

## News

# Australian SME's weighing up the ROI on Social Media

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Australia's privately held businesses understand the importance of social media to connect with potential markets and impact the bottom line - but most are weighing up the return on investment before diving in according to Grant Thornton's latest International Business Report.

The report revealed that only 44.9% of Australian privately held businesses engage with stakeholders on social media, behind emerging markets like Latin America where more than three quarters of privately held businesses plan to increase the use of social media. Australian privately held businesses are currently using social media to engage with stakeholders through advertising (31.9%), connecting with customers (18.8%) and to drive recruitment (17.4%).

"Australian privately held businesses are all aware of the importance of social media. Most acknowledge that it's a medium that constantly connects the business to potential markets. The real question for Australian privately held businesses is where they fit in the market and what resources are required for social media to make an impact on the business' bottom line," said Bill Shew, Partner – Privately Held Business, Grant Thornton Australia.

Approaching social media with caution, Australian privately held businesses are assessing which part of the market they can own in social media, defining messages before leaping in and risking their business' reputation.

"Constraints in resources, both in terms of time and money are major factors holding Australian privately held businesses back from taking on social media. While they recognise the significant impact social media can have in reaching out to potential markets, most don't have the resources to maintain their presence in the medium. It's difficult to see the correlation between the investment and return with limited resources," said Mr Shew.

Heavily embraced by consumer focused sectors such as the retail industry, social media has been used extensively by Australian privately held businesses to drive foot traffic into stores. This has been aided by the rise in popularity of group buying and the increase in mobile applications, providing consumers with detailed pricing comparisons by current location and checking into areas on mobile devices are allowing businesses to offer nearby consumers discounts.

"Certain business to business industries are using social media to engage with markets such as printing and technology but, for the most part, retail businesses in Australia seem to be taking the lead in using social media to entice and enhance customer relationships," said Mr Shew.



While Australian privately held businesses are not taking up social media as rapidly as other nations, the importance and power of the medium is not unrecognised as businesses proceed with caution. As resources become more readily available, Australian privately held businesses will start to invest the time and money into social media to connect with potential markets and impact the business bottom line.

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**The International Business Report**

Grant Thornton International started a major annual survey of the attitudes and expectations of small and medium-sized businesses in 1992 called the European Business Survey (EBS). In 2003 the research project was widened to an international perspective covering medium-sized businesses and renamed the International Business Owners Survey (IBOS).

In 2007, the survey's name was changed from IBOS to the International Business Report (IBR). The IBR survey draws upon 17 years of trend data for original EBS participants and 7 years for original IBOS countries. The 17 year trend data is available for: France, Germany, Greece, Ireland, Italy, Netherlands, Spain, Sweden and the United Kingdom, while the 7 year trend data is available for Australia, Canada, Hong Kong, India, Japan, Mexico, Russia, Singapore, South Africa and the United States.

The research was conducted by Experian Business Strategies Limited.

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