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Insights into Small Business Owners

How SMBs Make Procurement & Business Information Decisions

Google/Slack Barshinger

U.S., June 2009

SMB Research: Google Objectives

We set out to answer 4 key questions:

- For purchase decision makers at Small to Medium Size Businesses

1 What is the role of the Web overall?

2 What is the role of Search in finding suppliers?

3 How is Local Search used?

4 What is the value of Social Media?

Research Methodology

Methodology Online survey (Avg. time = 21 minutes)

Timing March 11 -13, 2009

Quantitative Sample

- 444 purchase decision makers (US)
- <5 employees: 38%
 - 5-99 employees: 32%
 - 100-499 employees: 31%
 - Respondents drawn from national research panel, invited to participate by email
-

Qualitative Sample

- 22 respondents participated in 20-minute phone interview (March 17 - 26)
- Provided more information on particular actions identified in quantitative portion of survey

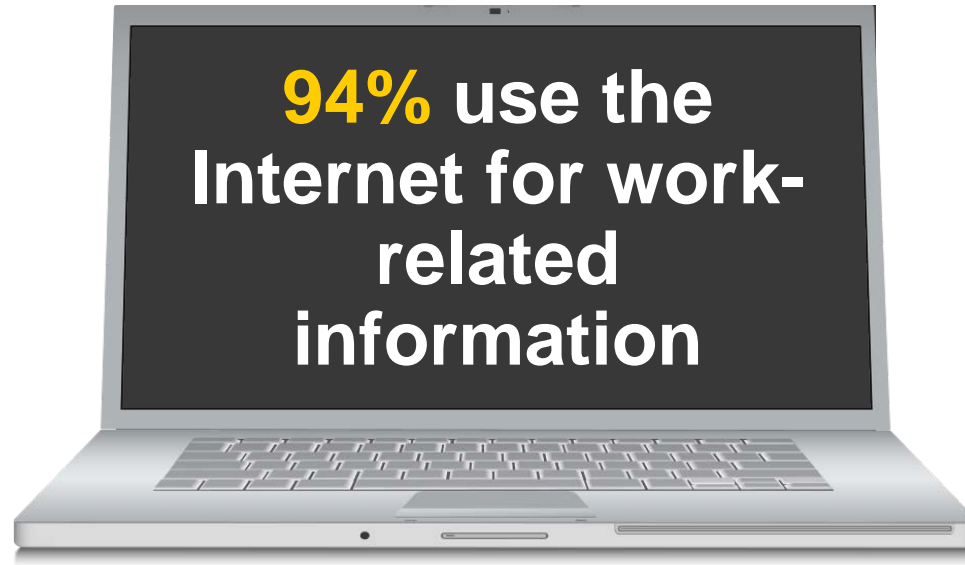
Key Findings

- **Small Business Owners rely on the Web to run their businesses.**
 - 93% use the Web to find work-related information
 - 54% go online at least weekly to solve a specific business problem
 - Nearly half this audience uses the Web to research as well as purchase
- **Search is the go-to source for SMBs making a purchase decision.**
 - Search engines are the most relied upon, first-used, and most effective tool for finding suppliers
 - It's more important that suppliers have an online presence than be local
- **An emerging group of SMBs are finding business value in social media.**
 - SMBs are using blogs, social networks, and video sites like YouTube as a business information resource



The Role of the Web for Small Business Owners

Small Business Owners Rely on the Web



Trade
Publications
76%



Newspapers
69%



General Business
Magazines
69%



Television
62%



Radio
49%



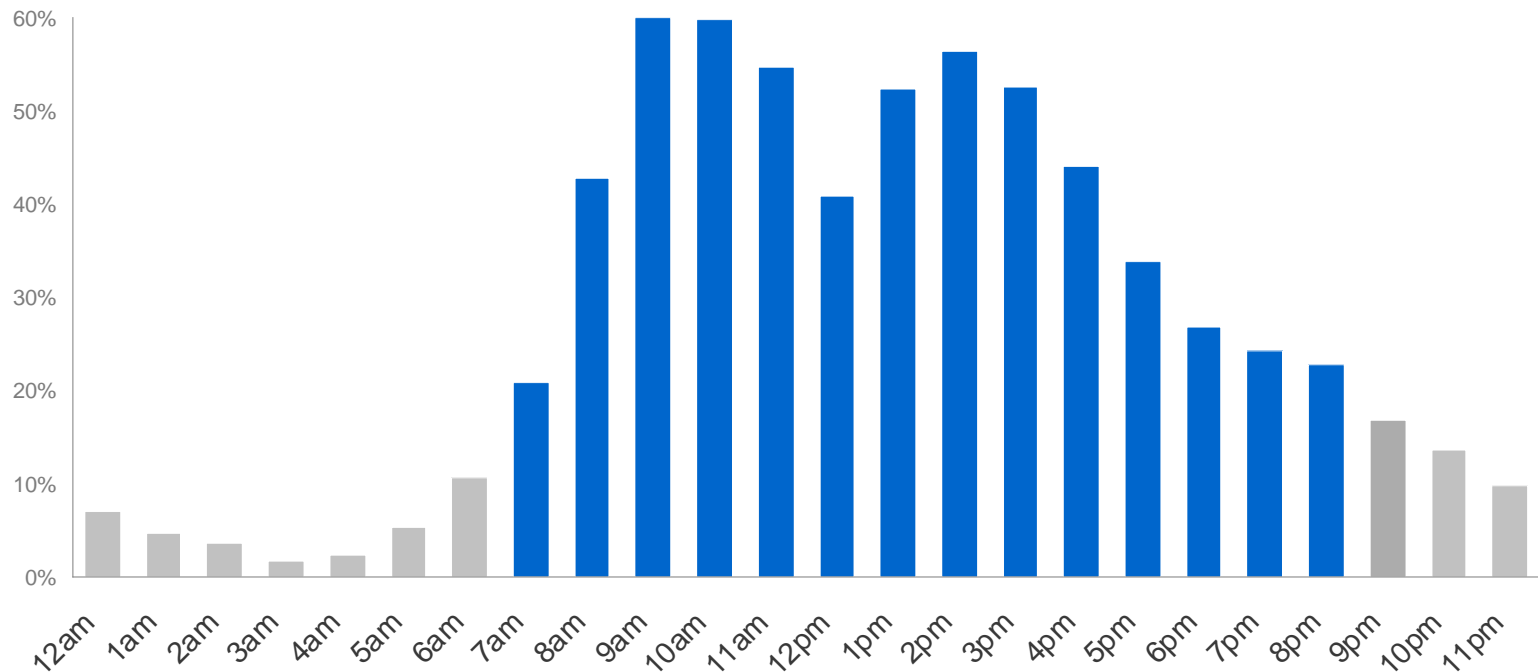
SMBs Go Online Frequently for Business Advice

- 59% of Small Business Owners go online **at least weekly** to solve a specific business problem
- For 20%, solving business problems online is a **daily** activity

