

Sensis[®] *e-Business Report*

The Online Experience of Small and
Medium Enterprises

2012



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Introduction

The Sensis® *e-Business Report* is a special report primarily based on findings from the Sensis® *Business Index*.

The Sensis® *Business Index* is an ongoing series of surveys tracking confidence and behaviour of Australia's small and medium enterprises (SMEs).

The primary objectives of the Sensis® *Business Index* are to track small and medium business activity over the past three months; expectations over both the current three and, 12-month periods; and to measure overall confidence among SMEs. In addition the Sensis® *Business Index* provides an independent, objective assessment of proprietors' experiences and attitudes on key issues.

The June 2012 Sensis® *Business Index* included questions on technology usage and electronic commerce (e-commerce). These questions formed the basis of the 2012 Sensis® *e-Business Report*. The survey investigated levels of understanding and interest by small and medium businesses in what e-commerce has to offer. Over the past 19 years, Sensis has examined the experiences of small business with electronic technology with the first benchmarking report on technology and small businesses collected in February 1994. The trends identified from earlier studies are reported where applicable.

The Sensis® *e-Business Report* also contains data on Australian consumers' experience and adoption of technology, collected as part of a separate sample of 1000 Australian consumers.

The Sensis® *Business Index*, and the Sensis® *e-Business Report* are initiatives of Sensis as part of the company's commitment to increase understanding of the Australian business and social environments. Surveying is conducted by Sweeney Research.

About the survey

The information in this report was primarily sourced from the June 2012 Sensis® *Business Index* and is based on telephone interviews conducted with approximately 1,800 small and medium business proprietors.

Businesses interviewed for the Sensis® *e-Business Report* were drawn from all metropolitan and major non-metropolitan regions within Australia. Quotas were set on geographical location and type of business in order to produce the standard sample structure shown opposite. Note that the sample excludes businesses in the agricultural sector. Where replacement businesses are recruited, this sample structure is maintained.

At the analysis stage, results were weighted by selected ANZSIC divisions within the metropolitan and non-metropolitan region of each state and territory, to help ensure the sample reflected the actual small and medium business population distribution. The Australian Bureau of Statistics (ABS) Business Register, as at June 1998, was used to help weight the sample to be representative of the total business population.

Location of business

	Total	Metro	Non-metro
New South Wales	269	150	119
Victoria	331	226	105
Queensland	312	72	240
South Australia	225	130	95
Western Australia	215	110	105
Tasmania	155	42	113
Northern Territory	151	63	88
Australian Capital Territory	150	150	0
Total	1808	943	865

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Division

Manufacturing	218
Building/Construction	152
Wholesale Trade	136
Retail Trade	295
Accommodation, Cafés and Restaurants	195
Transport/Storage	93
Finance and Insurance	73
Communication, Property and Business Services	303
Health and Community Services	171
Cultural, Recreational and Personal Services	172
Total	1808

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Size of business

Number of full time employees

1-2 Employees	698
3-4 Employees	278
5-9 Employees	279
10-19 Employees	208
Total Small	1,463
20-99 Employees	301
100-200 Employees	44
Total Medium	345

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

The results in this report relating to consumer behaviour are based on a survey of 1,000 Australians.

To ensure a good cross representation across the states and territories and by demographics, quotas were set in relation to age, gender and location as detailed in the charts on the right.

The results have been weighted according to the Australian Bureau of Statistics (ABS) population figures (2006 Census) so that results more closely reflect the population distribution within each state and territory.

Consumer sample structure Demographics			
	Total	Male	Female
14 – 17 years	64	34	30
18 – 19 years	55	29	26
20 – 29 years	144	67	77
30 – 39 years	184	89	95
40 – 49 years	182	92	90
50 – 64 years	219	108	111
Over 64 years	173	87	86
Total	1,021	506	515

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Consumer sample structure Location			
	Total	Metro	Non-Metro
New South Wales	175	140	35
Victoria	176	141	35
Queensland	170	90	80
South Australia	126	105	21
Western Australia	128	106	22
Tasmania	84	50	34
Northern Territory	81	51	30
Australian Capital Territory	81	81	0
Total	175	140	35

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Executive summary

This special report examines a selection of small and medium sized enterprises and their attitudes towards, and experiences with, e-business. Research with approximately 1,800 SMEs was undertaken across a range of online technologies, including the internet and email. Results in this report also include data on Australian consumers, which was collected concurrently through a consumer survey of approximately 1,000 consumers.

While the findings of the research are outlined in detail throughout the report, below is an overview of the key findings.

Technology in SMEs

Overall, some 95 per cent of SMEs reported owning a computer of some description. This comprised of a 95 per cent ownership level for small businesses and 100 per cent ownership for medium businesses. There was a decrease in ownership of both desktop and notebook computers in the past year. While the decrease in desktop computers for SMEs was small, the decrease in notebook computers was larger, with tablet computers providing other mobile computing options for SMEs. Despite the decrease in ownership numbers, the levels of expenditure on both hardware and software by SMEs increased in the past year.

The biggest growth in technology ownership was for smartphones, with over six in ten SMEs reporting ownership, and tablet devices, with almost three in ten SMEs reporting tablet ownership.

SMEs online

The rate of internet connectivity among small and medium businesses remained high during the year, with internet connectivity among small businesses decreasing marginally from 95 per cent to 92 per cent, mainly influenced by the decreasing level of hardware ownership. Some 95 per cent of SMEs with internet access have broadband internet access, which was down one percentage point in the past year. Overall, 20 per cent of SMEs with an internet connection intend to get a faster connection within the next year.

The single most important reason for use of the internet (as identified by 97 per cent of all internet-connected SMEs) remains email (to communicate with clients, customers and suppliers). The next most important uses of the internet were internet banking, looking for information about products and services and getting reference information and research data. The applications that were considered essential by a majority of SMEs were e-mail communication, internet banking, getting reference information and research data, looking for information about products and services, looking for suppliers of products and services, paying for products and services, placing orders for products and services, accessing directories such as the Yellow Pages™ and receiving payments for products and services.

SME websites

The proportion of SMEs with a website decreased from 67 per cent to 62 per cent. A further seven per cent of online SMEs indicated an intention to have one within the next 12 months. Almost three-quarters of SMEs with websites reported that having a website had improved the effectiveness of their business. Expenditure on website maintenance fell slightly in the past year, with SMEs reporting an average spend of \$4000 last year on building and maintaining their websites.

Social media in SMEs

Some 27 per cent of SMEs connected to the internet reported that they used social media in their business. The most common usage of social media was to have a Facebook page for their business. Five in ten SMEs that used social media reported that it had a positive impact on their business. Almost half of SMEs that had a social media presence reported tracking activity, however only one in five SMEs reported updating it daily. Over half of SMEs allow their staff to access social media in the workplace.

SME use of the internet for procurement

The past year has seen a decline in the use of the internet for procurement purposes, ranging from looking for information on products and services, placing orders and paying online. Despite the fall in the proportion of SMEs purchasing online, the amount of business done online by SMEs that did procure online (as a proportion of their total purchasing activities) in the past year remained stable. On average, SMEs that purchased online reported that they placed 34 per cent of their total procurement online. The proportion of SMEs that indicated they did the majority of their business online fell three percentage points to 23 per cent of SMEs that purchase online. Underlying this was a shift in what SMEs were buying online, with sharp falls in airline and accommodation, traditionally the top SME online purchases, with equipment, stock, merchandise and office supplies now more popular. SMEs reported making eight per cent of their online purchases from overseas businesses.

SMEs selling online

Online selling by SMEs also decreased during the past year. The percentage of SMEs taking orders online has fallen eight percentage points to 51 per cent. However, despite this decline, for those SMEs that did sell online, online selling as a share of total sales activities rose strongly during the year, increasing from 27 per cent to 31 per cent. Some 23 per cent of SMEs who used e-commerce to sell made the majority of their sales online, which was up five percentage points in the past year. The number of SMEs receiving payments online for sales made over the internet weakened, with the proportion of SMEs receiving payments for sales over the internet down nine percentage points to 62 per cent in the past year.

Once again, SMEs were most likely to report that they were making sales online to customers in their local area, with 66 per cent reporting they mainly sold to customers in the same city or town. Of those SMEs that sold online, 27 per cent had made sales to customers overseas.

SMEs advertising online

Some 29 per cent of online SMEs undertook unpaid search engine optimisation activities in the past year, up four percentage points, with 17 per cent reporting that they paid for search engine marketing, down one percentage point in the past year. The strongest growing component of online advertising was on social networks was reported by 22 per cent of SMEs, up from 15 per cent last year.

Digital business strategies

While 92 per cent of SMEs reported that they were online, only 15 per cent of those reported that they had some form of strategy for their businesses digital activities. For most SMEs that did have a digital business strategy, it was most likely to be focused on internet and websites (91 and 89 per cent respectively), with 64 per cent including a mobile component and 62 per cent including a social media component.

Australians use of technology

The uptake of technology in Australian households grew strongly during the year. Some 93 per cent of households reported having a computer of some description, with strong growth particularly in notebook computers at the expense of desktop computers, and 90 per cent of households having access to the internet. Australians aged 65 and over represented one of the largest growth segments in online take-up in the past year, as well as social networking usage.

Consumer growth in tablet ownership was exceptionally strong in the past year, with 30 per cent of Australians now reporting tablet ownership, up 18 percentage points in the past year, exceeding expectations and slightly ahead of business ownership. Some 96 per cent of Australians reported having a mobile phone and using the internet on their mobile phones continued to grow over the past year at 58 per cent, up from 50 per cent last year. Over seven in ten Australians had made purchases online in the past year, spending on average \$2,500 a year. Some 29 per cent of purchases were reported to come from overseas businesses.

Levels of computer ownership

Introduction

The Sensis® e-Business Report 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 the extent computer technology has been taken up in the work places of small and medium-sized businesses.

Equipment ownership

The 2012 Sensis® e-Business Report found 95 per cent of SMEs reported owning a computer of some description, which was down a two percentage points in comparison to the past year. Desktop computers were the most common, with 92 per cent of SMEs reporting they owned at least one desktop computer, down three percentage points. There was also a small decrease in notebook computer ownership, with some 59 per cent of SMEs owning at least one notebook computer, down five percentage points (58 per cent of small businesses and 80 per cent of medium businesses).

There was little difference in equipment ownership between metropolitan and regional areas, with 95 per cent of SMEs reporting computer ownership in both metropolitan and regional areas. However, despite total computer ownership being equal overall, ownership of both desktop and notebook computers was higher in metropolitan areas, with a larger proportion of SMEs having both of these items in metropolitan areas, rather than just one or the other.

Whilst historically there has been some difference in computer ownership among businesses in different states and territories, this has narrowed over the past year to now show very little difference between states. The highest level of computer ownership was in Queensland (98 per cent), while the lowest was in South Australia and Tasmania (95 per cent each), making an overall gap in computer ownership of three percentage points, down from a gap of seven percentage points last year.

Levels of computer ownership also varied across the industry sectors. At the high end of the scale, SMEs in the communications, property and business services and finance and insurance sectors reported a 99 per cent computer ownership result. By comparison, SMEs in the cultural, recreational and personal services sector recorded a result of 92 per cent of SMEs owning a computer of some description, resulting in a seven percentage point gap across industry sectors, consistent with last year.

Computer ownership by industry sector			
	Desktop computer	Notebook computer	Any computer
All Business	92%	59%	95%
Manufacturing	96%	62%	96%
Building/Construction	92%	59%	94%
Wholesale Trade	94%	60%	94%
Retail Trade	90%	45%	93%
Transport/Storage	90%	61%	95%
Communication, Property & Business Services	94%	73%	99%
Finance and Insurance	94%	87%	99%
Health and Community Services	91%	47%	93%
Cultural, Recreational & Personal Services	89%	49%	92%
Accommodation, Cafés and Restaurants	93%	55%	96%

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Computer ownership by business size and location			
	Desktop computer	Notebook computer	Any computer
All Businesses	92%	59%	95%
1-2 Employees	87%	51%	92%
3-4 Employees	98%	66%	99%
5-9 Employees	97%	63%	99%
10-19 Employees	97%	76%	100%
20-99 Employees	100%	79%	100%
100-200 Employees	100%	87%	100%
Total Small (1-19)	92%	58%	95%
Total Medium (20+)	100%	80%	100%
Total Metropolitan	93%	60%	95%
Total Rural	90%	56%	95%

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

One of the strongest increases during the past year in telecommunication equipment ownership was in the proportion of SMEs reporting ownership of tablet devices, such as iPads (29 per cent), which was up 13 percentage points in the past year. However, along with the strong growth in tablet devices in the past year, some of this has come at the expense of other devices, including notebook computers and satellite navigation devices.

Strong growth was also seen in SMEs using smartphones, which grew by 17 percentage points over the year. Almost two-thirds of SMEs reported owning a smartphone this year, and of those, almost two-thirds (65 per cent) of SMEs that used smartphones owned an iPhone, with 18 per cent of smartphone-using SMEs reporting Android phones, and 10 per cent reported owning a Blackberry.

