



# GAME CHANGERS

## SMART ADVERTISING, SMART BUSINESS

Creating opportunities for Australian  
SMBs embracing digital marketing



Google | 2018



# Key Highlights

## Busy SMBs under-prioritise marketing



**57%**

of SMBs say that lack of time is a daily challenge



**4.9**

times as likely to prioritise any other activity over managing advertising for their business

But they acknowledge that **marketing is important** to meet their top priority as a business owner: get new customers

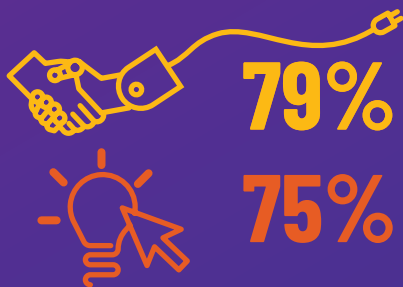


**55%**

of SMBs rank finding new customers as their **#1** challenge

The ways users now interact with technology are changing, and **new technologies** are **empowering SMBs** to take advantage of those interactions

SMBs are seeking out advertising solutions that are easy to use and save time



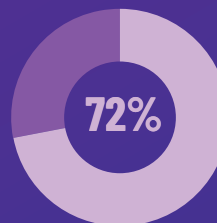
**79%**

are excited to learn about ways technology can help their business

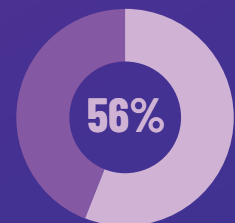


**75%**

of SMBs believe it's important to keep up with the latest technological innovations



Easy to use



Save time

Australian businesses are welcoming **new smart advertising technologies**, and some already using and benefiting from them



**84%**

of those using automated ads believe smart ads enable them to compete effectively in the market

SMBs using automated ads were:

**2.7x**

more likely to have expanded domestically to other markets in the past 12 months (Users 43% vs. Non-Users 16%)

## Smart advertising is linked with business growth



**94%**

of those using automated ads are expecting their business to grow in the next 12 months

SMBs using automated ads are:

**2.0x**

more likely to open a new location in the next 12 months (Users 28% vs. Non-Users 14%)





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# Introduction

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Small- and medium-sized businesses (SMBs) truly form the backbone of the Australian economy. They operate across a wide range of sectors and industries, from food and beverage, retailing, building construction and agriculture, to finance, medical, scientific and technical services.<sup>1</sup> Australia's SMBs account for an estimated **57%** of private sector economic activity and **68%**<sup>2</sup> of private sector employment. The scale of these headline statistics, however, belies the reality of what it takes to be a success and to even stay afloat.

With this in mind, Google commissioned Ipsos to undertake two quantitative studies to examine the Australian SMB market and the role smart advertising technologies are playing in their operations, with a focus on the impact and opportunities of these new solutions.

The study revealed some of the challenges Australian SMBs have, their perceptions and attitudes towards new trends in advertising technology, and their expectations about how smart advertising tools will contribute to their business's growth in the years to come.

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<sup>1</sup> 8165.0 – ABS, Counts of Australian Businesses, including Entries and Exits, June 2013 to Jun 2017

<sup>2</sup> 8155.0 – ABS, Australian Industry, 2016-17

Finding new customers was nominated as the top challenge faced by small businesses.

## SMB challenges

Running a small business requires a significant investment of time and energy. SMB owners have to handle a wide variety of responsibilities, including accounting, customer service, human resources, operations, sales and marketing. The direct impact of this is an ongoing fight with the clock as they struggle to juggle these activities on a daily basis. Marketing needs are seemingly hard to prioritise in this setting. Therefore, it comes as no surprise that finding new customers was nominated as the top challenge faced by these businesses, with **55%** of those surveyed placing it at the top of their list. They are keenly aware that to stay in business, they need to keep creating opportunities to connect with potential clients. SMBs also cited the need to keep up to date with technology (29%) and marketing (28%) as other key challenges.

