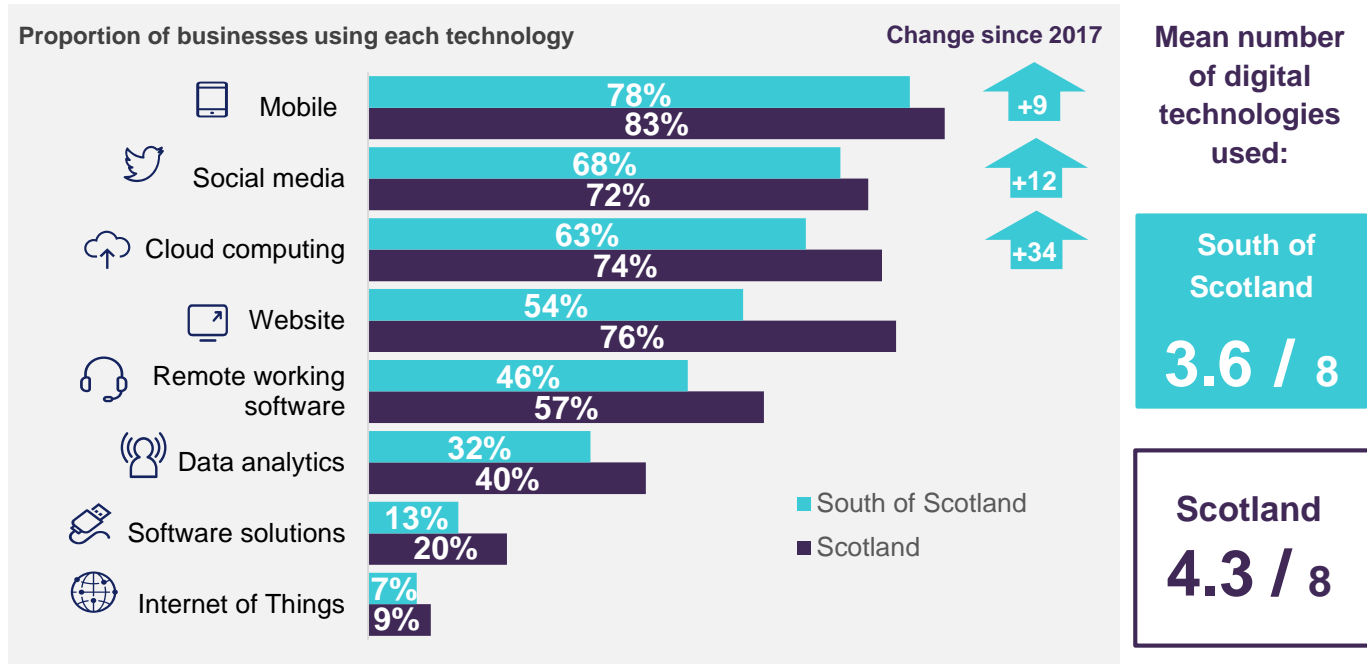


# DIGITAL ECONOMY BUSINESS SURVEY 2021: SOUTH OF SCOTLAND

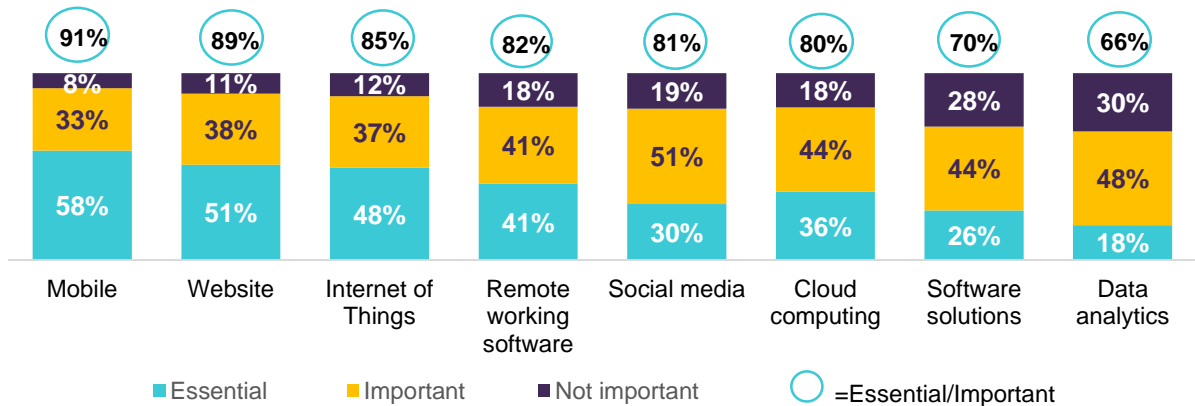
## USE OF KEY DIGITAL TECHNOLOGIES

Overall, engagement with digital technologies by South of Scotland businesses had grown since 2017. However, as in 2017, digital engagement in the region was still below that of Scotland overall.



## IMPORTANCE OF KEY DIGITAL TECHNOLOGIES

Of those using each digital technology, the majority saw them as either essential or important to their business. Mobile technology and websites had the highest proportions saying they were essential/important.



## PLANS OR STRATEGIES

**81%**



did not have a plan or strategy in place for their use of digital technology.

