

Navigator 2020 Greece



Together we thrive



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In 2019 Greek companies were the **most optimistic** in Europe on their future growth.

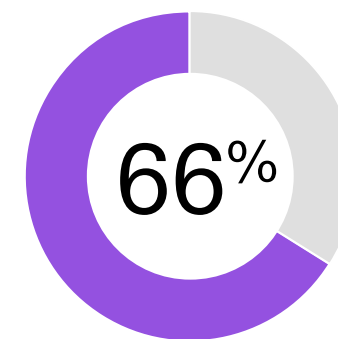
In 2020, though, business outlook is distinctly more pessimistic than last year and gloomier than seen globally and in Europe.

Resurgence of COVID is seen as the primary threat to growth and recovery. Two thirds of Greek companies expect to return to pre-COVID levels by the end of 2022, still the impact of COVID did not dampened their intention to invest to grow.

While the vast majority of Greek firms are feeling that international trade has become more difficult and expecting that it will continue to be so in the next year, their outlook on international trade is quite positive. Europe is currently the most important trading region for Greek companies and is expected to remain so for the next 3-5 years.

9 out of 10 Greek companies have concerns about their supply chain, so they have been increasing the use of technology, selecting suppliers based on their government's control of COVID-19 and tightening specifications/contracts.

Sustainability is gaining momentum among Greek firms, with the vast majority realizing that it creates multiple business opportunities and drives growth. While below the global levels, most of the Greek companies surveyed have plans or have set targets for various aspects of Environmental, Social and Governance (ESG) issues and track their progress against these targets.



Two-thirds of Greek companies expect to return to pre-COVID levels of profitability by the end of 2022 and less than one in five think that it will take them until between 2023 and 2025

2. Business outlook



Post-COVID recovery

The proportion of Greek companies which are more optimistic about their business growth than a year ago has declined from 65% in 2019 to 28% in 2020, a significantly steeper drop than seen globally and in Europe.

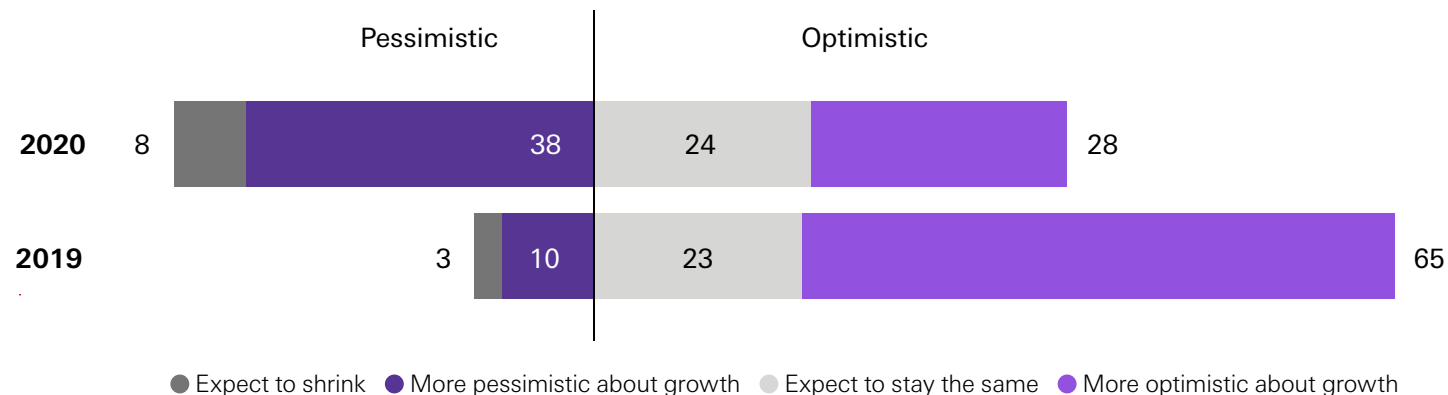
Two-thirds of Greek companies, which is just a little lower proportion than seen globally, expect to return to pre-COVID levels of profitability by the end of 2022 and less than one in five think that it will take them until between 2023 and 2025.

