



Telstra Business Intelligence 2020 | 

Meeting your customers' expectations online.

Insights and advice to help you be 'that' business in 2020.

Welcome to the second insights report of Telstra Business Intelligence 2020, a series that highlights how technology is shifting the way Australians engage with small and medium businesses (SMBs).

To prepare these reports, we conducted a survey in late 2019 with 1,000 consumers and 1,000 SMBs (businesses with fewer than 100 employees) to uncover the gaps between what customers expect and what SMBs deliver online.

This report also draws on extensive research we've recently conducted, from interviews with a series of industry experts to conversations with SMBs who are adopting new strategies to meet their customers' evolving needs.

Our focus in this report is improving the way your customers experience your business online. Consumers are increasingly communicating, making transactions and receiving services through the internet, and as the ripple effects of COVID 19 continue, these digital interactions are happening more often and becoming even more important. We're here to help you make the most of every opportunity to sharpen your online presence and give your customers the best impression of your business.

We hope the information in this report lends itself to keeping businesses like yours ahead of the curve, no matter what comes our way next.

Anne Da Cunha, Small Business Executive, Telstra



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A man with short, graying hair and a light beard, wearing a blue t-shirt, is looking down at a laptop. He is in a gym, with various pieces of exercise equipment visible in the background. The lighting is warm and focused on the man. A dark green, semi-transparent overlay is positioned in the lower right corner of the image, containing text.

2.0 CUSTOMER EXPERIENCE

Introduction

**Give your
customers the
best impression
of your business
online.**

Your online presence plays a vital role in how customers experience your business.

Customer experience is the impression your customer is left with after dealing with your business. This impression informs whether they have a negative experience – where it’s likely they won’t come back – or a positive one, which means they’re likely to spend with you again or recommend you to their friends and family.

SMBs are already experts at delivering a positive customer experience face-to-face and over the phone. But as sales and services are increasingly delivered digitally, SMBs are presented with a challenge: to ensure their online offering is set up to deliver the same level of service, care and attention their customers expect.

This report aims to arm you with insights and advice to make sure your online customer experience meets changing consumer expectations.

Customer experience: It’s why consumers choose you.

While SMBs may not always be able to compete on price and promotions, our survey found ‘good customer service’ is a key reason consumers choose SMBs over their larger competitors. Making sure your customers get this same good service online is worth the effort. This is especially the case as larger businesses invest in improving their online experiences and digital-first brands like Uber raise the bar on what customers expect.

‘Good customer service’ is the

#1

reason chosen by both consumers and SMBs to buy from a small business over a large business.

57%

of consumers would prefer to engage with businesses through digital channels rather than over the phone or in person.

Top 3 reasons consumers choose small businesses over big businesses:

- 1 Good customer service
- 2 Helpful/friendly staff
- 3 They are a local business

Survey question (consumer): When choosing where to buy products and services from are there any particular things that would make you choose a small business over a larger business? Please select any that you feel make a difference to your choice.

Top 3 reasons consumers choose big businesses over small businesses:

- 1 The best price
- 2 Overall value for money
- 3 Special offer or promotion

Survey question (consumer): When choosing where to buy products and services from are there any particular things that would make you choose a larger business over a smaller business? Please select any that you feel make a difference to your choice.

Consumers are looking to shop local.

Our survey found that while SMBs largely understand what sets them apart in the eyes of consumers, they are underestimating the power of being local as a driver for consumer choice. In light of the hit the Australian economy has taken due to bushfires and COVID-19, consumers are looking to support local businesses more than ever.

In a recent Venture Insights survey, 70% of all respondents said they now consciously support local businesses, but 70% also said they were restricted in doing so by SMBs' limited online presence. A great opportunity exists for SMBs to enhance their digital offering and take advantage of consumers wanting to spend within their communities.

A negative customer experience can be a barrier for your business.

If a great customer experience drives people to spend with a business, the opposite is also true. Our survey showed that a negative customer experience – whether that's through an interaction, negative feedback, low-quality products or a limited online presence – can be a blocker to new and repeat business.



“Delivering outstanding service and knowing your customer is what gives small business an advantage over big spending, larger competitors.”

*Kevin Doyle,
Regional Vice President,
Salesforce*

Top factors stopping consumers from considering a small business they haven't used before.

- 1 Unhelpful or rude staff
- 2 Unfavourable reviews by customers
- 3 Products or services seem to be low quality
- 4 Poor past experiences
- 5 I can't find any information about them online

Survey question (consumer): When shopping for a product or service from a small business, what factors stop you from considering a small business you haven't used before? Please select up to 5 which you find deter you from choosing a business.

And falling short can carry risk: our survey showed 48% of consumers won't hesitate to leave a negative review when a business doesn't meet their expectations.

This can create an opportunity to follow up and still make a good impression – customers understand business owners are human and that things might go wrong sometimes. It's how you respond that can turn a negative experience into a better one. Need advice on managing online reviews? Download our first insights report on [Digital Marketing](#).

Does your online customer experience measure up?

Limited resources and day-to-day pressures are understandable hurdles for small businesses wanting to expand or improve their digital customer experience. But not doing so could be sending potential customers elsewhere.

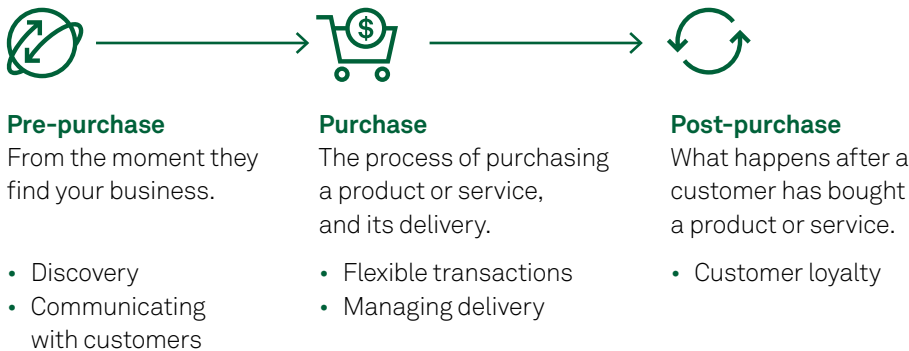
In our first report on [Digital Marketing](#), we shared insights and advice on the digital tools that can help customers discover and choose your business in the pre-purchase phase.

This report on customer experience looks at the next steps: communicating with customers in the pre-purchase phase; offering flexible transactions and managing the delivery of products and services during the purchase phase; and using data and reporting to ensure customer loyalty post-purchase.



“With so much rapid change and innovation happening, businesses need to lift their game in the digital space, especially as we move into a post-COVID world.”

*Samantha Zammit,
SMB Modern Workplace Lead,
Microsoft*



Could your business be doing more to understand and deliver on how your customers experience your business? Keep reading to find out how other SMBs have done it, and what you could gain by rethinking your online approach.



2.1 CUSTOMER EXPERIENCE

Communicating with customers

Manage expectations around how, when and where you communicate.

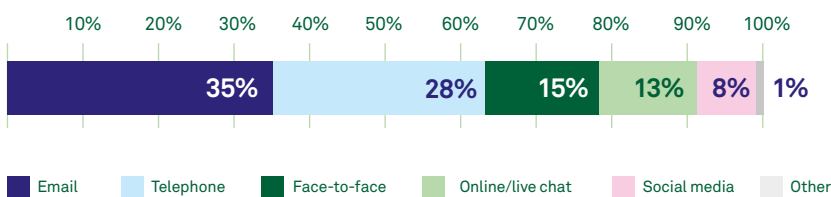
A quick response to customer queries is important – but so is your work-life balance.

Communicating with customers is an essential part of the customer experience. This section explores the online communications channels (places to engage) consumers prefer: email, phone, messaging and social media platforms. It also looks at how implementing a plan to respond to customers – including automation technology – can help you to manage their expectations, free up time and protect your own mental wellbeing.