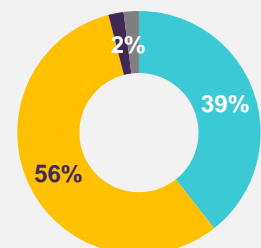
(higher than the Scottish average – 73%)

## INVESTMENT

Almost all had increased (43%) or maintained (54%) their investment in digital technologies in the last 2 years.

Change in investment in last 2 years

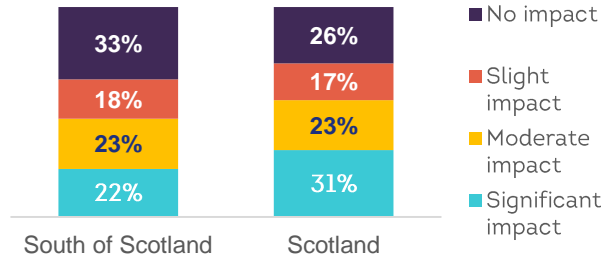
■ Increased ■ Unchanged  
■ Decreased ■ Don't know



## PRODUCTIVITY AND INNOVATION

69% said digital technology had made an impact on their productivity in last 12 months.

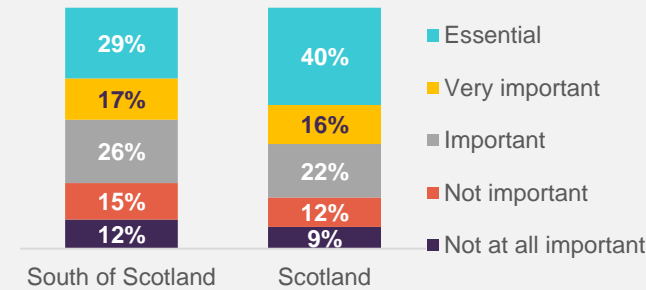
### Impact of digital technology on productivity



All those using digital technologies: South of Scotland (594), Scotland (3,287)

