

Chapter 7

Internet Marketing and SMEs

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ABSTRACT

Small and medium enterprises (SMEs) have been adopting the internet at a feverish pace. Recent studies have shown that up to 85% of SMEs in industrialized countries have web sites, yet less than half are utilizing these web sites to securely transact with their customers. Consumer media consumption is moving away from traditional media, like newspapers, to the internet. These revelations coupled with the growth of tools and techniques available to support online marketing, make it a perfect time for SMEs to market their web sites and ultimately succeed online. In this chapter we will present and support the hypothesis that SMEs should stop investing in their web site's design and functionality and start investing in efforts to market their web sites online, no matter how lousy their web site may be in comparison to today's standards. With the support of two case studies, illustrating the successful utilization of internet marketing by two very different SMEs, we will relate how a SME can effectively market their web site online. We will also discuss the tools and techniques available to help an SME successfully begin a journey of internet marketing.

INTRODUCTION

Internet marketing can be simply described as marketing or advertising a web site online. This is accomplished through the use of a number of tools and techniques, which are readily available on the internet. These tools tend to be relatively inexpensive

and fairly easy to use for any business no matter its size or stature. Why then, aren't more SMEs actively marketing their web sites? The answer partially lies in understanding what motivates an SME to venture into the realm of the internet in the first place, or more importantly, what factors are inhibiting them from initiating this journey. Recent research is shedding important light on this question. With this information in hand, we can more

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readily discuss how SMEs should approach the tremendous opportunity of internet marketing. One thing we know for sure is that the internet is going to play an increasingly important role for all enterprises, big or small, in the way they market their products or services, given the rapid rate at which consumers are transitioning away from traditional media. In fact, media consumption is moving to the internet from more traditional channels at an unprecedented pace. This is good news for SMEs as they are not as disadvantaged when it comes to marketing online, as they have been with more traditional mediums, like television.

Once there is an appreciation that SMEs need to be fully engaged in internet marketing, the question shifts to how they should approach this opportunity. SMEs tend to lean towards spending their limited resources in making more attractive, more functional web sites under the notion that “if my web site is *better* than my competitors then it will attract more potential customers.” The pressure to do this can be enormous, driven primarily by the seemingly endless advances in internet (or HTML) technology. This approach bears little fruit and often increases the mystic of internet marketing when few gains are achieved. We will present and support a hypothesis suggesting SMEs should spend all their resources marketing their current web sites, before they undertake any efforts to update or add functionality to their online presence.

We will look at some of the most popular tools and techniques available to help SMEs market their web sites. This will include discussing analytics, search engine optimization, search engine advertising, e-mail and social media marketing.

Throughout the chapter we will reinforce the notion that SMEs need to look at internet marketing from a strategic point of view. Implementing tactical internet marketing initiatives can indeed have short term positive results, but it will be highlighted that a strategic approach to internet marketing is the only way to achieve sustained, long term results.

After reviewing this chapter the reader will better understand why internet marketing can be so attractive to SMEs, how they should approach their engagement with it, and which tools and techniques are available for them to utilize on this transformational journey. Finally, much of what a SME puts into place with regards to its internet marketing must be strategically planned and critically evaluated to achieve the desired result of business growth.

BACKGROUND

Davis et al (2004, 2005) in their studies of Atlantic Canadian SMEs in both 2004¹ & 2005² showed, among other things, that SMEs are adopting the internet at a record pace. However, they identified a large gap in the number of SMEs who have web sites and the number of SMEs who are actually securely transacting on those web sites. Other recent studies of SMEs and internet adoption would support these findings and also suggest that *facilitators* play a primary role in moving SMEs to the internet or to use advanced internet technology. This seems to be true with internet marketing as well. It could even be suggested that Google, in fact, sees their role as *the* facilitator of internet marketing. Google, while profit motivated, has, nonetheless, been primarily responsible for enabling the SME market to engage in internet marketing through the introduction of tools and services like Google Analytics™ and Google Adwords™.

There is no better time than the present for SMEs to close this gap. Media consumption is moving to the internet at a rapid pace, while at the same time the tools and techniques available to help a small business market their web site online are relatively inexpensive to use and increasingly accessible and abundant online.

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