INTRODUCTION

Small business marketers face difficult challenges. With limited budgets it is an ongoing challenge to decide where to focus your marketing efforts for the biggest impact. And when the results do come in, how do you know if your programs are delivering what they should be?

Pitney Bowes developed the 2012 Small Business Communications Benchmark Study to give you a little more clarity.

Based on a survey of more than 750 of your peers, and supported by data from a variety of sources, this study will help you:

- compare your use of marketing channels to that of your colleagues and competitors
- identify areas to strengthen your marketing program

In addition to the data, this report presents tips and suggestions to help you make the best use of each marketing channel and tool covered in the survey.

In all, the study will help you answer the key questions on the mind of every small business marketer: Am I keeping in step or missing opportunities? Do I stay with my existing approaches or try something new?
1.0 SURVEY HIGHLIGHTS

The 2012 Small Business Communications Benchmarking Survey revealed interesting findings – some quite surprising – about how small businesses are getting their messages across to customers. Highlights from the survey results includes:

Email is the top choice for small businesses, with 46% of respondents using it as their primary channel for business communication.

Most small businesses do not measure the success of their marketing campaigns. An astonishing 73% of respondents fail to measure their email marketing metrics, while 80% fail to measure their direct mail or transactional mail metrics.

Newer channels like social media and QR codes aren’t seeing the kind of use that one would expect given their relatively low cost and the results they can generate. Small businesses who make a move into these areas have an opportunity to get ahead of competitors who may be lagging behind.

Continue reading for the detailed findings and to learn how to take advantage of opportunities that many small businesses are missing.
THE 3 MOST POPULAR COMMUNICATIONS CHANNELS FOR SMALL BUSINESSES

2.1 FOR PRIMARY BUSINESS COMMUNICATIONS TRADITIONAL CHANNELS TOP THE LIST.

Figure 1 shows the various channels used by respondents as their primary channel of communication. Email is the most used channel, with 46% of respondents using it as their primary channel for business communication, followed by phone (22%) and direct mail (11%).

WHY IS EMAIL THE TOP CHOICE?

In a previous survey by Pitney Bowes, small businesses cited ease of use and cost effectiveness as their main reasons for using email. Looking beyond primary channels, email, phone and direct mail dominate the list, making up the top three for most respondents. (Figure 1)

![Diagram showing the usage of various communication channels]

**Figure 1: 2012 Small Business Communications Benchmark Study | Pitney Bowes**

![Bar chart showing reasons why small businesses use email]

**Figure 2: 2012 Small Business Communications Benchmark Study Pitney Bowes**
2.2 SMALL BUSINESSES ARE ACTIVE IN A VARIETY OF CHANNELS

What about the other channels? The following table (Figure 3) shows us the proportion of respondents who use QR Codes, Social Media and Advertising, broken out by which primary channel they use.

The results show a healthy diversity in channel use, but it seems that most small businesses are keeping the bulk of their communications within traditional channels.

<table>
<thead>
<tr>
<th>Primary Channel</th>
<th>QR Codes</th>
<th>Social Media</th>
<th>Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>2%</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Phone</td>
<td>1%</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>1%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Transactional Mail</td>
<td>1%</td>
<td>9%</td>
<td>19%</td>
</tr>
<tr>
<td>None of These</td>
<td>3%</td>
<td>8%</td>
<td>16%</td>
</tr>
<tr>
<td>Advertising</td>
<td>2%</td>
<td>17%</td>
<td>--</td>
</tr>
</tbody>
</table>

Figure 3: 2012 Small Business Communications Benchmark Study | Pitney Bowes

2.3 DIFFERENCES IN CHANNELS VS. SIZE OF COMPANY

Breaking down the results by company size, the choices of primary channel didn’t vary much whether the companies were large or small, but there were a few notable exceptions.

- None of the largest businesses (51-100 employees) listed social media as their primary channel. The ones who used social media as their primary channel tended to be businesses with 10 or fewer employees, perhaps because of the low cost and ease of adoption for newer, growing companies.

- Larger businesses use transactional mail as their main communication channel more so than their smaller counterparts, perhaps having more opportunity to do so with a larger client base.

2.4 DIFFERENCES IN CHANNELS VS. TIME IN BUSINESS

Again, the length of time in business wasn’t a big factor in the use of primary communications channels. Exceptions:

- Of the businesses that use social media as their primary channel, the highest proportions were those less than 10 years old.

- This was especially true of businesses less than one year old.

- None of the businesses 11-15 years old used social media as their primary channel.
2.5 OPPORTUNITIES: WHAT CONCLUSIONS CAN WE DRAW FROM THESE RESULTS?

