Sensis e-Business Report 2015

The Online Experience of Small and Medium Enterprises

sensis

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Introduction

The Sensis e-Business Report is a special report arising from the Sensis Business Index. The Sensis Business Index is an ongoing series of surveys tracking confidence and behaviour of Australia's small and medium enterprises (SMEs).

The primary objectives of the Sensis Business Index are to track small and medium business activity over the past three months; monitor expectations over both the current three and, 12-month periods; and to measure overall confidence among SMEs. In addition the Sensis Business Index provides an independent, objective assessment of SME experiences and attitudes on key issues.

In recent years the Sensis Business Index has also asked about technology usage and electronic commerce (e-commerce). This forms the basis of the annual Sensis e-Business Report. The survey investigates levels of understanding and interest by small and medium businesses in what e-commerce has to offer. Over the past 20 years, Sensis has examined the experiences of small business with electronic technology with the first benchmarking report on technology and small businesses produced in February 1994. The trends identified from earlier studies are reported where applicable.

The Sensis e-Business Report also contains data on Australian consumers' experience and adoption of technology, collected as part of a separate sample of 800 Australian consumers.

The Sensis Business Index, and the Sensis e-Business Report are initiatives of Sensis as part of the company's commitment to increase understanding of the Australian business and social environments. Surveying is conducted by AFS Research and reporting by Di Marzio Research.

Chapter 1.1
About the survey

The information in this report was primarily based on telephone interviews conducted over the period of May 13 to June 5, 2015 with 1,000 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 on geographical location and type of business in order to produce the standard sample structure. Note that the sample excludes businesses in the agricultural sector.

Results for each survey are weighted so the sample is reflective of the total small and medium enterprise (SME) 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.

For this survey the weighting remains by industry, location and business size but is now based on the most current ABS data contained in the publication 8165.0 - Counts of Australian Businesses, including Entries and Exits, June 2009 to June 2013. Some adjustments to this weighting data were also made by Sensis to exclude firms with a turnover of under $50,000 per annum, believed to be mainly non-operating and / or non-employing firms.

The new weighting will have had an effect on the results because the industry and location mix is different to the 1998 situation, and the latest survey is more representative of the current SME population. Manufacturing, wholesale, retail, communication, property and business services comprise smaller proportions of the SME population now than in 1998 while the other six industry groups are larger and more influential than before on the sample results. Additionally, regional-based SMEs comprised a significantly lower proportion of the total than they do now.

The results in this report relating to consumer behaviour are based on a survey of 800 adults conducted over the period of May 6 to May 30, 2015. Previously the consumer sample included teens aged 14-17 but that segment has been excluded so the base represents adults aged 18 plus. This may have impacted on the comparability of the 2015 total sample results against prior measures given that 14-17 year olds are above average internet users.

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

The results have been weighted according to the Australian Bureau of Statistics population figures (2011 Census) 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**	130	40
South Australia	**125**	110	15
Western Australia	**125**	110	15
Tasmania	**80**	50	30
Northern Territory	**80**	50	30
Australian Capital Territory	**80**	80	0
Total	**1000**	**790**	**210**

Division

Manufacturing	110
Building/Construction	140
Wholesale Trade	80
Retail Trade	140
Hospitality (Accommodation, Cafes and Restaurants)	55
Transport/Storage	80
Finance and Insurance	55
Communication, Property and Business Services	170
Health and Community Services	85
Cultural, Recreational and Personal Services	85
Total	**1,000**

Size of business - number of full time employees

1-2 Employees	462
3-4 Employees	130
5-9 Employees	158
10-19 Employees	150
Total Small (1-19)	**900**
+ 20-99 Employees	94
+ 100-200 Employees	6
Total Medium (20+)	**100**

Consumer sample structure - demographics

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

Consumer sample structure - location

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

Chapter 1.2

Executive summary

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

Technology in SMEs

Overall, 88% of SMEs reported owning a computer of some description. In firms with at least three employees, virtually all own a computer.

Ownership of desktops, notebooks and tablets was 83%, 52% and 43% respectively in SMEs but there are significant differences between small and medium firms here with the penetration of each type more pronounced in medium businesses. This also tends to be the case with ownership or use of other types of technology such as smartphones, Local Area Networks (LAN), satellite navigation and advanced telephony systems. These are found in a clear majority of medium firms but only smartphones are in a majority of small businesses. It is apparent however that most firms rely on quite a few different technological tools.

Total expenditure in the 2014 calendar year on both hardware and software by SMEs was at a similar level to last survey with an average of $9,830 recorded this time. For the 2015 calendar year, expectations are for a decline in such expenditure to $8,760 on average but this fall will be concentrated in small businesses with medium businesses indicating a slight increase.

SMEs online

Internet connectivity recorded was 84% overall but it is 98% in medium businesses compared with 83% in small businesses. In firms employing more than two people, internet connectivity is well over 90% so it is the very small businesses, with 1 to 2 employees (73%) that bring the overall incidence down.

87% of SMEs with internet access have a broadband connection with small and medium businesses similar in this respect. Last year 2% of SMEs were connected to the NBN and this survey it is 3%.

The most important reason for use of the internet continues to be email, mentioned by 93% of all internet-connected SMEs. Other key uses include banking, looking for information about products and services and seeking suppliers of products and services. This reflects the importance of the internet for B2B transactions.

Taking and placing orders for products and services can each expect growth of 6% in new users over the next year according to SMEs who use the internet. Even greater growth is indicated for using the internet for marketing activities – specifically in monitoring markets or competition (mentioned by 11%) and in promoting the business via email marketing (mentioned by 8%).

Applications considered essential by a majority of SMEs are e-mail communication, internet banking, looking for information about products and services, looking for suppliers of products and services, paying and receiving payment for products and placing orders for products and services.

SME websites

The proportion of SMEs with a website was 56%. A further 6% of online SMEs intend to have one within the next 12 months. In medium businesses website penetration is 89% compared to 55% of small businesses. Employee size is clearly correlated with website incidence. It rises from 42% in firms with 1 to 2 employees in solid increments up the business size scale to 100% in those with 100 to 200 employees.

61% of SMEs with websites said this had improved the effectiveness of their business, mainly by increasing its exposure and facilitating information access for customers. Expenditure on building and maintaining their website averaged $2,500 in 2014 which was similar to the year before. The annual average was more than three times higher in medium businesses ($7,500) than small businesses ($2,200). Expected average expenditure on websites for 2015 is $2,400 overall.

35% of SMEs have optimised their website for mobiles and other devices with small and medium businesses almost identical in this measure. Of the rest, just over one in four (28%) intend to optimise their website this way in the coming year with small and medium businesses also similar in this intention.

Most SMEs with a website upgraded it in the last year (33%) or two (30%).

Social media and SMEs

31% of SMEs reported that they use social media in their business. Nearly all of those have a Facebook page but uptake of other social media platforms is not pronounced.

SME buying and selling online

60% of SMEs have made purchases online. For such SMEs, an average of 44% of their total procurement was transacted online, up three percentage points. Online purchasing incidence increases with business size and is above 70% in all segments employing five or more staff.

30% of such SMEs indicated they place a majority of their business orders online (was 34% in 2014). Office supplies, stock and merchandise and travel bookings are most commonly purchased online.

The percentage of SMEs taking orders online was 43% but it is 34% in businesses with 1 to 2 employees and closer to 50% in larger firms.

Online sales as a share of total sales activities continues to increase, from 32% to 37% to 41% over the last three studies. Almost one in three (31%) of SMEs who use e-commerce made the majority of their sales online, which was up two percentage points in the past year.

The number of SMEs receiving payments online for sales made over the internet was 51%.

Once more, SMEs were most likely to report they were making sales online to customers in their local area, with 66% saying they mainly sold to customers in the same city or town. Just over a quarter (27%) had made sales to customers overseas, which was almost the same as in 2014 (26%).

SMEs use of online advertising and other applications

35% of online SMEs advertise on this medium (up 5 points) and 31% do so on social networks - the same as in 2014. 28% use unpaid search engine optimisation (SEO) which was two points higher this survey. Other applications were each mentioned by 19% or fewer. Mobile advertising has not grown in the last year, holding at 9%.

Almost one quarter (23%) of SMEs feel it is very important to be on page one of a Google search and the same proportion say this is somewhat important.

Digital business strategies

Only 17% of online SMEs reported having a digital business strategy, which was basically unchanged from 2013 and 2014. However, most with such a strategy have made it even more comprehensive, with the bulk of them including internet, website, social and mobile components.

Australians use of technology

Adult Australian consumers continue to embrace technology with 95% having a computer of some description and many using a number of devices. This includes majority ownership of desktop (65%) and notebook (53%) computers, smartphones (72%) and tablets (56%). Vision-related technology is also quite popular - Digital TV (70%), internet-enabled TVs, DVDs and Blu-ray players (47%) and Pay TV (31%) with 3D TVs (17%) gaining traction. Navigation devices are also making their mark - in car (40%) and hand-held (24%) plus use of mobiles and tablets for maps and directions is quite pronounced.

93% have used the internet in the last year. In certain segments like full-time workers and students, it is 100%. Even 90% of retired people fall into this category.

Adult Australians using the internet on their mobile phones in the past year is quite widespread with 69% and 57% doing so on a tablet. Just over six in ten made purchases online in the past year, spending on average almost $4,400 for the year. 21% of purchases were reported to come from overseas businesses.

Levels of computer ownership

The Sensis e-Business Report has monitored the penetration of computer technology in the small business sector since 1994 and for medium-sized businesses since 1998. This section provides an overview of computer technology take-up in the workplaces of small and medium-sized businesses.

Levels of computer ownership for Australian SMEs

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88% Of SMEs

own a computer

with

82% Owning a computer
In metro areas
+
95% Owning a computer
In regional areas

52%

Of SMEs have a notebook

and

43%

own tablets

63%

own smartphones

and

37%

own a Sat Nav

On average SMEs spent

$4,800 on hardware

and

$5,000 on software

but for small business

⅓ spent less than

$2,000

and

3 in 10 spent nothing

Sensis *e-Business Report*, Di Marzio Research - 2015

Chapter 2.1

Equipment ownership

The 2015 Sensis e-Business Report found 88% of SMEs reported owning a computer of some description. Ownership ranges from 95% to 100% in firms with three or more employees.

83% of SMEs have desktop computers, while 52% have notebook computers. Both types appear to be losing appeal with the respective incidences recorded last year being 93% and 67%.

Ownership of computers was lower in metropolitan than regional areas - 82% to 95% with desktops more prevalent in regional areas.

Across the states and territories the highest level of computer ownership was in the ACT (97%) while the lowest was in WA (83%) and the others ranging from 86% to 91%.

Levels of computer ownership varied across the industry sectors from 81% to 95%. Greater variation is evident in notebook penetration than desktops.

Ownership of different telecommunication equipment appears lower this year which we believe is related to the different weighting applied in this year's survey. Another factor would be the age of SME managers with 30% of the latest survey respondents aged over 60 and 37% aged 51-60 with only 9% in the under 40 segment. Typically the younger age groups are greater users of technology.

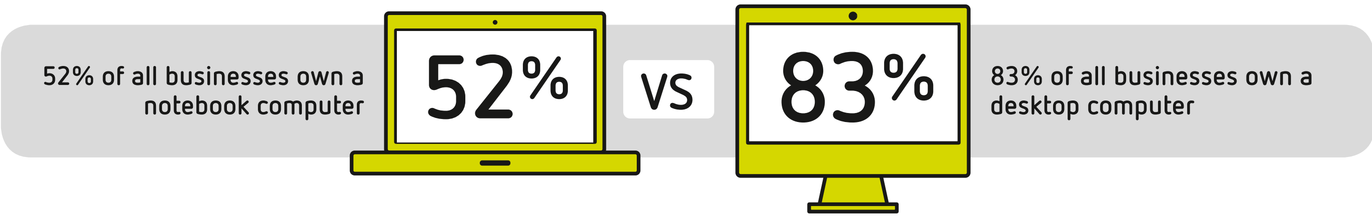
There are marked differences evident between small and medium enterprises for items like smartphones, tablets, LANs and advanced telephone systems. Each of these items is far more common in medium sized firms than small businesses.

Ownership of computers was lower in metropolitan than regional areas - 82% to 95% with desktops more prevalent in regional areas.

Computer ownership - by business size and location

	Desktop computer	Notebook computer	Any computer
All Business	**83%**	**52%**	**88%**
1-2 Employees	73%	43%	78%
3-4 Employees	95%	58%	100%
5-9 Employees	94%	58%	96%
Total Small (1-19)	**83%**	**51%**	**87%**
10-19 Employees	93%	61%	95%
+ 20-99 Employees	98%	75%	99%
+ 100-200 Employees	100%	78%	100%
Total Medium (20+)	**98%**	**75%**	**99%**
Total Metropolitan	78%	51%	82%
Total Rural	98%	54%	95%

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



Computer ownership - by industry sector

	Desktop computer	Notebook computer	Any computer
All Business	**83%**	**52%**	**88%**
Manufacturing	89%	53%	90%
Building/Construction	82%	55%	85%
Wholesale Trade	89%	52%	89%
Retail Trade	83%	46%	89%
Transport/Storage	84%	36%	90%
Communication, Property and Business Services	76%	54%	81%
Finance and Insurance	90%	68%	95%
Health and Community Services	88%	60%	95%
Cultural, Recreational and Personal Services	82%	43%	86%
Hospitality (Accommodation, Cafes and Restaurants)	82%	44%	86%

Telecommunication equipment ownership

	2010	2011	2012	2013	2014	2015		
	All SMEs	All SMEs	All SMEs	All SMEs	All SMEs	All SMEs	Small Business	Medium Business
Satellite navigation system (in-car or hand-held)	42%	51%	46%	49%	54%	**37%**	**36%**	**40%**
An advanced telephony system (eg. PABX or IVR)	26%	35%	28%	33%	32%	**29%**	**27%**	**69%**
Smartphone (with internet access)	N/A	46%	63%	68%	76%	**63%**	**63%**	**89%**
A LAN network supporting your business	59%	64%	60%	69%	69%	**52%**	**50%**	**82%**
VOIP (Voice over internet protocol)	26%	30%	31%	35%	38%	**26%**	**26%**	**44%**
Standard mobile telephone (no internet access)	61%	57%	61%	37%	29%	**32%**	**32%**	**37%**
Tablet	N/A	16%	29%	41%	52%	**43%**	**42%**	**67%**

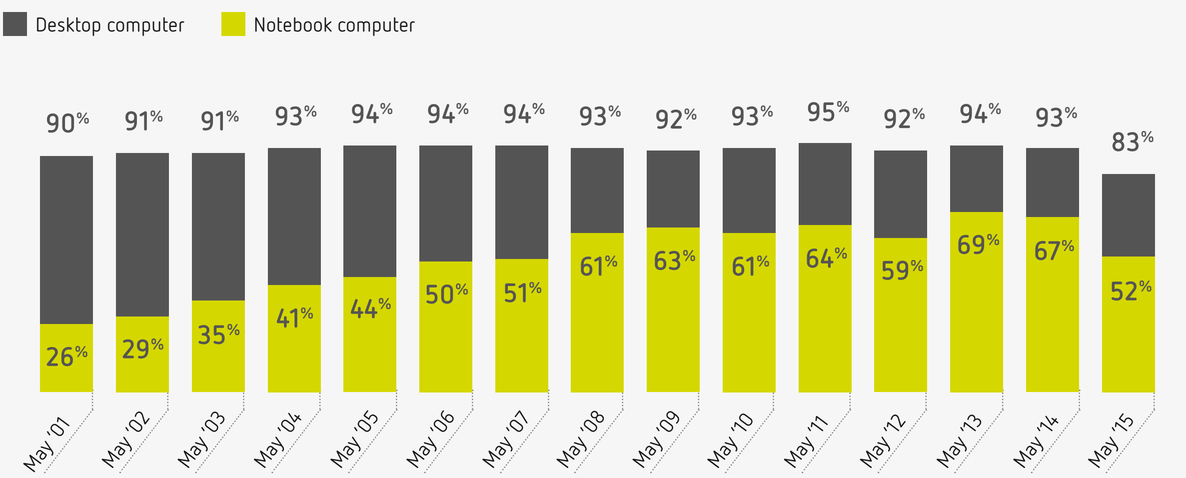
Chapter 2.2

Computer ownership trends

Desktop and notebook computers appear to be losing popularity but more so among small businesses than medium businesses where nearly all still use desktops. The total sample results basically mirror those for small business because they represent 96% of the SMEs.

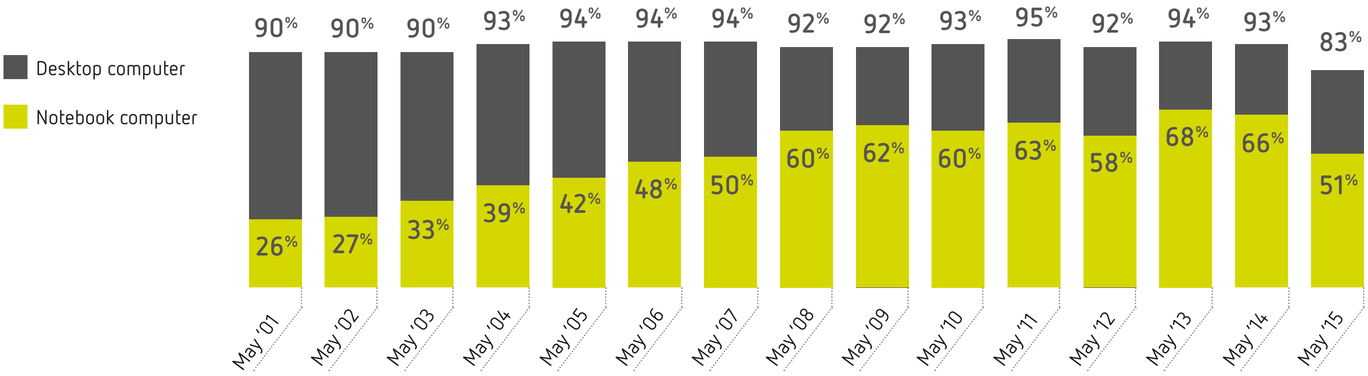
There is a 15 point difference in desktop computer ownership between small and medium businesses and a 24 point gap in the level of notebook ownership.

Equipment ownership trends - small and medium business



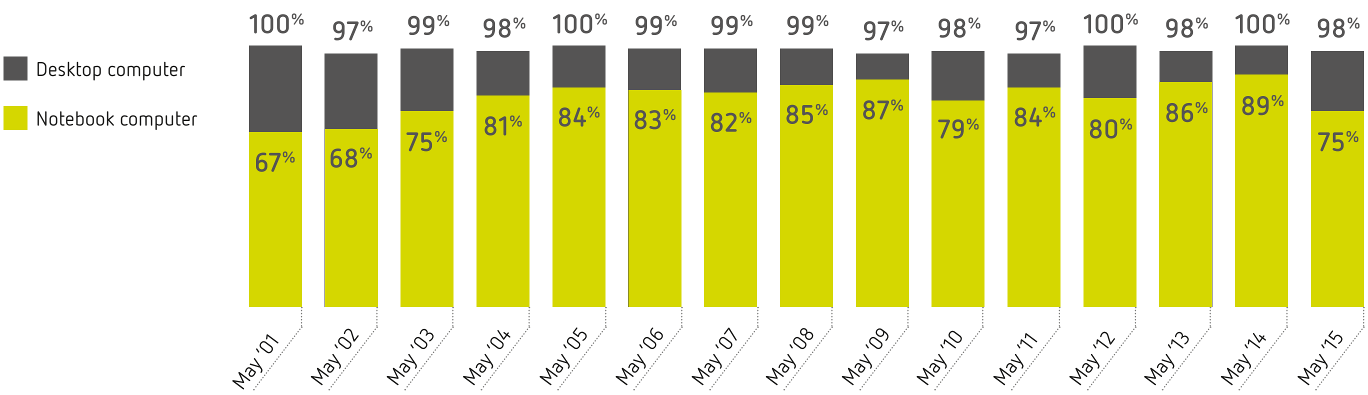
Base = All businesses

Equipment ownership trends - small business



Base = All businesses

Equipment ownership trends - medium business



Base = All businesses

Chapter 2.3

Expenditure in 2014 calendar year

Overall average expenditure on computer hardware and software for SMEs in 2014 was $9,830 which compares with $9,700 last survey.

