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MARKETING & SALES

QUARTERLY SMALL BUSINESS MANAGEMENT REPORT

SMALL
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TRUST

Issue number 1 • Volume 9 2001

ISSN 0968-6444 ● Volume 9 2001 ● Number 1
July 2001 ● £20.00 ● Subscription £75.00 pa

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QUARTERLY SMALL BUSINESS MANAGEMENT REPORT

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: http://business.kingston.ac.uk/sbrc

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

John Stanworth, Emeritus Professor, University of Westminster
http://www.westminster.ac.uk/schools/business

David Purdy, Visiting Fellow, Kingston University
http://business.kingston.ac.uk/sbrc

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1 Local or Global ? ...... January 2006
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2 The Ageing Workforce ...... April 2007
3 Travel & Transportation ...... August 2007

2008-09 (Vol.5)
1 The London 2012 Olympic
And Paralympic Games ...... April 2008
2 Competition: Small Firms
Under Pressure ...... January 2009

WEB VERSION PUBLISHING

http://business.kingston.ac.uk/sbrc

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

HIGHLIGHTS

This is the thirty-third in a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **Marketing & Sales**. The principal findings were as follows:

- ***Respondent firms' strongest selling points** – **'Tailored services or products' came out most strongly** (62%), followed by **'Unique features'** (21%). Across all three sectors – manufacturing, business services and retail/ distribution – these two main factors accounted for 80-85% of all responses, suggesting that respondent firms were serious about targeting their products and services at potential customers.*
- ***Women respondents** – Women were almost **twice as likely** as their male counterparts (33% against 18%) to claim '**Unique features'** as their strongest selling point.*
- ***Proportion of sales from 'repeat' business** (existing customers repeatedly buying basically similar products or services) – All firms formulated their sales and marketing policies against a background of hope and anticipation that satisfied customers would return with 'repeat' business. Against that is balanced the fear of **excessive dependency** which can result when a high proportion of sales turnover comes from **a tiny core of customers**.*
- ***Proportion of sales from 'repeat' business across different sectors** – For the **majority of respondents, over half of their trade came from repeat business**. This was true for 90% of manufacturing firms, 70% of business services firms and 60% of retail/distribution firms.*
- ***Businesses obtaining more than 75% of their sales as repeat business** – for those highly dependent upon repeat business, there was a strong link with **firm size**. This degree of reliance upon loyal customers ranged from around a quarter (24%) for the firms in the smallest size tranche (0-4 full-time equivalent employees) up to around half (50-53%) in firms with 10-19 or 20-49 employees. In a nutshell, **firms employing 10 people or more were likely to have established a fairly stable client base**.*
- ***Customer base stability and age of respondent** – For the 55-64 age group, **90% of respondents obtained over half of their sales turnover as repeat business**, suggesting that personal relationships probably increase in both number and quality over time.*
- ***Stable markets** – Even in these days of supposedly widespread cut-throat competition, the findings suggest that there are often islands of relative calm where small firms give customer satisfaction and happy customers return with repeat business.*

continued ...

- ***Reliance upon a narrow customer base*** *– There was a considerable spread, with 21% saying that their five main customers contributed only 1-10% of their sales (i.e., the five customers or clients who, combined, accounted for the largest proportion of annual sales). At the other end of the scale, 35% claimed that their five main customers contributed over half (51-100%) of their business.* ***The figure was as high as 50% for manufacturing firms****.*

- ***Exporting and manufacturing firms*** *– by a large margin,* ***manufacturers were the most alert*** *in wishing to export to markets beyond the UK.*

- ***Female-owned businesses more dependent upon a small customer base*** *– they were more likely than their male counterparts to be reliant on a small core of customers. This may be related to a bias towards 'uniqueness' as their strongest product/service selling point, perhaps for the targeting of niche markets.*

- ***Tactics for keeping existing customers*** *–* ***'Sales visits' and 'Personal contacts' came up most regularly*** *amongst stated reasons, followed by 'Quality', 'Special discounts', 'Telephone sales', 'Trade advertising' and 'Postal mail promotions'. Female respondents appeared to favour 'Special discounts' (24%) more than their male counterparts (16%).*

- ***Best strategy for expansion*** *– A matrix of strategies was offered, comprising the sales of new or existing products to either new or existing customers. However,* ***the most strongly supported strategy was that of finding 'new customers' for existing products or services*** *(58% of all respondents)*

- ***Scope for acquiring further knowledge and skills*** *–* ***'Sales skill enhancement' gained the most support*** *(46% of respondents), followed by 'Improved promotional literature', 'Using the Internet', 'Developing markets beyond the UK' and 'Product/service pricing'. There was a similar demand for learning about 'Using the Internet' amongst both older and younger respondents, ranging from 27%-33% for those aged between 35 and 64.*

- ***The main source having brought the greatest overall sales and marketing benefit to the business*** *– 'Personal contacts' emerged most strongly (52%), followed by 'In-house training', 'Self-study, but with few using 'Government-backed agencies' (9%).*

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ACKNOWLEDGEMENTS

The Small Business Research Trust wishes to thank all responding firms for their time and effort involved in participation in the production of this Management Report. The Trust acknowledges the help provided by David Purdy, The Open University, and The University of Westminster, in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by Lloyds TSB in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds TSB.

Report Author – Professor John Stanworth (University of Westminster)

Series Editor – David Purdy

Lloyds TSB The Small Business Research Trust

MANAGEMENT ISSUES

The emphasis of our Quarterly Management Reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the Lloyds TSB/Small Business Research Trust Management Report addresses one or more highly topical small business management issues. In this survey we focus on ***Marketing & Sales***.

THE SAMPLE

This report is based on responses received from a panel of over 350 small businesses situated in the Northern, Midland and Southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. The precise distribution of firms varies from survey to survey, but typically over half of the participants employ fewer than 10 people.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out during April-May 2001.

SMALL BUSINESS RESEARCH TRUST

The Small Business Research Trust (SBRT), founded in 1983, is an educational research charity, aiming to advance the education of the public in relation to small and medium-sized enterprises in the United Kingdom and Europe. Further details may be found at **www.sbrt.co.uk**

PAST SURVEYS

1993 (Vol.1)

- ***No.1 Surviving The Recession***
- ***2 Using Your Time***
- ***3 Management Style***
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1994 (Vol.2)

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1996 (Vol.4)

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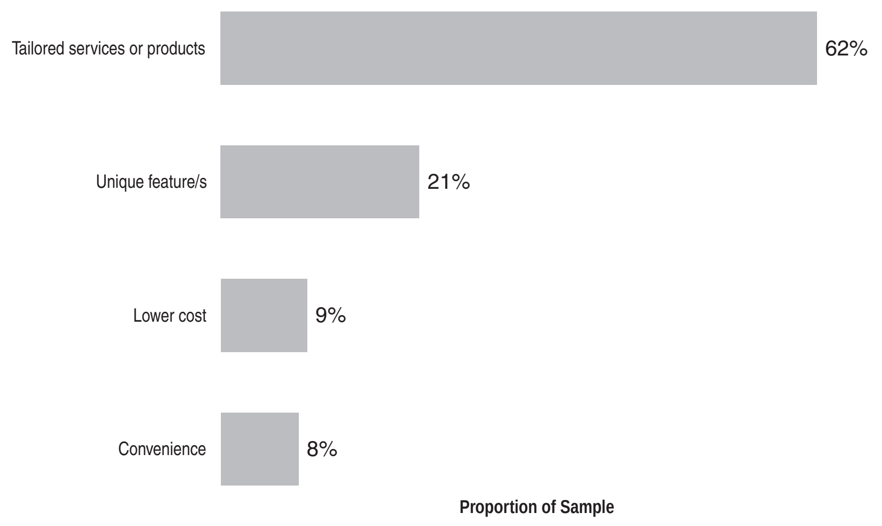
Fig 1 - RESPONDENT FIRMS' STRONGEST SELLING POINT



MARKETING & SALES

How do small firms attract and retain customers ? Is the customer always right ? Does a good product or service sell itself ? In the search for answers to some of these questions, we focused this survey's attention upon a number of important issues relating to marketing and sales.