### So many responsibilities, so little time

SMB owners are required to conduct a wide range of activities. Nine in 10 (91%) SMBs say that working for a small business requires them to handle a variety of responsibilities, which can often leave them stretched thin. In fact, 57% of SMBs say that lack of time is a daily challenge and 47% admit that they have trouble getting all their tasks completed.

Consequently, SMB owners are putting in long hours. Most (89%) are working at least 50 hours a week, and about 4 in 10 are working 60 to 80 hours a week, which equates to 12+ hour days, and six days a week<sup>3</sup>. So, SMBs are striving to make the most of their time. The majority (77%) claim that they are always looking for ways to save time at work, and over half expressed a genuine wish to be more efficient (55%) and better at managing their time (52%).

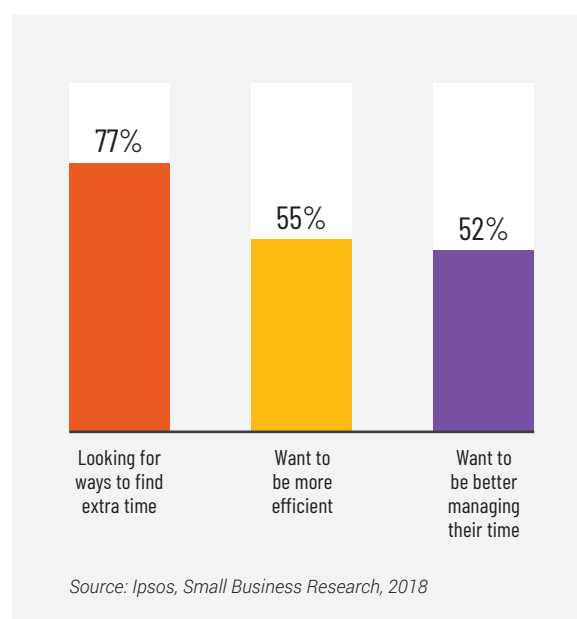


Figure 1: Goals of small business

<sup>3</sup> Scottish Pacific Growth Index Report, March 2018

SMBs are 4.9 times as likely to prioritise other activity over managing advertising

## Marketing under-prioritised

To better understand what SMB owners would prioritise on their to do list if offered “free” time, survey respondents were given the following scenario: if you had an extra hour to spend on any work-related task of your choice, how would you spend that time? Managing advertising quickly fell toward the bottom of the list. In fact, SMBs are 4.9 times more likely to prioritise any other activity over managing advertising for their business (83% vs. 17%, respectively).

The most attractive way to spend that extra time involves higher level thinking about one’s overall business strategy. SMBs are 1.8 times more likely to opt for spending time thinking about business strategy than managing advertising (31% vs. 17%, respectively).

The research also found that SMBs are 1.5 times more likely to choose to spend any extra hour in the day handling administrative tasks instead of managing advertising (26% vs. 17%, respectively). Tasks involving fact-based decisions, rather than subjective ones, may be more appealing and often have more immediate and pressing deadlines that require their attention.