By location this varied from $5,700 approximately in Tasmania to $17,400 in South Australia. In most locations total average spend was under $10,000.

The average level of expenditure on computer hardware by SMEs during 2014 was just over $4,800. This is $600 less than recorded in last year's study.

The average spend of small businesses again differed greatly from that of medium businesses. Small businesses spent an average of approximately $3,900 on computer hardware in 2014 - the same as last survey - while medium business' average spend on hardware was $25,455 which was not as high as last survey ($34,100).

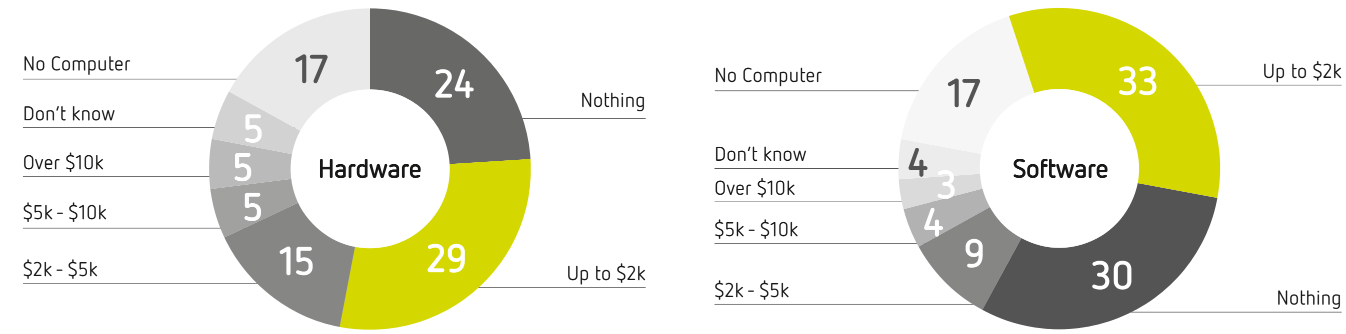
There were many small businesses that spent far less than the average on hardware. One third recorded no spend and over a quarter spent less than $2,000. Only 5% spent more than $10,000 on computer hardware in 2014, which was consistent with the 2013 result. Among medium businesses, 33% spent more than $10,000 on hardware in 2014.

SMEs average expenditure on software was higher than last year - $5,000 compared to $4,300. Again, this varied significantly between small and medium businesses, with the average spend for small businesses at $4,300, compared to $21,245 for medium businesses.

The average spend for small businesses again differed greatly from medium businesses.

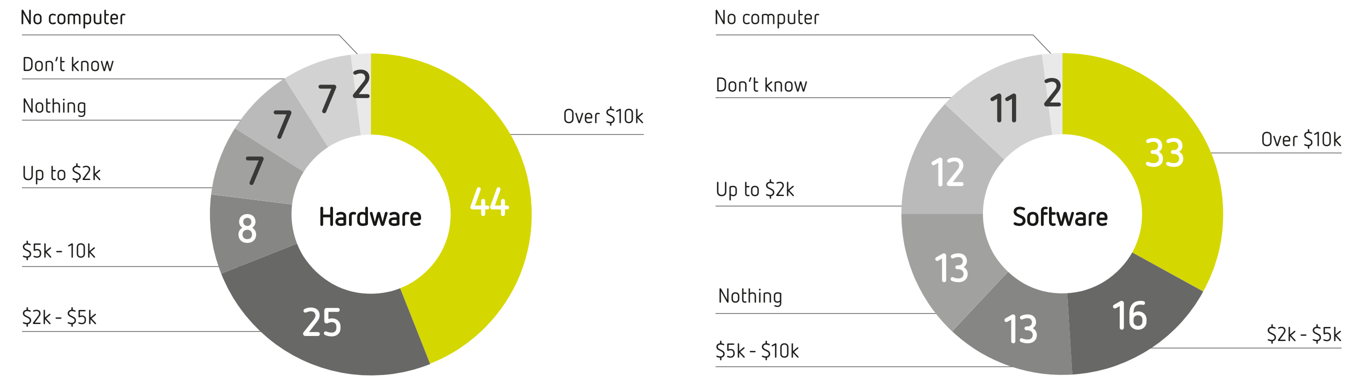
Three in ten small businesses reported no spend on software in 2014 and one third spent less than $2,000. 7% reported spending more than $5,000. This compares with 46% of medium businesses, which reported spending in excess of $5,000 on computer software over the same period.

Expenditure in 2014 calendar year (%) - small business



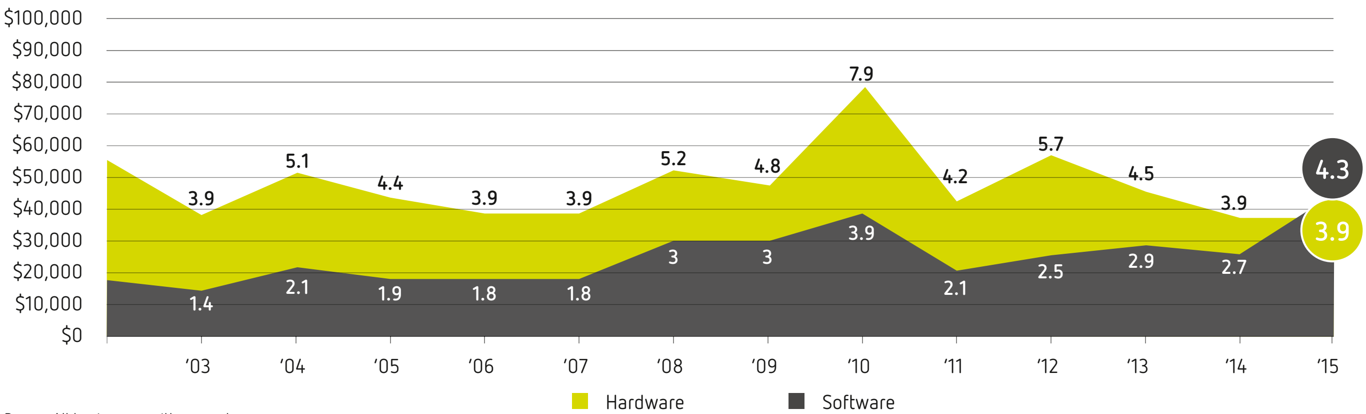
Base = Small businesses

Expenditure in 2014 calendar year (%) - medium business



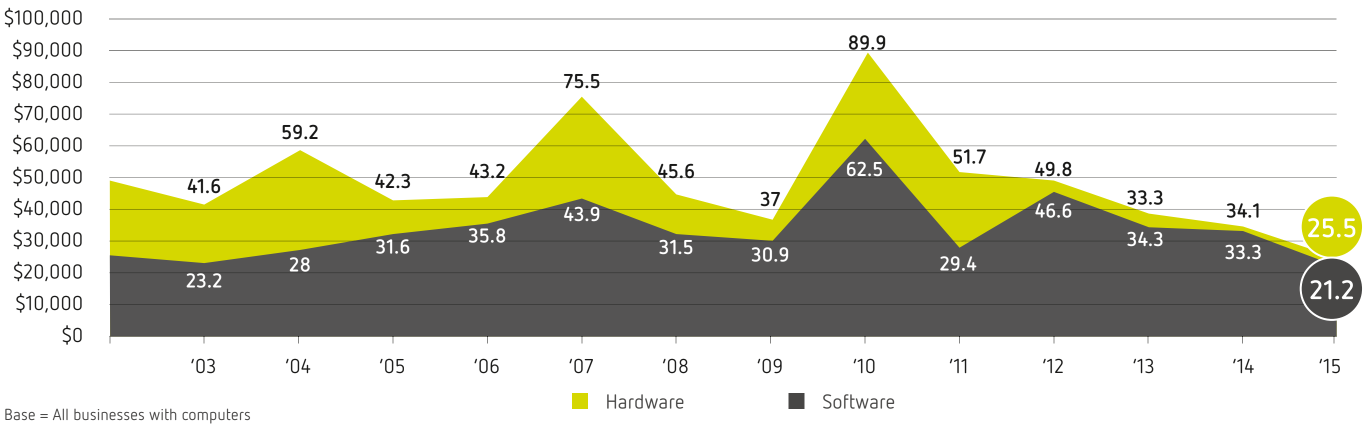
Base = Medium businesses

Trends in mean expenditure - small business



Base = All businesses with computers

Trends in mean expenditure - medium business



Base = All businesses with computers

Chapter 2.4

Expected expenditure in 2015 calendar year

Overall, SMEs were expecting their spend on computer hardware and software in 2015 to be lower than 2014 levels.

Total average expenditure for all SMEs in 2015 is expected to be $8,760. This would represent a fall of just over $1,000 from the total spend of $9,830 reported by SMEs in 2014.

SMEs in the Northern Territory intend to spend more on average than elsewhere ($13,700 on average in 2015). In Queensland it should be considerably lower (at $5,000). Apart from the Northern Territory, only SMEs in Victoria expect to spend over $10,000 in 2015 on hardware and software ($11,300).

On average, small businesses expect to spend just over $7,000 and medium businesses almost $48,000 on hardware and software in 2015. This is over $1,000 less compared to 2014 for small businesses but for medium businesses it is slightly more than $1,000 above their 2014 expenditure.

Small businesses are expecting to spend similar amounts on hardware and software in 2015 - on average around $3,500 on each. However, medium businesses are expecting to spend more on software (just over $27,000) than hardware ($20,500) in 2015.

On average, small businesses expect to spend just over $7,000 and medium businesses almost $48,000 on hardware and software in 2015.

Average total expenditure on hardware and software

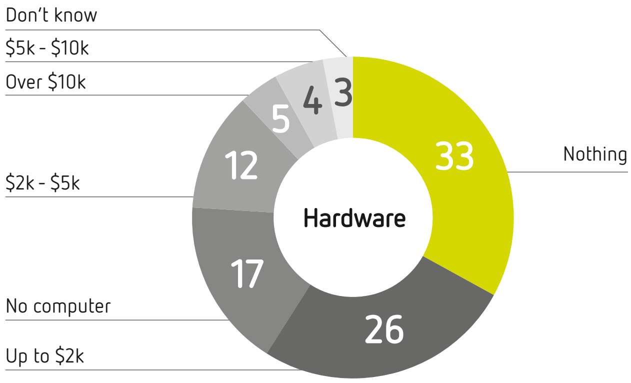
	Spent in 2014	Expect to in 2015
All SMEs	**9.8**	**8.8**
New South Wales	10.9	9.8
Victoria	8.8	11.3
Queensland	7.6	5.0
South Australia	17.4	9.4
Western Australia	9.0	7.2
Tasmania	5.7	5.7
Northern Territory	11.8	13.7
Australian Capital Territory	8.3	6.1

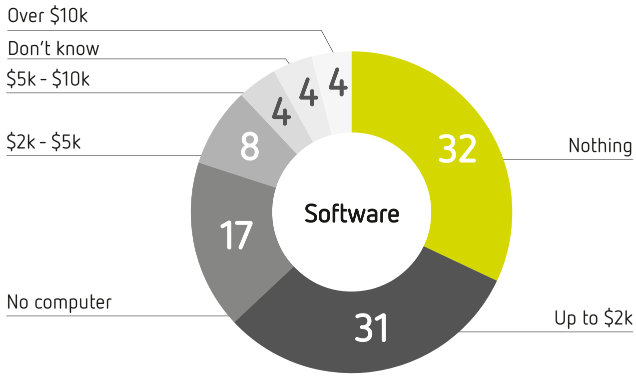
Base = All businesses with computers

Note: Rounding occurs

Figures are in 1,000s

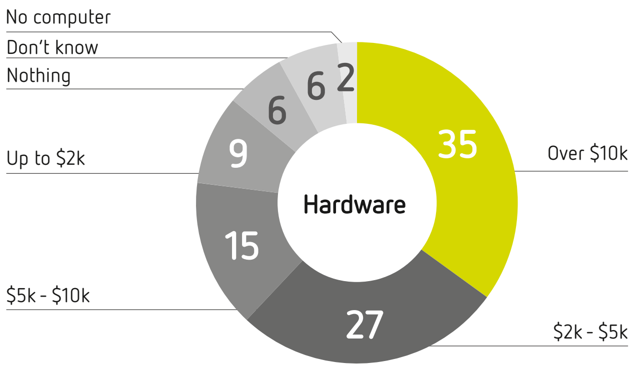
Expected expenditure in 2015 calendar year (%) - small business

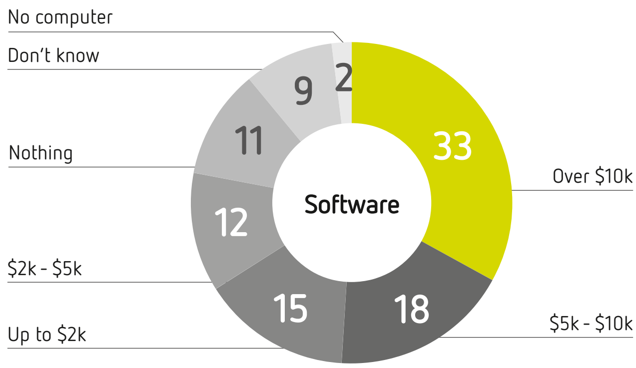




Base = Small businesses

Expected expenditure in 2015 calendar year (%) - medium business





Base = Medium businesses

Average expenditure on software and hardware maintenance

	2014 actual expenditure	2015 expectations
Small Business	$8,170	$7,020
Medium Business	$46,700	$47,730
All SMEs	**$9,830**	**$8,760**

Base = All businesses with computers

Getting connected

How SMEs are getting connected

sensis

84% of SMEs **are online**

of those not online

4% owned a computer ***but weren't connected to the internet***

and

12% didn't have a computer

1997

Small business internet penetration has risen from

23% to **84%**

TODAY

87% of online SMEs have broadband access

with

ADSL being the most popular

54%	44%	21%
DSL/ADSL	WIRELESS	CABLE

meanwhile

The strongest growth was wireless

up **9%** from last year

Only 3% of SMEs are connected to the NBN

19% of SMEs are dissatisfied with connection speeds

Chapter 3.1

Internet connection levels

84% of SMEs have computers connected to the internet while 4% have computers not connected to the internet which leaves 12% without computers.

There are virtually no medium sized firms without computers or internet connection and among SMEs typically such firms are one or two person businesses more commonly found in metropolitan areas.

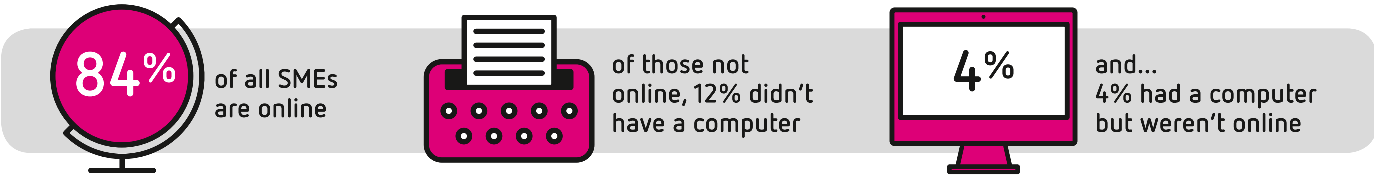
The finance and insurance sector recorded the highest rate of internet-connectivity at 95%. The lowest levels of connectivity were in the personal services sector at 72%.

It was not asked this time but for SMEs not connected to the internet, the main reason previously discovered was that they had not found a need for it. Of the 4% of SMEs not connected now, only 7% indicated that they would connect in the coming year.

Internet connections - by business size and location

	No computers	Use internet	Do not use
All Businesses	**12%**	**84%**	**4%**
1-2 Employees	22%	73%	5%
3-4 Employees	0%	95%	5%
5-9 Employees	4%	92%	4%
10-19 Employees	5%	95%	0%
Total Small (1-19)	**13%**	**83%**	**4%**
+ 20-99 Employees	1%	98%	1%
+ 100-200 Employees	0%	100%	0%
Total Medium (20+)	**1%**	**98%**	**1%**
Total Metropolitan	17%	78%	5%
Total Rural	5%	93%	2%

Base = All businesses
Note: Rounding occurs

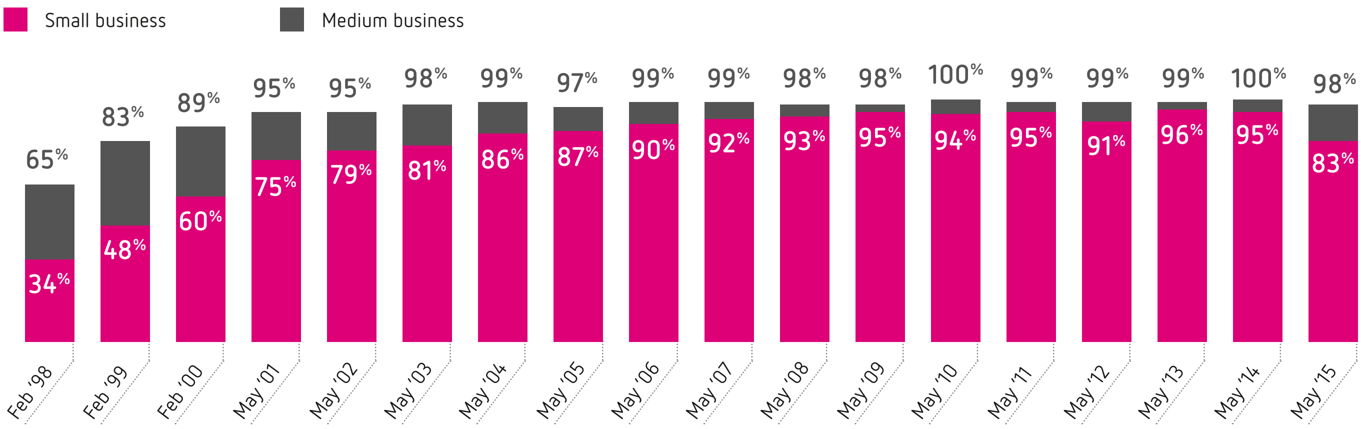


Internet connections - by industry sector

	No computers	Use internet	Do not use
Manufacturing	10%	90%	0%
Building/Construction	15%	84%	1%
Wholesale Trade	11%	84%	5%
Retail Trade	11%	84%	5%
Transport/Storage	10%	85%	5%
Communications, Property and Business Services	19%	79%	2%
Finance and Insurance	5%	95%	0%
Health/Community Services	5%	88%	7%
Personal Services	14%	72%	14%
Hospitality (Accommodation, Cafes and Restaurants)	14%	84%	2%

Base = All businesses

Trends in internet connections



Chapter 3.2

Broadband connections

87% of SMEs that are online reported having broadband internet access.

