



# State of the Nation 2023

*Small Business Digital  
Transformation in Australia*

netStripes



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# Preface

This research provides a statistical overview of Australia's small and medium businesses, emphasising digital transformation and performance. Unless otherwise stated, SMEs are defined as actively trading and employing less than 20 people.

**Only 11%** of Australian SMEs are digitally engaged - a **3%** drop from 2019.

**43% of SMEs** are inactive on social media, which is alarming given that 83% of Australians use social channels.

**27% of websites** pass the minimum requirements for a successful website - an increase of **13%** from 2019.

**Only 1 in 10 SMEs** use email marketing to reach and connect with existing and prospective customers.

**36% of SMEs** use some degree of SEO strategies, an increase of **3%** since 2019.

***The State of the Nation 2023 outlines the parameters for SMEs to achieve successful digital transformation and the contributing factors that create new ways of doing business to meet changing customer and market requirements.***

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# Highlights

## **We are pleased to present the 2023 State of the Nation Digital Transformation Research for SMEs in Australia.**

2020 and Covid-19 changed everything for SMEs and how they conduct business. According to Mckinsey's research, consumer consumption of digital products and services accelerated by ten years in the Asian Pacific Region in 2020. This means the consumer digital adoption targets which were expected to be met in 2030, took place in the span of a year.

As a result, it's now essential that SMEs must achieve digital transformation of their business to survive, let alone achieve substantial growth.

SMEs face insurmountable challenges in coping with digital disruption and achieving digital transformation. Businesses closing each year are in the hundreds of thousands, yet the opportunities available to all sizes in this digital era are unprecedented. Innovative enterprises of all sizes worldwide have created significant economic value as they have successfully ridden the wave of the internet, cloud and smartphone revolution.

***"Digital transformation allows businesses to leverage innovative digital technologies to create new ways of doing business to meet changing customer and market requirements."***



As we see in 2023, the current stream of technology drivers, such as Artificial intelligence (AI), the Internet of things (IoT), virtual reality (VR), augmented reality (AR), Blockchain, and 5G technology adoption, has already begun to impact our businesses. However, to maintain our relevance as a nation, we need more than lip service from Federal and State governments.

Over the last ten years, the State and Federal governments have ineffectively spent hundreds of millions of taxpayer funds on advisory and training-related programs to fix the issues of digital disruption. Still, these programs have been fundamentally flawed in its design and implementation addressing the headline symptoms instead of the root causes that achieve lasting results through SME digital transformation.

A case in point is the Australian Small Business Advisory Services<sup>[5]</sup> (ASBAS) as implemented in NSW between 2018-2022, which has several service providers, each delivering its version of digital advisory and training within its geography. However, there is no evidence to suggest the service is provided with any degree of uniformity between the providers or any understanding of the requirements for digital transformation, standards and frameworks required.

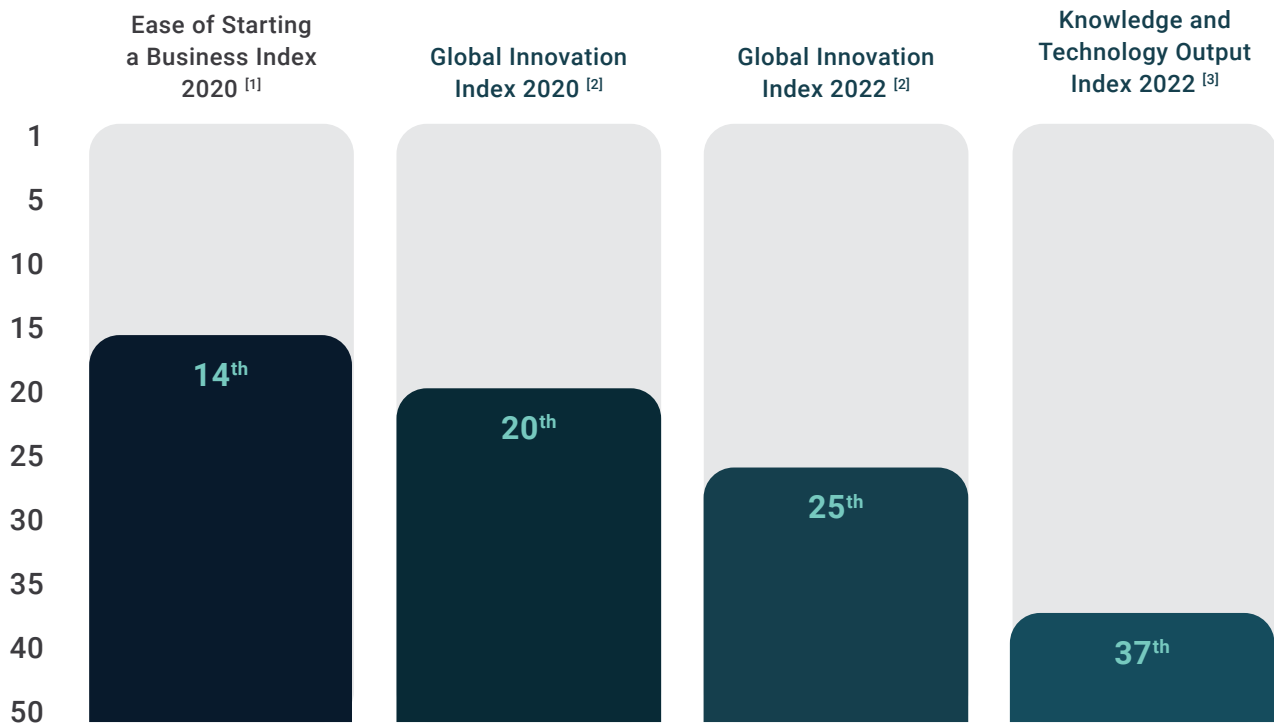


These programs instead focus on rudimentary tasks such as creating or improving Social Media pages, posts or window-dressing a website. The question is whether these programs amplify the prevalent issues and do justice to what is required for these SMEs to survive the impact of digital disruption, let alone achieve digital transformation.

