



THE SHOW 
MUST GO ON

MRG Conference

News UK



SMEs The Overlooked Audience

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Why SMEs matter



2

Pandemic impact



3

How SMEs make purchase decisions



4

Marketing to SMEs

There are **14.3 million** millennials

There are **5.8 million SMEs** (0-249 employees)

This is up from 3.2 million in 2000 – an increase of **+69% since 2000!**

- No employees: **+89%**
- Micro: 1-9 employees **+26%**
- Small: 10-49 **+30%**
- Medium 50-249 **+33%**
- Large: (250+) **+7%**

They employ **16.6 million** people

SMEs have huge spending power



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UK SMEs spend £60 billion on professional services, yet much is wasted

22 May 2017 | Consultancy.uk

Small businesses in the UK collectively spend around £60 billion per year on professional services, according to research, more than £12 billion of that figure is wasted on unnecessary or bad advice.



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SME expenditure totals an average £1 million a year

News 12 SEP 2017

UK small businesses spend on average £1 million a year on business expenditure, according to new research.

Privacy

Yet in the world of media research we barely hear anything about them...

Why SMEs matter?

For the Country as whole...

- 99% of UK private businesses
- 61% of employment
- 53% of turnover
- The future 'giants' of tomorrow

To News UK....

- An important audience both commercially and editorially
- Research conducted to understand more about this audience from both a commercial and editorial aspect
- It highlighted to our editorial teams the interest in content on this areas
- Pivotal in commercial pitches equating to over £4m in increased revenue



Why SMEs matter



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Marketing to SMEs

SME FINANCE MONITOR

Q3 2020

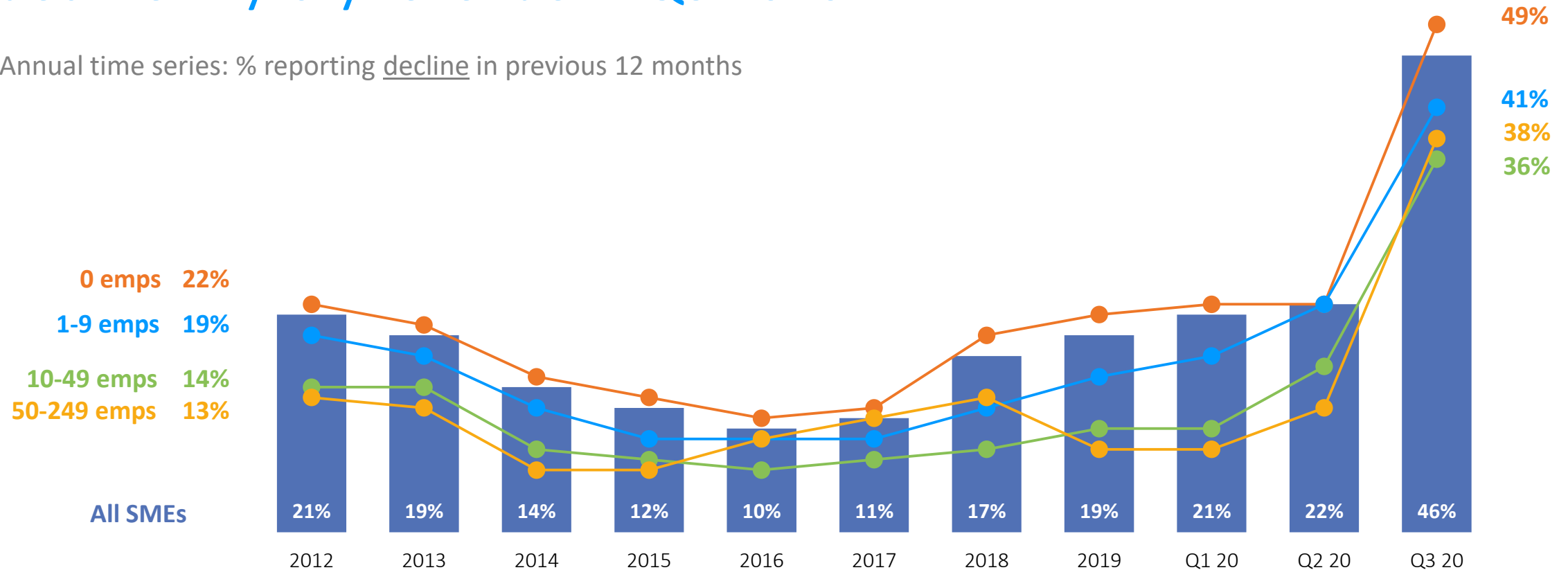
An independent report by
BVA BDRC, November 2020



c.4500 CATI interviews each
quarter with SMEs

Coronavirus has seen an unprecedented proportion reporting a decline in y-o-y revenue in Q3 2020

