

SMB Business Perspectives: 2011 Results and 2012 Projections

November 2011

Overview and Methodology

Objective –

Obtain a deeper view of business projections from small to mid-sized businesses (SMBs) for 2012 compared to 2011.

Approach –

Zoomerang distributed a survey to SMB decision makers over a four day period, from November 3-7, 2011.

Results –

In total, 1,003 SMB decision makers (e.g. founders, managers, etc.) completed the survey providing insights into their 2011 business results and 2012 projections.

Insights –

Economy

- Of those surveyed, a majority (61%) stated that their business had been negatively impacted by the economy, yet 40% remain optimistic or very optimistic about their business heading into 2012.
- Half (50%) of respondents failed to meet their business goals in 2011, however, only 19% have plans to diversify their business in 2012.

Business Growth

- The biggest challenge for SMBs in 2011 was customer/client growth despite the highest hiring rate in the business development sector. Similarly, 60% of SMBs plan to focus investments and staffing in the same sector in 2012.
- Of the SMBs creating new staffing positions, filling an existing position or promoting employees, the most promising business sectors for job applicants are social media and business development.
- In 2012, nearly half (45%) of SMBs plan to invest money in marketing and communications. Similarly, a third (33%) of respondents project using advertising/marketing or social media to attract new customers.

Social Media

- In 2012, more than a third (40%) of SMB respondents plan to use social media, yet only a quarter (25%) expressed discomfort with using social tools.
- The top three reasons SMBs use social networks are: affordability, access to customers and word-of-mouth/referral.

Annual Projection Comparisons

Key Takeaways –

Overall Summary of 2011 Projections – (*previously completed [survey findings from 2010](#)) –

The majority of SMBs were optimistic about the coming year and were confident that the economy was beginning to stabilize and improve, predicting higher sales and staff hiring growth.

Overall Summary of 2012 Projections –

The majority of SMBs were neutral to positive about the economy and their business heading into 2012. Compared to 2011, SMBs are more hesitant to hire additional staff. Even though most see the value of social media for customer relations, most SMBs do not understand the tools or feel comfortable using them.

Insights –

Economy

- 2011: As compared to 2010, the SMBs surveyed were optimistic about the economic outlook with 72% believing it would improve or stay the same.
- 2012: When considering business performance heading into 2012, 40% of SMBs are optimistic or very optimistic. Of those surveyed, 40% of SMBs agree that small business is the backbone of the economy.

Business Growth

- 2011: Compared to the previous year, 89% of SMBs planned to grow or maintain their staff.
- 2012: Less than a third of SMBs plan to hire more employees in 2012 compared to the previous year.

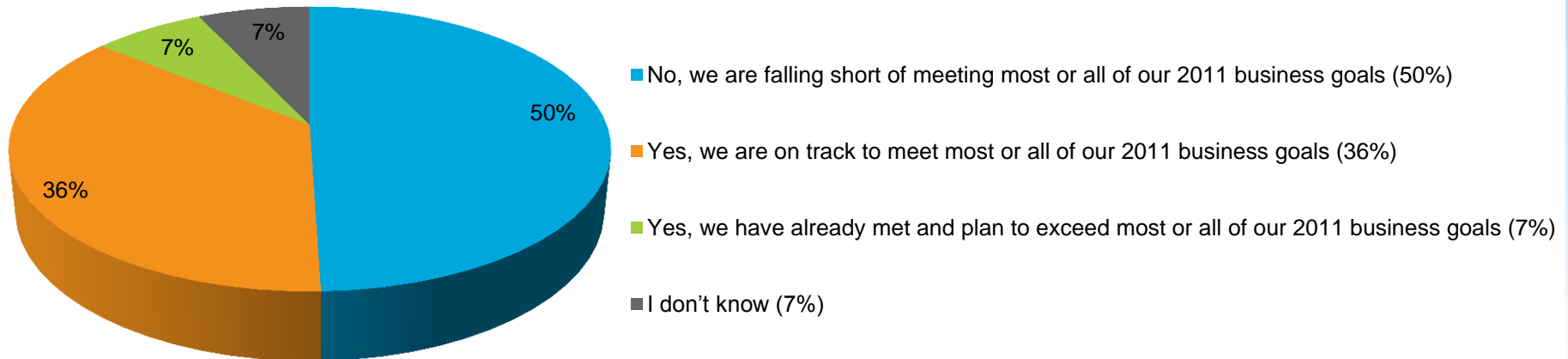
Social Media

- 2011: Social media adoption was slow, with only 33% of the SMB respondents planning to use social media.
- 2012: Of those surveyed, 40% of the SMBs plan to use social media in 2012, despite a quarter of respondents stating they do not feel comfortable using social tools.

2011: Business Goals

Half (50%) of the SMBs surveyed are falling short of meeting 2011 business goals, whereas 43% of SMBs are on track or have already exceeded most goals

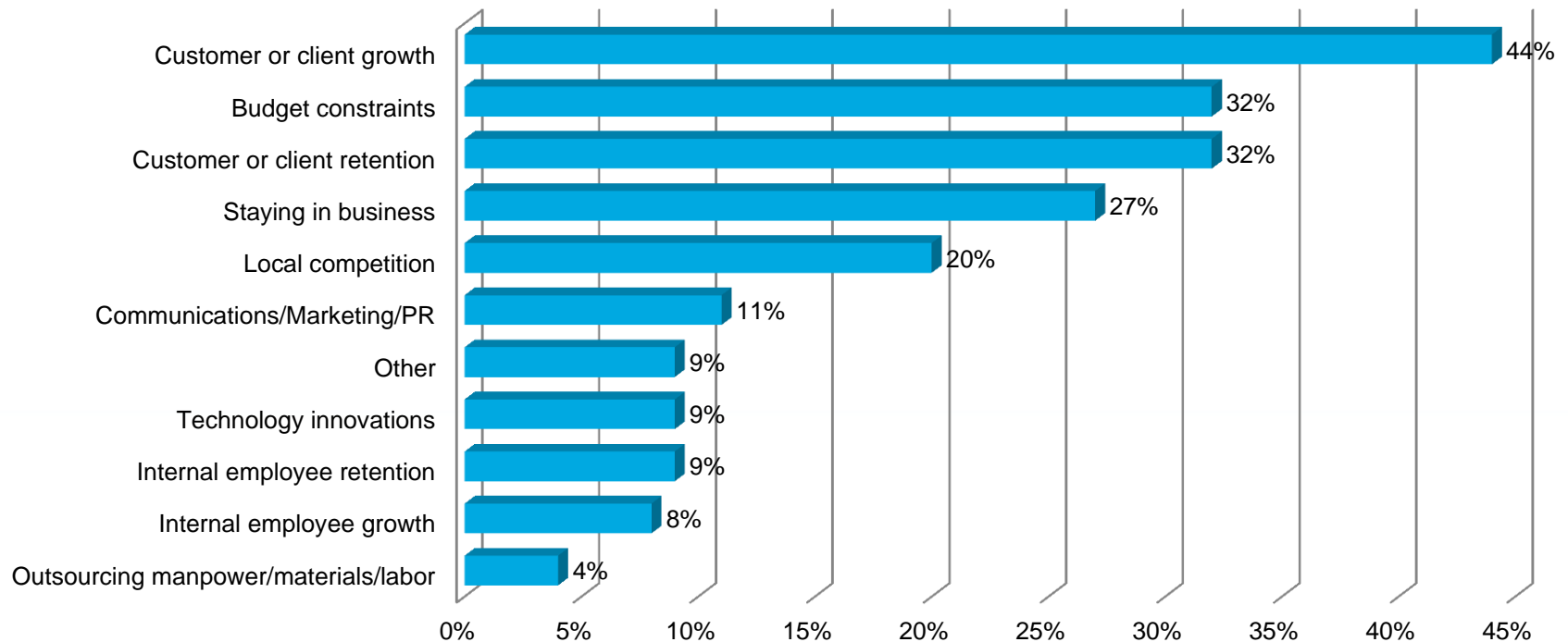
Is your business on track to meet most or all of its 2011 goals?



