



MYOB Business Monitor

Special summary - New Zealand businesses online

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Executive summary

The internet offers a world of opportunity for Kiwi businesses, but only 30% have a business website.

The internet is crucial for doing business today. In fact we've found that businesses that have a website have more success - 30% of businesses with a website report a revenue increase in the past year, compared to 23% of those without a website.

Over half of business owners believe the Internet is critical for marketing and promotion. However it would appear that businesses are missing out on a number of opportunities online. In addition to the low penetration levels of businesses with websites and e-commerce facilities, there's also a low adoption of social media by SMEs. Only 14% of businesses use social media (such as Facebook, Twitter) to promote their business.

Social media tools, like Facebook and Twitter, present a huge opportunity for businesses to reach a new audience, and also interact and engage with existing clients online.

When it comes to e-newsletters and blogs, only a few (12%) businesses write online newsletters and blogs to promote their business. Like it is in Australia, social media usage by businesses is only just emerging in New Zealand however we expect that will change rapidly.

The intelligent use of social media may make business life easier for business owners looking to raise the profile of their business online. For example, sharing content is a great way to engage with current and potential customers online, add value to customer relationships and also demonstrate thought leadership and expertise.

However when it comes to the web, while only 30% have a business website, businesses are increasingly going online for key business activities:

- 77% use internet banking for their business
- 33% pay their bills on suppliers' websites
- 29% monitor competitive activity on the Internet
- 25% use Skype or VOIP to make free phone calls over the internet

And while 50% of businesses agree that they would sell more and get more work if they used the internet better for marketing, we notice that there are some who are yet to put this into action:

- A quarter (25%) use email marketing
- Only 19% use search engines (like Google) to market their business

From having a website to using social media and online marketing, many businesses are yet to take advantage of the key opportunities the internet has to offer.

*Source – MYOB Business Monitor August 2010 and November 2010

Table of contents

Executive summary	1
Use of the web for business purposes	3
Ways in which the Internet is used for better business	6
Main marketing and advertising channels used for business.....	8
How well the Internet is used to market, advertise and promote business	10
Appendix	11

Use of the web for business purposes

Only 30% of businesses have a website

Base: Business owners and directors (n = 1,000)

Q. Which of the following activities are currently undertaken in this business for business purposes?

Only 30% of businesses surveyed have a website for their business.

Businesses in the Manufacturing and Wholesale industry have the lead when it comes to having a business website (49%), followed closely by businesses in the Finance and Insurance industry and the Retail and Hospitality industry (both 39%). The least likely to have a business website are businesses in the Agriculture, Forestry and Fishing industry (11%), followed by businesses in Construction and Trades (15%).

Businesses that have a website are actually performing better than those without a website. When asked if their revenue is up or down compared with 12 months ago, 30% of businesses with a website report a revenue increase in the past year, compared to 23% of those without a website.

Other business activities completed online include paying bills on supplier websites (33%), buying products/services online (e.g. eBay, Trade Me, etc) (42%), using VOIP to make free phone calls over the internet (25%) and backing up business information online (16%).

City/metro based businesses are more likely to have a website (38%), compared to regional (31%) and rural (14%) based businesses.

The breakdown by area – city/metro, regional, rural – shows some interesting points:

- City based businesses are more likely to use online networking forums like LinkedIn, MySpace or Facebook (24%) compared to regional (21%) and rural (13%) based businesses.
- Rural based businesses are more likely to pay bills on suppliers websites (38%) followed by regional and city/metro based businesses (both 32%).
- More rural businesses buy online (50%) than regional (42%) and city/metro (38%) based businesses.
- It's pretty even when it comes to backing up business information online, with regional businesses (16%) just ahead of city/metro based (15%) and rural (14%) based businesses.

Figure 1: Activities currently undertaken in business for **business purposes**: by Total Sample (% of n = 1,000)