Resurgence of COVID is seen as the primary threat to growth/recovery, mentioned by 59% of Greek companies (compared to 46% globally) followed by concerns about decreasing demand (30%), an uncertain political environment (24%) and workforce morale (23%).

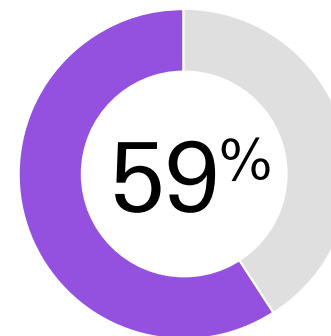
The key strategies, adopted or considered by Greek companies to aid recovery, enable growth and increase competitiveness show an equal emphasis on cost cutting and improving the quality of products and services (41%) followed by investment in new skills in the workforce / employee well-being (33%) and expansion into new markets (32%).

How business outlook has changed in the last twelve months

%



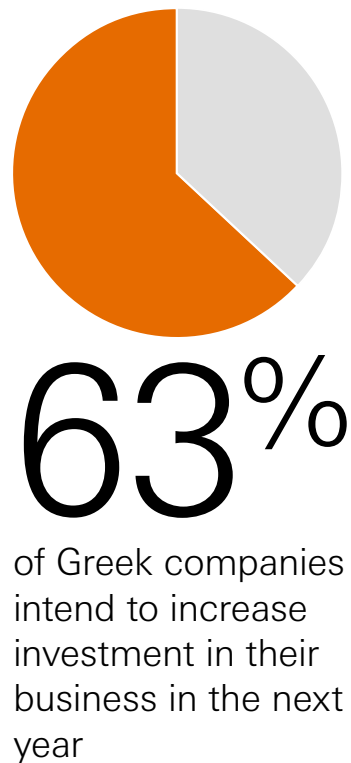
Top 3 drivers of business growth



Resurgence of COVID is seen as the primary threat to growth/recovery

3. Business Investment

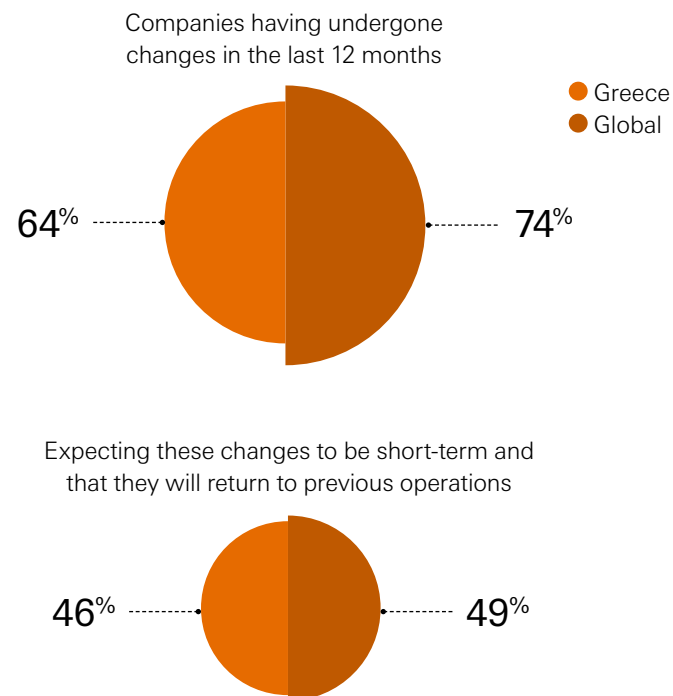
In line with the global trend, the pandemic has not dampened the inclination of the majority of Greek companies to invest to grow. 63% of Greek companies intend to increase investment in their business in the next year. Fewer than one in five intend to reduce investment. Greek firms are planning to focus their investment on marketing, cash flow and capital management and customer experience. And they intend to enable this experience through investing in technologies that help customer targeting, improve speed to market, facilitate product and service innovation as well as enhance customer experience.



