



SME Marketing Outlook Survey Quarter 1 08/09

Research
Report



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In a nutshell...

Nutshell Marketing is a Brisbane based marketing services firm, offering common sense, results-driven marketing solutions to small to medium businesses, from one-off projects to long-term marketing partnerships.

In July and August 2008, we surveyed 100 small business owners in Brisbane to ascertain their confidence in the economy and their marketing intentions within the SME market moving into the financial year 2009.

The survey respondents came from industries including but not limited to accounting, banking, financial services, media / advertising / entertainment, construction, consulting and corporate strategy, healthcare and medical, HR and recruitment, IT, legal, manufacturing, real estate, retail, sales and marketing, transport and logistics.

The key trends that arose from the survey responses were:

- SME confidence in the Brisbane economy is significantly stronger than in the national economy – 70% are confident in the Brisbane economy compared to 40% in the national economy.
- 74% of the 100 SMEs in Brisbane surveyed stated that they are planning to expand this financial year.
- 92% of these businesses believe that marketing is an integral part of their expansion plans however only 57% already have a marketing strategy in place.
- 47% intend on increasing their marketing budget for FY09 and propose to spend it on e-marketing, their company website, search engine optimisation and mobile marketing.
- Referrals, word of mouth recommendations and networking are the highest sources of business leads.
- 72% of respondents want to increase the number of clients/customers and secondly raise awareness of their company, however only 18% are prepared to invest in training to increase the skills of their current sales staff.
- Almost half of all respondents will invest in corporate social responsibility campaigns, followed closely by investment in green marketing.
- Investing in internal recruitment campaigns came up considerably lower than expected – only 18% of respondents will significantly invest in this for FY09.

Overall, marketing will play a key role for businesses looking to grow in FY09. If we reflect on the businesses that survived the economic downturn of the early 1990s, it was the businesses that increased their marketing spend that survived and actually grew their market share, remained profitable and eroded their competitors.

**A more detailed overview of the survey findings are provided under Overview of Trends (Section 3), along with the full breakdown of each question under the Survey Results section.*

Top tips for marketing for growth....

Top tips from Nutshell Marketing:

- Allocate the time to understand where your marketing dollars are being spent and what the real return to the bottom line is. Carry out a marketing health check to gauge the effectiveness of your current marketing program.
- Avoid the knee jerk reaction of competing on price. Focus on strategically adding value to your product or service and protect your margins from erosion.
- Invest in your online marketing as it offers a cost effective platform to reach and engage your target audience.
- Conduct a “most valuable customer analysis” and determine who is profitable, who is marginal and who is costing you to service.
- Attract customers by adding value adds to your products or services which clearly outline the extra value they will receive and be upfront about the end cost to the customer.
- Introduce loyalty activities with your customer base by more direct and meaningful communications to encourage repeat purchase.
- Word of mouth is based on your businesses reputation, so remember that every communication from your business is a chance to destroy or build your brand.

Top tips from survey respondents:

- Don't compromise on quality: continue to hire quality people and resources.
- Hold on to your key staff and let the underperformers go.
- Aggressively pursue market share to sustain growth.
- Get your cost base as low as possible to retain the ability to make strategic decisions without the need to incur debt.
- Find a way to ride it out no matter how tough it gets or how many tough decisions you must make.
- Be prepared to scale back your operations. This doesn't mean you're a failure – you're just doing what's necessary to stay in business.

