

small business

BIG

IMPACT

2011 Small Business Social Study

roundpegsm

INTRODUCTION	3
SOCIAL MEDIA RESULTS	4
<i>SOCIAL MEDIA: SOLID BUSINESS PRACTICE OR A WASTE OF TIME?</i>	4
HOW MUCH TIME DO YOU SPEND ON SOCIAL MEDIA.....	5
HOW MUCH TIME ARE SMALL BUSINESS OWNERS SPENDING?	6
SOCIAL MEDIA PROFILES	8
WHERE DO YOU HAVE A PROFILE.....	8
□ <i>Where you have a profile: By Age</i>	<i>8</i>
□ <i>Where you have a profile: By Gender</i>	<i>9</i>
PRIMARY PROFILE	9
□ <i>Primary Profile: Influence of Gender</i>	<i>10</i>
□ <i>Primary Profile: Influence of Age</i>	<i>10</i>
□ <i>Primary Profile: By Industry</i>	<i>11</i>
RESULTS BY PRIMARY NETWORK	11
SOCIAL MEDIA USES.....	14
SOCIAL MEDIA USE: IMPACT OF GENDER	15
SOCIAL MEDIA USE: IMPACT OF AGE.....	15
POLICY, STRATEGY AND CONTENT	17
POLICY.....	17
STRATEGY AND BUDGET	17
CONTENT CREATION.....	18
□ <i>Owners are taking charge</i>	<i>18</i>
□ <i>Who owns social media content creation.....</i>	<i>19</i>
□ <i>Not the Intern</i>	<i>19</i>
□ <i>Looking for Help</i>	<i>19</i>
STILL JUST PUTTING A TOE IN THE WATER	21
CLOSING THOUGHTS	22

Introduction

As a small business marketing firm, we've seen firsthand the big impact an effective social media program can have. But most of our information was anecdotal, and we wanted to understand how social media was being used on a wider scale. We began to look for more studies on how companies were using social media—and their results.

While many surveys have looked into how consumers and large companies use social media, fewer have examined the use of social media by small companies. It was that lack of data which drove us to conduct several surveys in mid-2010. In the world of social media, a year is a long time, and the social landscape can change dramatically. It's time to see what's changed, what's stayed the same, and where we're heading in the future.

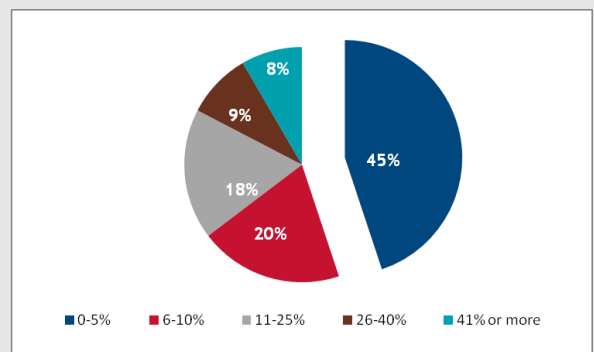
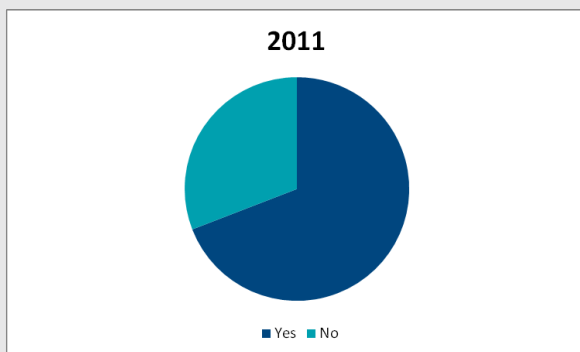
In this follow-up survey, small businesses are defined as companies with 1-50 employees. It is important to note this survey did not attempt to measure the number of small businesses using social media, but rather how existing social business users are employing the tools.

This survey was conducted entirely online from May 1 – July 1, 2011. As you may know, Google Plus launched in late June, and was not included as a choice in the study. Links to the survey were sent via Twitter, Facebook, LinkedIn, and email. It was also publicized on www.roundpeg.biz and www.MarketingTechBlog.com. We received 243 responses. This year, the survey pool was large enough to examine how age and gender impacted choices and behaviors in social media.

We hope that you find this study useful. How do you compare to your fellow small business owners?

Social Media Results

Why all the interest in social media? These days everyone is talking about it and opinions vary widely: Is it the savior of small business or a giant waste of time? The bottom line - Is it working? Is social media generating a positive influence on sales? The data seems to indicate social media is having a positive impact on the lead generation process.



In response to the question “Have you generated leads from social media? Almost 70% of business owners indicated they generate leads from social media. But is it adding to the bottom line? More than half the businesses in this year’s study indicated that social media was connected to at least 6% of their sales, so the payoff is clearly there. As we reviewed the data it is clear business owners are not in agreement as to the potential of social media

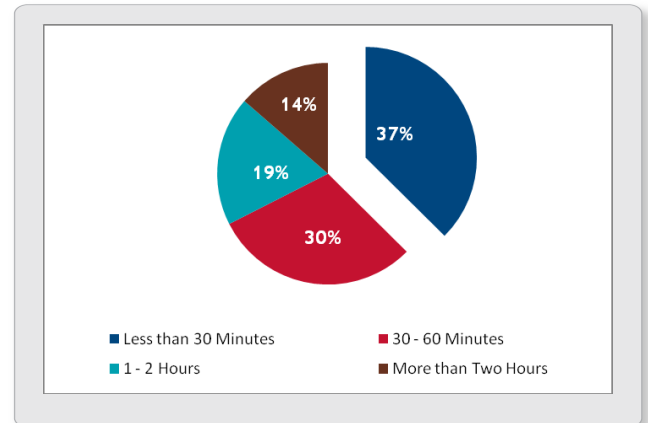
Social Media: Solid business practice or a waste of time?

- If you are not wowing your customers or potential customers with social media, your competition is.
- Social media is just a PIECE of the marketing puzzle. If you don't have a plan and good content, social media won't save your business.
- Social media generates poor ROI when 'time' is the investment.
- In terms of target-marketing accuracy, it is only slightly better than dropping business cards from an airplane.

