

CCIQ
**20 DIGITAL
20 READINESS
REPORT**



THANK YOU

Over the past six years, more than 5,000 businesses have completed CCIQ's Digital Readiness Study survey to tell us about their digital practices, performance and challenges.

The survey is a great opportunity for Queenslanders to benchmark how their businesses are doing and improve their digital performance. The survey insights allow CCIQ to advise governments about what more they can do to support businesses and make our economy more globally competitive.

Whether you're an employer, a manager, a public servant or an information technology provider, we hope you will use the information in this report to play your part in building a bigger, smarter and more adaptable economy.

Stephen Tait – CEO, CCIQ

Mark Watt – Partner, Business Aspect





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ABOUT THIS REPORT

In this sixth edition of our Digital Readiness series, CCIQ surveyed 343 business leaders representing organisations of various sizes and regions across Queensland.

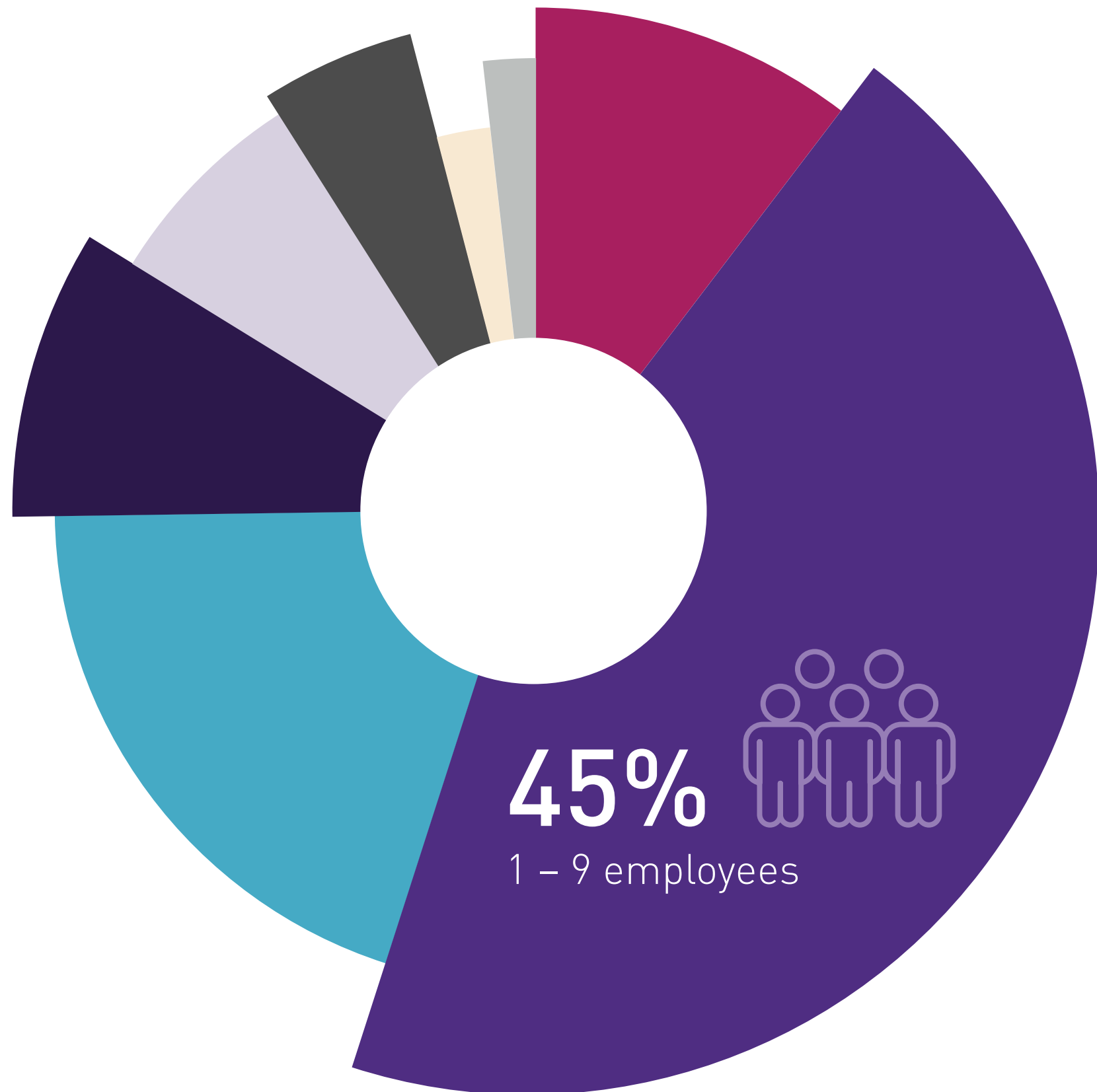
Our goal was to understand:

- » How businesses are using technology to grow brand awareness and connect with customers.
- » How is business adapting business models and practices to increase revenue?
- » What specific digital tools, applications and emerging technologies are business using?
- » How are businesses managing and protecting data?
- » What choices are resource managers making to run digital activities and projects?
- » What are the opportunities and limitations businesses face, and how confident do business owners and managers feel about implementing digital technology?

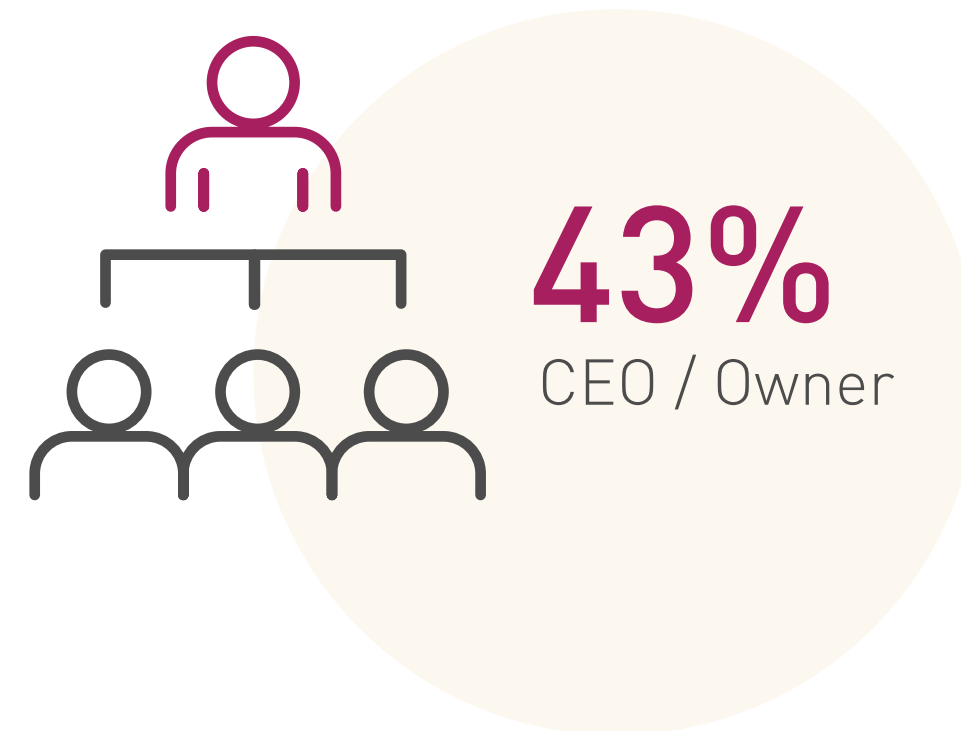
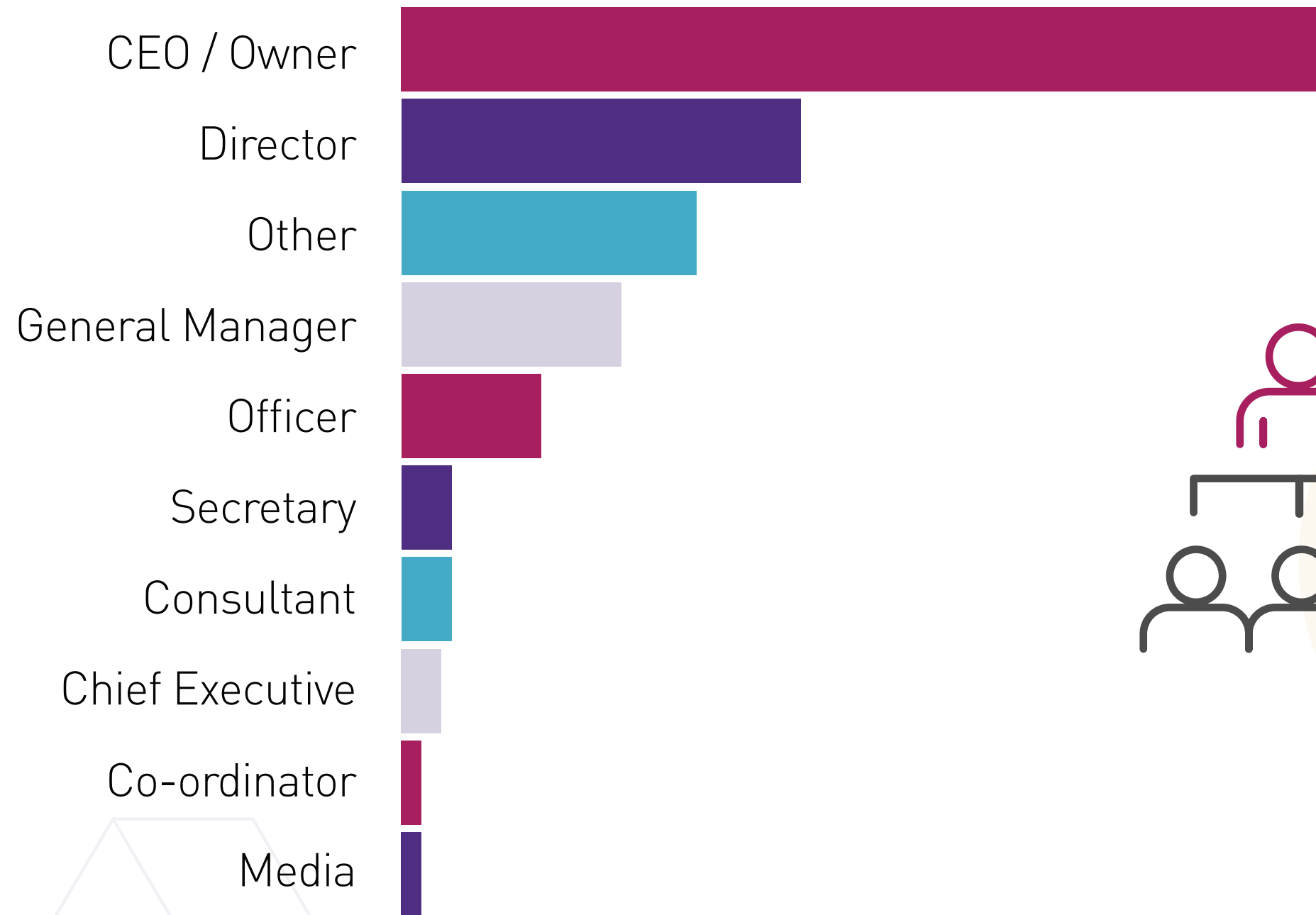
The data contained in this report was gathered from an online questionnaire of 37 questions, completed by a random convenience sample of members and non-members in December 2019. Three-quarters of respondents occupied a senior position in their business, describing themselves as General Managers, Directors or CEOs.

