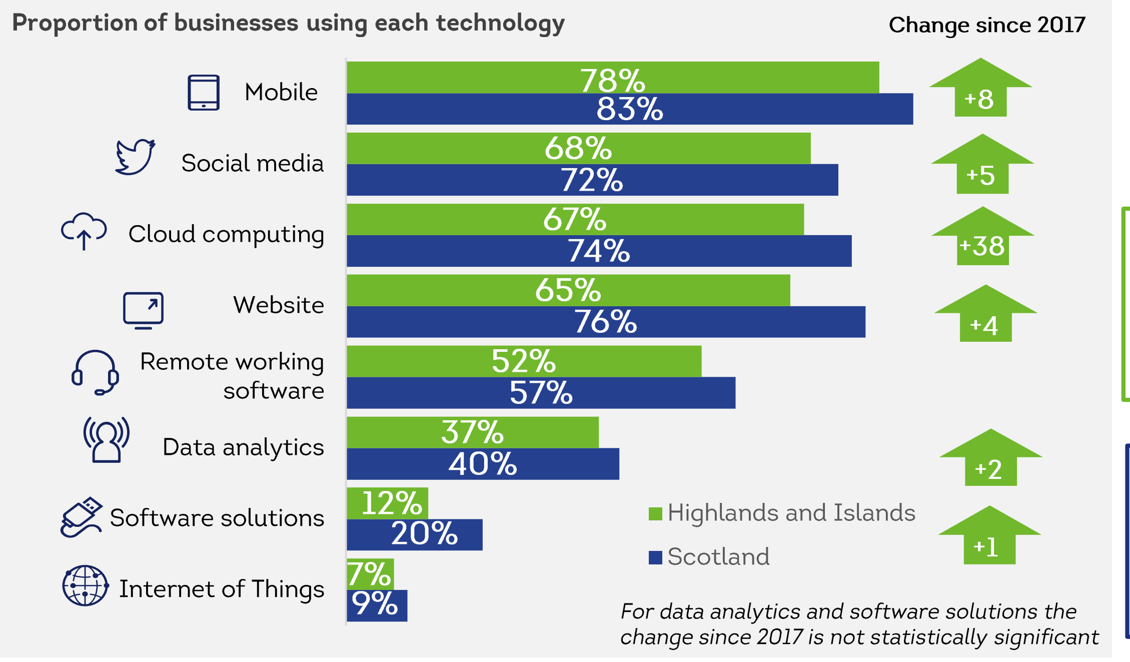
DIGITAL ECONOMY BUSINESS SURVEY 2021: HIGHLANDS AND ISLANDS

HIE
Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

USE OF KEY DIGITAL TECHNOLOGIES

Overall, engagement with digital technologies by Highlands and Islands businesses grew since 2017. However, as in 2017, digital engagement in the region was still below that of Scotland overall.



For data analytics and software solutions the change since 2017 is not statistically significant

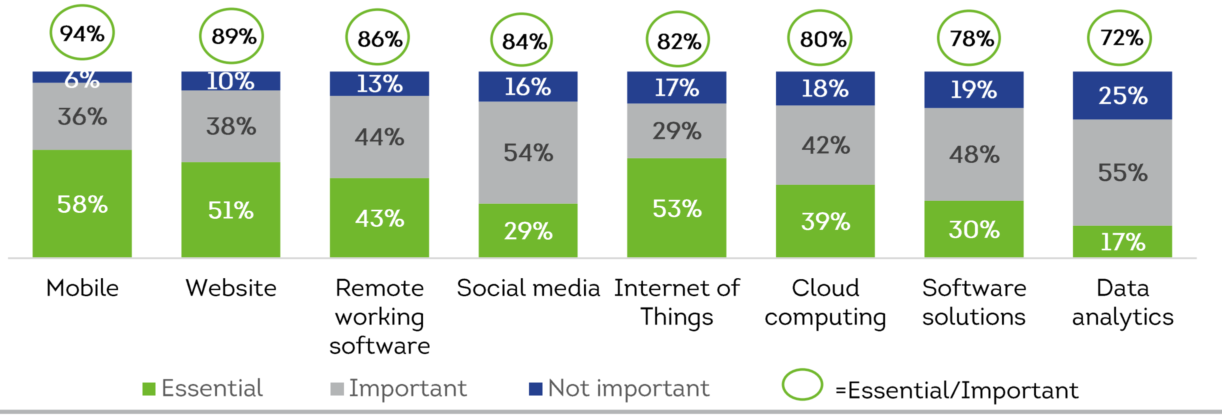
Mean number of digital technologies used:

Highlands and Islands
3.8 / 8

Scotland
4.3 / 8

IMPORTANCE OF KEY DIGITAL TECHNOLOGIES

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



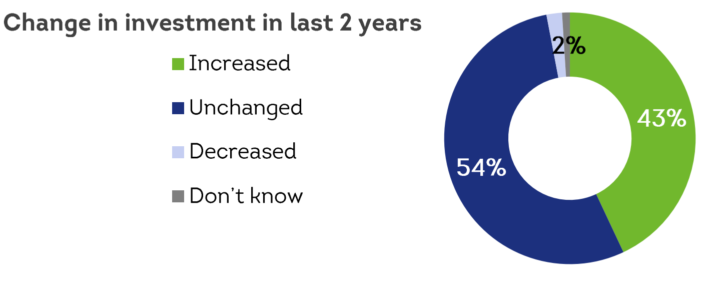
PLANS OR STRATEGIES

80% **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.

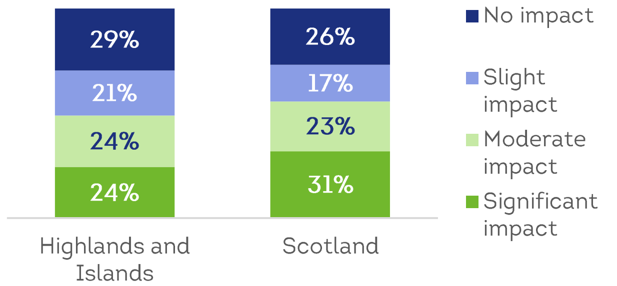


Ipsos MORI

PRODUCTIVITY AND INNOVATION

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

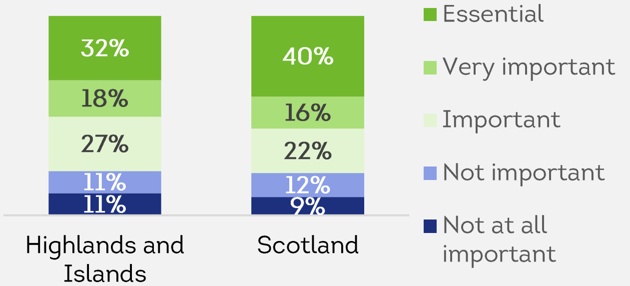
Impact of digital technology on productivity



All those using digital technologies: Highlands and Islands (1,126), Scotland (3,287)

IMPACT OF COVID-19

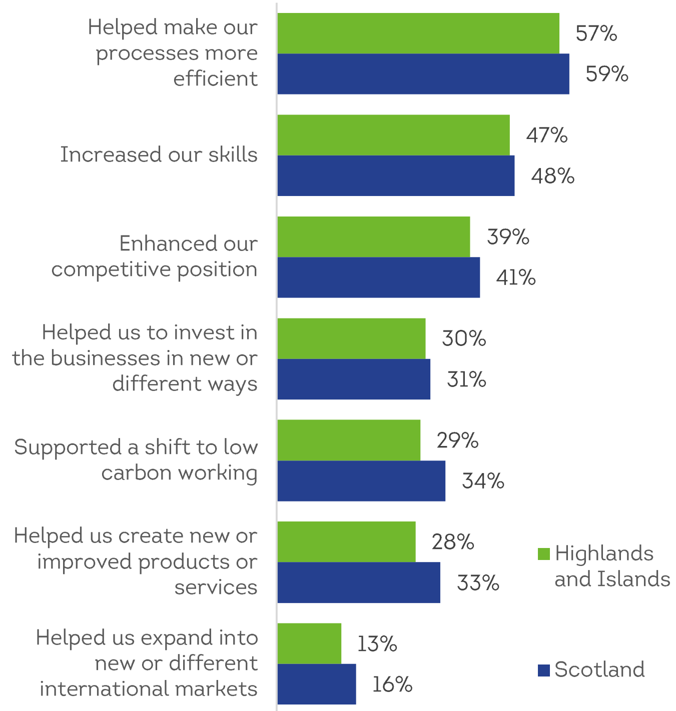
How important has digital technology been to the operation of your business in responding to COVID-19?



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….