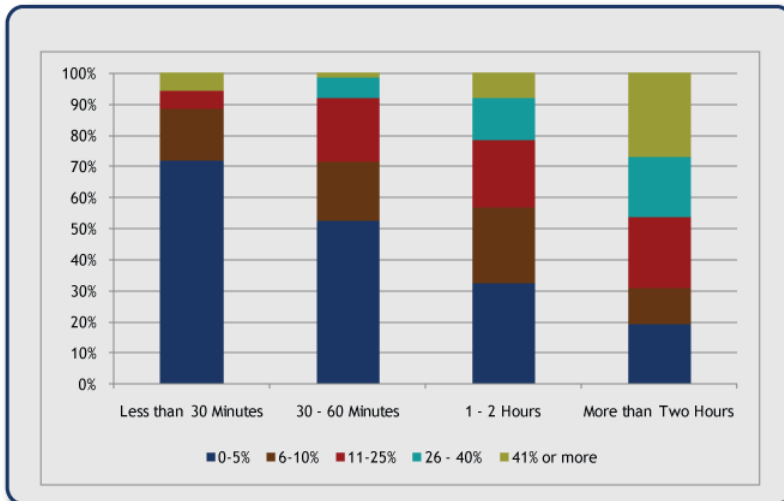
How Much Time Do You Spend on Social Media

With an emphasis on small business, we started our study by looking at the social media habits of small business owners and followed up with how this impacts their business activities. So our first question was: Where are you spending your time?

As we talk to small business owners about social media there seems to be a growing interest in the medium as marketing activities begin to shift away from the traditional to social media. Because the levels of conversation and inquiries are rising, I was surprised there wasn't a significant change in the amount of time spent on social media vs a year ago. Almost identical to a year ago, 63% of respondents indicated they use social media for more than 30 minutes a day.



Clearly, small business owners are investing time and effort into their social media presence. This bodes well for a sustained and successful social media strategy. We typically recommend business owners spend 30 – 60 minutes daily to make connections, update content and create a consistent, visible presence.



The big question is whether or not the time investment is paying off. As we look at the responses from our survey, there is a clear correlation between the time invested and the amount of sales generated.

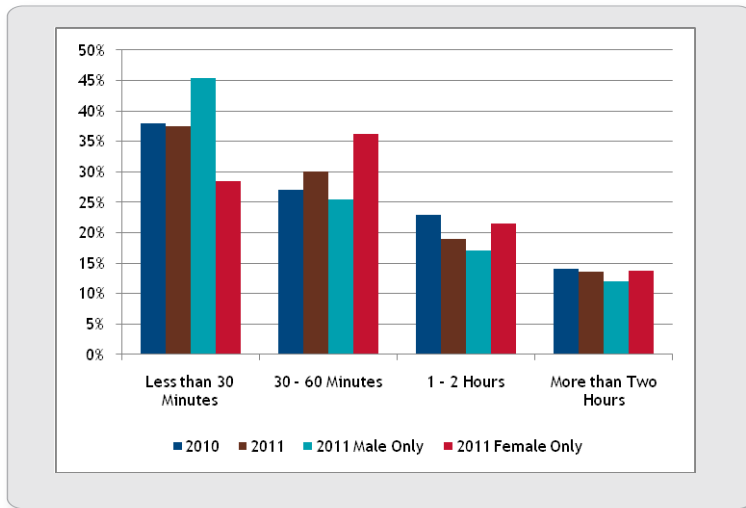
Companies investing less than 30 minutes a day are most likely to respond that social media is

responsible for less than 5% of their total sales. In contrast business owners who are spending one to two hours are seeing a greater portion of their sales connected to their social media activity.

As we look at some of the comments, it is obvious there are a wide range of opinions on the value of time spent on social media. Most seem to agree you need to control the time you spend.

How much time are business owners spending?

Time: The Influence of Gender



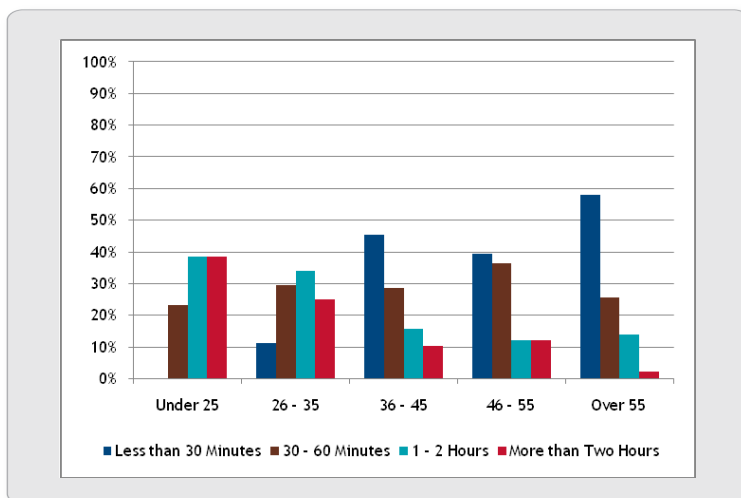
There is a significant difference between men and women. Almost ½ the men indicated they spend less than 30 minutes a day on social media. In contrast 72% of the women spend more than that.

This is consistent with the results of a study by ComScore which indicated women spend 30% more time using social media than men.

(June 30, 2010. "Women on the Web" ComScore.)

When it comes to business and social media, this seems to support the idea that men are more transaction oriented while women are more focused on the relationships.

Time Spent: Influence of Age



Not surprising, the younger someone is, the more time spent on social media. Almost 60% of respondents over 55 spent 30 minutes or less on social media.

This is in sharp contrast to younger professionals who are significantly more likely to spend more than an hour each day.

