32%
INCREASE IN
ONLINE SALES

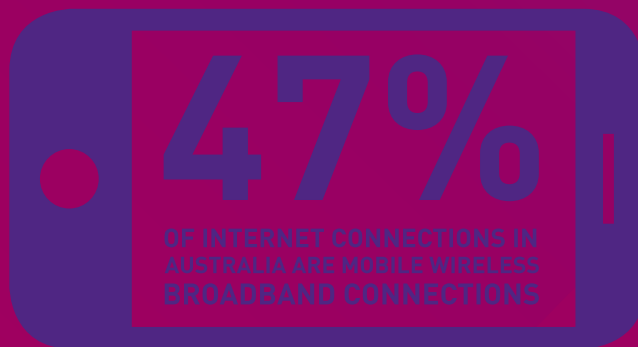**WORTH**
$189BILLION

BUY NOW ▶

88.7%
OF BUSINESSES
HAVE A WEBSITE

NBN
NATIONAL
BROADBAND
NETWORK

$43,000,000,000
PROJECT OVER
NEXT 8 YEARS

47%
OF INTERNET CONNECTIONS IN
AUSTRALIA ARE MOBILE WIRELESS
BROADBAND CONNECTIONS

QUEENSLAND DIGITAL
READINESS STUDY

◥ FEBRUARY 2013

Chamber of Commerce & Industry Queensland

CCIQ
Powering
business
potential

THE QUEENSLAND DIGITAL READINESS STUDY WAS
CREATED BY CCIQ IN CONJUNCTION WITH GLENTWORTH.

glent*w*orth

Glentworth enables organisations to increase the value they gain from their information, thereby increasing productivity, promoting growth, reducing transactional costs and enabling process optimisation. Glentworth is a trusted partner of organisations across the commercial, not-for-profit and government sectors. Its consultants have proven capability in providing innovative and effective data, information and knowledge management solutions across sectors and problem domains. Glentworth consultants have specialist skills in analysing and understanding social and organisational networks, enabling targeted workforce engagement, reinforced high-value employee collaboration and enhancement of employee productivity.

Glentworth is known as an ethical business with a strong sense of social responsibility, which it demonstrates tangibly and consistently. The company is Australian-owned and Brisbane-based; and its staff are personally and passionately committed to delivering quality outcomes to clients.

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EXECUTIVE SUMMARY

In the last quarter of 2012, CCIQ (Chamber of Commerce and Industry Queensland) undertook a state-wide Digital Readiness Study to determine how Queensland businesses were adapting to, and leveraging the benefits of, the digital economy.

The study provides valuable insights into how businesses are using digital technology to engage with their customers, and support business operations. Almost 700 businesses participated in the study, sharing their experiences and opinions on digital technology, infrastructure, tools and services.

The results highlight the gap between businesses relying on traditional methods, and those able to adapt and respond to digital innovation. The latter are better placed to provide flexible technology frameworks that support the continual growth of internet, intranet and social media channels. These changes will drive a shift towards a more integrated, personalised customer experience with the majority of business transactions being conducted online.

KEY FINDINGS

- Web plays a crucial role in Queensland businesses' digital strategy, with 88% of businesses having a website and many utilising their website as their primary marketing channel.
- The vast majority of businesses utilise the expertise of internal staff to manage their website, with only 27% outsourcing their website management to an external agency.
- The majority of businesses report that less than 10% of their revenue is generated via their website, presenting Queensland businesses with an opportunity to improve e-commerce services to grow revenue and tap into new markets.
- 75% of businesses currently do not have a mobile version of their website. Given the rapid growth in devices and consumer adoption of mobile technology this is an area of huge opportunity for Queensland businesses.
- IT infrastructure investment is currently targeted at personal devices, with businesses adopting smartphones and tablets. Apple dominate the smartphone business market with a 70% market penetration.
- Cloud based services for email and storage dominate the Queensland business market.
- Microsoft leads the way in terms of Office applications with over 90% market penetration.

- Social media is being used for business purposes with many businesses active on Twitter and Facebook. However, time, relevance, a lack of understanding and a fear of social media is holding many businesses back.
- The majority of businesses are utilising CRM systems to manage their data and feel they are compliant with data protection regulations and securely storing their data. However, the age old issue of data cleanliness is a concern for businesses.
- IT purchasing decisions are dominated by price and customer service.
- Search Engine Optimisation leads the way from a digital marketing perspective along with Google Adwords and Facebook advertising. Twitter, pay per click and pay per impression advertising has limited uptake.
- The NBN is valued by businesses with many anticipating the roll out, indicating the NBN represents a good investment in Australia's future. However the majority of businesses do not know when the NBN will be rolled out to their region and are not confident it will be delivered on time.
- Businesses feel that many of the barriers to digital success can be overcome through information and training sessions and online resources to help them navigate the digital world.

Digital Readiness is best achieved within mature technology landscapes that are open to new ideas, and have the capability to absorb evolving technology frameworks based around the internet, intranet and social media.

Businesses today are increasingly focused on adopting technology to stay up to date with trends and offer exciting user experiences to their customers. Further, today's digital generation demands technologies that are personalised, sustainable and value driven.

Following the initial Digital Readiness Study, CCIQ will conduct bi-annual studies to actively research and understand the needs of Queensland businesses, the challenges they face and the successes they have embracing the digital economy.

AUSTRALIA'S DRIVE TOWARDS THE DIGITAL ECONOMY

6.2 MILLION HOUSEHOLD BROADBAND USERS

47%
OF INTERNET CONNECTIONS IN AUSTRALIA ARE MOBILE WIRELESS BROADBAND CONNECTIONS
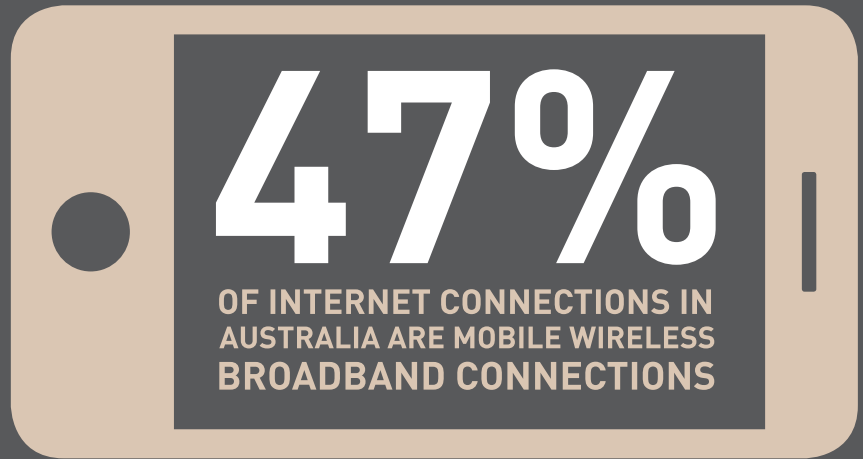
11,000,000
SUBSCRIBERS WERE USING MOBILE BASED INTERNET SERVICES

32%
INCREASE IN ONLINE SALES

2010-2011

BUY NOW

WORTH
$189 BILLION

NBN
NATIONAL BROADBAND NETWORK

$43,000,000,000 PROJECT OVER NEXT 8 YEARS

100
MEGABITS
SECONDS

The Digital Economy is a key priority for the government and enterprise sectors in Australia today. As consumers become more digital savvy, competition in the industry is defined by the extent of access (in how many ways can you reach) and proximity (how well do you engage and understand) that a business can achieve with its customers.

Not surprisingly, industry is keen to explore smarter ways to reach and engage consumers through social media and mobile-based applications. This must be supported through faster and more reliable internet connectivity and network infrastructure. The government has responded to the call for better connectivity through initiatives such as the National Broadband Network (NBN), a $43 billion project, which will help build and broaden the reach of the digital economy in our country over the next 8 years.

The NBN rollout will facilitate initial connectivity speeds of 100 megabits per second - a giant leap over the 3.4 megabits per second that's available today, catapulting Australia's position into one of the leading digital economies globally by 2020.

Australian businesses stand to gain significantly from this investment. The Australian Bureau of Statistics (ABS) observes that in the past few years, businesses have seen considerable increases in online sales. In 2010-11, businesses witnessed online sales worth $189 billion generated from businesses, households, the government, and even overseas customers. This was a 32% increase over the $143 billion in online sales, achieved in 2009-10.

Businesses also witnessed a significant leap in the orders they received online - from 13% in 2009-10, to 28% in 2010-11. Further, over half (51%) of Australian businesses reported placing online orders in 2010-11 – a sure indicator that business is being increasingly driven online across both business to customer (B2C), and business to business (B2B) formats.

Consumers are also increasingly opting for mobile wireless connections over traditional internet connections. According to the ABS, nearly half (47%) of internet connections in Australia were mobile wireless broadband connections (not including mobile handsets). And a total of 11 million subscribers were using mobile based internet services. Overall internet subscriptions in the country has also risen considerably, with 11.6 million subscribers in December 2011, a 6.3% increase over the 10.9 million subscribers as at June 2011.

Also, a significant portion of Australian households now use broadband services or opt for portable devices such as laptop computers. Between 2008-09 and 2010-11 the total residential broadband subscriptions rose by over 1 million. At 6.2 million household subscriptions, almost three quarters (73%) of Australian homes had broadband internet access by end 2011. And 61% of households owned at least one laptop computer in 2011, while reducing their desktop ownership down to 55%.

Undeniably, Australians' increasing appetite for greater internet speeds, mobile wireless subscriptions, high capacity broadband services and mobile and tablet all point to one direction - people today are increasingly spending more time communicating, transacting and engaging online.

But how well prepared are businesses to respond to this transition? And do they have a well-laid roadmap to pave their journey into the digital economy? Further, what should businesses be doing to ensure digital readiness over the next 2-3 years?

This report aims to understand current practices and evaluate challenges facing Queensland businesses in adapting to the digital landscape. This includes measuring the level at which businesses are willing to adopt new technologies and means of transacting with customers.

DIGITAL READINESS – WHAT DOES THIS MEAN TO QUEENSLAND BUSINESSES?
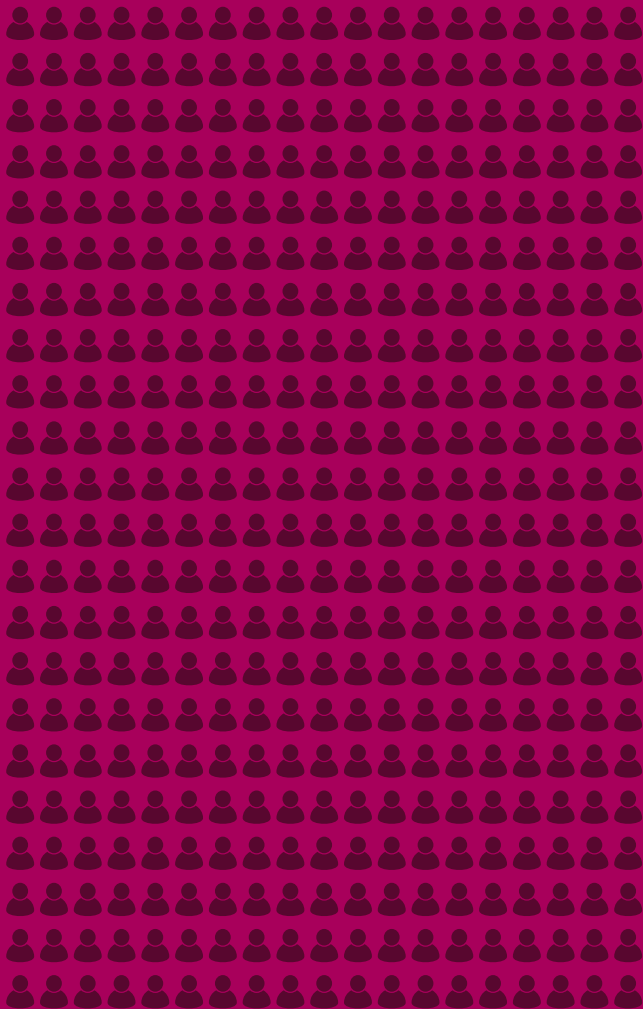
1.1 MILLION PEOPLE WORK FLEXIBLY CONNECTING FROM HOME

As the third largest economy in the country, Queensland enjoys a strong business presence, playing host to a range of local, national and multinational businesses. As with any other regional economy in Australia, businesses in Queensland are witnessing the increasing opportunities of the digital economy, and the possibilities it brings in meeting consumer expectations.

As individuals, consumers enjoy increased control in upgrading and adapting to newer technologies. Given their wider use of mobile wireless services, smartphones and mobile-based applications, consumers today enjoy instant access to limitless services and information. Not just in their role as consumers, but even as employees, many find the option to be engaged and stay productive online. In Queensland, nearly 1.1 million employees have actively chosen to do this - by opting for flexible working arrangements, which means a portion of their work can be managed online, from the convenience of their homes.

