2011 Impact of Social Business in Small and Medium Business Study

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Social Business

Social Business is reshaping the way companies engage with customers across the marketing, sales, product development and customer service spectrum. For small and medium companies (defined as companies with 1 to 1,000 employees for the purposes of this study), Social Business represents both an opportunity and a challenge. By adopting Social Business solutions and processes, small and medium size companies can engage customers and prospects in a more personal and effective manner—and as result, help improve customer acquisition and retention. However, small and medium firms often lack the time, expertise and/or resources necessary to fully understand, implement, integrate and measure Social Business as part of their broader company strategy.

Definitions Used

- **Social Media:** Also referred to as social networking, encompasses many Internet-based tools that make it easier for people to listen, interact, engage and collaborate with each other. Examples of social media tools and platforms include Facebook YouTube, LinkedIn, Twitter, message boards, blogs and Wikipedia.

- **Social Business:** Using social media (either alone or linked to other business applications and processes) to more effectively engage with customers and prospects across the marketing, sales, product development and customer service spectrum.

Why a Social Business Study?

- The SMB Group and CRM Essentials' ***2011 Impact of Social Business in Small and Medium Business Study*** will examine Social Business related trends, dynamics, opportunities and challenges among North American small and medium businesses.
- The study will assess small and medium companies' attitudes and perceptions; current and planned adoption; integration of Social Business with other business applications and processes; perceived benefits and risks; and governance and measurement of Social Business solutions.
- Study results and analysis will help Social Business solution providers develop marketing, product and channel strategies to successfully reach, influence and market to SMBs in this space.

Business Issues

Social Business is changing the rules of customer engagement from a one-way to a two-way conversation. Increasingly social customers demand that organizations engage with them in a more interactive, collaborative and open conversation to earn their trust and business.

While an abundance of research exists that indicates business interest in and adoption of Social Business is soaring, however, more granular research about small and medium companies' attitudes, strategies, paths to adoption, implementation and integration issues is sparse.

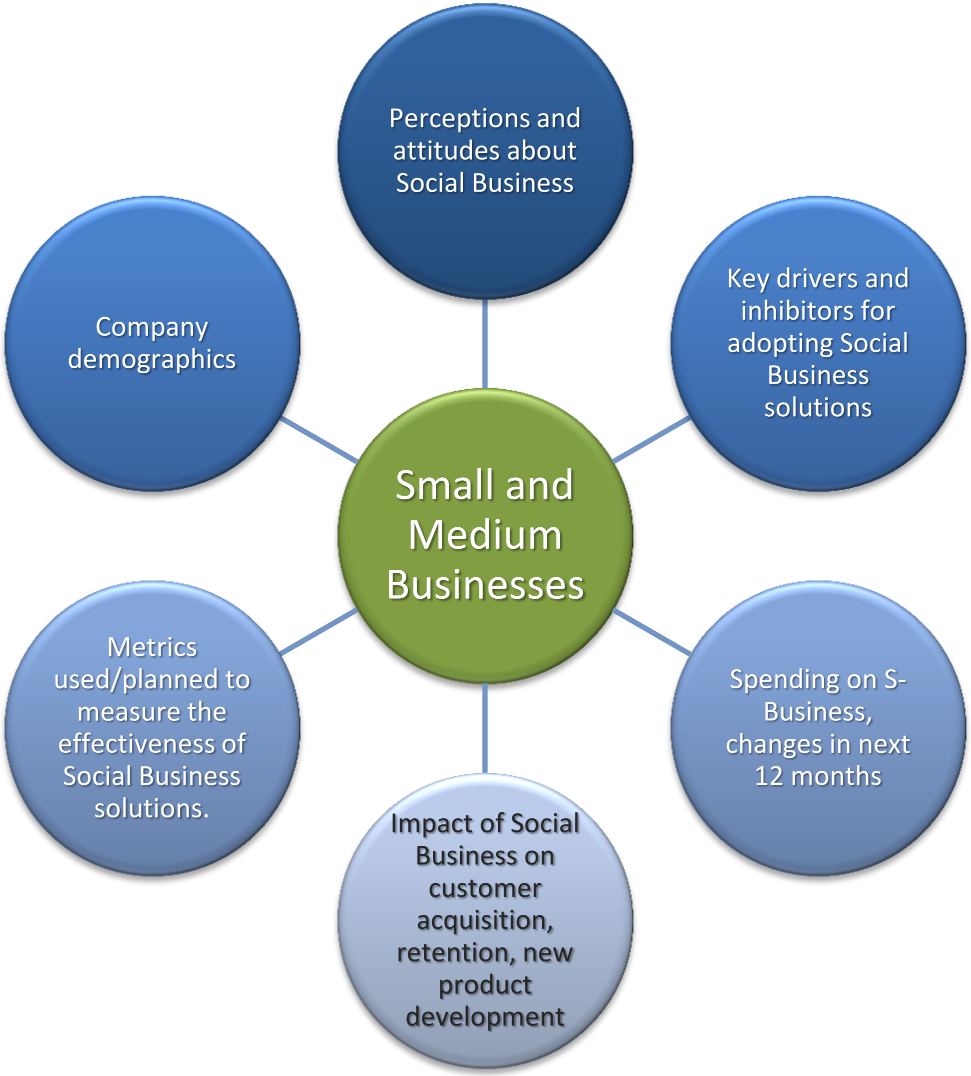
- How are small and medium size companies reshaping their marketing, sales, service and product development strategies to encompass the growing importance of social media?
- What opportunities do they see and what obstacles stand in their way?

