

When the SMB Marketplace Met Social Media

Written on Feb 15, 2011
Author Russell Rothstein



ADOTAS – Since highlighted as the “true engine of job creation” in the 2010 State of the Union address, the nation has turned to small and midsize businesses (SMBs) as the White Knight charged with leading us out of the current recession.

The U.S. government has lent unwavering support, making good on promises of SMB funding and tax cuts by signing the Small Business Jobs Act last September — arguably the most significant piece of small-business legislation in over a decade. And last week, White House officials announced that the Small Business Administration will direct \$2 billion over the next five years to match private-sector investment funding for startups.

Many major companies have taken note of the government billions focused on SMBs, and have begun to capitalize on it by putting their own advertising dollars into the SMB marketplace. They have found that by marketing specifically to SMBs, big-name brands can cash in on SMB success.

But determining the best advertising medium to reach the most appropriate SMB customers was for some time a challenge; that is, until social media marketing gained momentum.

Marrying SMB Marketplace and Social Media Networks

While traditional advertising methods using television, radio, magazines and newspapers are still popular, big companies are increasingly turning to social media to reach an untapped cache of customers. In fact, eMarketer estimates that U.S. businesses will spend \$3.08 billion to advertise on social networking sites in 2011 (a 55% increase over 2010) and 10.8% of their expected spend on all online advertising in the United States this year.

Further reinforcing the growth of social media is LinkedIn’s recent S-1 filing, underscoring the general worth of the social media network space. LinkedIn is not alone in its success, either: Yahoo’s valuation weighs in at \$21 billion, Facebook has reached \$50 billion and Google is at \$190 billion.

Given the government’s generosity with SMBs and major companies’ documented interest in using social media as a means to reach new SMB customers through

advertising, it makes perfect sense that a social media network dedicated to SMBs would be a popular — and extremely profitable — advertising medium.

Capitalizing on the Opportunity

Heralded by everyone from the President to analysts as a driver of economic recovery, and with billions pumped into it to ensure its stability, the SMB marketplace is surely the Beverly Hills of business sectors. Now, by leveraging new, specialized tools — that is, social media networks — to mine the rich SMB marketplace with specialized advertising, companies will be able to capitalize on the many lucrative opportunities that are awaiting discovery.