

2009

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**In a Tough Economy, Small
Businesses Tap Technology to
Optimize Marketing Initiatives**

In a Tough Economy, Small Businesses Tap Technology to Optimize Marketing Initiatives
Small Businesses Go Global, Digital and Viral in
Efforts to Acquire and Retain Customers

by

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BizTechReports.Com for “Solutions for Small Business”

Executive Summary

It is never easy being a small business, especially if the enterprise involves going up against bigger (i.e., Global 2000) companies in the same field. Nevertheless, there is a growing body of evidence indicating that small businesses are becoming increasingly competitive in a greater variety of vertical industries across the globe. They are reaching larger audiences in a more targeted manner. As a group, small businesses are often encroaching on the market share of much bigger competitors.

To a large extent, small businesses are the beneficiaries of both the globalization and the digitization of the economy. The cost of reaching out and contacting prospective clients across the country and around the world has been significantly reduced because the World Wide Web has become the de-facto marketplace of ideas as well as products. What is most surprising is the speed with which this has occurred.

Spurred by the rise of Web 2.0 technologies like Twitter, Facebook, LinkedIn, and other similar platforms, small businesses are showing themselves to be in a position to run and market their operations in a more agile and customer-focused manner. (It is interesting to note that Twitter, Facebook and LinkedIn were themselves small businesses not long ago. Their growth has come at the expense of much larger and more established players in media and publishing sectors. Similarly, in the financial service sector, companies like Paypal – which offers payment services online – are taking a significant amount of market share away from banks that once ruled unchallenged in the payment services arena).

Their small size (and correspondingly more simple organizational charts) allows them to take advantage of new technological developments more quickly and to greater tactical advantage than those in larger organizations. In the process, many small organizations are rapidly becoming large forces in the market.

Here are a few facts to back up this assertion:

- **Taking Their Wares Global** – A full 97 percent of U.S. exporters qualify as small businesses, according to the Small Business Administration (SBA). These companies are not only proving themselves able to market their wares to overseas buyers, but in a growing number of cases, small businesses are also tapping into the global supplier community. In so doing, they are further expanding their marketing and brand footprint.
- **Technology-driven Do it Yourselfers** – More than half of small business owners say that generating new customers is a challenge for them, yet nearly two-thirds say they do not use outside support for marketing assistance, according to a survey of U.S. small businesses from the Yellow Pages Association (YPA).

Reasons for this interesting statistical relationship can be explained by how easy it is now to set up advertising campaigns on search engine portals, push out press releases through web-based distribution services, and track

performance using online analytical tools.

- **Viral Marketing** – The global digitization of the economy has not only affected how small businesses push offerings out, but also how individuals and businesses consume information about products and services. As just one case in point, according to eMarketer, the number of Internet users who download podcasts – which are inexpensive to produce and distribute (especially compared to traditional media and marketing channels) – is on

the rise worldwide. In 2008, an average of 48.8 percent of respondents made up of online consumers around the world indicated that they downloaded podcasts. This represents an increase of 27 percent over the previous year. Meanwhile, in the United States, 29.5 percent of Internet users say they download podcasts – up 15.2 percent from last year. Once downloaded, a significant percentage of these new-media modules are distributed and shared, further extending the reach of marketers at low or no cost.

Optimism from Small Business Community

As we prepare this report in the closing months of 2009, there is a general consensus that the worst of a vicious recession is behind us, and that a recovery – sluggish though it may be – is beginning to take hold. The equity markets have launched a remarkable comeback, and even large financial institutions appear to be re-establishing some sense of normalcy. The anxiety that was in place in the beginning and even middle part of 2009 appears to have given way to a more calm – if not confident – outlook.

What is interesting to note, however, is that in the heat of battle and fog of war that characterized the media coverage of the economic crisis, there was one segment of the economy that seemed to have kept its cool. The small business community, in several studies published over the first and second quarters of the year, displayed a quiet optimism about the economic outlook.

