



# **Yellow Digital Report 2018.**

**The Online Experience of Consumers  
and Small to Medium Businesses (SMBs)**

**yellow**

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## The Online Experience of Consumers

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## The Online Experience of Small to Medium Businesses (SMBs)

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# About the survey.

The results in this report relating to consumer behaviour are based on a survey of 1,504 adults conducted over the period of June 6 to July 13, 2018.

Previously the consumer sample was based on 800 telephone interviews. This year an online methodology was adopted to enable the sample target to be increased to 1,500.

This change took place primarily to allow greater analysis scope and more meaningful comparisons between locations and demographic segments. Other factors influencing this change included the ability to now sample consumers effectively via an online approach which was also deemed suitable because the topic related to online activity.

This means direct comparisons with past results are not possible, however we do provide comparisons in the commentary to some 2017 survey results for perspective.

To ensure a good cross representation across the states and territories and by demographics, quotas were again set in relation to age, gender and location. The charts opposite show the final numbers achieved in each cell.

The fieldwork was organised by TKW with the consumer sample panel supplier being Research Now. In the NT, 32 interviews were conducted by telephone because the quota could not be fully met by online interviewing. Another 68 interviews were conducted by telephone across the rest of the nation to provide contact with 100 respondents in total who could subsequently be approached for further interviews and extra insights.

The results have been weighted according to the latest Australian Bureau of Statistics (ABS) population figures, so they more closely reflect the population distribution within each state and territory.

<b>Consumer sample structure - demographics</b>	
<b>Gender</b>	<b>Total</b>
Male	744
Female	756
<b>Total</b>	<b>1,500</b>

<b>Age</b>	
18 - 29 years	295
30 - 39 years	305
40 - 49 years	294
50 - 64 years	306
Over 64 years	304
<b>Total</b>	<b>1,504*</b>

Notes: \*4 respondents did not identify as male or female.

<b>Consumer sample structure - location</b>			
<b>State</b>	<b>Total</b>	<b>Metro</b>	<b>Non-Metro</b>
NSW	310	210	100
VIC	280	180	100
QLD	199	99	100
SA	182	131	51
WA	181	132	49
TAS	151	90	61
NT	100	60	40
ACT	101	101	0
<b>Total</b>	<b>1,504</b>	<b>1,003</b>	<b>501</b>



# Introduction.

The Yellow Digital Report, formerly the Sensis e-Business Report, is an annual initiative as part of Sensis' ongoing commitment to increase its understanding around the needs of, and shifts in, Australian small to medium businesses (SMBs). It is part of a series of reports produced by Sensis, which include the quarterly Sensis Business Index and the annual Yellow Social Media Report.

The Sensis Business Index first launched in 1993 to track the overall confidence and behaviours of Australian SMBs. It also serves to provide an independent, objective assessment of SMB experiences and attitudes on Government and other key issues.

Sensis first produced a benchmarking report on technology and small businesses in February 1994. In recent years, these surveys have expanded to include electronic commerce (e-commerce) and digital behaviours of both SMBs and consumers to form the basis of the annual **Yellow Digital Report**.

The 2018 Yellow Digital Report surveyed 1,003 Australian SMBs and 1,504 Australian consumers about their experiences with and adoption of technology, including e-commerce and digital behaviours.

Surveying is conducted by TKW Research and reporting by Di Marzio Research.



# Foreword.

Australian consumers are doing and spending more online each year and our small to medium businesses (SMBs) are continually responding to these behavioural changes. This ‘online revolution’ has resulted in the e-Business Report looking beyond the e-commerce habits of SMBs and consumers to also understand their digital behaviours, attitudes and accessibility. As a result of this shift, we have re-branded the report as the

## **Yellow Digital Report.**

Consumers are shopping online more than ever before, explaining the growth of digital sales amongst Australian SMBs, which represent on average 34% of total sales for those who sell online. While online activities have remained consistent on previous years, digital capabilities have grown and technology use has seen an increase in business effectiveness year on year.

Social media usage continues to increase, with almost nine out of ten Australian consumers connecting through social media channels, and over half of SMBs (58%) using at least one platform.

Online purchases have flourished, with more than four in five (83%) Australian consumer’s claiming to have purchased online in the past year. Small to medium businesses in the Hospitality (71%), Manufacturing (61%), and Retail (56%) sectors lead the markets for taking orders online and, on a state based level, receiving payments is highest in Tasmania (72%) and lowest in WA (56%).

SMBs are responding to online growth and expanding their knowledge accordingly. Almost one in four (23%) SMBs selling online now have a digital strategy, growing from 16% in 2017. Seventy-two percent of SMBs now have a website, which is the highest incidence recorded to date. Of the remaining SMBs without a website (28%), just 5% intend on obtaining one in the next 12-months.

Convenience for customers is a priority amongst Australian SMBs with almost a third who take orders online offering same day delivery (32%), despite only 10% of consumers referencing this as the most important factor when shopping online.

Despite this consistent growth in digital capabilities, Australian’s are still concerned about their online safety, with more than half (53%) of SMBs identifying hacking as a major concern and 76% of consumers expressing some concern around the theft or misuse of information.

We look forward to seeing the continual growth of the digital capabilities of Australian’s in the 2019 survey, and anticipate their online behaviours and attitudes to change significantly as seen in the 2018 report.

**James Ciuffettelli**





# Executive summary.

Computer ownership is almost ubiquitous with 97% of consumers reporting the presence of one or more computers at home. Smartphones are the most popular device (87%) and likely to keep growing with 12% intending to get one in the next year. Other devices found in most households are tablets (64%), desktops (60%), internet-enabled TVs (54%) and notebooks (52%). Penetration of digital TVs or set-top boxes (54%) and in-car navigation devices (50%) is also quite pronounced, while sizeable minorities have Pay TV (40%), a wearable device like a Fit Bit (30%) or a 3D TV (19%).

Almost two thirds of households (63%) use streaming services. The most popular is Netflix (51%) well ahead of alternatives like Foxtel Now (15%) or Stan (14%). Some households access more than one streaming service.

Smart-home activated devices are gaining some traction with 35% using one or more of these tools – Siri (20%), Google Home (19%), Amazon Alexa or Echo (5%). There is a myriad of requests made of these tools with the leading one being to check weather.

For accessing the internet, desktop or laptop computers (92%) have been used by more people over the last year than mobile phones (82%), tablets (61%) or an internet-enabled TV (39%).

E-commerce is prominent among the most popular uses of the internet during the last year, as is seeking information about the weather (89%), products or services (89%), maps or directions (88%), social networking (88%), paying for purchases or bills (86%), banking (85%), looking for suppliers (85%), ordering goods or services (83%) or news (83%). Other applications appealing to most consumers are making bookings (75%), accessing entertainment (75%), satellite navigation (65%) and downloading video (64%).

Eighty-three percent reported making purchases online during the past year, spending almost \$2,400 on average. Clothing and accessories (61%), airline tickets (58%) and hotel rooms (52%) are the most common types of online purchases. Services like hairdressing, cleaning or gardening are yet to attract much online business (under 10% each), however medical and dental services (30%) are relatively popular.

The biggest driver of online purchasing is the best deal, well ahead of fast delivery or supporting local brands. Most consumers have (57%) have researched products in person, at shops, before buying them online and are more likely to prefer shopping at physical shop fronts (49%) than online (21%), although some have no clear preference.

Convenience is making its mark too. Over one in four (26%) of all the consumers surveyed have made take-away or restaurant

food purchases online via services like Uber Eats and Menulog which have each been used by 15%. Twenty-eight percent of consumers have bought groceries online in the last year and the use of delivery services such as Woolworths and Coles Online have each been used by the majority of such buyers. The under 40 age groups stand out among users of such online services, especially for meal deliveries.

Given the above, it is not surprising to find 36% claiming to have increased their online purchasing over the last 12 months. They outnumber those who have reduced such spending in that time (13%).

Concerns about risks associated with internet use are quite prevalent. For instance, 76% expressed at least some concern about theft or misuse of their private information and the security of their credit card information. However, 60% supplied personal information online in the last year which suggests that the risks are quite widely accepted. This is despite only 49% feeling they have the technical knowledge to minimise the risks and 59% agreeing that the Government could be doing more about this issue.

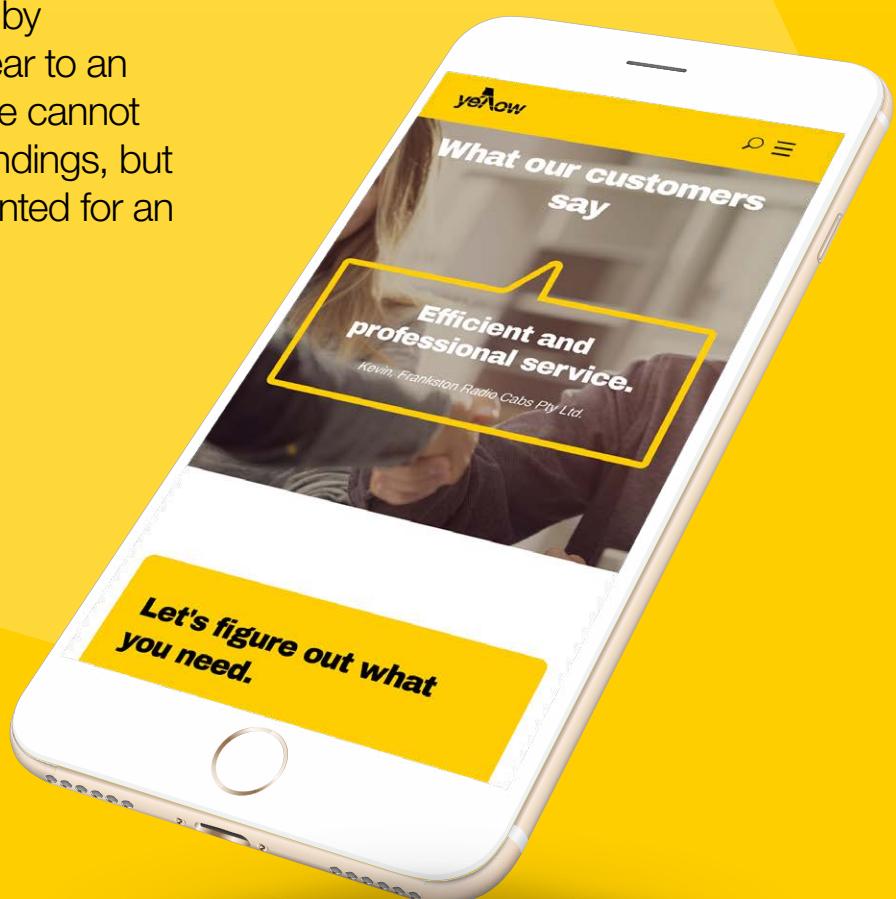
The results of this research are detailed throughout this report and below is an overview of key findings. No comparisons with prior results are made due to the change from a telephone to online survey methodology.



# Technology in Australian households.

While the 2018 Yellow Digital Report research primarily focuses on SMBs, we also look at the online story of adult consumers.

Prior consumer surveys were by telephone and the shift this year to an online methodology means we cannot compare results with earlier findings, but some 2017 findings are presented for an extra perspective.





# Equipment ownership and internet usage.

Almost all respondents (97%) reported having a computer of some type in their home. This is consistent with findings in recent years.

As discovered last year, smartphones are the most popular device (87%, was 82% in 2017). Most households have a tablet (64%), desktop (60%) or notebook computer (52%). Majority ownership is also indicated for digital TVs or set top boxes (58%) and an internet-enabled TV, DVD or Blu-ray player (54%). Half the sample own an in-car navigation device while penetration of pay TV (40%), wearable devices (30%) and 3D TVs (19%) is at minority levels although not uncommon.

Solid growth is likely for each device over the next year. Intentions to purchase range from 8% for a digital TV or set-top box and in-car navigation device up to 19% for a wearable device.

A later question found 63% of households subscribing to a TV or movie streaming service. In the 2017 telephone survey this incidence was 62%. Netflix (51%) is easily the most popular ahead of Foxtel Now (15%) and Stan (14%).



## Computerisation in the home

	Currently have	Intend in next year
Desktop computer or PC	60%	8%
Notebook computer	52%	12%
<b>Total (any computer)</b>	<b>*97%</b>	<b>49%</b>
Dial-up internet	NA	NA
Broadband internet	68%	6%
Wireless broadband	59%	8%
<b>Total accessed internet</b>	<b>100%</b>	<b>NA</b>

Q1. Which of these items do you own now or intend to get in the next 12 months?

Q3. In the past year, in which of these ways, if any, have you accessed the Internet?

Base = People aged 18 plus (n=1504).

Notes:

1. 2018 online survey results not comparable with prior telephone surveys.

2. \*Any computer includes other devices listed in Q1 but not shown above.

## Technology in the home

	Currently have	Intend in next year
Mobile smartphone - able to access internet	87%	12%
Digital TV or set top box	58%	8%
Tablet (such as an iPad)	64%	11%
Internet enabled TV, DVD or Blu-ray player	54%	13%
In-car navigation device	50%	8%
Pay TV	40%	10%
Wearable device like Apple watch or Fitbit	30%	19%
3D TV	19%	13%

Q1. Which of these items do you own now or intend to get in the next 12 months?

Base = People aged 18 plus (n=1504).

Notes:

1. 2018 online survey results not comparable with prior telephone surveys.



# Equipment ownership and internet usage.

Due to the primarily online survey methodology, internet usage was universal. Over a third (35%) use smart-home activated devices or tools at home with Siri (20%) marginally more popular than Google Home (19%). Five percent use Amazon Alexa or Echo. The leading requests made of these devices are to check weather (22%), find information (13%), find or call people (8%), turn lights on and off (5%), find websites (4%) and to find locations or directions (4%).

Around two in three respondents are satisfied with home internet upload and download speeds while 15% are dissatisfied. These are similar results to those observed last year (63% satisfied and 17% dissatisfied).

Thirty percent intend to obtain a faster internet connection in the next year, with 19% unsure. In 2017, these results were 24% and 9%.

Smart-home voice-activated devices or tools used	
	Use in home*
Amazon Alexa or Amazon Echo	5%
Google Home	19%
Siri (Apple)	20%
None	65%

Q4b. Which, if any of these voice-activated smart-home devices or tools do you ever use in your home?

\*Base = People aged 18 plus who accessed internet in last year via a computer mobile, tablet or TV .

Notes: Multiple responses allowed. Less than 1% mentioned other devices or tools.

Subscribing to TV and movie streaming services – by State and area												
Household subscribes to:	Total %	State									Area	
		NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %	Metro %	Regional %	
Netflix	51	52	50	57	42	45	51	48	58	51	52	
Foxtel Go	15	16	16	16	12	12	16	17	17	16	13	
Stan	14	14	13	18	7	11	20	9	22	15	13	
Fetch TV	8	8	10	11	4	4	3	8	6	9	7	
Optus	7	10	5	10	3	2	4	5	5	8	6	
Big Pond Movies	5	8	4	6	3	2	3	4	5	6	5	
Quickflix	4	4	6	6	2	1	0	0	1	5	3	
Dendy Direct	2	1	2	2	1	0	1	0	0	2	1	
Amazon Prime Video	5	3	6	8	3	4	1	2	3	4	5	
OzFlix	1	2	1	1	1	0	0	0	0	1	1	
<b>Net: any of the above</b>	<b>63</b>	<b>64</b>	<b>64</b>	<b>68</b>	<b>52</b>	<b>55</b>	<b>60</b>	<b>59</b>	<b>67</b>	<b>64</b>	<b>61</b>	

Q11. Which, if any, of these TV and movie streaming services do you or anyone in your home subscribe to?

Base = People aged 18 plus (n=1504). 2% said 'don't know'



# What Australian consumers are doing online.

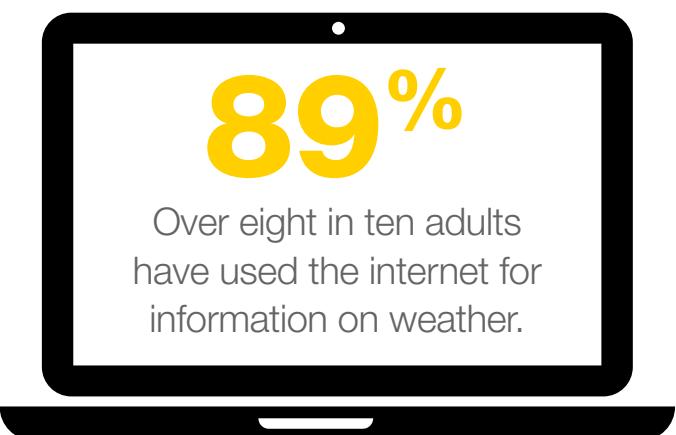
Quite a few internet applications have been used by most adults in the last year (see chart below).

Over eight in ten have used the internet for information on weather (89%) or products or services (89%), for maps and directions (88%), paying for purchases or bills (86%), banking (85%), to look for suppliers (85%), ordering goods or services (83%) and for news (83%). Our Yellow Social Media survey conducted earlier this year also discovered that 88% use social networking sites.

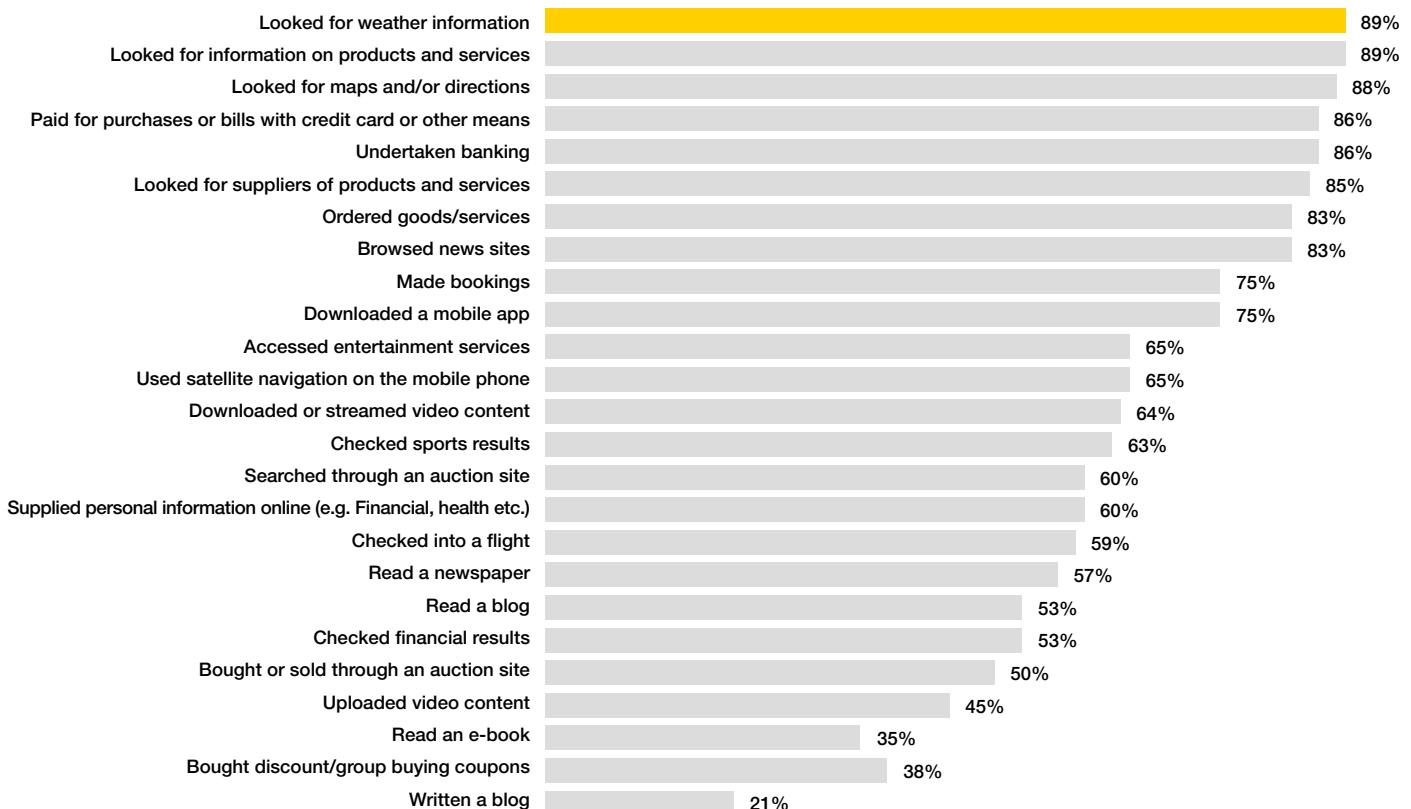
Three quarters used the internet to make bookings or download a mobile app while nearly two thirds did so for entertainment services (65%), satellite navigation (65%), download or stream video content (64%) or check sports results (63%).

Majorities also used these applications – search auction sites (60%), supply personal information online (60%), check into a flight (59%), read newspapers (57%) or blogs (53%) and check financial results (53%).

The e-commerce related applications stand out among the most popular - looking for product or services information (89%), paying for purchases (86%), internet banking (86%), looking for suppliers (85%) and ordering goods or services (83%).



