



Measuring Small Business Success:

Getting and Keeping Customers



The pressure on today's small businesses is intense. The need to promote your business professionally and affordably has never been greater. Attracting and retaining customers – then serving them better than anyone else – is key to making your small business flourish, especially in challenging economic times. So what exactly are today's small business leaders doing to get and keep customers?

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That's the question Deluxe put to 350 small business leaders in a recent survey. This paper discusses the results of that survey, in order to help you understand how your organization compares to others in your industry and learn about new ways of effectively getting and keeping customers.

› 1. Methodology

An online survey was conducted among small business owners, presidents and CEOs of companies with less than 100 employees. Franchises were excluded from the survey. The survey was conducted as an online interview with 350 members of a small business panel maintained by MarketTools.

› 2. Getting Customers: Key Findings

Not surprisingly, most small businesses – more than 80% – have taken steps to acquire new customers within the past two years. At the top of the list for customer-retention activities:

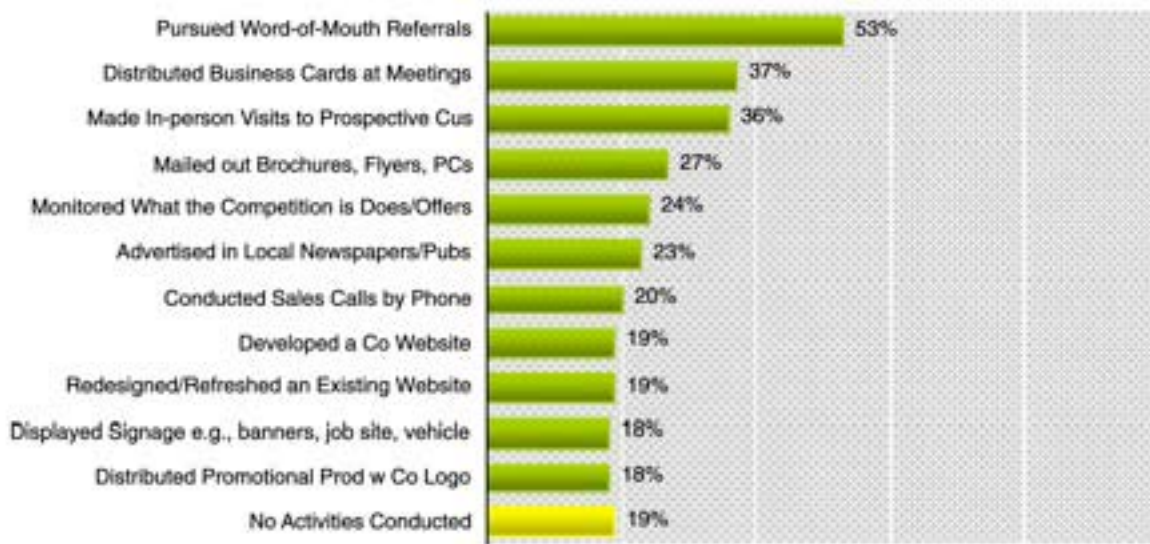
- More than half have pursued **word-of-mouth referrals**, and over one third distribute their **business cards** at various venues, and/or make **in-person visits** to prospective customers.
- One fourth or more conducted **direct mail advertising**, advertised in **local newspapers** or publications, and/or monitored their **competition**.
- About one in five have developed, designed or refreshed a **website**, displayed **signage** and/or distributed **promotional**

“More than 80% of small businesses have taken steps to acquire new customers in the past two years.”

products featuring their company name or logo.

Fewer small businesses – roughly one in ten – engaged in **Internet-based activities** such as email/online marketing campaigns, establishing a social media presence, or conducting search-engine marketing or search-engine optimization tactics. This suggests that small businesses may need more education about the value of these emerging solutions in driving customer acquisition and loyalty, and how to cost-effectively implement them for their organizations.

