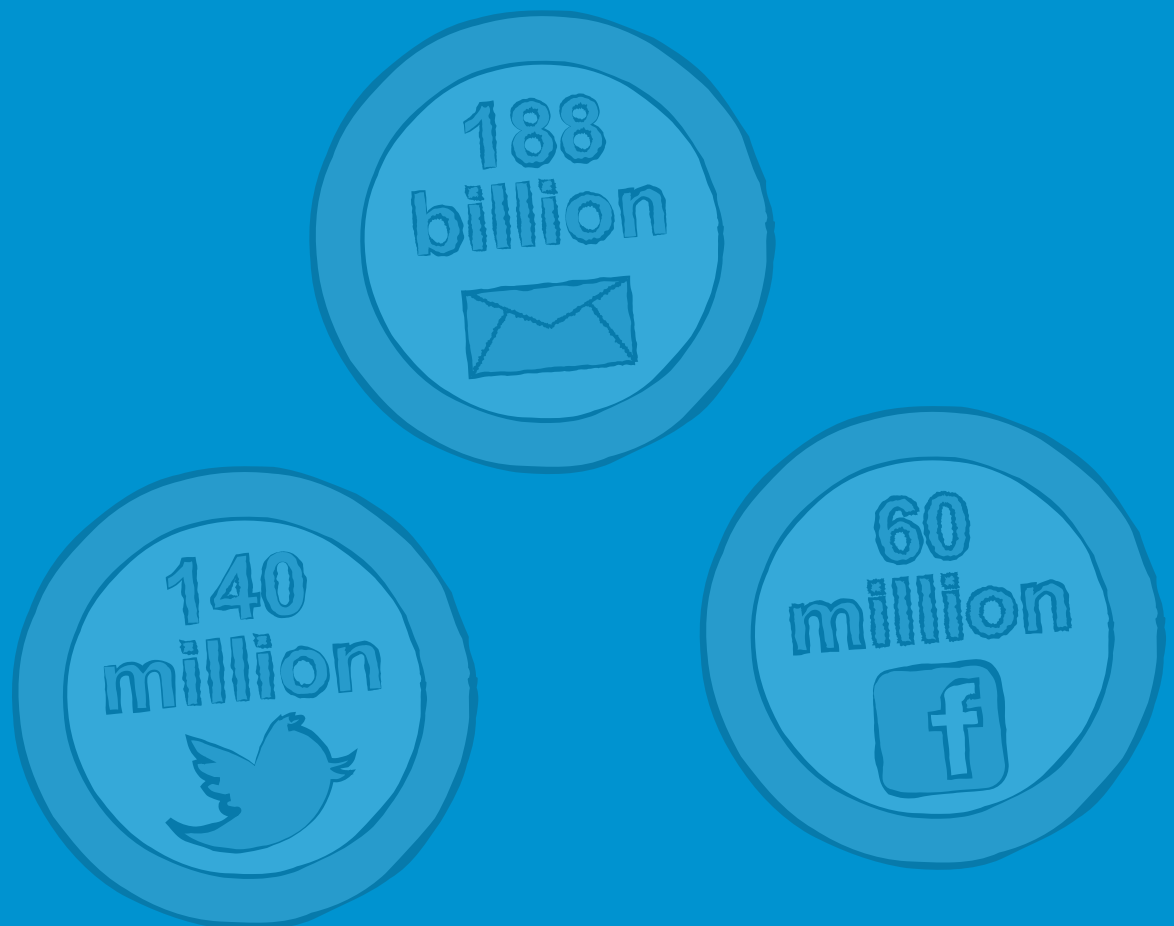


The Role of Professional Email Services for Small to Medium Enterprises (SMEs)



May 2013

The Role of Professional Email Services for Small to Medium Enterprises.

Executive Summary

The means by which small and medium sized businesses (SMEs) can communicate with their customer bases has risen significantly in the past ten years. The rise in email as well as the growing importance businesses are placing on social media, has offered businesses a platform for direct communication with customers like never before. Email systems have improved so much that small businesses can now effectively communicate with their customers in way that only larger rivals used to be able to.

Against this background, the past five years has proven to be one of the most testing periods for business in the UK. Since the global recession in 2008, two major factors have created demanding economic conditions. The first, the demand for goods and services has decreased; the second, banks and lenders have tightened credit terms. Both have severely affected the cash flow of businesses.

