

# WEB.COM CONSUMER & SMALL BUSINESS PERCEPTION SURVEY

SEPTEMBER 10, 2013

# EXECUTIVE SUMMARY

Web.com commissioned a “dual-facing” national survey of consumers and small business decision-makers (SBDMs) to generate insights about how the personal relationships between consumers and small businesses extend into the online world and to determine if small businesses are taking advantage of the web and social media to build deeper connections with customers.

The online survey, fielded by Toluna Research from August 9-15, 2013, had 3,000 total respondents, out of whom 850 (28%) were SBDMs in organizations with fewer than 25 employees. The survey has a  $\pm 2.25\%$  to  $2.74\%$  margin of error at 95% confidence at the 3,000 “all respondent level” and a  $\pm 3.00\%$  to  $3.49\%$  margin of error at 95% confidence for the 850 SBDMs.

Several prominent themes emerged from the survey which are explored in this summary, including:

***Business is personal*** between consumers and small businesses. Consumers value the genuine face-to-face interaction they experience with small businesses and they have a strong desire to evolve that personal relationship in an online environment.

***There is a significant disconnect*** between consumers and SBDMs on what is important in regard to web and digital capabilities. Namely, SBDMs significantly overestimate their web and social media capabilities; in reality, they are not meeting consumers’ expectations.

***Consumers are inviting small businesses to deepen relationships on “e-Main Street,”*** where it’s not just a nearby physical location, but another dimension to reach and build loyalty with customers by maintaining intimate and personal connections online.

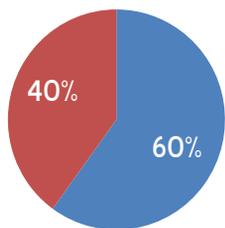
Small businesses that meet consumers’ expectations for these online and social media capabilities have a ***significant opportunity to drive preference for their business, thereby improving their bottom line.***

# WHO WAS SURVEYED

The Web.com Consumer and Small Business Perception Survey includes 3,000 consumers and SBDMs. The SBDM participants in the survey met three criteria: 1) Employed at a business with fewer than 25 employees; 2) Either the business' owner, operator, proprietor, partner or a senior executive; 3) Serve as the primary, sole or final business decision-maker, or be a significant participant or influencer in the decision-making process.

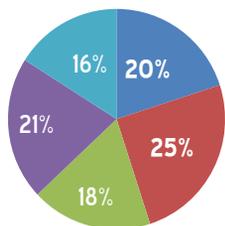
Below is a breakdown of the SBDM respondents only (850 respondents in total) based on age, gender, revenues, decision-making power and number of employees.

PROFILE OF RESPONDENTS BASED ON GENDER



FEMALES  
MALES

PROFILE OF RESPONDENTS BASED ON AGE



60+  
50-59  
40-49  
30-39  
UNDER 30

**62%**

Family Owned  
& Operated

**59%**

Majority of  
Customers Local  
(within 10 miles)

**45%**

"Brick & Mortar"  
Store or Office

**55%**

Home-Based  
Business

**29%**

Internet-Based  
Business

PROFILE OF RESPONDENTS BASED ON REVENUES

|                       |     |
|-----------------------|-----|
| Under \$100,000       | 47% |
| \$100,000 - \$499,000 | 22% |
| \$500,000 +           | 24% |
| N/A                   | 7%  |

PROFILE OF RESPONDENTS BASED ON DECISION-MAKING

|   |     |
|---|-----|
| Primary, Sole, Final Decision-Maker           | 53% |
| Shared, Significant, Influence Decision-Maker | 47% |

PROFILE OF RESPONDENTS BASED ON EMPLOYEES

|          |     |
|----------|-----|
| 1 (Self) | 33% |
| 2 - 4    | 27% |
| 5 - 9    | 21% |
| 10 - 24  | 19% |