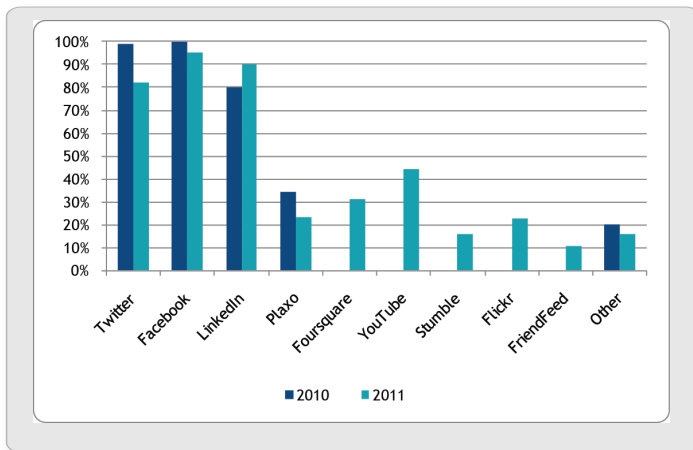
What do business owners say about the time they spend on social media?

- Be cautious about spending an inordinate amount of time on Twitter and Facebook. They can be time eaters.
- You don't have to spend a lot of time to reach this audience.
- Don't get caught up in the hype. Social Media isn't some magical savior for your business. It's only free if your time is worth nothing and personally that is my most expensive asset.
- Putting time and attention into SM is totally worth it.
- Don't get sucked in. If you are going to use social media, limit yourself to specific times during the day, and intentionally stay away from it for the rest of the day. Social media can be a great tool, but it can also be a serious time stealer.

Social Media Profiles

Where Do You Have a Profile

Last year our study focused on the most common business networks, LinkedIn, Facebook, Twitter and Plaxo. In 2011 we added Foursquare, Stumble, Flickr, YouTube and Friend Feed to the list of networks. LinkedIn, Facebook and Twitter are still the most common. YouTube and Foursquare



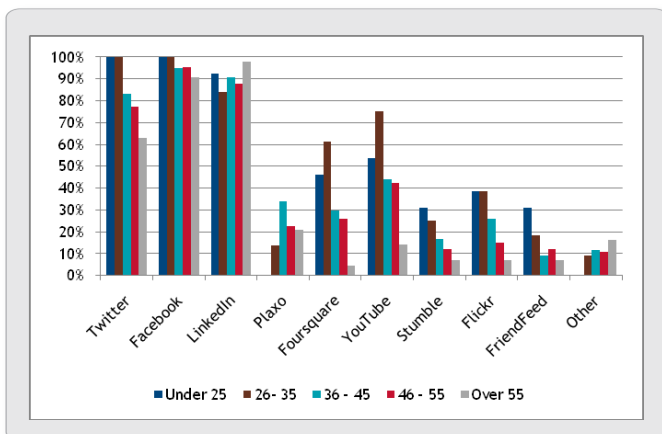
each have solid communities which seem to be leaving Plaxo in the dust.

A year ago, LinkedIn barely edged out Facebook as the most popular network, but it seems to be declining just a bit as Twitter comes closer to the two leaders.

More than 30% of the respondents indicated they have a profile on Foursquare. This is much higher than the actual market share of

Foursquare but it makes sense given the business emphasis of this study. Also, the growing popularity of video as a business tool is reflected by the fact that more than 40% of respondents indicated they also have a YouTube profile.

- Where you have a profile: By Age



There are some interesting age differences when it comes to social media. While Facebook and LinkedIn seem to have broad appeal across the ages, Twitter is significantly more common among younger respondents.

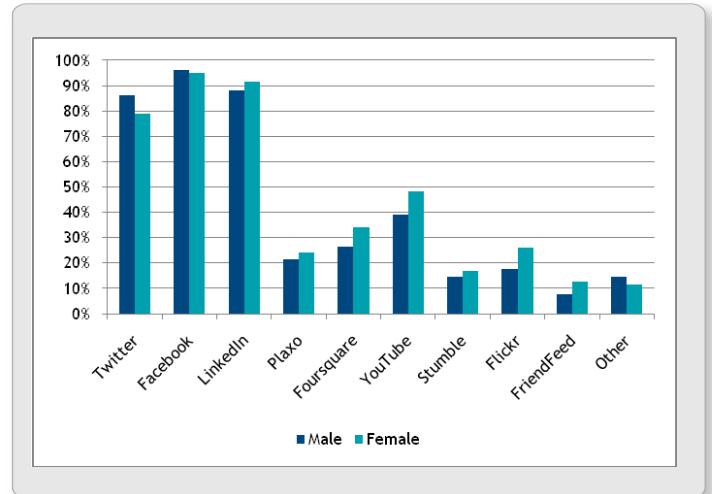
Only 60% of respondents over 55 said they

had a profile on Twitter in sharp contrast to almost 100% of the respondents under 36. The disparity is even greater on Foursquare and YouTube.

- **Where you have a profile: By Gender**

In general, gender seems to have less impact on the creation of social media profiles than age. Men are slightly more likely to have a Twitter profile.

The most obvious difference is YouTube where 48% of women, but only 39% of men indicated they had a profile on this video sharing site.



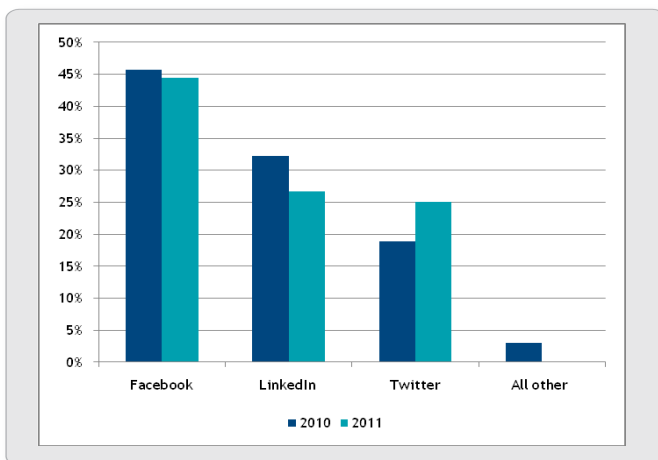
Primary Profile

It is easy to set up multiple profiles, but simply having a profile doesn't mean a person is actively engaged in the community. There is, after all, only so much time, so where are business owners really spending their time?