RESPONDENTS BY BUSINESS SIZE

- It's just me (Sole Trader)
- 1 – 9
- 10 – 19
- 20 – 49
- 50 – 99
- 100 – 199
- 200 – 499
- 500+



RESPONDENTS BY POSITION



RESPONDENTS BY LOCATION

33%

located outside South
East Queensland



EXECUTIVE SUMMARY

CCIQ's Digital Readiness Study is a longitudinal survey of how Queensland businesses use technology. It portrays rates of digital adoption, performance and limitations within Queensland's private sector.

We have seen marked shifts in the six years since the first Digital Readiness report. Businesses have used technology to increase their profiles, boost their sales, increase productivity and deliver better experiences for their customers. But Queensland businesses still report major technology costs and challenges.

**Four main insights
can be derived from
the 2020 edition
of the study.**

EXECUTIVE SUMMARY

INSIGHT 01

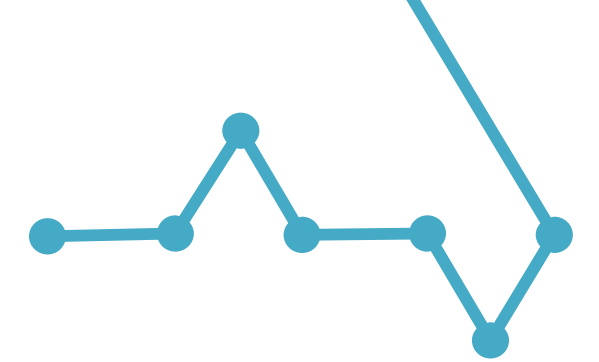
Businesses are using social media, but most don't know if it's working.

More and more Queensland businesses are using social media in an attempt to reach and engage customers. At least half believe that social media has played a part in helping them grow their business.

However, this is just a belief; most survey respondents are not adequately measuring the performance of their social media activities, so they cannot definitively report a return on their social media spending. Noticeably fewer businesses are using Facebook than were doing so in 2018.



EXECUTIVE SUMMARY



INSIGHT 02

The National Broadband Network (NBN) is fuelling cloud-based business.

Three out of four businesses are now accessing high-speed internet connection through NBN.

This could be why 50% of survey respondents say their business is now fully in the cloud, with another 28% reporting that they have migrated more systems into the cloud in the past year.



50%

of businesses are fully in the cloud

EXECUTIVE SUMMARY

INSIGHT 03

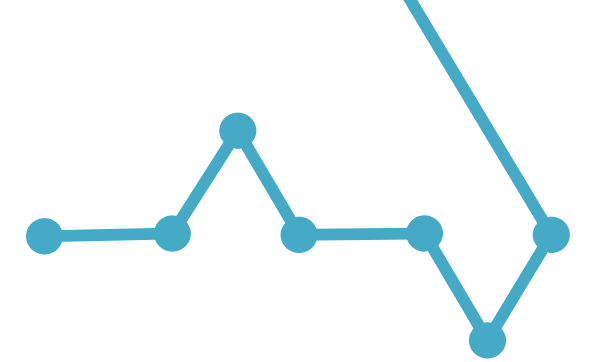
More businesses are covering data management and data security risks.

Businesses are getting with the program when it comes to best practice customer relationship management (CRM) and data security.

More businesses are using CRM software, and one-third are confident that they are managing their customer database to its full potential. Half are confident their customer data is accurate, and 77% are confident their data is secure.



77%
are confident
their data is secure



INSIGHT 04

Businesses are less optimistic about their ability to get an advantage from technology.

The number of businesses expressing optimism about using technology into the future remains high at 78%, but this has dropped from 90% since 2016. The number of respondents reporting a pessimistic view has doubled from 10% to 20% during the same period. This drop of confidence could be linked to a lack of digital know-how.

Six in every 10 businesses still do not have a digital marketing plan, most spend less than 5% of their annual budget on technology, and 35% believe advances in technology unfairly favour corporations over smaller businesses.

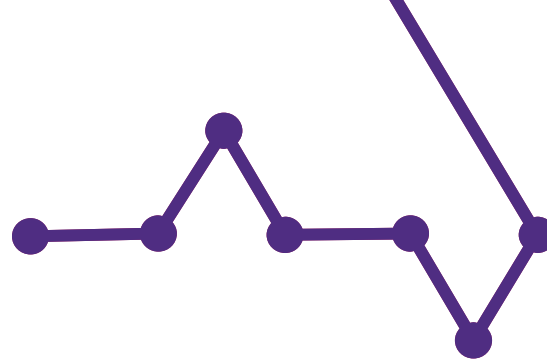
Forty-seven percent said the Queensland Government is not doing enough to help them compete in a digital world.

The results of this year's study highlight that most Queensland businesses remain slow to adopt digital solutions. The recent but long overdue uptake in CRM software and other cloud-based applications indicate that businesses will invest in technology when they fully understand the financial benefits or when legislation mandates higher levels of compliance.

Digital technologies often disproportionately benefit the small and medium enterprise (SME) sector, as smaller businesses are more nimble and able to quickly incorporate new business systems. SMEs need to be more open and proactive in using technology as an advantage against larger competitors.

Governments and the information and communication technology industry can support the mindshift by profiling those SMEs which are successfully using technology to grow, and by targeting incentives to established, profitable SMEs who are willing to incorporate digital technology for better results.

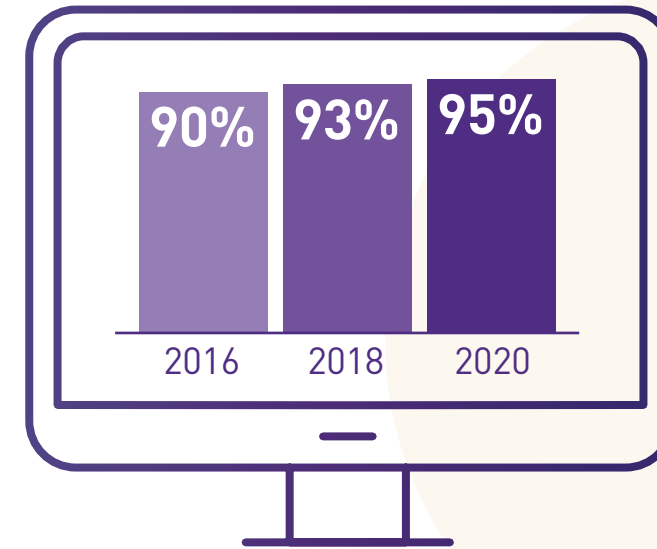




01 DIGITAL PROFILE

Some good news first. The vast majority of businesses in Queensland are at least visible online. Ninety-five per cent of businesses surveyed say they have a website – 5% more than in 2016.

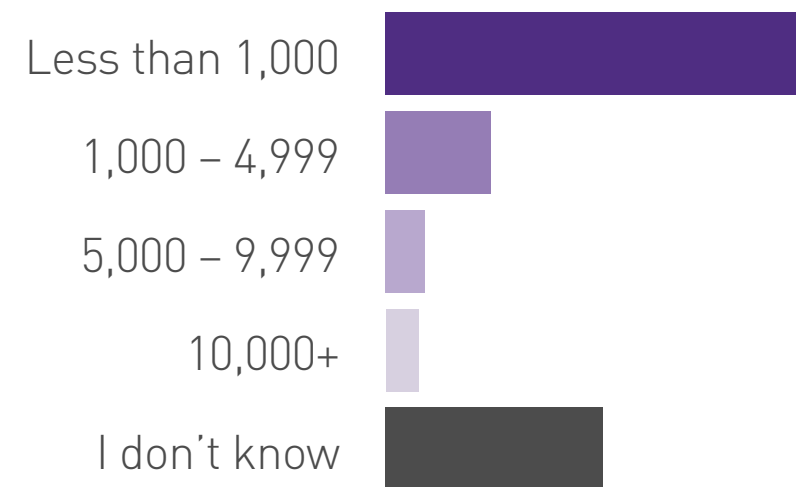
However, it is difficult to say whether all those websites are effective for their owners. Two out of every four respondents said their website attracts fewer than 1,000 online visitors per month. And another one in four does not know how many people are coming to their site.



95%
have a website

01 DIGITAL PROFILE

How many unique visitors do you get to your website each month?



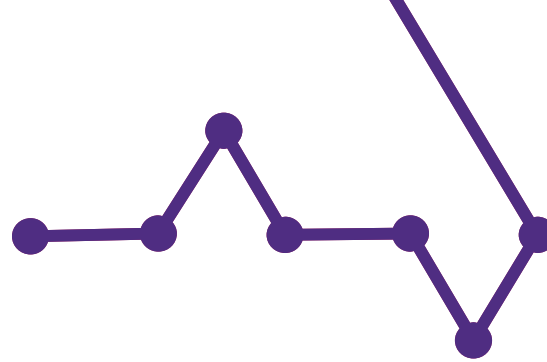
3.3/5

Respondents average website rating



THINK ABOUT THIS...

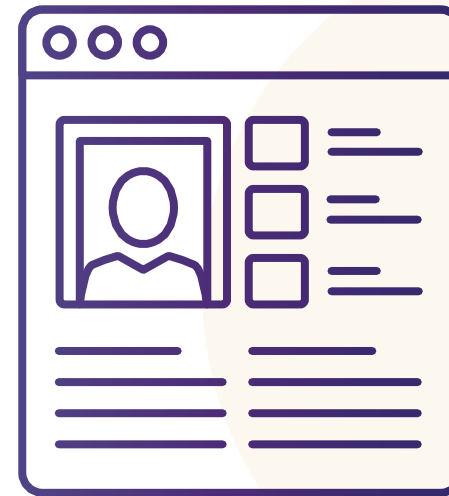
- » Google offers a free analytics tool for owners to measure site traffic. Why are so many business leaders unaware of how many people are visiting them online?
- » Why are half of all businesses attracting such low traffic? Are they not interested in marketing? Are they failing to appear in search engine results? Something else?
- » Do Queensland businesses understand the growth opportunities from increasing their digital profile? Is digital a viable channel to support their growth?



