

Introduction

The *Yellow Pages* Small Business Index is an ongoing series of surveys designed to track confidence and behaviour in the small business sector.

The primary objectives of the Index are to track small business activity over the past three months; expectations over both the next three and 12 months; and to measure overall confidence within the small business community. A second purpose is to provide an independent, objective channel for reporting proprietors' experience and attitudes on key issues.

Each quarter the Index examines one or more special issues. In the May 1995 survey, we focus on Technology in Small Business. To what extent have small businesses embraced computer technology and what are their plans for the future?

The Index is an initiative of Yellow Pages Australia as part of its commitment to this vital business sector and is conducted by the research firm Brian Sweeney and Associates.

About this Special Report

The Index is the largest economic survey of small business in Australia and focuses specifically on businesses employing nineteen people or fewer.

The Index uses a panel of at least 1,000 randomly selected small business proprietors who are interviewed by telephone every three months.

The panel was drawn from all metropolitan and non-metropolitan regions of Australia. Quotas are set on geographical location and type of business (ASIC) division to produce the standard sample breakdown shown opposite. Where replacement panellists are recruited this sample breakdown is maintained.

Because this is a quota sample, at the analysis stage results are weighted by ASIC division within the metro and non-metro region of each State to reflect actual small business population distribution. The ABS Business Register as at February 1994 is used to weight the sample to be representative of the total business population.

Interviewing for this latest (May) survey was conducted over the period 24th April to 5th May 1995.

Location of Business

	TOTAL	METRO	NON-METRO
NSW/ACT	200	160	40
VIC	200	160	40
QLD	200	110	90
SA/NT	150	130	20
WA	150	130	20
TAS	100	60	40
TOTAL	1000	750	250

ASIC Division

C (MANUFACTURING)	180
E (BUILDING/CONSTRUCTION)	180
F (WHOLESALE/RETAIL)	180
G (TRANSPORT/STORAGE)	100
I (FINANCE/PROPERTY/BUSINESS SERVICES)	180
L (RECREATION/PERSONAL & OTHER SERVICES)	180
TOTAL SAMPLE	1000

Equipment Owned or Expected to be Acquired

Australian small businesses are already relatively well equipped in terms of modern business technology:

- more than eight out of ten (85%) already have a **fax machine**
- nearly three-quarters have a **desk top computer** (71%) and **mobile phone** (71%)
- close to a third (30%) own a **modem**
- a quarter (26%) have a computer equipped with a **CD Rom drive**
- nearly one in five have a **lap top computer** (17%) and a **pager** (16%)
- 7% have a **fixed line computer link** to customers, suppliers or other organisations.

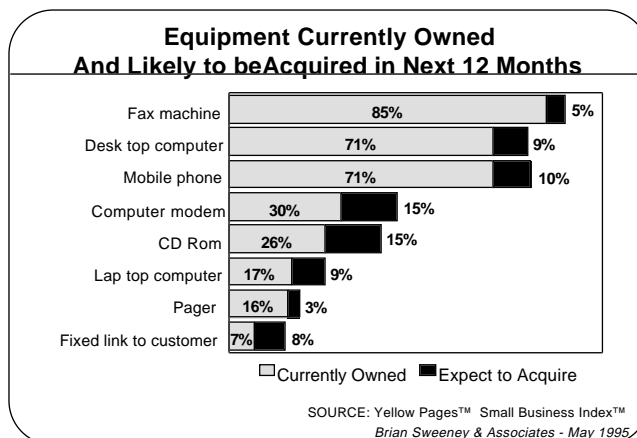
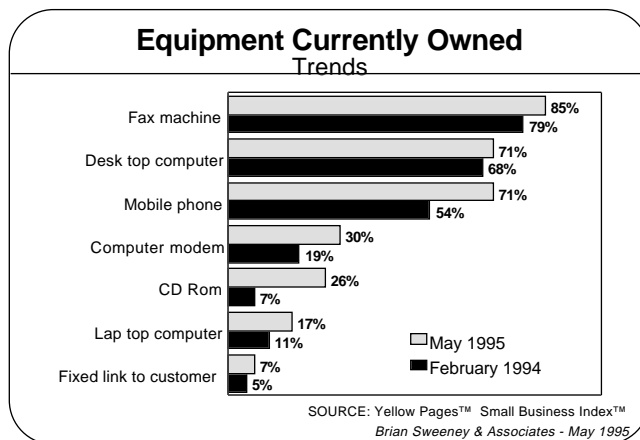
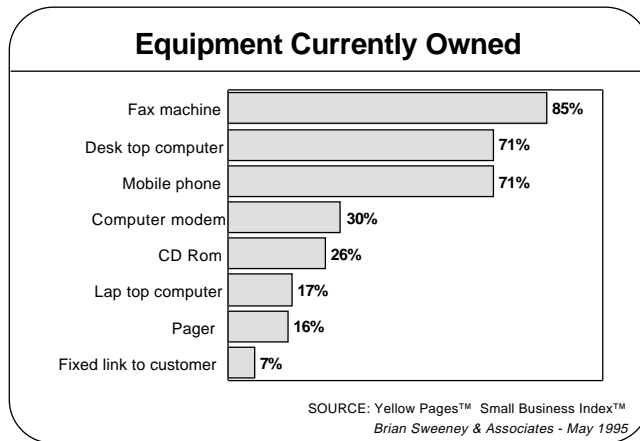
Only one in twenty small businesses (6%) are relatively unsophisticated, in that they are not equipped with **any** of these items.

