



Small businesses using social media more likely to enjoy higher online revenues: Melbourne IT report

Inaugural Melbourne IT eBiz Review shows Australian small businesses exploring social media, mobile web but not sold on cloud computing

Key findings:

* SMBs who make 20% or more of their revenues directly from their website are more likely to be social media users 39% of social media SMBs fit this category, compared to only 23% of non social media SMBs

* SMBs who make 20% or more of their revenues indirectly from their website are more likely to be social media users 53% of social media SMBs fit this category, compared to only 38% of non social media users SMBs

* 34% of SMBs online use social media, with a further 15% planning to use it in future. The tools of choice were Facebook (75%), Twitter (47%) and LinkedIn (42%)

* 36% of non-social media-using eSMBs say they are unconvinced of the benefits of social media, 32% say social media is irrelevant to their business, and 28% say they have no time to maintain a social media presence

* 23% of eSMBs are either considering developing a mobile app or already have one in development

* Less

than half (46%) of eSMBs understand what cloud computing means

* Only 15%

of eSMBs plan to invest in cloud computing in the 2010-11 financial year (30% undecided)

Melbourne,

Australia 6 July 2010 Australian small businesses that use social media as part of their online business strategy are more likely to achieve greater revenue returns from their websites, according to a new research report launched today by Melbourne IT.

The

inaugural Melbourne IT eBiz Review, which polled 3,404 Australian small and medium sized businesses with an online presence, showed that SMBs which generated 20% or more of their revenues directly from their website were more likely to use social media, with 39% of social media SMBs achieving this revenue level compared to only 23% of non social media SMBs.

The trend

was the same when looking at indirect sales from SMBs websites 53% of social media SMBs achieved the 20%+ revenue level while only 38% of non-social media SMBs did.

Given the

survey found only 34% of SMBs with an online presence (or eSMBs) use social media, the potential for the majority of small businesses to consider how they can benefit from social media is significant.

The eSMB

respondents which did not use social media said they were unconvinced of the benefits (36%), social media was irrelevant to their business (32%), and they

had no time to maintain a social media presence (28%). However, 15% of non-users said they planned to include social media in their online strategy in future.

We think

the correlation between eSMBs social media use and higher revenues from their websites will certainly encourage a lot of small businesses to reconsider how they can use social media tools to help their business, Melbourne ITs SMB eBusiness Solutions executive general manager, Damon Fieldgate, said.

However,

it is not as simple as setting up a Facebook page and hoping for the best. SMBs need to think about how social media fits into their online strategy and seek advice where necessary to integrate social media tools with their existing online investments to ensure success, he said.

The

results around social media use were just one element of the study, which found a strong reliance on the Internet to do business and a willingness from eSMBs to innovate to drive online success.

The

majority of eSMBs believe the Internet is vital to the operation of my business, with 82% agreeing or strongly agreeing with the statement. Forty-five per cent agreed or strongly agreed that an increasing amount of their business revenues were derived online, and 52% agreed or strongly agreed that the Internet and email were the primary marketing tools for their business.

We were

really encouraged by the results of the eBiz Review as it paints a picture of a confident and innovative online small business sector which is using the Internet in smart ways to create competitive advantage. Small businesses are embracing the Internet to help them unlock growth and succeed, Mr Fieldgate said.

With

mobile web browsing on the rise, 7% of eSMBs said they were working on a mobile

optimised version of their website, with an additional 20% considering doing the same (9% of eSMBs said their website was already optimised for mobile browsers).

However, 23% of eSMBs were either considering developing a mobile app or already had one in development.

Given the time, cost and effort in developing a mobile application, we weren't surprised to learn that only 3% of eSMBs currently had a mobile app available to download. But the large number that are looking to create their own mobile app was an eye-opener - it shows a willingness to innovate and that small businesses are not about to let the growing wave of mobile web users pass them by, he said.

While 47% of eSMBs disagreed or strongly disagreed that the barriers to setting up an online business were too high, they still saw obstacles. eSMBs said the biggest challenges were the cost of maintaining their website (47%), being found in search engines (44%) and understanding how to do business online effectively (35%).

There was also some confusion around new technology concepts, with only 46% of eSMBs saying they understood what was meant by cloud computing. Most eSMBs are not using cloud computing services (74%) and of those who are not, only 6% are planning to invest in cloud this financial year. Conversely, the proportion of eSMBs who are using cloud computing (16%) seem to be ready to embrace it further with 65% of these respondents planning to invest in cloud in 2010-11.

The results seem to indicate that SMBs who use cloud computing services are embracing it further, while those who aren't see no need to change their minds at this stage. It's clear that many small businesses are not blinded by the hype around cloud and want to see clear proof of benefits before they decide to change the way they run their IT to a cloud model, Mr Fieldgate said.

However,
the fact that cloud users are re-investing should be reason for SMBs to take
another look at cloud computing to see if it could enhance their operations.

For more
information and to download the full Melbourne IT eBiz Review, please visit
www.melbourneit.com.au/ebizreview

ENDS.

About the
Study

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IT surveyed 3,404 small and medium sized businesses (SMBs) in Australia during
May and June 2010, with most respondents being business owners/partners (61%),
IT/website managers (12%), and general managers (9%). All respondents used one or more forms of
technology to do business online with email (90%), company website (86%),
intranet/extranet (25%) and internet telephony (22%) being the most popular.

The SMB

respondents were drawn from 26 different industry sectors with no single sector
comprising more than 8% of the total respondents. The largest industry sectors represented in
the survey were IT & telecommunications (8%), miscellaneous business
services (8%), manufacturing (8%), retail (7%), health/fitness/community
services (7%) and building and construction (6%). The largest proportion of SMBs polled had 1-2
employees (32%), followed by 3-4 employees (18%), 5-9 employees (16%), 10-19
employees (12%), 20-99 employees (14%) and 100+ employees (8%).

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IT employees executed the online survey and wrote the report.

About

Melbourne IT

Melbourne

IT (ASX: MLB) helps organisations of all sizes to successfully do business online. Our complete portfolio of Internet-based technology services drives business effectiveness and profitability for more than 350,000 customers around the world.

The

breadth of Melbourne ITs offering extends from helping small businesses build an online presence through to managing the complex technology environments of large enterprises and governments including Internet domain name services, web hosting, online brand protection and promotion, video content delivery, managed IT services and more.

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ITs culture of integrity, innovation, collaboration and customer centricity has been built by more than 690 employees spread across 18 offices in 10 countries. Our customers include Volvo, GlaxoSmithKline, LEGO, Queensland Department of Education and Training, Socit Gnrale, Aurecon Asia-Pacific, Coca-Cola Amatil and Twitter. For more information, visit www.melbourneit.com

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