Standing out for type of access are Western Australia (65%) and the Northern Territory (64%) for ADSL. The ACT stands out for wireless (53%), New South Wales for cable (26%) and Tasmania for NBN (26%).

In businesses connected to the internet, the level of broadband connection was highest in South Australia (93%) and lowest in the Northern Territory and the ACT (81% each). Metropolitan and regional firms are similar in this respect – 87% and 86% each.

A majority (54%) of SMEs have an ADSL connection but quite a few have wireless access (44%) or cable (21%). Satellite and NBN (National Broadband Network) connections are still insignificant at 1% and 3% respectively.

It is also clear that a number of SMEs rely on more than one type of internet connection.

Of those SMEs that did not have a wireless connection, 16% indicated an intention to go wireless in the next year with 8% unsure.

By industry sector, manufacturing and retail had the greatest proportion with a broadband connection at 92%. The lowest level recorded was in the transport and storage sector at 78% with wholesale trade at 81%.

Overall, 60% of SMEs reported being satisfied with the upload and download speeds of their internet service, which comprised of 20% very satisfied and 40% quite satisfied. 19% reported feeling dissatisfied and 21% were neither satisfied nor dissatisfied. Satisfaction was particularly low in Queensland at 44% compared to majorities elsewhere ranging from 52% to 67%.

16% of SMEs without a wireless connection intend to get one in the next 12 months.

Accessing the internet

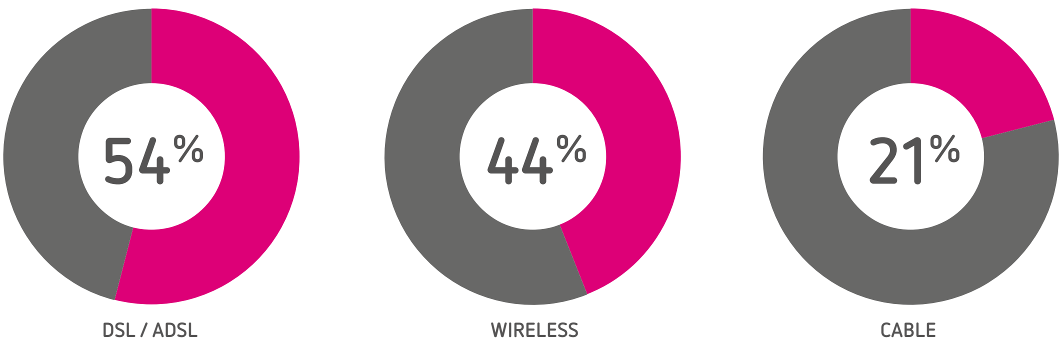
Do you currently have broadband access to the internet?

	Total	Small Business	Medium Business
Yes – have broadband	87%	87%	88%
No – do not have broadband	11%	11%	11%
Don't know	2%	2%	2%

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Yes - have broadband	**87**	89	85	85	93	84	89	81	81
No - do not have broadband	**11**	9	12	14	6	10	7	14	15
Don't know	**2**	2	3	1	1	6	4	5	4

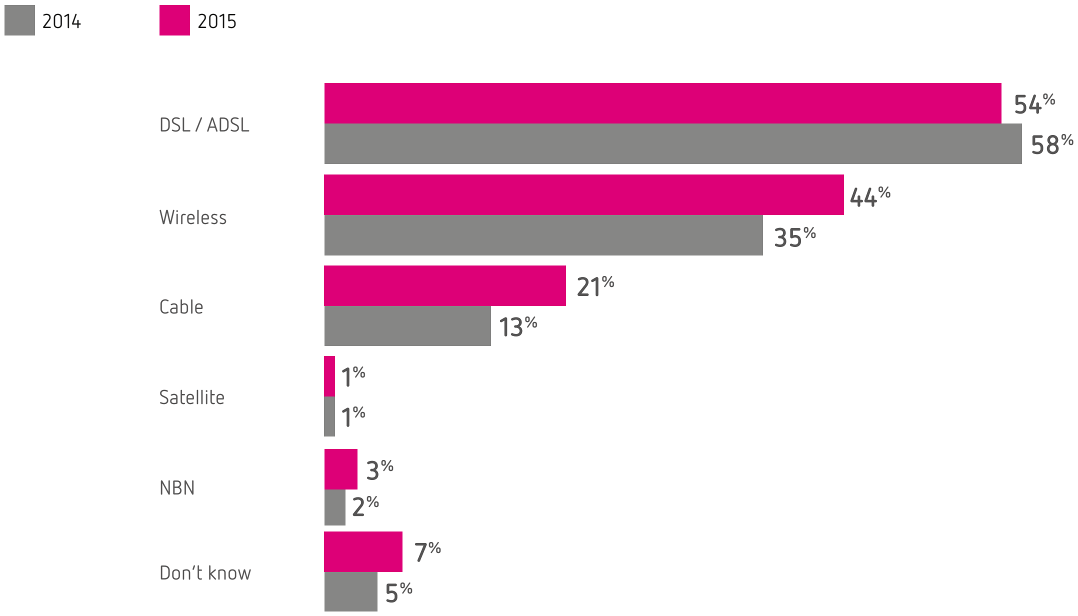
Base = SMEs with internet access

87% of SMEs have broadband internet access



Types of internet access

How do you currently access the internet?



Types of internet access - by state

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
DSL/ADSL	**54**	49	53	59	49	65	49	64	59
Wireless	**44**	49	49	34	36	45	37	50	53
Cable	**21**	26	24	20	17	10	17	7	21
Satellite	**1**	2	-	2	-	3	-	3	2
NBN	**3**	3	1	1	7	3	26	4	5
Don't Know	**7**	5	7	7	9	15	5	4	-

Base = SMEs with internet access

Using the internet

How online SMEs are using the internet

sensis

93% of SMEs use the internet for email

but

only 29% use email marketing

90% use the internet for online banking

and

71% use it to place orders for products & services

and

51% take orders for products & services online

84% use the internet to find suppliers

56% use a website to promote their business

and

15% advertise their business on other websites

70% use the internet to access directories

30% use the internet to monitor the market or competitors

31% use social media

Sensis *e-Business Report*, Di Marzio Research - 2015

Chapter 4.1

How the internet is used – current and expected usage

For SMEs with internet access, 93% said the number one reason for use was again communicating via email. Among internet-connected businesses, a further 4% expect to take up this application in the next year.

Other popular applications of the internet were internet banking (90%), looking for information about products and services (86%) and looking for information about suppliers (84%). Paying for products or services via the internet is the next most common use (78%). All these applications are also likely to attract some new users in the SME market over the coming 12 months.

With buying and selling uses online (e-commerce) we found around 69% or more pay for goods and services, and two thirds or more place orders in this way in each state or territory. The clear majority in each location also receive payments via the internet (59% or more). On all three of these uses SMEs in Tasmania stand out above other locations. However for taking orders they are the least likely at 39% compared to 44% to 55% elsewhere.

Over three quarters of internet-using SMEs indicated accessing online directories like the Yellow Pages is an appealing application of the internet.

Buying and selling products and services via the internet will gain further impetus in the SME world in the next 12 months and will be a very much mainstream activity.

The strongest growth expectations were largely for marketing applications. Monitoring markets or competition should attract a further 11% of SMEs using the internet while an additional 8% see themselves promoting their business using e-mail marketing in the next year.

Chapter 4.2

Current usage by business size

There is not much difference between small and medium businesses in their take-up of internet applications.

For the most popular internet application, communication via e-mail, there was a 2% difference in usage by firm size. This application is used by 93% of small businesses, compared to 91% of medium businesses connected to the internet.

There were gaps of only 2-3% between small and medium firms in usage for internet banking or to pay for products or services. Likewise regarding usage to look for information about products or services or for suppliers.

The internet application which demonstrated the greatest variation between small and medium businesses to promote their business was email marketing - an 18 percentage point gap in favour of medium firms.

Four applications are used by over eight in ten businesses in both the small and medium segments: e-mail communications, internet banking, looking for information on products and services and looking for suppliers.

Current and expected uses of the internet - summary

	Currently use	Expect to use	Total
To communicate via email	93%	4%	**97%**
Internet banking	90%	2%	**92%**
To look for information about products and services	86%	5%	**91%**
To look for suppliers of products or services	84%	6%	**90%**
To pay for products and services	78%	5%	**82%**
To place orders for products and services	71%	6%	**77%**
To access online directories such as the Yellow Pages	70%	6%	**76%**
To receive payments for products and services	61%	7%	**68%**
To take orders for products and services	51%	6%	**57%**
To monitor your markets or the competition	30%	11%	**41%**
To promote the business using email marketing	29%	8%	**37%**

Current and expected uses of the internet - by state

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
To communicate via email	**93**	90	95	96	92	90	90	97	100
Internet banking	**90**	87	93	92	90	83	94	93	91
To look for information about products and services	**86**	85	87	91	82	80	79	91	86
To look for suppliers of products or services	**84**	82	87	87	83	75	85	87	85
To pay for products and services	**78**	77	79	80	74	72	88	70	69
To place orders for products and services	**71**	73	65	78	65	69	84	73	66
To access online directories such as the Yellow Pages	**70**	70	66	76	71	57	81	75	74
To receive payments for products and services	**61**	62	63	59	59	57	73	68	69
To take orders for products and services	**51**	54	46	51	51	55	39	44	50
To monitor your markets or the competition	**30**	32	27	34	29	28	16	29	37
To promote the business using email marketing	**29**	37	23	25	25	28	20	32	29

Base = All businesses with internet

Current uses of the internet - by business size

	All SMEs	Small business	Medium business
To communicate via email	**93%**	93%	91%
Internet banking	**90%**	90%	87%
To look for information about products and services	**86%**	86%	84%
To look for suppliers of products or services	**84%**	84%	83%
To pay for products and services	**78%**	77%	79%
To access online directories such as the Yellow Pages	**70%**	69%	78%
To place orders for products and services	**71%**	71%	77%
To receive payments for products and services	**61%**	61%	66%
To take orders for products and services	**51%**	51%	49%
To monitor your markets or the competition	**30%**	30%	39%
To promote the business using email marketing	**29%**	28%	46%

Base = All businesses with internet

Chapter 4.3

Trends in usage

While the previous section focused specifically on those SMEs that were connected to the internet, it is interesting to look at usage across all SMEs. This provides a better reflection of market penetration.

Typically we have also examined trends over time here but as pointed out earlier the changed weighting approach this year makes comparisons problematic.

Nevertheless the same relativities are apparent in the appeal of each application even if the actual incidences appear lower in each case.

Eight of the eleven applications are used by a majority of SMEs. Four are used by around two thirds or more and these relate to communications, transactions and information search – email communication, internet banking, paying for goods and services and to look for information on products or services or for suppliers

Placing orders for products and services via the internet is conducted by 60% of SMEs but taking orders that way is only carried out by 43%.

Only about a quarter of SMEs use the internet for marketing-related purposes – to monitor their markets or competition or to promote the business by email marketing.

Chapter 4.4

What are the essential uses?

The most essential internet application for SMEs is email communication, and this was also true in the 2014 survey report at 86%. This is identified by 90% as an essential application now. It is around the 90% level in all locations and all industries except for health and community services (76%).

The next most important application was internet banking at 86% (82% last year). Across the industry sectors, between 77% and 93% identify internet banking as an essential internet application. The lowest is in health and community services while finance and insurance is highest in this respect.

There were six other applications considered essential by a majority of SMEs: looking for information about products and services (73%); looking for suppliers of products or services (70%); paying for products and services (64%); placing orders for products and services (58%); to access directories and receiving payment for products and services (53% each).

Trends in current uses of the internet – all businesses

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

Base = All businesses

What are the essential uses?

	All SMEs	Small Business	Medium Business
To communicate via email	**90%**	90%	95%
Internet banking	**86%**	86%	92%
To look for information about products and services	**73%**	73%	77%
To look for suppliers of products or services	**70%**	69%	81%
To pay for products and services	**64%**	64%	79%
To place orders for products and services	**58%**	58%	72%
To access online directories such as the Yellow Pages	**53%**	53%	61%
To receive payments for products and services	**53%**	53%	62%
To take orders for your products and services	**42%**	42%	40%
To promote the business using email marketing	**22%**	22%	33%
To monitor your markets or the competition	**20%**	20%	32%

Base = All businesses with internet

Using websites

For some businesses, design and construction of a website is the next step after connecting to, and using, the internet. This section examines the attitudes of SMEs to websites.

Australian SMEs and websites

sensis

56%

of SMEs have a website

of those who don't

6%

intend to build one within the next year

and

39% of small businesses have no plans to build a website

35%

of SMEs have a mobile specific site or optimised site

with 28% intending to this year

61% of SMEs said that a website increased business effectiveness

with

43% seeing increased customer awareness

and

13% seeing increased sales/orders

In the last year SMEs spent an average of

$2,500

building and maintaining websites

down from $2,600 last year

Website features used:

26%

of SMEs use video up from 23%

72% of SMEs use product images on their website

$$$

32%

include pricing

81% use location maps

19% have transaction functionality

Sensis *e-Business Report*, Di Marzio Research - 2015

Chapter 5.1
Website ownership

Overall, 56% of all SMEs reported that they had a website for their business. A further 6% of SMEs reported that they intended to get a website in the next year.

Location-wise website incidence is relatively high in the ACT (70%) and below the national incidence in Western Australia (49%). Tasmanian SMEs are much more likely to get a website in the next year - 15% compared to 8% or less in other locations.

The proportion of small businesses with a website was 55% with 6% intending to get one in the next year. 66% of online small businesses have a website which is similar to the 2014 incidence of 68%.

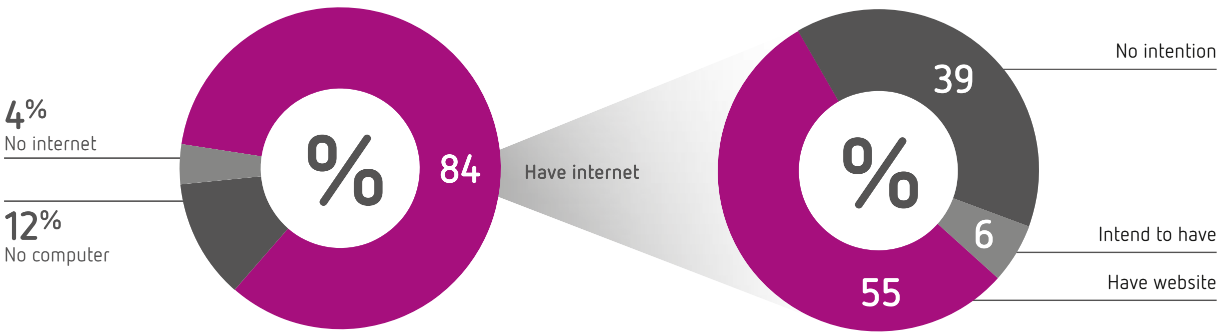
89% of medium businesses have a website. This was 95% in the 2014 survey. 1% intend to get one in the next year and the remaining 10% do not.

Website penetration correlates strongly with business size as measured by employee numbers. 42% of firms with 1 to 2 employees have a website, 58% of those with 3 to 4 employees, 71% of those with 5 to 9 employees, 78% of those with 10 to 19 employees, 89% of those with 20 to 99 employees and 100% of those with 100 to 200 employees.

The highest rates of website penetration by industry sector was in manufacturing at 78%. The lowest rates are in transport and storage (40%) and building and construction (44%). The majority of businesses in all other industry sectors have a website and this incidence ranges from 51% to 68%.

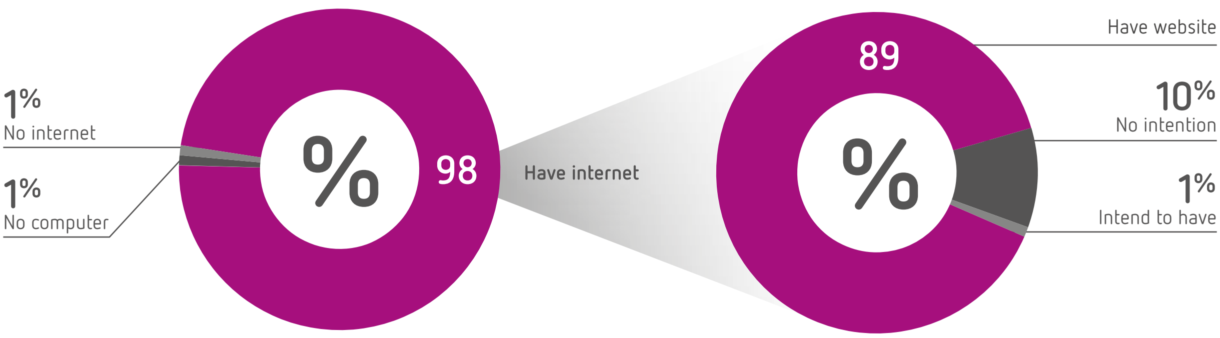
Websites are not the only internet presence that businesses have. For those SMEs connected to the internet but without a website, 42% had some other form of internet presence, with 28% having a listing in a business directory, 15% having a presence on a third-party website, and 20% having a social media presence.

Website ownership - small business



Base = Small businesses

Website ownership - medium business



Base = Medium businesses

Website use and intention - by state

	Have website %	Expect to in next year %
All SMEs	**56**	**6**
New South Wales	59	8
Victoria	50	3
Queensland	63	4
South Australia	55	8
Western Australia	49	7
Tasmania	50	15
Northern Territory	52	8
Australian Capital Territory	70	4

Base = All businesses

Note: Rounding occurs

Website use and intention by business size

	2010	2011	2012	2013	2014	2015	
	Have website					Have website	Intend to have
All Businesses	**61%**	**67%**	**62%**	**66%**	**66%**	**56%**	**6%**
1-2 Employees	53%	55%	49%	53%	55%	42%	6%
3-4 Employees	57%	72%	75%	70%	71%	58%	8%
5-9 Employees	78%	78%	69%	84%	76%	71%	5%
10-19 Employees	86%	93%	90%	87%	90%	78%	7%
Total Small (1-19)	**60%**	**66%**	**60%**	**64%**	**64%**	**55%**	**6%**
+ 20-99 Employees	89%	87%	93%	89%	95%	89%	1%
+ 100-200 Employees	96%	98%	100%	92%	91%	100%	-
Total Medium (20+)	**89%**	**88%**	**94%**	**90%**	**95%**	**89%**	**1%**

Base = All businesses

Chapter 5.2

Website features and benefits

We have found in the past that SMEs have a wide range of information and features on their websites. This is still the case and even though we measured fewer features this time we note similar incidences to last year for most.

Once more, around nine in ten reported that they put company history and information and product descriptions on their websites. Other features displaying similar incidences to 2014 include an email enquiry form (82%), product pictures (72%), company news (47%), video (26%) and special offers (35%).

