



National Small Business Poll

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Small Business Poll

Promotion and Advertising

NFIB National Small Business Poll

The *National Small Business Poll* is a series of regularly published survey reports based on data collected from national samples of small-business employers. Eight reports are produced annually with the initial volume published in 2001. The *Poll* is designed to address small-business-oriented topics about which little is known but interest is high. Each survey report treats different subject matter.

The survey reports in this series generally contain three sections. The first section is a brief Executive Summary outlining a small number of themes or salient points from the survey. The second is a longer, generally descriptive, exposition of results. This section is not intended to be a thorough analysis of the data collected nor to explore a group of formal hypotheses. Rather, it is intended to textually describe that which appears subsequently in tabular form. The third section consists of a single series of tables. The tables display each question posed in the survey broken-out by employee size of firm.

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NFIB National
Small Business
Poll



Promotion and Advertising

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Executive Summary

- Small employers think the most effective means to promote their business is positive word-of-mouth and associated referrals. Eighty-two (82) percent report word-of-mouth contributes substantially to generating their sales revenues.
- Of the promotional means that small employers directly and immediately control, personal selling and business location generate more sales revenues for more firms than other means. Advertising and Web sites also appear reasonably effective in generating sales revenues for the small, employing businesses using them.
- Few small, employing businesses generate significant revenues through telemarketing (5%), trade shows and events (10%) or free publicity (13%). Also, neither the strategies of price changes, that is to say, sales and specials (10%) nor changes in the mix of goods and services offered (15%) appear to yield significant revenues for many firms.
- Forty-one (41) percent of small, employing businesses advertise enough so that it contributes more than marginal amounts to revenue generation. The most frequent forms of advertising include Web sites; fliers, circulars, and handouts; newspapers; newsletters, bulletins, etc.; and direct mail. The least frequent forms include television; value packs or shopper supplements; outdoor off-premise signage; radio; and magazines.
- The single most important means of advertising for small, employing businesses are the Internet (16%), word-of-mouth (15%), newspapers (15%) and direct mail (14%). Since multiple means are often employed, the importance of an advertising means and its frequency of use are not necessarily related.
- Half (50%) who advertise, advertise steadily throughout the year and another 25 percent do so with periodic ups and downs. Just 13 percent confine their advertising to a season or short period. The content of advertising material is typically (57%) developed by someone inside the business.
- Virtually all small employers use subjective means to evaluate the effectiveness of their advertising.
- Fifty-one (51) percent of small, employing businesses have a Web site, but their owners do not think that their site contributes much toward generating sales. Twenty-one (21) percent of those Web sites are equipped to make a secured financial transaction.
- Sixty-four (64) percent of small employers change the content on their Web site less frequently than once a month. Five percent do it daily or more often.
- Sixty-six (66) percent of small, employing businesses have a logo or trademark, including 84 percent of those employing 20 or more people. However, just 43 percent have theirs registered with the government.

Promotion and Advertising

Businesses must sell. And, while the quality, price, availability, etc., of the goods and/or services to sell must fit the markets in which they are to be sold, sales do not occur unless (potential) customers know what a business has to offer. In a highly competitive environment, a condition that typifies most small-business markets, a gaggle of voices attempt to familiarize (potential) customers with the goods and/or services they sell and the reasons (potential) customers should patronize them rather than someone else. Effectively, each competitor endeavors to distinguish oneself from the crowd. This differentiation process requires promotion, often including formal advertising. Successful promotion and advertising typically demands considerable amounts of human and/or physical capital. Since most small businesses are resource constrained, the promotional challenges for small-business owners and managers are even more demanding than they would be in other situations. This issue of the *National Small Business Poll*, therefore, focuses on Promotion and Advertising.

Business promotion encompasses virtually every encounter the business, its owner(s), and/or its employees have with a customer or a potential customer. To the extent that image and good-will count, and they do, even the most trivial matters can be construed as promoting (or detracting from) the business. However, most approach business promotion as directed activity, which is a series of events or actions that are controlled to purposefully generate increased sales revenues at some point in time. The following considers both aspects of promotion.

Promotion

The means to promote a business are almost unlimited, particularly when the softer, image polishing aspects are included. Since everything cannot be addressed in a short survey, the following were arbitrarily selected because they are popular options open to most small employers. The options include: free publicity, price changes or sales and specials, word-of-mouth and referrals, telemarketing,

personal selling, trade shows or events, a physical location, formal advertising, and Web sites. They have been categorized for convenience into options associated with image and information, changing what the business has to sell, and locating customers.

From Image to Information

Free publicity, word-of-mouth, and formal advertising fall in the first promotion category and move progressively as a general rule from image to information. Free publicity, such as news stories or public appearances, is about image. While the term implies this type of publicity is costless, that is not necessarily so. Free publicity is often leveraging another cost, such as opening a new location or making a contribution to a community activity. Still, a number of people, including business people, are skilled at self-promotion. Self-promotion can be very low cost and their efforts can snowball; that is, once started, it continues to grow. But free publicity does not appear to contribute much to the sale revenues of many

small businesses. Six percent of small employers think free publicity generates “a lot” of sales revenues for them; 7 percent think it generates “quite a bit;” and 14 percent think it generates “some.” The rest (73%) do not think it contributes much, if any. The extent to which this latter group of owners tries to generate free publicity or has the skills to generate free publicity are unanswered issues.