Telecommunication equipment ownership						
	2009	2010	2011	2012		
	All SMEs	All SMEs	All SMEs	All SMEs	Small Business	Medium Business
Satellite navigation system (in-car or hand-held)	36%	42%	51%	46%	46%	51%
An advanced telephony system (eg. PABX or IVR)	30%	26%	35%	28%	25%	28%
Smartphone (with internet access)*	N/A	N/A	46%	63%	61%	84%
A LAN network supporting your business	56%	59%	64%	60%	58%	89%
VOIP (Voice over internet protocol)	20%	26%	30%	31%	31%	44%
Standard mobile telephone (no internet access)	66%	61%	57%	61%	61%	71%
Tablet	N/A	N/A	16%	29%	27	52%

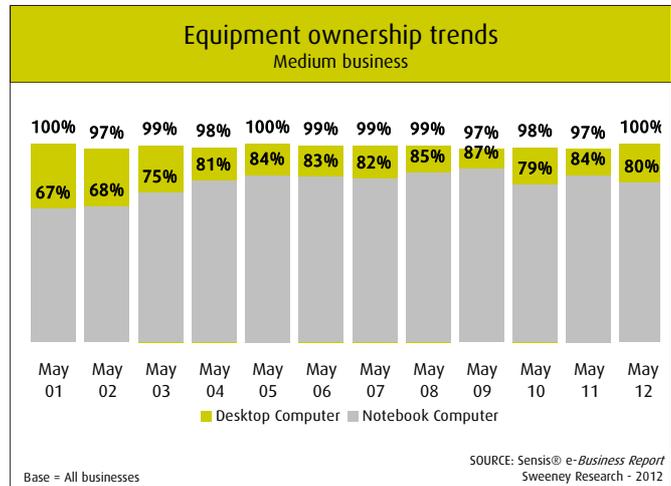
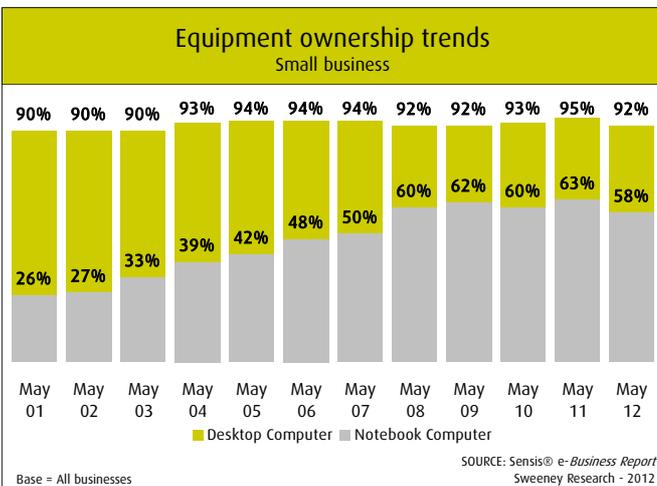
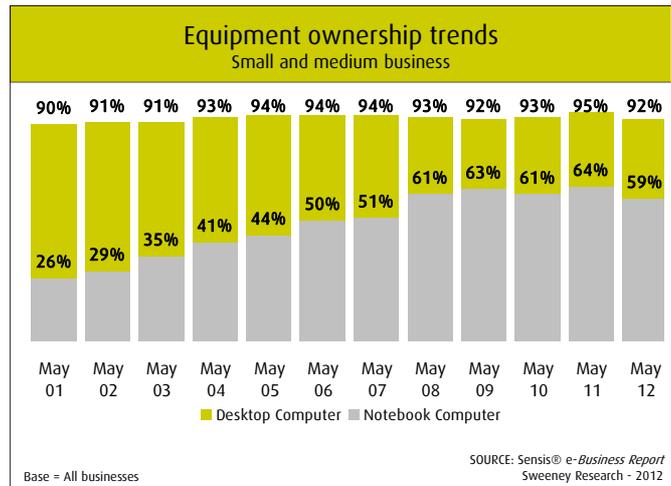
Note - Smartphone

SOURCE: Sensis® e-Business Report Sweeney Research - 2012

Computer ownership trends

The plateau in the level of computer ownership in recent years has been reinforced by this year's data. The proportion of SMEs that owned a desktop computer fell slightly to 92 per cent in the past year. In addition, there was also a slightly larger fall in notebook ownership among SMEs, which dropped from 64 per cent to 59 per cent over the past year, with the increased popularity of tablet devices now providing mobile computing options for some SMEs.

There was an eight percentage point difference in desktop computer ownership between small and medium businesses, however, there was a 22 percentage point gap in the level of notebook ownership, both of which have increased in the past year.



Expenditure in 2011 calendar year

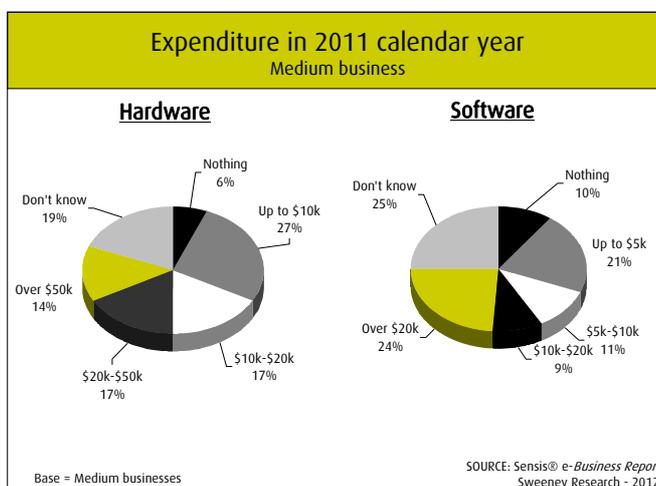
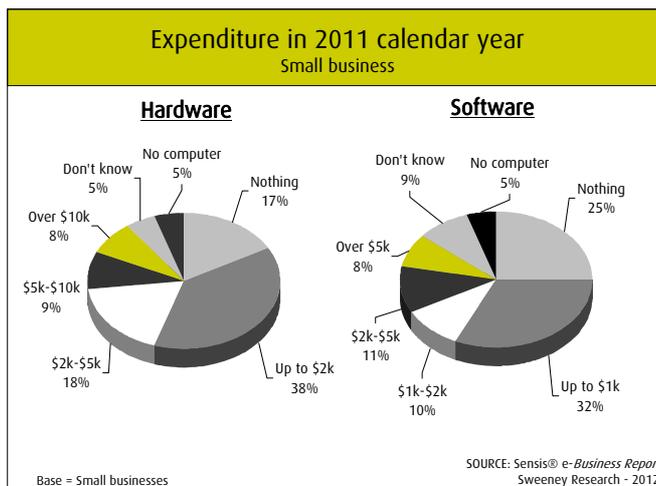
Overall average expenditure on computer hardware and software for SMEs in 2011 was \$12,200. This represented a significant increase, representing an average increase of \$2,600 above the 2010 levels.

The average level of expenditure on computer hardware during 2011 by SMEs was approximately \$7,800. This represents an increase of \$1,400 during the past year. The average spend of small business differed greatly from medium businesses. While the average spend for small businesses on computer hardware in 2011 was approximately \$5,700, for medium businesses the spend on hardware was \$49,800. Whilst this represented a significant increase in hardware spending for small businesses, it represented a drop in medium business expenditure over the past year.

While the average hardware spend for small businesses was \$5,700, many small businesses spent far less than this. Over one in five small businesses last year recorded no spend on computer hardware, with six in ten spending less than \$2,000. Eight per cent of small businesses reported spending more than \$10,000 on computer hardware in 2011, which was up two percentage points in the past year. This compares to 48 per cent of medium businesses reporting a spend of more than \$10,000 on hardware in 2011.

SMEs also increased their spend on software significantly in the past year. The average expenditure on software for SMEs was \$4,500. This represents an increase of \$1,100 over the past year. Again, this varied significantly between small and medium businesses, with the average spend for small businesses up \$400 to \$2,500, compared to \$46,600 for medium businesses (an increase of \$17,200 over the past year).

As was the case with hardware, SMEs spend on software was skewed towards lower amounts. Three in ten small businesses reported no spend on software in 2011, and an additional 32 per cent reported a software spend of up to \$1,000. Eight per cent reported spending more than \$5,000 on software in 2011 (down one percentage point in the past year). This compares with 44 per cent of medium businesses which reported spending in excess of \$5,000 on computer software over the same period.



Trends in mean expenditure

(\$000's)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Small Business												
Hardware	4.0	5.7	3.9	5.1	4.4	3.9	3.9	5.2	4.8	7.9	4.2	5.7
Software	1.5	1.8	1.4	2.1	1.9	1.8	1.8	3.0	3.0	3.9	2.1	2.5
Medium business												
Hardware	80.1	49.1	41.6	59.2	42.3	43.2	75.5	45.6	37.0	89.9	51.7	49.8
Software	44.1	25.5	23.2	28.0	31.6	35.8	43.9	31.5	30.9	62.5	29.4	46.6

Base = All businesses with computers
SOURCE: Sensis® e-Business Report Sweeney Research - 2012

Expected expenditure in 2012 calendar year

Overall, SMEs were expecting an increase in their spend on computer hardware and software in 2012 compared to 2011 levels.

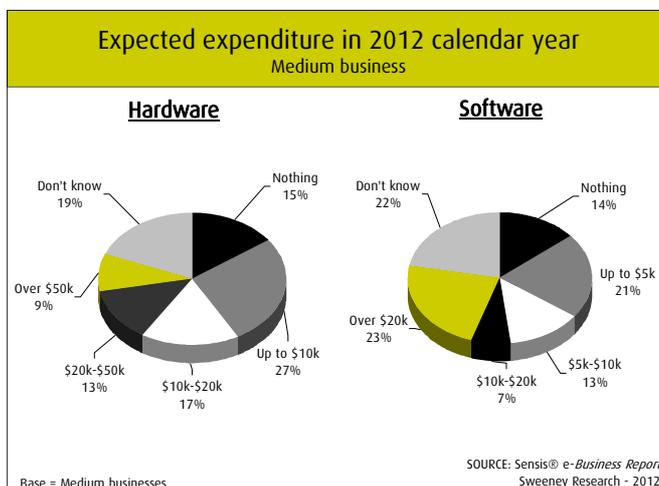
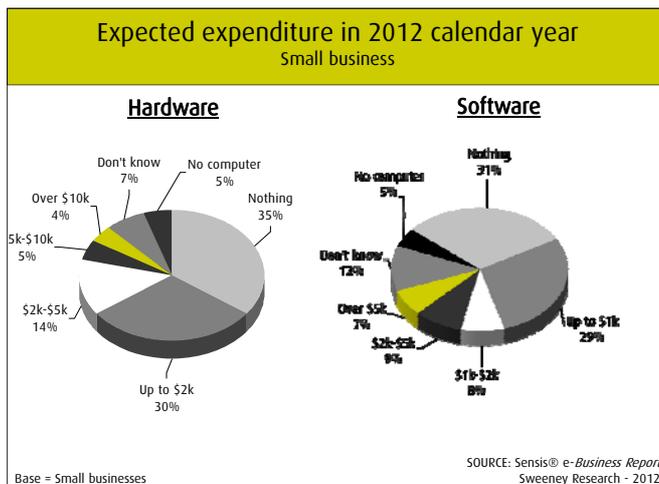
Total average expenditure on computer hardware and software for all SMEs in 2012 is expected to be \$11,300. This would represent an increase of \$1,800 from the total spend of \$9,500 SMEs reported spending on hardware and software in 2011.

On average, small businesses were expecting to spend \$7,800, with medium businesses expecting to spend \$81,800 on computer hardware and software in 2012.

Despite the expected increase in total spend, in terms of expenditure on computer hardware, SMEs were expecting to spend slightly less in 2012 than they did in 2011. SMEs are expecting to spend \$5,100 on hardware in 2012, less than the \$7,800 spent in 2011. Small businesses are expecting to spend \$3,300 on hardware in 2012, down from \$5,700 in 2011. However, medium businesses are expecting to spend \$40,900 on hardware in 2012, much lower than the \$49,800 they reported spending in 2011.

Despite expectations for a lower hardware spend, SMEs were expecting to increase their spend on computer software in 2012. The average expected spend across all SMEs was \$6,200 reflecting an increase of \$1,800 per business on the levels recorded this year. However, this was mainly due to increased expectations from small businesses, which are expecting to spend \$4,600 in 2012, up from \$2,500 reported in 2011. On the other hand, medium businesses are expecting to decrease their average software spend from the \$46,600 recorded in 2011 to an expected \$40,900 in 2012.

On top of hardware and software, SME expenditure on maintaining their IT systems was also significant, however at slightly decreased levels from last year. In order of magnitude, maintenance and support for IT systems is only slightly lower than hardware spend and significantly higher than software spend. Overall, SMEs reported having spent an average of \$5,300 on maintaining their systems in 2011, with small businesses spending \$2,400 on average and medium businesses spending \$63,300 on average. The amount SMEs reported spending on hardware and software decreased from \$5,400 last year. Looking forward, SMEs were expecting to spend some \$6,300 on IT systems maintenance in 2012, up \$1,000 on the amount spent in 2011.



Average expenditure on software and hardware maintenance

	2011 actual expenditure	2012 expectations
Small Business	\$2,400	\$3,700
Medium business	\$63,100	\$57,200
All SMEs	\$5,300	\$6,300

Base = All businesses with computers
SOURCE: Sensis® e-Business Report Sweeney Research - 2012

Getting connected

Internet connection levels

The proportion of SMEs with computers connected to the internet was down marginally during the year to 92 per cent. Of the eight per cent of SMEs not connected to the internet, three per cent owned a computer but had not connected to the internet, while the remaining five per cent did not own a computer. These latest figures reflect that there has been relatively little change in the overall proportion of SMEs with computers connected to the internet in the past five years, the main change this year was caused by a slight decline in computer ownership.

The finance and insurance sector again recorded the highest rate of internet-connectivity at 99 per cent, closely followed by the communications, property and business services sector at 97 per cent. The lowest levels of connectivity were in the health and community services sector, with 85 per cent of SMEs in the sector reporting they have an internet connection, a decrease of five percentage points over the past year, mainly caused by the lower level of computer ownership within the sector. The health and community services sector was also the sector most likely to have computers without an internet connection. This sector reported eight per cent of SMEs with computers that were not connected to the internet (up two percentage points in the past year), in addition to seven per cent of SMEs in that sector with no computer at all (up three percentage points in the past year).

Regional businesses reported a rate of 91 per cent internet penetration which was almost identical to metropolitan businesses at 92 per cent.

It is worthwhile revisiting historical trends in order to fully appreciate just how significant the internet has become as a business tool. Since 1997, the proportion of small businesses that are connected to the internet has risen from 23 per cent. Over this time the trend among medium businesses has been nearly as impressive, rising from 65 per cent in 1998 to almost universal coverage in 2012.

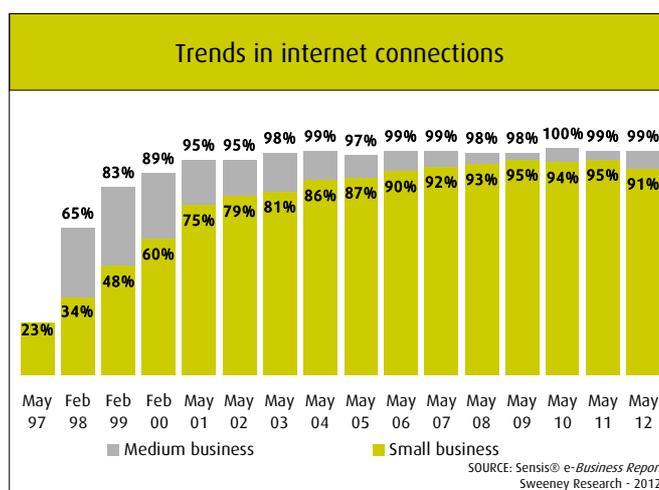
The largest component of this increase occurred between 1997 and 2001, with increases recorded since then being comparatively small until reaching the 90 per cent level in 2006. However, for small businesses, as has been the case with desktop and notebook computers, internet connections also appear to have reached a plateau and in 2012 started to show signs of decreasing, with other ways of connecting now being used by small businesses.

