

Industry study

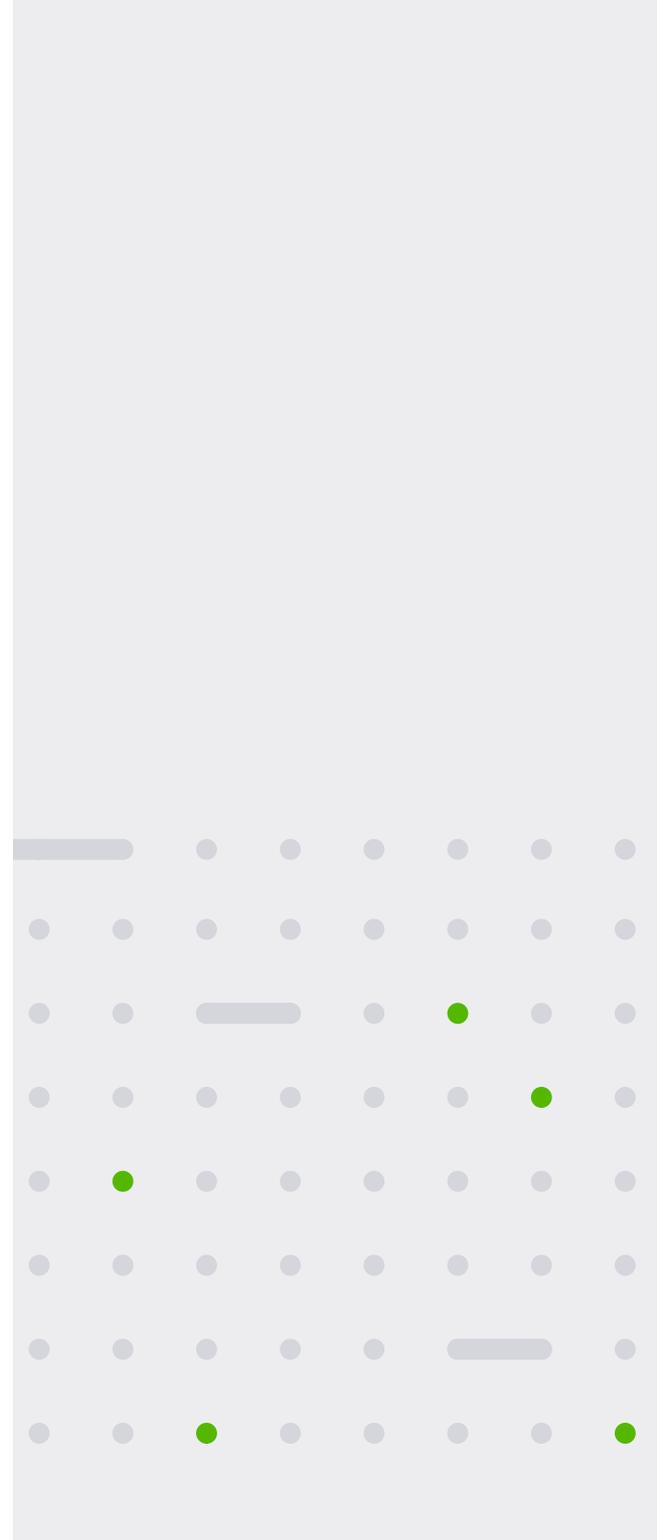
Small Business Marketing Report

Fall 2019



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Small Business Marketing Report

1 in 3 customers trusts social media influencers

How much does your small business spend on marketing? And what are the real-life effects of that spending?

If you're Nike, you might have [spent around \\$3.75 billion in 2019](#) alone. That's \$3.75 billion in commercials and events, print advertising, sponsorships, and more. And it's likely around \$3.75 billion more than you planned to spend on marketing your own business this year.

But that's OK. Small businesses aren't entirely defenseless against box store behemoths like Nike or Amazon (which, if you're interested, has an [annual marketing budget of over \\$10 billion](#)).

