

Business  
Development  
White Paper



ANALYSIS | 2018

# The SMB Market Opportunity

*Prepared for RicohBusinessBooster.com*



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# Table of Contents

- Introduction ..... 3
- Defining the SMB Market..... 3
- Print Powers SMB Communications ..... 3
- Growth is a Top Business Priority..... 5
- Limited Resources Make Marketing a Challenge..... 5
- Personalized Print Delivers Results..... 6
- Exploring New Media Options..... 6
- Key Criteria for Selecting a Print Provider..... 7
- InfoTrends’ Opinion..... 8
- About the Author..... 8

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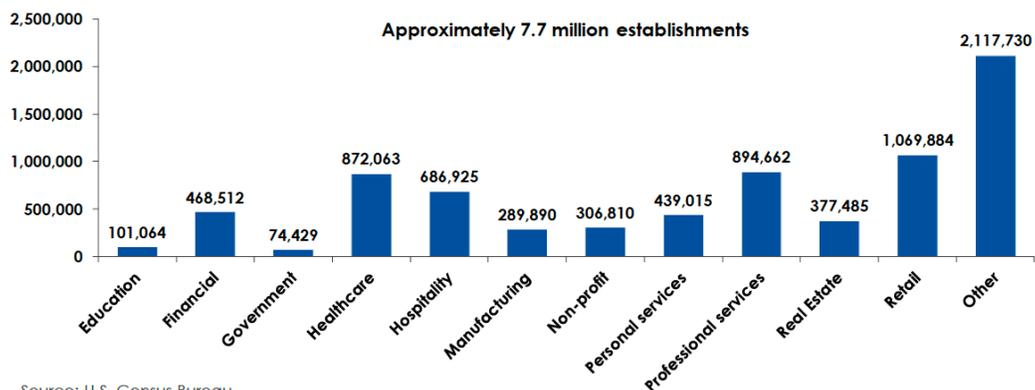
## Introduction

Small and medium-sized businesses (SMBs) are the backbone of the economy and account for the majority of U.S. firms. This market offers a great deal of opportunity for print service providers. This document highlights key communication trends and opportunities in the SMB market, as identified in Keypoint Intelligence - InfoTrends' recent research study *In Search of Business Opportunities: Finding the Right Prospects*.

## Defining the SMB Market

According to the U.S. Small Business Administration, there are close to 8 million firms with fewer than 500 employees. SMBs are found in nearly every industry, and the printing industry is no exception—the majority of printing companies are SMBs. Putting the size of the market opportunity into perspective, Figure 1 shows the number of SMB establishments by key industry. According to Keypoint Intelligence - InfoTrends, SMB industries spend an average of \$279,592 on communications and \$100,160 on print each year.

**Figure 1: SMB Market Size by Key Industry**

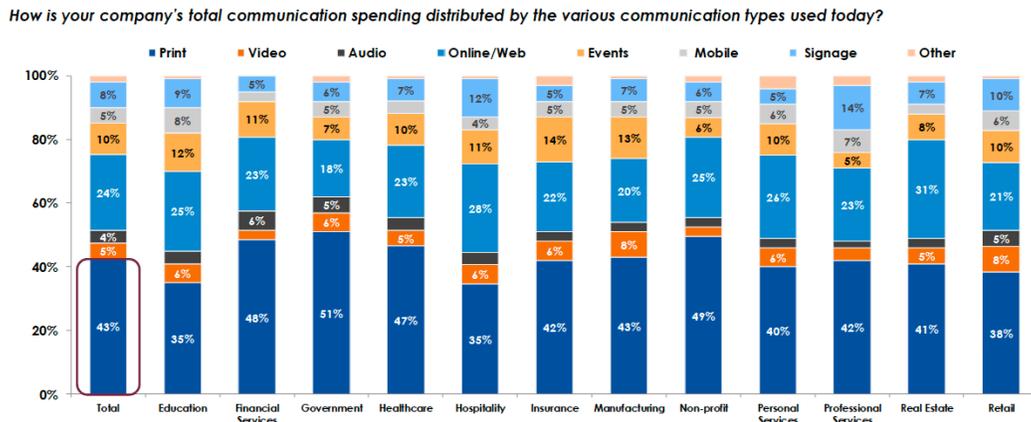


SMBs have a wide range of communication needs, including corporate identity (e.g., business cards), marketing collateral, direct marketing (e.g., direct mail, e-mail, Web), point-of-sales materials, transactional documents (e.g., invoices), and publications (e.g., newsletters). Just like large enterprises, SMBs want to look credible and professional as they spread the word about their businesses. This market offers tremendous potential for print service providers with the right go-to-market strategy. SMBs are seeking providers that can help them acquire and retain customers while navigating the world of multi-channel communications.

## Print Powers SMB Communications

SMB survey respondents reported that print represents the largest share of their communication budgets. Overall, 43% of communication spending is devoted to print. Print was the top spending area across all 12 industries surveyed. SMBs use print to reach customers, build loyalty, market services, and grow sales. It is a communication tool that enables SMBs to look credible, legitimate, and professional in the eyes of customers and prospects.