## IMPACT OF COVID-19

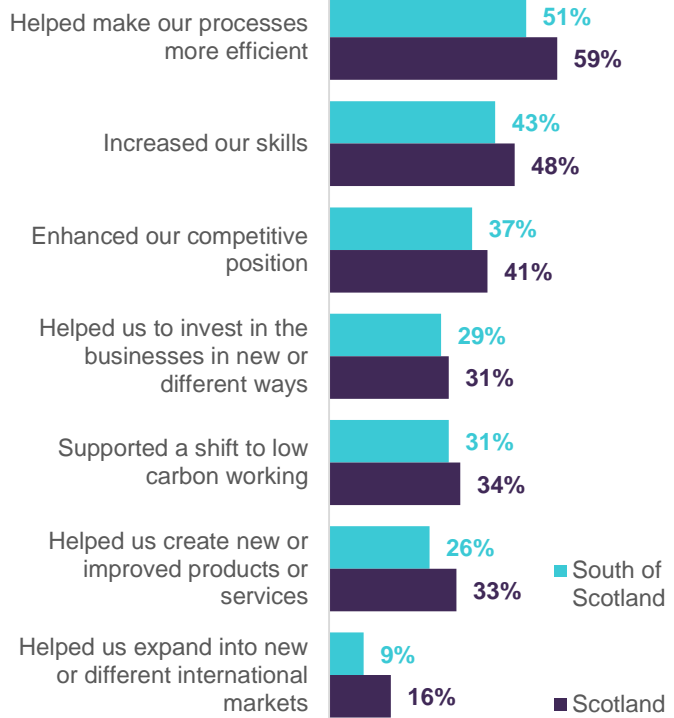
How important has digital technology been to the operation of your business in responding to COVID-19?



## IMPACTS OF TECHNOLOGY

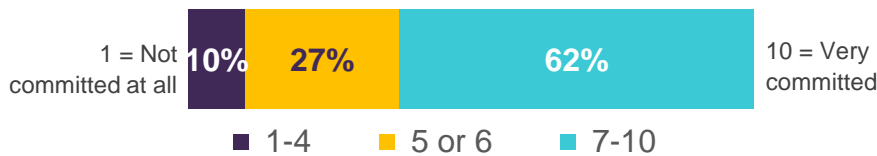
The most common impacts of digital technologies related to making processes more efficient, increasing skills and enhancing competitive position (reflecting findings for Scotland as a whole).

### Impact of digital technologies



## REDUCING ENVIRONMENTAL IMPACTS

On a scale of 1 to 10, how committed would you say your business is to reducing its environmental impacts....

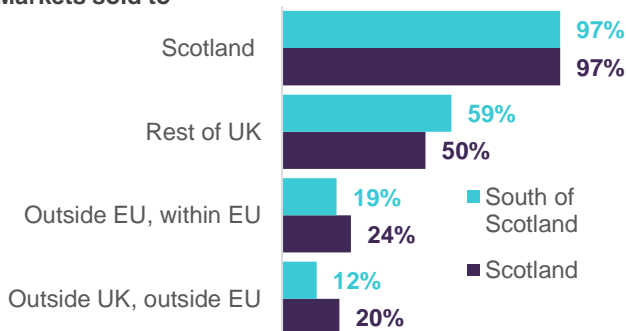


Mean overall score  
**7 / 10**

## MARKETS OF OPERATION

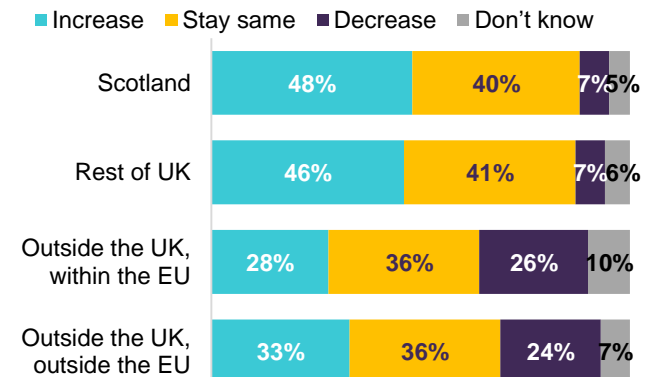
Businesses in South of Scotland were more likely than average to sell to markets in the rest of the UK (59% vs Scottish average of 50%), but less likely to sell to international markets (20% lower than the average of 27%).

### Markets sold to



Increased sales were more likely to be expected in domestic and rest of UK than in international markets.

