



The Local Media & Advertising Experts

Webinar

The Shift from Media to Marketing Services:

A Preview of BIA/Kelsey's Latest SMB Research

August 19, 2015



Today's Webinar

- Rapid discussion of **Local Commerce Monitor™ (LCM) Wave 19 (Q3/2015)**
 - BIA/Kelsey's ongoing study of the advertising behaviors of small and medium-sized businesses (SMBs) with research partner Ipsos.
- **Talking points:**
 - Overview of survey and new research for 2015
 - Three initial takeaways from LCM 19
 - SMB marketing going forward

SPECIAL INVITATION:



BIA/Kelsey SMB – Big Ideas for Serving Small Businesses. Sept. 29-30, Denver, CO

Foremost event of its kind, specifically tailored to digital marketing solutions that win for small and medium-sized businesses (SMBs)



Steve Marshall
Director of Research



Charles Laughlin
SVP, Sr. Analyst,
Co-Chair, BIA/Kelsey SMB



Identifies & sizes key long-term trends & behaviors of U.S. SMBs.

Key trends & behaviors that can be used to make data-driven market and product decisions.

Broad Coverage of the Local Media Market

- **Online survey of SMBs**
 - Covers everything to do with **advertising and marketing by SMBs**
 - Includes **media, platforms and tools** used
 - Evaluates **marketing programs** (e.g. discount, loyalty)
 - Provides **spending and performance assessments**, by media
 - Gives **details of online presence** (properties, linkages, time spent)
 - Maps **product purchases** to channels
 - Drills down into **social and mobile** advertising and marketing
 - Surveys **attitudes and intentions on key behaviors** (e.g. preference for bundled vs. individual products)
- **The DNA of the LCM Survey:**
 - LCM is a unique, trusted information source – since 1999.
 - **The only independent sample of SMBs** (sample is unaffiliated, drawn from managed panels of SMBs, and the process managed by Ipsos).

LCM Wave 19:

Expanded (again) to deliver
answers to questions you asked

What's New in LCM Wave 19

■ Sample of 1,000

- Diversified across categories, market types, age cohorts
- More verticals, drill-down and granularity to findings
- Margins tighter*
- Component samples:
 - Core SMBs: Annual spend up to \$25,000 (av. Headcount 5.5)
 - Plus Spenders: Annual spend above \$25,000 (av. Headcount 20.9)
 - Data is weighted to reflect incidence of SMBs by size.
 - We identify the sample (or slice) when presenting LCM data.

■ Changes to Survey Questionnaire

- Additional services covered (cloud, automated marketing)
- More concise mapping of products to channels
- Tactical sales information (best days and day parts to make sales calls)
- Reasons for preferring DIY model
- Factors that determine advertising and marketing budget



*Findings for the Core sample are now +/- 3.4% @ 95% confidence interval.
Findings for the Plus Spender sample are now +/- 7.3% @ 95% confidence interval.

Track 50 Different Media & Platforms

LCM tracks **50 different media and platforms** used by SMBs for advertising, marketing and promotion. The media fall into these **10 top-level groups**:

- **Online**
(e.g., search, display ads, blogs)
- **Traditional**
(e.g., direct mail, newspapers)
- **Mobile**
(e.g., search, SMS, display)
- **Local Coupons**
(print and online)
- **Social**
(e.g., Facebook, Twitter)
- **Video**
(e.g., website videos, YouTube)
- **Broadcast**
- **Local Directories**
(print and online)
- **Giveaway Items**
- **Community Sponsorships**