We need a commitment to concerted action to survive the increasing disruption we see in every industry. Yet more so, to acknowledge the advantages of the vast opportunities presented by these technology drivers for innovative and digitally-focused enterprises that can deliver more jobs and economic growth nationally.



## Australia's Global Rankings in Innovation and Knowledge



These figures are of great concern to our economy as the nation has great potential for economic progress. However, it is challenged by the evolving digital landscape and has failed to achieve optimal output from available technological resources.

This report offers updated insights for policymakers and business owners solutions available will help business owners stay well ahead of their competitors and empower policymakers to create the necessary incentives and ecosystem to spur the growth of digitally focused businesses throughout Australia.

The research focuses on assessing aspects that deliver strategic transformational growth for businesses that help them ride the digital wave instead of incremental operational efficiency.

The study is based on whether a website successfully meets four criteria - strategy refinement, branding and positioning, website and digital presence, and marketing. It does not take into consideration areas covering accounting and operational-related transformation.



# A Message from the CEO

The 4th edition of the State of the Nation research highlights significant issues and, in fact, a decline in digital transformation from our last research publication in November 2019, despite investments by federal and state governments in Digital Advisory programs.

*“The government programs have been largely ineffective due to a lack of focus or understanding of the rigours and complexities of the digital transformation of individual businesses. Instead, they deliver programs focused on website development or social media engagement without seeking to understand the business model changes required to adapt to the needs of modern-day consumers and their buying behaviour in a digital world.”*

Together with our research on SMEs in 2014, 2016, and 2019 and one-on-one meetings with over 7000 business owners, we have developed unparalleled insights into the needs and pains of SMEs in Australia. I do not doubt that the secret to Australian innovation lies among the 2.4 <sup>[4]</sup> million SMEs around the country.

I can say with great conviction that SME owners understand their industries intimately - they know what works and what doesn't. Additionally, there is unfulfilled potential within these businesses and unfulfilled ambition within many of these business owners. In there lies the motivation to create real change and innovation. When SME owners are provided with the proper knowledge and tools for innovation, that's where the magic happens.

**Dinesh De Silva**  
CEO of Netstripes



***“It is imperative for small business owners to understand that digital transformation is not a luxury, but an absolute necessity for their success and long-term survival.”***

# The Measures of Digital Transformation

To measure the Digital Transformation of SMEs, NetStripes examined the 12 parameters of two analytical modules; Web Index (the website's functionality and competitiveness) and Digital Index (overall digital presence and engagement of the business).

The Web and Digital Indexes are measured with a primary focus on the following:

## **The business strategy as evident on the website:**

- Understanding the ideal customer
- Delivery of value proposition
- How the business stands apart from its competition (brand positioning).

## **Website creates trust and credibility in the eyes of the visitor:**

- With the use of strong online branding
- User Experience - Design and Quality

## **Evidence of content strategy:**

- Use of blogs, email marketing and social proof.

## **Social Media Engagement & Promotion Search Engine Optimisation**

These help business owners and policymakers identify the gaps that SMEs in Australia must improve.

## **The Two Principles of Digital Marketing:**

- Driving qualified traffic to a website through digital means
- Converting the qualified traffic into leads

Through the parameters, businesses are analysed by the quality standards of their Digital Presence and the effectiveness of traffic driven to the website.

Through the Web Index parameters, businesses are then analysed by the quality standards of their website strategy and online branding.

When SMEs effectively apply the quality standards of the Web and Digital Index, they will achieve both business and national excellence in Digital Transformation and innovation.

# Digital Index

*The digital index is a combination of the web index measures that include the seven web essentials, five web enhancers, and the digital marketing and promotional measures.*

## The Seven Web Essentials

These are mandatory requirements that every business must get right if their website is to deliver any form of results, let alone credibility.

### 01 Functioning Website

### 02 Mobile Responsive Website

### 03 Design Quality

(strong integrated visuals, well-written content, consistent use of logo and branding)

### 04 Website Speed and Search Engine Optimization

(Fast and easy to load, and search engine friendly)

### 05 Homepage Caption

(that conveys a business's service with customer focus)

