2025
Business Index & Consumer Report

Australia
January 2026

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Introduction

The Thryv Business Index and Consumer Report is an annual survey of Australia's small and medium businesses (SMB) and consumers, tracking:

- SMB business activity over the last twelve months
- Expectations for the next six months
- Overall confidence among SMBs
- Consumer preferences, expectations and satisfaction

The Thryv Business Index and Consumer Report samples SMBs and consumers nationally, enabling broad analysis on this market and relevant trends and issues. It examines differences by location, business size and industry. The aim is to capture the attitudes and behaviours of SMBs, which compromise approximately 97% of Australian businesses, alongside a comparison of consumer preferences, expectations and satisfaction in their interactions with these businesses.

About the Survey

This study included 1,023 small business owners or decision makers, employing up to 150 people, and 953 consumers from Australia.

This sample is drawn from metropolitan and non-metropolitan regions through Australia, with targets set for location and industry as shown below.

Data collection took place from 25 August to 3 September 2025.

SMBs and consumers were selected at random and screened to select specific firmographic and demographic groups.

Objectives

SMBs

- Understand small business decision-maker opinions regarding economic activity in Australia over the past twelve months and six months into the future.
- Determine their desire for growth and how that growth will be achieved and measured.
- Describe their work-life balance and the impact of running a small business.
- Evaluate software usage with additional detail relating to CRMs usage and adoption.
- Understand their marketing methods and financing needs.

SMBs and Consumers

- Compare SMB opinions about service, social responsibility, and communication with consumers.
- Compare SMB use of digital tools and reviews with consumer desires to use digital tools and their use of reviews.

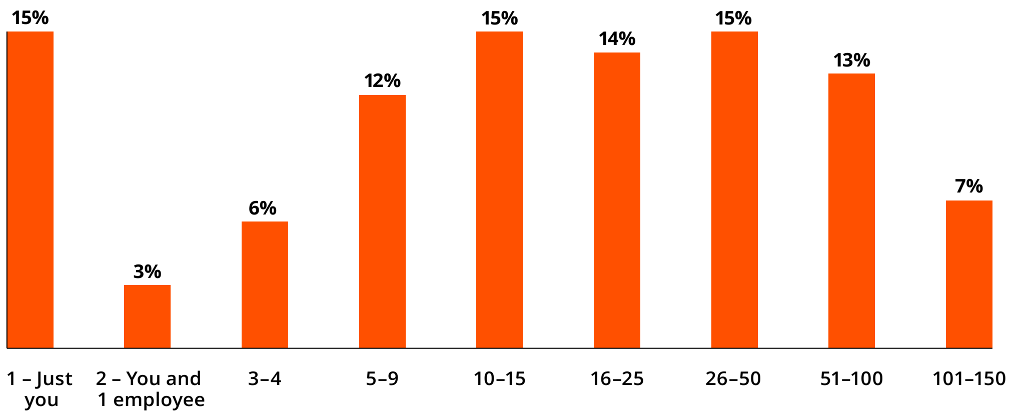
Businesses

Location of Business

	Metro	Regional	Total
New South Wales	27.2%	6.9%	34.1%
Victoria	27.0%	4.3%	31.3%
Queensland	9.5%	5.4%	14.9%
South Australia	5.4%	1.5%	6.8%
Western Australia	7.3%	1.0%	8.3%
Tasmania	1.7%	0.8%	2.4%
Northern Territory	0.3%	0.0%	0.3%
Australian Capital Territory	1.6%	0.2%	1.8%

Size of Business

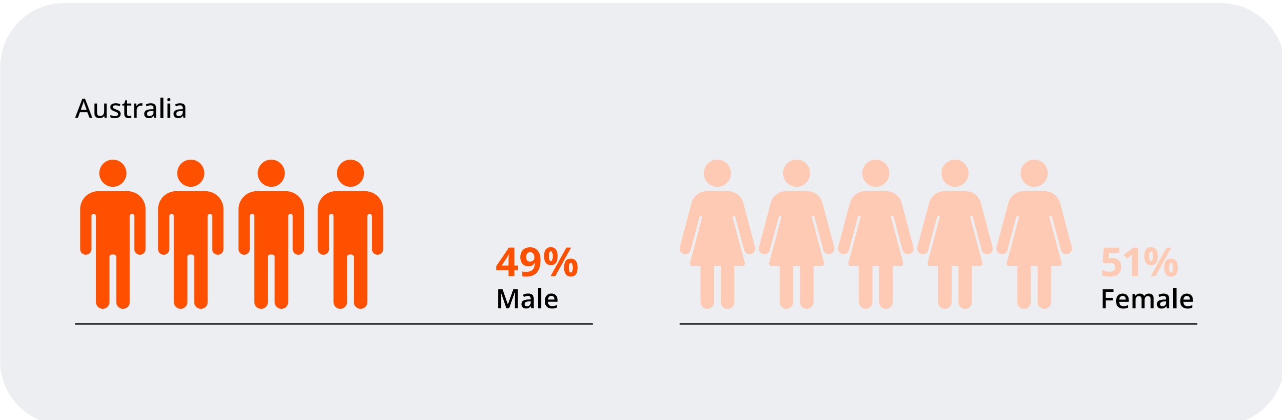
Number of employees 1,023



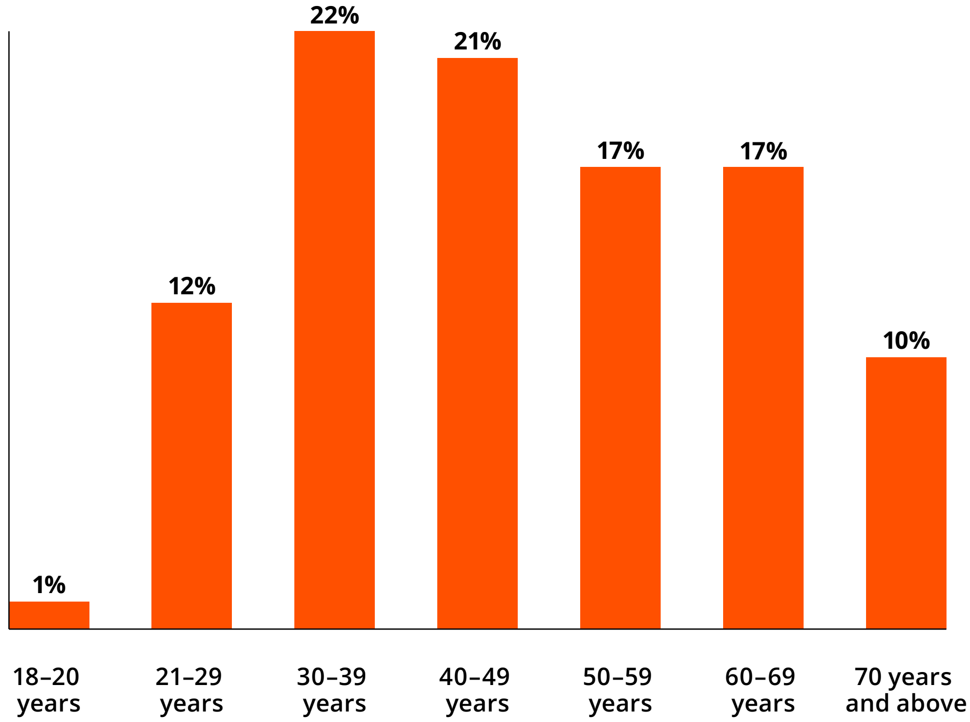
Industry Sector			
Professional services	18%	Childcare	3%
Construction	16%	Travel	2%
Shopping or Retail	12%	Real Estate	2%
Automotive	10%	Not-for-profit	2%
Healthcare	9%	Physical Fitness or Activities	2%
Education or Training	8%	IT	1%
Restaurant or Entertainment	7%	Petcare	1%
Home or Business Services	4%	Industrial or Agriculture	1%
Salon	3%	Transportation	1%

Consumers

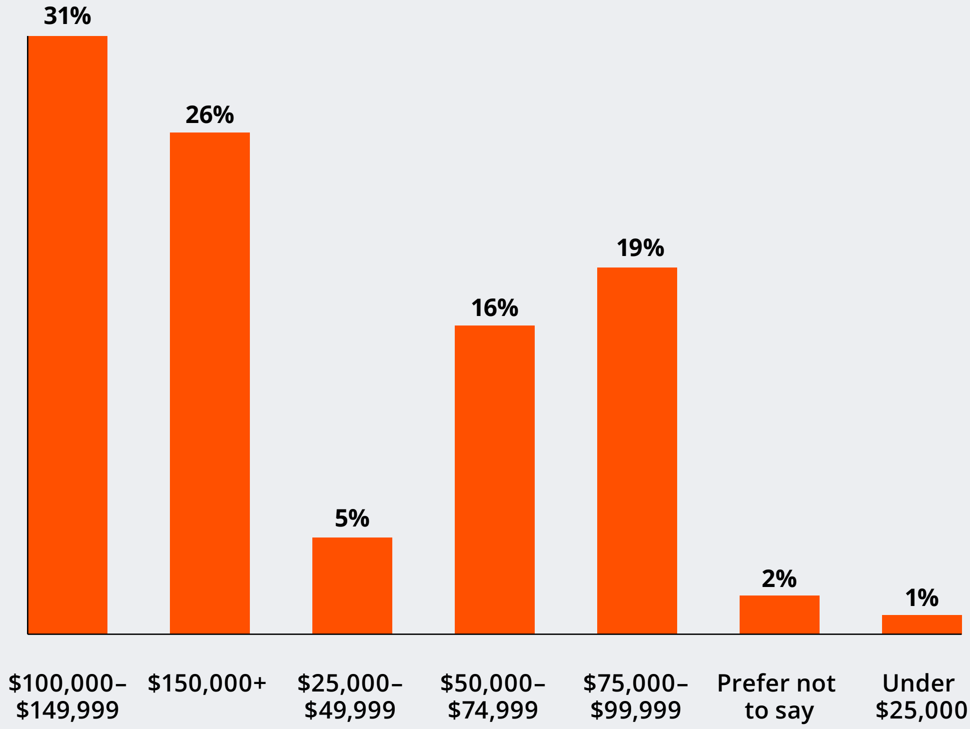
Gender



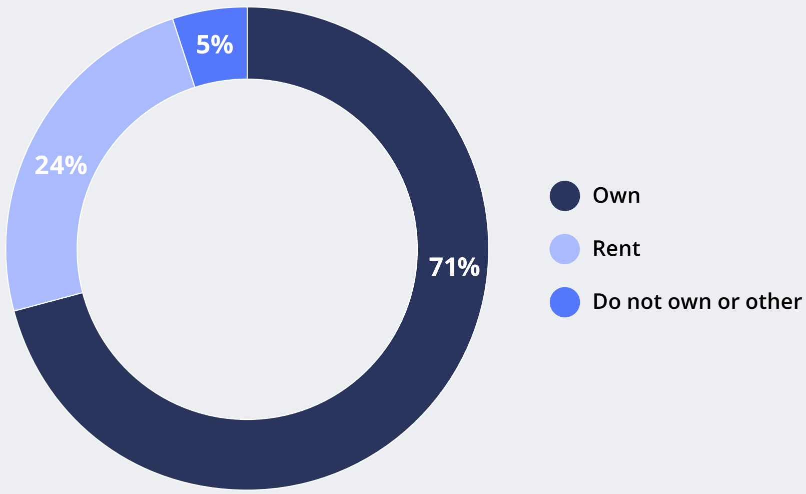
Age



Annual Household Income



Home Ownership



Foreword

Australia's small business story is one of courage and reinvention. From the family-run retailers, regional tradespeople, the sole service professional, to the digital innovator reshaping industries, small and medium businesses (SMBS) form the economic and cultural framework and they are the quiet force that drives local prosperity and national progress.

The 2025 Thryv Business Index and Consumer Report provides a clear and data-driven view of how these businesses are navigating an era of cost pressures, workforce challenges and evolving customer expectations.
What emerges is a portrait of resilience with intent. Business owners are not waiting for the economy to turn, they are adapting, investing and finding new ways to grow.

The findings reveal strength built on substance. More than half of Australia's SMBs report revenue growth and most expect that trend to continue. Yet their confidence is pragmatic. They recognise that growth now depends less on momentum and more on credibility – the ability to deliver, communicate and connect with consistency.

Consumers, too, are shaping this next chapter. They are seeking authenticity, accessibility and trust – values reflected in every review, response and interaction. Businesses that listen, respond and communicate with care are earning loyalty in a market where every experience counts.

However, behind the statistics lies a human story. Many business owners are carrying heavier workloads and tighter margins, yet continue to show extraordinary perseverance. Their adaptability and optimism remain Australia's greatest competitive advantage.

At Thryv, we believe technology should amplify the capability and resilience of business owners – giving them the tools to work smarter, connect faster and grow stronger.

This report is a reflection of how SMBs continue to lead Australia's economic and social fabric – **proving once again that resilience, when paired with purpose, is unstoppable**.

Elise Balsillie
Head of Thryv Australia and New Zealand

Executive Summary

The Thryv 2025 Business Index and Consumer Report provides a detailed analysis of Australia's small and medium business (SMB) landscape, contrasting business sentiment and strategy with consumer expectations, behaviours, and digital trends.

Business Snapshot & Sentiment

Australian SMBs remain optimistic, with positive economic performance reflected over the past year and confidence prevailing for the next six months. Most believe government policies are supportive, and the majority plan for sustainable growth or stable operations rather than rapid expansion. Profitability, revenue, and customer retention are the principal benchmarks for success, even as economic uncertainty, rising costs, and inflation present ongoing challenges. Top growth drivers include hiring quality staff and ramping up marketing, alongside investments in digital tools, infrastructure, and technology.

Growth, Costs & Financial Performance

Business growth has persisted despite economic headwinds. Over the past year, 57% of Australian SMBs experienced revenue growth and 53% saw profit margin gains, though rising input costs continue to put pressure on bottom lines. The majority (72%) report increases in cost of goods – driving many (67%) to raise their prices. Cash flow is further strained by increasing payment delays, with over half reporting longer wait times for customer payments.

Employment, Investment & Finance

Australian businesses are investing in their people, with 67% increasing wages and most maintaining or growing their staff numbers. Looking ahead, more than half plan to increase spend in marketing, software, and infrastructure. Funding for growth is widely accessible and used; 40% have sought new financing in the past six months and 90% of those were successful, with a preference for personal savings, bank loans, and credit options.

Wellbeing, Workload & Owner

While most SMB owners are satisfied with work-life balance, managing costs, acquiring customers, and maintaining wellbeing remain top ongoing challenges. Burnout and succession planning are significant considerations, with 43% having contemplated stepping away. Financial independence, passion, and flexibility are the strongest motivators for continuing business ownership.

Digital Transformation & Customer Experience

Australian SMBs are steadily progressing in digital adoption, with high confidence in and willingness to invest in digital solutions, software, and even AI. However, many businesses still under-deliver on key consumer digital expectations – especially around features like online stores, booking, and mobile-friendly websites. Only 13% of businesses offer none of these features, but expectation gaps remain.

Customer Perception & Delivery Gap

A notable gap exists between SMBs' own ratings of their digital presence and service, and how consumers experience them. While 72% of SMBs believe they have strong online visibility, only 49% of consumers agree. Similarly, half of SMBs say they deliver consistently high service, but only one-quarter of consumers share that opinion, with gaps even more pronounced for seamless customer experiences.

Online Reviews & Reputation Management

Consumers are highly reliant on online reviews: 71% check reviews before making a purchase. In turn, 80% of businesses at least sometimes encourage reviews, but only 38% always do. While most businesses are responsive (45% always respond, 39% sometimes), only a third of consumers see responsiveness as a key decision factor – illustrating a need for greater integration of reviews into overall service strategy.

Communication & Customer Engagement

Australian SMBs use a wide variety of communication channels, with email, phone, SMS, and social media at the forefront. Yet, consumer preferences are more focused, with 57% favouring email. Personalisation and frequency sensitivity are important; over half of consumers want tailored communication, with the majority preferring monthly or occasional updates.

Loyalty Drivers & Trust

Delivering excellent service, competitive pricing, and consistency are the leading loyalty drivers for Australians, with discounts and loyalty programs also valued – though less commonly offered by businesses. Trust is primarily built by word-of-mouth recommendations, positive communication, and clear policies, with higher prices and lack of reviews cited as main deterrents to purchase.

Sustainability & Social Responsibility

Australian SMBs see themselves as highly committed to sustainability and social responsibility, with 79% self-reporting consistent adherence to these values. Consumer recognition is similar, though one in six remain unconvinced, highlighting an opportunity for SMBs to further communicate and demonstrate real impact in this space.

Government Policy & Support

Most SMBs see both federal and state/territory governments as at least slightly supportive of their interests, but notable minorities remain neutral or perceive active barriers – especially at the federal level. Awareness of digital adoption support programs is split, suggesting room for greater outreach.

Consumer Insights

Australian consumers actively support small, medium, and large businesses alike, displaying strong loyalty to small businesses. They find SMBs through recommendations, online search, and community events, with digital convenience now crucial to their purchase and loyalty decisions. Despite some gaps, many consumers acknowledge the resilience and adaptability SMBs showed in navigating the challenges of 2024 and 2025.

The Way Forward

To maintain momentum and capture loyalty, Australian SMBs must close the gap between what they offer and what consumer experience demands – especially in digital delivery and customer service quality. Investing in digital capabilities, upgrading review management, increasing communication personalisation, and demonstrating sustainability will remain decisive factors for long-term resilience and growth.

The 2025 Thryv Business Index and Consumer Report provides actionable insights for SMBs and policymakers to enhance competitiveness, drive innovation, and ensure business success in a fast-evolving Australian market.

Snapshot

SMB

- Small businesses are optimistic.
- Each of the index measures shows that small businesses believe the economy has done well over the past twelve months, and they are optimistic about the next six months.
- Most believe the government is supportive of small businesses.
- The majority of small businesses are planning for steady, sustainable growth or maintaining their current level of activity.
- They measure growth based on increased profit, revenue, and customer retention.
- Despite their optimism, they say the main barrier to growth is economic uncertainty.
- Their biggest concerns are rising costs and inflation.
- They see hiring quality staff and increased marketing as key to having a positive impact over the next six months.
- Plans for the next six months are fragmented, but raising prices, cutting costs, and expanding their offerings are the three that are most likely.
- Most are satisfied with their work-life balance.
- Small business decision-makers are motivated by financial independence and a passion for what they do.
- The most time-consuming tasks are highly fragmented, but administrative tasks and customer service require the most time.

Consumer

- Consumers consistently rated small businesses lower than the small businesses rated themselves.
- In particular, consumers rated small businesses much lower on delivering a high level of service.
- This is also the most important attribute according to consumers.
- Fewer than half of small businesses actively encourage reviews or respond to reviews.
- This is likely an important failure point since most consumers check reviews, and they look for high scores and responses from businesses.
- Service, product quality, and price are the top three attributes of a business that encourage consumers to return and make another purchase.
- Higher prices are most likely to stop a consumer from making a purchase at a small business.
- A recommendation from someone they know, and excellent communication, are the two things most likely to build consumer trust.

Business Outlook

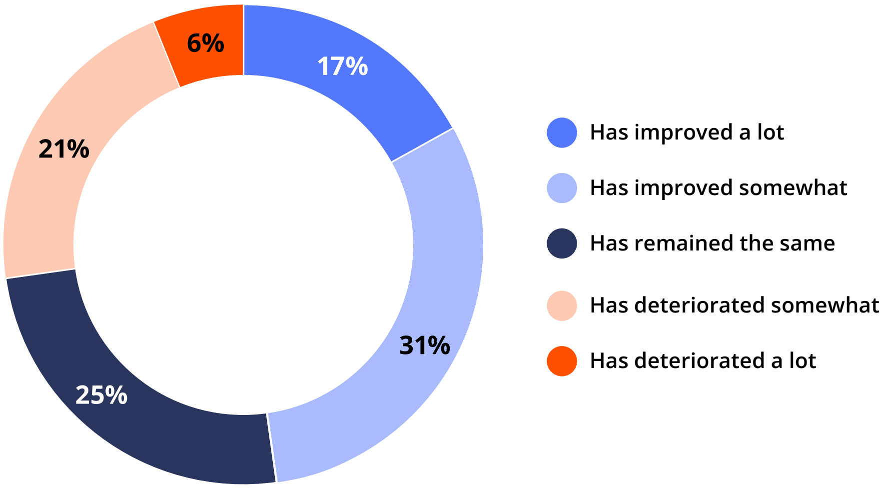
Business Confidence

Australians are moderately optimistic about the economic outlook, with a higher proportion expecting improvement than deterioration both in the past year and for the upcoming months.

Past Year Perceptions

- 6% of Australians felt the economy has deteriorated a lot, while 21% believed it has deteriorated somewhat.
- On the positive side, 17% perceived the economy as having improved a lot and 31% as having improved somewhat.
- 25% believe the economy has remained the same.

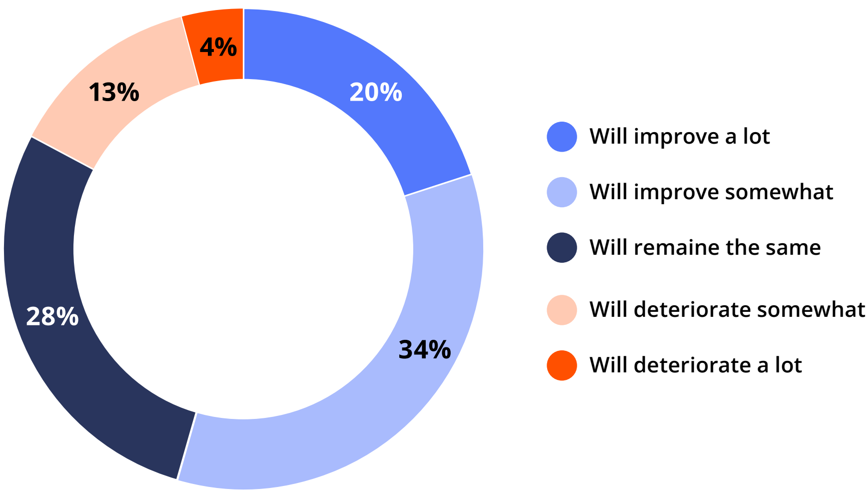
National Economy – Past 12 Months



Next 6 Months Expectations

- Only 4% expect the economy to deteriorate a lot, and 13% expect deterioration somewhat.
- Optimism is evident, with 20% expecting the economy to improve a lot and 34% expecting improvement somewhat.
- 28% believe the economy will remain unchanged.

