Business Digital Capability

Annual Report

May 2026

Rangahau Aotearoa
Research New Zealand

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

ABOUT THIS REPORT

This report, titled Business Digital Capability, is the **third** in a series of Business Health and Digital Monitor reports prepared for the Ministry of Business, Employment & Innovation in April-May 2026 by Research New Zealand (Rangahau Aotearoa).

The reports are as follows:

- Business Motivations, Short-term Goals and Barriers
- Business Health and Wellbeing
- Business Digital Capability

This research is based on a survey completed with business owners and senior managers responsible for businesses

The survey was completed between October and November 2025

It is based on online interviews completed with 2,508 business owners and senior managers; representative in terms of industry category, size and region

THIS REPORT CONSISTS OF FOUR SECTIONS

1. The current digital landscape

In this section, respondents are asked to identify what digital tools their business is currently using and considers ‘essential’ for internal use (i.e., to run and operate their business), as well as for external use (i.e., sell or market its products or services).

2. The current use of AI tools

In this section, respondents are specifically asked about their use of AI tools.

3. The future use of digital and online tools

In this section, respondents are asked about whether they have any plans to make greater use of digital and online tools.

4. Barriers to using/ increasing use of digital and online tools

In this section, respondents are asked about their concerns and, therefore, the barriers to them using or increasing their use of digital and online tools.

KEY INSIGHTS

Current use of digital and online tools

More respondents reported using these tools for internal rather than for external purposes (99% and 73% respectively)

Significant percentages of respondents reported their use did not help them save costs. Where savings were reported, they were typically less than 10%.

Off-setting this, 56% of respondents using digital and online tools for external purposes, stated that they helped generate some of their current revenue/turnover/sales (most frequently, up to 10%).

Future use of digital and online tools

One-in-two have an interest in making greater use of digital tools or being online in the future (51%)

Respondents typically identified an interest in using ‘additional’ tools for external purposes.

The additional external tools most frequently identified included “search engine optimization/search terms” (27%), “online advertising or targeting” (25%), “a website, including payment facility” (18%) and “digital marketing or social media management tool” (18%).

Supporting online use

Respondents identified a broad range of supports to help them better understand the benefits of using digital and online tools

These include “short online courses” (52%), “quick start guides” (49%) and “easy to read articles” (43%). In addition, there was interest in having “access to digital expertise and advice” (51%).

This would help them overcome perceived barriers, including a belief that there would be a low return on their investment (25%), they cannot afford the likely cost in the first instance (22%), they lack the necessary skills (21%), and the fact that they do not believe they have the ability to select the right tools (21%).

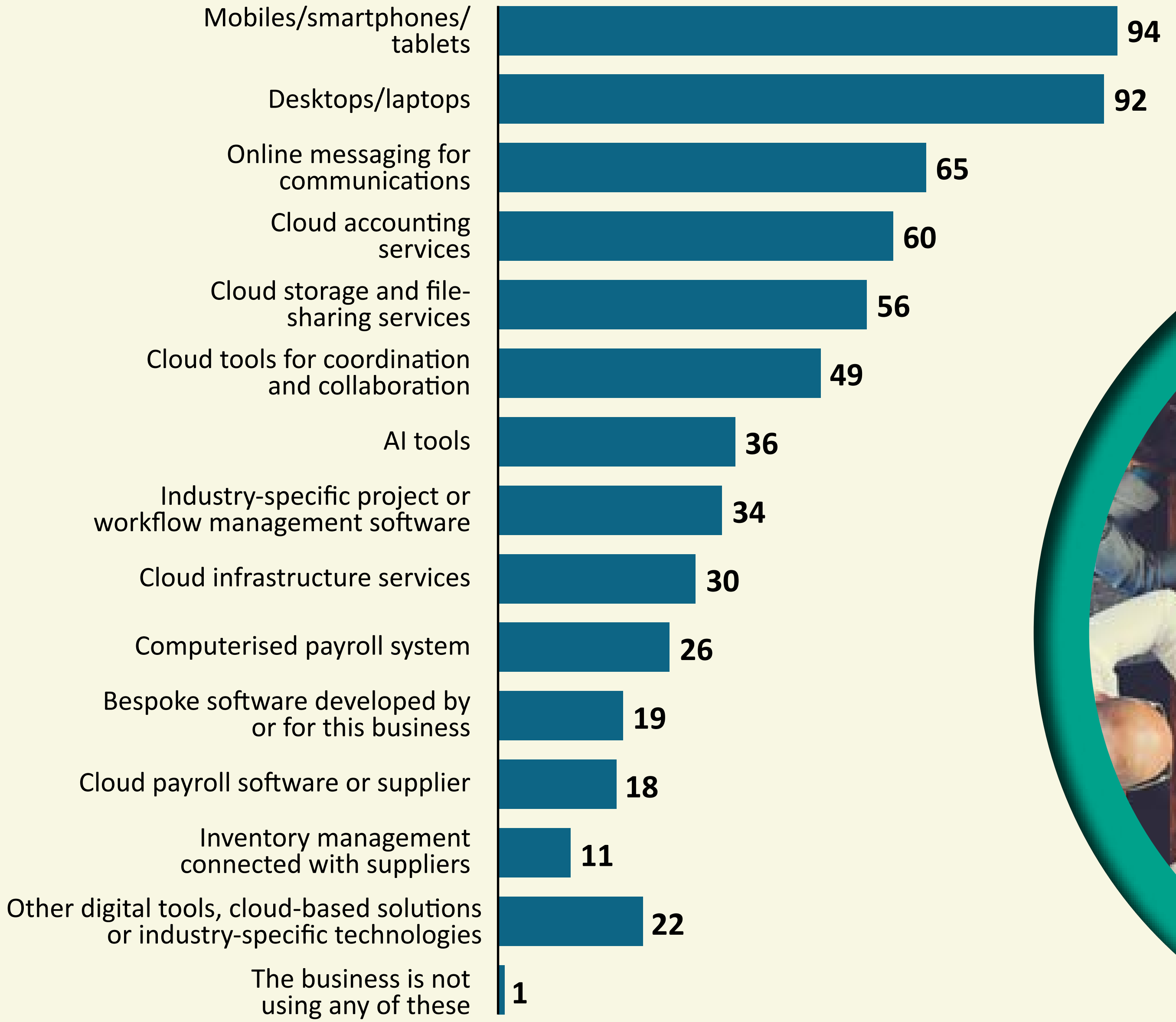
The current digital landscape

There is almost universal use of mobiles, smartphones and tablets, as well as desktops and laptops for internal use

In the survey, a distinction was made between the **internal** and **external** use of digital and online tools. In both cases, respondents were provided with a list of digital and online tools and asked to identify the tools they were using and considered ‘**essential**’ to help run and operate their business/sell or market their products or services.

In terms of helping to ‘**run and operate their business**’, there was almost universal use of “mobiles, smartphones and tablets” (94%) and “desktops and laptops” (92%). Just 1% of respondents stated their business was **not** using any digital and online tools.

Figure: 1 **Current use of digital and online tools for internal purposes (%)**



Q. Which of the following digital and online tools does **your business currently use** and consider to be **essential** to **run and operate** its business? (n=2,380)

In general, respondents operating larger businesses (20+ employees), those in Auckland, and younger and middle-aged respondents (18-54) were **more likely** to have adopted digital and online tools for internal purposes. This was also the case for those who are growth-focused rather than maintenance-oriented.