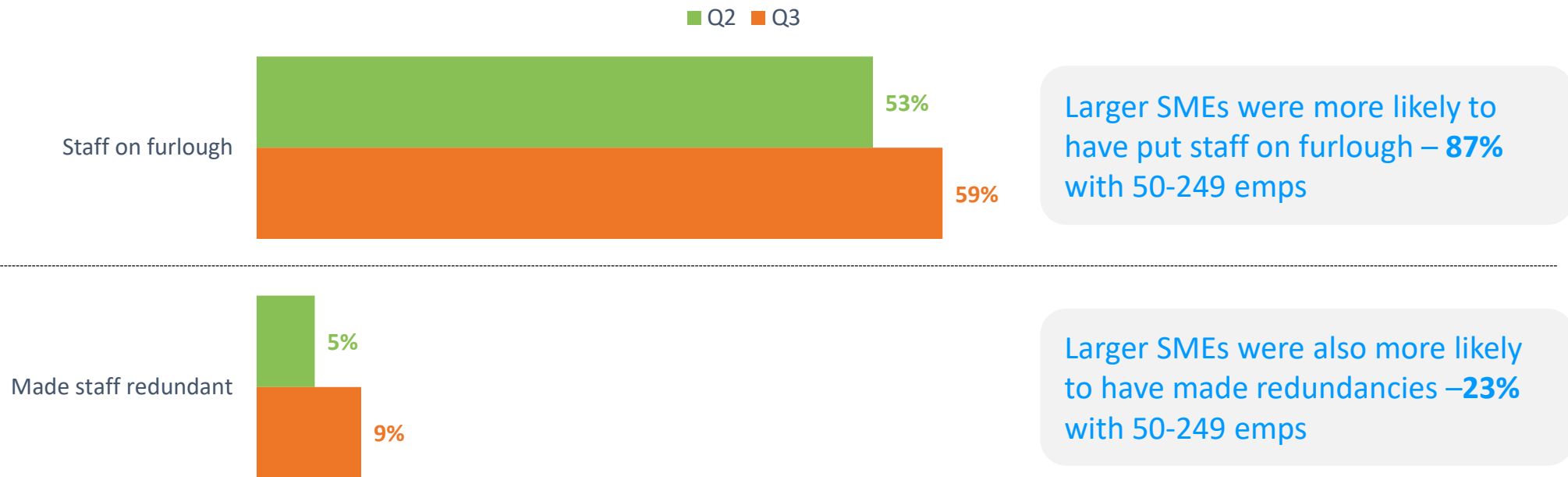
Annual time series: % reporting decline in previous 12 months



There was a sharp increase in declines in Q3 2020, led by the 0 employee SMEs (from 22% to 49%) but seen across all size bands and markedly higher than anything reported on SMEFM to date

6 in 10 employers have staff on furlough and 1 in 10 have already made staff redundant, both increasing by size of employer

How business has been impacted – All employers Q2 and Q3 2020



Q3 Summary – the mood varied by sector, but was starting to improve



40% now rate their **mood** as “good” up from 25% in Q2

Hospitality continues to be badly affected, now joined by **Transport** and **Health**.

In Q2 **Construction** appeared to be struggling but this was less evident in Q3 and **Property/Business Services** and **Agriculture** continued to perform better than others

A person wearing a blue and red plaid shirt is holding a white sign with a red border. The sign has the word 'CLOSED' written in large, bold, red capital letters. Above the sign, there is a white box with a black border containing text about the BVA BDRC SME Omnibus survey.