For more information on how to ensure your marketing is returning results that make a difference to the bottom line, please contact Diana Byrne or Shannon O'Donovan on 07 3217 3677 or via toptips@nutshellmarketing.com.au

1. How the survey was conducted.....

The main objective of this survey was to find out whether business confidence in the Brisbane market differed compared to the national economic views, whether the economy was causing a tightening of marketing budgets and what areas businesses were intending to focus their marketing dollars on over the next year. This was achieved through:

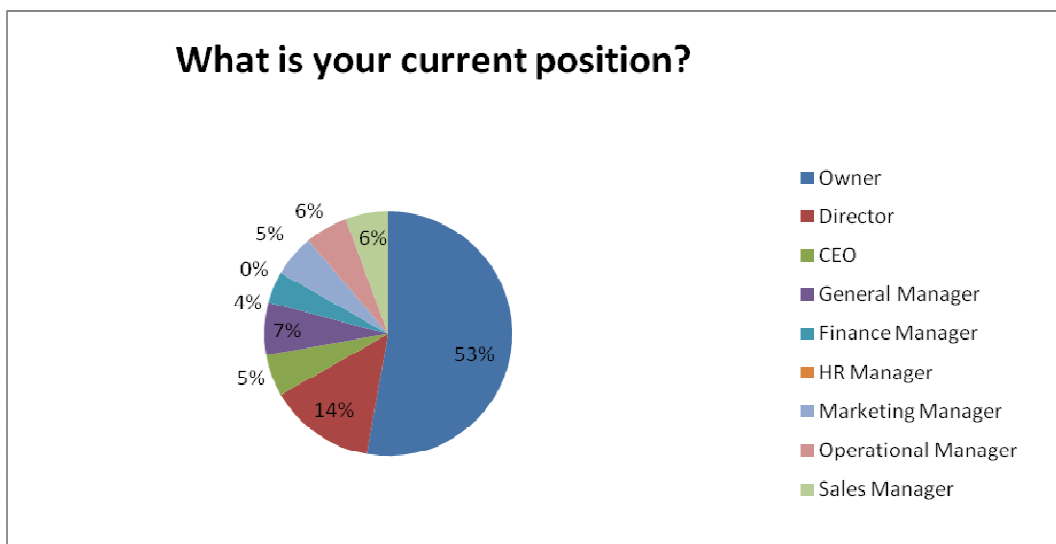
1. Gaining a better understanding of the average size and turnover of SMEs
2. Identifying the percentage of businesses who have been through a recession and what they learnt
3. Gaining insight into whether businesses are intending to expand or downsize over the next 12 months
4. Determining what marketing strategies have generated the most return in the past for businesses
5. Gaining feedback on what businesses want to achieve from their marketing over the next 12 months

To meet these objectives, an online survey was conducted with business owners and decision makers of businesses located in Brisbane.

The survey was circulated to SMEs located in and around the Brisbane CBD, with a request to send it on to other business owners they knew. The survey received a total of 100 responses.

2. The profile of respondents....

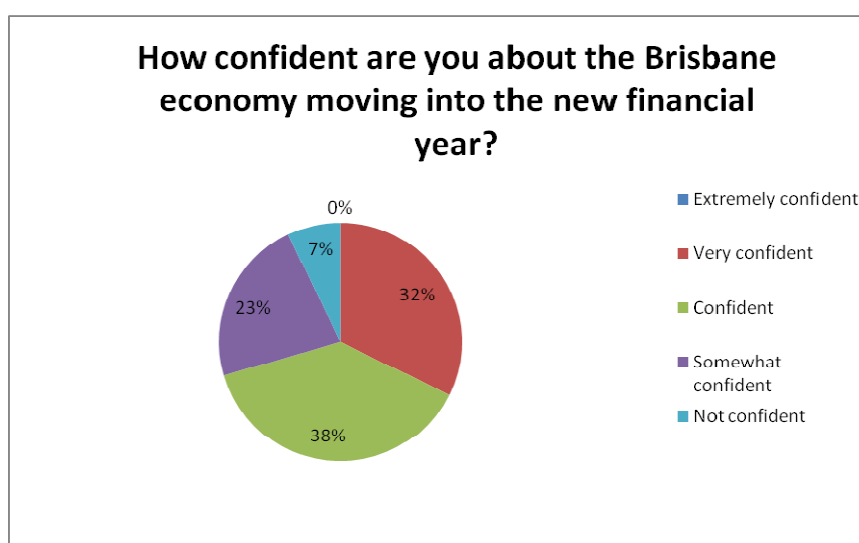
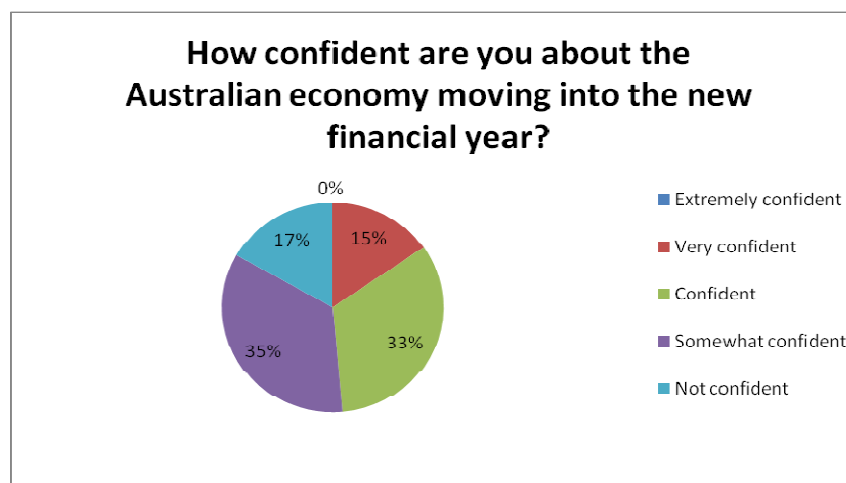
The respondents to the survey had almost an even split between men (58%) and women (42%) aged between 26-45 years, with the majority being business owners (53%).



