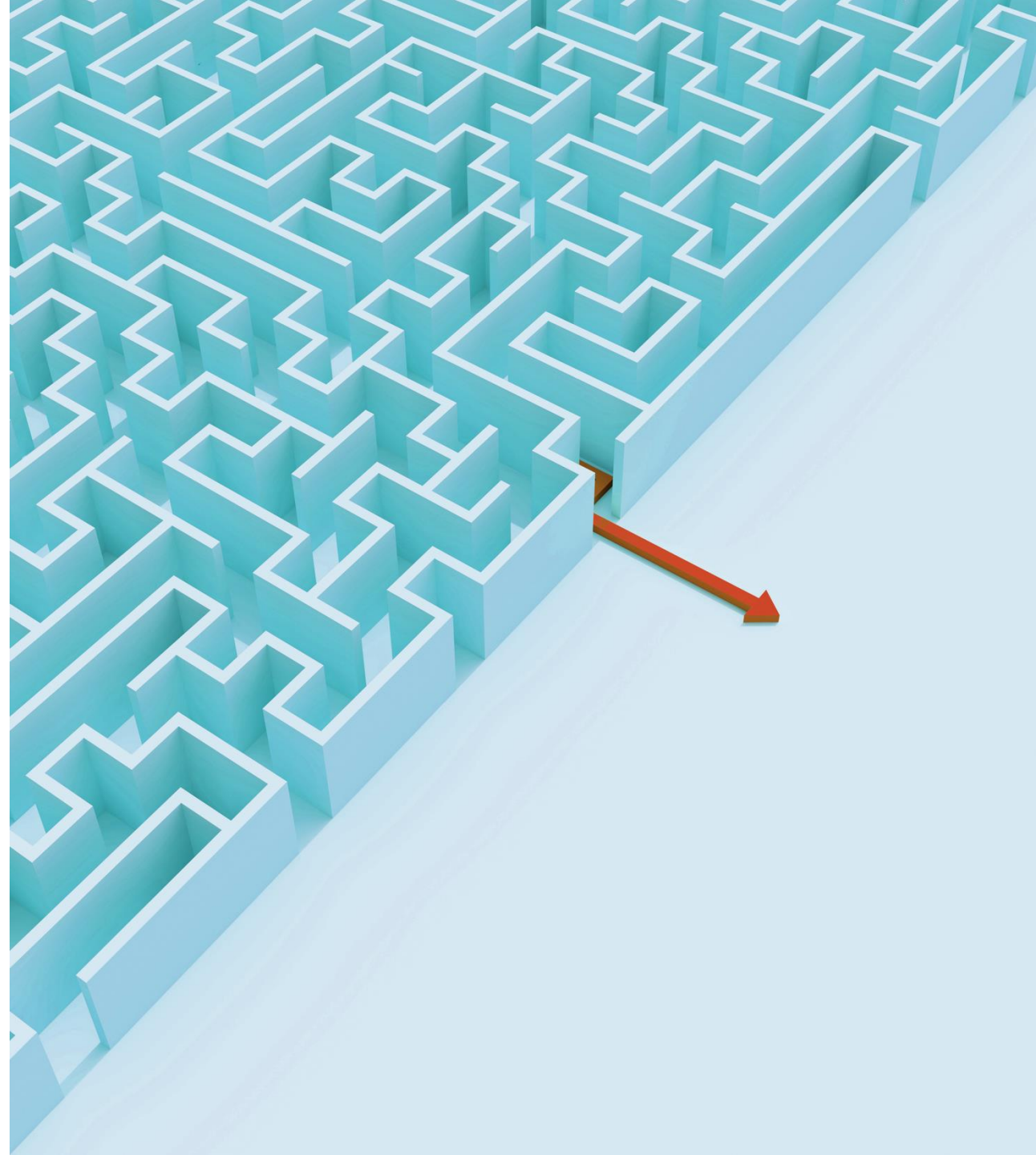


From daunting to doable: Positioning AI in reach for SMEs

TRA X MBIE
July 2025

TRA



As artificial intelligence reshapes the way businesses operate globally, there's a growing imperative to support local small to medium businesses in understanding and adopting these tools.

MBIE is committed to ensuring New Zealand's small and medium enterprises (SMEs) are equipped to thrive in a digital economy.

This project was commissioned to provide MBIE with a clearer picture of the current state of AI usage among SMEs – including awareness, capability, and attitudes – and to identify what will best support increased uptake.

The goal is to inform policy and programme development that enables more NZ SMEs to confidently and effectively use AI in their everyday operations.

Business objective

Improve usage of AI tools amongst SMEs

Research objectives

- 1** Identify the level of awareness and knowledge of AI tools amongst SMEs
- 2** Measure how SMEs use AI tools and the benefits they gain from their use
- 3** Identify the motivations for using AI tools more
- 4** Understand the barriers and how to overcome them in order to increase usage of AI tools

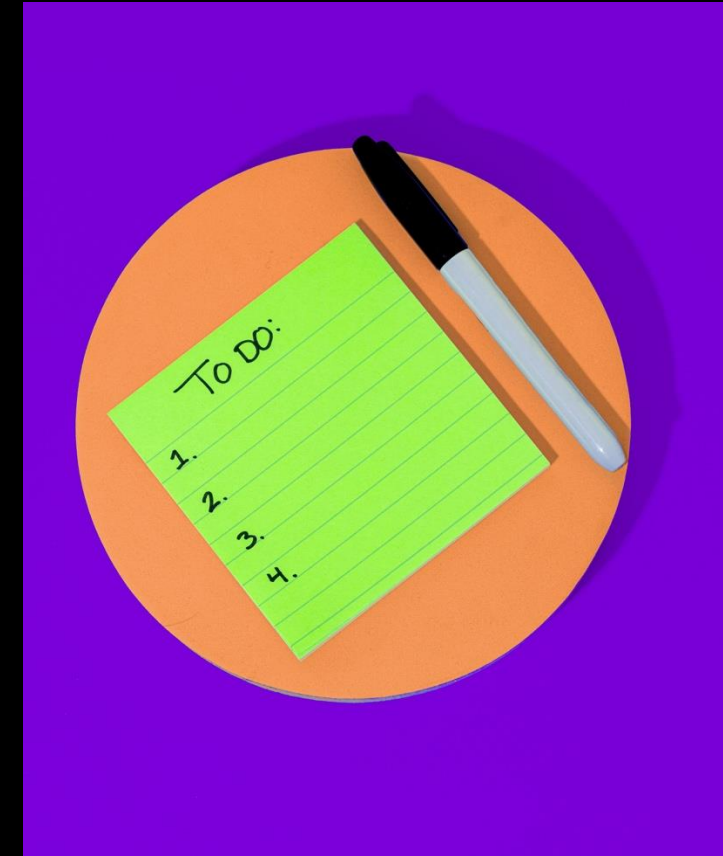
Story in a nutshell

For SMEs, AI isn't just a way to work faster - it's a way to work better. From polished marketing to professional quoting to sharper thinking, AI offers a level of quality many small businesses couldn't otherwise afford.

But this potential remains locked behind uncertainty, intimidation, and a lack of clear use cases. SMEs aren't asking "Why AI?" - they're asking "What can it really do for me?".