## Internet applications in the last 12 months – on any device



Q4. In the last 12 months please tell me if you have used the internet for any of these purposes, and whether it was on a computer, mobile phone or tablet?  
Base = People aged 18 plus who used internet on a computer, mobile or tablet in last year.



# What Australian consumers are doing online.

We note that most people supplied personal information online in the past year (60%). This is despite 76% expressing at least some concern about theft or misuse of their private information and the security of their credit card information.

A similar level of concern is expressed about risks posed to children in using the internet. Only about half those surveyed say they have enough technical knowledge to minimise this risk and most feel this warrants greater government attention.



## Level of concern held about using the internet for online transactions

Concern about the theft or misuse of your private information	Total
Major concern	28%
Some concern	48%
Only minor concern	17%
No concern	7%

Concern about the security of your credit card information	Total
Major concern	29%
Some concern	47%
Only minor concern	17%
No concern	7%

Q5. When using the internet for online transactions, do you have any concerns about the theft or misuse of your private information? Would this be of...

Q6. And in using the internet for online transactions, do you have any concerns about the security of your credit card information to you? Would this be of...

Base = People aged 18 plus (n=1504).

Notes: 2018 online survey results not comparable with prior telephone surveys.

## Level of concern held about risks to children being exposed to dangerous people when using the internet

Concern about the risks to children	Total
Major concern	40%
Some concern	35%
Only minor concern	10%
No concern	15%

Have technical know-how to minimise risks	Total
Yes	49%
No	30%
Don't know	21%

Government should be doing more about this issue	Total
Yes	59%
No	21%
Don't know	20%

Q7a. Thinking now about the risks of your children or children in general being exposed to dangerous people when using the internet, would this risk be of...

Q7b. And do you feel you have the technical know-how to minimise the risks of children being exposed to dangerous people when using the internet?

Q7c. Still thinking about the risks of your children or children in general being exposed to dangerous people when using the internet, do you believe the government could realistically do more about this issue or not?

Base = People aged 18 plus (n=1504).

Note: 2018 online survey results not comparable with prior telephone surveys.



# What Australian consumers are doing on different devices.

Desktop or laptop computers (92%) are the devices used most commonly in the last year to access the internet ahead of mobile phones (82%) and tablets (61%). Even though only 60% earlier indicated having a desktop computer and 52% a laptop computer at home, their use at work would be common which helps explain their more widespread use for accessing the internet.

The results are opposite for mobile phones and tablets reflecting the penetration of those devices among adult consumers. We have excluded social networking from the list here because it was measured in the dedicated Yellow Social Media survey conducted earlier this year. Key findings from that study are also included further on in this report.

Among those who used mobile devices to access the internet, there was a higher proportion of females (86%) than males (77%) and in the under 50 age groups (over 90%) than those aged 50-64 years (78%) and 65 plus (54%).

## How Australians access the internet

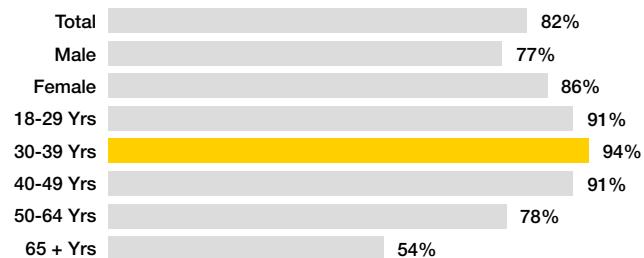
	Total
Desktop or laptop computer	92%
Mobile phone	82%
Tablet	61%
Internet-enabled TV	39%

*Q3. In the past year, in which of these ways, if any, have you accessed the internet?*

Base = People aged 18 plus (n=1504).

Note: 2018 online survey results not comparable with prior telephone surveys.

## Internet usage by mobile phone



*Q3. In the past year, in which of these ways, if any, have you accessed the Internet?*



# What Australian consumers are doing on different devices.

The three leading activities undertaken on a mobile in the last year have been downloading an app (79%), looking for maps and directions (76%) and weather information (76%). Satellite navigation (69%) and browsing news sites (59%) are also relatively popular.

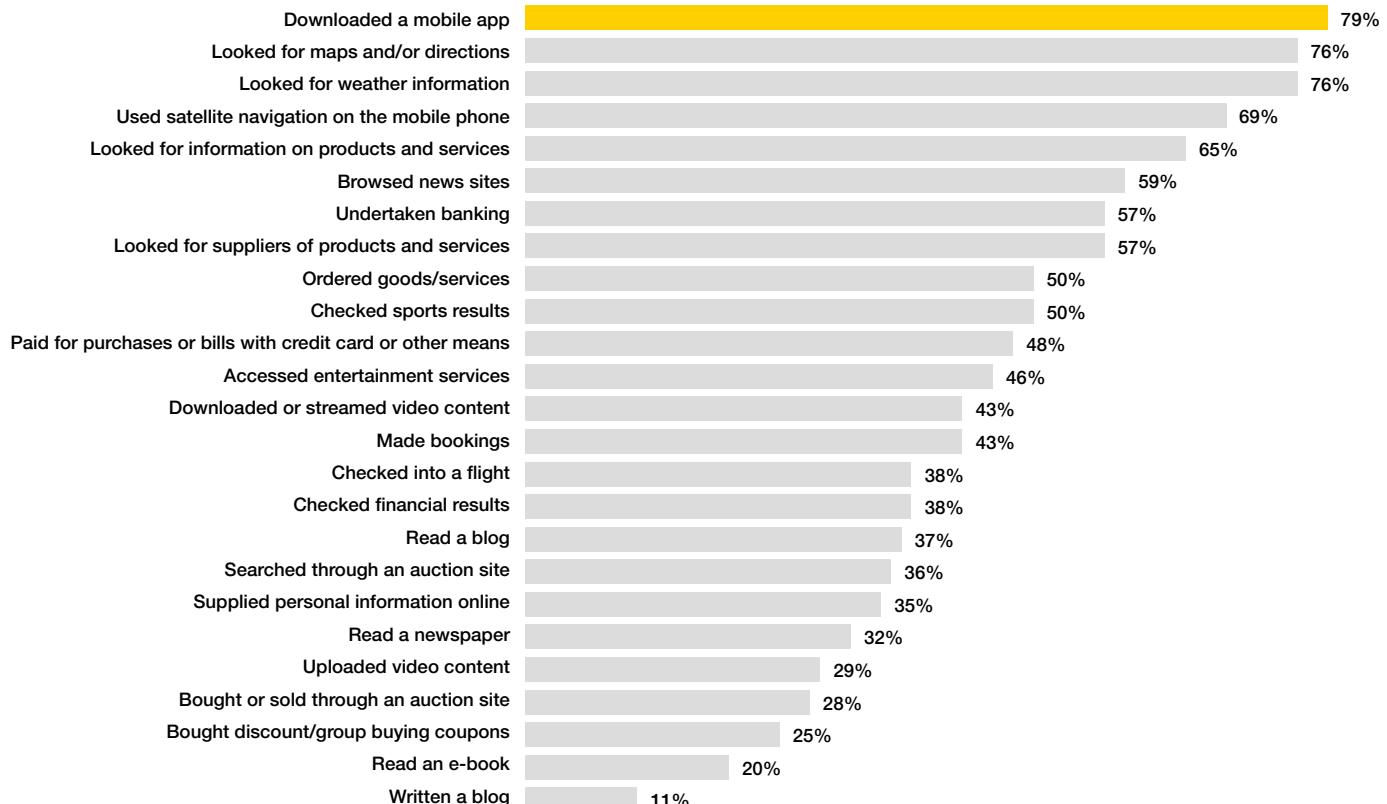
Using a mobile for these e-commerce related activities is quite pronounced - looking for product and services information (65%), banking (57%), seeking suppliers (57%) and ordering goods and services (50%). Solid minorities also used a mobile to pay for purchases by credit card or other means (48%) or to buy or sell on an auction site (28%).

Use of a mobile for other activities ranges from 11% for writing a blog to 50% for checking sports results.

**79%**

Downloading an app was one of the three leading activities undertaken on a mobile.

## Internet applications by phone in the last 12 months



Q4. In the last 12 months, please tell me if you have used the internet for any of the following purposes, and whether it was on a computer, mobile phone or tablet?  
Base = Have accessed the internet by mobile phone in last year (82%)



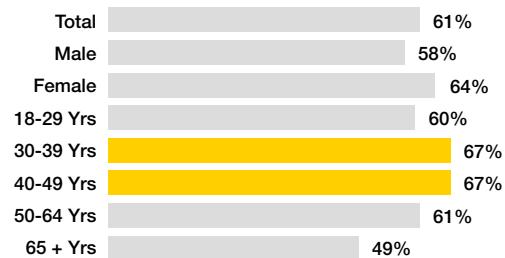
# What Australian consumers are doing on different devices.

Among the 61% who use tablets to access the internet in the last year, it is slightly more appealing to females than males (64% to 58%) but by age group, only those aged 65 plus (49%) are clearly under the average. However, while the under 65 age groups are much more inclined to use a mobile phone than a tablet for internet access, the 65 plus segment favour each device to almost the same extent.

The most popular use on a tablet is looking for information on products and services (48%), which was also the leading use discovered in the 2017 telephone survey. Browsing news sites (44%) and looking for suppliers of products and services (42%) round out the top three uses for this device.

Tablets are used more than mobiles only for reading e-books (26% versus 20%).

## Internet usage by tablet



*Q3. In the past year, in which of these ways, if any, have you accessed the internet?*

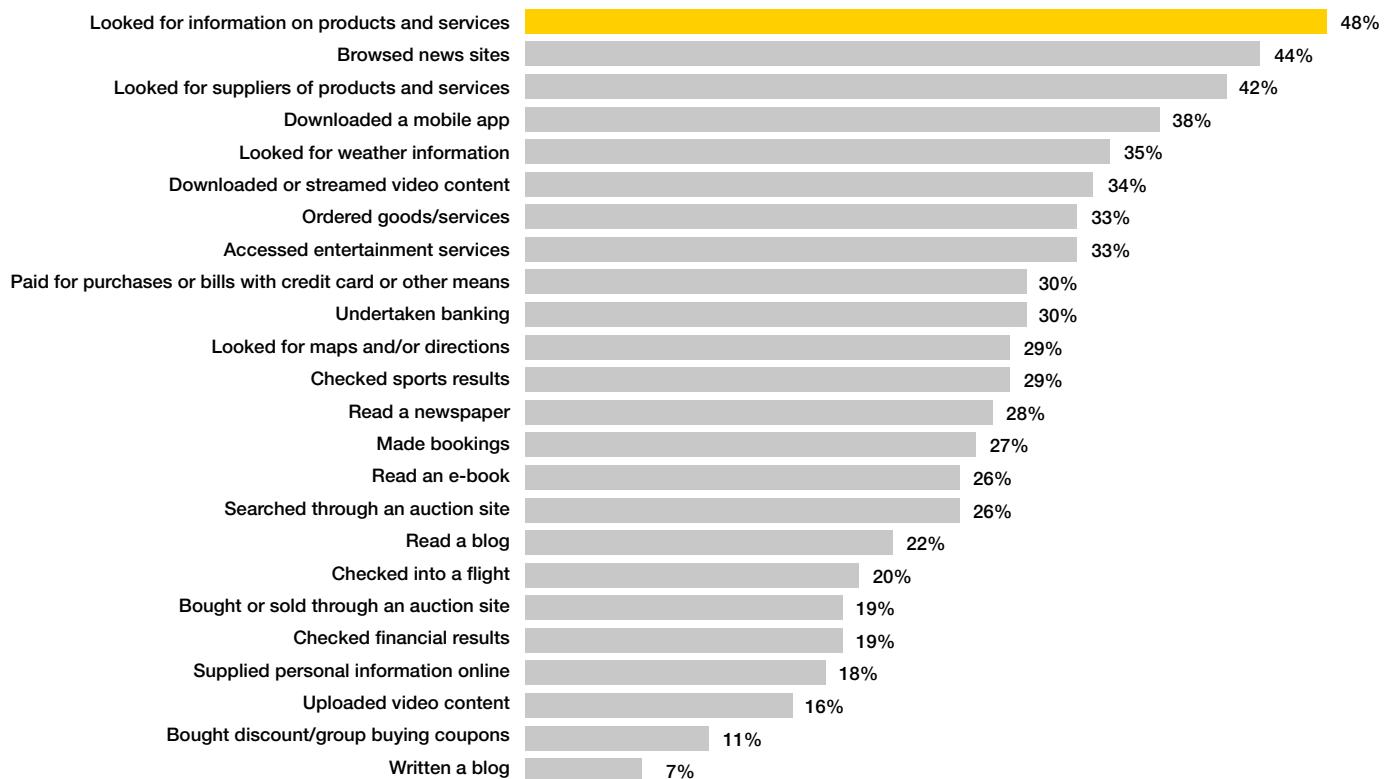
Base = People aged 18 plus who used internet in last year



# What Australian consumers are doing on different devices.

For e-commerce applications, tablet use over the last year compares with mobile use as follows: looking for information on products and services (tablet 48% to mobile 65%), looking for suppliers of products and services (tablet 42% to mobile 57%), banking (tablet 30% to mobile 57%) ordering goods or services (tablet 33% to mobile 50%), paying for purchases (tablet 30% to mobile 48%) and buying or selling through an auction site (tablet 19% to mobile 36%).

## Internet applications by tablet in the last 12 months



*Q4. In the last 12 months, please tell me if you have used the internet for any of the following purposes, and whether it was on a computer, mobile phone or tablet?*  
Base = Have accessed internet by Tablet in last year (61%)



# Social networking behaviour.

Eighty-eight per cent of online consumers use social media sites. The telephone survey incidence discovered last year was 79%.

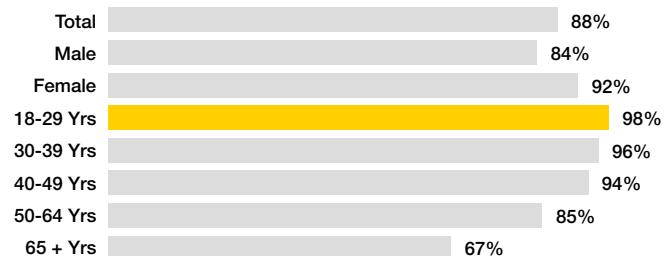
Usage of social media sites declines with age but is quite common in the older age groups. Females use them more than males – 92% to 84%.

Many consumers are frequent users with 62% doing so at least daily.

Social media use at home is almost universal and much greater than in other locations. Nevertheless, social networking use at work (35% overall and 54% among those in the workforce), on public transport (32%), in the car (23%) and at restaurants, bars and parties (25%) is not uncommon. These findings are consistent with observations last year.

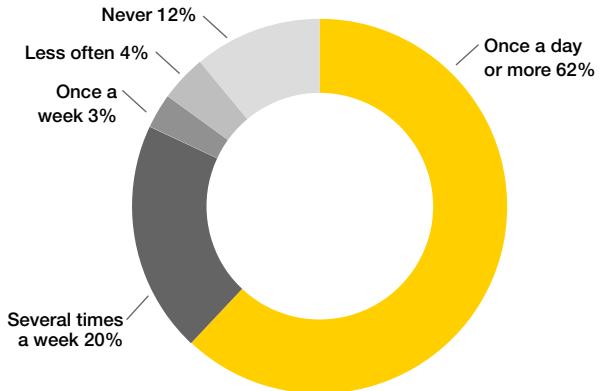


## Use of social networking sites



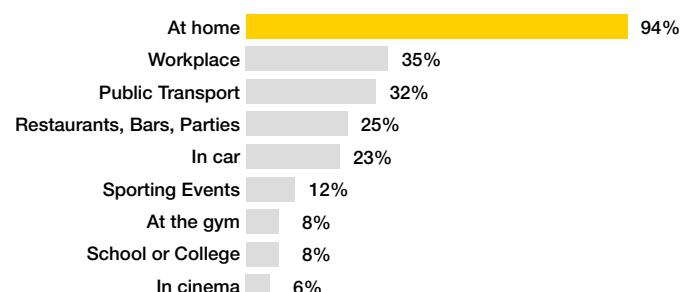
Base = People aged 18 plus who use the internet

## Frequency of using social networking sites



Base: People aged 18 plus who use social media

## Where Australians use social networking



Q7c. Where do you use social networking sites – either on your computer or mobile device?

Base = People aged 18 plus that use social media



# Australians purchasing online.

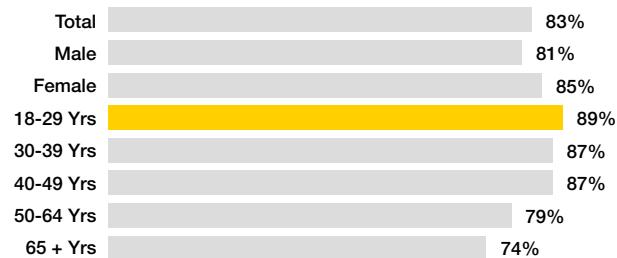
Eighty-three percent of respondents reported making purchases online in the last year.

This incidence was above 80% among males and females, and in the under 50 age groups. Among those aged 50-64 it was not far behind at 79%. It is also common in the 65 plus segment (74%).

When purchasing online, consumers prefer using a desktop computer (55%) over a mobile device (25%) with the rest having no clear preference. These preferences were almost the same in the 2017 survey.

The best deal (62%) is nominated as the key benefit sought when purchasing online, well above supporting local brands (10%) or fastest delivery (10%).

## Ordered goods or services online in last 12 months



Base = People aged 18 plus who have used the internet in last year.

## Preferred device when purchasing online and key benefit sought – By Gender & Age

	Total %	Gender		Age				
		Male %	Female %	18-29 %	30-39 %	40-49 %	50-64 %	65+ %
Ordered goods and services online*	89	87	91	92	90	91	90	82
<b>Preferred Device</b>								
Mobile	25	23	28	35	36	29	18	7
Desktop	55	60	50	42	41	52	64	76
No preference	14	12	16	16	19	13	14	9
Can't say depends	6	5	7	7	5	7	5	8
<b>Key benefit sought</b>								
Best deal	62	61	63	62	65	71	61	51
Fastest delivery	10	11	10	18	17	8	6	2
Support local brands	10	11	9	6	5	3	16	19
Can't say depends	18	17	18	14	13	19	17	29

Q9e. When you do shop online, do you prefer to do so via a mobile device or a desktop?

Q9f. When you do shop online, is it more important to you to get the best deal, the fastest delivery or to support local brands?

\*Base = Have made purchases or bookings online in past year (89%). Rounding occurs.



# Australians purchasing online.

We also see that over half (57%) have been to a shop for research purposes before buying something online and there is a much stronger preference for shopping at physical shopfronts (49%) than online (21%). These observations are consistent with those made last year.

<b>Shopping online and at physical shopfronts – By Gender &amp; Age</b>								
	<b>Total %</b>	<b>Gender</b>		<b>Age</b>				
		<b>Male %</b>	<b>Female %</b>	<b>18-29 %</b>	<b>30-39 %</b>	<b>40-49 %</b>	<b>50-64 %</b>	<b>65+ %</b>
<b>Researched at shop before buying online</b>								
Yes	57	50	63	65	67	59	55	37
No	35	40	30	28	24	31	39	54
Can't recall	8	10	7	7	8	11	6	9
<b>Prefer shopping</b>								
At physical shopfronts	49	48	50	41	43	40	59	63
Online	21	22	19	29	30	21	15	7
No preference	19	20	18	19	17	24	19	16
Can't say depends	11	10	13	11	10	15	8	14

Q9g. Have you ever gone into a physical shop to do research before buying something online?

Q9h. In general, do you prefer to shop at physical shop-fronts or online?

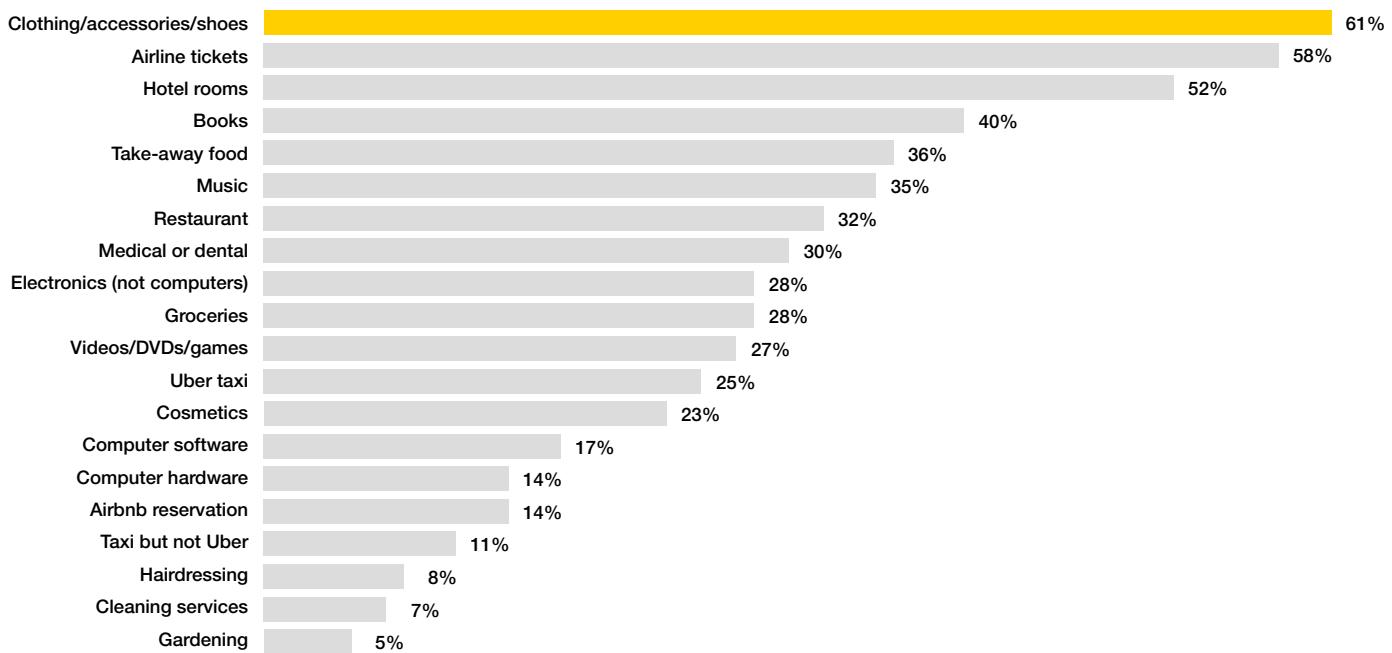
\*Base = Have made purchases or bookings online in past year (89%). Rounding occurs.