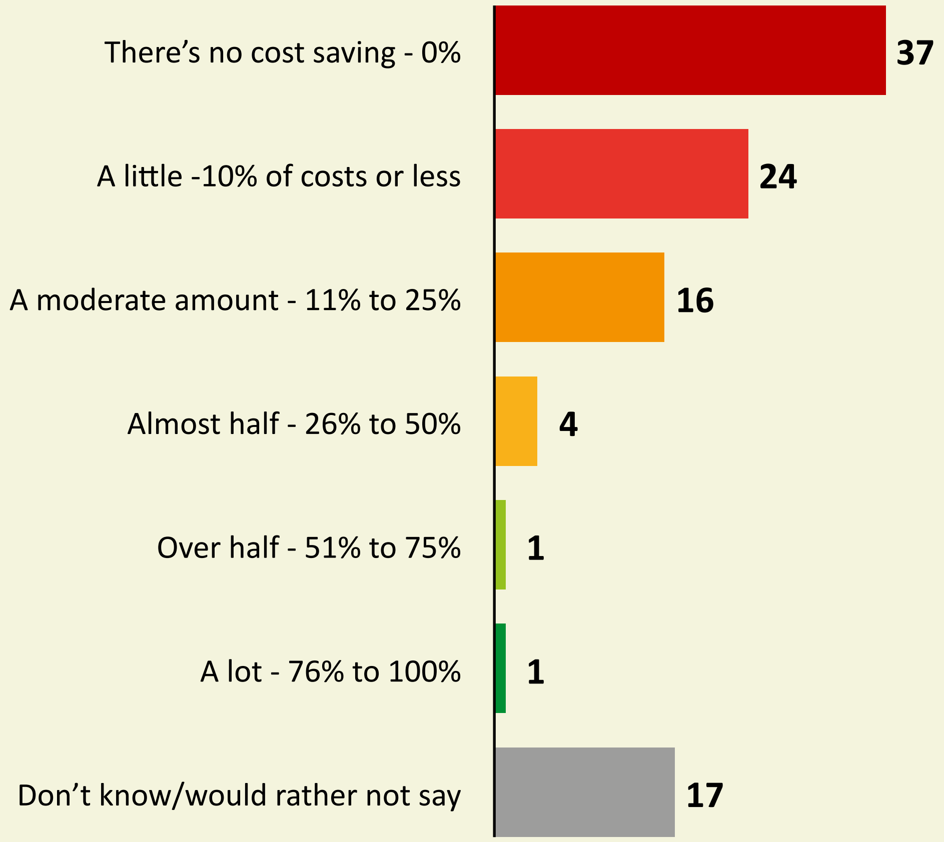
Few businesses believe they are making significant cost savings with the internal use of digital and online tools

To help understand the ‘value’ that respondents placed on using digital and online tools for internal purposes, they were asked to quantify how much their business was saving as a result of using these digital tools. Over one-third believed there is **no** cost saving (37%) and 17% “didn’t know” what they are saving.

Most other respondents stated there is “little” saving (10% or less) or only a “moderate” saving (between 11-25%).

The exception to this is respondents operating small-medium-sized businesses (2-19 employees), who were **more likely** to state that the digital and online tools they are using for internal purposes have helped them make “moderate” savings.

Figure: 2 **Opinions about cost-savings as a result of using digital and online tools for internal purposes (%)**



Q. Thinking about what you’ve identified in the previous question as essential digital and online tools, how much of the costs of running and operating your business do you think you’re saving? (n=2,347)

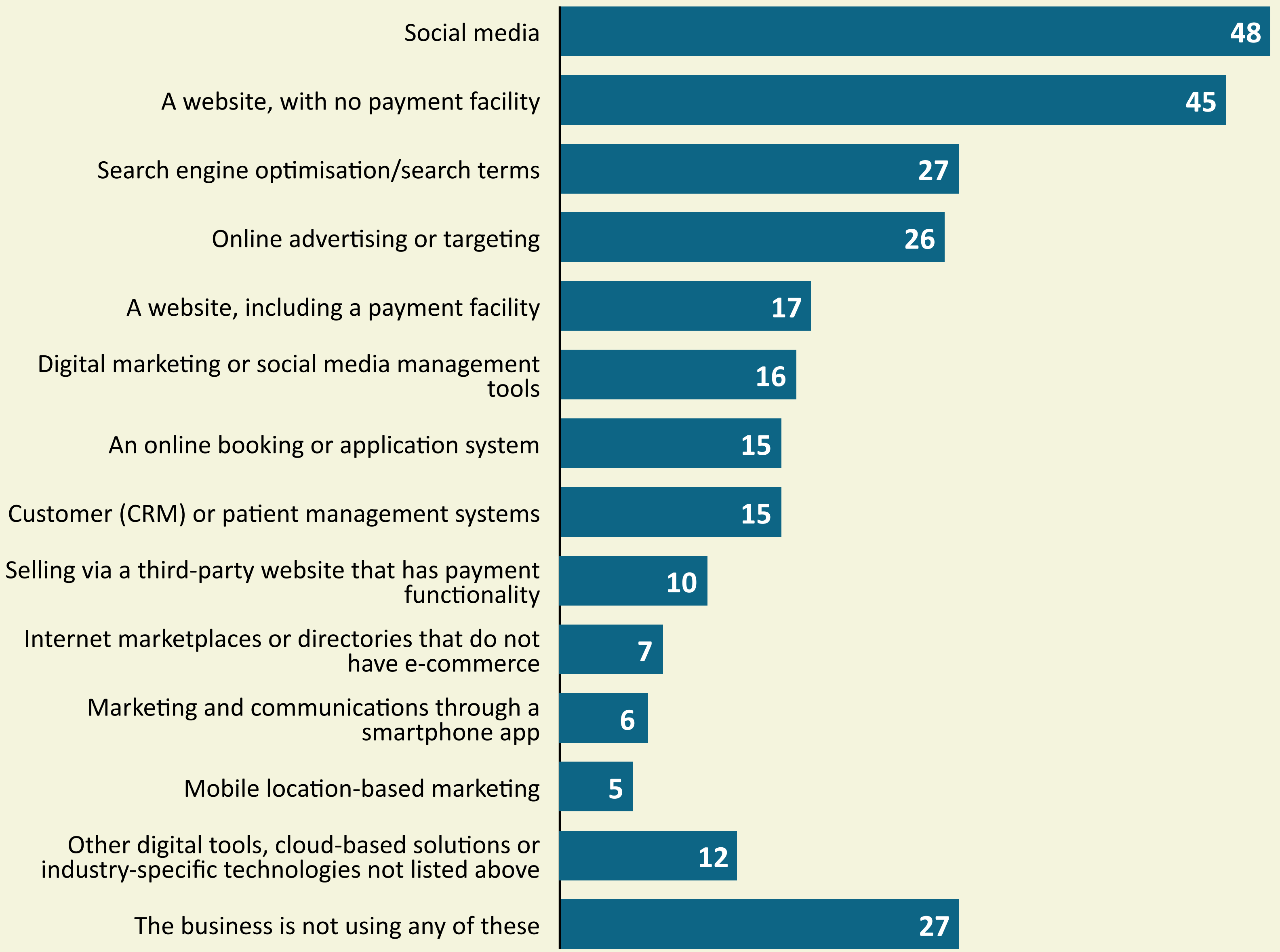
Fewer businesses are making use of digital and online tools for external purposes

Fewer than one-half of respondents stated their business was making use of any of the tools for '**selling and marketing their business's products and services**', with the tools that were identified most frequently in this regard being "social media" (48%) and "a website, with no payment facility" (45%).

Over one-quarter stated they were not using any tools for this purpose (27%).

Respondents currently operating larger businesses (20+ employees), those with businesses in Auckland, and younger and middle-aged respondents (18-54) were more likely to have adopted digital and online tools for external purposes. This was also the case for those who are growth-focused rather than maintenance-oriented.

Figure: 3 **Current use of digital and online tools for external purposes (%)**



Q. And which, if any of the following does your **business currently use** and consider to be essential for **selling/marketing its products or services**? (n=2,350)

Some tools are now being used and being considered essential by a higher percentage of respondents than was the case in 2023. For example, “social media” was 37% and is now 48%; “online advertising” was 18% and is now 26%; and “digital marketing” was 12% and is now 16%.