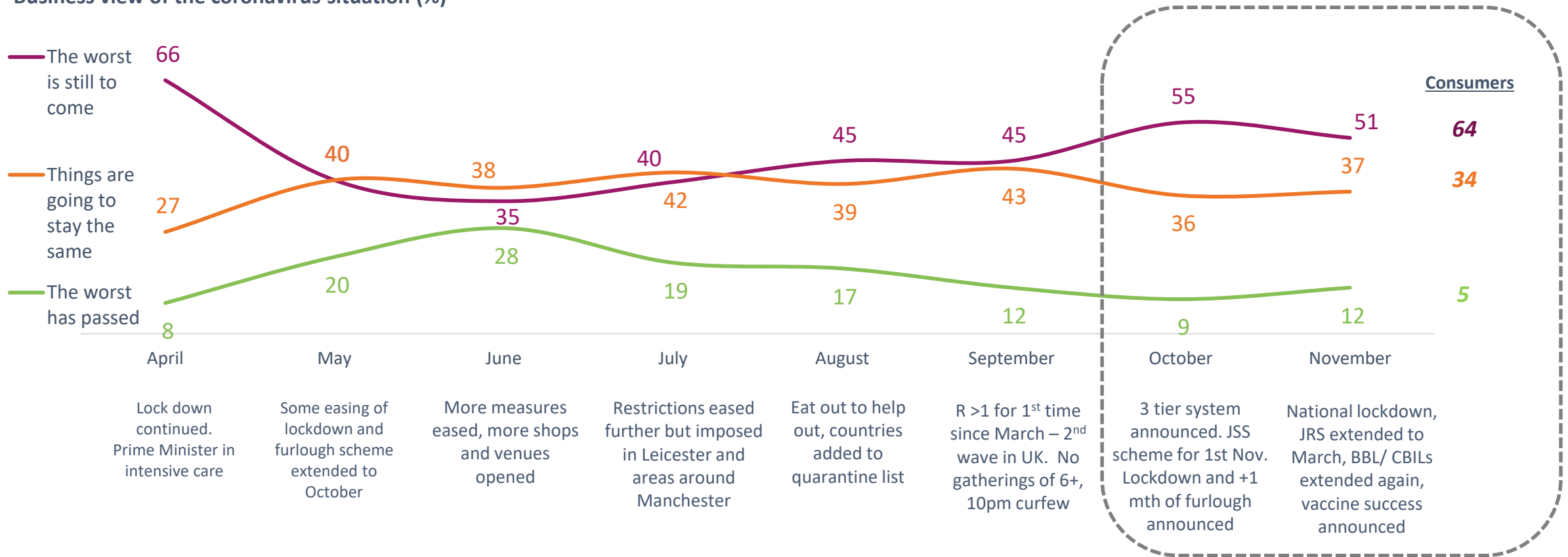
BVA BDRC SME Omnibus
– c.1,200 online interviews per month
with SMEs all with turnover of £250k+

CLOSED

Expectations for the future

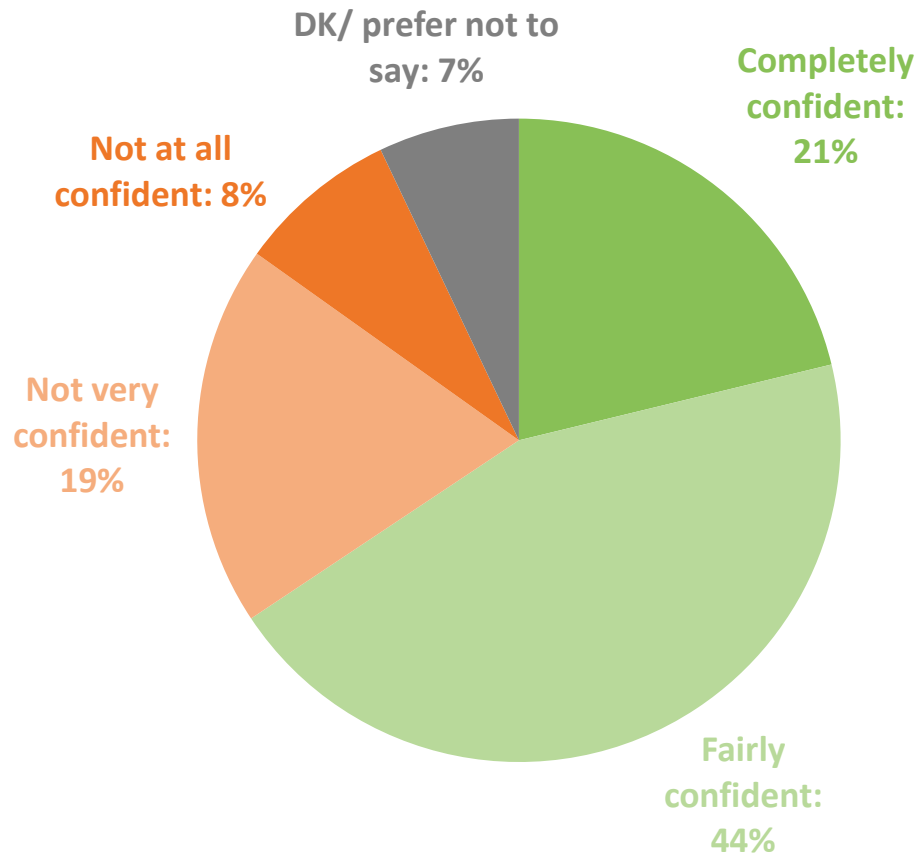
The proportion who feel the worst is still to come increased in Q4 – although it has improved slightly in November. SME decision makers trend a little more optimistic than consumers.

Business view of the coronavirus situation (%)



The SME Mindset defaults to optimism – “only” 8% are not at all confident of survival

Confident in business survival (November)



Net confident
66%
- Down from 71% in September

Hospitality = 49% confident
Confidence also lower amongst new businesses

SMEs are can-do ‘irrational optimists’

“I can’t believe that not everyone wants to be their own boss”

Events company owner, London

The audience is naturally bullish and self-confident.