# Australians purchasing online.

As in 2017, the three most popular items bought online were clothing, accessories, shoes (61%) airline tickets (58%) and hotel rooms (52%). Other items have been purchased online by minorities ranging from 40% for books to less than 10% for services like gardening (5%), cleaning (7%) and hairdressing (8%).

## What Australians purchase online



Base = Have made purchases or bookings online in past year (89%).

Note: in 2017 this was not asked of those who also made bookings online and hence comparisons are not possible.



# Australians purchasing online.

Purchasing online is very widespread, with 89% of our consumer sample having done so in the last year. We also measured use of specific online grocery delivery services among the 28% who indicated that they have ordered groceries online in the last year. In that consumer segment, Woolworths Online (61%) and Coles Online (57%) stand out which is not surprising given their dominance of the grocery buyer market across the nation. Others like Amazon (12%) or Aldi Online (9%) are not nearly as popular but it will be interesting to see how Amazon performs over time as it has only recently entered the Australian market. There are some gender and age group variations in the use of the grocery online delivery services, but the Woolworths and Coles services are by far the most popular across the board. Nevertheless, it is noteworthy that users of the Amazon, Aldi, Fresh Direct and IGA Online services are concentrated in the under 40 age groups.

Made grocery purchases online*	Total %	Gender		Age				
		Male %	Female %	18-29 %	30-39 %	40-49 %	50-64 %	65+ %
Woolworths Online	61	61	61	59	58	65	69	53
Coles Online	57	51	61	58	63	53	50	56
Amazon or Amazon Fresh	12	14	11	16	22	3	2	6
Aldi Online	9	6	11	21	9	0	4	0
Fresh Direct Online	6	4	8	12	12	0	0	0
Kogan Groceries	5	5	6	4	8	3	6	6
IGA Online	4	2	5	8	7	0	1	0.20
Safeway Online	1	2	1	0.30	2	0	3	0
Others	2	2	1	0	0	5	0	6

Q9a2. Which, if any of these on-line grocery services do you ever use? New question in 2018.

\*Base = Have made grocery purchases online in past year (n=377). Rounding occurs.



# Australians purchasing online.

Many consumers were earlier identified as having made take-away or restaurant food purchases online. As a proportion of the total consumer base, this segment represents 44%. Among them, almost six in ten (59%, which translates into 26% of the total sample) have used online services like Uber Eats (34%), Menulog (33%), Deliveroo (14%), Foodora (9%) or others like them (5%). Relative to the total consumer base, the incidences of using each of these services are 15% each for Uber Eats and Menulog, 6% for Deliveroo and 4% for Foodora. Gender differences are minor, but their appeal tends to decline up the age scale. Among those aged 18-29 group who have ordered take-away or restaurant food online, more than half (52%) have used Uber Eats.

<b>Use of online services for pre-prepared food delivery – By Gender &amp; Age</b>								
<b>Ordered take-away or restaurant food online &amp; used these services*</b>	<b>Total %</b>	<b>Gender</b>		<b>Age</b>				
		<b>Male %</b>	<b>Female %</b>	<b>18-29 %</b>	<b>30-39 %</b>	<b>40-49 %</b>	<b>50-64 %</b>	<b>65+ %</b>
Uber Eats	34	32	35	52	40	34	17	8
Menulog	33	33	32	37	42	38	27	3
Deliveroo	14	14	13	22	10	18	10	0
Foodora	9	9	8	14	11	9	3	0
Others	5	6	3	5	1	8	2	9
None	41	41	41	27	29	38	54	80

Q9a3. Which, if any of these on-line services do you ever use to order a pre-prepared food delivery? New question in 2018.

\*Base = Made take-away or restaurant food purchases online in past year (n=662). Rounding occurs.



# Australians purchasing online.

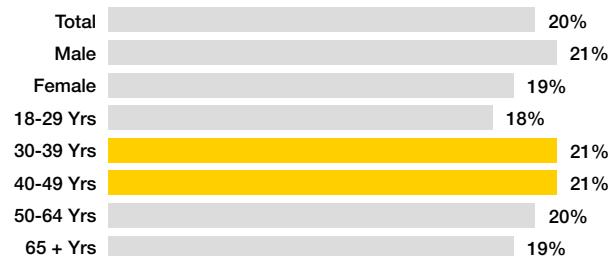
The average amount consumers reported spending online in the past 12 months was \$2,372. We do not make comparisons with prior results because this year we changed the response from open-ended to a scaled list as we believed this would improve the accuracy. In the past, the unknown ('don't know') large outlier responses made calculation of the mean problematic.

Five percent spent \$10,000 or more online in the last year. Males reported spending on average \$2,603 compared to \$2,152 for females. Those in paid employment spent \$2,967 on average online compared to \$1,996 by those not in the workforce. People in households with incomes exceeding \$75,000 a year reported spending \$3,250 on average which compares with \$1,065 for those earning under \$35,000 a year and under \$2,000 for those earning between \$35,000 and \$75,000 a year.

Thirty-six percent of those making online purchases in the last 12 months said they increased such spending in that period, while for 13% it decreased. In the 2017 telephone survey, the comparable percentages were 27% and 10% respectively.

An average of 20% of online purchases are made from businesses located overseas. Last year it was 23%.

## Mean proportion of online purchases from overseas



Base = Made purchases or bookings online in past year (89%)

## Estimated online expenditure in last year – By Gender & Age

	Total %	Gender		Age				50-64 %	65+ %
		Male %	Female %	18-29 %	30-39 %	40-49 %	50-64 %		
Under \$200	13	11	16	15	5	11	15	20	
\$200 to \$499	14	13	15	13	12	12	16	18	
\$500 to \$999	17	18	16	15	15	17	18	18	
\$1,000 to \$1,999	15	15	15	16	16	14	18	11	
\$2,000 to \$2,999	13	13	13	12	17	15	8	12	
\$3,000 to \$4,999	7	8	6	8	11	11	5	3	
\$5,000 to \$9,999	6	8	5	8	8	7	4	5	
\$10,000 to \$19,999	3	4	3	2	7	2	3	4	
\$20,000 to \$49,999	1	1	1	1	1	1	2	0	
\$50,000 plus	1	1	1	1	1	0.40	2	0.10	
<b>Mean \$</b>	<b>\$2,372</b>	<b>\$2,603</b>	<b>\$2,152</b>	<b>\$2,051</b>	<b>\$3,099</b>	<b>\$2,517</b>	<b>\$2,455</b>	<b>\$1,746</b>	

Q9c. Approximately how much have you spent online in the past year?

\*Base = Have made purchases or bookings online in past year (89%). Rounding occurs. 9% answered 'don't know'.



# Yellow Digital Report 2018.

**The Online Experience  
of Small to Medium  
Businesses (SMBs)**

**yellow**



# About the survey.

The information in this report was based on telephone interviews conducted over the period of June 6 to July 16, 2018 with 1,003 small and medium business proprietors and managers.

Businesses interviewed were drawn from all metropolitan and major non-metropolitan regions within Australia. Quotas were set by geographical location and type of business to produce the standard sample structure shown opposite. Note that the sample excludes businesses in the agricultural sector.

Results for each survey are weighted to ensure the sample is reflective of the total SMB population. Prior to 2015, the weighting was by selected ANZSIC (industry sector) divisions within the metropolitan and non-metropolitan region of each state and territory as per the Australian Bureau of Statistics (ABS) Business Register of June 1998. Now, the weighting is also by industry, location and business size but based on the most current ABS data contained in the publication 8165.0 - Counts of Australian Businesses, including Entries and Exits, June 2009 to June 2013. Some adjustments to this weighting data were also made (by Sensis) to exclude businesses with a turnover of under \$50,000 pa (believed to be mainly non-operating and/or non-employing businesses).

The new weighting impacted on the post 2014 results because the industry and location mix is noticeably different to the 1998 situation, and the subsequent surveys are more reflective of the current SMB population. Due to these factors, we limit our comparative commentary herein, however various earlier results are still presented.

Location of business			
State	Total	Metro	Non-Metro
NSW	170	110	60
VIC	171	111	60
QLD	170	90	80
SA	125	90	35
WA	127	90	37
TAS	80	40	40
NT	80	40	40
ACT	80	80	0
<b>Total</b>	<b>1003</b>	<b>651</b>	<b>352</b>

Industry division	
	Total
Manufacturing	111
Building/Construction	130
Wholesale Trade	75
Retail Trade	160
Accommodation, Cafés and Restaurants	63
Transport/Storage	74
Finance and Insurance	80
Communication, Property and Business Services	155
Health and Community Services	80
Cultural, Recreational and Personal Services	75
<b>Total</b>	<b>1003</b>

Size of business – number of full time employees	
	Total
1-2 Employees	333
3-4 Employees	158
5-9 Employees	201
10-19 Employees	209
<b>Total Small</b>	<b>901</b>
20-99 Employees	91
100-200 Employees	11
<b>Total Medium</b>	<b>102</b>



# Executive summary.

The results of this research are detailed throughout the report and below is an overview of key findings. Comparisons with prior results are not always possible due to sampling or questioning variations.

## Technology and SMBs

Ninety-six percent of SMBs own a computer of some type which is in line with recent survey results.

Among SMBs, ownership of desktops, notebooks and tablets is 92%, 62% and 55% respectively. While desktop incidence was slightly lower this year, notebooks and tablets were more prevalent. Each of these tools remain more commonly found in medium size businesses than small businesses which is also true about other types of technology such as smartphones, Local Area Networks (LAN), satellite navigation, VOIP (Voice over internet protocol) and advanced telephone systems. Many businesses continue to use more than one type of device.

SMB expenditure in 2017 on both hardware and software averaged almost \$8,400 with almost the same amount expected to be spent in 2018 (average of approximately \$8,200). Both the actual and expected expenditure averages for medium size businesses again greatly outweighed those recorded for small businesses. Expectations for 2018 averaged just over \$20,000 for medium size businesses compared to slightly more than \$7,600 for small businesses.

## SMBs online

Ninety-five percent of SMBs are connected to the internet which is five points higher than last survey. Internet connectivity remains at 99% in medium size businesses compared to 94% in small businesses which is four points higher than recorded in 2017.

We again find nearly nine in ten SMBs using the internet with a broadband connection (88%). However, ADSL and wireless accessibility continue to decrease. In 2016, both ADSL and wireless services were used by most SMBs (57% and 54% respectively) but their penetration has fallen in each of the last two surveys to 33% in 2017 and 46% in 2018. Cable's share, which had increased 15 points to 34% between 2016 and 2017 has lost appeal in the last 12 months now being used by 21% of SMBs. The National Broadband Network's (NBN) reach has significantly increased in the last year more than doubling from 15% to 36%.

Six percent of SMBs claim their online presence has been influenced by the NBN and 11% expect this will be the case

in the foreseeable future, primarily because of faster internet access.

Banking is the most popular of online behaviours measured, being used by more than nine in ten SMBs (91%) on the internet. Around eight in ten use it to seek information about products and services (81%) or suppliers (81%), pay for purchases (81%) or place orders (78%). Growth, ranging from 3% to 6% of SMBs is indicated for each of those applications over the next year. A majority also receive payments (66%), access directories (59%), handle quotes electronically (56%) or take orders online (54%). Taking orders online has become more popular for SMBs since 2017, while accessing directories has decreased.

Use of the internet to monitor markets or competition (38%) and promote the business via email marketing (32%) remains at a minority level. Although some growth is indicated, it will still only be a minority of SMBs likely to use the internet for such marketing purposes in 12 months' time.

As discovered in the 2017 survey, internet banking (83% and unchanged) is the application most likely to be considered essential by online SMBs. Again, ranking second as essential is paying for products and services (66%, unchanged).

Other e-commerce applications have been upgraded to essential by SMBs including; looking for suppliers (from 54% to 65%) or information on products or services (from 54% to 64%), placing orders (from 39% to 60%), receiving payments (from 41% to 56%) and taking orders (from 31% to 44%). Small and medium size businesses did not differ much in their responses around essential applications.

## SMB websites

Seventy-two percent of SMBs have a website, the highest incidence recorded to date.

This growth is associated with fewer SMBs relying on a different form of internet presence such as a business directory, social media or a third-party website. In 2017, we found 80% of the SMBs without a website were using such alternatives, however this incidence has fallen to 53%.

Websites are much more common in medium-size businesses than small businesses - 92% compared to 72%. A further 5% of online SMBs intend to develop a website within the next year.

Almost six in ten SMBs (up seven points to 57%) with websites believe this has improved the effectiveness of their business. The leading reason for this opinion continues to be increased exposure to the market.



# Executive summary.

Expenditure on building and maintaining their website averaged almost \$4,300 for SMBs in 2017 and is considerably higher in medium businesses (\$7,300 approximately) than small businesses (just over \$4,100). Expected average expenditure by SMBs on websites for 2018 is slightly above \$3,800.

Thirty-six percent of SMBs (36%) monitor or update their websites at least once a week which is in line with recent results, however the proportion doing so more than once a month has steadily increased from 35% in 2015 to 49%.

Forty-seven percent of SMBs (up 12 points) have optimised their website for mobiles and other devices. This has occurred more in small businesses (47%) than medium businesses (35%). Almost one in five SMBs (19%) intend to optimise their website in the next year, with little difference between small and medium businesses in this intention.

Almost a third of the SMBs (32%) with an existing website upgraded it in the last year (31% in 2017).

## Social media and SMBs

Over half the SMBs (51%) are using social media which is higher than recorded last year (47%). Facebook is still their preferred social media platform (90%, unchanged) well above Instagram (up eight points to 28%), LinkedIn (down 11 points to 24%) and Twitter (down 10 points to 15%).

## SMB buying and selling online

Seventy-three percent of SMBs make purchases online. This is more pronounced in medium sized businesses (81%) than small businesses (73%). On average, 37% of the total procurement of SMBs who purchase online involved online transactions.

Almost a third (32%) of SMBs place over 50% of their business orders online which is consistent with findings in 2016 and 2017. Office supplies are the most commonly purchased item (80%), but a majority goes online to buy stock (66%), machinery, tools or equipment (64%), make travel bookings (57%) or to purchase computers and related hardware (51%).

The percentage of SMBs taking orders online was 51%. It is almost identical in medium size businesses (50%) and small businesses (51%).

Online sales as a share of total sales activities by SMBs comprise 34% on average. Twenty-eight percent of SMBs who use e-commerce made over half of their sales online, which compares with 33% in 2017.

The proportion of SMBs receiving payments online for sales was 63%. This incidence is the same in small and medium size businesses.

Online sales by SMBs are mainly to local area customers (up six points to 74%). Almost one quarter (24%) have made online sales to customers overseas which is the same as the last survey. Nine percent of SMBs are using the internet to target overseas customers which is also unchanged from 2017.

Some growth is likely in the take-up of e-commerce by SMBs already on the internet, with 7% indicating an intention to sell online in the foreseeable future. The primary influences will be improving customer service and the delivery of goods and services. Almost a third of those SMBs who take orders online offer same day delivery (32%) and this is more common in small (33%) than medium size businesses (16%). Small businesses are also more likely to offer next day delivery – 16% to 12%.

Hacking is again identified as the biggest concern that SMBs have about e-commerce with many more classing it as a major concern (up 16 points to 53%). A less, but not insignificant, concern was apparent this year around other e-commerce related issues such as incompatibility with existing systems, lack of personal contact with customers and the cost of hardware and software.

## SMB use of online advertising and other applications

Forty-five percent of online SMBs advertise on social networks which has decreased from 48% in 2017. Cloud computing (39%) is the next most popular online application used by SMBs followed by VOIP (31%). Online advertising (29%) and unpaid search engine optimisation (23%) appear to have lost some appeal in the last 12 months (previously used by 45% of SMBs on the internet).

Other applications were again mentioned by less than one in five SMBs - paid search engine marketing (19%), mobile applications (13%) and mobile advertising (8%).

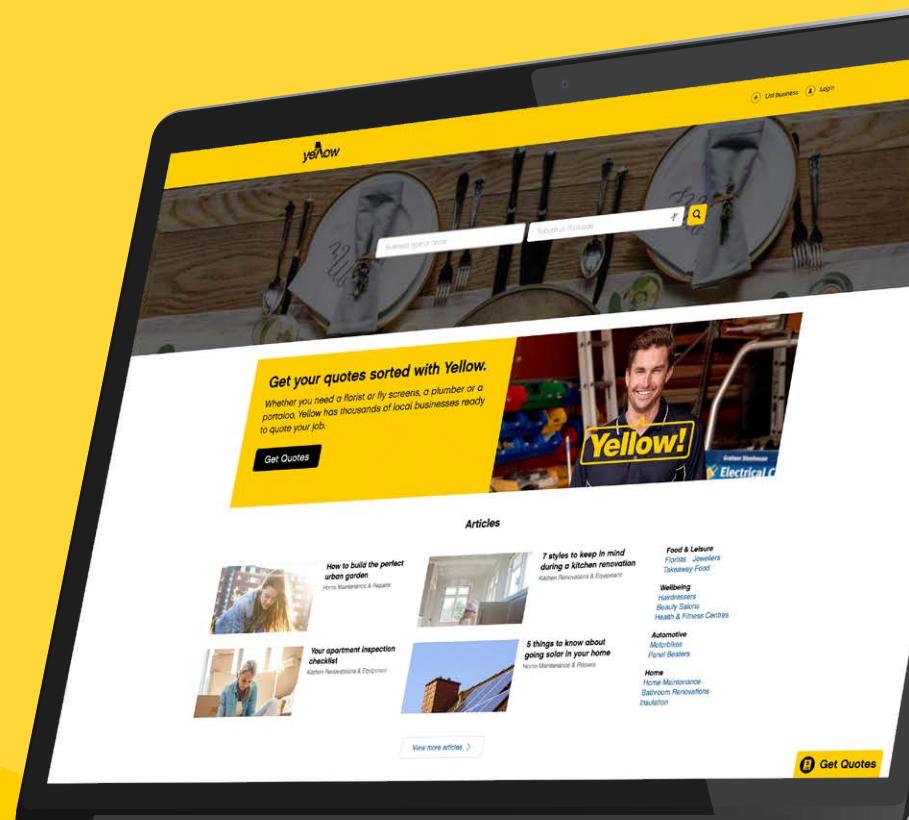
More SMBs believe it's very important to be on page one of a Google search (up from 21% to 31%) with almost the same proportion (28%) saying this is somewhat important.

## Digital business strategies

More online SMBs (up seven points to 23%) reported having a digital business strategy. There was also a rise (from 4% to 8%) in the proportion of SMBs who have developed a mobile application or "app" for their business.

# Levels of computer ownership.

The digital study has monitored the penetration of computer technology in the small business sector since 1994 and for medium-sized businesses since 1998. This section provides an overview of computer technology take-up in the work places of small and medium-sized businesses.





# Equipment ownership.

This year, 96% of SMBs reported owning a computer of some description. Ownership is 96% in small businesses and 99% in medium size businesses. These results are in line with recent findings.

Desktop computers were discovered in 92% of SMBs while 62% have notebook computers. Last year these levels were 95% and 55% respectively. Desktops are owned by all medium size businesses and 92% of small businesses. Notebooks were more common in medium size businesses than small businesses – 75% to 62%.

Ownership of computers did not differ much between metropolitan and regional areas – 96% and 97% respectively, and the same is true regarding the penetration of desktop computers. Notebooks are more popular in regional locations.

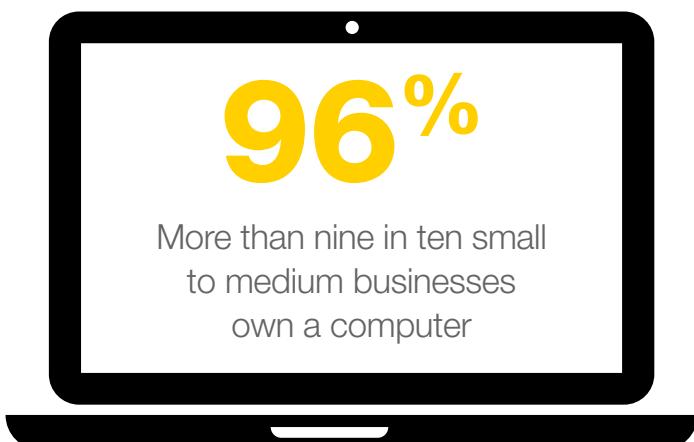
By state, computer ownership ranges from 90% in the NT to 99% in SA and NSW.

