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# Will Australian businesses source more suppliers or customers from overseas as the cost of doing business increases?

A Money Transfer Comparison Study

September

2023

As living costs increase in Australia, local suppliers are raising prices to stay afloat. Changes in how Australians spend money due to tighter budgets have led businesses to think about finding suppliers and customers in other places.

Money Transfer Comparison commissioned a survey to find out whether Australian businesses are choosing to source more from overseas suppliers as the cost of doing business rises.

Respondents were asked to specify whether they will start looking for overseas suppliers or customers within the next 12 months.

Respondents were also asked to identify which products and services they would source internationally if looking to do so. They could choose all that apply from the list below:

- Software
- IT hardware
- Labour (including consultancies, self-employed people or contractors)
- Manufacturing
- Shipping and logistics
- Research.

Money Transfer Comparison surveyed 202 owners and senior decision-makers across the full SME spectrum: micro (1-4 employees), small (5-19 employees), and medium-sized (20-200 employees) businesses.




## In the next 12 months, will businesses seek more offshore suppliers or customers?

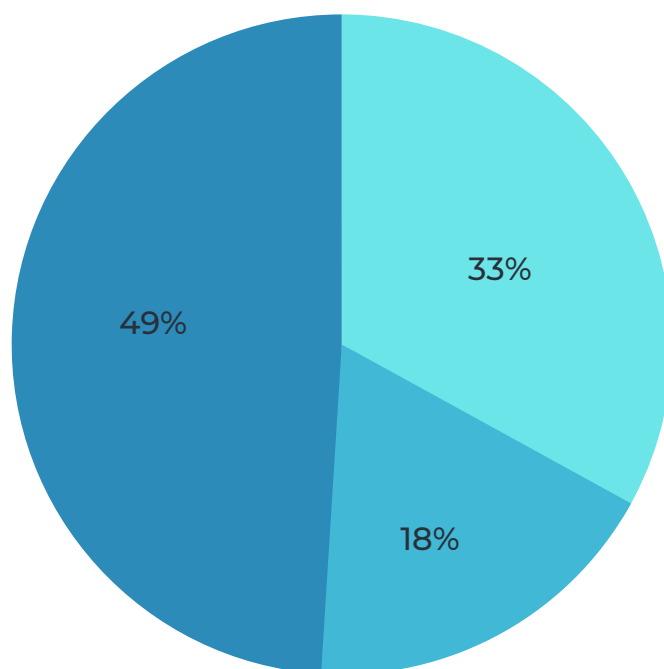
Money Transfer Comparison found that more than half (51%) of Australian businesses would look to source resources and customers from overseas within the next 12 months, as the cost of doing business increases. It is well known that Australia is a high-cost country for manufacturing and doing business in general, with a many businesses using offshore suppliers to cut operational costs.

More specifically: 33 per cent said they would look at switching at least one of their local suppliers to overseas suppliers. A further 18 per cent stated they would be looking for customers based overseas; businesses often seek sales from overseas to grow and diversify their customer base.

Almost half (49%) of businesses stated that they wouldn't be looking to source either customers or suppliers from overseas.

In the next 12 months, will you look for more overseas suppliers or customers that are based overseas?

-  Yes, I will switch at least one of my local suppliers to an overseas supplier
-  Yes, I will seek offshore customers
-  No



## By State.

Across the States, businesses in Western Australia are most likely to source both suppliers or customers from overseas, with 68 per cent planning to do so. This is followed by:

- 53% of NSW businesses
- 50% of Victorian businesses
- 46% of South Australian businesses
- 40% of Queensland businesses