National Economy – 6 Months

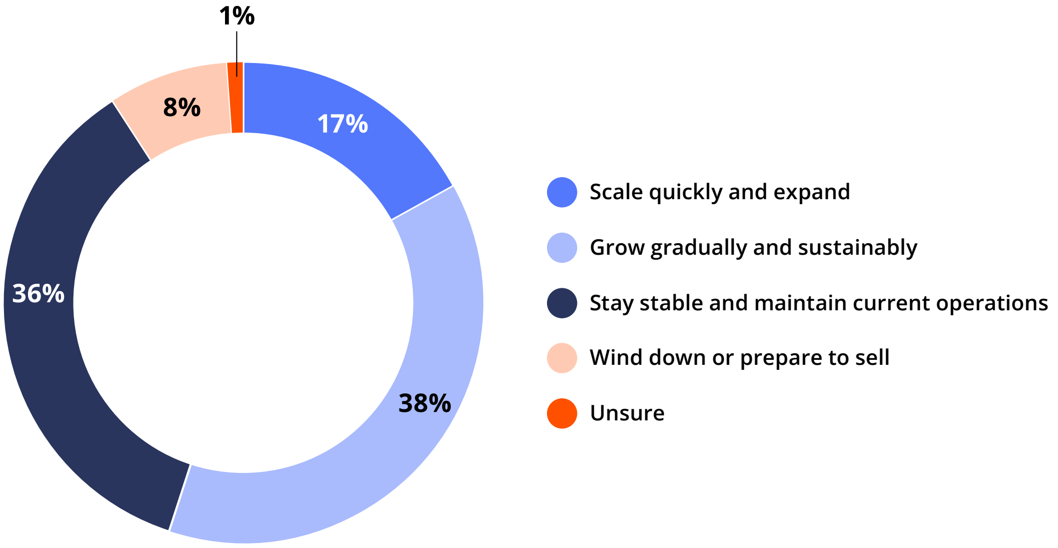


Business Goals and Prospects

Growth Ambitions and Stability Define SMB Priorities Across Australia

Australian businesses mainly prioritise steady, sustainable growth, with a significant portion also choosing stability for the coming year. Ambitious expansion is less common, and only a small proportion is considering winding down or selling. The findings suggest a cautious but growth-oriented approach among Australian businesses over the next 12 months.

Primary business goal for the next 12 months

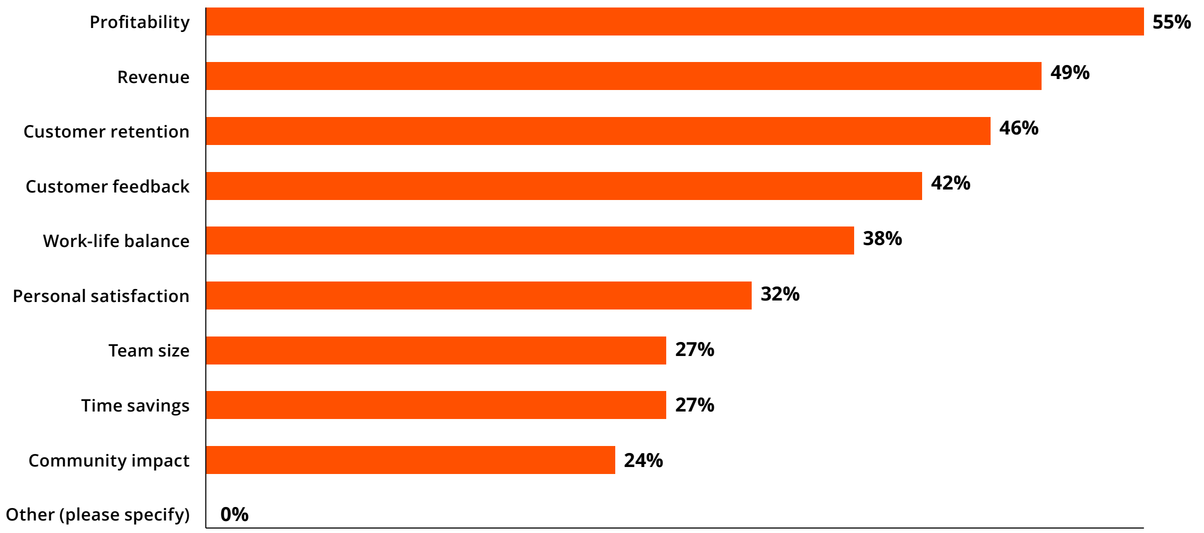


Growth

Measuring Growth

Australian SMBs primarily measure growth and success using financial indicators, with profitability (55%) and revenue (49%) regarded as the most important metrics. Retaining customers (46%) and gathering customer feedback (42%) are also key determinants, underscoring the importance placed on customer relationships and satisfaction. Additionally, non-financial factors like work-life balance (38%) and personal satisfaction (32%) feature prominently, reflecting a holistic perspective on business achievement. Team size (27%), time savings (27%), and community impact (24%) are less widely referenced but still contribute to the broader definition of business success among Australia's small and medium businesses.

How do you measure growth or success in your business?



Over

50%

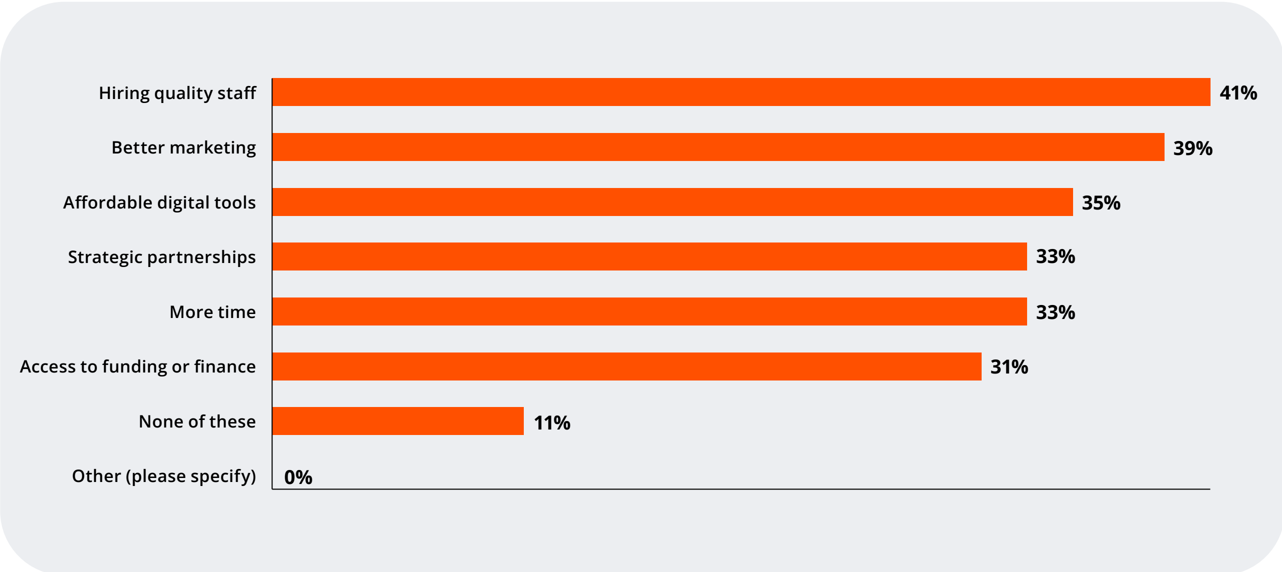
of small and medium sized businesses cite **profitablity** as key

thryv

Growth Drivers: What Will Propel SMB Success in the Next Six Months?

SMBs identify hiring quality staff (41%) as the top factor positively impacting business growth over the next six months. Better marketing (39%) and affordable digital tools (35%) are also seen as key growth drivers. Strategic partnerships (33%), having more time (33%), and access to funding or finance (31%) round out the most significant factors for future growth. Notably, 11% of respondents indicate that none of these factors will positively impact their business, suggesting that some SMBs may be facing barriers to growth. Overall, Australian businesses are focused on talent acquisition, effective promotion, technology adoption, and collaboration as central to their near-term growth strategies.

Will any of these things have a positive impact on your business growth over the next six months?



Balancing Growth and Cost: SMB Plans for the Next Six Months

Australian small and medium businesses are demonstrating a strategic approach to balancing growth ambitions with cost management over the next six months. The data reveals an intent to drive expansion while maintaining a clear focus on financial sustainability.

Almost one in three businesses (33%) plan to expand their business offerings and 30% intend to grow their online presence – clear markers that digital and product/service expansion remain top priorities.

Cost Control and Efficiency Measures

Whilst there is a proactive stance toward business development, innovation, and customer engagement, a significant portion of respondents – 33% – will seek to reduce other costs, and 29% plan to invest in technology specifically to reduce costs and boost efficiency.

Price increases are under consideration for 33% of SMBs, while 18% are considering reducing staff and 14% are contemplating downsizing or moving locations. These responses reflect readiness to adapt pricing strategies and operational footprint to changing market conditions and cost pressures.

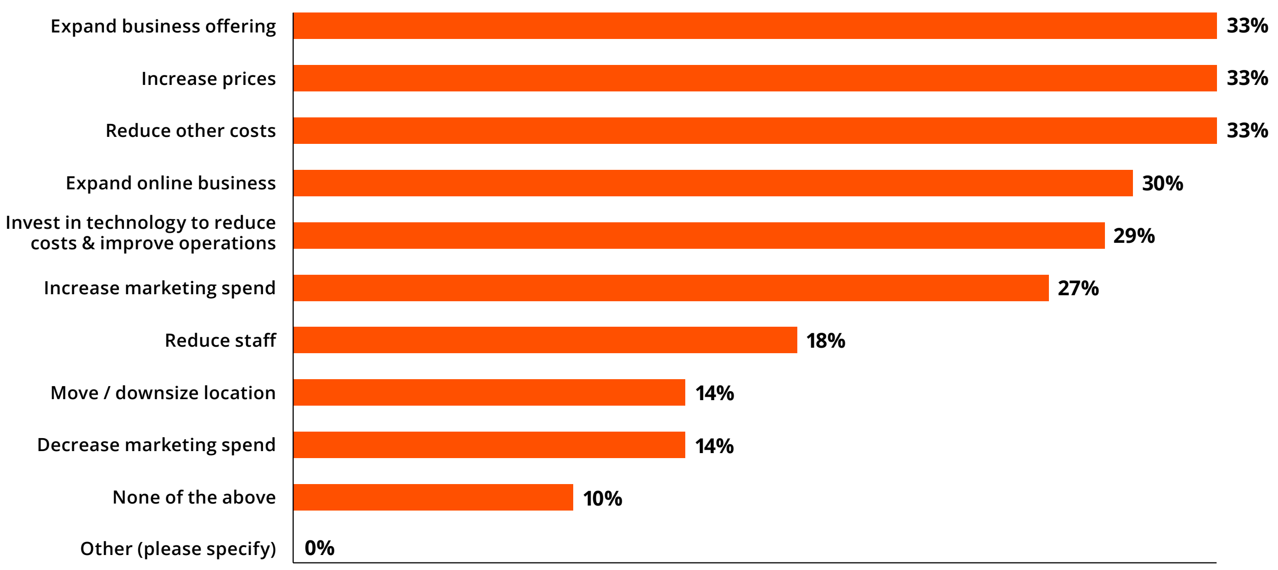
Notably, 10% of businesses are not planning any major actions, suggesting a segment that is cautious or satisfied with current operations.

Marketing Investment

While 27% plan to increase marketing spend to fuel growth, 14% may decrease their marketing outlays – highlighting a measured approach toward investment risk and ROI in promotional activities.

Australian SMBs are taking a holistic and balanced approach to growth: investments in talent, marketing, technology, and expansion are being carefully weighed against the need to contain costs, optimise efficiencies, and protect profitability. The near-equal focus on both expansion and cost-cutting strategies suggests businesses are keen to seize opportunities for growth but remain mindful of economic uncertainties and financial constraints. This balance between growth and cost management is likely to be a defining feature of the Australian business environment in the coming six months.

Are you planning to do any of these things in the next 6 months?



Barriers to Growth

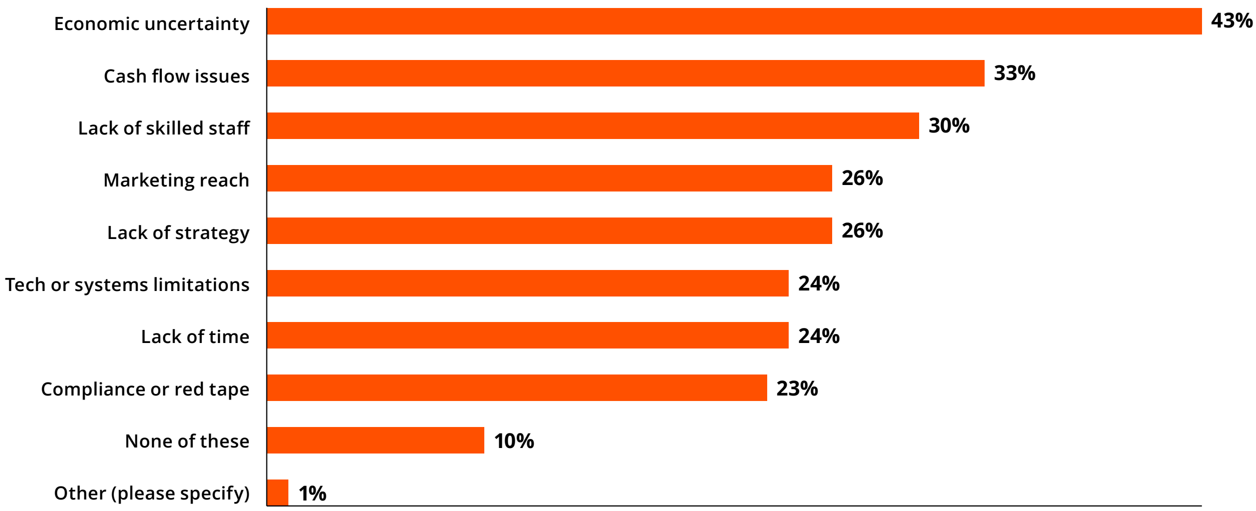
Australian SMBs are operating in an environment marked by persistent cost pressures, economic uncertainty, and workforce challenges. Rising costs, inflation, and labour-related concerns dominate the list of current issues, while economic unpredictability, cash flow, and shortages of skilled staff are most likely to prevent businesses from achieving growth. Many SMBs are also hindered by their ability to effectively market, strategise, streamline operations, and keep pace with compliance demands.

These insights underscore the need for targeted support and resources to help Australian SMBs confront and surmount the barriers that threaten their growth and resilience.

Growth Under Pressure: Main Challenges Facing SMBs in Australia

- Economic uncertainty stands as the most cited barrier to business growth, with 43% identifying it as a key obstacle.
- Cash flow issues (33%) and a lack of skilled staff (30%) are prominent impediments to expansion and operational success.
- Marketing reach and lack of strategy both impact 26% of respondents, while technology or systems limitations (24%) and lack of time (24%) also restrict growth potential.
- Compliance or red tape is a barrier for 23% of SMBs.
- 10% of respondents do not identify any of these as growth barriers.

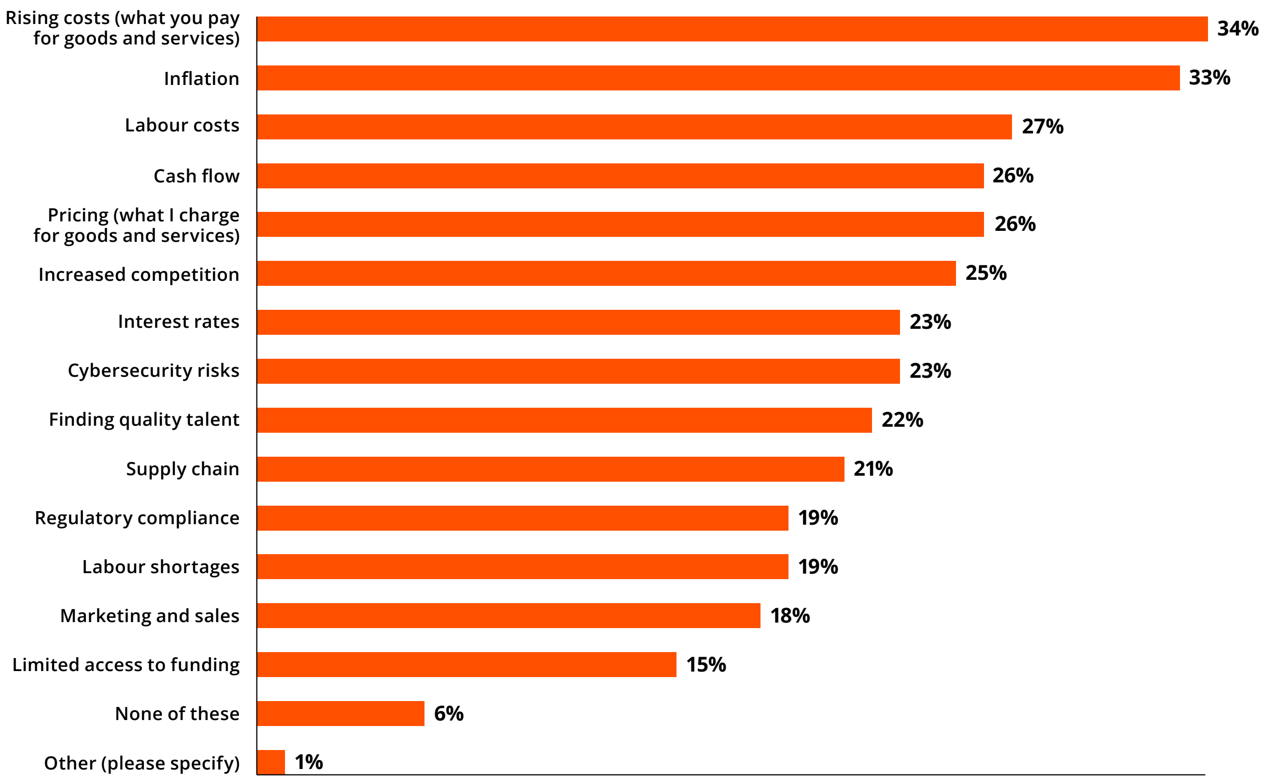
Are any of these barriers to your business growth?



SMBs Grapple with Rising Costs and Inflation

- 34% of Australian SMBs are concerned about rising costs for goods and services, making it the single largest current worry.
- Inflation (33%) and labour costs (27%) are also prominent concerns, highlighting the strain that general price increases and workforce expenses place on businesses.
- Nearly one in four businesses are affected by cash flow (26%), pricing (26%), and increased competition (25%).
- Interest rates (23%) and cybersecurity risks (23%) are also significant, while finding quality talent (22%) and supply chain disruptions (21%) remain pressing issues.
- Regulatory compliance (19%), labour shortages (19%), and challenges with marketing and sales (18%) round out the list of major concerns. Limited access to funding is cited by 15% of respondents.
- Only 6% are currently unconcerned by any of these issues.

Are you concerned about any of these things currently affecting your business?



Revenue, Profit and Costs

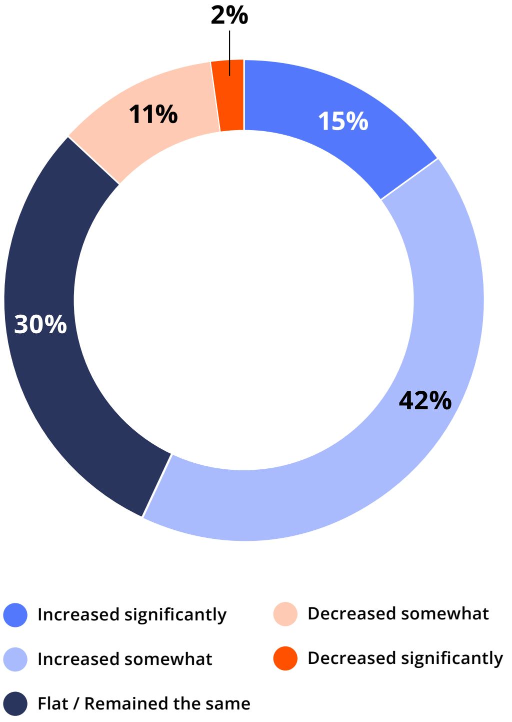
Growth Persists Despite Rising Costs

Australian businesses are navigating economic challenges with resilience, reporting year-on-year gains in both revenue and profitability, even as higher costs put pressure on margins. Most SMBs expect positive trends to continue in the next six months.

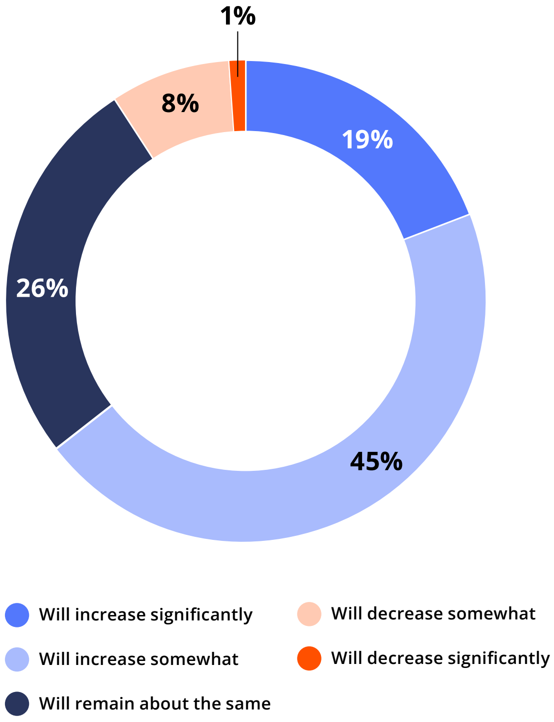
Strong Revenue and Profit Growth Despite Cost Pressures

- Over the past year, 57% experienced revenue growth (15% significantly, 42% somewhat), while 30% saw little change and 13% had a decrease.
- Looking ahead, optimism remains strong: 64% anticipate increasing revenue (19% significantly, 45% somewhat) and only 9% foresee a decrease.

