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# Interactive Marketing Priorities For SMBs

by Shar VanBoskirk  
for Interactive Marketing Professionals



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## Interactive Marketing Priorities For SMBs

by **Shar VanBoskirk**

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### EXECUTIVE SUMMARY

Small and medium-size business (SMB) marketers, much like their enterprise counterparts, find that challenges — like limited budgets, resources, and customer insight — interfere with their ability to successfully execute interactive marketing programs. Even so, SMB marketers are growing their interactive marketing budgets and shifting resources away from traditional marketing tactics. SMB marketers should take advantage of the nimbleness of their organizations in order to innovate with interactive marketing.

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### NOTES & RESOURCES

Forrester interviewed several vendors serving the SMB market and used data from the Q2 2010 US Interactive Marketing Online Survey in the writing of this report.

#### **Related Research Documents**

[“Fueling The New SMB: Marketing-Services-As-Software”](#)

April 21, 2010

[“SMB Marketing Technology Adoption”](#)

May 22, 2009

**SMB MARKETERS TURN TO INTERACTIVE MARKETING**

Forrester typically writes for enterprise firms — companies with 1,000-plus employees — but we’ve had an increasing number of requests to investigate the interactive habits of smaller marketers. So we examined the results from our Q2 2010 US Interactive Marketing Online Survey to determine how SMB marketers — those at firms with fewer than 200 employees worldwide — think about interactive marketing differently than enterprise firms (see Figure 1).

**Figure 1** SMB And Enterprise Firm Demographics

	<b>SMBs*</b>	<b>Enterprise†</b>
	<b>Company size</b>	
Employees	Fewer than 200	More than 1,000
Average 2009 revenue	\$13.9M	\$665.5M
Average interactive marketing budget	\$230,000	\$47.7M
	<b>Primary business focus</b>	
B2B	57%	36%
B2C	24%	30%
B2B and B2C	19%	35%
	<b>Industry</b>	
Retail, wholesale, and consumer goods	15%	22%
Construction, real estate, and engineering	12%	4%
Professional services	11%	11%
Travel, media, entertainment, and leisure	10%	4%
Public services	10%	4%
High-tech products	9%	11%
Financial services	6%	12%
Industrial, chemical, and raw material	5%	9%
Telecommunications, energy, and utilities	3%	7%
Healthcare, biotechnology, and drugs	2%	7%
Other	18%	9%

\*Base: 196 interactive marketers working at companies with fewer than 200 employees worldwide  
 †Base: 81 interactive marketers working at companies with more than 1,000 employees worldwide

Source: May 2010 US Interactive Marketing Online Survey

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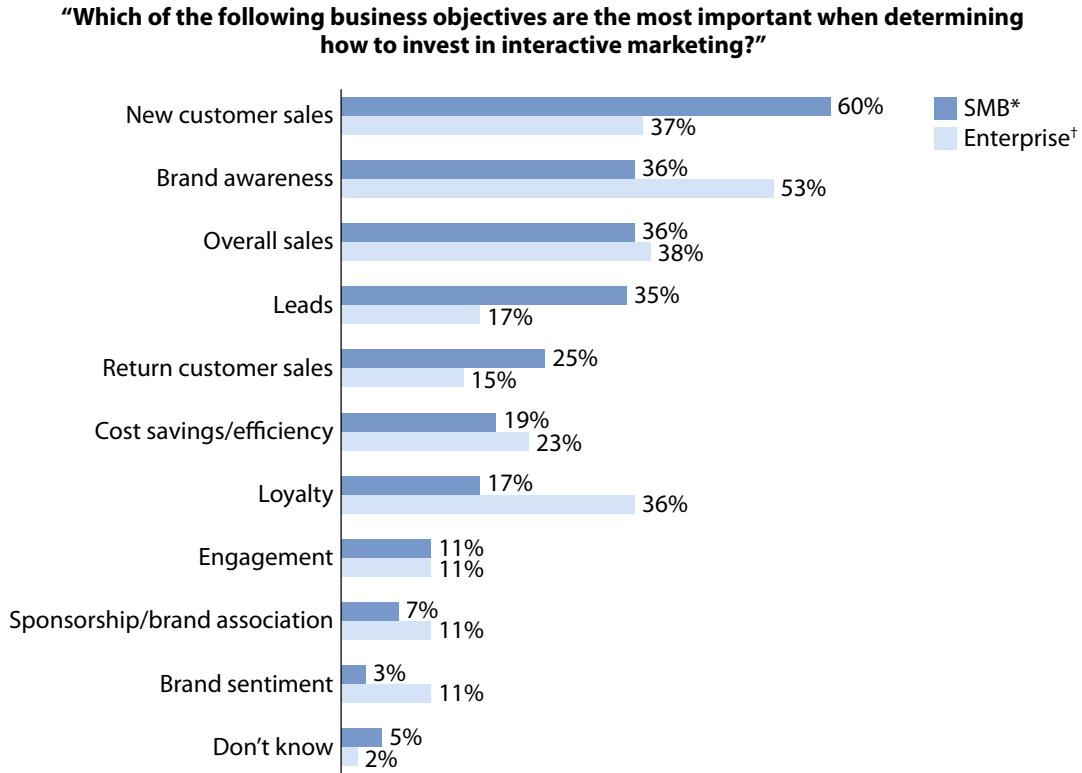
Source: Forrester Research, Inc.

