

# Realising the potential: micro businesses and communications

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Communications Consumer Panel  
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# Micro business sector in the UK

- 96% private sector businesses are micro businesses (0-9 employees)
- 5.2m in UK
- 33% employment in private sector
- 18% private sector turnover
- 76% are sole traders (no employees)



# Realising the potential: Micro businesses and communications

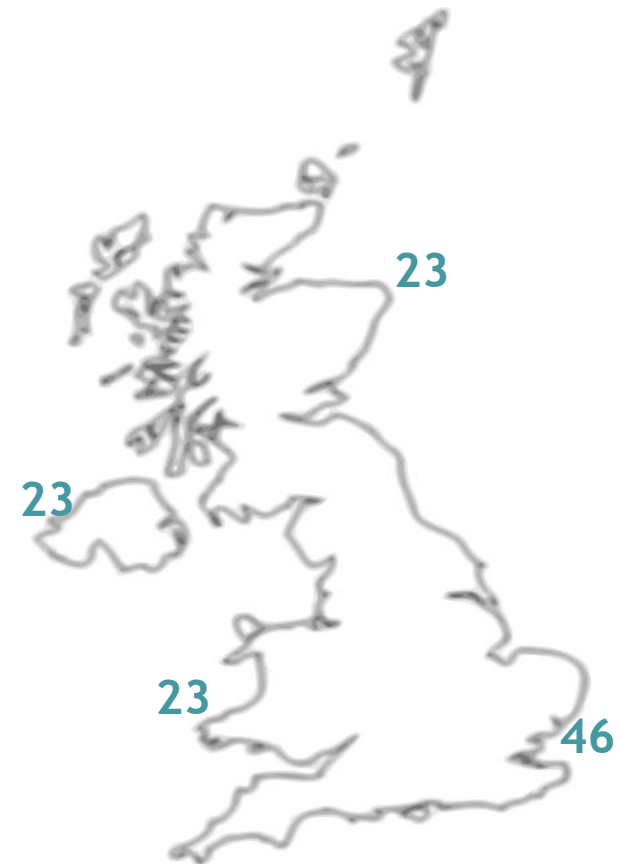
The Panel wanted to understand:

- Which communications technologies and services micro businesses use; and their importance to the business.
- What are the experiences of micro business in relation to the communications sectors and services?
- What are the barriers/challenges and what are the opportunities?
- What - if anything - should/could be done to improve communications experiences to contribute to greater growth?

# Realising the potential: research methodology

- 115 micro businesses participated in the UK-wide qualitative research
- Quotas imposed on size and age of business, turnover, location/nation and place of work
- Broad spread across sectors

## Interviews by nation



# The challenges of running a micro business

- Every customer counts
- Overstretched business owners
- Lack of internal resources
- Financial constraints
- Short term focus
- Particularly time poor



*“When you are running your own business, you have to be Jack of all trades because you have to do everything”*

*Cleaning company, urban England*

## Key findings: the role of communications

- The vast majority of respondents highlighted the critical and fundamental role that communications played in their business
- Most valued purpose of communications was being contactable - every single customer counts to a micro business
- A premium was placed on those services and technologies that allowed them to stay in touch and always be contactable