Past Year



Next 6 Months

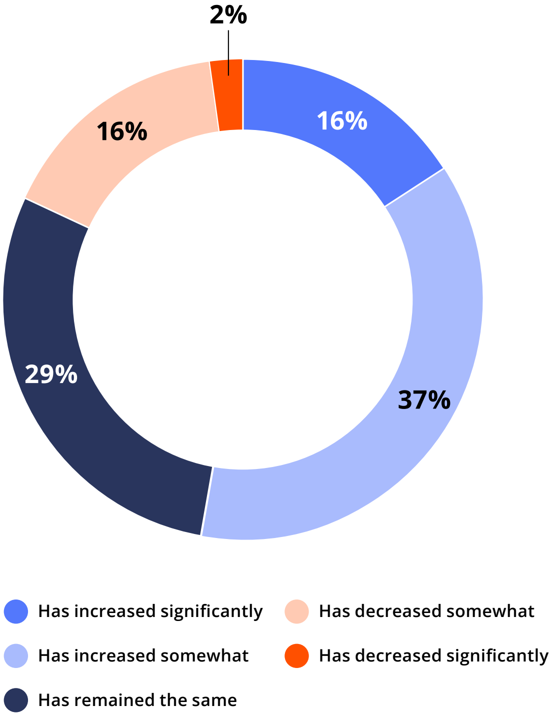


Profit margins on the rise

- 53% saw profit margins grow last year (16% significantly, 37% somewhat), with 29% reporting stable margins.
- Over the next six months, 59% expect their profit margins to rise (21% significantly, 38% somewhat), while only 11% expect any reduction.

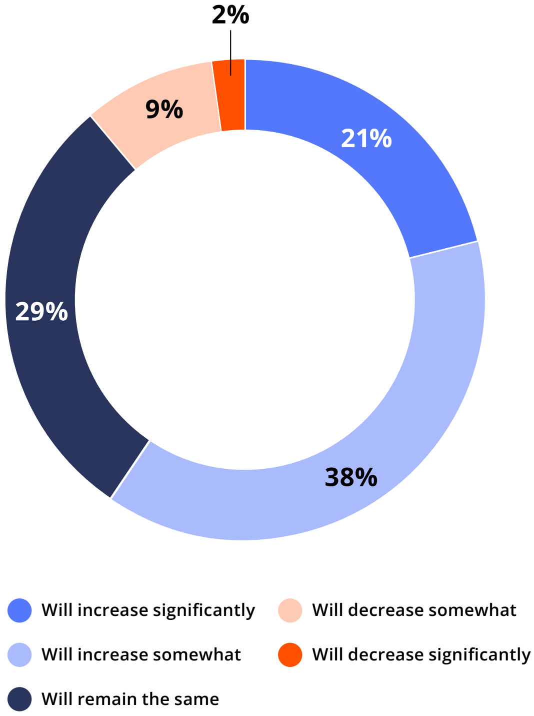
Past Year

How have your company's profit margins changed over the past year?



Next 6 Months

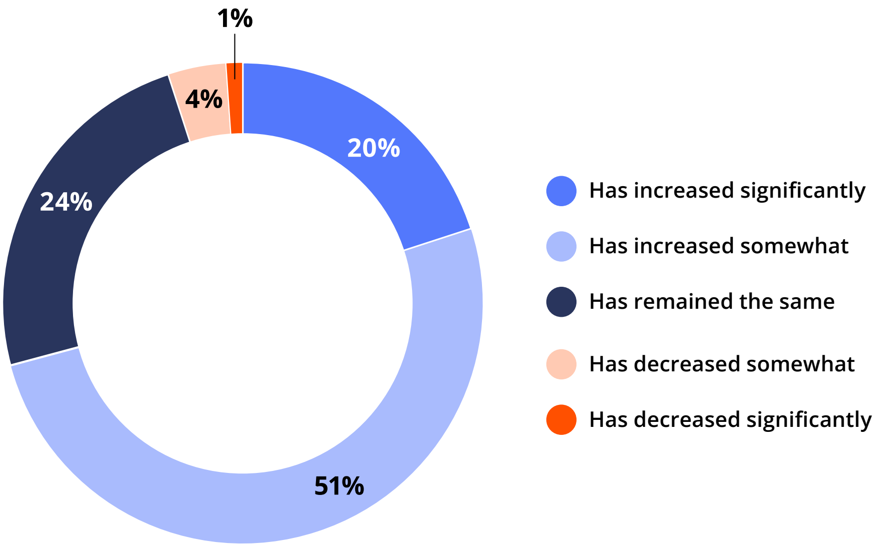
How do you expect your company's profit margins to change over the next 6 months?



Rising Cost of Goods Presents Ongoing Challenge

- The vast majority are feeling price pressures: 71% report increased cost of goods (20% significantly, 51% somewhat) in the last year.
- Just 4% enjoyed any cost reduction; a quarter (24%) saw no change.

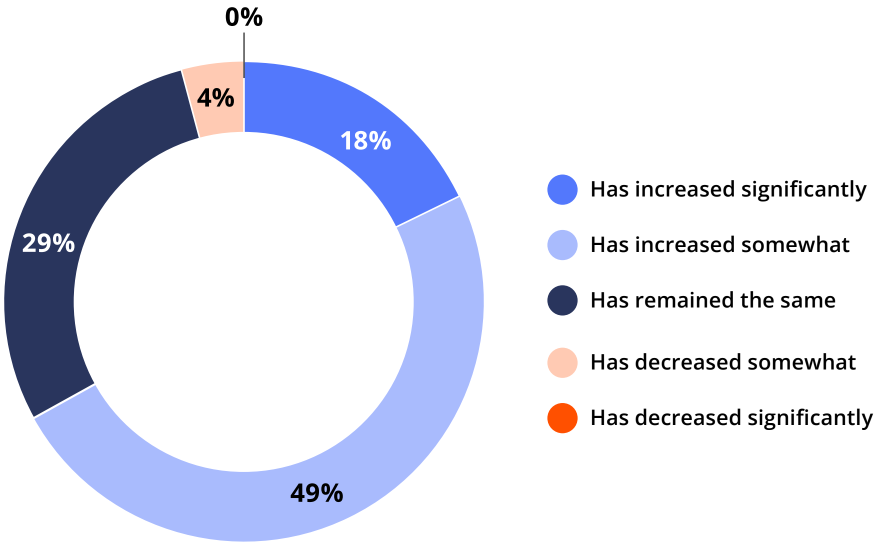
How has your company's cost of goods changed over the past year?



Australian SMBs Pass on Costs by Raising Prices

- To manage cost pressures, 67% raised their own prices (18% significantly, 49% somewhat).
- Only 4% decreased prices and 29% kept them stable.

How has your company's prices changed over the past year?

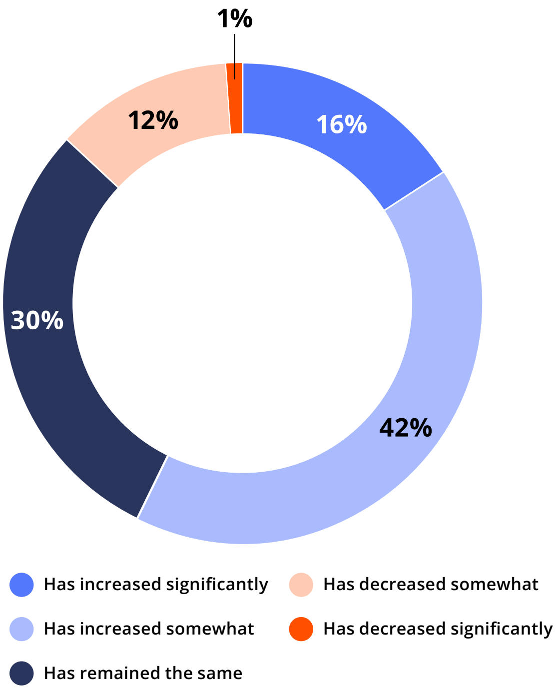


Customer Numbers Trending Upward for Most Australian Businesses

- Customer growth remains robust, with 58% reporting an increase (16% significantly, 42% somewhat) and only 13% seeing a decrease.
- Looking forward, 62% expect continued growth in their customer/client numbers and just 7% predict declines. 30% anticipate steady volumes.

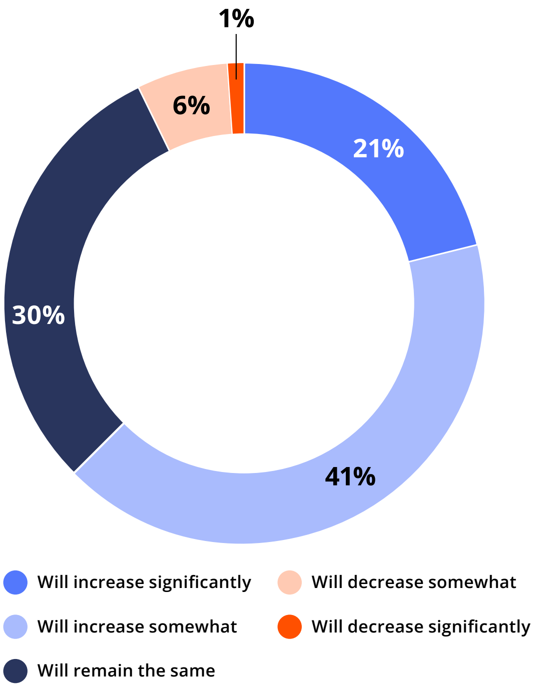
Past Year

How have the number of customers or clients changed over the past year?



Next 6 Months

How do you expect the number of customers or client to change over the next 6 months?



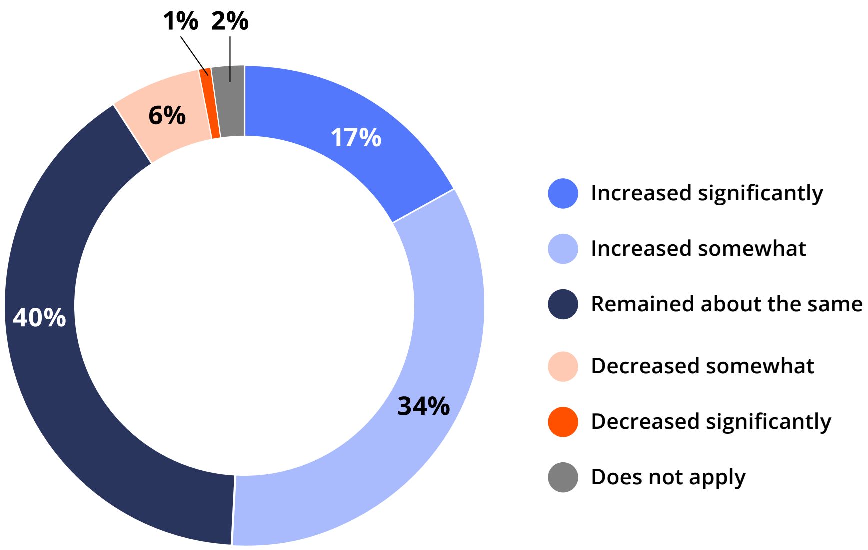
Cashflow and Customer Payment Behaviours

Payment Delays Persist for man Australian SMBs

Half of SMBs are seeing deteriorating payment timeliness than improvements, which is posing an ongoing strain on cash flow.

Over the past six months, many Australian businesses have experienced increased delays in receiving payments from their customers.

- 17% reported that payment times have increased significantly.
- 34% said payment times have increased somewhat.
- 40% stated customer payment times have remained about the same.
- Only 6% noticed a slight decrease, and 1% saw a significant decrease in payment times.
- For 2%, the question did not apply to their business.



Employment and Wages

Australian businesses are increasing wages for their workforce and keeping headcounts stable or slightly up, signalling ongoing investment in people as a growth driver.

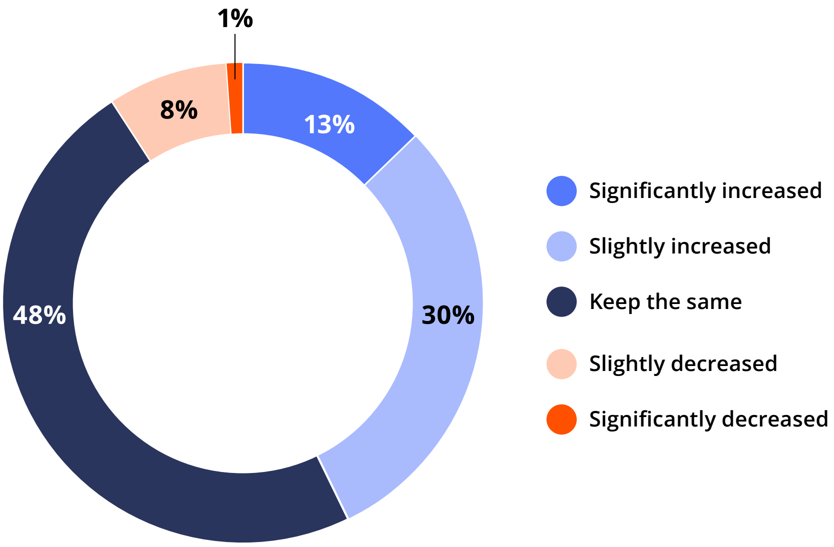
Wages on the Rise Steady Employment Trends

- Over the past year, most Australian SMBs increased salaries and wages, not including new hires.
  - 17% increased wages significantly, 50% increased them somewhat.
  - Only 4% decreased wages somewhat; 1% saw a significant decrease.
  - 29% kept wages the same.
- In total, 67% lifted salaries (significantly or somewhat), while decreases remain rare.

Staffing Changes Over the Past Year

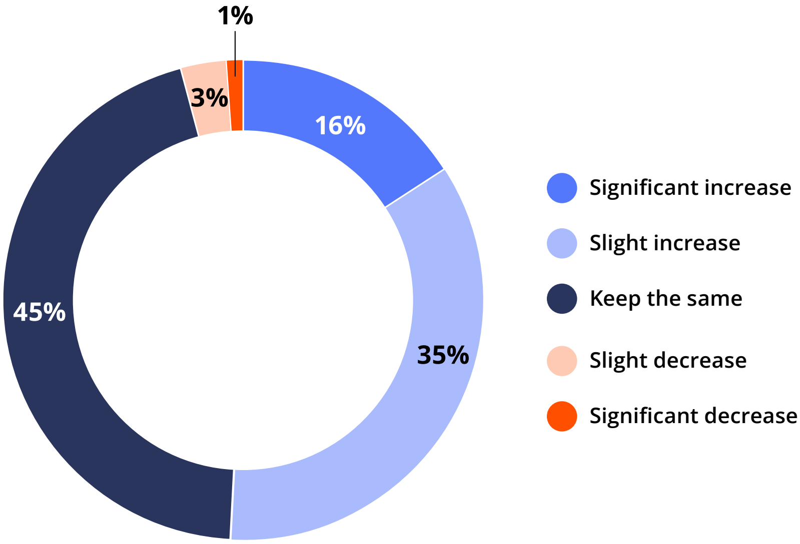
Australian businesses are increasing wages for their workforce and keeping headcounts stable or slightly up, signalling ongoing investment in people as a growth driver.

- Staff numbers have remained steady for nearly half (48%), while 13% significantly increased staff and 30% increased staff slightly.
- Only 1% significantly reduced employees; 8% decreased slightly.



Hiring Outlook for the Next Six Months

- Over the coming six months, 16% expect a significant increase in staff, 35% expect a slight increase, and 45% plan to keep employee levels the same.
- Reductions are anticipated by only 3% (significant or slight).

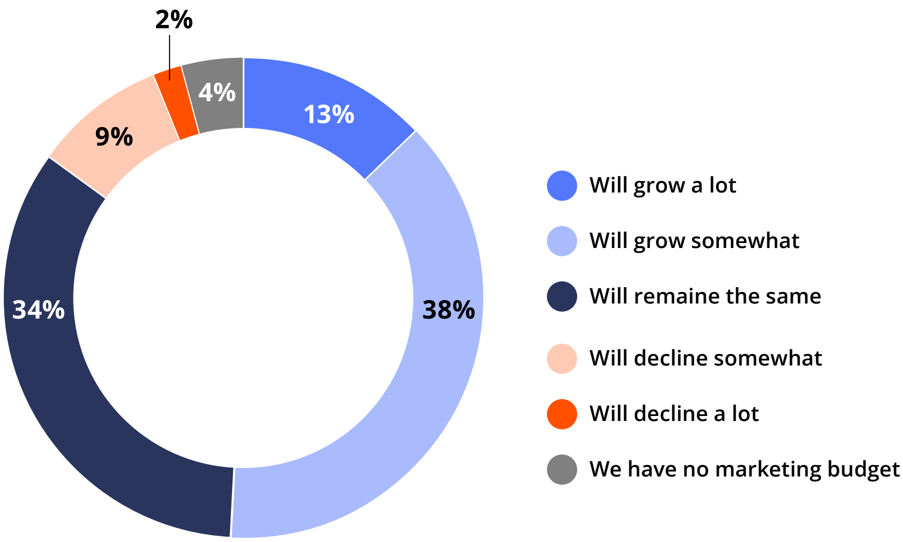


Investment Focus

Australian SMBs are signalling strong intent to invest in their business growth over the coming months. The majority are prioritising spending on equipment, infrastructure, marketing, and software as strategic avenues for future expansion and operational efficiency. This proactive approach is complemented by a willingness to increase budgets rather than hold back, suggesting confidence in business prospects and readiness to pursue new opportunities in a competitive market.

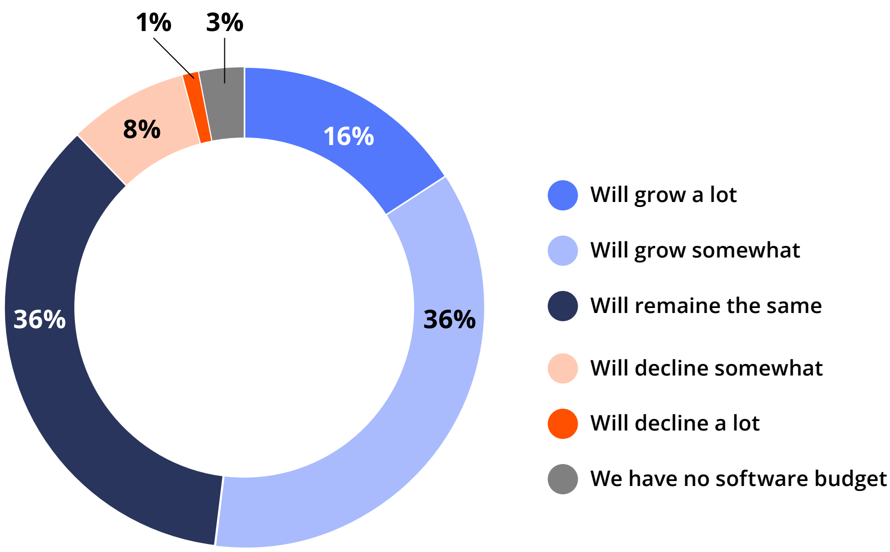
Marketing Budget Expectations

When it comes to marketing, just over half (51%) anticipate increasing their budgets in the next six months (13% expect to grow a lot, 38% somewhat). One third (34%) plan to keep the budget unchanged, while 11% expect it to decline. Only 4% report having no marketing budget.



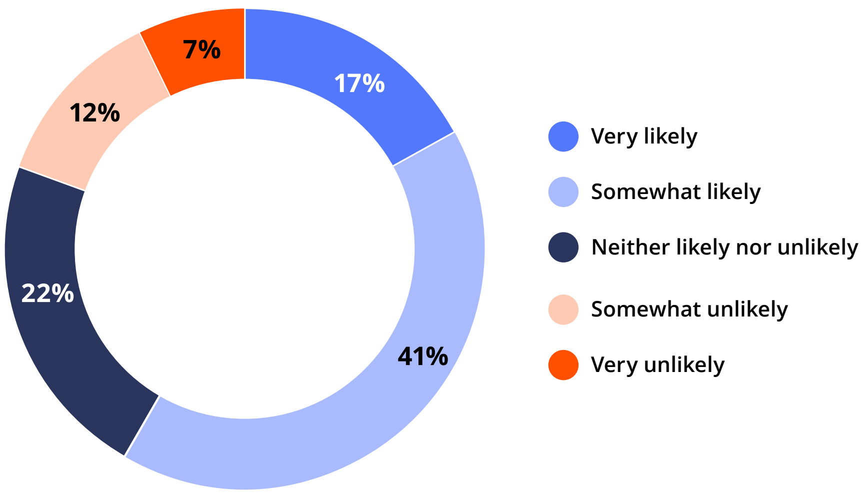
Software Budget Outlook

Investments in software remain a priority, with 52% planning to grow their software spend (16% a lot, 36% somewhat). Over a third (36%) will keep spending the same. 9% foresee a decrease in their software budgets, and 3% indicate no budget allocation for software.



Investment Plans for Equipment & Infrastructure

Australian SMBs maintain a positive outlook for investment, with 58% saying they are likely to invest in equipment or infrastructure over the next six months (17% very likely, 41% somewhat likely). Nearly a quarter (22%) are undecided, while just 19% say they are unlikely to invest.



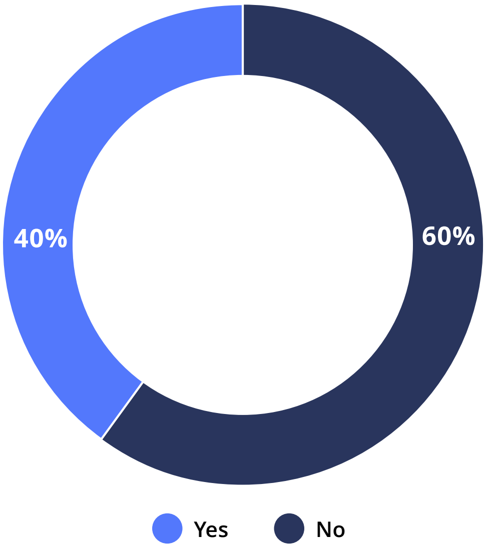
Financing Access and Preferences

40% of Australian SMBs are proactively seeking new financing to fuel their business growth, with two in five having applied for funding in the past six months. Success rates remain high at 90% for those who apply, and most businesses consider access to finance either easier or unchanged compared to the prior period. These positive outcomes suggest a relatively supportive environment for business lending, helping underpin expansion and resilience.

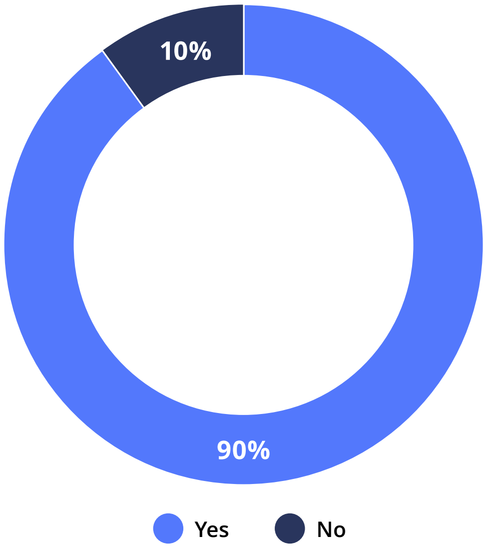
Recent Attempts to Secure Financing

In the past six months, 40% of Australian SMBs have sought new financing to support their business activities. Among those who applied, a strong majority (90%) were successful in securing the funding they needed, reflecting an effective and responsive lending landscape for businesses actively looking for capital.