When asked which was their primary network, Facebook is clearly still the preferred choice. More than 45% of the respondents identified Facebook as their primary network. This is not surprising,

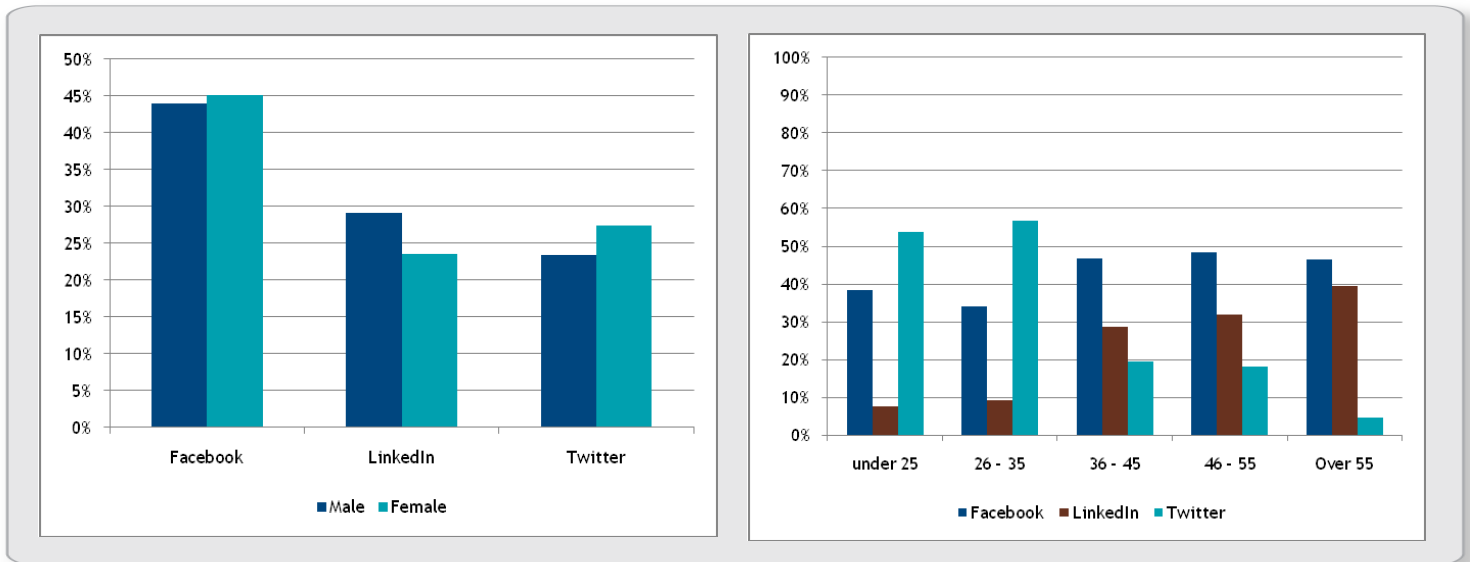
since the simple user interface makes it easy to transition from business to personal.

The big change, year over year is clearly the growing acceptance of Twitter which is now the primary network for about 26% of the survey pool. Most of the growth of Twitter seems to have come at the expense of LinkedIn.



- **Primary Profile: Influence of Gender**

While Facebook is equally dominant among men and women, there are some interesting differences in second place. Among men, LinkedIn was clearly the 2nd choice, while Twitter was definitely more popular among women. This is actually very consistent with the results of a study on how men and women approach networking differently. In a survey of more than 12,000 (for the book [Business Networking & Sex](#)) the authors discovered men tend to be more business focused in their face to face networking, while women tend to be relationship driven.



- **Primary Profile: Influence of Age**

Perhaps one of the most surprising results in the study was the fact that the majority of young professionals and business owners are now listing Twitter as their primary network (under 25: 54% and 26 – 35: 57%), with Facebook a distant second (38% and 34% respectively).

I don't believe this signals a complete shift away from Facebook for a generation of users who have been active on that platform for years. It does support the growing evidence that as we become savvier on the unique features of the range of social media platforms, we understand different networks serve different purposes.

While young professionals probably still check in on their friends and family on Facebook, when they are focused on business they are beginning to look to other networks.

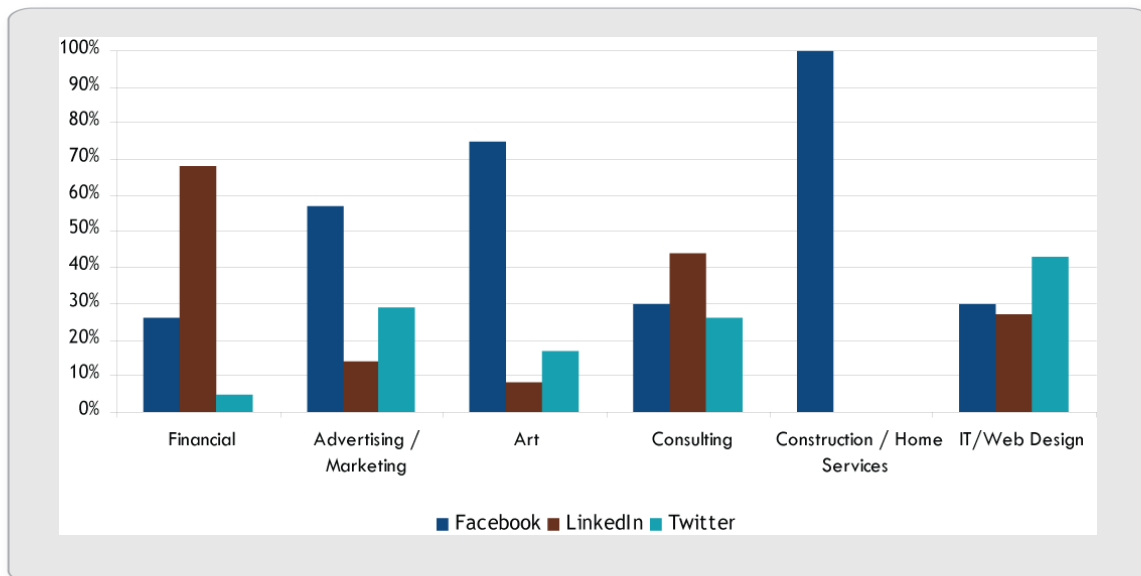
In general, LinkedIn grows in popularity with the age of the users. However, the other surprise in the data was found at the opposite end of the age spectrum. For professionals over 55, Facebook was their primary network (47%) with LinkedIn a close second place (40%).