One in 5 consumer survey respondents said they'd prefer to buy from and support small businesses, according to the 2019 Small Business Marketing Report by QuickBooks, in partnership with LinkedIn.¹

And small businesses aren't giving up on marketing their products or services either. 58% of the 1,822 small business owners surveyed for the marketing report spend 6% or more of their annual revenue on marketing their business each year.²

But what could be more effective than a Super Bowl ad for bringing new customers in the door? As it turns out, it's a tactic that may be entirely free. When asked about their buying decisions, all but 11% of the 1,849 consumers surveyed said customer reviews "somewhat" or "significantly" influence their decision to purchase. And when asked to think of a time recently when they purchased an item they'd never bought before, 50% of respondents said a recommendation from a friend had persuaded them to buy.

Business owners indicated a similar trend. When asked about the impact of different kinds of marketing, 77% of business owners say word-of-mouth is effective.

That begs the question: How do you, as a small business owner, become "friends" with every customer, so they, in turn, recommend your products to everyone they meet? One answer could be social media.

Looking back at the consumer survey, 2 in 5 respondents said they follow brands on social media. That's consistent with business owner findings, where 49% of small business owners said organic (free) social media posts are an effective

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marketing tool. Paid social media advertising, on the other hand, appeared to be slightly less attractive. A smaller group—38% of respondents—rated paid social media marketing as “effective.”

But social media advertising isn’t just posts and tweets. In May 2019, [Influencer Marketing Hub published findings](#) that showed an increase in influencer agencies and platforms. The report also predicted that influencer marketing would continue to grow. The industry could be worth \$6.5 billion—double what it was in 2017—by the end of 2019.

[An influencer](#) is someone who “has a considerable following on one or more social media platforms and has established a relationship with their audience. They become a trusted source of knowledge, information, or entertainment and are believed to influence the purchase decisions of their fans.” That word—“relationship”—is most important. It’s the difference between being an authority figure with no audience and being someone others rely on for recommendations.

Influencer marketing might sound strange, but it’s the evolution of more traditional [product placement](#). You’ll still see your favorite TV characters drink the same soda brand or order one by name. But you’ll also see your favorite fashion bloggers on your news feed, sporting new shoes or demoing new products.

And it’s not just big businesses hiring influencers to share their brands. Small businesses can—and should—do it too. Consumer responses to the QuickBooks survey showed 44% of customers had bought a product or service after a social media influencer recommended it. Perhaps that’s because 1 in 3 respondents also said they trust influencers as a whole.

Least effective, according to survey responses, are tactics like handing out business cards and email marketing. Just 12% of respondents said they always keep business cards. And 26% of business owners rated email marketing as “not effective.”

From a consumer perspective, any marketing tactic that sparked privacy concerns was also a red flag, including targeted ads. Yet another reason to consider more subtle and creative methods like influencers or customer reviews. And while it’s true that you can’t force a customer to leave a comment online to promote your business, it never hurts to incentivize that kind of behavior. Who knows? Maybe they’ll have an even bigger social media following that’s more than willing to sing your praises to everyone they meet.

Breaking down the Small Business Marketing Report

The majority (57%) of the small business owners who took part in the survey said they spend between 1% and 10% of their gross annual revenue on their marketing budget, with the most popular choice being 6-10%.

As a proportion of the company's gross annual revenue, how much is allocated to the marketing budget?	SMB responses
1-2%	15.59%
3-5%	18.72%
6-10%	23.27%
11-15%	14.60%
16-20%	9.88%
21-30%	5.38%
31-50%	3.13%
More than 50%	2.69%
I don't know	6.75%

Despite this, less than a third of small business owners measure the impact of their marketing investment. We know that because just 30% of the small business owners who took part said every marketing initiative has a measurable goal. A similar proportion said they cannot track how effective their ads are.

To what extent do your marketing initiatives have measurable goals?	SMB responses
Every marketing initiative has measurable goals	30.68%
Most marketing initiatives have measurable goals	33.42%
Some marketing initiatives have measurable goals	23.05%
Few marketing initiatives have measurable goals	6.09%
No marketing initiatives have measurable goals	6.75%

30.68%

of small business owners say each of their marketing initiatives has measurable goals.