Undeniably, the speed, convenience and personalised experiences offered online are increasingly driving higher expectations from consumers and employees.
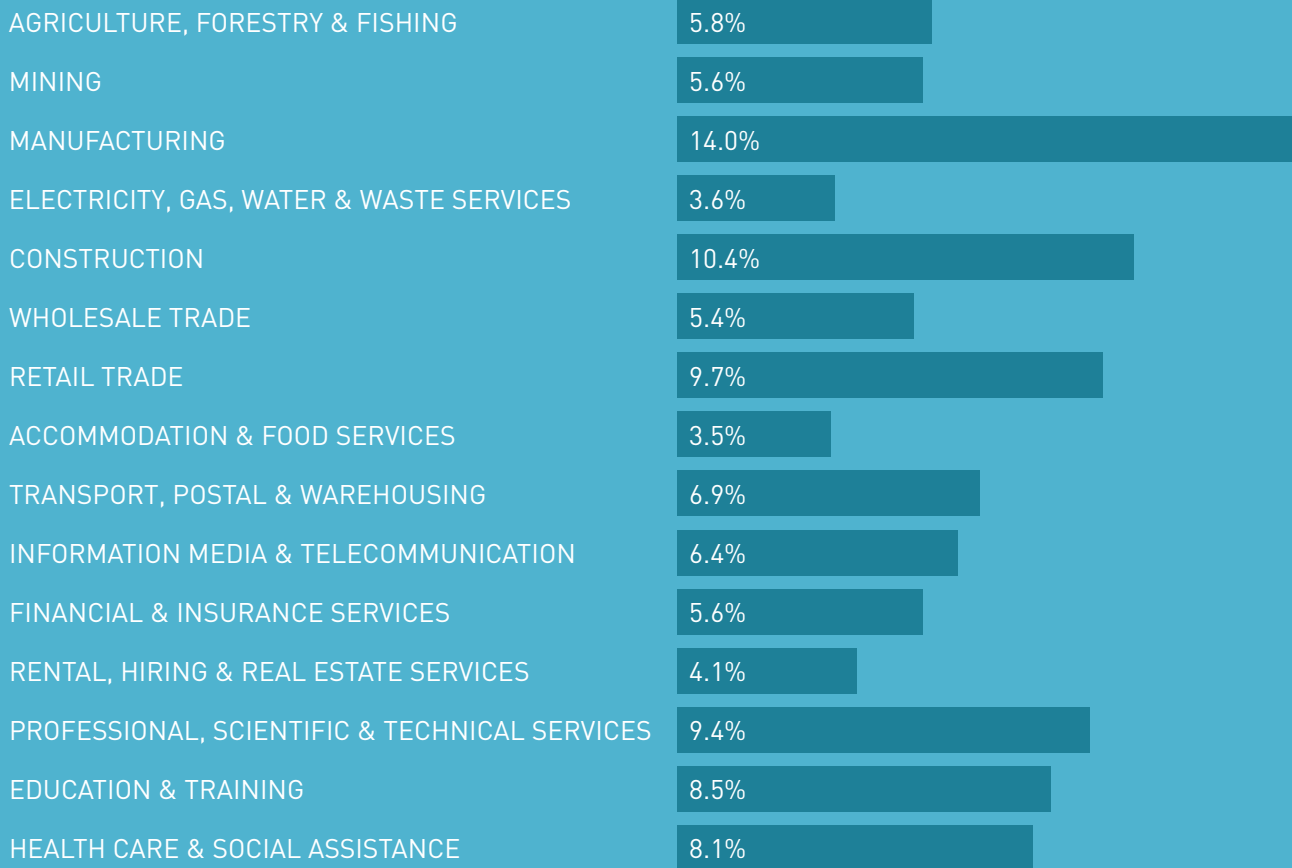
However, in contrast to individuals, where all that is needed for a technology upgrade is a simple device - for businesses, the switch over involves a huge investment of time and resources. The transition may typically involve building new systems and processes, re-creating branding and communication platforms and a completely new turf to play with the competitors. For now, local and regional businesses are responding to these challenges by increasing their online presence, and demonstrating a willingness to adopt social media as part of their engagement strategies.

"Get on board or we will be left behind. Gen Y are continuing to drive this change and in my business of recruitment over 60% of candidates are utilising mobile devices to apply for jobs. Social networking is vital to be known and trusted in your area of expertise." - Survey Respondent
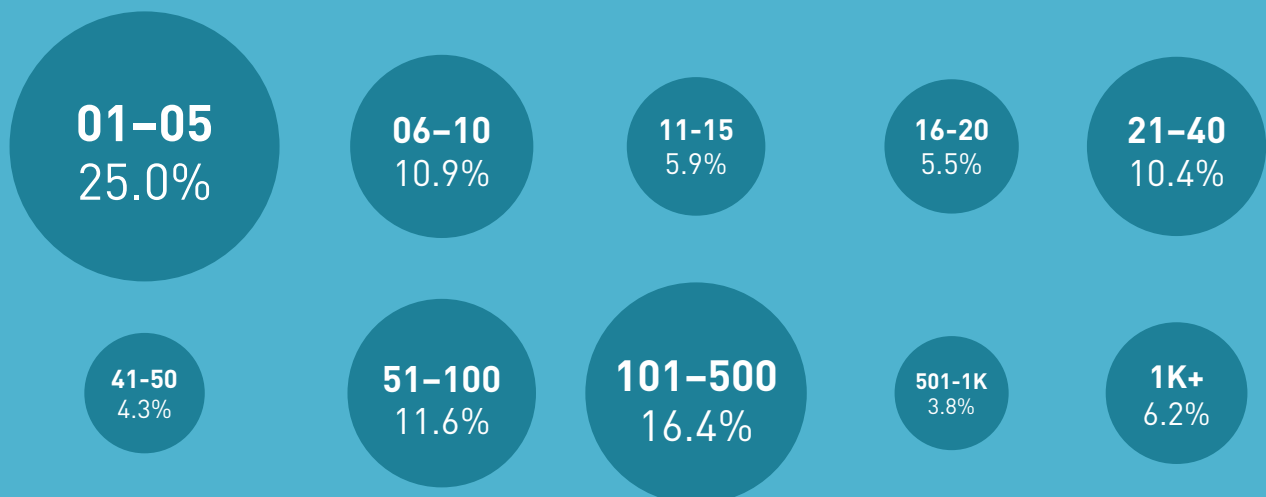
"Web plays a crucial role in Queensland businesses' digital strategy, with 88% of businesses having a website and many utilising their website as their primary marketing channel." - Survey Respondent

GENERIC DATA ON COMPANIES SURVEYED

COMPANIES SURVEYED

AGRICULTURE, FORESTRY & FISHING	5.8%
MINING	5.6%
MANUFACTURING	14.0%
ELECTRICITY, GAS, WATER & WASTE SERVICES	3.6%
CONSTRUCTION	10.4%
WHOLESALE TRADE	5.4%
RETAIL TRADE	9.7%
ACCOMMODATION & FOOD SERVICES	3.5%
TRANSPORT, POSTAL & WAREHOUSING	6.9%
INFORMATION MEDIA & TELECOMMUNICATION	6.4%
FINANCIAL & INSURANCE SERVICES	5.6%
RENTAL, HIRING & REAL ESTATE SERVICES	4.1%
PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES	9.4%
EDUCATION & TRAINING	8.5%
HEALTH CARE & SOCIAL ASSISTANCE	8.1%

NUMBER OF EMPLOYEES

01–05	06–10	11-15	16-20	21–40
25.0%	10.9%	5.9%	5.5%	10.4%

| 41-50	51–100	101–500	501-1K	1K+
4.3%	11.6%	16.4%	3.8%	6.2%

A significant proportion of the companies surveyed were from the Manufacturing (14%) and Construction (10.4%) sectors. Professional, Scientific and Technical Services, Education and Training, Healthcare and Social Assistance also had a large representation.

INDUSTRY REPRESENTATION

**Which industry sectors do you represent (%)?**
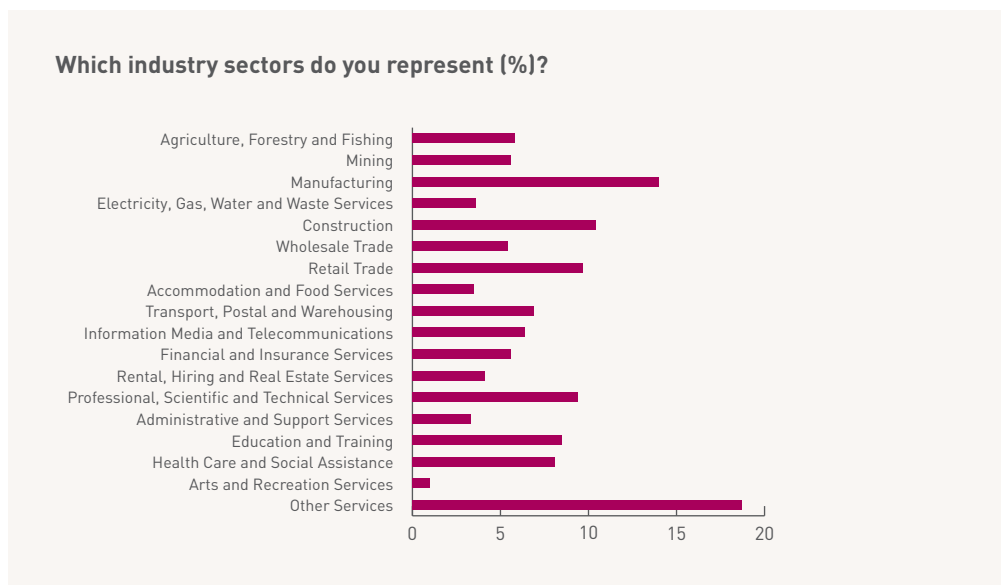
The survey captured an impressive cross section of the business community (see graph on facing page). Micro-businesses with 1-5 employees represented 25%. Mid-sized organisations with 51-500 employees were represented 28% of the survey respondents. The companies were also mostly locally based, with presence across 1-5 locations within the Queensland region (83.8%). A majority of them (39.4%) traded nationally within Australia, and those trading internationally were largely focused around New Zealand (11.7%) and the Asia Pacific Region (14.5%).

Where does you business trade (%)?

TECHNOLOGY ADOPTION

88.7%
OF BUSINESSES HAVE A WEBSITE
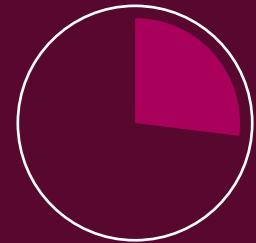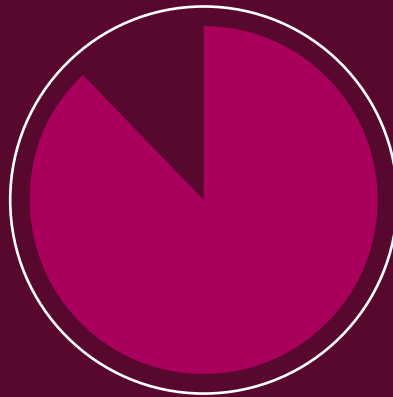
27.5%
OF WEBSITES MANAGED INTERNALLY

76%
OF BUSINESSES DON'T HAVE A MOBILE VERSION OF THEIR WEBSITE

HOW OFTEN DO YOU UPDATE YOUR WEBSITE?

DAILY	18.5%
WEEKLY	25.5%
MONTHLY	16.9%
FEW MONTHS	32.2%
NEVER	6.8%

Technology is a valuable investment for businesses today. Businesses that prioritise technology have better access to their customers, and opportunities to widen their market presence. As customers increasingly move online, technology enables businesses to engage and interact with them in more personal and meaningful ways.

Over the past decade, businesses have been increasingly focused on adopting technology that is more customer-centric. Aside from building their online presence through business websites, many have invested in building interactive tools such as chat interfaces, social media applications etc.