MBIE's opportunity is to showcase AI as a **practical enhancer of everyday work** - lifting the quality, credibility, and capability of small businesses without requiring big budgets or teams.

MBIE's role is to encourage, demystify and connect: shift the narrative from daunting to doable, spotlight practical case studies, and connect SMEs with industry peers and trusted channels.



Breadth: Quantitative Phase

A 10-minute online survey of n=517 SME owners or managers

The respondents were sourced from an independent research panel

0–5 FTE	n=191
6–9 FTE	n=173
10–19 FTE	n=153

The survey covered:

- Profile of the business covering size, industry, region, identification of Pakihi Māori businesses, customer base
- Awareness of AI tools, both top of mind and prompted
- Depth of knowledge of the benefits the AI tools provide businesses
- Usage of AI tools and the benefits they provide the business
- Attitudes towards using AI tools in the business
- Motivations for using AI tools
- Barriers to using AI tools

Depth: Qualitative Phase

8x Depth Interviews with SME Owners

Type	Number of participants
0–5 FTE	3
6–9 FTE	1
10–19 FTE	2
Manufacturing	2
Pakihi Māori	1
Professional services	1
Retail	2

Note: Typologies for SME size and industry overlap.

We applied the COM-B model as a lens throughout our analysis – a framework that considers Capability, Opportunity, and Motivation as key drivers of Behaviour. While not always explicitly referenced, COM-B has shaped our understanding of the barriers and enablers to AI adoption, and it underpins the behavioural model guiding our recommendations in this report.

● Agenda

Current state: Fear and fascination

1

Key barriers

2

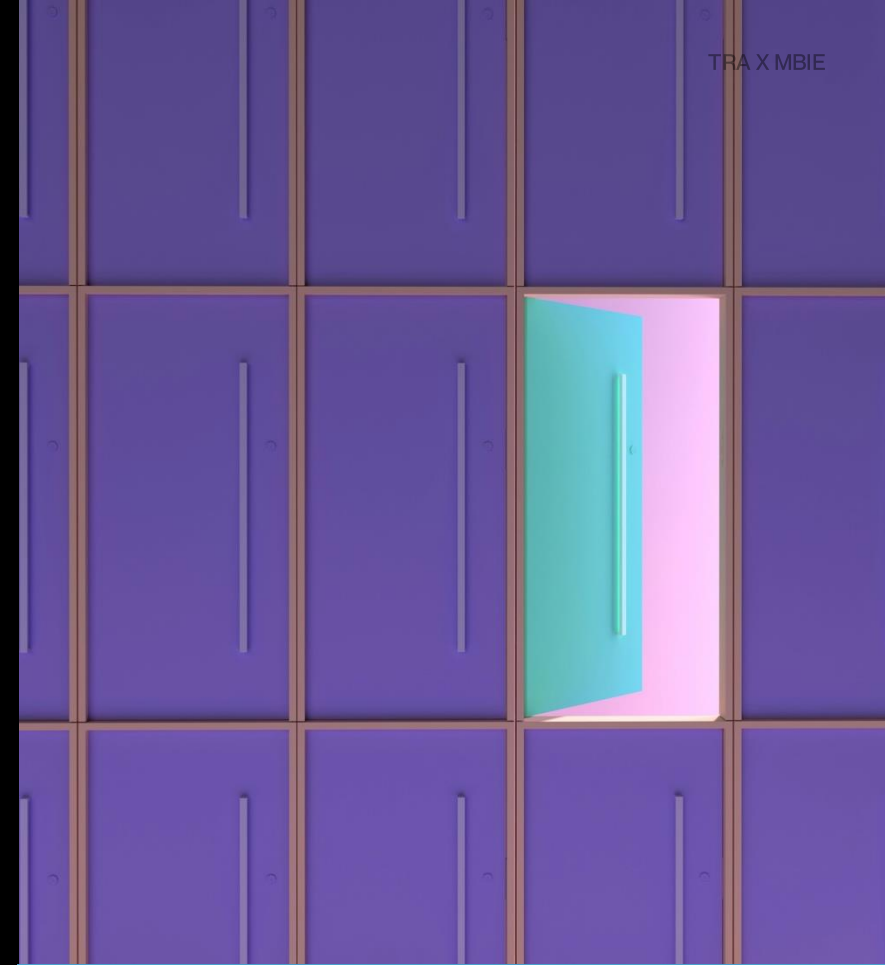
Key motivators

3

How we shift from daunting to doable

4

Current state: Fear and fascination



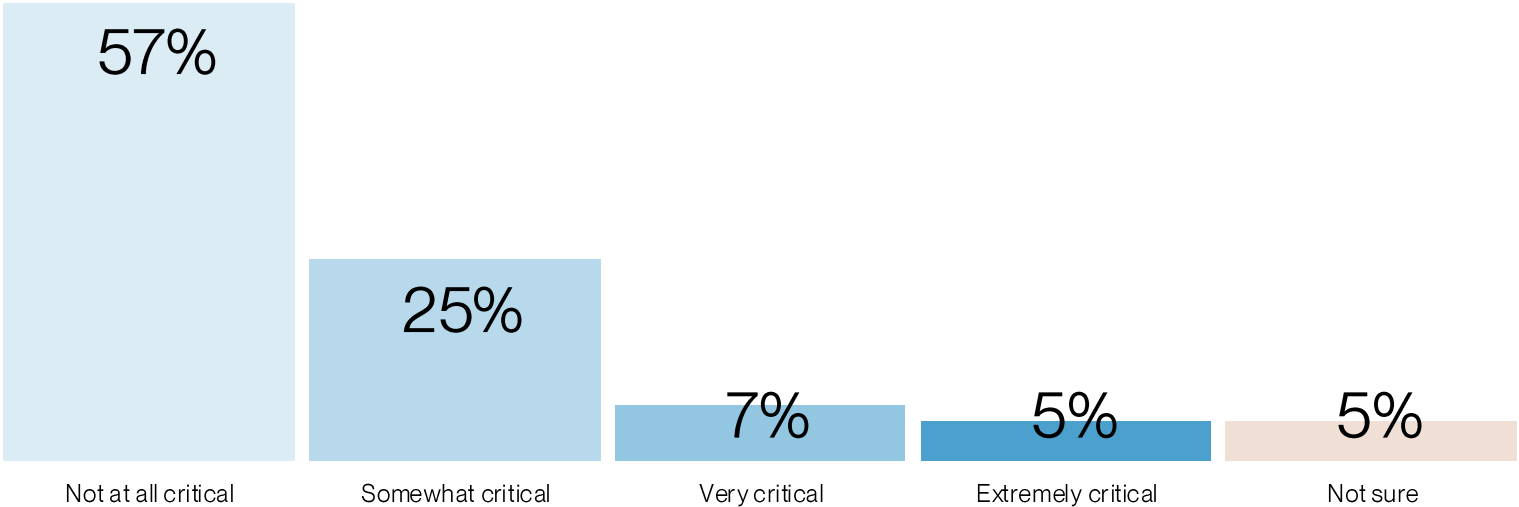
1

SMEs make up 97% of NZ businesses but few are capitalising on AI’s potential.