Are you available where your customers want to communicate?

Our survey found consumers want to communicate with SMBs through a variety of channels. And while traditional ways to communicate are still expected – including email, face-to-face, on the phone and SMS – our survey showed SMBs might be overinvesting in these methods. There could be an opportunity for SMBs to explore new ways to communicate online, like social media, online/live chat and even video in the wake of COVID-19.

Communications channels preferred by consumers.



Survey question (consumer): What do you prefer to use when you need to communicate with small businesses (either for purchasing or customer service)?

Our survey showed email is the preferred communication method for consumers (1 in 10 consumers would stop considering a business if they couldn't email them), followed by telephone, then face-to-face, live chat and social media.

88%

of consumers say a quick response to queries is important when interacting with a small business online.



Only

40%

of consumers expect a small business to be available to respond 24/7.

Generation plays a part in the channels your customers use and can even impact whether a customer will choose you: our survey showed younger generations (Gen Z and Millennials) prefer to communicate through social media platforms like Facebook and Instagram, and a quarter of Boomers would not use a business they haven't used before if they can't call them.

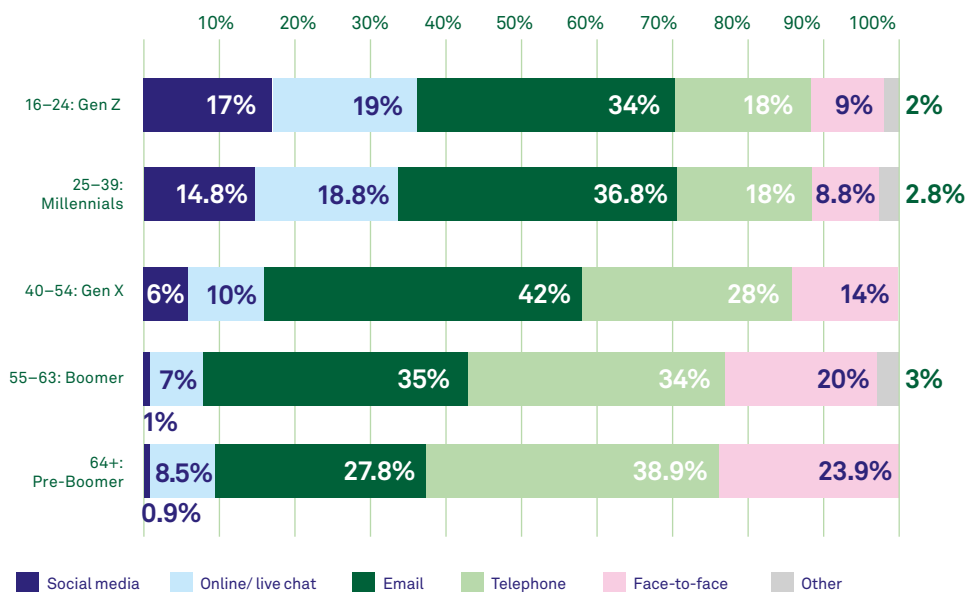
If your business targets a specific generation, it could help to focus your efforts on the communications channels they prefer.



“The normal customer journey is no longer linear; it’s now complex and fragmented across multiple touchpoints and channels.”

*Kevin Doyle,
Regional Vice President,
Salesforce*

Communications channels preferred by consumers by generation.



Survey question (consumer): What do you prefer to use when you need to communicate with small businesses (either for purchasing or customer service)?

While consumers have channels they favour, the modern customer communications journey can actually weave through several channels – sometimes outside of business hours.

A customer might call you after finding your business through search; or ask a question on Facebook Messenger after seeing your product on Instagram, take a few days to think about their purchase, then order it on your website.

It’s important to know not only when they might get in touch, but where – and how technology can help you respond when they do.

Are you responding to customers quickly enough?

Consumers' communication expectations are often set by their interactions with larger companies; our survey showed that 61% of consumers expect SMBs to respond to their queries as quickly as large businesses.

“Customers expect a business will be available on the channel they wish to use, and they expect problems to be resolved quickly – not within five business days, but instantly in a tweet, in a Facebook message, in a text message.”

Kevin Doyle, Regional Vice President, Salesforce

While a quick response is important, our survey showed that SMBs think they need to be more available than consumers expect them to be. Reassuringly, only 2 in 5 consumers expect a small business to be available to respond to them 24/7 – something half of SMBs expect of themselves.

A speedy response matters, but so does your downtime. Luckily, your customer service doesn't have to switch off when you do. From website self-service to automation tools, there are a number of digital solutions when it comes to responding to customers.

To anticipate and answer queries in advance, try taking stock of the top five reasons customers generally make enquiries with your business. Can you address these through an FAQ page or content update? If customers can easily find answers, it means you'll spend less time responding manually.

Samantha Zammit, SMB Modern Workplace Lead at Microsoft, says, “For small businesses specifically, the buying cycle is short so ensuring your website has all the information required is especially important.”

Technology can also help you manage customer demands around communication, whether that's software to help you manage customer relationships, a system that directs all enquiries to one place or improved self-service options so customers can interact with your business on their terms.

“For time-poor small and medium businesses, the key thing to do is look at what technology is available,” says Kevin Doyle, the Regional Vice President of Salesforce. “That way, automation can do all of the heavy lifting, allowing business owners to focus on what they do best: deliver valuable services and products to their customer base.”



“Good customer service online is fast, responsive, very clear, easy to use and timely.”

Ruth, consumer



“If you can't connect with a customer on their preferred channel, they are going to buy from someone who can.”

*Kevin Doyle,
Regional Vice President,
Salesforce*

Get your inbox in order.

The majority of consumers, regardless of age, prefer to use email to communicate with brands, which is reassuring considering 90% of SMBs told us they're using it to communicate too. If you use email to communicate with customers, there are plenty of ways technology can help to optimise this channel and ensure it doesn't swallow up your working day – and evenings!

Consider setting up an auto-response that tells customers what your email hours are, so even if they get in touch out-of-hours, they're reassured that you'll respond soon. Another option is using rules and categorisation to prioritise the messages that need attention in your inbox, or saving pre-written responses for common replies.

And streamlining your email communication should be a priority. Microsoft's Samantha Zammit recommends blocking out time in your day to review email, which can help manage customer expectations and your workload. "Putting aside special times of the day when you review email and sticking to that timeslot maximises productivity," she says.

Managing your messaging.

After email, the next preferred digital communication method is messaging. This encompasses two-way messaging, chat and social media.

Social media messaging – which is particularly valuable for Gen Z and Millennial consumers – includes Facebook Messenger, and direct messages on Twitter and Instagram.



Facebook
Messenger



Twitter



Instagram

If you decide one or a mix of these are the right channels for your business, spend time designing a thoughtful approach to managing them, and consider how you'll maintain your brand voice for both common queries and frustrations or complaints that require more tact.

On Facebook Messenger, there are tools to automate conversations so your customers can receive information without you needing to necessarily always be there. "It's not realistic to be glued to your screen all the time," says Melinda Petrunoff, Director of Small and Medium Business (Australia & New Zealand) at Facebook. She suggests setting up an 'away message' when you receive a message out-of-hours, or using automation tools to reply. "Saved replies and auto-responses can leverage your FAQ content, and be easily and automatically personalised when customers message you."

Online or live chat works like direct messaging on social media, but the conversation usually takes place on websites or apps. These conversations can be conducted either flexibly (where each of you responds when you see a notification or have the time) or live, during a time when you're both online and responding immediately.

When considering if chat or messaging is right for your business, factor in your audience's expectations, your business's resourcing and your staff's access to a laptop or tablet for extended periods.

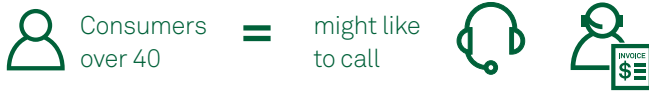


"It's not realistic to be glued to your screen, so there are tools you can use to make things easy."