SOCIAL MEDIA

The fact that relatively few respondents used social media as their primary channel is interesting. The growing number of social media success stories would steer us away from the conclusion that these channels are underused because they don’t deliver results. The fact that more established businesses are the hold-outs suggest it may be a case of marketers “sticking to what they know”.

Whatever the reason, the fact that many businesses are still not using social media provides a real opportunity for small businesses to reach audiences that their competitors aren’t. For those businesses still in doubt about the effectiveness of social media, a recent study by Network Solutions reveals that more and more small businesses are generating a profit from their social media programs. Other studies suggest that it’s just a matter of time before small businesses take the full plunge into digital channels. A forecast by BIA/Kelsey shows that spending on traditional channels by small businesses will remain relatively flat from 2010 - 2015, but in that same time digital spending will triple.

INTEGRATED MARKETING

Also significant is the fact that so many businesses are concentrated on just a few channels. This phenomenon suggests that businesses are failing to take advantage of the power of integrated marketing campaigns. If you are one of those small businesses, you have a real opportunity to increase response rates and steal a march on your competitors through a multi-channel approach. For example, a recent study by Vertical Response shows that when social media is used to support an email campaign, email open rates increase. A similar result has been seen by National Geographic, who see much higher response rates to their direct mail when it is combined with emails sent before and after.

Next Steps

INTERESTED IN GETTING STARTED WITH MULTI-CHANNEL CAMPAIGNS?

Find out how easy it is to integrate social media, or add QR codes to your direct mail pieces.
3.0 IN DEPTH: EMAIL

3.1 WHILE EMAIL IS THE TOP COMMUNICATIONS CHANNEL FOR SMALL BUSINESSES, MANY STILL AREN’T TAKING FULL ADVANTAGE OF IT FOR MARKETING PURPOSES.

The survey respondents overwhelmingly indicated that email is their most important communications channel. However, most respondents said that their primary reason for using email was for basic correspondence related to ongoing business. Looking at the other ways that small businesses use email, we see a wide spectrum. (Figure 4)

However, the number using email for marketing is still fairly low. Only 40% indicated that they use email for marketing and business development, with 20% sending out email newsletters and 20% using email for customer events.

![Primary Use of Email Chart]

Figure 4: 2012 Small Business Communications Benchmark Study | Pitney Bowes
3.2 EMAIL MEASUREMENT IS A MISSED OPPORTUNITY FOR MOST BUSINESSES

Another surprise finding in the study was how few respondents are measuring the effectiveness of their email marketing program (Figure 5). When asked what metrics they collected regarding email marketing, an astonishing 73% of small businesses indicated that they do not measure their open rates, click-through rates, response rates and conversion to sales.

What metrics do you collect regarding email marketing?

- None of the above: 73%
- Open Rate: 11%
- Response Rate: 12%
- Click Through: 14%
- Conversion to Sale: 10%

Figure 5: 2012 Small Business Communications Benchmark Study Pitney Bowes

3.3 MOST BUSINESSES HAVE ONE HUNDRED OR FEWER SUBSCRIBERS IN THEIR EMAIL LIST

How does your email list compare? (Figure 6). Over half of respondents have an email list of less than 100 subscribers, with the vast majority (86%) having a list of less than 1000 subscribers. Only 4% had a list with more than 5000 subscribers. The length of time in business was not a factor with respect to list size.

What is the size of your customer list that you regularly send emails to?

- 1-100 subscribers: 51%
- 101-1000 subscribers: 33%
- 1001-5000 subscribers: 9%
- 5001-10000 subscribers: 3%
- 10000+: 3%

Figure 6: 2012 Small Business Communications Benchmark Study Pitney Bowes
3.4 OPPORTUNITIES

Although email is the most popular communications channel for small businesses, many are not using it to its full potential as a marketing tool.

For small businesses that aren’t yet ready for a full-scale email marketing program, you still have the opportunity to give your transactional emails a marketing touch. For example, in your next set of emails, try including links to your website for offers and discounts, or to your social media channels on Facebook and Twitter.

If you are one of the small businesses who is already using email marketing but not analyzing the results, you are missing opportunities to get more out of your investments of both time and money. Dedicated email marketing software has become easier to use and less expensive over the years, making it an easy choice versus sending emails to customers via Outlook or regular webmail. Most, if not all email marketing software comes with reporting tools to let you see exactly who has opened your mail and what content and offers they responded to. These metrics give you direct, quantitative feedback to help you get the most out of your email marketing program.

Next Steps

- If you were considering email marketing software for your small business but weren’t sure where to start, find out just how easy it can be in our getting started with email marketing video.

