



# What's Driving Small Businesses in Australia?

THE **BIG** SMALL BUSINESS *Survey* 2024

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# ABOUT THIS *Report*

Australia's two million small businesses, led by passionate individuals and families, are a critical force within the wider economy. These businesses employ a significant portion of the nation's workforce and are vital to economic growth and innovation. However, many SME owners feel left out of conversations and policy decisions.

The third annual BIG Small Business Survey aims to give voice to these small business owners, shedding light on their shifting challenges and opportunities. In partnership with pay.com.au, this year's survey draws from **646 respondents based all over the country**, offering eye-opening insights to help businesses and policymakers provide better support during the year ahead.

## How to use this report

The authors of this report invite you to quote any of the data included. However, we request you reference The BIG Small Business Survey 2024.

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# SURVEY *Partner*



pay.com.au is a business payments platform that enables business owners to make payments using their credit card or bank account. By processing payments this way, business owners unlock a range of valuable benefits, including:

- Earning the full card earn rate on their credit cards.
- Paying suppliers who typically don't accept credit card payments.
- Earning PayRewards points – our flexible rewards program.

With PayRewards, business owners can earn points on both credit card and bank transfer payments, where previously no points benefit would have been available. PayRewards points can be transferred directly to any of our travel partners' points programs or redeemed in countless ways through custom redemption requests.



# SURVEY *Participants*

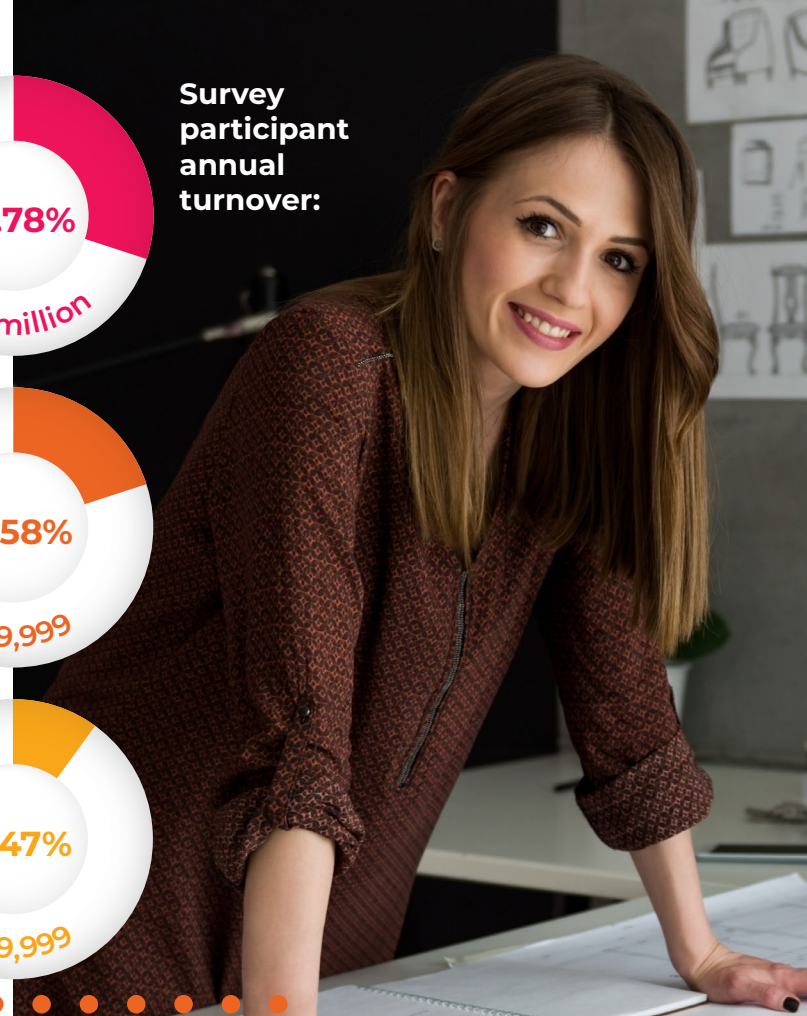
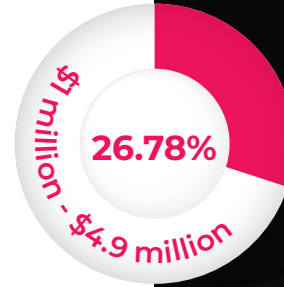
This year's survey was the biggest ever, engaging **646 small business owners from every state in Australia**. The participants responded to the call out that came from social media posts and small business newsletters.

