



AUSTRALIA'S INTERNATIONAL BUSINESS **SURVEY** 2019

VICTORIA SUB REPORT



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EXECUTIVE SUMMARY

Australia's International Business Survey (AIBS) 2019 is a collaborative effort between the Export Council of Australia (ECA), the Australian Trade and Investment Commission (Austrade) and the Commonwealth Bank of Australia (CBA). AIBS is the largest undertaking of its kind and has been surveying current conditions and future outlook of internationally engaged Australian businesses since 2014.

In 2019, AIBS surveyed a total of 593 businesses who were actively undertaking international business activities representing 75 industry subsectors across more than 90 international markets.

This sub-report focuses on the 141 Victorian respondents to AIBS 2019, who represented 24% of all respondents. Most respondents in Victoria (VIC) were comprised of businesses in manufacturing (33%), professional services (11%), agriculture, food and beverage (8%), and wholesale trade (also with 8%). Victorian respondents' profile was strongly focused on the manufacturing sector (33% versus 25% of the overall national survey respondents).

Most Victorian respondents were medium businesses, with 34% employing 20-199 people followed by 29% employing less than four. Larger businesses employing more than 200 people accounted for 9% of Victorian respondents.

Victorian respondents' business larger size was also reflected in their revenue figures, with 28% of the state's respondents earning between AUD 5 million and AUD 50 million in the 2018-19 financial year. At the lower end, 27% of Victorian respondents earned less than AUD 1 million, while 13% earned over AUD 50 million.

The international experience of Victorian respondents also largely mirrors the national survey respondents, with 26% earning international revenue for the past 11 to 20 years, followed by 24% of respondents who started earning revenue from international operations more than two decades ago. This was followed by slightly over one-fifth of respondents (21%) who started earning revenue only 5 years ago.

THE BREADTH OF INTERNATIONAL BUSINESS ENGAGEMENT

Most Victorian respondents were involved in exporting either goods (64%) or services (50%) overseas, which largely reflects the international activity of AIBS 2019 respondents overall. This was followed by nearly half of respondents (48%) who were involved in importing goods, much higher than 37% at the national level.

Most Victorian export sales were earned from selling to other businesses (70.2%), rather than selling to consumers (26.2%).

In analysing the value of international revenue earned, most Victorian respondents (52%) reported earning under AUD 1 million in the 2018-19 financial year, including 26% who earned less than AUD 100,000. From those earning much higher international revenue, only 8% of respondents reported earning AUD 50 million or more.

The number of countries that Victorian respondents earned this international revenue from was fairly well distributed, led by 19% of respondents who earned international revenue from only one country, followed by 16% who earned revenue from three countries. More diversified respondents earning revenue from more than 20 countries accounted for 14% of respondents, which is slightly above the national survey figure of 10%.

The top four international revenue markets for Victorian respondents were the United States (27%), China (24%), Singapore (14%) and United Kingdom (13%) in line with the top four markets of national AIBS 2019 respondents. India (10%) rounded out the top five, displacing New Zealand (5%) who was the fifth market at a national level.

BEYOND 2019: NEW MARKETS & FUTURE OUTLOOK

Looking to the future, Victorian respondents painted an optimistic picture of the next few years. Slightly higher than the 55% reported for AIBS 2019 respondents overall, 59% of state respondents expected their financial outlook over the next two years to be better than the last two.

Of these, 67% said their employment plans in Australia were influenced by their future outlook, which is lower than the corresponding national survey figure (73%). 64% of Victorian respondents intended to increase headcounts over the next two years, which aligns with respondents overall who felt the same way.

Respondents from Victoria were in line with the average survey respondent, planning to do business in several new markets over the next two years, with 21% planning to do business in 4-5 new markets in the next two years, and a further 18% planning to do business in two new markets.

The top new target markets for Victorian respondents were China (19%), India (19%) and Japan (15%). This was largely in-line with AIBS 2019 respondents overall, except for Japan which ranked higher for Victorian respondents. United States, Indonesia, Malaysia and France (all with 14%) were also considered relevant target markets.