Tried to obtain finance

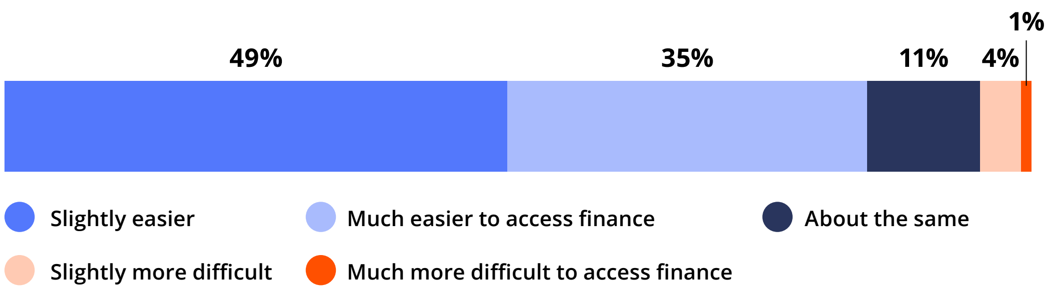


Success in securing finance



Changing Ease of Access

Australian SMBs report that access to finance is generally becoming easier compared to the previous six months or remaining stable. 84% of Australian SMBs say it is now easier to obtain funding, while very few indicate that the process has become more difficult. These insights suggest that financial institutions continue to meet the needs of Australian businesses, helping sustain their momentum and growth.



Diverse Financing Options Remain on the Table for Australian SMBs

Australian SMBs indicate a strong willingness to explore a variety of financing solutions over the next six months. The most commonly considered options are personal savings (41%), bank loans (40%), credit cards (33%), and overdrafts (24%). Other avenues include seeking support from friends and family (22%), government loans (18%), equity capital raising (18%), and buy now pay later services (17%). Only 8% say they would not consider any of these options, and 1% cite other sources. These responses demonstrate the broad mix of strategies Australian businesses are open to in managing future funding needs.

Funding Option	Australia
Personal savings	41%
Credit card	33%
Bank loan	40%
Overdraft	24%
Friends and family	22%
Government loan	18%
Equity capital raising	18%
Buy Now Pay Later	17%
None of these	8%
Other	1%

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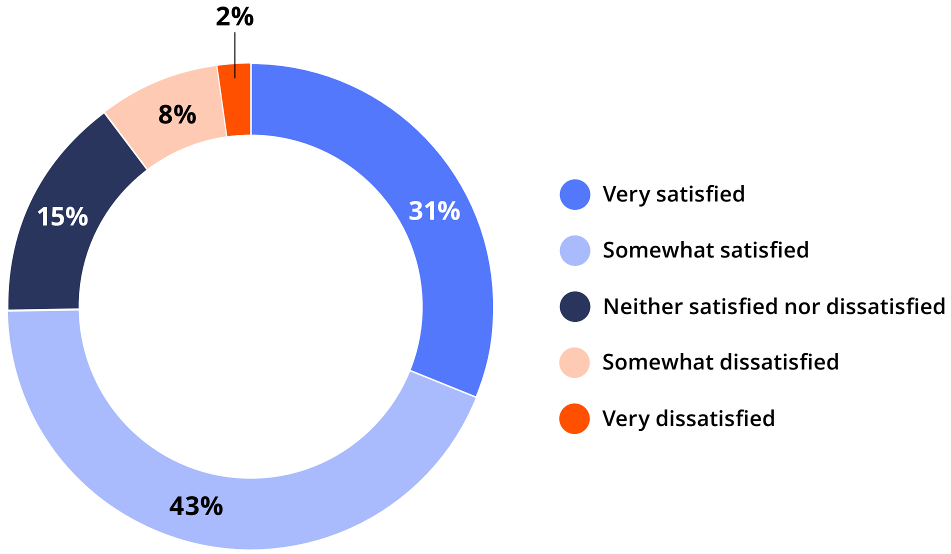
Work-life Balance and Wellbeing

While most (74%) SMBs are satisfied with their work-life balance, it's also one of the top three ongoing challenges.

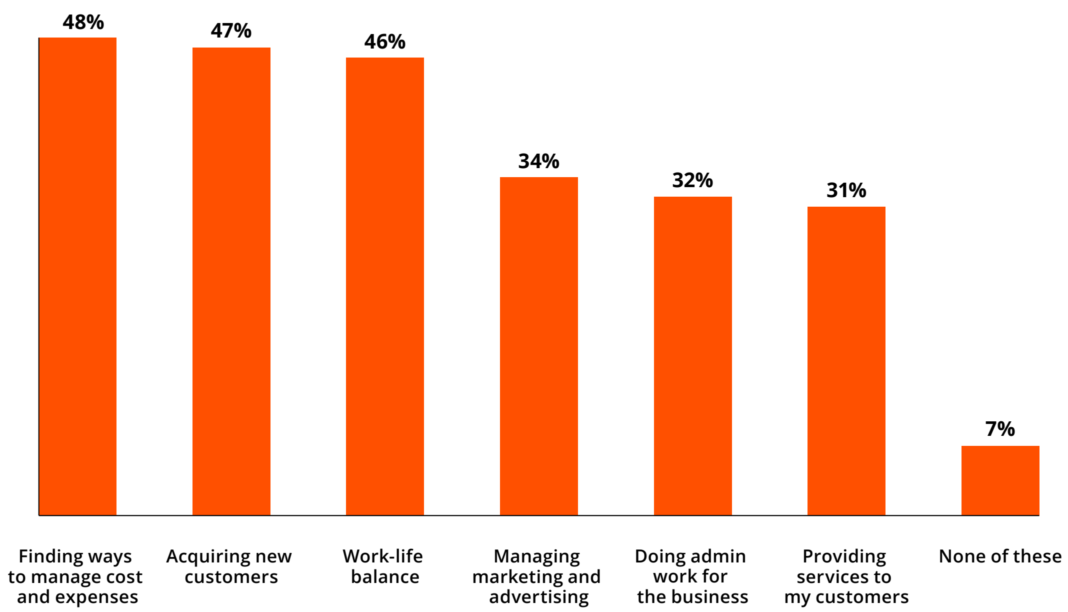


Managing Costs and Customer Acquisition Top the List of Ongoing SMB Challenges

Australian SMBs are facing a range of persistent challenges as they navigate the current business landscape. Nearly half (48%) cite finding ways to manage costs and expenses as an ongoing issue, making it the most prevalent concern among respondents. Acquiring new customers is a challenge for 47%, while maintaining a healthy work-life balance impacts 46% of business owners.

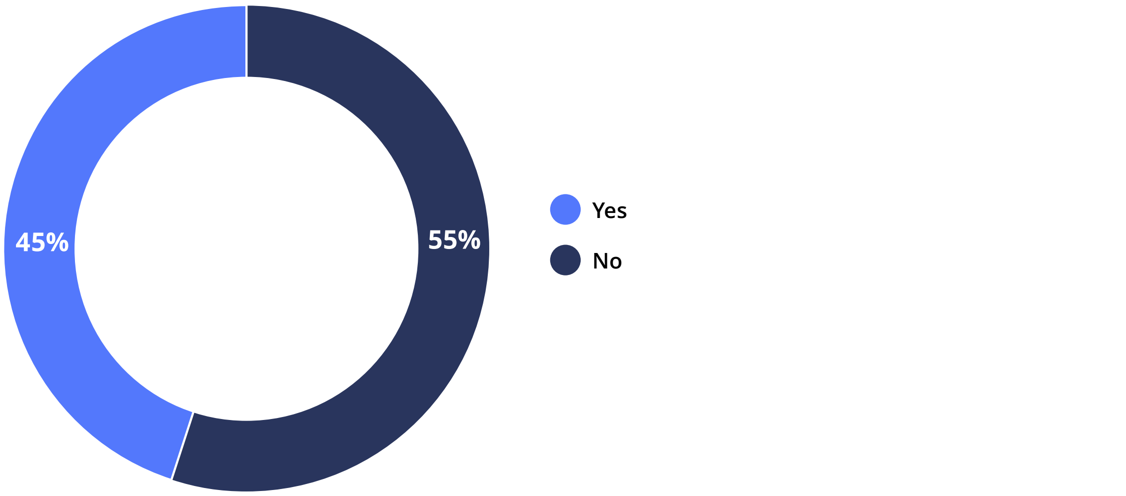
Additional hurdles include managing marketing and advertising efforts (34%), handling administrative tasks (32%), and providing services to customers (31%). Only 7% report that none of these are ongoing challenges for their business.

Taken together, these insights reveal that financial management and growth activities remain top priorities for Australian SMBs, alongside balancing operational demands and personal wellbeing.

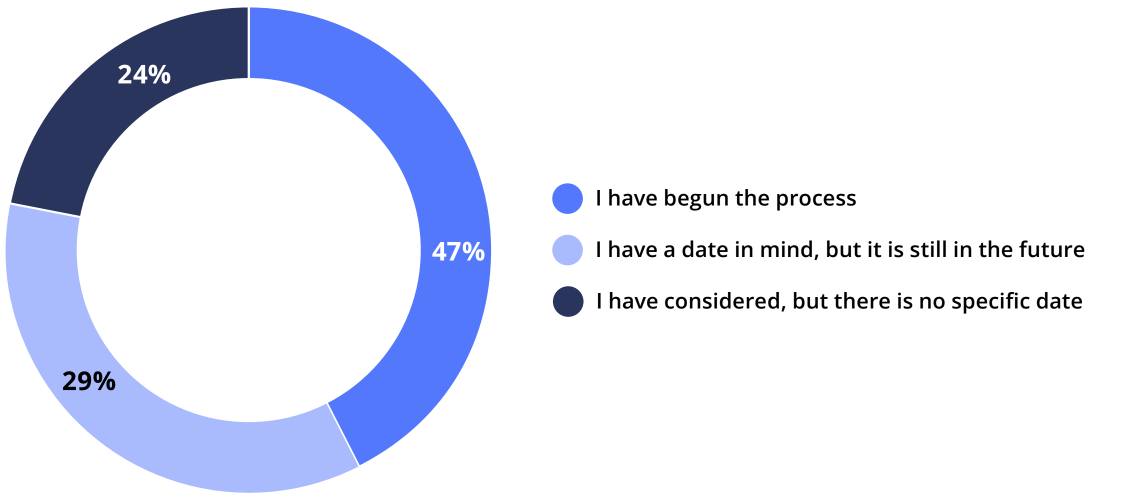


Owner Burnout and Succession Considerations

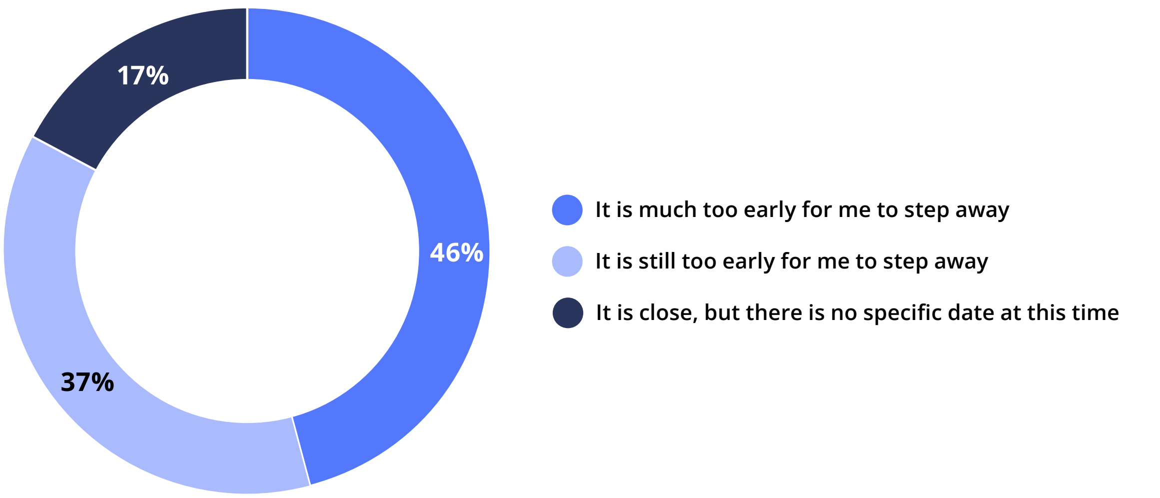
Burnout and workload pressures have led 45% of Australian SMB owners to consider stepping away from their business.



Among those who have considered it, 47% have begun the process, 24% have a future exit date in mind, and 29% have thought about it with no specific date.

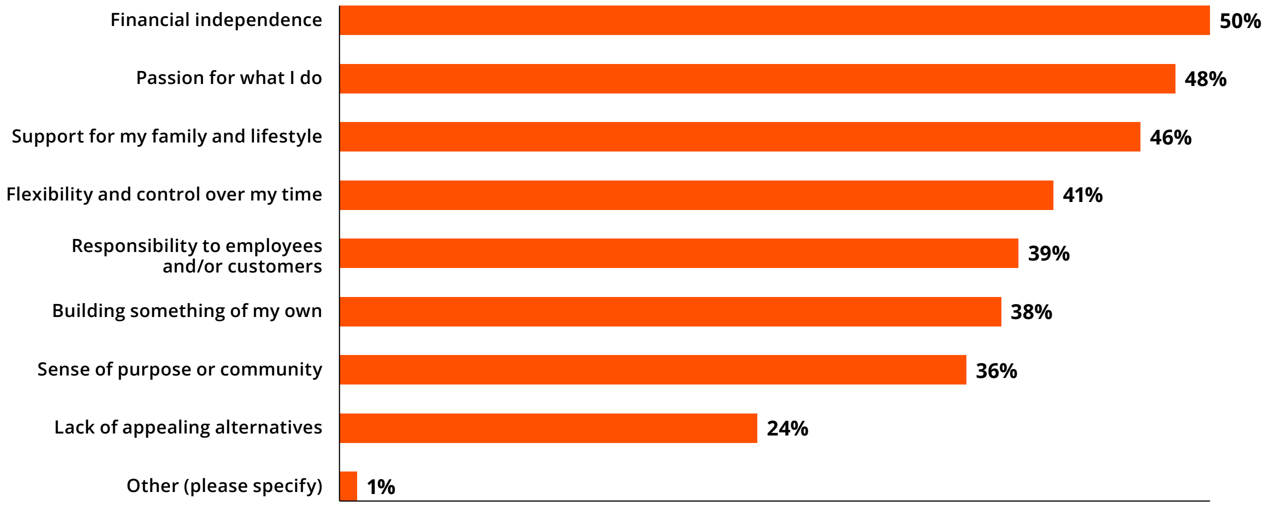


Of those who have not considered exiting, almost half (46%) feel it's much too early to contemplate, showing a mix of burnout pressures and long-term plans.



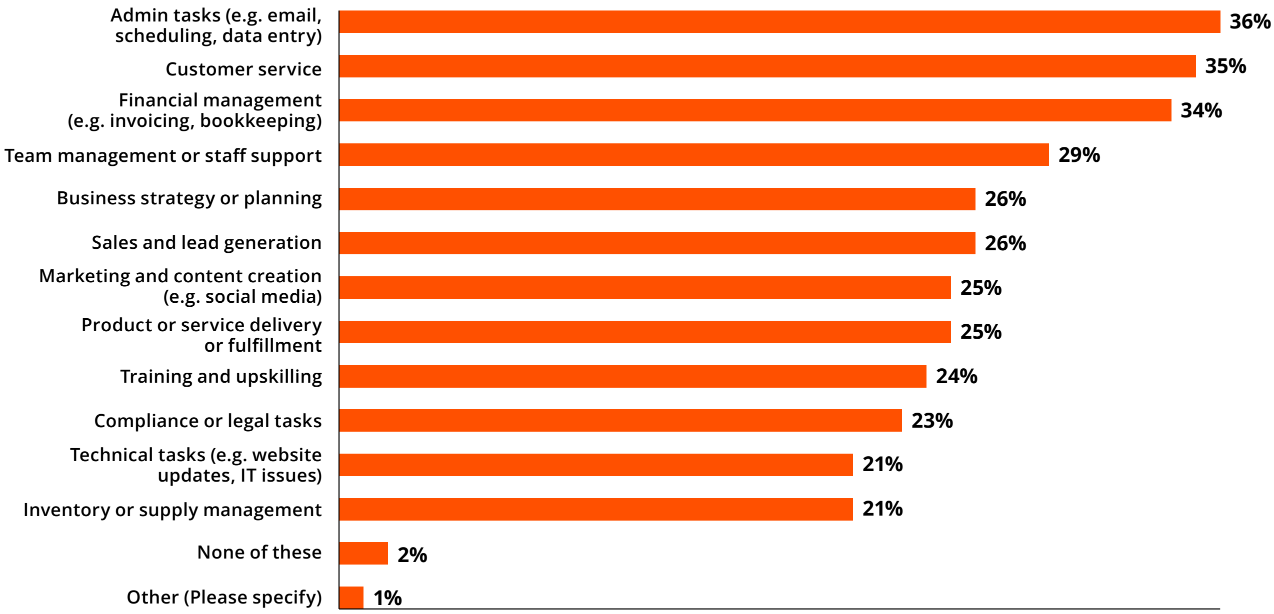
Why SMB Owners in Australia Keep Going

Financial independence (50%) and passion (48%) are the top reasons Australian SMB owners continue running their business. Supporting family/lifestyle (46%), flexibility (41%), responsibility to employees/customers (39%), building something of their own (38%), and a sense of community purpose (36%) are also important motivators. Fewer (24%) cite lack of appealing alternatives – suggesting that most motivation is positive rather than obligatory.



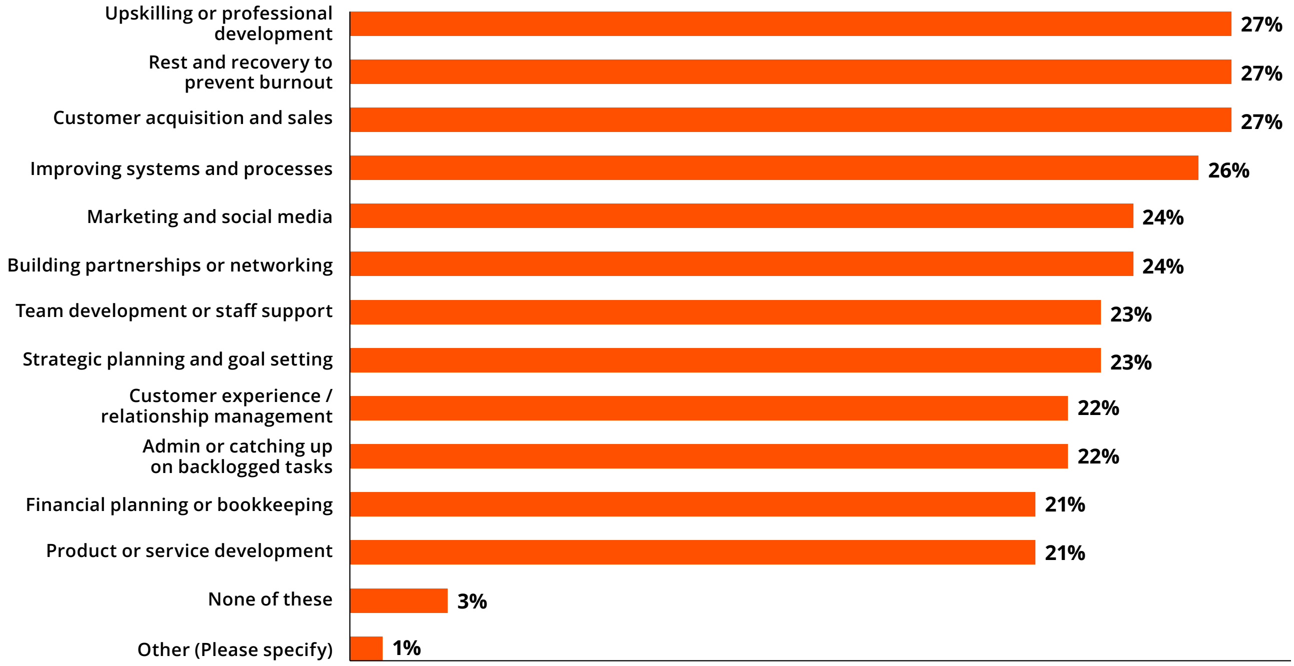
The Weekly Workload: What Takes Up the Most Time for SMB Owners?

Australian SMB owners report that administrative tasks (36%) and customer service (35%) are the largest drains on their weekly time. Financial management (34%), team management (29%), and sales/lead generation (26%) also occupy many hours, as do activities like business strategy, product/service delivery, marketing, training, compliance, inventory, and technical tasks. Only 2% say none of these are major time drains, highlighting the operational complexity and time management demands faced in running a business.



Extra Hours, Extra Impact: Where Would SMB Owners Focus?

Given an additional 10 hours per week, Australian SMB owners are most likely to invest in upskilling or professional development (27%), customer acquisition and sales (27%), and rest/recovery to prevent burnout (27%). Operational improvements (26%), marketing/social media (24%), networking/partnerships (24%), and business planning are also popular choices, with team development, customer experience, admin, product/service development, and financial planning not far behind. This spread reflects the broad set of priorities and pressures that come with managing a small business.

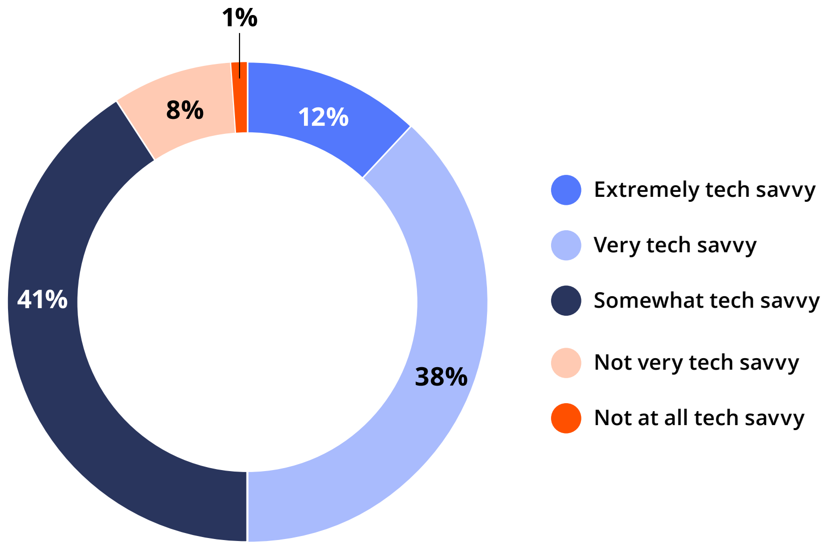


Digital Adoption and Technology

SMBs in Australia are steadily progressing in their digital transformation journey. The majority (66%) are confident and willing to adopt digital solutions and AI – but full automation is rare. Owners largely trust (78%) their software platforms to manage customer data and relationships securely. While most feel tech savvy, a notable minority are still not fully comfortable or automated, highlighting opportunities for further digital education and support.