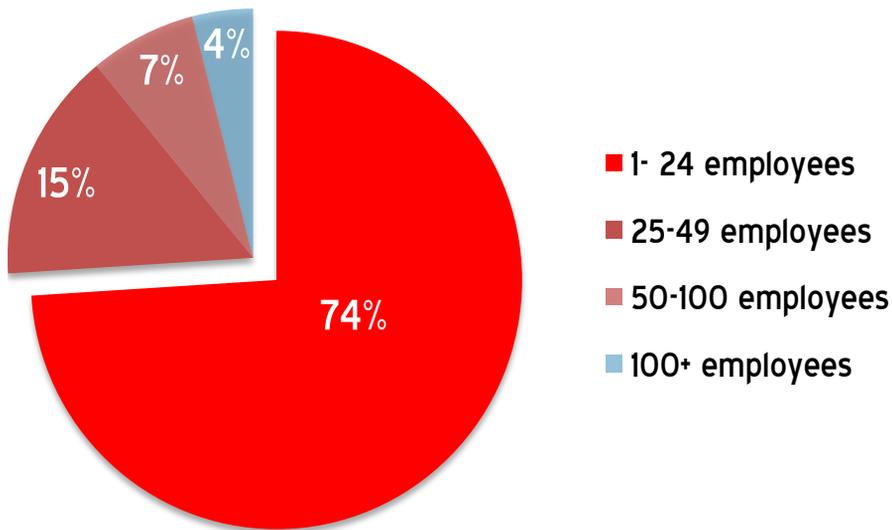
# HOW SMALL IS SMALL

## HOW TO DEFINE SMALL BUSINESS, REALLY.

The Small Business Administration defines a “small business” as having 500 employees or less. But to most consumers, a “small business” is much, much smaller.

### THE CONSUMER PERSPECTIVE

The overwhelming majority of consumers surveyed told Web.com that they consider a small businesses to have fewer than 25 employees, and only a single digit percentage of respondents placed small business employees at more than 100.



# RESULTS

## WHY DO CONSUMERS WANT TO WORK WITH SMALL BUSINESSES? IT'S PERSONAL.

Both consumers and SBDMs emphasize personal involvement, engagement and connection as the most important factors in choosing a small business instead of larger local businesses, national or regional chains or Internet-based businesses.

### WHAT MAKES SMALL BUSINESSES HIGHLY PERSONAL

#### Americans describe “small business” as:

| Small Business Characteristic              | Consumer | SBDM |
|--|----------|------|
| Customer service, customer focused         | 84%      | 79%  |
| Owner operated, committed, accountable     | 80%      | 87%  |
| Personal, intimate, human, face-to-face    | 79%      | 82%  |
| Responsive, friendly                       | 78%      | 85%  |
| Hands-on, direct                           | 77%      | 86%  |
| Local, close-by, convenient                | 76%      | 81%  |
| Easy to do business with                   | 73%      | 82%  |
| Ethical, honest, trusted                   | 73%      | 81%  |
| Family-owned, multi-generational           | 72%      | 69%  |
| Knows me and my needs                      | 72%      | 73%  |
| Reliable, consistent, there when need them | 72%      | 77%  |
| Entrepreneurial                            | 70%      | 75%  |