Relatively few businesses believe they are making significant cost savings as a result of using these types of tools to sell and market their products and services

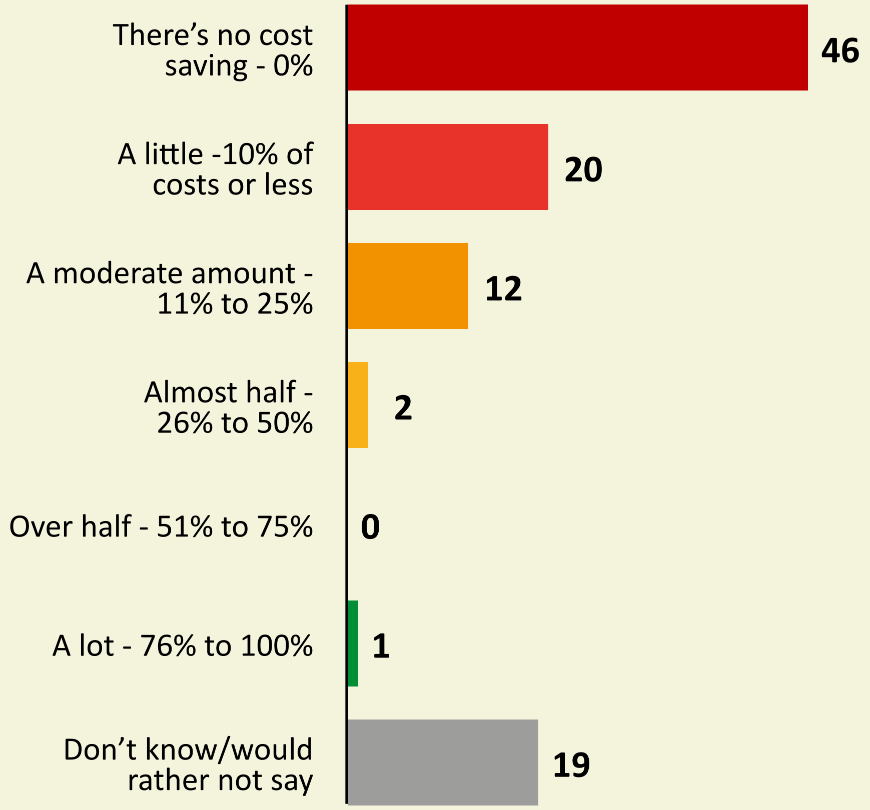
As was the case with respondents’ use of digital and online tools for internal purposes, they were asked to quantify how much their business is saving as a result of using these tools for external purpose. Almost one-half believed there is **no** cost saving (46%); significantly higher than the percentage who believed they are not saving any costs via the internal use of digital and online tools.

Furthermore, 19% “didn’t know” what they are saving.

Most other respondents (32%) stated there is “little” saving (10% or less) or only a “moderate” saving (between 11-25%).

As is the case in relation to the ‘value’ placed on the use of digital and online tools for internal purposes, the exception to this is respondents operating small-medium-sized businesses (2-19 employees), who were **more likely** to state that the digital and online tools are helping them make “moderate” savings.

Figure: 4 **Opinions about cost-savings as a result of using digital and online tools for external purposes (%)**



Q. Thinking about what you’ve identified as essential digital and online tools in the previous question, how much of the costs of selling and marketing your business’s products and services do you think you’re saving? (n=1,836)

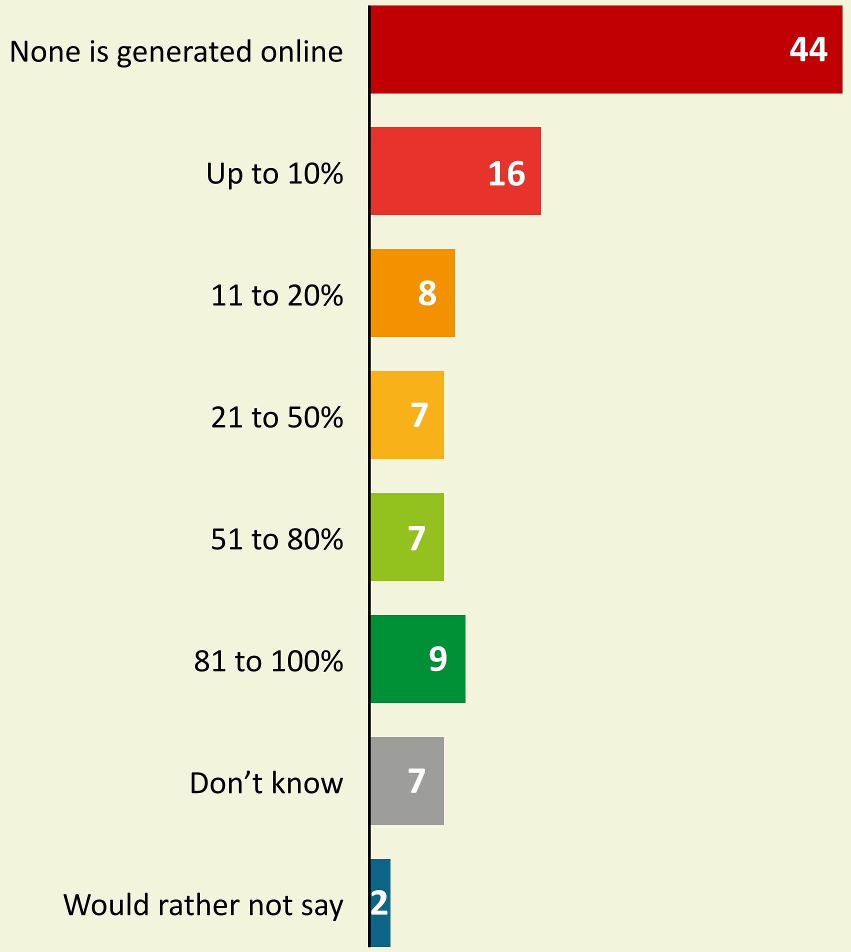
A little over one-half of businesses currently generate their revenue online

To help place the previous results into perspective, respondents were asked to indicate what percentage of their business's current revenue/turnover/sales is currently generated online.

Most frequently, respondents stated that none was generated online (44%) or "up to 10%" (16%).

Respondents operating medium to larger sized businesses (6+ employees) were **more likely** to provide higher percentages.

Figure: 5 **Percentage of revenue currently generated online (%)**



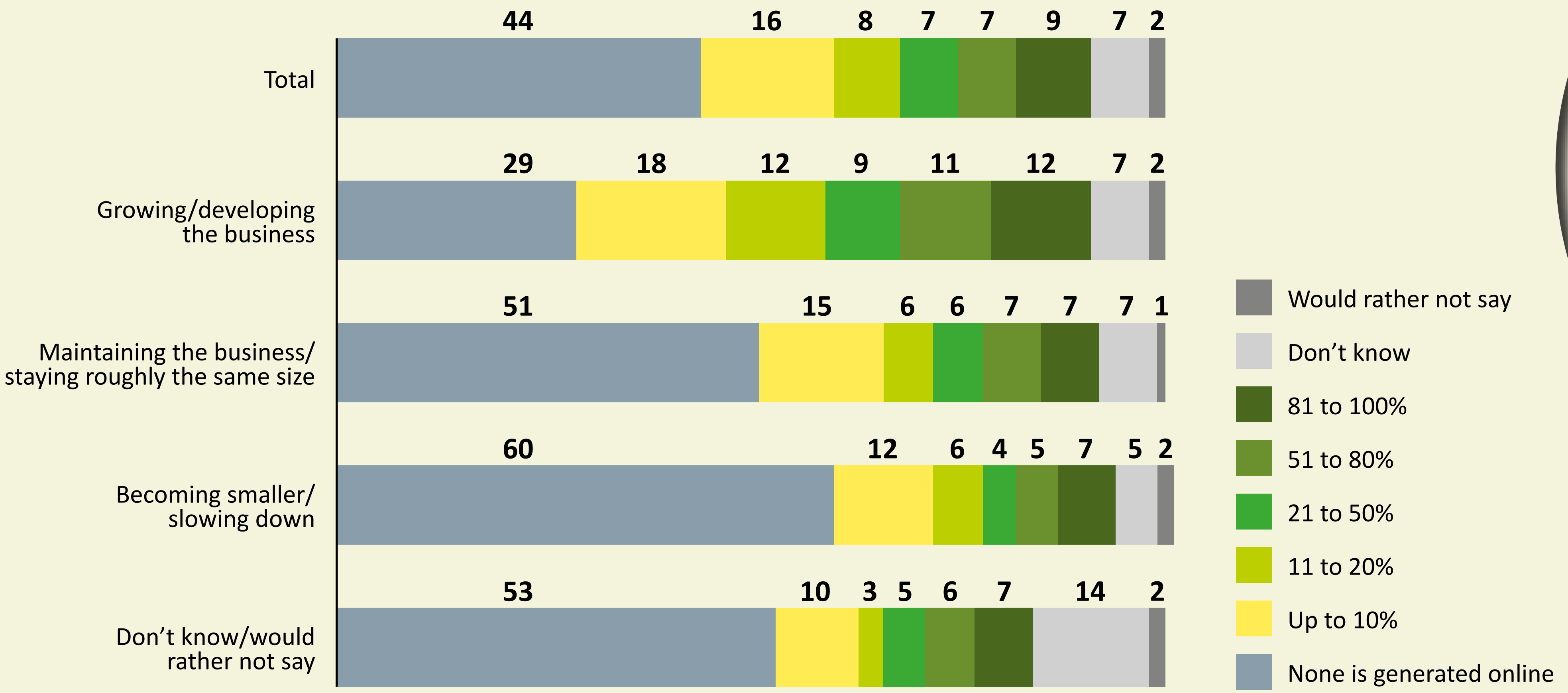
Q. Thinking about your current use of digital and online tools, about what percentage of your business's revenue/turnover/sales is currently generated online, if any? (n=2,340)

Businesses that are growth-oriented, generate more of their revenue/turnover/ sales online

While a relatively small percentage of respondents stated that more than one-half of their current revenue/turnover/ sales is generated online (16%), this is significantly higher for those who are growth-focused (23%).