Business owners shared their thoughts and feedback between October and December 2024. They came from a range of industries and demographics, and mainly spanned the age brackets of 27-58 (86.84%).

Over 25% of survey respondents have been in business for 5-19 years, and another quarter for between 5 and 9 years (26.01%). Brand new businesses in operation for less than 12 months made up 4.8% of participants. 23.53% have operated for between 1 and 4 years.

In 2024, the majority of survey respondents (69.97%) live in metropolitan areas, while 40% reported turnovers of between \$500,000 and \$5 million. A third of the participants employ fewer than five people.

Survey participant annual turnover:





# EXECUTIVE Summary



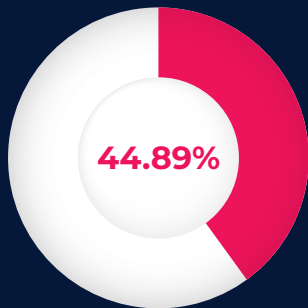
In previous years, the BIG Small Business Survey has indicated that small business owners were preoccupied with keeping up with demand, sourcing reliable staff, managing workloads and staying on top of mental health issues.

As we enter 2025, the landscape is markedly different, with small business owners saying the biggest challenge they are grappling with is rising costs. These business owners also stay awake at night worrying about finding staff, providing for their families and maintaining boundaries between work and family life. As the world adapts to emerging technology, integrating AI and leveraging it for growth is another issue that has their attention.

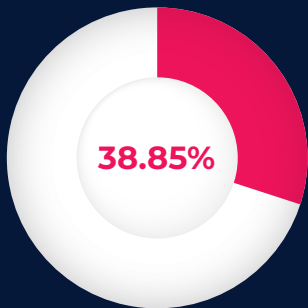
However, despite the many challenges of running a business, small business owners are ploughing forward, identifying opportunities to strike deals with new partners and scale their operations.

# KEY CHALLENGES

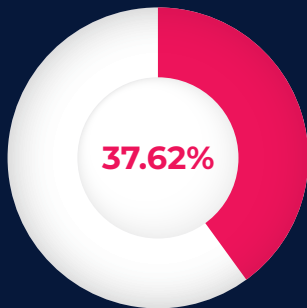
FOR SMALL BUSINESS OWNERS:



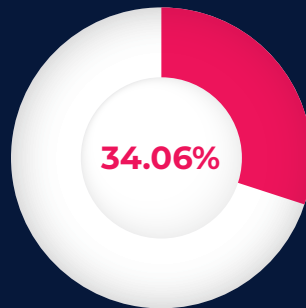
**Increasing  
Costs**



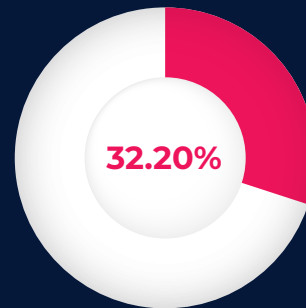
**Increasing  
Revenue**



**Finding the Right  
Team Members**



**Cash Flow  
Issues**

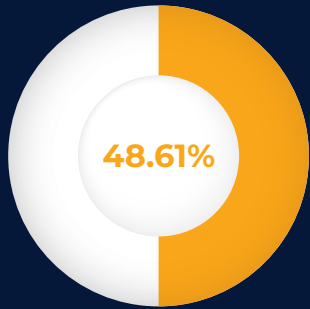


**Knowing the Best  
Way to Grow**

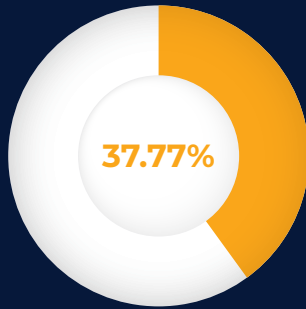
*Cash flow and increasing costs experienced significant jumps on business owners' lists of key concerns between 2023, with increasing costs being noted as a challenge by fewer than one in five (19.06%) survey respondents in 2023 and close to half (44.89%) in 2024.*

