

Chapter 5

New Digital Media Marketing and Micro Business: A UK Perspective

Cindy Millman

Birmingham City University, UK

Hatem El-Gohary

Birmingham City University, UK

ABSTRACT

This paper considers innovative marketing within the context of a micro firm, exploring how such firm's marketing practices can take advantage of digital media. Factors that influence a micro firm's innovative activities are examined and the development and implementation of digital media in the firm's marketing practice is explored. Despite the significance of marketing and innovation to SMEs, a lack of literature and theory on innovation in marketing theory exists. Research suggests that small firms' marketing practitioners and entrepreneurs have identified their marketing focus on the 4Is. This paper builds on knowledge in innovation and marketing and examines the process in a micro firm. A qualitative approach is applied using action research and case study approach. The relevant literature is reviewed as the starting point to diagnose problems and issues anticipated by business practitioners. A longitudinal study is used to illustrate the process of actions taken with evaluations and reflections presented. The exploration illustrates that in practice much of the marketing activities within micro firms are driven by incremental innovation. This research emphasises that integrating Information Communication Technologies (ICTs) successfully in marketing requires marketers to take an active managerial role far beyond their traditional areas of competence and authority.

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1. INTRODUCTION

1.1 Background: The Problematic Situation

The point of departure of this study is that innovations, either in a form of a new product, process or service, are an important factor in providing and sustaining competitive advantages for businesses, in particular for small firms. It is clear that the policy makers in the UK see an important link between innovation, business and economic growth. Similarly, academia has also devoted a great level of interests in understanding innovation activities in SMEs (Birch, 1989; Cosh & Hughes, 2000; Oliver et al., 2000; Henderson, 2002). On the one hand, the importance of SMEs as drivers of economic growth and their implications for policy issues in national economies have been commonly investigated (Birch, 1989; Sullivan & Kang, 1999; Henderson, 2002; Fisher & Reuber, 2003); on the other hand, various determinants of innovation activities and their impacts on firms' performance were explored and examined, both theoretically and empirically (Storey & Easingwood, 1998; Simon et al., 2002). Despite significant work having been done previously on innovations in SMEs, many of these studies relate to the effect that innovations in SMEs have on performance and economic growth (Oke et al., 2007). There is a dearth of studies relating to the issues of how and why SMEs actually undertake the process of developing new products or services or managing innovation activities, which need to be empirically investigated. Hence, gaining insight into micro-firm's managing innovation processes would represent a clear contribution to the literature investigating innovation in SMEs and entrepreneurship – a topic that has harvested insufficient attention so far (Koellinger, 2008).

Moreover, according to the EC (2005), micro firms have been found to represent 91 percent of European businesses, which suggests the prevalent position that these firms have in business land-

scapes. However, irrespective of multiple calls to study micro-firms in their own right (Matlay, 1999; Roberts & Wood, 2001; Devin et al., 2005), academic research focusing specifically on the micro-firm, has historically been rare (Kelliher & Reinl, 2009). The few studies conducted so far that have drawn their attentions on micro-firms have suggested that micro-firms are intrinsically different. Hence the dissimilar organisational characteristics might to a certain extent, contribute to their decisions and approaches to business problems (Beaver & Jennings, 2005). Specifically, Whaley (2003) and Kelliher and Henderson (2006) argue that management processes within a micro-firm are unique and differ fundamentally from those of larger firms. Furthermore, studies on the determinants that affect owner-manager's decisions in adopting innovation and the process that SMEs pursue have been largely ignored in the literature. Therefore, by investigating the various factors, their inter-relationships and interactions that might impact on owner managers' decisions and process in implementing innovation would signify a contribution to the literature in small firms', in particular, micro-firms' management practice.

Furthermore, new communication technologies have broadened the opportunities for the Internet and mobile phone to grow significantly during the past decades. This significant role that the Internet has played utilising marketing communication has been noticeable from the beginning of its conception. Distinctively, the Internet media has changed the pattern and functionality of the traditional mass media in marketing communication. In particular, new media, comprising online, mobile, and social media are emerging as the growth areas for advertising for manufacturers and retailers (Ailawadi et al., 2009), since it can fill in the shortcomings of the traditional mass media and is often the only process for certain formats of information (Hongcharu & Eiamkanchanlai, 2009). Therefore, as a medium of communication, the web is also a marketing channel, which can

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