*Melinda Petrunoff,
Director of Small and
Medium Business
(Australia & New Zealand),
Facebook*

Calling is important for consumers over 40.

While consumers over 40 might still prefer email, our survey showed the option to call and speak to an SMB owner or staff member is also important for this group. A quarter of Gen X, Boomers and Pre-Boomers say they'd stop considering a small business they haven't used before if they can't chat to them on the phone. For SMBs whose target audience sits in this age bracket, having a plan for calls will help you meet customer expectations without spending all day on the phone.



Kuan Wong, Telstra's Unified Communications Principal Product Manager, has seen cloud-based phone systems – which allow you to make calls over the internet – grow in popularity.

“Cloud-based phone systems and collaboration tools can help business owners provide flexibility in how and where work can be conducted, remove the need to personally manage the maintenance and updates to their phone system, and easily scale up or down depending on changing business needs.”

Kuan also recommends considering how you allocate incoming calls and putting in place an automated system for when you're out of office.

“Virtual receptionists or auto-attendants provide a voice menu system and options for the caller to direct the call to a specific person or department, like customer support,” he says.

“In after-hours mode, you can have calls set up to flow into a Hunt group – a process that allows calls coming into a business to be distributed among a group of staff members who have been scheduled to be on call.”

The perfect communications strategy is rarely one-size-fits-all, but knowing who your customers are and what platforms they're likely to use is the first step in developing a considered and effective approach.



“Cloud-based phone systems and collaboration tools can help business owners provide flexibility in how and where work can be conducted.”

*Kuan Wong,
Unified Communications
Principal Product Manager,
Telstra*

How they do it: Búl.

A womenswear brand with a focus on sustainable design and quality tailoring.



Founded: 2010



Number of employees: 14



Before a customer gets in touch with Búl, a series of prompts, messages and pieces of information on the fashion label's website predict and answer many questions staff would otherwise spend time responding to manually.

There's descriptive product information and size guides on the online store, terms and conditions for shipping and returns, and a helpful FAQ section, all of which founder Virginia Martin says allow customers to make purchase decisions quickly without needing to get in touch at all.

Should a customer still have an enquiry, Búl resources its communications across different staff members to keep customer service high throughout email, phone, live chat and in-person encounters.

Before COVID-19, those physical encounters and email were the most popular ways customers got in touch with the brand. "Some preferred the ease of being able to drop into store, as generally the nature of an in-store enquiry – such as an exchange or a product enquiry – could be handled immediately," Virginia says. As Búl's retail spaces shuttered during the pandemic, email remained a popular channel, and is now matched with phone calls.

As well as sharing the load and allocating the morning to responding to any enquiries from outside business hours, Virginia says the trick to saving time while maintaining the high levels of service that customers expect is to automate wherever you can. "The more that can be automated or easily managed through technology, the better. It also allows for greater reporting on customer experience and insights that can help support business decisions."

"The more that can be automated or easily managed through technology, the better."

*Virginia Martin,
Founder, Búl*

Your customer communications checklist.

Know who your customer is, and where they are.

- Invest time and resources in the channels your customers use most, taking their age and preferences into consideration. Design your communications approach around those channels.

Make sure all your channels work together.

- Using multiple channels? Ensure you have a system in place to efficiently manage incoming enquiries.
- Take advantage of your email provider's ability to categorise emails and create rules to minimise what comes into your inbox.

Allocate and train your resources.

- If you're messaging your customers, whether it's through live chat on your website or social media, ensure you allocate resources to manage it.
- If you need to scale your phone capabilities, consider whether a cloud-based phone system suits your business.
- Write a list of responses to common questions to equip staff in responding to enquiries.

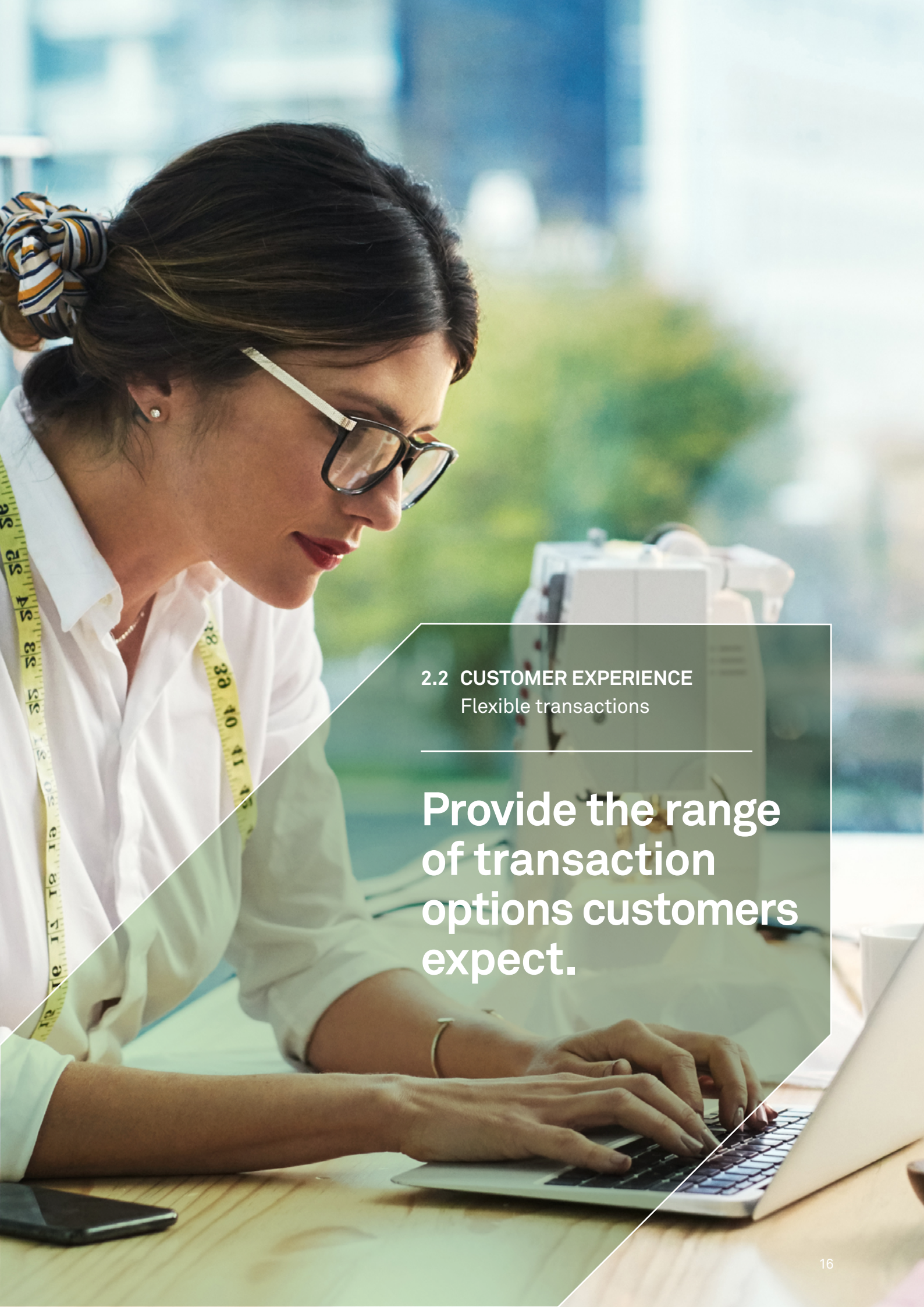
Automate what you can.

- Set up an automated email response for enquiries that come outside of work hours.
- Consider using a collation management tool to bring customer reviews posted to different channels (e.g. Google, Facebook, Yelp, your website) into one place.
- Create online enquiry forms and automatic quoting to help manage incoming leads.
- Consider how you could allow customers to 'self-serve' and explore details about products/services themselves before contacting or enquiring – for example, through an FAQ page on your website.