<b>Computer ownership by industry sector</b>			
	<b>Desktop computer</b>	<b>Notebook computer</b>	<b>Any Computer*</b>
<b>All SMBs</b>	<b>92%</b>	<b>62%</b>	<b>96%</b>
Manufacturing	93%	58%	93%
Building/Construction	94%	64%	97%
Wholesale Trade	88%	52%	92%
Retail Trade	88%	58%	93%
Transport/Storage	89%	56%	97%
Communication, Property & Business Services	94%	74%	98%
Finance and Insurance	94%	67%	100%
Health and Community Services	94%	52%	98%
Cultural, Recreational & Personal Services	90%	72%	95%
Accommodation, Cafés and Restaurants	94%	50%	97%

Notes: \*Any Computer here = desktop, notebook or tablet. Rounding occurs.

<b>Computer ownership by business size and location</b>			
	<b>Desktop computer</b>	<b>Notebook computer</b>	<b>Any Computer*</b>
<b>All Businesses (SMBs)</b>	<b>92%</b>	<b>62%</b>	<b>96%</b>
1-2 Employees	88%	50%	93%
3-4 Employees	93%	57%	98%
5-9 Employees	92%	61%	97%
10-19 Employees	98%	81%	99%
20-99 Employees	94%	78%	99%
100-200 Employees	100%	62%	100%
<b>Total Small (1-19)</b>	<b>92%</b>	<b>62%</b>	<b>96%</b>
<b>Total Medium (20+)</b>	<b>100%</b>	<b>75%</b>	<b>99%</b>
Total Metropolitan	93%	60%	96%
Total Rural	92%	66%	97%

Notes: \*Any Computer here = desktop, notebook or tablet. Rounding occurs.





# Equipment ownership.

By industry, computer ownership was lowest in Wholesale Trade at 92% and highest in Finance and Insurance at 100%. Greater variation can be seen in notebook penetration than desktops. With desktops, the lowest ownership incidence is 88% in Wholesale and Retail Trade while the highest is 94% in Building/Construction, Communications, Property and Business Services, Finance and Insurance, Health and Community Services and Hospitality. Notebooks are found in 50% of SMBs in Hospitality while the highest ownership incidence is 74% in the Communications, Property and Business Services sector.

Due to different weightings applied from 2015, we can only comment on the results pertaining to the ownership of different telecommunication equipment over the last four surveys. Compared to last year and to 2015, there is higher penetration of the other telecommunications equipment listed in the table below – Smartphones, LANs, tablets, satellite navigation systems, advanced telephony systems and VOIP.

Each type of telecommunications equipment listed is more prevalent in medium size businesses than small businesses. This was also the case in 2016 and 2017.

Computer ownership by state			
	Desktop computer	Notebook computer	Any Computer*
All SMBs	92%	62%	96%
New South Wales	94%	70%	99%
Victoria	92%	60%	95%
Queensland	92%	64%	95%
South Australia	96%	52%	99%
Western Australia	87%	53%	94%
Tasmania	95%	51%	97%
Northern Territory	82%	52%	90%
Australian Capital Territory	93%	62%	96%

Notes: \*Any Computer here = desktop, notebook or tablet.

	Telecommunication equipment ownership					
	2015	2016	2017	2018		
	All	All	All	All	Small	Medium
Satellite navigation system (in-car or hand-held)	37%	41%	26%	41%	41%	54%
An advanced telephony system (e.g. PABX or IVR)	29%	28%	25%	38%	37%	68%
Smartphone (with internet access)	63%	80%	79%	84%	84%	92%
A LAN network supporting your business	52%	60%	60%	61%	61%	80%
VOIP (Voice over internet protocol)	26%	34%	20%	36%	36%	44%
Tablet	43%	41%	37%	55%	55%	67%



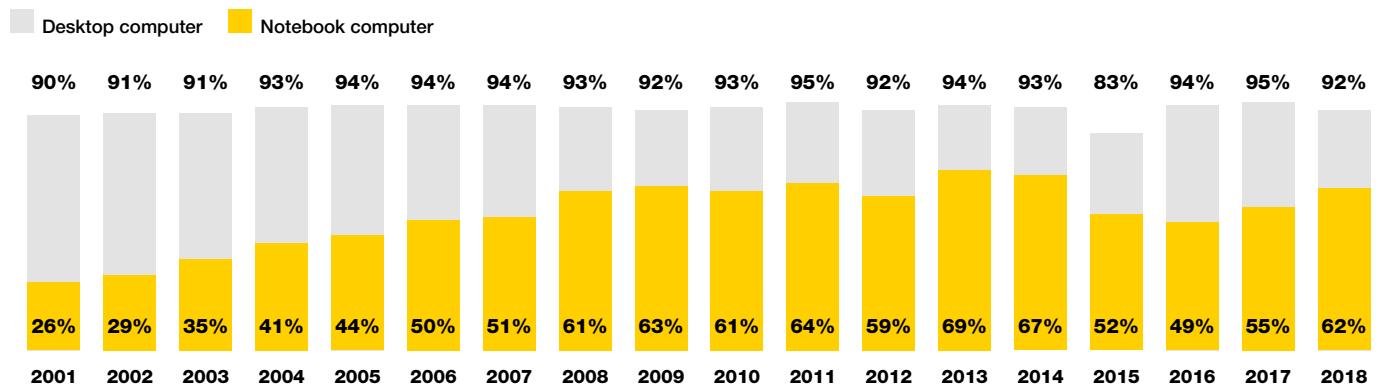
# Computer ownership trends.

We have already highlighted that the new weighting applied to the survey data in 2015 impacts on comparability of the data prior to this, however the history of results pertaining to computer ownership is still presented.

Desktop computers have been found in more than nine in ten SMBs over the last three years while notebooks are more prevalent now than at any time in the last four years among small businesses. Among medium size businesses, notebook computers are as popular in 2018 as they were in 2015.



## Equipment ownership trends – Small and medium business

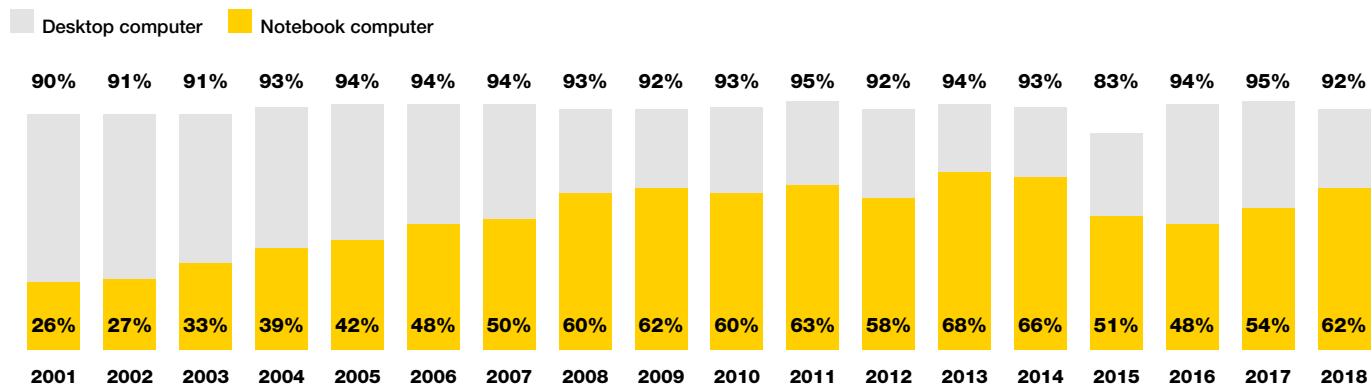


Base = All SMBs



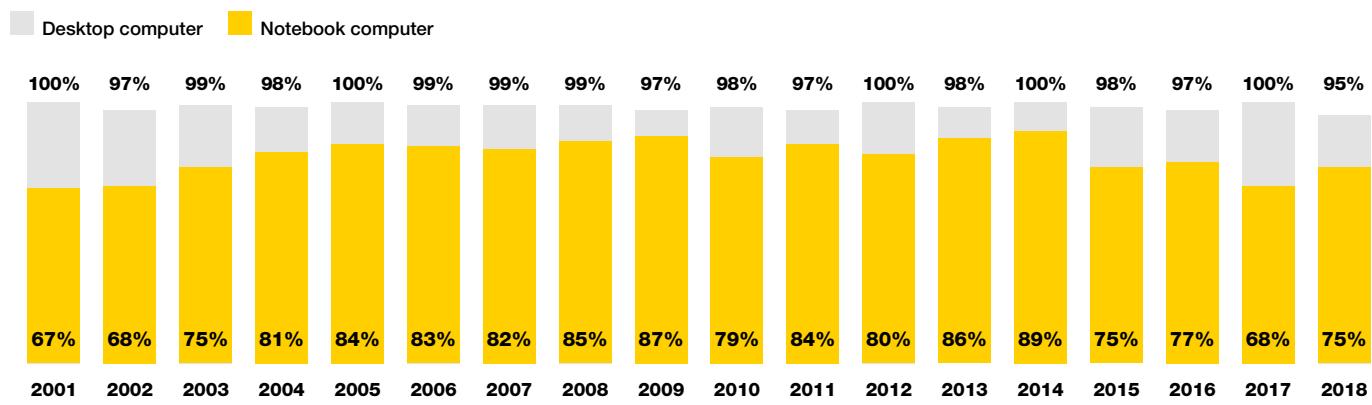
# Computer ownership trends.

## Equipment ownership trends – Small business



Base = Small businesses

## Equipment ownership trends – Medium business



Base = Medium businesses



# Technology expenditure in the 2017 calendar year.

This year, the expenditure questions were changed from an open-ended response to a scaled list because of concerns about accuracy due to large outlier and unknown ('don't know') answers in the past. This also made the question simpler to answer, however it means we cannot compare with prior results.

The overall average expenditure on computer hardware and software for SMBs in 2017 was \$8,383.

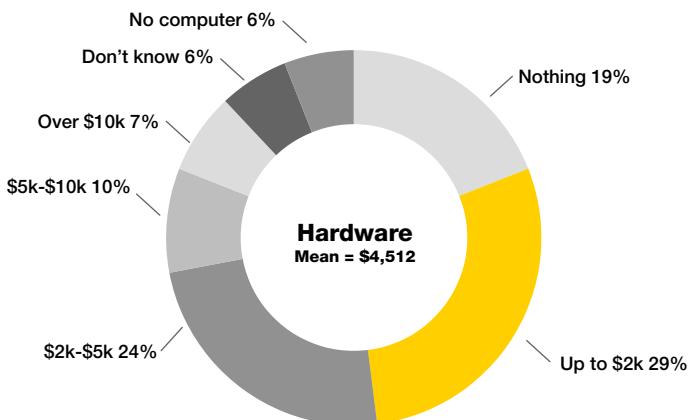
The average level of expenditure on computer hardware by SMBs during 2017 was \$4,381. The average spend of small business was less than half that of medium size businesses. Small businesses spent an average of \$4,152 on computer hardware in 2017; for medium businesses, the average spend was \$9,599.

Among the small businesses, 19% recorded no spend on computer hardware in 2017 with only 7% spending more than \$10,000. Among medium businesses, 37% spent more than \$10,000 on hardware in 2017.

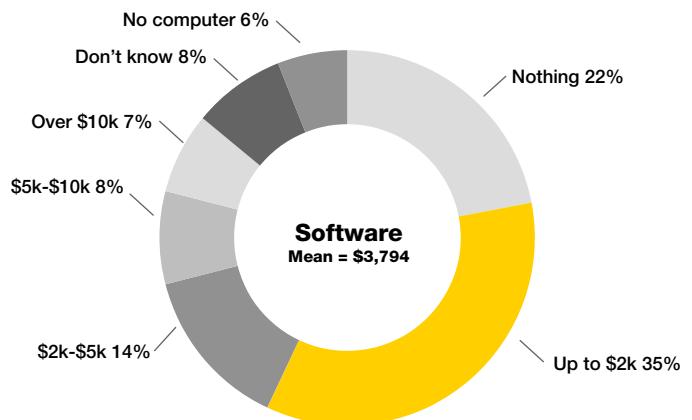
The average expenditure by SMBs on software was \$4,002. Once again small and medium businesses differed significantly with the spend for small businesses averaging \$3,794 compared to \$8,861 for medium businesses.

Among the small businesses, 22% spent nothing on software during 2017. Only 7% reported spending more than \$10,000. In medium size businesses, 36% reported spending \$10,000 or more on computer software over the same period.

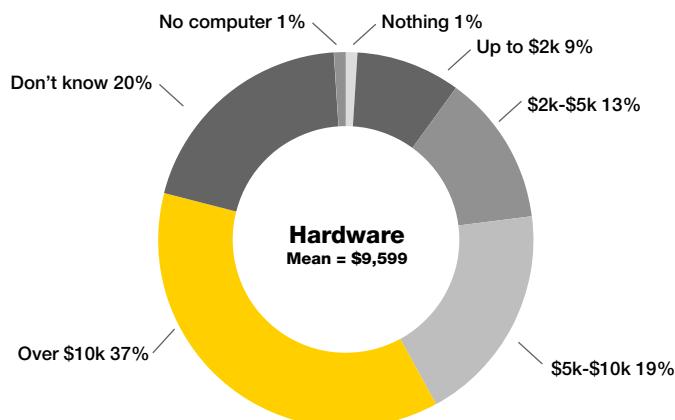
## Expenditure in 2017 calendar year – Small business



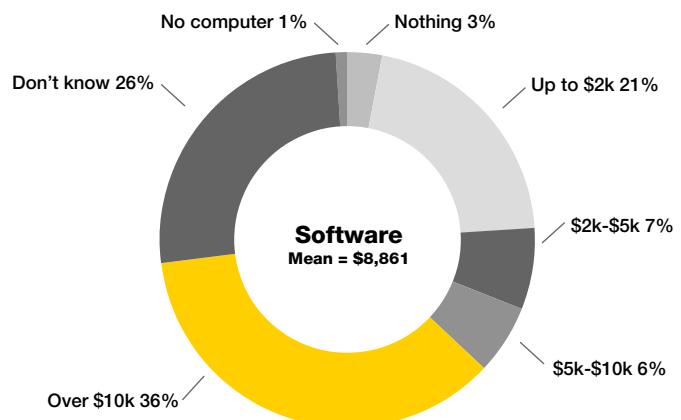
Base = Small businesses



## Expenditure in 2017 calendar year – Medium business



Base = Medium businesses





# Expected technology expenditure in the 2018 calendar year.

SMB expectations about their overall expenditure on computer hardware and software in 2018 averages \$8,175.

On average, small businesses expect to spend just over \$7,600 and medium businesses slightly more than \$20,000 on hardware and software in 2018.

Small businesses are expecting to spend more on software than hardware in 2018 - on average \$3,955 compared to \$3,658. However, medium size businesses expect to spend more on hardware than software – on average \$10,714 compared to \$9,298.

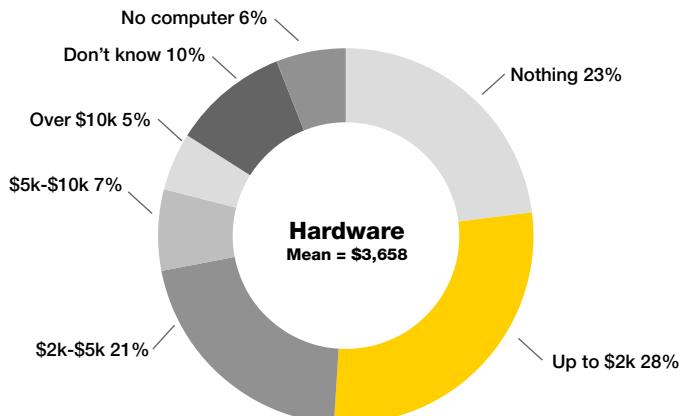
## Average total expenditure on hardware and software

	Metro	Non-Metro
Small Business	\$7,946	\$7,613
Medium Business	\$18,460	\$20,012
All SMBs	\$8,383	\$8,175

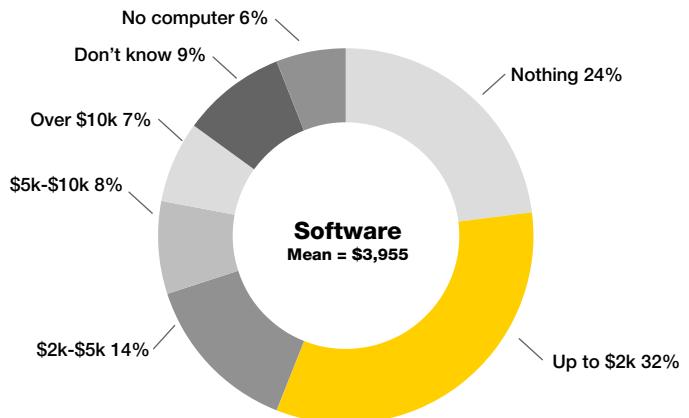
Base = All SMBs with computers

Notes: Rounding occurs.

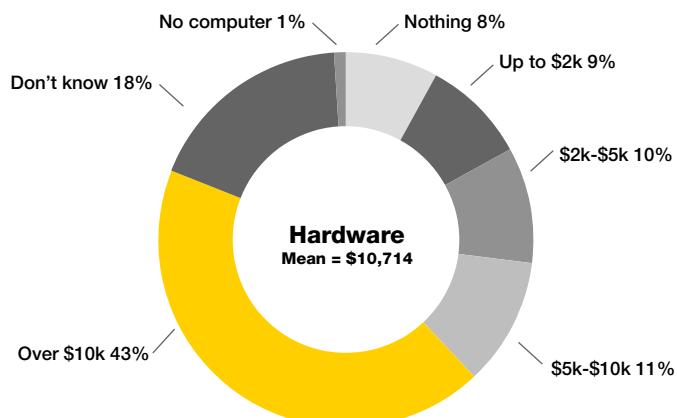
## Expenditure in 2017 calendar year – Small business



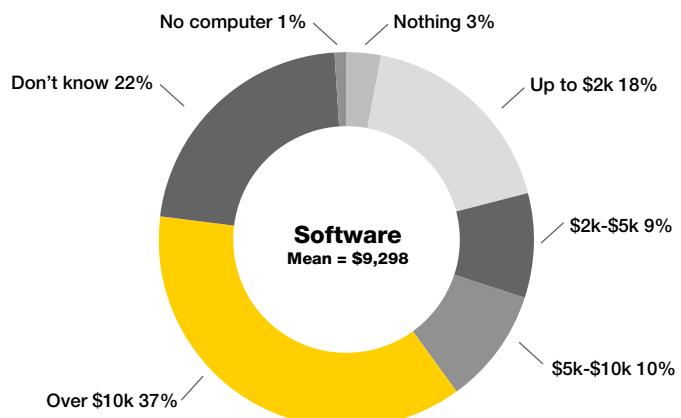
Base = Small businesses



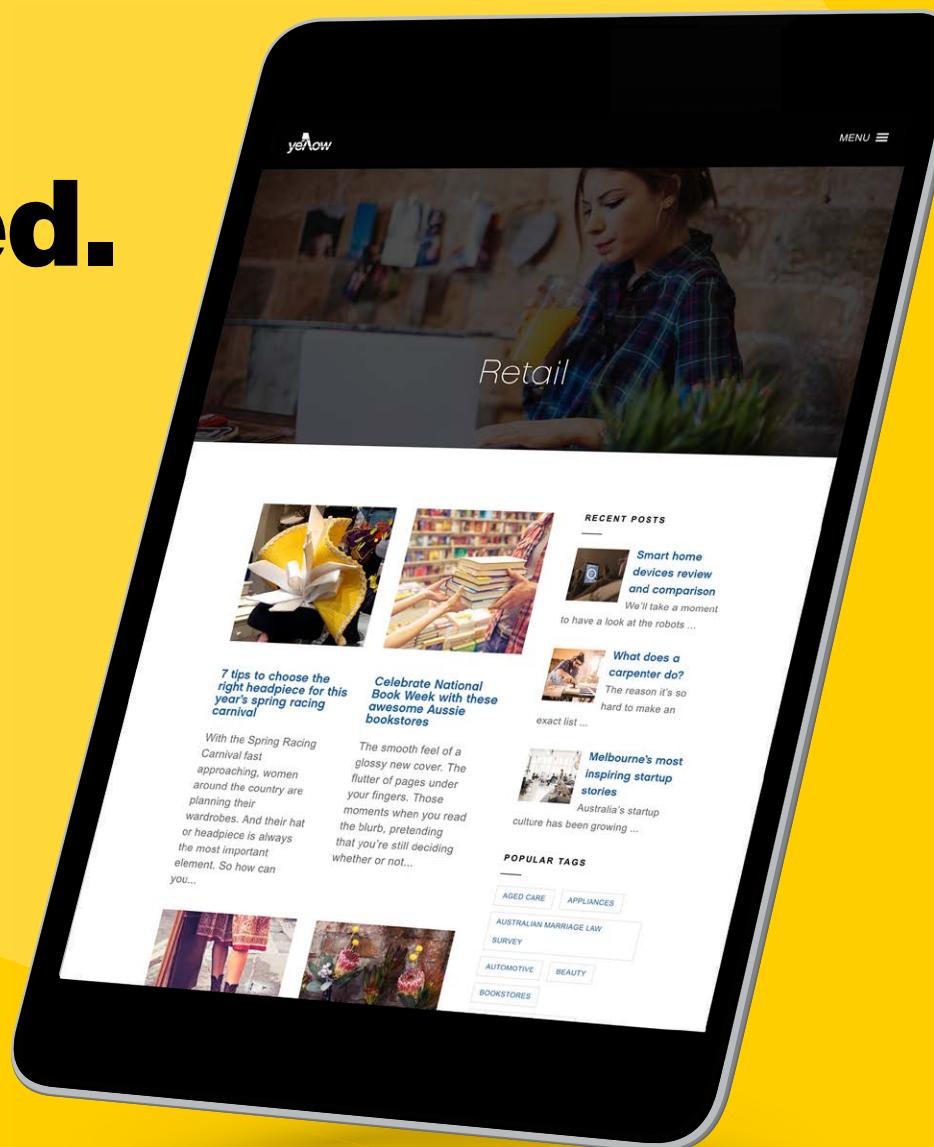
## Expenditure in 2017 calendar year – Medium business