► **Top Acquisition Activities Conducted in the Past Two Years**



► **3. Keeping Customers: Key Findings**

The percentage of small businesses that engage in activities designed to retain existing customers is slightly lower – 73% percent – than those who engage in customer acquisition activities. However, many surveys have shown that the cost to attract a new customer can be as much as ten times more than keeping and servicing an existing one. So it’s important to understand the value of focusing on customer retention. It can be one of the most cost-effective ways of marketing



“73% have engaged in customer acquisition activities.”

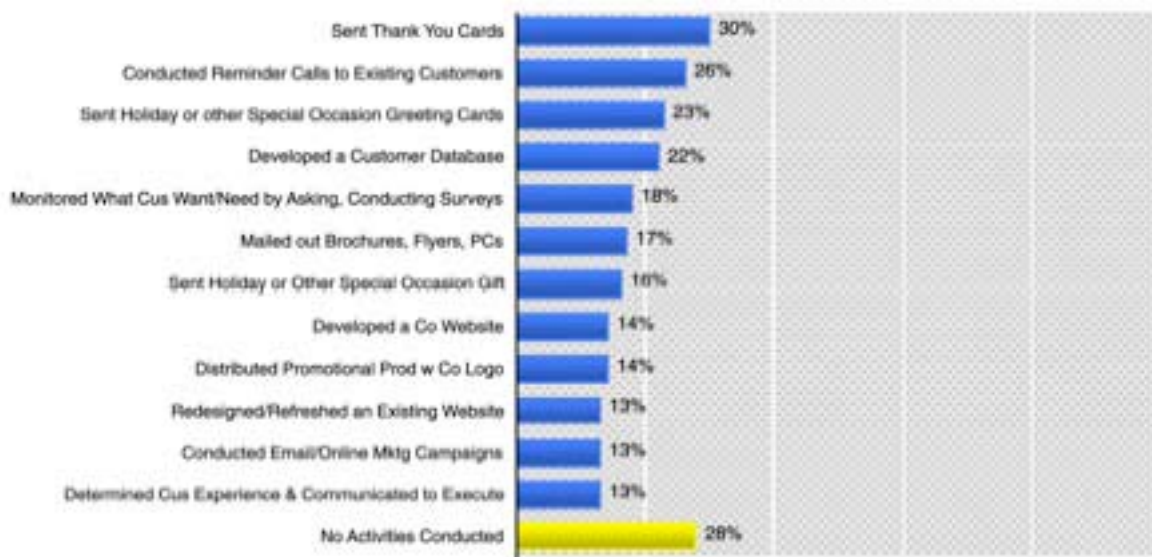
your business.

Among those surveyed who utilize customer retention strategies, some of the top activities include:

- Sending **thank-you, holiday or special occasion greeting cards** to their customers (23-30%)
- Conducting **reminder calls** to existing customers (more than one in four)
- Developing a **customer database** (22%)
- **Monitoring what customers want** or need by asking or conducting online surveys (18%)

Similar to the results for customer acquisition activities, Internet-based activities fell to the bottom of the list for customer retention initiatives. Fourteen percent of those surveyed said they had developed a company website in the past two years, and 13% had refreshed an existing website or conducted e-mail/surveys.

