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Online marketing is important to small business owners and operators because they are typically faced with limited budgets needed to design and implement traditional marketing programs. The paper compares the perceived importance of specific online marketing tactics and their anticipated future use of online marketing tactics by small businesses in the United States and Australia. Results of the study reveal that both in the United States and in Australia there is a growing use of online marketing tactics to accomplish marketing objectives. While most online marketing tactics were effective in both the United States and Australia there were some statistically significant differences.

Introduction

Considerable research attention has recently been devoted to investigating the effects of online marketing tactics on organizations' marketing objectives. (Armstrong 1996) Despite being a relatively young medium, a fairly broad range of research studies have addressed how online marketing strategies can influence customers' responses. Early on, research related to online marketing was examined as a broad comprehensive strategy without consideration to individual marketing tactics (Hiltz and Johnson 1990, Hoffman, Novak and Chatterjee 1995). Other research has focused on a single online marketing tactic and its effects on marketing objectives (Briggs and Hollis 1997, and Hagan 1996) rather than providing an explicit comparison of perceived performance among a broad range of marketing tactics. Whether studied as a comprehensive strategy or as individual marketing tactics, our literature review revealed that, in fact, online marketing tactics may be effective in influencing customers in positive ways. Sterne reported on the transformation in the ways that companies can communicate and establish rapport with existing and prospective customers (Sterne 1996). Dreighton's research suggests that the Internet allows for individualized and customized marketing strategies as well as the ability to target diffused and scattered customer groups (Dreighton 1996). Furthermore, much of the existing literature suggests the need for further exploration of the Internet as a medium for implementing effective marketing tactics. For example, Hofacker (2001) suggests that the effectiveness of various online marketing tactics have been found to vary depending upon the types of goods or services being marketed. The effectiveness of various marketing tactics has also been found to vary in their ability to achieve various marketing objectives. Further, there are some online marketing tactics that are not tied to any physical good or service but instead offer a purely digital information product (Hofacker 2001). Portal sites or shareware sites are specific examples of this type of digital information. These areas will not be considered for the purposes of this research.

The purpose of this paper is to investigate and report on the current use, and predicted future use of various and specific online marketing tactics to achieve marketing objectives as reported by small businesses. Development of this paper is a result of a literature review and a survey of the practices and attitudes of small businesses. Results can be utilized by small businesses, entrepreneurs, and academics to better construct marketing strategies which include appropriate online marketing tactics.

Overview

For the purpose of this research, online marketing tactics are defined as any business activity that utilizes the Internet for communicating, selling, providing content, and providing a network function (Hofacker 2001). These four categories constitute the scope of business activities which are the most common in terms of online marketing. Most organizations engaging in online marketing will most likely perform one or several marketing tactics. Given that this study centers on an assessment of online marketing tactics, their practice, and their relative perceived importance in meeting marketing objectives, our initial focus was on investigating a research domain to identify the scope and nature of online marketing tactics. We began with a broad-based literature search through which a broad range of outlets for online marketing research were identified. We also sought the input of business people and their colleagues. Academicians identified publications that were the most highly regarded because of their more rigorous review process and their tendency to more carefully screen manuscripts from a methodological perspective.

The initial search was supplemented with a plethora of articles from business and technological journals and textbooks. Inasmuch as the highly regarded publications provided valid and reliable empirical data the supplemental sources were found to be suitable for providing reasonable information reflective of the vigorous and dynamic nature of the Internet. (Garrott 1999) Consequently, it appeared beneficial to examine a broad scope of publications to identify the various online marketing tactics used and a reasonable understanding of each. It was then necessary to

assess terms (words and phrases) used to describe various marketing tactics and to determine if there was a reasonable, common understanding of the nature and meaning of each term. Specifically, a pretest was conducted in order to determine what terms or phrases should be used in our online survey to describe each online marketing tactic that would be recognizable to online small businesses. Three assessment criteria were used. The first criterion was the tactic term or name (such as search engine strategy, online advertising, and chat capability). Some manipulation of terms (with common meanings) yielded an acceptable list of tactical terms. The second criterion required that persons in the pretest provide an adequate explanation and understanding of each tactic. The third criterion was a request of those in the pretest for a specific example of each tactic to further demonstrate understanding. The tactical terms and phrases used in our online survey were the result of this procedure.