Only half see AI as beneficial to businesses like theirs

54%
think AI is beneficial to businesses like theirs

Criticality of AI to own business

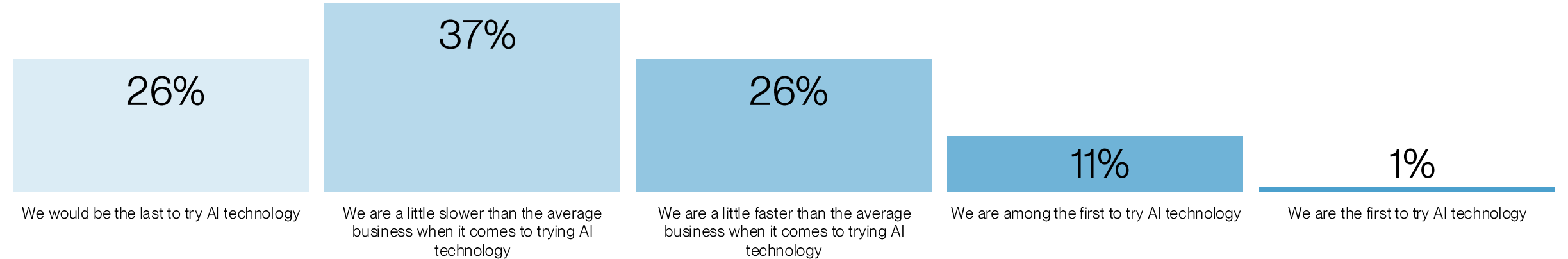


Q: How critical is AI to your business? Please rate your agreement or disagreement with the following statements about AI tools.
Base: Total n=517

Most SMEs feel their business is behind the curve in adopting AI.

Especially so for smaller SMEs

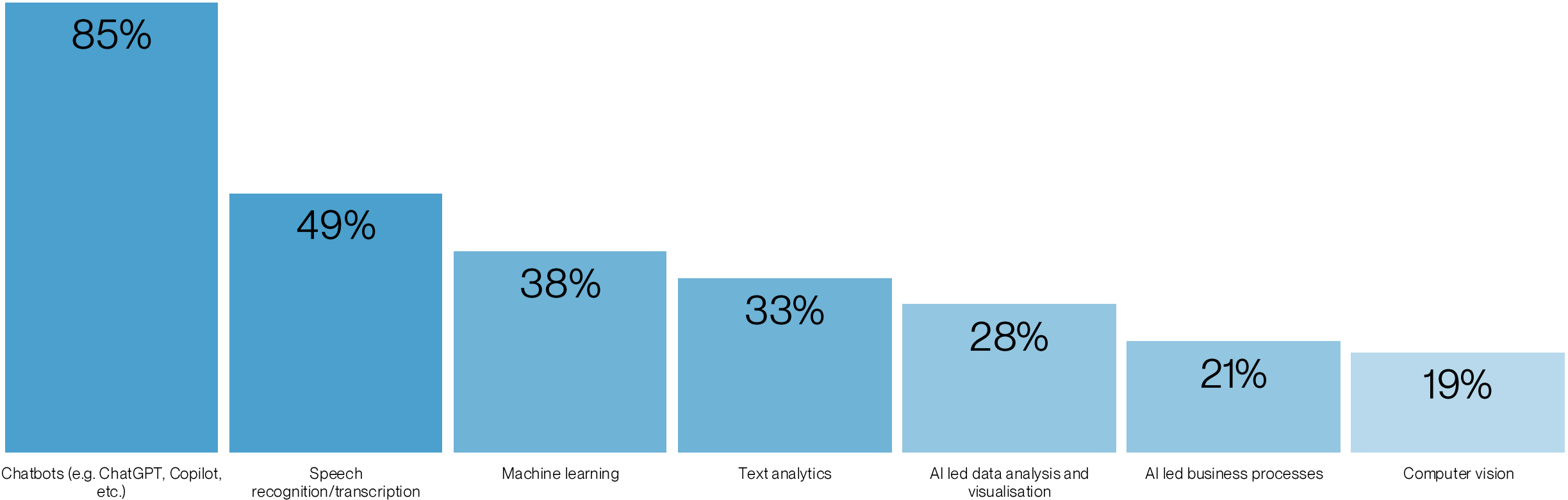
AI ADOPTION CURVE



They are aware of AI...

94% of SMEs are aware of at least 1 AI tool, so awareness isn't the issue.

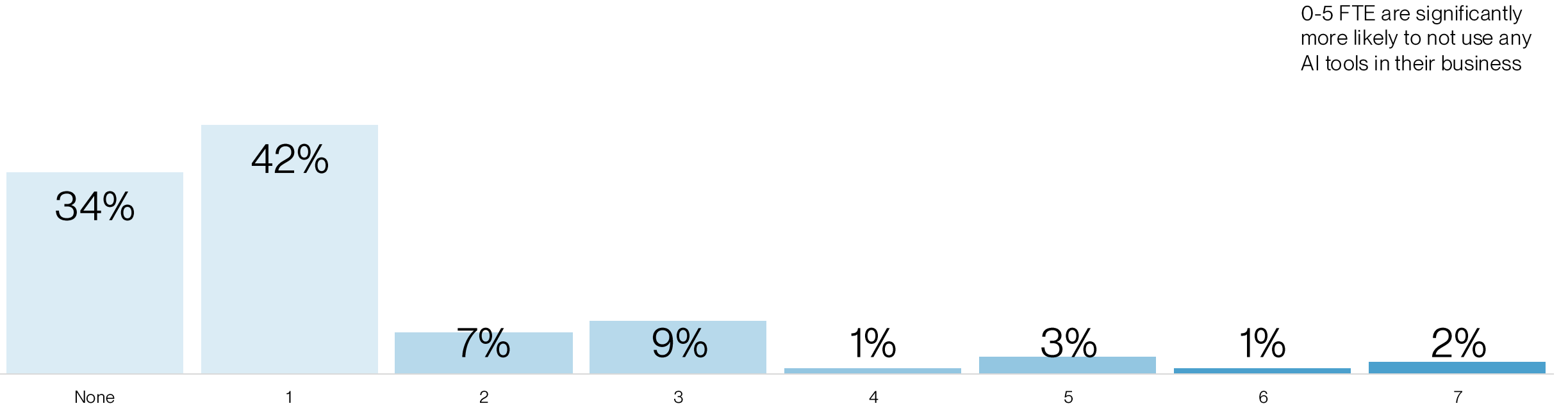
Prompted awareness of AI tools



... but many aren't using AI.