Internet connections by business size and location			
	No computers	Use internet	Do not use
All Businesses	5%	92%	3%
1-2 Employees	8%	87%	5%
3-4 Employees	1%	98%	1%
5-9 Employees	1%	94%	5%
10-19 Employees	0%	100%	0%
20-99 Employees	0%	99%	1%
100-200 Employees	0%	100%	0%
Total Small (1-19)	5%	91%	4%
Total Medium (20+)	0%	99%	1%
Total Metropolitan	5%	92%	3%
Total Rural	5%	91%	4%

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012
Base = All businesses

Internet connections by industry sector			
	No computers	Use internet	Do not use
Manufacturing	4%	94%	2%
Building/Construction	6%	93%	1%
Wholesale Trade	6%	88%	6%
Retail Trade	7%	87%	6%
Transport/Storage	5%	95%	0%
Communications, Property & Business Services	1%	97%	2%
Finance and Insurance	1%	99%	0%
Health/Community Services	7%	85%	8%
Personal Services	8%	90%	2%
Accommodation, Cafés and Restaurants	4%	94%	2%

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012
Base = All businesses

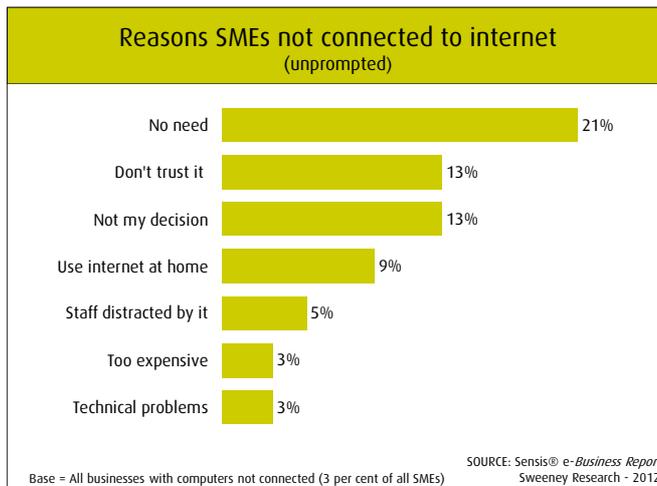


Reasons for not connecting

Among the small number of businesses that had computers but were not connected to the internet, the overwhelming reason given by SMEs that were not connected to the internet was a view that they had no need for it (21 per cent).

The other key reasons given for not connecting to the internet despite owning a computer included not trusting it (13 per cent), as well as it not being their decision (also 13 per cent), with some SMEs reporting that they used it at home, as well as concerns that their staff might be distracted by it also being cited by SMEs as reasons for not connecting.

Overall, 94 per cent of SMEs reported being connected to the internet at home, up one percentage point in the past year.



Expectations for internet connection

While 92 per cent of SMEs are already connected to the internet, this leaves some eight per cent of SMEs that are not. Of those businesses, only an additional 12 per cent believed that they would connect to the internet in the next twelve months, less than one per cent of the entire SME population.

For SMEs expecting to connect to the internet for the first time within the next 12 months, the number one reason was to be able to use e-mail, followed by being able to have customers contact them, and being able to shop and place orders online.

	Use internet	Expect to connect	*Do not expect
All Businesses	92%	0%	8%
1-2 Employees	87%	0%	12%
3-4 Employees	98%	0%	2%
5-9 Employees	94%	1%	5%
10-19 Employees	100%	0%	0%
20-99 Employees	99%	0%	1%
100-200 Employees	100%	0%	0%
Total Small (1-19)	91%	0%	8%
Total Medium (20+)	99%	0%	1%
Total Metropolitan	92%	0%	7%
Total Rural	91%	0%	8%

Base = All businesses
 *Includes "Not sure" and "No computer"
 SOURCE: Sensis® e-Business Report
 Sweeney Research - 2012

Broadband connections

Broadband remained the almost universal standard for internet in Australian businesses. Some 95 per cent of SMEs that were online currently reported having broadband access to the internet, which is unchanged from the previous year.

ADSL was the most popular form of broadband connection amongst SMEs, being the choice of 58 per cent of those with broadband access to the internet, followed by 37 per cent with a wireless connection and 20 per cent with a cable connection. There was a five percentage point increase in DSL/ADSL connections and a two percentage point increase in cable connections in the past year.

The strongest growth, however, was for wireless connections, with a 12 percentage point increase in the proportion of SMEs using a wireless internet connection in the past year. Of those SMEs that did not have a wireless connection, some 22 per cent reported that they were intending to get one in the next twelve months.

Overall, some 20 per cent of SMEs with an internet connection reported that they intended to get a faster internet connection in the next twelve months, unchanged in the past year. SMEs in metropolitan areas were slightly more likely than those in regional areas to report an intention to get a faster internet connection in the next twelve months.

Of those businesses connected to the internet, the level of broadband connection was highest amongst SMEs in Western Australia (99 per cent) and lowest in Tasmania (89 per cent).

In terms of industry sectors, the finance and insurance sector had the greatest proportion of online businesses with broadband connections at 100 per cent. The lowest level of broadband connection occurred in the manufacturing and cultural, recreational and personal services sectors at 91 per cent each.

Overall 80 per cent of SMEs reported being satisfied with their internet service, which was composed of 32 per cent being very satisfied and 48 per cent being quite satisfied. Eight per cent of SMEs reported feeling dissatisfied and 13 per cent were neither satisfied nor dissatisfied. There was no difference in overall satisfaction levels between metropolitan and regional areas. Their connection being too slow remained the main reason for SMEs to report feeling dissatisfied with their internet connection, with this response being given by two-thirds of dissatisfied SMEs.

Accessing the internet			
<i>Do you currently have broadband access to the Internet?</i>			
	Total	Small Business	Medium Business
Yes - have broadband	95%	95%	92%
No - do not have broadband	4%	4%	8%
Don't know	1%	1%	1%
<i>How do you currently access the Internet? (Amongst those with broadband access)</i>			
		2012	
DSL/ADSL		58%	
Wireless		37%	
Cable		20%	
Satellite		2%	
Don't know		6%	
Base = SMEs with internet access		SOURCE: Sensis® e-Business Report Sweeney Research - 2012	

Using the internet

How the internet is used – current and expected usage

For those SMEs with internet access, the number one use of the internet by SMEs was again communicating via email, identified by 97 per cent of internet connected businesses. Given the high level of penetration which exists among internet-connected businesses, only a further one per cent of SMEs expect to take up this application in the next year. Usage of this application was up by a marginal one percentage points over the past year.

The next most important applications of the internet reported by SMEs were internet banking and looking for information about products and services. Other strongly used internet applications by SMEs were getting reference information or research data (87 per cent), looking for suppliers of products and services (86 per cent), accessing directories such as the Yellow Pages™ (81 per cent) and paying for products or services (80 per cent).

With these applications all reporting strong usage already, expectations for further usage for major applications were relatively low. The strongest expectations were for marketing activities, with the strongest expectation for future usage recorded for using a website to promote a business, and promoting a business using e-mail marketing, with an additional eight per cent of SMEs expecting to start these activities in the next year.

Also expected to record strong growth in usage were using online auction sites to sell products, taking orders for products and services and advertising a business on another website, with an additional six per cent of SMEs each expecting to use these applications in the future.

Current and expected uses of the internet - summary

	Currently use	Expect to use	Total
To communicate via email	97%	1%	98%
Internet banking	91%	1%	92%
To look for information about products and services	89%	4%	93%
To get reference information or research data	87%	4%	91%
To look for suppliers of products or services	86%	3%	89%
To access directories such as the Yellow Pages	81%	2%	83%
To pay for products and services	80%	3%	83%
To place orders for products and services	77%	4%	81%
To access and use online catalogues	76%	4%	80%
To receive payments for products and services	68%	3%	71%
To use a website to advertise or promote your business	63%	8%	71%
To streamline communications with customers and staff	63%	5%	68%
To take orders for products and services	55%	6%	61%
To monitor your markets or the competition	42%	5%	47%
To promote the business using e-mail marketing	30%	8%	38%
To use online auction sites to sell goods or services	21%	6%	27%
To advertise your business on other websites	15%	6%	21%

Base = All businesses with internet

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Current usage by business size

Most of the major internet applications continued to report similar usage levels between small and medium businesses in the past year.

For the most popular internet application, communication via e-mail, there was a two percentage point difference in usage by firm size. This application was used by 97 per cent of small businesses, compared to 99 per cent of medium businesses that were connected to the internet. This gap has narrowed from four percentage points last year.

There was also a two percentage point gap between small and medium businesses using the internet to look for information about products or services, with medium businesses more likely to use this application than small businesses. This was similar to internet banking, where there was a two percentage point gap in usage between small and medium businesses, however small businesses were more likely to use this application than medium businesses.

The internet application which demonstrated the greatest variation between small and medium business usage was to promote their business using e-mail marketing. Some 52 per cent of medium businesses with the internet identified this as a current usage, compared to 29 per cent of small businesses with the internet. This gap of 23 percentage points was the highest for any internet application; and it was up from a 12 percentage point gap last year, due to an increase in the number of medium businesses using this application in the past year.

There were four applications that small businesses were more likely to use this year, compared to medium businesses: using online auction sites to sell goods or services (one percentage point higher for small businesses), internet banking (two percentage points more likely), paying for products and services (four percentage points more likely) and getting reference information or research data (five percentage points higher).

Current uses of the internet by business size			
	All SMEs	Small business	Medium business
To communicate via email	97%	97%	99%
To look for information about products and services	89%	89%	91%
To get reference information or research data	87%	88%	83%
Internet banking	91%	91%	89%
To look for suppliers of products or services	86%	86%	89%
To access directories such as the Yellow Pages	81%	81%	87%
To pay for products and services	80%	80%	76%
To place orders for products and services	77%	77%	85%
To access and use online catalogues	76%	76%	79%
To use a website to advertise or promote your business	63%	62%	83%
To receive payments for products and services	68%	67%	76%
To streamline communications with customers and staff	63%	62%	78%
To take orders for products and services	55%	55%	70%
To monitor your markets or the competition	42%	41%	52%
To promote the business using e-mail marketing	30%	29%	52%
To use online auction sites to sell goods or services	21%	21%	20%
To advertise your business on other websites	15%	14%	30%

Base = All businesses with internet

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Trends in usage

While the previous section focused specifically on those SMEs that were connected to the internet, it is interesting to look at the trends in usage over time, across all SMEs. Over the past year most uses by SMEs saw small declines, with streamlining communications with customers and staff the only usage area not to record a fall. Use of this application was unchanged in the last year. Overall, 58 per cent of SMEs reported using the internet to streamline communications with customers and staff, with the greatest usage among SMEs in the communications, property and business services sector at 69 per cent.

Three applications recorded only a one percentage point decline in usage amongst SMEs in the past year: using online auction sites, promoting the business using e-mail marketing and communicating via e-mail.

Overall, 19 per cent of all SMEs reported that they used online auction sites, with this application having decreased one percentage point last year, on top of a two percentage point decrease the year before.

Online auction sites were most likely to be used by SMEs in the accommodation, cafes and restaurants sector (31 per cent).

Some 28 per cent of SMEs reported that they used the internet for promoting their business with e-mail marketing. This application has seen small declines of one percentage point for each of the past two years. Again, SMEs in the accommodation, cafes and restaurant sector were most likely to report using e-mail marketing to promote their business (48 per cent).

Communicating by e-mail also saw a decline of one percentage point for each of the past two years, however this application was at near saturation levels, with nine in ten SMEs using the internet for e-mail communication.

The application which saw the greatest decline in the past year was using the internet to receive payments. Overall 62 per cent of SMEs reported that they used this application, a drop of nine percentage points in the past year.

Trends in current uses of the internet – based on all businesses				
	2010	2011	2012	Change 2011 to 2012
To streamline communications with customers and staff	64%	58%	58%	0%
To use online auction sites	22%	20%	19%	-1%
To promote the business using email marketing	30%	29%	28%	-1%
To communicate via email	92%	91%	90%	-1%
To get reference information or research data	83%	82%	80%	-2%
To access and use online catalogues	74%	72%	70%	-2%
To access directories such as the Yellow Pages® directories	82%	78%	75%	-3%
Internet banking	83%	86%	83%	-3%
To pay for products and services	76%	76%	73%	-3%
To monitor your markets or the competition	40%	42%	38%	-4%
To look for information about products and services	86%	86%	82%	-4%
To place orders for products and services	74%	75%	71%	-4%
To look for suppliers of products or services	83%	84%	79%	-5%
To use a website to advertise or promote business	59%	64%	58%	-6%
To advertise your business on other websites	21%	20%	14%	-6%
To take orders for your products and services	58%	59%	51%	-8%
To receive payments for products and services	70%	71%	62%	-9%

Base = All businesses

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

What are the essential uses?

The most essential internet application for SMEs was again email communication. This was identified by 88 per cent of businesses as an essential application, up four percentage points in the last year. SMEs in the finance and insurance sector were most likely to view communication with e-mail as an essential application (95 per cent) with those in the transport and storage sector the least likely (63 per cent).

The next most important application identified as essential was internet banking at 81 per cent, down one percentage point in the past year. Of all industry sectors, SMEs in the building and construction sector were most likely to identify internet banking as an essential internet application (90 per cent). This contrasts with SMEs in the transport and storage sector which were least likely to regard it as an essential application (66 per cent).

There were seven other applications considered essential by the majority of SMEs: finding reference information or research data (69 per cent, up three percentage points); looking for information about products and services businesses might buy (65 per cent, down two percentage points); looking for suppliers of products or services (60 per cent); paying for products and services (58 per cent, down four percentage points); placing orders for products and services (53 per cent down two percentage points); accessing directories such as the Yellow Pages™ (52 per cent, unchanged); and receiving payment for products and services (52 per cent, down seven percentage points).

The greatest increases in applications considered essential were communicating via e-mail and streamlining communications, both of which increased four percentage points in the past year. The biggest decrease was for receiving payments, which fell seven percentage points.

What are the essential uses?			
	All SMEs	Small Business	Medium Business
To communicate via email	88%	88%	89%
Internet banking	81%	81%	76%
To get reference information or research data	69%	69%	64%
To look for information about products and services you might want to buy	65%	64%	70%
To look for suppliers of products or services you might want to buy	60%	60%	62%
To pay for products and services	58%	59%	54%
To place orders for products and services	53%	52%	61%
To access directories such as the Yellow Pages	52%	51%	58%
To receive payments for products and services	52%	52%	61%
To streamline communications with customers and staff	48%	47%	64%
To use a website to advertise or promote your business	47%	46%	62%
To access and use online catalogues that list products, prices etc for the purposes of buying	46%	46%	55%
To take orders for products and services	42%	42%	55%
To monitor your markets or the competition	29%	29%	34%
To promote the business using e-mail marketing	22%	21%	39%
To advertise your business on other websites, for example, banner_advertising or pop-ups?	9%	9%	20%
To use online auction sites to sell goods or services	9%	9%	9%

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Base = All businesses with internet

Using websites

Introduction

For some businesses, design and construction of a website is the next step after connecting to, and using, the internet. This section examines the attitudes of SMEs to websites.

Website ownership

Overall, 62 per cent of all SMEs reported that they had a website for their business. This was a decrease from 67 per cent last year but higher than 61 per cent recorded the previous year. A further seven per cent of SMEs reported that they intended to get a website in the next year.

