



THE IMPACT OF COVID-19 ON CHINESE BUSINESSES IN NEW ZEALAND

February - March 2020

Introduction & Methodology

- ❑ In order to prevent and control the epidemic, various countries have adopted different measures, including travel restrictions, entry bans, and self-isolation. These measures have increased the difficulty of economic and social communication to a certain extent. In order to fully understand the feelings, knowledge and expectations of the ethnic Chinese businesses (NZ domestic) about the epidemic, we conducted this survey;
- ❑ This report is our preliminary analysis of the survey results, hoping to provide some reference information for business operators and policy makers;
- ❑ Data for this report was independently collected by Trace Research Ltd, between 15th and 23rd February 2020;
- ❑ Results from this study are based on an online survey distributed to Chinese businesses in New Zealand through Trace Research's Chinese Immigrants Research Panel (by email invitations) and various social media platforms;
- ❑ The results of this preliminary analysis are based on a sample of **206** ethnic Chinese business owners and senior executives from 14 industries across 11 regions in New Zealand. There were also additional 117 employees who participated in the survey, and their responses will be analysed separately in other publications.

Key Preliminary Findings

- ❑ 91.1% of our domestic Chinese business are SMEs (under 50 employees), they make up the majority of Chinese business in NZ;
- ❑ 45.6% of Chinese businesses estimated that their cash-flows could only last for 3 months for running their businesses normally;
- ❑ 83.4% of Chinese (Tourism) businesses estimated that their cash-flows could only last for 3 months for running their businesses normally, followed by Hospitality (Restaurant/Hotel/Entertainment)(63.1%) and Manufacturing (46.2%);
- ❑ 56.3% of Chinese businesses estimated that their revenue will be negatively impacted by the epidemic, 4.9% foresaw a growth in revenue and 22.8% claimed that there would be no significant impact on their revenue;
- ❑ On average, Chinese (Tourism) businesses could suffer 43% in dropping of revenue compared to the previous financial year, followed by Hospitality (25.5%) and Marketing related businesses (20.2%);
- ❑ Overall, 51.9% of Chinese businesses reported that “decline of the volume of customers” is their biggest challenge, followed by financial pressure to pay their rentals (27.2%) and short of staff (27.2%);
- ❑ New Zealand’s ban on any foreign nationals who have travelled from or through China from entering our country has limited the spread of coronavirus, consequently it has also impacted on domestic Chinese businesses’ daily operation (63.6%), workforce management (49%) and business performance (66%);
- ❑ Top 3 areas of assistances from domestic Chinese businesses for our government to consider are 1) *Tax reduction for those companies/industries that suffer significant impact (52.4%); 2) Increase the confidence of NZ citizens by more strict medical examinations (e.g. temperature measurement) for those enter our border (48.5%); 3) Subsidising rentals and interest of loan for companies that suffer significant impact (36.9%).*