Competitive Advantage

Respondents were asked to select from four main factors which one they felt represented their business's strongest selling point. In **Figure 1** 'Tailored services or products' came out most strongly with 62%, followed by 'Unique features' with 21%.

Across all three sectors, manufacturing, business services and retail/distribution,

Fig 2 - PROPORTION OF BUSINESS FROM 'REPEAT SALES' Firms Achieving More Than Half Of Sales T/O This Way: By Sector

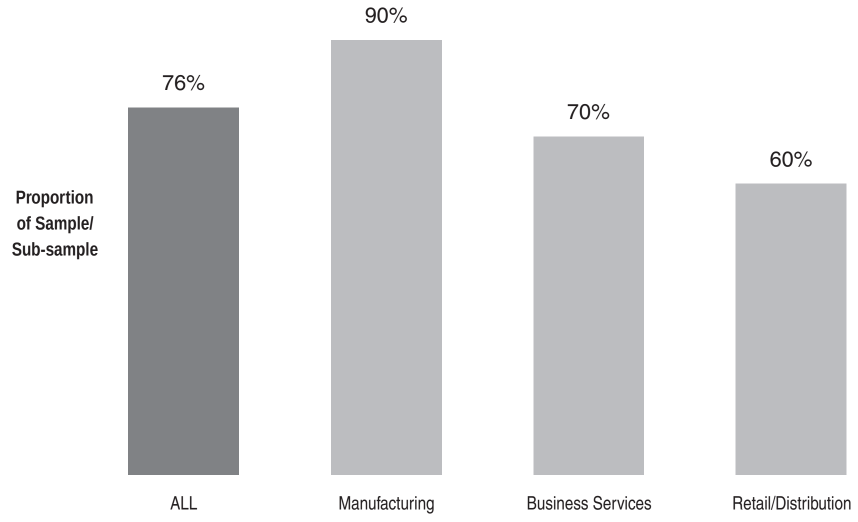
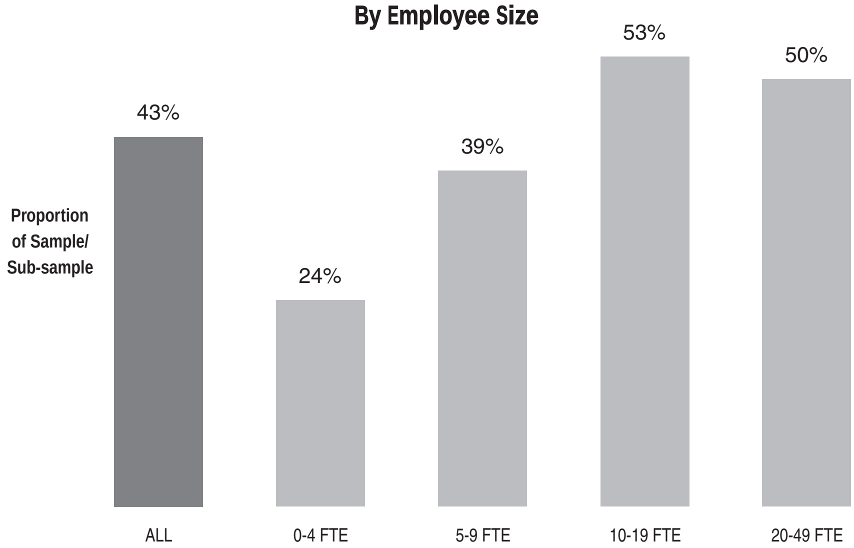


Fig 3 - PROPORTION OF BUSINESS FROM 'REPEAT SALES'
Firms Achieving More Than 75% Of Sales T/O This Way:
By Employee Size



Have larger firms more sucessfully exploited the available market ?

these two main factors accounted for 80-85% of all responses, suggesting that respondent firms were serious about targeting their products and services at potential customers.

Also, it was noticeable that women respondents were almost twice as likely as their male counterparts (33% against 18%) to claim 'Unique features' as their strongest selling point.

Customer Reliance

Obviously, all firms hope that satisfied customers will return to them with 'repeat business' (defined here as exisiting customers repeatedly buying basically similar products or services). Against that is the fear of the excessive dependency which can result when, say, half of the business comes from just a small handful of customers. Thus the issue was explored in some depth.

First, the topic of 'Repeat sales' was investigated by asking respondents what proportion of their sales came from existing customers repeatedly buying their products or services. The results here were quite staggering as is evident from **Figure 2**. For most of the respondents, over half of their business came from existing customers. This response was given by 90% of manufacturing firms, 70% of business services firms and 60% of retail/distribution firms.

Figure 3 shows the variation with firm employee size here, but in this case for firms obtaining 76-100% of their business repeatedly from existing customers. There is a clear link with firm size. This degree of reliance upon loyal customers ranged from around a quarter (24%) for firms in the smallest size tranche (0-4 full-time equivalent employees) up to around half (50-53%) in firms with 10-19 or 20-49 employees.

Fig 4 - PROPORTION OF BUSINESS FROM 'REPEAT SALES' Firms Achieving More Than Half Of Sales T/O This Way: By Respondent Age

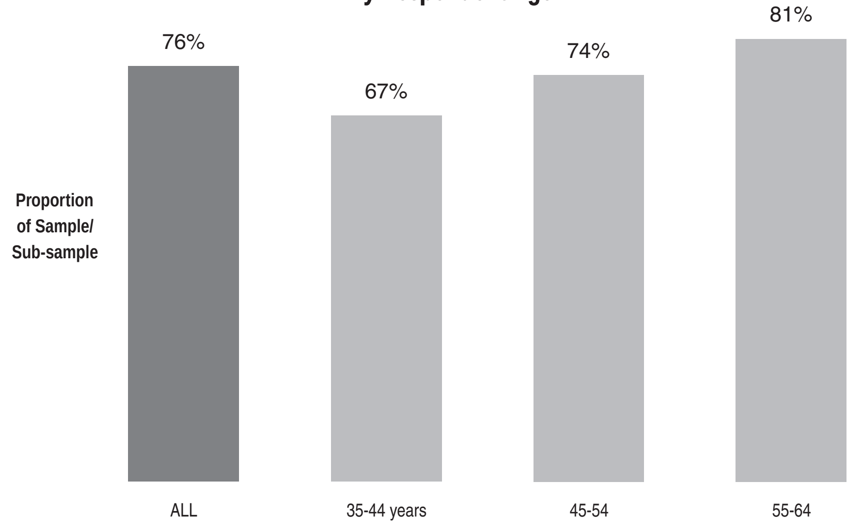


Figure 4 suggests a similar relationship between the reliance upon loyal customers and the age of respondent. For the 55-64 age group, 81% obtain over half of their business repeatedly from existing customers (NB the age bands for 25-34 and 65 plus contained only a relatively small number of respondents and have been omitted). This would appear to hint at the importance of personal relationships which can be assumed to increase in both number and quality over time.

These findings indicate that, even in these days of supposedly cut-throat competition, there are often islands of relative calm where small firms give customer satisfaction and happy customers return with repeat business.