This is almost double that of the percentage of respondents who are maintenance-focused (14%) and of those whose objective is to become smaller (12%).

Figure: 6 **Percentage of revenue currently generated online by short-term business focus (%)**



Q. Thinking about your current use of digital and online tools, about what percentage of your business's revenue/turnover/sales is currently generated online, if any? (n=2,024)

Q. Is your current focus on … growing/developing the business, maintaining the business/ staying roughly the same size, becoming smaller/slowing down, or closing? (n=2,024)

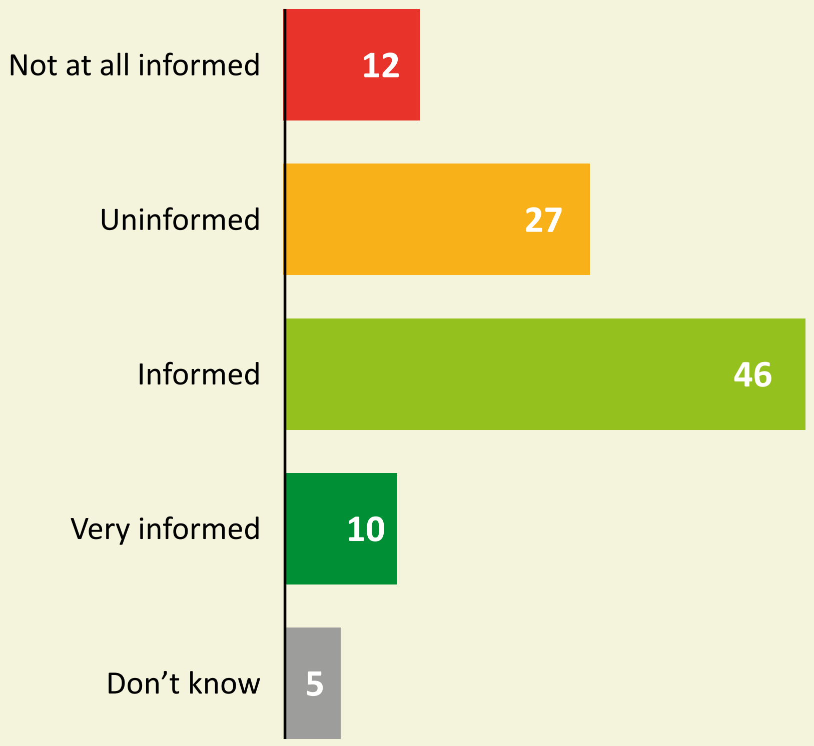
The current use of AI tools

One-in-every two business owners believe themselves reasonably informed about how AI could benefit their business

Before respondents were asked about their use of AI tools, they were asked about how informed they felt they were about how AI tools could benefit their business. A little over one-half believed themselves to be reasonably informed (56%), although only 10% stated they felt “very informed”.

Reflecting the results in the previous section about the use of digital and online tools for internal and external purposes, respondents operating larger businesses (20+ employees), those with businesses in Auckland, and younger and middle-aged respondents (18-54) were **more likely** to believe themselves informed about how AI could benefit their business. This was also the case for those who are growth-focused rather than maintenance-oriented.

Figure: 7 **Opinions about how informed AI tools could benefit business (%)**



Q. Thinking specifically about AI tools. Which one of the following best describes how informed you currently are about how these tools could benefit your business? (n=2,291)

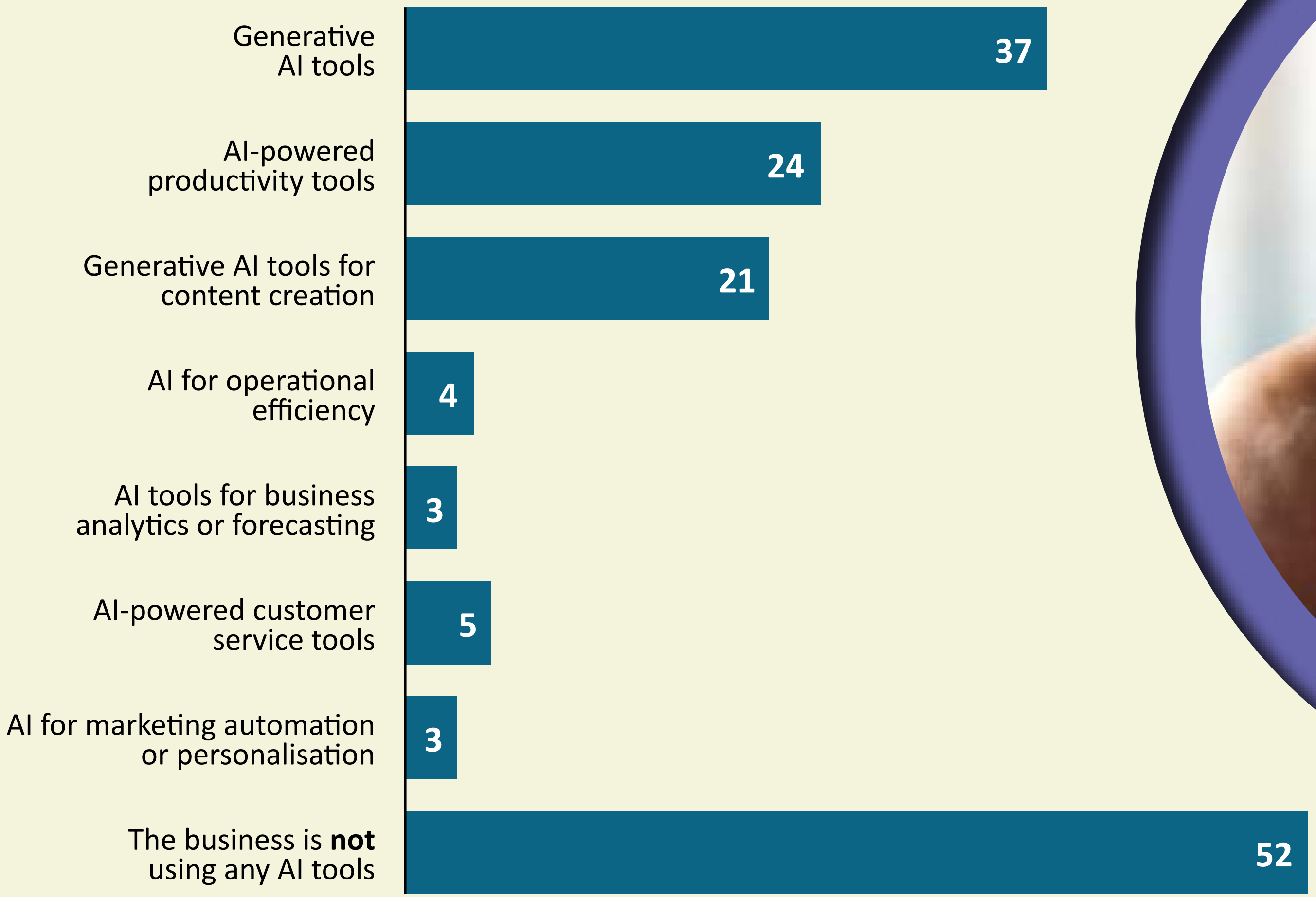
One-in-every two business owners are currently using AI tools in their business

Having established how informed respondents felt they were about how AI tools could benefit their business, they were asked to identify the AI tools their business is currently using. Most frequently, respondents stated they are currently using three types of AI tools:

- "Generative AI tools (e.g., ChatGPT, Perplexity)" (37%).
- "AI-powered productivity tools (e.g., Microsoft Copilot, Grammarly)" (24%).
- "Generative AI tools for content creation" (21%).

As is the case in relation to the use of digital and online tools for internal and external purposes, respondents operating larger businesses (20+ employees), those with businesses in Auckland, and middle-aged and younger respondents (18-54) were more likely to be using AI tools. This was also the case for those who are growth-focused rather than maintenance-oriented.