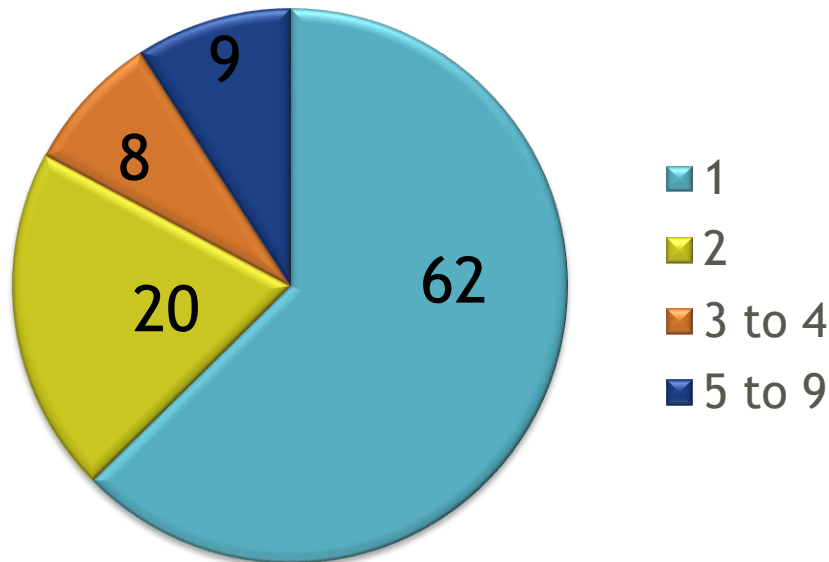


*“It’s important that I don’t have [connection] problems. If someone wants to call me, they need to be able to reach me right then or they’ll call another number.”*

*Landscape gardener,  
urban Scotland*

# Usage by service - fixed line

## # telephone lines used by business



*“Within the business we use mobile phones, internet and landline, but landline is definitely the most important.”*  
*Equestrian centre, rural Wales*