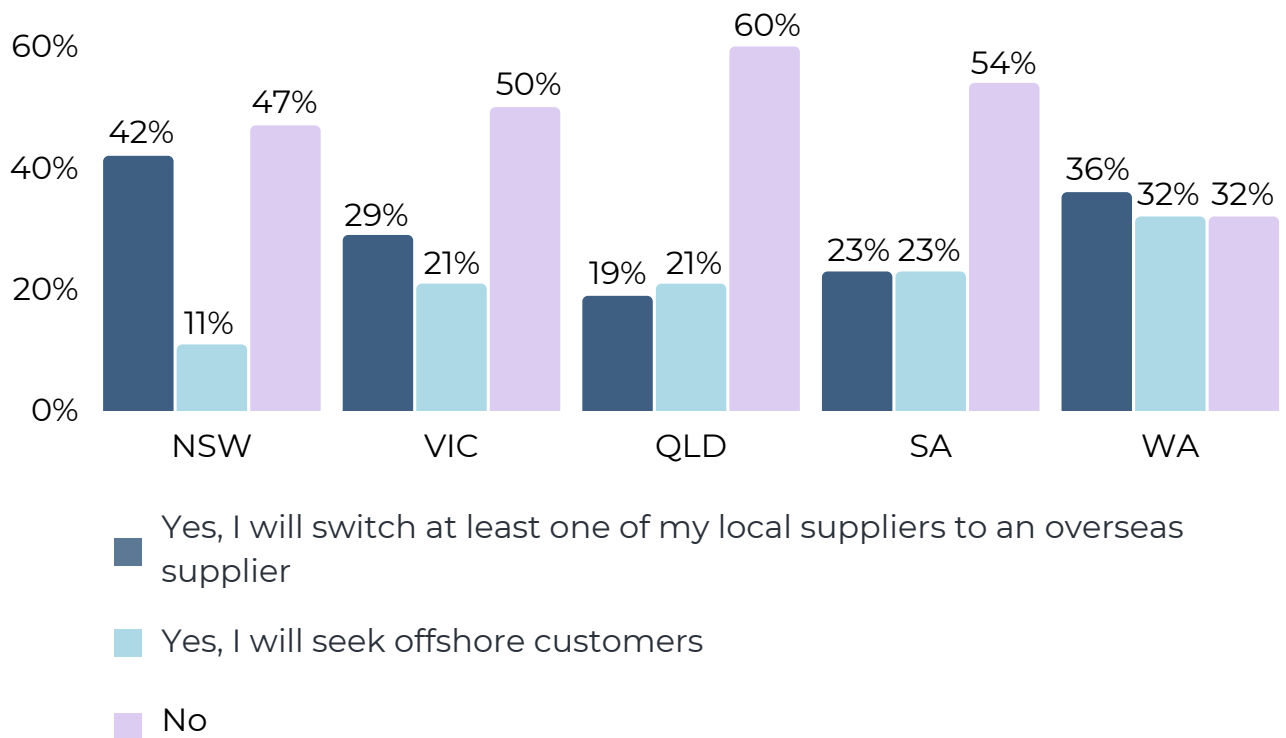
More specifically: 42 per cent of NSW businesses are planning to switch at least one of their local suppliers to an overseas supplier. This compares with:

- 36% of West Australian businesses
- 29% of Victorian businesses
- 23% of South Australian businesses
- 19% of Queensland businesses

The study found businesses in Western Australia more likely to source customers internationally (32%) than other states. This is followed by:

- 23% of South Australian businesses
- 21% of Victorian businesses
- 21% of Queensland businesses
- 11% of NSW businesses

In the next 12 months, will you start looking for overseas suppliers or customers?



