How small businesses really buy
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Why read this guide?
- Gain new insights into how small businesses buy
- Avoid the common pitfalls when engaging this tricky audience group
- Learn how to take a best practice approach to increase your marketing effectiveness

6. Principles for success
   _ Reframe how you see small businesses
   _ Adapt to the new way small businesses want to buy
   _ Invest in building brand familiarity and favourability
   _ Embrace a new way of selling
   _ Deliver experiences so good buyers want to talk about them
About the study

Businesses represent a huge opportunity for brands. But, despite good intentions, marketers are still failing to realise the true commercial potential and win the hearts and minds of small business customers.

“Our aim is to help B2B marketers tap into this burgeoning customer group and distinguish themselves in an increasingly competitive market.”

With this in mind, through a partnership with Imperial College in London, we set out to get a better understanding of how small businesses buy – and what they really want from the brands that serve them.

The who, the what, the why

We asked small businesses (those with 0–15 employees) about their path to purchase in order to understand their attitudes, motivations and tendencies through the entire purchase funnel.

Within this report, we share the findings – complemented with secondary research – to paint a picture of what they want from your brand. We also provide a set of principles to guide your future marketing.

Our aim is to help B2B marketers tap into this burgeoning customer group and distinguish themselves in an increasingly competitive market.

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If you only read one thing, read this.
The small business market represents a huge and, to an extent, untapped opportunity for brands. But many are still struggling to make their mark and really connect with small business buyers.

Not all businesses are equal
The issue is that small businesses should not be defined nor pigeon-holed by their size alone.

A new way of looking at these buyers is needed – to get under the skin of what matters to them and how they buy.

There’s no denying the path to purchase has changed fundamentally. And the role of the Internet in empowering buyers cannot be understated.

Get with the programme
Marketers need to adapt and optimise their online footprint – being in the right places at the right time to support buyers as they research online and meet the increasing preference to purchase online.

However, a startling finding of our study is that buyers are not ready to be wholly self-sufficient online, nor do they want to be – in fact they’re somewhat overwhelmed by the sheer volume of information available.

Instead there’s a genuine desire to be able to interact with real people and real experts to get the assurance they’re making the right decisions.

Help don’t sell
They want to engage with brands that are willing to make an investment in helping their business – not giving them the hard sell.

Delivering the right experience matters – showing you understand them and really value their business, from the way you address them to the way your sales people act.

It’s the difference between them spreading the word, or not. But then you may need to give even the happiest customers a gentle nudge to say nice things about you.

If you want the full low-down on what makes small buyers tick, read on.
The small business opportunity
Small businesses represent a huge addressable opportunity for brands:

99.8% of all EU businesses are SMEs (Source: Eurostat)

600k UK businesses were started in 2015 – a national record (Source: The Centre for Entrepreneurs)

£1.8tn revenue generated by SMEs in the UK alone (Source: Eurostat)

Small is the new big
More and more brands are after a piece of the small business pie:

70% of marketers believe the SME market is extremely important to their business (Source: CEB)

38% say they will aggressively boost their SME marketing investments (Source: CEB)

2/3 big business brands plan to increase their focus and investment in engaging SMEs (Source: CEB)
Falling short
There’s no doubt about the fact that the Internet has fundamentally changed how small businesses buy.

B2B buyers are more empowered than ever. Access to a wealth of information available online is:
- Shaping the way they look at their business problems.
- Enabling them to readily research, evaluate and compare potential solutions.
- Making it easier to seek the opinions of their peers and trusted experts.
- Giving them more choice and convenience in how they purchase.
- Opening up new ways to consume products and services and new commercial models.

Failing to connect
On average, two-thirds of the B2B buyer journey now takes place online (Sirius Decisions).

The bad news is brands are struggling to play catch up and adapt accordingly – particularly to the needs of small business buyers:

90% of brands struggle to identify and connect with actual small business decision-makers (Source: CMO Council)
So how are small businesses really buying?

We wanted to look at the exact impact and role of the internet on the small business purchase journey. And the results were quite surprising.

- Small business buyers are actively searching for and researching their issues and potential solutions online.
- However, there’s a healthy skepticism about the reliability and integrity of the content they’re reading.
- Time is a real constraint – at times they feel somewhat overwhelmed by the mountains of information available.
- Being able to complement their online research by reaching out to brands to find answers to their specific questions is key.

“There’s so much information online, sometimes it’s hard to differentiate between brands.”

