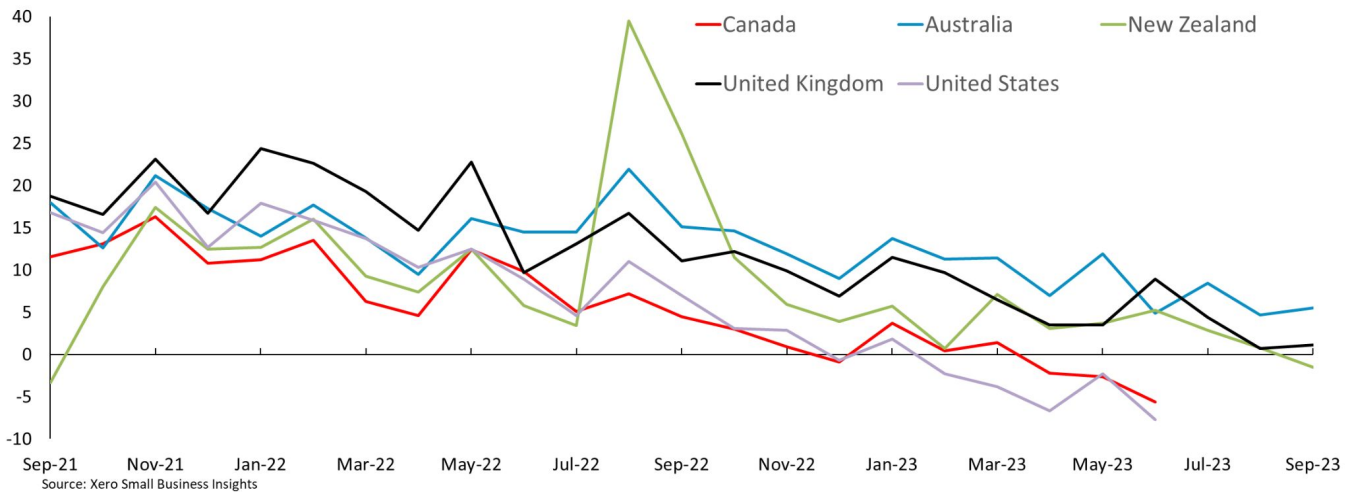
**United States**

-7.7% y/y

The latest<sup>1</sup> Xero Small Business Insights data shows that sales growth has been slowing for some time across all five countries. However, this has been happening at different paces. At one end of the spectrum, small businesses in Australia are still recording sales growth faster than general price rises. It is a very different picture in the United States, where sales are well down on where they were a year ago.

### Small business sales

%, year-on-year, monthly



One of the unique features of XSBI is its ability to look at what is happening in small businesses in five different countries using consistent measures and with minimal time delay. Persistently high inflation and high interest rates are a feature of the macroeconomic environment in all five of these countries. This is leaving consumers with stretched budgets and not as much capacity to spend at small businesses, once all the household bills have been paid. So it's not surprising that sales growth is slowing. What is more interesting is to see the differences in the extent of this impact.

Small business sales are proving most resilient in **Australia**. Sales are now growing below the pre-COVID average for Australia (7.8% y/y), but have generally been able to keep rising by more than prices (as measured by the CPI). Australian small businesses have, in most months, been able to keep selling more goods and services than a year ago. In **New Zealand and the United Kingdom**, sales growth has been weaker than in Australia but has been able to stay positive, in nominal terms at least (other than in September in New Zealand). The picture in **Canada and the United States** is that sales are actually declining. Sales have been lower than a year ago for the past three and five months, respectively.

These results are a reminder about the importance of spending in small businesses, as was done with such success during the pandemic period. It also reiterates how critical it is for small businesses to be working with advisors to monitor the financial position of the business and to develop strategies that can attract customers during periods of tough trading conditions.

<sup>1</sup> Data is to September 2023 for Australia, New Zealand and the UK and to June 2023 for Canada and the US

# Additional details about Xero Small Business Insights

## About Xero

[Xero](#) is a global small business platform with 3.7 million subscribers which includes a core accounting solution, payroll, workforce management, expenses and projects. Xero also has an extensive ecosystem of connected apps and connections to banks and other financial institutions helping small businesses access a range of solutions from within Xero's open platform to help them run their business and manage their finances. For four consecutive years (2020-2023) Xero was included in the Bloomberg Gender-Equality Index. In 2021 and 2022, Xero was included in the Dow Jones Sustainability Index (DJSI), powered by the S&P Global Corporate Sustainability Assessment. Xero is a FIFA Women's Football partner.

## About Xero Small Business Insights

The aim of Xero Small Business Insights is to create insights to help inform decision makers in support of the small business economy as a whole. The principal source of small business insights in this report is customer data from Xero - a small business platform that supports online accounting and a range of other applications. Xero is a responsible custodian of our customers sensitive data and does not release any data that could identify individual businesses. The data used is aggregated and anonymised to ensure the privacy of Xero subscribers, and their counterparts. As part of the program, we publish regular blogs and research notes and deep-dive Special Reports on specific small business topics. These can all be found at [xero.com/xerosbi](https://xero.com/xerosbi).

## Methodology

Full details of the methodology used to construct the Xero Small Business Index can be found [here](#).

## Annual review impacts

Since the July data release we have undertaken the annual review of XSBI data. This involves (a) re-weighting the data against the latest business data from the national statistics office (b) reviewing the industry and regional data to ensure we have sufficient sample sizes to publish. This review process can result in some revisions to previously published data and the inclusion/exclusion of regions and industries.

## Disclaimer

This report was prepared using Xero Small Business Insights data and publicly available data for the purpose of informing and developing policies to support small businesses.

This report includes and is in parts based on assumptions or estimates. It contains general information only and should not be taken as taxation, financial, investment or legal advice. Xero recommends that readers always obtain specific and detailed professional advice about any business decision.

The insights in this report were created from the data that was available as at the date it was extracted. Data used was anonymised and aggregated to ensure individual businesses can not be identified.