56% identify as **‘risk takers’** and 4 in 10 see more opportunities than threats to their business going forward.



SMEs will be essential to post lockdown economic recovery

With a vaccine imminent we could see a rapid surge in demand in many sectors. SMEs with their inherent flexibility and ability to scale up will be key to a rapid economic recovery.

This would stimulate demand for a range of purchases by SMEs.



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Methodology: An SME quantitative and qualitative deep dive

Part 2: SME deep dive (Oct 2019 – Feb 2020)



Survey of 2,000 UK SME decision makers
(companies with 1-49 employees)



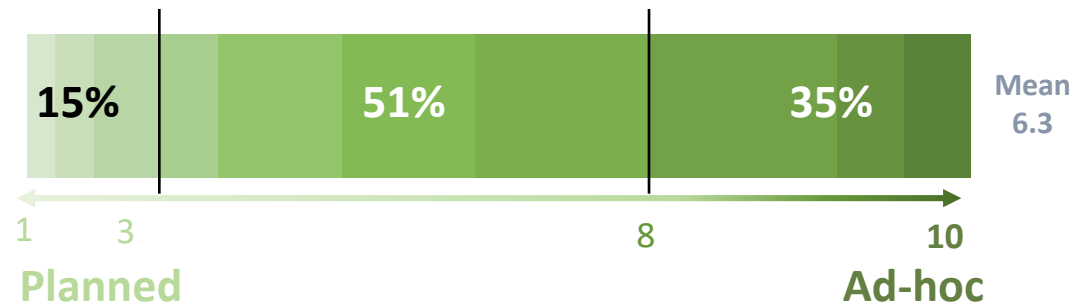
4 in-depth Focus groups

- London x2
- Birmingham x1
- Edinburgh x1

There are 5.8m UK SMEs: This study focuses on the 1.3 million with 1-49 employees

Significant purchase decisions are often made on an **ad-hoc** basis and **very quickly**

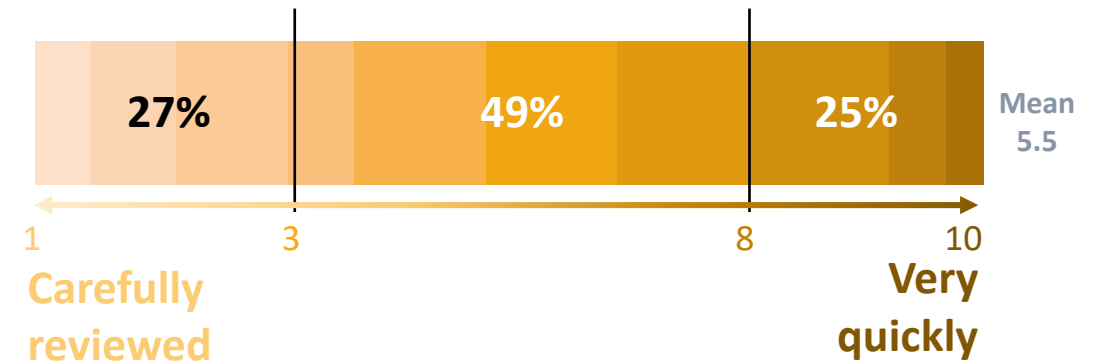
Planned vs ad-hoc decisions



1 = significant purchase decisions tend to be made as part of *regular and organised plan*

10 = significant purchase decisions are made on a more *ad-hoc basis* as and when the need arises