To succeed in this market, vendors need an in-depth and nuanced understanding of these issues.

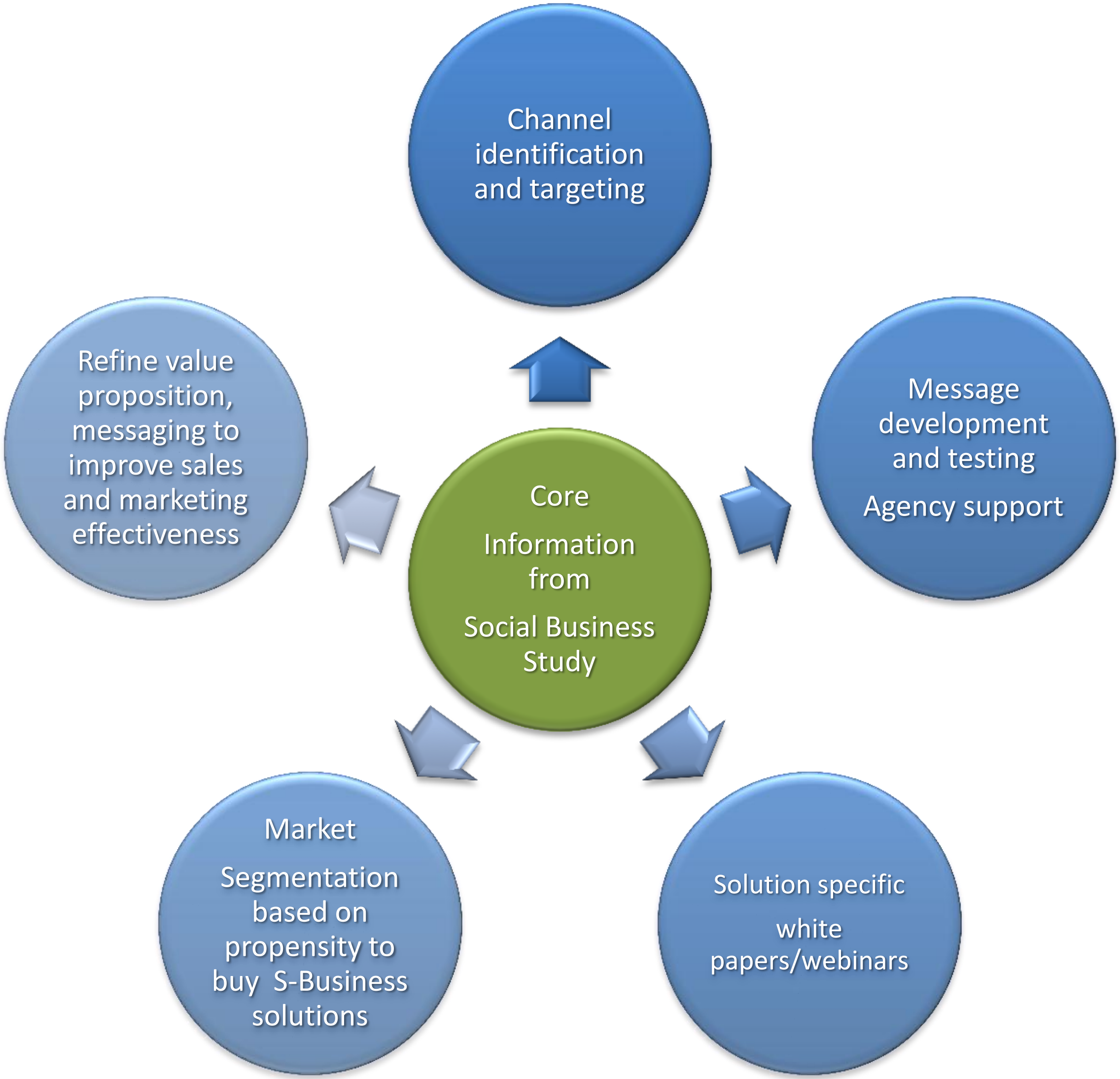
Key Questions this Study Will Answer

- Perceptions and attitudes about Social Business.
- Key drivers and inhibitors for adopting Social Business solutions.
- Integration requirements for linking Social Business with existing business applications and workflows.
- The decision-making process and roles involved in Social Business solution decisions.
- Top sources for information and advice on Social Business.
- Purchase channels for Social Business.
- Consulting and implementation partners for Social Business solutions.
- How small and medium size companies use/plan to use Social Business solutions to improve marketing, sales, service and support and product development outcomes (e.g. marketing/sales/product insights, lead generation, rapid response, campaigns/events, improved service, integrated customer experience, etc.)
- Internal governance/policies regarding Social Business.
- How factors such as company size, industry, user role, age of business, etc. impact attitudes, adoption, spending and plans for Social Business solutions.
- Budgets and planned spending for Social Business solutions and implementation.
- Policies and governance regarding which employees, workflows, etc. are encompassed in the Social Business strategy
- Top perceived benefits and risks of tehse solutions.
- Metrics used/planned to measure the effectiveness of Social Business solutions.
- Impact of Social Business on customer acquisition, retention, new product development, etc.