3 Key Takeaways

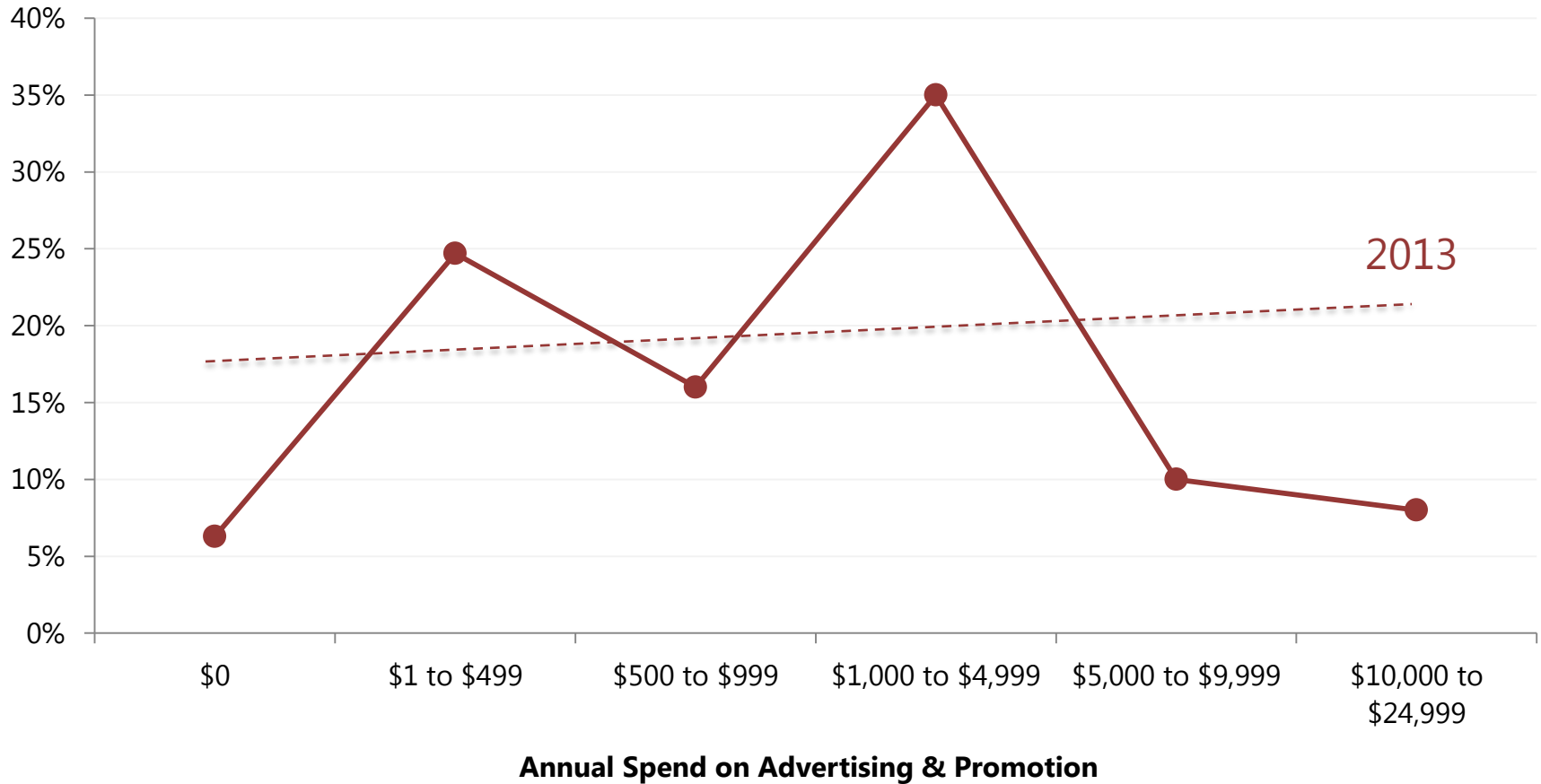
You need to know from LCM 19
that explains the shift
from *Media* to *Marketing Services*

Takeaway 1:

Media spending is dropping
for “Core” SMBs.

Core SMB Media Spend: 2013

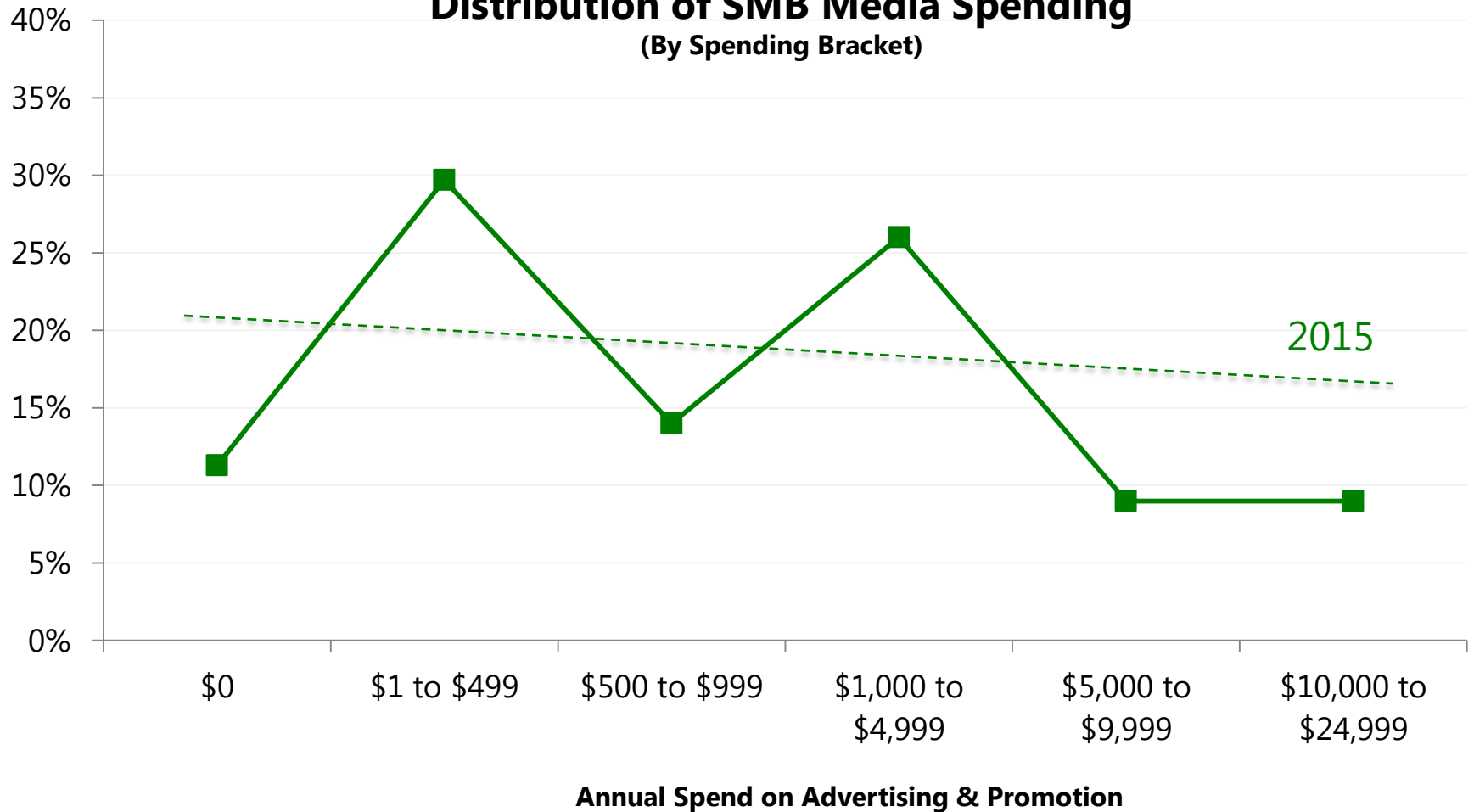
Core SMBS: 2013 Distribution of SMB Media Spending (By Spending Bracket)