The level of ownership of this type of equipment is rising. The chart opposite compares the latest (May 1995) data with that obtained in the February 1994 Small Business Index investigation of the same topic.

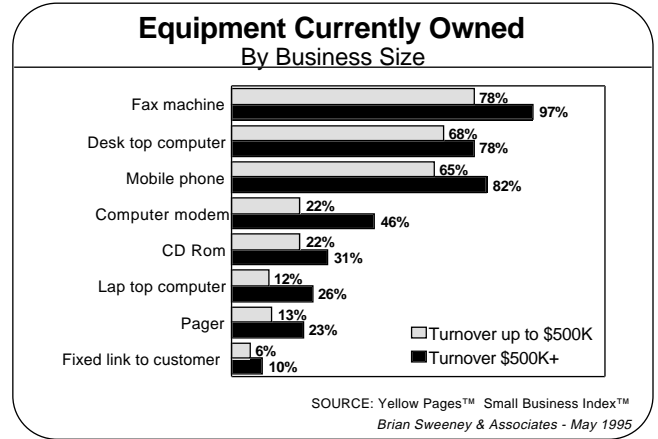
As illustrated, there has been growth in ownership of all items over the fifteen months or so between the two studies. In particular, there have been very substantial increases in the ownership of mobile phones, modems and CD Rom drives. Ownership of CD Roms has increased almost fourfold between February 1994 and May 1995.

Furthermore, there are signs that growth in this area will continue. If proprietors' expectations are realised, 90% will have a fax machine within twelve months; 80% will have a desk top computer and a similar proportion will have a mobile phone. Computer modems and CD Roms show the highest level of potential ownership growth with 15%, in both cases, expecting to acquire in the next year.

This means that in the period between February 1994 to the middle of 1996 ownership of CD Rom equipment in small business could have increased from less than 10% to over 40%.



The results suggest that the higher turnover small businesses are considerably more likely to own all of these equipment items than are the smaller enterprises. Fax machine ownership, for example, is almost universal for those with a turnover in excess of half a million dollars per annum.



It is also of interest to compare ownership levels by type of industry. In terms of computer equipment, we note that those in the **business services** sector are most computer oriented. Over 90%, for example have a desk top computer. Those in the **building/construction** sector are least likely to have computers in their businesses. The ownership of CD Rom technology is high in **manufacturing** as well as in **business services**.

Ownership By Sector Computer Equipment

	Desk Top	Lap Top	CD Rom
All Businesses	71%	17%	26%
Manufacturing	73%	11%	33%
Building/Construction	57%	7%	16%
Wholesale/Retail	65%	12%	26%
Transport/Storage	62%	18%	16%
Business Services	91%	32%	35%
Personal Services	60%	11%	16%

SOURCE: Yellow Pages™ Small Business Index™
Brian Sweeney & Associates - May 1995

The chart opposite shows that almost all businesses in the **business services** sector have a fax machine. Mobile phone ownership peaks in the **building/construction** sector but is also high in the **transport/storage** sector. Ownership of both modems and fixed links to customers is above average in the **business services** sector. **Transport/storage** sector businesses also show above average ownership of fixed links to customers, suppliers or other businesses.

