



The Early Adopter Effect

European SME Export Report



Foreword



Bert Nappier,
*President FedEx Express
Europe & TNT CEO*

“We live in interesting times. The world is closer and more connected than ever. Digital transformation is disrupting established ways of doing things and creating new and more advanced capabilities. The rate of change is exceptional and is only getting faster. The possibilities are endless.

With all of this change comes opportunity. Opportunity for doing things smarter, better, more efficiently, and more ambitiously. As is so often the case, it is small and medium sized enterprises (SMEs) which are so often taking a leading role and seizing these opportunities with both hands, harnessing innovation, and using it to access the world.

The 2019 FedEx SME Export Report proves once again that SMEs are at the forefront of growth and international expansion, with SMEs tapping into a rich seam of opportunity that lies in overseas markets.

And they are doing it against a backdrop of uncertainty. Europe – and the wider world – is undergoing major and long-lasting political and economic shifts. But this isn't holding back SME owners who are embracing this brave new world with enthusiasm, grit, and guile.

As always, innovation is key. One of our top areas of focus in this year's report is on emerging technology and specifically whether SMEs are Early Adopters and how this is affecting business. The results – which illuminate a clear link between being an Early Adopter and business and export growth – serve as a strong reminder to us all about the power of innovation and of doing things differently.

Unsurprisingly then, despite the transitional times in which we live, optimism for the future is extremely high among the European SME community, with an abundance of confidence for the year ahead.”

ABOUT THE RESEARCH

Harris Interactive carried out 4,570 online interviews with senior executives in SMEs which export, in eight European markets between February and March 2019. Interviews were conducted with a representative mix of company sizes: micro (1-9 full-time employees), small (10-49 full-time employees) and medium (50-249 full-time employees). The sample size was approximately 500 respondents per market, with the exception of the UK, where the sample size was 1,000 respondents.

SME Export Report

Key themes and findings



Exporting is good for business

Average export revenue in exporting SMEs now stands at

€1.63 million per annum
accounting for **69%** of total revenue



European SMEs are exporting further afield than before, aided by supply chain improvements

The proportion of SMEs surveyed that export to markets outside Europe has increased

from **53%** to **58%** since 2017



Exporting SMEs which adopt new technologies such as AI, blockchain and cryptocurrencies are reaping the rewards

They have significantly higher revenue and tend to be larger companies



Supply chain improvements are the key reason SMEs anticipate an increase in revenues from exports to markets outside Europe

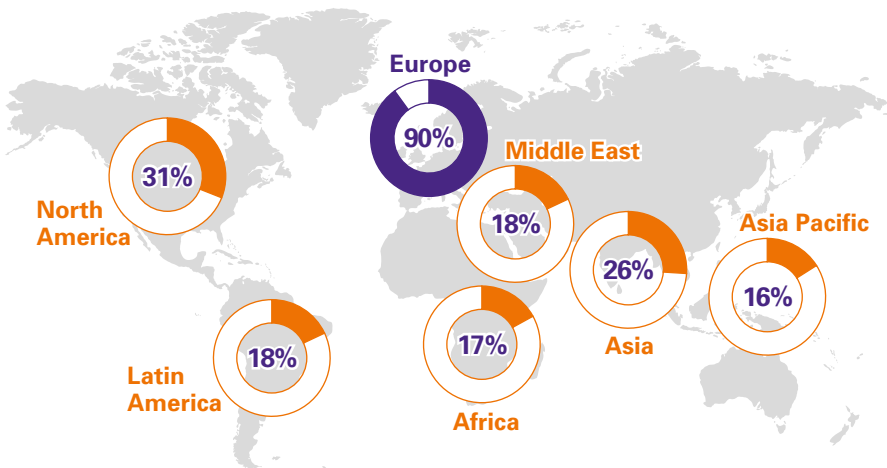
SME exporting trends

Since the last FedEx SME Export report in 2017, SME exporting activity has increased markedly, particularly to markets outside Europe

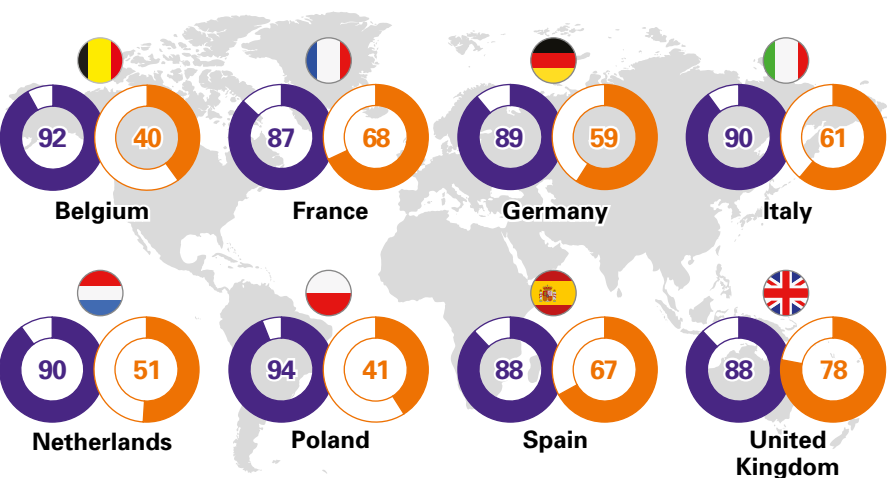
The trend is towards exporting further and further afield – with North America, Latin America and Asia Pacific experiencing the highest level of export growth. Six in ten (58%) European exporting SMEs now export to markets outside Europe, an increase of 5%.

Importantly, the link between exporting success and revenue is growing ever stronger. Across the region, export revenue now accounts for 69% of total revenue among exporting SMEs, up from 65% in 2017.

