



E-COMMERCE FINANCE PITCH TRENDS SALES INVESTMENT COMPLIANCE PRODUCTS
 ADVERTISING PERFORMANCE INDEX MANAGEMENT WEBSITE ACCOUNT REPORT
\$ MARKETING  SECURITY POLICY  ENTREPRENEURSHIP

MYOB BUSINESS MONITOR: THE VOICE OF NZ BUSINESS OWNERS & MANAGERS

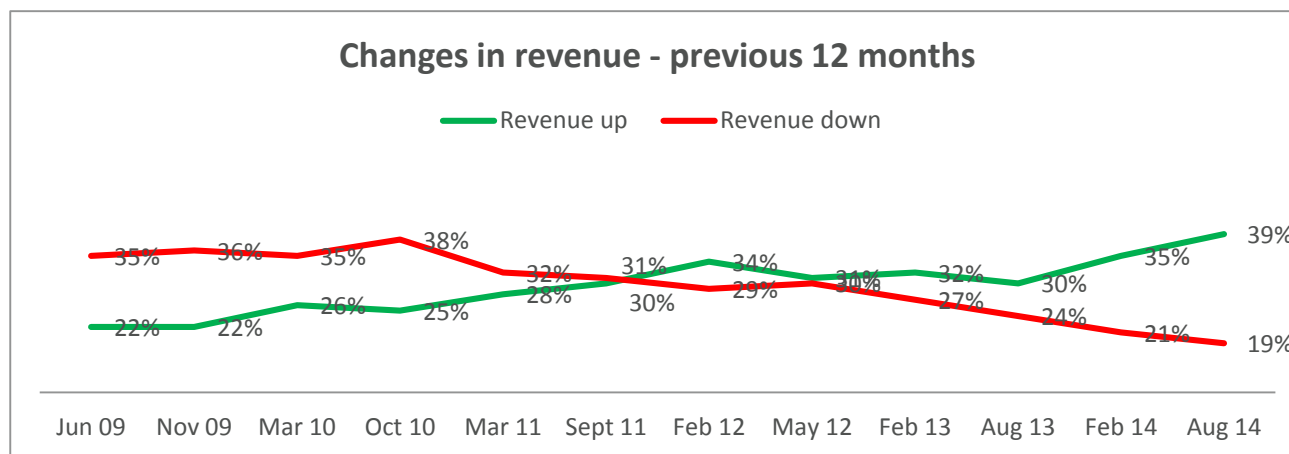
August 2014 report

ECONOMIC PERFORMANCE

Business conditions again show significant improvement

In the August 2014 Business Monitor survey on which this report is based, New Zealand small and medium business owners and managers (herein known as 'operators') recorded a significant rise in revenue performance over the previous 12 months. These surveys, of more than 1,000 SMEs each time, are conducted twice a year.

Almost two-fifths (39%) of operators reported an increase in annual revenue (compared to 35% in the last wave) and



just 19% reported a decline. The proportion of businesses reporting an increase in the last 12 months is now at its highest figure in five years.

Sole operators were less likely to have seen an increase in revenue in the last 12 months (34% compared to 51% of operators with at least one employee). Finance and insurance businesses were more likely to have seen an increase in revenue (55%), as had Christchurch operators (51% compared to only 28% of Wellington based operators) and exporters and importers (48% each).

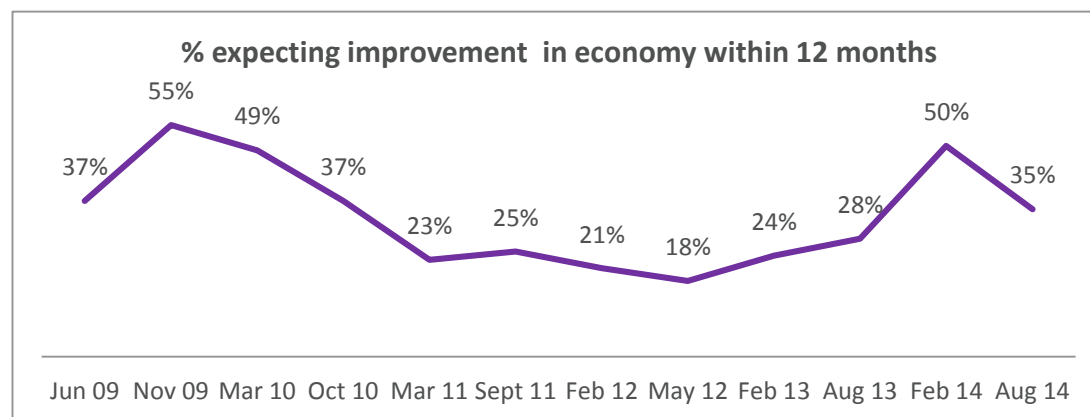
	March 2011	September 2011	March 2012	May 2012	February 2013	August 2013	February 2014	August 2014
Total New Zealand	36%	30%	34%	31%	32%	30%	35%	39%
Auckland	39%	30%	34%	35%	32%	31%	37%	38%
Wellington	37%	27%	31%	40%	33%	29%	29%	28%
Christchurch	<i>Not asked</i>	29%	40%	28%	45%	41%	47%	51%
Rest of NZ	33%	31%	32%	26%	27%	27%	31%	39%
City/Metro	36%	30%	37%	29%	38%	32%	35%	41%
Regional/Town	38%	27%	30%	33%	30%	33%	36%	37%
Rural	30%	35%	35%	27%	24%	22%	34%	41%

Green = Significantly higher than total

Red = Significantly lower than total

Compared to six months ago, New Zealand operators are not as certain about further improvements in the economy and their business

Operators' expectations of the economy improving in the short-term declined from the February 2014 wave, but are still higher than those recorded 12 months ago. Over one third (35%) expected the economy to improve from its present position within the next 12 months. And while a quarter of operators (24%) expected improvement would take 12 months