- **Primary Profile: By Industry**

We had responses from a wide range of industries, so we took a look at some of the larger groups to see if usage varied by industry.

As expected, the more regulated industries, financial services, accounting, and legal, are most comfortable on the LinkedIn Platform and 68% of respondents in these fields identified LinkedIn as their primary platform. In contrast 57% of advertising and marketing businesses in our study indicated they are most active on Facebook.

Artists, with the need to showcase their products visually, clearly prefer Facebook (75%), while IT professionals, coaches and consultants seem to be fairly evenly split between the big three. The industry with the clearest choice was construction and home repair, with 100% of the companies who responded indicating Facebook was their primary network.

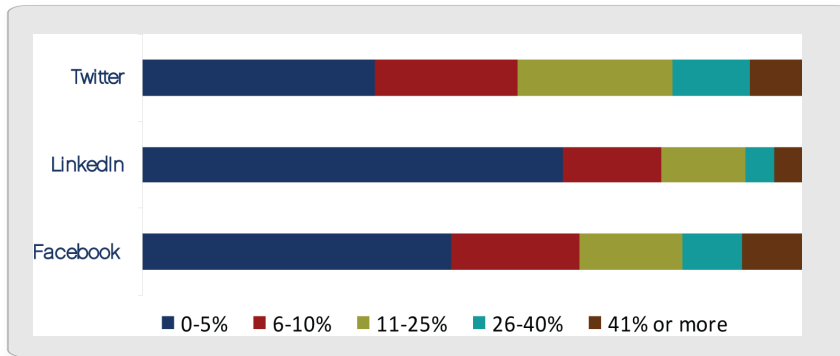


Results by Primary Network

Does investing time in one network pay off more than another? To a great extent, the choice of

network is driven by the target customer as you saw in the data above. Companies with a retail or consumer product will find it easier to generate results on Facebook while a business-to-business company will be more likely to see results from Twitter or LinkedIn.

We evaluated results compared to primary network. In general, LinkedIn, the least interactive of the primary networks, also has the lowest conversion to sales.



This may not really be an indication of the capabilities of the network, but the fact that in this study LinkedIn was most popular among industries which are not necessarily

known for their marketing ability. As we talk to business owners, most have profiles, but few are aware of the advertising, event sharing and discussion features which are a part of this robust business-to-business platform.

Conversely, Twitter seems to be delivering the strongest results, but it is also more popular among the marketing and tech communities who are most likely to understand how to use the medium to generate sales.

What do business owners say about Facebook, LinkedIn and Twitter?

- Don't poo-poo it if you're not a fan of Facebook... it doesn't matter whether you like Facebook, it matters if your clients or prospects do!
- The Facebook pages are just for fun. It is a way for our employees to bond together as well.
- Twitter provides great resource to identify trends. Use hashtag searches on specific topics.
- LinkedIn has proven to be an excellent business social networking. Also, join LinkedIn Groups to stay cutting edge in your industry

Social Media Uses

Business owners are making a serious investment in social media by spending 7-15 hours a week using these platforms. Beyond simply understanding how much time they are spending online, we wanted to see what they are doing with their time. We asked business owners to evaluate how often (1 = Never, 5 = Daily) they used social media for each of the following elements.

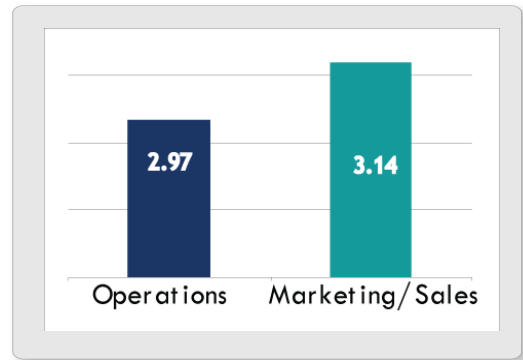
Not surprising, **connecting with friends** is the most common activity for all business owners. As we have seen in early data, women spend more time than men, and the younger someone is, the more time they are likely to spend on social media. In addition to connecting with friends, the most common activities are building brand awareness and driving traffic to a company website, finding information and news. Despite the viral nature of social media, business owners do not seem to be taking advantage of the viral nature of social media to address customer service issues or find employees.

Do You Use Social Media To:	Total	Men	Women	Under				
				25	26 - 35	36 - 45	46 - 55	Over 55
Connect with Friends	3.88	3.75	4.05	4.69	4.25	3.79	4.00	3.21
Build Brand Awareness	3.79	3.68	3.95	4.31	4.16	3.84	3.79	3.19
Find Information	3.68	3.50	3.92	4.31	4.11	3.64	3.80	2.93
Discover Latest News	3.66	3.44	3.97	4.69	4.18	3.64	3.71	2.79
Drive traffic to company	3.55	3.54	3.57	4.08	3.80	3.55	3.56	3.14
Demonstrate Expertise	3.46	3.32	3.65	4.08	3.75	3.42	3.61	2.81
Find Resources	3.18	2.98	3.46	3.69	3.77	3.12	3.11	2.65
Show Examples of Work	3.18	3.09	3.30	3.54	3.80	3.04	3.21	2.63
Find Clients	3.06	2.99	3.17	3.23	3.27	2.95	3.05	3.02
Conduct Research	3.06	3.04	3.08	3.77	3.45	3.08	2.85	2.72
Customer service	2.22	2.21	2.24	3.15	2.98	2.08	2.05	1.70
Find Employees	2.02	2.10	1.90	1.92	2.32	2.03	1.92	1.86
Share Special Promotion	1.77	1.55	2.08	3.00	2.11	1.51	1.83	1.42

As we talk to business owners about their social media objectives, “building brand awareness” seems to be the fall back answer. Business owners feel there is value with just “getting

their name out there” even if they don’t have a specific plan of what to do with the response. Unfortunately, the haphazard approach does not create significant sales results. One of the missing pieces in the overall puzzle is the lack of a clear conversion strategy required to convert fans to clients.