Base = Medium businesses



# Getting connected.





# Internet connection levels.

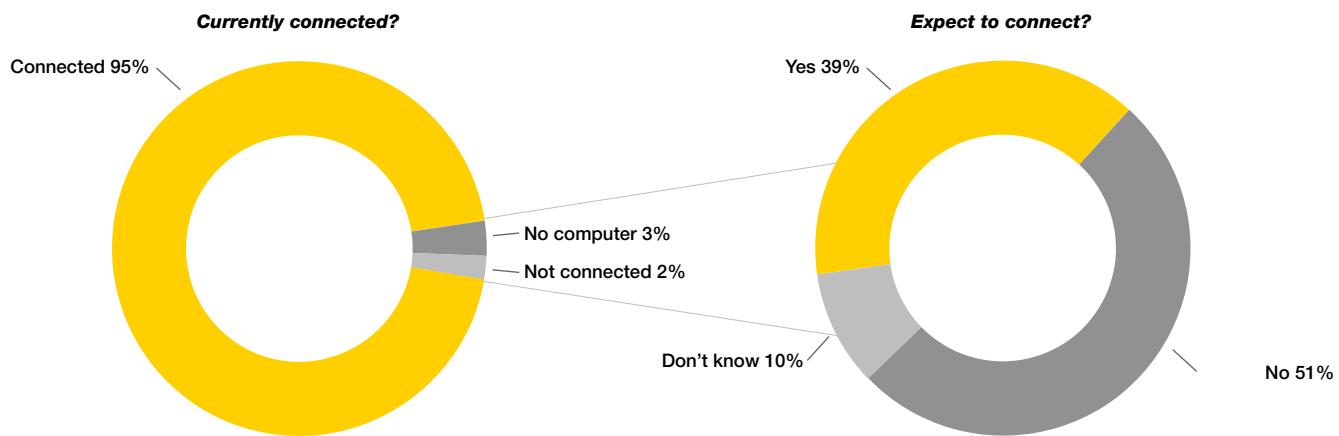
Ninety-five percent of SMBs have computers connected to the internet. Two percent aren't connected while 3% are without computers. Last year we found 90% of SMBs were connected.

Only 1% of medium sized businesses do not use the internet which was also the case in 2016 and 2017. Among small businesses, 2% aren't connected (8% last year).

The Finance and Insurance and Health and Community Services sectors recorded the highest level of internet-connectivity at 98% while the lowest was in Wholesale Trade (91%).

Almost four in ten (39%) of the SMBs not connected to the internet expect to connect in the coming year. This compares with 16% last survey.

## Expectations for internet connection



Internet connections by industry sector			
	No computers	Use internet	Do not use
Manufacturing	7%	93%	0%
Building/Construction	3%	93%	4%
Wholesale Trade	8%	91%	1%
Retail Trade	7%	92%	1%
Transport/Storage	3%	95%	2%
Communications, Property & Business Services	2%	97%	1%
Finance and Insurance	0%	98%	2%
Health/Community Services	2%	98%	0%
Cultural, Recreational and Personal Services	5%	95%	0%
Accommodation, Cafés and Restaurants	3%	94%	3%

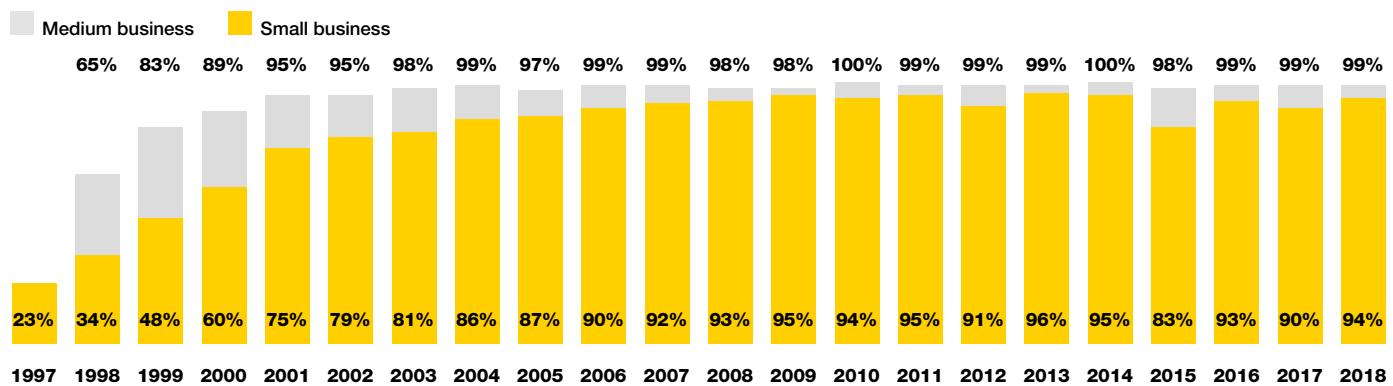
	No computers	Use internet	Do not use
All Businesses (SMBs)	3%	95%	2%
1-2 Employees	7%	91%	2%
3-4 Employees	2%	95%	3%
5-9 Employees	4%	95%	1%
10-19 Employees	1%	98%	1%
20-99 Employees	2%	98%	0.2%
100-200 Employees	0%	100%	0%
<b>Total Small (1-19)</b>	<b>4%</b>	<b>94%</b>	<b>2%</b>
<b>Total Medium (20+)</b>	<b>1%</b>	<b>99%</b>	<b>0.1%</b>
Total Metropolitan	4%	94%	2%
Total Rural	3%	96%	1%

Base = All SMBs  
Note: Rounding occurs



# Internet connection levels.

Trends in internet connections





# Broadband connection levels and the NBN.

Eighty-eight percent of SMBs that are online reported having broadband internet access. This compares with 89% in the previous survey.

Cable, ADSL and wireless connections have decreased in favour of NBN connections. In 2013 there were nearly twice as many internet-connected SMBs with an ADSL connection (60%) than now (33%). Wireless connections were found in most SMBs with an internet connection in 2016 (54%) but are in the minority this year (46%). Use of cable reached its highest-level last year (34%) but is now found in just over one in five SMBs (21%). NBN connections more than doubled in the last 12 months (from 15% to 36%) while satellite (up two points to 3%) is still rare among SMBs.

Of those SMBs without a wireless connection, 39% intend to remedy that situation in the next year, with 10% unsure.

By state, NBN connections ranged from 27% in SA to 69% in Tasmania. The incidence for metropolitan and regional businesses is 30% and 44% respectively.

By industry sector, Hospitality had the lowest proportion of SMBs with a broadband connection at 78% with the highest level found in the Wholesale Trade sector at 93%.

## Do you currently have broadband access to the Internet?

	Total	Small Business	Medium Business
Yes – have broadband	88%	88%	83%
No – do not have broadband	9%	9%	10%
Don't know	3%	3%	7%

Base = SMBs with Internet access

## How do you currently access the Internet? (Amongst those with broadband access)

	2012	2013	2014	2015	2016	2017	2018
DSL/ADSL	58%	60%	58%	54%	57%	44%	33%
Wireless	37%	43%	35%	44%	54%	50%	46%
Cable	20%	17%	13%	21%	19%	34%	21%
Satellite	2%	2%	1%	1%	1%	1%	3%
NBN	-	-	2%	3%	8%	15%	36%
Don't know	6%	3%	5%	7%	4%	3%	4%

Base = SMBs with Internet access



# Broadband connection levels and the NBN.

Six percent of SMBs say the NBN has influenced their online presence, while 11% expect it to do so in the foreseeable future. Last year the comparable results were 5% and 10% respectively. The actual and expected influence of the NBN on the online presence of medium size businesses is marginally less than on small businesses. The main reason given for this influence is speed.

Overall, 62% of SMBs reported being satisfied with the upload and download speeds of their internet service. This was up from 72% last survey. There were 22% claiming to be very satisfied and 40% quite satisfied. Nineteen percent reported feeling dissatisfied with the same proportion neither satisfied nor dissatisfied.

Satisfaction was lowest in Queensland (54%) with Victoria (57%) also under the national average. The highest level of satisfaction recorded was in SA (71%) followed closely by Tasmania (70%). Metropolitan SMBs (63%) are marginally more satisfied than their regional counterparts (61%).

<b>Influence of NBN on online presence</b>				
<b>Has the National Broadband Network or NBN influenced the type of online presence your business has or do you expect it to do so in the foreseeable future?</b>	<b>2017</b>		<b>2018</b>	
	<b>Total</b>	<b>Total</b>	<b>Small</b>	<b>Medium</b>
Yes, it has	5%	6%	6%	4%
Yes, expect it to	10%	11%	11%	9%

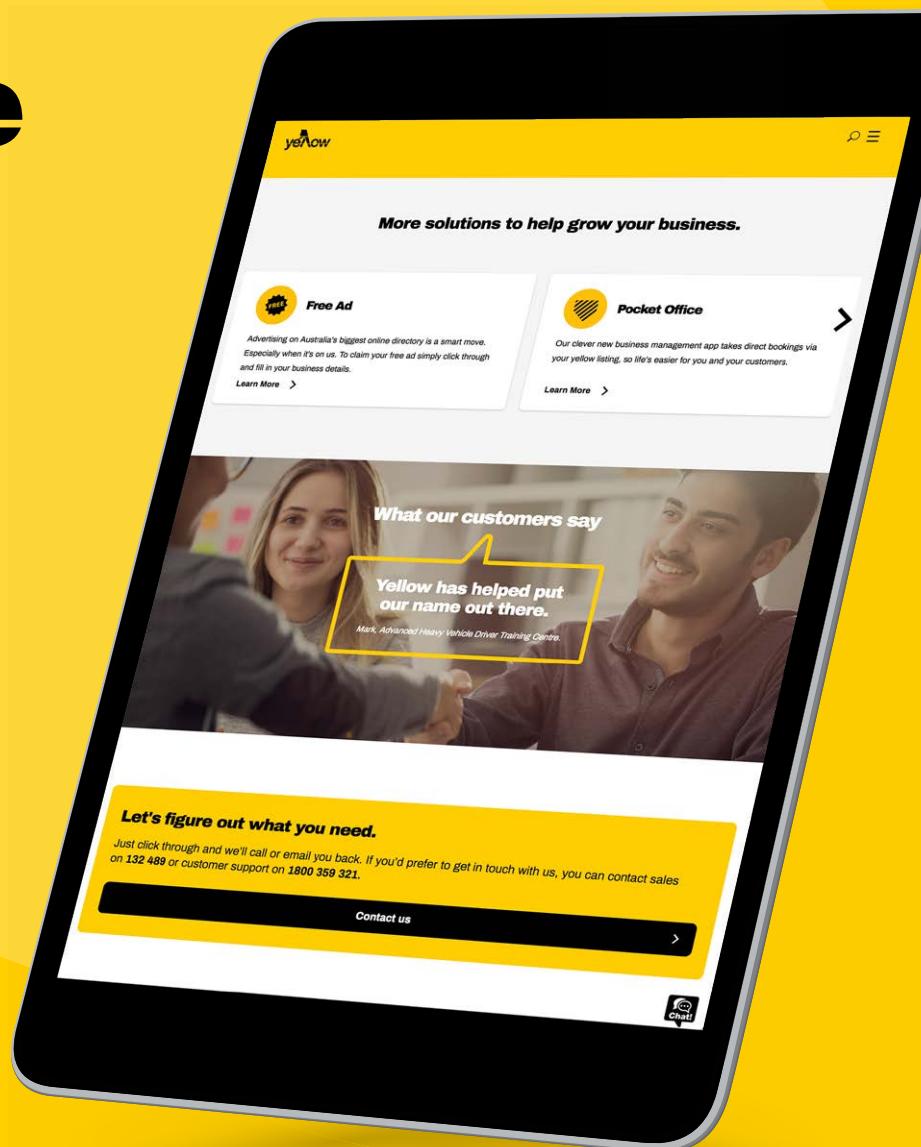
  

<b>How (main responses)</b>				
Faster / quicker	36%	15%	15%	20%
Use internet more / better range of things to do / more flexibility	10%	5%	5%	6%
Easier to send / receive files	10%	3%	3%	9%
Smoother / more reliable / less downtime	9%	4%	4%	0%
Better	2%	7%	7%	0%
Better marketing	4%	3%	2%	9%
Easier interaction with customers	4%	9%	10%	0%
Bad connections	3%	8%	8%	0%
Don't know	28%	38%	38%	31%

Base = SMBs with Internet access

Notes: New questions in 2017. Some very minor responses not shown for Q6b.

# Using the internet.





# How the internet is used – current and expected.

Last year we asked separate questions about current and expected use of the internet rather than one question as previously. This increased accuracy however prevents comparisons with earlier results.

Internet banking is again the most popular application on this list, used by 83%. Two thirds or more online SMBs now also use the internet for the following purposes, reflecting its increasing appeal for e-commerce – to look for information about products and services (81%) or suppliers (81%), pay for products or services (81%), place orders (78%) or receive payments (66%).

A majority also take orders (54%), handle quotes electronically (56%), or accesses directories (59%) online. Taking orders online has become more popular for SMBs since 2017.

Growth in e-commerce applications is not surprising because the 2017 survey found a strong number of SMBs without such technology, intended to take them up in the next 12-months. Over the next year further growth appears likely, albeit modest, with the ‘expect to use’ results for all listed e-commerce applications in the 3% to 8% range.

Among SMBs using the internet, there are minorities who use this vehicle to monitor markets or competition and to promote their business through e-mail marketing. It appears as if these two marketing applications will still be used by less than half the SMBs in 2019.

**Current and expected uses of the Internet – summary**

	Currently use	Expect to use	Total
Internet banking	91%	3%	94%
To look for information about products and services	81%	6%	87%
To look for suppliers of products or services	81%	6%	87%
To pay for products and services	81%	4%	85%
To place orders for products and services	78%	6%	84%
To receive payments for products and services	66%	6%	72%
To access directories such as the Yellow Pages	59%	7%	66%
To handle quotes electronically coming into or within the business	56%	5%	61%
To take orders for products and services	54%	7%	61%
To handle bookings electronically coming into or within the business	50%	6%	56%
To monitor your markets or the competition	38%	5%	43%
To promote the business using email marketing	32%	8%	40%

Base = All SMBs with Internet

Rounding occurs



# Current usage by business size.

For most of the listed applications, there are no major differences in their internet usage between small and medium size businesses. The biggest variation is 10 points in favour of medium businesses for accessing directories (68% to 58%).

Current uses of the internet by business size	Total SMBs	Small Businesses	Medium Businesses
Internet banking	91%	91%	87%
Look for information about products and services	81%	81%	81%
Look for suppliers of products or services	81%	82%	77%
Pay for products and services	81%	81%	77%
Access directories such as the Yellow Pages	59%	58%	68%
Place orders for products and services	78%	78%	82%
Receive payments for products and services	66%	66%	64%
Take orders for products and services	54%	54%	51%
Monitor your markets or the competition	38%	38%	32%
Promote the business using email marketing	32%	32%	30%
Handle bookings electronically	50%	50%	49%
Handle quotes electronically	56%	56%	61%

Base = All SMBs with Internet  
Rounding occurs





# Trends in internet usage.

Given the change in questioning mentioned earlier, we only comment on results for 2017 and 2018.

The previous section related to SMBs connected to the internet but below we show usage across all SMBs for a better reflection of market penetration.

We can categorise the list of applications into three types of uses. These categories are e-commerce, information search and marketing.

<b>Current uses of the internet – 2017 vs 2018</b>			
	<b>2017</b>	<b>2018</b>	<b>Difference</b>
Internet banking	92%	91%	-1
To look for information about products and services	68%	81%	+13
To look for suppliers of products or services	67%	81%	+14
To pay for products and services	78%	81%	+3
To place orders for products and services	52%	78%	+16
To receive payments for products and services	52%	66%	+14
To access directories such as the Yellow Pages	70%	59%	-11
To handle quotes electronically coming into or within the business	NA	56%	NA
To take orders for products and services	40%	54%	+14
To handle bookings electronically coming into or within the business	NA	50%	NA
To monitor your markets or the competition	33%	38%	5
To promote the business using email marketing	25%	32%	7

Base = All SMBs with Internet  
Rounding occurs



# Trends in internet usage.

The e-commerce category has widespread and increased appeal for SMBs. It includes internet banking (86%), paying for products and services (77%), placing orders (73%), receiving payments for orders (63%), handling quotes (53%), taking orders (51%) and handling bookings (47%).

The information search category includes accessing directories (56%), looking for information (77%) and for suppliers of products and services (77%). Accessing directories is not as pronounced this year but the other two search activities have become more common among SMBs.

The third category – marketing – has attracted fewer SMBs than the other two types of applications. This includes use of the internet to monitor markets or competition (36%) and to promote the business by email marketing (31%). However relative to 2017, there is more use of the internet for such marketing purposes among SMBs.

**36%**

Almost two in five small to medium businesses monitor markets or competition online.

**Trends in current uses of the Internet – based on all SMBs**

	2011	2012	2013	2014	2015	2016	2017	2018
Internet banking	86%	83%	86%	86%	75%	86%	83%	86%
Look for information about products and services	86%	82%	86%	85%	72%	85%	61%	77%
Look for suppliers of products or services	84%	79%	83%	84%	70%	83%	60%	77%
Pay for products and services	76%	73%	81%	81%	65%	78%	70%	77%
Place orders for products and services	75%	71%	76%	87%	60%	75%	47%	73%
Access directories such as the Yellow Pages®	78%	75%	77%	71%	58%	69%	63%	56%
Receive payments for products and services	71%	62%	69%	65%	51%	67%	47%	63%
Take orders for your products and services	59%	51%	55%	54%	43%	51%	36%	51%
Monitor your markets or the competition	42%	38%	39%	43%	25%	38%	29%	36%
Promote the business using email marketing	29%	28%	29%	33%	24%	32%	23%	31%
Handle bookings electronically	NA	47%						
Handle quotes electronically	NA	53%						

Base = All SMBs

Rounding occurs



# What are the essential uses?

Internet banking (83%) is again the most essential internet application for SMBs among the uses measured. This is true for both small and medium businesses and across all locations. Ranking second, was paying for products and services (66%).

An increased majority of SMBs also regard looking for suppliers of products (65%) and looking for information about products and services (64%) as essential applications. The majority of SMBs now also consider these two uses of the internet to be essential – placing orders (60%) and receiving payments (56%).