The majority of businesses surveyed have been operating more than 5 years (60%) with currently 1-10 employees (59%) and an annual turnover of \$100k to \$5million (56%). The industries with the highest number of businesses who responded were those in the IT&T (17%) and Advertising, Media and Entertainment sectors (12%)

3. Overview of business confidence....

The majority of businesses surveyed feel more positive about the Brisbane economy with only 48% confident in the Australia market, compared to 70% confident in the Brisbane market. Despite the fact that only 72% of businesses have been through a recession before, advice from those businesses who have previously been through a downturn was to retain key staff, keep a low cost base to retain the ability to make strategic decisions without the need to incur debt and positioning the business to be focused on aggressively pursuing market share from competitors to sustain growth.

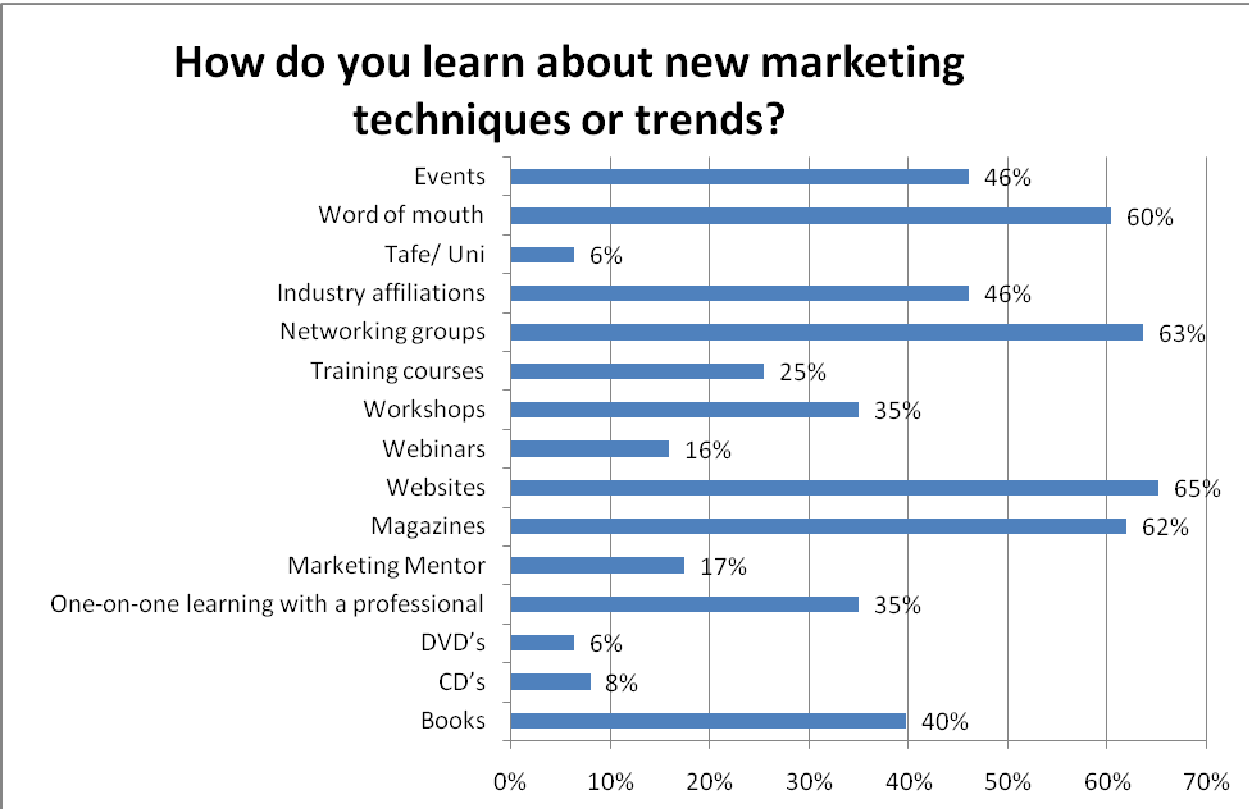


This strong business confidence was also evident by the 74% of businesses intend to expand over the next 12 months, while 25% will stay the same size. Of those businesses planning to expand, 70% believe that marketing will play a significant part in assisting with this growth.

4. Overview of current marketing within SMEs

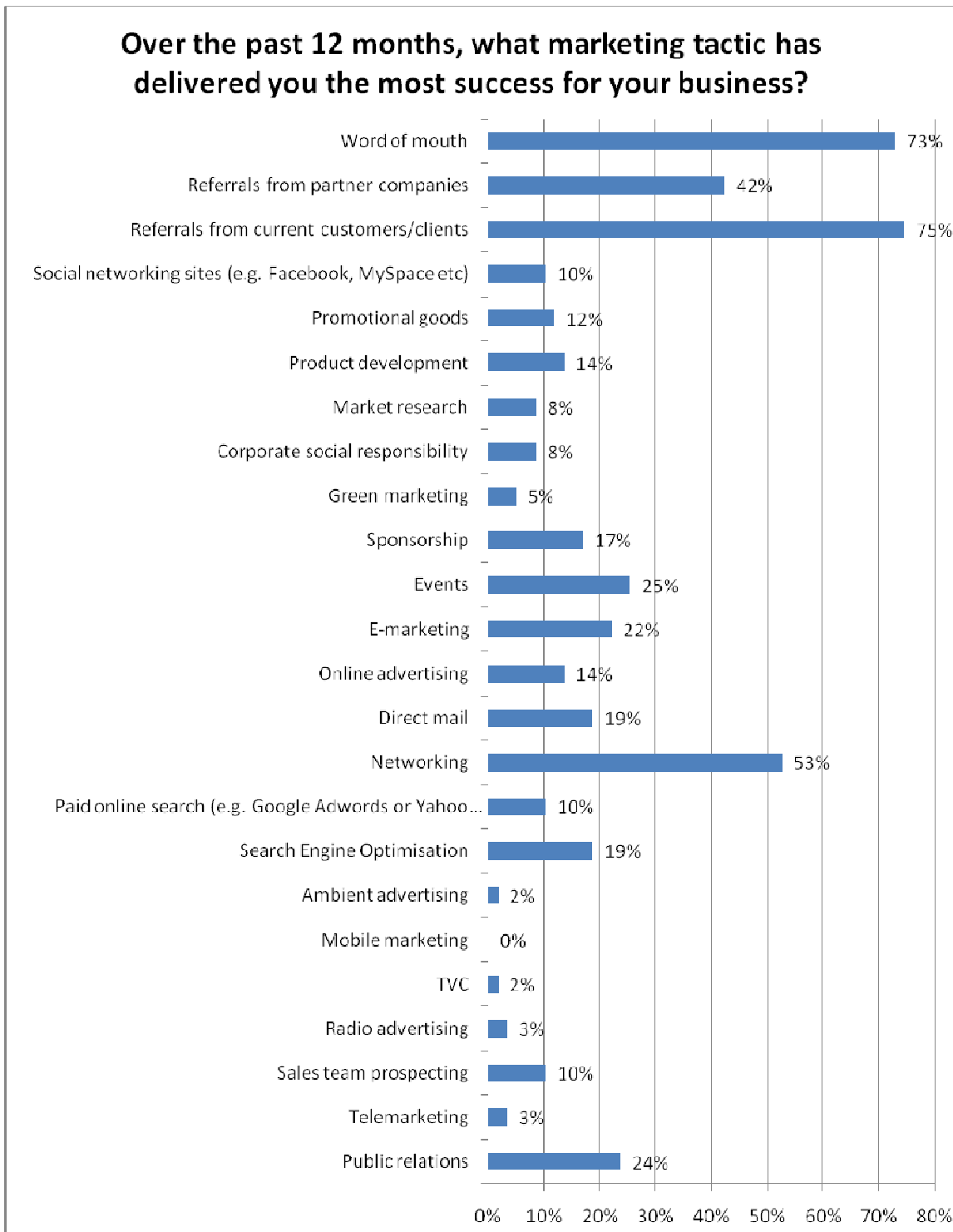
54% of businesses surveyed currently have a dedicated marketing resource within their business and 70% do not intend on hiring any additional marketing staff in the next 12 months. When asked about whether businesses monitor the results of their marketing activity, 60% said they do and use a range of methods including reviewing their website statistics, a CRM system and tracking enquiries.