"In my experience over the past 12 months, the majority of technology suppliers focus too heavily on talking about their product and not understanding what I need, and providing a product option to match." - Survey Respondent
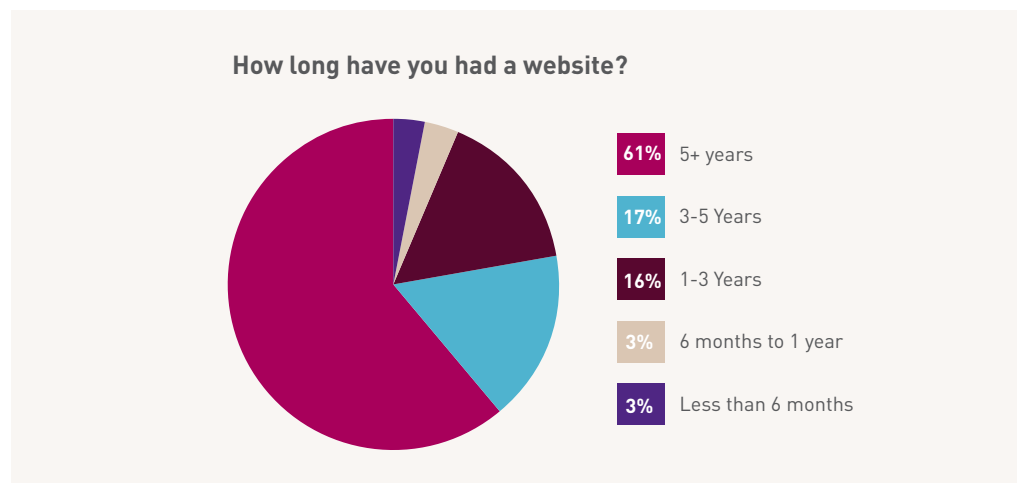
SURVEY RESULTS

Technology adoption in the context of this survey was gauged through the extent of online presence, quality of website utilisation and investments in IT infrastructure and work tools such as laptops, tablets and smart phones.

WEB PRESENCE

The majority of the businesses that participated in the survey (88.7%) have a website, with a large number of them (60.9%) maintaining an online presence for over 5 years, and nearly a third (32.6%) for over one year.

ONLINE PRESENCE THROUGH BUSINESS WEBSITE

How long have you had a website?

61%	5+ years
17%	3-5 Years
16%	1-3 Years
3%	6 months to 1 year
3%	Less than 6 months

A small group (10%) however did not maintain a business website, and attributed this to a lack of relevant knowledge, skills, time and resources (40.8%), with some (21.1%) finding the cost of set up, hosting and maintenance to be prohibitive.

"In our real estate business getting information about ourselves and our properties for sale is always challenging. The web has become the major point of contact with prospective buyers and sellers alike. We have recently adopted the use of our own web site as well as connecting with social media to increase the spread of likely customers." - Survey Respondent

REASONS FOR NOT HAVING A WEBSITE

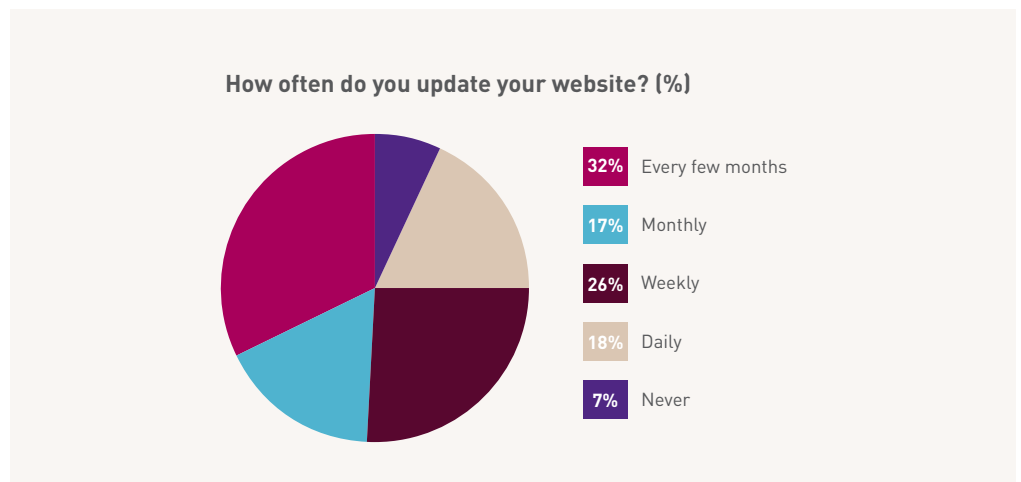Most of the businesses (72.6%) had adequate knowledge and resources to manage their website internally, although a reasonable proportion (27.4%) outsource their website management to an external agency.

Which of the following applies to why you don't have a website? (%)

Category	Value
Cost of set-up, hosting and maintenance	~21
My business doesn't need one	~22
I use a listing service like Yell or Truelocal rather than a full website	~3
I don't know enough about websites	~16
I don't have the time, skills or resources to manage a website	~41
Other	~21
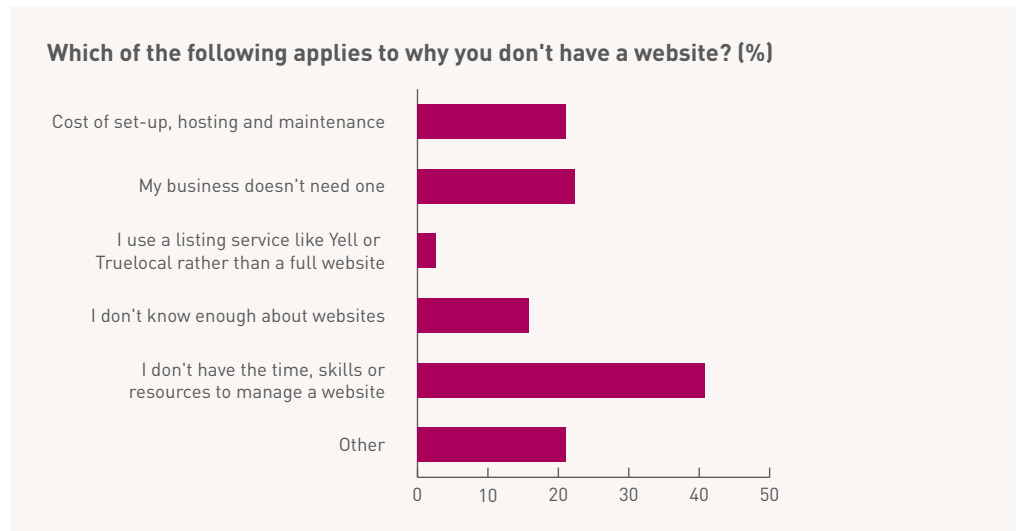
FREQUENCY OF WEBSITE UPDATES

Only a quarter of the businesses (26%) maintained an active web presence, facilitated mainly through weekly updates to their website. Nearly a third (32%) of businesses updated their web content once in every few months.

How often do you update your website? (%)

- **32%** Every few months
- **17%** Monthly
- **26%** Weekly
- **18%** Daily
- **7%** Never

"Being a manufacturing company we also have an installation team and team members out on the road. We need to access and report back all kinds of information including massive amounts of architectural plans and specs.

Through introducing iPhones and iPads into the business we are able to work simultaneously and access all kinds of information needed at a moments notice. "- Survey Respondent

WEBSITE UTILISATION AND DEPLOYMENT

Although websites were the key online channel for the majority of the businesses, many (76%) have yet to adopt a mobile version of their website. Over 70% of the companies used their website to communicate with their clients, facilitate marketing goals, and for information dissemination that can be useful for research, internal education and training. Websites are also used to promote recruitment related activities.

With such vital activities being managed through their websites, the need for creating mobile integrated interfaces is apparent. Companies are also increasingly adopting digital devices such as smartphones and tablets. Apple products in particular were the popular choice with 70% of the companies surveyed using their smartphones and 50% using their laptops.

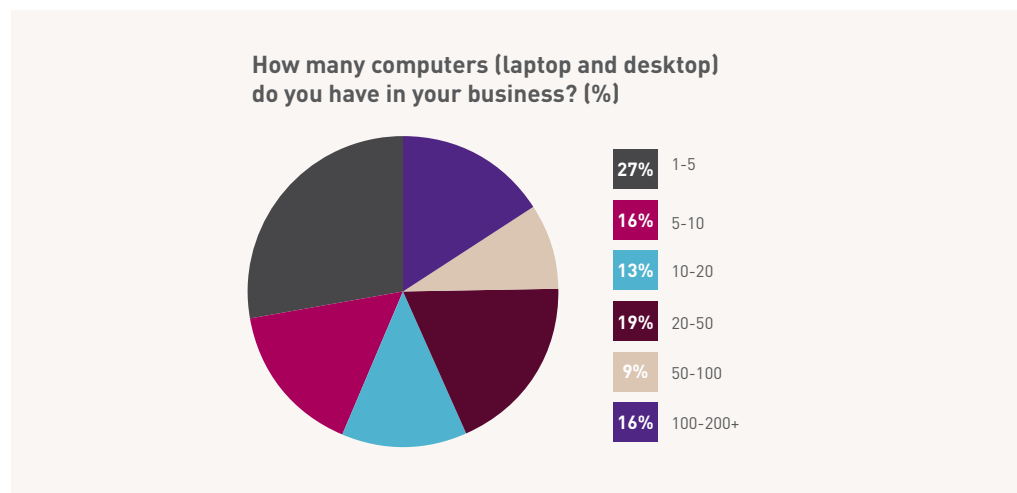**How do you use your website in your business? (%)**

INVESTMENTS IN IT INFRASTRUCTURE

Over 80% of the businesses surveyed used relatively new and updated IT devices that were less than 2 years old.

With micro-businesses significantly represented in this survey, a little over quarter of the businesses (27.4%) maintained less than 5 laptops in their organisation. The overall distribution of work devices such as laptops and desktops otherwise seemed consistent with the size of the businesses.

NUMBER OF COMPUTERS OWNED BY BUSINESSES

How many computers (laptop and desktop) do you have in your business? (%)

%	Range
27%	1-5
16%	5-10
13%	10-20
19%	20-50
9%	50-100
16%	100-200+

DIGITAL DEVICES USED IN BUSINESS

What type of digital devices does your business have? (%)
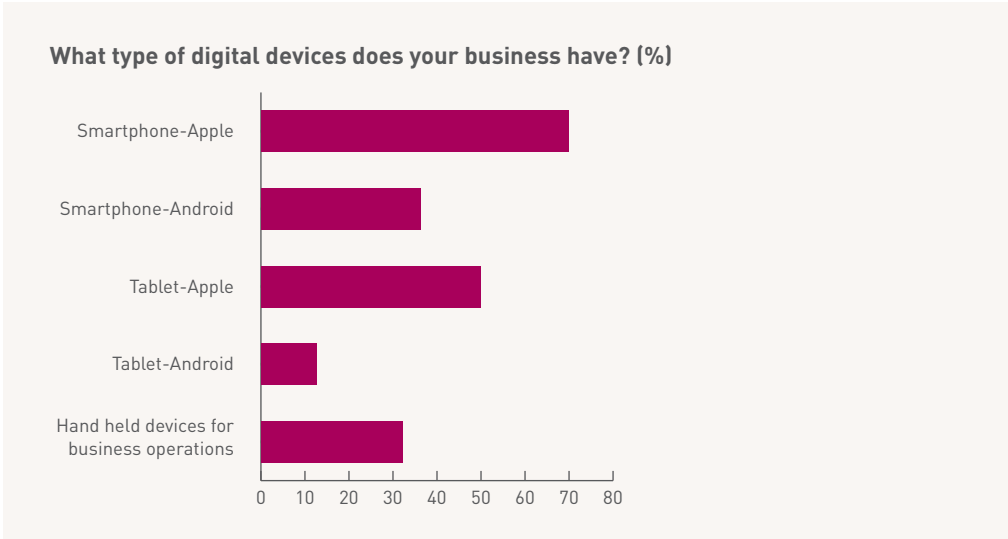
Businesses prefer to focus their IT investments on personal work devices such as laptops, tablets and smartphones, rather than computer servers and cloud based services. The majority (74.5%) do not maintain their own computer server. Cloud based services were used mainly to manage email (65.1%) and storage (53%), and not software or infrastructure.