4. Future strategy



Fewer Greek companies have undergone changes in the last 12 months compared to the global average (Greece: 64% vs. global: 74%), with close to half expecting these changes to be short-term and that they will return to previous operations (Greece: 46% vs. global: 49%). Nervousness about future uncertainty, the need to reduce cost and change ways of working, as well as advances in digitisation were the key reasons behind the changes that businesses underwent.



5. International trade

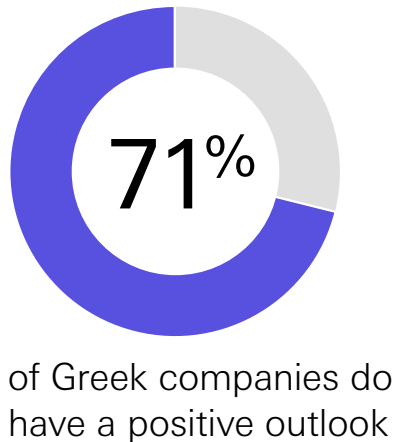


Greek companies' prospects for international trade outlook are positive **but less optimistic** than in 2019

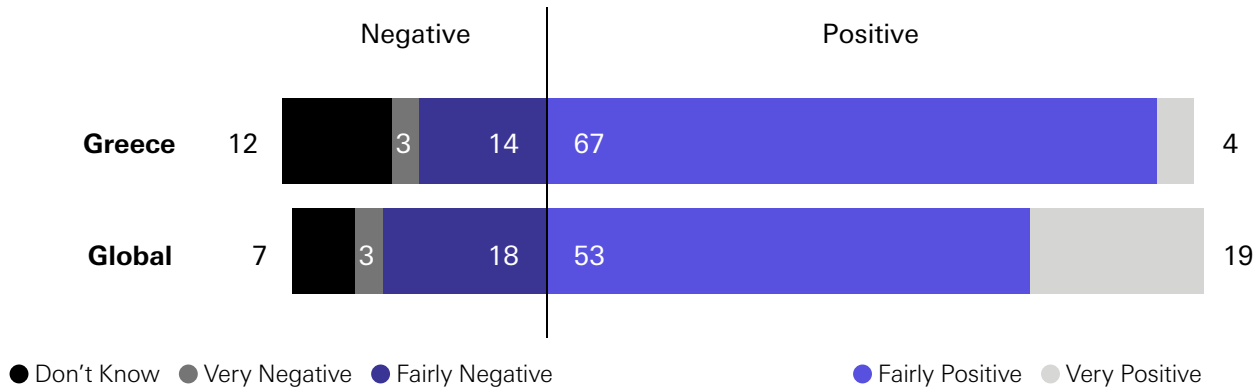
While the vast majority of Greek companies are feeling that international trade has become more difficult (81% vs. global: 63%) and expecting that it will continue to be so in the next year (63% vs. global: 52%), their outlook on international trade is quite positive.

71% of Greek companies do have a positive outlook in the next 1-2 years, but this represents a 10 percentage points decline from 2019, aligned with the global trend.

Compared to 2019, more Greek international companies have not stopped/ reduced trading with any markets in the past 2 years (2020: 65% vs. 2019: 54%), which is also higher than global level (2020: 50% vs. 2019: 45%). Greek international companies also uplifted their proportion of international trade, with around one-third of the companies having more than 50% of their business from abroad, which is now on par with the global average.



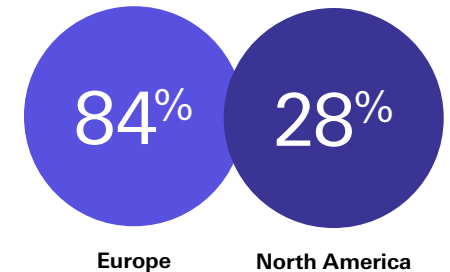
Company's prospects for international trade outlook (next 1-2 years)



%

Europe remains the most important trading block for Greece with more than 84% of Greek firms currently trading with European markets, followed by North America (28%). Looking to the next 3 – 5 years, Europe (2020: 53% vs. 2019: 61%) is likely to remain the most important trading region for Greek companies.