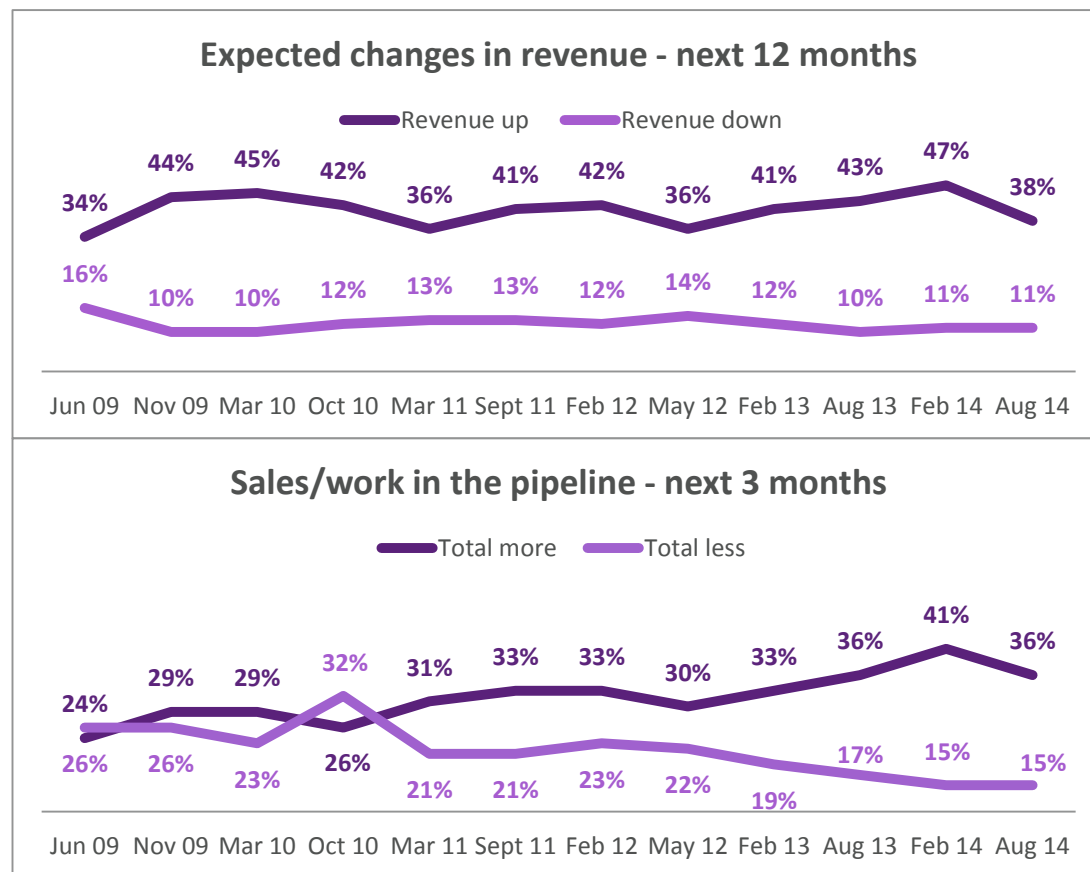


or more, there was a growing proportion of operators (20%) who were unsure about how long it would take to see improvement.

There was also a levelling off in enthusiasm around expected changes in revenue in the next 12 months and sales or work in the pipeline over the shorter, three month timeframe. The proportion of operators expecting their annual revenue to rise dropped to 38% (from 47% in February), while 36% of operators indicated they had more work in the pipeline (down from 41% in February). While there is no indication of any overall decline in the economy, these figures perhaps indicate a growing level of uncertainty from six months ago.

As shown in the tables on the following page, rural operators were less positive about the economy improving from its present position and about an increase in their own revenue over the next 12 months (28% each). Manufacturing and wholesale operators (25%) were also less positive about the economy improving in the next 12 months, but did report they had more sales in the pipeline for the next three months (50%). Finance and insurance operators were much more positive on these two measures (57% and 61% respectively).








Importers were also expecting sales to increase in the next 12 months (51%) and more in their pipeline (50%). Small businesses also indicated they had more in their pipeline (53%) as did those with a business website or social media site (45% each).



Expectations by location

	% expecting economic improvement within 12 months	% expecting increase in revenue in next 12 months	% reporting more in pipeline for next 3 months
Total NZ	35%	38%	36%
Auckland	38%	43%	40%
Wellington	38%	33%	28%
Christchurch	39%	43%	50%
Rest of New Zealand	31%	34%	32%
City/Metropolitan	41%	46%	39%
Regional suburb/town	35%	38%	37%
Rural	28%	28%	31%

Expectations by industry type

	 Agribusiness	 Business, prof. & property services	 Construction & trades	 Finance & insurance	 Manufacturing & wholesale	 Retail & hospitality	 Transport, postal & warehousing
% expecting economic improvement within 12 months	30%	38%	32%	57%	25%	35%	37%
% expecting increase in revenue in next 12 months	17%	40%	34%	61%	44%	41%	35%
% reporting more in pipeline for next 3 months	27%	31%	44%	47%	50%	42%	27%

Green = Significantly higher than total

Red = Significantly lower than total

Investment intentions show emphasis on business consolidation

In terms of investment intentions, the top four areas operators intended to invest more in were similar:

- ✓ Increasing prices/margins on products/services (25%)
- ✓ Customer acquisition strategies (24%)
- ✓ Customer retention strategies (24%)
- ✓ The number and variety of products and services offered (24%)

Since the last survey, investment intentions have decreased on all attributes, again indicating a possible slowing in economic growth for the New Zealand market.

Compared to the February 2014 survey, the most significant declines were:

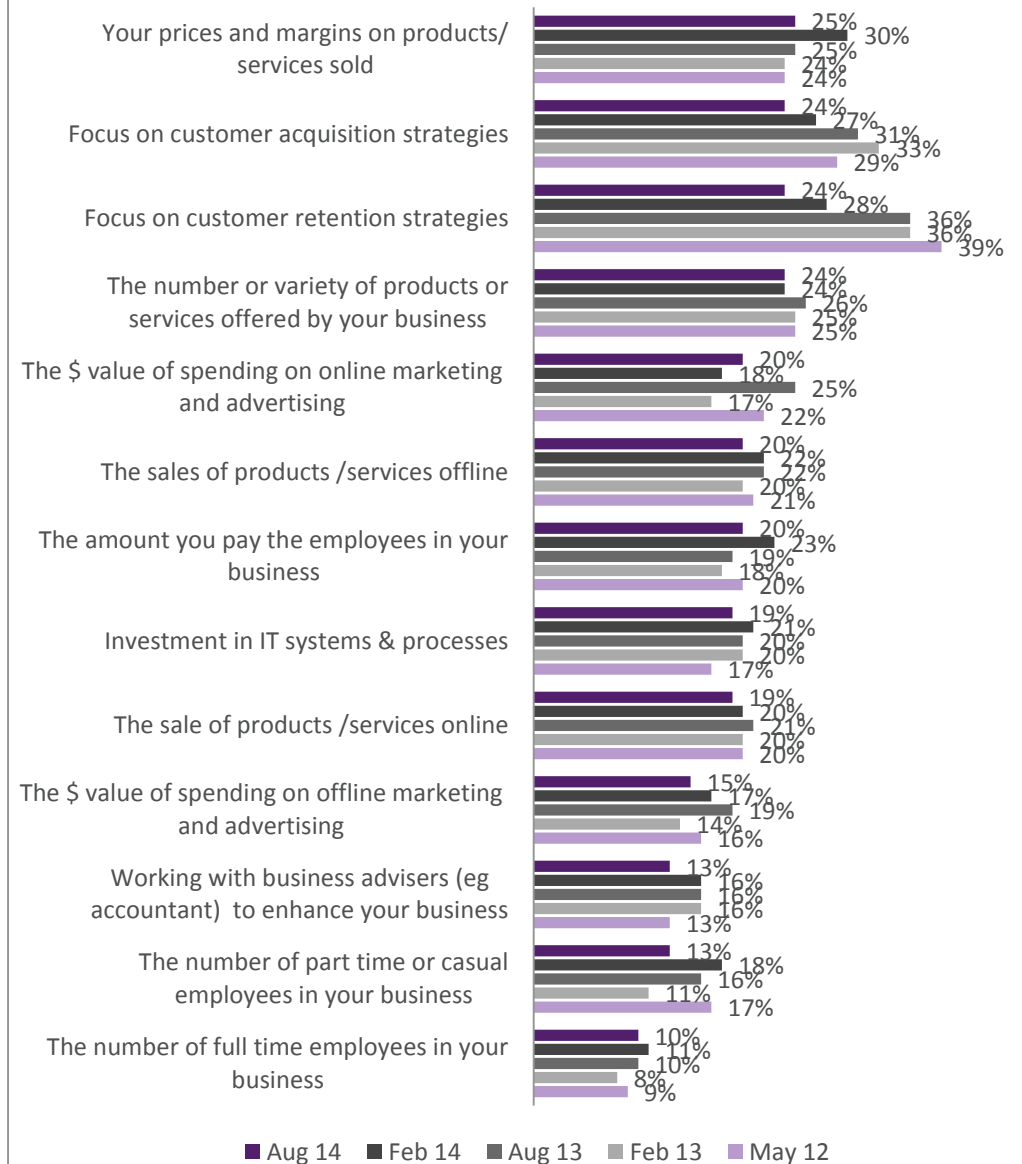
- ✓ Increasing prices/margins on products and services (down from 30% to 25%)
- ✓ The number of part time or casual employees (down from 18% to 13%)
- ✓ Customer retention strategies (down from 28% to 24%)

Key differences

While traditionalists (aged 65+), agribusinesses and operators not using social media were less likely to be increasing investments in a number of the nominated areas, those more likely to be increasing investments included:

- Small to medium sized businesses
- Operators with a website or social media site (or both)
- Businesses whose revenue was up in the previous 12 months
- Start ups
- Manufacturing & wholesale, retail and finance and insurance businesses
- Importers and exporters
- Auckland based operators
- Users of cloud computing
- Businesses connected to the Ultra Fast Broadband

Where businesses plan to increase investment



Importantly, small to medium sized businesses were much more likely to be expecting to increase both part time and full time staff, as shown below.