Need help with automating your communications?

Telstra's Digital Marketing Services will work with you to understand your objectives, and identify and implement the tools to best meet your business's needs.

Get started by making an [appointment with an expert](#).



2.2 CUSTOMER EXPERIENCE
Flexible transactions

**Provide the range
of transaction
options customers
expect.**

Offering flexibility around online transactions could help boost your business.



As consumers increasingly expect to transact (book and buy) online, SMBs have the opportunity to strengthen their online presence by offering flexibility around these features.

This section explores the importance of cashless payments in the physical setting, customer expectations around booking online, and the online payment methods customers prefer, including the rising popularity of ‘buy now, pay later’ (BNPL) platforms.

Contactless and cashless – the future of payments?

While traditional cash payments still happen, a key transaction trend has been the rise of cashless payments, especially due to the hygiene benefits in the wake of COVID-19.

But even before the pandemic brought about a shift towards contactless payments, we were seeing a high level of adoption and expected adoption of tap and pay.

82%  = Used tap and pay in November/December 2019 

In our survey, 82% of consumers were using tap and pay with a credit card or smartphone at least sometimes in November/December 2019.

This is especially notable for SMBs operating in the physical realm, such as tradespeople and those offering personal services.

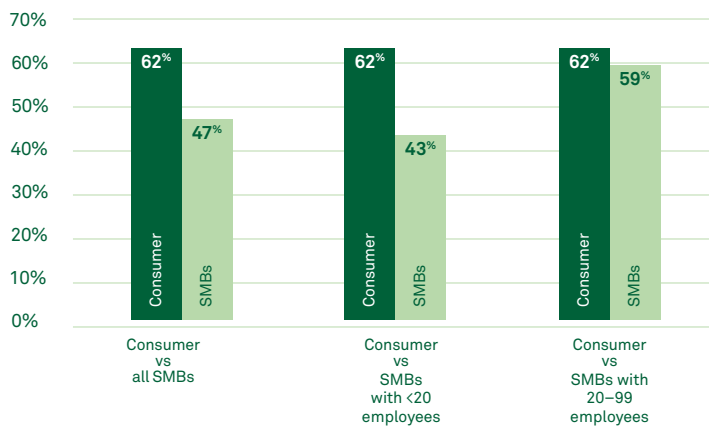
As customers increasingly expect cashless point-of-sale (POS) payments, it’s critical you have a reliable mobile internet solution and back-up options to enable seamless transactions, no matter where your work takes you.

17%
of consumers would stop considering a small business they haven’t used before if their preferred payment method is not available.

Your customers want to book online.

When it comes to making online bookings – whether that’s reserving a table at a restaurant, renting out your holiday home or booking a hair appointment – our survey revealed a significant gap in how important this is for consumers and how important SMBs think it is.

Consumer vs SMB importance of online booking capability.



Survey question (consumer): When you interact online with a small business, how important is the ability to make online bookings? Survey question (SMB): Which of these features [online bookings] do you believe are important to your customers when they interact with your business online? Responses important or very important included in table.

While 62% of all consumers we surveyed said the ability to make online bookings is important or very important, only 47% of SMBs thought this was the case. This gap was widened for smaller businesses: 43% of businesses with fewer than 20 employees thought online bookings were important, whereas 59% of businesses with 20–99 employees agreed.

Our study also shows how attitudes differ by industry. While SMBs in health and community services are more likely to understand the importance of online booking features for consumers, SMBs in personal and business services are more likely to underestimate the value of these features.

Does your business deal in appointments, scheduling or reservations? Consider implementing features that allow customers to book online or generate automatic quotes to help turn enquiries into sales.

Give your customers the online payment options they expect.

When it comes to buying online, the payment methods you offer – and those you don’t – can directly affect your sales. In our survey, 17% of consumers said they would not consider a small business they haven’t used before if their preferred payment method is not available

This signals a significant portion of sales your business might lose out on if your website or sales portal doesn’t support the payment methods your customers expect.

Rather than jumping onto the biggest or first eCommerce platform you find, consider your options. “Invest time to weigh up the differences in platform and transaction fees between platforms, as well as their features, capabilities and benefits, to determine the right one for your business,” says Jon Stribling, the Head of Business Development APAC at eCommerce platform Ecwid.

“Look at market and consumer needs, and whether you want to transact internationally. If you have an in-person retail space, ensuring your eCommerce platform works with your POS is essential to scaling eCommerce without hassles.”

Reach younger customers with ‘buy now, pay later’.

‘Buy now, pay later’ (BNPL) platforms like Afterpay and Zip Pay are alternatives to credit cards. They let consumers receive a purchase upfront but pay it off in instalments.

These payment options are growing in popularity. Our survey showed around 1 in 3 consumers are using BNPL at least sometimes, and usage increases for younger consumers: 50% of Millennials and 42% of Gen Z use BNPL at least sometimes.



“As online sales continue to grow, SMBs should be weighing features, capabilities and total cost of eCommerce platforms.”

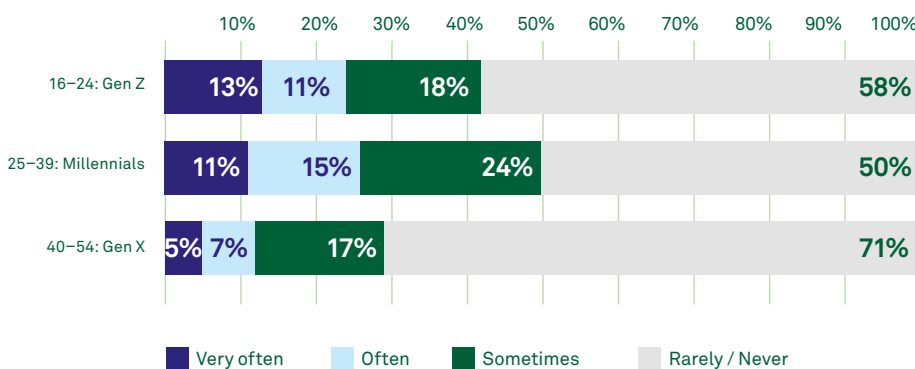
*Jon Stribling,
Head of Business Development
APAC, Ecwid*



“It’s more convenient, especially on bigger purchases, to know I can have [the ‘buy now, pay later’] option rather than having to save, save, save.”

Arthur, consumer

Consumer use of ‘buy now, pay later’ platforms by generation.



Survey question (consumer): How often do you use the following? ‘Buy now, pay later’ platforms like Afterpay or Zip Pay. In the year ahead do you see yourself using these platforms more, less or about the same?

Despite the rising usage for consumers, only 9% of small businesses (those with fewer than 20 employees) are offering BNPL payment options to their customers. Medium businesses (with 20–99 employees) are much more likely to offer BNPL, with 33% of those surveyed saying they leverage these payment platforms.

Our survey indicated that offering these payment methods can be enticing to customers and beneficial to businesses. Of those SMBs we surveyed who offer BNPL options, 72% say offering BNPL has encouraged more customers to spend with them – and 24% say it’s encouraged a lot more consumers to spend with them.

And while consumers are more likely to be using BNPL platforms when buying from an online store or a retail store, in some cases they are also using these platforms to pay for trades or professional and personal services.

If you’re considering offering BNPL, it’s worth weighing up the pros (like convenience, flexibility and possible higher conversions) and cons (like platform fees and possible integration challenges with your existing systems) to decide if it is right for you.

Does ‘buy now, pay later’ make sense for your business?

“Afterpay now accounts for over 15% of all online retail in Australia,” its ANZ Sales Director Katrina Konstas says, “and we have over 40,000 active SMBs currently on our platform, so the shift to BNPL is having a significant impact.”

