Conditions for channel shift behaviours and simplification in business individuals' and small businesses' online interactions with government

Summary of Key Findings and Recommendations, March 2016

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Further information on this research, including an electronic copy of the full research report, can be found on the VUW Chair in Digital Government website at http://e-government.vuw.ac.nz

Summary of key findings and recommendations

Key recommendations

- Although most small businesses participating in this research are willing to shift from traditional channels to online channels, the current way in which online channels are used in interactions with government is not sufficient to make it easier for these businesses: the administrative complexities experienced by the research participants are not so much a channel or technology issue, and need to be treated differently therefore.
- Government agencies need to design their (online) channel strategy and relationships more with the business customer in mind and, preferably, in close collaboration with the business community. The following requirements for online channels were identified as critical conditions for small businesses to prefer online channels over traditional channels:

  o *Having functionalities that meet the needs of business customers*, such as online access to an expert staff member (e.g. via online chat), quick online response times and creating more options for raising non-standard issues (with restrictions on automated responses);
  o *User-centric design and navigation of websites*, including more user-friendly online systems, step-by-step instructions and improved guidelines around changes in policy and regulations;
  o *Availability of end-to-end online services*, including solutions around online government responses, the use of digital signatures and better Internet access in rural areas; and
  o *Better integration of services and increased information-sharing*, including consistency across multiple channels and the re-use of non-sensitive information in integrated service provision.

- Social media channels targeting business clients were hardly used or not used at all by the research participants, which may point towards a low return-on-investment for government agencies needing to manage and maintain these channels for only a small proportion of their customers.

Key findings

Channel use in the last 12 months

- In the last 12 months, business individuals and small businesses participating in this research had used a range of online and traditional channels to interact with government agencies. The most popular channels were online channels: 86 percent of the research participants had used a website and 70 percent had used e-mail in their interactions with government agencies. One third of the participants (33%) had used RealMe in the past year.
- Traditional channels were also quite popular amongst the research participants: 65 percent had used the telephone, followed by the use of regular mail or fax by 42 percent of the respondents; 21 percent had used face-to-face interaction with government.
- Other existing online channels were much less popular in the last 12 months, with apps used by 6.1 percent of the respondents and SMS/texting by 4.9 percent.
- Only a very small proportion of the participants had used social media channels: Google+ (2.9%), Twitter (1.3%) and LinkedIn (1.3%) were the most popular social media channels amongst participants, followed by YouTube (0.8%) and Facebook (0.4%).

- The majority of participants had used between two and five different channels in their dealings with government, with the highest number of participants using three or four different channels.
- Participants had used a large variety in channel combinations to interact with government in the past 12 months. The large majority of these channel combinations involved both online and traditional channels.
- A significant trend can be observed amongst the survey participants of the larger the size of the small business, the more traditional channels like telephone, regular mail and face-to-face were used for interacting with government.
- There were no significant findings for channel use by age group in this research.
- More than one third of the research participants (37%) had used a third party, such as a tax agent, for interacting with government agencies during the past 12 months.
- The use of a third party was dependent on the size of the small business, with small businesses who had employees being significantly more likely to use a third party in their dealings with government.
- Participants based in a rural area were significantly more likely to use regular mail in their interactions with government in the past 12 months (49%), compared to those based in an urban area (38%).

Frequency of channel use during the past 12 months

- The larger the business size, the more frequently they had used various channels to interact with government. Significant differences were found amongst the research participants for the use of Internet website channels, telephone, RealMe, regular mail and e-mail.
- The larger the size of the business, the more frequent use participants had made of face-to-face channels, telephone, e-mail, Internet website, or a third party to interact with government during the past 12 months.
- The frequency of using other channels was not much different for participants who had also used a third party in their dealings with government in the past 12 months, compared to those who had not used a third party. In general, participants who had used a third party, had used face-to-face channels more frequently in government interactions, compared to those who had not used a third party.

Activities through selected channels during the past 12 months

- The Internet website channel (32%) and telephone (26%) were the most popular channels for getting information from government agencies.
- 31 percent of the respondents who obtained the service they want/need, did so by using the Internet website channel. Telephone (19%) and e-mail (17%) were also often used for this activity.
- 35 percent of the respondents used the Internet website channel to return a completed form, followed by 22 percent who used regular mail and 18 percent who used e-mail to do so.
- Most respondents used the telephone for asking a question (38%). 26 percent used e-mail to do so.
- Of those participants who made an appointment in the last 12 months, 26 percent used e-mail and 25 percent used the telephone channel to do so.
- 33 percent of the respondents used the Internet website channel to register for receiving information or a service, followed by 23 percent who used e-mail to do so.
- Just over half of the research participants had used the Internet website channel to make a payment in the last 12 months (52%).

- 33 percent of the respondents used the Internet website channel to provide sensitive information, followed by 18 percent who used a third party to do so.
- The Internet website channel (34%) was the most popular channel for updating business-related information, followed by e-mail (16%) and the telephone channel (13%).
- The Internet website channel (37%) and e-mail (20%) were the most popular channels amongst participants for keeping a record of the transaction.
- Telephone (37%) and e-mail (29%) were mostly used by participants to make a complaint.
- Of those who participated in a public consultation in the last 12 months, 27 percent had used e-mail, 25 percent had used the Internet website channel and 17 percent had done so face-to-face.