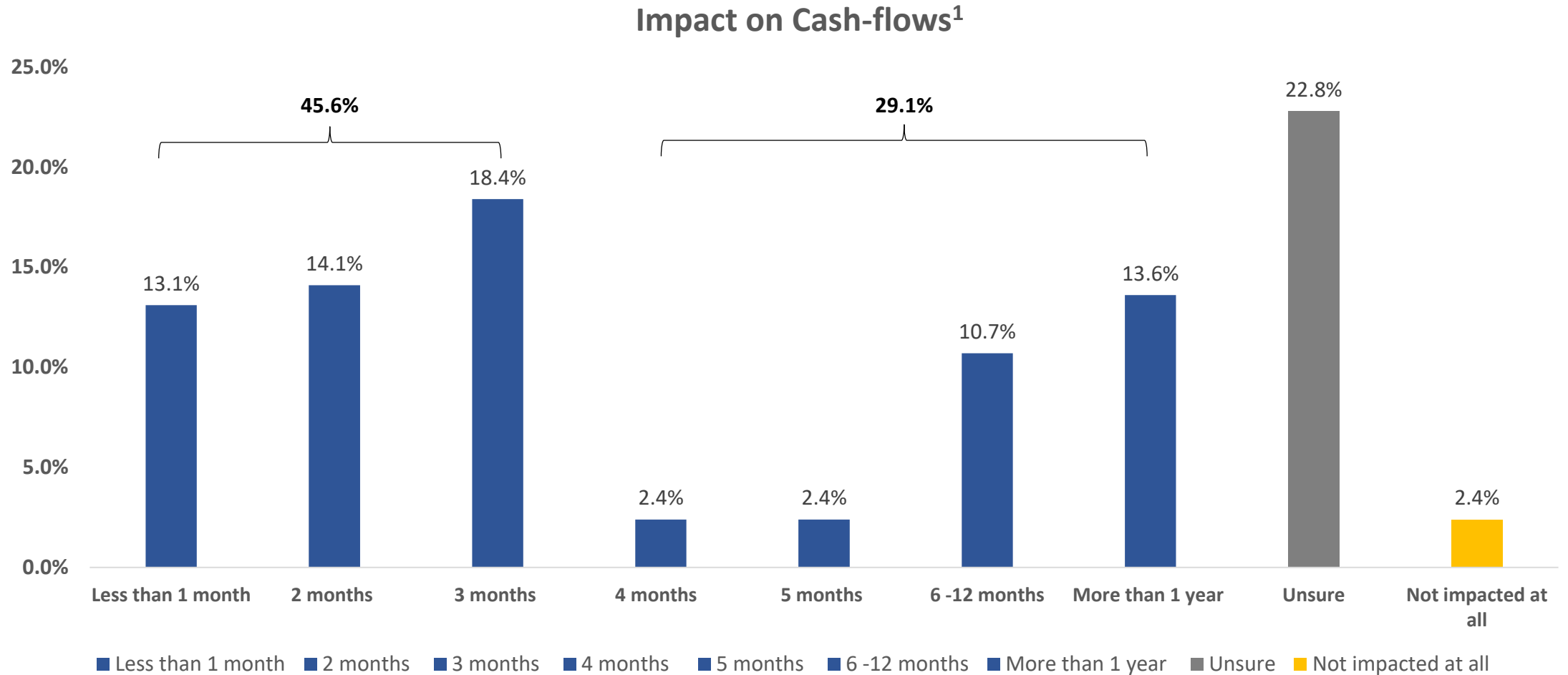
Key Sample Compositions: 91.1% of Chinese business are SMEs (under 50 employees), they make up the majority of Chinese business in NZ

Business Location	Count	%
Northland Region	1	0.5%
Auckland Region	175	85.0%
Waikato Region	2	1.0%
Bay of Plenty Region	2	1.0%
Gisborne Region	1	0.5%
Taranaki Region	1	0.5%
Manawatu-Wanganui Region	2	1.0%
Wellington Region	3	1.5%
Canterbury Region	15	7.3%
Otago Region	3	1.5%
Southland Region	1	0.5%
Total	206	100%

Size of Business	Count	%
Self-employed	25	12.1%
3 or less	39	18.9%
4-8	66	32.0%
9-20	40	19.4%
21-50	18	8.7%
51-100	8	3.9%
101-200	2	1.0%
201 or more	8	3.9%
Total	206	100.0%

