

Sensis e-Business Report 2016

The Online Experience
of Small and Medium
Enterprises



sensis

Table of contents

| | |
|---|----|
| Introduction..... | 3 |
| About the survey..... | 4 |
| Executive summary | 6 |
| | |
| Levels of computer ownership..... | 8 |
| Equipment ownership..... | 10 |
| Computer ownership trends..... | 13 |
| Expenditure in 2015 calendar year..... | 15 |
| Expected expenditure in 2016 calendar year..... | 17 |
| | |
| Getting connected..... | 19 |
| Internet connection levels | 21 |
| Broadband connections | 23 |
| | |
| Using the internet..... | 25 |
| How the internet is used – current and expected usage | 27 |
| Current usage by business size | 27 |
| Trends in usage | 30 |
| What are the essential uses? | 30 |
| | |
| Using websites | 33 |
| Website ownership | 35 |
| Website features and benefits | 37 |
| Website monitoring and updating, optimisation and overhauls | 40 |
| Website expenditure | 42 |
| | |
| Social media in businesses | 44 |
| Incidence of use..... | 46 |
| | |
| Electronic commerce..... | 48 |
| Use of the internet for procurement..... | 50 |
| SMB use of the internet to sell..... | 55 |
| Who businesses sell to online..... | 60 |
| Degree of interest in engaging in e-commerce..... | 62 |
| Concerns about e-commerce | 65 |
| Online advertising | 67 |
| Digital business strategies..... | 70 |
| | |
| Technology in Australian households | 75 |
| Equipment ownership and internet usage | 77 |
| What Australians are doing online | 80 |
| What Australians are doing on different devices | 82 |
| Internet usage on mobile phones | 84 |
| Internet usage on tablets..... | 86 |
| Social networking behaviour | 88 |
| Australians purchasing online..... | 90 |
| | |
| About Sensis | 94 |

Introduction

The Sensis e-Business Report is part of a series of reports produced by Sensis which include the quarterly Sensis Business Index and the annual Sensis Social Media Report.

The Sensis Business Index is an ongoing series of surveys tracking the confidence and behaviour of Australia's small and medium businesses (SMBs).

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 SMBs. In addition, the Sensis Business Index provides an independent, objective assessment of SMB experiences and attitudes on key issues.

Over the past 20 years Sensis has examined the experiences of small and medium businesses with electronic technology, with the first benchmarking report on technology and small businesses produced in February

1994. In recent years, during the June quarter, surveys of SMBs and consumers have been conducted into technology usage and electronic commerce (e-commerce). These surveys form the basis of the annual Sensis e-Business Report.

The Sensis eBusiness Report speaks to at least 1,000 small and medium businesses on their levels of engagement with e-commerce. It also speaks to 800 Australian consumers on their experiences with, and adoption of technology.

The Sensis e-Business Report is an initiative of Sensis as part of the company's commitment to increase understanding of the Australian business and social environments. Surveying is conducted by TKW Research and reporting by Di Marzio Research.

About the survey

The information in this report is based on telephone interviews conducted over the period of May 26 to June 30, 2016 with 1,002 small and medium business proprietors and managers and 800 consumers.

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

Results for each survey are weighted so that the sample is reflective of the total SMB population. Prior to 2015 the weighting was by selected ANZSIC (industry sector) divisions within the metropolitan and non-metropolitan region of each state and territory as per the Australian Bureau of Statistics (ABS) Business Register of June 1998.

Now, the weighting is also by industry, location and business size but, based on the most current ABS data contained in the publication '8165.0 - Counts of Australian Businesses, including Entries and Exits, June 2009 to June 2013.' Some adjustments to this weighting data were also made by Sensis to exclude firms with a turnover of under \$50,000 per annum, which are primarily made up of non-operating and non-employed firms.

Manufacturing; Wholesale; Retail; Trade; and Communication, Property and Business Services comprise noticeably smaller proportions of the SMB population now than in 1998 while, the other six industry groups are larger and more influential than before on the total sample results. Additionally, regional-based SMBs comprised a significantly lower proportion of the total than they do now.

Therefore, the new weighting has ensured that the 2015 and 2016 results are more representative of the current SMB population.

Prior to 2015 the consumer sample totalled 1,000 and included teens aged 14-17, but that segment has been excluded so the base represents adults aged 18 plus. This has impacted on the comparability of the results prior to 2015 given that 14-17 year olds are above average internet users.

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

The results have been weighted according to the Australian Bureau of Statistics (ABS) population figures (2011 Census) so they closely reflect the population distribution within each state and territory.







Location of business

| | Total | Metro | Non-metro |
|------------------------------|--------------|------------|------------|
| New South Wales | 171 | 110 | 61 |
| Victoria | 170 | 110 | 60 |
| Queensland | 171 | 89 | 82 |
| South Australia | 125 | 90 | 35 |
| Western Australia | 127 | 92 | 35 |
| Tasmania | 80 | 40 | 40 |
| Northern Territory | 78 | 38 | 40 |
| Australian Capital Territory | 80 | 80 | 0 |
| Total | 1,002 | 649 | 353 |

Division

| | |
|--|--------------|
| Manufacturing | 105 |
| Building and Construction | 154 |
| Wholesale Trade | 70 |
| Retail Trade | 138 |
| Hospitality (Accommodation, Cafes and Restaurants) | 67 |
| Transport and Storage | 75 |
| Finance and Insurance | 82 |
| Communication, Property and Business Services | 142 |
| Health and Community Services | 84 |
| Cultural, Recreational and Personal Services | 85 |
| Total | 1,002 |

Size of business – number of full time employees

| | |
|--|------------|
|  1-2 Employees | 302 |
|  3-4 Employees | 133 |
|  5-9 Employees | 175 |
|  10-19 Employees | 290 |
| Total Small (1-19) | 900 |
|  + 20-99 Employees | 97 |
|  + 100-200 Employees | 5 |
| Total Medium (20+) | 102 |

Consumer sample structure – demographics

| | Total |
|---------------|------------|
| Male | 400 |
| Female | 400 |
| Total | 800 |
| 18 – 29 years | 160 |
| 30 – 39 years | 160 |
| 40 – 49 years | 160 |
| 50 – 64 years | 160 |
| Over 64 years | 160 |
| Total | 800 |

Consumer sample structure – location

| | Total | Metro | Non-Metro |
|------------------------------|------------|------------|------------|
| New South Wales | 160 | 100 | 60 |
| Victoria | 140 | 90 | 50 |
| Queensland | 120 | 50 | 70 |
| South Australia | 100 | 75 | 25 |
| Western Australia | 100 | 75 | 25 |
| Tasmania | 80 | 50 | 30 |
| Northern Territory | 50 | 30 | 20 |
| Australian Capital Territory | 50 | 50 | 0 |
| Total | 800 | 520 | 280 |

Executive summary

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

Technology in SMBs

Overall, 98% of SMBs reported owning a computer of some description. This compares with 88% last year.

Ownership of desktops (94%), notebooks (49%) and tablets (41%) is more prevalent in medium size businesses, especially notebooks and tablets. This also applies to penetration of other types of technology such as smartphones, Local Area Networks (LAN), satellite navigation and advanced telephony systems. Like last year we see that these devices are used in a clear majority of medium sized firms but only the increasingly popular smartphones are found in most small businesses. Nevertheless, many firms continue to use a variety of technological tools.

Total expenditure in 2015 on both hardware and software by SMBs averaged just over \$9,100, which was not quite as high as last survey (just over \$9,800). For the 2016 year, this expenditure is expected to be slightly more than \$8,300. The expectation is much higher in medium businesses at \$56,100, compared to just under \$6,700 for small businesses.

SMBs online

Ninety three percent of SMBs are connected to the internet, which is nine points higher than last survey. Among medium size businesses internet connectivity is at 99%, compared with 93% in small businesses.

Like last year we discovered 87% of SMBs with internet access have a broadband connection with ADSL (57%) and wireless (54%) much more popular than alternatives such as cable (19%) or National Broadband Network (NBN) (8%). Last survey we found 3% of SMBs were connected to the NBN – therefore this has more than doubled in the past 12 months. The usage of ADSL was three points higher, while wireless access was ten points higher than in 2015.

The importance of the internet for business to business (B2B) transactions continues to be highlighted with the most prominent reasons for use being email, banking, looking for information about products and services, seeking suppliers of products and services and paying for products and services. Use of the internet for marketing purposes is still not at a majority level but is growing.

Taking and placing orders for products and services can each expect growth of 12% and 5% respectively in new business users over the next year according to SMBs who

use the internet but have not placed such orders online in the past. Even greater growth is indicated for use of the internet for marketing – specifically in monitoring markets or competition (mentioned by 13%) and in promoting the business via email marketing (mentioned by 17%).

Email communication (90%) and internet banking (86%) are considered essential applications by the majority of online SMBs. Looking for information about products and services (71%) and suppliers of products and services (70%) are the next most likely uses to be considered essential by SMBs when using the internet.

SMB websites

Sixty one percent of SMBs have a website, which is up from 56% in 2015. Medium businesses have embraced websites more than small firms – 91% compared to 60%. A further 4% of online SMBs intend to develop a website within the next year and they are all small businesses.

Sixty percent of SMBs with websites believe this has improved the effectiveness of their business, primarily by increasing their exposure, followed by providing customers with information. This is consistent with last year's findings. Expenditure on building and maintaining their website averaged \$3,300 for SMBs in 2015, which was up from \$2,500 the year before. As in the prior survey, the annual average is more than three times higher in medium businesses (\$9,500) than small businesses (just over \$3,000). Expected average expenditure by SMBs on websites for 2016 is down to around \$2,800.

More than four in ten (43%) SMBs have optimised their website for mobile and other devices with small and medium size businesses identical in this respect. This incidence increased from 35% last survey. Almost one in four (24%) intend to optimise their website this way in the coming year, with medium businesses more inclined to take this step than small businesses (33% compared with 24%).

More than four in ten (41%) of SMBs with an existing website upgraded it in the last year.

Social media and SMBs

Close to half the SMBs (48%) are now using social media and this has grown from 31% in 2015. Facebook is by far their preferred social media platform (88%), well ahead of others like Twitter (25%), LinkedIn (23%) or Instagram (13%).

SMB buying and selling online

Seventy five percent of SMBs make purchases online – this incidence is 15 points higher than in 2015. For these SMBs, an average of 45% of their total procurement was transacted online, up one percentage point from last year. The incidence of online purchasing is 74% among small businesses and 93% in medium size businesses.

More than one third (35%) of these SMBs place a majority of their business orders online (was 30% in 2015). Office supplies are the most commonly purchased product (80%), but more than half also go online to buy stock (58%), machinery, tools and equipment (57%), as well as make travel bookings (55%).

The percentage of SMBs taking orders online was 51%, which is eight points higher than last survey. It is 50% in small firms and 69% in medium size businesses.

Online sales as a share of total sales activities continue to rise steadily, from 32% to 43% over the last four years. More than a third (34%) of SMBs who use e-commerce made the majority of their sales online, which was up three percentage points in the past year.

The number of SMBs receiving payments online for sales made over the internet was 67% and this proportion has increased from 51% last year.

Once again we found the majority of SMBs' mostly sell to customers in their local area (67%). Around one quarter (25%) made sales to customers overseas, which is slightly down from the 2015 finding (27%).

Hacking remains the biggest concern that SMBs have about e-commerce, with over two thirds (69%) rating it as a concern.

SMBs' use of online advertising and other applications

Thirty four percent of online SMBs advertise on social networks, which has increased from 31% in 2015 and is now the most common form of digital advertising, slightly higher than online advertising (32%, down three points).

Around a third use cloud computing or unpaid search engine optimisation (SEO). Uptake of both applications has increased slightly (three and four points respectively). Other applications were each mentioned by about one in five SMBs or fewer. Mobile applications (13%) and mobile advertising (7%) have not really grown in the last year.

A majority of SMBs believe it's important to be on page one of a Google search, with 20% saying it's very important and 39% saying this is somewhat important.

Digital business strategies

Less than one in five online SMBs (19%) reported having a digital business strategy which is consistent with recent findings.

Australians' use of technology – the consumer story

Virtually all adult Australians now have a computer of some description (99.8%) with many using multiple devices. Smartphones remain the most popular device (78%) and ownership has increased in the last year (72%), while desktops (67%), tablets (58%) and notebooks (53%) have retained majority appeal. Slightly fewer Australians own the following vision-related devices compared to last year – Digital TV (61%, was 70%), internet-enabled TV, DVDs and Blu-ray players (45%, was 47%), Pay TV (27%, was 31%) and 3D TVs (11%, was 17%). This may be because of the growth in video streaming services like Netflix, Stan and Presto.

Navigation devices also lost some appeal – in car (35%, was 40%) and hand-held (22%, was 24%) reflecting widespread use of mobiles for maps, directions and satellite navigation. Wearable devices such as a Fit Bit or Apple Watch are making a mark with 16% penetration now and 5% of Australian consumers intending to obtain one in the next year.

Ninety eight percent have used the internet in the last year, which compares with 93% in the 2015 survey. In a number of segments such as full-time and part-time workers and students, it is 100%. Among retired people the incidence is 94%.

Nearly all internet users go online using a desktop or notebook computer (90%) but access via mobile phones has grown in the past year from 69% to 73%, as has use via internet-enabled TV (20% to 24%). Internet access via tablet has remained steady at 57%.

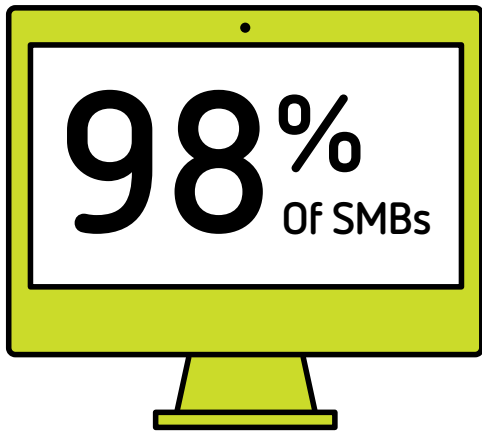
We found 71% of adult Australians made purchases online in the past year, which was an increase of 10 points, and they spent on average just over \$3,300 for the year. Airline tickets, clothing and hotel reservations again proved to be the most popular types of online purchases. Twenty three percent of online purchases were reported to come from overseas businesses which compares with 21% in 2015.

Apart from increased use of the internet for e-commerce, there was also growth in social networking use, while information and entertainment remain strong catalysts for usage.

This year we discovered that almost seven in ten adult Australians hold at least some concern about the theft or misuse of their private information (83%) or about the security of their credit card information (83%). More than one in three (34%) express major concern about each risk.

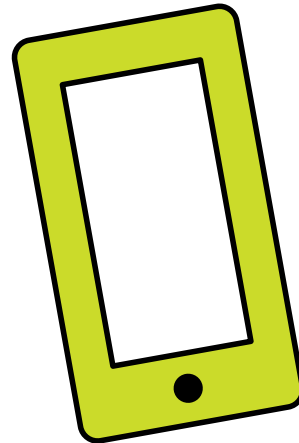
Levels of computer ownership

Levels of computer ownership for Australian SMBs



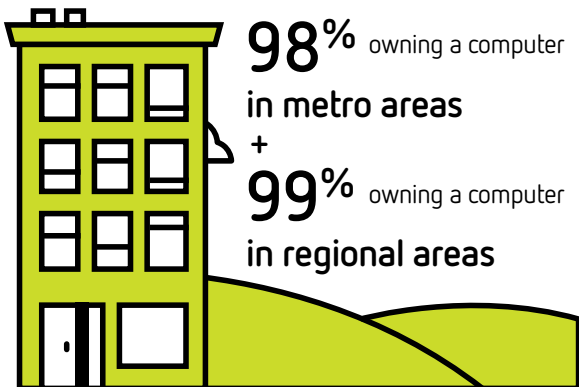
own a computer

with

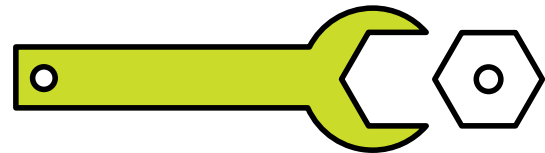


80%

own smartphones



98% owning a computer
in metro areas
+
99% owning a computer
in regional areas



On average SMBs spent
\$4,600 on hardware

and

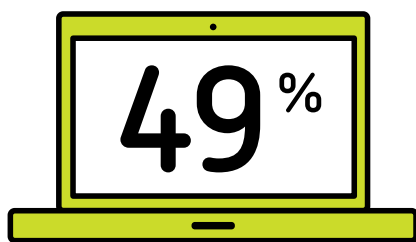
\$4,600 on software

but for small business



31% spent less than
\$2,000
on hardware

and



Of SMBs have a notebook

and



own tablets



spent nothing

Equipment ownership

This year 98% of SMBs reported ownership of a computer of some description. Ownership is 98% in small firms and 100% in medium size firms.

Desktop computers remain the most prevalent, among 94% of SMBs, with notebook computers owned by 49%. Desktops are more prevalent than last year but notebooks are losing appeal (down from 67% in 2014 to 52% last year and 49% now). Notebooks have much greater penetration in medium size firms than small firms – 77% to 48%.

Ownership of computers was similar in metropolitan (98%) and regional areas (99%) but notebooks are far more prevalent in rural areas – 61% versus 41%.

Across the nation, the highest level of computer ownership observed was in WA and Victoria (100%), while the lowest was in Tasmania (94%).

By industry sector, computer ownership varied from 97% to 100%. Greater variation can be seen in notebook penetration than desktops.

Ownership of different telecommunication equipment appeared to decline last year, which was related to the different weighting applied from 2015. Comparing 2015 with 2016 however, we see some growth in penetration of smartphones, Local Area Networks (LANs), Voice Over Internet Protocol (VOIP) and satellite navigation systems but not in tablets, advanced telephony systems or standard mobiles.

Each type of telecommunications equipment listed is much more commonly found in medium size businesses than small businesses.

Ownership of computers was similar in metropolitan (98%) and regional areas (99%) but notebooks are far more prevalent in rural areas – 61% versus 41%.

Computer ownership – by business size and location

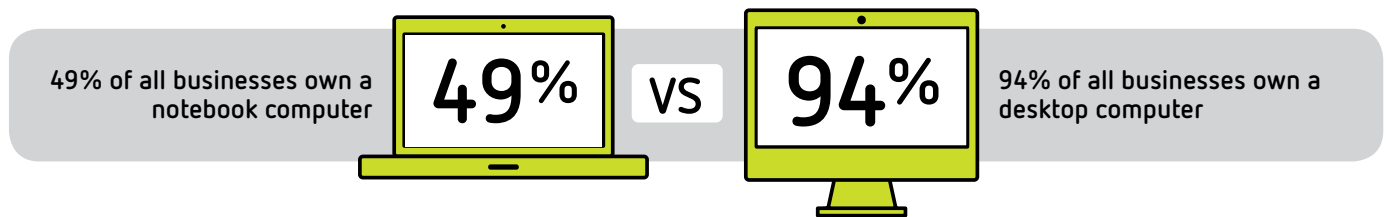
| | Desktop computer | Notebook computer | Any computer* |
|---------------------------|------------------|-------------------|---------------|
| All Business | 94% | 49% | 98% |
| 1-2 Employees | 91% | 58% | 98% |
| 3-4 Employees | 91% | 62% | 98% |
| 5-9 Employees | 97% | 44% | 98% |
| 10-19 Employees | 97% | 34% | 99% |
| Total Small (1-19) | 94% | 48% | 98% |
| + 20-99 Employees | 97% | 76% | 100% |
| + 100-200 Employees | 100% | 100% | 100% |
| Total Medium (20+) | 97% | 77% | 100% |
| Total Metropolitan | 95% | 41% | 98% |
| Total Rural | 94% | 61% | 99% |

Note*: Any Computer = desktop, notebook or tablet

Computer ownership – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---------------|------------|-----|------|-----|-----|------|-----|-----|-----|
| Desktop | 94% | 94% | 97% | 93% | 89% | 94% | 90% | 90% | 87% |
| Notebook | 49% | 41% | 52% | 58% | 51% | 44% | 61% | 48% | 54% |
| Any Computer* | 98% | 99% | 100% | 97% | 96% | 100% | 94% | 99% | 96% |

Note*: Any Computer = desktop, notebook or tablet



Computer ownership – by industry sector

| | Desktop computer | Notebook computer | Any computer* |
|--|------------------|-------------------|---------------|
| All Business | 94% | 49% | 98% |
| Manufacturing | 85% | 55% | 97% |
| Building and Construction | 95% | 53% | 98% |
| Wholesale Trade | 96% | 44% | 100% |
| Retail Trade | 97% | 36% | 99% |
| Transport and Storage | 96% | 42% | 97% |
| Communication, Property and Business Services | 95% | 57% | 99% |
| Finance and Insurance | 95% | 48% | 100% |
| Health and Community Services | 91% | 61% | 98% |
| Cultural, Recreational and Personal Services | 92% | 41% | 99% |
| Hospitality (Accommodation, Cafes and Restaurants) | 96% | 38% | 97% |

Note*: Any Computer = desktop, notebook or tablet

Telecommunication equipment ownership

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | |
|---|------|------|------|------|------|------|------------|------------|------------|
| | All | All | All | All | All | All | All | Small | Medium |
| Satellite navigation system (in-car or hand-held) | 42% | 51% | 46% | 49% | 54% | 37% | 41% | 40% | 57% |
| An advanced telephony system (eg. PABX or IVR) | 26% | 35% | 28% | 33% | 32% | 29% | 28% | 27% | 59% |
| Smartphone (with internet access) | NA | 46% | 63% | 68% | 76% | 63% | 80% | 80% | 92% |
| A LAN network supporting your business | 59% | 64% | 60% | 69% | 69% | 52% | 60% | 59% | 81% |
| VOIP (Voice over internet protocol) | 26% | 30% | 31% | 35% | 38% | 26% | 34% | 33% | 54% |
| Standard mobile telephone (no internet access) | 61% | 57% | 61% | 37% | 29% | 32% | 20% | 19% | 36% |
| Tablet | NA | 16% | 29% | 41% | 52% | 43% | 41% | 41% | 60% |

Telecommunication equipment ownership – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Satellite navigation system (in-car or hand-held) | 41% | 37% | 41% | 49% | 34% | 43% | 50% | 23% | 34% |
| An advanced telephony system (e.g. PABX or IVR) | 28% | 26% | 24% | 37% | 31% | 28% | 24% | 22% | 22% |
| Smartphone (with internet access) | 80% | 81% | 85% | 77% | 75% | 79% | 79% | 64% | 80% |
| A LAN network supporting your business | 60% | 55% | 59% | 68% | 66% | 58% | 62% | 62% | 59% |
| VOIP (Voice over internet protocol) | 34% | 37% | 34% | 28% | 27% | 37% | 35% | 26% | 42% |
| Standard mobile telephone (no internet access) | 20% | 18% | 18% | 21% | 28% | 18% | 25% | 21% | 24% |
| Tablet | 41% | 35% | 44% | 45% | 49% | 40% | 51% | 46% | 40% |

Chapter 2.2

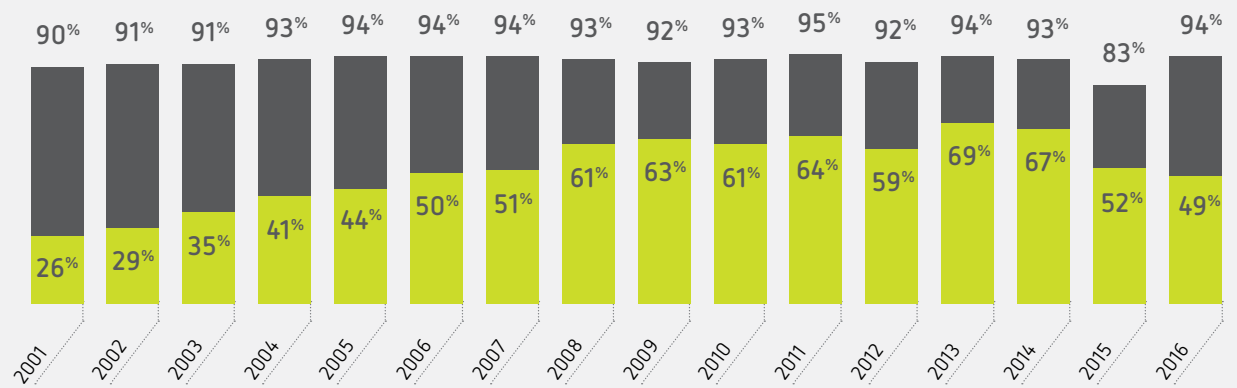
Computer ownership trends

Desktop computers remain as popular as ever, but notebooks are losing favour due to lower appeal among small businesses.

There is only a difference of three percentage points in desktop computer ownership between small and medium businesses, but a 29 point gap in the level of notebook ownership favouring medium size firms.

