Marketing Communication: What Does It Mean To Small Business?¹

by Joseph R. Bell,* John R. Hendon*, & Richard D. Parker*

Abstract

Marketing communication activities undertaken by entrepreneurs and small business owners is an area of study with many opportunities for academicians, practitioners and small business planners to explore. Despite the opportunities for building knowledge in this area, a lack of proper understanding of how entrepreneurs and small business owners view and use marketing communications is widespread.

This study seeks to address how small business owners in a mid-sized metropolitan area in a largely rural state view and use marketing communication in their ventures. By utilizing an Internet-based survey conducted statewide, the researchers in this project seek to develop a greater understanding of how entrepreneurs and small business owners develop messages, understand target audiences and whether or not advertising is seen as a successful part of their businesses.

¹ The authors would like to thank the Arkansas Small Business Development Center clients and staff for their assistance with the survey. We would also like to acknowledge the efforts of graduate student Kelli Marks for her contributions to the survey process.
Introduction

According to The Price Group (2007), 7 out of 10 small business owners know their core market but less than 5 percent have a formal marketing plan. Further, 90 percent waste their money on a “shotgun” approach to marketing while 99 percent fail to adequately fund their marketing efforts. Price goes on to state, “By looking at the allocations to budgets it becomes clear that many business owners are confused about what really constitutes marketing [while], their reluctance to fund a well-planned, consistent marketing efforts often leaves them without the income they counted on.” (p. 10)

Understanding how small businesses use marketing communication is an important area for practitioners and scholars to consider. In a recent study Bell, Parker, Hendon and Marks (2006) attempted to gain an understanding of how small business owners dealt with issues relating to certain aspects of integrated marketing communications, particularly advertising and public relations efforts. Using an online survey instrument developed with assistance from the Arkansas Small Business Development Center (ASBDC), the researchers gathered important information for further consideration in this area.

Their findings yielded some important points for consideration. This paper seeks to address some of those findings that may be noteworthy to practitioners assisting small businesses as well as scholars researching in the areas of entrepreneurship, marketing and advertising. The researchers of this paper seek to examine five areas of interest from the collected survey data:
• efforts at budgeting (and expenditures) for marketing communication (specifically advertising),
• utilization of advertising agencies,
• evaluation of marketing communication effectiveness (particularly in the area of advertising),
• knowledge of target customers and target market, and
• public relations efforts.

“So many businesses big and small still don’t know enough about their customers. You need to know who they are if you are to effectively market to them and grow your customer base.” (Shirtcliffe, 2006, p 33) It is the hope of the authors that the information presented here will lend itself to further study in this area and also to more efficient practices by small business owners and consultants to such enterprises.

Literature Review

Advertising and entrepreneurship are areas of academic study fortunate enough to have a wealth of knowledge regarding theoretical research, case studies and other scholastic activities. Unfortunately there is a considerable gap of knowledge related to how these two disciplines interact and are utilized in the private sector. Harris and Reese (2003) found that there was no definitive indication that small businesses were engaged in planning for marketing and advertising activities. Furthermore Perry (2001) determined that very little planning at a formal level goes into any type of small business activities, yet if small business owners engage in even a minute amount of planning, they are less likely to fail. Zontanos and Anderson (2004) more pointedly suggest that entrepreneurs have a limited understanding of marketing. They further observe that small firms have much leaner resources and significantly higher closure rates than large firms.
Smallbone, et al (1993), commented that small firms need to adjust their market development and continuously search for new market opportunities and an expanded customer base. Firms that address the issues of market opportunity and customer base appear to have a greater chance of survival than those who maintain the status quo. Zontanos and Anderson (2004) go on to conclude that, “marketing provides the key interface between small business and its external environment”.

An important point discussed in the literature by several scholars is that small business owners face enormous challenges in developing effective marketing strategies due to limited resources, particularly in the area of effective advertising (Harris and Reese, 2003; Lipput, 1995). One question this line of reasoning automatically generates is ‘why are resources for effective advertising efforts so limited for small business owners?’ At least one scholar in the area (McCarthy, 1999) is of the opinion that small businesses which employ well-placed and well-written advertisements will benefit positively through increased business growth. Nevertheless, one is still left considering why small businesses fail to make use of well-written advertisements or effective media placement of marketing communications.