# RESULTS

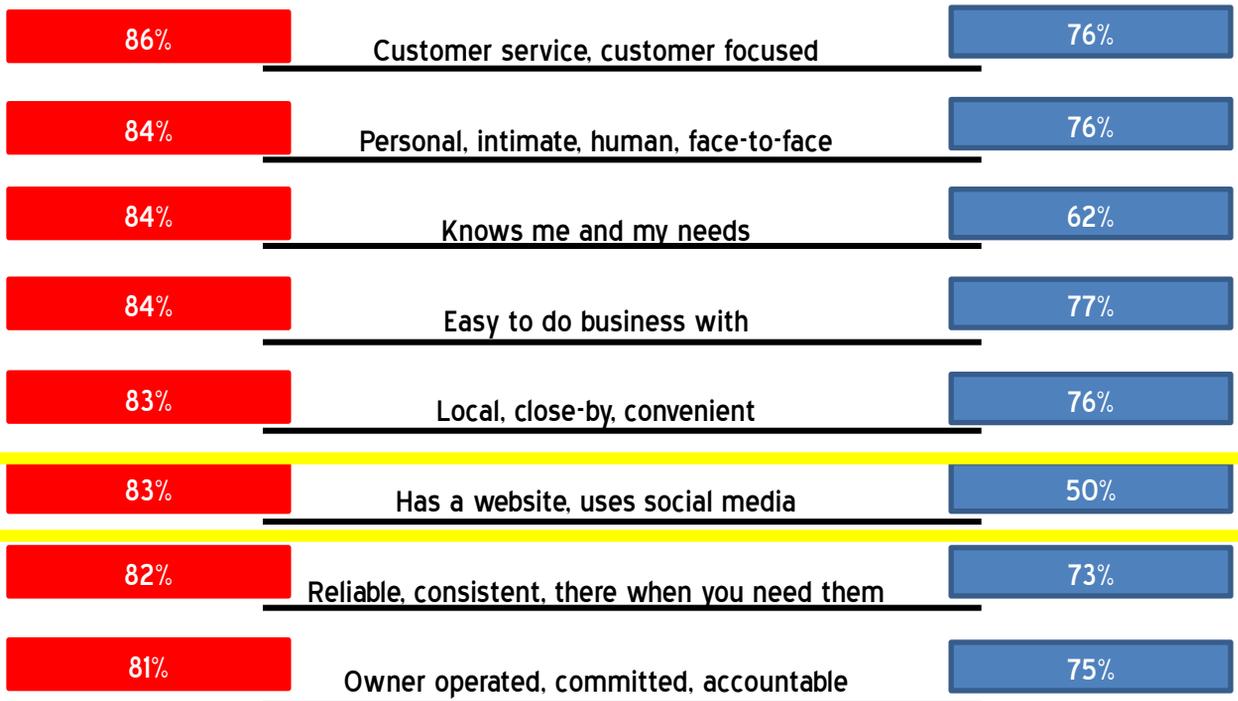
## ARE SMALL BUSINESSES MEETING EXPECTATIONS?

Overall, small businesses are meeting consumers' expectations when it comes to building strong, personal relationships with them. However there is one significant disconnect: small businesses websites and use of social media is well below what consumer expect (33% gap between importance and met expectations).

High importance in decision to choose small business over other types of business

Meets or exceeds my expectations on what's important to my choice of small business