The Web: Part of SMB's Typical Work Day

- Small Business Owners are online during business hours and beyond

Hours of the Day When Small Business Owners are Online for Work-Related Reasons



The Web Aids SMBs Across Purchase Funnel

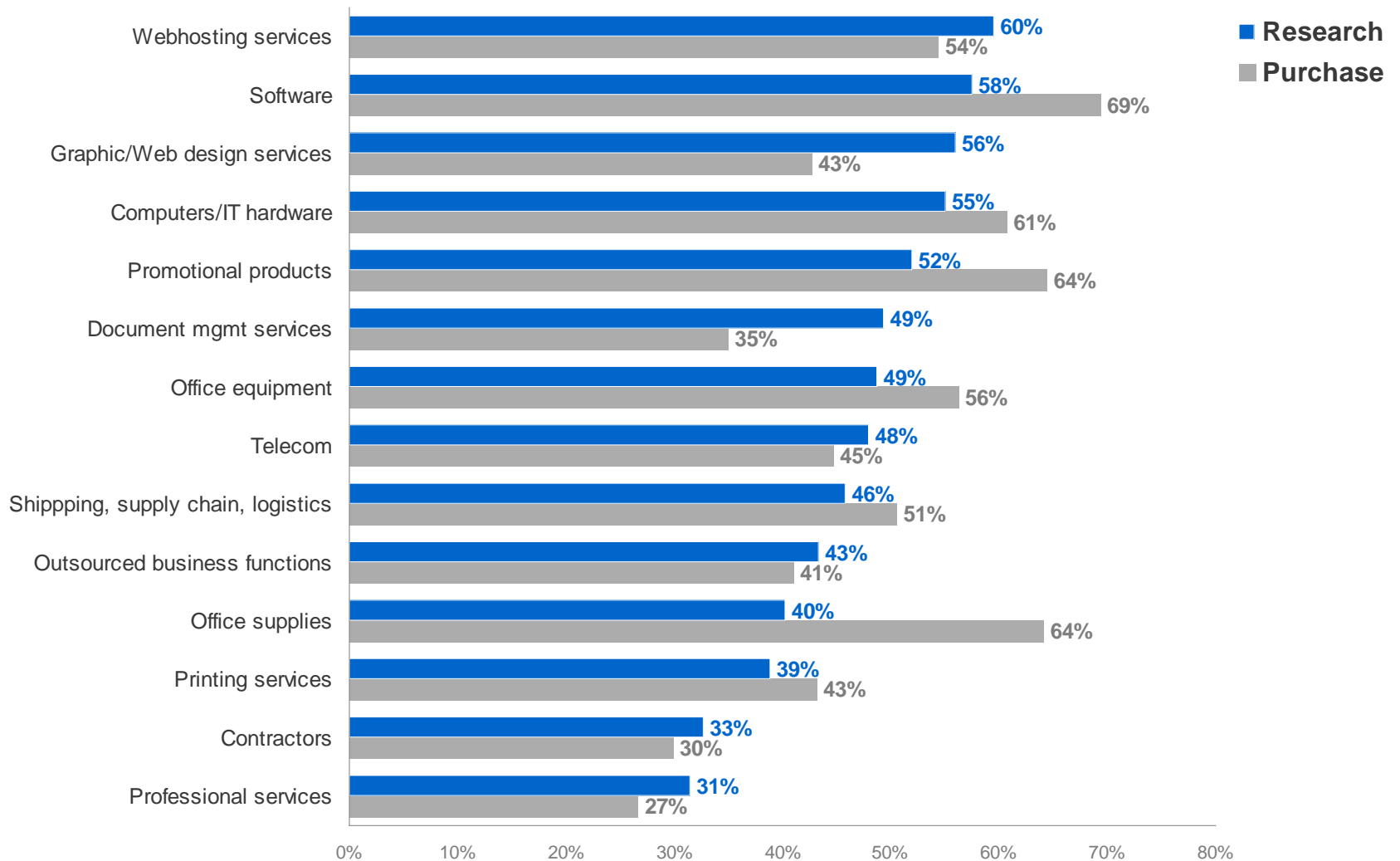


46% of Small
Business Owners
research online
for shipping/logistics
providers



51% of Small
Business Owners
purchase online
from shipping/logistics
providers

% who Research Online vs. % who Buy Online

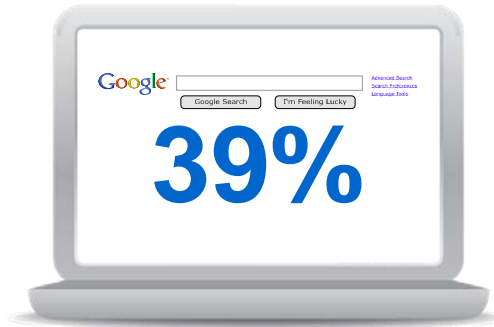


Web Visits Also a Top Response to Seeing an Ad

After seeing an ad, Small Business Owners respond most often by...



Visiting the
advertiser's
website



Doing an online
search to learn
more



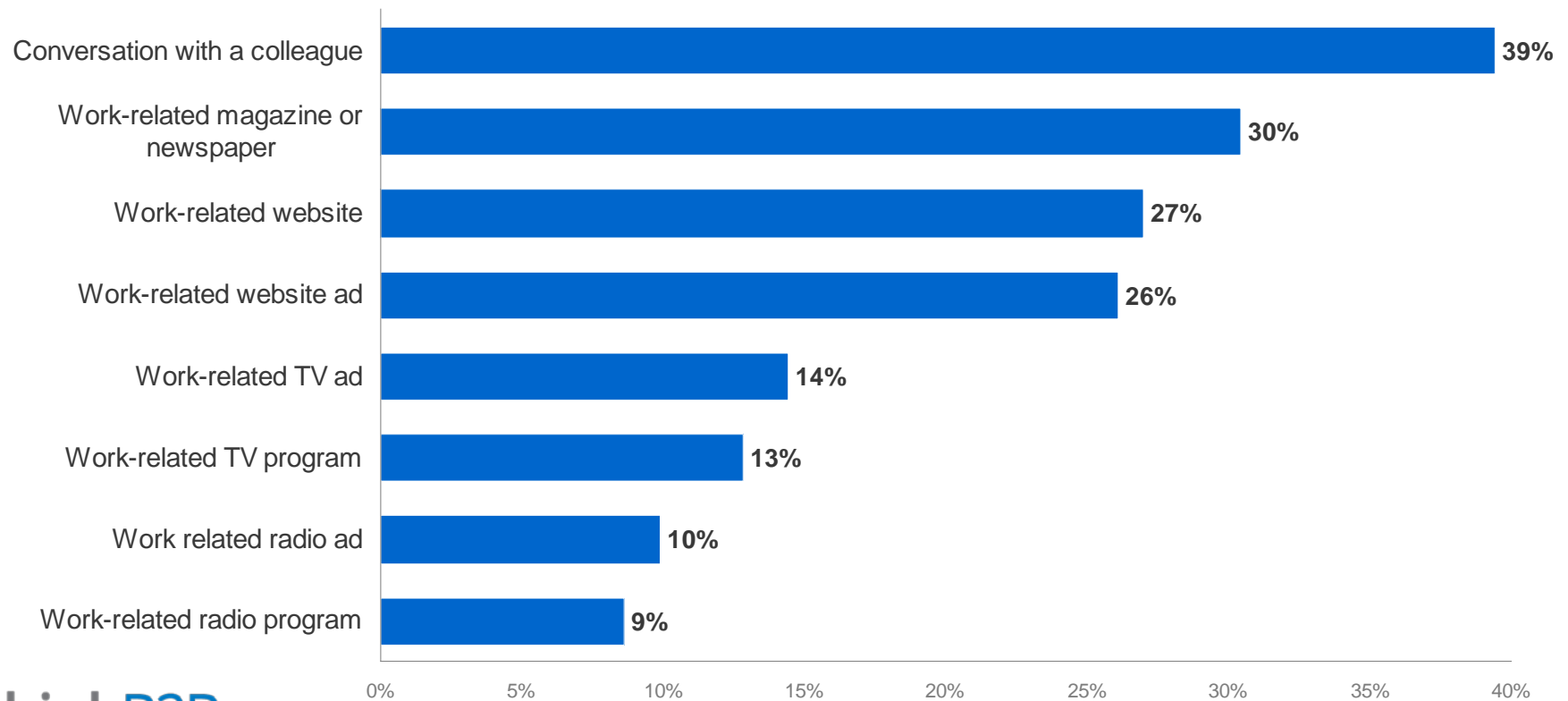
Other actions:

- Saving the provider's information (**34%**)
- Calling service provider via phone (**30%**)
- Asking network about the provider (**17%**)

Search Helps SMBs Close the Loop

- SMBs indicate that many different events drive them online to search for more information

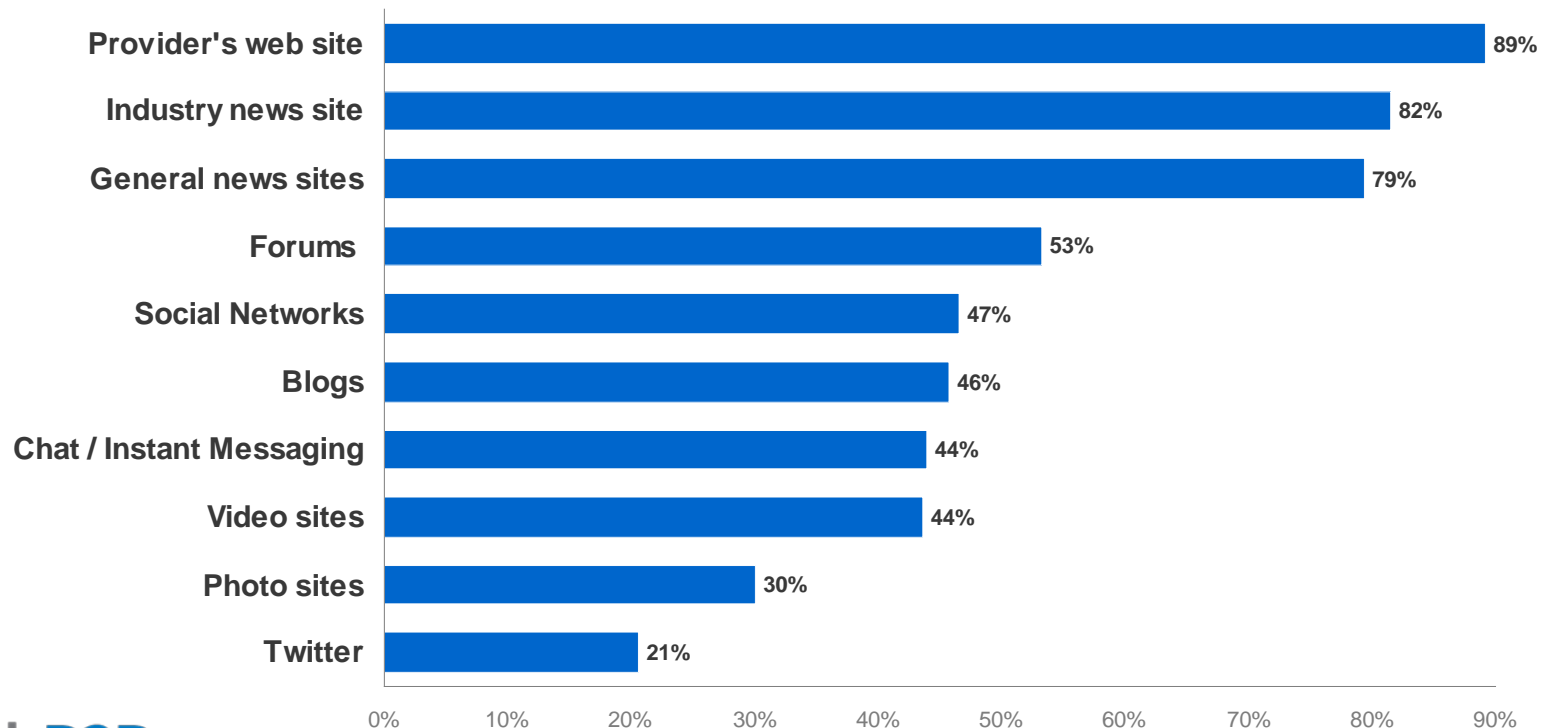
Events That Prompt SMBs to Use a Search Engine to Find More Information



SMBs Visit Diverse List of Online Destinations

- Opportunity to reach this audience not just on major business portals, but throughout the long-tail

Types of Sites SMBs Visit to Find Work-Related Information





The Role of Search in SMB's Purchase Decisions

Search: The Go-To Source for Procurement

Google™

Search

[Advanced Search](#)
[Preferences](#)