Thierry, Owner, Finance Boutique
“It is one thing to read things online, but that is faceless so to speak. I always prefer, if I can, to speak to someone who I know and trust – and then you get all the pros and cons.”
Harry, Publisher, Games Review Site

“We’d already done a lot of research online but then called the company – to check stock, to ask how long the model would be continuing for, to ask whether it’s any good. If it sounds too good to be true, this is a key step in helping us build the shortlist.”
Hugo, Product Head, Software Development Firm

“There’s still very much a place for the sales executive – but their role needs to switch away from hard sell to trusted advisors.

Being able to build a personal rapport with small businesses is essential – they want brands to care and value their business.

Word of mouth has a key role to play – small businesses trust the opinions and recommendations of their friends and peers more than anything else.

If they know a brand, or it’s recommended to them, this helps shortcut the buying process significantly.

It’s all about trust – whether it’s in the source of the content they’re reading online, who is making the recommendation, in the brand itself – or in the person selling to them.

If brands want to stand a chance of capitalising on the huge opportunities the small business market presents, they need to adapt to these new buyer behaviours and expectations. Let’s start with some basics…

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Principles for success
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But brands aren’t necessarily helping themselves. Here’s why.

**ONE**

Lazy segmentation
Not all small businesses are equal. But too many brands treat them that way, relying on the most basic of segmentation strategies. The way you split the data matters a lot. Size alone won’t cut it. Address everyone, address no one. It’s time to get smarter.

**TWO**

The volume/value quandary
There are millions of small businesses. But they have smaller budgets than large enterprises. It means you need to acquire more of them to get a decent return. However, you can’t justify a high cost of acquisition. So how much do you need to spend to make an impact, without spending too much?

“We get lots of cold calls for services – so many it makes me pissed off. Mostly for needs we don’t have.”
Catherine, Managing Director, Catering Company
THREE

Campaigns that interrupt rather than engage
Small business owners are most likely the busiest people in the world. The last thing they need is constant interruptions from brands trying to sell to them, distracting them from the day job. So why do so many firms still rely on tactics like cold calling, unsolicited emails and LinkedIn stalking to get through. All sure fire ways to switch potential buyers off.

FOUR

Talking the wrong talk
Very few businesses define themselves by their size – so why do so many brands address them as SMEs, SMBs or SoHos? And that’s just the start of it. Nothing turns small businesses off more than big brands talking down at them, using corporate speak or unnecessary jargon.

FIVE

Falling short of customer expectations
Honestly we do value your business, that’s why we’ve just directed you to a call queue where you need to wait on the line for the next half hour. Or speak to one of sales people who will be politely condescending. Or make it nigh on impossible for you to buy from us. Yes, we really do care about our small business customers. Enough said.
Principles for success

These are the 5 principles marketers need to follow in order to connect with small businesses.
Reframe how you see small businesses.
And it all begins with segmentation.

The good news, according to Circle Research, is that 91% of B2B marketers segment their market. But the vast majority (81%) rely on firmographics – essentially the business equivalent of demographics.

While firmographics are helpful and provide a meaningful way to segment different types of small business, by size, location and industry for example, they can lead to misguided assumptions that all firms in these segments share the same characteristics.

Take any high street full of retailers. How much does the hipster artisan baker really have in common with the independent 99p shop next door? Yet both share the same location, size and industry.

Firmographics only come into their own though when combined with other attributes:

- Needs and preferences e.g. functional requirements of business; level of customer support needed; preferred purchase channels; favoured brands.
- Attitudes e.g. desired relationship with suppliers; appetite for change; price sensitive vs value oriented.
- Behaviour e.g. how and where they work; how they research; how they buy.
Exploring new approaches to segmentation

We set out to test whether different, more novel approaches to segmentation stack up when looking at small businesses. Here’s what we found.

Segmentation approach: Personal Investment

Could how personally important business success felt to the small business buyer, make a difference to how they make buying decisions? In search of the answer, we segmented the survey respondents according to their level of personal investment. Three segments emerged.

- **57%**: Very Personally Invested
  - Strong emotional investment and high personal stake in the business

- **30%**: Fairly Invested
  - Fair emotional investment

- **13%**: Less Invested
  - Not particularly emotionally invested in business success

So how are small businesses really buying?

Falling short

The small business opportunity

About this study

Marketing to small businesses. It’s tricky.