### 06 Clear list of service offers

### 07 Testimonials

LOGO

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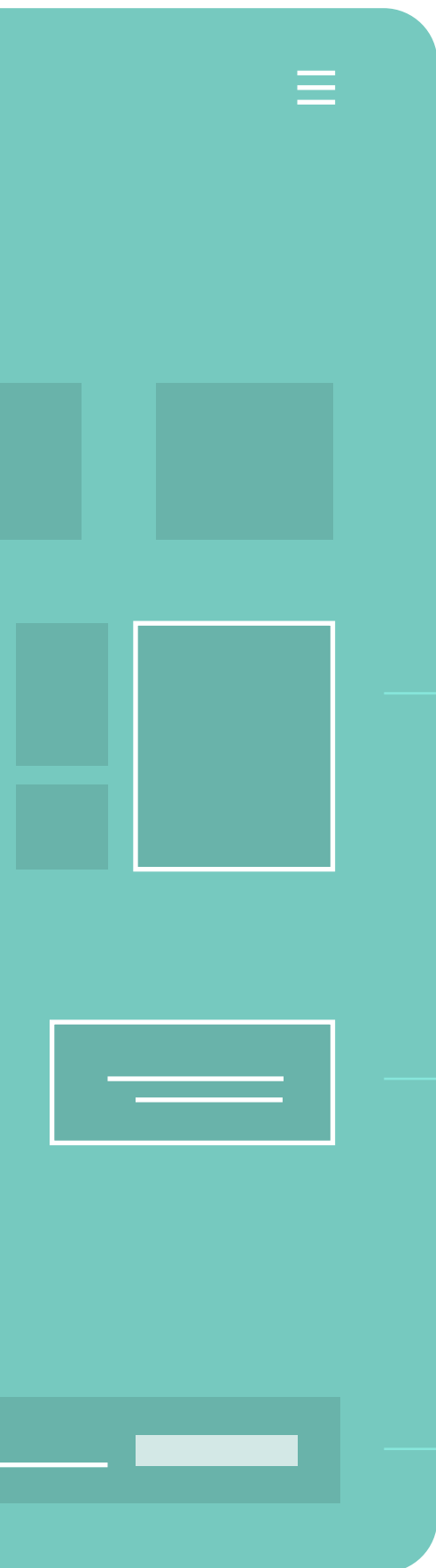
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## The Five Web Enhancers

On top of the foundation set by the seven web essentials, the five web enhancers are what drive leads to a business.

These enhancers will help create the trust and credibility fundamental to online success and provide valuable content to its visitors that creates authority.

### 01 Email Marketing Leads

### 02 About Us with photos

### 03 Trust Signals (Awards, accreditations etc., brand association)

### 04 Blogs

### 05 Contact Form

## Digital Marketing & Promotion Measures

Analysis of social media marketing platforms and other digital channels to promote and market a business.

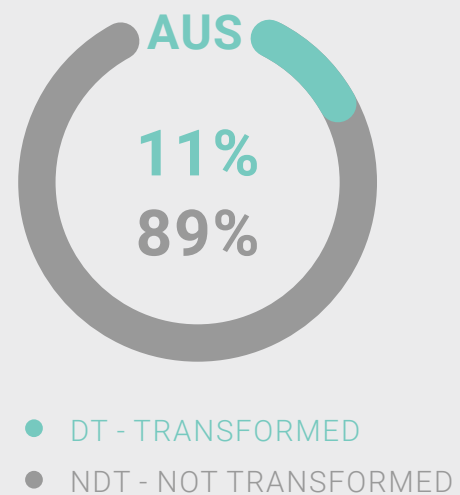
# Key Quantitative Research Findings

*Through this study's analysis of 700 Australian SMEs, our results have shown that in 2022, **only 11% of businesses are fully digitally engaged**, with the Australian Capital Territory leading the charts at 24%, followed by Victoria (13%), NSW (11%), and Tasmania (11%).*

The headline findings of this research are that 89% of SME businesses in Australia are struggling with achieving digital transformation of their businesses.

While most of these businesses will continue to operate, a large percentage struggle with relevance and are subject to the many challenges related to environmental, competitive and climatic conditions.

Our research has verified a strong correlation between website index and digital engagement score. The result is consistent with the two principles of digital marketing, as driving traffic to a website through marketing is futile if the website is not effective enough to convert visitors into leads — clear evidence of the importance of the seven web essentials and five web enhancers.



In all states, SMEs have a more substantial website index rank than digital engagement, which suggests that website factors contribute significantly to businesses' digital engagement.

Notably, 63% of websites fail to pass the web index test which is the criterion for an effective website.

On average, 85% of Australian SMEs clearly display their service offerings on their website, while **only 13% provide testimonials or any form of social proof, and 38% use brand association to deliver trust and authority on their website.**



By displaying clear general information about service offerings on the website, potential customers can make a buying decision without missing any significant product information. It is also important to provide testimonials, especially in this highly review-focused society, and trust signals deliver credibility and proof of expertise when building relationships online.

### **Only 30% of websites passed the speed test, with Western Australia in the lead (95%).**

This figure shows that 70% of Australian SME websites take longer than 4 seconds to load. Businesses must acknowledge that today's users have short attention spans, and websites, especially mobile-optimised ones, must not take longer than 2 seconds to load, as customers will abort. Business owners should review and audit the architecture of their websites and examine the quality of their web host service.

### **Only 25% of Australian small businesses proactively engage on social media platforms.**

Considering Australia is one of the most highly-penetrated countries in the world ([6] 96% social media penetration rate), it is disappointing that 43% of business owners are not proactively engaged on social media. Through consistent interaction, SMEs will benefit from high-brand exposure platforms like Facebook, LinkedIn, and Instagram.