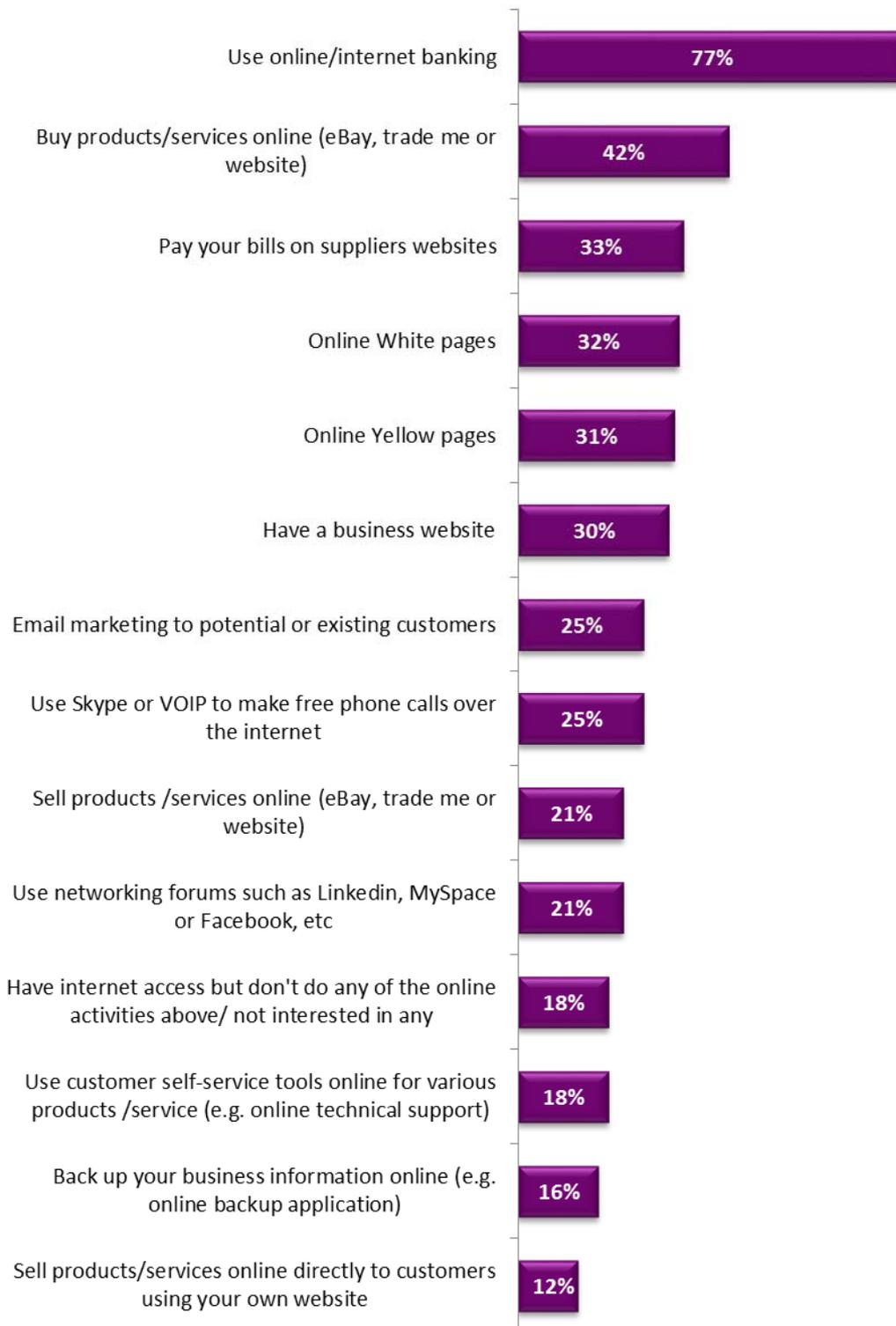


Figure 2: Activities currently undertaken in business for business purpose - **Have a business website: by Industry** (% of n = 1,000)