77% of Small Business owners use Search engines to **find business suppliers**



For **52%**, Search engines are the **tool they turn to first**

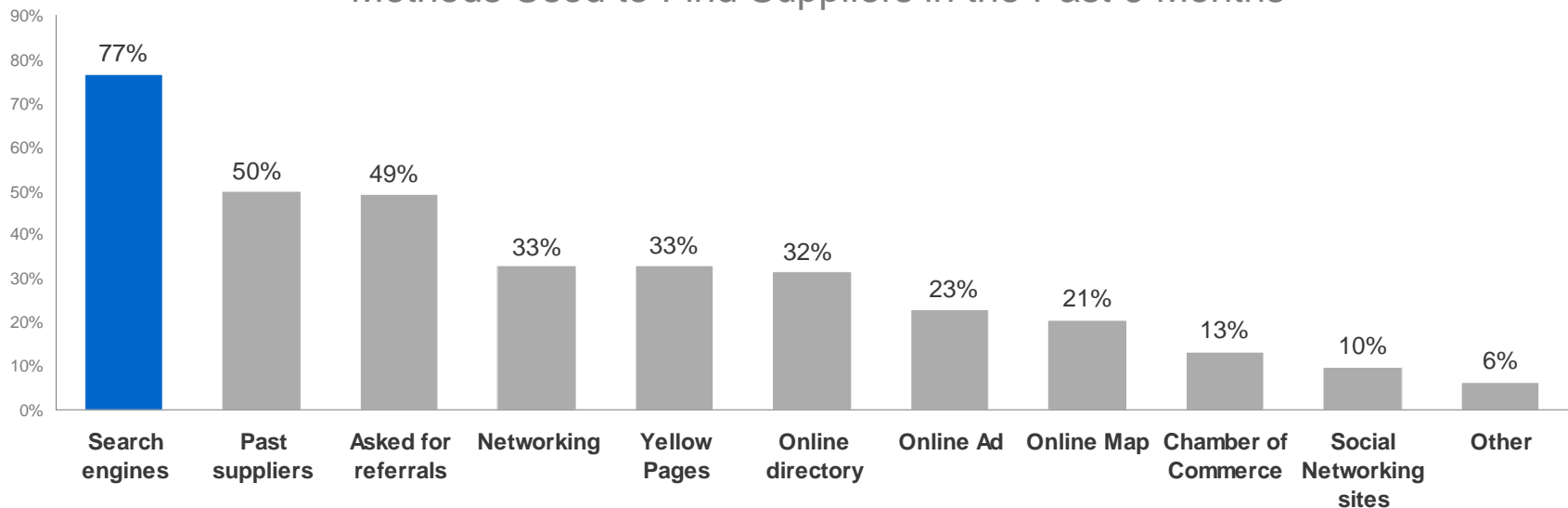


99% find Search engines to be the **most effective tool** for finding suppliers

Search Engines: Most Relied Upon Tool

- Search engines are used even more than past suppliers and referrals to find suppliers

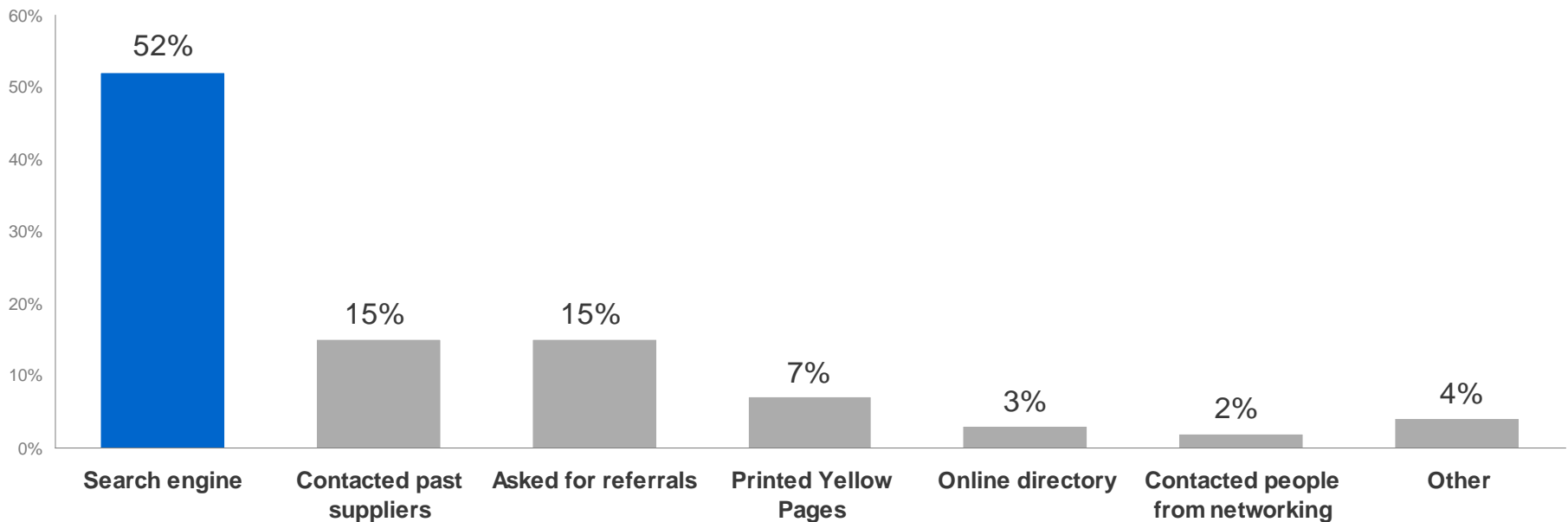
Methods Used to Find Suppliers in the Past 6 Months



Search Engines: Tool Used First

- Small Business Owners indicate that a Search Engine is their go-to source for finding suppliers

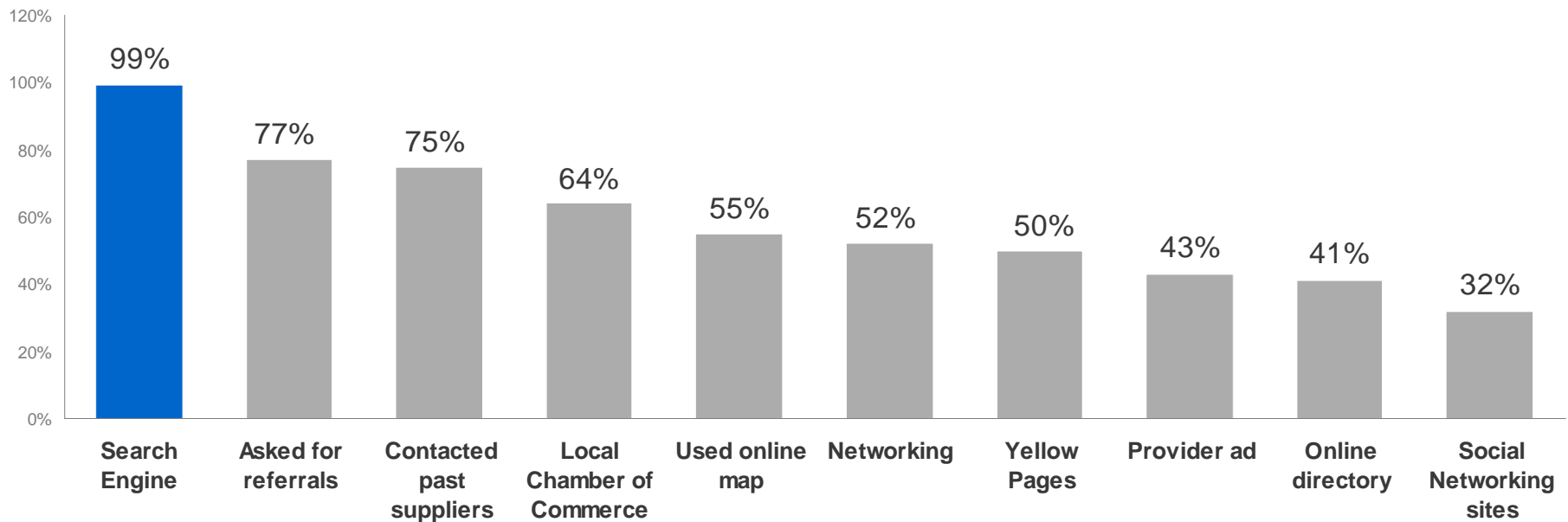
Methods Used **First** to Find Suppliers in the Last 6 Months