USAGE OF CLOUD BASED SERVICES

Do you use any cloud based services? (%)
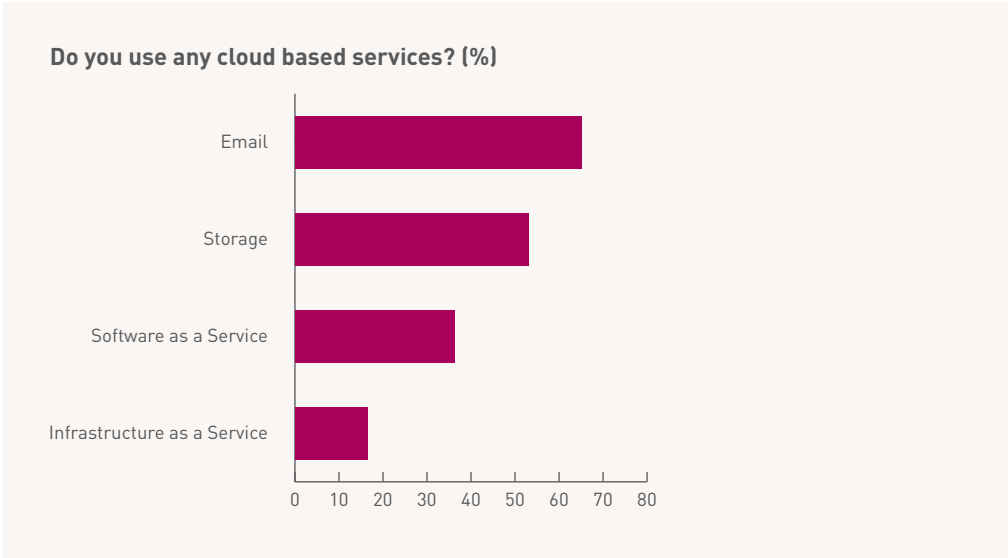
MOST COMMONLY USED APPLICATIONS IN BUSINESS

IT devices aside, companies invested in technology applications such as Microsoft Office applications (94.6%) and Accounting Software (58.4%). Adoption of business intelligence tools on the other hand has been rather slow, with only 9% using relevant software.

What are the most used applications in your business? (%)
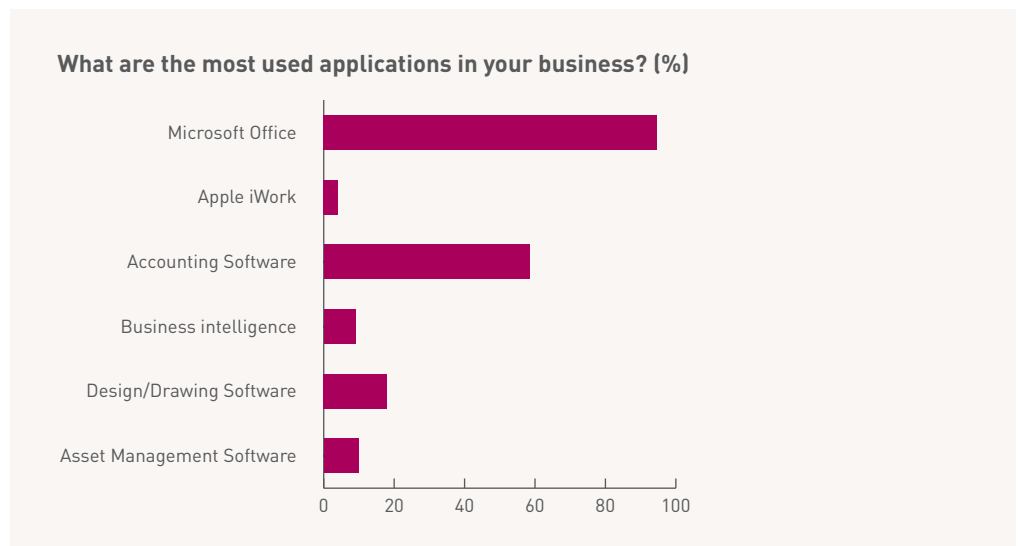
DISCUSSION

Web presence and adoption of emerging technologies continues to be a key indicator of how well businesses are using technology, especially to engage externally with present and potential customers. It also serves as an efficient means to take their products and services to market, and create a hype around their brand.

Queensland businesses seem to be faring better than the rest of Australia. For instance, the ABS notes that in 2010-11, businesses in the country increased their web presence from 40% to 43%, whereas 88.7% of the businesses participating in the survey have at least a website. This is encouraging especially since micro-businesses constitute a quarter of the businesses participating in the survey.

Queensland businesses are conscious of the benefits that web presence and digital devices can bring, and are directing their IT investments accordingly. However, they could also increase their uptake of applications and cloud-based services.

OPPORTUNITIES

• An enhanced web presence will help businesses integrate more services online, and drive growth.

• A large opportunity lies in adopting cloud based services.

"Using the many different apps and internet service available our reps are able to show presentations, photos, access our website, send back information to the headquarters in a timely fashion, or retrieve something needed for a meeting a short notice." - Survey Respondent
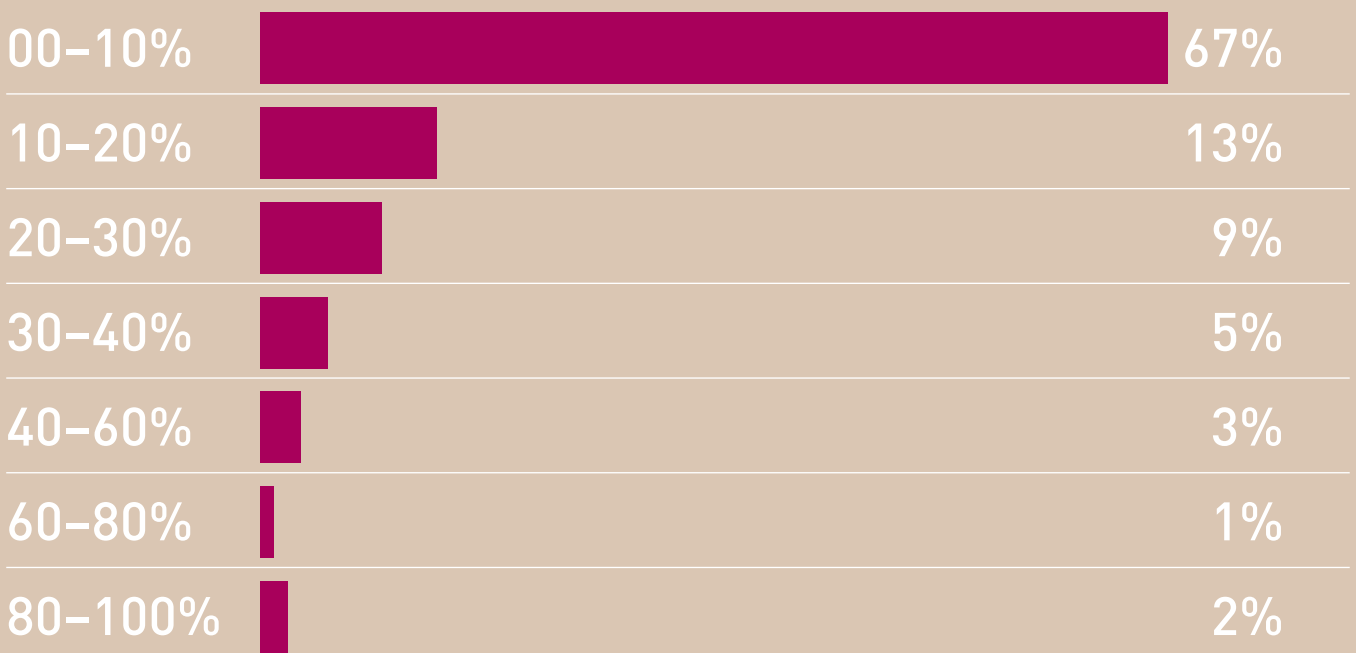
VALUE PERCEPTION FROM IT INVESTMENTS

66.7%

OF THE RESPONDENTS INDICATED THAT PRESENTLY THEY ARE REALISING FEWER THAN 10% OF THEIR REVENUES THROUGH INTERNET SALES

% OF REVENUE REALISED THROUGH ONLINE SALES

00–10%		67%
10–20%		13%
20–30%		9%
30–40%		5%
40–60%		3%
60–80%		1%
80–100%		2%

Investment in IT infrastructure is a function of the perceived business value that can be derived from it. And not surprisingly, most businesses tend to put their money into areas where they find an immediate need – such as web presence and communication. Real value is achieved when businesses can effectively marry their IT investments and revenue targets.
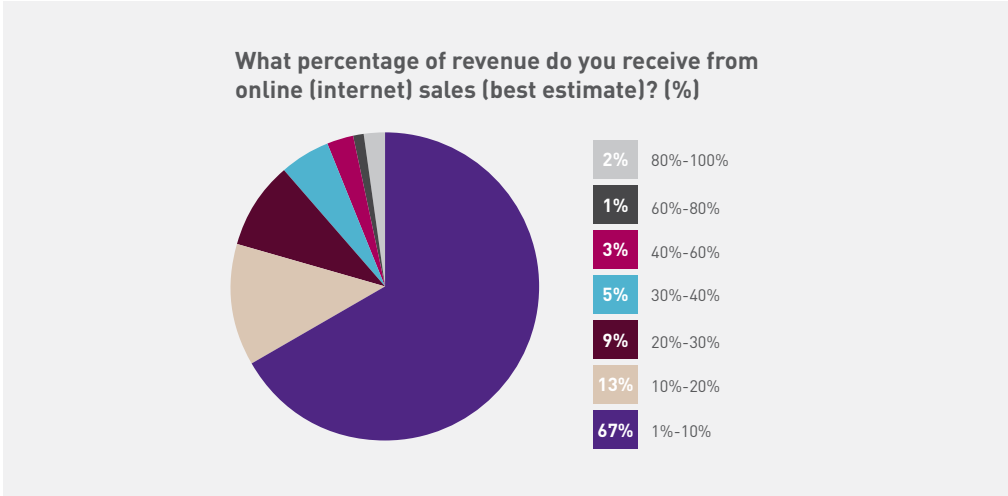
SURVEY RESULTS

Most businesses viewed IT investments as important and useful in driving significant value within their business. However, they are not adequately integrating their IT investments into their revenue blueprint. Many businesses lack a strategy to drive their web presence in building sales revenue. Companies largely view their website as an important tool in driving their business forward, and actively use it as a key marketing tool. However many are yet to realise adequate revenues through the channel. 66.7% of the respondents indicated that presently they are realising fewer than 10% of their revenues through internet sales. This is in contrast to the trend of increasing online purchasing activity among consumers.

PERCEPTION TOWARDS BUSINESS WEBSITE AND ONLINE PRESENCE

Please rate the following statements

Statement	Rating
My website is essential to my business	4.2
My website helps me generate leads	4.1
My website is my primary marketing tool	3.1
It is important that a business has a website	4.6
I feel confident about managing my business's website	3.9
My business could function easily without a website	2.2

Scale: 0 — 1 Strongly disagree — 2 Disagree — 3 Neutral — 4 Agree — 5 Strongly agree

"I have seen the introduction and development of the Facebook page and the Twitter accounts for the managers within our business. This has opened up opportunities to show opportunities and displays that may benefit other areas of the business." - Survey Respondent

PERCENTAGE REVENUE REALISED THROUGH ONLINE SALES

What percentage of revenue do you receive from online (internet) sales (best estimate)? (%)

2%	80%-100%
1%	60%-80%
3%	40%-60%
5%	30%-40%
9%	20%-30%
13%	10%-20%
67%	1%-10%

PERCEPTION TOWARDS SOCIAL MEDIA

Similarly, while companies tend to strongly appreciate the importance of social media presence in generating business opportunities, they seem to have a rather slow uptake. While many are open to adopting social media, they were also cautious about the risks it might entail, and fear the extent of any damaging exposure, given its wide reach.

Please rate the following statements

Social media is essential to my business

Social media is my primary marketing tool

I feel confident about managing my businesses on social networks

Social media is playing an increasingly important role in my business

Social media has made a real difference to my businesses revenue

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 4.0

Strongly disagree | Disagree | Neutral | Agree | Strongly agree

DISCUSSION

Businesses tend to widely acknowledge the potential for growth that e-commerce and social media tools can bring, but tend to hold back from actively exploring these options. Micro-businesses and small firms may not be investing adequate time in these technologies, because they lack the resources. However these investments will essentially widen their scope to take on more, offering better quality of services and support to their customers.

As reported by the ABS, Australian businesses have seen a significant leap in the orders they have received online, over the past few years. This trend will continue to grow over the next few years. Investing in e-commerce and social media tools will help Queensland businesses enjoy increased revenue growth and meet customer expectations.

OPPORTUNITIES

• Businesses looking to enjoy a greater share of the pie will make significant gains from broadening their social media and e-commerce capabilities.

• E-commerce tools and applications must be integrated within the revenue system for businesses to make effective use of their capabilities.

