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UK Business Digital Index 2016 Appendix

Benchmarking the digital maturity
of small businesses and charities in
the UK



LLOYDS BANK

Appendix 1 – Research approach and methodology

There are many possible definitions of what ‘digital’ actually means. For the purposes of the Index, we have agreed on a set of factors we believe best describe ‘digital’.

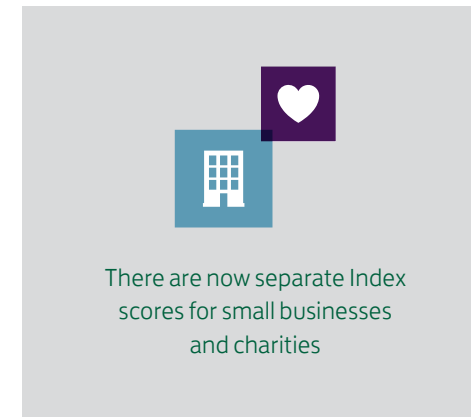
Applying this definition, the Index methodology involves an assessment of the digital maturity and positioning of small businesses and charities across a whole range of dimensions, including:

- Communicating online
- Having access to and using digital technologies
- Using digital internally to drive greater efficiency (for example, online training tools)
- Robust online security, to protect customers, donors, and the organisations themselves
- Running a website, where customers and donors can find information
- Using online banking tools
- Possessing a range of Basic Digital Skills (as defined by Doteveryone’s new definition – see appendix 2 on page 3)
- Maintaining a social media presence e.g. use of Facebook or Twitter to interact with customers or donors.

25% of the overall score is generated from Lloyds Bank’s own transactional data. The report is representative of small businesses and charities in the UK with a business banking relationship.

New for 2016

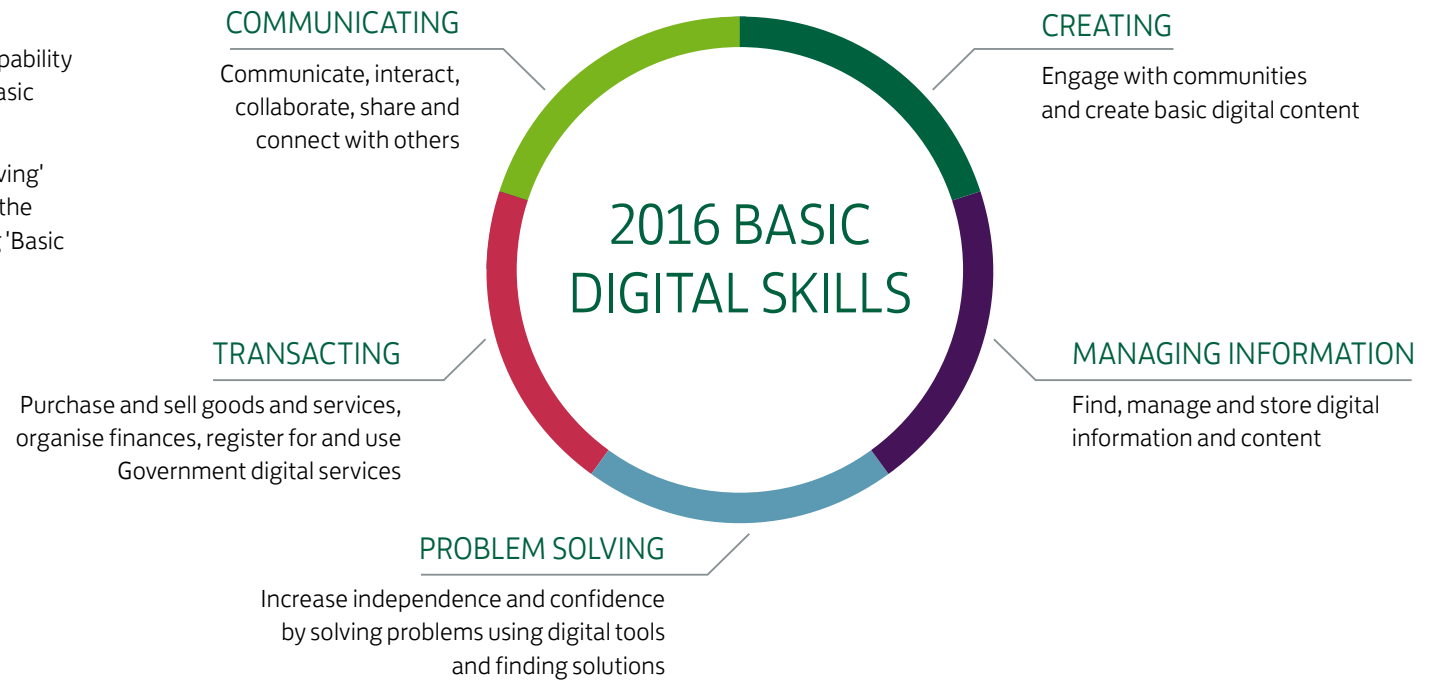
- Weightings have been removed from the Index methodology this year, so all digital variables are equal.
- The presentation of the Index score has been amended for simplification and the Index scores are now shown on a scale of 0-100. Scores from 2014 and 2015 have been recalculated using the 0-100 scale to allow year on year comparison.
- As the pace of growth for small businesses and charities differs, their Index scores have been separated to enable individual analysis going forwards. A second round of research was conducted in May 2016 for small businesses, to validate the measure of Basic Digital Skills, as well as new analysis of gender and export.
- Further qualitative analysis was conducted this year to enrich the Business Digital Index findings. Twelve small businesses and eight charities in the South East and North West regions were interviewed, to find out what digital skills they have, gain in depth understanding of their attitudes and the barriers to doing more online.
- The new Doteveryone definition of Basic Digital Skills was used – see appendix 2 for the new definition of Basic Digital Skills.



