

How small businesses can benefit from online marketing.

Mr Thomas Etherington | Dr Pat Barrow
School of Computing Science—University of East Anglia



Introduction

The researcher wanted to find out what problems and concerns small businesses had in relation to marketing their business online. He was interested to find out what methods small businesses currently use, both online and offline, and the success rates of these. The researcher was interested in helping more small businesses experience the benefits of promoting themselves through online marketing.

This interest came about from working for an online marketing business, along with completing freelance projects for small businesses.

Background

This research was split into two sections. Initially a questionnaire was used to discover the use of online marketing by small businesses throughout the United Kingdom. This was based upon a study into Bed and Breakfasts and Small Inns in Canada and the United States where Lituchy and Rail (2000) looked into business' opinions of the internet. The research was based on a number of quantitative questions about if the business used the internet and about their use of the internet, as well as qualitative questions on what advantages and disadvantages the businesses associated with the internet.

Secondly, case studies were carried out with 4 small businesses to assess the success of different online marketing methods. This section updated McCue's study (1998) where they set up websites for 15 businesses and studied them for two years.

Both previous studies were updated, using newer academic material, and focused on the use of a traditional website, social media and mobile internet. These three sections were analysed against the following definition of online marketing:

"Online marketing is the process of using internet based technologies to enhance marketing strategies which both attract and retain customers" (Chaffey 2006).

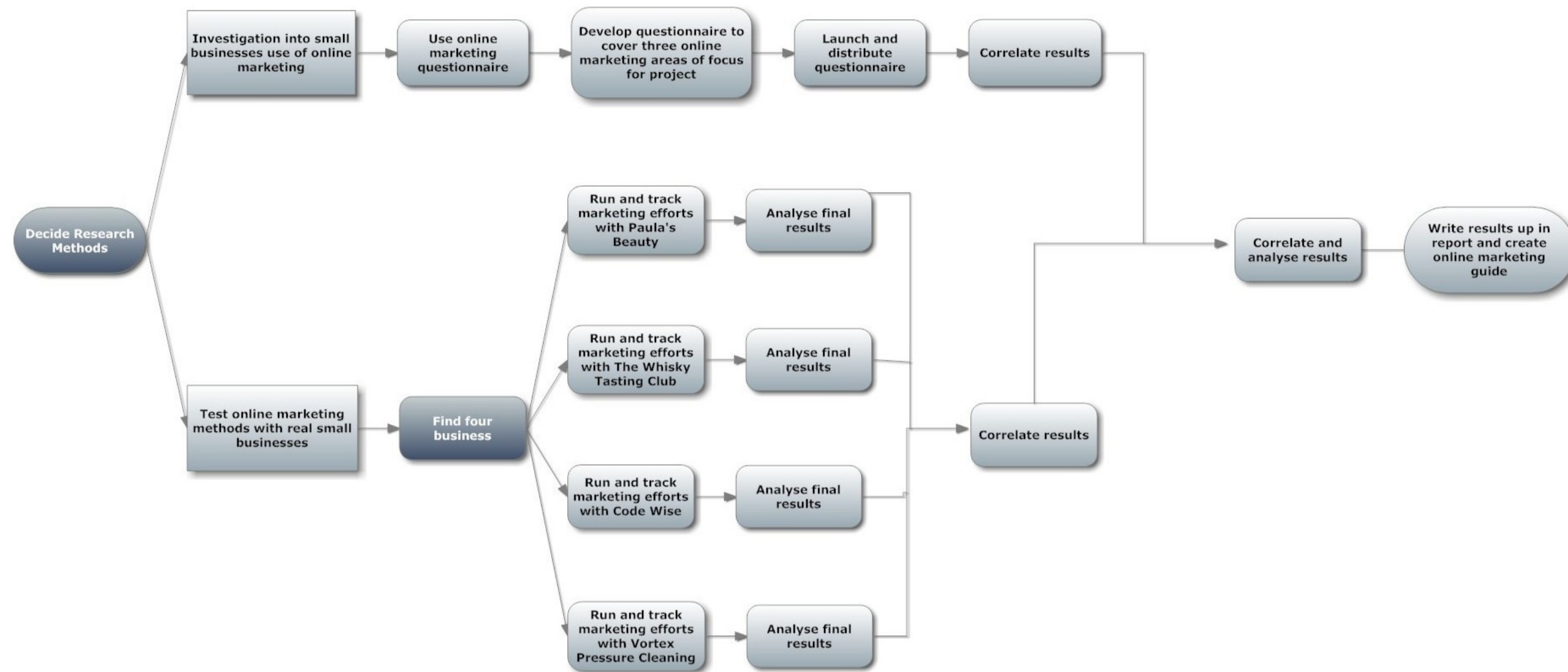
Objectives

The primary objectives of this project were to:

- Gain insight into how small businesses can benefit from online marketing.
- Discover the current usage of online marketing compared to traditional methods.
- Find out what benefits and problems small businesses find or associate with marketing their business online.
- To focus the investigation on the use of a traditional website, social networking websites and mobile internet.

