

2016 SMALL BUSINESS MARKETING TRENDS REPORT

A LEADPAGES & INFUSIONSOFT RESEARCH PROJECT





Today's small businesses have more marketing options than ever before. In the land of digital marketing tools alone, analytics are ever more powerful, automation is ever farther-reaching, and targeting is ever more precise.

With that power has come increasing complexity. According to ChiefMarTec.com, from 2014 to 2015 the number of marketing technology companies **almost doubled**, from 947 to 1,876.

Together, Infusionsoft and LeadPages serve tens of thousands of small and medium-sized businesses with software that makes their marketing easier and more effective. We wondered: Are small businesses taking advantage of this expanding field of platforms, tools, and opportunities? Or are they sticking to a few tried and true strategies?

Most importantly: What will successful small business marketing look like in 2016?

To find out, we surveyed a panel of more than 1,000 small business owners from across the U.S. The results paint a rich picture of the state of small business marketing in 2016. In this report, we'll examine:

- **Goals and Priorities:** What are small business owners hoping to achieve with their marketing in 2016?
- **Challenges:** What are small business owners struggling with and seeking to improve in 2016?
- **Tactics:** What tools and techniques are small business owners trying out (and succeeding with) as they move toward their marketing goals?
- **Opportunities:** What advantages can small business owners seize in 2016 that will help them reach their goals and get ahead of their competition?
- **Trends and Predictions:** Finally, we'll share the trends we predict will come to the forefront of small business marketing in 2016.



METHODOLOGY

In December 2015, Infusionsoft and LeadPages surveyed a panel of 1,026 self-identified small business owners from across the U.S. via an online questionnaire they accessed with a mobile device. Respondents were not necessarily customers of Infusionsoft or LeadPages, and the survey did not identify us as sponsors.

We asked these small business owners a slate of 10 questions (shown with their answers in charts throughout this report). While not all respondents answered all questions, we received at least 1,000 responses for each question.

Summary of Data

TOP INSIGHTS

- **Small business marketing can be a lonely job:** Nearly half (47 percent) of small business owners handle marketing efforts on their own.
- **Digital marketing is far from universal in the small business world:** Nearly one in five small business owners do not plan to use digital marketing at all in 2016.
- **Tracking the return on their marketing investment is a major struggle for small business owners.** Nearly half of those surveyed said they don't know whether they're marketing effectively—and 14 percent know they aren't.
- **Following up with leads and customers is also a tough task.** Twenty-one percent of small business owners don't store contact information anywhere, while only 24 percent use customer relationship management (CRM) software and 20 percent use an email marketing service provider. Forty-five percent don't maintain an email list that prospective customers can opt into.
- **Most small businesses are still using a fairly unsophisticated digital marketing stack.** Forty-one percent use only one or two software applications in their marketing, and another 26 percent use three or four.

- **About half of small businesses plan to invest more in their websites in 2016, and half plan to increase their web advertising budgets.** But that doesn't mean that analog marketing tactics are dead: About a quarter of small business owners plan to spend more on print ads or direct mail, and 14 percent will spend more on telemarketing or in-person marketing.
- **Fifty-eight percent of small business owners are using social media in their marketing, but less than half are creating any other kind of content** to help them get leads and sales.
- **In 2016, most small businesses using digital marketing will aim to drive sales, build brand awareness, or simply convey information.** This heavy focus on the top and bottom of the funnel suggests that many small business owners may be missing opportunities to improve other parts of their customer acquisition and retention process.