The vast majority of businesses utilise the expertise of internal staff to manage their website, with only 27% outsourcing their website management to an external agency. - Survey Respondent
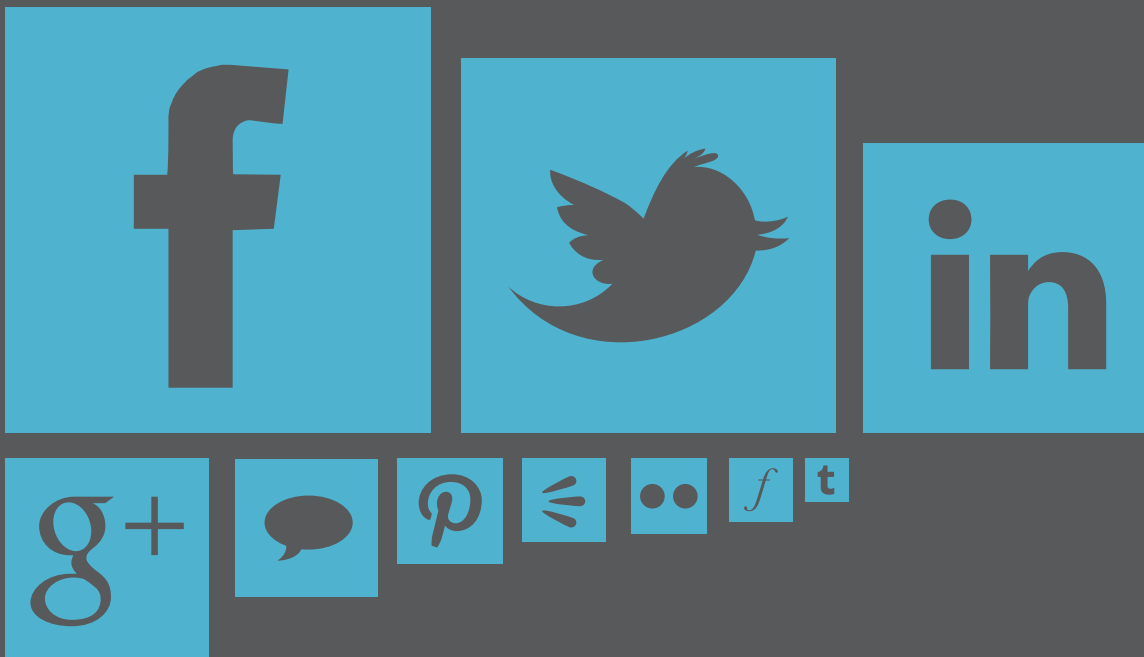
SOCIAL MEDIA PRESENCE
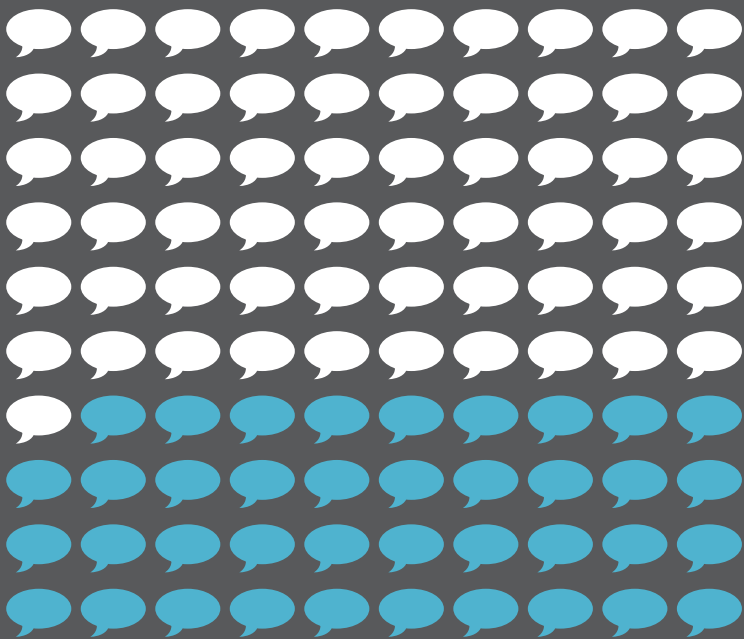
61.4%

OF BUSINESSES HAVE ADOPTED SOCIAL MEDIA

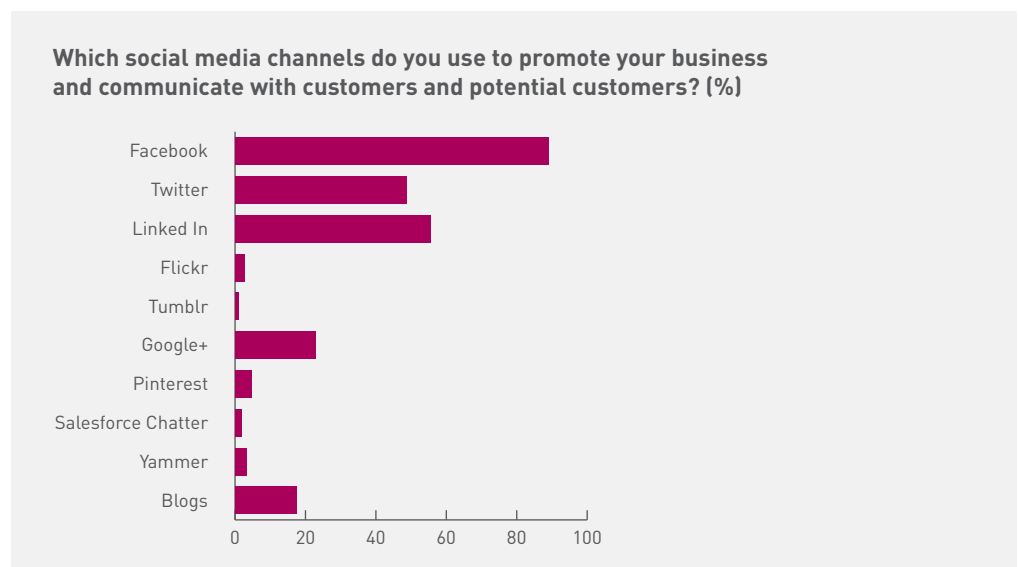## WHICH SOCIAL MEDIA TOOLS DO YOU USE?

Social media is a reality for every business today. Businesses that maintain an active social media presence enjoy increased customer reach, brand recall and visibility for their products. It also offers insights into what customers are saying about the brand, their buying preferences, and behaviour. Queensland businesses should readily adopt social media as a vital channel to enrich customer engagement, increase sentiment and raise awareness about their brand. Businesses are quick on the uptake of social media tools and are eager to invest more.

SURVEY RESULTS

The majority of businesses (61.4%) surveyed have adopted social media in their business. Facebook, Twitter and LinkedIn are some of the popular social media tools, with Facebook dominating as the key platform for 89.1% of the companies.

SOCIAL MEDIA CHANNELS USED BY BUSINESSES

Which social media channels do you use to promote your business and communicate with customers and potential customers? (%)

Businesses are using social media largely to communicate with clients and facilitate marketing efforts. While many use these tools extensively to communicate with clients and develop their public relations, they are yet to establish it as a key platform for internal communication or to reach existing and potential suppliers. In that sense, social media tools are being restricted only to facilitate marketing and customer engagement goals.

"It is early days in this project but we are heartened by the response so far and will be continuing. The challenge is how to drill down to localised markets and promote via these media to them."
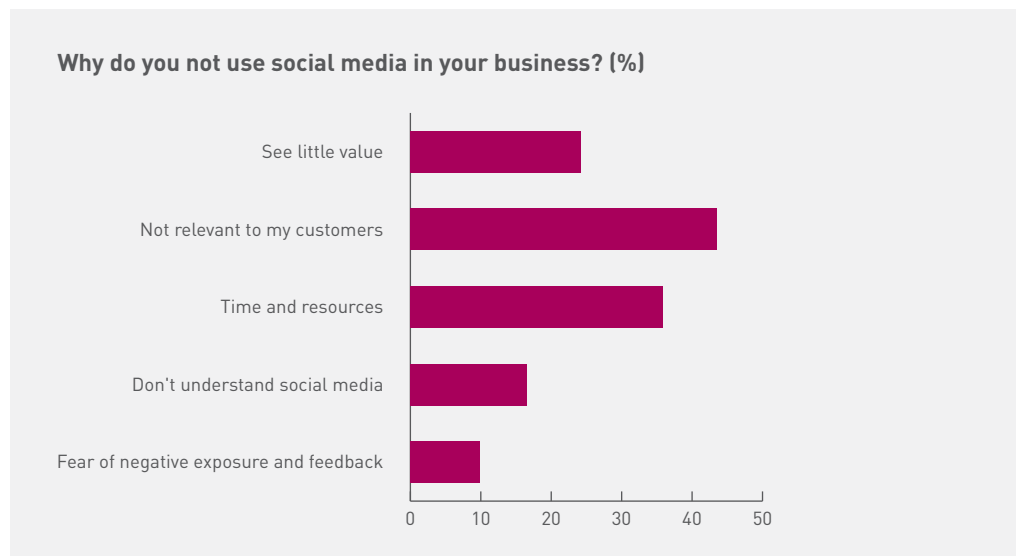- Survey Respondent

HOW SOCIAL MEDIA IS USED

How do you use social media in your business? (%)
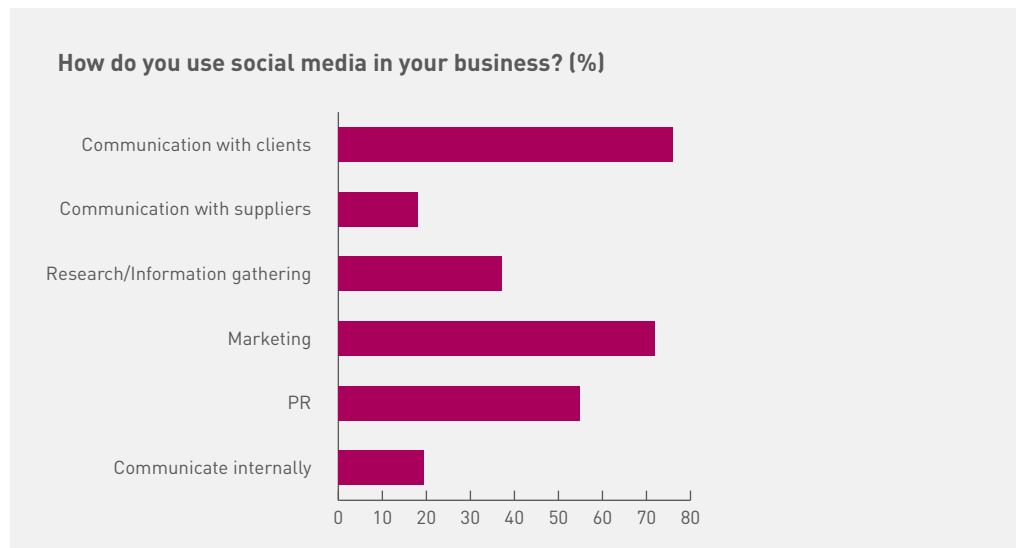
Further, most companies are not proactive in developing their social presence. Those that lacked a social presence did so because they did not perceive it as a relevant relationship channel for their customers, and potentially generating little value for their business.

It is clear that many businesses lack awareness and understanding of the opportunities created through effective social media engagement with customers. Also, some companies mentioned that they haven't adequately explored this media since they lack the time and resources to drive their social presence, and worried over the extent of information security, and risks involved with wider exposure.

REASONS FOR NOT USING SOCIAL MEDIA

Why do you not use social media in your business? (%)

"On the customer front the Facebook page has been a helpful medium to share promotional information and competitions etc. so that we can engage our customers and keep them coming back."
- Survey Respondent

DISCUSSION

Businesses cannot afford to neglect the power of social media. Social media is an important platform for businesses to build their brand visibility and gain access to a wide market, spanning well beyond their geographic location.

Presently most businesses are focused on using social media as just another platform to engage with customers and manage relationships. Other stakeholders such as suppliers, future employees etc. have been left out of the conversation.

Without doubt, businesses stand to derive much more by integrating social presence across their varied channels of transactions and relationships. Aside from serving to create better brand visibility or generate sales, it will also enable a better foundation for future business growth.

According to the ABS, social networking is among the most popular activities performed on the internet. Users in age groups 15 to 17 years were the dominant players (88%) followed by 18 to 24 year olds (86%).   These user groups constitute a significant base of direct spenders and purchase influencers.

OPPORTUNITIES

- There exists significant potential for businesses in Queensland to increase their uptake of social media activity.

- Businesses are shying away from social media due to perceived issues with privacy control, information security and risks of reputational damage.

- Businesses should use social media to increase their reach, better understand their customers, and drive product innovation to meet demand.

