

# Navigator

Now, next and how for business

Greece



Together we thrive

# Overview

## Greece finds a path forward

After 10 years of challenging economic conditions, Greece is hoping to reach the other side by cutting taxes and promoting growth, capitalising on market conditions that put yields on Greek bonds at record lows. While the level of its optimism exceeds forecasts from the EU, OECD and other economists, signs point toward an economy that is on its way to reducing unemployment and public debt and returning to growth.

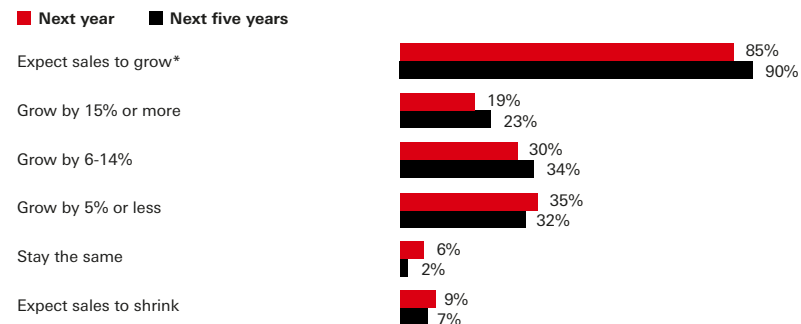
# State of play

## In pursuit of steady growth

More than four in five Greek businesses are projecting growth next year (85%), ahead of the global and European average of 79%. But it's also clear that slow and steady is the ethos in this economy. While nearly two-thirds of companies are more confident than last year, only 19% are projecting growth of 15% or more, lower than the global level of 22%.

Interestingly, only 35% of Greek firms are expecting their business to change totally or substantially in the next five years, compared to half globally and 41% in Europe. This again would seem to point to a strategy of steadying the ship after a turbulent decade.

### Expectations for future business growth



\*This is the sum of grow by 5% or less, 6-14%, 15% or more



## What you need to know

- 1 In the next five years, 90% of Greek companies are projecting growth, ahead of the global (82%) and European (80%) averages.
- 2 81% of firms are positive about their outlook for international trade, slightly ahead of the rest of Europe.
- 3 International traders are much more confident about growth in the next year – 98% of them are upbeat about their prospects compared with 85% of all companies.

## What your business can do



Expand into new markets. This is a driving factor cited by 51% of growing companies and 27% of firms who stated that they are overcoming threats by exploring new horizons.



Analyse how your business needs to change to meet future challenges. It makes sense for Greek firms to get back on track, but think about investing in change ahead of the wave.



Upgrade your supply chain with new technology and change supply management processes.

# Trade outlook

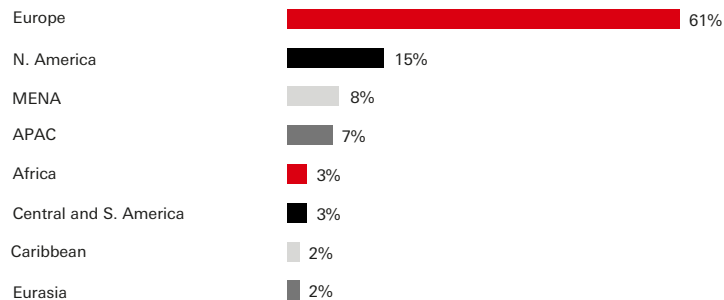
## Spotlight on Europe

For Greek companies, Europe is and will remain the primary trading partner. While 84% of international firms are trading in the region, only a few have expanded beyond into MENA (10%), North America (8%) and APAC (2%). However, in the next five years, Greek businesses see their companies in the US growing, with 12% citing it as a top area for growth.

Within Europe, Germany is the main trading partner, mentioned by 34% of companies, followed by Italy (26%) and Cyprus (19%). But, in the future, Greek firms are looking to increase trade with Cyprus (21%), Bulgaria (18%) and France (12%). Germany will remain a top market, but only 15% of businesses are looking to expand there.

Like their global counterparts, Greek businesses are upbeat about international trade, viewing trade as a force for good over the next five years. They say it will provide new business opportunities (86%), drive innovation (76%) and improve efficiency (69%).




### Future trading expansion markets in the next three to five years



## What you need to know

- 1 The majority of Greek global businesses are trading within Europe (84%).
- 2 International traders are interested in how the Greek economy is picking up. Businesses want to trade there before their competitors (30%) and because of favourable partnership opportunities (29%).
- 3 While Germany is the main trading partner now, companies are looking at Cyprus and Bulgaria for future expansion.