Width of Customer Base

The survey also probed the width of the customer base. For instance, two different firms might both get, say, half of their

Over a third of the firms surveyed appear to depend heavily upon a small customer base

Fig 5 - PROPORTION OF SALES FROM 5 LARGEST CUSTOMERS

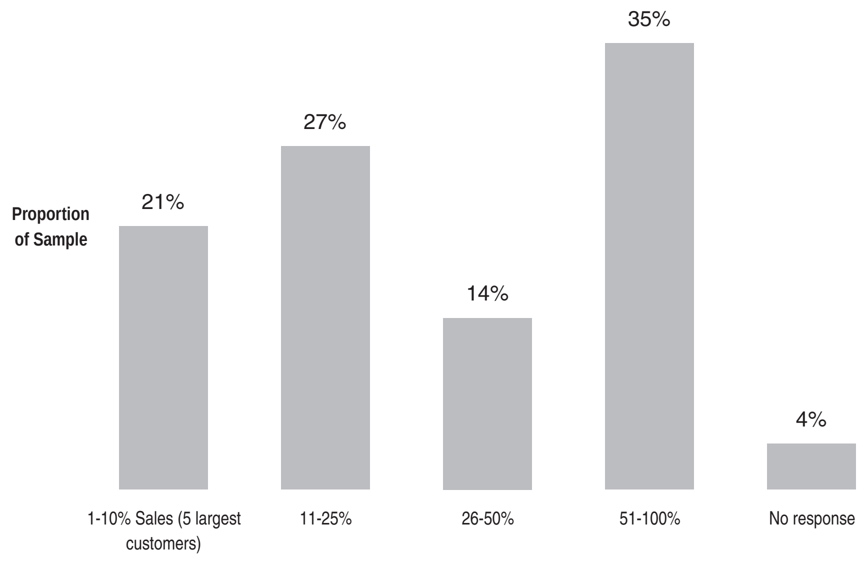
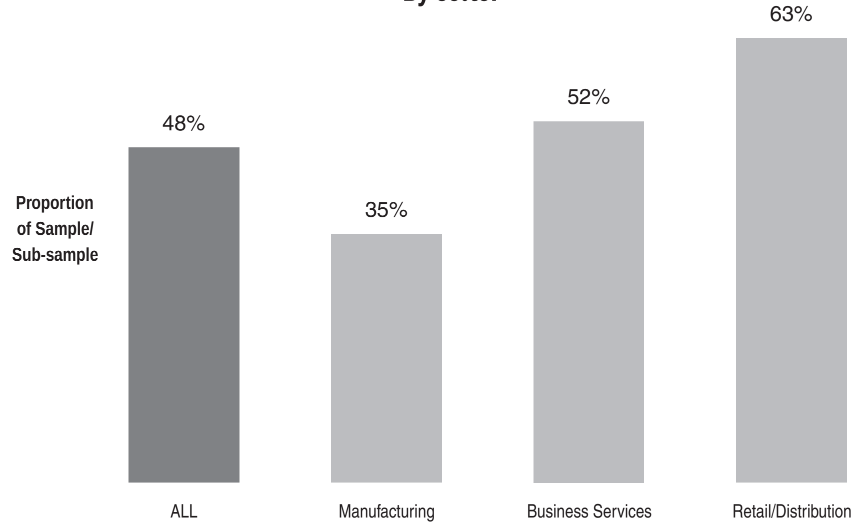


Fig 6 - PROPORTION OF SALES FROM 5 LARGEST CUSTOMERS
Firms Achieving 1-25% Of Sales T/O This Way:
By Sector

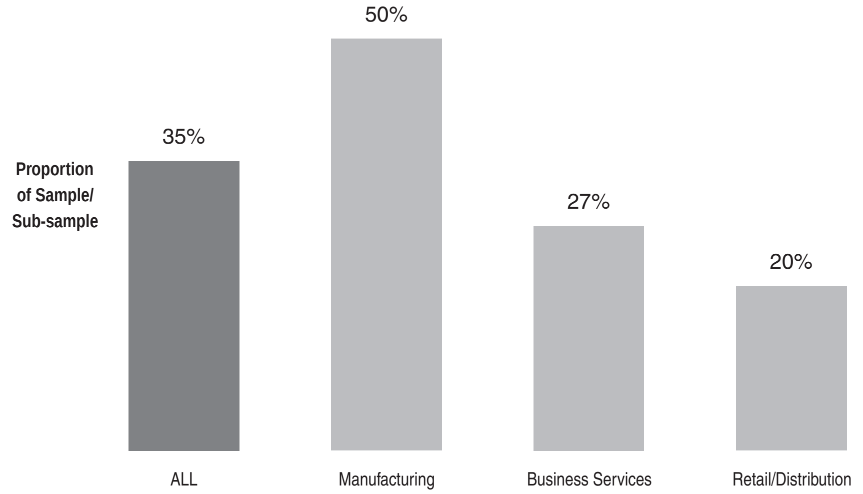


Manufacturers, although often larger, were found to have fewer customers to support them

business from repeat customers but, in one case, this repeat customer base might be a single customer, whereas, in the other, we might be talking of, perhaps a dozen or more customers. The benefits and economies of scale associated with powerful customers placing worthwhile repeat orders are obvious but so are the risks. Just a change of face in the buying department of a customer firm can lead to an order stream drying up.

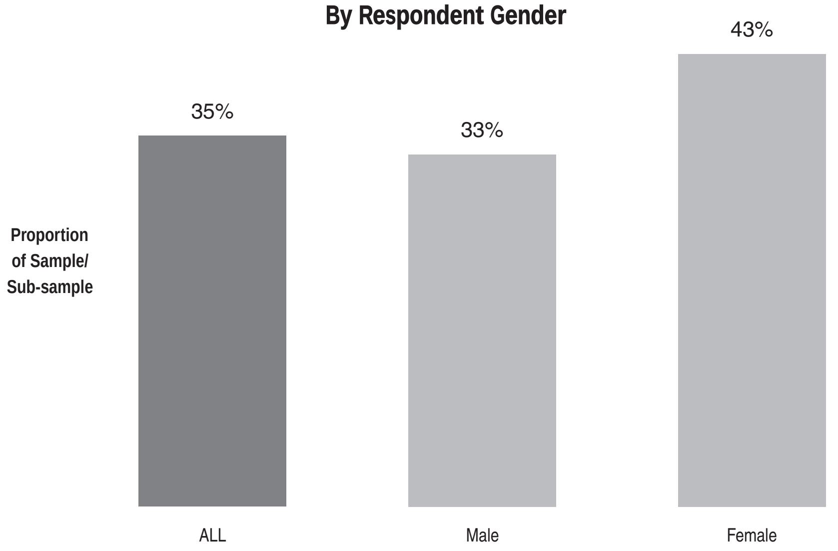
Figure 5 indicates the share of business that came from respondents' five most reliable customers (i.e., the five customers or clients who, when their total invoice values were combined, accounted for the largest proportion of annual sales turnover). There was a considerable spread here with 21% saying that their five main customers contributed only 1-10% of their sales. At the other end of the scale, 35% claimed that their five main customers made up over half (51-100%) of the order books.

Fig 7 - PROPORTION OF SALES FROM 5 LARGEST CUSTOMERS
Firms Achieving More Than Half Of Sales T/O This Way:
By Sector



Female respondent firms found to be more reliant upon a small customer base

Fig 8 - PROPORTION OF SALES FROM 5 LARGEST CUSTOMERS
Firms Achieving More Than Half Of Sales T/O This Way:
By Respondent Gender



Figures 6 and 7 illustrate very distinct sector differences here. **Figure 6** shows that almost two-thirds (63%) of firms from the retail/distribution sector claimed that their five main customers gave them no more than one quarter of their total invoiced sales. And in **Figure 7**, half (50%) of the manufacturing respondents claimed to obtain between 51-100% of their business from their five main clients.

