



# New Zealand Market Insights for Scaling Businesses

Analysis period: April-June 2023

August 2023

# Sprout's Scaling Business Insights

The impact of the rapidly changing technological landscape, coupled with an ageing workforce and increasing cost of living, presents significant challenges for leaders in the current business environment. As technology continues to advance at an accelerated pace, it reshapes how we live, work, and interact. The rise of the metaverse, augmented reality, and the Internet of Things offers both opportunities and uncertainties for businesses and society. With AI becoming increasingly capable and disruptive, leaders face critical decisions on how to leverage its potential while considering ethical and the potential for future regulatory concerns.

Leaders must grapple with the vast amount of data and tools available, but our capacity to synthesise information and make decisions may lag behind technology-aided analysis at this pace. This dynamic poses a risk of decision paralysis and an inability to keep pace. Making assumptions about the future becomes challenging, rendering traditional strategies less effective. Leaders must navigate these tensions and complexities to drive their organizations forward effectively.

Here, the small scale of startups is an asset as it is much easier to turn a jet boat than a cruise ship. Embracing technological advancements responsibly and enhancing data-driven decision-making capabilities will be crucial for leaders to navigate the uncertainties of the future successfully. Moreover, fostering a culture of continuous learning and agility will be essential and leaders must be ready to back themselves and their team to win at pace.

– Pip Spyksma, Chief Growth & Operations Manager, Sprout NZ

# Sprout's top three actions this quarter

01

## **Embrace technological advances - mindfully**

Or your competitors will. Those who embrace and harness the power of technology will gain a competitive edge, while those who resist could lag behind their competitors. It is important to embrace technology in the right places in your business, ones that will support you to serve your customers not diminish the customer experience.

02

## **Consider your talent pools**

Be wary of short-termism. The workforce is continuing to age and ignoring this demographic shift could result in missed opportunities for innovation, productivity, and a diverse perspective in the workplace. It won't happen overnight but consider your hiring pipelines, where you will be sourcing talent now and in the future and how to create an inclusive workplace.

03

## **Measure what matters**

Now is a good time to take stock of the metrics that matter to your business. Ask yourself, if we're automating more tasks is this increasing our ability to drive great outcomes for our customers? Are the performance metrics we are using still relevant and aligned with our strategic goals?

# The economy at a glance



**1.1%**

The New Zealand quarterly inflation rate (March 2023)



**7.2%**

The cost of living for the average household increased 7.2% in the last 12 months.



**6.0%**

The annual CPI inflation rate (NZ) for the 12 months ending June 2023



**3.3%**

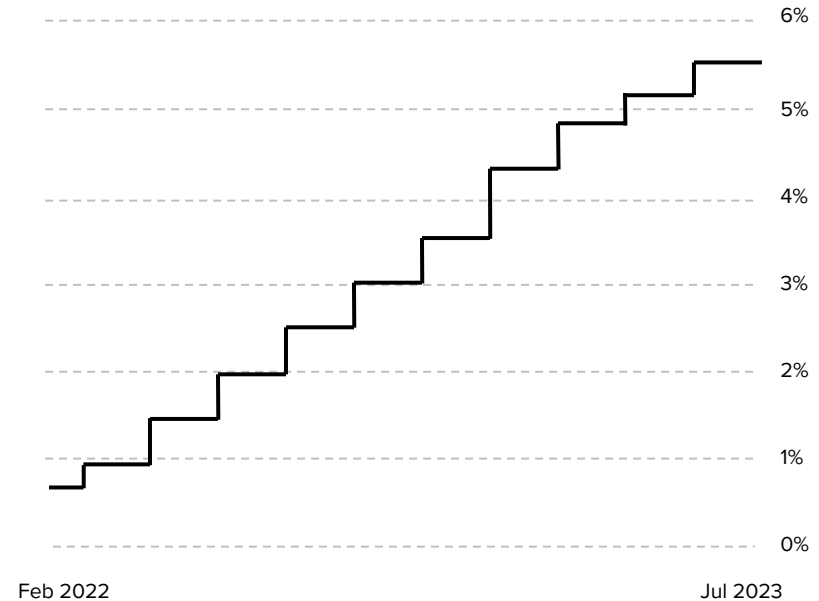
New Zealand's quarterly unemployment rate

# The OCR continues to climb

**5.50%**

In July the Reserve Bank of New Zealand agreed to leave the official cash rate at 5.50%, the highest rate since December 2008, continuing its efforts to slow down inflation.

“... the economy is still going to look and feel weaker throughout the rest of 2023 and into 2024. That’s the price we’re paying to get inflation under control and put the New Zealand economy on a more sustainable path.” [Gareth Kiernan, Infometrics.](#)





**The talent shortage  
remains a pressing  
issue, with gaps in  
the supply of talent  
across all  
industries**

# Critical labour shortages alleviating

[According to data from Infometrics](#), the influx of foreign workers over the last nine months is rapidly alleviating the most critical labour shortages previously caused by the border closures.

In terms of employment, Infometrics expects the pent-up demand for additional workers to peter out in coming months (with fewer job ads indicating weaker hiring intentions), job growth to slip below population growth, and wage inflation to moderate. Annual net migration is set to peak at a record high of over 93,000 in the second half of this year, but ease to a more sustainable level of below 40,000pa by the end of 2024 as the unemployment rate pushes up to around 5%.

# Changing Technological Landscape

**Of course we are going to talk about AI. AI is even bigger than Barbie.**

Although AI has been around since the 50's we experienced what many are calling an "Ai Shock" in 2022 and it is predicted that technology will continue to accelerate at a breakneck pace reshaping how we live, work, and interact. Despite this boom, less than 50% of [businesses are using AI](#) for things like website copy and streamlining internal communications and presentations.

With AI becoming increasingly capable and disruptive, leaders face critical decisions on how to leverage its potential while considering their competitive edge, ethical concerns, and the potential for future regulatory changes that will impact how it can be used.

Businesses are experiencing a proliferation of task automation tools which could see the development of new or changed roles within businesses to support people to get the most out of these tools. This mass adoption also potentially paves the way for greater acceptance of technologies previously seen as too complex for the boardroom such as XR. According to the [NZ XR Market Report](#), by 2025 we can expect the augmented reality (AR), virtual reality (VR) and extended reality (XR) industry to grow to more than \$40B USD globally.

**Just over 50% of  
businesses apply AI  
for process  
automation**



# Designing businesses for growth through people and leadership



**Pip Spyksma**

Chief Growth & Operations Officer

+64 21 129 4361 | [pip@sproutnz.com](mailto:pip@sproutnz.com)

Disclaimer:

This Sprout Market Insights report is based on research completed by the Sprout team and information gathered from a number of sources. While every care is taken in the collection and compilation of data, the guide is interpretative and indicative, not conclusive. Therefore, information should be used as a guideline only.

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[www.sproutnz.com](http://www.sproutnz.com)

**0800 4 777 688**

[kiaora@sproutnz.com](mailto:kiaora@sproutnz.com)