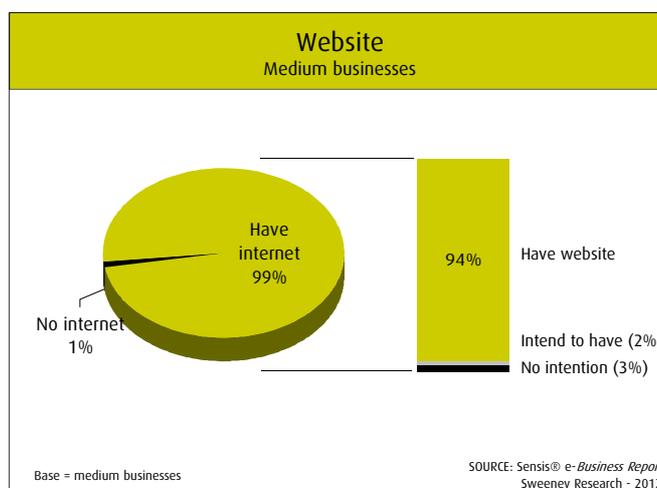
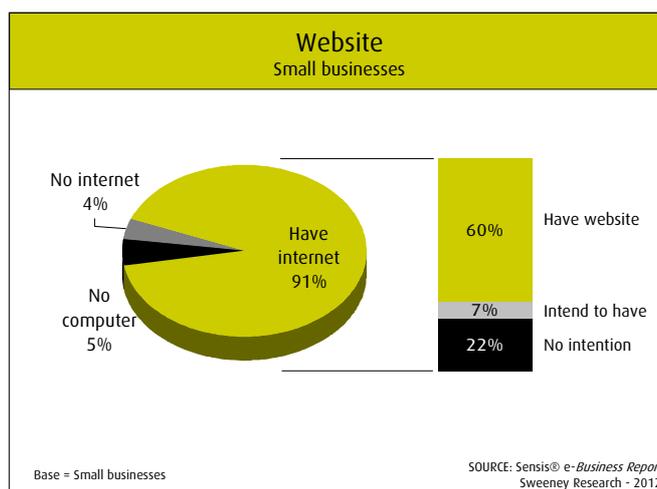
The proportion of small businesses with a website dropped six percentage points in the past year to 60 per cent of all small businesses (66 per cent of online small businesses). Another seven per cent of small businesses indicated they intend to get a website within the next 12 months. The remaining 22 per cent of small businesses indicated that while they were connected to the internet they had no intention of getting a website this year.

While small businesses were less likely to have websites over the past year, there was an increase in the proportion of medium businesses with a website. While 99 per cent of medium businesses had an internet connection, 94 per cent reported they had a website, up six percentage points. A further two per cent of medium businesses expect to get a website within the next 12 months. The remaining three per cent of medium businesses had no intention of getting a website, which was down one percentage point from the previous year.

The highest rates of website penetration by industry sector were in the accommodation, cafes and restaurant sector at 80 per cent. At the other end of the spectrum was the building and construction sector, which reported a website penetration rate of 46 per cent of all businesses in the sector, the lowest of any industry; and down by two percentage points in the past year, following a seven percentage point increase the previous year.

Metropolitan businesses reported a significantly higher incidence of website adoption with a 65 per cent rate of adoption compared to 57 per cent for regional businesses.

Nine per cent of SMEs with websites reported that they had a mobile specific website, however a further 21 per cent were planning on getting one in the coming year.



	2009	2010	2011	2012	
	Have website	Have website	Have website	Have website	Intend to have
All Businesses	56%	61%	67%	62%	7%
1-2 Employees	46%	53%	55%	49%	8%
3-4 Employees	53%	57%	72%	75%	6%
5-9 Employees	72%	78%	78%	69%	11%
10-19 Employees	80%	86%	93%	90%	2%
20-99 Employees	84%	89%	87%	93%	3%
100-200 Employees	93%	96%	98%	100%	-
Total Small (1-19)	54%	60%	66%	60%	7%
Total Medium (20+)	85%	89%	88%	94%	2%

Base = All businesses
SOURCE: Sensis® e-Business Report Sweeney Research - 2012

Website features, benefits and costs

SMEs reported having a wide range of information and features on their websites. All SMEs had their contact details on their website (100 per cent), with most sites also having e-mail addresses (95 per cent).

With consumers reporting that information on products and services was one of their key uses of the internet, it is interesting to note that this was one of the key features that SMEs were putting on their websites. Of those SMEs with websites, 92 per cent reported that they put product descriptions on their websites with 72 per cent of SMEs reporting they put product pictures on their sites. Some 37 per cent reported putting prices on their websites with 42 per cent saying they included special offers on their sites.

Information about the company was also an important factor with 93 per cent putting company history on their site, 59 per cent including information on their management team, 46 per cent including company news, and 27 per cent putting on independent reviews and testimonials.

Seventy-two per cent of SMEs with websites stated having a website improved the effectiveness of their business, up four percentage points in the past year. Metropolitan SMEs were slightly more likely to report their website had increased the effectiveness of their business (73 per cent) than SMEs in regional areas (69 per cent). There was little difference between small and medium businesses in perceptions of website effectiveness.

The most common reason given for increased business effectiveness from their website was that they received more business enquiries, they had more exposure to the market and they had more customer awareness.

SMEs reported spending approximately \$4,000 on building and maintaining their website last year, down \$100 from the previous year. Small businesses reported spending an average of \$3,100 on their website (down \$500), compared to an average figure of \$15,900 for medium businesses (down \$3,600).



	2010	2011	2012	Change 2011 to 2012
Location maps	64%	66%	76%	10%
Special offers	35%	36%	42%	6%
Company history and information	88%	88%	93%	5%
Company news	36%	41%	46%	5%
Management team	54%	55%	59%	4%
Email enquiry form	69%	70%	73%	3%
Warranties	21%	21%	24%	3%
Contact details	99%	99%	100%	1%
Games	2%	1%	2%	1%
Lifestyle information	14%	14%	14%	0%
Product descriptions	91%	92%	92%	0%
Investor information	7%	10%	9%	-1%
Product pictures	74%	73%	72%	-1%
Independent reviews/testimonials	30%	29%	27%	-2%
Email address	95%	97%	95%	-2%
Stockists	13%	17%	14%	-3%
Prices	38%	41%	37%	-4%
Ability to accept credit card payments	N/A	N/A	25%	N/A
Transaction functionality	N/A	N/A	21%	N/A
Video	N/A	N/A	18%	N/A

Base = All businesses with website

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012



Has the website increased business effectiveness?

	All SMEs	Small business	Medium business
Yes - increased	72%	72%	73%
No - not increased	28%	28%	27%

Social media in businesses

Incidence of use

Overall, 27 per cent of businesses that are online use social media for business purposes. This has increased from 10 per cent in 2010, and 18 per cent in 2011. Medium businesses were more likely to use social media than smaller businesses (41 per cent compared to 27 per cent), and female business operators were also more likely to use social media for business purposes (40 per cent compared to 23 per cent for male-operated SMEs).

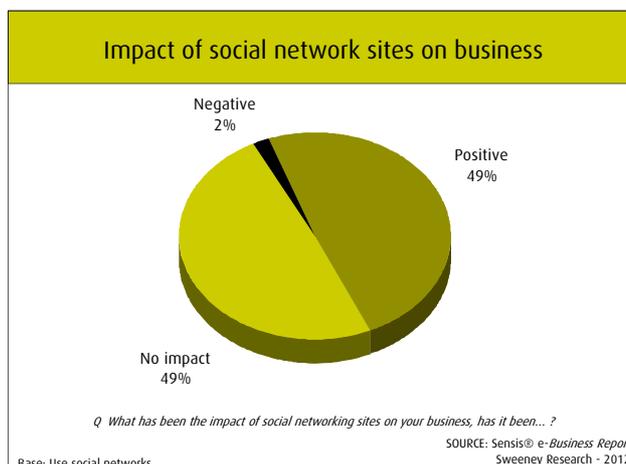
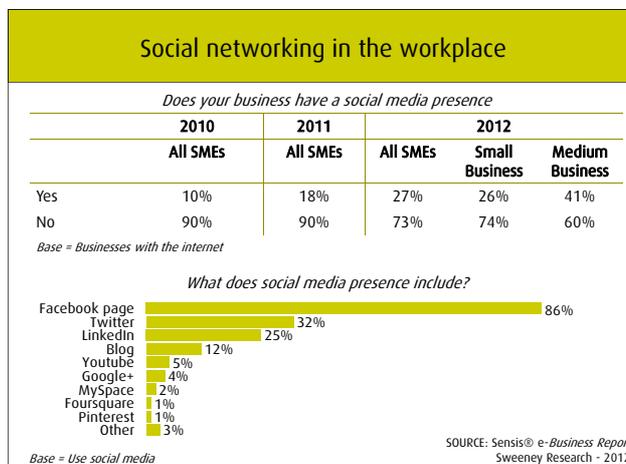
There was considerable variation by sector, with those SMEs in the cultural, recreational and personal services sector over twice as likely as average to use social media (68 per cent). The lowest propensity to use social media for business purposes was in building and construction sector at five per cent.

For those SMEs that reported having a social media presence, the presence was most likely to include a Facebook page (86 per cent). This was followed by Twitter (32 per cent), Linked In (25 per cent) or a blog (12 per cent). For those SMEs with a Facebook page, some 70 per cent reported that it had a link back to their business website.

Just over one in five (21 per cent) of SMEs reported monitoring and updating their social media presence everyday, with a further 39 per cent updating their presence at least once a week, but not daily. However, at the other end of the scale six per cent of SMEs reported never updating their social media presence, with 11 per cent reporting that they updated just a few times a year.

Over half of SMEs that used social media tracked it, with 48 per cent tracking it in-house and seven per cent outsourcing this activity. For those that tracked it in-house, 27 per cent reported having a specific tool to help them do this. Overall, responsibility for the business' social media presence was kept in-house however, mostly with the business owner or manager, and only two per cent outsourcing the overall responsibility.

Very few SMEs reported any negative impact from social media, with the remainder split between a positive impact and no impact. The main positive feedback reported from SMEs included good customer feedback, increased networking opportunities and increased sales. Over half (51 per cent) of SMEs now allow their employees to use social media while at work.



Electronic commerce and small and medium businesses

Introduction

This section examines key elements and trends of e-commerce usage and experience of small and medium enterprises (SMEs).

Use of the internet for procurement

During the past year, SMEs use of the internet for procurement declined slightly, with most components of this activity decreasing over the past year. Looking for information on products and services and placing orders both fell four percentage points, while there was a three percentage point fall in the proportion of SMEs that used the internet to pay for goods or services.

There was a small fall in the proportion of SMEs connected to the internet, which dropped three percentage points in the past year. There was a four percentage point fall in the proportion of SMEs using the internet to look for information about products and services, with 82 per cent of SMEs reporting having done this in the past year. There was also a four percentage point decrease in the proportion of SMEs placing orders over the internet (76 per cent), and a three percentage point in the proportion of SMEs using the internet to pay for goods and services (76 per cent).

There was considerable variation by industry sector as to whether businesses used the internet to place orders for goods and services. SMEs in the transport and storage sector were the most likely to place orders for products and services on the internet (83 per cent, down six percentage points), while those SMEs in the building and construction sector were the least likely to place an order online (65 per cent).

For medium businesses, small falls were recorded at each stage of the procurement process. There was a three percentage point fall in the proportion of medium businesses looking for information on products and services, and a one percentage point decrease in the proportion of medium businesses placing orders for products and services.

There was little difference between metropolitan SMEs and their regional counterparts. Both were equally likely to look for information on products and services online and pay online, however regional businesses were slightly more likely to use the internet to place orders than metropolitan businesses (72 per cent compared to 70 per cent). SMEs in the Northern Territory were the most likely to place orders online (82 per cent, up three percentage points), with those in Victoria the least likely (68 per cent).

Buying over the internet by business size				
	Connected to internet	Look for information	Place orders	Pay
All Businesses	92%	82%	71%	73%
1-2 Employees	87%	77%	68%	70%
3-4 Employees	98%	88%	73%	81%
5-9 Employees	94%	85%	70%	69%
10-19 Employees	100%	90%	83%	87%
20-99 Employees	99%	90%	84%	74%
100-200 Employees	100%	88%	86%	87%
Total Small (1-19)	91%	82%	70%	73%
Total Medium (20+)	99%	90%	85%	75%

Base = All businesses

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Buying over the internet Trends – small business												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Connected to internet	75%	79%	81%	86%	87%	90%	92%	93%	95%	94%	95%	91%
Look for information on products or services	51%	64%	67%	75%	76%	82%	78%	82%	87%	86%	86%	82%
Place orders for products or services	26%	41%	45%	55%	51%	60%	58%	66%	74%	73%	75%	70%
Pay for products or services	23%	40%	47%	58%	62%	65%	66%	70%	74%	76%	76%	73%

Base = Small businesses

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Buying over the internet Trends – medium business												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Connected to internet	95%	94%	98%	99%	97%	99%	99%	98%	98%	100%	99%	99%
Look for information on products or services	79%	82%	91%	94%	92%	93%	93%	96%	94%	94%	93%	90%
Place orders for products or services	49%	61%	64%	74%	72%	75%	72%	82%	84%	90%	86%	85%
Pay for products or services	39%	55%	66%	73%	72%	80%	77%	81%	79%	81%	85%	75%

Base = Medium businesses

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

The average proportion of total SME procurement made online remained stable this year at 34 per cent, despite the fall in SMEs procuring online. Some 23 per cent of SMEs that placed orders online reported that they placed the majority of their orders over the internet, which is down three percentage points from last year.

The most common items purchased online by SMEs during the year was equipment, with 47 per cent of all businesses that made purchases purchasing these items. The proportion of SMEs that reported purchasing equipment increased three per cent since last year. Equipment, along with hardware, machinery and tools, was one of the few products to increase in purchasing in the past year.

SMEs in the cultural, recreational and personal services sector were most likely to report purchasing equipment for their business online, with 65 per cent of SMEs that made online purchases in the sector reporting equipment purchases. Equipment purchases were also more likely in the transport and storage sector and the health and community services sector, at 61 per cent each. The finance and insurance sector was least likely to report online purchasing, at only 26 per cent of SMEs that made online purchases.

The next most popular online purchases by SMEs was stock and merchandise, which was reported by 44 per cent of SMEs that purchased online. This was followed by purchasing office supplies, reported by 41 per cent of SMEs that purchased online.