Appendix 2 – Revised definition of Basic Digital Skills

Do everyone revised their skills definition for digital capability in 2015, moving from the previous four categories of Basic Online Skills to a new definition of Basic Digital Skills.

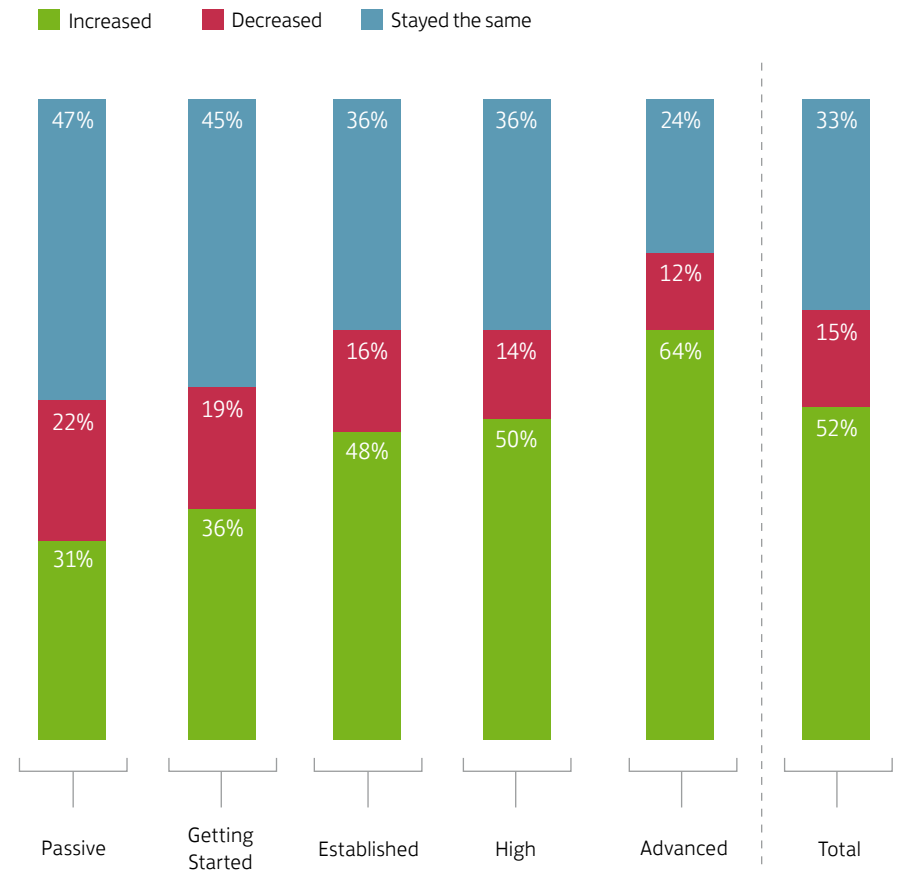
This updated definition introduced a new 'problem solving' category and refreshed many of the tasks required for the other basic skills. Organisations are regarded as having 'Basic Digital Skills' when they have all five of the skills.



Appendix 3 – Small businesses, advantages to being online, by age of business, 2016

Advantages	Less than three years	3–4 years	5–9 years	10 years or more	Total
Wider geographic coverage	69%	66%	60%	59%	62%
Saving time	90%	85%	84%	84%	85%
Increased sales or donations	68%	57%	62%	54%	58%
More effective marketing	79%	68%	67%	62%	66%
Attracting more customers or supporters	86%	79%	74%	66%	72%
Increased feedback and interaction	84%	77%	76%	67%	72%
Simplified process of taking payments or donations	61%	61%	63%	55%	58%
Cost savings	66%	68%	65%	63%	64%
Ability to trade overseas	30%	28%	27%	30%	29%
Use mobile to do business on the move	73%	77%	70%	60%	65%
Mobile to take payments	39%	38%	28%	19%	26%

Appendix 4a – Small businesses, change in turnover in the past two years, by segment, 2016