## By business size.

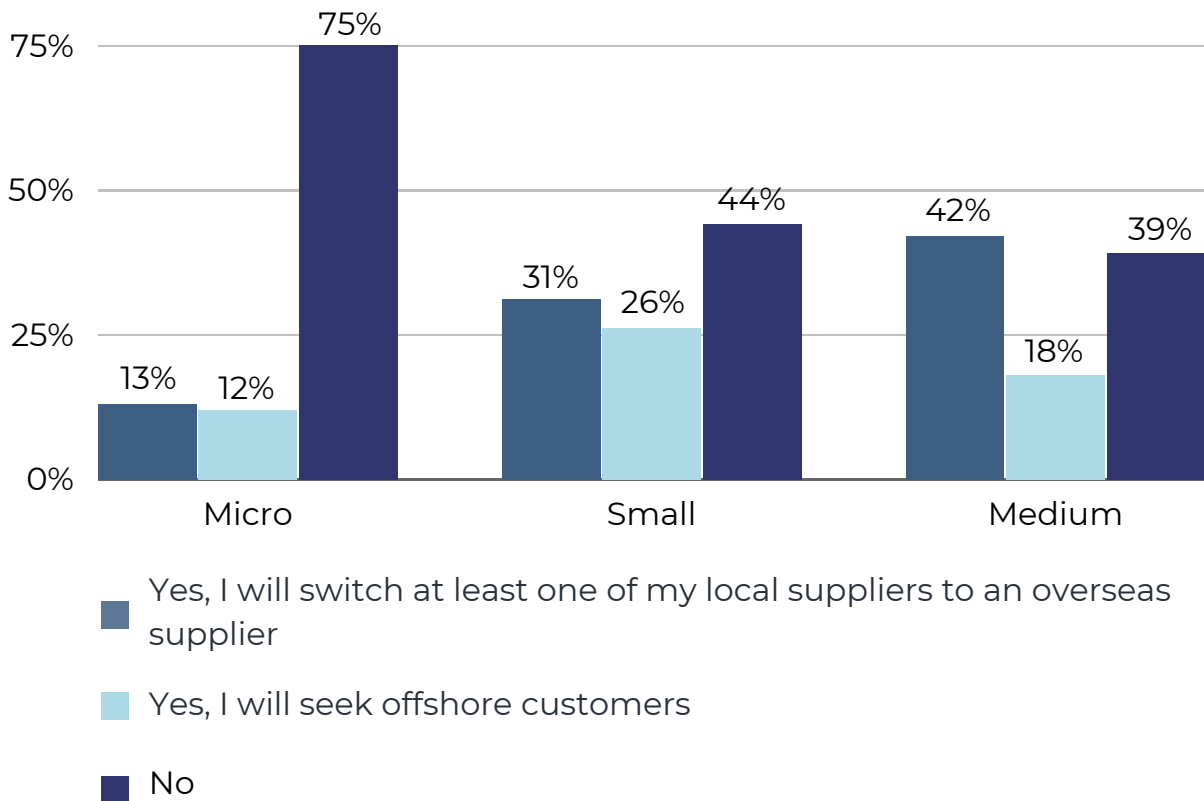
Money Transfer Comparison found contrasting responses across the different business sizes. Medium-sized businesses are most likely to start sourcing both suppliers and customers from overseas, at 60 per cent. That compares with 57 per cent of small businesses and only a quarter (25%) of micro businesses.

Furthermore, the study found 42 per cent of medium-sized businesses looking to switch at least one of their local suppliers to an international supplier, followed by 31 per cent of small businesses and only 13 per cent of micro businesses.

On the other hand, small businesses are more likely to look towards acquiring more overseas-based customers (with 26% saying so). This is followed by:

- 18% of medium-sized businesses
- 12% of micro businesses

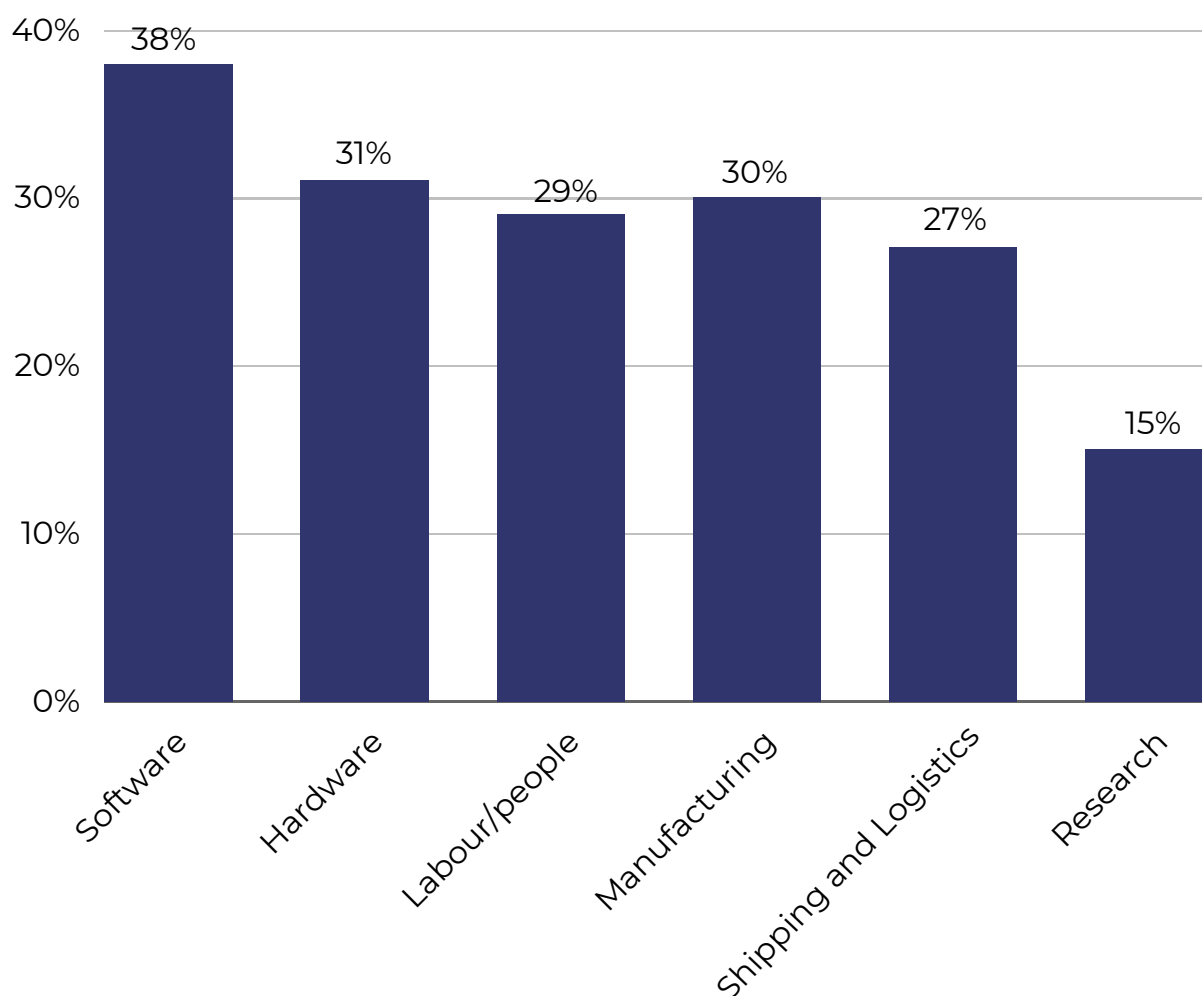
In the next 12 months, will you start looking for overseas suppliers or customers?



## If sourcing suppliers with cheaper overseas products and services, which categories would Australian SMEs consider?

Of all categories that Australian businesses would be most interested in sourcing from overseas, products and services within the tech industry such as software (chosen by 38%) and IT hardware (31%) were the most popular, followed by manufacturing (30%), labour (29%), shipping and logistics (27%) and research (15%).

If you were looking to source overseas suppliers with cheaper products and services, which categories would you look into?



