

FOR IMMEDIATE RELEASE

## SCOTTISH SMALL BUSINESSES LEAD THE WAY ON DIGITAL SKILLS

- **30% of small businesses in Scotland have no basic digital skills**
- **37% have no website**
- **51% have created social media communities**

Scotland is one of the leading parts of the UK in terms of small business skills, despite a rising challenge amongst some small businesses around cyber security, according to findings from the third annual **Bank of Scotland Business Digital Index** – a survey of 2,000 small businesses and charities across the UK, including just over 109 in Scotland, which is developed in association with digital skills experts Doteveryone and Accenture. Fewer than a third of Scottish small businesses lack these basic skills, compared to the UK average of 38%. Only London rivals Scotland in terms of this important measure for business success.

Using the new Doteveryone definition of Basic Digital Skills, which sets out five key skills needed to get the most out of being online (managing information, communicating, transacting, creating and problem solving), this year's report shows that 70% of small businesses in Scotland have all five skills, one of the highest scores in the UK. The lack of key digital skills is a primary barrier to doing more business online, with 15% of businesses across the UK stating this is the main barrier, more than doubling since 2015.

However, **cyber security** is rising in prominence as a reason for small businesses not doing more online and 57% of Scottish firms state they still need to invest in cyber security, lower than the UK average of 69%.

Positive findings show the index score for **digital maturity** in Scotland jumped 11 points to 57 since 2015 – above the UK average of 54. This is a step forward as the most digital small businesses are twice as likely to report an increase in turnover as the least digital, and 65% of small businesses across the UK are using digital to reduce their costs.

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## Average percentage of small businesses without Basic Digital Skills by region

<b>Scotland</b>	<b>30%</b>
Northern Ireland	50%
North East	39%
North West	33%
Yorkshire & Humberside	38%
East Midlands	35%
West Midlands	48%
East of England	41%
Wales	45%
South East	41%
South West	37%
London	30%
UK	38%

### Websites and overseas trading

Another possible area for growth is how businesses employ digital when trading overseas - such as using e-mail to overcome time zone differences, or international online payments. Currently under a quarter of Scottish small businesses (23%) are using digital to support their overseas trading and 37% have no website. This is below the UK average of 49%.

### Social media and shifting advice preferences

The rise of self-service digital was another clear theme in the 2016 Index, with businesses preferring to turn to friends, relatives or colleagues first, followed by online searches for help or information. Just over half (51%) of small businesses in Scotland have created social media communities, showing there is still a large portion who are yet to embrace these digital channels as a way to interact with current or prospective customers. The increase in social media and free digital support may explain why 44% of local small businesses are still not investing their budget in digital skills. Organisations may instead be looking to more informal low cost (or free) resources to improve their digital skills.

**Philip Grant, chair of the bank's Scottish Executive Committee, said:** "It's pleasing to see that the Business Digital Index shows digital maturity is increasing for small businesses in Scotland, however, there are still too many without basic digital skills. It's clear that being online can open the doors to opportunities, as well as cost and time saving benefits. We must do more to encourage small businesses based in Scotland to invest in digital skills, allowing them to make the most out of being online and to reap the benefits."

### Case study

*Glasgow based deals and events Itison certainly credits digital as a key part of their growth story, enabling the deals and events company to gain more than a million members. The*

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*company was founded by managing director Oli Norman in 2010, and today it operates across Scotland and the north of England, with plans to expand further south. Its members receive a curated daily guide featuring discounts and invitations for luxury hotels, restaurants, spas, theatres and major events in their area, either via the website or using the Itison smartphone app.*

*Oli said: "There's no doubt that this business could not have existed without digital technology, just because of the volume of data that we are dealing with. We deal with 3,500 businesses, from multinationals to local independents, and our members make more than 5,000 purchases every day. User experience is king - we are very focused on delivering an amazing experience with a focused call to action."*

*Employing over 60 staff, including a 10-strong development team, Itison also hosts its own unusual events including drive-in movies screened in unusual locations, like Top Gun overlooking an airport runway or Jaws by the seaside. These regularly sell out with crowds of up to 20,000 people.*

*Oli said: "When we first started we were in one of the most competitive consumer environments on the internet. There were global giants with billions of pounds in backing trying to muscle in, but it was the quality of our technology that saw us succeed. We used innovation to work smarter. Our data analytics tools mean we can match good people with good businesses, and we can share our insight into our members' lifestyles with the companies we work with. It just goes to prove that you don't need huge amounts of cash when you have a great idea."*

**ENDS**

## **Notes to Editor :**

Doteveryone revised their skills definition for digital capability, moving from the previous categories of Basic Online Skills to a new definition of Basic Digital Skills. These are – Managing Information, Communicating, Transacting, Creating and Problem Solving. The Index score has a maximum of 100. This is a change from previous years and is a simpler method to measure year- on- year progress.

### **About the Business Digital Index**

- The Business Digital Index measures the use of, and attitudes towards, digital technology among small businesses and charities across different sizes, sectors and regions. For the first time this year it includes new analysis on exporting, gender and mobile. The report is based on 2,000 in-depth questionnaire-led surveys, including 109 based in Scotland, and new for 2016, 20 qualitative interviews in the South East of England and Manchester.

### **Bank of Scotland**

- Bank of Scotland is part of Lloyds Banking Group, a proud founder partner of digital skills charity Go ON UK, and now working with Doteveryone, the association has directly led to the creation of

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both the Consumer Index and Business index which allows us to measure the level of digital maturity of organisations in the UK to demonstrate progress and areas for improvement.

- Lloyds Banking Group is building the business and strategy with digital firmly at the centre. They have committed to invest £1 billion in digital capability until the end of 2017, which is focused on delivering customer focused propositions, enhancing digital capabilities and delivery, and transforming the customer experience, whether they are a retail, business or insurance customer. Lloyds Banking Group has over 12 million active internet users and 7 million actively use mobile, making them the 'biggest mobile bank' in the UK.
- Business can increase turnover, charities can increase funding and organisations can become more efficient by embracing digital skills. The guides at <https://resources.lloydsbank.com/business-guides/digital-know-how/> are designed to highlight the benefits of online skills, digital platforms and marketing and communication channels, and how to apply them to your organisation
- As part of its Helping Britain Prosper Plan, around one in every four Lloyds Banking Group colleagues will be dedicated to helping people and organisations use the internet to improve digital skills and financial capability. This substantial commitment will deliver 20,000 Digital Champions by 2017. To help deliver this commitment Lloyds Banking Group aims to create the most digitally capable workforce in Financial Services, through the LBG Digital Academy. Additionally, to ensure this commitment has maximum impact within communities, the bank partners with the Tinder Foundation, providing the Group with access to a network of over 5,000 UK online centres.

## About Doteveryone

- Doteveryone was established by Martha Lane Fox following her BBC Dimpleby lecture in 2015. Its mission is to understand and address the new set of moral and social challenges that has arrived with the internet, to help make life fairer and simpler for everyone in the UK. Doteveryone builds prototypes to better understand these challenges, finds partners to help scale the best solutions and uses those prototypes (and the ideas behind them) to change mainstream opinion about how we can make the most of the internet.

## About Accenture

- Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world's largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 384,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at [www.accenture.com](http://www.accenture.com).

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