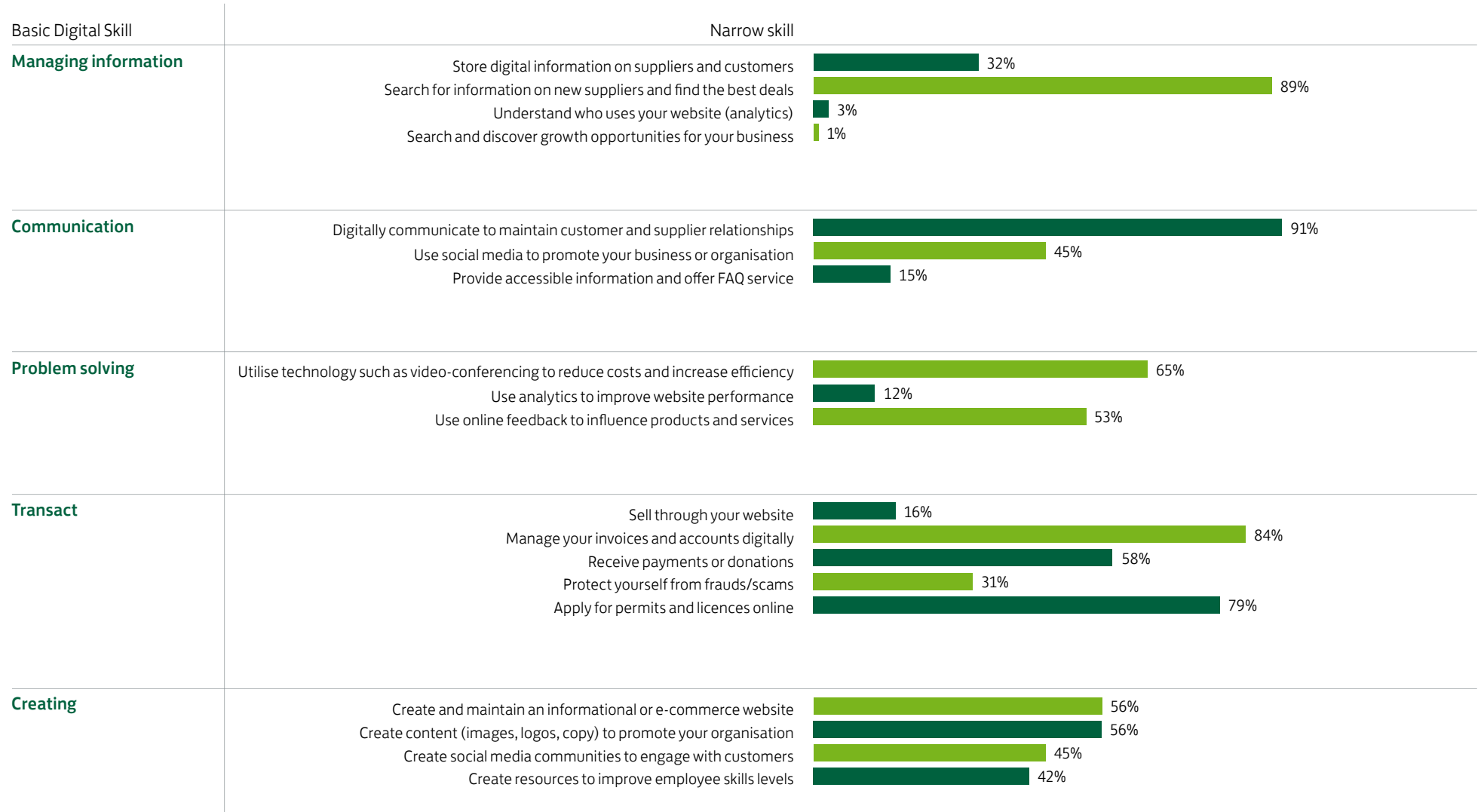
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Appendix 4b – Small businesses who reported an increase in turnover, percentage of increase, by segment, 2016

	Passive	Getting Started	Established	High	Advanced	Total
By at least 1%	6%	12%	2%	2%	1%	2%
By at least 3%	7%	7%	4%	3%	3%	4%
By at least 5%	32%	2%	14%	11%	13%	13%
By at least 10%	16%	23%	23%	25%	19%	21%
By at least 15%	0%	12%	8%	11%	6%	8%
By at least 20%	16%	12%	17%	14%	14%	15%
By at least 25%	10%	21%	11%	16%	18%	16%
By at least 50%	3%	7%	10%	8%	15%	11%
By at least 75%	0%	2%	2%	4%	2%	2%
By at least 100%	10%	2%	9%	6%	9%	8%

APPENDIX

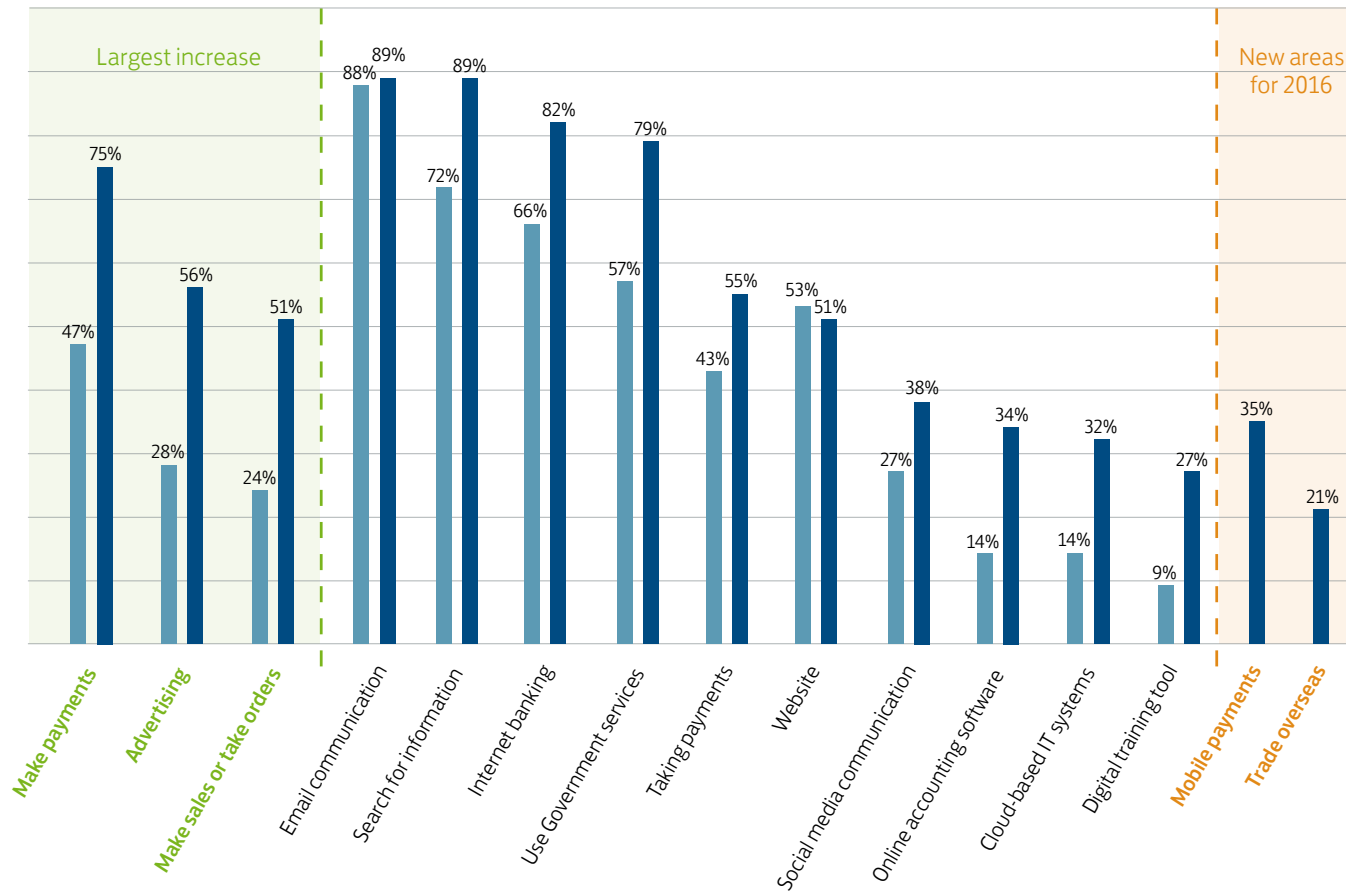
Appendix 5 – Small businesses reported 'narrow' digital skills, 2016