Location maps (up from 73% to 81%) and investor information (up from 8% to 15%) were more prevalent this year. Conversely there were fewer mentions of independent reviews and testimonials (down 8 points to 32%), prices (down 6 points to 32%) and transaction functionality (down 4 points to 19%).

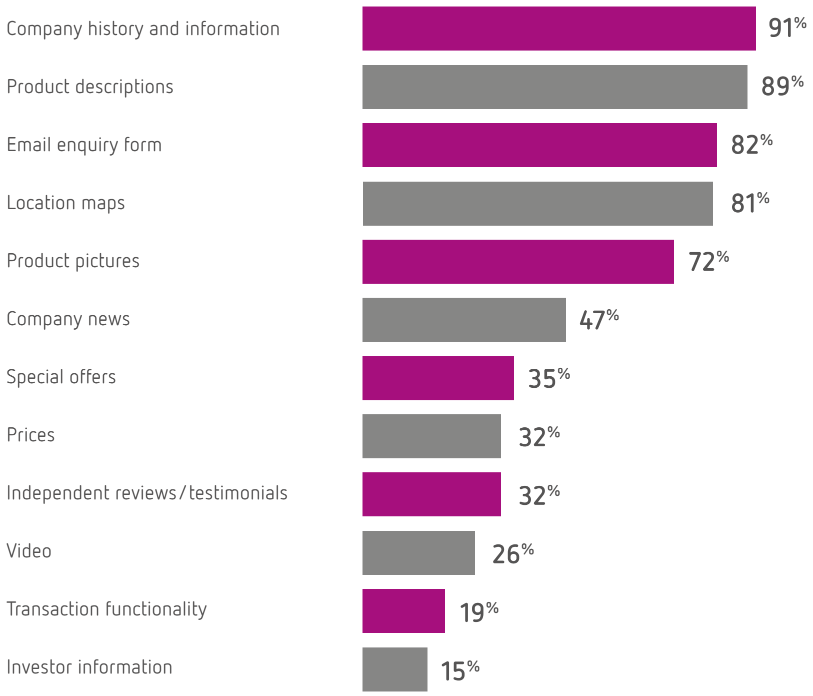
61% stated having a website improved the effectiveness of their business, down eight points in the past year.

SMEs in the hospitality sector were most likely to say that their website had increased the effectiveness of their business (84%, exactly the same as in 2014). Least likely were those in transport and storage (41%).

By location SMEs in the ACT (78%) were clearly above average in claiming their website has increased the business effectiveness well ahead of those in Tasmania (44%) and NT (47%).

The most common reason given for increased business effectiveness from their website was that they had better exposure to the market, customers were able to more easily access information and their enquiries and sales had increased.

Website features used by SMEs



Base = All businesses

Trends in website features used by SMEs

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

Base = All businesses with a website

Have websites increased business effectiveness?

	All SMEs	Small business	Medium business
Yes - increased	**61%**	61%	59%
No - not increased	**39%**	39%	41%

Base = All businesses with a website

Has the website increased business effectiveness?

61% of all SMEs said yes

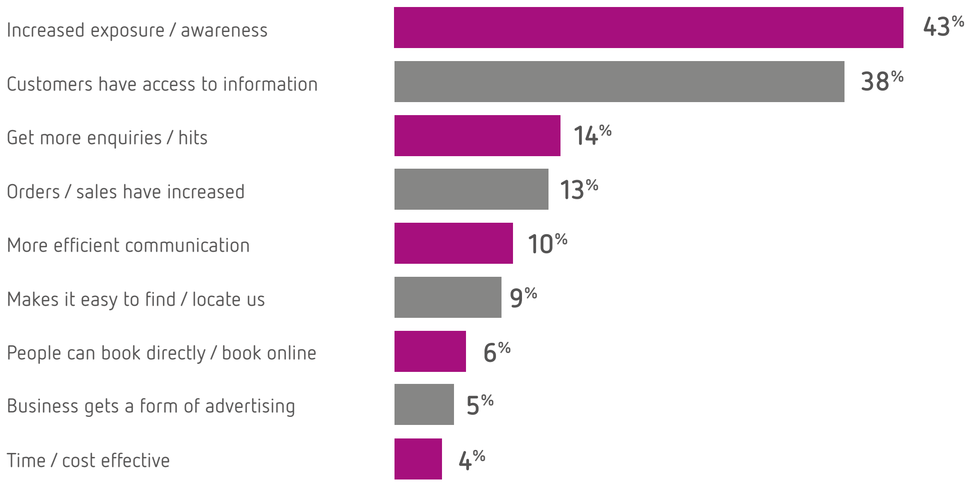
39% of all SMEs said no

Has the website increased business effectiveness?

	Yes %	No %
All SMEs	**61**	**39**
New South Wales	64	36
Victoria	59	41
Queensland	68	32
South Australia	48	52
Western Australia	50	50
Tasmania	44	56
Northern Territory	47	53
Australian Capital Territory	78	22

Base = All businesses with website

Reasons for increased business effectiveness



Base = All businesses with a website

Chapter 5.3

Website monitoring and updating, optimisation and overhauls

There has been no major shift in frequency of monitoring or updating websites among SMEs with around nine in ten doing so at least yearly and the clear majority updating monthly or more often.

Just over one third of SMEs with a website (35%) have had it optimised for mobile phones and other devices and there is virtually no difference between small and medium firms in this incidence. Such website optimisation is most common in the health and community services sector (57%) and well below average in manufacturing (24%), building and construction (24%), and transport and storage (26%).

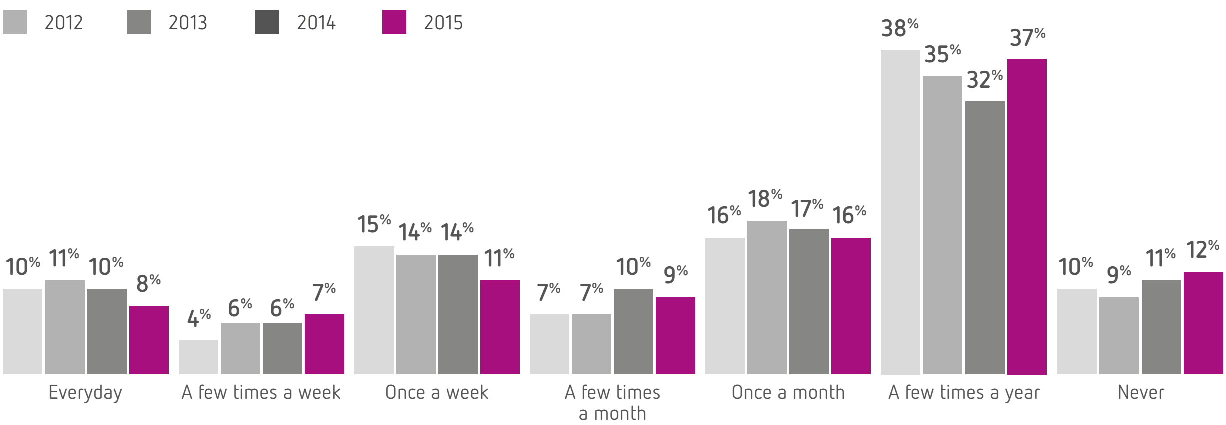
Across the states and territories such optimisation varies from 26% in Victorian SMEs to 45% in New South Wales.

Just over a quarter (28%) of SMEs whose website is not optimised for mobiles or other devices intend to make that happen in the next year with small and medium firms similar in this intention. A further 16% of SMEs are unsure about this which leaves a majority rejecting this option (56%).

By location the optimisation intention is highest in New South Wales (37%) and lowest in South Australia (22%).

33% of SMEs indicated having had their website undergo a major overhaul or upgrade in the last year. For almost the same proportion this occurred 1 to 2 years ago.

How often do SMEs monitor or update their websites?



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

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

	All SMEs	Small business	Medium business
Yes	**35%**	35%	34%
No	**65%**	65%	66%

Base = SMEs with websites

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

	All SMEs	Small business	Medium business
Yes	**28%**	28%	30%
No	**56%**	56%	51%
Don't know	**16%**	16%	19%

Base = SMEs with websites

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

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Yes	**35**	45	26	28	31	38	32	42	28
No	**65**	55	74	72	69	62	68	58	72

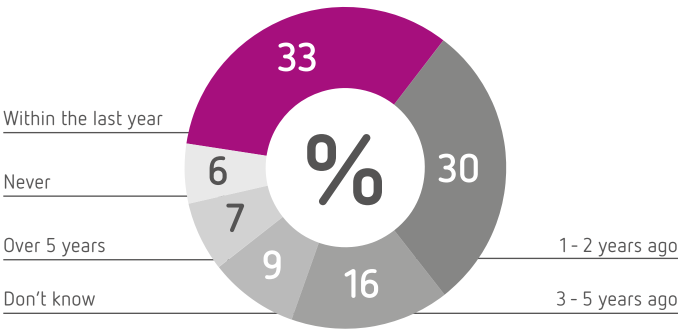
Base = SMEs with websites

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

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Yes	**28**	37	23	26	22	29	27	30	26
No	**56**	49	60	58	57	58	40	68	58
Don't know	**16**	14	17	16	21	13	33	2	16

Base = SMEs with websites

When a major overhaul or upgrade of website was last undertaken



Base = All businesses with a website
Note: Rounding occurs

Chapter 5.4

Website expenditure

SMEs reported spending almost $2,500 on building and maintaining their website in 2014 compared to $2,600 the year before. Small businesses reported spending an average of almost $2,200 compared to almost $7,500 for medium businesses.

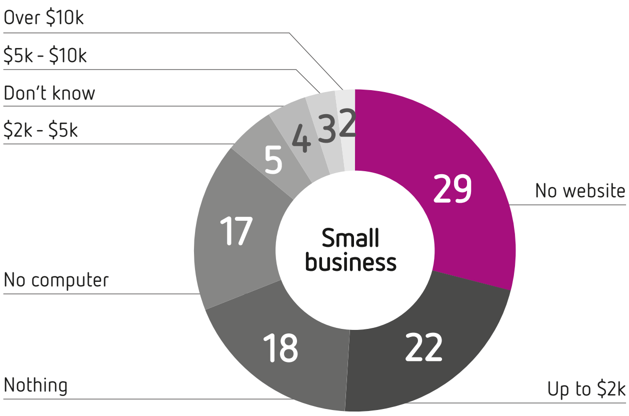
Not many small businesses (10%) spent more than $2,000 on their website last year and among medium businesses almost one third spent over $5,000.

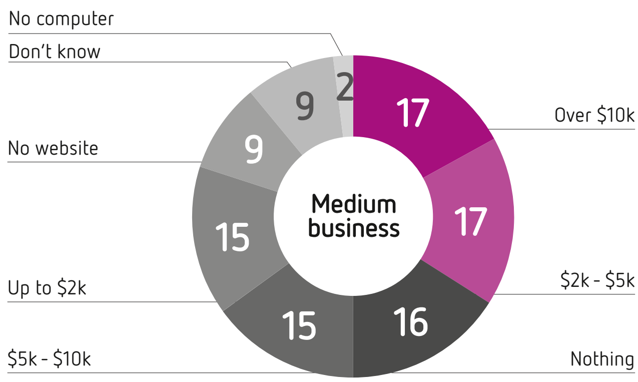
SMEs in the wholesale and the transport and storage sectors had the highest average spends on their website - around $4,400 and $4,100 respectively. Much lower average spends were evidenced in hospitality and the cultural, recreational and other personal services sector at $860 each.

Only about one third of SMEs expect to spend anything on their website in 2015. Those in the ACT are the most likely to do so (45%) while other locations are mostly near the national average.

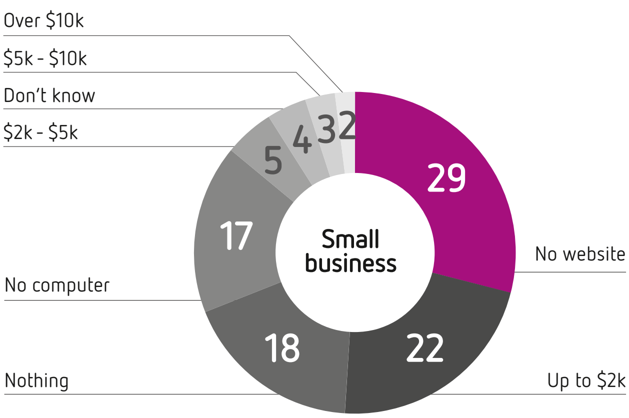
For the 2015 year, the average expected expenditure by SMEs on building and maintaining their website is almost $2,400. Hence it is slightly less than the 2014 expenditure. For small businesses the expected average is almost $2,100 while for medium firms it is close to $6,800. In terms of the breakdown, the expected expenditure by small businesses is concentrated at the low end while among medium-size businesses there is a bigger mix of firms likely to be spending various amounts above $2,000.

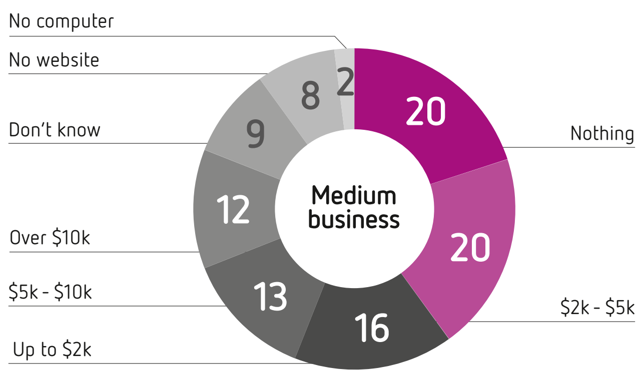
Expenditure on building and maintaining website in 2014





Expected expenditure on building and maintaining website in 2015





Note: 'No computer' here means does not own a desktop or a notebook.

Where other results show 'any computer' they include tablet ownership which is why the figures vary from the above.

Expected expenditure on building and maintaining website in 2015 - by state

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
No computer	**16**	18	18	12	14	20	16	11	8
No website	**28**	23	32	25	32	32	34	37	21
Nothing spent	**18**	21	12	19	20	22	15	20	16
Up to $2k	**22**	23	24	25	17	13	13	26	33
$2k-$5k	**6**	5	5	6	10	6	9	2	7
$5k-$10k	**3**	3	4	3	5	3	4	1	2
Over $10k	**3**	2	3	3	1	3	1	1	3
Don't know	**4**	5	2	7	3	2	8	1	10
Total expect to spend at all	**34**	33	36	37	33	25	27	30	45

Base = SMEs with websites

Social media in businesses

How SMEs use social media

sensis

31% of online SMEs use social media for business

93% use Facebook

22% use Twitter

19% use LinkedIn

8% use Google+

but they're less likely to have

7%	7%	3%
A blog	YouTube	Pinterest

How often SMEs update social media

23% everyday

70% at least once a week

31% of SMEs used paid advertising on social networks

SMEs using social media spent **$6,560** on average on their social media

Chapter 6.1

Incidence of use

31% of SMEs have a social media presence as discovered in the March 2015 Sensis Social Media Survey. There was little difference in the incidence of use between small (30%) and medium businesses (32%). The small business segment reported spending some $5,900 a year on average on social media compared to almost $18,100 by medium businesses.

There was considerable variation by sector, with the most common social media presence found in SMEs in the cultural, recreational and personal services sectors (49%) followed by those in the hospitality sector (45%). The lowest propensity to use social media for business purposes was in manufacturing and the building and construction sector at 19% each.

For those SMEs with a social media presence, this was most likely to include a Facebook page (94% of small firms and 89% of medium size firms). This was followed a long way back by Twitter (17% of small and 38% medium) and LinkedIn (19% each). Other types of social media have low penetrations.

One in five (20%) small businesses reported updating their social media presence everyday - the same as in 2014 - while in the medium business segment 34% do this - this was 42% in 2014. At the other end of the scale 5% of small businesses and 4% of medium businesses never update their social media presence with similar proportions doing this only a few times a year.

Overall, responsibility for the business' social media presence was kept in-house (91% in small businesses and 85% in medium). In the former it is mostly updated by the business owner or manager (76%) while it is usually by the marketing department in medium firms (63%). Fewer than 10% of SMEs are outsourcing the overall responsibility.

Most SMEs with social media are yet to have developed a strategic plan for this side of their business. In fact, only 19% of small firms and 39% of medium firms have a social media strategy.

It is noteworthy that SMEs with a social media presence were more likely to report confidence in their firm's prospects and increased sales, profitability and employment in the last quarter than those without such a presence.

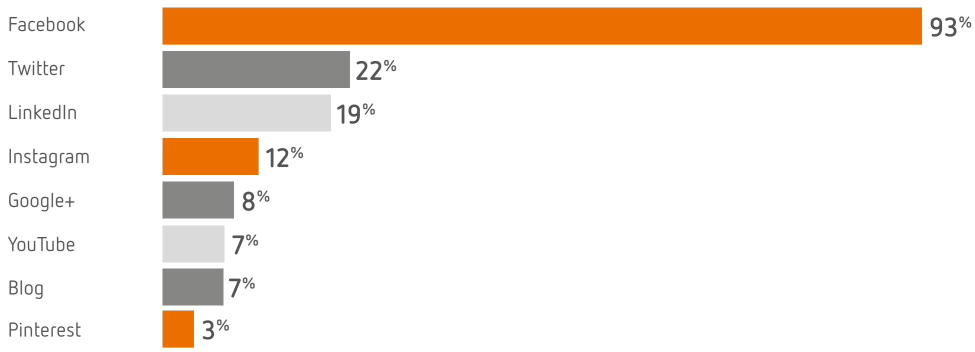
Social networking in SMEs

Does your business have a social media presence?

	2011	2012	2013	2014	2015		
	All SMEs				All SMEs	Small Business	Medium Business
Yes	18%	27%	35%	39%	**31%**	**30%**	**32%**
No	82%	73%	65%	61%	**69%**	**70%**	**68%**

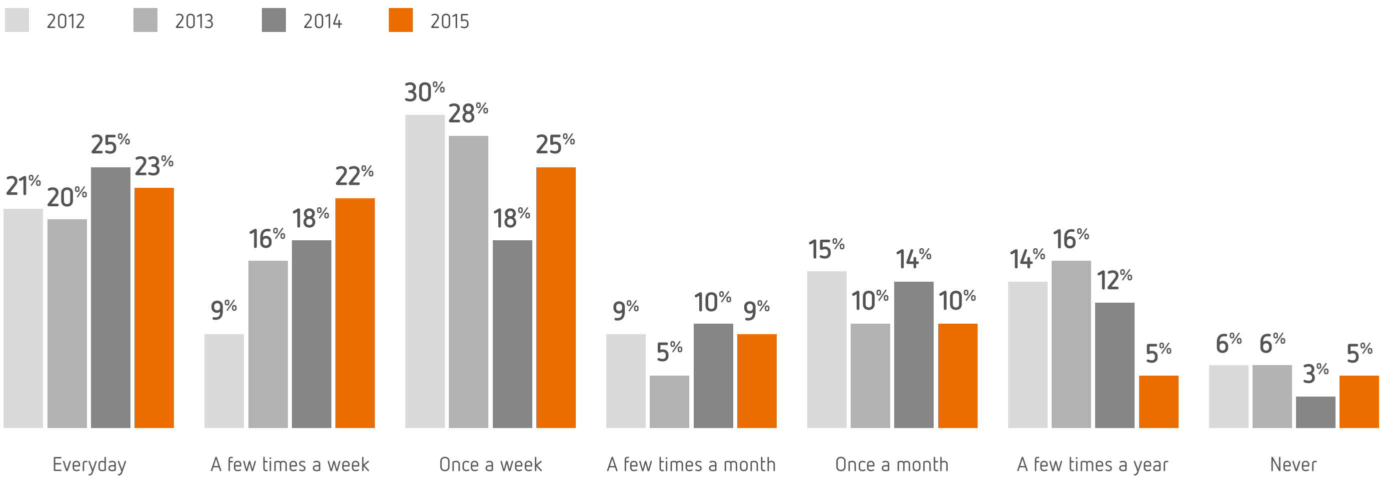
Base = All businesses with website

What does social media presence include?