And it’s not just for online retail stores. Offering BNPL for pricier services – like car repairs or unexpected dental work – can make these costs more accessible. “Afterpay is a viable option for consumers needing to pay for big-ticket items like healthcare, outdoor, automotive, pets and services,” says Katrina.

BNPL could be a good option for your business if, Katrina says, “You target 18- to 55-year-olds, you are looking to expand your customer network, or your business offers big-ticket purchases.”





“Afterpay is a viable option for consumers needing to pay for big-ticket items.”

*Katrina Konstas,
Sales Director,
ANZ, Afterpay*

How they do it: Karmic Cold Pressed Juice.

Tailored juice cleanses to support immunity, gut health and skin.

 Founded: 2013

 Number of employees: 25



When Sam de Bruin founded Karmic Cold Pressed Juice, he offered two options for transactions: credit cards and PayPal. After receiving requests from customers who wanted a BNPL option to shop his range of juices and broths, he added one, which now accounts for around 10–15% of total sales.

An understanding of your brand’s key demographic is vital, Sam says, before deciding whether or not to implement a BNPL service. As our survey showed, they’re used most often by Millennial and Gen Z shoppers. “You have to work out who your target market is. If they’re younger, then they’re probably going to want ‘buy now, pay later.’”

With a significant portion of his customers being young women, Sam says making BNPL an option for Karmic made sense, and he advertised its addition with a suite of social media ads.

When considering a BNPL option, be sure to factor in the likes of transaction fees. “You have to run a bit of a calculation in your head to justify if it’s worth it, and if you’re losing potential sales from not offering it,” Sam says.

“You have to work out who your target market is. If they’re younger, then they’re probably going to want ‘buy now, pay later.’”

*Sam de Bruin
CEO and Founder,
Karmic Cold Pressed Juice*

Your flexible transactions checklist.

Offer diverse payment options.

- Enable customers to complete transactions online or receive automated quotes to speed up the purchase process.
- Explore ways to reduce any friction at checkout by adding features like saved customer details, using payment providers like PayPal, or by implementing the ability to input credit card details using a smartphone camera.
- Weigh up the pros and cons of different BNPL options like Afterpay or Zip Pay for your business, especially if you sell big-ticket items or have a youth demographic.
- Consider what the consumer shift away from cash payments means for your business. Can you create options by enabling digital cashless payments via mobile solutions?
- If your customers still want to pay cash, consider a solution where you can still invoice and process payments online.

Let customers make bookings or reservations online.

- Take advantage of existing technologies that make bookings smooth for your customers and can help you manage your own time and calendars.

Create a seamless in-person checkout experience.

- Choose an eCommerce solution that offers a range of options during the purchase and checkout process.
- Ensure you have a reliable business connection (with back-up) to facilitate cashless and mobile payments.

Integrate your online and in-store experiences.

- Link your online store with your POS to help facilitate a seamless experience.

Need help setting up an online store?

Telstra Business Digital Marketing Services can enable eCommerce features on your website or set you up with business grade connectivity.

[Start setting up digital transactions.](#)

A male delivery driver wearing a dark cap and a high-visibility yellow safety vest over a grey shirt is seated in the driver's seat of a vehicle. He is looking down at a blue tablet computer he is holding with both hands. The background shows a blurred warehouse or distribution center with shelves and equipment.

2.3 CUSTOMER EXPERIENCE
Managing delivery

**Keep up with
the delivery
standards set
by big brands.**

Getting delivery right can keep your customers coming back.

The delivery of a product or service, and the communications around it, is a crucial part of a customer’s experience of your business.

With consumers increasingly making transactions online, the entire delivery process must be easy, timely and well-communicated. When things look or feel hard, or customers need to put in extra work to know the status of their delivery or make a return, it’s likely to impede their experience of your business.

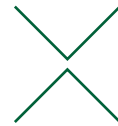
This section explores the gaps between what consumers expect and what SMBs believe is important to consumers when it comes to the entire online delivery process – from checkout through to status updates and returns. And when it comes to services, many SMBs have turned to video to continue delivering their offering to customers in light of limited in-person interactions, which we explore later in this report, in the ‘Making the most of video’ section.

When it comes to delivery, SMBs are underestimating key features.

More than ever, consumers are looking to make their transactions online. COVID-19 only exaggerated a trend that already existed; according to Australia Post’s 2020 Inside Australian Online Shopping report, eCommerce growth in Australia was up 80% in the eight weeks after the World Health Organization announced the pandemic.

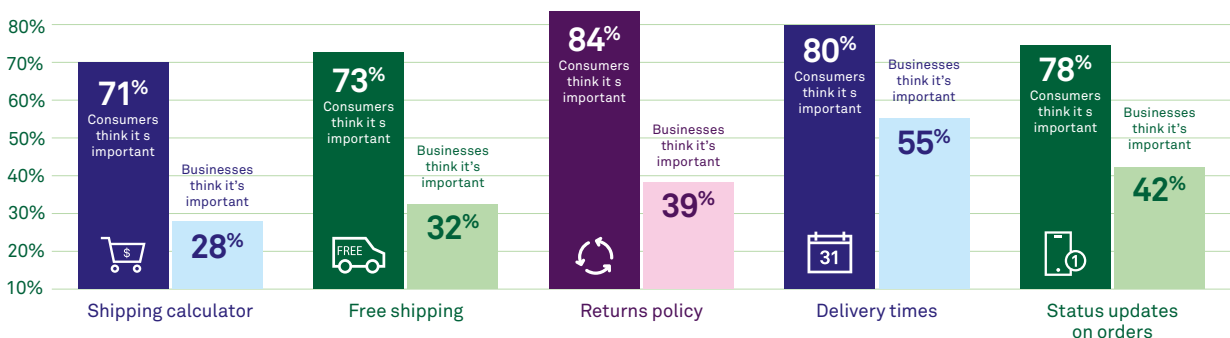
Bigger businesses that run entirely online have set expectations around the speed and cost of product delivery and returns. While some SMBs are stepping up and offering timely, well-communicated delivery to their consumers, our survey showed some notable gaps between what consumers expect around delivery and what SMBs believe is important to consumers. This gap is most pronounced in SMBs with fewer than 20 employees, and priorities shift depending on the industry.

80%
of consumers think delivery times are important when interacting online.



Only **55%**
of SMBs think delivery times are important or very important.

Consumer vs SMB view of importance of key online delivery features.



Survey question (consumer): When you interact online with a small business, how important are the following factors? Survey question (SMB): Which of these features do you believe are important to your customers when they interact with your business online? Responses important or very important included in table.

Are you delivering on the delivery features customers want?



Shipping costs

Our survey found SMBs are underestimating customers' sensitivity around shipping costs. Shipping calculators, which help customers understand the amount they are being charged for delivery at the purchase stage, can offer transparency when customers are weighing up whether to complete a purchase.

According to our survey, shipping calculators are important or very important to 71% of consumers, but only 28% of SMBs think shipping calculators are important to consumers. This rises to 42–43% of SMBs in retail and wholesale trade – still significantly below the percentage of consumers who find it important. Setting up an automated shipping calculator within your eCommerce platform can help meet customers' expectations when engaging with your business online.

Alternatively, to satisfy the 73% of consumers we surveyed who say free shipping is important, SMBs could explore offering free shipping once an order reaches a certain threshold. No matter how you approach shipping costs, it's important to make sure you share this information clearly with your customer.



“The delivery experience starts at the checkout. Make sure you give your customers choice and are upfront about shipping costs, delivery timeframes and your return policies.”

*Ben Franzi,
General Manager –
Parcel and Express Services,
Australia Post*



Shipping time

Shipping time is also important to 80% of consumers we surveyed, but only 55% of SMBs think it's important to consumers. While there might be an expectation for SMBs to match the speedy shipping options offered by larger companies, they can be costly to implement.