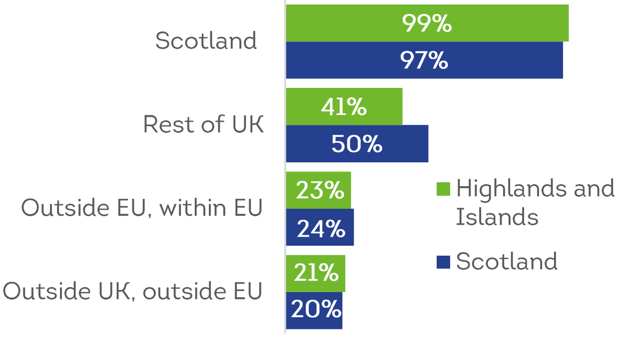
Mean overall score

7.2 / 10

MARKETS OF OPERATION

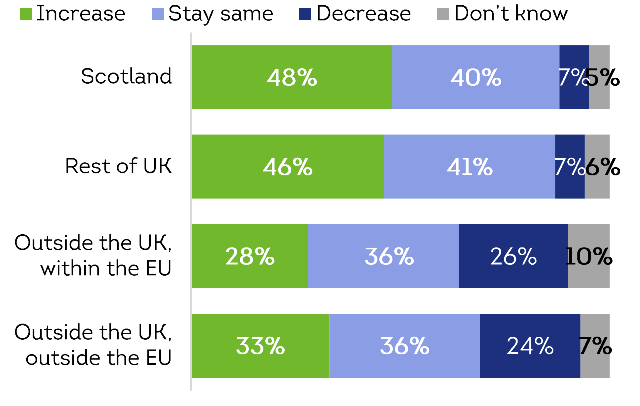
Findings suggest that businesses in the Highlands and Islands were selling to more markets than they were in 2017: 57% sold *only* to domestic markets (down from 63%), 41% sold to rest of the UK (up from 34%) and 26% sold internationally (23% in 2017).

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

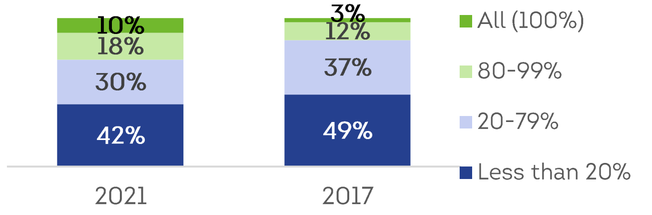
E-COMMERCE

38% sold via e-commerce

higher than in 2017 (32%) and slightly higher than Scotland (35%).

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

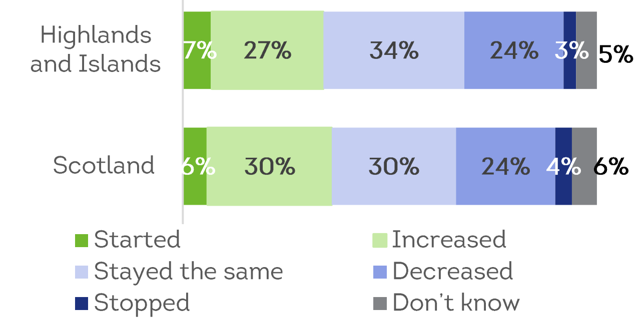
Proportion of sales made via e-commerce



All who use e-commerce: Highlands and Islands (474), Scotland (1,244)

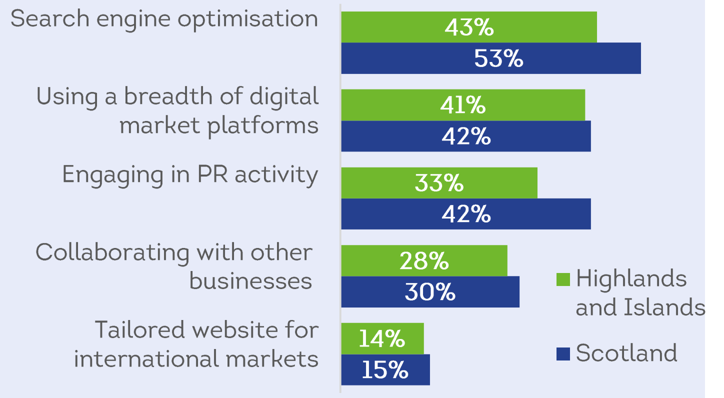
Around a third (34%) of businesses using e-commerce had either started selling online or had increased online sales since COVID-19. A similar pattern was noted for Scotland overall.