Carefully reviewed vs very quick decisions



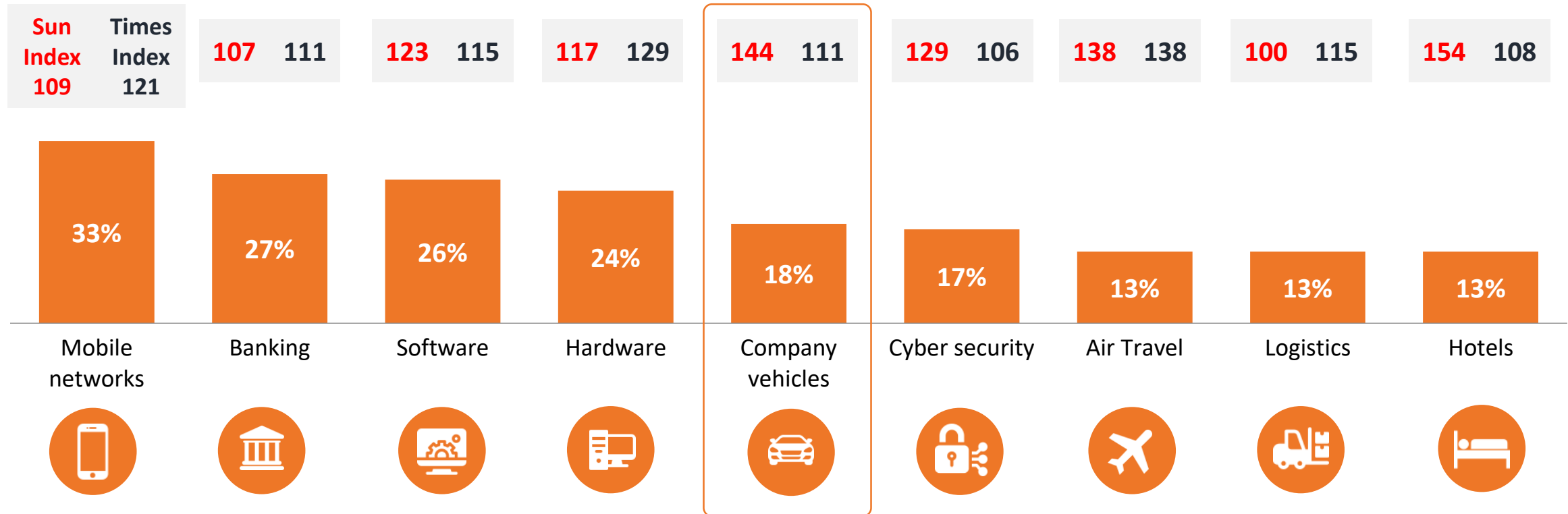
1 = we take the time to **thoroughly review** the alternatives available and assess which is the best value for the business

10 = **decisions are made very quickly** - for example we just go for a company we know well/ has a good reputation

- **68%** make decisions with 1-2 weeks (35% within a few days)
- **89%** of decisions are made by 1-5 people (30% by one)

SMEs are **constantly reviewing suppliers**, most commonly in the ‘universal’ sectors - mobile networks, financial services and tech providers (software & hardware)

Suppliers being reviewed over the next 12 months



When making purchases SMEs have to balance competing demands



PRICE/ VALUE

SMEs *can't afford to be wasteful* and need to get their money's worth. They tend to think more in terms of 'value' rather than 'price'



TIME

SMEs *can't afford to spend long on decisions* - many hate being bogged down in admin and research - it's time taken away from growing their business



QUALITY

SMEs *can't afford for things to go wrong* – they buy it because they need it and if it breaks it has knock on effects - operationally, but also with potential reputational impact



BRAND

A strong brand name can be a welcome and **trusted shortcut** to ensure these contradictory demands are met

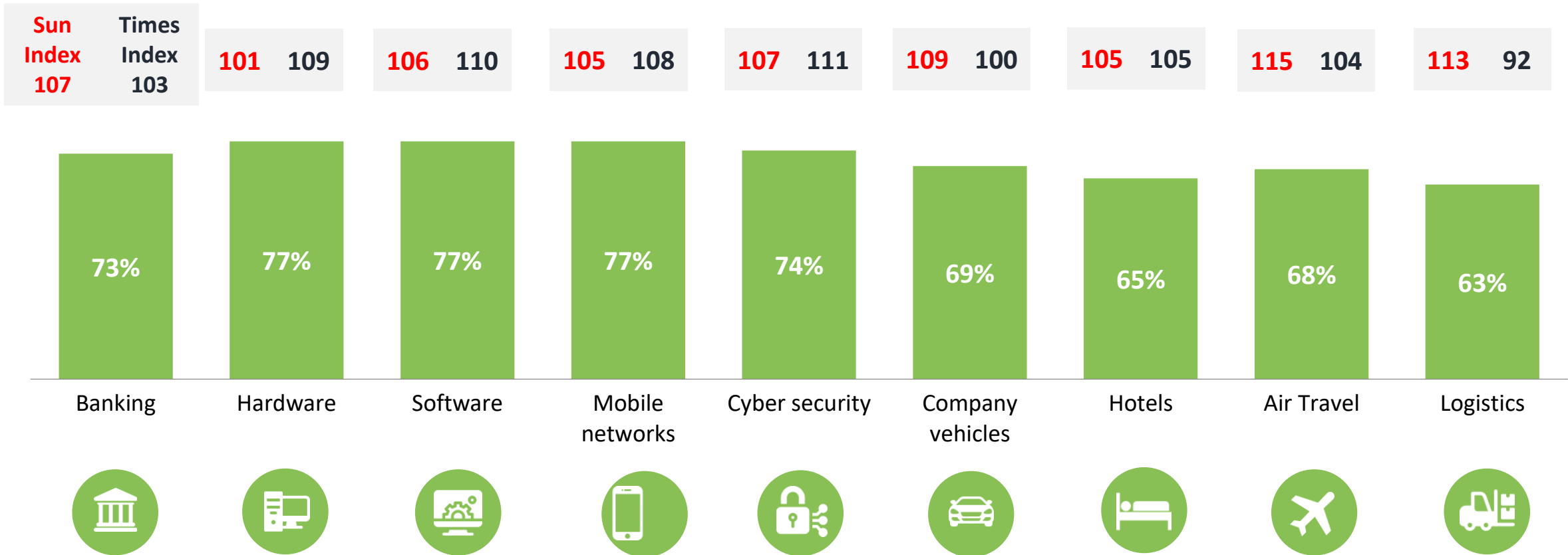
“Reliability is critical - we can't afford for things to go wrong - there is a reputation cost too”