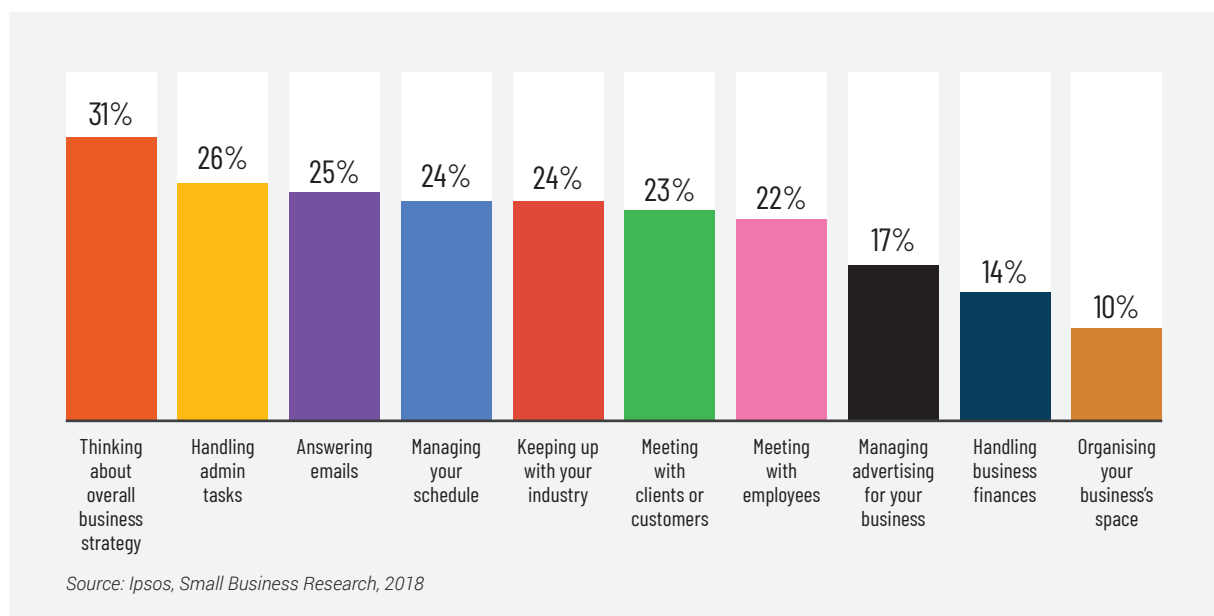


Figure 2: Prioritised work related activities given an extra hour in the day



Three quarters of SMB's are advertising online.

# Advertising and business growth

Instinctively, SMBs know that to grow they need new customers and, to do this, they should consider incorporating marketing into their business strategy. So they understand that putting advertising at the bottom of the 'to do' list comes with a risk.

When asked about the online presence of their businesses, almost seven in ten SMB owners acknowledge that they need to be advertising online and three quarters claim to be doing so, despite their challenge to spend sufficient time focused on marketing tasks. When asked about their desired goals

for online advertising, nine in ten SMBs advertising online aim to generate a direct response from their online ads, including increasing visits to their website, lifting store traffic and driving more phone calls from prospective clients.

Improvement of brand equity is another common goal of online advertising amongst SMBs. Six in ten of those advertising online aimed to do so by building overall awareness, as well as improving both relationships with existing customers and their perception in the market.