Online sales since COVID-19



All who use e-commerce: Highlands and Islands (474), Scotland (1,244)

Actions to maximise digital presence and support e-commerce activity



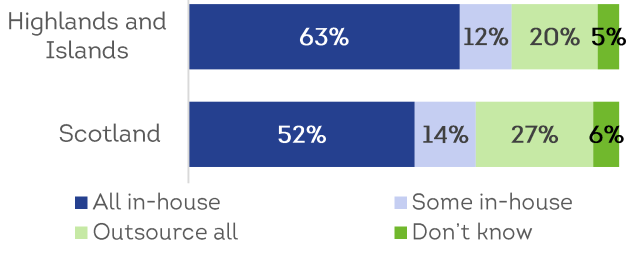
All who use e-commerce: Highlands and Islands (474), Scotland (1,244)

CYBER RESILIENCE

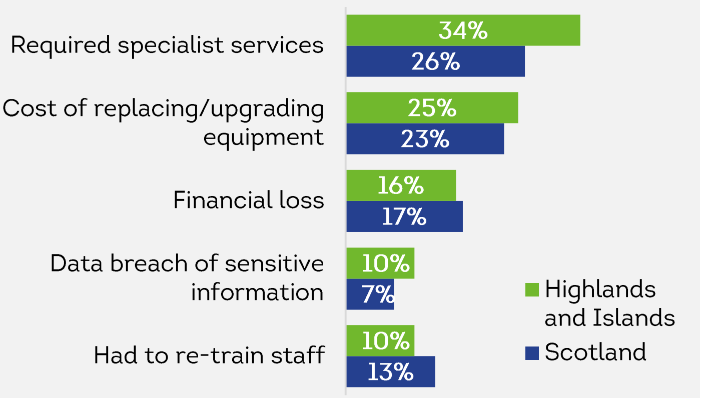
27% had experienced a cyber attack in the last 12 months (in line with Scottish average – 28%).

The most common types of attack were being directed to fake websites (14%) and emails being hacked (13%).

Management of cyber security

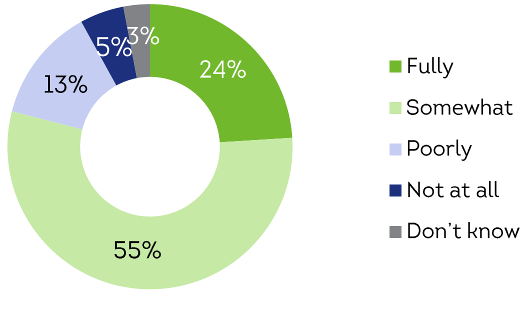


Implications of cyber attack (top 5)



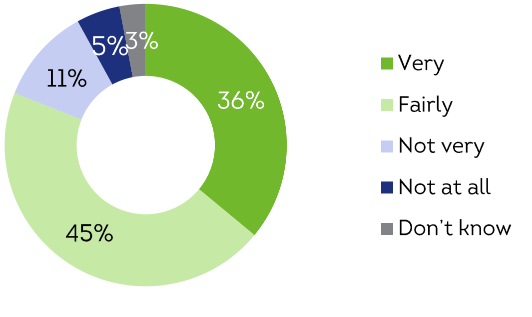
79% felt fully/somewhat equipped to protect against and deal with cyber security threats – up from 2017 (75%) but slightly lower than Scotland (82%).

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



81% felt their workforce was very/fairly aware of cyber threat and how to mitigate it, in line with 81% across Scotland.

