



# A classification of small business owner values and attitudes

## 1 Background

Research confirms that small business owners are differentiable by their approach to business in general and to purchasing in particular.

Our own research shows that individual business owners have differing levels of interest, knowledge & confidence in their purchase decision-making which do not directly correlate with the importance of the decisions being made.

This illustrates that purchase decision-making for small business owners is more akin to personal decision-making than it is to the formalised processes of larger organisations.

IA has developed a method of understanding and using this information.

IA's Psycho-demographic Industrial Classification (PIC) is the UK's first personal values based classification of small business owners – adding value in developing insight for targeting and differentiated communications by introducing aspects of psychology into the direct marketing process.

The underlying assumption behind PIC is that the purchasing behaviour and culture of any small business entity is inextricably linked to the personality, behaviour - and values of the people that own and manage those businesses. In a small business this 'values' effect is quite pure because the owners work there every day - undiluted by lots of shareholders or other very senior role holders.

PIC uses underlying data from the DNA database mixed with Information Arts' own primary research data collected through extensive survey to form a unique classification that describes **3 typographies** – each with its own unique set of characteristics and attitudes to purchasing and decision making.

PIC helps us to understand what categories of purchase small business owners are likely to be involved in and those they are happy to delegate. It provides insight about their attitudes to brands – what aspects of your proposition will interest them, key decision drivers and information about preferred channels of communication.

This invaluable insight is used to gain a deeper understanding of existing customers and prospects and applied to develop communications that better engage with their values – leading to better, longer and more profitable relationships.

PIC will help us to understand why some small business owners prefer certain brands to others.

Data can be selected from our UK OMNI database using PIC, however PIC should first be appended to your customer data (enhancement) in order to develop deeply insightful analysis – revealing the typologies within clients existing customers.



PIC will help in finessing messaging – to better engage with the typographies identified – thus increasing responses and improving conversions & renewals.



## 2 Classification Overview

Within the UK we identify 3 specific typographies – with the following pen portraits:



### **The Passionate** (38% of small business leaders)

Idealistic and in business for the love of what they do, the Passionate is driven by enthusiasm, optimistic about their business and inspired by the bigger picture.

Ideas are everything, and creativity is key. Number-crunching, trivia and detail are absolute no-nos.

Gregarious, good with people and happy to delegate, The Passionate looks hardest at the purchases which directly affect their ability to produce - raw materials or ingredients; machinery and, in the service sector, human resources.

Focused on ideas, disinterested in detail and delegating in areas where they are weaker, or lack interest. Not financially focused, but still take responsibility to account for purchases.

Passionates like cool brands and demand excellent service.

A Passionate likes to feel special and is most likely to switch where service levels fall short or your communications are long winded and boring. They are not price conscious and will stay loyal provided you keep them feeling valued. They will like creative and personalized communications.

Talk to Passionates about ideas and what your product will do for them and their customers.



### **The Expert** (37% of small business leaders)

Analytical and experienced, having served their apprenticeship and learnt their trade in previous employment, The Expert has chosen to go it alone with their own business.

Motivated by knowledge, it is the processes surrounding and underlying the business, as well as the direct output or product itself, that most interest The Expert. Hard-working, cautious and rational, they will often gravitate to the comfort zone of products and suppliers they know, and brands they recognise and trust. Saving money is more important in the early years, after which the safety of brand-loyalty is more persuasive.

Highly knowledgeable in their industry sector, but still learning to be businessmen - Comfortable with online purchasing, due to the wealth of information it affords and the level of control it allows over the transaction.

Experts will focus on detail – so give it to them in communications. Talk about features and benefits and how it meets needs. They need to evaluate your offer objectively against a short list.

Experts are difficult to enthruse by passion alone and are least likely to be rushed into a deadline decision.



## **The Money Maker** (25% of small business leaders)

Confident, positive, impulsive and can be inclined to regard their business as a means to an end, rather than as an end itself, profit is far more important to the Money Maker than the function or activity of the business itself. Nothing wrong with that !

Although primarily motivated by success and the outward appearance of material wealth, their hard line on overheads and price awareness combine to prioritise cost over brand or supplier loyalty.

However, the Money Maker's focus on the "bigger picture" of profit and exit strategies tends to relegate smaller operational overheads such as utilities to the status of distracting background issues, unlikely to yield sufficient savings to justify the time spent on them.

Money Makers are Impulsive and seduced by the profit potential of business opportunities.