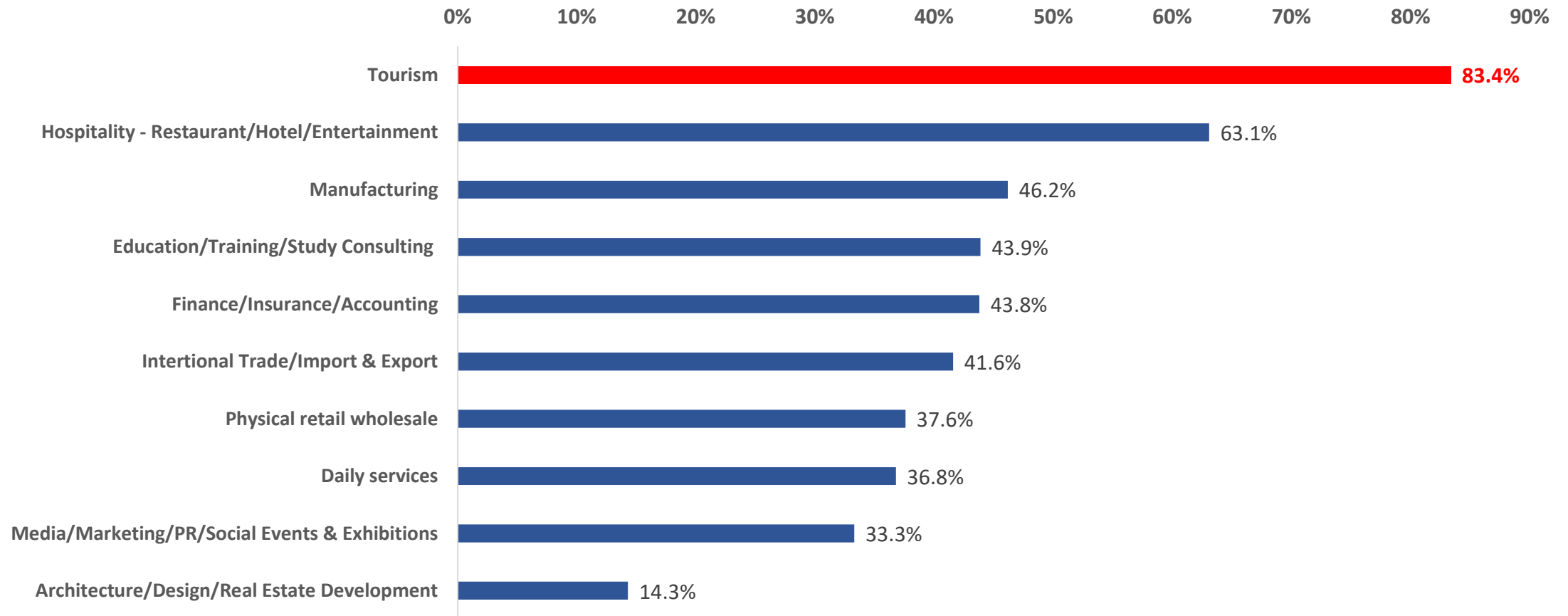
Business Sectors	Count	%
Manufacturing	13	6.3%
Hospitality - Restaurant/Hotel/Entertainment	46	22.3%
Tourism	18	8.7%
Physical retail wholesale	16	7.8%
Medical Clinic/Pharmacy	6	2.9%
Education/Training/Study Consulting	16	7.8%
Agriculture, Forestry, Fishery	2	1.0%
Internet/R & D/Technology	7	3.4%
Architecture/Design/Real Estate Development	21	10.2%
International Trade/Import & Export	12	5.8%
Finance/Insurance/Accounting	16	7.8%
Logistics/Transportation	5	2.4%
Media/Marketing/PR/Social Events & Exhibitions	9	4.4%
Daily services	19	9.2%
Total	206	100.0%

45.6% of Chinese businesses estimated that their cash-flows could only last for 3 months for running their businesses normally