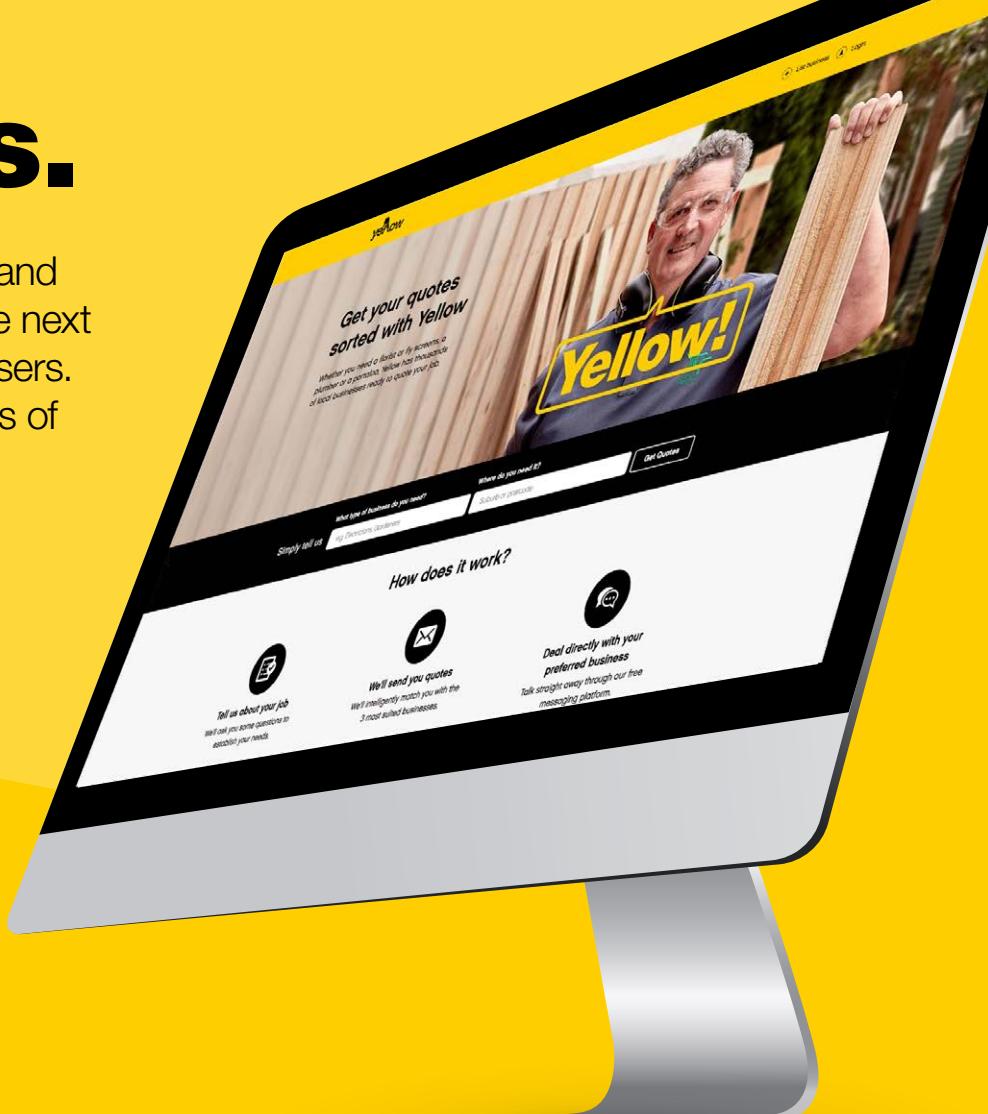
Accessing directories (41%) is now considered essential by only a minority of SMBs along with taking orders (44%), handling quotes (36%) or handling bookings electronically (34%), promoting the business using email marketing (25%) or for monitoring markets or competition (24%). However, more SMBs see taking orders and marketing applications as essential than in 2017.

What are the essential uses?	Total SMBs		2018	
	2017	2018	Small Business	Medium Business
Internet banking	83%	83%	83%	76%
Pay for products and services	66%	66%	66%	61%
Look for suppliers of products or services	54%	65%	65%	65%
Look for information about products and services	54%	64%	64%	68%
Place orders for products and services	39%	60%	60%	64%
Receive payments for products and services	41%	56%	56%	58%
Take orders for your products and services	31%	44%	44%	42%
Access directories such as the Yellow Pages	57%	41%	41%	44%
Handle quotes electronically	NA	36%	36%	36%
Handle bookings electronically	NA	34%	34%	35%
Promote the business using email marketing	16%	25%	25%	21%
Monitor your markets or the competition	21%	24%	24%	23%

Base = All SMBs with Internet

# Using websites.

For some businesses, design and construction of a website is the next step after becoming internet users. This section examines attitudes of SMBs to websites.





# Website ownership.

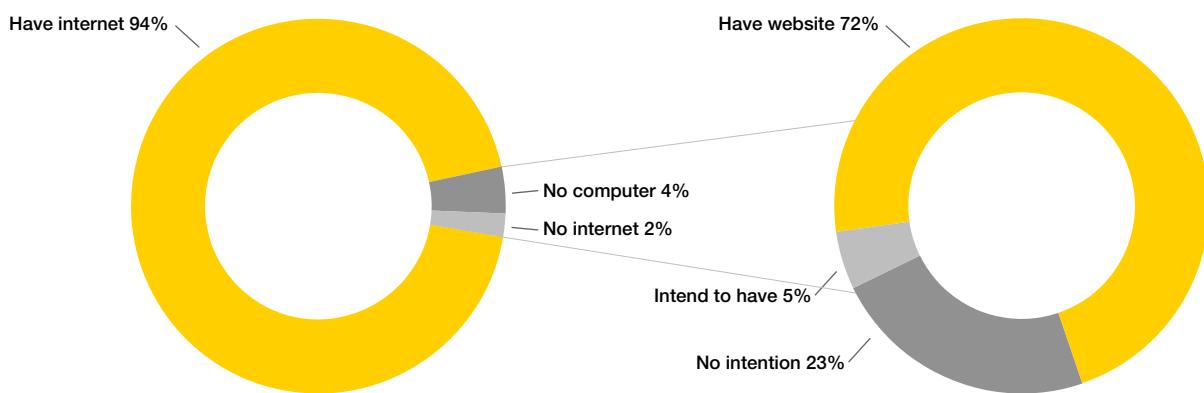
Seventy-two percent of SMBs reported they have a website for their business with 5% intending to obtain one in the next year. The website incidence is the highest we have seen to date.

Among small businesses using the internet, the proportion with a website was up from 50% to 72%, with 5% intending to get one in the next year. The corresponding results for medium businesses are 95% with a website (up five points) and less than 1% intending to obtain one in the next year.

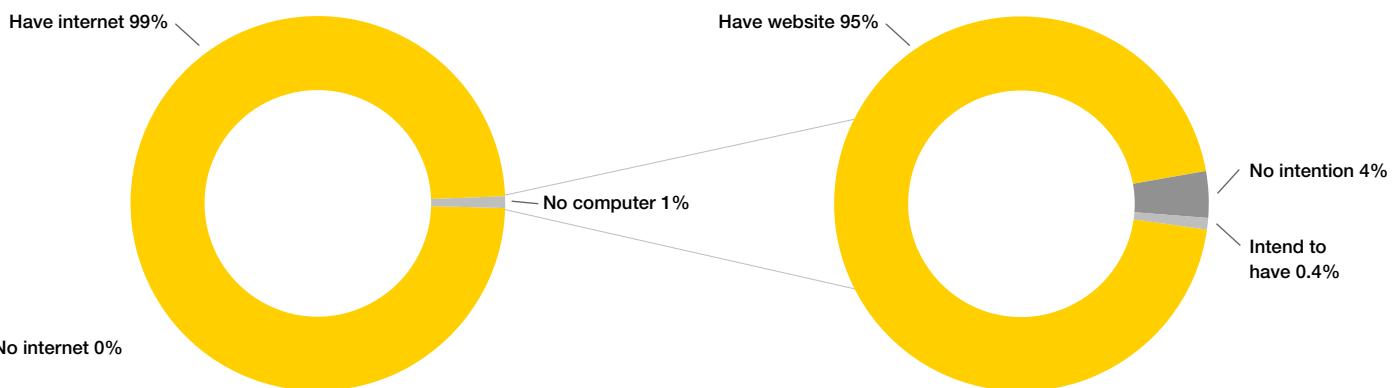
By location, website penetration ranges from 57% of SMBs in the NT to 82% in NSW.

The highest rates of website penetration by industry are in Cultural, Recreational and Personal Services (85%), Hospitality (84%) Communications, Property and Business Services (83%), Wholesale Trade (82%) and Manufacturing (81%). Lowest is Transport and Storage (64%) followed by Health and Community Services (67%).

## Website – Small businesses



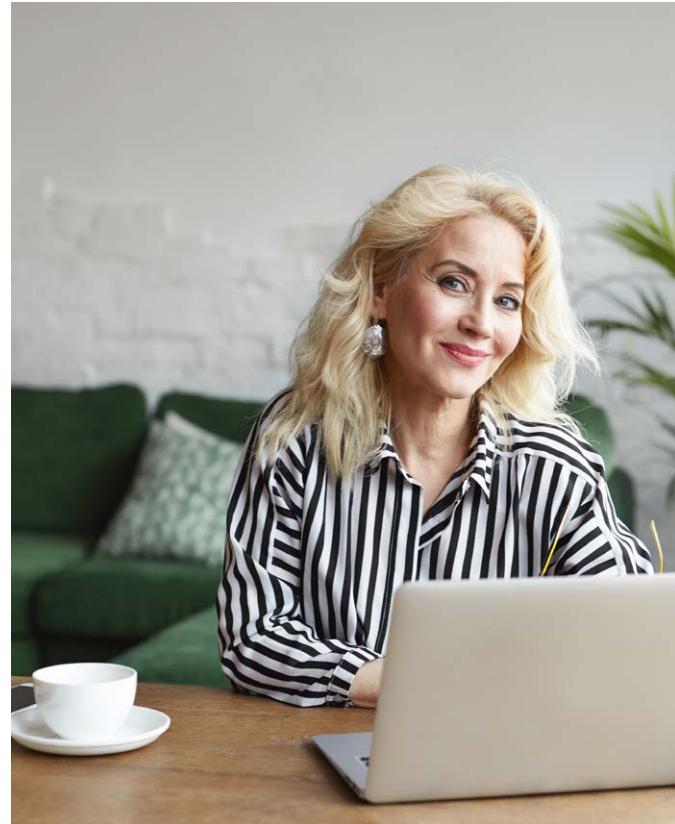
## Website – Medium businesses





# Website ownership.

For SMBs connected to the internet without a website, 53% have another form of internet presence. In 2017 this was 80%. This year we find 32% of such businesses listed in a business directory, compared with 70% last year. Additionally, we find that 21% of those businesses without a website have a social media presence compared with 54% last time. These findings may help explain why SMB website penetration was higher this survey. There were also 16% with a presence on a third-party website (6% in 2017).



Website use and intention by business size												
	2009 Have website	2010 Have website	2011 Have website	2012 Have website	2013 Have website	2014 Have website	2015 Have website	2016 Have website	2017 Have website	2018 Have website	Intend to have	
All Businesses	56%	61%	67%	62%	66%	66%	56%	61%	52%	72%	5%	
1-2 Employees	46%	53%	55%	49%	53%	55%	42%	60%	53%	65%	4%	
3-4 Employees	53%	57%	72%	75%	70%	71%	58%	74%	56%	65%	6%	
5-9 Employees	72%	78%	78%	69%	84%	76%	71%	63%	40%	67%	8%	
10-19 Employees	80%	86%	93%	90%	87%	90%	78%	53%	62%	86%	3%	
20-99 Employees	84%	89%	87%	93%	89%	95%	89%	91%	89%	96%	1%	
100-200 Employees	93%	96%	98%	100%	92%	91%	100%	100%	100%	93%	0%	
Total Small (1-19)	54%	60%	66%	60%	64%	64%	55%	60%	50%	72%	5%	
Total Medium (20+)	85%	89%	88%	94%	90%	95%	89%	91%	90%	95%	0.4%	

Base = All SMBs



# Website features and benefits?

The three most popular SMB website features continue to be product descriptions (87%), an email enquiry form (84%) and location maps (76%). We also still find a majority of SMBs featuring product pictures (73%) and company news (62%) on their sites.

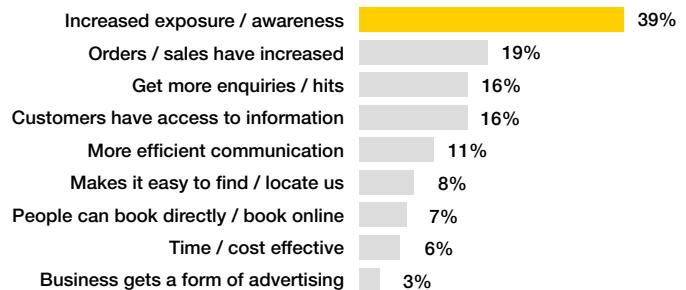
Fifty-seven percent said having a website has improved the effectiveness of their business (50% in 2017).

SMBs in the Hospitality sector were the most likely to say their website has increased the effectiveness of their business (72%). Least likely were those in Finance and Insurance (41%).

As in the prior three surveys, the top reason given for improved business effectiveness from their website was increased exposure to the market. A positive impact on sales and enquiries was again the second highest reason. Seventy-two percent of SMBs reported that they have a website for their business, with 5% intending to obtain one in the next year. The website incidence is the highest we have seen to date.

Has the website increased business effectiveness?			
	All SMBs	Small business	Medium business
Yes - increased	57%	58%	54%
No - not increased	43%	42%	46%

## Reasons for increased business effectiveness



Base = All SMBs with website

Website features - Trends									
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Product descriptions	91%	92%	92%	92%	92%	89%	89%	85%	87%
Email enquiry form	69%	70%	73%	71%	80%	82%	84%	80%	84%
Location maps	64%	66%	76%	69%	73%	81%	84%	87%	76%
Product pictures	74%	73%	72%	76%	73%	72%	72%	62%	73%
Company news	36%	41%	46%	40%	47%	47%	53%	55%	62%
Special offers	35%	36%	42%	33%	37%	35%	33%	40%	34%
Independent reviews and testimonials	30%	29%	27%	36%	40%	32%	40%	31%	46%
Prices	38%	41%	37%	40%	38%	32%	35%	37%	38%
Video	NA	NA	18%	19%	23%	26%	28%	21%	38%
Transaction functionality	NA	NA	21%	24%	23%	19%	22%	22%	24%
Investor information	7%	10%	9%	9%	8%	15%	15%	25%	22%

Base = All SMBs with website



# Website monitoring and updating, optimisation and overhauls.

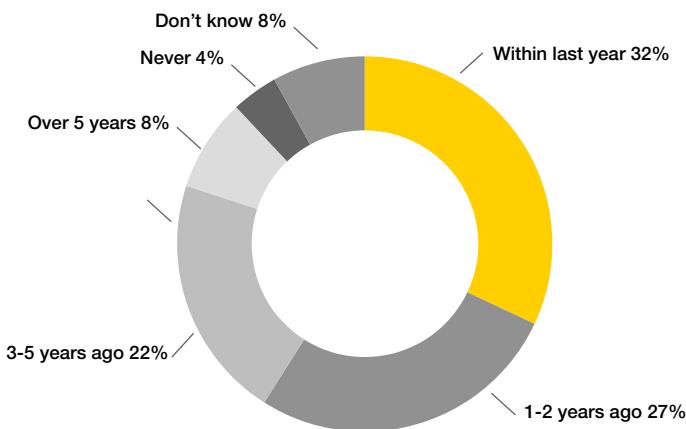
Over the past four years, there has been a steady increase in frequency of monitoring or updating websites among SMBs with 49% doing so more than once a month compared to 46% last year, 42% in 2016 and 35% in 2015.

Almost half (47%) of SMBs with a website have had it optimised for mobile phones and other devices. This was 35% last year. There is a 12-point difference between small (47%) and medium businesses (35%) in this respect. By industry sector, such optimisation is highest in Health and Community Services (63%) followed closely by Hospitality (62%). Transport and Storage is the industry where SMBs are least likely to have optimised websites (32%).

Almost a fifth (19%) of SMBs without a mobile or other device optimised website intend on this occurring in the next year. A further 20% of SMBs are unsure.

Thirty-two percent of SMBs gave their website a major overhaul or upgrade in the last year and 27% did so 1-2 years ago. In 2017, these proportions were 31% and 21% respectively.

## When a major overhaul or upgrade of website was last undertaken



Base = All SMBs with a website

## Optimising of website for mobile phones and other devices

### Does your business have a specific website optimised for mobile phones and other devices?

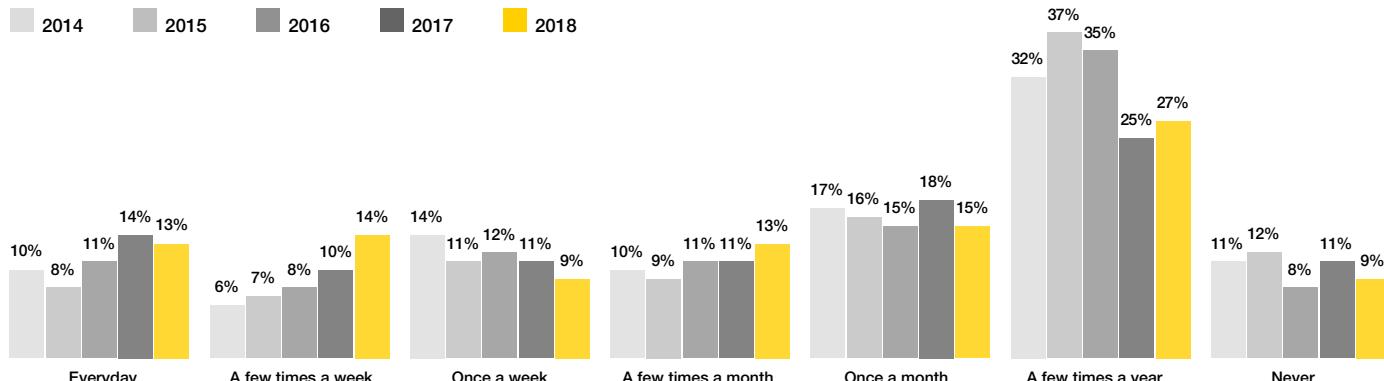
	Total	Small Business	Medium Business
Yes	47%	47%	35%
No	53%	53%	65%

### IF NO: In the next 12 months do you intend to optimise your website for usage on mobiles and other devices?

	Total	Small Business	Medium Business
Yes	19%	19%	21%
No	61%	61%	52%
Don't know	20%	20%	27%

Base = SMBs with websites

## How often SMBs monitor or update their websites



Base = SMBs with a website



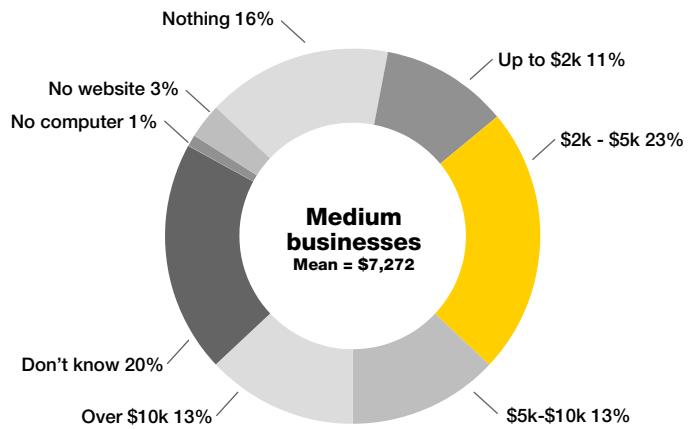
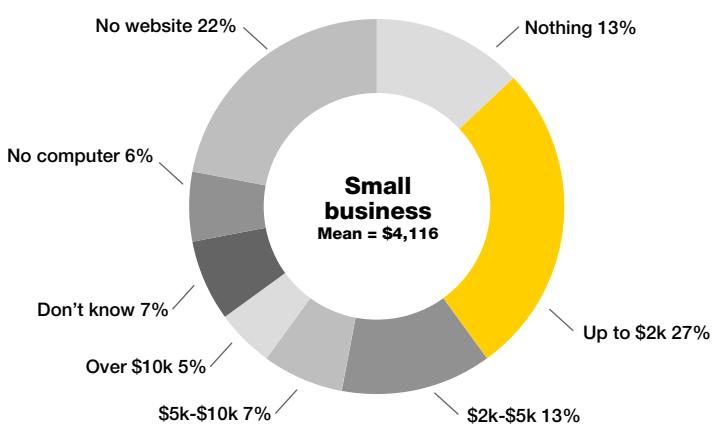
# Website expenditure.

SMBs reported spending an average of \$4,252 on building and maintaining their website in 2017. Due to a change from open-ended to a scaled response question this year, we do not compare this result to earlier findings. Small businesses reported spending an average of just over \$4,100 compared to almost \$7,300 for medium sized businesses.

Twelve percent of small businesses spent at least \$5,000 on their website in 2017, compared with 26% of medium size businesses.

The highest average amount spent on websites in 2017 was recorded for SMBs in the Manufacturing sector (almost \$5,300) and the lowest occurred in the Health and Community Services sector (slightly above \$2,300).