### Sales expectations in markets in next 12 months



All those selling to each market

## E-COMMERCE

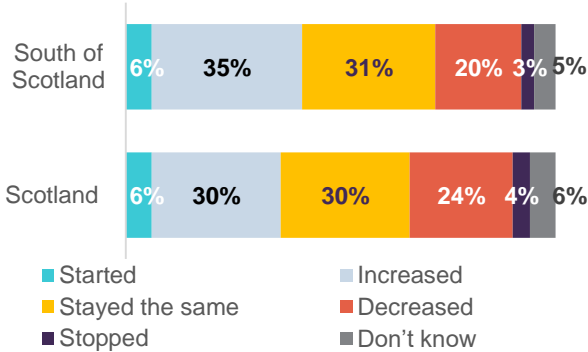
**32% sold via e-commerce**

higher than in 2017 (23%) but lower than for Scotland overall (35%).

Businesses using e-commerce were doing so in higher volumes than in 2017.

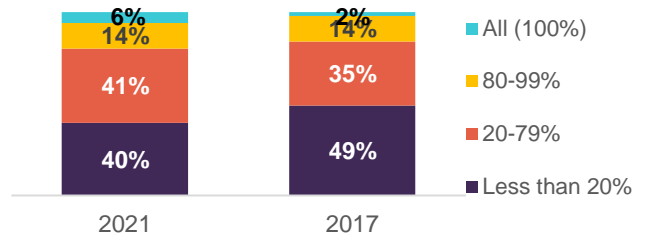
41% of businesses using e-commerce had either started selling online or had increased online sales since COVID-19. A similar pattern was noted for Scotland overall.

### Online sales since COVID-19



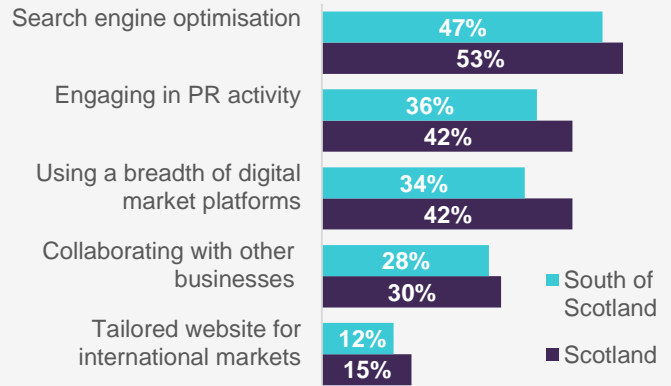
All who use e-commerce: South of Scotland (193), Scotland (1,244)

### Proportion of sales made via e-commerce



All who use e-commerce: South of Scotland (193), Scotland (1,244)

### Actions to maximise digital presence and support e-commerce activity



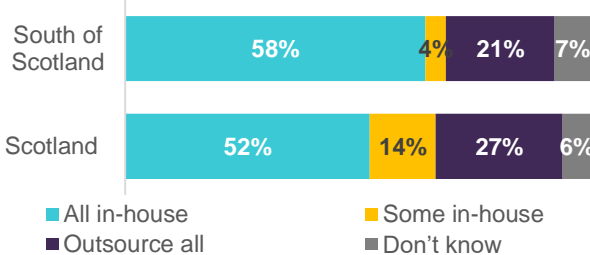
All who use e-commerce: South of Scotland (193), Scotland (1,244)

## CYBER RESILIENCE

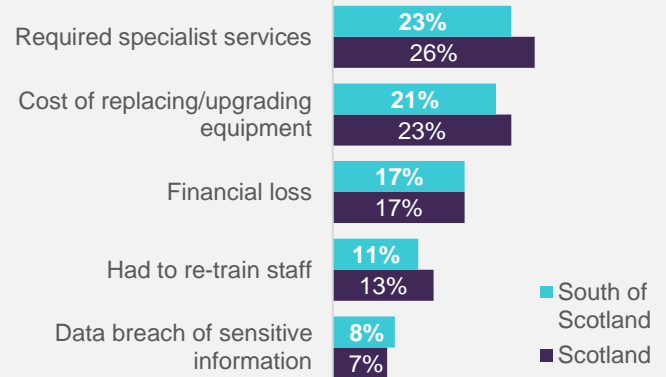
**28% had experienced a cyber attack in the last 12 months** (in line with Scottish average – 28%).