Literature Review

The World Wide Web is important to small businesses in three different aspects. First, small businesses use it to engage in electronic commercial transactions as sellers or as buyers (Bradlow and Schmittlein 2000). Small businesses also use the World Wide Web to disseminate information to customers or gather information as (business) customers, including both Web advertising (acquiring new customers) and after sales support to retain customers (Bakos 1997, Hoffman and Novak, 1996). Third, the Web is emerging as a rich source of managerial information that assists in decision making in such as areas as business research, as well as managerial and consumer decision making (Vikas, Manz and Glick 1998, Haubl and Trifts 2000). Increasing attention has been focused on the value of an online presence that goes beyond some of these obvious benefits. The opportunity to collect visitor and customer information via market research capabilities such as search log analysis and click stream analysis has emerged as a strong capability. Both provide records of an individual's movement on the Internet and can provide insight as to behavior, demand, customer perceptions, language, and so on (Burton and Walther 2001, Maxwell 2001).

Other more common streams of research focus on the variables that influence consumers' online searching and shopping behaviors and purchase intentions. Richard (2005) reports that if marketers can identify which variables influence consumers in their searching and shopping, their behavior could be influenced and positively changed. Variables in this study included navigational characteristics, information content and the structure of the site, and level of entertainment. Although this and many similar studies focus on the consumer, many of these findings would surely apply to business-to-business marketing. For example, Richard (2005) finds that when a marketer builds a Web site for tasks such as purchasing, registering, or doing something that asks for an immediate reaction, and deeper browsing or exploration is not required or not desired, the Web site could be designed with arousing, pleasing, and enjoyable characteristics. As a result, consumers are more likely to complete their tasks and less likely to search for other stimulation or browse other sites.

The nature of what is sold on the Internet has also been explored with some insight into marketing tactics that could be used in certain situations. Laroche (2005) found that consumers are faced to a larger extent with physically intangible products and services (for example, information products) on the Web. Such products have the characteristic of being relatively new, and therefore, difficult to conceptualize. Their study found that making physically intangible products and services as mentally tangible as possible is desirable. The objective of promoting intangibles should be to increase the mental representation of the merchandise in the consumers' mind. This would work towards diminishing the evaluation difficulty that consumers experience and reducing the perceived risk that consumers experience when purchasing an intangible. The study found that free trials for new purchasers, imaginary or vivid information cues, customer testimonials, and/or salespersons' advice to be good approaches since they can help consumers develop a sense of knowledge and experience about this type of purchase. (Laroche 2005)

Over the past several years, several Internet marketing tactics have emerged and appear to have become common and standard business practice. For example, search engine optimization appears to be growing in acceptance and usage for many organizations. Web search engines are commonly used to help locate information of all kinds and also help navigate the millions of pages on the World Wide Web (Krishnamurthey 2003). Recognizing the way consumers use keywords on search engines to find suitable brands is important to online marketing and brand managers. To capitalize on the opportunity presented by search engines, managers strive to get their brands listed at the top of the Web page (Owen 2000). Owen found that insufficient thought had been given to search engines while in their infancy even though they were regarded as helpful mechanisms to resolve information search problems.

Advertising on the Internet has evoked much research, from who is doing it, to the amount being spent, to its influence on viewers. It is well known that the Internet's technology makes it possible to target specific customers with relevant messages. Banner ads, button ads, sponsorships, or co-branded and co-marketed ads are all attempting to integrate companies' brands and products with the editorial content on targeted Web sites. The future of online advertising is going to be more intrusive and louder in order to capture the desired attention of consumers. Krishnamurthy (2003) estimates that as the level of clutter on the Internet rises, creative approaches to grab consumer attention will be the norm. Luk, Chan, and Li (2002) investigated the characteristics of manufacturers' online advertising. They performed a content analysis of 472 product advertisements found on the Web sites of automobile manufacturers. In addition, they examined the possible impact of the content and enhancement device of Internet advertising upon the attractiveness and effectiveness of online advertisements. Their findings show that Internet advertising can facilitate selling activities, though the impact is not as strong as expected. They also report that various technologies are also making relevance in advertising messages possible and less graphically intensive messages may be possible that may still lead to greater engagement of the customer with the message. Internet advertising strategies appear to continue to evolve. This study centers on an assessment of online marketing tactics such as search engine optimization and online advertising, their practice, and their relative perceived importance in meeting marketing objectives.