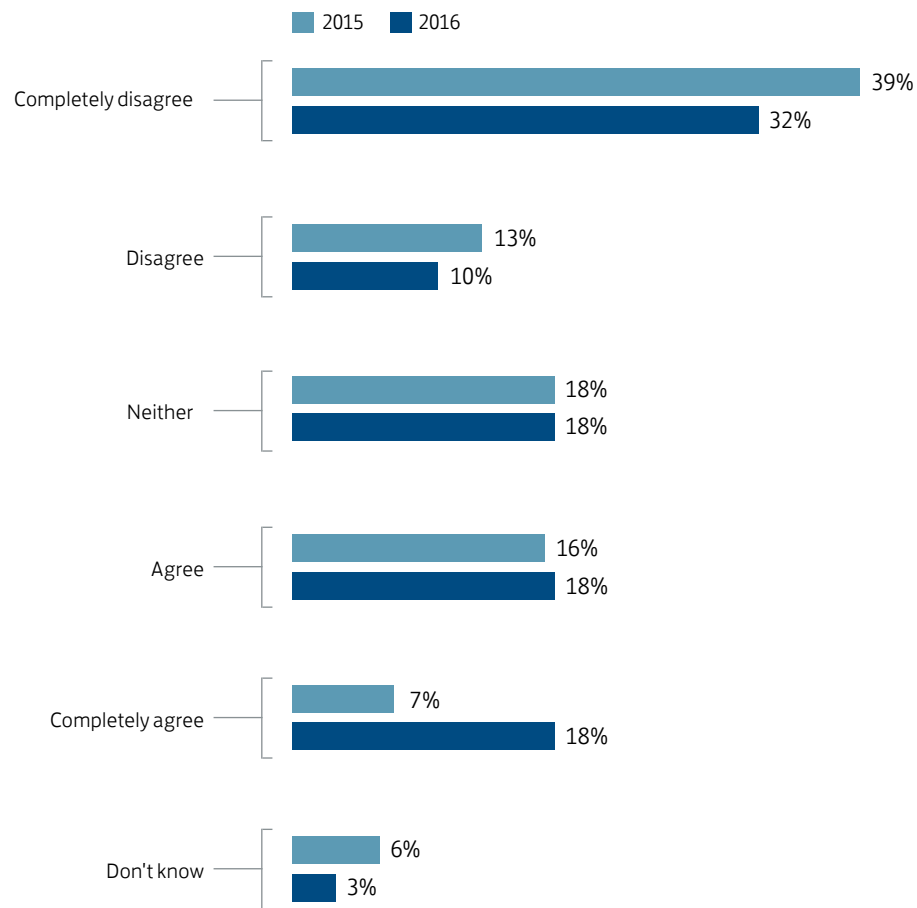
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Appendix 6 – Small Businesses, proportion using digital for different purposes, 2015 vs. 2016