Where European SMEs export to



Top export markets by country



Intercontinental regions goods are exported to

% to Other European Markets

% to Markets outside Europe

6 in 10

European exporting SMEs export to markets outside Europe

Export revenue accounts for

69%

of total revenue among exporting SMEs



Bert Nappier, President FedEx Express Europe & TNT CEO says:

“European SMEs are going from strength to strength on the international stage. They’re becoming more and more ambitious in terms of which markets they do business in – and are reaping the rewards as they do so.”

Exports driving revenue growth

Revenue generated from exports has increased significantly since 2017. Across Europe, average export revenue per SME now stands at €1.63 million per annum, accounting for 69% of total revenue. This is an increase from 65% in 2017.

MOUNTING OPTIMISM

SMEs are now even more confident that export revenues will continue to grow in the next 12 months. Overall, 42% of European exporting SMEs anticipate an increase in exports to other European markets while 40% anticipate an increase to markets outside of Europe.

The key reasons SMEs give for being confident in future export potential are:

- 1 New products coming to market
- 2 Improvements to supply chains
- 3 An increase in e-commerce sales
- 4 An increase in workforce productivity
- 5 Plans to expand into new international markets

BUT NOT WITHOUT CHALLENGES

While optimism among the European SME community remains high, exporting SMEs are also reporting a number of business challenges.

The most frequently cited are:

- 1 A decreased demand for goods (reported by 37% of SMEs)
- 2 Currency fluctuations (31%)
- 3 Lack of available skilled staff (27%)
- 4 Issues due to the impact of Brexit (23%)
- 5 Difficulties in accessing financial support (21%)

Currency fluctuations are a particular concern for European SMEs which export with half (51%) saying it has an important impact on import/export decisions and costs. **The average exporting SME lost €115k due to currency fluctuations last year.**

42%

of European exporting SMEs anticipate an increase in exports to other European markets

40%

anticipate an increase to markets outside Europe



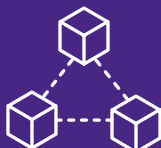
OVER A QUARTER



of SMEs
are using AI

OVER A FIFTH

are using
Blockchain



OVER A FIFTH

are using
Cryptocurrencies



The Early Adopter Effect – SMEs and technology adoption

One of the main areas of focus for this year's SME Export Report is about SMEs' approach to new technology, and crucially, what impact this is having.

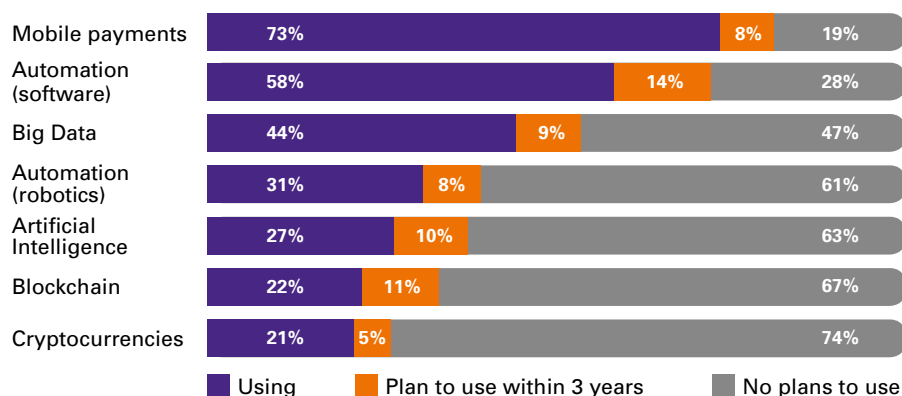
WHICH TECHNOLOGY SMEs TURN TO, AND WHY

Overall, the most common reasons for using new technologies are to increase efficiencies and help SMEs to reach new customers or new suppliers. Here's a further breakdown of new technologies and why exporting SMEs adopt them:

	Mobile payments	Software automation	Big Data / Analytics	Robotics automation	Artificial Intelligence	Blockchain	Crypto-currencies
Increase efficiencies	65%	61%	45%	36%	69%	59%	39%
Help us to reach new customers	44%	12%	14%	15%	15%	11%	6%
Help us to reach new suppliers	42%	9%	9%	10%	7%	18%	5%
Enhance our offer to customers	37%	19%	28%	16%	23%	21%	6%
Aid business planning	18%	22%	35%	19%	37%	28%	15%

EMERGING TECH ADOPTION

The SME Export Report also asked SMEs which emerging technology they are using, and which they plan to in the future:



While previous "emerging technologies" such as mobile payments and automation (software) are now relatively well-established, newer technologies are being used by a surprisingly high number of exporting SMEs:

- Over a quarter are now using AI
- Over a fifth are using blockchain
- Over a fifth are using cryptocurrencies



The Early Adopter Effect

Let's take a closer look at how exporting SMEs' use of emerging technologies such as AI, blockchain and cryptocurrencies is making an impact.

Not only are these Early Adopter SMEs more likely to have higher revenue, they're significantly more likely to be achieving international success too. Not only are a relatively high proportion of exporting European SMEs already using the latest technology such as AI, blockchain and cryptocurrencies, these Early Adopters are harnessing it to power growth.

More than just buzzwords – six facts about Early Adopter SMEs which export

6
FACTS

1

They are much more likely to export to markets outside Europe

2

They are much more likely to see the trend for exporting outside of Europe continuing to grow in future

3

Export revenue accounts for a higher share of total revenue for Early Adopters (72% versus 67% for Later Adopters)

4

They are much more likely to cite bringing new products to market, market expansion and supply chain improvements as export revenue drivers

5

They're much less likely to be concerned by decreasing demand for their products and accessing finance

6

The digital economy (particularly e-commerce) is a more significant contributor to overall revenue for Early Adopters

Bert Nappier, President FedEx Express Europe & TNT CEO says:

"Blockchain, AI and cryptocurrencies are exciting technologies so it's fantastic to see that SMEs are not only experimenting with and using them, but that there's a strong link between adoption and growth. The message is clear – being an Early Adopter can do wonders for business."

