

Internet communication: the Italian SME case

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Abstract

Describes how an Italian university business school (CUOA) is collaborating with a group of ten small and medium enterprises (SMEs), to develop Internet communication strategies. The work in common outlined some typical problems affecting SMEs in their approach to Internet communication. Six problems emerged which represent the causes of the difficult and slow introduction of Internet communication.

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Introduction

A few years ago, electronic marketing and communication appeared among the tools used by companies to relate with the market. Only a few years, affected, however, by a tremendous speed of development, if compared to the history of other media. Today the Internet is the phenomenon characterising the end of the century, introducing innovative behaviours into the social field as well as the economic one. Evaluating some of those innovations is relatively easy, others aspects show less evidence and need a deeper analysis (Hoffman and Novak, 1996a, b; Berthon *et al.*, 1996; Morgan 1996).

The growth of the number of commercial sites, for example, the dimension of the sites, the use of e-mail in business and education as well as everyday life is evident. Those numbers are changing daily, and the updating process is quite difficult. There is another dark side, however. All the forecasts concerning e-commerce development seem to be too optimistic and the dimension of the real business running through the Net is quite frustrating compared to the expectations, even though many experts continue to predict a fast and rich future for e-commerce (Negroponte, 1995; Dyson, 1997; Hagel and Armstrong, 1997; Mougayar, 1998; Rohner, 1998).

In particular, many authors (Quelch and Klein, 1996; Day, 1996; Vescovi, 1997) suggest the opportunity represented by the Internet for small companies, due to the absence of financial and technological barriers, the international spirit of the tool (Hamill, 1997; Hamill and Gregory, 1997; Samli *et al.*, 1997), and to some well known success stories, focused on small, innovative enterprises. Actually, when non-virtual enterprises try to access this virtual world the level of failure is quite high, and the few successes are often frail (Sahay *et al.*, 1998).

Therefore, the evidence shows that, despite the diffused enthusiasm, some problems persist (Tedlow, 1996; O'Keefe *et al.*, 1998), concerning at least two aspects: first, the consumer and organisational buying behaviour, and second, the adoption and the development of Internet marketing and communication by companies.

This paper will try to analyse the latter aspect, i.e. the approach to e-communication

followed by the companies, because the disappointment suffered by small- to medium-sized enterprises (SMEs) regarding their expectations is often due to frequent mistakes that occur when developing and managing the adopted strategies, and implementing the operational actions of Internet communication.

At the basis of this paper there is a research, which is still in going on, in which an Italian university business school (CUOA) is collaborating with a group of ten SMEs, to develop Internet communication strategies, facing together the difficulties and problems which are connected to this challenge. The work in common outlined some typical problems affecting SMEs in their approach to Internet communication. These problems are not present at the same time in all companies, but they identify what the research group called the "six natural troubles" in introducing e-communication. They are the following:

- (1) unclear communication strategy;
- (2) new communication paradigms;
- (3) non-integrated marketing communication;
- (4) company involvement in the Internet challenge;
- (5) people for Internet communication; and
- (6) organisational change.

The six problems represent causes of difficult and slow introduction of Internet communication into the company's marketing strategy, they sometimes lead to failure. Nevertheless these problems can be overcome, especially if the company reaches a sufficient degree of awareness about them.

Problem one: definition of a clear communication strategy

Impressions, researches, and evidence (Vescovi, 1998a) outline a waiting attitude in most companies that have a Web site. The presence in the Internet is often developed "just to be there", missing defined objectives and strategies. This situation is partly due to the low costs necessary to be in the Net, at least at the beginning of the process, partly to the perception that the Internet is quite marginal in the business of the company and that, consequently, possible mistakes will not cause serious damage, just as a great

commitment will not give notable results in the short term.

The companies frequently develop their own Web site in a standard or in a "me-too" format and then they abandon it, having the same chance of success as a message in a bottle thrown into the ocean.

The Internet represents first of all an opportunity for interactive marketing (Hoffman and Novak, 1996a) and, obviously, the interaction is not silent and forgotten, it has to be revitalised daily. There is frequently a misunderstanding about the role of presence in the Web. The Internet is not a window where a brand can be shown. At present the dimension of the window is so huge and the number of brands is so high that everyone is invisible. The first considerations about the Internet (Hoffman and Novak, 1996a; Morgan, 1996) pointed out the upheaval of the traditional communicational logic pursued by the companies: the customer from a passive situation, exposed to messages sent by media such as TV, became active, looking for messages and information. This simple statement sometimes created a misunderstanding: someone thought that, as the customer was active, the company could be passive, waiting for the visitor. This could be true only during the pioneering stage, when there were only relatively few sites and super active enthusiastic surfers, exploring a New World. That period has finished and the present situation is totally different, characterised by some conditions, leading to new considerations:

- the number of commercial sites in the Web is really high (more than a million), making it difficult to search and find;
- the dimension of every single site is increasing, both in the number of pages and in links, so the time necessary for a complete visit is longer than the time a visitor can normally assign to a visit; and
- the people using the Web are more than one hundred million (from 110 to 130 million), with a great differentiation of users and browsing cultures. Most visitors are shifting from enthusiastic hobbyists (browsers) to information users (searchers) surfing the Net following specific objectives with an economic attitude.