This report, entitled *The Importance of Professional Email Services for SMEs*, presents the findings of two recent surveys conducted by 123-reg, which gathered responses from more than 2,000 UK email users. This commentary will underline the value for businesses to have their own domain led email address as well as make reference to the perceived education gap that exists for small businesses when establishing their online presence. In addition, this document will look at the most important channels that UK businesses should be communicating with, and draws attention to more that businesses can do to ensure they give themselves the best chance to be successful.



Key Takeaways

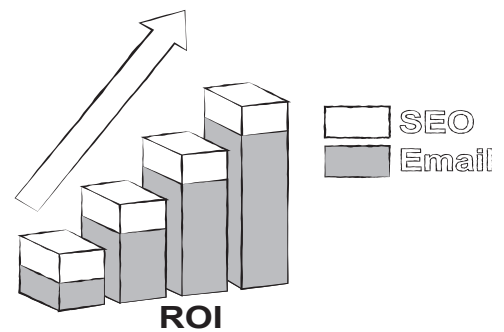
- 55-64 year olds most understood the importance of a business email while 18-24 year olds lacked the most insight of its importance
- Fewer than 50% of respondents believed that professional email was important
- 62% of respondents saw email as an important communication tool for business
- There were 15 million paid-for mailboxes in 2009. By 2012, this had risen to 60 million
- The total amount of emails sent globally grew 19% from 2010 to 2012
- 188 billion emails are sent per day compared with 140 million tweets and 60 million Facebook posts
- Research suggests that email offers the second best return on investment behind search engine optimisation



Importance of Business Email

Email communication has become arguably the most valuable resource at a small business's disposal. Email continues to be the most important link between the customer and a business and is an essential medium to provide a personal and direct conversation. As the significance of the internet soars for small businesses, so will the dependence on email.

Email has survived many revolutions in business and continues to provide companies with a strong return on investment. Recent research from eConsultancy highlights that incredible returns can be made for the relatively small investment in professional email, citing that it offers the second best ROI behind SEO for many businesses in the UK.

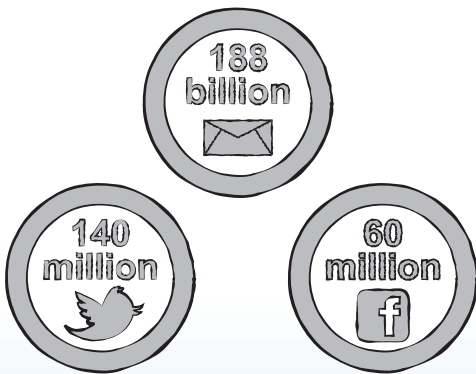


On the whole email is still used as an instant dialogue between colleagues, clients and contractors and has remained highly cost effective. For businesses, the wide reach of email has allowed for an exchange of ideas with a wider reach than ever before, which in turn can be attributed to increases in revenues for businesses.



Importance of Business Email

Over the past five years, the rise in social media has given commentators reason to suggest that email may not be as important as it once was. Whilst the rise of social media, especially platforms like Facebook and Twitter, has been a game changer in some areas of marketing, it has yet to demonstrate its substance in the way email has.



Research from communication specialists Visiblegain.com pronounced that the total amount of emails sent globally grew by 19 per cent from 2010 to 2012; an estimated 107 trillion emails sent. This equates to 188 billion emails sent per day, dwarfing the reported 140 million tweets and 60 million Facebook updates made daily.

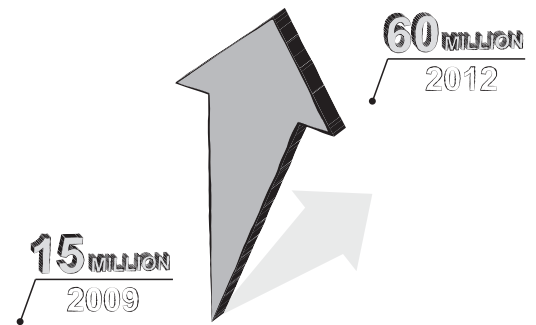
This is why email still matters; in fact it matters more than ever. This is why companies need to ensure they are viewed as both professional and trustworthy.

Businesses with a professional email service consistently reinforce the impression that they are serious about business, and most importantly, serious about doing business with prospective customers. Consumers now expect a professional domain led email address; with consumers' perception of a business being led by how professional their email looks.