Ownership By Sector Telecommunications Equipment

	Fax	Mobile Phone	Pager	Modem	Fixed Link
All Businesses	85%	71%	16%	30%	7%
Manufacturing	87%	66%	15%	29%	3%
Building/Construction	67%	80%	12%	15%	3%
Wholesale/Retail	89%	71%	20%	24%	6%
Transport/Storage	85%	76%	9%	29%	13%
Business Services	96%	73%	19%	52%	13%
Personal Services	66%	59%	12%	20%	1%

SOURCE: Yellow Pages™ Small Business Index™
Brian Sweeney & Associates - May 1995

How do ownership levels vary across the states?

In terms of the main computer equipment items, differences across the states are not huge - although businesses in Tasmania are somewhat less likely than average to own desk top computers. CD Rom appears to be used more frequently in the major eastern states.

Ownership By State Computer Equipment

	Desk Top	Lap Top	CD Rom
All Businesses	71%	17%	26%
NSW/ACT	73%	19%	31%
Victoria	70%	15%	26%
Queensland	71%	14%	22%
SA/NT	66%	15%	18%
Western Australia	66%	21%	17%
Tasmania	61%	16%	18%

SOURCE: Yellow Pages™ Small Business Index™
Brian Sweeney & Associates - May 1995

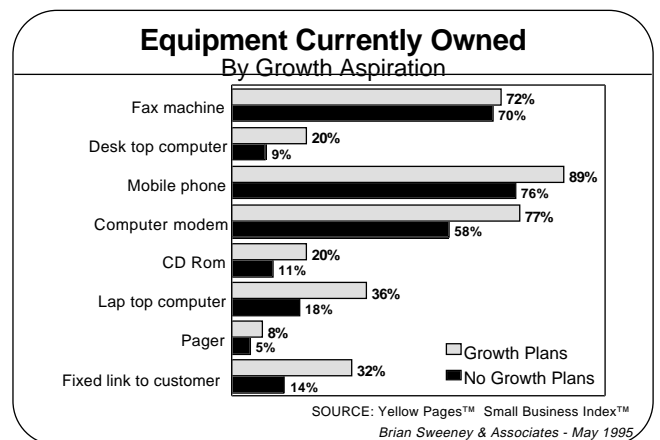
Ownership of telecommunications equipment by state shows the mobile phone to be most firmly entrenched in Victoria with relatively lower ownership in Tasmania, WA and SA/NT.

Ownership By State Telecommunications Equipment

	Fax	Mobile Phone	Pager	Modem	Fixed Link
All Businesses	85%	71%	16%	30%	7%
NSW/ACT	91%	70%	20%	34%	9%
Victoria	80%	78%	13%	33%	6%
Queensland	82%	75%	14%	21%	5%
SA/NT	82%	63%	20%	33%	6%
Western Australia	87%	64%	10%	25%	7%
Tasmania	73%	46%	18%	21%	6%

SOURCE: Yellow Pages™ Small Business Index™
Brian Sweeney & Associates - May 1995

Finally, it is significant to note that businesses with growth plans are significantly more likely than those with no growth aspirations to be technology oriented.