By combining the findings from Figure 2 (earlier) with Figure 7, there appears to be a continuum whereby manufacturing firms rely heavily upon repeat business from a small core of customers. At the opposite end of the continuum, retail/distribution firms are the least dependent upon core customers or repeat business.

Figure 8 indicates that female-owned businesses were more likely than their male counterparts to be reliant on a small core of

Fig 9 - PROPORTION OF SALES FROM 5 LARGEST CUSTOMERS
Firms Achieving More Than Half Of Sales T/O This Way:
By Employee Size

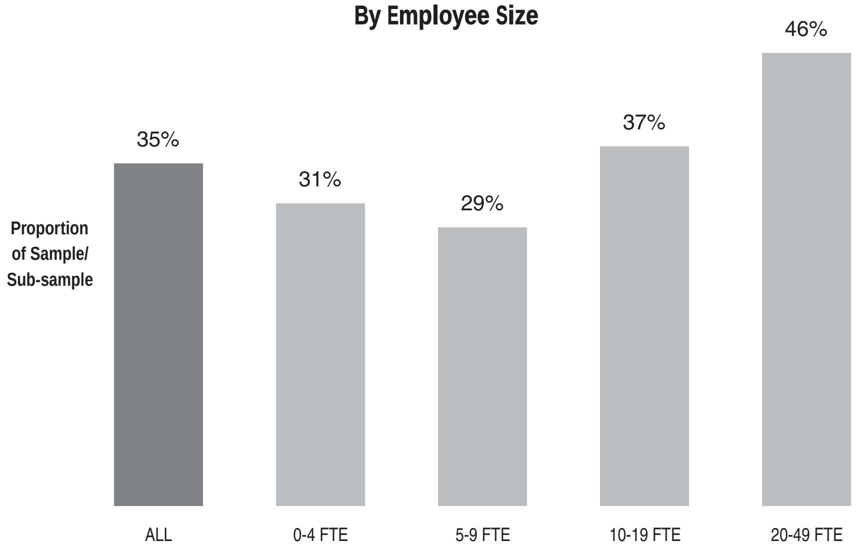
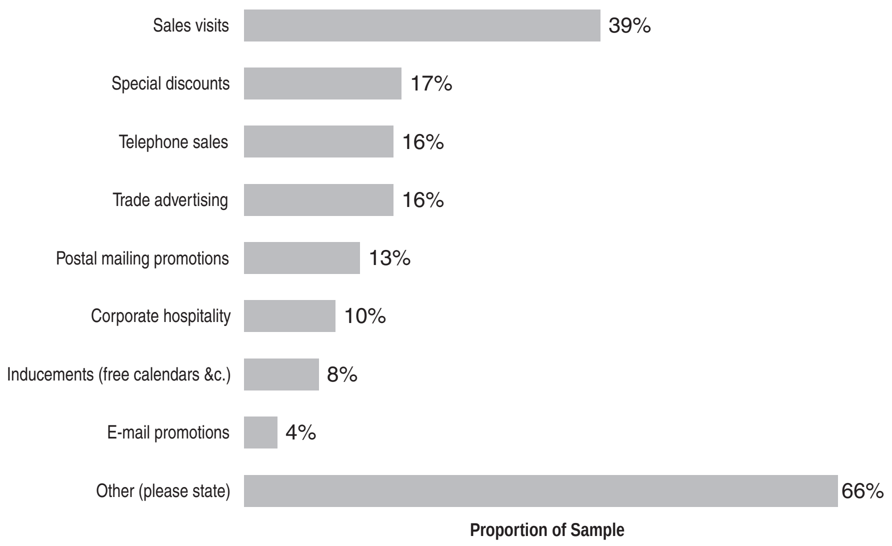


Fig 10 - MAIN TACTICS FOR KEEPING CUSTOMERS



'Sales visits' - a traditional method - commonly used to help keep customers

customers. This ties in with the earlier observation that they relied upon product 'uniqueness' as their strongest product/ service selling point.

Figure 9 again highlights the fact that the larger firms in the sample were likely to have built a core of repeat business customers. For firms reliant on their 5 main customers for over half their business, the proportion rose from 31% for firms in the 0-4 employee category to 46% for those in the 20-49 employee category.

Tactics for Retaining Existing Customers

Given the importance of retaining existing customers, respondents were asked to identify their strategies for keeping them. **Figure 10** demonstrates that 'Sales visits' came up most regularly amongst stated reasons, followed by 'Special discounts', 'Telephone sales', 'Trade advertising' and 'Postal mail promotions'. The 'Other' category, however, accounted for two-thirds of the responses. A separate analysis of these revealed that 'Service' topped the list, followed by 'Quality' and then 'Personal contacts'. Specific examples also included:

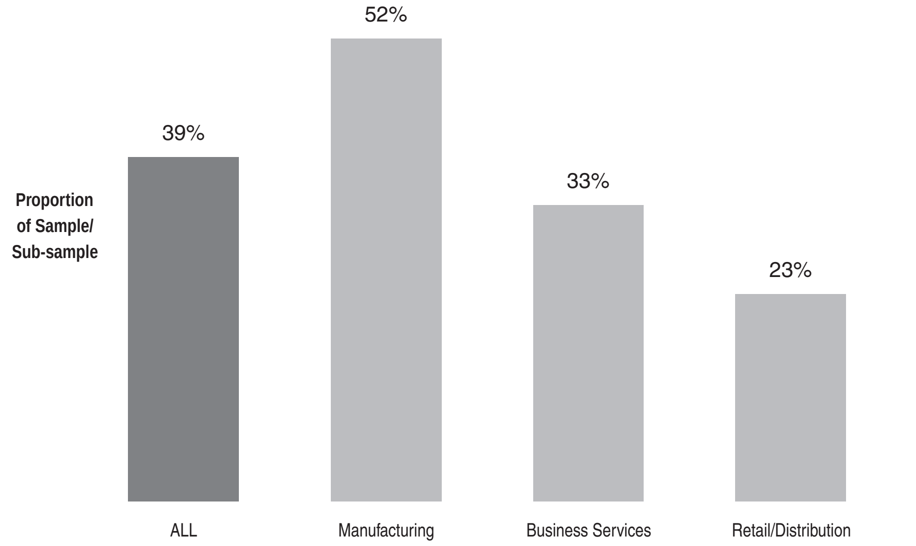
- Attractive display incentives
- Consistent quality service and value for money
- Exhibitions
- Flexibility
- Giving a good economic service
- Good service and efficiency
- Key account management
- Maintaining good service and close relationship
- Product development; After-sales service and support
- Professional integrity

Some greater preference for male respondents to choose 'Sales visits', as opposed to females, was at least partly explained by the fact that male owner-managed businesses favouring this option were typically larger (23 FTE employees on average, in contrast to 13 FTE employees for the females). The argument being that a larger business might be better able to bear the overhead of a sales person and ongoing costs than another employing say half as many people. It was also noted that female respondents appeared to favour 'Special discounts' (24%) more than their male counterparts (16%).

Elaborating further, comments made here included the following:

Retail/distribution businesses are often smaller, and thus less able to afford frequent sales visits ?