Therefore the situation should change from *active customer-passive company* to *active*

customer-active company, in which both sides are looking for each other to obtain a minimum probability of meeting.

The development of a clear strategy concerning the Web presence is therefore necessary, supported by adequate investments and by continuous, pro-active activities, as well as every other business choice (Bishop 1998). This means defining specific targets, objectives, ways, tools, and resources, not only for the initial preparation and publishing of the Web site, but also to keep it constantly alive and attractive, developing a richer relationship with the customers.

Most cases studied in several researches (Schlosser and Kanfer, 1998; Vescovi, 1998b) unfortunately pointed out a prevalent attitude of undervaluing the updating and vitalising problems of the Web site. Objectives and strategies must therefore be clarified and evaluated before starting to build the company's presence in the Net (Watson *et al.*, 1998). Of course, this does not mean that future changes, modifications, and enlargements cannot be possible, but it helps to avoid easy mistakes in planning, leading to exaggerated expectations and profound disappointments.

Problem two: new communication paradigms

There are two approaches to Internet communication: the first considers the Web just as a new medium, as TV was years ago, a medium with its own characteristics that have to be known, but do not substantially change the rules of the game; the second states that the Internet represents the birth of new paradigms (Hoffman and Novak, 1996a).

The first change, both in the market and inside the company, is related to computer competencies. The diffusion of the Internet access by consumers is strictly connected to the diffusion of personal computers. Two barriers are raised: the first is represented by the cost of multimedia equipment (at least one thousand euros), the second is represented by the competencies needed to browse. In this second case the difficulty can be incremental (low) or initial (high). Those who do not normally use a PC will have a real problem to enter the Internet. By far most people are in this situation.

A similar situation can be found inside the companies. Some of the marketing people have not enough competencies or correct attitudes to enter the Web. Obviously the gap is closing down. The new generations (Tapscott, 1998) are growing up in an environment favourable to digital learning, and in a few years the diffusion of computer knowledge will be notably higher.

A second aspect concerns marketing applications. The Internet makes the many-to-many communication possible. This kind of communication states new rules to the diffusion of messages, selection, and retrieval. The control of communications does not belong exclusively to the company any more; it is shared within the Net (aside from the presence of the company with an official Web site) in a giant word-of-mouth game, leading to unpredictable effects on the company's image. The companies, both in positive and negative phases, largely underestimate this situation, perhaps because the Internet is still considered a marginal and restricted phenomenon. However, recent surveys about the Net show how the number of users has increased, shaping a new reality. More specific communication strategies are therefore necessary in the consumer and business to the business market, regarding both external and internal communication.

Time management is coping with fundamental changes in the Internet, too. Answering customers, giving them information, and offering services are affected by a tremendous acceleration, because every action is in real time (real or perceived as real). Being in the Net the company should plan and prepare a quick response. This need leads to a complex and fascinating new frontier, the diffusion of communication, the open company.

Problem three: non-integrated marketing communication

The introduction of a Web site often represents an opportunity to analyse communication strategies and marketing activities of a company (Vescovi, 1998a). Various aspects of the communication, often considered one by one, under the responsibility of different people or departments, have to be collected together in a single format. For example, in the Web site there should be included the history of the

company, the balance sheet, the house organ, advertising, sales promotions, price-list, and how to contact the company's people. All these activities, all of which are communication activities, normally involve different departments: marketing, sales, administration, personnel, and public relations. All those units rarely co-ordinate their action to the outside world considering strategies, formats, and messages. The Web site is a formidable opportunity to build consistency in communication, but it underlines mistakes and faults which have been made by the organisation up till then. Excellent companies take that opportunity to improve their communication performances, other companies prefer not to touch consolidated internal balances and, consequently build inconsistent and contradictory Web sites, showing outside what they don't want to solve inside. The Web site could be, therefore, a starting point to develop integrated marketing communication (Shultz *et al.*, 1994).