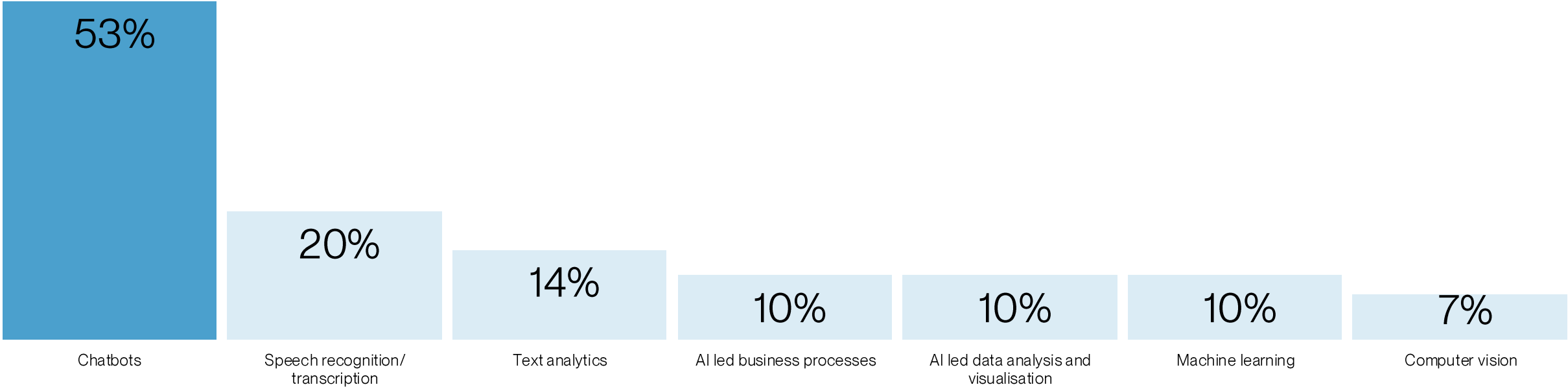
One third of SMEs haven't used AI tools in their business, and the majority of those who have, have only used one tool

Number of AI tools used in business



Chatbots are the most used tool, but still: Only half have tried them.

AI tools used by SMEs



Among those who have used AI, three distinct stages emerge:

Via existing software platforms that already include AI functionality (e.g., Xero, Canva).

SMEs don't describe this as AI adoption.

Through generative AI tools such as ChatGPT, Gemini, or Claude.

Few SMEs describe this as AI adoption. Those who do describe it as such, tend to use AI for more advanced tasks – not just improving copy, but building content calendars, planning talent needs, analysing customer reviews, and more.

By embedding AI into internal systems, including custom integrations or workflows.

This would be seen as AI adoption, but few SMEs have got this far.

Perceptions of AI range from fear to fascination – often within the same person.



Tech SME

“It’s pretty terrifying – AI could easily put us, and others, out of a job. So much of what we do is digital, and if AI can learn and replicate that, it’s a scary thought.”

“If AI could replicate our director’s voice to handle calls and client relationships – it sounds surreal, but it’s possible. That would be a game changer.”

Manufacturing SME

“If I make a mistake at setup, a robot might just execute that a Million times. At least, with a person, they will apply some common sense to what they’re told to do.”

“We needed instructions in seven languages – normally that would mean finding translators. With AI, we did it in seconds instead of hours.”

There’s opportunity in the mix – remove intimidation, and curiosity will take over.

Implication

SMEs are lean, hands-on, and focused on delivering value, not experimenting with tech. Especially in the current economy.

Big Global Tech is skewing our standards and everyone feels behind.

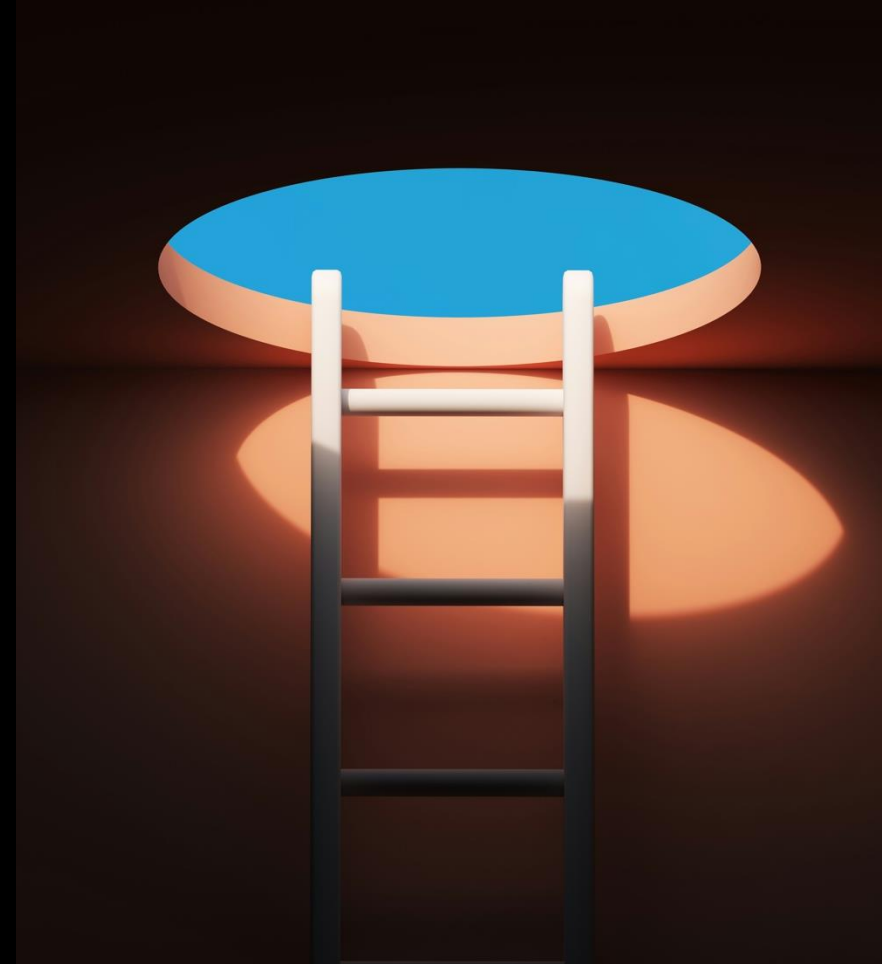
AI feels like a leap, not a step.

This signals a critical role for MBIE to reframe AI not as future-facing tech, but as a present-day advantage.

Minds need to shift from AI as something 'for others' to something that belongs in every SME's toolkit.



Key barriers

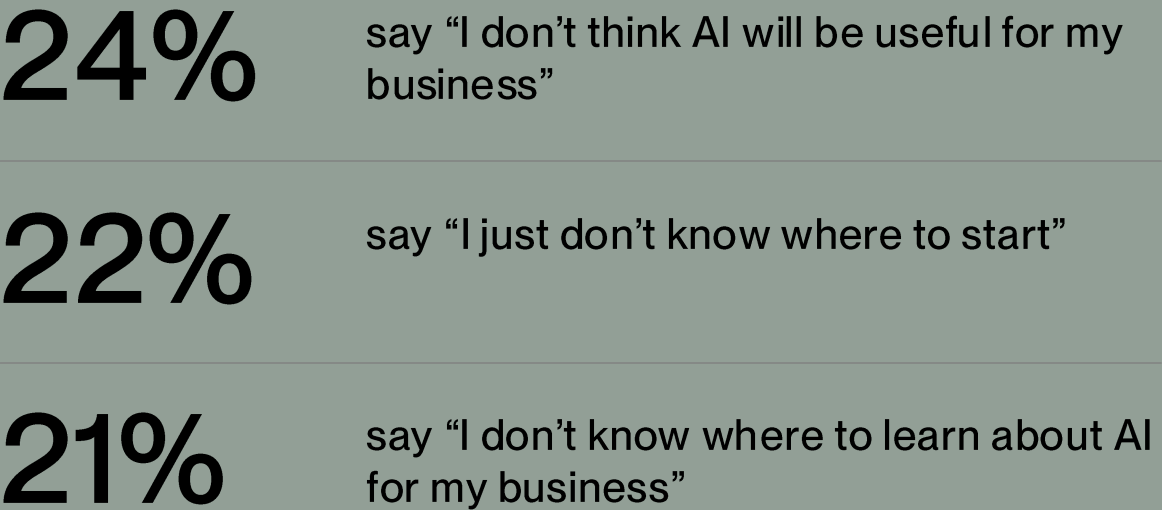


2

Key barriers are foundational: Understanding how AI can be useful, and knowing where to start.