Small-business owners and managers attribute word-of-mouth or referrals as the major stimulant for generating their sales revenue. All direct promotional activities pale in comparison. Fifty-two (52) percent think word-of-mouth generates “a lot” of their sales revenues (Q#10). Another 30 percent think it contributes “quite a lot.” Just 8 percent attribute minimal or no effect to it. But, word-of-mouth, or buzz, has implications that small employers must recognize. The first is that word-of-mouth can be bad as well as good. Since word-of-mouth is a major stimulant to small-business sales for a majority of firms, most small employers think their firms are the subject of the favorable variety. Those experiencing negative word-of-mouth are not likely to survive long and therefore will be poorly represented in the survey sample. The second implication is that small-businessmen and women exercise little control over word-of-mouth except as a residual of producing fairly-priced, quality goods and/or services in a customer-friendly manner. For example, it is not possible to ramp up word-of-mouth when an opportunity appears. Third, assuming small employer assessments reasonably reflect reality, word-of-mouth generally creates a huge challenge for new competitors. For all intents and purposes, newcomers cannot take advantage of the single most effective promotion capacity available to small firms until they become established. That is not always true. Buzz can and sometimes does accompany new or young businesses. The theme of the buzz is newness rather than quality, etc. Still, that phenomenon appears the exception rather than the rule. The result is pressure on the new firm to get it right the first time, so that it can begin to generate favorable word-of-mouth immediately.

Depending on the campaign, formal advertising can place greater emphasis on image or information. Ideally for a small business, there will be substantial elements of both. Forty-one (41) percent of small, employ-

ing businesses advertise enough so that it contributes more than a marginal amount to their sales revenues (Q#1). Just 7 percent of owners judge that their advertising is responsible for “a lot” of it, however. The bulk of small employers (48%) report that advertising generates only a little of their sales revenue and 11 percent do not advertise at all.

The value of formal advertising measured in terms of generating sales has little relation to the size of the business (among small businesses). The owners of the smallest businesses find formal advertising just as useful/not useful as larger, small businesses. The same holds for broad industry categories. The exception appears to be construction which puts less emphasis on formal advertising than do others.

b. Line-up Changes

A small employer can change the composition of goods and/or services sold or their prices as a means to increase sales or generate more sales revenue. Both are straight-forward strategies. A change in the composition of goods/services as a revenue generating technique can be permanent or temporary. An apparel manufacturer, for example, can permanently change the goods produced as styles change, or change the distribution in its line by adding more accessory products. Or, an owner can change the distribution temporarily. For example, a grocery typically adds more fresh turkeys as Thanksgiving approaches. Both attempt to stay abreast or ahead of consumer demand. Such changes in the composition of goods/services sold generate “a lot” of sales revenues for 8 percent of small, employing businesses and “quite a bit” for another 7 percent (Q#13). A further 29 percent of small employers think these adjustments yield some additional sales revenues. However, 55 percent think they contribute little or nothing. Twenty-five (25) percent do not appear to change the composition of their mix of offerings to any noticeable extent.

Small employers can also change prices to generate revenues, either temporarily as in a sale or permanently as in a new business strategy. Respondents were asked to focus on temporary changes such as in sales or specials. Though the word “sale” seems ubiquitous these days and has lost some of its traditional meaning, 68 percent of small, employing businessmen and women report

price changes contribute little or nothing to their sales revenues (Q#9). A likely reason for this apparent anomaly is the relatively small and declining number of retailers. Retailers would be most inclined to pursue a temporary price strategy since their prices are the most visible to consumers and subject to comparison. Price comparisons in the services are harder to make because it is harder to compare quality than in retail, making a temporary change in prices less enticing to the consumer. Business customers are more likely to demand the best price from the outset, making a sale typically less viable. Further, prices are not often a comparative advantage for small businesses. As a result, just 4 percent of small employers think price changes contribute “a lot” to their sales revenues while another 6 percent think it contributes “quite a bit.”

c. Locating Customers

One of the publicly least popular methods of promotion is telemarketing. This form of promotion, a subset of direct selling, is heavily influenced by the federal “do not call” list and state equivalents. Telemarketing has not been totally outlawed, however, and continues to operate within its new confines. Yet, 90 percent of small businesses obtain little or no sales revenues from telemarketing (Q#7). Two percent, in contrast, get “a lot” of sales revenue from it and another 3 percent get “quite a bit.” Given increasing political pressures to limit telemarketing, even to current customers, and the increasing public resistance to the technique, its future in small business promotion method is uncertain.

Participation in a trade show or event is another viable method to promote a small business. However, the number participating, at least to the extent of realizing some revenues from participation, is reasonably small. Fifteen (15) percent of small employers report generating “a lot” or “quite a bit” of sales revenue from a trade show or event (Q#12). Sixteen (16) percent indicate they derive “some” from these activities. But 75 percent get little or nothing from them.

Both telemarketing and trade shows /events require the owner to effectively leave the business and prospect. The opposite is a physical location that draws customers. Location proves to be a very important stimulant to generating sales rev-

enues according to small-business owners. Twenty-one (21) percent think that their physical location contributes “a lot” and another 15 percent think it contributes “quite a bit” (Q#14). These numbers mean that physical location is the third most important means of promotion, following word-of-mouth and personal selling, of the ten promotion approaches examined here. Still, 46 percent of small employers think physical location plays little or no role. Those selling directly to the public are obviously more sensitive to physical location

Personal selling is based on the owner, an employee, or an entire sales force actively selling to customers one-on-one. These encounters can occur inside or outside the business, by happenstance or appointment, through an established relationship or a first time encounter. But the purpose of the inevitable conversation is always a sale. Virtually all small businesses have at least someone who engages in direct selling. Just 6 percent generate no portion of their sales revenues using the technique (Q#11). In contrast, 37 percent generate “a lot” of sales revenues through direct selling and another 27 percent generate “quite a bit” in that manner. Direct selling may be the traditional promotion technique, but it remains one of the most important to the small-business population today.

Fifty-one (51) percent of small, employing businesses have their own Web site (Q#15). Seventy-eight (78) percent of the largest, those employing 20 or more, have one. But, most small-businessmen and women with a Web site do not think that the site contributes substantially to their sales revenues. Nine percent think their site contributes “a lot” and 18 percent suggest it contributes “quite a bit” (Q#15a). Another 32 percent think it contributes “some.” But 39 percent think their Web site contributes little or nothing to their sales revenue. Why then do almost two of five small employers with Web sites bother? There are several possible answers – credibility as a “real” business, future exploitation, etc. All likely have implications for future sales, if not current ones.