Of course, integrated marketing communication is necessary also for specific aspects concerning the Web site. First of all, the launch of the site requires integrated actions (Bayne, 1997; Zeff and Aronson, 1998). Publishing the site in the Internet is not enough for it to be visited by the target. It is necessary to develop a communication campaign addressed to the target users, making them aware of the existence of the site and about the advantages it can offer. The launch of the Web site forces the company to learn how to integrate its communication, using advertising through classic media (TV, radio, outdoor (placards, posters), newspapers and magazines) and direct response, adding promotional activities together with the dealers, developing new online services and so forth. Entering the Internet should help the company to reach integrated marketing communication quickly (see Figure 1).

Problem four: company involvement in the Internet challenge

Introducing innovations into the company never appears as an easy process. People are asked to change consolidated habits, to learn new competencies, to consider everyday work under a new light, to increase their active participation. The Internet is not different and, moreover, normally the results are not

immediately visible. If, for example, the company is developing a corporate image site the evaluation of this action can be done only in the long term. For a marketing and communication site the reference time is the same as for advertising activities, and in assessing a sales site you must consider the consumer and customer behaviour, which is not so easy to modify in the short term.

The request for a strong cultural change, the long time needed for the results, and the investment in continuous updating processes create quick enthusiasms and fast disappointments following upon one other. This situation can lead to a fatal error, abandoning the site to its destiny, giving up constant updating, causing its death.

The experience CUOA is developing clearly outlines that the innovation rate, the absence of reliable rules, and the interaction among different units make a preliminary requirement necessary: the strong will and the firm belief of the company to participate in the enterprise. This will need at least three elements:

- (1) the presence of a champion;
- (2) the choice of a strong project leader; and
- (3) the rigorous planning of the process.

The champion, a very influential person of the organisation, gives strength to the project, focusing the whole company on the success of the Web site, outlining the strategic value of the Internet. In SMEs this role should often be played by the entrepreneur. The project leader should support the champion, with decision making power and strong commitment. The project leader should manage co-ordination, incentive, proposal, and request activities, with a continuous presence on the project. The Web site should represent for him/her the only working area. In CUOA experience, the cases in which the project leader shows (or is forced to) a weak commitment, point out difficulties and delays in developing the Web site as well as a dramatic decrease in the quality of the site.

Defining a specific plan, that includes clear goals, defined timing, resources and evaluation systems, must be a condition that cannot be ignored, if the company wants to reach a sufficiently good quality of the Web site (Bayne, 1997). In short, the definition and development of Internet marketing communication is an important choice of the

Figure 1 The "trouble network" of Internet communication



company and should be considered, prepared, and used carefully.

Problem five: people for Internet communication

Often there is a basic misunderstanding in the company, i.e. the Internet mostly represents a technical problem, and the most important competencies are included in programming and software knowledge. This situation drives to solutions in which the site planning and development is assigned to technology experts rather than to marketing experts. Actually the main challenge is to develop better and stronger market relationships, coherently with marketing strategies. Obviously, the help of a technology expert is necessary, just to find operational solutions, but the main role is much more developed by the marketing manager.

Universities and business schools should become involved in developing new professional profiles for Web marketers including strong marketing competencies, both about traditional marketing tools and new Internet marketing paradigms, and enough technical skills. The first type of competency is prevalent, because it helps to develop explanatory and strategic models, the second type is secondary because the technological evolution requires a continuous updating process, impossible to solve in schools, and constant simplification of the use of the software, making self-learning possible.

In other words, the companies need Internet marketing experts and it is really difficult to find them.

Problem six: organisational change

The organisation lives because of its changes, because of its acceptance and development of innovation. The Internet is a strong engine of change, affecting not only directly connected activities, but also promoting new cultural references, spreading through the entire organisation.

The impact of the Internet on the organisation is often a new problem for the company. First of all there is a cultural problem, sometimes generational. Within the company two groups form, one quickly developing Web competencies and emphasising its advantages, the other (normally the older group) feeling excluded because of the lack of specific competencies underlining their disadvantages and inadequacy. Training people in the most simple and directly useful aspects of the Web should prevent the latent conflict between the two groups. This solution diffuses the knowledge, even if at different levels of depth, in all sectors of the organisation, making it a common part of the company's life together with a new communication culture.

Conclusions

The Internet, because of its easy access due to low technological barriers, low costs, social push, and as it is in fashion, represents an important opportunity of development for SMEs, aimed at improving the relationship with the market, and discovering further chances in new markets (Quelch and Klein, 1996). This apparent easiness hides a great complexity, often underestimated by the SMEs. Absence of planning activities, improvisation, and insufficient control lead to marketing mistakes and to poor results. The company can overcome these obstacles by means of a clear identification of the problems caused by the introduction of Internet marketing, assigning enough resources and will to overcome them. The illusion that it is possible to gain relevant results without investing in people, time, and technology is not part of the virtual world, it is part of dreamland. Whether the Net outlines a New World of market relationships or simply enriches the present ones, it is the engine of a big change for the SMEs. They must be prepared for it.

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