Also, this research shows that SMEs struggle to run effective social media campaigns as a majority copy other businesses or listen to peers' opinions rather than following a consistent approach based on social media marketing fundamentals, strategy, and algorithm. It is, therefore, important to educate SMEs on their unique social media strategy and algorithm before expensing on more advanced tools such as social media advertising.

### **36% of Australian small businesses use Search Engine Optimisation (SEO) efficiently, this is an increase of 3% since 2019.**

This is an issue, as data from the research suggests that 64% of Australian SMEs are missing out on a major opportunity to reach potential customers. Using critical and relevant keywords, SEO assists businesses in attracting prospective customers who search for products and services on search engine platforms such as Google and Bing.

As consumers depend more on search engines for answers and solutions, SMEs must implement an SEO strategy to assist them with brand reach and website traffic. But unfortunately, search engines frequently change their algorithm, making it difficult for SMEs to succeed with SEO. Hence, educating them on search engine algorithms is vital before executing any SEO marketing strategy.

**Only 29% of SMEs have implemented an email marketing strategy to reach and engage with existing and prospective customers.**

While email is a highly effective strategy used by all industry leaders in the online world, for example - eBay, Amazon, Alibaba, Expedia, ASOS, and The Iconic, SMEs are still oblivious to the benefits and effectiveness of email marketing strategy.

Through analysing the parameters of both the Web and Digital Index, it has become clear that Australian SMEs are not fully digitally transformed because they have not utilised strong digital and marketing strategies to leverage their growth potential on their website.

### Note to policy makers

***"It is a priority for SME's to grow and succeed online through the aid of best and credible practices for digital marketing."***

**89%** of SMEs in Australia are not digitally engaged.

**87%** fail to provide testimonials or any form of social proof.

**74%** fail to meet the minimum requirements of a successful website functionality and engagement.

**71%** are not using an email marketing strategy to reach and engage with existing and prospective customers.

**71%** of websites did not pass the speed test.

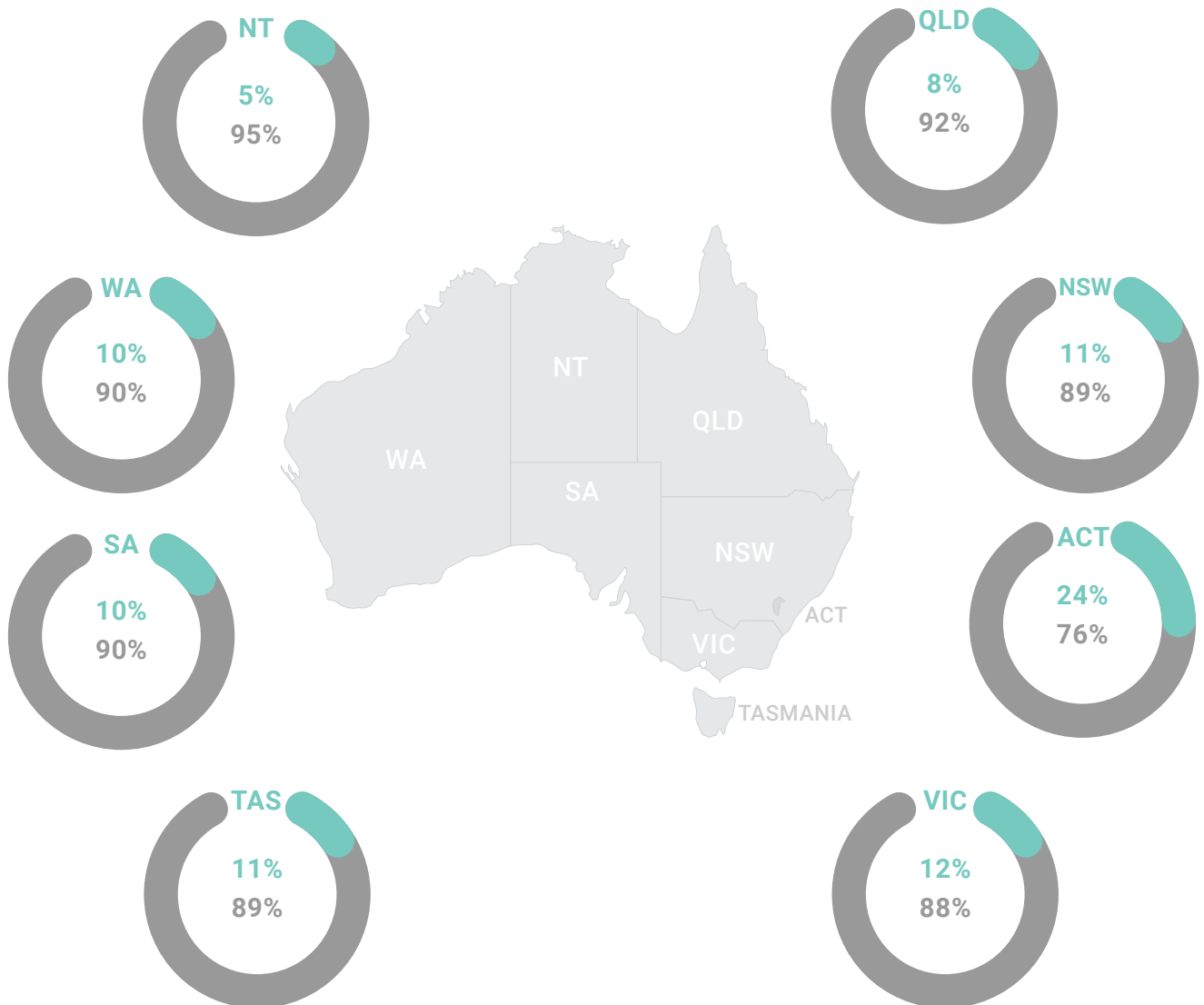
**64%** are not using SEO efficiently.