Importance of Business Email

This has been seen in the growth of the business email market, specifically since 2009. In a recent interview with 123-reg, Open-Xchange (specialists of web-based open-source email, calendar and other coloration programs) CEO Rafael Laguna stated that in 2009 his company reported there to be 15 million total paid webmail boxes.



By 2012, this figured had risen to 60 million). Although this demonstrates significant growth, these figures are still comparatively low when compared to domain name or website ownership for businesses. There has certainly been a change in the behaviour of small businesses, especially when considering paid domain led mailboxes. As this report will show, businesses of any size must adopt such a mailbox to increase their professional image.



Removing Risk

Over the past decade there has been a growing number of incidents where SMEs have suffered hacks, outages and downtime when using free email services. Several cases have been reported where unsuspecting businesses have had their professional bank accounts compromised by scammers who specialise in intercepting the emails of companies that are connected with free email services.

The real risk for a business in the UK whose email is linked with a free email provider is what that email says about their professionalism. Whilst this is the most fundamental risk, there are other significant dangers attached to such email addresses.

For any business, but especially a business in its infancy, free email services may appear to be the best way to get going. After all, such services are free, flexible and allow communication with a vast amount of people. However, in a world where perception is everything, the risk a business inflicts on itself by using a free email service can be huge.

Any business which associates its brand with a free email service is immediately adding a serious security risk to their business. Email is the lifeblood of a business's communication and consumers need to feel safe when providing personal information. Such security fears have been most evident in Australia, where in 2011 the government put a plan in action to block free email services due to security concerns. The government stated that these free services provided a point of entry for hackers that could potentially lead to information disclosure.



Removing Risk

With the abundance of information that is communicated daily by email, the security level of a business's communication must be sufficient to handle the delicate nature of business correspondence. As a greater number of people become conscious of the levels of privacy and security, businesses must be able to guarantee this to their customers. Simply, a free email service will not install such confidence and could potentially result in a loss of revenue.



Data Source

Figure 1: Which of these methods are important for a business to communicate with customers? (Overall results)

Answers	Unduplicated reach	# of answers
Email Phone Face to Face Website Social Media	62.1% of respondents	5
Email Phone Face to Face Website	56.3% of respondents	4
Email Face to Face Website	50.0% of respondents	3
Face to Face Website	41.6% of respondents	2
Face to Face	27.8% of respondents	1

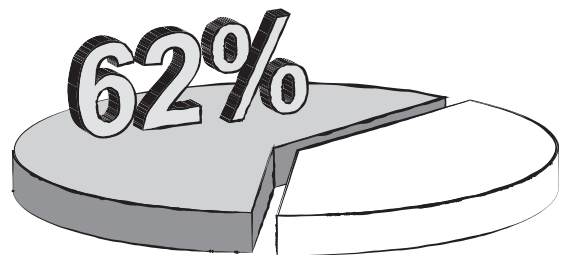
The fact that email has become a constant in the life of a business owner in the UK makes this paper even more important. When asked about the methods that were most important for a business to communicate with its customers, the results bring to light that email is an incredibly important part of the relationship between a company and its customers.



Data Source

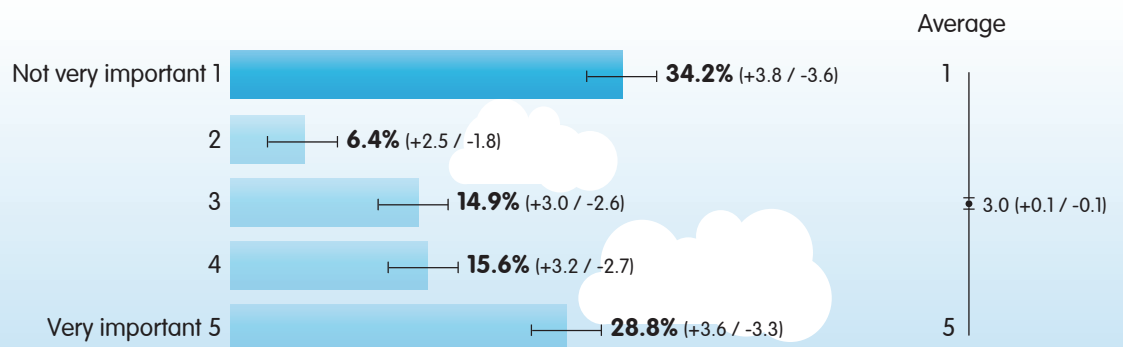
The results show that respondents wanted a combination of direct contact as well as digital, with the results showing 62.1% of email users choosing all five of the options shown in Figure1.