- Visit our website to learn how pbSmart Connection™ can help you easily send newsletters, promotions, and invitations, complete with full reporting dashboards to measure results.
4.0 IN DEPTH: DIRECT MAIL

4.1 ALTHOUGH MANY SMALL BUSINESSES USE DIRECT MAIL FOR MARKETING OR BUSINESS DEVELOPMENT, 80% OF THEM DO NOT MEASURE CRITICAL RESPONSE RATES.

For 11% of respondents, direct mail is the primary channel of communications. How are respondents using it? As with email, the most common use of direct mail is for communications related to doing business, with 33% using it primarily for invoicing/accounts receivable.

For 22% of respondents, the main reason for using direct mail was as a business development/marketing tool. If we include other reasons like customer events, newsletters and product information/updates, we see that nearly half of the businesses are using direct mail primarily as a marketing tool.

If we include the secondary ways that respondents used direct mail, the number of businesses that use direct mail for marketing jumps well above that. (Figure 7). Similar to the results we observed with email, very few of the respondents reported that they measure the success of their direct mail campaigns (Figure 8), with 80% failing to measure response rates, cost per lead, inquiry to lead conversion rates and lead to sales conversion rates.

Primary Uses of Direct mail vs. Other Uses of Direct mail

![Bar chart showing primary uses versus other uses of direct mail](image-url)
Previous research from Pitney Bowes revealed why small businesses use direct mail. The most common response was ease of use (40%), proven effectiveness with response rate, sales, etc. (36%), comfort and knowledge in this area (35%), and cost-effectiveness (31%).

4.2 OPPORTUNITIES
The survey results revealed that most small businesses are using direct mail for marketing purposes.

The real missed opportunity with direct mail is on the measurement side. Many small businesses believe that email is easier to track than direct mail, but tracking and testing your direct mail results doesn’t need to be complicated. You can simply add a coupon or coupon code to your direct mail campaigns and log the number of customers who claim it.

What metrics do you collect regarding direct mail marketing?

QR codes provide another means to track the results of your direct mail marketing efforts. With the right QR code software you can see real-time metrics on how many recipients have scanned the QR code on your direct mail pieces, giving you better insight than ever before into the effectiveness of your direct mail campaigns.

For those not currently using it as a marketing tool, think of the added lift you could give your digital programs with one more touch-point delivered straight into the hands of potential customers in a targeted area.

Next Steps

- Learn how QR codes can help you track just about any promotional material, including direct mail, flyers and giveaways.
- If you haven’t been using direct mail, or if you need an injection of new ideas for your campaigns, learn how direct mail is reinventing itself to remain one of the most powerful tools in the box for small business marketers.
- If you are ready to start your direct mail campaign, click here to use pbSmartMarketer and get your message in the hands of your target audience without leaving your office.
5.0 IN DEPTH: TRANSACTIONAL MAIL

5.1 TRANSACTIONAL MAIL IS A MISSED MARKETING OPPORTUNITY FOR MOST SMALL BUSINESSES.

By nature, transactional mail is primarily used for things like invoicing and account receivables – in other words, the communications that go along with delivering products and services to customers.

Transactional mail also presents opportunities to get in front of your customers on a regular basis with marketing and cross-promotional messages. Figure 9 looks at some of the other ways that respondents use transactional mail. Overall, the results show a relatively low adoption of transactional mail for promotional purposes, with 18% using it for business development/marketing and 20% using it for product information/updates. Similar to email and direct mail, 80% of respondents do not collect any key metrics about the effectiveness of transactional mail.

What Other Reasons Does Your Company Use Transactional Mail to Communicate with Clients?

![Figure 9: 2012 Small Business Communications Benchmark Study Pitney Bowes](image)

THE MISSED MEASUREMENT OPPORTUNITY:

A surprising number of small businesses are not tracking the results of their communications in several key channels. This is a big missed opportunity to improve campaign performance and better allocate marketing spend.
Only between 4%-7% of respondents collect data about the following: lead to sale conversion rates, response rates, document accuracy rates and document return rates.

### 5.2 OPPORTUNITIES

Transactional mail, such as invoices and shipping notices, can be a low-cost and highly effective marketing tool for small businesses. Since transactional mail has a much higher open rate than marketing materials, it can do double duty by helping you cross-sell or upsell customers. For example, a shipping notice can suggest other items that a customer may like or include a coupon for a discount off their next purchase. The best part is that adding marketing to your transactional messages only requires a marginal extra investment to generate added sales.

As with email and direct mail, tracking the results of your transactional mail marketing is important to ensure that you are always learning and increasing the return.