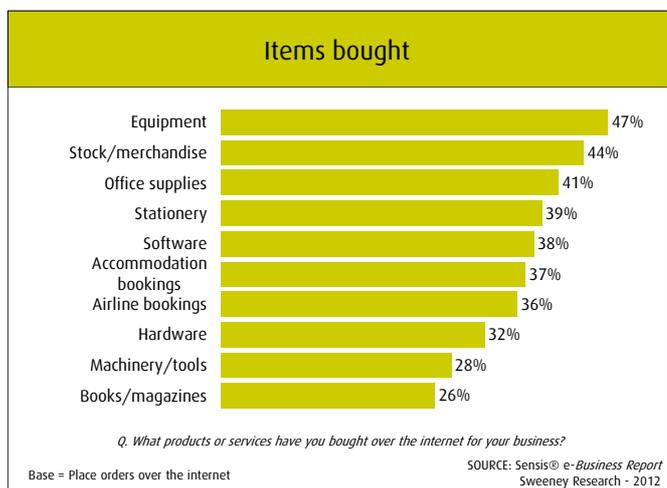
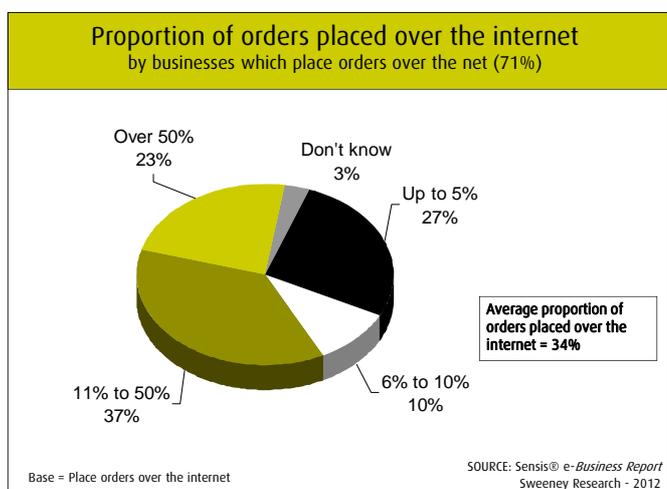
The largest change in the past year was the proportion of SMEs that reported purchasing airline bookings or accommodation online. Some 36 per cent of SMEs that purchased online reported making airline bookings, down 17 percentage points in the past year. This was similar to the 37 per cent that reported making accommodation bookings online, down 16 percentage points.

Overall, SMEs reported making eight per cent of their purchases from overseas businesses. This was particularly the case in the wholesale trade sector, where some 17 per cent of SMEs reporting purchasing from overseas businesses. The building and construction sector reported the lowest proportion of overseas online purchases, at three percentage points.

Buying over the internet by industry sector				
	Connected to internet	Look for information	Place orders	Pay
All Businesses	92%	82%	71%	73%
Manufacturing	94%	86%	78%	79%
Building/Construction	93%	85%	65%	72%
Wholesale Trade	88%	82%	65%	76%
Retail Trade	87%	80%	70%	70%
Transport/Storage	95%	89%	83%	83%
Communications/Property/Business Services	97%	82%	76%	75%
Finance and Insurance	99%	89%	46%	83%
Health/Community Services	85%	74%	66%	66%
Personal Services	90%	80%	73%	69%
Accommodation/Cafés/Restaurants	94%	83%	73%	76%

Base = All businesses

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012



SME use of the internet to sell

Along with the fall in the proportion of SMEs that were purchasing online, there was also some softening in the number of SMEs using e-commerce to sell goods and services. This is reflected in the decrease from 59 per cent of all SMEs that reported taking orders online last year to 51 per cent for this year. This trend was also reinforced by the drop in the proportion of SMEs that receive payments online from 71 per cent to 62 per cent.

While there was a fall in the proportion of small businesses taking orders online, the proportion of medium businesses taking online orders grew. The number of medium businesses that reported taking orders online increased during the year from 63 per cent to 69 per cent, with the proportion of medium businesses taking payments online unchanged at 76 per cent.

The manufacturing sector recorded the strongest proportion of SMEs taking orders online with 70 per cent of businesses in this sector reporting this experience, down two percentage points in the past year. This is in contrast to the finance and insurance sector, where only 18 per cent of SMEs in the sector reported they took orders online.

SMEs in metropolitan areas were only slightly more likely to report having taken orders online (52 per cent) than those in regional areas (49 per cent). SMEs in South Australia and the Northern Territory were more likely than those in other states and territories to report taking orders online (62 per cent) with those in Victoria the least likely (44 per cent).

The proportion of SMEs receiving payments online fell from 71 per cent to 62 per cent in the past year. Some 62 per cent of small businesses reported taking payments online, down nine percentage points. Medium businesses were more likely to report receiving payments online than their smaller counterparts, at 76 per cent. SMEs in the transport and storage sector were most likely to report that they had received payments online, at 76 per cent, down 13 percentage points. At the other end of the spectrum, SMEs in the health and community services sector were least likely to report having received payments online, at 46 per cent.

Selling over the internet by business size			
	Connected to internet	Take orders	Receive payments
All Businesses	92%	51%	62%
1-2 Employees	87%	49%	59%
3-4 Employees	98%	50%	63%
5-9 Employees	94%	51%	66%
10-19 Employees	100%	58%	71%
20-99 Employees	99%	69%	75%
100-200 Employees	100%	73%	79%
Total Small (1-19)	91%	50%	62%
Total Medium (20+)	99%	69%	76%

Base = All businesses

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Selling over the internet Trends – small business												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Connected to internet	75%	79%	81%	86%	87%	90%	92%	93%	95%	94%	95%	91%
Take orders	19%	29%	32%	39%	41%	46%	47%	53%	57%	58%	59%	50%
Receive payments	13%	26%	32%	44%	50%	52%	54%	62%	67%	70%	71%	62%

Base = Small businesses

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Selling over the internet Trends – medium business												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Connected to internet	95%	94%	98%	99%	97%	99%	99%	98%	98%	100%	99%	99%
Take orders	35%	47%	49%	50%	51%	54%	54%	56%	56%	66%	63%	69%
Receive payments	29%	50%	63%	60%	59%	63%	62%	72%	70%	75%	76%	76%

Base = Medium businesses

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

The Sensis® e-Business Report has compared the rate at which industry sectors have evolved their internet strategies from basic internet connectivity to a comprehensive e-commerce strategy involving taking orders online.

The largest gap in any industry sector between internet penetration and taking orders online was in the finance and insurance sector. This sector recorded a gap of 81 percentage points between internet connectivity and taking orders online, with this gap up from 43 per cent over the past year, the largest increase in the size of the gap between being online and taking orders online of any sector.

The most narrow gap was in the manufacturing sector at 20 percentage points, down from a gap of 23 per cent last year. Strong declines in the gap were reported in the health and community services, building and construction and cultural, recreational and personal services sectors, which all recorded a seven percentage point decline in the gap between being online and taking orders online.

While there was a fall in the proportion of SMEs taking orders online, the proportion of total online activity these orders saw a strong increase, with the average proportion of orders taken online up four percentage points to 31 per cent. Those SMEs in the accommodation, café and restaurant sector that took orders online reported the highest average proportion of their business online at 43 per cent, compared to those in the retail sector taking only 20 per cent of their orders online, at the other end of the scale.

Thirty per cent of SMEs taking orders over the internet reported internet orders accounted for up to five per cent of their total orders, down eight percentage points in the past year.

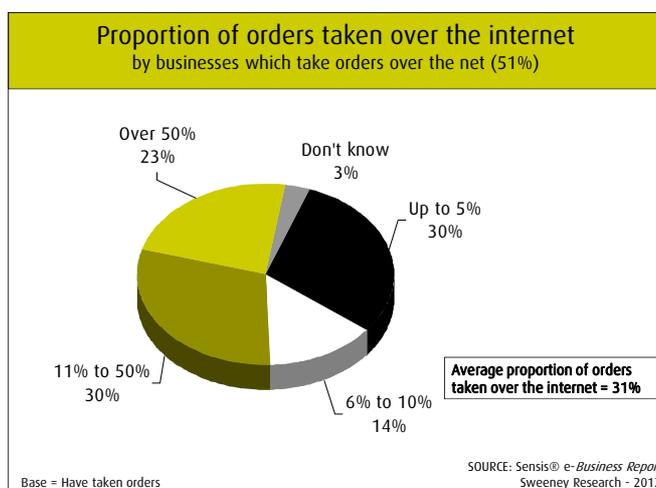
At the upper end, 23 per cent of SMEs who took orders over the internet reported online orders made up more than half of their total orders, up five percentage points in the last year, with this indicator seeing solid growth of ten percentage points over the past two years. SMEs in the communications, property and business services sector were most likely to report online orders made up the majority of their orders, with the building and construction and retail trade sectors least likely to report receiving the majority of their orders online.

Around the nation, of those SMEs that took orders over the internet, SMEs in Queensland were the most likely to report taking the majority of their orders online, with those in Tasmania least likely. SMEs in Tasmania also recorded the lowest average proportion of orders taken online.

Selling over the internet by industry sector			
	Connected to internet	Take orders	Receive payments
All Businesses	92%	51%	62%
Manufacturing	94%	70%	72%
Building/Construction	93%	55%	61%
Wholesale Trade	88%	56%	70%
Retail Trade	87%	55%	60%
Transport/Storage	95%	63%	76%
Communications/Property/ Business Services	97%	44%	61%
Finance and Insurance	99%	18%	72%
Health/Community Services	85%	34%	46%
Personal Services	90%	54%	64%
Accommodation/Cafés/Restaurants	94%	58%	62%

Base = All businesses

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012



Who businesses sell to online

With e-commerce offering SMEs the opportunity to reach a potentially global market, it is interesting to note most sales made using e-commerce are still relatively close to home. In most cases, the further away a customer was located, the less likely a SME would make a sale to them.

Overall, businesses were most likely to make a sale to customers relatively close to them – in total 87 per cent of SMEs that sold online reported making sales to local customers, with 66 per cent of businesses mainly selling online to local customers. This year saw an increase of six percentage points in the proportion of SMEs that mainly sell online in their local area but no change in the total proportion of SMEs that sold in their local area online.

Customers interstate and elsewhere in their state or territory were the next most frequent responses, with 55 per cent of SMEs selling to customers outside their town but elsewhere in their state or territory and 51 per cent selling to customers interstate. These proportions have both increased in the past year, up seven and six percentage points respectively.

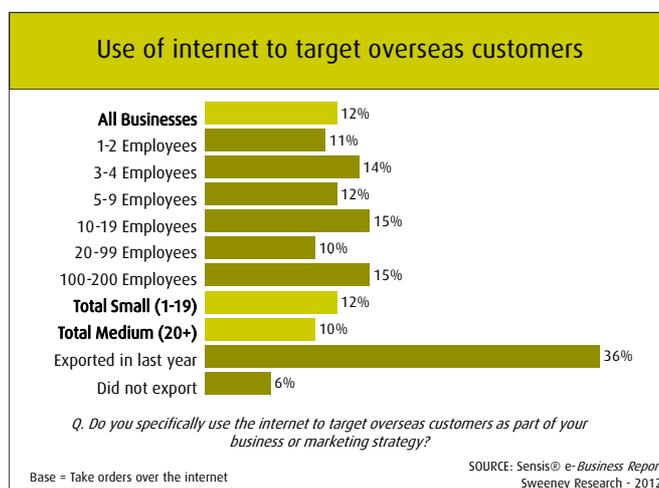
Overseas customers were identified by five per cent of SMEs as the main e-commerce customer group for their business. This was up from last year’s level of three per cent of SMEs, which used e-commerce to sell mainly to overseas customers. However, the total scope for exporting through e-commerce was more significant, with 27 per cent of SMEs who made sales through e-commerce having made at least some sales to overseas customers, unchanged in the past year.

With 27 per cent of SMEs making some sales to overseas customers, it is interesting to note some 12 per cent of SMEs that took orders online used the internet to target international customers. This figure has remained stable in the past year. Some 36 per cent of SMEs, which exported in the past year, used the internet to target overseas customers, down from 42 per cent last year, and interestingly, six per cent of SMEs which did not currently export also tried to get customers in overseas markets by using the internet, up one percentage point in the past year.

Types of customers sold to				
	Mainly sell to	Total sell to	Total sell to	
			Small business	Medium business
Local – same city or town	66%	87%	87%	87%
Elsewhere in State	12%	55%	55%	59%
Interstate	15%	51%	50%	59%
Overseas	5%	27%	28%	23%

Base = Take orders over the internet

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012



Return on investment

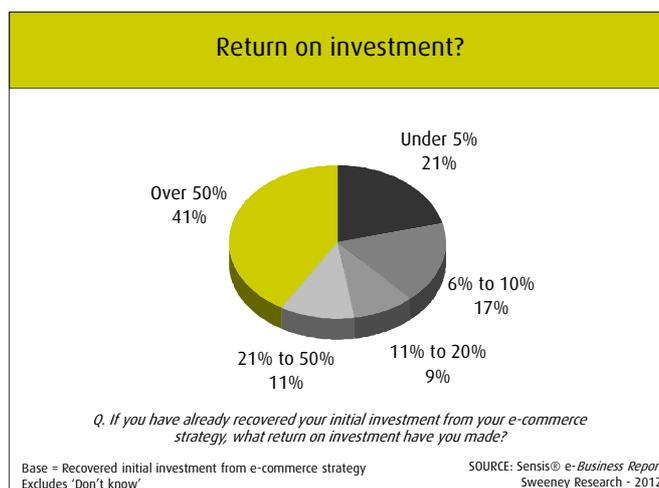
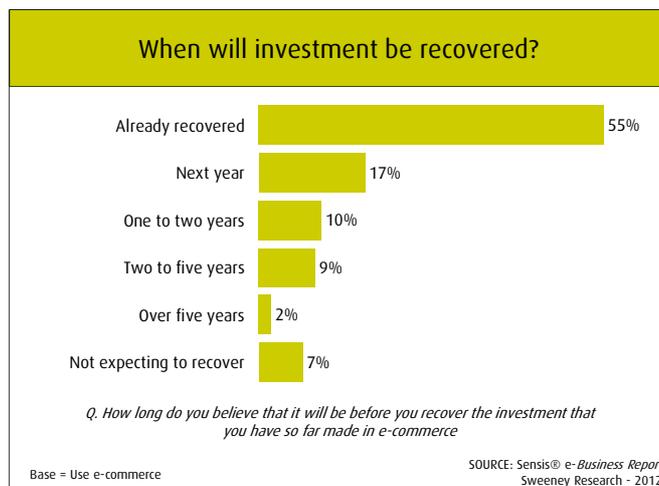
From a business investment perspective, it is important when forming a business case for any investment to look at the likely return on that investment. Since 2002 the Sensis® e-Business Report has been tracking the time that SMEs have been taking to recover their investment in e-commerce. The latest results found some 55 per cent of SMEs reported they had recovered their investment in e-commerce. A further 17 per cent of those SMEs who have invested in an e-commerce strategy said they are expecting to recover their investment in the next year.

The latest results show a decrease in the proportion of SMEs reporting they have recovered their investment, which was down three percentage points from 58 per cent last year.