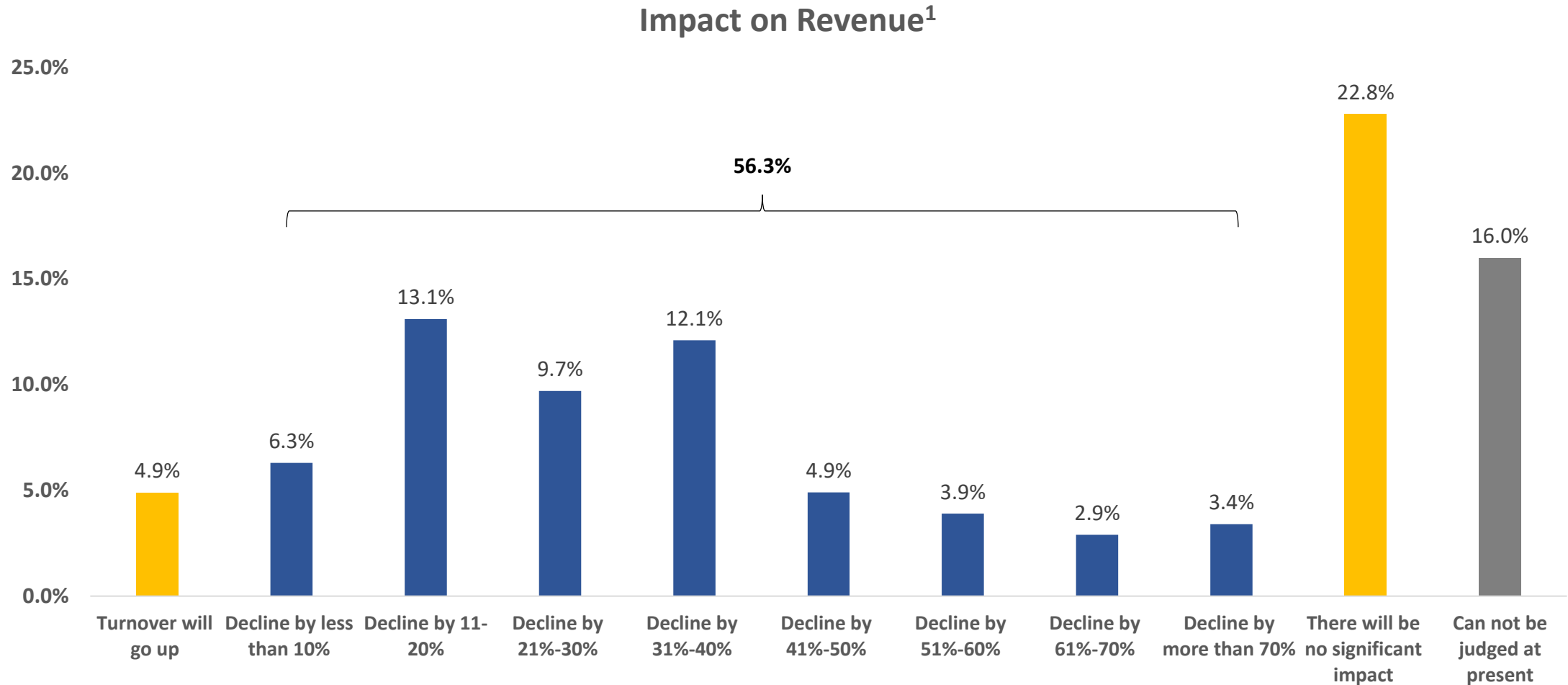


83.4% of Chinese (Tourism) businesses estimated that their cash-flows could only last for 3 months for running their businesses normally, followed by Hospitality (Restaurant/Hotel/Entertainment) (63.1%) and Manufacturing (46.2%)

Impact on Cash-flows¹ - Sustainability = 3 Months Max by Industry (Top 10)