Digital marketing goals and priorities

GOALS

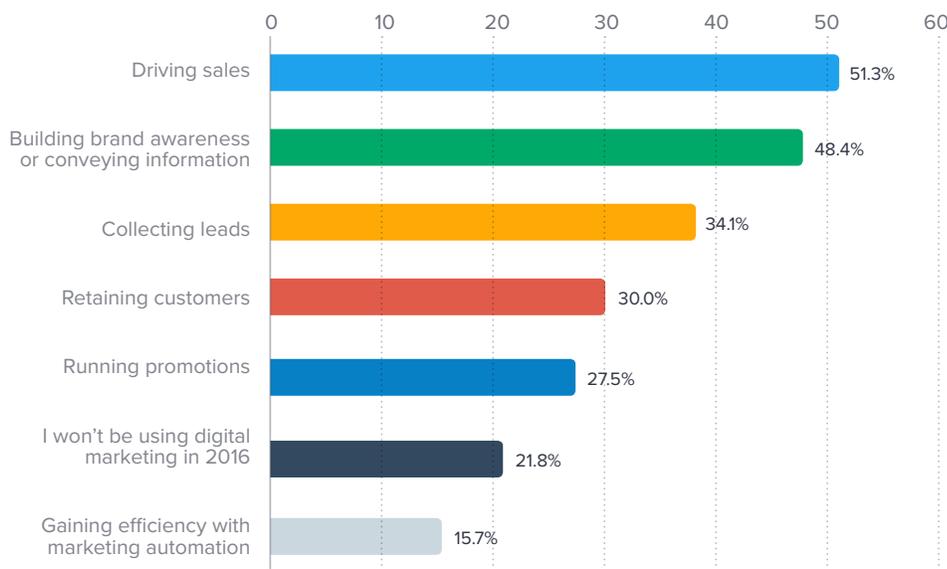


Fig. 1

If you are planning to use digital marketing in your business in 2016, what will be your primary goals?

In 2016, small businesses say they'll look to digital marketing primarily to meet goals at the top and the bottom of the customer-acquisition funnel. Fifty-one percent of respondents named "driving sales" as a top goal for their digital marketing, while nearly as many (48 percent) chose "building brand awareness or conveying information."

All other options lagged significantly behind—including even "collecting leads," the next most popular option with 34 percent of respondents naming it as a top goal.

Keeping in mind that about one fifth of respondents planned to do any digital marketing in 2016, it's perhaps not surprising that the least popular goal was "gaining efficiency with marketing automation" (16 percent). Before they can become efficient, small business owners need to simply get started.

PRIORITIES

To understand what small business owners planned to prioritize—instead of just what they hoped to achieve—we asked which marketing channels they were expecting to budget more for in 2016:

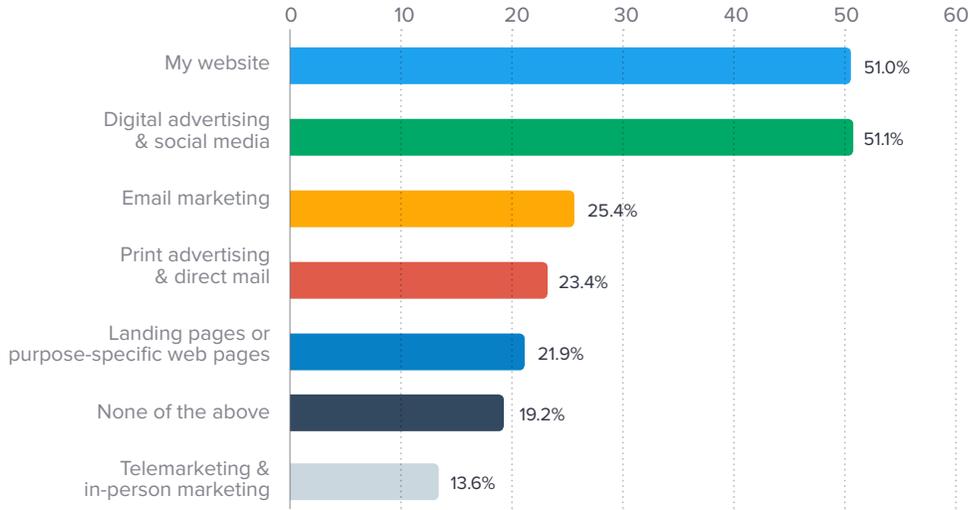


Fig. 2

In 2016, which marketing channels (if any) do you expect to budget more for?

Given the number of businesses who named building brand awareness or simply conveying information as a top marketing goal, it makes sense that 51 percent of small business owners planned to spend more money improving their websites in 2016.