Base = All businesses with social media

Frequency SMEs monitor and update social media



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

Electronic commerce

This section examines key elements of e-commerce usage and experience of SMEs.

How Australian SMEs are using e-commerce

sensis

43% take orders online

and

51% receive payments online

Top 4 reasons SMEs take up e-commerce

73% To provide better customer service	**56%** Said customers wanted it
57% To improve delivery	**55%** To promote business more effectively

35% of SMEs use digital display advertising

28% use SEO	**18%** use SEM	**31%** use social media ads

Where do SMEs sell?

92% make local sales with 66% saying most of their sales are local

46% make interstate sales

27% make overseas sales

10% are specifically targeting international customers

31% of SMEs using e-commerce made most of their sales online

Industry most likely to sell online?

68% Manufacturing

Industry least likely to sell online?

34% Transport and Storage

Sensis *e-Business Report*, Di Marzio Research - 2015

Chapter 7.1

Use of the internet for procurement

The internet is quite widely used by SMEs for electronic commerce.

60% of all SMEs place orders via the internet and 65% use it to pay for products and services.

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

The above uses are more pronounced in medium firms than small firms but firms with 3 to 19 employees are pretty close to those with 20 or more in each case. Hence it is only the 1 to 2 employee firms that are below average in this respect.

Tasmanian SMEs display an above average liking for placing orders and paying on the internet (75% and 77% respectively). Other locations are generally not far from the national average on these two measures.

Looking for information on goods and services via the internet is around the 70% mark in all locations except WA (57%).

Placing orders and paying for goods and services on the internet are both slightly more pronounced in regional areas than metropolitan (by 5 percentage points). However looking for information on goods and services via the internet is almost the same in regional as metropolitan areas.

Buying over the internet - by business size

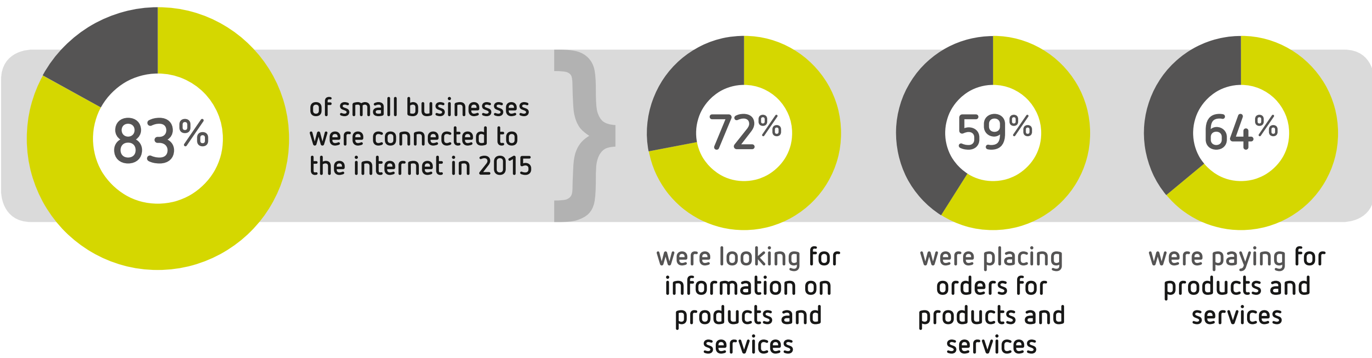
	Connected to internet	Look for information	Place orders	Pay for products/services
All Businesses	**84%**	**72%**	**60%**	**65%**
1-2 Employees	73%	59%	48%	54%
3-4 Employees	95%	88%	66%	79%
5-9 Employees	92%	83%	72%	73%
10-19 Employees	95%	84%	76%	76%
Total Small (1-19)	**83%**	**72%**	**59%**	**64%**
+ 20-99 Employees	98%	82%	74%	76%
+ 100-200 Employees	100%	75%	100%	100%
Total Medium (20+)	**98%**	**82%**	**75%**	**77%**

Base = All businesses

Buying over the internet - trends for small business

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

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

Base = Medium businesses

Chapter 7.1 (continued)

Use of the internet for procurement

There was some variation by industry as to whether businesses use the internet to place orders for goods and services but the majority of businesses do so in all sectors.

70% or more of the SMEs in manufacturing, finance and insurance and health and community services place orders for products and services on the internet.

Finance and insurance firms also stand out in paying for goods and services on the internet (83%). SMEs in communications, property and business services (54%) and in personal services (58%) are much less likely to do this.

The average proportion of total SME procurement made online increased three percentage points this year to 44%. It is as high as 50% in Tasmania and lowest in South Australia at 33%. Some 30% of SMEs that placed orders online reported they placed the majority of their orders over the internet, which compares with 34% last year.

Overall, SMEs reported making 9% of their purchases from overseas businesses, down five percentage points relative to the 2014 survey. Small and medium firms did not differ in this incidence.

Purchasing from overseas businesses online was most common among SMEs in retail (19%) followed closely by the wholesale trade sector (17%). Hospitality (6%), building and construction (7%) and transport and storage (7%) were the sectors reporting the lowest proportion of overseas online purchases.

From a list of five categories, the most common item purchased online by SMEs during the year was office supplies (71%). Stock / merchandise and travel bookings were also purchased online by most SMEs.

Buying over the internet - by industry

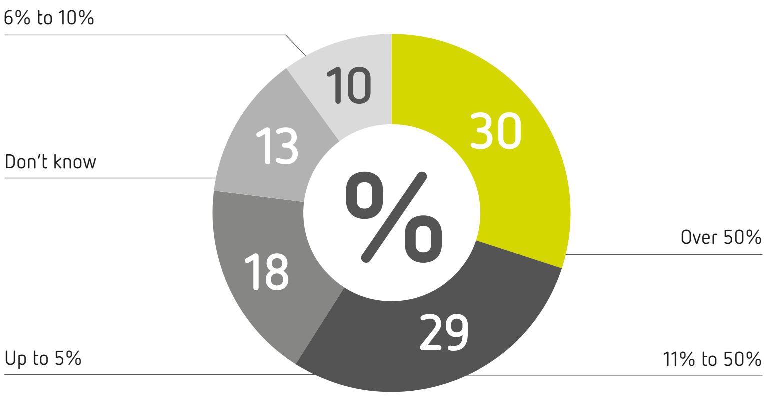
	Connected to internet	Look for information	Place orders	Pay
All Businesses	**84%**	**72%**	**60%**	**65%**
Manufacturing	90%	84%	70%	76%
Building/Construction	84%	75%	58%	65%
Wholesale Trade	85%	73%	57%	65%
Retail Trade	83%	69%	60%	66%
Transport/Storage	85%	69%	56%	64%
Communications/Property/Business Services	79%	61%	52%	54%
Finance and Insurance	95%	88%	72%	83%
Health/Community Services	88%	75%	74%	67%
Personal Services	72%	65%	53%	58%
Hospitality (Accommodation/Cafes/Restaurants)	84%	66%	56%	64%

Base = All businesses

Proportion of orders placed over the internet

44%

Average proportion of orders placed over the internet



Base = Place orders over the internet

Proportion of orders placed over the internet - by state

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Don't know	**13**	16	8	10	20	21	6	5	7
Up to 5%	**18**	12	28	15	25	19	13	18	19
6% to 10%	**10**	10	13	6	15	11	3	4	6
11% to 50%	**29**	29	28	34	24	17	39	34	36
Over 50%	**30**	33	23	35	16	33	40	39	32
Mean	**44**	*48*	*35*	*48*	*33*	*45*	*50*	*49*	*44*

Base = Place orders over the internet

Note: rounding occurs

Items bought over the internet

Base = Place orders over the internet

Chapter 7.2

SME use of the internet to sell

There are still many SMEs yet to embrace the internet for selling purposes. 43% of all SMEs reported taking orders online last year and 51% receive payments online.

Both these incidences are higher for medium businesses than small businesses - by 6 points for taking orders (48% to 42%) and by 14 points for receiving payments (65% to 51%). Firms with 1 to 2 employees are considerably less likely than other SMEs to transact in these ways.

Manufacturers are by far the most oriented to taking orders online with 68% in this sector reporting this experience. The hospitality sector was the only other industry where a majority of businesses do this (53%). Transport and storage (34%) and building and construction (36%) are the least likely sectors in this respect.

Taking orders online is less pronounced in metropolitan areas (39%) than in regional areas (48%). SMEs in the ACT recorded the highest incidence of taking orders online at 46% and the lowest incidence was in Tasmania (33%). Other locations were close to the national average.

The clear majority of all SMEs receive payments online except for those with 1 to 2 employees (42% compared with over 55% in the other employee size segments).

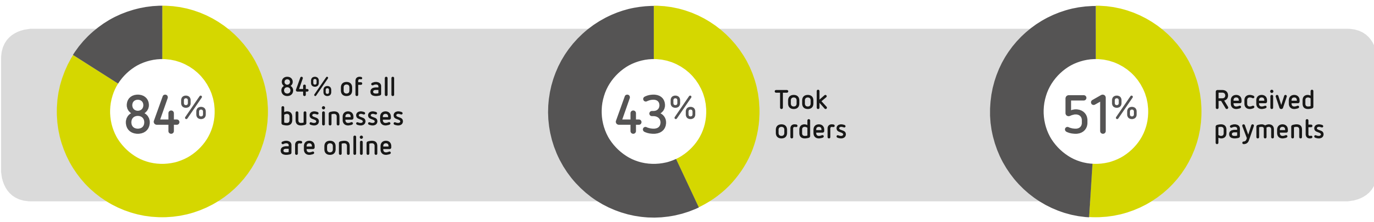
SMEs in the finance and insurance (67%), manufacturing (63%) and transport and storage (61%) sectors stood out for receiving online payments while health and community services is the only sector well below average (36%).

Regional SMEs are also more likely to receive online payments than their metropolitan counterparts (58% compared to 47%). By state the highest incidence is in Tasmania (73%) and lowest is Western Australia (57%).

Selling over the internet - by business size

	Connected to internet	Take orders	Receive payments
All Businesses	**84%**	**43%**	**51%**
1-2 Employees	73%	34%	42%
3-4 Employees	95%	54%	69%
5-9 Employees	92%	48%	55%
10-19 Employees	95%	53%	59%
Total Small (1-19)	**83%**	**42%**	**51%**
+ 20-99 Employees	98%	47%	63%
+ 100-200 Employees	100%	67%	100%
Total Medium (20+)	**98%**	**48%**	**65%**

Base = All businesses



Selling over the internet - trends for small business

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

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

Base = Medium businesses

Chapter 7.2 (continued)

SME use of the internet to sell

The Sensis e-Business Report has compared the rate at which industry sectors have evolved their internet strategies from basic internet connectivity to a comprehensive e-commerce strategy involving taking orders online.

The largest gap in any industry sector between internet penetration and taking orders online was again in the finance and insurance sector. This sector recorded a gap of 53 percentage points, however this gap has decreased from 58 points recorded last survey. The gap is also high in transport and storage at 51 points.

The narrowest gap was again in the hospitality sector at 31 percentage points (compared to 21 points last time).

Although there are many SMEs not taking orders online, the average proportion of orders taken online has increased in the last three surveys from 32% to 37% to 41% now. SMEs in the manufacturing sector that took orders online reported the highest average proportion of business orders taken online at 56%. This compared to those in the retail and health and community sectors taking only 27% of their orders online.

At the lower end, 23% of SMEs taking orders online said they accounted for up to 5% of their total orders.

At the upper end, 31% of SMEs taking orders online reported they made up more than half of their total orders, up two percentage points in the last year. SMEs in the manufacturing sector were most likely to report that online orders made up the majority of their orders (49%, the same as in 2014), with the retail trade sector again least likely to report receiving the majority of their orders online (16% although this has risen from 4% last survey).

Around the nation, of those SMEs taking orders online, SMEs in Tasmania and Queensland were the most likely to report doing this (43%), with those in South Australia least likely (18%).

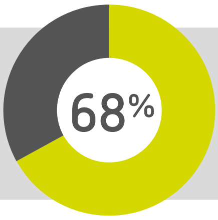
Selling over the internet - by industry sector

	Connected to internet	Take orders	Receive payments
All Businesses	**84%**	**43%**	**51%**
Manufacturing	90%	68%	63%
Building/Construction	84%	36%	48%
Wholesale Trade	85%	44%	51%
Retail Trade	83%	47%	51%
Transport/Storage	85%	34%	61%
Communications/Property/ Business Services	79%	42%	47%
Finance and Insurance	95%	42%	67%
Health/Community Services	88%	40%	36%
Personal Services	72%	41%	49%
Hospitality (Accommodation/Cafes/Restaurants)	84%	53%	57%

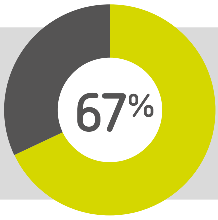
Base = All businesses

Of the industries selling over the internet...

Manufacturing takes the most orders with



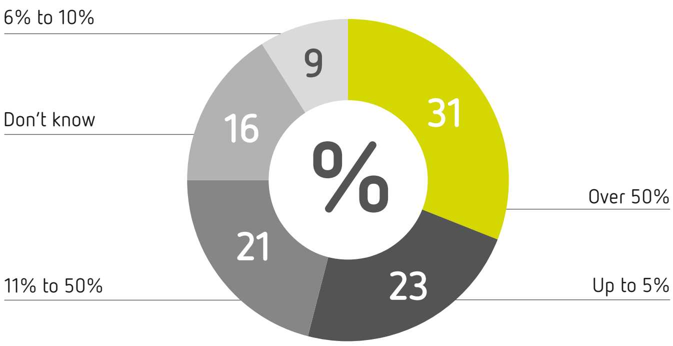
Finance and Insurance receives the most payments with



Proportion of orders taken over the internet - by businesses which take orders over the net (43%)

41%

Average proportion of orders taken over the internet



Base = Have taken orders

Proportion of orders taken over the internet - by state

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Don't know	**16**	22	9	12	14	22	2	14	14
Up to 5%	**23**	18	27	27	21	22	9	18	21
6% to 10%	**9**	10	11	5	17	9	21	8	6
11% to 50%	**21**	16	26	23	27	18	26	24	23
Over 50%	**31**	35	27	33	21	29	43	37	37
Mean	***41***	*46*	*36*	*41*	*34*	*41*	*43*	*47*	*46*

Base = Take orders over the internet

Note: Rounding occurs

Chapter 7.3

Who businesses sell to online

Most sales made using e-commerce are relatively close to home but there are quite a few SMEs who sell to customers outside their local area.

In total, 92% of SMEs that sold online reported making sales to local customers, with 66% saying they are their main online customers. These results compare with 84% and 45% respectively last year so there has been solid growth in these incidences.

Only in Tasmania do a minority of SMEs mainly sell to local customers (40%) but they stand out well above the others for mainly selling to customers elsewhere in their state (38% compared to 9% or less).

Sales to customers interstate and elsewhere in their state or territory were mentioned by 46% and 45% of SMEs respectively which was seven points lower than in 2014 in both cases.

Overseas customers were identified by 3% of SMEs as the main e-commerce customer group for their business. This was unchanged from 2013 and last year. However, 27% of SMEs who made sales through e-commerce made at least some sales to overseas customers (26% in 2014).

In Victoria and the ACT, overseas customers are the main target of online selling in other locations - 15% compared to an overall average of 3%.

10% of SMEs that took orders online used the internet to target international customers (11% last year). Medium businesses were much more likely than small businesses to use the internet to target overseas customers – 27% compared to 9%.

SMEs in the Northern Territory are also above average here (18%) while Western Australian SMEs are well below at 3%.

Location of customers sold to

	Mainly sell to	Total sell to	Total sell to	
			Small business	Medium business
Local – same city or town	66%	**92%**	92%	93%
Elsewhere in state	8%	**45%**	45%	45%
Interstate	13%	**46%**	46%	48%
Overseas	3%	**27%**	27%	29%

Base = Take orders over the internet

Sell to at all

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Local	**92**	94	95	92	83	94	79	76	95
Elsewhere in your state	**45**	49	46	41	33	35	74	42	63
Interstate	**46**	51	44	47	42	32	49	55	61
Overseas	**27**	33	28	25	17	22	14	19	36

Base = Take orders over the internet

Note: Rounding occurs

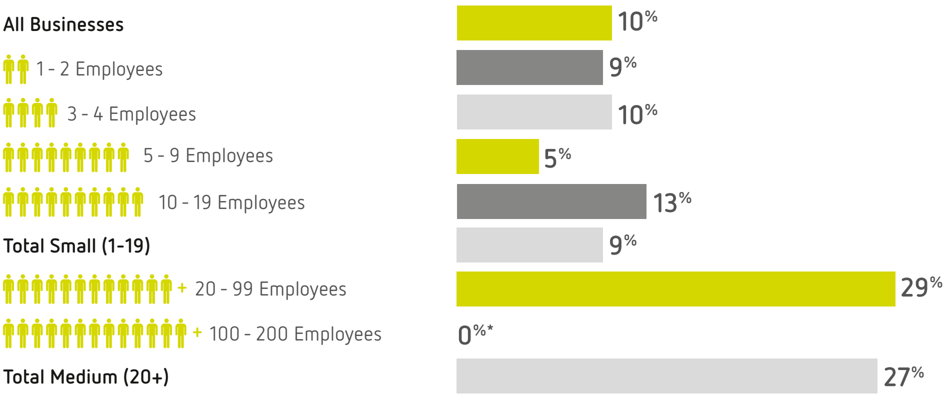
Mainly sell to

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Local	**66**	66	61	67	74	72	40	59	53
Elsewhere in your state	**8**	8	9	9	4	7	38	4	-
Interstate	**13**	17	12	12	11	8	10	28	23
Overseas	**3**	7	15	11	4	12	12	9	15

Base = Take orders over the internet

Note: Rounding occurs

Use of internet to target overseas customers

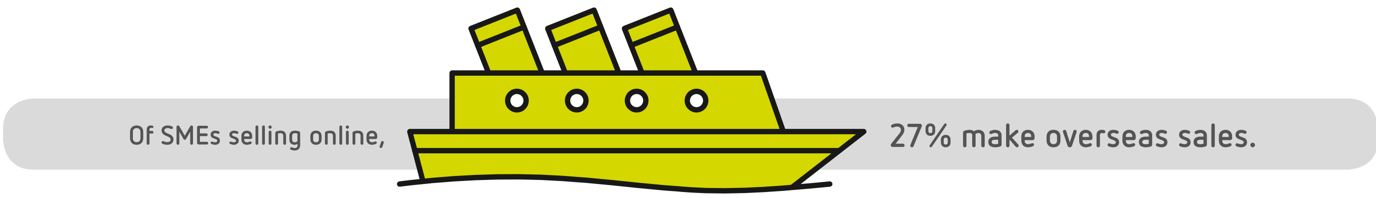


*Note: Only 4 respondents in 100 - 200 employees

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

	Yes %	No %
All SMEs	**10**	**90**
New South Wales	12	88
Victoria	13	87
Queensland	7	93
South Australia	9	91
Western Australia	3	97
Tasmania	4	96
Northern Territory	18	82
Australian Capital Territory	10	90

Base = Take orders over the internet



Base = Take orders over the internet

Chapter 7.4

Degree of interest in engaging in e-commerce

Among those firms connected to the internet, 51% currently make sales using e-commerce, with 43% having no intention of introducing e-commerce to their business. These figures were 57% and 33% last time.