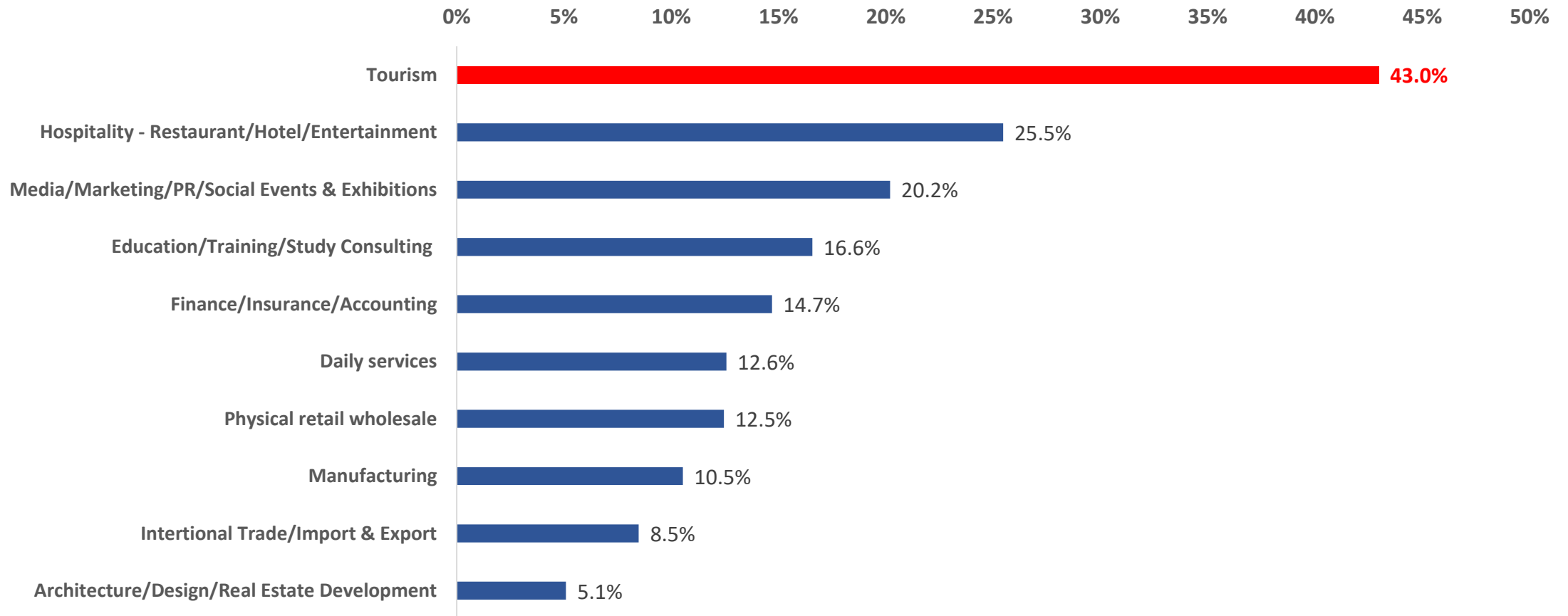


56.3% of Chinese businesses estimated that their revenue will be negatively impacted by the epidemic, 4.9% foresaw a growth in revenue and 22.8% claimed that there would be no significant impact on their revenue



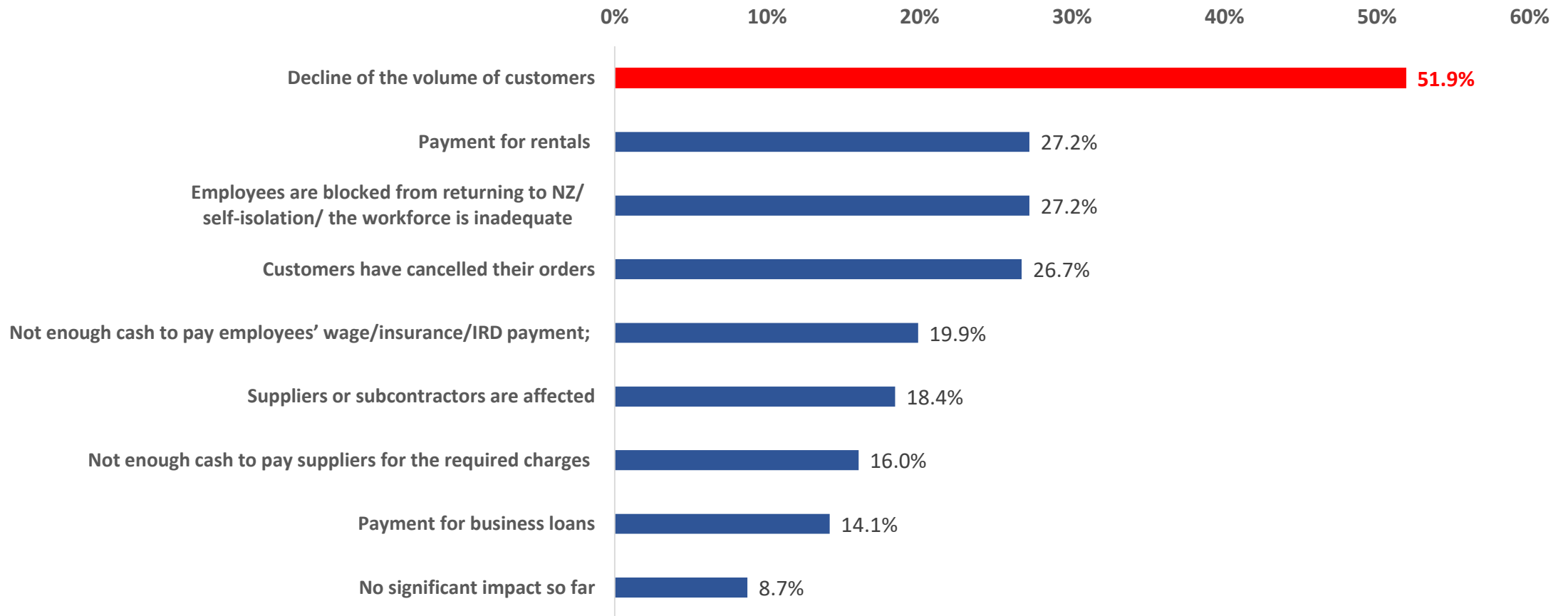
On average, Chinese (Tourism) businesses will suffer 43% in dropping of revenue compared to the previous financial year, followed by Hospitality (25.5%) and Marketing related businesses (20.2%)