Are you able to calculate the return on investment (ROI) for each of the following?	SMB responses		
	Yes	No	N/A
Word-of-mouth	66.36%	27.61%	6.04%
Business cards	54.77%	33.92%	11.31%
Paid social media advertising	54.50%	29.75%	15.75%
Search advertising (e.g., Google ads).....	51.43%	32.49%	16.08%
Search engine optimization on your website	49.40%	34.08%	16.52%
Email marketing (e.g., sending newsletters).....	49.29%	33.48%	17.23%
Organic (i.e., free) social media posts.....	48.30%	35.57%	16.14%
Event sponsorship	46.65%	32.22%	21.13%
Printed adverts (e.g., magazine ads)	45.83%	32.93%	21.24%
Content marketing (e.g., writing blog posts).....	45.17%	35.84%	18.99%

Even though 32% of small business owners said they can't calculate the ROI on paid search advertising, and 29% said they can't track the ROI on paid social media advertising, **online advertising is still a high priority for small business owners.**

The top three marketing areas that small business owners want to invest in more heavily in the future, according to the survey, are:

1. Word-of-mouth marketing
2. Paid social media advertising
3. Search advertising (e.g., Google ads)

The good news is that businesses are perceiving these opportunities correctly. Among the consumers surveyed by QuickBooks and LinkedIn, 1 in 7 said they now spend most of their money online.

Thinking about your typical monthly expenditures on services and products, how do you spend most of your money?	Consumer responses
Making in-person purchases	47.65%
Equal split between online and in-person purchases	37.48%
Making online purchases	14.87%

But taking advantage of consumer habits isn't easy. In online shopping, privacy remains a top concern for consumers, and [brands that violate consumer privacy](#) can suffer.

Among survey respondents, 52% of consumers said they were annoyed by targeted ads, citing privacy concerns. More than 1 in 10 consumers who took part said they no longer like advertisers using their personal data to influence which ads they see online. And another 34% said they've never liked it. **Nonetheless, the majority (54%) said they have no problem with it.**

What is your opinion on targeted online ads that use your browsing data?	Consumer responses
I have never liked seeing targeted ads online	34.13%
I don't feel strongly about targeted ads online	27.42%
I like seeing targeted ads specific to my interests or needs	27.37%
I used to like seeing targeted ads, but my views have changed	11.09%

Why do you dislike seeing targeted online ads that use your browsing data?	Consumer responses
Privacy concerns	52.87%
I see too many irrelevant ads for things I don't want	49.16%
I see too many ads for things I already bought	29.19%
I see too many inappropriate ads	15.19%

Steering away from targeted ads, small business owners said **customer recommendations are their most valuable marketing tool**. More valuable to them, even, than their websites. The top three most valuable marketing tools, according to small business owners surveyed, are:

1. Word-of-mouth recommendations
2. A social media presence
3. Websites

Do you use any of the following to attract customers?	SMB responses	(based on percent of respondents)
Customer reviews (e.g. star ratings)	49.45%	
Social proof (e.g. customer testimonials)	43.85%	
Regular price discounts	40.07%	
Value proposition (e.g. time/money saved by using your product/service)	34.14%	
None of the above	10.21%	

And 9 out of 10 consumers agree. Customer reviews do influence their buying decisions. 22% of respondents had purchased a product or service after seeing an ad online. More than twice that had purchased something for the first time after hearing about it from a friend.

Though, in the end, quality and cost still beat every other component of a product’s reputation. 40% of consumers may put online reviews on a pedestal, but 58% said it’s still the quality and/or the cost of the services or product that most influences their decision to purchase.

When buying a product or service, to what extent is your buying decision influenced by other customers’ reviews?	Consumer responses
Significantly	31.96%
Somewhat	57.11%
Not at all	10.92%

31.96%

of consumers are influenced significantly by other customer reviews when purchasing goods or services.

Think of a time when you bought a product or service you hadn't tried before. Did any of the following influence your decision?

Consumer responses
(based on percent of respondents)

Recommendation from a friend	50.35%
Special offer	43.10%
Google search	30.02%
Online ad	22.71%
Social media post	18.82%
TV/radio ad	16.77%
An article I read	16.17%
An email I received	10.82%
None of the above	9.41%
Business card	1.57%

Which of the following most influences your decision to buy something?

