

## Small Businesses not Taking Full Advantage of Opportunities to Connect with Customers on the Web

### Despite Knowing Benefits Business Lack Resources to Explore New Internet Tools – More Likely to Use Working Capital for Traditional Marketing

**SCARSDALE, NY (July 9, 2007)** –In an ongoing effort to monitor the most critical issues affecting small businesses, Capital Access Network, Inc. today released the results of its Q2 Small Business Barometer focusing on the use of Internet tools. Today's results identify a relatively high level of awareness, but low level of involvement in using the latest Internet tools to achieve business goals.

This research report is the third in a series titled "Capital Access Network Small Business Barometer" and was commissioned by New York-based [Capital Access Network, Inc. \(CAN\)](#). The survey was conducted nationally among small business operators who accept credit cards as a form of payment.

#### Understanding the Internet's Importance to Small Business

Overall, the survey found that small business owners understand the general importance of the Internet to their business with 46 percent deriving some sort of revenue from the Web, and a majority (60 percent) spending more than 14 hours a week online, divided between their personal and business needs.

Where are they choosing to spend their time? The results reveal an understanding of the importance of promoting their business presence on the Web with 68 percent utilizing first generation search engine optimization tools to help drive traffic, and another 58 percent using some form of online advertising. Additionally, 30 percent are spending more than \$2,500 a year to promote their company's web presence. However, despite growing evidence that blogs can be a powerful marketing tool for businesses of all sizes, today's results found that only 11 percent actively use blogs to connect with potential partners and customers. In fact, 46 percent of today's respondents never use blogs at all, despite evidence that they may elevate a small businesses' presence and help them make connections with potential customers.

#### Traditional Marketing Efforts vs. Online Opportunities

In order to gauge how small business owners view the Internet as a marketing tool, the survey asked respondents to rank their current top vehicles for marketing their business. The choices ranged from the traditional (print advertising) to use of Social Media/Internet tools. The top ranking vehicles were:

1. Internet Presence/Website
2. Referrals/Networking
3. Community Relations
4. Public Relations
5. Social Media/Internet Tools
6. Print Advertising
7. Radio/TV Advertising

Newer social media tools such as Second Life have not taken hold with the small business market, with 60 percent of respondents never using this virtual world to help their business increase visibility or to develop new contacts. Instead, more traditional uses such as email and general research on small business solutions were listed as top reasons to go online.

Blogs by definition are an interactive conversation and allow business owners to directly connect and communicate with potential customers, partners and other valuable stakeholders. According to Technorati, there are currently more than 70 million weblogs with 120,000 new ones created each day. Considering that the third most popular reason to go online for today's respondents is to "generate new business leads and customers," to ignore the current state of the blogosphere may be detrimental to the future of these firms.

#### Lack of Awareness or Lack of Funds?

Another objective of the Q2 CAN Small Business Barometer was to establish not only the current level of Internet involvement by entrepreneurs, but also to identify any barriers to full immersion in the expanding Internet culture. The

survey established that the majority small business owners find it important to have an active Internet presence, and a small percentage (18 percent) have a limited understanding of how to implement these tools. Interestingly, 43 percent of respondents to this survey plan to increase their budget for Internet tools when compared with the previous year, with only 29 percent budgeting nothing, or a lesser amount than in the past.

For those who were not planning to increase their budget for a Web presence, the primary reason, with nearly 30 percent of respondents, is a simple lack of available funds. Access to working capital may then be seen as a factor in keeping these organizations from adopting a robust Internet strategy.

### **Top Three Factors Impacting Small Business: Next Five Years**

In addition to gauging awareness of social media and Internet tools, today's survey helped identify some of the top factors affecting the success of small business firms. Overall expansion ranked at the top of the list, followed by the development of additional marketing and advertising programs, and third, ensuring an active presence for their business on the Internet.

Reinforcing the fact that not all small businesses have a grasp of the benefits of newer social media technology is the fact that "having an active social media/Internet strategy" ranked seventh out of 10 choices, after such issues as cutting costs, employee training and hiring the right people for their company. Again, these results underscore an understanding of the importance of the Internet, and a need to connect, but show little understanding of how these two ideas can be brought together through the use of Internet tools and social media.

Environmental and political concerns ranked dead-last in the CAN Small Business Barometer, including possible improvements in fuel efficiencies (hybrid vehicles and fuel alternatives) and the results of the 2008 presidential election.

### **Growing Awareness of Alternative Sources of Cash**

In the previous two editions of the Capital Access Network Small Business Barometer, respondents were asked to evaluate their top choices for obtaining working capital for their business. Today, 34 percent of respondents indicated that they were aware that they could sell their future credit card receivables in exchange for quick accessible working capital. An additional five percent had in fact, done so at least one time. This process is also known as a Merchant Cash Advance and is growing in popularity among small business owners as a cash-friendly way to obtain necessary funding to expand or promote their company. Given today's findings that lack of capital may be reason that keeps some entrepreneurs from fully embracing Internet technology, growing awareness of these alternative funding methods is especially relevant. The top three most appealing financial solutions in today's survey were use of personal or business credit cards (see Q1 CAN Small Biz Barometer survey for more on this topic), followed by selling future credit card receivables, or a Merchant Cash Advance, and third, a collateral-based bank loan.

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### **Capital Access Network Small Business Barometer**

The CAN Small Business Barometer is commissioned by [Capital Access Network](#) with the purpose of capturing and reporting data that will continue to support the growth and viability of small businesses across America.

#### **About AdvanceMe, Inc.**

AdvanceMe, Inc. in Kennesaw, GA is the nation's leading provider of Merchant Cash Advances to small and mid-sized businesses. Since 1998, AdvanceMe has made more than 40,000 advances, providing almost 20,000 business owners in all 50 states with close to \$1 Billion dollars in working capital. Owners use AdvanceMe capital to renovate, purchase new equipment and supplies, fund advertising, manage unexpected expenses and seasonal downturns and free themselves from second mortgage liens and personal guarantees associated with loans. For more information about AdvanceMe's innovative working capital solution, call toll-free 1-866-700-6486 or visit [www.AdvanceMe.com](http://www.AdvanceMe.com).

#### **About Capital Access Network**

[Capital Access Network, Inc.](#) (CAN) serves the small business market through its wholly owned subsidiaries. CAN is engaged in the business of generating and maintaining high yielding short-term assets by leveraging leading edge data, systems and technology that is married to a unique, highly effective collection methodology. Founded in 1998, CAN currently employs 300 people in five main locations in New York, Georgia, Massachusetts, Minnesota and Costa Rica.