

Smart marketing for small businesses »



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Welcome »



At Royal Mail MarketReach we work closely with companies of all sizes across the UK to help drive business forward.

We know that small businesses such as yours are diverse and constantly evolving, and you're keen to explore new opportunities. But something almost all of you have in common is an ambition to grow your business and that's where we can help.

Recently Royal Mail launched MailshotMaker, a simple, easy-to-use online tool created specifically for small businesses to create and send professional mailshots. Quickly, easily and cost effectively.

Of course, mailshots are just one way to connect with your customers and reach out to new ones.

So to coincide with the launch of MailshotMaker, we commissioned this study of businesses with up to 250 employees to get a better understanding of the ambitions and marketing challenges you face in 2016.

We hope this short booklet will support you in achieving your business goals.

Small businesses: thriving in 2016 »



We surveyed 250 decision-makers at UK small businesses to explore the ambitions and challenges they face.

What they told us showed that small businesses in 2016 are overwhelmingly knowledgeable and forward-thinking. This year they are concentrating on growing their businesses and improving efficiency.

Decision-makers at small businesses are focused on achieving their goals. Most are working to a business plan and 95% recognise marketing has an important role in helping them achieve their business aims. What's more, 79% of the companies we spoke with have someone whose role is either fully or mostly concerned with marketing.

We identified four major ambitions small businesses have for 2016:

- Building relationships with existing customers
- Acquiring new customers
- Using multichannel marketing to promote their business
- Making the most of marketing spend and measuring its effectiveness

Over the next few pages we will explore each of these ambitions in more detail and provide practical guidance on how small businesses can tackle them.



Ambition: Building relationships with existing customers »

Customer loyalty is essential to growing your business. 90% of small businesses agree keeping regular contact with customers makes them more likely to remain loyal. So it's no surprise that almost half (46%) cite building better relationships with existing customers as a business ambition.

What's more, research has shown that loyal customers spend as much as ten times more over their lifetime than new customers.¹ Given their value, it is vital small businesses invest in building a stronger relationship with the customers they already have.

Solutions

In recent years, social media and email have become popular marketing tools for small businesses to keep in touch with their customers. Our research showed that most small businesses use email as the primary channel for this.

Quick and often cost effective, the biggest advantage of these methods is that they are easy to use. But are small businesses convinced that they are enough to create a lasting impact?

Our research would suggest not: 71% of the decision-makers we spoke with said they would like to create marketing that customers can keep hold of for future reference.



This is a smart move: research has shown that physical communications such as mail make customers feel more emotionally connected with the sender²: exactly what you're looking for in a relationship, even of a business nature.

Into action

- Think about creating exclusive events or loyalty offers for existing customers only
- Tailor the content of your message to what you know about your customers – such as previous purchases or shopping habits

“The single most important tip I give all my clients is ‘think like a customer’, put your feet in their shoes. Until you understand your customers, how can you begin to engage effectively with them?”

Through simple fact finding we can begin to build a picture of the customer – how they buy, when they buy and what they buy, then use this insight to create personalised messages to help boost customer response rates.”

Steve Moncrieff, Chief Strategy Director of marketing agency, Ewe

1. FiveStars, Customer Loyalty Data Study, 2013
2. Royal Mail MarketReach, The Private Life of Mail, 2015

Ambition: Acquiring new customers »

It will come as no surprise to you that two thirds of your small business peers want to grow their customer base this year.

But raising awareness of your business and starting a conversation with prospective customers isn't easy. Nearly half of small businesses say that finding new customers is their biggest challenge.

Solutions

Increasing awareness of your business is the first step in growing your customer base. Small businesses told us that they used a range of media for increasing awareness including online advertising, social media and print advertising.



Once they've found you, you need to stand out from the competition. This involves building a distinctive brand which people remember and build a connection with.

63% of people are likely to take mail seriously, for example, compared to 18% for email. Mail can

make consumers feel valued and can give them a better impression of the company.³

This shows a key way in which physical media has an advantage. Research has shown there is still a strong preference for reading on paper, driven by the physical properties of printed information.⁴

Into action

- Create exclusive deals to entice new customers
- Add a deadline to drive recipients to take action

“When it comes to drumming up business from new customers, first impressions count. The best way to guarantee a positive impact is to ensure that your marketing is personal, timely and relevant to the individual. This means getting to know your prospects, what they like, and most importantly, how they want to be communicated with.