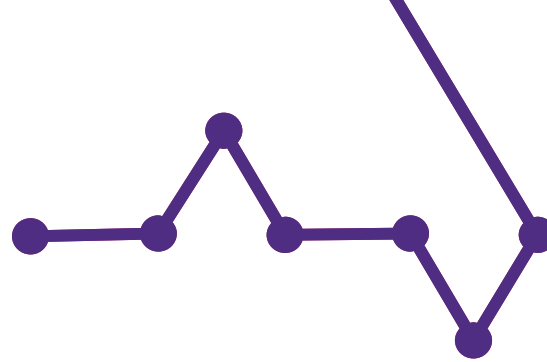
01 DIGITAL PROFILE

Facebook, LinkedIn and Instagram are the top social media tools used by businesses in Queensland.

Interestingly, a significant number of businesses seem to have moved away from Facebook over the past few years. Eighty-seven per cent of respondents had a Facebook business page in 2016, compared with 78% this year. On the other hand, YouTube seems to be in resurgence with 1 in 4 businesses reporting a dedicated channel on this platform.

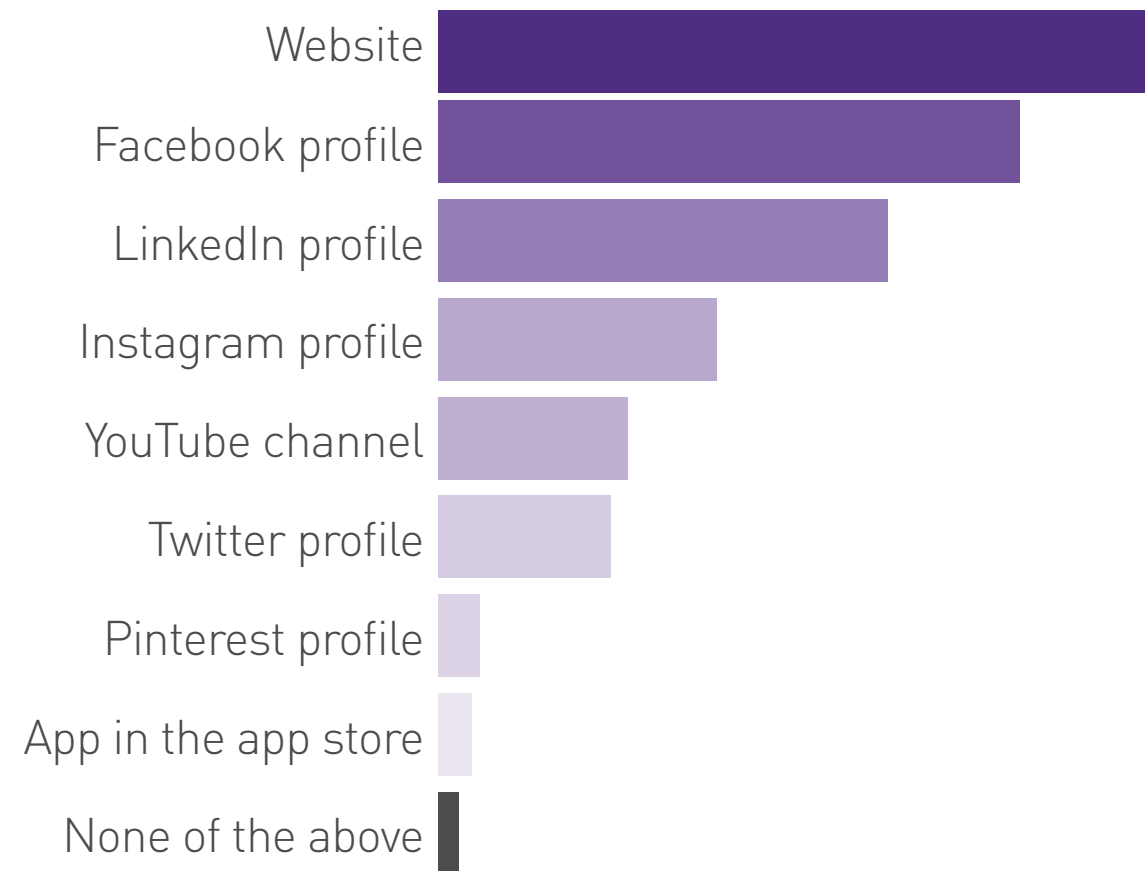


-9%
Facebook
business pages



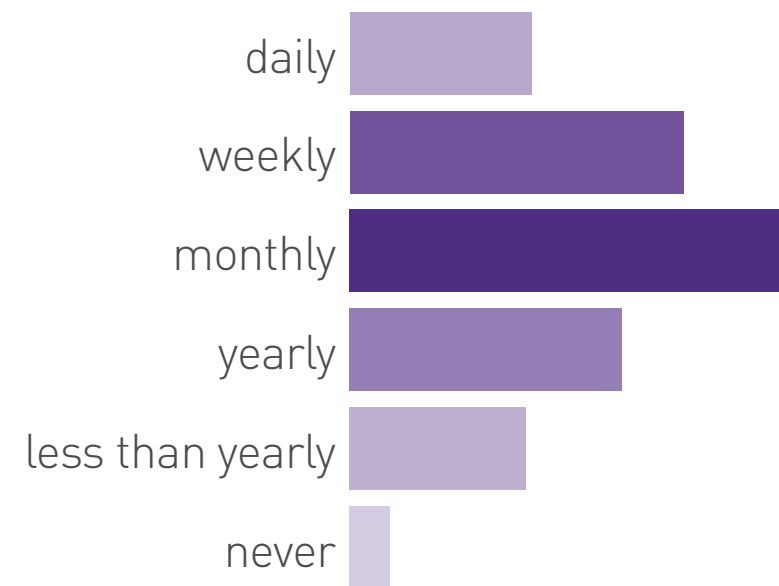
01 DIGITAL PROFILE

Does your business maintain any of the following?



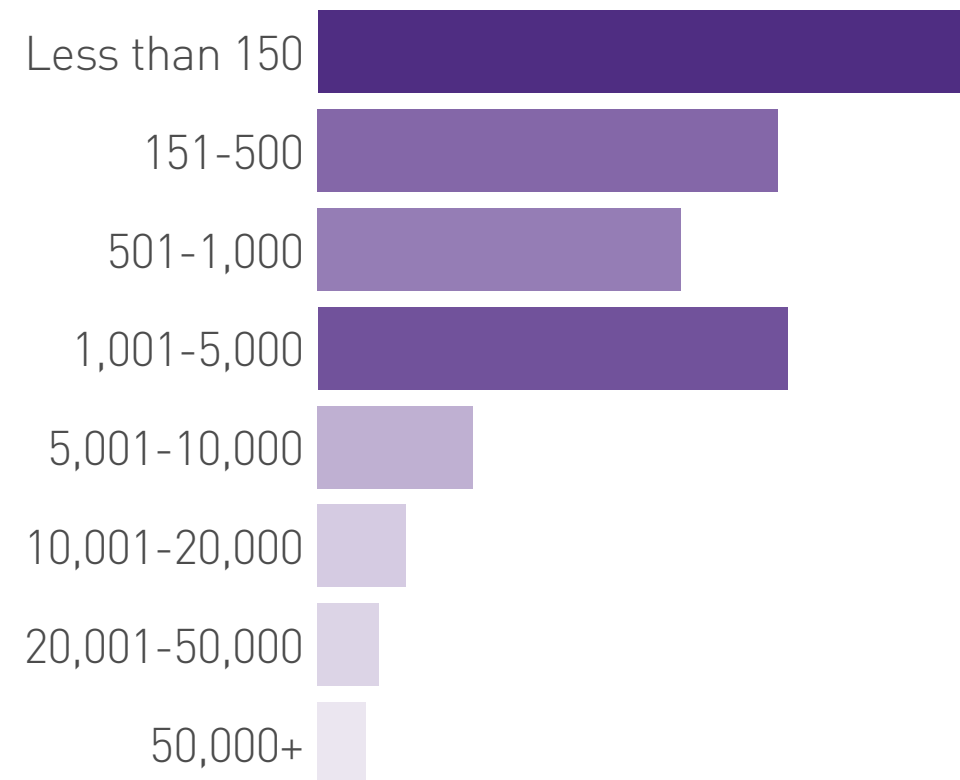
How often do you update your website?

One-third of businesses communicate with their social networks every day. Sixty-two per cent communicate at least weekly.



01 DIGITAL PROFILE

What's your business's combined social media following?

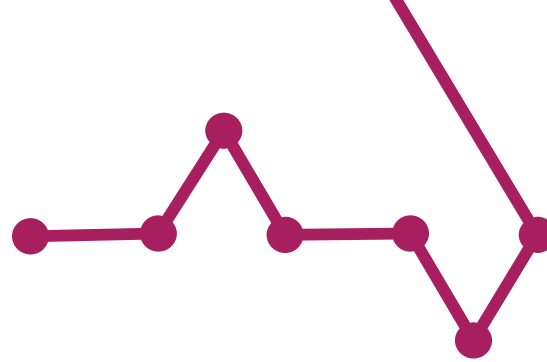


nearly
50%
have fewer than
500 followers



THINK ABOUT THIS...

- » Why has Facebook adoption dropped? Have businesses abandoned the platform because they're not seeing results? Are they concerned about data privacy? Are their customers moving to other platforms?
- » Customers generally prefer to watch videos than read. Could this explain the bump in YouTube adoption? Are businesses creating enough video content? Do they know how?
- » Businesses appear to value Facebook enough to have a page, so why do many have a small number of followers?
- » If people like a business enough to join its social network, is one post a week enough?



02 ADVERTISING & SALES

Online advertising by Queensland business dropped by more than 10% this year, with Facebook and Google taking the hardest hits.

It is possible that businesses are cutting back on advertising in response to Queensland's challenging economic environment. It could also be that businesses are not seeing enough return on investment or engagement from advertising on these platforms.

Forty-eight per cent of businesses are advertising on Facebook and 16% on LinkedIn. Only 3% pay for YouTube ads and nobody in the survey sample said they advertise on streaming services like Spotify.

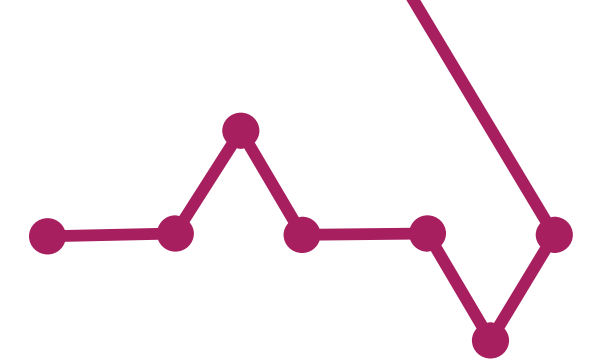
Around one-third of all respondents rely solely on organic search results and word of mouth, choosing not to advertise online at all.