“It gives a feeling of 'back up' and' comes back to giving you peace of mind”

Brand names are relied on as shortcuts across all categories. The more complex or critical, the more brand names are used to navigate choices

% that rely on brand names when purchasing products/services%

"It wouldn't be cost effective to do too much research"
"Banking is probably my least known subject"



Going with cheap products can cause problems



SMEs tend to be brand enthusiasts



Times readers are focused on growing profits; Sun readers want more turnover, and are prepared to **take risks** to there

THE TIMES
THE SUNDAY TIMES

THE Sun

THE Sun
ON SUNDAY

They are more established businesses & looking to optimise

- More likely to be in the service sector
- **'Risk Takers'** ("Not afraid of taking risks") - 109
- Interested in **growing profit margins** (vs revenue) – 122
- Import and export goods and services - 124
- **Take their time** with purchase (104)

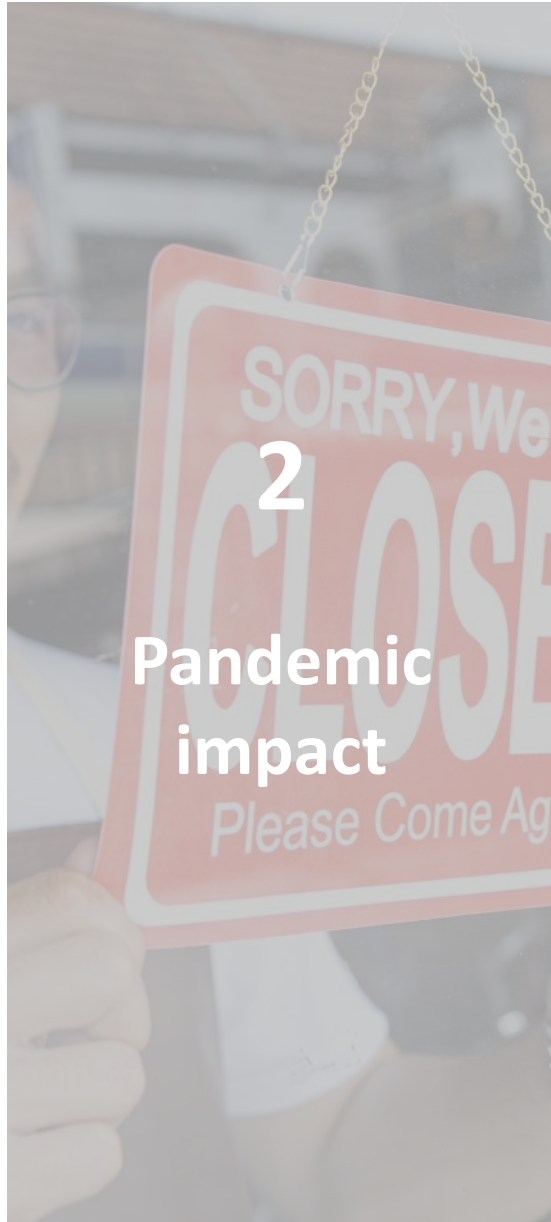
They are smaller, but growing and ambitious

- In manufacturing - 125 & Distribution - 117
- **Embrace** risk taking ("Not afraid of taking risks") - 137
- **Ambition to grow turnover** +20% next year - index 158
- Looking to use **external funding** (next 6 mths) – 126
- Make decisions **quickly** (121)