**Figure 2: Total Communication Spending**



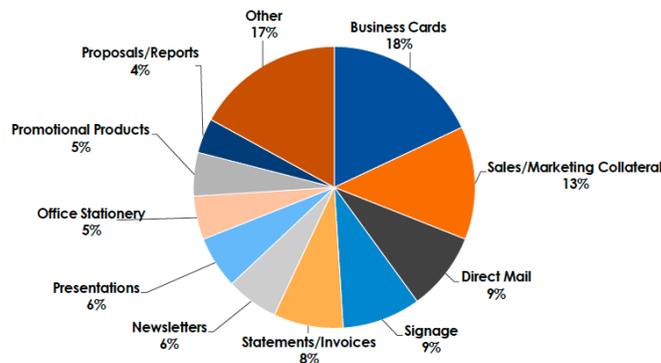
N = 1,010 SMB Respondents  
 Source: *In Search of Business Opportunities: Finding the Right Prospects*, Keypoint Intelligence – InfoTrends 2017

This study finding indicates that print is an important channel and also identifies the key industries that use it. Print providers can use this data to determine which SMB industries to target.

In terms of print application spending, the top applications that SMB firms produce include business cards, sales materials, direct mail, and signage (Figure 3). These communication tools support customer engagement, consumer perception, and sales.

**Figure 3: Print Application Spending**

For the communication materials that are printed, what percentage does each represent of your overall print spend today? (Means)



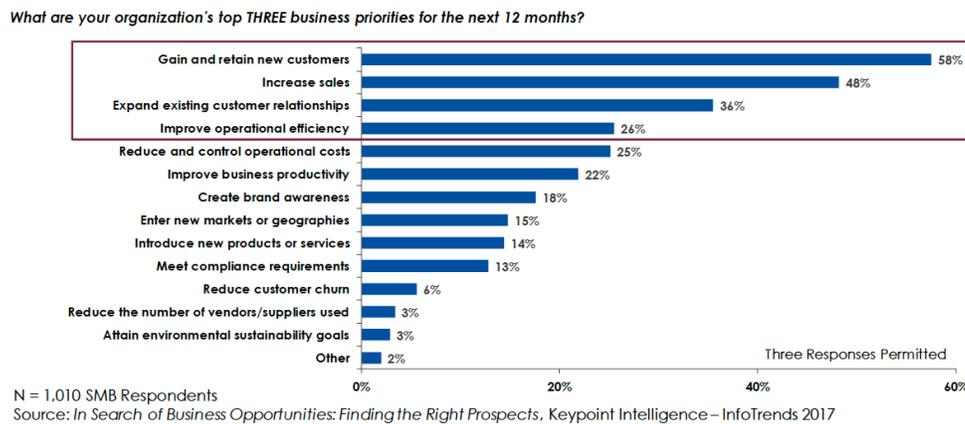
N = 1,010 SMB Respondents  
 Source: *In Search of Business Opportunities: Finding the Right Prospects*, Keypoint Intelligence – InfoTrends 2017  
 Note: "Other" includes the 10 additional categories studied

Providers that are successfully capturing SMBs' print work are positioning their companies as a go-to resource and educating on the value that digital printing delivers in producing these applications. For SMB firms, digital printing enables cost-effective, short-run production of various communication types. In addition, it offers the flexibility to produce many of these applications on-demand, as needed, in the quantities required, while also supporting the ability to personalize. Other key digital printing benefits include the ability to print beyond four colors and the option to add special effects to printed materials.

## Growth is a Top Business Priority

Growth is a top priority for SMBs. Overall, SMBs reported their top business priorities are to gain and retain customers, increase sales, expand existing customer relationships, improve operational efficiency, and reduce costs (Figure 4). In general, SMB organizations place a greater focus on growth than they do on efficiency and cost-cutting.

**Figure 4: Top Business Priorities**



Because business growth is the top priority for SMBs, it is important for print providers to ensure that sales discussions and marketing efforts focus on how print can assist in achieving growth. SMBs want to hear about how print providers can help them grow sales, acquire new customers, build customer loyalty, navigate today's multi-channel world, and maximize the results of communication investments.

In addition, SMBs want providers that can help them establish an edge over competitors. Some SMBs are competing against bigger companies with larger marketing budgets, while others are locked in a constant battle with similarly-sized competitors. They are seeking print providers with marketing tools that help level the playing field against the competition. As a result, it is important for print providers to demonstrate how they can help SMB organizations better compete. To that end, sales and marketing messages should focus on how communication products and services will help differentiate SMBs from the competition so they can increase sales and win more customers.

## Limited Resources Make Marketing a Challenge

While SMB firms are pursuing growth, they are challenged by resource constraints. When asked to identify their top marketing challenges, SMB respondents' top three selections were:

- Not enough time (35%)
- Not enough staff (27%)
- Understanding and using new media channels (25%)

These challenges largely center upon resource constraints. SMBs may not have the time or staff to focus on marketing, and this presents an opportunity for print providers. Marketing is just one of the many

hats that SMB staff members wear, while larger competitors may have entire teams devoted to marketing and communication tasks.