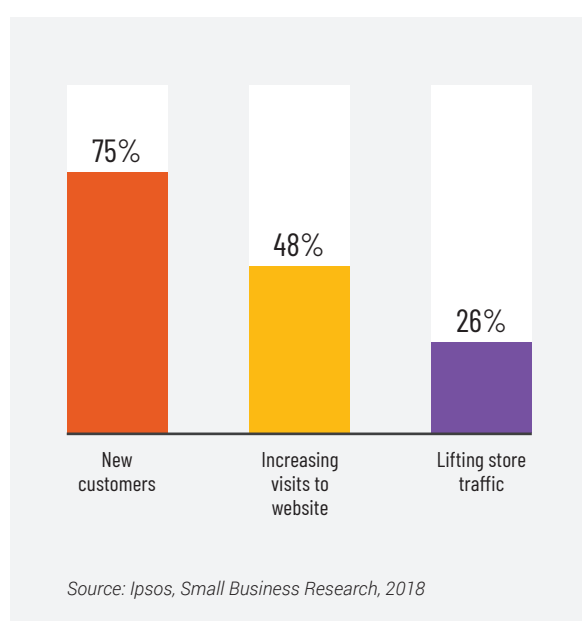


Figure 3: Goals of online advertising - customers

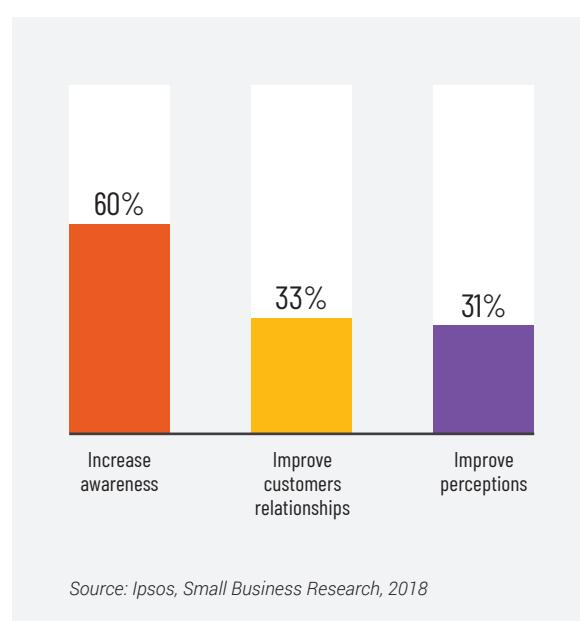
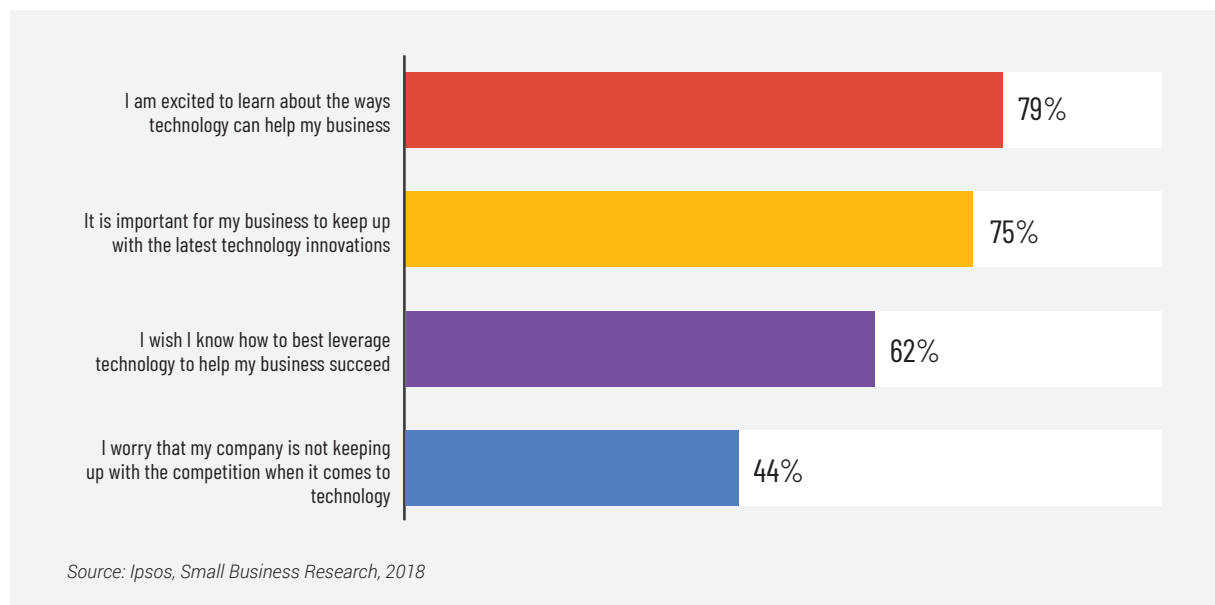


Figure 4: Goals of online advertising - brand equity

**75% of Australian SMBs believe it is important for their business to keep up with the latest technology innovations.**

## Technology and its competitive advantages

The majority (75%) of Australian SMBs believe it is important for their business to keep up with the latest technology innovations and are excited to learn about the ways technology can help their business (79%). SMBs can reap the benefits that technology can provide, not only operationally and financially, but also for sales and business growth against their competitors. Six in ten SMBs wish they knew how to best leverage technology to help their business succeed.



