



Top five areas to start a business in 2014

Friday, 3 January 2014 | By [Gavin Lower](#)

When it comes to starting your own business, it can be a challenge working out what sectors have the best potential.

Business evolves with changes in technology, global developments and the whims of customers.

We spoke to Brad Callaghan, of business advisors Callaghan Partners, about which business sectors might fire in 2014 and provide lucrative opportunities.

IT and technology

Callaghan says apps and website development will be a lucrative area to start a business as internet use continues to grow.

The latest figures from the Australian Bureau of Statistics in October showed broadband downloads in the three months to June 30 surged by nearly 60% on the same period last year. Mobile handset downloads have also surged as the number of people with smartphones increases.

Businesses are also increasingly taking up technology. The Sensis e-Business Report for 2013 found that 98% of small to medium enterprises have a computer, up 3% from last year, 69% have a laptop, up 10% from 2011, and 41% own tablet computers.

The report also found small business internet penetration has grown to 96% from 23% in 1997, with 60% using a website to promote themselves.

“As there is more demand for apps with each business and the development of new apps to make life easier, there will be an increase in the demand for companies that can service this area,” Callaghan says.

“Website and IT support will again be winners with the changing technology environment.

“There will also be an increase in online activity, so business will need to be up-to-date with technology and have the best equipment to be able to support this infrastructure.”

Baby boomers

It's well documented that Australia has an ageing population.

A recent Productivity Commission report says that the number of people aged 75 years and more is expected to rise by 4 million from 2012 to 2060, increasing from about 6.4% of the population to 14.4%.

Callaghan says our ageing population and Baby Boomers have “always provided numerous business opportunities”.

But he suggests people think outside the box of just aged care housing and consider the numerous needs people have as they age and move into retirement, highlighting travel as a potential area ripe for growth.

“There will be more opportunity for services like tours and travel agents that cater to travel for retirees,” he says.

Fitness, health and beauty

With Australia ranked as one of the fattest countries in the world, the fitness and healthy living industries are likely to remain popular, and lucrative, fields to start a business.

Industry researcher IBISWorld estimates the gym and fitness industry makes \$1 billion in annual revenue and is expected to grow by 4.8% a year over the next five years. IBISWorld also estimates the hairdressing and beauty services industry rakes in annual revenue of \$4 billion, with the sector expected to grow by 1.3% a year for the next five years.

“Healthy living is becoming more popular but there is still a lack of knowledge surrounding clean living,” Callaghan says. “There will be opportunities within this sector to create businesses that can educate and provide healthy living services, including gyms, health food providers, consultants and pre-packaged food.”

He recommends looking to the US to see how they have approached the sector.

Callaghan says fitness, health and beauty can also tie in with the ageing population.

“There could be opportunities for gyms that cater to over 50s that have certain machines that help you work out but don’t cause injuries. You will also not have to compete with other young gym goers.”

Freelancing

Freelancing has become a popular buzz-word recently, as websites that link people to work on projects rise in popularity.

The successful listing of Australian-based online site Freelancer.com this year has also sparked interest in this way of working.

Freelancer’s shares surged to as high as \$2.60 on the Australian Securities Exchange from their initial public offering price of 50 cents. The shares have since retreated to trade at around \$1.05 at December 12.

“I just feel that with the recent success of Freelancer there will be more businesses looking to enter this area,” Callaghan says.

“There will also be more businesses that become freelancers and offer services to a larger range of businesses.

“The range of services that will be offered will also be expanded to include everything and anything that can be outsourced for not only businesses but individuals as well.”

Online retail

Australians have embraced online retail and are spending billions of dollars through the internet.

And it’s a trend that’s continuing to grow, albeit at a slower pace recently than seen previously.

According to the National Australia Bank’s Online Retail Sales Index, Australians spent \$14.4 billion online in the 12 months to October, equivalent to 6.4% of traditional retail spending. It says monthly online sales grew by just 0.3% in October, the same as September and only marginally better than August when sales fell 0.2%.

Callaghan says online selling has taken off and will continue in 2014.

“There will be many opportunities open up in this field with even the large department stores moving to online retail,” he says.