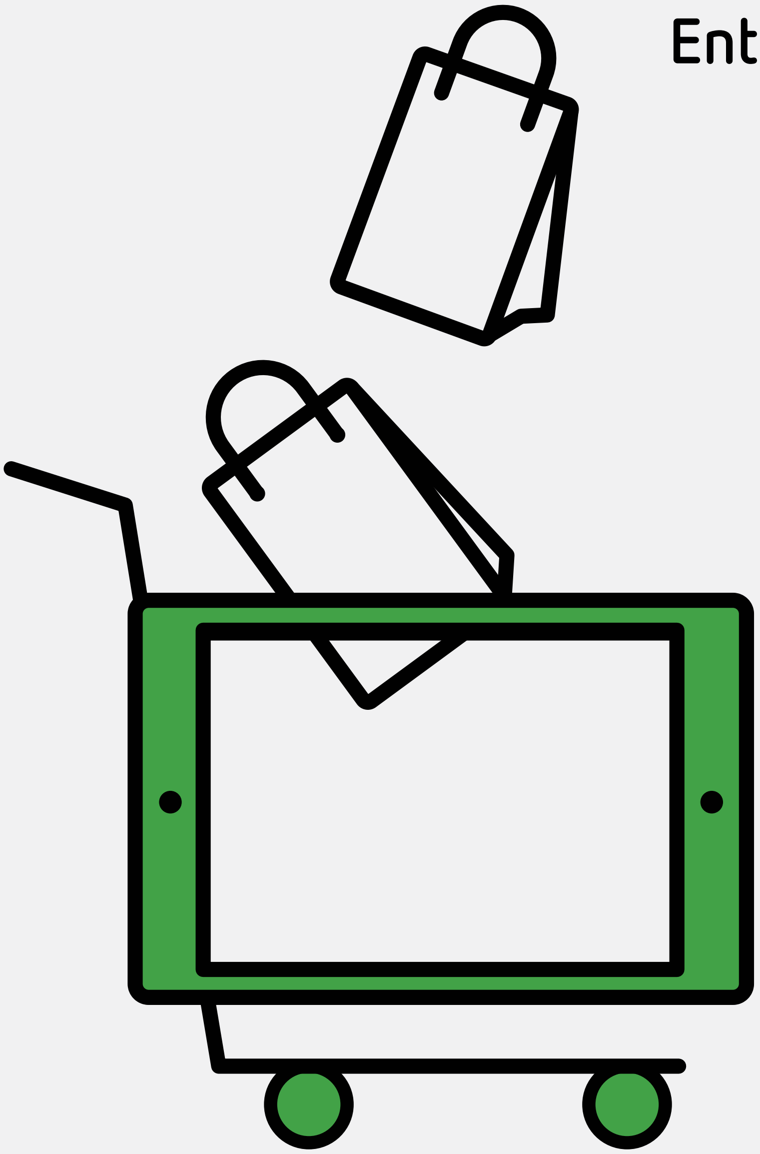
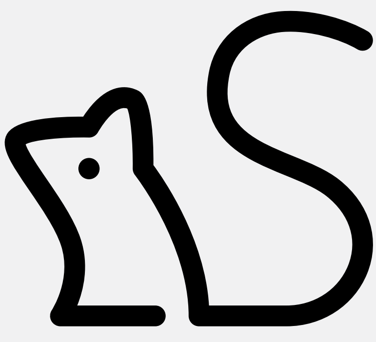
Sensis e-Business Report 2017

The Online Experience of Small and Medium Enterprises





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Introduction

The Sensis e-Business Report is an annual initiative of Sensis as part of its commitment to increase understanding of the Australian business and social environments. It is part of a series of reports produced by Sensis, which include the quarterly Sensis Business Index and the annual 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 the first benchmarking report on technology and small businesses produced in February 1994. In recent years, these surveys have expanded to include electronic commerce (e-commerce) and form the basis of the annual Sensis e-Business Report.

The survey speaks to 1,000 Australian SMBs and 800 Australian consumers about their experiences with and adoption of technology, including e-commerce.
Surveying is conducted by TKW Research and reporting by Di Marzio Research.

Chapter 1.1

About the survey

The information in this report is based on telephone interviews conducted over the period of June 6 to July 4, 2017 with 1,002 small and medium business proprietors and managers.

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. The sample excludes businesses in the agricultural sector.

Results for each survey are weighted so 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, Jun 2009 to Jun 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-employing firms.

The new weighting has benefited the last three surveys as the samples have been more representative of the current SMB population. Because of these factors we limit our comparative commentary for results prior to 2015 but these results are still included in the report.

The results in this report relating to consumer behaviour are based on a survey of 800 adults conducted over the period of June 6 to June 30, 2017. Prior to 2015, the consumer sample totalled 1,000 and included teens aged 14-17 but that segment has been excluded so the base now represents adults aged over 18. This has impacted on the comparability of the results prior to 2015, given that 14-17 year olds are above average internet users. Accordingly, we have limited our comparative commentary on consumers for results prior to 2015 but these results are still included in the report.

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 also been weighted according to the latest Australian Bureau of Statistics (ABS) population figures so they more closely reflect the population distribution within each state and territory.

Location of business

	Total	Metro	Non-metro
New South Wales	**170**	130	40
Victoria	**170**	130	40
Queensland	**170**	90	80
South Australia	**125**	110	15
Western Australia	**125**	110	15
Tasmania	**81**	50	31
Northern Territory	**81**	50	31
Australian Capital Territory	**80**	80	0
Total	**1,002**	**750**	**252**

Division

Manufacturing	76
Building and Construction	190
Wholesale Trade	70
Retail Trade	103
Hospitality (Accommodation, Cafes and Restaurants)	51
Transport and Storage	49
Finance and Insurance	52
Communication, Property and Business Services	210
Health and Community Services	110
Cultural, Recreational and Personal Services	91
Total	**1,002**

Size of business – number of full time employees

1-2 Employees	267
3-4 Employees	113
5-9 Employees	346
10-19 Employees	175
Total Small (1-19)	**901**
+ 20-99 Employees	93
+ 100-200 Employees	8
Total Medium (20+)	**101**

Consumer sample structure – demographics

	Total
Male	400
Female	400
Total	**800**
18 – 29 years	160
30 – 39 years	149
40 – 49 years	148
50 – 64 years	173
Over 64 years	170
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	**79**	50	29
Northern Territory	**49**	30	20
Australian Capital Territory	**51**	51	0
Total	**800**	**520**	**280**

Chapter 1.2

Executive summary

The results of the research are detailed throughout this report. Below is an overview of key findings.

Technology in SMBs

Ninety-eight percent of SMBs own a computer of some description, which is unchanged from 2016.

Among SMBs ownership of desktops, notebooks and tablets is 95%, 55% and 37% respectively. Ownership of desktops and notebooks was slightly higher this year but tablets are continuing a downward trend. Each of these devices remains more prevalent in medium size businesses than small businesses, which also applies for other types of technology such as smartphones, Local Area Networks (LAN), satellite navigation, VOIP (Voice Over Internet Protocol), advanced telephony systems and even standard telephones without internet access. Many firms continue to rely on a range of these devices.

SMB expenditure in 2016 on both hardware and software averaged almost $8,000, which was less than the year before at $9,100. For 2017, expectations for expenditure averaged almost $9,000, which compares with $8,300 last survey. The average expenditure expectations of medium size businesses again greatly outweighed those recorded for small firms – almost $54,000 compared to just over $7,300.

SMBs online

Ninety percent of SMBs are connected to the internet, which is three points lower than last survey. Internet connectivity remains at 99% in medium sized businesses compared to 90% in small businesses.

Slightly more SMBs using the internet have a broadband connection (up from 87% to 89%). However, falls were recorded in ADSL accessibility (down 13 points to 44%) and wireless accessibility (down four points to 50%) in favour of cable (up 15 points to 34%) or NBN (up seven points to 15%). Five percent of SMBs claim their online presence has been influenced by the NBN and 10% expect this will be the case in the foreseeable future, primarily because of faster internet access.

Email and internet banking remain the most popular online behaviours with each used by more than nine in ten SMBs with the internet. A majority also use the internet to pay for purchases (78%), access directories such as the Yellow Pages (70%), to seek information about products and services (68%) or suppliers (67%), and to place orders (52%). Solid growth is foreseen for each of these applications over the next year.

Only 40% of businesses currently take orders for products and services over the internet but in the next year almost three in 10 (29%) expect to add this service for their customers. Use of the internet for marketing purposes should also grow markedly in the next year. More specifically, an extra 20% expect to be monitoring markets or competition (currently undertaken by 33%) and an extra 25% intend to be promoting the business via email marketing (currently 25%).

Consistent with prior surveys, email communication (93%) and internet banking (83%) are the two applications considered the most essential by online SMBs. Paying for products and services (66%) is next most likely to be considered an essential application. Small and medium sized businesses do not differ much in this respect.

SMB websites

Fifty-two percent of SMBs have a website which compares with 61% in 2016. While the number of businesses with a website was down, those with another form of internet presence was up (from 28% to 80%), as was the number with a social media presence (up from 10% to 54%).

Websites are far more common in medium sized businesses than small businesses – 90% compared to 50%. A further 6% of online SMBs that use the internet intend to develop a website within the next year and nearly all are small businesses.

Fewer SMBs with websites believe this has improved the effectiveness of their business – down from 60% to 50%. The main positive impact businesses see from their websites continues to be increased exposure to the market.

Expenditure on building and maintaining their website averaged $2,800 for SMBs in 2016, which was down from $3,300 the year before. As in the prior two surveys, the annual average is more than three times higher in medium sized businesses ($8,800 approximately) than small businesses (just over $2,400). Expected average expenditure by SMBs on websites for 2017 is slightly above $3,400.

Thirty-five percent of SMBs have optimised their website for mobiles and other devices. This has occurred to a slightly greater extent in medium sized businesses (39%) than small businesses (34%). Nearly one quarter (23%) intend to optimise their website in the coming year, with medium sized businesses more likely to do so than small businesses (35% compared with 22%).

Just over three in ten SMBs (31%) with an existing website upgraded it in the last year.

Social media and SMBs

Close to half the SMBs (47%) are using social media, which is almost the same as discovered in 2016 (48%). Facebook remains their preferred social media platform (90%), well ahead of others such as LinkedIn (35%), Twitter (25%) or Instagram (20%).

SMBs buying and selling online

Forty-seven percent of SMBs make purchases online. The rate is much higher in medium sized businesses (69%) than small businesses (46%). On average, 48% of the total procurement of SMBs who purchase online was purchased over the internet, which is up three points on 2016.

As discovered last survey, more than one third (up one point to 36%) of SMBs place 50% or more of their business orders online. Office supplies are their most commonly purchased item (79%), but a majority go online to make travel bookings (62%), buy stock (56%) or machinery, tools and equipment (56%).

The percentage of SMBs taking orders online is 36%. It is 47% in medium sized businesses and 36% in small firms.

Online sales as a share of total sales activities have risen steadily for five years in succession. In 2013, they were 32% and now they are 45%, which is up two points on last year. One third (33%) of SMBs who use e-commerce made over half of their sales online, which compares with 34% in 2016.

The proportion of SMBs receiving payments online for sales was 47% and this is higher in medium sized businesses (68%) than small firms (46%).

Once again, for the majority of SMBs, online sales are made mainly to customers in their local area (up one point to 68%). Almost one quarter (24%) have made online sales to customers overseas, which is virtually the same as last survey (25%). Nine percent of SMBs are using the internet to target overseas customers with medium sized firms doing so more than small firms (14% to 8%).

Growth is likely in the take-up of e-commerce by SMBs already on the internet with 29% indicating an intention to sell online in the foreseeable future. The main catalysts are to provide better customer service and improved delivery of goods and services.

Hacking remains the biggest concern that SMBs have about e-commerce, with more rating it as a major concern (up two points to 37%) or minor concern (up 10 points to 44%). Greater levels of concern were also expressed this survey about other e-commerce related issues such as incompatibility with existing systems, lack of personal contact with customers and the costs of hardware and software.

SMBs use of online advertising and other applications

Forty-eight percent of online SMBs advertise on social networks, which has increased from 34% in 2016. Nearly half (up 15 points to 47%) now use cloud computing. Online advertising and unpaid search engine optimisation have become markedly more prevalent as well (both up 13 points to 45%).

Other applications did not grow much, if at all, and were mentioned by less than one in four SMBs – video conferencing (22%), VOIP (21%), paid search engine marketing (15%), mobile applications (9%) and mobile advertising (7%).

A majority of SMBs believe it's important to be on page one of a Google search with 21% saying it's very important and 34% saying this is somewhat important.

Digital business strategies

Sixteen percent of online SMBs reported having a digital business strategy, which is three points lower than last year. There was also a three-point drop (to 4%) in the proportion of SMBs who have developed a mobile application or "app" for their business.

Australians' use of technology – the consumer story

As in 2016, virtually all adult Australians have a computer of some description (99%) with use of multiple devices common. Smartphone penetration keeps increasing. The smartphone is now easily the most popular device (up four points to 82%) and likely to keep growing with 6% intending to get one in the next year.

Most other devices lost appeal over the last 12 months, especially desktops (down from 67% to 52%), notebooks (down from 53% to 39%) and tablets (down from 58% to 46%).

There was either a fall or no growth in ownership of these vision-related devices – Digital TV (down nine points to 52%) internet-enabled TVs, DVDs and Blu-ray players (unchanged at 45%) and 3D TVs (unchanged at 11%).

Streaming services are used in 62% of households. The most popular is Netflix (48%), well ahead of alternatives, although some households access more than one.

Attraction towards navigation devices continues to decline, for both in-car (down six points to 29%) and hand-held versions (down four points to 18%). Many use mobiles for maps and directions (59%) or satellite navigation (45%). Penetration of wearable devices such as a FitBit (16%) did not rise.

Ninety-six percent have used the internet in the last year, which compares with 98% in the 2016 survey. It is 100% in the 18-29 age group and among part-time workers and students.

For accessing the internet, mobile phones (up six points to 79%) have overtaken desktop or notebook computers (down 19 points to 71%) and taken share from tablets (down 15 points to 42%). Access via an internet-enabled TV increased two points to 26%.

Fifty-six percent (down 15 points) of adult Australians made purchases online during the past year spending almost $3,200 on average which compares with just over $3,300 previously. Airline tickets, hotel rooms and clothing again emerged as the most common types of online purchases, with take-away food joining that category. Twenty-three percent of online purchases were from overseas businesses, which is unchanged.

Solid falls were also observed in these e-commerce related behaviours – looking for information on products or services (down 19 points to 63%), paying for purchases (down nine points to 72%) and making bookings (down 18 points to 49%).

Several other findings may help explain the lower incidence of e-commerce behaviour recorded this survey. Only 8% expressed no concern about theft or misuse of their private information and only 11% were unconcerned about the security of their credit card information. We also note that fewer people supplied personal information online in the last year (down from 41% to 32%).

Among adults, social networking use remains on an upward trend (up two points to 76%) with daily use having become more common (up nine points to 59%).

There was also solid growth in the use of the internet for uploading videos (up 13 points to 52%) and downloading or streaming video content (up 14 points to 62%). The growth in smartphones may be impacting on this behaviour with both activities much more likely to occur on a smartphone than a tablet.

Levels of computer ownership

Levels of computer ownership for Australian SMBs

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98% Of SMBs

own a computer

with

98% owning a computer in metro areas

+

99% owning a computer in regional areas

79%

own smartphones

On average SMBs spent

$4,800 on hardware

and

$3,200 on software

but for small business

25% spent less than

$2,000

on hardware

and

14% spent nothing

55%

Of SMBs have a notebook

and

37%

own tablets

Chapter 2.1

Equipment ownership

This year 98% of SMBs reported owning a computer of some description. Ownership is 98% in small firms and 100% in medium sized firms. These results are unchanged from 2016.

Desktop computers remain the most prevalent, found in 95% of SMBs, while 55% have notebook computers. Last year these levels were 94% and 49% respectively. Desktops are owned by all medium sized businesses and 95% of small businesses. Notebooks are more prominent in medium sized firms than small firms – 68% to 54%.

Ownership of computers was similar in metropolitan and regional areas – 98% and 99% respectively and the same is true for the penetration of desktop and notebook computers.

Across the nation, computer ownership ranges from 94% in the NT to 99% in WA and Tasmania.

By industry sector, computer ownership varies from 96% to 100%. Greater variation can be seen in notebook penetration than desktops.

Computer ownership – by industry sector

	Desktop computer	Notebook computer	Any computer*
All Business (SMBs)	**95%**	**55%**	**98%**
Manufacturing	96%	56%	96%
Building and Construction	93%	51%	96%
Wholesale Trade	93%	65%	99%
Retail Trade	94%	39%	96%
Transport and Storage	94%	56%	100%
Communication, Property and Business Services	98%	64%	99%
Finance and Insurance	99%	64%	100%
Health and Community Services	98%	49%	100%
Cultural, Recreational and Personal Services	94%	57%	100%
Hospitality (Accommodation, Cafes and Restaurants)	97%	51%	100%

*Note: Any Computer here = desktop, notebook or tablet. Rounding occurs.

Computer ownership – by business size and location

	Desktop computer	Notebook computer	Any computer*
All Business (SMBs)	**95%**	**55%**	**98%**
1-2 Employees	92%	52%	98%
3-4 Employees	95%	55%	98%
5-9 Employees	95%	53%	97%
10-19 Employees	100%	58%	100%
Total Small (1-19)	**95%**	**54%**	**98%**
+ 20-99 Employees	100%	66%	100%
+ 100-200 Employees	100%	82%	100%
Total Medium (20+)	**100%**	**68%**	**100%**
Total Metropolitan	95%	54%	98%
Total Rural	96%	56%	99%

*Note: Any Computer here = desktop, notebook or tablet. Rounding occurs.

Computer ownership – by state

	All SMBs	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Desktop	**95%**	95%	95%	97%	93%	98%	96%	90%	89%
Notebook	**55%**	52%	54%	54%	53%	69%	57%	43%	52%
Any Computer*	**98%**	98%	98%	98%	96%	99%	99%	94%	97%

*Note: Any Computer here = desktop, notebook or tablet.

Due to the different weightings applied from 2015 we only provide comparative comments about the ownership of different telecommunication equipment observed in the last three surveys.

A decrease is apparent in the penetration of VOIP, satellite navigation systems, tablets and advanced telephony systems.

Each type of telecommunications equipment listed is more prevalent in medium sized firms than small businesses. This was also the case in 2016.

Telecommunication equipment ownership

	2010	2011	2012	2013	2014	2015	2016	2017		
	All	All	All	All	All	All	All	All	Small	Medium
Satellite navigation system (in-car or hand-held)	42%	51%	46%	49%	54%	37%	41%	**26%**	**25%**	**50%**
An advanced telephony system (eg. PABX or IVR)	26%	35%	28%	33%	32%	29%	28%	**25%**	**24%**	**64%**
Smartphone (with internet access)	NA	46%	63%	68%	76%	63%	80%	**79%**	**79%**	**85%**
A LAN network supporting your business	59%	64%	60%	69%	69%	52%	60%	**60%**	**59%**	**82%**
VOIP (Voice over internet protocol)	26%	30%	31%	35%	38%	26%	34%	**20%**	**19%**	**57%**
Standard mobile telephone (no internet access)	61%	57%	61%	37%	29%	32%	20%	**20%**	**19%**	**34%**
Tablet	NA	16%	29%	41%	52%	43%	41%	**37%**	**36%**	**68%**

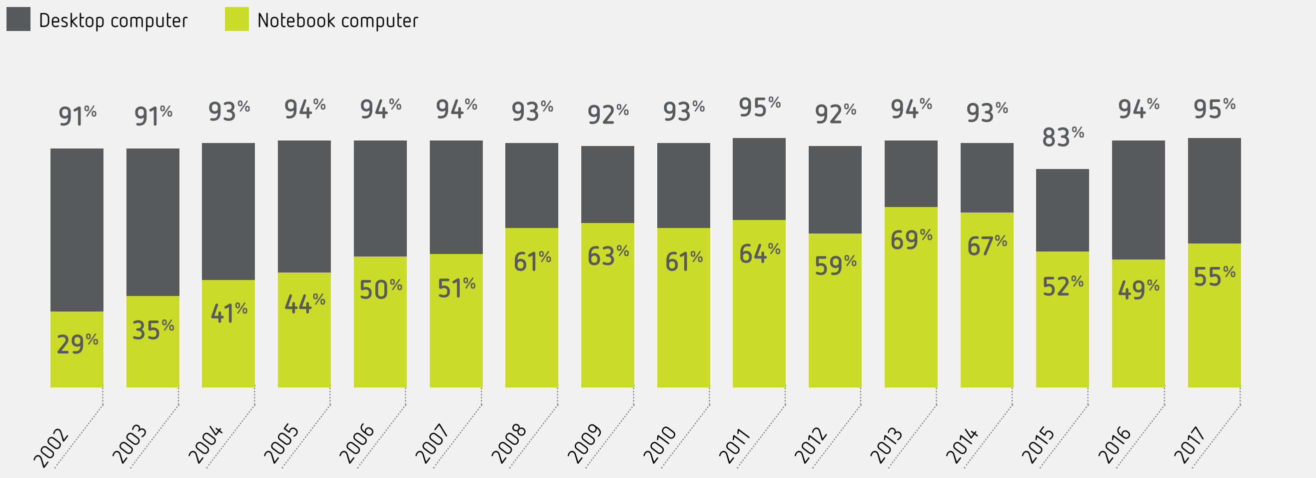
Chapter 2.2

Computer ownership trends

We have already highlighted that the new weighting applied to the survey data in 2015 impacts on the comparability of the data prior to this but the history of results pertaining to computer ownership is still presented.