2011: Business Challenges

SMBs were challenged most by customer/client growth and retention as well as budget constraints

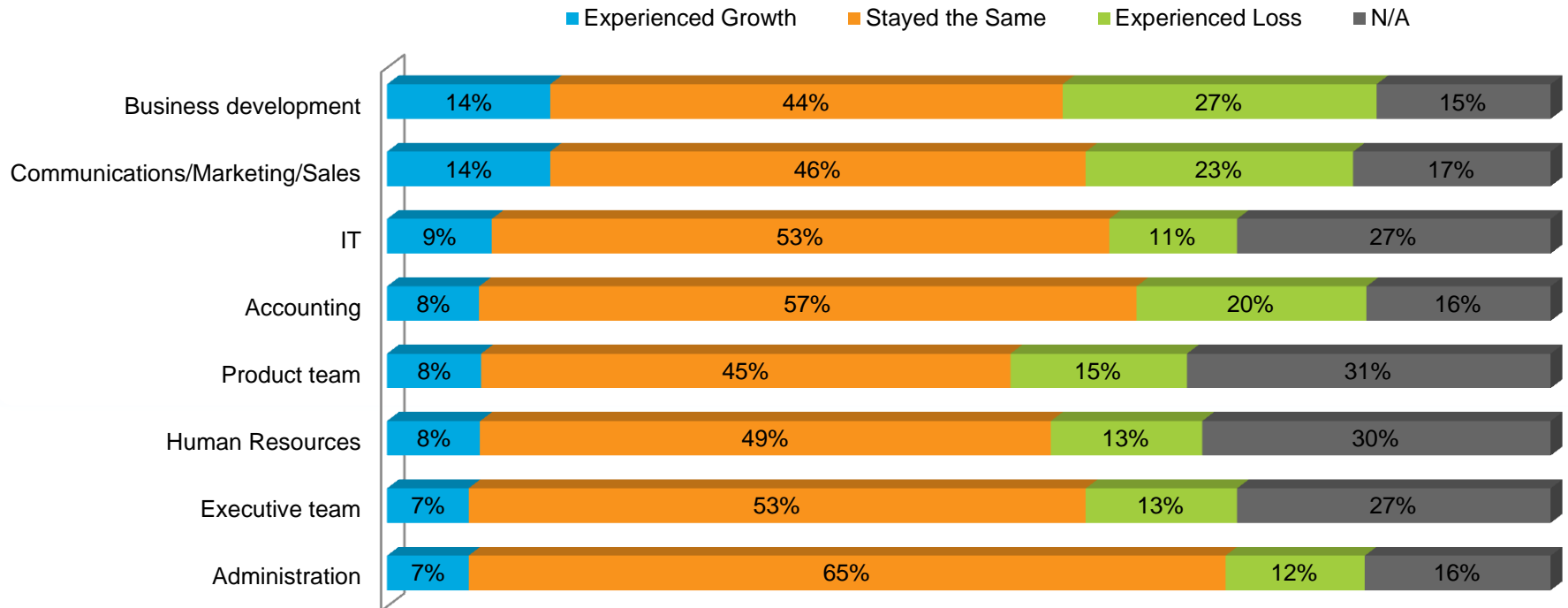
**What were your business' biggest challenges in 2011?
(Select all that apply)**



2011: SMB Business Performance

Most SMBs did not experience growth or loss in the most common business sectors

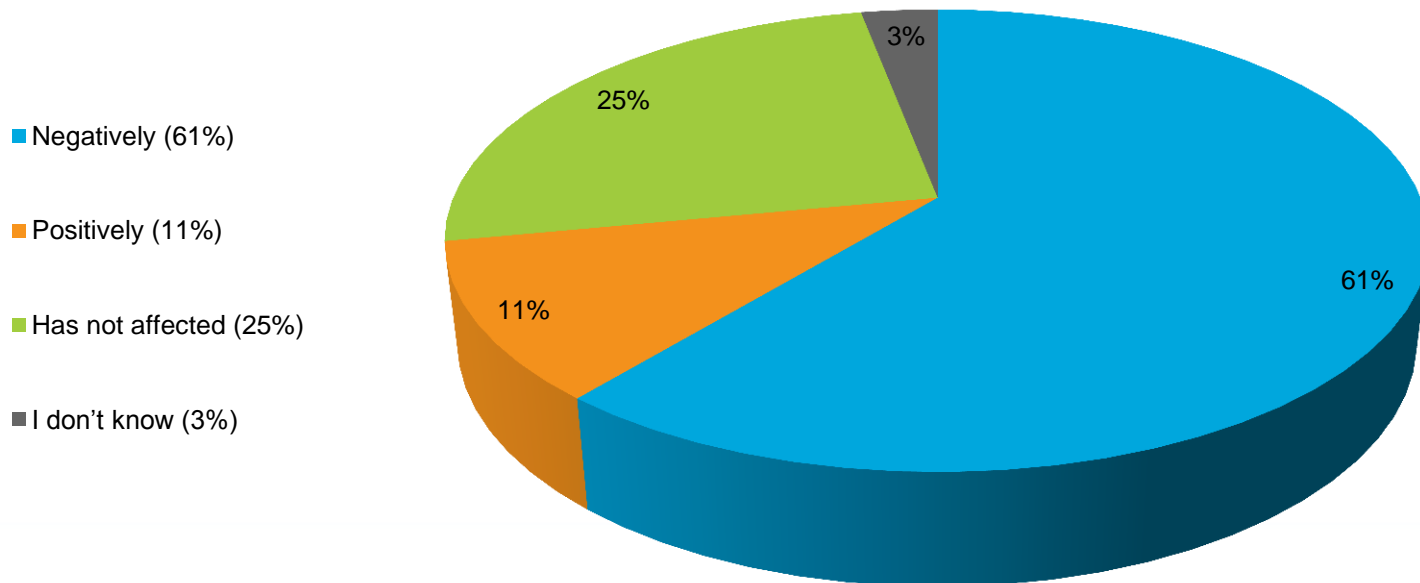
How would you describe the performance of each area of your business in 2011?



2011: Economic Impact

In 2011, more than half (61%) of the SMBs surveyed were negatively affected by the economy

How has the U.S. economy affected your business in 2011?