Core SMB Media Spend: 2015

Core SMBs: 2015

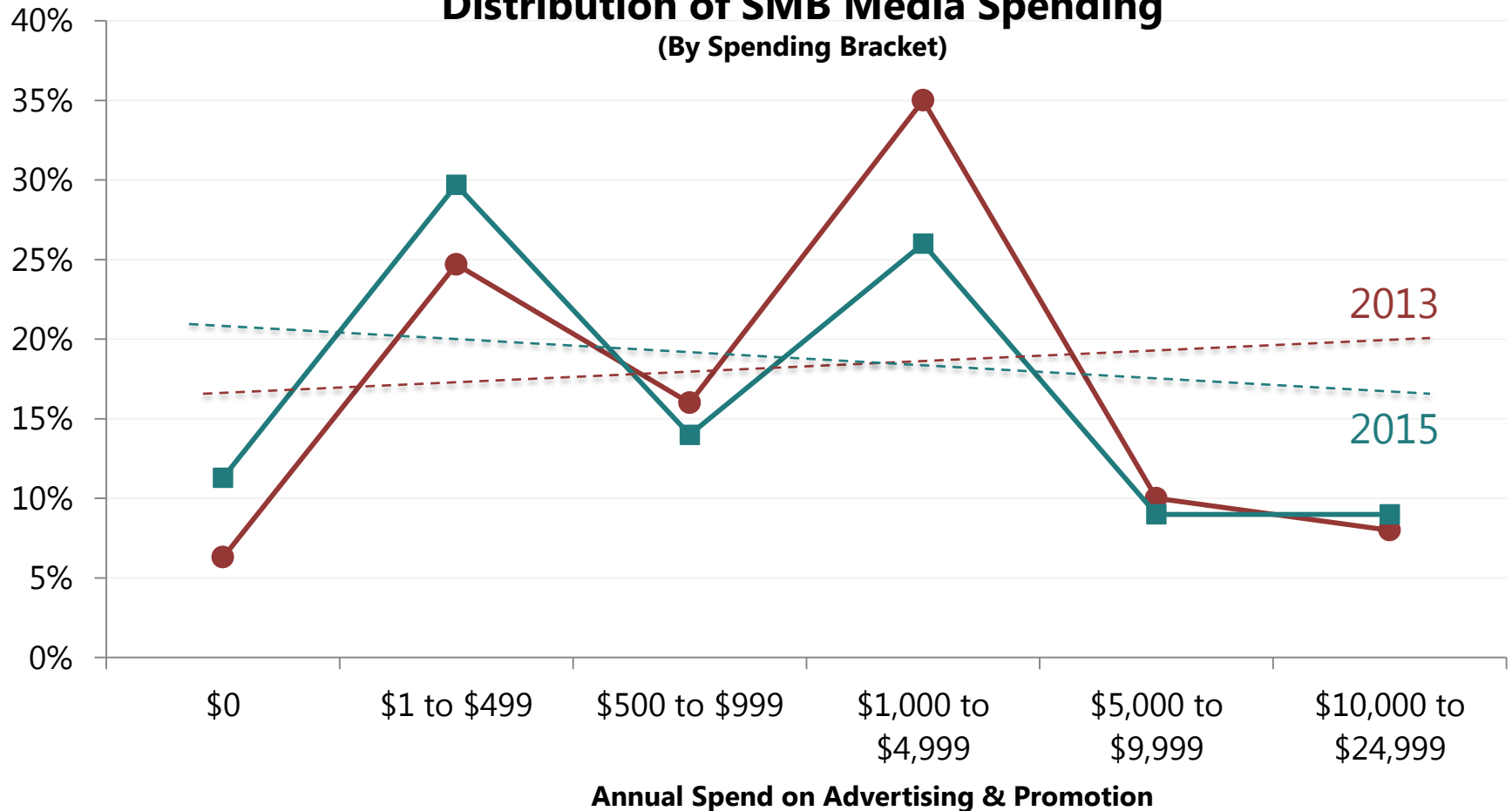
Distribution of SMB Media Spending (By Spending Bracket)



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015. Core Sample size: 831.
Methodology: Online panels.

Core SMB Media Spend: Deflation

Core SMBs: 2013 vs. 2015
Distribution of SMB Media Spending
 (By Spending Bracket)



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015. Core Sample size: 831.
 BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 17, Q3/2013. Core Sample size: 372.
 Methodology: Online panels.