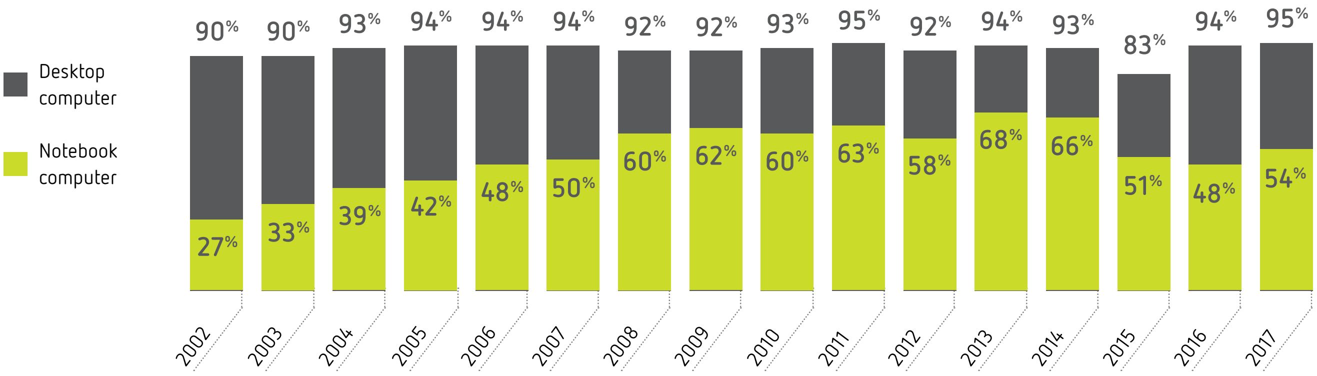
Desktop computer penetration has not changed much since last year. All medium sized businesses have desktop computers compared to 95% of small businesses. Notebook computers have become less popular in medium sized businesses over the past 12 months. Previously, there was a 29 point gap in the level of notebook ownership favouring medium sized businesses but that has fallen by 14 points (68% to 54%).

Equipment ownership trends – small and medium business



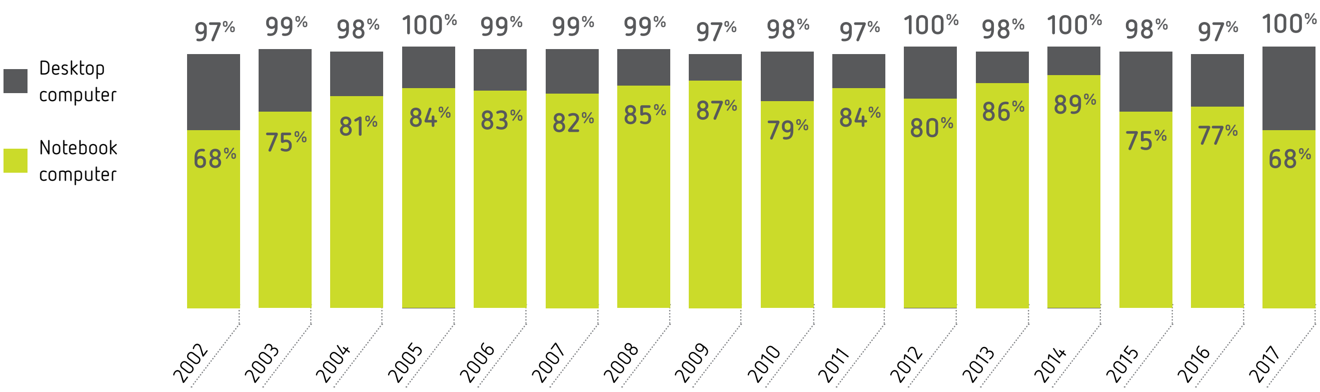
Base = All SMBs.

Equipment ownership trends – small business



Base = Small businesses.

Equipment ownership trends – medium business



Base = Medium businesses.

Chapter 2.3

Expenditure in 2016 calendar year

The overall average expenditure on computer hardware and software for SMBs in 2016 was $7,993, which compares with $9,111 the year before.

The average level of expenditure on computer hardware by SMBs during 2016 was $4,769. This compares with just under $4,550 recorded in the prior survey.

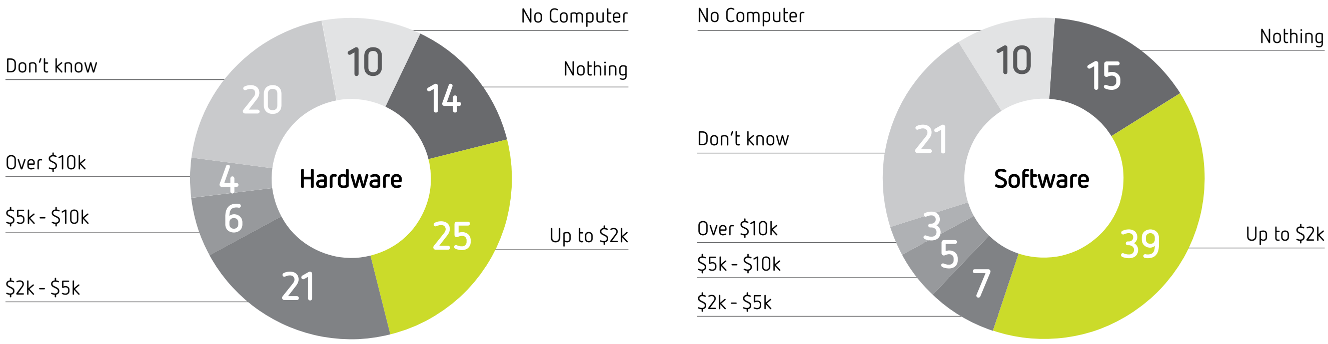
The average spend of small business was again much lower than that of medium sized businesses. Small businesses spent an average of $4,055 on computer hardware in 2016, which compares with approximately $3,981 the year before. For medium sized businesses, the average spend on hardware was $24,231, which was higher than observed last survey at around $22,100.

Among the small businesses, 14% recorded no spend on computer hardware in 2016 with only 4% spending more than $10,000, which was comparable with the last three surveys. Among medium sized businesses, 21% spent more than $10,000 on hardware in 2016 (29% last survey).

The average expenditure by SMBs on software was lower than last year – just over $3,200 compared to almost $4,600. Once again small and medium businesses differed significantly with the spend for small businesses averaging $2,753 compared to almost $17,732 for medium sized businesses.

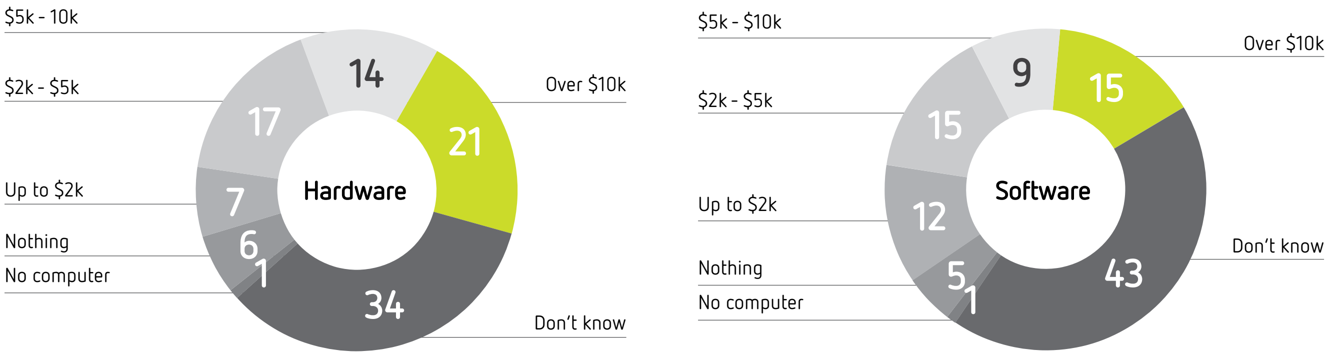
Among the small businesses, 15% spent nothing on software. Only 8% reported spending more than $5,000 which is unchanged from last survey. In medium sized businesses, 24% reported spending $5,000 or more on computer software over the same period. This proportion was 34% in the prior survey.

Expenditure in 2016 calendar year (%) – small business



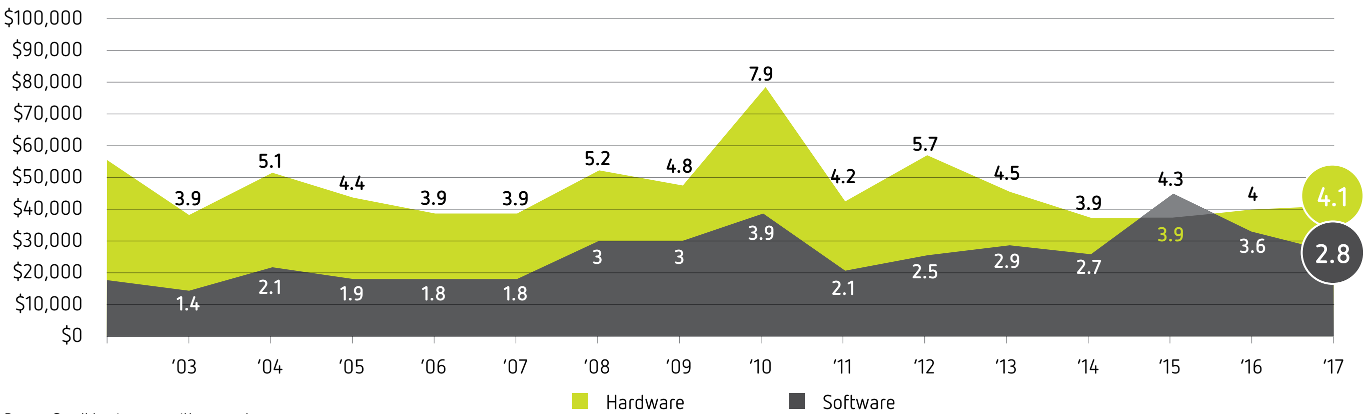
Base = Small businesses.

Expenditure in 2016 calendar year (%) – medium business



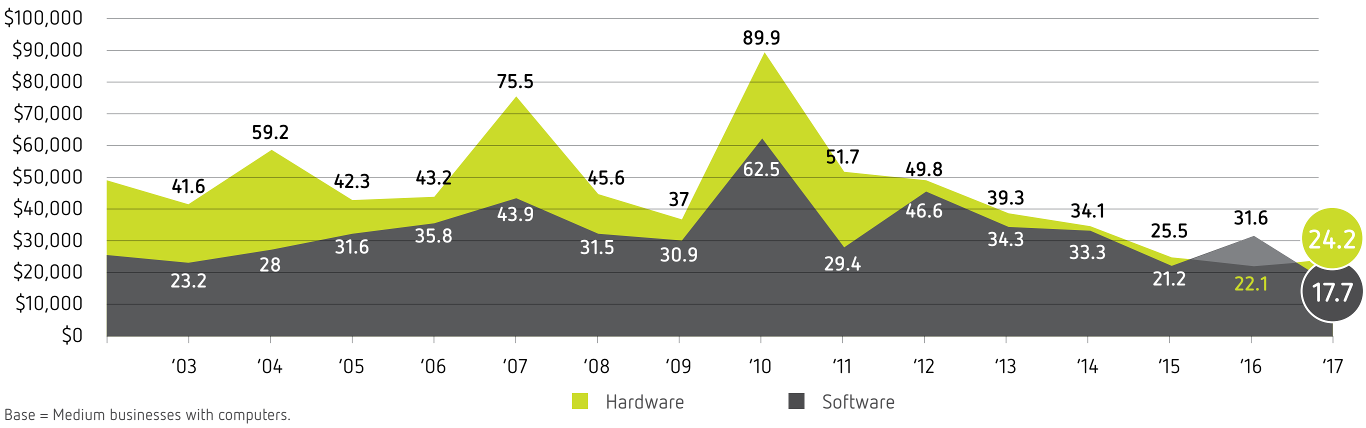
Base = Medium businesses.

Trends in mean expenditure – small business



Base = Small businesses with computers.

Trends in mean expenditure – medium business



Base = Medium businesses with computers.

Chapter 2.4

Expected expenditure in 2017 calendar year

SMBs expect their overall expenditure on computer hardware and software in 2017 will be higher than what it was in 2016.

The expected total average expenditure for all SMBs in 2017 is expected to be $8,940. This compares with a total average spend of $7,993 reported by SMBs for 2016.

On average, small businesses expect to spend just over $7,300 and medium sized businesses almost $54,000 on hardware and software in 2017. This is just over $500 more than was spent in 2016 by small businesses but for medium sized businesses it is almost $12,000 above their 2016 expenditure.

Small businesses are expecting to spend more on software than hardware in 2017 – on average just over $4,000 compared to just over $3,300. However, medium sized businesses expect to spend more on hardware (almost $30,000) than software (just over $24,000) in 2017.

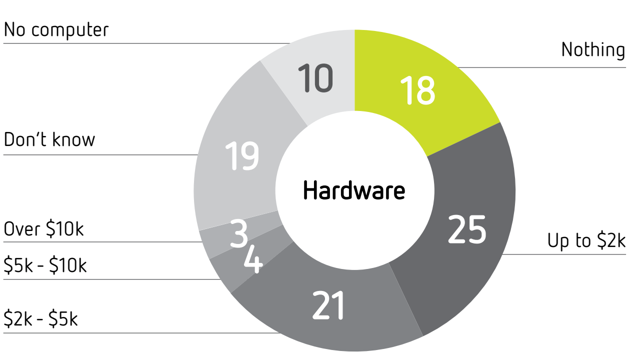
Average expenditure on software and hardware

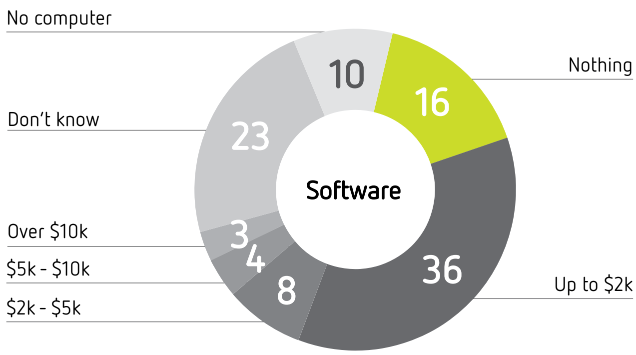
	2016 actual expenditure	2017 expectations
Small Business	$6,808	$7,335
Medium Business	$41,963	$53,804
All SMBs	**$7,993**	**$8,940**

Base = All SMBs with computers.

Notes: Rounding occurs. Large outliers have been excluded for mean calculations.

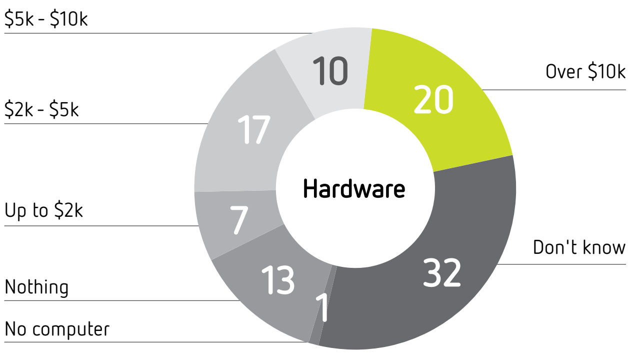
Expected expenditure in 2017 calendar year (%) – small business

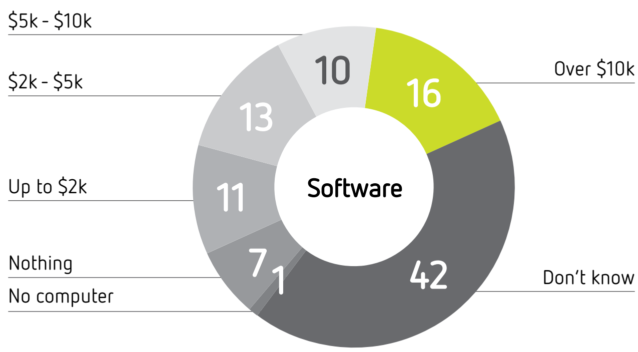




Base = Small businesses.

Expected expenditure in 2017 calendar year (%) – medium business





Base = Medium businesses.

Getting connected

How SMBs are getting connected

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90% of SMBs **are online**

of those not online

8% own a computer *but aren't connected to the internet*

and

2% don't have a computer

Since 1997 small business internet penetration has risen from 23% to **90%** TODAY

89% of online SMBs have broadband access

with

wireless being the most popular

44%	50%	34%
DSL/ADSL	WIRELESS	CABLE

meanwhile

The strongest growth was cable: up **15** points from last year

15% of SMBs are connected to the NBN

7% of SMBs are dissatisfied with connection speeds

Chapter 3.1

Internet connection levels

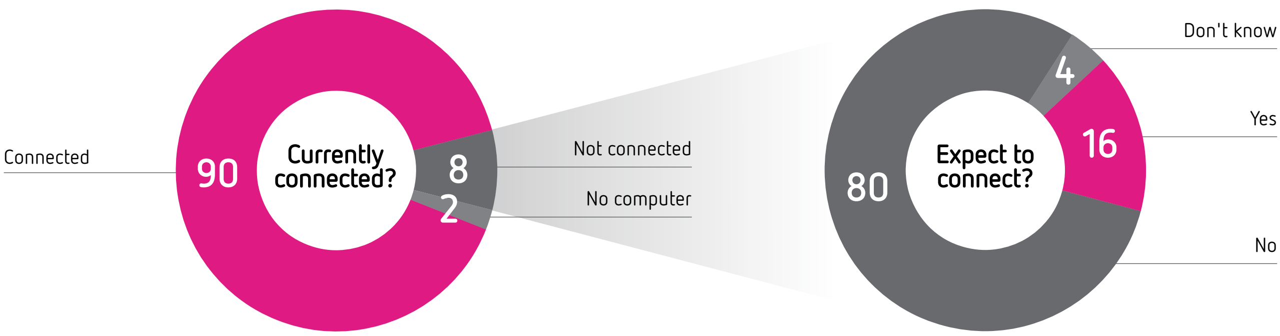
Ninety percent of SMBs have computers connected to the internet, while 8% have computers but aren't connected and 2% are without computers. Last year we found 93% of SMBs were connected.

Only 1% of medium sized firms do not use the internet, which was also the case in 2016. Among small businesses, 8% aren't connected.

The Finance and Insurance sector again recorded the highest rate of internet-connectivity at 100% (99.8% last year). The lowest levels of connectivity were in the Building and Construction (74%) and Retail (87%) sectors.

Sixteen percent of the SMBs not connected expect to connect in the coming year. This compares with 17% last survey.