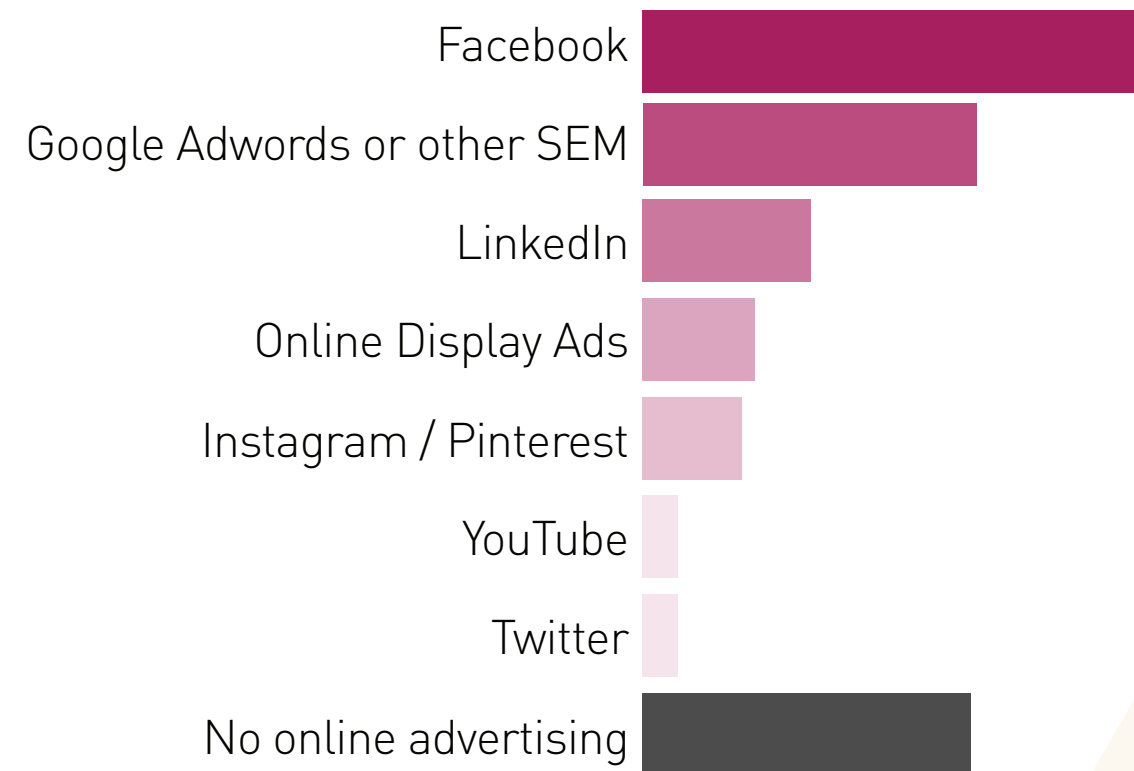
1/3

don't advertise online at all

02 ADVERTISING & SALES



Does your business maintain any of the following?



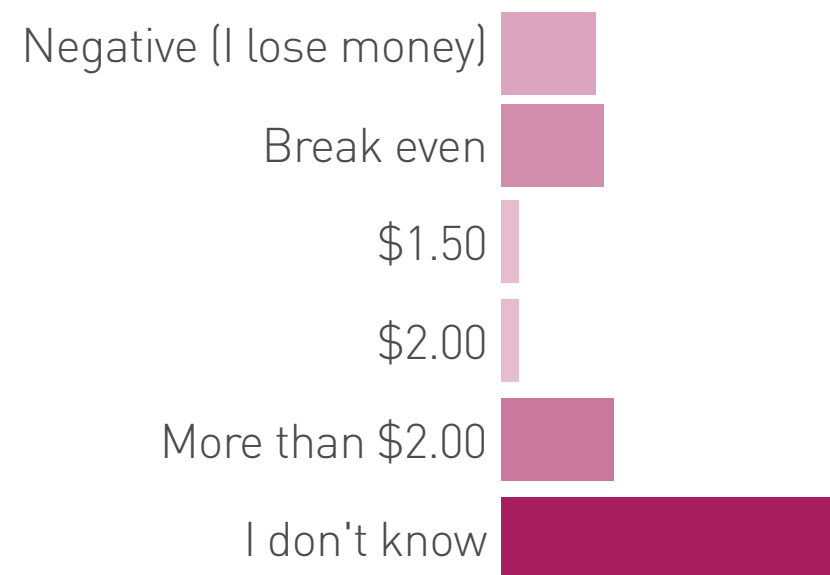
THINK ABOUT THIS...

- » Why do a third of all respondents choose not to advertise online?
- » Facebook introduced a “pay to play” model since our previous survey. Shouldn’t that mean more businesses are investing in online advertising?
- » Is the drop in online advertising a sign of tougher market conditions or something else?
- » Could popular platforms like Spotify and YouTube be better ad investments than LinkedIn and Facebook right now, since fewer businesses are advertising there?

02 ADVERTISING & SALES

While most respondents suspected that digital advertising helped them increase their revenue over the past year, only 20% reported an actual, measurable return.

For every dollar you spend on digital advertising, what's your estimated return?



50%

don't know the financial result of their digital advertising investments

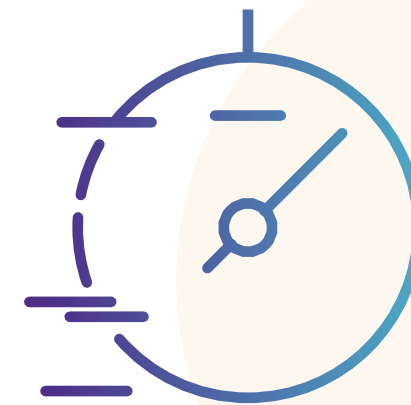
THINK ABOUT THIS...

- » With all the tools being available to measure profits from digital ads, why are businesses in the dark about what they are getting from their digital ad spend?
- » Why do many businesses continue to pay for online advertising if it's not working for them?



03 CONNECTIVITY

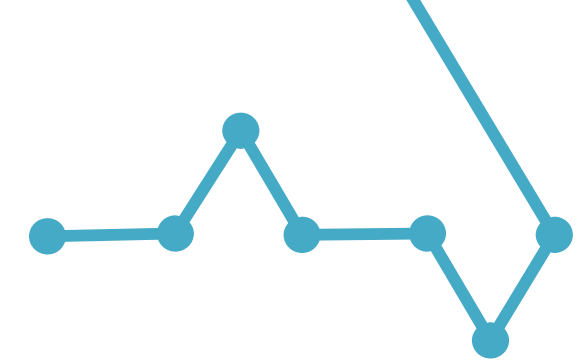
The ability to connect and collaborate with others is essential in every business, so it is positive that 45% of respondents reported a better internet connection compared to 12 months ago.



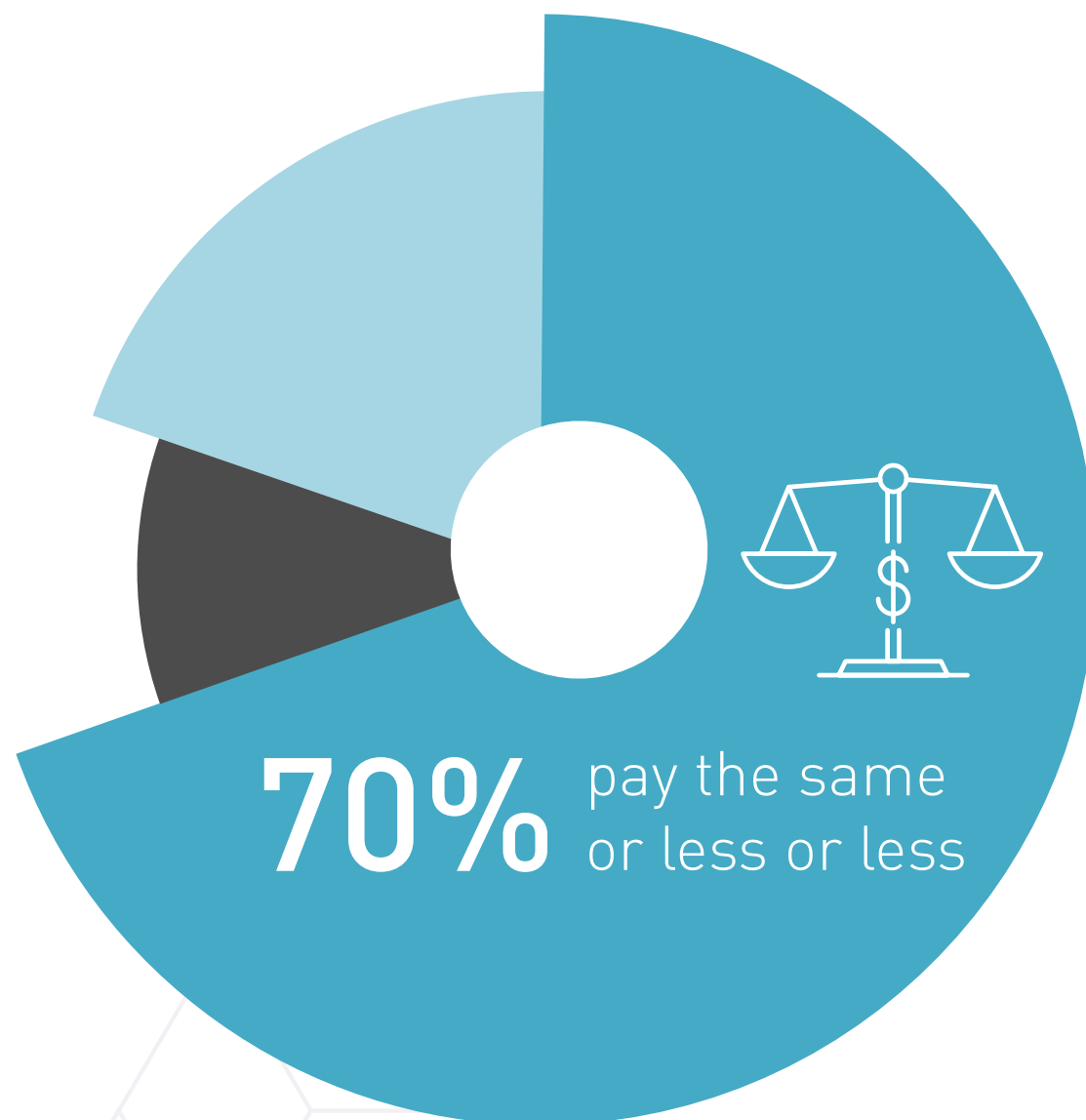
45%

had a faster internet connection than 12 months before

03 CONNECTIVITY



How much are you paying for your internet connection compared to 12 months ago?