SERVICE



Excellent

Good

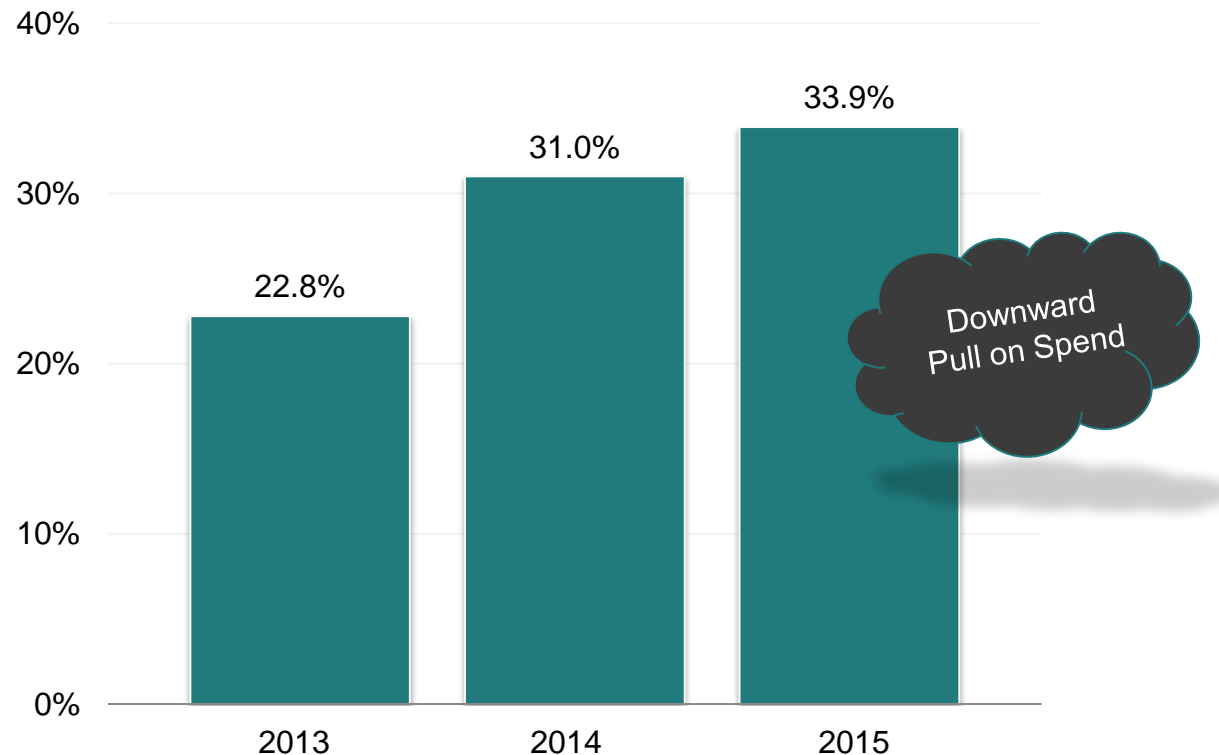


POLL

Our take...

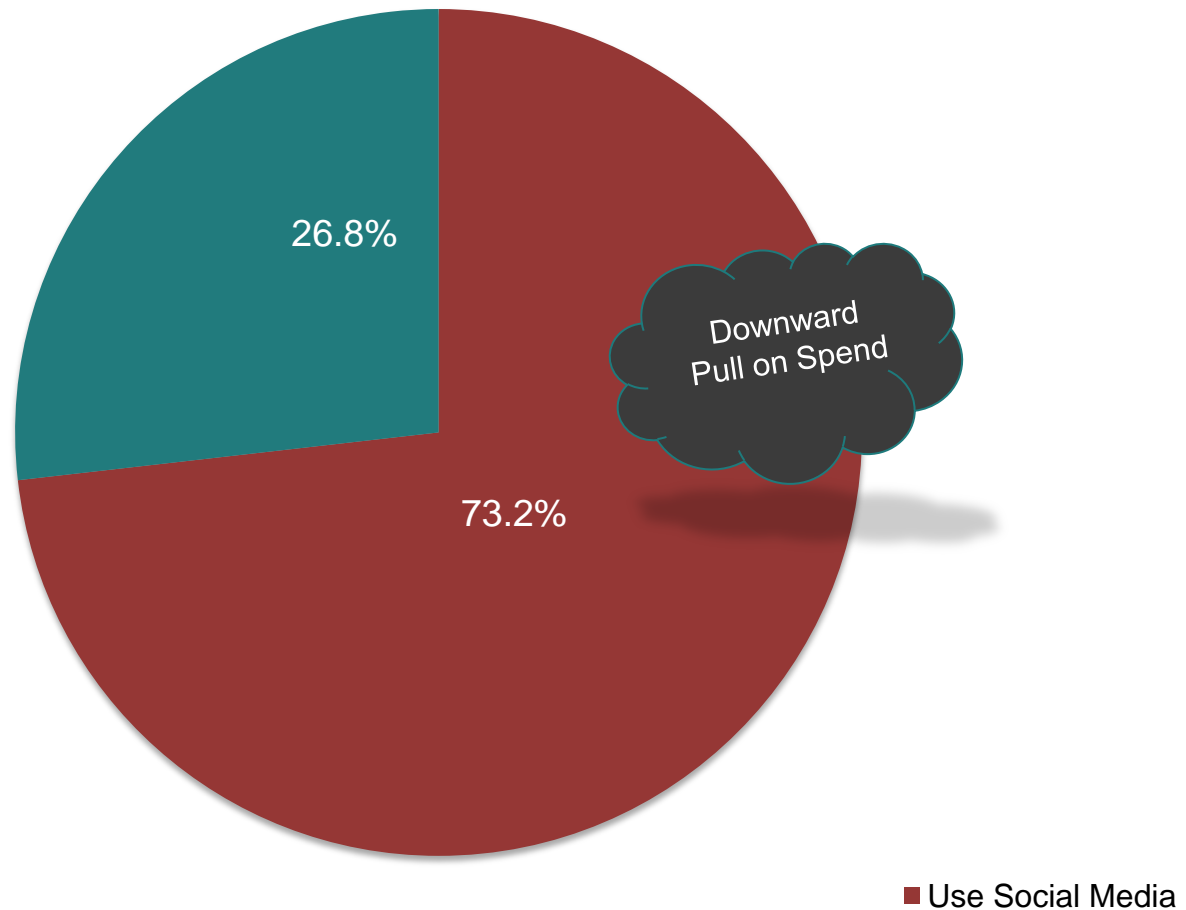
Two main causes of deflation in
media spend for Core SMBs