Search Engines: Most Effective Tool

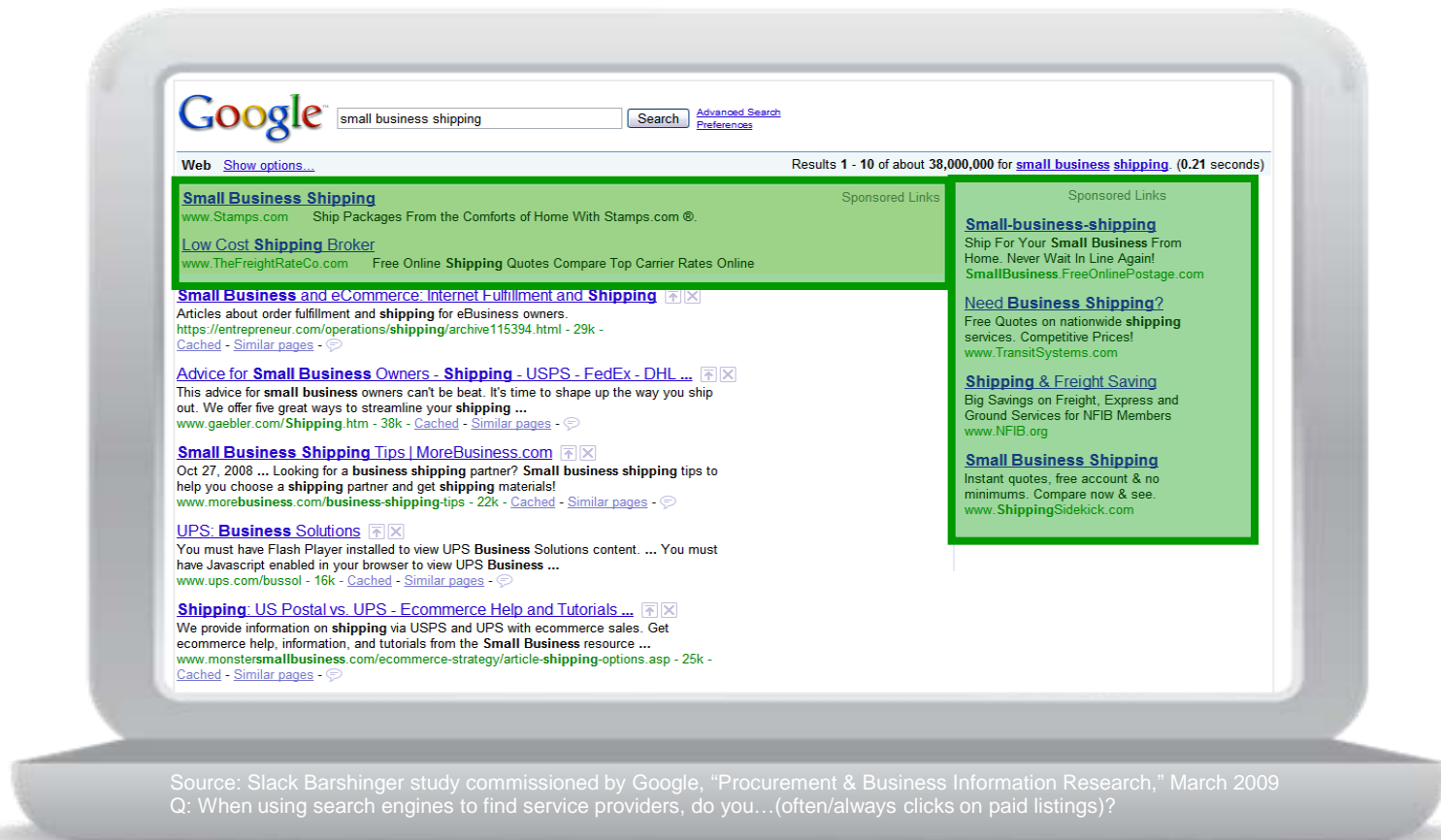
- Small Business Owners find Search Engines to be the most effective tool for finding suppliers