SME Export Report

Additional findings



E-commerce is king

SME revenue is progressively driven by the digital economy and e-commerce in particular. E-commerce now accounts for 31 % of all revenue for exporting SMEs, up from 27% in 2017



The power of social

Social commerce is seen as a particularly fertile growth area with three-quarters (75%) of European SMEs which export expecting to see an increase in this area



The Sharing Economy

The Sharing Economy has revolutionised the business world in recent years. To date, the Sharing Economy is something only a small number (6%) of exporting SMEs are tapping into, however nearly a third of SMEs plan to do so in the next two-three years



Supply Chain automation

SMEs which export are very positive about the potential of greater supply chain automation with 60% agreeing that they will benefit from this in the next two-three years. In terms of current use, on average SMEs estimate that around a sixth of their current supply chain is automated for incoming goods and services and believe this will rise to 23% by 2020

European summary – innovation is key



Bert Nappier,
*President FedEx Express Europe
& TNT CEO*

“The FedEx SME Export Report 2019 demonstrates a clear link between innovation, international ambition and growth. While the global landscape is evolving, exporting SMEs are showing an eagerness to keep pace and are gaining a competitive advantage as a result.

It's no surprise to see the importance of an increase in exports, particularly given the evermore sophisticated supply chains that are making international trade even easier. It's also great to see that exporting is increasingly integral to SME growth strategies.

That's not to say there aren't challenges to be addressed in a fast-changing world. While confidence remains high, there are a number of issues facing SMEs, some of which (such as currency fluctuations) are having a notable impact. Nevertheless, the resilience of SMEs is something to behold, and confidence in the future remains high.

The power of The Early Adopter Effect is well worth considering. The link between being an Early Adopter and competitive advantage is compelling and sends a strong message to us all about the value of disruption and innovation.”



Spotlight on Belgium

Overall, Belgian exporting SMEs are exporting more now than in 2017. Nine in ten (92%) export to other European markets which is relatively stable, however 40% now export to markets outside Europe, an increase of 9%.

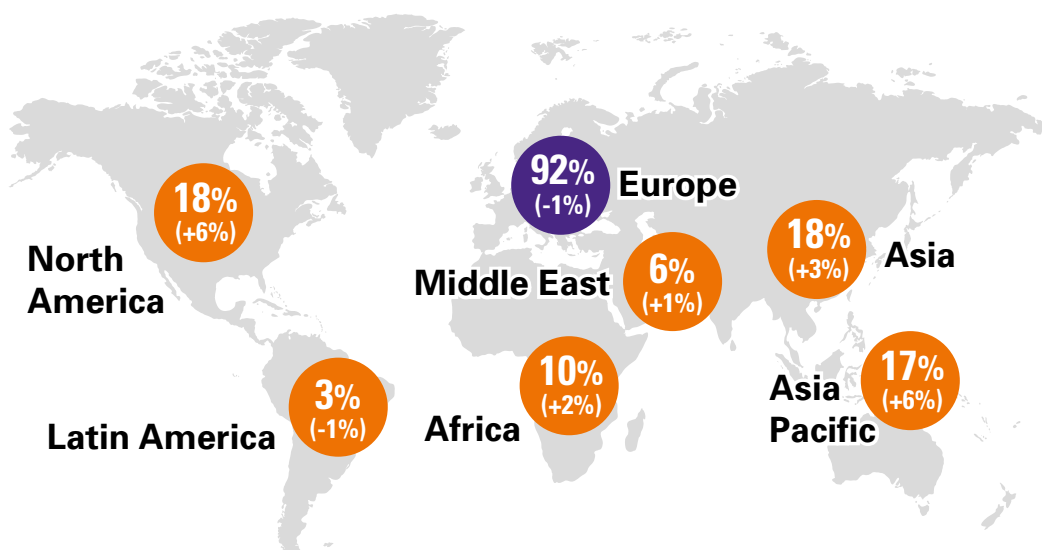
This uplift is driven in particular by increases in North America, Asia Pacific and Asia. North America (18%) and Asia (18%) are now the top non-European export destinations followed closely by Asia Pacific (17%). There is growing confidence that export revenue will continue to increase in the next 12 months.



The top five challenges facing Belgian SMEs which export

- 1 Decreased demand for goods
- 2 Lack of available skilled staff
- 3 Currency fluctuations
- 4 Difficulties accessing financial support
- 5 Issues due to impact of Brexit

Belgian SME exports to other markets



(Bracketed figure shows change from 2017 study)

Summary

Other European markets = **92%**
(-1%)

Markets outside Europe = **40%**
(+9%)

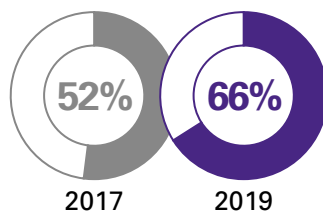


The Early Adopter Effect

- Early Adopter SMEs in Belgium have significantly higher revenue, are larger companies (more medium sized) and are more likely to predict employee growth than Later Adopter SMEs
- 48% of Early Adopter SMEs export to markets outside Europe
- Export revenue accounts for a higher share of total revenue for Early Adopters, compared with Later Adopters

Revenue generated by exports

Exports are now responsible for 66% of a typical exporting SME's total revenue, up from 52% in 2017



Average export revenues of Belgian SMEs

Other European markets

c.€0.5 million

Markets outside Europe

c.€1.0 million

**Erik Uljee, Vice President
Ground Operations Benelux,
FedEx Express says:**

"With e-commerce accounting for 25% of all revenue for Belgian exporting SMEs, it's clear that the latter have been effectively adopting emerging innovations as a crucial way to grow their business. We see that Belgian entrepreneurs are reaping the benefits with a significant increase in export revenues."