Fig 11 - MAIN TACTICS FOR KEEPING CUSTOMERS
Respondents Selecting 'Sales Visits': By Sector



"Every contact with existing and potential clients should be seen as a marketing opportunity." (Chartered Accountants)

"Profile is more important than quality of service. I sometimes feel that it's not what you know but who you know." (Architects)

"We all need people with specialist sales and marketing skills but all staff who have contact with clients should be trained in good customer service skills." (Recruitment Specialists)

"Know your customer and sell them the goods that they require at a 'good value' price. Do not try to impose your taste on your customer. They should feel they have obtained good value from you. They will then want to return." (Hardware and Pet Retailers)

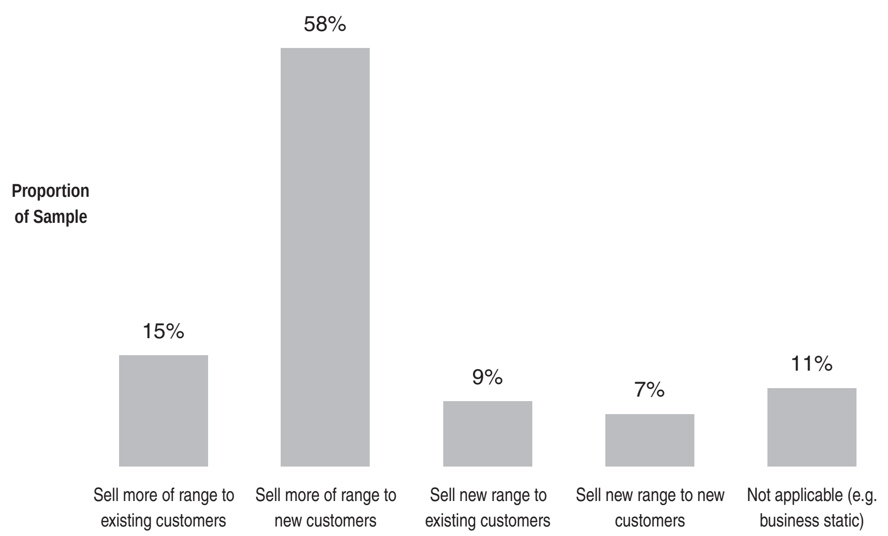
Figure 11 looks at the most frequently cited tactic - 'Sales visits - and conducts a breakdown by sector. As can be seen, firms from the manufacturing sector invested very heavily in this strategy (52%), compared with business services (33%) and then retail/distribution (23%). Interestingly, it appears that the manufacturers are more likely than their counterparts in other sectors to be involved in exporting to Europe and some were encountering problems there. Clearly, though, some of the businesses in the sample are aimed at local markets only (for instance, smaller retail outlets). Amongst the comments made were:

"Ninety per cent of our production goes for export. World trade is falling and the weak Euro is causing difficulties in trying to maintain export sales." (Reproduction Furniture Manufacturer)

"We need to do business in Europe. The strong pound is killing us." (Grain Silo and Water Tower Manufacturer)

"Ever increasing red tape is a killer. We rely on sales agents abroad and most of these are too old and slow to change. They will not try different markets." (Advertising Calendar Manufacturer)

Fig 12 - GREATEST OPPORTUNITY FOR BUSINESS GROWTH



Strategies for Further Growth

Respondents were asked which one of the options facing them offered the best prospects for an expansion of their current order books (**Figure 12**). Four basic options were suggested, comprising the sale of new or existing products or services to new or existing customers. The options actually comprised a matrix of opportunities (**Figure 13**), with possibly the riskiest strategy residing in the targeting of ***new products or services*** at ***new customers***. However, far and away the strongest supported option was that of finding 'new customers' for existing products or services (58% of respondents). Related comments included:

> *"Personal recommendation from existing customers is the key to growth in a highly competitive and mature market." (Self-Adhesive Label Manufacturers)*

Fig 13 - GREATEST OPPORTUNITY FOR BUSINESS GROWTH (Matrix)

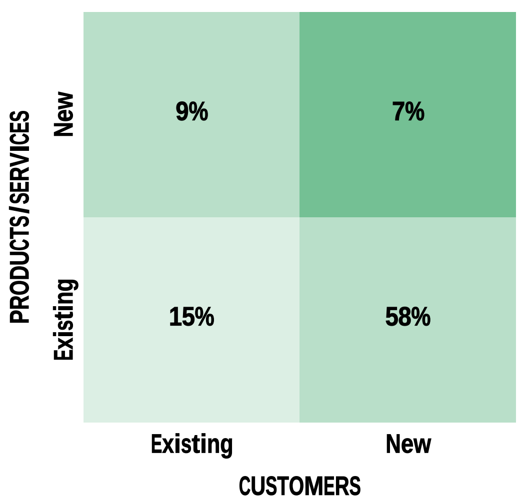
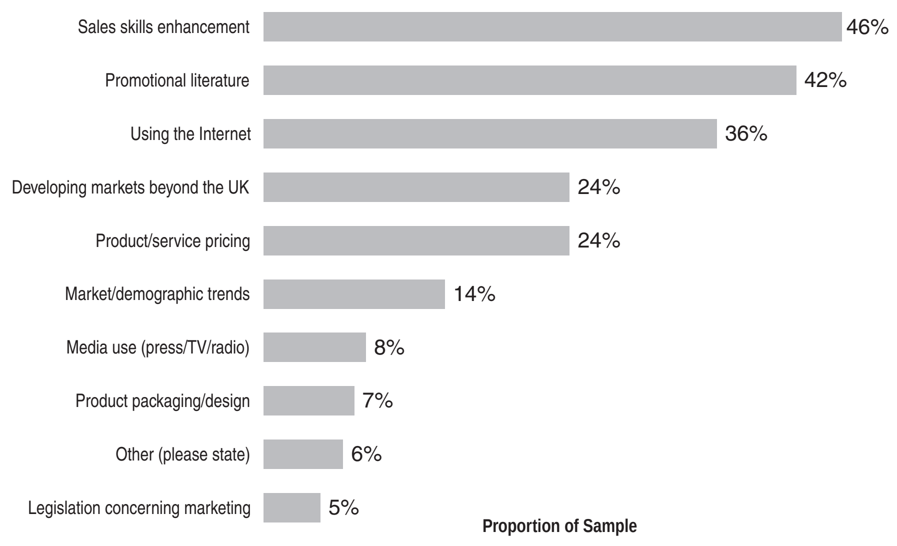


Fig 14 - SCOPE FOR ACQUIRING FURTHER SKILLS & KNOWLEDGE



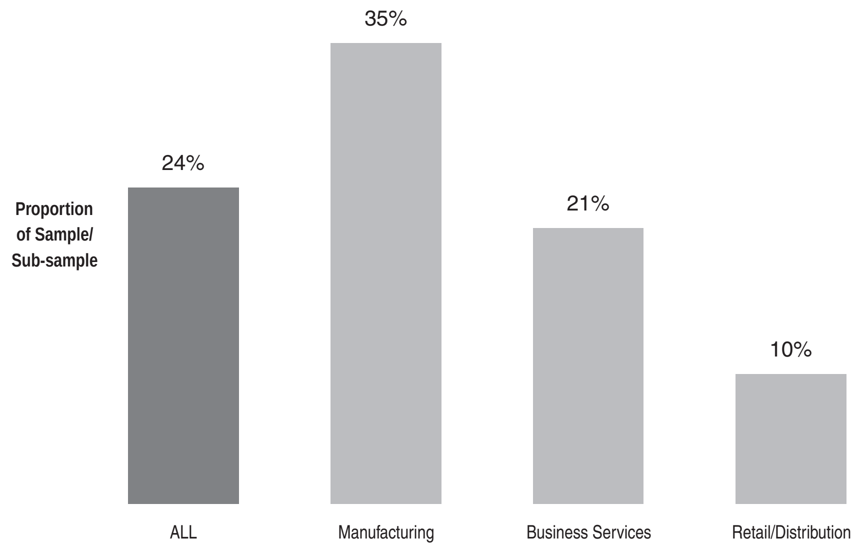
"Most commissions are by recommendation." (Chartered Civil Engineers)