From this the following were to be supplied:

- A report of up to 75 pages which documented the research.
- To turn the research into a short online marketing guide, which could be supplied to small businesses to build their understanding of online marketing methods.
- To create a poster to summarise the report for assessment purposes.



Small business questionnaire

The survey of small businesses use of online marketing found that small businesses are still less likely to have a website than a medium or large business, but that the adoption rate of a website is steadily increasing from the last published Government figures.

Initial expectations of a website had widely been met by most respondents, with all but 2 businesses still receiving a worthwhile benefit from it.

The adoption rate of social media has already overtaken that of a website for small businesses, with the largest acknowledged issue being the level of time which needs to be dedicated to it. Respondents liked how it allowed them to network online and generate word of mouth recommendations.

Mobile internet has the lowest adoption rate with most respondents not knowing what it is. For those who did use it the benefits appeared minimal but those who understood what it was looking to introduce it within the future.

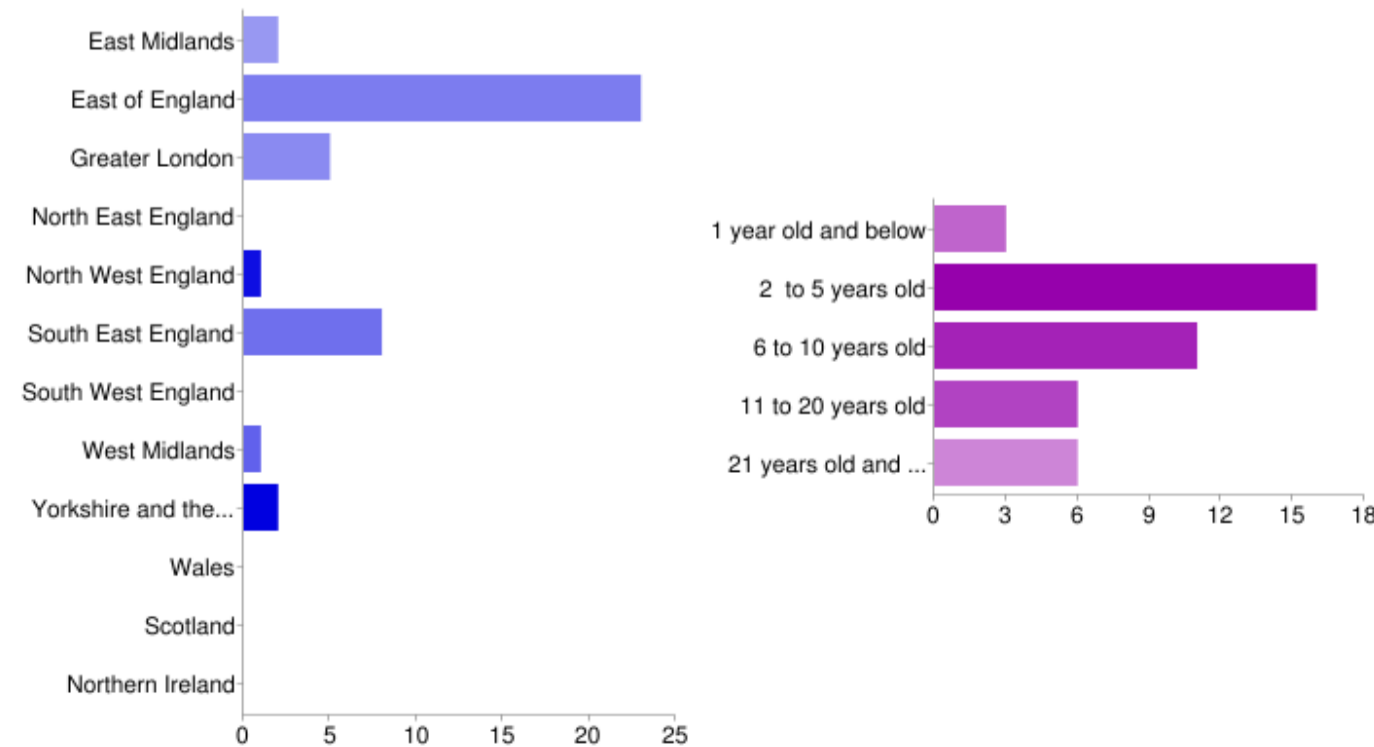


Figure 1: Left: In which region of the UK is the business primarily based?

Figure 2: Right: How old is the business?