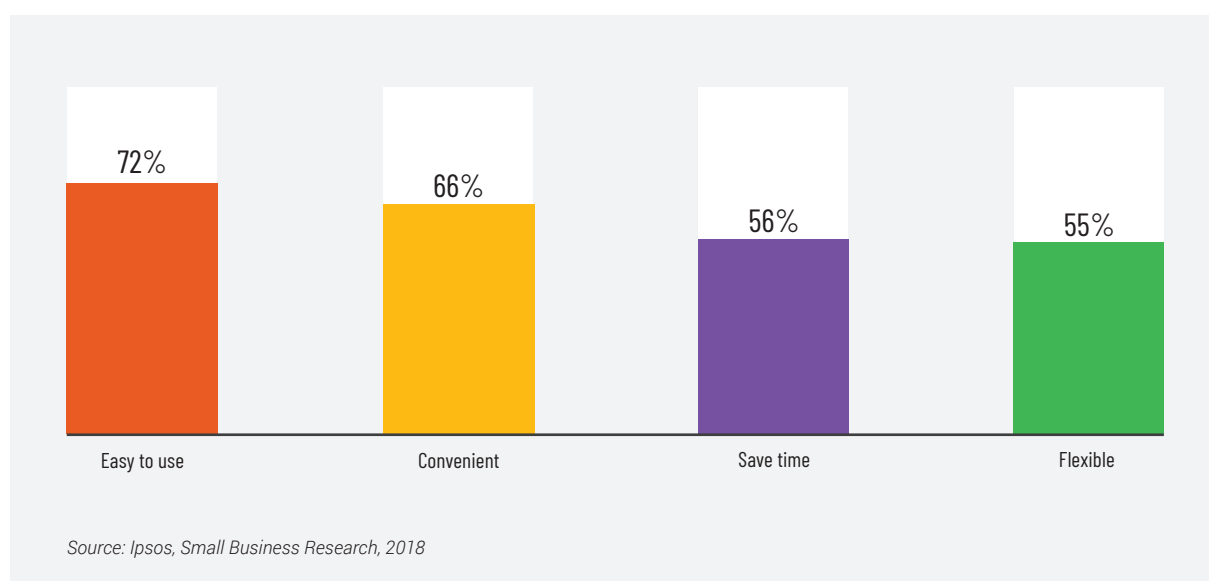
**Figure 5: Views about technology in SMBs**

**60% claim to benefit from technologies which simplify their daily tasks.**

## Need for solutions to save time and improve efficiency

Technology that is more accessible and aimed at smaller businesses is more likely to be seen as a helping hand and less of a hindrance. The solution must be simple. SMBs are seeking easy-to-use technologies (60%) that can deliver time back into their busy day (54%). They want fast, user-friendly tools, instead of complicated, time-consuming ones, and these expectations remain true for digital advertising products.

Respondents are seeking out advertising solutions that are easy to use (72%), convenient (66%), save them time (56%), flexible (55%) and use 'smart technology' (42%). Smart advertising technologies are perceived by SMBs as a new range of clever solutions that can effectively deliver against their marketing objectives, such as increasing awareness, while being less of a burden on the business owner's time.



**Figure 6: Benefits SMBs look for when using advertising products**

**69% of SMBs are open to trying new methods of advertising.**

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# Australian SMBs embracing new trends in advertising

With the average Internet penetration in Australian households hovering at **86%**<sup>4</sup>, and smartphones becoming an integral part of consumers' lives, Australians are now more connected than ever. In fact, on average Australians check their phones more than 150<sup>5</sup> times a day. This trend provides advertisers today a prime opportunity to reach their potential customers during these moments throughout their day-to-day lives, and has resulted in the development of new advertising formats designed to meet this market transformation.

Being able to harness this exciting range of advertising touchpoints is promising for some SMBs, and a little daunting for others. But either way, most agree that embracing these new trends is an opportunity to grow. According to our study, **69%** of SMBs agreed that they were open to trying new and innovative advertising methods to connect with customers.

While many larger businesses have dedicated in-house marketing operations or external agencies to assist with the implementation of online advertising solutions, most smaller businesses face the ongoing prospect of handling this themselves. They need to be across all the new and exciting ways to grow their customer base, but often lack the time and energy to match their well-intentioned enthusiasm. This is where technology can help.