Types of lines/ service used

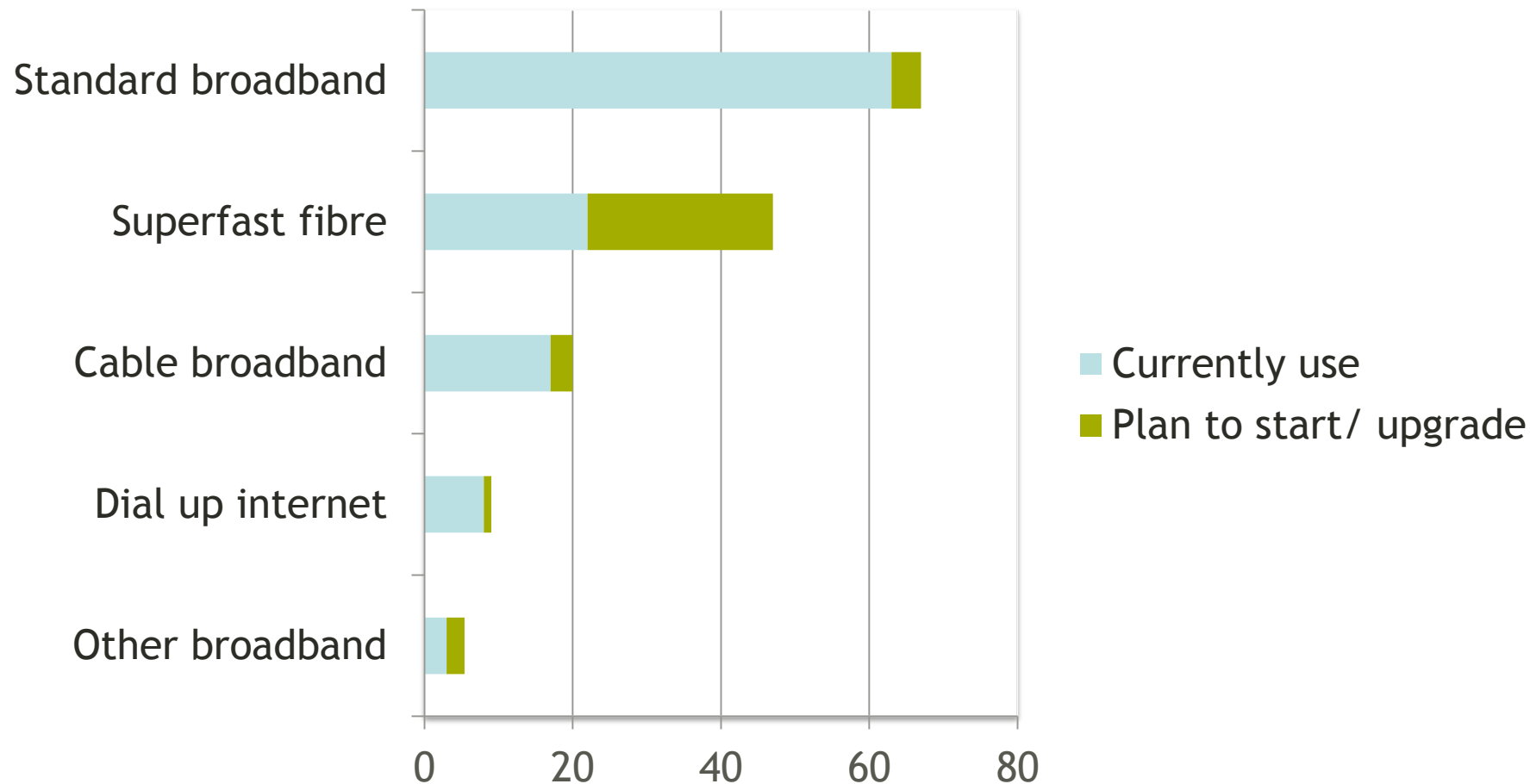
**56% have specific business line**

**44 % rely on residential line**

# Usage by service - internet

- The internet was seen as ‘an essential business tool’
- Email, banking and online ordering were the most commonly used applications and services
- Social media was being used by over half of the sample with Facebook the preferred choice

# Usage by service - internet



# Usage by service - internet

*We do much less travel now  
as we can do lots remotely.  
We can do more fault  
finding in this way which  
makes a vital internet even  
more important.*

IT support company,  
urban Northern Ireland

*My fishmonger tweets  
they are going to the port  
to get a catch of  
langoustines and I just  
tweet back that I want a  
couple of cases*