Planned increase in focus/investment by location and size of business

	Total	Auckland	Wellington	Christchurch	Rest of NZ	Sole operators	Micro	Small	Medium
Prices/margin on products/services	25%	25%	25%	36%	22%	24%	29%	29%	24%
Customer acquisition strategies	24%	29%	20%	24%	21%	23%	22%	24%	54%
Customer retention strategies	24%	31%	21%	14%	22%	24%	22%	30%	19%
No. or variety of products offered	24%	30%	22%	24%	21%	21%	25%	41%	50%
Value of online marketing	20%	25%	19%	19%	16%	19%	17%	28%	34%
Sale of products/services offline	20%	25%	9%	23%	18%	16%	20%	36%	63%
Amount employees are paid	20%	19%	13%	29%	20%	10%	37%	56%	56%
Investment in IT systems/processes	19%	18%	23%	19%	18%	16%	18%	30%	59%
Sale of products/services online	19%	27%	16%	21%	13%	16%	17%	44%	35%
Value of offline marketing	15%	18%	14%	10%	14%	14%	18%	12%	9%
Working with business advisors	13%	14%	15%	9%	13%	12%	17%	15%	12%
No. of part time/casual staff	13%	16%	10%	19%	10%	10%	11%	37%	33%
No. of full time employees	10%	16%	6%	13%	7%	3%	15%	48%	58%

Green = Significantly higher than total

Red = Significantly lower than total

Planned increase in focus/investment by industry type

	 Agribusiness	 Business, prof. & property services	 Construction & trades	 Finance & insurance	 Manufacturing & wholesale	 Retail & hospitality	 Transport, postal & warehousing
Prices/margin on products/services	25%	23%	28%	25%	25%	26%	7%
Customer acquisition strategies	10%	22%	17%	44%	33%	33%	32%
Customer retention strategies	11%	20%	15%	35%	44%	34%	24%
No. or variety of products offered	14%	15%	21%	40%	52%	44%	19%
Value of online marketing	5%	19%	14%	39%	27%	30%	14%
Sale of products/services offline	12%	10%	18%	34%	51%	36%	23%
Amount employees are paid	26%	12%	21%	20%	32%	40%	12%
Investment in IT systems/processes	12%	18%	11%	39%	24%	18%	25%
Sale of products/services online	9%	15%	9%	29%	41%	31%	18%
Value of offline marketing	10%	17%	13%	13%	19%	17%	14%
Working with business advisors	17%	13%	8%	13%	9%	13%	21%
No. of part time/casual staff	5%	12%	12%	8%	22%	24%	20%
No. of full time employees	10%	5%	13%	12%	25%	16%	18%

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Fuel prices still top business pressure

When operators were asked what elements of the business environment they expected to cause an extreme amount or quite a lot of pressure on their business in the next 12 months, fuel prices again emerged as the leading pressure at 26%.

The next five pressures were weighted similarly, and were consistent with the last wave. Attracting new customers slipped back into the top five this wave after dropping out in February. The next pressures were as follows:

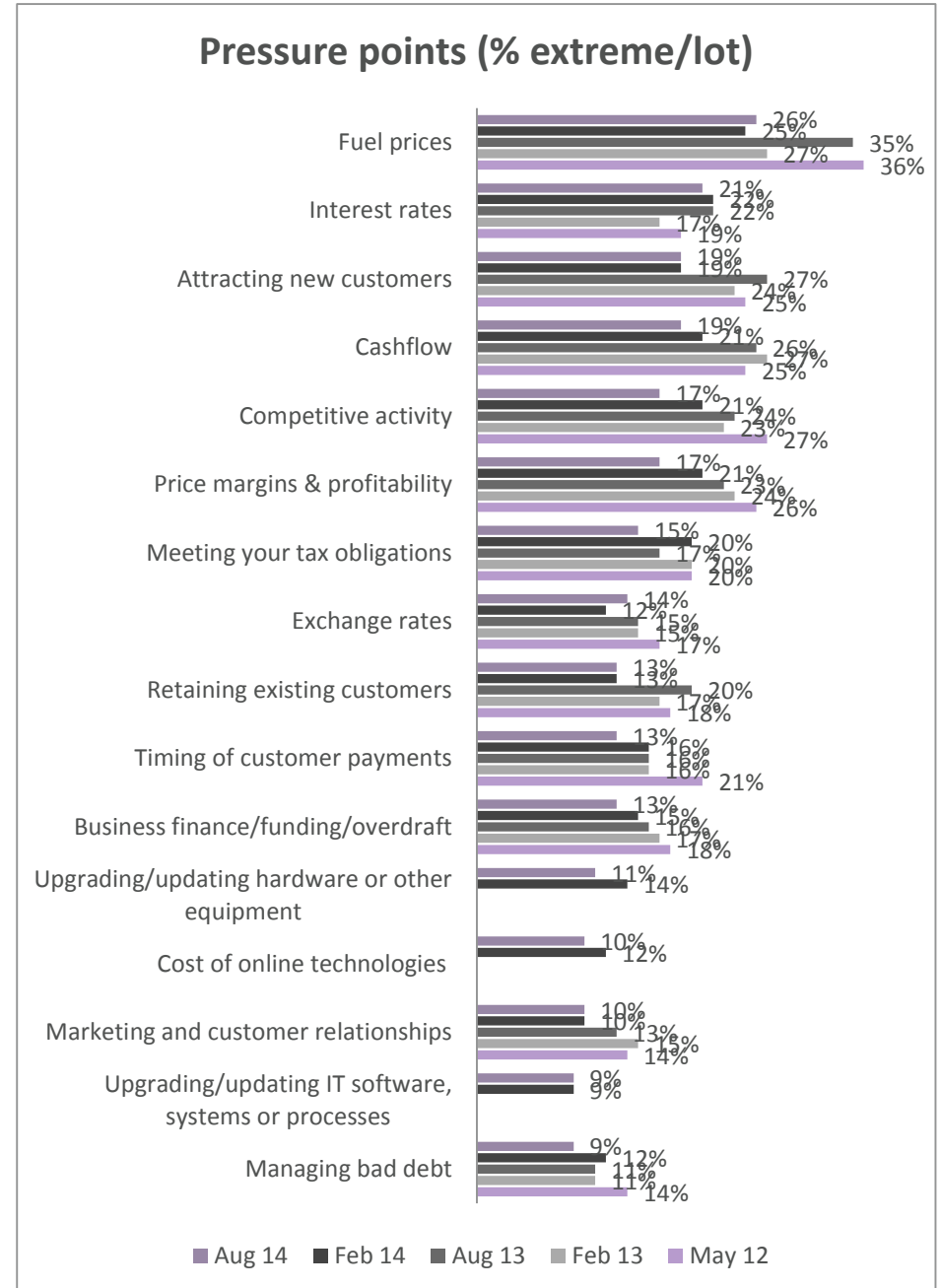
- ✓ Interest rates (21%)
- ✓ Attracting new customers (19%)
- ✓ Cashflow (19%)
- ✓ Competitive activity (17%)
- ✓ Price margins and profitability (17%)

Competitive activity and price margins and profitability have both declined as business pressures from 21% last wave to 17% this wave. Meeting tax obligations also declined from 20% to 15% this wave. No issues were perceived to have increased in terms of the magnitude of the pressure they were applying to businesses.