### Next Steps

- Download [Transform Your Invoices into Marketing Magic](#), a free guide from Pitney Bowes that will show you how to use your invoices as a marketing tool that helps you get more business from your best customers.
- Learn how to [save time by eliminating trips to the post office](#). With pbSmartPostage you can weigh, address and ship all of your packages from your office PC.
6.0 IN DEPTH: QR CODES

6.1 QR CODES ARE NOT IN WIDESPREAD USE YET, BUT RESPONDENTS ARE USING THEM, DO SO EXTENSIVELY.

Quick Response (QR) codes are matrix barcodes that marketers attach to ads or swag. Potential customers can scan these barcodes with their smartphones to access promotions and coupons, as well as make purchases in real time.

Our survey suggests that QR codes are not yet as widely used by small businesses as their larger counterparts. Of those who use QR codes, most respondents are using them to deliver product information, with about a quarter of respondents using them for business development and marketing (Figure 12).

In a previous survey by Pitney Bowes, we asked small businesses if they plan to use QR codes during the next 12 months. Only 4% responded “yes”, 44% said “no”, and 52% said that they did not know. The top response as to why small businesses do not use QR codes is that they are too complex, and the business is not knowledgeable in that area.

6.2 OPPORTUNITIES

The relatively low adoption of QR codes gives you the opportunity to engage with customers in ways that most of your competitors aren’t. For example, imagine a customer searching through the yellow pages for a take-out restaurant and one of the ads includes a QR code that the customer can scan to view the menu and latest specials. There’s no question which restaurant they will eventually call.

The most popular choices were printed flyers, direct mail, email and promotional material.
If you are not using QR codes yet, the main opportunity for your small business is using them to create powerful links between your traditional and digital marketing efforts. When integrated marketing is done right, it is greater than the sum of its parts, with each element lifting the other through reinforcement or cross-linking.

QR codes also give you the chance to easily measure the results of campaigns where it would have been difficult or impossible previously. For example, adding QR codes to your direct mail pieces has become a straightforward exercise, with little or no additional costs over standard direct mail. Instead of asking every customer where they heard about your promotion, you can log into your QR code software to see exactly how many responded to your direct mail offer.

Next Steps

- If you are one of the small business who is unfamiliar with QR codes, find out everything you need to know in our free paper: A Practical Guide to QR Codes for the Small Business Marketer, and learn how QR codes can help you engage customers and grow your small business.

- Get started now with the FREE version of pbSmart Codes™ Basic.
A surprise finding of the survey was how many small businesses aren’t measuring and analyzing the results of their marketing initiatives. Whether this is due to time constraints or the belief that measurement is too difficult or costly, the situation presents an opportunity for many small businesses to improve ROI.

Measuring the results of your campaigns ensures that your future spend is both efficient and effective: you’ll know which programs aren’t delivering and need to be cut, and which ones need adjusting to deliver maximum return on investment.

For those small businesses who aren’t measuring and analyzing their results today, the good news is that it is easier and less costly than you might think.

Here are a few resources to help you develop an effective marketing measurement program:

- [How Do I Measure the Success of My Marketing?](#)
- [Using marketing dashboards for measurement](#)
- [Use web analytics to improve your marketing](#)
- [Tracking social media marketing with HootSuite](#)
- [ROI calculator to help you measure the results of your direct mail marketing campaigns](#)
The survey results revealed that many small businesses are failing to take full advantage of key communications channels such as email, direct mail and QR codes – especially when it comes to using these channels for business development and tracking campaign results. However, using these channels effectively can help you stand out from your competitors and grow your business.

Respondents completed 756 surveys. The respondents were self-selected from a general invite that Pitney Bowes sent to a list of its small business clients.

The respondents were from small businesses (maximum 100 employees) and located in the United States and Puerto Rico.

The survey was conducted online via SurveyGizmo. Data collection occurred during April 2012. Participants received a $5 Starbucks card as an honorarium to take part.
The majority of respondents were established companies; more than 50% have been in business for more than 15 years, and 86% have been in business for more than six years (Figure 13).

Although the offer to participate in the survey was extended to companies of up to one hundred employees, the majority of respondents were from very small businesses. In fact, 33% of the respondents were from businesses that employ two to five people, and 81% employed less than 20 people (Figure 14).

For more information about the 2012 Small Business Communications Benchmark Survey, contact us at pbsmartessentials@pb.com.

1 Pitney Bowes Survey 2011
3 "Small Businesses Moving Aggressively to Online Marketing", Marketing Profs, September 6, 2011.
4 "Businesses That Use Email Marketing And Social Media Achieve 28% Higher Email Open Rates, According To VerticalResponse User Data", Vertical Response, March 1, 2012.
5 "Email+Mail=Email Sandwich Wins...Plus There’s More", pbSmart™ Essentials, September 16, 2011.
6 Pitney Bowes Survey 2011
7 Ibid.