

# Majority of Small Businesses Say It's Harder to Run a Business Today than Five Years Ago, Citing Economy as Major Business Challenge

**Optimistic about future prospects, 72% expect 2013 revenues to exceed 2012 revenues**

WALTHAM, Mass.--([BUSINESS WIRE](#))--It's no secret that running a small business can be tough. According to new survey data from [Constant Contact@, Inc.](#) (NASDAQ: CTCT), it's gotten even harder over the last five years. Constant Contact's [Small Businesses: Then and Now Survey](#), conducted in May 2013, found that 59 percent of small businesses believe it's harder to run a business today than five years ago, with more than half citing an economy that has hit their business hard. Only 17 percent said the economy is better today than it was five years ago. The good news? Seventy-two percent expect 2013 revenue to outperform 2012 revenues.

## What's Harder and What's Easier Today?

Of the 59 percent of survey respondents who said it's harder to run a business today than five years ago:

- 55 percent said the economy has hit their business hard.
- 49 percent said it's harder to keep pace with technology.
- 40 percent said there's more direct competition.

Only 12 percent said it's easier today to run a business than it was five years ago, and of that group of small businesses, 89 percent cited online marketing tools that make it easier and less expensive to market their business. Other reasons cited were people caring about supporting local business and fewer direct competitors.

## Local Matters

The survey reflects an uptick in the importance of the supporting local business. When asked if they think being locally owned and operated is a major reason why customers support their business today, 51 percent of respondents said yes, up from the 42 percent who thought it was a major reason why customers supported their business five years ago.

"Supporting local is a growing consumer trend," said Gail Goodman, CEO of Constant Contact. "The national discussion about the importance of small business to our economic recovery has raised awareness, as have shop local movements like Small Business Saturday. Local and mobile search is also making it easier for small businesses to reach consumers. When a local restaurant can have its menu, along with that day's specials, readily available to restaurant seekers browsing their smart phone for a good dinner spot nearby, it's easy for customers to choose them."

## Dealing with Change

When asked what the three biggest changes are in how they do business today versus how they did business five years ago:

- 84 percent said using, or using more, online marketing tools.
- 59 percent said general economic uncertainty.
- 27 percent said using, or using more, automated business solutions (payroll, inventory, etc.).

While email marketing has been a major "go to" over the last five years for the small businesses surveyed (64 percent used email marketing 5 years ago; 98 percent use it today), their use of social media marketing has exploded, with 87 percent of small businesses today using social media marketing, versus 10 percent five years ago. For perspective, Facebook was made widely available in late 2006 and by 2011, according to a [Nielsen Media Research study](#), it was the second most accessed website in the U.S. (behind Google).

The importance of word-of-mouth as a powerful marketing tool has also grown. When asked to rank the top three ways they found new customers five years ago, 32 percent ranked word-of-mouth as number one, while today that number is at 40

percent.

“Social media has created a new, highly-visible channel for small business word-of-mouth referrals,” said Goodman. “The countless word-of-mouth moments that once happened at industry conferences or backyard barbecues are now happening in front of the eyes of business owners and customers alike, right on Facebook, Twitter, and LinkedIn. Social media is creating the opportunity for real dialogue and, in the process, is amplifying word-of-mouth referrals.”

## **The More Things Change, the More (Some) Things Remain the Same**

The top concerns of small business operators revolve around customers and time, and have remained the same over the last five years. When asked what their top business concerns are today, and what they were five years ago: 75 percent said their top concern today is finding new customers (78 percent said it was their top concern five years ago); 65 percent said having enough time to do everything needed to run my business (61 percent said it was their top concern five years ago); and 58 percent said retaining existing customers (49 percent said it was their top concern five years ago).

## **Customer Insights**

Small businesses paint a classic good news/bad news scenario when it comes to today's customer. While 55 percent of respondents said the volume of customers has increased over the last five years, and 49 percent said customers spend more money at their business now than five years ago, 63 percent said customers have higher expectations today than five years ago. They also say customers expect more value (71 percent) and more discounts (52 percent) today than five years ago, making it harder to turn a profit today.

Respondents were fairly evenly split as to whether it's easier (30 percent) or harder (35 percent) to find new customers today.

For those who think it's easier:

- 53 percent credit more affordable online marketing tools.
- 40 percent credit time-saving marketing tools.
- 28 percent credit customer response to marketing.

For those who think it's harder:

- 49 percent say customers are paying less attention to marketing.
- 45 percent say there is more direct competition.
- 23 percent say it's more expensive to do marketing.
- 23 percent say they can't keep pace with all of the online marketing tools.

“We've found that social media and email marketing has made it easier to run our business today, especially around the holidays,” said Mary Jennifer Russell, owner of [Sugaree's Bakery](#) in New Albany, Mississippi, which has a storefront, as well as a growing online mail order and wholesale business. “We'll post a special on Facebook or through email, and people start ordering immediately online, and also start coming into the store right away.”

## **Among the Challenges, Optimism Reigns**

With the economy, technological advances, and more discerning customers causing significant challenges for small businesses, it is not surprising that 54 percent said they haven't achieved the growth they had hoped for five years ago. Ultimately, however, they are optimistic about the future. When asked where they see their business five years from now, 58 percent of respondents said thriving, with more customers and/or more employees; 26 percent said holding steady, and only 8 percent said possibly closed.

## **About the Survey**

This Constant Contact-sponsored survey was administered in May of 2013 to 917 small business participants in the Constant Contact Small Biz Council – a research panel of US small businesses recruited from the Constant Contact customer base. This

survey was fielded to those panel members who have been in a decision-making role in a small business for at least five years, and they were asked their opinions on how operating a small business today differs than five years ago. This survey is part of an ongoing series about the state of small businesses and the ways they connect with, and grow, their audiences. Results include responses from respondents across a range of business-to-business and business-to-consumer industries.

## **About Constant Contact®, Inc.**

[Constant Contact](#) wrote the book on Engagement Marketing™ – the new marketing success formula that helps small organizations create and grow customer relationships in today’s socially connected world. More than half a million small businesses, nonprofits and associations worldwide use the company’s online marketing tools to generate new customers, repeat business, and referrals through email marketing, social media marketing, event marketing, local deals, digital storefronts, and online surveys. Only Constant Contact offers the proven combination of affordable tools and free KnowHow®, including local seminars, personal coaching and award-winning product support. The company further supports small organizations through its extensive network of consultants/resellers, technology providers, franchises and national associations.

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## **Contact:**

Constant Contact

Media Contact:

Erika Tower, 781-482-7039

[pr@constantcontact.com](mailto:pr@constantcontact.com)

or

Investor Contact:

Jeremiah Sisitsky, 339-222-5740

[ir@constantcontact.com](mailto:ir@constantcontact.com)

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