Methods Found to Be Effective for Finding Suppliers in the Last 6 Months



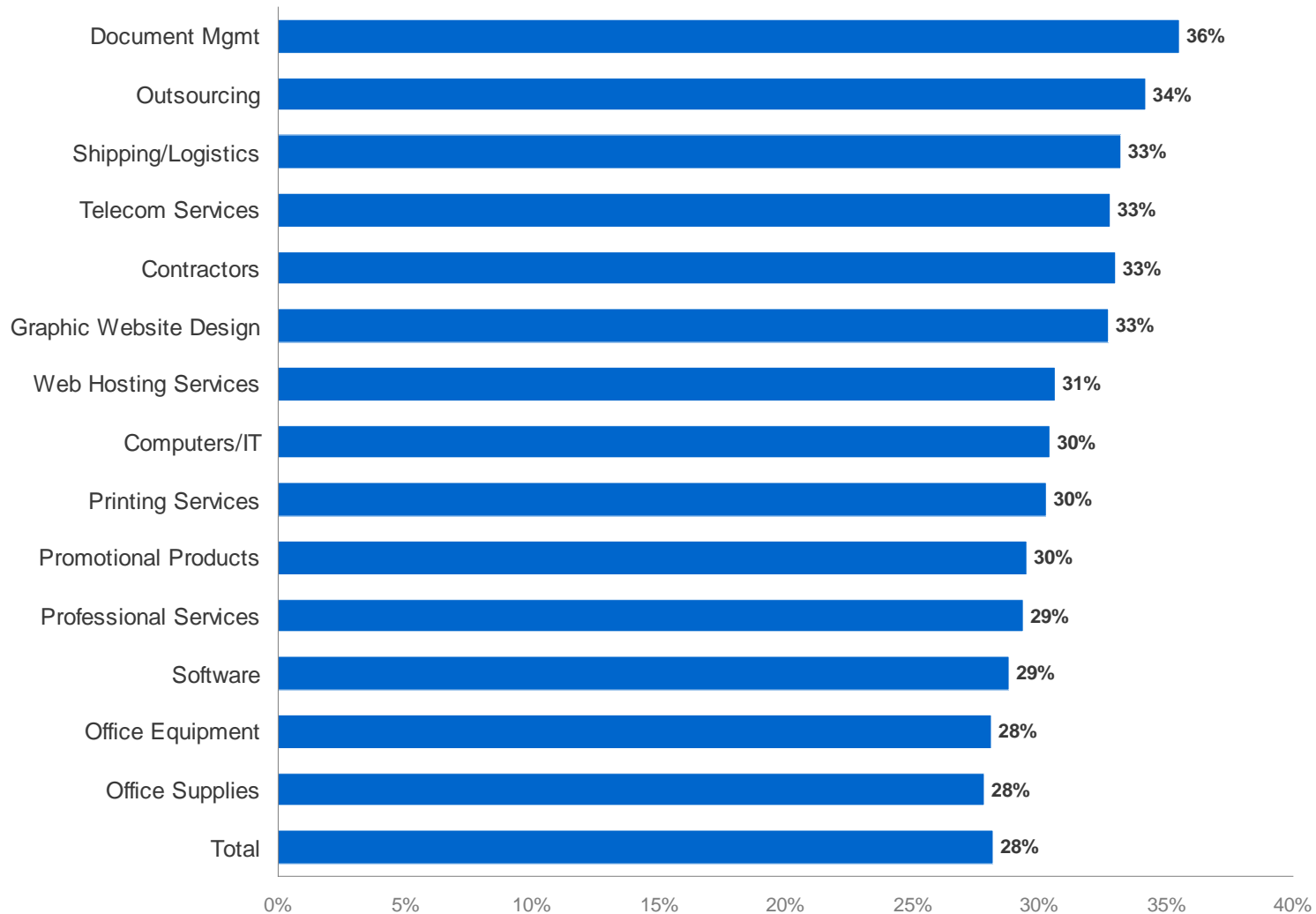
SMBs Find Value in Sponsored Links

One-third of Small Business Owners searching for providers often or always click on paid search listings



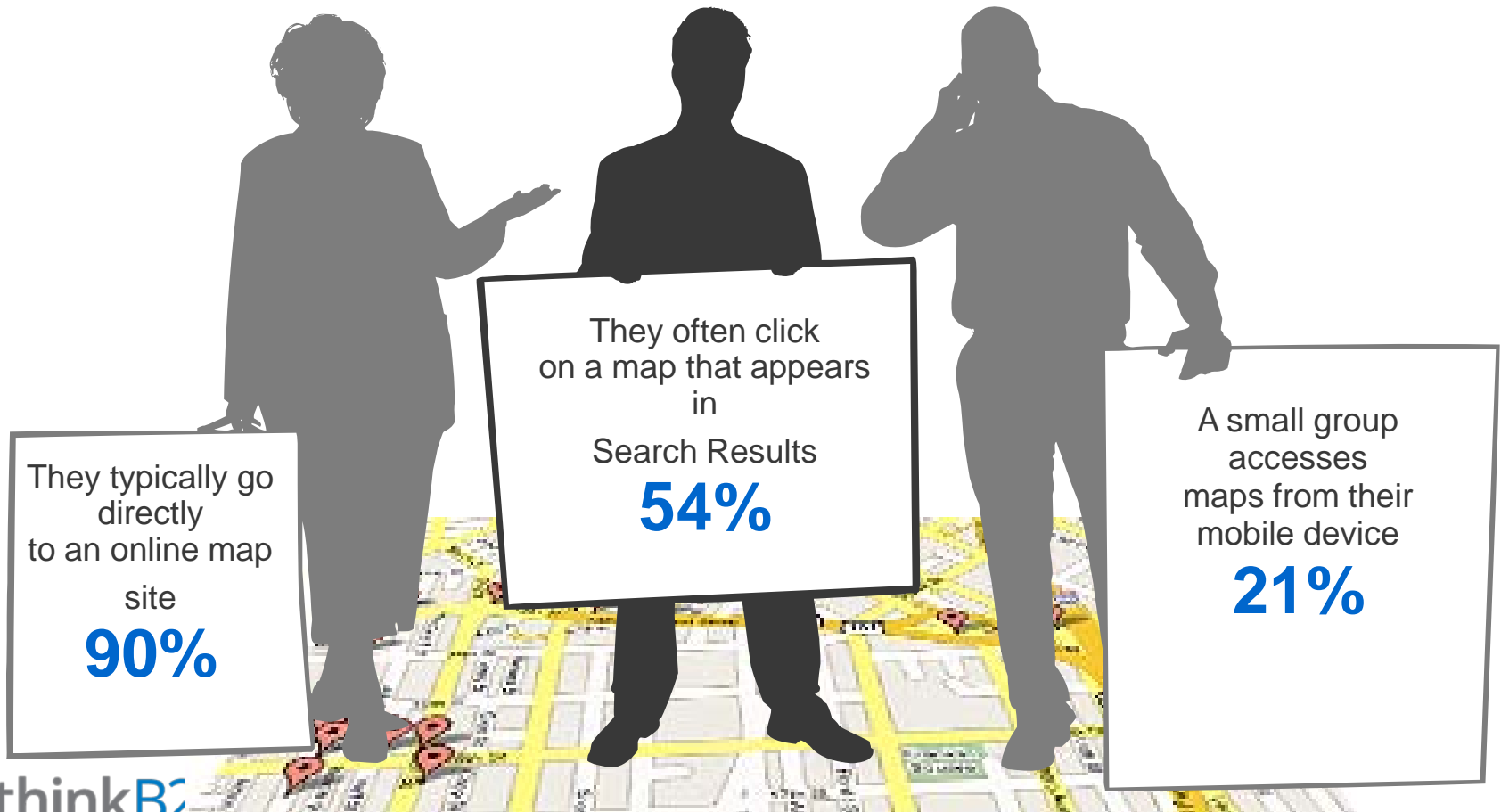
Source: Slack Barshinger study commissioned by Google, "Procurement & Business Information Research," March 2009
Q: When using search engines to find service providers, do you... (often/always clicks on paid listings)?