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<sup>4</sup> 8146.0 - Household Use of Information Technology, Australia, 2016-17

<sup>5</sup> Kleiner Perkins Caufield & Byers, Internet Trends Report, 2013

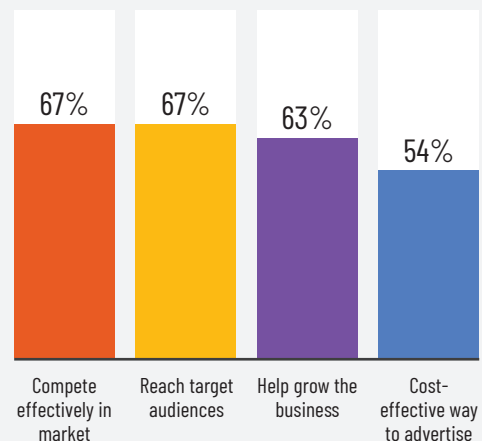
**65% are comfortable using automation technologies.**

### They are familiar and comfortable with smart advertising technologies

Smart technologies aimed at streamlining business processes, such as record keeping, scheduling and communications, are not unheard of among SMBs. In fact, seven in ten are familiar with automation technologies and **65%** are comfortable using them. When it comes to advertising, **64%** are familiar with automated ads (that is, online ads created to their specifications and that are shown automatically to potential customers) and **40%** are comfortable with using them to promote their business.

### Taking control with smart advertising

SMBs see the opportunity to take more control by utilising emerging technologies. From an operational perspective, **61%** of businesses agree that smart advertising saves them precious time. Further, automated ad solutions are believed to provide a wide range of new benefits that enable SMBs to compete effectively in market (67%), reach their target audiences (67%), grow their business (63%) and are considered a cost-effective way to advertise (54%).



Source: Ipsos, Small Business Research, 2018

**Figure 7: Benefits of automated ad solutions**

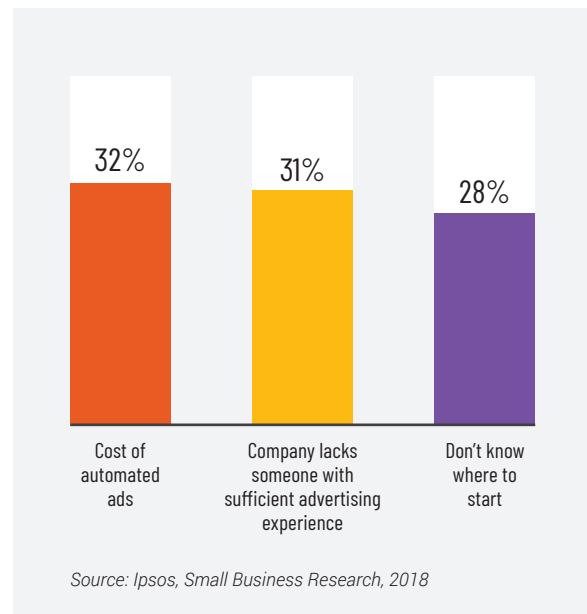


Education is needed to overcome misconceptions about smart advertising solutions.

# Opportunities and misconceptions about smart advertising

SMBs who have not yet embraced smart advertising are significantly less likely to consider automated ads to be effective and are more sceptical regarding their ease of use, ad set up and monitoring. Among those not using automated ads, the leading barriers they cited were due to perceived cost of automated ads (32%), lack of someone in the company with sufficient advertising experience (31%) and not knowing where to start (28%).

Of those surveyed, **44%** said they would be more likely to use smart ads if they had a better understanding of how these solutions work. If simplicity is a key driver to adoption amongst SMBs in general, it is absolutely imperative amongst those who are less comfortable with new technology formats. In fact, it may be the best way to overcome any initial misconceptions. This makes the education process critical. Technology needs to be well designed to meet the needs of the time poor, use jargon-free language, empower business owners, and ultimately provide a return on investment.