"The only concern we have is the fact that we need people to understand that the comments of others made on our page are not the opinions or views condoned by the business - it's just the individual's personal opinion" - Survey Respondent

"The introduction of Facebook and Twitter have enabled us to get out message out in ways other than usual practice and enabling marketing of our services to the wider community."
- Survey Respondent

DIGITAL STRATEGY

67.9% OF BUSINESSES DON'T HAVE A DIGITAL MARKETING PLAN
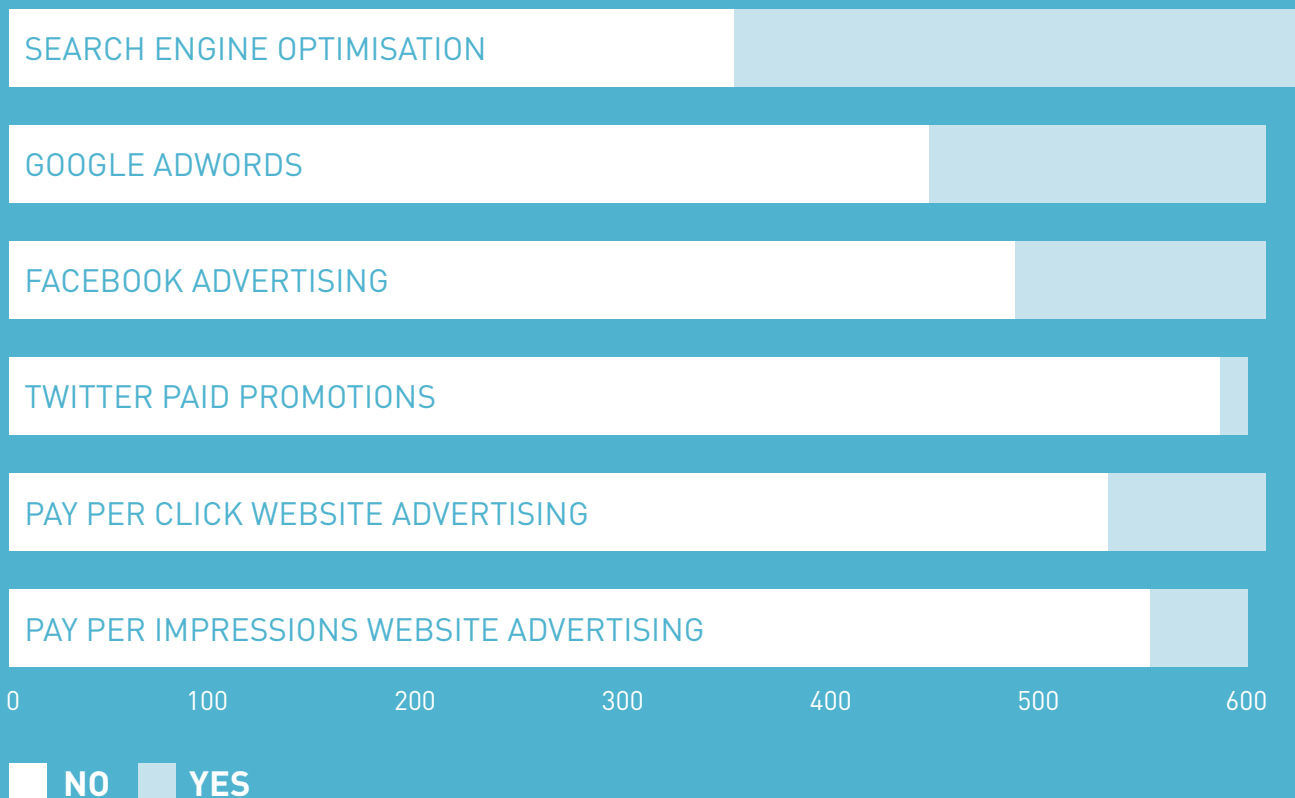
58.3% OF BUSINESSES DON'T HAVE A DEDICATED IT RESOURCE

53.1% OF BUSINESSES ADVERTISE ONLINE

DO YOU USE ANY OF THE FOLLOWING DIGITAL ADVERTISING SOLUTIONS?

SEARCH ENGINE OPTIMISATION

GOOGLE ADWORDS

FACEBOOK ADVERTISING

TWITTER PAID PROMOTIONS

PAY PER CLICK WEBSITE ADVERTISING

PAY PER IMPRESSIONS WEBSITE ADVERTISING

0   100   200   300   400   500   600

■ NO   ■ YES

A digital strategy helps define the direction and technology choices for businesses. Further, it creates the path for businesses to develop increased capability, and deliver better quality products and services. A strategic plan will help in forecasting the level of IT investment required to support the technology developments.

SURVEY RESULTS

Most businesses observed that they do not have a deeply entrenched digital business plan and are only in the midst of developing it. A significant percentage (67.9%) also lacked a concrete digital marketing plan. While most maintained an active social media presence, it wasn't backed by an active strategy to drive digital presence.

CUSTOMER DATA AND RELATIONSHIP MANAGEMENT

Businesses report that a significant portion of their customer data is presently being managed electronically. The majority of the data stored is basic customer information, and does not include any value added inputs. There is considerable scope to incorporate sales and billing data into electronic formats, which will eventually help companies to increasingly integrate the information into a digital marketing plan.

ELECTRONIC MANAGEMENT OF DATA

What elements of your customer data is managed electronically? (%)
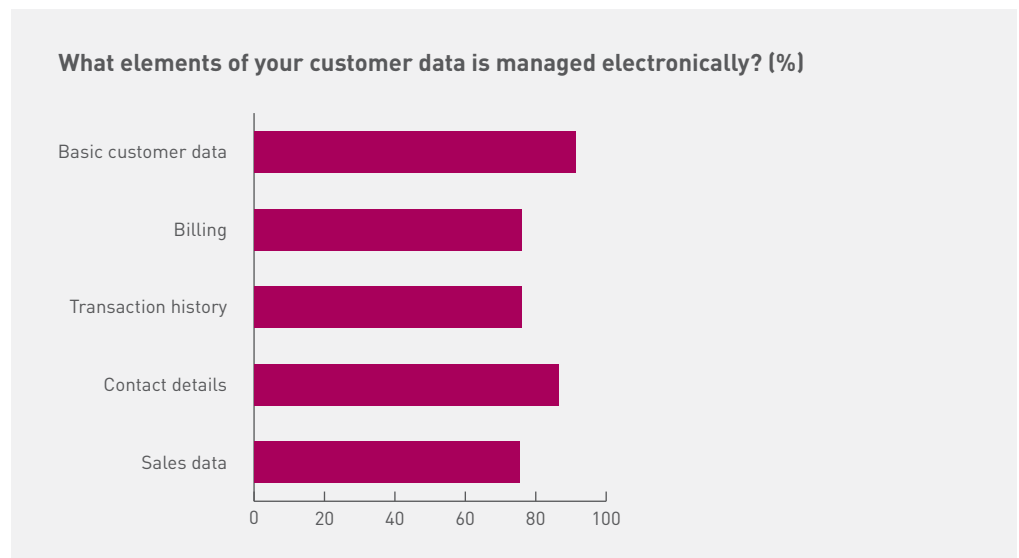
Further, customer relationships were being managed through a range of structured and semi-structured tools. Just over about half the companies surveyed (52.3%) are presently using integrated CRM tools such as Salesforce. Mobile and tablet applications are being used rather minimally, with less than a third of the businesses surveyed using this approach.

It is common for customer data to be managed in electronic formats, and most observed that it is the most effective form of data management. While many find electronic data management to be particularly effective in maintaining data security and compliance with legal requirements, they did have concerns over the extent of quality and integrity. There is a concern over data standards, and the need to drive better quality measures to support improved data integrity.

PERCEPTION OF ELECTRONIC MANAGEMENT OF CUSTOMER DATA

Tell us about about data?
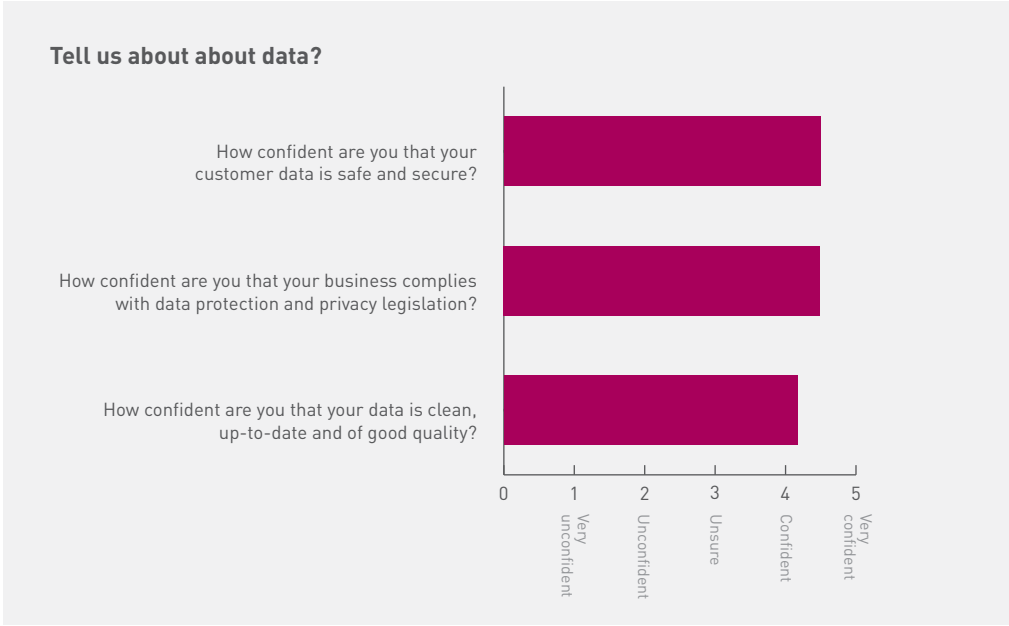
TECHNOLOGY

Businesses are yet to aggressively adopt technology as a means to manage their business. Many seek technology solutions to strengthen the quality of their communications, and consider it a key enabler in selling products and improving services. In contrast, there is not as much focus on providing the capabilities to manage routine data support.

A majority (78.1%) were aware of existing technology resources and solutions that would help support their needs but uncertainties over costs and quality of performance prevented them from exploring these options. Cost and quality of service support have typically been dominant factors that influence technology investments, and most also reported concerns over post-sales support, product reputation and performance reliability as a deterrent from expanding their technology investments.

KEY FACTORS INFLUENCING TECHNOLOGY PURCHASING

What is the key attribute you look for when getting technology support? (%)
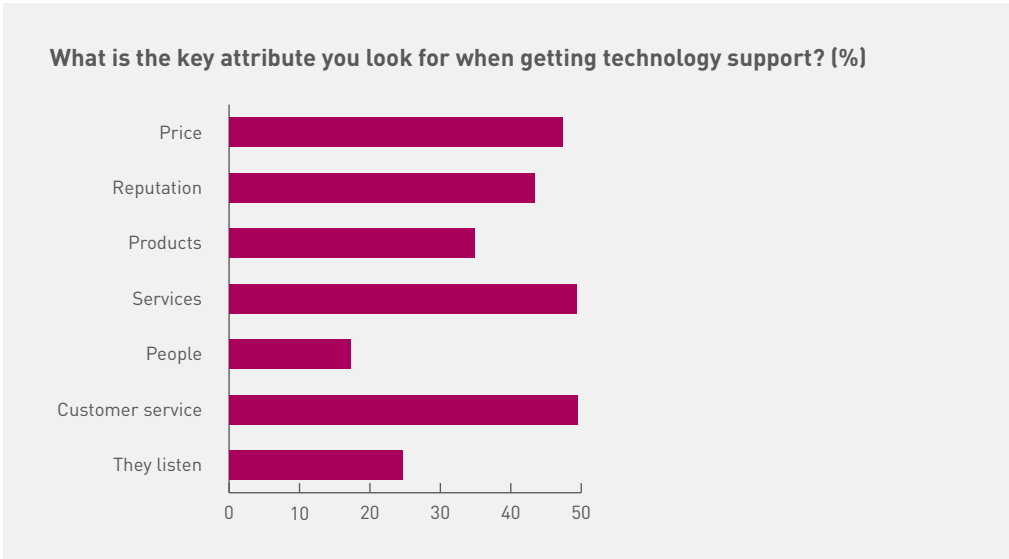
As for existing technology choices, Microsoft's operating platform was most popular, followed by a significant preference for Apple's operating system. Many preferred the Microsoft operating platform, since it is part of the legacy systems used within their/client organisation.

With micro-businesses and small firms dominating the study, many (58.3%) observed the lack of a dedicated IT manager to manage their technology needs. And the lack of a dedicated IT resource prevented many (75%) from efficiently storing, managing or using a critical asset such as data within their business.

MARKET ACCESS AND ADVERTISING

Over half of the companies surveyed (53.1%) actively advertise online, and most use search engine optimisation (SEO) techniques to ensure visibility on search engines such as Google. Other forms of digital presence, such as Google AdWords and Facebook are yet to be explored completely. (See Digital Advertising Solutions graph on previous spread)

DISCUSSION

The quality of digital technologies within a business largely depends on the presence of a well-defined digital strategy.