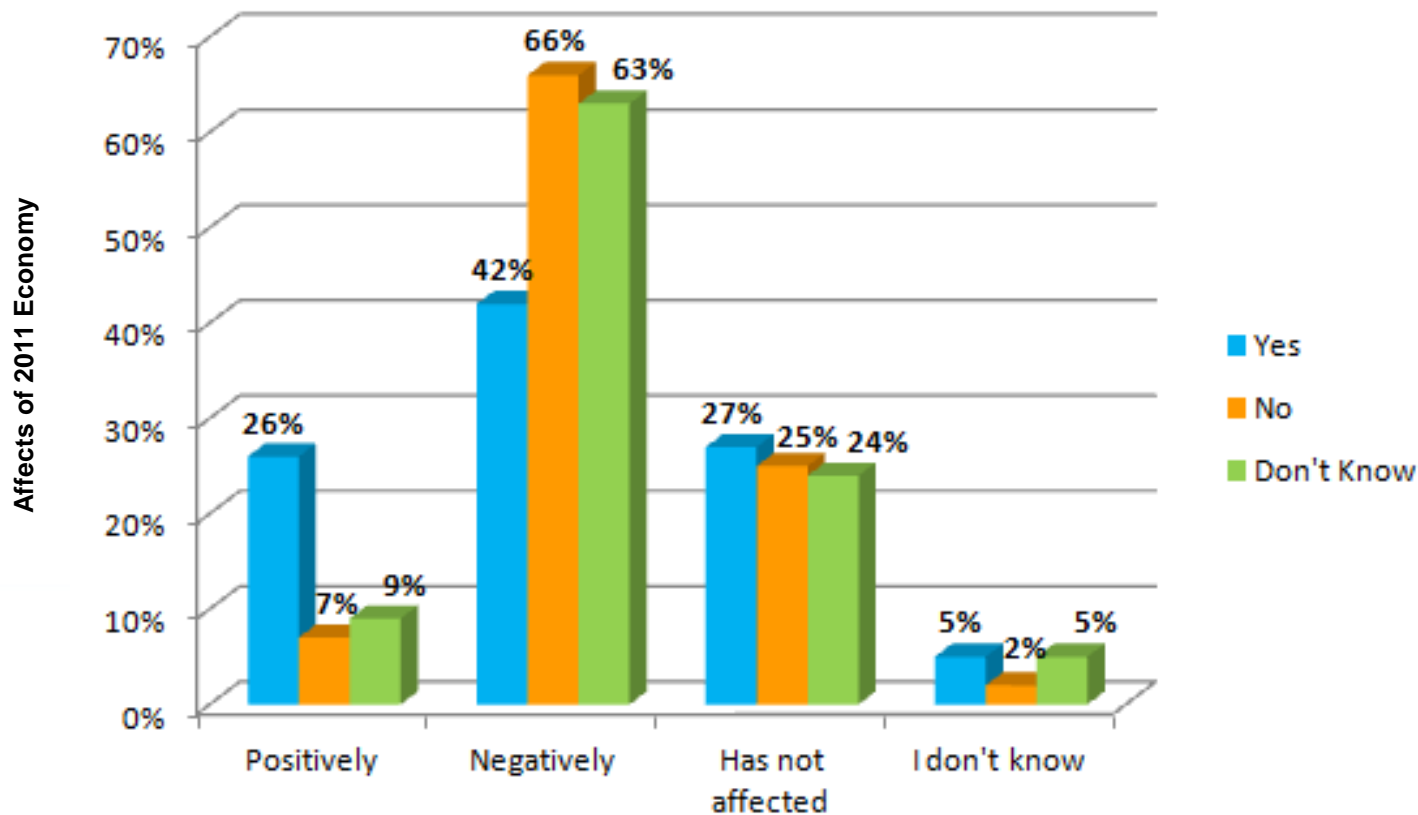


* In 2011, 40% of SMB respondents experienced limitations or constraints as a result of U.S. administration policy changes.

2011: U.S. Economy Impact and Hiring

Among the responses, there was a direct correlation between businesses impacted by the economy and hiring projections for 2012.

Affects of 2011 U.S. Economy on 2012 hiring plans

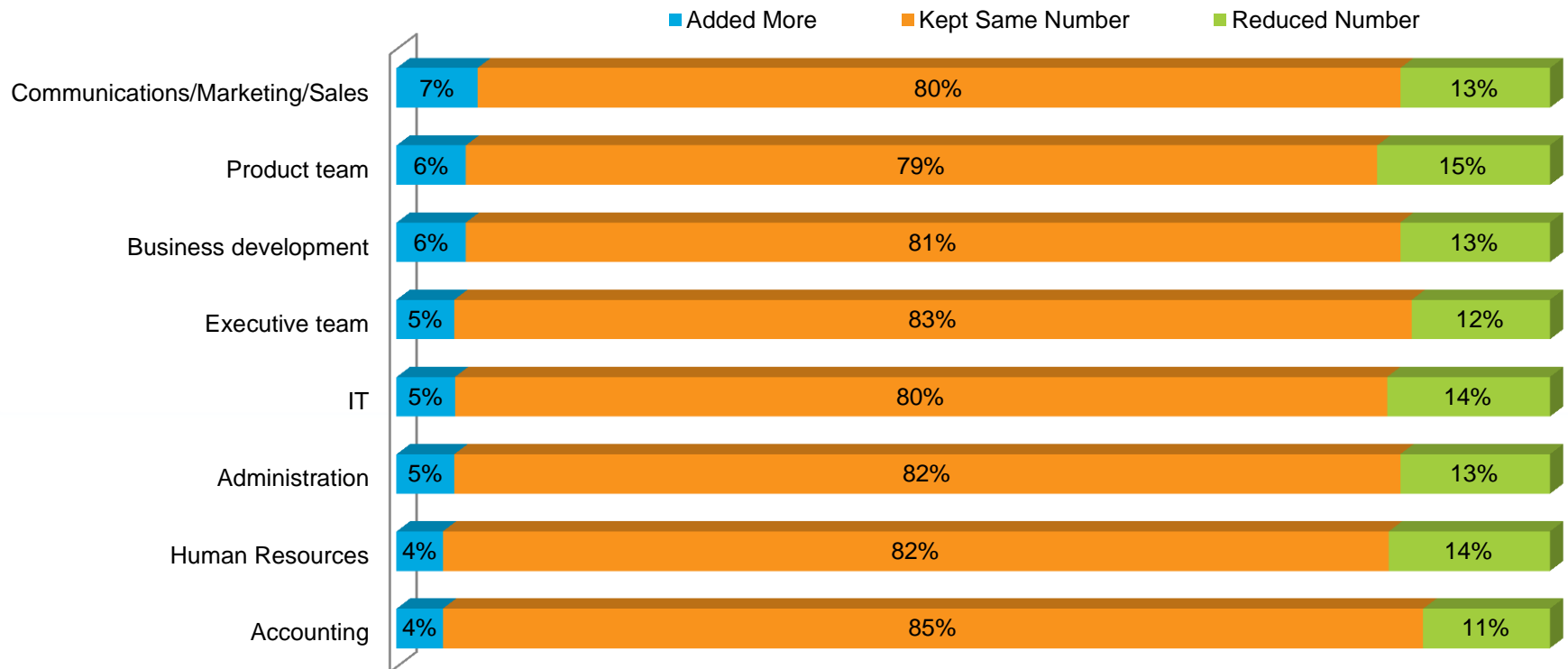


Plan to hire in 2012

2011: Employees

More than three quarters of SMBs did not hire or reduce number of employees in the most common business sectors