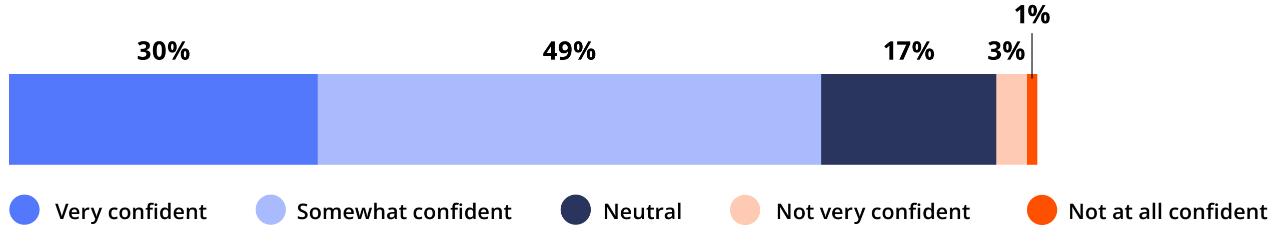
Self-Perceived Tech Savvy

Most SMB owners in Australia identify as somewhat or very tech savvy (79%), with just a few feeling extremely tech savvy (12%) or not tech savvy at all (1%).



Digital Confidence

Confidence in digital tools and platforms is high, with nearly 80% of respondents reporting they are somewhat or very confident using tech for growth and efficiency.



Nearly **80%** of respondents in both countries are **somewhat or very confident** about using tech for growth and efficiency

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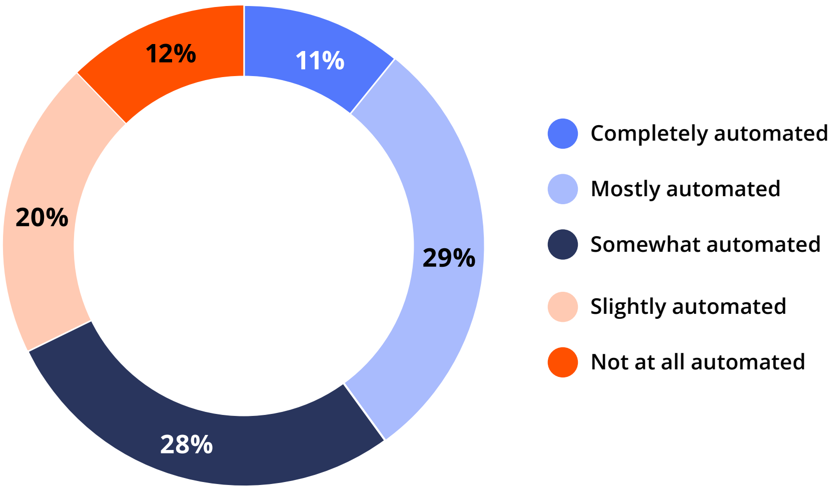
Automation of Business Processes

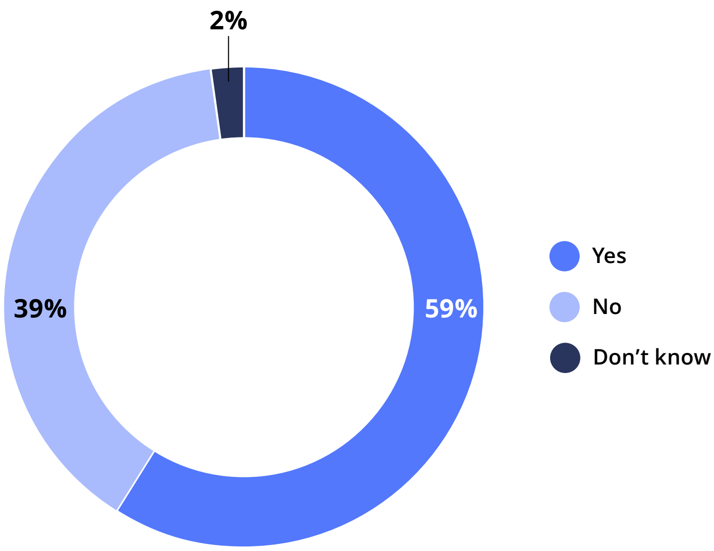
Automation remains a work in progress for most businesses. Only about one in ten say their back-office and customer management processes are completely automated, while most are either “mostly” or “somewhat” automated.



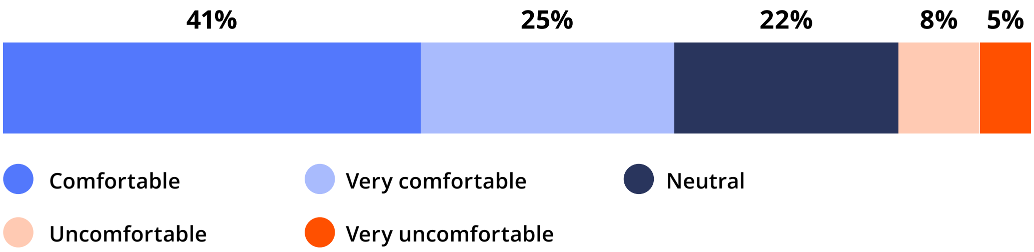
Artificial Intelligence (AI) Adoption & Comfort

The majority (59%) of SMBs are using AI (including AI-enabled software), with comfort levels toward AI tools also high (66%).

Currently using AI?



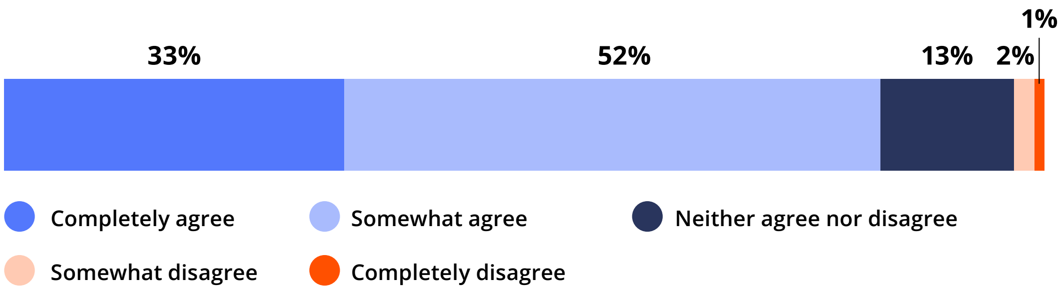
Comfort levels using AI to support business operations



Service and Consumer Experiences

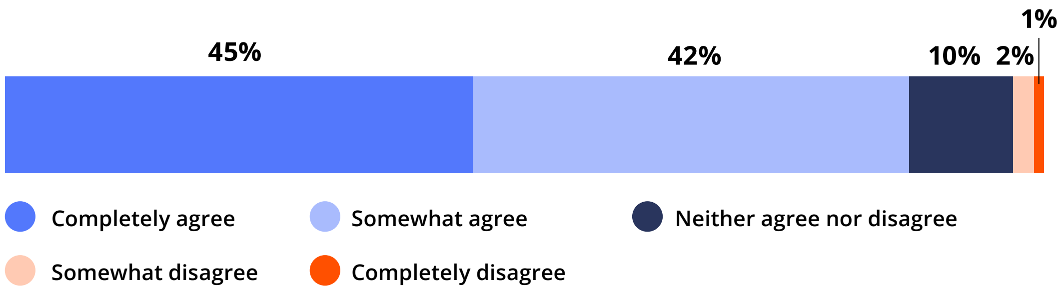
Delivering a Seamless Customer Experience

When it comes to a seamless customer experience, 33% completely agree and 52% somewhat agree that their business provides it, while 13% are neutral. These responses highlight Australian business owners' strong belief in the customer service and experience they offer.



Delivering Consistently High Service

The vast majority of Australian SMBs believe they are delivering consistently high service to their customers, with 45% completely agreeing and 42% somewhat agreeing with this statement. Only 10% are neutral, and minimal numbers express disagreement.

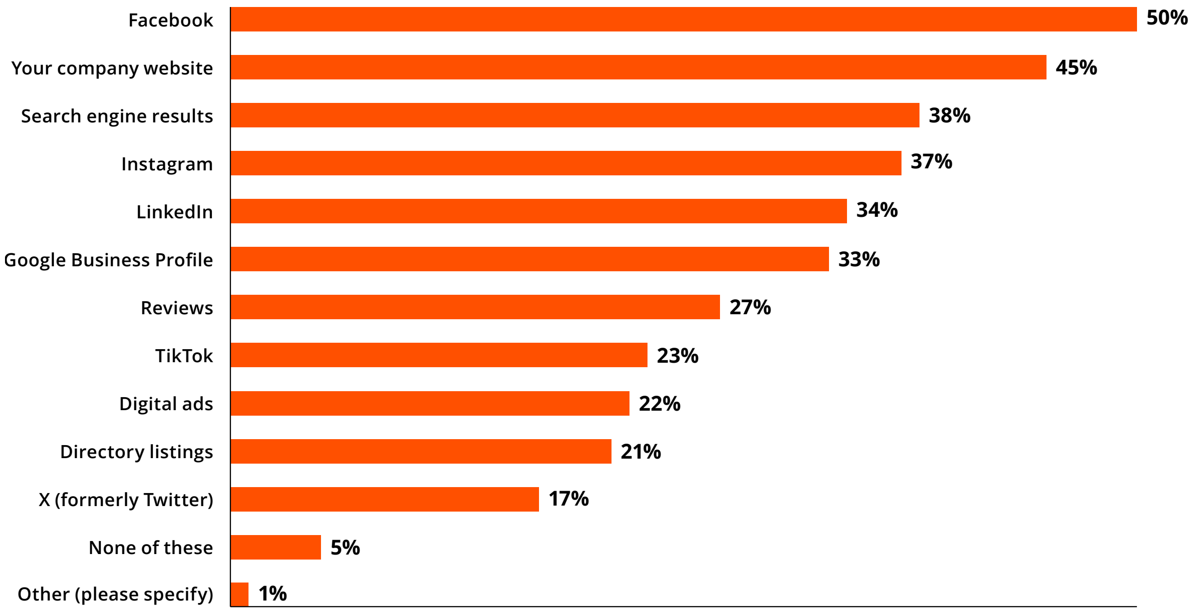


Online Visibility and Customer Acquisition

Online Visibility of Small Businesses in Australia

Australian small businesses demonstrate a strong presence across a wide range of digital channels. Half (50%) of businesses can be found on Facebook, followed by 45% on their own website and 38% appearing in search engine results. Instagram (37%), LinkedIn (34%), and Google Business Profile (33%) are also prominent avenues for online visibility. Reviews (27%), TikTok (23%), digital ads (22%), directory listings (21%), and X (formerly Twitter, 17%) further extend businesses' reach to potential customers. Only 5% of businesses cannot be found on any of these digital sources, showing that most Australian SMBs actively invest in their online presence to connect with customers and drive engagement.

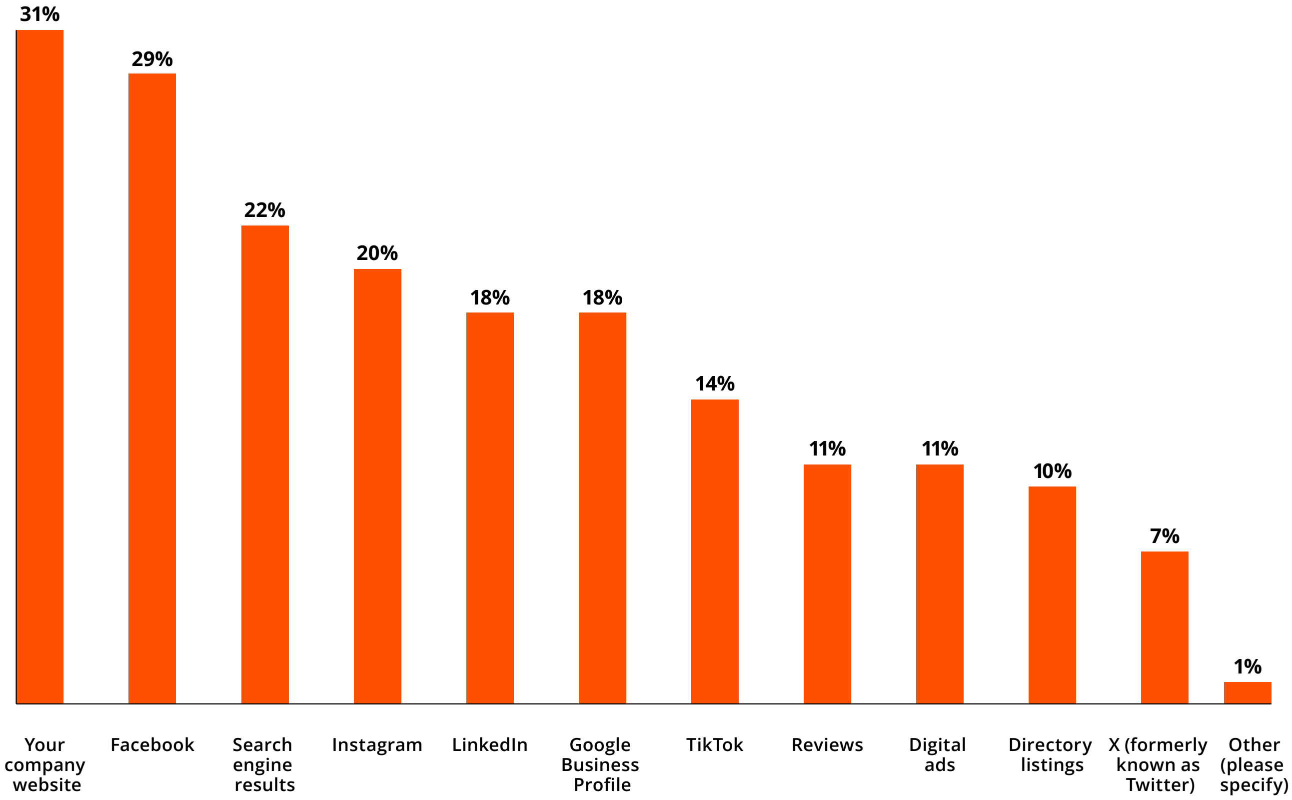
Can your business be found online through any of these sources?



Customer Acquisition

For small businesses in Australia, their own website is the most important channel for bringing in customers (31%), closely followed by Facebook (29%). Search engine results are next at 22%, then Instagram (20%), LinkedIn (18%), and Google Business Profile (18%). TikTok (14%), reviews (11%), digital ads (11%), directory listings (10%), and X (7%) are also part of the digital landscape. This shows that for Australian SMBs, maintaining a robust website alongside social media and search engine visibility is crucial for attracting customers.

Of the sources where your business can be found online, which brings you the most customers?



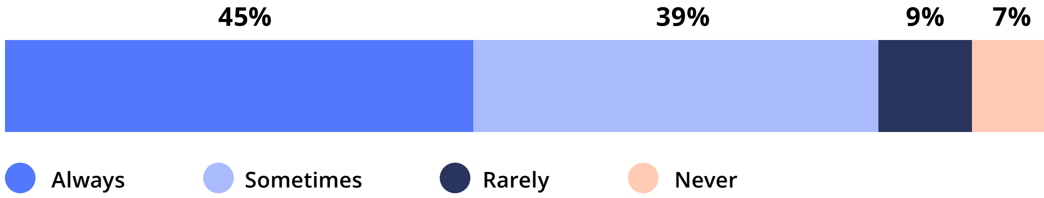
Reviews and Reputation Management

Australian SMBs recognise the value of customer feedback and are active participants in the review process. Nearly half (45%) of businesses report that they always respond to customer reviews, and a further 39% do so sometimes. Only a small proportion seldom (9%) or never (7%) engage with customer reviews, highlighting a strong trend towards maintaining open communication and managing reputation.

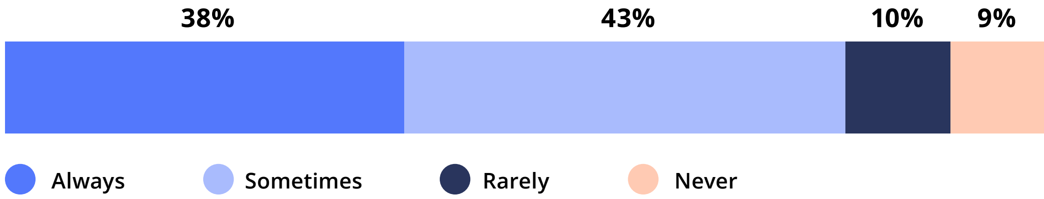
When it comes to soliciting feedback, active encouragement of customer reviews is also common. 38% of companies always encourage customers to leave reviews, while 42% do so sometimes. Just 10% rarely ask for reviews and 9% never do, suggesting that most Australian SMBs use reviews both as a means to strengthen relationships and gather insights for ongoing improvement.

These findings show a high level of commitment among Australian businesses to managing customer perceptions, encouraging feedback, and maintaining credibility in a competitive market.

Does your business respond to customer reviews?



Does your company actively encourage customers to write reviews?



45% of businesses report that they **always respond** to customer reviews

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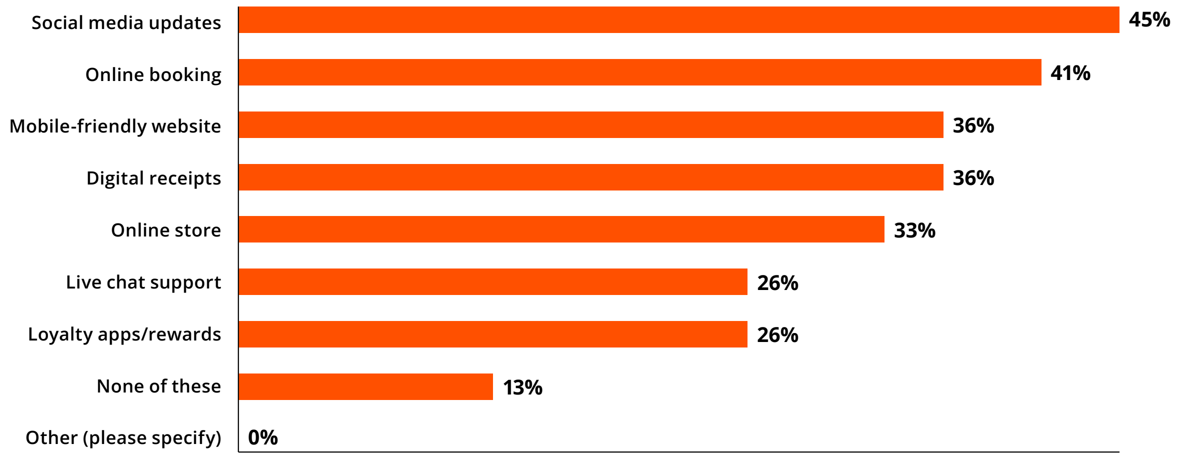
Communication and Engagement Preferences

Digital Tools and Features Offered to Customers

Australian SMBs are embracing a wide range of digital tools to enhance customer interactions and streamline business processes. The most commonly offered features include social media updates (45%), online booking (41%), and mobile-friendly websites (36%). Digital receipts (36%), online stores (33%), live chat support (26%), and loyalty apps or rewards programs (26%) also play a significant role in the digital customer experience. Notably, only 13% of businesses report offering none of these digital features, highlighting the sector's commitment to modernising service delivery and supporting customer convenience.

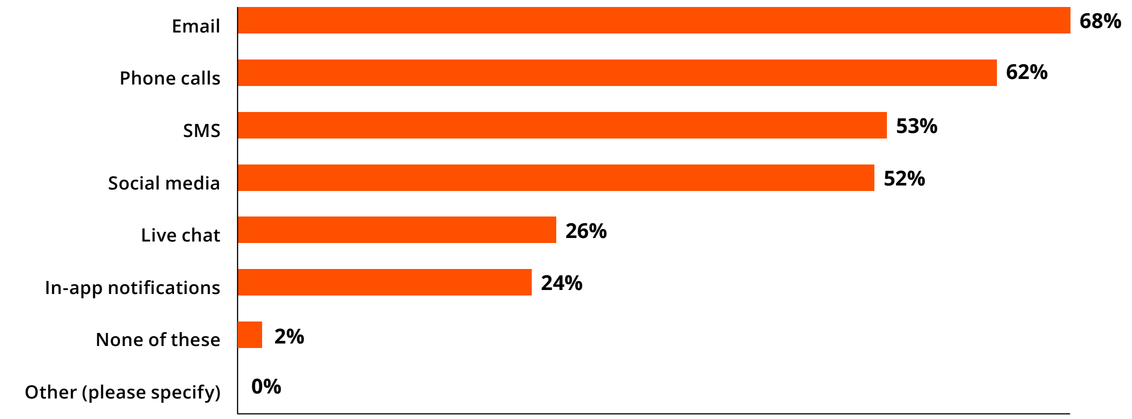
Does your business offer your customers any of these digital tools or features? Select all that apply.



Communication Channels Used to Engage Customers

Australian SMBs use multiple channels to engage and communicate with their customers. Email is the most popular channel (68%), followed by phone calls (62%), SMS messaging (53%), and social media (52%). Live chat (26%) and in-app notifications (24%) are less commonly used, yet still present in a significant minority of businesses. Just 2% of SMBs do not use any of these channels, suggesting a strong emphasis on accessibility and responsive communication in the Australian small business sector.

Does your business use any of these communication channels to engage with your customers?