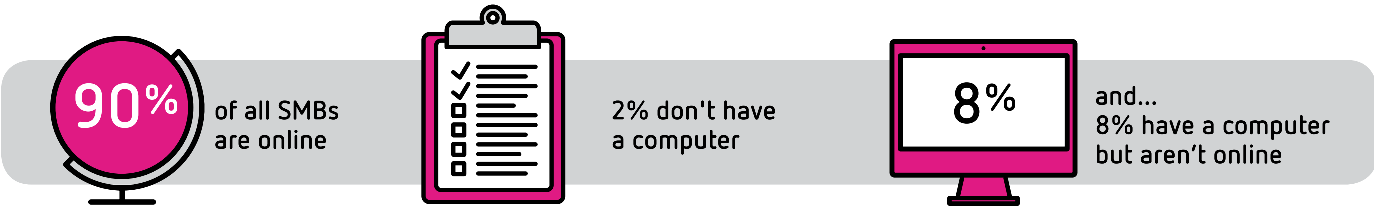
Expectations for internet connection (%)



Internet connections – by business size and location

	No computers	Use internet	Do not use
All Businesses	**2%**	**90%**	**8%**
1-2 Employees	2%	93%	5%
3-4 Employees	2%	91%	7%
5-9 Employees	3%	85%	13%
10-19 Employees	0%	92%	8%
Total Small (1-19)	**2%**	**90%**	**8%**
+ 20-99 Employees	0%	99%	1%
+ 100-200 Employees	0%	100%	0%
Total Medium (20+)	**0%**	**99%**	**1%**
Total Metropolitan	2%	91%	7%
Total Rural	1%	89%	10%

Base = All SMBs.
Note: Rounding occurs.

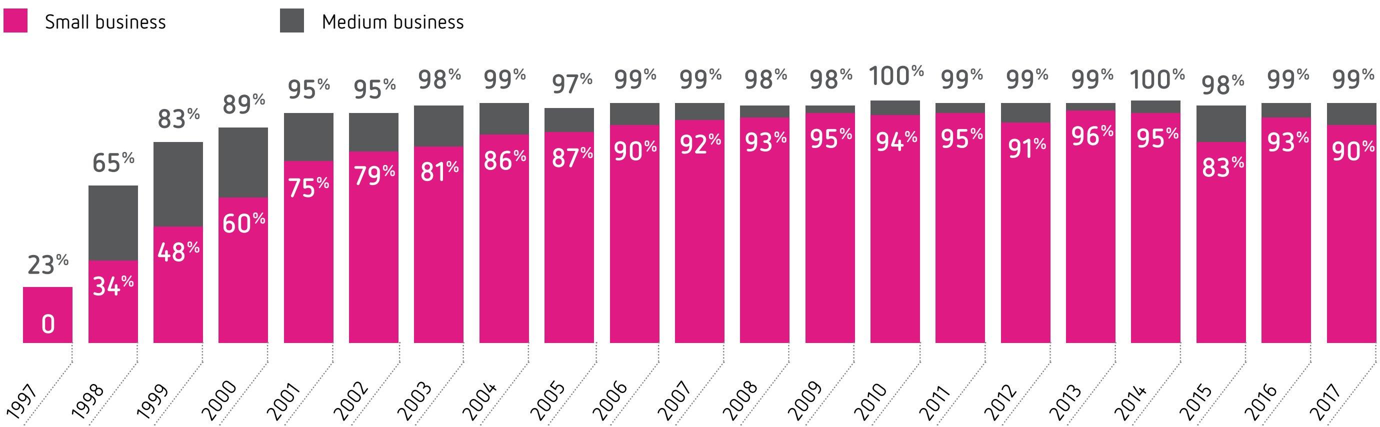


Internet connections – by industry sector

	No computers	Use internet	Do not use
Manufacturing	4%	96%	0%
Building and Construction	4%	74%	22%
Wholesale Trade	1%	96%	3%
Retail Trade	4%	87%	9%
Transport and Storage	0%	95%	5%
Communications, Property and Business Services	1%	95%	4%
Finance and Insurance	0%	100%	0%
Health and Community Services	0%	98%	2%
Cultural, Recreational and Personal Services	1%	94%	5%
Hospitality (Accommodation, Cafes and Restaurants)	0%	97%	3%

Base = All SMBs.

Trends in internet connections



Chapter 3.2

Broadband connections and the NBN

Eighty nine percent of SMBs that are online reported having broadband internet access. This compares with 87% in the previous two surveys.

Cable and NBN connections have increased while the opposite is true for ADSL and wireless connections. In 2016, 57% of internet connected SMBs had an ADSL connection but that has dropped to 44% while wireless connections are four points lower at 50%. Use of cable has reached its highest level, now found in 34% of SMBs compared to 19% last year. NBN (National Broadband Network) connections continue to rise (from 8% to 15%) but satellite (1% and unchanged) remains rare in the SMB world.

Of those SMBs without a wireless connection, 20% intend to add one in the next year.

By state, broadband connections ranged from 82% in the ACT to 95% in Tasmania. The incidence for metropolitan and regional firms is 90% and 88% respectively.

By industry sector, Retail had the lowest proportion of SMBs with a broadband connection at 80%, with the highest level found in the Finance and Insurance sector at 99.6%.

New questions reveal that the NBN has influenced the online presence for 5% of SMBs with 10% expecting it to do so in the foreseeable future. The actual and expected influence of the NBN on the online presence of medium sized businesses is greater than on small businesses. The main reason given for this influence is speed.

Accessing the internet

Do you currently have broadband access to the internet?

	Total	Small Business	Medium Business
Yes – have broadband	89%	89%	90%
No – do not have broadband	9%	9%	5%
Don't know	2%	2%	5%

How do you currently access the Internet? (Amongst those with broadband access)

	2012	2013	2014	2015	2016	2017
DSL/ADSL	58%	60%	58%	54%	57%	44%
Wireless	37%	43%	35%	44%	54%	50%
Cable	20%	17%	13%	21%	19%	34%
Satellite	2%	2%	1%	1%	1%	1%
NBN	-	-	2%	3%	8%	15%
Don't Know	6%	3%	5%	7%	4%	3%

Base = SMBs with internet access.

Overall, 72% of SMBs reported being satisfied with the upload and download speeds of their internet service. This was up from 65% last survey and 60% in 2015. There were 22% claiming to be very satisfied and 50% quite satisfied. Seven percent reported feeling dissatisfied and 15% were neither satisfied nor dissatisfied.

Satisfaction was lowest in Victoria, WA and Tasmania at 68% and highest in NSW at 77% followed closely by the NT (76%). Metropolitan SMBs (76%) are more satisfied than their regional counterparts (65%) and this was also true in 2016.

Influence of NBN on online presence

Has the National Broadband Network or NBN influenced the type of online presence your business has or do you expect it to do so in the foreseeable future?

	Total	Small Business	Medium Business
Yes, it has	5%	5%	10%
Yes, expect it to	10%	10%	15%
How (main responses)			
Faster / quicker	36%	35%	42%
Use internet more / better range of things to do / more flexibility	10%	11%	3%
Easier to send / receive files	10%	10%	2%
Smoother / more reliable / less downtime	9%	9%	10%
Better marketing	4%	4%	0%
Easier interaction with customers	4%	3%	5%
Bad connections	3%	3%	10%
Cost effective / cheaper	3%	3%	0%
Costs more	1%	1%	0%
Don't know	28%	28%	16%

Base = SMBs with internet access.

Notes: New questions in 2017. Some very minor responses not shown for this question.

Using the internet

How online SMBs are using the internet

95% of SMBs use the internet for email

but only

25% use email marketing to promote their business

92% use the internet for online banking

52% use it to place orders for products and services

and

40% take orders for products and services online

67% use the internet to find suppliers

80% have an internet presence other than a website

70% use the internet to access directories

33% 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

This year we changed the wording of the question measuring current and expected use of the internet. Previously one question measured both current and expected use but this survey two separate questions were asked. This has increased accuracy but also contributed to some variations in results relative to 2016 and earlier.

More than two thirds of SMBs use the internet to do the following — communicate via email, use internet banking, pay for products or services, access directories and look for information about products and services or suppliers. Communicating via email and internet banking were also the two most popular applications last year.

A slight majority are placing orders and receiving payments via the internet. Both these uses should become much more widespread among SMBs with over a quarter intending to take them up this year. Taking orders via the internet is also likely to grow substantially among SMBs with 29% expecting to embrace this use over the coming year.

Among SMBs using the internet, 20% expect to use it to monitor markets or competition for the first time this year while 25% intend to promote their business through e-mail marketing.

Current and expected uses of the internet — summary

	Currently use	Expect to use	Total
To communicate via email	95%	3%	**98%**
Internet banking	92%	3%	**95%**
To look for information about products and services	68%	24%	**92%**
To look for suppliers of products or services	67%	23%	**90%**
To pay for products and services	78%	13%	**91%**
To place orders for products and services	52%	29%	**81%**
To access directories such as the Yellow Pages	70%	8%	**78%**
To receive payments for products and services	52%	27%	**79%**
To take orders for products and services	40%	29%	**69%**
To monitor your markets or the competition	33%	20%	**53%**
To promote the business using email marketing	25%	25%	**50%**

Base = All SMBs with internet.
Rounding occurs.

Chapter 4.3

Trends in internet usage

Given the change in questioning mentioned earlier, we do not make any comparative comments to last year's results in this usage trends section.

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

We see five categories of uses in the list of internet applications and varying levels of appeal for each category among SMBs. These categories are communication, transactional, information search, e-commerce and marketing.

The leading category is communication – shown as communicating via email (85%).

Next most popular is the transactional category, which includes internet banking (83%) and paying for products and services (70%). This is followed by the information search category which includes accessing directories (63%), looking for information (61%) and for suppliers of products and services (60%).

Applications in the information search category are yet to penetrate a majority of SMBs.

E-commerce includes taking orders (36%), receiving payments for such orders (47%) and placing orders (47%) over the internet.

The final category – marketing – has attracted fewer SMBs than the other four types of applications. This includes use of the internet to monitor markets or competition (29%) and to promote the business by email marketing (23%).

Trends in current uses of the internet – based on all SMBs

	2011	2012	2013	2014	2015	2016	2017
To communicate via email	91%	90%	92%	91%	78%	90%	85%
Internet banking	86%	83%	86%	86%	75%	86%	83%
To look for information about products and services	86%	82%	86%	85%	72%	85%	61%
To look for suppliers of products or services	84%	79%	83%	84%	70%	83%	60%
To pay for products and services	76%	73%	81%	81%	65%	78%	70%
To place orders for products and services	75%	71%	76%	87%	60%	75%	47%
To access directories such as the Yellow Pages	78%	75%	77%	71%	58%	69%	63%
To receive payments for products and services	71%	62%	69%	65%	51%	67%	47%
To take orders for products and services	59%	51%	55%	54%	43%	51%	36%
To monitor your markets or the competition	42%	38%	39%	43%	25%	38%	29%
To promote the business using email marketing	29%	28%	29%	33%	24%	32%	23%

Base = All SMBs.
Rounding occurs.

Chapter 4.4

What are the essential uses?

Email communication is the most essential internet use for SMBs which was also the case in 2016. This was identified by 93% of SMBs and by 85% or more in all locations and industry sectors.

Internet banking (83%) ranked second, as it did last year. This was also ranked second in all locations ranging from 72% in Tasmania to 93% in WA. Across the industry sectors, between 69% and 90% identify internet banking as essential with the lowest rate in Manufacturing and the highest in Wholesale Trade.

A majority of SMBs also regard the following applications as essential – looking for information about products and services (54%), looking for suppliers of products or services (54%), accessing directories (57%) and paying for products or services (66%).

The e-commerce and marketing uses are seen as essential for many SMBs, although the numbers range from 41% for receiving payments for products and services to 16% for promoting the business using email marketing.

What are the essential uses?

	All SMBs	Small Business	Medium Business
To communicate via email	**93%**	93%	88%
Internet banking	**83%**	83%	80%
To look for information about products and services	**54%**	54%	58%
To look for suppliers of products or services	**54%**	54%	54%
To pay for products and services	**66%**	66%	62%
To place orders for products and services	**39%**	39%	47%
To receive payments for products and services	**41%**	41%	50%
To access directories such as the Yellow Pages	**57%**	57%	52%
To take orders for your products and services	**31%**	31%	35%
To monitor your markets or the competition	**21%**	21%	29%
To promote the business using email marketing	**16%**	16%	27%

Base = All SMBs with internet.

Using websites

Australian SMBs and websites

52% of SMBs have a website

of those who don't

6% intend to build one within the next year

while

35% of businesses have no plans to build one

35% of SMBs have a mobile specific site or optimised site

with 23% intending to get one

50% of SMBs said that a website increased business effectiveness

with

37% seeing increased customer awareness

and

18% seeing increased sales/orders

SMBs spent an average of **$2,800** building and maintaining websites

down from $3,300 last year

Website features used:

21% of SMBs use video down from 28%

62% of SMBs use product images on their website

37% include pricing

87% use location maps

and

22% have transaction functionality

Chapter 5.1
Website ownership

Fifty-two percent of SMBs reported that they have a website for their business with 6% intending to obtain one in the next year. In 2016 these incidences were 61% and 4% respectively.

The proportion of small businesses with a website was 50% (down 10 points from 2016) and 6% intend to get one in the next year.

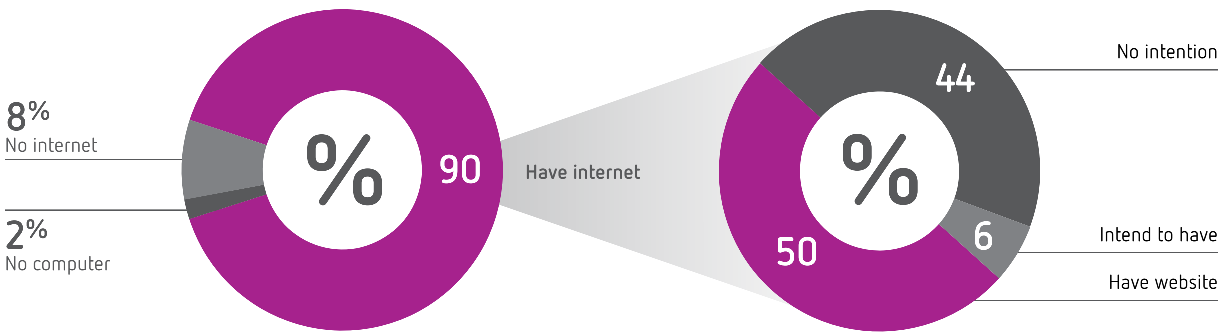
Ninety percent of medium sized businesses have a website (down one point) with 2% intending to obtain one in the next year.

By location, website penetration ranges from 45% of SMBs in the NT to 60% in the ACT.

The highest rates of website penetration by industry are in Wholesale at 74% followed by Hospitality at 73%. Lowest is Building and Construction (41%), with Finance and Insurance (44%), Transport and Storage (46%) and Health and Community services (48%) below average.

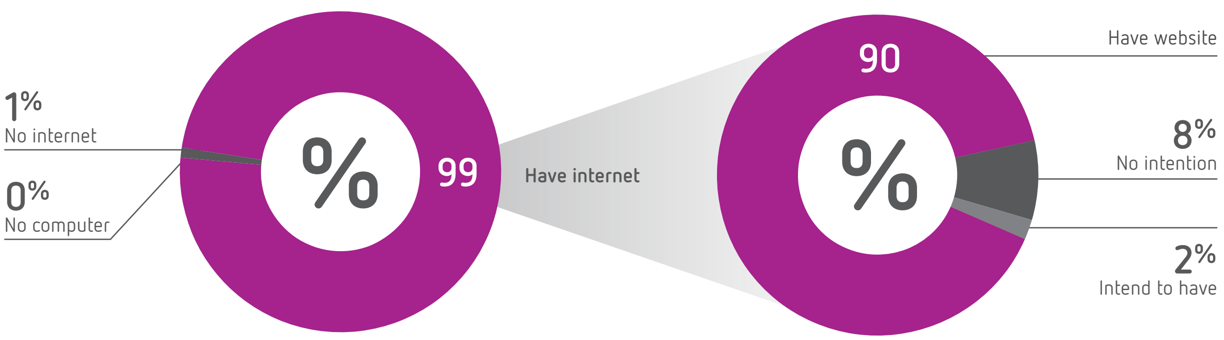
For SMBs connected to the internet without a website, 80% have another form of internet presence. In 2016, this was only 28%. This year we find 70% of such firms listed in an online business directory, which was only 19% in 2016. Additionally, we find that 54% of those firms without a website have a social media presence compared with 10% last time. These findings may help explain why SMB website penetration was lower this survey.

Website ownership – small business



Base = Small businesses.

Website ownership – medium business



Base = Medium businesses.

Website use and intention by business size

	2009	2010	2011	2012	2013	2014	2015	2016	2017	
	Have website								Have website	Intend to have
All Businesses	**56%**	**61%**	**67%**	**62%**	**66%**	**66%**	**56%**	**61%**	**52%**	**6%**
1-2 Employees	46%	53%	55%	49%	53%	55%	42%	60%	53%	10%
3-4 Employees	53%	57%	72%	75%	70%	71%	58%	74%	56%	9%
5-9 Employees	72%	78%	78%	69%	84%	76%	71%	63%	40%	3%
10-19 Employees	80%	86%	93%	90%	87%	90%	78%	53%	62%	3%
Total Small (1-19)	**54%**	**60%**	**66%**	**60%**	**64%**	**64%**	**55%**	**60%**	**50%**	**6%**
20-99 Employees	84%	89%	87%	93%	89%	95%	89%	91%	89%	1%
100-200 Employees	93%	96%	98%	100%	92%	91%	100%	100%	100%	0%
Total Medium (20+)	**85%**	**89%**	**88%**	**94%**	**90%**	**95%**	**89%**	**91%**	**90%**	**1%**

Base = All SMBs.

Chapter 5.2

Website features and benefits

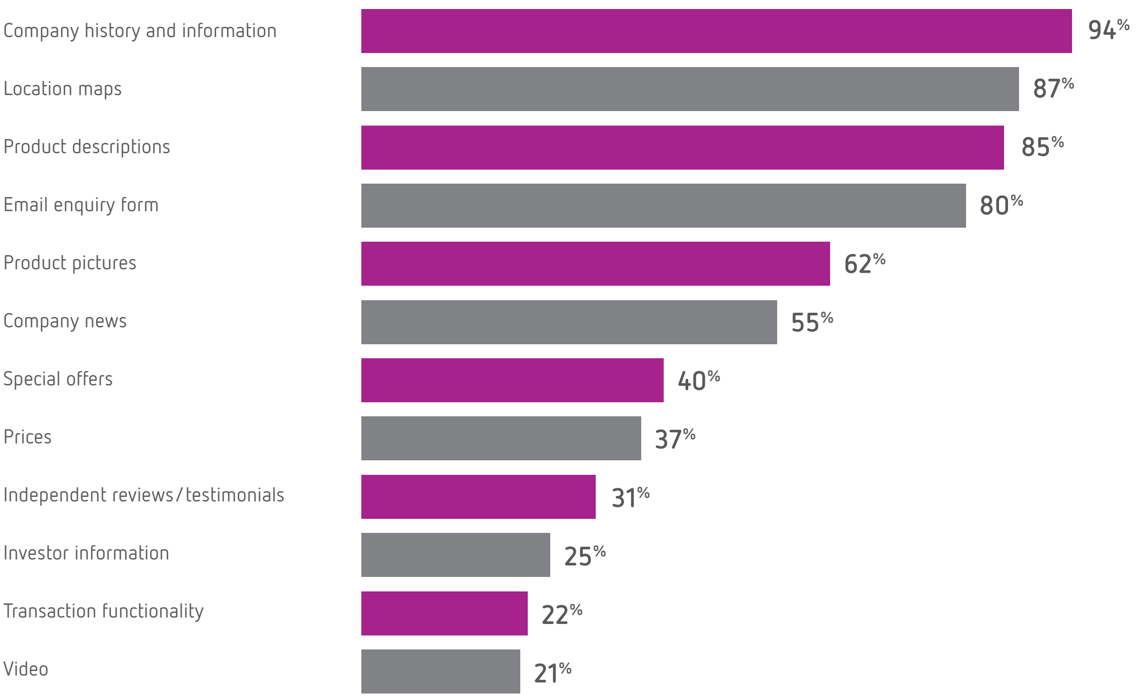
The most popular SMB website features remain company history and information (94%), location maps (87%), product descriptions (85%) and an email enquiry form (80%). We also again saw a majority of SMBs featuring product pictures (62%) and company news (55%) on their sites.

Fifty percent believe that having a website improved the effectiveness of their business (60% in 2016).

SMBs in the Cultural, Recreational and Personal Services sector were the most likely to say their website has increased the effectiveness of their business (65%). Least likely were those in Transport and Storage (25%) followed by SMBs in Wholesale Trade (42%).