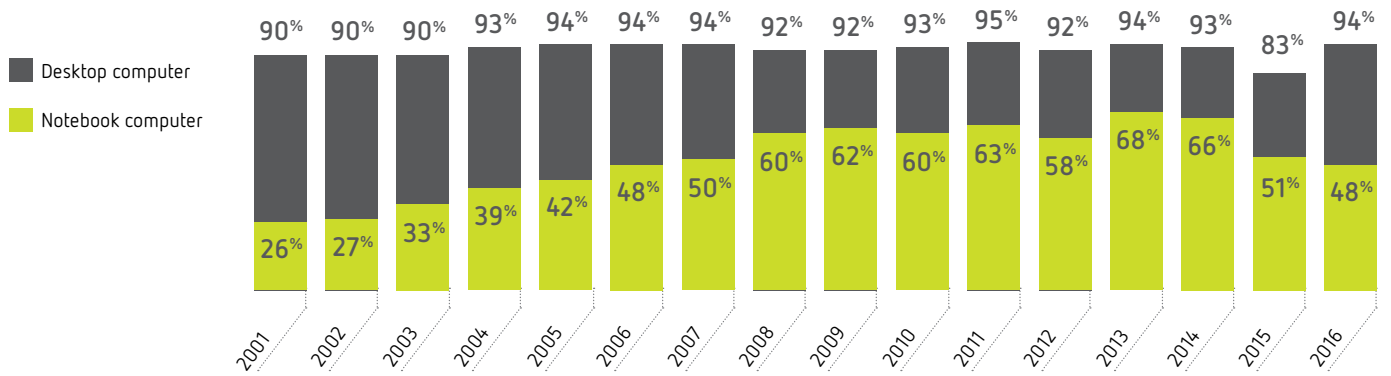
Equipment ownership trends – small and medium business

■ Desktop computer ■ Notebook computer



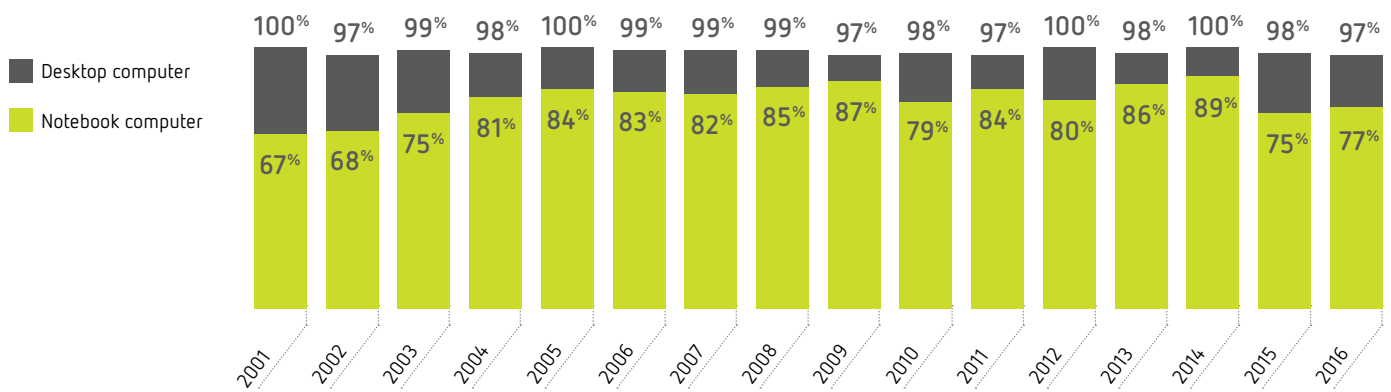
Base = All businesses

Equipment ownership trends – small business



Base = Small businesses

Equipment ownership trends – medium business



Base = Medium businesses

Expenditure in 2015 calendar year

The overall average expenditure on computer hardware and software for SMBs in 2015 was \$9,111, which compares with \$9,830 last survey.

The average level of expenditure on computer hardware by SMBs during 2015 was just over \$4,550. This compares with just under \$4,800 recorded in the prior survey.

The average spend of small business was again much lower than by medium size businesses. Small businesses spent an average of \$3,981 on computer hardware in 2015 which compares with approximately \$3,900 the year before. For medium businesses the average spend on hardware was nearly \$22,100, which was lower than observed previously (\$25,455).

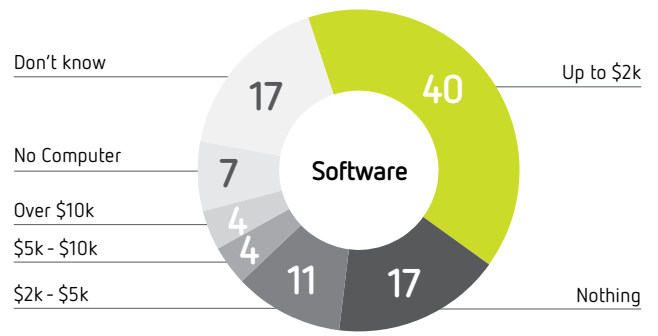
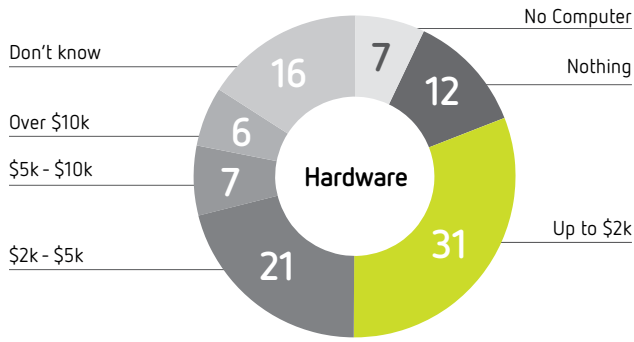
Among the small businesses 12% recorded no spend and almost one in three spent less than \$2,000 on computer hardware in 2015. Only 6% spent more than \$10,000 which was in line with the 2013 and 2014 results. Among medium businesses, 29% spent more than \$10,000 on hardware in 2015.

The average expenditure by SMBs on software was lower than last year – just over \$4,600 compared to \$5,000. Once more there were significant differences between small and medium businesses with the average spend for small businesses at almost \$3,650, compared to almost \$31,600 for medium businesses.

Once more there were significant differences between small and medium businesses.

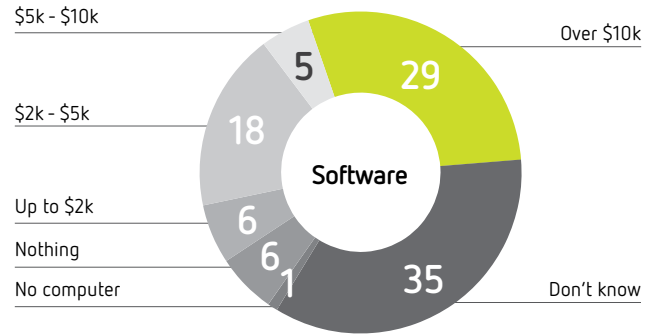
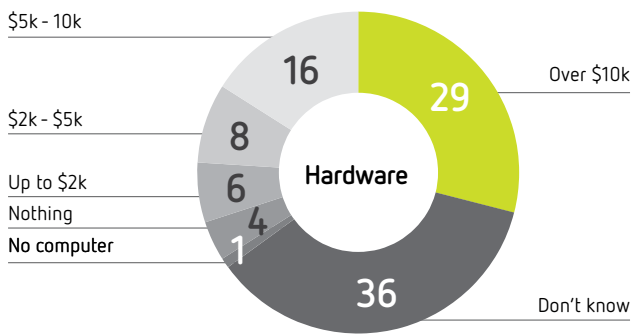
Among the small businesses, 17% spent nothing on software in 2015 and 40% spent less than \$2,000. There were 8% that reported spending more than \$5,000 and this compares with 7% last survey. In the medium size businesses, 34% reported spending in excess of \$5,000 on computer software over the same period. This proportion was 46% in the prior survey.

Expenditure in 2015 calendar year (%) – small business



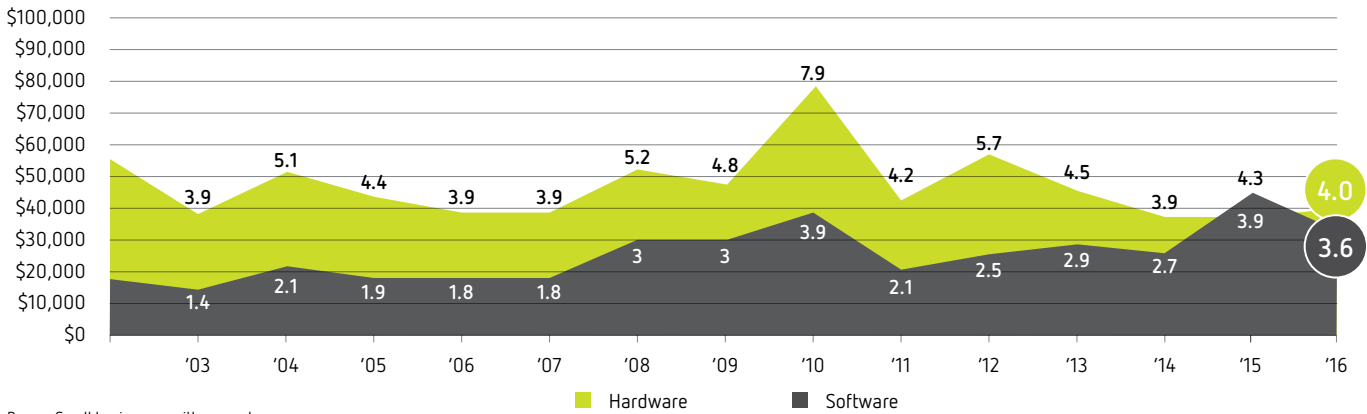
Base = Small businesses

Expenditure in 2015 calendar year (%) – medium business



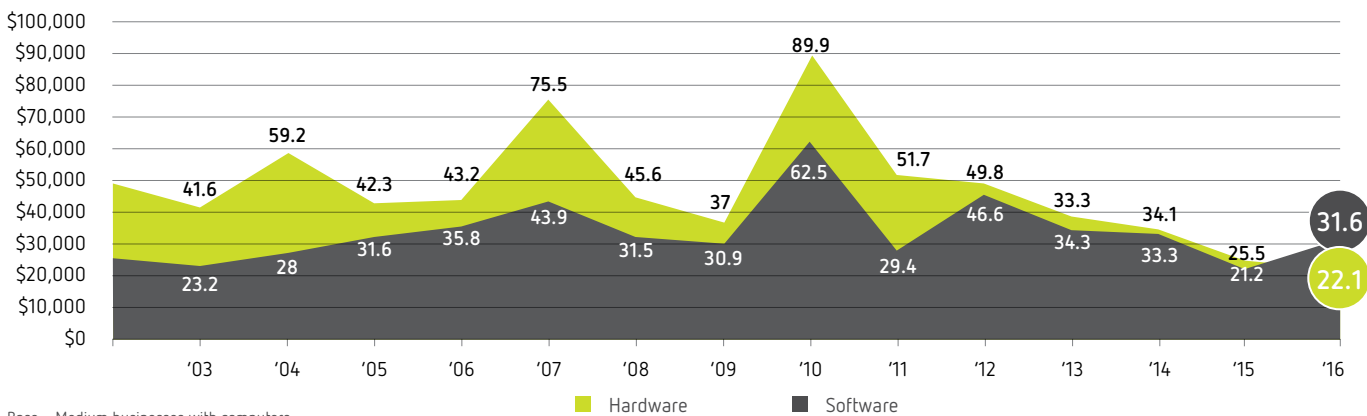
Base = Medium businesses

Trends in mean expenditure – small business



Base = Small businesses with computers

Trends in mean expenditure – medium business



Base = Medium businesses with computers

Expected expenditure in 2016 calendar year

The expected total average expenditure for all SMBs in 2016 is calculated to be \$8,342. This compares with a total average spend of \$9,111 reported by SMBs in 2015.

On average, small businesses expect to spend \$6,650 and medium businesses just over \$56,000 on hardware and software in 2016. This is nearly \$1,000 less than was spent in 2015 by small businesses, but for medium businesses it is almost \$2,500 above their 2015 expenditure.

Small businesses are expecting to spend slightly more on hardware than software in 2016 – on average just over \$3,400 compared to just over \$3,200. However, medium size businesses expect to spend more on software (just over \$36,000) than hardware (almost \$20,000) in 2016.

On average, small businesses expect to spend \$6,650 and medium businesses just over \$56,000 on hardware and software in 2016.

Average total expenditure on hardware and software

| | Spent in 2015 | Expect to spend in 2016 |
|------------------------------|---------------|-------------------------|
| All SMBs | 9.1 | 8.3 |
| New South Wales | 8.1 | 7.6 |
| Victoria | 10.3 | 11.5 |
| Queensland | 9.3 | 7.4 |
| South Australia | 10.9 | 8.2 |
| Western Australia | 7 | 6.4 |
| Tasmania | 5.6 | 5 |
| Northern Territory | 6.8 | 5.2 |
| Australian Capital Territory | 6 | 6.9 |

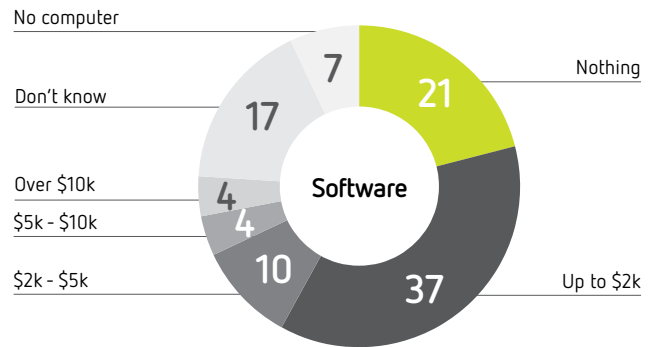
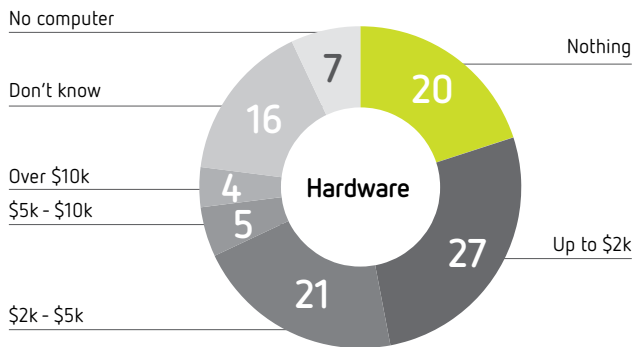
Base = All businesses with computers
 Note: Rounding occurs
 Figures are in \$1,000s

Trends in mean expenditure – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--------------------------|------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Spent in 2015 | | | | | | | | | |
| Hardware | 4.6 | 4.4 | 4.5 | 4.6 | 6.9 | 4.2 | 3.4 | 4.2 | 2.9 |
| Software | 4.6 | 3.7 | 6.8 | 4.7 | 4.0 | 2.8 | 2.2 | 2.6 | 3.1 |
| Expect to in 2016 | | | | | | | | | |
| Hardware | 4.0 | 3.8 | 4.9 | 3.7 | 4.0 | 3.5 | 2.5 | 2.4 | 3.6 |
| Software | 4.4 | 3.8 | 6.6 | 3.7 | 4.2 | 2.9 | 2.5 | 2.8 | 3.3 |

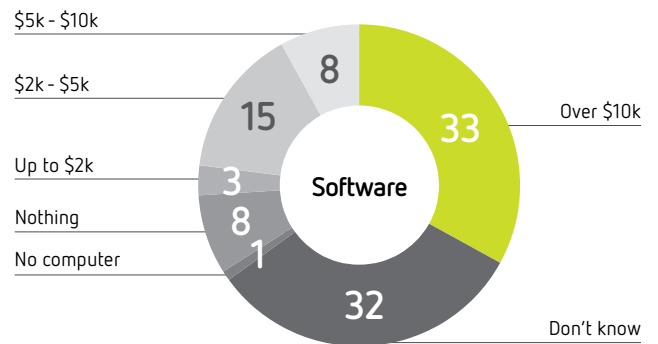
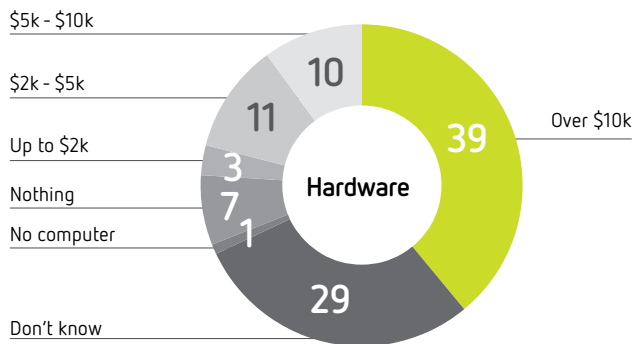
Base = All businesses with computers
 Note: Rounding occurs
 Figures are in \$1,000s

Expected expenditure in 2016 calendar year (%) – small business



Base = Small businesses

Expected expenditure in 2016 calendar year (%) – medium business



Base = Medium businesses

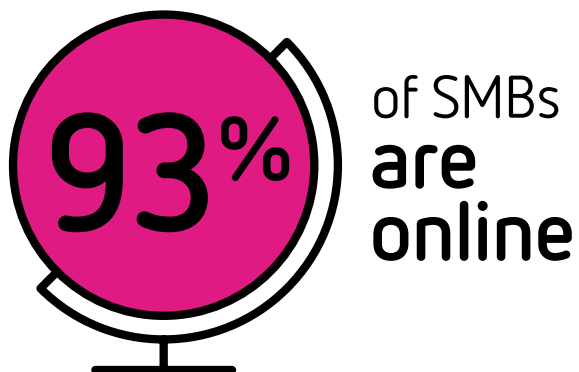
Average expenditure on software and hardware

| | 2015 actual expenditure | 2016 expectations |
|-----------------|-------------------------|-------------------|
| Small Business | \$7,627 | \$6,650 |
| Medium Business | \$53,684 | \$56,113 |
| All SMBs | \$9,111 | \$8,342 |

Base = All businesses with computers

**Getting
connected**

How SMBs are getting connected



of those not online

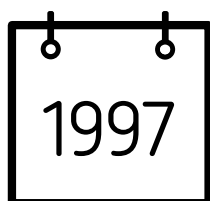
5% own a computer but aren't connected to the internet

and

2% don't have a computer

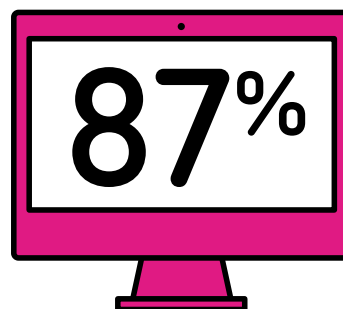


Since



small business internet penetration has risen from

23% to **93%**



of online SMBs have broadband access

with

ADSL being the most popular

57%
DSL/ADSL

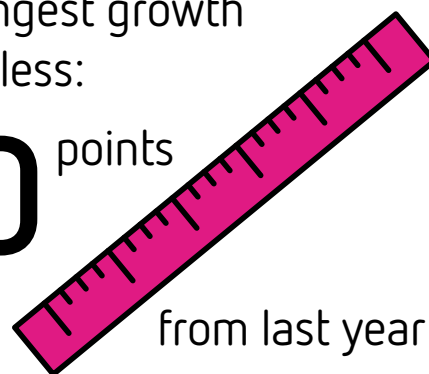
54%
WIRELESS

19%
CABLE

meanwhile

The strongest growth was wireless:

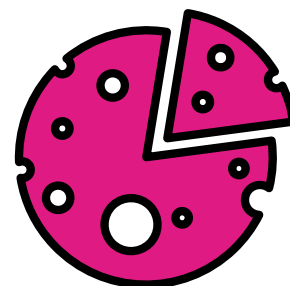
up **10** points



from last year

8% of SMBs are connected to the NBN

17%



of SMBs are dissatisfied with connection speeds

Internet connection levels

Ninety three percent of SMBs have computers connected to the internet, while 5% have computers that aren't connected and 2% don't have a computer. Last year we found 84% of SMBs had computers connected to the internet.

Only 1% of medium sized firms with computers do not use the internet. Among small businesses, 5% aren't connected.

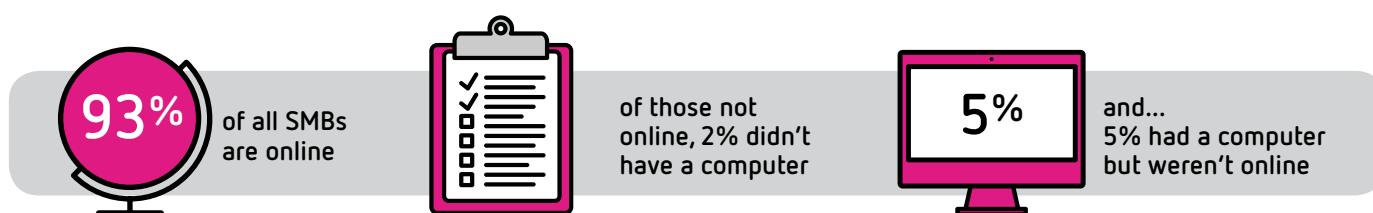
The Finance and Insurance sector recorded the highest rate of internet-connectivity at 99.8%. The lowest levels of connectivity were in the Wholesale Trade and Transport and Storage sectors at 86% each.

Seventeen percent of the SMBs not connected expect to connect in the coming year.

Internet connections – by business size and location

| | No computers | Use internet | Do not use |
|---------------------------|--------------|--------------|------------|
| All Businesses | 2% | 93% | 5% |
| 1-2 Employees | 3% | 94% | 3% |
| 3-4 Employees | 1% | 97% | 2% |
| 5-9 Employees | 2% | 90% | 8% |
| 10-19 Employees | 1% | 92% | 7% |
| Total Small (1-19) | 2% | 93% | 5% |
| 20-99 Employees | 0% | 99% | 1% |
| 100-200 Employees | 0% | 100% | 0% |
| Total Medium (20+) | 0% | 99% | 1% |
| Total Metropolitan | 2% | 92% | 6% |
| Total Rural | 1% | 95% | 4% |

Base = All businesses
Note: Rounding occurs

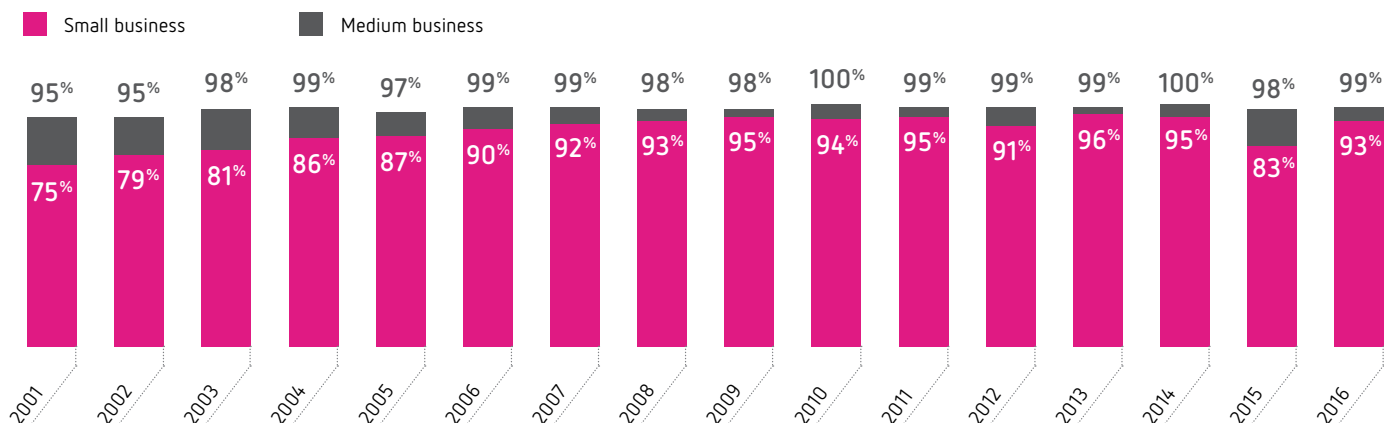


Internet connections – by industry sector

| | No computers | Use internet | Do not use |
|--|--------------|--------------|------------|
| Manufacturing | 2% | 89% | 9% |
| Building and Construction | 2% | 95% | 3% |
| Wholesale Trade | 1% | 86% | 13% |
| Retail Trade | 1% | 94% | 5% |
| Transport and Storage | 3% | 86% | 11% |
| Communications, Property and Business Services | 1% | 97% | 2% |
| Finance and Insurance | 0% | 100% | 0% |
| Health and Community Services | 1% | 95% | 4% |
| Cultural, Recreational and Personal Services | 1% | 89% | 10% |
| Hospitality (Accommodation, Cafes and Restaurants) | 3% | 88% | 9% |

Base = All businesses

Trends in internet connections



Broadband connections

Eighty seven percent of SMBs that are online reported having broadband internet access. This was the same incidence as last year.

Almost six in ten (57%) SMBs have an ADSL connection – this penetration has not varied much in the last five years. Use of cable has also not grown in the last five years with 19% of SMBs having that form of internet access. However, wireless access has become more common, increasing its penetration from 35% in 2014 to 44% last year and 54% now. NBN connections are rising (from 3% to 8%).

It remains apparent that a solid minority of SMBs rely on more than one type of internet connection.

Of those SMBs without a wireless connection, 17% intend to get one in the next year, while 12% are unsure.

By state, broadband connections ranged from 82% in WA and the ACT to 90% in SA. The incidence for metropolitan and regional firms is 86% and 89% respectively.

By industry sector, Wholesale and Retail had the lowest proportion with a broadband connection at 82% each, while the highest level was found in the Transport and Storage; and Finance and Insurance sectors at 93%.

Overall, 65% of SMBs reported being satisfied with the upload and download speeds of their internet service. This was up from 60% last survey. Eighteen percent were very satisfied and 47% quite satisfied. Seventeen percent reported feeling dissatisfied and 18% were neither satisfied nor dissatisfied.

Satisfaction was lowest in Tasmania at 51%, and below the national average in the NT (57%), Victoria and Queensland (both 59%). More than seven in ten SMBs in NSW (72%), SA (74%) and the ACT (71%) expressed satisfaction with the speed of their service. Metropolitan SMBs (69%) are more satisfied than their regional counterparts (59%).

17% of SMBs without a wireless connection intend to get one in the next 12 months.