In terms of the return on investment, the most frequent response among SMEs who had recovered their investment was they did not know (37 per cent). Of those SMEs who did know their return on investment, the most frequent response was they had a return on investment of more than 50 per cent, which was reported by 41 per cent of SMEs, down by two percentage points. This was followed by 21 per cent of SMEs who knew their return on investment reporting they had achieved a return of under five per cent of their original investment, unchanged in the past year.

The proportion of SMEs who recovered their investment and reported a return in excess of 50 per cent dropped slightly during the last year, down from 43 per cent. The proportion of SMEs reporting a return on investment of less than five per cent was unchanged at 21 per cent this year.

SMEs in Queensland were the most likely to report a return on investment of greater than 50 per cent, with those in the Northern Territory the least likely. SMEs in metropolitan areas were slightly more likely to report a return on investment of more than 50 per cent than those in regional areas (42 per cent compared to 40 per cent of SMEs reporting they had recovered their investment). Small businesses were also significantly more likely than medium businesses to report a return on investment of over 50 per cent (42 per cent compared to 30 per cent).



Degree of interest in engaging in e-commerce

The proportion of SMEs online and intending to introduce e-commerce into their businesses increased marginally in the past year, however almost four in ten online SMEs reported no interest in using e-commerce to sell in their business.

The intention to introduce e-commerce among SMEs that were online but not already using e-commerce increased one percentage point over the past year to six per cent. Among those firms connected to the internet, some 55 per cent currently make sales using e-commerce, with 39 per cent reporting that they currently had no intention of introducing e-commerce to their business, with the proportion of SMEs already making sales online falling over the past year, and the proportion with no intention to sell online up six percentage points.

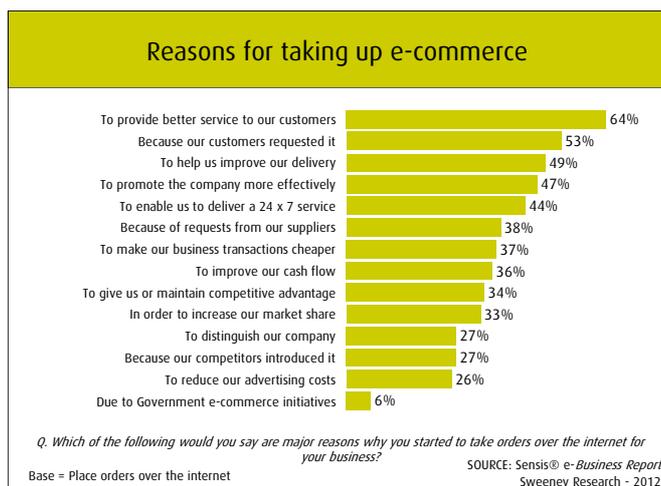
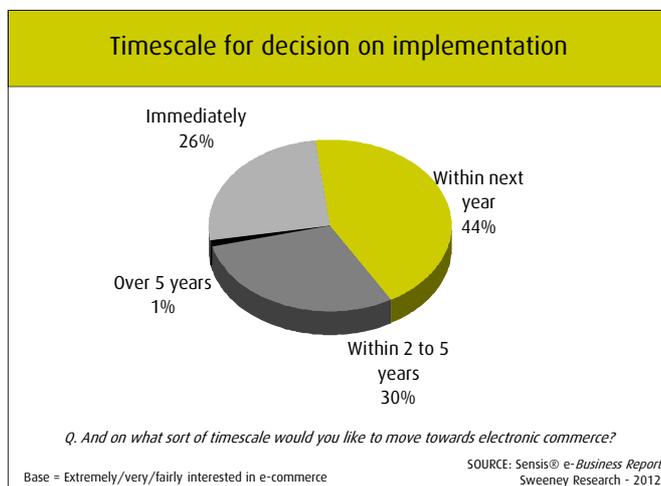
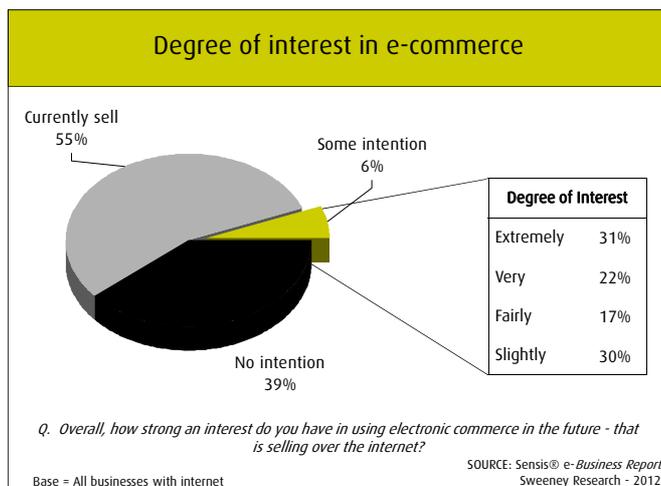
Of the remaining six per cent of online businesses that felt they could use e-commerce, over half indicated they were either extremely interested or very interested in using e-commerce within their businesses, up three percentage points in the past year. This was divided between 31 per cent that were extremely interested (up from 29 per cent) and 22 per cent that were very interested (up from 21 per cent). Thirty per cent were only slightly interested, down marginally from 31 per cent last year.

For those SMEs that were online but not selling online, those in Tasmania were most likely to express some degree of interest in using e-commerce, as were SMEs in the wholesale trade sector.

For those SMEs intending to introduce e-commerce, the degree of interest strengthened over the past year, with the proportion of SMEs that reported that they were “extremely” interested increasing by two percentage points over the past year, following a ten percentage point increase the previous year.

There was also a strong increase in the proportion of SMEs looking to introduce e-commerce immediately, which increased seven percentage points to 26 per cent, with the proportion that were looking at introducing it at some stage in the next year also increasing. Correspondingly, there was a drop in the proportion of SMEs that were looking to introduce e-commerce into their businesses in the next two to five years, which fell from 41 per cent of interested SMEs last year to 30 per cent this year.

For those SMEs that had taken up online selling, providing better service to customers was the main reason driving their decision.



Concerns about online commerce

When SMEs were asked what concerned them about e-commerce from a range of prompted options, security concerns relating to hacking remained the number one concern for SMEs, with an increase in concern levels over the past year. Some 46 per cent of online businesses identified this as a major concern, an increase of two percentage points. A further 32 per cent identified this as a minor concern, which was up five percentage points over the past year.

The second most important concern this year was a lack of expertise and knowledge with computers. This was identified by 27 per cent as a major concern (up five percentage points in the past year), with a further 40 per cent identifying this as a minor concern. The next most important concerns included a lack of personal contact with the customer (identified by 26 per cent as a major concern, unchanged in the past year); the cost and time to introduce new technologies (down one percentage point to 23 per cent); and the cost of hardware and software (unchanged at 21 per cent of SMEs).

The issues least likely to be identified as a major concern among SMEs, of all the prompted responses, were that customers would not be prepared to carry out transactions online, with 12 per cent identifying this issue as a major concern, unchanged in the past year. This was closely followed by a feeling that customers weren't ready yet, which increased one percentage point in concern levels; and concerns about incompatibility with existing systems, which has dropped two percentage points in concern levels over the past year.

Concerns about e-commerce (Prompted)			
	Major concern	Minor concern	No concern
People being able to hack into your computer system	46%	32%	22%
Your lack of expertise and knowledge in computers	27%	40%	33%
Lack of personal contact with the customer	26%	32%	42%
Cost and time with introducing new technologies	23%	41%	36%
The cost of hardware and software	21%	42%	37%
Being able to measure your return on investment	16%	36%	48%
Customers can more easily compare your product offer with that of your competitors	14%	33%	53%
Incompatibility with your existing systems	14%	31%	55%
A feeling that most of your customers aren't yet ready	13%	35%	53%
Customers not being prepared to carry out financial transactions over the internet	12%	35%	53%

Base = All businesses with internet

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Concerns about e-commerce Trends												
Rate as major concern	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
People able to hack into system	34%	42%	41%	43%	40%	49%	42%	46%	43%	46%	44%	46%
Lack of expertise and knowledge	28%	30%	28%	19%	19%	28%	24%	26%	21%	23%	22%	27%
Lack of personal contact	39%	36%	27%	17%	16%	22%	22%	22%	22%	24%	26%	26%
Cost and time to introduce	10%	9%	4%	17%	12%	22%	15%	25%	19%	23%	24%	23%
Cost of hardware and software	19%	24%	20%	18%	13%	19%	16%	20%	18%	18%	21%	21%
Being able to measure your return on investment	N/A	16%										
Customers can more easily compare your product	N/A	N/A	11%	9%	9%	12%	9%	11%	10%	12%	12%	14%
Incompatibility with existing systems	N/A	N/A	8%	10%	5%	16%	15%	13%	13%	12%	16%	14%
A feeling that most of your customers aren't ready	33%	31%	27%	11%	12%	14%	12%	15%	10%	12%	12%	13%
Customers not prepared to transact on net	34%	23%	23%	9%	12%	18%	12%	13%	10%	14%	12%	12%

Base = All businesses with internet

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

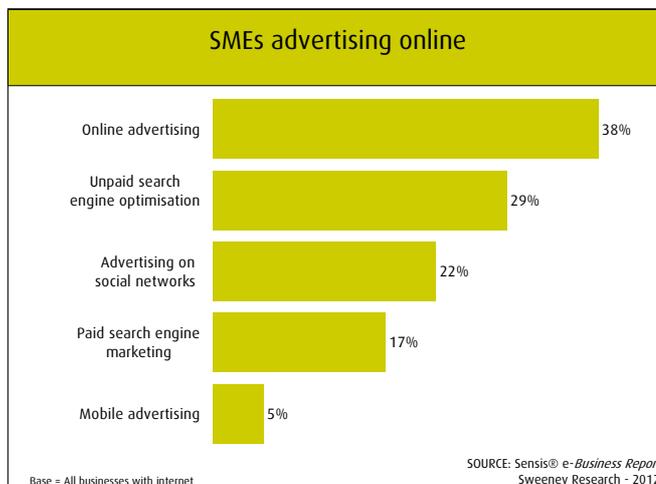
Online advertising

For those SMEs that were online, some 38 per cent reported that they used the internet for advertising. Unpaid search engine optimisation (SEO) was reported by 29 per cent of SMEs, up from 25 per cent last year, while paid search engine marketing (SEM) was being done by 17 per cent of online SMEs, down from 18 per cent last year. Social media continued to see strong growth, with some 22 per cent of SMEs reported advertising on social networks, up from 15 per cent last year. Five per cent of SMEs reported using mobile advertising, up two percentage points in the past year.

SEO was slightly more likely to be done by SMEs in metropolitan areas, with 30 per cent undertaking unpaid SEO (compared to 27 per cent in regional areas) and 17 per cent using paid SEM, slightly higher than the 16 per cent in regional areas. SMEs in Queensland reported the highest level of SEM usage (20 per cent of online SMEs), while those in Tasmania and the Northern Territory were least likely to use SEM (6 per cent and 7 per cent of online SMEs respectively).

SMEs in the cultural, recreational and personal services sector were the most likely to use unpaid SEO to advertise their business (52 per cent), with SMEs in the accommodation, café and restaurant sector most likely to undertake paid SEM (34 per cent).

SMEs in Western Australia were most likely to advertise on social networks (29 per cent of online SMEs), with those in the Australian Capital Territory the least likely (18 per cent of online SMEs). SMEs in the cultural, recreational and personal services and accommodation, cafes and restaurant sectors were most likely to advertise on social networks (55 per cent and 50 per cent of online SMEs respectively). SMEs in the building and construction sector were least likely to report advertising on social networks (eight per cent).



Digital business strategies

With 92 per cent of SMEs using the internet in their business, it is interesting to look at how SMEs strategically plan their digital business strategy, including all online aspects of their business, such as internet, website and mobile sites.

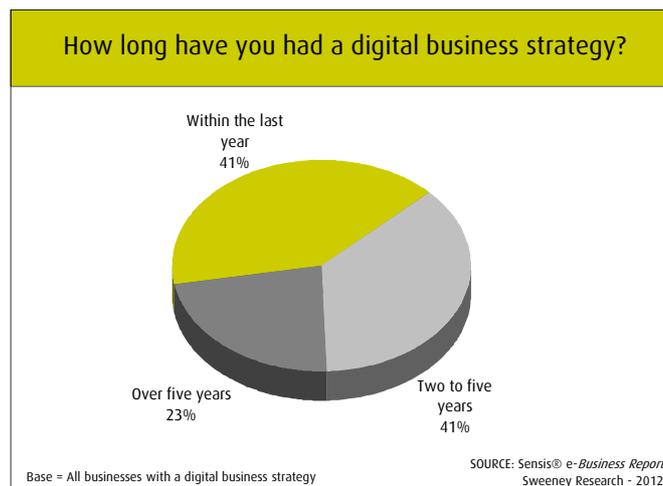
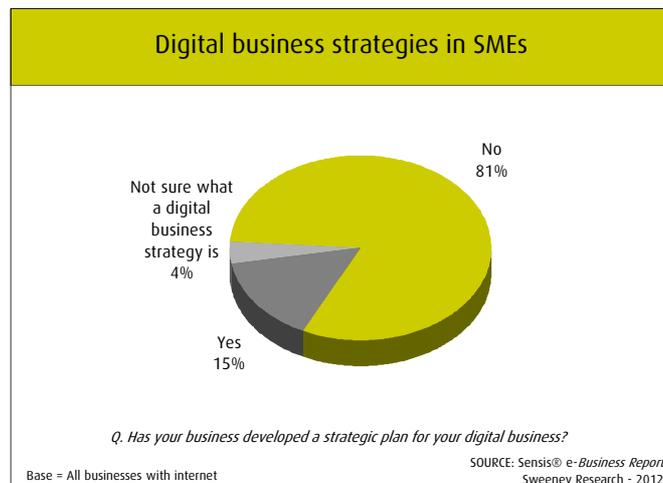
Of those SMEs that are on the internet, only 15 per cent reported having an actual digital business strategy, with 81 per cent reporting that they did not have one and four per cent not sure. There was actually a marginal fall in the proportion of SMEs with a digital strategy, which was down one percentage point since last year.

There was no difference between SMEs in metropolitan and regional areas. SMEs in New South Wales, South Australia, Western Australia and the Australian Capital Territory were the most likely to report having a digital business strategy at 18 per cent each, with those in Victoria the least likely at only nine per cent. SMEs in the cultural, recreational and personal services sector were the most likely to report having a digital business plan (31 per cent).

While the proportion of SMEs with a digital business strategy changed little over the past year, those with strategies were more likely to have more depth than has been the case in the past. While strategies were still most likely to cover the internet and websites, over six in ten were now including mobile and social media components, and there were increases across all components in the past year, apart from website strategies which were unchanged.

Internet strategies increased one percentage point in the past year, and were included in 91 per cent of digital strategies. Websites were included in 89 per cent of strategies, unchanged in the past year. Mobile strategies were included in 64 per cent (up 10 percentage points) and social media strategies were included in 62 per cent of digital business strategies (up nine percentage points).