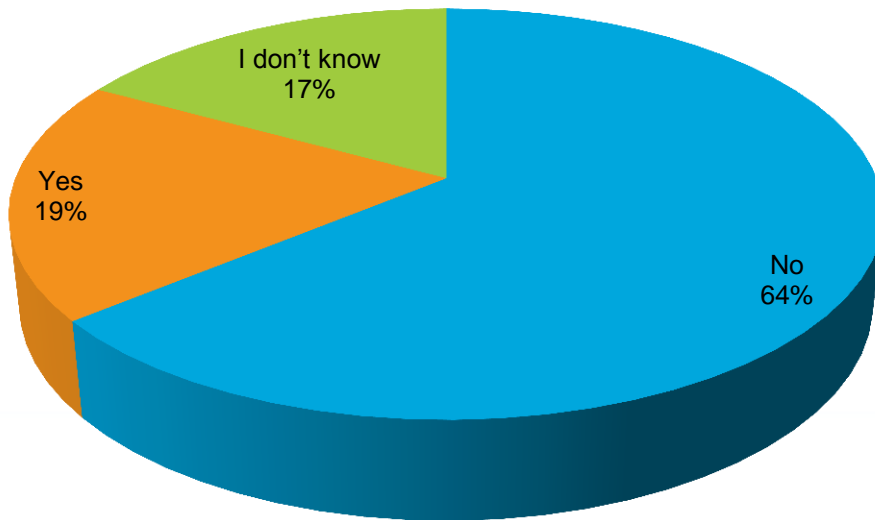
Did you add more employees, reduce the number of employees or keep the number of employees the same in each department during 2011?



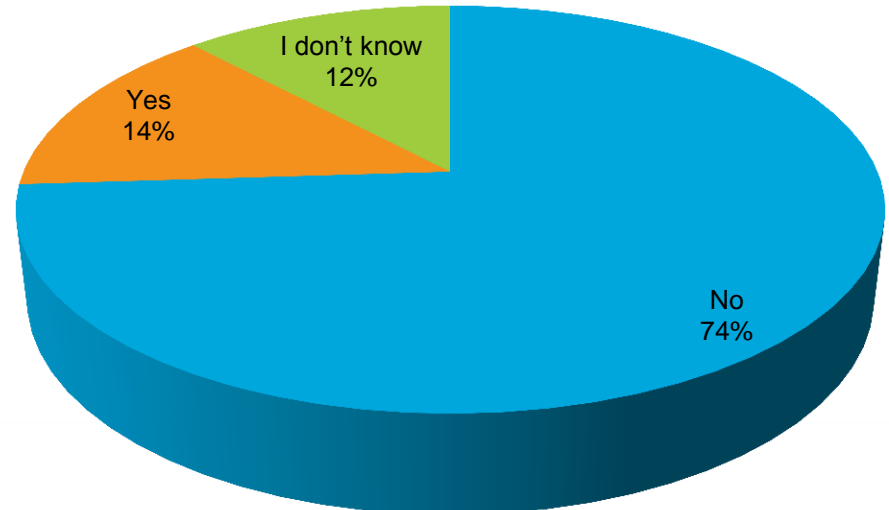
2012: Business Plans and Scope

More than half of SMBs do not plan to diversify (64%) or narrow (74%) the scope of their business next year suggests 'business as usual' in 2012

Do you have plans to diversify your business in 2012?



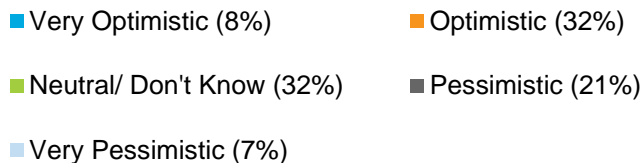
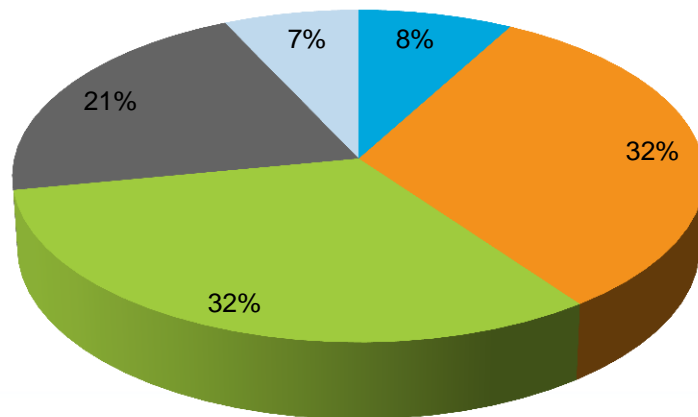
Do you have plans to narrow your business scope in 2012?



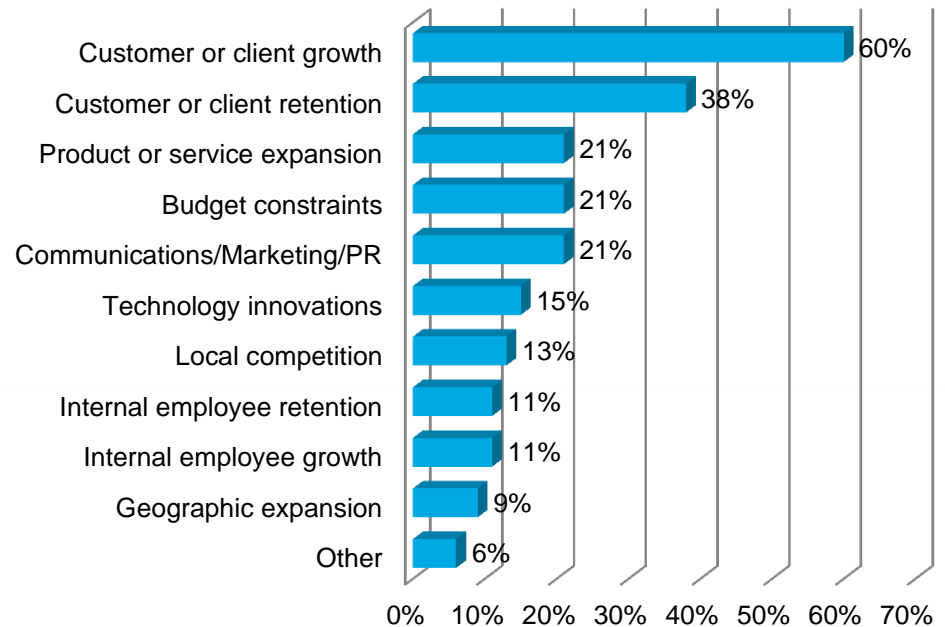
2012: Business Performance

More than half (64%) of SMBs have optimistic or neutral business performance projections for 2012, and a large majority (60%) will focus on customer/client growth

How do you feel about your business performance heading into 2012?