"People do not buy on price." (Commercial Cleaning Services)

"Our marketing and sales activities are being hampered by debt recovery from previous orders. The late payment problem has not been effectively dealt with and it is astonishing to experience at first hand the cavalier and independent attitude that exists between buying and accounts departments within the same organisation." (Textile Marketers)

"The challenge is to sell the benefits of company skills and expertise to secure the necessary premium pricing." (Computer System Re-seller)

Fig 15 - SCOPE FOR ACQUIRING FURTHER SKILLS & KNOWLEDGE
Respondents Noting 'Developing Markets Beyond UK': By Sector



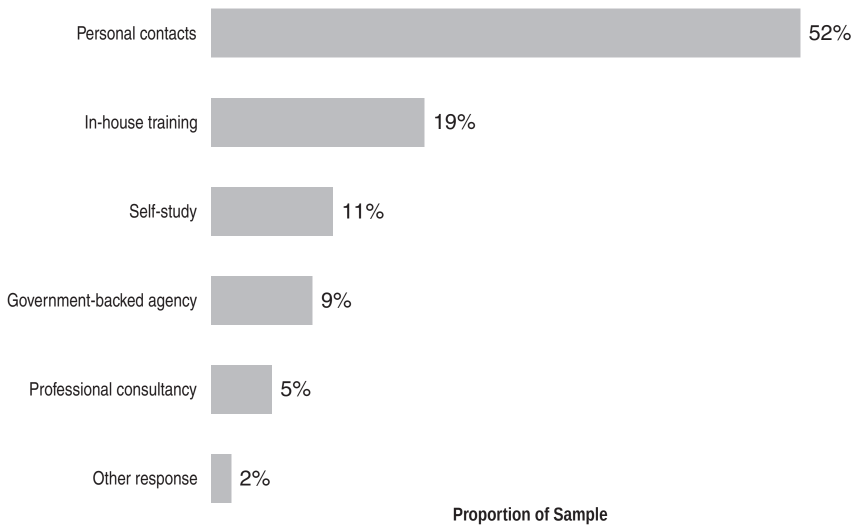


Fig 16 - SOURCE BRINGING GREATEST BENEFIT TO MARKETING & SALES EFFORT

"Internet selling will bring about the ultimate destruction of the retail trade as we know it and thus irrevocably diminish customer choice." (Domestic Furnishings and Lighting Retailer)

"For us, 'word of mouth' advertising is the best way of getting new customers." (International Freight Forwarding Services)

"Our problem is the lack of management time to spend on sales and marketing. We are always diverted from these activities by order fulfilment and other 'fire-fighting'." (Office Supplies & Printing)

New Skills Required

When respondents were asked to identify the improvements that would most benefit their marketing and sales development, they selected 'Sales skills enhancement' most frequently (46%), followed by improved promotional literature, 'Using the Internet', 'Developing markets outside the UK' and 'product/service pricing' (**Figure 14**). There was a similar demand for learning about 'Using the Internet' amongst both younger **and** older respondents, ranging from 27%-33% for those aged between 35 and 64.

Figure 15 shows a sector breakdown, where manufacturing firms – by a large margin – were the most alert in the field of exporting to non-UK markets.

Sources of Success

For **Figure 16**, respondents were asked to indicate which one of a range of sources had brought the greatest overall sales and marketing benefit to their businesses. 'Personal contacts' emerged most strongly (52%), followed by 'In-house training' and 'Self-study, with 'Government-backed agencies' lagging some way behind (9%).

RESPONDENTS' COMMENTS

These commence on p.18

Lloyds TSB The Small Business Research Trust

REFERENCES: MARKETING & SALES

The following references are offered as an aid to readers interested in seeking further information via the world-wide-web. The coverage is not intended to be definitive, and inclusion here should not necessarily imply either agreement or disagreement with the views expressed via these sources.

Special care should also be taken with material obtained from **outside** the UK, for example, the USA, where different legal issues may apply. N.B. Some pages may contain links to other WWW pages offering related material.

- **BBC Education Online: 'Customer care'**
  Training in keyskills for different sectors and industries from BBC Work: "Customer service is becoming increasingly important. Pam Jones, a specialist in performance management, explains why and offers some tips to help you improve your customer care."
  (http://www.bbc.co.uk/education/work/training/customercare/index.shtml)

- **Biz/ed**
  "Biz/ed is a unique business and economics service for students, teachers and lecturers". E.g. MBA material can be found under 'Learning Materials': Internet Learning Materials for MBA Students (Funded by the Foundation for Management Education). The 'Marketing' element (http://www.bized.ac.uk/fme/4.htm), includes sections on:
  - Marketing Journals
  - Consumer Buying Behaviour
  - Marketing Research
  - Product Development and Innovation
  - Marketing Communications (inc. Advertising Standards Authority)
  - Electronic Marketing
  - Case Studies (European Case Clearing House; plus larger firm examples)
  (http://www.bized.ac.uk/)

- **Business Link / Small Business Service**
  "If you run a small business in the United Kingdom or you are thinking about starting one up - then this website is for you. Whatever stage your firm has reached, we have information and facilities here that will help your firm to prosper and grow. This website is provided by the Small Business Service - an agency of the UK Government. You can also get advice and information from our Contact Centre and from our network of local providers." The site offers information about a variety of business topics, specifically on Sales and Marketing:
  - finding, winning and keeping profitable customers
  - developing your business by launching new products, entering new markets and starting to export
  - planning and using a wide variety of marketing communications, including advertising and PR, direct mail, and, of course, the Internet
  - making use of information about your competitors
  - learning about new market and industry sectors.
  (http://www.businesslink.org)

- **Direct Marketing Association (DMA)**
  Information about restrictions on telephone, fax and mailing marketing in the UK (e.g. the Facsimile Preference Service): "Under Government legislation introduced on 1 May 1999 it is unlawful to send an unsolicited sales and marketing fax to an individual (which includes consumers, sole traders and except in Scotland partnerships) without their prior consent. Under the same legislation businesses now have the opportunity to register fax numbers on which they do not wish to receive direct marketing messages".
  (http://www.dma.org.uk)

- **Entrepreneurial Edge (USA)**
  "The Edward Lowe Foundation is a not-for-profit organization dedicated to championing the entrepreneurial spirit. The Foundation provides services and peer-learning opportunities for emerging-growth entrepreneurs and all who serve them." Has a searchable Digital Library and a 'Business Builders' key sections. One covers 'Customers', with sub-sections on:
  - Advertising
  - Customer Relationship Management
  - Customer Satisfaction
  - Marketing
  - Pricing
  - Public Relations
  - Sales
  - Service Plan
  (http://edge.lowe.org)

- **FT.com / The Financial Times**
  Source of market information. "FT.com's TotalSearch gives you access to more than 10 million free newspaper and magazine articles alongside results culled from leading online news sources... TotalSearch provides a one-stop shop for searching the news, web and archives for business information."
  (http://www.ft.com/search/home/)

- **Inc. Magazine (USA)**
  "Inc magazine online has small business resources to help you and your business grow. Search our site for business advice and small business resources." Under 'Growing Your Business' includes sections on 'marketing & advertising' and 'sales'.
  (http://www.inc.com/)