Sample

Practices and attitudes toward online marketing tactics were assessed through a nationwide Internet survey of small businesses

in both the United States and Australia. In the United States survey a selected sample of 499 persons with marketing titles who worked in a diverse set of industries and positions was drawn from the American Marketing Association. In the Australian survey 2,200 business persons with marketing titles and positions were contacted by e-mail. Response rates for online surveys have been declining significantly since 1986 (Sheehan 2001). Sheehan examined five factors that might affect online response rates. Those five factors included the year the survey was conducted, the number of questions, whether the respondents were pre-notified, whether there were follow-up notifications, and the salience of the questions to the respondents. Following Sheehan's advice all potential respondents were pre-notified and were also contacted with two follow-up notifications. Since everyone on the contact list was involved in online marketing the salience of the questions was assumed. Although inducements were not provided, a relatively high response rate was hoped for as a result of obtaining their names through a professional organization (AMA e-mail mailing list) (Gatignon and Robertson 1989) and the use of the Internet for administering the survey (Mehta and Sivadas 1995). In the United States, 58 usable responses were obtained for a return rate of 8.6 percent. In Australia, 23 usable responses were obtained for a return rate of 1.0 percent. Consistent with Sheehan's findings our response rates were not as high as desired. However, these response rates were judged acceptable for this type of exploratory research. While statistical testing was performed, results should be interpreted with caution, and should not be considered valid and reliable by traditional standards.

Using the Internet to collect data was considered appropriate for two reasons. First, given the nature of the survey, the very technology being researched appeared to provide a consistent delivery method for this survey and for follow-up surveys. In addition, the Internet delivery of the questionnaire was considered to be efficient and effective for assessing the use of online marketing tactics. (Armstrong 1977)

In the United States, two-thirds (66 percent) of the small businesses in the sample worked in firms with 1 to 499 employees (in Australia it was 100 percent). The rest worked in larger organizations including 20 percent in firms with 500 to 999 employees, 10 percent in firms with 1,000 to 4,999 employees, 2 percent in firms with 5,000 to 9,999 employees, and 2 percent in firms with 60,000 or more employees. 31 percent of the organizations they did not indicate their size. In the United States, respondents included 28 percent who were owners or principals, 26 percent who were senior managers, 5 percent who were supervisors, 32 percent who were other managers, and 9 percent who did not indicate their position. In Australia, respondents included 44 percent who were owners or principals, 30 percent senior managers, 4 percent supervisors, and 22 percent other managers. In the United States, 28 percent of the practitioners worked in organizations with revenues ranging from $1.00 to $$999,999, 26 percent with revenues of $1,000,000 to $9,999,999, 22 percent with revenues from $10,000,000 to $49,999,999, 19 percent with revenues from $100,000,000 to $499,999,999, 5 percent with revenues from $500,000,000 to $1 billion or more, and 5 percent did not report their organization's revenues. In the Australia, 44 percent of the practitioners worked in organizations with revenues ranging from $1.00 to $$999,999, 22 percent with revenues of $1,000,000 to $9,999,999, 22 percent with revenues from $10,000,000 to $49,999,999, and 12 percent did not report their organization's revenues. In the United States, the sample

included 7 percent who did not have business authority, 33 percent who make some recommendations about online marketing, 17 percent who make most of the recommendations about online marketing, 40 percent who have final approval, and 3 percent who did not indicate the extent of their business authority. In the Australia, the sample included 4 percent who make some recommendations about online marketing, 52 percent who make most of the recommendations about online marketing, and 44 percent who have final approval. In United States, the sample included 52 percent males, 45 percent females, and 3 percent who did not report their gender. In Australia, the sample included 83 percent males, 17 percent females. In the United States, the sample included 29 percent who were 18 to 34 years of age, 33 percent who were between the age of 35, and 49, 28 percent who were between the ages of 50 to 64, 7 percent were 65 years of age or older, and 3 percent who did not report their age. In Australia, the sample included 4 percent who was under 18 years of age, 30 percent who were 18 to 34 years of age, 17 percent who were between the age of 35 and 49, and 48 percent who were between the ages of 50 to 64.

Channel Importance

Table 1 displays the 15 online Internet channel marketing tactics examined in this study. The table shows the relative importance of 15 business channel tactics as well as those currently used and those that small businesses in the America and Australia plan to use in the next 12 months. In both countries, small businesses found all of the online channels to be somewhat to very important. While some differences exist between the American and Australian small businesses none of the differences were statistically significant and the .05 level. The most important Internet business practices used by small businesses in both countries include using search engine natural placement, e-mail using their own customer databases, using a customer database, participation in online directories links from other Web sites, e-mail newsletters of their own, and viral marketing (assuming that their organization had that capability). The four most important online channels for American small businesses include e-mail using their own customer database (78 percent), search engine natural placement (72 percent), using a customer database (70 percent), and participation in online directories such as business directories (70 percent). The four most important online channels for Australian small businesses include Viral marketing (assuming their product has this capability) (75 percent), search engine natural placement (74 percent), links from other Web sites (72 percent), and participation in online directories such as business directories (68 percent). The least important Internet business practices for American small businesses were offline promotions (48 percent), advertising on Web sites other than search engines via banner and text ads (48 percent), advertising in third-party newsletters (41 percent), e-mail using third party opt-in databases (42 percent), and search engine advertising such as banner and text ads on search engines sits not already covered in pay for placements (47 percent). The least important Internet business practices for Australian small businesses included advertising on Web sites other than search engines via banner and text ads (22 percent), and search engine search engine advertising such as banners and text ads on search engines sites not already covered in pay for placements (37 percent).