- In June, for instance, a full 70 percent of small businesses participating in a survey conducted by Constant Contact Inc., in collaboration with the American Chamber of Commerce Executives (ACCE), SCORE and the Association of Small Business Development Centers (ASBDC), anticipated a moderate to significant growth in their business. The results of the Small Business Attitudes

& Outlook Survey stated Gail Goodman, CEO and Chairman of Constant Contact, revealed the optimism and perseverance that so often marks this spirited group of business owners. It also illustrated this community's ability to adapt to meet changing economic conditions.¹

- These findings followed a report in May from the Economist Intelligence Unit (a sister organization to The Economist Magazine) which found that one out of four SMBs surveyed for a study sponsored by Verio, Inc. expected the turnaround to begin in late 2009.²

“Despite the global economic downturn, 83 percent of small business executives stated they are optimistic about their company’s long-term ability to rebound when the economy improves,” the authors of the study wrote.

¹ http://www.constantcontact.com/about-constant-contact/press/press_2009_0618_2.jsp

² <http://smallbiztrends.com/2009/05/study-finds-that-small-and-medium-sized-businesses-are-becoming-optimistic.html>

It begs the question: From where does this optimism come? The answer may well be rooted in the unparalleled opportunity for small businesses throughout the country and across industry sectors to get their marketing messages out in a cost efficient and highly accountable fashion.

The small business community has come a long way from the days when marketing consisted exclusively of mimeographing flyers and hawking coupons on street corners. Today, business owners and marketers can project a global presence and execute highly sophisticated customer relationship management campaigns to not only diversify their revenue streams, but also compete effectively with larger and much better resourced organizations.

Indeed, marketing is perceived as one of the top priorities among small organizations. According to the Small Business Attitudes & Outlook Survey more than 70 percent of small business respondents felt the biggest challenge in running their businesses was marketing effectively with limited resources. Respondents identified marketing (62 percent) and sales and new business development (50 percent) as the areas in which they need the most help.

Technology is where many small businesses expect to find this help. The Economist Intelligence Unit study reported that 57 percent of respondents agreed or strongly agreed that technology will be a critical competitive advantage to bring them out of the recession.

Taking Their Wares Global

In a difficult and digital economy, small businesses are no longer willing to constrain themselves to local, or even national markets. According to Laurel Delaney, president and founder of GlobeTrade.com, small businesses are pushing past national boundaries.

“It’s not a matter of surviving; it’s a case of extreme thriving. After all, they’ve come this far successfully by understanding what they have, what they know about and what their customers

want. Now it’s just a case of relentless pursuit of opportunity and delivering results,” says Delaney. That explains why 65 percent of respondents to the Economist Intelligence Unit study report that once the economy improves, they expect their firms will enter new geographic markets.

The notion of increased participation by the U.S. small business community in global trade is being embraced by the highest level of the federal government. U.S. Trade Representative (USTR) Ron Kirk this year requested that the U.S. International Trade Commission study the role of this sector over the next year to identify ways that businesses with fewer than 500 employees can help to boost exports. According to a recent Reuters report, the USTR believes the sector accounts for about 30 percent of the total value of U.S. exports.³

“We have already begun to see an uptick in SMBs that are managing their business more efficiently through the use of technology and are aggressively expanding into new markets via their online presence. This study further supports the fact that SMBs are resilient, more nimble than their enterprise counterparts and remain confident in their ability to achieve great success,” according to Ken Giffin, director of marketing strategy for Verio, Inc.

While there are many opportunities associated with moving into foreign markets for small businesses, the move is not without its challenges. According to Fredric Paul, Publisher and Editor-in-Chief of bMighty.com, a publishing website that serves the small business community, he is indeed seeing many small businesses take a hard look at taking their offerings abroad.⁴

³<http://www.forbes.com/feeds/afx/2009/10/05/afx6966951.html>

⁴ <http://www.bmighty.com>

“However, overseas fulfillment is often an issue,” he says. “Also, there are many new variables that small businesses have to account for when expanding to overseas markets.”