- **Strategis: Canada's Business and Consumer site**
  This is offered as an example of the freely-available market information accessible via the Internet, compiled by arguably authoritative sources, that English-speaking SME owners elsewhere might find of benefit, too. "Strategis is produced by Industry Canada a department of the Federal government ... The department's mission is to work with Canadians to build a growing competitive, knowledge-based economy. Industry Canada hopes to improve conditions for investment, enhance Canada's innovation performance, help make Canada the most connected nation in the world, increase Canada's share of global trade, and build a fair, efficient and competitive marketplace. Strategis was launched on March 27, 1996 in order to harness the power of the Internet to provide business and consumer information to all Canadians without the constraints of time and geography."
  (http://strategis.ic.gc.ca)

- **TEC Gateway for Training & Enterprise Councils in England & Wales**
  "The UKs Training and Enterprise Councils Domain (TEC) home page. For information relating to all the regional Training and Enterprise Councils in England & Wales, including an A-Z listing, Geographical index and information relating to all UK TECs, including TEC National Council Information."
  (http://www.tec.co.uk/index.html)

- **University for Industry (Ufi)**
  "Ufi is taking forward the Government's vision of a 'University for Industry', by stimulating and meeting demand for lifelong learning among businesses and individuals." Also has a page with useful WWW links concerning learning/ training/education and funding possibilities.
  (http://www.ufiltd.co.uk/)

MANUFACTURING

Advertising Calendar Manufacturer	*"Ever increasing Red Tape. Most agents [are] too old and slow to change. Agents will not try different markets."*
Grain Silos & Water Tanks	*"[We] need to do business in Euro - currency [exchange] rate of Pound is killing business."*
Lamination of Coasters, Placemats etc.	*"Your previous quarterly survey said it all ! [**Government & Regulations**, April 2001] While confident about my marketing and sales skills, I would have more time to use them were it not for the burden of regulation !"*
Printers	*"Sustained downward pressure on margins can only be of short-term benefit to consumers. In due course there will be a lack of investment resulting in serious problems for industry and the economy."*
Printing, Graphic Design, Copy Service	*"Marketing and sales needs good salesmanship, this [is] not a science ! In the service industry one has to sell the benefits. A client has to benefit and these days price is even more important than it used to be !"*
Reproduction Furniture	*"Export = 95% of [our] production. World trade is falling, that and [the] low Euro is causing difficulty to maintain export sales."*
Self-adhesive Label Printers	*"Personal recommendation from existing customers is key to growth in [a] highly competitive and mature market."*

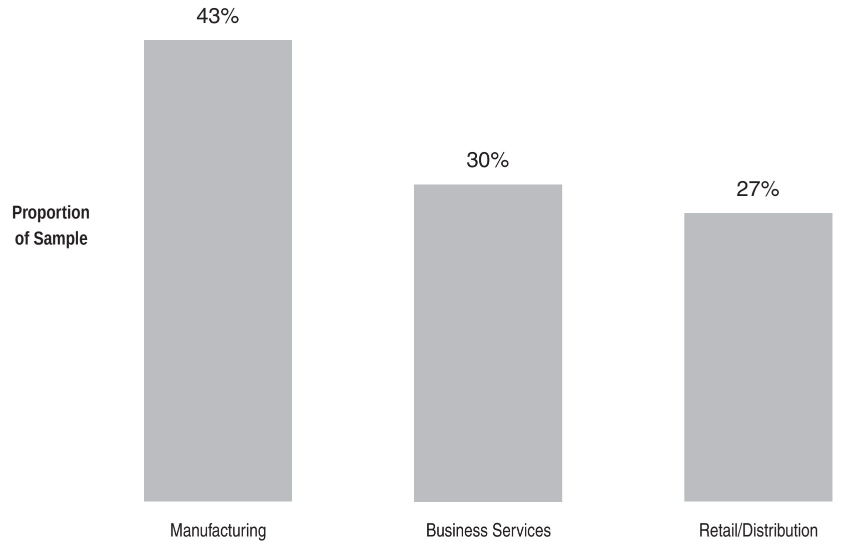
BUSINESS SERVICES

Accountancy, Audit, Tax & Management Consultancy	*"Each business should promote itself and its products positively and back up its services or products with no less than full and total commitment to the customer."*
Architect	*"Profile is more important than quality of service. I sometimes feel it's not what you know - but who you know."*
Audit Accountancy and Taxation	*"Very few people understand the lead time associated with marketing. Those who do appreciate that grant assistance is vital !"*
Chartered Accountants	*"Every contact within existing and potential clients should be a marketing opportunity."*
Chartered Civil Engineer	*"I am an independent engineering consultant, most commissions are by recommendation."*
Commercial Cleaning	*"People do not buy on price !"*
Ergonomics & Vehicle Safety Research	*"It's hard to sell professional services of unconventional nature."*
International Freight Forwarding Services	*"For us, 'word of mouth' advertising is the best way of getting new customers."*
Recruitment - Contract & Permanent	*"We all need people with specialist sales/marketing skills but all staff who have contacts with clients should be trained in good customer service skills."*
Software House	*"We have been unable to find any marketing that: a) appears to understand our product/customers, b) is effective, and, c) bears some relationship to our product/services."*
Tax and VAT Advice	*"I have yet to be convinced that the government agencies understand fully the importance to small businesses of increasing the customer base. [There are] Too many civil servants who have *no* experience of business."*
Textile Marketing	*"Our marketing and sales activities are being hampered by debt recovery from previous orders. The late payment problem has not been effectively dealt with and it is astonishing to experience at first hand the cavalier and independent attitude that exists between the buying and accounts departments within the same organisation. When margins are increasingly under pressure financial returns have to be judges upon a client's payment performance. …"*

RETAIL AND DISTRIBUTION

Computer System Reseller	*"[The] Challenge is to sell the benefits of company skills and expertise to secure necessary premium pricing."*
Domestic Furnishings & Lighting	*"Internet selling will bring about the ultimate destruction of the retail trade as we know it and thus irrevocably diminish customer choice."*
Gallery and Crafts	*"Keep the government off the backs of small businesses, i.e., Red Tape."*
Hardware and Pet Store	*"Know your customer, sell them the goods they require at a **value** price. Do not try to impose your taste on to your customer. They should feel that they have obtained good value from you. They will then **want** to return."*
Importing of Speciality Foods	*"As we supply 'one-label' products, the only aspect of marketing which we can determine is product sourcing - new products/packaging; all other aspects of marketing are left to clients. Frankly, I wouldn't let a 'government help' agency within 100 miles of this business."*
Office Supplies & Printing	*"Our barrier to growth is the lack of management time to spend on sales and marketing - we are always diverted from these activities by order fulfillment and other 'fire-fighting'."*
Sales & Support of Computer Software	*"The 'Competition Act' is too risky to use against unfair practices of very large competitors."*
Tank Container Haulage	*"Fuel tax [is] too high in UK. We are not competitive with rest of EEC."*

Fig 17 - PROFILE OF SAMPLE
Respondents By Industrial Sector



APPENDIX 1 - ADDITIONAL INFORMATION

As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector** and **employee size** are those most frequently used as they are reasonably reliable indicators and less prone to misinterpretation. Other variables have also included **region**, **sales growth**, **respondent age** and **sex**.