## SMB Marketers Face Familiar Challenges

Like their enterprise marketer counterparts, SMB marketers feel that several limitations hinder their interactive marketing progress. Small and large firms alike grumble about:

- **Few staff members.** Eighty-three percent of SMBs surveyed report that their interactive teams have fewer than four people.<sup>1</sup> Enterprise marketers' teams aren't as small, but they do feel similarly understaffed; 44% reported fewer than 20 staff members dedicated to interactive marketing.
- **Limited budget.** SMB marketers are working with inadequate funds — 84% report interactive budgets under \$250,000 in 2010.<sup>2</sup> Of course enterprise marketers have larger budgets — \$47.7 million on average — but they also wish they had more to work with.
- **Poor customer insight.** SMB marketers say that their biggest challenges include: measuring marketing program results (56%), creating a single view of the customer (52%), using customer insight to drive marketing decisions (49%), and managing data quality (47%).<sup>3</sup> Enterprise marketers' top challenges are similar; they also list measurement and creating a single view of the customer as top concerns.
- **Losing customers in the recession.** Small and large marketers alike prioritize generating new customer sales, increasing brand awareness and overall sales, and generating leads to help replace customers lost during the economic downturn (see Figure 2). SMBs, though, weigh lead quality, partnerships, and understanding buyer behavior more heavily than do enterprise firms, in part because smaller companies have fewer key clients to lose.<sup>4</sup>
- **Lacking specialized skills.** Regardless of size, marketers need specialized skills to execute well in different interactive marketing tactics. But SMBs can't afford several specialists. They can only hire a small staff of marketers to wear multiple hats, limiting their ability to master mainstay interactive tools or trial emerging ones.

**Figure 2** New Customer Sales Tops SMBs' Business Priorities



\*Base: 196 interactive marketers working at companies with fewer than 200 employees worldwide

†Base: 81 interactive marketers working at companies with more than 1,000 employees worldwide