Thus far, businesses seem to have taken a fragmented approach in building their digital strategy. While many have made the required technology investments (web presence, deploying enterprise software and applications, social presence) they lack an aggressive approach in harnessing their capabilities. For instance, data while managed electronically, is not maintained to optimum quality levels, which impacts on its accuracy and integrity. Also, as observed earlier, customer information captured by businesses tend to be rather basic, and not adequately "value-rich" for businesses to pursue new initiatives with their customers.

Further, most companies are shying away from new technology investments over cost and performance considerations, implying inadequate research or access to information. Brand visibility is still being channeled through SEO techniques.

A comprehensive digital strategy that recognises various touch points both within and outside the organisation, and draws on these inputs to define technology investments, will offer much better value for the long term.

OPPORTUNITIES

- Businesses can be guided towards their technology investments by focusing on what is important to them from varied stand points - including data, web presence, social media integration, and choose their technology investments accordingly.

- Businesses can make better-informed decisions on their technology choices, if they have access to key information such as costing, product performance and relevance.

"Unfortunately our digital exposure is only beginning, however we are starting to embark on many initiatives including mobile website, Facebook Business Page, LinkedIn Business Page, Google+ Business Page. At the end of the day it comes down to time and money. The strategy and planning is important but if you waited until you had all your ducks in a row the technology will have changed in the interim. The time to act is now with the opportunity to continually develop along the way." - Survey Respondent

DIGITAL READINESS

WHAT ARE THE BARRIERS TO DIGITAL BUSINESS?

(INCLUDING THE INTERNET)

LACK OF KNOWLEDGE / UNDERSTANDING
61.5%

COST v BENEFITS
44.1%

LACK OF TIME
37.4%

INTERNET COVERAGE
24.6%

INTERNET SPEED
41.3%

INFORMATION SECURITY CONCERNS
37.6%

IT'S A LOW (BUSINESS DEVELOPMENT) PRIORITY
12.2%

WHAT IS YOUR OUTLOOK TOWARD ADJUSTING TO DIGITAL BUSINESS OPPORTUNITIES?

36.1%
VERY OPTIMISTIC

57.4%
QUITE OPTIMISTIC

5.0%
QUITE PESSIMISTIC

1.5%
VERY PESSIMISTIC

WHAT WILL ASSIST YOU TO BETTER UNDERSTAND THE POTENTIAL BUSINESS BENEFITS OF DIGITAL BUSINESS (INCLUDING THE INTERNET)?

61.7% INFORMATION / TRAINING SESSIONS

55.6% ONLINE RESOURCES

46.1% GREATER AWARENESS / PROMOTION

1.3% GREATER ACCESS TO RELEVANT PROFESSIONALS

Digital readiness is at the core of this study, and defines the extent to which businesses are prepared for current and future advances in the ever changing digital landscape. Businesses that have greater awareness of their market direction, technology needs and choices are not only better equipped to respond to technology advances, but are proactive in delivering agile solutions.

Further, digital readiness is underpinned by an increased awareness on where one is headed with the present and the future technology investments being planned – it extends beyond the "what" to the "why", and helps businesses in aligning better with their technology goals.

PERCEPTION OF THE NBN PROJECT

A discussion on digital readiness warrants a stopover on the NBN project. Overall, businesses have a favourable view on the NBN project and believe that it is a good investment for the future. They see it as an investment that will help Australian businesses compete globally, work faster and reduce costs. However uncertainties loomed over timely project completion, and the value it will bring to individual businesses.

A key strategy to enable Australia to compete digitally is the National Broadband Network (NBN).
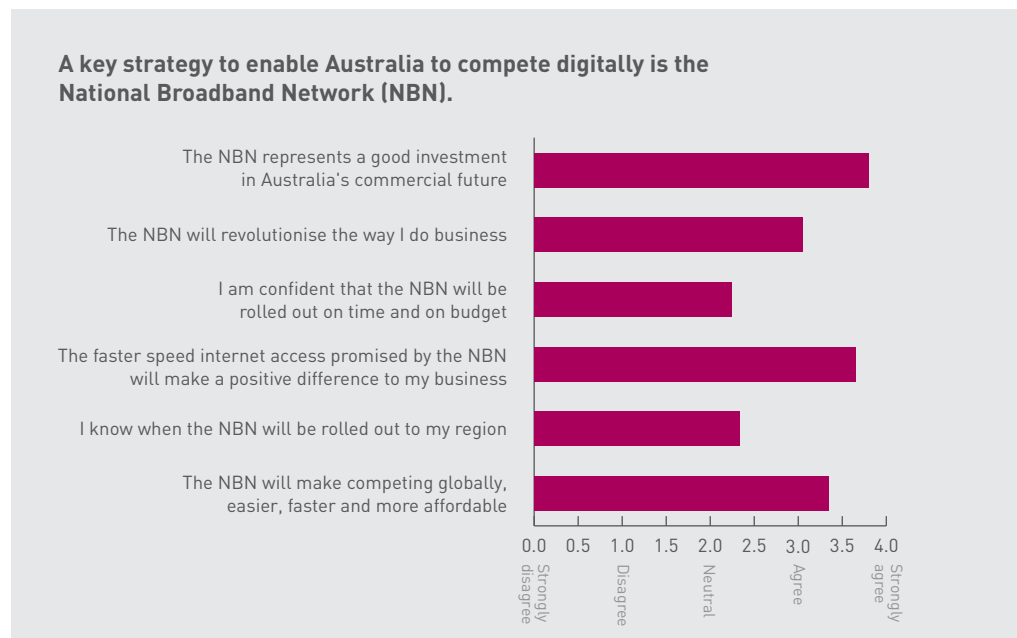
Businesses see value in defining their digital strategy and view it as a key imperative, and most (83.5%) were optimistic about exploring digital business opportunities. They saw widened market reach, along with improved productivity and competitiveness, as the biggest benefits that they could derive through a digital business model. However, concerns existed over several dimensions, including lack of adequate understanding, the costs involved, and the actual impact on profitability, in moving to an integrated digital business model.

Many also fear that basic technology measures such as connectivity and information security are still not in place, and believe this is more of a priority than developing a digital strategy.

"We just built a new $3M office in a major industrial area and our telecoms provider can only give is ADSL1 and even that was a battle" - Survey Respondent

BARRIERS TO A DIGITAL BUSINESS

Lack of information and understanding are the key barriers for businesses in responding to and preparing for advances in digital technology. Most businesses cite the need for access to online resources to better understand the potential benefits that they can derive from a digital business model. Presently, most relied on external agencies and/ or dedicated specialists to drive their digital plans forward. For instance, over half the businesses surveyed used dedicated specialists to manage their digital business on their website and social media.

What are the barriers to digital business (including the internet)? (%)

Category	
Lack of knowledge/understanding	
Cost v Benefits	
Lack of time	
Internet coverage	
Internet speed	
Information security concerns	
It's a low (business development) priority	

(Bar chart, x-axis 0 to 80)
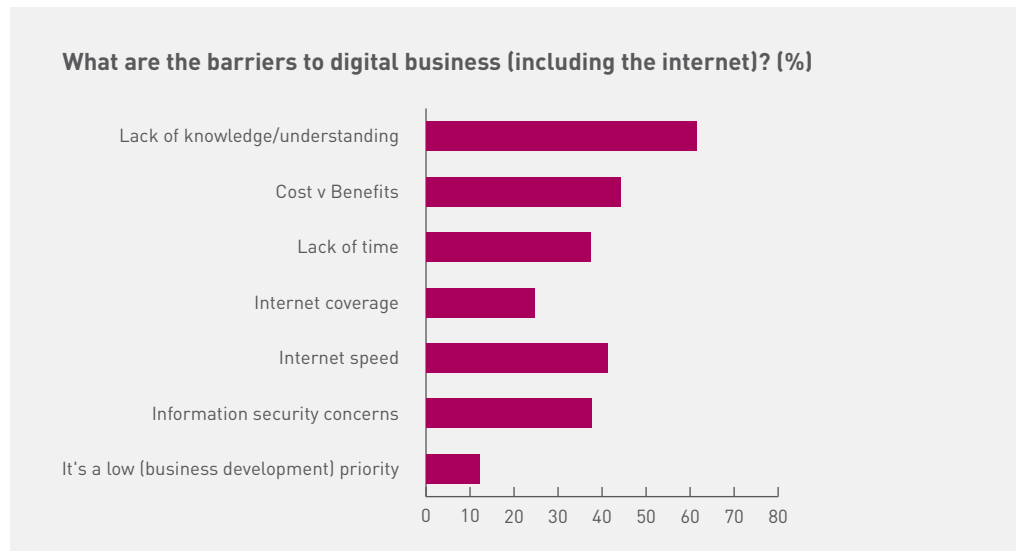
DIGITAL BUSINESS ENABLERS

What will assist you to better understand the potential business benefits of digital business (including the internet)? (%)

Category	
Information/training sessions	
Online resources	
Greater awareness/promotion	
Greater access to relevant professionals	

(Bar chart, x-axis 0 to 80)

Digital readiness is also defined by the extent that a business encourages digital adoption within its organisation. In this regard, businesses feel ready to transition into a digital business, and have invested in helping their employees develop the necessary skills and awareness. They also believe that moving into a digital economy will prove beneficial to the quality of their customer relationships, and online marketing capability.

PERCEPTION OF THE DIGITAL ECONOMY

Thinking about the future digital economy, please respond to the following statements

The digital economy will have a beneficial impact on my business

I will look to change how I trade because of the opportunities the digital economy brings

The digital economy will only increase the current skills shortage

The digital economy is exposing my business to more competition from overseas suppliers

It is essential that my business becomes more digitally savvy

As the digital economy grows, so will my business

The digital economy is bad for my business and industry

I will adopt a wait and see approach before investing significantly in digital business

0 — 1 Strongly disagree — 2 Disagree — 3 Neutral — 4 Agree — 5 Strongly agree

DISCUSSION

Digital readiness is a vital step in helping economies take the next big leap forward. While governments plan for large-scale technology development and investment, industry readiness is important in driving the success of such initiatives.
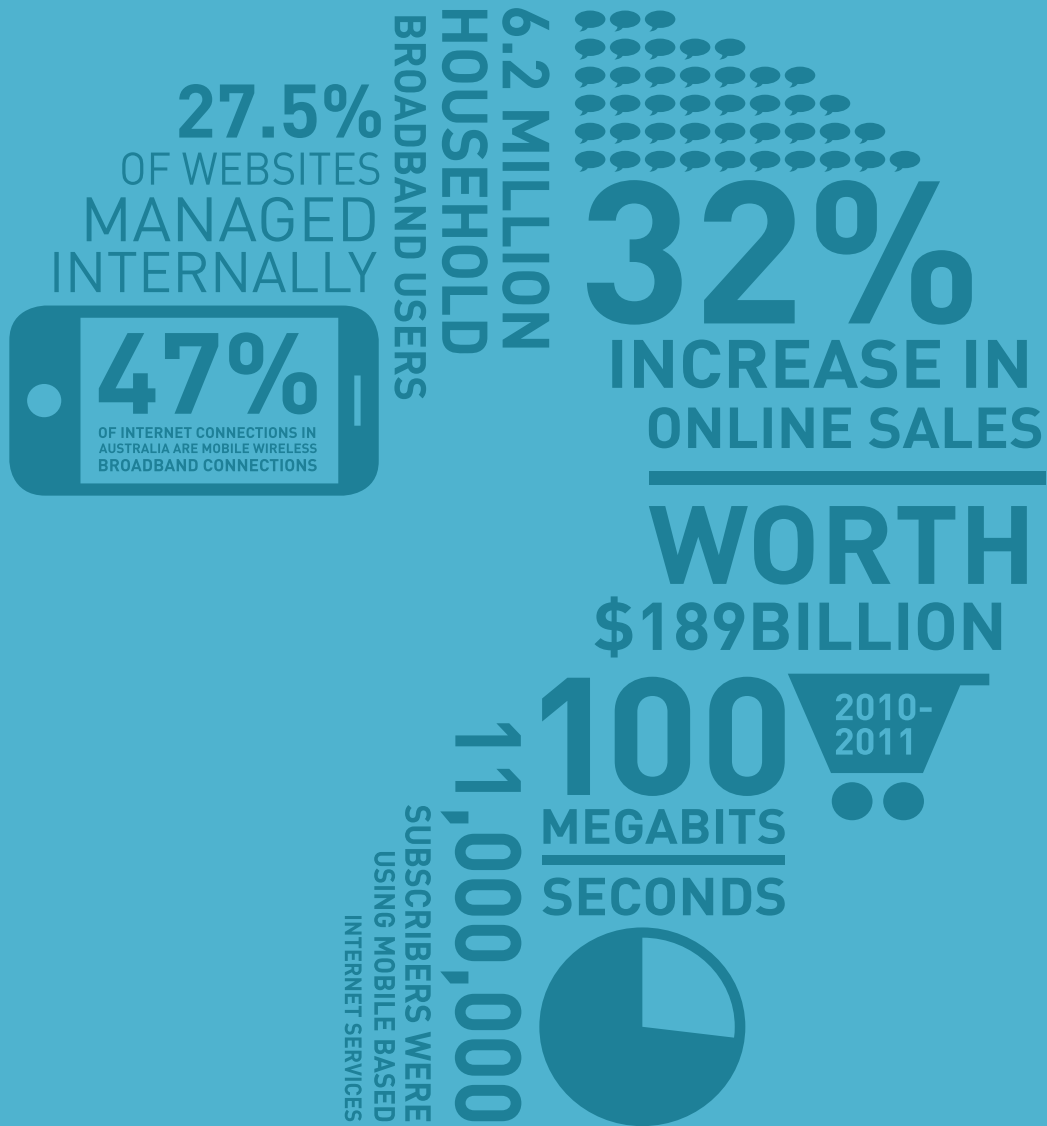
While businesses are confident in transitioning to a digital economy, they also fear that such a significant leap may be ineffective if not supported by the resolution of existing technology issues such as connectivity and wider information security. Also, many lack understanding on the value proposition that these initiatives offer, and consequently may not prepare their businesses adequately to make the switch.

