

PRESS RELEASE



LLOYDS BANK

NOT FOR BROADCAST OR PUBLICATION BEFORE FRIDAY 20 NOVEMBER 2020

2.7 million microbusinesses saved by technology during COVID-19 crisis

- **Almost half of the UK's microbusinesses would have ceased trading during the pandemic without a shift to digital**
- **Over 1.5 million ventured online for the first time, while 2.2 million expanded their online business**
- **Over half of microbusinesses have increased investment in technology and accelerated their use of digital**

Over 2.7million¹ (48%) of the UK's microbusinesses² have admitted they would have ceased trading as a result of the pandemic without adopting digital technology, according to the **Lloyds Bank 2020 Transformation with Tech report, created in partnership with Be the Business**. With another lockdown ongoing in England, and restrictions across many nations, many small businesses are facing continued struggles, but it is clear that technology is helping businesses navigate the crisis.

Nearly three-quarters (73%) of microbusinesses that have continued to trade throughout the crisis did so by adapting their business; with one in four (24%) reporting that they modified their business model to survive. A fifth offered new products (19%) and services (20%), just under a quarter (23%) streamlined their business and two fifths (40%) diversified into new areas.

Around half (48%) of microbusiness owners who were able to stay operational during the pandemic credit new technology or digital capabilities with helping to protect and build their businesses.

Over 1.5 million (27%) ventured online for the first time ever, with 2.6 million (47%) able to simplify their business through digital innovation. Of those already online, two fifths (40%) increased the amount of online business they were doing as well as enabling them to diversify. Two thirds (61%) also reported that technology enabled them to keep in touch with their customer and a third (35%) report cost savings associated with digitization.

Nick Williams, Deputy Group Transformation Director, Lloyds Bank said: "The consumer shift towards digital has been well-established for some time, with those businesses without an online presence at risk of being left behind. But now, in the face of a pandemic and the significant restrictions that have come with it, having an online presence has become a necessity, in order to survive.

"With almost half of the UK's microbusinesses admitting they would have ceased trading during the pandemic without adopting digital technology, it is vitally important that tech providers and online services continue to help small businesses get the most out of the internet. We need to make digital adoption as easy as possible, because as our research shows, it's a vital lifeline in keeping businesses open. Through the Lloyds Bank Academy, and partnership working with organisations such as FutureDotNow and Be the Business, we are committed to supporting those in need of training to improve their digital proficiency."

MEDIA CONTACTS

Caroline Cody, 07385033062, caroline.cody@lloydsbanking.com
Emma Fairhurst, 07814395855, emma.fairhurst@lloydsbanking.com

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Anthony Impey, Chief Executive, Be The Business said: “This research gives us a sense of the critical importance of accelerating tech adoption for the future of our economy. Tech is now an absolute necessity for small businesses rather than a nice to have, but they need more support to go digital successfully. It’s time for a national effort to help make small businesses more productive and resilient through tech.”

Tech-powered resilience

The report also found that Covid-19 has changed microbusinesses dependency on technology for the long term. The number of businesses prioritising digital investment has doubled over the course of the pandemic. Almost half of microbusinesses (46%) are now developing their use of digital systems, technology and skills. Many have started working in new ways using digital tools and services for the first time, such as virtual meetings (19%), social media (12%), ecommerce (12%), and online financial management (11%) to keep their companies up and running. Those who were already utilising these online tools pre-pandemic are using them much more (33% virtual meetings, 27% ecommerce, 31% social media and 21% financial planning). [Table 1]

At least half (56%) of those who have started using various digital services say they will continue to do so in the future. The online tools that are most likely to be continued to be used are social media (83%), online meetings (78%) and online banking (77%). The back office has also seen a much-needed overhaul – one in ten businesses have started using Cloud software and 12% are now using analytics capabilities to better understand their customers.

However, one in three (34%) feel that the volume of technology has proved to be stressful and many call for more digital support. Three quarters (73%) of microbusinesses feel they will require support with digitization and digital up-skilling, with two fifths (39%) have already accessed support to improve their digital proficiency.

