The experiences of small businesses as consumers in regulated markets

A report for Citizens Advice by BMG Research

September 2014

Introduction

Small businesses often have the same problems and concerns in regulated markets as domestic consumers, and operate at similar levels of market engagement and understanding.

They are not necessarily better equipped to take forward a complaint when things go wrong and can enjoy fewer protections and less access to third-party redress than domestic consumers.

Research into small business behaviour across a number of regulated sectors such as energy, water, finance and communications reveals that small businesses are consistently less engaged in markets than larger businesses.[1]

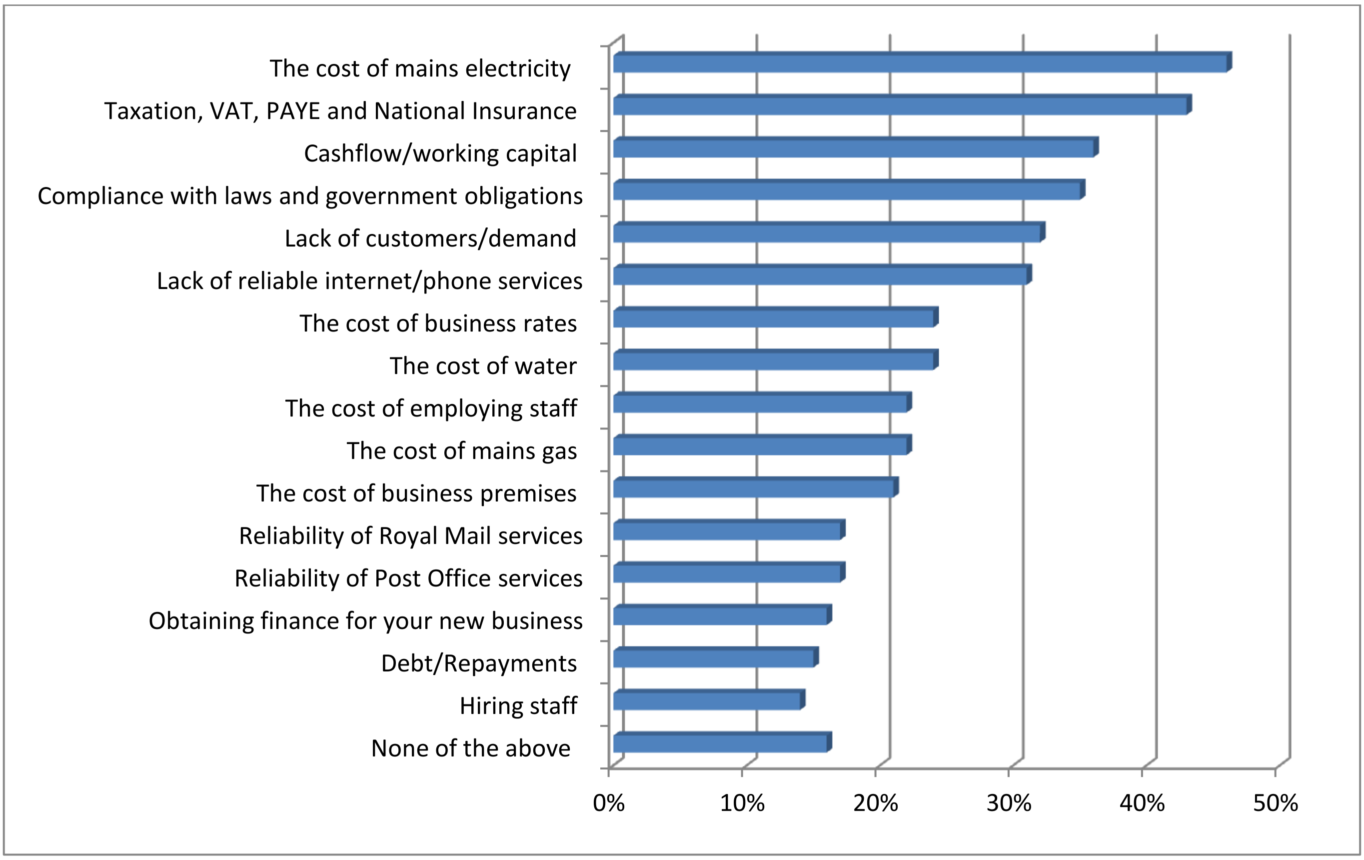
Issues such as the cost of electricity and the reliability of internet or phone services can be as significant to small businesses as concerns such as cash flow, taxation and regulation that are traditionally cited as an issue for this sector (see Figure1). The success of a small business can depend on getting good value and service in these markets.

The research in this report supports evidence from other sources and builds a strong argument for regulators, firms and business groups to pay far greater attention to the ways in which markets meet the needs of small businesses.

The notion that small businesses are more effective consumers and do not need consumer protections is widespread, but largely false. Small businesses can often find markets just as difficult to understand as domestic consumers. Two thirds of businesses surveyed by the Federation of Small Businesses (FSB) think it is difficult to switch energy supplier.[2]

[1] A study in to small businesses as consumers by the University of East Anglia for the FSB reviews research into small businesses engagement by sector regulators across a number of markets http://bit.ly/1sZIpoo
[2] http://bit.ly/1rMzaw7

Figure 1. Issues cited by small businesses as significant concerns to their business[3]



Small businesses often consume services such as energy and water in similar volumes and in a similar manner to domestic consumers. For example, research for Consumer Futures by Cornwall Energy found that many small businesses spend less than £1,500 a year on energy.

Research for the Consumer Council for Water found that 94 per cent of small businesses agreed that they needed water for domestic type purposes (that is toilet and drinking water for staff), whereas only 11 per cent needed water for business processes and manufacturing.[4] Many small businesses spend little on water. The Consumer Council for Water estimates that, using a single site, small businesses spend between £100 and £680 annually on water.[5]

This relatively low consumption of services means the smallest businesses can lack the market power to negotiate good deals or that there are simply not the deals and contracts on offer that would best suit their needs.

On the other hand, some small businesses can be relatively intensive users of services, for example a small bakery or brewery may use a relatively large amount of energy or

[3] Survey of 2,008 small businesses in 2013/14 by BMG Research for Citizens Advice
[4] http://bit.ly/1rnQV2f
[5] http://bit.ly/1prBr7Z

water for their size. These businesses depend on being able to get a good deal, but may still be too small to have the expertise needed to navigate the market successfully.

These findings outline the many ways in which small businesses behave in a very similar way to domestic consumers when it comes to services such as energy, water and telephony. Therefore there may be a need for these businesses to have greater protections or assistance to engage in the market.

However, small businesses do differ from domestic consumers and their priorities and needs may not always align. To simply argue for an extension of existing policies and protections for domestic consumers to small businesses may result in poorly targeted interventions or disproportionate regulation.

Citizens Advice believes that engaged small businesses with appropriate levels of protection are in a better position to get the right deal. Small businesses that are confident that they are getting a good deal and feel assured that problems will be resolved are able to concentrate their time and money on running and growing their businesses, benefitting themselves and the wider economy. Targeted interventions, protections and wider policy solutions may be needed to improve small businesses' experiences of essential markets.

In order to understand what interventions and protections small businesses may need, or if they are needed at all, it is very important that we understand more about how small businesses engage with markets; what their experiences are, how they use, prioritise and value services and what this may mean for their ability to engage in the market. It is also important that we understand how factors such as size, type and location of small businesses may affect their experiences of markets and how they engage with them.

This research was designed to better understand the experiences small businesses have as consumers of essential, regulated markets and inform our policy work to represent small business consumers.

The full findings of the research carried out for Citizens Advice[6] by BMG research follow.[7] Citizens Advice will use these findings to advocate for small business consumers in essential markets.

[6] This research was commissioned by Consumer Futures before its transfer to the Citizens Advice Service.
[7] It should be noted that these are the findings and views of BMG Research for the consideration of Citizens Advice and do not necessarily reflect our policy.

Our next steps:

- Use the findings from this research, along with data from other sources, to develop and publish a cross-sector agenda for improving the experience of small businesses as consumers in essential markets.
- Look more closely at the different ways small businesses engage in essential markets and what interventions and tools could be of practical help to them.
- Work with small business groups and other stakeholders to promote a small business consumer agenda.

Research Report

The Concerns of Small Businesses as Consumers in Regulated Markets; Survey Findings

Prepared for: Consumer Futures

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Prepared for: Consumer Futures

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1 Executive summary

1.1 Background and context

In November 2013, Consumer Futures commissioned BMG Research to undertake a large scale quantitative survey of small businesses across the UK in order to inform on the experiences and priorities for small businesses with regard to regulated markets.

The key aim of the survey was to gain a deeper understanding of the key issues and concerns that face small businesses as consumers of essential services.

Specific research objectives included:

- To understand how small businesses engage with energy, water, communications and postal services; how important they are to them and how easy or difficult they are to use.
- To find out the problems small businesses have with these markets; the frequency with which problems occur and the experiences in obtaining redress.
- To determine how experiences and obstacles vary by types of business, i.e. by employment size, sector, location (region, urban vs. rural) and age of business.
- To ascertain the importance of access to Post Offices and reliable broadband services, especially among rural small businesses.
- To determine whether energy intensive small businesses have a greater engagement with the energy market, and the extent of problems in the event of outages.
- To provide a firm evidence base on which policy initiatives are to be built.

The target population for the research was all UK small businesses, defined as those with up to 49 employees across all their UK sites. The survey was undertaken at enterprise rather than establishment level, so interviews were undertaken with owners/directors/senior managers at head offices rather than branches where a business operated from more than one site

In total, 2,008 interviews were undertaken by means of CATI (computer-assisted telephone interviewing). Fieldwork was conducted between 9th December 2013 and 28th January 2014.

The sample specification was based on attaining a minimum number of interviews in England, Scotland, Wales and Northern Ireland and targets within each nation were set by business size (number of employees) and by industry[1].

Sectors directly involved in the provision of utility services such as energy companies and post offices were excluded from the survey.

The Devolved Administrations and small businesses with two or more employees were sampled in a greater proportion to their actual representation within the population.

[1] by Standard Industry Classification (SIC) groups: Manufacturing (C), Other production (ABEF), Transport, retail and distribution (GHI), Business services (JKLMN) and Other services (OPQRS). A glossary of SIC groups is included in the Appendix.

Therefore, the survey data were weighted to counteract this disproportionate representation.

1.2 General concerns and problems of small businesses

Small businesses surveyed were presented with a list of 16 potential issues that might be significant concerns for their business. These included issues relating to the costs and reliability of electricity, gas, water, communications, the Post Office and Royal Mail services, in addition to other concerns. The relative significance of the issues that are the focus of this survey is summarised in Figure 1.

Figure 1: Significant concerns of small businesses: A focus on issues within regulated markets

The cost of mains electricity - 46% (rank 1/16)	• 61% of small businesses in Northern Ireland • 51% of transport, retail and distribution businesses • 50% of 'other' services businesses
Lack of reliable internet or phone services - 31% (rank 6/16)	• 38% of business services businesses • 36% of small businesses in Northern Ireland • 52% of small businesses that have complained about any utility service
The cost of water - 24% (rank 8/16)	• 30% of 'other' services businesses • 35% of small businesses in Northern Ireland • 40% of small businesses that use water in the production process
The cost of mains gas - 22% (rank 9/16)	• 28% of 'other' services businesses • 39% of small businesses using gas; 53% of those with separate suppliers for gas and electricity
Reliability of Post Office services - 17% (rank 12/16)	• 22% of business services businesses • 51% of small businesses that have had problems with the Post Office
Reliability of Royal Mail services - 17% (rank 13/16)	• 22% of business services businesses • 21% of small businesses in Scotland • 57% of small businesses that have had problems with the Royal Mail

Among the more general concerns of small businesses (e.g. taxation obligations, cash flow/working capital, compliance with regulations), the cost of mains electricity is a significant issue.

The cost of water and gas are of less significance than that of mains electricity. This is partially because of the lower unit costs of water and gas, lower volume or more variable level of consumption and, with respect to mains gas, use by a much lower proportion of businesses than use mains electricity.

Mains electricity will be used universally to a greater or lesser extent. Lighting, PCs, telecommunications and, most probably in most office/operating spaces, heating (which is less likely to be gas-fuelled than in consumer households) all rely on an uninterrupted electricity supply, and business usage will bear the brunt of the high unit cost of electricity, where tariffs comprise additional levies to fund environmental initiatives.

Lack of reliable internet or phone services is placed above the cost of water and mains gas, and considerably above the reliability of Post Office and Royal Mail services, as a significant concern for small businesses. As with electricity, this reflects widespread usage, as well as reliance on the internet and telecommunications for trading purposes. More than half of all small businesses with internet access report that they would at least lose money and business, if not be unable to trade at all, if they did not have a reliable internet connection. The relative importance of internet and phone services is also reflected in the extent to which lack of reliable services in this area is an issue for small businesses, with this survey determining that three in ten small businesses have experienced problems with their internet or phone services in the last 12 months, and with almost one in four of all small businesses having complained to a service provider as a result.

When reviewing the concerns of small businesses the probability that issues are a concern because they are already causing problems for businesses should be borne in mind. When an issue is not hindering business operations or where there has been little recent experience of an issue, it will not be an active business concern. Thus, while hiring staff and obtaining finance may be very significant issues for some, the majority of small businesses are unlikely to be actively and continually involved in these areas.

The impact of experiencing problems in an area on business concerns is clearly highlighted when we focus on those businesses that have experienced problems with the Post Office in the last 12 months. Half of these cite the reliability of Post Office services as a significant concern. Similarly, more than half of businesses that have recently experienced problems with Royal Mail cite the reliability of Royal Mail services as a significant concern.

There is some variation by nation, with the cost of mains electricity being significantly more of a concern in Northern Ireland than elsewhere.

Small businesses based outside of urban areas are significantly more likely than those in urban areas to be concerned about the cost of mains electricity, as well as the lack of reliable internet or phone services.

1.3 Energy

Mains electricity is a near universally used and essential service. It powers lights, PCs and other equipment, telecommunications and, to a greater extent than in consumer households, heating. Mains gas is not as widely used or available to businesses, and two-fifths of small businesses (41%) report not having a mains gas supply.

Around one in six small businesses do not deal directly with their mains gas/electricity suppliers, as their landlord deals with it for them as part of their rent/lease/contract.

The majority of small businesses with both a mains electricity and gas supply have a dual fuel account (32% of all); a higher proportion than that (38%), only have mains electricity. These proportions do not take into account those who do not deal directly with suppliers.

A significant portion of small businesses with a mains gas supply (22%) are unsure how their usage of and expenditure on gas compares with other businesses of a similar size. In comparison, small businesses are more certain of their relative usage of and expenditure on mains electricity. In respect of both mains gas and mains electricity, only around one in ten put their usage and expenditure as atypically high compared with similar sized businesses.

The majority of small businesses with a mains gas or electricity supply are satisfied with their current suppliers (four-fifths), with dissatisfaction indicated by around one in six.

Small businesses in Wales are more likely than average to be very satisfied with both their gas and their mains electricity supplier.

Dissatisfaction revolves around a perception of high prices, particularly among small businesses in Northern Ireland and Wales. One in five of those dissatisfied are dissatisfied because they feel prices are always going up, while one in eight have found it difficult to switch contracts.

Seven in ten small businesses that deal directly with gas and/or electricity suppliers and have ever taken out an energy contract (71%) claim to have shopped around for the most suitable or economically advantageous deal last time they took out a new energy contract.

Those who use the internet for business purposes are significantly more likely to have shopped around for the best energy deal than those that do not use the internet (77%, compared with 46%).

Seven in ten small businesses that have shopped around (70%) have done so online, while just over a third (36%) has rung suppliers to get prices.

Brokers are used by a minority of those that have shopped around (16%). Overall, 11% of all small businesses have used or been contacted by a broker in the energy market. The majority that used one (82%) were satisfied with the service provided by the broker, with one in ten (11%) dissatisfied.

More than half of all small businesses with an energy supplier (55%) report finding it easy to compare energy prices and understand if their contract is suitable for them. This contrasts with a third of all (34%) that do not find it easy. The larger the business, the more confidence in comparing deals between energy suppliers. The smaller the business, the closer their experience and perception of the market is to that of individual consumers.

Eight per cent of small businesses with a mains electricity supply have experienced problems with their supply in the last 12 months. This is more likely to be the case in rural areas.

Just three per cent of small businesses with mains gas supply have experienced problems with their supply in the last 12 months.

Interrupted supply is the most commonly experienced problem. One in five small businesses that have experienced problems cite higher than expected bills and poor customer service as the causes.

Sixty-one per cent of businesses experiencing problems with mains gas have complained. More than two-fifths of these businesses (44%; 28% of those that have experienced problems) have not been satisfied with the outcome of the complaint.

While problems with mains gas and mains electricity supplies are relatively few and far between, when small businesses experience problems, only one in three that go as far as complaining are wholly satisfied with the outcome.

Despite a significant minority experiencing unresolved complaints, only one in ten took this further by seeking external help and advice.

1.4 Water

Most small businesses do not use water in the production of goods or in facilitation of processes. Small businesses in production sectors that operate outside of manufacturing are most likely to do so (30%).

Around one in twenty small businesses consider their usage and expenditure on water as atypically high compared with similar sized businesses. This proportion increases to more than one in five small businesses that use water in the production of goods/ processes.

Nine in ten small businesses (91%) are satisfied with their water supplier; 7% are dissatisfied. Satisfaction is at a slightly lower level in Scotland (87%), which may reflect the fact that small businesses in Scotland are already able to switch suppliers, are likely to be more aware of alternatives, and to have a critical view as a consequence. Satisfaction levels are significantly higher in town (94%) and rural (93%) than in urban areas (89%).

Whether it is due to this high level of satisfaction or because the option is not currently available to businesses outside of Scotland, only one in eight small businesses (12%) would want to change their water supplier if they could. This proportion increases to 52% if they could save money, and 32% if they could get a better service. The level of interest in changing supplier, particularly for financial reasons, is greater amongst those using water in their production processes and this is likely to be a reflection of the higher volume of use and therefore, higher bills

Only 4% of small businesses with a water supply have experienced problems with it. These problems are most likely to have been linked to interrupted supply (54%) and flooding/leaks/sewerage spillages (45%). One in four (25%) cite higher than expected bills, while poor customer service is mentioned by around one in six.

Where problems have been experienced, more than three-quarters (77%) complained to their supplier. More than half of those that complained were satisfied with how their complaint was addressed (57%) and 43% were not.

As observed with regard to unresolved complaints with mains gas or mains electricity supplies, which are at a similar level, just one in ten took this further by seeking external help or advice to resolve the issue.

Three in ten small businesses are interested in receiving additional services from their water supplier. The most popular of these possible additional services is smart meters or automated meter readings (20%), while others would be interested in receiving waste water reduction advice (13%) and/or water efficiency advice (11%).

There is particularly strong interest in these additional services within Northern Ireland and among small businesses that use water in production processes.

1.5 Communications

Use of one or more communications channels is widespread within small businesses, with the majority (89%) having a fixed or landline telephone facility and nearly three-quarters (72%) having mobile phones. Those that do not have a fixed or landline telephones are likely to have a mobile phone instead, but the majority have access to and use both.

Dial-up internet connections are used by only around one in ten small businesses (9%), with most small businesses (79%) having a broadband internet connection, increasing to 94% of small businesses in the business services sector.

Fax machines are used by around one in four small businesses (27%). This proportion increases to nearly half among manufacturing businesses (47%).

Broadband coverage is particularly good in urban Northern Ireland (94%), rural Wales (87%) and more sparsely populated urban areas in England (85%). Areas in Wales that are not rural but more sparsely populated than urban areas are relatively poorly served (63%).

Two-thirds of small businesses with internet access (65%) have a website but only one in eight (13%) use it for e-commerce (selling). Half of those with a website (50%) use it for promotional purposes only.

Just 44% of small businesses in Northern Ireland with internet access have a website, which compares with 66% in England.

Where small businesses have access to the internet, the majority use it for email (83%), to order stock and services (71%), to manage and pay bills (71%) and to compare prices for suppliers (67%). Having access to a broadband connection rather than a dial-up connection makes any of these activities more likely.

A third of small businesses with access to the internet (34%) use any social media for business purposes, the most popular being Facebook (28%), Twitter (17%) and LinkedIn (17%). Young businesses (established for less than four years) are more likely than older businesses (ten or more years) to use have adopted social media

(60%, compared with 25%). Businesses in the production sectors, including manufacturing, lag behind service industries in this respect.

A third of small businesses with internet access (35%) consider that they would not be able to trade without a reliable internet connection, and a further 20% expect that they would lose money and business without it.

Those in the business services sector, and small businesses based in London, are particularly heavily reliant on having a reliable internet connection.

The majority of small businesses are satisfied with their communication contracts, with just 12% not satisfied. Dissatisfaction is mainly due to poor broadband connection/ slow speed, although poor service and pricing levels are also mentioned. This is a higher level of dissatisfaction than for other regulated markets, perhaps because of the wider competition. It is also the case that, when compared with other service areas such as energy and water a high proportion of small businesses have experienced problems with communications (30%).

Connection issues, i.e. no connection, dominate problems experienced (92% of those that have experienced problems), with customer service cited by around three in ten.

Three-quarters of small businesses that have had a problem with their internet or phone service (76%) have complained. This equates to 23% of all small businesses.

A third of those that complained (31%) were not satisfied with the outcome.

The propensity to seek external help or advice following dissatisfaction with complaint handling is higher with communications services than it is in energy and water markets (27%, compared with only one in ten).

1.6 Post Office services

More than half of small businesses (53%) use the Post Office at all for business purposes, with those with 20+ employees less likely than average to do so (35%). The proportion is higher than average in small businesses based at home or where businesses access the internet via a broadband connection.

Of those that use the Post Office, 61% use it on a weekly basis, with 12% of all users using it every day.

Small businesses predominantly use the Post Office to send letters or documents out (88% of those that use it), and/or to send parcels (66% in the UK; 28% internationally). Buying/renewing vehicle tax is also a service used by a significant proportion of small businesses using the Post Office (45%).

Having access to the internet and being able to take advantage of opportunities to use some services online rather than physically go to a Post Office is a major factor in reducing the propensity to use the Post Office for buying/renewing vehicle tax and paying bills, but those with internet access are more likely than those without it to use the Post Office for sending letters and parcels.

Convenience of location is the main reason for using Post Offices (79% of those that use it). Small businesses also cite good customer service (72%), reliability (72%) and trust in the brand (71%) as the reasons for using the Post Office.

Two per cent of small businesses have experienced problems with the Post Office in the last 12 months. The majority of these are home-based businesses, and more than half are frequent users[2] of the Post Office.

Poor customer service and the failure to provide the promised service are the two most frequently cited problems experienced with Post Office services (49% and 47% of those that have experienced problems respectively).

Only two in five of small businesses that have experienced problems with the Post Office (40%) have complained. This equates to just one per cent of all small businesses. For more than a third of those that complained (38%) nothing happened as a result. This is reflected in the low level of satisfaction with aspects of the complaints process with regard to the final outcome of the complaint (27% satisfied, 71% dissatisfied) and timeliness of the complaints process (31% satisfied, 59% dissatisfied). The picture is more positive with regard to how staff handled the complaint as 71% of complainants are satisfied with the politeness and courtesy of the staff they dealt with.

1.7 Royal Mail services

Seven in ten small businesses (70%) send out letters and parcels. As business size increases so does the proportion sending letters and parcels.

Overall, around half of those that send out any letters and parcels (49%) send out less than one a week on average. A further 43% send out between 1 and 10 per week on average.

76% of those sending out letters and parcels spend an average of less than £50 a month on these services.

Royal Mail is just one of many organisations providing delivery services, for parcels in particular, but for most light users of parcel services local Post Offices are more frequently used for this purpose.

Purchasing stamps is the most common way in which to pay for postage on letters and parcels (94% of those that send them). One in ten use metered or franked mail facilities (some in addition to stamps), while just 6% each use online postage and/or pre-paid envelopes.

Six per cent of small businesses have experienced problems with Royal Mail services. The most commonly experienced problem is that of no deliveries/late deliveries (57% of those with problems), while nearly half of businesses with problems cite lost mail (46%).

A third of small businesses that have experienced problems with Royal Mail (35%) have complained. This equates to just 2% of all small businesses.

For nearly half of those that complained (47%) nothing happened as a result. This is reflected in the low level of satisfaction with aspects of the complaints process with regard to the final outcome of the complaint (38% satisfied, 62% dissatisfied) and timeliness of the complaints process (44% satisfied, 52% dissatisfied). Complainants

[2] At least fortnightly

are more positive with regard to how staff handled the complaint as 71% are satisfied with the politeness and courtesy of the staff they dealt with and 63% are satisfied with the professionalism of the staff and their ability to help.

1.8 Overview of small business' experiences

The survey findings have provided evidence that the cost and reliable provision of energy services, water supply, communications, Post Office and Royal Mail services are significant concerns to a greater or lesser extent for small businesses.

Whether these services are perceived as concerns is directly related to whether problems have been experienced in these areas by businesses. Furthermore the extent to which a problem becomes one to be pursued as a complaint varies, it would seem, depending on the degree of control that a business feels it has in the area and the extent to which can take action as a result.

There are a number of factors in this respect. These are:

- A significant minority of small businesses do not have a direct customer relationship with their energy or water suppliers, since they have a landlord who deals with it, although they need the supply to be reliable. This restricts their ability to approach suppliers directly to complain about any shortcomings in the service or to change suppliers if they want to.
- The extent to which small businesses rely on services to produce goods, facilitate the provision of services and as tools for their sales and marketing strategies varies widely. Service failures will impact on business' trading positions in different ways and to different extents.
- Regulated markets differ in terms of the number of service providers available and accessible to service users.
    - Energy and communications markets offer considerable choice of service providers to customers, although, the price comparisons are not always straightforward and customers need to be fairly well informed to gain financial benefits from a change to their contracts.
    - With the exception of businesses based in Scotland, small businesses have no choice of water supplier.
    - While many Post Office services are available online or through other retail outlets, they continue to offer a unique service in facilitating a wide range of official services, access to Royal Mail services and financial services outside of individuals' normal banking services.
    - Royal Mail users have a wide range of alternative options in terms of sending parcels but letters are still predominantly sent via Royal Mail. However, email correspondence has undoubtedly reduced the need for businesses to send letters via Royal Mail.

Figure 2 summarises the extent to which problems have been experienced by small businesses with regard to services in each of the regulated markets (in the blue boxes) and key facts regarding small business dealings in each of the areas (listed in the grey boxes).

Figure 2: Problems experienced across services and key facts regarding usage and satisfaction with each

Internet/Phone services 30%

- 35% of businesses cannot trade without a reliable internet connection; 20% would lose money without one
- **87% of businesses are at least fairly satisfied with their communications contracts**
- No connection is cited by 92% of those with a problem
- **76% of those with problems have complained**
- 31% of those that complained have not been satisfied with the outcome

Electricity 8%

- 82% of businesses are at least fairly satisfied with their electricity supplier
- **74% of those that have experienced problems cite interrupted supply**
- 61% of those with problems have complained
- **44% of those that have complained have not been satisfied with the outcome**

Royal Mail 6%

- 70% of businesses have sent out letters and parcels in the last year
- **No/late deliveries are cited as the cause of problems by 57% of those with problems; lost mail by 46%**
- 35% of those with problems have complained
- **53% of those that have complained have had their issue resolved in some way**
- 62% of those that have complained were dissatisfied with the outcome of the complaint

Water 4%

- 14% of businesses use water in their production processes/facilitation of the provision of services
- **91% of businesses deal directly with their water supplier**
- Problems are mainly due to interrrupted supply (54%) and flooding/leaks/sewerage spillage (45%)
- **77% of those with problems have complained**
- 43% of those that have complained have not been satisfied with how it has been handled

Gas 3%

- 59% of businesses have a gas supply
- **80% of businesses are at least fairly satisfied with their gas supplier**
- 74% of those that have experienced problems cite interrupted supply
- **61% of those with problems have complained**
- 44% of those that have complained have not been satisfied with the outcome

Post Office 2%

- 53% of businesses use the Post Office at all for business purpose
- **Poor customer service is cited as the cause of problems by 49% of those with problems; failure to provide the promised service by 47%**
- 40% of those with problems have complained
- **62% of those that have complained have had their issue resolved in some way**
- 71% of those that have complained were dissatisfied with the outcome of the complaint

2 Introduction

2.1 Background and context

Consumer Futures, previously Consumer Focus, is the operating name of the new National Consumer Council (NCC). It is focused on the key issues that matter most to consumers in energy, post and, in Scotland, water. These are complex arenas where it is often difficult for consumers to have a voice.

On April 1st 2014 Consumer Futures transferred from the public sector to Citizens Advice and Citizens Advice Scotland, with the Extra Help Unit (EHU) also transferring to Citizens Advice Scotland, and responsibility for consumer representation in postal services in Northern Ireland moving to the General Consumer Council for Northern Ireland (GCCNI).

Although Consumer Futures' main remit is the protection of domestic consumers, small businesses (those with fewer than 50 staff) engage with markets with the same (perhaps limited) level of expertise, yet enjoy fewer protections than consumers. Previous research undertaken by Consumer Futures and its predecessor organisations has been in reaction to specific issues and a holistic approach had not been taken prior to this survey.

Without a detailed knowledge of the priorities for small businesses, Consumer Futures is unable to argue for their protection and influence regulatory policy accordingly. A more detailed knowledge of small businesses' experiences and priorities, particularly how these vary by business characteristics, was required to assist Consumer Futures in understanding where best to focus its policy and advocacy work.

To that end, in November 2013, Consumer Futures commissioned BMG Research to undertake a large scale quantitative survey of small businesses across the UK.

2.2 Aims and objectives

The key aim of the survey was:

To gain a deeper understanding of the key issues and concerns that face small businesses as consumers of essential services.

Specific research objectives included:

- To understand how small businesses engage with energy, water, communications and postal services; how important they are to them and how easy or difficult they are to use.
- To find out the problems small businesses have with these markets; the frequency with which problems occur and the experiences in obtaining redress.
- To determine how experiences and obstacles vary by types of business, i.e. by employment size, sector, location (region, urban vs. rural) and age of business.
- To ascertain the importance of access to Post Offices and reliable broadband services, especially among rural small businesses.

- To determine whether energy intensive small businesses have a greater engagement with the energy market, and the extent of problems in the event of outages.
- To provide a firm evidence base on which policy initiatives are to be built.

The target population for the research was all UK small businesses, defined as those with up to 49 employees across all their UK sites. The survey was undertaken at enterprise rather than establishment level. This means that where a business operated from more than one site, only its head office (not its branches) was contacted.

2.3 Research methodology

In total, 2,008 interviews were undertaken with UK-based small enterprises. The interviews were undertaken by BMG at its Birmingham-based call centre facility and CATI (computer-assisted telephone interviewing) was used. Fieldwork was conducted between 9th December 2013 and 28th January 2014.

The sample specification was based on attaining a minimum number of interviews in England, Scotland, Wales and Northern Ireland. Furthermore, targets within each nation were set by business size (number of employees) based on bandings: 0-1, 2-4, 5-9, 10-19, 20-49; and by industry, by Standard Industry Classification (SIC) groups: Manufacturing (C[3]), Other production (ABEF), Transport, retail and distribution (GHI), Business services (JKLMN) and Other services (OPQRS). A glossary of SIC groups is included in the Appendix.

Sectors directly involved in the provision of utility services such as energy companies and post offices were excluded from the survey.

The Devolved Administrations and small businesses with two or more employees were sampled in a greater proportion to their actual representation within the population. Therefore, the survey data were weighted to counteract this disproportionate representation.

A summary of the number of interviews completed by each of the quota variables, how this translates into the number of weighted cases and how it compares with the population is provided in Figure 3.

A fuller explanation of the fieldwork and sampling methodology is included in the Technical Annex of this report.

Figure 3: Population, interviews and weighting of data

	Population (n)	Population %	No. of interviews	No. of cases (weighted)
Size (employees)				
0-1	3,847,205	79	606	1,590

[3] Alphabetical classifications relate to broad SIC 2007 sector classification groups

2-4	594,655	12	379	246
5-9	229,765	5	395	95
10-19	121,530	3	338	50
20-49	65,215	1	290	27
Sector				
Manufacturing	267,190	5	301	110
Other production	1,069,735	22	391	442
Transport, retail, distribution	930,715	19	470	385
Business services	1,539,630	32	444	636
Other services	1,051,100	22	402	434
Nation				
England	4,235,115	87	652	1,750
Northern Ireland	112,140	2	378	46
Scotland	322,835	7	603	133
Wales	188,280	4	375	78
Total for UK	**4,858,370**		**2,008**	

2.4 Statistical confidence

The overall sample is sufficiently large to allow reporting on findings with a high degree of statistical reliability. Unless stated otherwise, all findings reported in bold in the charts and tables are statistically significant against the overall total. It should be noted that the comparison is between the sub-group (for instance, all small businesses with 1-4 employees), and the total minus that sub-group (which in the cases where comparisons are made between 2-4 employees and others means a comparison between 2-4 employers and all other small businesses).

A fuller explanation of the way statistical reliability is calculated and the level of standard error attached to the overall sample and to each of the sub-sample groups is included in the Technical Annex of this report.

2.5 Report contents

This report contains a written summary of the data set.

Graphs and tables are used throughout the report to assist explanation and analysis. Although occasional anomalies appear due to ‘rounding’ differences, these are never more than +/-1%.

Sample bases in graphs and tables are the unweighted sample sizes (in order to be able to calculate confidence intervals). The data itself is weighted data, unless specified otherwise.