To find out more about FedEx solutions, you can visit fedex.com/nl-be, call Customer Services on **02 752 75 75** or email belgium@fedex.com

Spotlight on France

Overall, French SMEs which export are doing so more, and particularly to markets outside of Europe. They recorded 4% growth in exports to Asia and the Middle East and 3% to North America. 68% of them now export out of Europe, an increasing percentage and well above the European average.

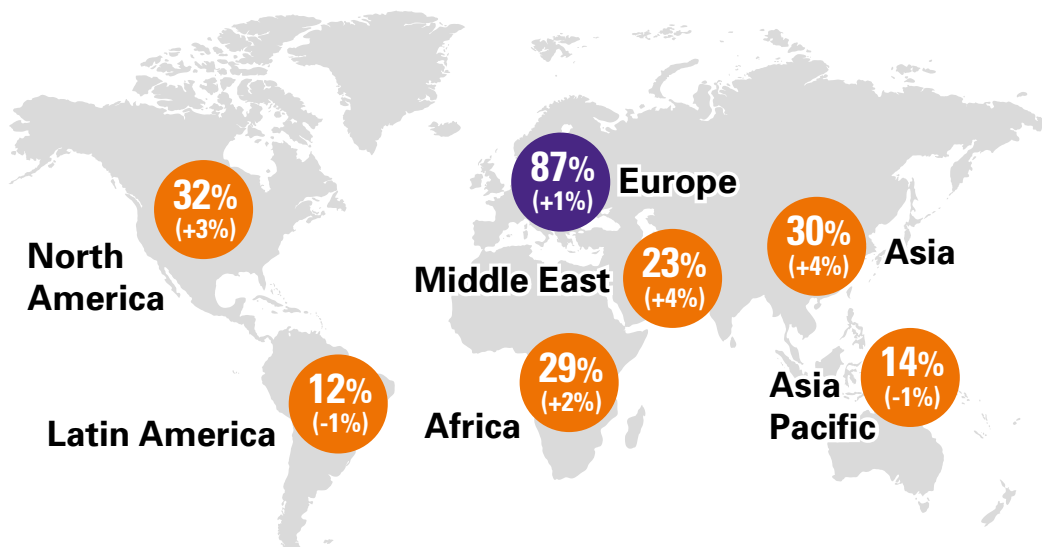
Exports are continuing to drive overall revenue growth. French SMEs remain confident that export revenue will continue to increase in the next 12 months.



The top five challenges facing French SMEs which export

- 1 Decreased demand for goods
- 2 Political instability in the country
- 3 Currency fluctuations
- 4 Lack of available skilled staff
- 5 Issues due to impact of Brexit

French SME exports to other markets



(Bracketed figure shows change from 2017 study)

Summary

Other European markets = **87%**
(+1%)

Markets outside Europe = **68%**
(+7%)

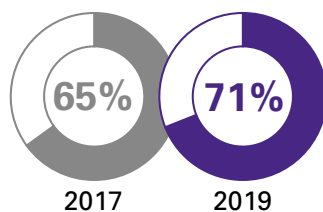


The Early Adopter Effect

- Early Adopter SMEs in France have significantly higher revenue, are larger companies (more medium sized) and are more likely to predict employee growth than Later Adopter SMEs
- 83% of Early Adopter SMEs export to markets outside Europe
- Early Adopter SMEs are much more likely to see the trend for exporting outside of Europe continuing to grow in the future, compared to Later Adopters

Revenue generated by exports

Export revenue now accounts for 71% of total revenue of exporting SMEs, up from 65% in 2017



Average French SMEs' revenue from exports

Other European markets

€1.27 million

Markets outside Europe

€1.22 million

Antoine Caby, Managing Director, Marketing Operations, France, Benelux & Southern Europe, FedEx Express says:

“While external conditions have been challenging, it’s clear SMEs’ appetite for exporting is as sharp as ever, if not more so. SMEs are increasingly managing to turn new technologies into one of the driving forces of their business. They are not only changing with the times, they’re leading from the front in finding opportunities for growth, both at home and abroad. Despite an uncertain context, the future of SMEs in France is optimistic as their confidence grows and they are able to deal with increasingly visionary demands.”

To find out more about FedEx solutions, call Customer Services on **0825 886 887** or email france@fedex.com

Spotlight on Germany

German exporting SMEs are exporting more than ever and exporting to markets outside of Europe (particularly markets such as Middle East and Asia) is a big area of growth. Exports are continuing to drive growth, and export revenue now accounts for 67% of total revenue for exporting SMEs.