Still, one’s own Web site is not the only way that Web sites can contribute to the generation of revenues. It is also possible to generate revenues by advertising on the Web sites of others. More on this possibility will be addressed later.

Advertising

With only 41 percent effectively engaged in formal advertising, this promotion method may not be as common among small, employing businesses as is customarily thought. Still, it remains important and will be addressed in terms of advertising location and advertising challenges.

a. Advertising Location

Small-business owners use several channels to present themselves (and their products/services) to (potential) customers. Most owners, however, appear to focus their resources on a few outlets. For example, 15 percent advertise “extensively” in newspapers and another 43 percent advertise “some” in them (Q#1A). Yet, 42 percent of the 41 percent who do formally advertise do not use newspapers. Three percent of small, employing businesses advertise “extensively” in newspapers and 18 percent advertise “some.”

Small-business owners who advertise in newspapers place their ads in both dailies and weeklies. Twenty-eight (28) percent who advertise in newspapers do so only in dailies, 43 percent only in weeklies, and 28 percent in both (Q#1A1). Owners of larger small businesses are relatively more likely to advertise in dailies and vice versa. The reason is almost assuredly tied to cost and market area. Larger, small firms typically sell in broader geographic areas and typically have more revenues to do so than smaller, small firms. The reverse is also true.

Television is a less traditional medium for small business advertising. But cable and local cable channels create new, potentially cost-effective opportunities in television. Still, only 2 percent of those advertising “to generate more than marginal revenues” advertise “extensively” on television (Q#1B). Another 11 percent advertise “some” in the medium. The remainder do not use television to promote their business. Effectively, very few small, employing businesses are promoted in television advertising.

Newsletters, bulletins, etc., are vehicles typically well within the financial means of most small-business owners, though some may shun them due to their often less formal appearance and small volume. Forty-four (44) percent of advertisers do not use them at all (Q#1C). Still, 10 percent advertise “extensively” in newsletters, bulletins, etc., and another 46 percent advertise in them to

“some” degree. Some of this advertising is for traditional business purposes; other amounts to support community activity. The distribution between the two, and the overlap, is not well-established.

Direct mail is another advertising channel well within the financial means of most small-business owners. Sixteen (16) percent of those advertising use direct mail “extensively” and another 38 percent use it “some” (Q#1D). Forty-six (46) percent of small, employing businesses that advertise or 77 percent of the small employer population do not promote themselves with direct mail at all.

Direct mail often equates to “junk mail.” That is not necessarily true as a highly personalized, focused direct mail campaign is a credible promotional approach. But absent additional information on the nature of direct mail employed, it is highly likely the direct mail advertising that small employers use is third class.

Magazines are yet another channel in which small-business owners can advertise. Thirty-four (34) percent of those who advertise use the medium, though just 8 percent use it “extensively” (Q#1E). Owners may choose to advertise in trade or general interest publications. Each obviously targets a different customer audience. Thirty-seven (37) percent advertise in trade magazines only (Q#1E1); 23 percent do so exclusively in general interest magazines; 38 percent advertise in both.

Circulars, fliers and hand-outs are perhaps the cheapest means of advertising. Effectiveness of the approach is another question. Still, 12 percent of those advertising use circulars, fliers, and hand-outs “extensively” and another 49 percent use them “some” (Q#1F). These numbers indicate that the distribution of such printed material is one of small business’s most frequently used advertising forms. However, as will be seen later, few consider it their more important advertising means. Rather it is supplemental to other efforts.

The most frequent type of advertising, Yellow pages aside, is the Internet Web site. Sixty-nine (69) percent of those who advertise report using a Web site(s) for advertising purposes (Q#1G). Of that number, 27 percent use a Web site(s) “extensively.” A significant number of small employers who advertise on a Web site, advertise on a Web

site other than their own. While 39 percent employ their Web site exclusively, 17 percent only use the Web site(s) of others, and 43 percent use both theirs and others (Q#1G1). More will be said about Web sites in promotion later in this Poll issue.

Radio remains popular with the public. It, therefore, offers advertising opportunities for small-business owners looking for a non-industry specific audience. Still, just 7 percent advertise on radio “extensively” and another 26 percent advertise on the medium “some” (Q#1H). Those numbers translate into about 14 percent of all small, employing businesses that appear in at least some radio promotion. But radio, as with non-trade newspapers and television, means buying a fixed-sized audience, some which may not remotely be (potential) customers. That creates an inherent liability for small business radio advertising, just as it does for television and other mass media.

Value packs or shopper supplements are yet another print channel in which small employers can advertise. Value packs are envelopes of third-class mail, usually addressed to “occupant,” that are filled with numerous, multi-color advertising slips and/or coupons. Shopper supplements are effectively advertising newspapers or magazines. Just 4 percent who advertise use this channel “extensively” compared to 18 percent who use it “some” (Q#1I). Seventy-seven (77) percent who advertise do not use value packs or its equivalent at all. It is, therefore, one of the least used generic advertising methods.

The last form of advertising evaluated in the survey is outdoor signs off the premises. Billboards and advertising signs were ubiquitous years ago. They no longer are, in large part due to federal and state legislative curbs placed on them. Still, 7 percent of small-businessmen and woman who advertise use signs not on the business premises “extensively” to generate sales revenue (Q#1J). Another 25 percent who advertise use them, but less so. That leaves 68 percent of advertisers who do not use them at all.