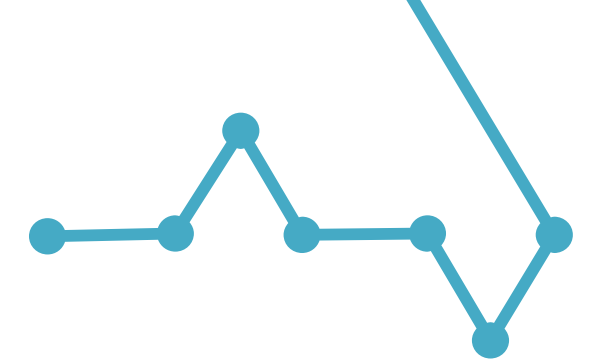


The better service does not even appear to have come at an extra cost; almost 70% said they were paying the same or less for internet connection than last year.

Almost three-quarters of all businesses who completed the survey said they were connected to the National Broadband Network and 1 in every 5 said they have a cable or ADSL connection. Very few, around 3%, connect via satellite.

- More
- The same or less
- I don't know

03 CONNECTIVITY



**What do you think of this statement:
“The NBN represents a good investment
in Australia’s commercial future”?**



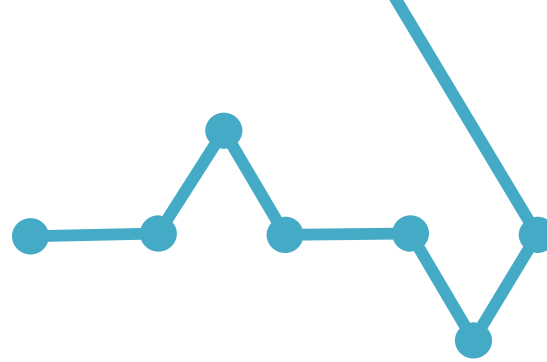
- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

Businesses seem to have lost enthusiasm for the National Broadband Network (NBN). Only 36% thought the NBN represents a good investment in Australia’s commercial future, which is similar to last year but down from 70% in 2016. Compared with 2016, almost three times as many people this year said the NBN is not a good investment.



THINK ABOUT THIS...

- » If more businesses are reporting a better service at lower costs, why is business sentiment for the NBN falling?
- » Are faster internet speeds resulting in higher business productivity?
- » What can policymakers do to get the most economic value out of a statewide NBN service?

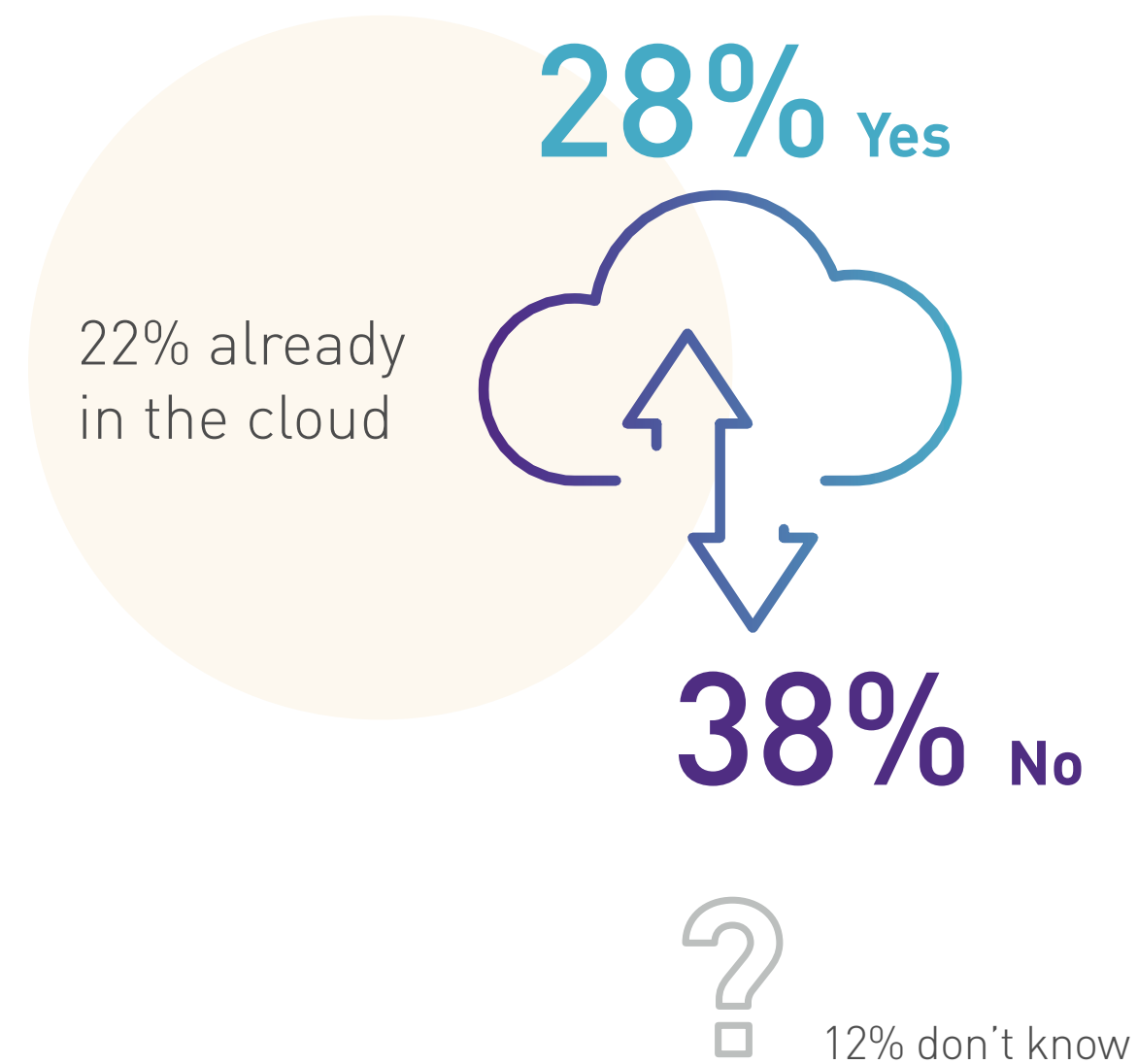


03 CONNECTIVITY

Faster internet speeds seem to be driving Queensland businesses to do more business in the cloud. In addition to the 22% who were already fully cloud-based before, another 28% said they are performing more business functions through web-based applications than they were last year.

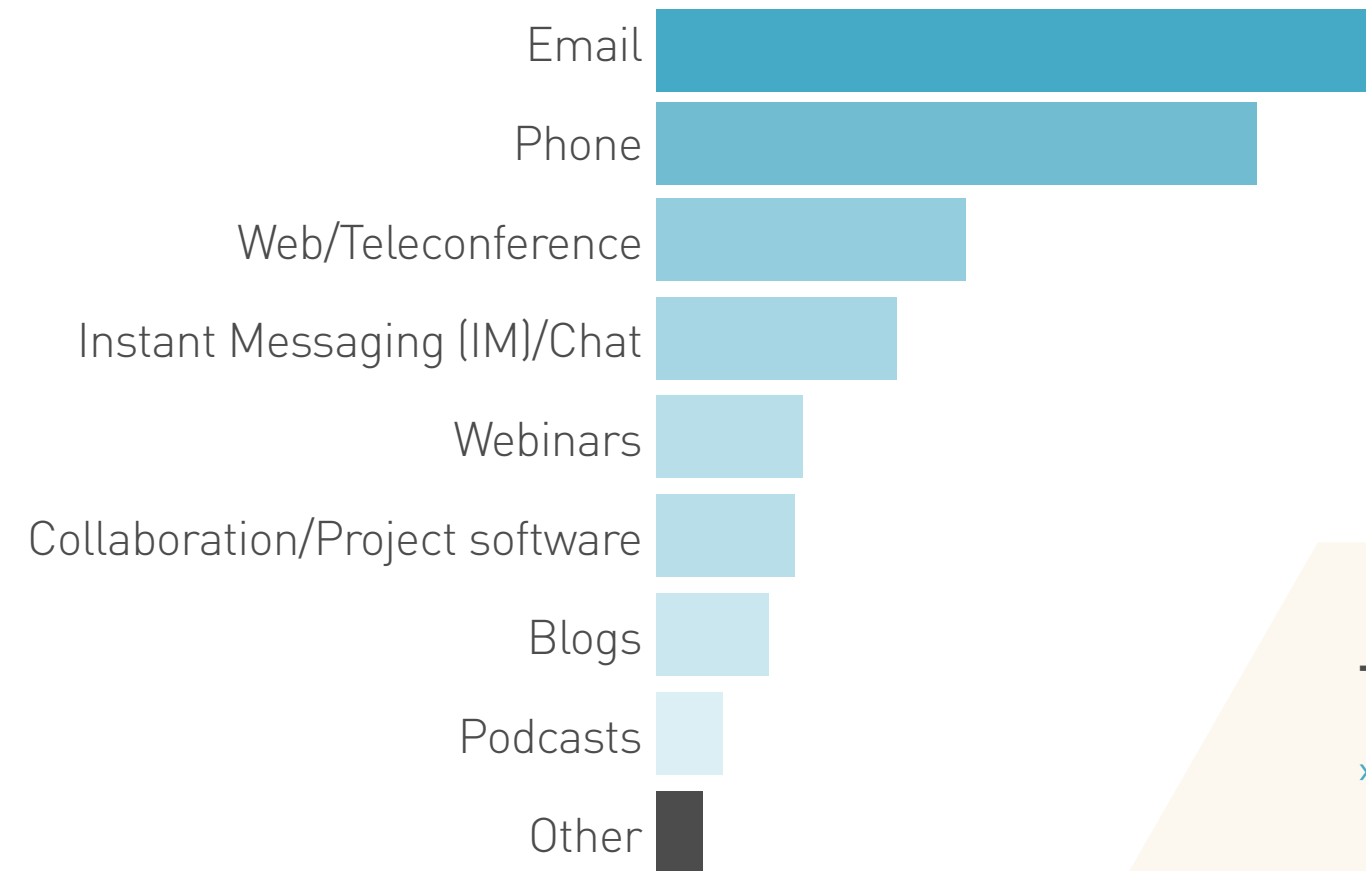
When asked which communication technologies they are adopting, people said they are using more web-based conferencing (39%), instant messaging (29%) and collaboration software such as Slack or Microsoft Teams (17%).