Even though Smallbone, et al (1993) suggests that advertising can significantly impact survival rates, Peterson (1989), believes that many firms do not adopt an aggressive marketing strategy because profit is not the overriding goal of certain entrepreneurs. He further suggests that it is difficult for the entrepreneur to determine the needs of the customer. Dart and Pendleton (1984) suggest that advertising agencies are in a unique position to act in a dual role as facilitator and educator for small business owners regarding marketing communications. Yet the authors point out that because of the relatively high fees charged by advertising agencies, many entrepreneurs may feel intimidated by outlaying potentially useful capital in pursuit of capturing a very intangible, and arguably difficult-to-evaluate, area of business.
Several studies in the advertising literature may serve to assuage skepticism among small business owners relating to the usefulness of advertising in their business efforts, but it is very likely that entrepreneurs are unaware of these studies. For instance Ducoffe (1995) found that consumers value advertising that is believable, credible and ethical, as this serves a function of providing the individual with information processing steps needed for completion of purchase decision-making. Stafford and Day (1995) found that service retail firms are often able to successfully employ informative advertising that appeals to rational decision-making processes of consumers. Increased awareness of studies of this nature may in fact change the attitudes and opinions of small business owners in the area of budgeting and planning for marketing communications.

Method

In order to gather needed information for this study, an Internet survey instrument was developed by the researchers and placed on-line with assistance from the Arkansas Small Business Development Center (ASBDC). Prior to the on-line placement of this survey three email messages were written, and sent to clients, small business owners and entrepreneurs, who had registered with ASBDC. The researchers provided ASBDC with text of the email messages and the ASBDC contacted persons via email regarding this study. The first email was sent a week before the survey was available to potential respondents. The second email was sent when the survey was available and requested that potential respondents complete the survey. The third email was sent the following week as a reminder that the survey was on-line and available for responses.

Potential survey respondents were assured of confidentiality and anonymity in accordance with Institutional Review Board guidelines. Participation was strictly voluntary among those contacted by the researchers. No incentives for participation were offered by the researchers or ASBDC. The research-
ers are unaware of the identities of the respondents; furthermore to the researchers’ knowledge, the researchers are not personally involved with any respondents of this study.

Respondents had the opportunity to review and complete a 31-item survey instrument. Items one through four requested that respondents provide financial information (within predetermined ranges) regarding approximate advertising expenditures for years 2004, 2005 and estimated expenditures for 2006 and 2007. Items five through nine dealt with efforts involved with advertising and media planning. Items 10 and 11 addressed why and how small businesses advertise. Items 12 through 20 sought information about the respondents’ customers. Items 21 and 22 asked if and how respondents evaluated the success of their advertising efforts. Item 23 employed a 5-point Likert scale designed to measure small business owners’ attitudes regarding their perceptions of advertising success. Items 24 through 26 sought to identify in broad terms the types of business respondents were engaged in including categorizing themselves as operating within the service, retail, manufacturing, or wholesale sectors. Item 27 requested geographic locations of respondents within the state. Items 28, 29 and 30 sought information regarding length of time in business, number of employees and number of male and female business owners. Item 31 requested information within numerical ranges regarding approximate annual revenues.

For purposes of this paper, the first 23 items of the survey were of particular interest to the researchers. These items relate specifically to the five areas specified for review earlier in the paper (i.e. budgeting for marketing communication, utilization of advertising agencies, evaluation of marketing communication effectiveness, knowledge of customers and public relations efforts). These 23 items and the remaining eight items not discussed in this paper will be subject to continuing analysis and reporting by the researchers.
The ASBDC has a state office located in Little Rock and six satellite offices dispersed throughout the state. The target list of emails was collected from the client base of all seven offices. The survey was emailed to 400 ASBDC clients that met the criteria of currently operating a business and having been a client at some point during the year 2005. Of the 400 emails, 387 were deemed to be valid. A total of 87 survey responses were collected for an outstanding response rate of 22.5 percent.