Source: May 2010 US Interactive Marketing Online Survey

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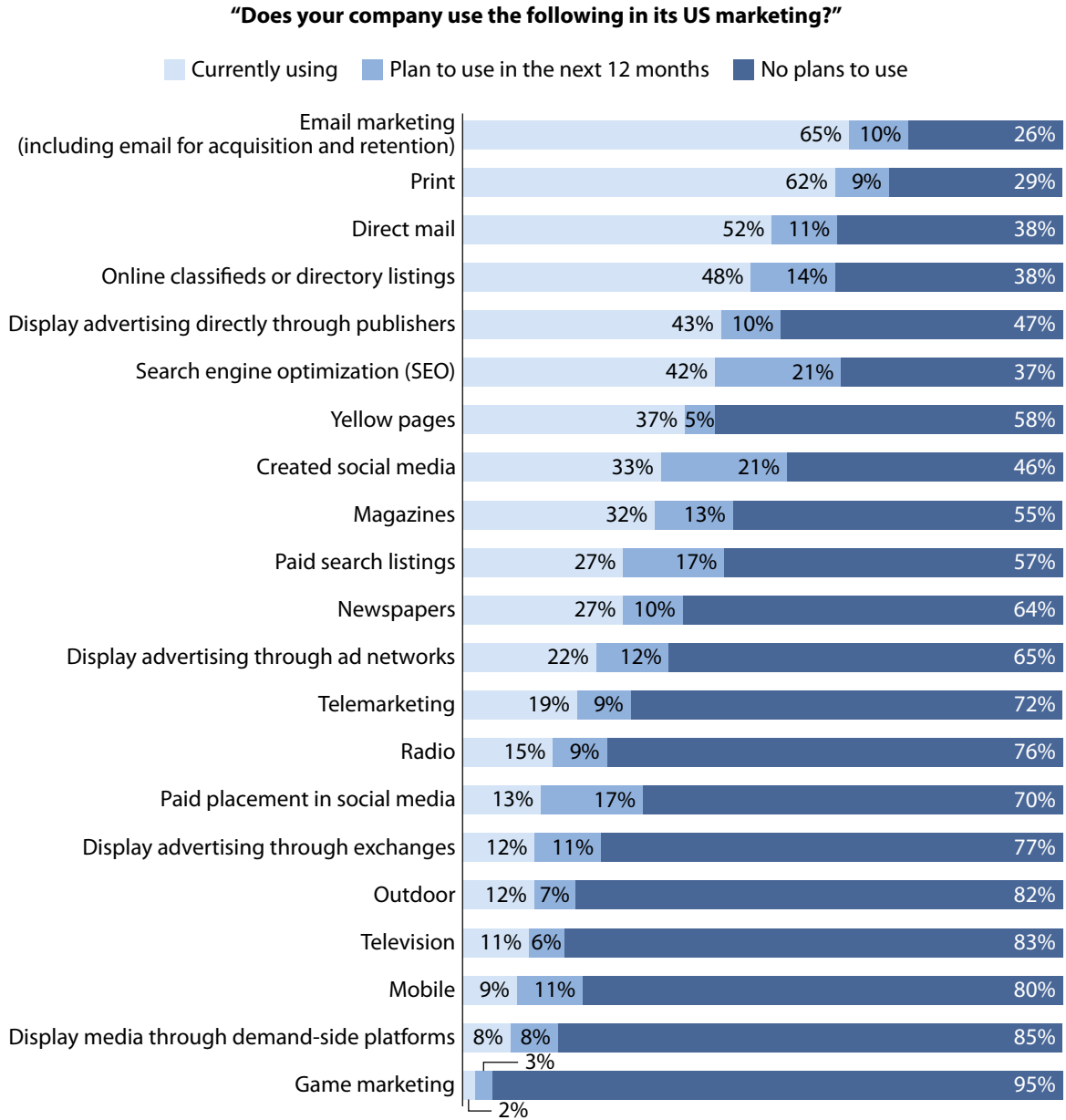
Source: Forrester Research, Inc.

## SMBs Prioritize Interactive Tactics

Of course, SMB customers are online. So despite the above challenges, SMBs know they must create relevant, customer-centric interactive marketing programs. They do this by prioritizing (see Figure 3 and see Figure 4):