Fuel prices

Fuel prices were a greater pressure for:

- Franchisees (60%)
- Northland based operators (55%)
- Transport, postal and warehousing businesses (52%)
- Businesses whose revenue was down in the preceding 12 months (42%)
- Agribusinesses (36%)
- Rural based operators (33%)



Interest rates

Interest rates were a greater pressure for:

- Franchisees (36%)
- Waikato based operators (35%)
- Businesses who reported a revenue fall in the previous 12 months (32%)
- Importers (29%)
- Maturing businesses (28%)

Attracting new customers

Attracting new customers was a greater pressure for:

- Franchisees (42%)
- Businesses who reported a revenue fall in the previous 12 months (36%)
- Businesses with a social media (30%) or website (29%)
- Auckland based operators (29%)
- Importers (28%)

Cash flow

Cash flow was a greater pressure for:

- Small businesses (39%)
- Establishing businesses (28%)
- Importers (28%) and exporters (27%)
- Businesses who reported a revenue fall in the previous 12 months (27%)

Competitive activity

Competitive activity was a greater pressure for:

- Franchisees (54%)
- Northland (34%) and Auckland based operators (24%)
- Businesses who reported a revenue fall in the previous 12 months (32%)
- Businesses with a social media (30%) or website (26%)
- Retail and hospitality businesses (29%)
- Importers (25%)








Price margins and/or profitability

Price margins and/or profitability were a greater pressure for:

- Businesses who reported a revenue fall in the previous 12 months (33%)
- Northland based operators (33%)
- Importers (32%) and exporters (26%)
- Small businesses (29%)
- Manufacturing and wholesale businesses (28%) compared to 3% of finance and insurance businesses
- Businesses with a social media (23%) or website (22%)

Pressure points by industry are shown in the table on the following page. As can be seen, finance and insurance and business, professional and property services businesses were not experiencing nearly as much pressure as many others.

Pressure points by industry

	 Agribusiness	 Business, prof. & property services	 Construction & trades	 Finance & insurance	 Manufacturing & wholesale	 Retail & hospitality	 Transport, postal & warehousing
Fuel prices	36%	20%	33%	5%	27%	28%	52%
Interest rates	23%	23%	24%	6%	17%	29%	20%
Attracting new customers	7%	20%	12%	27%	23%	23%	24%
Cashflow	26%	14%	21%	5%	26%	28%	19%
Competitive activity	6%	16%	18%	16%	24%	29%	30%
Price margins & profitability	23%	12%	18%	3%	28%	23%	31%
Meeting your tax obligations	22%	8%	22%	5%	20%	25%	30%
Retaining existing customers	6%	12%	7%	11%	24%	13%	25%
Exchange rates	32%	9%	8%	3%	23%	20%	11%
Timing of customer payments	5%	9%	28%	3%	30%	10%	17%
Business finance/funding/overdraft	20%	9%	12%	2%	20%	18%	41%
Upgrading/updating hardware/other equipment	13%	7%	9%	3%	9%	14%	38%
Cost of online technologies	7%	7%	10%	8%	9%	15%	22%
Marketing & customer relationships	5%	12%	6%	3%	16%	15%	11%
Upgrading/updating IT software, systems, processes	7%	9%	6%	8%	2%	15%	20%
Managing bad debt	5%	6%	13%	0%	23%	10%	28%

Green = Significantly higher than total

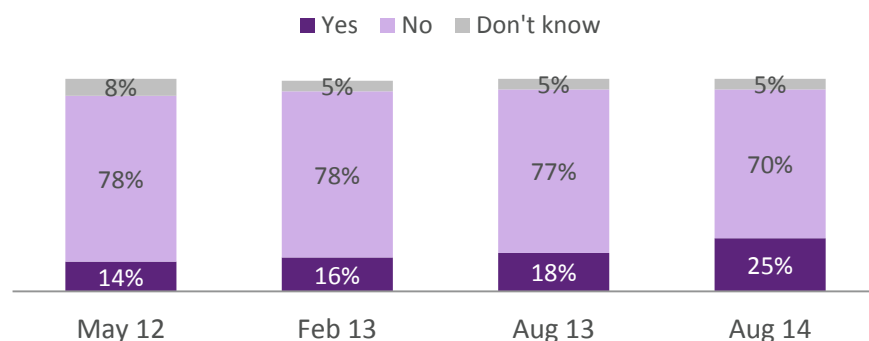
Red = Significantly lower than total

CLOUD COMPUTING & DIGITAL ECONOMY

A quarter of operators using cloud computing

As shown in the chart below, 25% of operators stated they were using cloud computing compared to 18% the same time last year. While there has been a wording change from August 2013 in this question, which may account for some of the variation, it does appear that usage of cloud computing over the longer term is increasing, albeit operators may not know they are using the cloud when in fact they are.

Use of cloud computing



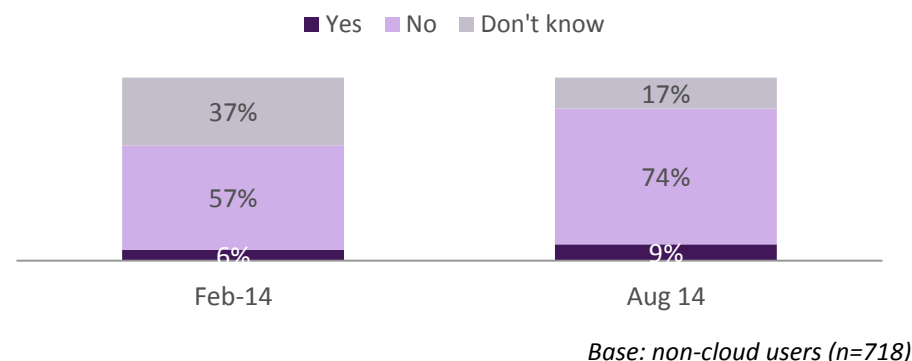
Operators more likely to be using cloud computing included:

- Operators with a website (38%) or social media site (35%)
- Start-ups (37%) and establishing businesses (36%)
- Businesses who reported a revenue increase in the previous 12 months (33%)
- Metropolitan based operators (32%) compared to 18% of regional and 14% of rural operators

All operators were asked about which of a number of online services they currently used. As can be seen in the table below, over 80% of operators were using

Intentions to take up cloud computing by those currently not using it were low, with only 9% stating they were intending to use cloud computing for their business in the next 12 months.

Intentions to use of cloud computing in next 12 months



Those operators more likely to be considering cloud computing included:

- Finance and insurance businesses (25%)
- Importers (18%)
- Businesses with a website (16%)
- Businesses who reported a revenue increase in the previous 12 months (14%)
- Businesses operating from Auckland, Wellington or Christchurch (13% compared to 4% for the rest of New Zealand)

email and online banking, but proportions of operators using other online services dropped to 25% or lower thereafter. Cloud computing users were, as expected, more likely to be using these online services. Responses to this question last wave were very similar.