3 The general concerns and problems of small businesses

3.1 Key findings

Among the more general concerns of small businesses (e.g. taxation obligations, cash flow/working capital, compliance with regulations), the cost of mains electricity is a significant issue.

The cost of water and gas are of less significance than that of mains electricity. This is partially because of the lower unit costs of water and gas, lower volume or more variable level of consumption and, with respect to mains gas, use by a much lower proportion of businesses than use mains electricity.

Mains electricity will be used universally to a greater or lesser extent. Lighting, PCs, telecommunications and, most probably in most office/operating spaces, heating (which is less likely to be gas-fuelled than in consumer households) all rely on an uninterrupted electricity supply, and business usage will bear the brunt of the high unit cost of electricity, where tariffs comprise additional levies to fund environmental initiatives.

Lack of reliable internet or phone services is placed above the cost of water and mains gas, and considerably above the reliability of Post Office and Royal Mail services, as a significant concern for small businesses. As with electricity, this reflects widespread usage, as well as reliance on the internet and telecommunications for trading purposes. More than half of all small businesses with internet access report that they would at least lose money and business, if not be unable to trade at all, if they did not have a reliable internet connection. The relative importance of internet and phone services is also reflected in the extent to which lack of reliable services in this area is an issue for small businesses, with this survey determining that three in ten small businesses have experienced problems with their internet or phone services in the last 12 months, and with almost one in four of all small businesses having complained to a service provider as a result.

When reviewing the concerns of small businesses the probability that issues are a concern because they are already causing problems for businesses should be borne in mind. When an issue is not hindering business operations or where there has been little recent experience of an issue, it will not be an active business concern. Thus, while hiring staff and obtaining finance may be very significant issues for some, the majority of small businesses are unlikely to be actively and continually involved in these areas.

The impact of experiencing problems in an area on business concerns is clearly highlighted when we focus on those businesses that have experienced problems with the Post Office in the last 12 months. Half of these cite the reliability of Post Office services as a significant concern. Similarly, more than half of businesses that have recently experienced problems with Royal Mail cite the reliability of Royal Mail services as a significant concern.

There is some variation by nation, with the cost of mains electricity being significantly more of a concern in Northern Ireland than elsewhere.

Small businesses based outside of urban areas are significantly more likely than those in urban areas to be concerned about the cost of mains electricity, as well as the lack of reliable internet or phone services.

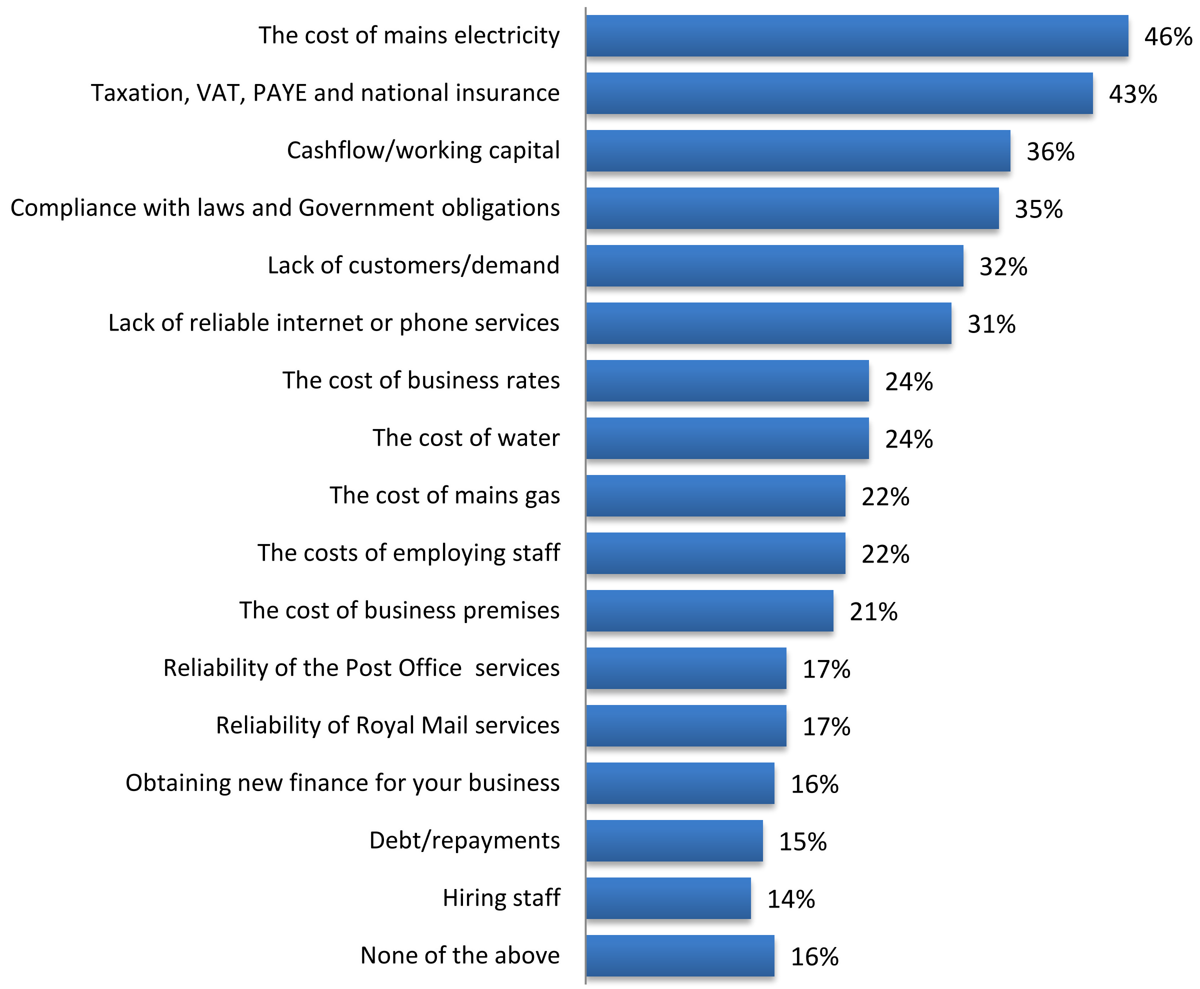
3.2 Significant business concerns

Before focusing on the issues that relate to regulated markets, the survey set out to provide a context by examining the wider issues that are of significant concern to small businesses.

Businesses were asked to indicate which, of a large number of issues, they consider to be of significant concern to their business.

The cost of mains electricity is most frequently selected as a significant business concern (46%) followed by taxation VAT, PAYE and national insurance (43%).

Figure 4: Significant concerns for business; prompted, multiple response (all respondents)



Q.A1 Of the following, which do you consider to be a significant concern to your business? READ OUT AND CODE ALL THAT APPLY
Unweighted sample base = 2,008

The cost of mains electricity is of greater concern than the cost of mains gas, which reflects the fact that more small businesses use electricity than gas. The cost of phone services, Post Office and Royal Mail services are also less likely to be concerns than the cost of mains electricity.

Figure 5: Significant concerns for business, by industry sector; prompted, multiple response (all respondents)

Column percentages	Total	Manufact-uring	Other production	Transport, retail, distribution	Business services	Other services
The cost of mains electricity	46	41	47	**51**	*39*	**50**
Taxation, VAT, PAYE and national insurance	43	44	48	46	43	37
Cash flow/working capital	36	35	40	38	36	31
Compliance with laws and Government obligations	35	29	**48**	30	36	27
Lack of customers/demand	32	**37**	22	**40**	31	35
Lack of reliable internet or phone services	31	30	35	21	**38**	27
The cost of business rates	24	**38**	19	**40**	17	23
The cost of water	24	12	26	29	17	**30**
The cost of mains gas	22	16	18	19	22	**28**
The costs of employing staff	22	20	23	23	23	18
The cost of business premises	21	26	10	**36**	16	24
Reliability of the Post Office services	17	18	14	18	**22**	11
Reliability of Royal Mail services	17	18	17	18	**22**	9
Obtaining new finance for your business	16	12	13	**23**	15	16
Debt/repayments	15	14	16	**21**	14	*9*
Hiring staff	14	15	16	**19**	11	11
None of the above	16	11	13	17	16	17
Unweighted bases	*2,008*	*301*	*391*	*470*	*444*	*402*

Q.A1 Of the following, which do you consider to be a significant concern to your business? READ OUT AND CODE ALL THAT APPLY **Figures in bold are significantly higher than average**

Figure 5 highlights differences between industry sectors with respect to business concerns. Customer demand and business rates are a particular concern for small businesses in manufacturing and transport, retail and distribution, while small businesses in transport, retail and distribution are significantly more likely than average to be concerned about the cost of business premises, obtaining finance, debt/repayments and hiring staff. Small businesses in the transport, retail and distribution and other services sectors are particularly concerned about the cost of electricity, while those in other services are more likely than those in other sectors to cite the cost of water and mains gas. Business services firms are more likely than others to be concerned about the reliability of telecommunications services, as well as those provided by the Post Office and Royal Mail.

There are significant differences between small businesses that have complained about energy, water, telecommunications, Post Office or Royal Mail services and those that have not complained in the last 12 months.

Those that have complained are significantly more likely to cite concerns about services, including the reliability of Post Office, Royal Mail and internet/phone services, the cost of mains gas, electricity and water, as well as other issues.

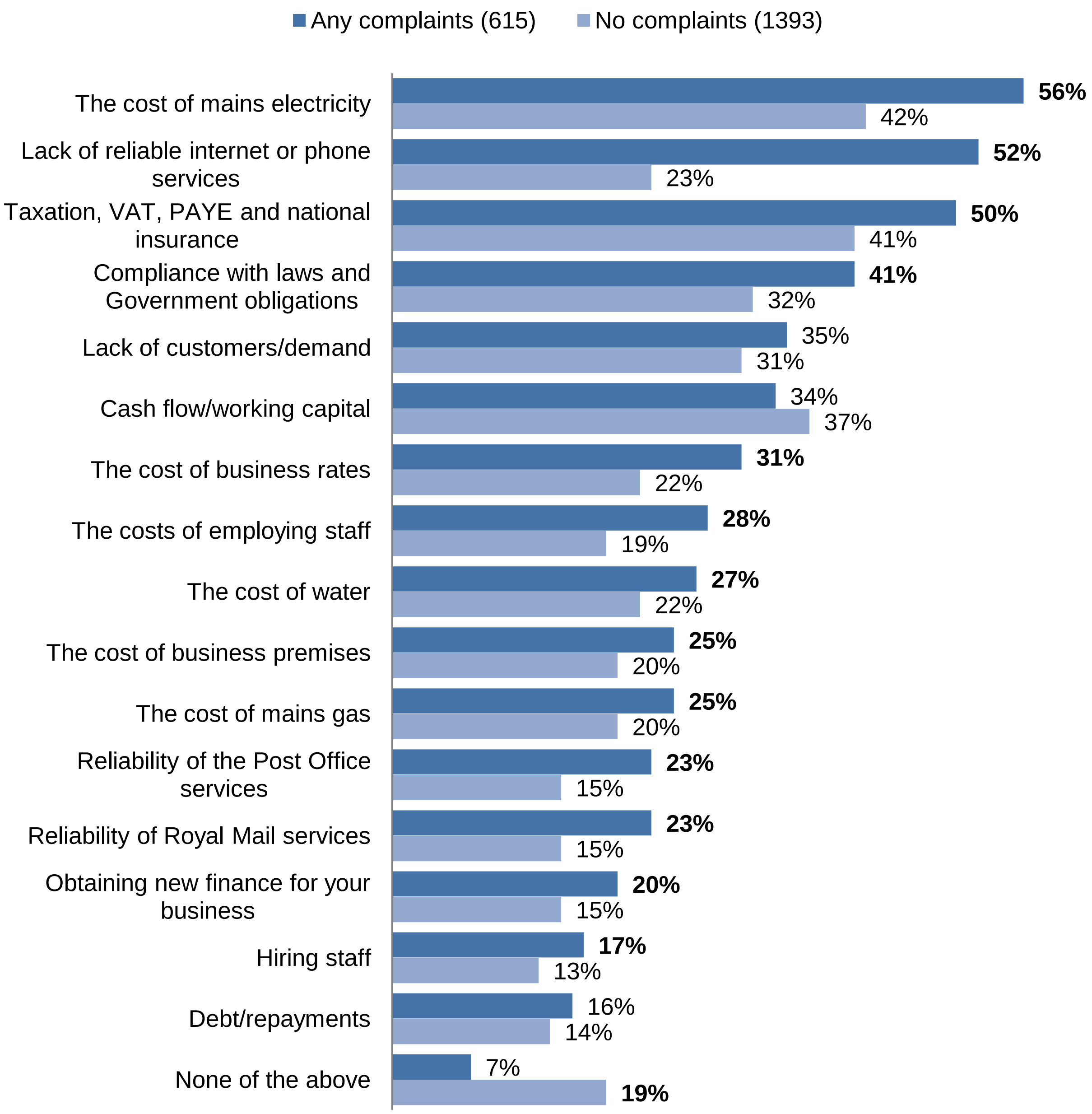
Half the small businesses that have experienced problems with the Post Office or Royal Mail cited reliability of these services as significant concerns for the business

- Reliability of Post Office services: 51% of those having had problems with the Post Office, compared with 16% of those that have not.
- Reliability of Royal Mail services: 57% of those having had problems with Royal Mail, compared with 16% of those that have not.

Other significant differences relate to the reliance that small businesses are likely to have on issues and services. Those that use water in the production of goods and provision of services are significantly more likely to cite the cost of water as a significant concern than those that do not (40%, compared with 21%).

Gas users, particularly those with different suppliers for gas and electricity, are significantly more likely than average to cite concerns about the cost of mains gas (39%, rising to 53% of small businesses with a different supplier for gas). There is not a similar pattern with regard to electricity use, reflecting the fact that electricity is more universally used.

Figure 6: Significant concerns for business, by whether complained in the last 12 months; prompted, multiple response (all respondents)



Q.A1 Of the following, which do you consider to be a significant concern to your business? READ OUT AND CODE ALL THAT APPLY **Figures in bold are significantly higher than average**

By nation, small businesses in Wales are more likely than average to be concerned about taxation, VAT, PAYE and national insurance (51%), the cost of mains electricity (48%), cash flow/working capital (49%) and compliance with laws and Government obligations (45%). Those in Scotland are more likely than average to be concerned about the cost of mains electricity (49%) and taxation, VAT, PAYE and national insurance (43%). Businesses in Northern Ireland are more likely than those elsewhere to be concerned about most issues, particularly, the cost of mains electricity (61%), business rates (53%) and cash flow/working capital (51%).

Figure 7: Significant concerns for business, by nation; prompted, multiple response (all respondents)

Column percentages	UK	England	Northern Ireland	Scotland	Wales
The cost of mains electricity	46	45	**61**	49	48
Taxation, VAT, PAYE and national insurance	43	43	**49**	43	**51**
Cash flow/working capital	36	35	**51**	39	**49**
Compliance with laws and Government obligations	35	34	**43**	37	**45**
Lack of customers/demand	32	32	34	29	27
Lack of reliable internet or phone services	31	31	**36**	31	28
The cost of business rates	24	23	**53**	22	28
The cost of water	24	23	**35**	28	19
The cost of mains gas	22	22	9	17	23
The costs of employing staff	22	20	**32**	**32**	23
The cost of business premises	21	21	**28**	21	25
Reliability of the Post Office services	17	17	15	18	13
Reliability of Royal Mail services	17	17	20	**21**	14
Obtaining new finance for your business	16	15	**31**	23	26
Debt/repayments	15	14	19	18	**24**
Hiring staff	14	13	**23**	18	**22**
None of the above	13	16	8	13	13
Unweighted bases	*2,008*	*652*	*378*	*603*	*375*

Q.A1 Of the following, which do you consider to be a significant concern to your business? READ OUT AND CODE ALL THAT APPLY **Figures in bold are significantly higher than average**

When asked to select up to three issues as being of greatest concern to their business, the top three are:

- The cost of electricity, 25%
- Cash flow/working capital, 18%
- Taxation, VAT, PAYE and national insurance, 18%

These are the top three concerns in each of the industry sector groups, with the exception that the cost of business rates replaces cash flow/working capital in transport, retail and distribution, and the cost of mains gas and lack of customers/ demand are, along with the cost of electricity, the top three concerns in the other services sector.

Figure 8: Top three significant concerns for business, by industry sector; prompted, multiple response – up to three (all respondents)

Column percentages	Total	Manufacturing	Other production	Transport, retail, distribution	Business services	Other services
The cost of mains electricity	25	19	28	28	21	29
Cash flow/working capital	18	20	23	19	17	12
Taxation, VAT, PAYE and national insurance	18	**23**	20	20	19	13
Lack of customers/demand	16	14	12	16	15	**21**
Compliance with laws and Government obligations	13	13	**18**	8	**17**	8
The cost of mains gas	12	5	10	8	12	**18**
Lack of reliable internet or phone services	11	11	11	4	**14**	11
The cost of business rates	10	**16**	5	**21**	6	11
The cost of business premises	8	**13**	*	**15**	7	**12**
The costs of employing staff	7	4	7	8	**10**	2
The cost of water	7	5	7	7	4	10
Obtaining new finance for your business	6	5	7	7	6	6
Reliability of the Post Office services	4	7	3	4	5	3
Reliability of Royal Mail services	4	3	3	2	**7**	4
Hiring staff	4	**9**	4	6	2	4
Debt/repayments	3	1	6	3	3	1
None of the above	16	11	13	17	16	17
Unweighted bases	*2,008*	*301*	*391*	*470*	*444*	*402*

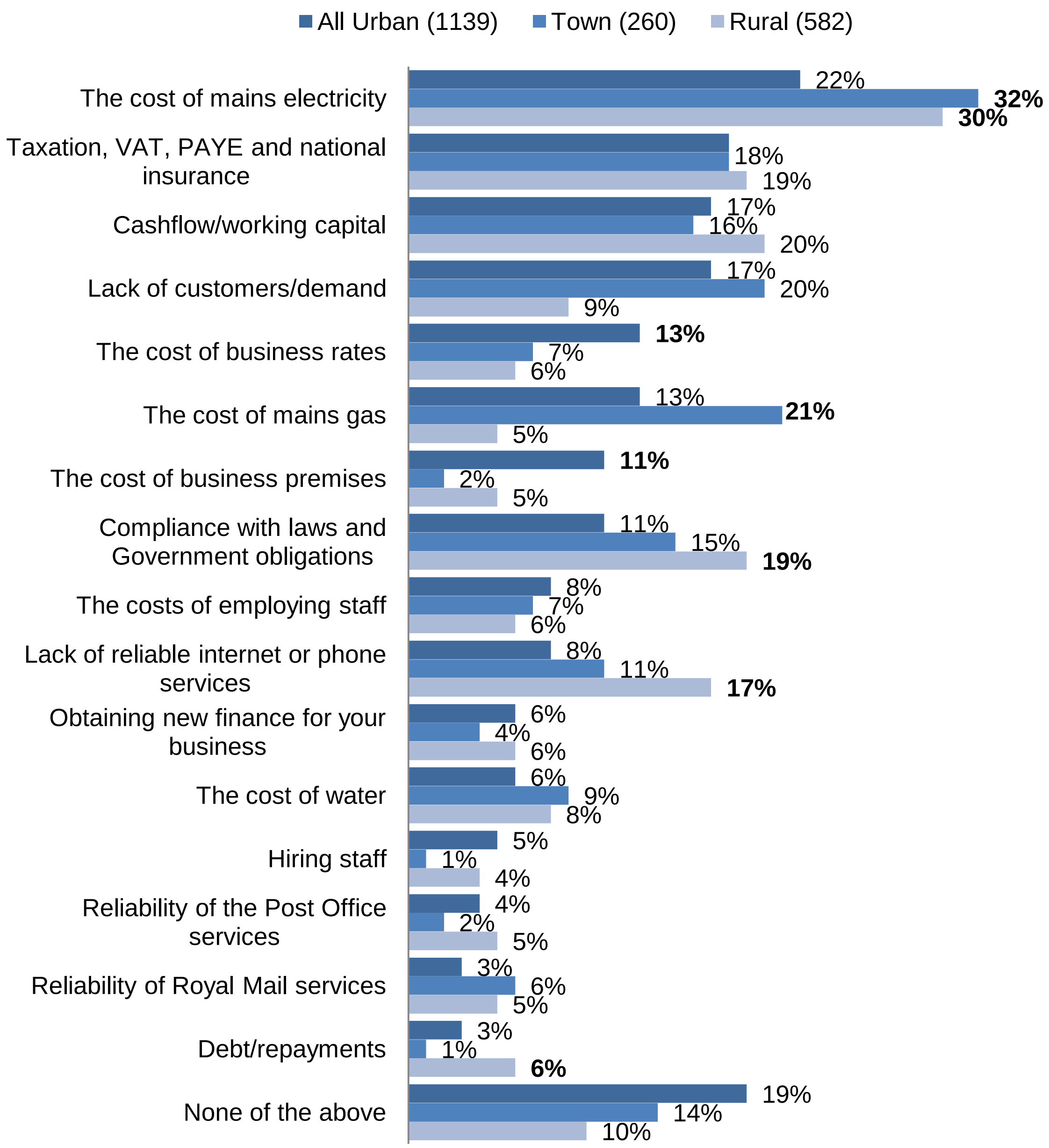
Q.A2 Of the following, which three would you say are the greatest concerns for your business? READ OUT AND CODE UP TO THREE *denotes less than 0.5% **Figures in bold are significantly higher than average**

By nation, small businesses in Northern Ireland are significantly more likely than average to cite the cost of business rates in their top three business concerns (32%), while compliance with laws and Government obligations is particularly important in Wales (24%). Alongside small businesses in Wales (23%) and Northern Ireland (24%), small businesses in Scotland (22%) are more likely than those in England (18%) to cite taxation, VAT, PAYE and National Insurance as one of their three top business concerns.

By geography, small businesses based in urban areas are significantly more likely than average to cite the cost of business rates and business premises as two of their top three issues. Those based in more sparsely populated urban areas (towns) are more likely than average to cite the cost of mains electricity and gas and lack of customers/demand.

Rural-based small businesses are particularly likely to cite the cost of mains electricity, compliance with laws and Government obligations and lack of reliable internet/phone services in their top three.

Figure 9: Top three significant concerns for business, by geography; prompted, multiple response – up to three (all respondents)



Q.A2 Of the following, which three would you say are the greatest concerns for your business? READ OUT AND CODE UP TO THREE **Figures in bold are significantly higher than average**

4 Energy

This section focuses on small businesses' experiences of mains gas and electricity suppliers: whether they use the same suppliers for both, or separate suppliers for each and whether they deal directly with suppliers at all; perceptions of their own mains gas and electricity usage and expenditure relative to their peers and how, if at all, energy contracts are optimised in terms of value for money is examined; finally, the extent and type of problems experienced by small businesses with their mains gas and electricity suppliers, and how they have been dealt with by the businesses and suppliers.

4.1 Key findings

Mains electricity is a near universally used and essential service. It powers lights, PCs and other equipment, telecommunications and, to a greater extent than in consumer households, heating. Mains gas is not as widely used or available to businesses, and two-fifths of small businesses (41%) report not having a mains gas supply.

Around one in six small businesses do not deal directly with their mains gas/electricity suppliers, as their landlord deals with it for them as part of their rent/lease/contract.

The majority of small businesses with both a mains electricity and gas supply have a dual fuel account (32% of all); a higher proportion than that (38%), only have mains electricity. These proportions do not take into account those who do not deal directly with suppliers.

A significant portion of small businesses with a mains gas supply (22%) are unsure how their usage of and expenditure on gas compares with other businesses of a similar size. In comparison, small businesses are more certain of their relative usage of and expenditure on main electricity. In respect of both mains gas and mains electricity, only around one in ten put their usage and expenditure as atypically high compared with similar sized businesses.

The majority of small businesses with a mains gas or electricity supply are satisfied with their current suppliers (four-fifths), with dissatisfaction indicated by around one in six.

Small businesses in Wales are more likely than average to be very satisfied with both their gas and their mains electricity supplier.

Dissatisfaction revolves around a perception of high prices, particularly among small businesses in Northern Ireland and Wales. One in five of those dissatisfied are dissatisfied because they feel prices are always going up, while one in eight have found it difficult to switch contracts.

Seven in ten small businesses that deal directly with gas and/or electricity suppliers and have ever taken out an energy contract (71%) claim to have shopped around for the most suitable or economically advantageous deal last time they took out a new energy contract.

Those who use the internet for business purposes are significantly more likely to have shopped around for the best energy deal than those that do not use the internet (77%, compared with 46%).

Seven in ten small businesses that have shopped around (70%) have done so online, while just over a third (36%) have rung suppliers to get prices.

Brokers are used by a minority of those that have shopped around (16%). Overall, 11% of all small businesses have used or been contacted by a broker in the energy market. The majority that used one (82%) were satisfied with the service provided by the broker, with one in ten (11%) dissatisfied.

More than half of all small businesses with an energy supplier (55%) report finding it easy to compare energy prices and understand if their contract is suitable for them. This contrasts with a third of all (34%) that do not find it easy. The larger the business, the more confidence in comparing deals between energy suppliers. The smaller the business, the closer their experience and perception of the market is to that of individual consumers.

Eight per cent of small businesses with a mains electricity supply have experienced problems with their supply in the last 12 months. This is more likely to be the case in rural areas.

Just three per cent of small businesses with mains gas supply have experienced problems with their supply in the last 12 months.

Interrupted supply is the most commonly experienced problem. One in five small businesses that have experienced problems cite higher than expected bills and poor customer service as the causes.

Sixty-one per cent of businesses experiencing problems with mains gas have complained. More than two-fifths of these businesses (44%; 28% of those that have experienced problems) have not been satisfied with the outcome of the complaint.

While problems with mains gas and mains electricity supplies are relatively few and far between, when small businesses experience problems, only one in three that go as far as complaining are wholly satisfied with the outcome.

Despite a significant minority experiencing unresolved complaints, only one in ten took this further by seeking external help and advice.

4.2 Energy suppliers

Businesses were asked about their gas and electricity suppliers; whether they were one and the same or if they had separate suppliers for each. They also indicated whether they had any direct contact with a gas or electricity supplier or whether the landlord dealt with energy suppliers.

A small minority of small businesses (3%) have neither a mains gas or mains electricity supply, and a further 13% do not have any direct contact with a supplier of either because it is dealt with by their landlords.

A third of all small businesses have a 'dual fuel' account (32%), using one supplier for both gas and electricity. One in ten small businesses (10%) have both gas and electricity but use different suppliers for each. This is a decision more likely to be taken by larger small businesses (20% of those with 20-49 employees).

Differences in the way in which small businesses manage their energy supply are very much driven by business size. This is likely to reflect premise size and the extent to which small businesses operate from homes. Home-based small businesses are significantly more likely than average to have a 'dual fuel' account (44%).

Figure 10: Whether small businesses use single or dual suppliers for gas and electricity used, by business size (all respondents)

Column percentages	Total	0-1 employee	2-4 employees	5-9 employees	10-19 employees	20-49 employees	Home-based
Same supplier	32	33	29	25	28	33	**44**
Different suppliers for mains gas and electricity	10	10	7	11	11	**20**	10
Only have mains gas/supplier	*	*	0	1	*	*	*
Only have mains electricity/supplier	38	38	39	40	37	30	32
Have neither mains gas/electricity	3	4	1	2	2	4	4
Other	*	0	0	*	*	0	0
Don't know	3	3	4	5	8	5	4
Not involved/landlord deals with this	13	11	**20**	**16**	14	9	6
Unweighted sample bases	*2,008*	*606*	*379*	*395*	*338*	*290*	*615*

Q.B1 I would now like to ask you about mains gas and electricity services that you use in your main business premises. Can I check, do you have the same supplier for both main gas and electricity?
Figures in bold are significantly higher than average

4.3 Energy usage and expenditure

4.3.1 Gas usage

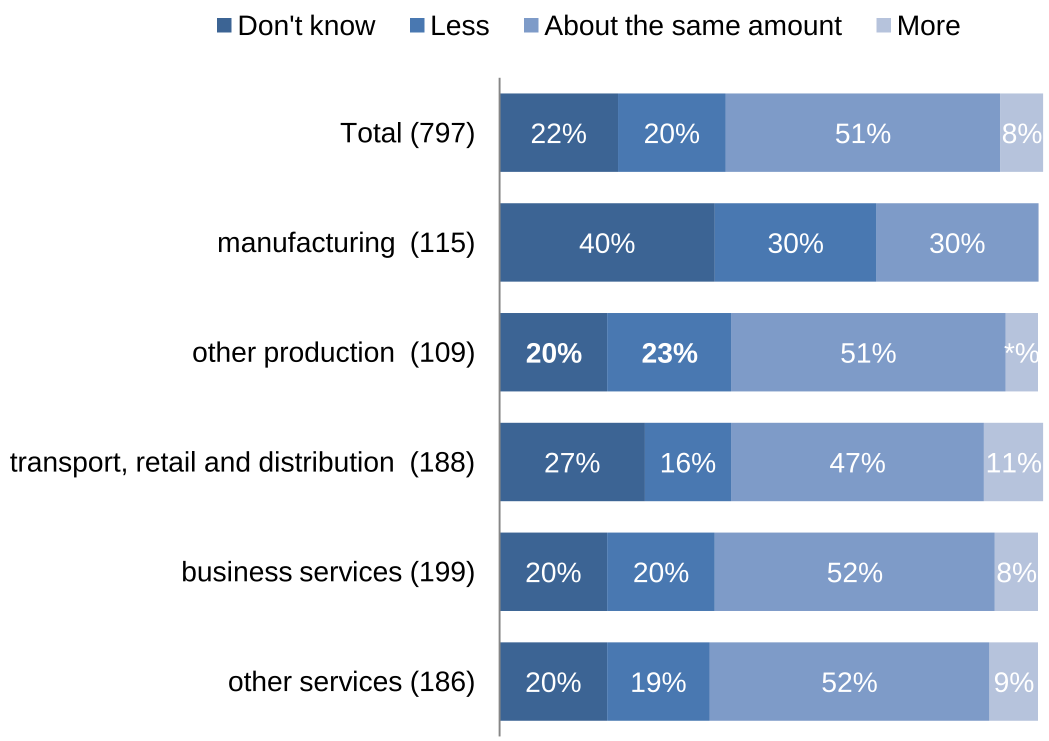
Overall, 41% of small businesses have a mains gas supply, while a further 13% have landlords that deal with the suppliers, and it is not certain whether they have mains gas.

The proportion with a mains gas supplier is higher than average in the business services (55%) and other services (50%) sectors. The proportions of small businesses with mains gas suppliers are lower than average within manufacturing (26%), other production (31%) and transport, retail and distribution (30%). Small businesses located in rural areas are significantly less likely than average to have a mains gas supplier (19%, compared with 48% in urban and 62% in town areas).

When asked to estimate their gas usage relative to other businesses of a similar size, around three-quarters of small businesses that have a mains gas supply (78%) felt able to do so. Half of all with a gas supply (51%) consider that they use about the same amount of gas as other businesses of their size, while one in five (20%) consider they use less. Eight per cent consider they use more than businesses of a similar size.

Businesses in transport, retail and distribution industries are most likely to estimate that they use *more* than average (11%), while manufacturers are most likely to estimate that they use *less* (30%).

Figure 11: Relative mains gas usage, by industry sector (where have mains gas)



Q B10 Compared to other businesses your size, would you say you use more or less mains gas, or about the same amount? *denotes less than 0.5% but greater than zero

Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

Compared with other businesses of a similar size, small businesses in Scotland are significantly more likely than average to consider they use more gas (17%), but a third of Scottish small businesses (33%) are not sure.

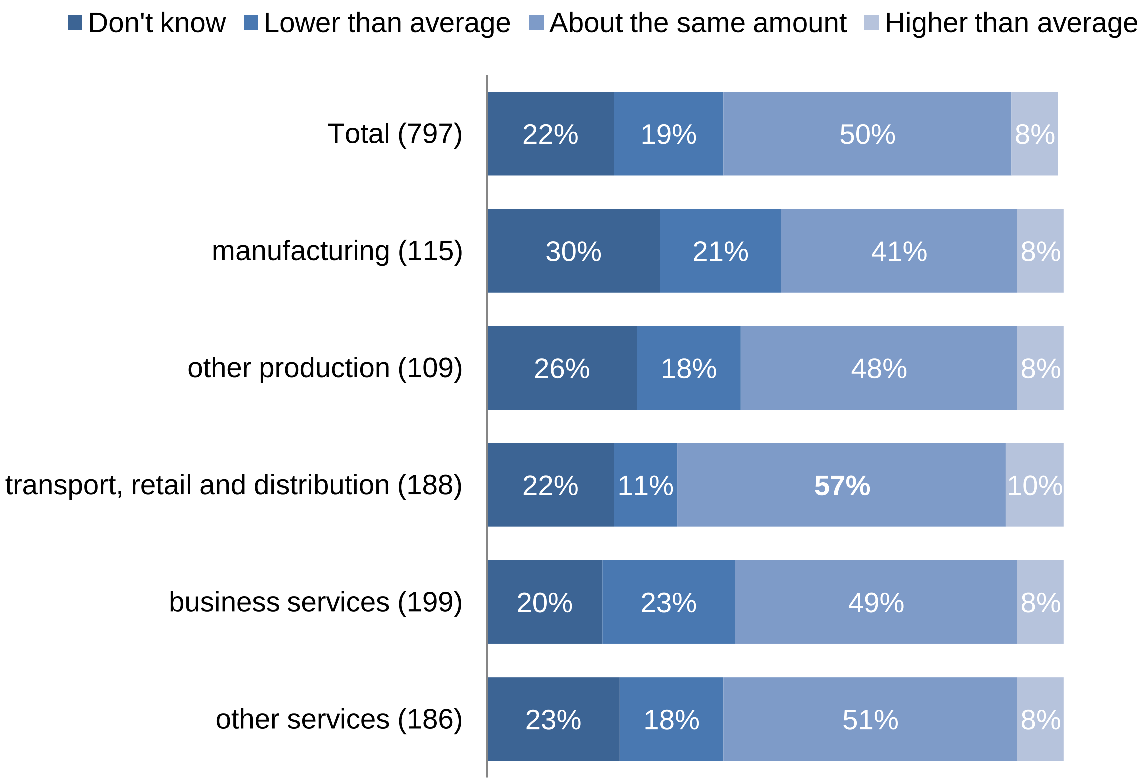
Businesses based in rural areas are also significantly more likely than average to estimate that they use more gas than comparable businesses (15%).