Cause 1: Steadily increasing share of ad budget going to digital media (less expensive)



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015 (and prior waves, if relevant). Methodology: Online panels. Core LCM sample.

Cause 2: Social Media now Used by Nearly Three-Quarters of SMBs

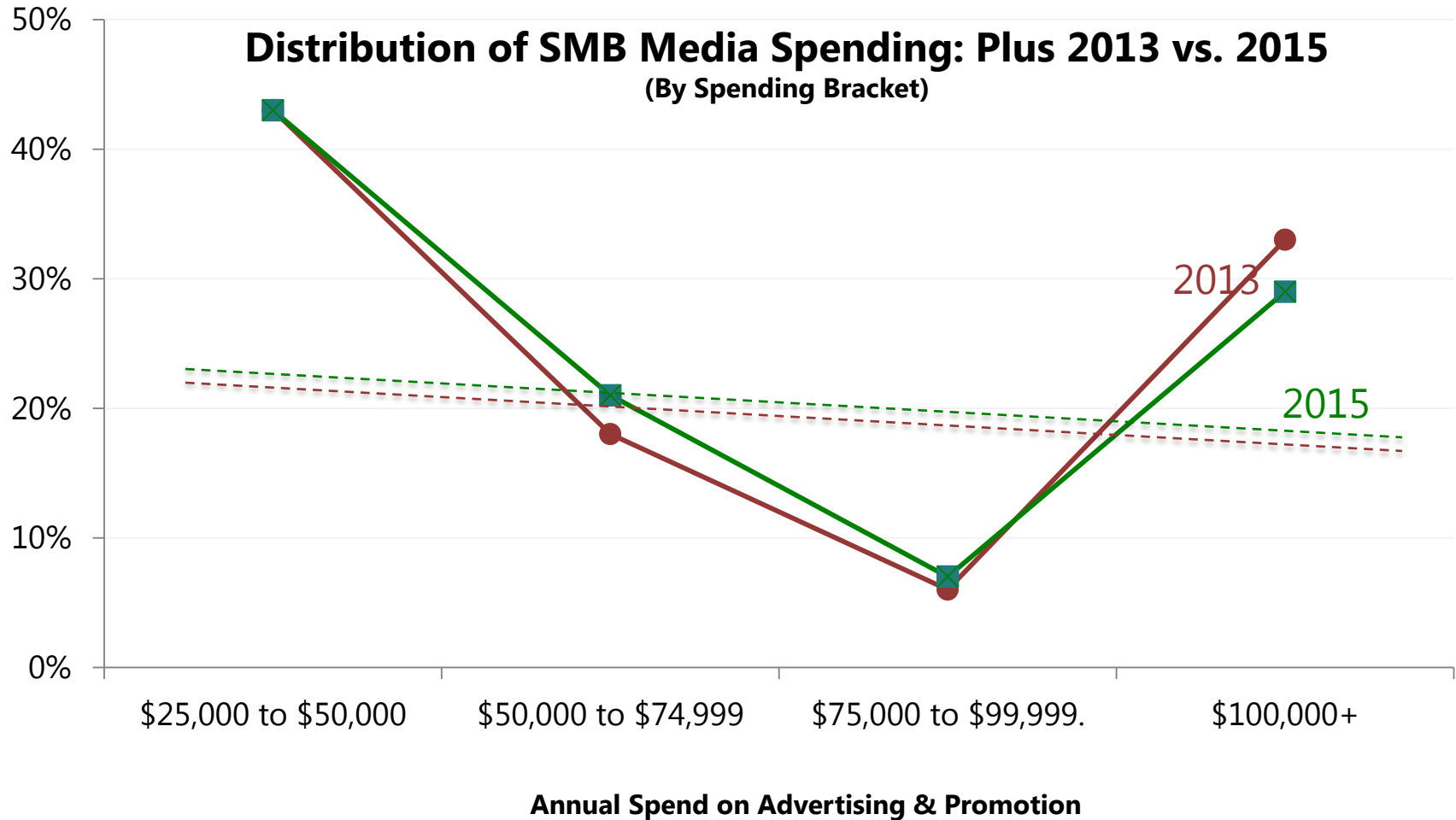


Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015 (and prior waves, if relevant). Methodology: Online panels. Core LCM sample.

Implications

- Deflation will probably continue
- DIY model will blossom
- Sales & distribution will need to be less expensive

Plus Spender Media Distribution: No Change



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015. Plus Spender Sample size: 179.
BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 17, Q3/2013. Plus Spender Sample size: 196.
Methodology: Online panels.

Implications

- Competition will increase
- SMB customer demands will increase
- Vendors will be in technology arms race

Takeaway 2:
Social media has become
its own ecosystem.