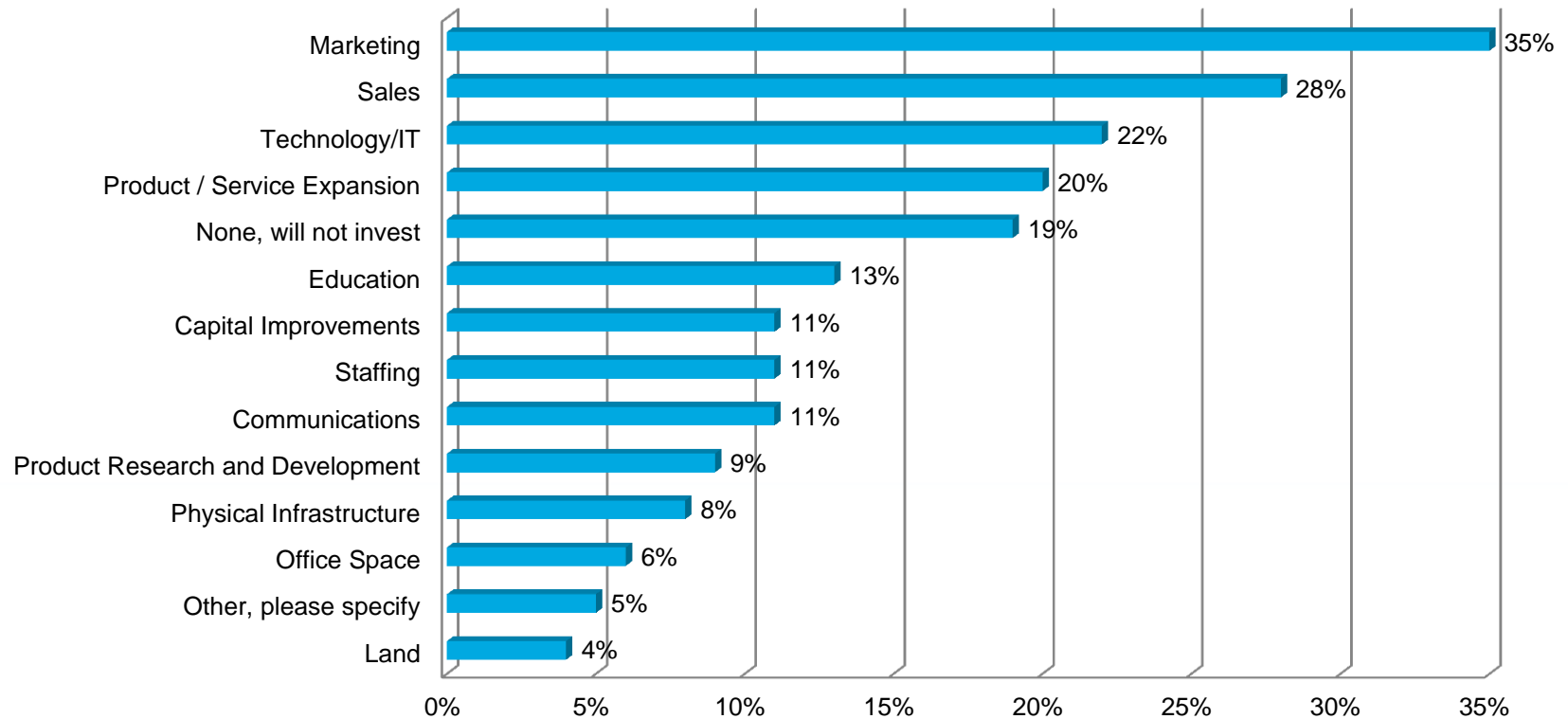
Which areas will you focus on improving in 2012? (Select all that apply)



2012: Investments

The top three common business sectors SMBs plan to invest in are projected to be marketing, sales and technology/IT

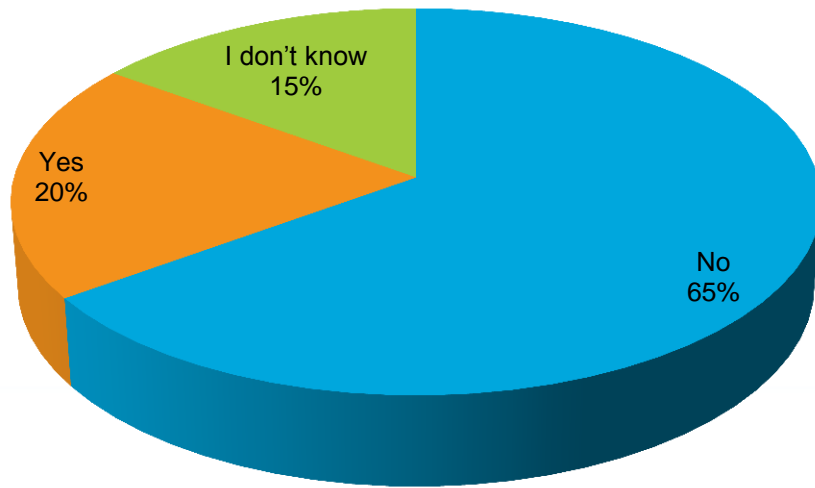
**In which areas will your business invest money in 2012?
(Select all that apply)**



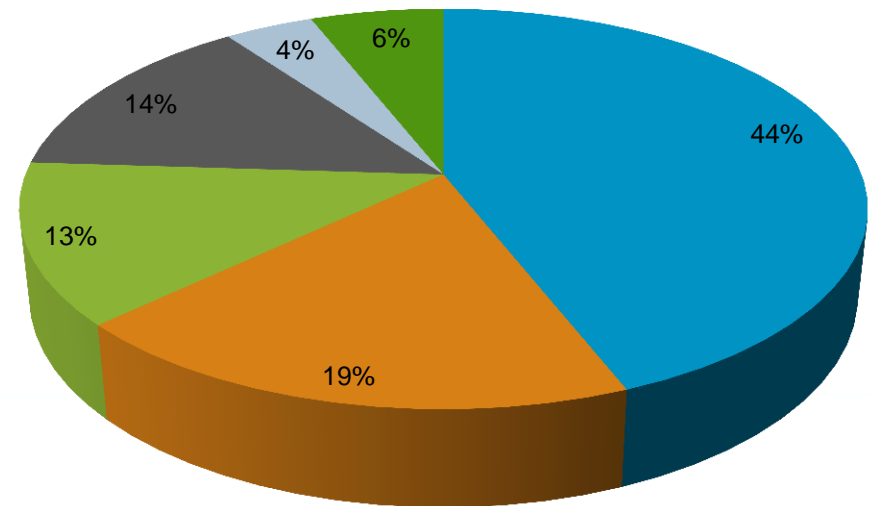
2012: Employee Growth

Nearly two thirds (65%) of SMBs do not plan to hire more employees in 2012 as compared to 2011. Of those hiring, the majority plan to add 1-5 employees

Does your business plan on hiring more employees in 2012 than in 2011?