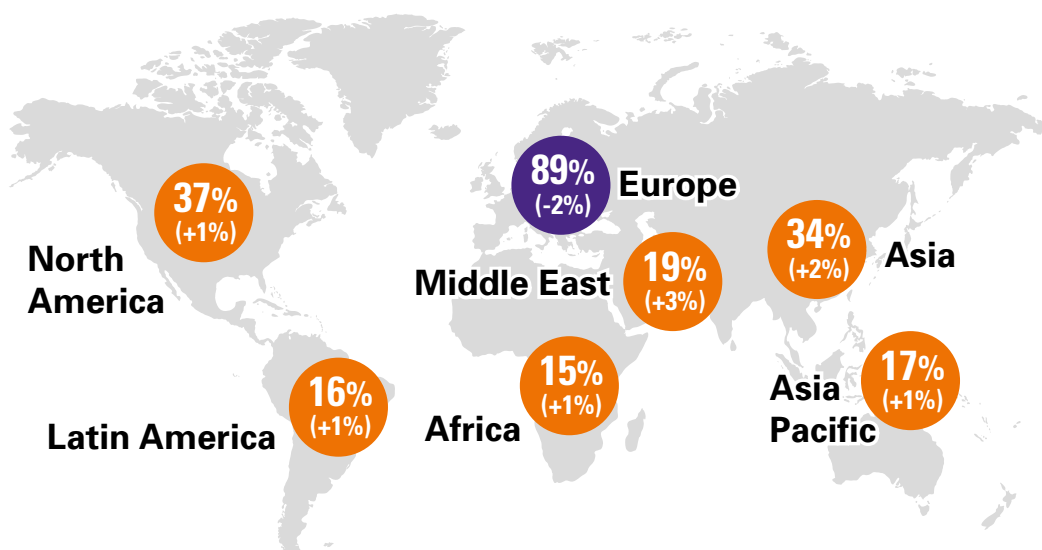
German SMEs report certain challenges but overall are extremely optimistic about what the future holds. Exports have increased most to India (+5%), Canada (+4%) and Brazil (+3%), while Austria, France and Italy remain the key European export markets.



The top five challenges facing German SMEs which export

- 1 Currency fluctuations
- 2 Decreased demand for goods
- 3 Difficulties accessing financial support
- 4 Political instability in export markets
- 5 Issues with cross border regulations outside of Europe

German SME exports to other countries



(Bracketed figure shows change from 2017 study)

Summary

Other European markets = **89%**
(-2%)

Markets outside Europe = **59%**
(+4%)

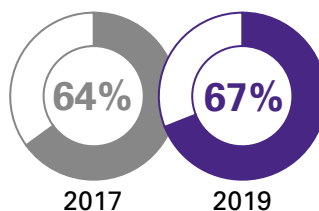


The Early Adopter Effect

- Early Adopter SMEs in Germany have significantly higher revenue, are larger companies (more medium sized) and are more likely to predict employee growth than Later Adopter SMEs
- 73% of Early Adopter SMEs export to markets outside Europe
- Export revenue accounts for a higher share of total revenue for Early Adopters, compared to Later Adopters

Revenue generated by exports

Export revenue now accounts for 67% of total revenue, up from 64% in 2017



Average German SMEs' revenue from exports

Other European markets

€1.176 million

Markets outside Europe

€1.418 million

Both of these figures are above the European average

Thomas Preuss,
Managing Director Sales
Germany says:

"Exports continue to drive revenue growth for German SMEs. The bullishness of SMEs is driven by having faith in their innovation pipeline and supply chain efficiency. FedEx as an enabler of global trade is a strong partner for SMEs to respond to their business challenges and help them grow."

To find out more about FedEx solutions, call Customer Service on **01806 111 800** or email germany@fedex.com

Spotlight on Italy

Italian SMEs which export are experiencing strong exporting growth both inside and outside of Europe. Exports are continuing to drive revenue growth, and revenue from exports now accounts for 86% of total revenue, up from 77% in 2017.

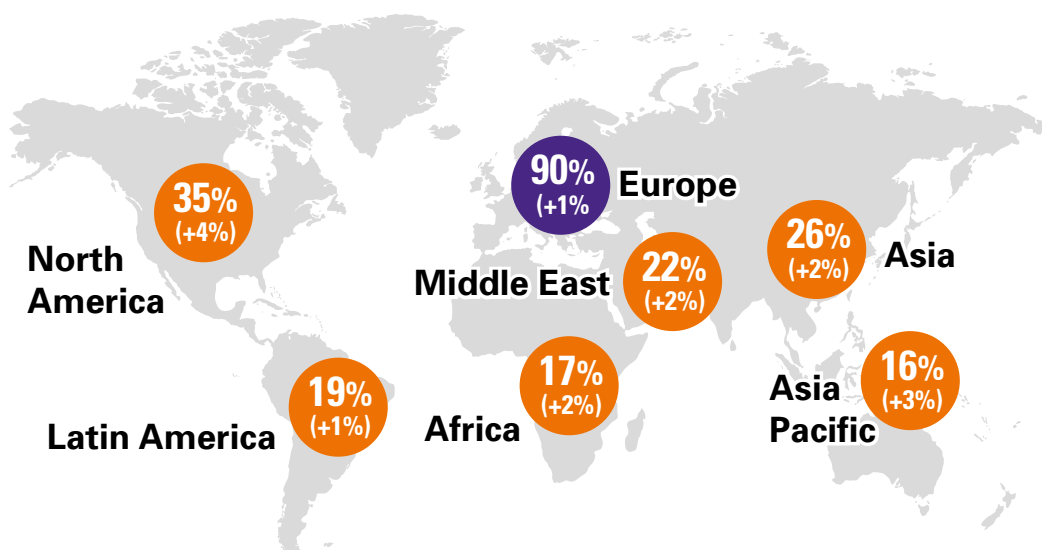
A higher proportion of SMEs are exporting outside of Europe (+6%) than in 2017, driven by increases in exports to North America (+4%) and Asia Pacific (+3%).