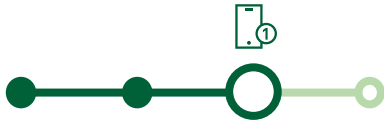
If you think delivery could be a key differentiator for your business, consider adapting your approach to mirror speedier services, like offering same-day delivery in the local metro area if orders are placed before midday, implementing click and collect, or offering the option for customers to pay extra for express shipping.



“When I'm choosing one business over another, whether or not they deliver to my house, so I don't have to leave my apartment, is a key consideration.”

Joshua, consumer

Get delivery right at each stage of the process.



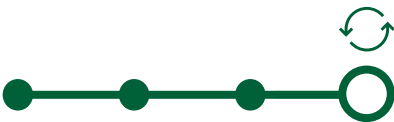
Status updates

Our survey found status matters – especially when it comes to order updates – but SMBs aren’t always on the same page. Seventy-eight per cent of consumers said status updates on their orders are important, but only 42% of SMBs think this is important for consumers.

That said, 54% of SMBs in retail trade, 53% in manufacturing and a sizeable 73% in wholesale trade understand the importance of status updates to keep their customers informed.

Knowing the importance consumers told us they place on status updates, could your business be doing more to keep them in the loop?

Automated status updates on deliveries, which are often built into delivery provider platforms, could let your customers know when to expect their order without adding extra pressure on your time.



Returns policy

Our survey identified that returns policies are valuable to the highest percentage of consumers when compared to the other aspects of the shipping experience we tested.

In our survey, 84% of consumers rated returns policies as important or very important. While only 39% of all SMBs think returns policies are important, this rises for particular industries: 54% in retail trade, 73% in wholesale trade and 53% in manufacturing.

When considering your approach to delivery, it’s also important to consider and clearly lay out a simple process for returns that will keep the customer on-side.

Provide delivery updates and options to collect and return.

After paying for their delivery, consumers want to know where it is and when it's arriving. Some eCommerce platforms feature integrations with shipping services that provide shipping calculations and automated status updates so customers know when to expect their order.

"Real-time shipping and tracking is essential for a merchant to build trust with customers," says Ecwid's Head of Business Development APAC, Jon Stribling.

He's also noticed some key delivery trends that have emerged as a result of COVID-19 that offer flexible options for both businesses and consumers. "We've seen strong acceleration in the adoption of **Buy Online, Pick-up In Store** (BOPIS) and the options for auto-ship," Jon says. "Giving customers the option to pick up products at the kerbside also allows them to continue buying products, but with a reduced risk – for themselves and businesses."

Simple, smooth and convenient: How to deliver on delivery.

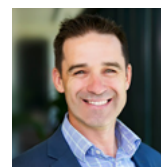
Ben Franzi, Australia Post's General Manager of Parcel and Express Services, says it's important to have a considered approach to delivery, from the checkout right through to the returns process.

Ben Franzi, Australia Post's General Manager of Parcel and Express Services, says it's important to have a considered approach to delivery, from the checkout right through to the returns process. "The delivery experience starts at the checkout," Ben says. "Make sure you give your customers choice and are upfront about shipping costs, delivery timeframes and your return policies. Think carefully about your free shipping thresholds, as shipping costs can be a barrier for shoppers, and give customers visibility through tracking and notifications."

It's not just the cost but the methods and communication around deliveries that contribute to the overall convenience your business offers. "Customers are looking for convenience for both deliveries and returns," says Ben. "This includes offering options like secure lockers (such as Australia Post's 24/7 parcel lockers) and non-contact choices and enabling customers to grant 'authority to leave' to reduce carding and a subsequent trip to the post office."

Returns are often overlooked but they are also important, especially for customers who are new to online shopping. Establishing a considered returns policy and clearly communicating this through your channels can help customers choose and trust your business.

"Free returns are a big drawcard for shoppers; it gives them peace of mind if they don't like a product or it's unsuitable, especially if changing their mind doesn't cost them a cent," says Ben. "But the process needs to be simple. Return labels should be easy for the customer to access and download, and retailers should be considering how their packaging may be repurposed in the event the item is returned."





"Customers are looking for convenience for both deliveries and returns."

*Ben Franzi,
General Manager –
Parcel and Express Services,
Australia Post*

How they do it: Hagen's Organics.

Hagen's Organics is a family-run butcher with five stores across Melbourne.

 Founded: 1999

 Number of employees: 60



Hagen's Organics already offered a delivery service, but when Melbourne first went into lockdown, they had to ramp it up quickly. Overnight, they went from making 20 deliveries a day to 150. As well as bringing on more staff to meet the demand, co-owner Ruby Hagen implemented new systems to keep customers in the loop.

Every purchase begins with setting manageable expectations before customers even start shopping. "Our website has a section saying which days we do deliveries, and to what areas," Ruby says.

Unlike some parcels, meat, dairy and smallgoods can't be left on the doorstep if a customer isn't home. Hagen's began plugging their orders into a piece of cloud-based transport and logistics software that pings delivery estimates to customers to let them know when their order is on the way.

"We used to have two delivery windows each day, but because we grew at such a fast rate, we couldn't guarantee that people were going to get their orders within their allocated times," Ruby explains. Hagen's now gives just one delivery window – 8am to 4pm – and their logistics software sends to-the-minute updates when orders are on board for delivery. "It gives customers time to make sure they're home or know when to expect it."

These automated updates have streamlined her operations and given her customers the information they need, but Ruby knows that sometimes the old-fashioned approach is the right one. "Sometimes we need to pick up the phone and be honest if we're not able to supply customers' full orders or things are running late."

"Our logistics software sends customers automated text messages when our delivery driver is leaving the previous location."

*Ruby Hagen,
Assistant Director,
Hagen's Organics*

Your delivery checklist.

Make sure your systems speak to one another.

- Ensure your inventory, order management and shipping data are synced across all sales channels.

Provide transparency around shipping costs.

- Offer multiple options, including at least one standard and express option – or click and collect if you have a physical store.
- Implement a shipping calculator to provide transparency on costs and timeframes.
- Consider offering free shipping if an order reaches a spend threshold.

Keep customers informed as they wait for their delivery.

- Align with your delivery partner to provide customers with updates on the status of their order.
- Have a plan for when orders are delayed, including options for compensation or future discounts to retain brand loyalty.
- Integrate tools that automate delivery updates, with online tracking and delivery notifications to free up the time you might otherwise spend responding to customers' enquiries about delivery.

Find ways to speed up delivery.

- Offering same-day or next-day shipping will help make your business more competitive, as customers are increasingly impatient.

Make returns easy.

- Ensure your returns policy is accessible and easy to understand, and consider having a deliveries FAQ page to answer customer questions.
- Offer convenient drop-off points and no-contact return options, and consider including labels and return packaging in the delivery.
- Consider offering free returns, as it is a drawcard for shoppers.

Keep customers' information secure.

- Whether you're delivering products to their home or services via video, keep information security top of mind so customers know they can trust you.

Need help keeping your customers in the loop?

Telstra Digital Marketing Services website plans provide customer management tools, including automatic email updates.

Find the best methods for [managing delivery online](#).

A man in a dark t-shirt and jeans is leaning over a stack of cardboard boxes in a warehouse. He is looking down at the boxes, appearing to be packing or organizing them. The background shows shelves filled with bottles and more boxes, with a large window letting in bright light.

2.4 CUSTOMER EXPERIENCE
Creating loyalty

**Turning
customers
into loyal
advocates.**

Using customer data can turn one-off shoppers into returning customers.

Data can be very valuable to SMBs, particularly when it comes to building customer loyalty. But our survey found many SMBs are not fully taking advantage of the benefits that come from creating, collecting and using customer data.

In this section, we explore how SMBs can successfully and responsibly collect, use and protect customer data to help build customer loyalty, drive repeat purchases and make sure your customers recommend you to their networks.

What is data, and what is it good for?

Customer data is any information a consumer shares during any engagement with your business, including the touchpoints along the purchasing journey. This data could take the form of a customer's email or home address, birthday, gender, name or purchasing history. It also includes the behaviour of users on your website.