Response bias is a type of cognitive bias which can affect the results of a statistical survey if respondents answer questions in the way they think the questioner wants them to answer rather than according to their true beliefs. Non-response bias and item non-response bias are due either to the fact that a respondent could not be contacted at all, or to the fact that the respondent refused or failed to provide some subset of the information sought by the surveyor. (Sullivan, 1991) The authors hoped to minimize response bias by providing mostly open-ended questions with multiple response options and designed the survey using SuperSurvey™, Techniques for Preventing Response Bias (2005). There is some concern, which contributes to some of the premise upon which the paper is based, that implies item non-response bias may in fact indicate a lack of knowledge on the part of the respondents considering the high response rate to the remainder of the survey questions.

Discussion

As pointed out by Zantanos and Anderson (2004), since many small businesses are owner-managed by a lead entrepreneur, marketing activities tend to reflect the preferences of the individual small business owner. The small firm further has the opportunity to establish close relationships between the entrepreneur and the customer. This supplies the lead entrepreneur with easy access to market information. This leads the entrepreneur to generally gather information about their consumer in an informal manner (also, Weinrauch, et al 1991). And though their
research indicates that small firms acquire information in this fashion, they tend not to be conscious of the acquisition of the information. The authors here propose that though the entrepreneur may acquire the information, it is the interpretation and application of that information that is critical to a successful marketing communication strategy.

**Small Business Efforts at Budgeting and Expenditures**

Weinrauch, et al (1991) remarked that “intuitively” small business owners are quite innovative in their “shoestring” approach to marketing. They also recognize that little empirical research has contributed to understanding the small business owners’ experiences, perceptions, and level of success related to marketing. And specifically, their research suggests financial resources are a major obstacle that prohibits small businesses from competing against larger entities.

In another series of studies by Findlay Publications (2007) tying marketing to manufacturing, it was found that the more a product is advertised, the higher the perception of its quality. Their research showed that not only did magazine advertising work but the more you invested in the advertising the greater your brand awareness.

Our survey began by asking small business owners about actual advertising expenditures in 2004 and 2005 and anticipated expenditures for 2006 and 2007. In 2004, 58 percent of respondents spent $1,000 or less in advertising with 30 percent indicating they spent zero on advertising. Notably, in 2005 39 percent of that same group indicated that they spent $1,000 or less in advertising with 9 percent indicating they spent zero. In 2006, 32 percent of respondents indicated that they anticipated spending $1,000 or less and 7 percent indicated they would spend zero. Again, for 2007 those expecting to spend $1,000 or less dropped to 28 percent and 8 percent indicated that they would spend zero. It is noteworthy to mention that those who indicated they would spend $10,000 or more on advertising
grew from 14 percent in 2004 to 17 percent, 25 percent, and finally 26 percent for the year 2007.

**Table 1. Annual advertising expenditures**

<table>
<thead>
<tr>
<th>Year</th>
<th>$1000 or less</th>
<th>$1001 - $5000</th>
<th>$5001 - $10,000</th>
<th>&gt;$10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>57 percent</td>
<td>21 percent</td>
<td>8 percent</td>
<td>14 percent</td>
</tr>
<tr>
<td>2005</td>
<td>39 percent</td>
<td>29 percent</td>
<td>15 percent</td>
<td>17 percent</td>
</tr>
<tr>
<td>2006</td>
<td>32 percent</td>
<td>29 percent</td>
<td>14 percent</td>
<td>25 percent</td>
</tr>
<tr>
<td>2007</td>
<td>28 percent</td>
<td>28 percent</td>
<td>18 percent</td>
<td>26 percent</td>
</tr>
</tbody>
</table>

The decreasing numbers of businesses spending $1,000 or less on advertising from 30 percent in 2004 to 8 percent in 2007 may be an indication that small business owners realize that, in order to be successful, advertising is a necessity given the competitive markets in which they operate. The increasing numbers of small business owners spending $10,000 or more annually on advertising, rising from 14 percent in 2004 to 26 percent in 2007 may be an accurate reflection of this realization of the necessity of marketing communication efforts.