While the majority (30%) did not plan to make any changes in their target markets, the main reasons for any changes in these top market selections were simply expanding into new markets (13%) and increased demand in the respondent's product or service offering (13%). Focus/growth in South East Asia was listed as a key reason for change in target markets for 5% of respondents.

1.0

RESPONDENT PROFILE



1.0

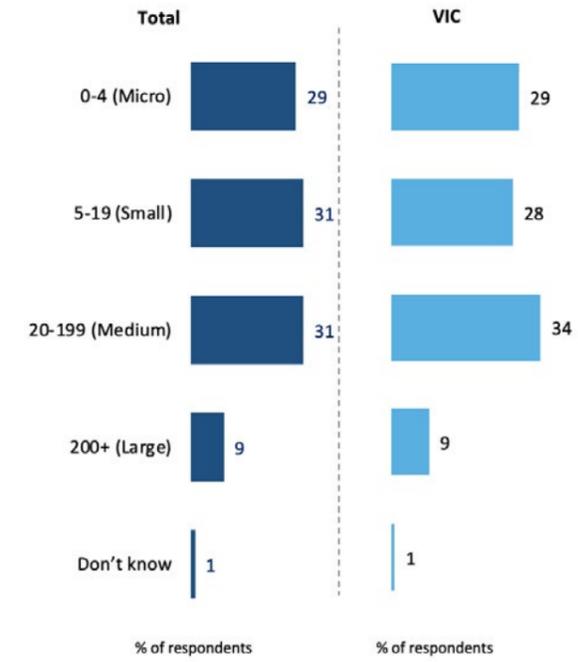
RESPONDENT PROFILE

FIGURE 1.1. WHAT IS THE MAIN INDUSTRY OF YOUR COMPANY

% of respondents	Total	VIC
Manufacturing	25	33
Agriculture, Forestry and Fishing	12	8
Professional, Scientific and Technical Services	10	11
Education and Training	10	6
Other Services	7	2
Wholesale Trade	6	8
Information Media and Telecommunications	5	6
Mining	5	2
Arts and Recreation Services	4	5
Construction	3	3
Retail Trade	3	2
Financial and Insurance Services	2	4
Health Care and Social Assistance	2	3
Electricity, Gas, Water and Waste Services	2	1
Accommodation and Food Services	2	4
Transport, Postal and Warehousing	1	1
Administrative and Support Services	1	1
Public Administration and Safety	1	0
Rental, Hiring and Real Estate Services	0	1
Don't know	1	1

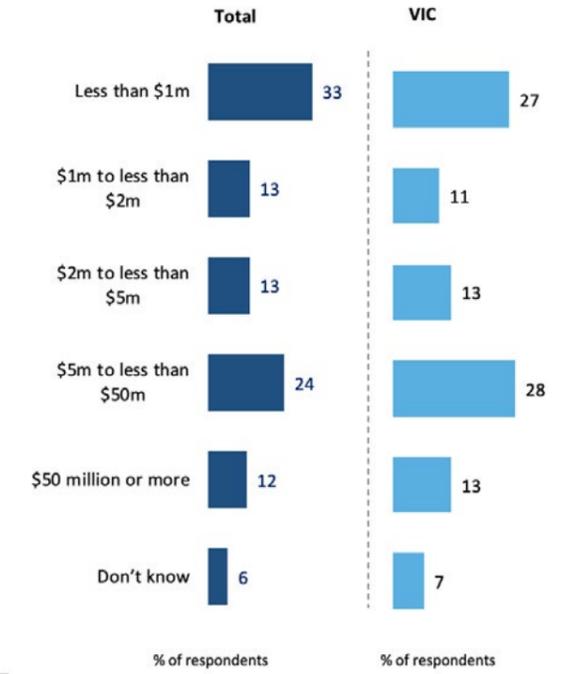
Q56. What is the main industry of your business?
Base: all respondents, Total n=593, VIC n=141