**How many employees will your business hire in 2012?
(Include P/T, F/T and temp employment)**

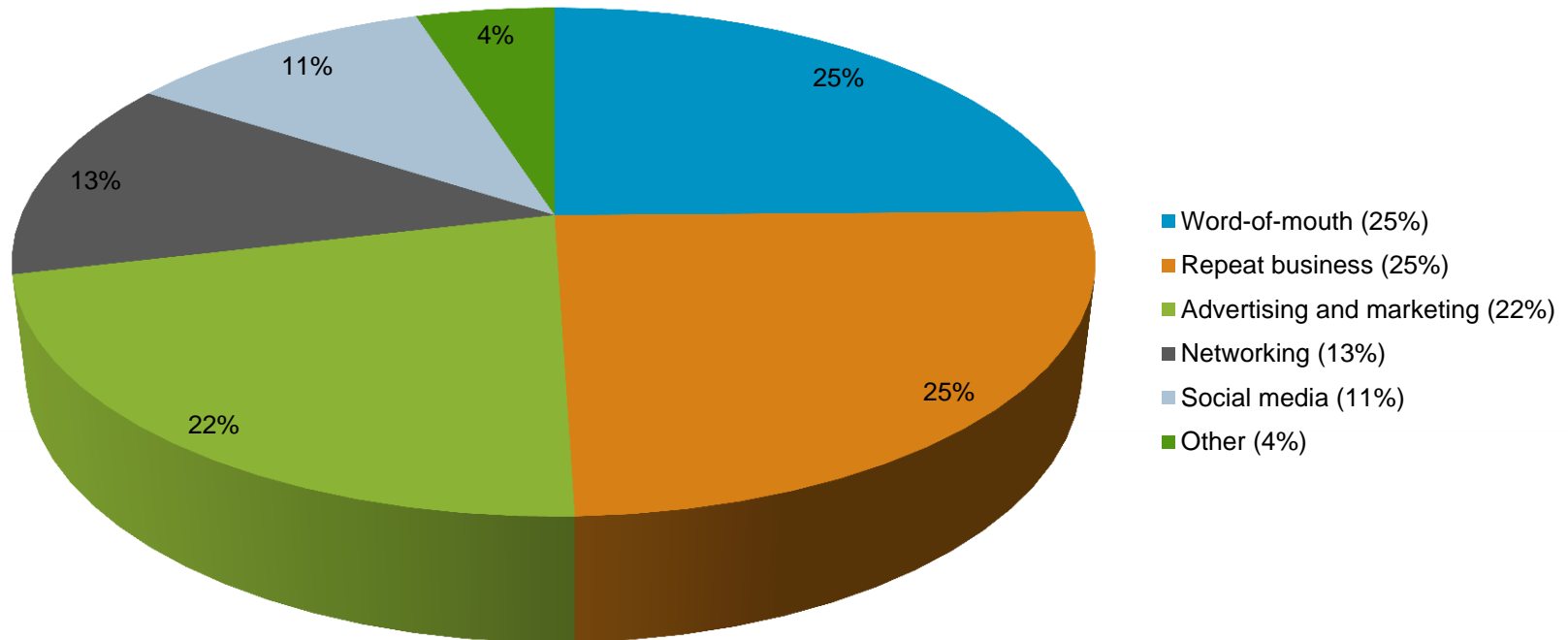


- 1 to 5 (44%)
- 6 to 10 (19%)
- 11 to 25 (13%)
- 26 to 50 (14%)
- 51 to 100 (4%)
- Over 100 (6%)

2012: Customers

The top three ways SMBs plan to attract customers in 2012 are word-of-mouth, repeat business and advertising/marketing

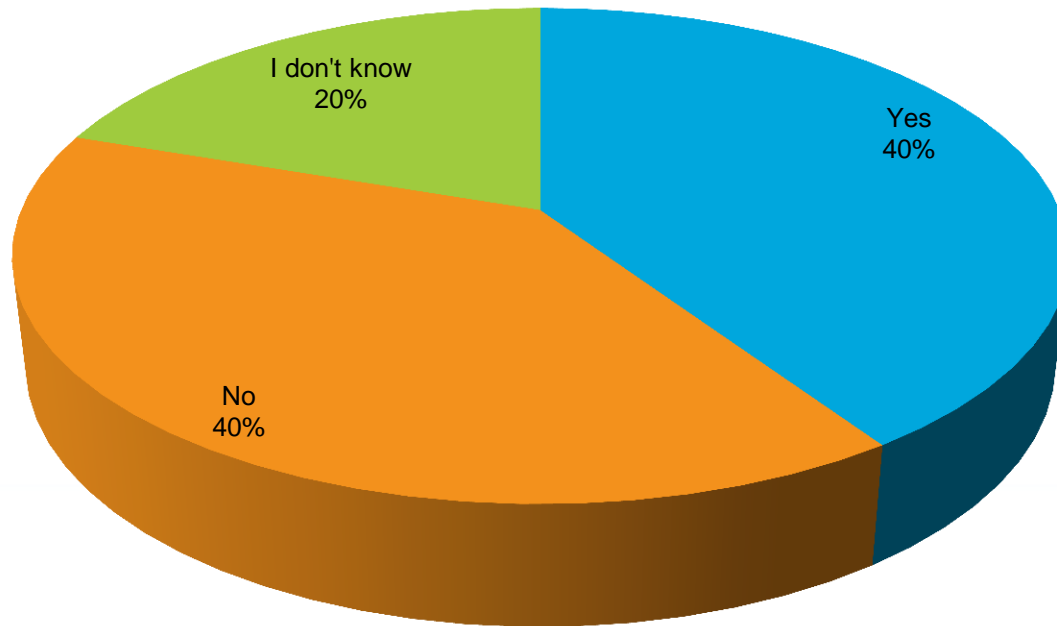
What will be your primary source of getting customers in 2012? (Select one)



2012: Social Media

Next year, SMBs are evenly split on whether or not they will use social media tools

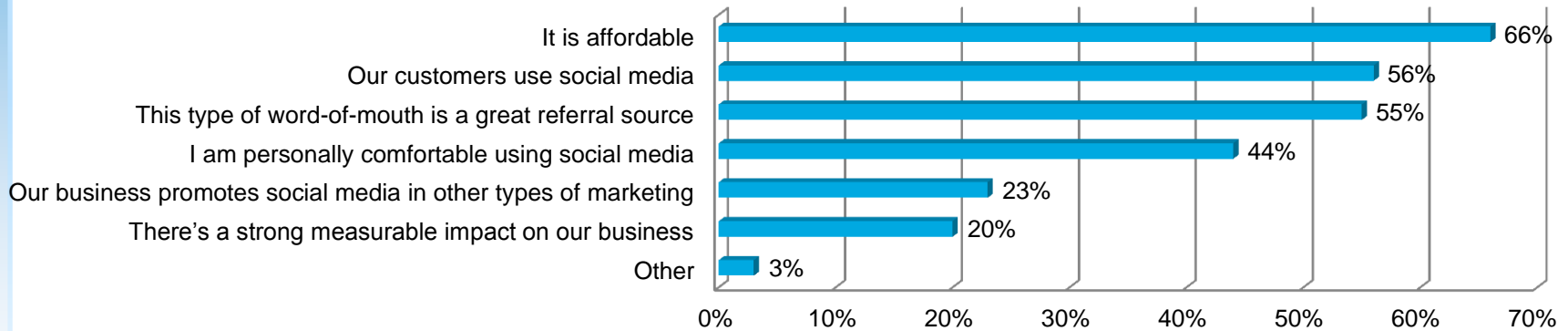
Will your company will use social media in 2012?