As in the prior two surveys, the top reason given for improved business effectiveness from their website was increased exposure to the market. A positive impact on customer sales was also relatively prominent.

Website features used by SMBs



Base = All SMBs with a website.

Trends in website features used by SMBs

	2010	2011	2012	2013	2014	2015	2016	2017
Company history and information	88%	88%	93%	89%	89%	91%	91%	**94%**
Product descriptions	91%	92%	92%	92%	92%	89%	89%	**85%**
Email enquiry form	69%	70%	73%	71%	80%	82%	84%	**80%**
Location maps	64%	66%	76%	69%	73%	81%	84%	**87%**
Product pictures	74%	73%	72%	76%	73%	72%	72%	**62%**
Company news	36%	41%	46%	40%	47%	47%	53%	**55%**
Special offers	35%	36%	42%	33%	37%	35%	33%	**40%**
Independent reviews and testimonials	30%	29%	27%	36%	40%	32%	40%	**31%**
Prices	38%	41%	37%	40%	38%	32%	35%	**37%**
Video	NA	NA	18%	19%	23%	26%	28%	**21%**
Transaction functionality	NA	NA	21%	24%	23%	19%	22%	**22%**
Investor information	7%	10%	9%	9%	8%	15%	15%	**25%**

Base = All SMBs with a website.

Has your website increased business effectiveness?

	All SMBs	Small business	Medium business
Yes – increased	**50%**	50%	44%
No – not increased	**50%**	50%	56%

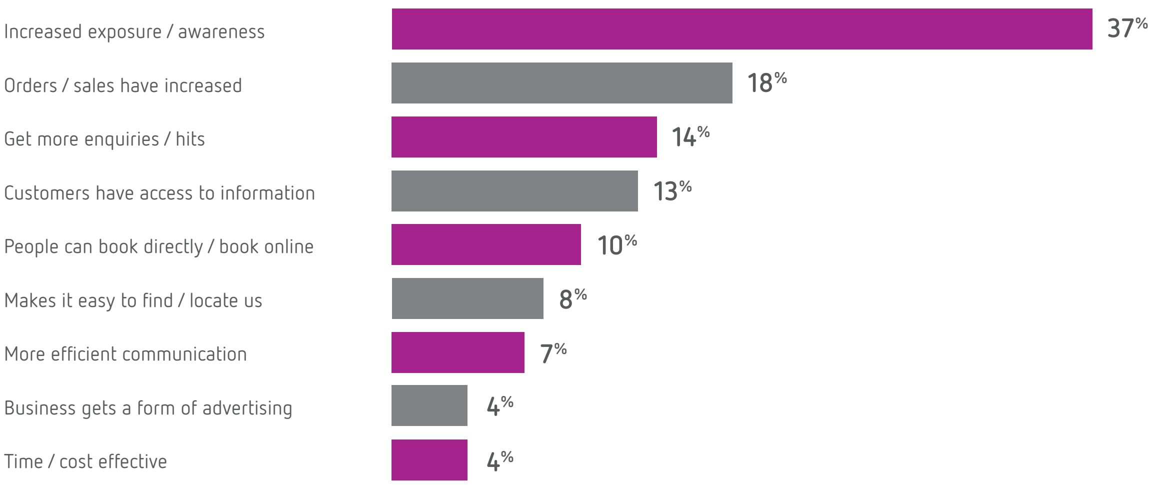
Base = All SMBs with a website.

Has the website increased business effectiveness?

50% of all SMBs said yes

50% of all SMBs said no

Reasons for increased business effectiveness



Base = All SMBs with a website.

Chapter 5.3

Website monitoring and updating, optimisation and overhauls

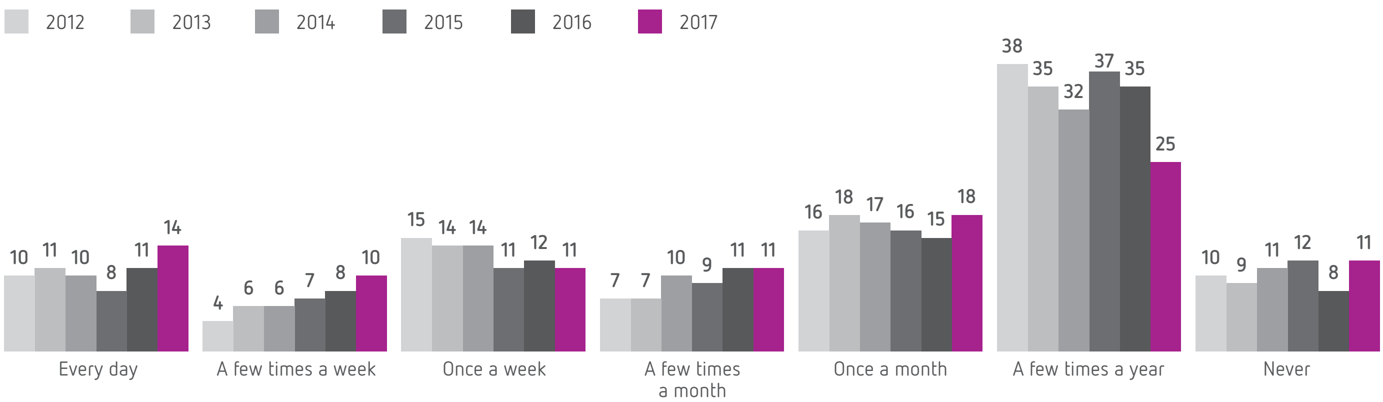
There has been an increase in frequency of monitoring or updating websites among SMBs with 46% doing so more than once a month compared to 35% last year.

Only 35% of SMBs with a website have had it optimised for mobile phones and other devices. This was 43% last year. There is a five point difference between small (34%) and medium firms (39%) in this respect. By industry sector, website optimisation is highest in Retail (50%) and next most common in Communications, Property and Business Services (41%). Manufacturing is the industry where SMBs are least likely to have optimised their website (19%).

Almost a quarter (23%) of SMBs whose website is not optimised for mobiles or other devices plan for this to occur in the next year. Medium size firms (35%) are more likely to do this than small businesses (22%). A further 16% of SMBs are unsure about this, which means a majority have a website not optimised for mobile (61%).

Thirty one percent of SMBs gave their website a major overhaul or upgrade in the last year and 21% did so 1 to 2 years ago.

How often do SMBs monitor or update their websites? (%)



Base = All businesses with a website.

Optimising of website for mobile phones and other devices

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

	All SMBs	Small business	Medium business
Yes	**35%**	34%	39%
No	**65%**	64%	61%

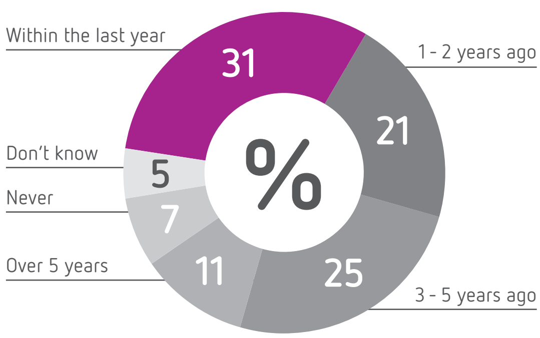
Base = SMBs with websites.

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	**23%**	22%	35%
No	**61%**	61%	52%
Don't know	**16%**	17%	13%

Base = SMBs with websites not optimised for mobile.

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



Base = All SMBs with a website.

Note: Rounding occurs.

Chapter 5.4

Website expenditure

SMBs reported spending an average of more than $2,800 on building and maintaining their website in 2016. This matches the average expected expenditure recorded last survey for the 2016 year. The actual expenditure in 2016 of $2,800 compares to $3,300 in 2015 and $2,500 the year before. Small businesses reported spending an average of just over $2,400 compared to almost $8,800 for medium sized businesses.

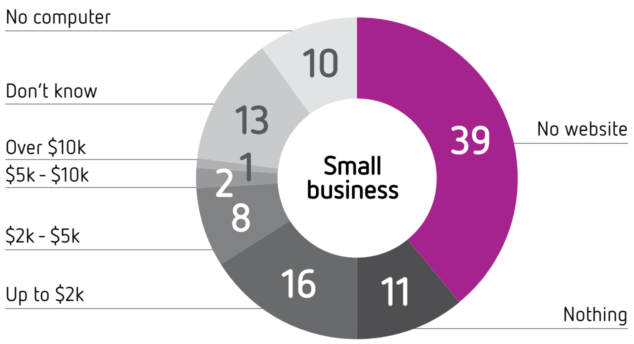
Eleven percent of small businesses spent more than $2,000 on their website in 2016 while 14% of medium size businesses spent over $5,000.

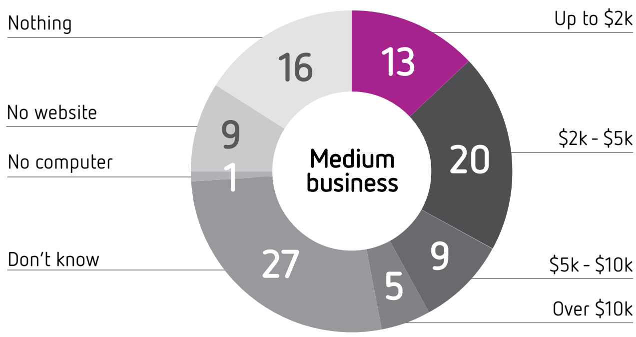
The highest average amount spent on websites in 2016 was recorded for SMBs in the Finance and Insurance sector (just over $4,500) and the lowest was in the Hospitality sector (slightly above $1,200).

For the 2017 year, the average expected expenditure by SMBs on building and maintaining their website is marginally above $3,400. Therefore, it is about $600 above the actual 2016 average expenditure.

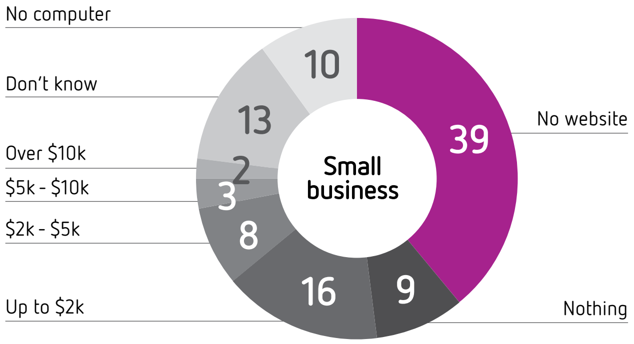
For small businesses, the expected average website expenditure for 2017 is just under $3,000 while for medium size firms it is nearly $10,000.

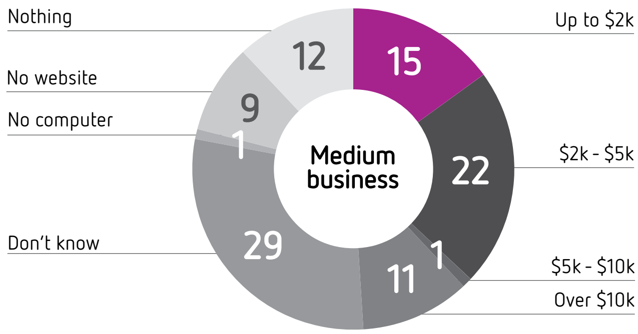
Expenditure on building and maintaining a website in 2016





Expected expenditure on building and maintaining a website in 2017





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.

Social media in businesses

How SMBs use social media

47% of online SMBs use social media for business

90% use Facebook

35% use LinkedIn

25% use Twitter

20% use Instagram

but they're less likely to have

3% a blog

1% Snapchat

How often SMBs update social media

36% everyday

22% once a week

48% of SMBs used paid advertising on social networks

SMBs using social media spent **$3,859** on average on their social media

Chapter 6.1

Incidence of use

The results in this section are taken from the 2017 Sensis Social Media Report which was released in June this year. Social media use by SMBs has remained steady. As in 2016 just under half the SMBs surveyed (47%) have a social media presence. There is little difference between small (47%) and medium sized businesses (49%) on this measure. The small business segment reported average spending of around $2,800 a year on social media compared to slightly more than $7,700 by medium sized businesses. For SMBs in general the figure was $3,859.

By location, social media presence among SMBs ranges from 36% in SA to 55% in the NT. There was considerable variation by sector. SMBs in Hospitality (70%), Cultural, Recreational and Personal Services (66%), Communication, Property and Business Services (58%) and Retail (58%) were well above the national average in having a social media presence. SMBs working in Transport and Storage (27%), Finance and Insurance (32%) and Building and Construction (34%) were the least likely to have a social media presence.

SMBs use Facebook (90%) far more than other platforms such as LinkedIn (35%), Twitter (25%) or Instagram (20%).

SMBs are monitoring or updating their social media presence more often this year. More than one in three (36%) reported monitoring or updating their social media presence every day (23% in 2016) with about three in four doing this at least weekly (76%).

A business' social media presence is almost always an internal responsibility (82% in small businesses and 89% in medium sized firms). In most small businesses, the business owner or manager (70%) has this role while it usually sits with the marketing department in medium sized firms (51%). Outsourcing this responsibility or even part of it is less common in medium sized firms than small firms – 11% versus 17% respectively.

Around four in ten SMBs with a social media presence have developed a strategic plan for this side of their business – 40% of small firms and 43% of medium sized firms.

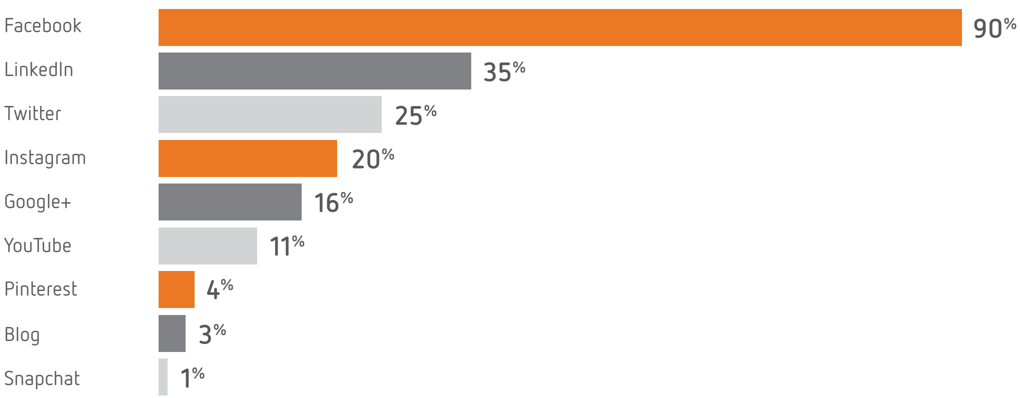
Social media in business

Does your business have a social media presence?

	2011	2012	2013	2014	2015	2016	2017		
	All SMBs						All SMBs	Small business	Medium business
Yes	18%	27%	35%	39%	31%	48%	**47%**	**47%**	**49%**
No	82%	73%	65%	61%	69%	52%	**53%**	**53%**	**51%**

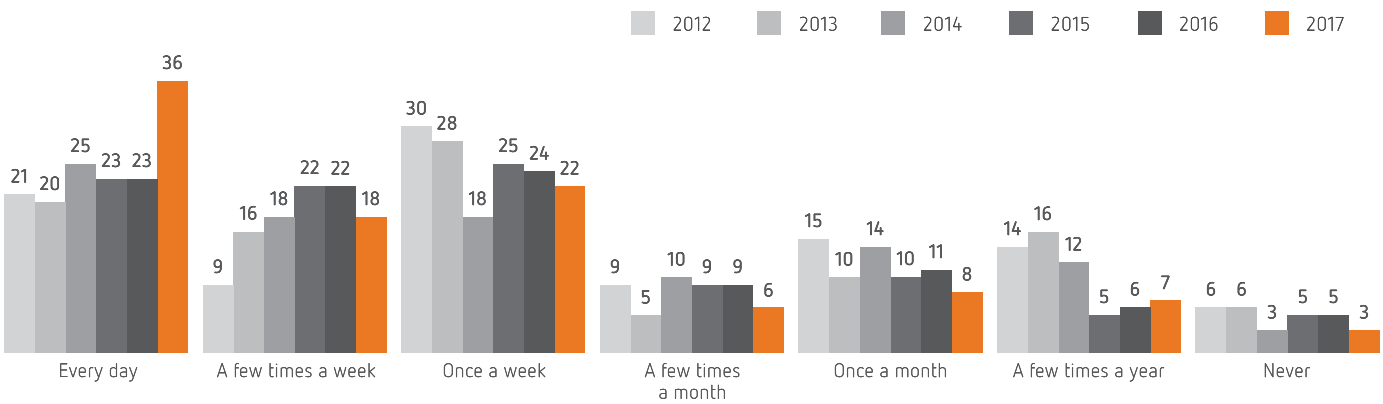
Base = All SMBs with website.

What does your social media presence include?



Base = All SMBs with social media.

How often do SMBs monitor or update their social media? (%)



Base = All businesses with social media.

Electronic commerce

Australian SMBs use of e-commerce and online marketing

sensis

36% take orders online

and

47% receive payments online

Top 3 reasons SMBs take up e-commerce

74% To provide better customer service

62% To improve delivery

59% To handle customer and supplier requests

47% use cloud computing

45% use online advertising

45% use SEO

Where do SMBs sell?

85% make local sales with 68% saying most of their sales are local

50% make interstate sales

24% make overseas sales

9% are specifically targeting international customers

33% of SMBs using e-commerce made most of their sales online

Industry most likely to sell online?

Finance and Insurance **68%**

Industry least likely to sell online?

38% Building and Construction

Chapter 7.1

Use of the internet for procurement

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

Forty-seven percent of SMBs place orders via the internet and 70% use it to pay for products and services.

More than six in ten (61%) look for information on products and services via the internet.

The above uses are more common in medium sized firms than small firms.

By location, looking for information on goods and services via the internet ranges from 50% in the NT to 66% in Queensland and Tasmania.

Placing orders online is highest in Queensland at 55% and lowest in NSW at 40%.

Paying for goods and services on the internet ranges from 46% in the NT to 89% in WA.

Buying over the internet – by business size

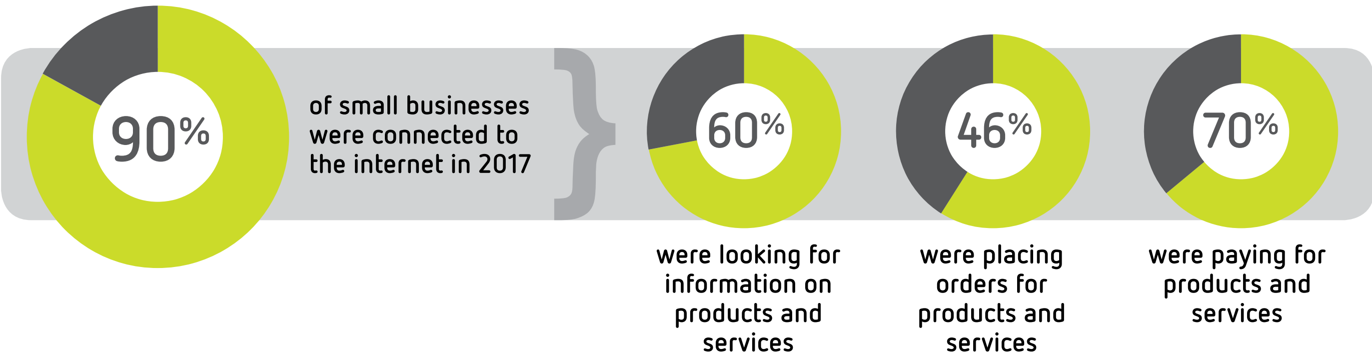
	Connected to internet	Look for information	Place orders	Pay for products/services
All Businesses	**90%**	**61%**	**47%**	**70%**
1-2 Employees	93%	75%	69%	75%
3-4 Employees	91%	77%	61%	75%
5-9 Employees	85%	46%	24%	65%
10-19 Employees	92%	53%	41%	67%
Total Small (1-19)	**90%**	**60%**	**46%**	**70%**
+ 20-99 Employees	99%	87%	70%	85%
+ 100-200 Employees	100%	81%	66%	85%
Total Medium (20+)	**99%**	**86%**	**69%**	**85%**

Base = All SMBs.