Social Business Study Focus



Follow-on Vendor Specific Engagements



Methodology

- Web-based survey
- Data collected in early Jan. 2011
- Sample selection: Random sample of small and medium businesses across 12 different industries and non-profits
- 25-30 questions
- 500-750 respondents/completed interviews covering the four segments:
    - Very Small Business (1-19 employees)
    - Small business (20-99 employees)
    - Medium business (100-249 employees, 250-499 employees)
    - Mid-market business (500 to 999 employees)
- SMB survey respondents are decision-makers and influencers for social media, CRM, marketing and related solution decisions in their business.
- CRM/ Social media solutions evaluating and purchasing decisions.
- The survey is intended to provide directional guidance to solution providers as they develop their go-to-market strategies and messaging

Study Deliverable

The Social Business Study sponsorship package includes:

- **Personalized kick-off meeting** to gain sponsor input to help shape specifics of the study. Regular updates about the project plan and progress.

- **Survey data analysis report:** Report containing detailed survey results, data analysis, trend information for routes to businesses by employee size and industry segments.
- Detailed Crosstabs by employee size and additional interesting data points

- **Tailored presentation**, presented by the authors of the study, with focused implications and recommendations for each sponsor.

- **Inquiry:** 3 hours of inquiry, additional crosstabs, etc.