Has faster internet speeds been a factor in your business migrating more applications into the cloud over the past 12 months?



03 CONNECTIVITY

Which of these technologies are you using more often to connect with other people to do business?

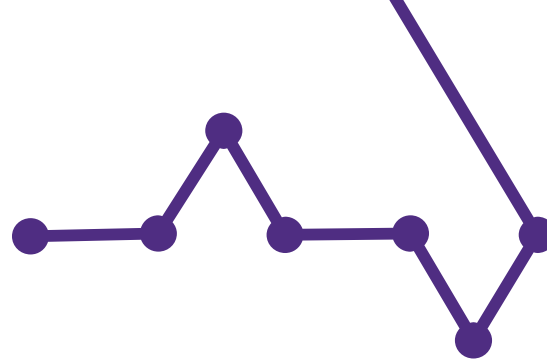


90%
use email



THINK ABOUT THIS...

- » What are the micro and macro-economic opportunities and risks which come with doing more business in the cloud?
- » How ready is our workforce to operate in more digitised environments? Is business collaboration becoming easier or more difficult?
- » What are some economic benefits of using technology to decentralise individual workforces and larger populations?

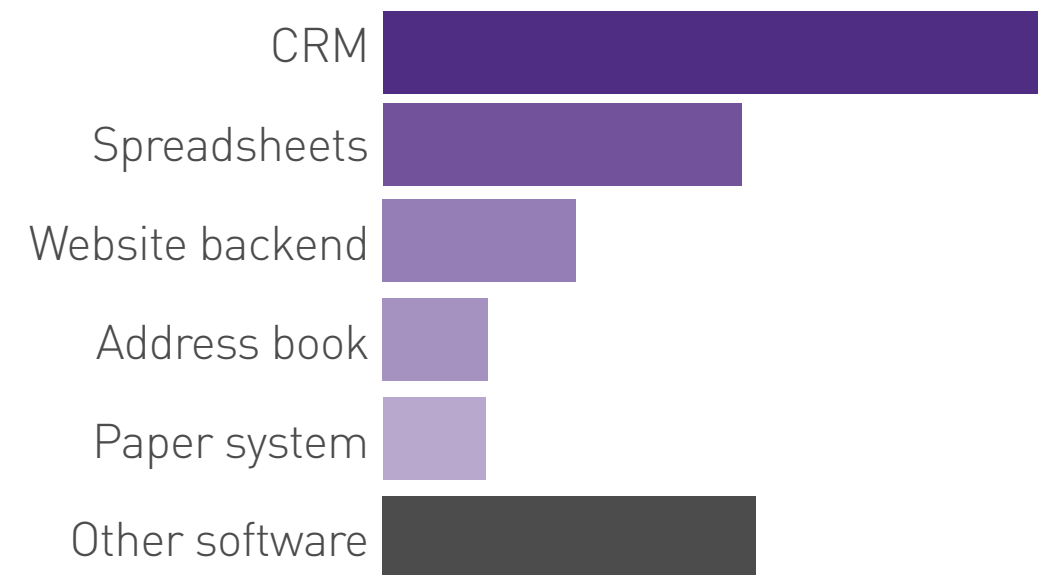


04 DATA MANAGEMENT

This year may be the year that Queensland businesses understood what they do not know about data management.

The number of businesses using a Customer Relationship Management (CRM) tool has almost doubled in just a few years, but the increase coincides with a 25% drop in confidence about the quality of the customer data businesses store.

How do you manage your customer data?

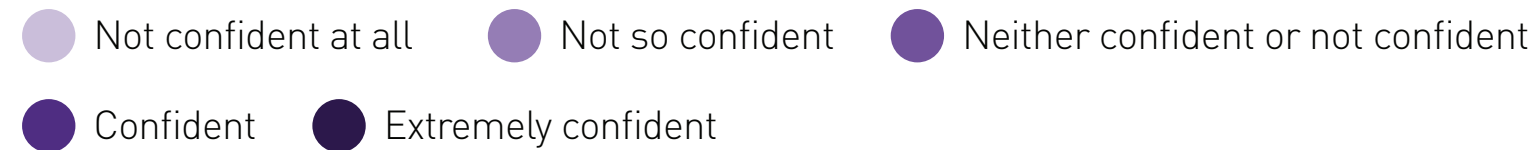
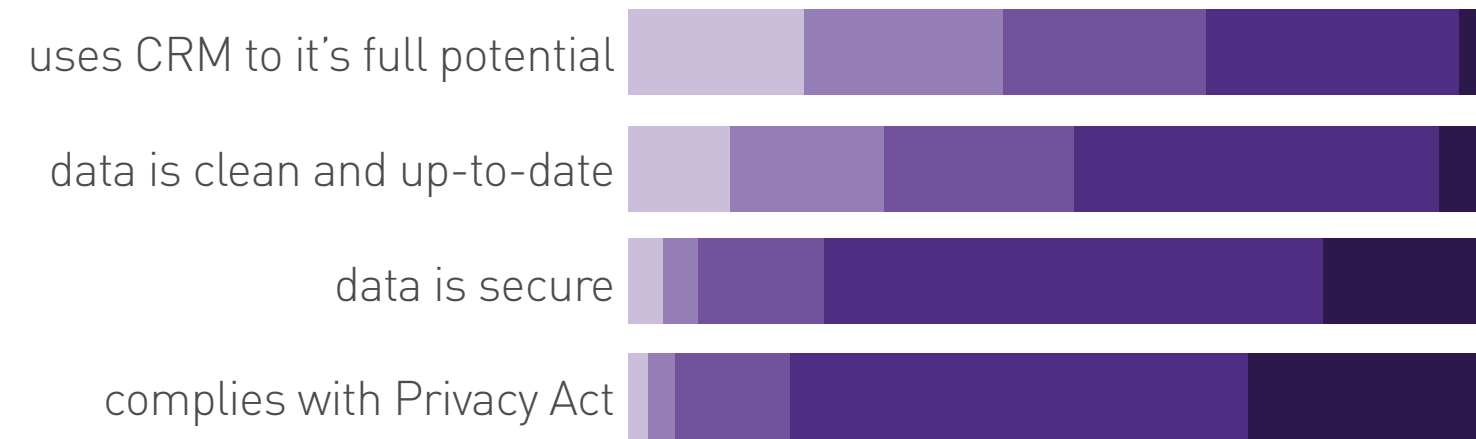


58%

use CRM to manage customer data

04 DATA MANAGEMENT

How confident are you that your business:



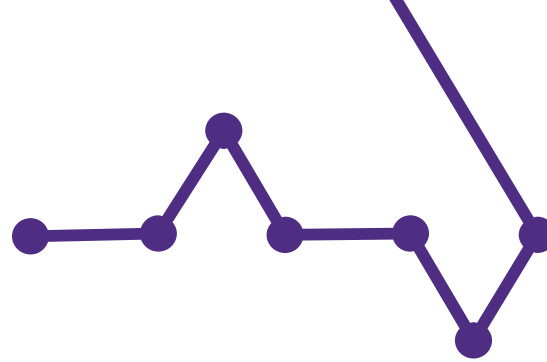
4/10

don't believe they are using their CRM to its full potential



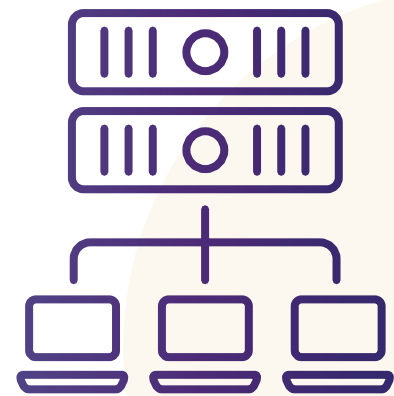
THINK ABOUT THIS...

- » Have legislative requirements around data protection and privacy led to the uptake in CRM software? Should compliance measures be used to prompt higher adoption elsewhere?
- » Do Queensland businesses understand basics, like which data is essential to collect and how to draw insights from data? Are we doing enough to instil analytical skills into the workforce?



04 DATA MANAGEMENT

Eighty-five per cent of respondents are backing up their business data at least weekly, reflecting growing awareness of the legal and commercial risks of data loss or theft.

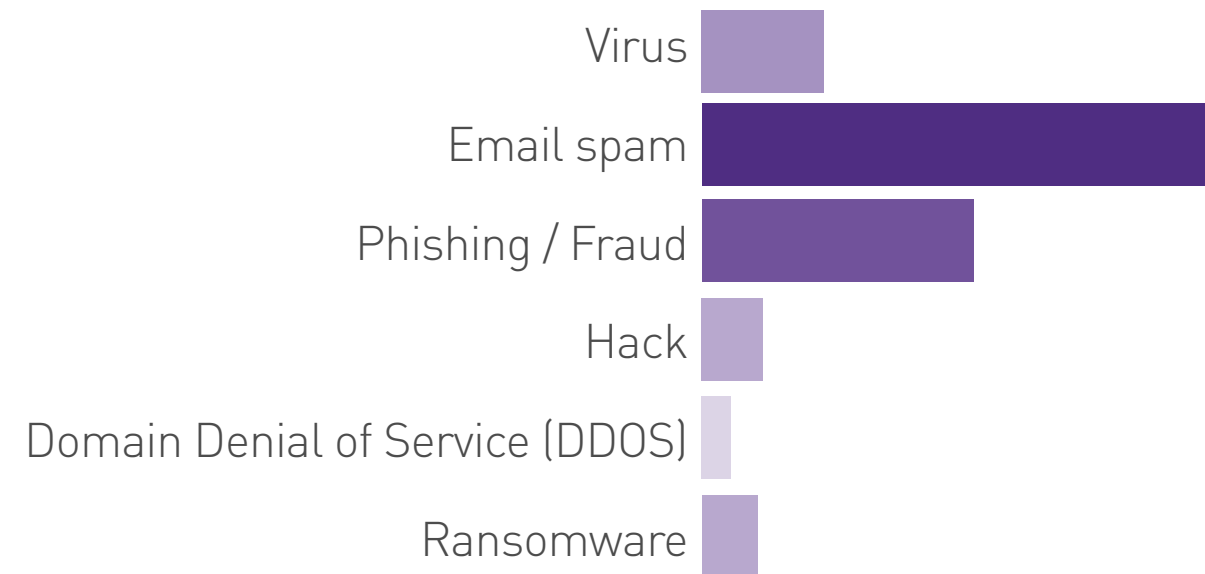


85%

back up their business data at least weekly

Over 60% of businesses say spam emails have affected their operations in the past year. More than 3 in 10 acknowledge they have been exposed to phishing emails within the same period, and 15% have been impacted by a computer virus.

