

BETTER FOR BUSINESS INSIGHTS

This Better for Business (B4B) research monitor includes a specific focus on the digital capabilities of New Zealand businesses, allowing us to update the baseline Digital Index which was first measured in late 2020.

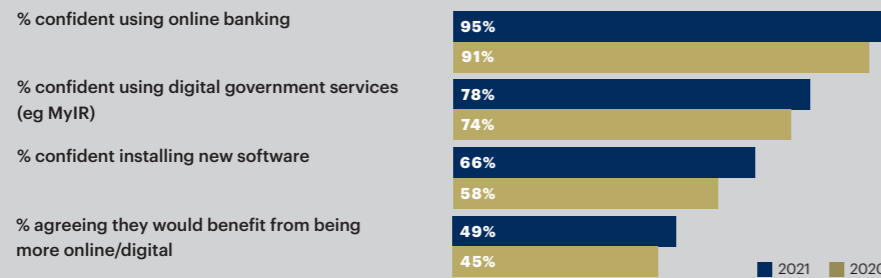
The results are based on interviews with 2,212 businesses in November 2021 – representative of all NZ businesses by both size and industry. Note that some questionnaire improvements were made following an initial exploration in 2020.

The research was once again complemented by some high-level analysis provided by BNZ, examining recent trends in the uptake of different types of digital tools.

B4B insight reports can be accessed at betterforbusiness.govt.nz.
For further information, please email betterforbusiness@mbie.govt.nz.

DIGITAL CONFIDENCE & MOTIVATION

When we look at the 'aptitude' components of the Digital Index, there have been some changes since 2020 – notably the four improvements shown in this chart.



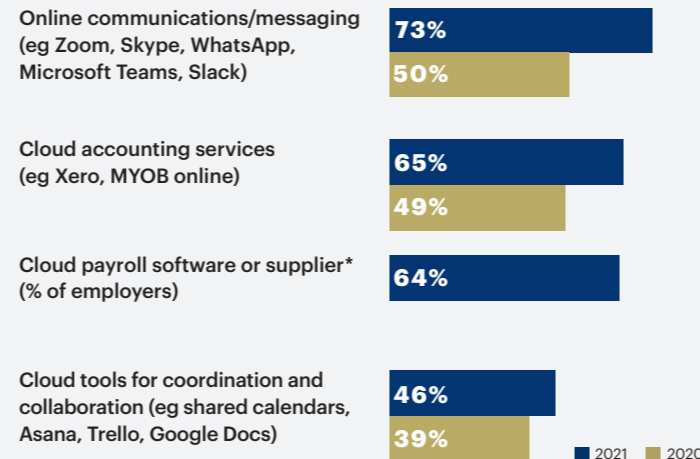
BARRIERS TO DIGITAL ENABLEMENT

Security concerns have risen sharply since 2020, amid a backdrop of multiple high-profile breaches in the last year. A lack of skills is also creating increasing concern for businesses.



*Result not available for 2020

BUSINESSES' USE OF PRODUCTIVITY-ENHANCING TOOLS



*Result not available for 2020

We suspect some under-reporting of cloud accounting and online communications usage in 2020; with a considerable increase in reported uptake in 2021.

But BNZ's supporting analysis indicates that uptake of productivity-focused digital tools has genuinely increased in the past year.

The continued increase in reported use of communication tools such as Zoom and Microsoft Teams since the beginning of the COVID-19 pandemic is consistent with findings from other countries.

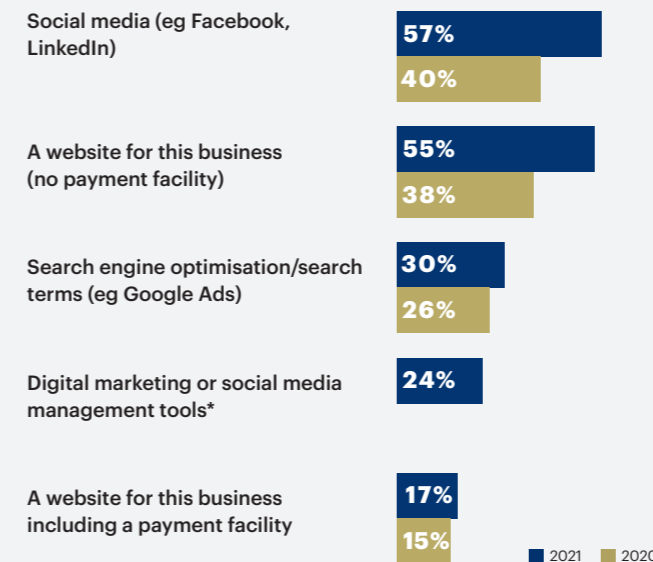
Usage of the tools shown here contributes to the behavioural components of the Digital Index.

BUSINESSES' ONLINE VISIBILITY AND ACTIVITY

We suspect that businesses' use of social media and websites was somewhat under-reported last year – hence a questionnaire improvement this year. But BNZ's supporting analysis also suggests much of this year-on-year change is real.

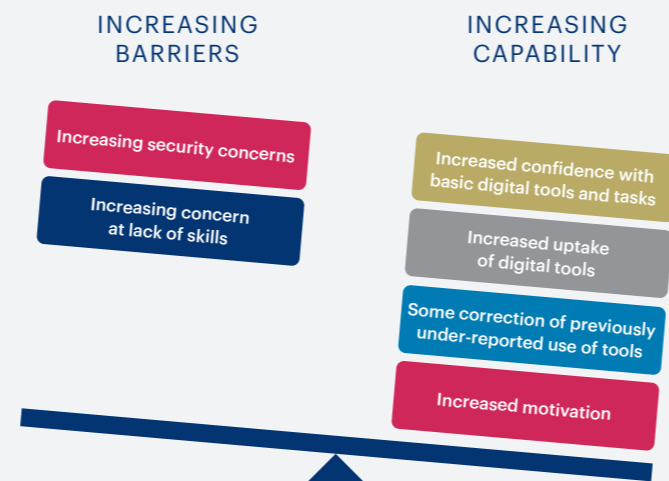
However, while a large majority of businesses are now visible online (63% have a website), currently most are unlikely to be actively promoting themselves online.

Only 24% are using digital marketing or social media management tools. And when we surveyed businesses in early 2021, less than 40% said they were actively promoting themselves on social media.



*Result not available for 2020

THE DIGITAL INDEX SCORE



Our initial exploration of businesses' digital enablement in 2020 produced a baseline Digital Index score of **51/100**.

The increasing prevalence of barriers has a negative impact on the overall score, while improvements in aptitude and uptake have a positive impact.

The net result of the key changes shown here is a 7 point Digital Index uplift to **58/100** in 2021.



Spend data confirms a continued upward trend in digital capability

BNZ's analysis tracks the proportion of their business customers that have spent money with selected providers in each of the categories listed below, over time.

To protect the commercial sensitivity of BNZ's data, the charts below show the relative increase in uptake of each digital tool since the baseline period – 30 September 2017 until 30 September 2021. Note that cloud accounting had a higher starting position than the other tools, in actual terms.

Use of cloud accounting has continued to grow, and is now 40% higher than it was four years ago. Cloud payroll has seen a more pronounced increase, as has use of paid social media, which rose more sharply during COVID-19 lockdowns.