Accessing the internet

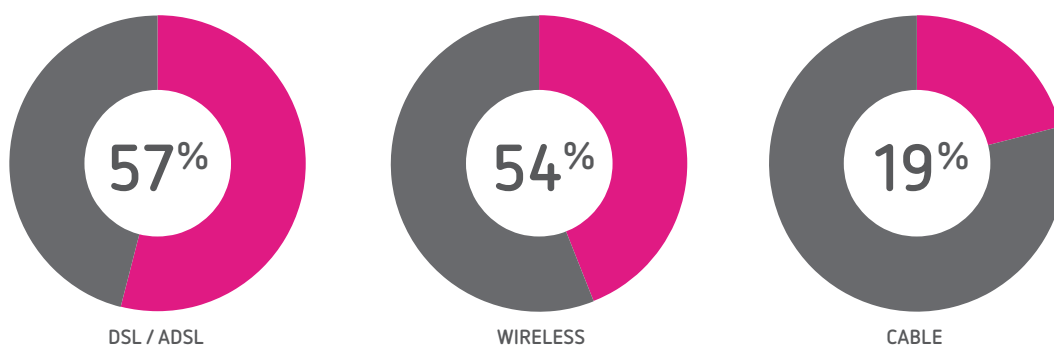
Do you currently have broadband access to the internet?

| | Total | Small Business | Medium Business |
|----------------------------|-------|----------------|-----------------|
| Yes – have broadband | 87% | 87% | 85% |
| No – do not have broadband | 12% | 12% | 13% |
| Don't know | 1% | 1% | 2% |

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Yes | 87% | 89% | 87% | 88% | 90% | 82% | 89% | 84% | 82% |
| No | 12% | 11% | 12% | 11% | 10% | 17% | 10% | 14% | 17% |
| Don't know | 1% | 0% | 1% | 1% | 0% | 1% | 1% | 2% | 1% |

Base = SMBs with internet access

87% of SMBs have broadband internet access

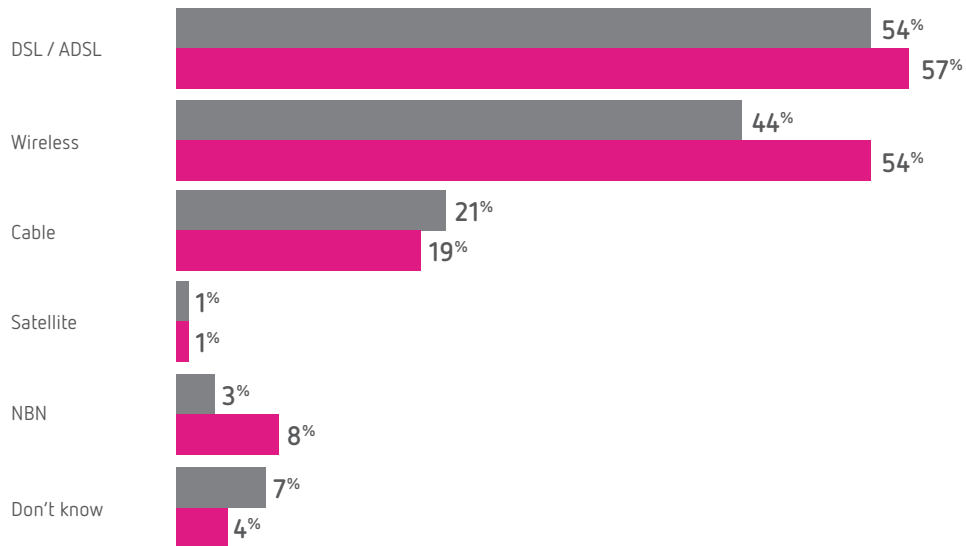


Note: Some SMBs have multiple types of broadband access

Types of internet access

How do you currently access the internet?

2015 2016



Types of internet access – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| DSL/ADSL | 57% | 59% | 55% | 60% | 60% | 54% | 46% | 29% | 59% |
| Wireless | 54% | 63% | 49% | 48% | 54% | 51% | 41% | 51% | 58% |
| Cable | 19% | 16% | 27% | 14% | 18% | 18% | 16% | 13% | 23% |
| Satellite | 1% | 0% | 1% | 2% | 0% | 2% | 0% | 2% | 1% |
| NBN | 8% | 7% | 9% | 7% | 7% | 6% | 33% | 35% | 10% |
| Don't know | 4% | 3% | 3% | 5% | 4% | 4% | 3% | 3% | 2% |

Base = SMBs with internet access

Using the internet

How online SMBs are using the internet

96%



of SMBs use the internet for email

but

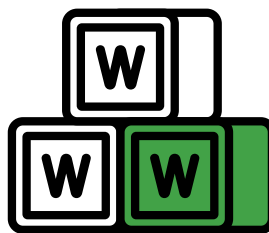
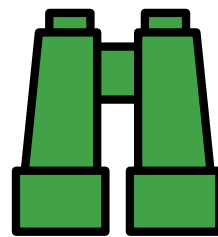
only

35%

use email marketing

89%

use the internet
to find suppliers



61%

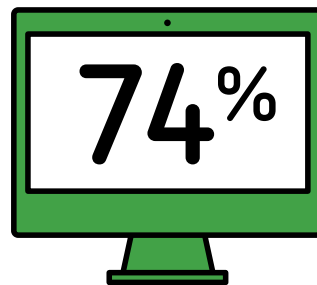
use a website
to promote
their business

and

28% advertise their business
on other websites



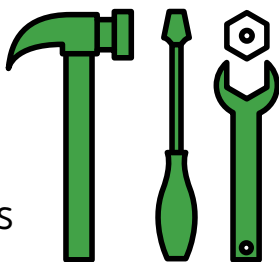
use the internet
for online banking



use the
internet
to access
directories

80%

use it to place
orders for products
and services



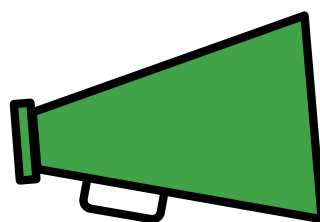
and

54%

take orders
for products and
services online



40% use the
internet to
monitor the market
or competitors



48%

use social
media

Chapter 4.1

How the internet is used – current and expected usage

Quite a few internet applications are used by 80% or more of online SMBs. These include communicating via email; internet banking; looking for information about products and services; looking for suppliers; paying for products or services; and placing orders via the internet.

The first three mentioned above were also the most popular applications last year.

Accessing directories and receiving payments for products or services also have widespread appeal, used by more than seven in ten.

Taking orders via the internet is also occurring in a majority of online SMBs (54%).

Buying and selling via the internet should become even more common among SMBs over the next year with 5% and 12% respectively expecting to come on board.

The two marketing applications should also reach majority usage levels in the next year. Among SMBs using the internet, 13% expect to use this to monitor markets or competition for the first time, while 17% intend to promote their business through email marketing.

Chapter 4.2

Current usage by business size

Usage of all the listed applications is more pronounced in medium businesses than small businesses – by between four and 17 points.

For the three most popular internet applications over 90% of both small and medium businesses use internet banking, communicate via e-mail and look for products and services. More than nine in ten medium businesses who are online also look for suppliers, pay for products and services and place orders via the internet. This

compares with scores of between 80% and 88% for small businesses.

The biggest gaps in favour of medium size businesses for usage of the internet relate to promoting the business via email marketing (17 point gap), taking orders (15 point gap), placing orders (14 point gap) and paying for products or services (10 point gap). Hence the small businesses are not as focussed on e-commerce.

Current and expected uses of the internet – summary

| | Currently use | Expect to use | Total |
|---|---------------|---------------|-------|
| To communicate via email | 96% | <1% | 97% |
| Internet banking | 93% | 1% | 94% |
| To look for information about products and services | 92% | 1% | 93% |
| To look for suppliers of products or services | 89% | 2% | 91% |
| To pay for products and services | 84% | 4% | 88% |
| To place orders for products and services | 80% | 5% | 85% |
| To access directories such as the Yellow Pages | 74% | 7% | 81% |
| To receive payments for products and services | 72% | 8% | 80% |
| To take orders for products and services | 54% | 12% | 66% |
| To monitor your markets or the competition | 40% | 13% | 53% |
| To promote the business using email marketing | 35% | 17% | 52% |

Base = All businesses with internet

Current uses of the internet – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| To communicate via email | 96% | 96% | 95% | 97% | 97% | 99% | 99% | 99% | 97% |
| Internet banking | 93% | 92% | 91% | 95% | 91% | 96% | 91% | 88% | 94% |
| To look for information about products and services | 92% | 89% | 92% | 93% | 93% | 93% | 94% | 94% | 91% |
| To look for suppliers of products or services | 89% | 86% | 89% | 91% | 93% | 89% | 94% | 93% | 92% |
| To pay for products and services | 84% | 82% | 80% | 91% | 84% | 86% | 89% | 89% | 89% |
| To place orders for products and services | 80% | 80% | 75% | 86% | 77% | 81% | 88% | 89% | 88% |
| To access directories such as the Yellow Pages | 74% | 72% | 74% | 77% | 75% | 73% | 87% | 83% | 89% |
| To receive payments for products and services | 72% | 70% | 69% | 73% | 71% | 77% | 84% | 79% | 77% |
| To take orders for your products and services | 54% | 47% | 48% | 67% | 57% | 58% | 69% | 76% | 58% |
| To monitor your markets or the competition | 40% | 44% | 35% | 44% | 38% | 41% | 39% | 40% | 42% |
| To promote the business using email marketing | 35% | 36% | 34% | 37% | 35% | 33% | 17% | 32% | 39% |

Base = All businesses with internet

Expected uses of the internet for the first time – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|----------|-----|-----|-----|-----|-----|-----|----|-----|
| To communicate via email | <1% | 0% | 1% | 0% | 0% | 0% | 0% | 0% | 0% |
| Internet banking | 1% | 1% | 2% | 0% | 1% | 1% | 0% | 0% | 0% |
| To look for information about products and services | 1% | 2% | 1% | 0% | 1% | 2% | 1% | 0% | 0% |
| To look for suppliers of products or services | 2% | 4% | 3% | <1% | 0% | 1% | 1% | 0% | 0% |
| To pay for products and services | 4% | 6% | 7% | 1% | 0% | 1% | 1% | 0% | 1% |
| To place orders for products and services | 5% | 7% | 7% | 1% | 5% | 3% | 1% | 0% | 3% |
| To access directories such as the Yellow Pages | 7% | 9% | 8% | 4% | 5% | 6% | 2% | 1% | 2% |
| To receive payments for products and services | 8% | 12% | 9% | 3% | 5% | 4% | 5% | 4% | 4% |
| To take orders for your products and services | 12% | 18% | 13% | 4% | 14% | 8% | 11% | 6% | 8% |
| To monitor your markets or the competition | 13% | 17% | 14% | 7% | 10% | 11% | 6% | 5% | 5% |
| To promote the business using email marketing | 17% | 22% | 18% | 9% | 7% | 21% | 13% | 8% | 11% |

Base = All businesses with internet

Current uses of the internet – by business size

| | All SMBs | Small business | Medium business |
|---|----------|----------------|-----------------|
| Internet banking | 93% | 93% | 99% |
| To communicate via email | 96% | 96% | 100% |
| To look for information about products and services | 92% | 91% | 98% |
| To look for suppliers of products or services | 89% | 88% | 95% |
| To pay for products and services | 84% | 84% | 94% |
| To access directories such as the Yellow Pages | 74% | 74% | 80% |
| To place orders for products and services | 80% | 80% | 94% |
| To receive payments for products and services | 72% | 72% | 78% |
| To take orders for products and services | 54% | 54% | 69% |
| To monitor your markets or the competition | 40% | 40% | 45% |
| To promote the business using email marketing | 35% | 34% | 51% |

Base = All businesses with internet

Internet connections – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| No computers | 2% | 1% | 1% | 4% | 4% | 0% | 6% | 1% | 4% |
| Use internet | 93% | 93% | 93% | 93% | 93% | 97% | 90% | 93% | 91% |
| Do not use | 5% | 6% | 7% | 4% | 3% | 3% | 4% | 6% | 5% |

Base = All businesses

Note: rounding occurs

Chapter 4.3

Trends in usage

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

Comparing 2015 and 2016 we can see solid growth in the penetration of each application. For all but two of the applications there has been a double figure rise in usage relative to 2015. The biggest rises were recorded for receiving payments (up 16 points to 67%) and placing orders (up 15 points to 75%).

Eight of the 11 applications are used by at least two in three SMBs. These are email communication; internet banking; looking for information on products or services or for suppliers; paying for goods and services; placing orders; and receiving payments via the internet.

More than half of SMBs now take orders online (up to 51% from 43% last survey).

Chapter 4.4

What are the essential uses?

Email communication remains the most essential internet application for SMBs. It is used by 90%, which is the same as last year and it registers above 85% in all locations and all industries.

Internet banking again emerged as the second most popular application at 86% (was also 86% last year). Across the industry sectors, between 77% and 94% identify internet banking as essential. The lowest number was in Health and Community Services (77%); and

Hospitality (78%), while Manufacturing and Wholesale were highest (94% each).

A majority of SMBs also regard the following applications as essential – looking for information about products and services (71%); looking for suppliers of products or services (70%); paying for products and services (66%); placing orders for products and services (60%); and receiving payments for products and services (56%).

Trends in current uses of the internet – all businesses

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|------|------|------|------|------|------|
| To communicate via email | 91% | 90% | 92% | 91% | 78% | 90% |
| Internet banking | 86% | 83% | 86% | 86% | 75% | 86% |
| To look for information about products and services | 86% | 82% | 86% | 85% | 72% | 85% |
| To look for suppliers of products or services | 84% | 79% | 83% | 84% | 70% | 83% |
| To pay for products and services | 76% | 73% | 81% | 81% | 65% | 78% |
| To place orders for products and services | 75% | 71% | 76% | 87% | 60% | 75% |
| To access directories such as the Yellow Pages | 78% | 75% | 77% | 71% | 58% | 69% |
| To receive payments for products and services | 71% | 62% | 69% | 65% | 51% | 67% |
| To take orders for your products and services | 59% | 51% | 55% | 54% | 43% | 51% |
| To monitor your markets or the competition | 42% | 38% | 39% | 43% | 25% | 38% |
| To promote the business using email marketing | 29% | 28% | 29% | 33% | 24% | 32% |

Base = All businesses

Current uses of the internet – based on all businesses by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| To communicate via email | 90% | 89% | 88% | 90% | 90% | 96% | 89% | 91% | 89% |
| Internet banking | 86% | 86% | 84% | 88% | 85% | 93% | 82% | 82% | 86% |
| To look for information about products and services | 85% | 83% | 85% | 86% | 87% | 91% | 85% | 87% | 83% |
| To look for suppliers of products or services | 83% | 79% | 82% | 84% | 86% | 87% | 84% | 86% | 84% |
| To pay for products and services | 78% | 76% | 74% | 84% | 78% | 83% | 80% | 83% | 81% |
| To place orders for products and services | 75% | 75% | 69% | 80% | 71% | 79% | 79% | 82% | 81% |
| To access directories such as the Yellow Pages | 69% | 67% | 69% | 71% | 69% | 71% | 78% | 76% | 81% |
| To receive payments for products and services | 67% | 65% | 64% | 68% | 66% | 75% | 76% | 74% | 70% |
| To take orders for your products and services | 51% | 44% | 45% | 62% | 53% | 57% | 62% | 70% | 53% |
| To monitor your markets or the competition | 38% | 41% | 32% | 40% | 35% | 40% | 35% | 37% | 38% |
| To promote the business using email marketing | 32% | 33% | 32% | 34% | 33% | 32% | 15% | 30% | 35% |

Base = All businesses with internet

What are the essential uses?

| | All SMBs | Small Business | Medium Business |
|---|----------|----------------|-----------------|
| To communicate via email | 90% | 90% | 93% |
| Internet banking | 86% | 86% | 85% |
| To look for information about products and services | 71% | 70% | 79% |
| To look for suppliers of products or services | 70% | 70% | 75% |
| To pay for products and services | 66% | 66% | 66% |
| To place orders for products and services | 60% | 60% | 64% |
| To receive payments for products and services | 56% | 56% | 56% |
| To access directories such as the Yellow Pages | 50% | 50% | 49% |
| To take orders for your products and services | 40% | 40% | 45% |
| To monitor your markets or the competition | 24% | 24% | 20% |
| To promote the business using email marketing | 22% | 22% | 35% |

Base = All businesses with internet

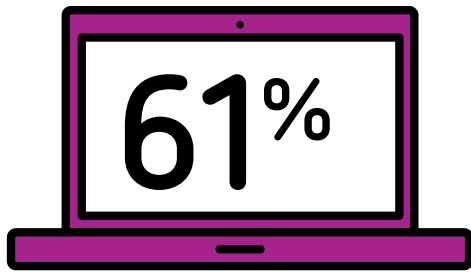
Essential uses of the internet – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| To communicate via email | 90% | 86% | 88% | 95% | 93% | 92% | 92% | 85% | 93% |
| Internet banking | 86% | 87% | 84% | 86% | 81% | 90% | 81% | 84% | 88% |
| To look for information about products and services | 71% | 63% | 68% | 77% | 79% | 73% | 84% | 75% | 76% |
| To look for suppliers of products or services | 70% | 62% | 67% | 77% | 81% | 71% | 79% | 74% | 73% |
| To pay for products and services | 66% | 63% | 65% | 72% | 69% | 63% | 76% | 73% | 73% |
| To place orders for products and services | 60% | 57% | 55% | 68% | 63% | 60% | 69% | 67% | 72% |
| To access directories such as the Yellow Pages | 50% | 47% | 49% | 50% | 56% | 48% | 69% | 61% | 65% |
| To receive payments for products and services | 56% | 50% | 57% | 57% | 60% | 59% | 66% | 59% | 61% |
| To take orders for your products and services | 40% | 33% | 36% | 46% | 47% | 43% | 60% | 56% | 41% |
| To monitor your markets or the competition | 24% | 30% | 19% | 22% | 31% | 22% | 23% | 24% | 27% |
| To promote the business using email marketing | 22% | 29% | 19% | 20% | 24% | 21% | 11% | 22% | 14% |

Base = All businesses with internet

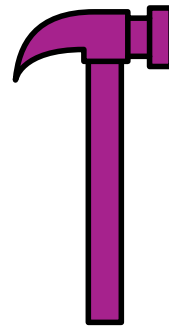
Using websites

Australian SMBs and websites



of SMBs have a website

of those who don't



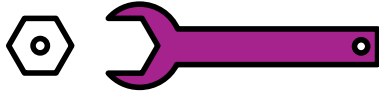
SMBs spent an average of

\$3,300

building and maintaining websites

up from \$2,500 last year

4%



intend to build one within the next year

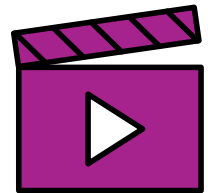
while

35% of businesses have no plans to build one

Website features used:

28%

of SMBs use video up from 26%



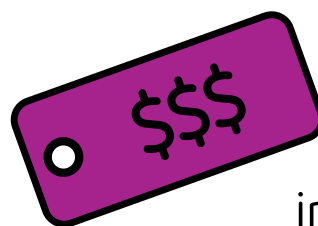
43%

of SMBs have a mobile specific site or optimised site

with 24% intending to get one

72%

of SMBs use product images on their website

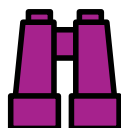


35% include pricing

60% of SMBs said that a website increased business effectiveness

with

32% seeing increased customer awareness



and

17% seeing increased sales/orders



84% use location maps



22% have transaction functionality

Chapter 5.1

Website ownership

61% of SMBs have a website for their business, which is five points higher than in 2015. A further 4% of SMBs expressed an intention to build a website in the next year.

The proportion of small businesses with a website was 60%, while 4% intend to get one in the next year. Among the online small businesses, 65% have a website, which is one point lower than the 2015 incidence.

Ninety one percent of medium businesses have a website (up two points from the 2015 survey). The rest have no intention of obtaining one in the next year.

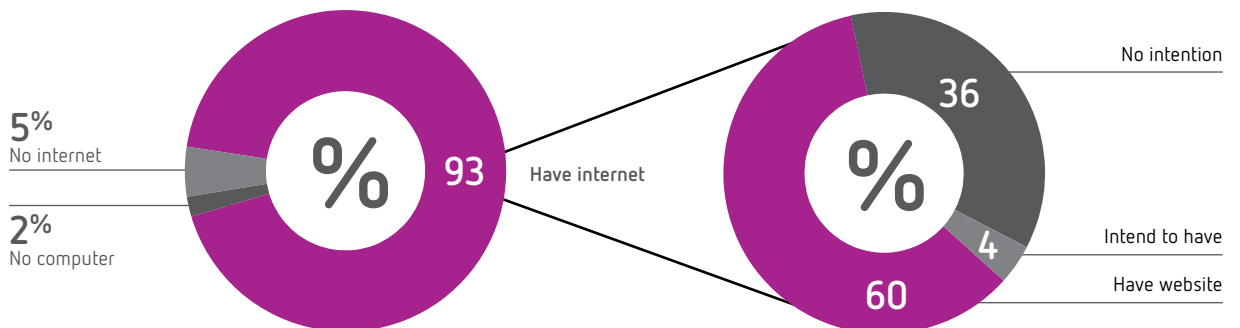
Website penetration appears to have increased quite markedly in firms with fewer than five employees over the last 12 months. Now 60% of firms with 1-2 employees have a website and 74% of those with 3-4 employees do,

which is similar or higher than for firms with 5-9 employees (63%) and 10-19 employees (53%). Website incidence is still considerably higher in medium size businesses – 91% if the business has 20-99 employees and 100% with 100-200 employees.

The highest rates of website penetration by industry sector were in Hospitality at 72% and in Manufacturing; and Health and Community Services at 71% each. Lowest are Transport and Storage (51%); and Retail (53%). Finance and Insurance (55%) is also relatively low.

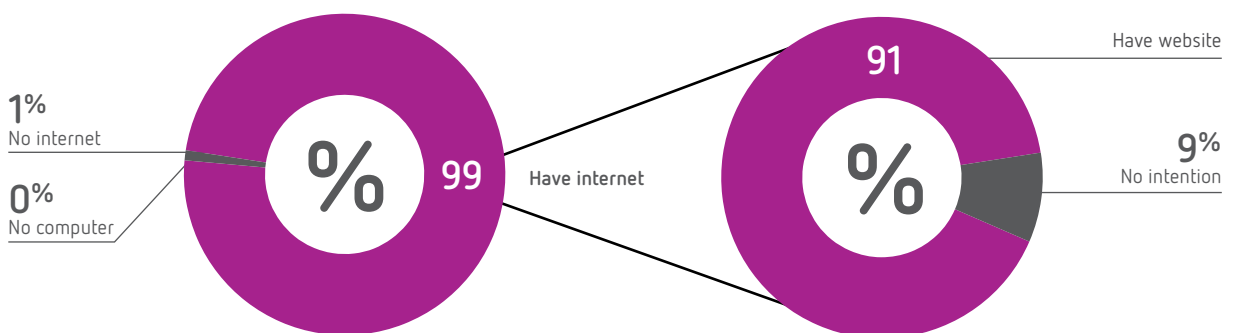
For SMBs connected to the internet without a website, 28% have another form of internet presence, with 19% listed in a business directory, 13% on a third-party website and 10% having a social media presence.

Website ownership – small business



Base = Small businesses

Website ownership – medium business



Base = Medium businesses

Website use and intention – by state

| | Have website | Expect to in next year |
|------------------------------|--------------|------------------------|
| All SMBs | 61% | 4% |
| New South Wales | 62% | 2% |
| Victoria | 51% | 8% |
| Queensland | 69% | 3% |
| South Australia | 67% | 6% |
| Western Australia | 66% | 3% |
| Tasmania | 56% | 7% |
| Northern Territory | 62% | 7% |
| Australian Capital Territory | 68% | 2% |

Base = All businesses

Note: Rounding occurs

Website use and intention by business size

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
|---|--------------|------------|------------|------------|------------|--------------|----------------|
| | Have website | | | | | Have website | Intend to have |
| All Businesses | 67% | 62% | 66% | 66% | 56% | 61% | 4% |
|  1-2 Employees | 55% | 49% | 53% | 55% | 42% | 60% | 5% |
|  3-4 Employees | 72% | 75% | 70% | 71% | 58% | 74% | 10% |
|  5-9 Employees | 78% | 69% | 84% | 76% | 71% | 63% | 3% |
|  10-19 Employees | 93% | 90% | 87% | 90% | 78% | 53% | 2% |
| Total Small (1-19) | 66% | 60% | 64% | 64% | 55% | 60% | 4% |
|  + 20-99 Employees | 87% | 93% | 89% | 95% | 89% | 91% | 0% |
|  + 100-200 Employees | 98% | 100% | 92% | 91% | 100% | 100% | 0% |
| Total Medium (20+) | 88% | 94% | 90% | 95% | 89% | 91% | 0% |

Base = All businesses

Website features and benefits

As discovered previously, SMBs have a wide range of information and features on their websites. There was little change apparent in the incidence of the more popular website features.

Once more, around nine in ten indicated having company history and information, and product descriptions on their websites. The three next most prominent features were an email enquiry form (84%), location maps (84%) and product pictures (72%). This was similar to 2015.

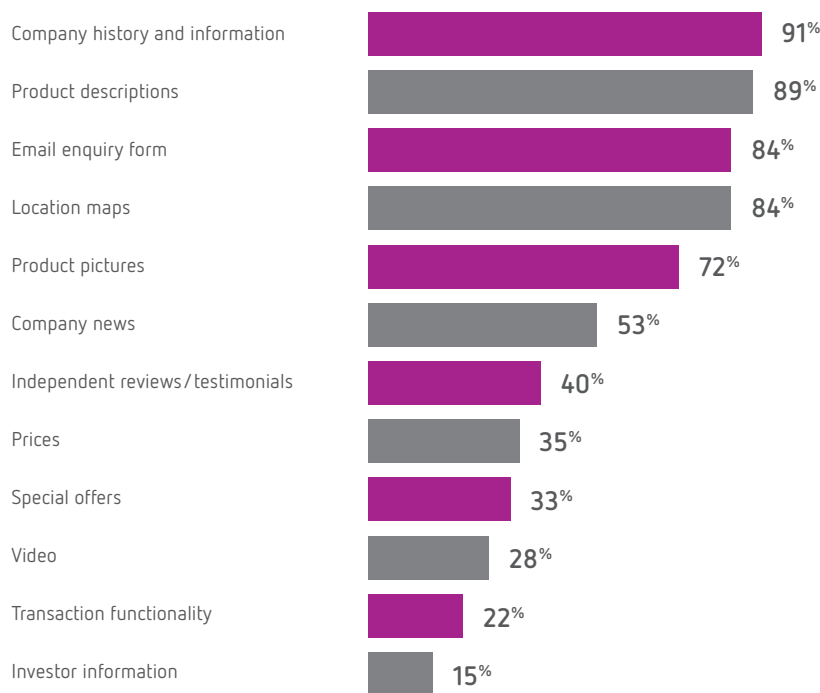
We observed growth in the following website features: company news (up five points to 53%), independent reviews and testimonials (up eight points to 40%), prices (up three points to 35%), transaction functionality (up three points to 22%) and video (up two points to 28%).