4.3.2 Gas expenditure

With similar proportions to gas usage, 8% of users estimate that their mains gas expenditure is higher than average; 19% that it is lower than average and half (50%) that it is on a par with other businesses of their size.

Manufacturers, however, are more likely to consider their gas expenditure higher than average, than they are to consider their usage to be higher (8%, compared with less than 1% that consider their gas usage higher than average).

Figure 12: Relative mains gas expenditure, by industry sector (where have mains gas)



Q B10a Compared to other businesses your size, would you say your expenditure on mains gas is higher than average, lower than average or about the same amount?
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

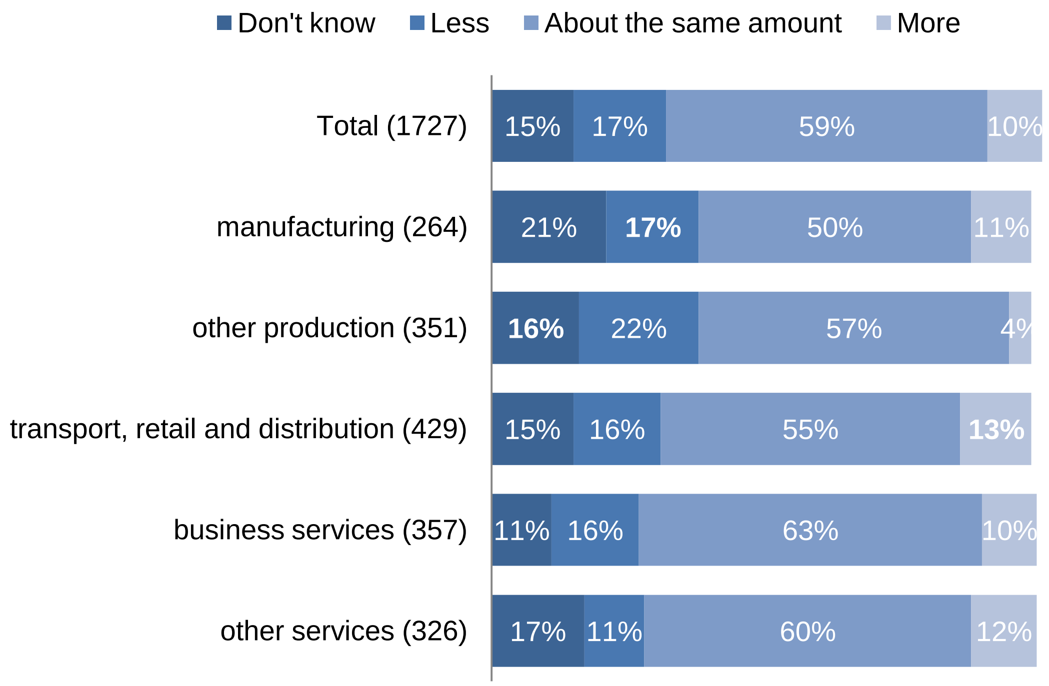
Small businesses in Scotland (16%) are more likely than average to estimate their expenditure on gas is higher than average. There are no significant differences in relative expenditure by rurality despite small businesses in rural areas being more likely to consider their gas usage to be higher than average.

4.3.3 Electricity usage

Businesses are more confident in determining their relative mains electricity usage than they are in determining their relative mains gas usage, with 85% able to provide a response (compared with 78% for gas). Three-fifths (59%) put their expenditure on electricity on a par with other businesses of a similar size, while 17% estimate they spend less and 10% estimate they spend more.

Other production small businesses, which mainly consist of those in the construction sector, are significantly more likely than average to estimate that they spend less on mains electricity usage (22%), while those in transport, retail and distribution are more likely than average to estimate they spend more (13%).

Figure 13: Relative mains electricity usage, by industry sector (where have mains electricity)



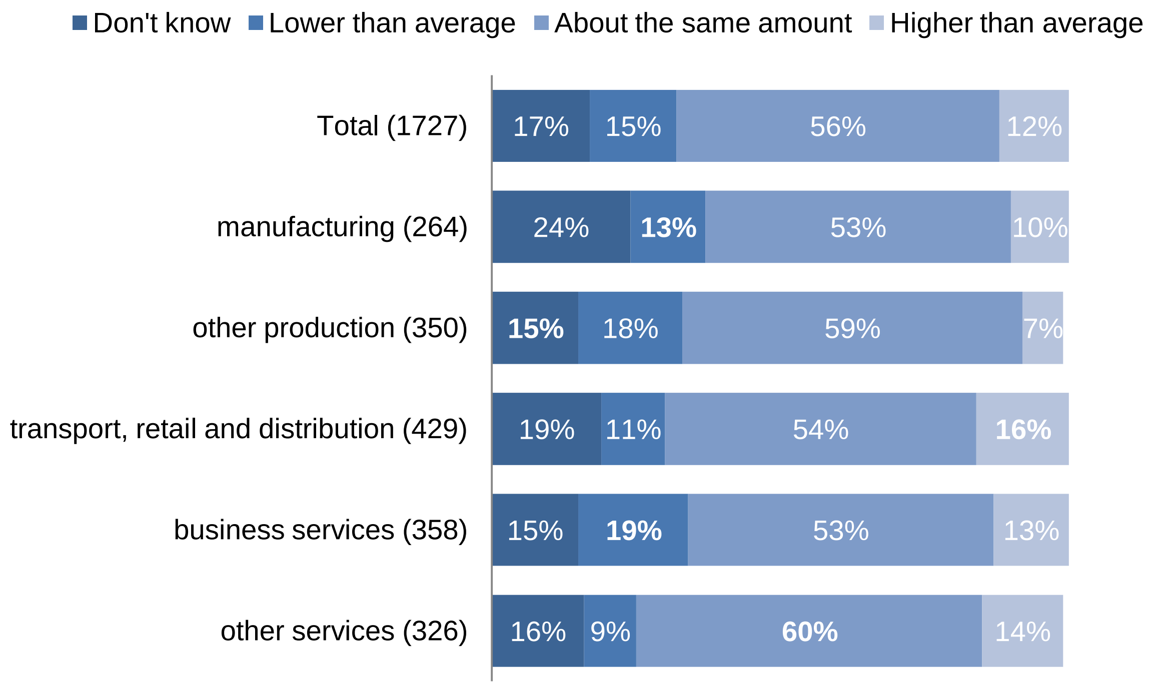
Q B11 Compared to other businesses your size, would you say you use more or less mains electricity, or about the same amount?
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

4.3.4 Electricity expenditure

Views on electricity expenditure echo that of usage. One in eight small businesses (12%) estimate that they spend more than other small businesses of a similar size on electricity, while a slightly higher proportion (15%) estimate that they spend less than average. Three-fifths (56%) considering their expenditure to be on a par with others.

Reflecting perceptions of usage, small businesses in other production sectors are the most likely to estimate their expenditure on electricity to be lower than average (18%), while those in transport, retail and distribution are most likely to consider their expenditure as higher than average (16%).

Figure 14: Relative mains electricity expenditure, by industry sector (where have mains electricity)



Q B11a Compared to other businesses your size, would you say your expenditure on mains electricity is higher than average, lower than average or about the same amount?
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

The propensity to consider electricity expenditure as higher than average is higher for those with 2+ employees than it is for those with 0 to 1 employees. This is in spite of the question asking for a comparison with businesses of a similar size.

- 0-1 employees, 11%
- 2-4 employees, 19%
- 5-9 employees, 18%
- 10-19 employees, 17%
- 20-49 employees, 23%

Businesses in Northern Ireland are significantly more likely than those based elsewhere to consider their expenditure on electricity as higher than average (25%).

4.4 Satisfaction with energy suppliers

With four-fifths of those with a mains gas or electricity supply quite or very satisfied with their supplier(s), there is a high level of satisfaction with current suppliers.

One in six is dissatisfied with either their gas or electricity supplier (or both). This proportion increases to one in four small businesses based in rural areas with regard to their mains gas supplier.

There are similar levels of satisfaction across the nations, although small businesses based in Wales are more likely than average to be very satisfied with their suppliers.

Figure 15: Satisfaction with mains gas/electricity supplier, by nation and geography (where have mains gas/electricity supply)

Column percentages	Total	England	Northern Ireland	Scotland	Wales	Urban	Town	Rural
Satisfaction with mains gas supplier								
Very satisfied	30	29	31	25	**44**	27	35	36
Quite satisfied	50	50	53	55	35	**54**	45	34
Not very satisfied	12	12	15	15	**18**	10	14	**23**
Not at all satisfied	5	5	1	4	1	6	3	4
Satisfied	80	80	84	80	79	81	80	70
Dissatisfied	17	17	16	19	19	15	18	**27**
Unweighted sample bases	*727*	*275*	*80*	*231*	*141*	*497*	*116*	*104*
Satisfaction with mains electricity supplier								
Very satisfied	29	30	28	24	**37**	30	**38**	26
Quite satisfied	52	52	53	54	45	49	52	**56**
Not very satisfied	10	10	**15**	12	11	10	3	11
Not at all satisfied	6	6	2	5	6	7	6	3
Satisfied	82	82	80	78	83	79	**91**	83
Dissatisfied	16	15	18	17	17	18	9	14
Unweighted sample bases	*1,179*	*307*	*310*	*345*	*217*	*557*	*150*	*460*

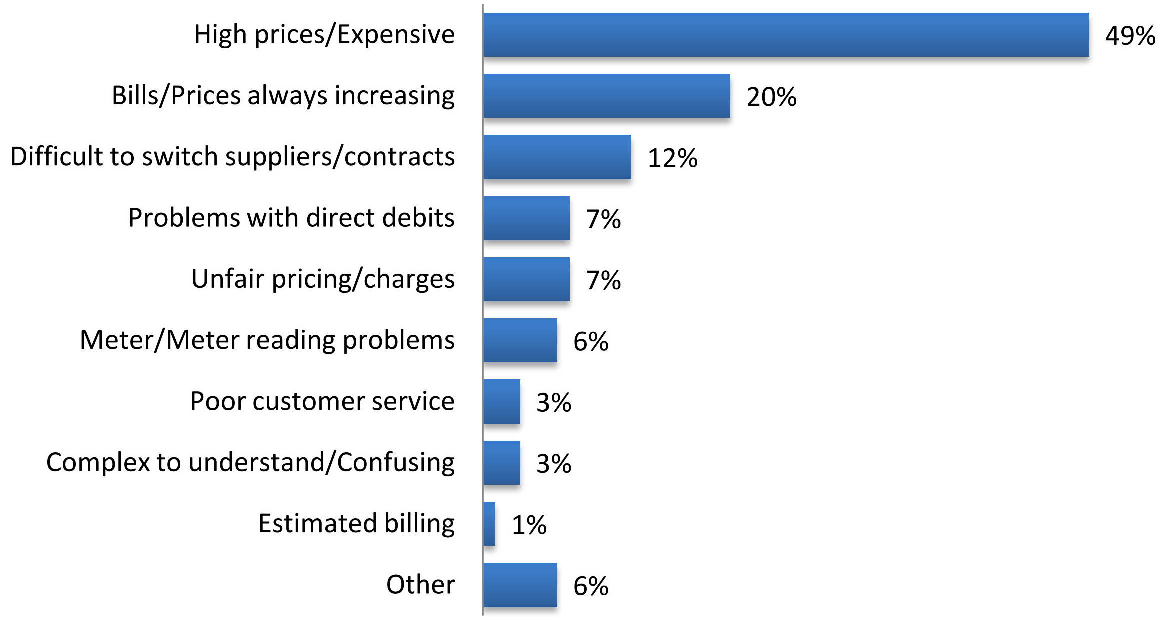
Q.B2/B3 How satisfied or dissatisfied are you with the contract you have with your mains gas/electricity supplier? **Figures in bold are significantly higher than average**

By sector, manufacturers are more likely than average to be satisfied with their gas supplier (97% satisfied overall; 32% very satisfied), while those in transport, retail and distribution are particularly likely to be very satisfied (78% satisfied overall; 39% very satisfied).

With regard to their mains electricity supplier, small businesses in other production are significantly more likely than average to be satisfied (88% satisfied overall; 31% very satisfied) and those in transport, retail and distribution are particularly likely to be very satisfied (77% satisfied overall; 34% very satisfied).

Dissatisfaction revolves around (the perception of) high prices. This is the reason cited by around three-quarters of dissatisfied small businesses in Northern Ireland (73%) and Wales (72%). The perception that bills/prices are always increasing is cited as a reason for dissatisfaction by one in five (20%) of those dissatisfied.

Figure 16: Reasons for being unhappy with gas/electricity contract – unprompted, multiple response (where dissatisfied)



Q B4 Why are you unhappy with your gas/electricity contract?
Unweighted sample base = 252

Businesses based in rural areas are more likely than average to be dissatisfied with their mains gas supplier (27% not very/not at all satisfied), and these dissatisfied small businesses are more likely than average to cite difficulties switching suppliers/ contracts (20%) and/or unfair pricing/charges (16%) as reasons.

4.5 Optimising energy contracts

4.5.1 Shopping around for new energy contracts

Two-thirds of small businesses that deal with gas and/or electricity suppliers (67%) claimed to have shopped around for the most suitable or economically advantageous deal last time they took out a new energy contract. This increases to 71% when the responses of those who say they have never taken out an energy contract are removed.

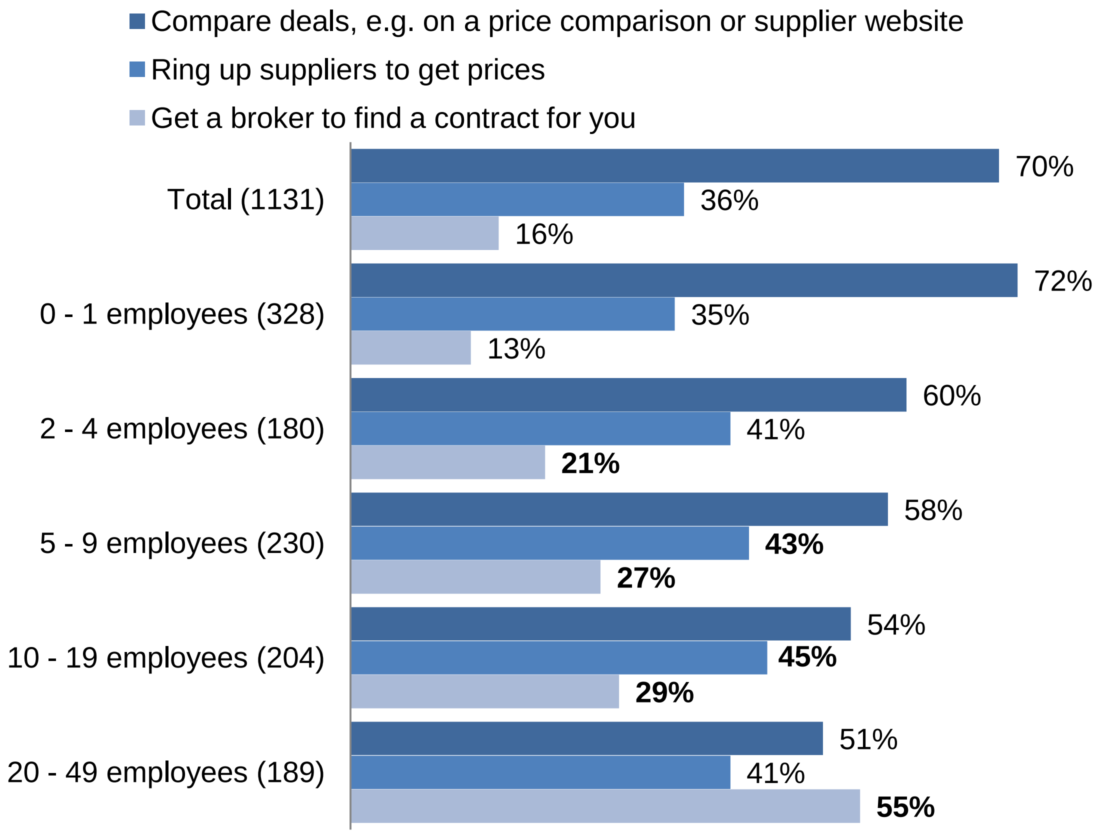
Businesses with between 20 and 49 employees are more likely than average to have shopped around (76%; 82% of those that have previously taken out an energy contract). By nation, the proportion shopping around is higher than average in England:

- England, **69%**; (73% of those having taken out an energy contract previously)
- Northern Ireland, 44%; (45%)
- Scotland, 52%; (56%)
- Wales, 67%; (69%)

Small businesses that use the internet are more likely to have shopped around for a new energy contract than those that do not use it. Around three-quarters of internet users (72%; 77% of those with experience) have shopped around, compared with less than half of those that do not use it (43%; 46% of those with experience). This finding is related to the fact that most small businesses that shopped around did so by comparing deals through a price comparison or supplier website (70%).

Overall, one in six (16%) used a broker to find a contract but this proportion gradually increases with the size of the business (55% of those with 20-49 employees).

Figure 17: How small businesses 'shopped around' for a new energy supplier, by size – prompted, multiple response (where shopped around)



Q B6 Did you do any of the following? READ OUT AND MULTICODE
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

Overall, 23% of small businesses with gas or electricity at their premises (25% of those that have taken out an energy contract) did not shop around last time they took out a new energy contract.

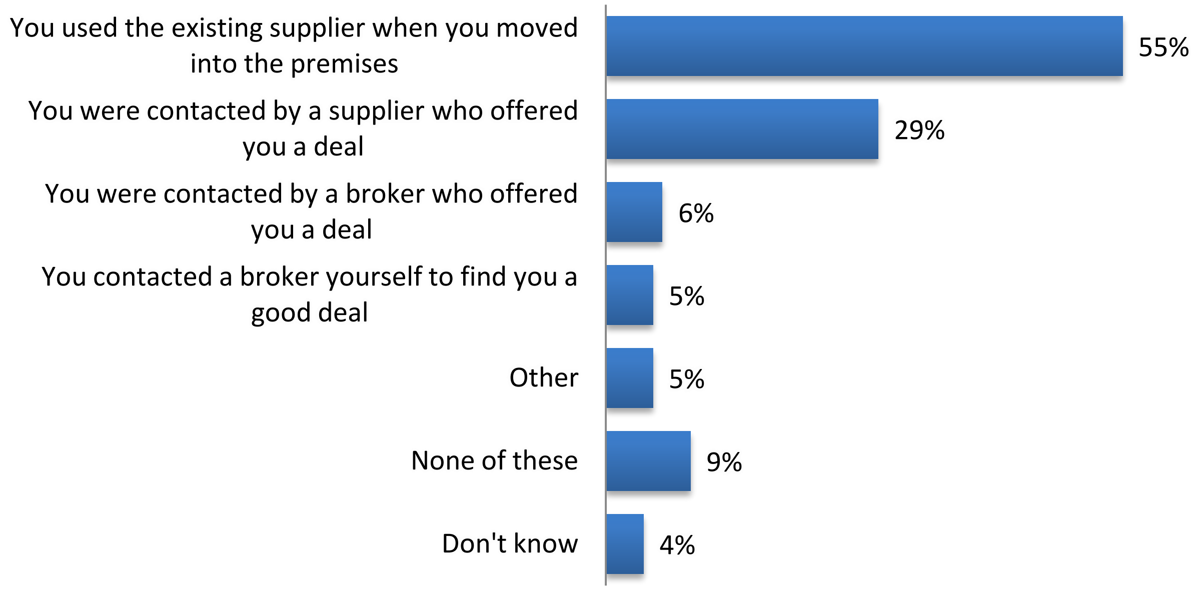
This proportion increases to 38% in Scotland (40% of those having experience) and 49% in Northern Ireland (50% of those having experience).

By industry, small businesses in other production are least likely to have shopped around when taking out a new energy contract (53%; 58% of those with experience), while those in business services are most likely to have done so (78%; 82% of those with experience).

Of those that did not shop around, the majority (55%) use the existing supplier when they originally moved into the premises. Most of the remainder (29% of all that did not shop around) responded to a pro-active approach on the part of the supplier. Brokers were used by a minority (6% were contacted by a broker; 5% contacted one).

Larger small businesses (20-49 employees) are more likely than average to report being contacted by a supplier (42%) and/or a broker (38%).

Figure 18: How the new energy contract came about – prompted, multiple response (where did not shop around)



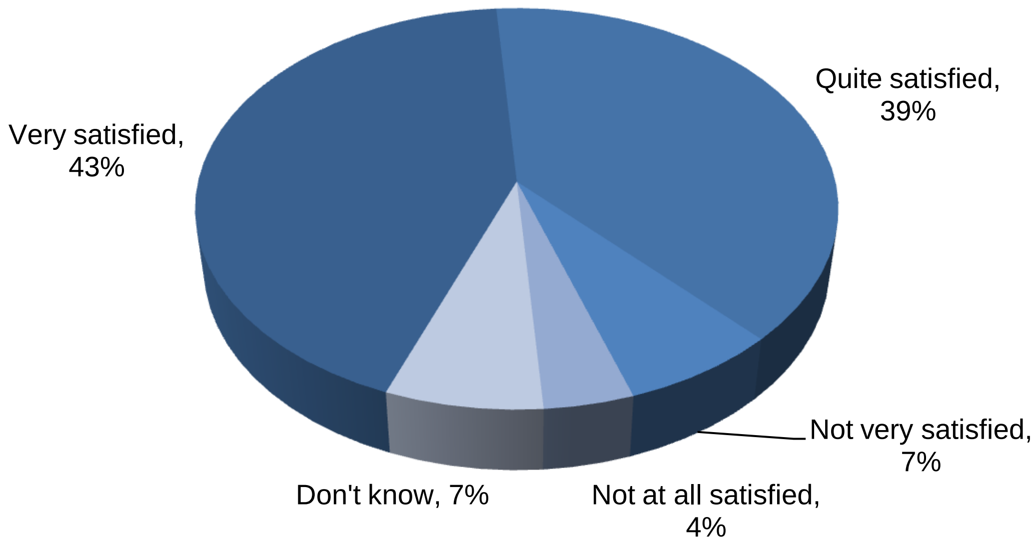
Q B7 Did any of the following happen on this last occasion? READ OUT AND MULTICODE
Unweighted sample base = 421

4.5.2 Satisfaction with brokers

Overall, including those that did not shop around as such but made contact with a broker when they last took out a new energy contract, 11% of all small businesses that took out an energy contract used a broker.

More than four-fifths of those that used a broker (82%) were satisfied with the service provided. One in ten (11%) were dissatisfied.

Figure 19: Satisfaction with service received from the broker (where used a broker)



Q B8 How satisfied or dissatisfied were you with the service you received from the broker?
Unweighted sample base = 306

Satisfaction is higher than average among small businesses with 10-19 employees (97%), manufacturers (100%) and business services firms (96%)[4].

4.5.3 Ease of comparison of energy contracts

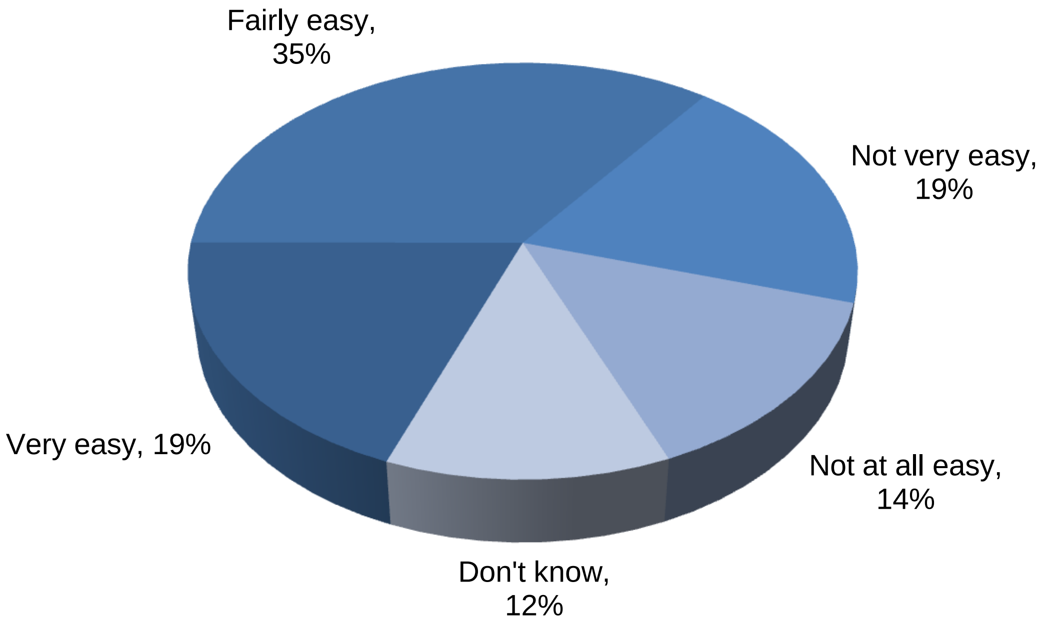
Just over half of small businesses with an energy supplier (55%) find it easy to compare energy prices and understand if their contract is suitable for them. This includes just over a fifth of all (19%) that find it very easy.

On balance small businesses are more likely to say that they find it easy than difficult to compare energy prices, with a third (34%) not finding it easy (19% saying they do not find it very easy, and 14% saying they do not find it easy at all).

One in eight small businesses (12%) did not feel able to give a view on this, saying ‘don’t know’.

[4] Sample bases are small when examining satisfaction with brokers by industry; Other production = 54; manufacturing = 55; transport, retail and distribution = 96; Business services = 43; Other services = 58

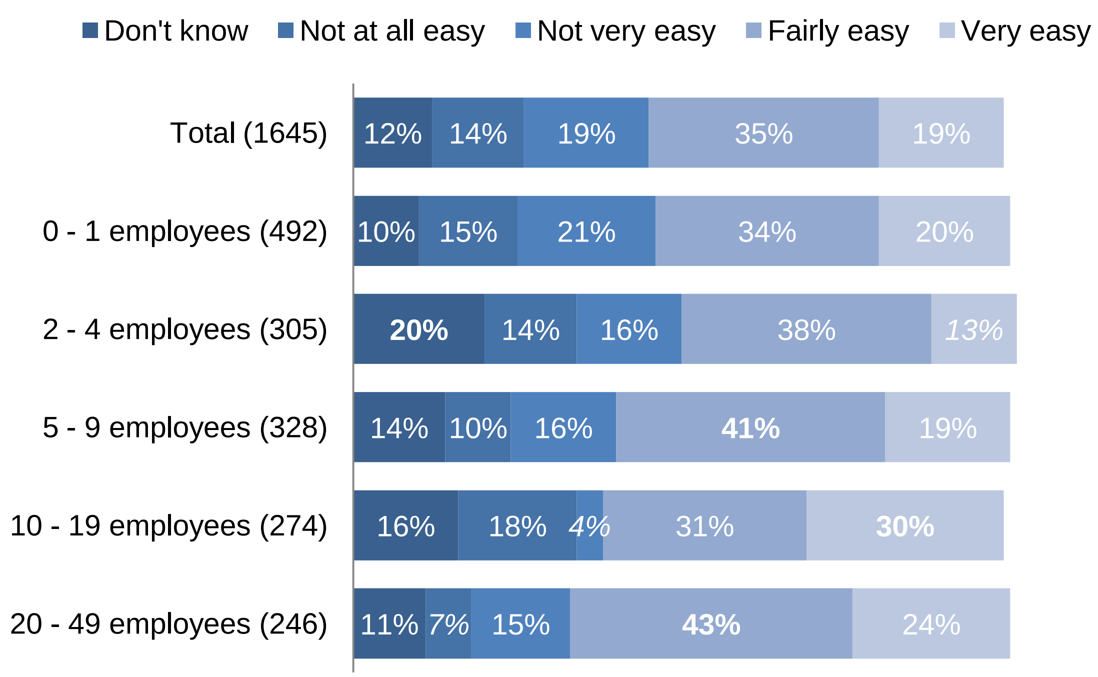
Figure 20: Extent to which small businesses find it easy to compare energy prices and understand if their contract is suitable for them (where has mains gas/electricity supply)



Q B9 How easy do you find it to compare energy prices and understand if your contract is suitable for you?
Unweighted sample base = 1,645

The view that it is easy to compare energy prices and understand contracts increases with business size to two-thirds of businesses with 20-49 employees (see Figure 21).

Figure 21: Extent to which small businesses find it easy to compare energy prices, by size (where have mains gas/electricity supply)



Q B9 How easy do you find it to compare energy prices and understand if your contract is suitable for you?
Unweighted sample base = 1,645

Small businesses in other services are most likely to find price comparison easy (61%), while those in other production are least likely to (47%).

4.6 Problems experienced with energy supply

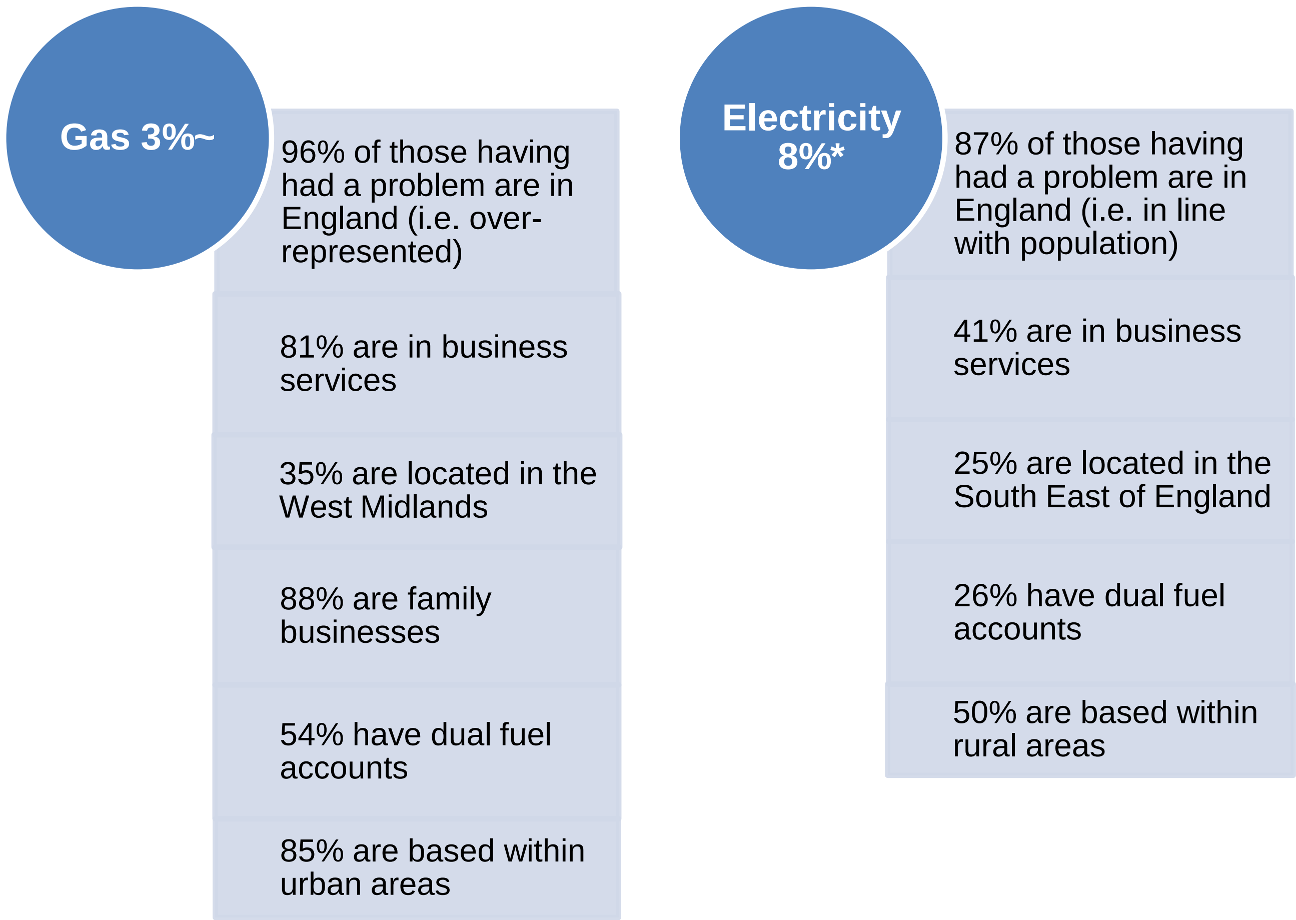
4.6.1 Incidence of problems

Of those that have a mains gas supply, just 3% have experienced problems with their gas service. Of those with an electricity supply the proportion experiencing problems with this is higher (8%).

The incidence of problems is particularly high in the business services sectors. These represent 81% of all that experienced problems with the gas supply, and 41% of those that have experienced problems with the electricity supply.