Workforce awareness of cyber threat and how to mitigate it



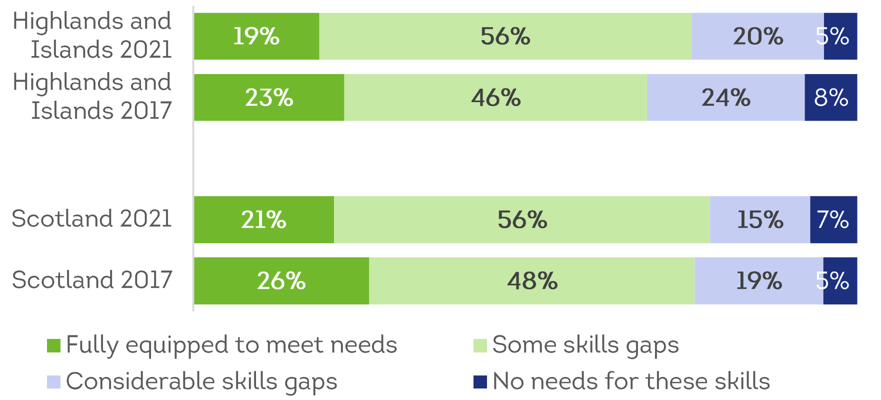
DIGITAL SKILLS GAPS

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

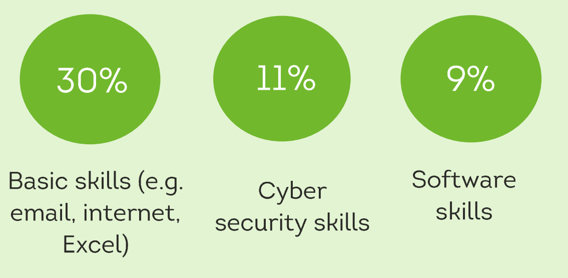
Only 19% said they were fully equipped to meet their business's digital technology needs, in line with the Scottish average (21%), and lower than in 2017.

Three quarters (76%) identified at least some level of skills gap (71% in Scotland).

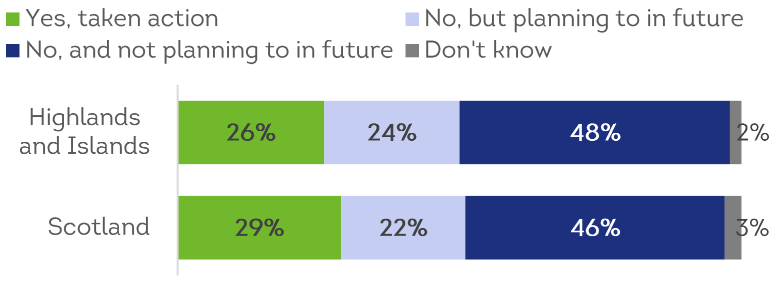
Extent to which staff have skills to meet digital technology needs



Top 3 skills gaps identified



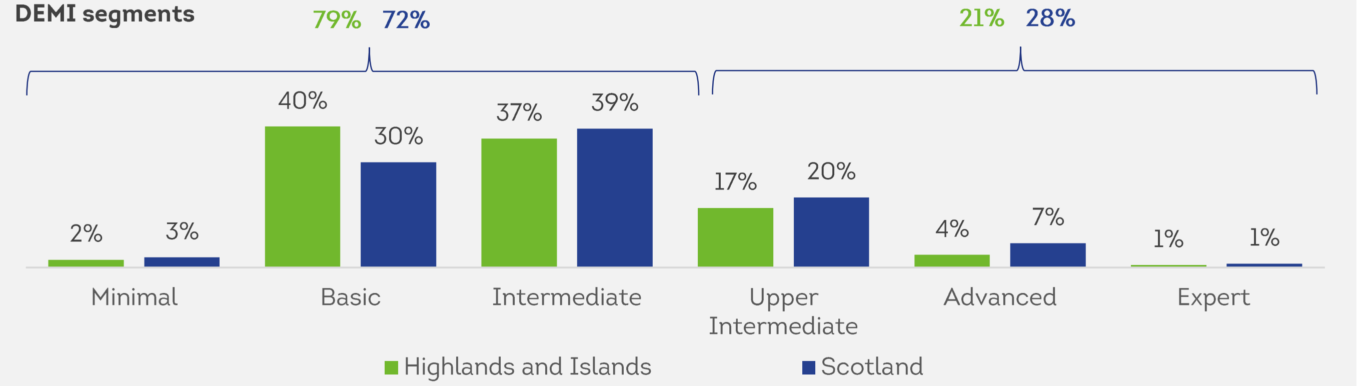
Action/future plans to address employee skills gaps



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.

Overall, Highlands and Islands businesses were lower on the maturity index than those across Scotland as a whole. The mean overall score for the Highlands and Islands was 36 (out of a maximum of 100), lower than the mean score for Scotland overall (40).



More mature businesses tended to be:

- Creative industries growth sector
- Financial, admin and professional services sector
- Larger (10+ staff)
- Selling to international markets
- Expecting growth in the next 12 months

Less mature businesses tended to be:

- Food and drink growth sector
- Agriculture and utilities sector
- Smaller (1-4 staff)
- Selling only to domestic markets
- In rural locations

Survey fieldwork was conducted between 22 Feb and 23 April 2021, using telephone interviewing. In total 1,150 businesses and social enterprises participated in Highlands and Islands (3,346 across Scotland). Findings are weighted to ensure a representative sample of the regional business base.