- **Interactive over traditional tactics.** Seventy-seven percent of SMBs surveyed reported their 2010 interactive marketing budgets increasing or staying the same as compared with 2009. Of those increasing budgets, 54% said they will decrease budget for traditional marketing tactics like TV, radio, direct mail, and print, in order to fund the increases in interactive.<sup>5</sup>
- **Display, email, and search.** Email remains the mainstay of enterprise and SMBs alike — 75% of SMBs currently use or plan to use email marketing, and 16% increased their email budgets from 2009 to 2010. Natural search is also a staple of the SMB marketer toolbox, with 63% currently using or planning to use it. Additionally, display media is one of the largest areas that SMBs grew over the past year, with 19% increasing that budget.
- **Social media and mobile experiments.** Social media is an area of rapid growth for SMBs. Fifty-four percent of SMBs surveyed currently use or plan to use created social media and another 30% currently use or plan to use paid placement in social media. Social tied with display media as the areas of largest budget growth in the past year, and 17% plan to increase their social budget again from 2010 to 2011. SMBs are also dipping their toes in the water of mobile marketing — 9% of SMBs are currently using it, and an additional 11% plan to use in the next 12 months. About 8% increased their mobile budgets over the past year, and 10% plan to increase mobile budgets into 2011.
- **Specialized vendor partners.** SMBs outsource their interactive marketing since they don't have enough specialized internal staff. For the most part, SMBs select point solutions — vendors that specialize in discrete functions like local search, small business email, review sites, or directories — although a few players, like Intuit and HubSpot, offer more complete suites of interactive marketing tools (see Figure 5).<sup>6</sup>

**Figure 3** Email Is The Most Widely Used Interactive Marketing Tactic By SMB Firms



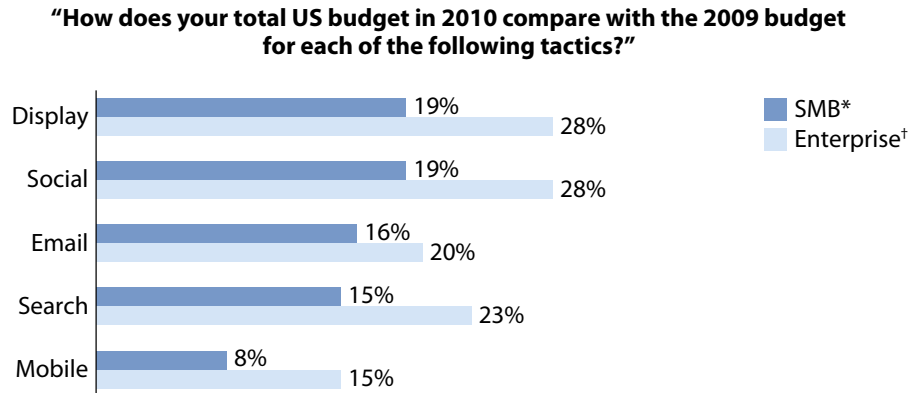
Base: 196 interactive marketers working at companies with fewer than 200 employees worldwide (percentages may not total 100 because of rounding)

Source: May 2010 US Interactive Marketing Online Survey

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Source: Forrester Research, Inc.

**Figure 4** Display And Social Top Areas For Growth In SMBs' Budgets



\*Base: 196 interactive marketers working at companies with fewer than 200 employees worldwide

†Base: 81 interactive marketers working at companies with more than 1,000 employees worldwide

Note: percent who indicate “budget increased slightly” or “budget increased significantly”

Source: May 2010 US Interactive Marketing Online Survey

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Source: Forrester Research, Inc.

**Figure 5** A Snapshot Of Vendor Players In The SMB Marketing Space

Category	Example providers	Services	Benefit to SMBs
Directories	<ul style="list-style-type: none"> <li>• Yahoo! Local</li> <li>• ValueStar</li> <li>• ThomasNet</li> <li>• Local.com</li> </ul>	Organize and present business profiles, often including a description, address, phone number, and URL for each listing	Reasonably priced listings can be purchased similarly to offline Yellow Pages ads
Consumer review aggregators	<ul style="list-style-type: none"> <li>• Yelp</li> <li>• Judy's Book</li> <li>• Angie's List</li> <li>• Citysearch</li> </ul>	Aggregate reviews or deals for local businesses, often through social and mobile	These highly trafficked sites provide rich and user-generated content to extend SMB Web visibility
Email marketing service providers	<ul style="list-style-type: none"> <li>• Constant Contact</li> <li>• VerticalResponse</li> </ul>	Provide email marketing templates, delivery, and reporting	Simple, inexpensive messaging solutions that aid customer retention
Search/display solutions	<ul style="list-style-type: none"> <li>• Clickable</li> <li>• Yodle</li> <li>• Centro</li> <li>• WebVisible</li> <li>• Reply.com</li> </ul>	Support paid search, SEO, media buying, or lead generation	Offload online marketing efforts for SMBs who need expertise or more staff
Online marketing suite	<ul style="list-style-type: none"> <li>• HubSpot</li> <li>• ReachLocal</li> <li>• Intuit</li> <li>• Zoho</li> </ul>	Integrate interactive marketing solutions through a single platform or suite	Help SMBs manage multiple interactive initiatives through a single solution