Figure 22 highlights the characteristics of small businesses that have experienced problems with mains gas or electricity supply.

Figure 22: Proportion of small businesses that have experienced problems with their gas or electricity service (where has mains gas~/electricity supply*)



~ 26 businesses (unweighted cases)

*** 137 businesses (unweighted cases)**

Q B12 In the last 12 months, has your business experienced any problems with....?

~unweighted base (mains gas) = 797 * unweighted base (mains electricity) = 1,727

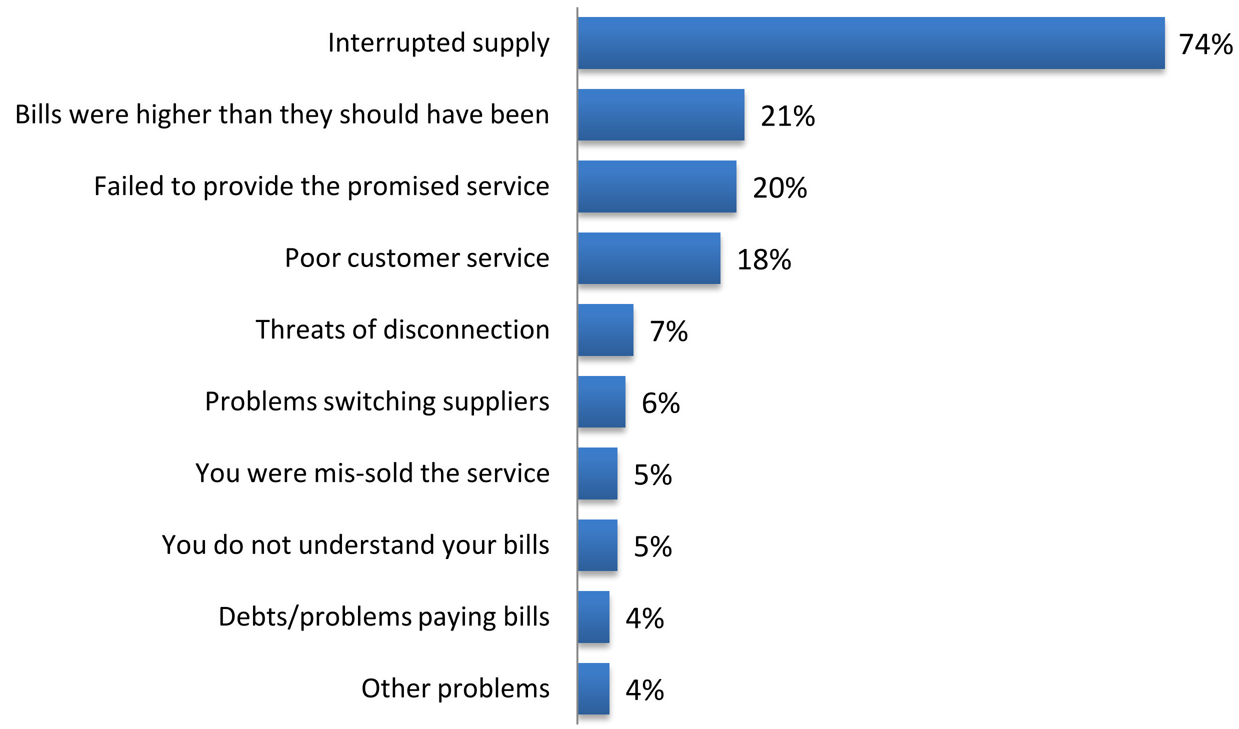
While a quarter of small businesses overall are based in rural areas, half of those that have experienced problems with their mains electricity service are to be found in rural areas. This suggests a greater likelihood of problems with the main electricity service in rural areas, compared with urban/town areas. In contrast, problems with the mains gas service are much less common in rural areas, with the majority occurring in urban areas.

Half of those experiencing problems with their gas service have an account with the supplier that also covers their electricity supply (54%). This compares with the majority of those that have experienced problems with their mains electricity supply having a standalone electricity account.

4.6.2 Problems experienced

Problems experienced are mainly concerned with interrupted supply, while one in five experience issues relating to bills that were higher than expected (21%), failures to provide the promised service (20%) and poor customer service (18%).

Figure 23: Problems experienced with mains gas/electricity service – prompted, multiple response (where experienced problems)



Q B13 What sort of problems did you experience with your gas/electricity service? Did it relate to the following? READ OUT AND MULTICODE
Unweighted sample base = 155

Small businesses based in Scotland are significantly more likely than average to have experienced problems relating to their bills being higher than expected (35%), with 18% saying they do not understand their bills and 17% reporting having been mis-sold the service. Furthermore, small businesses in Scotland are significantly more likely than average to report threats of disconnection (16%).

4.6.3 Complaints made

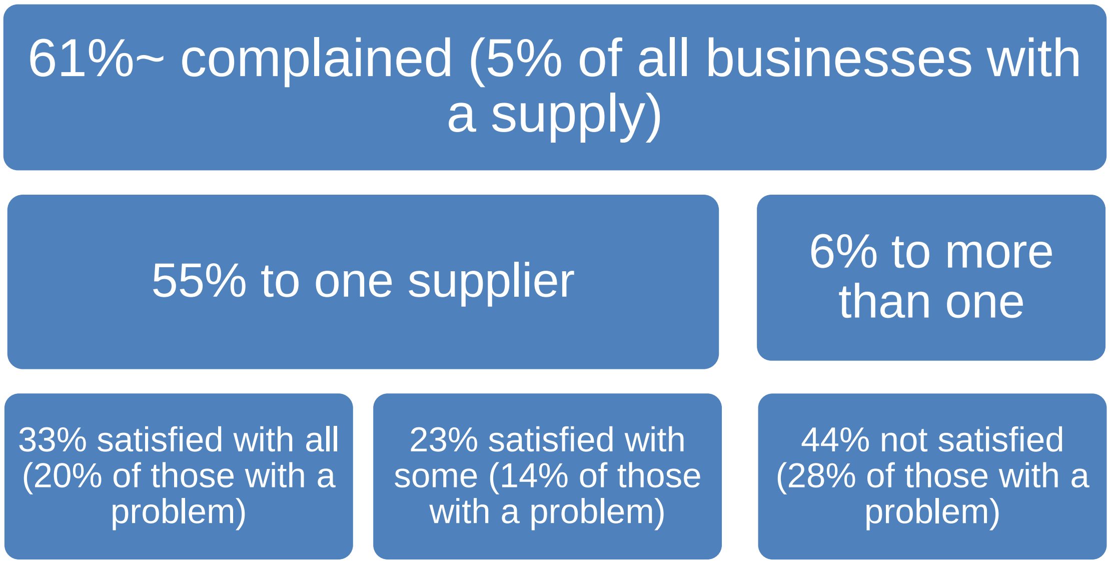
Three-fifths of small businesses that experienced problems with their mains gas or electricity supply (61%) complained. This equates to 5% of all small businesses with a mains supply.

For a minority (6% of those experiencing problems) this involved complaining to more than one supplier.

4.6.4 Handling of complaints

While just over half of those that complained (56%) are satisfied that their complaint or complaints were dealt with to some extent, just under half (44%) are not satisfied with the outcome. Thus more than a quarter of those that have experienced problems (28%) are not satisfied with the outcome of their complaint.

Figure 24: Focus on complaints handling (where had problems with mains gas/electricity supply)



~ 100 businesses (unweighted cases)

Q B14 Did you complain to the supplier about the problem?
Unweighted sample base = 155

Q B15 Were you satisfied that your complaint was/were addressed? (where made a complaint)
Unweighted sample base = 100

Of those not satisfied with the way their complaint was addressed, only 10% sought external help or advice to resolve the issue. This was mainly through consultation with a solicitor or by taking legal action in some respect.

5 Water

This section focuses on small businesses' experiences and views of water suppliers. It summarises the extent to which water is used to produce goods or facilitate processes; perceptions of water usage and expenditure; how, if at all, water contracts are optimised in terms of value for money; the sort of problems experienced; and, finally, which additional services, if any, small businesses would value from their water suppliers.

5.1 Key findings

Most small businesses do not use water in the production of goods or in facilitation of processes. Small businesses in production sectors that operate outside of manufacturing are most likely to do so (30%).

Around one in twenty small businesses consider their usage and expenditure on water as atypically high compared with similar sized businesses. This proportion increases to more than one in five small businesses that use water in the production of goods/ processes.

Nine in ten small businesses (91%) are satisfied with their water supplier; 7% are dissatisfied. Satisfaction is at a slightly lower level in Scotland (87%), which may reflect the fact that small businesses in Scotland are already able to switch suppliers, are likely to be more aware of alternatives, and to have a critical view as a consequence. Satisfaction levels are significantly higher in town (94%) and rural (93%) than in urban areas (89%).

Whether it is due to this high level of satisfaction or because the option is not currently available to businesses outside of Scotland, only one in eight small businesses (12%) would want to change their water supplier if they could. This proportion increases to 52% if they could save money, and 32% if they could get a better service. The level of interest in changing supplier, particularly for financial reasons, is greater amongst those using water in their production processes and this is likely to be a reflection of the higher volume of use and therefore, higher bills.

Only 4% of small businesses with a water supply have experienced problems with it. These problems are most likely to have been linked to interrupted supply (54%) and flooding/leaks/sewerage spillages (45%). One in four (25%) cite higher than expected bills, while poor customer service is mentioned by around one in six.

Where problems have been experienced, more than three-quarters (77%) complained to their supplier. More than half of those that complained were satisfied with how their complaint was addressed (57%), and 43% were not.

As observed with regard to unresolved complaints with mains gas or mains electricity supplies, which are at a similar level, just one in ten took this further by seeking external help or advice to resolve the issue.

Three in ten small businesses are interested in receiving additional services from their water supplier. The most popular of these possible additional services is smart meters or automated meter readings (20%), while others would be interested in receiving waste water reduction advice (13%) and/or water efficiency advice (11%).

There is particularly strong interest in these additional services within Northern Ireland and among small businesses that use water in production processes.

5.2 Water usage

The majority of small businesses only use water in a similar way to a domestic home, i.e. to service the needs of staff; in the kitchen or toilets.

One in seven small businesses (14%) use water in the production of goods or in facilitation of processes and this proportion rises to three in ten small businesses in other production (30%). Whether water is used in the production of goods services does appear to be largely sector driven, with the other production sector mainly consisting of agricultural and construction businesses, and other sectors with above average propensity to use water in this way being in transport, retail and distribution (which contains food service), and other services (which includes the health sector).

Figure 25: Use of water in production of goods or in facilitation of processes or use only for staff needs, by industry sector (all respondents)

Q C1 How is water used in the business?
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**
'Don't knows' are excluded

The use of water in production of goods or in facilitation of processes increases with business size to 22% of small businesses with between 10 and 49 employees.

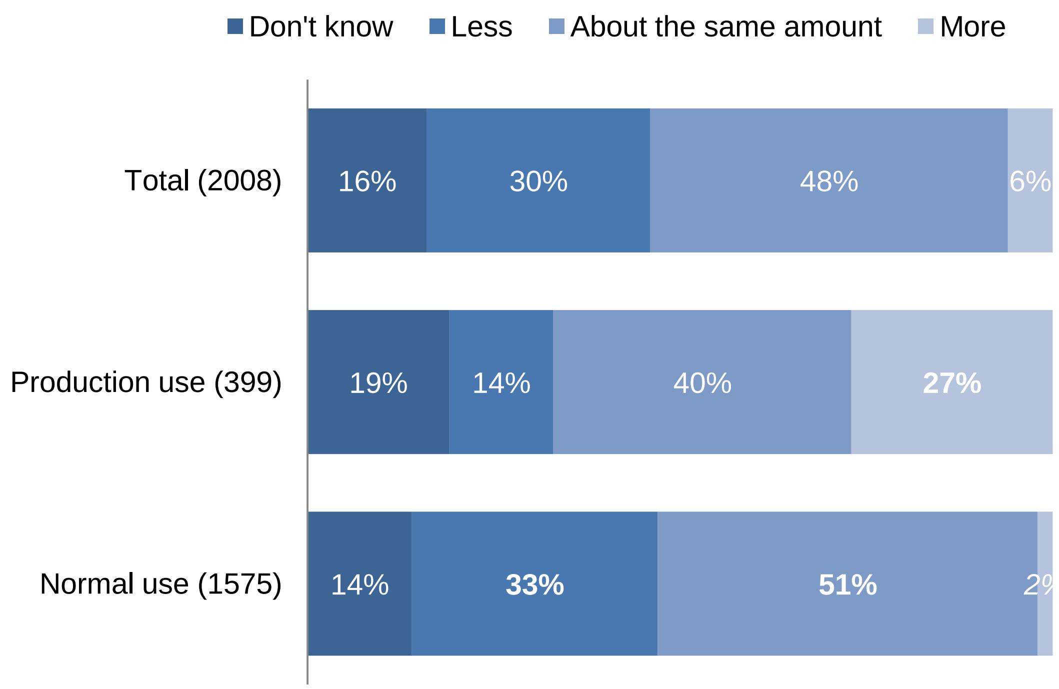
The proportion is also higher than the UK average of in Wales (17%), Scotland (17%) and Northern Ireland (20%). This reflects the fact that Wales and Northern Ireland have a higher than average proportion of other production businesses (26% and 36%

respectively operate in this sector, compared with 21% in England), and within this category agriculture in particular. However, in Scotland, there is no such relationship between the industry profile and the higher than average propensity to use water in the production process.

More than four-fifths of small businesses (84%) are able to provide an estimate of how their water usage compares with small businesses of a similar size. Around half (48%) estimate that they use the same amount, while three in ten (30%) estimating that they use less and 6% more. There is little variation in these proportions by sector. Small businesses in the business services sector are significantly more likely than average to estimate that they use about the same amount as businesses of a similar size (57%), while those in other services are significantly more likely than average to estimate they use more than similar sized businesses (9%).

Figure 26 summarises perceptions of water usage compared with businesses of a similar size by type of water usage. Those using water for production purposes are more likely to consider that they use more than other similarly sized businesses.

Figure 26: Relative water usage, by type of water usage (all respondents)



Q C2 Compared to other businesses your size, would you say you use more or less water, or about the same amount?

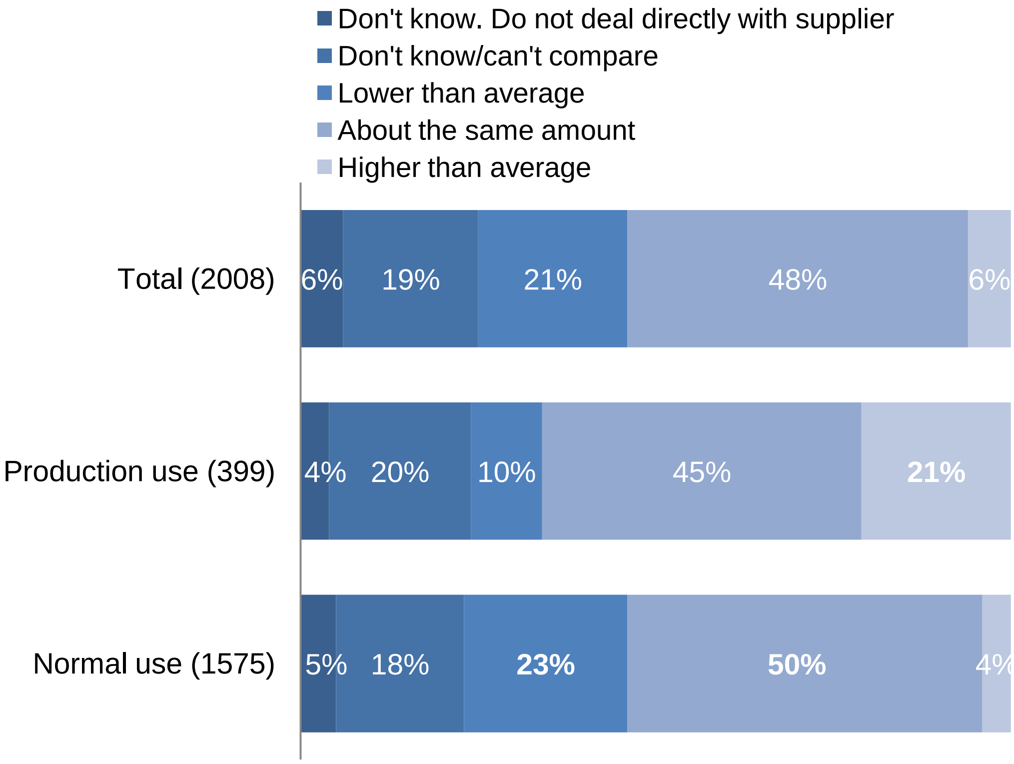
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

One in twenty small businesses (6%) do not deal directly with their water supplier, relying on a landlord to do so in most of these cases.

By sector, those in the transport, retail and distribution sector are more likely than average to estimate that their expenditure is higher than average (11%).

Figure 27 summarises perceptions of expenditure on water compared with businesses of a similar size by type of water usage. Those that use water for production purposes are much more likely to have higher than average expenditure than those that do not.

Figure 27: Relative expenditure on water, by type of water usage (all respondents)



Q C3 Compared to other businesses your size, would you say your expenditure on water is higher than average, lower than average or about the same amount?

Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

5.3 Satisfaction with water supplier

There is a high level of satisfaction with water suppliers amongst those that have dealings with them. The majority (91%) are at least quite satisfied, with two-fifths (40%) very satisfied. Just 7% are dissatisfied.

There is little difference between satisfaction levels by business size and between sectors. By geography, while overall, satisfaction levels are similar across nations, small businesses in Scotland are least likely to be very satisfied, and small businesses based in more sparsely populated urban areas and rural areas are more likely to be satisfied with their water supplier.

Figure 28: Satisfaction with water supplier, by size and urban/rural classification (where have mains water supply and deal with supplier)

Column percentages	Total	England	Northern Ireland	Scotland	Wales	Urban	Town	Rural
Very satisfied	40	41	38	32	39	41	37	40
Quite satisfied	50	50	53	**55**	54	48	**57**	53
Not very satisfied	4	4	5	3	3	4	4	4
Not at all satisfied	3	3	1	**5**	3	**4**	1	2
Satisfied	91	91	91	87	93	89	**94**	**93**
Dissatisfied	7	7	6	8	6	8	5	7
Unweighted sample bases	*1,829*	*586*	*349*	*551*	*343*	*1039*	*242*	*522*

Q.C4 How satisfied or dissatisfied are you with your water supplier? **Figures in bold are significantly higher than average**

5.4 Optimising water supply contracts

Only a minority of small businesses that are involved with the selection of a water supplier (12%) say they would want to change their supplier if they were able to. This proportion increases to 17% in Scotland, particularly in urban areas within Scotland (25%). This perhaps reflects the fact that businesses based in Scotland are already able to switch water suppliers, while those in England, Wales and Northern Ireland are not. It is likely therefore that, as a consequence, small businesses based in Scotland will be more likely to be aware of the benefits of changing their supplier.

Larger small businesses are significantly less likely than average to say they would want to change their water supplier if able (6% of 10-19 employers; 4% of 20-49 employers).

Figure 29: Proportion of small businesses that have a mains water supply and deal directly with their supplier that would change their water supplier (where have mains water supply and deal with supplier)

12%~ would change

- 13% of businesses with 2-4 employees would change
- 15% of other services businesses
- 17% within Scotland (25% within urban areas)

77% would not

- 85% of manufacturing businesses would not change
- 85% within Wales
- 84% within Northern Ireland
- 83% within rural areas

It would depend for 7%

- 11% of businesses within London and 13% in the West Midlands
- 10% within towns

~ 215 businesses (weighted cases)

Q C5 If you were able to, would you want to change your water provider?
Unweighted sample base = 1,829

However, when asked whether they would want to change supplier if it meant cheaper bills and/or better service, about half of small businesses (52%) would be interested in changing. This proportion increases to 71% of those using water in the production process and 62% of larger small businesses.

Nearly all of those that would be interested in switching would do so if it meant cheaper bills. Thirty-two per cent of small businesses with water would change if they could get a better service.

Thirty-seven per cent of small businesses that have direct dealings with suppliers would not change even in these circumstances (a further 10% were not sure).

Figure 30: Possible motivation for changing water suppliers – prompted, multiple response (where have mains water supply and deal with supplier)

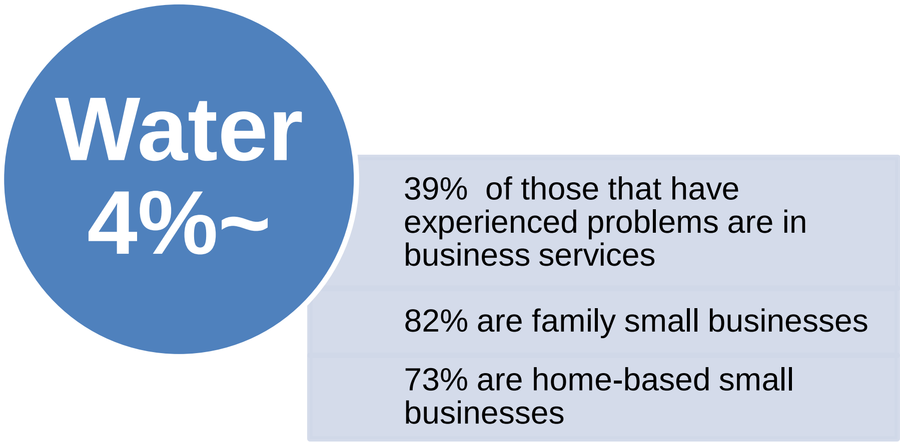
52% would change if could save money	32% would change if could get a better service	37% would not change
• 62% of businesses with 20-49 employees • 60% of other services businesses • 71% that use water in production	• 41% of businesses with 20-49 employees • 38% of other services businesses • 42% within Scotland (49% in urban areas; 47% in small towns) • 44% that use water in production	• 45% within the transport, retail and distribution sector • 44% of manufacturing businesses • 44% within Wales (79% in town and fringe) • 42% within rural areas • 45% in Rural-remote in Scotland • 40% of non-users of water in production (just 21% of those that use it in production)

Q C6 Would you want to change water supplier if....?
Unweighted sample base = 1,829

5.5 Problems experienced with water supply

Of those with a mains water supply, 4% have experienced problems in the last 12 months. This group is dominated by family-run small businesses (82% of those that have experienced problems) and small businesses operating from home (73% of those that have experienced problems).

Figure 31: Proportion of small businesses that have experienced problems with their water supply (where has mains water supply)

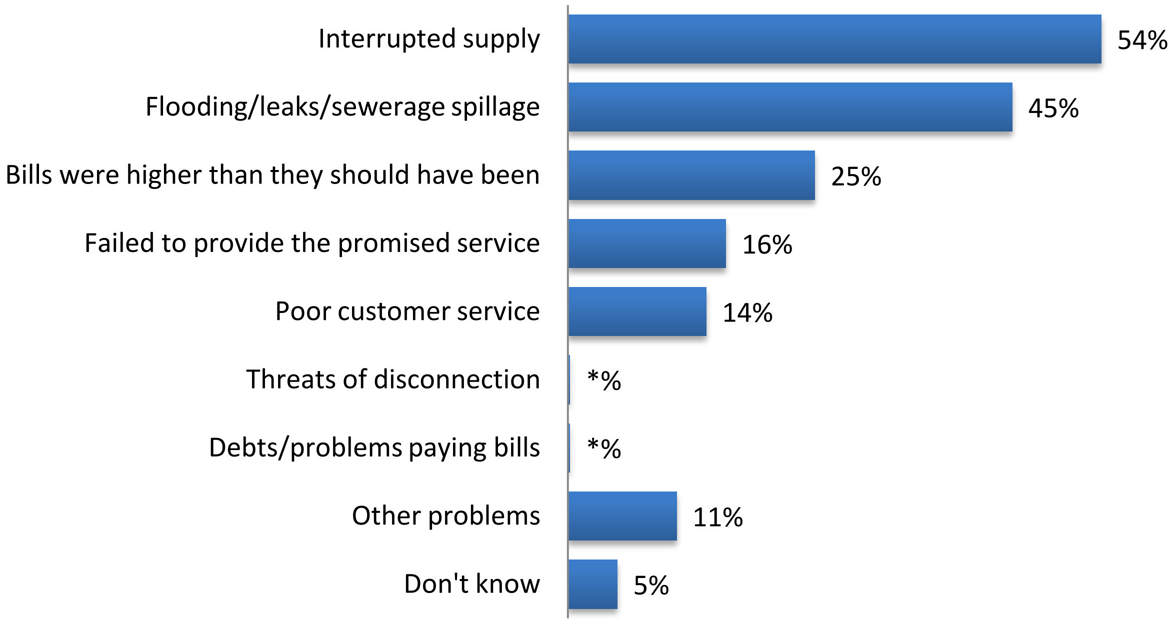


~ 83 businesses (weighted cases)

Q C7 In the last 12 months, has your business experienced any problems with your water supply?
Unweighted sample base = 1,933

Problems are most likely to have been experienced as a result of an interrupted supply, while flooding/leaks/sewerage spillages have also been significant reasons for problems. One in four of those that have experienced problems (25%) cited bills being higher than they should have been, while poor customer service or a failure in the delivery of the promised service is cited by around one in seven.

Figure 32: Problems experienced with water supply – prompted, multiple response (where experienced problems)



Q C8 What sort of problems did you experience with your water supply? Did it relate to any of the following? READ OUT AND MULTICODE *denotes less than 0.5% but greater than zero
Unweighted sample base = 101

Of the 4% that experienced problems with their water supply, more than three-quarters complained to their supplier. About half (57%) were satisfied that their complaint was addressed, while the others (43%) were not satisfied.

Figure 33: Focus on complaints handling (where had problems with mains water supply)

77%~ complained (2% of all small businesses with a supply)

57% satisfied complaint was addressed

43% not satisfied

~ 44 businesses (weighted cases)

Q C9 Did you complain to the supplier about the problem?

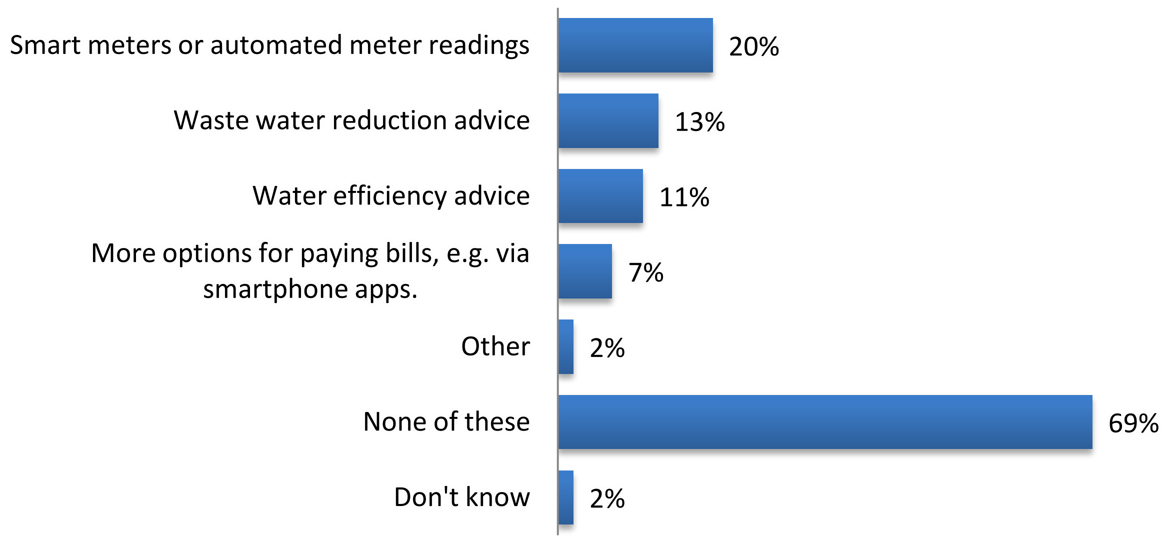
Q C10 Were you satisfied that your complaint was addressed? (where made a complaint)
Unweighted sample base = 101

Of those not satisfied with the way their complaint was addressed, only 9% sought external help or advice to resolve the issue. This help was sourced from solicitors, Business Debtline and/or business networks/peers.

5.6 Additional services

Nearly three in ten small businesses that have dealings with their water supplier (29%) express an interest in additional services. Smart meters or automated meter readings were most frequently cited (20%).

Figure 34: Additional services small businesses would be interested in receiving from their water supplier – prompted, multiple response (where has mains water supply and deals with supplier)



Q C13 Which additional services, if any, would you be interested in receiving from your water supplier? READ OUT AND MULTICODE
Unweighted sample base = 1,829

Small businesses based in Northern Ireland are more likely than average to be interested in receiving any of these additional services. Around a quarter in Northern Ireland are interested in water efficiency advice (27%) and waste water reduction advice (26%), while three in ten are interested in smart meters or automated meter readings and one in six (18%) are interested in more options for paying bills.

Small businesses that use water in the production of goods or facilitation of services are significantly more likely than those that do not do so to be interested in waste water reduction advice (18%, compared with 12% of those that only use water for staff), water efficiency advice (18%, compared with 10%) and more options for paying bills (13%, compared with 6%). Overall, 40% of these small businesses would be interested in any additional services, compared with 27% of those that only use water for staff use.

6 Communications

This section focuses on small businesses' experiences and views of communications services, including telephone and broadband internet services. It reviews the telecommunications channels used by small businesses with a particular focus on broadband connection, use of websites and social media; the importance of having a reliable internet connection; levels of satisfaction with communications contracts; problems experienced with communications services; and how those problems have been dealt with.

6.1 Key findings

Use of one or more communications channels is widespread within small businesses, with the majority (89%) having a fixed or landline telephone facility and nearly three-quarters (72%) having mobile phones. Those that do not have a fixed or landline telephones are likely to have a mobile phone instead, but the majority have access to and use both.

Dial-up internet connections are used by only around one in ten small businesses (9%), with most small businesses (79%) having a broadband internet connection, increasing to 94% of small businesses in the business services sector.

Fax machines are used by around one in four small businesses (27%). This proportion increases to nearly half among manufacturing businesses (47%).

Broadband coverage is particularly good in urban Northern Ireland (94%), rural Wales (87%) and more sparsely populated urban areas in England (85%). Areas in Wales that are not rural but more sparsely populated than urban areas are relatively poorly served (63%).

Two-thirds of small businesses with internet access (65%) have a website but only one in eight (13%) use it for e-commerce (selling). Half of those with a website (50%) use it for promotional purposes only.

Just 44% of small businesses in Northern Ireland with internet access have a website, which compares with 66% in England.

Where small businesses have access to the internet, the majority use it for email (83%), to order stock and services (71%), to manage and pay bills (71%) and to compare prices for suppliers (67%). Having access to a broadband connection rather than a dial-up connection makes any of these activities more likely.

A third of small businesses with access to the internet (34%) use any social media for business purposes, the most popular being Facebook (28%), Twitter (17%) and LinkedIn (17%). Young businesses (established for less than four years) are more likely than older businesses (ten or more years) to use have adopted social media (60%, compared with 25%). Businesses in the production sectors, including manufacturing, lag behind service industries in this respect.

A third of small businesses with internet access (35%) consider that they would not be able to trade without a reliable internet connection, and a further 20% expect that they would lose money and business without it. Those in the business services sector, and small businesses based in London, are particularly heavily reliant on having a reliable internet connection.

The majority of small businesses are satisfied with their communication contracts, with just 12% not satisfied. Dissatisfaction is mainly due to poor broadband connection/ slow speed, although poor service and pricing levels are also mentioned. This is a higher level of dissatisfaction than for other regulated markets, perhaps because of the wider competition. It is also the case that, when compared with other service areas such as energy and water a high proportion of small businesses have experienced problems with communications (30%).

Connection issues, i.e. no connection, dominate problems experienced (92% of those that have experienced problems), with customer service cited by around three in ten.

Three-quarters of small businesses that have had a problem with their internet or phone service (76%) have complained. This equates to 23% of all small businesses.

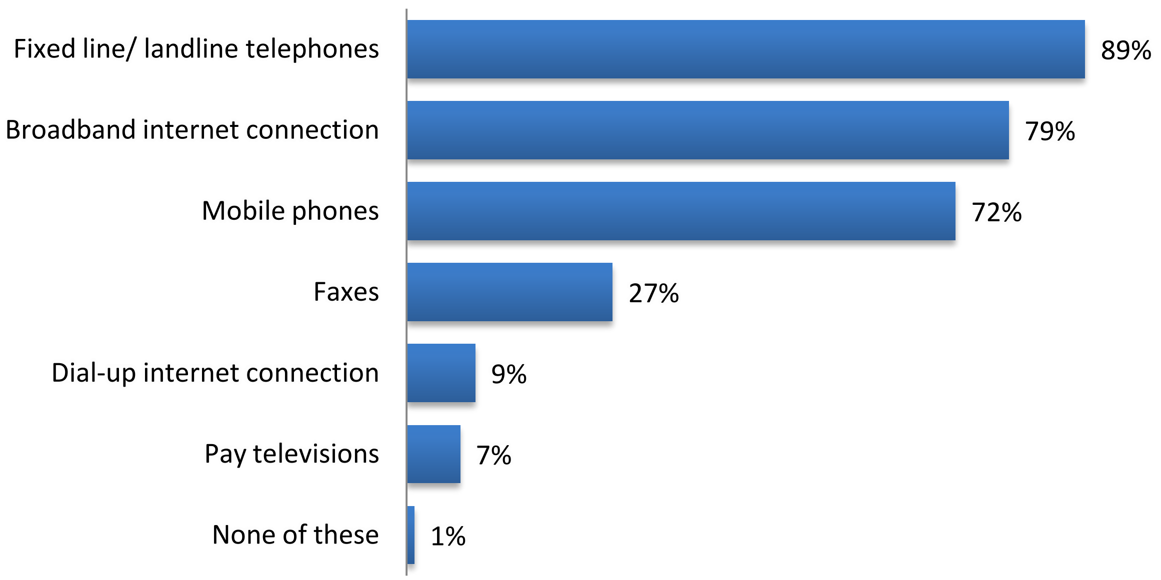
A third of those that complained (31%) were not satisfied with the outcome.