Principles for success
As you’d expect, the majority of small business decision-makers are very personally invested – with the business serving as an extension of their personal life. The implications are significant, especially in terms of the way you talk to them. Remember their business is, effectively, their life.

The Very Personally Invested segment is almost twice as likely to want their suppliers to align with their own business values. They want partners, not just suppliers. They also want a personal connection. They’re four times as likely to highly value the “friendliness and personable nature of sales representatives.” And if they’re ‘always on’, engaging them at evenings and weekends with helpful content and communications may well prove just as effective as hitting their inbox at 10am on a Monday.

“Being a small business you never switch off – at weekends, while you’re watching TV – you are still researching, talking to friends. You become your job, your company.”

Harry, Publisher, Games Review Site
Significance

What could a purchase mean to the customer’s business?

Urgency

How time-critical is their purchasing need?

Ease

How simple is it to research and purchase the product?

Or SUE for short

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Segmentation approach: Significance, Urgency, Ease

As part of the study, we also explored the SUE model, which diagnoses the unique factors that drive a purchase – and predict how rationality levels might rise or fall with each decision.

Is SUE a viable approach to segmentation?

Short answer: yes.

We found that purchases registering a higher SUE score – like switching accountancy partner, or buying a new phone system – led to a more calculated, analytical decision-making process.

While purchases with a lower SUE score – things like buying office supplies – were guided much more by emotion and instinct.
Interestingly, for lower SUE score purchases, respondents were significantly more likely to cite a good relationship with a sales rep as the most important factor in the final buying decision, rather than more rational price and product performance information.

There’s a surprising theme developing here. And that’s the role and influence of the sales rep – and their competence in being able to build a personal rapport with the small business owner.

The conclusion? See whether your proposition will register a higher or lower SUE score, then fine-tune your approach.

**What it all means for marketers**

*For a more scientific buying process:*
- De-risk it with trials and demos.
- Lighten the research load with helpful content and tools.
- Support prospects online, over the phone and in person.

*And for less critical investments:*
- Get creative with your communications – it’s okay to entertain!
- Make personal connections with buyers at every touchpoint.
- Be the easiest to buy from.

Some of that might sound obvious. But it’s amazing how often we cruise right past common sense – and how handy it can be to have a smarter model for thinking small.
Best practice Segmentation Guide

Here’s a handy guide to building your small business segmentation strategy:

**ONE**

**Understand business needs**
Use qualitative research – focus groups and/or one-to-one interviews to explore issues faced by a cross-section of businesses in your market, building a picture of different needs and preferences, attitudes and behaviours.

**TWO**

**Quantify these needs**
Use quantitative research – explore how many companies have these needs and how much of a priority they are.

**THREE**

**Identify potential target segments**
Conduct a cluster analysis looking at groups that share common characteristics.

**FOUR**

**Determine which segments to focus on**
Carry out a market segment assessment based on the size, value of the segment, market share analysis, competitive landscape and market addressability (i.e. can you identify and target the segment easily).

**FIVE**

**Build target customer personas for each segment**
Essentially use everything you’ve learnt to build three-dimensional profiles of each target that can inform your communications strategy.
Adapt to the new way small businesses buy
The internet is playing an increasing role in the path to purchase for small businesses. However, this fact fails to capture the complex interplay of on- and offline channels as people move from first awareness, through research, to purchase and beyond.

PURCHASE JOURNEY

**First Awareness**
Top information sources

- 27% Self conducted research
- 20% Recommendations from friends/family/colleague
- 17% Online reviews/blogs

**Research**
Top information sources

- 56% Demo/trial
- 53% In-store visit
- 49% Recommendations from other businesses
- 49% Online reviews
- 48% Recommendations from friends/family

**Purchase**
Top information sources

- 58% Online
- 24% In-person
- 15% Phone call

**Post purchase**

- More likely to spread positive, than negative, word-of-mouth
- Highly value long-term business relationships

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First awareness

According to our study, as buyers begin their journey by getting to grips with what they need and are formulating their strategy, there’s an element of serendipity.

27% of small businesses claim they first took notice of a certain product or service while scanning the market. Of note, just 7% cited advertising and 3% social media.

The most trusted information source is their self-conducted research (27%), but that’s closely followed by recommendations from friends, family and colleagues (20%) and online reviews/blogs (17%).