The most important methods of advertising for small businesses are the Internet (16%), newspapers (15%), direct mail (14%) and the Yellow pages (10%) (Q#2). Another 15 percent of small-business owners volunteer that word-of-mouth is their most important method of advertising. That means less

than one in three who identifies some form other than the “big four” and word-of-mouth as their single most important advertising outlet. This group includes those who rely most heavily on such common advertising methods as radio, television, and magazines. The principal point is that no one form dominates. Small-business owners have many forms of advertising from which to choose, let alone a plethora of options within each form. They chose to take advantage of this cornucopia by spreading their advertising dollar across a myriad of them. That creates both problems and opportunities, problems in that there are so many voices trying to be heard, opportunities, in that there are so many different ways available to distinguish oneself.

b. Advertising Challenges

One advertising challenge for small employers is determining the best time to advertise and promote the business. These decisions involve seasonality, opportunity, cost, and so forth. Half (50%) of those who advertise do so steadily throughout the year (Q#3). If they advertise in the local newspaper one week, they will do so the next week and so on indefinitely. Content and appearance may change, but frequency remains the same. Thus, the firm’s advertising gives the appearance of a methodical, planned business activity. Twenty-five (25) percent indicate their advertising is also steady, but has periodic ups and downs. Those ups and downs could be seasonal, opportunistic, such as a special sale or quantity of inventory. Another 13 percent confine their advertising activity to a season or limited spurts. While one assumes the spurt is dictated by immediate sales opportunities for the initiating business, it might also revolve around the availability of a medium or an audience. A booth at the county fair is an example. Finally, 11 percent of small employers vary their advertising substantially throughout the year. The reason for this approach is not clear, but suggests opportunistic behavior, multiple seasons, for example, Valentine’s Day, Easter, and Mother’s Day for florists, or a marginal role for advertising in the overall scheme of things.

A second advertising challenge small-business owners face is designing the advertising to be used. The job, particularly done well, requires someone with a specialized skill set. That can be expensive and few small businesses are large

or profitable enough to hire someone specifically or even substantially for that purpose. Yet, 56 percent of small employers assign the task to someone in the firm (Q#4). The numbers that have the professional skills to do the job effectively, or even a flair for the task, is unknown. Thirteen (13) percent use someone associated with the advertiser, such as a newspaper employee, to design the advertising for the business. Ten percent use an ad agency. Nineteen (19) percent use someone else. "Someone else" is not specifically identified, but could range from professionally-designed ads prepared by franchisors or suppliers to a family member who helps out from home.

A third advertising challenge for small employers is evaluating the success of their advertising. After all, why spend money on advertising if it does not have the desired effect? Large firms have sophisticated procedures to measure the outcome of their advertising, procedures lying almost entirely outside the scope of small business resources. Still, 13 percent of small employers use some type of formal measurement (Q#5). These could involve methods like simple before and after comparisons or informal customer surveys. The largest group (42%) of small employers, however, relies on feedback from people who have seen or heard the advertising. While admittedly subjective, listening carefully to customers can provide much useful information. A variant of informal customer feedback is customer response to a specific message. Use of coupons is one example. If a customer returns a coupon, there is a strong presumption that the customer has seen the ad in which the coupon appeared and has responded favorably. Thirty-two (32) percent of those advertising use this type of evaluation. Four percent report a general feel for success of their advertising efforts; they can just tell whether their advertising is working or not. But six percent report they have no idea if their advertising is working or not. This response begs the question – why advertise? But in sum, determination of advertising effectiveness is almost always subjective.

Marketing on a Web Site

Forty-four (44) percent of the 51 percent of small, employing businesses with Web sites have one that is interactive (Q#15b). These sites are not just billboards on the Internet; they respond or change to a customer's

inquiry. One useful, but optional, feature of interactive sites is the customer's ability to place an order on the site and pay for it on a secure platform. The business can make a sale without ever directly speaking with the customer. Twenty-one (21) percent of small, employing businesses possessing a site have one with this capacity (Q#15c). The number will assuredly grow over time as people become more accustomed to shopping and paying for goods/services in that manner.

More sophisticated Web sites have market intelligence capabilities. Market intelligence capacity can incorporate many facilities. The survey gave respondents the example that they could count the number of times potential customers looked at an item. Others include allowing customers to sign-up for notices and/or announcements, such as new models or editions. Fifty-seven (57) percent of small employers with a Web site say that theirs provides market intelligence, more than indicate that it is interactive (Q#15d). It is not a likely coincidence that the 57 percent correlates closely with the number who think their Web site contributes at least some to sales revenues.

The importance of a Web site to a business may be judged by the frequency that the content is changed. The more frequently it is changed, the more important the site is likely to be to the business. Change requires a commitment to generate new material and post it. That implies resources. Most small-business owners choose not to change the content on their Web site often. Sixty-four (64) percent change content less frequently than once a month (Q#15e). In contrast, 5 percent change it daily or more often; 13 percent change content weekly; and another 14 percent change it monthly. Most (potential) customers could, therefore, visit a small business's Web site monthly and find no change from visit to visit. This suggests that owners as a group still do not regard their Web sites as a vital component of their promotion efforts.

One issue not addressed in the survey, but with which small employers with a Web site must contend is promoting it. If customers do not know a site is available, how do they reach it? A large firm has an advantage over smaller ones in this regard in that its site's URL usually approximates the business's name and hence is easy to locate; the company name can be googled for its Web

site, if necessary. Further, it has various advertising mechanisms, all of which carry the URL. Neither is necessarily true for a small business. That makes promotion of a small business's site relatively more important. So, small employers using a Web site must develop a promotional strategy for what often is simply a promotional device.

Logos and Trademarks

Logos and trademarks are a visual means by which a (potential) customer can readily identify a business, and are essential to its branding. That means logos and trademarks have value beyond an owner's self-image, even in small businesses. Sixty-six (66) percent of small, employing businesses have a logo or trademark (Q#6). The figure grows to 84 percent among firms with 20 or more employees. Thus, they are common among small businesses.

Registering a business's logo or trademark protects the business from infringement by a competitor or equally important allows the owner to continue using it if a competitor attempts to register something similar. Yet, just 43 percent of those with a logo or trademark register it with the government (Q#6a). The owners are then vulnerable to infringement, though it is possible that some are infringing on another's. Such possible infringement would likely be exposed in the registration process. The survey did not seek to determine the reason(s) for not registering.