SMBs have an opportunity to use this data to improve their offering, whether that's rewarding frequent shoppers with discounts, marking special occasions (e.g. a customer's birthday) or suggesting products to customers based on their purchasing history.

Doing so is far from intrusive or unwelcome: our survey found that 81% of consumers are comfortable or don't mind if businesses use their customer data to deliver better products, services or experiences.

We found:

81% of consumers say they are comfortable or don't mind if businesses use their customer data to deliver better products, services or experiences **but**

40% of SMBs don't use customer data to offer an improved level of customer service.

48%

of consumers think it's important that websites remember their prior purchasing history.



Only

35%

of SMBs think this is important to consumers.

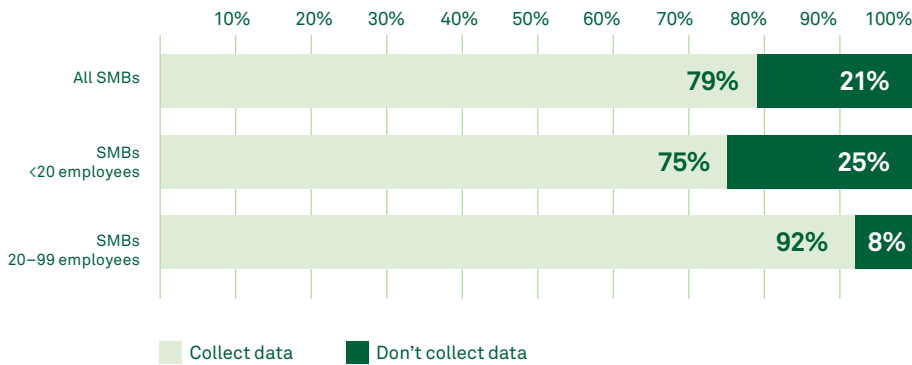


"I'm okay with a business using my purchase history to suggest new products or services – if it's meaningful. If it's a business I like, receiving personalised offers is usually enough to get me back."

Amy, consumer

While most consumers are happy to share their data with businesses if it provides tangible value to them, 40% of small businesses aren't collecting and using data effectively, and this gap widens based on business size.

SMBs collecting customer data.



Survey question (SMB): Do you gather or use customer data in any of these ways? Response: I don't collect any customer data.

While most medium-sized businesses are already collecting data (only 8% of SMBs with 20–99 employees say they don't do this), 25% of SMBs with fewer than 20 employees say they don't collect any customer data at all. If you're in this group of SMBs, it could be time to start considering the ways data can add value to your customer experience and your business.

Before you start collecting data, ensure you have a clear purpose for it. Offer value for your customers and be transparent about what you're collecting, why you're collecting it, what you'll use it for, what customers get out of it and how you'll protect it.



“More than ever, it is important for SMBs to be transparent around how and why they are capturing consumer data. A data strategy that is led by clear goals around improving the customer experience can be used as a powerful tool in building stronger relationships with your customers, especially if customers can see their inputs impacting change.”

Ryan Murtagh, CEO and Founder, Neto

Data can also drive business decisions.

Data isn't just a benefit to customers – it can also help SMBs optimise their offering. “Information on conversion rates, cart abandonment rates and popular products can inform internal decisions,” says Ecwid’s Head of Business Development APAC, Jon Stribling. “Larger corporations have traditionally had an advantage over SMBs, with their higher staff numbers giving them the ability to run deeper data segmentations and integrations.”

To take advantage of these opportunities, SMBs should seek out automation software to help them understand and more effectively use data.

Tracking how long certain users spend on your website and whether or not they proceed to checkout can help you improve your checkout process, discontinue underperforming lines or find out whether a customer might be prompted to check out with a discount code, which could be sent to them automatically.

The more personalised and specific you're able to get, the likelier you are to encourage loyalty and repeat engagements with consumers.



“Trust, transparency and security are key. You’ve got to be clear with your customers about what data you are collecting, why and how you collect it, and what you plan to do with it.”

*Kevin Doyle,
Regional Vice President,
Salesforce*

Share information about the data you're collecting.

Before gathering and storing any information about your customers, it's vital you have a plan for doing so responsibly. A focus on trust, transparency and security is key, says Kevin Doyle, Regional Vice President at Salesforce.

“You’ve got to be clear with your customers about what data you intend to collect, why and how you collect it, and what you plan to do with it. You need to make it easy for them to opt in; you need to make it easy for them to opt out.”

Seek out legal advice to ensure your privacy policy meets local or international regulatory requirements, depending on your market, and display it in an easy-to-locate spot on your website.


Anywhere a customer is inputting their information – even if it's just an email address or postcode – provide a link to the policy, and notify users of your website's cookie policy when they first arrive.


“It's only through creating these open, trusted communications with your customer and letting them know how you plan on using their data that you will safely protect yourself,” says Kevin.

“This will be especially important as we move into an era where there will be more scrutiny over how data is used.”

How they do it: Shippit.

A shipping tool connecting online sellers to the best delivery options for them.

 Founded: 2014

 Number of employees: 85



Shippit is a tool that helps eCommerce businesses – or any business relying on the delivery of goods – find the best carrier options, something they are able to do using a rich pool of data.

Director William On and his co-founder are driven by data. It informs the way Shippit automatically matches shipments to carriers, and underscores the company's internal moves as well. "Decisions are only made when backed with data," he says.

When customers can see the benefits of sharing their information with businesses they trust, they are often happy to do so. "We are using data to create a curated marketplace and choose the best carrier without them having to think – this is super powerful," Will says. "Our job as a shipping platform is to make the best decisions for our merchants, while they focus on the important stuff."

Of course, storing and protecting his customers' information is incredibly important, as is being transparent about Shippit's privacy and information policies. "We work with some of the largest retailers in the world and GDPR [the EU's General Data Protection Regulation] has meant we've had to become compliant with global standards of data security." Shippit encrypts all personally identifiable data, whether it's stored inactively in a file ('data at rest') or database or moving through the internet or a network ('data in transit').

Will's advice to other businesses looking to use data to make decisions is to do it now. "Capturing data gives you a historical view of your customers and informs decisions that you make. This is critical as you want to tailor or personalise your offering and measure return on investment."

"Capturing data is critical if you want to tailor or personalise your offering and measure return on investment."

*William On,
CEO and Co-founder,
Shippit*

Your data-collecting checklist.

Start collecting customer data.

- Decide what customer data will help you understand your customers and their needs better. A great place to start is considering what you would feel comfortable with a business collecting about you.
- Put customer experience at the centre of your data strategy. Where would you like to grow or better connect with customers? Consider if the information you collect can help you solve business problems.
- When building data capture forms into your website, ensure they do not detract from the experience by making them short and simple, and by not asking for too much detail.
- Use drop-downs and autofill functions where possible to speed up the process of completing online forms.

Use customer data to create loyalty.

- Identify and reward repeat customers with offers like discounts or early access to sales.
- Create more targeted communications and offer customers more relevant products and promotions.

Use performance metrics to optimise the online experience.

- Have the right technology in place – ideally unified into a single platform – that allows people within your organisation to access data that impacts your business goals.
- Track online metrics, such as conversion rate and cart abandonment, to help identify areas for improvement.
- Monitor site activity and purchasing patterns, such as time on pages, popular products and average basket size, to help optimise the product line, service and experience.
- Look for time-savers. Existing technology and automation tools can make personalised conversations with customers easier and help you evolve and improve your customers' experience.

Transparency and security are key.

- Have a clear privacy policy, outlining what data you intend to collect, what you will do with it and how you will keep it safe. Make this easy to find on your website.

Need help making the most of your customer data?

Telstra Digital Marketing Services can provide solutions to help you understand customer behaviour and find the tools to drive repeat business.

[Dive into the world of data now.](#)



2.5 CUSTOMER EXPERIENCE
Video

**Making the
most of video.**

Fresh opportunities for businesses to deliver services and communicate through video.