Buying over the internet – trends for small business

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Connected to internet	**75%**	**79%**	**81%**	**86%**	**87%**	**90%**	**92%**	**93%**	**95%**	**94%**	**95%**	**91%**	**95%**	**95%**	**83%**	**93%**	**90%**
Look for information on products or services	51%	64%	67%	75%	76%	82%	78%	82%	87%	86%	86%	82%	86%	85%	72%	85%	**60%**
Place orders for products or services	26%	41%	45%	55%	51%	60%	58%	66%	74%	73%	75%	70%	76%	78%	59%	74%	**46%**
Pay for products or services	23%	40%	47%	58%	62%	65%	66%	70%	74%	76%	76%	73%	81%	81%	64%	78%	**70%**

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	2017
Connected to internet	**95%**	**94%**	**98%**	**99%**	**97%**	**99%**	**99%**	**98%**	**98%**	**100%**	**99%**	**99%**	**99%**	**100%**	**98%**	**99%**	**99%**
Look for information on products or services	79%	82%	91%	94%	92%	93%	93%	96%	94%	94%	93%	90%	96%	93%	82%	97%	**86%**
Place orders for products or services	49%	61%	64%	74%	72%	75%	72%	82%	84%	90%	86%	85%	87%	86%	75%	93%	**69%**
Pay for products or services	39%	55%	66%	73%	72%	80%	77%	81%	79%	81%	85%	75%	90%	85%	77%	94%	**85%**

Base = Medium businesses.

Chapter 7.1 (continued)

Use of the internet for procurement

Examining the industry results reveals some large differences by sector in use of the internet for buying purposes. For example, only a minority of SMBs in Building and Construction use the internet to seek information or to place orders or pay for goods and services. The same is true of SMBs in Communications, Property and Business Services regarding use of the internet to seek information or place orders. In the following sectors, a majority of SMBs use the internet for all of these purposes and they are well above average in their usage as well – Manufacturing; Wholesale Trade; Retail Trade; Finance and Insurance; and Hospitality.

Relative to 2016, the average proportion of total SMB procurement made online increased three percentage points to 48%. Over a third (36%) of the SMBs who place orders online reported that more than 50% of their orders are made online, which compares with 35% last year.

On average, 11% of SMB online purchases were from overseas businesses (8% in 2016 and 9% in 2015). Small and medium sized firms were similar in this respect – 11% and 12% respectively.

Purchasing from overseas businesses online was highest among SMBs in Wholesale Trade (24% of purchases) followed by Transport and Storage (20%), with SMBs in Finance and Insurance (4%) and Retail (5%) at the other end of the spectrum.

Out of the five product and service categories, office supplies was again the most popular item purchased online by SMBs during the year (79%, which was down one point from 2016).

Buying over the internet – by industry

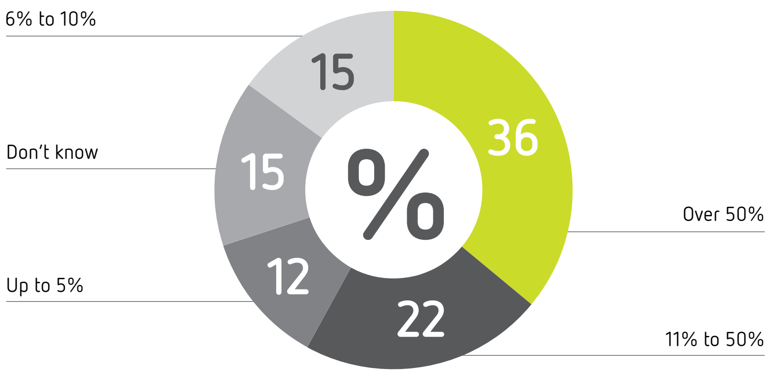
	Connected to internet	Look for information	Place orders	Pay
All Businesses	**90%**	**61%**	**47%**	**70%**
Manufacturing	96%	80%	58%	79%
Building and Construction	74%	44%	33%	49%
Wholesale Trade	96%	81%	64%	80%
Retail Trade	87%	65%	63%	72%
Transport and Storage	95%	54%	49%	80%
Communications, Property and Business Services	95%	49%	34%	71%
Finance and Insurance	100%	81%	73%	83%
Health and Community Services	98%	69%	40%	83%
Cultural, Recreational and Personal Services	94%	76%	43%	79%
Hospitality (Accommodation, Cafes and Restaurants)	97%	69%	54%	77%

Base = All SMBs.

Proportion of orders placed over the internet

48%

Average proportion of orders placed over the internet



Base = Place orders over the internet.

Items bought over the internet

Base = Place orders over the internet.

Chapter 7.2

SMB use of the internet to sell

Thirty six percent of SMBs use the internet for taking orders. Small businesses mirror the national average in this behaviour while almost half the medium sized firms (47%) sell over the internet.

Most of the firms in the Wholesale (61%), Finance and Insurance (57%) and Manufacturing (53%) sectors are taking orders online but in other industries this incidence ranges from 26% in Building and Construction to 45% in Retail Trade.

Taking orders online is less pronounced in metropolitan areas (31%) than in regional areas (44%). SMBs in Queensland (49%) and the ACT (44%) were above the national average in taking orders online with the lowest incidence being in NSW (30%). Other locations are not far from the average.

Receiving payments online (47%) is more common than taking orders with medium sized firms more likely to do this than small firms – 68% to 46%.

SMBs in the Finance and Insurance (68%) and Manufacturing (66%) sectors lead the market for receiving online payments while Health and Community Services (34%), Building and Construction (38%) and Communications, Property and Business Services (38%) are well under the national average.

Receiving payments online is highest in the ACT (52%) with Queensland one point behind. The lowest incidence for this behaviour is in the NT at 40%. Regional SMBs are also more likely to receive online payments than their metropolitan counterparts (58% to 40%).

Selling over the internet – by business size

	Connected to internet	Take orders	Receive payments
All Businesses	**90%**	**36%**	**47%**
1-2 Employees	93%	53%	64%
3-4 Employees	91%	44%	57%
5-9 Employees	85%	20%	28%
10-19 Employees	92%	36%	46%
Total Small (1-19)	**90%**	**36%**	**46%**
+ 20-99 Employees	99%	49%	67%
+ 100-200 Employees	100%	37%	77%
Total Medium (20+)	**99%**	**47%**	**68%**

Base = All SMBs.

Selling over the internet – trends for small business

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Connected to internet	**75%**	**79%**	**81%**	**86%**	**87%**	**90%**	**92%**	**93%**	**95%**	**94%**	**95%**	**91%**	**95%**	**95%**	**83%**	**99%**	**90%**
Take orders	19%	29%	32%	39%	41%	46%	47%	53%	57%	58%	59%	50%	55%	54%	42%	**69%**	**36%**
Receive payments	13%	26%	32%	44%	50%	52%	54%	62%	67%	70%	71%	62%	69%	64%	51%	**78%**	**52%**

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	2017
Connected to internet	**95%**	**94%**	**98%**	**99%**	**97%**	**99%**	**99%**	**98%**	**98%**	**100%**	**99%**	**99%**	**99%**	**100%**	**98%**	**93%**	**99%**
Take orders	35%	47%	49%	50%	51%	54%	54%	56%	56%	66%	63%	69%	66%	63%	48%	**50%**	**47%**
Receive payments	29%	50%	63%	60%	59%	63%	62%	72%	70%	75%	76%	76%	82%	72%	65%	**67%**	**68%**

Base = Medium businesses.

Chapter 7.2 (continued)

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.

In each industry sector the gap between internet penetration and taking orders online is quite large, ranging from 35 percentage points for Wholesale Trade to 70 points for Health and Community Services.

Although many SMBs do not sell online, the average proportion of orders taken online has grown steadily in each of the last five surveys from 32% in 2013 to 45% now among businesses that take orders online.

SMBs in the Hospitality sector that took orders online reported the highest average proportion of their total orders taking place online at 62%. Those in the Manufacturing sector were next highest (60%). At the low end are SMBs in the Health and Community Services (24%), Retail (27%) and Wholesale (29%) sectors.

By location, the average proportion of internet orders taken ranges from 31% in Victoria to 54% in the NT.

Selling over the internet – by industry sector

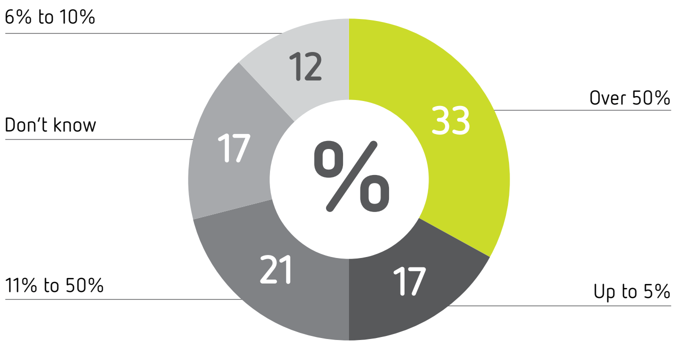
	Connected to internet	Take orders	Receive payments
All Businesses	**90%**	**36%**	**47%**
Manufacturing	96%	53%	66%
Building and Construction	74%	26%	38%
Wholesale Trade	96%	61%	59%
Retail Trade	87%	45%	53%
Transport and Storage	95%	35%	52%
Communications, Property and Business Services	95%	29%	38%
Finance and Insurance	100%	57%	68%
Health and Community Services	98%	28%	34%
Cultural, Recreational and Personal Services	94%	33%	45%
Hospitality (Accommodation, Cafes and Restaurants)	97%	38%	54%

Base = All SMBs.

Proportion of orders taken over the internet – by businesses which take orders over the net (36%)

45%

Average proportion of orders taken over the internet



Base = Have taken orders.

Chapter 7.3

Who businesses sell to online

Online sales by SMBs to local customers remain far more common but customers located intrastate, interstate and overseas are not insignificant for both small and medium businesses.

In total, 85% of SMBs that sell online reported making sales to local customers. Over two in three SMBs (68%) said they mainly sell online to local customers. This is consistent with 2016 results.

Online sales to non-local customers intrastate (for example a Sydney business to regional NSW customers) occur for 42% of SMBs. This compares with 54% in 2016. Online sales to interstate customers were up three points to 50%.

Overseas customers were mentioned by 4% of SMBs as their main e-commerce customer group. Last year this was 2%. However, 24% of SMBs who made sales through e-commerce have sold to overseas customers (was 25% in 2016).

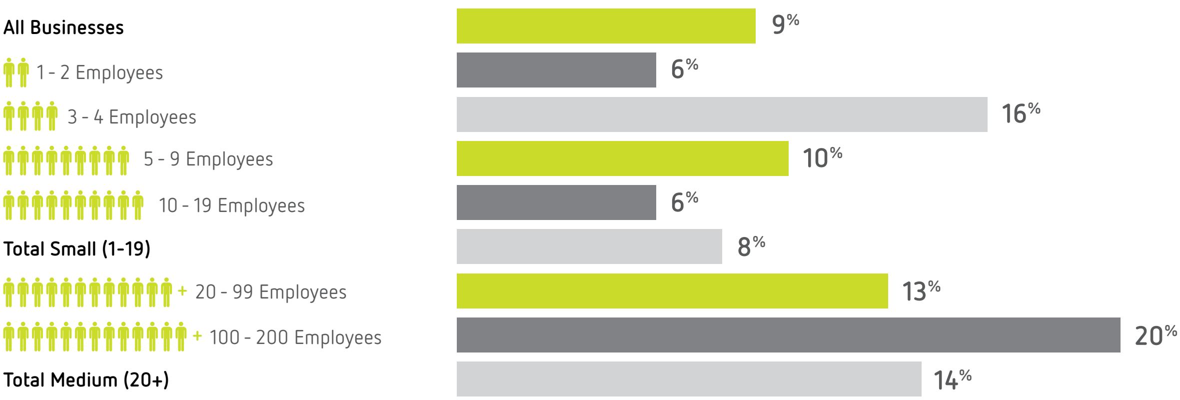
Nine percent of SMBs taking orders online used the internet to target international customers (11% last year). Medium businesses did this to a greater degree than small businesses – 14% versus 8%. By state, this is highest in WA and the NT (12% in each) and lowest in SA (4%).

Location of customers sold to

	Mainly sell to	Total sell to	Total sell to	
			Small business	Medium business
Local – same city or town	68%	**85%**	84%	92%
Elsewhere in state	9%	**42%**	42%	42%
Interstate	17%	**50%**	50%	53%
Overseas	4%	**24%**	24%	25%

Base = Take orders over the internet.
Note: 2% answered 'none'.

Use of internet to target overseas customers



Base: Take orders over the internet.
Note: Only 5 respondents in 100-200 employee base.

Chapter 7.4

Degree of interest in engaging in e-commerce

Forty percent of firms connected to the internet currently make sales using e-commerce, while 31% have no intention of introducing e-commerce in the foreseeable future.

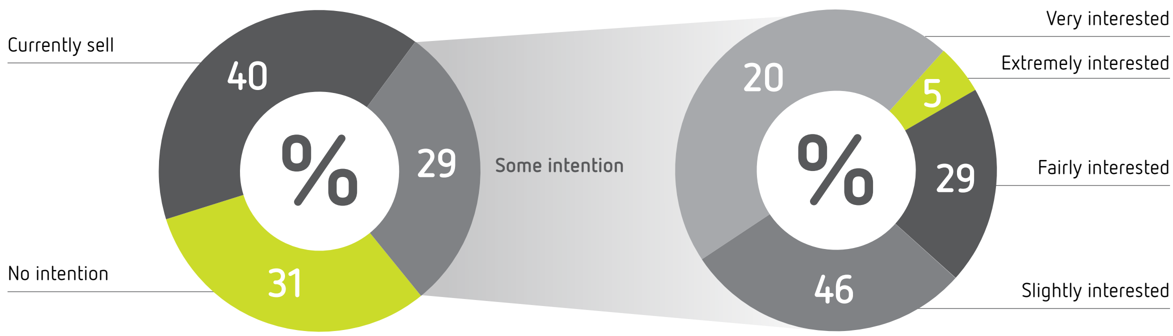
As discovered previously, the main reason given for taking up e-commerce is to provide better customer service. Many of those SMBs also do this to improve delivery of their goods or services and in response to customer or supplier requests.

Almost three in ten online SMBs indicated some intention (29%) to start using e-commerce and a quarter of those are extremely (5%) or very interested (20%) in taking this up.

Among online SMBs not selling over the internet, those in NSW and WA (35%) were most likely to say they have some intention of taking it up. Across the sectors, SMBs in Health and Community Services stood out (44%).

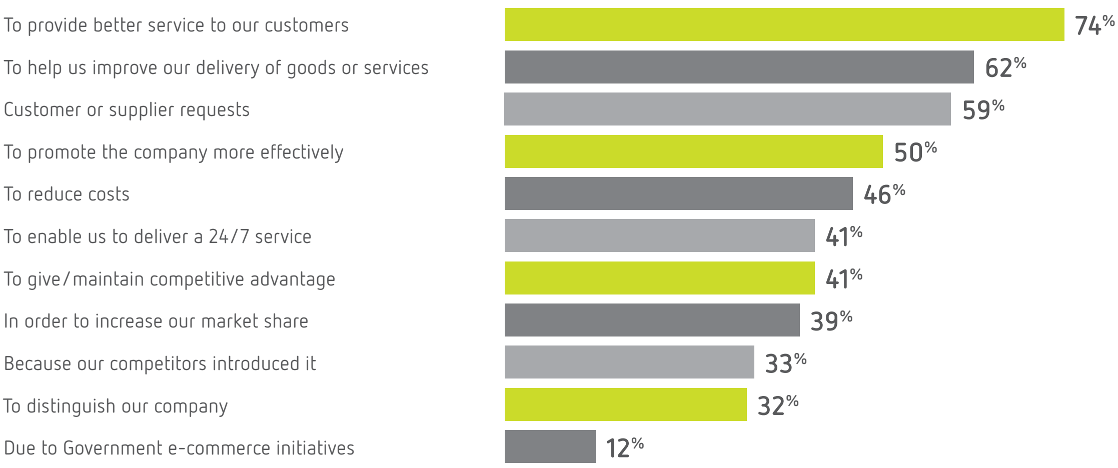
Of those SMBs looking to introduce e-commerce five percent plan to do so immediately, which compares with none last year. Seventeen percent are looking at introducing it at some stage in the next year (was 47%). Most of the interested SMBs (73%) felt it would be two to five years before they would introduce e-commerce into their business.

Degree of interest in e-commerce



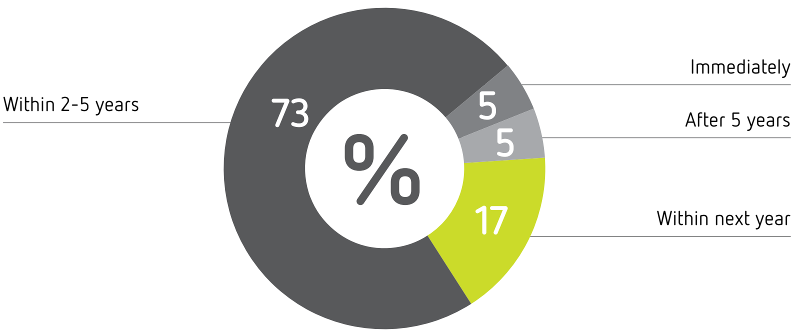
Base = All SMBs with internet.

Reasons for using e-commerce



Base = Take orders over the internet.

Timescale for decision on implementation



Base = Extremely/very/fairly interested in e-commerce.

Chapter 7.5

Concerns about e-commerce

From a list of ten prompted options, the biggest concern that SMBs have about e-commerce remains hacking.
This was classed as a major concern by 37% compared with 35% last year. A further 44% identified this as a minor concern (was 34% in 2016). In total 81% had some concerns about hacking.

For each of the ten options, there were more SMBs rating them as major or minor concerns than last survey.

The issue least likely to cause major concern for online SMBs is the belief that customers are not ready for e-commerce, mentioned by only 10%.

Concerns about e-commerce

	Major concern	Minor concern	No concern
People able to hack into system	37%	44%	19%
Incompatibility with existing systems	20%	48%	32%
Lack of personal contact	22%	44%	64%
Cost and time to introduce	24%	48%	28%
Lack of expertise and knowledge	19%	48%	33%
Cost of hardware and software	20%	53%	27%
Being able to measure your return on investment	17%	42%	41%
A feeling that most of your customers aren't ready	10%	48%	42%
Customers can more easily compare your product	13%	44%	43%
Customers not prepared to transact on net	12%	48%	40%

Base = All SMBs 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	2017
People able to hack into system	34%	42%	41%	43%	40%	49%	42%	46%	43%	46%	44%	46%	41%	44%	46%	35%	**37%**
Incompatibility with existing systems	NA	NA	8%	10%	5%	16%	15%	13%	13%	12%	16%	14%	13%	20%	20%	18%	**20%**
Lack of personal contact	39%	36%	27%	17%	16%	22%	22%	22%	22%	24%	26%	26%	23%	22%	21%	17%	**22%**
Cost and time to introduce	10%	9%	4%	17%	12%	22%	15%	25%	19%	23%	24%	23%	22%	23%	19%	15%	**20%**
Lack of expertise and knowledge	28%	30%	28%	19%	19%	28%	24%	26%	21%	23%	22%	27%	20%	25%	23%	15%	**24%**
Cost of hardware and software	19%	24%	20%	18%	13%	19%	16%	20%	18%	18%	21%	21%	18%	20%	20%	15%	**19%**
Being able to measure your return on investment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	16%	14%	14%	18%	11%	**17%**
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%	**10%**
Customers can more easily compare your product	NA	NA	11%	9%	9%	12%	9%	11%	10%	12%	12%	14%	14%	12%	14%	8%	**13%**
Customers not prepared to transact on net	34%	23%	23%	9%	12%	18%	12%	13%	10%	14%	12%	12%	12%	10%	8%	6%	**12%**

Base = All SMBs with internet.

37% of SMBs said hacking via e-commerce is a major concern

Chapter 7.6

Online advertising and application use

Forty-eight percent use social networks for advertising, which has increased 14 points from 2016 and remains the most common form of advertising adopted. Cloud computing is used by 47% (up 15 points). Advertising online and unpaid search engine optimisation are each used by 45% (both 13 points higher this survey).

Video conferencing became slightly more popular (up three points to 22%) while VOIP penetration was unchanged at 21%. Paid search engine marketing (SEM) was used by 15% (down from 16%) and use of mobile advertising was the same as in 2016 at 7%. There was a drop in the use of mobile applications (9%, down from 13%).

Advertising on social networks is most prevalent among SMBs in the Communications, Property and Business Services sector (59%) followed closely by Retailers (58%). Firms in Transport and Storage (27%), Finance and Insurance (30%), Manufacturing (33%) and Wholesale Trade (38%) have embraced this form of promotion less than others.