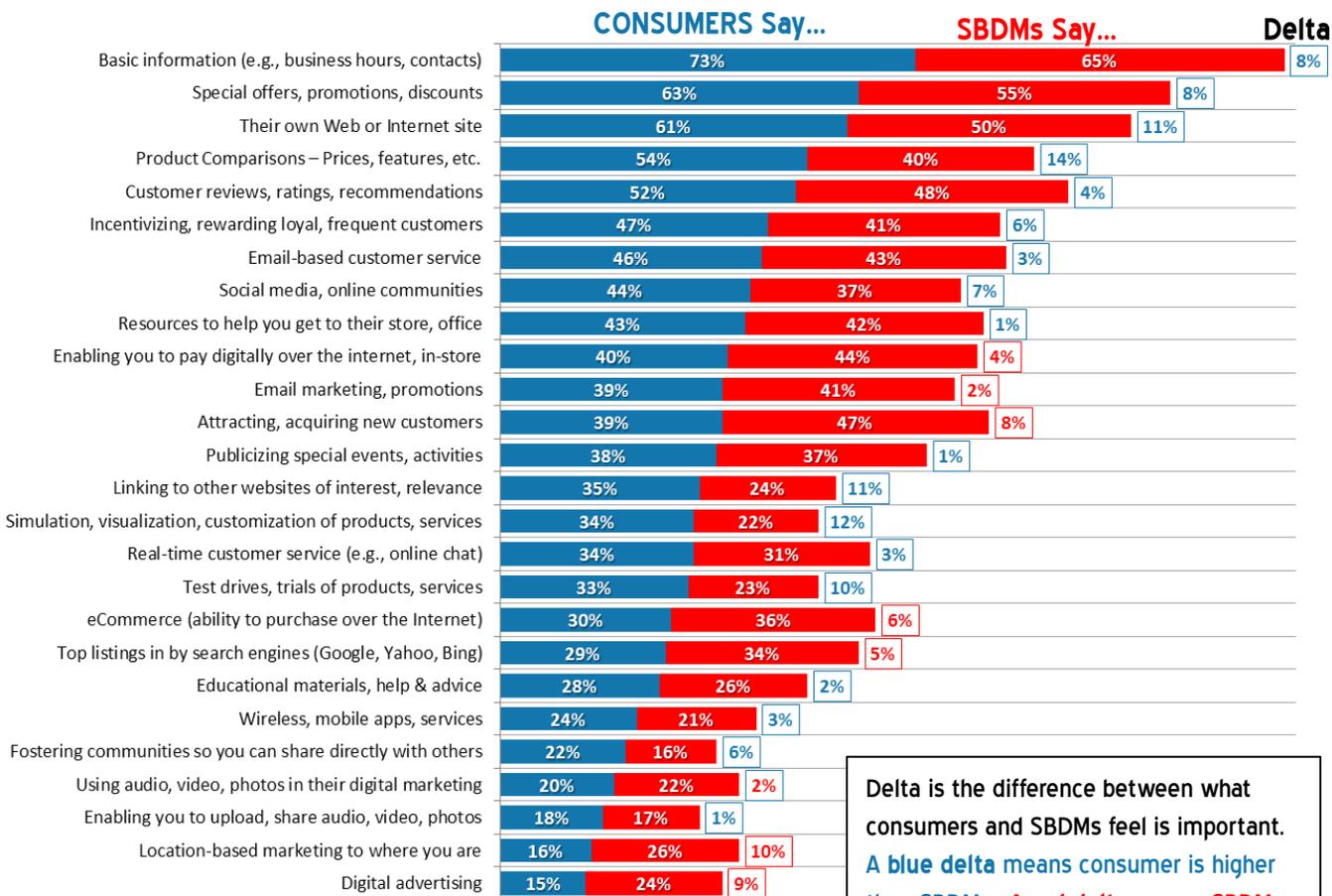
### CONSUMERS SAY



# RESULTS

## A DIGITAL DISCONNECT.

Consumers and SBDMs have vastly differing opinions when it comes to the most important web, social media and digital capabilities for small business to provide. Consumers emphasize empowerment, engagement and relationships while SBDMs focus more on transactions, awareness and marketing.



Delta is the difference between what consumers and SBDMs feel is important. A blue delta means consumer is higher than SBDMs. A red delta means SBDMs are higher than consumer.