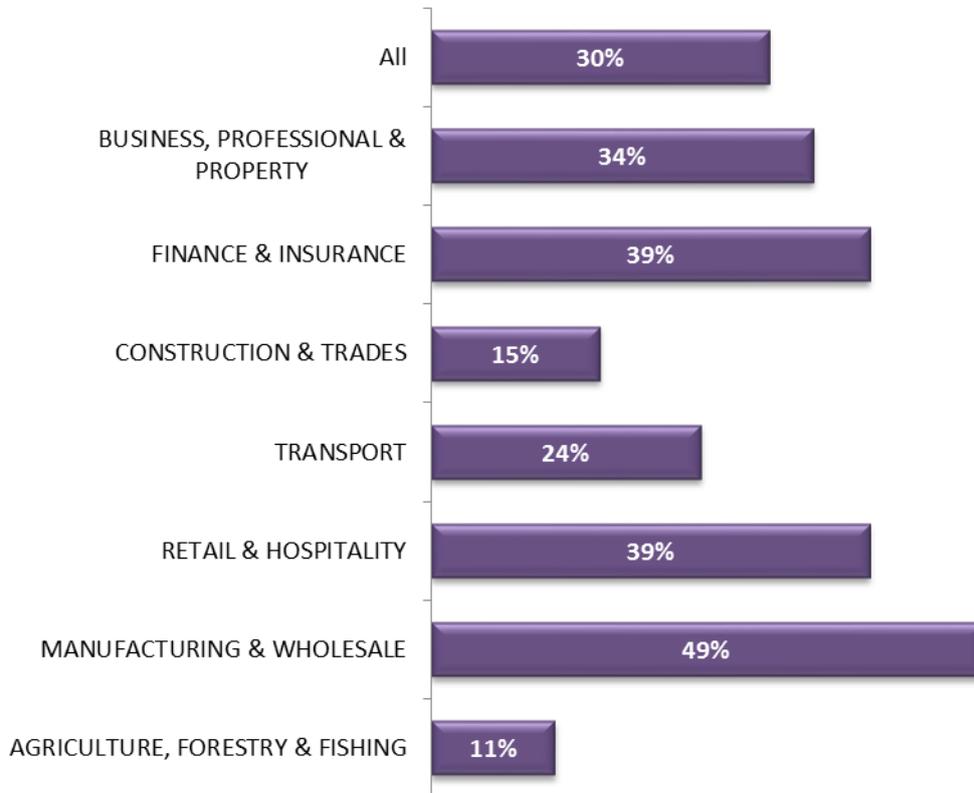


Figure 3: Activities currently undertaken in business for business purpose - **Have a business website: by time in business** (% of n = 1,000)



Figure 4: Activities currently undertaken in business for business purpose - **Have a business website: by Region** (% of n = 1,000)



Ways in which the Internet is used for better business

Over a quarter of business owners use the Internet to monitor competitive activity

Base: Business owners and directors (n = 1,000)

Q. In which of these ways do you use the Internet/Web to help you do better business?

Most business owners don't use social media, online newsletters, blogs to promote their business

Whilst this is expected to change over time, presently only 14% of business owners surveyed use social media (like Facebook, YouTube, MySpace or Twitter) to promote their business. And fewer still (12%) write online newsletters or blogs to promote their business. (See Figure 5) The most likely business users of social media are owners of start-up businesses (25%), in Retail & Hospitality (24%), and are 18-39 years of age (22%). Business owners in the Construction & Trades and Agriculture, Forestry & Fishing industries are the least likely (both 4%) to use social media to promote their business.

Nearly a third of business owners use the Internet to monitor competitive activity

Only 29% of business owners monitor the Internet for competitive activity. (See Figure 5) The larger the business, the more likely they are to monitor the Internet for competitive activity, with medium business owners (50%) almost twice as likely to do as sole traders (27%).

Over a third of business owners use the Internet to search for own category information

Over one-third (35%) of business owners surveyed search the Internet for information and updates on their own industry or business category. (See Figure 5) Owners of small businesses (45%) are the most likely to do so, and least likely are sole traders (33%). 'Technology Early Adopters' (45%) are also likely to search the Internet for their category information, as are business owners in Manufacturing & Wholesale (40%), and Retail & Hospitality (38%), who are much more likely to do so than business owners in Transport (23%) or Construction & Trades (27%).

Figure 5: The way business owners use Internet/Web to help them do better business: by Total Sample (% of n = 1,000)