In determining advertising expenditures, 44 percent indicated that they plan and budget each year for their advertising. Of the survey respondents 22 percent indicated that they use the same advertising each year. Only 16 percent said that an outside party would contact the business and offer it an advertising deal or opportunity. The fact that 56 percent of respondents indicated they do not engage in budgeting for advertising expenditures should be cause for general concern (Shirtcliffe, 2006). If entrepreneurs are not budgeting for marketing efforts, then one may be forced to consider if there are other areas of business operations that have been neglected by entrepreneurs in considering budgets and business plans. Given that 78 percent of respondents indicated they used various advertising vehicles annually and that 84 percent indicated they were not contacted about advertising opportunities from professionals in the indus-
try, it seems that the opportunity for growth for small advertising agencies or independent graphic designers and writers is abundantly clear. Competition among advertising agencies for business opportunities may not be as cutthroat as anecdotally believed by the public at large. Furthermore many independent contractors who are graphic designers and copywriters might be able to take advantage of the small business market not being tapped by agencies.

Of the 87 total respondents only four (5 percent) indicated that they use an advertising agency to plan their advertising campaign. Of the remaining 95 percent, 44 percent selected “price or expense” and 37 percent selected “we know our needs best” as the primary reasons for not utilizing the services of an advertising agency. The obvious point of interpretation here is that advertising agencies and other marketing communication firms are failing to tap into a vibrant and potentially profitable market. Another point of consideration may be that advertising agencies and freelance advertising talent may begin seeking out small businesses as potential clients for their own enterprises.

Based upon responses to the survey, Arkansas small business owners indicated a widespread use of direct mail that is reflective of national expenditures, placing direct mail as the top area of advertising spending across all industries. The second largest area of spending by defined category in the survey was for Yellow Pages advertising. The fact that a large number of survey respondents indicated that Yellow Pages advertising is an important expenditure may be a sign that consumers are still reliant upon hard-copy print directory advertising that has proven effective for more than 40 years. It may also reflect increasing consumer reliance upon internet search portals like Yahoo and Yellow Book Network (Sinivasan and Grewel, 2007). It seems likely that an area of future research may exist regarding small business recognition of technological cross-over options for advertising.
Another interesting finding the researchers discovered related specifically to the motivation of business owners in using preferred advertising media. Thirty-two percent of respondents indicated they chose a particular advertising medium on the basis of “lowest cost alternative”, whereas 39 percent consider a medium’s reach to be the most important motivating factor. Only 17 percent of respondents indicated utilization of a com-
preprehensive advertising strategy employing multiple media intended to maximize impact reach and exposure. Given the fragmentation of media and the extreme amount of advertising clutter the average consumer is exposed to during the course of his or her lifetime, entrepreneurs would be well-advised to adopt a comprehensive marketing communication strategy to reach beyond traditional advertising vehicles. A marketing campaign can be defined as a series of touches with your market to communicate a message. It usually takes multiple touches, i.e. a marketing campaign, for your audience to recognize your message and respond. (http://www.marketingmo.com/resources/marketing_campaigns.aspx) Diversification of advertising efforts to include outdoor, sponsorship, print, broadcast and interactive should be considered and, if possible, implemented by entrepreneurs in order to boost recognition and maintain image among their target markets.

Small Business Evaluation of Advertising Efforts

One of the most important tasks in marketing and advertising planning centers on evaluating efforts undertaken to communicate promotional messages to target audiences. Scholars, including writers of case studies, have frequently noted that businesses often fail to evaluate their advertising campaigns and other marketing communication efforts. In many cases these failures occur simply because businesses fail to set appropriate benchmarks to measure the success or failure of a campaign. Once again, based upon the results of Weinrauch, et al (1991) they conclude that small businesses lack a strategic orientation toward marketing and experience problems with tactical marketing issues such as purchasing advertising.