For curiosity to turn into sustained action, SMEs need help connecting AI’s capabilities to real, relevant outcomes in their own business context.

Barriers to using AI more in business



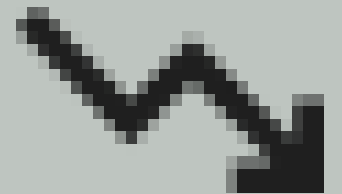
What's holding SMEs back?

Three main blockers:

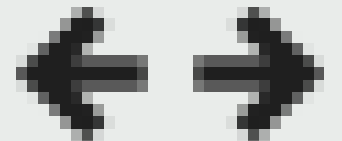
1 Lack of vision



2 Confidence deficit



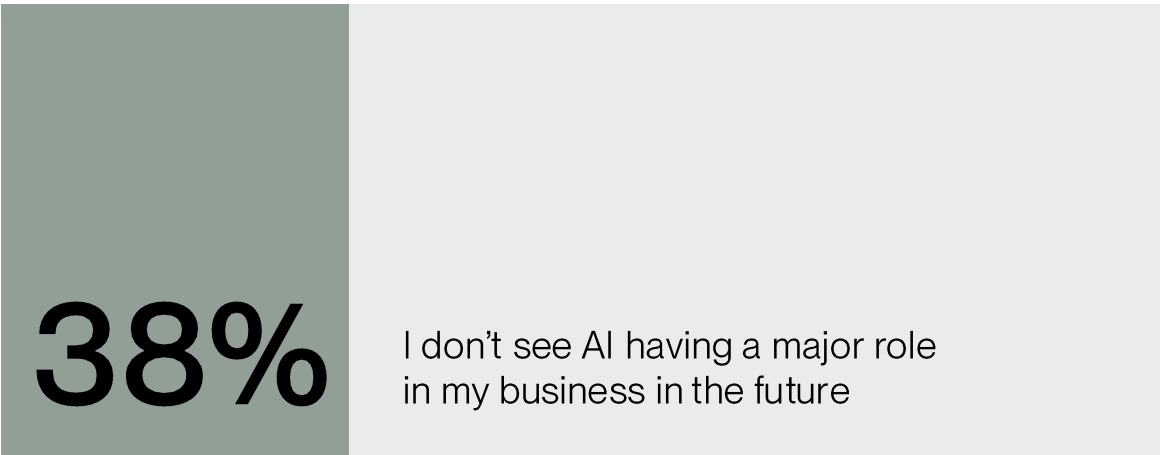
3 Capability gaps





4 in 10 are unsure of the specific benefits and role AI can play in their business.

This issue is a consistent theme across different business sizes.





Building the confidence to experiment will be the crucial first step to overcome capability barriers.

“I think a lot of people look at AI and they think it’s too complicated. The other day my friend made some photos of me look really hot, like 20 years young. I don’t know how to do that, but AI does that. I think people that haven’t joined AI at any level, they think it’s too far away, it’s too hard.” – Sole Trader

Many SMEs lack confidence in adopting AI, largely because it feels overly complex, distant, or reserved for big tech players.

Combined with a lack of vision for what AI can do in a small business context, even accessible AI tools can seem intimidating or irrelevant without clearer pathways and relatable examples.

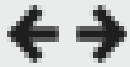
Capability gaps



Many lack foundational tech skills to explore AI effectively.

“It’s like using a hammer – if you don’t know how to use it properly, you might be swinging the wrong end. It’s the same with AI. If you’re not using it critically, you might try it once, get a bad result, and think, ‘Well, this whole thing is rubbish.’ But it’s not. You have to see it as a tool – and you have to cross-check what it gives you.” – Tech SME

Even after overcoming the initial barriers of confidence and getting started, many non-technical SME users struggle to critically assess AI tools or know what to expect. A single poor result can lead them to dismiss the tool entirely, rather than experimenting with different prompts or approaches. Time pressure and risk aversion further discourage this kind of trial-and-error learning.



Training must match people’s digital literacy levels – too advanced creates intimidation, too basic leads to frustration.

To engage SMEs, training must be clearly tailored to the audience, with that level of specificity made transparent from the outset.



NOT TOO ADVANCED

“I liked that [the AI training] was advertised for over 50 year olds – I kind of need it to be for people as dumb as me [laughs].” – Manufacturing SME

NOT TOO BASIC

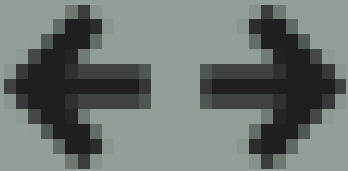
“I went to one of those business association trainings, but it was way too slow for me – I don’t have time to go at the pace of the slowest learner in the room.” – Retail SME

Implication



Diverse, relatable case studies can help break down both **vision** and **confidence** barriers – showing SMEs what’s possible and making it feel achievable.

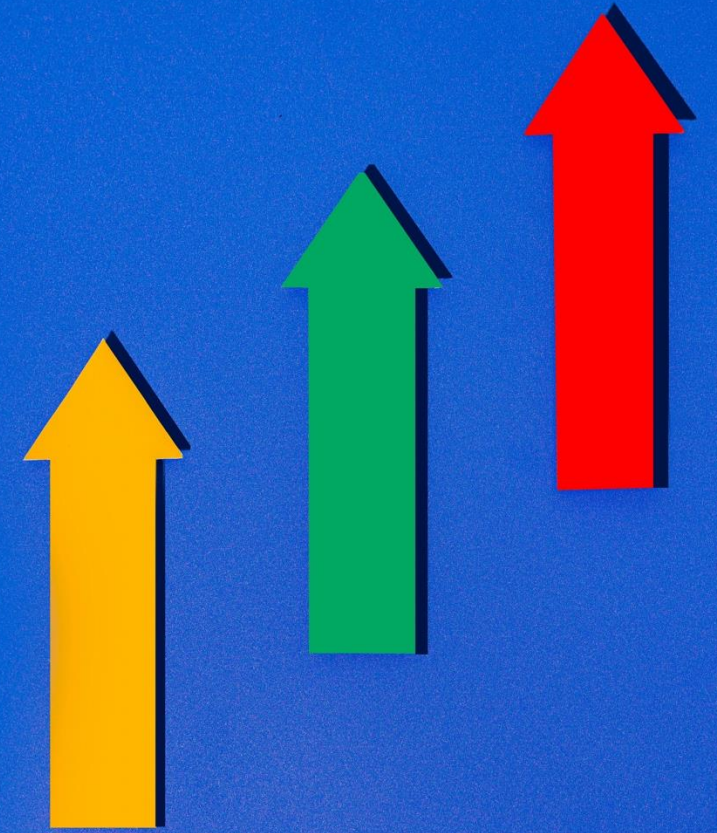
SMEs would benefit from a diverse range of case studies – starting with simple, relatable use cases like improving email copy or brainstorming social posts, and extending to more advanced applications like CRM integration or chatbots.