Some 68 per cent of SMEs that had a digital business strategy reported that it had been developed in-house, with the next most common responses being their normal online adviser (seven per cent) and their normal advertising adviser (six per cent). SMEs that had a digital business strategy were most likely to report having developed it either in the last year (41 per cent) or within the past two to five years (41 per cent), with 23 per cent having had a digital business strategy for more than five years.



Digital business strategies (cont.)

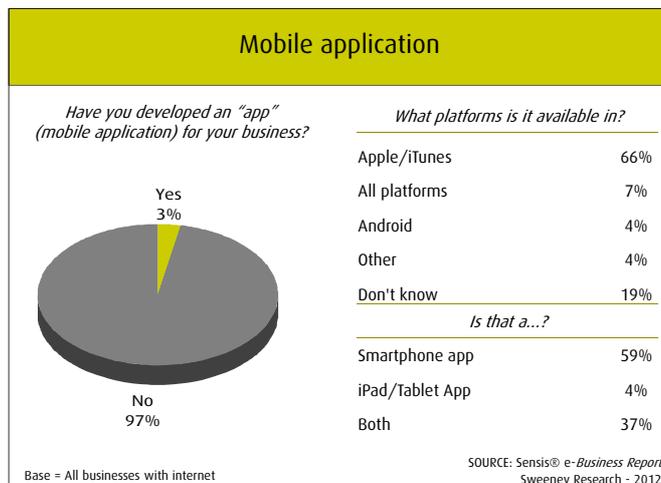
With the increasing emphasis on mobile strategies as part of a businesses broader digital strategy it is interesting to look at the adoption of mobile applications by SMEs.

Only three per cent of SMEs reported having developed a mobile application or “app” for their business. Medium businesses were much more likely to have developed an app for their business (13 per cent compared to three per cent for small businesses). SMEs in the accommodation, café and restaurant sector was also much more likely to report having developed an app for their business (14 per cent). Businesses that had developed an app were most likely to have developed that on the Apple platform (66 per cent of SMEs that had developed an app).

Looking at devices, almost six in ten apps were developed for smartphone devices, with most of the rest (37 per cent) developed for tablet devices. Only four per cent of SMEs that had developed an app for their business has developed a tablet only application.

Despite the small numbers of SMEs that had developed an app for their business, there was considerable interest in developing an app in the near future. Some 11 per cent of SMEs were planning to develop an app in the next twelve months. SMEs that were aiming for significant growth were more likely to be intending to develop an app in the next year (19 per cent), with 29 per cent of SMEs in the cultural, recreational and personal services sector aiming to develop an app in the next year.

For those SMEs that had a website, only nine per cent had a website that was optimised for mobile. However, 21 per cent of those that did not have their website mobile-optimised were planning on doing this in the next year. SMEs in the accommodation, café and restaurant sector were most likely to report that their website was currently optimised for mobile (22 per cent of those with a website).



Technology in Australian households

Introduction

While this report focuses on the online journey of Australia’s SMEs, it is interesting to also look at the other side of the economy – Australian households – to see how they compared to Australian businesses.

Equipment ownership and internet connections

While Australian consumers continued to report a lower level of computer ownership, internet connectivity and usage than Australian SMEs, this year the differences were marginal, with consumer adoption now having matched business adoption in most respects.

Some 93 per cent of Australian households reported having a computer of some description in 2012, up four percentage points over the past year. However, underlying this was a shift towards notebooks, which have now outstripped traditional desktop computers in the home. Some 67 per cent reporting desktop computer ownership (down three percentage points), and notebook ownership currently at 66 per cent (up eight per cent in the past year). This compares with 92 per cent of SMEs with a desktop computer, 59 per cent with a laptop computer.

Growth in the proportion of Australians reporting ownership of tablet devices such as iPads was strong, now marginally ahead of business adoption. Currently some 30 per cent of Australians reported owning a tablet device, up eighteen percentage points in the past year and exceeding last year’s expectations for adoption. The proportion of Australians that reported owning a smartphone also grew strongly, up 15 percentage points over the year. The most popular smartphone was the iPhone, with 56 per cent smartphone users reporting they had an iPhone, however this was down slightly from 58 per cent last year, and 32 per cent of smartphone users reported having an Android phone, up from 21 per cent last year.

In terms of internet connection, 90 per cent of households were internet-enabled (up three percentage points in the past year), compared with 92 per cent of SMEs.

Historically, the demographics most likely to report below average usage were those aged 65 and above and retirees, however 2012 is the year that older Australians went digital. For those Australians 65 years and above 89 per cent reported accessing the internet in the past 12 months, up from 59 per cent last year.

Computerisation in the home			
	2012		Cf. 2011
	Currently have	Expect to get in next 12 months	Currently have
A desk top computer or PC	67%	8%	70%
A notebook computer	66%	13%	58%
Total computer	93%	19%	89%
Dial-up internet	3%	0%	8%
Broadband internet	61%	3%	66%
Wireless broadband	52%	4%	52%
Total internet	90%	6%	87%

Q. Which of the following items do you currently own?
Q. Which do you intend to get in the coming 12 months either for the first time, in addition to what you now have, or as a replacement?

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

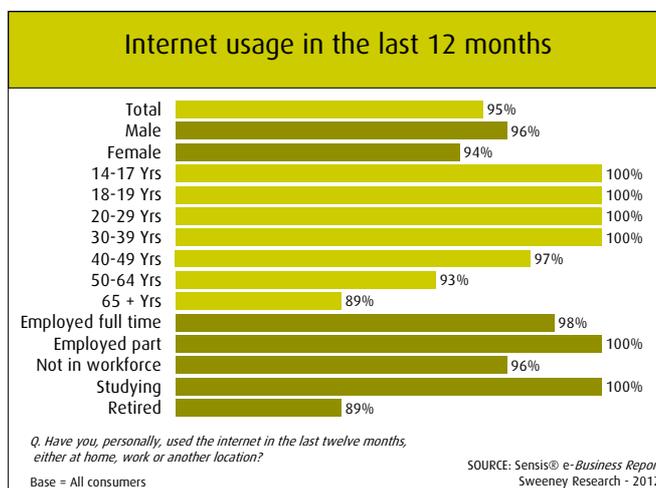
Base = All consumers

Technology in the Home			
	2012		Cf. 2011
	Currently have	Expect to get in next 12 months	Currently have
Digital TV or set top box	85%	10%	84%
Pay TV	31%	2%	30%
Mobile phone - standard	42%	2%	60%
Mobile phone - smartphone	59%	16%	44%
In-car navigation device	36%	4%	32%
Personal/hand-held navigation device	18%	2%	20%
Tablet (such as an iPad)	30%	16%	12%
VOIP (voice over internet protocol) phone	13%	1%	10%

Q. Which of the following items do you currently own?
Q. Which do you intend to get in the coming 12 months either for the first time, in addition to what you now have, or as a replacement?

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Base = All consumers



What Australians are doing online

Looking for information on products or services continued to be by far the most used internet application, used by 87 per cent of Australians, however this was up seven percentage points in the past year. Closely aligned with this, the second most popular online activity was looking for suppliers of products and services (81 per cent of Australians), with general information searching also popular, including maps (79 per cent), weather (75 per cent) and news (74 per cent). Paying for purchases or bills was reported by 75 per cent of all Australians.

The largest growth over the past year was seen for uploading video content, which was reported by an additional 10 per cent of Australians in 2012, closely followed by online payments and banking, both being used by an additional nine per cent of Australians in 2012.

Internet applications in the last 12 months Key trends – all Australians

	2009	2010	2011	2012	Change 2011 to 2012
Uploaded a video onto the internet	14%	19%	21%	31%	+10%
Paid for purchases or bills	62%	65%	66%	75%	+9%
Undertaken banking	60%	64%	63%	72%	+9%
Looked for information on products or services	78%	82%	80%	87%	+7%
Made bookings	60%	63%	60%	67%	+7%
Ordered goods/services	61%	64%	67%	71%	+4%
Downloaded or streamed video content	36%	47%	48%	52%	+4%
Used a social networking site	41%	56%	59%	62%	+3%
Read a blog	41%	42%	44%	45%	+1%
Supplied personal information online	37%	40%	39%	40%	+1%
Written a blog	16%	14%	15%	13%	-2%

Q. In the last twelve months have you undertaken any of the following via the internet?

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Internet applications in the last 12 months

	Households with internet connection	All Australians
Looked for information on products and services	91%	87%
Looked for suppliers of products or services	85%	81%
Looked for maps or directions	83%	79%
Looked for weather information	79%	75%
Browsed news sites	78%	74%
Paid for purchases or bills with credit card or other means	78%	75%
Undertaken banking	76%	72%
Ordered goods/services	75%	71%
Made bookings	71%	67%
Used a social networking site	65%	62%
Downloaded or streamed video content	55%	52%
Read a newspaper	54%	51%
Searched through an auction site	53%	50%
Downloaded a mobile app	48%	45%
Read a blog	47%	45%
Checked sports results	45%	42%
Supplied personal information online	42%	40%
Used satellite navigation	41%	39%
Bought or sold through an online auction site	36%	34%
Uploaded video content	33%	31%
Checked financial results	28%	27%
Read an e-book	27%	25%
Bought group buying coupons	19%	18%
Written a blog	14%	13%
Twittered	12%	12%

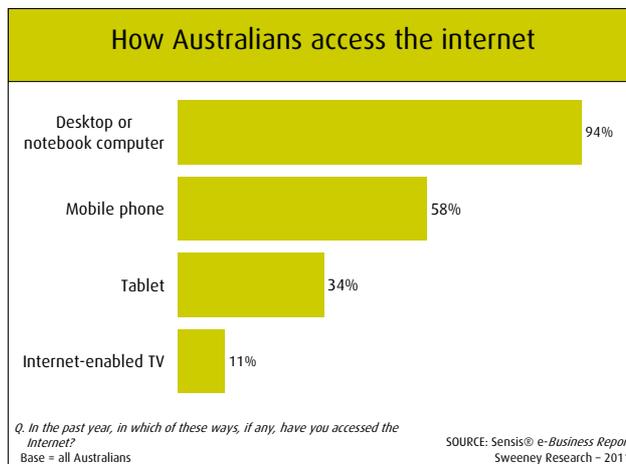
Q. In the last twelve months have you undertaken any of the following via the internet?

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

What Australians are doing on different devices

Australians now have many options to access the internet. While accessing the internet on a computer was still the most common, over half of all Australians accessed the internet on their mobile phone, with over a third using a tablet to get online.

Analysis of the results found that mobile phones were favoured to access location or information based information, while tablets were favoured for reading activities. For mobile phones, the applications which recorded the highest proportion of total internet use were satellite navigation, downloading mobile apps, social networking, checking financial results and tweeting. Reading was a more important use for tablets, and the applications which recorded the highest proportion of total internet use for tablet devices were reading e-books, downloading mobile apps, social networking, reading newspaper, looking for suppliers of goods and services and browsing news sites.



Internet applications in the last 12 months – by device

	On the internet	On a mobile phone	On a tablet
Looked for information on products and services	87%	36%	23%
Looked for suppliers of products or services	81%	32%	23%
Looked for maps or directions	79%	40%	20%
Looked for weather information	75%	40%	21%
Browsed news sites	74%	31%	21%
Paid for purchases or bills with credit card or other means	75%	17%	15%
Undertaken banking	72%	25%	15%
Ordered goods/services	71%	19%	17%
Made bookings	67%	16%	14%
Used a social networking site	62%	37%	19%
Downloaded or streamed video content	52%	19%	12%
Read a newspaper	51%	16%	15%
Searched through an auction site	50%	15%	12%
Downloaded a mobile app	45%	33%	17%
Read a blog	45%	15%	11%
Checked sports results	42%	20%	10%
Supplied personal information online	40%	11%	8%
Used satellite navigation	39%	32%	9%
Bought or sold through an online auction site	34%	8%	7%
Uploaded video content	31%	9%	6%
Checked financial results	27%	16%	6%
Read an e-book	25%	8%	11%
Bought group buying coupons	18%	4%	4%
Written a blog	13%	3%	3%
Twittered	12%	7%	3%

Q. In the last twelve months have you undertaken any of the following via the internet?

SOURCE: Sensis® e-Business Report
Sweeney Research - 2012

Internet usage on mobile phones

Australians continued to increase their usage of internet on their mobile phones over the past year.

Mobile penetration is near universal amongst Australian consumers, with 96 per cent reporting they owned a mobile phone. On average, 58 per cent of Australians with mobile phones now use their phone to access the internet, up from 50 per cent last year. The eight percentage point increase this year comes on top of last year's nine percentage point increase, with the use of internet on mobile phones.

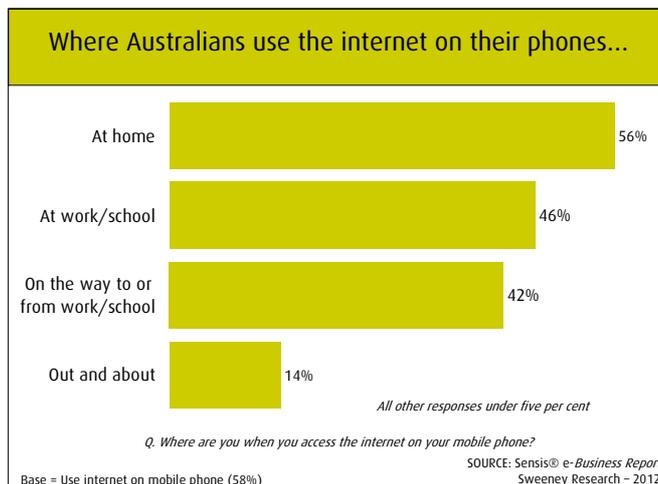
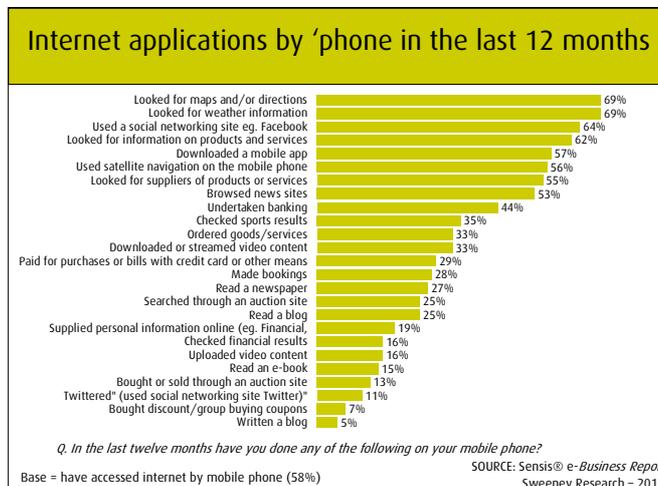
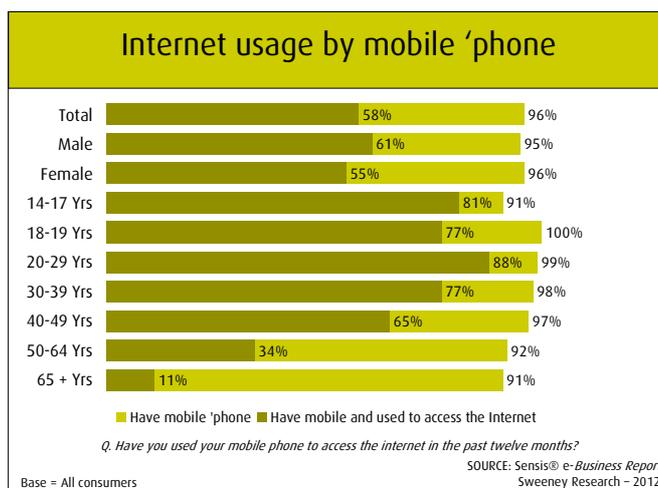
Internet usage on mobile phones was slightly higher amongst males, and amongst those aged in their 20s. Usage levels were strong and above average for every age group except those aged over 50.