**43%** are not proactively engaged on social media platforms.

**15%** do not clearly display their service offerings on their website.

# Digital Transformation National Index

- DT - DIGITALLY TRANSFORMED
- NDT - NOT DIGITALLY TRANSFORMED



**NT:** DT (5%) NDT (95%)

**WA:** DT (10%) NDT (90%)

**SA:** DT (10%) NDT (90%)

**TAS:** DT (11%) NDT (89%)

**QLD:** DT (8%) NDT (92%)

**NSW:** DT (11%) NDT (89%)

**VIC:** DT (12%) NDT (88%)

**ACT:** DT (24%) NDT (76%)

# Digital Engagement by State

## NSW

Web index **29%**

Social media engagement **30%**

Email marketing **31%**

Search Engine Optimisation **32%**

## QLD

Web index **20%**

Social media engagement **20%**

Email marketing **9%**

Search Engine Optimisation **32%**

## WA

Web index **16%**

Social media engagement **31%**

Email marketing **13%**

Search Engine Optimisation **98%**

## VIC

Web index **30%**

Social media engagement **28%**

Email marketing **13%**

Search Engine Optimisation **22%**

## SA

Web index **28%**

Social media engagement **23%**

Email marketing **10%**

Search Engine Optimisation **33%**

## NT

Web index **21%**

Social media engagement **11%**

Email marketing **7%**

Search Engine Optimisation **47%**





## ACT

Web index **48%**

Social media engagement **24%**

Email marketing **6%**

Search Engine Optimisation **38%**

## TAS

Web index **34%**

Social media engagement **16%**

Email marketing **5%**

Search Engine Optimisation **50%**



# Key Ethnographic Research Findings

The research findings are supported by ethnographic research we conducted to investigate the reasons behind our quantitative results.

We interviewed SME business owners to understand better their knowledge, processes and the reasons behind their digital marketing decisions. The result was conclusive evidence of why a minority of businesses are digitally transformed (DT) and why the majority aren't (NDT).

The evidence was overwhelming; SMEs with poor digital engagement were not achieving the business results they felt they deserved and lacked an overall digital strategy. These businesses generally have a simple definition of an ideal customer persona and no clarity of their needs and wants. Often they focused on the wrong set of customers.


If a business lacks detailed insights into its ideal customer, it is impossible to create a suite of products or services that are highly suited for that client. This is the leading cause behind why most businesses' products and services are so generic, which creates massive competition.

For example, if you identify as a mortgage broker, you could have thousands of competitors. However, suppose you identify as a finance broker that helps migrants to Victoria build a property portfolio from scratch. In that case, there is absolute clarity on who your customers are and on how to structure a suite of services that provide differentiation and build a competitor strategy that delivers.

We also saw that NDT businesses did not have clear financial goals for each financial year, hence another reason they did not have a clear digital strategy.

Most NDT businesses outsourced their digital marketing activity yet lacked the knowledge or a defined process to monitor and evaluate results. Without a planned basis and precise metrics to assess the data, they often didn't get the expected results after many months of investments.

The NDT businesses that did digital marketing in-house were either inconsistent in their marketing efforts due to time constraints or stuck with organic social media posts that didn't give them sufficient reach based on changes in social algorithms.



## **Success comes with consistency, reviewing results, learning from the data and continually improving**

Those who did invest in paid reach did not have the resources or time to ensure they got the finer details right to achieve desired results.

Our research shows that NDT business owners also lacked the minimum required knowledge of what was needed and, as a result, made the investment and tactical decisions based on opinion or followed third-party advice.

There were frequent changes in tactics and strategy, but the basis of decision-making was not on solid fundamentals, hence impacting outcomes.

We found that when NDT businesses do not see immediate results, most would either make ad-hoc changes that were not aligned with their strategy, pause or terminate digital marketing activities or change providers. Instead, however,

they should be following a practice of reviewing data, learning and making improvement decisions that would lead to results.

This stop-start behaviour reduced their chances of achieving results based on learning and improvement based on data.

On the other hand, digitally engaged (DT) businesses look at digital marketing as an essential function of their business and acknowledge it to be a lead-generating tool. While most outsourced the process, they had a clearly defined strategy and process. They ensured that any activity and investments were in line with their strategy. They were not searching for a quick fix and understood that success comes with consistency, reviewing results, learning from the data and continually improving.



These business owners also worked hard on their products and services, as no amount of digital marketing can be successful for a business that lacks the commitment to deliver great products and services. But unfortunately, the digital world magnified and accelerated the evidence of poor service.

After appealing to the Australian government on the issues of SME digital transformation, the State and Federal governments have taken action. In 2016, the NSW Government launched a program called Business Connect, a dedicated NSW government program that provided advice to help start or grow SMEs digitally.

In addition, the Federal government changed their ASBAS program to be digitally focused. Yet, none of these programs address the critical issues behind true SME digital transformation despite millions of taxpayer dollars consumed over many years.