Final Comments

Small-business owners rely on the experiences of their customers doing business with them to promote their businesses. To a lesser extent they rely on the firm's location to attract people, though that strategy is closely associated with the business's industry. Both are passive approaches to promotion. In other words, small-business owners do what they do (well) and often take advantage of their location. But they effectively let others shape their image rather than shaping it themselves. Limited resources are likely to influence decisions to approach the market in this manner, though it is not clear whether the resources are primarily financial or human.

A significant amount of direct selling counters the basic thrust of the population's primary promotional thrust. Direct selling by definition is active. But direct selling is also restricted to those involved and in a small

business that usually means a very limited number of people. A limited number of people selling directly may be adequate or even ideal for businesses that depend on relatively few customers with relatively larger purchases and/or those relying almost exclusively on repeat customers. Both assume the business has an established customer base. That, in turn, begs the question, how did those owners establish a customer base in the first place. This confronts the potential juxtaposition of maintaining sales and expanding them.

Small-business owner use of formal advertising, other than modest efforts yielding negligible results, is limited. That does not make formal advertising unimportant for those using it. The fact simply suggests other promotional approaches are more effective for them (given their constraints). Two points stand out in this regard. The formal advertising techniques small employers use vary widely from business to business. There is no one ideal small-business approach or, at least, owners seem to think not. In addition, many of those who do employ formal advertising use multiple approaches. The second point is that Web sites are integrated into the promotional strategies of relatively few firms. Most small-business owners who have them do not think their Web sites contribute notably, either directly or indirectly, to their sales. While this may not constitute proof that the two are integrated, it strongly suggests it. Both points imply small-business owners adopt a highly pragmatic approach to advertising their businesses. Whether or not they are effective is another issue.

Promotion and Advertising

(Please review notes at the table's end.)

Employee Size of Firm
1-9 emp 10-19 emp 20-249 emp All Firms

I. How much does advertising, such as newspaper ads, direct mail, fliers, etc., contribute to generating your business's sales revenues?

1. A lot	7.5%	4.7%	6.6%	7.1%
2. Quite a bit	10.3	14.1	10.5	10.8
3. Some	22.7	22.4	27.6	23.2
4. A little	48.8	47.1	43.4	48.1
5. (Don't formally advertise)	10.7	10.6	11.8	10.8
6. (DK/Refuse)	—	1.2	—	0.1
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

IA. Do you advertise extensively, some, or not at all? (If "A lot," "Quite a bit," or "Some" In Q#1.)

In newspapers

1. Extensively	15.1%	11.4%	17.6%	15.1%
2. Some	41.0	51.4	47.1	42.8
3. Not at all	43.8	37.1	35.3	42.2
4. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

IAI. Is that daily newspapers, weekly newspapers or both?

1. Daily	25.4%	30.4%	42.9%	28.0%
2. Weekly	47.2	30.4	23.8	42.5
3. Both	25.4	39.1	33.3	28.0
4. (DK/Refuse)	2.1	—	—	1.6
Total	100.0%	100.0%	100.0%	100.0%
N	80	56	57	193

IB. On television

1. Extensively	0.8%	5.7%	3.0%	1.5%
2. Some	9.8	14.3	21.2	11.4
3. Not at all	89.5	80.0	75.8	87.0
4. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

IC. In newsletters, bulletins, etc.

1. Extensively	10.5%	5.7%	6.1%	9.6%
2. Some	44.1	54.3	51.5	46.0
3. Not at all	45.3	40.0	42.4	44.4
4. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

ID. Through direct mail

1. Extensively	15.6%	16.7%	14.7%	15.6%
2. Some	36.3	44.4	41.2	37.7
3. Not at all	46.9	38.9	44.1	45.7
4. (DK/Refuse)	1.2	—	—	0.9
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

IE. In magazines

1. Extensively	7.8%	8.3%	5.7%	7.7%
2. Some	25.1	30.6	34.3	26.7
3. Not at all	66.7	61.1	60.0	65.3
4. (DK/Refuse)	0.4	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

IEI. Is that trade magazines, general interest magazines or both?

1. Trade	—%	—%	—%	36.9%
2. General interest	—	—	—	23.4
3. Both	—	—	—	37.8
4. (DK/Refuse)	—	—	—	1.8
Total	100.0%	100.0%	100.0%	100.0%
N	47	33	34	114

IF. In fliers, circulars, hand-outs

1. Extensively	10.2%	16.7%	18.2%	11.7%
2. Some	47.7	58.3	45.5	48.6
3. Not at all	41.4	25.0	36.4	39.1
4. (DK/Refuse)	0.8	—	—	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

Employee Size of Firm
1-9 emp 10-19 emp 20-249 emp All Firms

IG. On an Internet Web site or sites

1. Extensively	27.7%	25.0%	24.2%	27.1%
2. Some	37.9	50.0	63.6	41.8
3. Not at all	34.4	25.0	12.1	31.1
4.(DK/Refuse)	—	—	—	—
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

IGI. Is that your Web site, the Web site of others or both?