Social Media Has Exploded

Social is the dominant media category (for 2nd year)

- Usage: **73.2% of SMBs use social**
- Spending: **21.5% share of ad & marketing spending**

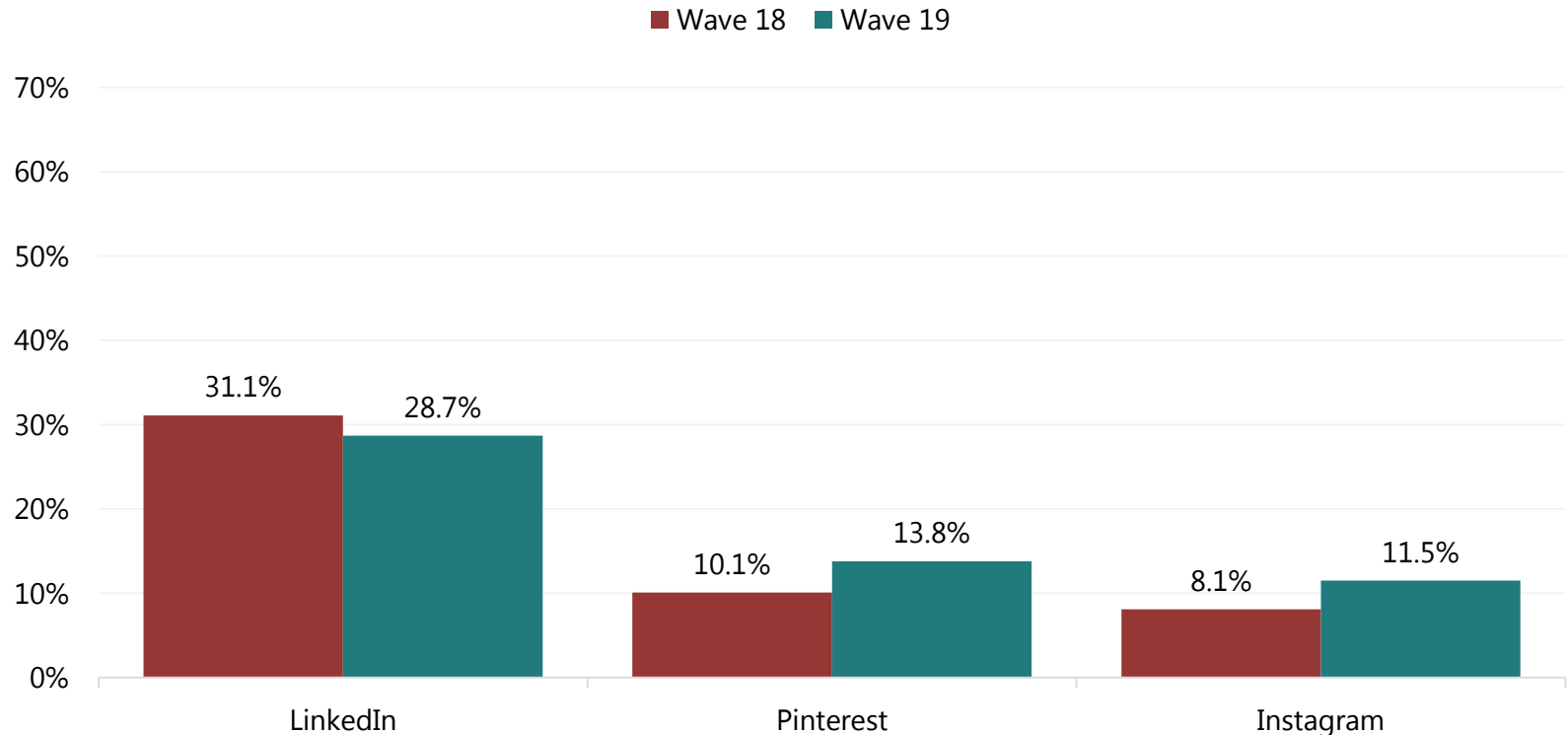


12 different social media platforms in LCM:

- 3 within Facebook
- 2 within Twitter

Social Media Has Differentiated

Pinterest, Instagram & LinkedIn Usage Level (Irrespective of Spending)



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015 (and prior waves, if relevant). Methodology: Online panels. Sample size 1,010.

Q608 What is your priority for the following marketing options?

Social Media Dialog is Shifting:

No longer: *“Should I be doing more social media?”*

Now: *“How does social media work together with my other media and my business model?”*

Takeaway 3:

SMBs are just starting to learn the powerful new advertising & marketing tools.

There's a natural progression...

First, Keep Customer Lists

SMBs that Keep a Customer List (from LCM):

- Wave 18: ~80%
- Wave 19: Same



Second, Use CRM

SMBs that use CRM (from LCM):

- Wave 18: ~20%
- Wave 19: Up a few points overall
- (But big increase for Core SMBs)



Source: BIA/Kelsey Local Commerce Monitor™ (LCM) Wave 19, Q3/2015 (and prior waves, if relevant). Methodology: Online panels. Sample size: 1,010.