Implications:
- Brands need to build a visible and credible presence – being in the right place at the right time – as buyers begin their purchase journey.
- Think pull rather than push strategies, being present in the places your buyers hang out online rather than bombarding them with unsolicited communications.
- Consider how you can build helpful (native) content potentially working closely with media partners to show your value from the word go.
- Explore the use of influencer marketing strategies to engage trusted experts and industry commentators so that they willingly share your content and hopefully positive reviews of your products and services.
As buyers start to actively research solutions to their problems, it’s apparent there’s no substitute for being able to experience and understand the product or service first hand.

The most trustworthy source of information is cited as a demo or trial (56%). Surprisingly, being able to visit a store and talk to a real person is also a real plus (53%).

The role of recommendations and reviews is also critical. Again and again, we heard anecdotes about how small business buyers turned to others for advice - which significantly influenced their choice and shortened their buying process.

But beware, customers are becoming increasingly irritated by being harassed by brands after they research them online.

**Implications:**
- Consider how you can best demo your product or service – either in person or online.
- If what you’re offering is intangible, think about how you can make it real for people through use cases – scenarios about how they can use the service to meet their needs and the benefits they’ll reap.
- Test use of free trials. By delivering a compelling experience and showing the value you can soon get people hooked.
- Create client testimonials and encourage happy customers to give you positive reviews online.
When it comes down to sealing the deal – online is the most preferred channel, arguably for its convenience (58%). 24% prefer to purchase in-person. Some 15% are happiest buying over the phone.

**Implications:**
- If your buyers want to purchase online, make sure they can. And don’t put unnecessary obstacles in their way.
- Apply choice architecture in the way you present your solutions online and avoid overwhelming buyers with too many options that risk turning them off.
- Consider how you can provide different buyers with different ways to buy so you didn’t miss any opportunities.
- Use clear and transparent pricing, easy to understand terms and conditions and flexible contract terms - they matter and say a lot about your brand.

"We’re very cost wary so avoid long-term contracts completely.”
Robin, Owner, Building firm

How different tactics play out at different stages in the purchase cycle

Here’s what other studies have found:
- Over 70% of buyers use social media channels as part of their research strategy.
- Facebook is the highest ranked social platform for new product awareness.
- YouTube is the most used for product research and final product decisions (Bredin Inc).
- 70% of buyers watch videos to aid their research throughout the path to purchase (Hilal & Snyder).
Invest in building brand familiarity and favourability
Recent studies have shown that brands are struggling to really engage small businesses. Bigger brands even more so.

In our own study, when asked about the most influential factor for their purchase decision, half of all small business decision-makers found branding to be a helpful heuristic. The verdict is it helps to make the purchase process easier and safer for the buyer.

Some respondents are very thorough in their research, often considering as many as 5 to 10 alternatives. However, when a recommended or well-known brand forms part of the consideration set, this often reduces the number of options considered to typically between 1 and 3 options and also fast-tracks the purchase cycle.

The good news is buyers have open minds. 52% of small businesses told us they actively enjoy discovering new products and services. And they’ll try new things even at a premium – only 17% considered price to be the most important decision factor.

75% of SMEs feel that large companies do not effectively market their product or service when targeting their community (Ivy Worldwide).
However, even if they’ve not already heard of them, the brands they evaluate need to stand up to scrutiny. Small businesses also value partnerships with local suppliers, particularly where they can build a more personal connection. There’s also an interesting dynamic at play, especially for those brands which are trying to play it cool. The last thing small businesses want is to feel patronised by big corporates who give the impression that they know what’s best for them.

Finding the right tone of voice and building messages that really resonate are crucial to getting small businesses on side.

Implications
- Direct efforts into building brand familiarity and favourability – it’ll help shortcut the process for buyers.
- If you want to really engage buyers, think about how you can position your brand in the most relevant way.
- Finely tune your messaging to get under the skin of what people really care about.
- Be authentic – don’t try and be something you’re not, don’t make promises you can’t deliver on, play to your strengths.
- Don’t fall back on lazy assumptions and stereotypes. Invest time in gaining a real insight into the small businesses you want to target in order to speak to them in the right way.
Embrace a new way of selling
If there’s one revelation from our research, it’s that the internet is not set to make your sales force surplus to requirement just yet.

Despite suspicions that buyers are becoming more autonomous in the digital age, the majority of small businesses want to interact with suppliers. In fact, half say they’re having multiple conversations across different channels before buying.

If you weren’t satisfied with the new segmentation models presented in Principle 1, try this one for size.

Our study presented evidence that buyers fall into two distinct segments based on the degree of independence or interactivity preferred.