› **Top Retention Activities Conducted in the Past Two Years**

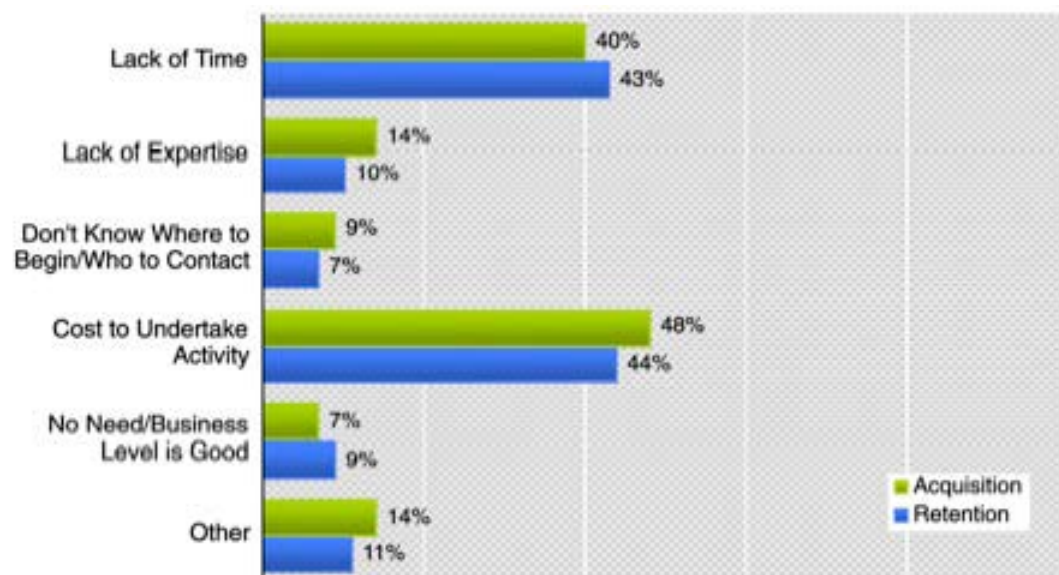


› 4. Industry Matters: Differences by Vertical Market

For the most part, small businesses in different industries are engaging in similar types of customer acquisition activities. However, some variations do occur by vertical market.

- Overall, **retailers** have been the most active and **contractors** have been the least active in taking initiatives to acquire new customers.
- Not surprisingly, **retailers** are more likely to monitor what their competition is doing and to engage in holding sales, promotions and special events than other types of small businesses.
- To retain existing customers, **general service small businesses** appear to be among the most active, with one in five or more conducting various activities such as sending thank-you cards and conducting direct marketing programs.
- In contrast, **contractors** are the least active in undertaking retention activities, followed by professional service firms and general service small businesses.