The most common types of attack were being directed to fake websites (14%) and emails being hacked (11%).

### Management of cyber security

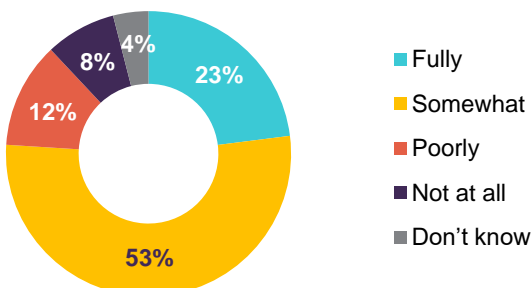


### Implications of cyber attack (top 5)



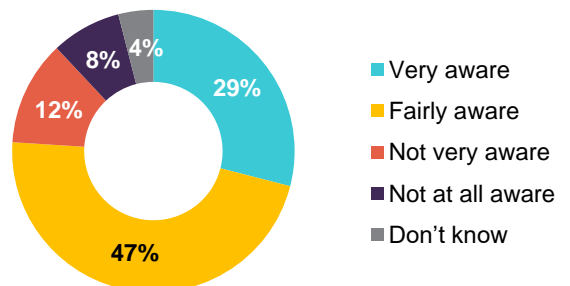
**76% felt fully/somewhat equipped to protect against and deal with cyber security threats** – in line with 2017 (77%) but lower than Scotland overall (82%).

How equipped businesses feel to protect against and deal with cyber-security threats



**76% felt their workforce was very/fairly aware of cyber threat and how to mitigate it**, lower than the average of 81% across Scotland.

Workforce awareness of cyber threat and how to mitigate it



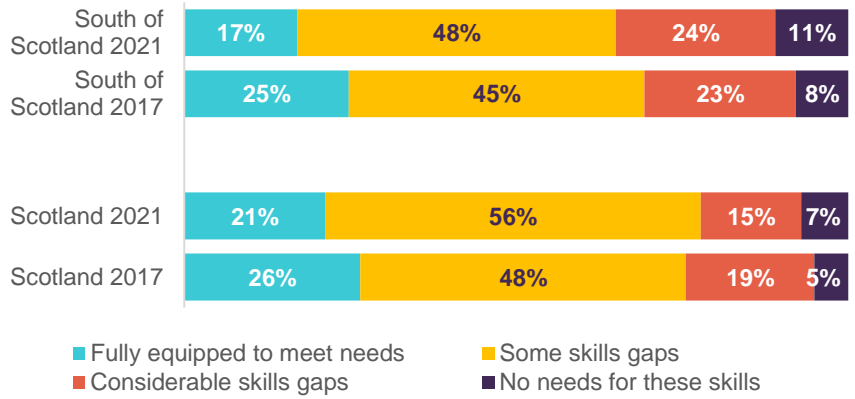
# DIGITAL SKILLS GAPS

Findings suggest a continued digital skills gap among regional businesses, and in Scotland as a whole, likely reflecting the rapid pace of development.

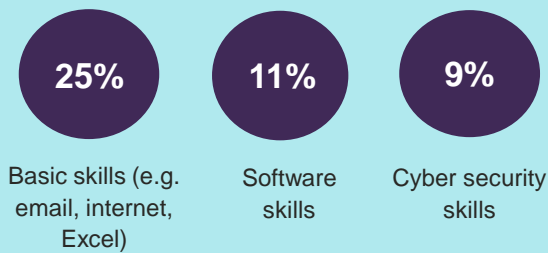
Only 17% said they were fully equipped to meet their business's digital technology needs, lower than the Scottish average (21%), and lower than in 2017 (25%).