To break down **capability** barriers, basic AI training should focus not just on tool use, but on *how to learn the tools* – building the mindset and habits needed for effective experimentation and ongoing learning.

Resources need to be clearly labeled for level of digital literacy, so that audiences can self-select into what matches their current level of understanding.

Key motivators



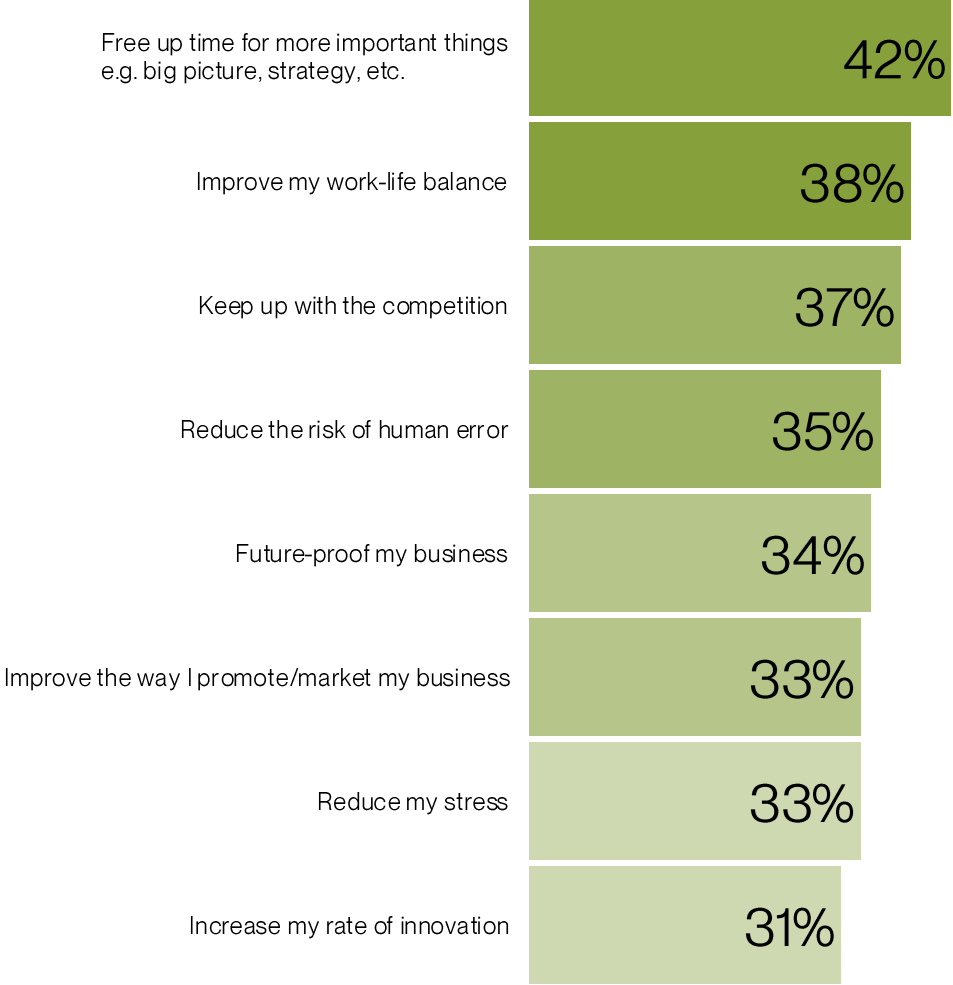
3

What’s working already? SMEs using AI are seeing great value – particularly in speed.

Time saving examples: One participant mentioned using AI to process email orders automatically, saving three hours of staff time weekly. AI tools like ChatGPT and Claude have been used to streamline processes such as CRM system development and product packaging design, cutting down project timelines by half or more. Another participant mentioned ‘crying less’ because tasks that would take hours now take her minutes.

Time saving is a major benefit BUT not a key motivator for adoption...

Top 8 motivations to use AI in business



Q: What specific benefits would you want from implementing AI into your business?
Base: Total n=517

Quality uplift is the key motivator.

“It’s like hiring the marketing person I could never pay.” – Manufacturing SME

Content creation

AI-powered tools are effective for creating marketing content quickly and professionally, such as ad creation or social media posts across entire content calendars.

Presentation

AI enhances the quality of work by improving precision and making products look better, which is particularly useful for businesses without high skill levels in marketing or design.

For Pakihi Māori, it also provides a powerful tool to adapt communication styles, helping them code switch effectively when engaging with Western institutions, without losing their own voice.

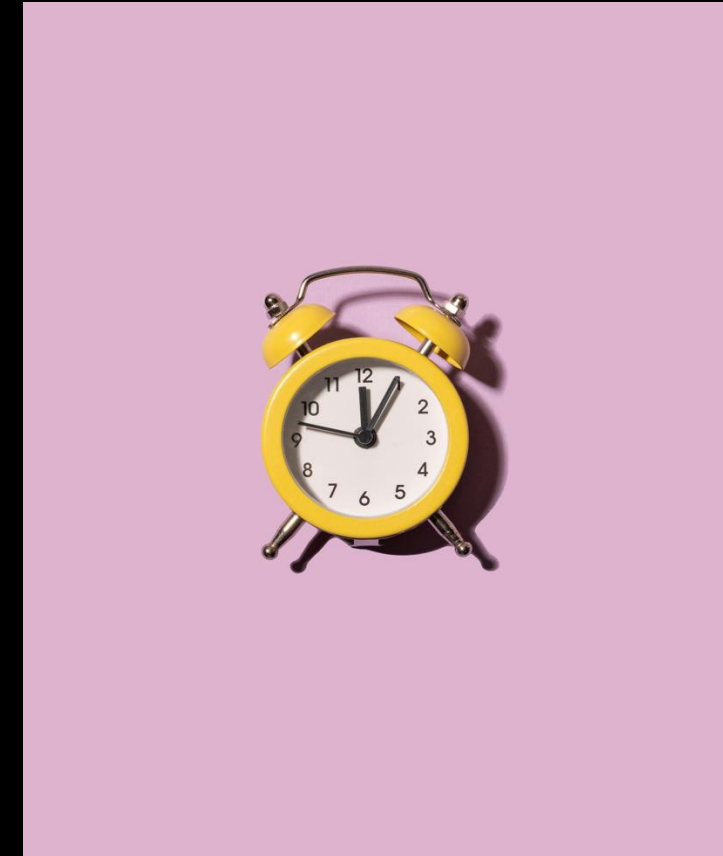
Strategy sounding board

Beyond task execution, some participants found value in using AI as a "sounding board" to clarify their thinking and articulate ideas better.