Deliverables and Pricing

Option A: Basic Results Package—Study Results $13,500

- Data report study (Power Point format)
- Includes detailed crosstab analysis by employee size includes for:
  - Small Business: 1-99 employee segments
  - Medium Business: 100-249, 250-499, 500-1,000 employee segments
  - Some relevant analysis by respondent age and company age

Option B: Extended Results Package—Study Results plus Additional Cross Tabs and Inquiry $16,500

- Includes all the deliverables in Option A plus:
  - Web conference presentation of key findings and Q&A
  - 3 hours of additional inquiry (including additional crosstabs)
  - PDF of study results with employee size crosstab banner for all questions
  - Analysis and crosstabs by employee size, adoption and industry

Please contact us if you'd like to schedule time to learn more.

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Survey Process

SMB Company Databases

Target Quota: N=500-750

Nationally Representative Sampling

Technology Solutions Selection and Purchasing Decision Makers in North America Based Small and Medium Businesses (businesses with 1-999 employees)

Web based survey

Completed Interviews: N=760

- All employee sizes represented
- Representative of most vertical industries
- Representative of most regions
- Home-based, non-profit included
- Weighted by employee size

SMBs Defined

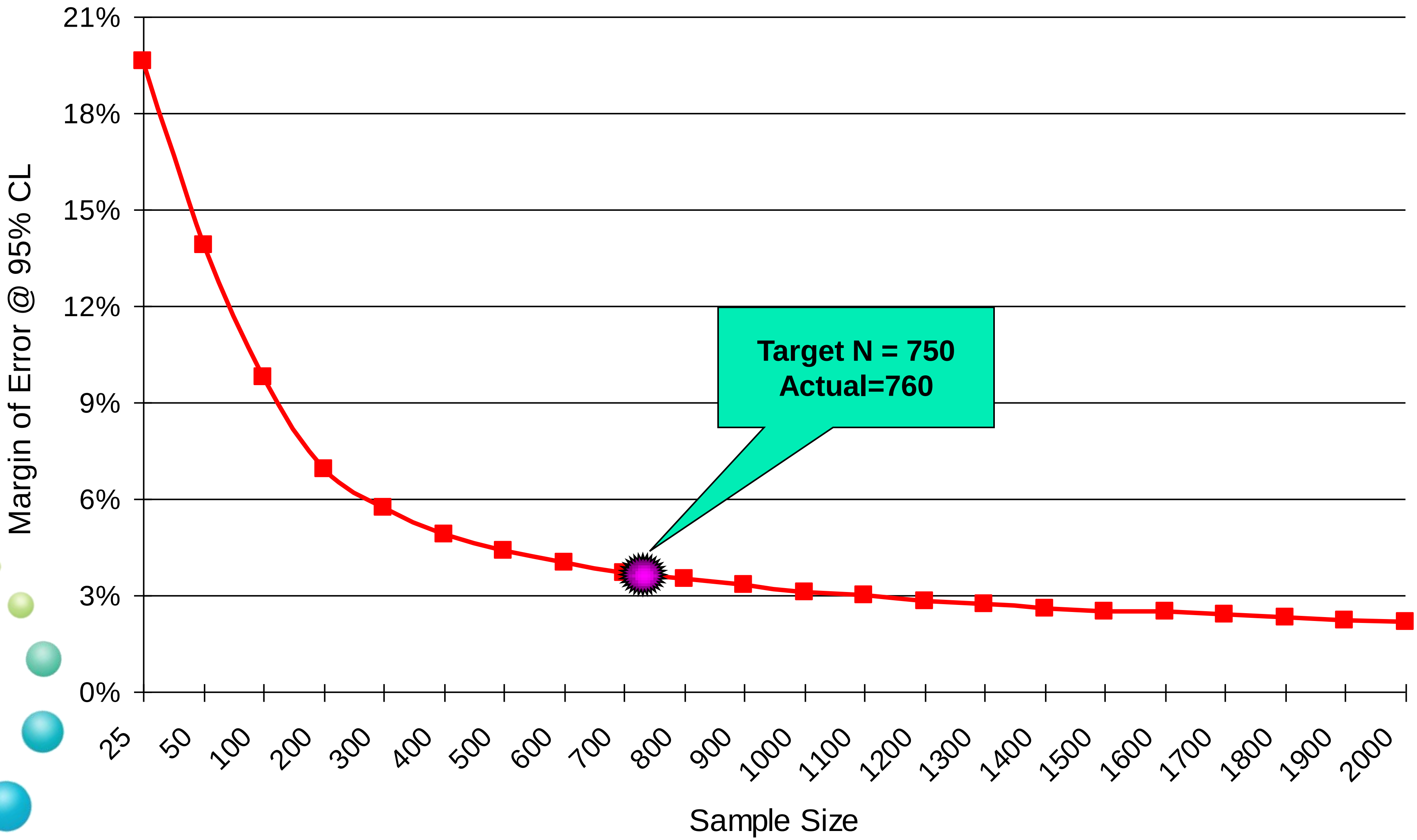
Small Businesses

- Fewer than 1-99 employees (full-time) across entire corporation
  - Education, government, non-profit organizations are included
- **Location:**
  - Commercial location
  - Non-profits are included
  - Located in North America
- Franchises are not included
  - Purchase decisions driven by business/location being surveyed

Medium Businesses

- 100 – 1,000 employees (full-time) across entire corporation
  - Education, government, non-profit organizations are included
- **Location:**
  - Commercial location
  - Non-profits are included
  - Located in North America
- Franchises are not included
  - Purchase decisions driven by business/location being surveyed