# OPPORTUNITIES

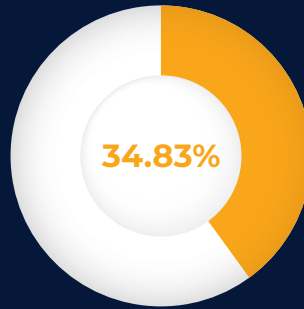
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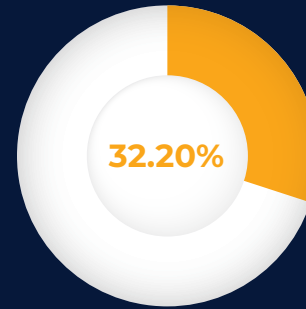
Increased sales



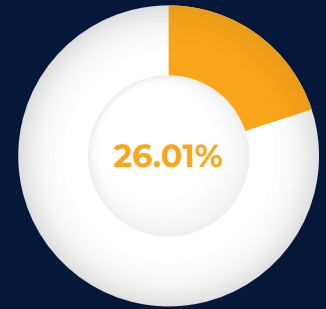
Systemising and Scaling



New Partnerships



Expanding the Team



Diversifying Products and Services

*Each year, BIG Small Business Survey respondents are asked to nominate the opportunities they are excited about. In 2024, the list was far shorter than in 2023, showing a lack of optimism from SME owners.*



# RESEARCH Themes



## Staffing

Outsourcing and AI are helping to fill the gaps caused by a lack of qualified job candidates.



## Pricing

Despite rising costs, many businesses remain hesitant to increase prices because of fears they will lose customers. This is putting their profits at risk.



## Stress Factors

Business owners share worries about the future and their financial security, and often wonder if all the effort is worthwhile.



## Marketing

Marketing overwhelm is a problem—many respondents struggle to maintain a consistent strategy for promotional activities.



## Technology

AI adoption is on the rise, and it is seen as both a challenge and an opportunity for small businesses.



## General Feedback

Business owners want help from the government and policymakers to deal with rising costs and get their tax expenses under control.





# PEOPLE *Problems*

38%

Staffing was increasingly frustrating for many small businesses in 2024, with **38.39%** of respondents **reporting difficulties in finding qualified candidates**. This is a significant increase from 2023, when only **29.33%** of survey respondents noted this problem.

41%

Retaining existing staff is also challenging, with **14.86%** reporting difficulties in this area. Meanwhile, **increased labour costs are affecting 41.18%** of businesses. These workforce conundrums are **pushing businesses to explore alternative staffing solutions such as outsourcing, hiring contractors or offering flexible work arrangements**, with the latter being a strategy adopted by **23.07%** of respondents.

22%

To bridge the gap in employees, **21.83%** of business owners **are turning to AI and technology solutions**, and **34.83%** are **hiring contractors or casual staff**.



### Key Takeaway:

Finding qualified candidates was a problem for **38.39%** of business owners in 2024.



### Recommendations:

Using AI and technology to enhance productivity can help fill staffing gaps. Outsourcing to contractors or offshore staff are also solutions that allow a business to meet demand without committing to the cost of a full-time headcount in Australia.



### *#InTheirWords*

*Running a small business, it's tough because you're always trying to do a lot of roles on your own. You're not quite at that capacity where you can hire a full-time person to do it, but it still needs to be done in order to succeed.*







# PRICING *Puzzles*

18%

Rising costs are an undeniable reality for small businesses and close to one in five (18.27%) say **price increases severely affect business operations and profitability**. The areas where price increases have had the biggest impact include insurance, utilities, rent and wages.