Industrial sectors – based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. From 1996 onwards, firms falling outside these 3

Fig 18 - PROFILE OF SAMPLE
Respondents By Region

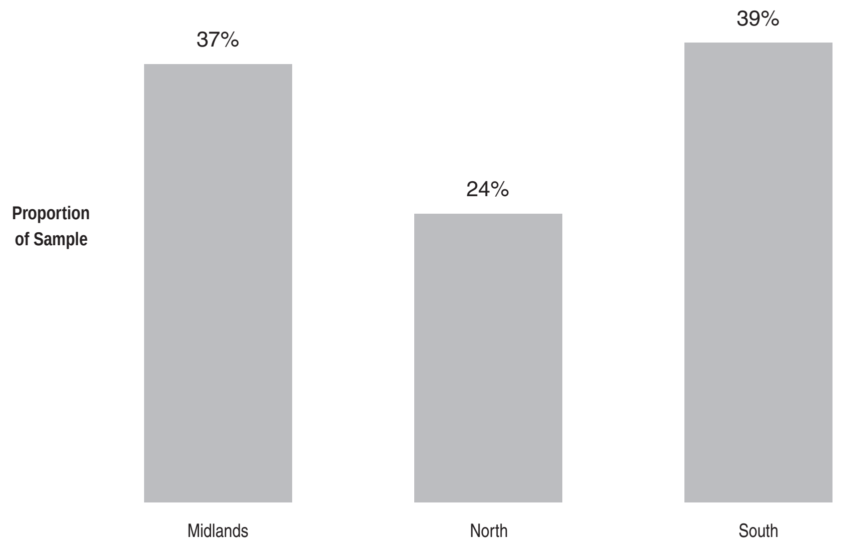
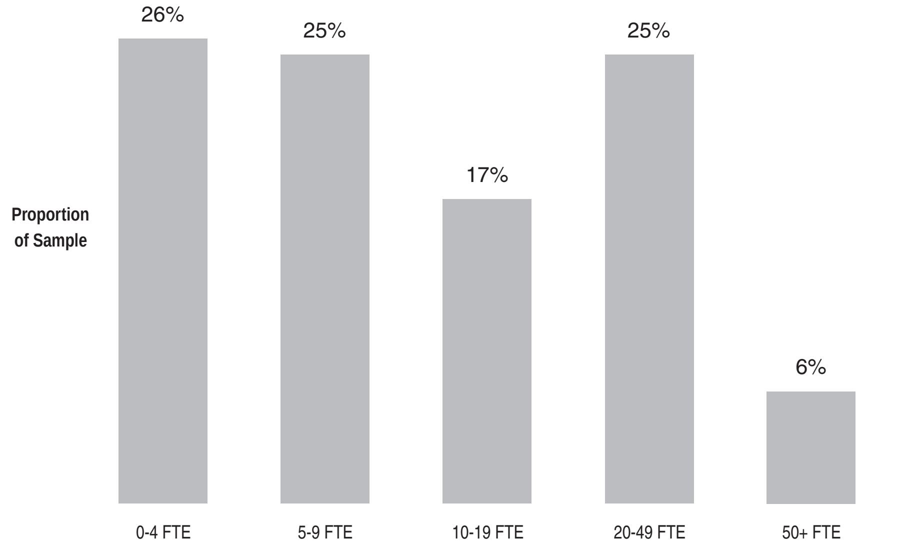


Fig 19 - PROFILE OF SAMPLE
Respondents By Employee Size



bands – previously classified as 'other' – are now allocated to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the **sectoral** and **regional** analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Figure axes/scales (histograms) - each figure uses a linear scale, with reference to a common zero axis, e.g. running horizontally across the bottom of each column, as in the figure above.

Distribution of firms

The highest proportion of respondents is in manufacturing (43%, previously 42%), followed by business services (30%, see **Figure 17**). Previously, the samples have contained the largest proportion of firms in business services, but the composition has shifted slightly due to the introduction of additional respondents to the sample late 1998, and again, mid-1999.

In this survey, the Southern region has the largest representation, with 39% of the sample's respondents (previously 37%, see also **Figure 18**).

Historically, the manufacturing and business services firms in the samples have tended to be larger, in terms of employees, whereas the firms in retailing/ distribution have had fewer full-time equivalent employees. Likewise, the sample has been biased towards the smaller businesses, but since 1999 there has been an increase in the 20-49 FTE firms (**Figure 19**).

As on previous occasions, the sample is predominantly male (81%).

SMALL BUSINESS RESEARCH TRUST

Quarterly Small Business Management Report No.33

Sponsored by Lloyds TSB

This questionnaire will take approximately 5-10 minutes to complete – most answers require only a single tick. All information received will be treated in complete confidence. ***PLEASE DESPATCH AS SOON AS POSSIBLE.***

MANAGEMENT ISSUE: Marketing & Sales

1 **a) Please indicate the number of people working in your business (including yourself):**

Full-time.. : _______ A

Part-time (16 hours/wk or less).................. : _______ B

b) Your age last birthday:

16-24 years.. ❑ A

25-34.. ❑ B

35-44.. ❑ C

45-54.. ❑ D

55-64.. ❑ E

65 or over.. ❑ F

c) Your gender:

Male... ❑ M

Female... ❑ F

2 **Competitive advantage – Please identify which one of the following is felt to represent your business's strongest selling point:**

Just ONE ✓ only

Convenience... ❑ A

OR Unique feature/s .... ❑ B

OR Lower cost .... ❑ C

OR Tailored services or products................................ ❑ D

3 **'Repeat sales' – What proportion of your sales would you estimate comes from existing customers repeatedly buying basically similar products or services:**

Just ONE ✓ only

1 to 25 % of annual turnover................................. ❑ A

OR 26% to 50% .... ❑ B

OR 51% to 75% .... ❑ C

OR 76% to 100% .... ❑ D

4 **Retaining customers – What are your main tactics for keeping existing customers ?**

✓ Against all which apply

Corporate hospitality... ❑ A

E-mail promotions... ❑ B

Inducements, e.g., free calendars, calculators, etc. ❑ C

Postal mailing promotions..................................... ❑ D

Sales visits.. ❑ E

Special discounts... ❑ F

Telephone sales .... ❑ G

Trade advertising, e.g. trade magazines .... ❑ H

Other (please state)________________________ ❑ I

5 **Customer base dependency – What proportion of your annual sales do you estimate is derived from the 5 customers placing the largest combined invoice value p.a. ?**

Just ONE ✓ only

1% to 10% of sales from 5 'largest' customers....... ❑ A
OR 11% to 25% ❑ B
OR 26% to 50% ❑ C
OR 51% to 100% ❑ D

6 **Opportunities for business growth – Which one of the following basic options do you feel offers the greatest opportunity for growth in your business:**

Just ONE ✓ only

Sell more of the current products/services to the existing customers ❑ A
OR Sell more of the current products/services to new customers ❑ B
OR Sell new products/services to existing customers ❑ C
OR Sell new products/services to new customers ❑ D
OR Not applicable - e.g. the business seems to be fairly static or very slow in changing ❑ E

7 **Marketing and sales development – In which of the following areas do you think some further knowledge and skills would most benefit your business:**

✓ Against all which apply

Developing markets beyond the UK ❑ A
Legislation concerning marketing (e.g. telesales)... ❑ B
Market/demographic trends ❑ C
Media use (press/TV/radio) ❑ D
Product packaging/design ❑ E
Product/service pricing ❑ F
Promotional literature ❑ G
Sales skills enhancement ❑ H
Using the Internet ❑ I
Other (please state) ______________________ ❑ J

8 **Marketing and sales support – Which one of the following types of sources has brought the greatest overall benefit to your business:**

Just ONE ✓ only

Government-backed agency (e.g. a local TEC)...... ❑ A
OR In-house training ❑ B
OR Personal contacts (e.g. friends, franchisor, etc.) .... ❑ C
OR Professional consultancy ❑ D
OR Self-study (e.g. distance learning) ❑ E

9 **'Marketing & Sales' – If you have any strong views about the topic, especially if you feel that any aspect is not fully appreciated by important sections of the business community (such as the government help agencies or the financial services sector), then please comment:**

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ISSN 0968 - 6444
SB/0701

Cover Design by Long Blue Cat

Printed by City Print