The propensity to seek external help or advice following dissatisfaction with complaint handling is higher with communications services it is in energy and water markets (27%, compared with only one in ten).

6.2 Communications channels used

Nearly all small businesses have use of one or more communications channels for business purposes, with fixed line/landline telephones (89%) and broadband internet connections (79%) the most common.

Figure 35: **Communications channels used by small businesses – prompted, multiple response (all respondents)**



Q D1   Which of these communications channels are used by your business? READ OUT AND MULTICODE
Unweighted sample base = 2,008

Overall, 88% of small businesses have an internet connection at all. This includes the 79% that have a broadband internet connection and 9% that are still accessing the internet via a dial-up connection.

Use of fixed line/landline telephones (including faxes) and the internet increases with business size and greatest take up of broadband is within the business services sector (94%).

Those with none of the listed communication channels (1% overall) are more likely than average to be found in Wales (5%), and in the other services sector (3%).

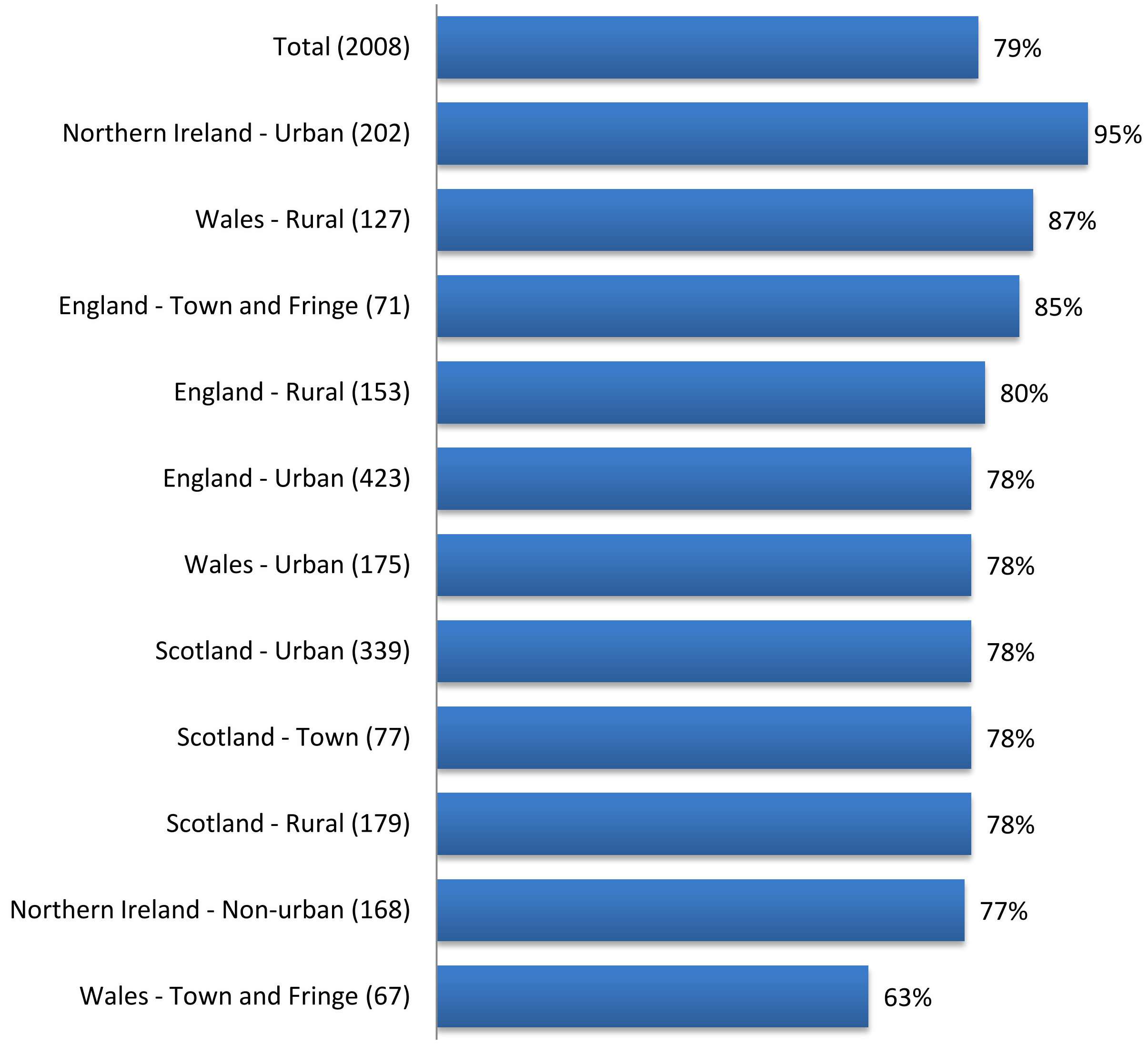
Figure 36: Communications channels used, by business size and industry sector – prompted, multiple response (all respondents)

	No. of employees						Industry sector				
Column percentages	**Total**	**0-1**	**2-4**	**5-9**	**10-19**	**20-49**	**Manu-facturing**	**Other prod-uction**	**Trans, retail, distrib**	**Bus. service**	**Other services**
Fixed line/landline telephones	89	88	**93**	**93**	**92**	**98**	89	84	**91**	90	89
Broadband internet connection	79	77	**87**	80	**94**	**97**	78	73	65	**94**	74
Mobile phones	72	72	70	**76**	67	69	71	**84**	55	**85**	54
Faxes	27	23	**39**	**48**	**51**	**64**	**47**	23	25	**36**	15
Dial-up internet connection	9	8	**13**	**14**	9	**15**	2	10	8	10	9
Pay televisions	7	7	9	9	6	5	3	**12**	6	7	5
None of these	1	1	**3**	2	2	0	2	1	2	*	3
Unweighted sample bases	*2,008*	*606*	*379*	*395*	*338*	*290*	*301*	*391*	*470*	*444*	*402*

Q D1 Which of these communications channels are used by your business? READ OUT AND MULTICODE *denotes less than 0.5% but greater than zero **Figures in bold are significantly higher than average**

Looking at of the use of broadband by geography, taking into account whether an area is urban, more sparsely populated urban (town) or rural, highlights higher than average take up in Northern Ireland urban areas (95%) – although, non-urban areas in Northern Ireland are among those that have the lowest level of broadband connection – and within Wales, rural areas (87%), although urban and town areas in Wales are not so well served.

Figure 37: Use of broadband internet connection, by urban/rural classification (all respondents)

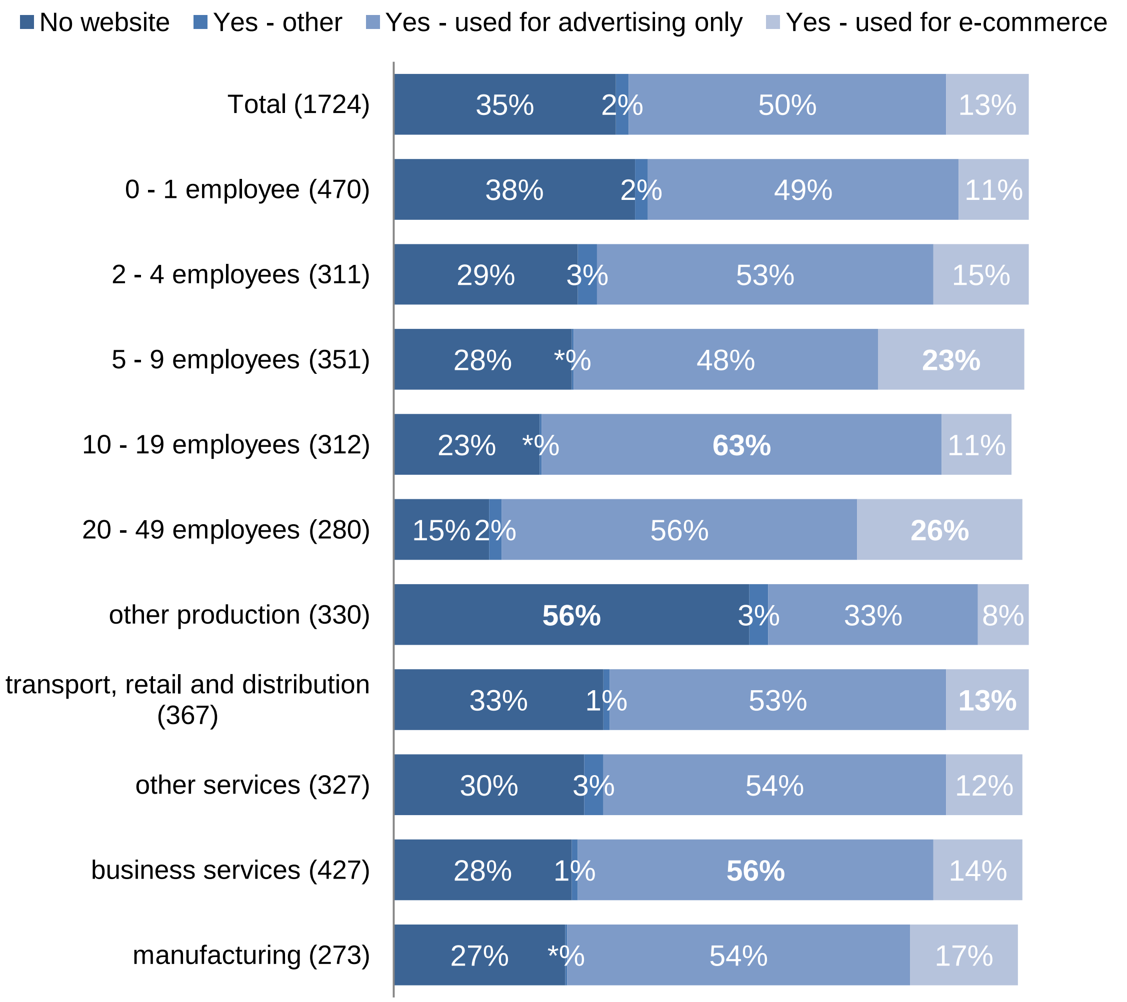


Q D1 Which of these communications channels are used by your business? READ OUT AND MULTICODE
Figures in bold are significantly higher than average
Unweighted sample bases in parentheses

Two-thirds of small businesses with internet access (65%) have a website, and in most cases (50%) this is for promotional purposes rather than for e-commerce (13%).

The propensity to have a website increases with business size, with 85% of small businesses with between 20 and 49 employees having one. Across sectors, small businesses in other production are least likely to have a website (44%) and only 8% use it for e-commerce.

Figure 38: Use of websites, by business size and industry sector (where has internet access)



Q D2 Do you have a website? *denotes less than 0.5% but greater than zero
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

Businesses based in Northern Ireland are less likely than average to have a website (44% of those with internet access), while those in England are more likely than those based elsewhere to have a website at all (66%). Those in Wales are more likely than average to sell through a website (16%).

Whether a small business connects to the internet via broadband or via a dial-up connection does not make a difference to whether they have a website. Indeed, small businesses with a dial-up connection are more likely than average to use the website for e-commerce (24%, compared with 13% of those who have broadband). The reason for this is not absolutely clear, but we know that those with dial-up connections are more common in small towns and villages outside of England, and a number of these may be hotels and bed and breakfast businesses.

Those with internet access most commonly use it for email (83%), with around two-thirds using it to order stock and services (71%), manage and pay bills (71%) and compare prices for suppliers (67%). Businesses in manufacturing and business services sectors are significantly more likely than average to use the internet for the full range of these purposes, as are small businesses with 2 or more employees.

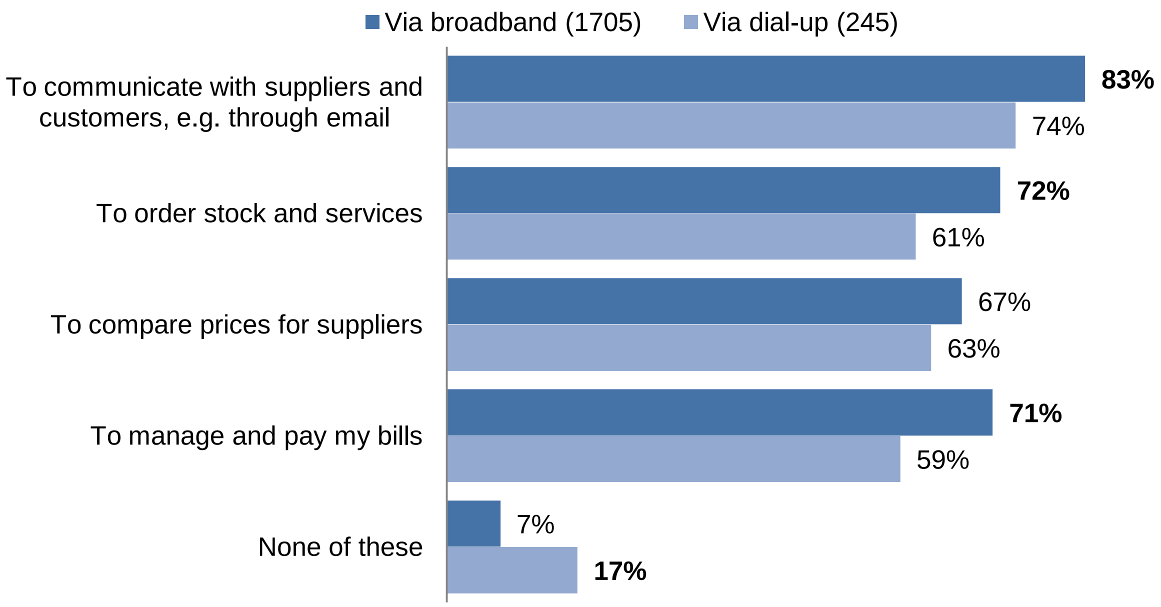
Figure 39: Ways in which the internet is used, by business size and industry sector – prompted, multiple response (where has internet access)

		No. of employees					Industry sector				
Column percentages	**Total**	**0-1**	**2-4**	**5-9**	**10-19**	**20-49**	**Manu-facturing**	**Other prod-uction**	**trans, retail, distrib**	**Business services**	**Other services**
To communicate with suppliers and customers, e.g. through email	83	81	**89**	**91**	**89**	**93**	**92**	70	80	**93**	78
To order stock and services	71	69	**78**	**83**	**81**	**83**	**83**	57	71	**81**	66
To manage and pay my bills	71	68	**79**	**78**	**79**	74	**78**	57	75	**80**	62
To compare prices for suppliers	67	69	**73**	**72**	**73**	**78**	**82**	58	63	**77**	58
None of these	7	8	4	1	3	4	5	9	4	3	**14**
Unweighted sample bases	*1,724*	*470*	*311*	*351*	*312*	*280*	*273*	*330*	*367*	*427*	*327*

Q D3 In which of these ways do you use the internet? READ OUT AND MULTICODE
Figures in bold are significantly higher than average

Although more likely to have a website to use for e-commerce, small businesses that have a dial-up internet connection are significantly less likely than those with broadband to use the internet for any of these purposes.

Figure 40: Ways in which the internet is used, by type of internet connection – prompted, multiple response (where has internet access)



Q D3 In which of these ways do you use the internet? READ OUT AND MULTICODE
Figures in bold are significantly higher than average

Just over a third of small businesses with internet access (34%) have social media accounts, with the most common one being Facebook (28%, increasing to 44% among other services and 53% of new small businesses[5]). One in six make use of Twitter (17%, increasing to 37% of new small businesses) and LinkedIn (17%, increasing to 27% of those in business services).

[5] Businesses aged up to 3 years

Figure 41: Social media used on behalf of the business, by business age and industry sector – prompted, multiple response (where has internet access)

		Years established			Industry sector				
Column percentages	Total	Up to 3 years	4-10 years	10+ years	Manu-facturing	Other prod-uction	Trans, retail, distrib	Business services	Other services
Facebook	28	**53**	35	21	26	9	**34**	28	**44**
Twitter	17	**37**	**28**	10	20	4	14	**24**	22
LinkedIn	17	19	**24**	14	11	3	9	**27**	19
Pinterest	*	0	*	*	0	0	*	*	*
YouTube	*	0	0	1	0	*	0	*	2
Other	1	0	2	1	0	0	0	3	1
None	66	40	54	**75**	**71**	**89**	64	59	54
Any	34	**60**	**46**	25	29	11	36	**41**	**46**
Unweighted sample bases	*1,724*	*470*	*311*	*351*	*273*	*330*	*367*	*427*	*327*

Q D4 Do you have social media accounts such as Facebook, Twitter or LinkedIn on behalf of the business? READ OUT AND MULTICODE *denotes less than 0.5% but greater than zero **Figures in bold are significantly higher than average**

6.3 Importance of internet

The internet has become an integral element of business trading, with just over a third of small businesses with internet access (35%) saying they could not trade without a reliable internet connection. This rises to more than half of those in the business services sector (55%), and the proportion is particularly high across all small businesses within London (50%).

Figure 42: Importance of a reliable internet connection to the business (where has internet access)

35% cannot trade without it

- 50% of businesses with 5-9 employees
- 55% of business services
- 50% of businesses in London
- 55% of MEG-led businesses

20% would lose money and business without it

- 32% of manufacturers
- 31% of businesses in Wales (37% in urban Wales)
- 31% of multi-site businesses

35% would find it inconvenient not to have it but could still trade

- 40% of businesses with 10-19 employees
- 49% of businesses in other production
- 45% of businesses in the transport, retail and distribution sector
- 56% of businesses in the North East / 46% in the North West
- 47% of businesses in small towns in Scotland

10% rarely use it in their business dealings

Q D5 Which of these best describes how important a reliable internet connection is to your business?
Unweighted sample base = 1,724

Businesses established for up to 10 years are significantly more likely than those longer established to be reliant on having a reliable internet connection (43% aged up to 10 years could not trade without it, compared with 30% of older small businesses).

There is no difference between small businesses that access the internet via broadband or a dial-up connection in this respect. Furthermore, home-based small businesses are no more likely than average to be reliant on having a reliable internet connection.

Figure 43: Importance of a reliable internet connection to the business, by business age and industry sector – prompted, multiple response (where has internet access)

Column percentages	Total	Years established: Up to 3 years	Years established: 4-10 years	Years established: 10+ years	Industry sector: Manu-facturing	Industry sector: Other prod-uction	Industry sector: Trans, retail, distrib	Industry sector: Business services	Industry sector: Other services
I cannot trade without it	35	43	**43**	30	32	16	26	**55**	22
I would lose money and business without it	20	14	**25**	18	**32**	13	21	19	22
Not having one would be an inconvenience, but I could still continue to trade	35	40	24	**39**	31	**49**	**45**	22	40
I rarely use the internet in my business dealings	10	3	6	**12**	5	**22**	8	3	12
Other	*	0	0	*	0	0	0	0	1
Don't know	1	0	1	1	*	*	1	*	3
Unweighted sample bases	*1,724*	*470*	*311*	*351*	*273*	*330*	*367*	*427*	*327*

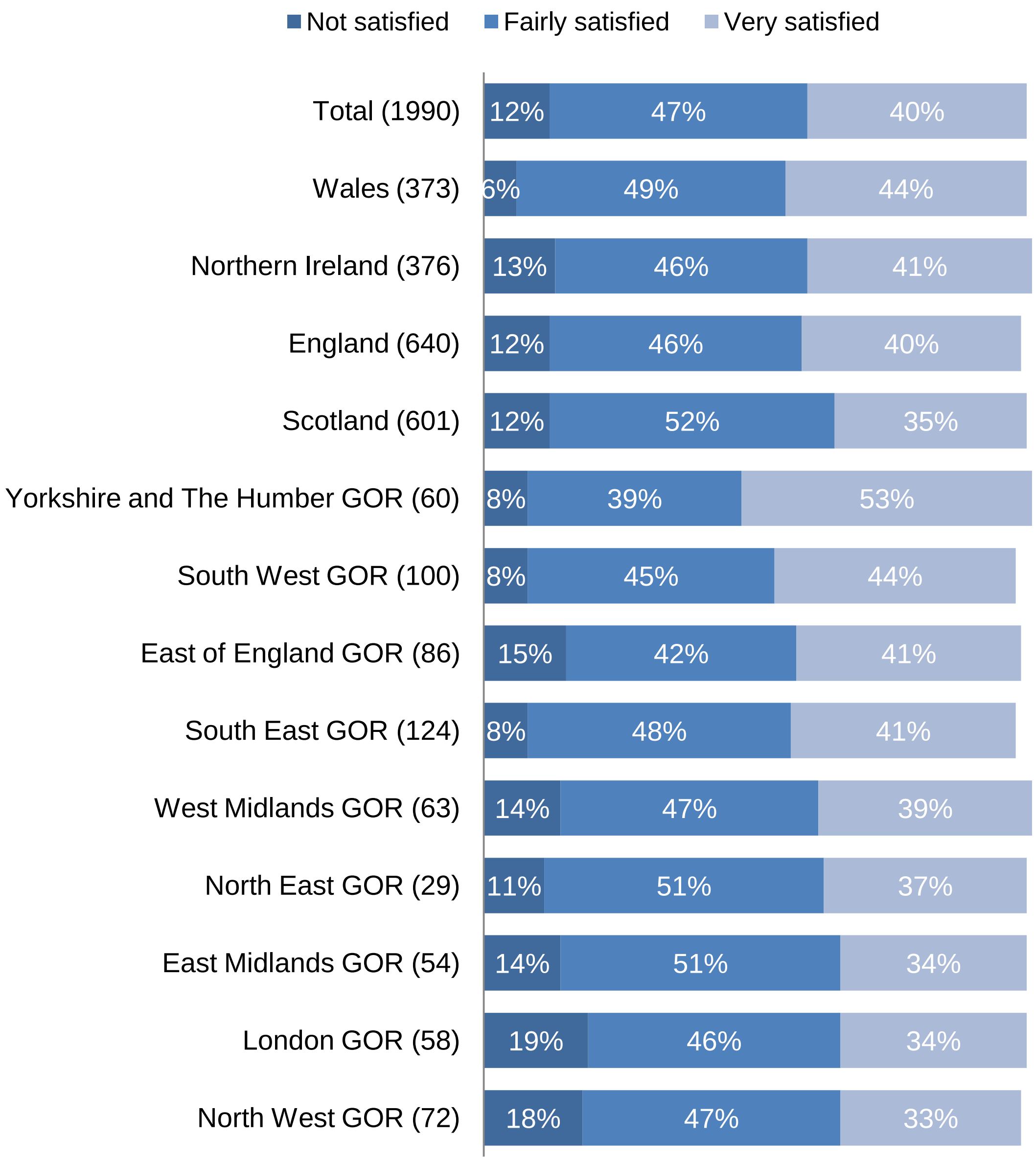
Q D5 Which of these best describes how important a reliable internet connection is to your business? READ OUT AND MULTICODE *denotes less than 0.5% but greater than zero **Figures in bold are significantly higher than average**

6.4 Satisfaction with communications contracts

Among those that use any of the specified communications channels for business purposes, there is general satisfaction with communications contracts, with 87% at least fairly satisfied (which includes 40% that are very satisfied).

Overall, 12% are not satisfied and this increases to 16% of small businesses within the other production sector, and 19% of small businesses based in London. There are few differences by business size, sector or by geography, although satisfaction with communications contracts is significantly higher than average in Wales (93% very/fairly satisfied; 44% very satisfied).

Figure 44: General satisfaction with communications contracts, by nation and English GOR[6] (where have communications channels)

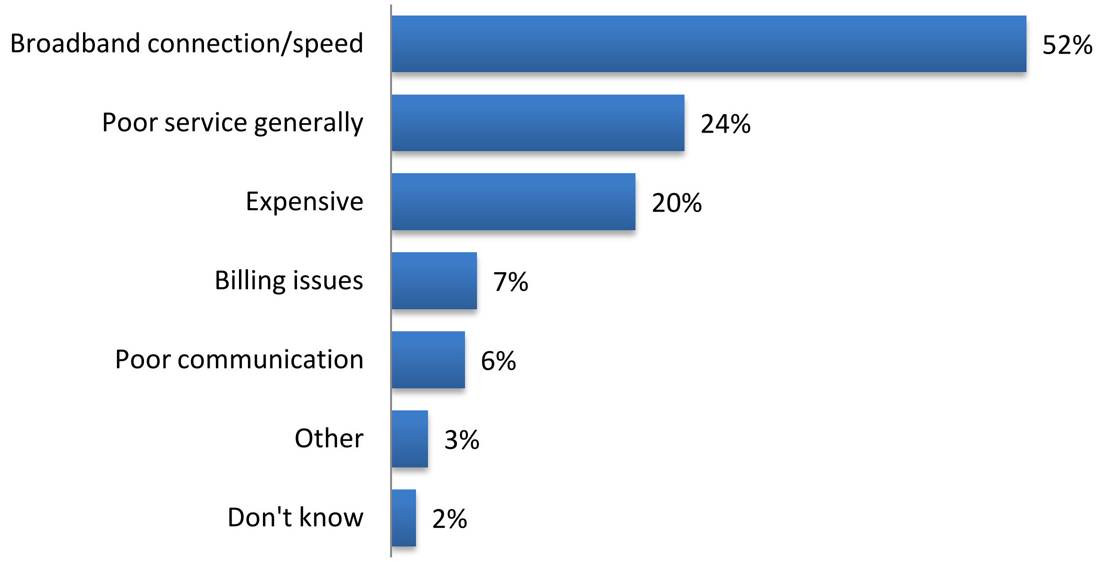


Q D6 How satisfied or dissatisfied are you generally with the communications contracts you have for your business e.g. for phone and internet contracts?
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

Dissatisfaction with communications contracts is most likely to revolve around broadband connections/speed (52%). A poor service in general is cited by 24% of those that are not satisfied, while one in five dissatisfied businesses (20%) cite high cost.

[6] GOR – Government Office Region

Figure 45: Reasons for dissatisfaction – unprompted, multiple response (where dissatisfied)



Q D7 Why are you unhappy with your communications contracts?
Unweighted sample base = 211

Businesses in rural areas are more likely than average to be dissatisfied with their broadband connection/speed (67% of those dissatisfied), while those in urban areas are more likely to cite the expense (27%).

By nation, small businesses in Wales and Scotland are less likely than average to cite their broadband connection/speed as reasons for dissatisfaction (30% and 38% respectively) and are more likely to cite general poor service (38% and 41% respectively). Businesses in Northern Ireland are more likely than average to cite billing issues (16%).

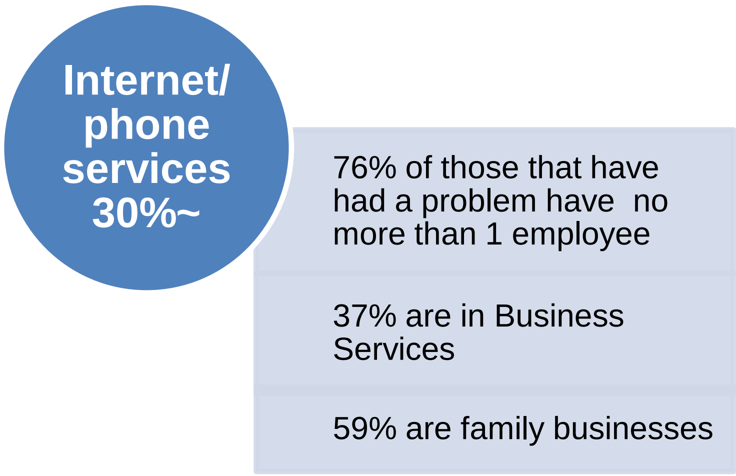
6.5 Problems experienced with internet or telephone services

Three in ten of all small businesses (30%) have experienced problems with their internet or phone services.

Businesses significantly more likely than average to have experienced any problems include:

- Those employing 2-4 employees, 35%
- Those employing 10-19 employees, 41%
- Businesses in the business services sector, 35%
- Multi-site businesses, 43%
- Young businesses (up to 3 years old), 38%

Figure 46: Proportion of small businesses that have experienced problems with their internet or phone services (all respondents)

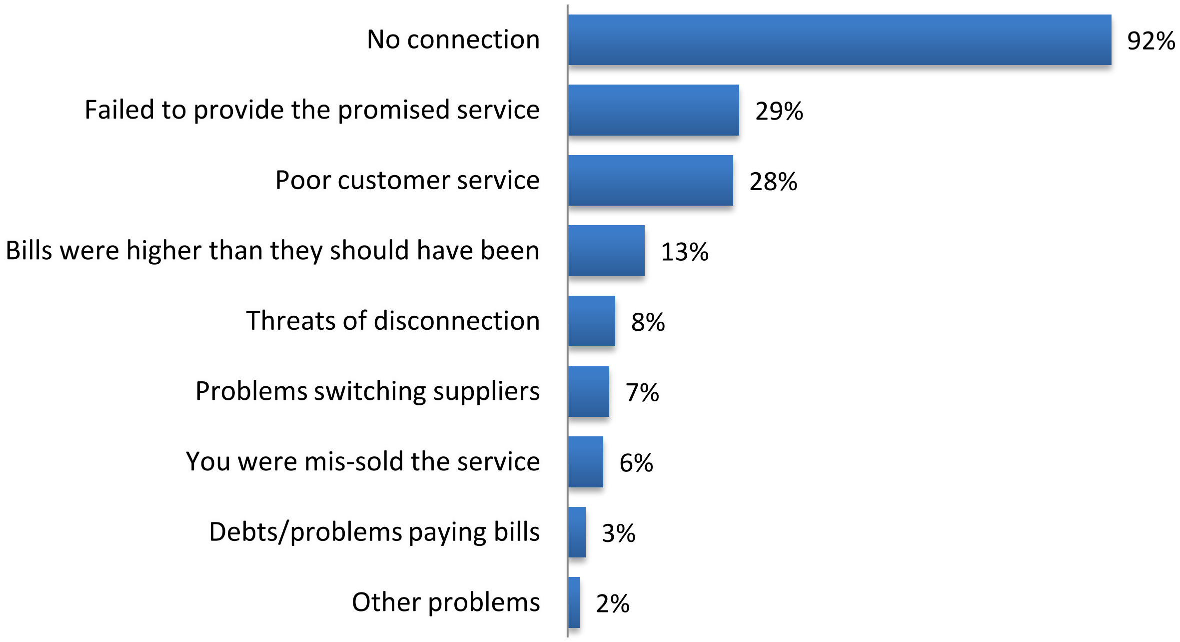


~ 614 businesses (unweighted cases)

Q D8 In the last 12 months, has your business experienced any problems with your internet or phone services?
Unweighted sample base = 2,008

Problems experienced are dominated by connection issues (92%), while poor customer service or service that fails to live up to what has been promised are also relatively common issues (28% and 29% respectively).

Figure 47: Problems experienced with internet or phone services – prompted, multiple response (where experienced problems)



Q D9 What were the sort of problems that you experienced with your internet or phone services? Did it relate to any of the following? READ OUT AND MULTICODE
Unweighted sample base = 614

By business size, larger small businesses with problems are more likely than average to report threats of disconnection (16% of those with 10-19 employees; 15% of those with 20-49 employees), while these are less likely to have suffered poor customer service (8% of 20-49 employers) or higher than expected bills (9% of those with 10-19 employees; 6% of those with 20-49 employees).

Problems experienced by small businesses across each of the four nations are summarised in Figure 48. It highlights the slightly greater than average likelihood of connection related problems within England. Northern Ireland small businesses with problems report a higher than average incidence of the threat of disconnection.

Figure 48: Problems experienced with internet or phone services, by nation – prompted, multiple response (where have experienced problems)

Column percentages	Total	England	Northern Ireland	Scotland	Wales
No connection	92	93	89	89	91
Failed to provide the promised service	29	28	22	29	34
Poor customer service	28	29	18	30	19
Bills were higher than they should have been	13	13	18	15	13
Threats of disconnection	8	8	**17**	7	11
Problems switching suppliers	7	6	11	9	7
You were mis-sold the service	6	6	1	6	10
Debts/problems paying bills	3	3	*	7	*
Other problems	2	2	**6**	*	2
Unweighted sample bases	*614*	*203*	*109*	*186*	*116*

Q D9 What were the sort of problems that you experienced with your internet or phone services? Did it relate to any of the following? READ OUT AND MULTICODE *denotes less than 0.5% but greater than zero **Figures in bold are significantly higher than average**

Problems experienced by small businesses within different sectors are summarised in Figure 49. It highlights the greater than average likelihood of connection related problems within other production and manufacturing, and poor customer service in business services.