OPPORTUNITIES

• On the upside, businesses are ready and willing to make the transition into the digital economy; however, imparting relevant knowledge and awareness are key areas that require action.

"The problem we face is that the NBN will miss us and we have no mobile coverage." - Survey Respondent
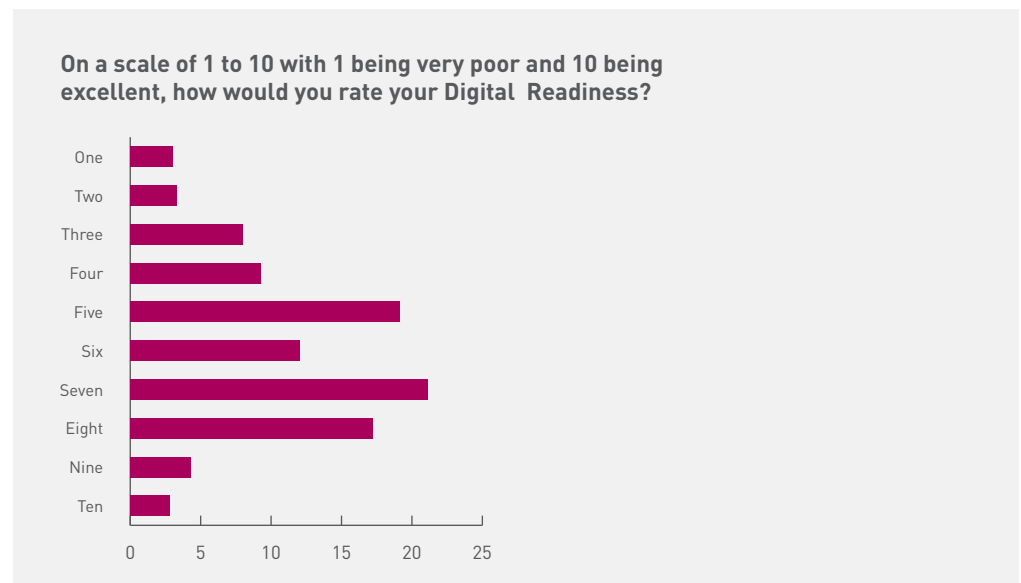
DIGITAL READINESS WITHIN QUEENSLAND

27.5%
OF WEBSITES
MANAGED
INTERNALLY

BROADBAND USERS

6.2 MILLION
HOUSEHOLD

47%
OF INTERNET CONNECTIONS IN
AUSTRALIA ARE MOBILE WIRELESS
BROADBAND CONNECTIONS

32%
INCREASE IN
ONLINE SALES

WORTH
$189BILLION

2010-
2011

100
MEGABITS
SECONDS

11,000,000
SUBSCRIBERS WERE
USING MOBILE BASED
INTERNET SERVICES

BUY NOW ▶

NBN
NATIONAL
BROADBAND
NETWORK

$43,000,000,000
PROJECT OVER
NEXT 8 YEARS

This study on digital readiness would be incomplete unless we define it in the context of specific industries in Queensland. Here, we explore individual industries, and their measure of readiness. This serves as a baseline to understand the extent of readiness within industry in Queensland, associated challenges, and the potential avenues for future development.

It has to be acknowledged that in some part, "readiness" here is also being defined by the extent of willingness to move into the digital economy, besides having the necessary systems in place to move forward.

On a scale of 1 to 10 with 1 being very poor and 10 being excellent, how would you rate your Digital Readiness?

Overall, most of the industries observed moderate to high readiness (ranging from 5 to 8 on a scale of 1-10). 53% of the industries indicated moderate readiness, 23% low readiness and about 24% indicated high readiness. While it is apparent that these figures conform to the "normal distribution" pattern, the significance of what they convey in regards to the extent of preparedness within industry cannot be denied.

INDUSTRIES WITH LOW READINESS

Industries that are significantly unprepared to transition into the digital economy include Manufacturing, Construction and Professional, Scientific and Technical services. Industries such as Healthcare and Social Assistance and Retail Trade and Transport also indicated poor readiness. These are industries with high degree of consumer orientation, and it is essential that they create systems to adapt to consumer expectations, and continue to deliver efficient and responsive services to the community.

To make the leap forward, businesses will need to invest in developing an improved online presence. They also need to engage their consumers with personalised digital experiences over mobile-based applications and social interfaces.

INDUSTRIES WITH HIGH DIGITAL READINESS

Industries such as Education and Training, Financial and Insurance services, Information Media and Technology and Professional, Scientific and Technical services indicate increased digital readiness. Some of these industries tend to be naturally technology driven, however they can offer significant inputs in how they have worked towards building readiness. These would be valuable for other industries looking to emulate a model of high readiness.

DIGITAL READINESS ACROSS LOCATIONS

Aside from reviewing industries and their digital readiness, the report also examined readiness across key locations in the Queensland region.

Businesses in urban locations such as Brisbane and Cairns have a high degree of readiness, owing to the large-scale commercial activity in these locations. Brisbane in particular, seems adequately prepared given the quality of technology investments already existing. Notably, about 20% of businesses within Brisbane also indicated poor readiness highlighting that additional technology investments are still required.

Overall, businesses in locations such as Toowoomba and Townsville enjoyed a moderate degree of digital readiness. Instances of poor readiness were observed across a wide range of locations, although they did not seem to be concentrated within any single region.

"I've built a network of tech savvy people that I go to for advice. Often they're young people starting in business themselves and while they have the digital knowledge, I have the business knowledge and we tend to share our knowledge to benefit each other." - Survey Respondent

INFERENCES

Digital readiness is a direct result of several enabling factors including

- the rate of technology adoption,

- the extent of immersion in the capabilities offered,

- presence of a digital culture, and

- active participation from varied stakeholders ignore the government, industry and the community.

The study highlights a wide spectrum of issues that the Queensland economy will need to address and plan towards. Broadly there are two directions for future work.

1. INCREASED CAPABILITY BUILDING

Although micro-businesses were considerably represented within the group, dimensions such as web presence, investment in digital devices and adoption of social media tools were almost universal, and point to an encouraging trend. Many important technology areas however need to be actioned.

A. INTEGRATING TECHNOLOGY INTO BUSINESS

A comprehensive understanding on the full potential that technology offers is lacking in most businesses. For instance, while over 90% maintained a website, only 25% maintain a mobile version of their website. With consumers increasingly using their handheld devices to access the web and manage their online transactions, this is a critical gap.

Further, many businesses do not have adequate insights into their consumers' increased preference for online buying - only 18% of the businesses had incorporated features for online sales within their websites. Not surprisingly, 66.7% of businesses derived under 10% of their revenue from online sales. Owing to the lack of a critical investment, businesses stand to lose out.

Many businesses remain open to technology investments and capabilities, but they lack access to adequate information and insights on how to harness the complete power of technology. Considering that 70% of the businesses used their website to communicate with clients and for marketing purposes, a whopping majority (82%) had not included any follow through measures such as options to buy online through their website.

In effect, businesses are reaching potential customers through online mediums which offered increased opportunities, but fail to capitalise further because technology measures are not planned in tandem with their business goals. This points to the absence of a solid technology blueprint within most businesses. A well-structured blueprint helps businesses to forecast and plan for future business needs and leverage available choices.

B. RIGOUR IN IMPLEMENTATION

Rigour in implementation is another area that warrants action. Most businesses recognise data and information as a critical asset to their business, however most do not deploy available technology to effectively address this need.

78.1% of businesses have access to appropriate technology to support their business needs, however they used them in limited ways. For instance, while most used enterprise applications such as CRM, data acquisition was largely limited to the first level (customer contact information), but not deployed adequately to extract information on customer preferences and buying behaviour.

Lack of information and/or expert resources, deters many businesses from working towards an integrated technology implementation approach, and the uptake of capabilities within enterprise applications and integrated software.

Social media is increasingly relevant to businesses, and offers access to a multitude of customer groups. Businesses recognise this and are investing in building their social presence, although they tend to be wary of potential threats to information security and privacy control. A considerable majority viewed digital business solutions as key to improving productivity and market reach, but were unsure about making a cohesive investment in the area or adopting an integrated social media driven strategy.

Lack of clarity on product value and relevance is deterring businesses from upgrading up to newer technologies. It is vital that knowledge groups within the industry recognise this and facilitate resources that can offer the necessary information and input.

2. MANAGING CUSTOMER EXPECTATIONS

Businesses aside, Australian households have gained a significant appetite for technology adoption. Figures from ABS reveal that as of mid-2011, over two-thirds of Australian households are using broadband internet connection, with the largest concentration (74%) around the Australian Capital Territory. Families with children aged 15 and under were significant users of broadband services(86%). In Australia, children (5 to 14 year olds) constitute the upcoming digital generation - they use the internet extensively, and nearly a third (31%) of them own a mobile phone.

Australians' work habits are changing thanks to the increased availability of technology. With increased broadband access in their homes, many employees are now choosing flexible working options, such as telecommuting, which allows them to remotely connect to work, from the comfort of their homes.

As technology adoption rises across Australian households, businesses will find increasing customer expectations. Customers will demand high quality communication interfaces across the web and social media, engaging content and user experience online, besides innovative mobile commerce tools and applications. Companies must break away from traditional formats and increasingly rely on technology as they embrace the future of business.

CONCLUSION

Businesses today understand that digital readiness is vital to help them transition up to the next level. They are increasingly focused on collaborating and adopting technology to stay cued on to trends and offer exciting user experiences to their customers.

Further, today's digital generation demands much beyond just innovative products from businesses. They demand user experiences backed by technologies that are personalised, responsible, sustainable and value driven. Digital readiness helps economies make this shift - taking them away from traditional channels into a more integrated business platform that offers wider capability, increased potential for collaboration and quality engagement across all stakeholder groups.

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NOTES

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Phone 0409 622 297
Email cfruk@cciq.com.au

◢ **CAIRNS AND FAR NORTH QUEENSLAND**

Regional Manager
Karen Seal
Phone 0418 724 112
Email kseal@cciq.com.au

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Troy Cush
Phone 0458 422 041
Email tcush@cciq.com.au

◢ **MACKAY AND CENTRAL COAST**

Regional Manager
Victoria Bradshaw
Phone 0410 220 915
Email vbradshaw@cciq.com.au

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Phone 0418 724 112
Email kseal@cciq.com.au

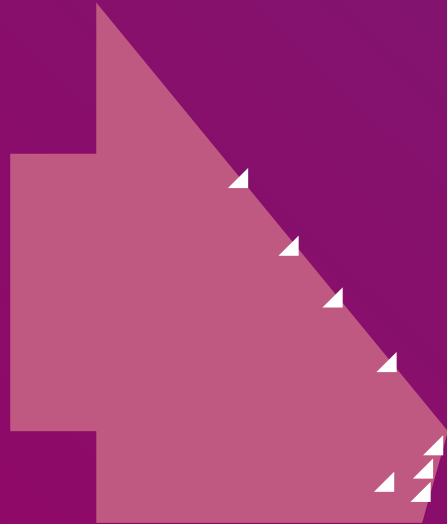◢ **ROCKHAMPTON AND GLADSTONE**

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Email vbradshaw@cciq.com.au

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Regional Manager
Roger Gorrel
Phone 0429 001 612
Email rgorrel@cciq.com.au

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Regional Manager
Hamish Bolderston
Phone 0400 731 522
Email hbolderston@cciq.com.au

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Chamber of Commerce & Industry Queensland
375 Wickham Tce, Spring Hill QLD 4000
Telephone 1300 731 988