	Total	Cloud computing users (n=259)	Non-cloud computing users (n=718)
Email	86%	95%	92%
Online banking	82%	87%	87%
Voice communication over the Internet (e.g. Skype or VOIP)	25%	38%	18%
File sharing (e.g. Dropbox)	25%	50%	14%
E-commerce – buying products/services online	24%	26%	19%
Online file back-up (e.g. documents, photos, videos)	23%	51%	14%
Social networking sites for business purposes	22%	39%	20%
Email marketing	21%	30%	19%
Instant messaging	20%	30%	18%
File storage (not just back-up copies)	17%	41%	9%
Online accounting solutions	14%	29%	6%
Online video (e.g. watching or creating videos)	14%	18%	10%
E-commerce – selling products/services online	13%	18%	8%
Search engine marketing (SEM) / search engine optimisation (SEO)	13%	17%	10%
Web video conferencing	8%	16%	6%
Blogs (e.g. company blog or external)	6%	9%	4%
Other (please specify)	2%	1%	1%

Green = Significantly higher than total

Red = Significantly lower than total

Some of the key differences noted are detailed below:

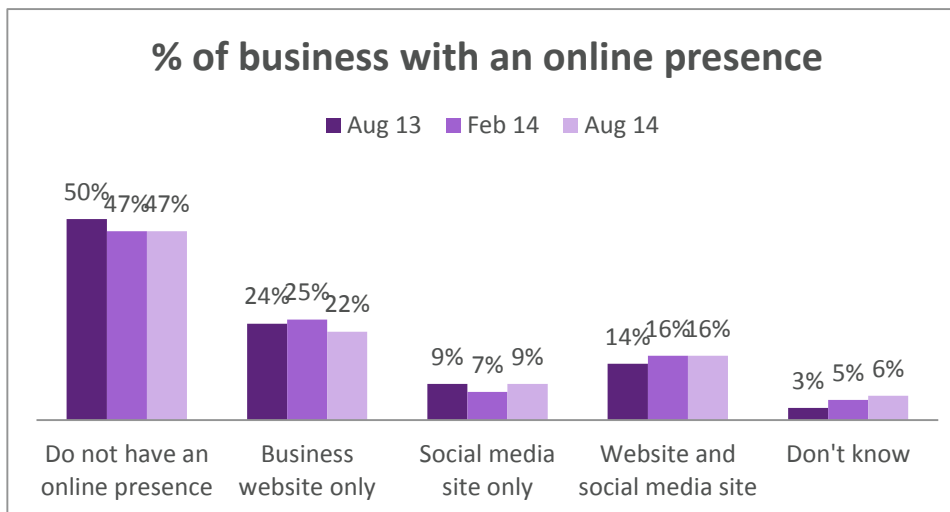
- Gen Y operators (79%) were much less likely to use email than Traditionalists (96%)
- Gen Y operators were more likely to be using online accounting solutions (19% compared to 7% of Traditionalists)
- Rural businesses were less likely to use online services in general
- Businesses with a website or social media site were more likely to use online services in general

Almost half of New Zealand businesses have no online presence

Operators were asked about their online presence in terms of having their own business website and their own business-focused social media site. As can be seen in the chart opposite, almost half of New Zealand SMEs do not have an online presence (a result that has remained constant for the last three waves).

Business operators with a low online presence included:

- Agribusinesses (68%) and rural businesses (59%) had no online presence
- Manawatu/Wanganui (63%), Otago/Southland (61%) and Wellington (59%) based operators
- Traditionalists (62%)
- Businesses working mainly from a location other than business premises (60%)
- Established businesses (58%) *Please note: the question about having a social media site was only introduced in August 13*
- Sole operators (52%)










Key differences by industry, operator age and size of business are shown below and on the following page. As can be seen, having a business website was highly correlated with the size of the business

	Total	Gen Y	Gen X	Baby Boomers	Traditionalists	Sole operators	Micro	Small	Medium
Do not have an online presence	47%	28%	40%	49%	62%	52%	45%	17%	7%
Only have a business website	22%	15%	23%	23%	18%	17%	20%	50%	78%
Only have a social media site for business	9%	10%	10%	9%	3%	9%	11%	6%	-
Have both a business website & a social media site for business	16%	21%	20%	14%	12%	15%	17%	22%	13%
Don't know	6%	26%	7%	4%	5%	6%	8%	5%	2%

Green = Significantly higher than total

Red = Significantly lower than total

	 Agribusiness	 Business, prof. & property services	 Construction & trades	 Finance & insurance	 Manufacturing & wholesale	 Retail & hospitality	 Transport, postal & warehousing
Do not have an online presence	68%	48%	54%	48%	22%	34%	54%
Only have a business website	14%	20%	21%	30%	41%	25%	27%
Only have a social media site for business	2%	11%	8%	3%	13%	9%	3%
Have both a business website & a social media site for business	4%	14%	12%	19%	19%	29%	6%
Don't know	12%	7%	5%	-	5%	3%	11%

Green = Significantly higher than total

Red = Significantly lower than total

Businesses with an online presence were asked which of a number of changes had occurred as a result.

As can be seen in the table on the following page, having a business website was reported to have resulted in more customer leads and enquiries (58%), made it easier for customers to do business with them (55%) and a more professional brand image (55%). Having a social media site provided different benefits, particularly allowing more interactions with customers (54%). These results were very similar to the previous wave.

Very few operators felt their website had no benefit to their business (9%), but the proportion was higher in regards to receiving no benefit from a social media site (19%).

Impact of online presence	Result of having a business website (n=389)	Result of having a social media site (n=255)
Generated more customer enquiries or leads in general	58%	41%
Made it easier for customers to do business with you	55%	38%
Enabled your business to have a more professional brand image	55%	29%
Allowed more interaction with customers	44%	54%
Enabled you to compete better with your competitors	37%	22%
Increased revenue or income in general	35%	24%
Enabled access to more markets	29%	27%
Allowed you to sell online to customers	28%	23%
Enabled you to compete internationally/opened your market to international customers	22%	16%
Increased your appeal to younger customers	17%	27%
Increased your appeal to younger employees	7%	15%
Other (Please specify)	1%	2%
Has not benefitted my business	9%	19%

Green = Significantly higher

Red = Significantly lower

Use of smart phones and tablets by operators higher than in Australia

Operators were also asked about the online business tools they used. Over half (58%) reported using one or more smart phones in the business, and just over a third (39%) used tablets. Comparative figures for Australia were 52% and 34% respectively. The use of these devices has increased significantly since the last wave in February as shown in the table opposite.

Over half the businesses (52%) were accepting online payments from customers via internet banking, a shopping cart or mobile app, and again this proportion has increased significantly since the last wave (46%). A further 39% were buying products and services online. A variety of methods were used to sell products online, with the most frequently used being the business' own website (17%). Importers and retail and hospitality businesses were much more likely to use online selling tools.








While 42% of New Zealand businesses were using some form of social media, LinkedIn (26%) and Facebook (16%) were still well ahead of other social media sites in popularity. Importers (60%), manufacturing and wholesale businesses (57%), establishing businesses (54%), Auckland businesses (51%), businesses whose revenue had improved over the previous 12 months and business, professional and property services operators (48%) were much more likely to use social media.

Marketing tools were also popular, with 22% of operators conducting email marketing, 22% using Internet search engines via SEM to promote their business and 20% using SEO. The increase in SEM usage this wave was significant (up from 17% to 22%).