**Figure 8: Main reasons SMBs are not using automated ads**

**84% of SMBs using smart ads have experienced positive impacts on their company's success.**

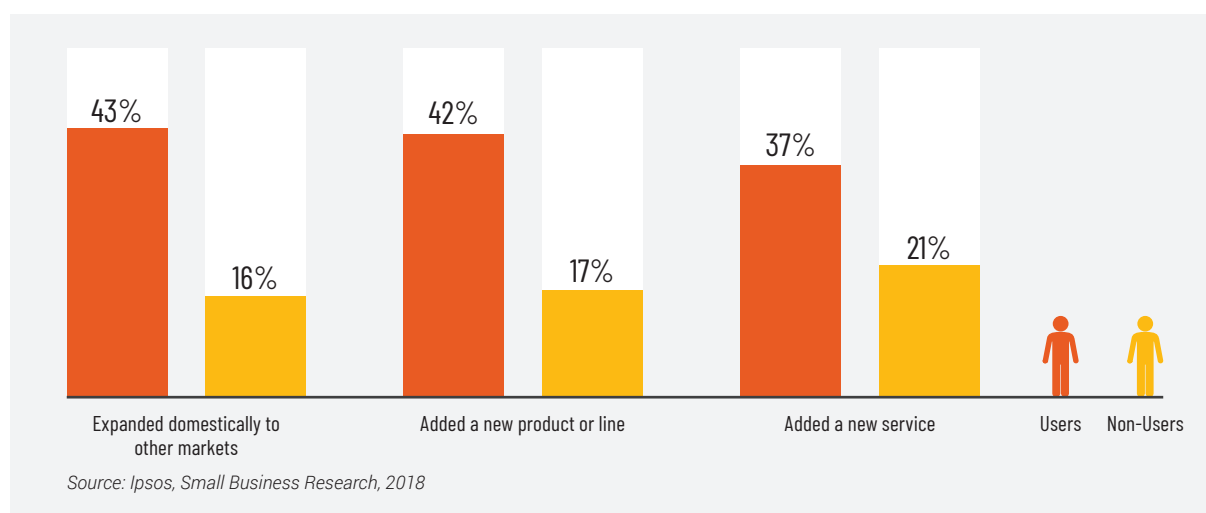
### Smart advertising driving positive business results

Adoption of smart advertising technologies is proving effective and commercially advantageous for the SMBs that are already embracing them. In the Australian market, 25% are already using automated ads to promote their businesses, and a full 84% of those using automated ads say they have had a positive impact on their company's success.

According to these current users, the benefits attributed to automated ad solutions include allowing businesses to target the right customers (54%), generate sales leads (54%), and save time (47%).

Our study revealed that SMBs who are currently using automated ads are significantly more likely than non-users to have shown signs of growth in 2017 (95% vs. 77%, respectively). Specifically, SMBs already using automated ads are:

- 2.7 times more likely to have expanded domestically to other markets in the past 12 months (Users 43% vs. Non-Users 16%).
- 2.5 times more likely to have added a new product or line in the past 12 months (Users 42% vs. Non-Users 17%).
- 1.8 times more likely to have added a new service in the past 12 months (Users 37% vs. Non-Users 21%).



**Figure 9: Business expansion activities last 12 months by SMBs**

94% of those already using automated ads expect growth within the next 12 months.

### Growth expectations

Automated ad usage is also associated with future growth expectations among Australian SMBs. In fact, those using automated ads are significantly more likely than non-users to report expectations of future growth (94% vs. 75%, respectively) in the next 12 months. In particular, SMBs using automated ads are:

- 2.1 times more likely to expand domestically to other markets in the next 12 months (Users 36% vs. Non-Users 17%).
- 2.0 times more likely to open a new location in the next 12 months (Users 28% vs. Non-Users 14%).
- 2.9 times more likely to expand globally in the next 12 months (Users 20% vs. Non-Users 7%).