1. Respondent's Web site	38.7%	44.4%	36.7%	39.1%
2. Web site of others	18.5	14.8	13.3	17.3
3. Both	41.7	40.7	50.0	42.7
4. (DK/Refuse)	1.2	—	—	0.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	80	56	57	193

IH. On radio

1. Extensively	7.5%	8.1%	2.9%	7.1%
2. Some	23.5	32.4	41.2	26.4
3. Not at all	68.6	59.5	55.9	66.3
4. (DK/Refuse)	0.4	—	—	0.3
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

II. In value packs or shopper supplements

1. Extensively	4.3%	2.8%	6.1%	4.3%
2. Some	18.0	16.7	15.2	17.5
3. Not at all	76.6	80.6	78.8	77.2
4. (DK/Refuse)	1.2	—	—	0.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

IJ. On outdoor signs off the premises

1. Extensively	7.1%	8.3%	5.9%	7.1%
2. Some	24.7	25.0	23.5	24.6
3. Not at all	67.8	66.7	70.6	68.0
4. (DK/Refuse)	0.4	—	—	0.3
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

2. Which of these is the single most important method of advertising for your firm?

1. Newspapers	14.2%	13.5%	18.2%	14.5%
2. Television	3.9	8.1	3.0	4.3
3. Newsletter, bulletins	2.4	5.4	6.1	3.1
4. Direct mail	13.8	18.9	12.1	4.2
5. Magazines	6.7	2.7	6.1	6.2
6. Fliers, circulars	2.8	5.4	12.1	4.0
7. Internet	16.1	13.5	21.2	16.4
8. Radio	3.9	5.4	3.0	4.0
9. Value packs	1.6	2.7	3.0	1.9
10. Outdoor signs; off-site	0.8	5.4	0.0	1.2
11. Word-of-mouth	16.9	10.8	6.1	15.1
12. Yellow Pages	11.0	5.4	6.1	9.9
13. (Other	3.5	—	—	3.1
14. (DK/Refuse)	2.4	2.7	3.0	2.1
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

3. Does your advertising tend to be:?

1. Steady throughout the year	51.2%	40.5%	52.9%	50.2%
2. Steady with periodic ups and downs	23.0	29.7	29.4	24.5
3. Varies enormously throughout the year	9.8	16.2	11.8	10.7
4. Confined to a season or short period	13.3	13.5	5.9	12.5
5. (DK/Refuse)	2.8	—	—	2.1
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

4. Is your advertising material typically designed by someone in your firm, by an ad agency for you, by an advertiser on your behalf, or by someone else?

1. Someone in the firm	55.5%	58.3%	52.9%	55.6%
2. Ad agency	8.7	13.9	11.8	9.6
3. Advertiser, such as a newspaper or radio station	13.0	8.3	17.6	13.0
4. Someone else	20.5	19.4	11.8	19.4
5. (DK/Refuse)	2.4	—	5.9	2.5
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

Employee Size of Firm
1-9 emp 10-19 emp 20-249 emp All Firms

5. Which best describes how you know whether or not your advertising has been effective?

1. Formal measures of effectiveness	13.3%	10.8%	14.7%	13.2%
2. Feedback from people who have seen or heard it	44.7	32.4	35.3	42.3
3. Customer response to the specific ad message	29.8	40.5	35.3	31.6
4. General feel for it	3.5	10.8	5.9	4.6
5. Have little idea if advertising is effective	6.3	2.7	5.9	5.8
6. (DK/Refuse)	—	—	2.9	2.4
Total	100.0%	100.0%	100.0%	100.0%
N	148	86	88	322

6. Does your business have its own logo or trademark?

1. Yes	62.1%	82.6%	84.0%	66.4%
2. No	37.6	17.4	16.0	33.3
3. (DK/Refuse)	0.3	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

6a. Is that logo or trademark registered with the government?

1. Yes	43.4%	40.8%	41.3%	42.8%
2. No	50.0	53.5	52.4	50.8
3. (DK/Refuse)	6.6	5.6	6.3	6.5
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

7. How much does telemarketing contribute to your business's sales revenues? Would you say:?

1. A lot	1.7%	1.2%	2.6%	1.8%
2. Quite a bit	3.3	2.4	2.6	3.2
3. Some	3.2	7.1	9.2	4.2
4. A little	34.5	36.5	31.6	34.4
5. (Don't telemarket)	56.1	51.8	53.9	55.4
6. (DK/Refuse)	1.1	1.2	—	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

8. How much does free publicity, such as news stories, contribute to your business's sales revenues? Would you say:?

1. A lot	6.3%	5.8%	2.6%	5.9%
2. Quite a bit	7.6	3.5	6.67.1	
3. Some	12.9	17.4	21.1	14.1
4. A little	46.0	57.0	48.7	47.5
5. (Don't get free publicity)	26.7	15.1	21.1	24.9
6. (DK/Refuse)	0.5	1.2	—	0.5
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

9. How much does changing prices, such as sales or specials, contribute to your business's sales revenues? Would you say:?

1. A lot	3.2%	5.8%	8.0%	3.9%
2. Quite a bit	5.9	9.3	2.7	5.9
3. Some	14.3	19.8	21.3	15.5
4. A little	47.0	39.5	44.0	45.9
5. (Don't change prices as a marketing device)	28.4	24.4	24.0	27.6
6. (DK/Refuse)	1.2	1.2	—	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

10. How much does word of mouth or referrals contribute to your business's sales revenues? Would you say:?

1. A lot	53.7%	52.9%	40.0%	52.3%
2. Quite a bit	29.5	31.0	30.7	29.8
3. Some	9.0	10.3	18.7	10.1
4. A little	5.6	4.6	6.7	5.6
5. None	2.1	1.1	4.0	2.1
6. (DK/Refuse)	0.2	—	—	0.1
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

11. How much does personal selling contribute to your business's sales revenues? Would you say:?

1. A lot	39.1%	24.7%	34.7%	37.1%
2. Quite a bit	27.5	28.2	24.0	27.2
3. Some	15.6	27.1	22.7	17.5
4. A little	11.6	11.8	13.3	11.8
5. (Don't do personal selling)	5.9	7.1	5.3	6.0
6. (DK/Refuse)	0.3	1.2	—	0.4
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

Employee Size of Firm
1-9 emp 10-19 emp 20-249 emp All Firms

12. How much does trade shows or events contribute to your business's sales revenues? Would you say:?

1. A lot	5.2%	2.4%	4.0%	4.8%
2. Quite a bit	4.3	6.0	5.3	4.6
3. Some	15.8	20.2	12.0	15.9
4. A little	42.9	39.3	48.0	43.0
5. (Don't participate in them)	31.7	32.1	30.7	31.6
6. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

13. How much do changes in the mix of your goods and/or services contribute to your business's sales revenues? Would you say:?