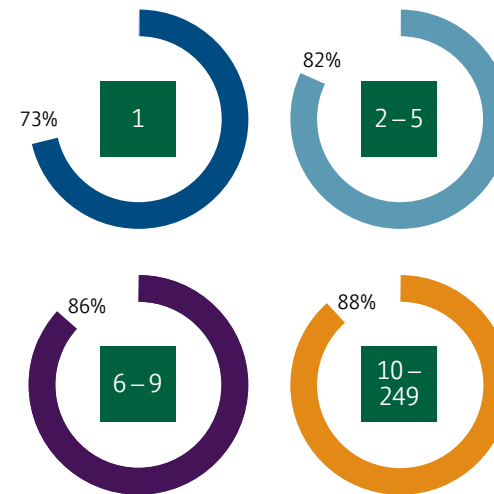
■ 2015 ■ 2016



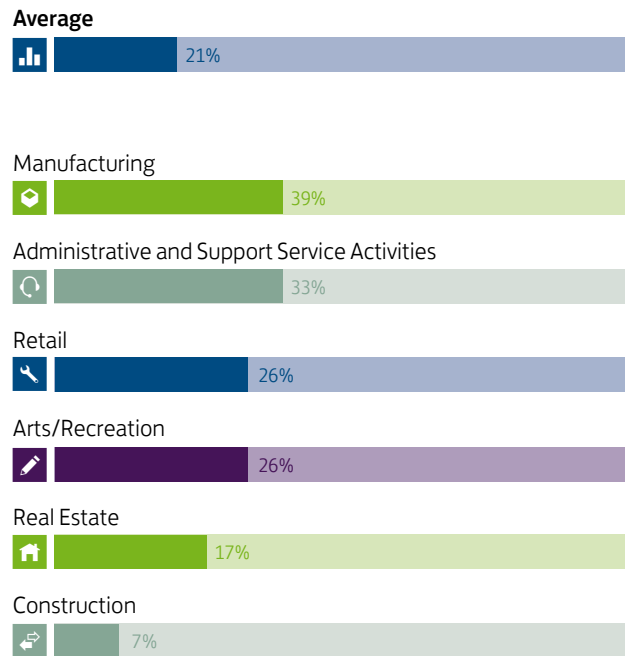
Appendix 7 – Small businesses, 'A social media presence helps/would help my business to increase revenue' – agree/disagree, 2015 vs. 2016



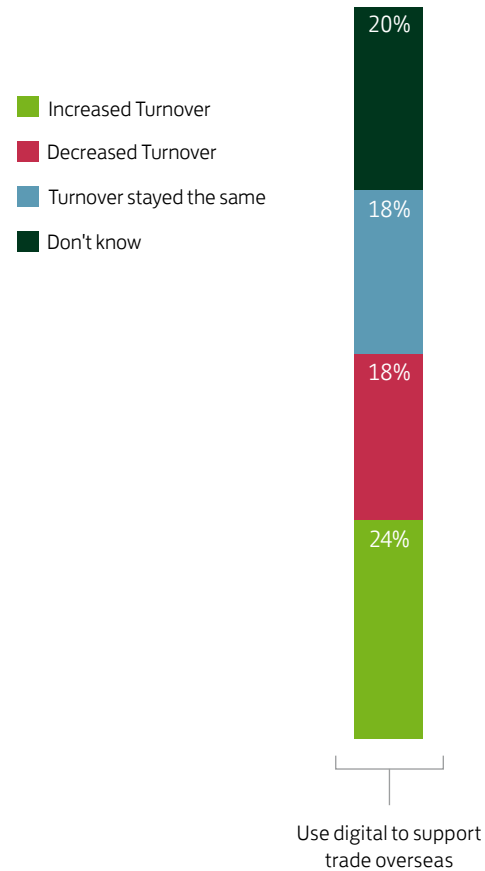
Appendix 8 – Small businesses using Government digital services, by number of employees, 2016



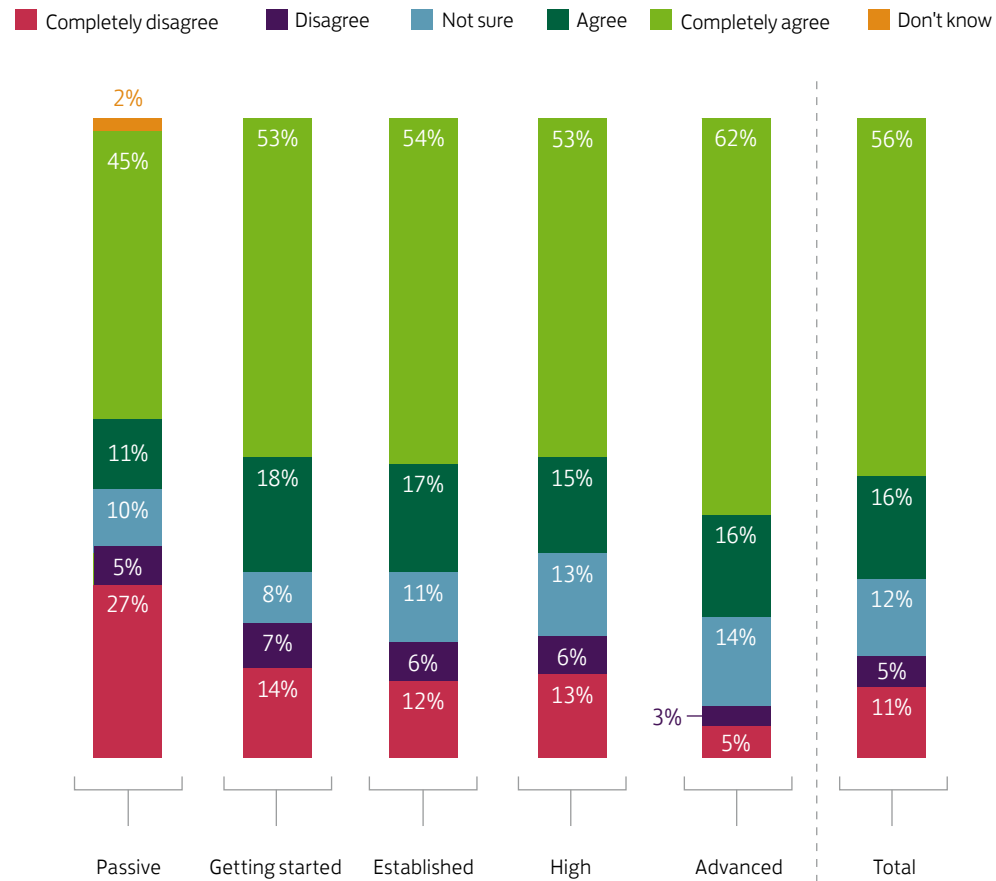
Appendix 9a – Small businesses using digital to support trade overseas, by industry sector, 2016



