

## Out with the old and in with the web

Online marketing offers small operations a cost-effective way to survive the downturn, writes **Mark Fenton-Jones**.

Small businesses are being encouraged to chuck out their traditional marketing habits in favour of the online variety in response to the economic slowdown.

RAN ONE, the business solutions division of digital marketing agency, Bullseye Group, commissioned research company QuestionPro to explore the effects of the credit crunch on 700 small to medium enterprises in Australia, the United States and Europe that individually turn over up to \$10 million a year.

QuestionPro, which conducted the survey between October 2008 to January 2009, found that 46 per cent of Australian small to medium enterprises found it harder to get finance but this was not as bad as overseas, where 60 per cent of US SMEs and 73 per cent of UK SMEs were not getting access to finance.

However, the results are not a cause for national rejoicing. Bullseye chief executive Jim McKerlie expected that the lending picture would worsen here, particularly as 53 per cent of SMEs complained that customers were taking longer to pay their bills.

"In the last two months, things have got tougher," said Mr McKerlie. He said he thought that the Rudd government's pre-Christmas financial stimulus had only deferred further falls in retail spending.

Like other players in the small business market – RAN ONE

designs and develops business solutions and training for SMEs – Mr McKerlie would have preferred to see more specific government assistance for SMEs.

He suggested that SMEs, which had genuine reasons for not meeting their BAS and PAYG payments on time, paid a reduced interest rate in line with recent rate reductions, rather than 13.5 per cent.

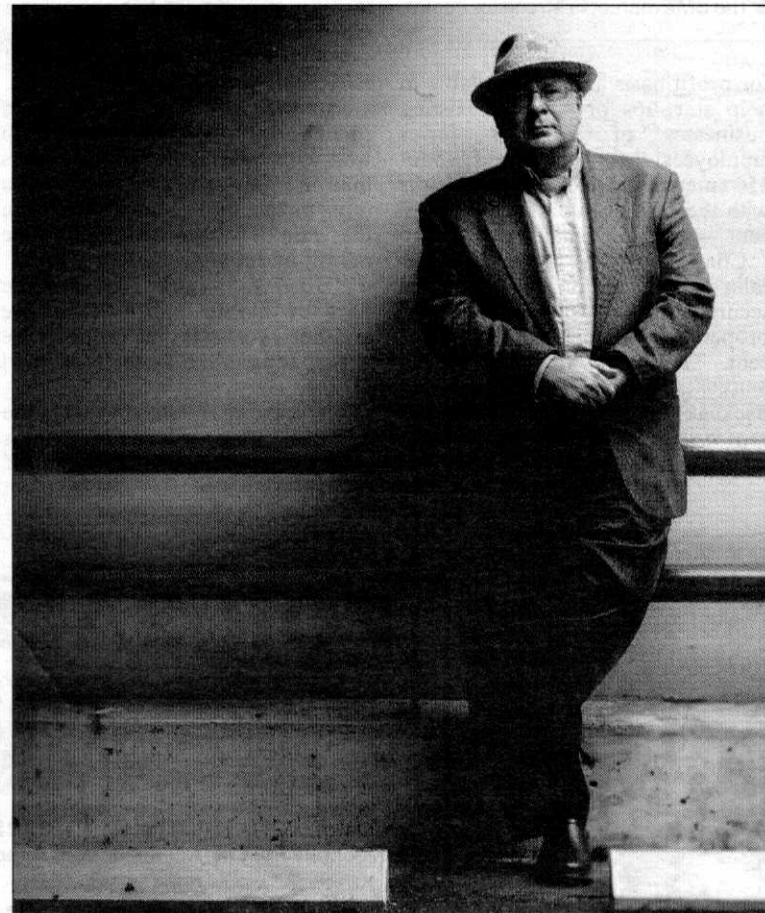
That could help the 40 per cent of SMEs in Australia who indicated they would take greater business risks to stay solvent, including using homes or other private assets as security for bank lending.

"Forty per cent more have said, 'We are prepared to do that more now than we would have done before.' While it has always been the case that small business owners needed to do that, there have been some who were not prepared to take that risk," Mr McKerlie explained.

The results showed that SMEs, faced with a period of significant pressure and great uncertainty, were expecting to be hit hard by the economic downturn through falling revenues, declining profits and financing challenges.

"It's not the strongest that survive, it's he who can change the quickest," Mr McKerlie said.

Changing quickly can involve switching from a workforce on a fixed to a variable cost by using part-timers and contractors as productive work



**Bullseye's Jim McKerlie says there is more online marketing.**

Photo: NIC WALKER

became available. Also on the list is better working capital management where cash is king and better managing creditors. RAN ONE's free online

Rocket Report titled *Managing Through The Economic Crisis* observed that spending on online media is growing by about 30 per cent a year.

Besides extolling the relative cheapness of digital marketing, the report noted that online marketing was measurable, allowing SMEs to modify their campaigns according to what was, and was not, proving effective.

"People are putting more money into websites and refreshing websites. They're also looking at direct mail campaigns," Mr McKerlie said.

His comments were reflected in the Australian Communications and Media Authority March report that found 98 per cent of SMEs with an internet connection used their online service to communicate with customers and suppliers.

"People are moving from using just email and online to distribute a PDF of a document or a brochure, to moving into online marketing tools."

One website that sprang up last week to provide Australian small businesses with affordable online advertising options is [www.mylowcostadvertising.com.au](http://www.mylowcostadvertising.com.au).

Owned and operated by Delve Management Solutions, which was established in 2004 by Cranston Long, the site was designed to assist small businesses to connect at a local level, and to provide them with cost-effective solutions to help them expand.

It offers general advertising from \$1 per day, free advertising in its employment opportunities section, enabling business to recruit directly from within their local community, and limited free business advice if needed.