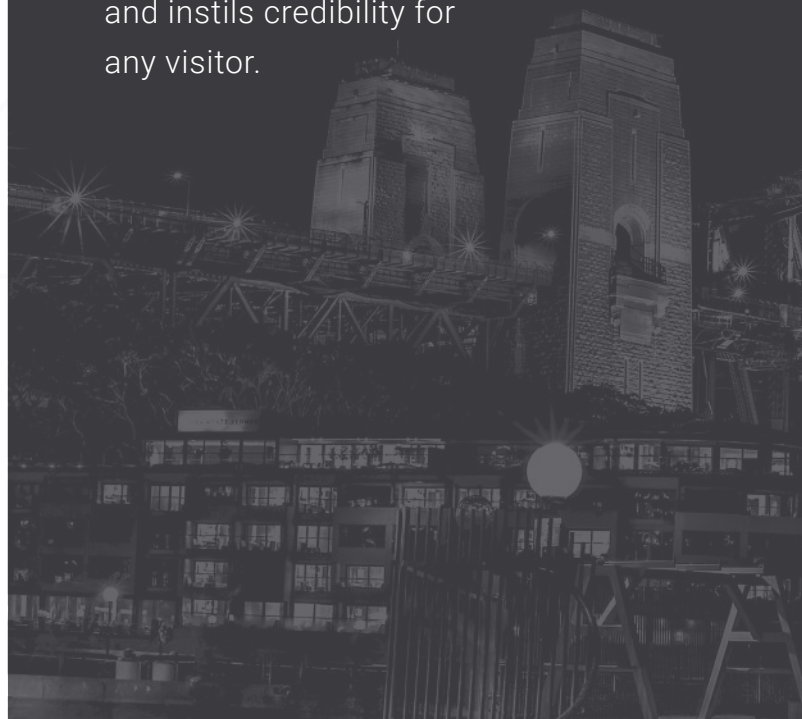
Additionally, through NetStripes' other initiatives, our networking program Bizruption and Futurise Series of Webinars, we bring SME owners together to collaborate, connect and build key insights on Digital Transformation. We encourage all NDE businesses to participate and gain benefits from these initiatives. By attending, they will become aware of the importance of technology and innovation in this digital world and learn how they can leverage this technology to their potential.

## Website

**71% of SMEs have failed to understand the buying behaviour of digitally-savvy consumers and don't show the evidence of digital transformation required to achieve the benefits in this digital age.**

71% of websites score poorly on the Seven Web Essentials and Five Web Enhancers and are unaware of the importance of having a digital marketing strategy alongside a website, which proves that a strategy must proceed any website development efforts to achieve intended outcomes.

Today, a business's website is the most valuable asset of any SME business. However, many SMEs have still not made the shift in understanding that their website is equally or more important than the investment they would make in setting up an office or retail store that delivers their style and branding and instils credibility for any visitor.



As a result, most SMEs are seemingly not investing the attention and often the budget required to get their website right. Even when they do, many fail to convert website traffic into leads due to the inherent complexities of understanding and delivering online buyer behaviour.

Hence, the need for programs specialising in digital transformation to educate SMEs through a standardised process to achieve business outcomes from their website. The netStripes Five-Step Framework, Seven Web Essentials, and Five Web Enhancers will guide business owners on where to start.

## Search Engine Optimization

**64% of SME owners in our qualitative survey were unaware of the importance of SEO. The remaining 36% knew the importance but did not understand how SEO works to generate results for their business.**

Search Engine Optimisation (SEO) is a strategy that increases website traffic through high-ranking placements in search results. Therefore, SMEs need to look at the possibilities of improving their SEO, at a minimum, by focusing on-page SEO optimisation and using Google Business Profiles, which will then create the opportunity to win a steady stream of local traffic.

## Social Media

**25% of businesses in the qualitative survey have a social media profile; however, they rarely post online and have limited digital engagement. We found that SMEs lacked consistency in engaging on social media platforms due to a lack of time and strategy.**

In addition, 100% of SMEs surveyed did not understand social media algorithms and the changes made in recent months, which impact reach and engagement.

Many SME owners lacked the time or systems to post and engage with their target audience consistently. Understanding the importance of social media is one thing; using it consistently to achieve engagement with their audience was a genuine practical difficulty for SME owners due to constraints of time and practice.

## Email Marketing

**71% of SMEs are not utilising email as a valuable marketing channel to customers and prospects.**

The 29% of SMEs who got it right had invested in email marketing automation software and had a consistent approach to delivering value to their audience via email. As a result, these businesses regularly receive recommendations and new business from existing customers due to staying top of mind with their audience.

Most SME owners we interviewed were unsure of the effectiveness of email and the practices of utilising this digital marketing medium and were most concerned about the impact of spamming their customers.

Email marketing is still considered the most effective lead-generating channel. The most successful global brands use email as an essential part of their strategy because most consumers are logged into their email and check their emails more regularly than other digital platforms.

It cannot be stressed enough how important an email marketing strategy is for SMEs to engage with their audience. Yet, the content delivered to customers via email must provide value to the receiver instead of constantly spamming them with sales propositions.



# Overall Digital Engagement

*No participants in the qualitative survey had a digital marketing strategy for achieving digital transformation. Participants were running their digital marketing based on the advice and opinions of colleagues, those nearest to them, and occasionally guided by freelance consultants.*

According to the Australian Bureau Statistics Report in 2021, SMEs account for 97% of Australian businesses, and nearly a million businesses close every five years<sup>[7]</sup>. In this digital age, SMEs will need to achieve digital transformation to survive economically and achieve growth.