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Source: Forrester Research, Inc.

## RECOMMENDATIONS

## SMBs SHOULD LEAD INTERACTIVE INNOVATION

Although limited in some ways by their size and budget constraints, smaller marketers can generally flex faster than enterprise firms due to less bureaucracy and more direct relationships with customers. Because of this, we think SMBs are better poised than larger firms to innovate with interactive tools. To do this, SMB marketers must:

- **Tackle the low-hanging fruit.** SMB marketers should focus first on programs that don't require huge investments or highly specialized skill sets, like social media. Sound counterintuitive? First off, experiments with social media typically require no or very small incremental budget. Marketing and sales staff are likely already familiar with social outlets like Twitter and Facebook because of their personal experience with them. And smaller companies often have more personal connection with their customers than do bigger firms, so "friending" them on Facebook works as a natural extension of existing relationships.<sup>7</sup>
- **Exploit existing internal resources.** SMBs may never have enough budget to craft an ideal interactive marketing staff and tool kit. So we recommend multipurposing skill sets, labor, technology, and content already employed in other areas in the organization. For example, a customer service rep, familiar with product information, commonly asked questions, and customer care, could spearhead her company's Twitter presence.<sup>8</sup> Or Web developers could help with search engine optimization by creating search engine-friendly site structure and content. TeleHealth Services drove a 12.5% open rate and quality new leads by repurposing bylined articles as email newsletters.<sup>9</sup>
- **Prioritize technologies that create efficiencies.** A research study conducted by Centro, a provider of media buying automation software, found that 85% of media planning professionals want to spend more time on strategy but can't because of the headaches of program administration.<sup>10</sup> To counter this common woe, SMBs should invest in technologies that streamline process and offload program management. For example, Clickable's ActEngine automates paid search bid optimization and reporting — a tedious process if managed manually.<sup>11</sup>
- **Utilize on-demand campaign automation solutions.** On-demand solutions offered by vendors such as Datran Media, Entiera, and Lyrus are worth exploring for SMB marketers with limited resources because they offer subscription-based pricing models that allow marketers to test solutions with limited investment.<sup>12</sup>

## SUPPLEMENTAL MATERIAL

### Methodology

Forrester fielded its Q2 2010 US Interactive Marketing Online Survey to 309 interactive marketing professionals. For quality assurance, panelists are required to provide contact information and answer basic questions about their firms' revenue and budgets.

Forrester fielded the survey in May 2010. Exact sample sizes are provided in this report on a question-by-question basis. Panels are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

If you're interested in joining one of Forrester's research panels, you may visit us at <http://Forrester.com/Panel>.