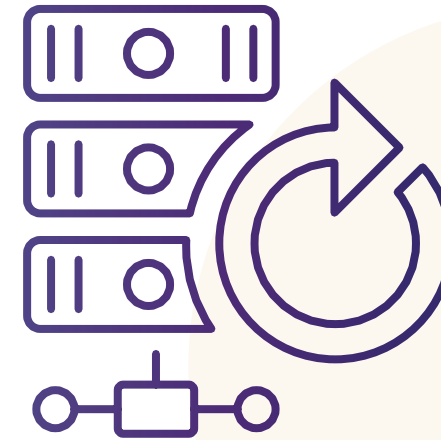
Has your business been affected by any of these malicious activities in the past 12 months?



04 DATA MANAGEMENT

Queensland businesses reported lower overall levels of malicious online activity this year, suggesting that they may be protecting themselves more effectively.

The fact that 48% report they are confident or very confident about the adequacy of their data security supports this theory.



2/3

patch or update
their systems at
least monthly



THINK ABOUT THIS...

- » Cyber security attacks continue to evolve and become more sophisticated. Are companies backups recent and complete enough to recover from a cybersecurity or business continuity incident?
- » Whilst nearly half are confident in their data security, is this overconfidence or ignorance?

04 RESOURCING

In most of the businesses surveyed (65%), the business owners do their own digital marketing or rely on a staff member without relevant qualifications.

About 1 in 5 employ a marketing person, and only 13% use an external marketing supplier. The number of businesses which have a written digital marketing plan (around 40%) has remained unchanged for several years.

How do you manage your business's digital marketing?



THINK ABOUT THIS...

- » Do Queensland businesses perceive digital marketing as requiring specialised expertise, or do they think DIY is a valid option?
- » What might be holding businesses back from investing in professional support to increase their digital footprints?

04 RESOURCING

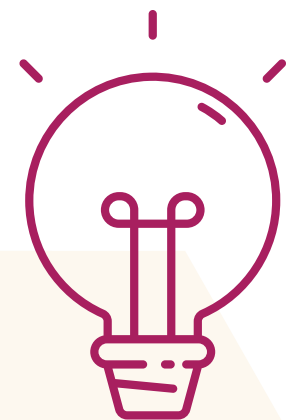
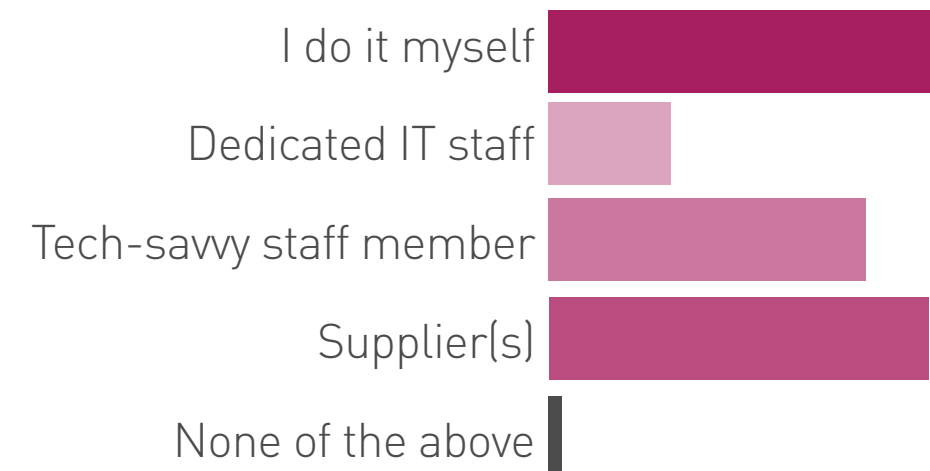
Businesses seem more willing to invest money in managing their IT systems than on digital marketing. Thirty two per cent of business owners or managers do their own IT, and 10% use an unqualified staff member. Thirty per cent use an external IT supplier, and this represents an increase of around 10 percentage points from 2016/17 levels.



Almost
75%

spend less than 10%
of their total operating
expenditure on IT

How do you manage your business's IT?



THINK ABOUT THIS...

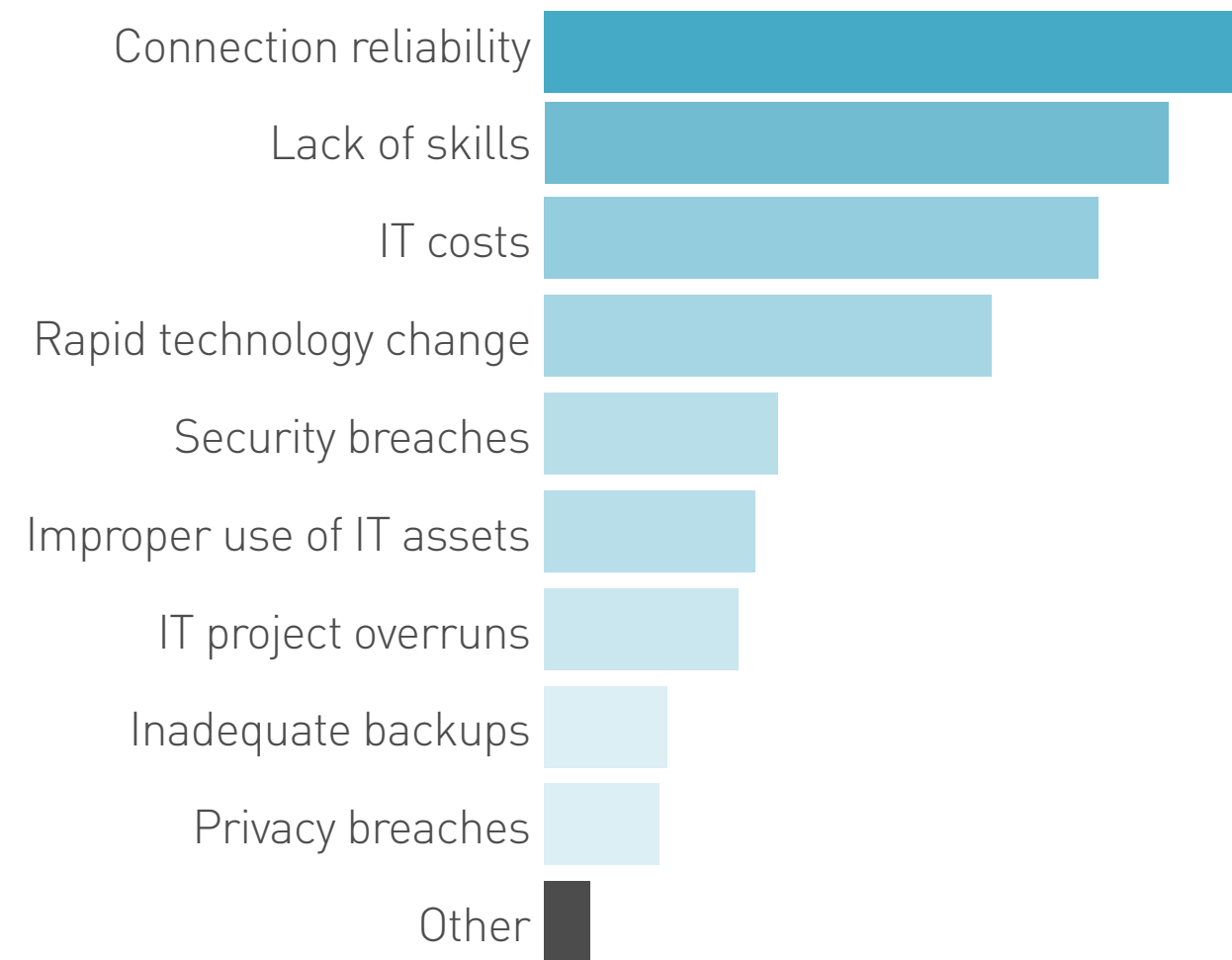
- » At what size does it become worthwhile for a business to pay an external IT supplier?
- » What are the pros and cons of having an IT manager on the payroll? Under what circumstances might it be wiser to outsource to a managed service firm?

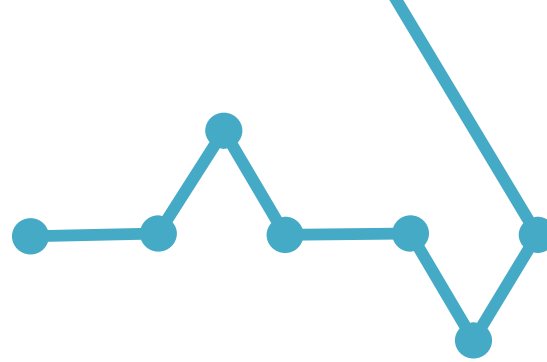
05 FUTURE OUTLOOK

Connection failure is the issue in which most respondents expect to impact their business going into 2020, with 48% saying internet reliability is a problem.

Dealing with a lack of digital and IT skills is a close second at 45%. The cost of IT services (39%) and the rapid pace of technology change (31%) round out the top issues reported.

Which of these issues negatively impact your business?

