



## 2012 MYOB Business Monitor: Significant decline in SME online activity

Notable fall across online business activity despite increase in website adoption

New research by MYOB, Australia's largest business management solutions provider, has found a significant decline in proactive online business activity among small to medium businesses. This is despite an increasing number running their own website. MYOB's July 2012 Business Monitor survey of 1,004 SME operators found the proportion with a business website rose slightly in the past few months, from 36% in March 2012 to 38%. However, it also discovered online business activity – including online transactions, email marketing and social media – was in decline. Less than one quarter (24%) of SMEs used search engines to promote their business, down from nearly one third (31%) in March 2012. Social media activity such as connecting with consumers via Facebook, YouTube or Google+ had also dwindled (15% versus 18%), as had networking on LinkedIn (13% versus 19%). MYOB CEO Tim Reed said, "The decline in popularity of online business activities was completely unexpected, particularly that of online marketing and social media. Many of these tools, such as a basic LinkedIn page, are free and can be used to raise the profile of a business and to communicate with customers. "We also found more business operators are experiencing revenue falls than are experiencing rises, and the majority lack confidence in a short term economic recovery. I suspect this has seen many shy away from online activities as they focus on the health of their business, whereas embracing them could reap productivity benefits. "What I'm really pleased to see is the rise in SMEs with a website. I encourage all business owners to consider creating their own if they haven't already. Getting a website started is within every small business's reach. For example, the website builder offered by the Getting Aussie Business Online initiative is free for the first 12 months. "Last year, those with a business website were 53% more likely to experience a revenue increase - 23% saw their revenue rise versus 15% of those without one. They also said positive business changes were more likely a result of having a website than using other promotional media, or a result of utilising both." More than one third (37%) of SMEs with a business website reported it increased customer leads and 34% said it improved their customer interaction. 33% said they enjoyed better conversion of leads to sales, 32% grew their revenue/income as a result, and 30% said it enabled them to compete more effectively. Mr Reed said, "With Australia's internet audience reaching 16.2 million in May 2012\* it surprises me that so many business operators have not yet realised the value of having a simple website containing their contact details. Websites are a great way to attract new customers and to keep existing customers loyal, which can only have a positive effect on cashflow." MYOB July Business Monitor survey findings

More reasons to establish a website

The July 2012 report found those with a website were more likely to see their revenue increase in the past 12 months – 23% versus 15% of those without one – and expect their revenue to increase in the next year – 35% versus 25% without a website. They also tended to have more sales than usual in their three-month pipeline – 34% versus 26% without a website. Further, business website owners were more likely to do these things in the next year:

- Increase the number and variety of products and services they sell: 36% versus 22% of those without.
- Pay their staff more: 32% versus 22% (those without).
- Increase the spend on marketing online: 30% versus 15% (those without).
- Increase the spend on marketing offline: 23% versus 14% (those without).
- Increase their casual, part-time or full time staff numbers: 24% versus 13% (those without).

SMEs without a website were asked why their business had not set one up. The top three reasons to emerge were 'we prefer to advertise and market our business using other methods' (68%), 'it's not a priority right now, we have all the work we can handle' (66%) and 'we don't see any value in having a business website' (60%).

Drop in online activity

In comparing the usage of online business activities between the two latest reports, findings included:

- Paying bills on suppliers' websites: fell from 44% of respondents to 37%.
- Buying products/services online: fell from 37% to 24%.
- Using internet search engines to promote their business: fell from 31% to 24%.
- Conducting email marketing to potential or existing customers: fell from 26% to 24%.
- Accepting online payments from customers: fell from 25% to 19%.
- Using any form of social media for business purposes: fell from 21% to 16%.

Social media activities on the decline

The July 2012 report found all types of social media usage measured had also seen a drop in use for business:

- 16% used Skype or VOIP to make free business phone calls over the internet (vs. 20% in the March report).
- 15% connected with customers and fans via a business page on Facebook, YouTube or Google+ (vs. 18%).
- 13% networked with business colleagues and/or clients on LinkedIn (vs. 19%).
- 9% shared news and updates via a blog, either via their own website or Wordpress/Blogger (vs. 12%).
- 5% communicated via micro-blogging sites such as Twitter (vs. 6%).

State-based results for business website and social media usage

Nearly half of Queensland SMEs had a website (47%), a solid increase on 36% in the March 2012 report. South Australia also saw a strong increase, from 29% to 43%. New South Wales saw the biggest fall, from 38% to 32%. Victorians continued to be the biggest users of social media for business, at 19%, though this fell from 24%. Only 11% of New South Welshmen connect with customers and fans via a business page on Facebook, YouTube or Google+, the least of any state and a drop from 15%. South Australians were least likely to use Twitter (3%).

Full results across the states for both business website and social media usage were:

	NSW	VIC	QLD	SA	WA
Website – yes	32%	38%	47%	43%	27%
Social media – yes	12%	19%	17%	17%	17%

Note: TAS, NT, ACT were excluded due to small sample size.

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For further information, statistics or to arrange an interview please contact: Kristy Sheppard, MYOB Manager - Public Relations: 02 9089 9068 / M: 0407 450 860

/ kristy.sheppard@myob.com About the MYOB Business Monitor Established in 2004, the MYOB Business Monitor is a national survey of small and medium business owners and managers, commissioned to independent market research firm Colmar Brunton. The most recent study ran in May/June 2012, surveying 1,004 operators from sole traders to mid-sized companies representing the major industry sectors. It researches business performance such as profitability, cash flow, pipeline work, and mindset. Note: the weighting of MYOB client and non-client respondents is reflective of overall market proportions. About MYOB Established in 1991, MYOB is now Australasia's largest business management software provider. Its 50+ products and services have helped more than one million businesses in Australia and New Zealand. MYOB serves businesses of all ages, types and sizes, delivering solutions that simplify accounting, payroll, client management, websites and much more. With a network of more than 20,000 accountants and other professional partners, it provides the support and tools that help make business life easier. Today, MYOB is extending its solutions online and delivering innovation through cloud computing, enabling clients to make smarter connections with their business partners and customers: [www.myob.com.au/smarterconnections](http://www.myob.com.au/smarterconnections).

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