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Notes to editors:

¹Parliament, 2020, <https://researchbriefings.files.parliament.uk/documents/SN06152/SN06152.pdf>

²A Microbusiness is a business with fewer than 10 employees

Research was conducted by Gusto Research through an online survey among those with sole/joint responsibility for their business’s operations. All businesses had a range of 0-9 employees (excluding the survey participant) as well as having annual turnover up to £3 million. Total sample size was 2000 businesses, with fieldwork undertaken from August 11th – 31st. The sample was split into 1000 interviews with businesses with no employees (i.e. sole trader) and 1000 interviews with businesses with 1-9 employees. This split was chosen as it closely represents the UK split of businesses with 0-9 employees who are registered for PAYE or VAT. The Office for National Statistics recorded 2.6 million private sector businesses as registered for VAT or PAYE, 45% of the estimated total business population.

Department for Business, Energy and Industrial Strategy, 2019, <https://www.gov.uk/government/publications/business-population-estimates-2019/business-population-estimates-for-the-uk-and-regions-2019-statistical-release-html#registration-for-vat-and-payee>

Table 1: Usage of online tools and systems since the pandemic:

	Started since pandemic	Increased usage	No change in usage	Decreased usage	N/a – no usage
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Online meetings	19%	33%	12%	4%	32%
Online sales/eCommerce	12%	27%	27%	5%	30%
Social media	12%	31%	31%	6%	20%
Digital/Internet banking	9%	30%	48%	4%	10%
Online staff recruitment	9%	16%	13%	6%	56%
Digital training tools	15%	20%	19%	5%	41%
Customer website	12%	24%	31%	5%	28%
Online financial decision-making tools	11%	21%	26%	4%	38%

Lloyds Banking Group and Be the Business: Partnership

Lloyds Banking Group are proud to be the first financial services provider to partner with Be the Business. We are working together to help companies across the UK to improve their productivity and boost their performance. Through the partnership, we are providing access to funding, research and tools to help businesses better understand, measure and increase productivity and technology adoption.

Lloyds Bank Academy

The Lloyds Bank Academy was set up to help tackle the digital divide, providing free face-to-face and online training to help jobseekers, charities and small businesses to build their digital confidence and capability. Set up by Lloyds Bank in 2018 in Manchester and Bristol, and supported by partners including Serco, Upskill Digital, Google, Job Centre Plus, Be the Business, Microsoft and UK Government, the Academy is now available through on-demand free online support and interactive sessions to help people connect and hear from experts as they build digital skills for themselves or their organisations. Since April 2020, the Academy scheme helped over 70,000 people, charities and businesses to get free bespoke training. Its curriculum is focused on skills designed to help in everyday life and at work, with practical exercises to help people turn knowledge into action. The Academy now provides training on everything from fraud and financial crime, how to save money on bills online, through to how to write a great CV.

WeAreDigital

On 16th April, we launched a brand-new helpline in partnership with We Are Digital, to help people access digital skills support. This is unique to the market and will provide not just remote help via telephone, but customers with a need could also be provided with a basic tablet device. We are reaching out to customers directly who could benefit from this service. Customers can access help with a range of key skills to support them through this period of isolation, including food shopping, using the NHS website and booking GP appointments, video calling and internet banking. This has already provided life changing support to almost 7,000 customers and charity beneficiaries, enabling them to stay safe within their home by accessing essential services online.

Lloyds Banking Group

Lloyds Banking Group is the largest digital bank in the UK, with more than 16 million customers actively managing their account online and over eleven million on mobile. We are investing £3bn during the next phase of our strategy, with a strong focus on technology and people. The transformation of the Group is linked to our purpose of helping Britain prosper, and we will demonstrate our expertise as the UK's largest digital bank through our brands.

About Be the Business

Be the Business is a business-led and government supported independent charity created to close the UK's productivity gap. Chaired by Sir Charlie Mayfield, former chairman of the John Lewis Partnership, Be the Business is spearheading a business-led drive to help companies across the UK improve their performance.

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Their range of free resources, mentoring programmes, leadership courses and tech adoption supports help ambitious leaders build more competitive, successful, growing businesses.

Be the Business focuses on building leadership and management capacity amongst SMEs and encouraging tech adoption. Research shows that increasing the adoption of tech by UK SMEs would lead to major productivity gains and increased competitiveness.

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