% of SMBs who click on Paid Listings When Researching a Supplier



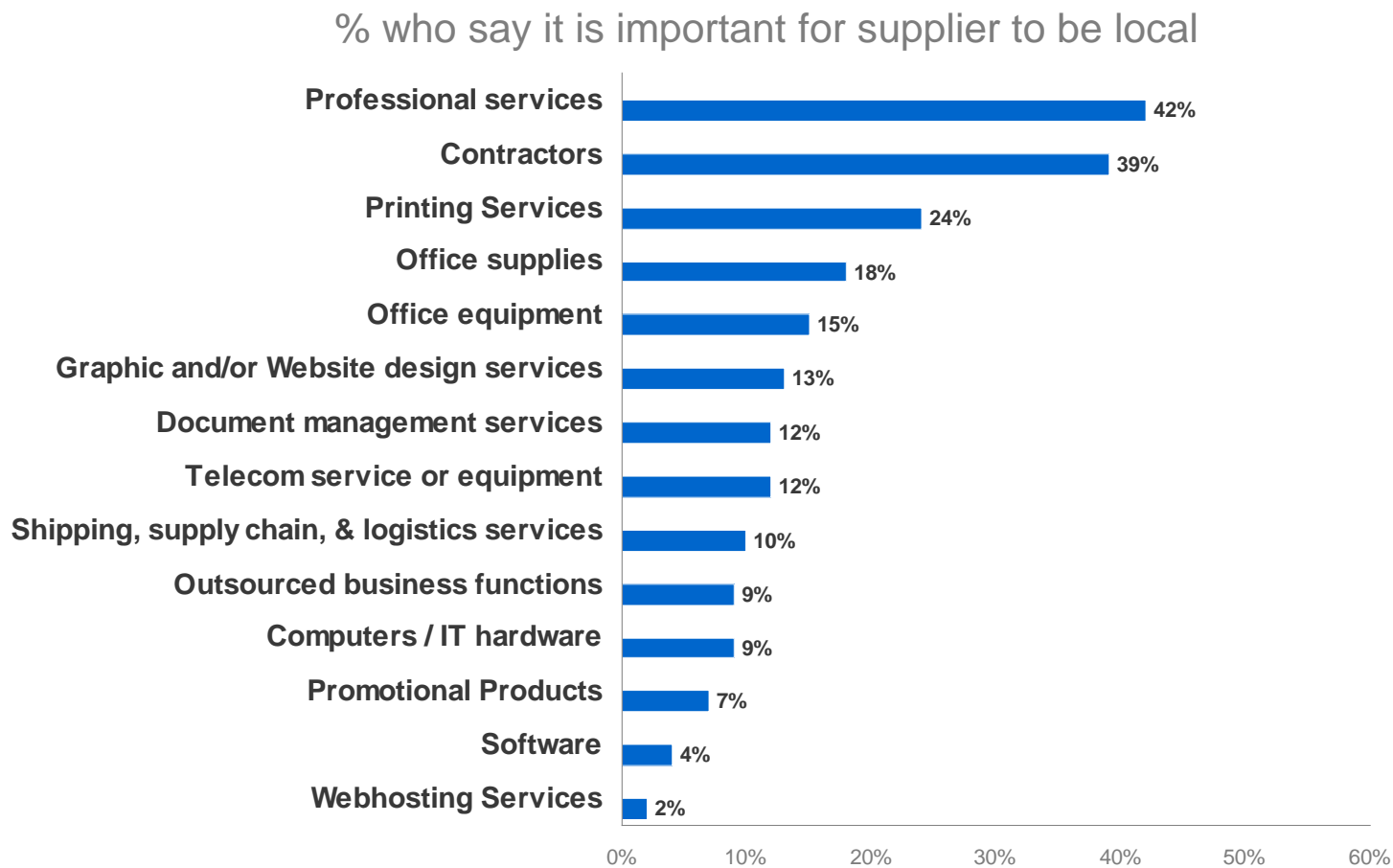
Online Maps Help SMBs Find Suppliers

Of the nearly 20% of Small Business Owners who use online maps to find suppliers...



However, Local Not Priority When Choosing Suppliers

- Majority of categories do not place high importance on a supplier being local



Price, Availability Outweigh Local Presence

“...Local companies just can't match price and breadth of products.”

Pressure washing
50-74 employees, Tennessee

“I would prefer to do anything with a local vendor but unfortunately, cost-wise that is not always feasible.”

Fitness equipment manufacturer
100-499 employees, Missouri

“They don't have all the supplies I need, and I usually have to wait 2 weeks for a large order. I have a specific thing I need and it's quicker to get that online.”

Music studio owner
25-49 employees, Maryland

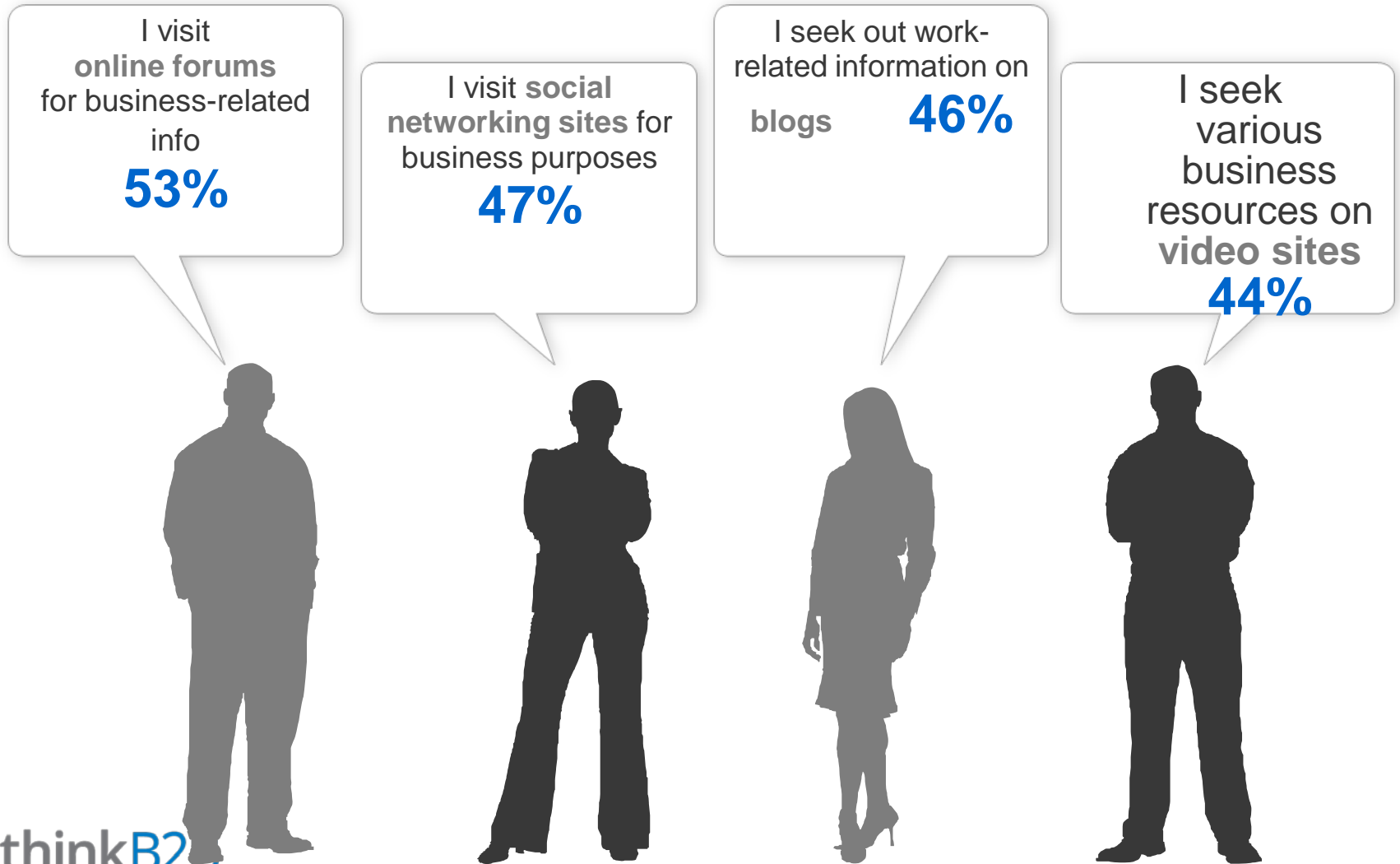
“... No one locally can accommodate what I am looking for.”