Digital transformation can be complex, expensive and resource hungry. It demands multiple skill sets, standards and frameworks to deliver solutions to exacting quality, precision timing, and work to budgets. For it to work for SMEs,

however, a more efficient and simplified framework is required.

SMEs also require minimum knowledge of how each digital channel (Website, Social Media, SEO and Email Marketing) works in a complimentary manner. Digital marketing will constantly be evolving as innovation and technology advance rapidly.

SME owners must regularly update their knowledge and educate themselves to adapt to changing circumstances and technological advancements in their industry.



# Implications

*Digital disruption is rife in every industry and business, large and small, and they must take adequate measures to survive and grow in today's increasingly digital world.*

It is of great concern that a significant proportion (86%) of Australian SMEs in this study are NOT digitally engaged. The consequences for the state and national economies of this issue are significant, as small and medium enterprises play a vital role in creating over 42% of employment<sup>[8]</sup>, and their contribution to the GDP of over 33%<sup>[9]</sup> is crucial for the economic sustainability and growth of this nation.

Low digital transformation among the high percentage of SMEs poses severe risks as the economy continues to be impacted by multiple global challenges, including the pandemic, rising interest rates, inflation, and other factors that may arise in the future.

The digital marketing environment is dynamic, which explains why the strategy that businesses execute today may no longer be relevant tomorrow. Instead, SMEs must take full advantage of digital and other emerging technologies.

Those who have successfully achieved digital transformation and engaged in the digital economy will be able to take on much larger businesses and win in the worldwide market.

Although it's not hard to launch a business, it's a lot harder to sustain it and achieve growth. While the business owners involved in this research were passionate and optimistic in their attitudes toward growing



their businesses, the most significant danger for them was following the continuing flood of opinions from peers and unqualified experts.

Including those from federal and state government programs, who attempt to deliver the next silver bullet of success but with no clear roadmap to achieving digital transformation.

By consistently executing these digital transformation efforts in alignment with strategy and continuing to learn and improve their knowledge, they will significantly increase their odds of success.

# SME Roadmap to Digital Transformation

*Digital transformation is beyond creating an appealing website that wraps around a SMEs existing business model and multiple social media accounts. It is about understanding the brand's consumer, product, and position and implementing a solid digital marketing strategy with proactive digital engagement before diving head-first into web design and development.*

**Most successful digital transformations are aligned to a SME business strategy <sup>[10]</sup> and follow these principles <sup>[11]</sup>:**

- They work backwards, starting with the ideal customer experience and crafting the business strategy before investing in anything.
- Leverage business owners' insights and accurate customer data so the strategy is not built on speculation or assumptions.
- Designing customer experience - If digital transformation aims to win and engage customers and improve satisfaction and intimacy, then any effort must be preceded by a diagnostic phase with in-depth customer input and accurate data.
- Take a holistic approach to transform operations



**Based on netStripes research and meetings on strategy with over 7000 SMEs over eight years, a roadmap for SME digital transformation is below. We call it the netStripes five-step framework.**

### **1. Foundation knowledge**

Firstly, develop insights and foundation knowledge on how to run a business in this digital world.

### **2. Goal setting and strategy**

Create a client-centric strategy to understand the business's ideal customer to ensure that the products and services are fine-tuned to their needs, wants and pains. Follow this with a competitor and service strategy, which creates a unique value proposition that positions the brand competitively in the identified market.

### **3. Online brand development**

A strategic digital transformation incorporates strong branding that positions a business to stand apart from competitors and compete with much larger brands, with a unique value proposition conveyed through high-quality designs and messaging.

### **4. Build a strategic website**

Research has proven that today's online consumers' attention span has dropped to 2-4 seconds, so a modern website must invoke credibility and convey its unique value proposition to potential customers in a matter of seconds to gain leads. A website must meet the 12 points identified in the Web Index to develop a world-class user experience for potential customers that takes them through the buying cycle and enables them to make the right choices.

### **5. Promotion and data-driven marketing**

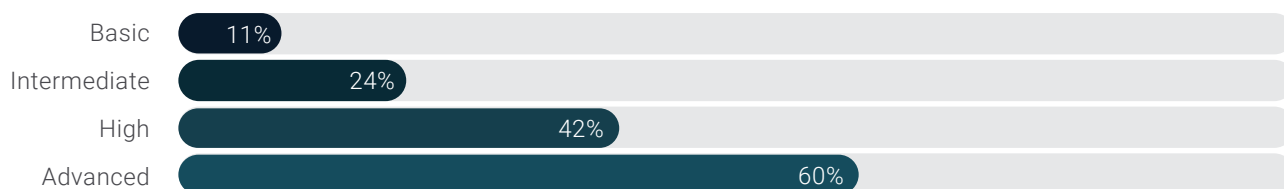
An effective promotional strategy is based on a business's ideal customers and sales goals and backed by data-driven insights. Clearly defined metrics will help business owners make relevant improvement decisions based on periodic reviews of promotional data to create a system where the quantity and quality of client acquisition align with the sales goals.

# Benefits of Being Digitally Engaged

According to research in Deloitte Access Economics <sup>(12)</sup>, SMEs are able to enjoy several benefits of being digitally engaged.