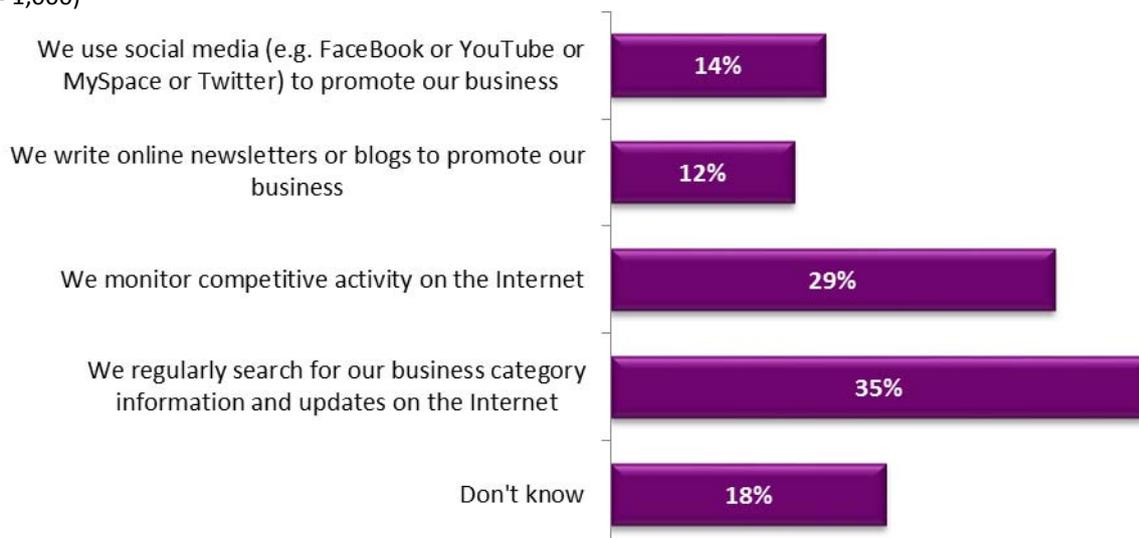


Figure 6: The way business owners use Internet/Web to help them do better business – **we use social media to promote our business: by Location** (% of n = 1,000)



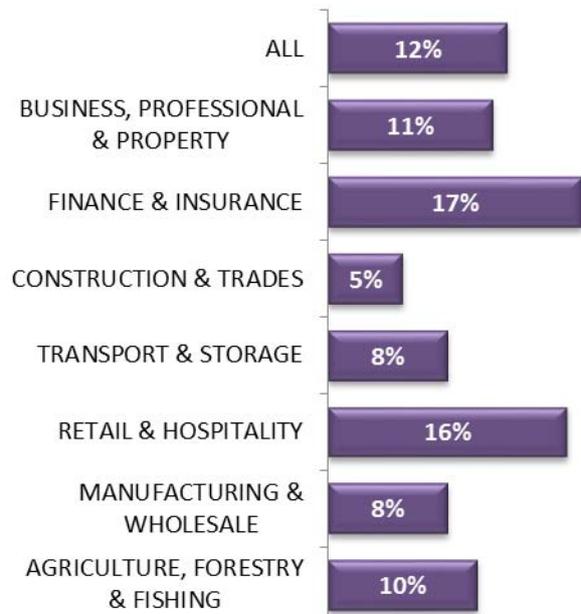
Figure 7: The way business owners use Internet/Web to help them do better business – **we use social media to promote our business: by Industry** (% of n = 1,000)



Figure 8: The way business owners use Internet/Web to help them do better business – **we write online newsletters or blogs to promote our business: by Location** (% of n = 1,000)



Figure 9: The way business owners use Internet/Web to help them do better business – **we write online newsletters or blogs to promote our business: by Industry** (% of n = 1,000)



Main marketing and advertising channels used for business

Other websites (not their own), newspapers and Internet search engines most popular channels for marketing and advertising

Base: Business owners and directors (n = 1,000)

Q. Thinking about marketing, advertising and promoting your business... which of the following main marketing and advertising channels do you presently use to market or advertise your business?

Despite the growth in the use of other websites and internet search engines to market and advertise, businesses are still using traditional channels for marketing and advertising, such as newspapers.

Newspapers and letterbox leaflet drops are not forgotten channels

One fifth (20%) of business owners use newspapers and 12% use letterbox leaflet drops to market their business. (See Figure 10) More than two fifths (43%) of the business owners who advertise their business in newspapers own a small business, and Retail and Hospitality business owners (28%) are more likely to use newspapers than business owners in other industry sectors. Letterbox leaflet drops are more likely to be used by Construction or Trades business owners (22%) and Retail and Hospitality business owners (20%).