FIGURE 1.2. NUMBER OF EMPLOYEES



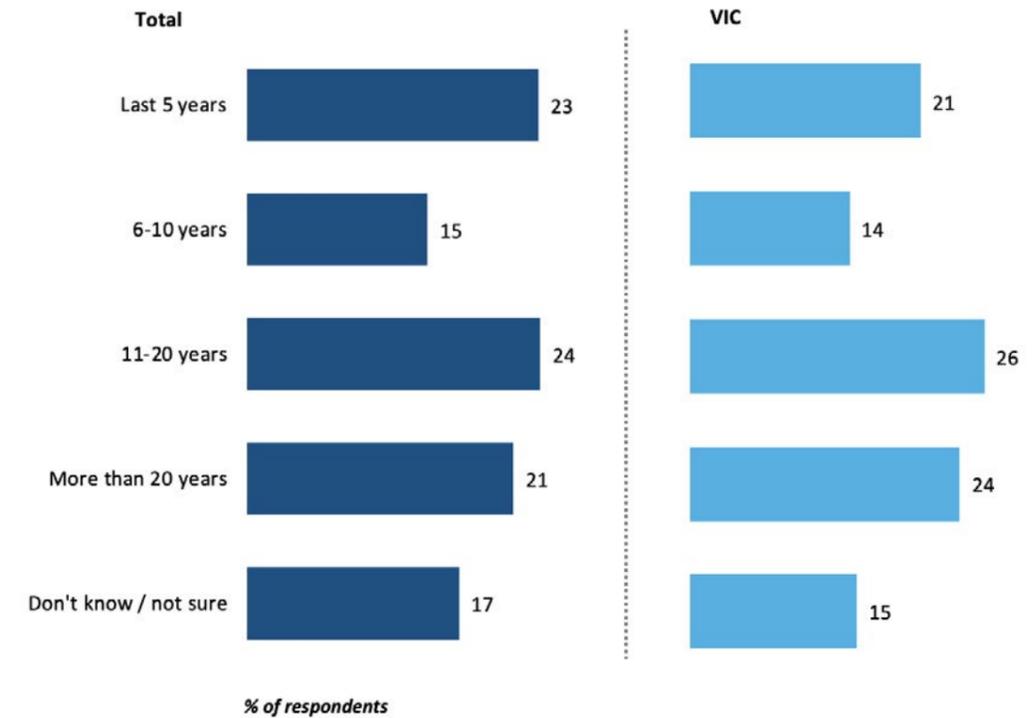
Q59. How many employees does your business have? (% of respondents)
Base: all respondents, Total n=592, VIC n=141

FIGURE 1.3. TOTAL REVENUE LAST FINANCIAL YEAR



Q60. What was your business's total revenue last financial year? (% of respondents)
Base: all respondents, Total n=592, VIC n=141

FIGURE 1.4. YEAR STARTED EARNING INTERNATIONAL REVENUE



Q23. What year did your business start earning international revenue?
Base: all respondents, Total n=593, VIC n=141