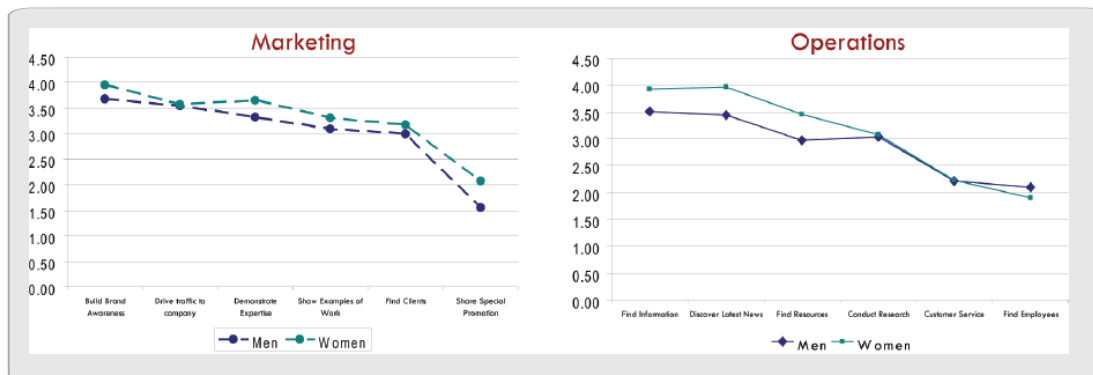
Separating the responses into two categories of operations and marketing, we see business owners are slightly more likely to spend time on marketing related activities.



Social Media Use: Impact of Gender

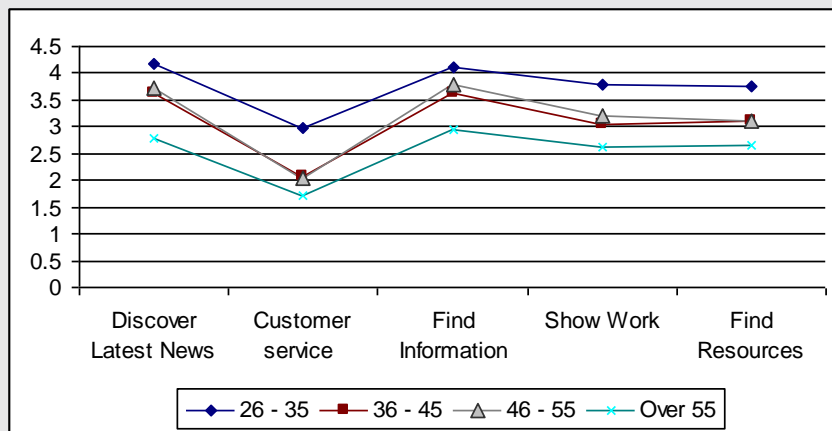
While there are many similarities with how men and women use social media there are several noticeable differences. Both groups are likely to use social media for less invasive marketing activities such as building brand awareness and driving traffic. Neither group is actively embracing social media as a way to deliver special promotion information.

Taking a closer look at the operations elements, women are significantly more likely to use social media as a news source (3.97/5.00) than men (3.44/5.00). They are also more likely to rely on social media to demonstrate expertise and find resources.



Social Media Use: Impact of Age

The social media usage patterns by age don’t vary tremendously. In general, the younger business owners tend to use social media more often for a wider range of functions. All age groups, with the exception of those over 55 turn to social media for news and information.



The most variation between age groups could be found on operations elements, not marketing.

Interestingly, only the 25-35 year olds seem to embrace the idea of using social media for customer service.

While it is easy to let personal and business blend together, most business owners recommend keeping the two worlds separate. And while everyone is participating, there is clearly reluctance to depend too heavily on the tools for day to day operations or real business growth.

What do business owners say about how they use social media?

- Keep your business and personal profiles separate.
- Draw a line between personal profile and company profile.
- Not the best way to get customers that really count and become productive.
- Become an active participant in 'conversations' related to your field. Read blogs of your peers, give thoughtful feedback, and retweet the good stuff.
- Social Media is a part of small business plan and should be used as a relationship building tool. Developing "Word of Mouth" business requires good organization and understanding of the power of geometrics.
- Social media is not a place to sell, that is what your website is for. It is a place to build relationships and then drive traffic where you want it to go.
- Selling and promotion are generally frowned upon, so patience and willingness to cultivate clients is required.

Policy, Strategy and Content

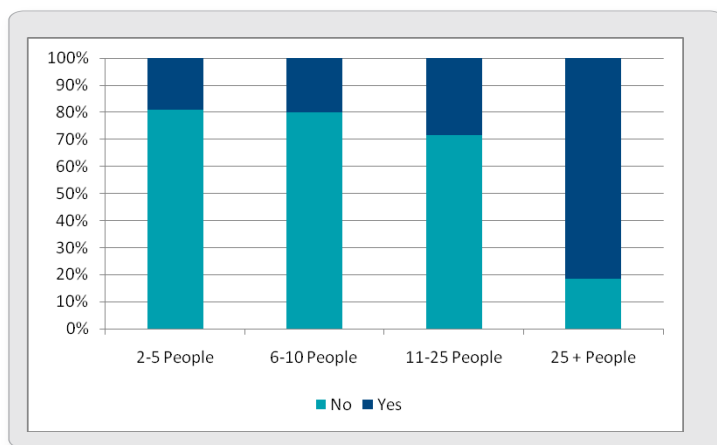
Policy

It is obvious from the results that there are opportunities for business growth for companies making the leap into social media. However, there are concerns from business leaders in companies of all sizes about how their employees will represent the company online. While some larger firms are trying to enforce “social media lock downs” banning access to social media sites, others are

developing social media policies.

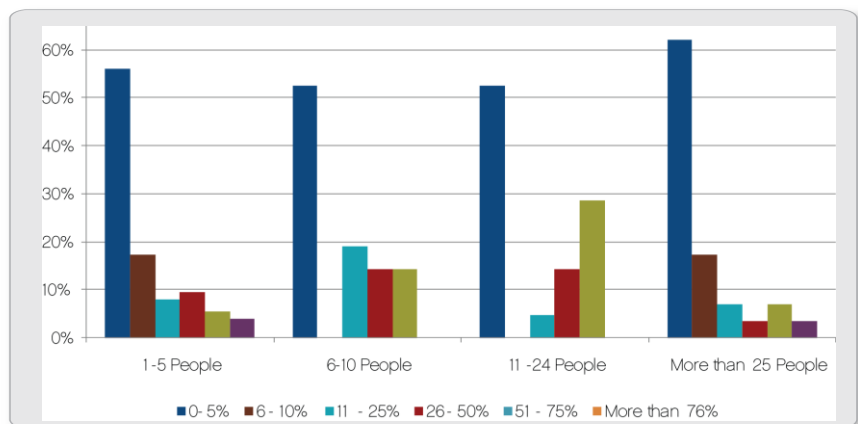
But does this trend carry over into the small business world? According to our survey, the overwhelming majority of small businesses do not have formalized policies.