Furthermore, over half of the respondents chose four of the options (including email) and 50 per cent of respondents selected all three.



Given the fact that email is chosen throughout, respondents clearly recognised the importance of email for businesses.

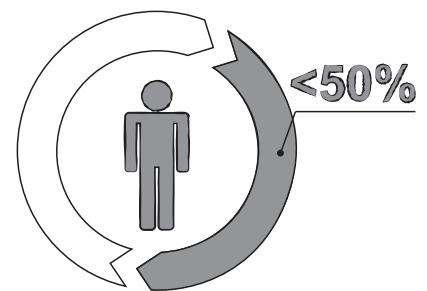
Figure 2: How important is it for a business to have an email address like dave@companyname.co.uk (Overall results)



Data Source

As was expected, the survey showed to a certain extent a range of respondent's answers when asked about the importance of a professional email. The results show significant activity peaks for very and not very important. Despite the growing importance of the internet and associated services that the internet brings to small businesses, Figure 2 exposes that in fact many respondents did not recognise the value of a business email. Over a third of respondents scored the lowest possible score of one; suggesting that it was not important for a business to have a domain led email address.

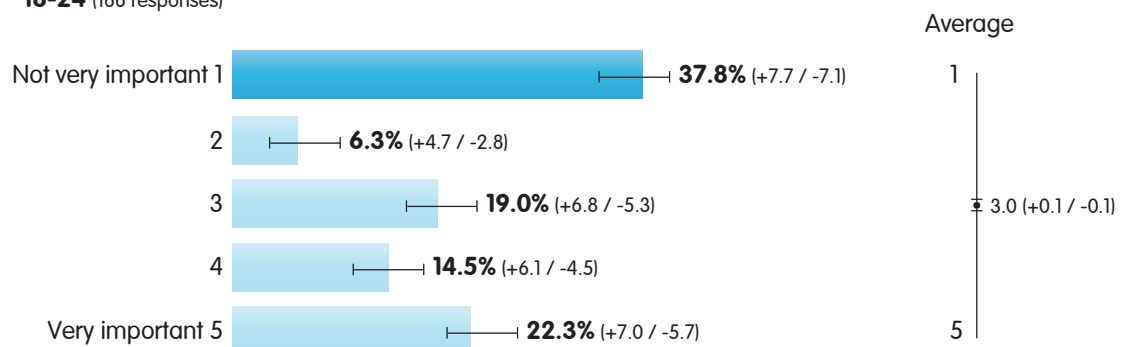
Given the fact that fewer than 50 per cent of respondents believed that having a business email was important or very important, it represents an opportunity in the market place. Although more needs to be done to highlight the importance of business emails, the market is clearly not saturated and those who present real opportunities to SMEs will flourish.



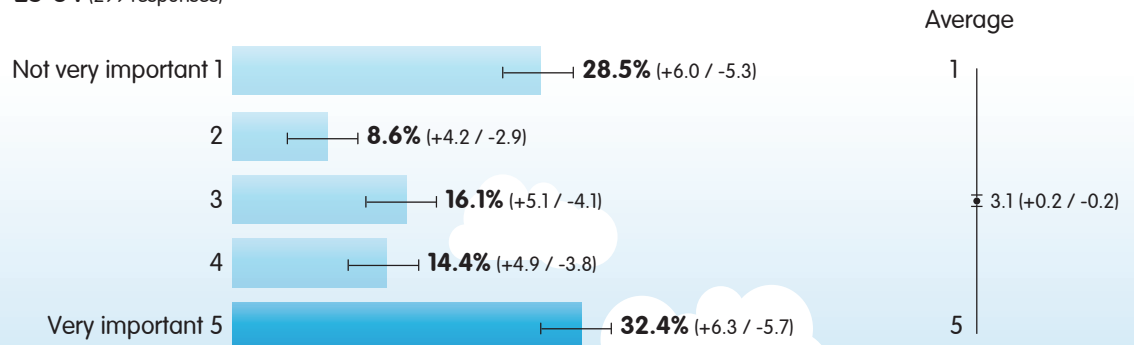
Data Source

Figure 3: How important is it for a business to have an email address like dave@companyname.co.uk (age)