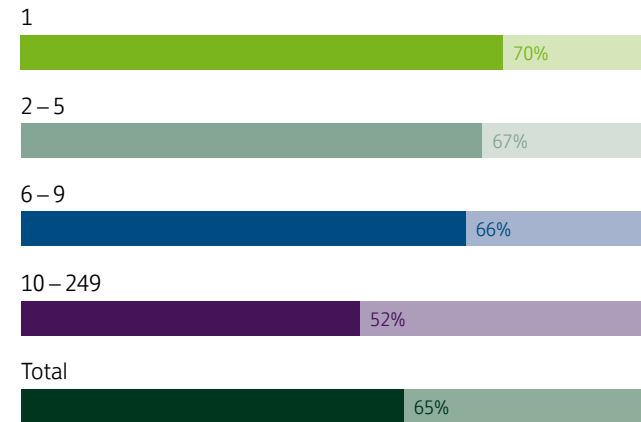
Appendix 9b – Small businesses using digital to support trade overseas, by turnover change, 2016



Appendix 10 – Small businesses' response to 'Having a mobile is crucial to the success of my business', by segment, 2016



Appendix 11 – Small businesses who report an advantage of mobile is being able to do business on the move, by number of employees, 2016



APPENDIX

Appendix 12 – Where small businesses go to get advice on how to use technology and the web, by number of employees, 2015 vs. 2016

■ 2015 ■ 2016

Number of employees	1	1	2–5	2–5	6–9	6–9	10–249	10–249
Sources of advice								
Search Online	9%	48%	4%	42%	2%	37%	7%	36%
Friend/Relative/Colleague	42%	64%	30%	52%	21%	44%	14%	42%
Local Business Network	3%	19%	1%	23%	6%	19%	2%	17%
GOV.UK	0%	13%	0%	21%	6%	15%	6%	20%
IT Supplier	25%	25%	38%	33%	43%	37%	52%	58%
Consultant	25%	23%	23%	29%	38%	24%	37%	42%
Recruit	3%	11%	5%	9%	2%	13%	5%	14%
Business Peers	2%	30%	1%	19%	2%	12%	5%	20%
Local Council	0%	2%	3%	0%	0%	1%	0%	1%
Training Course	0%	2%	0%	3%	0%	1%	0%	3%

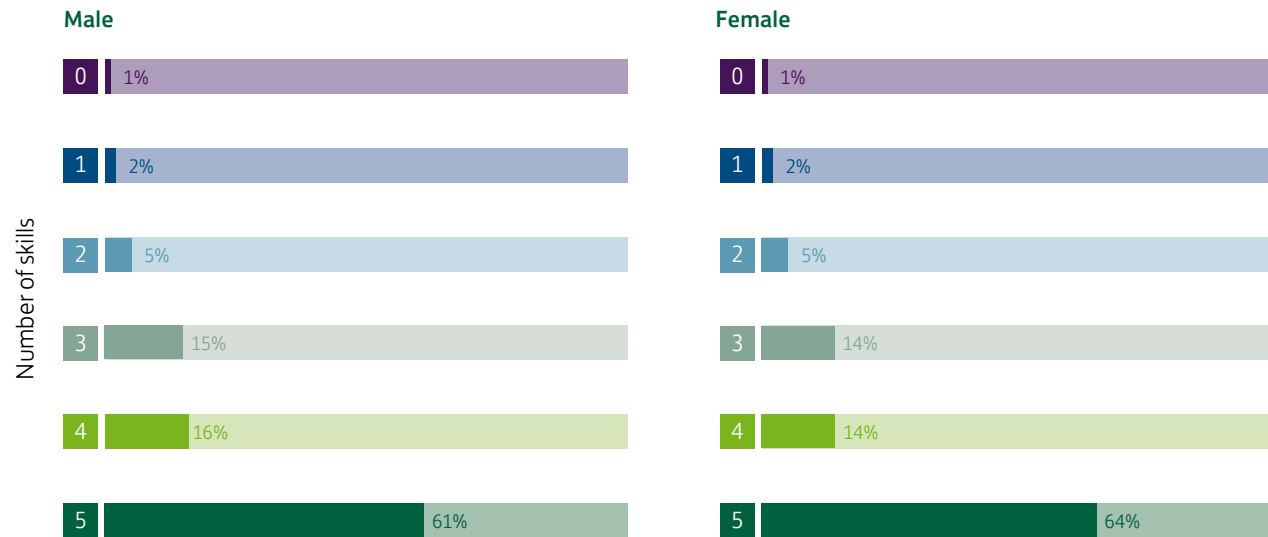
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Appendix 13 – Small businesses, percentage of total budget to be invested in developing digital skills, by number of employees, 2015 vs. 2016

■ 2015 ■ 2016

Number of employees	1	1	2–5	2–5	6–9	6–9	10–249	10–249
Total Investment								
0%	88%	78%	83%	66%	75%	53%	59%	36%
1% - 2%	4%	6%	5%	10%	5%	17%	16%	20%
3% - 5%	2%	6%	4%	11%	3%	11%	4%	18%
6% - 10%	2%	3%	1%	5%	1%	4%	2%	5%
11% plus	1%	2%	1%	4%	4%	8%	3%	4%
Don't know	3%	5%	6%	4%	12%	7%	16%	17%

Appendix 14a – Small businesses, number of Basic Digital Skills, by gender, 2016



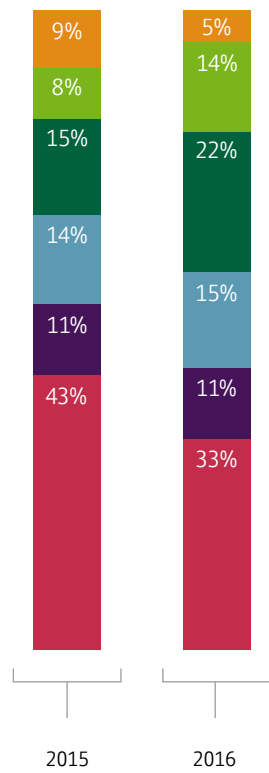
Appendix 14b – Small businesses, Index score by gender, 2016



Analysis undertaken in May 2016.