› Barriers to Implementing/Increasing Acquisition and Retention Activities

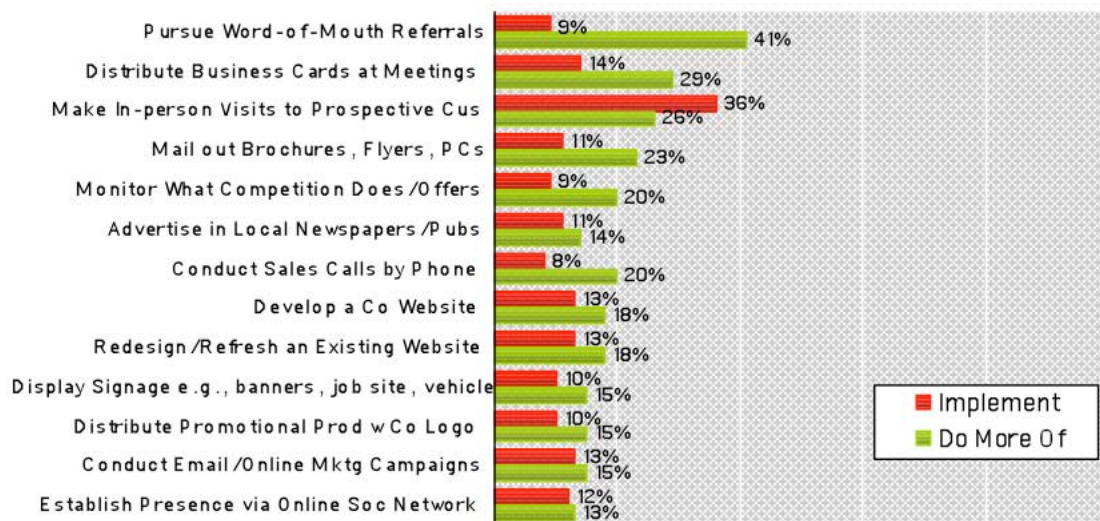


› **5. Future Plans: More of the Same**

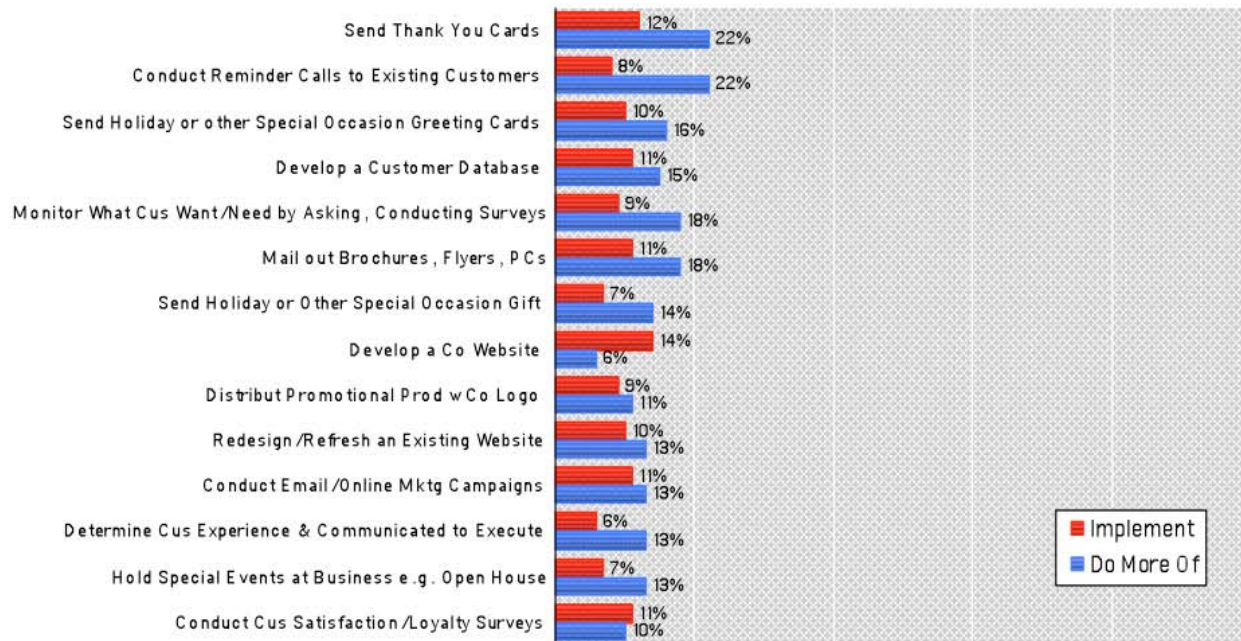
It’s not clear exactly how current economic conditions will impact the acquisition and retention activities of small business. However, when asked what they would most like to start doing – or do more of – to get new customers and keep existing ones, respondents pointed to the top acquisition and retention activities cited in the survey. It appears that most small businesses intend to engage in the same activities in the near term that they have undertaken in the past. The proportions of small businesses initiating new activities are modest.

› **Top Acquisition Activities**

Plan to Implement/Do More of



› **Top Retention Activities Plan to Implement/Do**



Small business owners identified their toughest marketing challenges:

- 53% find it difficult to get new customers
- 17% feel they have too few advertising dollars
- 10% aren't sure where to advertise
- 7% have trouble retaining current customers

Source: Yellow Pages Association (YPA): "Small Business Marketing Poll," provided to eMarketer – December 16, 2008

› **6. Overcoming Barriers: Time & Money**

The Deluxe small business survey found that time and lack of funding are the primary reasons that small businesses do not implement or increase their level of involvement in activities to get and keep customers.

Deluxe can help overcome these barriers. As your indispensable partner in growth, we're focused on your success, with a full line of solutions to help you make your business thrive. Deluxe helps small businesses get and keep customers. By offering everything from printed products to affordable logo design, web services and search engine marketing, we can help you compete cost-effectively in an ever-changing business landscape.

› 7. Solutions for Success

Nearly four million businesses count on Deluxe for the affordable solutions they need to succeed. Here are some of the things we're doing for them. Consider what we can do for you.

› You need to *Build Your Brand*

Deluxe can help with...

- Logo design
- Personalized business cards, stationery and envelopes
- Apparel
- Promotional Products
- Signage, labels and tags

› You need to *Get Online*

Deluxe can help with...

- Website design and hosting

› You need to *Advertise Your Business*

Deluxe can help with...

- Email marketing services
- Promotional items to thank customers
- Postcards, brochures and flyers