

## Online to Grow as 26% of Small Businesses Up Ad Spending

Though 97% of US small-business owners have some degree of concern about today's dismal economy, 26% plan to spend more on advertising - especially online - and another 60% plan to spend about the same as in 2008, according to a report from Ad-ology

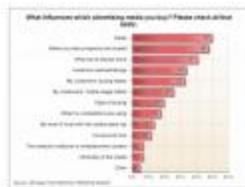


Research.

The “Ad-ology Small Business Marketing Outlook” survey found that though 25% of owners of small businesses with less than 100 employees are fearful about the current economic situation and 58% are concerned, they are also cautiously optimistic. Some 83% expect 2009 sales to be up or about the same as 2008.

In terms of 2009 spending on various media types, more than half of small business advertisers plan to spend the same or more on the following: **Online advertising (69%), Yellow Pages (54%), direct mail (51%)** and newspapers (51%),.

The biggest factors for small-business owners in making the decision to select specific advertising vehicles are rates (50%), proximity to business prospects (48%) and doing



what the company has always done (41%).  
adology-influences-advertising-media-bought-2009.jpg

Despite plans to increase spending in some areas, the research also reveals that **small-business owners are increasingly questioning whether mass media advertising effectively reaches their desired audience.** These advertisers understand the importance of being top-of mind with their customers, and they agree that advertising plays a crucial role in the future of their businesses. However, most (78%) think referrals are their best source for new customers and only 37% think the best way to deliver their marketing message is “to as many people as we can.”

Still, nearly 60% of advertisers surveyed feel that their advertising works more than 40% of the time and judge its effectiveness mostly based on an increase in foot or phone traffic (34%), increased lead generation (21%), and an increase in net sales (21%).



Broken down by specific media, **44% of respondents ranked online advertising as effective, followed by direct mail (32%),** Yellow Pages (28%), and newspapers (27%).

adology-small-business-marketing-effective-advertising-media-delivering-message.jpg

This perceived effectiveness is directly related to the planned 2009 spending for these media types, Ad-ology said.

Other survey findings:

- \* More than two-thirds of businesses surveyed indicate they did not spend at least \$1,000 on advertising in the preceding 12 months, mainly because of budget limitations. Forty-eight percent of these non-advertisers do not advertise because of lack of money and 47% cited the high cost of advertising.

- \* 52% of small business owners agree with the statement “you can gain market share by marketing while your competitors are cutting back.”

- \* 74% believe their company must be one of the first two or three that come to a customer’s mind when they need what the small business owner is selling.

- \* More than half of respondents plan to spend the same or more time and money on their websites (53%), e-mail marketing to current clients (55%), and e-mail marketing to potential clients (51%). Use of and interest in the more established online marketing methods continue to grow for small businesses.

adology-small-business-plan-spend-more-less-online-marketing-2009.jpg

- \* 58% plan to spend more on social networking in 2009, but the majority are not using other emerging media beyond email and websites: 77% do not use online video, 83% do not podcast, and 82% do not use mobile advertising.

- \* When evaluating media ad sales reps, small-business owners look first for one who “knows my company/line of business,” and “delivers what they promise.”

“Small business owners rely on advertising sales reps for guidance and are clearly looking for consultative partners in the advertising process,” said C. Lee Smith, president and CEO of Ad-ology Research. “They are more likely to purchase advertising from those that understand their business,” Smith said.

About the research: The survey was conducted by Ad-ology Research via an online panel of 863 owners of US businesses with less than 100 employees in October 2008. The Small Business Marketing Outlook report is available for purchase at <http://www.ad-ology.net>.