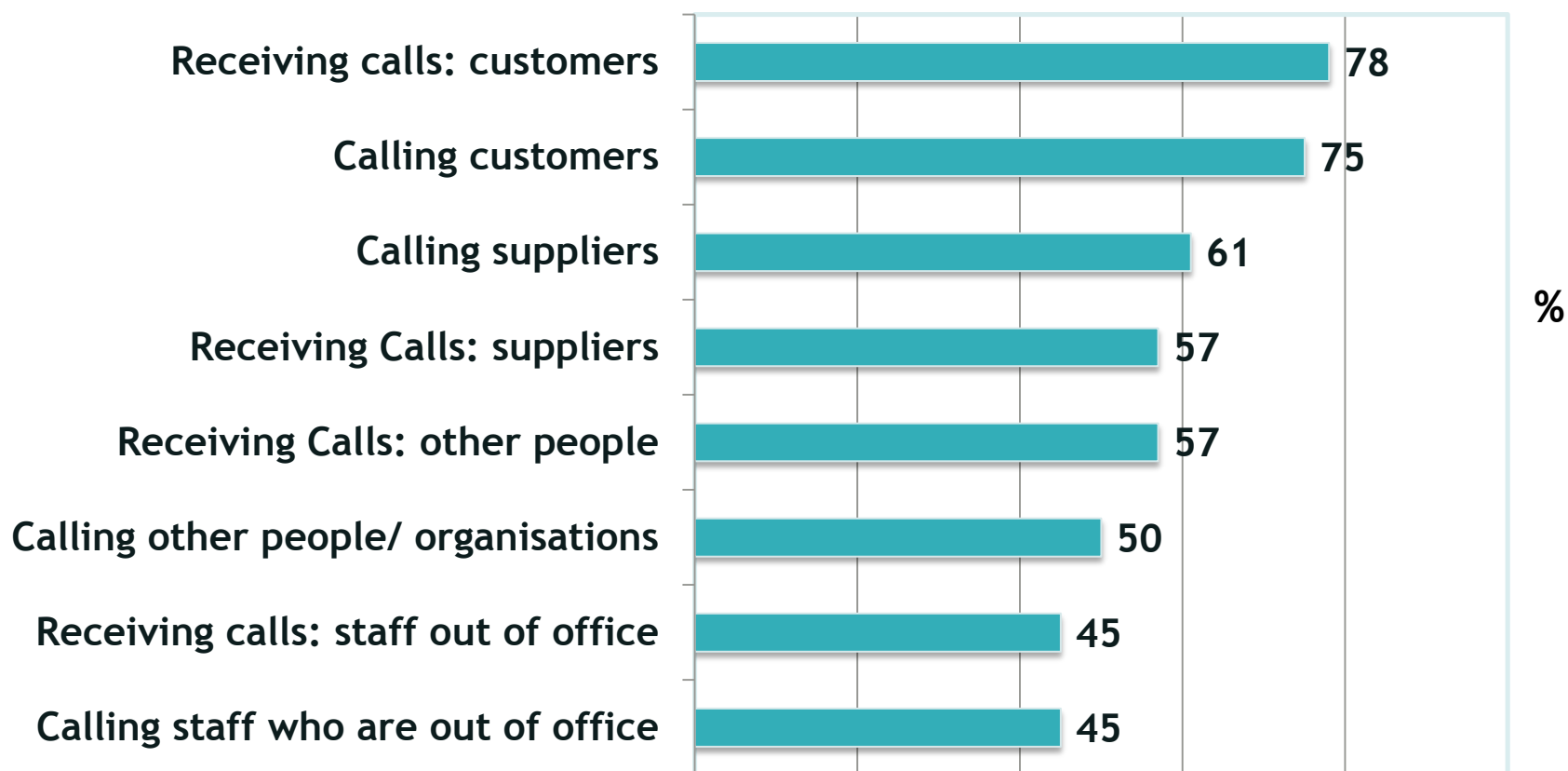
Restaurant,  
rural Scotland

*“Facebook is massive for us. I  
get four friend requests a day  
and people are always ‘liking’  
the work. For us, Facebook is  
perfect. It shows off the tattoos  
and allows us to talk to our  
customers.”*