The only exception was among businesses with 25 or more employees.



Strategy and Budget

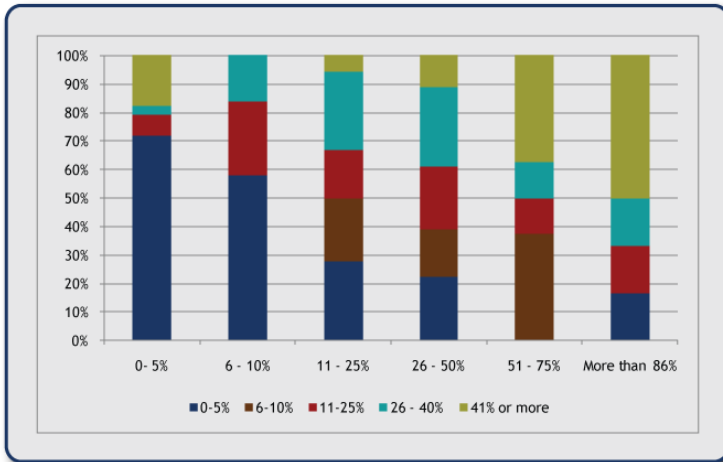
Many companies talk about the benefits of social media, but few are making significant investments in social media programs. More than 60% of the companies in our survey indicated social media represents between 0 – 5% of their total marketing budget. This is fairly consistent regardless of company size.



Most of the companies we surveyed indicated they use social media to promote their business, but few seem to have a specific or consistent approach to the process. Just like any other

marketing endeavor, without a clear strategy which is focused on achieving specific goals, the activities can keep you busy without producing any real results.

One important note, most business owners do not include the cost of manpower in their calculations of the cost of social media, so across the board, we believe these numbers are lower than actual expenditures.



Does the investment pay off? The data clearly indicates a positive correlation between investment and results.

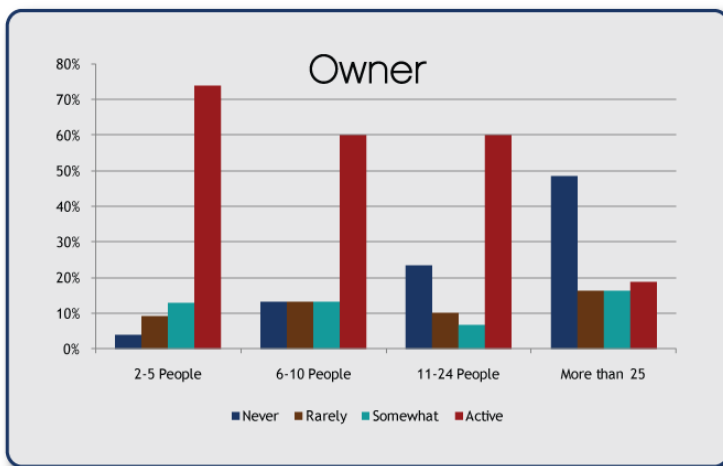
Companies which are putting their toe hesitantly in the water, carving out 5% or less of their total marketing budget, rarely indicate a significant portion of their sales come from social media.

Conversely, those organizations which are seeing social media driving a significant portion of their sales are setting aside more of their budget for the medium.

Content Creation

- Owners are taking charge

It is obvious owners are taking social media seriously as more than 65% indicated they are



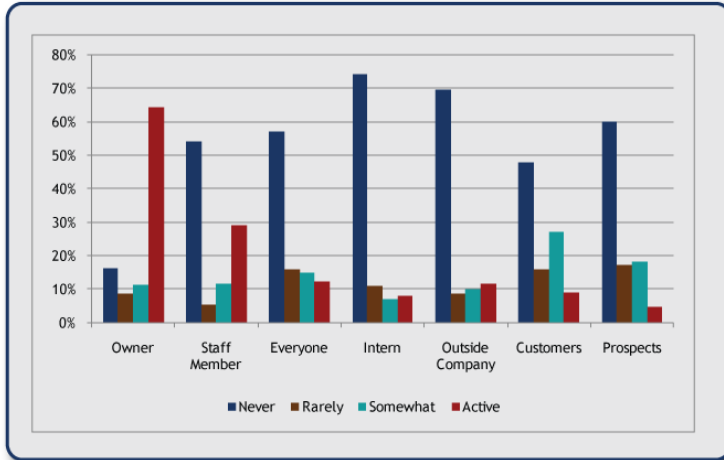
actively involved in creating content.

This is fairly constant until companies grow to more than 25 employees.

Although about 50% of owners of larger companies are still involved, it is obvious these executives are delegating the responsibility for social media activities to others.

- **Who owns social media content creation**

While many companies are diving into social media, their programs fall short because they don't clearly define roles. They fail to decide who will create content, how often and about what.



It is disappointing to see that more than 1/2 the companies in the study are not leveraging the customers and prospects as content generators. From testimonials and check-ins, to FAQs and discussions, companies are missing a tremendous opportunity by not actively engaging these constituencies. And it is the active engagement which builds fans and followers.