Sixty percent believe that having a website improved the effectiveness of their business (61% in 2015).

SMBs in the Cultural, Recreational and Personal Services sector were most likely to say their website has increased the effectiveness of their business (75%). Least likely were those in Finance and Insurance (41%), followed by SMBs in Transport and Storage (49%).

Like last year, the top three reasons cited for increased business effectiveness due to their website were better exposure to the market; customers having access to information; and a greater number of orders or sales.

Website features used by SMBs



Base = All businesses with a website

Trends in website features used by SMBs

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------|------|------|------|------|------|------|------------|
| Company history and information | 88% | 88% | 93% | 89% | 89% | 91% | 91% |
| Product descriptions | 91% | 92% | 92% | 92% | 92% | 89% | 89% |
| Email enquiry form | 69% | 70% | 73% | 71% | 80% | 82% | 84% |
| Location maps | 64% | 66% | 76% | 69% | 73% | 81% | 84% |
| Product pictures | 74% | 73% | 72% | 76% | 73% | 72% | 72% |
| Company news | 36% | 41% | 46% | 40% | 47% | 47% | 53% |
| Special offers | 35% | 36% | 42% | 33% | 37% | 35% | 33% |
| Independent reviews and testimonials | 30% | 29% | 27% | 36% | 40% | 32% | 40% |
| Prices | 38% | 41% | 37% | 40% | 38% | 32% | 35% |
| Video | NA | NA | 18% | 19% | 23% | 26% | 28% |
| Transaction functionality | NA | NA | 21% | 24% | 23% | 19% | 22% |
| Investor information | 7% | 10% | 9% | 9% | 8% | 15% | 15% |

Base = All businesses with a website

Website features – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--------------------------------------|------------|------|-----|------|------|------|-----|-----|------|
| Company history and information | 91% | 100% | 99% | 100% | 100% | 100% | 94% | 96% | 100% |
| Product descriptions | 89% | 86% | 93% | 85% | 94% | 94% | 90% | 89% | 92% |
| Email enquiry form | 84% | 85% | 87% | 86% | 78% | 78% | 82% | 74% | 75% |
| Location maps | 84% | 84% | 86% | 82% | 87% | 87% | 80% | 81% | 76% |
| Product pictures | 72% | 69% | 73% | 75% | 73% | 75% | 79% | 76% | 60% |
| Company news | 53% | 64% | 53% | 45% | 55% | 38% | 34% | 59% | 48% |
| Independent reviews and testimonials | 40% | 43% | 35% | 39% | 39% | 40% | 45% | 33% | 30% |
| Prices | 35% | 38% | 35% | 31% | 31% | 39% | 40% | 32% | 18% |
| Special offers | 33% | 34% | 40% | 30% | 35% | 30% | 32% | 27% | 24% |
| Video | 28% | 35% | 22% | 29% | 16% | 25% | 28% | 27% | 24% |
| Transaction functionality | 22% | 28% | 25% | 16% | 12% | 19% | 26% | 19% | 10% |
| Investor information | 15% | 18% | 14% | 12% | 16% | 11% | 21% | 10% | 20% |

Base = All businesses with a website

Has your website increased business effectiveness?

| | All SMBs | Small business | Medium business |
|--------------------|----------|----------------|-----------------|
| Yes – increased | 60% | 60% | 57% |
| No – not increased | 40% | 40% | 43% |

Base = All businesses with a website

Has the website increased business effectiveness?

YES

60% of all SMBs said yes

NO

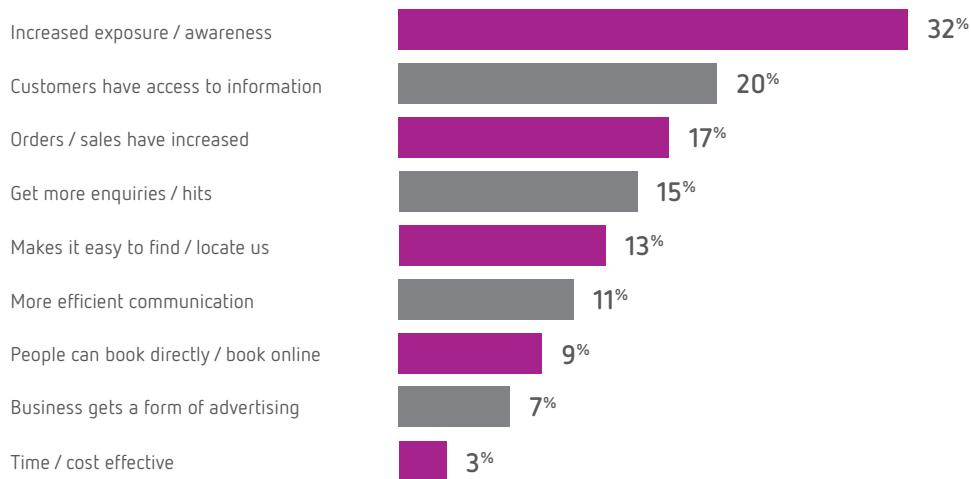
40% of all SMBs said no

Has the website increased business effectiveness?

| | Yes | No |
|------------------------------|------------|------------|
| All SMBs | 60% | 40% |
| New South Wales | 59% | 41% |
| Victoria | 64% | 36% |
| Queensland | 59% | 41% |
| South Australia | 50% | 50% |
| Western Australia | 60% | 40% |
| Tasmania | 60% | 40% |
| Northern Territory | 54% | 46% |
| Australian Capital Territory | 55% | 45% |

Base = All businesses with website

Reasons for increased business effectiveness



Base = All businesses with a website

Website monitoring and updating, optimisation and overhauls

There has been an increase in frequency of monitoring or updating websites among SMBs, with 42% doing so more than once a month compared to 35% last year.

More than four in ten SMBs with a website (43%) have had it optimised for mobile phones and other devices.

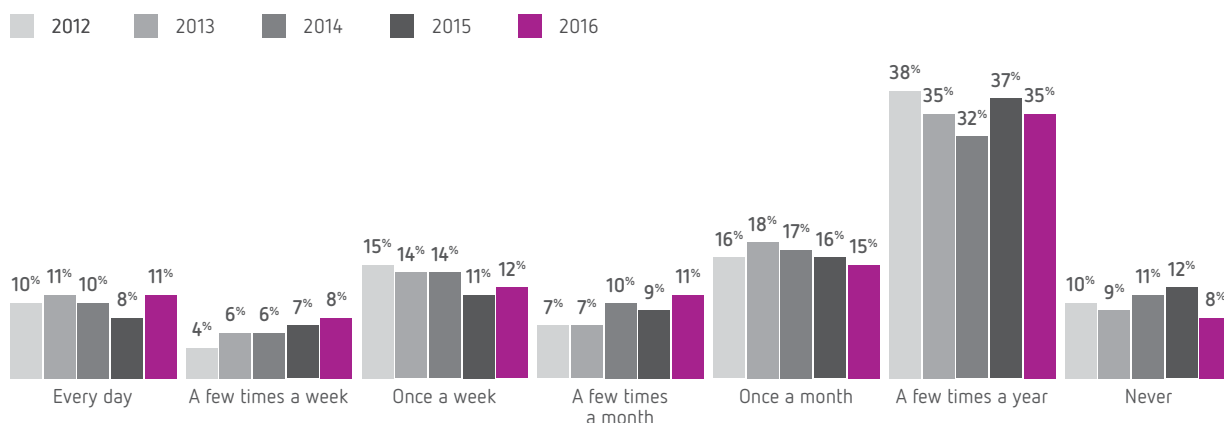
This is up from 35% last year. There is no difference between small and medium firms in this respect.

By industry sector such optimisation is highest in Hospitality (53%) and next most common in Building and Construction (47%). It has been adopted to a much lesser degree in Transport and Storage (24%), with Finance and Insurance (32%) also relatively low.

Almost a quarter (24%) of SMBs whose website is not optimised for mobiles or other devices plan for this to occur in the next year. Medium size businesses (33%) are more likely to do this than small businesses (24%). A further 11% of SMBs are unsure about this, while the majority do not plan to optimise (65%).

Forty one percent of SMBs indicate having had their website undergo a major overhaul or upgrade in the last year and nearly a quarter (23%) did so 1-2 years ago.

How often do SMBs monitor or update their websites?



Base = All businesses with a website

How often do SMBs monitor or update their websites – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---------------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Every day | 11% | 15% | 9% | 9% | 9% | 13% | 7% | 7% | 3% |
| A few times a week | 8% | 10% | 8% | 4% | 12% | 7% | 18% | 10% | 17% |
| Once a week | 12% | 11% | 17% | 10% | 8% | 14% | 11% | 7% | 8% |
| A few times a month | 11% | 14% | 6% | 12% | 7% | 12% | 5% | 11% | 15% |
| Once a month | 15% | 14% | 16% | 17% | 15% | 10% | 21% | 20% | 20% |
| A few times a year | 35% | 31% | 38% | 40% | 37% | 35% | 27% | 38% | 34% |
| Never | 8% | 6% | 7% | 8% | 12% | 9% | 11% | 7% | 5% |

Base = All businesses with a website

Note: Rounding occurs

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

| | All SMBs | Small business | Medium business |
|-----|----------|----------------|-----------------|
| Yes | 43% | 43% | 43% |
| No | 57% | 57% | 57% |

Base = SMBs with websites

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

| | All SMBs | Small business | Medium business |
|------------|----------|----------------|-----------------|
| Yes | 24% | 24% | 33% |
| No | 65% | 65% | 58% |
| Don't know | 11% | 11% | 9% |

Base = SMBs with websites

Does your business have a specific website optimised for mobile phones and other devices? – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|-----|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Yes | 43% | 48% | 41% | 37% | 46% | 40% | 43% | 33% | 33% |
| No | 57% | 52% | 59% | 63% | 54% | 60% | 57% | 67% | 67% |

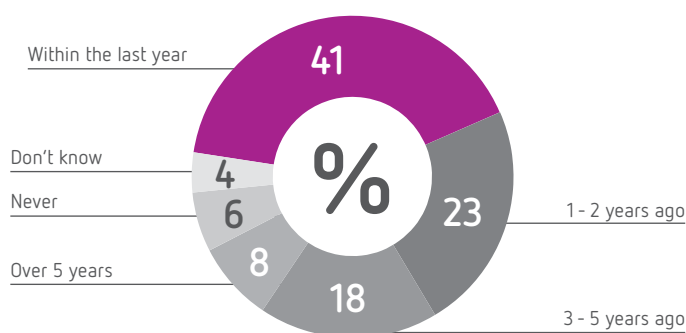
Base = SMBs with websites

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

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Yes | 24% | 11% | 33% | 34% | 19% | 22% | 41% | 24% | 28% |
| No | 65% | 81% | 56% | 53% | 78% | 56% | 52% | 71% | 60% |
| Don't know | 11% | 8% | 11% | 13% | 3% | 23% | 7% | 5% | 12% |

Base = SMBs with websites

When was a major overhaul or upgrade of your website last made?



Base = All SMBs with a website

Note: Rounding occurs

When was a major overhaul or upgrade of your website last made? – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|-----------------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| In last year | 41% | 52% | 33% | 40% | 40% | 36% | 41% | 43% | 45% |
| 1-2 years ago | 23% | 21% | 25% | 23% | 28% | 19% | 23% | 22% | 31% |
| 3-5 years ago | 18% | 12% | 25% | 21% | 22% | 15% | 11% | 13% | 9% |
| More than 5 years ago | 8% | 11% | 6% | 6% | 6% | 8% | 9% | 4% | 3% |
| Never | 6% | 2% | 8% | 4% | 4% | 13% | 9% | 10% | 3% |
| Don't Know | 4% | 2% | 3% | 7% | 0% | 9% | 7% | 8% | 10% |

Base = SMBs with websites

Note: Rounding occurs

Website expenditure

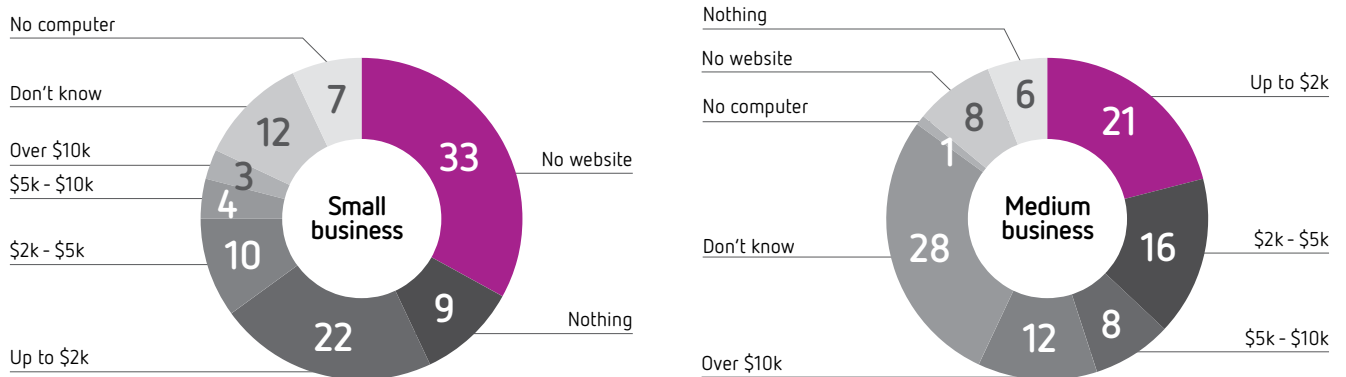
SMBs reported spending an average of just over \$3,300 on building and maintaining their website in 2015, compared to \$2,500 the year before. Small businesses reported spending an average of just over \$3,000, compared to almost \$9,500 for medium size businesses.

SMBs in the Wholesale sector displayed the highest average spend on their website – almost \$8000 compared to under \$4,000 in most of the other sectors. Next highest was Communications, Property and Business Services at just over \$4,600 followed by Transport and Storage at \$4,000. Much lower average

expenditure was apparent in Hospitality (nearly \$1,500) and the Cultural, Recreational and Personal Services sector (at just over \$1,700).

For the 2016 year, the average expected expenditure by SMBs on building and maintaining their website is around \$2,800. Therefore, it is lower than the actual 2015 average expenditure. For small businesses, the expected average is just over \$2,300 while for medium firms it is nearly \$10,700. The expected expenditure by small businesses is more likely to be under \$2,000, while among medium businesses it is more likely to be above \$2,000.

Expenditure on building and maintaining a website in 2015

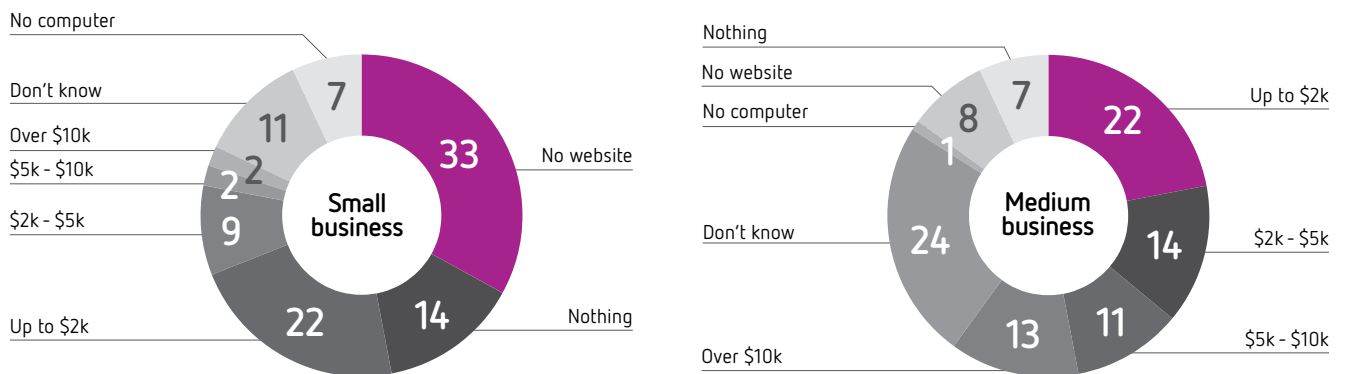


Expenditure on building and maintaining website in 2015 – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| No computer | 7% | 7% | 7% | 8% | 7% | 3% | 10% | 7% | 9% |
| No website | 32% | 31% | 42% | 23% | 26% | 32% | 33% | 31% | 24% |
| Nothing spent | 10% | 7% | 8% | 17% | 10% | 12% | 5% | 12% | 12% |
| Up to \$2k | 22% | 24% | 20% | 23% | 31% | 16% | 19% | 24% | 25% |
| \$2k-\$5k | 10% | 12% | 8% | 6% | 8% | 13% | 15% | 5% | 9% |
| \$5k-\$10k | 4% | 5% | 2% | 4% | 7% | 2% | 2% | 4% | 2% |
| Over \$10k | 3% | 4% | 3% | 2% | 3% | 4% | <1% | 5% | 2% |
| Don't know | 13% | 11% | 9% | 17% | 9% | 19% | 16% | 13% | 17% |

Base = all businesses

Expected expenditure on building and maintaining a website in 2016



Note: 'No computer' here means does not own a desktop or a notebook. Where other results show 'any computer' they include tablet ownership, which is why the figures vary from the above.

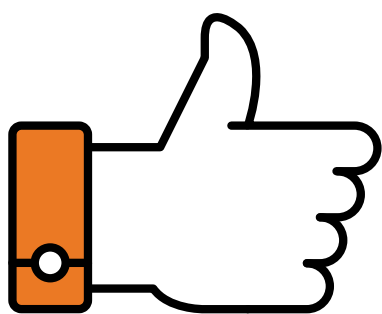
Expected expenditure on building and maintaining website in 2016 – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| No computer | 7% | 7% | 7% | 8% | 7% | 3% | 10% | 7% | 9% |
| No website | 32% | 31% | 42% | 23% | 26% | 32% | 33% | 31% | 24% |
| Nothing spent | 14% | 14% | 10% | 19% | 13% | 16% | 5% | 15% | 11% |
| Up to \$2k | 22% | 22% | 18% | 25% | 32% | 17% | 27% | 25% | 27% |
| \$2k-\$5k | 9% | 12% | 8% | 5% | 9% | 8% | 4% | 2% | 7% |
| \$5k-\$10k | 2% | 1% | 2% | 4% | 1% | 4% | 1% | 5% | 2% |
| Over \$10k | 3% | 4% | 3% | 1% | 3% | 4% | 1% | 0% | 4% |
| Don't know | 12% | 9% | 10% | 16% | 9% | 17% | 18% | 15% | 17% |

Base = all businesses

Social media in businesses

How SMBs use social media

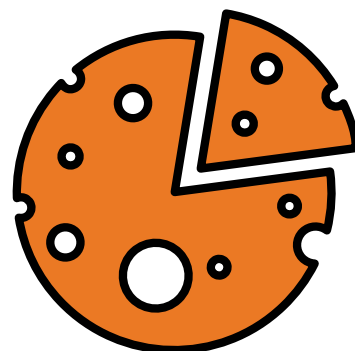


48%

of online SMBs use social media for business

How often SMBs update social media

23%
everyday



24%
once a week

88%
use
Facebook

25%
use Twitter

23%
use
LinkedIn

10%
use Google+

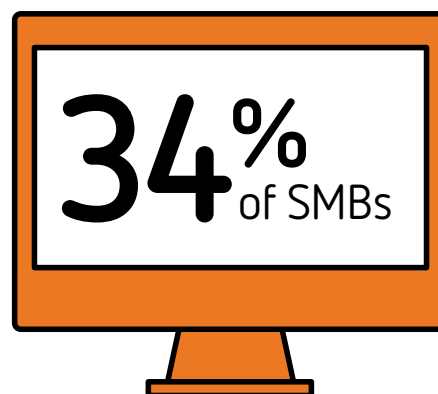
but they're less likely to have

4%

a blog

4%

YouTube



34%
of SMBs

used paid advertising on social networks

SMBs using social media spent



on average on their social media

Incidence of use

There has been strong growth in social media use by SMBs from 31% to 48% (as discovered in our June 2016 Sensis Social Media Report). This incidence was not quite as high in small businesses (48%) as medium size businesses (54%). The small business segment reported average spending of almost \$3,600 a year on social media, compared to almost \$10,100 by medium size businesses.

There was considerable variation by sector. SMBs in the Cultural, Recreational and Personal Services sector (77%) were most likely to have a social media presence followed by Retail (61%), Hospitality (60%) and Communication, Property and Business Services (60%). SMBs working in Manufacturing (35%) and Building and Construction (32%) were least likely to have a social media presence.

SMBs who use social media favour Facebook (88%) well ahead of other platforms such as Twitter (25%) and LinkedIn (23%).

More than one in five (23%) small businesses reported updating their social media presence every day (20% in 2015), while in the medium business segment 33% do this (34% in 2015). We also found 5% of the small businesses never update their social media presence and a similar proportion only do this a few times a year. Only 1% of the medium size firms update their website less than monthly.

Responsibility for the business' social media presence is mostly internal (89% in small businesses and 79% in medium size firms). In small businesses, this responsibility lies mostly with the business owner or manager (66%), while it is usually with the Marketing Department in medium firms (58%). Outsourcing this responsibility is almost twice as likely in medium firms as small firms – 21% versus 11%.

Around a third of SMBs with a social media presence have developed a strategic plan for this side of their business – 31% of small businesses and 36% of medium businesses.

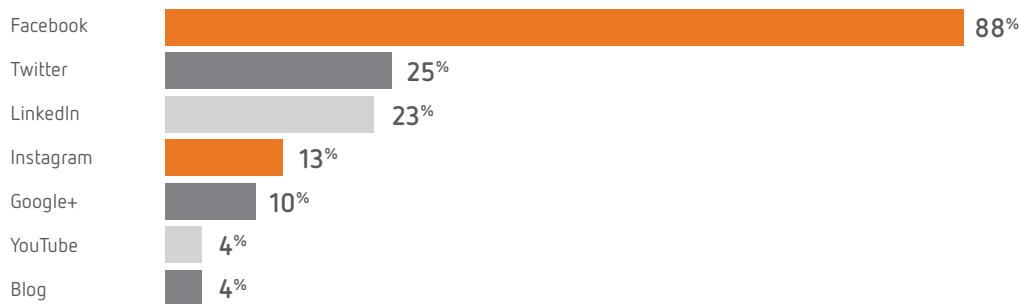
Social networking in SMBs

Does your business have a social media presence?

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | |
|-----|----------|------|------|------|------|------------|----------------|-----------------|
| | All SMBs | | | | | All SMBs | Small business | Medium business |
| Yes | 18% | 27% | 35% | 39% | 31% | 48% | 48% | 54% |
| No | 82% | 73% | 65% | 61% | 69% | 52% | 52% | 46% |

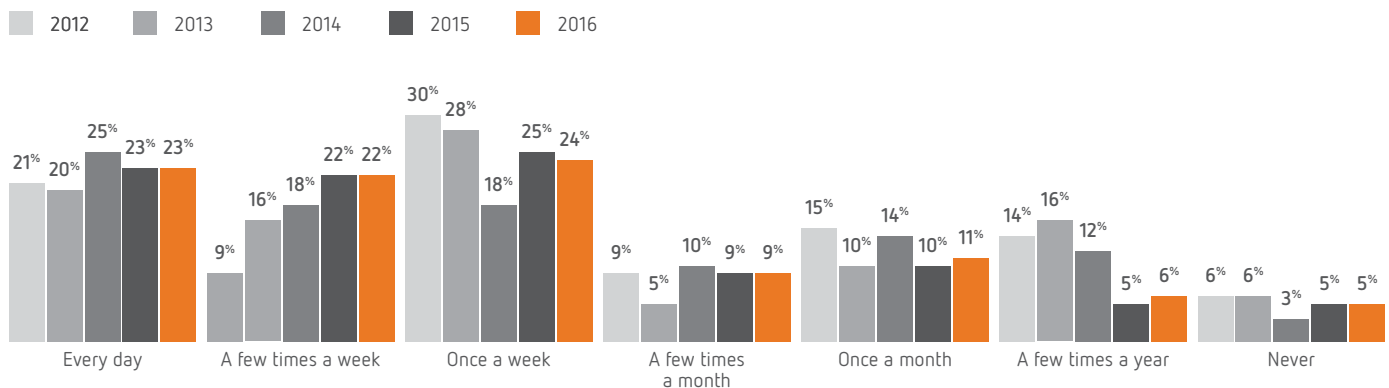
Base = All businesses with website

What does your social media presence include?