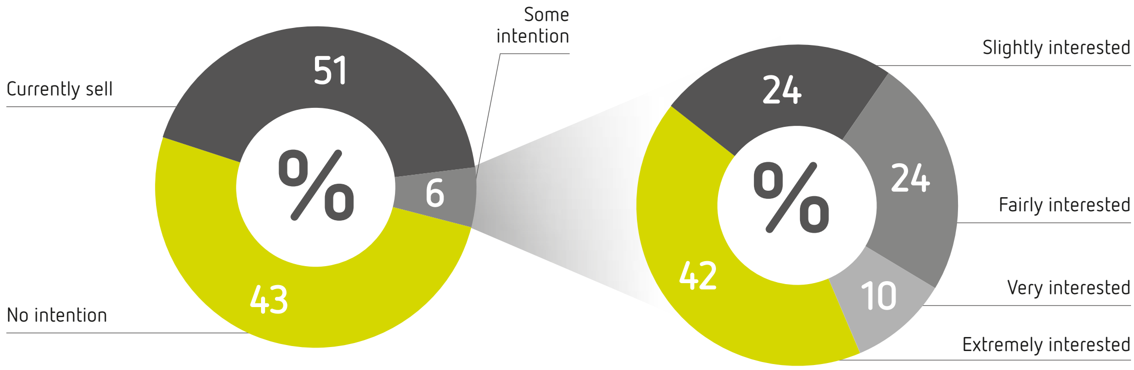
The main reasons for taking up e-commerce relate to servicing customers better.

6% of online businesses felt they could use e-commerce and just over half (51%) indicated they were interested in doing so which was up 13 points in the past year.

For other online SMEs who are not engaging in e-commerce, those in Tasmania (11%) were most likely to express some degree of interest in using e-commerce, as were SMEs in the health and community services sector (12%).

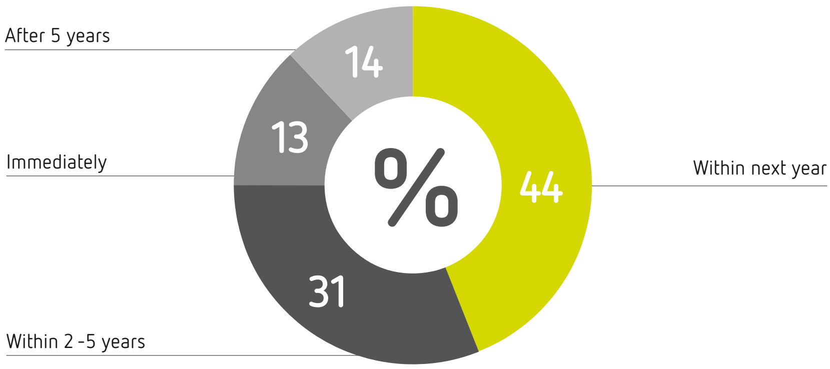
14% of SMEs looking to introduce e-commerce plan to do this immediately which compares with 34% last year. 44% are looking at introducing it at some stage in the next year (previously 49%). 14% of interested SMEs felt it would be more than five years before they would implement e-commerce in their business.

Degree of interest in e-commerce



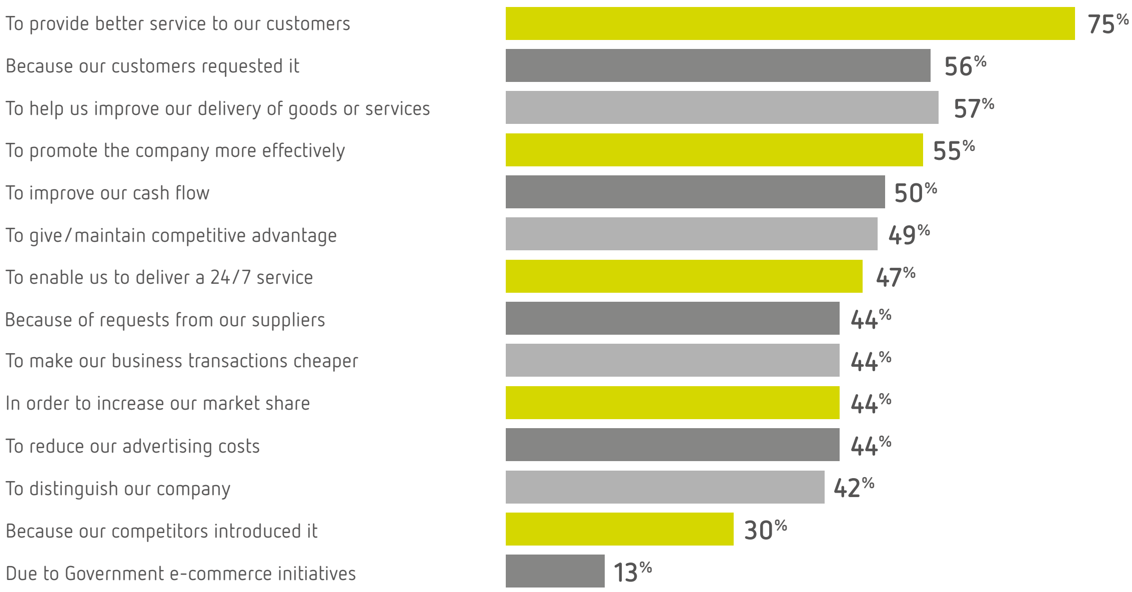
Base = All businesses with internet

Timescale for decision on implementation



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

Reasons for using e-commerce



Base = Place orders over the internet

Chapter 7.5

Concerns about e-commerce

On asking SMEs what concerned them about e-commerce from a range of prompted options, security concerns relating to hacking remain the number one concern. 46% of online businesses identified this as a major concern, an increase of two percentage points. A further 26% identified this as a minor concern (30% in 2014). This is the leading concern in all locations except Tasmania where it is second in ranking.

The second most important concern this year was a lack of expertise and knowledge with computers at 23% (previously 25%). This was the number one concern in Tasmania. Tasmanian SMEs also appear far more concerned about incompatibility with existing systems than elsewhere (38% compared with 23% or less).

The issues least likely to be identified as a major concern are that customers weren't ready yet, and a feeling customers would not be prepared to carry out transactions online. Similar proportions nominated these as a major concern in 2014.

Concerns about e-commerce

	Major concern	Minor concern	No concern
People being able to hack into your computer system	46%	26%	28%
Your lack of expertise and knowledge in computers	23%	36%	41%
Lack of personal contact with the customer	21%	29%	50%
The cost of hardware and software	20%	39%	41%
Incompatibility with your existing systems	20%	34%	46%
Cost and time with introducing new technologies	19%	43%	38%
Being able to measure your return on investment	18%	29%	53%
Customers can more easily compare your product offer with that of your competitors	14%	32%	54%
A feeling that most of your customers aren't yet ready	11%	32%	57%
Customers not being prepared to carry out financial transactions over the Internet	8%	42%	50%

Base = All businesses with internet

Concerns about e-commerce - by state

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
People able to hack into system	**46**	46	48	48	49	43	42	46	38
Lack of personal contact	**21**	21	19	19	20	30	19	17	19
Cost and time to introduce	**19**	18	21	21	24	21	31	18	21
Lack of expertise and knowledge	**24**	25	19	19	19	29	49	21	19
Cost of hardware and software	**20**	25	19	19	21	16	15	17	13
Being able to measure your return on investment	**18**	24	15	15	19	23	6	12	17
Customers can more easily compare your product	**14**	19	11	11	12	14	9	9	15
Incompatibility with existing systems	**20**	20	23	23	22	15	38	12	17
A feeling most of your customers aren't ready	**11**	17	9	9	15	6	2	12	8
Customers not prepared to transact on net	**9**	8	10	10	9	8	3	19	8

Base = All businesses with internet

Concerns about e-commerce - trends

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

Base = All businesses with internet

Chapter 7.6

Online advertising

35% of SMEs reported using the internet for online advertising which was up from 30% last year. 31% advertised on social networks which was the same as last survey. Cloud computing and unpaid search engine optimisation (SEO) were almost as popular mentioned by 29% and 28% respectively. Paid search engine marketing (SEM) was used by 18% (was 26%) and use of mobile advertising remains low at 9% (compared to 10% in 2014).

Queensland SMEs are keenest on display advertising online (46%) and advertising on social networks (34%) together with those in the Northern Territory (34%). In all locations at least 70% of SMEs with internet use one or more of the applications measured here.

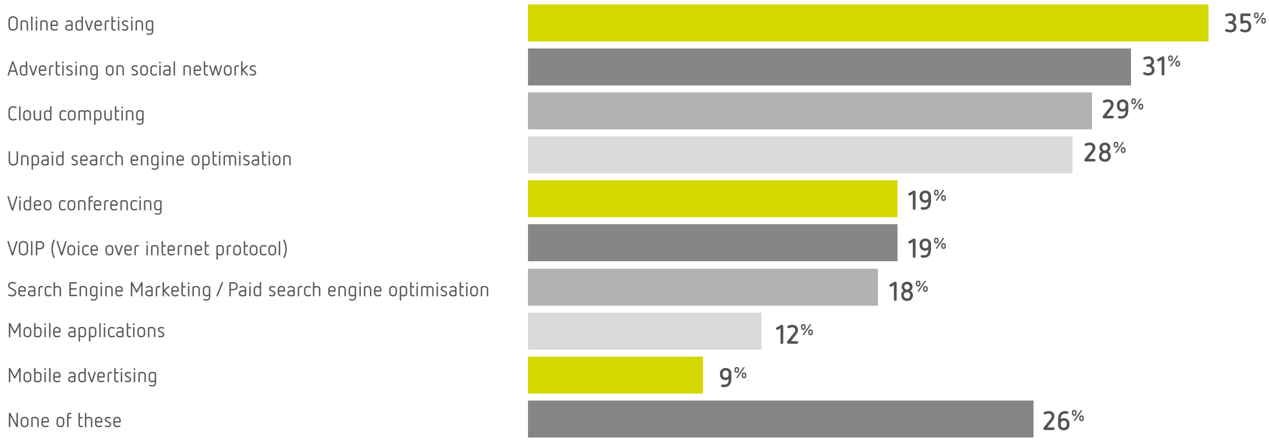
We again asked how essential it is to appear on page one of a Google search. Almost half of SMEs felt it was very (23%) or somewhat important (23%) for a combined total of 46%. This was not quite as pronounced as in 2014 at 51%. A sizeable minority regard this position as unimportant (39%). There was quite a divergence in views by industry, with 66% of SMEs in health and community services and 63% of those in the wholesale sector feeling it was very important to appear on page one, compared to only 30% of SMEs in the building and construction sector.

SMEs in the retail sector were the most likely to undertake paid SEM at 32% while those in finance and insurance (7%) were by far the least likely.

The wholesale sector showed the strongest use of online display advertising overall (45%) one point ahead of retail and two points ahead of manufacturing. Retail stood out for advertising on social networks (56%, was 63% last year). Next highest was hospitality at 46%.

SMEs in the manufacturing sector were the most likely to use unpaid SEO to advertise their business (41% of online SMEs). Cloud computing has been embraced most by SMEs in the communications, property and business services sector (40%) with retail way behind in this respect (10%). Mobile advertising was most likely to be undertaken by SMEs in health and communications (19%) and retail (18%).

SMEs advertising online



Base = All businesses with internet

SMEs advertising online - by state

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Online advertising	**35**	34	28	46	35	32	34	39	30
Advertising on social networks	**31**	33	27	34	32	32	24	34	23
Cloud computing	**29**	29	31	30	23	21	32	27	31
Unpaid search engine optimisation	**28**	30	28	27	31	22	29	18	23
Video conferencing	**19**	24	20	13	15	11	19	16	28
VOIP	**19**	22	16	22	13	17	23	23	28
Paid search engine marketing/optimisation	**18**	19	16	22	19	18	14	10	15
Mobile applications	**12**	11	13	13	13	9	11	21	13
Mobile advertising	**9**	11	8	10	4	7	8	9	6
None of these	**26**	24	29	21	31	34	17	30	31

Base = All businesses with internet

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

Base = All businesses with internet

Chapter 7.7

Digital business strategies

With 84% of SMEs having an online presence, it is interesting to look at how they strategically plan around these aspects of their business.

Of SMEs on the internet, only 17% reported having an actual digital business strategy. These results are consistent with the 2014 observations.

By location this is the case with 22% in New South Wales and the Northern Territory, and 21% in the ACT, but only with 12% in South Australia, and 13% in Victoria and Western Australia.

Medium businesses (31%) were still more likely to have a digital business strategy than small businesses (17%). This gap was 18 points in 2014 so some narrowing is indicated.

SMEs in metropolitan areas were more likely to have a digital strategy than regional SMEs (20% compared to 14%).

By sector, wholesalers were the most likely to have a digital business plan (30%).

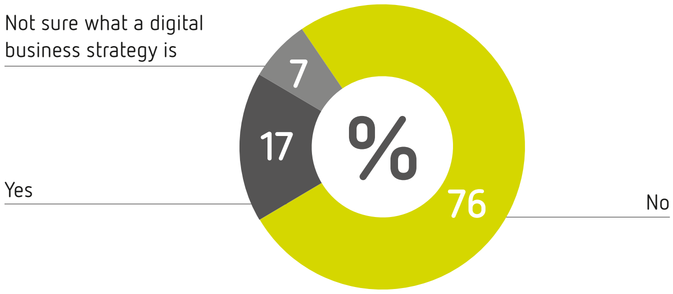
Social media and mobile strategies have become more prominent components of digital business strategies this year and are catching up to internet and website strategies in popularity.

78% of SMEs that had a digital business strategy reported that it had been developed in-house with the next most common responses being their advertising adviser (15%). There has been no real shift in these results since 2014.

29% of SMEs that had a digital business strategy developed it within the last year. 37% reported having had a digital business strategy for more than five years.

Digital business strategies in SMEs

Q. Have you developed a strategic plan for your digital business?

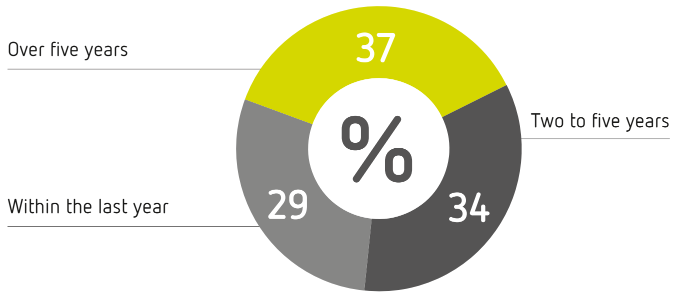


Digital business strategies in SMEs - by state

	Yes %	No %	Unsure what this is / Don't know
All SMEs	**17**	**76**	**7**
New South Wales	22	72	6
Victoria	13	81	6
Queensland	19	75	6
South Australia	12	76	12
Western Australia	13	75	12
Tasmania	15	79	6
Northern Territory	22	76	2
Australian Capital Territory	21	71	8

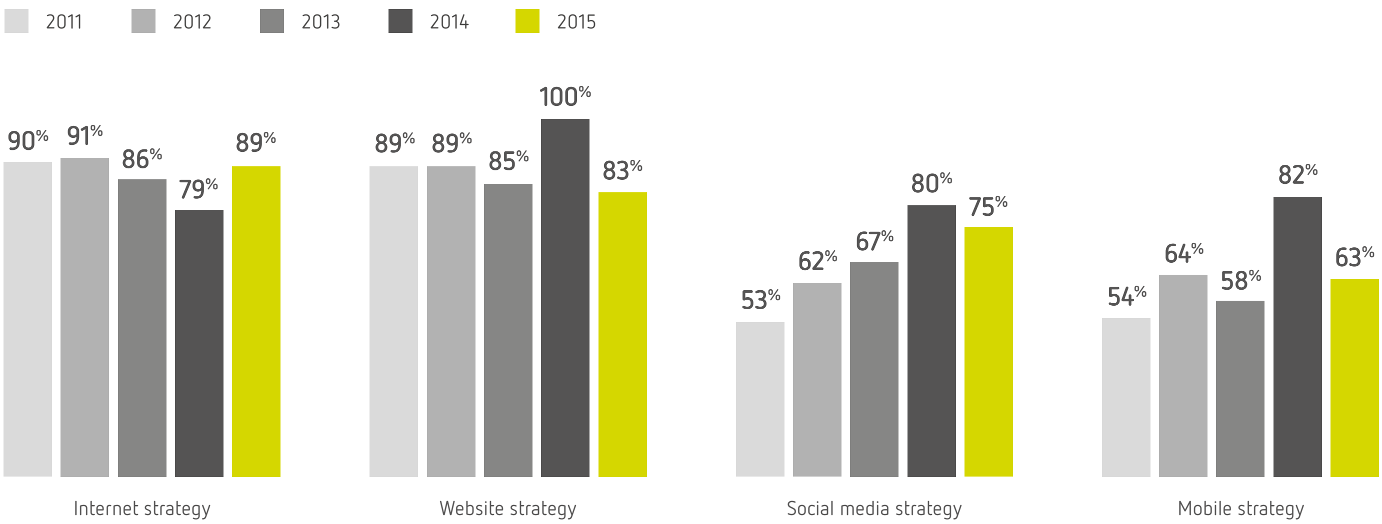
Base = All businesses with internet

How long have you had a digital business strategy?



Base = All businesses with a digital business strategy

Components included in digital business strategies



Base = All businesses with a digital business strategy

Chapter 7.7 (continued)

Digital business strategies

With the increasing emphasis on mobile strategies as part of a business' broader digital strategy, it is interesting to look at the adoption of mobile applications by SMEs.

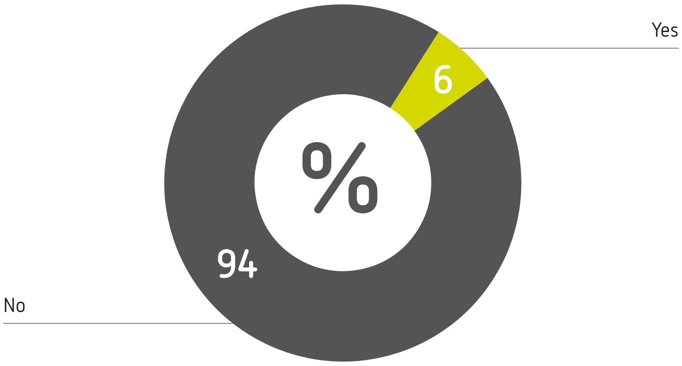
6% of SMEs reported having developed a mobile application or "app" for their business. This was 7% last year.