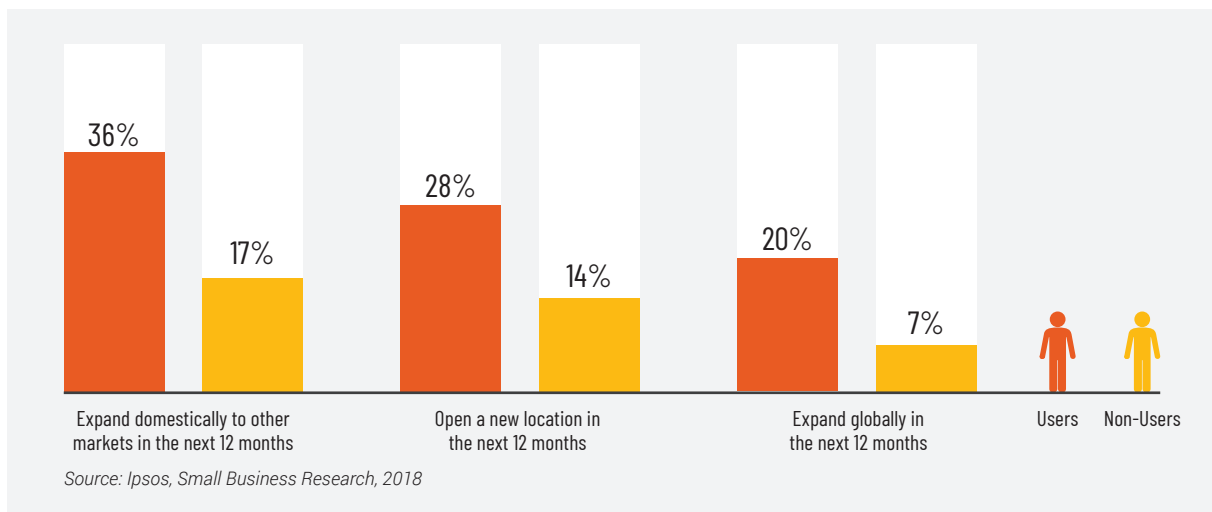


Figure 10: Planned business expansion activities next 12 months by SMBs

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# Future of smart advertising technologies

The positive impact of smart advertising technologies on SMBs identified in the research is expected to continue. One in three (36%) owners plan to increase their spend on smart ad technologies over the next 12 months and half (53%) believe they will do so over the next 5 years. Businesses expect that nearly half (45%) of their company's advertising will be automated over the next five years and over half (57%) expect the vast majority of advertising overall to be automated within that time frame. This should ultimately free up their time to think about the future business direction, rather than on administrative tasks. Early adopters are realising the critical value smart technologies deliver for business growth as advertising investment can be more effective and, importantly, efficient.

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# Final reflections

The Australian SMB market sector has continued to grow, with ABS showing that they have outperformed their larger business counterparts for the period 2016-2017<sup>6</sup>, a positive sign for the economy, and the sector itself.

With the advent of emerging technologies, there is a temptation to get excited about how future facing these solutions are, and lose sight of the value they are already delivering today. This study has revealed that SMBs are already reaping the benefits of smart advertising technologies through easy, time saving tools that help them grow their companies. Smarter online advertising solutions are one of the useful ways owners can take control of their marketing strategy and become empowered to master their customer acquisition and retention plans now and well into the future.

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<sup>6</sup> ABS Catalogue 8155.0 - Australian Industry, 2016-17



# References

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Australian Bureau of Statistics (ABS), Catalogue 8155.0 - Australian Industry, 2016-17

Australian Bureau of Statistics (ABS), Catalogue 8155.0 - Counts of Australian Businesses, including Entries and Exits, June 2013 to June 2017

Australian Bureau of Statistics (ABS), Catalogue 8146.0 - Household Use of Information Technology, Australia, 2016-17

Scottish Pacific Growth Index Report, March 2018

Kleiner Perkins Caufield & Byers, Internet Trends Report, 2013

# Methodology

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The data which forms the basis of this report was gathered using online surveys. Google commissioned Ipsos, an independent research company which operates in 89 countries across the globe.

The study was conducted to determine usage and attitudes around advertising and machine learning among small- and medium-sized businesses in Australia. Ipsos fielded two 10-minute online surveys with SMB advertising decision-makers in companies with 1-250 employees. The first survey was conducted between May 7-14, 2018 with a sample size of N=300 and the second survey was conducted between June 11-19, 2018 with a sample size of N=200.