Online tools being used by businesses	Feb 14	Aug 14
TECHNOLOGY		
Use one or more smartphones	51%	58%
Use one or more tablets (eg. iPad)	28%	39%
INTERNET/EMAIL MARKETING		
Conduct email marketing to potential/existing customers	21%	22%
Use internet search engines to promote business website via SEM	17%	22%
Use internet search engines to promote business website via SEO	19%	20%
BUYING/SELLING ONLINE		
Accept online payment from customers via internet banking, a shopping cart or mobile app	46%	52%
Buy products/services online	37%	39%
Sell products/services online via your own website	16%	17%
Sell products /services online via a website other than your own	12%	13%
Sell products/services online via directories such as True Local, Local List, Finda, etc	5%	5%
Sell products and services online (online store only, no premises for customers to visit)	4%	6%
SOCIAL MEDIA (net)		
Network with business colleagues &/or clients on LinkedIn	24%	26%
Connect with customers & fans via a business page on Facebook	17%	16%
Share news & updates via a company blog	7%	9%
Connect with customers & fans via a business page on Google+	5%	7%
Communicate via micro-blogging sites such as Twitter	3%	4%
Connect with customers & fans via a business page on YouTube	3%	2%
OTHER		
Use Skype or VOIP to make free business phone calls	21%	24%
Have internet access but do not do any/not interested in any of above activities	17%	14%

Green = Significantly higher than previously

Red = Significantly lower than previously

Tools by industry type							
	Agribusiness	Business, prof. & property services	Construction & trades	Finance & insurance	Manufacturing & wholesale	Retail & hospitality	Transport, postal & warehousing
Use one or more smart phones	49%	61%	53%	49%	72%	53%	54%
Use one or more tablets (eg. iPad)	29%	41%	32%	52%	44%	29%	31%
Conduct email marketing	15%	25%	13%	23%	26%	32%	10%
Promote business website via SEO	17%	17%	21%	21%	27%	22%	11%
Promote business website via SEM	5%	25%	23%	21%	32%	29%	8%
Accept online payment from customers via internet banking, a shopping cart or mobile app	45%	47%	62%	30%	71%	57%	46%
Buy products/services online	45%	35%	42%	17%	51%	40%	37%
Sell products/services online via own website	7%	14%	12%	15%	32%	34%	17%
Sell products /services online via other website	7%	14%	10%	8%	20%	22%	2%
Sell products/services online via directories	1%	5%	5%	9%	9%	8%	6%
Sell products and services online store only	3%	5%	3%	6%	13%	14%	3%
SOCIAL MEDIA (net)	21%	48%	26%	49%	57%	43%	32%
Network with colleagues/clients on LinkedIn	12%	37%	13%	33%	34%	9%	12%
Connect with customers/fans via Facebook	5%	12%	10%	14%	23%	30%	15%
Share news & updates via a company blog	7%	7%	2%	11%	17%	13%	19%
Connect with customers & fans via Google+	1%	8%	7%	8%	2%	5%	5%
Communicate via micro-blogging sites (Twitter)	1%	4%	3%	3%	2%	9%	-
Connect with customers & fans via YouTube	-	2%	2%	-	2%	7%	2%
Use Skype/VOIP for free business phone calls	12%	26%	15%	47%	37%	15%	25%
Have internet access but do not do any/not interested in any of above activities	26%	14%	16%	12%	3%	12%	20%

Green = Significantly higher than total

Red = Significantly lower than total

TELEWORKING

Over two thirds of New Zealand operators (68%) utilised some form of teleworking within their business while 32% had employees working only from their business premises. This proportion has increased from 60% in the previous wave.








Teleworking was more likely to be used by:

- Franchisees (88%)
- Construction & trades businesses (81%) and business, professional and property services (79%)
- Start-ups (80%)
- Metropolitan based businesses (74%)
- Sole operators (73%)

Incidence of teleworking

- Work mainly from a location other than our business premises
- Work partly from home and partly from the business premises
- Only work from the business premises



	 Agribusiness	 Business, prof. & property services	 Construction & trades	 Finance & insurance	 Manufacturing & wholesale	 Retail & hospitality	 Transport, postal & warehousing
Work mainly from another location	20%	26%	60%	16%	20%	17%	42%
Work partly from home/ partly from business premises	25%	53%	21%	62%	35%	31%	28%
Only work from business premises	56%	21%	19%	22%	45%	52%	30%

Green = Significantly higher than total

Red = Significantly lower than total

INTERNET ACCESS AND SATISFACTION

Significant dissatisfaction with Internet speed and cost

Operators expressed dissatisfaction with both the speed and cost of their Internet connection. 38% of operators were dissatisfied with the cost of their plan, while 33% were dissatisfied with the speed. Levels of dissatisfaction were the same as the previous wave.

Operators more dissatisfied with the speed of the Internet included rural operators (44%) compared to only 27% of those in metropolitan areas and importers (42%).

Otago/Southland based operators were more dissatisfied with the cost of their Internet plan (51% compared to 25% of Waikato based operators).

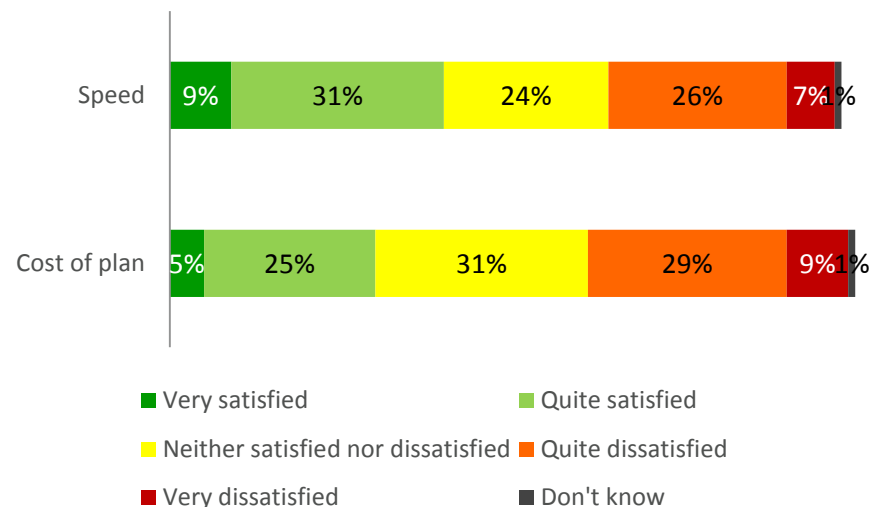
Connection to Ultra Fast Broadband Fibre (UFB) increases

One fifth of operators (19%) said they were currently connected to the UFB fibre network, up from 14% in the previous wave. 72% were not connected to UFB and 8% did not know. Connection levels were much higher amongst the following groups:

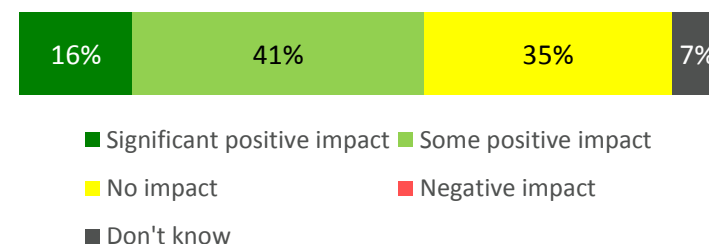
- Small businesses (38%)
- Auckland based operators (28%) compared to 9% of those in the Waikato
- Importers (34%)
- Metropolitan based businesses (29%) compared to 6% of rural businesses

Over half the operators (57%) not connected to UFB tended to think that it would make a positive impact on their business (compared to 63% in the previous wave). This perception was particularly strong among importers (76%), those using (74%)

Satisfaction levels with Internet



Impact of UFB fibre on business



and intending to use (80%) cloud computing, with a social media site (72%) or business website (70%) and start-ups (68%).

Key Benefits of Ultra Fast Broadband Fibre

Operators were asked what benefits UFB has or would have on their business. The main benefits were associated with speed and reliability – improved Internet

Key benefits of Ultra Fast Broadband Fibre	Feb 14 (n=1026)	Aug 14 (n=1023)
Improve internet connection	56%	63%
Better download and upload speeds	59%	62%
Reduce costs on business phone, internet and inter-office communication	27%	33%
Better access and share data	28%	31%
Better access to cloud computing solutions (eg cloud storage etc)	21%	24%
Enable better video conferencing	15%	21%
Allow business to use VOIP/Internet based telephone system	16%	19%
Enable more people to work remotely/not on the business premises	11%	17%
Boost staff productivity	13%	15%
Enable more e-commerce activity	9%	14%
Other	1%	2%
Can see no benefits	23%	23%

Green = Significantly higher than previous Red = Significantly lower than previous

connection (63%) and better download and upload speeds (62%). Almost a quarter of operators (23%) could see no benefits in UFB.