## By State.

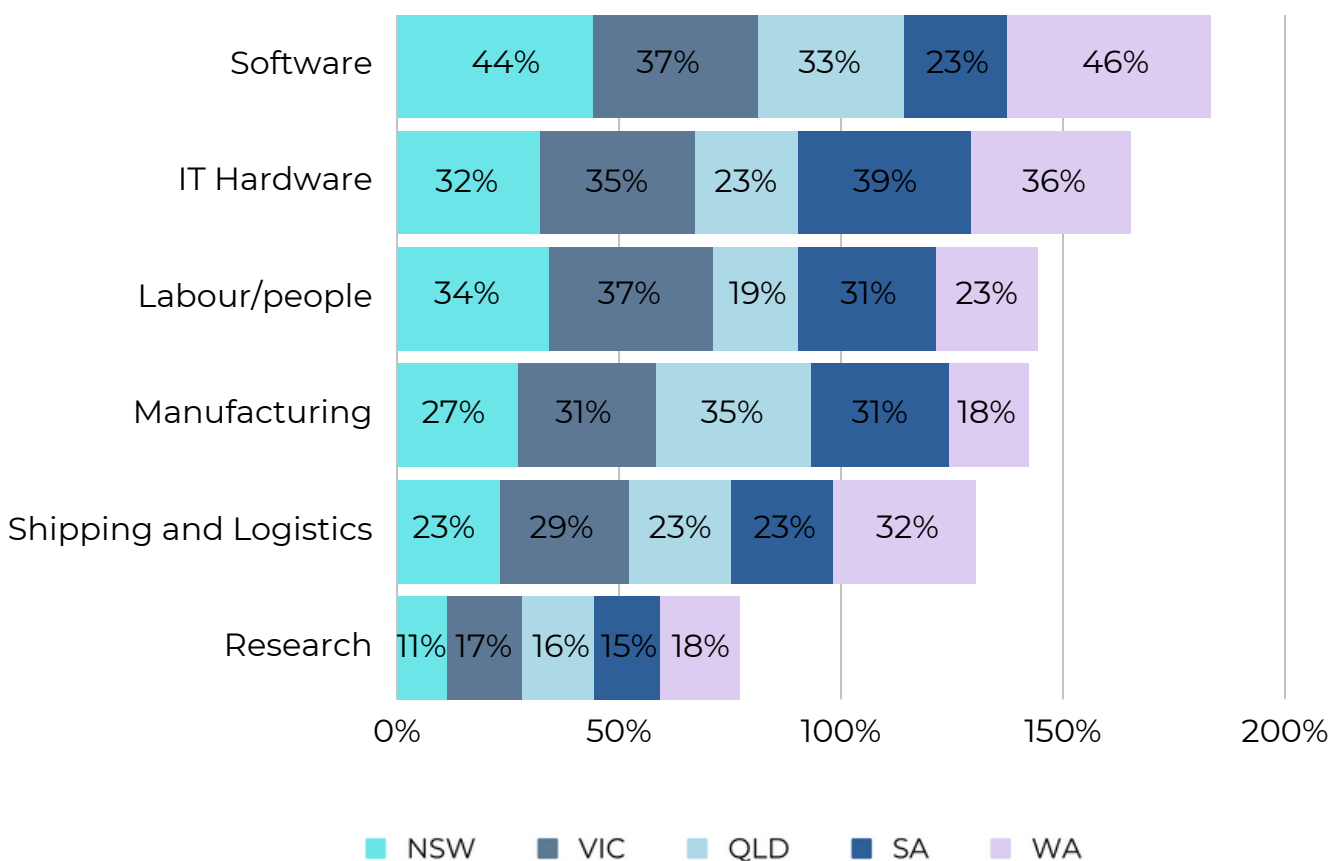
Across the States, West Australian businesses are most likely to source overseas software (chosen by 46%).

Victorian businesses are most likely to look into sourcing labour from overseas, chosen by 37 per cent, followed by businesses in NSW (34%) and South Australian businesses (31%).

Among all categories, Queensland businesses would be most inclined to source overseas manufacturing (35%), followed by 31 per cent of Victorian and SA businesses, 27 per cent of NSW businesses, and only 18 per cent of WA businesses.

Almost a third of WA businesses (32%) would look to outsource their shipping and logistics overseas, followed by 29 per cent of Victorian businesses.

If you were looking to source overseas suppliers with cheaper products and services, which categories would you look into?



## By business size.

Medium-sized businesses are most likely to consider outsourcing their IT hardware (chosen by 53%). A further 37 per cent would outsource software products and services, and 32 per cent would outsource labour.

Money Transfer Comparison found that micro businesses are most likely to outsource their software (chosen by 44%). The data also revealed a further 31 per cent of micro businesses would outsource their IT hardware, manufacturing (25%), shipping and logistics (24%).

Across Australia, almost half (49%) of small businesses are willing to outsource manufacturing to overseas. Small businesses are also more likely to outsource shipping and logistics, and research, compared to any other business size, at 31 per cent and 18 per cent respectively.

If you were looking to source overseas suppliers with cheaper products and services, which categories would you look into?