Base = All businesses with social media

Frequency SMBs monitor and update social media



Base = All businesses with social media

Social media in business – by state

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------|------------|------------|------------|------------|------------|------------|
| Total | 15% | 27% | 30% | 37% | 31% | 48% |
| New South Wales | 14% | 30% | 32% | 36% | 38% | 50% |
| Victoria | 14% | 23% | 27% | 31% | 25% | 45% |
| Queensland | 20% | 28% | 31% | 48% | 32% | 54% |
| South Australia | 11% | 25% | 32% | 35% | 24% | 51% |
| Western Australia | 14% | 30% | 34% | 35% | 27% | 39% |
| Tasmania | 12% | 28% | 33% | 41% | 25% | 45% |
| Northern Territory | 15% | 30% | 23% | 35% | 24% | 45% |
| Australian Capital Territory | 20% | 34% | 31% | 43% | 27% | 39% |
| Metropolitan | 15% | 29% | 29% | 35% | 30% | 46% |
| Regional | 15% | 25% | 35% | 40% | 31% | 51% |

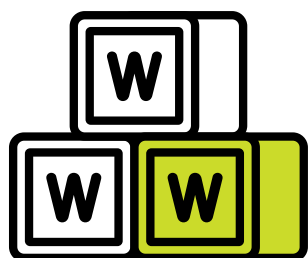
Base = all businesses with a website

Electronic commerce

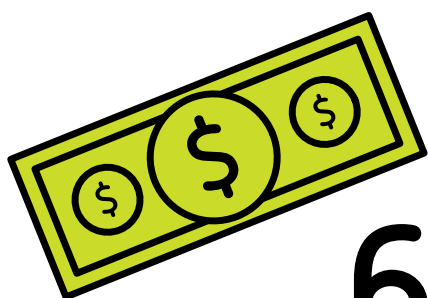
How Australian SMBs are using e-commerce

51%

take orders online



and

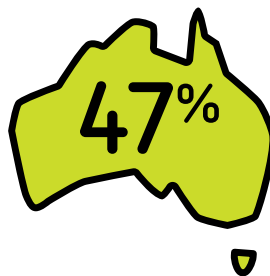


67%

receive payments online

Where do SMBs sell?

85% make local sales with 67% saying most of their sales are local



make interstate sales

25% make overseas sales



11% are specifically targeting international customers

Top 3 reasons SMBs take up e-commerce

79%

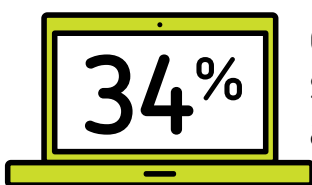
To provide better customer service

60%

To promote business more effectively

58%

To improve delivery



34% of SMBs use social media advertising

32%

use digital display advertising

32%

use SEO

16%

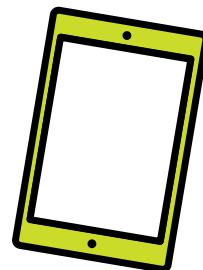
use SEM

34% of SMBs using e-commerce made most of their sales online

Industry most likely to sell online?

62%

Retail



Industry least likely to sell online?

33%

Finance and Insurance

Use of the internet for procurement

Electronic commerce is clearly a major reason why SMBs use the internet.

Seventy five percent of all SMBs place orders via the internet and 78% use it to pay for products and services.

Over eight in ten look for information on products and services via the internet.

The above uses have become more common across the SMB base, but they do remain more pronounced in medium firms than small firms. Nevertheless, each of these three applications has widespread appeal to small firms regardless of the number of employees.

Looking for information on goods and services via the internet is 83% or higher in all locations.

Placing orders online is highest in the territories (NT at 82% and ACT at 81%). It is lowest in Victoria (69%).

The incidence of paying for goods and services on the internet ranges from 74% in Victoria to 84% in Queensland.

Buying over the internet – by business size

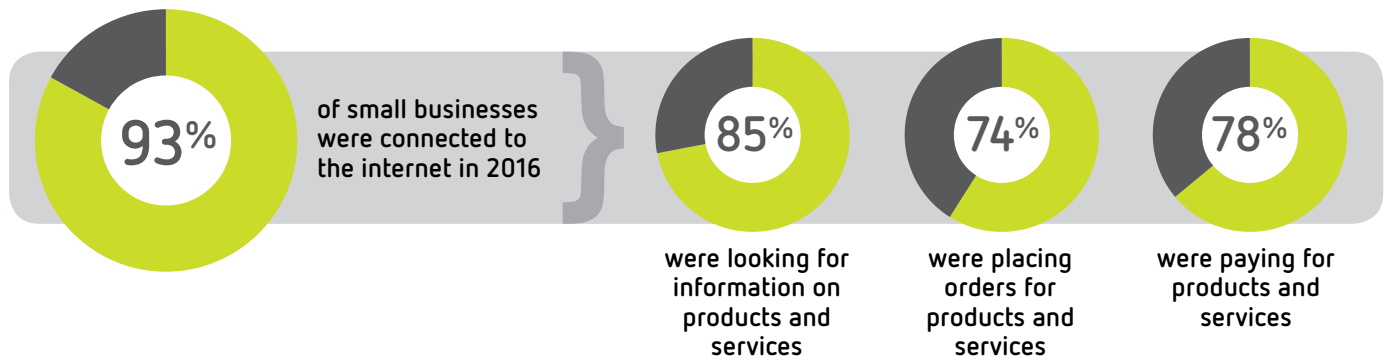
| | Connected to internet | Look for information | Place orders | Pay for products/services |
|---------------------------|-----------------------|----------------------|--------------|---------------------------|
| All Businesses | 93% | 85% | 75% | 78% |
| 1-2 Employees | 94% | 87% | 74% | 82% |
| 3-4 Employees | 97% | 89% | 77% | 84% |
| 5-9 Employees | 90% | 81% | 78% | 75% |
| 10-19 Employees | 92% | 83% | 70% | 73% |
| Total Small (1-19) | 93% | 85% | 74% | 78% |
| + 20-99 Employees | 99% | 97% | 93% | 93% |
| + 100-200 Employees | 100% | 100% | 100% | 100% |
| Total Medium (20+) | 99% | 97% | 93% | 94% |

Base = All businesses

Buying over the internet – trends for small business

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

Base = Small businesses



Buying over the internet – trends for medium business

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

Base = Medium businesses

Use of the internet for procurement

There is some variation by industry sector as to whether businesses use the internet to seek information about, or to place orders for, or to pay for goods and services. However, each of these activities occurs in the majority of businesses across all sectors.

Relative to 2015, the average proportion of total SMB procurement made online increased one percentage point to 45%. More than one in three (35%) SMBs who place orders online reported that over 50% of their orders take place online, which compares with 30% last year.

On average, 8% percent of SMB purchases were from overseas businesses (was 9% in 2015). Small and medium firms were similar in this respect.

Purchasing from overseas businesses online was highest among SMBs in Manufacturing (13%); Wholesale Trade (12%); and Communication, Property and Business Services (12%). SMBs in Finance and Insurance (2%) are the least inclined to make an online purchase from overseas.

From a list of five categories, the most common item purchased online by SMBs during the year was office supplies, mentioned by 80% and up by nine points from 2015.

Buying over the internet – by industry

| | Connected to internet | Look for information | Place orders | Pay |
|--|-----------------------|----------------------|--------------|------------|
| All Businesses | 93% | 85% | 75% | 78% |
| Manufacturing | 89% | 82% | 72% | 77% |
| Building and Construction | 95% | 90% | 76% | 83% |
| Wholesale Trade | 86% | 82% | 72% | 81% |
| Retail Trade | 94% | 87% | 83% | 82% |
| Transport and Storage | 86% | 80% | 70% | 77% |
| Communications, Property and Business Services | 97% | 90% | 81% | 81% |
| Finance and Insurance | 100% | 87% | 74% | 76% |
| Health and Community Services | 95% | 79% | 79% | 77% |
| Personal Services | 89% | 81% | 63% | 71% |
| Hospitality (Accommodation, Cafes and Restaurants) | 89% | 76% | 64% | 66% |

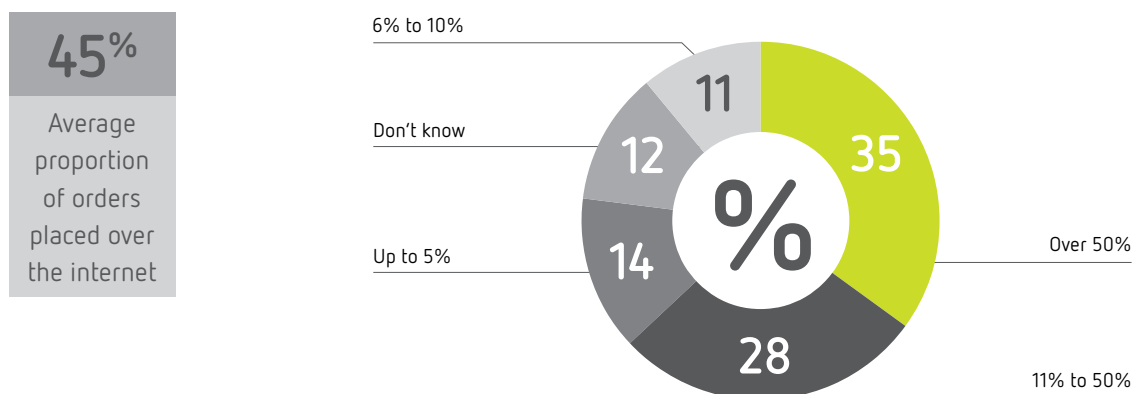
Base = All businesses

Buying over the internet – by state

| | Connected to internet | Look for information | Place orders | Pay |
|------------------------------|-----------------------|----------------------|--------------|------------|
| All Businesses | 93% | 85% | 75% | 78% |
| New South Wales | 93% | 83% | 75% | 76% |
| Victoria | 93% | 85% | 69% | 74% |
| Queensland | 93% | 86% | 80% | 84% |
| South Australia | 93% | 87% | 71% | 78% |
| Western Australia | 97% | 91% | 79% | 83% |
| Tasmania | 90% | 85% | 79% | 80% |
| Northern Territory | 93% | 87% | 82% | 83% |
| Australian Capital Territory | 91% | 83% | 81% | 81% |

Base = All businesses

Proportion of orders placed over the internet



Base = Place orders over the internet

Proportion of orders placed over the internet – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Don't know | 12% | 5% | 15% | 15% | 13% | 13% | 12% | 2% | 11% |
| Up to 5% | 14% | 11% | 15% | 17% | 19% | 15% | 8% | 23% | 15% |
| 6% - 10% | 11% | 13% | 11% | 12% | 13% | 8% | 13% | 3% | 8% |
| 11% - 50% | 28% | 29% | 34% | 18% | 24% | 25% | 41% | 31% | 31% |
| Over 50% | 35% | 42% | 24% | 38% | 31% | 39% | 26% | 42% | 36% |
| Mean | 45% | 50% | 39% | 47% | 43% | 47% | 39% | 48% | 48% |

Base = Place orders over the internet

Note: rounding occurs

Items bought over the internet



Base = Place orders over the internet

Items bought over the internet – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|------------------------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Office supplies | 80% | 89% | 75% | 75% | 76% | 83% | 81% | 70% | 74% |
| Stock merchandise | 58% | 55% | 55% | 63% | 59% | 64% | 54% | 70% | 56% |
| Travel bookings | 55% | 50% | 53% | 57% | 54% | 63% | 64% | 66% | 68% |
| Machinery / tools | 57% | 56% | 51% | 61% | 62% | 61% | 58% | 56% | 50% |
| Computer or related hardware | 54% | 52% | 55% | 50% | 55% | 61% | 59% | 50% | 53% |
| None of the above | 4% | 1% | 7% | 2% | 8% | 3% | 4% | 9% | 3% |

Base = Place orders over the internet

Note: rounding occurs

SMB use of the internet to sell

Last year we found that a minority of SMBs used the internet for taking orders but now it is half the small firms and over two thirds of medium size firms. Receiving payments online has also increased markedly in both small (up 16 points to 67%) and medium size businesses (up 13 points to 78%).

The Retail (62%); Wholesale (61%); and Hospitality (60%) sectors were clearly above average in taking orders online. SMBs in Finance and Insurance (33%) are by far the least likely to use the internet for this purpose.

Taking orders online is less pronounced in metropolitan areas (46%) than in regional areas (57%). SMBs in the NT recorded the highest incidence of taking orders online at 70% and the lowest incidence was in NSW (44%). Victoria was also quite low (45%).

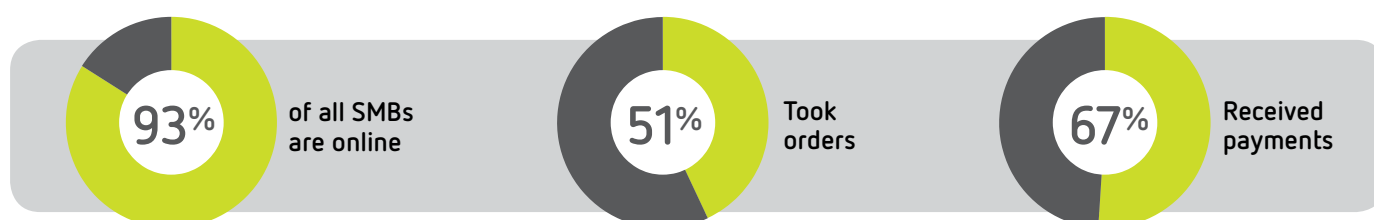
SMBs in the Manufacturing; and Building and Construction sectors (73% each) lead the market for receiving online payments while Hospitality (50%) is clearly last.

Receiving payments online is highest in Tasmania (76%) and WA (75%) with the NT close behind (74%). The lowest incidence for this behaviour is in Victoria at 64%. Regional SMBs are also more likely to receive online payments than their metropolitan counterparts (74% versus 63%).

Selling over the internet – by business size

| | Connected to internet | Take orders | Receive payments |
|---------------------------|-----------------------|-------------|------------------|
| All Businesses | 93% | 51% | 67% |
| 1-2 Employees | 94% | 49% | 70% |
| 3-4 Employees | 97% | 63% | 84% |
| 5-9 Employees | 90% | 50% | 60% |
| 10-19 Employees | 92% | 44% | 59% |
| Total Small (1-19) | 93% | 50% | 67% |
| + 20-99 Employees | 99% | 67% | 77% |
| + 100-200 Employees | 100% | 100% | 87% |
| Total Medium (20+) | 99% | 69% | 78% |

Base = All businesses



Selling over the internet – trends for small business

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Connected to internet | 75% | 79% | 81% | 86% | 87% | 90% | 92% | 93% | 95% | 94% | 95% | 91% | 95% | 95% | 83% | 93% |
| Take orders | 19% | 29% | 32% | 39% | 41% | 46% | 47% | 53% | 57% | 58% | 59% | 50% | 55% | 54% | 42% | 50% |
| Receive payments | 13% | 26% | 32% | 44% | 50% | 52% | 54% | 62% | 67% | 70% | 71% | 62% | 69% | 64% | 51% | 67% |

Base = Small businesses

Selling over the internet – trends for medium business

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Connected to internet | 95% | 94% | 98% | 99% | 97% | 99% | 99% | 98% | 98% | 100% | 99% | 99% | 99% | 100% | 98% | 99% |
| Take orders | 35% | 47% | 49% | 50% | 51% | 54% | 54% | 56% | 56% | 66% | 63% | 69% | 66% | 63% | 48% | 69% |
| Receive payments | 29% | 50% | 63% | 60% | 59% | 63% | 62% | 72% | 70% | 75% | 76% | 76% | 82% | 72% | 65% | 78% |

Base = Medium businesses

SMB use of the internet to sell

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 again in the Finance and Insurance sector. This sector recorded a gap of 67 percentage points (compared to 53 points last survey).

The narrowest gap was apparent in the Wholesale Trade sector at 25 percentage points (compared to 41 points last time).

Although there are still many SMBs not taking orders online, the average proportion of orders taken online has increased steadily in the last four surveys from 32% to 37% to 41% to 43% now.

SMBs in the Manufacturing sector that took orders online reported the highest average proportion of their orders being taken over the internet at 56%. Those in the Cultural, Recreational and Personal Services sector were next highest (53%). At the low end are SMBs in the Wholesale (25%); Retail (32%); and Health and Community Services (33%) sectors.

Selling over the internet – by industry sector

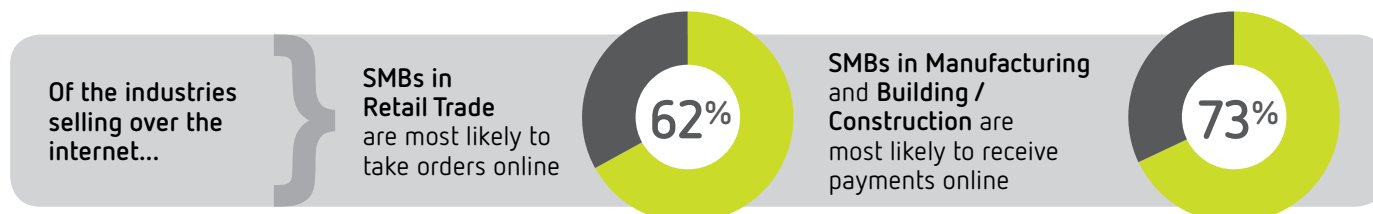
| | Connected to internet | Take orders | Receive payments |
|--|-----------------------|-------------|------------------|
| All Businesses | 93% | 51% | 67% |
| Manufacturing | 89% | 57% | 73% |
| Building and Construction | 95% | 53% | 73% |
| Wholesale Trade | 86% | 61% | 71% |
| Retail Trade | 94% | 62% | 71% |
| Transport and Storage | 86% | 47% | 71% |
| Communications, Property and Business Services | 97% | 47% | 68% |
| Finance and Insurance | 100% | 33% | 58% |
| Health and Community Services | 95% | 42% | 58% |
| Cultural, Recreational and Personal Services | 89% | 44% | 60% |
| Hospitality (Accommodation, Cafes and Restaurants) | 89% | 60% | 50% |

Base = All businesses

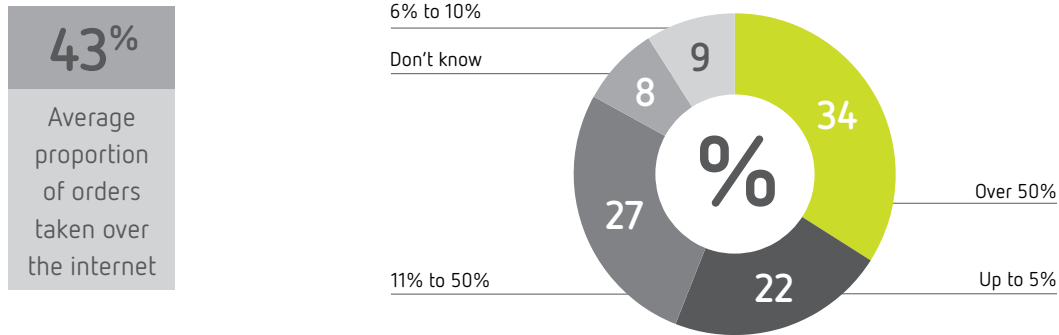
Selling over the internet – by state

| | Connected to internet | Take orders | Receive payments |
|------------------------------|-----------------------|-------------|------------------|
| All Businesses | 93% | 51% | 67% |
| New South Wales | 93% | 44% | 65% |
| Victoria | 93% | 45% | 64% |
| Queensland | 93% | 62% | 68% |
| South Australia | 93% | 53% | 66% |
| Western Australia | 97% | 57% | 75% |
| Tasmania | 90% | 62% | 76% |
| Northern Territory | 93% | 70% | 74% |
| Australian Capital Territory | 91% | 53% | 70% |

Base = All businesses



Proportion of orders taken over the internet – by businesses which take orders over the net (51%)



Base = Have taken orders

Proportion of orders taken over the internet – by businesses which take orders over the net (51%)

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Don't know | 8% | 11% | 4% | 10% | 11% | 8% | 5% | 7% | 12% |
| Up to 5% | 22% | 17% | 28% | 19% | 23% | 22% | 17% | 25% | 19% |
| 6% to 10% | 9% | 8% | 11% | 9% | 8% | 6% | 17% | 13% | 9% |
| 11% to 50% | 27% | 25% | 31% | 25% | 29% | 26% | 36% | 19% | 24% |
| Over 50% | 34% | 39% | 26% | 37% | 30% | 38% | 24% | 36% | 38% |
| Mean | 43 | 50 | 35 | 44 | 39 | 46 | 33 | 40 | 44 |

Base = Take orders over the internet

Note: Rounding occurs

Chapter 7.3

Who businesses sell to online

Online sales by SMBs are much more likely to be to local customers than those further afield, but the latter are not insignificant for both small and medium size businesses.

In total, 85% of SMBs that sold online reported making sales to local customers, with 67% saying they are their main online customers. These results compare with 92% and 66% respectively last year, so this situation has not changed markedly.

Selling to customers elsewhere in their state or territory was up nine points to 54%, while selling to customers interstate was up one point to 47%.

Overseas customers were mentioned by 2% of SMBs as their main e-commerce customer group. This was similar to last year at 3%. However, 25% of SMBs who made sales through e-commerce sold to overseas customers (27% in 2015).

Eleven percent of SMBs taking orders online used the internet to target international customers (12% last year). Medium businesses did this to a greater degree than small businesses – 16% versus 10%.

Location of customers sold to

| | Mainly sell to | Total sell to | Total sell to | |
|---------------------------|----------------|---------------|----------------|-----------------|
| | | | Small business | Medium business |
| Local – same city or town | 67% | 85% | 86% | 83% |
| Elsewhere in state | 13% | 54% | 54% | 59% |
| Interstate | 15% | 47% | 47% | 59% |
| Overseas | 2% | 25% | 25% | 33% |

Base = Take orders over the internet
 Note: 3% answered 'none'

Sell to at all

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--------------------|------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Local | 85% | 82% | 80% | 90% | 87% | 89% | 92% | 84% | 84% |
| Elsewhere in state | 54% | 55% | 57% | 52% | 42% | 55% | 62% | 50% | 53% |
| Interstate | 47% | 51% | 52% | 46% | 42% | 34% | 53% | 45% | 60% |
| Overseas | 25% | 30% | 26% | 22% | 23% | 23% | 23% | 20% | 25% |

Base = Take orders over the internet
 Note: Rounding occurs, some businesses answered 'none'

Mainly sell to

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--------------------|------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Local | 67% | 61% | 72% | 63% | 69% | 80% | 62% | 65% | 69% |
| Elsewhere in state | 13% | 15% | 15% | 14% | 10% | 4% | 18% | 10% | 3% |
| Interstate | 15% | 18% | 12% | 16% | 17% | 11% | 14% | 21% | 12% |
| Overseas | 2% | 3% | 0% | 2% | 1% | 3% | 1% | 0% | 13% |

Base = Take orders over the internet
 Note: Rounding occurs, some businesses answered 'none'

Use of internet to target overseas customers



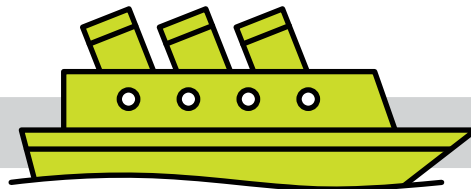
Base: take orders over the internet

Businesses that use the internet to target overseas customers – by state

| | Yes | No |
|------------------------------|-----|------|
| All SMBs | 11% | 89% |
| New South Wales | 22% | 78% |
| Victoria | 6% | 94% |
| Queensland | 7% | 93% |
| South Australia | 11% | 89% |
| Western Australia | 7% | 93% |
| Tasmania | 10% | 90% |
| Northern Territory | 0% | 100% |
| Australian Capital Territory | 7% | 93% |

Base = Take orders over the internet

Of SMBs selling online,



25% make overseas sales.

Degree of interest in e-commerce – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|----------|-----|-----|-----|-----|-----|-----|------|-----|
| Currently sell | 54% | 47% | 48% | 67% | 57% | 58% | 69% | 76% | 58% |
| Some intention | 12% | 18% | 13% | 4% | 14% | 8% | 11% | 6% | 8% |
| No intention | 34% | 35% | 39% | 29% | 29% | 34% | 20% | 18% | 34% |
| *IF SOME INTEREST: Overall, how strong an interest do you have in using electronic commerce in the future – that is, selling over the internet? | | | | | | | | | |
| Extremely | 4% | 3% | 5% | 13% | 0% | 7% | 0% | 0% | 0% |
| Very | 69% | 82% | 57% | 54% | 56% | 65% | 54% | 41% | 73% |
| Fairly | 15% | 8% | 24% | 33% | 14% | 17% | 26% | 21% | 17% |
| Slightly | 11% | 8% | 13% | 0% | 30% | 11% | 21% | 38% | 10% |
| *IF EXTREMELY / VERY / FAIRLY INTERESTED: And on what sort of timescale would you like to move towards electronic commerce? | | | | | | | | | |
| Within the next year | 47% | 36% | 66% | 45% | 62% | 46% | 59% | 100% | 62% |
| Within the next 2-5 years | 53% | 64% | 34% | 55% | 38% | 54% | 41% | 0% | 38% |

Base = SMBs with a website
Note: Rounding occurs

Degree of interest in engaging in e-commerce

Among firms connected to the internet, 54% currently make sales using e-commerce, with 34% having no intention of introducing e-commerce to their business in the foreseeable future. These figures were 51% and 43% in the previous survey.

As discovered in 2015, the main reason given for taking up e-commerce is to provide better customer service.

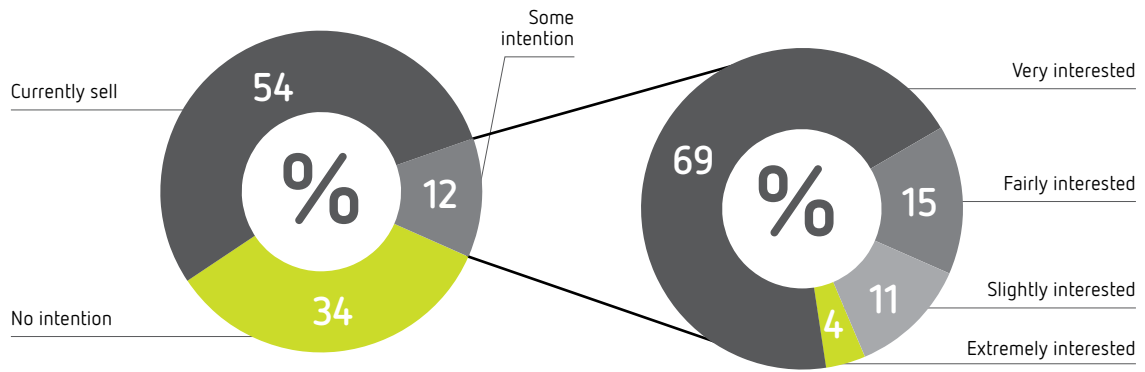
12% of online SMBs indicated some intention to start using e-commerce and nearly three quarters of them are extremely (4%) or very interested (69%) in taking this up.