The survey respondents had a clear view of the intended purpose of their advertising messages. When asked to indicate uses of advertising in their businesses, respondents overwhelmingly chose “increase sales” as a top choice for reasons to advertise, followed by educating customers, reinforcing buying decisions and responding to competitive advertising. The rela-
The relationship between advertising and sales is difficult to predict, and tracking effectiveness of advertising by developing valid statistical correlations has proved to be controversial over the years. Jeffery (2007) states, “The business value of marketing is inherently challenging to capture.”

**Chart 2 – Why do you advertise?**
All marketing campaigns today need to be measured. While this point may seem difficult to escape, it should be raised with entrepreneurs at the outset of any advertising effort. When “increased sales” is set as the “objective measure” to gauge the success of any advertising effort, small business owners may not recognize the danger inherent in setting such a benchmark. If a small business owner spends $4,000 on newspaper advertisements and fails to see a sizeable increase in sales, then he or she may decide that advertising is ineffective. This conclusion may be costly as advertising may in fact help sales at a future date. Business owners and analysts often fail to consider other environmental factors (such as economic conditions, weather, sporting or cultural events) that could impact the relationship between sales and advertising. Thus, a wrong conclusion is often drawn regarding the value of advertising to small business success.

One striking point from the survey was specifically related to evaluation of advertising efforts. When asked what method of evaluation small businesses used regarding their marketing communication efforts, a stunning 55 percent indicated that no evaluation of advertising efforts was used. Of the 45 percent of respondents who indicated that some method of evaluation was employed, no clear pattern of evaluation was observed. Responses varied from verbal communications with customers in informal settings to online monitoring and spreadsheet programs. The development of evaluative methods and the establishment of relevant timeframes would be extremely useful tools for small businesses to determine if their advertising efforts were succeeding and if not what corrective measures could be taken to adjust those efforts. (Jeffery, 2007)

Despite the fact that a majority of respondents indicated that no evaluation of advertising methods took place in their businesses, 68 percent indicated that they considered the advertising they employed to be either “very useful” or “useful”. Another 26 percent indicated that advertising efforts were nei-
ther useful nor useless. However, given that only 45 percent of respondents indicated any attempt was made at evaluating advertising efforts, how can these small business owners be certain of the effectiveness or ineffectiveness of their marketing communication efforts?

The clear indication from these results is that a need exists for small businesses to focus on ways to make valid and reliable evaluations of their advertising and other marketing communication efforts. Focus on these efforts could come either from Small Business Development Centers, business incubators, or scholastic programs in entrepreneurship, small business and family business.

Customer Profile Information

In gathering survey data it was determined that 32 respondents indicated they were engaged in a retail business. A series of questions was written into the survey to gauge the levels of understanding that retail businesses had regarding their customers or target markets. The data gathered regarding the profiles of retail customers appeared to be randomly answered by several of the non-retail businesses.

The questions at issue were targeted specifically to small business owners who are engaged in a retail business venture, yet several of the respondents to these questions indicated a business other than retail. Keep in mind that 32 of the 87 respondents were asked to complete this section of the survey. Of the full 87 responses to the entire survey, there was no uniform number of respondents to questions 12-20 (those focusing on retail owners) yet it was surprising to see those outside of the retail sector attempting to somewhat define their customer profiles. When queried about the gender of customers, 46 respondents provided an answer to this question. Of those answering this query, 37 percent indicated their customers were male, 39 percent indicated customers were female and 24 percent indicated families were their customers. When asked about the age range of customers, 43 respondents answered this item. Of
those responding, 72 percent indicated their typical purchaser was between the ages of 31-50; 12 percent indicated that typical purchasers were age 50 or older—a surprising response considering this demographic comprises close to 23 percent of the total U.S. population. (US Census, 2006)

Table 2. Customers by gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>17</td>
<td>37 percent</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
<td>39 percent</td>
</tr>
<tr>
<td>Families</td>
<td>11</td>
<td>24 percent</td>
</tr>
</tbody>
</table>

