

# Social media divide

BUSINESSES that are ditching social media at the same time as potential customers are hungrily consuming it may be missing out on potential leads.

The Sensis Social Media Report of 1100 businesses, out today, reveals that the proportion of small businesses using social media has fallen to 47 per cent.

Businesses said they were dumping social media because it took up too much time or they struggled to find regular, new and compelling content to feed the platforms.

Drops in social media use

## HOISTING A SAIL FOR CASUAL YACHTIES

CLAIRE HEANEY

WHEN lifelong yachting Gary Freeman came across people who loved to sail but didn't have the cash to buy a yacht, or the time to justify the investment, he had a brainwave.

Ten years ago he launched Pleasure Cruising Club, which is a boatshare model that provides people with access by subscription.

Mr Freeman said research showed people only used their boats 16 days a year, so it was a lot of money to have tied up.

He said joining a boatshare program was a bit like joining a golf course.

"You don't have to buy the course to play golf and you don't have to buy a boat to sail," Mr Freeman said.

Based at Docklands, the business offers a cheaper and more efficient way for people to have a walk-on-walk-off experience.

The Pleasure Cruising Club membership includes a

## Businesses opt out as consumers switch on

**BUSINESS OWNER**  
CLAIRE HEANEY



were across all sectors, with use by medium businesses down to 49 per cent and large businesses at 60 per cent.

At the same time, 79 per cent of the 800 consumers

questioned in a separate Sensis consumer survey said they were using social media, representing a 10 percentage point jump on the previous year and a 32 percentage point gap between the usage levels of businesses and consumers.

"We know that time is an important commodity, with many small business owners managing their own social media pages," Sensis digital spokesman Rob Tolliday said.

"For many, the time taken to look after their accounts has proven too much to handle,"

Mr Tolliday said before businesses threw in the towel, they should work on a strategy and use tools designed to assist and plan their posts.

He said up to 41 per cent of people aged 30 to 39 years responded that they were using social media to follow brands and businesses.

"The good news is that,

among those businesses who do have a social media presence, we have seen a more positive level of engagement, with an increasing number of businesses now guided by their own social strategy," Mr Tolliday said.

On the upside, he said a good proportion of businesses using social media did have a strategy.

Of those that were using social media, nine out of 10 big

businesses said they had a social media strategy while 43 per cent of medium and 40 per cent of small businesses on social media had a strategy.

"Building a strategy needs to be multifaceted, and so a business should consider how it will engage with its audience, which platforms to use and what content it will share, plus (how it will) determine what success looks like," Mr Tolliday said.

Establishing parameters to measure return on investment was also important, he said.

@ClaireHeaney

## Captains transition to industry

A TRAINING program is helping former Australian Defence Force personnel to transition into new businesses.

Prince Charles's Lead Your Own Business, established in 2015 by The Prince's Charities Australia, has provided training to around 40 defence personnel who have quit the forces, many after decades in service.

The program is designed to smooth the way for personnel into civilian life by giving them the skills to start their own business. Offered over 12 to 18 months, the training and mentoring is delivered in partnership with RMIT University and is underpinned by the nationally accredited Certificate IV in New Small Business.

The program seeks to build on and enhance skills such as commitment and resilience that ex-service people developed during their time in the ADF and matches participants with business leaders as mentors.

The Prince of Wales himself has corresponded with participants who have completed the course.



The Pleasure Cruising Club's Gary Freeman behind the wheel of one of the company's 10 boats. Picture: REBECCA MICHAEL

Captain's School, which offers theory and practical experience to ensure people are prepared to sail one of the club's 10 boats.

The club also runs a 24-hour assistance or breakdown service for members, with all boats

having location trackers.

Members book their boat and arrive to find a full tank of petrol and, if desired, food and drink on board.

Pleasure Cruising Club memberships start from \$599 per month.

Mr Freeman said when

people added the numbers up — the cost of buying a \$100,000 boat, around \$2500 a year for a marina berth, depreciation and \$10,000 for incidentals such as insurance and maintenance — there were a lot of outgoings.

Mr Freeman said clientele

included corporates who wanted to host meetings and guests. Others included families going out on fishing trips and entertainment.

Another group were downsizers who no longer had a boat but want to go sailing occasionally, he said.

## Big data tips the economic scales firmly in Amazon's favour

IF you are an Australian chief executive, you are probably wondering if Amazon will one day disrupt your business.

Amazon is a big business, for sure. Its market capitalisation is more than \$600 billion making it more than four times larger than the Commonwealth Bank. And with scale comes a number of genuine advantages over competitors.

For example, fixed costs become a smaller proportion of revenue, meaning larger businesses can typically underprice smaller competitors to gain even more market share. Larger businesses can spend more on research and development or sales and marketing than



**THE SHORT CUT**  
with ANDREW MACKEN

smaller competitors, which can also result in market share gains.

Finally, larger businesses can extract larger concessions and volume-based discounts from suppliers given their superior bargaining position.

But this is nothing new. There were large global businesses around long before Amazon and yet Australian chiefs did not fret about their businesses being disrupted.

However, the world has changed. It is digital and connected. And this has enabled a software-led

technology revolution that has few geographic borders.

Software has some unique economic characteristics: it requires a fixed upfront investment to create, followed by a zero marginal cost of reproduction. And in an online world, the effective cost of global distribution of said software is also zero.

Large-scale players who can create intelligent software can rapidly deploy it to all corners of the earth, which in turn drives more scale. This has been the model of Microsoft, Oracle and others.

A relatively new style of software development is called "machine learning" or "artificial intelligence". Software of this nature incorporates recursive feedback loops, allowing it to evolve and improve itself based on observations of generated outputs.

But the fuel required to power artificial intelligence software is data. And lots of it. And therein lies the difference between the scale advantage of Amazon and that of large businesses before the world turned digital.

Amazon has access to an enormous amount of data, which will only increase as Amazon grows. This includes individualised data on shopping preferences, video

preferences, music preferences, as well as business data on how Amazon Web Services is being used.

Using its data, Amazon can design intelligent, self-learning software that can tailor services and offerings to satisfy the unique preferences of individual customers.

This represents a significantly greater value proposition to customers and drives higher adoption as a result. More customers, more scale, more intelligent software development with zero marginal cost of production or cost of global distribution.

Before our digital age, Australian chiefs could successfully preside over

businesses that exhibited local economies of scale.

In a sense, these businesses were protected by Australia's geographical isolation and relatively small economic size.

Today, software has no borders and costs nothing to export to our shores. It will be a race to capture the data of Australian consumers and businesses.

Local businesses like CBA have a lot of valuable data and are relatively well-positioned to capitalise. But businesses like Facebook, Alphabet and Amazon are taking data aggregation to a whole new level.

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