The majority – 68% of respondents – liked a high degree of interactivity wanting to engage potential suppliers across the purchase journey, and saw considerable value in interacting with sales reps. This segment is three times more likely to prefer in person conversations and twice as likely to prefer phone calls than the independents.

On the other hand, 32% prefer to operate with a greater degree of independence. This segment is more likely to make purchases without interacting with suppliers at all – and prefers to use online channels when they do. They’re three times more likely to prefer e-chats as a communication channel than interactive buyers. In fact, they can see sales as more of a hindrance than help.

It would be easy to read from these figures that the majority of small businesses are sat there waiting for your sales rep to call. You’d be wrong. Crucially, they want to engage your sales teams on their terms – and when the time is right.

That’s where stores can really come into play. We found that as trust in in-store visits increases, time spent researching decreases. So a personable, well informed sales person who is able to advise the customer on what’s right for them can swing it. Even if the customer then goes on to purchase online from you.

“I never reach out to sales people because I’m cynical about their motives.”
Angelica, MD, Caterers
Fundamentally, how your sales person behaves can be a hugely influential factor in determining whether they choose to purchase from you or not. But it depends on the nature of the purchase.

55% of respondents expressed a desire for their suppliers to align with their ‘own business values and vision’ – with 38% even describing regular suppliers as ‘good friends’.

The nirvana is seemingly objective sales people who really do give the impression they have the customer’s interests at heart.

Implications

- Your sales people can play a hugely influential role but they need to understand the key to a customer’s heart is to help not sell.

- Train your sales people to build a rapport and create an emotional connection with buyers that gives them another great reason to buy from you.

- Enabling and educating your sales team is vital to ensuring they understand what customers care about and how best to position what you have to offer.

- Your sales people don’t need to necessarily be there in person – consider how you can embrace new technology, such as video conferencing and live chat, so that you can give customers the support they need when it matters.

- Acknowledge that some customers want to operate more autonomously and make sure to offer the right tools and content online, such as product selectors and ROI calculators, to aid and accelerate their purchase journey.

- Where you can’t afford to give customers the full support of a living, breathing sales person, consider offering regular ‘ask an expert’ recommendations.
Deliver experiences so good buyers want to talk about them
“The customer service that we get goes a long way. We will reuse people we have had a good experience with.”
Catherine, Product Head, Catering Firm

“Perfect service. I always got answers within five minutes. As I had no time to lose that was essential.”
Kathrin, CTO, Therapist Portal

“We considered 3 or 4 options. Most didn’t pick up, were expensive or too rude.”
Rod, Owner, Textiles Importer

Mess up. Be difficult to do business with. Give the impression you don’t really care. And watch your small business customers go elsewhere.

When it’s their own hard earned money at stake who would blame them?

The experience you deliver matters a lot.

That experience is, to an extent, about responsiveness and valuing the time of the small business.

It may sound like common sense but there are so many brands that are getting the basics wrong.

Bear in mind that the stakes are high. Word of mouth remains one of the most trusted sources on the path to purchase. Whether engaging on-line via social media, or in-person, these communities are hugely influential.
If small businesses have a good experience, they’re more likely to spread the word. But you may have to encourage them to. And if you’re delivering a bad experience, there is one upside, few small business owners have the time or inclination to bad mouth you online.

**Implications**
- Map out different customer journeys to identify potential friction points where the experience can be made much more seamless.
- Ask customers for feedback post-purchase and make it as easy as possible for them to share their good experiences.
- If a customer is gushing about your great service, ask them if they’d be willing to serve as a reference to others.
- Short video case studies are a great way of spreading the word but don’t make them too bland or slick to the extent they’re not believable.
- Don’t stop communicating to customers post-purchase – look at ways to add and demonstrate more value, whether that’s through helpful content that helps them get more from your products or services or exclusive offers that make them feel special.
Credits
Thanks to the Chelsea 4 team at Imperial College London for its instrumental role and dedication in making this study a reality: Claire Cranston-Selby; Nader Mohammed; Shane O’Rourke; Anne Sebton; Kevin Sturm; and Aileen Wang.

About Earnest
Earnest is an award-winning marketing agency with a mission to chase out the humdrum in B2B marketing. We revel in helping brands engage with hard to reach audiences – getting under the skin of what really makes business people tick. Our clients include Vodafone, Bupa Global, Google, Samsung and Moneypenny.

Please note: No small businesses were hurt in the making of this study