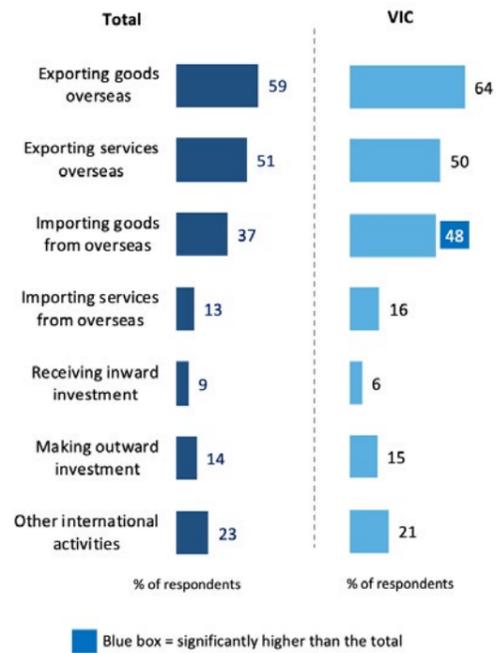
2.0

**THE BREADTH OF
INTERNATIONAL
BUSINESS
ENGAGEMENT**

2.0

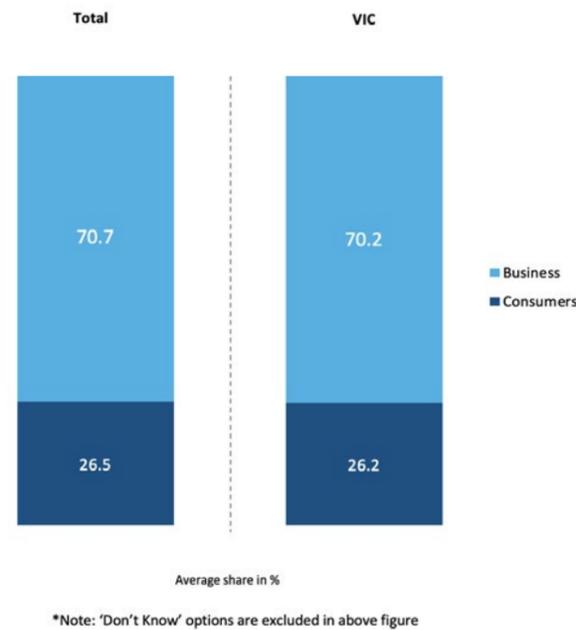
THE BREADTH OF INTERNATIONAL BUSINESS ENGAGEMENT

FIGURE 2.1. TYPES OF INTERNATIONAL ACTIVITY BY SELECTED INDUSTRY



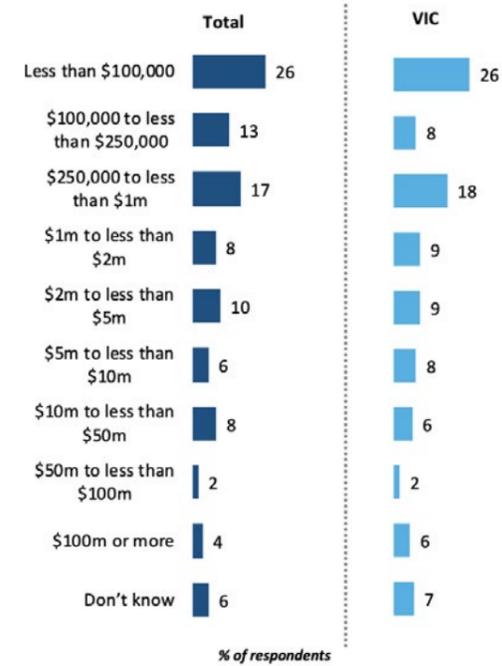
Q5. Over the past year, has your business been involved in any of the following activities? Please select all that apply. (% of respondents)
Base: all respondents, Total n=593, VIC n=141

FIGURE 2.2. PERCENTAGE OF EXPORT SALES: OVERSEAS CONSUMERS VERSUS BUSINESSES



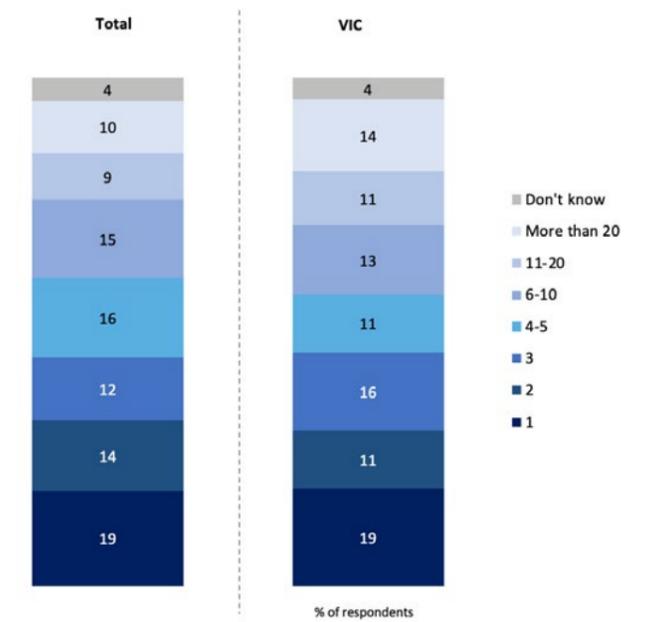
Q31- What percentage of your export sales are for overseas consumers compared to overseas businesses? (average share in %)
Base: all respondents, Total n=593, VIC n=141