An increasing proportion of operators detailed benefits of UFB however, particularly:

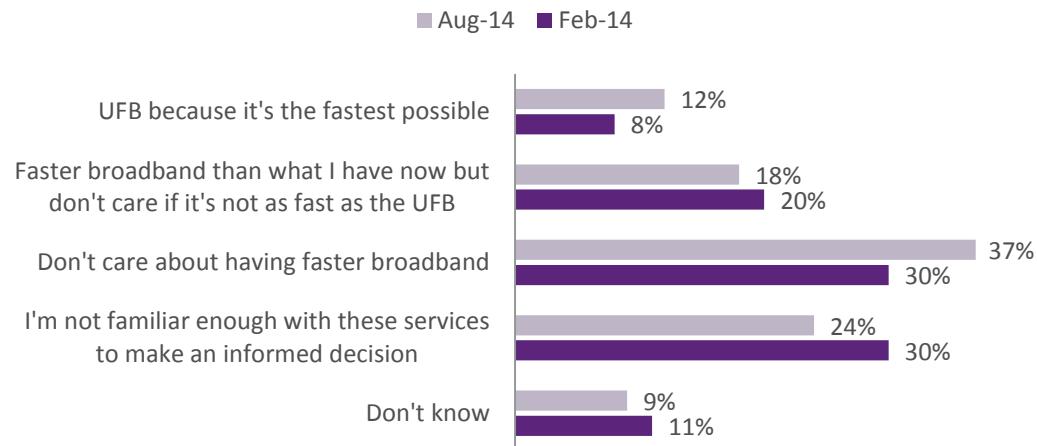
- Improved Internet connection (up from 56% to 63%)
- Reduced costs associated with telecommunications (up from 27% to 33%)
- Better video conferencing (up from 15% to 21%)
- Enabling more people to work remotely (up from 11% to 17%)
- Enabling more e-commerce activity (up from 9% to 14%)

Operators that could see no positive impact on their business of UFB (neutral or negative) were asked whether they would choose UFB if they were given the choice tomorrow. The results showed only a limited uptake of the technology.

Green = Significantly higher than previous

Red = Significantly lower than previous

If the choice was available tomorrow?



WORK-LIFE BALANCE

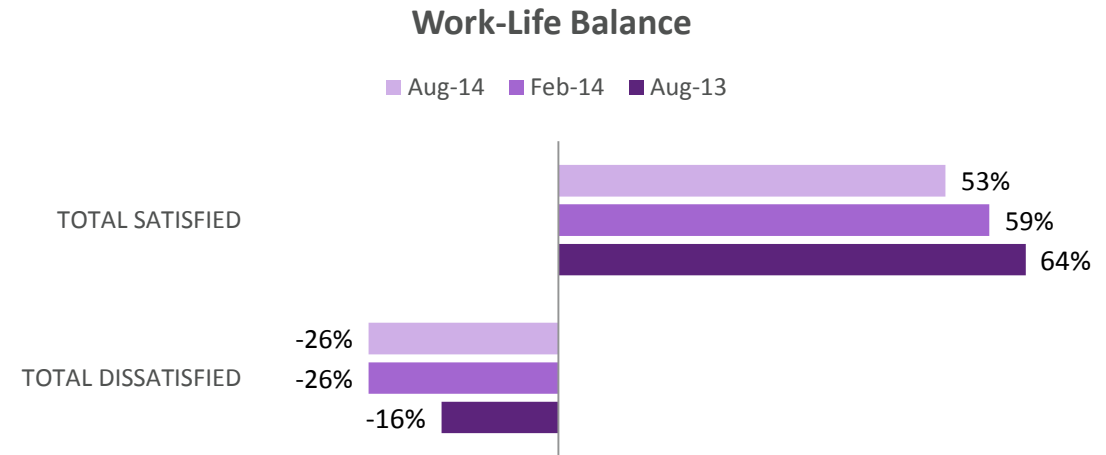
New Zealand operators less satisfied with their work life balance than they were six months ago, but still better than in Australia

Levels of satisfaction of New Zealand operators with their work-life balance continued to deteriorate this wave. While over half (53%) were satisfied (16% very satisfied and 37% quite satisfied), this proportion has dropped from the 64% satisfaction levels recorded only a year ago. Dissatisfaction levels have, however, remained constant this wave at 16%, although these are still much higher than 12 months ago.

Comparatively, satisfaction levels in Australia were lower, with only 47% satisfaction (12% very satisfied and 35% quite satisfied).

Those segments least satisfied with their work life balance included:

- Small businesses (39%)
- Start-up businesses (41%)
- Businesses whose revenue was down in the last 12 months (45%)

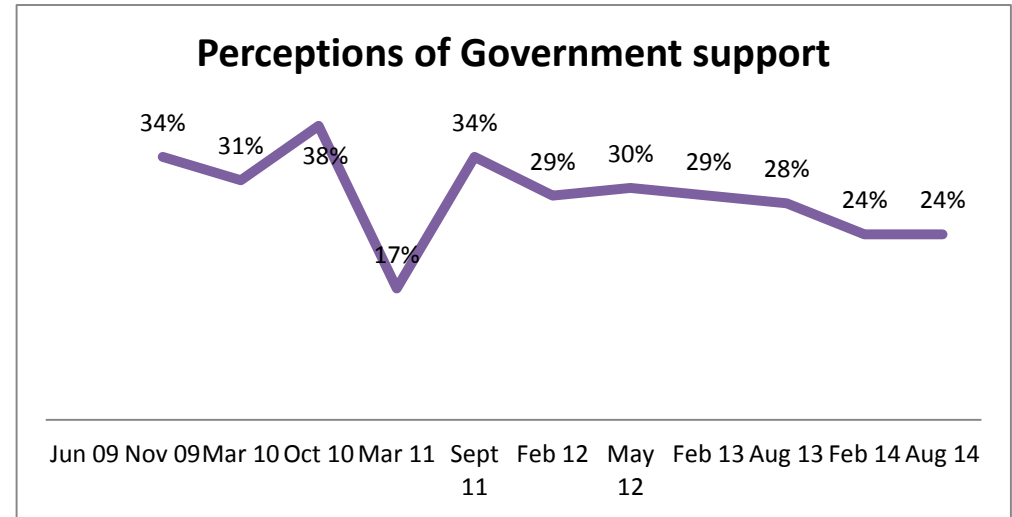


GOVERNMENT

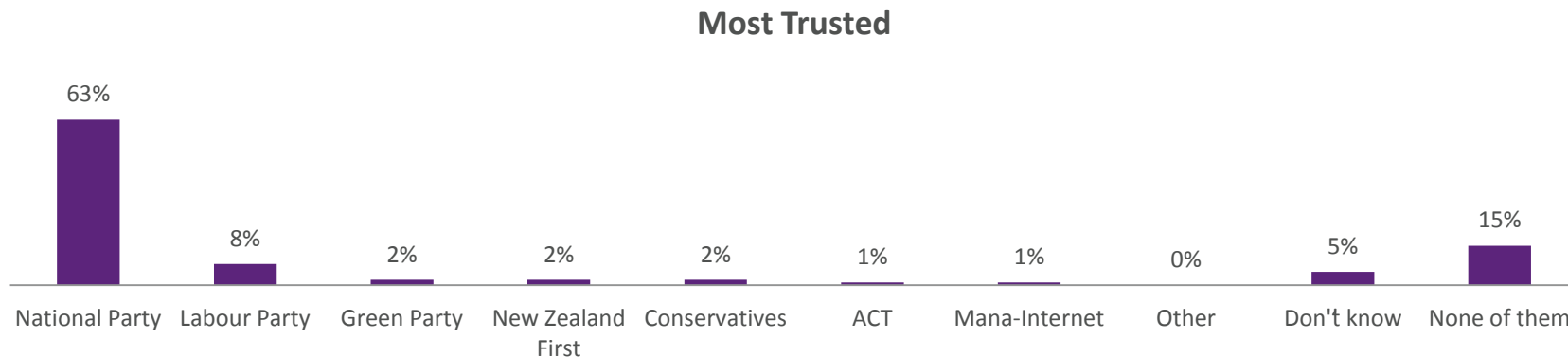
Less than one quarter of operators (24%) expressed dissatisfaction with the level of government support for businesses such as theirs, the same level of dissatisfaction as the previous wave.