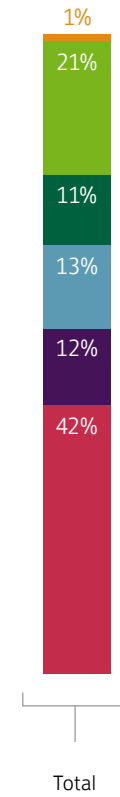
Appendix 15 – Charities, 'A social media presence helps/would help my organisation to increase funding', agree/disagree, 2015 vs. 2016

■ Completely disagree
 ■ Disagree
 ■ Neither
 ■ Agree
 ■ Completely agree
 ■ Don't know

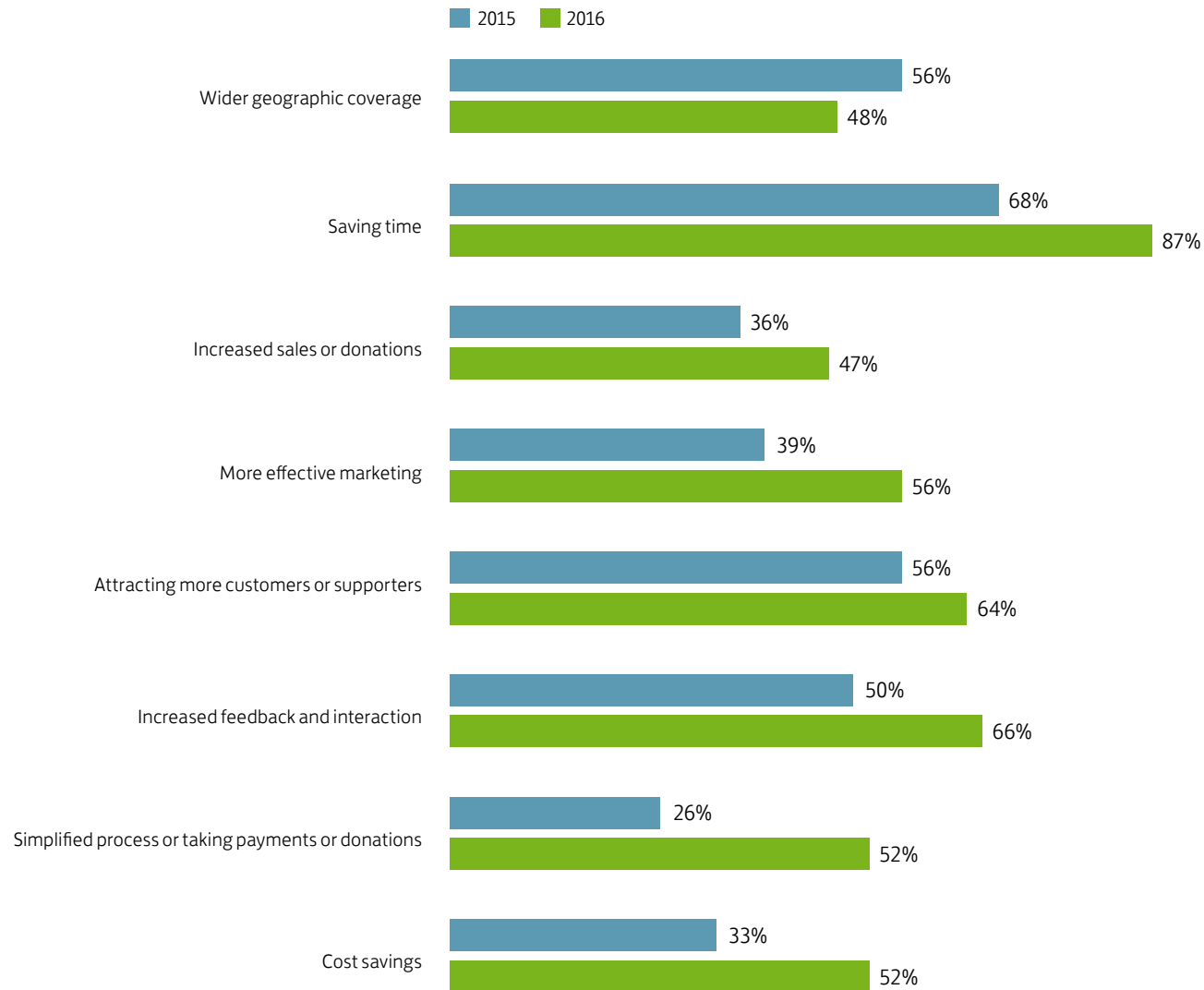


Appendix 16 – Charities, 'Having a mobile is crucial to my organisation', agree/disagree, 2016

■ Completely disagree
 ■ Disagree
 ■ Neither
 ■ Agree
 ■ Completely agree
 ■ Don't know