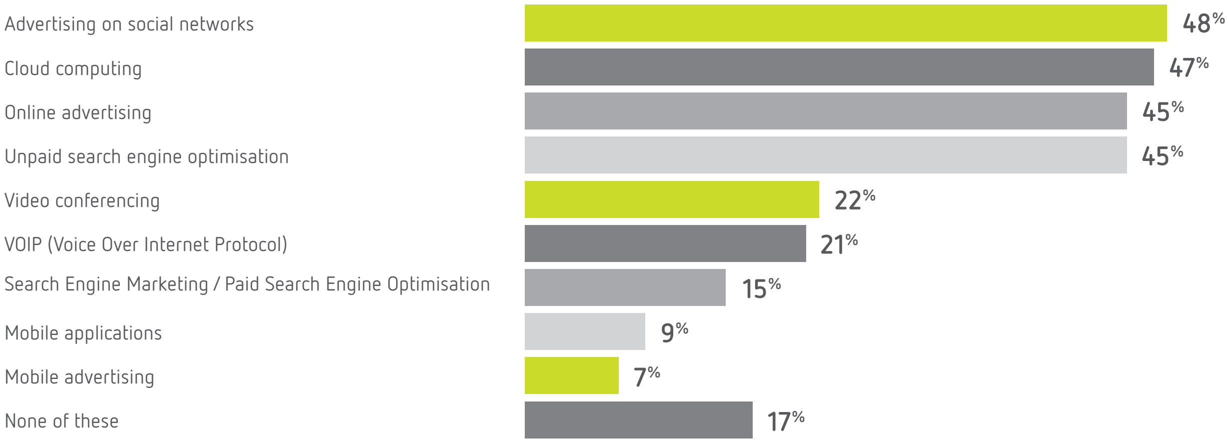
Cloud computing is most popular among SMBs in the Communications, Property and Business Services sector (63%) and least popular among Retailers (38%).

The Communications, Property and Business Services sector has also adopted online advertising and unpaid search engine optimisation (SEO) more than others (64% and 57% respectively) while Retailers are the laggards for both forms of marketing (25% and 26%).

Take-up of paid SEM ranges from 10% in Hospitality to 22% of SMBs in Finance and Insurance.

Over half (55%) of the online SMBs felt it was either very (21%) or somewhat important (34%) to appear on page one of a Google search. This was a little lower than in 2016 (59%). Opinions varied quite widely by industry with 66% of SMBs in the Communications, Property and Business Services sector attaching importance to appearing on page one, compared to 26% of SMBs in the Transport and Storage sector.

Online advertising and application use



Base = All SMBs with internet.

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

Base = All SMBs with internet.

Chapter 7.7

Digital business strategies

Only 16% of SMBs who are on the internet have a digital business strategy. This was 19% in 2016.

Medium sized businesses (31%) are more than twice as likely to have a digital business strategy than small businesses (15%). Previously this gap was 11 points in favour of medium sized businesses.

Fifteen percent of SMBs in metropolitan areas have a digital strategy, while in regional locations it is 17%. SMBs in Queensland (23%) were the most likely to report having a digital strategy with those in the ACT least likely at 5%.

By sector, SMBs in Communications, Property and Business Services led the others in having a digital business plan (22%). Next in line were Retailers (19%). At the low end of the scale were SMBs in Finance and Insurance (10%).

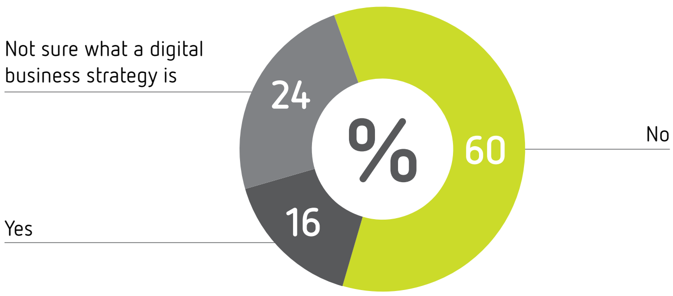
Among SMBs with a digital business strategy, the most common elements are websites, internet, mobile and social media.

Over three quarters (78%) of SMBs with a digital business strategy say it was developed in-house. This was almost the same as the 2015 and 2016 results. A business coach was used by 14%.

More than one third of those SMBs with a digital business strategy developed this within the last year (37%). Just over one in four have had a digital business strategy for more than five years.

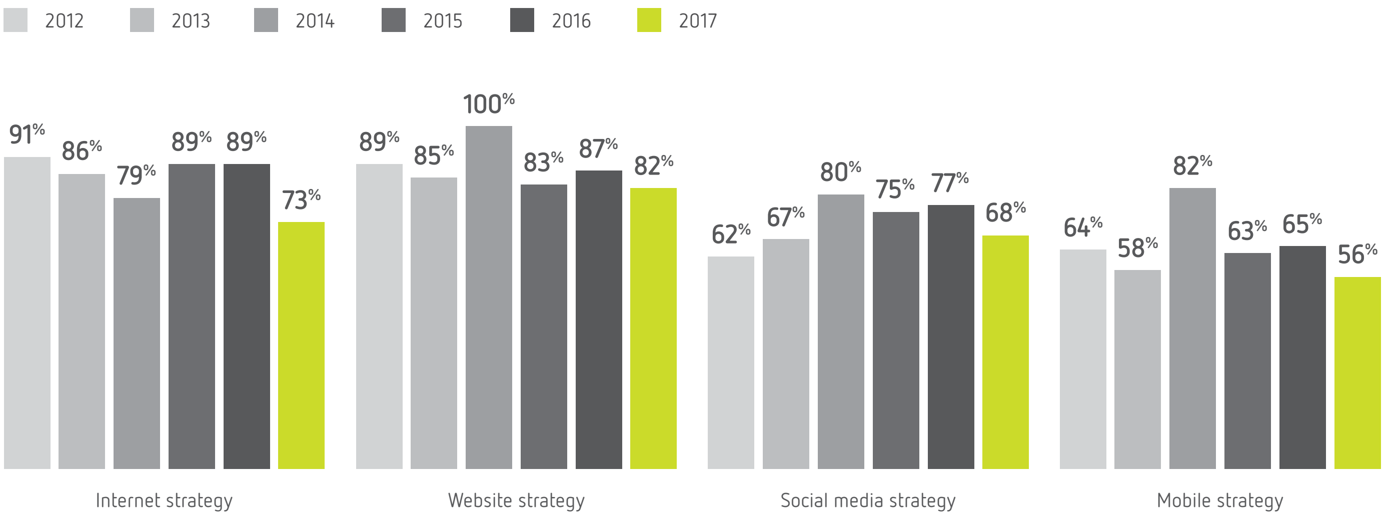
Digital business strategies in SMBs

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



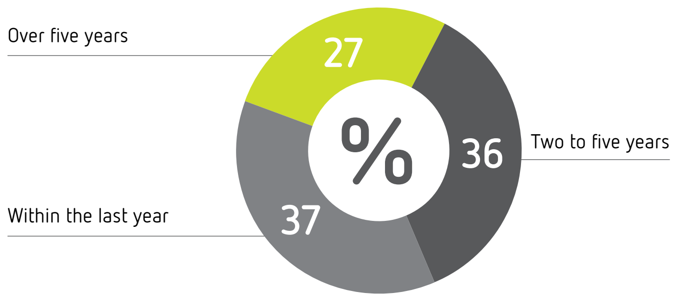
Base = All SMBs with internet.

Components included in digital business strategies



Base = All SMBs with a digital business strategy.

How long have you had a digital business strategy?



Base = All SMBs with a digital business strategy.

Chapter 7.7 (continued)

Digital business strategies

With mobile strategies a common component of broader digital strategies in the business world, we again measured adoption of mobile applications by SMBs.

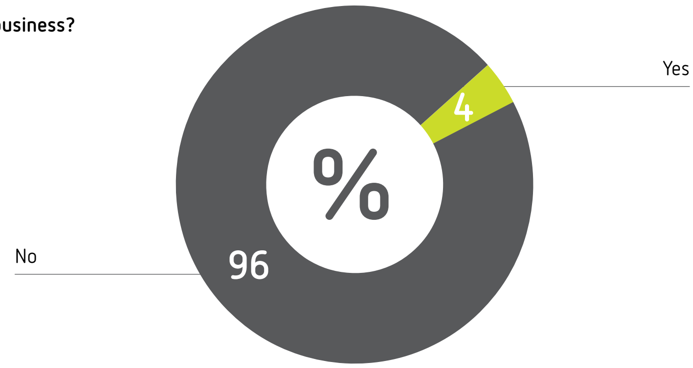
Four percent of online SMBs reported having developed a mobile application or "app" for their business. This was 7% last year.

Medium sized businesses (8%) have developed a mobile app for their business more so than small businesses (4%) although they are relatively rare in both and also across industries, with the highest incidence in Cultural, Recreational and Personal Services at 7%.

Four percent of online SMBs without a mobile app intend to develop one in the next twelve months. In 2016 this was 8%. SMBs in the ACT (15%) are more inclined to do this than in any other location.

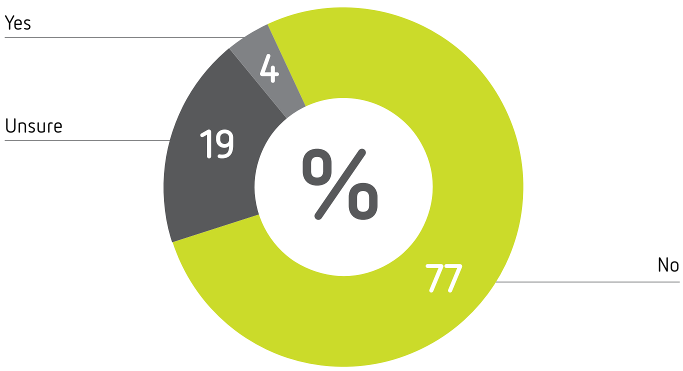
Mobile applications ("App")

Have you developed an app for your business?



Base = All SMBs with internet.

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



Base = All SMBs with internet without an app.

Technology in Australian households

How Australians use technology

sensis

99% of Australian households own a computer

100% of Australians aged 18 - 29 use mobile phones to access the internet

49% of Australians in their 30s have accessed the internet on a tablet

69% of Australians aged 50 - 64 use mobile phones to access the internet

46% of Australians own a tablet

and

82% own a smartphone

$$$

35% of tablet users use it to pay for purchases or bills

vs

53% of mobile users

To access the internet

42% are using a tablet

W W W

79% are using mobiles

40% of mobile users are ordering goods & services

vs

41% of tablet users

Maps and directions are mostly used by mobile users

75% mobiles

39% tablets

Chapter 8.1

Equipment ownership and internet usage

As was the case in 2016, almost all Australian households (99%) reported owning a computer of some type. Notebooks, desktop computers and tablets have become less prevalent in the last year with smartphones the only device displaying growth.

Smartphones have consolidated their position as the most popular device (82%, up from 78%). Majority ownership is still seen for desktop computers but their penetration fell from 67% to 52%. A similar situation is seen for Digital TV or set-top boxes (down from 61% to 52%). Notebooks and tablets were previously found in more than one in two households (53% and 58% respectively) but that is no longer true with their incidences now at 39% and 46%. Other devices that lost appeal in the last year are in-car and personal navigation devices (respectively down six points to 29% and four points to 22%), standard mobile phones (down five points to 24%), and T-hubs (down four points to 3%).

No change occurred in the penetration of 3D TVs (11%), internet-enabled TVs, DVDs or Blu-ray players (45%) or wearable devices (16%).

A new question revealed that 62% of adults live in households subscribing to a TV or movie streaming service with Netflix (48%) the most popular ahead of Foxtel (16%) and Stan (9%).

Six percent intend to obtain a smartphone in the next year and 4% a tablet.

We found 96% of adult consumers accessed the internet during the past year (previously 98%).

Satisfaction with home internet upload and download speeds has increased with 64% satisfied (57% last year) and 17% dissatisfied (was 25%).

Twenty-four percent intend to obtain a faster internet connection in the next year with 9% unsure. In 2016 these results were 20% and 12%.

Subscription to TV and movie streaming services

Household subscribes to	Total	Male	Female	Age				
				<30	30-39	40-49	50-64	65+
Netflix	**48%**	49%	47%	77%	53%	51%	36%	18%
Foxtel Play	**16%**	14%	17%	6%	19%	19%	21%	16%
Stan	**9%**	11%	8%	10%	6%	19%	9%	4%
Fetch TV	**5%**	6%	4%	4%	6%	9%	5%	3%
Optus	**4%**	4%	4%	2%	5%	7%	4%	4%
Big Pond Movies	**3%**	2%	5%	2%	2%	7%	3%	4%
Quickflix	**1%**	1%	1%	1%	1%	3%	1%	0%
Dendy Direct	**1%**	1%	0.4%	2%	0.2%	0%	0.2%	1%
Amazon Prime Video	**1%**	0%	1%	0%	2%	1%	0%	0%
OzFlix	**0.4%**	1%	0.2%	0%	0.2%	1%	1%	0%
Don't know	**4%**	4%	3%	4%	3%	2%	5%	3%
Net: any of the above	**62%**	**61%**	**62%**	**81%**	**69%**	**65%**	**54%**	**39%**

Base = All Australians aged 18 plus.

Computer and internet ownership in the home

	2017		2016	2015	2014	2013	2012
	Currently have	Intend to in next year	Currently have	Currently have	Currently have	Currently have	Currently have
A desktop computer or PC	52%	2%	67%	65%	64%	66%	67%
A notebook computer	39%	5%	53%	53%	75%	67%	66%
Total computer	**99%***	**20%**	**100%***	**95%**	**94%**	**91%**	**93%**
Dial-up internet	4%	0.1%	8%	8%	3%	3%	3%
Broadband internet	38%	3%	55%	62%	58%	62%	61%
Wireless broadband	51%	3%	60%	64%	57%	51%	52%
Total internet	**96%**	**NA**	**98%**	**93%**	**93%**	**92%**	**90%**

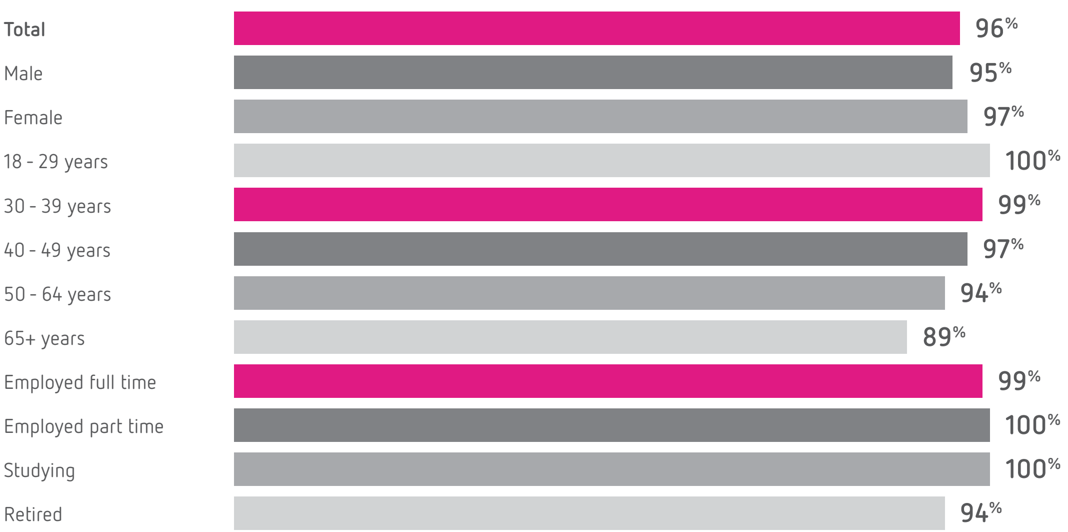
Base = All Australians aged 14 plus prior to 2015 and aged 18 plus since.
Notes: Any computer includes other devices listed in Q1 but not shown above.
*2016 result was 99.8%, 2017 result is 99.3%.

Technology in the home

	2017		2016	2015	2014	2013	2012
	Currently have	Intend to get in next year	Currently have	Currently have	Currently have	Currently have	Currently have
Mobile smartphone – able to access internet	82%	6%	78%	72%	77%	72%	59%
Digital TV or set top box	52%	2%	61%	70%	89%	86%	85%
Tablet (such as an iPad)	46%	4%	58%	56%	56%	44%	30%
Internet enabled TV, DVD or Blu-ray player	45%	3%	45%	47%	51%	46%	NA
In-car navigation device	29%	1%	35%	40%	42%	38%	36%
Mobile phone – standard	24%	1%	29%	34%	28%	28%	42%
Personal/handheld navigation device	18%	1%	22%	24%	25%	22%	18%
Wearable device like Apple watch or Fitbit	16%	2%	16%	NA	NA	NA	NA
3D TV	11%	2%	11%	17%	NA	NA	NA
T-Hub	3%	0.2%	7%	6%	NA	NA	NA

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

Internet usage in the last 12 months



Base = All Australians aged 18 plus.

Chapter 8.2
What Australians are doing online

There were some shifts in use of various internet applications over the last year, mostly falls, which were also observed among SMBs.

The most common internet use is banking (down one point to 80%). Around three quarters use social networking sites (up two points to 76%), look for maps or directions (down 12 points to 75%) and pay for purchases or bills (down nine points to 72%). Mobile app usage remains popular (74%, although three points lower).

Many consumers also used these applications: downloading or streaming video content (up 14 points to 62%), ordering goods or services (down 15 points to 56%) and uploading videos (up 13 points to 52%).

Fewer Australians used the internet for making bookings (down from 67% to 49%), supplying personal information online (down from 41% to 32%), or writing blogs (down from 13% to 7%).

Declining usage of e-commerce related applications in both the consumer and SMB results is noteworthy – looking for product or service information (down 19 points to 63% for consumers and 24 points to 61% for SMBs), paying for purchases (down nine points to 72% for consumers and eight points to 70% for SMBs), ordering goods or services (down 15 points for both consumers and SMBs to 56% and 36% respectively). Internet banking was marginally down in both cases as well (by one point to 80% for consumers and three points to 83% for SMBs).

We also discovered fewer people supplied personal information online in the past year (down from 41% to 32%). This coincides with more Australians expressing concern about the theft or misuse of their private information and the security of their credit card information. Most Australians are also concerned about risks posed to children in using the internet, which many feel ill-equipped to minimise and being worthy of greater Government attention. These attitudes may be contributing to some of the internet applications losing appeal in the last year.

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	2017
Looking for maps and directions	NA	NA	NA	NA	81%	89%	78%	87%	**75%**
Looked for products or services information	78%	82%	80%	87%	87%	92%	74%	82%	**63%**
Paid for purchases or bills	62%	65%	66%	75%	78%	82%	73%	81%	**72%**
Undertaken banking	60%	64%	63%	72%	75%	79%	71%	81%	**80%**
Used a social networking site	41%	56%	59%	62%	69%	72%	68%	74%	**76%**
Ordered goods/services	61%	64%	67%	71%	74%	77%	61%	71%	**56%**
Made bookings	60%	63%	60%	67%	67%	68%	61%	67%	**49%**
Downloaded or streamed video content	36%	47%	48%	52%	57%	66%	53%	48%	**62%**
Read a blog	41%	42%	44%	45%	50%	NA	38%	43%	**30%**
Supplied personal information online	37%	40%	39%	40%	45%	41%	38%	41%	**32%**
Uploaded video content	14%	19%	21%	31%	30%	NA	29%	39%	**52%**
Written a blog	16%	14%	15%	13%	13%	NA	12%	13%	**7%**

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

Level of concern held about risks to children being exposed to dangerous people when using the internet

Concern about the risks to children

	Used internet in last year	All Australians
Major concern	54%	52%
Some concern	25%	24%
Minor concern	11%	11%
No concern	10%	10%
	Have technical know-how to minimise risks*	**Govt. should be doing more about this issue***
Yes	37%	61%
No	49%	24%
Don't know	14%	15%

Notes: New questions in 2017 *Relates to internet users. The 'All Australians' results do not add to 100% because non-internet users are not shown.