Other websites (not their own) now used in preference to print media as marketing tools

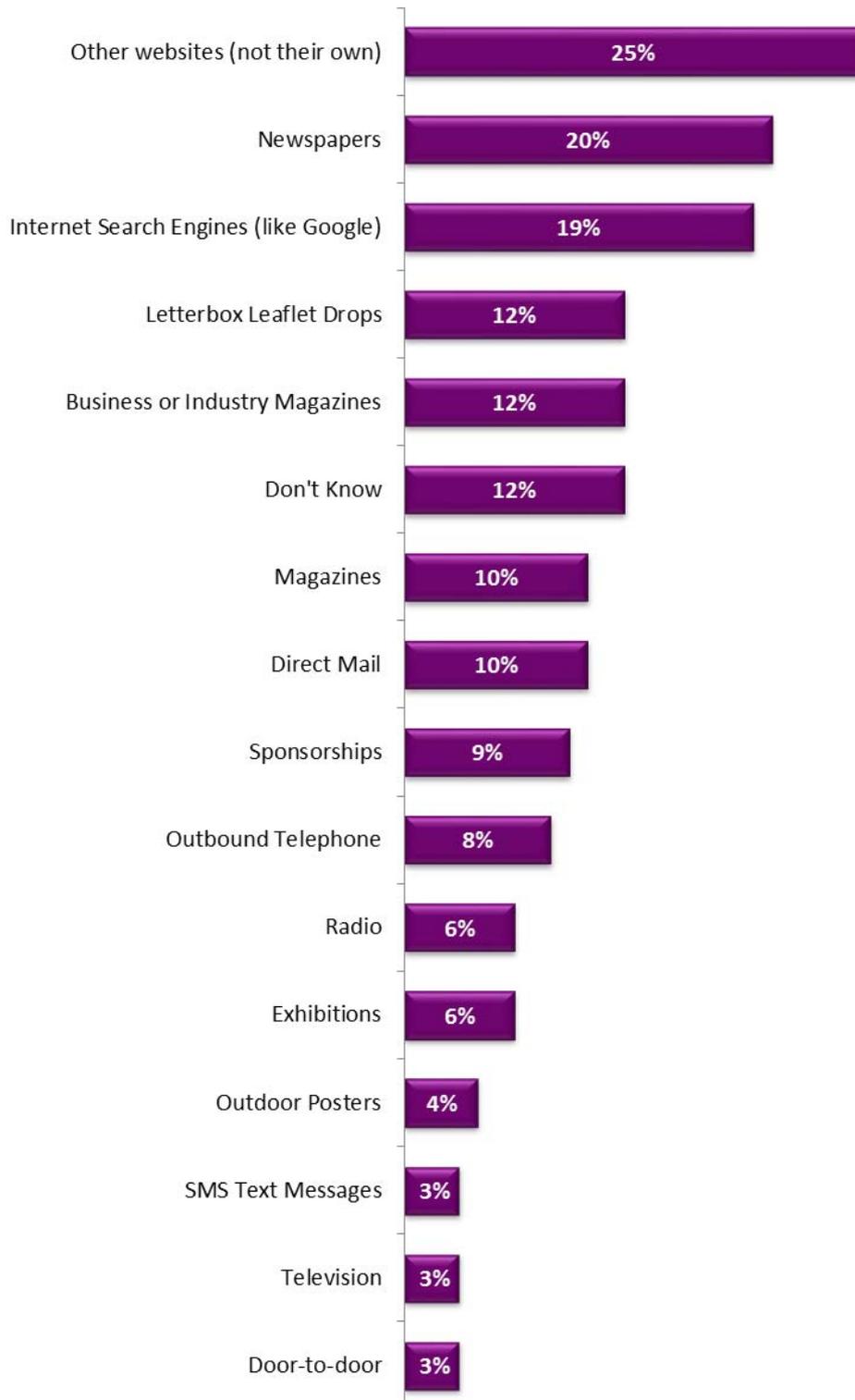
One quarter (25%) of business owners surveyed use websites that are not their own to market, advertise or promote their business. Younger business owners (18-39 years) at 31% are more likely to use this marketing channel than business owners aged 40+ years (24%). Businesses in regional areas are also more likely to use this channel (31%) than city/metro based (25%) and rural based (15%) businesses.

Internet search engines like Google now used for advertising by one fifth of businesses

Just under one fifth (19%) of business owners surveyed use Internet search engines to promote their business. (See Figure 8) Those business owners most likely to do this have a Retail or Hospitality business (34%), an establishing (2-5 years) business (24%) and have a business revenue of \$5m+ (26%).

As to be expected, business owners who identify with being a 'Technology Early Adopter' lead with using online channels, 25% use internet search engines to promote their business, compared to 22% of 'mid adopters' and 10% of 'late adopters'.

Figure 10: Channels used to market, advertise and promote their business: by Total Sample (% of n = 1,000)



How well the Internet is used to market, advertise and promote business

The Internet is recognised as a critical channel for marketing and promoting business (but only 30% have a website for their business)

Base: Business owners & directors (n = 430)

Q. Thinking about marketing, advertising and promoting your business, how strongly do you agree or disagree with each of these statements?