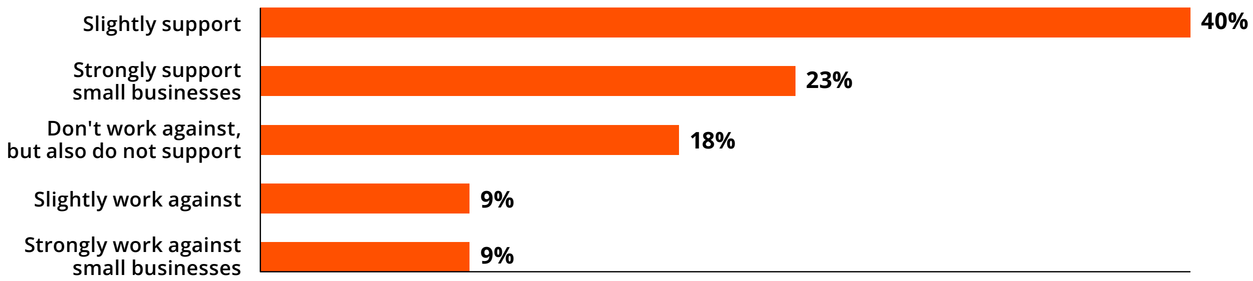


Government

Government Policies and Support

Federal Government

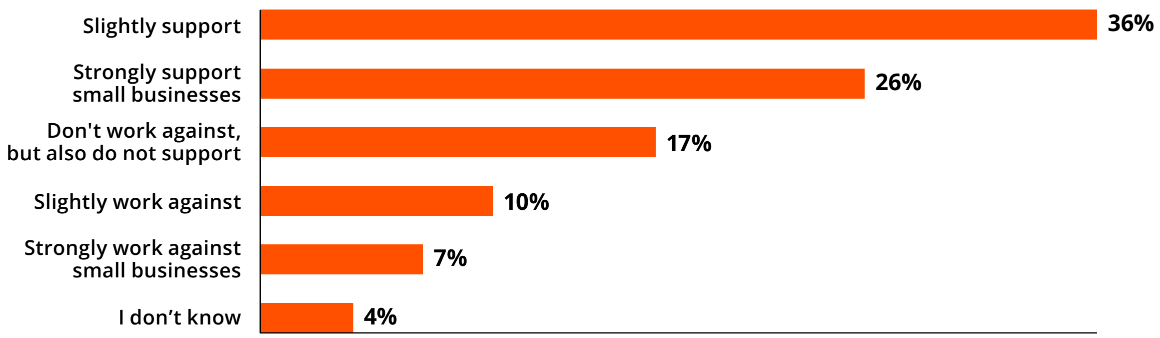
Forty percent of Australian small businesses believe the federal government “slightly supports” small businesses, and 23% say there is “strong support.” Another 18% feel policies are neutral – they “don’t work against but also do not support” small businesses. However, 9% feel policies “slightly work against” and another 9% say they “strongly work against” SMBs. These responses suggest that while most Australian SMBs see some level of federal support, a substantial minority perceive federal policies as either neutral or actively detrimental, highlighting the need for clearer and more effective federal small business policy.



State Government

At a State and Territory level, Australian small businesses have varied perceptions of their government’s support. A majority believe some level of support exists, with 36% saying policies “slightly support” small businesses and 26% reporting “strong” support. Another 17% feel policies “don’t work against but also do not support” small businesses. However, 10% think policies “slightly work against” and 7% see them as “strongly working against” SMB interests, while 4% are unsure. Overall, while most see positive intent from territorial governments, a notable proportion feel neutral or negative impacts, indicating room for further action and improvement.

Do you believe that your territorial government’s policies are supportive of small businesses?

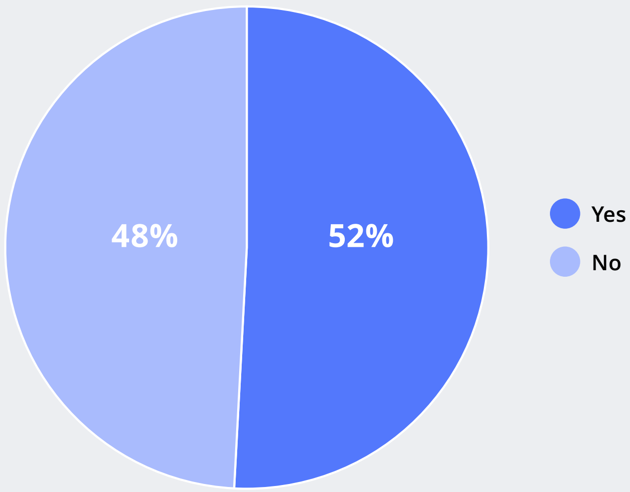


Government Programs

Awareness of Government and Industry Support for Digital Adoption

Just over half (52%) of Australian SMBs report being aware of government or industry programs and incentives designed to promote digital adoption. However, 48% remain unaware of these support options. This split highlights a significant opportunity for greater outreach and education, as better awareness could help more businesses take advantage of available resources to accelerate their digital transformation.

Are you aware of government or industry support programs or incentives for digital adoption?

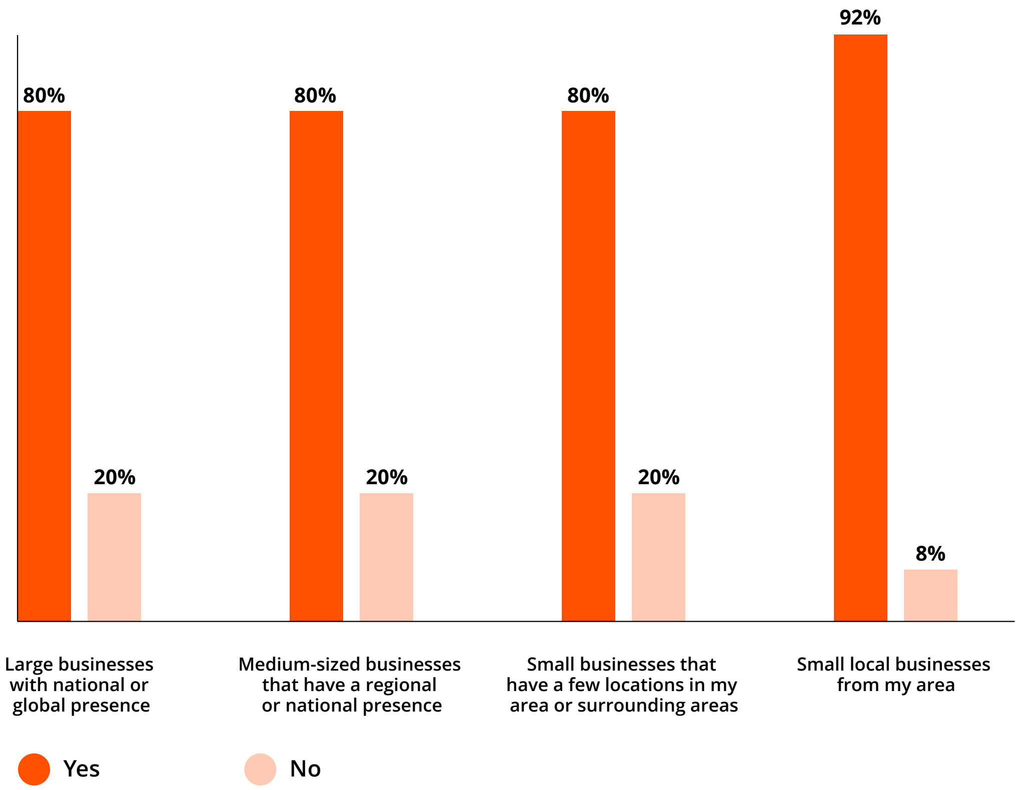


Consumer Report

Where are Consumers Shopping?

Purchases by Business Size

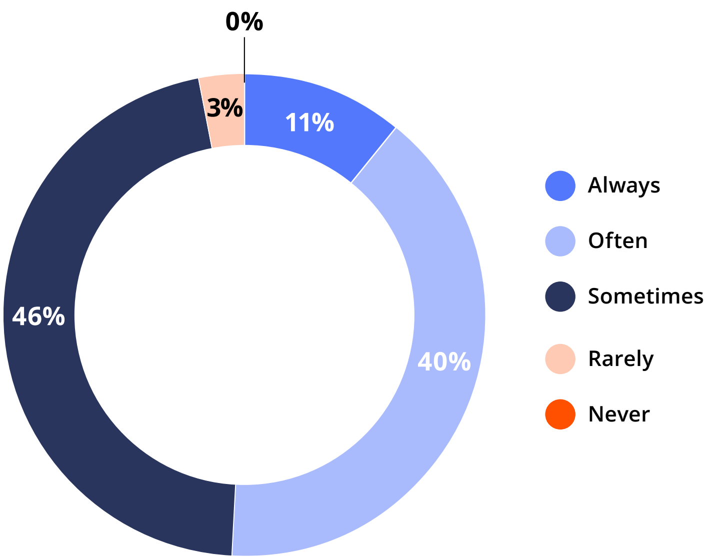
In the past 12 months, Australian respondents have actively supported businesses of all sizes. Nearly all (92%) have made purchases from large businesses with a national or global presence. Similarly, 80% have purchased from medium-sized businesses with a regional footprint, small businesses with a few locations, and small local businesses from their area. Only a small minority (8%–20%) report not purchasing from each respective business type, underscoring the widespread engagement with businesses across the spectrum and affirming the role that both large and small companies play in Australian consumer spending.



Likelihood to Purchase from a Small Business vs Big Business

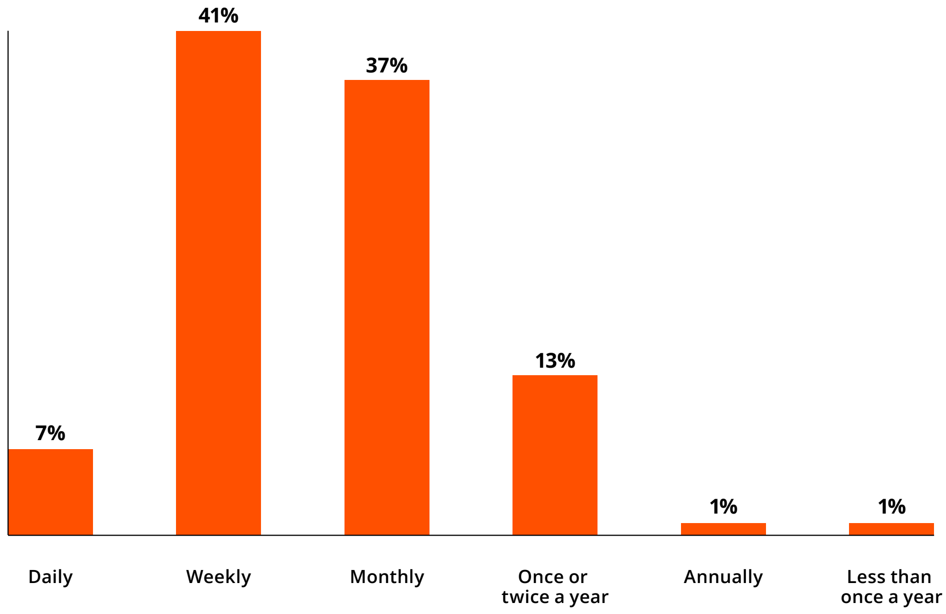
Australian consumers display a strong preference for choosing small businesses over large retailers. 11% always opt for small businesses, 40% do so often, and 46% sometimes choose small over large. Only 3% say they rarely make this choice, and none report never choosing a small business. This pattern demonstrates consistent consumer support for the small business sector within Australia.

How likely are you to choose a small business over a large retailer?



Purchasing Frequency from Small Businesses

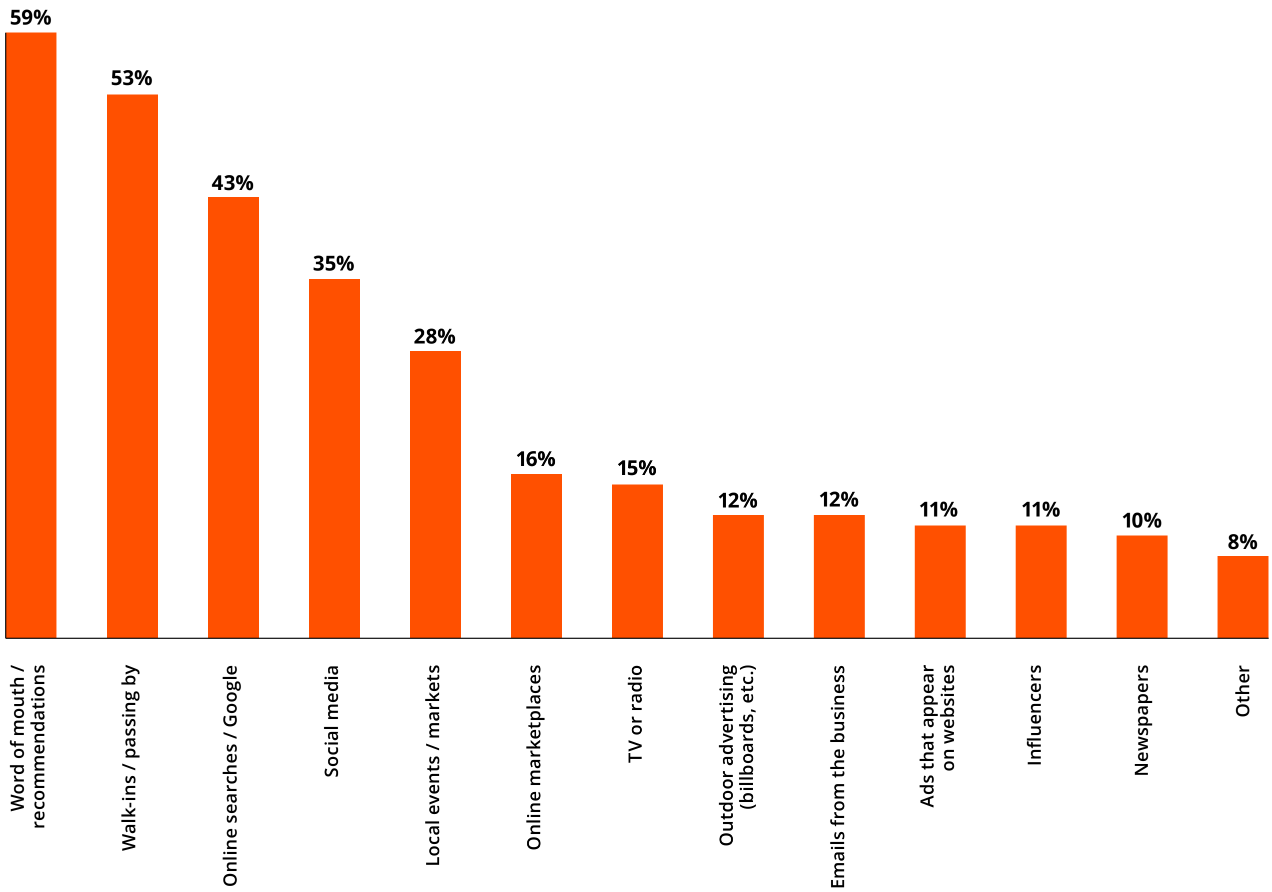
Most Australian consumers regularly support small businesses, with 41% making purchases weekly and 37% purchasing monthly. Daily purchases are less common, reported by 7% of respondents. Infrequent support is indicated by 13% who purchase once or twice a year, and just 1% who buy annually or less than once a year. These results highlight strong engagement and ongoing consumer support for Australia's small business sector.



Discovering New SMBs: What Works?

Top Discovery Channels

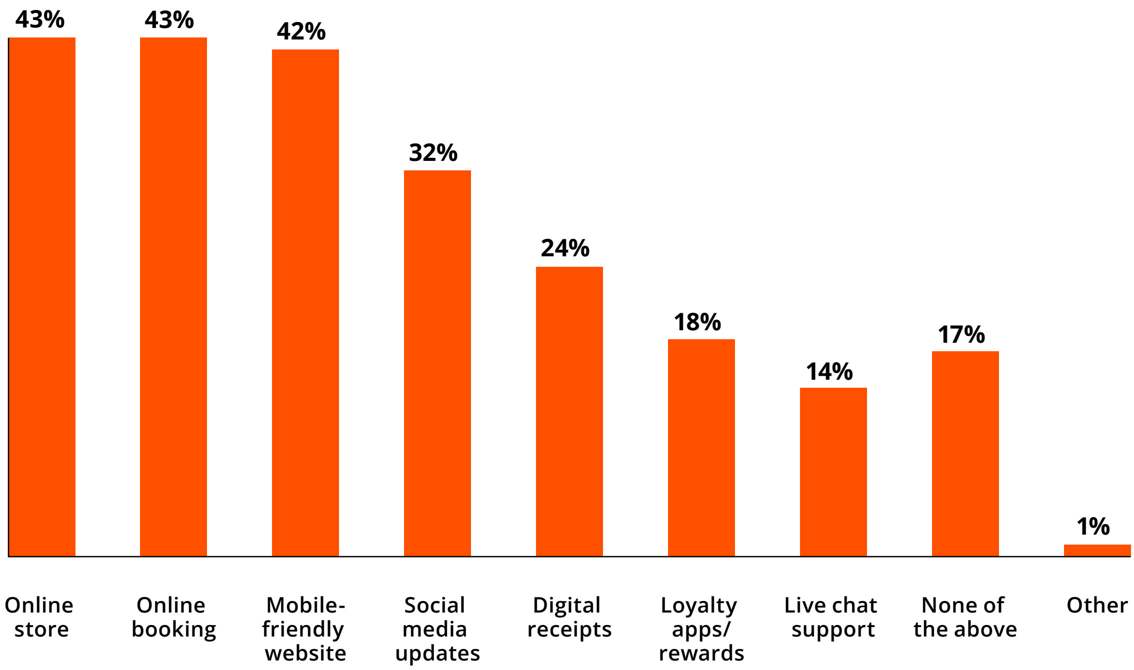
Australians rely on a variety of channels to find new small businesses when making a purchase. Word of mouth and personal recommendations are the most prominent method, cited by 59% of respondents. Online searches such as Google (43%) and social media platforms (35%) are also key sources of discovery. Local events and markets are important community-based channels, mentioned by 28%. Many Australians also discover businesses through online marketplaces (16%), TV or radio advertising, outdoor advertising, emails from businesses, digital ads on websites, newspapers, and influencer marketing. These results highlight the importance for small businesses in Australia to maintain a presence both online and within their local communities to attract new customers.



Digital Features: What Consumers Want

The Essential Digital Features for Small Businesses

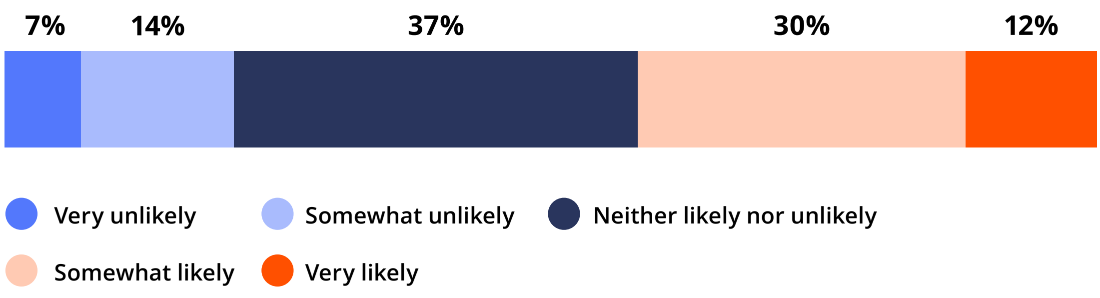
Australian consumers have clear expectations for digital convenience when engaging with small businesses. The most anticipated features are online stores (43%), online booking capabilities (43%), and mobile-friendly websites (42%). About one-third expect businesses to offer social media updates (32%) and digital receipts (24%), while loyalty apps/rewards (18%) and live chat support (14%) are less expected. Notably, 17% of respondents say none of these digital features are expected, reflecting room for further digital adoption and evolution among Australian SMBs.



How Lack of Digital Features Impacts Loyalty

When digital tools like online ordering or mobile payments are not offered by a small business, Australians show a noticeable preference for seeking alternatives. Nearly half (42%) are likely to choose another business (12% very likely, 30% somewhat likely). Only 7% say they are very unlikely to switch, while 14% are somewhat unlikely, and 37% are neutral. This suggests that the availability of digital features is an important factor in maintaining customer loyalty among Australian consumers.

If a small business did not offer digital tools like online ordering or mobile payments, how likely are you to choose another business?



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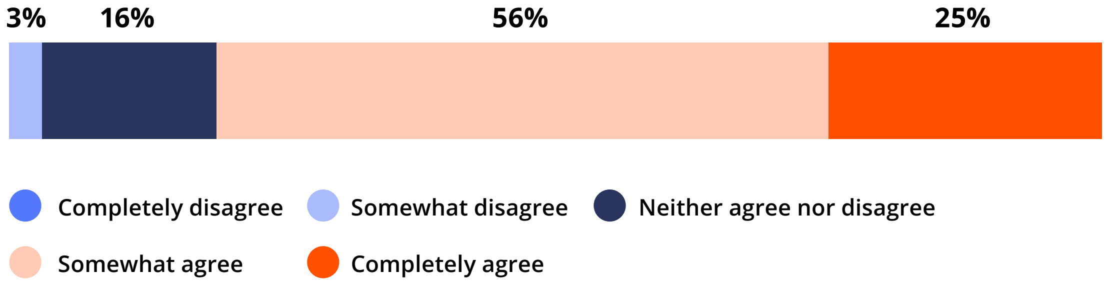
Customer Service and Experience

Service Levels

Australian consumers widely recognise the consistently high service offered by small businesses. Over half (56%) somewhat agree with this sentiment, and 25% completely agree. A notable portion (16%) neither agree nor disagree, while only a small minority express disagreement. This indicates that quality of service is a strong and visible characteristic attributed to small businesses in Australia.

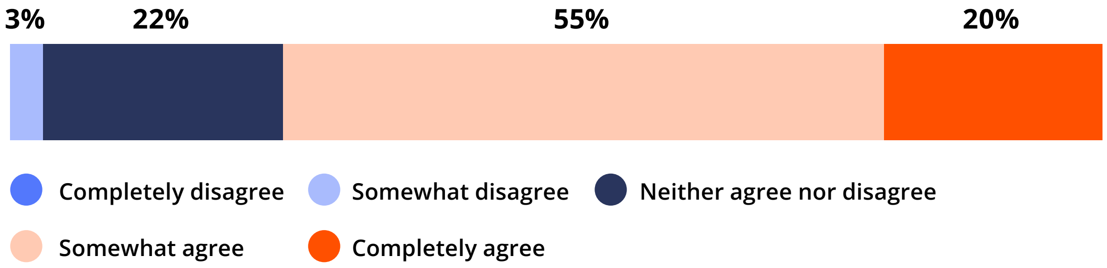
How much do you agree or disagree that small businesses tend to offer consistently high service?



Seamless Experience

Australian consumers generally view small businesses as providers of a seamless customer experience. More than half (55%) somewhat agree and 20% completely agree that small businesses offer smooth, hassle-free interactions for their customers. 22% neither agree nor disagree, while only a small minority express disagreement. These responses highlight a positive reputation for customer experience among Australia's small business sector.

How much do you agree or disagree that small businesses tend to offer a seamless customer experience?