Consumer responses
(based on percent of respondents)

Quality of products/services	58.84%
Lowest cost products/services	58.19%
Reviews from other customers	40.67%
The brand	31.15%
Sustainability of products/services	20.82%
I always try to buy local	13.14%
Knowing what the company stands for	12.71%
The information I read about the company on social media	10.17%
The company's stance on social or political issues	7.52%
The company's marketing tactics	5.90%

And speaking of quality: Many large stores and chains carry high-quality items. But the quality found in small mom-and-pop businesses may be something special.

Although many respondents expressed no preference, consumers are—by and large—more likely to choose small businesses over large businesses. Why? Because they want to support local employers and enjoy a better buying experience.

When making purchases, do you prefer to buy from small or large businesses?	Consumer responses
Small businesses	20.50%
Large businesses	15.79%
No preference	63.71%

The top three reasons people prefer to buy from small businesses are:

1. To support local employers
2. Better customer service
3. Better quality of products/services

Still, every business, no matter the size, can build customer loyalty by making its website easy to find and use. **82% of consumers said they are buying more online today than they did a year ago**—primarily because it’s easier to find the right product or service. Those buying less online say it’s because they like to see or try things before they buy them. That’s good news for textiles.

Do you buy more or less online, compared to a year ago?	Consumer responses
I buy more online	41.75%
I buy less online	17.96%
My online spending is about the same	40.29%

What’s the primary reason you’re spending more money online?	Consumer responses
Easier to find the right product/service	34.97%
Lack of time—it fits my lifestyle	22.54%
Free delivery	20.34%
Lower prices	18.13%
None of the above	2.07%
Easy returns	1.94%

What's the primary reason you're spending less money online?	Consumer responses
I like to see or try products before I buy them	33.73%
None of the above	18.98%
I don't like waiting for delivery	14.46%
I want to support local businesses	11.75%
I'm worried about privacy/fraud	11.14%
I've had too many bad experiences	3.61%
I want better customer service	3.31%
I want better quality products/services	3.01%

33.73%

of consumers like to see or try products before buying them.

Marketing-wise, small business owners had a lot to say about the effectiveness of their outreach. Social media posts (organic and paid) are about as effective as word-of-mouth recommendations, according to small business owners. With 43% of consumers saying they follow brands on social media, it’s no surprise that small business owners see the value of a strong social media presence.

How would you describe the impact of the following?	SMB responses		
	Effective	Somewhat effective	Not effective
Word-of-mouth	77.28%	18.99%	3.73%
Organic (i.e., free) social media posts	49.23%	39.63%	11.14%
Search engine optimization on your website	48.02%	38.97%	13.01%
Search advertising (e.g., Google ads)	47.91%	39.63%	12.46%
Paid social media advertising	38.80%	44.95%	16.25%
Event sponsorship	38.69%	40.01%	21.30%
Content marketing (e.g., writing blog posts)	37.43%	42.76%	19.81%
Printed adverts (e.g., magazine ads)	36.66%	41.27%	22.06%
Email marketing (e.g., sending newsletters)	33.81%	39.96%	26.23%

Do you follow any brands on social media?	Consumer responses
Yes	43.48%
No	56.52%

The top three reasons people follow brands on social media, according to the consumer survey, are:

1. To get coupons or discounts
2. They just like the brand
3. To get the latest news updates

The top five types of brands people follow on LinkedIn, according to the consumer survey, are:

1. Retail
2. Restaurants
3. Travel
4. Healthcare
5. Training/education

Many small businesses see the marketing value of social media and intend to increase their budget for it this year and next. At the same time, more than 1 in 5 (23%) said they have no budget for social media marketing.