An equal number are getting more sophisticated and increasing their budget for web advertising, such as search-based and social media advertising. No other marketing channel was as big a priority as these two, but substantial numbers of small business owners are continuing to increase spend on both digital and analog platforms.

Digital marketing challenges: Not enough leads, not enough time

The greatest digital marketing challenges for small business owners revolve around leads: attracting interest in the first place, then turning web traffic into leads and ultimately customers.

In our survey, these answers nearly tied as respondents' biggest digital marketing challenges for 2016:

- Turning leads into customers (20 percent)
- Generating web traffic (18 percent)
- Finding the time and resources for digital marketing (18 percent)
- Turning web traffic into leads (17 percent)



Fig. 3
Of the following options, what is the biggest challenge you'll face in your digital marketing in 2016?

The small business owner's struggle with leads may be related to his commonly used marketing strategies. The majority of respondents said they don't use channels that could help generate and convert leads—including digital advertising, social media, email marketing, and content marketing (see "Marketing tactics" section). And many aren't using email tools to follow up with leads, like email marketing software or an email list that prospective customers can opt into.

Overall, digital marketing tactics remain underutilized—and misunderstood—amongst many small business owners. Given the lack of attention to measurable marketing tactics, it's perhaps not surprising that nearly half of respondents said they don't know if their marketing efforts are effective.

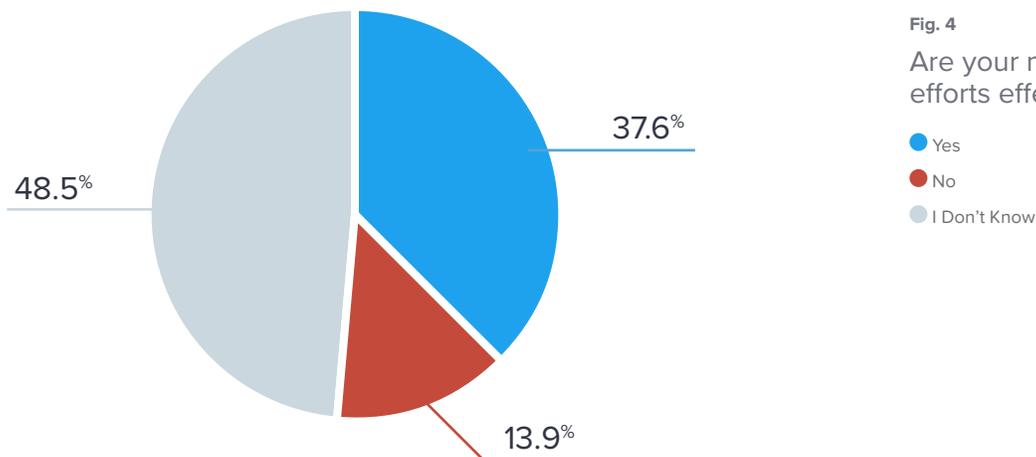


Fig. 4
Are your marketing efforts effective?
● Yes
● No
● I Don't Know

Marketing tactics: Websites are the focal point

Marketing is an in-house endeavor for the majority of small business owners, according to our survey. Nearly one in two owners also serve as head of marketing, while nearly a quarter of respondents reported that an employee oversees marketing efforts.

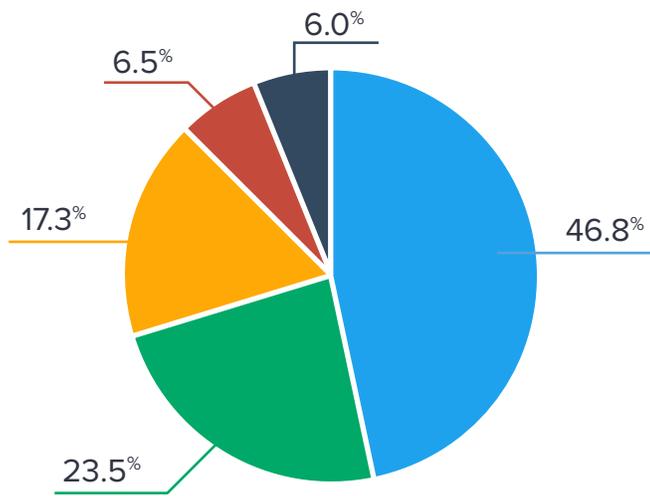


Fig. 5
Who does your marketing?