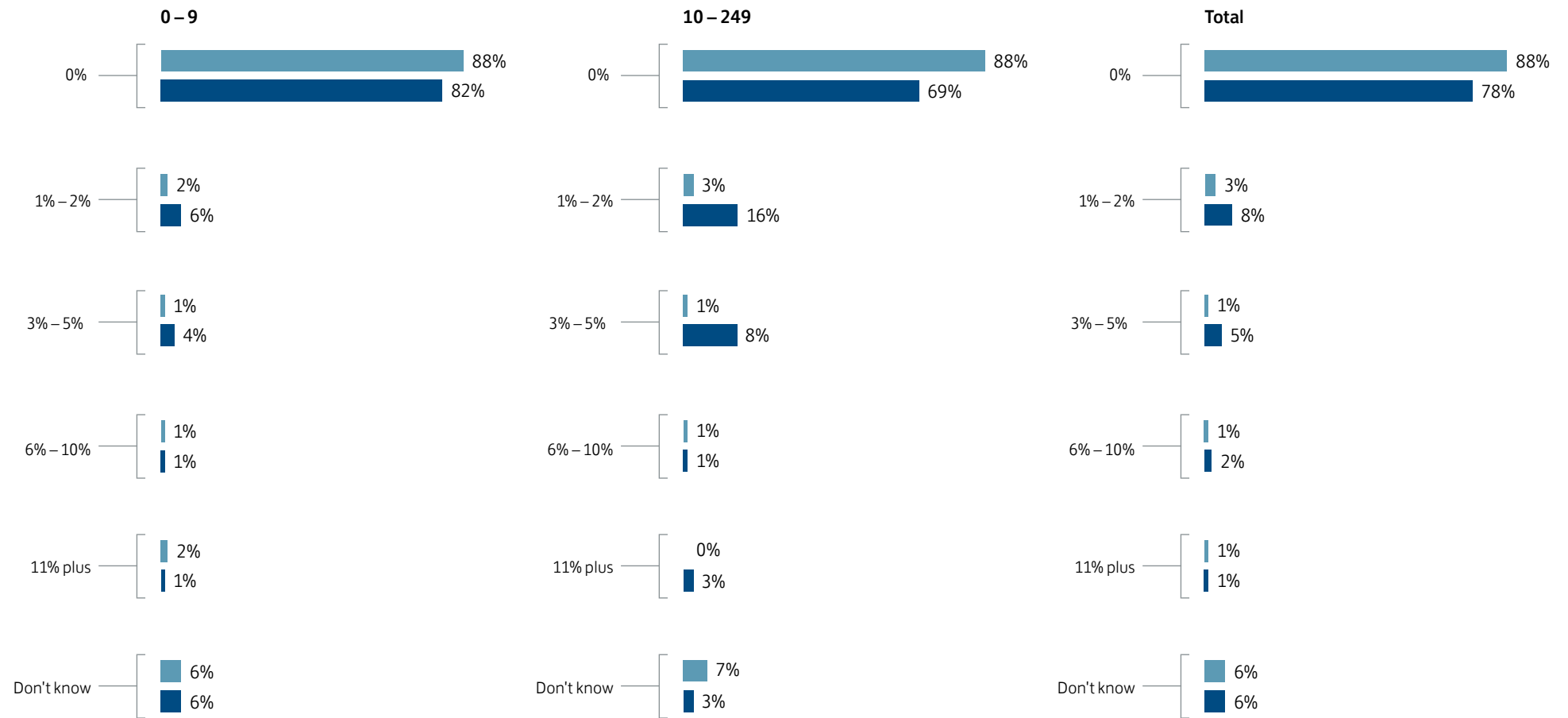


Appendix 17 – Charities, advantages to being digital, 2015 vs. 2016.



Appendix 18 – Charities, percentage of total budget to be invested in developing digital skills, by number of employees, 2015 vs. 2016

■ 2015 ■ 2016



APPENDIX

Appendix 19 – Small Businesses, main reason for not being more digital, by number of employees, 2015 vs. 2016

■ 2015 ■ 2016

Number of employees	1	1	2 – 5	2 – 5	6 – 9	6 – 9	10 – 249	10 – 249	Total	Total
Barriers										
Lack of staff digital/online skills	7%	16%	6%	14%	7%	14%	10%	14%	7%	15%
No time to set up and go online	14%	13%	13%	10%	20%	9%	15%	19%	14%	13%
Too expensive	5%	3%	7%	5%	6%	7%	5%	8%	6%	5%
Cost of investment unknown	1%	3%	1%	3%	2%	1%	3%	2%	2%	3%
Not worth the investment	7%	4%	7%	4%	6%	2%	4%	0%	7%	4%
Other priorities for investment	5%	4%	4%	9%	5%	7%	8%	17%	5%	8%
Poor connectivity	3%	6%	3%	4%	4%	6%	3%	8%	3%	6%
Not relevant for our business	21%	14%	24%	16%	12%	15%	14%	10%	21%	14%
No interest	11%	4%	8%	3%	6%	4%	3%	2%	9%	3%
Concerns about security	8%	15%	7%	16%	13%	15%	6%	6%	8%	14%
Doing all we can	0%	2%	0%	2%	1%	2%	0%	1%	0%	2%
Use word of mouth	10%	3%	9%	3%	7%	2%	7%	2%	9%	3%
Prefer face to face transactions	2%	4%	3%	4%	4%	6%	2%	1%	2%	4%

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While all reasonable care has been taken to ensure that the information provided is correct, no liability is accepted by Lloyds Bank for any loss or damage caused to any person relying on any statement or omission. This is for information only and should not be relied upon as offering advice for any set of circumstances. Specific advice should always be sought in each instance.

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Issue date: October 2016



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