Activities undertaken per channel during the past 12 months

- Not only was the Internet website channel the most popular channel for dealing with government amongst the respondents, it was also used for a variety of activities. For instance, 15 percent of the respondents used the Internet website channel to try and get information, to return a completed form or to make a payment.
- 16 percent of participants who used e-mail to interact with government did so to ask a question, whereas 14 percent of the respondents tried to get information and 13 percent returned a completed form.
- Most participants who used the telephone channel to interact with government, did so to ask a question (27%). Almost a quarter of the participants used telephone to try and get information (24%) and 15 percent to obtain the service they wanted/needed.
- Most participants used regular mail to return a completed form (33%).
- Most participants using face-to-face interactions with government did so to try and get information (16%), closely followed by participants who used this channel for asking a question (15%) or to obtain the service they wanted/needed (14%).
- 16 percent of the respondents used RealMe to update business-related information, whereas 14 percent of RealMe users did so to return a completed form or provide sensitive information.
- A third party was mostly used by participants in order to provide sensitive information to government agencies (19%). 16 percent of respondents who used a third party did so to return a completed form and 15 percent to update business-related information.

Respondents' most important reason to use a particular channel

- Convenience was the most important reason for most of the participants who had used the Internet website channel (41%). For 15 percent, saving time was the most important reason to do so and for 14 percent it was to find the information or service they were looking for.
- The most important reason for participants to use e-mail in their interactions with government was convenience (40%). 17 percent of the respondents most importantly used e-mail because it saved them time, and 9 percent because the process of service delivery was easier via this channel.
- For those respondents who had used the telephone channel, the most important reason to do so was to be able to directly contact an expert to discuss their needs (26%). 23 percent of the respondents had used this channel most importantly because it is convenient for them and 10 percent in order to save time.
- Respondents who had used regular mail to interact with government in the last 12 months, most importantly had done so because it is convenient for them (32%). The second most important reason mentioned by participants is that it is the only channel they could use (31%).

- For 40 percent of the RealMe users, the most important reason to do so was that this was the only channel they could use.
- The most important reason for respondents to use face-to-face interaction with government agencies during the past 12 months, was to be able to directly contact an expert to discuss their needs (21%), followed by getting better quality of service (14%) and convenience (11%).
- Almost half of the app users indicated convenience as the most important reason for using this channel in government interactions (48%).
- The most important reason for participants to use SMS was to save time (34%), followed by convenience (23%).
- Convenience was the most important reason for 19 percent of those respondents who had used a third party in their interactions with government. 16 percent of these respondents indicated the need for assistance with completing the transaction as their most important reason.

One best solution to make it easier to deal with government

- The top-5 best rated solutions that would make it easier for their businesses to deal with government agencies are the following:
  1) If I could complete the whole service online...19%
  2) If I had immediate access to an expert who can help me with my needs 17%
  3) If there were clear step-by-step instructions about the process 13%
  4) If forms were prefilled with data government already has for my business 11%
  5) If information and services were easier to find...10%

Different experience between government agencies

- 43 percent of the participants had experienced a difference between government agencies, whereas 32 percent didn't know.
- Problem areas that are making it hard for small businesses to deal with government agencies are the following:
  - *experiences of government-centricity instead of customer-centricity;*
  - *the administrative complexity of processes, rules, procedures, language use and navigation;*
  - *the inconsistency of service provision across different staff and/or channels;*
  - *long waiting times;*
  - *the lack of information-sharing within and across agencies;*
  - *low service quality;*
  - *issues re availability and access to (online) services*
  - *technical design issues*

Conditions for using online channels instead of traditional channels

- The top-10 conditions under which small businesses prefer to use online channels instead of traditional channels are the following, with 50% already using online channels:
  1) If they could find information or services more easily online........................ 34%
  2) If they were able to complete the whole service online............................... 32%
  3) If it saved them more time.. 32%
  4) If they were able to get a quick response to a question they have 27%
  5) If they could get in touch with a staff member at any time...........................25%
  6) If online channels were more customer-friendly 24%
  7) If there were clear step-by-step instructions available online.......................23%
  8) If it saved them money 22%

9) If it was easier to update or correct their information online 18%
10) If it was easier to save draft information online and come back later 17%

Conditions for only using online channels to deal with GST returns

- The top-5 conditions under which small businesses are willing to only use online channels for GST returns, with 77% already using online channels:
  1) If it saved them more time 13%
  2) If they could get in touch with a staff member online in real-time................11%
  3) If it saved them money 9.5%
  4) If they could find information more easily online 9.5%
  5) If there were clear step-by-step instructions available online..........................9.4%

Conditions for only using online channels to deal with PAYE deductions

- The top-5 conditions under which small businesses are willing to only use online channels for PAYE deductions, with 42% already using online channels:
  1) If they saved more time 10%
  2) If it saved them money 7.8%
  3) If there were clear step-by-step instructions available online.....................7.7%
  4) If they could find information more easily online 7.3%
  5) If they could get in touch with a staff member online in real-time.............7.0%

Anything else that would help small businesses in dealing with government agencies

- Suggested areas of what would further help small businesses in dealing with government agencies:
  - *increased cross-government information-sharing and a one-stop shop for business;*
  - *talking to a well-trained 'real person';*
  - *administrative simplification, clarity about the rules and consistency in service provision;*
  - *better navigation and communication;*
  - *better customer-centric service provision;*
  - *online availability of services;*
  - *using technology that works and doesn't cost much;*
  - *providing an incentive to use online services;*
  - *nothing – New Zealand online service provision works well!*