- I do
- Someone on my team does
- We do some in house and contract the rest
- I don't know
- We pay a contractor, agency or third party

For small business owners, the company website is the bread and butter of the marketing strategy. Nearly three-quarters of respondents use their websites as a marketing channel, with about half planning to spend more on the website in 2016.

But less than half of small business owners reported using all other digital channels for marketing—including social media, digital advertising, email marketing, and landing pages. Most aren't employing non-digital tactics, either: Less than one-third of respondents use print advertising and direct mail or telemarketing and in-person marketing.

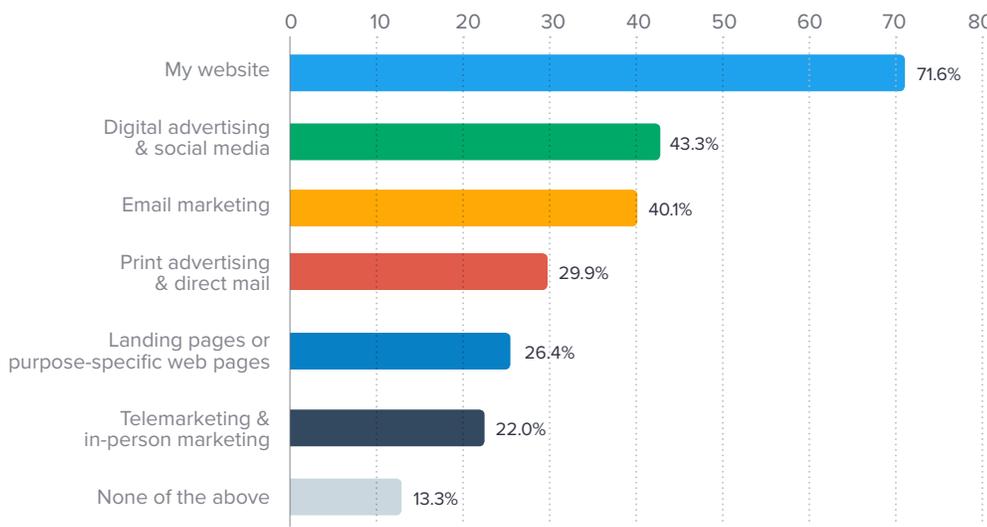


Fig. 6
What kind of marketing channels do you use?

Most small business owners also don't create content that can help their companies acquire customers (aside from posting on social media platforms, as 58 percent of respondents do). Less than half use content marketing tactics like emailing content or publishing blog posts or articles.



Fig. 7
What kind of content does your company create to help get customers?

Our survey also asked small business owners about two cornerstones of the sales and marketing process: contact management and email marketing. To store contact information for leads and follow up with them, more small business owners use an email service like Gmail or Outlook than any other system. Such services can limit a small business owner's ability to conduct robust email marketing campaigns—which suggests why 45 percent of respondents don't have an email list that prospective customers can opt into.

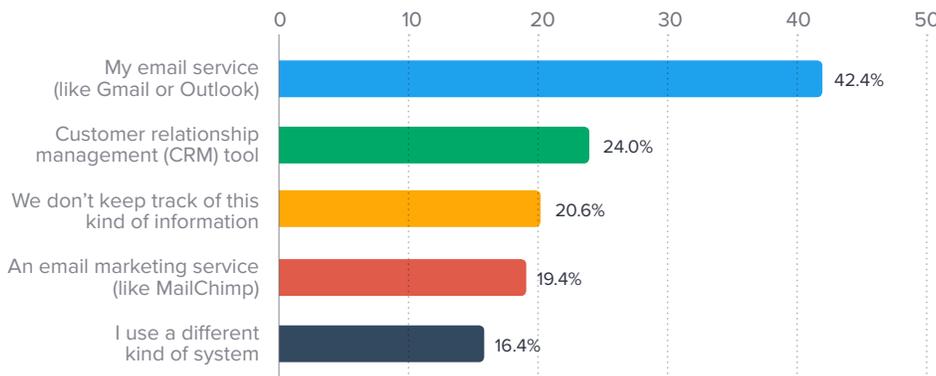


Fig. 8
What do you use to store contact information for your leads and customers and follow up with them?