In order to keep up to date with the latest marketing techniques and trends, 65% of businesses surveyed indicated that they visit websites, 63% attend networking groups and 60% through magazines.



5. Past marketing successes....

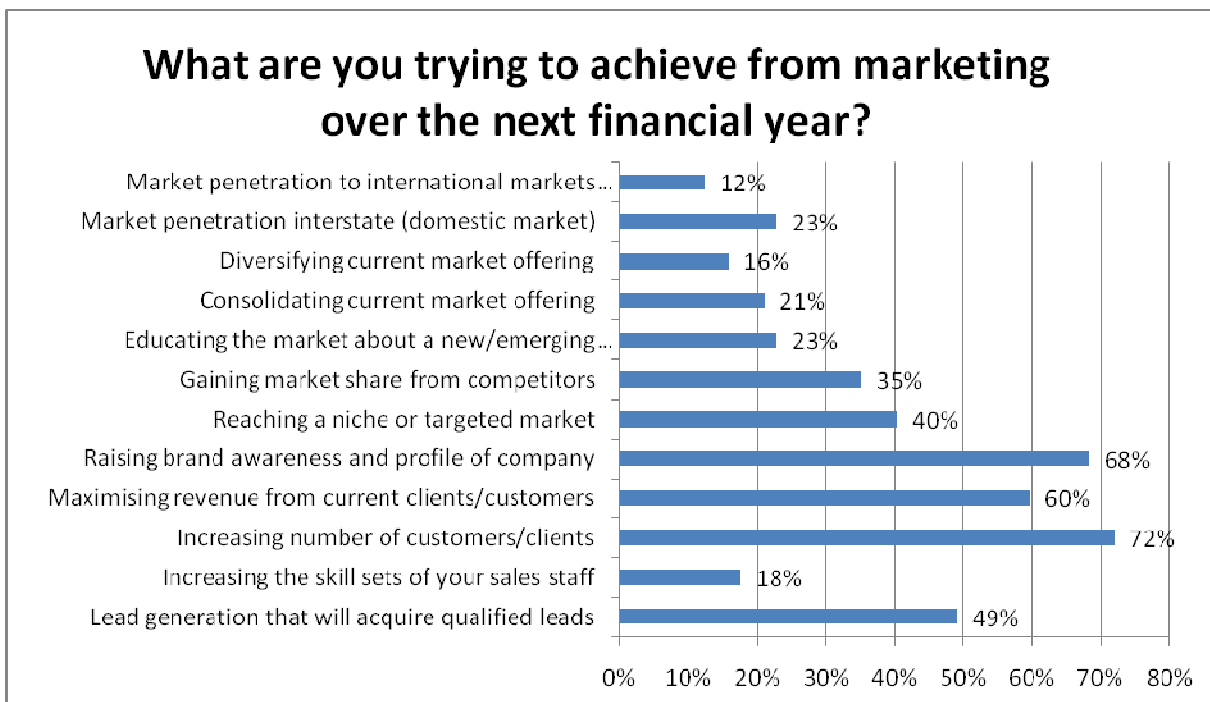
58% of businesses surveyed currently have a marketing strategy in place and 61% have a marketing budget. Only 50% of those surveyed achieved their marketing objectives in the previous financial year and 22% didn't have any marketing objectives in place. The marketing tactics that returned the best results for businesses were referrals (75%) word of mouth (73%) and networking (53%).