Your message is much more likely to be well received if it is delivered via a customer's preferred medium.”

Jon Cano-Lopez, CEO of data communications agency, REaD Group

3. Royal Mail MarketReach, The Private Life of Mail, 2015
4. The Reading Brain in the Digital Age – The Science of Paper vs Screens – Scientific American, 2013

Ambition: Using multichannel marketing to promote their business »

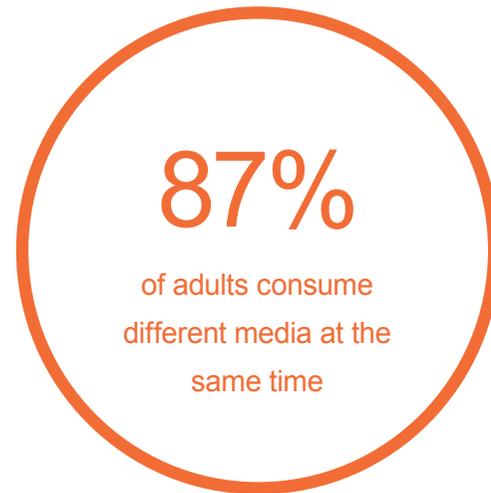
Small businesses understand the value of using multiple marketing channels.

Those we spoke with use 3.5 channels on average to market their business or communicate with their customers. The most popular channels are email (82%), social media (62%), online advertising (50%), and direct mail (46%). Only 16% use search marketing.

Many of the decision-makers we spoke with are looking to increase their investment in the marketing channels they are using. The channels they are most likely to spend more on are social media (66%), exhibitions and events (61%), online advertising (59%) and direct mail (57%). But for marketing to become truly multichannel different media need to work effectively together.

Solutions

Consuming different media at the same time is part of modern life: around nine in 10 adults (87%) now do this each week.⁵



But, we know that mail can be the exception to this rule. Research shows that over two thirds of adults set aside time to read mail carefully. In fact, they report spending more time with mail each day than with magazines.⁶

However, mail doesn't exist in a bubble. Research has shown mail works well with other channels: analysis of the IPA Effectiveness Awards Databank showed that campaigns that included mail were 27% more likely to have delivered top-ranking sales.⁷

Into action

- Consider using the same messaging, offer or content across all your marketing; this will enable customers to see it in as many places as possible and enhance the impact
- It is all about preparation. If sending a mailshot, have your website, social media and telephones ready to deal with response in the subsequent days

“ It is important for small businesses to be distinct across a number of marketing channels, and to be personalised across all marketing, be that mail, events, email or social. Use marketing channels together to have a real view of the customer across all activity. The priority must be to create a single voice that is communicated consistently across them all.”

Maria Vardy, MD Brand Comms of marketing agency, Jaywing

5. 6. IPA, TouchPoints 6, 2015
(6. Data based upon Monday to Saturday reading)
7. Royal Mail MarketReach, IPA Databank Meta-Analysis, Peter Field, 2013

Ambition: Making the most of marketing spend and measuring its effectiveness »

64% of small businesses said they find it difficult to measure the commercial value of marketing and this prevents them from doing more of it.

However, there are channels in which small businesses are more confident. Just over half of small businesses think that direct mail offers a good return on investment, and among mail users this jumps to 75%.

Solutions

There are several effective tools you can use to measure the return on your marketing spend.

What's most important is to track – as closely as possible – the customer journey from initial communication to sale.

On the phone or in person, ask how visitors found you or what made them contact you. Online, tools such as Google Analytics can tell you where visitors found your site: either by search engine, Facebook, Twitter, Quora or an online newspaper.

To increase response rates, try using promotions. Research has shown that letters with a promotion or offer can get a 69% opening rate and 55% of people interacting with it.⁸



Into action

- Include a unique promo code to measure where response comes from. By using specific codes for each channel you can compare how different channels perform
- Be sure to capture details of new customers and update the details of returning ones. This will help to ensure you target them more effectively

“ Measuring marketing success is crucial for small businesses to plan activity and budgets. It is important to look at what results you have achieved and track sales against this, making sure that activity has made more for you than it has cost (and don't forget to add time into the cost).