Industry knowledge tends to be second-hand and sketchy and not necessarily related to any direct experience compared to the other groups. They often find the detail and operational exigencies of running a business far more challenging than they had expected.

Money Makers are serial entrepreneurs and are most likely to fail. But this is not necessarily a handicap. Money Makers do learn by experience, they can be resilient and do go on to succeed.

Money Makers are most likely to make impulsive decisions, influenced either by instinctive or emotional responses, or for the opportunity for fast profit. They say they are focused on keeping costs down. But Money Makers are least likely to scrutinise the cost details of day-to-day operational overheads like utilities and support services.

They have little loyalty and will switch if your price becomes uncompetitive.



### 3 Using PIC

PIC can be used in a number of ways:

#### 3.1 Data Selection and Output

PIC is a selection on Information Arts OMNI and DNA databases.

Selection fee £75 / 000

Output fee £75 / 000

(Additional to base data cost)

#### 3.2 Data Enhancement

PIC can be appended to any database for an annually renewable licence.

Append fee £75 / 000

Matching fee £100 / 000

subject to a minimum of £1,500

#### 3.3 Profiling

A profile of customers using PIC can be provided:

First profile £3,000

Additional profiles £1,500

(Excluding file matching)

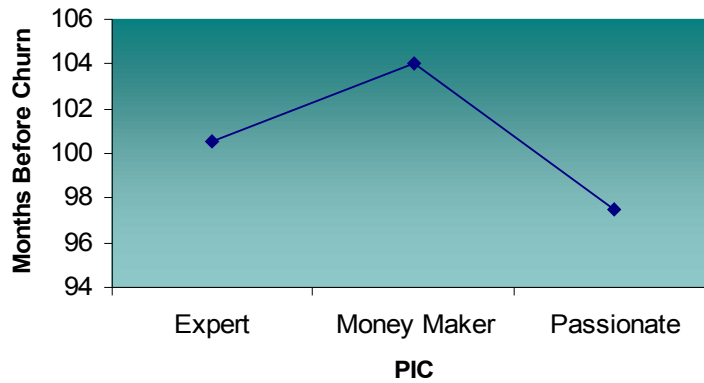
#### 3.4 Summary Data Sets for Analysis and Modelling

Price On application to specification



#### 4 Example Outputs

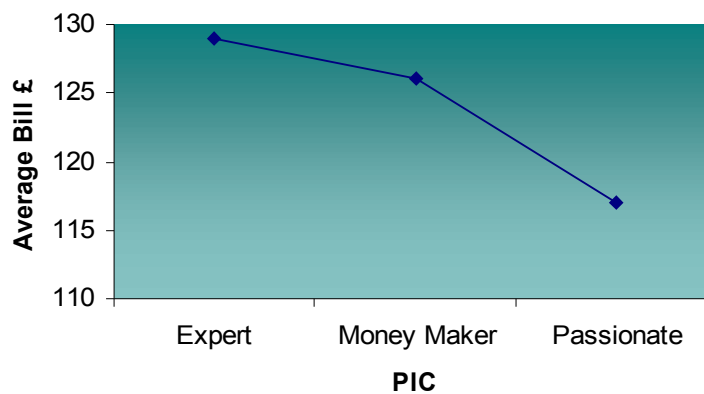
**Who Stays Longest With a Bank ?**



In all instances there should be no difference – if ‘values’ played no part in decision making.

However we can clearly see that there are consistent differences between typologies.

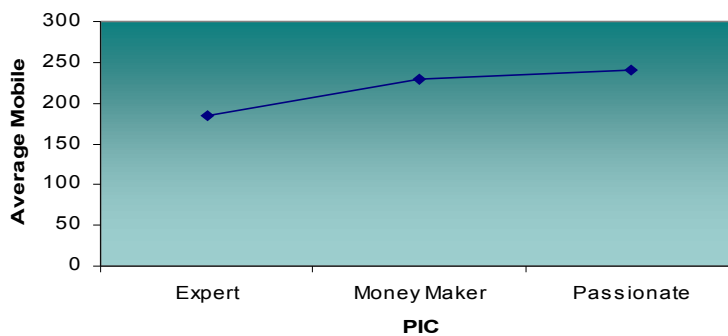
**Who Spends Most on Energy ?**



When extrapolated across a large customer base, these differences represent significant levels of revenue.

Understanding this behaviour will improve our ability to target and retain customers for longer.

**Who Talks More ?**



For further information please call a member of the Sales Team on 01494 535019.