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MEDIA RELEASE

Small business sales slide in July, lowest since September 2021

Xero data reveals small business jobs grow, but concerns elevate around sales and wages

Wellington — 25 August, 2022 — [Xero](#), the global small business platform, today released its [Xero Small Business Index](#) for July 2022, revealing sales have slumped as the cost of living begins to impact small businesses in Aotearoa.

Sales fell -1.5 percent year-on-year (y/y) in July, down from a 4.4 percent y/y growth in June and the lowest it has been since September 2021.

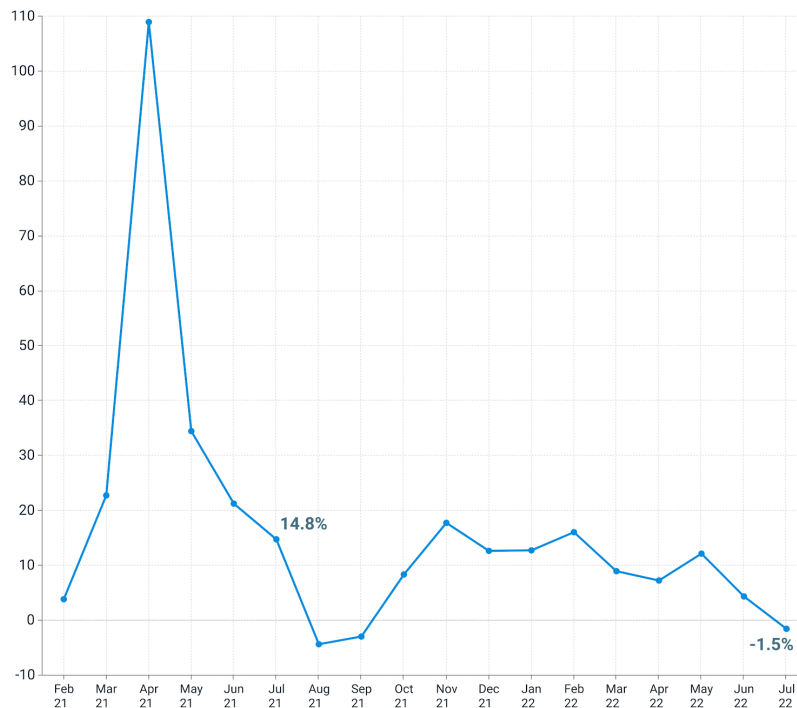
Xero Country Manager, Bridget Snelling, says inflation makes the situation worse for small businesses.

“[Inflation](#) in Aotearoa has hit 7.3 percent. This suggests the volume of goods and services sold has actually been much lower and price increases are hiding this real drop in sales. We estimate the real sales drop for small businesses is closer to -8.8 percent y/y.

“This is a clear sign small businesses across the country need our support. If you have the means, please shop local and keep money circulating through the New Zealand economy.”

Small business sales

%, year-on-year, monthly



Source: Xero Small Business Insights, Accenture methodology



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The global data shows small business sales in Aotearoa are a step behind Australia and the UK. While their sales growth is slowing month-on-month, it's still growing y/y at 7.5 percent and 4.5 percent respectively, or +1.4 percent y/y and -4.3 percent y/y adjusted with their inflation rates.

Small business jobs continue to grow, wages still high

July data reveals there are 4.7 percent more jobs in small businesses than there were a year ago. This is the third successive month that jobs growth has been above the long term average of 3.0 percent y/y.

Snelling says this is a good sign: "Job growth means more Kiwis are choosing to work in small businesses. We're in the middle of a significant labour shortage and it's encouraging to see small businesses are continuing to compete against larger corporations. It's also a sign small business leaders are confident in future growth."