Case studies

The results from the case studies show that a website can help generate interest in the services offered by a business, without a consumer's prior knowledge of the business, but for most small businesses a website serves as a central information point which can help add credibility to a business.

The findings from the social media section are consistent with the small business survey. The use of social media can be very time consuming, but when a strategy is in place and the business maintains its involvement, it can be a powerful marketing tool.

The use of mobile internet to market a business is very much in its early stages. While participants did see the benefits it could bring, consumers would first need to learn how to fully use the functions available before it would become suitable for most small businesses to use.

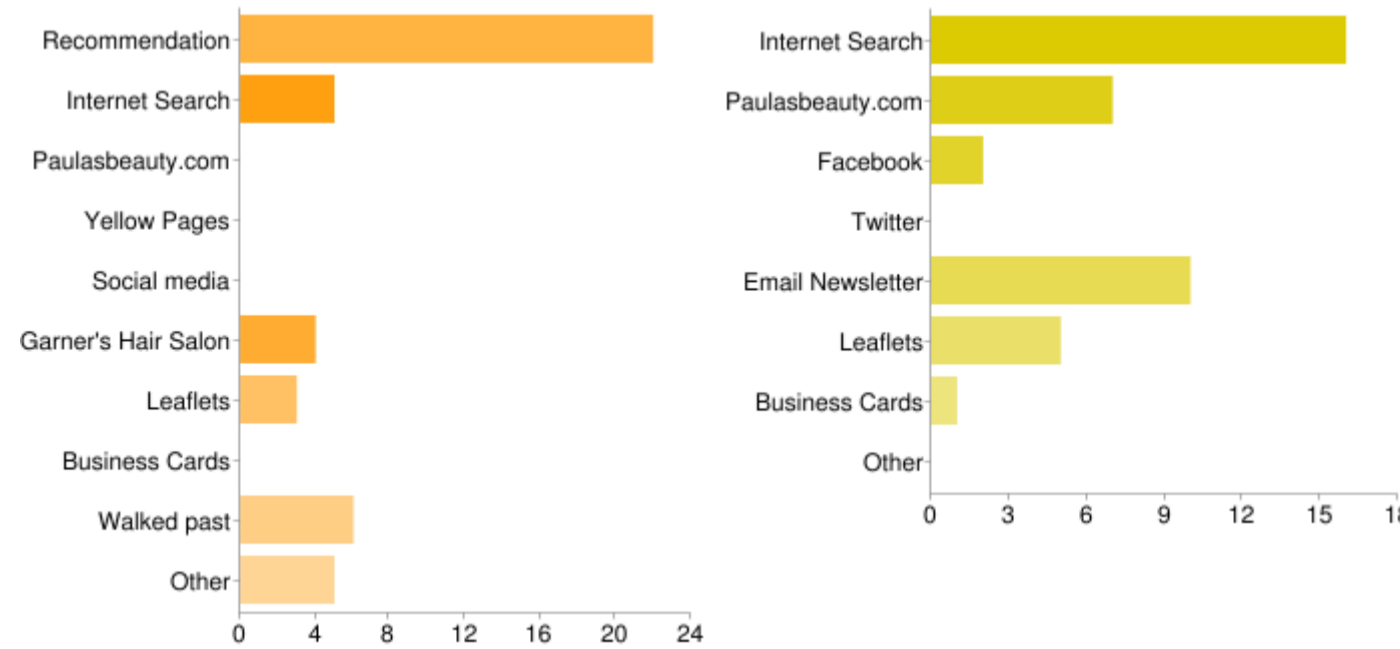


Figure 3: Left: How did you initially hear about Paula's Beauty?

Figure 4: right: Which of the following places have you accessed for information on Paula's Beauty?

Key Findings

The following are the key findings from this research:

- Small businesses are in general more confident using traditional methods and therefore experience greater benefits from them. For participating businesses, word of mouth was the most powerful method of marketing. However, many acknowledged that online marketing reinforces and at times was vital to their traditional marketing.
- Adoption rate of websites has increased inline with existing figures.
- Businesses are mostly satisfied with their website, with their initial expectations not always being met. More respondents were satisfied that their website had met their initial requirements compared to the previous studies (McCue, 1998 and Lituchy and Rail, 2000).
- Respondents were still facing difficulties in updating their website. This showed little improvement from Lituchy and Rail's study (2000).
- Use of social media can be very beneficial, but it does require a suitable plan and it will be time consuming.
- While mobile internet could bring benefits, most small businesses are unsure of what it is or how it could be implemented. Consumers did not show high levels of involvement with mobile internet as a marketing medium. Mobile internet may be more beneficial in the future.