**Expenditure on building and maintaining website in 2017**



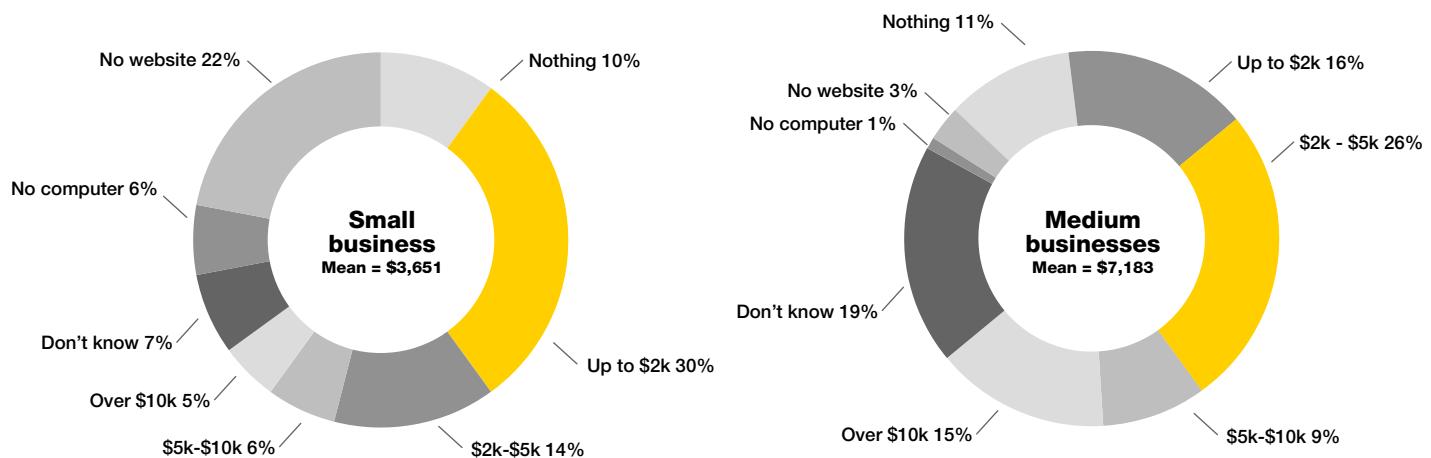


# Website expenditure.

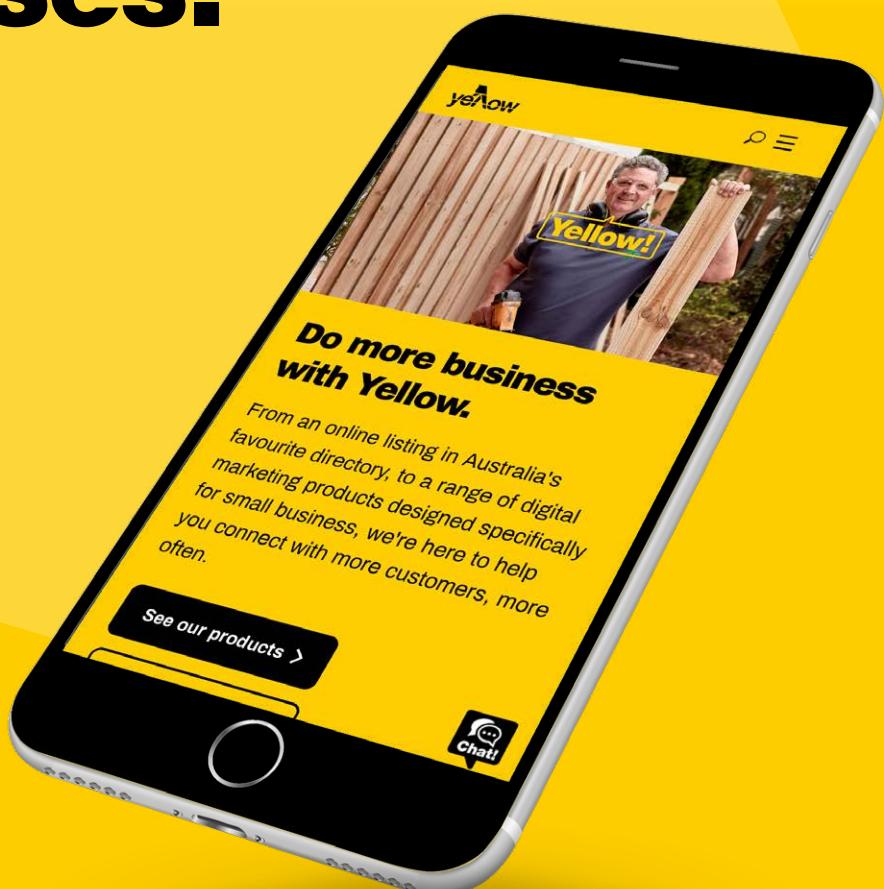
For the 2018 year, the average expected expenditure by SMBs on building and maintaining their website is marginally above \$3,800. Therefore, it is about \$450 below the actual 2017 average expenditure.

For small businesses, the expected average website expenditure for 2018 is not much less than \$3,700 while for medium size businesses it is nearly \$7,200.

**Expected expenditure on building and maintaining website in 2018**



# Social media in businesses.



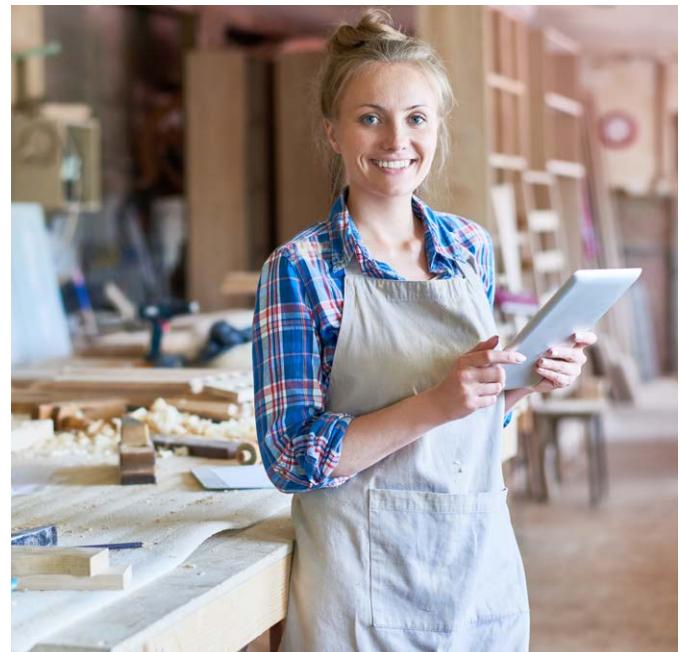


# Incidence of use.

The results in this section are taken from the 2018 Yellow Social Media Report released earlier this year. Social media presence among SMBs has reached the highest level recorded. More than half the small (51%) and medium businesses (58%) have a presence. The small business segment reported an average spending of around \$4,900 a year on social media compared to almost \$14,400 by medium size businesses.

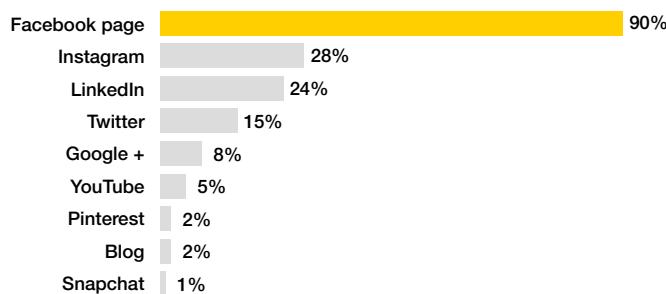
By location, social media presence is highest among SMBs in WA (56%) however no location differs markedly from the national incidence of 51%. Metropolitan SMBs (52%) are using social media to a slightly greater degree than regional SMBs (49%). By sector, SMBs in Cultural, Recreational and Personal Services (79%), Retail (67%) and Hospitality (60%) have embraced social media the most. SMBs operating in Transport and Storage (29%), Finance and Insurance (38%) and Building and Construction (39%) were the least likely to have a social media presence.

SMBs using social media favour Facebook (90%) much more than other platforms like Instagram (28%), LinkedIn (24%) or Twitter (15%).



Does your business have a social media presence																	
	2011		2012		2013		2014		2015		2016		2017		2018		
	All SMBs	Small	Medium														
Yes	18%		27%		35%		39%		31%		48%		47%		51%		51%
No	82%		73%		65%		61%		69%		52%		53%		49%		42%

## What does your social media presence include?



Base = All SMBs for Q1a and SMBs with SM presence in Q2



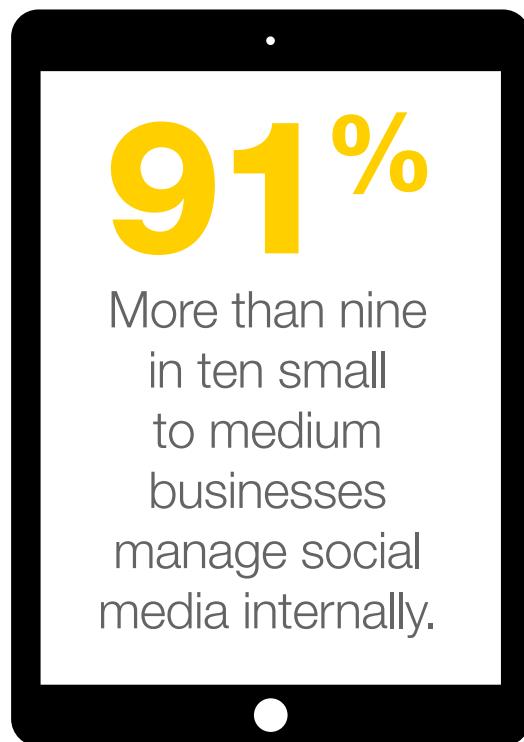
# Incidence of use.

Updating social media daily is less common than in 2017. Last year more than one in three SMBs (36%) reported monitoring or updating their social media presence everyday however now it is only one in five (20%). Among medium size businesses, the daily update incidence is 41% compared to 19% for small businesses.

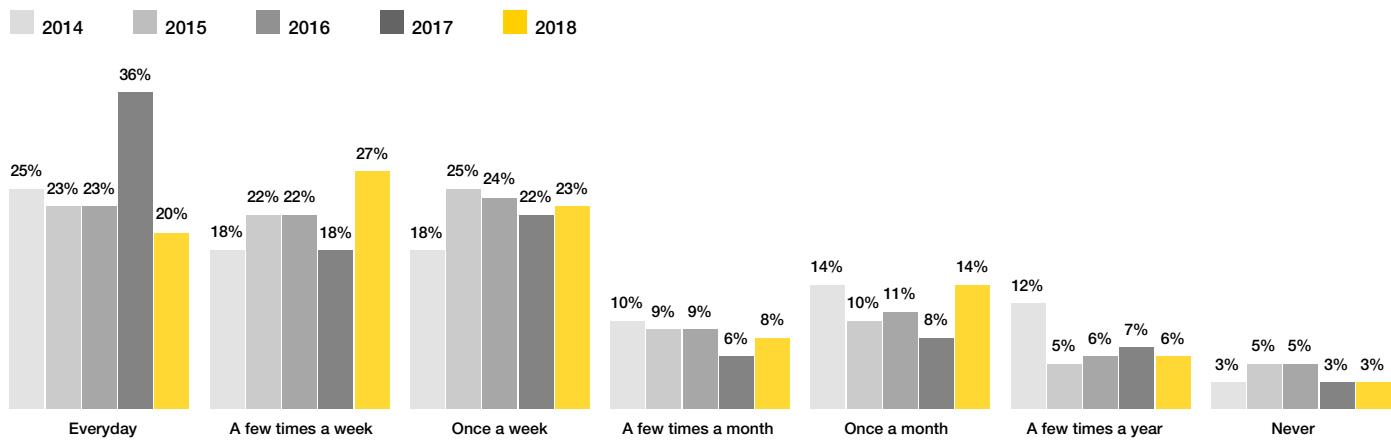
More than nine in ten (91%) SMBs manage their social media internally which was also the case last year. Outsourcing is used by 9% of small businesses and 2% of medium size businesses. Where outsourcing of social media management occurs, businesses are most likely to engage specialists in the digital, social media or communications space.

A businesses' social media presence is almost always an internal responsibility (99% in small businesses and 100% in medium size businesses). In most small businesses, the business owner or manager (72%) has this role while it is more likely to be with the Marketing Department in medium businesses (47%) than the owner or business manager (38%). Outsourcing this responsibility or even part of it is less common in medium businesses than small businesses – 9% to 16%.

Thirty percent of small businesses with a social media presence have a strategic plan for this compared to 45% of medium size businesses.



## How often do SMBs monitor or update their social media



Base = SMBs with a website

# Electronic commerce.

This section examines key elements of e-commerce usage and experience by SMBs. Due to a questioning change in 2017 we limit our comparative commentary in this section, but earlier results are still shown.





# Use of the internet for procurement.

Electronic commerce is a key driver of internet use by SMBs.

Seventy-three percent of SMBs place orders via the internet and 77% use it to pay for products and services. More than three quarters (77%) seek information on products and services via the internet.

The above uses are common in small and medium businesses.

By location, looking for information on goods and services via the internet ranges from 66% in the NT to 82% in Queensland and Tasmania. Placing orders online is highest in Queensland at 81% and lowest in Tasmania at 62%. Paying for goods and services on the internet ranges from 68% in the NT to 86% in Tasmania.

Examining the industry results, we find more than 60% of SMBs in each sector using the internet for buying purposes. However, some sectors are doing this more than others. For instance, just over six in ten SMBs in Wholesale Trade use it to seek buying related information (62%) or to place orders (61%). This compares with 85% of SMBs in Health and Community Services using the internet for each of those purposes. To pay for goods or services, internet use ranges from 68% in Manufacturing to 91% in Health and Community Services.

<b>Buying over the internet by business size</b>				
	<b>Connected to internet</b>	<b>Look for information</b>	<b>Place orders</b>	<b>Pay</b>
<b>All SMBs</b>	<b>95%</b>	<b>77%</b>	<b>73%</b>	<b>77%</b>
1-2 Employees	91%	77%	71%	76%
3-4 Employees	95%	77%	77%	75%
5-9 Employees	95%	79%	70%	78%
10-19 Employees	98%	75%	76%	78%
20-99 Employees	98%	82%	83%	79%
100-200 Employees	100%	68%	75%	62%
<b>Total Small (1-19)</b>	<b>94%</b>	<b>77%</b>	<b>73%</b>	<b>77%</b>
<b>Total Medium (20+)</b>	<b>99%</b>	<b>80%</b>	<b>81%</b>	<b>76%</b>

Base = All SMBs

<b>Buying over the internet by industry sector</b>				
	<b>Connected to internet</b>	<b>Look for information</b>	<b>Place orders</b>	<b>Pay</b>
All Businesses	95%	77%	73%	77%
Manufacturing	93%	84%	75%	68%
Building/Construction	93%	74%	68%	78%
Wholesale Trade	91%	62%	61%	75%
Retail Trade	92%	79%	77%	75%
Transport/Storage	95%	73%	71%	70%
Communications/Property/Business Services	97%	77%	78%	77%
Finance and Insurance	98%	78%	72%	81%
Health/Community Services	98%	85%	85%	91%
Cultural/ Recreational/Personal Services	95%	78%	69%	71%
Accommodation/Cafés/Restaurants	94%	79%	83%	77%

Base = All SMBs



# Use of the internet for procurement.

The average proportion of total SMB procurement made online is 37%. (We don't compare this to prior results due to a change in the questioning from an open-ended to scaled response).

Almost a third (32%) of the SMBs who place orders online reported that over 50% of their orders take place online, which compares with 36% last year and 35% in 2016.

**Buying over the internet – Trends – Small business**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Connected to the Internet	75%	79%	81%	86%	87%	90%	92%	93%	95%	94%	95%	91%	95%	95%	83%	93%	90%	94%
Look for information on products or services	51%	64%	67%	75%	76%	82%	78%	82%	87%	86%	86%	82%	86%	85%	72%	85%	60%	77%
Place orders for products or services	26%	41%	45%	55%	51%	60%	58%	66%	74%	73%	75%	70%	76%	78%	59%	74%	46%	73%
Pay for products or services	23%	40%	47%	58%	62%	65%	66%	70%	74%	76%	76%	73%	81%	81%	64%	78%	70%	77%

Base = Small Businesses

**Buying over the internet – Trends – Medium business**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Connected to the Internet	95%	94%	98%	99%	97%	99%	99%	98%	98%	100%	99%	99%	99%	100%	98%	99%	99%	99%
Look for information on products or services	79%	82%	91%	94%	92%	93%	93%	96%	94%	94%	93%	90%	96%	93%	82%	97%	86%	80%
Place orders for products or services	49%	61%	64%	74%	72%	75%	72%	82%	84%	90%	86%	85%	87%	86%	75%	93%	69%	81%
Pay for products or services	39%	55%	66%	73%	72%	80%	77%	81%	79%	81%	85%	75%	90%	85%	77%	94%	85%	76%

Base = Medium Businesses

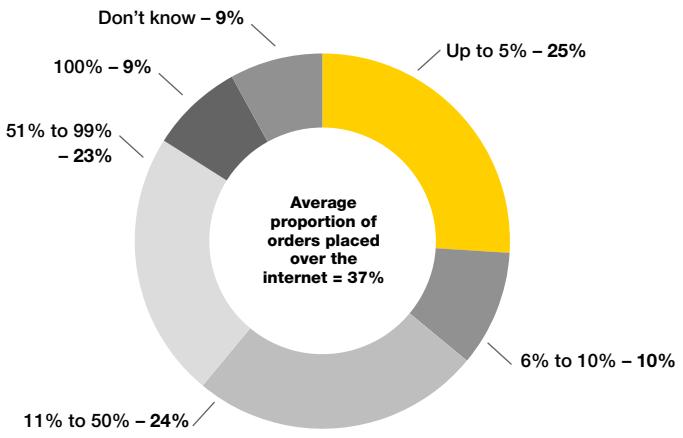


# Use of the internet for procurement.

Out of five product and service categories, office supplies were again the most popular item purchased online by SMBs during the year, being mentioned by 80%, up one point from 2017.

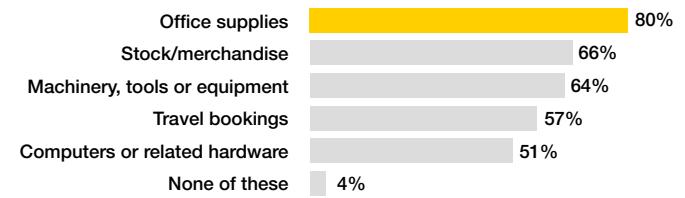


**Proportion of orders placed over the internet by businesses which place orders over the net**



Base = Place orders over the internet (73%)

**Items bought**



Base = Place orders over the internet (73%)



# SMB use of the internet to sell.

Just over half (51%) of SMBs use the internet for taking orders. Small businesses (51%) and medium size businesses (50%) only slightly differ in this respect.

SMBs in the Hospitality (71%), Manufacturing (61%), and Retail (56%) sectors are the most likely to be taking orders online while in other industries, this incidence ranges from 34% in Finance and Insurance to 53% in Transport and Storage and in Cultural, Recreational and Personal Services.

Taking orders online is less pronounced in metropolitan areas (49%) than in regional areas (54%). SMBs in Tasmania (57%) are the most likely to take orders online with the lowest incidence being in the ACT (46%).

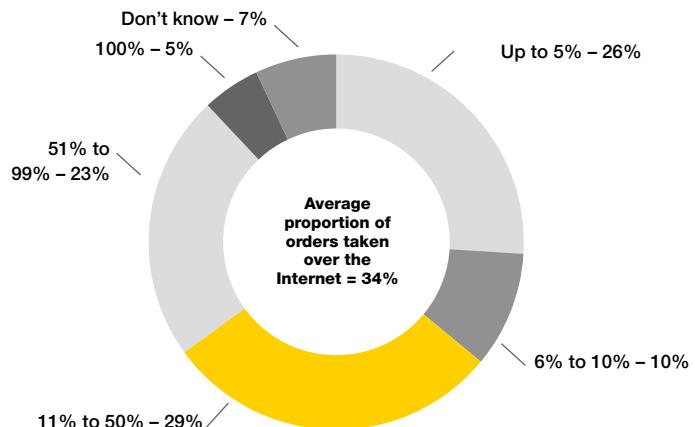
Receiving payments online (63%) is equally common in small and medium size businesses.

Selling over the internet by business size			
	Connected to the Internet	Take orders	Receive payments
All SMBs	95%	51%	63%
1-2 Employees	91%	48%	61%
3-4 Employees	95%	46%	55%
5-9 Employees	95%	52%	65%
10-19 Employees	98%	58%	68%
20-99 Employees	98%	52%	64%
100-200 Employees	100%	42%	57%
Total Small (1-19)	94%	51%	63%
Total Medium (20+)	99%	50%	63%

Base = All SMBs



**Proportion of orders taken over the Internet by businesses which take orders over the net**



Base = Place orders over the internet (73%)



# SMB use of the internet to sell.

SMBs in the Hospitality (71%), sector lead the market for receiving online payments while Wholesale Trade (56%) is the furthest under the national average.

Receiving payments online is highest in Tasmania (72%), with the lowest incidence for this behaviour in WA (56%). Regional SMBs are also more likely to receive online payments than their metropolitan counterparts (67% to 59%).

Among SMBs selling online, the average proportion of orders taken online is 34%. Last year it was higher at 45%. However, this year we have a greater percentage of SMBs adopting this practice, presumably for the first time, and taking a

lower proportion of their orders online than those who have been doing so for some time. This is evident from the higher proportion taking no more than 10% of their total orders online – 36% fall into that segment this year compared to 29% last year.

SMBs in the Hospitality sector that took orders online reported the highest average proportion of their sales taking place online at 54%. At the low end are SMBs in Health and Community Services (20%).

By location, the average proportion of internet orders taken ranges from 22% in the NT to 40% in Queensland.