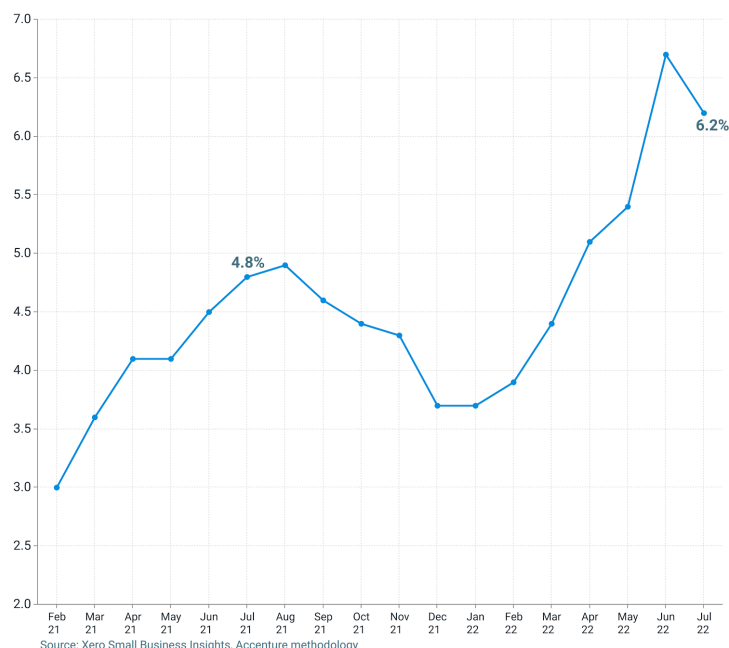
Most industries in Aotearoa saw strong jobs growth, led by manufacturing at 8.4 percent y/y. The sectors that struggled to attract talent in July were agriculture (-2.8% y/y) and hospitality (-3.7% y/y).

Wages rose 6.2 percent y/y in July, down slightly from a historic high of 6.7 percent y/y in June.

"After five consecutive months of successively faster wages growth, some small business owners will be relieved to see this slowed in July. However, at 6.2 percent y/y, this is still the second highest growth rate recorded since we started XSBI in 2017," Snelling adds.

Employee hourly earnings

%, year-on-year, monthly





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“We want to have a high wage economy, however this is only sustainable if our small businesses have the sales to back it up. Right now that’s not what the data is showing. I know the cost of living is impacting everyone, but please prioritise local small businesses where possible.”

All regions had wages growth at or above 6 percent, led by Otago and Waikato (both +6.7% y/y). Construction (+7.5% y/y) recorded the largest wage rise, followed by hospitality (+6.6% y/y) and manufacturing (+6.5% y/y).

The length of time small businesses are waiting to be paid was unchanged in July at 23.5 days, in line with the average for 2021 (23.9 days). This suggests small business customers are not currently delaying paying bills.

“Paying your invoices on time or early is another way you can help our small business community. This helps to solve cash flow issues, which is particularly important during difficult times,” says Snelling.

For further information on the Xero Small Business Insights July 2022 metrics, please refer to the [XSBI New Zealand](#) update. To find out more about how the Xero Small Business Index is constructed, see the [methodology](#).

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About Xero

[Xero](#) is a global small business platform with 3.3 million subscribers which includes a core accounting solution, payroll, workforce management, expenses and projects. Xero also provides access to financial services, and an ecosystem of more than 1,000 connected apps and more than 300 connections to banks and other financial institutions. Through Xero’s open platform, small businesses can connect to a range of solutions that help them run their business and manage their finances. For three consecutive years (2020-2022) Xero was included in the Bloomberg Gender-Equality Index. In 2021, Xero was included in the Dow Jones Sustainability Index (DJSI), powered by the S&P Global Corporate Sustainability Assessment. Xero has been named as a [FIFA Women’s Football partner](#) under FIFA’s new commercial structure.

Note to the editor

Previous iterations of the XSBI data have listed snapshots of data from the time it was captured. Some of these historical data points change as bookkeepers and accountants finalise their clients’ accounts, which can impact the specifics of the percentages.