Figure: 8 **Current use of AI tools (%)**



Q. Just confirming, which of the following AI tools, if any, is your business currently using? (n=2,288)

Future use of digital and online tools

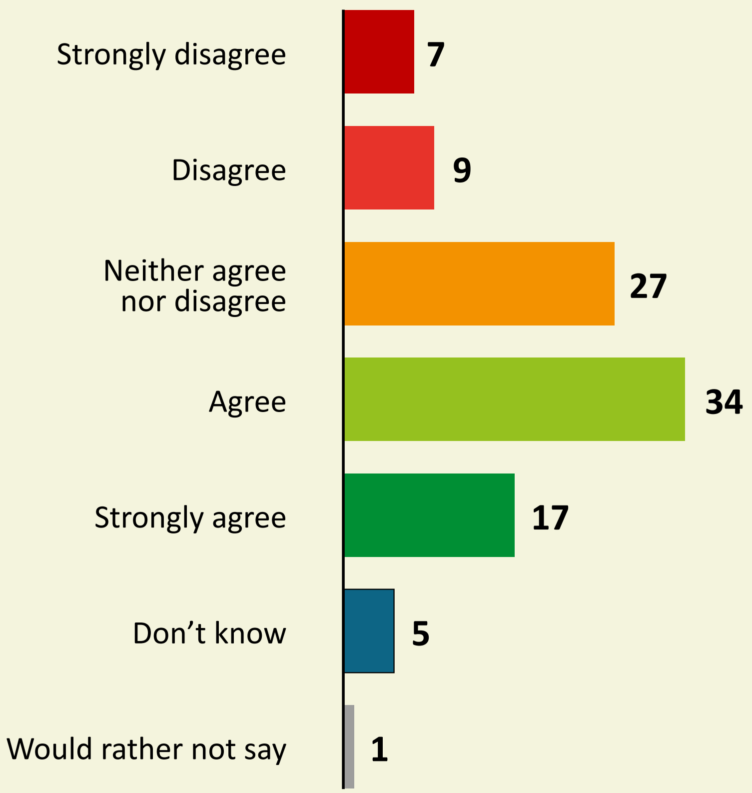
While some businesses are interested in making greater use of digital tools or being online in the future, others are not or are indifferent

Respondents were asked to indicate whether they agreed or disagreed that their business would benefit from making greater use of digital tools or being online. One-half agreed that their business would benefit (51%) and while relatively few disagreed (16%), many were indifferent, neither agreeing nor disagreeing (27%).

As is the case in relation to the current use of digital and online tools, respondents operating medium-sized businesses (6-19 respondents), and younger and middle-aged respondents (18-54) were more likely to agree that their business would benefit. This is also the case for those who are growth-focused rather than maintenance-oriented.

In 2023, similar percentages of respondents agreed or disagreed that their business would benefit from making greater use of digital tools or being online. For example, the percentage agreeing was 50%, the percentage disagreeing was 17% and the percentage who were indifferent was 29%.

Figure: 9 **Interest in making greater use of digital and online tools in the future (%)**



Q. How much do you agree or disagree that this business would benefit from making greater use of digital tools or being more online? (n=2,315)

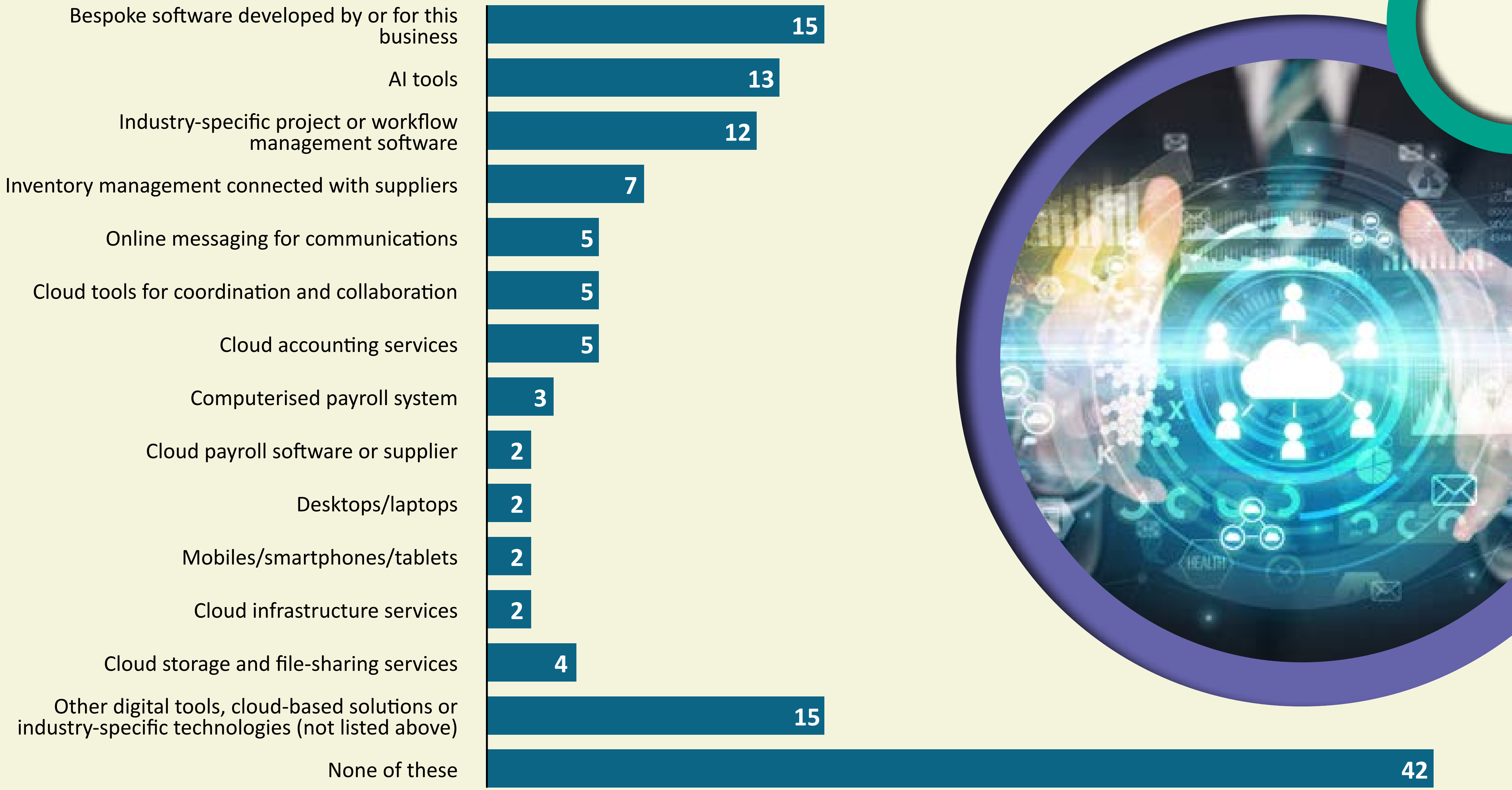
Interest in using additional digital and online tools in the future for internal purposes appears focused on customised tools

Respondents who agreed that their business might benefit from making greater use of digital and online tools, were asked to identify which tools these were from a list (excluding those that they are currently using). As for their current use of digital and online tools, a distinction was made between tools for internal and external purposes.

The 'additional' tools that were most frequently identified for **internal purposes** included "bespoke software developed by or for their business" (15%), "AI tools" (13%) and "industry-specific project or workflow management software" (12%).

Almost one-half (42%) categorically stated that **none** were of interest.

Figure: 10 **Interest in using specific digital and online tools for internal purposes in the future (%)**



Q. Thinking again about running and operating your business, which additional digital and online tools, if any, do you believe would be beneficial for this? This is aside from the digital tools you currently use and identified previously as being essential. (n=1,222)

Interest in using additional digital and online tools in the future for external purposes is greater than interest in using these tools for internal purposes

A greater range of 'additional' tools was identified for **external purposes** than was identified for internal purposes. However, this is because digital and online tools have been adopted for internal purposes to a far greater extent already.

The additional external tools most frequently identified included "search engine optimization/search terms" (27%), "online advertising or targeting" (25%), "a website, including payment facility" (18%) and "digital marketing or social media management tool" (18%).

Significantly fewer categorically stated they were **not** interested in any of the tools (26%) than was the case when respondents were asked about their interest in additional tools for internal purposes (42%).

Interest in these additional tools is greatest amongst those operating medium-sized businesses (6-19 respondents), and middle-aged respondents (35-54). This was also the case for those who are growth-focused rather than maintenance-oriented.