Table 3. Customers by age

<table>
<thead>
<tr>
<th>Age</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 15 years old</td>
<td>1</td>
<td>2 percent</td>
</tr>
<tr>
<td>16-20</td>
<td>1</td>
<td>2 percent</td>
</tr>
<tr>
<td>21-30</td>
<td>5</td>
<td>12 percent</td>
</tr>
<tr>
<td>31-50</td>
<td>31</td>
<td>72 percent</td>
</tr>
<tr>
<td>&gt;50 years old</td>
<td>5</td>
<td>12 percent</td>
</tr>
</tbody>
</table>

Responses remained low when respondents considered questions regarding purchase decisions and product usage. Thirty-nine of the respondents chose to answer the item related to the gender of customers making purchasing decisions. Of the 39 respondents, 59 percent indicated that females make major purchasing decisions and 41 percent indicated that males ultimately make purchasing decisions. The low point in responses was noted regarding ultimate product usage by consumers. Of the 37 respondents to this survey item, 57 percent noted that products ultimately would be used by females and 43 percent indicated that males would be the ultimate users of products. However, when queried about the general life stage of product users, the response rate rose to 44 respondents who
indicated that 86 percent of users were adults. The variation in response rates might lead one to conclude that business owners have difficulty in determining the profile of their customer or target market.

In attempting to determine buying frequencies among customers, responses varied greatly among the 51 respondents to the question. Additionally, 50 respondents were able to identify their customers as blue collar (48 percent), white collar (56 percent) or unemployed (6 percent) (multiple responses were allowed). Unfortunately, of the 50 respondents to this item, 11 indicated that they had no idea regarding consumer income levels. At least 20 percent of respondents were unable to indicate the level of income for their customer base.

One question that should be considered is why the number of responses to the customer profile set of questions answered in such a random manner by retailers and non-retailers. It seems that some respondents were attempting to provide information regarding what they actually knew about their customers and they chose not to answer certain questions because they did not understand all the characteristics that comprise their target market. If this is true then researchers in this area may face issues regarding data collection. These issues may impact future research concerning the relationship between target audiences and small business in areas such as consumer behavior, demographic shifts and trends, buyer decision-making processes and consumer product usage, because business owners only understand limited customer traits. More significantly, if entrepreneurs cannot identify their target audiences, how will they be able to effectively market their goods and services to potential customers? Clearly entrepreneurs must have a clear idea of who their targets are in order to succeed in business.

Even though Smallbone, et al (1993) suggests that advertising can significantly impact survival rates, Peterson (1989) believes that many firms do not adopt an aggressive marketing strategy because profit is not the overriding goal of
certain entrepreneurs. He further suggests that it is difficult for the entrepreneur to determine the needs of the customer.

**Public Relations Efforts**

An important area of integrated marketing communication deals specifically with public relations. While public relations encompasses many avenues of execution, small businesses have a distinct opportunity to use public relations tactics and strategies in ways that larger and more established businesses may either ignore or consider irrelevant to their marketing communication efforts. According to Pilmer (2005) public relations is one of the most effective means small businesses can use to communicate their message, but it is very difficult and expensive to tie a public relations effort directly to sales.

Question 9 of the survey instrument specifically addressed the issue of small business use of press releases to inform local news media of changes in business. Surprisingly, 32 percent of respondents indicated affirmatively that they did employ press releases to update the local media regarding their activities. While press releases may be the predominant tactic in public relations practices, there are other tactics small businesses are at liberty to use. Event sponsorship is fast becoming a tool of both advertising and public relations efforts and opportunities for small businesses to engage in event sponsorship efforts at state and local levels abound even in rural states such as Arkansas.