Impact on Revenue¹ – Average % Drop in Revenue by Industry (Top 10)

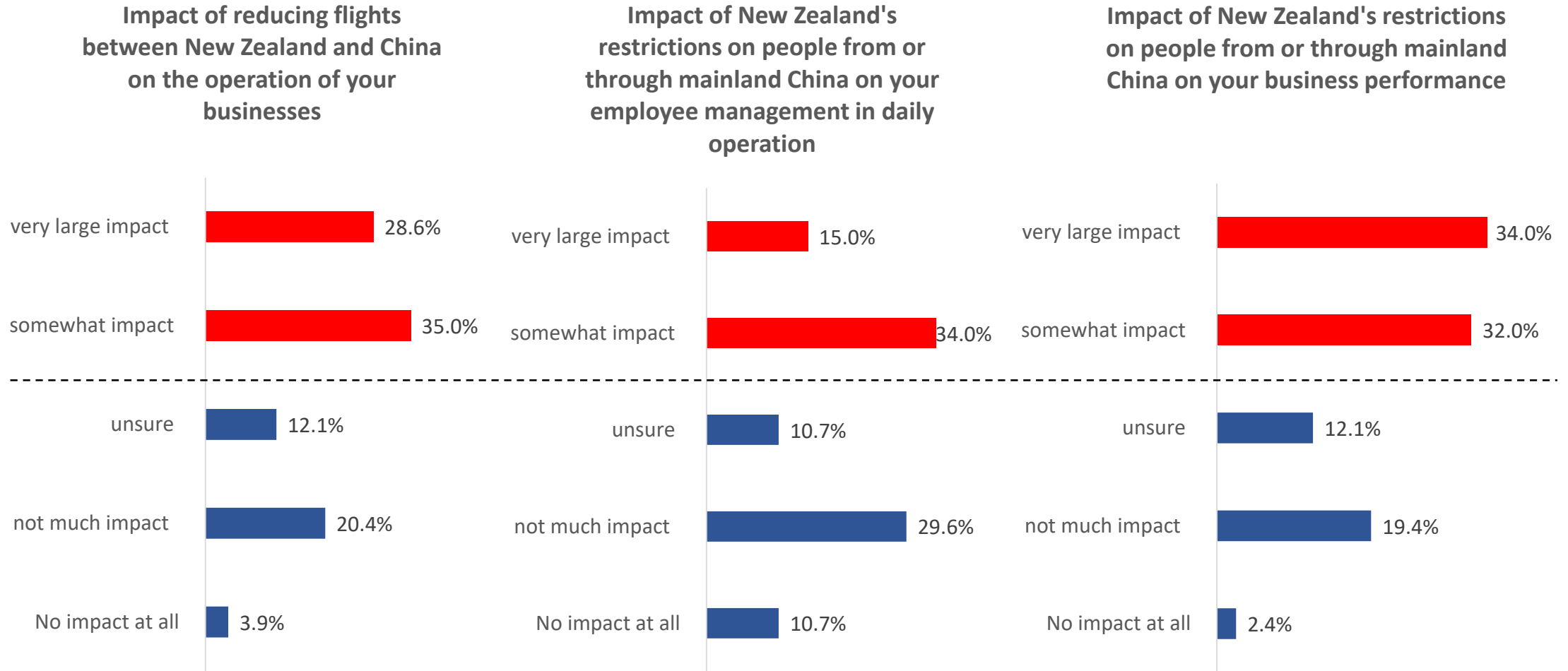


Overall, 51.9% of Chinese businesses reported that “decline of the volume of customers” is their biggest challenge, followed by financial pressure to pay their rentals (27.2%) and short of staff (27.2%)