Figure: 11 **Interest in using specific digital and online tools for external purposes in the future (%)**

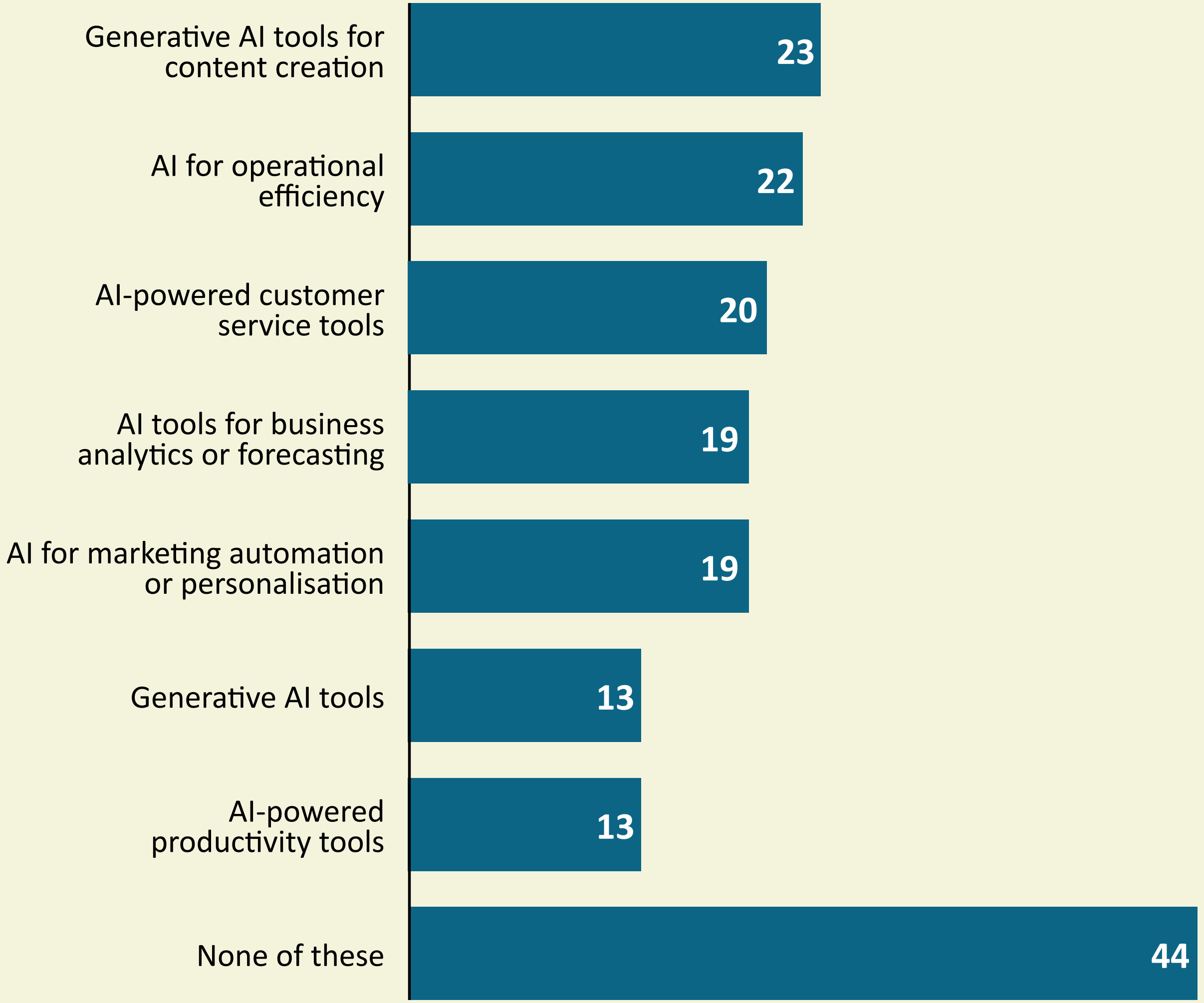
Q. Thinking again about selling and marketing your business's products and services, which additional digital and online tools, if any, do you believe would be beneficial for this? This is aside from the digital tools you currently use and identified previously as being essential. (n=1,214)

Interest in using AI tools in the future is relatively modest

As noted earlier, 52% of respondents stated their business is currently using AI tools. Focusing on these types of tools, all respondents were asked to identify which of these they might benefit from in the future. While there is a relatively broad level of interest across the range of tools, 44% of respondents categorically stated that there were no AI tools that they might benefit from in the future.

Respondents operating small-medium-sized businesses (2-19 employees), those with businesses in Auckland, and younger and middle aged respondents (18-54) were **more likely** to indicate an interest in the future use of AI tools.

Figure: 12 **Interest in using AI tools in the future (%)**



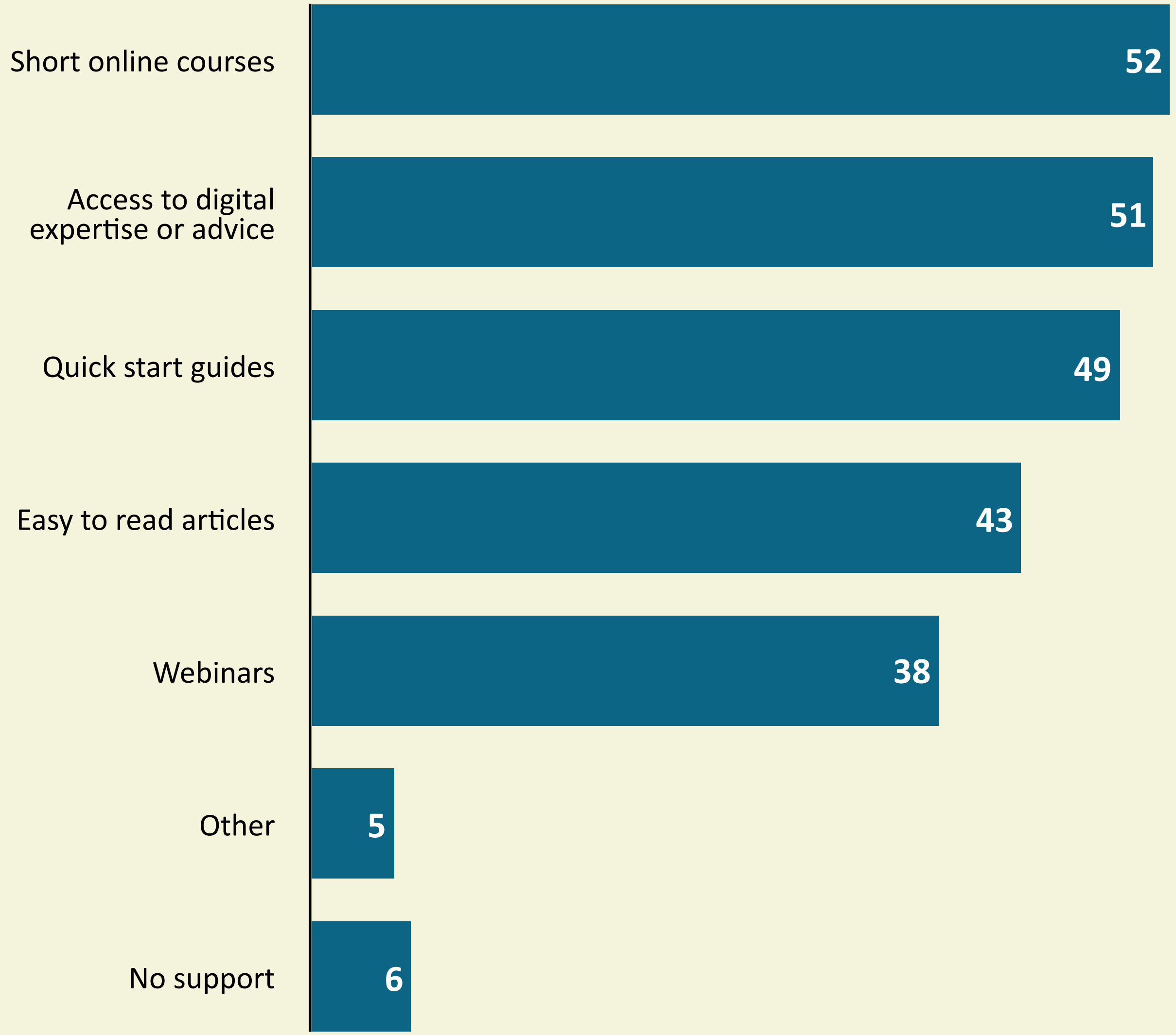
Q. And which, if any, of these tools do you think your business could benefit from in the future? (n=2,283)

A broad range of quick-reference supports would help the adoption of AI tools

Respondents whose businesses were currently using AI tools, as well as those who indicated an interest in using them in the future, were asked what type of support would make the adoption of these tools ‘easier for them’. There was interest in a broad range of supports, including “short online courses” (52%), “quick start guides” (49%) and “easy to read articles” (43%).