For instance, companies have to carefully monitor currency values, stay up to date with tariffs and customs issues, and many other details that add complexity and cost to cash-strapped and time-constrained business owners.

“As organizations expand overseas, it is important to be aware of local customs, conventions and laws that govern proper usage of e-mail and other messaging,” says Chris Nahil, director of public relations at Constant Contact Inc.

Technology-driven Do it Yourselfers

When it comes to marketing, small businesses have a long tradition of going it alone. The smaller the organization is, the more likely it is to seek ways of doing things on its own.

“Small businesses can be surprisingly traditional,” explains Paul. “They don't have a lot of time, and they don't have a lot of money.”

The good news is that rapid technological developments have created an impressive arsenal of marketing weapons that used to be the exclusive domain of extremely large firms. Issuing and distributing press releases, for instance, used to require a PR firm with the resources to not only produce content, but ensure that it was “pitched” to the media over the phone and/or in person. Today, services like PRWEB have created online utilities that allow any business owner to quickly draft, issue, disseminate and track the performance of press announcements for as little as \$80 per release.

The barriers to entry for many of the most popular and widely viewed social networking sites – including Facebook, Twitter and LinkedIn – are even lower (and in many cases entirely free of charge). As a result, 29 percent of survey respondents in the Small Business Attitudes & Outlook Survey indicated that they

Helping small businesses expand overseas, however, is creating its own business opportunity.

“Organizations like Paypal are developing services to help small businesses deal with currency conversions. Many small businesses are developing drop shipping relationships with small companies overseas to address fulfillment. But the bottom line is this: The Internet has done a lot to make marketing to foreign markets possible...but it is still not easy,” says Paul.

have reduced their spending on marketing, but are taking advantage of less expensive online marketing methods.

“We have seen a lot of interest in social media. But they [small businesses] often do not have a lot of experience with the mediums, nor do they have a strong brand...which is a very important element of success when marketing in a social media environment,” explains Paul. “They do not have a lot of money to invest into developing a strong brand presence.”

But by far, the most important technology and marketing tool available to small businesses in any market is e-mail. “It is considered by an overwhelming number of small businesses as being the most effective marketing tool in their arsenal. It is used the most, and most small businesses believe that it provides the most bang for the buck,” says Paul.

The research seems to bear this point out. Almost three quarters (74 percent) of small businesses reported that they are involved in some kind of outbound communications initiative with their customers. Of these:

- 97 percent are engaged in e-mail marketing.

- 68 percent have in place some form of marketing.
- 58 percent call on clients in person.
- 46 percent use phone campaigns as a critical element of their marketing and sales strategy.
- 44 percent are active in industry or custom events.
- 40 percent still use direct mail.

Interestingly, the same study found that small businesses that have been in business for 10 or more years find it more difficult to keep up with new technologies. Those mature businesses are also more likely to rely on traditional marketing methods such as direct mail. Newer companies (those that have been in business for one to five years) are more likely to use social media tools such as blogs, Facebook and LinkedIn.

Viral Marketing

Anyone who has read Malcolm Gladwell's book, "Tipping Point," – or heard it discussed by friends, colleagues and staff -- has a secret dream that word of their innovative offerings will leak out virally and cause entire markets to beat a path to their door.

Just hoping, however, is not the strategy that causes viral marketing to work. The key to viral marketing is to establish and then continuously build a reputation for being a good source of intelligence on issues that matter to a target audience, points out Nahil.

Then, small businesses should integrate the use of new social media technologies with e-mail and other communications strategies to contribute to a community of interest's body of knowledge. Large organizations can invest in developing a strong brand presence. Small businesses must use sweat equity and intelligence to build a reputation in their target market by being seen as good sources of information on topics of interest that are related to the small business' line of offerings.

"It is a good idea to remain in contact with customers and contacts. To avoid having people unsubscribe from e-mail campaigns or even social networking sites, it is a good practice to not just sell products and services, but to also publish information that allows you to be seen as an important source of information and intelligence on interesting issues. So it is important to be relevant in your communications," he says.

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About Solutions for Small Business

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