

Chapter 20

Exploratory Study on the Perceived Importance of Various Features of the Internet Service as Influenced by the Perceived Necessity of the Internet and the Size and Type of Small Businesses

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ABSTRACT

In the new era of e-commerce, small businesses have emerged as the driving force because these firms comprise a significant proportion of economic activity. The spending of small businesses on IT activities continues to grow as they rely more and more on the Internet to be competitive. All these indicate a potential lucrative market for Internet Service Providers (ISPs) to serve small businesses. But how to do so? This study attempts to identify Internet service features that are important to small businesses as a way for the ISPs to exploit this potential lucrative market. It explored how various features of the Internet service were associated with the “perceived necessity” of the internet and the “size” and “type” of small businesses. Understanding these associations might help the ISPs better package their service and more successfully serve their small business clients.

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INTRODUCTION

Small Businesses represent a significant part of the economy around the world. According to In-Stat/MDR (Cyber Atlas, 2002), the small business market in the US alone grew from 2.2 million in 2001 to 2.3 million by the end of 2002, representing more than one-fifth of U.S. businesses. In-Stat forecasted a small but steady increase in the number of organizations with 5 to 99 employees growing as high as 2.7 million by 2006, and employing approximately 42 million workers. In Hong Kong, small and medium-sized enterprises represent 98% of business establishments and 50% of total employment according to Hong Kong Government statistics circa 2007. (Chan and Chao, 2008)

Small businesses around the world are also spending more today on information technology (IT) activities. According to research firm AMI Partners, businesses with fewer than 100 employees spent more than \$12 billion on network and telecom equipment in 2004. Furthermore, small businesses are expected to account for 24% of all IT hardware and software spending this year (Hochmuth, 2005). According to a recent study of Latin America Wireless & Mobile Solutions 2008, it reported that Latin American small and medium-sized companies are increasingly adopting new mobile software technologies with 31% of companies having plans to increase investment on mobile CRM and ERP. For these companies mobility is a key factor as over 50% of their work force spends 10% of their time outside the office. (Latin American, 2008) CEO of "Vendio" Mr. Rodrigo Sales said, "We are entering a new era in e-commerce—one increasingly driven by smaller businesses and merchants." (Kooser, 2003). Indeed, the Web hosting industry is waking up to small business needs. Yet, to our surprise, there have not been many studies on Internet Service Providers (ISPs) and the needs of small businesses. Realizing this gap, this study attempts to explore what the small busi-

ness market's needs are in regard to the services provided by ISPs.

Our broad intention for this study is to look at the potential small business market and explore possible ways for ISPs to exploit this potentially lucrative market. One of the keys to successfully exploit this market, we believe, rests upon the Internet service providers' ability to understand the market needs and to fulfill these needs effectively. Although there are many possibilities, for the scope of this study, we focus mainly on how an ISP could match its many different features to the needs of small businesses. This is essential because how effectively small businesses use the Internet would depend on "features of the Internet service". In this context, this study explored what features of Internet service are important to small businesses and to ascertain whether these preferences are related to certain organizational characteristics such as "Type of small business" and "Size of small business". Specifically, this paper looks for some insights into three aspects of the issue: (1) Is "Size of small business" related to the perceived importance for various features of the Internet service? (2) Do different "Types of small businesses" have different levels of perceived importance for various features provided in the internet service by ISPs? If so, what are the differences? And (3) Is there an association between the perceived importance for features and the perceived necessity for internet service by small businesses?

MARKET BACKGROUND

Before we can explore the small business market potential, we need to assess a few important indicators of this market. We will review available literature to address the following questions. Is there a need for ISPs among small businesses? If so, what are some of the applications that small businesses are using? How much do these small businesses spend on IT?

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