## What your business can do

-  Promote your partnership qualities to international firms who may be concerned about previous issues linked to high unemployment and austerity programmes.
-  Consider expanding beyond Europe. Asia-Pacific and North America are two regions of increasing interest to Greek firms.
-  Double down on international trade. Fewer Greek companies have stopped or are considering reducing overseas business in the next two years than the global average.

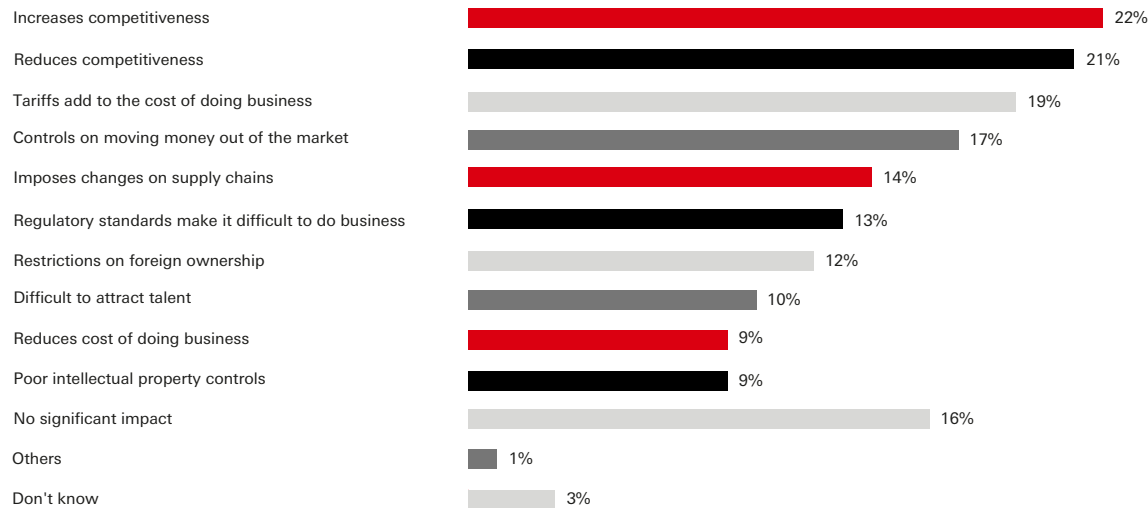
# Protectionism and geopolitics

## Politics matter

Throughout Europe, companies are feeling less of an impact from protectionism, but in Greece the average is slightly higher. 65% of companies worldwide feel a strong effect, compared with 55% in Europe, but 60% in Greece. The impact of geopolitical risk is felt at a similar level (59%), but this is also lower than the global average (64%).

The Navigator study has found that many companies globally feel that protectionism works in their favour. And more than half of Greek firms believe they gain more from protectionism – which is ahead of the European average. Again in line with businesses around the world, many companies find protectionism brings increased competitiveness, presumably in their local market. But many companies see protectionism and tariffs harming competitiveness and upping the cost of doing business.

### Ways in which businesses are feeling the impact of protectionism



## What you need to know



60% of Greek firms think their key trading markets are becoming more protective, which is higher than the European average (55%) but behind the global average (65%).



Geopolitical risk has an equal impact on business according to 59% of firms.



More than half (53%) of companies that think protectionism is growing expect their businesses to gain more than lose.

## What your business can do



Cut costs. Nearly half of Greek businesses are adopting this strategy to cope with protectionism.



Pursue local partnerships. Joint ventures with local firms are a key strategy for Greek and global companies combatting protectionism and geopolitical risk.