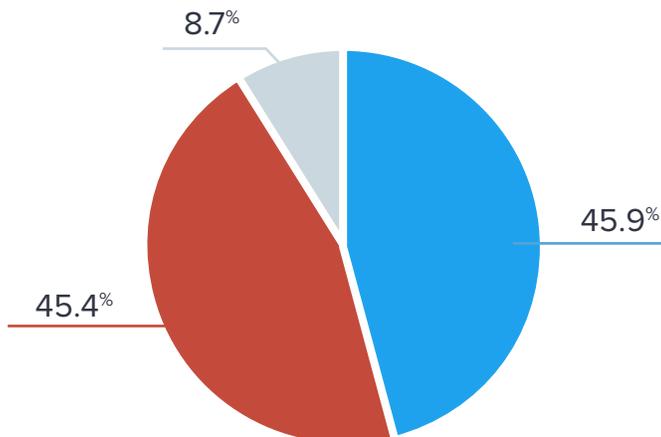


Fig. 9
Do you have an email list that prospective customers can opt into?
 ● Yes
 ● No
 ● I Don't Know



OPPORTUNITIES

Small business owners have numerous opportunities to improve and modernize their marketing efforts. By investing in tools like email marketing, content marketing, and CRM/automation software, small business owners can achieve the marketing mix necessary to compete in an increasingly digital world.

Content marketing: Social and beyond

Our survey results show that small businesses are well aware of the power of social media, with a majority investing time into creating content to post on social channels. While establishing a social presence is important, small businesses should be wary of putting all their eggs in this basket. Platforms like Facebook can change the rules of the game practically overnight by altering their algorithms, which can limit the visibility of content posted by companies.

Some of the biggest potential gains may exist in the realm of downloadable content, used by only 16 percent of survey respondents. Making content—like e-books, webinars, white papers, and more—available on a website or blog post in exchange for contact information (typically an email address) is an effective way to identify and follow up with potential customers. And it becomes especially powerful when few of your competitors are doing the same.

Customer relationship management: Organized contacts and valuable insights

In our survey, 42 percent of respondents said they use an email provider to manage customer contact information. While providers like Gmail and Outlook can house basic information, small business owners need a more sophisticated solution for tracking leads and closing sales: a customer relationship management (CRM) tool.

Less than a quarter of small business owners in our survey said they use a CRM. In addition to organizing detailed contact information, a CRM can provide valuable insights as it tracks the progress of each lead in the sales process, monitors their email and website activity, and identifies the hottest leads based on their behavior. CRM tools can also segment leads based on demographics and behaviors, allowing small business owners to reach targeted groups with messages that resonate with them

A CRM can help small business owners save time and turn more leads into customers—which survey respondents identified as some of their top digital marketing challenges. As a result, CRM tools help businesses close more sales. Every dollar spent on a CRM system yields an **average return of \$8.71**, according to the financial firm Nucleus Research.



Email marketing: Effective (and cost-effective) digital marketing

In an era of texts and tweets, email almost seems like an old-fashioned means of communication. But according to technology firm Gigaom Research, **86 percent** of digital marketers at companies of all sizes regularly use email marketing—and they consider email more effective for awareness, acquisition, conversion, and retention than any other tactics.

Yet many small business owners haven't realized the value of email marketing, our survey suggests. About 60 percent of respondents said they don't use email marketing. And less than half of small business owners have an email list that prospective customers can opt into.