<b>Selling over the internet by industry sector</b>			
	<b>Connected to internet</b>	<b>Take Orders online</b>	<b>Receive payments</b>
All Businesses	95%	51%	63%
Manufacturing	93%	61%	66%
Building/Construction	93%	50%	62%
Wholesale Trade	91%	49%	56%
Retail Trade	92%	56%	63%
Transport/Storage	95%	53%	62%
Communications/Property/ Business Services	97%	46%	63%
Finance and Insurance	98%	34%	58%
Health/Community Services	98%	50%	66%
Cultural/Recreational/Personal Services	95%	53%	61%
Accommodation/Cafés/Restaurants	94%	71%	71%

Base = All SMBs



# SMB use of the internet to sell.

<b>Selling over the internet – Trends – Small business</b>																		
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Connected to the Internet	75%	79%	81%	86%	87%	90%	92%	93%	95%	94%	95%	91%	95%	95%	83%	93%	90%	94%
Take orders	19%	29%	32%	39%	41%	46%	47%	53%	57%	58%	59%	50%	55%	54%	42%	50%	36%	51%
Receive payments	13%	26%	32%	44%	50%	52%	54%	62%	67%	70%	71%	62%	69%	64%	51%	67%	52%	63%

Base = Small Businesses

<b>Selling over the internet – Trends – Medium business</b>																		
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Connected to the Internet	95%	94%	98%	99%	97%	99%	99%	98%	98%	100%	99%	99%	99%	100%	98%	99%	99%	99%
Take orders	35%	47%	49%	50%	51%	54%	54%	56%	56%	66%	63%	69%	66%	63%	48%	69%	47%	50%
Receive payments	29%	50%	63%	60%	59%	63%	62%	72%	70%	75%	76%	76%	82%	72%	65%	78%	68%	63%

Base = Medium Businesses



# Who businesses sell to online.

Online sales by SMBs to local customers remain much more common than to those located intrastate, interstate and overseas for both small and medium businesses.

In total, 92% of SMBs that sell online reported making sales to local customers. The 2016 and 2017 incidences were 85%. Almost three in four SMBs (74%) said they mainly sell online to local customers (up from 68%).

Online sales to non-local customers intrastate (for example a Sydney business to regional NSW customers) happens in 49% of SMBs. This compares with 42% in 2017. Online sales to interstate customers was two points lower at 48%.

Overseas customers were mentioned by 3% of SMBs as their main e-commerce customer group. Last year this was 4%.

However, 24% of SMBs who made sales through e-commerce have sold to overseas customers (also 24% in 2017).

Nine percent of SMBs taking orders online used the internet to target international customers (unchanged from last year). Small businesses (9%) did this to a greater degree than medium businesses (6%). By state, this incidence is highest in Victoria and Queensland (11% in each) and lowest in Tasmania (2%).

New questioning discovered that almost a third of those SMBs who take orders online offer same day delivery (32%) and this is more common for small (33%) than medium size businesses (16%). Small businesses are also more likely to offer next day delivery – 16% to 12%.

Types of customers sold to		Total sell to		
	Mainly sell to	Total sell to	Small business	Medium business
Local – same city or town	74%	92%	92%	89%
Elsewhere in State	7%	49%	49%	55%
Interstate	12%	48%	47%	56%
Overseas	3%	24%	24%	29%

Base = Take orders over the Internet (51%)

Note: 3% answered 'none' to Q9d.



# Degree of interest engaging in e-commerce.

Fifty-four percent of businesses connected to the internet currently make sales using e-commerce. Thirty-nine percent have no intention of introducing e-commerce to their business in the foreseeable future.

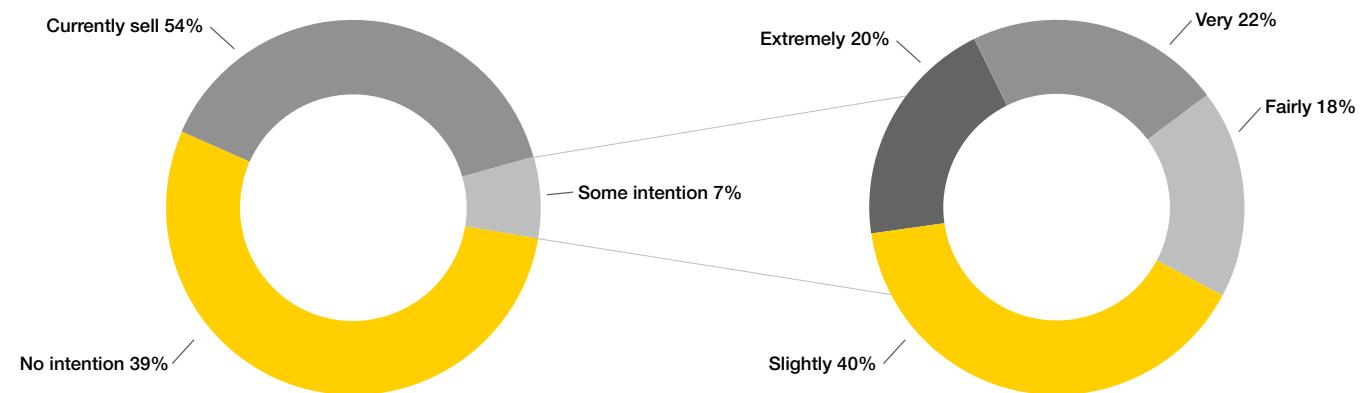
Consistent with recent survey findings, the main reason for taking up e-commerce is to provide better customer service with a majority also doing this to improve delivery of their goods or services.

Seven percent of online SMBs indicated some intention to begin using e-commerce and around four in ten of them are extremely (20%) or very interested (22%) in taking this up.

Among online SMBs not selling over the internet, those in the NT (14%) were most likely to say they have some intention of taking this up.

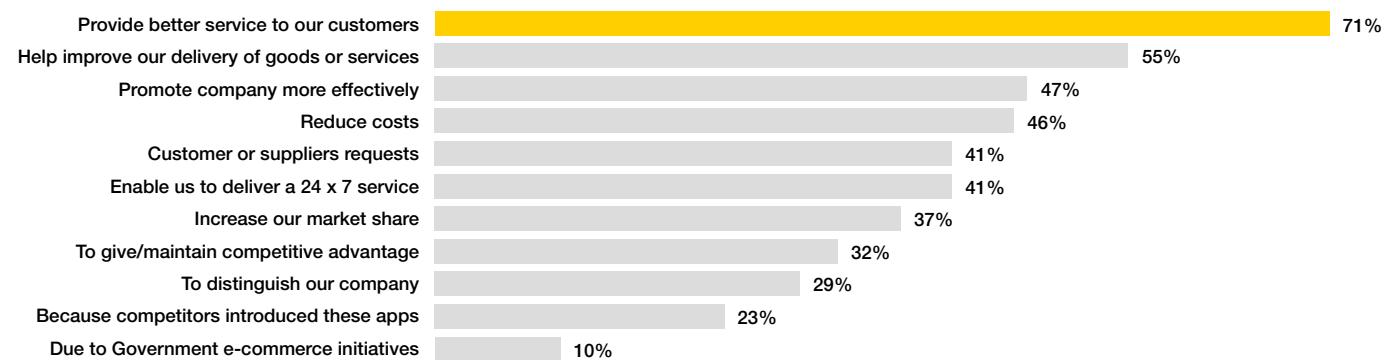
Of those SMBs looking to introduce e-commerce, 17% plan to do so immediately which compares with none last year. Sixty-four percent are looking at introducing it in the next year.

## Degree of interest in e-commerce



*Q10a. Overall, how strong an interest do you have in using electronic commerce in the future - that is selling over the Internet?*  
Base = All SMBs with the Internet

## Reasons for taking up e-commerce



*Q9b. Which of the following would you say are major reasons why you started to take orders over the Internet for your business?*  
Base = Take orders over the Internet (51%)



# Concerns about online commerce.

From a list of ten prompted options, the biggest concern that SMBs have about e-commerce is still hacking. This has become more of a worry. Fifty-three percent classed hacking as a major concern compared with 37% last year. A further 26% identified this as a minor concern. In total, 89% hold some concern about hacking (up eight points).

The other nine concerns measured are less prevalent than last year. Nevertheless, quite a few SMBs express at least some concern about each one.

**53%**

More than half of small to medium businesses see hacking as a major concern.

Concerns about e-commerce	Major concern	Minor concern	Any concern
People being able to hack into your computer system	53%	26%	89%
Incompatibility with your existing systems	21%	36%	57%
Lack of personal contact with the customer	25%	30%	55%
Your lack of expertise and knowledge in computers	17%	43%	60%
The cost of hardware and software	16%	46%	62%
Cost and time with introducing new technologies	21%	43%	64%
Being able to measure your return on investment	16%	33%	49%
A feeling that most of your customers aren't yet ready	6%	37%	43%
Customers can more easily compare your product offer with that of your competitors	12%	32%	44%
Customers not being prepared to carry out financial transactions over the Internet	19%	33%	52%

Base = All SMBs with internet



# Concerns about online commerce.

<b>Concerns about e-commerce – Trends</b>																
<b>Rate as major concern</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
People able to hack into system	41%	43%	40%	49%	42%	46%	43%	46%	44%	46%	41%	44%	46%	35%	37%	53%
Incompatibility with existing systems	8%	10%	5%	16%	15%	13%	13%	12%	16%	14%	13%	20%	20%	18%	20%	21%
Lack of personal contact	27%	17%	16%	22%	22%	22%	22%	24%	26%	26%	23%	22%	21%	17%	22%	25%
Cost and time to introduce	4%	17%	12%	22%	15%	25%	19%	23%	24%	23%	22%	23%	19%	15%	20%	21%
Lack of expertise and knowledge	28%	19%	19%	28%	24%	26%	21%	23%	22%	27%	20%	25%	23%	15%	24%	17%
Cost of hardware and software	20%	18%	13%	19%	16%	20%	18%	18%	21%	21%	18%	20%	20%	15%	19%	16%
Being able to measure your return on investment	N/A	16%	14%	14%	18%	11%	17%	16%								
A feeling that most of your customers aren't ready	27%	11%	12%	14%	12%	15%	10%	12%	12%	13%	12%	9%	11%	9%	10%	6%
Customers can more easily compare your product	11%	9%	9%	12%	9%	11%	10%	12%	12%	14%	14%	12%	14%	8%	13%	12%
Customers not prepared to transact on net	23%	9%	12%	18%	12%	13%	10%	14%	12%	12%	12%	10%	8%	6%	12%	19%

Base = All SMBs with internet

<b>Concerns about e-commerce – any concern – Trends</b>				
<b>Concerned about</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
People able to hack into system	72%	69%	81%	89%
Cost and time to introduce	62%	59%	73%	62%
Incompatibility with existing systems	54%	57%	68%	57%
Lack of expertise and knowledge	59%	56%	72%	60%
Cost of hardware and software	59%	56%	67%	62%
Lack of personal contact	50%	48%	66%	55%
Customers not prepared to transact on net	50%	48%	60%	52%
Being able to measure your return on investment	47%	45%	59%	49%
A feeling that most of your customers aren't ready	43%	44%	58%	43%
Customers can more easily compare your product	45%	43%	57%	44%

Base = All SMBs with internet



# Online advertising.

Forty-five percent of SMBs use social networks for advertising which compares with 48% in 2017. This remains the most common form of advertising adopted by online SMBs. Cloud computing is used by 39% (down eight points).

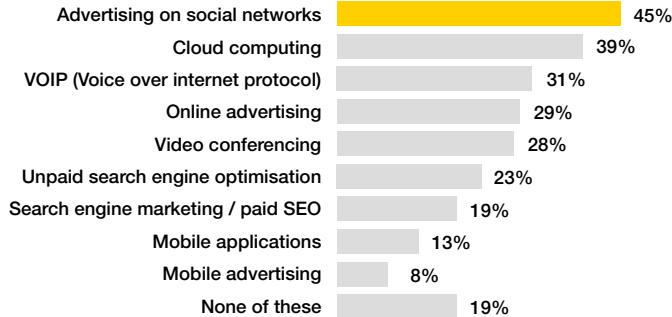
VOIP became more popular (up 10 points to 31%) as did video conferencing (up six points to 28%) while online advertising (down 16 points to 29%) and unpaid search engine optimisation (down 22 points to 23%) decreased.

Paid search engine marketing (SEM) was recorded at 19% (up from 15%), use of mobile applications at 13% (up four points) and mobile advertising at 8% (up one point).

Advertising on social networks stands out in the Retail sector (72%) and is also relatively popular in Hospitality (62%), Cultural, Recreational and Personal Services (62%) and Health and Community Services (57%). Businesses in Finance and Insurance (27%) use such advertising the least.

VOIP use is most common in the Communications, Property and Business Services sector (42%) followed closely by the Finance and Insurance sector (41%).

## Online applications used by SMBs

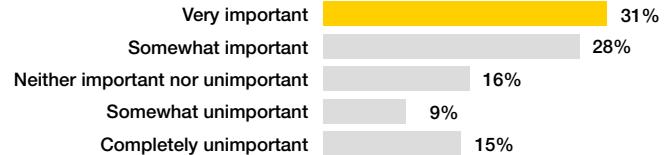


Base = All SMBs with the Internet

Cloud computing is most popular among SMBs in the Hospitality sector (51%), just ahead of those in Finance and Insurance (50%). This has struggled to penetrate the Transport and Storage sector (19%) in particular. The Retail sector has adopted online advertising (43%) more than others, while Manufacturers are the leading users of paid SEM (35%). Unpaid search engine optimisation (SEO) has penetrated the Health and Community Services sector most of all (36%).

Almost one in three online SMBs feel it is very important (31%) to appear on page one of a Google search. This is higher than in 2017 at 21%. More than one in four (28%) regard this position to be somewhat important. Opinions varied quite widely by industry with 78% of SMBs in the Health and Community Services and 72% of those in Hospitality attaching importance to appearing on page one. This compares with 47% of SMBs in Finance and Insurance, 49% in Transport and Storage and 50% in Building and Construction.

## How important is it to be on page one?



Base = All SMBs with the Internet



# Digital business strategies.

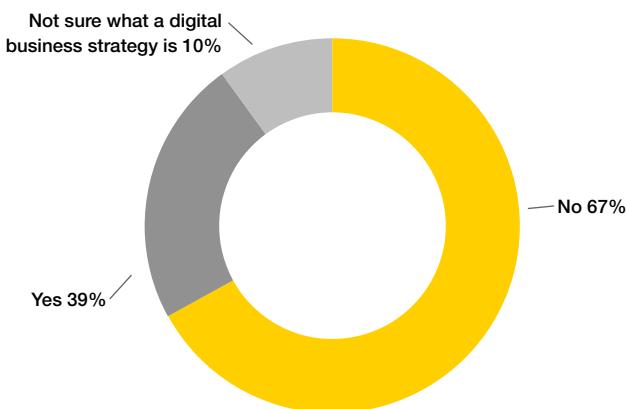
Almost one in four (23%) of SMBs who are on the internet have a digital business strategy. This was 16% in 2017. The growth appears to have emanated from small businesses.

Medium size businesses (27%) are more likely to have a digital business strategy than small businesses (22%). However, the gap in favour of medium size businesses has decreased from 16 points to only five points.

Twenty-four percent of SMBs in metropolitan areas have a digital strategy, while in regional locations it is 21%. SMBs in Queensland (27%) were the most likely to report having a digital strategy with those in the NT least likely at 13%.

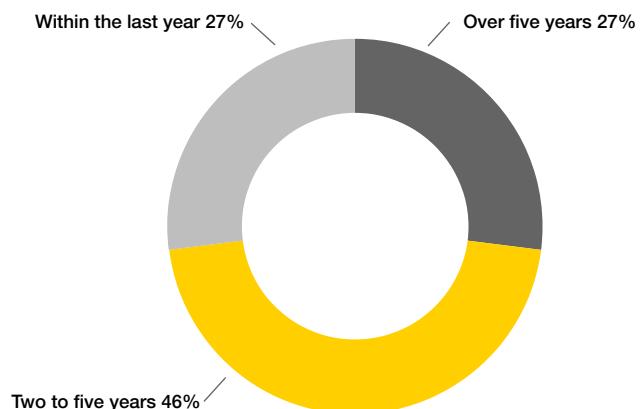
By sector, SMBs in Cultural, Recreational and Personal Services led the others in having a digital business plan (37%) followed by Retailers (31%). At the foot of this pack were SMBs in Building and Construction (12%) with Transport and Storage (16%) also clearly under the national average.

## Digital business strategies in SMBs



*Q14a. Has your business developed a strategic plan for your digital business?*  
Base = All SMBs with the Internet

## How long have you had a digital business strategy?



Base = All SMBs with a digital business strategy



# Digital business strategies.

Among SMBs with a digital business strategy, website, internet, social media and mobile strategies are each used by three quarters or more. The incidences recorded this year are higher in each case – up seven points to 89% for website strategy, up 15 points to 88% for an internet strategy, up 12 points to 80% for social media strategy and up 19 points to 75% for mobile strategy.

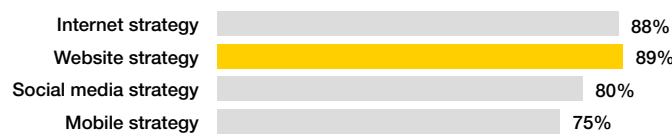
Around three quarters (74%) of SMBs with a digital business strategy say it was developed in-house. This is in line with findings in the previous three years. A business coach was mentioned by 13% which compares with 14% last survey.

We find 27% of those SMBs with a digital business strategy developed this within the last year (37% in 2017). The same proportion (27%) have had a digital business strategy for more than five years, unchanged from last year.

**23%**

Almost one in four small to medium businesses who are on the internet have a digital business strategy.

## Components of digital business strategies



2012	2013	2014	2015	2016	2017
91%	86%	79%	89%	89%	72%
89%	85%	100%	83%	87%	82%
62%	67%	80%	75%	77%	68%
64%	58%	82%	63%	65%	56%

Q14b. Does your digital business strategy include...?

Base = All SMBs with a digital business strategy



# Digital business strategies.

With mobile strategies a common component of broader digital strategies in the business world, we again measured adoption of mobile applications by SMBs.

Eight percent of online SMBs reported having developed a mobile application or “app” for their business. This was 4% last year.

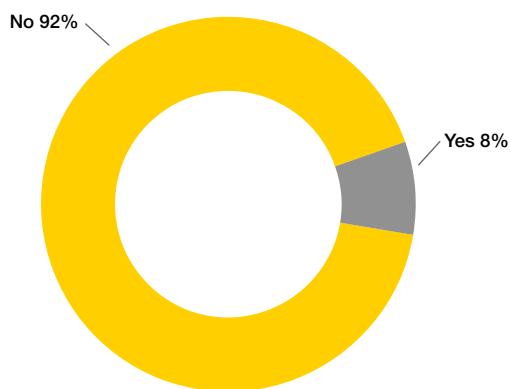
More medium size businesses (13%) have developed a mobile app for their business than small businesses (8%). By industry, the highest incidence of mobile apps is in the Cultural, Recreational and Personal Services at 14%. The lowest is in Building and Construction at 3%.

Eight percent of online SMBs without a mobile app intend to develop one in the next twelve months. In 2017 this was 4%. SMBs in Queensland and the ACT (14% in each) are more interested in this than in other locations where this intention ranges from 1% in Tasmania to 7% in NSW and Victoria.

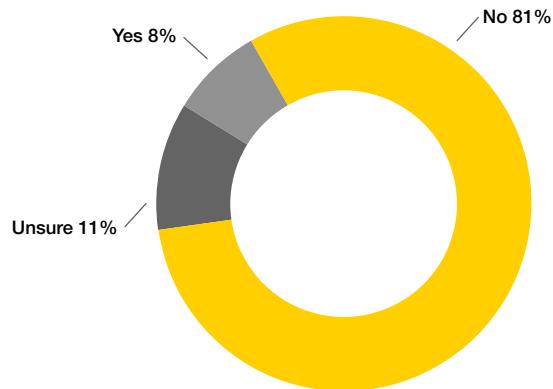


## Mobile applications

**Have you developed an “app” (mobile application) for your business?**



**IF NO: Do you intend to develop an “app” (mobile application) for your business in the next 12 months?**



Base = All SMBs with the Internet



# How to obtain a copy of the Yellow Digital Report.

## Internet

The Yellow Digital Report can be downloaded from [yellow.com.au](http://yellow.com.au)

## Sensis Business Index “Special Reports”

Since the inception of the Sensis Business Index, a range of Special Reports have been produced. Major reports include:

- Sensis and Yellow Social Media Reports –2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018.
- Sensis Environment Report – September 2007
- Teleworking - June 2005
- E-Business: The online experience of Australian SMBs – Annually since 1995
- Innovation – March 2001
- Finance & Banking Issues – August 1993, August 1995 and November 1999
- Attitudes to Changes in FBT – July 1999
- Workers Compensation and Workplace Safety – November 1998
- The Paper Work Burden on Small Business – October 1996
- Women in Business – July 1994 and February 1996
- Attitudes to Government – October 1994 and November 1995

Yellow is the champion of Australian small and medium businesses. Its brands include Yellow Pages, True Local, Wherels, Found Digital, Bridge, and Pocket Office. Yellow also provides an extensive range of digital platforms including search engine marketing, search engine optimisation, digital display, websites and social media services for all business types. Yellow is a division of Sensis – Australia's leading platforms company. Other Sensis brands include White Pages, Sensis Data Solutions and Skip.

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**yeNow**

The logo consists of the word "yeNow" in a bold, black, sans-serif font. The letter "y" is stylized with a small, dark gray shape resembling a lamp or a flame positioned above and to the left of the letter. The "e" has a vertical stroke on its right side. The "N" is a standard capital letter.