Dissatisfaction levels were fairly consistent across the various business categories, but the following differences were noted:

- Businesses that reported a revenue fall in the last 12 months were more dissatisfied (40%)
- Christchurch businesses were less dissatisfied (16%)
- Traditionalists were less dissatisfied (16%)
- Small businesses were less dissatisfied (14%)
- Finance and insurance (10%) and manufacturing and wholesale businesses (9%) were less dissatisfied



Operators were also asked which of the major political parties they trusted the most in terms of the appropriate management of the economy. As can be seen from the chart below, the National Party were nominated by almost two thirds of operators (63%) as being the most trusted.



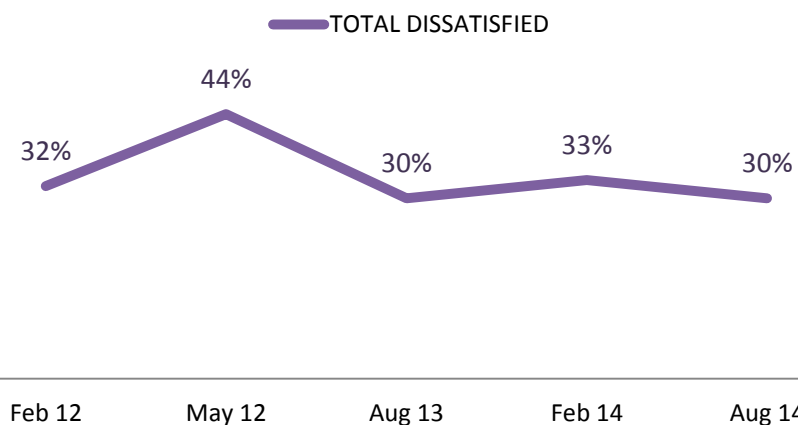
Dissatisfaction with Local Council support

Operators were asked about their level of satisfaction with Local Council support in terms of helping their business success. As can be seen in the chart opposite, just under a third of operators (30%) were dissatisfied with their Local Council support of businesses. Only 15% were satisfied and a further 50% were neutral. These figures remained statistically unchanged since the last wave.

Dissatisfaction levels were fairly consistent across all the various business categories. However, the following differences were noted:

- Businesses that reported a revenue fall in the last 12 months were more dissatisfied (41%)
- Construction and trades businesses were more dissatisfied (40% compared to 19% of manufacturing and wholesale businesses)
- Micro businesses were less dissatisfied (23%)
- Christchurch and Waikato based operators were less dissatisfied (21% each)

Dissatisfaction with Local Council support for business



Operators were also asked about policies that might influence their voting intentions for or against the party promoting them. As can be seen in the table following, the most popular initiatives were ‘reduced prices for unlimited data broadband’ (69%) and ‘simplification of provisional tax rules and processes’ (67%). Other issues that also gained positive traction included ‘introduction of tighter controls on foreign purchases of New Zealand land and infrastructure’ (54%), ‘simplification of the PAYE rules and processes’ (52%) and ‘Government backed loans to small business start-ups’ (51%).

At the other end of the scale, ‘the introduction of a capital gains tax’ (60%), ‘moves to raise the superannuation entitlement age’ (43%) and ‘removing the 90 day trial period for new employees’ (39%) were more likely to cause operators to vote against the party proposing them.

Policies or initiatives that business operators would vote for/against	For	Against
Reduced prices for unlimited data broadband	69%	1%
Simplification of provisional tax rules and processes to make it easier for businesses to accurately determine and meet their tax obligations	67%	2%
Introduction of tighter controls on foreign purchases of New Zealand land and infrastructure	54%	10%
Simplification of the PAYE rules and processes to make it easier for businesses to accurately pay their employees	52%	2%
Government backed loans to small business start-ups	51%	7%
A proportion of Government procurement contracts being assigned to small businesses	43%	5%
Made Kiwisaver compulsory for every New Zealand employee	39%	23%
A 'cash accounting' tax system for small businesses	34%	7%
Introduction of a single Trans-Tasman currency	25%	31%
Introducing GST for online purchases from offshore retailers	25%	36%
The introduction of a single state-owned power (electricity) buyer for SMEs	22%	26%
More Government intervention into the value of the NZ\$ dollar	22%	31%
Removing the 90 day trial period for new employees	22%	39%
Moves to raise the superannuation entitlement age to 67	21%	43%
Introduction of a Capital Gains Tax	15%	60%

About the study

The MYOB Business Monitor researches business performance and attitudes regarding areas such as profitability, cash flow, pipeline work, technology usage and the government. This report presents the summary findings for key indicators from the MYOB Business Monitor comprising a national sample of **1,023** business owners, managers and directors (operators), conducted from July 18 – August 8, 2014. The businesses participating in the online survey were both non-employed and employing businesses. All data has been weighted by industry type, location and number of employees, which are in line with Statistics New Zealand (New Zealand Business Demography Statistics: At February 2010: ISSN 1174-1988.)

This research report was prepared by *Gundabluey Research* and fieldwork was completed by *Colmar Brunton* (a Millward Brown Company) for Naomi Beames, Public Relations & Corporate Affairs Manager – New Zealand, MYOB NZ Limited (naomi.beames@myob.com | www.myob.co.nz)

Industry	Weighting	No.
Agribusiness	14%	79
Business, professional & property services	35%	350
Construction & trades	11%	146
Finance & insurance* ¹	6%	34
Manufacturing & Wholesale	8%	51
Retail & Hospitality	9%	103
Transport, postal & warehousing* ¹	3%	36
Other Industries** ² (incl. in total results)	13%	224
Total	100%	1,023

Location	Weighting	No.
Auckland	32%	349
Wellington	10%	122
Christchurch	13%	126
Rest of New Zealand	45%	426
Total	100%	1,023

Number of Employees/Business Type	Weighting	No.
0 Employees/Sole Traders	69%	782
1-5 Employees/Micro Business	21%	189
6-19 Employees/Small Business* ¹	8%	37
20-199 Employees/Medium Business* ¹	3%	15
Total	100%	1,023

The generations were categorised as follows:

- Generation Y: 18 – 29 years of age
- Generation X: 30 – 49 years of age
- Baby boomers: 50 – 64 years of age
- Traditionalists: 65+ years of age

Length of time in business was categorised as per the following:

- Start up: in business fewer than 2 years
- Establishing: 2 to 5 years
- Maturing: 5 to 10 years
- Established: 10+ years

¹ Caveat: There is high margin of error of +/-15% @ 20% on this small base

² Other Industries, which have been combined to minimise their margin of error, include these sectors: Communication Services; Cultural & Recreational Services; Education; Electricity, Gas & Water Supply Services; Health & Community Services; Mining; and Personal & Other Services