6. Marketing outlook for FY09....

Moving into the new financial year 48% believe the tightening economy will affect their marketing. However this has not caused a decrease in the marketing budget of businesses surveyed, with 47% of businesses indicating that they intend to increase their marketing budget and 33% will keep it the same this financial year.

The main objectives for businesses in the 2009 financial year will focus on increasing the number of customers and clients (72%), raising the brand awareness and profile of their company (68%) and maximising the revenue from current clients/customers (60%).



The main areas that businesses have indicated that they will be spending most of their marketing budget on included e-marketing (46%), their company website (37%) and search engine optimisation (34%), indicating that building a strong web presence is seen as essential for SMEs this financial year. Businesses will also be spending moderately on B2B campaigns (46%), networking (44%), corporate social responsibility campaigns (44%) and client/customer retention campaigns (41%).

Marketing	Heaviest Spend	Significant	Moderate	Least Spend	N/A
Branding	12%	32%	40%	8%	8%
Website	14%	37%	37%	10%	2%
Search engine optimisation	9%	34%	30%	18%	9%
E-marketing	7%	46%	15%	17%	15%

Marketing	Heaviest Spend	Significant	Moderate	Least Spend	N/A
Online advertising	0%	19%	28%	23%	30%
Digital marketing	0%	11%	22%	30%	38%
Mobile marketing	0%	5%	13%	38%	44%
Ambient advertising	0%	3%	26%	21%	50%
Business to business campaigns	7%	26%	46%	11%	11%
Business to consumer campaigns	5%	17%	27%	17%	34%
Internal recruitment campaigns	0%	18%	13%	10%	59%
Events	4%	27%	40%	13%	17%
Networking	10%	29%	44%	10%	6%
Sponsorships	0%	24%	29%	27%	20%
Public relations	6%	23%	29%	19%	23%
Market research	3%	6%	31%	36%	25%
Product development	18%	10%	25%	20%	28%
Direct mail	5%	15%	34%	24%	22%
Telemarketing	3%	0%	10%	33%	54%
Promotional materials & signage	4%	28%	38%	19%	11%
Client/customer retention campaigns	4%	37%	41%	9%	9%
Corporate social responsibility campaigns	2%	5%	44%	24%	24%
Green marketing	3%	3%	31%	26%	38%
Partnering with other companies to generate leads and referrals	12%	28%	37%	7%	16%

For more information....

Please feel free to contact the Nutshell Marketing team on 07 3217 3677 if you require any additional information on the findings or results of the Nutshell Marketing SME Outlook FY 09 Survey.