Almost three quarters (72%) identified at least some level of skills gap (71% in Scotland).

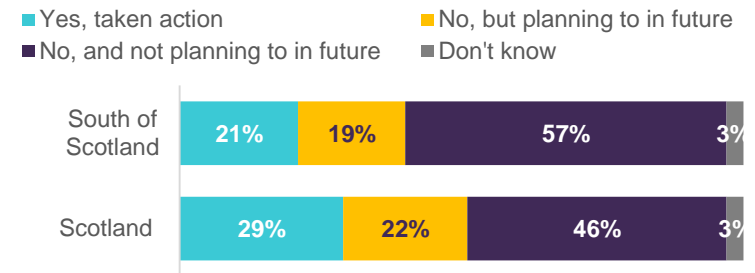
## Extent to which staff have skills to meet digital technology needs



## Top 3 skills gaps identified



## Action/future plans to address employee skills gaps



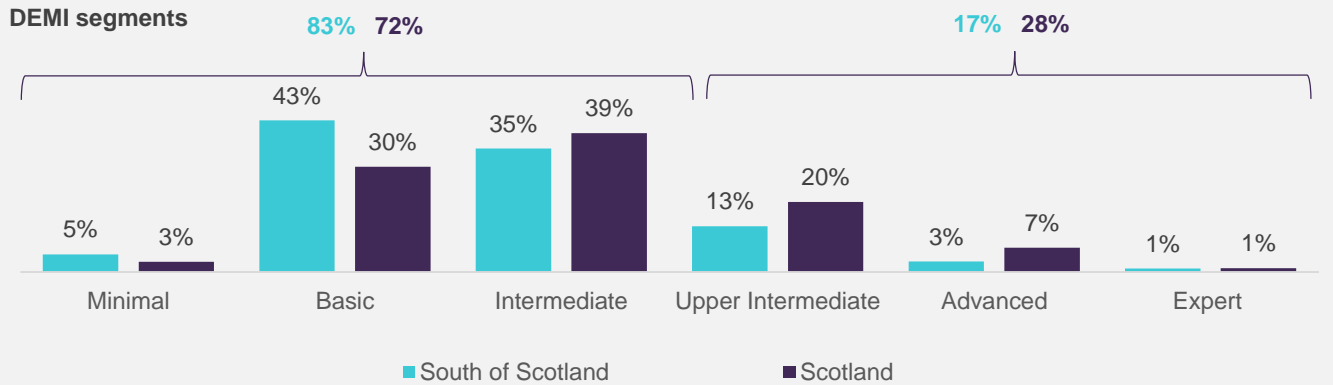
# DIGITAL ECONOMY MATURITY INDEX (DEMI)

DEMI uses the survey data to measure the level of digitisation of businesses and segment the business population into one of six levels of digital maturity (e.g. Minimal = the least digitally mature, Expert = the most digitally mature).

The 2021 index consists of six main strands: Adoption, Usage, Benefits, Cyber Resilience, Skills and Productivity.

South of Scotland businesses were lower on the maturity index than those across Scotland as a whole. The mean overall score for the South of Scotland was 33 (out of a maximum of 100), lower than the mean score for Scotland overall (40).

## DEMI segments



### More mature businesses tended to be:

- Business activities sectors (e.g. finance, admin and professional services)
- Larger (10+ staff)
- Selling to international markets
- Multiple-site organisations
- In urban areas

### Less mature businesses tended to be:

- Agriculture sector
- Smaller (1-4 staff)
- Selling only to domestic markets
- Single-site organisations
- In rural areas

Survey fieldwork was conducted between 22 Feb and 23 April 2021, using telephone interviewing. In total 610 businesses and social enterprises participated in the South of Scotland (3,346 across Scotland). Findings are weighted to ensure a representative sample of the regional business base.