Medium businesses were much more likely to have developed a mobile app for their business (16% compared to 5% for small businesses). SMEs in the retail sector were also well above average in having developed such an app for their business (17%). Only 2% of those in building and construction and health and community services have apps.

9% of those SMEs on the internet without a mobile app are intending to develop one in the coming year. Prominent in this group were wholesalers (22% intention), medium size firms (21%) and SMEs who have a digital business strategic plan (23%).

Mobile applications ("App")

Have you developed an app for your business?



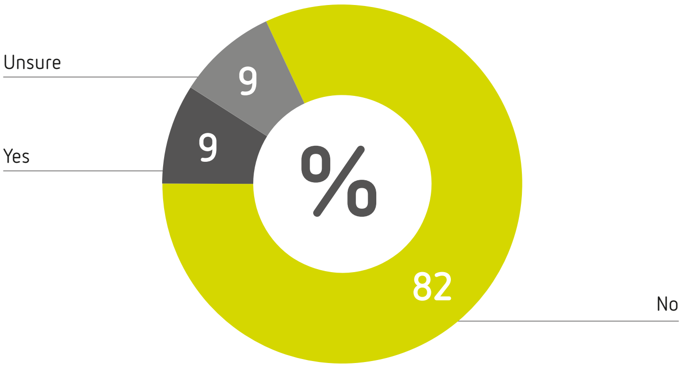
Base = All businesses with internet

Businesses that have developed an app - by state

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Yes	**6**	6	4	9	7	2	4	5	7
No	**94**	94	96	91	93	98	96	95	93

Base = All businesses with internet
Note: Rounding occurs

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



Base = All businesses with internet

Businesses that intend to develop an app - by state

	All SMEs %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Yes	**9**	9	11	6	8	7	7	6	10
No	**82**	78	83	86	81	84	77	86	80
Don't know	**10**	13	7	7	11	9	16	8	10

Base = All businesses with internet
Note: Rounding occurs

Technology in Australian households

While this report focuses on the online journey of Australia's SMEs, it is interesting to also look at Australian consumers to see how they compare to businesses. This year the consumer survey sample included 800 adults. The survey excluded 14-17 year olds who had been included in all prior studies, and who are generally heavy internet users.

How Australians use mobile technology

sensis

95% of Australian households own a computer

56% of Australians own a tablet

and

72% own a smartphone

To access the internet

57% are using a tablet

69% are using mobiles

86% of Australians aged 18 - 29 use mobile phones to access the internet

72% of Australians in their 30s have accessed the internet on a tablet

66% of Australians aged 50 - 64 use mobile phones to access the internet

34% of tablet users are paying for purchases or bills

vs

44% of mobile users

40% of mobile users are ordering goods & services

vs

33% of tablet users

Maps and directions are mostly used by mobile users

78% mobiles

41% tablets

Sensis *e-Business Report*, Di Marzio Research - 2015

Chapter 8.1

Equipment ownership and internet usage

95% of Australian households reported having a computer of some type in 2015, similar to last year. However notebooks appear to be less popular. Desktop computer ownership has hardly changed in four years at around two thirds of the base.

Computer ownership is over 90% everywhere but the Northern Territory (88%).

56% reported owning a tablet which is the same as last year. However there had been marked growth in this device's penetration previously and we suspect the absence of 14-17 year olds in our sample has masked likely growth here in the last year. This would also explain why we have fewer participants with a smartphone this year at 72% compared with 77% in 2014 and more with a standard mobile (34% compared with 28%). Digital TVs or set-top boxes also appear less popular but this may be due to 3D TVs gaining traction in the marketplace.

Tablet ownership is highest in the ACT (66%) and New South Wales (64%) and lowest in South Australia (48%). Smartphones prove most popular in the ACT too (81%) and display below average penetration in Western Australia and the Northern Territory (61% each). The ACT also leads the market clearly on digital TVs/set top boxes at 81% with these devices far less appealing in the Northern Territory (52%).

In terms of internet usage, 93% of adult consumers have accessed the internet in the past year which is the same incidence as last year.

By location this ranges from 81% in the Northern Territory to 96% in New South Wales.

We also found that 62% of adult consumers are satisfied with their home internet upload and download speeds with 19% dissatisfied and the rest neutral. 25% intend to obtain a faster internet connection in the next year with 10% unsure about this.

Computer and internet ownership in the home

	2015		2014	2013	2012
	Currently have	Expect to get in next 12 months	Currently have	Currently have	Currently have
A desktop computer or PC	65%	5%	64%	66%	67%
A notebook computer	53%	7%	75%	67%	66%
Total computer	**95%**	**29%**	**94%**	**91%**	**93%**
Dial-up internet	8%	0%	3%	3%	3%
Broadband internet	62%	3%	58%	62%	61%
Wireless broadband	64%	4%	57%	51%	52%
Total internet	**93%**	**N/A**	**93%**	**92%**	**90%**

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

Computer and internet ownership in the home - by state

	All %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
A desktop computer or PC	65	69	61	67	61	60	62	48	61
A notebook computer	53	57	54	44	58	52	57	45	58
Total computer	**95**	**97**	**94**	**96**	**96**	**92**	**96**	**88**	**96**
Dial-up internet	8	9	7	8	4	7	6	8	6
Broadband internet	62	63	60	62	64	59	56	52	64
Wireless broadband	64	68	57	64	66	62	58	54	81
Total accessed internet	**93**	**96**	**91**	**94**	**90**	**87**	**89**	**81**	**95**

Base = All Australians aged 18 plus in 2015

Technology in the Home

	2015		2014	2013	2012
	Currently have	Expect to get in next 12 months	Currently have	Currently have	Currently have
Digital TV or set top box	70%	4%	89%	86%	85%
Pay TV	31%	2%	30%	30%	31%
3D TV	17%	2%	N/A	N/A	N/A
Mobile phone - standard	34%	1%	28%	28%	42%
Mobile phone - smartphone	72%	7%	77%	72%	59%
Internet enabled TV, DVD or Blu-ray player	47%	4%	51%	46%	N/A
In-car navigation device	40%	2%	42%	38%	36%
Personal/hand-held navigation device	24%	1%	25%	22%	18%
Tablet (such as an iPad)	56%	8%	56%	44%	30%
T-Hub	6%	1%	N/A	N/A	N/A

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

Technology in the Home - by state

	All %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Digital TV or set top box	**70**	70	69	73	73	64	76	52	81
Pay TV	**31**	36	30	31	24	23	18	25	29
3D TV	**17**	19	14	16	17	13	11	10	28
Mobile phone - standard	**34**	35	27	34	36	41	43	40	35
Mobile phone - smartphone	**72**	77	71	70	69	61	71	61	81
Internet enabled TV, DVD or Blu-ray player	**47**	54	45	39	40	49	43	35	65
In-car navigation device	**40**	46	43	34	32	39	24	21	39
Personal/hand-held navigation device	**24**	28	21	20	25	21	27	25	30
Tablet (such as an iPad)	**56**	64	51	52	48	52	57	50	66
T-Hub	**6**	6	7	10	6	3	2	7	8

Base = All Australians aged 18 plus in 2015

Internet usage in the last 12 months

Base = All Australians aged 18 plus

Chapter 8.2

What Australians are doing online

Lower results observed here this year would reflect the absence of teens aged 14-17 from the sample. However we can see little change in the relative popularity of specific internet applications with quite a few having been used by a majority of Australian adults in the last year.

The most widely used applications remain looking for maps and directions, looking for information on products or services, and paying for purchases. Looking for information on suppliers of products and services and for weather information also stood out.

Internet applications 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?

	Households with internet connection	All Australians
Looked for maps and/or directions	84%	**78%**
Looked for information on products and services	80%	**74%**
Paid for purchases or bills with credit card or other means	79%	**73%**
Looked for suppliers of products and services	78%	**72%**
Looked for weather information	77%	**71%**
Undertaken banking	77%	**71%**
Used a social networking site	73%	**68%**
Browsed news sites	70%	**65%**
Downloaded a mobile app	67%	**62%**
Ordered goods/services	66%	**61%**
Made bookings	66%	**61%**
Used satellite navigation on the mobile phone	59%	**55%**
Downloaded or streamed video content	58%	**53%**
Searched through an auction site	51%	**47%**
Accessed entertainment services	50%	**46%**
Read a newspaper	48%	**45%**
Checked sports results	47%	**43%**
Read a blog	41%	**38%**
Supplied personal information online (e.g. Financial, health etc.)	41%	**38%**
Bought or sold through an auction site	38%	**35%**
Checked financial results	38%	**35%**
Uploaded video content	31%	**29%**
Read an e-book	28%	**26%**
Bought discount/group buying coupons	19%	**17%**
Tweeted (used social networking site Twitter)	16%	**15%**
Written a blog	13%	**12%**

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

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

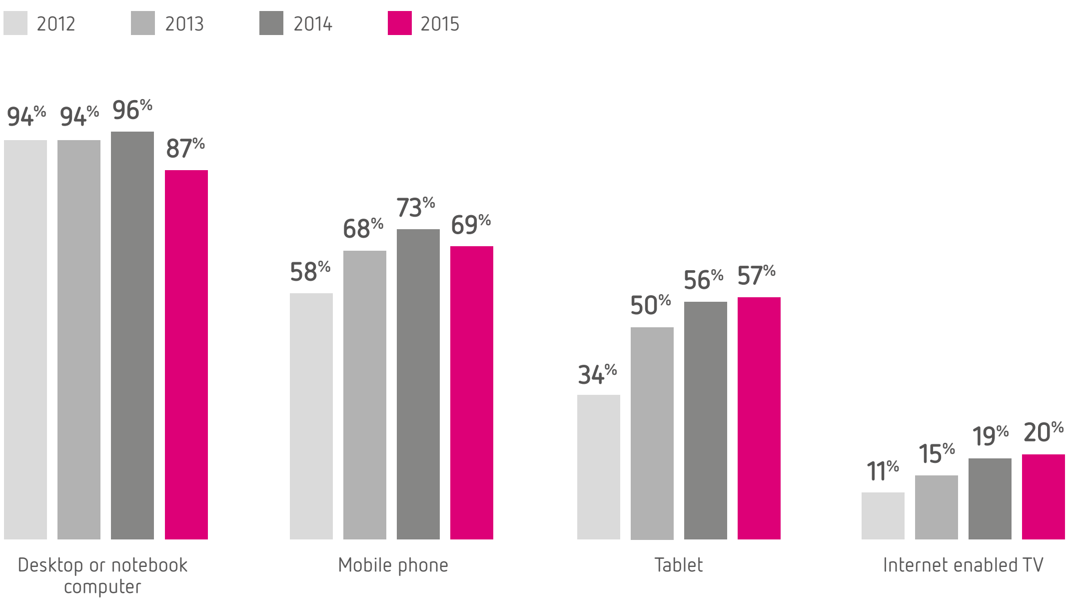
Chapter 8.3

What Australians are doing on different devices

Accessing the internet on a computer is still the most common method but alternative options are gaining ground. Most Australians are accessing the internet on more than one device with mobile phones, tablets and internet-enabled TVs considerably more popular for this purpose than in 2012 when our first measure was taken.

Mobile phones appeal quite strongly for location type information such as maps and directions (54%) and satellite navigation (52%) with weather (49%) and social networking (48%) also pretty popular on this device. Tablets are more commonly used than mobiles for reading books (17% to 9%) and almost as popular for reading newspapers (18% to 20%). However the most common applications used on a tablet in the last year relate to shopping - looking for information on products and services (30%) and for suppliers of products and services (27%) with social networking next in line (27%).

How Australians access the internet



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

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

	By any means	On a mobile phone	On a tablet
Looked for maps and/or directions	78%	54%	23%
Looked for information on products and services	74%	39%	30%
Paid for purchases or bills with credit card or other means	73%	30%	19%
Looked for suppliers of products and services	72%	36%	27%
Looked for weather information	71%	49%	24%
Undertook banking	71%	39%	20%
Used a social networking site	68%	48%	27%
Browsed news sites	65%	36%	25%
Downloaded a mobile app	62%	56%	22%
Ordered goods/services	61%	28%	19%
Made bookings	61%	22%	17%
Used satellite navigation on the mobile phone	55%	52%	N/A
Downloaded or streamed video content	53%	29%	21%
Searched through an auction site	47%	22%	15%
Accessed entertainment services	46%	27%	17%
Read a newspaper	45%	20%	18%
Checked sports results	43%	29%	14%
Read a blog	38%	21%	14%
Supplied personal information online (e.g. Financial, health etc.)	38%	12%	11%
Bought or sold through an auction site	35%	15%	9%
Checked financial results	35%	17%	12%
Uploaded video content	29%	17%	9%
Read an e-book	26%	9%	17%
Bought discount/group buying coupons	17%	6%	5%
Tweeted (used social networking site Twitter)	15%	12%	3%
Wrote a blog	12%	5%	3%

Base = All Australians aged 18 plus

Chapter 8.4

Internet usage on mobile phones

Almost seven in ten adult Australians accessed the internet on their mobile phones over the past year.

Internet usage on mobile phones was again highest in the under 40 age groups and was also far more common in the 40-64 year age group than those aged 65 plus.

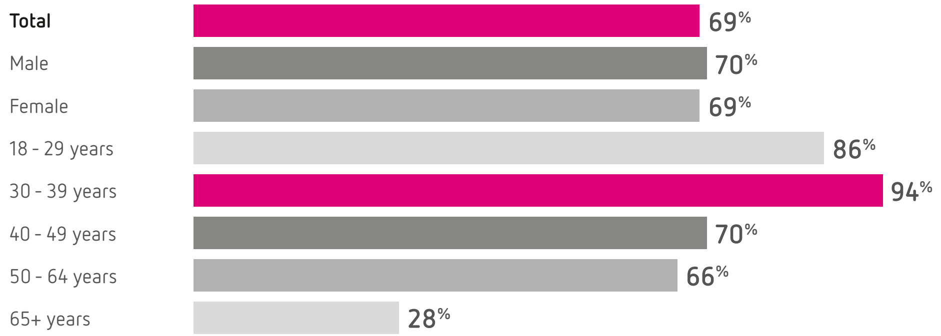
It is also useful to look at application usage for mobiles as a proportion of those that used this device to access the internet. Looking for maps and directions and for weather information are the most popular applications followed by social networking.

Other applications used by a majority include looking for information on products and services, looking for suppliers of products and services, banking and browsing news sites.

Adult Australians are much more likely to access the internet via their mobile phones at home (75%) than anywhere else.

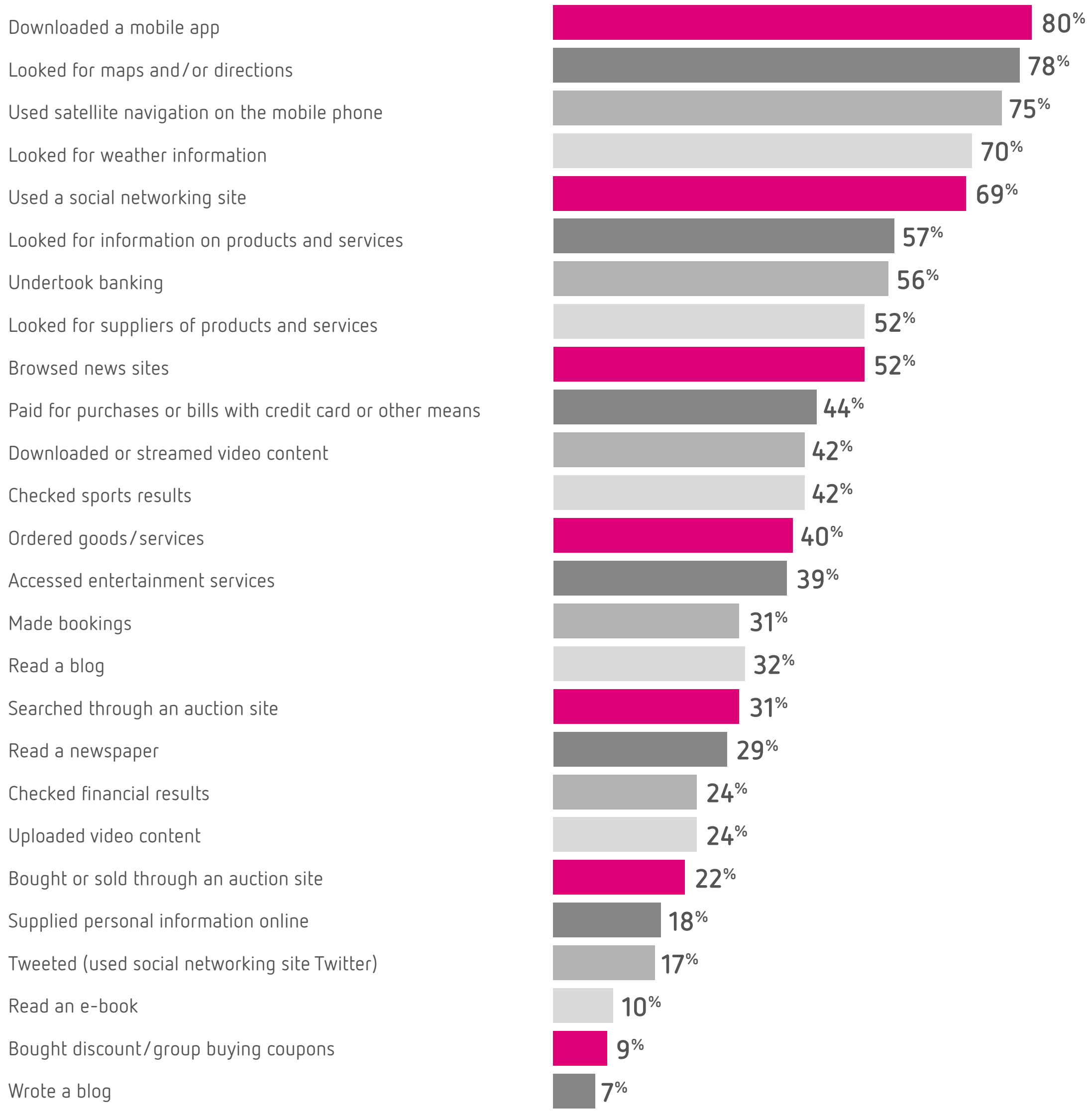
There was an increase noted in the frequency of accessing the internet via mobile phone. 31% of users reported they accessed it 15 times or more a day in the past year compared with 20% last survey.