In addition, there was interest in having “access to digital expertise and advice” (51%).

Figure: 13 **Support that would help AI tool adoption (%)**



Q. What kind of support would make AI adoption easier for you? (n=1,428)

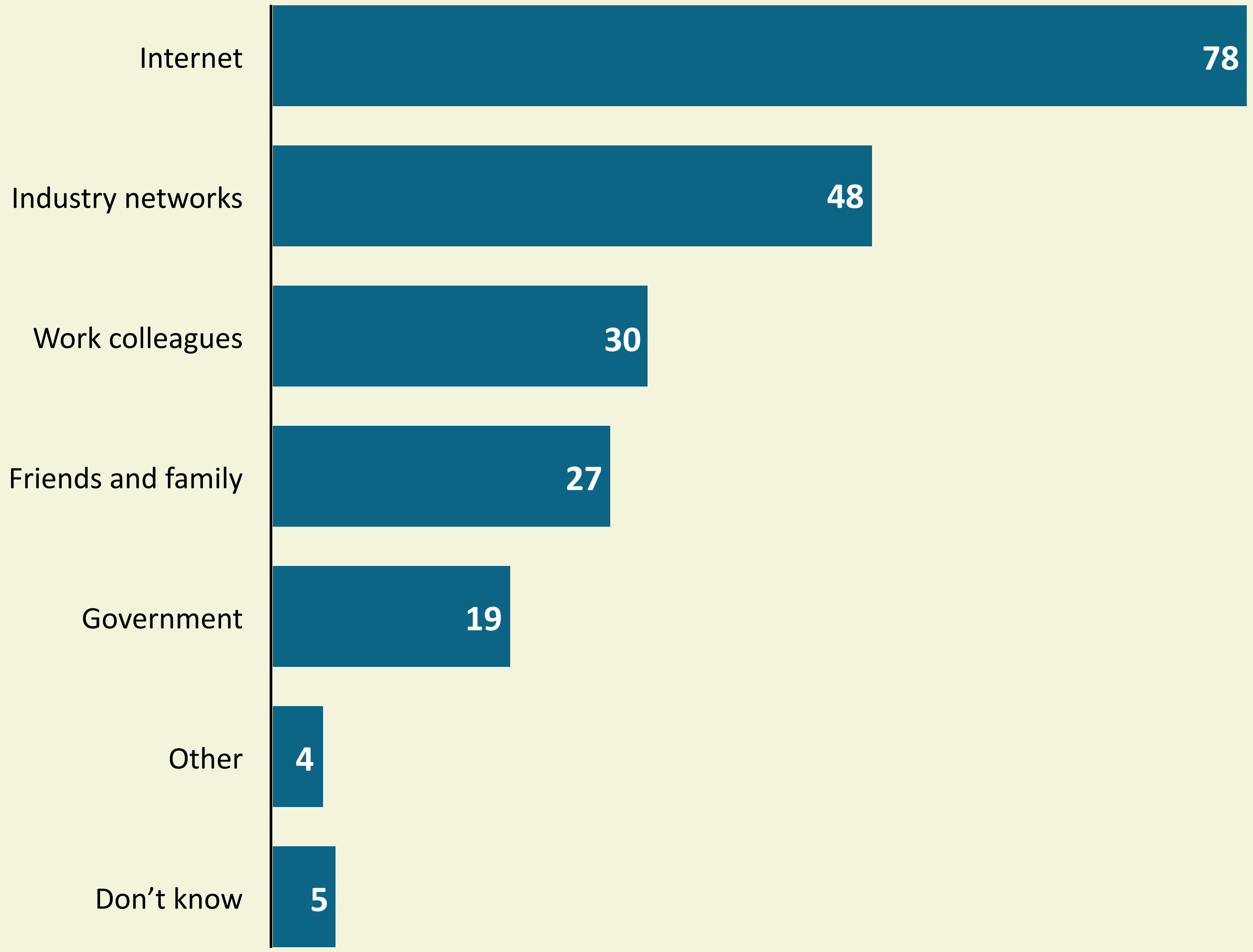
Government is less likely to be referred to for support compared with other sources

Respondents whose businesses were currently using AI tools, as well as those who indicated an interest in doing so in the future, were also asked to indicate where they would seek support to make their adoption of AI easier.

Most stated they would refer to the internet for support (78%) to make their adoption of AI easier. Fewer, but not insignificant percentages also said they would refer to "industry networks" (48%), "work colleagues" (30%) and "friends and family" (27%).

In comparison, 19% stated they would refer to government.

Figure: 14 **Sources of support for AI tool adoption (%)**



Q. And which of the following would you use to learn about new technologies like AI? (n=1,428)

Barriers to using/increasing use of digital tools

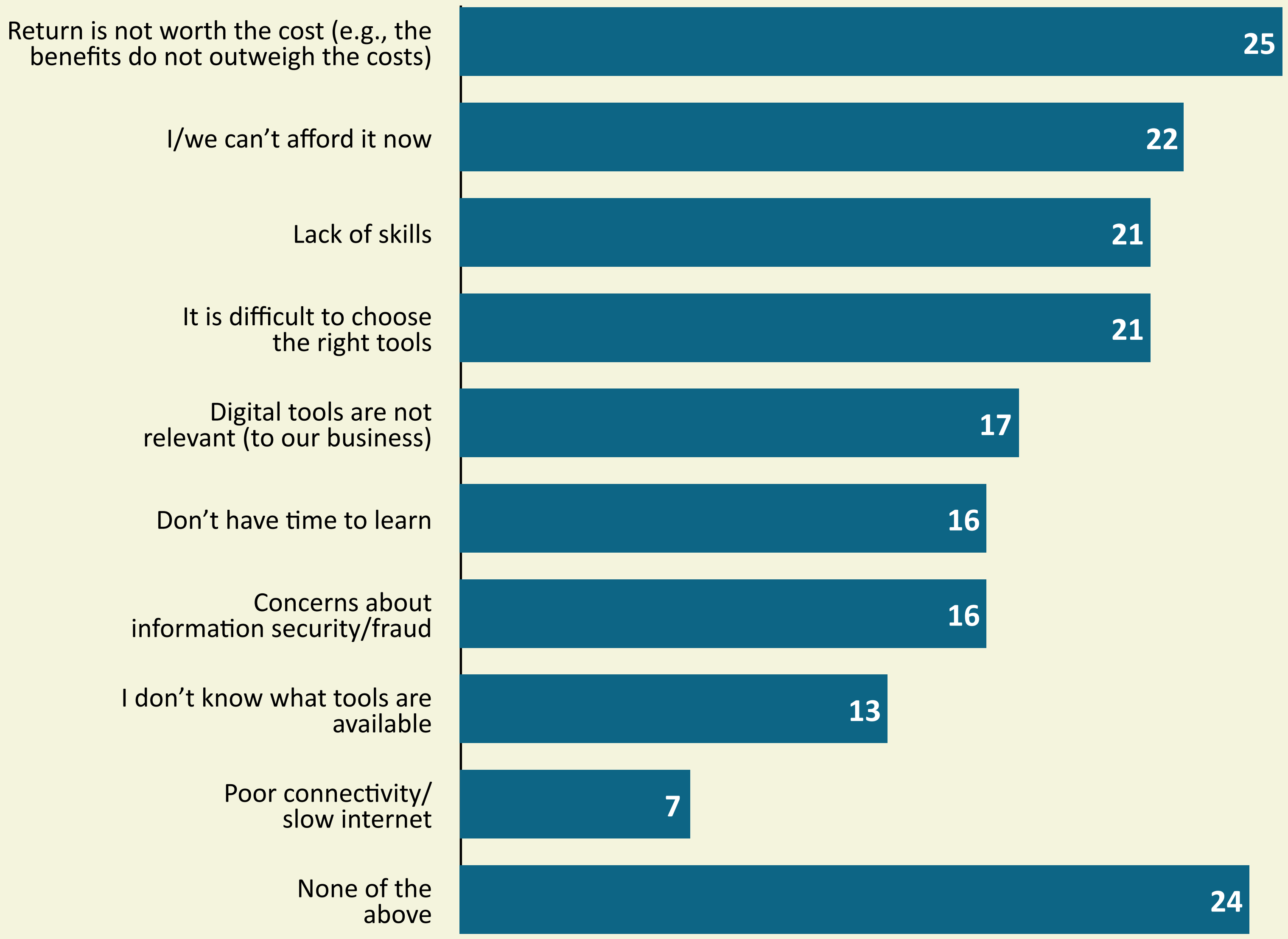
A combination of reasons are given by businesses for not making use or greater use of digital and online tools

When respondents were asked what stopped them making use or greater use of digital and online tools, they stated it is for a combination of inter-related reasons, including a belief:

- that there would be a low return on their investment (25%),
- they cannot afford the likely cost in the first instance (22%),
- they lack the necessary skills (21%), and
- they do not believe they have the ability to select the right tools (21%).