Tattoo parlour,  
urban England

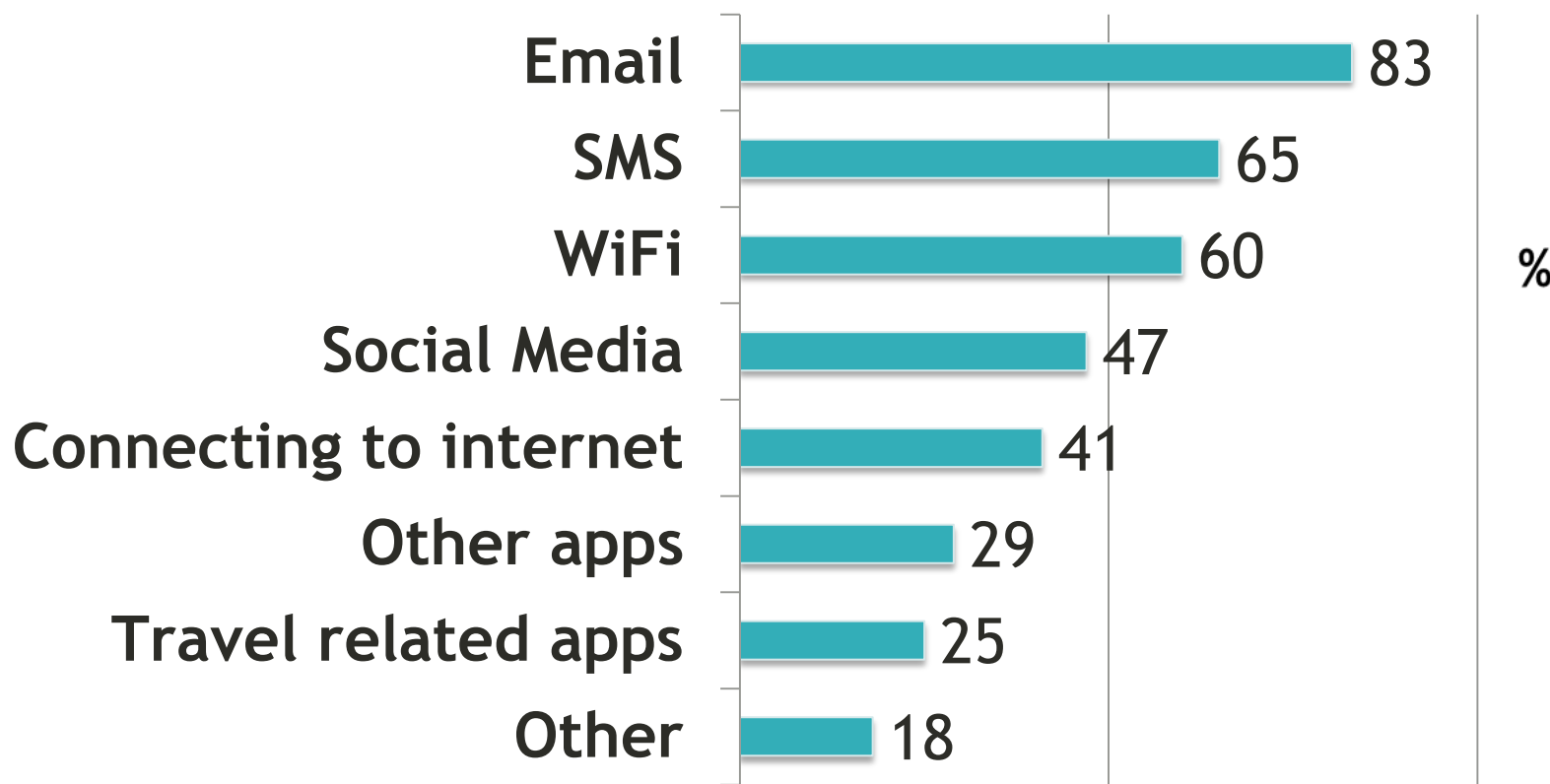
# Usage by service: mobile

## Main things use mobiles for



## Usage by service: mobile

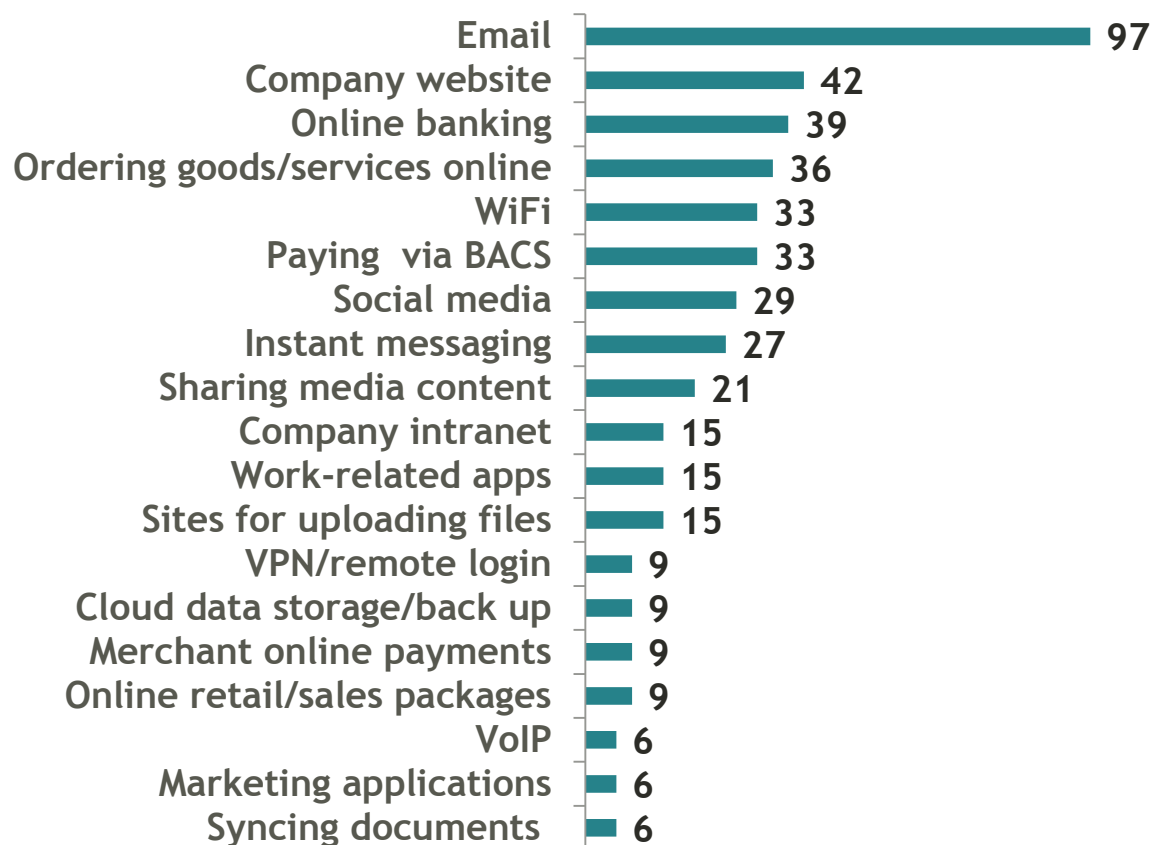
### Main things smartphones used for\*



\* Other than making phone calls

# Usage by service: mobile internet

## Internet applications used via mobile broadband



## Usage by service: mobile internet

*We create a lot of offers for our clientele, particularly if we have a quiet period. You know it's great having the likes of the internet, Facebook, mobile text messaging, that sort of thing. I will send out a message to get people in for an offer*

**Hairdressing salon,  
urban Northern Ireland**

*This phone is my computer, phone and camera rolled into one - I don't need anything else.*

**Painter & decorator  
urban England**

# Key issues: reliability and performance of communications services

- Losing internet service can severely disrupt the running of a micro business - particularly due to their small size and relative fragility
- Slow internet speeds were experienced by some rural and urban based micro businesses
  - High dependency on being able to access the internet for a range of functions
  - Questions raised about the credibility of provider claims about internet speeds
- Reliability and quality of mobile phone coverage was an on-going issue, especially for those based in rural locations

# Key issues: reliability and performance of communications services

*“When the phone line went down, people thought we’d closed and we lost some business.”*

*Hairdressing salon  
Urban Northern Ireland*

# Key issues: customer service and provider response to disruption

The impact of service disruption could be further impacted by the provider's response in terms of:

- Reliance on residential services
- No agreed SLAs to fix a given fault
- Being caught between different providers responsible for network infrastructure versus the service itself
- Not having enough access to engineers
- Contractual issues

# Key issues: making optimum decisions and choices

- Micro business mind set
- Insufficient easily understandable information
- Difficulty in comparing information across providers, particularly complex pricing and internet/mobile packages
- Lack of trust in provider claims
- Lack of access to third party independent advice
- Reliance on help from family and friends