	BASIC	INTERMEDIATE	HIGH	ADVANCE
WEBSITE	Business has no website; only a business email address.	Business has a simple website; achieves less than 50% of the Web Index	Business has an advanced website that is mobile optimized and covers 70% of the Web Index	Business uses data analytics from its website to track customer trends and inform business decisions. Covers over 70% of the web index.
DIGITAL TOOLS	Marketing activity focused on traditional methods (i.e. newspapers)	Utilises basic marketing tools (i.e. email marketing)	Greater use of online marketing tools (i.e. paid social media advertising)	Have a mobile app for deeper digital engagement
SOCIAL MEDIA	No business website or social media presence	Limited social media presence	Engaged through multiple social media platforms	Uses sophisticated online marketing tools such as video advertising and search engine optimisation.

## Revenue

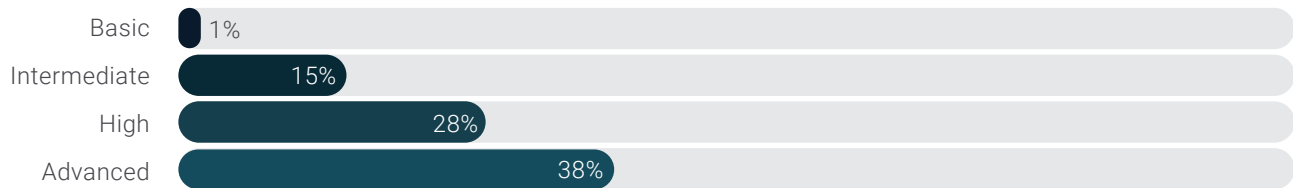


**Small Australian businesses can experience almost 50% more revenue growth for each level up the digital engagement.**

Compared to companies with basic digital engagement, companies with:

- Advanced levels of engagement are 50% more likely to experience revenue growth.
- High levels of engagement are 42% more likely to experience revenue growth.
- Intermediate levels of engagement are 24% more likely to experience revenue growth.

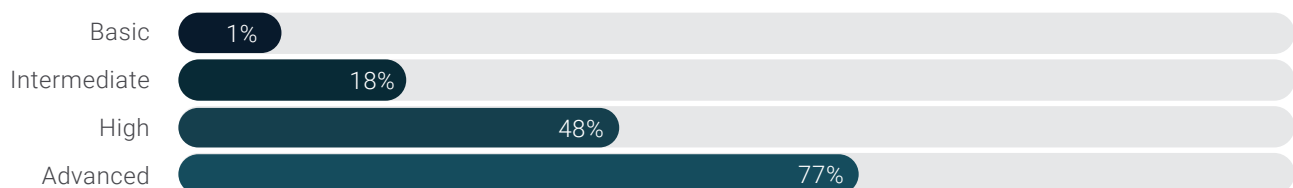
## Jobs



**Small Australian businesses can create 10% more jobs for each level up the digital engagement. Compared to companies with basic digital engagement, companies with:**

- Advanced level of engagement are 38% more likely to create jobs, employing up to 12 people every year.
- High levels of engagement are 28% more likely to create jobs, employing up to 3 people every year
- Intermediate level of engagement are 15% more likely to create jobs, employing up to 1 person every year

## Innovation



**Small Australian businesses are 20% more likely to innovate for each digital engagement level.**

Compared to companies with basic digital engagement, companies with:

- Advanced levels of engagement are 77% more likely to have innovated
- High levels of engagement are 48% more likely to have innovated
- Intermediate levels of engagement are 18% more likely to have innovated

# Conclusion

**A VISION TO EMPOWER 1 MILLION BUSINESSES  
to accelerate their growth through Digital Transformation,  
which will create millions of jobs worldwide.**

**By helping 16% more businesses in the  
next five years, SMEs can create millions  
of jobs worldwide conservatively.**

Since our initial research in 2016, while we see investments from state and federal governments towards innovation and digital transformation of businesses, the current investments are minute compared to the billions of dollars of economic value and benefits that can be derived from these businesses. SMEs can create millions of jobs conservatively by helping 16% more businesses in the next five years.

However, if suitable investments are made over five years, we believe that well over 16% of SMEs will be engaged digitally. Therefore, we encourage state and federal governments to reconsider their current investments and look at multiplying them twofold. When provided with the support, attention and guidance, SMEs will fuel significant economic growth and create millions of jobs each year in driving the nation to the future.

We are thankful that the Australian Federal Government has initiated the Technology Investment Boost and Skills and Training Boost tax <sup>[13]</sup> relief to support small and medium businesses to go digital and upskill their employees. Building on previous SMEs investment incentives, including the instant asset write-off <sup>[14]</sup>, which is in place until 30 June 2023, the 2022-23 Budget includes a comprehensive package of measures to support businesses to grow, innovate and create more jobs.

We encourage all policymakers, industry bodies, and SMEs owners to combine efforts to improve Australia's national digital transformation rate. Our commitment to advancing and innovating small Australian businesses is demonstrated through all our initiatives at NetStripes. We look forward to seeing you at our SMEs innovation event Bizruption, as we create a movement that will inspire a better tomorrow.

**“We encourage all policymakers,  
industry bodies, and SMEs owners  
to combine efforts in improving  
Australia’s national digital  
transformation rate.”**

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# State of the Nation 2023

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