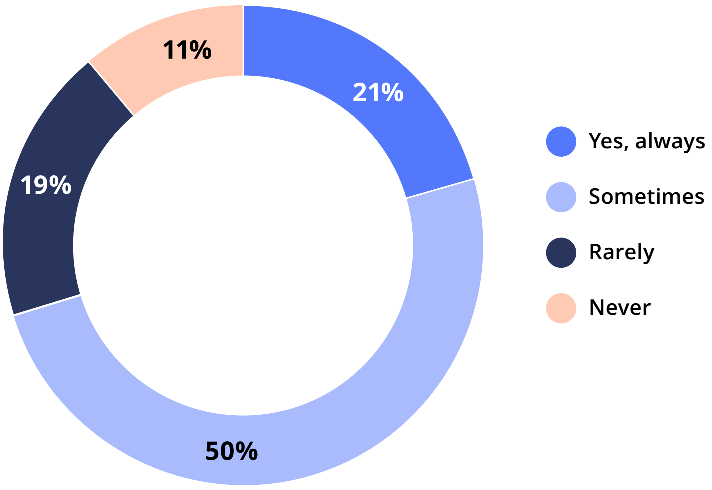


Online Reviews

Checking Online Reviews Before Purchasing

Australian consumers regularly consult online reviews before making a purchase from a small business: 21% say they always check, and 50% sometimes check reviews. Nineteen percent rarely do, and 11% never check reviews. This shows that most Australians view review platforms as a valuable source of insight when evaluating small businesses.

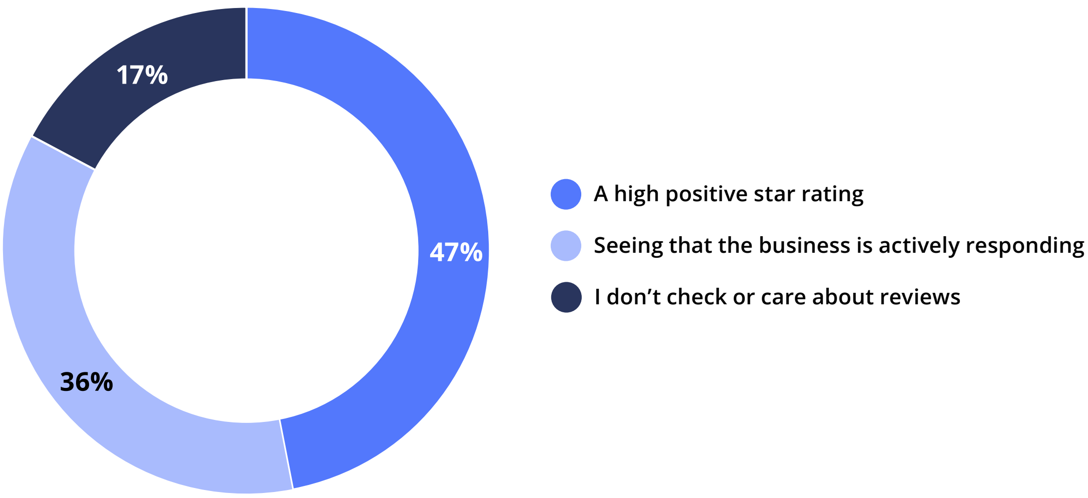
Do you check online reviews before buying from a small business?



Importance of Reviews to Australian Consumers

When Australians look at business reviews, nearly half (47%) say a high positive overall rating is the most important factor. For 36%, seeing that the business responds to reviews is key, demonstrating the value placed on customer engagement and responsiveness. Seventeen percent don't check or consider reviews at all, meaning the majority of Australian consumers use online feedback to guide their purchase decisions.

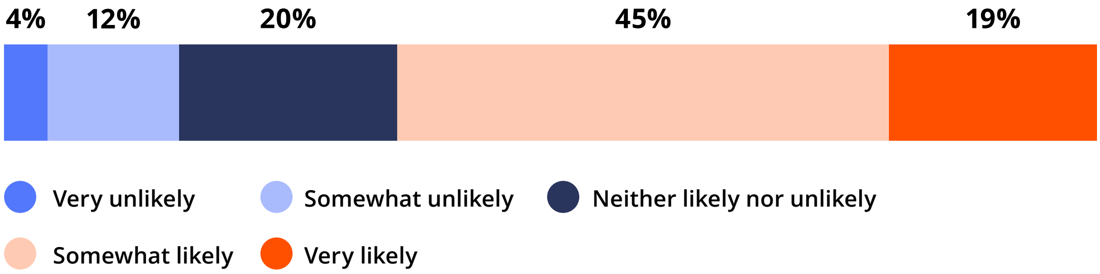
When looking at reviews, what is more important to you?



Likelihood to Leave a Review or Feedback

Australians are generally active in leaving reviews and feedback after a purchase or service. Nineteen percent are very likely and 45% are somewhat likely to leave feedback, while 20% are neutral. Just 12% say they are very unlikely to provide a review. Most consumers in Australia are ready and willing to share their experiences, highlighting the importance of customer feedback and business responsiveness in shaping reputation and building trust.

How likely are you to leave a review or give feedback after a purchase or service?

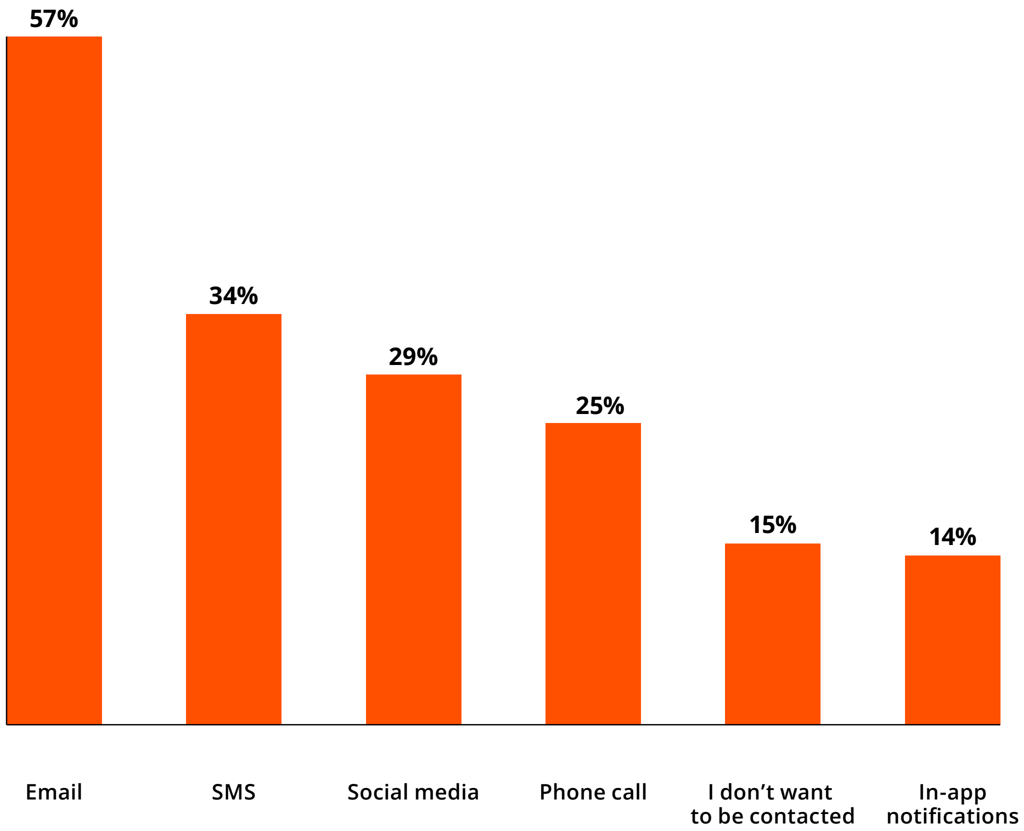


Communication Channels

Preferred Communication Channels

Email is the top preferred channel for communication from small businesses, chosen by 57% of Australians. SMS follows at 34%, with social media (29%) and phone calls (25%) also well-represented. Only 15% say they do not want to be contacted, and 14% prefer in-app notifications. This reflects a wide range of preferences, suggesting businesses should offer multiple touchpoints to satisfy their audience.

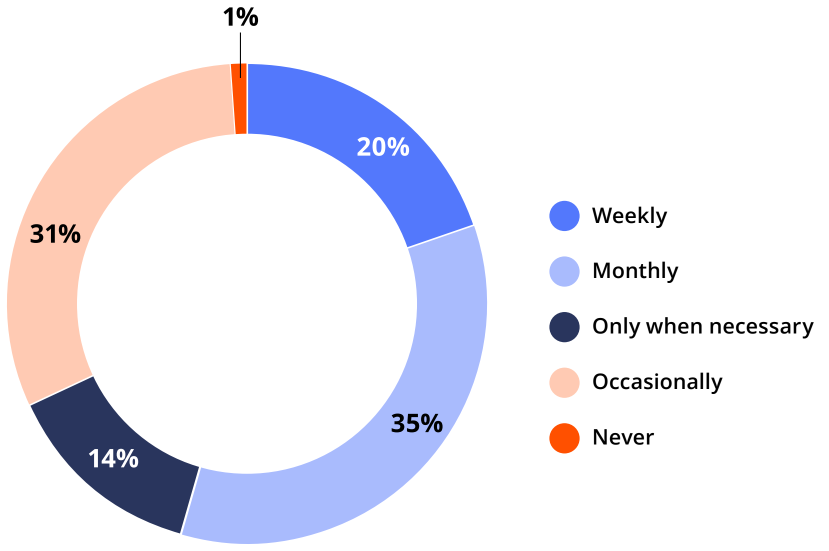
How do you prefer small businesses to communicate with you?



Promotions: Preferred Frequency and Channel Sensitivity

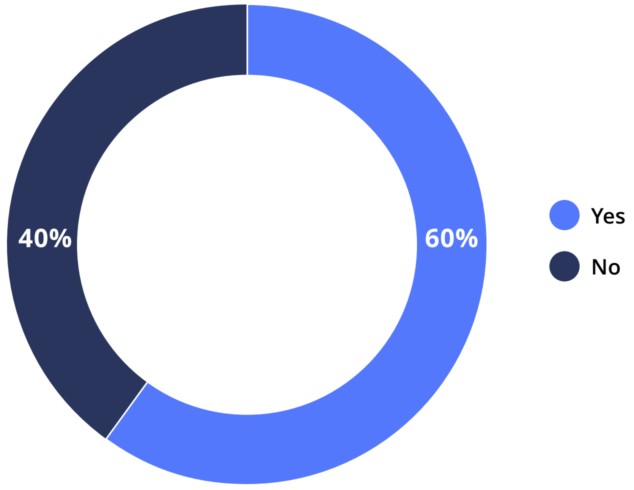
Most Australians have clear preferences regarding how often they hear about promotions from small businesses: 35% prefer monthly updates, 31% occasionally, and 20% weekly. Only 1% never want to hear about promotions, while 14% only want communication when there's a special offer.

How frequently do you want to hear about promotions from the small businesses you buy from?



Furthermore, preference for frequency does differ by channel for many, with 60% saying their preferred frequency changes depending on if it's email, SMS, etc., and 40% indicating it does not. The data shows the importance of a nuanced communication strategy that fits both the medium and customer expectations.

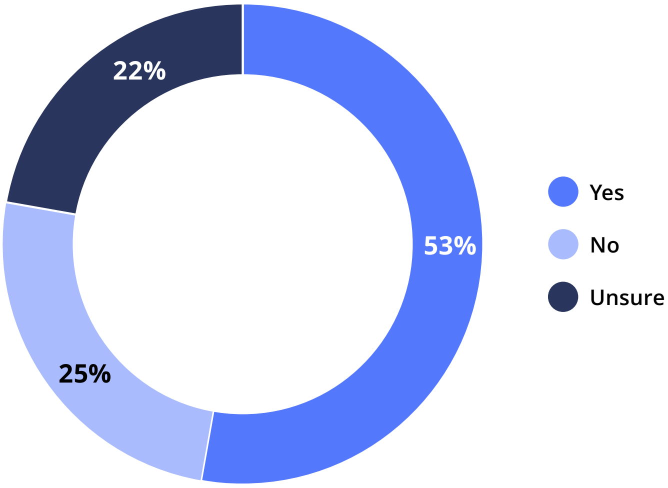
Does your preferred frequency differ depending by channel, for example, email versus text?



Preference for Personalisation

Over half of Australian consumers (53%) prefer small businesses that personalise products, services, or communications based on their preferences or past behaviour. One in four (25%) do not prefer this level of personalisation, and 22% are unsure. These results show that tailored experiences are valued by a majority but not universally expected.

Do you prefer small businesses that personalise their products, services, or communications based on your preferences or past behaviour?

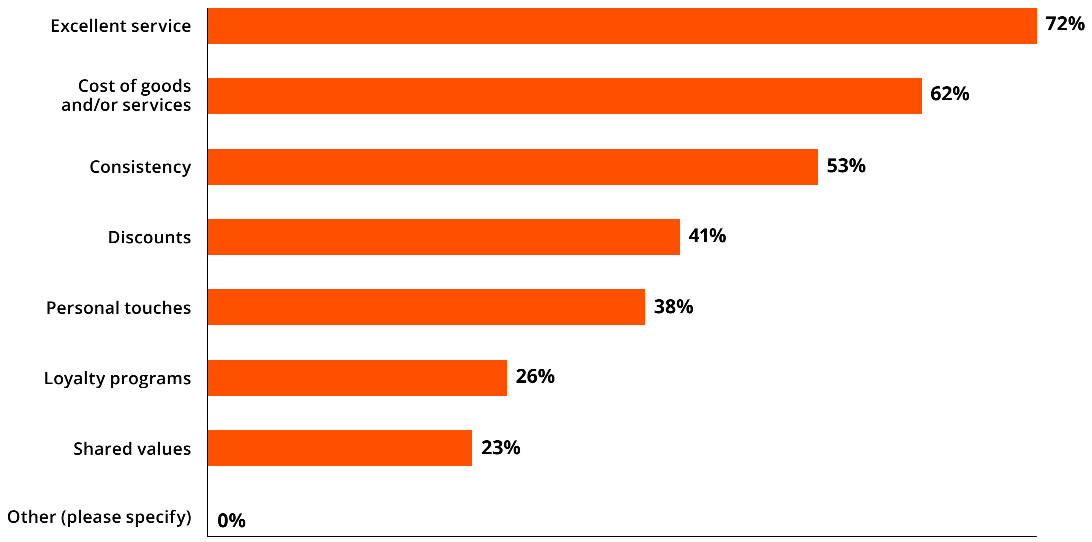


Loyalty Drivers

Top 3 Loyalty Triggers

The strongest drivers of loyalty to a business among Australian consumers are excellent service (72%), competitive cost of goods and services (62%), and consistency (53%). Discounts encourage loyalty for 41%, while personal touches (38%), loyalty programs (26%), and shared values (23%) also play meaningful roles. Nearly all respondents identified at least one loyalty factor, indicating that service and value are paramount, supported by strategic incentives and authenticity.

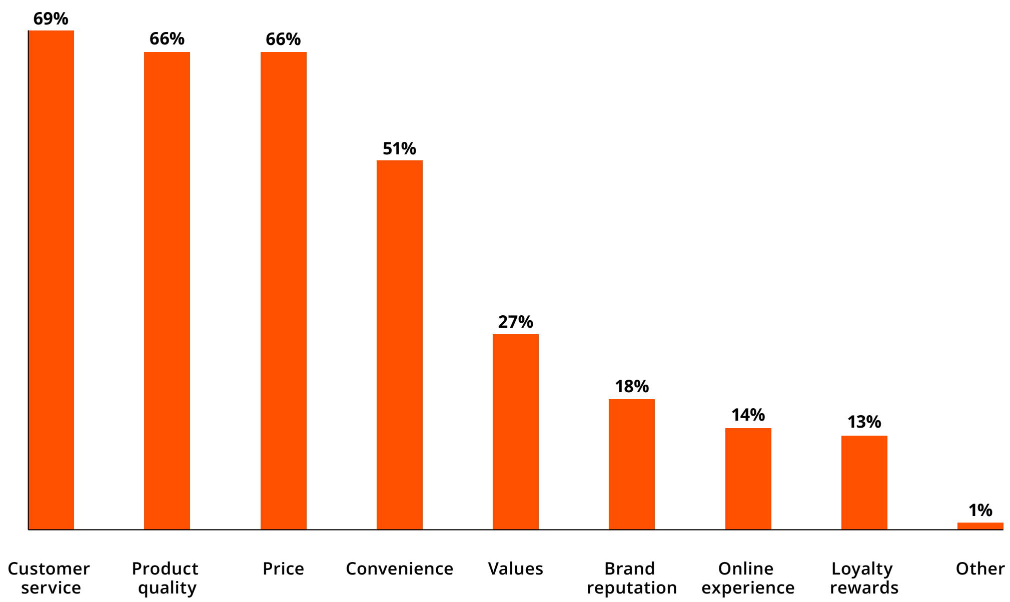
What would encourage you to be more loyal to a business?



Top 3 Factors That Influence Returning to a Small Business

For Australians, the key factors influencing a decision to return to a small business are customer service (69%), product quality (66%), and price (66%). Convenience is also important, cited by 51% of respondents. Additionally, values (27%), brand reputation (18%), online experience (14%), and loyalty rewards (13%) play smaller but notable roles in driving repeat business. Only 1% of respondents chose 'other' factors, pointing to a clear consensus around the primary drivers of customer loyalty among Australia's small business clientele.

What are the top 3 factors that influence your decision to return to a small business?

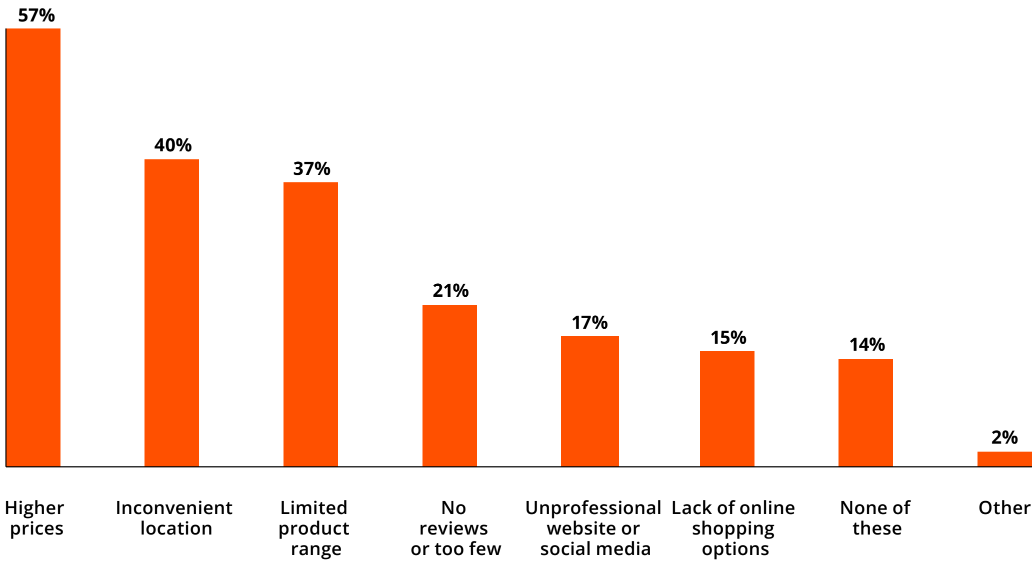


Barriers to Purchase and Trust Builders

Barriers to Buying from Small Businesses

Several factors can deter Australians from buying from small businesses more often. Higher prices top the list, cited by 57%, followed by inconvenient locations (40%) and limited product range (37%). No reviews or too few (21%), unprofessional websites or social media (17%), and lack of online shopping options (15%) are additional obstacles. Fourteen percent said none of these were barriers, and 2% cited other reasons. These insights highlight that price, convenience, and digital presence are essential to winning and retaining Australian customers.

Have any of these things stopped you from buying from small businesses more often?



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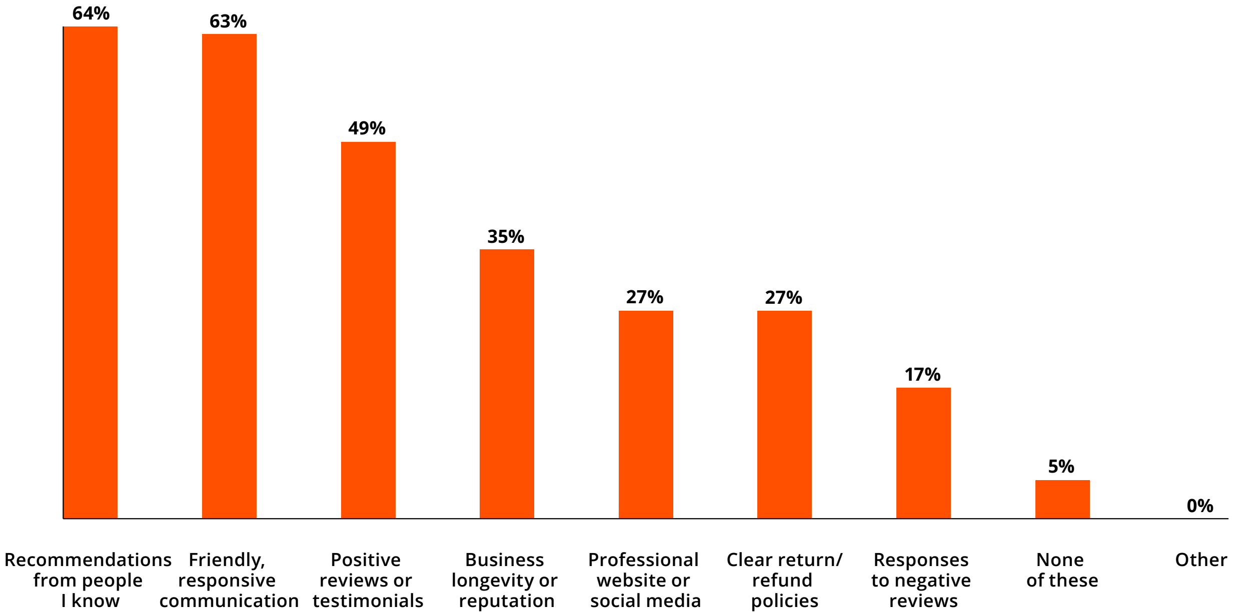
Factors That Build Trust in a Small Business

Australians rely on a combination of personal recommendations and positive business behaviours to feel confident before making a purchase from a small business. The top trust factors are recommendations from people they know (64%) and friendly, responsive communication from the business (63%). Positive reviews or testimonials influence 49% of consumers, while 35% value business longevity or reputation. Professional website or social media presence and clear return/refund policies are each cited by 27%. Responding to negative reviews matters for 17%, and just 5% say that none of these factors influence their trust.

Do any of these things make you trust a small business before making a purchase?



A Reality Check: Expectation vs. Experience

Summary

Are Businesses Meeting Consumer Expectations?