The Internet

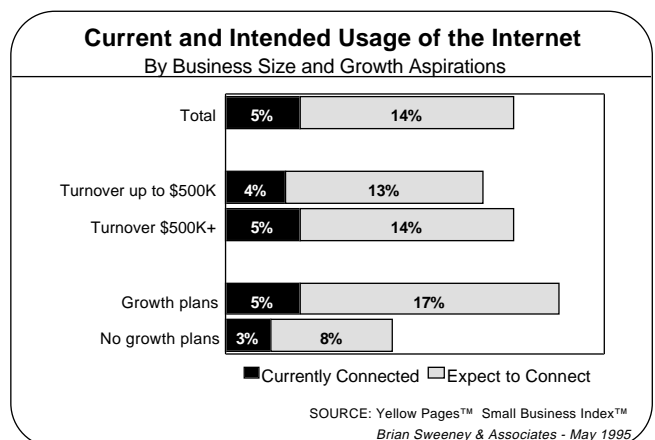
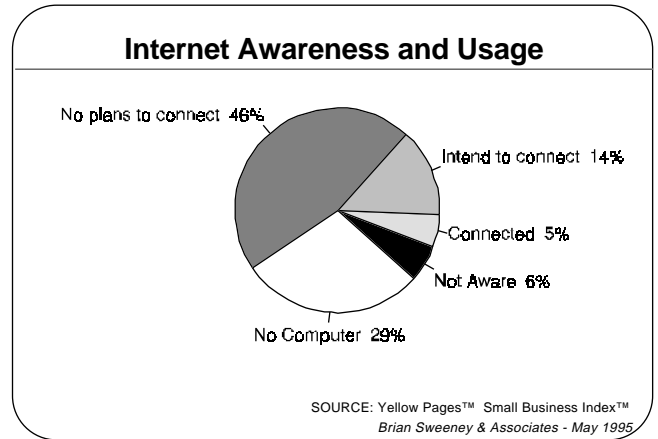
A series of questions were asked about awareness and usage of the Internet.

Overall, 71% of small business proprietors own a computer. Of these, the majority (91%) have heard of the Internet.

Five percent of all small businesses are, in fact connected to the Internet but there are signs that usage is set to grow dramatically. Fourteen percent of all small business proprietors intend to connect by the middle of 1996.

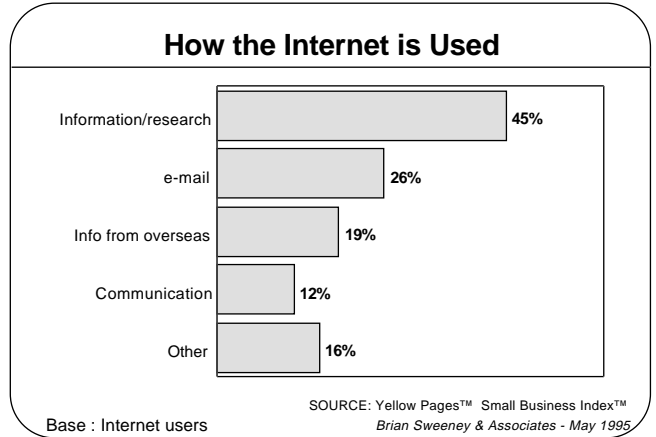
In total, then, it is possible that the Internet will be accessed by some 19% of all small businesses within a year.

Whilst behaviour and expectations do not vary greatly according to turnover, a higher proportion of businesses with plans for growth intend to connect to the Internet.



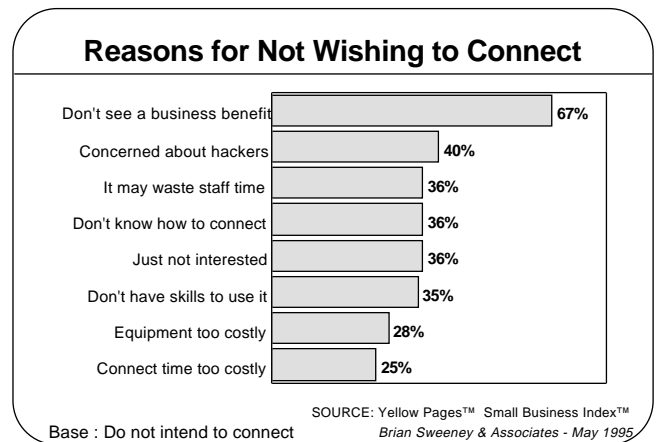
Those who are currently connected to the Internet were asked to indicate what they use the facility for.

Information or research was the primary usage category although a sizeable proportion use the Internet for e-mail or communication purposes.