Among online SMBs not engaging in e-commerce, those in NSW (18%) were most likely to express some degree of

interest in selling over the internet. Across the sectors, SMBs in Communications, Property and Business Services stood out (20%).

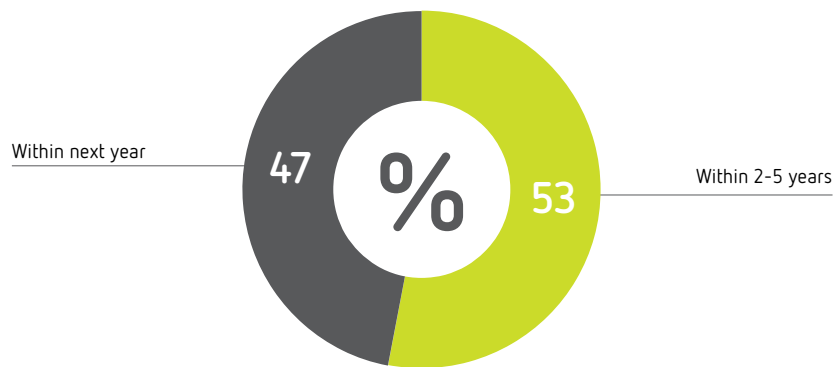
None of the SMBs looking to introduce e-commerce plan to do this immediately, which compares with 14% last year. 47% are looking at introducing it at some stage in the next year (was 44%). The remainder of the interested SMBs felt it would be 2-5 years before they would introduce e-commerce into their business.

Degree of interest in e-commerce



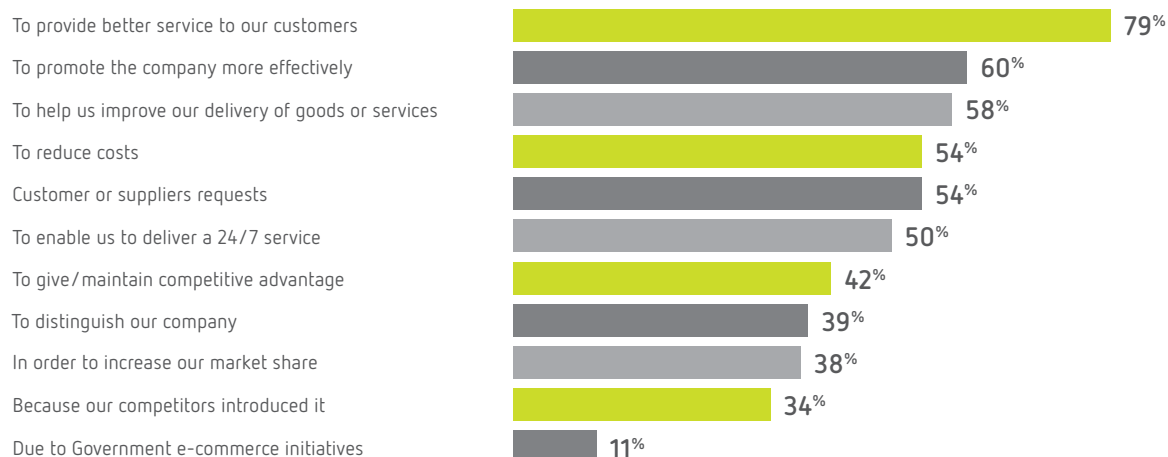
Base = All businesses with internet

Timescale for decision on implementation



Base = Interested in e-commerce

Reasons for using e-commerce



Base = Place orders over the internet

Reasons for taking up e-commerce – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|-----------------------------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Provide better service | 79% | 88% | 80% | 71% | 73% | 75% | 88% | 72% | 79% |
| Promote company better | 60% | 71% | 51% | 58% | 51% | 67% | 45% | 53% | 51% |
| Help improve delivery | 58% | 52% | 58% | 59% | 58% | 58% | 81% | 51% | 58% |
| To reduce costs | 54% | 55% | 45% | 55% | 56% | 61% | 72% | 43% | 56% |
| Customer or supplier requests | 54% | 51% | 53% | 54% | 55% | 58% | 65% | 57% | 46% |
| To deliver 24/7 service | 50% | 56% | 53% | 48% | 39% | 38% | 53% | 43% | 50% |
| Competitive advantage | 42% | 47% | 47% | 33% | 39% | 43% | 54% | 42% | 40% |
| Distinguish our company | 39% | 51% | 37% | 31% | 33% | 36% | 42% | 31% | 31% |
| Increase market share | 38% | 35% | 42% | 38% | 29% | 35% | 41% | 38% | 32% |
| Competitors introduced apps | 34% | 34% | 43% | 32% | 26% | 28% | 39% | 31% | 20% |
| Government e-commerce initiatives | 11% | 9% | 10% | 11% | 13% | 14% | 20% | 11% | 19% |

Base = Place orders over the internet

Concerns about e-commerce

From a list of ten prompted options, the biggest concern that SMBs have about e-commerce remains hacking. However, fewer class this as a major concern than last year – 35% compared with 46%. A further 34% identified this as a minor concern (was 26% in 2015).

For all ten options, there were fewer online SMBs rating them as major concerns than last survey, but in almost all cases the level of minor concern rose.

The issues least likely to be identified as a major concern relate to customers in three respects – being ready, being able to compare product offers against competitors and willingness to transact online. Less than 10% nominated each of these as a major concern, which was slightly lower than in 2015.

Concerns about e-commerce

| | Major concern | Minor concern | No concern |
|--|---------------|---------------|------------|
| People being able to hack into your computer system | 35% | 34% | 31% |
| Incompatibility with your existing systems | 18% | 39% | 43% |
| Lack of personal contact with the customer | 17% | 31% | 52% |
| Your lack of expertise and knowledge in computers | 15% | 41% | 44% |
| The cost of hardware and software | 15% | 41% | 44% |
| Cost and time with introducing new technologies | 15% | 44% | 41% |
| Being able to measure your return on investment | 11% | 34% | 55% |
| A feeling that most of your customers aren't ready | 9% | 35% | 56% |
| Customers can more easily compare your product offer with that of your competitors | 8% | 35% | 57% |
| Customers not being prepared to carry out financial transactions over the internet | 6% | 42% | 52% |

Base = All businesses with internet

Concerns about e-commerce – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| People able to hack into system | 35% | 29% | 35% | 43% | 41% | 33% | 51% | 37% | 40% |
| Incompatibility with existing systems | 18% | 17% | 15% | 23% | 13% | 22% | 24% | 20% | 7% |
| Lack of personal contact | 17% | 15% | 15% | 19% | 19% | 22% | 17% | 22% | 16% |
| Cost and time to introduce | 15% | 15% | 14% | 15% | 15% | 19% | 23% | 23% | 14% |
| Lack of expertise and knowledge | 15% | 12% | 16% | 17% | 15% | 20% | 24% | 24% | 10% |
| Cost of hardware and software | 15% | 12% | 16% | 19% | 13% | 18% | 13% | 24% | 18% |
| Being able to measure your return on investment | 11% | 12% | 9% | 15% | 12% | 7% | 15% | 13% | 8% |
| A feeling that most of your customers aren't ready | 9% | 7% | 8% | 13% | 10% | 7% | 9% | 12% | 3% |
| Customers can more easily compare your product | 8% | 8% | 6% | 8% | 7% | 7% | 15% | 10% | 6% |
| Customers not prepared to transact on net | 6% | 6% | 5% | 8% | 4% | 7% | 5% | 6% | 5% |

Base = All businesses with internet

Concerns about e-commerce – trends

| Rate as major concern | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| People able to hack into system | 34% | 42% | 41% | 43% | 40% | 49% | 42% | 46% | 43% | 46% | 44% | 46% | 41% | 44% | 46% | 35% |
| Incompatibility with existing systems | NA | NA | 8% | 10% | 5% | 16% | 15% | 13% | 13% | 12% | 16% | 14% | 13% | 20% | 20% | 18% |
| Lack of personal contact | 39% | 36% | 27% | 17% | 16% | 22% | 22% | 22% | 22% | 24% | 26% | 26% | 23% | 22% | 21% | 17% |
| Cost and time to introduce | 10% | 9% | 4% | 17% | 12% | 22% | 15% | 25% | 19% | 23% | 24% | 23% | 22% | 23% | 19% | 15% |
| Lack of expertise and knowledge | 28% | 30% | 28% | 19% | 19% | 28% | 24% | 26% | 21% | 23% | 22% | 27% | 20% | 25% | 23% | 15% |
| Cost of hardware and software | 19% | 24% | 20% | 18% | 13% | 19% | 16% | 20% | 18% | 18% | 21% | 21% | 18% | 20% | 20% | 15% |
| Being able to measure your return on investment | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | 16% | 14% | 14% | 18% | 11% |
| A feeling that most of your customers aren't ready | 33% | 31% | 27% | 11% | 12% | 14% | 12% | 15% | 10% | 12% | 12% | 13% | 12% | 9% | 11% | 9% |
| Customers can more easily compare your product | NA | NA | 11% | 9% | 9% | 12% | 9% | 11% | 10% | 12% | 12% | 14% | 14% | 12% | 14% | 8% |
| Customers not prepared to transact on net | 34% | 23% | 23% | 9% | 12% | 18% | 12% | 13% | 10% | 14% | 12% | 12% | 12% | 10% | 8% | 6% |

Base = All businesses with internet

Online advertising

Thirty four percent use social networks for advertising, which has increased three points from 2015 and is now the most common form of advertising adopted. Thirty two percent advertise online which has decreased three points compared to last year. Unpaid search engine optimisation (SEO) – up four points – was also more popular, mentioned by 32%. Paid search engine marketing (SEM) is used by 16% of SMBs (was 18% last year) and use of mobile advertising was also two points lower at 7%. There was little or no change in use of mobile applications (down one point to 13%) and video conferencing (unchanged at 19%).

SMBs in the Hospitality sector were the most likely to undertake paid SEM at 29%, while those in the Cultural, Recreational and Personal Services sector (7%) were by far the least likely.

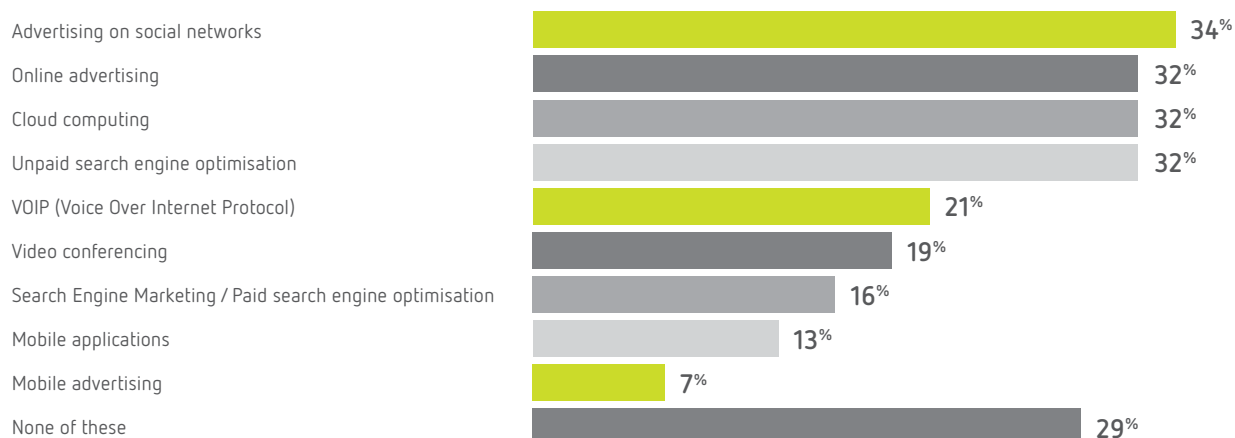
The Hospitality sector also uses online display advertising much more than others (55%), with Retail; Wholesale; Cultural, Recreational and Personal Services the next highest, each at 39%. Hospitality also stood out for advertising on social networks (62%), just in front of Cultural, Recreational and Personal Services (59%), with others ranging from 20% to 42% for this activity.

The Wholesale sector and SMBs in Communications, Property and Business Services were the most likely to use unpaid SEO to advertise their business (42% each).

Mobile advertising was more common in Hospitality and Cultural, Recreational and Personal Services (15% each) than other sectors.

Almost six in ten SMBs (59%) felt it was very (20%) or somewhat important (39%) to appear on page one of a Google search. This was higher than in 2015 at 46%. The proportion regarding this position to be unimportant decreased from 39% to 26%. Opinions varied markedly by industry, with 81% of SMBs in the Cultural, Recreational and Personal Services sector saying that it is at least somewhat important to appear on page one, compared to 43% of SMBs in the Finance and Insurance sector. Hospitality is another sector that stands out, with 74% assigning importance to this.

SMBs advertising online



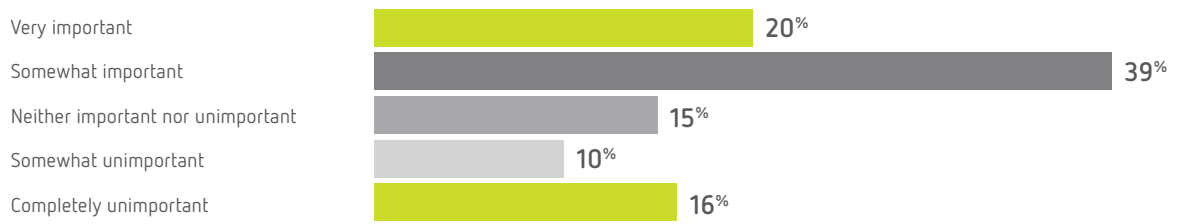
Base = All businesses with internet

SMBs advertising online – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Advertising on social networks | 34% | 30% | 32% | 37% | 39% | 40% | 36% | 38% | 34% |
| Online advertising | 32% | 34% | 28% | 31% | 40% | 28% | 36% | 34% | 26% |
| Cloud computing | 32% | 31% | 29% | 36% | 32% | 29% | 42% | 33% | 25% |
| Unpaid search engine optimisation | 32% | 32% | 29% | 35% | 31% | 30% | 40% | 48% | 31% |
| VOIP | 21% | 24% | 19% | 17% | 16% | 22% | 28% | 16% | 26% |
| Video conferencing | 19% | 25% | 14% | 17% | 16% | 15% | 17% | 22% | 26% |
| Paid search engine marketing/optimisation | 16% | 16% | 9% | 22% | 21% | 21% | 14% | 17% | 13% |
| Mobile applications | 13% | 11% | 14% | 13% | 16% | 16% | 13% | 17% | 16% |
| Mobile advertising | 7% | 7% | 10% | 4% | 7% | 5% | 12% | 10% | 6% |
| None of these | 29% | 32% | 31% | 30% | 20% | 28% | 13% | 14% | 24% |

Base = All businesses with internet

How important is it to be on page one of Google?



Base = All businesses with internet

How important is it to be on page one? – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Very important | 20% | 21% | 19% | 21% | 23% | 17% | 23% | 19% | 14% |
| Somewhat important | 39% | 44% | 37% | 32% | 38% | 39% | 35% | 36% | 52% |
| Neither important nor unimportant | 15% | 13% | 14% | 16% | 16% | 17% | 10% | 19% | 15% |
| Somewhat unimportant | 10% | 9% | 8% | 14% | 15% | 10% | 20% | 12% | 7% |
| Completely unimportant | 16% | 12% | 22% | 17% | 8% | 16% | 11% | 14% | 12% |
| Net important | 59% | 65% | 56% | 53% | 62% | 56% | 58% | 55% | 66% |

Base = All businesses with internet
 Note: Rounding occurs

Digital business strategies

Even though over nine in ten SMBs are on the internet, only 19% have an actual digital business strategy, up two points from 17% in 2015.

Medium size businesses (28%) are still more likely to have a digital business strategy than small businesses (19%). This gap was 18 points in 2014 and 14 points last year so the gap has narrowed to nine points.

Similar proportions of SMBs in metropolitan (19%) and regional (20%) areas have a digital strategy. SMBs in Victoria and WA (21% each) were the most likely to report having a digital strategy, with those in the NT the least likely at 14%.

By sector, SMBs in Cultural, Recreational and Personal Services stood out in having a digital business plan (37%). Next in line were Manufacturers (26%). At the other end of the scale were SMBs in Building and Construction (12%).

Over three quarters (77%) of SMBs with a digital business strategy say it was developed in-house.

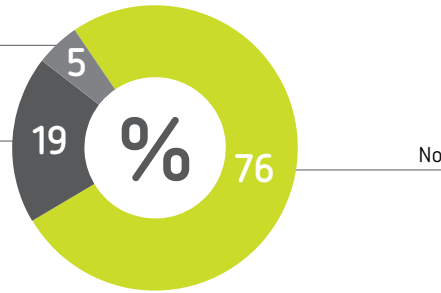
One third of those SMBs with a digital business strategy developed this within the last year. A quarter have had a digital business strategy for more than five years.

Digital business strategies in SMBs

Q. Have you developed a digital strategy for your business?

Not sure what a digital business strategy is

Yes



Digital business strategies in SMBs – by state

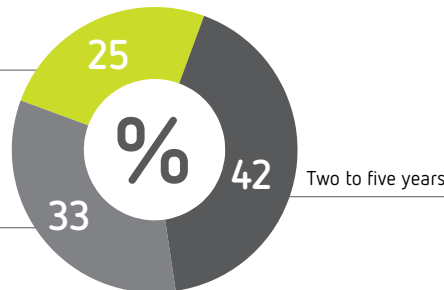
| | Yes | No | Unsure what this is / Don't know |
|------------------------------|------------|------------|----------------------------------|
| All SMBs | 19% | 76% | 5% |
| New South Wales | 19% | 76% | 5% |
| Victoria | 21% | 76% | 3% |
| Queensland | 16% | 79% | 8% |
| South Australia | 19% | 76% | 5% |
| Western Australia | 21% | 70% | 9% |
| Tasmania | 19% | 71% | 10% |
| Northern Territory | 14% | 83% | 3% |
| Australian Capital Territory | 15% | 82% | 3% |

Base = All businesses with internet

How long have you had a digital business strategy?

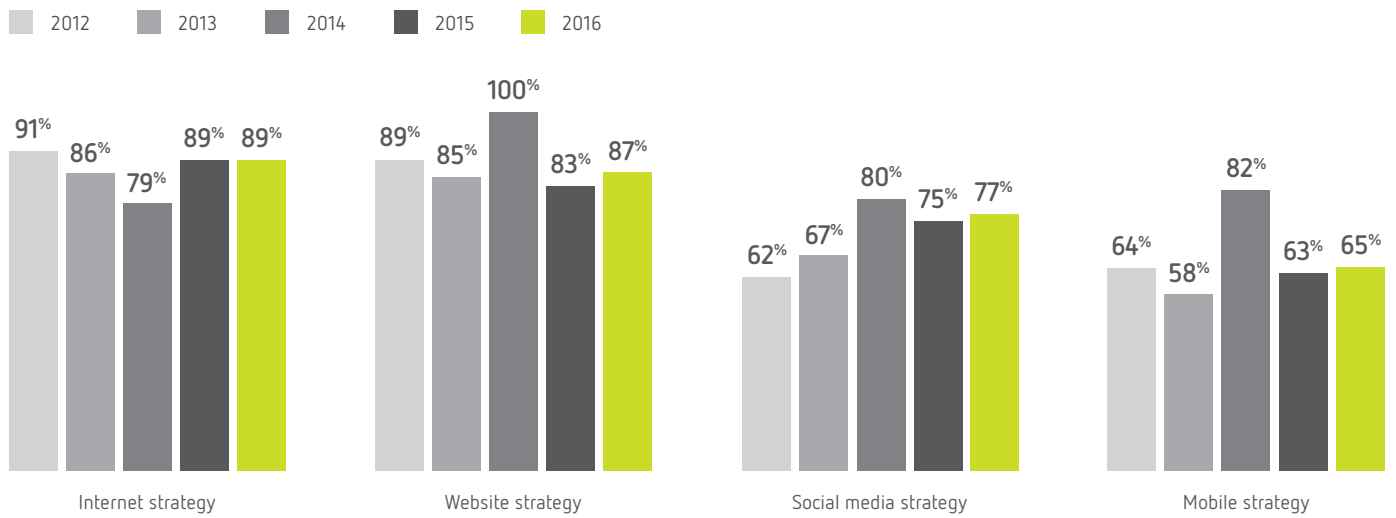
Over five years

Within the last year



Base = All businesses with a digital business strategy

Components included in digital business strategies



Base = All businesses with a digital business strategy

Digital business strategies

With mobile strategies now likely to be part of a business' broader digital strategy, we again measured adoption of mobile applications by SMBs.

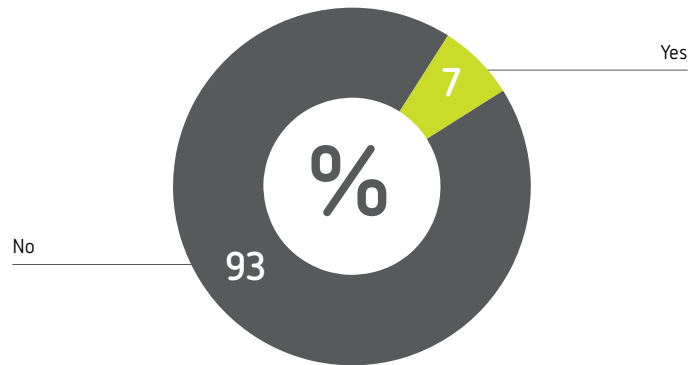
Seven percent of SMBs reported having developed a mobile application or "app" for their business. This was 6% last year.

Medium size businesses were much more likely to have developed a mobile app for their business – 16% compared to 6% for small businesses. These incidences are virtually the same as in 2015. SMBs in the Hospitality sector were above average in having developed an app for their business (15%). Only 1% of those in Building and Construction and 5% in Manufacturing have an app.

Eight percent of online SMBs without a mobile app intend to develop one in the next twelve months. Last year this was 9%. Regional SMBs (11%) appear more inclined to do this than metropolitan SMBs (7%). Retailers (15%) also stand out and medium size firms (14%) are also more active in this space than small businesses (8%).

Mobile applications ("App")

Have you developed an app for your business?



Base = All businesses with internet

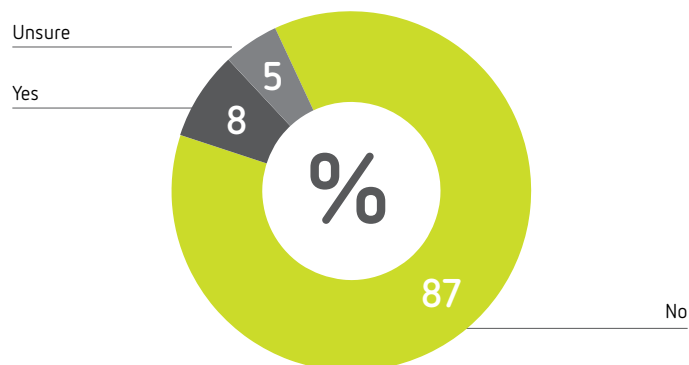
Businesses that have developed an app – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|-----|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Yes | 7% | 9% | 7% | 5% | 7% | 3% | 3% | 4% | 6% |
| No | 93% | 91% | 93% | 95% | 93% | 97% | 97% | 96% | 94% |

Base = All businesses with internet

Note: Rounding occurs

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



Base = All businesses with internet without an app

Businesses that intend to develop an app – by state

| | All SMBs | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Yes | 8% | 6% | 11% | 11% | 4% | 6% | 11% | 5% | 7% |
| No | 87% | 92% | 84% | 81% | 92% | 87% | 82% | 89% | 87% |
| Don't know | 5% | 2% | 5% | 8% | 4% | 7% | 7% | 6% | 6% |

Base = All businesses with internet

Note: Rounding occurs

Technology in Australian households

How Australians use mobile technology



100%

of Australian households own a computer

91%

of Australians aged 18 - 29 use mobile phones to access the internet

59%

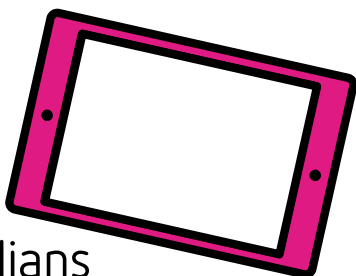
of Australians in their 30s have accessed the internet on a tablet

61%

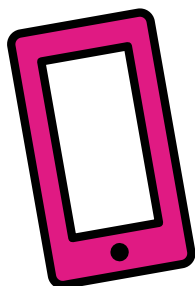
of Australians aged 50 - 64 use mobile phones to access the internet

58%

of Australians own a tablet

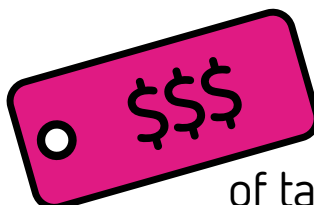


and



78%

own a smartphone



43%

of tablet users use it to pay for purchases or bills

vs

55%

of mobile users

55%



of mobile users are ordering goods & services

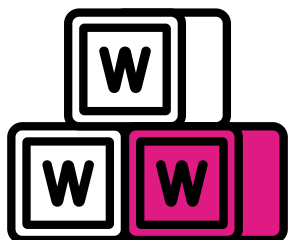
vs

42%

of tablet users

To access the internet

57% are using a tablet



73% are using mobiles

Maps and directions are mostly used by mobile users

44%
tablets

82%
mobiles

Chapter 8.1

Equipment ownership and internet usage

Almost all Australian households (99.8%) reported having a computer of some type in 2016. This compares with 95% in 2015. Notebooks, desktop computers and tablets have seen little growth. Smartphones and wearable devices have increased their penetration the most.