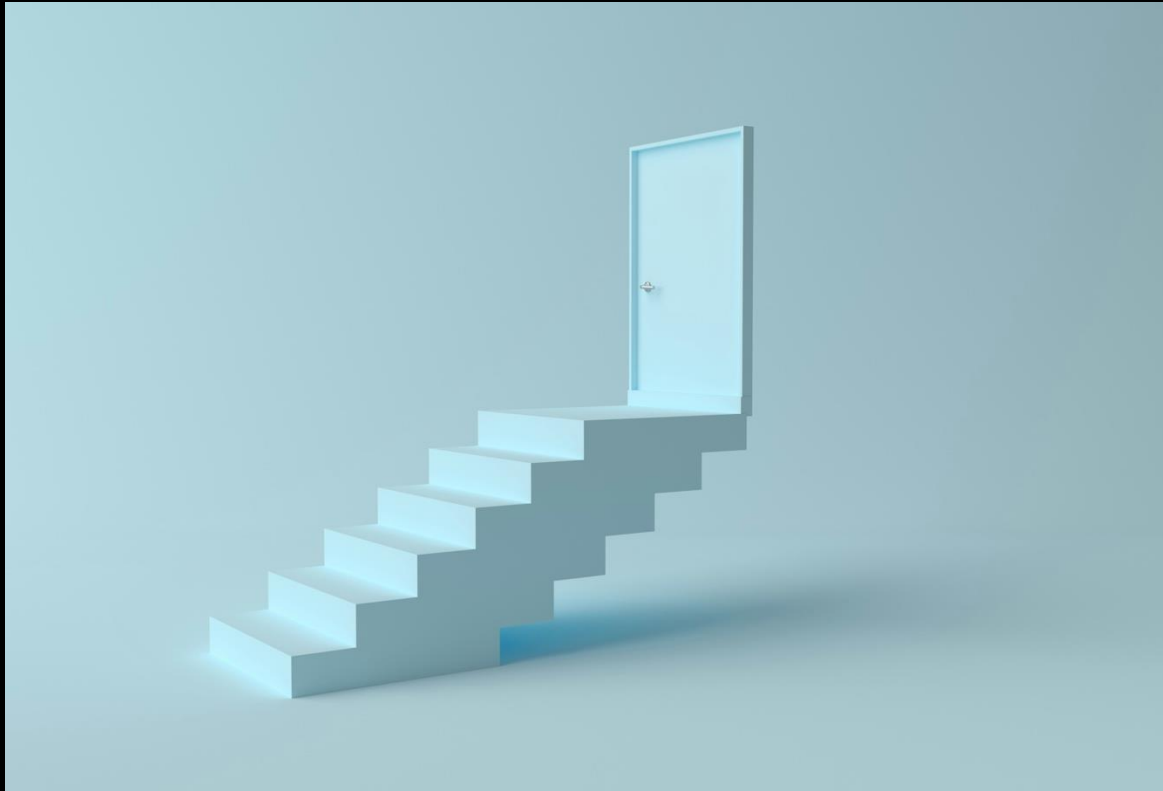
Implication

While saving time is a key benefit, it's not a strong motivator when people first need to *invest* time to learn.

What resonates more is the promise of better-quality work – looking more polished, more professional, and ‘bigger’ than you are. That’s the benefit that gets people moving.



However, even experienced users still face barriers.

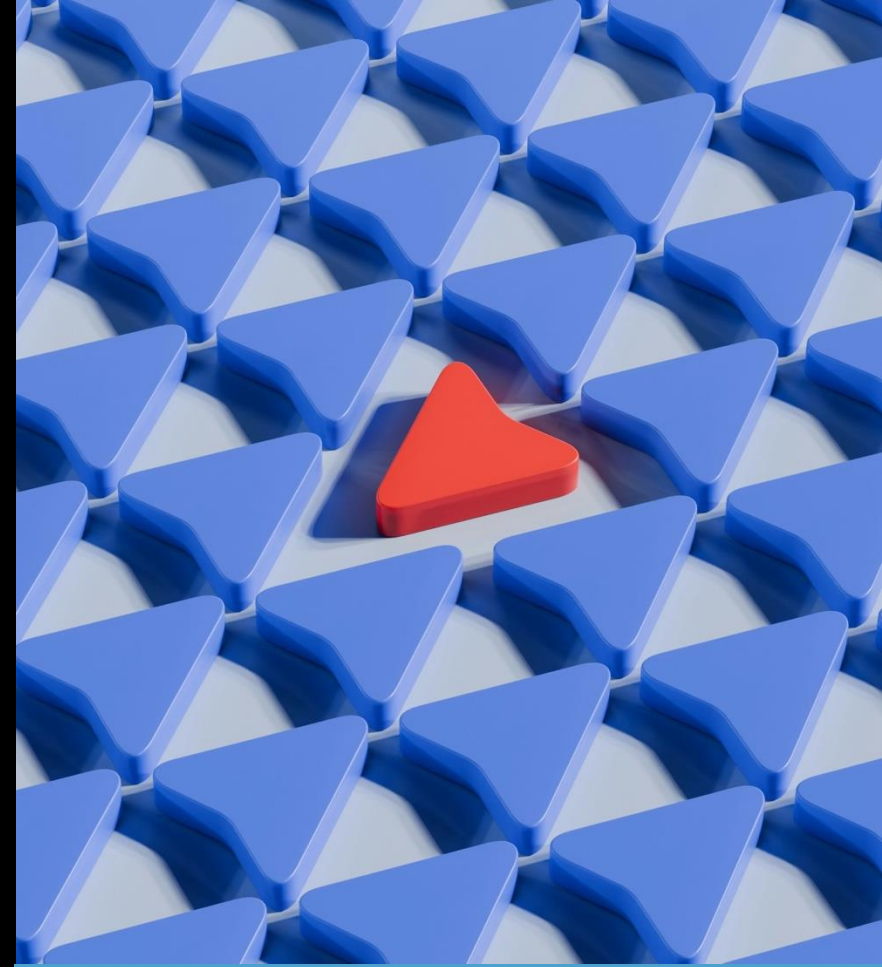


There's persistent concern about what's trustworthy, what's legal, and whether AI might strip away the human touch – or worse, recreate human error at scale.

For small businesses, where the owner is the business, this feels especially personal. Nobody wants to be replaced.

Position AI not as a replacement, but as a tool that frees up time for the human moments that matter most – helping small businesses shine where they're strongest.