Table 1: Importance of Online Channel

Online Channel	Not Important at All USA %	Not Important at All AUS %	Somewhat/Very Important USA %	Somewhat/Very Important AUS %
Search engine natural placement.	28	26	72	74
E-mail using your own customer database.	22	39	78	61
Using a customer database.	30	35	70	65
Participation in online directories such as business directories.	30	32	70	68
Links from other Web sites.	46	27	54	72
E-mail newsletter of your own.	28	33	72	67
Search engine pay for placements such as "pay per click," Overture, Google, Adwords, etc.	41	42	59	58
Offline promotions.	52	33	48	67
Viral marketing (assuming your product has this capability).	32	25	68	75
Advertising on Web sites other than search engines via banner and text ads.	52	78	48	22
Advertising in third-party newsletters.	59	50	41	50
E-mail using third party opt-in database.	58	50	42	50
Search engine advertising such as banners and text ads on search engines sites not already covered in pay for placements.	53	63	47	37
Online sweepstakes and contests.	39	50	61	50
E-mail using spam.	42	29	58	71

Z test: No statistically significant differences at the .05 level.

Channel Usage

Table 2 shows the Web site channels that American and Australian small businesses use and those that they plan to use within the next 12 months. The most used Internet channels by American small businesses include using a customer database (90 percent), search engine pay for placements such as "pay per click," Overture, Google, Adwords, etc. (87 percent), e-mail newsletter of their own (79 percent), e-mail using their own customer database (75 percent), and search engine natural placement (74 percent). The most used Internet channels by Australian small businesses include search engine pay for placements such as "pay per click," Overture, Google, Adwords, etc. (83 percent), using a customer database (76 percent), using e-mail spam (75 percent), and e-mail using their own customer database (71 percent).

The top three online channels that American small businesses plan to add to their Web sites in the next 12 months include search engine pay for placements such as "pay per click," Overture, Google, Adwords, etc. (93 percent), and using a customer database (85 percent), e-mail using their own customer database (84 percent), search engine natural placement (81 percent), e-mail newsletter of their own (80 percent), and Search engine advertising such as banners and text ads on search engines sites not already covered in pay for placements (79 percent). The top three online channels that Australian small businesses plan to add to their Web sites in the next 12 months include participation in online directories such as business directories (88 percent), search engine natural placement (85 percent), and viral marketing (assuming your product has this capability) (80 percent).

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Table 2: Online Channels Currently used and Planning to use in the next 12 Months

Online Channel	Currently use the Online Channel				Plan to use Channel in the next 12 months			
	USA % Yes	AUS % Yes	USA % No	AUS % No	USA % Yes	AUS % Yes	USA % No	AUS % No
Search engine natural placement.	74	62	26	38	81	85	19	15
E-mail using your own customer database.	75	71	25	29	84	76	16	24
Using a customer database.	90	76*	10	24	85	76	15	24
Participation in online directories such as business directories.	64	69	36	31	72	88	28	12
Links from other Web sites.	61	62	39	36	62	77	38	23
E-mail newsletter of your own.	79	64	21	36	80	75	20	25
Search engine pay for placements such as "pay per click," Overture, Google, Adwords, etc.	87	83	13	17	93	63	7	37
Offline promotions.	60	69	40	31	68	73	32	27
Viral marketing (assuming your product has this capability).	72	83	27	17	66	80	34	20
Advertising on Web sites other than search engines via banner and text ads.	50	25*	50	75	50	50	50	50
Advertising in third-party newsletters.	50	33	50	67	62	50	38	50
E-mail using third party opt-in database.	43	60	57	40	59	62	41	38
Search engine advertising such as banners and text ads on search engines sites not already covered in pay for placements.	50	50	50	50	79	60	21	40
Online sweepstakes and contests.	44	50	56	50	45	40	55	60
E-mail using spam.	50	75*	50	25	50	40	50	60

*Z test: Statistically significant at the .05 level