The top five challenges facing Italian SMEs which export

- 1 Decreased demand for goods
- 2 Currency fluctuations
- 3 Lack of available skilled staff
- 4 Political instability in export markets
- 5 Issues due to impact of Brexit

Italian SME exports to other countries



(Bracketed figure shows change from 2017 study)

Summary

Other European markets = **90%** (+1%)

Markets outside Europe = **61%** (+6%)



The Early Adopter Effect

- Early Adopter SMEs in Italy have significantly higher revenue, are larger companies (more medium sized) and are more likely to predict employee growth than Later Adopter SMEs
- 76% of Early Adopter SMEs export to markets outside Europe
- Export revenue accounts for a higher share of total revenue for Early Adopters, with average export revenue per year being €2.61m

Revenue generated by exports

Revenue generated from exports has increased significantly since 2017

There has been stronger growth in export revenue from outside Europe (+17%) and this is now higher than export revenue from markets within Europe



Average Italian SMEs' revenue from exports

Other European markets

€1.263 million

Markets outside Europe

€1.392 million

Both of these figures are above the European average

**Stefania Pezzetti, Vice President
Ground Operations Italy,
FedEx Express says:**

"The Early Adopter Effect underlines the crucial role that technological innovation can play in our country in terms of growth and productivity. Innovation is essential in a changing context such as the current one in which Italian entrepreneurs confirm their great capacity for resilience and openness to the future. We are facing an incredible new opportunity and we are ready to manage it together with our customers."

To find out more about FedEx solutions, you can visit fedex.com/it, call Customer Services on **199 151 119** or email italy@fedex.com

Spotlight on the Netherlands

For Dutch exporting SMEs, the overall level of exporting activity has increased, particularly to markets outside Europe. Exports continue to drive revenue growth, and export revenue now accounts for 72% of total revenue, up from 69% in 2017.

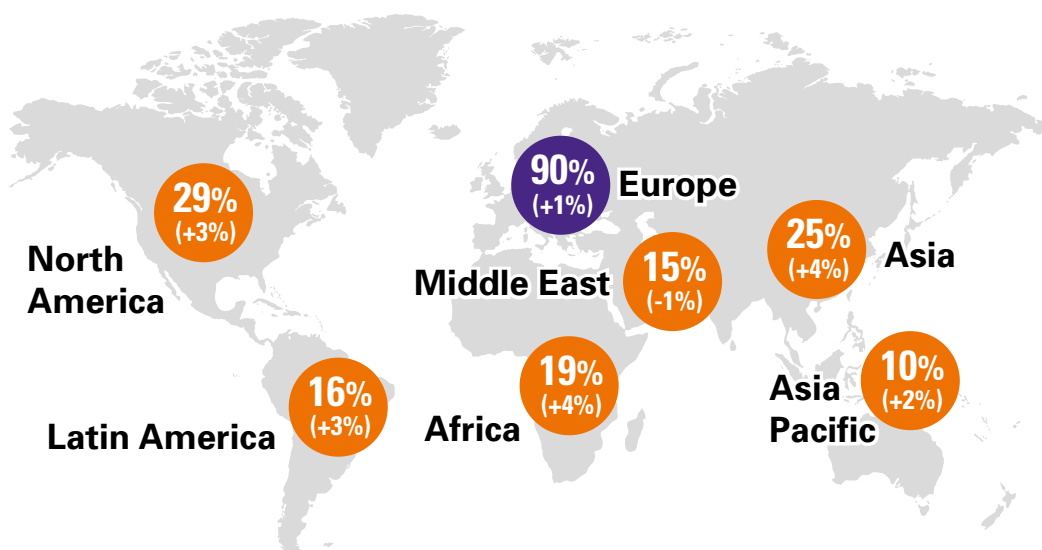
The future is looking bright as Dutch SMEs which export are increasingly confident that export revenue will continue to increase in the next 12 months.



The top five challenges facing Dutch SMEs which export

- 1 Decreased demand for goods
- 2 Currency fluctuations
- 3 Lack of available skilled staff
- 4 Difficulties accessing financial support
- 5 Issues due to impact of Brexit

Dutch SME exports to other countries



(Bracketed figure shows change from 2017 study)

Summary

Other European markets = **90%**
(+1%)

Markets outside Europe = **51%**
(+5%)

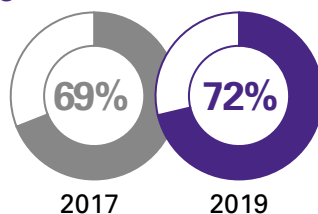


The Early Adopter Effect

- Early Adopter SMEs in the Netherlands have significantly higher revenue, are larger companies (more medium sized) and are more likely to predict employee growth than Later Adopter SMEs
- 61% of Early Adopter SMEs export to markets outside Europe
- Export revenue accounts for a higher share of total revenue for Early Adopters, compared to Later Adopters

Revenue generated by exports

Export revenue now accounts for 72% of total revenue of exporting SMEs, up from 69% in 2017



Average Dutch SMEs' revenue from exports

Other European markets

€1.156 million

Markets outside Europe

€1.454 million

**Erik Uljee, Vice President
Ground Operations Benelux,
FedEx Express says:**

"Dutch SMEs are known for being resilient and confident about future export revenue – they keep that mindset in spite of the fast pace our rapidly changing society is facing now. The rest of the world recognizes that mentality and the constant efforts the Dutch SMEs are making regarding innovation and growth."

To find out more about FedEx solutions, you can visit fedex.com/nl, call Customer Services on **0800 0222 333** or email netherlands@fedex.com

Spotlight on Poland

Polish exporting SMEs are exporting more than in 2017, particularly to markets outside of Europe. Not only does export revenue now account for 66% of total revenue, Polish SMEs expect exporting activity to increase over the coming year.