Third, Use Marketing Automation

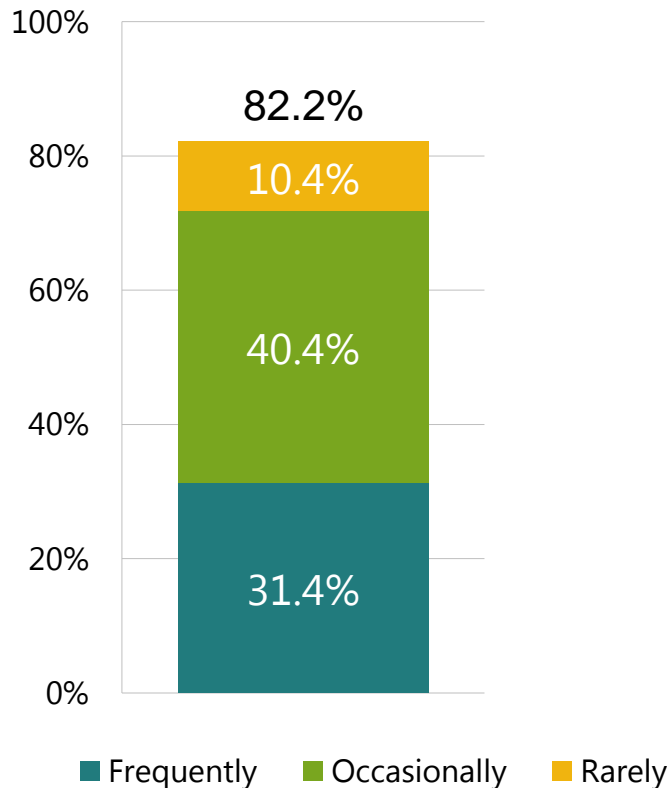
SMBs that use Marketing Automation (from LCM):

- Wave 18: All services tested registered <20% usage
- Wave 19: Same



An Example: Use of Targeted Advertising

Use of Targeting Capabilities For Advertising (by SMBs using targetable formats)



- Most SMB advertisers use advertising capable of targeting
- Only about 1/3 are “frequently” using targeting capabilities.

Implications

- Adoption is a social challenge more than an engineering one
- New customer onboarding process will become increasingly important

What We'll Be Doing with LCM Wave 19



Lots of **reports on verticals and other specialized slices** of the data set (20+)



Playbook with LCM data for other functions (e.g. Product Planning)

BIA Kelsey

And at **SMB**



"Data and Donuts" breakfast session

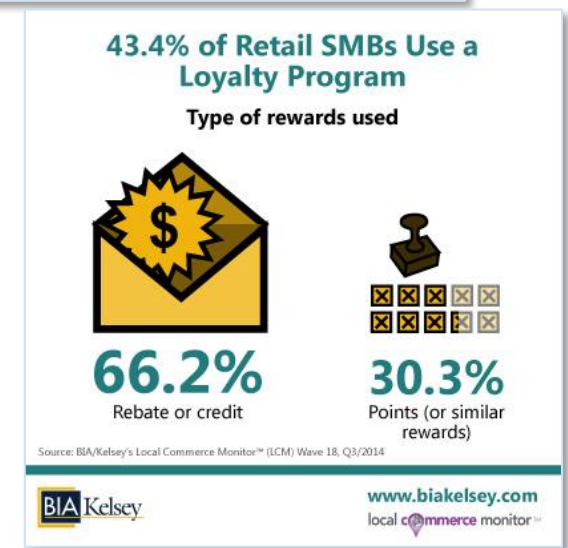
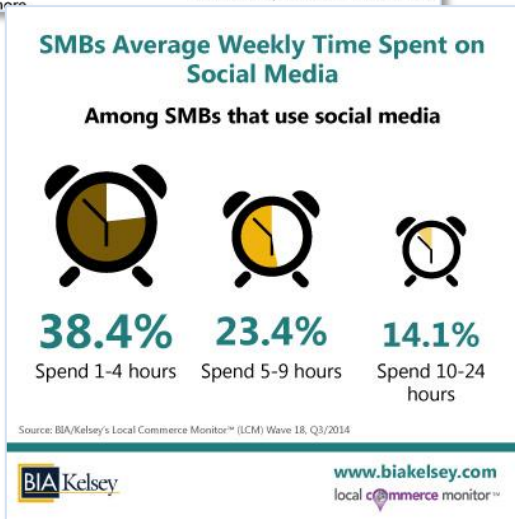
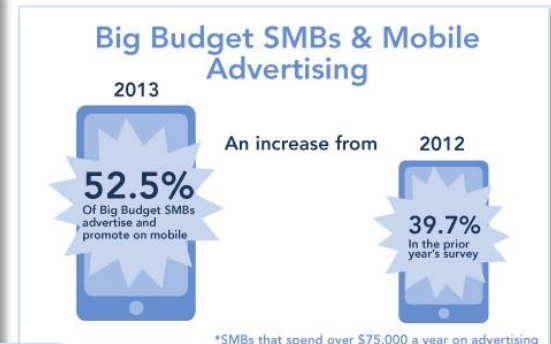
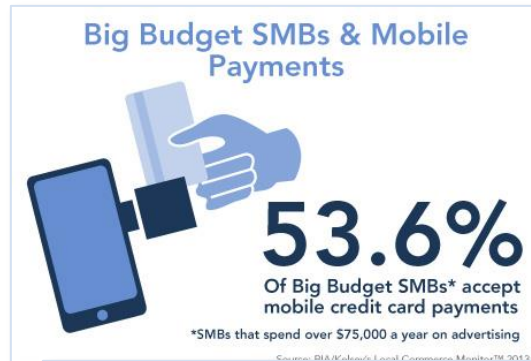


Attendees will receive: **Planning & Budgeting in 2016** – a playbook with LCM data

Want More LCM?