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

	Total	Gender		Age					Year	
		Male	Female	18 - 29	30 - 39	40 - 49	50 - 64	65+	2016	2017
Concern about the theft or misuse of your private information										
Major concern	**32%**	33%	31%	21%	31%	25%	38%	44%	34%	32%
Some concern	**30%**	26%	33%	34%	31%	34%	32%	16%	34%	30%
Minor concern	**27%**	28%	26%	39%	30%	30%	18%	16%	17%	27%
No concern	**8%**	9%	7%	7%	6%	8%	6%	13%	15%	8%
Concern about the security of your credit card information										
Major concern	**32%**	32%	32%	23%	29%	27%	43%	35%	34%	32%
Some concern	**31%**	28%	34%	36%	38%	29%	28%	23%	35%	31%
Minor concern	**23%**	25%	20%	35%	19%	30%	15%	16%	16%	23%
No concern	**11%**	10%	11%	6%	13%	12%	8%	15%	15%	11%

Notes: Base is total sample. Those who do not access the internet (4%) are not shown. Rounding occurs.

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 (18+)
Looked for maps and/or directions	75%
Looked for information on products and services	63%
Paid for purchases or bills with credit card or other means	72%
Undertaken banking	80%
Looked for suppliers of products and services	61%
Looked for weather information	58%
Used a social networking site	76%
Ordered goods/services	56%
Browsed news sites	62%
Made bookings	49%
Downloaded a mobile app	74%
Searched through an auction site	44%
Accessed entertainment services	36%
Used satellite navigation on mobile phone	47%
Downloaded or streamed video content	62%
Checked into a flight	36%
Read a newspaper	41%
Read a blog	29%
Checked sports results	35%
Supplied personal information online (e.g. financial, health etc.)	32%
Uploaded video content	52%
Checked financial results	31%
Bought or sold through an auction site	27%
Read an e-book	22%
Tweeted (used social networking site Twitter)	21%
Bought discount/group buying coupons	14%
Written a blog	7%

Base: All Australians aged 18 plus.

Chapter 8.3

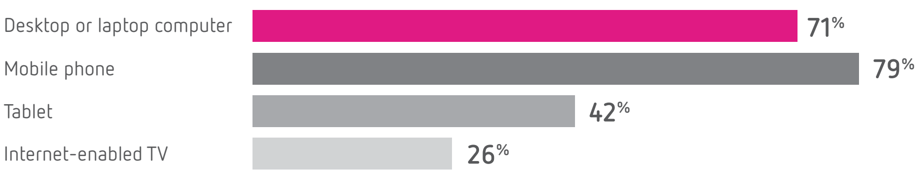
What Australians are doing on different devices

Mobile phones (up six points to 79%) have overtaken desktop or laptop computers (down 19 points to 71%) as the device most commonly used to access the internet. This is the first time this has happened. Tablets have also lost some attraction for this purpose (down 15 points to 42%) but incremental growth continues for internet-enabled TVs (up two points to 26%).

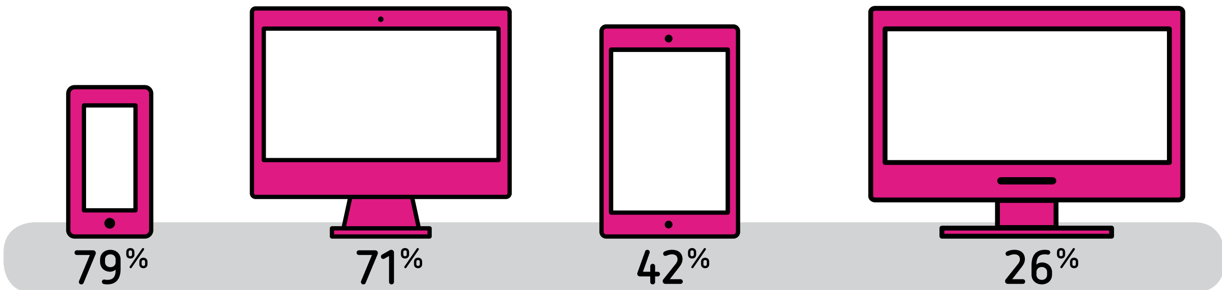
Sixty-nine percent of consumers downloaded an app on their smartphone in the last year, which was nine points higher than in 2016. The next most popular mobile phone internet use was accessing social media (up from 55% to 62%) followed by maps and directions (down three points to 59%). Mobile phones also had increased appeal for internet banking (up from 44% to 53%). The biggest growth in use of mobile phone applications was for video content – downloading video increased from 24% to 45% and uploading from 22% to 39%. Most other applications were used to a lesser extent on mobile phones than in 2016.

The two applications for which tablets were used most in the last twelve months were again shopping-related although both lost some popularity: looking for information on products and services (24%, down from 33%) and looking for suppliers of products and services (23%, down from 31%). Next in line were social networking and browsing news sites at 22% and 21% respectively (both down from 30%). The only application for which tablets are used more than mobiles is reading books (13% to 9%).

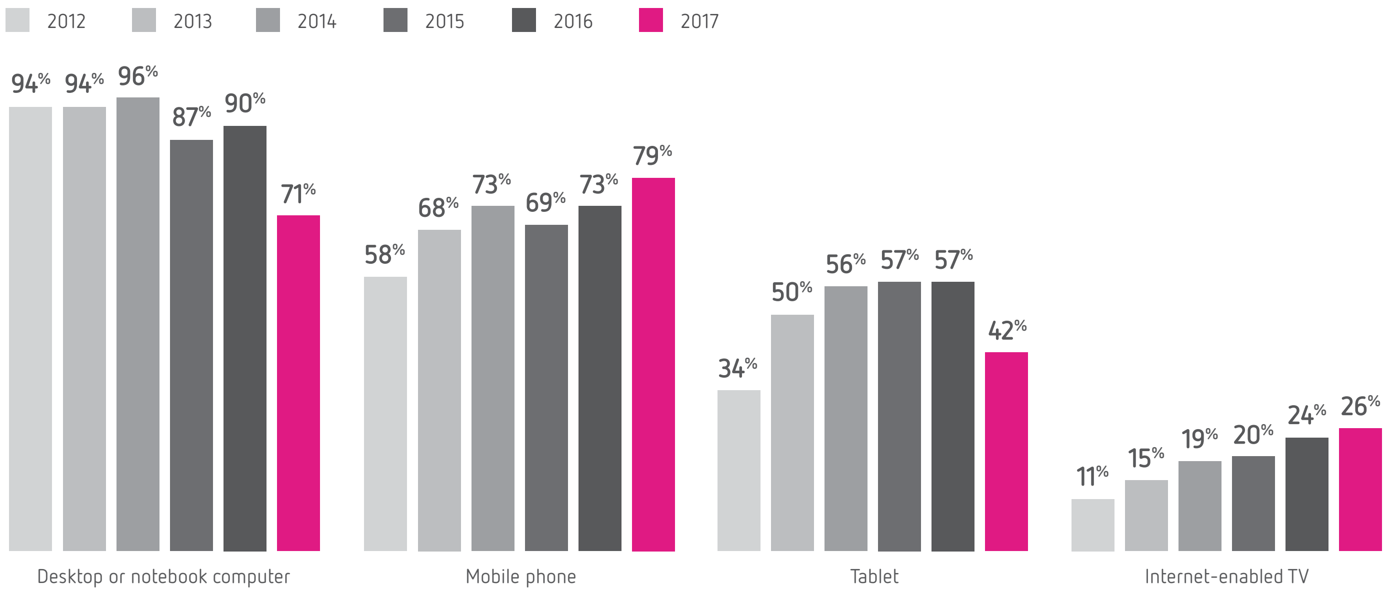
Australians accessing the internet



Base = All Australians aged 18 plus.



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
Undertook banking	80%	53%	14%
Used a social networking site e.g. Facebook / Twitter / LinkedIn / Instagram	76%	62%	22%
Looked for maps and/or directions	75%	59%	17%
Downloaded a mobile app	74%	69%	16%
Paid for purchases or bills with credit card or other means	72%	42%	15%
Looked for information on products and services	63%	38%	24%
Browsed news sites	62%	42%	21%
Downloaded or streamed video content	62%	45%	16%
Looked for suppliers of products and services	61%	38%	23%
Looked for weather information	58%	42%	17%
Ordered goods/services	56%	32%	17%
Uploaded video content	52%	39%	7%
Made bookings	49%	24%	13%
Used satellite navigation on the mobile phone	47%	45%	NA
Searched through an auction site	44%	25%	11%
Read a newspaper	41%	22%	15%
Accessed entertainment services	36%	22%	13%
Checked into a flight	36%	20%	7%
Checked sports results	35%	25%	11%
Supplied personal information online (e.g. financial, health etc.)	32%	18%	8%
Checked financial results	31%	20%	9%
Read a blog	29%	17%	11%
Bought or sold through an auction site	27%	12%	8%
Read an e-book	22%	9%	13%
Tweeted	21%	19%	3%
Bought discount/group buying coupons	14%	7%	4%
Wrote a blog	7%	3%	2%

Base = All Australians aged 18 plus..

Chapter 8.4

Internet usage on mobile phones

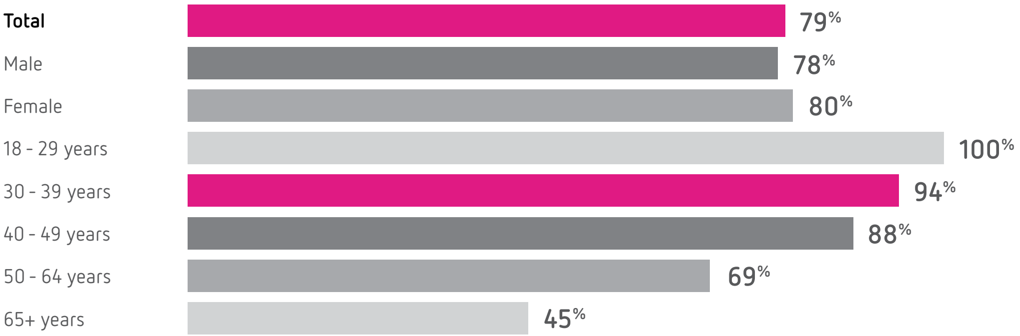
Almost eight in ten (79%) adult Australians accessed the internet on their mobile phones in the past year. This was six points higher than in 2016 and 10 points higher than in 2015. Males and females remain similar in this behaviour.

It has become universal (100%) among those aged 18-29 (up from 91%) and there was also increased use by those aged 30-39 (up three points to 94%), 50-64 (up eight points to 69%) and the 65 plus segment (up 12 points to 45%). It was four points lower among the 40-49s at 88%.

Among those who used mobiles to access the internet, the three leading uses were downloading an app (up five points to 86%), social networking (up one point to 77%) and looking for maps and directions (down seven points to 75%). Internet banking moved up to be the fourth most common use (up six points to 67%). Strong growth was observed in use of mobiles for downloading and uploading video content respectively up from 33% to 56% and from 30% to 49%. Use of a mobile for all other applications not already mentioned either lost some appeal or did not increase.

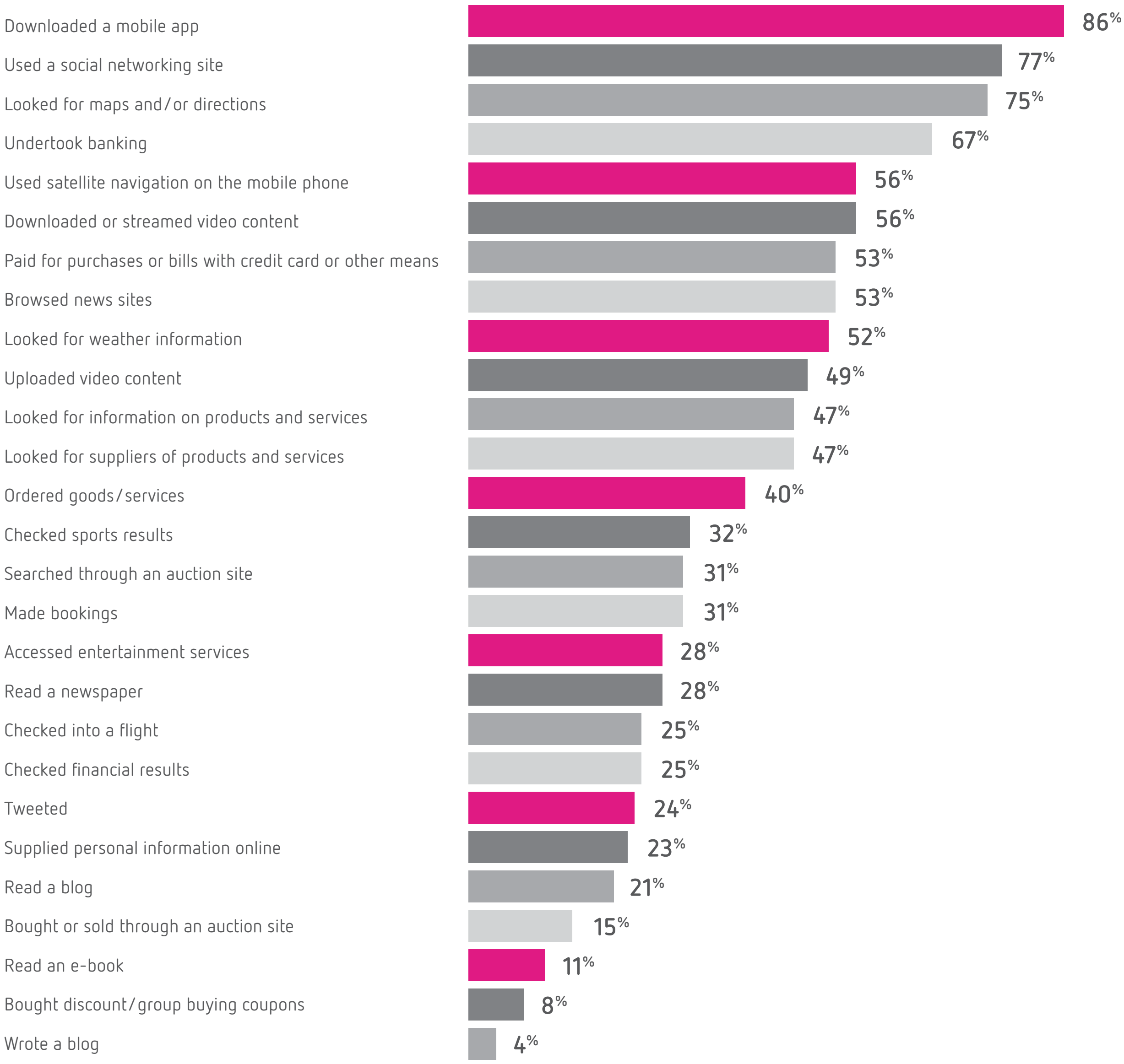
Although using a mobile for banking increased (six points to 67%), this was not the case for all commerce related activities – ordering goods and services (down from 55% to 40%), looking for products and services (down from 66% to 47%), looking for suppliers (down from 62% to 47%) and paying for purchases by credit card (down from 55% to 53%).

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 (79%).

Chapter 8.5

Internet usage on tablets

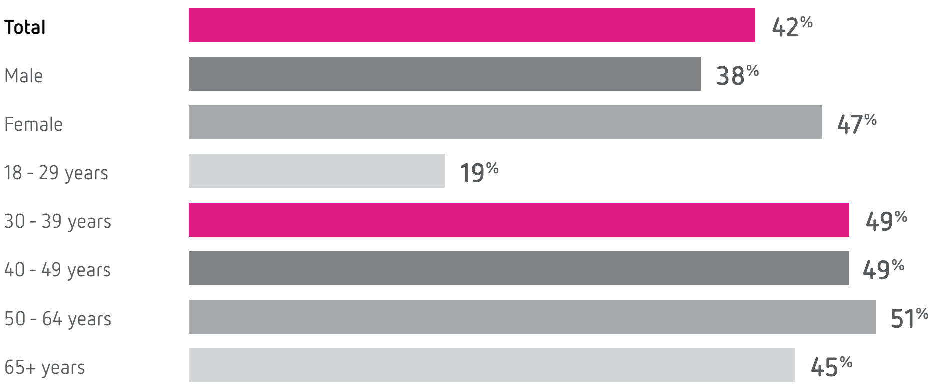
Australians are less keen on using tablets to access the internet with 42% doing so, which compares with 57% last survey.

Usage of the internet on tablets has fallen across the age and gender divide but remains more common among females than males – 47% compared with 38% – although the gap in favour of females has narrowed from 15 points in 2016. The tablet has lost considerable appeal for accessing the internet in all age groups except those who are over 65 (up four points to 45%). In the under 30s it has fallen from 46% to 19%. The rate is 49% in both the 30-39 and 40-49 age groups but respectively lower by 10 and 24 points this year. In the 50-64 age group, tablet use to access the internet was down from 65% to 51%. While the under 65 age groups are much more inclined to use a mobile phone than a tablet for internet access, the 65 plus segment favour each device to the same extent.

As in 2016, the leading use is looking for information on products and services (down three points to 56%). This was followed by looking for suppliers of products and services (55%, no change), social networking (one point lower to 53%) and browsing news sites (three points lower to 49%).

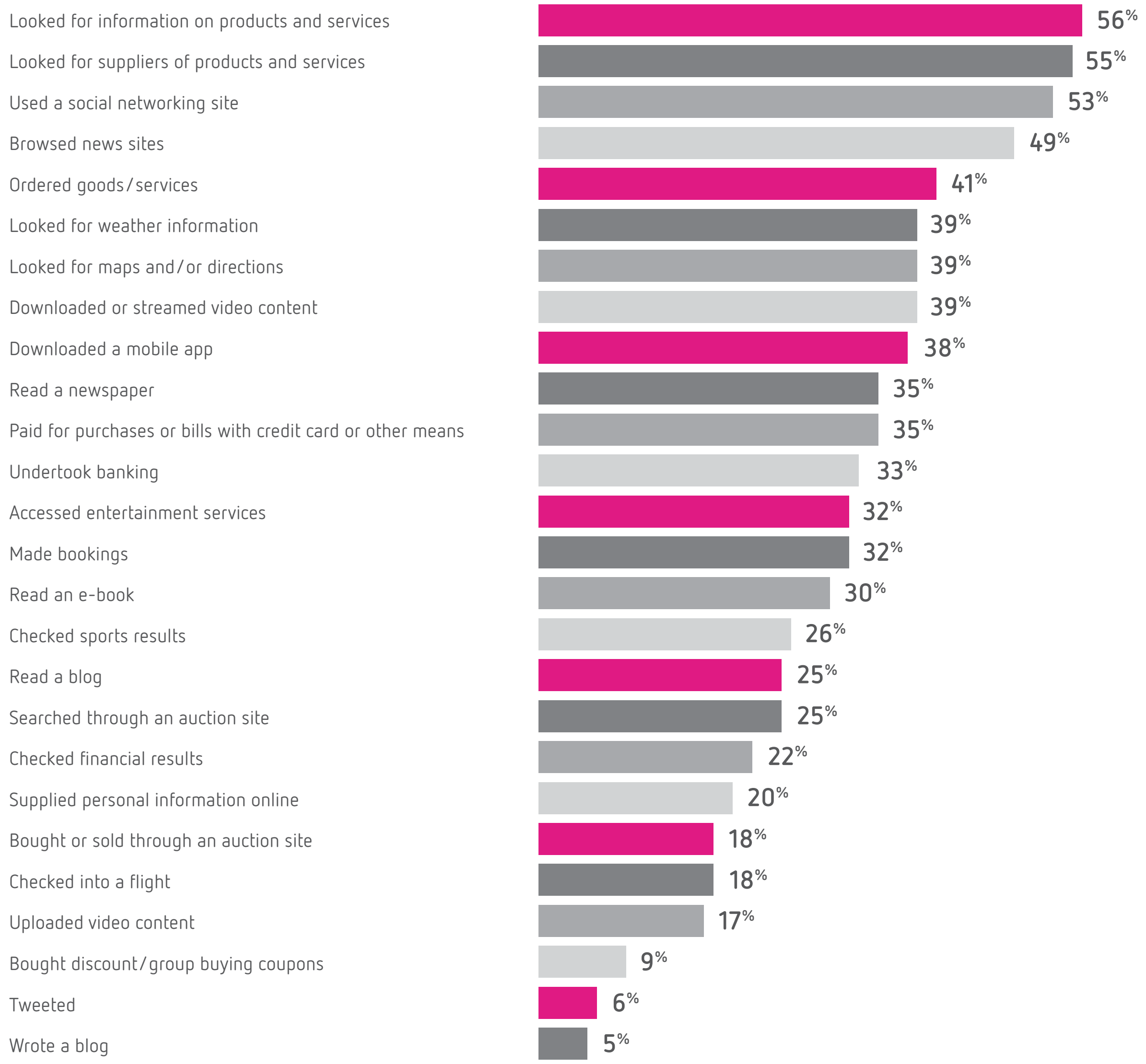
Tablets are used more than mobiles for seeking information on products or services (56% versus 47%), looking for suppliers (55% versus 47%), reading newspapers (35% versus 28%) or e-books (30% versus 11%).