The most important trading blocks for Greece

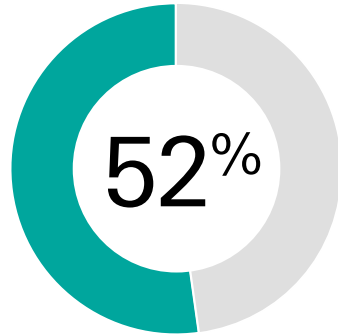


On the flip side, only 1% companies across the globe find the Greek market attractive. 57% of companies in Greece think that protectionism is increasing, which is lower than the global average 64%.

6. Reshaping supply chains



More than **nine in ten** Greek companies had concerns relating to their supply chain



Most of these concerns have to do with increasing cost (49%), financial resources / time spent on managing the supply chain (31%) and suppliers being too distant from target customers or their business (Greece: 31%).

of Greek companies cited cost reduction as the key benefit of making changes to their supply chains

Embracing technology (38%), selecting suppliers based on their country/government's control of COVID-19 (36%) and tightening specifications/contracts (30%) were the top changes made by Greek companies to their supply chain over the past year. The top immediate supply chain priorities in 2021 among Greek companies are the increase in use of technology (72% in Greece vs. global: 48%) as well as tightening specifications/contracts (53% vs. 38%).

Concerns relating to their supply chain

%



Top 3 changes made by Greek companies to their supply chain over the past year

%





7. Sustainability

94% of Greek firms stated that there are multiple opportunities for their business from improving their environmental and ethical sustainability, most notably in enhancing reputation (49%), contributing to local communities (37%), attracting investment (33%) and promoting employee well-being (33%).

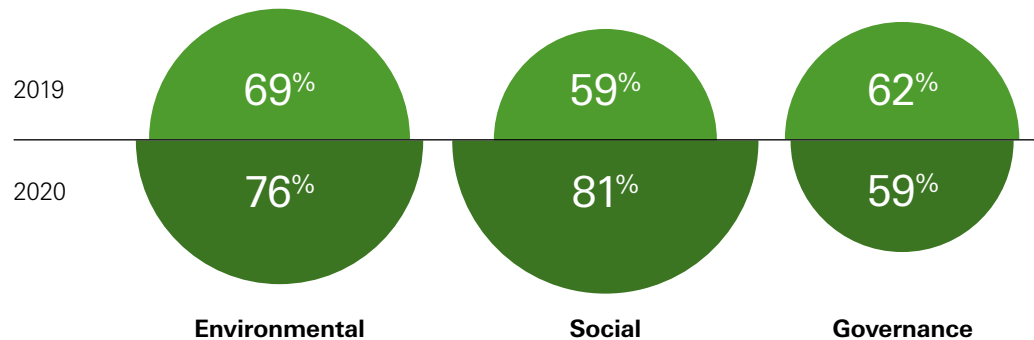
While below the global average, the majority of Greek companies have plans or have already set targets for various aspects of ESG issues. The four most popular ESG targets cited are recycling (83%), impacts on local communities/ local community investment (82%), energy usage and executive salaries/ compensation (both at 80%).

75% of Greek companies (vs. global: 86%) expect their sales to grow over the next year from a greater focus on sustainability, with the majority (51%) anticipating this growth to be modest –up to 5%.