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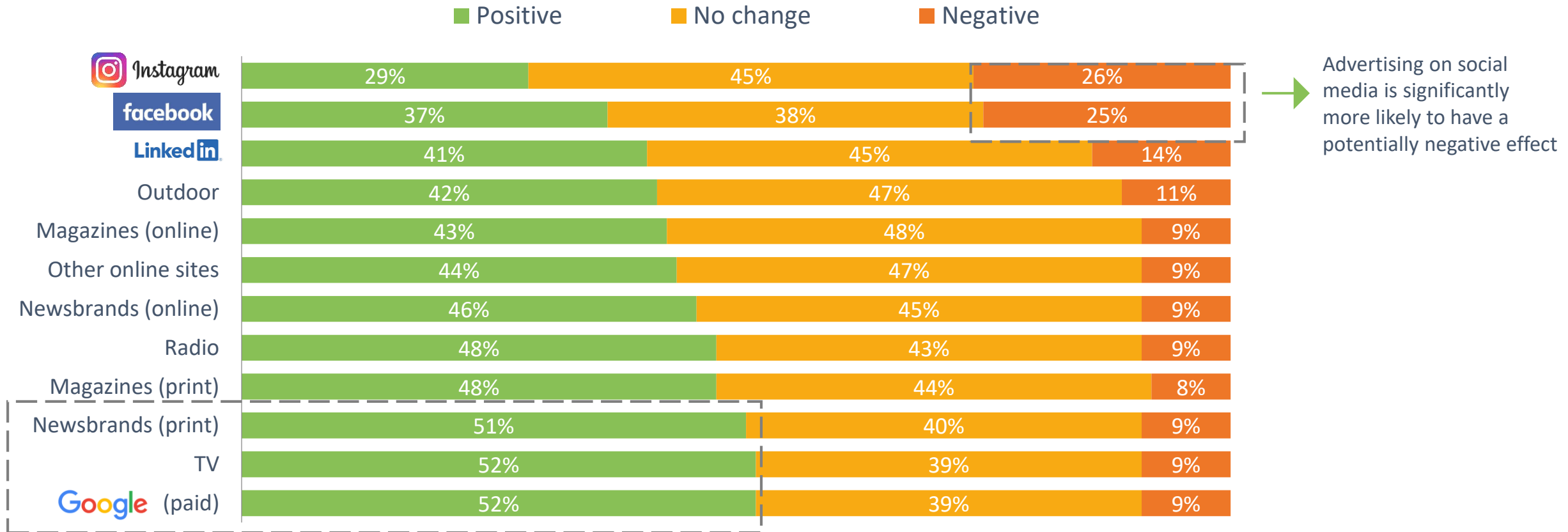


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Marketing to SMEs

Brand credibility is affected by the advertising environment. Online search, TV and print are rated as having the most positive halo effects