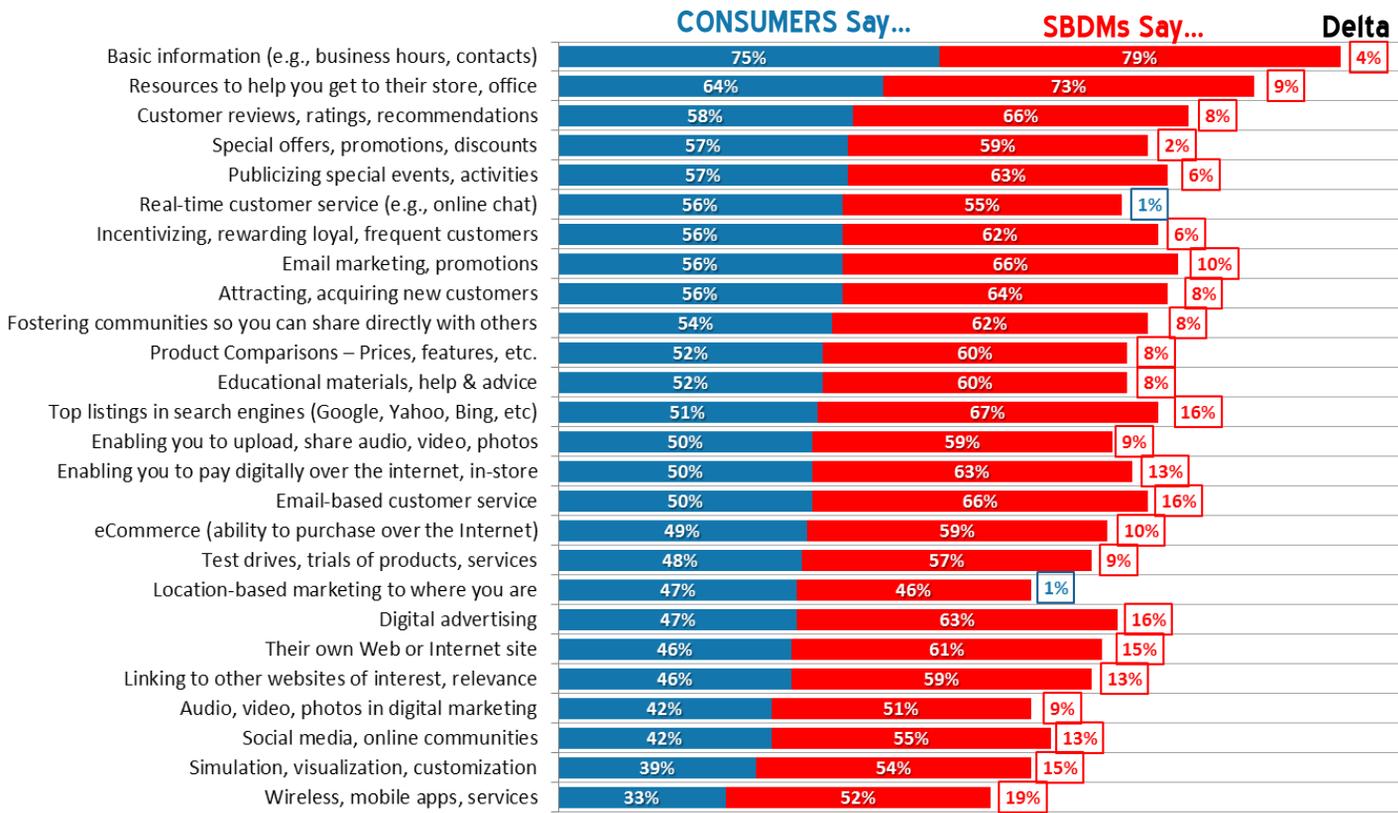
# RESULTS

## RATING SMALL BUSINESSES ONLINE PERFORMANCE AND QUALITY.

Consumers are more critical and less satisfied with small businesses' web and social media capabilities compared to SBDMs in virtually every category.

At the same time, majority of small businesses overestimate the impact and quality of their web and social media capabilities, compared to what consumers expect.

### Areas rated Excellent or Good by Consumers For Small Businesses Providing Web, Social Media, Wireless & Digital Capabilities