1. A lot	8.3%	2.4%	8.1%	7.6%
2. Quite a bit	5.9	8.2	10.8	6.6
3. Some	28.9	32.9	25.7	29.0
4. A little	29.2	35.3	35.1	30.4
5. None	26.3	20.0	20.3	25.1
6. (DK/Refuse)	1.4	1.2	—	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

14. How much does your physical location contribute to your business's sales revenues? Would you say:?

1. A lot	20.9%	24.1%	18.4%	21.0%
2. Quite a bit	13.6	19.5	21.1	15.0
3. Some	17.9	16.1	19.7	17.9
4. A little	30.7	26.4	25.0	29.7
5. (Not important)	16.0	13.8	14.5	15.6
6. (DK/Refuse)	0.8	—	1.3	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

15. Does your business have its own Internet Web site?

1. Yes	45.9%	67.1%	78.4%	51.2%
2. No	53.5	32.9	21.6	48.3
3. (DK/Refuse)	0.6	—	—	0.5
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

15a. How much does your Web site contribute to your business’s sales revenues? Would you say:?

1. A lot	10.4%	5.3%	6.9%	9.2%
2. Quite a bit	20.1	14.0	10.3	17.8
3. Some	32.2	36.8	29.3	32.4
4. A little	25.6	29.8	44.8	29.0
5. (Not important)	10.0	10.5	6.9	9.7
6. (DK/Refuse)	1.7	3.5	1.7	2.0
Total	100.0%	100.0%	100.0%	100.0%
N	159	132	153	444

15b. Is your Web site interactive, that is, does it respond or change to a customer’s inquiry?

1. Yes	43.8%	40.4%	48.3%	43.9%
2. No	53.8	56.1	48.3	53.3
3. (DK/Refuse)	2.4	3.5	3.4	2.7
Total	100.0%	100.0%	100.0%	100.0%
N	159	132	153	444

15c. Can customers place orders on your Web site and pay for them on a secure platform or environment in the site?

1. Yes	22.1%	17.5%	20.7%	21.3%
2. No	76.8	78.9	79.3	77.5
3. (DK/Refuse)	1.0	3.6	—	1.2
Total	100.0%	100.0%	100.0%	100.0%
N	159	132	153	444

15d. Does your Web site provide you market intelligence, such as the number of people who clicked on a particular topic on your site?

1. Yes	58.8%	50.9%	51.7%	56.7%
2. No	37.0	45.6	44.8	39.4
3. (DK/Refuse)	4.2	3.5	3.4	4.0
Total	100.0%	100.0%	100.0%	100.0%
N	159	132	153	444

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

15e. How often do you typically change the content on your Web site?

1. Daily/more often	4.8%	8.8%	3.4%	5.2%
2. Weekly	14.9	7.0	10.3	13.1
3. Monthly	12.8	15.8	22.4	14.6
4. Less often than monthly	64.4	66.7	62.1	64.4
5. (DK/Refuse)	3.1	1.8	1.7	2.7
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	159	132	153	444

Demographics

D1. Which best describes your position in the business?

1. Owner/manager	86.5%	83.7%	73.7%	85.0%
2. Owner, but NOT manager	5.9	3.5	5.3	5.6
3. Manager, but NOT owner	7.6	12.8	21.1	9.5
4. (DK/Refuse)	—	—	—	—
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D2. Are you the founder or co-founder of this business?

1. Yes	78.1%	60.5%	57.3%	74.2%
2. No	21.9	38.4	42.7	26.7
3. (DK/Refuse)	—	1.2	—	0.1
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D3. Is your primary business activity: (NAICs code)

1. Agriculture, forestry, fishing	5.9%	2.4%	1.3%	5.1%
2. Construction	11.1	9.6	10.5	10.9
3. Manufacturing, mining	7.9	10.8	11.8	9.0
4. Wholesale trade	4.4	6.0	10.5	8.6
5. Retail trade	14.1	12.0	5.3	13.1
6. Transportation and warehousing	3.0	3.6	3.9	3.2
7. Information	2.7	1.2	1.3	2.4
8. Finance and insurance	8.1	3.6	3.9	7.2
9. Real estate and rental/leasing	2.1	3.6	2.6	2.3
10. Professional/scientific/ technical services	16.2	9.6	9.2	14.8
11. Admin. support/ waste management services	7.1	7.2	7.9	7.2
12. Educational services	0.2	1.2	—	0.3
13. Health care and social assistance	3.0	7.2	7.9	3.9
14. Arts, entertainment or recreation	1.1	1.2	2.6	1.3
15. Accommodations or food service	4.1	15.7	18.4	6.7
16. Other service, incl. repair, personal service	8.9	4.8	1.3	7.7
17. Other	—	—	1.3	0.1
18. (DK/Refuse)	—	—	—	—
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

D4. Over the last two years, have your real volume sales?:

1. Increased by 30 percent or more	16.2%	20.0%	21.6%	17.1%
2. Increased by 20 to 29 percent	15.4	18.8	14.9	15.7
3. Increased by 10 to 19 percent	28.8	27.1	31.1	28.9
4. Increased by < 10 percent	18.7	18.8	18.9	18.7
5. Decreased by < 10 percent	7.9	7.1	4.1	7.5
6. Decreased by more than 10 percent	6.7	4.7	4.1	6.2
7. (DK/Refuse)	6.4	3.6	5.4	5.9
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D5. Is this business operated primarily from the home, including any associate structures such as a garage or a barn?

1. Yes	27.6%	8.1%	5.3%	23.4%
2. No	71.6	91.9	94.7	76.0
3. (DK/Refuse)	0.8	—	—	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D6. How long have you operated this business?