47%

While 47.21% of businesses said they **feel the moderate impact of the cost of living crisis**, only 15.63% have a clear strategy for increasing prices.

10%

Some businesses are adopting gradual price increases or adjusting offerings creatively to absorb cost hikes. However, 10.06% of respondents **plan to avoid price hikes entirely**, which is putting their profitability at risk.



### Key Takeaway:

Many businesses remain reluctant to raise prices despite rising costs, with only **15%** having a clear strategy for pricing adjustments in 2024.



### Recommendations:

Creating a more efficient business and reducing expenses can be helpful, but increasing prices is also essential to stay viable in the face of rising costs. A strategy is required that takes customer expectations into account.

“

#### *#InTheirWords*

*Raising prices might not mean increased patronage or revenue.*

”



# STRESS *Factors*

The BIG Small Business Survey also asked participants about their attitudes towards small business ownership and their biggest causes of stress.

58%

Most **enjoy the flexibility that comes with running their own venture**, with **58.36%** highlighting this as the reason why they walk the entrepreneurial road. The **ability to choose the direction of their business and the work they undertake** resonates strongly with **60.37%** of small business owners. Additionally, **38.54%** **prefer not having to answer to someone else**, and **30.03%** **value being present for important family events**.

10%

However, mental health is a pressing concern and less than **10%** of survey respondents **report being worry-free**. Finances are a source of sleepless nights for business owners, with **10.84%** **thinking about whether they will have enough money to provide for themselves and their families** and **rising business costs troubling 13.78%** of respondents.

12%

**Balancing work and family life is another stressor**, with **11.76%** of business owners **struggling to maintain boundaries between the two**. Issues such as finding reliable staff and general anxiety about their business's future lead some to consider abandoning their ventures for more stable employment.





### Key Takeaway:

Fewer than **10%** of business owners report being worry free. Money issues are amongst their biggest concerns.



### Recommendations:

Small business owners need to find ways to prioritise their mental health as they continue to support the people around them. They require access to greater mental health and well-being support from external sources.

“

#### *#InTheirWords*

*[There needs to be] more support for mental health and the health/wellbeing of small business owners.*

”

# MARKETING *Matters*

45%

Marketing remains a pain point, with **44.58%** of respondents saying they **find this part of their business overwhelming**.

39%

The top challenges with attracting an audience include **maintaining consistency, understanding effective strategies, managing limited budgets and creating quality content**. While **39.16%** of businesses **struggle to keep up with changing marketing trends and technologies**, **43.96%** cite consistency as their primary challenge.

51%

Despite these hurdles, many businesses are investing time into **marketing**, with **50.62%** **spending 1-3 hours per week on these activities**. What's interesting is that while marketing is undeniably important, close to **50% of businesses commit less than \$5,000 per year on their promotional endeavours**.



### Key Takeaway:

- **44.58%** of respondents continue to find marketing overwhelming. This slight improvement from **56%** in 2023.
- Common challenges include a lack of consistency, unclear strategy and limited budgets.



### Recommendations:

Investing in the right marketing strategies can help bring in new business and reduce stress about costs and cash flow. One simple strategy is to connect with non-competitor businesses that share a similar audience and partner up to promote each other to a wider footprint of people.

“

#### **#InTheirWords**

*Although I really like marketing, I'm finding it hard to find the right way to sell my own business.*

”





# TENACITY *through Technology*

64%

Technology and AI tools are playing an increasingly pivotal role in small businesses, with **63.62%** of respondents viewing their **impact positively**.

15%

The adoption of ChatGPT and other AI tools is growing, with **15.33%** of businesses **using these technologies multiple times a day**. However, there is still a degree of concern, with **14.24%** **unsure** of whether or not the impact of AI is a good thing and **20.28%** saying they are **apprehensive about it**.

47%

Many business owners are actively seeking to increase their knowledge of AI, with **46.59%** **engaging in online learning through blogs, podcasts, and educational events**.



### Key Takeaway:

- **63.62%** of businesses see AI as having a positive impact, while **20.28%** remain apprehensive.
- Adoption of AI tools is growing, with **48.61%** investing in AI education compared to **40%** in 2023.
- Regional businesses are more likely to see AI as a solution to staffing shortages, while urban businesses are burdened more heavily by labour costs.



