

Small Business Not Keeping Up With Online Presence

According to research from Webvisible and Nielsen, reported by Marketing Charts, though 63% of consumers and small business owners turn to the internet first for information about local companies and 82% use search engines to do so, only 44% of small businesses have a website and half spend less than 10% of their marketing budget online.

The research finds an accelerating trend toward online media for local search. However, the report says the study uncovers a significant disconnect between the way small business owners act as consumers vs. the way they market their businesses online.

The survey found that search engines are the most popular source for finding local information:

- 82% use search engines
- 57% use Yellow Pages directories.
- 53% use local newspapers
- 49% use Internet Yellow Pages
- 49% use TV
- 38% use direct mail
- 32% White Pages directories

Of those surveyed, 50% said search engines were the first place they looked when seeking a local business, while 24% chose the Yellow Pages directories.

92% of searchers say they are happy with the results they get when using search engines, though 39% report frequently not being able to locate a particular known business. This means, says the report, searchers don't may choose to contact a similar business with a stronger online presence.

Webvisible found that online search and e-mail newsletters are the only forms of traditional media that are growing among consumers who wish to locate local products or services. Compared with two years ago, respondents report they use search engines and email newsletters more, while they use newspapers, magazines, direct mail and radio less:

Consumer Use Of Media Compared to Two Years Ago (% of Respondents)		
Media	Use More	Use Less
Search engines	72%	1%
E-Mail newsletters	35	7
Yellow page directories	16	23
Local newspaper	10	25
Magazines	11	31
Direct mail	9	27
Radio	9	23

Source: WebVisible and NielsenOnline survey November 2008, February 2009

Despite the growing use of online media for local searches, only 41% of small businesses report turning to online search engines first, and 31% turn to Yellow pages directories first. In addition, only 44% of small businesses have a website.

When using a search engine to find a business they know exists, only 19% of survey respondents report never or rarely encountering trouble locating that business online and 39% say they routinely have difficulty.

Though less than half of small businesses do have a website, the ones that do are not happy overall with their online marketing. Among those small businesses that have a website:

- 51% believe both the quality and ability of their site to acquire new customers is only "fair" or "poor"
- 30% of business owners feel that they typically do a better job of marketing than a close competitor
- 78% believe they advertise in the same places as their competitors
- Only 7% of small business owners say their primary marketing goal is to get more visitors to their website
- 61% spend less than three hours a week marketing their website
- 99% of small business owners are directly involved in the marketing
- 65% believe it is very important to know where their customers come from
- Only 9% are satisfied with their online marketing efforts
- 78% of small business owners dedicate 10% or less of their budget to marketing. Of those, 30% do no Internet advertising

Over the past two years, 43% of small businesses say they have increased use of search engines in their marketing efforts. In contrast, use of traditional small business advertising mediums is on the decline:

- 23% say they use the Yellow pages less
- 42% say they use the local newspaper less

For the purpose of this survey, the term "local business" refers to any retail business in a respondent's local area, including restaurants, entertainment venues, places of recreation, etc. and services such as plumbers or accountants. The term "Internet Yellow Pages" refers to online Yellow Pages websites such as yellowpages.com, judysbook.com, superpages.com, etc.

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