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 (42%).

Chapter 8.6

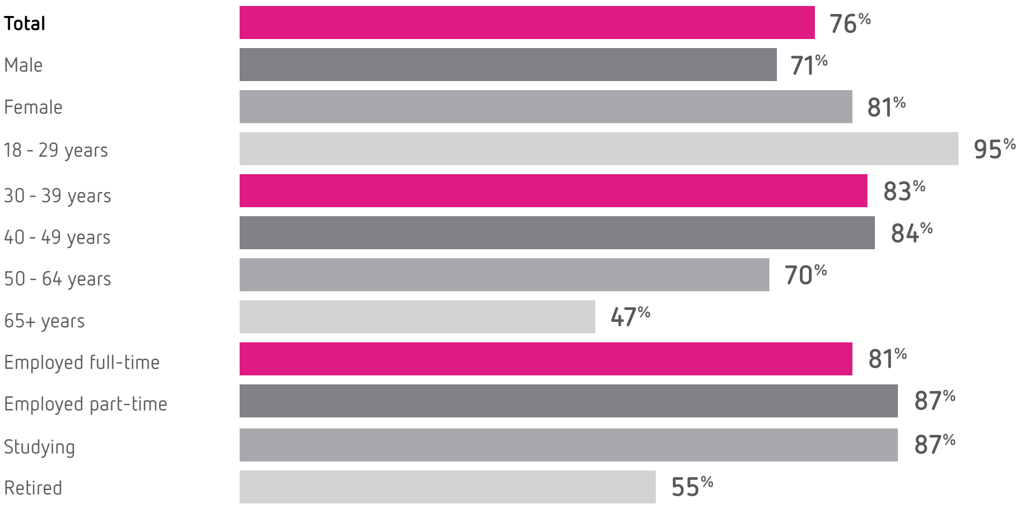
Social networking behaviour

Social media usage for the last year was at 76%, which is up two points from 2016 and eight points from 2015.

Age remains clearly correlated with social networking activity. Growth was observed in usage by the 18-29 age group (up three points to 95%), the 40-49s (up three points to 84%), the 50-64s (up two points to 70%) and the 65 plus segment (up seven points to 47%). In the 30-39 age group, usage was down seven points to 83%.

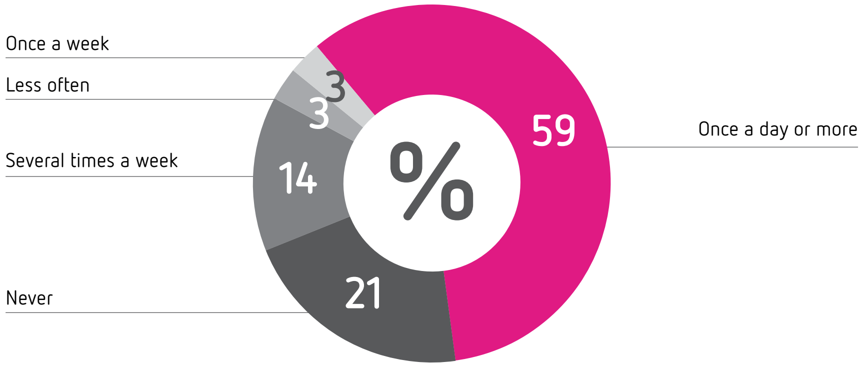
Fifty-nine percent now use social media at least once a day. This was nine points higher than in 2016. Home is still by far the most popular place to access social media, nominated by 96% of those that use it (unchanged from 2016). The next most popular place it is accessed is on public transport (up 18 points to 43%). There was also greater use recorded in the car (up 17 points to 37%) and at restaurants, bars or parties (up 14 points to 33%). The workplace is being used to the same extent as last year (35%).

Use of social networking



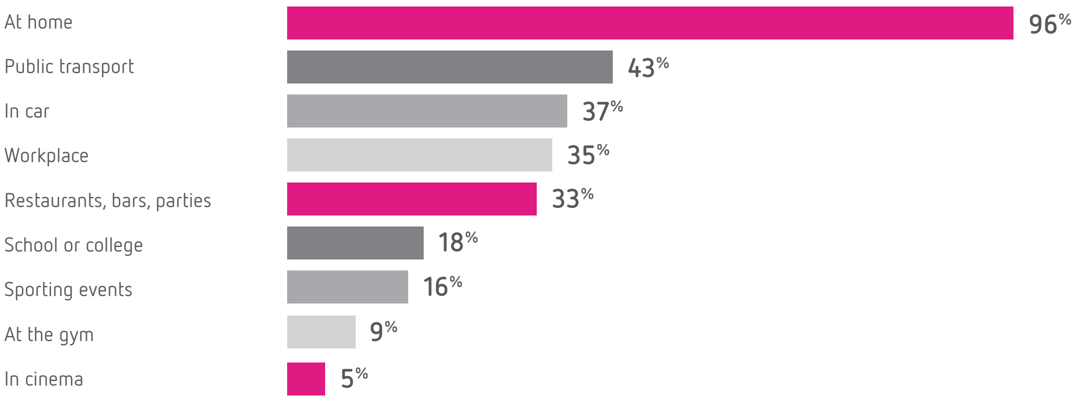
Base = All Australians aged 18 plus.

Frequency of using social networking sites



Base = Australians that use social networking.

Where Australians use social networking



Base = Australians who use social networking.

Chapter 8.7

Australians purchasing online

Fifty-six percent of adult Australians reported making purchases online in the last year. This compares with 71% in the 2016 survey.

Falls were seen across genders and age groups. The falls recorded were 19 points for males to 51%, 13 points for females to 60%, 35 points in the 18-29 age group to 46%, 10 points in both the 30-39 and 50-64 segments to 66% and 59% respectively, 17 points in the 40-49 segment to 63% and three points in the 65 plus segment to 46%.

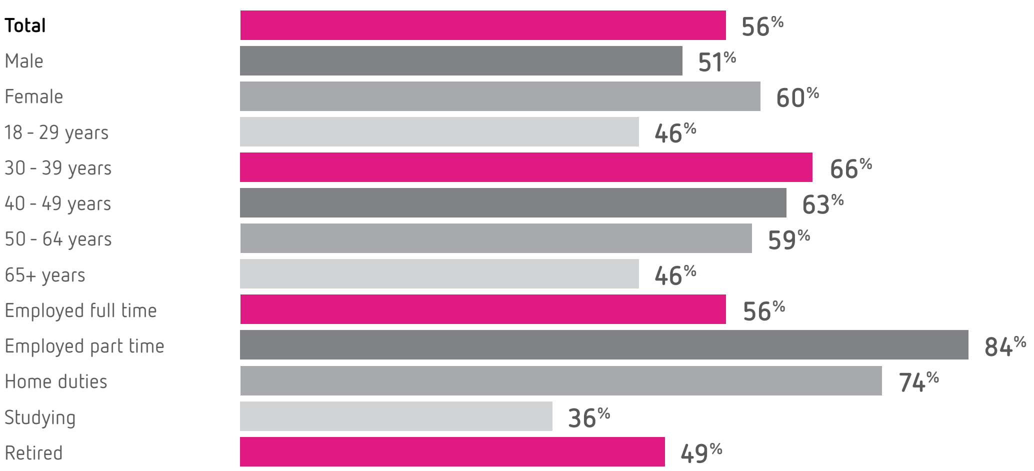
There were declines in the use of ecommerce by both businesses and consumers this year. The recent Sensis Business Index found that confidence in the Retail sector is the lowest of all of the business sectors. Consumer sentiment has also been hit by low wage growth, mortgage stress and rising energy prices, as was noted in the NAB Online Retail Sales Index released in August this year, which found a slowdown in online sales. Together with growing concerns around hacking, we believe this has contributed to the fall in the number of people making online purchases this year.

When purchasing online, Australians prefer using a desktop computer (53%) over a mobile device (26%) with the rest having no clear preference. Finding the best deal (48%) is preferred when purchasing online ahead of supporting local brands (22%) or finding the fastest delivery times (12%).

We also learnt that almost half (48%) have been to a shop for research purposes before buying something online and there is a much stronger preference for shopping at physical shopfronts (60%) than online (17%).

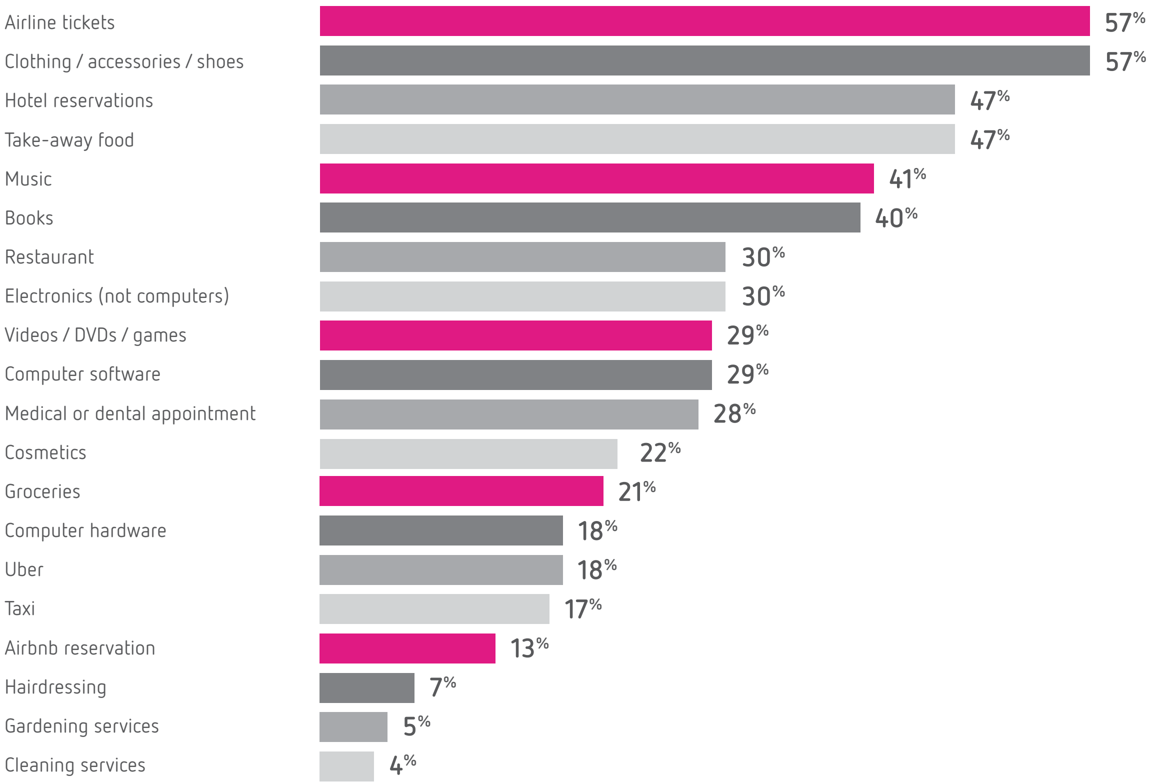
The three most popular items purchased online were again airline tickets (down four points to 57%), clothing, accessories or shoes (unchanged at 57%) and hotel bookings (down six points to 47%). Take-away food (up 11 points to 47%) moved into equal third place. Music (down three points to 41%), and books (unchanged at 40%) also remain relatively popular online purchase items.

Australians purchasing online



Base = All Australians aged 18 plus.

What Australians purchase online



Base = Have made purchases online in past twelve months (56%).

Australians purchasing online - trend

	2014	2015	2016	2017
Ordered goods and services online (Total sample)	**78%**	**61%**	**71%**	**56%**
Items Ordered				
Airline tickets	52%	51%	61%	57%
Clothing/accessories/shoes	53%	51%	57%	57%
Hotel reservations	48%	47%	53%	47%
Music	42%	37%	44%	41%
Books	49%	39%	40%	40%
Take-away food	NA	31%	36%	47%
Videos/DVDs/games	30%	24%	33%	29%
Restaurant	NA	NA	28%	30%
Electronic equipment (other than computers)	33%	30%	26%	30%
Medical or dental appointment	NA	NA	23%	28%
Computer software	25%	22%	23%	29%
Groceries	15%	17%	19%	21%
Cosmetics	17%	14%	16%	22%
Computer hardware	17%	17%	16%	18%
Airbnb reservation	NA	NA	15%	13%
A taxi	NA	NA	11%	17%
An uber	NA	NA	11%	18%
Hairdressing	NA	NA	5%	7%
Gardener or gardening services	NA	NA	4%	5%
Cleaner or cleaning services	NA	NA	3%	4%

Base = Have made purchases online in past twelve months.

Australians purchasing online - by gender

	Total	Male	Female
Ordered goods and services online	**56%**	**51%**	**60%**
Items Ordered			
Airline tickets	57%	53%	58%
Clothing/accessories/shoes	57%	49%	63%
Hotel reservations	47%	47%	47%
Music	41%	44%	39%
Books	40%	35%	44%
Take-away food	47%	47%	47%
Videos/DVDs/games	29%	33%	26%
Restaurant	30%	34%	27%
Electronic equipment (other than computers)	30%	41%	22%
Medical or dental appointment	28%	25%	31%
Computer software	29%	35%	24%
Groceries	21%	15%	25%
Cosmetics	22%	11%	31%
Computer hardware	18%	24%	12%
Airbnb reservation	13%	16%	10%
A taxi	17%	20%	13%
An uber	18%	19%	16%
Hairdressing	7%	5%	9%
Gardener or gardening services	5%	2%	6%
Cleaner or cleaning services	4%	3%	5%

Base = Have made purchases online in past twelve months.

Australians purchasing online - by state

	Total	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Ordered goods and services online	**56%**	**51%**	**62%**	**50%**	**56%**	**63%**	**59%**	**42%**	**59%**
Items Ordered									
Airline tickets	56%	56%	57%	58%	53%	47%	63%	70%	56%
Clothing/accessories/shoes	57%	56%	59%	57%	52%	55%	44%	64%	76%
Hotel reservations	47%	50%	49%	43%	41%	42%	44%	54%	55%
Music	41%	37%	48%	38%	46%	39%	30%	64%	44%
Books	40%	43%	41%	42%	42%	24%	35%	54%	62%
Take-away food	47%	55%	43%	46%	33%	47%	40%	43%	54%
Videos/DVDs/games	29%	34%	31%	23%	36%	20%	34%	18%	27%
Restaurant	30%	34%	32%	28%	32%	22%	17%	21%	36%
Electronic equipment (other than computers)	30%	32%	26%	38%	36%	22%	28%	17%	38%
Medical or dental appointment	28%	27%	29%	31%	23%	29%	24%	13%	49%
Computer software	29%	32%	29%	31%	26%	20%	37%	22%	39%
Groceries	21%	19%	19%	18%	26%	26%	11%	44%	37%
Cosmetics	22%	18%	23%	29%	20%	19%	8%	43%	22%
Computer hardware	18%	22%	17%	17%	11%	14%	13%	18%	26%
Airbnb reservation	13%	17%	7%	13%	14%	13%	15%	9%	17%
A taxi	17%	20%	18%	14%	7%	16%	10%	13%	20%
An uber	18%	16%	19%	16%	10%	25%	12%	9%	30%
Hairdressing	7%	7%	8%	9%	7%	5%	3%	13%	7%
Gardener or gardening services	5%	4%	4%	6%	5%	5%	6%	5%	3%
Cleaner or cleaning services	4%	6%	3%	3%	4%	3%	0%	0%	10%

Base = Have made purchases online in past twelve months (56%).

	All	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Ordered goods and services online	**56%**	**51%**	**62%**	**50%**	**56%**	**63%**	**59%**	**42%**	**59%**
Preferred Device									
Mobile	**26%**	24%	28%	22%	22%	27%	26%	39%	19%
Desktop	**53%**	54%	54%	49%	56%	53%	59%	31%	52%
No preference	**14%**	11%	11%	21%	12%	17%	12%	26%	17%
Can't say, depends	**8%**	9%	7%	8%	10%	2%	4%	4%	13%
Key benefit sought									
Best deal	**48%**	49%	46%	48%	37%	52%	43%	53%	68%
Fastest delivery	**12%**	14%	10%	11%	6%	14%	25%	8%	3%
Support local brands	**22%**	21%	22%	23%	34%	18%	13%	30%	10%
Can't say, depends	**19%**	15%	23%	18%	23%	16%	19%	9%	19%

Base = Have made purchases online in past twelve months (56%). Rounding occurs.

Shopping online and at physical shopfronts

	All	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Ordered goods and services online	**56%**	**51%**	**62%**	**50%**	**56%**	**63%**	**59%**	**42%**	**59%**
Researched at shop before buying online									
Yes	**48%**	46%	47%	57%	56%	40%	47%	65%	50%
No	**46%**	49%	46%	40%	43%	49%	53%	30%	50%
Can't recall	**6%**	5%	7%	3%	1%	11%	0%	5%	0%
Prefer shopping									
At physical shopfronts	**60%**	59%	57%	63%	65%	59%	67%	62%	70%
Online	**17%**	20%	21%	7%	11%	21%	10%	13%	17%
No preference	**12%**	12%	7%	18%	10%	12%	14%	13%	10%
Can't say, depends	**11%**	9%	14%	13%	14%	8%	9%	13%	3%

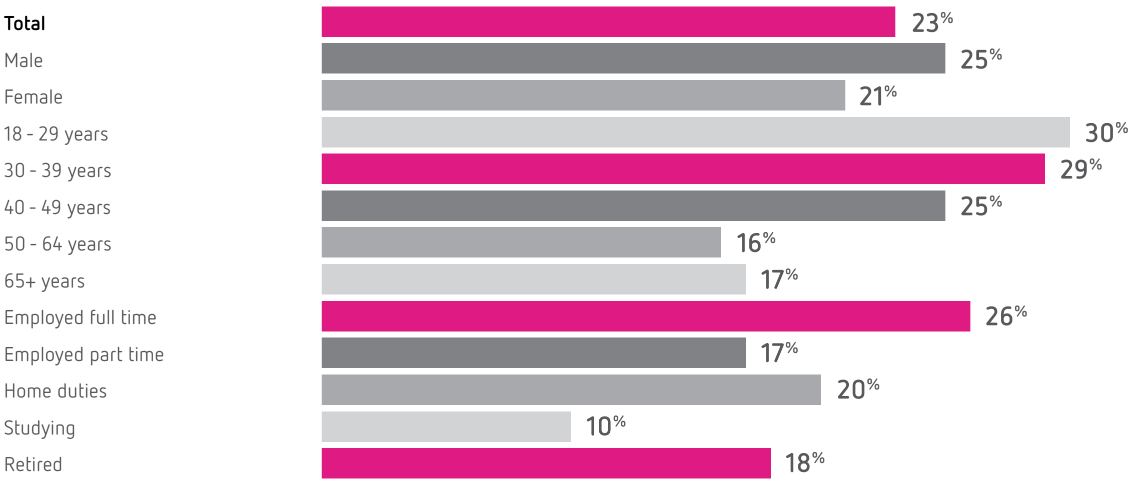
Base = Have made purchases online in past twelve months (56%). Rounding occurs.

The average amount that Australians reported spending online in the past 12 months was $3,162. Last year this was $3,322. Males reported spending on average $3,456 compared to $2,899 for females. Those in paid employment spent $5,106 on average online compared to $1,788 by those not in the workforce. People in households with incomes exceeding $75,000 a year reported spending $5,152 on average, which compares with less than $1,000 for those earning under $35,000 per annum and under $2,200 for those earning between $35,000 and $75,000 per annum.

Twenty-seven percent of those making online purchases in the last 12 months increased spending, while for 10% it decreased. Similar results were observed in 2016 and 2015.

An average of 23% of online purchases are made from businesses located overseas, which is the same as in 2016. This incidence was 30% in the 18-29 age group and in WA.

Proportion of online purchases from overseas



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:

Sensis is Australia's leading marketing services company. Our purpose is to help Aussie businesses thrive. We deliver on that promise through our leading digital consumer businesses (Yellow Pages, White Pages, True Local, Whereis and Skip), search engine marketing and optimisation services, website products, social, data and mapping solutions, and through our digital agency Found. Sensis is also Australia's largest print directory publisher including the Yellow Pages and White Pages.

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