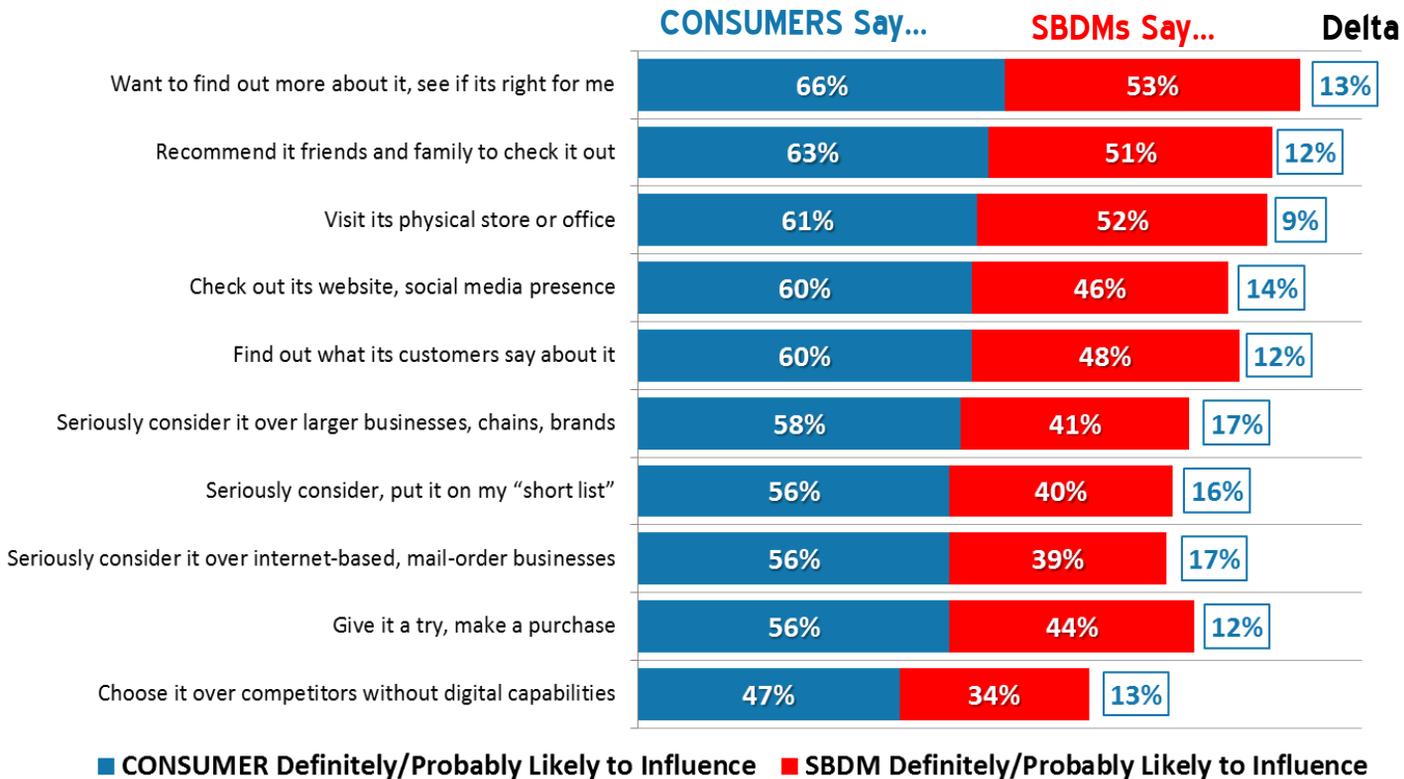
# RESULTS

## INFLUENCING CONSUMER CHOICE, THE BOTTOM LINE.

Consumers say that if small businesses meet their expectations for web and digital capabilities, there is a significant opportunity for future purchase or recommendation, thereby improving their bottom line by driving loyalty, ongoing engagement and sales.

SBDMs owe it to themselves to act, make necessary changes and investments to capture the opportunity with consumers.

### If web and digital expectations met, likelihood of taking positive action



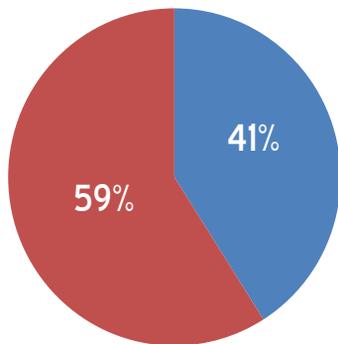
# RESULTS

## SMALL BUSINESSES STILL SLOW TO EMBRACE ONLINE PRESENCE - MISSED OPPORTUNITY?

The majority of small businesses believe they know the web and social media, but many of them aren't online yet leading to missed opportunities.

### LOOK WHO'S (NOT) ONLINE

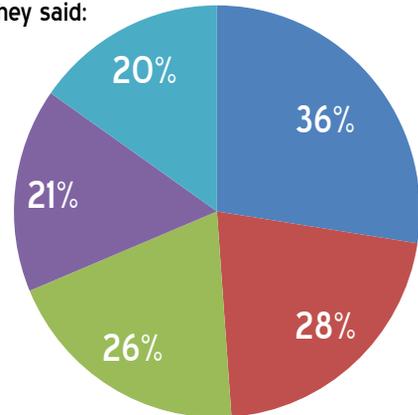
Almost six out of ten SBDMs don't have a website for their business.



- Has business website
- Don't have business website

### WHY NOT?

The survey asked SBDMs without a business website why. They said:



- Not necessary for my business
- Cost to design/build
- Cost to run, maintain, manage, service, support
- More important immediate priorities
- Don't know reputable web service providers

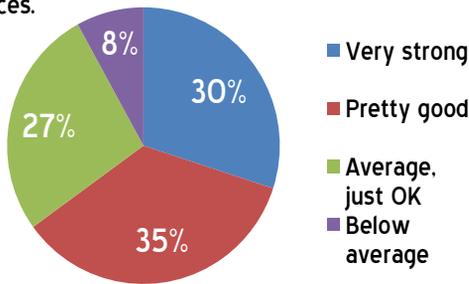
# RESULTS

## DO SBDMs HAVE THE EXPERTISE THEY NEED?

While the data shows that SBDMs are behind the curve from an online and social capability presence, they give themselves high-marks when it comes to online skills and expertise. SBDMs are extremely careful with their investments and insist on a high degree of personal involvement and control in business decisions - after all, it is their business.

