Customer Acquisition and Marketing Communications by Small Business: The Education and Practice Divide

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Abstract

Customer acquisition is a fundamental aim of marketing strategy and receives much attention in the marketing literature. Communications targeted at attracting new customers are also the subject of wide discourse amongst marketing academics and practitioners. It is surprising to note therefore that the primary method of marketing communications used by small and medium sized businesses is largely ignored in academic text books and other teaching and training materials. A number of studies have confirmed that small business owners believe that word of mouth communications are the predominant way of transmitting marketing messages. Owner-managers claim that recommendations from customers are their most frequently used type of promotional activity. Most also believe that word of mouth marketing is the most effective way of attracting customers. This includes fast growth and profitable businesses, not just life-style enterprises.

As small businesses now account for over half of private sector sales and employment in the UK, and make up over 95 percent of the business population, their principle method of customer acquisition ought to be a major topic in marketing text books used by students. It ought also to be a significant topic for the training provided by national bodies for small businesses. This paper provides evidence that this is not the case. Word of mouth marketing is mentioned only briefly in all of the major marketing text books from Brassington and Pettit to Kotler et al. It is not dealt with in the detail that could permit a student to devise a pro-active word of mouth marketing strategy. Nor is it discussed in any detail in the entrepreneurship text books. Thus, there is a gap in student texts on the most important marketing method used in small businesses.

There is a similar lack of coverage in the training programmes run by national bodies. The Chartered Institute of Marketing have approximately 20 courses on aspects of marketing communications, but not one of these is specifically on word of mouth. Business Link offer best practice advice on marketing but only brief coverage of word of mouth issues. The conclusion is that education is out of step with practice in small businesses. If the education agenda is correct in relegating word of mouth marketing to a very minor role, then educators have failed to change the practice of owner –managers. If the practical experience of owner managers in using word of mouth is more relevant than the educational curriculum, then new theories based on best practice of customer acquisition in small businesses need to be developed.

This paper reports on research to develop models of word of mouth marketing strategies through case studies and customer surveys. A three point research-based strategy is explored that considers the ‘who, what and when’ of word of mouth recommendations. This is used to develop proactive strategies to attract new customers.