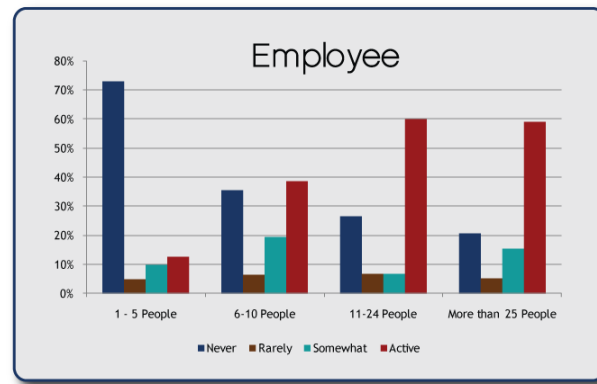
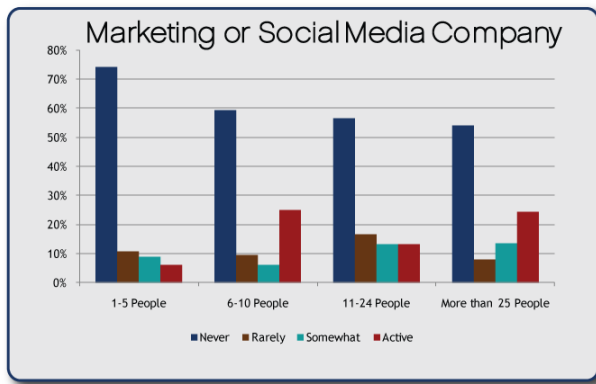
- **Not the Intern**

While it varies by company there are strong indications that social media is being taken more seriously. For example: Consider the role of interns. In our 2010 Facebook study, more than 80% of businesses which had interns on staff indicated the intern was involved in social media content creation.

To us, this pointed to the fact companies were not really taking the tools seriously. If they had, they would not rely on the least experienced member of their team to lead the content development. In this year's study, only 30% of interns were involved in content creation.

- **Looking for Help**

While many business owners believe social media is a do it yourself type of activity, there is a growing interest in hiring marketing and social media firms to support their efforts. Overall, about 10% of the companies in the study indicated an outside firm was actively engaged in the company's social media program. While I expected large firms to look outside for help, a significant number of companies in the 6-10 person range were also looking to external resources.



Surprising, companies with 11 – 24 employees were less likely to use an outside firm. Why? We assume at this size, companies have someone on staff with time to dedicate to social media activities. As expected, the largest the companies are more likely to also have a dedicated social media employee. The comments also show the conflict between the do it yourself and hire a pro camps.

What do business owners say about getting help with social media?

- Hire someone to set up the accounts and teach you how to manage them effectively. It is difficult to keep up with them all in a timely fashion.
- Have a professional do your Social Media. You hire a CPA because you can't do accounting, hire a social media professional.
- These days everyone is a "social media expert" you know as much as they do.
- Hire someone who can educate you, get social media tools up and running that align with your brand.
- Embrace social media but be leery of social media "experts" and consultants.

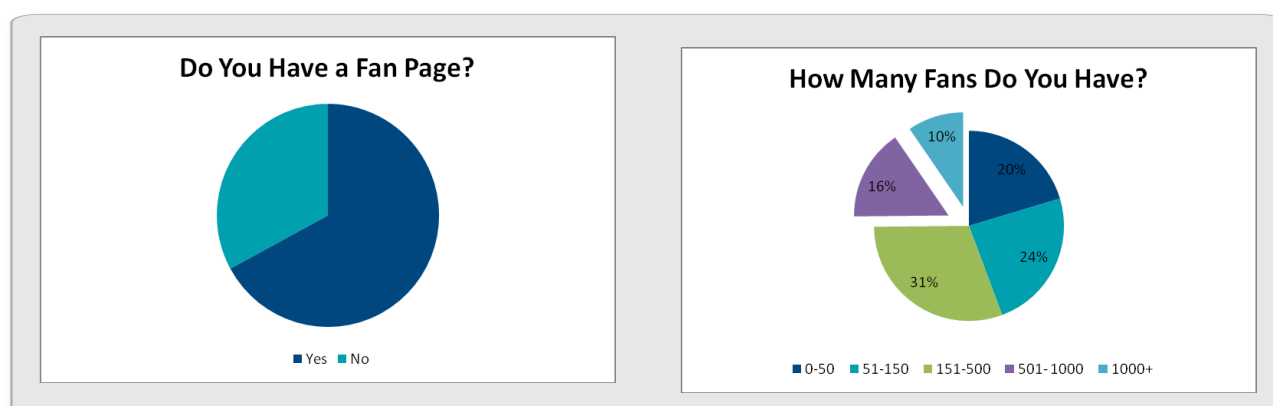
Still Just Putting a Toe in the Water ...

The research indicates that small business owners engaged in social media. However as we delve into the data, it seems in many instances they are skimming the surface of what they could be doing with the medium. From the size of their budget to the lack of strategy, most are not fully committed to a social media program. This lack of full commitment is clear in the limited results and also in other interim measures. For example: The number of Facebook Fans.

According to a study by [Synapse](#), which measured the impact of social media, the average fan is worth \$137. While this will vary based on the amount of engagement you have with your fans, the bottom line: The more you engage, the more valuable the fans become. Why is it important to grow your fan base?

Since fans represent a self-segmented group of highly valuable customers, you would expect companies to work hard to generate fans. But clearly that isn't happening. Almost 70% of the companies in our survey indicated they had a fan page. While most business owners will agree the primary measure of the success of a fan page is the number of fans, few firms in our study are really successful.

The majority of companies (74%) have less than 500 fans. This is consistent regardless of size, with a few anomalies which may be driven by the smaller sample size.



Closing Thoughts

The relatively low cost and rising results will continue to attract the attention of small business owners. And as more of the Gen Y/Millennials become business owners, the transition from traditional marketing to social media will be a natural evolution. There will be a learning curve for many business owners.

In closing, here are a few more tips and opinions from business owners in our study. Clearly, not all business owners are as enthusiastic about social media as we are.

Social Media Tip and Opinions:

- Start posting meaningful content as soon as you start a new platform even if it seems like you are talking to air.
- Show the real you! Don't hide behind your logo.
- Social media is social, build relationships before you try to sell something.
- Social Media is not a "thing" it's part of your regular marketing effort, it should be as natural as email.
- Post 70% 'advisory' content and 30% 'promotional' content, with all posting links connected to landing or homepage to drive visitors.
- Learn how this stuff works so you are not left in the dust.
- Keep your online and offline branding strategy consistent.
- Different platforms offer different strategies. Twitter, for example, is for conversation, Facebook, broadcasting and so on. Misusing these is a waste of time or worse, a lost opportunity.
- Spend less time talking and more time listening.
- Be patient. Building a social network around your company takes time and effort.