Wholesale distributor of bicycle parts
2-4 employees, California



Social Media as an SMB Information Tool

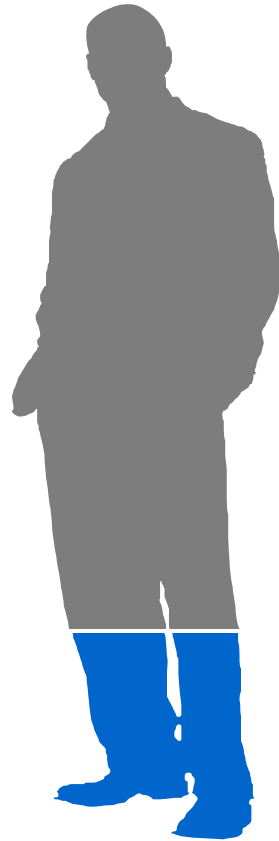
SMBs Find Business Value in Social Media



Blog Usage Growing Rapidly Amongst SMBs

Despite a slower adoption rate, participation in blogs for business purposes have skyrocketed in the last 12 months

18%
in
2008



40%
in
2009

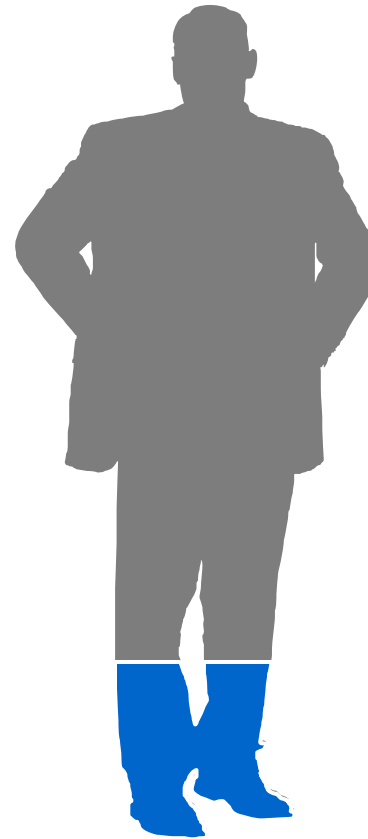


SMBs Are Active in the Blogging Community

46%
of Small
Business
Owners visit
blogs to find
business
information



Of those,
13%
maintain their
own blog to
promote their
business

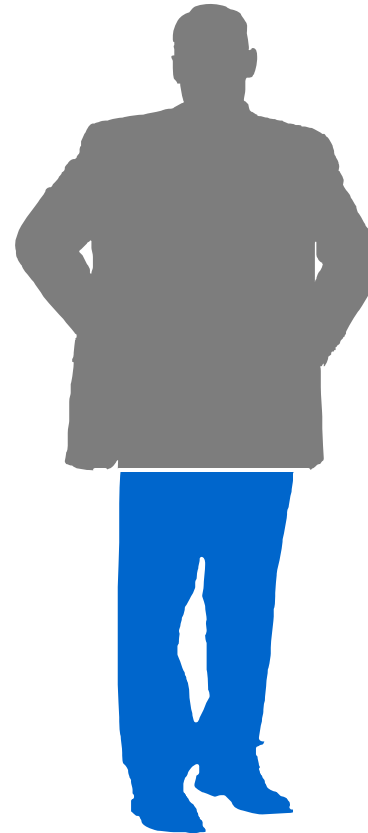


SMBs Find Value in Social Networks

47%
of Small
Business
Owners visit
Social
Networks for
business
information

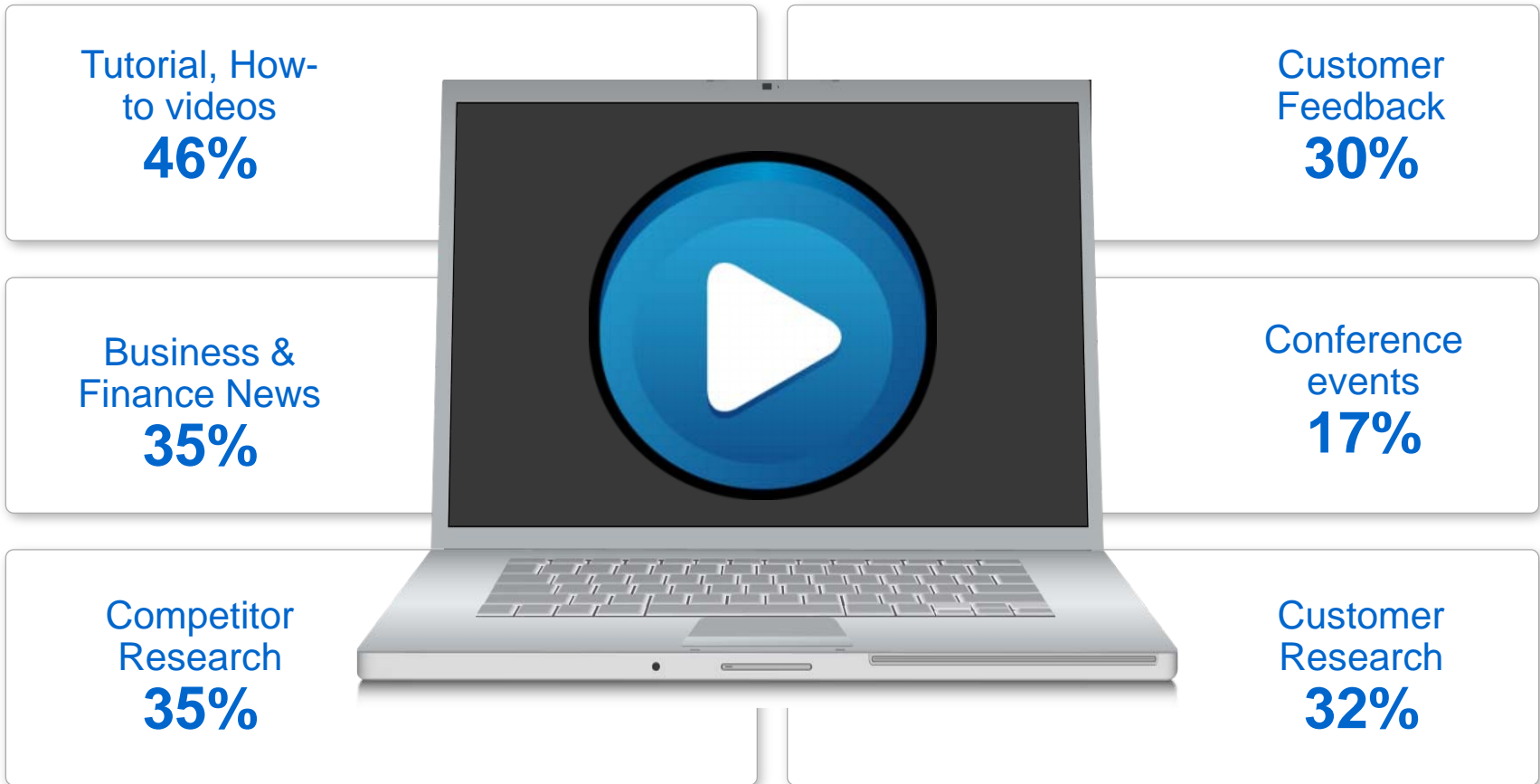


Of those,
40%
maintain a
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Online Videos Provide Business Information

Types of Information SMBs Seek on Video Sites



Key Findings

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