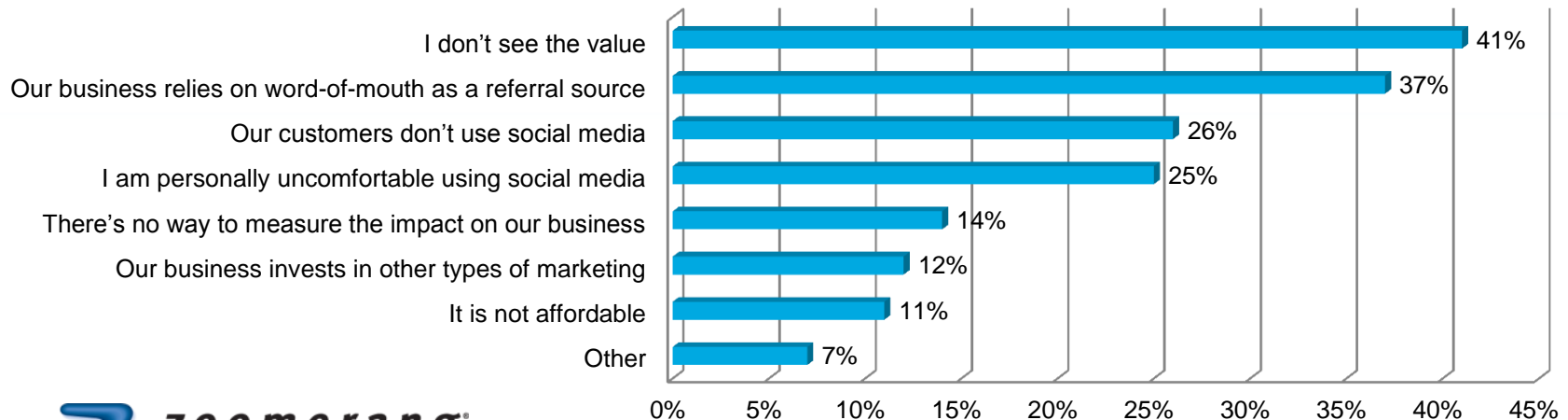
2012: Social Media

The primary reason cited by SMBs for using social media is affordability. The primary reason cited by SMBs for not using social media is perceived lack of value

Primary reasons for using (Select all that apply)



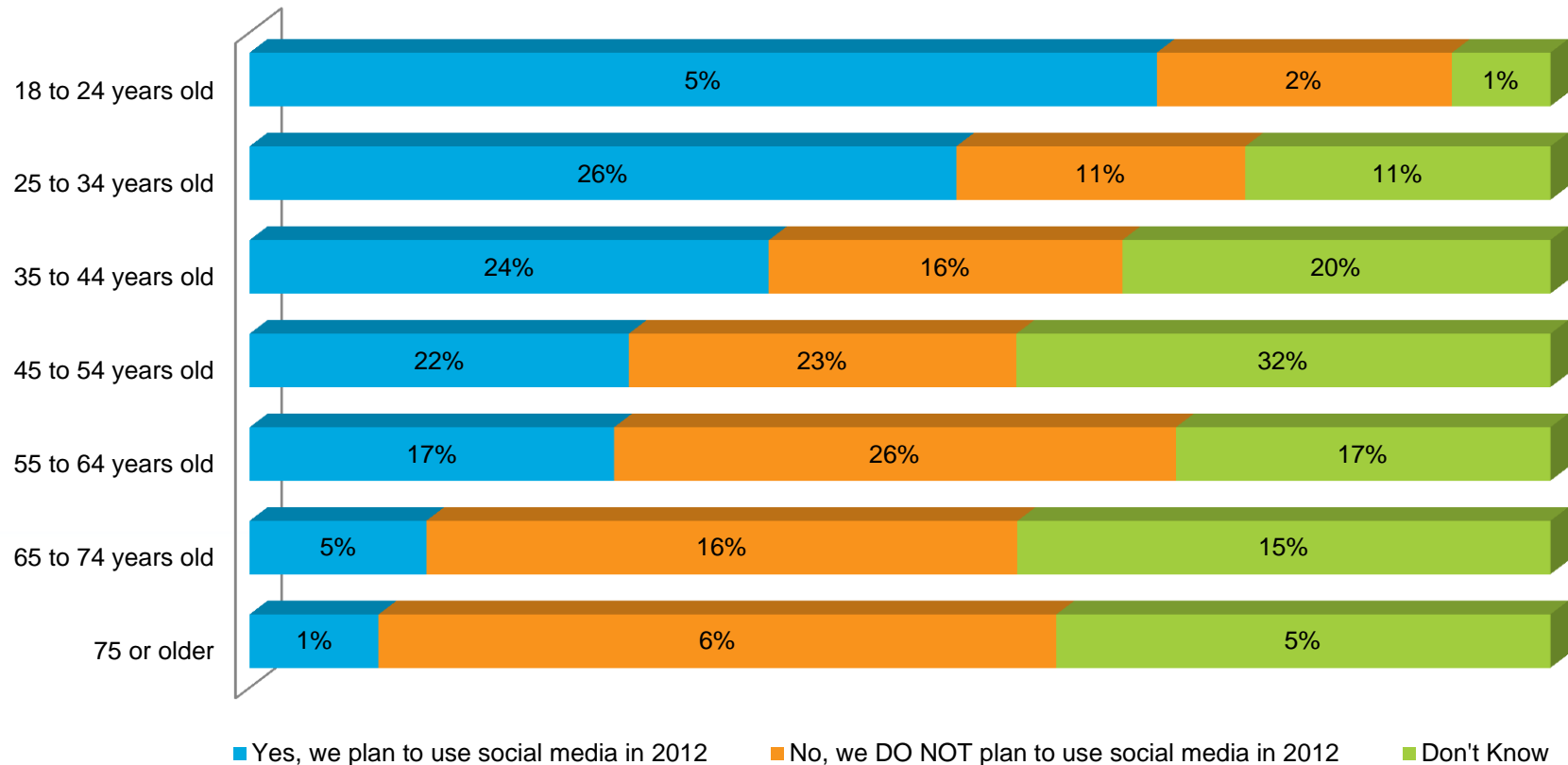
Primary reasons for NOT using (Select all that apply)



2012: Social Media and Generational Use

Of those surveyed, the respondents' age correlates with their planned use of social media tools in 2012