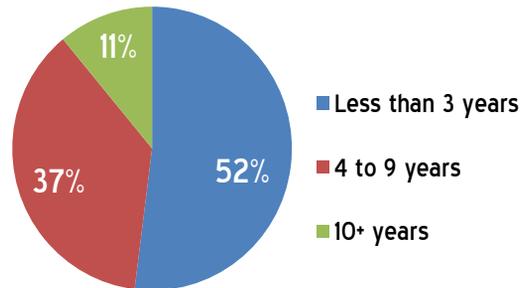
### SAVVY

Two-thirds of SBDMs consider themselves very strong or pretty good when asked about knowledge and experience with web and digital technologies or services.



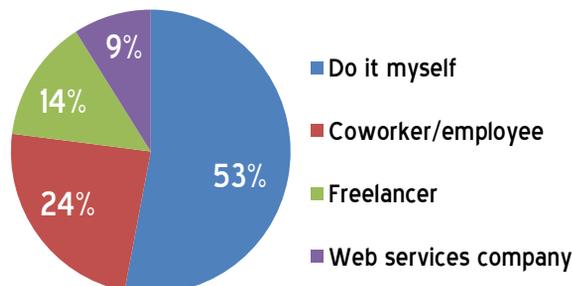
### LENGTH OF TIME

The majority of SBDMs with a website have had it three years or less. That's 52% of SBDMs that have brought their business online within the last few years.



### DO-IT-YOURSELFERS

SBDMs tend to be very hands-on, DIY, sweat-equity practitioners in all aspects of their business operations. That translates to the web too with more than 50% handling online duties themselves.