While we have already examined application usage on mobile phones as a proportion of all Australians, it is also useful to look at application usage for mobiles as a proportion of those that used mobile phones to access the internet. Accessing information was a key use of internet on mobile phones, with looking for maps and weather the top applications reported by Australians. Using internet on mobiles for social networking was also a highly used application; closely followed by people looking for information on products and services.

Ordering goods and services and using satellite navigation saw the greatest growth over the past year, with both applications up nine percentage points.

News applications also featured heavily, with 53 per cent of Australians that accessed the internet on their mobile phones browsing news sites and 27 per cent reporting having read a newspaper. Some 14 per cent of Australians that use the internet on mobile phones said that they were prepared to pay for news content on a mobile phone.

Somewhat ironically, the most frequently nominated places for Australians to use the internet on their mobile phones was at home (56 per cent), highlighting the fact that Australians are using the mobile phone to access the internet as a distinct preference rather than a necessity. While some 63 per cent of consumers that used the internet on their mobile phones reported accessing it less than five times a day, 18 per cent reported using it five to nine times a day, eight per cent accessed it 10 to 14 times a day and 11 per cent reported accessing the internet on their mobile phones 15 times a day or more.



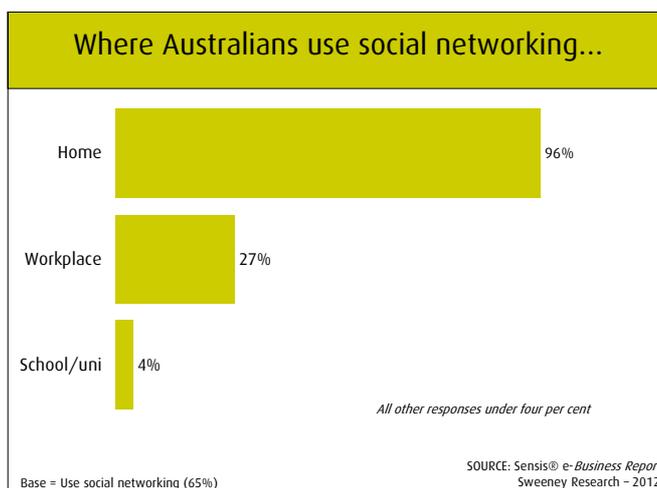
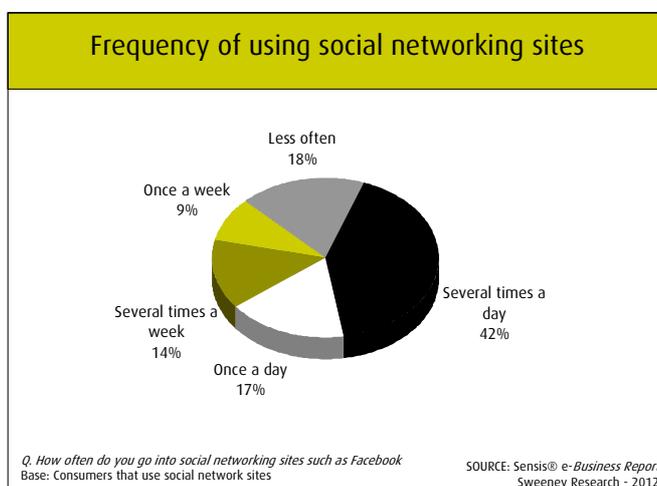
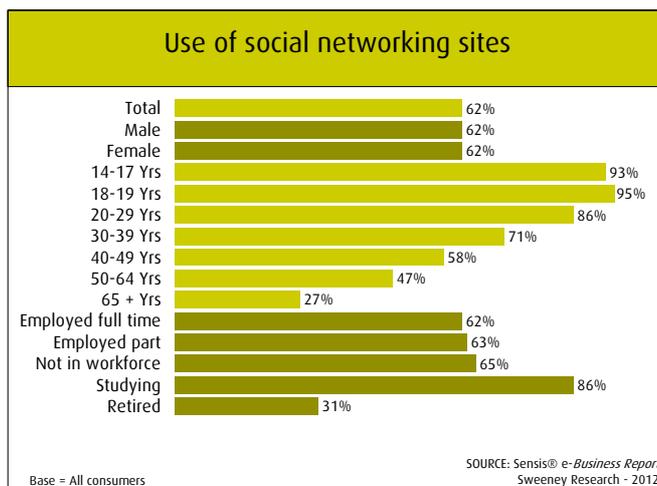
Australians' social networking behaviour

Overall, 62 per cent of Australians reported that they used social media, an increase of six percentage points in the past year.

Age continued to influence social networking activity, with younger Australians still much more likely to use a social networking site. However, the growth in usage over the past year was definitely in the older age demographics, with those aged over 65 increasing their usage of social networking from 10 per cent past year to 27 per cent this year, in effect an additional 17 per cent of the oldest age demographic entering the social networking space in the last year, which has been the main driving factor behind the growth in social networking over the past year, with usage actually softening slightly amongst some of the younger age groups.

Frequency of using social networking sites changed little over the past year, with 42 per cent of those that used social networking accessing it several times a day. The main change this year was small increases in the proportion that accessed site less than weekly, which increased four percentage points over the past year to 18 per cent. This shift was driven by the increased take-up of social networking by the older age groups, with almost half (49 per cent) of those aged 65 years or more reporting that they access social networking sites less than once a week.

Home was the most popular place to access social networking sites, nominated by 96 per cent of those that use social networking sites. Over a quarter (27 per cent) of those that used social networking sites accessed them in the workplace. One-third of full-time employees reported accessing social networking sites in the workplace, compared with a quarter of part-time employees. Tasmania reported the lowest proportion of social networking users that accessed social networking sites at home (92 per cent), but the highest proportion that accessed sites in the workplace (34 per cent, equal with South Australia).



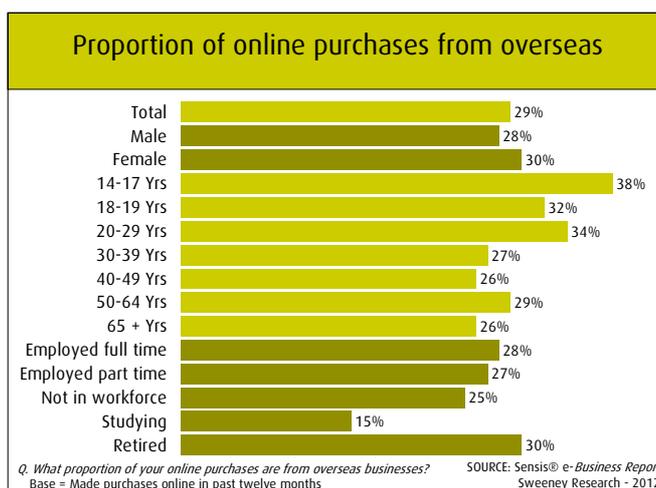
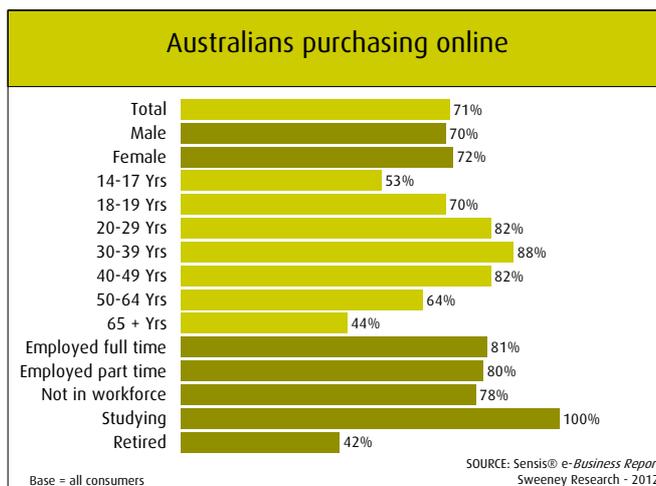
Australians purchasing online

Over seven in ten of Australians reported making purchases online, with Australians aged in their 30s again most likely to report online purchasing (88 per cent). Females were slightly more likely to report purchasing online (72 per cent, compared to 70 per cent for males). The Australian Capital Territory reported the highest proportion of Australians purchasing online (74 per cent), with residents of Queensland and South Australia the least likely to do so (68 per cent).

The most popular items bought online were clothing, accessories and shoes, with 48 per cent of online shoppers reporting purchasing these items. This was closely followed by airline tickets (45 per cent), books (43 per cent) and hotel reservations (41 per cent).

The average amount that Australians reported spending online in the past 12 months was \$2,500, which has dropped \$400 in the past year. Males reporting spending on average \$2,700 compared to \$2,300 for females, and it was the male component of online spending that fell in the past year, dropping \$700 on average, with female online spends remaining stable. Those Australians that purchased online reported making, on average, 29 per cent of their purchases from businesses located overseas. This proportion has not changed in the past year.

The purchase of online coupons grew over the past year, with 19 per cent of Australians reporting that they had purchased online coupons, up from four per cent the previous year. Some 48 per cent of those reported purchasing coupons for new businesses that they had not previously used, with 11 per cent reporting having purchased coupons for businesses where they were already customers, and 40 per cent reported that they had purchased coupons for both businesses where they were already customers and new businesses. On average, 56 per cent of coupon users reported that they had returned to the businesses where they had bought the coupons, with males far more likely to return than females (66 per cent compared to 49 per cent).



Australians working online

The internet has become a ubiquitous work tool, with 88 per cent of working Australians using the internet in some aspect of their work. Females were slightly more likely than males to use the internet at work, with full-time employees more likely than part-time employees to use the internet at work.

It is interesting to note that technology not only helps us do our jobs, but it helps us do them from places outside our normal workplace. For the purposes of this survey, “teleworking” is defined as working outside the normal workplace aided by some form of technology.

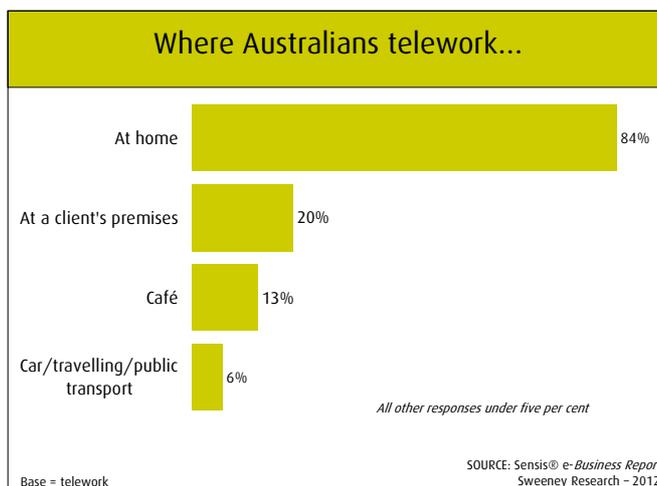
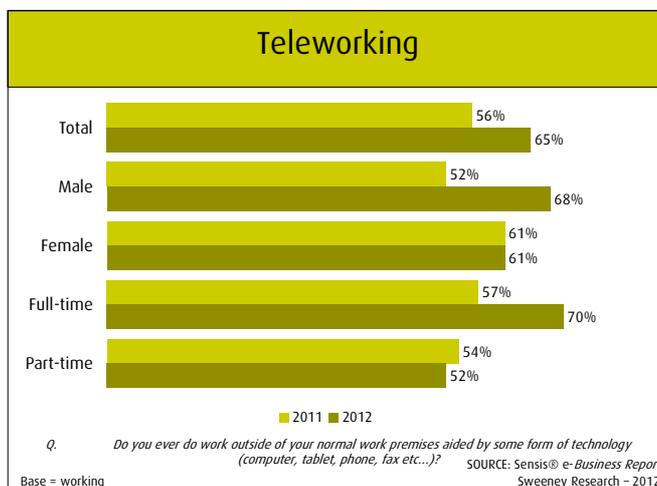
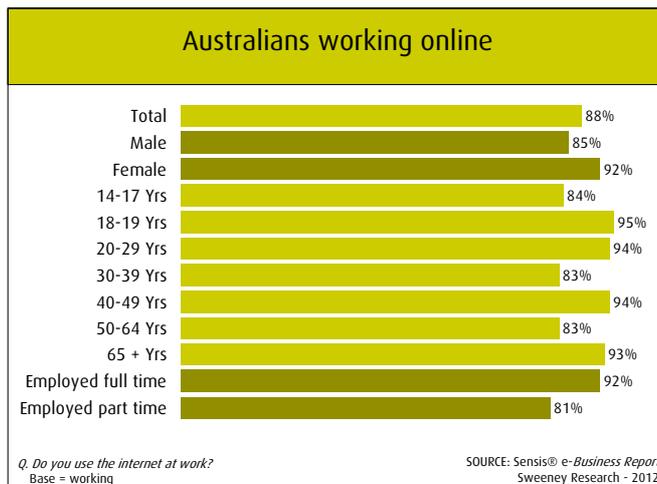
Almost two-thirds (65 per cent) of employees reported that they used technology to help them do work from another location, up from 56 per cent last year.

The increase can be attributed to a large increase in the proportion of males that reported teleworking. This rose from 52% of working males last year to 68% this year, whereas the proportion of working females reporting teleworking was unchanged at 61%.

Full-time employees were more likely to report teleworking than part-time employees, in fact part-time employees were one of the few groups to record a decline in teleworking over the past year.

Home was the most common location for teleworking, with 84% of those that teleworked reporting that they did this at home. One in five Australians that teleworked reported doing so at a client’s premises, and 13 per cent reported teleworking at cafes.

Males and females reported teleworking at home in equal proportions, however males were more likely to report teleworking at a client’s premises (23 per cent compared to 17 per cent for females) or a café (16 per cent compared to nine per cent for females).



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