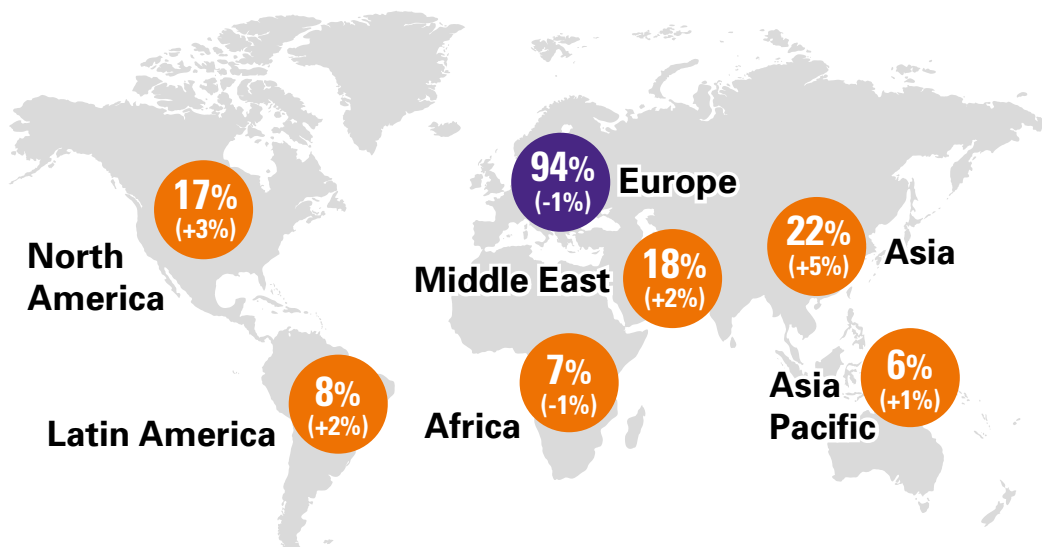
A higher proportion of SMEs are exporting outside of Europe (+6%) than in 2017, driven by increases in exports to Asia (+5%) and North America (+3%).

The top five challenges facing Polish SMEs which export

- 1 Decreased demand for goods
- 2 Currency fluctuations
- 3 Political instability in export markets
- 4 Difficulties accessing financial support
- 5 Lack of available skilled staff



Polish SME exports to other countries



(Bracketed figure shows change from 2017 study)

Summary

Other European markets = **94%**
(-1%)

Markets outside Europe = **41%**
(+6%)

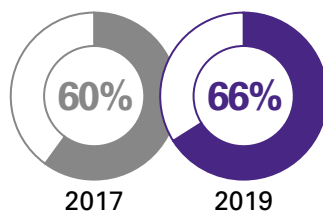


The Early Adopter Effect

- Early Adopter SMEs in Poland have significantly higher revenue, are larger companies (more medium sized) and are more likely to predict employee growth than Later Adopter SMEs
- 51% of Early Adopter SMEs export to markets outside Europe
- Export revenue accounts for a higher share of total revenue for Early Adopters
- Early Adopter SMEs are much more likely to see the trend for exporting outside of Europe continuing to grow in the future, compared to Later Adopters

Revenue generated by exports

Export revenue now accounts for 66% of total revenue of exporting SMEs, up from 60% in 2017



Average Polish SMEs' revenue from exports

Other European markets

€1.064 million

Markets outside Europe

€0.854 million

An increase for both on the figures from 2017

**Łukasz Wróbel, Managing Director
Ground Operations Poland,
FedEx Express says:**

"While external conditions have been challenging, it's clear SMEs' appetite for exporting is as sharp as ever, if not more so. SMEs are not only changing with the times, they're leading from the front in finding opportunities for growth, both at home and abroad. With confidence already high, it's an exciting time to be a Polish SME."

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Spotlight on Spain

In general, Spanish exporting SMEs are exporting more than they did in 2017, particularly to markets outside of Europe. Latin America is a particular area of growth.

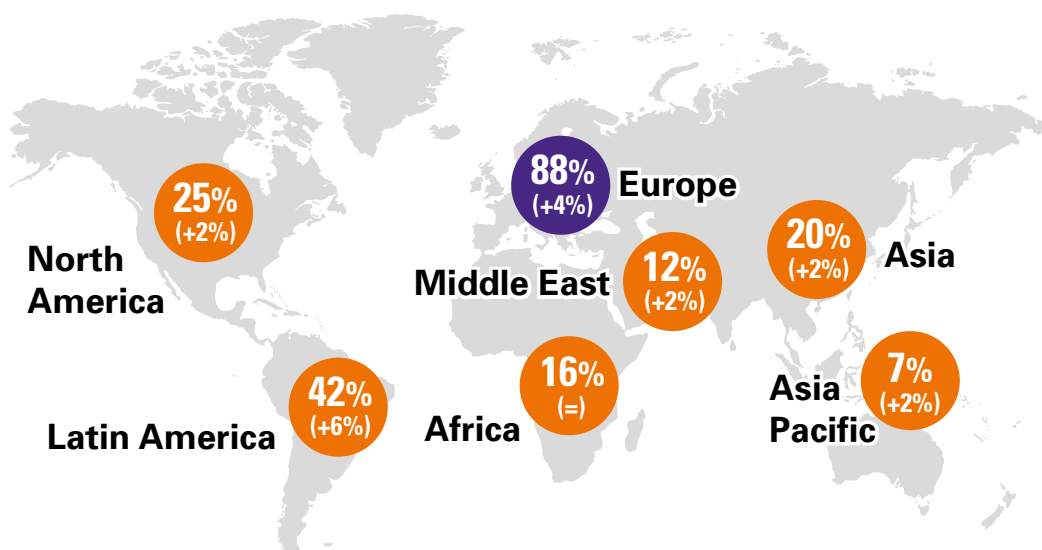
Exports continue to contribute to overall revenue growth but have fallen slightly as a percentage of total revenue. That said, there is growing confidence that export revenue will increase in the next 12 months.