Figure 49: Problems experienced with internet or phone services, by industry sector – prompted, multiple response (where have experienced problems)

Column percentages	Total	Manu-facturing	Other prod-uction	Trans, retail, distrib	Business services	Other services
No connection	92	**98**	**98**	86	91	93
Failed to provide the promised service	29	**41**	31	27	27	25
Poor customer service	28	11	24	24	**36**	27
Bills were higher than they should have been	13	**21**	5	**19**	16	9
Threats of disconnection	8	3	4	**16**	8	7
Problems switching suppliers	7	**24**	4	10	4	6
You were mis-sold the service	6	**16**	4	10	4	7
Debts/problems paying bills	3	0	5	3	5	0
Other problems	2	2	3	2	2	*
Unweighted sample bases	*614*	*90*	*114*	*137*	*165*	*108*

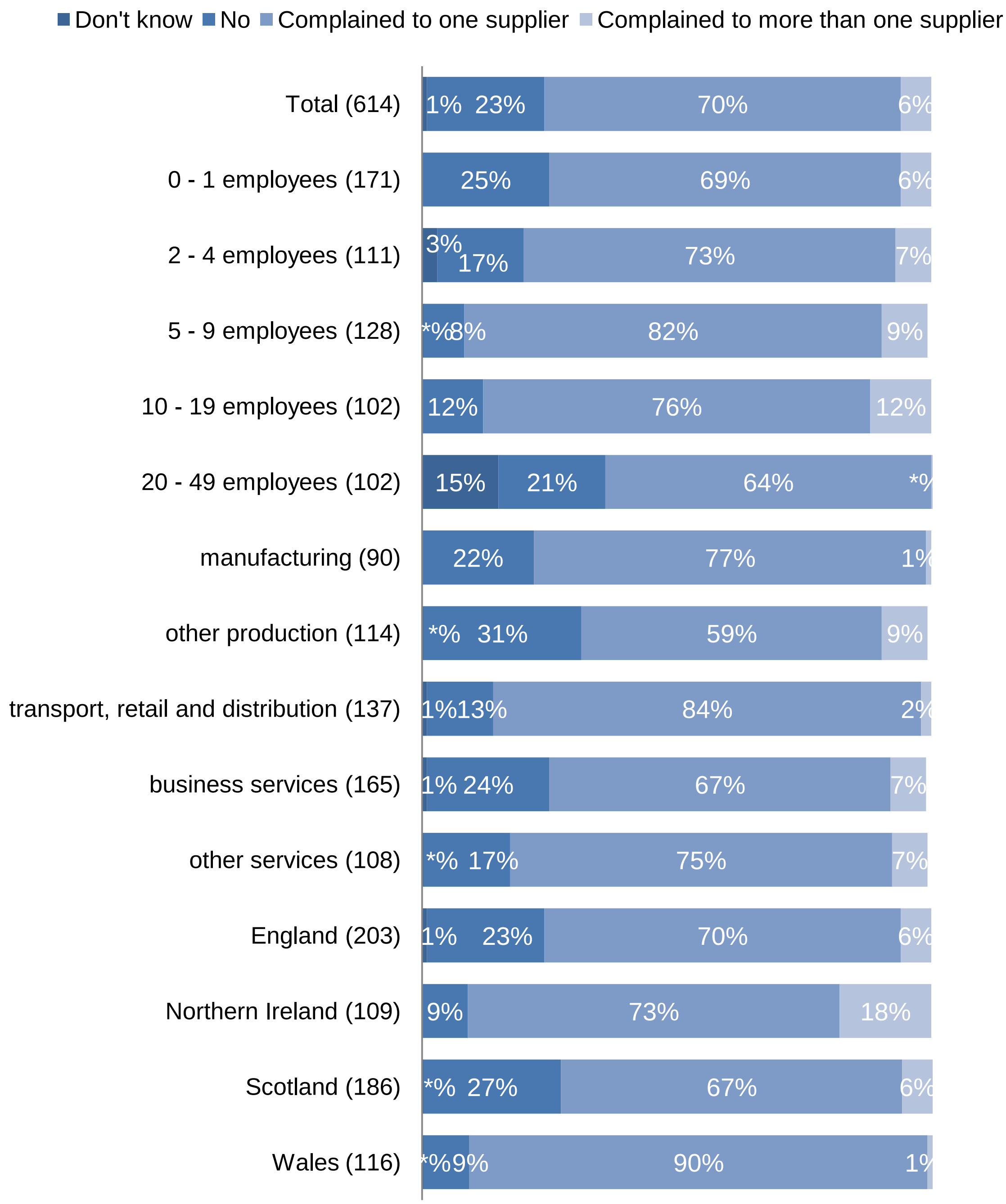
Q D9 What were the sort of problems that you experienced with your internet or phone services? Did it relate to any of the following? READ OUT AND MULTICODE *denotes less than 0.5% but greater than zero **Figures in bold are significantly higher than average**

Around three-quarters of small businesses that have had a problem with their internet or phone service (76%) have complained. This equates to 23% of all small businesses.

The majority of these complaints (70%) were to just one supplier, while a minority of small businesses that had a problem (6%) complained to more than one supplier. The proportion complaining to more than one supplier is higher than average among small businesses with 10-19 employees (12%), and small businesses in Northern Ireland (18%).

Overall there is a higher propensity to complain among small businesses with 5-9 employees (92%), those with 10-19 employees (88%. Transport, retail and distribution (86%), other services (83%), small businesses in Wales (91%), Northern Ireland (91%) and family small businesses (82%) also had a higher propensity to complain.

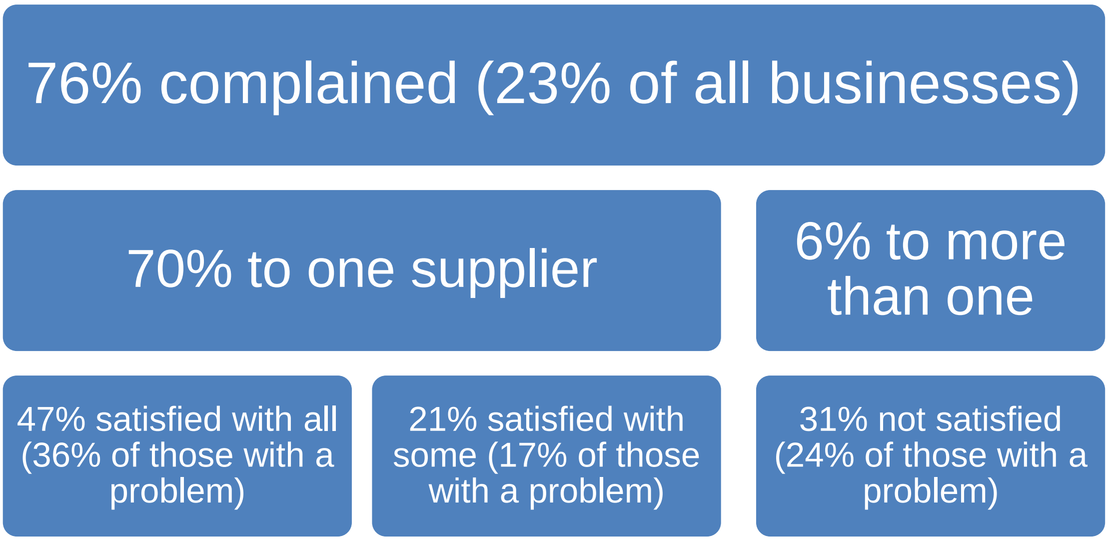
Figure 50: Whether small businesses complained about the problem; to one supplier or to more than one supplier, by business size, industry sector and nation (where experienced problems)



Q D10 Did you complain to the suppliers about the problems? *denotes less than 0.5% but greater than zero
Unweighted sample bases in parentheses

Although the majority have been satisfied with the outcome to some extent (47% had the problem fully resolved, 21% partially), a third (31%) were not satisfied. This suggests that one in four of those that have had a problem with their internet or phone service (24%) do not have their problem resolved satisfactorily.

Figure 51: Focus on complaints handling (where had problems with internet or phone services)



~ 502 businesses (unweighted cases)

Q D10 Did you complain to the suppliers about the problems?
Unweighted sample base = 614

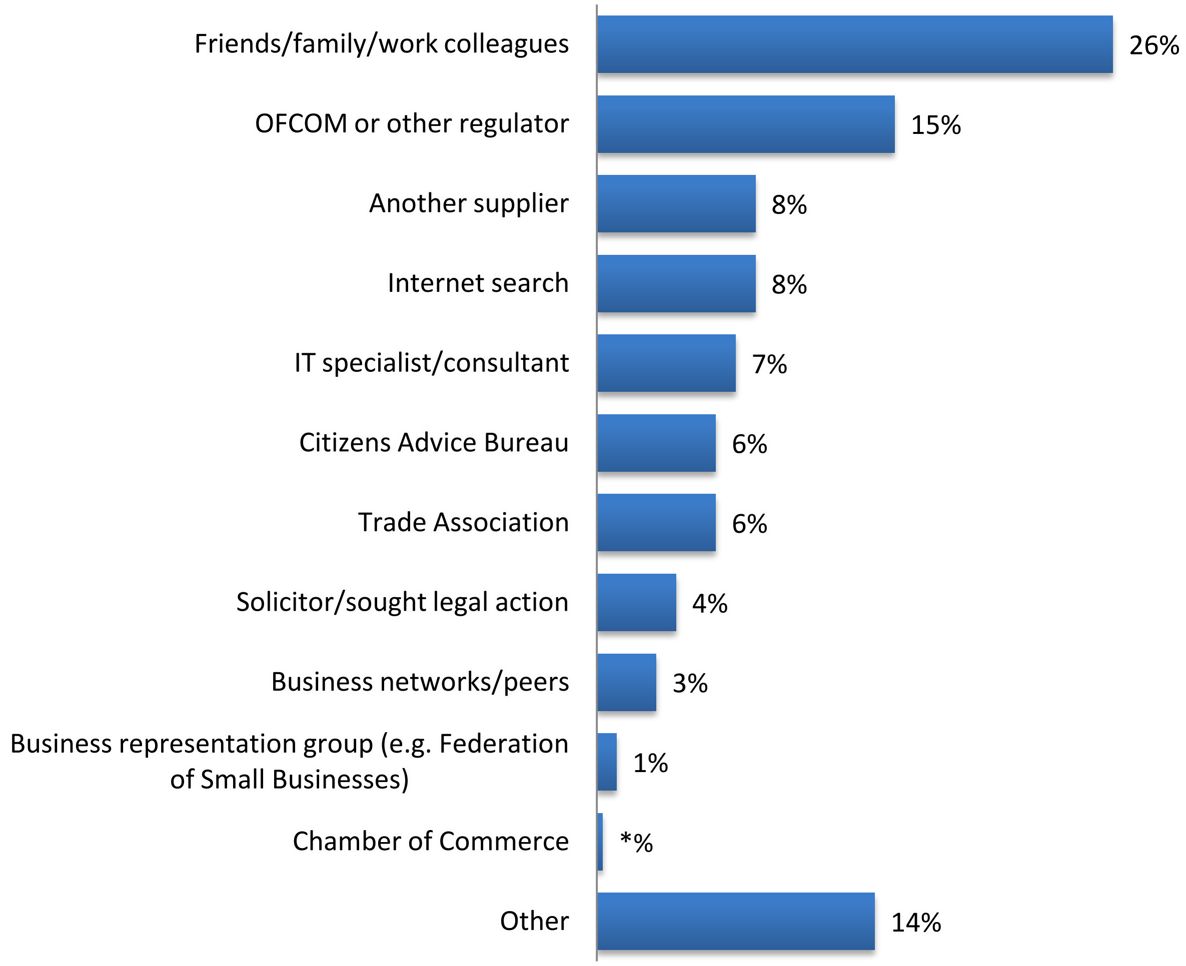
Q D11 Were you satisfied that your complaint was/were addressed? (where made a complaint)
Unweighted sample base = 502

The proportion of small businesses that were not satisfied that their complaint was addressed was higher than average in the transport, retail and distribution sector (45% of those who complained) and among small businesses with 10-19 employees (55%). These types of small businesses were those more likely to complain overall.

A quarter of small businesses not satisfied with the outcome of the complaint (27%; 14% of all those who complained) sought external help or advice following their dissatisfaction with how their complaint was handled.

External help was most likely to have been sought from informal sources, such as friends, family or work colleagues (26%), while one in seven (15%) sought help from Ofcom or another regulator.

Figure 52: Where did you seek external help or advice (where sought external help/advice)



Q D13 Where did you seek external help or advice? DO NOT PROMPT. MULTICODE OK *denotes less than 0.5% but greater than zero
Unweighted sample base = 65

7 Postal Services

This section focuses on small businesses' experiences and views of the Post Office and Royal Mail services. It reviews how and why small businesses use the Post Office; usage and expenditure on Royal Mail postage services; problems experienced with Post Office and Royal Mail services; and how those problems have been dealt with.

7.1 Key findings

7.1.1 Post Office services

More than half of small businesses (53%) use the Post Office at all for business purposes, with those with 20+ employees less likely than average to do so (35%). The proportion is higher than average in small businesses based at home or where businesses access the internet via a broadband connection.

Of those that use the Post Office, 61% use it on a weekly basis, with 12% of all users using it every day.

Small businesses predominantly use the Post Office to send letters or documents out (88% of those that use it), and/or to send parcels (66% in the UK; 28% internationally). Buying/renewing vehicle tax is also a service used by a significant proportion of small businesses using the Post Office (45%).

Having access to the internet and being able to take advantage of opportunities to use some services online rather than physically go to a Post Office is a major factor in reducing the propensity to use the Post Office for buying/renewing vehicle tax and paying bills, but those with internet access are more likely than those without it to use the Post Office for sending letters and parcels.

Convenience of location is the main reason for using Post Offices (79% of those that use it). Small businesses also cite good customer service (72%), reliability (72%) and trust in the brand (71%) as the reasons for using the Post Office.

Two per cent of small businesses have experienced problems with the Post Office in the last 12 months. The majority of these are home-based businesses, and more than half are frequent users[7] of the Post Office.

Poor customer service and the failure to provide the promised service are the two most frequently cited problems experienced with Post Office services (49% and 47% of those that have experienced problems respectively).

Only two in five of small businesses that have experienced problems with the Post Office (40%) have complained. This equates to just one per cent of all small businesses. For more than a third of those that complained (38%) nothing happened as a result. This is reflected in the low level of satisfaction with aspects of the complaints process with regard to the final outcome of the complaint (27% satisfied, 71% dissatisfied) and timeliness of the complaints process (31% satisfied, 59%

[7] At least fortnightly

dissatisfied). The picture is more positive with regard to how staff handled the complaint as 71% of complainants are satisfied with the politeness and courtesy of the staff they dealt with.

7.1.2 Royal Mail services

Seven in ten small businesses (70%) send out letters and parcels. As business size increases so does the proportion sending letters and parcels.

Overall, around half of those that send out any letters and parcels (49%) send out less than one a week on average. A further 43% send out between 1 and 10 per week on average.

76% of those sending out letters and parcels spend an average of less than £50 a month on these services.

Royal Mail is just one of many organisations providing delivery services, for parcels in particular, but for most light users of parcel services local Post Offices are more frequently used for this purpose.

Purchasing stamps is the most common way in which to pay for postage on letters and parcels (94% of those that send them). One in ten use metered or franked mail facilities (some in addition to stamps), while just 6% each use online postage and/or pre-paid envelopes.

Six per cent of small businesses have experienced problems with Royal Mail services. The most commonly experienced problem is that of no deliveries/late deliveries (57% of those with problems), while nearly half of businesses with problems cite lost mail (46%).

A third of small businesses that have experienced problems with Royal Mail (35%) have complained. This equates to just 2% of all small businesses.

For nearly half of those that complained (47%) nothing happened as a result. This is reflected in the low level of satisfaction with aspects of the complaints process with regard to the final outcome of the complaint (38% satisfied, 62% dissatisfied) and timeliness of the complaints process (44% satisfied, 52% dissatisfied). Complainants are more positive with regard to how staff handled the complaint as 71% are satisfied with the politeness and courtesy of the staff they dealt, with and 63% are satisfied with the professionalism of the staff and their ability to help.

7.1.3 The association between the Post Office and Royal Mail

The Post Office and Royal Mail are separate organisations with distinctly different roles that do not duplicate each other. Their services are clearly defined and neither organisation is responsible for the performance of the other.

However, historically the two organisations were one and there is still a perception that this is the case among many service users. The Post Office sells stamps and manages outgoing parcels. and although the actual delivery of letters and parcels is the responsibility of Royal Mail, the distinction between the two elements of the process is not an easy one for some users to make.

It was clear when interviewing small businesses for this survey and in examining their responses that many are still failing to make the distinction between Post Office and

Royal Mail services; laying the blame for lost, delayed or damaged post firmly at the Post Office's door.

The Post Office also suffers as a consequence of users being unable to make the distinction between its role as a facilitator for certain services whose successful delivery is the responsibility of another party.

7.2 Use of Post Office services

More than half of small businesses (53%) use the Post Office at all for business purposes. This proportion is significantly lower than average among larger small businesses (35% of those with between 20 and 49 employees).

Figure 53: Use of the Post Office for business purposes, by business size and industry sector and other selected variables (all respondents)

				Frequency of use					
Row percentages	*Unweighted bases*	Use Post Office at all	*Unweighted bases*	Every day	2-3 times a week	Once a week	Every two weeks	Once a month	Less often than once a month
Total	*2008*	53	*1109*	12	23	26	11	19	7
0-1 employee	*606*	53	*330*	11	22	25	14	19	7
2-4 employees	*379*	55	*209*	13	19	**35**	2	22	**10**
5-9 employees	*395*	48	*225*	**18**	**37**	18	5	**13**	**9**
10-19 employees	*338*	54	*175*	**21**	**38**	22	3	7	6
20-49 employees	*290*	35	*170*	**24**	**52**	10	1	7	1
Manufacturing	*301*	**61**	*190*	6	**35**	31	8	17	3
Other production	*391*	52	*220*	10	16	26	13	22	9
Transport, retail and distribution	*470*	40	*222*	13	**30**	19	7	20	9
Business services	*444*	**63**	*270*	12	**28**	29	13	11	7
Other services	*402*	50	*207*	13	14	25	11	**28**	8
Home-based business	*615*	**59**	*355*	9	21	26	12	21	9
Use internet via broadband	*1,705*	**57**	*989*	**12**	**25**	25	11	18	8
Do not use internet	*284*	38	*110*	7	11	29	15	**26**	9

Q.E1 Do you or does your business use the Post Office at all for business purposes?

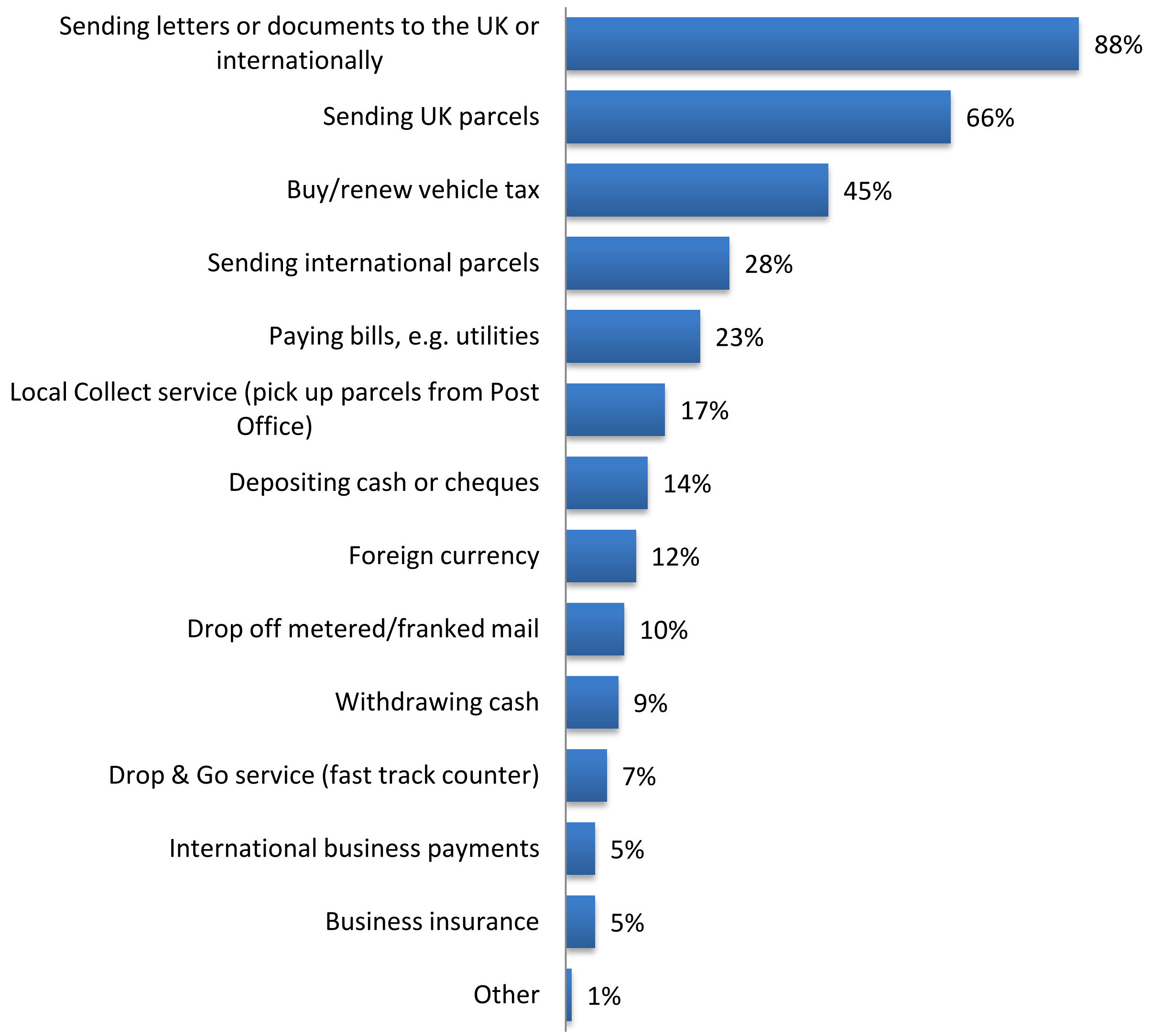
QE2 How often is the Post Office used for business purposes? (where use the Post Office for business purposes) **Figures in bold are significantly higher than average**

The proportion is higher than average among manufacturers (61%) and small businesses in the business services sectors (63%), as well as among home-based small businesses (59%) and where small businesses use the internet (57%). In fact, where small businesses use the internet they are significantly more likely than average to use the Post Office on weekly basis.

7.2.1 Services used

The Post Office is most often used to send letters and parcels, with buying/renewing vehicle tax also a common reason for using it.

Figure 54: Post Office services used – prompted, multiple response (where use the Post Office for business purposes)



Q E3 Which of these Post Office services do you use for business purposes? READ OUT AND MULTICODE
Unweighted sample base = 1,109

There are some differences in Post Office services used by business size and, more so, by industry sector. These are summarised in Figures 55 and 56.

Figure 55: Post Offices services used for business purposes, by business size – prompted, multiple response (where use Post Office for business purposes)

Column percentages	Total	0-1 employee	2-4 employees	5-9 employees	10-19 employees	20-49 employees
Sending letters or documents to the UK or internationally	88	89	82	91	87	84
Sending UK parcels	66	64	**75**	63	71	69
Buy/renew vehicle tax	45	44	51	40	34	52
Sending international parcels	28	27	**34**	26	**35**	24
Paying bills, e.g. utilities	23	24	20	19	15	30
Local Collect service (pick up parcels from Post Office)	17	18	14	18	8	23
Depositing cash or cheques	14	13	14	18	**37**	19
Foreign currency	12	11	16	**17**	14	15
Drop off metered/franked mail	10	8	16	19	13	48
Withdrawing cash	9	9	11	9	11	**16**
Drop & Go service (fast track counter)	7	7	11	8	6	18
International business payments	5	5	1	**10**	**10**	2
Business insurance	5	4	7	1	1	1
Unweighted sample bases	*1,109*	*330*	*209*	*225*	*175*	*170*

Q E3 Which of these Post Office services do you use for business purposes? READ OUT AND MULTICODE
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

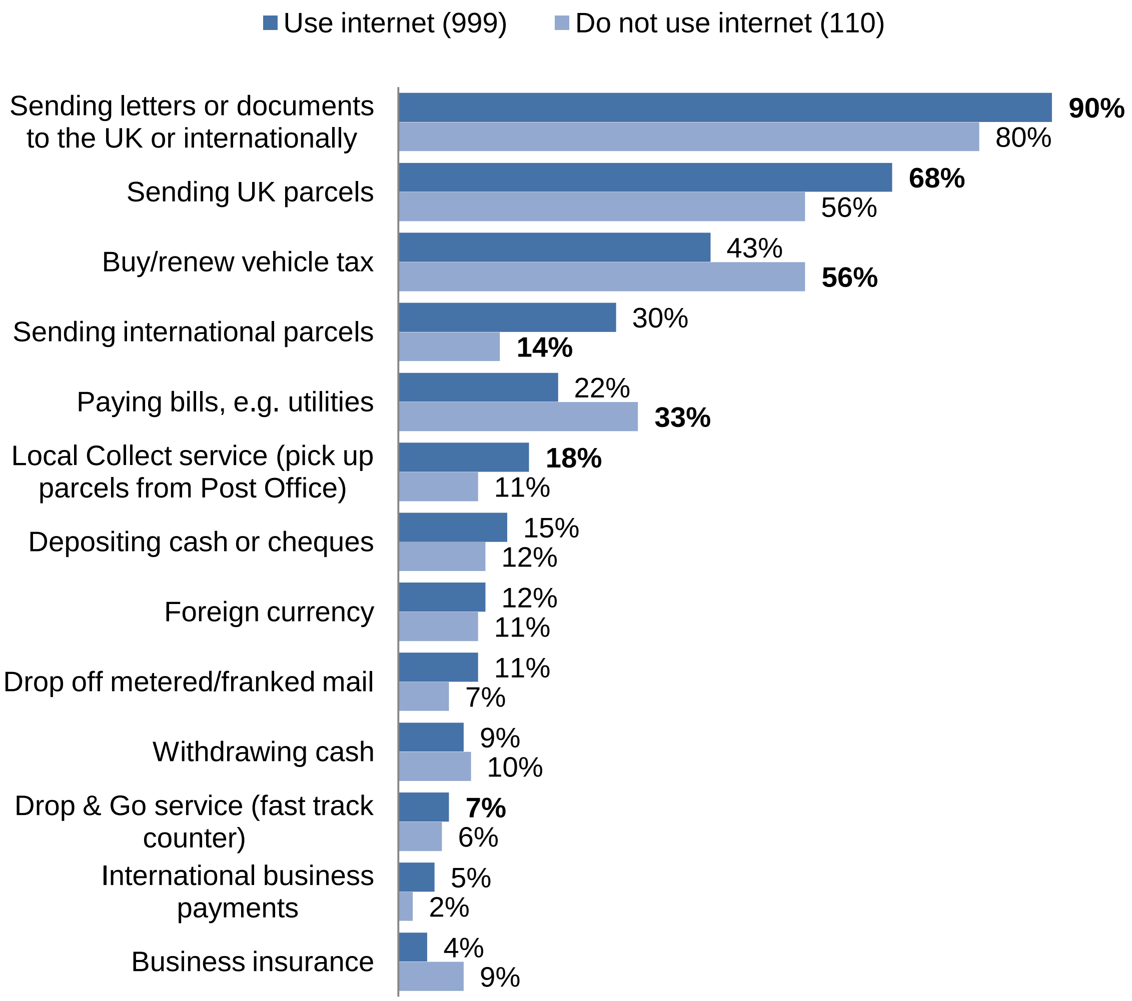
Figure 56: Post Offices services used for business purposes, by industry sector – prompted, multiple response (where use Post Office for business purposes)

Column percentages	Total	Manu-facturing	Other production	Trans, retail, distrib	Business services	Other services
Sending letters or documents to the UK or internationally	88	84	89	84	91	88
Sending UK parcels	66	80	61	63	70	61
Buy/renew vehicle tax	45	**63**	**62**	**55**	38	27
Sending international parcels	28	26	23	30	**33**	22
Paying bills, e.g. utilities	23	13	**43**	25	18	13
Local Collect service (pick up parcels from Post Office)	17	17	21	7	18	20
Depositing cash or cheques	14	15	**19**	16	10	16
Foreign currency	12	12	4	16	13	**16**
Drop off metered/franked mail	10	**19**	7	9	12	8
Withdrawing cash	9	9	12	11	10	4
Drop & Go service (fast track counter)	7	**11**	7	8	5	10
International business payments	5	5	3	4	5	**7**
Business insurance	5	6	7	5	3	4
Unweighted sample bases	*1,109*	*190*	*220*	*222*	*270*	*207*

Q E3 Which of these Post Office services do you use for business purposes? READ OUT AND MULTICODE
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

The most marked difference in Post Office usage appears to be affected by whether the business uses the internet for business purposes or not. This will be reflected in the type of business; the products and services it provides. Businesses without internet access are more likely to use the Post Office for buying/renewing vehicle tax than those with access (suggesting the latter are more likely to undertake this task online). A similar pattern (and reason for the pattern) is observable with regard to paying bills. Businesses with internet access are more likely than those without to send parcels and letters via the Post Office.

Figure 57: Post Office services used, by whether or not business has internet access – prompted, multiple response (where use the Post Office for business purposes)

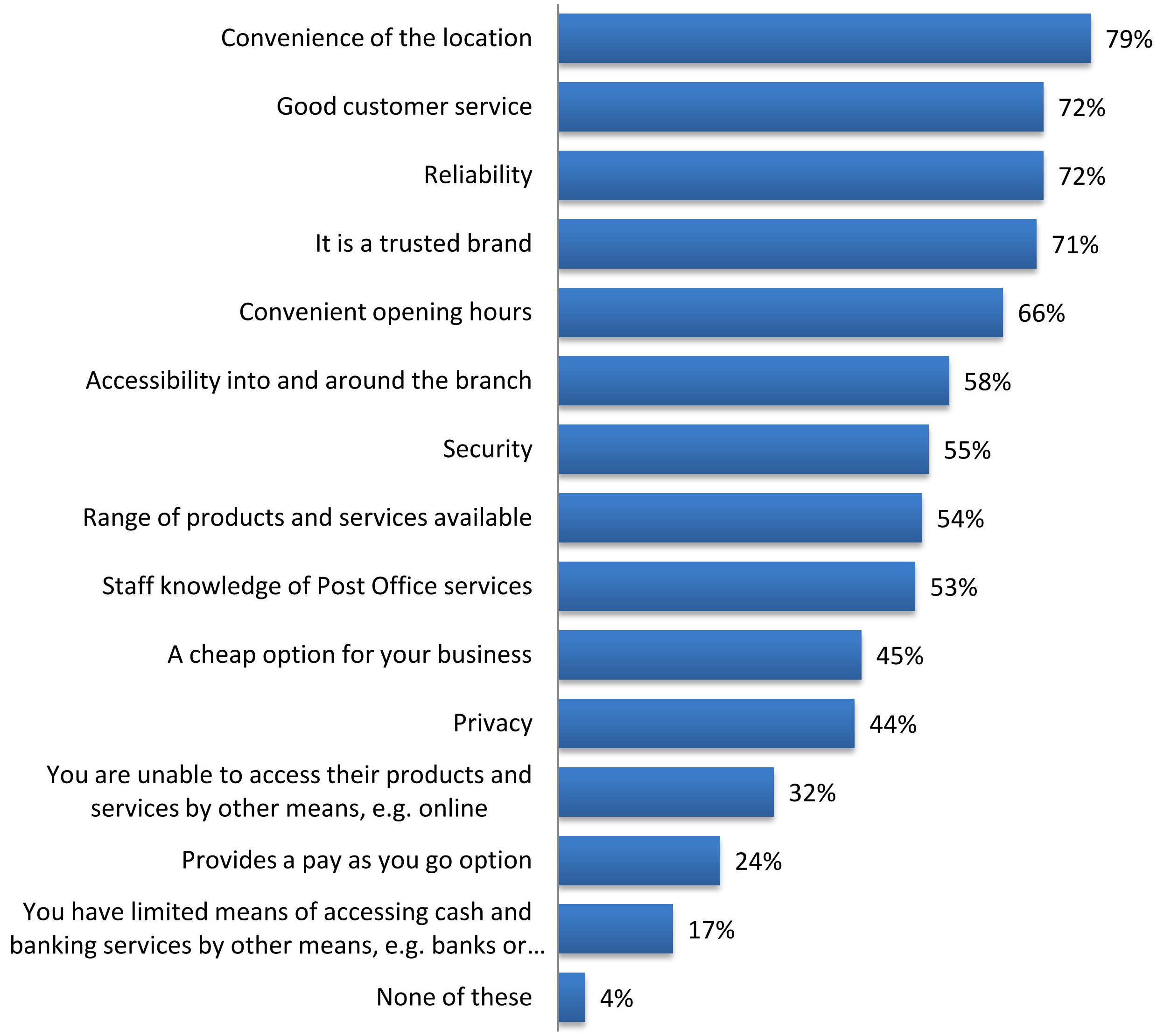


Q E3 Which of these Post Office services do you use for business purposes? READ OUT AND MULTICODE
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

7.2.2 Reasons for use

The convenience of its location is the most frequently cited reason for using the Post Office (79%), while it is considered to offer good, reliable customer service and to be a trusted brand by the majority of small businesses.