Australians accessing the internet on mobile phones



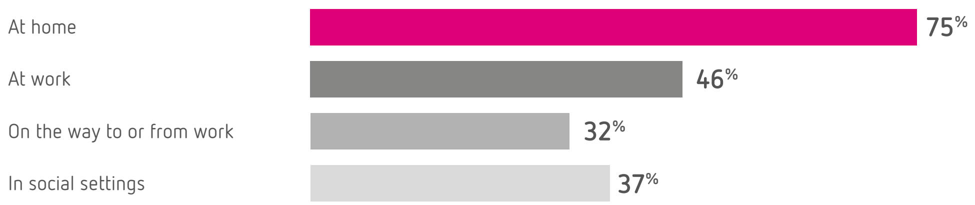
Base = All Australians aged 18 plus

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



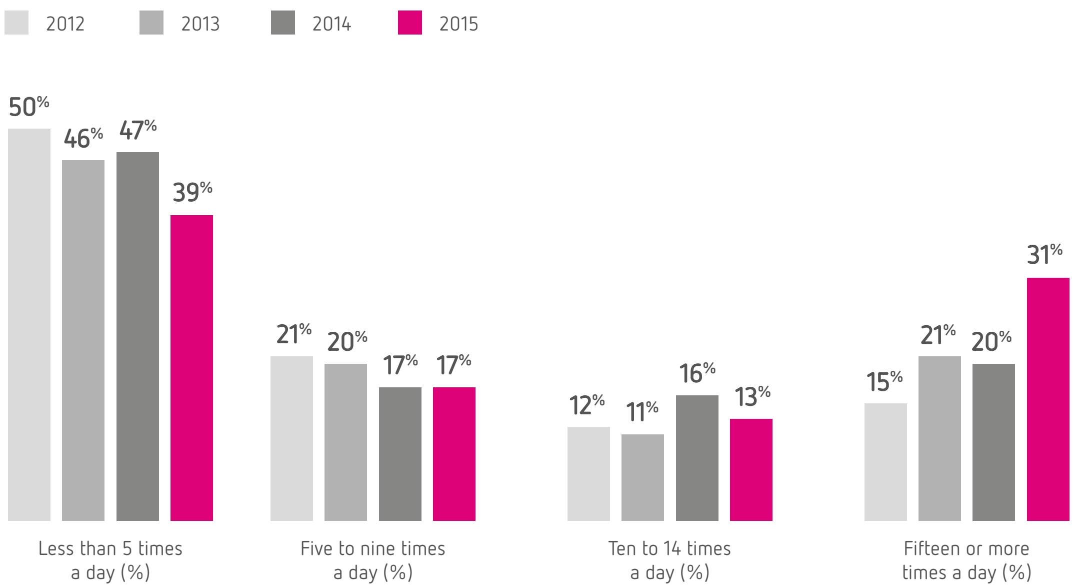
Base = Have accessed internet by mobile phone (69%)

Where Australians use the internet on their phones



Base = Have accessed internet by mobile phone (69%)
All other responses under 5%

How often Australians access the internet on their phones each day



Base = Have accessed internet by mobile phone in last year (69%)

Chapter 8.5

Internet usage on tablets

Adult Australians also access the internet on tablets with over half (57%) doing so in the last year.

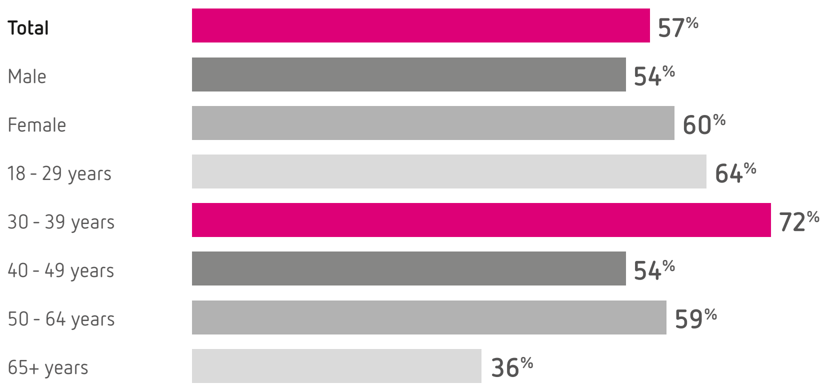
Usage of the internet on tablets was a bit more appealing to females (60%) than males (54%). While those aged under 40 accessed the internet by tablet more than older age groups, the 40-64 age group are not too far behind. Additionally the 65 plus age group were more likely to use a tablet (36%) than a mobile phone (28%) for internet access.

For tablet internet users, we also show the range of activities they undertook on their tablets.

Looking for information on products and services was the top use followed by looking for suppliers of products and services and social networking.

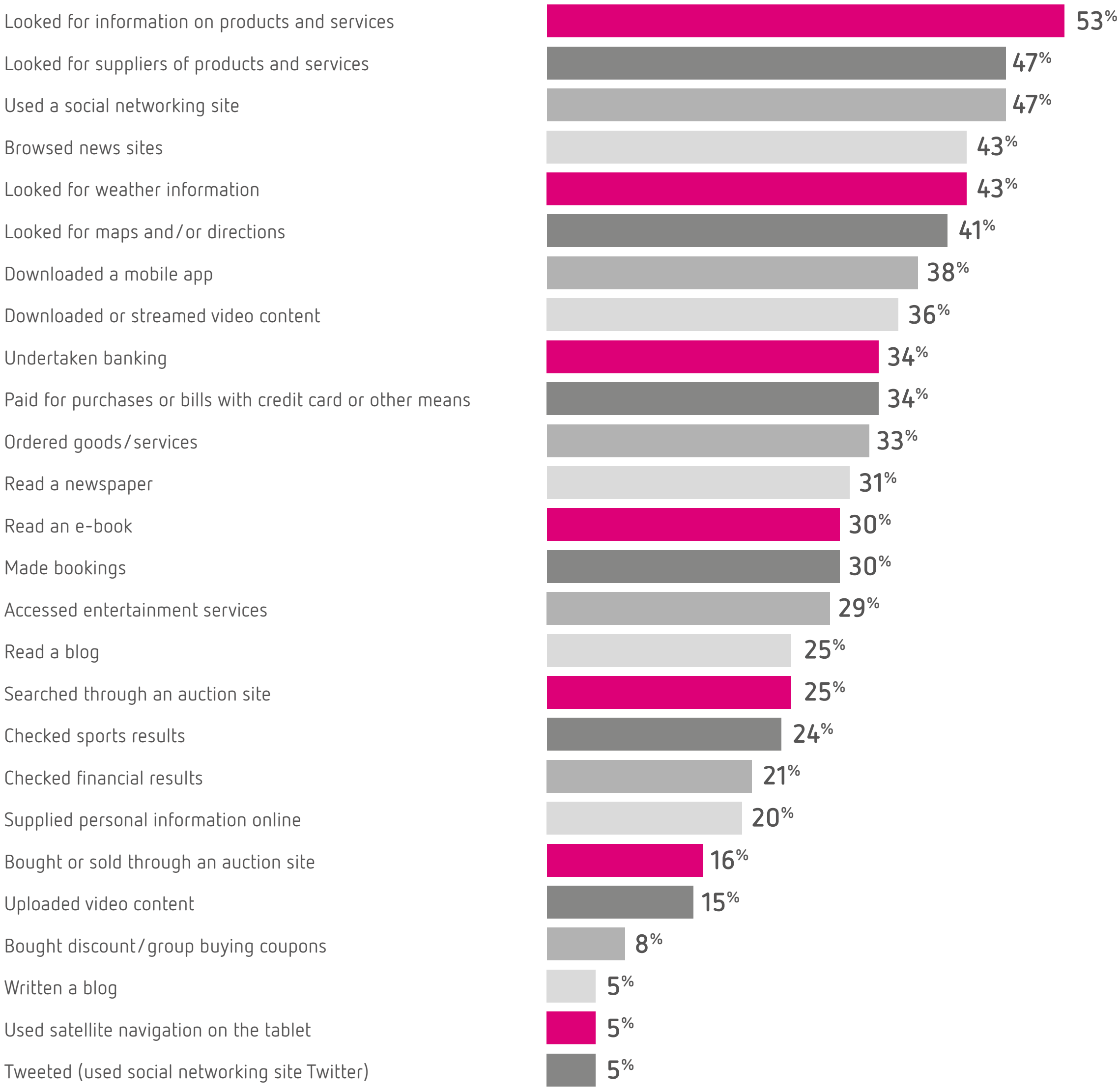
Using a tablet to browse news sites and searching for weather and maps or directions are also relatively popular tablet activities. Reading newspapers is similar in appeal on tablets as mobiles but reading e-books is three times more popular on a tablet (30%) than on a mobile (10%).

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 mobile phone (69%)

Chapter 8.6

Social networking behaviour

Overall, 68% of adult Australians reported using social media.

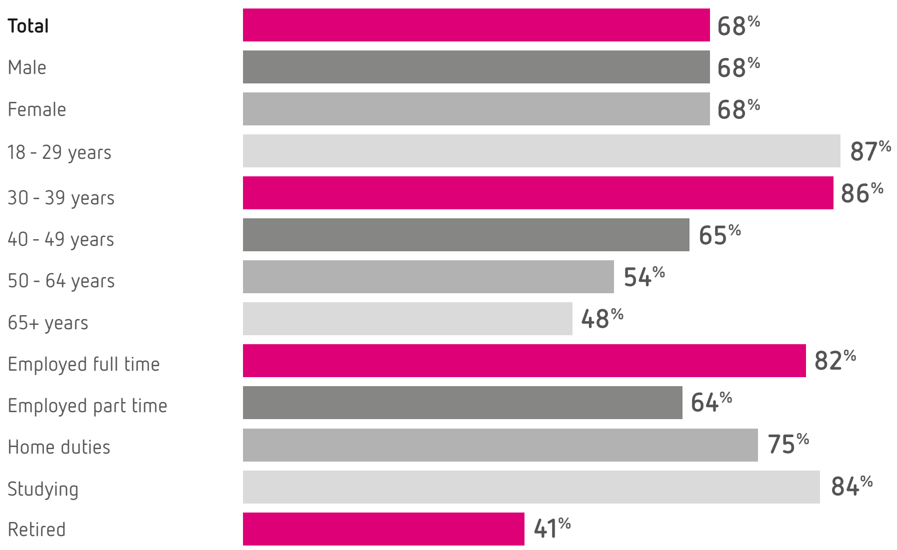
Age is negatively correlated with social networking activity. Australians aged under 40 are far more involved than older age groups. Nevertheless, this incidence is at a majority level in the 40-49 and 50-64 segments and nearly half of those aged 65 and above are active social media users. Full-time workers and students also stand out as social networkers.

In the March 2015 Sensis Social Media Report - which used the exact same sampling approach as this report - we also discovered 68% of adult Australians using social media. In that study, we found 49% used social networking daily or more. Included in this are 35% of social networkers using such sites five or more times a day.

Younger Australians (below 40) are the most prolific social networking users with much greater proportions in these segments using social media per se and more frequently than others. 87% of 18-29 year olds and 86% of 18-29 and 30-39 year olds use social media compared with 65% or less in older age groups.

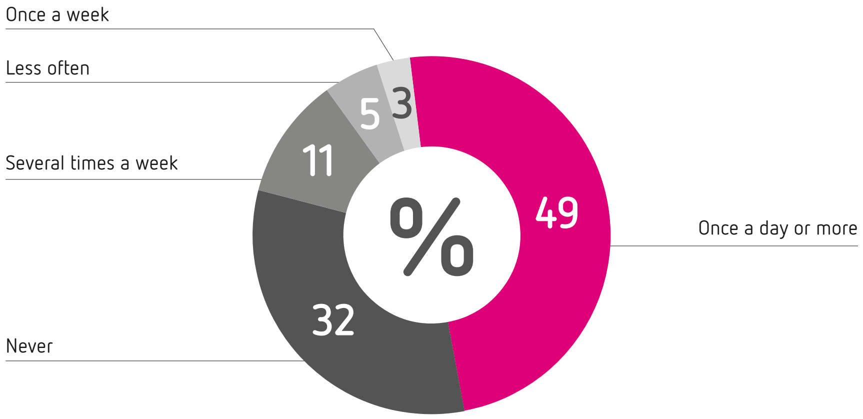
Home was the most popular place to access social networking sites, nominated by 93% of those that use it. The next most popular place it is accessed is in the workplace (32%) with other venues like public transport (26%) and social settings (21%) not uncommon.

Use of social networking sites



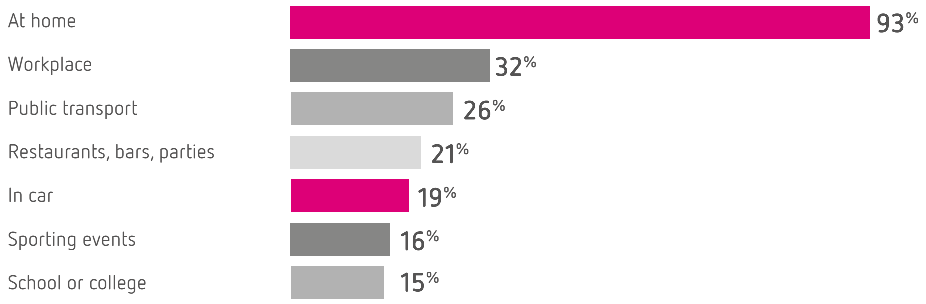
Base = All Australians aged 18 plus

Frequency of using social networking sites



Base = Australians that use social network sites

Where Australians use social networking



Base = Use social networking (68%)

Chapter 8.7

Australians purchasing online

Over six in ten adult Australians reported making purchases online. There was little difference by gender but a significantly lower proportion of online purchases are made by the 65 plus age cohort. Students were above average for making online purchases.

Across the locations ACT residents (79%) buy more online than those in Western Australia (53%) or South Australia and the Northern Territory (55% each).

While 61% reported they had ordered goods or services online in the past year, purchasing on mobile devices is not so high with 17% having done this on tablets and 28% on mobile phones despite majority usage of these devices for internet access.

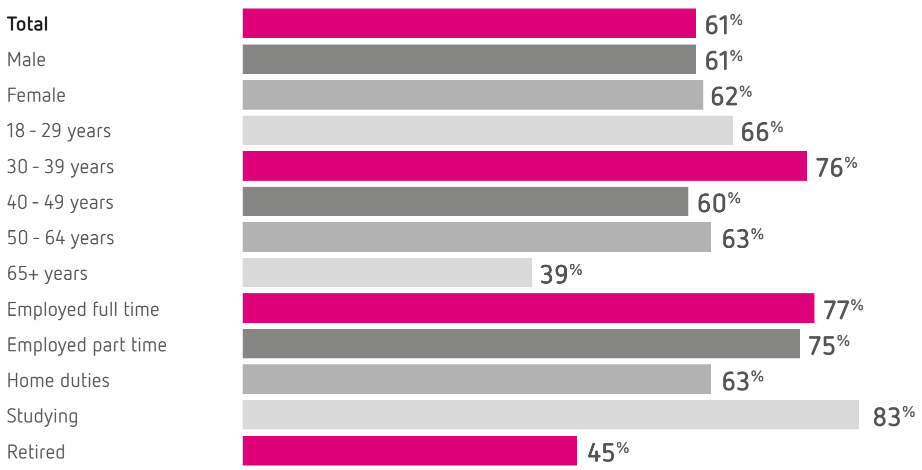
The most popular items bought online were clothing, accessories, shoes and airline tickets with 51% of online shoppers purchasing these items in the past year. This was closely followed by hotel reservations (47%).

Some variations are apparent in the extent to which those three items have been purchased by state but generally they are the top three purchases on the list provided in each location.

The average amount that Australians reported spending online in the past 12 months was $4,372. (Last year this was $2,600 but that sample included 14-17 year olds which would have influenced this result). Males reported spending on average $6,525 compared to $2,410 for females. Those earning over $75,000 a year reported spending $7,075 on average in the last year online which was more than double the online spend of lower income segments. 29% of those making online purchases in the last 12 months said they increased such spending in that period while for 13% it decreased.

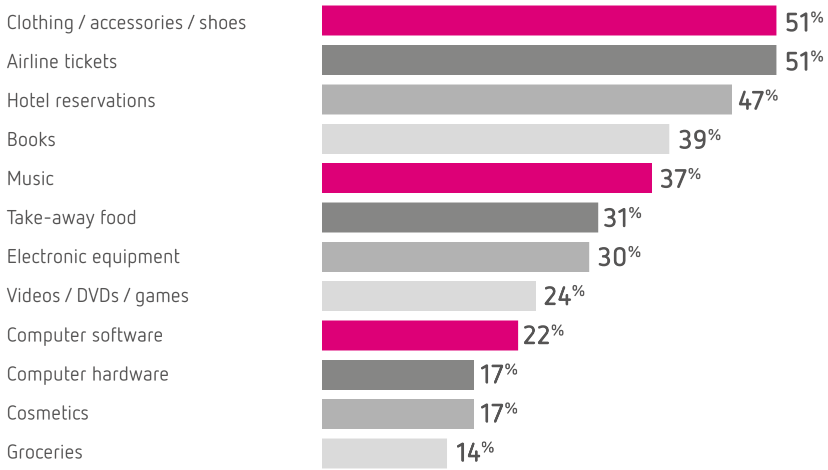
Those that purchased online reported making, on average, 21% of their purchases from businesses located overseas. This incidence was 32% in the 18-29 age group.

Australians purchasing online



Base = All Australians aged 18 plus

What Australians purchase online



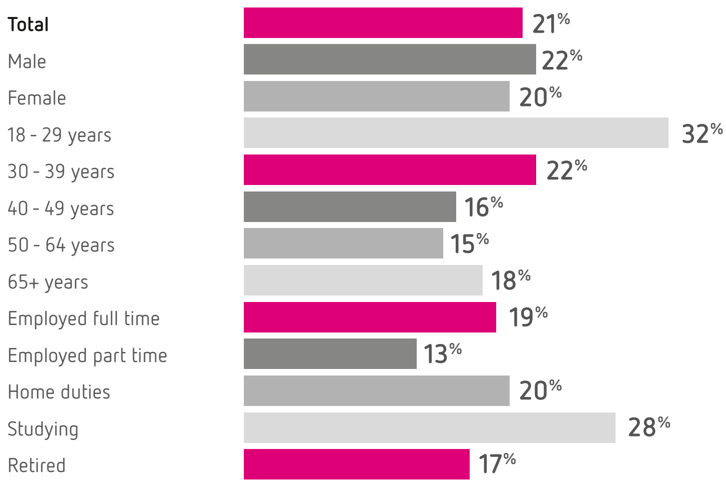
Base = Have made purchases online in past twelve months (61%)

What Australians purchase online - by state

	All %	NSW %	VIC %	QLD %	SA %	WA %	TAS %	NT %	ACT %
Ordered goods and services online	**61**	**62**	**66**	**59**	**55**	**53**	**69**	**55**	**79**
Clothing/accessories	**51**	53	47	49	53	50	55	56	69
Airline tickets	**51**	46	57	48	45	57	68	65	69
Hotel reservations	**47**	40	49	44	41	59	58	54	71
Books	**39**	39	38	39	42	39	41	47	52
Music	**37**	36	40	38	36	33	38	41	46
Take-away food	**31**	30	30	37	34	27	24	17	30
Electronic equipment	**30**	33	32	25	25	27	25	43	25
Videos/DVDs/games	**24**	22	21	32	23	24	32	31	33
Computer software	**22**	25	24	19	17	12	36	29	27
Groceries	**17**	22	12	20	25	7	18	24	11
Computer hardware	**17**	26	13	11	21	7	21	19	15
Cosmetics	**14**	14	11	16	17	12	17	20	15

Base = All Australians aged 18 plus in 2015

Proportion of online purchases from overseas



Base = Made purchases online in past twelve months

Australians purchasing online - by gender

	Total	Male	Female
Ordered goods and services online	**61**	**60**	**62**
Clothing/accessories	51	47	54
Airline tickets	51	49	54
Hotel reservations	47	44	49
Books	39	32	46
Music	37	40	35
Take-away food	31	33	29
Electronic equipment	30	39	21
Videos/DVDs/games	24	28	21
Computer software	22	26	18
Groceries	17	13	22
Computer hardware	17	23	11
Cosmetics	14	6	21

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

About Sensis:

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

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