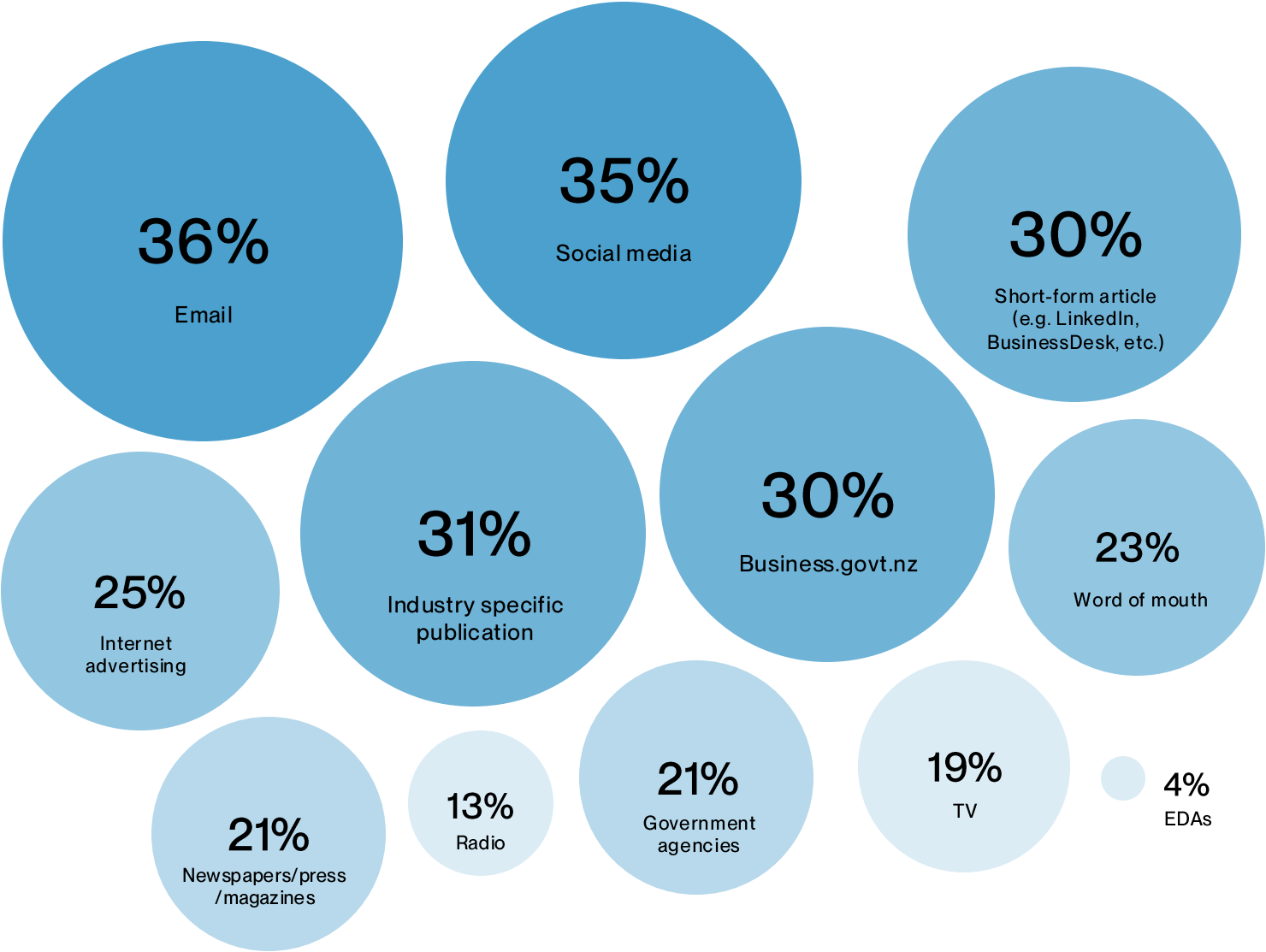
How do we shift from daunting to doable?



4

Format and channels will need to be as diverse as people’s preferred learning style.

Ideal channels to hear about AI tools



What SME need to get started or scale up their AI usage:

Capability: Know-how and confidence

- Simple, step-by-step guidance on how to experiment with AI – not deep tech training
- Confidence is built through small wins with real-world relevance, not abstract concepts
- Tools that ‘show the way’ – templates, examples, language prompts written by experts

Opportunity: Access & Support

- Knowing which tools to trust or how to critically assess what’s working
- Pathways matched clearly to their current level, business type and learning style
- Industry groups and local networks are key touchpoints for delivery – not centralised channels alone.

Motivation: Belief & Relevance

- Time-saving doesn’t motivate adoption – quality, professionalism, and feeling ‘bigger than we are’ does.
- Framing AI as a helper, not a replacement, aligns with SME identity and values.
- Peer stories and ‘people like me’ case studies give permission to try – and keep going.

MBIE's role: Encourage, demystify and connect

What we've learned:

SMEs see potential in AI – but they're stalled by a lack of vision, capability gaps, and too little relevant support. Most aren't asking why AI matters; they're asking how to make it work for them.

In short:

MBIE's role isn't to teach SMEs everything about AI – it's to unlock their confidence to start by grounding AI in the New Zealand SME context; And using its networks to bring support as close to the specific use case as possible.

What MBIE can do:

Shift the narrative

- Reposition AI as practical, not complex.
- Make it clear this is for SMEs, not just for big business.

Highlight real-world relevance

- Showcase relatable, SME-scale use cases.
- Provide tools that improve quality and credibility, not just efficiency.

Support agency, not just ability

- Help SMEs critically assess where AI fits into their business.
- Create a vision for their AI journey that begins where they are, not where we wish they were.

Provide support at the right level

- Clearly label resources for the level of AI adoption they are relevant to
- Design self-assessment tools and checklists for SMEs to signpost their journey

Leverage trusted voices

- Partner with industry bodies and local networks.
- Champion peer stories that make AI feel doable.

Be the connector

- Guide SMEs to the right tools, resources, and people.
- Act as a bridge between innovation and practical day-to-day use.

Let’s cover what we shouldn’t do



Don’t lead with technical language or futuristic hype	Terms like “machine learning” or “automating workflows” alienate people. Keep it grounded in real, everyday outcomes.
Don’t position AI as a replacement for people	SMEs are deeply personal – the owner <i>is</i> the business. Frame AI as a way to <i>enhance</i> , not replace, their human touch.
Don’t make it one-size-fits-all	Needs and capabilities vary. Offering the same support to a rural tradesperson and an urban creative agency won’t work.
Don’t treat training as the only solution	The barrier isn’t always skills – it’s knowing <i>why</i> and <i>how</i> to use AI meaningfully. Focus on motivation and context, not just tools.
Don’t skip the ‘why this matters to you’ step	Jumping straight to features and tutorials skips over the core question: “What’s in it for me and my business?”
Don’t assume SMEs learn the same way	A dense webinar or static PDF won’t cut it. Use diverse formats, levels, and interactive tools that match different learning styles and starting points.
Don’t centre experts – centre peers	AI success stories are more convincing when told by SMEs who’ve walked the same path – not by tech evangelists.
Don’t try to do it all centrally	MBIE can’t meet every niche need. Partner with trusted industry bodies, regional organisations, and sector voices to localise support.
Don’t position this as urgent or mandatory	Pressure leads to resistance. Make it inviting, empowering, and relevant to <i>today’s</i> challenges – not tomorrow’s hypotheticals.

To Do List



Normalize the starting point	Reassure SMEs that it’s okay to feel behind. AI is new for everyone – the key is to start experimenting, not to be perfect from day one.
Reframe the message	Shift the narrative from AI as complex tech to AI as an everyday enhancer – something that helps improve the quality and polish of SME outputs, not just save time.
Show what good looks like	Provide relatable, real-world examples – toolkits, templates, and case studies that reflect the actual work SMEs do.
Support different learning journeys	Use diverse formats and channels to meet different learning styles. Help SMEs self-identify their level and needs – e.g., simple quizzes to assess where they’re at and what to do next.
Build agency, not just skills	Focus on helping SMEs connect their goals with how AI can help. This is about motivation and direction, not just technical training.
Let peers lead the way	Highlight stories from real SME users. People are more likely to trust – and learn from – others like them, not just experts.
Be the connector, not the sole provider	MBIE can’t offer specific support to every sector. Work with industry bodies and community partners to tailor delivery and reach.
Make it practical and encouraging	Your role is to demystify AI, show what’s possible, and lower the barrier to trying – not to overwhelm with tech detail.
Focus on what AI unlocks	Frame AI as a ‘talent multiplier’ – a tool that helps SMEs look more professional, punch above their weight, and spend more time doing what they’re best at.