Smartphones are the most popular device (78%, up from 72%). Majority ownership is also observed for digital TV or set-top boxes (61%, down from 70%) and tablets (58%, up from 56%). The fall in penetration of digital TVs or set-top boxes has not been offset by growth in 3D TVs (11%) which is also down from last year (17%). This may reflect higher appeal for video streaming services such as Netflix, Stan and Presto in the last year.

Sixteen percent of Australians have a wearable device such as an Apple watch or Fitbit and 5% intend to obtain one in the next year.

Notwithstanding replacement purchases, there is likely to be further growth in smartphone and tablet penetration with 8% and 6% respectively intending to obtain each of these devices in the next year.

We found that 98% of adult consumers accessed the internet during the past year, which is five points higher than in 2015.

Relative to 2015, we discovered that satisfaction with home internet upload and download speeds has declined. Fifty seven percent of adult consumers are satisfied (62% last year) with 25% dissatisfied (19% last year). The rest are neutral. It is possible the growth in use of video streaming services has impacted on satisfaction.

Twenty percent intend on obtaining a faster internet connection in the next year, with 12% unsure about this. In 2015 the figures were 25% and 10% respectively. Expectations regarding the NBN rollout could be affecting this intention.

Computer and internet ownership in the home

| | 2016 | | 2015 | 2014 | 2013 | 2012 |
|--------------------------|----------------|------------------------|----------------|----------------|----------------|----------------|
| | Currently have | Intend to in next year | Currently have | Currently have | Currently have | Currently have |
| A desktop computer or PC | 67% | 5% | 65% | 64% | 66% | 67% |
| A notebook computer | 53% | 7% | 53% | 75% | 67% | 66% |
| Total computer | *100% | 27% | 95% | 94% | 91% | 93% |
| Dial-up internet | 8% | 0.2% | 8% | 3% | 3% | 3% |
| Broadband internet | 55% | 2% | 62% | 58% | 62% | 61% |
| Wireless broadband | 60% | 2% | 64% | 57% | 51% | 52% |
| Total internet | 98% | NA | 93% | 93% | 92% | 90% |

Base = All Australians aged 14 plus prior to 2015 and aged 18 plus since.
Notes: Any computer includes other devices listed in Q1 but not shown above.
*2016 result was 99.8%

Computer and internet ownership in the home – by state

| | All | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--------------------------------|--------------|-------------|-------------|------------|-------------|------------|-------------|-------------|-------------|
| A desktop computer or PC | 67% | 67% | 66% | 73% | 70% | 59% | 60% | 70% | 70% |
| A notebook computer | 53% | 45% | 64% | 51% | 52% | 59% | 53% | 22% | 54% |
| Total computer | *100% | 100% | 100% | 99% | 100% | 99% | 100% | 100% | 100% |
| Dial-up internet | 8% | 8% | 8% | 9% | 7% | 8% | 7% | 0% | 4% |
| Broadband internet | 55% | 54% | 64% | 54% | 50% | 48% | 57% | 14% | 47% |
| Wireless broadband | 60% | 56% | 66% | 53% | 59% | 68% | 54% | 66% | 52% |
| Total accessed internet | 98% | 97% | 99% | 96% | 99% | 98% | 99% | 100% | 100% |

*Base = All Australians aged 18 plus in 2015
Notes: Any computer includes other devices listed in Q1 but not shown above.
*2016 result was 99.8%

Computerisation in the home (intention to get in the next year) – by state

| | All | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| A desktop computer or PC | 5% | 6% | 5% | 8% | 2% | 5% | 3% | 4% | 2% |
| A notebook computer | 7% | 6% | 7% | 10% | 3% | 4% | 11% | 8% | 2% |
| Total (any) computer* | 27% | 25% | 24% | 31% | 27% | 30% | 30% | 23% | 20% |
| Dial-up internet | 0.2% | 0% | 0.5% | 0% | 2% | 0% | 0% | 0% | 0% |
| Broadband internet | 2% | 1% | 1% | 3% | 3% | 5% | 4% | 4% | 2% |
| Wireless broadband | 2% | 3% | 2% | 1% | 1% | 4% | 2% | 3% | 0% |

*Base = All Australians aged 18 plus in 2015

* Includes other computers not just a desktop or notebook.

Technology in the home

| | 2016 | | 2015 | 2014 | 2013 | 2012 |
|---|----------------|---------------------------------|----------------|----------------|----------------|----------------|
| | Currently have | Expect to get in next 12 months | Currently have | Currently have | Currently have | Currently have |
| Mobile smartphone – able to access internet | 78% | 8% | 72% | 77% | 72% | 59% |
| Digital TV or set top box | 61% | 2% | 70% | 89% | 86% | 85% |
| Tablet (such as an iPad) | 58% | 6% | 56% | 56% | 44% | 30% |
| Internet enabled TV, DVD or Blu-ray player | 45% | 3% | 47% | 51% | 46% | NA |
| In-car navigation device | 35% | 2% | 40% | 42% | 38% | 36% |
| Mobile phone – standard | 29% | 2% | 34% | 28% | 28% | 42% |
| Pay TV | 27% | 2% | 31% | 30% | 30% | 31% |
| Personal/handheld navigation device | 22% | 1% | 24% | 25% | 22% | 18% |
| Wearable device like Apple watch or Fit Bit | 16% | 5% | NA | NA | NA | NA |
| 3D TV | 11% | 1% | 17% | NA | NA | NA |
| T-Hub | 7% | 0.2% | 6% | NA | NA | NA |

Base = All Australians aged 14 plus prior to 2015 and aged 18 plus since.

Technology in the home (own now) – by state

| | All | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--|------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Mobile phone – smartphone | 78% | 76% | 77% | 77% | 81% | 84% | 88% | 93% | 88% |
| Digital TV or set top box | 61% | 58% | 60% | 67% | 59% | 65% | 62% | 54% | 53% |
| Tablet (such as an iPad) | 58% | 56% | 63% | 59% | 47% | 61% | 56% | 42% | 47% |
| Internet enabled TV, DVD or Blu-ray player | 45% | 42% | 45% | 52% | 43% | 42% | 49% | 30% | 47% |
| In-car navigation device | 35% | 34% | 41% | 39% | 28% | 28% | 29% | 15% | 29% |
| Mobile phone – standard | 29% | 28% | 31% | 33% | 24% | 29% | 24% | 10% | 22% |
| Pay TV | 27% | 21% | 33% | 35% | 26% | 23% | 21% | 15% | 19% |
| Personal/handheld navigation device | 22% | 23% | 17% | 30% | 11% | 22% | 26% | 9% | 33% |
| 3D TV | 11% | 8% | 10% | 17% | 6% | 14% | 20% | 0% | 15% |
| T-Hub | 7% | 6% | 10% | 6% | 7% | 5% | 7% | 0% | 8% |

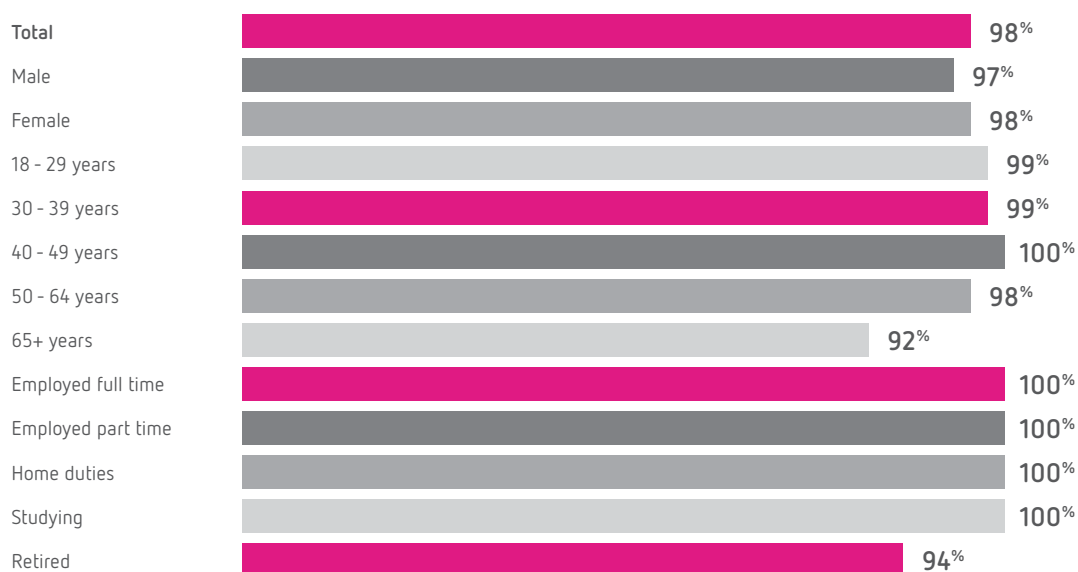
Base = All Australians aged 14 plus prior to 2015 and aged 18 plus since

Technology in the Home (intention to get in next year)- by state

| | All | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--|-------------|-----|-----|-----|----|-----|-----|----|-----|
| Digital TV or set top box | 2% | 1% | 1% | 2% | 6% | 5% | 2% | 5% | 0% |
| Pay TV | 2% | 1% | 3% | 2% | 1% | 3% | 2% | 0% | 2% |
| 3D TV | 1% | 1% | 2% | 0% | 0% | 2% | 0% | 2% | 0% |
| Mobile phone – standard | 2% | 3% | 2% | 1% | 0% | 1% | 0% | 0% | 0% |
| Mobile phone – smartphone | 8% | 6% | 5% | 11% | 7% | 11% | 9% | 2% | 8% |
| Internet enabled TV, DVD or Blu-ray player | 3% | 3% | 3% | 3% | 4% | 3% | 4% | 4% | 4% |
| In-car navigation device | 2% | 1% | 4% | 3% | 1% | 1% | 0% | 2% | 0% |
| Personal/handheld navigation device | 1% | 0% | 0% | 2% | 1% | 1% | 2% | 0% | 0% |
| Tablet (such as an iPad) | 6% | 4% | 8% | 6% | 9% | 4% | 3% | 0% | 2% |
| T-Hub | 0.2% | 0% | 0% | 1% | 0% | 0% | 2% | 0% | 0% |

*Base = All Australians aged 18 plus in 2015

Internet usage in the last 12 months



Base = All Australians aged 18 plus

What Australians are doing online

Last year we observed generally lower results relative to the year before, which reflected the absence of teens aged 14-17 from the sample. This year is therefore more directly comparable with the previous survey findings and we find virtually all the internet applications listed were used by more adults in the last year.

Looking for maps and directions was the most widely used function in the last twelve months (87%), which was also true in 2015 (78%). Looking for information on products and services (82%), paying for purchases or bills (81%) and banking (81%) were not far behind.

The following were also very popular in the last year for more than seven in ten adults: looking for suppliers of products and services (78%); looking at weather information (76%); using a social networking site (74%); and ordering goods and services (71%).

Majority usage emerged for a number of other applications too – browsing news sites and making bookings (each at 67%); downloading a mobile app (65%); searching auction sites and seeking entertainment services (each at 52%).

We also discovered that 41% have supplied personal information online in the past year. Two new questions revealed that for about a third of adults, the theft or misuse of their private information and the security of their credit card information are each major concerns. A similar proportion said these two risks cause them some concern.

Internet functions used in the last 12 months

Q. In the last twelve months which of the following have you done on the internet – either on a computer, a mobile phone or a tablet?

| | All Australians |
|--|-----------------|
| Looked for maps and/or directions | 87% |
| Looked for information on products and services | 82% |
| Paid for purchases or bills with credit card or other means | 81% |
| Undertaken banking | 81% |
| Looked for suppliers of products and services | 78% |
| Looked for weather information | 76% |
| Used a social networking site | 74% |
| Ordered goods/services | 71% |
| Browsed news sites | 67% |
| Made bookings | 67% |
| Downloaded a mobile app | 65% |
| Searched through an auction site | 52% |
| Accessed entertainment services | 52% |
| Used satellite navigation on mobile phone | 50% |
| Downloaded or streamed video content | 48% |
| Checked into a flight | 46% |
| Read a newspaper | 46% |
| Read a blog | 43% |
| Checked sports results | 40% |
| Supplied personal information online (e.g. financial, health etc.) | 41% |
| Uploaded video content | 39% |
| Checked financial results | 38% |
| Bought or sold through an auction site | 36% |
| Read an e-book | 29% |
| Tweeted (used social networking site Twitter) | 21% |
| Bought discount/group buying coupons | 19% |
| Written a blog | 13% |

Base = All Australians aged 18 plus.

Internet functions in the last 12 months – key trends for all Australians

Q. In the last twelve months which of the following have you done on the internet – either on a computer, a mobile phone or a tablet?

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|------|------|------|------|------|------|------|------------|
| Looking for maps and directions | NA | NA | NA | NA | 81% | 89% | 78% | 87% |
| Looked for products or services information | 78% | 82% | 80% | 87% | 87% | 92% | 74% | 82% |
| Paid for purchases or bills | 62% | 65% | 66% | 75% | 78% | 82% | 73% | 81% |
| Undertaken banking | 60% | 64% | 63% | 72% | 75% | 79% | 71% | 81% |
| Used a social networking site | 41% | 56% | 59% | 62% | 69% | 72% | 68% | 74% |
| Ordered goods/services | 61% | 64% | 67% | 71% | 74% | 77% | 61% | 71% |
| Made bookings | 60% | 63% | 60% | 67% | 67% | 68% | 61% | 67% |
| Downloaded or streamed video content | 36% | 47% | 48% | 52% | 57% | 66% | 53% | 48% |
| Read a blog | 41% | 42% | 44% | 45% | 50% | NA | 38% | 43% |
| Supplied personal information online | 37% | 40% | 39% | 40% | 45% | 41% | 38% | 41% |
| Uploaded video content | 14% | 19% | 21% | 31% | 30% | NA | 29% | 39% |
| Written a blog | 16% | 14% | 15% | 13% | 13% | NA | 12% | 13% |

Base = All Australians aged 14 plus prior to 2015 and aged 18 plus in 2015

Level of concern held about using the internet for online transactions – by state

| | All | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--|------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Concern about the theft or misuse of your private information | | | | | | | | | |
| Major concern | 34% | 32% | 29% | 41% | 45% | 29% | 42% | 72% | 38% |
| Some concern | 34% | 36% | 37% | 26% | 28% | 42% | 20% | 14% | 28% |
| Minor concern | 17% | 16% | 18% | 19% | 17% | 14% | 16% | 6% | 28% |
| No concern | 15% | 16% | 16% | 14% | 10% | 15% | 21% | 7% | 6% |
| Concern about the security of your credit card information | | | | | | | | | |
| Major concern | 34% | 33% | 28% | 37% | 48% | 30% | 47% | 67% | 35% |
| Some concern | 35% | 35% | 39% | 34% | 26% | 37% | 22% | 23% | 28% |
| Minor concern | 16% | 15% | 17% | 14% | 16% | 19% | 13% | 4% | 24% |
| No concern | 15% | 16% | 16% | 15% | 9% | 14% | 18% | 6% | 13% |

Note: new questions in 2016, rounding occurs

Level of concern held about using the internet for online transactions – by gender

| | | Gender | | Age | | | | |
|--|------------|--------|--------|---------|---------|---------|---------|-----|
| | | Male | Female | 18 - 29 | 30 - 39 | 40 - 49 | 50 - 64 | 65+ |
| Concern about the theft or misuse of your private information | | | | | | | | |
| Major concern | 34% | 34% | 34% | 40% | 27% | 40% | 30% | 35% |
| Some concern | 34% | 33% | 33% | 30% | 39% | 27% | 39% | 33% |
| Minor concern | 17% | 19% | 19% | 17% | 21% | 18% | 17% | 12% |
| No concern | 15% | 14% | 14% | 13% | 13% | 15% | 14% | 20% |
| Concern about the security of your credit card information | | | | | | | | |
| Major concern | 34% | 35% | 33% | 39% | 25% | 37% | 33% | 34% |
| Some concern | 35% | 35% | 35% | 33% | 42% | 31% | 37% | 32% |
| Minor concern | 16% | 15% | 17% | 16% | 19% | 20% | 14% | 13% |
| No concern | 15% | 15% | 15% | 13% | 14% | 12% | 16% | 21% |

Note: new questions in 2016

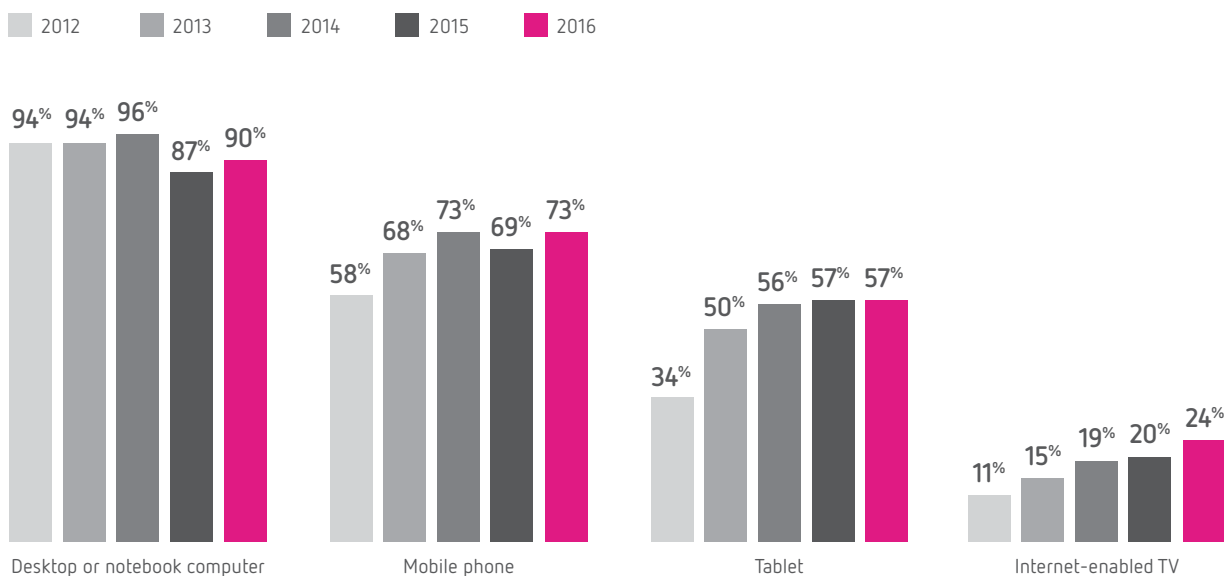
What Australians are doing on different devices

A desktop or laptop computer remains the most common means of accessing the internet, but mobile phones are not too far behind and most adult Australians also use a tablet.

Sixty percent downloaded an app on their mobile phone in the last year and the same proportion used it for maps and directions. In 2015 these incidences were 56% and 54%. Mobile phones were also used more for social networking (up from 48% to 55%) and weather information (up from 49% to 52%).

Functions for which tablets were most widely used in the last twelve months were again shopping-related: looking for information on products and services (33%, was 30%) and suppliers of products and services (31%, was 27%); with social networking and browsing news sites almost as appealing (at 30% each, up from 27% and 25% respectively). Tablets are used more than mobiles for reading books (17% versus 9%), but similar proportions use these to read newspapers (20% on tablets and 19% on mobiles).

How Australians access the internet



Base = All Australians aged 14 plus prior to 2015 and 18 plus in 2015

Australians' use of the internet in the last 12 months – by device

| | By any means | On a mobile phone | On a tablet |
|--|--------------|-------------------|-------------|
| Looked for maps and/or directions | 87% | 60% | 25% |
| Looked for information on products and services | 82% | 48% | 33% |
| Paid for purchases or bills with credit card or other means | 81% | 40% | 24% |
| Undertaken banking | 81% | 44% | 24% |
| Looked for suppliers of products and services | 78% | 46% | 31% |
| Looked for weather information | 76% | 52% | 26% |
| Used a social networking site e.g. Facebook / Twitter / LinkedIn / Instagram | 74% | 55% | 30% |
| Ordered goods/services | 71% | 40% | 24% |
| Browsed news sites | 67% | 37% | 30% |
| Made bookings | 67% | 28% | 23% |
| Downloaded a mobile app | 65% | 60% | 21% |
| Searched through an auction site | 52% | 25% | 20% |
| Accessed entertainment services | 52% | 30% | 24% |
| Used satellite navigation on the mobile phone | 50% | 50% | NA |
| Downloaded or streamed video content | 48% | 24% | 22% |
| Checked into a flight | 46% | 23% | 14% |
| Read a newspaper | 46% | 19% | 20% |
| Read a blog | 43% | 25% | 16% |
| Supplied personal information online (e.g. financial, health etc.) | 41% | 21% | 13% |
| Checked sports results | 40% | 27% | 14% |
| Uploaded video content | 39% | 22% | 12% |
| Checked financial results | 38% | 21% | 11% |
| Bought or sold through an auction site | 36% | 17% | 12% |
| Read an e-book | 29% | 9% | 17% |
| Tweeted (used social networking site Twitter) | 21% | 18% | 5% |
| Bought discount/group buying coupons | 19% | 10% | 5% |
| Written a blog | 13% | 5% | 3% |

Base = All Australians aged 18 plus

Internet usage on mobile phones

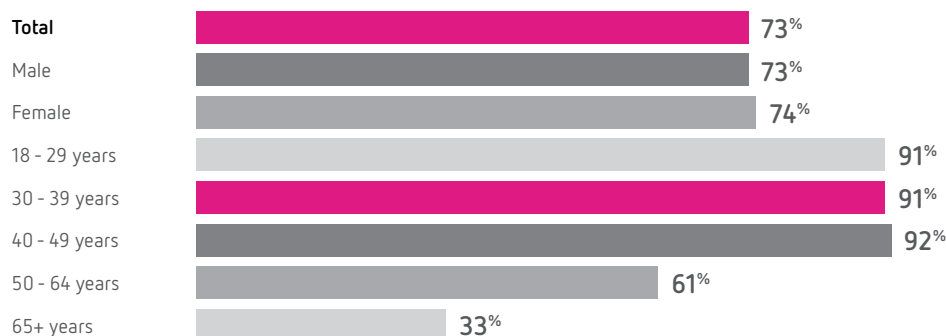
Almost three quarters (73%) of adult Australians accessed the internet on their mobile phones during the past year. This was four points higher than in 2015.

Internet usage on mobile phones exceeded 90% in the under 50 age groups. Significant growth is noted for the 40-49 year age group (up 22 points from 70% last year). The 50-64 and 65 plus age groups remain well behind the rest, with 61% and 33% respectively using their mobile for internet access in the last year. This incidence increased by five points this year in the 65 plus segment, but was five points lower in the 50-64 age group.

In terms of application usage for mobiles, among those who used this device to access the internet, looking for maps and directions (up two points to 82%) again emerged as the most popular functions. Not far behind are social networking (up six points to 76%) and checking for weather information (up one point to 71%). Other relatively popular functions include looking for information on products and services (66%), satellite navigation (65%), looking for suppliers of products and services (62%) and banking (61%).

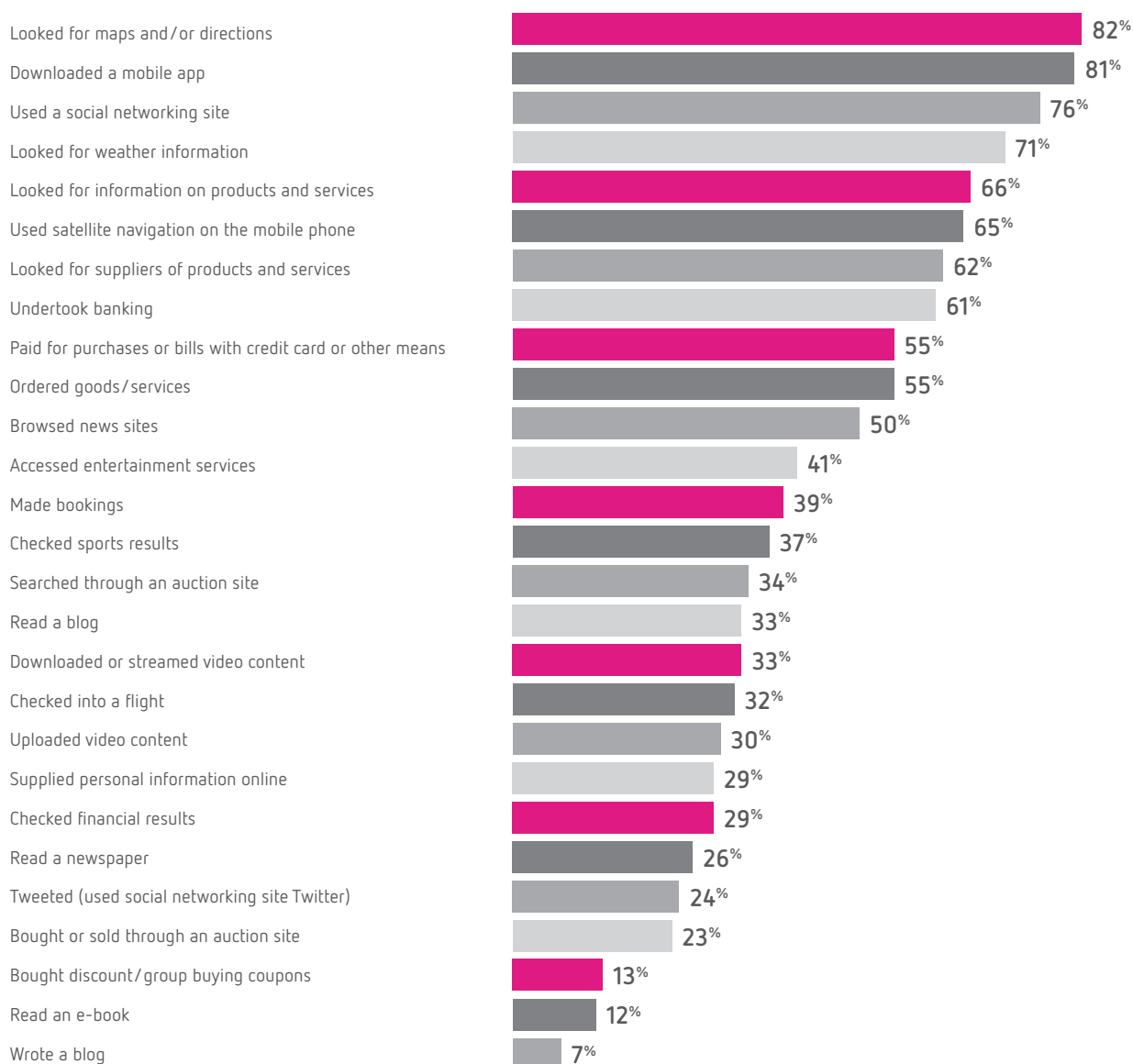
There has been solid growth in use of the mobile phone for commerce related activities – in banking (up from 55% to 61%), ordering goods and services (up from 44% to 55%) and paying for purchases by credit card or other means (up from 44% to 55%).