Small and medium-sized businesses (SMBs) are the backbone of the economy in Australia. But as consumer digital habits, service expectations, and loyalty drivers evolve, are SMBs keeping pace?

SMBs are making significant efforts to meet evolving consumer expectations, especially in terms of digital presence and online service delivery. However, the data clearly shows perceptual gaps between what businesses believe they offer and what consumers actually experience – particularly in consistent service, seamless experiences, and sustainability.

During this period of transition – managing increasing responsibilities with a hybrid of manual and digital solutions – the winners will be those who can balance operational demands with strategic investment in digital tools, upskilling, and a readiness to innovate.

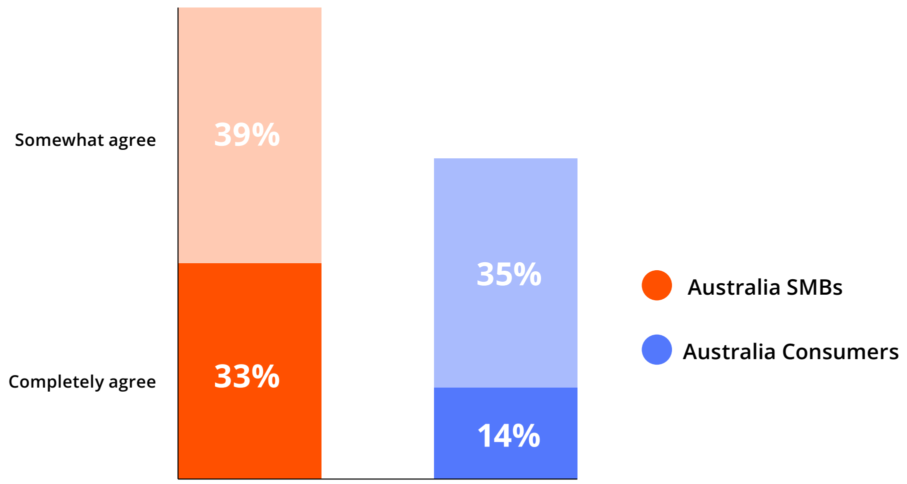
This report examines how business delivery stacks up against modern consumer demands – where they're aligned, and where gaps remain.

Digital Presence

Comparison: Consumer vs. Business Perceptions of Small Business Online Presence

Australian small business owners are much more likely than consumers to view their online presence as strong. While 72% of businesses (33% completely agree, 39% somewhat agree) believe they have a robust digital profile across websites, social media, and online reviews, only 49% of consumers (14% completely agree, 35% somewhat agree) share that view. Furthermore, a third of consumers (33%) are neutral, compared to only 18% of businesses. Consumers are also more likely to disagree somewhat (17% vs. 8%) or completely (1% vs. 2%). This reveals a clear perception gap – many business owners feel confident about their digital visibility, but a significant proportion of customers remain unconvinced or do not notice a strong online presence.

Strong Online Presence



Customer Experience

Where the Delivery Gap Exists

Consistent Service Quality

SMBs and consumers both rate consistently high customer service as the most important attribute.

45% of Australian SMBs believe they deliver it, but just 25% of consumers concur.

Consistently High Service	SMBs (AU)	Consumers (AU)
Completely agree	45%	25%
Somewhat agree	42%	56%

Seamless Customer Experience

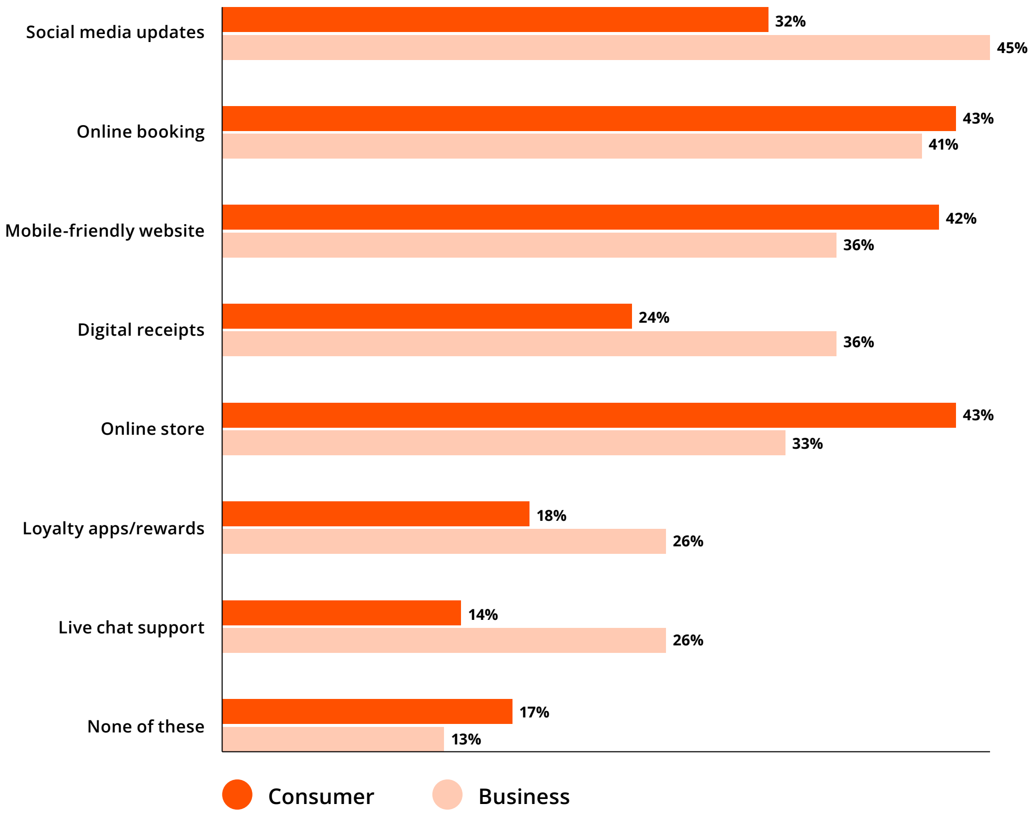
Again, the gap persists. 33% of SMBs completely agree they deliver a seamless customer experience, compared to only 20% of consumers.

Seamless Experience	SMBs (AU)	Consumers (AU)
Completely agree	33%	20%
Somewhat agree	52%	55%

Digital Tools and Features

Consumer Expectations vs. SMB Offerings

Australian consumers expect a range of digital features from small businesses, particularly online stores (43%), online booking (43%), and mobile-friendly websites (42%). However, only 33% of small businesses offer online stores, 41% offer booking, and 36% have mobile-friendly websites – revealing gaps of 10 to 7 percentage points between expectation and reality. Social media updates (45% offered vs. 32% expected), digital receipts (36% offered vs. 24% expected), live chat support (26% offered vs. 14% expected), and loyalty apps/rewards (26% offered vs. 18% expected) show some areas of over-delivery, but leading features are consistently underdelivered. Notably, 17% of consumers say they don't expect any digital features, while 13% of businesses offer none at all. These numbers highlight the need for more robust digital adoption among Australian SMBs to meet growing consumer demand.

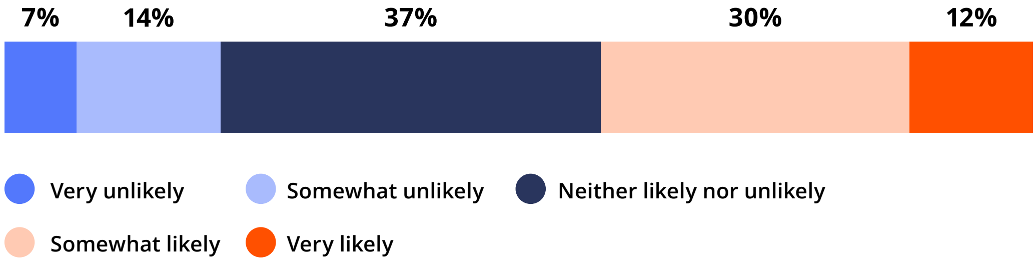


Online Ordering & Payments

Digital tools like online ordering and mobile payments are preferred by consumers.

Consumers say they are more likely to choose another business if these are not offered: 12% very likely, 30% somewhat likely.

If a small business did not offer digital tools like online ordering or mobile payments, how likely are you to choose another business?

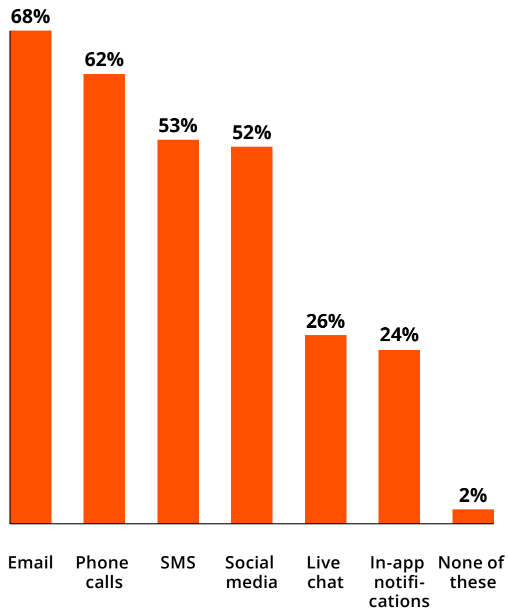


Communication Channels

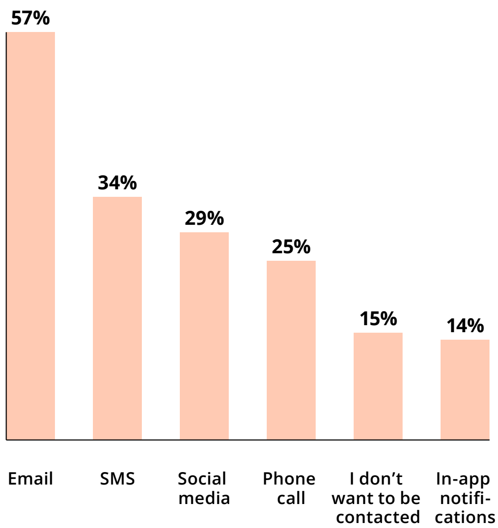
Preferences vs. Practice

Australian SMBs engage customers across a broad range of channels, with email (68%) and phone calls (62%) leading the way, followed by SMS (53%), social media (52%), live chat (26%), and in-app notifications (24%). However, consumer preferences show some differences: 57% prefer email, while only 34% want SMS communications and 29% favour social media. Phone calls are preferred by 25% of consumers, live chat by just 14%, and in-app notifications by 14%. Notably, 15% of consumers say they do not want to be contacted at all. These results suggest that while most businesses use multiple channels for engagement, consumer preferences are more focused – primarily on email and, for a minority, social media and phone. Tailoring communication efforts to these preferences can help SMBs avoid over-communication and create stronger customer relationships.

SMBs



Consumers



Feedback and Reviews

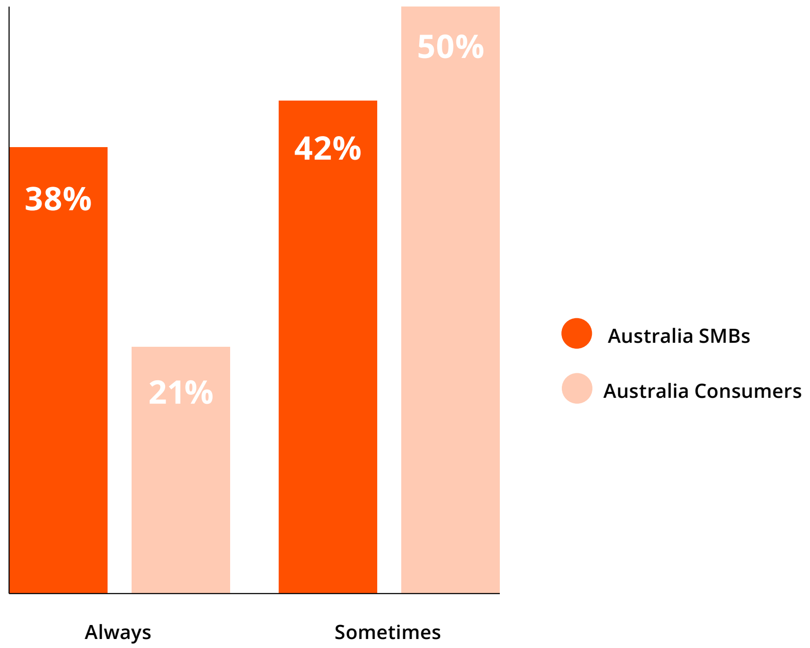
Consumer Review Reliance Outpaces Business Encouragement

In Australia, a clear gap exists between how many small businesses proactively encourage customer reviews and how many consumers rely on reviews before making a purchase decision.

On the business side, just 38% of Australian SMBs always encourage customers to leave reviews, while a further 42% do so sometimes. Less than one in five rarely (10%) or never (9%) request feedback. This means that 80% of businesses are at least occasionally prompting customers to share their experiences online.

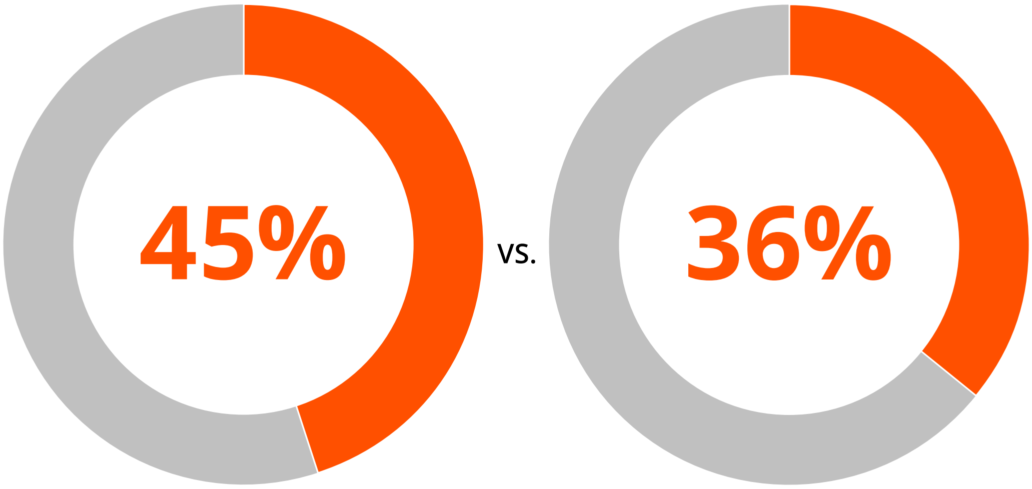
On the consumer side, review reliance is even higher: 21% of Australians always check reviews before buying from a small business, and half (50%) do so sometimes. Another 19% check rarely, while only 11% never consult reviews.

These findings reveal that although most businesses do encourage reviews at some level, consumer reliance on reviews is even greater – with seven out of ten consumers regularly consulting feedback before making a purchase. This highlights both the importance for Australian SMBs to consistently ask for reviews and the opportunity to boost trust and conversion by making reviews more visible and routine in their customer interactions. Bridging the gap between business practice and consumer expectation can help SMBs turn reputation into robust competitive advantage.



Businesses Responsiveness to Reviews Outpaces Consumer Expectations

In Australia, 45% of small businesses always respond to customer reviews, and 39% do so sometimes. This means the majority of businesses are actively managing their online reputation and engaging with customer feedback. On the consumer side, 36% say it is important to them to see businesses actively respond to reviews when considering a purchase. This demonstrates that while most businesses recognise the value of responding to reviews, slightly fewer consumers see this as a key decision factor – though it remains a significant component of building trust and credibility.



of businesses **always respond to reviews**

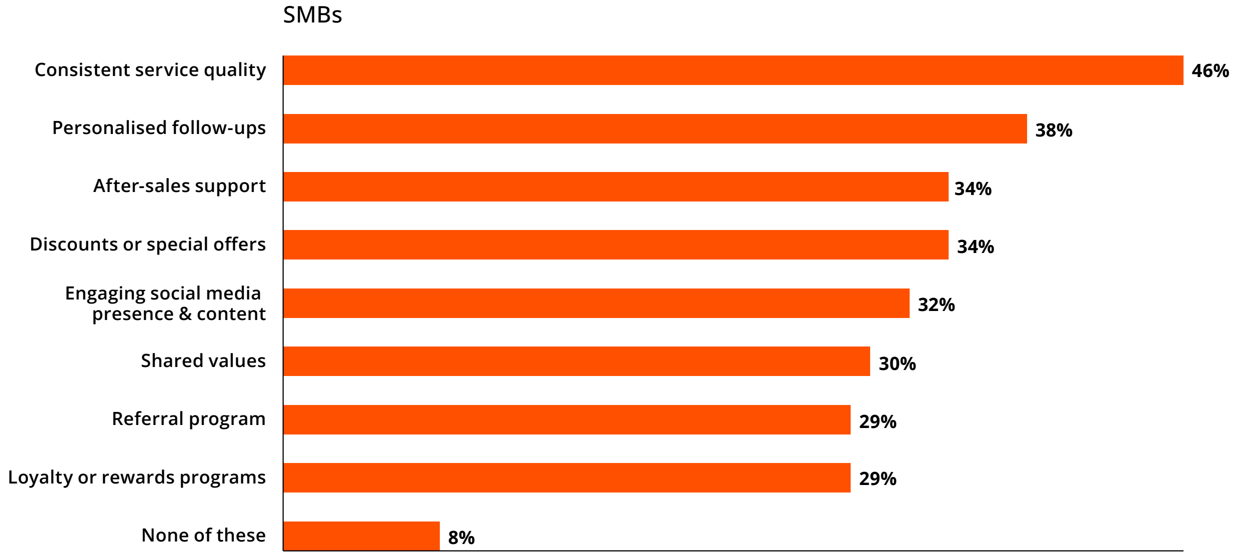
of consumers say it's **important to see businesses responding**

Customer Loyalty

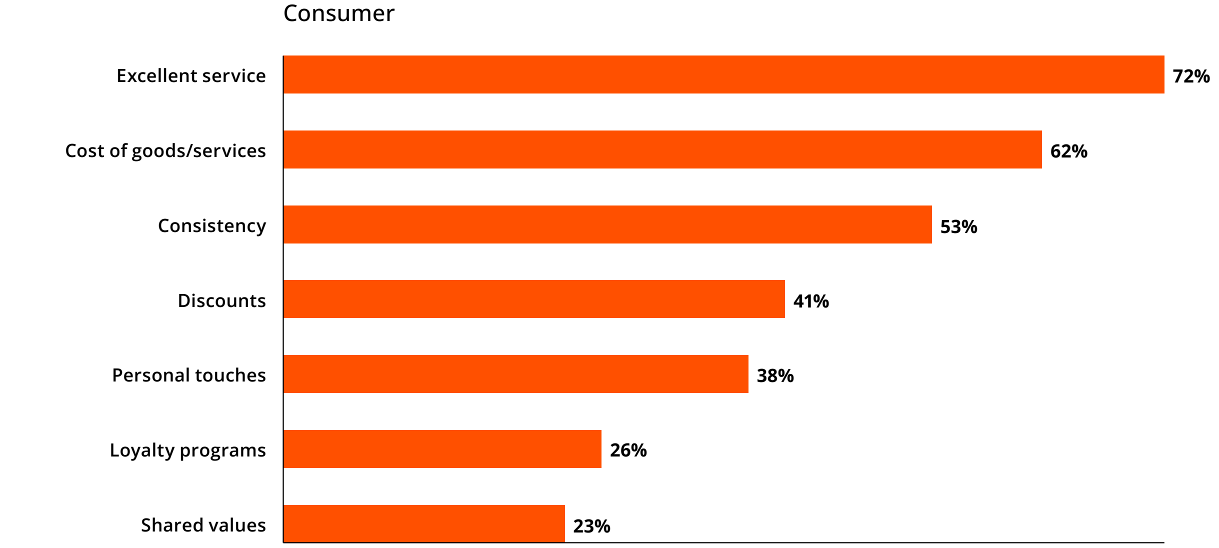
Australian SMBs focus on consistent service quality (46%), personalised follow-ups (38%), discounts/special offers (34%), after-sales support (34%), and engaging social media (32%) as their primary strategies for building customer loyalty. Referral and loyalty programs, as well as aligning with customer values, each feature for about 29–30% of businesses. Notably, 8% do not use any of these strategies.

From the consumer perspective, excellent service is the top loyalty driver (72%), followed by cost of goods/services (62%), consistency (53%), and discounts (41%). Personal touches (38%), loyalty programs (26%), and shared values (23%) round out the list. This shows strong alignment on quality service and consistency, but a gap where consumers value discounts and loyalty programs more than businesses tend to offer.

Does your business use any of these strategies to build customer loyalty?



What would encourage you to be more loyal to a business?

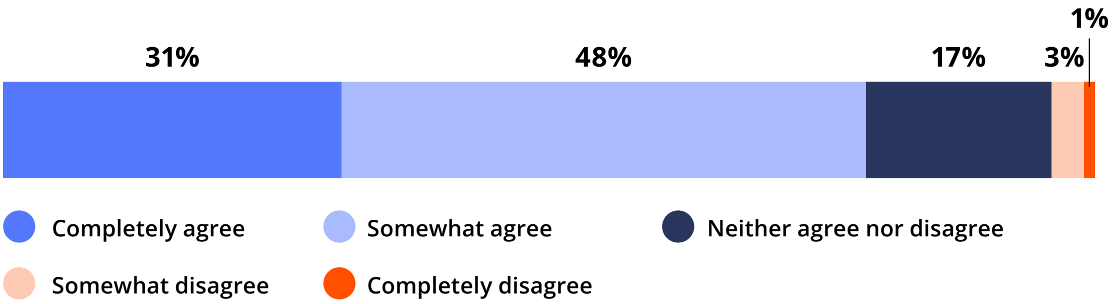


Sustainability and Social Responsibility

Australian SMBs are far more confident in their sustainability and social responsibility practices than consumers are convinced by them. Nearly four in five SMBs (79%) agree that their business consistently adheres to sustainability and social responsibility practices, including 31% who completely agree, while only a small minority express disagreement. In contrast, consumer perceptions are more cautious: while a majority still agree that small businesses tend to act sustainably, this confidence is softer, with agreement skewing toward "somewhat agree" rather than strong conviction. Consumers are also twice as likely as SMBs to sit on the fence, with over a third neither agreeing nor disagreeing. This gap highlights a perception disconnect – SMBs believe they are doing the right things, but those efforts are not always clearly visible or convincing to consumers.

SMBs

How much do you agree or disagree that your business consistently adheres to practices of sustainability and social responsibility?



Consumers

How much do you agree or disagree that small businesses tend to consistently adhere to practices of sustainability and social responsibility?