### Companies Interviewed For This Document

Centro	ThomasNet
ClickFuel	Vertis Communications
Intuit	Yodle
Reply.com	

## ENDNOTES

- <sup>1</sup> Source: Q2 2010 US Interactive Marketing Online Survey.
- <sup>2</sup> Source: Q2 2010 US Interactive Marketing Online Survey.
- <sup>3</sup> Forrester surveyed 224 direct marketers in Q3 2008 about their technology adoption plans. This report drills into the technology adoption trends of our SMB respondents. SMB marketers continue to pursue improvements to the online customer experience with a high level of adoption of email and Web analytics technologies. However, moderate to low adoption of marketing automation and data mining technologies limit SMB marketers' abilities to grow the volume and sophistication of their programs. Forrester recommends that SMB marketers: 1) continue to focus on online marketing channels; 2) add social media marketing techniques to their arsenal; and 3) explore on-demand technology solutions to balance limited budgets with a need for greater customer insight. See the May 22, 2009, "[SMB Marketing Technology Adoption](#)" report.
- <sup>4</sup> The new SMBs are polar opposites of their "mom-and-pop" predecessors — they're marketing rock stars (or at least see themselves as such) — and they place a high degree of importance on technology to fuel their newfound marketing appetites. In many respects, particularly in digital marketing, small companies are outperforming enterprises. Tech vendors are trying out an assortment of technology, service, and channel models on this burgeoning market. As with any new market, though, the integration of those technologies, services, and channels is a challenge for users and tech vendors alike. See the April 21, 2010, "[Fueling The New SMB: Marketing-Services-As-Software](#)" report.

- <sup>5</sup> Source: Q2 2010 US Interactive Marketing Online Survey.
- <sup>6</sup> Today interactive marketing is a fragmented discipline in which marketers work with many different vendors to develop and execute marketing programs. But as the number of channels and programs grow, this situation becomes untenable. Today's interactive marketers have few options as neither enterprise marketing suites nor interactive specialists address their needs. Forrester believes that the time is right for the online marketing suite to emerge. This suite, underpinned by a central hub, is the eventual destiny for all online marketing technology and will enable a single view of the customer across channels, provide process tools to support collaboration, centralize optimization, and support a partner ecosystem. See the October 17, 2007, "[Defining The Online Marketing Suite](#)" report.
- <sup>7</sup> Because of the recession, this year marketers decline their use of brand-oriented display media and are particularly shy to adopt emerging channels like online video and mobile marketing. Instead, they cling to direct response specialists' email and search and place their bets on social media applications. We recommend that marketers maintain their branding investments and emulate small firms' social media developments in order to innovate with interactive channels now, when other marketers aren't. See the June 4, 2009, "[Interactive Marketing Channels To Watch In 2009](#)" report.
- <sup>8</sup> The Carphone Warehouse (CPW), Europe's leading independent retailer of mobile phones and services, found that Twitter offers a new opportunity to truly listen and engage in customer conversations, address customer complaints and feedback more quickly, and proactively provide information to customers, as well as positively influence customers' opinions. See the January 26, 2010, "[How Carphone Warehouse Uses Twitter And Social Media To Transform Customer Service](#)" report.
- <sup>9</sup> Source: "Reformat, Reuse, Recycle: 5 Strategies To Stretch Your Marketing Content," *Marketing Sherpa*, October 21, 2009 (<http://www.marketingsherpa.com/article.php?ident=31399>).
- <sup>10</sup> Source: "New Study Highlights Need for a Reevaluation of Current Digital Media Processes," Centro press release, June 9, 2010 (<http://www.centro.net/news/pr/new-study-highlights-need-for-a-reevaluation-of-current-digital-media-proce>).
- <sup>11</sup> Source: "New Version Of Clickable's Award-Winning Search Advertising Solution Introduces Sophisticated Reporting And Custom Metrics," Clickable press release, June 1, 2009 (<http://www.clickable.com/corp/press/2009-06-01.aspx>).
- <sup>12</sup> Forrester surveyed 224 direct marketers in Q3 2008 about their technology adoption plans. This report drills into the technology adoption trends of our SMB respondents. SMB marketers continue to pursue improvements to the online customer experience with a high level of adoption of email and Web analytics technologies. However, moderate to low adoption of marketing automation and data mining technologies limit SMB marketers' abilities to grow the volume and sophistication of their programs. Forrester recommends that SMB marketers: 1) continue to focus on online marketing channels; 2) add social media marketing techniques to their arsenal; and 3) explore on-demand technology solutions to balance limited budgets with a need for greater customer insight. See the May 22, 2009, "[SMB Marketing Technology Adoption](#)" report.

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