Australians accessing the internet on mobile phones



Base = All Australians aged 18 plus.

Internet applications used on a mobile phone in the past 12 months



Base = Have accessed internet by mobile phone (73%)

Internet usage on tablets

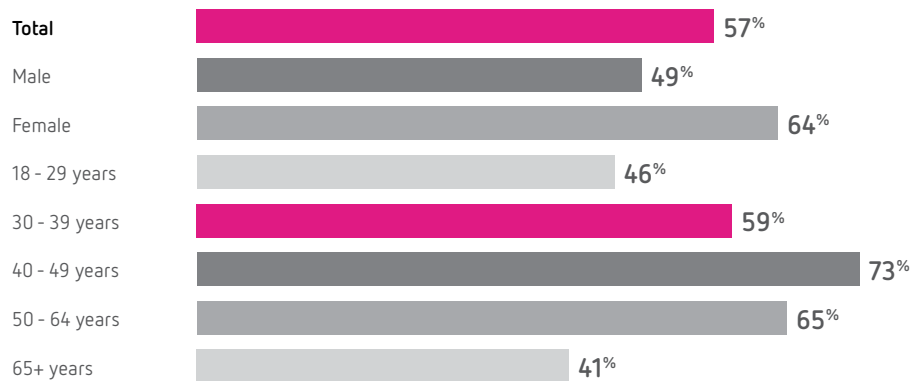
Australians continue to use tablets to access the internet, with 57% doing so in the last twelve months (no change from 2015).

Usage of the internet on tablets has become even more common among females than males – 64% compared with 49%. Last year the gap in favour of females was only six points. This device has lost some appeal for accessing the internet among the under 40 age group, but the opposite is true for those aged 40 plus, especially the 40-49 segment. Use of a tablet to access the internet has decreased by 18 points for the 18-29 age group and by 13 points for the 30-39 age group since the last survey. Conversely, this activity increased from 54% to 73% among those aged 40-49, and by six and five points respectively in the 50-64 and 65 plus age groups. While the under 50 age group is much more inclined to use a mobile phone than a tablet for internet access, the over 50 age group favours both devices to a similar degree.

Once again, looking for information on products and services (up six points to 59%) was the top use, followed by looking for suppliers of products and services (up eight points to 55%), social networking (up seven points to 54%) and browsing news sites (up nine points to 52%).

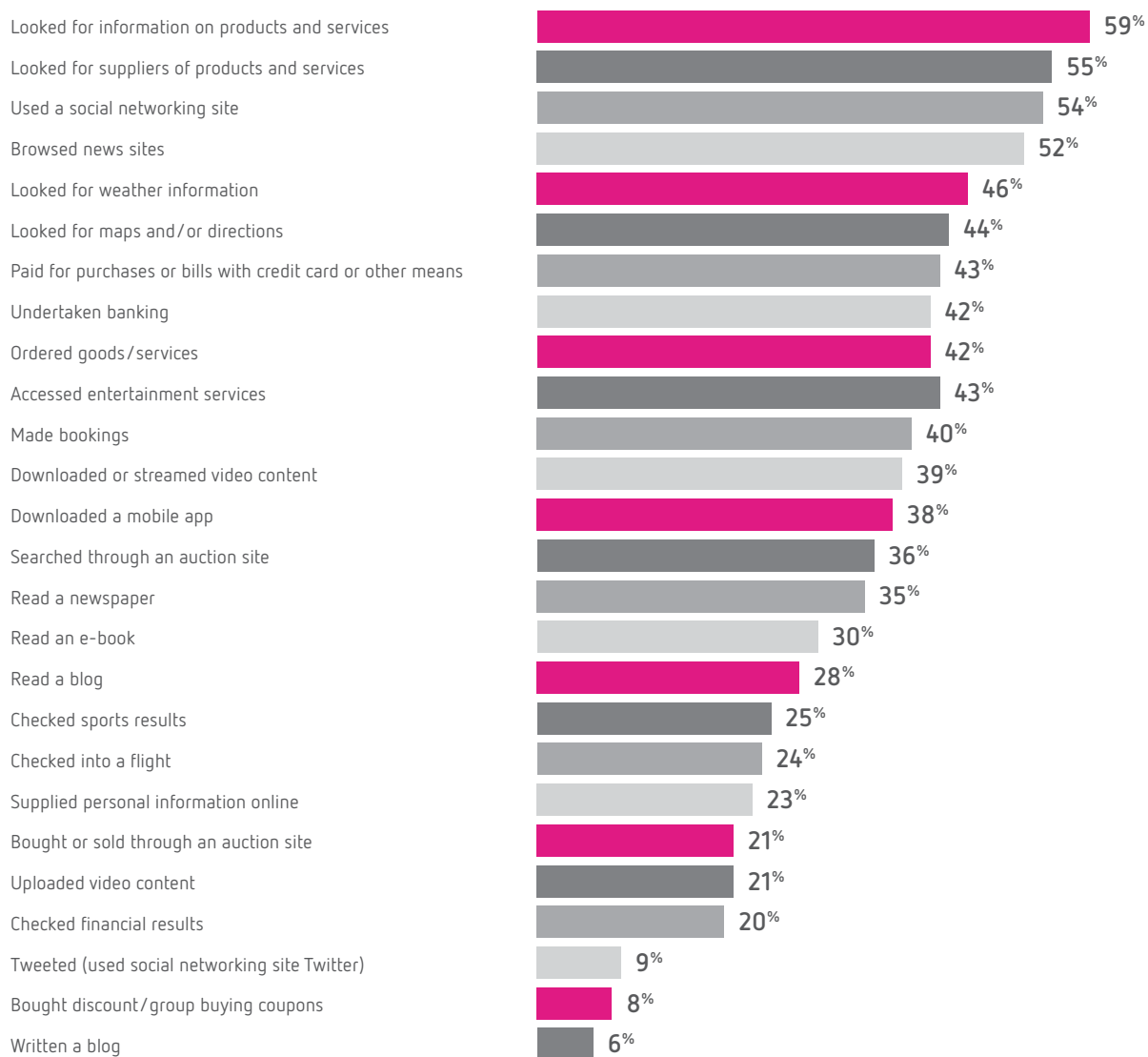
Tablets are favoured more than mobiles for reading newspapers (35% versus 26%) or e-books (30% versus 12%) and for downloading or streaming video content (39% versus 33%). There is not too much difference in use of either device for buying or selling through an auction site (23% for mobiles versus 21% for tablets), reading blogs (33% versus 28%) or writing blogs (7% versus 6%). For all other applications listed, the mobile is considerably more popular than a tablet.

Australians accessing the internet with a tablet – by demographic



Base = All Australians aged 18 plus

Internet applications used on a tablet in the past 12 months



Base = Have accessed internet by tablet (57%)

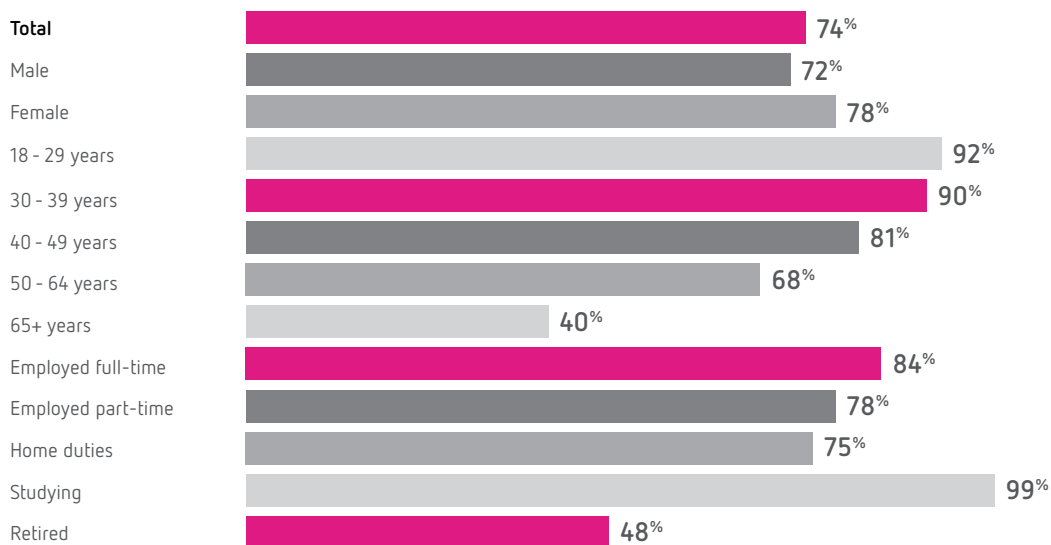
Social networking behaviour

Social media continues to grow in usage, making it an important channel for businesses to engage with. For last year usage was 74% among Australians, which compares with 68% in the 2015 survey.

Age continues to be strongly correlated with social networking activity. Australians aged under 40 remain much more involved than older age groups, although there has been strong growth observed in the 40-49 segment (from 68% to 81%) and the 50-64 segment (from 54% to 68%). Students (99%) stand out as the most prolific social networkers, with full-time workers (84%) also clearly above average.

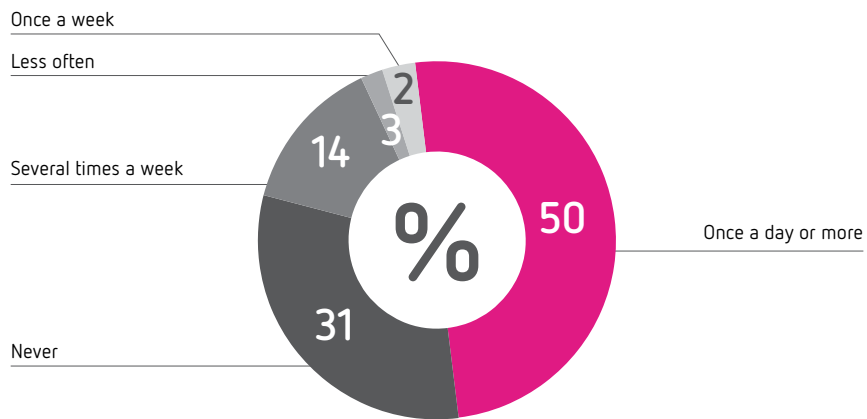
In the Sensis Social Media survey conducted earlier this year (which used the exact same sampling approach as this e-Business survey) we found 50% claiming to use social networking daily or more. Findings also revealed that the home is the most popular place to access social networking sites, nominated by 96% of those who use it. The next most popular place it is accessed is in the workplace (35%).

Use of social networking sites



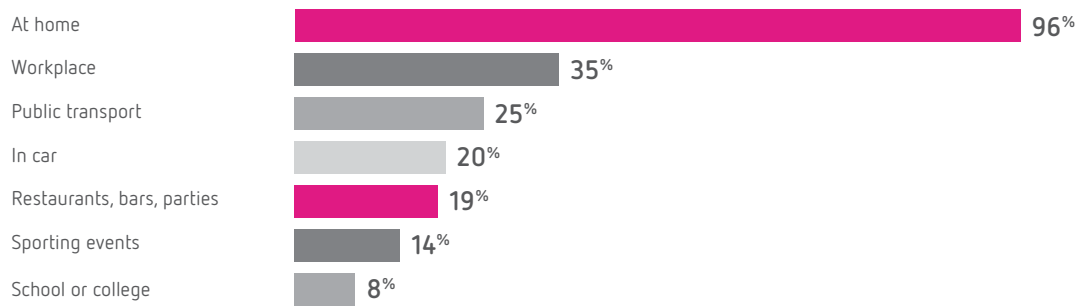
Base = All Australians aged 18 plus

Frequency of using social networking sites



Base = Australians that use social network sites

Where Australians use social networking



Base = Australians who use social network sites

Chapter 8.7

Australians purchasing online

There was a ten point rise to 71% in the proportion of adult Australians who reported making purchases online. Increases were observed for all the segments shown except for the 30-39 age group which recorded the same usage incidence as last survey (76%). Double figure increases occurred for females (up 11 points to 73%), in the 40-49 age group (up 20 points to 80%), the 18-29 age group (up 15 points to 81%), the 65 plus age group (up 10 points to 49%), among students (up 13 points to 70%), the retired (up 13 points to 58%) and the home duties segment (up 11 points to 74%). Among males there was a nine point rise to 70%. Other increases were in the range of five to six points.

Only a minority of Australians have made a purchase using mobile devices, with 24% having done this on tablets and 40% on mobile phones. This means many rely on a desktop or laptop for ordering goods or services which was also the case last survey.

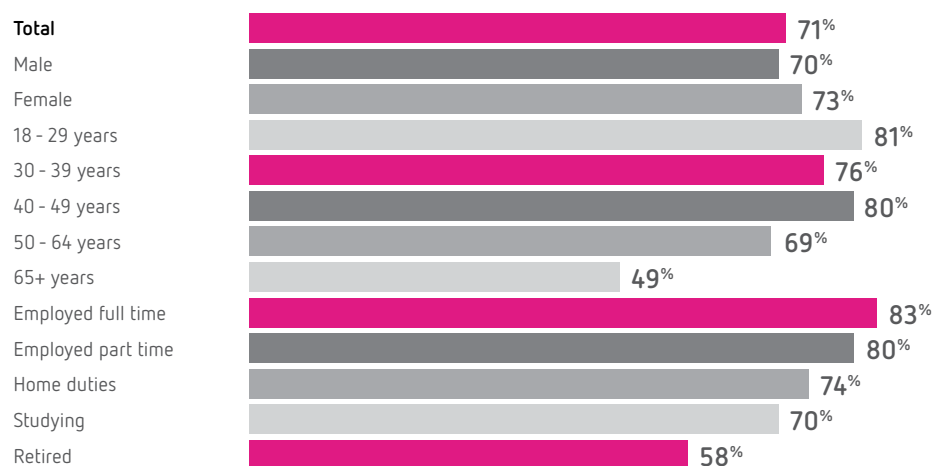
The three most popular items bought online were again airline tickets (up from 51% to 62%), clothing, accessories, shoes (up from 51% to 57%) and hotel reservations (up from 48% to 53%). A number of other products or services

are purchased online by at least one in three adults such as music (44%); books (40%); take-away food (36%); videos, DVDs and games (33%).

The average amount that Australians reported spending online in the past 12 months was \$3,322. Last year this was \$4,372. While this year's amount is less, there were more who answered "don't know" (up from 16% to 21%) and also more first-time online purchasers (up from 61% to 71%). These two factors may have contributed to a lower average expenditure. Males reported spending on average \$3,572 compared to \$3,087 for females. Those earning over \$75,000 a year reported spending \$4,390 on average which compares with less than \$2,000 for those earning under \$35,000 per annum and under \$3,000 for those earning between \$35,000 and \$75,000 per annum.

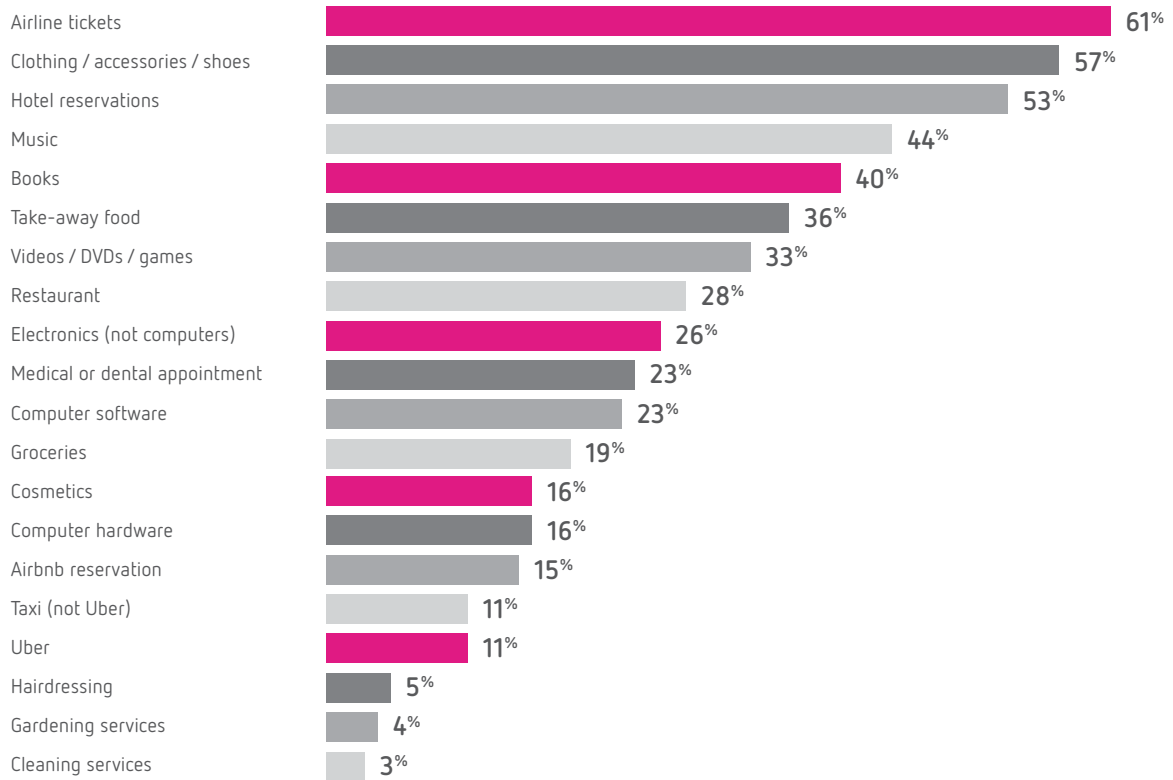
Twenty-nine percent of those making online purchases said they increased their spending in the last 12 months while 12% decreased their spending. These results were similar to last year. An average of 23% of online purchases are made from businesses located overseas (21% in 2015). This incidence was 35% in the 18-29 age group and 32% for students.

Australians purchasing online



Base = All Australians aged 18 plus

What Australians purchase online



Base = Have made purchases online in past twelve months (71%)

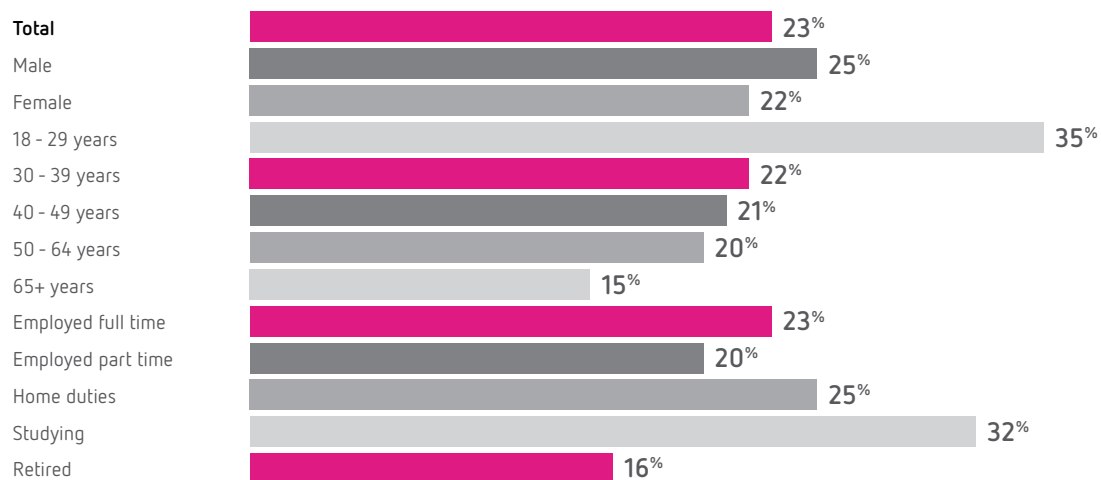
What Australians purchase online – by state

| | All | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Ordered goods and services online* | 71% | 68% | 76% | 74% | 66% | 68% | 74% | 97% | 79% |
| Airline tickets | 61% | 54% | 65% | 66% | 63% | 59% | 71% | 69% | 64% |
| Clothing/accessories/shoes | 57% | 57% | 51% | 62% | 66% | 54% | 62% | 93% | 63% |
| Hotel reservations | 53% | 49% | 56% | 62% | 48% | 42% | 51% | 58% | 62% |
| Music | 44% | 48% | 36% | 41% | 52% | 44% | 53% | 69% | 47% |
| Books | 40% | 33% | 50% | 43% | 33% | 38% | 24% | 31% | 33% |
| Take-away food | 36% | 36% | 31% | 44% | 38% | 33% | 38% | 56% | 45% |
| Videos/DVDs/games | 33% | 27% | 28% | 45% | 52% | 19% | 47% | 70% | 49% |
| Restaurant | 28% | 28% | 34% | 28% | 15% | 25% | 25% | 7% | 18% |
| Electronic equipment (not computers) | 26% | 22% | 23% | 35% | 21% | 23% | 42% | 49% | 34% |
| Medical or dental appointment | 23% | 21% | 22% | 30% | 13% | 31% | 19% | 10% | 12% |
| Computer software | 23% | 23% | 23% | 24% | 23% | 19% | 21% | 0% | 31% |
| Groceries | 19% | 20% | 19% | 22% | 19% | 10% | 25% | 44% | 16% |
| Cosmetics | 16% | 20% | 13% | 16% | 12% | 20% | 14% | 19% | 9% |
| Computer hardware | 16% | 16% | 16% | 20% | 13% | 8% | 15% | 5% | 15% |
| Airbnb reservation | 15% | 18% | 17% | 12% | 9% | 13% | 8% | 11% | 5% |
| Taxi (not Uber) | 11% | 10% | 14% | 11% | 8% | 11% | 4% | 5% | 15% |
| Uber | 11% | 9% | 12% | 9% | 5% | 23% | 11% | 7% | 9% |
| Hairdressing | 5% | 6% | 3% | 7% | 5% | 4% | 3% | 4% | 2% |
| Gardener or gardening services | 4% | 6% | 3% | 5% | 0% | 3% | 1% | 2% | 5% |
| Cleaning services | 3% | 3% | 2% | 5% | 3% | 10% | 2% | 0% | 0% |

*Base = All Australians aged 18 plus in 2015

** Base = Have made purchases online in past twelve months (71%)

Proportion of online purchases from overseas



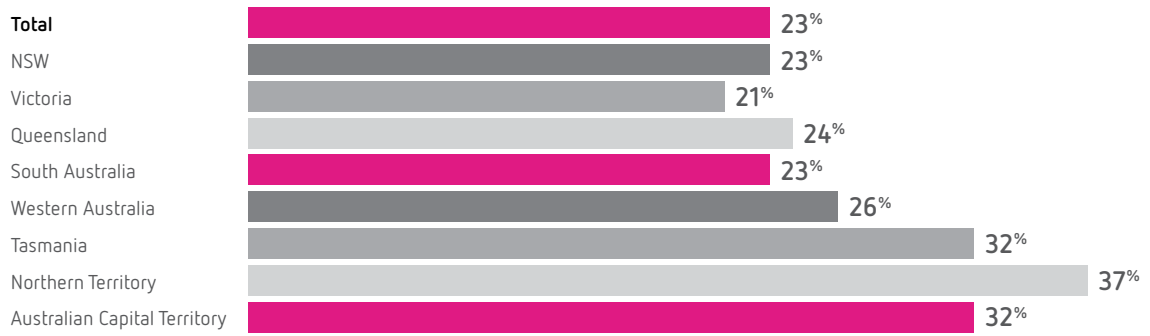
Base = Made purchases online in past twelve months

Australians purchasing online – by gender

| | Total | Male | Female |
|--|------------|------------|------------|
| Ordered goods and services online | 71% | 70% | 73% |
| Airline tickets | 61% | 65% | 57% |
| Clothing/accessories/shoes | 57% | 54% | 60% |
| Hotel reservations | 53% | 55% | 51% |
| Music | 44% | 50% | 38% |
| Books | 40% | 34% | 46% |
| Take-away food | 36% | 39% | 34% |
| Videos/DVDs/games | 33% | 41% | 26% |
| Restaurant | 28% | 28% | 28% |
| Electronic equipment (not computers) | 26% | 35% | 18% |
| Medical or dental appointment | 23% | 20% | 26% |
| Computer software | 23% | 29% | 17% |
| Groceries | 19% | 18% | 20% |
| Cosmetics | 16% | 10% | 22% |
| Computer hardware | 16% | 20% | 11% |
| Airbnb reservation | 15% | 15% | 14% |
| A taxi (not Uber) | 11% | 11% | 11% |
| Uber | 11% | 12% | 10% |
| Hairdressing | 5% | 2% | 7% |
| Gardening services | 4% | 3% | 4% |
| Cleaning services | 3% | 3% | 4% |

Base = Made purchases online in past twelve months

Mean proportion of online purchases from overseas – by state



Base = Made purchases online in past twelve months

The Sensis Business Index, Sensis Social Media Report and Sensis e-Business Report can be accessed at www.sensis.com.au/about/reports.

About Sensis:

As Australia's #1 marketing services company, we're here to engage consumers with Australian businesses. We make this happen through a number of leading brands – Yellow Pages, White Pages, True Local, Whereis and Skip and our expert digital know-how. Our digital expertise is what sets us apart – we give businesses a competitive edge through websites, search engine marketing and optimisation, data, and through our digital advertising agency, Found.

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