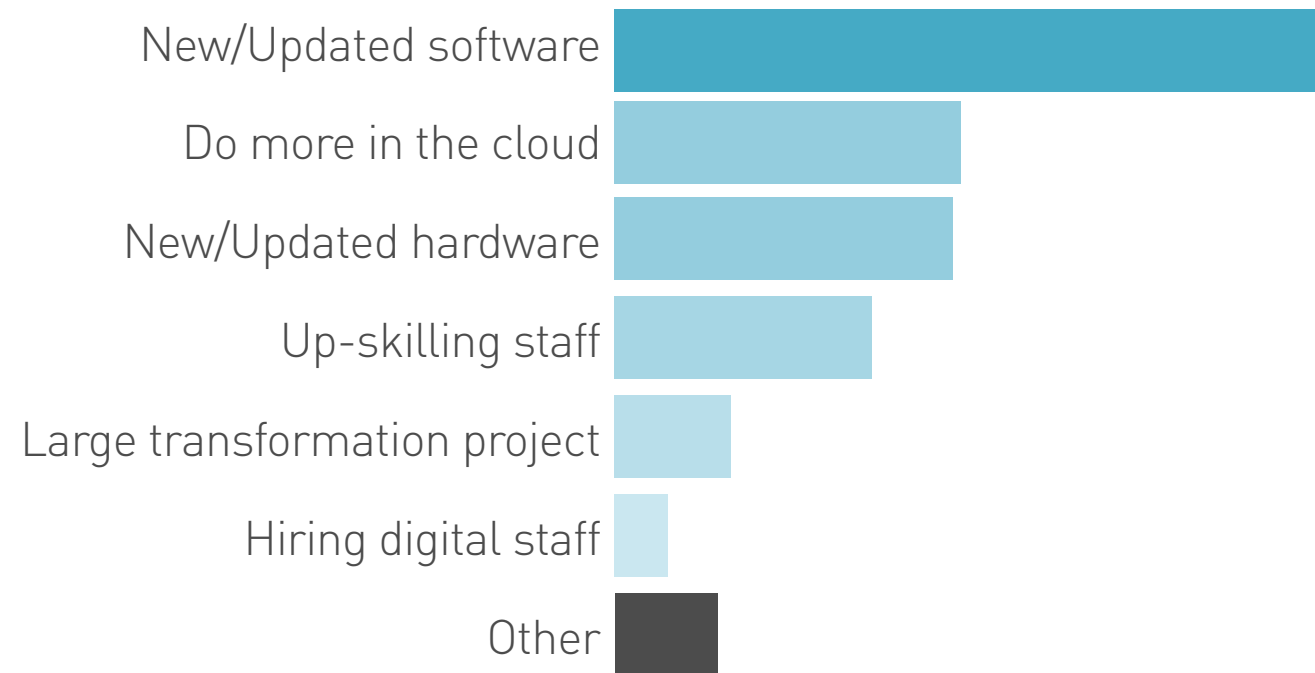




05 FUTURE OUTLOOK

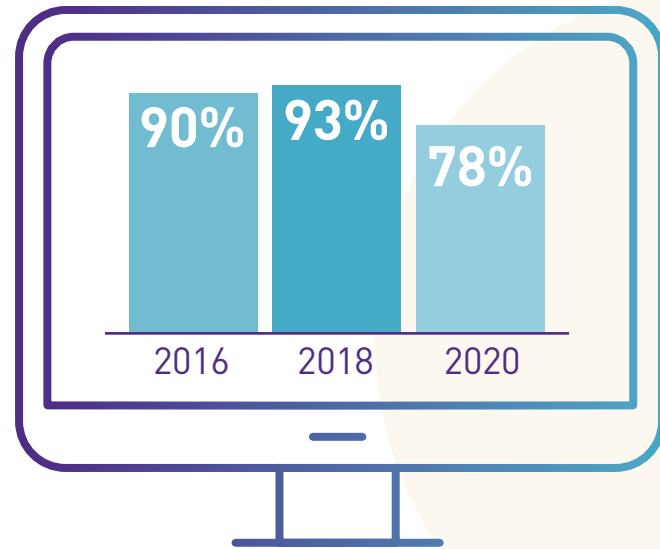
Over the next 12-months, Queensland businesses will spend most of their IT budget on software and hardware upgrades. Only 13% intend on making staff training their biggest digital investment and 3% intend to hire staff to perform digital functions. This seems low considering their major concern about the lack of digital skills within their business.

In the next 12 months, what's going to be your biggest digital investment?

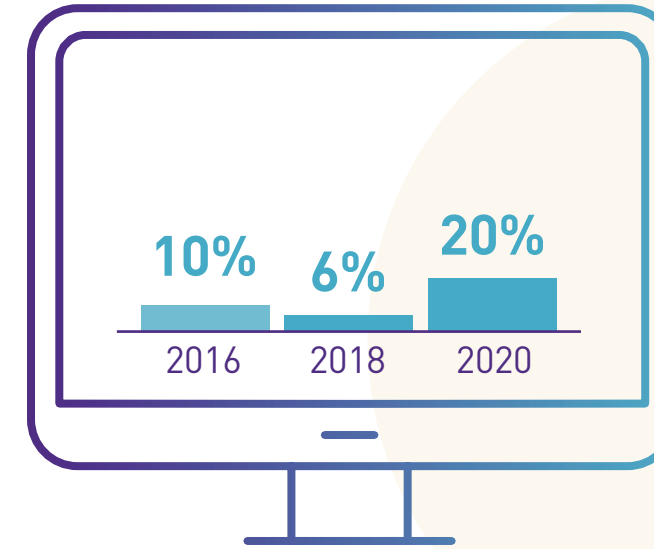


05 FUTURE OUTLOOK

In the past three years, the number of businesses which say they are digitally ready has slid from 90% to 78%. More businesses are rating themselves in the middle of the pack when it comes to digital capability.



78%
say they are
digitally confident

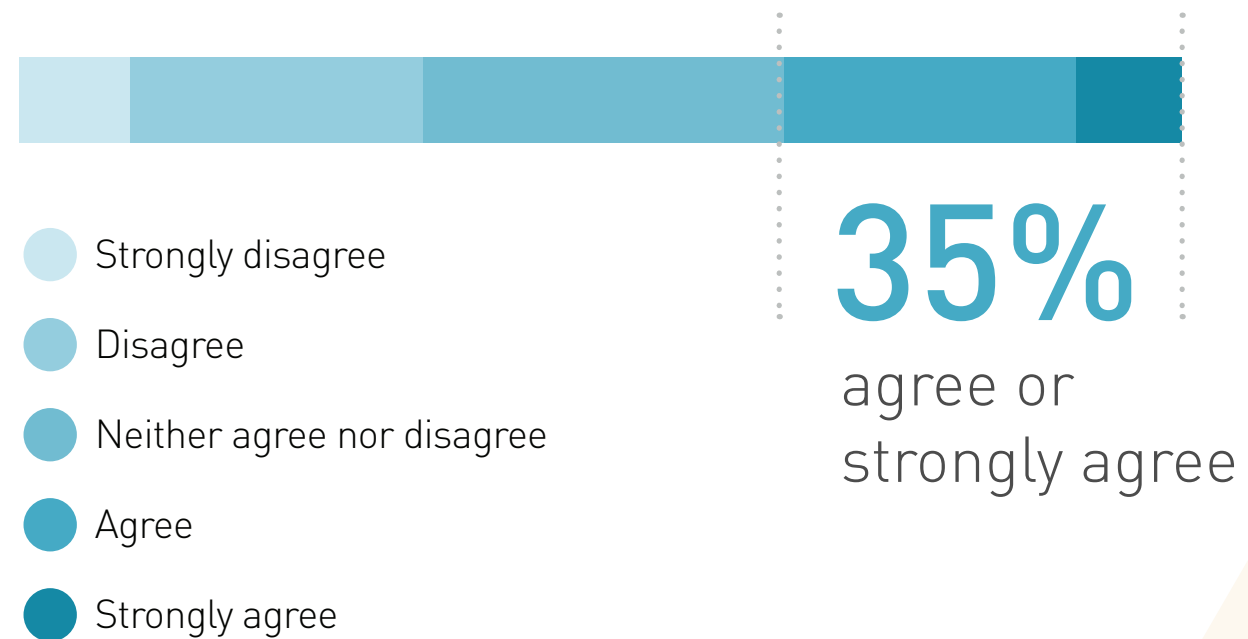


20%
say they are not
digitally confident

More than half of all respondents do not believe digital technologies are driving their business growth. 1 in 4 don't believe technology is a source of competitive advantage for them.

05 FUTURE OUTLOOK

What do you think of this statement:
“Digital technologies unfairly favour large
businesses and corporations”?



THINK ABOUT THIS...

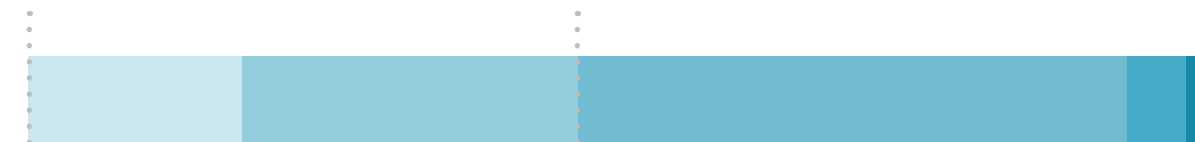
- » If lack of staff skilling is such a negative impact, why aren't businesses investing more in training?
- » What is behind connection reliability being stated as the biggest issue for business? What can be done at a wholesaler and ISP retailer level?
- » Why are businesses feeling less ready to embrace digital technology as time goes on? What is driving this attitude shift, and what can be done to boost confidence?
- » Why are businesses viewing digital technology as a means of entrenching corporate dominance instead of as a market disruptor? What values or cultural factors are behind this?
- » How can smaller enterprises leverage lean or agile digital practices to out-compete larger enterprises?

05 FUTURE OUTLOOK

When asked to rate their opinion on the statement “The Queensland Government is doing enough to help my business adjust to digital changes”, 47% of respondents either disagreed or strongly disagreed. More work will need to be done to understand why Queensland’s business sector believes the Government’s support to be inadequate.

More than 1 in 3 businesses also disagreed with the statement that “The Queensland Government is using digital technologies to make it easier for me to do business with its agencies”.

**What do you think of this statement:
“The Queensland Government is doing enough
to help my business adjust to digital changes”?**



47%

disagree or
strongly disagree

- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

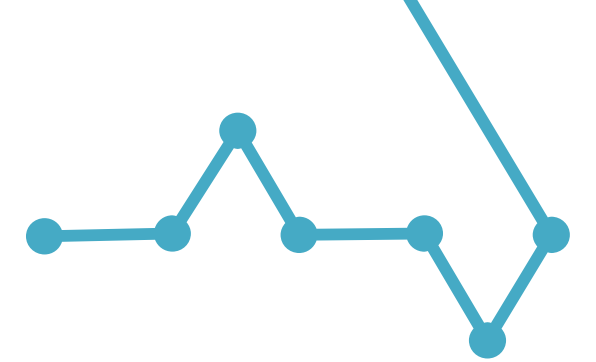
05 FUTURE OUTLOOK

What do you think of this statement:
“The Queensland Government is using digital technologies to make it easier for me to do business with its agencies”?




- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

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THINK ABOUT THIS...

- » The Queensland Government has invested a record level of funding (more than \$700M) into its Advance Queensland strategy to grow the state via digital innovation. Why do most survey respondents think not enough is being done?
- » Is extra support required, or should existing support be redirected? If so, how?
- » Are governments leading by example when it comes to digital innovation, or are they too complacent?
- » Are business’s poor digital interactions with government costing those businesses time and money?



For 150 years the Chamber of Commerce & Industry Queensland has been the voice of business in Queensland. Our vision is that Queensland becomes the best place in the world to own and run a business.

Business owners and managers right across the state rely on us to defend their interests and give them advice which will help them succeed.

We believe free trade is the best way to grow our economy, create more jobs and raise the living standards of every Queenslander. We listen to business owners understand their needs, and make sure governments are held accountable for creating the right conditions for business to thrive.



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