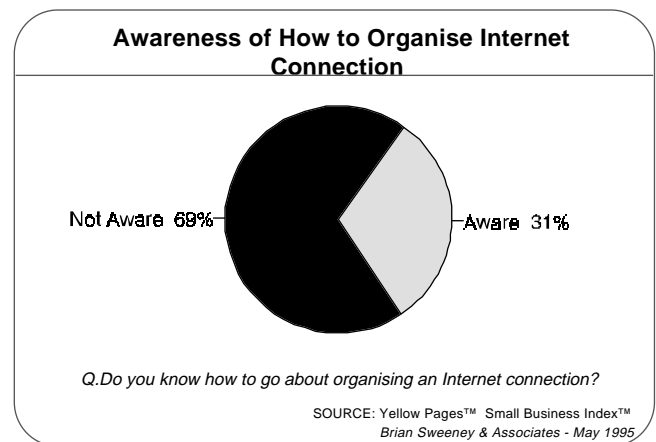


Those proprietors with no intention to connect were asked to indicate which, out of a series of eight possible factors, applied to them as a reason for not connecting.

The perceived lack of a business benefit was the number one reason given, although all eight of the factors apply to a fair degree.



Awareness of how to go about connecting to the Internet was examined amongst those business proprietors not currently connected. They were asked if they know how to organise an Internet connection. Just 31% claimed that they did; 69% had no knowledge of how to go about organising an Internet connection.



Hardware and Software Installation

All small business proprietors using computers were asked:

"When you need to make changes to your computer hardware - such as installing a new printer or connecting a modem, do you typically do this yourself or do you ask someone else to do it?"

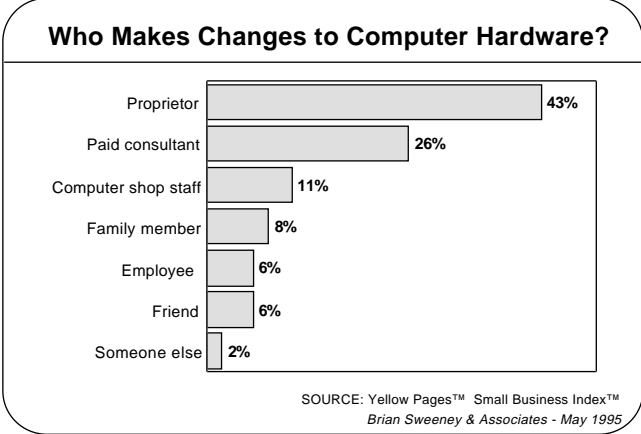
As illustrated in the chart, 43% of proprietors do this type of work themselves; 57% use the services of others - most often paid consultants.

Interestingly, we note that male small business proprietors are more likely to take on this task themselves than their female counterparts. Forty-five percent of males *versus* 36% of females carry out their own hardware modifications.

Analysis by size of business reveals that those proprietors with fewer employees are more likely than average to do the work themselves, or call upon family or friends to help. Proprietors of businesses employing 5-19 people are more likely to rely on consultants.

In a similar vein, computer owners were asked who loads software. For software installation 59% fall into the "Do-It-Yourself" category. Paid consultants (17%), family members (8%) and employees (8%) are the main sources identified by proprietors who do not undertake the task themselves.

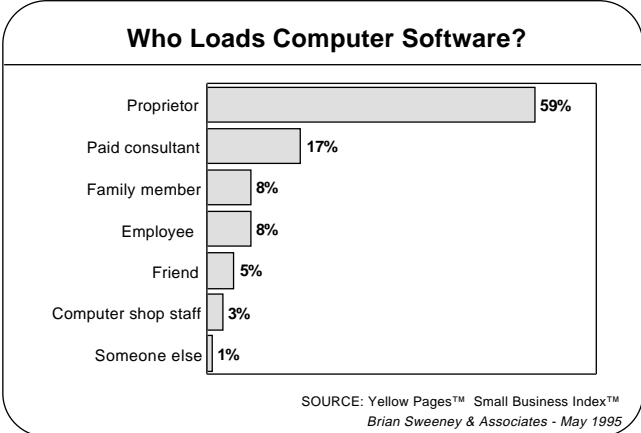
In this instance, male and female proprietors are equally likely to take on the task themselves.