Error Margin of Sampling



Example of Recent SMB Group Research Study Approach

Routes to Market Study

July 2010

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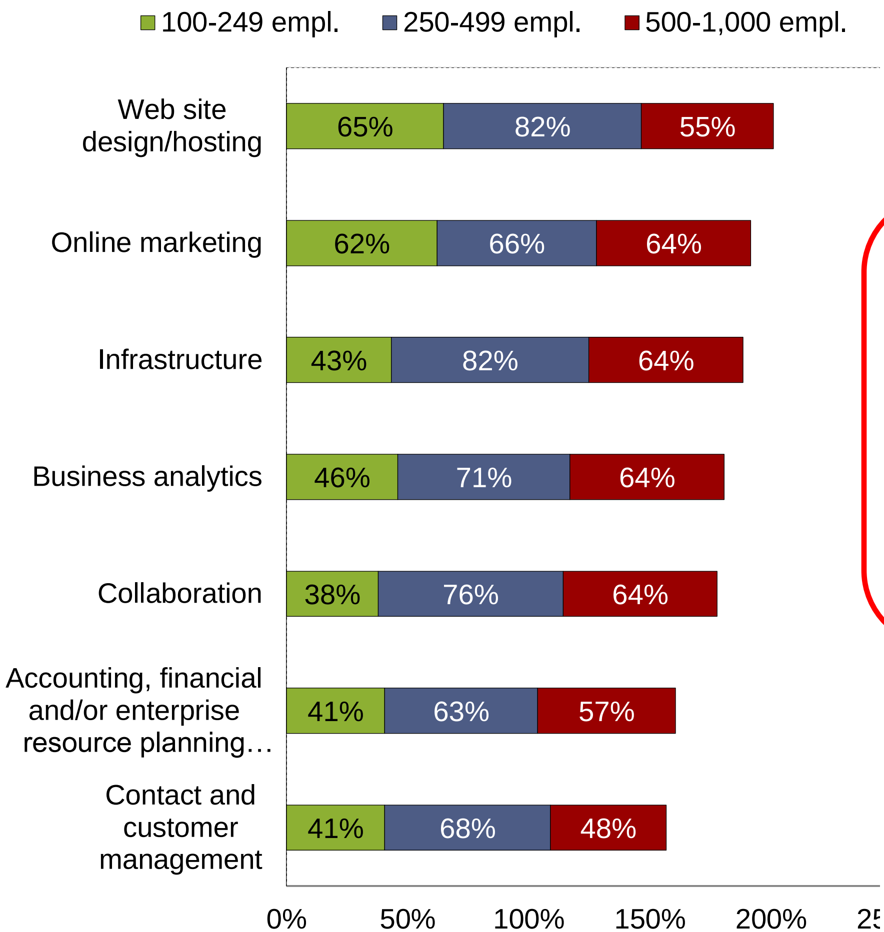