FIGURE 2.3. SIZE OF INTERNATIONAL REVENUE LAST FINANCIAL YEAR



Q24. How large was your total international revenue last financial year?
Base: all respondents, Total n=593, VIC n=141

FIGURE 2.4. NUMBER OF COUNTRIES EARNING INTERNATIONAL REVENUE FROM



Q25. From how many countries has your business earned international revenue in the last 12 months? (% of respondents)
Base: all respondents, Total n=593, VIC n=141

FIGURE 2.5. TOP 2 MARKETS FOR INTERNATIONAL REVENUE AND THEIR REVENUE SHARE

Market	% of respondents	Total	Share of Int. revenue	VIC
United States	24	48	27	50
People's Republic of China	22	49	24	41
Singapore	10	41	14	33
United Kingdom	9	40	13	39
New Zealand	9	45	5	30
India	6	40	10	44
Hong Kong	6	36	7	26
Japan	6	45	4	39
Canada	5	27	4	32
Indonesia	5	41	3	33
Germany	5	29	7	26
Thailand	5	35	4	41
Malaysia	4	27	3	2
United Arab Emirates	4	49	5	51
Vietnam	3	40	0	-
Papua New Guinea	3	63	3	74
Philippines	3	28	1	15

Q26. What was the market from which your organization earned international revenue in the past year? Q27. Which were the top two markets from which your organization earned international revenue in the past year? (% of respondents) / Q28. For approximately what share of your international revenues did each of these markets account? (average share in %). *markets below 3% are not shown in the chart*
Base: all respondents, Total n=593, VIC n=141





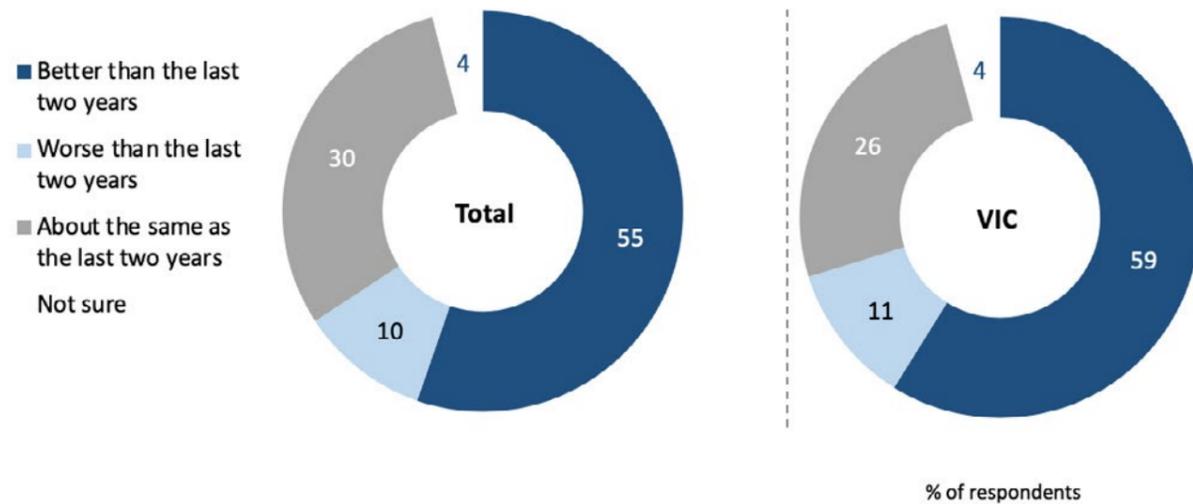
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**BEYOND 2019:
NEW MARKETS &
FUTURE OUTLOOK**