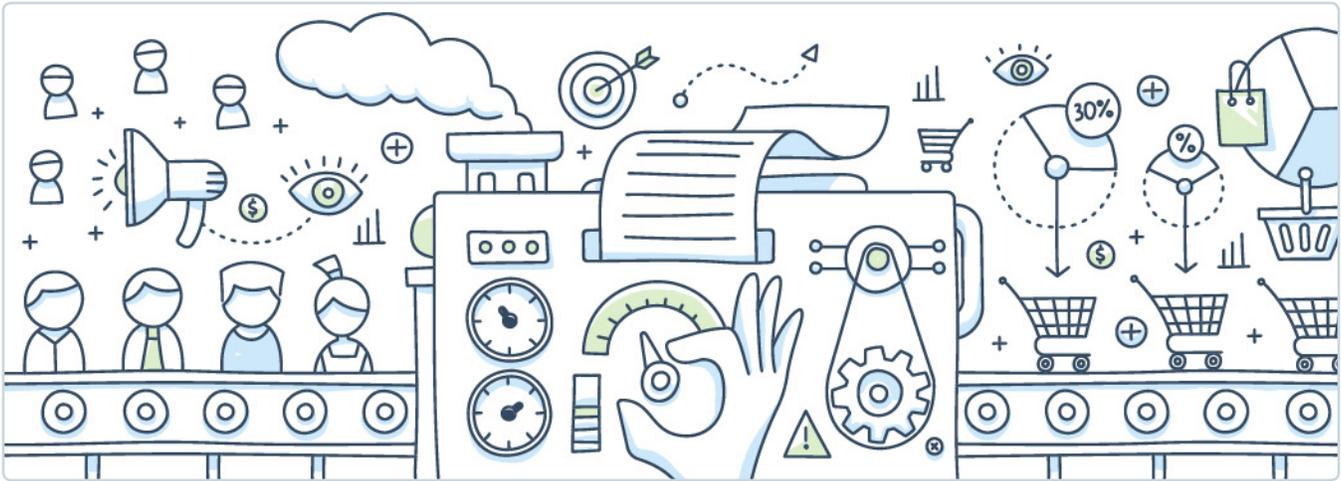
By inviting prospective customers to opt into an email list, small business owners can “nurture” leads who need more time and information before making a purchase decision. Email also helps businesses stay in touch with existing customers, who are crucial for driving repeat business and referrals.

Email offers the **best return on investment** among digital marketing options, according to a study by the digital marketing firm Econsultancy. While 68 percent of companies said email marketing had a good or excellent ROI, only 32 percent said the same of social media. The costs of sending email are low, and emails can be more targeted than strategies like advertising or direct mail.

Landing pages: Turning websites into active sales tools

Three-quarters of small business owners maintain websites, and half will allocate more resources to them in 2016. What's not clear is where exactly this increased spending will go.

Our research suggests one promising direction. It's true that only a quarter of small businesses reported that they currently use landing pages (that is, purpose-specific web pages built to receive traffic from a particular source). But that minority is likely to have an advantage in facing some of the biggest challenges our survey identified: acquiring leads and customers, finding more time and resources for marketing, and assessing whether their marketing efforts are successful. The right landing page platform will let small business marketers be sure that their increased web budget actually gets results.



Marketing automation: More time, streamlined processes

Finding the time and resources for digital marketing was a top challenge for the respondents in our survey. Yet, less than 16 percent identified a 2016 goal as using a tool that helps small business owners streamline processes: marketing automation.

With automation software, small business owners can automate processes across many areas of their business, including lead generation, sales, and customer service. Automation, especially when integrated with a CRM system, allows small business owners to automatically nurture leads, quickly respond to customers and generate repeat business. Automation also helps them save time by handling manual office work, like sending paperwork and appointment reminders.

Automation is central to the success of many businesses: Nearly **80 percent** of top-performing companies have used marketing automation for more than two years, according to the research firm Gleanster. With affordable and scalable options now on the market, it's time for small business owners to implement the same type of systems used by successful large businesses.



TRENDS AND PREDICTIONS

The best digital marketing efforts in 2016 will involve a diverse yet integrated combination of tools, with a growing focus on mobile, data, and content. Here's a look at how successful small businesses will approach digital marketing.

Successful small businesses will diversify their digital marketing efforts to keep up with changing online habits.