Have clear objectives in mind and measure success against them. Do prioritise what is working - you may love something, but if it isn't working then it is best to find an alternative.”

Anne Stagg, MD of customer engagement agency, Indicia

8. Royal Mail MarketReach, The Private Life of Mail, 2015

The power of mail »

Our research with small businesses revealed that all those that are currently using mail intend to continue doing so in 2016. What's more, over half said they plan to use more of it this year.

Why mail?

Firstly, mail is tangible. That's what makes it so important in the marketing toolkit. Research has shown that people value something they can see and touch 24% more highly than something they can only see.⁹

What's more, people actually want it: 68% of consumers are looking for companies to send them some communications by mail. Over half (57%) claim that receiving mail makes them feel valued compared to 17% for email and two thirds (63%) are likely to take mail seriously, compared to 18% for email.¹⁰

According to the IPA, the professional body for marketing and advertising in the UK, mail resonates with people for longer, staying in the home and shared with others in the household. 82% read mail and keep it for later use; over half have kept a commercial mailing for three months or more.

In today's busy digital world, people are still taking time away from their devices to spend with mail – 69% set aside time to read mail carefully. Adults report that they spend more time with mail each day than with magazines.¹¹



9. 10. Royal Mail MarketReach, The Private Life of Mail, 2015
11. IPA, TouchPoints 6, 2015

**Here's some examples
of mailshots delivering
great results for small
businesses »**

MOOboutique

Moo Boutique is a small independent clothes shop in Stockport. As a small business they have a limited marketing budget – one that certainly doesn't compare to high street fashion retailers.

Maintaining trade and keeping the brand front of mind is a challenge when consumers are tightening their purses. Moo Boutique recognised the importance of marketing – maintaining a brand presence and driving people into the shop.

“When times are tough, others put marketing aside and think I'm not going to spend my money. When you actually start to focus on what you need to do to make the money then things start shifting. In our case it is getting people into the shop and spending money – direct mail helps us do that.

When it comes through the door and lands on your doormat you can't possibly ignore it – unlike an email.

We believe that direct mail is key to the success of our events. We will always support it with email and Facebook but people delete emails and don't always log onto Facebook but they will always pick up a postcard from the doormat and they often bring it in with them on event days.”

Jen McKenna – Founder, Moo Boutique



Indigo Marmoset helps small and medium size businesses to win customers through website design, marketing advice and creative output.

Being a two-man team it was challenging to service their existing customers as well as grow the business. With the majority of their business coming from current customers they wanted an effective way of staying top of mind and communicating their new product offerings.

One of their winners has been a postcard to customers encouraging them to create a mobile version of their website.

“It is a very visual thing so direct mail was the perfect way of communicating this.

Based on the success of this postcard we feel confident that we can get mail to pay back.

Given that most of our business comes from current clients it is a great way of keeping in touch with them, generating new projects and being front of mind.”

Matt Woodcare – Director, Indigo Marmoset

**Online mail solution to
grow your business »**

MailshotMaker

MailshotMaker is the smart way to get your message out and bring more customers in.

It's our new online tool which gives you everything you need to make and send professional-looking, effective mailshots that are sure to reach just the right people.

You can create beautiful mailshots in minutes from as little as 49p* per item.

Make mail work for you at mailshotmaker.com



**Expert help with mail to
grow your business »**

Mail Made Easy

Mail Made Easy gives you expert help from start to finish.

You can leave everything from the design and data, to the print and production to our expert Mail Made Easy partners. They'll help you create as much or as little of your mailing as you need, while you focus on running your business.

Find out more at royalmail.com/mail-made-easy

Plus as part of the Mail
Made Easy service you also get

20% off

your first three mailings if
you are a first time
user of mail*

*Postage credit available to new Advertising Mail users (and those who have not used Advertising Mail products in the last 24 months). Minimum spend requirements apply. Full Ts&Cs at <http://www.royalmail.com/first-time-user-scheme>



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