Main Challenges Faced by Chinese Businesses in NZ ¹



New Zealand’s ban on any foreign nationals who have travelled from or through China from entering our country has limited the spread of coronavirus, consequently it has also impact on domestic Chinese businesses’ daily operation (63.6%), workforce management (49%) and business performance (66%)



Top 3 areas of assistance for our government to consider are¹

1) Tax reduction for those companies/industries that suffer from financial loss and significant impacts (52.4%);

2) Increase the confidence of NZ citizens by more strict medical examinations (e.g. temperature measurement) for those enter our border (48.5%);

3) Subsidising rentals and interest of loan for companies that suffer from financial loss and significant impacts (36.9%)

Thanks to all domestic Chinese business owner and operators who participated in this survey, we appreciate your feedback and we are confident that NZ policy makers will do their best to protect our health and minimise the impact on all New Zealanders' daily life and work.

– Dr Andrew Zhu & Research Associates

Research Company Background

Trace Research Ltd (NZ) is an independent research-based marketing consultancy company based in Auckland that was established by Dr Andrew Zhu. Trace established 1st and holds the largest New Zealand Chinese Immigrants Research Panel (as of Feb 2020, there are around 19,000 members which is equivalent to 10% of the entire Chinese adults population in New Zealand)

Trace Research has conducted many research projects targeted at Chinese immigrants in New Zealand, for example,

- 2016 - Chinese Immigrants' Safety Perception of NZ Survey
- 2016 - China - New Zealand Agribusiness Investment and Trade Survey
- 2016 - Chinese Immigrants' Health Insurance Survey
- 2017 - Members' Political Opinion Survey for New Zealand Asian Leaders
- 2017 - Chinese New Zealanders Political Poll (WTV-Trace Chinese Poll)
- 2017 - Chinese Immigrants Life & Work Survey for the University of Auckland
- 2017 - Chinese Immigrants' Manuka Honey Brand Perception Survey
- 2017 - Chinese International Students Well-being Survey
- 2018 - Chinese Immigrants Domestic Travel Survey
- 2018 - Chinese Immigrants Cross-border E-commerce Survey
- 2018 - Chinese Immigrants Air Passenger Survey
- 2019 - Chinese Immigrants' Daigou Survey
- 2018-19 - Chinese International Students Kia Topu project for University of Canterbury
- 2019 - Trace & Ipsos - Chinese Immigrants' Radio Listenership Survey
- 2019 - Trace & Reid - Chinese Immigrants' Political Poll

BUSINESS

Calls for help for Chinese businesses affected by coronavirus

2:09 pm on 2 March 2020

Share this: [Twitter](#) [Facebook](#) [Email](#) [LinkedIn](#)

Chinese businesses affected by the Covid-19 outbreak are calling for more help from the government.



A survey has revealed the impact of the Covid-19 outbreak on Chinese businesses. Photo: Unsplash / Khachik Simonian

They said in a survey they were getting fewer customers and having difficulties in workforce management.

The survey, Impact of Covid-19 on Chinese Businesses in New Zealand, was carried out by Trace Research and Auckland University professor Dr James Sun.

It has covered 206 ethnic Chinese businesses from 14 industries across 11 regions in New Zealand.

Results show that 91.1 percent of Chinese business in New Zealand have less than 50 employees and they make up the majority of Chinese businesses here.

Nearly half, 45.6 percent, estimated that their cash-slows could only last for three months for running their businesses normally. Among tourism companies, 83.4 percent said their cash-slows could only last for three months for running their businesses normally, followed by hospitality (63.1 percent) and manufacturing (46.2 percent).