Many SMBs don't have the time or resources to maximize all of today's available resources and make the most of their communication investments. Keypoint Intelligence - InfoTrends' research suggests that print providers have an opportunity to fill in this resource gap and assume a more consultative role. Print providers that demonstrate marketing support and the results they can deliver are in a prime position to capture SMB customers.

SMBs lack the time to research communication tools and services that can aid them in growing their businesses. Print providers can assist by providing an example or a case study of an SMB organization that they assisted in overcoming a marketing or communication challenge. Another option is to provide a case study on a self-promotion campaign that delivered results. Regardless of the option that is selected, the idea is for print providers to demonstrate their capability to deliver results.

In terms of marketing to SMBs, survey respondents preferred print providers that marketed via e-mail, direct mail, direct sales, online advertising, events, and web-search advertising. There wasn't a single dominant preference, indicating that multiple approaches must be used to reach today's SMBs.

## Personalized Print Delivers Results

SMBs are interested in personalized marketing, and many are investing in personalizing their print communications. According to Keypoint Intelligence - InfoTrends' survey results, respondents reported that 45% of print communications include some type of personalized information or images targeting the recipient. SMBs are primarily pursuing personalization because it produces results; survey respondents stated that communications with personalization delivered a 42% higher response rate than communications that didn't include personalization.

Personalization is primed for mainstream use, and an increasing number of SMBs are using it. Print providers should be prepared to help push this along by providing examples, sharing results of personalized campaigns, and including personalization in self-promotions.

## Exploring New Media Options

SMBs are exploring new media options and combining print with digital media. The combination of digital and print started with larger organizations and is now trickling down to the SMB market. According to Keypoint Intelligence - InfoTrends' survey data, 15% of firms were linking print with digital media and 31% said they might do so in the future. SMB firms that are already linking print and digital reported that 41% of their marketing campaigns currently combine print and digital media.

The top print applications that respondents were linking to digital media included:

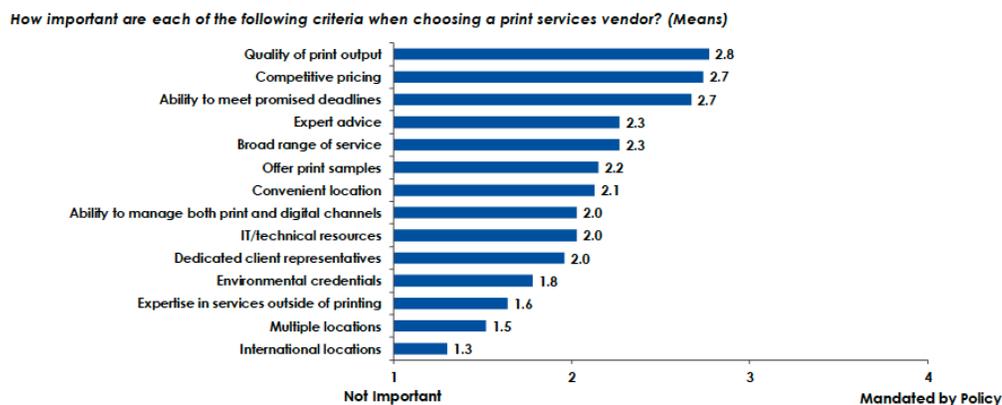
- Sales/Marketing Collateral
- Direct Mail
- Signage
- Postcards
- Business Cards
- Newsletters

Combining different media types is sticking because it is yielding results. SMB firms reported that campaigns with more media channels (e.g., print, e-mail, social media, and mobile applications) delivered a higher response rate than single- or dual-channel campaigns.

## Key Criteria for Selecting a Print Provider

SMBs were asked to rank the importance of various criteria when choosing a print provider, where 1 mean not important at all and 4 meant mandated by organizational policy. The top three criteria were quality, competitive pricing, and the ability to meet deadlines (Figure 5). These top responses were not surprising since these criteria are expected by SBMs. The next three criteria are more important, because they highlight what providers can do to differentiate themselves. SMBs are giving priority to providers based on their ability to offer expert advice, include a broad range of services, and deliver print samples.

**Figure 5: Key Criteria for Choosing a Print Provider**



N = 1,010 SMB Respondents

Source: *In Search of Business Opportunities: Finding the Right Prospects*, Keypoint Intelligence – InfoTrends 2017

By understanding what SMBs value, printer providers can incorporate key buyer criteria in marketing messages, campaigns, and sales strategies.

## InfoTrends' Opinion

SMBs are focusing their communication efforts on expanding their customer base and growing their businesses. While print is currently the primary communication channel, SMBs are focusing their attention on digital media and using more personalization in print applications. While SMBs want to try new things, they may lack the resources to implement certain marketing and communication efforts. This provides an opportunity for print providers that offer a variety of marketing and communication services.

SMB staff members wear many hats, and communication isn't their core business. It is important for print providers to educate SMB clients on new communications, technologies, and methods. Print providers that share knowledge, provide insight, and position their organizations as a go-to resource for helping SMBs grow their businesses are in the best position to win work in the SMB market.

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