

For Small-Business Marketers, Are Fewer Channels Better?

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Increased use of online formats might hurt effectiveness

Finding new customers is the greatest business challenge for small businesses, according to a February 2011 survey by Bredin Business Information, and small businesses are turning to a wide variety of online marketing channels to do so.

Small-business owners were most likely to say they used websites to find new customers (85.8%), followed by email and search marketing, each used by about three-quarters of respondents. Notably, every online marketing channel showed a dramatic increase in usage between 2010 and 2011.

With a confidence interval of $\pm 5\%$, the survey results can be used directionally to indicate a great level of experimentation among small businesses using digital marketing, according to Bredin.

But at the same time as small businesses have expanded their use of online marketing, respondents in 2011 indicated they were much less satisfied with the effectiveness of these channels.

Website, email and search were rated most effective for customer acquisition, but even these had dropped since the prior year.

A rush of small businesses to new marketing channels can mean that less experienced respondents are now reporting on the effectiveness of their efforts, which would naturally be lower than those who have been using a channel for many years.

In addition, some small businesses could be overreaching by trying to tackle too many channels at once, without the necessary time and resources.

“There is a fair amount of learning that has to happen for each small-business owner to know how to use and how to measure online marketing tactics,” Stu Richards, CEO of Bredin Business Information, told eMarketer. “In many cases, businesses are struggling, and there’s an opportunity to educate SMBs.”

Small businesses surveyed in April by email marketing software provider Constant Contact also reported that websites and email were highest in effectiveness.

Respondents to the survey were more optimistic about the effectiveness of many channels, especially social media like Facebook.

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