Given that approximately 50 percent of respondents to the survey indicated they use advertising as a method of educating consumers, it would seem logical that public relations efforts would also fall into this category. Considering that the percentage of small business owners who indicated they are using public relations is lower than 50 percent the conclusion can be drawn that small business owners are missing opportunities to engage in public relations activities that can support other marketing communication efforts such as advertising.
The importance of effective public relations programs in small business ventures cannot be underestimated. By utilizing a proactive public relations strategy small business owners and entrepreneurs can foster healthy and active communications with key stakeholders in their ventures including customers, investors and employees. Public relations efforts need not be limited to media relations or investor relations efforts. Events such as open houses or tours to school groups can present a small business to the community it serves and build positive reputation to current and future customers and other key stakeholders. Publication of regular newsletters or “helpful hints” for product and service uses that are provided to existing or potential customers free of charge may serve as an attractive outlet for building image and reputation critical to small business success.

Conclusions

The purpose of this study was to gain a better understanding of the knowledge and practice small business owners and entrepreneurs exercise over their marketing and advertising choices. While it appears that the survey respondents are willing to in fact spend money on advertising, it is not clear if they are completely aware of the best use for their marketing communication expenditures, particularly in the area of advertising. Also given the randomness of responses regarding target audience profiles, it is clear that a number of survey respondents are unable or unwilling to describe their customers. If the former is the case, then entrepreneurs and small business owners are gambling with the future success of their endeavors. Without knowing who to target messages to, they will not be able to use advertising effectively in the future. If the latter is true, then researchers may be severely handicapped in their studies of entrepreneurial practices with regard to consumers.

Though The Price Group (2007) suggests that 7 of 10 small businesses know their core market, our study suggests the most
business owners do not understand the breadth and depth of the characteristics which make up their target market and further, how best to allocate scarce resources to effectively market their business. Our study goes on to suggest that the respondents will be increasing expenditures on advertising and marketing in the coming years but because of a limited ability to evaluate the effectiveness of their marketing strategies, they will not truly know the effectiveness of those allocations. And finally it was encouraging to see a fairly large percentage (32 percent) of respondents utilizing no or low cost public relations activities.

The recommendations that one may take from this research include the following:

- The development of evaluative methods and the establishment of relevant timeframes would be extremely useful tools for small businesses to determine whether or not their advertising efforts were succeeding, and if not what corrective measures could be taken to adjust those efforts.
- Small businesses must focus on ways to make valid and reliable evaluations of their advertising and other marketing communication efforts. Assistance in these efforts could come either from Small Business Development Centers, business incubators, or scholastic programs in entrepreneurship, small business and family business.
- It is imperative that business owners work diligently to determine the profile of their customers and target markets. Clearly entrepreneurs must have an unambiguous idea of who their targets are in order to succeed in business.
- Publication of regular company newsletters or “helpful hints” for product and service uses may serve as an attractive outlet for building a company’s image and reputation.
This study has sought to develop a better understanding of the advertising practices of small business ventures. With the knowledge gained here, it is hoped that academics, practitioners and consultants may use this information in providing enhanced guidance and increased knowledge in the interactive areas of entrepreneurship and marketing communications. Future potential for duplicate and comparative studies in other geographic or demographic regions is high and furthermore it is hoped that this research will serve as a catalyst for greater awareness in this burgeoning area of study.

Future Research

There is opportunity for follow-on survey research to evaluate marketing communications, effective assessment of marketing communications, and ultimate economic success of the venture. Obviously, numerous factors can come into play when assessing economic performance, well beyond effective customer marketing communication, but a trend line or correlation may well be developed.

Because the respondents had actively sought the counsel of the Arkansas Small Business Development Center, it may be telling to look at a control group to assess the effectiveness of the ASBDC counseling. Again, numerous factors could affect the outcomes including: was communications covered in the counseling; number of years in business; multi-generational business; etc.

With the growth in internet access, have marketing opportunities changed? As Zontanos and Anderson (2004) suggest, there is a close relationship that small businesses develop with their customer base. Can low-cost, no-cost marketing alternatives, such as blogs, create new opportunities for effective marketing communication?

As the authors’ survey data includes sector breakdowns, there exist additional opportunities to not only relate communication strategies within sectors, but to compare those strategies
across sectors. For example, do retailers utilize a specific form of communication and how might that form of communication compare to the service sector?
References