The top five challenges facing Spanish SMEs which export

- 1 Decreased demand for goods
- 2 Difficulties accessing financial support
- 3 Currency fluctuations
- 4 Lack of available skilled staff
- 5 Issues with cross border regulations outside of Europe

Spanish SME exports to other countries



Summary

Other European markets = **88%**
(+4%)

Markets outside Europe = **67%**
(+7%)

(Bracketed figure shows change from 2017 study)

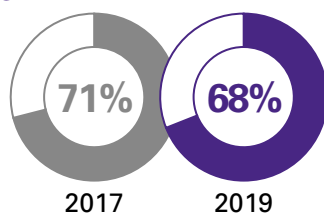


The Early Adopter Effect

- Early Adopter SMEs in Spain have significantly higher revenue, are larger companies (more medium sized) and are more likely to predict employee growth than Later Adopter SMEs
- 83% of Early Adopter SMEs export to markets outside Europe
- Export revenue accounts for a higher share of total revenue for Early Adopters
- Early Adopter SMEs are much more likely to see the trend for exporting outside of Europe continuing to grow in the future, compared to Later Adopters

Revenue generated by exports

Export revenue among exporting SMEs has fallen slightly as a share of total revenue since 2017, down from 71% to 68%



Average Spanish SMEs' revenue from exports

Other European markets

€0.998 million

Markets outside Europe

€1.001 million

An increase for both on the figures from 2017

Paloma Romero Salazar,
Vice President Operations Spain
and Portugal, FedEx Express says:

"The FedEx SME Export Report 2019 highlights that SMEs recognize the importance of exporting to grow their revenue. It is very positive to see that Spanish SME exports have increased since 2017, particularly to markets outside Europe and is testament to their ambition. As per the results of this report, it is also very rewarding for FedEx – as an enabler of global trade – to learn that SMEs are confident about growing export revenue over the coming year."

To find out more about FedEx solutions, call Customer Services on **902 100 871** or email spain@fedex.com

Spotlight on the UK

In the UK, exporting SMEs are going from strength to strength in terms of exporting. The overall level of exporting has increased, especially to markets outside of Europe. Exports are continuing to drive revenue growth and there is high confidence that export revenue is to grow over the next year.

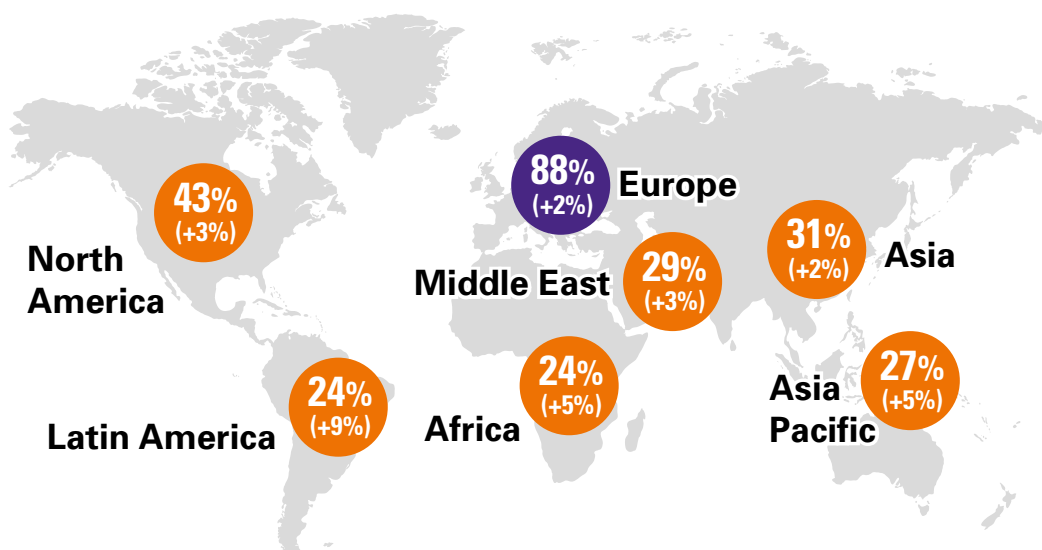
A much higher proportion of SMEs are now exporting outside of Europe, driven by big increases in exports to Latin America (+9%), Asia Pacific (+5%) and Africa (+5%).



The top five challenges facing UK SMEs which export

- 1 Issues due to the impact of Brexit
- 2 Decreased demand for goods
- 3 Lack of available skilled staff
- 4 Currency fluctuations
- 5 Political instability in the country

UK SME exports to other countries



(Bracketed figure shows change from 2017 study)

Summary

Other European markets = **88%**
(+2%)

Markets outside Europe = **78%**
(+15%)

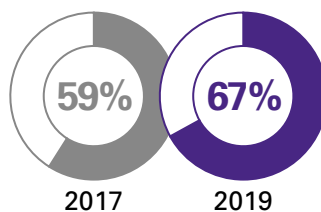


The Early Adopter Effect

- Early Adopter SMEs in the UK have significantly higher revenue, are larger companies (more medium sized) and are more likely to predict employee growth than Later Adopter SMEs
- 91% of Early Adopter SMEs export to markets outside Europe
- Export revenue accounts for a higher share of total revenue for Early Adopters
- Early Adopter SMEs are much more likely to see the trend for exporting outside of Europe continuing to grow in the future, compared to Later Adopters

Revenue generated by exports

Export revenue has increased significantly as a share of total revenue of exporting SMEs since 2017



Average UK SMEs' revenue from exports

Other European markets

€0.954 million

Markets outside Europe

€1.067 million

Martin Davidian, Managing Director Sales UK, FedEx Express says:

"The UK SME community is going from strength to strength, particularly when it comes to exporting. Against a fluctuating political and economic backdrop, SMEs are showing just how capable and ambitious they are. They are also upholding and extending the UK's fine heritage in innovation, showing how to harness emerging technology to drive growth."

To find out more about FedEx solutions, call Customer Service on **03456 070809** or email **UK@fedex.com**