Conclusion

This project has successfully met the initial objectives, by getting a detailed response from 42 small businesses from the questionnaires, and a further 4 responses via the case studies. The questionnaire has helped discover the use of online marketing across the UK, with the case studies allowing for a more detailed implementation and tracking of marketing methods.

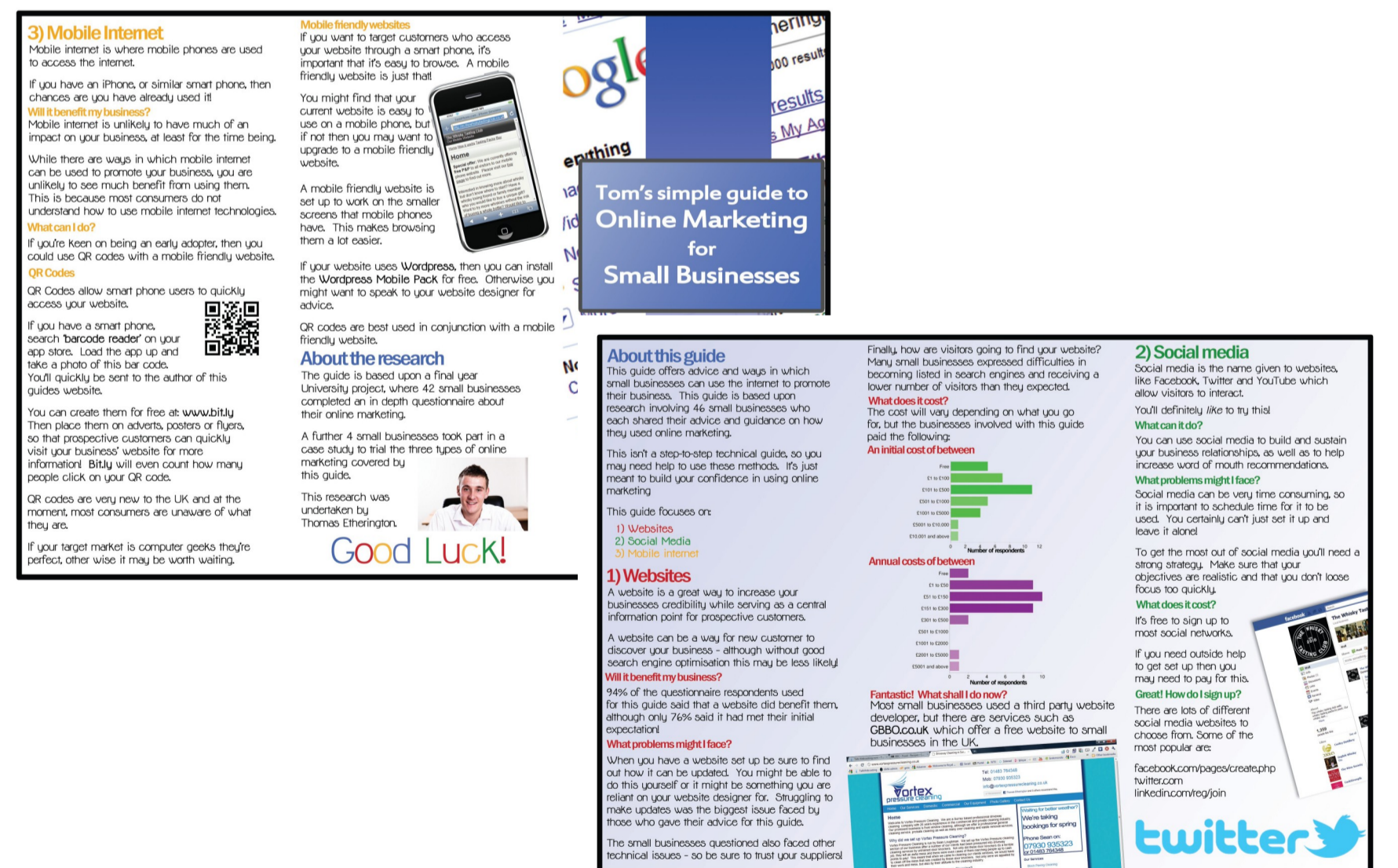


Figure 5: Online marketing guide (full version available separately).

References

- S. McCue, D.M. Dayton, N. Barick, and Michigan Small Business Development Center. Internet - Force Or Farce: Results of an Internet Marketing Study. Michigan Small Business Development Center, 1998. ISBN 9781886641013.
- T. Lituchy and A. Rail. Bed and breakfasts, small inns, and the internet: The impact of technology on the globalization of small businesses. Journal of International Marketing, 2:86–97, 2000.
- D. Chaffey. Internet marketing: strategy, implementation and practice. Pearson Education. Financial Times Prentice Hall, 2006. ISBN 9780273694052.