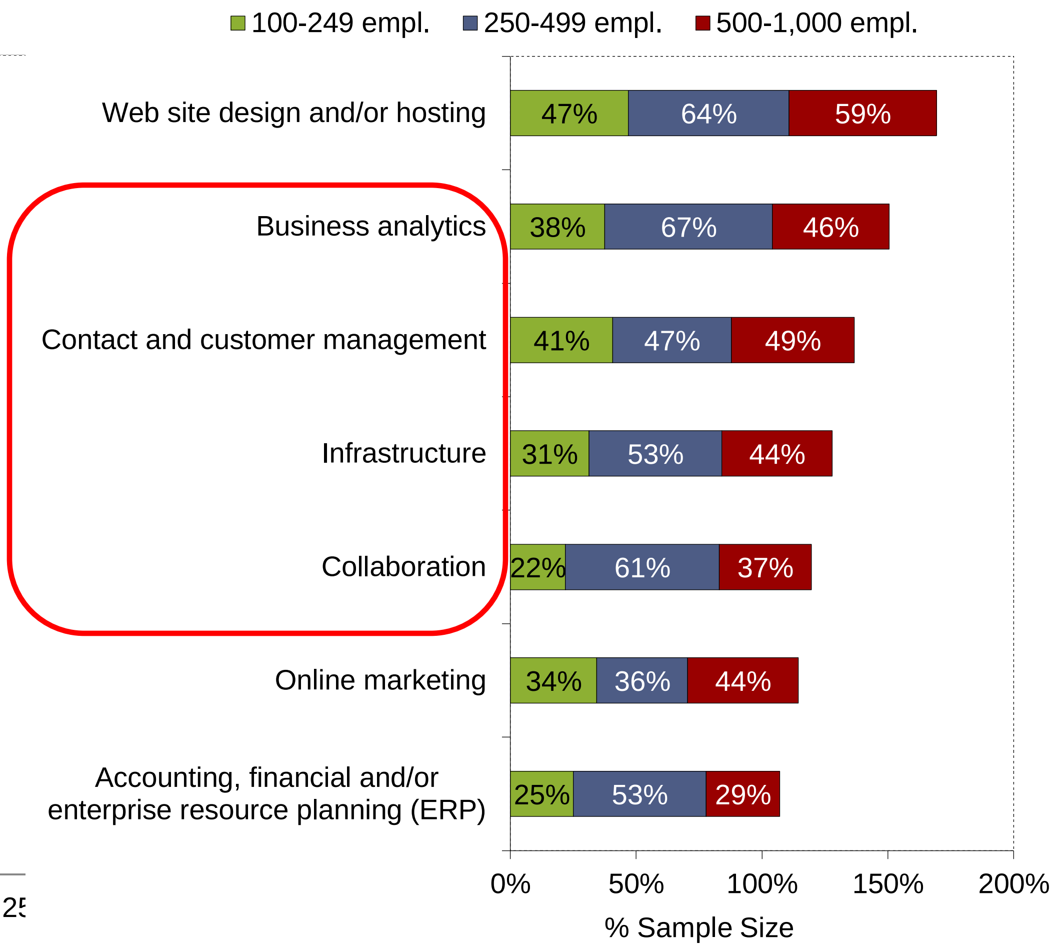
Source: SMB Group 2010 Small & Medium Business Routes To Market Study, July 2010

Purchases in Last 24 Months and Plans for Next 12 Months (Medium Business)