# RESULTS

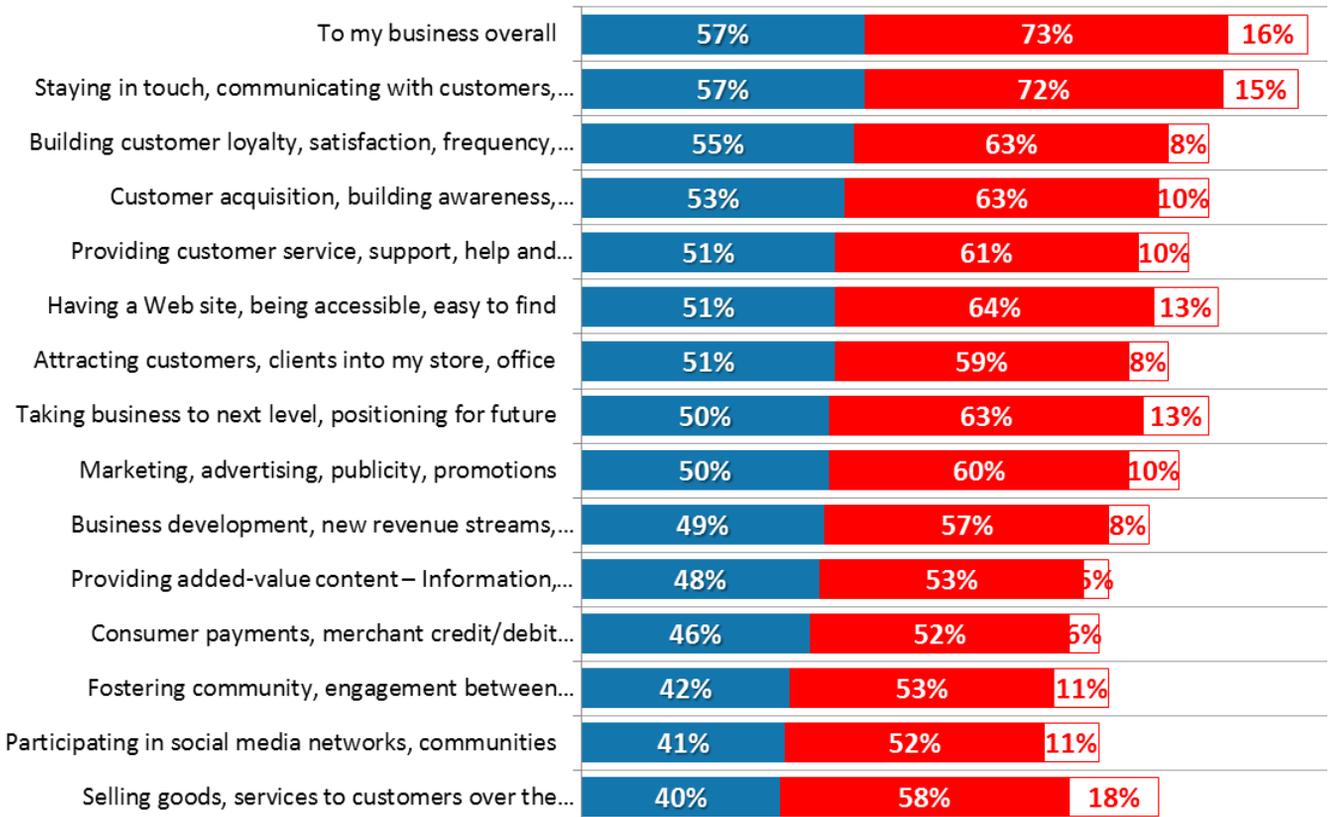
## IMPORTANT TODAY, VITAL TOMORROW

SBDMs recognize the moderate importance of web, social media and wireless capabilities today but overwhelmingly say they recognize that it will be *vital* to their future success.

### WHERE THE WEB CAN HELP

While only slightly more than half of SBDMs feel that the web is important to success **today**, the number jumps to almost **three out of four** when assessing the importance of the web to **future** success of their overall business.

While overall business success saw the greatest jump in today versus tomorrow, staying in touch with customers (15%) being easy to find (13%) and taking business to the next level (13%) rounded out the top four areas in which SBDMs see the web playing the largest role in future success.



# CONCLUSION

## KEY TAKEAWAYS FOR SMALL BUSINESSES

Given the insights gathered from both consumers and small business decision-makers with this survey, the Web.com team urges small businesses - regardless of where they might be in their 'web and digital evolution' - to think about these points as they assess their own online and social activities and plans.

1. It's time to get in the game or to take it to the next level. Take a measured, common sense approach to extend your business assets on the web and in social media.
2. Focus your web and social media initiatives on what you do best and your customers want most: to enrich and empower your personal relationships.
3. Take steps now to build a web presence and social media habits for the future, realizing you can address the urgency of your customers today.
4. Understand that you can still "do it yourself" and maintain the control that is so important, but you can also turn to an expert who can help take you to the next level.
5. Evaluate a web services provider from the perspective of a partner who can help you achieve your personal best - in business and in life.

*"You can still give your customers that personal, hands on, face-to-face business while giving them the convenience of digital capabilities. Use the web to encourage people to come into the store to experience your "Face-to-Face" business technique. Tell them the story on the Web about your desire to sell your product face-to-face and why it would be a great experience for them.*

*You can still offer the hands-on, but to compete and fend off the bigger companies you should look into expanding the digital capabilities and could attract business from other locals."*

**-- Actual advice from consumer to small businesses on why they should be on the web and leverage social media**

# ABOUT WEB.COM

Web.com Group, Inc. provides a full range of Internet services to small businesses to help them compete and succeed online. Web.com is a global domain registrar and further meets the needs of small businesses anywhere along their lifecycle with affordable, subscription-based solutions including website design and management, search engine optimization, online marketing campaigns, local sales leads, social media, mobile products, eCommerce solutions and call center services.

Through a unique combination of proprietary Web publishing and management software, automated workflow processes and specialized workforce development and management techniques, we achieve production efficiencies that enable us to offer sophisticated Web services affordably and effectively to our customers. The breadth and flexibility of our Web offerings allow us to meet the needs of business anywhere along their lifecycle, from acquiring a domain name to establishing their websites to providing more sophisticated functionality or ecommerce.

Headquartered in Jacksonville, Florida, Web.com has been serving the small business community since 1997 and became a public company in 2005. Through acquisition and organic means, we have grown from approximately 50,000 subscription customers in 2005 to more than three million customers at the end of 2012. We are proud to have been recognized on the 2012 Deloitte Fast 500 Technology list as one of the fastest growing technology companies in North America for the third year in a row.