### Recommendations:

As AI becomes increasingly commonplace, businesses that appoint a 'champion' who keeps their finger on the pulse of new technology and help introduce it will be more efficient and productive.



#### *#InTheirWords*

*AI is going to be so important for business to adopt. The ones that don't will get left behind.*





# FEEDBACK AND Frustrations

Survey respondents were asked to share their general comments on the state of business and small business ownership in Australia.

Feedback recognised the importance of hiring and delegating, while some company owners confessed they have been thinking of throwing in the towel and switching to having a job.

Most small business owners have a strong sense of accountability, saying they understand that they need to stay focused, follow a formula for success and avoid complacency. They talked about making changes like delegating more and hiring AI/tech experts as a way of ensuring they are future-ready.

However, a **standout complaint was tax**, with business owners saying that **the amount of tax SMEs have to pay puts them at a massive disadvantage**.

35%

Optimistic business owners also identified **partnerships and collaborations as key opportunities for 2025**, with **34.83%** seeing this strategy as a path to innovation and resilience.





### Recommendations:

SME owners are calling on government and policymakers to cut red tape, incentivise AI adoption, and fund mental health support for business owners and their teams.

“

#### **#InTheirWords**

*The tax burden can be a huge handbrake for a young business and significantly impact growth potential and viability of sustaining growth activities in the first 5 years.*

”

# REFLECTIONS

**As Australia moves towards the year 2030, small business owners find themselves at a crossroads.**

They face the challenges of making money to keep up with persistent economic pressures while trying to understand and integrate new technology. The hurdles of the past few years have left little room for respite, pushing many from one set of difficulties straight into another.

The BIG Small Business Survey 2024 highlights some critical concerns. Firstly, the hesitancy among business owners to adapt their pricing strategies in response to rising costs. This reluctance poses a significant threat to profitability and long-term sustainability. At the same time, the continued struggle with 'marketing paralysis' reflects the need for clear, consistent strategies to engage customers effectively and maintain a competitive edge.

**2025 presents an opportunity for small businesses to recalibrate. By embracing well-defined approaches to pricing, investing in staff development, exploring partnership opportunities and leveraging new technologies like AI, business owners can navigate the current landscape and also position themselves for future growth.**

The path forward requires resilience, adaptability and a focus on innovation – qualities that have always been at the heart of Australia's small business community. However, businesses also need the support of a Government that encourages small business ownership and innovation without incurring taxes and fees that make small business ownership feel impossible.



# REPORT

## Authors



The authors of The BIG Small Business Survey are committed ambassadors for SMEs, having helped hundreds of Australian organisations to attract attention, expand their customer base and identify the pathway to growth.



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Tracy Sheen is a renowned author, speaker, and digital educator with a passion for demystifying technology for small businesses. Based in Australia, Tracy has spent over three decades helping business owners, government departments, and community organisations embrace digital solutions. Her career highlights include pivotal roles in launching SMS technology and the iPhone in Australia, as well as winning *Australia Business Book of the Year* for her debut, *The End of Technophobia*.

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# REPORT

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Andrew is Australia's #1 Small Business Author, with 14 bestselling business books sold in over 65 countries. His latest book, "*Someone has to be the most expensive, why not make it you*" continues to receive international acclaim around the world. Andrew has been providing strategic business advice across all aspects of running a successful small business for over 30 years to millions of people. He proudly specialises in helping people of substance to build businesses of substance.

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Armed with over a decade of running successful businesses, global marketing expert Katrina McCarter - a Fortune 100 corporate chief turned entrepreneur, international award-winning speaker and author - has helped hundreds of clients to build businesses, reputations and visibility. She's reached audiences of thousands across Europe, the US and Australia and is a five-time B&T Women in Media Awards finalist and 2021 Top 50 Small Business Leader.

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**WE WILL BE BACK IN 2025!**

If you would like to partner on this year's survey, please feel free to contact any of the report authors directly.