2012 Planned Social Media Usage & Age of Respondent



Demographics & Appendix

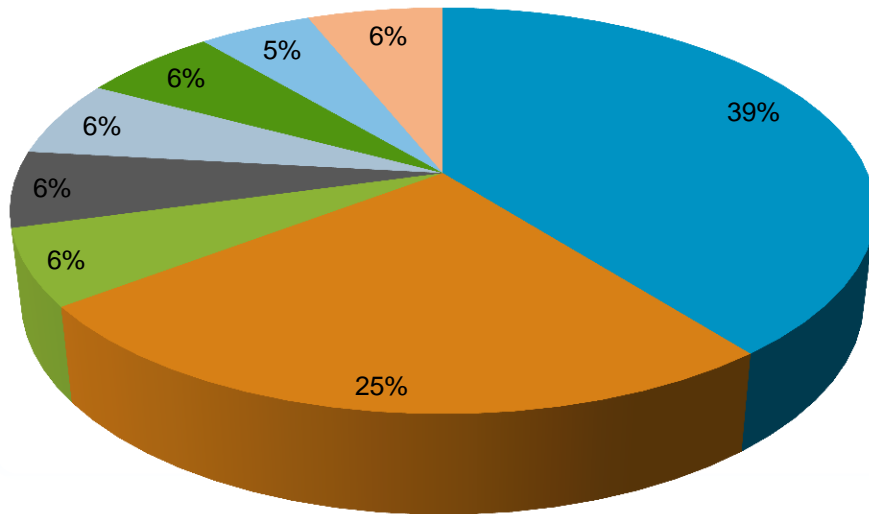
Top 10 Business Locations

Breakdown of the top 10 states represented among respondents

State	Percentage
California	11%
Florida	8%
Illinois	6%
Texas	6%
New York	5%
Pennsylvania	5%
Ohio	4%
Arizona	3%
Georgia	3%
Indiana	3%

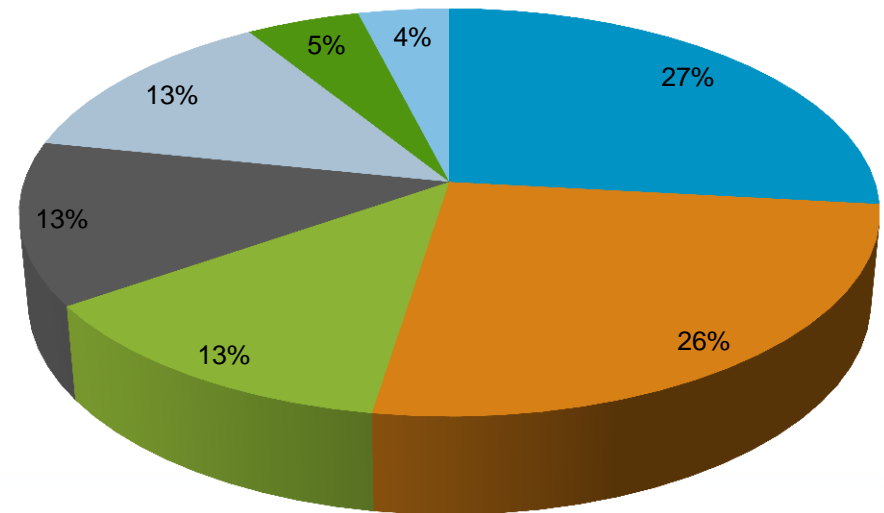
Business Size / Decision-Makers

Including yourself, how many are employed at your company?



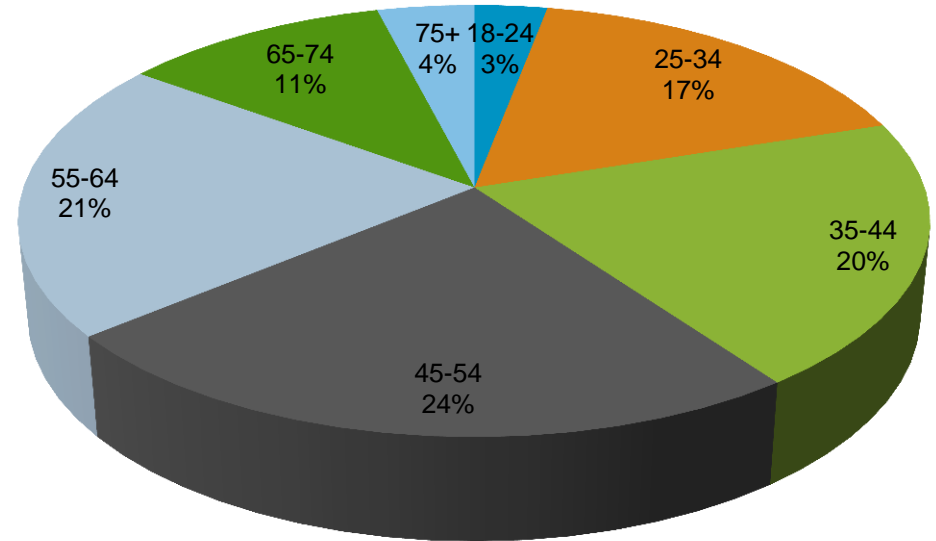
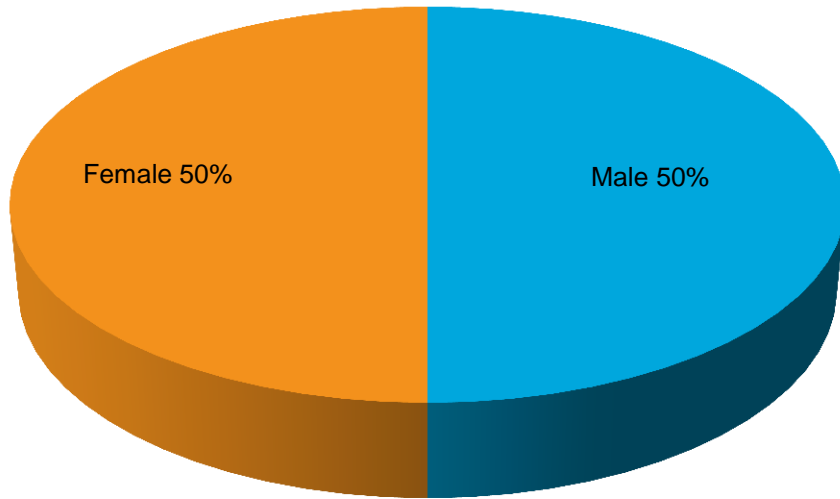
- 1 (self-employed: 39%)
- 2 to 10 (25%)
- 11 to 25 (6%)
- 26 to 50 (6%)
- 51 to 100 (6%)
- 101 to 250 (6%)
- 251 to 500 (5%)
- 501 to 1,000 (6%)

For which of the following would you consider yourself a primary decision maker?



- Operations (27%)
- Administration (26%)
- Communication/Marketing/Sales (13%)
- Financial (13%)
- Technology (13%)
- Human Resources (5%)
- Research and Development (4%)

Respondent's Gender and Age



Gender	Percentage
Male	50%
Female	50%

Age Range	Percentage
25 or younger	8%
26 - 35	20%
36 - 45	21%
46 - 55	18%
56 - 65	19%
Over 65	15%