With the flow of day-to-day work interrupted by COVID-19, we began relying on video to stay connected, learn and do business. According to Fiftyfive5's Covid Monitor research, use of audio/videoconferencing software rose steadily in the first half of the year for Australians with at least one telecommunications product as they looked for new ways to connect with each other, entertain themselves and engage with businesses.

Consumer increase in use of video (March–June 2020).



↑ 29%*

Using audio/videoconferencing software for work (e.g. Skype for Business, Zoom, Microsoft Teams).



↑ 22%*

Using audio/videoconferencing software for education (e.g. Google G Suite, Skype).

*Fiftyfive5's Covid Monitor research

After the initial learning curve and adjustment to working remotely, Australians are also becoming more accustomed to using video for work, and this is only likely to increase. Video will play a greater role in providing services to customers as 5G technology is rolled out, reducing lag time and offering the fast connectivity required for live streaming.

Is there opportunity for your business to take advantage of the increased use of video by incorporating it into the customer experience? This might include video sessions or livestreamed workout classes; communicating with customers directly over video; quoting for repairs or offering beauty consultations; or hosting live video sales for things that normally happen in-person, like home auctions or car sales.

There are even emerging online livestreaming solutions that let consumers shop exclusive retail deals in real-time through gamification – a trend that is already emerging in other markets like China and could present a huge opportunity for Australian businesses in the future.

Consumers might compete in a trivia game to win products or snap up deals and discounts.

Between March and April 2020, over

40%

of Australians were using video more often for leisure, work and education.



“[Video has] opened up new doors and opportunities. It gives me a platform to teach without the investment of owning a yoga studio or creating something in brick and mortar.”

Zoe Klein,
Founder,
Zoga

How video could broaden the scope of your business.

While businesses pivoted to video for health and safety reasons in early 2020, the move has revealed many benefits that mean video services will likely remain a fixture of some businesses in a post-COVID world.

They include:



Convenience to customers

- A doctor's appointment when you can't leave the house.
- Workout classes for people who can't attend in person.



Businesses reach new demographics

- A psychologist can have clients who live far away.
- Working parents can upskill with education or training courses.
- People with physical mobility barriers can access events.



“Our online [video] sessions have been so successful with people overseas and in regional areas. We’re reaching people who we wouldn’t usually be able to.”

*Melinda Janiszewski,
Director,
Cork and Canvas art studio*



Opportunity to launch new product categories

- Restaurants sending meal kits and video instructions to home cooks.
- Craft shops creating DIY packs, provided with instructional videos.



Efficient operations

- Businesses can save on travel, venue and logistical costs.

Your video checklist.

Connect with your audience using video.

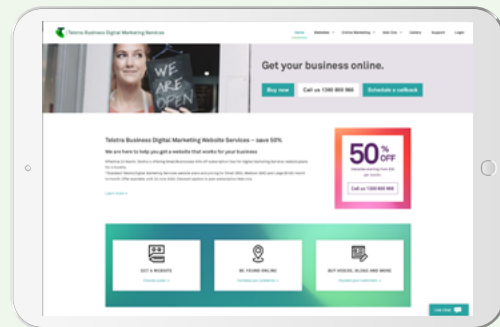
- Examine if there are opportunities to integrate video calling or streaming into your online presence at any points across a customer's purchasing journey.
- Consider if there is value in using live streaming to drive customer engagement and sales online.
- Incorporate a higher speed internet package to handle this.

Customer Experience resources.

Need help improving your online experience?

Improve your online customer experience at every stage, with assistance building an online presence, engaging with your customers and transacting online.

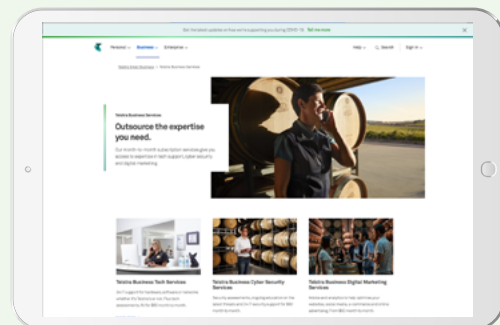
[Speak to Telstra's Digital Marketing Services team today.](#)



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Appendix.

Who is this report series for?

Telstra Business Intelligence 2020 is for all businesses with under 100 employees – from qualified tradies and entrepreneurial sole traders to businesses with multiple staff. It's even for larger SMBs that operate from multiple premises, manage remote employees or have teams of people out on the road.

While businesses differ, their customers have more in common – particularly when it comes to how technology is changing their behaviours and expectations.

This report series is especially for businesses that may be holding back on investing in technology due to limited resources or because they're not aware of what their customers want. It's also for those businesses that want to make the most of the opportunities that technology presents to increase productivity or grow their business.

Methodology.

Telstra Business Intelligence 2020 draws on both quantitative and qualitative research.

- **The core quantitative research** – Telstra Business Intelligence Study – was commissioned by Telstra and undertaken by independent research agency Picnic Customer Intelligence via online surveys in November 2019 with a sample of 1,000 consumers (aged 18 years and over) and 1,000 businesses with <100 employees. Quotas were used to ensure the sample was representative of the market. Fieldwork was conducted from 27 November 2019 to 11 December 2019.
- **Qualitative research** took place with a range of small business owners, industry experts and consumers from January 2020 to July 2020.
- **We've also drawn on other research studies** published in 2020 to illustrate specific areas where consumer and SMB attitudes and behaviours have been impacted by events this year. This includes research from Venture Insights Australian Consumer Behavioural Survey: Part 3 – Opportunities for growth in local online shopping, Venture Insights June 2020 and Fiftyfive5 Consumer COVID Impact Monitor June 2020.

Definitions.

In the context of our research and this report:

- A 'small business' is defined as having 1–19 employees. A 'medium business' is defined as having 20–99 employees. 'SMB' groups together small and medium businesses per the above definitions.

- Technology encompasses everything from the internet and telephone, to hardware devices (including mobiles and desktops) and software. In the context of the Telstra Business Intelligence 2020 report series, we place emphasis on technology that is used to connect people – be it businesses, customers or employees.
 - Consumer or customer is used to describe both existing and potential customers as well as consumers in general.
-

Acknowledgements.

We would like to acknowledge the tremendous contribution made to Telstra Business Intelligence 2020 by a number of organisations and individuals.

Business owners:

- Virginia Martin is Founder at Búl.
- Ruby Hagen is Assistant Director at Hagen's Organics.
- Sam de Bruin is Founder and Director at Karmic Cold Pressed Juice.
- William On is CEO and Co-founder at Shippit.

Subject matter experts:

- Katrina Konstas is Sales Director ANZ at Afterpay.
- Ben Franzi is General Manager of Parcel and Express Services at Australia Post.
- Jon Stribling is Head of Business Development APAC at Ecwid.
- Melinda Petrunoff is Director of Small and Medium Business (Australia & New Zealand) at Facebook.
- Samantha Zammit is SMB Modern Workplace Lead at Microsoft.
- Ryan Murtagh is CEO and Founder at Neto.
- Kevin Doyle is Regional Vice President at Salesforce.

Telstra's Customer Research & Insights team – SMB Insights lead, Nikki Murrell.

Matt Howley and Raymond Lo from Picnic Customer Intelligence, a research consultancy dedicated to helping businesses make the smartest, 'most right' decisions. Picnic was the research partner engaged in helping design and develop the study that supported this report.

Michelle Dekkers, Katherine Kennedy, Hayley Spring and Paul Mather, Telstra Marketing and Product Leads.

All of the wonderful consumers and small and medium business owners who contributed their time so generously to be interviewed or participate in our surveys.

Thank you for reading the second report in the Telstra Business Intelligence 2020 series. We hope it's been valuable. For more insights, expert advice and best in-class case studies, keep an eye out for our next report.