Successful small business owners know that their digital marketing efforts are always a work in progress. One area needing continual improvement is mobile marketing. Small business owners need to ensure a quality experience for customers using mobile devices, now that Americans now spend **more time on mobile devices** than on computers, according to the research company eMarketer. And consumers are using mobile devices not only to research purchases, but to make them: In the United States, **14 percent** of e-commerce transactions take place on a smartphone and 13 percent occur on a tablet, according to the digital advertising firm Criteo. For that reason, it will be more and more crucial for business to use mobile-responsive websites and landing pages.

Small business owners will also shift their social media focus toward paid posts and ads. As social networks change their algorithms, organic posts from companies are being crowded out. On Facebook—which has said it favors posts from users' friends over those from brands—impressions of organic brand posts dropped **35 percent** between the first quarters of 2014 and 2015, according to Adobe. Meanwhile, paid impressions increased 8 percent. To ensure their posts are seen, small business owners will need to invest in paid ads and posts. Doing so pays off: Paid social leads to **25 percent** more conversions, compared with organic posts, according to a report by AOL Platforms.



Successful small businesses will begin to view and use their websites—and all content they create—as sales tools first.

Our survey demonstrates that a majority of small businesses know they need to have a website and a social media presence. But in a crowded market, having a website that simply serves as a brochure is no longer competitive. The small businesses that pull ahead of the pack in 2016 will use all the web pages and other content they create as part of a well-developed strategy to reliably meet sales goals.

By creating targeted landing pages and other opt-in points that can collect data from visitors—in exchange for targeted content—small businesses can passively acquire leads. Then, they can use that information to automatically or actively follow up and turn those leads into sales.

With the help of a good landing page platform, businesses can quickly create an ever-expanding array of marketing assets whose performance can be tracked at a glance. And they're likely to see continual improvements in their customer acquisition rate as they create more content and more campaign-specific landing pages.

Successful small businesses will strive for integrated marketing solutions.

As digital marketing becomes increasingly complex, a small business owner can become overwhelmed when using a different tool for each marketing tactic. Too many systems can create organizational chaos for a small business owner and an inconsistent experience for the customer.

Successful small business owners will look to integrate marketing channels to ensure a cross-platform experience that is seamless and sales-oriented. They'll map the sales funnel in its entirety, planning and tracking how prospects move through each stage. Each tool involved in the marketing strategy—from social media to landing pages to email to the CRM and more—will work together to lead prospects toward a sale. In a report by Econsultancy and Oracle Marketing Cloud, **nearly three-quarters** of marketers said that cross-channel interactions have a major impact on conversion.

Successful small businesses will become increasingly sophisticated in their use of data (while gravitating toward tools that make that data easy to understand).

One of the most dramatic findings in our survey was that nearly half of small businesses have no way of knowing whether their marketing efforts are successful. Moving toward digital platforms and away from print ads and telemarketing will give small businesses more of the data they need to decide whether their budgets are being put to good use.

Given that nearly half of small business owners handle their marketing on their own, they'll need marketing software that clearly presents only the most important data. Among smaller businesses, tools that foreground bedrock metrics such as conversion rates and revenue are likely to win out over more complex systems.

CONCLUSION

Many opportunities await small business owners striving to improve their digital marketing efforts in 2016. Thanks to ever-expanding access to technology solutions, small businesses can benefit from the same digital marketing strategies used by the most successful corporations. By developing sales-oriented web presences and taking advantage of tools like CRM/automation software, email marketing and landing pages, small businesses can grow and thrive in an increasingly digital world.



ABOUT INFUSIONSOFT

At Infusionsoft, we're dedicated to a single purpose: help small businesses succeed. We do this by understanding the challenges faced by our customers. Then we find ways to help them meet those challenges with small business education, strategies to convert leads into customers, answering technical questions, and more. Our solutions, including Infusionsoft all-in-one sales and marketing software, make it easy for small businesses to get organized, attract traffic, grow sales, and save time.



ABOUT LEADPAGES

LeadPages creates elegant software that helps businesses grow by collecting more leads and driving more sales. Our platform offers more ways to engage potential customers than anyone in the industry, and it's the only one that enables sign-ups via landing pages, websites, social media, email, and text messaging.