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## **The Top 3 Myths about Internet Marketing**

### **How a lack of understanding and old thinking is costing small business owners their competitive edge**

When the modern fax machine was introduced to the mass business market in the 1970s, small business owners were slow to adopt the technology. Their reasons? The equipment was expensive, cumbersome and hard to operate. It tied up the phone line. And generally speaking, it meant changing the way things were done; what was wrong with postal mail and couriers anyway?

Of course, with the benefit of hindsight we know that the fax machine turned out to be an invaluable productivity and marketing tool that easily pays for itself—it just took a while for business owners to realize it. So what does the fax machine have to do with Internet marketing solutions? Plenty it would seem.

Despite a steady stream of research proving the effectiveness of Internet marketing, it has mostly been larger firms taking advantage of this new advertising medium. According to projections by eMarketer.com, online ad spending in 2005 will grow by more than 30%, surpassing the \$10 billion mark for the first time. But many small and medium-size business owners (SMEs) are still wary of introducing Internet marketing to their business plans. If you listen to their reasoning, the Internet might as well be a clunky old fax machine, but ignoring the benefits of an Internet marketing solution can cost them far more in lost profits than choosing postal mail over faxes.

To better understand why some small business owners are still reluctant to invest in Internet marketing solutions, WSI hired market research firm Research International to conduct a series of focus groups in Toronto, Canada and London, England. The results were revealing, showing that regardless of where they are in the world, SME business owners have similar misconceptions about what Internet marketing is and what it can do for their business.

#### **Myth #1: “My business doesn’t need Internet marketing”**

Lack of perceived need was a common reason offered up by the focus group participants, but few successful business owners would ever say that their business doesn’t need to advertise. Internet search giant Yahoo!, whose advertising network reaches 80% of active Internet users (Nielsen/NetRatings, 2004) has hundreds of business categories in its directory. These include traditional retail, professional services and manufacturing categories, right down to the smallest niche businesses. The reality is, if you have a product or service to sell, prospects are looking for it online, even if the actual purchase is made offline. The objective is being found when

someone is looking to buy.

Another benefit of Internet marketing exclusive to smaller businesses is that it levels the playing field, enabling any business to compete for customers that might not have been reachable otherwise. "My biggest customer inquired on the Internet," stated one focus group participant in London who had been experimenting with Internet marketing. "He had no idea of our size. Without the Internet I would not have gotten that inquiry, so it has enabled me to expand my business."

### **Myth #2: "Internet marketing is too expensive"**

It's well documented that small business owners are cost sensitive, but it's a misconception that Internet marketing is expensive. In fact, Internet marketing solutions are highly cost effective when compared to traditional advertising media that business owners are more familiar with.

For example, a modest display ad in a yellow page phone directory can cost thousands of dollars per year and offers virtually no way to target specific customers or track the quality of leads produced (if any). With that kind of budget—or for even less—a Pay-for-Performance search engine marketing campaign can deliver precisely targeted leads to a business' website, while clearly showing which ads produce the most sales.

Direct mail and print advertising can be replaced with email marketing and online offers for pennies on the dollar, again offering better customer targeting and performance tracking capability. And because Internet marketing solutions can be deployed far more quickly than other forms of advertising, business owners are better able to respond to changes in the marketplace.

### **Myth #3: "Internet companies are unreliable; I don't know who to trust"**

For those small business owners that do see the value in Internet marketing, not having an Internet marketing solution comes down to a matter of choice—or too many choices. "There are so many [Internet marketing providers] you just don't know who you can trust", expressed one participant in the Toronto focus group, a sentiment echoed by several others on both sides of the ocean.

To the smaller business owner already unfamiliar with the topic, choosing a reliable provider can be quite daunting, but it's worth the effort. "Small business owners typically don't have large budgets" explains WSI's VP of Marketing, Marcia Scott. "They can't afford to make the wrong decision, so sometimes they play it safe and stay out of the game altogether. But that decision is shortsighted and really limits their potential in today's marketplace."

The best advice to business owners looking to hire an Internet marketing solution provider is to approach the situation the way you would when hiring any other service professional. Ask around; try to get a referral from a friend or acquaintance if possible. When looking at different companies don't make a decision based solely on price and beware of offers that sound too good to be true. Ask questions about the company and their experience, and read through their own website.

Find out how long they've been in business and ask for client testimonials and case studies. Any reputable firm will be happy to share this information with you. Also

think about whether their representative or consultant is locally based – it is much easier to get help if they are close by and willing to visit your place of business. In the end, it's important that business owners become proactive and not let old thinking stifle their growth. Companies who continue to ignore Internet marketing opportunities risk being left behind by competitors that have looked past the myths and discovered that sometimes changing the way things are done can be a profitable move.

"For us the Internet is mandatory," states a business owner in the London focus group. "We have clients all over, it's global access."

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