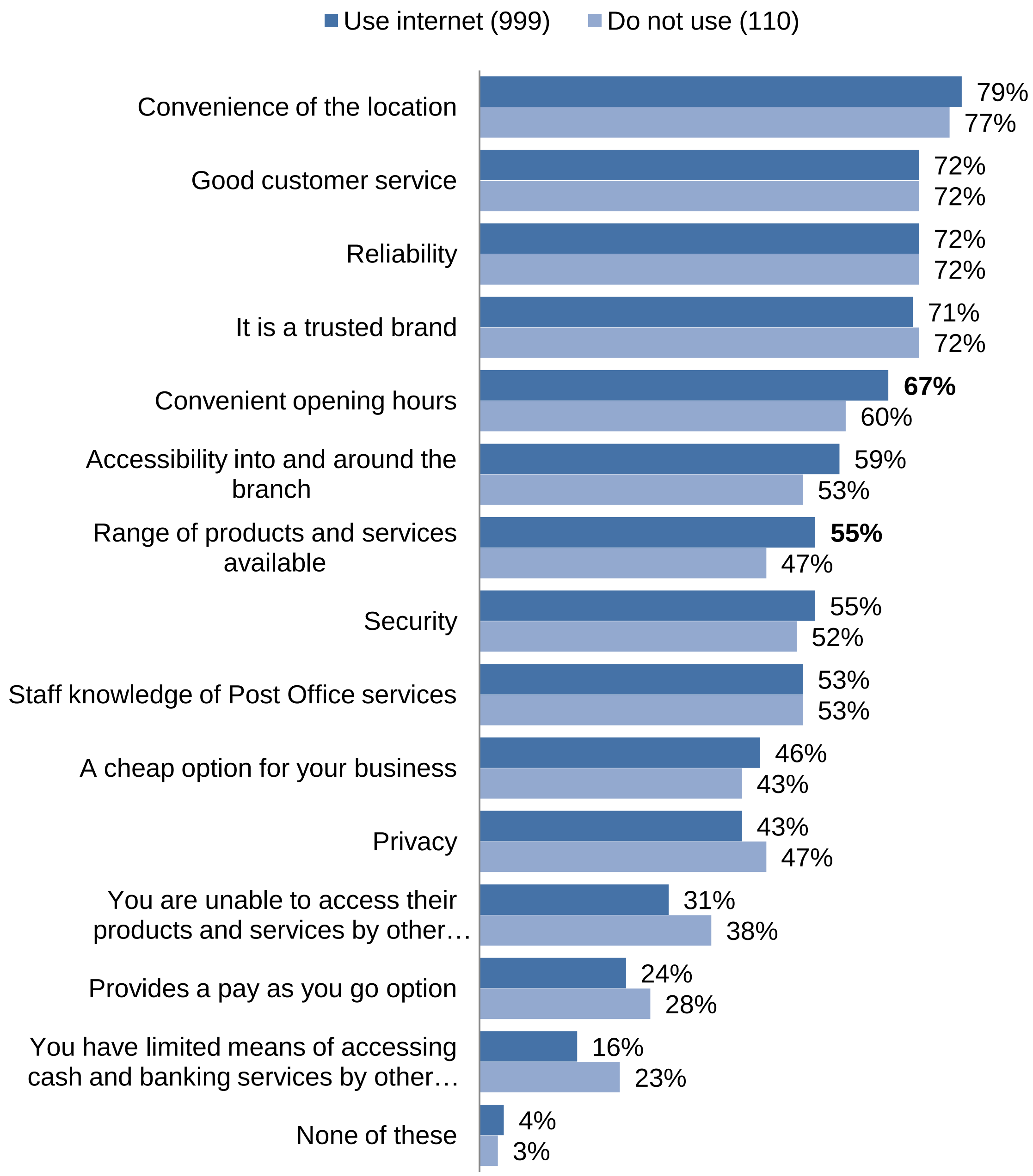
Figure 58: Reasons for using the Post Office – prompted, multiple response (where use the Post Office for business purposes)



Q E4 Which of these are reasons for using the Post Office for business purposes? READ OUT AND MULTICODE
Unweighted sample base = 1,109

Again, there are significant differences between small businesses with and without access to the internet in terms of the extent to which they recognise positive aspects of the Post Office. The range of products and services in particular is significantly more likely to be cited by small businesses with access to the internet than by those that do not have access.

Figure 59: Reasons for using the Post Office – prompted, multiple response (where use the Post Office for business purposes)



Q E4 Which of these are reasons for using the Post Office for business purposes? READ OUT AND MULTICODE

Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

Businesses in Wales are less likely than average to cite many of the reasons, especially that it has a convenient location, it is a trusted brand, and that they are unable to access Post Office products and services by other means.

Businesses in urban areas are less likely than those in less populated areas to cite the convenience of the location, while they are also less likely to cite the range of products and services, reliability, staff knowledge, and having limited means to access cash and banking services.

Businesses in rural areas are significantly more likely to cite good customer service, that it is a cheap option for their business, and having limited means to access cash and banking services.

Figure 60: Reasons for using the Post Office, by nation and geography type – prompted, multiple response (where use the Post Office for business purposes)

Column percentages	Total	England	Northern Ireland	Scotland	Wales	Urban	Town	Rural
Convenience of the location	79	79	76	**84**	73	76	82	82
Good customer service	72	72	**79**	70	65	68	66	81
Reliability	72	71	**77**	73	76	68	77	**77**
It is a trusted brand	71	72	67	69	54	70	71	75
Convenient opening hours	66	67	62	62	60	65	66	68
Accessibility into and around the branch	58	59	54	60	41	56	61	61
Security	55	55	**66**	53	54	54	51	**60**
Range of products and services available	54	55	43	48	47	51	58	**60**
Staff knowledge of Post Office services	53	54	52	50	44	50	52	**61**
A cheap option for your business	45	47	38	39	33	40	47	**54**
Privacy	44	44	39	46	40	42	40	**50**
You are unable to access their products and services by other means, e.g. online	32	33	20	27	19	31	30	**36**
Provides a pay as you go option	24	25	10	23	13	24	23	25
You have limited means of accessing cash and banking services by other means, e.g. banks or ATMs	17	18	8	21	15	12	19	**27**
None of these	4	4	4	2	6	3	5	5
Unweighted sample bases	*1,109*	*338*	*227*	*326*	*218*	*590*	*149*	*352*

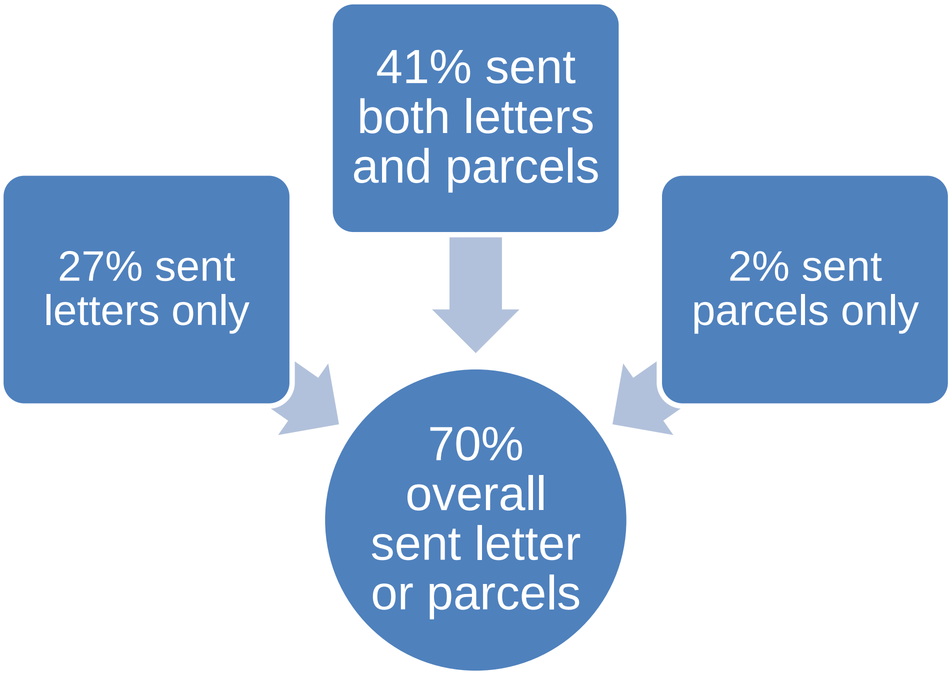
Q E4 Which of these are reasons for using the Post Office for business purposes? READ OUT AND MULTICODE

Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

7.3 Use of postage services: Letters and parcels

Seven in ten small businesses (70%) send out letter and parcels, using the Post Office and the Royal Mail for these services.

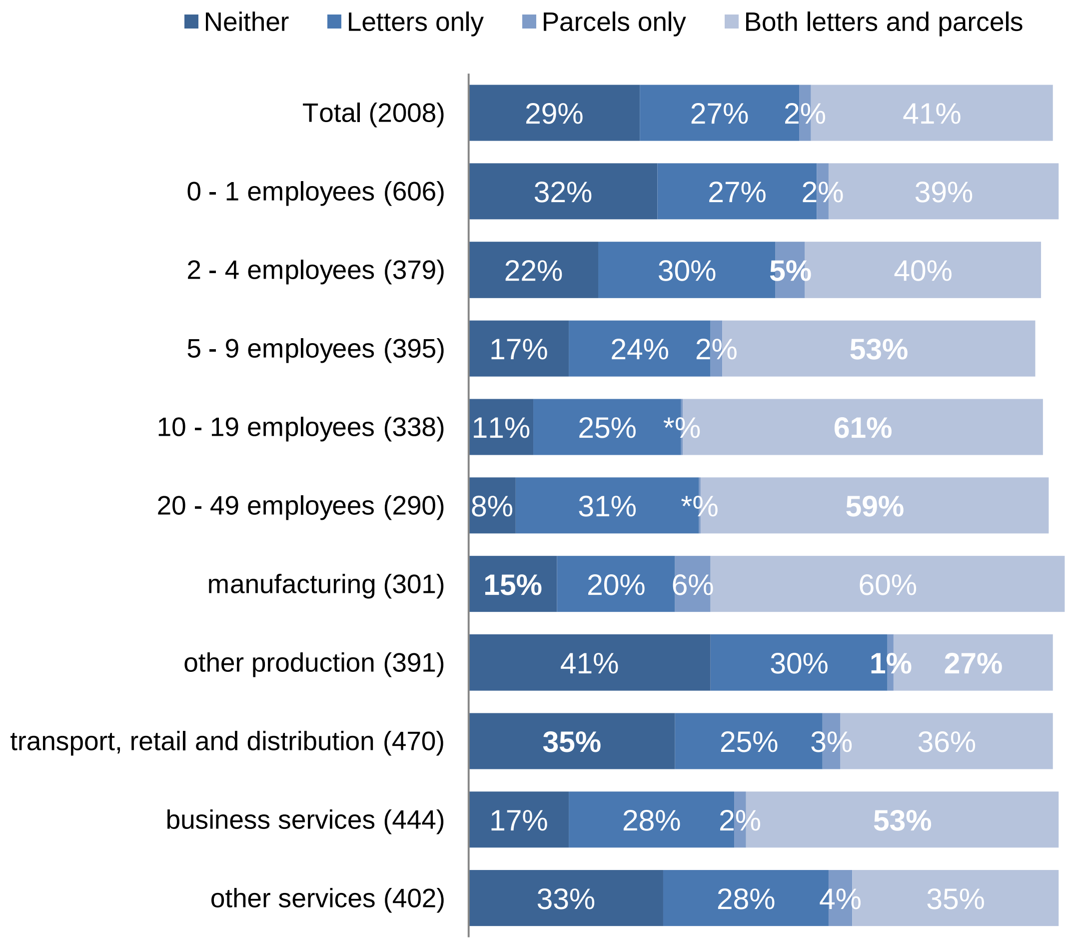
Figure 61: Whether small businesses have sent out letters or parcels at all for business purposes in the last year (all respondents)



Q E5 Have you, or has your business, sent out letters or parcels at all for business purposes in the last year?
Unweighted sample base = 2,008

The propensity to have sent out either letters or parcels in the last year increases with business size, and is higher than average in the manufacturing and business services sectors.

Figure 62: Whether small businesses have sent out letters or parcels at all for business purposes in the last year, by business size and industry sector (all respondents)



Q E5 Have you, or has your business, sent out letters or parcels at all for business purposes in the last year?
*denotes less than 0.5% but greater than zero
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

In terms of the volume of letters and parcels sent out; just 3% of those that have sent out letters in the last year send out an average of more than 50 a week, with the majority (61%) sending out, on average, between 1 and 10 a week.

- Less than one a week (on average), 19%
- 1 to 10 letters, 61%
- 11 to 50 letters, 14%
- 51 to 100 letters, 2%
- More than 100 letters, 1%
- Unsure, 3%

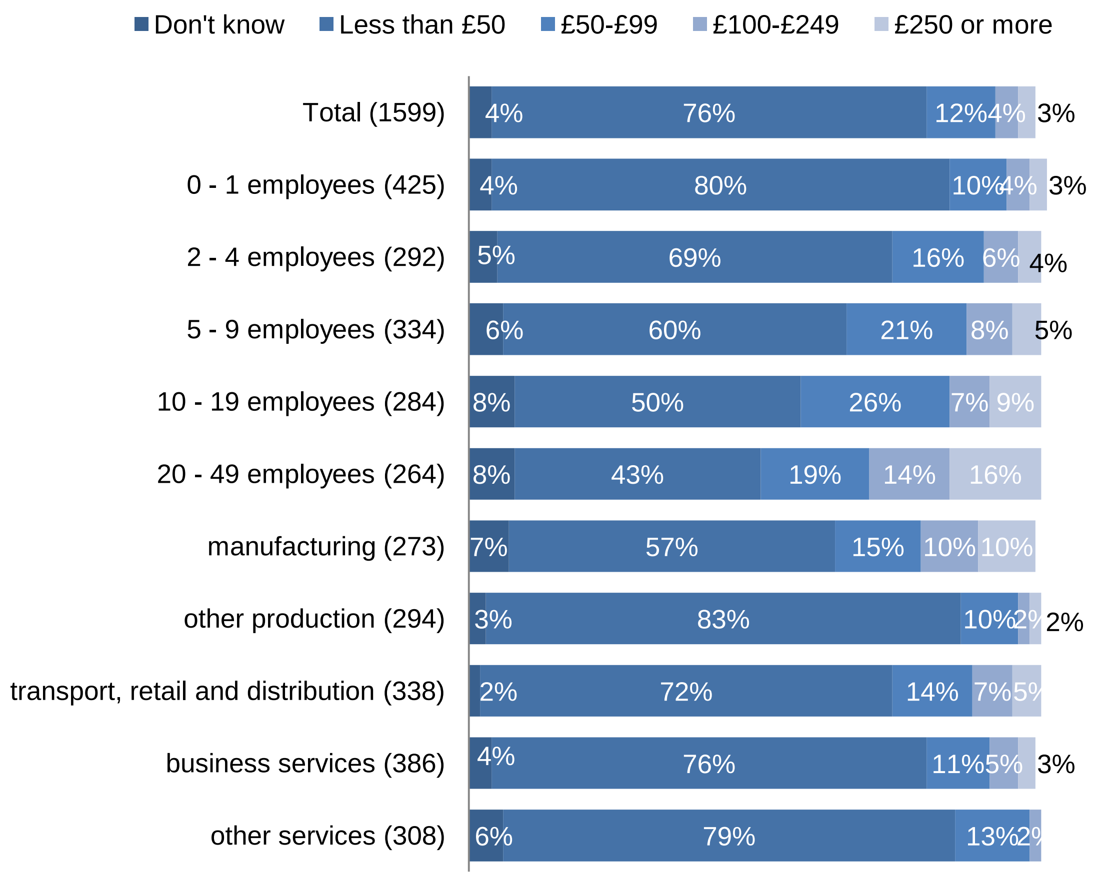
These proportions do not vary significantly by industry sector, but the volume of letters increases with business size; 20% of small businesses with 20-49 employees send out more than 50 letters a week on average. Similarly, in terms of parcels, just 1% of those that sent these out in the last year send out, on average, more than 50 a week. The majority send out no more than 10, with half (49%) sending out less than one a week on average.

- Less than one a week (on average), 49%
- 1 to 10 parcels, 43%
- 11 to 50 parcels, 3%
- 51 to 100 parcels, less than 1%
- More than 100 parcels, 1%
- Unsure, 3%

There are few significant differences by industry sector, although the manufacturing sector is more likely than average to send out 100 or more parcels a week (8%), but the volume of parcels increases with business size with 16% of businesses with 20-49 employees sending out more than 50 parcels a week on average.

Three-quarters of small businesses that have sent out letters and parcels in the last year (76%) spend an average of less than £50 a month on this. Most of the rest (12% of all) spend between £50 and £99 a month on postage and mail services.

Figure 63: Expenditure on postage and mail services in an average month, by business size and industry sector (where sent out letters/parcels in the last year)



Q E8 Approximately how much does your business spend on postage and mail services in an average month?
Unweighted sample bases in parentheses **Figures in bold are significantly higher than average**

The majority of small businesses that have sent out letters and parcels in the last year have paid for postage by buying stamps (94%). One in ten (10%) have used metered or franked mail facilities, and this proportion increases to one in six small businesses with between 2 and 20 employees (17%), and nearly half the small businesses (45%) with between 20 and 49 employees.

Online postage is purchased by 6% of small businesses, increasing to 12% among manufacturers. Pre-paid envelopes are used by 6% of small businesses, increasing to 15% for businesses with between 20 and 49 employees, and 10% of small businesses in both Wales and Scotland.

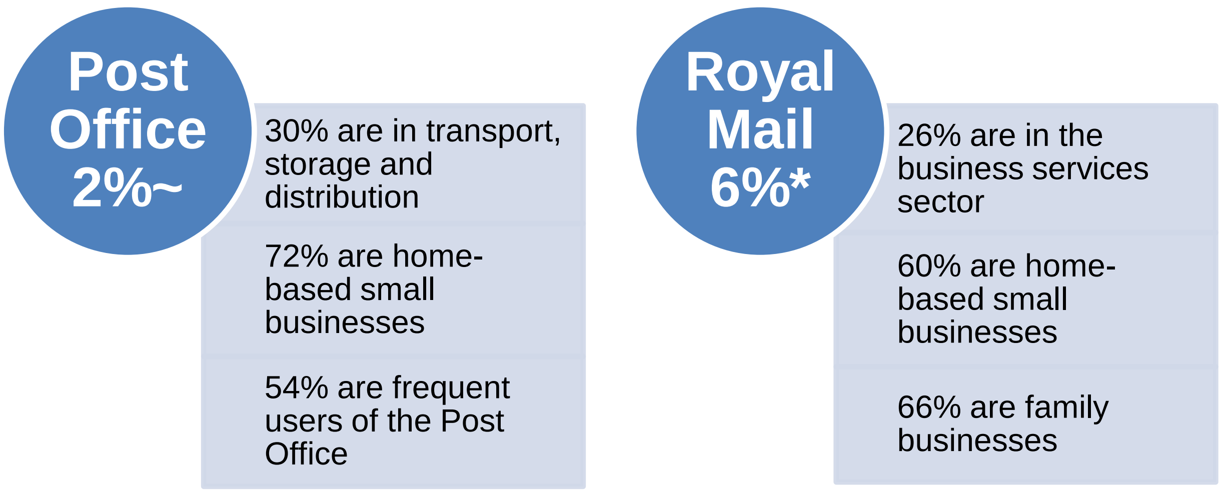
It should be noted that postage stamps can be purchased from outlets other than the Post Office and that metered or franked post and pre-paid envelopes can be purchased either directly from Royal Mail or from a franking company. Parcels can be sent via private courier services.

7.4 Problems experienced with Post Office or Royal Mail services

Very small proportions of small businesses have experienced problems with the Post Office (2% of all small businesses) or the Royal Mail (6%).

Home-based small businesses account for the majority of small businesses that have experienced problems with the Post Office (72% of those that have experienced problems), but this is less likely with regard to the Royal Mail (60% of those that have experienced problems with Royal Mail). More than half of those that have experienced problems with the Post Office are frequent users of Post Office services[8].

Figure 64: Proportion of small businesses that have experienced problems with Post Office or Royal Mail services (all respondents)



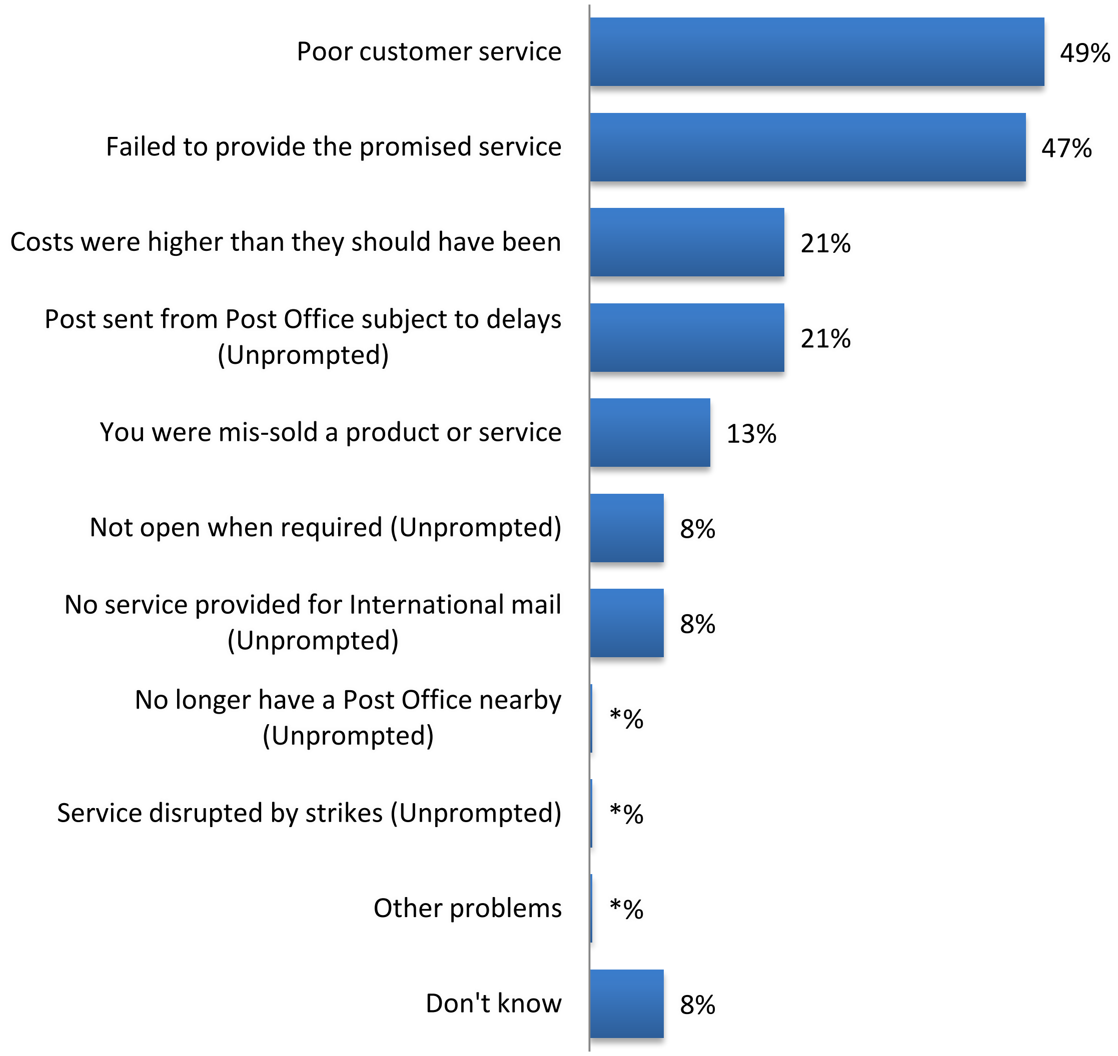
~ 55 businesses (unweighted cases). * 128 businesses (unweighted cases). Q E10 In the last 12 months, has your business experienced any problems with....?
Unweighted sample base = 2,008

[8] Frequent users use services at least fortnightly

7.5 Problems experienced with Post Office services

Self-reported problems experienced with the Post Office revolve around a failure to deliver an expected level of service and poor customer service in general.

Figure 65: Problems experienced with Post Office services – prompted~, multiple response (where experienced problems)



Q E11 What sort of problems have you experienced with the Post Office service? Did they relate to any of the following? ~ 'other' unprompted responses are included *denotes less than 0.5%
Unweighted sample base = 55

7.6 Experience of making complaints to the Post Office

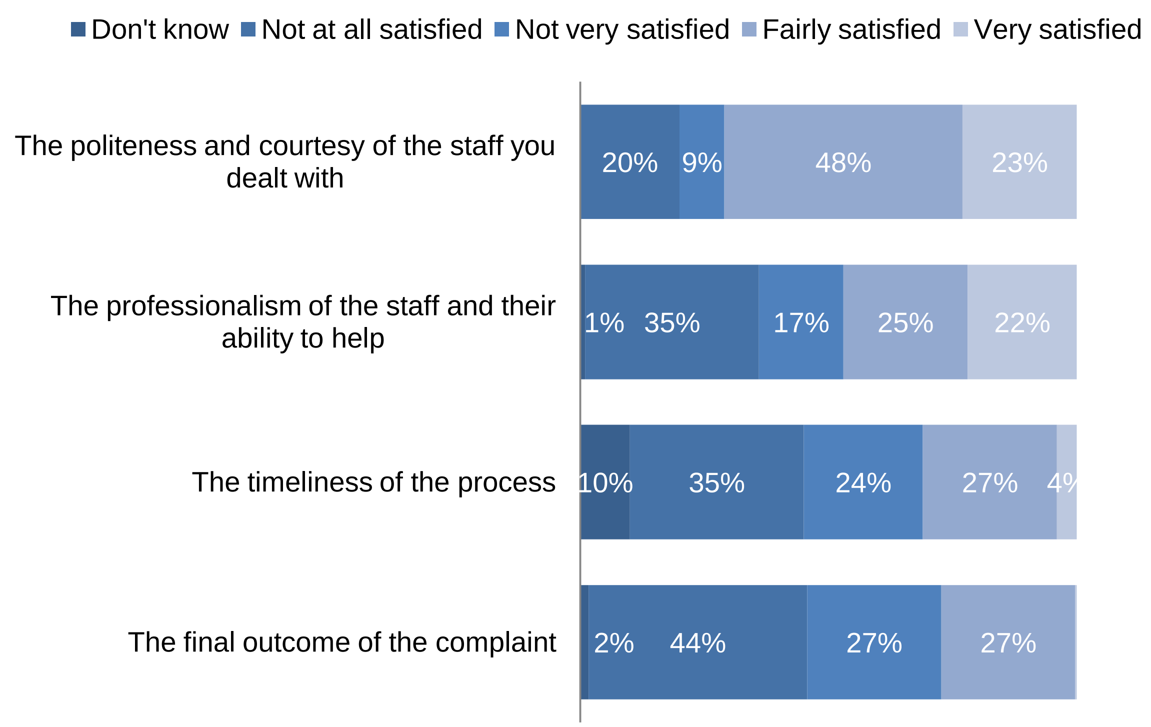
Two-fifths of small businesses (40%) that have experienced problems with the Post Office have complained. This equates to 1% of all small businesses.

Sample sizes are small so there are few significant differences between small businesses with different characteristics in this respect.

The outcome of the complaint so far, for more than a third of those that complained to the Post Office (38%), has been that nothing happened. Around a third had the problem resolved (36%) and/or received an explanation of why the problem occurred (34%), and around a quarter received an apology (27%). Around one in ten received compensation or a goodwill payment (9%), while one in five had some other outcome (19%), which tended to be an acknowledgement of the issue and/or a promise to look into it.

There are low levels of satisfaction with the way that complaints to the Post Office have been dealt with, which is consistent with responses with regard to complaint outcomes. The exception to this has been with regard to the politeness and courtesy of staff, which was highly rated (71% fairly/very satisfied). Only a quarter were satisfied with the final outcome of the complaint (27% fairly/very satisfied), while a third were satisfied with the timeliness of the complaints process (31%).

Figure 66: Satisfaction with aspects of the Post Office complaints process (where complained to the Post Office)



Q E15 How satisfied or dissatisfied were you with each of the following with regard to the last complaint you made (to the Post Office)?

Unweighted sample base = 55

7.6.1 External help or advice sought

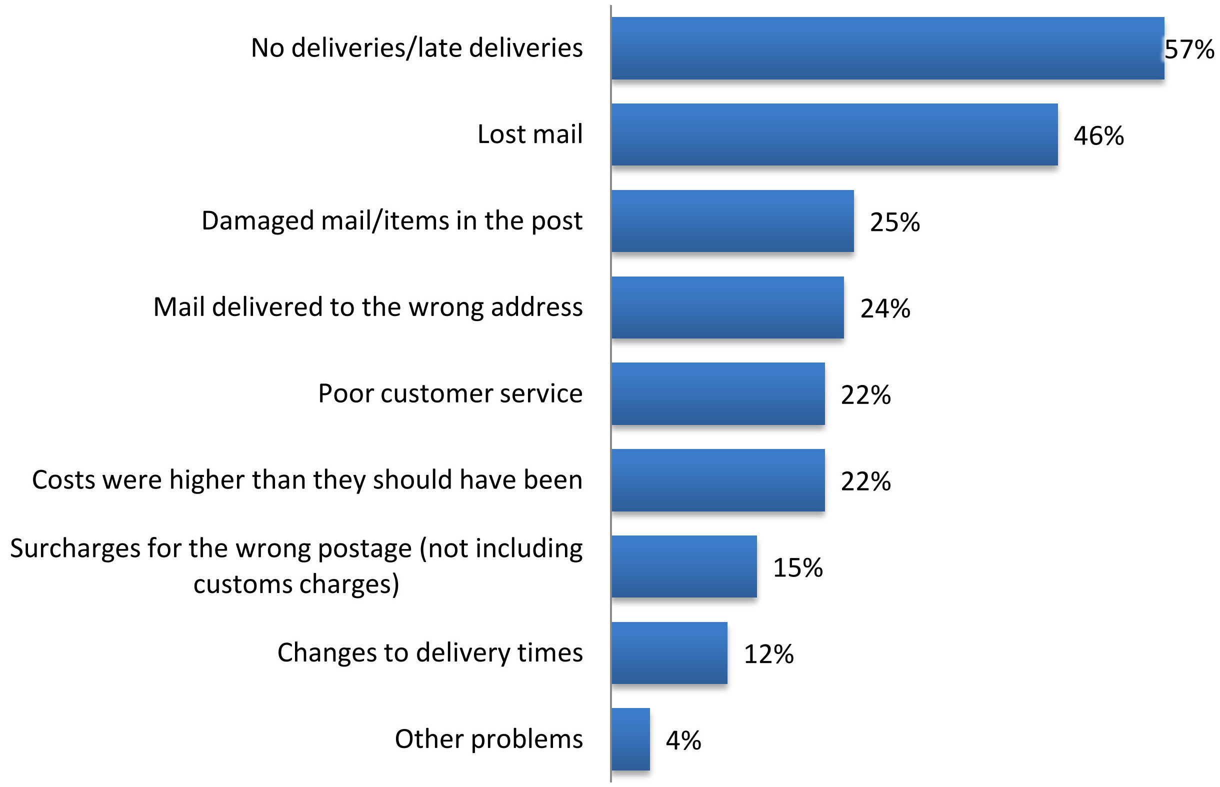
Of those that complained to the Post Office, 15% sought external help or advice for their complaint. This equates to only 6 people interviewed.

These small businesses report seeking help or advice from trade associations (4 cases), business representation groups (2 cases) and friends/family/work colleagues (2 cases). One respondent each cited solicitors/legal services; Business Debtline, business networks/peers or the Citizens Advice Bureau.

7.7 Problems experienced with Royal Mail services

Problems experienced with the Royal Mail revolve around shortfalls in deliveries and lost mail.

Figure 67: Problems experienced with Royal Mail services – prompted, multiple response (where experienced problems)



Q E12 What sort of problems have you experienced with the Royal Mail services? Did they relate to any of the following?
Unweighted sample base = 128

7.8 Experience of making complaints

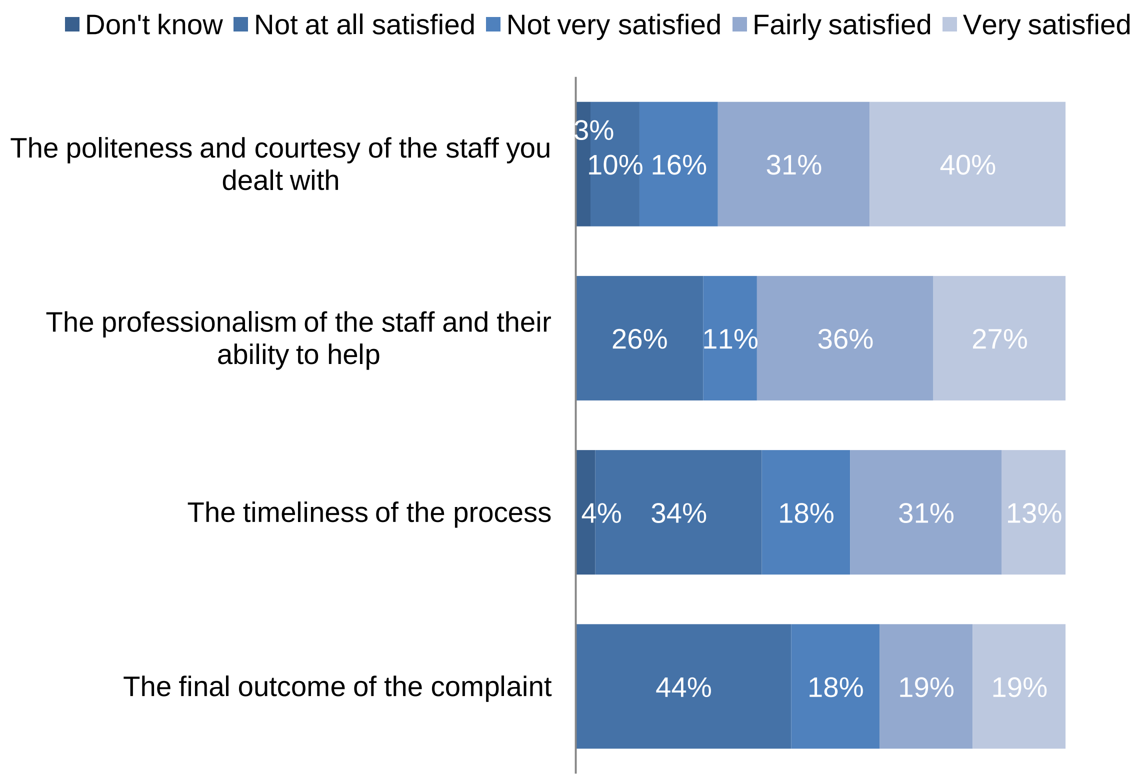
A third of small businesses that have experienced problems with Royal Mail (35%) have complained. This equates to 2% of all small businesses.