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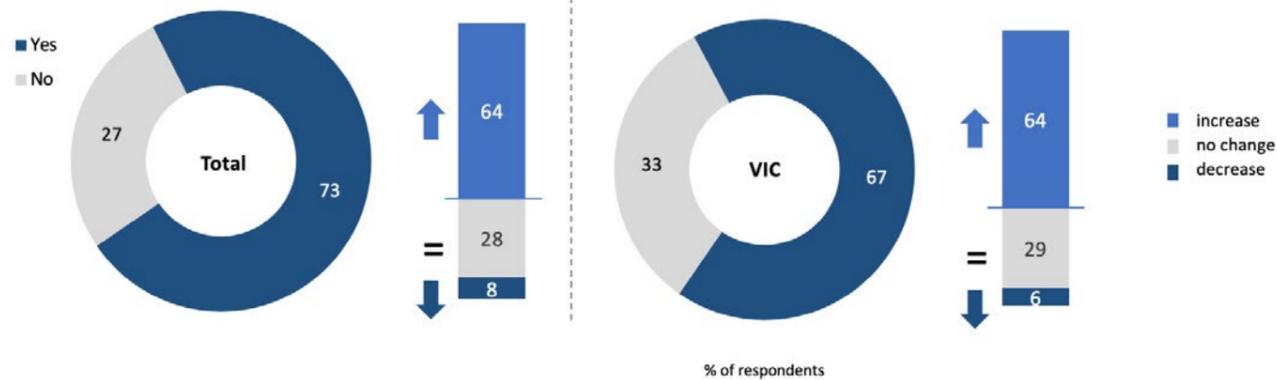
BEYOND 2019: NEW MARKETS & FUTURE OUTLOOK

FIGURE 3.1. OVERALL FINANCIAL OUTLOOK FOR INTERNATIONAL OPERATIONS NEXT 2 YEARS



Q45. Would you say the overall financial outlook for your business's international operations over the next two years is...?
Base: all respondents, Total n=593, VIC n=141

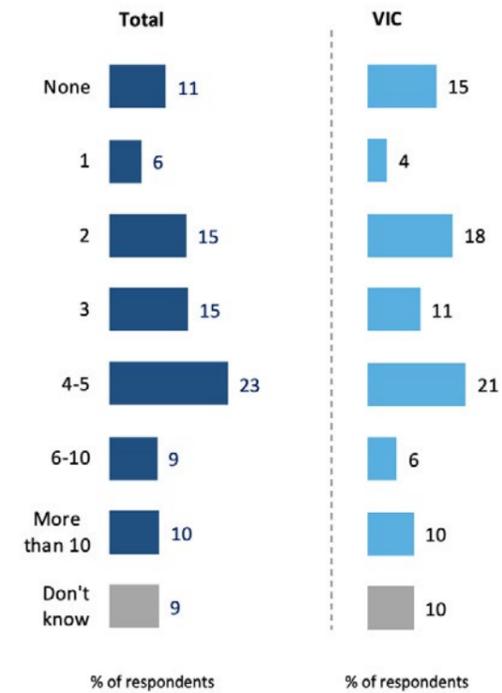
FIGURE 3.2. HAS YOUR FUTURE OUTLOOK INFLUENCED YOUR EMPLOYMENT PLANS IN AUSTRALIA?



Q46a. Has your future outlook influenced your employment plans in Australia? (% of respondents)
Base: all respondents, Total n=593, VIC n=141

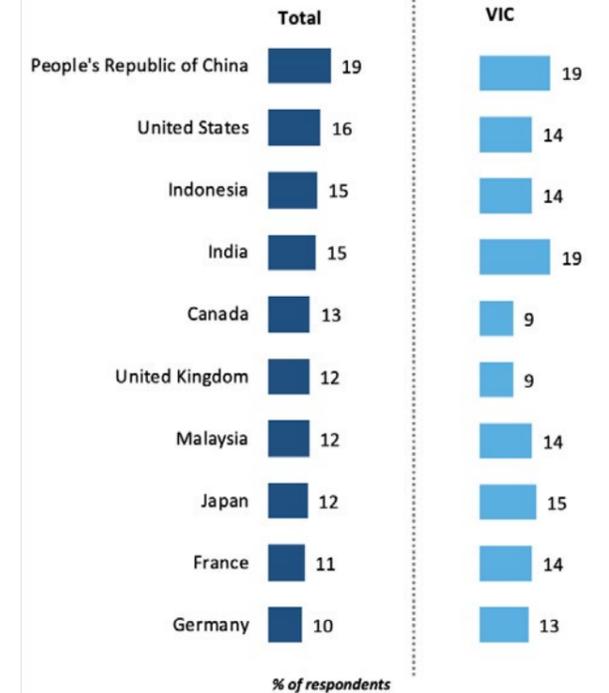
Q46. How much, if at all, do you expect your employment plans in Australia to change over the next two years?
Base: influenced employment plans, Total n=430, VIC n=95