*“We know we are a bit backward and we need to think about these things more. If we can do things, like set up a shop on eBay, then we think things will get better as we don’t get many people coming in the shop.”*

*Craft shop, urban Scotland*

# Key issues: reluctance to switch

- Potential disruption of service
- Inflexible contracts
- Lack of confidence about their ability to negotiate better deals

*“Being a small business just means being trampled over not only the big businesses but by the legislation which allows them to trample all over you”*

*Restaurant, urban England*

## Key issues: exposure to risk

This more individual approach to communications leaves micro businesses vulnerable to certain risks:

- Reliance on residential services and residential service levels by a significant proportion of the sample
- Lack of awareness about remote data backup practices
- Lack of awareness about cyber security

*“When we lost all the files, it was a complete disaster. We had to go back to using pencil bookings. It took us a while to recover from that.”*

*Restaurant, rural Scotland*

# Micro business owners with a disability

- Enhanced importance of mobile communications allowing people to access work from any location
- Increased reliance on residential service, working from home due to mobile constraints
- Need to access and procure technology adapted for their specific needs

*“Touch screen is a godsend because a lot of them use predictive text as well, and it will correct it when I’m typing. Digit control and pressure is much harder on a laptop for me.”*

*Vehicle graphics company, urban Scotland*

# Panel Recommendations: three key areas

- Government, in association with the Ofcom, industry and communications providers, should focus on **supplying improved speeds and coverage** for both fast broadband and mobile voice and data.
- Communications providers should consider offering **tailored communications service packages** for micro businesses, facilitating access to robust services and business grade support levels.
- Government, Ofcom, local authorities, local enterprise partnerships, chambers of commerce, trade associations and communications providers should review the **information and advice** they offer about the benefits of investing in communications, tailored to the needs and time restraints of micro businesses.

# Thank you