While the Internet is recognised as a critical channel for marketing their business, many business owners also feel that they could sell more or get more work if they used the Internet better for marketing.

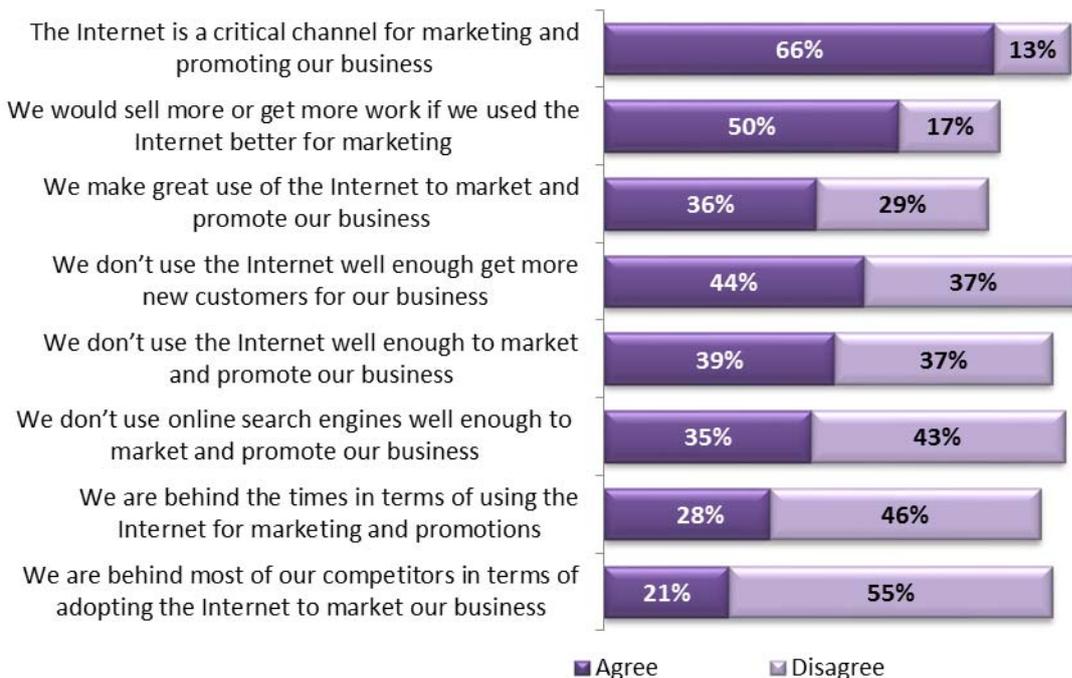
Of the eight statements evaluated (See Figure 11), the statement that meets with most agreement, from 66% of business owners, is:

- ***'The Internet is a critical channel for marketing and promoting our business'***
- The business owners who most agree with this statement are in the Manufacturing and Wholesale sector (75%) or the Retail and Hospitality sector (73%), are located in Christchurch (74%) or Wellington (71%), and are sole traders (71%).

The level of agreement with the above statement is ahead of the 50% of business owners surveyed who agree that: (See Figure 9)

- ***'We would sell more or get more work if we used the Internet better for marketing'***
- The business owners who most agree with this statement have lower annual business revenue of \$40-75K (71%), or own a business in the Manufacturing and Wholesale sector (57%) or are sole traders (56%).

Figure 11: Agreement or disagreement with statements on how well Internet used to market and promote business (% of n = 490)



Appendix

About the MYOB Business Monitor

The MYOB Business Monitor is a national sample of 1,000 business owners and decision makers. The summary presented in this document is based on research conducted in July/August and October/November 2010. The businesses participating in the online survey are defined as both non-employing and employing businesses with zero employees ('sole traders'), 1-4 employees ('micro businesses'), 5-19 employees ('small businesses') and 20-199 employees ('medium businesses'). Industries have been grouped (see next page) for the purposes of providing meaningful results based upon sample segments of reasonable size, and with a lower margin of error. (The business weightings in this report are in line with *Statistics New Zealand: New Zealand Business Demography Statistics: At February 2010: ISSN 1174-1988.*)

Fieldwork was conducted by *Colmar Brunton NZ* (a Millward Brown Company). The research was designed for and reported to MYOB by *The Financial Research Company* in Sydney.