1. < 6 years	20.9%	16.5%	19.7%	20.3%
2. 6 – 10 years	20.9	14.1	21.1	20.2
3. 11 – 20 years	28.8	32.9	23.7	28.8
4. 21 – 30 years	16.6	22.4	22.4	17.8
5. 31 + years	11.9	14.1	11.8	12.1
6. (DK/Refuse)	0.8	—	1.3	0.8
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D7. What is your highest level of formal education?

1. < H.S.	2.5%	2.3%	1.3%	2.4%
2. H.S. diploma/GED	19.1	13.8	20.0	18.6
3. Some college or associate's degree	23.9	24.1	21.3	23.7
4. Vocational or technical school degree	3.1	2.3	4.0	3.1
5. College diploma	31.7	34.5	36.0	32.4
6. Advanced or professional degree	18.8	23.0	16.0	19.0
7. (DK/Refuse)	0.9	—	1.3	0.9
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D8. Please tell me your age

1. <25 years	0.3%	1.2%	1.3%	0.5%
2. 25 – 34 years	5.6	5.8	6.7	5.7
3. 35 – 44 years	16.8	17.4	18.7	17.1
4. 45 – 54 years	31.7	33.7	37.3	32.5
5. 55 – 64 years	28.3	29.1	26.7	28.2
6. 65+ years	14.8	10.5	9.3	13.8
7. (Refuse)	2.5	2.3	—	2.3
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D8. What is the zip code of your business?

1. East (zips 010-219)	17.5%	21.2%	18.7%	18.0%
2. South (zips (220-427)	17.4	20.0	21.3	18.0
3. Mid-West (zips 430-567, 600-658)	22.1	25.9	26.3	22.8
4. Central (zips 570-599, 660-898)	26.4	22.4	18.7	25.3
5. West (zips 900-999)	15.0	10.6	16.0	14.6
6. (DK/Refuse)	1.6	—	—	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

D9. Urbanization (Derived from zip code.)

1. Highly Urban	14.0%	8.2%	10.5%	13.0%
2. Urban	17.8	17.6	25.0	18.5
3. Fringe Urban	17.5	24.7	21.1	18.6
4. Small Cities/Towns	19.9	21.2	22.4	20.3
5. Rural	25.0	24.7	13.2	23.8
6. (Not Known)	5.9	3.5	7.9	5.8
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D10. Compared to your competitors over the last three years, do you think the overall performance of your business in terms of sales and net profits makes it a:?

1. High performer	15.4%	24.7%	26.7%	17.5%
2. Somewhat high performer	27.1	31.8	24.0	27.3
3. Moderate performer	40.3	35.3	37.3	39.6
4. Somewhat low performer	6.7	2.4	1.3	5.7
5. Low performer	5.9	3.5	6.7	5.7
6. (Haven't been in business three years)	0.8	1.2	—	0.8
7. (DK/Refuse)	3.8	1.2	4.0	3.5
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D11. Sex

1. Male	81.0%	83.5%	81.3%	81.3%
2. Female	19.0	16.5	18.7	18.7
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

Table Notes

1. All percentages appearing are based on **weighted** data.
2. All "Ns" appearing are based on **unweighted** data.
3. Data are not presented where there are fewer than 50 unweighted cases.
4. ()s around an answer indicate a volunteered response.

WARNING – When reviewing the table, care should be taken to distinguish between the percentage of the population and the percentage of those asked a particular question. Not every respondent was asked every question. All percentages appearing on the table use the number asked the question as the denominator.

Data Collection Methods

The data for this survey report were collected for the NFIB Research Foundation by the executive interviewing group of The Gallup Organization. The interviews for this edition of the *Poll* were conducted between November 14, 2006 - December 15, 2006 from a sample of small employers. “Small employer” was defined for purposes of this survey as a business owner employing no fewer than one individual in addition to the owner(s) and no more than 249.

The sampling frame used for the survey was drawn at the Foundation’s direction from the files of the Dun & Bradstreet Corporation, an imperfect file but the best currently available for public use. A random stratified sample design is typically employed to compensate for the highly

skewed distribution of small-business owners by employee size of firm (Table A1). Almost 60 percent of employers in the United States employ just one to four people meaning that a random sample would yield comparatively few larger small employers to interview. Since size within the small-business population is often an important differentiating variable, it is important that an adequate number of interviews be conducted among those employing more than 10 people. The interview quotas established to achieve these added interviews from larger, small-business owners are arbitrary but adequate to allow independent examination of the 10-19 and 20-249 employee size classes as well as the 1-9 employee size group.

Table A1
Sample Composition Under Varying Scenarios

Employee Size of Firm	Expected from Random Sample*		Obtained from Stratified Random Sample			
	Interviews Expected	Percent Distribution	Interview Quotas	Percent Distribution	Completed Interviews	Percent Distribution
1-9	593	79	350	47	351	46
10-19	82	11	200	27	200	27
20-249	75	10	200	27	200	27
All Firms	750	100	750	101	751	100

* Sample universe developed from the Bureau of the Census (2002 data) and published by the Office of Advocacy at the Small Business Administration.

Previous Publications in This Series

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The **NFIB Research Foundation** is a small-business-oriented research and information organization affiliated with the National Federation of Independent Business, the nation's largest small and independent business advocacy organization. Located in Washington, DC, the Foundation's primary purpose is to explore the policy related problems small-business owners encounter. Its periodic reports include *Small Business Economic Trends*, *Small Business Problems and Priorities*, and now the *National Small Business Poll*. The Foundation also publishes ad hoc reports on issues of concern to small-business owners. The Foundation's functions were recently transferred from the NFIB Education Foundation.



Data Collection Methods

The data for this survey report were collected for the NFIB Research Foundation by the executive research team of the

Employer Size of Firm	Interviews Conducted	Percent of Total	Percent Distribution of Completed Interviews
1-9	593	77%	77%
10-19	82	11%	25%

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