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Constant Contact Pulse Survey: Small Businesses Experiencing Revenue Growth in 2012

While outlook is positive, finding new customers keeps small business owners up at night

WALTHAM, Mass.--(BUSINESS WIRE)-- A majority of small businesses are experiencing revenue growth in 2012, according to new survey data from [Constant Contact[®], Inc.](#) (NASDAQ: CTCT). While the [Constant Contact Small Business Pulse Survey](#) reveals optimism about 2012, attracting new customers continues to keep small business owners up at night.

Strong Start for Majority of Small Businesses in 2012

The health of small business is improving in 2012, with the majority of small businesses reporting revenue increases over 2011. When asked how their organization has done so far this year:

- 59 percent said revenues increased.
- 30 percent said revenues remained flat.
- 11 percent said revenues decreased.

The continued outlook is positive, with 79 percent of small business owners expecting revenues to increase over their 2011 revenues. When asked what their revenue expectations are this year compared to last year:

- 52 percent expected their revenues to increase more than 10 percent.
- 27 percent expected their revenues to increase less than 10 percent.
- 13 percent expected their revenues to remain flat.
- 4 percent expected their revenues to decrease less than 10 percent; 3 percent expected their revenues to decrease more than 10 percent.

Rising costs remain a challenge, with 45 percent of small businesses reporting their operating costs have increased. Further, a full 30 percent report their cash flow is inadequate and preventing them from growing their business. Of the 19 percent of small businesses that have sought funding this year, only 16 percent received some or all of the funding they needed.

Small Businesses Still Not Hiring

Increased revenue has not yet translated into hiring. Sixty-six percent of small businesses are not planning to hire additional full-time employees in the next six months. Almost 20 percent said they need to hire more employees but can't.

"While small business owners are reporting optimistic 2012 revenue projections, the fact that they aren't hiring, and operating costs are rising, makes it clear it's a cautious optimism," said Gail Goodman, CEO of Constant Contact. "For now, it appears small business owners are continuing to try to do more with less."

Small Business Owners Are Sleepless Over Finding New Customers

Though the revenue outlook is brightening, challenges remain for small businesses, primarily how to achieve growth. When asked about what keeps them up at night:

- 76 percent said how to attract new customers.
- 49 percent said how to connect with, and better engage with, existing customers.
- 41 percent said how to get referrals from current customers.

While attracting and engaging customers is a top concern, marketing spend has stayed steady for most of the small businesses surveyed. Sixty percent report keeping their marketing budget the same as 2011, and only 29 percent have increased their budget. When asked which marketing activities they find to be effective for their organization today:

- 83 percent chose email marketing.
- 71 percent chose website marketing.
- 68 percent chose in-person interactions.
- 49 percent chose social media marketing.

Small Business Owners Need More Social Media Swagger

Fifty-three percent of small business owners ranked social media as the marketing channel they need the most help with, indicating that social media could play a more prominent marketing role if they were more confident in their social media skills.

Among social media tools, Facebook[®] still rules the day. When respondents active in social media were asked which tool was most effective:

- 75 percent chose Facebook.
- 10 percent chose LinkedIn[®].
- 7 percent chose Twitter[™].
- Pinterest[®], Google+[®], YouTube[®], and Yelp[®] all came in between 1-3 percent.

For a full report, please visit <http://conta.cc/Ns2Gjy>; and for infographics, please visit: <http://conta.cc/Ns25yo>.

About the Survey

This Constant Contact-sponsored survey was administered in May 2012 to 1000 participants in the Constant Contact Small Biz Council — a research panel of US small businesses and nonprofits recruited from the Constant Contact customer base. This is the first installment of an ongoing study about the state of small businesses and the ways they connect with, and grow, their audiences. Results include responses from 728 respondents across a range of business-to-business and business-to-consumer industries.

About Constant Contact[®], Inc.

[Constant Contact](#) wrote the book on Engagement Marketing[™]— the new marketing success formula that helps small organizations create and grow customer relationships in today's socially connected world. More than half a million small businesses, nonprofits and associations worldwide use the company's online marketing tools to generate new customers, repeat business, and referrals through email marketing, social media marketing, event marketing, local deals, digital storefronts, and online surveys. Only Constant Contact offers the proven combination of affordable tools and free KnowHow, including local seminars, personal coaching and award-winning product support. The company further supports small organizations through its extensive network of consultants/resellers, technology providers, franchises and national associations.

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