Changes to Computer Hardware By Size of Business

	All Businesses	1-2	3-4	5-9	10+
Proprietor	43%	48%	42%	38%	36%
Paid Consultant	26%	16%	28%	36%	38%
Family member	11%	11%	13%	12%	4%
Employee	8%	14%	5%	4%	1%
Friend	6%	5%	6%	5%	18%
Computer shop staff	6%	9%	5%	3%	3%
Someone else	2%	2%	1%	3%	1%

SOURCE: Yellow Pages™ Small Business Index™
Brian Sweeney & Associates - May 1995



Again, we see that proprietors of businesses with less than five employees are more likely to install computer software themselves.

Installation of Computer Software					
By Size of Business					
	All Businesses	1-2	Employees		
			3-4	5-9	10+
Proprietor	59%	63%	70%	43%	46%
Paid Consultant	17%	9%	14%	35%	18%
Family member	8%	14%	4%	4%	4%
Employee	8%	3%	8%	9%	22%
Friend	5%	7%	1%	5%	3%
Computer shop staff	3%	3%	4%	3%	7%
Someone else	1%	0%	0%	2%	1%

SOURCE: Yellow Pages™ Small Business Index™
Brian Sweeney & Associates - May 1995

Other Yellow Pages Small Business Index "Special Reports"

Since the inception of the Small Business Index a range of Special Reports has been produced. Major reports include:

FINANCE AND BANKING ISSUES - AUGUST 1993

SOCIAL ISSUES - NOVEMBER 1993

WOMEN IN BUSINESS - JULY 1994

INDUSTRIAL RELATIONS AND THE NEW NATIONAL TRAINING WAGE - SEPTEMBER 1994

ATTITUDES TO GOVERNMENT - OCTOBER 1994

THE IMPACT OF THE DROUGHT ON RURAL SMALL BUSINESS - NOVEMBER 1994

SMALL BUSINESS GROWTH ASPIRATIONS AND THE ROLE OF EXPORTS - FEBRUARY 1995

Other special topics investigated include NSW Bushfires, the Sydney Olympics, Exports, Business Technology, Australian Made and other Credential Advertising, and Employment Skills and Training.

For further information on these reports please contact:

Carolyn Shaw
Holt Public Relations
499 St. Kilda Road
Melbourne, Victoria 3004
FAX: (03) 9866 2410
PH: (03) 9866 2811

Pacific Access Pty Ltd was established in Melbourne, Australia in 1991. The company brings together Australian expertise in sales, marketing and compilation of directional advertising, with the experience of its partners in international markets. Pacific Access Pty Ltd continues to invest in skills and resources to extend its reach into the Pacific Rim Region.

In Australia, Pacific Access Pty Ltd trades as Yellow Pages Australia. Yellow Pages Australia is commercially responsible for the sales, marketing, billing, compilation and customer service operation to produce 68 directories nationally. *Yellow Pages* is a 100% Australian-owned product.

Yellow Pages Australia services more than a quarter of a million customers every year. Eighty per cent of *Yellow Pages* customers are small businesses. Yellow Pages Australia values the support of small businesses, and are therefore committed to supporting this vital sector of the business community.

This support is demonstrated through a number of initiatives like the Small Business Index, Small Business Success magazine and Ausbiz Small Business Seminars.

If you have any inquires relating to Yellow Pages Australia and its initiatives, please phone (03) 9246 4744.

Yellow Pages Australia, a business name of Pacific Access Pty. Ltd., ACN 007423912, official advertising contractor to Telecom Australia, and officers hereby disclaim, to the full extent permitted by law, all liability, costs and expenses whatsoever arising from or in connection with copy, information or other material in this report.

SMALL

BUSINESS

INDEXTM

A Special Report On
Technology in the
Small Business Sector
July 1995

Yellow Pages Australia, a business name of Pacific Access Pty. Ltd., ACN 007423912, official advertising contractor to Telecom Australia, and officers hereby disclaim, to the full extent permitted by law, all liability, costs and expenses whatsoever arising from or in connection with copy, information or other material in this report.

Contents

Introduction	1
About this Special Report	1
Equipment Owned or Expected to be Acquired	2
The Internet	5
Hardware and Software Installation	7