Last 24 Months

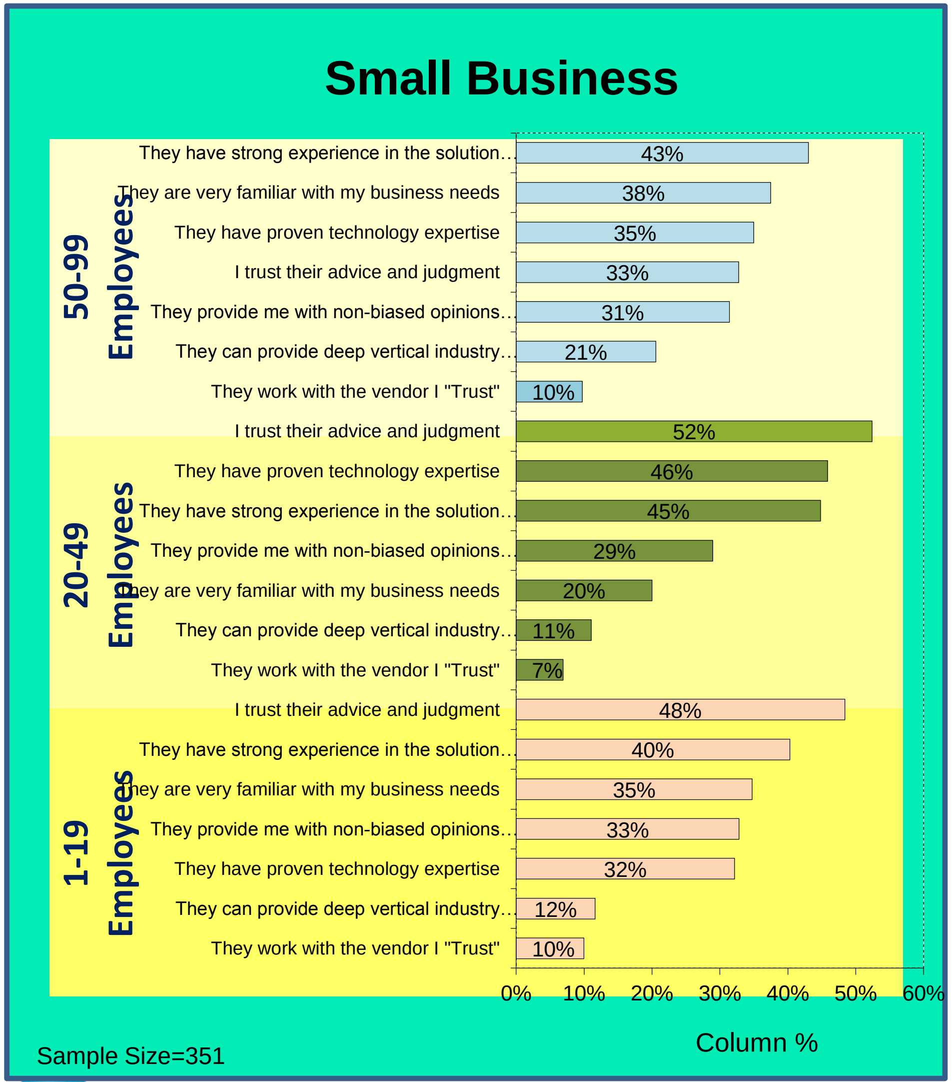


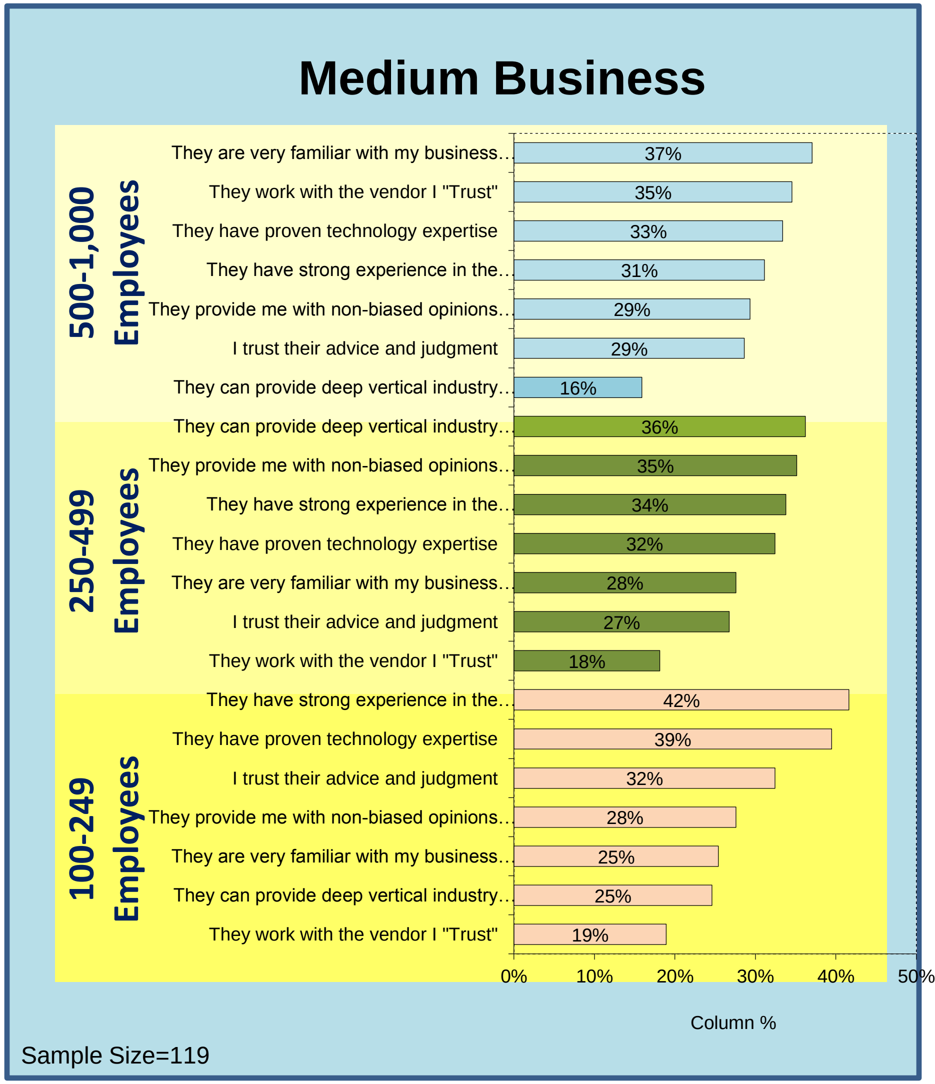
Next 12 Months



Sample Size=119

Top Reasons For Reliance On These Sources For Advice (Small Business)





Medium Business Technology Solution Purchase Process

Medium Business

- Business owner or president is most actively involved **only** in the final purchase decision
- Identify Needs: LOB executive and In-house IT director
- Evaluate Solution: LOB executive and In-house IT director
- Select Solution: LOB executive and In-house IT director
- Final Purchase Decision: Owner/president and In-house IT director

Identify Need

- Identify Needs – Department head (LOB), end-user, In-house IT
- Tend to have a formal budgeting process, but will be flexible if they are convinced a solution will help the business
- Optimistic about business
- Planning to spend more on technology solutions in NTM

Information Sources

- Most MBs view IT as a strategic business priority and make time to stay current on new solutions
- Digital/social media are the most influential sources—especially for those under 35
- Almost half of SBs use search engines daily; ≅50% use social media weekly
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- Marketplaces emerging as key information sources.

Advise on Evaluating Solutions

- Confusion about which solutions will most benefit the business
- Unsure about ROI/payback on solutions
- Having been finding value prop for customer-facing solutions, infrastructure most compelling
- Business analytics picking up interest

Developing a "Short List"

- Evaluate Solution: LOB execs and in-house IT director
- Sources of advice are more fragmented than SB
- Local tech advisors are #1 or 2 for collaboration, accounting/ERP, Web sites, infrastructure
- Professional business advisors are #1 for customer/contact management 44%
- Social media sites are #1 for online marketing
- Colleagues in industry #1 for Infrastructure, BI
- Top reasons for relying on selected sources: Strong experience in solution area, proven technology expertise, and trust judgment

Finalizing Purchases

- Select Solution: Owner/president, in-house IT, LOB executives
- Final Purchase Decision: Owner/president and CIO/Director of IT
- Price, easier to customize , reputation for high quality, and ease-of-use are top selection criteria

Purchase Channels

- Most MBs buy software and services solutions direct from software vendors and SaaS vendors.
- Business apps. are purchased direct from vendors/VARs
- Web hosting and online marketing are purchased direct from vendor, SaaS vendor or web hosting company