How do you primarily use the following?	SMB responses			
	Marketing	Recruitment	Customer service	Don't use
Twitter	35.40%	10.32%	9.60%	44.68%
Facebook	35.40%	11.25%	9.11%	44.24%
LinkedIn	36.11%	11.14%	9.06%	43.69%
Instagram	33.15%	13.28%	10.26%	43.30%
Snapchat	34.41%	12.02%	9.82%	43.74%
YouTube	34.80%	11.75%	10.26%	43.19%
Pinterest	35.84%	11.64%	9.99%	42.54%

As a proportion of your overall marketing budget, how much do you spend on social media marketing?	SMB responses
0%	23.16%
1-9%	29.91%
10-19%	19.92%
20-29%	10.59%
30-39%	5.05%
40-49%	2.69%
50-59%	3.51%
60-69%	0.82%
70-79%	1.26%
80-89%	1.04%
90-99%	0.93%
100%	1.10%

How has your budget for social media marketing changed this year?	SMB responses
Significant increase	16.30%
Small increase	31.01%
No change	47.64%
Small decrease	3.84%
Significant decrease	1.21%

How do you expect your social media marketing budget to change next year?	SMB responses
Significant increase	25.19%
Small increase	36.72%
No change	33.64%
Small decrease	3.62%
Significant decrease	0.82%

Finally, while business cards appear to be one of the least effective methods for interacting with customers, influencers are growing in popularity. Only 12% of consumers who took the survey said they “always keep” the business cards they get. Of those who do keep them, 32% admitted they just put them in a drawer and never look at them.

What do you do when someone gives you a business card?	Consumer responses
I immediately recycle it	7.57%
I immediately throw it away	8.76%
I always keep it	12.71%
I never get business cards	14.98%
I usually keep it	55.98%

What do you do with the business cards you don't immediately throw away?	Consumer responses
Put them in a drawer and never look at them	32.13%
Search for the company on Google, so I can contact them	20.55%
Contact the company using the information they gave me on the card	17.72%
Add the contact information into my address book but never contact them	11.81%
None of the above	17.80%

Meanwhile, almost half (44%) of consumers said they have bought a product or service after it was recommended by a social media influencer. And 34% said they trust social media influencers. If that’s true, **social media influencers may be seen as more trustworthy than the most famous news anchors in America.**

Have you ever bought a product or service after it was recommended by a social media influencer?	Consumer responses
Yes, and I was satisfied with what I bought	37.05%
Yes, but I was not satisfied with what I bought	7.73%
No	55.22%

To what extent do you trust or distrust social media influencers?	Consumer responses
High level of trust	6.92%
Somewhat trust	26.72%
Neither trust nor distrust	37.80%
Somewhat distrust	18.55%
High level of distrust	10.01%

Conclusion

Marketing today walks a thin line between relevant and creepy. In meeting customers where they play—in social media ads, in email inboxes, or embedded into an influencer’s post—**many businesses have found an increase in sales and better brand awareness.** But getting personal with customers isn’t always welcome, as more and more people try to protect their data and privacy from malicious intent.

Small business owners have an advantage over larger companies, particularly on social media where their followers have opted into receiving ads or branded content. With the help of influencers and fun social marketing, small businesses can **strengthen their relationships with customers** and inspire them to become the best brand ambassadors a business could ask for—the ones who refer like friends.

About QuickBooks

Intuit QuickBooks is the world’s largest small business platform that helps small business owners and the self-employed organize their business finances, so they can spend more time growing their businesses. QuickBooks makes organizing business finances so easy that small business owners using QuickBooks save an average of 40 hours a month managing their businesses.

About LinkedIn

Founded in 2003, LinkedIn connects the world’s professionals to make them more productive and successful. With more than 645+ million members worldwide, including executives from every Fortune 500 company, LinkedIn is the world’s largest professional network. The company has a diversified business model with revenue coming from Talent Solutions, Marketing Solutions, and Premium Subscriptions products. Headquartered in Silicon Valley, LinkedIn has offices across the globe.

Methodology

¹Results based on a 20-question survey completed by 1,849 people over the age of 18 throughout the U.S., in May 2019. The data has a 99% confidence rate at a 3% confidence interval using [Creative Research Systems](#) statistical significance methodology, based on the U.S. Census estimate of 253,227,593 adults over the age of 18 in July 2018 (latest data available).

²Results based on a 19-question survey completed by 1,822 small business owners (each employing up to 200 people) and marketing directors (or equivalent) in the U.S., in May 2019. The data has a 99% confidence rate at a 3% confidence interval using [Creative Research Systems](#) statistical significance methodology. This is based on an estimated population of 122,803 small business marketing decision-makers nationwide, based on the latest data provided by the Small Business Administration and Bureau of Labor Statistics.