See our series of LCM infographics and reports:

www.biakelsey.com/Research-and-Analysis/Infographics



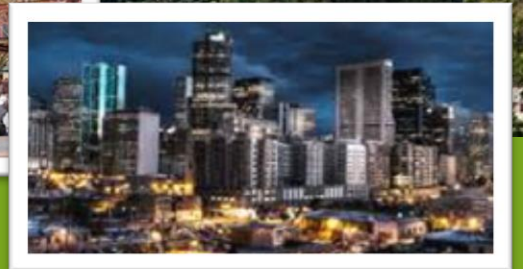


Continuing the Conversation...

BIA/Kelsey SMB

Sept. 29-30, Denver, CO

Big Ideas for Serving Small Business





At BIA/Kelsey SMB, you'll be privy to a unique examination of how to best serve small businesses.



- **Craft winning strategies** (and choose the best technology) to sell to and profit from SMBs.
- **Understand the growing impact of big data** on the marketing opportunities for SMBs.
- **Define the optimal role for sales automation.**
- **Accelerate mobile, social and video advertising technologies** to drive innovation and sales.
- **Improve sales performance** by learning from best practices.

And, you'll rub elbows with companies that have had extraordinary success with SMBs.

BIA Kelsey

SMB

LEARN FROM OUR

SEPT. 29-30
DENVER, CO



ROCK STAR LINEUP

WHAT IT TAKES TO WIN IN THE SMB SOLUTIONS ARENA



Headliners

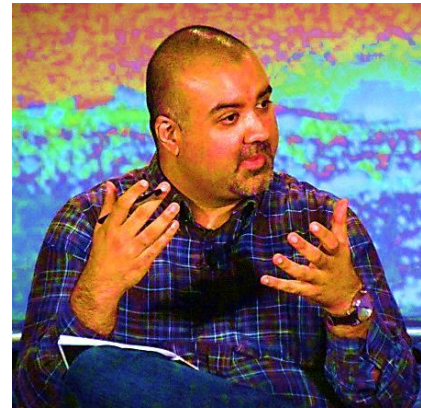
D. Scott Bowen, VP & GM, Digital Services, **Vistaprint**; Darren Clark, CTO, **YP**; Joel Hughes, SVP, Emerging Businesses, **Constant Contact**; Kevin Jasper, CEO, **hibu US**; Raj Mukherjee, SVP, Product, **GoDaddy**; Kelly Thomas Nojaim, Director, Partner Sales for **Bing Ads, Microsoft**; Mike Osborne, President & COO, **bieMEDIA**; Randy Parker, Founder **PagePart and Constant Contact**; Craig Smith, CEO, President, **HomeAdvisor US**; and Chris Terrill, CEO, **HomeAdvisor.com**.

BIA Kelsey

(The Only) Analyst Curated Conference

BIA/Kelsey SMB is organized and developed by several of our highly-respected industry professionals who offer deep expertise in market segments serving SMBs.

These forward-thinking analysts will provide rich context via exclusive BIA/Kelsey research and financial and market information.



Your Registration is an “All Access Pass”

In addition to all the conference sessions, keynotes, executive interviews and product demos, **your conference registration includes:**



Networking Breaks - breakfasts (2), lunches (2), evening receptions (2)



SMBiz Digital Jam @ BIA/Kelsey SMB - three-hour networking and learning time consisting of a one-hour “Crash Course: Choose the Right Digital Tools for Your Small Biz.”



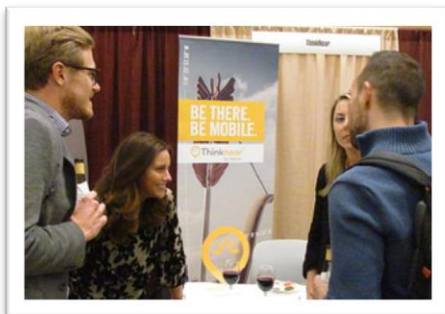
Solution Showcase – Visit with the very best “local” vendors.



Complimentary SMB Advertising Report - *Planning and Budgeting for 2016*



Sessions Available On-Demand - All attendees will be given access to the on-demand version of the conference. Watch your favorite discussions again or see anything that you missed.





What Attendees Think...

Target-Rich Environment for Business Development & Client Relations

"We believe our company is developing cutting-edge tools for local businesses, and **[BIA/Kelsey SMB] is the perfect event for us to showcase these tools. There's simply no better venue for us to interact with the people and agencies we serve every day.**"
Any Powell, CallRail



(and by Twitter) Tremendous ROI

"Getting great value from the BIA/Kelsey conference. **Probably the best SMB conference out there.**"

Learn, Network & Stay Current in a Changing Marketplace

"**BIA/Kelsey's SMB conference was a breath of fresh air.** BIA/Kelsey is facilitating industry-wide discussions with thought leadership, and provocative keynotes and panels."
Ben Saren, Entrepreneurial Executive



Join Us!

Save **\$200 on (any new) registration** with the code **SMBWEBINAR**. Price increases Aug. 31, so reserve your spot now. Group discounts are available.

www.biakelsey.com/SMB



Now, time for more Q&A



The Local Media & Advertising Experts

Questions & Comments:

Stephen Marshall

Research Director

smarshall@biakelsey.com

Charles Laughlin

SVP, Sr. Analyst, Co-Chair, BIA/Kelsey SMB

claughlin@biakelsey.com

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