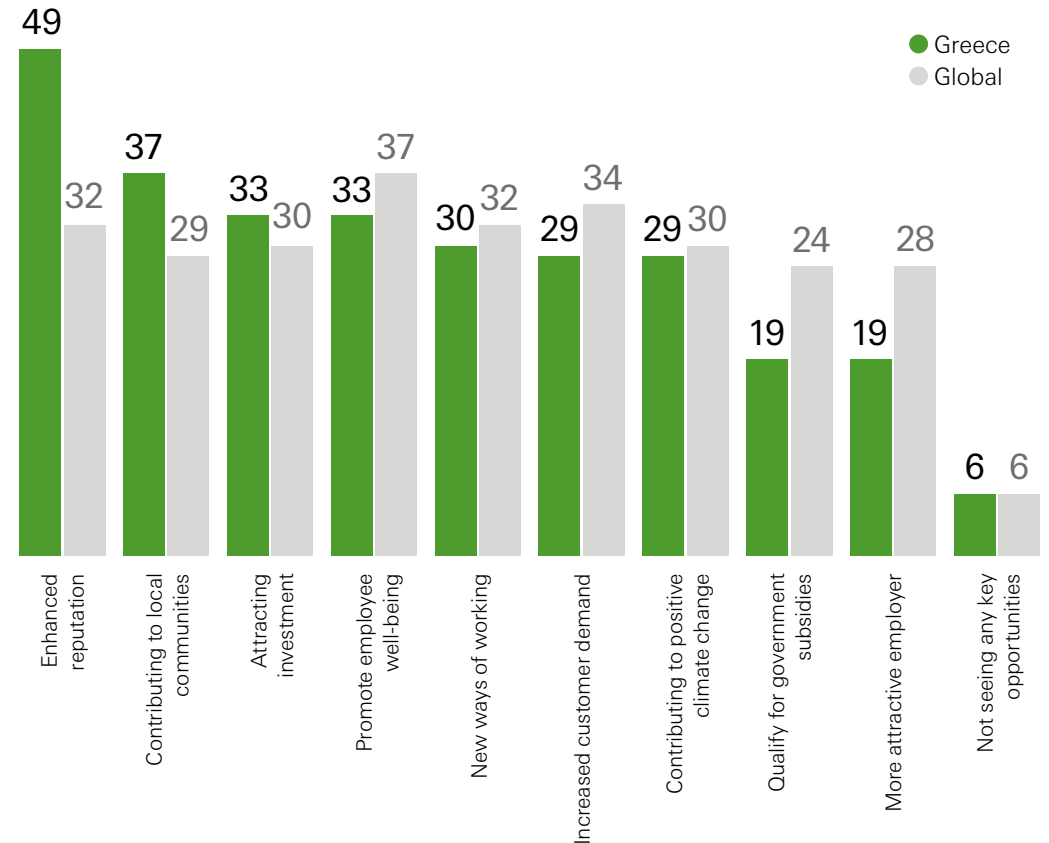
In line with the global trend, 76% of Greek companies (up from 69% in 2019) have metrics in place to track environmental sustainability, 81% (up from 59% in 2019) have metrics in place to measure social sustainability and 59% (down from 62% in 2019) have metrics in place to measure aspects of governance.

Measuring sustainability

Greek companies measuring all 3 aspects compared with 2019.



Investment priorities enabling businesses to move forward



About HSBC Navigator Greece

The HSBC Navigator survey, which is the largest of its kind, sponsored by HSBC. The study gauges sentiment and expectations of businesses in the near to mid-term future on topics including: Business outlook, business investment, future strategy, international trade, reshaping supply chains and sustainability. It is compiled from responses by decision-makers at 10,368 businesses – from small and mid-market to large corporations – across a broad range of industry sectors in 39 markets.

Sample sizes for each market were chosen to ensure the statistical accuracy of results, with 101 businesses surveyed in Greece. The survey was conducted between September and October 2020. Interviewees were polled on a range of questions including expectations around future growth in trade, attitudes toward trade policy developments and strategic business plans. The survey represents a timely source of information on the fast-evolving international business environment.

For further information about the research please contact:

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Or click on
www.business.hsbc.com/navigator

Note

There may be a slight discrepancy between the sum of individual items and the total as shown in the tables due to rounding.

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