Younger and middle aged respondents (18-54) were **more likely** to state that they cannot afford the likely cost of these tools, and respondents operating medium-sized businesses were **more likely** to state they do not believe they have the ability to select the right tools and know what is available in the first instance. This was also the case for those who are growth-focused rather than maintenance-oriented.

Figure: 15 **Reasons for not making use or greater use of digital and online tools (%)**



Q. Which if any, of the following stops your business from making greater use of digital tools or being more online? (n=2,235)

One-third of businesses concerned about information security and fraud state they keep-up-to-date with cybersecurity measures and tools

As noted, 16% of respondents specifically stated they have concerns about information security and fraud which stop them making use or greater use of digital and online tools. As background to this, one-half of these respondents (46% or approximately 8% of all respondents) had experienced some type of breach; most frequently, “phishing”).

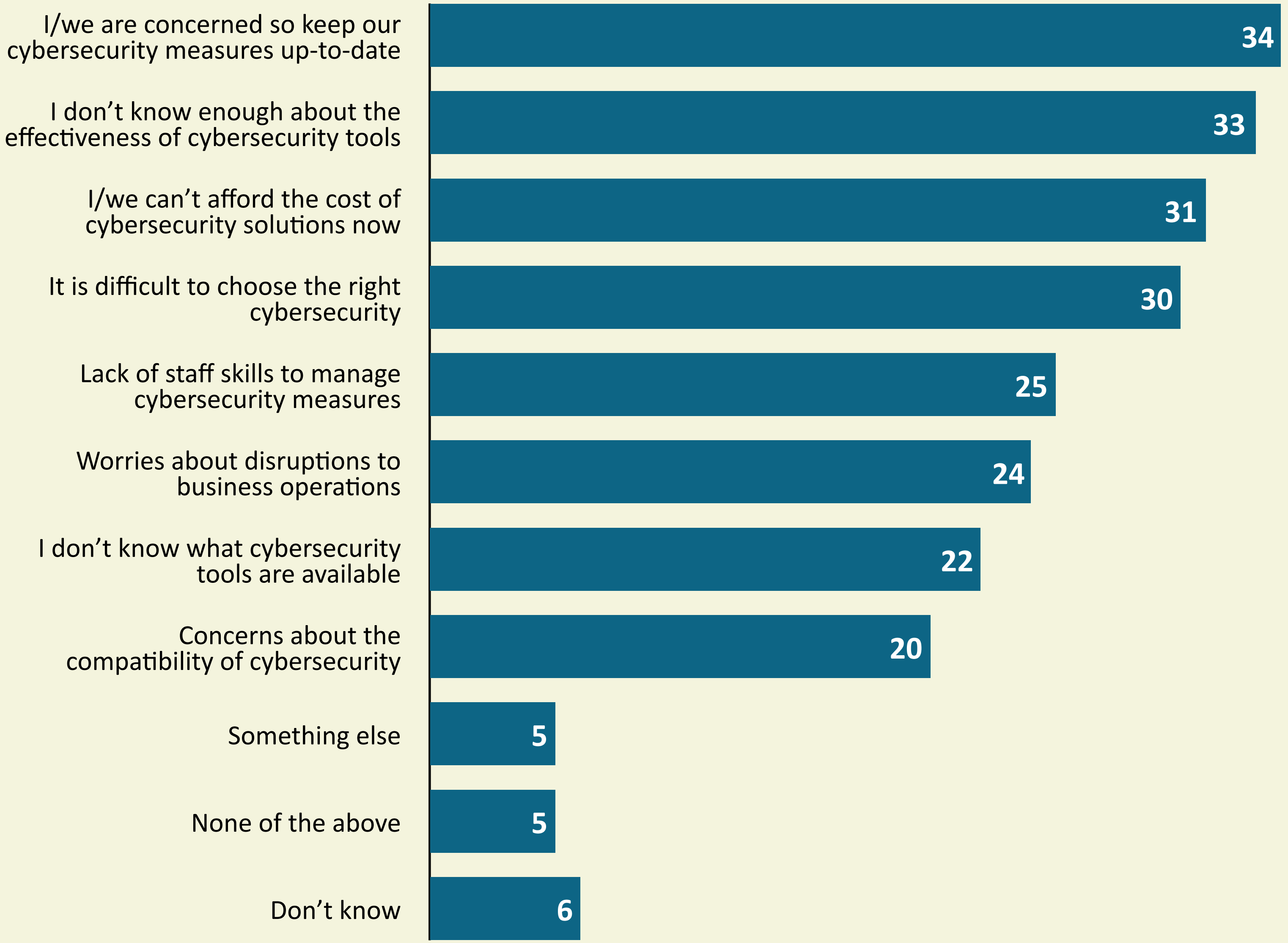
These respondents were asked which, if any, barriers stopped their business adopting cybersecurity measures or tools.

One-third of respondents (34%) stated that they already had cybersecurity measures in place, and these were up-to-date. Reflecting the results to the earlier question about the reasons stopping respondents making use or greater use of cybersecurity measures, these respondents also highlighted concerns about:

- their effectiveness (33%),
- the possible expense of these measures (31%), and
- concerns about whether they would select the right measures (30%).

Also mentioned in this regard was the fact that they did not know what measures were available (22%).

Figure: 16 **Concerns about information security and fraud (%)**



Q. Considering your concerns about information and security which, if any, of the following are barriers to this business adopting **cybersecurity measures/tools**? (n=377)

Some reasons for not making use of or greater use of digital and online tools persist

In the current survey, respondents were asked to identify what stopped them making use of or greater use of digital and online tools in a different way than was the case in the 2023 survey; therefore, direct numerical comparisons are not possible.

However, it would appear that some reasons continue to persist. For example, 28% of respondents in the 2023 survey resisted from making use of or greater use of digital and online tools because they were not convinced with the return on their investment and this is currently a concern provided by 25% of respondents. Similarly, 29% of respondents in the 2023 survey stated they lacked the necessary skills, and this is now slightly lower at 21%.

In comparison, fewer respondents than in the 2023 survey are now giving some of the other reasons as to why they are not making use of or greater use of digital and online tools. For example, fewer are saying they cannot afford the likely cost in the first instance (22% now compared with 34% in 2023); they do not have the time to learn (17% now compared with 34% in 2023).

The biggest difference appears to be in relation to information security and fraud. In the 2023 survey, 49% stated they were concerned about this compared with 16% in the current survey.

Appendix

Method

The sample of businesses used for the Business Health and Digital Monitor in 2025 came from previous surveys conducted for MBIE including the B4B Business Monitor, the B4B Business Health and Digital Monitor, and the Digital Boost research. All these surveys had ‘repeat’ respondents who had agreed to be recontacted for a follow-up survey. As such, very new businesses were not included in the survey.

Respondents were invited in a way to fill pre-set quotas based on **business size and industry category**. This ensured that the achieved sample would be representative of all New Zealand businesses.

Respondents were primarily business owners (and some managers).

All interviewing was completed **online**.

Although quotas were set on the basis of business size and industry category, the achieved sample was weighted by business size and industry to ensure it is **representative** of the New Zealand business population. The weighting parameters were sourced from Statistics New Zealand’s ‘Enterprises, geographic units, and employee count’, tables by industry (ANZSIC06) as at February 2025.

Although geographic region was not used to set quotas against, the profiles of the unweighted and weighted samples are very similar in terms of this characteristic.

Results based on the total weighted sample of n=2,508 are subject to a maximum margin of error of +/- 2.8% (at the 95% confidence level). This means that when interpreting the results based on this total sample, differences of more than 3% should be considered **statistically significant**.