18-24 (166 responses)

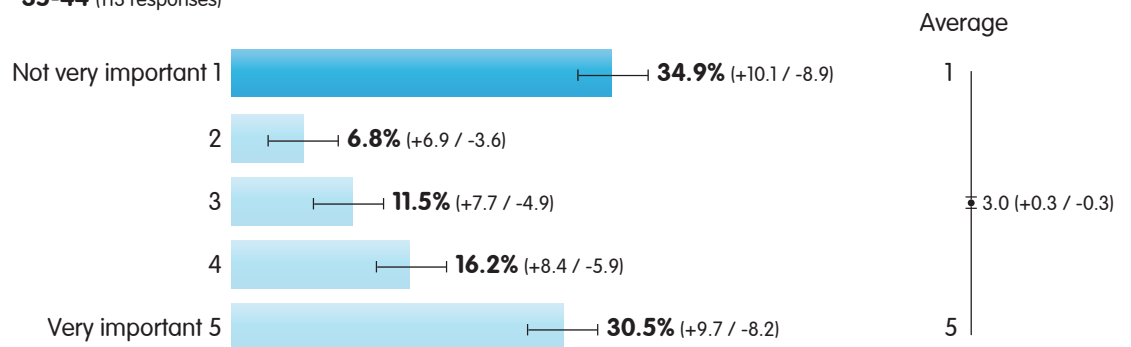


25-34 (299 responses)

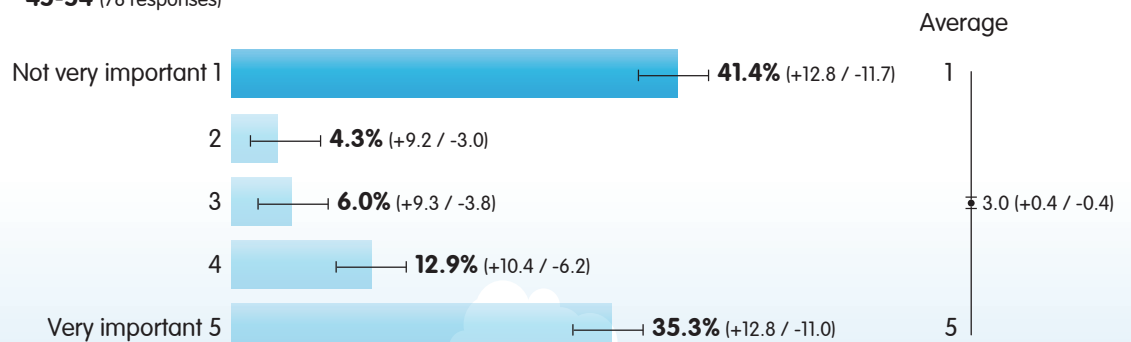


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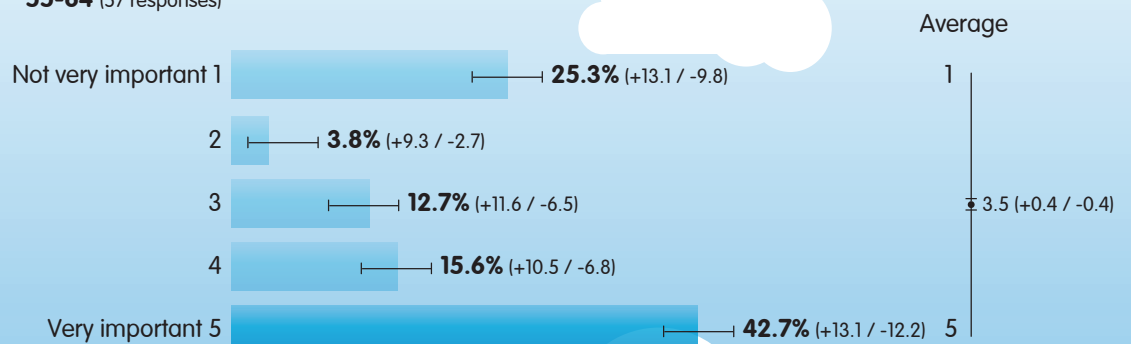
35-44 (113 responses)