FIGURE 3.3. NUMBER OF NEW COUNTRIES PLAN TO DO BUSINESS WITH OVER THE NEXT 2 YEARS



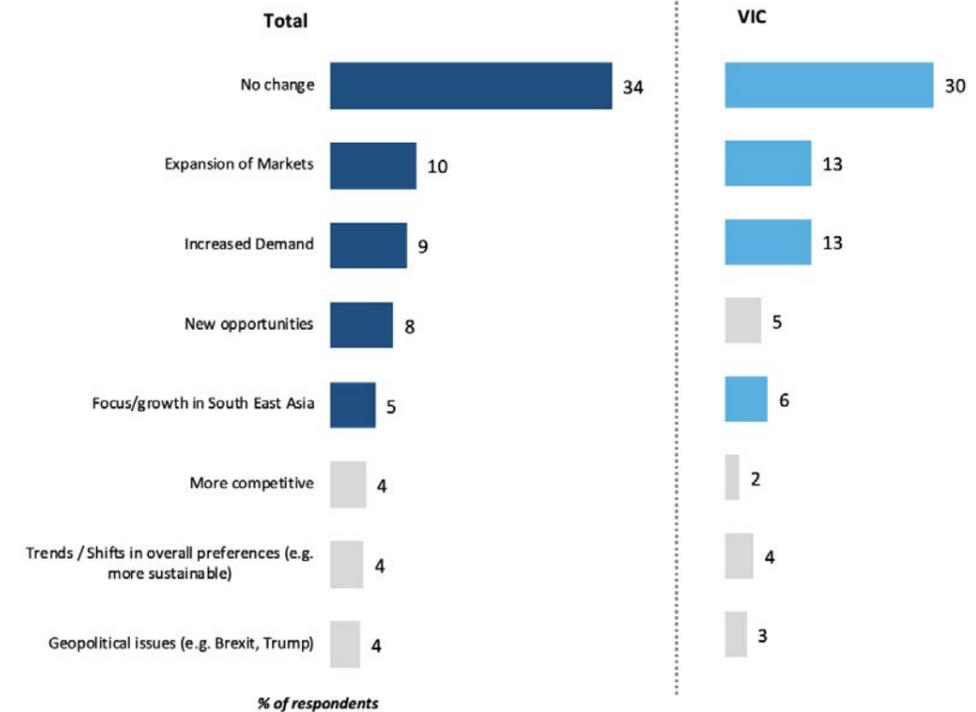
Q47. How many new countries is your business planning to do business in over the next two years? (% of respondents)
Base: all respondents, Total n=593, VIC n=141

FIGURE 3.4. TOP 10 NEW COUNTRIES CONSIDERED TO DO BUSINESS WITH OVER NEXT 2 YEARS



Q48. In which new countries are you considering doing business over the next two years?
Base: All who are planning to do business in a new country over the next two years, Total n=461, VIC n=101

FIGURE 3.5. TOP 5 REASONS FOR CHANGES IN TARGET MARKET(S) (VERBATIM RESPONSES CODED)



Q49. Could you please briefly outline how, if at all, your target markets have changed? (coded open answers, % of respondents)
Grey colours indicate reasons which are not in Top 5
Base: All who are planning to do business in a new country over the next two years, Total n=461, VIC n=101

ACKNOWLEDGEMENTS

Australia's International Business Survey (AIBS) 2019 is an initiative led by the Export Council of Australia (ECA) in collaboration with the Australian Trade and Investment Commission (Austrade) and the Commonwealth Bank of Australia (CBA).

The AIBS 2019 partners also extend a thank you to all state and federal government agencies that have assisted in bringing this year's survey together, as well as to our industry partners.





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