Impact of environment on advertising effectiveness

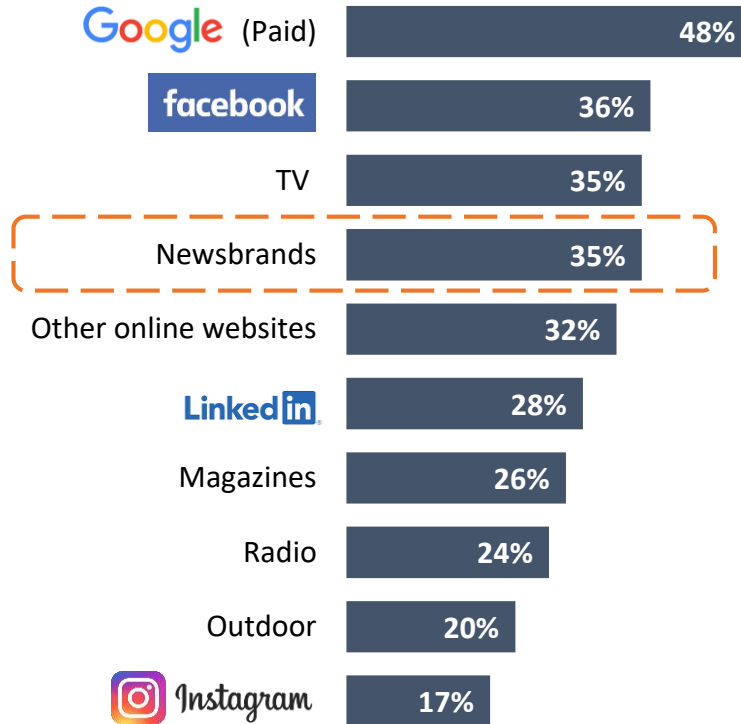


Newsbrands are seen as particularly effective at brand building

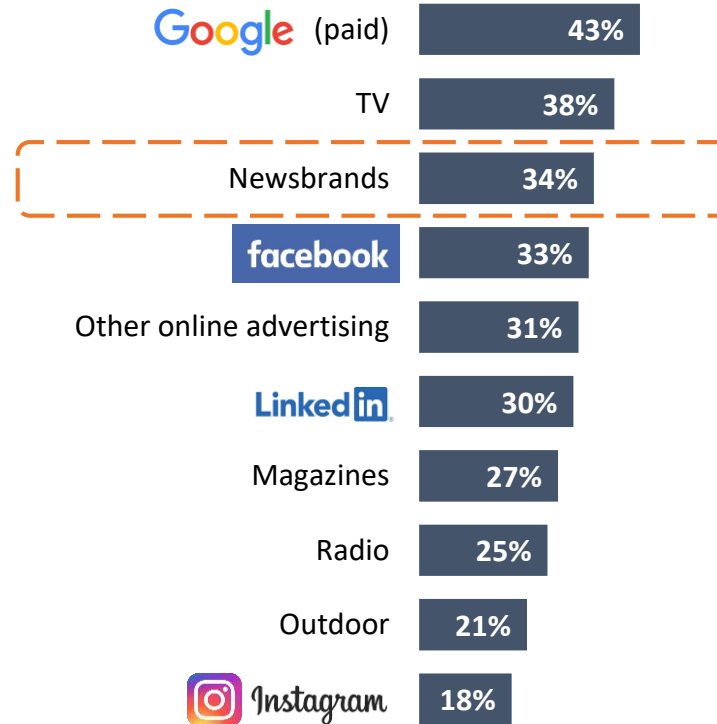
Newsbrands are most effective for brand building (i.e. raising **awareness**, shifting brand **perceptions**)

Paid search is critical for all SMEs. TV, similar to newsbrands, is best used for brand building; and Facebook for conversion

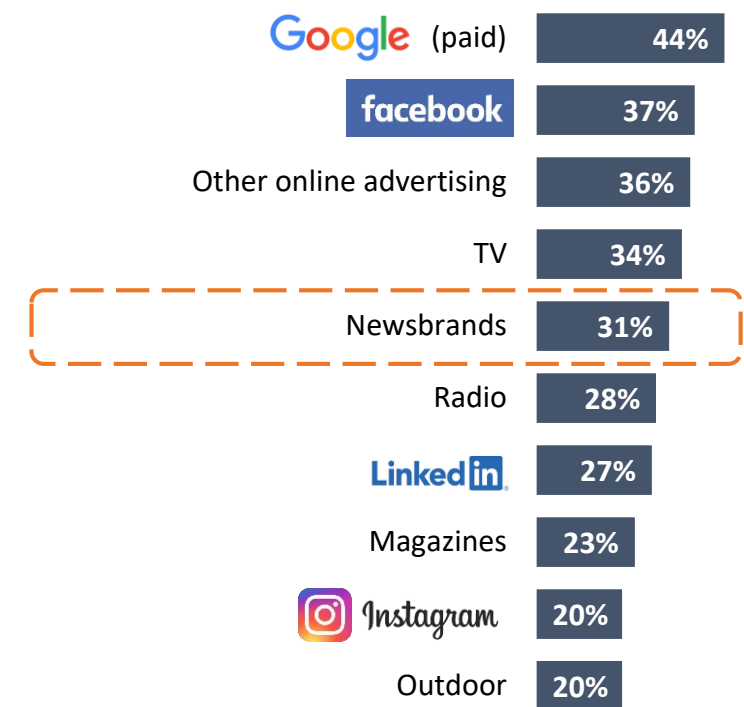
Raising Awareness



Shifting perceptions



Driving action



Source: News UK SME research - 2019/20.

Q Thinking about advertising that targets businesses of a similar size to yours, which of the media do you think are most effective at the following: - 1st – 3rd mention charted
QE19/20 Please imagine you were an advertiser that was looking to target decision makers in small businesses of a similar size to yours. Do you think it would be more effective to try to target people:...QF1 To what extent do you agree or disagree with the following statements Base: All respondents (2006)

Three tips when using Newsbrands

Format:

Curated content works best - mix practical info (e.g. guidance round tech and finance) and 'real life' stories that focus on the emotions

When and where:

Weekdays are for short form info; weekends are longer form pieces.
Be agnostic around sections - readers are always 'switched on' and don't differentiate 'within'

Tone:

Remember the **person behind the business**. It's can be hard and lonely work running a business and this audience loves rags to riches, inspirational stories

They seek inspirational content



News UK SME research - Summary

Why SMEs matter

- 5.8 million SMEs employ 16.6 million people
- But they are sometimes overlooked

Pandemic impact

- The impact is severe, albeit softened by Government assistance
- They are **optimists**, only 8% are not at all confident of survival

How SMEs make purchase decisions

- Decisions are typically made **ad-hoc**, so are made **very quickly**
- SMEs constantly review suppliers, especially across 'universal' sectors
- Brands are viewed as a great **shortcut**

Marketing to SMEs

- Search, TV and print have the best '**halo**' effects
- Newsbrands are strong for **brand building**
- Remember SMEs are people with emotions...
- Communicate with the **person not the business**

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Thank you

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