45-54 (78 responses)

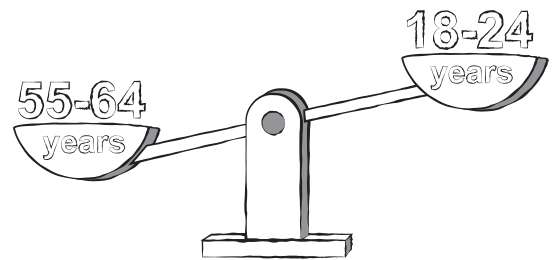


55-64 (57 responses)



Data Source

The results show age to be an important factor in how respondents understood the worth of a business email. The youngest age group (18-24) were most ambivalent with 37.8% stating that a business email was not very important. Of this age group, just over a fifth said that a business email address was very important.



Most interesting is how the second age group assessed this. Of this age group, 32.4% expressed that it was very important compared with just 22.3% of the younger age group. However, as Figure2 shows, there was much more variety in the responses involving the lowest and largest score.

What could be viewed with some surprise was the way those aged 55-64 answered. Over 40 per cent said that such an email address was very important, with just a quarter of those asked expressing it to be unimportant. We can deduce from this that this age group is most conscious when purchasing online, and a business with a domain led business email stands a greater chance of converting this age group.



Conclusions

The survey results clearly demonstrate that a window of opportunity exists for email providers. This paper makes the case that every business should have a domain led email but there is clearly a knowledge gap as our survey results show. Whilst consumers expect a reputable businesses to have a domain led email address, our survey does highlight a lack of understanding within this email space.

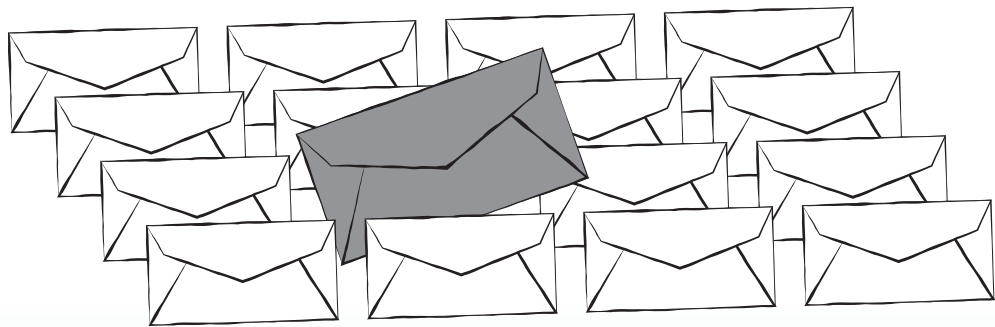
What this report concludes is that very quickly, consumers are forming impressions of businesses. For example, name@yourcompany is the gold standard of what people consider to be professional. No other email address gets anywhere near the same level of positive responses. Other email services simply show a business in a bad light. To a consumer, those who use a free service provider appear lax, ill-informed to their needs and display a lack of commitment to business.

This paper makes the case that whilst there has been a change in the behaviour of small businesses to adopt a professional email, more work needs to be done in terms of education. What has been exposed is the fact that email is a documenter of any brand. Having a professional email account has a minimal cost and provides a significant boost to a brands identity and professional outlook. For any business looking to succeed, a new email account is easy, flexible and cost effective. For those sending and receiving sensitive corporate information via email, it is their responsibility to protect this information as best as possible.



Conclusions

This paper concludes that consumers expect an email to match the business name. If a business fails to do this, it tends to raise unnecessary questions. With so many more emails being circulated every day, the challenge for a business is to stand out, not make their day to day job harder. A professional gold standard email address allows a business to do exactly this. Those businesses who decide against this should expect their correspondence to end up in spam folders.



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About 123-reg.co.uk

123-reg is the UK's leading domain registrar, registering every fourth .uk domain. It is a market leader in domain name registration (3 million domains in the UK) and web hosting solutions. With unrivalled industry expertise, it is able to offer high-quality, technically-advanced yet cost-effective products to its large contingent of customers.

123-reg is part of the Host Europe Group, the largest privately-owned hosting company in Europe, and a Sunday Times Deloitte Buyout Track 100 company. The Group also includes Webfusion, Heart Internet and Host Europe, each making every step of setting up online as easy as 1, 2, 3.

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