As noted with regard to Post Office complainants, sample sizes are small so there are few significant differences between small businesses with different characteristics in this respect.

The outcome of the complaint so far, for nearly half those that complained to Royal Mail (47%), has been that nothing happened. Around a third received an apology (35%), received an explanation of why the problem occurred (32%) or had the problem resolved (31%). One in seven received compensation or a goodwill payment (15%) while a minority had some other outcome (6%), which tended to be an acknowledgement of the issue and/or a promise to look into it.

Satisfaction levels are highest with regard to the politeness and courtesy of staff (70% fairly/very satisfied), while slightly fewer were satisfied with the professionalism of staff during the complaints process (63%). More than two-fifths were satisfied with the timeliness of the complaints process (44%) while the lowest level of satisfaction was with regard to the final outcome of the complaint (38% fairly/very satisfied).

Figure 68: Satisfaction with aspects of the complaints process (where complained to Royal Mail)



Q E15 How satisfied or dissatisfied were you with each of the following with regard to the last complaint you made to Royal Mail?
Unweighted sample base = 55

7.8.1 External help or advice sought

Of those that complained to the Royal Mail, 8% sought external help or advice for their complaint. This equates to only 4 cases in the sample.

These small businesses report seeking help or advice from trade associations (4 cases), and one respondent each cited friends/family/work colleagues; Business Debtline, business networks/peers or the Citizens Advice Bureau.

7.9 Summary of complaint handling

Figure 69 provides a summary of complaints made and satisfaction with the process with regard to the Post Office and Royal Mail.

Figure 69: Focus on complaints handling (where had problems with the Post Office or Royal Mail)

49% complained (4% of all small businesses)

27%~ to the Post Office (40% of those with a problem with the Post Office; 1% of all small businesses)

31%* to Royal Mail (35% of those with a problem with Royal Mail; 2% of all small businesses)

Post Office *Satisfied:*
27% with final outcome
31% with timeliness of process
71% with politeness and courtesy of staff
47% with professionalism of staff

Post Office *Dissatisfied*:
71% with final outcome
59% with timeliness of process
29% with politeness and courtesy of staff
53% with professionalism of staff

Royal Mail *Satisfied:*
38% with final outcome
44% with timeliness of process
70% with politeness and courtesy of staff
63% with professionalism of staff

Royal Mail *Dissatisfied:*
62% with final outcome
53% with timeliness of process
27% with politeness and courtesy of staff
37% with professionalism of staff

~ 37 businesses (unweighted cases)
*** 55 businesses (unweighted cases)**

Q E13 Did you complain to the Post Office/Royal Mail about the problem?
Unweighted sample bases = Post Office; 55, Royal Mail; 128

Q E15 How satisfied or dissatisfied were you with each of the following with regard to the last complaint you made? (where made a complaint) Unweighted sample bases = Post Office; 37, Royal Mail; 55

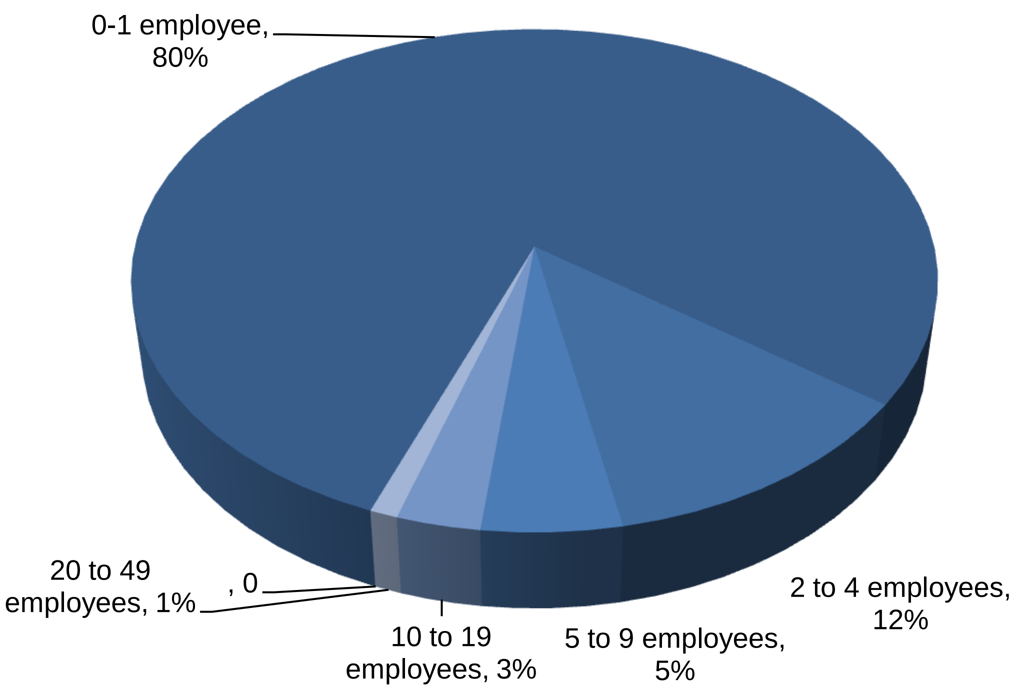
8 Structure of business population as represented by the survey sample

8.1 Business size and structure

The survey included private sector small businesses and voluntary organisations with up to 49 employees across all their UK sites.

Businesses with no or just one employee account for the majority of the weighted sample (80%), reflecting the structure of the business population, and those with 2 to 4 employees account for a further 12%. The majority of the weighted sample is, therefore, small businesses with very few employees (92% employ fewer than 5 people).

Figure 70: Business size profile (all respondents)



Q S1 How many people, approximately, excluding yourself, are employed by your organisation in the UK – including working directors, managers and people who work away from the site? ADD AS NECESSARY: Do not include outside contractors/agency staff nor self-employed contractors; include both full-time and part-time staff; partners and co-owners should be included

Unweighted sample base = 2,008

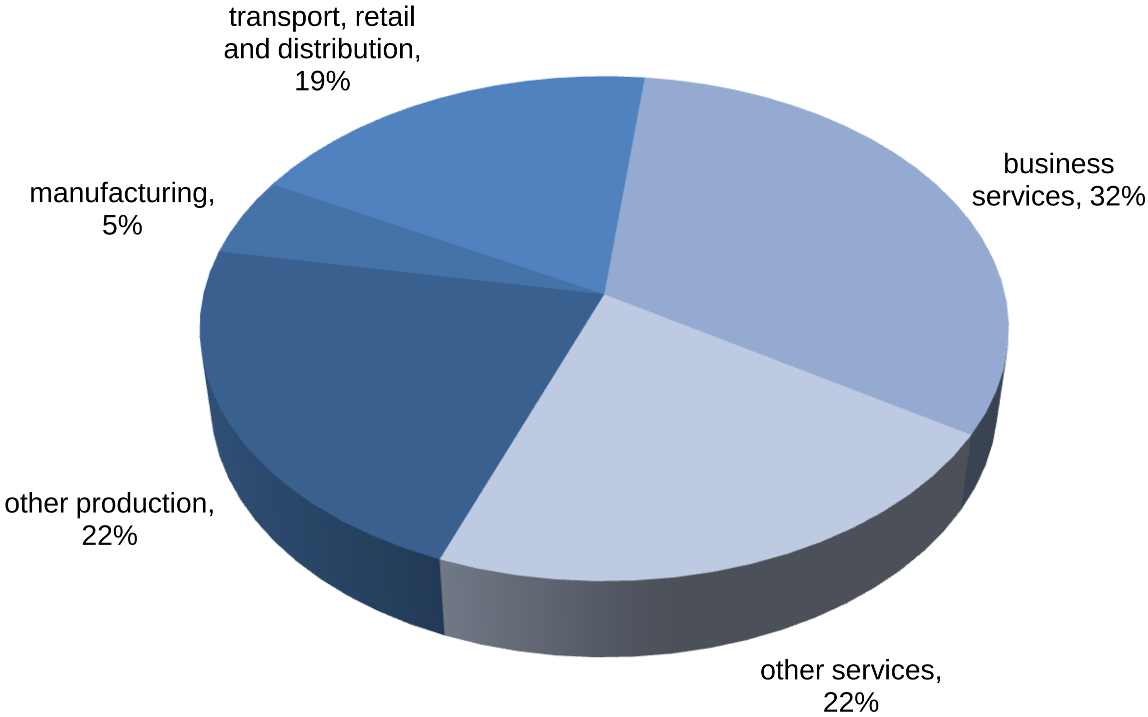
Five per cent of all small businesses occupy more than one site across the UK. Of these, 83% of businesses (that is, the site at which they were based when interviewed) are based at their business' head office. This proportion increases to 98% of small businesses with 5 to 49 employees.

Within the sample 1% of small businesses had a head office based outside the UK.

8.2 Business sector

Reflecting the industry groupings that were used for sampling purposes, the most populous sector is that of business services (32%), while more than a fifth of small businesses operate within other production (which includes construction) (22%) or other services (22%). Fewer small businesses operate within the transport, retail and distribution (TRAD) sector (19%), while just one in twenty (5%) operate within manufacturing.

Figure 71: Industry sector profile (all respondents)



Q S3/S4 We have [DESCRIPTION OF BUSINESS ACTIVITY FROM SAMPLE] as a broad description of your company's activity. Does that sound right to you? IF NO: What is the main business activity that you undertake? What is the main product or service? What exactly is made or done? CODED TO 2 DIGIT SIC 2007

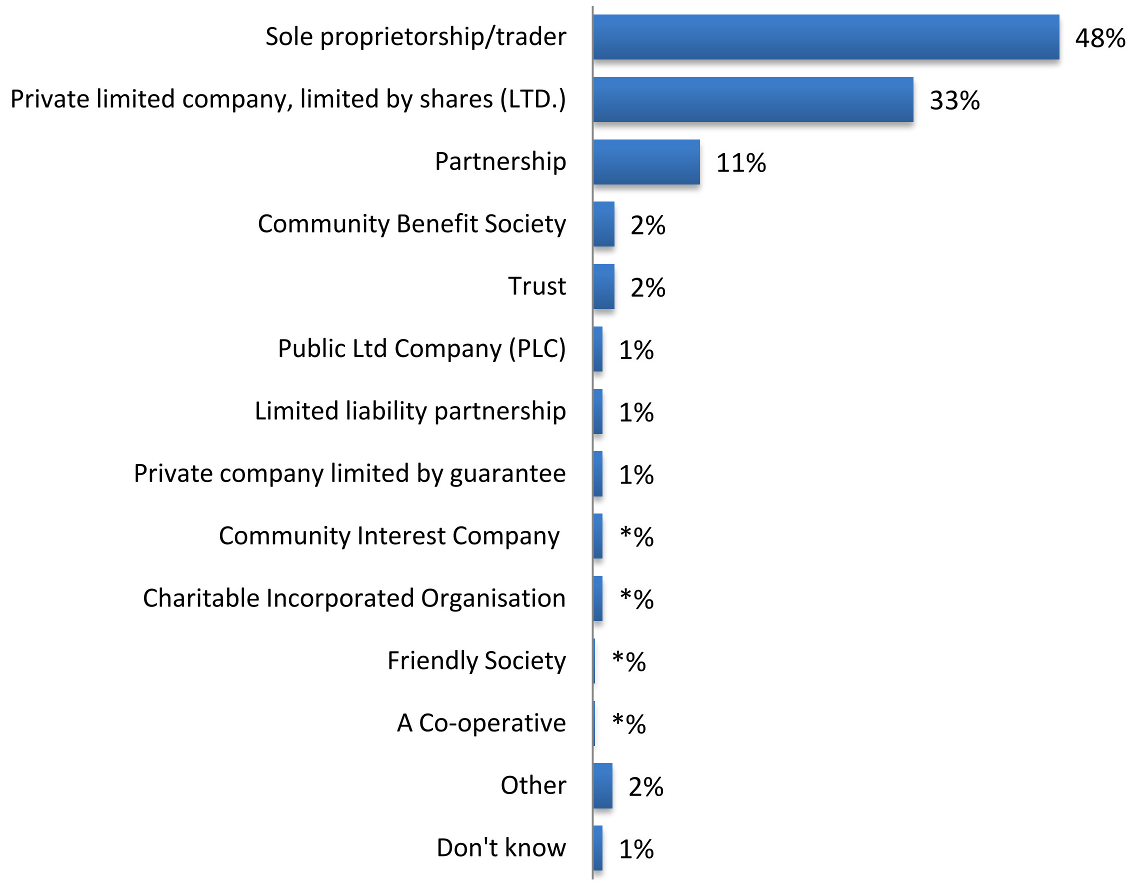
Unweighted sample base = 2,008

8.3 Business type

8.3.1 Legal status

Nearly half the weighted sample are sole proprietorships/sole traders (48%). A third (33%) are private limited companies, limited by shares. Partnerships account for 11% of all small businesses, while other legal statuses account for fewer than one in ten.

Figure 72: Legal status (all respondents)



Q S11 What is the legal status of your organisation?
Unweighted sample base = 2,008

8.3.2 Social enterprise

Businesses were asked if they considered their business a social enterprise. This was defined to them as an enterprise with primarily social or environmental objectives, where surpluses are principally reinvested in the business or community rather than being paid to shareholders or owners. One in nine small businesses with less than 50 employees (11%) considered themselves a social enterprise based on this definition. The proportion increases significantly to 22% in other services sectors, which includes education, health and arts/recreation.

8.3.3 Family-run small businesses

Just over half of small businesses (54%) described themselves as family-run, that is, majority owned by members of the same family. This proportion is significantly higher than average within the other production (71%) and manufacturing (64%) sectors.

8.3.4 Women-led small businesses

One in seven small businesses (14%) reported that they are more than 50% owned by women. This proportion is significantly higher than average within the other services (27%) sector, while significantly lower than average within other production and manufacturing sectors (6% and 7% respectively).

8.3.5 MEG-led small businesses

Just under one in twenty small businesses (4%) reported that they are MEG-led (Minority Ethnic Group-led), that is, 50% or more owned by people from an ethnic minority background.

Small businesses with employees are significantly more likely to be MEG-led than those without employees (6%, compared with 1%). They are significantly more likely to be multi-site than single-site small businesses (12%, compared with 4%).

Figure 73: Type of business: Whether social enterprise, women-led, MEG-led or family business (all respondents)

Row percentages	*Unweighted sample bases*	Social Enterprise	Women-led (>50% owned by women)	MEG-led (50%+ owned by MEGs	Family business
Total	*2008*	11	14	4	54
0-1 employees	*606*	11	15	3	52
2-4 employees	*379*	12	10	9	**67**
5-9 employees	*395*	7	12	**8**	58
10-19 employees	*338*	11	10	6	48
20-49 employees	*290*	5	8	**7**	**61**
Manufacturing	*301*	7	7	1	**64**
Other production	*391*	5	6	1	**70**
Transport, retail and distribution	*470*	12	10	6	55
Business services	*444*	8	13	**6**	52
Other services	*402*	**22**	**27**	3	38
Single site	*1738*	11	14	4	**55**
Multi-site	*270*	14	14	**12**	46
England	*652*	11	14	4	54
Northern Ireland	*375*	10	14	2	**58**
Scotland	*603*	**15**	16	3	60
Wales	*378*	12	11	1	53

Q S12 Is your business...? **Figures in bold are significantly higher than average**

8.4 Location

The weighted sample (which is weighted to represent the profile of the business population by size, sector and nation) is distributed across UK nations as follows:

- England 87%
- Northern Ireland 2%
- Scotland 7%
- Wales 4%

Survey cases have been allocated to an urban/rural classification based on their location by post code. Classifications vary by nation as follows:

Figure 74: Urban/rural classification (all respondents)

Column percentages	England	Wales	Scotland	Northern Ireland
Urban > 10k	64	46	-	-
Town and Fringe	12	17	-	-
Village	12	18	-	-
Hamlet	12	18	-	-
Large Urban	-	-	24	-
Other Urban	-	-	27	-
Small Towns	-	-	12	
Rural - Accessible	-	-	21	-
Rural - Remote	-	-	16	
Belfast Metropolitan Urban	-	-	-	20
Other Urban	-	-	-	23
Small Town/Village	-	-	-	11
Small Village/Hamlet	-	-	-	46
Unweighted bases	*652*	*375*	*603*	*378*

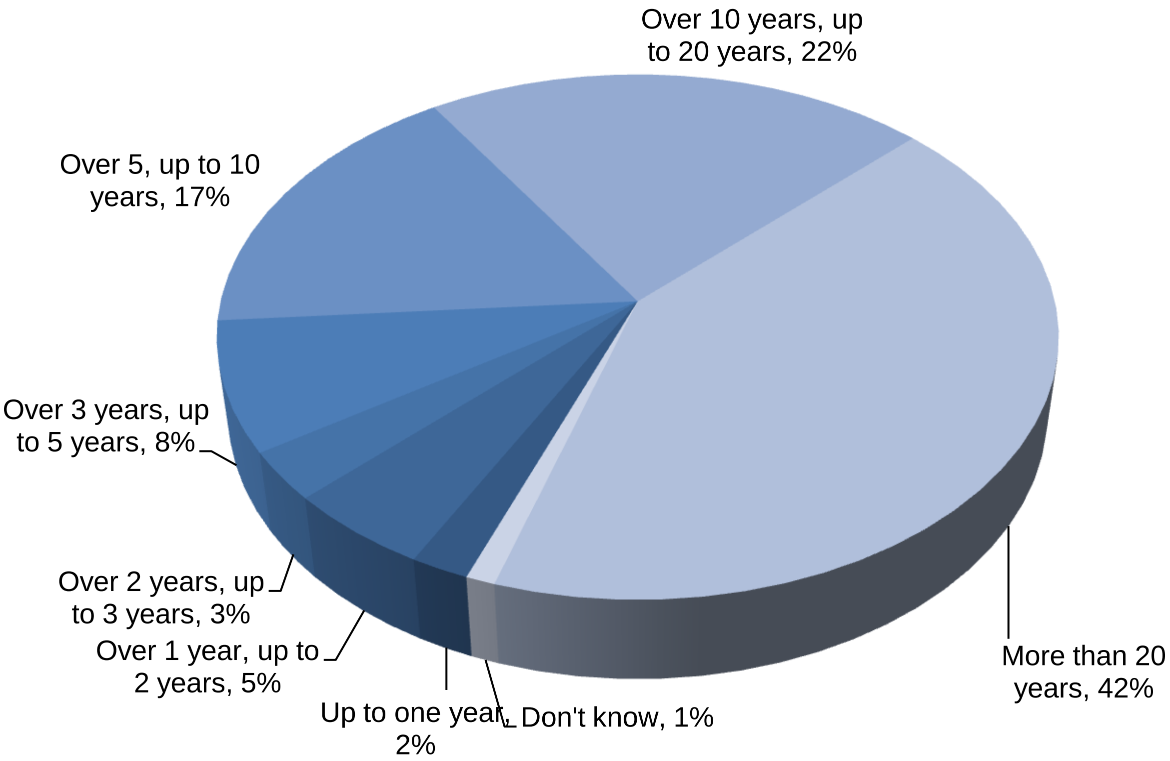
More than half the weighted sample (58%) reported that their main business or work premises is also their home. This proportion is significantly lower than average among small businesses with between 5 and 49 employees (19%). It is significantly higher than average within small businesses operating in other production (84%) and business services (70%).

8.5 Business age

The majority of small businesses have been established for more than 10 years (64%). This includes more than two-fifths of all small businesses (42%) that have been established for more than 20 years.

Around one in ten small businesses (9%) are young small businesses, having been established for no more than three years.

Figure 75: Age of business (all respondents)



Q S10 For how long has your business been trading?
Unweighted sample base = 2,008

There are no significant differences in business age by size or sector. However, 24% of small businesses up to one year old are MEG-led and this compares with just 4% of all small businesses.

9 Technical Annex

9.1.1 Sampling method

The target population for the research was all UK small businesses with less than 50 employees, a definition encompassing those with no employees i.e. the self-employed. This was informed by the Department for Business, Innovation & Skills' (BIS) Business Population Estimates 2013 (BPE)[9]. The BPE is populated partly through information held on the Inter-Departmental Business Register (IDBR), which has details of all UK registered businesses that pay either VAT or PAYE, and supplemented by estimates from the Labour Force Survey[10] for those that pay neither of these. In total, the BPE estimates that there are 4,858,370 small business enterprises with less than 50 employees in the UK.

The sampling specification required by Consumer Futures meant that a disproportionately high number of interviews were required in Wales, Scotland and Northern Ireland, and also that a disproportionately high number were required with small businesses with 2-49 employees. This sample design reflects the need to provide data at a national level, and the need to analyse larger small businesses separately from the smaller ones.

The source for contact sample was Dun & Bradstreet's (D&B) commercial database. This is compiled from a combination of Companies House records, trade directories (such as Thomsons), credit check information, with verification by call centres. It is used in business surveys because it is more complete than alternative sources such as the IDBR (which also lacks telephone numbers).

Dun & Bradstreet were sent a specification for the number of contact records required in each sample cell. These were ordered in a ratio of 7:1 contacts to target. To draw the contacts, the contacts within each cell were randomised, and a '1 in n' sample was drawn within each to match the number of required contacts.

The specified cells consisted of five predicted employment size bands (0-1, 2-4, 5-9, 10-19, 20-49), and within these five combined industry sector groups (see figure below), within each of the four UK countries. This meant that there were 25 cells within each country, and a total of 100 for the whole survey.

Those in the energy and postal services sector were excluded from the sample design and order.

[9] https://www.gov.uk/government/publications/business-population-estimates-2013

[10] http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/march-2014/dataset--labour-market-statistics.html

Those with 0-1 employees make up 79% of the UK small business (less than 50 employees) universe, but they only make up 30% of the unweighted sample size. This over-sampling of businesses with 2-49 and under-sampling of those with 0-1 employees leads to a sectorial imbalance, as certain sectors tend to contain larger/smaller businesses than others. For example, manufacturing businesses tend to have more employees on average than those in business services. Hence the oversampling of larger small businesses results in a disproportionately high number in manufacturing, and a disproportionately low number in business services.

The figure below shows the total population within each of the categories, the percentage of the population that each category represents, the number of interviews gained in each category, the percentage of total interviews this represents, and the average weighting factor applied within each category.

Figure 76: Population, interviews and weighting of data

	Population (n)	Population %	No. of interviews	% of interviews	Average weight
Size (employees)					
0-1	3,847,205	79	606	30	x 2.63
2-4	594,655	12	379	19	x 0.63
5-9	229,765	5	395	20	x 0.25
10-19	121,530	3	338	17	x 0.18
20-49	65,215	1	290	14	x 0.07
Sector					
Manufacturing (C)	267,190	5	301	15	x 0.33
Other production (ABEF)	1,069,735	22	391	19	x 1.16
Transport, retail, distribution (GHI)	930,715	19	470	23	x 0.83
Business services (JKLMN)	1,539,630	32	444	22	x 1.45
Other services (OPQRS)	1,051,100	22	402	20	x 1.1
Nation					
England	4,235,115	87	652	32	x 2.72
Northern Ireland	112,140	2	378	19	x 0.11
Scotland	322,835	7	603	30	x 0.23
Wales	188,280	4	375	19	x 0.21
Total for UK	**4,858,370**			**2,008**	

9.1.2 Interviewing method

In total, 2,008 interviews were undertaken with UK-based small enterprises. The interviews were undertaken by BMG at its Birmingham-based call centre facility and CATI (computer-assisted telephone interviewing) was used. Fieldwork was conducted between 9th December 2013 and 28th January 2014.

Interviews were conducted using Computer Assisted Telephone Interviewing (CATI). Excepting unobtainable numbers (dead lines, wrong numbers etc.), the stipulation was that all contacts where contact with an individual could not be made (answer phones, engaged, no replies etc.) should be tried a minimum of 10 times before the contact could be discarded. Where contact was made (hard appointments or spoke to another employee), more than 10 calls might be made in the pursuit of an interview.

Hard quotas were set on nation, and loose quotas on employment size and sector. As a result of size bands shifting, some of those contacted were found to be out of quota.

9.1.3 Call outcomes and response rates

For the sake of convenience, call outcomes are classified into six categories:

- Completed interviews
- Refusals
- Contacts tried 10+ times (appointments, messages left, answer phones, engaged, no reply on last contact)
- Unobtainables (dead lines, wrong numbers, businesses no longer trading, fax number/modem)
- Screen outs (50+ employees, energy/postal services, branch)
- Unused sample (not available in fieldwork period, out of quota)

For the purposes of calculating response rate, the last three categories are not counted as they are not in the scope of the survey.

Figure 77: Call outcomes

Outcome	Number of contacts	% of contacts
Completed	2,008	14
Refusals	4,774	34
Contacts tried 10+ times	3,831	27
Unobtainables	1,922	14
Screen outs	668	5
Unused sample	797	6
Total	**14,000**	**100**

Excluding the three ineligible categories, the response rate was 19%. For comparison, the 2012 Small Business Survey had a response rate of 18%[11].

9.1.4 Weighting

Because of the extent of the over-sampling, it was necessary to apply weights to the data and so make it representative of the UK small business population.

Targets for each of the 100 cells employed in the sampling stratification were imposed, based on BPE estimates.

The result of the weighting exercise was to introduce relatively high weights for the 0-1 employee businesses, especially in England. The overall weighting effect was 4.1, with an effective sample size of 490.

Please note that statistical checks have been conducted based on the actual sample sizes, not the effective sample sizes.

9.1.5 Statistical confidence

Sample error is the percentage range around a finding where we are not confident that the finding is real. In survey results this is normally calculated at the 95% confidence level. Sample error varies according to where the finding is at. The table below shows sample error for the whole sample, and for key sub-groups, based on all answering a question:

[11] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/193555/bis-13-p74-small-business-survey-2012-sme-employers.pdf. Note that the method of calculation here in the technical annex is slightly different from above as unused sample business are considered to be in scope.

Figure 78: Sample error around findings (95% confidence level)

	No. of interviews	Finding at 10% or 90%	Finding at 30% or 70%	Finding at 50%
Size (employees)				
0-1	606	+/- 2.4%	+/- 3.6%	+/- 4.0%
2-4	379	+/- 3.0%	+/- 4.6%	+/- 5.0%
5-9	395	+/- 3.0%	+/- 4.5%	+/- 4.9%
10-19	338	+/- 3.2%	+/- 4.9%	+/- 5.3%
20-49	290	+/- 3.5%	+/- 5.3%	+/- 5.8%
Sector				
Manufacturing (C)	301	+/- 3.4%	+/- 5.2%	+/- 5.6%
Other production (ABEF)	391	+/- 3.0%	+/- 4.5%	+/- 5.0%
Transport, retail, distribution (GHI)	470	+/- 2.7%	+/- 4.1%	+/- 4.5%
Business services (JKLMN)	444	+/- 2.8%	+/- 4.3%	+/- 4.7%
Other services (OPQRS)	402	+/- 2.9%	+/- 4.5%	+/- 4.9%
Nation				
England	652	+/- 2.3%	+/- 3.5%	+/- 3.8%
Northern Ireland	378	+/- 3.0%	+/- 4.6%	+/- 5.0%
Scotland	603	+/- 2.4%	+/- 3.7%	+/- 4.0%
Wales	375	+/- 3.0%	+/- 4.6%	+/- 5.1%
Total	**2,008**	**+/- 1.3%**	**+/- 2.0%**	**+/- 2.2%**

10 Appendix: Standard Industrial Classification 2007 (SIC 2007)

SECTION	DIVISION	DESCRIPTION
A	01	Crop and animal production, hunting and related service activities
A	02	Forestry and logging
A	03	Fishing and aquaculture
B	05	Mining of coal and lignite
B	06	Extraction of crude petroleum and natural gas
B	07	Mining of metal ores
B	08	Other mining and quarrying
B	09	Mining support service activities
C	10	Manufacture of food products
C	11	Manufacture of beverages
C	12	Manufacture of tobacco products
C	13	Manufacture of textiles
C	14	Manufacture of wearing apparel
C	15	Manufacture of leather and related products
C	16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
C	17	Manufacture of paper and paper products
C	18	Printing and reproduction of recorded media
C	19	Manufacture of coke and refined petroleum products
C	20	Manufacture of chemicals and chemical products
C	21	Manufacture of basic pharmaceutical products and pharmaceutical preparations
C	22	Manufacture of rubber and plastic products
C	23	Manufacture of other non-metallic mineral products
C	24	Manufacture of basic metals
C	25	Manufacture of fabricated metal products, except machinery and equipment
C	26	Manufacture of computer, electronic and optical products
C	27	Manufacture of electrical equipment
C	28	Manufacture of machinery and equipment n.e.c.
C	29	Manufacture of motor vehicles, trailers and semi-trailers
C	30	Manufacture of other transport equipment
C	31	Manufacture of furniture
C	32	Other manufacturing
C	33	Repair and installation of machinery and equipment
E	36	Water collection, treatment and supply
E	37	Sewerage
E	38	Waste collection, treatment and disposal activities; materials recovery
E	39	Remediation activities and other waste management services.
F	41	Construction of buildings
F	42	Civil engineering

SECTION	DIVISION	DESCRIPTION
F	43	Specialised construction activities
G	45	Wholesale and retail trade and repair of motor vehicles and motorcycles
G	46	Wholesale trade, except of motor vehicles and motorcycles
G	47	Retail trade, except of motor vehicles and motorcycles
H	49	Land transport and transport via pipelines
H	50	Water transport
H	51	Air transport
H	52	Warehousing and support activities for transportation
I	55	Accommodation
I	56	Food and beverage service activities
J	58	Publishing activities
J	59	Motion picture, video and television programme production, sound recording and music publishing activities
J	60	Programming and broadcasting activities
J	61	Telecommunications
J	62	Computer programming, consultancy and related activities
J	63	Information service activities
K	64	Financial service activities, except insurance and pension funding
K	65	Insurance, reinsurance and pension funding, except compulsory social security
K	66	Activities auxiliary to financial services and insurance activities
L	68	Real estate activities
M	69	Legal and accounting activities
M	70	Activities of head offices; management consultancy activities
M	71	Architectural and engineering activities; technical testing and analysis
M	72	Scientific research and development
M	73	Advertising and market research
M	74	Other professional, scientific and technical activities
M	75	Veterinary activities
N	77	Rental and leasing activities
N	78	Employment activities
N	79	Travel agency, tour operator and other reservation service and related activities
N	80	Security and investigation activities
N	81	Services to buildings and landscape activities
N	82	Office administrative, office support and other business support activities
O	84	Public administration and defence; compulsory social security
P	85	Education
Q	86	Human health activities
Q	87	Residential care activities
Q	88	Social work activities without accommodation
R	90	Creative, arts and entertainment activities
R	91	Libraries, archives, museums and other cultural activities

SECTION	DIVISION	DESCRIPTION
R	92	Gambling and betting activities
R	93	Sports activities and amusement and recreation activities
S	94	Activities of membership organisations
S	95	Repair of computers and personal and household goods
S	96	Other personal service activities

Appendix : Statement of Compliance

Compliance with International Standards

BMG complies with the International Standard for Quality Management Systems requirements (ISO 9001:2008) and the International Standard for Market, opinion and social research service requirements (ISO 20252:2012).

Interpretation and publication of results

The interpretation of the results as reported in this document pertain to the research problem and are supported by the empirical findings of this research project and, where applicable, by other data. These interpretations and recommendations are based on empirical findings and are distinguishable from personal views and opinions.

BMG will not publish any part of these results without the written and informed consent of the client.

Ethical practice

BMG promotes ethical practice in research: We conduct our work responsibly and in light of the legal and moral codes of society.

We have a responsibility to maintain high scientific standards in the methods employed in the collection and dissemination of data, in the impartial assessment and dissemination of findings and in the maintenance of standards commensurate with professional integrity.

We recognise we have a duty of care to all those undertaking and participating in research and strive to protect subjects from undue harm arising as a consequence of their participation in research. This requires that subjects' participation should be as fully informed as possible and no group should be disadvantaged by routinely being excluded from consideration. All adequate steps shall be taken by both agency and client to ensure that the identity of each respondent participating in the research is protected.

With more than 20 years' experience, BMG Research has established a strong reputation for delivering high quality research and consultancy.

BMG serves both the social public sector and the commercial private sector, providing market and customer insight which is vital in the development of plans, the support of campaigns and the evaluation of performance.

Innovation and development is very much at the heart of our business, and considerable attention is paid to the utilisation of the most recent technologies and information systems to ensure that market and customer intelligence is widely shared.

Aims and principles

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination.

The service aims:
- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives.

Citizens Advice
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www.citizensadvice.org.uk
www.adviceguide.org.uk

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.
Registered charity number 279057.