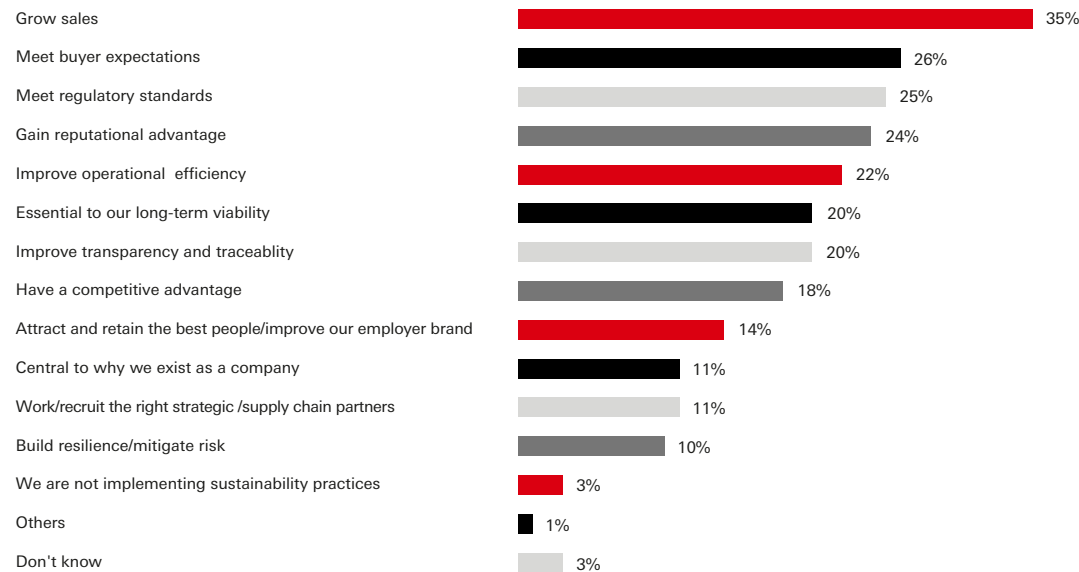
# The sustainable future

## Recognising the power of sustainability

Like other companies worldwide, Greek firms are recognising that sustainability can grow sales and meet customer expectations, while also bringing them in line with regulatory standards. But Greek businesses feel slightly less empowered to aid the UN's Sustainable Development Goals (SDGs). Just 42% of companies think they have a role to play in delivering the SDGs and only 15% believe their role is significant, versus global figures of 63% and 25% and European averages of 53% and 17%.

However, environmental, social and governance (ESG) attributes are still highly relevant for Greek businesses and are being extensively measured. In particular, companies are focused on tax transparency, product safety and quality and fair treatment of employees. The main pressure to become more sustainable in the next five years comes from competitors (42%) followed by end-consumers at 34%.




### Motivations for implementing sustainable practices



### What you need to know

- 1 The top motivations for implementing sustainability are to grow sales (35%), meet buyers' expectations (26%) and meet regulatory standards (25%).
- 2 Investment priorities for Greek firms include promoting employee health and wellbeing and improving sustainable sourcing.
- 3 Greek companies feel their role in delivering the UN's SDGs is less significant than their global or European counterparts.

### What your business can do

-  Focus sustainability drives on easy wins first. Greek firms feel the pressure of a lack of flexibility and resources. Until things loosen up, make changes where you can.
-  Make people a top priority. Greek firms are investing in employee health and also see a motivated workforce as a key driver of growth.
-  Don't get left behind. Greece has some of the highest rates of ESG measurement, so make sure your credentials are being recorded.

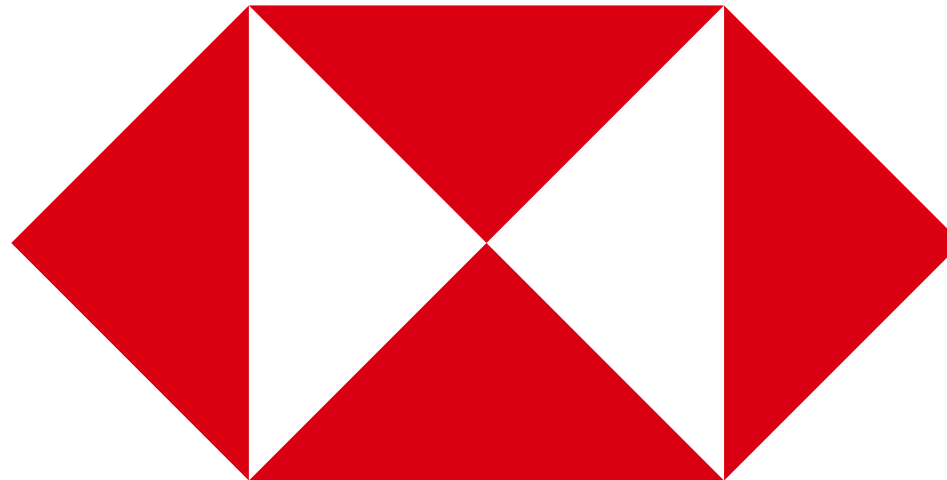
## About HSBC Navigator Greece

The HSBC Navigator survey, which is the largest of its kind, is conducted on behalf of HSBC by Kantar. The study gauges sentiment and expectations of businesses in the near to mid-term future on topics including: business outlook, international trade, geopolitics, sustainability, technology and wellbeing. It is compiled from responses by decision-makers at 9,131 businesses – from small and mid-market to large corporations – across a broad range of industry sectors in 35 markets. Sample sizes for each market were chosen to ensure the statistical accuracy of results, with 100 businesses surveyed in Greece. Global results are based on an average of the 35 markets (using weights based on each market's share of world trade). The survey was conducted between August and September 2019. 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.

Data visualisations based on the following:

Page 2, 3 & 5: all companies. n=100

Page 4: companies who believe governments are becoming more protective. n=60



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